

CITY OF LA PORTE, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended September 30, 2015

**Prepared By
Department of Finance**

CITY OF LA PORTE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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March 15, 2016

To the Honorable Mayor,
Members of City Council, and
Citizens of the City of La Porte, Texas:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of La Porte, Texas for the fiscal year ended September 30, 2015. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. This report consists of management's representations concerning the finances of the City of La Porte. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of La Porte's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the City of La Porte'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 City of La Porte's financial statements have been audited by Pattillo, Brown and Hill LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of La Porte for the fiscal year ended September 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount 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 audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of La Porte's financial statements for fiscal year ended September 30, 2015 are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

The independent audit of the financial statements of the City of La Porte included a 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 compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of La Porte's separately issued Single Audit Report. GAAP requires 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 City of La Porte's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of La Porte, incorporated in 1892, is located in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 35,074.

The City is a home rule city operating under the Council-Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The Council is elected on a non-partisan basis. The Mayor and Council members serve three-year staggered terms. Six of the council members are elected by district. The Mayor and the two remaining council members are elected at large. The City of La Porte provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure and recreational activities and cultural events. Certain services are provided through a legally separate Water Authority, which functions, as a blended component unit and in essence, is a department of the City of La Porte, and, therefore, has been included as an integral part of the City of La Porte's financial statements. Additional information on the Water Authority and other blended component units can be found in Note 1B. of the notes to the financial statements. The City has established a Taxing Increment Reinvestment Zone one (the Zone). The zone is presented as a blended component unit and is being reported as a governmental fund type (see Note 1B). The City has also established a section 4 B Sales Tax Corporation (see Note 1B). The City also has established a Fire Control, Prevention and EMS District (see note 1B). The City's accounting records for general governmental operations are maintained on modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

The annual budget serves as the foundation for the City of La Porte's financial planning and control. Budgetary control has been established at the fund level. All agencies of the City of La Porte are required to submit requests for appropriation to the City Manager on or before May 26 of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to council for review prior to August. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The directors are given latitude to approve transfers of appropriations within a department. Transfers of appropriations between funds, however require the special approval of the city council. Budget-to-actual comparisons are provided in financial reports for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 61 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds. Formal budget integration is not employed for the Debt Service and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of La Porte operates.

Local Economy

The City of La Porte is located in the southeast quadrant of Harris County, which is a 1, 723 square mile county is a leading oil, gas and petrochemical areas. The County has more than 3,200 manufacturing plants, the nation's largest concentration of petrochemical plants, and the third largest United States seaport and is a corporation management center. A significant part of the County's major employers, manufacturers, education and financial institutions are located in Houston, the County seat. The Texas Medical Center, located in Harris County, is one of the nation's largest, providing medical care and educational opportunities. Higher education facilities include: University of Houston, Rice University, Texas Southern University, St. Thomas University and Houston Baptist University, all offering full four- year as well as postgraduate programs. The Lyndon B. Johnson Space Center is also located here. Located some 20 miles southeast of Houston on Galveston Bay in Harris County are the three communities that make up the La Porte Bayshore Area: La Porte, Morgan's Point and Shoreacres. The area has a combined population of approximately 40,000. Though much of the image of this area is industrial, the La Porte- Bayshore area is still characterized by an expanse of resort homes.

Strategic Plan

- **Overview**

On October 27, 2012, the Mayor, City Council, City Manager and key staff of the City of La Porte met together in a retreat planning session. The purpose of that meeting was to establish the Council's Strategic Plan for the next five years. A report was prepared outlining the City Council's Mission, Vision and Core Values, as well as six overall goals. Each goal had identified objectives and strategies, with time lines for beginning and completing the goals.

On March 9, 2013, the City Manager and his key staff met. Their purpose was two-fold. First, staff reviewed and discussed the Mission, Vision and Core Values developed by the City Council and created Leadership Statements for the staff to follow to ensure their work is consistent with the value of the City Council. Secondly, staff reviewed and clarified the goals, objectives and strategies identified by the City Council; if necessary identify additional goals consistent with the overall mission, vision and values; and establish the framework for an action plan. The result of their work is documented in this report.

The Strategic Plan will provide a blueprint for action over the next five years. When developing the annual budget, staff will be tasked with making sure that expenditures and programs further the goals and Core Values stated in this document. This provides clear direction to the staff as to what priorities are important to the Council and plans can be made accordingly to make sure that resources are allocated towards those ends. Additionally, this plan is an excellent communication tool that the Council and the staff can use when speaking with residents and businesses. Many times, ad hoc requests can derail longer-term plans. The Strategic Plan outlines a framework for receiving, prioritizing, and budgeting for resident requests.

All participants, staff and Council, agreed to commit to the success of this plan. A plan only becomes a useful and working document when all the participants (as a whole and as individuals) make a commitment to review it regularly, use it monthly, and modify it as needed. It is a tool that can and should be used regularly to track progress, make notes of variations between expectations and actuals, of timelines and expenses, to help accomplish each goal, and to hold one another accountable for updates and completion.

- **Mission Statement**

The Council reviewed and revised the Mission Statement & Vision Statement of the City and the results are as follows:

The City of La Porte embraces our heritage, community values, and opportunities, while enhancing the quality of life for our citizens

Vision Statement

To provide improved infrastructure, to drive economic growth, and to enhance quality of life for our citizens.

- **Core Values**

The City Council wanted to specify the core values under which the City and its staff function. Core values are the general guidelines that establish the foundation for how an organization will operate. Staff then discussed these value statements to define and gain an understanding of what those Core Value meant to staff from a leadership perspective. Staff first discussed what the elements of each Core Value represented, then prepared a Leadership Statement for each one.

The following are the Core Values of the City of La Porte:

- **Health & Public Safety:** City employees will ensure the health and safety of our citizens by providing and maintaining superior public infrastructure and public safety services.
- **Integrity & Accountability:** City employees will be open, honest and transparent, and be accountable to the Council so that Council can be responsive to the citizens.
- **Superior Customer Service:** City employees will proactively provide superior customer service in a positive and timely manner.
- **Quality in everything we do:** City employees will strive for superiority in all services we provide.

- **Goal and Plan Development**

During the Council Retreat in October 2012, six goals were developed by the Council, with staff providing assistance in the development of objectives. In March 2013, the staff further added “meat to the bone” to outline more specifically the actions that would be necessary to achieve the stated goals. The development and implementation of the action plan will serve to provide Council a clear understanding of how and when each of their goals will be accomplished. The action plan proposes to do the following:

- Identify a team leader: Each Goal needs a champion who will lead the effort to accomplish the goal and be held accountable for the action plan that is developed. A team leader for each goal was assigned.
- Identify team members. Likewise each goal needs a larger team, consisting of fellow staff from across all departmental lines where appropriate, to assist in the implementation process.
- Identify partners. Each team should identify the partners, outside the city organization, who can provide expertise and resources to accomplish the goal.
- Define action steps. Each objective needs defined action steps showing Council how the goal will be accomplished. The action steps provide the basis for benchmarks.
- Prepare a timeline. Timelines were prepared for each of the objectives. Staff reviewed those timelines and recommended adjustments.

The Council-identified goals are:

- Improve Infrastructure
- Preserve Heritage – to preserve the structure and amenities that make La Porte unique
- Ensure that all departments and facilities are ready for any disaster
- To encourage economic development/retail development
- To provide Superior Customer Service
- To revitalize blight/146

In addition to the six Council-identified goals, it was agreed that key areas of city government were not included in the goals identified by Council. Staff was tasked with discussing other areas where they would establish goals and objectives and bring them to Council for consideration and approval to include in the Strategic Plan. Several new goals were identified and are proposed for Council consideration:

- To provide and maintain superior public safety
- Continue to improve the quality of life through recreational amenities
- Create a Neighborhood Preservation Program
- Provide diverse and timely communications that promote and influence a positive public perception of La Porte

One critical component to ensuring that the elements of the Strategic Plan are being implemented is to provide regular status reports to the City Council. Staff prepares and presents to council quarterly written reports supplemented with oral reports or action items for implementation that may be necessary in-between written reports.

In fiscal year 2014, City staff appointed key department directors to carry out the major components of the strategic plan. Staff developed a matrix that identifies target dates for completion of the components of the strategic plan.

Relevant Financial Policy

City staff is complying with the new GASB pronouncement 68 regarding pension reporting.

Major Initiatives

Public Works identified major infrastructure improvements needed in the upcoming years, consequently, we issued \$7.8 million in certificates of obligation in fiscal year 2015 for utility and street improvements.

Long Term Planning

Given the current economy and the uncertainty of the next few years, the City's existing financial position remains strong. The City has incorporated several strategies to decrease the expenses to the City over the next several years. Rising costs of personnel and the related benefits have been a challenge to the City; however, over the last few years, a healthy fund balance in the General Fund has allowed the City to weather these rising costs.

The city of La Porte is experiencing significant commercial and residential development. Over the past 18 months, multiple restaurants and retail establishments have opened in the City. A large, 45,000 square foot retail strip center opened and a new developer has begun another retail strip center development with an estimated value of \$7 million.

Additionally, the housing market in the Houston area, which included La Porte, has seen a 10% growth in the median price of homes over the last two years. Residential development has occurred at the City's golf course, and a Senior Housing Project with 180 units with a \$15 million dollar value is almost complete. Sens Road is another area of proposed residential development.

The Panama Canal expansion is bringing about a significant growth in warehouse operations and hotels. The deepening and widening of the port is prompting expansion of the Barbour's Cut terminal, which is located in La Porte, and the Bayport Terminal, which is located 1 mile outside the city limits, to allow receiving from super container ships. The low cost of natural gas continues to provide stability in the petro chemical market; consequently we are experiencing significant growth in our industrial districts.

Conservative revenue estimates and efforts to reduce expenditures have contributed to the City's strong financial position and have allowed the City to weather the economic slump. We are especially pleased that there have been no property taxes rate increases for (27) twenty-seven years. Additional capital projects are being funded by utilizing excess fund balances and previously issued debt that had been stranded. With the associated fund draw downs, the remaining fund balances continue to meet operational objectives and current fiscal policies.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the thirty-fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

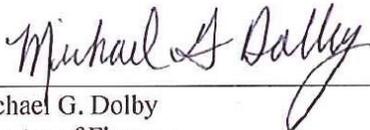
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the government also received the GFOA's Distinguished Budget Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device. Other financial awards to the City are the Popular Financial Report Award from GFOA, the Investment Policy Award from the Government Treasurer's Organization of Texas, the Platinum level of the Financial Transparency Award from the State of Texas Comptroller and the Achievement of Excellence in Procurement Award from the National Procurement Institute.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of La Porte's finances.

Respectfully submitted,



Corby Alexander
City Manager



Michael G. Dolby
Director of Finance



Government Finance Officers Association

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

Presented to

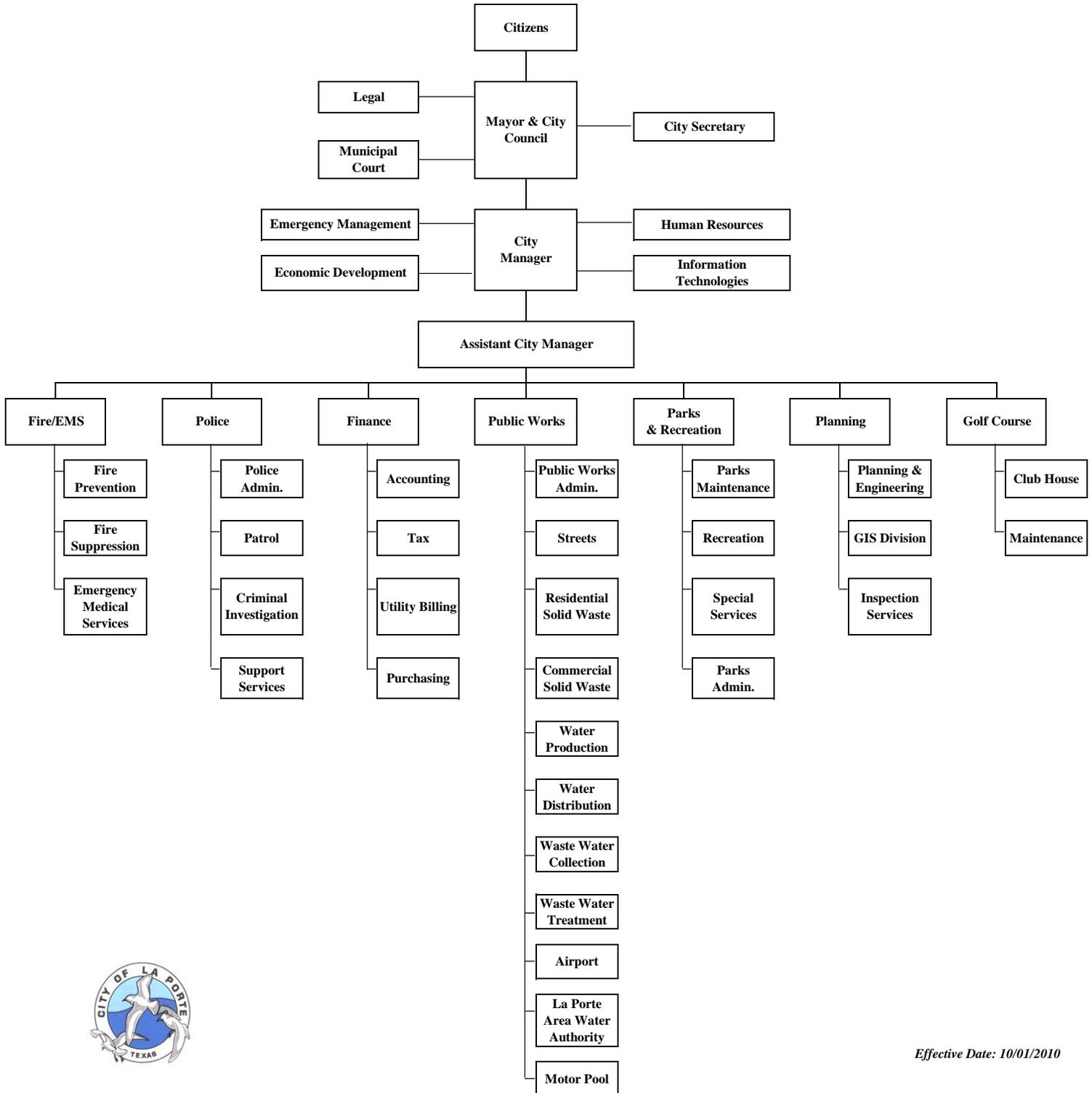
**City of La Porte,
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF LA PORTE ORGANIZATIONAL CHART



Effective Date: 10/01/2010

CITY OF LA PORTE, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

For the Year Ended September 30, 2015

Elected Officials

Louis Rigby
Danny Earp
Chuck Engelken
Daryl Leonard
Kristin Martin
Jay Martin
Mike Clausen
John Zemanek
Dottie Kaminski

Position

Mayor
Council Member – District One
Council Member – District Two
Council Member – District Three
Council Member – District Four
Council Member – District Five
Council Member – District Six
Council Member – At Large A
Mayor Protem – At Large B

City Management

Corby Alexander
Traci Leach
Ken Adcox
Sharon Valiante
Patrice Fogarty
Denise Mitrano
Michael G. Dolby

Position

City Manager
Assistance City Manager
Police Chief
Director of Public Services
City Secretary
Municipal Judge
Director of Finance

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FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the City Council and Citizens
City of La Porte, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund financial of the City of La Porte, Texas (the "City") as of and for the year ended September 30, 2015, which collectively comprise the City's basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Tax Increment Reinvestment Zone Fund, which represents 3 percent and 15 percent, respectively, of the assets and revenues of the aggregate other governmental funds and 8 percent and 3 percent, respectively, of liabilities and revenue of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Tax Increment Reinvestment Zone Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 61 through 66, respectively, to 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 operations, 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 obtain 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements.

Other Information

Our audit was conducted for purposes of forming opinions on the financial statements that collectively comprise the City's basic financial statement. The combining and individual nonmajor fund financial statements and schedules, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the City'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 testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 15, 2016

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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CITY OF LA PORTE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of La Porte ("the City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. It should be read in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, health and sanitation and culture and recreation. The business-type activities of the City consist of water and sewer utilities, airport, and the La Porte Area Water Authority.

The government-wide financial statements can be found on pages 12 – 14 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental and proprietary – and utilize different accounting approaches.

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

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

The City maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service and capital improvements funds, which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 – 17 of this report.

Proprietary Funds. The City maintains two types of proprietary funds. Proprietary funds are used to report the same functions presented as business type activities in the government-wide statements. The City uses proprietary funds to account for its utilities, airport and water authority. Internal services funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for motor pool services, technology services and insurance. Because these services predominately benefit the governmental rather than business type functions, they have been included in the governmental activities in the government-wide financial statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its utility operations, La Porte Area Water Authority and the Airport. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 19 – 23 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 – 60 of this report.

Other Information. In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide other post employee benefits, pension information and general fund budgetary comparisons. Required supplementary information can be found on pages 61 – 66 of the City’s Comprehensive Annual Financial Report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal services funds are presented immediately following the required supplementary information. Combining and individual fund statements and supporting schedules can be found beginning on page 67 of the City’s Comprehensive Annual Financial Report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City’s financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$119,952,911 as of September 30, 2015, in the primary government as follows:

	City's Net Position					
	September 30, 2015 and 2014					
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 73,547,374	\$ 60,457,272	\$ 9,519,546	\$ 7,399,511	\$ 83,066,920	\$ 67,856,783
Capital assets	<u>81,477,510</u>	<u>78,536,362</u>	<u>36,085,511</u>	<u>38,085,528</u>	<u>117,563,021</u>	<u>116,621,890</u>
Total Assets	<u>155,024,884</u>	<u>138,993,634</u>	<u>45,605,057</u>	<u>45,485,039</u>	<u>200,629,941</u>	<u>184,478,673</u>
Deferred Outflows of Resources	<u>4,454,637</u>	<u>1,212,342</u>	<u>372,825</u>	<u>-</u>	<u>4,827,462</u>	<u>1,212,342</u>
Liabilities						
Other liabilities	6,059,172	6,311,566	1,450,755	1,116,042	7,509,927	7,427,608
Long-term liabilities outstanding	<u>73,061,963</u>	<u>49,665,272</u>	<u>4,293,551</u>	<u>3,891,392</u>	<u>77,355,514</u>	<u>53,556,664</u>
Total Liabilities	<u>79,121,135</u>	<u>55,976,838</u>	<u>5,744,306</u>	<u>5,007,434</u>	<u>84,865,441</u>	<u>60,984,272</u>
Deferred Inflows of Resources	<u>574,975</u>	<u>-</u>	<u>64,076</u>	<u>5,031</u>	<u>639,051</u>	<u>5,031</u>
Net Position:						
Net investment in capital assets	43,582,704	54,506,024	34,807,773	35,872,947	78,390,477	90,378,971
Restricted	14,507,643	11,088,233	1,250,850	1,930,369	15,758,493	13,018,602
Unrestricted	<u>21,693,064</u>	<u>18,634,881</u>	<u>4,110,877</u>	<u>2,669,258</u>	<u>25,803,941</u>	<u>21,304,139</u>
Total Net Position	<u>\$ 79,783,411</u>	<u>\$ 84,229,138</u>	<u>\$ 40,169,500</u>	<u>\$ 40,472,574</u>	<u>\$ 119,952,911</u>	<u>\$ 124,701,712</u>

Net Investment in Capital Assets

The largest portion of the City’s net position (65.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

A portion of the City's net position, \$15,758,493 or 13.1% represents resources that are subject to external restriction on how they may be used.

Unrestricted Net Position

The remaining balance is unrestricted net position, \$25,803,941 or 21.5%, and may be used to meet the City's ongoing obligation to residents and creditors. Both of these categories remained relatively stable compared to the prior year.

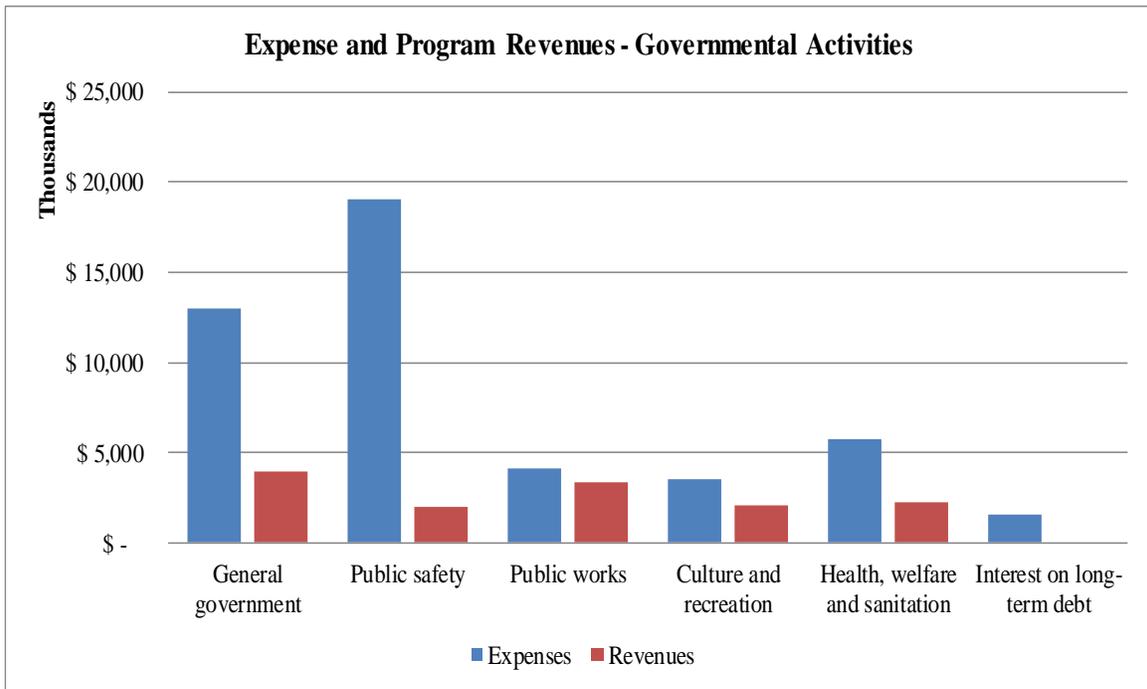
The following table provides a summary of the City's operations for the year ended September 30, 2015, with comparative data total for the year ended September 30, 2014. Governmental activities increased the City's net position before the prior period adjustment by \$11,748,626. Business-type activities increased net position by \$631,277.

City's Changes in Net Position For the Years Ended September 30, 2015 and 2014

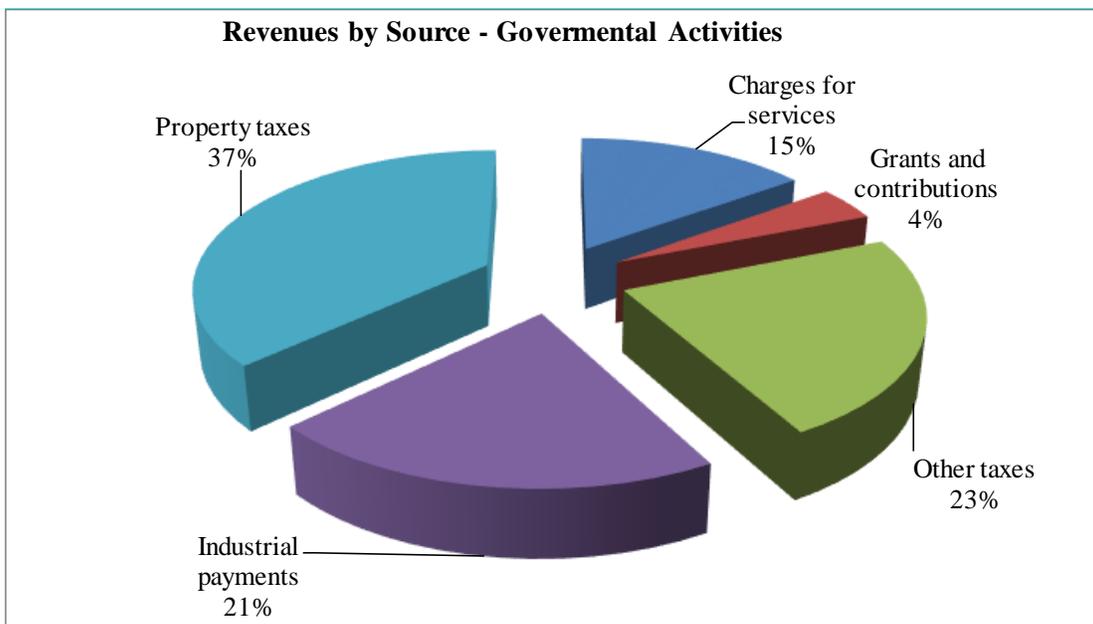
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 10,295,277	\$ 8,036,264	\$ 7,955,584	\$ 8,885,329	\$ 18,250,861	\$ 16,921,593
Operating grants and contributions	331,364	2,014,797	-	-	331,364	2,014,797
Capital grants and contributions	3,030,480	292	787,285	1,125,777	3,817,765	1,126,069
General revenue:						
Property taxes	20,765,774	19,925,095	-	-	20,765,774	19,925,095
Other taxes	13,155,689	12,356,904	-	-	13,155,689	12,356,904
Industrial payments	12,269,152	11,554,949	-	-	12,269,152	11,554,949
Investment earnings	204,346	106,024	25,440	8,624	229,786	114,648
Miscellaneous	164,004	458,770	-	100,795	164,004	559,565
Total Revenues	60,216,086	54,453,095	8,768,309	10,120,525	68,984,395	64,573,620
Expenses						
General government	12,962,387	14,115,210	-	-	12,962,387	14,115,210
Public safety	19,081,622	20,436,450	-	-	19,081,622	20,436,450
Public works	4,088,146	6,259,764	-	-	4,088,146	6,259,764
Culture and recreation	3,497,174	2,519,298	-	-	3,497,174	2,519,298
Health, welfare and sanitation	5,748,206	5,854,546	-	-	5,748,206	5,854,546
Interest on long-term debt	1,585,354	1,403,628	-	-	1,585,354	1,403,628
Water services	-	-	5,064,287	7,731,776	5,064,287	7,731,776
Sewer services	-	-	4,347,309	2,802,013	4,347,309	2,802,013
Airport	-	-	230,006	229,603	230,006	229,603
Total Expenses	46,962,890	50,588,896	9,641,602	10,763,392	56,604,492	61,352,288
Increase (decrease) in net position before transfers	13,253,196	3,864,199	(873,293)	(642,867)	12,379,903	3,221,332
Transfers	(1,504,570)	(371,039)	1,504,570	371,039	-	-
Increase (decrease) in net position	11,748,626	3,493,160	631,277	(271,828)	12,379,903	3,221,332
Net position - beginning	84,229,138	80,735,978	40,472,574	40,744,402	124,701,712	121,480,380
Prior period adjustment	(16,194,353)	-	(934,351)	-	(17,128,704)	-
Net position - ending	\$ 79,783,411	\$ 84,229,138	\$ 40,169,500	\$ 40,472,574	\$ 119,952,911	\$ 124,701,712

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the governmental as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. A comparison of program expenses to program revenues and revenues by source for governmental activities follows:

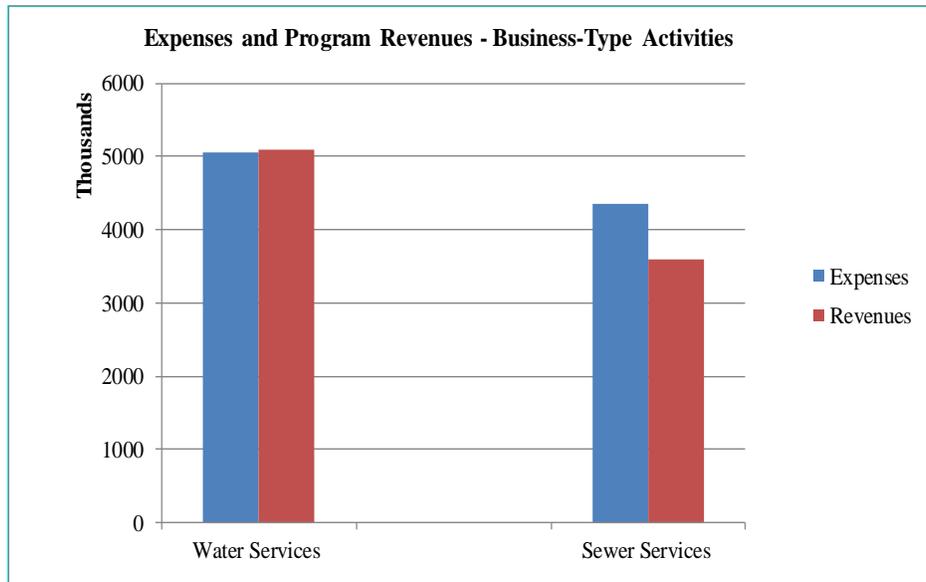


Revenues sources for governmental activities were distributed as follows:



For the year ended September 30, 2015, revenues without transfers in the governmental activities totaled \$60,216,086. This represents an increase of approximately \$5,762,991 or 10.6%.

Business-Type Activities. Revenues without transfers or interest in the business-type activities totaled \$8,768,309, a \$1,352,216 decrease from the prior year. This decrease is due to a decrease in charges for services and grants and contributions. A comparison between expenses and program revenues (charges for services) relating to Utility operations follows.



Financial Analysis of the Government’s Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$58,900,639, an increase of \$11,787,162 from the prior year. This increase is due to an increase in sales and use taxes, intergovernmental revenues, property taxes, and industrial payments.

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$25,216,547, an increase of \$3,922,164 due to an increase in revenue collections and cost containment. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 66.8% of total general fund expenditures and total fund balance represents 86.2% of the same.

The Debt Service fund has a total fund balance of approximately \$3,160,752, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year of \$391,830 was due to a debt refunding.

The 2015 Certificate of Obligation Bonds fund experienced an increase in fund balance in the amount of \$8,000,000. This was a planned increase as the City issued bonds to construct and acquire various capital assets.

Proprietary Funds. The City’s proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net position of the respective proprietary funds are Utility - \$1,117,596, La Porte Area Water Authority - \$2,639,726 and Airport - \$353,555. The changes in net position of the proprietary funds for 2015 were as follows: Utility – increase of \$597,555, La Porte Area Water Authority – increase of \$203,125 and Airport – decrease of \$169,403.

General Fund Budgetary Highlights

Actual revenues exceeded the final General Fund budgeted revenues by \$1,811,390. Sales and use tax and miscellaneous revenue exceed the projected budget by \$228,626 and \$126,303, respectively. Licenses and fees and fines and forfeitures also exceeded budget by \$689,547 and \$152,936, respectively.

The total appropriations exceeded expenditures by \$941,877, the majority of which can be attributed to five departments. Administration had a positive variance in the amount of \$113,042 due to open positions and reduction in special programs. Planning and engineering had a positive variance in the amount of \$212,585 due to open positions. The variance in Fire and Police for \$88,915 and \$103,880 was due to open positions in the department. Culture and recreation had a positive variance of \$80,668 due to open positions.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$117,534,684 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The total increase in the City’s investment in capital assets for the current fiscal year was approximately \$912,794. The following table shows capital assets activity for the 2015 fiscal year:

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,525,974	\$ 9,556,199	\$ 447,791	\$ 427,812	\$ 9,973,765	\$ 9,984,011
Construction in progress	16,459,209	11,740,161	266,050	177,974	16,725,259	11,918,135
Infrastructure	13,080,230	14,260,185	-	-	13,080,230	14,260,185
Buildings and improvements	32,752,085	33,276,073	32,968,686	34,353,183	65,720,771	67,629,256
Machinery and equipment	9,660,012	9,703,744	2,374,647	3,126,559	12,034,659	12,830,303
Total capital assets, net	<u>\$ 81,477,510</u>	<u>\$ 78,536,362</u>	<u>\$ 36,057,174</u>	<u>\$ 38,085,528</u>	<u>\$ 117,534,684</u>	<u>\$ 116,621,890</u>

Major capital asset events during the current year include the reporting of a drainage master plan study.

Construction in progress at year-end represents ongoing projects; to include various water and sewer projects. Additional information on capital assets activity can be found on pages 39 – 40 in the notes to the financial statements.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$39,702,500 of this amounts, \$38,712,500 is backed by the full faith and credit of the City, and the remainder represents revenues bonds secured solely by specific revenue sources.

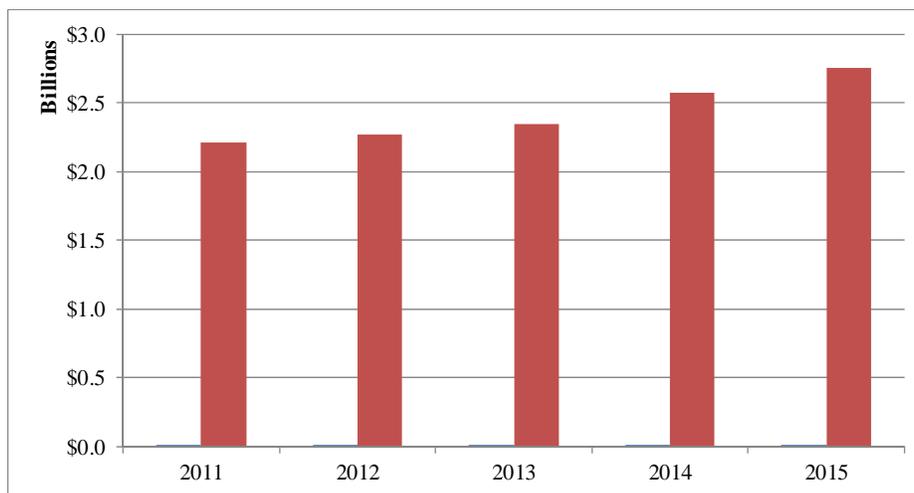
The City of La Porte maintains an “Aa2”, “AA”, and “AA” by Moody’s, Standard and Poor’s, and Fitch, respectively, for general obligation debt. The revenue bonds have been rated “NR”, “AA”, “NR” by Moody’s, Standard and Poor’s, and Fitch, respectively.

Additional information on long-term debt activity can be found on pages 40 – 44 in the notes to the financial statements.

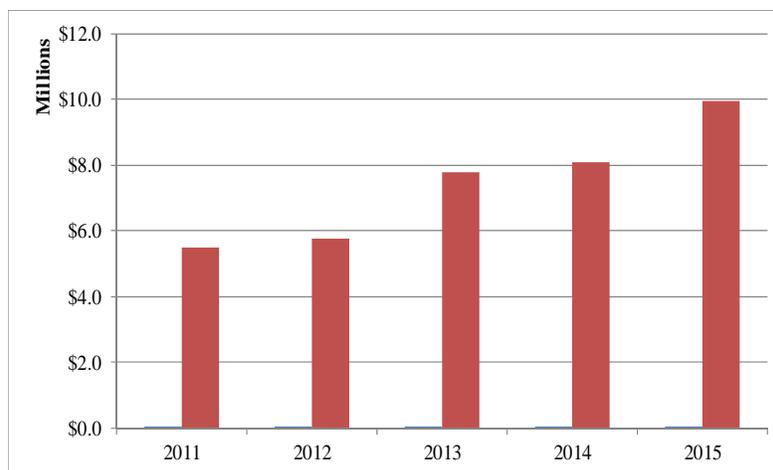
Economic Factors and Next Year’s Budgets and Rates

The unemployment rate for the City of La Porte is current 4.6 percent which is a decrease from the rate of 5 percent a year ago. This is slightly higher than the state’s average unemployment rate of 4.2 percent which is less than the national average of 5.1 percent. During the upcoming year, the City will closely monitor the volatility in the housing market. Although our area has not been adversely affected by home foreclosures, we will observe future economic changes. Total assessed value for all residential and commercial property in the City of La Porte exceeded \$2.7 billion for fiscal year 2015. The trend for total assessed values has fluctuated slightly over the past five years resulting in a total increase of 20 percent.

Assessed property values trends (in billions):



Sales tax revenues trends (in millions):



Contacting the City’s Financial Management

This financial report is designed to provide our citizens, customers, and creditors a general overview of the City’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 604 West Fairmont Parkway, La Porte, Texas, 77571.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF LA PORTE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 43,440,779	\$ 5,063,319	\$ 48,504,098
Investments	16,296,638	3,226,242	19,522,880
Receivables, net of allowance for uncollectibles	12,974,403	1,226,385	14,200,788
Due from other governments	712,796	-	712,796
Internal balances	-	-	-
Inventories	122,758	3,600	126,358
Capital assets:			
Capital assets not subject to depreciation	25,985,183	742,178	26,727,361
Capital assets, net of accumulated depreciation	55,492,327	35,343,333	90,835,660
Total capital assets, net	81,477,510	36,085,511	117,563,021
Total Assets	155,024,884	45,605,057	200,629,941
Deferred Outflows of Resources			
Deferred charge on refunding	1,098,248	-	1,098,248
Deferred outflows related to pensions	3,356,389	372,825	3,729,214
Total Deferred Outflows of Resources	4,454,637	372,825	4,827,462
Liabilities			
Accounts payable	1,761,904	744,934	2,506,838
Accrued liabilities	1,231,794	130,588	1,362,382
Accrued interest	-	3,198	3,198
Unearned revenue	25,546	-	25,546
Customer deposits	-	572,035	572,035
Other liabilities	3,039,928	-	3,039,928
Long-term liabilities:			
Due within one year	3,173,134	941,746	4,114,880
Due in more than one year	69,888,829	3,351,805	73,240,634
Total Liabilities	79,121,135	5,744,306	84,865,441
Deferred Inflows of Resources			
Deferred gains on refunding	-	2,987	2,987
Deferred inflows related to pensions	574,975	61,089	636,064
Total Deferred Inflows of Resources	574,975	64,076	639,051
Net Position			
Net investment in capital assets	43,582,704	34,807,773	78,390,477
Restricted for:			
Debt service	4,213,547	1,250,850	5,464,397
Economic development	4,493,692	-	4,493,692
Senior citizen programs	10,543	-	10,543
Replacement of trees	638,265	-	638,265
Municipal court building and technology	347,571	-	347,571
Park improvements	379,015	-	379,015
Public safety	1,556,838	-	1,556,838
Public works	2,868,172	-	2,868,172
Unrestricted	21,693,064	4,110,877	25,803,941
Total Net Position	\$ 79,783,411	\$ 40,169,500	\$ 119,952,911

The notes to the financial statements are an integral part of this statement.

CITY OF LA PORTE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Function/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 12,962,387	\$ 3,981,230	\$ -	\$ -
Public safety	19,081,622	1,664,782	307,016	-
Public works	4,088,146	336,917	23,143	3,030,480
Culture and recreation	3,497,174	2,057,253	1,205	-
Health, welfare and sanitation	5,748,206	2,255,095	-	-
Interest on long-term debt	1,585,354	-	-	-
Total Governmental Activities	<u>46,962,890</u>	<u>10,295,277</u>	<u>331,364</u>	<u>3,030,480</u>
Business-Type Activities				
Water services	5,064,287	4,308,578	-	787,285
Sewer services	4,347,309	3,587,825	-	-
Airport	230,006	59,181	-	-
Total Business-Type Activities	<u>9,641,602</u>	<u>7,955,584</u>	<u>-</u>	<u>787,285</u>
Total Primary Government	<u>\$ 56,604,492</u>	<u>\$ 18,250,861</u>	<u>\$ 331,364</u>	<u>\$ 3,817,765</u>

General revenues:

Taxes:

Property taxes

Sales and use taxes

Industrial payments

Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$(8,981,157)	\$ -	\$(8,981,157)
(17,109,824)	-	(17,109,824)
(697,606)	-	(697,606)
(1,438,716)	-	(1,438,716)
(3,493,111)	-	(3,493,111)
<u>(1,585,354)</u>	<u>-</u>	<u>(1,585,354)</u>
<u>(33,305,769)</u>	<u>-</u>	<u>(33,305,769)</u>
-	31,576	31,576
-	(759,484)	(759,484)
<u>-</u>	<u>(170,825)</u>	<u>(170,825)</u>
<u>-</u>	<u>(898,733)</u>	<u>(898,733)</u>
<u>(33,305,769)</u>	<u>(898,733)</u>	<u>(34,204,502)</u>
20,765,774	-	20,765,774
10,743,862	-	10,743,862
12,269,152	-	12,269,152
2,411,827	-	2,411,827
204,346	25,440	229,786
164,004	-	164,004
<u>(1,504,570)</u>	<u>1,504,570</u>	<u>-</u>
<u>45,054,395</u>	<u>1,530,010</u>	<u>46,584,405</u>
11,748,626	631,277	12,379,903
84,229,138	40,472,574	124,701,712
<u>(16,194,353)</u>	<u>(934,351)</u>	<u>(17,128,704)</u>
<u>\$ 79,783,411</u>	<u>\$ 40,169,500</u>	<u>\$ 119,952,911</u>

CITY OF LA PORTE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	2015 Certificate of Obligation Bonds	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 24,703,705	\$ 3,036,691	\$ -	\$ 11,124,065	\$ 38,864,461
Investments	10,709,745	115,024	-	3,487,362	14,312,131
Receivables, net of allowance for uncollectibles	4,015,988	40,081	8,000,000	914,831	12,970,900
Due from other governments	571,798	-	-	21,071	592,869
Due from other funds	-	-	-	532,813	532,813
Inventories	88,954	-	-	-	88,954
Total Assets	40,090,190	3,191,796	8,000,000	16,080,142	67,362,128
Liabilities					
Accounts payable	1,298,088	-	-	319,011	1,617,099
Accrued liabilities	1,126,547	-	-	25,569	1,152,116
Due to others	-	-	-	500	500
Due to other funds	-	-	-	532,813	532,813
Unearned revenue	-	-	-	25,010	25,010
Other payables	2,599,735	-	-	-	2,599,735
Total Liabilities	5,024,370	-	-	902,903	5,927,273
Deferred Inflows of Resources					
Unavailable revenue - property taxes	200,966	31,044	-	-	232,010
Unavailable revenue - fines and fees	557,855	-	-	-	557,855
Unavailable revenue - EMS	1,117,783	-	-	-	1,117,783
Unavailable revenue - other	626,568	-	-	-	626,568
Total Deferred Inflows of Resources	2,503,172	31,044	-	-	2,534,216
Fund balances					
Nonspendable:					
Inventories	88,954	-	-	-	88,954
Restricted:					
Debt service	-	3,160,752	-	1,083,817	4,244,569
Economic development	-	-	-	4,493,692	4,493,692
Senior citizen programs	-	-	-	10,543	10,543
Replacement of trees	-	-	-	638,265	638,265
Municipal court building and technology	-	-	-	347,571	347,571
Park improvements	-	-	-	379,015	379,015
Public safety	-	-	-	1,556,838	1,556,838
Capital projects	-	-	8,000,000	2,696,729	10,696,729
Public works	-	-	-	2,054,161	2,054,161
Committed:					
Construction	5,000,000	-	-	1,916,608	6,916,608
Health funds	2,000,000	-	-	-	2,000,000
Assigned:					
Encumbrances	257,147	-	-	-	257,147
Unassigned	25,216,547	-	-	-	25,216,547
Total Fund Balances	32,562,648	3,160,752	8,000,000	15,177,239	58,900,639
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 40,090,190	\$ 3,191,796	\$ 8,000,000	\$ 16,080,142	\$ 67,362,128

The notes to the financial statements are an integral part of this statement.

CITY OF LA PORTE, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance, governmental funds	\$	58,900,639
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		73,035,853
Certain other long-term assets (property taxes, court fines, EMS and other receivables) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		2,534,216
Some liabilities and deferred outflows and inflows are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		
Bonds payable	(	21,220,000)
Certificates of obligation payable	(	17,230,000)
Premium on bonds	(	1,400,517)
Deferred charge on refunding		1,098,248
Interest payable	(	49,727)
Due to developer	(	6,364,611)
Compensated absences	(	3,110,998)
Deferred resources related to pensions		2,781,414
Net pension liability	(	12,963,264)
Net OPEB obligation	(	10,419,480)
The assets and liabilities of certain internal service funds are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position.		<u>14,191,638</u>
Net position of governmental activities	\$	<u>79,783,411</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LA PORTE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	2015 Certificate of Obligation Bonds	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 15,983,821	\$ 2,897,713	\$ -	\$ 1,848,694	\$ 20,730,228
Sales and use taxes	4,978,626	-	-	4,967,294	9,945,920
Franchise taxes	2,411,827	-	-	-	2,411,827
Industrial payments	12,269,152	-	-	-	12,269,152
Other taxes	96,323	-	-	701,619	797,942
Licenses and permits	1,346,552	-	-	-	1,346,552
Fines and forfeits	1,759,759	-	-	193,939	1,953,698
Charges for services	5,663,497	-	-	1,331,275	6,994,772
Intergovernmental	-	-	-	3,195,238	3,195,238
Investment earnings	140,227	3,363	-	40,439	184,029
Miscellaneous	239,303	-	-	159,569	398,872
Total Revenues	<u>44,889,087</u>	<u>2,901,076</u>	<u>-</u>	<u>12,438,067</u>	<u>60,228,230</u>
Expenditures					
Current:					
General government	10,384,684	-	-	1,568,482	11,953,166
Public safety	16,405,171	-	-	1,293,647	17,698,818
Public works	2,843,969	-	-	72,144	2,916,113
Health and sanitation	2,457,565	-	-	-	2,457,565
Culture and recreation	5,663,660	-	-	64,040	5,727,700
Debt Service:					
Principal	-	3,275,000	-	1,350,582	4,625,582
Interest and other charges	-	1,083,722	135,502	370,420	1,589,644
Capital Outlay	-	-	-	6,331,893	6,331,893
Total Expenditures	<u>37,755,049</u>	<u>4,358,722</u>	<u>135,502</u>	<u>11,051,208</u>	<u>53,300,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,134,038</u>	<u>(1,457,646)</u>	<u>(135,502)</u>	<u>1,386,859</u>	<u>6,927,749</u>
Other Financing Sources (Uses)					
Certificate obligation bonds issued	-	-	7,770,000	-	7,770,000
Premium on certificate obligation debt	-	-	365,502	-	365,502
Transfers in	57,500	1,849,476	-	1,162,498	3,069,474
Transfers out	(4,815,084)	-	-	(1,741,333)	(6,556,417)
Insurance recoveries	210,854	-	-	-	210,854
Total Other Financing Sources and Uses	<u>(4,546,730)</u>	<u>1,849,476</u>	<u>8,135,502</u>	<u>(578,835)</u>	<u>4,859,413</u>
Net change in fund balances	2,587,308	391,830	8,000,000	808,024	11,787,162
Fund balance - beginning	29,975,340	2,768,922	-	14,369,215	47,113,477
Fund balance - ending	<u>\$ 32,562,648</u>	<u>\$ 3,160,752</u>	<u>\$ 8,000,000</u>	<u>\$ 15,177,239</u>	<u>\$ 58,900,639</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LA PORTE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds:	\$	11,787,162
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$6,151,176 exceeded depreciation of \$3,553,272 in the current period.		2,597,904
Governmental funds report the entire net sales price (proceeds) from the sale of an asset as an inflow because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of assets. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold and disposed.	(	83,368)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(	159,947)
Repayment of bond principal and payments to developers are an expenditure in the governmental fund, but the repayment of principal reduces long-term liabilities in the statement of net position.		4,625,582
Proceeds from the issuance of long-term debt and premium on long-term debt are reported as other financing sources in the governmental funds. In the government-wide statements, proceeds are treated as an increase in long-term liabilities.	(	8,135,502)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Change in interest payable	(	2,554)
Change in refunding loss	(	114,094)
Change in premiums on issuance of bonds		120,938
Change in deferred outflows related to pensions		1,070,065
Change in deferred inflows related to pensions	(	574,975)
Change in net pension liability		161,454
Change in net OPEB obligation	(	1,380,018)
Change in compensated absences	(	12,408)
Internal service funds are used by management to change the cost of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		1,848,387
Change in net position of governmental activities	\$	11,748,626

The notes to the financial statements are an integral part of this statement.

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CITY OF LA PORTE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Business-Type Activities				Governmental
					Activities
	Utility	LPAWA	Airport	Totals	Internal Service Fund
Assets					
Current Assets:					
Cash and cash equivalents	\$ 2,785,379	\$ 2,023,597	\$ 254,343	\$ 5,063,319	\$ 4,576,318
Investments	1,547,761	1,568,207	110,274	3,226,242	1,984,507
Accounts receivable, net of allowance for doubtful accounts	1,057,629	162,898	2,375	1,222,902	-
Due from other governments	-	-	-	-	119,927
Accrued interest receivable	1,710	1,610	163	3,483	3,503
Inventories	3,600	-	-	3,600	33,804
Total Current Assets	<u>5,396,079</u>	<u>3,756,312</u>	<u>367,155</u>	<u>9,519,546</u>	<u>6,718,059</u>
Non-Current Assets:					
Capital assets:					
Land and improvements	224,308	-	223,483	447,791	-
Construction in progress	294,387	-	-	294,387	-
Buildings and improvements	57,620	-	-	57,620	-
Improvements other than buildings	67,516,863	15,429,680	5,758,420	88,704,963	-
Vehicles and equipment	3,693,494	6,130	-	3,699,624	16,426,406
Less accumulated depreciation	(43,774,166)	(9,555,983)	(3,788,725)	(57,118,874)	(8,286,159)
Total Non-Current Assets	<u>28,012,506</u>	<u>5,879,827</u>	<u>2,193,178</u>	<u>36,085,511</u>	<u>8,140,247</u>
Total Assets	<u>33,408,585</u>	<u>9,636,139</u>	<u>2,560,333</u>	<u>45,605,057</u>	<u>14,858,306</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>369,512</u>	<u>-</u>	<u>3,313</u>	<u>372,825</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>369,512</u>	<u>-</u>	<u>3,313</u>	<u>372,825</u>	<u>-</u>

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CITY OF LA PORTE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Business-Type Activities			Totals	Governmental
	Utility Fund	LPAWA	Airport		Internal Service Fund
Liabilities					
Current Liabilities:					
Accounts payable	362,638	381,378	918	744,934	144,805
Accrued liabilities	129,487	-	1,101	130,588	29,951
Accrued interest	1,827	1,371	-	3,198	-
Unearned revenue	-	-	-	-	536
Customer deposits	570,535	-	1,500	572,035	-
Claims and judgements	-	-	-	-	439,693
Long-Term Debt, Current Portion					
Compensated absences	9,246	-	-	9,246	-
Bonds payable	<u>262,500</u>	<u>670,000</u>	<u>-</u>	<u>932,500</u>	<u>-</u>
Total Current Liabilities	<u>1,336,233</u>	<u>1,052,749</u>	<u>3,519</u>	<u>2,392,501</u>	<u>614,985</u>
Non-Current Liabilities:					
Compensated absences	175,670	-	-	175,670	51,683
Net pension liability	1,433,579	-	12,851	1,446,430	-
Net OPEB obligation	1,384,467	-	-	1,384,467	-
Bonds payable	<u>-</u>	<u>345,238</u>	<u>-</u>	<u>345,238</u>	<u>-</u>
Total Non-Current Liabilities	<u>2,993,716</u>	<u>345,238</u>	<u>12,851</u>	<u>3,351,805</u>	<u>51,683</u>
Total Liabilities	<u>4,329,949</u>	<u>1,397,987</u>	<u>16,370</u>	<u>5,744,306</u>	<u>666,668</u>
Deferred Inflows of Resources					
Deferred gain on refundings	-	2,987	-	2,987	-
Deferred inflows related to pensions	<u>60,546</u>	<u>-</u>	<u>543</u>	<u>61,089</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>60,546</u>	<u>2,987</u>	<u>543</u>	<u>64,076</u>	<u>-</u>
Net Position					
Net investment in capital assets	27,750,006	4,864,589	2,193,178	34,807,773	8,140,247
Restricted for debt service	520,000	730,850	-	1,250,850	-
Unrestricted	<u>1,117,596</u>	<u>2,639,726</u>	<u>353,555</u>	<u>4,110,877</u>	<u>6,051,391</u>
Total Net Position	<u>\$ 29,387,602</u>	<u>\$ 8,235,165</u>	<u>\$ 2,546,733</u>	<u>\$ 40,169,500</u>	<u>\$ 14,191,638</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF LA PORTE, TEXAS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Utility	LPAWA	Airport		Internal Service Fund
Revenues					
Charges for services	\$ 8,464,804	\$ 1,106,779	\$ 59,181	\$ 9,630,764	\$ 8,452,648
Total Operating Revenues	<u>8,464,804</u>	<u>1,106,779</u>	<u>59,181</u>	<u>9,630,764</u>	<u>8,452,648</u>
Operating Expenses					
Personnel services	3,325,127	-	23,483	3,348,610	712,199
Supplies and materials	475,027	7,985	16,941	499,953	406,452
Purchased water	-	829,346	-	829,346	-
Repairs and maintenance	-	-	-	-	-
Other services and charges	3,182,625	378,230	21,848	3,582,703	6,179,726
Depreciation	2,416,997	464,999	167,734	3,049,730	1,198,953
Total Operating Expenses	<u>9,399,776</u>	<u>1,680,560</u>	<u>230,006</u>	<u>11,310,342</u>	<u>8,497,330</u>
Operating income (loss)	(934,972)	(573,781)	(170,825)	(1,679,578)	(44,682)
Non-Operating Revenues (Expenses)					
Investment earnings	11,423	12,663	1,354	25,440	20,317
Gain (loss) on disposal of capital assets	28,087	-	-	28,087	(109,621)
Interest expense	(12,790)	(21,737)	-	(34,527)	-
Total Non-Operating Revenues (Expenses)	<u>26,720</u>	<u>(9,074)</u>	<u>1,354</u>	<u>19,000</u>	<u>(89,304)</u>
Income before contributions and transfers	(908,252)	(582,855)	(169,471)	(1,660,578)	(133,986)
Capital contributions	-	787,285	-	787,285	-
Transfers in	2,069,161	-	586	2,069,747	1,995,609
Transfers out	(563,354)	(1,305)	(518)	(565,177)	(13,236)
Change in net position	<u>597,555</u>	<u>203,125</u>	<u>(169,403)</u>	<u>631,277</u>	<u>1,848,387</u>
Total net position - beginning	29,713,640	8,032,040	2,726,894	40,472,574	12,343,251
Prior period adjustment	(923,593)	-	(10,758)	(934,351)	-
Total net position - ending	<u>\$ 29,387,602</u>	<u>\$ 8,235,165</u>	<u>\$ 2,546,733</u>	<u>\$ 40,169,500</u>	<u>\$ 14,191,638</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF LA PORTE, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities				Governmental Activities
				Total Enterprise Funds	Internal Service Fund
	Utility	LPAWA	Airport		
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 8,119,692	\$ 1,126,432	\$ 59,210	\$ 9,305,334	\$ 8,458,823
Disbursed for personnel services	(3,222,792)	-	(24,494)	(3,247,286)	(847,307)
Disbursed for goods and services	(3,692,882)	(880,778)	(38,822)	(4,612,482)	(6,470,549)
Net Cash Provided (Used) by Operating Activities	<u>1,204,018</u>	<u>245,654</u>	<u>(4,106)</u>	<u>1,445,566</u>	<u>1,140,967</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	2,069,161	-	586	2,069,747	1,995,609
Transfers to other funds	(563,354)	(1,305)	(518)	(565,177)	(13,236)
Net Cash Provided by (Used by) Noncapital Financing Activities	<u>1,505,807</u>	<u>(1,305)</u>	<u>68</u>	<u>1,504,570</u>	<u>1,982,373</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from the sale of equipment	28,087	-	-	28,087	(109,621)
Principal payments on debt	(670,000)	(650,000)	-	(1,320,000)	-
Interest paid on debt	392,883	(41,838)	-	351,045	-
Acquisition and construction of capital assets, net of dispositions	(1,049,713)	-	-	(1,049,713)	(1,324,155)
Capital contributions from participants for debt service	-	691,785	-	691,785	-
Capital contributions from participants for capital recovery	-	95,500	-	95,500	-
Net Cash Used by Capital and Related Financing Activities	<u>(1,298,743)</u>	<u>95,447</u>	<u>-</u>	<u>(1,203,296)</u>	<u>(1,433,776)</u>
Cash Flows from Investing Activities					
Purchase of investments	(1,851,586)	(2,040,923)	(256,572)	(4,149,081)	(4,617,304)
Sale of investments	1,739,281	2,165,668	290,408	4,195,357	4,534,414
Interest received	13,567	12,726	1,380	27,673	18,673
Net Cash Provided by (Used by) Investing Activities	<u>(98,738)</u>	<u>137,471</u>	<u>35,216</u>	<u>73,949</u>	<u>(64,217)</u>
Net increase in cash and equivalents	1,312,344	477,267	31,178	1,820,789	1,625,347
Cash and equivalents, beginning of year	<u>1,473,035</u>	<u>1,546,330</u>	<u>223,165</u>	<u>3,242,530</u>	<u>2,950,971</u>
Cash and equivalents, at end of year	<u>\$ 2,785,379</u>	<u>\$ 2,023,597</u>	<u>\$ 254,343</u>	<u>\$ 5,063,319</u>	<u>\$ 4,576,318</u>

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CITY OF LA PORTE, TEXAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities			Governmental Activities	
	Utility Fund	LPAWA	Airport	Total	Internal
				Enterprise Funds	Service Fund
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	(934,972)	(573,781)	(170,825)	(1,679,578)	(44,682)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,416,997	464,999	167,734	3,049,730	1,198,953
(Increase) decrease in accounts receivable	(367,437)	19,653	29	(347,755)	6,384
(Increase) decrease in deferred outflow-pensions	(116,634)	-	(1,046)	(117,680)	-
Increase (decrease) in accounts payable	(35,230)	334,783	(33)	299,520	115,629
Increase (decrease) in accrued liabilities	15,544	-	(104)	15,440	5,898
Increase (decrease) in unearned revenue	-	-	-	-	(209)
Increase (decrease) in customer deposits	22,325	-	-	22,325	-
Increase (decrease) in claims	-	-	-	-	(135,656)
Increase (decrease) in compensated absences	(26,516)	-	-	(26,516)	(5,350)
Increase (decrease) in net pension liability	(19,447)	-	(404)	(19,851)	-
Increase (decrease) in OPEB obligation	188,842	-	-	188,842	-
Increase (decrease) in deferred inflow-pensions	60,546	-	543	61,089	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,204,018</u>	<u>\$ 245,654</u>	<u>\$(4,106)</u>	<u>\$ 1,445,566</u>	<u>\$ 1,140,967</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF LA PORTE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of La Porte, Texas (the “City”) was incorporated under the laws of the State of Texas on August 10, 1892. The City operates under a “Council-Manager” form of government and provides the following services as authorized by its charter: public safety, development services, public health and welfare, culture and recreation and waterworks.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to U.S. generally accepted accounting policies (GAAP) applicable to state and local governments which include the principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The more significant accounting policies of the City are prescribed below.

A. Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The City, with its elected governing body of mayor and eight council members, is considered a primary government. As required by GAAP, the basic financial statements include the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government’s operations. All component units have been included as blended component units because of the significance of their operations and financial relationships with the City.

The La Porte Area Water Authority (the “Authority”) is governed by a five-member board appointed by the City Council. Although it is a legally separate entity, the Authority provides services almost exclusively for the City’s water operations, and is in substance a part of the City’s primary operations. The Authority was created by the City to finance the operations involved in obtaining surface water supplies and converting these supplies to potable water. This water is sold primarily to the City of La Porte (86%) with the remainder being sold to other neighboring political subdivisions. The operations of the Authority are reported as a proprietary fund type.

The Tax Increment Reinvestment Zone (the “Zone”) is governed by a nine-member board appointed by the City Council. The Zone provides benefits exclusively for the City through reinvestment financing of ad valorem taxes, which are utilized for capital improvements for the City of La Porte. The Zone is presented as a governmental fund type.

The Section 4B Sales Tax Corporation provides services that exclusively benefits the City of La Porte and is governed by a seven-member board appointed by City Council. The Section 4B Sales Tax Corporation is presented as a governmental fund type.

Complete financial statements for each of the individual component units may be obtained through the City of La Porte.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. Fund Financial Statements

The fund financial statements provide information about the City's funds and blended component units. Separate statements for each fund category – governmental and proprietary – 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 and enterprise funds are reported as separate funds in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenues of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general long-term debt of the City except for capital leases for which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

The *2015 Certificate of Obligation Bonds Fund* is used to account for bond proceeds and the expenditure of those funds for water and sewer improvements and street and drainage improvements.

The City reports the following major enterprise funds:

- The *Utility Enterprise Fund* is used to account for operations of the water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, but not limited to administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates received regularly and adjusted if necessary to ensure integrity of the fund.
- *La Porte Water Authority* is used to account for revenues and expenses related to obtaining raw surface water and converting it to potable water.
- *Airport Fund* is used to account for financial activities of the airport which includes rentals, grants and other revenues.

Additionally, the City reports the Internal Service Funds which are used to account for the Motor Pool, Technology and Insurance service provide to other departments of the City on a cost reimbursement basis.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 the governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type 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 transfer 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 governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. 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 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

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 City 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 service 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 are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, court fines, and interest associated with the current 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 of availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Investments

Cash includes amounts in demand deposits, short-term investments which mature within ninety days of the fiscal year end, and various petty cash funds. The short-term investments consist of U.S. Treasury Bills and deposits in the Texas Local Government Pool (TexPool), the Local Government Investment Corporation (LOGIC) all of which have the general characteristics of a demand deposit account. For the purpose of the statement of cash flows, Proprietary Fund types consider temporary investments with a maturity of three months or less when purchased to be cash equivalents.

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in external investment pools. The City’s investment pools operate in a manner consistent with the Securities and Exchange Commission’s (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the City’s investment pools qualify as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

Inventories are valued at costs using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. A portion of the fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the City’s continuing operations.

4. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The remainder capital assets are depreciated using the straight line method over the following estimated useful lives.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 years
Building improvements	20 years
Infrastructure	20-30 years
Vehicles	4-10 years
Machinery and equipment	4-10 years
Water and sewer systems	20-10 years

5. Pensions

For purposes of measuring the net pension liability for the Texas Municipal Retirement System (TMRS), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the TMRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability for the Texas Emergency Services Retirement System (TESRS), pension related deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of TESRS and additions to/deductions from TESRS's fiduciary net position have been determined on the same basis as they are reported by TESRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – 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.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet 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. The City has three types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred gain on refunding - A deferred gain 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 short of the life of the refunded or refunding debt.
- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

7. Compensated Employee Absences

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to a certain amount, until paid upon termination or retirement. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered, where the payment is probable and can be reasonably estimated. The current and long-term portion of the governmental fund type liabilities are recorded in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The proprietary fund type liability is recorded as a liability in the individual proprietary funds since payment will be made from the resources of these funds.

Policies relating to the accrual payment of these benefits are as follows:

- Vacation – Employees earn from 10-25 days of vacation per year. Upon separation, employees are paid for all accumulated vacation leave (up to one and one half times their annual accrual rate).
- Sick leave – Full time 8 hour employees accrued 3.70 hours per pay period. Full time 24 hour employees accrue 5.91 hours per pay period and civil service employees accrued 15 days per calendar year. The maximum sick leave time which may be accumulated by any employee shall be 90 days for regular full time employees. For 24 hour shift personnel, the maximum accrual is 1,152 hours. Civil service employees may accrue unlimited sick leave.

8. Net Position Flow Assumption

Sometimes the City 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 City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumption

Sometimes the City 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 City'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. Net Position Classifications

Classification of net position includes three components as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted – This component of the net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

11. Fund Balance Policies

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

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

Amount in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager under the authorization of the Fiscal Affairs Committee to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. The City has assigned fund balance in the amount of \$257,147 for general fund encumbrances. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action 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.

The City strives to maintain a minimum reserve balance of 90 to 120 days for the General Fund and Utility Fund, and 60 to 90 days of operating expenditures in all other funds as outlined in the City's Financial Management Policies as adopted by City Council by resolution.

12. 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 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 program revenues.

13. General and Debt Service Property Taxes

All taxes due to the City on real or personal property are payable at the Office of the City Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

14. Industrial Payments

A significant portion of the City's revenue is derived from separate contractual agreements with each industrial company that lies within the City's extraterritorial jurisdiction (known as the "industrial district"). These companies have agreed to pay an amount "in-lieu of taxes" in the unannexed area within the City's extraterritorial jurisdiction. In the current contracts, the entity's agree to pay the City a percentage of what the ad valorem taxes would have been had the entities land, improvements, and inventory been within the corporate limits of the City.

15. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

16. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

17. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue funds and debt service funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all capital projects funds and are revised annually.

18. Prior Period Adjustment – Change in Accounting Principles

The GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*," which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying these changes results in the adjustments below.

	Fund Level			
	Government-wide Statement of Activities		Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	
	Governmental Activities	Business-type Activities	Utility Fund	Airport Fund
Net position at September 30, 2014, as previously reported	\$ 84,229,138	\$ 40,472,574	\$ 29,713,640	\$ 2,726,894
Recording of due to developer	(7,715,193)	-	-	-
Elimination of net pension obligation as of September 30, 2014	2,359,234	276,555	276,555	-
Recording of net pension liability as of September 30, 2014	(13,101,953)	(1,466,051)	(1,453,026)	(13,025)
Deferral for pension contributions made after the measurement date	<u>2,263,559</u>	<u>255,145</u>	<u>252,878</u>	<u>2,267</u>
Net position at September 30, 2014, as restated	<u>\$ 68,034,785</u>	<u>\$ 39,538,223</u>	<u>\$ 28,790,047</u>	<u>\$ 2,716,136</u>

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

DEPOSITS AND INVESTMENTS

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments or swaps.

Deposit and Investment Amounts

The City's cash and investments are classified as: cash and cash equivalents and restricted cash and investments. The cash and cash equivalents include cash on hand, fully collateralized deposits with financial institutions and in a privately-managed public funds investment pool account (TexPool, TexStar and LOGIC). The restricted cash and investments are assets restricted for specific use.

The following schedule shows the City's recorded cash and investments at year-end:

	Total Fair Value		
	Governmental Funds	Internal Service Funds	Enterprise Funds
Cash deposits	\$ 7,318,055	\$ 404,798	\$ 921,790
Investment Pools	31,230,774	4,330,429	4,298,246
US Agency Securities	<u>14,312,137</u>	<u>1,984,507</u>	<u>3,226,242</u>
	<u>\$ 52,860,966</u>	<u>\$ 6,719,734</u>	<u>\$ 8,446,278</u>

Interest Rate Risk

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. GAAP, by investment type:

Investment Type	Total Fair Value	Weighted Average Maturity (months)
Public funds investment pools	\$ 39,859,449	1.0
Federal Home Loan Mortgage Corporation (FHLMC)	4,004,878	30.5
Federal Farm Credit Bank (FFCB)	7,504,114	25.6
Federal Home Loan Bank (FHLB)	<u>8,013,894</u>	27.8
Total fair value	<u>\$ 59,382,335</u>	
Portfolio weighted average maturity		9.7

The City's investment policy specifies the maximum stated maturity from the date of purchase for any individual investments may not exceed 5 years and the maximum dollar weighted average maturity for the pooled fund group (investment portfolio) may not exceed 2 years.

Concentration of Credit Risk

The policy does not require investments to be staggered in a way that protects interest income from the volatility of interest rates. The policy has not established limitations on percentages of the total portfolio that may be invested in securities other than the repurchase agreements, Treasury bills and notes or insured and collateralized Certificates of Deposits.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage of Total Portfolio</u>
Investment Pools	\$ 39,859,449	67.12 %
US Agency Securities	19,522,886	32.88 %
Total	<u>\$ 59,382,335</u>	<u>100.00 %</u>

Credit Risk

The primary objective of the City's adopted Investment Policy is the safety of principal. Credit risk within the City's portfolio among authorized investments approved by the City's adopted Investment Policy is represented in U.S. Treasury Bills, Notes or Bonds, and other securities which are guaranteed as to principal and interest by the full faith and credit of the United States of America, collateralized or fully insured certificates of deposits, FDIC insured banks in the State of Texas, repurchase agreements if secured by U.S. Treasury Bills, Notes or Bonds and Public Funds Investment Pools.

PROPERTY TAX

The appraisal of property within the City is the responsibility of the Harris County Appraisal District (the "Appraisal District"). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for repayment of general obligation bonds and other contractual obligations, adjustment for new improvements, exceeds the effective tax rate and the rollback rate tax rate, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate. The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value, assessed at 100% of appraised value and certified by the Harris County Appraisal District Board of Review. The City property taxes are billed and collected by the City's Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the current calendar year. The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes, which can be levied for debt service. The property tax rates to finance general governmental services and debt service for fiscal year 2015 were \$0.605 and \$0.105, respectively, per \$100 of assessed valuation. The 2014 assessed value and total tax levy as adjusted through September 30, 2015 were \$3,194,726,712 and \$19,514,402 respectively. The City has enacted an ordinance providing for exemption of twenty percent (20%) of the assessed value of residential homesteads plus an additional \$60,000 for persons 65 years of age or older for property taxes. An exemption of \$60,000 is allowed for disabled persons on homesteads and up to \$12,000 is allowed for disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Harris County Central Appraisal District ("HCCAD") establishes appraised values. Taxes are levied by the City Council based on the appraised values and operating needs of the City.

RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the General Fund, Debt Service Fund, 2015 Certificate of Obligation Bonds Fund and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Debt Service</u>	<u>2015 Certificate of Obligation Bonds</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Receivables:					
Taxes	\$ 1,983,367	\$ 123,516	\$ -	\$ 894,821	\$ 2,106,883
Bonds	-	-	8,000,000	-	8,000,000
Mowing and demolition	560,729	-	-	-	560,729
EMS	1,859,275	-	-	-	1,859,275
Solidwaste	139,237	-	-	-	139,237
Municipal court	557,855	-	-	-	557,855
Other	211,187	-	-	14,846	211,187
Interest	15,875	171	-	5,164	16,046
Allowance for uncollectibles	(1,234,614)	(83,606)	-	-	(1,318,220)
	<u>\$ 4,092,911</u>	<u>\$ 40,081</u>	<u>\$ 8,000,000</u>	<u>\$ 914,831</u>	<u>\$ 12,132,992</u>

Revenues of the Utility Fund, an enterprise fund, are reported net of uncollectible amounts. Total uncollectible amount related to utility sales as of year-end was \$10,906.

CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015, was as follows:

	Balance September 30, 2014	Increases	Reclassification/ (Decreases)	Balance September 30, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 9,556,199	\$ -	\$(30,225)	\$ 9,525,974
Construction in progress	11,740,161	4,729,048	(10,000)	16,459,209
Total capital assets, not being depreciated	<u>21,296,360</u>	<u>4,729,048</u>	<u>(40,225)</u>	<u>25,985,183</u>
Capital assets, being depreciated:				
Buildings and improvements	37,088,150	15,471	(246,098)	36,857,523
Improvements other than buildings	25,172,892	1,185,127	(63,299)	26,294,720
Infrastructure	40,037,295	354,594	-	40,391,889
Machinery and equipment	20,429,073	1,715,862	(1,220,340)	20,924,595
Total capital assets, being depreciated	<u>122,727,410</u>	<u>3,271,054</u>	<u>(1,529,737)</u>	<u>124,468,727</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,837,689)	(1,386,664)	201,808	(19,022,545)
Improvements other than buildings	(11,147,280)	(295,316)	64,983	(11,377,613)
Infrastructure	(25,777,110)	(1,534,549)	-	(27,311,659)
Machinery and equipment	(10,725,329)	(1,535,696)	996,442	(11,264,583)
Total accumulated depreciation	<u>(65,487,408)</u>	<u>(4,752,225)</u>	<u>1,263,233</u>	<u>(68,976,400)</u>
Total capital assets being depreciated, net	<u>57,240,002</u>	<u>(1,481,171)</u>	<u>(266,504)</u>	<u>55,492,327</u>
Totals	\$ <u>78,536,362</u>	\$ <u>3,247,877</u>	\$ <u>(306,729)</u>	\$ <u>81,477,510</u>
	Balance September 30, 2014	Increases	Reclassification/ (Decreases)	Balance September 30, 2015
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 427,812	\$ -	\$ 19,979	\$ 447,791
Construction in progress	177,974	148,913	(60,837)	266,050
Total capital assets, not being depreciated	<u>605,786</u>	<u>148,913</u>	<u>(40,858)</u>	<u>713,841</u>
Capital assets, being depreciated:				
Buildings and improvements	57,620	-	-	57,620
Improvements other than buildings	87,942,803	756,639	5,522	88,704,964
Machinery and equipment	3,555,214	144,410	-	3,699,624
Total capital assets, being depreciated	<u>91,555,637</u>	<u>901,049</u>	<u>5,522</u>	<u>92,462,208</u>
Less accumulated depreciation for:				
Buildings and improvements	(49,888)	(1,103)	-	(50,991)
Improvements other than buildings	(53,597,352)	(2,152,305)	6,750	(55,742,907)
Machinery and equipment	(428,655)	(896,322)	-	(1,324,977)
Total accumulated depreciation	<u>(54,075,895)</u>	<u>(3,049,730)</u>	<u>6,750</u>	<u>(57,118,875)</u>
Total capital assets being depreciated, net	<u>37,479,742</u>	<u>(2,148,681)</u>	<u>12,272</u>	<u>35,343,333</u>
Totals	\$ <u>38,085,528</u>	\$ <u>(1,999,768)</u>	\$ <u>(28,586)</u>	\$ <u>36,057,174</u>

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

General government	\$	591,147
Public safety		1,077,770
Public works		1,010,014
Parks and recreation		874,341
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets		<u>1,198,953</u>
Total governmental activities	\$	<u><u>4,752,225</u></u>

Construction contract commitments outstanding as of September 30, 2015, are as follows:

<u>Fund</u>	<u>Project</u>	<u>Total In Progress</u>	<u>Remaining Commitment</u>
General CIP Fund	Animal shelter	\$ 1,380,185	\$ 3,178
General CIP Fund	Street and drainage	6,340,241	45,829
Drainage Improvements	Drainage Improvements	8,710,447	48,526
Utility Fund	Infiltration and inflow reduction	294,386	140,228
Sewer Fund	Water well control replacement	-	<u>212,433</u>
Totals		<u>\$ 16,725,259</u>	<u>\$ 450,194</u>

LONG-TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation and revenue bonds. Future ad valorem tax revenues, water and sewer system revenues or liens on property and equipment secure these debt obligations.

The schedule below details the terms of public property finance contractual obligation, general obligation bonds, certificates of obligations and revenue bonds outstanding as of September 30, 2015:

	<u>Governmental</u>	<u>Business-Type</u>
2002 Limited Tax Bonds due in annual installments of \$270,000 through March 15, 2025; interest at 4.25% to 5%; \$5,000,000 issued for wastewater treatment plant and fire station	\$ 270,000	\$ -
2005 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.75% to 4.25% \$7,675,000 issued to construct a police facility.	780,000	-
2005 Certificates of Obligation due in annual payments through March 15, 2025; interest at 2.8% to 3.8% \$1,800,000 issued for water and sewer improvements and fire truck.	180,000	-
2006 Public Property Finance Contractual Obligation due in annual payments through January 25, 2016; interest at 3.74% \$2,625,000 issued for automated meter replacement program.	-	262,500
2006 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.75% to 4.3% \$5,765,000 issued for police facility, sports, and water and sewer improvements.	205,000	-
2006 Certificates of Obligation due in annual payments through March 15, 2025; interest at 3.75% to 4.3% \$5,765,000 issued for police facility, sports and water and sewer improvements.	615,000	-
2007 Certificates of Obligation due in annual payments through March 15, 2029; interest at 4.00% to 4.25% \$8,075,000 issued for wastewater treatment plant improvements, sports complex and golf cart path improvements.	3,760,000	-
2010 Certificates of Obligation due in annual payments through March 15, 2026; interest at 3.00% to 4.00% \$6,265,000 issued for street, drainage, and park improvements.	4,905,000	-
2010 General Obligation Refunding Bonds due in annual payments through March 15, 2020; interest at 2.00% to 4.00% \$4,295,000 issued to refund previous debt.	2,175,000	-
2010 LPAWA Contract Revenue Refunding Bonds due in annual payments through March 15, 2017; interest at 2.50% to 4.00% \$4,085,000 issued to refunding previous debt.	-	990,000
2012 General Obligation Refunding Bonds due in annual payments through March 15, 2025; interest at .65% to 3.00% \$9,435,000 issued to refund previous debt.	9,205,000	-
2014 General Obligation Refunding Bonds due in annual payments through March 15, 2025; interest at 2.00% to 3.50% \$9,300,000 issued to refunding previous debt.	8,585,000	-
2015 Certificates of Obligation due in annual installments through March 15, 2030; interest at 2.25% to 3.00% \$7,770,000 issued for water and sewer system improvements, and street and	<u>7,770,000</u>	<u>-</u>
Total Bonds Payable	<u>\$ 38,450,000</u>	<u>\$ 1,252,500</u>

Changes in the City's long-term liabilities for the year ended September 30, 2015 are as follows:

	Balance September 30, 2014	Additions	(Reductions)	Balance September 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 23,110,000	\$ -	\$(1,890,000)	\$ 21,220,000	\$ 1,540,000
Certificates of obligation	10,845,000	7,770,000	(1,385,000)	17,230,000	1,475,000
Premium on bond issuance	1,155,953	365,502	(120,938)	1,400,517	-
Total bonds payable	<u>35,110,953</u>	<u>8,135,502</u>	<u>(3,395,938)</u>	<u>39,850,517</u>	<u>3,015,000</u>
Due to developers	8,137,434	-	(1,350,582)	6,786,852	-
Retainage payable	-	301,410	-	301,410	-
Compensated Absences	3,155,623	103,259	(96,201)	3,162,681	158,134
Net pension liability-TMRS	13,006,317	2,989,768	(3,163,839)	12,832,246	-
Net pension liability-TERSRS	137,493	19,580	(26,055)	131,018	-
Net OPEB obligation	9,039,462	2,049,881	(669,863)	10,419,480	-
Total Governmental Activities	<u>\$ 68,587,282</u>	<u>\$ 13,599,400</u>	<u>\$(8,702,478)</u>	<u>\$ 73,484,204</u>	<u>\$ 3,173,134</u>
	Balance September 30, 2014	Additions	(Reductions)	Balance September 30, 2015	Amounts Due Within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue bonds	\$ 1,640,000	\$ -	\$(650,000)	\$ 990,000	\$ 670,000
Public property finance certificates of obligation	525,000	-	(262,500)	262,500	262,500
Premium on bond issuance	42,550	-	(17,312)	25,238	-
Total Bonds Payable	<u>2,207,550</u>	<u>-</u>	<u>(929,812)</u>	<u>1,277,738</u>	<u>932,500</u>
Compensated absences	211,432	14,779	(41,295)	184,916	9,246
Net pension liability-TMRS	1,466,051	337,001	(356,622)	1,446,430	-
Net OPEB obligation	1,195,625	361,744	(172,902)	1,384,467	-
Total Business-Type Activities	<u>\$ 5,080,658</u>	<u>\$ 713,524</u>	<u>\$(1,500,631)</u>	<u>\$ 4,293,551</u>	<u>\$ 941,746</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Compensated absences generally are paid by the General Fund for the governmental activities. Net pension liability and OPEB obligation are liquidated by the general fund, and retainage payable is liquidated by capital project fund and the grant fund.

General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligations bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each years bonds are outstanding) a fund to pay interest and principal maturity. The City is in compliance with this requirement.

Revenue Bonds

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of water and sewer system. On May 31, 2010, the La Porte Water Authority issued \$4.085 million Contract Revenue Refunding Bonds, Series 2010, to defease \$2.95 million of unlimited tax bonds. The Revenue Bonds are collateralized by the net revenue of the La Porte Area Water Authority and are payable through September 30, 2017. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any payments expected to require 64 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$691,838 and \$691,166. The ordinances also contain provisions, which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the require amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements of as September 30, 2015.

The debt service requirements for each of the City's bond type are as follows:

Fiscal Year	Governmental Activities			
	General Obligation Bonds		Certificate of Obligation	
	Principal	Interest	Principal	Interest
2016	\$ 1,540,000	\$ 625,860	\$ 1,475,000	\$ 549,833
2017	1,395,000	577,192	1,480,000	516,693
2018	1,855,000	526,972	1,115,000	468,512
2019	2,470,000	464,881	770,000	434,362
2020	2,465,000	391,250	800,000	406,637
2021	2,270,000	318,600	830,000	377,837
2022	2,335,000	249,525	855,000	348,900
2023	2,395,000	178,575	885,000	319,582
2024	2,460,000	103,225	915,000	288,635
2025	2,035,000	31,900	1,445,000	245,710
2026	-	-	1,495,000	192,348
2027	-	-	1,445,000	143,368
2028	-	-	1,485,000	97,393
2029	-	-	1,535,000	47,535
2030	-	-	700,000	10,500
	<u>\$ 21,220,000</u>	<u>\$ 3,467,980</u>	<u>\$ 17,230,000</u>	<u>\$ 4,447,845</u>

Fiscal Year	Business-Type Activities			
	Contract Revenue Bonds		Public Property Finance CO	
	Principal	Interest	Principal	Interest
2016	\$ 670,000	\$ 22,850	\$ 262,500	\$ 4,909
2017	320,000	6,400	-	-
	<u>\$ 990,000</u>	<u>\$ 29,250</u>	<u>\$ 262,500</u>	<u>\$ 4,909</u>

Prior Year Refunding of Debt

The City defeased certain outstanding revenue bonds by placing proceeds of new bonds in irrevocable trust to provide for all future debt service payments. Accordingly, the respective trust accounts and liability for the defeased bond are not included in the City’s financial statements. As of September 30, 2015, the City does not have bonds considered defeased and outstanding.

Due to Developers

The TIRZ is a party to several agreements with Developers who own property in the La Porte Tax Increment Zone. The TIRZ is obligated to repay the Developers for public improvements made on the property up to the amount of incremental tax value gained.

The Authority has entered into agreements with the following Developers: Port Crossing Land, LP; 65 La Porte, Ltd.; and Retreat at Bay Forest, LP. Port Crossing Land, LP has completed the public improvements detailed in the agreement with the Authority.

Port Crossing Land, LP’s reimbursable expenditures totaled \$12,096,488 including interest at May 27, 2009. In the current fiscal year, the Developer was reimbursed \$1,147,826. To date, reimbursements in the amount of \$7,485,154 have been made to Port Crossing and, LP for incremental tax value gained. Interest was recalculated, and payments were applied to interest first, then principal.

Retreat at Bay Forest, LP’s reimbursable expenditures totaled \$224,760, including interest of \$36,885 for the pilot channel and excavation costs as of November 20, 2013. No additional interest will be due under the agreement. During the current fiscal year, a reimbursement of \$17,795 was applied to principal.

In addition, two Developers have signed Development Agreements but have not submitted costs for reimbursements of their projects. Estimated costs, based on agreements, are as follows:

65 La Porte, Ltd.	\$	7,103,500
Beazer Homes Texas, LP		2,097,297

Under the agreements, the amount shown is not a payable debt if the tracts do not generate tax increment sufficient to pay the accrued amount, therefore, a liability has not been recorded in the City’s financial statements at year end.

INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of year-end are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
Other governmental	Other governmental	\$ 532,813	Sewer improvements paid by 2006 Certificates of Obligation Fund that will be reimbursed by the TIRZ Fund.

The composition of interfund transfers for the year are as follows:

Transfers From	Transfers To						Totals
	General	Debt Service	Other Governmental	Utility	Airport	Internal Service	
General Fund	\$ -	\$ -	\$ 812,498	\$ 2,069,161	\$ 586	\$ 1,932,839	\$ 4,815,084
Other Governmental	57,500	1,333,833	350,000	-	-	-	1,741,333
Utility	-	515,643	-	-	-	47,711	563,354
LPAWA	-	-	-	-	-	1,305	1,305
Airport	-	-	-	-	-	518	518
Internal Service	-	-	-	-	-	13,236	13,236
Totals	\$ 57,500	\$ 1,849,476	\$ 1,162,498	\$ 2,069,161	\$ 586	\$ 1,995,609	\$ 7,134,830

Under the agreements, the amount shown is not a payable debt if the tracts do not generate tax increment sufficient to pay the accrued amount, therefore, a liability has not been recorded in the City's financial statements at yearend.

The purpose of interfund transfers during the current year consisted of the following:

Transfers From	Transfers To	Amount	Purpose
Utility Fund	Debt Service Fund	\$ 515,643	Annual transfer for debt service
Utility Fund	Insurance Fund	47,711	Transfer for liability insurance and workers comp
Airport Fund	Insurance Fund	518	Transfer for liability insurance and workers comp
La Porte Area Water Authority	Insurance Fund	1,305	Transfer for liability insurance and workers comp
Vehicle Maintenance Fund	Insurance Fund	13,236	Transfer for liability insurance and workers comp
Hotel/Motel Fund	General CIP Fund	175,000	Transfer for capital projects
Hotel/Motel Fund	General Fund	57,500	Transfer for golf course advertising and City bordering bay for golf expenditures
General Fund	Insurance Fund	416,876	Transfer for liability insurance and workers comp
General Fund	Insurance Fund	1,500,000	Transfer for health insurance
General Fund	General CIP Fund	809,948	Transfer for capital projects
General Fund	Airport Fund	586	Transfer for pay adjustments
General Fund	Utility Fund	2,000,000	Transfer for capital projects
General Fund	Utility Fund	69,161	Transfer for pay adjustments
General Fund	Vehicle Maintenance	15,963	Transfer for pay adjustments
General Fund	Hotel/Motel Fund	2,550	Transfer for pay adjustments
La Porte Development Corporation (4B)	Debt Service Fund	1,083,817	Transfer for debt service
General CIP Fund	La Porte Development Corporation (4B)	175,000	Repayment of funds for canceled project
2000 Certificate of Obligation Fund	Debt Service Fund	16	Transfer for debt service
2006 Certificate of Obligation Fund	Debt Service Fund	250,000	Transfer for debt service
	Total transfers	\$ 7,134,830	

DEFINED BENEFIT PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM

Plan Descriptions

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org. All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility	20 years to any age, 10 years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees	70% of CPI, repeating

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	174
Inactive employees entitled to but not yet receiving benefits	127
Active employees	<u>373</u>
	<u><u>674</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.00% and 16.12% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$3,489,187, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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. The target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 130,990,617	\$ 116,518,249	\$ 14,472,368
Changes for the year:			
Service cost	3,045,776	-	3,045,776
Interest	9,108,178	-	9,108,178
Difference between expected and actual experience	(761,946)	-	(761,946)
Contributions - employer	-	3,534,991	(3,534,991)
Contributions - employee	-	1,460,768	(1,460,768)
Net investment income	-	6,665,254	(6,665,254)
Benefit payments, including refunds of employee contributions	(4,793,355)	(4,793,355)	-
Administrative expense	-	(69,591)	69,591
Other changes	-	(5,722)	5,722
Net changes	<u>6,598,653</u>	<u>6,792,345</u>	<u>(193,692)</u>
Balance at 12/31/2014	<u>\$ 137,589,270</u>	<u>\$ 123,310,594</u>	<u>\$ 14,278,676</u>

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) of 1-percentage-higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 34,616,051	\$ 14,278,676	\$(2,301,968)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at www.tmrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$2,751,526. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 603,045
Difference between projected and actual investment earnings	1,192,818	-
Contributions subsequent to the measurement date	<u>2,487,429</u>	<u>-</u>
Totals	<u>\$ 3,680,247</u>	<u>\$ 603,045</u>

\$2,487,429 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30,	
2016	\$ 139,304
2017	139,304
2018	139,304
2019	171,861

Subsequent Event

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change.

DEFINED BENEFIT PENSION PLAN – TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Plan Description

The City participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. TESRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tesrs.org.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

Pension Plan Fiduciary Net Position

For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the City's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Contributions

Contributions are made by the City for the participating employees. No contributions are required from the individuals who are members of the TESRS, nor are they allowed. The City is required to make contributions for each month an employee of the plan this minimum contribution is \$36 per member. Contributions to the pension plan for the year ended September 30, 2015, were \$48,820.

Actuarial Assumptions

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

Inflation	3.50%
Salary increases	None
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA.

The actuarial assumptions used in the August 31, 2014, valuation were based on the results of an actuarial experience study for the period completed in 2008.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equities:		
Large cap domestic	32.0%	5.2%
Small cap domestic	10.0%	5.8%
Developed international	21.0%	5.5%
Emerging markets	6.0%	5.4%
Master limited partnership	5.0%	7.1%
Fixed income:		
Domestic	21.0%	1.4%
International	5.0%	1.6%
Cash	0.0%	0.0%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 269,987	\$ 131,018	\$ 49,937

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

At September 30, 2015, the City reported a liability of \$131,018 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014 the City's proportion of the collective net pension liability was 0.721%. Since this is the first year of implementation, the City does not have the proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

For the year ended September 30, 2015, the City recognized TESRS pension expense of \$19,580. At September 30, 2015, the City reported 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 projected and actual investment earnings	\$ -	\$ 33,018
Contributions paid to TESRS subsequent to the measurement date	48,820	-
Total	<u>\$ 48,820</u>	<u>\$ 33,018</u>

\$48,820 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	Pension Expense Amount
2016	\$ 8,255
2017	8,255
2018	8,254
2019	8,254

RISK MANAGEMENT

The City is expected to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. The City is a member of the Texas Municipal League Intergovernmental Risk Pool, an unincorporated association of 1,860 political subdivisions of the State of Texas. The Pool contracts with a third party administrator for administration, investigation and adjustment services in the handling of claims. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the Pool. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

The insurance internal service fund is funded by charges to the City's other funds and component units, and is based primarily upon the contributing funds' full-time employee count. The City self-insures a portion of health insurance benefits provided to employees. For health insurance the City retains the risk for the first \$165,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$165,000 with a limit of \$1,000,000 per coverage period.

Activities during the year for the insurance internal service fund included:

Revenues	
Charges to divisions	\$ 4,762,145
Interfund transfers	1,979,646
Charges to employees	438,094
Charges to retirees	104,529
Cobra charges	8,144
Interest revenue	<u>5,528</u>
Total revenues	<u>\$ 7,298,086</u>
Expenses	
Other expenses	\$ 85,133
Claims administration	178,109
Claims incurred	4,762,880
Re-insurance premiums	414,683
Insurance premiums	<u>626,638</u>
Total expenses	<u>\$ 6,067,443</u>

Liabilities of the insurance fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as, inflation, changes in legal requirements and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-offs), and other economic and social factors. These estimate of the claims also includes amounts for

incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

Changes in the balance of health insurance claims liability for three fiscal years are as follows:

	Beginning of Year Accrual	Claims	Payments for Claims	End of Year Accrual
9/30/2013	\$ 499,446	\$ 4,096,890	\$ 4,115,752	\$ 480,584
9/30/2014	480,584	5,580,398	5,485,633	575,349
9/30/2015	575,349	4,762,880	4,898,536	439,693

CONTINGENCIES

The City is a defendant in lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the City’s management the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

POST-EMPLOYMENT BENEFITS

Plan Description. In addition to pension benefits described in Note VI, employees who retire from the City and are eligible for pension benefits shall be provided medical coverage by the City to the extent and subject to the conditions of such coverage that is provided to current employees of the City. The City administers the single-employer defined benefit medical plan (“the Retiree Medical Plan”). The plan provides medical coverage for eligible retirees and their dependents through the City’s self-health insurance plan, which covers both active and retired members. Benefit provisions are established and amended by City Council. The Retiree Medical Plan does not issue a publicly available financial report.

Funding Policy. This coverage for retired employees is provided at the option of the City Council through adoption of the annual budget. The City funds these premiums in the same manner as it funds similar premiums for current employees. Employees, who retired from the City before October 1, 1992, have 100% of their coverage paid for by the City. Employees who retired from the City in 1993 and up to December 31, 1999, with 20 or more years of service have 100% of their coverage paid for by the City. Prior to January 1, 2000, employees who have 15 years but less than 20 years of service are required to pay for 10% of the cost and employees who have 10 years but less than 15 years of service are required to pay for 20% of their costs. For employees who retire after January 1, 2000, the following applies:

Years of Service with the City	Retiree Cost	City Cost	Retiree Cost Per Year
At least 10 but less than 15	55%	45%	\$ 3,500
At least 15 but less than 20	25%	75%	1,500
At least 20	0%	100%	-

Employees who are eligible for the post-employment benefits are employees who retire after January 1, 2006 and who have a combination of years of service with the City of La Porte plus age totaling 80 and who retire as a qualified annuitant under the Texas Municipal Retirement System; who retire in accordance with the City of La Porte Employee Policies Handbook; who complete at least 20 years of service with the City of La Porte are currently employed by the City of La Porte at the time of the retirement. The total premium cost is the total annual dollar allocated by budget as approved by City employer contributions. The cost allocation shall be as follows:

Years of Service with the City	Retiree Cost	City Cost
at least 20 years	60%+dependent premiums	40%
21 years	55%+dependent premiums	45%
22 years	50%+dependent premiums	50%
23 years	45%+dependent premiums	55%
24 years	40%+dependent premiums	60%
25 years	35%+dependent premiums	65%
26 years	30%+dependent premiums	70%
27 years	25%+dependent premiums	75%
28 years	20%+dependent premiums	80%
29 years	15%+dependent premiums	85%
30 years	Active employee/dependent rate	

Retirees who are entitled to receive retirement benefits under the City's retirement plan may purchase continued health benefits for the retiree and the retiree's dependents. The Person must inform the City no later than the day on which the person retires that the person elects to continue coverage. If the retiree elects to continue coverage for himself and/or his dependents, once he decides to drop either type of coverage, the person and/or his dependents become eligible for coverage at the next open enrollment period. The level of coverage proceed is the same level of coverage provided to current employees. The City's coverage is secondary to Medicare when the person becomes eligible for those benefits. Payment for dependent coverage will be at the same rate as payments for current employees.

Annual OPEB Costs and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that is paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the postemployment medical plan shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the postemployment medical plan.

	Fiscal Year		
	2015	2014	2013
Annual required contribution (ARC)	\$ 2,377,768	\$ 2,566,570	\$ 2,491,816
Interest on OPEB obligation	460,579	383,426	311,056
Adjustment to ARC	(426,722)	(355,240)	(288,190)
Annual OPEB cost	2,411,625	2,594,756	2,514,682
Contributions	(842,765)	(880,236)	(906,463)
Increase in net OPEB obligation	1,568,860	1,714,520	1,608,219
Net OPEB obligation, beginning of year	10,235,087	8,520,567	6,912,348
Net OPEB obligation, end of year	<u>\$ 11,803,947</u>	<u>\$ 10,235,087</u>	<u>\$ 8,520,567</u>

The City's annual OPEB cost, employer contributions, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2015, 2014, and 2013 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
9/30/2013	\$ 2,514,682	\$ 906,463	36.0%	\$ 8,520,567
9/30/2014	2,594,756	880,236	33.9%	10,235,087
9/30/2015	2,411,625	842,765	34.9%	11,803,947

Funded Status and Funding Progress. The funding status of the post-employment medical plan as of the most recent actuarial valuation date is as follows:

Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)	Percentage Funded	Annual Covered Payroll	Ratio of UAAL to Annual Covered Payroll
2014	\$ -	\$ 30,887,738	\$ 30,887,738	-	\$ 20,708,593	149.2%

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The 2014 actuarial valuation is the most recent actuarial valuation available.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return compounded annually (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 7.25 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 14 years, and a payroll growth rate for projecting normal cost of 3 percent. These rates include a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term validity in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of payroll contributions over a 30 year open amortization period assuming payroll growth of 3 percent. The remaining amortization period at September 30, 2015, was 29 years.

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Funds (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The City contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for the fiscal year ended 2015, 2014, and 2013 were \$33,526, \$30,814, and \$29,311, respectively, which equaled to the required contributions.

NEW ACCOUNTING PRINCIPLES

Significant new accounting standards not yet implemented by the City include the following.

Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” – This statement changes the focus of accounting of postemployment benefits other than pensions from whether an entity is responsible for funding the benefits over time to a point-in-time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 77, “*Tax Abatement Disclosures*” – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.

SUBSEQUENT EVENT

On February 1, 2016, the City issued General Obligation Refunding Bonds, Series 2016 in the principal amount of \$3,165,000. These proceeds will be used to refund \$3,420,000 of the City’s currently outstanding Certificate of Obligation, Series 2007.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF LA PORTE, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 14,728,500	\$ 15,873,500	\$ 15,983,821	\$ 110,321
Sales and use taxes	4,417,259	4,750,000	4,978,626	228,626
Franchise fees	2,158,666	2,175,408	2,411,827	236,419
Industrial payments	12,054,598	12,192,816	12,269,152	76,336
Other taxes	60,000	90,000	96,323	6,323
Licenses and permits	388,050	657,005	1,346,552	689,547
Fines and forfeitures	1,461,800	1,606,823	1,759,759	152,936
Charges for services	5,620,102	5,539,145	5,663,497	124,352
Interest earnings	71,000	80,000	140,227	60,227
Miscellaneous	40,000	113,000	239,303	126,303
Total Revenues	<u>40,999,975</u>	<u>43,077,697</u>	<u>44,889,087</u>	<u>1,811,390</u>
Expenditures				
General government:				
Administration	5,475,999	5,627,130	5,514,088	113,042
Finance	4,439,688	3,381,740	3,164,520	217,220
Planning and engineering	1,955,128	1,918,661	1,706,076	212,585
Public safety:				
Fire	4,626,227	4,723,846	4,634,931	88,915
Police	11,921,484	11,874,120	11,770,240	103,880
Public works:				
Public works administration	362,429	360,700	356,413	4,287
Streets	2,549,095	2,554,323	2,487,556	66,767
Health and sanitation:				
Solid waste	2,506,697	2,512,078	2,457,565	54,513
Culture and recreation	<u>5,430,435</u>	<u>5,744,328</u>	<u>5,663,660</u>	<u>80,668</u>
Total Expenditures	<u>39,267,182</u>	<u>38,696,926</u>	<u>37,755,049</u>	<u>941,877</u>
Excess (deficiency) of revenues over (under) expenditures	1,732,793	4,380,771	7,134,038	2,753,267
Other Financing Sources (Uses)				
Transfers in	57,500	57,500	57,500	-
Transfers out	(3,256,876)	(4,815,084)	(4,815,084)	-
Insurance recoveries	<u>-</u>	<u>-</u>	<u>210,854</u>	<u>210,854</u>
Total Other Financing Sources and Uses	<u>(3,199,376)</u>	<u>(4,757,584)</u>	<u>(4,546,730)</u>	<u>210,854</u>
Net change in fund balances	(1,466,583)	(376,813)	2,587,308	2,964,121
Fund balances, beginning of year	<u>29,975,340</u>	<u>29,975,340</u>	<u>29,975,340</u>	<u>-</u>
Fund balances at year end	<u>\$ 28,508,757</u>	<u>\$ 29,598,527</u>	<u>\$ 32,562,648</u>	<u>\$ 2,964,121</u>

CITY OF LA PORTE, TEXAS

NOTES TO REQUIRED BUDGETARY INFORMATION

SEPTEMBER 30, 2015

Budgetary Controls and Procedures

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is required by charter to submit a proposed budget and accompanying message to City Council by August 1. The Council shall review and revise the proposed budget as they deem appropriate prior to circulation for the public hearing. A summary of the proposed budget and notice of the public hearing must be posted in City Hall and be published in the official newspaper at least 2 weeks prior to the hearing. Annual budgets for General, Debt Service, Special Revenue and Enterprise Funds are legally adopted by ordinance and must be done so no later than September 27th. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department. The City Manager is authorized to transfer part of all of any unencumbered appropriation balance among programs within a department. All other amendments and/or transfers must be approved by Council.

Annual appropriated budgets are adopted for general, special revenue, and debt service funds, using the same basis of accounting as for financial reporting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt as a whole. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter is the total approved budget for each department. The City Manager may transfer appropriations within a department without seeking the approval of City Council; however, any revisions that alter total expenditures for any department must be approved by City Council. Appropriations lapse at the end of the year, excluding capital project budgets.

CITY OF LA PORTE, TEXAS

**SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Plan Year	<u>2014</u>
A. Total pension liability	
Service Cost	\$ 3,045,776
Interest (on the Total Pension Liability)	9,108,178
Difference between expected and actual experience	(761,946)
Benefit payments, including refunds of employee contributions	<u>(4,793,355)</u>
Net change in total pension liability	6,598,653
Total pension liability - beginning	<u>130,990,617</u>
Total pension liability - ending (a)	<u><u>\$ 137,589,270</u></u>
B. Plan fiduciary net position	
Contributions - Employer	\$ 3,534,991
Contributions - Employee	1,460,768
Net Investment Income	6,665,254
Benefit payments, including refunds of employee contributions	(4,793,355)
Administrative Expenses	(69,591)
Other	<u>(5,722)</u>
Net change in plan fiduciary net position	6,792,345
Plan fiduciary net position - beginning	<u>116,518,249</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 123,310,594</u></u>
C. Net pension liability - ending (a) - (b)	<u><u>\$ 14,278,676</u></u>
D. Plan fiduciary net position as a percentage of total pension liability	89.62%
E. Covered employee payroll	\$ 20,708,639
F. Net position liability as a percentage of covered employee payroll	68.95%

CITY OF LA PORTE, TEXAS
SCHUEDLE OF TMRS CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Fiscal Year	2014	2015
Actuarial determined contribution	\$ 3,496,424	\$ 3,489,185
Contributions in relation to the actuarially determined contribution	<u>(3,496,424)</u>	<u>(3,489,185)</u>
Contribution deficiency (excess)	-	-
Covered employee payroll	20,543,616	21,323,383
Contributions as a percentage of covered employee payroll	17.02%	16.36%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB.
Other Information	There were no benefit changes during the year.

CITY OF LA PORTE, TEXAS

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE TESRS NET PENSION LIABILITY**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Plan Year	<u>2014</u>
City's proportion of the net pension liability	0.721%
City's proportionate share of the net pension liability	\$ 131,018
City's covered-employee payroll	18,420
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	711%
Plan fiduciary net position as a percentage of the total pension liability	83.5%

SCHEDULE OF CITY'S TESRS CONTRIBUTIONS

Fiscal Year	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 26,055	\$ 48,820
Contributions in relation to the contractually required contribution	(26,055)	(48,820)
Contribution deficiency (excess)	-	-
City's covered-employee payroll	18,420	18,617
Contribution as a percentage of covered-employee payroll	141.4%	262.2%

CITY OF LA PORTE, TEXAS

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)	Percentage Funded	Annual Covered Payroll	Ratio of UAAL to Annual Covered Payroll
2010	\$ -	\$ 29,639,065	\$ 29,639,065	- %	\$ 19,816,947	149.6%
2012	-	32,167,407	32,167,407	- %	19,908,162	161.6%
2014	-	30,887,738	30,887,738	- %	20,708,593	149.2%

**COMBINING AND INDIVIDUAL
STATEMENTS AND SCHEDULES**

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Hotel/Motel Occupancy Tax Fund—This fund is used to account for the accumulation of resources from the Hotel/Motel Tax assessment levied by the City. These monies are to be spent to promote the development or progress of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Act (Article 1369; Vernon's Texas Civil Statutes).

Section 4B Sales Tax Fund – This fund is used to account for funds received from the ½ cent sales tax dedicated to certain economic and infrastructure projects.

Tax Increment Reinvestment Zone One Fund (TIRZ) – This fund is used to account for the disposition of property taxes collected on specific parcels within the boundaries of the TIRZ for the exclusive benefit of the City's capital improvement programs.

Grant Fund – This fund is used to account for funds received from another government or organization to be used for the specific purpose activity or facility.

Street Maintenance Sales Tax Fund – This fund is used to account for the additional sales tax collected for street maintenance.

Emergency Services Sales Tax Fund – This fund is used to account for the additional sales tax collected for emergency services.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

2000 Certificate of Obligation Bonds Funds – This fund is used to account for the proceeds and expenditures related to City Hall renovations, fire station 3 and 4 replacement and pool replacement.

2006 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to the Police Facility, a Sports Complex (Joint Venture), South La Porte Trunk Sewer and various other Water/Sewer projects.

2010 Certificates of Obligation Bond Fund – This fund is used to account for the proceeds and expenditures related to street, drainage and park improvements.

Capital Improvements – This fund is used to account for projects that are generally small in nature and affect the general operation of the City.

Drainage Improvements – This fund is used to account for the proceeds and expenditures related to the drainage fees collected.

CITY OF LA PORTE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Special Revenue Funds			
	Hotel/Motel Tax	Section 4b Sales Tax	Tax Increment Reinvestment Zone	Grant Fund
Assets				
Cash and cash equivalents	\$ 645,093	\$ 3,228,104	\$ 543,282	\$ 1,405,136
Investments	279,455	929,732	-	606,262
Receivables, net of allowance	117,136	393,466	-	893
Due from other governments	-	-	-	21,071
Total Assets	<u>1,041,684</u>	<u>4,551,302</u>	<u>543,282</u>	<u>2,033,362</u>
Liabilities				
Accounts payable	3,201	2,403	3,000	64,570
Accrued salaries	5,391	4,482	-	11,213
Other payables	-	-	-	500
Due to other funds	-	-	532,813	-
Unearned revenue	-	-	-	25,010
Total Liabilities	<u>8,592</u>	<u>6,885</u>	<u>535,813</u>	<u>101,293</u>
Fund balances				
Restricted				
Debt service	-	1,083,817	-	-
Economic development	1,033,092	3,460,600	-	-
Senior citizen programs	-	-	-	10,543
Replacement of trees	-	-	-	638,265
Municipal court building and technology	-	-	-	347,571
Park improvements	-	-	-	379,015
Public safety	-	-	-	556,675
Capital projects	-	-	7,469	-
Public works	-	-	-	-
Total Fund Balances	<u>1,033,092</u>	<u>4,544,417</u>	<u>7,469</u>	<u>1,932,069</u>
Total Liabilities and Fund Balances	<u>\$ 1,041,684</u>	<u>\$ 4,551,302</u>	<u>\$ 543,282</u>	<u>\$ 2,033,362</u>

Special Revenue Funds		
Street Maintenance Sales Tax Fund	Emergency Service Sales Tax Fund	Total Special Revenue Funds
\$ 1,346,700	\$ 576,201	\$ 7,744,516
583,957	249,891	2,649,297
196,910	190,337	898,742
-	-	21,071
<u>2,127,567</u>	<u>1,016,429</u>	<u>11,313,626</u>
73,406	11,783	158,363
-	4,483	25,569
-	-	500
-	-	532,813
-	-	25,010
<u>73,406</u>	<u>16,266</u>	<u>742,255</u>
-	-	1,083,817
-	-	4,493,692
-	-	10,543
-	-	638,265
-	-	347,571
-	-	379,015
-	1,000,163	1,556,838
-	-	7,469
<u>2,054,161</u>	<u>-</u>	<u>2,054,161</u>
<u>2,054,161</u>	<u>1,000,163</u>	<u>10,571,371</u>
\$ <u>2,127,567</u>	\$ <u>1,016,429</u>	\$ <u>11,313,626</u>

CITY OF LA PORTE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			
	Hotel/Motel Tax	Section 4b Sales Tax	Tax Increment Reinvestment Zone	Grant Fund
Revenues				
Property taxes	\$ -	\$ -	\$ 1,848,694	\$ -
Sales and use taxes	-	2,489,310	-	-
Other taxes	701,619	-	-	-
Fines and forfeitures	-	-	-	193,939
Charges for services	-	-	-	710,354
Intergovernmental	-	-	-	3,195,238
Investment earnings	3,467	10,131	351	5,208
Miscellaneous	9,224	-	-	29,532
Total Revenues	<u>714,310</u>	<u>2,499,441</u>	<u>1,849,045</u>	<u>4,134,271</u>
Expenditures				
Current:				
General government	553,409	359,596	119,784	42,985
Public safety	-	-	-	444,484
Public works	-	-	-	26,903
Culture and recreation	-	-	-	64,040
Debt Service:				
Principal	-	-	1,350,582	-
Interest and other charges	-	-	370,420	-
Capital outlay	-	-	-	3,048,686
Total Expenditures	<u>553,409</u>	<u>359,596</u>	<u>1,840,786</u>	<u>3,627,098</u>
Excess (deficiency) of revenues over (under) expenditures	160,901	2,139,845	8,259	507,173
Other Financing Sources (Uses)				
Transfers in	2,550	175,000	-	-
Transfers out	(232,500)	(1,083,817)	-	-
Total Other Financing Sources (Uses)	<u>(229,950)</u>	<u>(908,817)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(69,049)	1,231,028	8,259	507,173
Fund balances - beginning	<u>1,102,141</u>	<u>3,313,389</u>	<u>(790)</u>	<u>1,424,896</u>
Fund balances - ending	<u>\$ 1,033,092</u>	<u>\$ 4,544,417</u>	<u>\$ 7,469</u>	<u>\$ 1,932,069</u>

Special Revenue Funds		
Street Maintenance Sale Tax Fund	Emergency Services Sales Tax Fund	Total Special Revenue Funds
\$ -	\$ -	\$ 1,848,694
1,244,654	1,233,330	4,967,294
-	-	701,619
-	-	193,939
-	-	710,354
-	-	3,195,238
6,300	1,459	26,916
-	-	38,756
<u>1,250,954</u>	<u>1,234,789</u>	<u>11,682,810</u>
-	-	1,075,774
-	849,163	1,293,647
32,876	-	59,779
-	-	64,040
-	-	1,350,582
-	-	370,420
949,097	102,443	4,100,226
<u>981,973</u>	<u>951,606</u>	<u>8,314,468</u>
268,981	283,183	3,368,342
-	-	177,550
-	-	(1,316,317)
-	-	(1,138,767)
268,981	283,183	2,229,575
1,785,180	716,980	8,341,796
<u>\$ 2,054,161</u>	<u>\$ 1,000,163</u>	<u>\$ 10,571,371</u>

CITY OF LA PORTE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Capital Projects Funds			
	2000 Certificate of Obligation Bonds	2006 Certificate of Obligation Bonds	2010 Certificate of Obligation Bonds	Capital Improvements
Assets				
Cash and cash equivalents	\$ -	\$ 173	\$ 1,479,428	\$ 1,343,710
Investments	-	75	14,556	582,243
Receivables, net of allowance	-	-	22	863
Due from other governments	-	-	-	-
Due from other funds	-	532,813	-	-
Total Assets	<u>-</u>	<u>533,061</u>	<u>1,494,006</u>	<u>1,926,816</u>
Liabilities:				
Accounts payable	-	-	144,349	10,208
Accrued salaries payable	-	-	-	-
Other payables	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue - grants	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>144,349</u>	<u>10,208</u>
Fund Balances:				
Restricted:				
Debt service	-	-	-	-
Economic development	-	-	-	-
Senior citizen programs	-	-	-	-
Replacement of trees	-	-	-	-
Municipal court building and technology	-	-	-	-
Park improvements	-	-	-	-
Public safety	-	-	-	-
Capital projects	-	533,061	1,349,657	-
Public works	-	-	-	-
Committed:				
Capital projects	-	-	-	1,916,608
Total Fund Balances	<u>-</u>	<u>533,061</u>	<u>1,349,657</u>	<u>1,916,608</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 533,061</u>	<u>\$ 1,494,006</u>	<u>\$ 1,926,816</u>

<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Drainage Improvements</u>	<u>Total Capital Projects Funds</u>		
\$ 556,238	\$ 3,379,549	\$	11,124,065
241,191	838,065		3,487,362
15,204	16,089		914,831
-	-		21,071
-	532,813		532,813
<u>812,633</u>	<u>4,766,516</u>		<u>16,080,142</u>
6,091	160,648		319,011
-	-		25,569
-	-		500
-	-		532,813
-	-		25,010
<u>6,091</u>	<u>160,648</u>		<u>902,903</u>
-	-		1,083,817
-	-		4,493,692
-	-		10,543
-	-		638,265
-	-		347,571
-	-		379,015
-	-		1,556,838
806,542	2,689,260		2,696,729
-	-		2,054,161
-	1,916,608		1,916,608
<u>806,542</u>	<u>4,605,868</u>		<u>15,177,239</u>
<u>\$ 812,633</u>	<u>\$ 4,766,516</u>	<u>\$</u>	<u>16,080,142</u>

CITY OF LA PORTE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Capital Projects Fund			
	2000 Certificate of Obligation Bonds	2006 Certificate of Obligation Bonds	2010 Certificate of Obligation Bonds	Capital Improvements
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	351,011
Intergovernmental	-	-	-	-
Interest earnings	-	144	922	9,803
Miscellaneous	-	120,813	-	-
Total Revenues	<u>-</u>	<u>120,957</u>	<u>922</u>	<u>360,814</u>
Expenditures				
Current:				
General government	-	-	-	492,708
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	364,521	1,723,295
Total Expenditures	<u>-</u>	<u>-</u>	<u>364,521</u>	<u>2,216,003</u>
Excess (deficiency) of revenues over (under) expenditures	-	120,957	(363,599)	(1,855,189)
Other Financing Sources (Uses)				
Transfers in	-	-	-	984,948
Transfers out	(16)	(250,000)	-	(175,000)
Total Other Financing Sources (Uses)	<u>(16)</u>	<u>(250,000)</u>	<u>-</u>	<u>809,948</u>
Net change in fund balances	(16)	(129,043)	(363,599)	(1,045,241)
Fund balances - beginning	<u>16</u>	<u>662,104</u>	<u>1,713,256</u>	<u>2,961,849</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 533,061</u>	<u>\$ 1,349,657</u>	<u>\$ 1,916,608</u>

<u>Capital Projects Fund</u>		
<u>Drainage Improvements</u>	<u>Total Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 1,848,694
-	-	4,967,294
-	-	701,619
-	-	193,939
269,910	620,921	1,331,275
-	-	3,195,238
2,654	13,523	40,439
-	120,813	159,569
<u>272,564</u>	<u>755,257</u>	<u>12,438,067</u>
-	492,708	1,568,482
-	-	1,293,647
12,365	12,365	72,144
-	-	64,040
-	-	1,350,582
-	-	370,420
<u>143,851</u>	<u>2,231,667</u>	<u>6,331,893</u>
<u>156,216</u>	<u>2,736,740</u>	<u>11,051,208</u>
116,348	(1,981,483)	1,386,859
-	984,948	1,162,498
-	(425,016)	(1,741,333)
-	<u>559,932</u>	<u>(578,835)</u>
116,348	(1,421,551)	808,024
<u>690,194</u>	<u>6,027,419</u>	<u>14,369,215</u>
<u>\$ 806,542</u>	<u>\$ 4,605,868</u>	<u>\$ 15,177,239</u>

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CITY OF LA PORTE, TEXAS

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Property taxes	\$ 2,624,900	\$ 2,897,713	\$ 272,813	\$ 2,482,675
Investment earnings	4,200	3,363	(837)	8,712
Total Revenues	<u>2,629,100</u>	<u>2,901,076</u>	<u>271,976</u>	<u>2,491,387</u>
Expenditures				
Debt Service:				
Principal	3,275,000	3,275,000	-	2,640,000
Interest and other charges	1,083,722	1,083,722	-	1,371,766
Total Expenditures	<u>4,358,722</u>	<u>4,358,722</u>	<u>-</u>	<u>4,011,766</u>
Revenues over (under) expenditures	(1,729,622)	(1,457,646)	271,976	(1,520,379)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	9,300,000
Premium on bonds	-	-	-	608,166
Payment to escrow agent	-	-	-	(9,749,587)
Transfers in	1,849,460	1,849,476	16	1,640,223
Total Other Financing Sources (Uses)	<u>1,849,460</u>	<u>1,849,476</u>	<u>16</u>	<u>1,798,802</u>
Net change in fund balance	119,838	391,830	271,992	278,423
Fund balances - beginning of year	<u>2,768,922</u>	<u>2,768,922</u>	<u>-</u>	<u>2,490,499</u>
Fund balances - end of year	<u>\$ 2,888,760</u>	<u>\$ 3,160,752</u>	<u>\$ 271,992</u>	<u>\$ 2,768,922</u>

CITY OF LA PORTE, TEXAS

**SPECIAL REVENUE FUND - HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Other taxes	\$ 575,000	\$ 701,619	\$ 126,619	\$ 699,673
Investment earnings	1,500	3,467	1,967	1,538
Miscellaneous	-	9,224	9,224	4,825
Total Revenues	<u>576,500</u>	<u>714,310</u>	<u>137,810</u>	<u>706,036</u>
Expenditures				
Current:				
General government	<u>601,089</u>	<u>553,409</u>	<u>47,680</u>	<u>467,379</u>
Total Expenditures	<u>601,089</u>	<u>553,409</u>	<u>47,680</u>	<u>467,379</u>
Revenues over (under) expenditures	(24,589)	160,901	185,490	238,657
Other Financing Sources (Uses)				
Transfers in	2,550	2,550	-	1,981
Transfers out	(232,500)	(232,500)	-	(207,500)
Total Other Financing Sources (Uses)	<u>(229,950)</u>	<u>(229,950)</u>	<u>-</u>	<u>(205,519)</u>
Net change in fund balance	(254,539)	(69,049)	185,490	33,138
Fund balances - beginning of year	<u>1,102,141</u>	<u>1,102,141</u>	<u>-</u>	<u>1,069,003</u>
Fund balances - end of year	<u>\$ 847,602</u>	<u>\$ 1,033,092</u>	<u>\$ 185,490</u>	<u>\$ 1,102,141</u>

CITY OF LA PORTE, TEXAS

**SPECIAL REVENUE FUND - SECTION 4B SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Sales and use tax	\$ 2,208,630	\$ 2,489,310	\$ 280,680	\$ 2,343,234
Investment earnings	4,500	10,131	5,631	4,170
Total Revenues	<u>2,213,130</u>	<u>2,499,441</u>	<u>286,311</u>	<u>2,347,404</u>
Expenditures				
Current:				
General government	434,794	359,596	75,198	677,836
Total Expenditures	<u>434,794</u>	<u>359,596</u>	<u>75,198</u>	<u>677,836</u>
Revenues over (under) expenditures	1,778,336	2,139,845	361,509	1,669,568
Other Financing Sources (Uses)				
Transfers in	175,000	175,000	-	1,211
Transfers out	(1,083,817)	(1,083,817)	-	(1,125,545)
Total Other Financing Sources (Uses)	<u>(908,817)</u>	<u>(908,817)</u>	<u>-</u>	<u>(1,124,334)</u>
Net change in fund balance	869,519	1,231,028	361,509	545,234
Fund balances - beginning of year	<u>3,313,389</u>	<u>3,313,389</u>	<u>-</u>	<u>2,768,155</u>
Fund balances - end of year	<u>\$ 4,182,908</u>	<u>\$ 4,544,417</u>	<u>\$ 361,509</u>	<u>\$ 3,313,389</u>

CITY OF LA PORTE, TEXAS

**SPECIAL REVENUE FUND - TAX INCREMENT REINVESTMENT ZONE
SCHEDULE OF REVENUES, EXPENDIURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Property taxes	\$ 2,199,400	\$ 1,848,694	\$(350,706)	\$ 2,156,273
Investment earnings	650	351	(299)	511
Developer advance	488,584	-	(488,584)	-
Total Revenues	<u>2,688,634</u>	<u>1,849,045</u>	<u>(839,589)</u>	<u>2,156,784</u>
Expenditures				
Current:				
General government	2,807,737	119,784	2,687,953	560,757
Debt Service:				
Principal	-	1,350,582	(1,350,582)	1,851,875
Interest and other charges	-	370,420	(370,420)	-
Total Expenditures	<u>2,807,737</u>	<u>1,840,786</u>	<u>966,951</u>	<u>2,412,632</u>
Net change in fund balance	(119,103)	8,259	127,362	(255,848)
Fund balances - beginning of year	(790)	(790)	-	255,058
Fund balances - end of year	<u>\$(119,893)</u>	<u>\$ 7,469</u>	<u>\$ 127,362</u>	<u>\$(790)</u>

CITY OF LA PORTE, TEXAS

**SPECIAL REVENUE FUND - GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Fines and forfeitures	\$ 125,000	\$ 193,939	\$ 68,939	\$ 196,458
Charges for services	4,000	710,354	706,354	242,997
Intergovernmental	291,937	3,195,238	2,903,301	1,572,360
Investment earnings	-	5,208	5,208	1,472
Miscellaneous	850	29,532	28,682	-
Total Revenues	<u>421,787</u>	<u>4,134,271</u>	<u>3,712,484</u>	<u>2,013,287</u>
Expenditures				
Current:				
General government	83,757	42,985	40,772	57,643
Public safety	332,008	444,484	(112,476)	492,473
Public works	63,552	26,903	36,649	234,952
Culture and recreation	654,353	64,040	590,313	59,115
Capital outlay	45,664	3,048,686	(3,003,022)	900,860
Total Expenditures	<u>1,179,334</u>	<u>3,627,098</u>	<u>(2,447,764)</u>	<u>1,745,043</u>
Net change in fund balance	(757,547)	507,173	1,264,720	268,244
Fund balance - beginning of year	<u>1,424,896</u>	<u>1,424,896</u>	<u>-</u>	<u>1,156,652</u>
Fund balance - end of year	<u>\$ 667,349</u>	<u>\$ 1,932,069</u>	<u>\$ 1,264,720</u>	<u>\$ 1,424,896</u>

CITY OF LA PORTE, TEXAS

**SPECIAL REVENUE FUND - STREET MAINTENANCE SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ Negative	2014
	Final Budget	Actual		
Revenues				
Sales and use tax	\$ 1,104,315	\$ 1,244,654	\$ 140,339	\$ 1,171,617
Investment earnings	1,400	6,300	4,900	1,758
Total Revenues	<u>1,105,715</u>	<u>1,250,954</u>	<u>145,239</u>	<u>1,173,375</u>
Expenditures				
Current:				
Public works	244,131	32,876	211,255	173,104
Capital outlay	<u>550,869</u>	<u>949,097</u>	<u>(398,228)</u>	<u>170,437</u>
Total Expenditures	<u>795,000</u>	<u>981,973</u>	<u>(186,973)</u>	<u>343,541</u>
Net change in fund balance	310,715	268,981	(41,734)	829,834
Fund balances - beginning of year	<u>1,785,180</u>	<u>1,785,180</u>	<u>-</u>	<u>955,346</u>
Fund balances - end of year	<u>\$ 2,095,895</u>	<u>\$ 2,054,161</u>	<u>\$(41,734)</u>	<u>\$ 1,785,180</u>

CITY OF LA PORTE, TEXAS

**SPECIAL REVENUE FUND - EMERGENCY SERVICES SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Sales and use tax	\$ 1,104,315	\$ 1,233,330	\$ 129,015	\$ 1,116,445
Investment earnings	500	1,459	959	348
Total Revenues	<u>1,104,815</u>	<u>1,234,789</u>	<u>129,974</u>	<u>1,116,793</u>
Expenditures				
Current:				
Public safety	908,260	849,163	59,097	902,879
Capital outlay	482,657	102,443	380,214	-
Total Expenditures	<u>1,390,917</u>	<u>951,606</u>	<u>439,311</u>	<u>902,879</u>
Revenues over (under) expenditures	(286,102)	283,183	569,285	213,914
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,598
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,598</u>
Net change in fund balance	(286,102)	283,183	569,285	215,512
Fund balance - beginning of year	<u>716,980</u>	<u>716,980</u>	<u>-</u>	<u>501,468</u>
Fund balance - end of year	<u>\$ 430,878</u>	<u>\$ 1,000,163</u>	<u>\$ 569,285</u>	<u>\$ 716,980</u>

CITY OF LA PORTE, TEXAS

**CAPITAL PROJECTS FUND - 2006 CERTIFICATE OF OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Investment earnings	\$ -	\$ 144	\$ 144	\$ -
Miscellaneous	-	120,813	120,813	-
Total Revenues	-	120,957	120,957	-
Other Financing Sources (Uses)				
Transfers out	(250,000)	(250,000)	-	-
Total Other Financing Sources (Uses)	(250,000)	(250,000)	-	-
Net change in fund balance	(250,000)	(129,043)	120,957	-
Fund balances - beginning of year	662,104	662,104	-	662,104
Fund balances - end of year	\$ 412,104	\$ 533,061	\$ 120,957	\$ 662,104

CITY OF LA PORTE, TEXAS

**CAPITAL PROJECTS FUND - 2010 CERTIFICATE OF OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015		Variance Positive/ (Negative)	2014
	Final Budget	Actual		
Revenues				
Interest	\$ -	\$ 922	\$ 922	\$ 604
Total Revenues	<u>-</u>	<u>922</u>	<u>922</u>	<u>604</u>
Expenditures				
Capital outlay	<u>280,000</u>	<u>364,521</u>	<u>(84,521)</u>	<u>74,467</u>
Total Expenditures	<u>280,000</u>	<u>364,521</u>	<u>(84,521)</u>	<u>74,467</u>
Net change in fund balance	(280,000)	(363,599)	(83,599)	(73,863)
Fund balances - beginning of year	<u>1,713,256</u>	<u>1,713,256</u>	<u>-</u>	<u>1,787,119</u>
Fund balances - end of year	<u>\$ 1,433,256</u>	<u>\$ 1,349,657</u>	<u>\$(83,599)</u>	<u>\$ 1,713,256</u>

CITY OF LA PORTE, TEXAS

**CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative actual totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Charges for services	\$ 267,000	\$ 269,910	\$ 2,910	\$ 268,230
Investment earnings	750	2,654	1,904	914
Total Revenues	<u>267,750</u>	<u>272,564</u>	<u>4,814</u>	<u>269,144</u>
Expenditures				
Current:				
Public works	36,739	12,365	24,374	97,797
Capital outlay	<u>203,261</u>	<u>143,851</u>	<u>59,410</u>	<u>-</u>
Total Expenditures	<u>240,000</u>	<u>156,216</u>	<u>83,784</u>	<u>97,797</u>
Net change in fund balance	27,750	116,348	88,598	171,347
Fund balances - beginning of year	<u>690,194</u>	<u>690,194</u>	<u>-</u>	<u>518,847</u>
Fund balances - end of year	<u>\$ 717,944</u>	<u>\$ 806,542</u>	<u>\$ 88,598</u>	<u>\$ 690,194</u>

CITY OF LA PORTE, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Taxes:				
Ad valorem:				
Current	\$ 14,500,000	\$ 15,645,000	\$ 15,761,766	\$ 116,766
Delinquent	68,000	68,000	57,216	(10,784)
Industrial payments	<u>12,054,598</u>	<u>12,192,816</u>	<u>12,269,152</u>	<u>76,336</u>
Total ad valorem	<u>26,622,598</u>	<u>27,905,816</u>	<u>28,088,134</u>	<u>182,318</u>
Penalty and interest	<u>160,500</u>	<u>160,500</u>	<u>164,839</u>	<u>4,339</u>
Sales Taxes	<u>4,417,259</u>	<u>4,750,000</u>	<u>4,978,626</u>	<u>228,626</u>
Other Taxes	<u>60,000</u>	<u>90,000</u>	<u>96,323</u>	<u>6,323</u>
Franchise Fees:				
Electrical	1,243,666	1,250,408	1,393,817	143,409
Gas	150,000	150,000	137,470	(12,530)
Telephone	275,000	300,000	193,540	(106,460)
Cable	400,000	385,000	603,020	218,020
Commercial solid waste	<u>90,000</u>	<u>90,000</u>	<u>83,980</u>	<u>(6,020)</u>
Total Franchise Fees	<u>2,158,666</u>	<u>2,175,408</u>	<u>2,411,827</u>	<u>236,419</u>
Charges for Services:				
Public safety services fees	580,829	602,692	606,089	3,397
Health and sanitation service fees	3,077,500	3,075,500	3,273,654	198,154
Culture and recreation fees	1,462,445	1,341,925	1,361,620	19,695
Other services fees	<u>499,328</u>	<u>519,028</u>	<u>422,134</u>	<u>(96,894)</u>
Total Charges for Services	<u>5,620,102</u>	<u>5,539,145</u>	<u>5,663,497</u>	<u>124,352</u>
Licenses and Permits:				
Buildings permits	352,925	620,105	1,308,507	688,402
Licenses	<u>35,125</u>	<u>36,900</u>	<u>38,045</u>	<u>1,145</u>
Total Licenses and Permits	<u>388,050</u>	<u>657,005</u>	<u>1,346,552</u>	<u>689,547</u>
Investment Income	<u>71,000</u>	<u>80,000</u>	<u>140,227</u>	<u>60,227</u>
Fines and Forfeitures	<u>1,461,800</u>	<u>1,606,823</u>	<u>1,759,759</u>	<u>152,936</u>
Miscellaneous	<u>40,000</u>	<u>113,000</u>	<u>239,303</u>	<u>126,303</u>
Total Revenues	<u>\$ 40,999,975</u>	<u>\$ 43,077,697</u>	<u>\$ 44,889,087</u>	<u>\$ 1,811,390</u>

CITY OF LA PORTE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
General Government				
Administration:				
Emergency Management:				
Personnel services	\$ 221,931	\$ 220,371	\$ 219,455	\$ 916
Supplies	8,673	7,220	6,717	503
Other services and charges	94,171	118,221	117,277	944
Total Emergency Management	<u>324,775</u>	<u>345,812</u>	<u>343,449</u>	<u>2,363</u>
General Administration:				
Personnel services	435,760	465,017	463,475	1,542
Supplies	3,100	5,100	3,912	1,188
Other services and charges	86,755	87,555	80,457	7,098
Total General Administration	<u>525,615</u>	<u>557,672</u>	<u>547,844</u>	<u>9,828</u>
Community Investment:				
Supplies	27,650	27,650	26,238	1,412
Other services and charges	123,200	129,995	113,877	16,118
Total Community Investment	<u>150,850</u>	<u>157,645</u>	<u>140,115</u>	<u>17,530</u>
Human Resources:				
Personnel services	260,159	266,232	238,371	27,861
Supplies	2,850	3,850	2,500	1,350
Other services and charges	178,775	168,857	154,881	13,976
Total Human Resources	<u>441,784</u>	<u>438,939</u>	<u>395,752</u>	<u>43,187</u>
Information Technology:				
Personnel services	645,150	616,725	609,769	6,956
Supplies	121,037	110,523	107,636	2,887
Other services and charges	1,528,149	1,526,649	1,525,603	1,046
Total Information Technology	<u>2,294,336</u>	<u>2,253,897</u>	<u>2,243,008</u>	<u>10,889</u>
Municipal Court:				
Personnel services	670,271	680,708	679,707	1,001
Supplies and materials	19,750	19,750	15,254	4,496
Other services and charges	131,351	113,590	108,072	5,518
Total Municipal Court	<u>821,372</u>	<u>814,048</u>	<u>803,033</u>	<u>11,015</u>
Purchasing:				
Personnel services	230,954	241,795	240,071	1,724
Supplies	1,400	1,270	614	656
Other services and charges	11,358	8,277	7,475	802
Total Purchasing	<u>243,712</u>	<u>251,342</u>	<u>248,160</u>	<u>3,182</u>

CITY OF LA PORTE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
City Secretary:				
Personnel services	\$ 339,142	\$ 365,057	\$ 363,878	\$ 1,179
Supplies and materials	16,600	16,200	14,532	1,668
Other services and charges	<u>62,199</u>	<u>46,673</u>	<u>43,598</u>	<u>3,075</u>
Total City Secretary	<u>417,941</u>	<u>427,930</u>	<u>422,008</u>	<u>5,922</u>
Legal:				
Personnel services	20,844	21,845	20,844	1,001
Other services and charges	<u>166,900</u>	<u>291,600</u>	<u>289,512</u>	<u>2,088</u>
Total Legal	<u>187,744</u>	<u>313,445</u>	<u>310,356</u>	<u>3,089</u>
City Council:				
Personnel services	37,370	37,453	36,278	1,175
Supplies and materials	8,450	7,670	6,588	1,082
Other services and charges	<u>22,050</u>	<u>21,277</u>	<u>17,497</u>	<u>3,780</u>
Total City Council	<u>67,870</u>	<u>66,400</u>	<u>60,363</u>	<u>6,037</u>
Total Administration	<u>5,475,999</u>	<u>5,627,130</u>	<u>5,514,088</u>	<u>113,042</u>
Finance				
Accounting:				
Personnel services	718,454	755,177	753,850	1,327
Supplies	8,450	8,300	6,226	2,074
Other services and charges	<u>96,591</u>	<u>97,908</u>	<u>90,899</u>	<u>7,009</u>
Total Accounting	<u>823,495</u>	<u>861,385</u>	<u>850,975</u>	<u>10,410</u>
Nondepartmental:				
Personnel services	949,127	943,172	905,935	37,237
Supplies	5,300	4,730	4,197	533
Other services and charges	<u>2,210,869</u>	<u>1,127,830</u>	<u>1,014,226</u>	<u>113,604</u>
Total Nondepartmental	<u>3,165,296</u>	<u>2,075,732</u>	<u>1,924,358</u>	<u>151,374</u>
Tax Office:				
Personnel services	212,402	218,695	190,891	27,804
Supplies and materials	10,275	10,810	10,012	798
Other services and charges	<u>228,220</u>	<u>215,118</u>	<u>188,284</u>	<u>26,834</u>
Total Tax Office	<u>450,897</u>	<u>444,623</u>	<u>389,187</u>	<u>55,436</u>
Total Finance	<u>4,439,688</u>	<u>3,381,740</u>	<u>3,164,520</u>	<u>217,220</u>

CITY OF LA PORTE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Planning and Engineering				
Planning and Engineering:				
Personnel services	\$ 891,772	\$ 855,475	\$ 723,564	\$ 131,911
Supplies	12,672	11,109	8,777	2,332
Other services and charges	<u>127,530</u>	<u>147,767</u>	<u>107,929</u>	<u>39,838</u>
Total Planning and Engineering	<u>1,031,974</u>	<u>1,014,351</u>	<u>840,270</u>	<u>174,081</u>
Inspection:				
Personnel services	757,276	748,112	720,621	27,491
Supplies	24,131	23,766	22,383	1,383
Other services and charges	<u>141,747</u>	<u>132,432</u>	<u>122,802</u>	<u>9,630</u>
Total Inspection	<u>923,154</u>	<u>904,310</u>	<u>865,806</u>	<u>38,504</u>
Total Planning and Engineering	<u>1,955,128</u>	<u>1,918,661</u>	<u>1,706,076</u>	<u>212,585</u>
Total General Government	<u>11,870,815</u>	<u>10,927,531</u>	<u>10,384,684</u>	<u>542,847</u>
Public Safety				
Fire				
Fire Prevention:				
Personnel services	300,780	316,790	315,977	813
Supplies	12,076	12,893	11,487	1,406
Other services and charges	<u>7,415</u>	<u>7,646</u>	<u>7,360</u>	<u>286</u>
Total Fire Prevention	<u>320,271</u>	<u>337,329</u>	<u>334,824</u>	<u>2,505</u>
Fire Suppression:				
Personnel services	1,407,393	1,526,967	1,520,815	6,152
Supplies	38,879	41,535	31,259	10,276
Other services and charges	<u>274,323</u>	<u>269,183</u>	<u>251,142</u>	<u>18,041</u>
Total Fire Suppression	<u>1,720,595</u>	<u>1,837,685</u>	<u>1,803,216</u>	<u>34,469</u>
Emergency Medical Services:				
Personnel services	2,299,821	2,267,974	2,229,687	38,287
Supplies	153,830	161,328	152,629	8,699
Other services and charges	<u>131,710</u>	<u>119,530</u>	<u>114,575</u>	<u>4,955</u>
Total Emergency Services	<u>2,585,361</u>	<u>2,548,832</u>	<u>2,496,891</u>	<u>51,941</u>
Total Fire	<u>4,626,227</u>	<u>4,723,846</u>	<u>4,634,931</u>	<u>88,915</u>

CITY OF LA PORTE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Police				
Police Administration:				
Personnel services	\$ 689,936	\$ 718,004	\$ 715,061	\$ 2,943
Supplies	23,568	20,505	19,332	1,173
Other services and charges	273,489	295,705	294,648	1,057
Total Police Administration	<u>986,993</u>	<u>1,034,214</u>	<u>1,029,041</u>	<u>5,173</u>
Police Patrol:				
Personnel services	4,981,885	4,955,238	4,953,009	2,229
Supplies	238,062	197,155	182,980	14,175
Other services and charges	865,698	862,382	852,596	9,786
Capital outlay	5,500	3,000	-	3,000
Total Police Patrol	<u>6,091,145</u>	<u>6,017,775</u>	<u>5,988,585</u>	<u>29,190</u>
Criminal Investigation:				
Personnel services	2,006,868	1,986,956	1,960,702	26,254
Supplies	62,416	52,577	46,300	6,277
Other services and charges	171,413	162,333	157,140	5,193
Total Criminal Investigation	<u>2,240,697</u>	<u>2,201,866</u>	<u>2,164,142</u>	<u>37,724</u>
Support Services:				
Personnel services	2,365,789	2,390,583	2,367,739	22,844
Supplies	96,415	80,684	76,179	4,505
Other services and charges	140,445	148,998	144,554	4,444
Total Support Services	<u>2,602,649</u>	<u>2,620,265</u>	<u>2,588,472</u>	<u>31,793</u>
Total Police	<u>11,921,484</u>	<u>11,874,120</u>	<u>11,770,240</u>	<u>103,880</u>
Total Public Safety	<u>16,547,711</u>	<u>16,597,966</u>	<u>16,405,171</u>	<u>192,795</u>
Public Works				
Public Works Administration:				
Personnel services	307,203	316,372	315,345	1,027
Supplies and materials	4,790	4,728	3,873	855
Other services and charges	50,436	39,600	37,195	2,405
Total Public Works Administration	<u>362,429</u>	<u>360,700</u>	<u>356,413</u>	<u>4,287</u>

CITY OF LA PORTE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Streets:				
Personnel services	\$ 1,611,810	\$ 1,661,444	\$ 1,622,827	\$ 38,617
Supplies	166,759	155,408	145,979	9,429
Other services and charges	770,526	737,471	718,750	18,721
Capital outlay	-	-	-	-
Total Streets	<u>2,549,095</u>	<u>2,554,323</u>	<u>2,487,556</u>	<u>66,767</u>
Total Public Works	<u>2,911,524</u>	<u>2,915,023</u>	<u>2,843,969</u>	<u>71,054</u>
Health and Sanitation				
Residential Solid Waste:				
Personnel services	1,199,039	1,188,887	1,146,890	41,997
Supplies	265,391	254,231	243,128	11,103
Other services and charges	1,042,267	1,068,960	1,067,547	1,413
Total Residential Solid Waste	<u>2,506,697</u>	<u>2,512,078</u>	<u>2,457,565</u>	<u>54,513</u>
Total Health and Sanitation	<u>2,506,697</u>	<u>2,512,078</u>	<u>2,457,565</u>	<u>54,513</u>
Culture & Recreation				
Park Maintenance:				
Personnel services	1,292,561	1,357,624	1,355,885	1,739
Supplies and materials	127,720	127,186	121,072	6,114
Other services and charges	773,445	1,070,613	1,069,178	1,435
Capital outlay	48,180	29,813	29,813	-
Total Park Maintenance	<u>2,241,906</u>	<u>2,585,236</u>	<u>2,575,948</u>	<u>9,288</u>
Recreation:				
Personnel services	492,648	560,111	554,459	5,652
Supplies	34,258	34,689	33,767	922
Other services and charges	190,631	43,036	42,031	1,005
Total Recreation	<u>717,537</u>	<u>637,836</u>	<u>630,257</u>	<u>7,579</u>
Special Services:				
Personnel services	371,675	381,330	358,950	22,380
Supplies	22,406	20,126	18,620	1,506
Other services and charges	50,367	51,851	51,649	202
Total Special Services	<u>444,448</u>	<u>453,307</u>	<u>429,219</u>	<u>24,088</u>

CITY OF LA PORTE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Parks Administration:				
Personnel services	\$ 503,859	\$ 536,819	\$ 535,497	\$ 1,322
Supplies	7,100	7,696	7,439	257
Other services and charges	<u>26,058</u>	<u>25,425</u>	<u>24,483</u>	<u>942</u>
Total Parks Administration	<u>537,017</u>	<u>569,940</u>	<u>567,419</u>	<u>2,521</u>
Golf Course - Club House:				
Personnel services	426,103	432,464	428,920	3,544
Supplies	59,340	66,931	65,644	1,287
Other charges and services	<u>73,576</u>	<u>53,520</u>	<u>50,614</u>	<u>2,906</u>
Total Golf Course - Club House	<u>559,019</u>	<u>552,915</u>	<u>545,178</u>	<u>7,737</u>
Golf Course - Club House:				
Personnel services	623,838	644,651	631,065	13,586
Supplies	146,970	146,743	140,922	5,821
Other charges and services	<u>159,700</u>	<u>153,700</u>	<u>143,652</u>	<u>10,048</u>
Total Golf Course - Club House	<u>930,508</u>	<u>945,094</u>	<u>915,639</u>	<u>29,455</u>
Total Culture & Recreation	<u>5,430,435</u>	<u>5,744,328</u>	<u>5,663,660</u>	<u>80,668</u>
Total General Fund	<u>\$ 39,267,182</u>	<u>\$ 38,696,926</u>	<u>\$ 37,755,049</u>	<u>\$ 941,877</u>

CITY OF LA PORTE, TEXAS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2015

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,959,083	\$ 1,617,102	\$ 1,000,133	\$ 4,576,318
Investments	849,455	701,364	433,688	1,984,507
Due from other governments	-	119,927	-	119,927
Other receivables	1,284	1,576	643	3,503
Inventories	33,804	-	-	33,804
Total Current Assets	<u>2,843,626</u>	<u>2,439,969</u>	<u>1,434,464</u>	<u>6,718,059</u>
Non-Current Assets:				
Capital Assets:				
Equipment and furniture	16,140,445	-	285,961	16,426,406
Less accumulated depreciation	<u>(8,148,471)</u>	<u>-</u>	<u>(137,688)</u>	<u>(8,286,159)</u>
Total Non-Current Assets	<u>7,991,974</u>	<u>-</u>	<u>148,273</u>	<u>8,140,247</u>
Total Assets	<u>10,835,600</u>	<u>2,439,969</u>	<u>1,582,737</u>	<u>14,858,306</u>
Liabilities				
Current Liabilities:				
Accounts payable	121,653	6,742	16,410	144,805
Accrued liabilities	29,951	-	-	29,951
Unearned revenue	-	536	-	536
Claims and judgements	-	439,693	-	439,693
Total Current Liabilities	<u>151,604</u>	<u>446,971</u>	<u>16,410</u>	<u>614,985</u>
Non-Current Liabilities:				
Compensated absences	51,683	-	-	51,683
Total Non-Current Liabilities	<u>51,683</u>	<u>-</u>	<u>-</u>	<u>51,683</u>
Total Liabilities	<u>203,287</u>	<u>446,971</u>	<u>16,410</u>	<u>666,668</u>
Net Position				
Investment in capital assets	7,991,974	-	148,273	8,140,247
Unrestricted	2,640,339	1,992,998	1,418,054	6,051,391
Total Net Position	<u>\$ 10,632,313</u>	<u>\$ 1,992,998</u>	<u>\$ 1,566,327</u>	<u>\$ 14,191,638</u>

CITY OF LA PORTE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICES FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Revenues				
Charges for services	\$ 2,663,048	\$ 5,312,912	\$ 476,688	\$ 8,452,648
Total Operating Revenues	2,663,048	5,312,912	476,688	8,452,648
Operating Expenses				
Personnel services	712,199	-	-	712,199
Supplies and materials	289,230	-	117,222	406,452
Other expenses	112,283	6,067,443	-	6,179,726
Depreciation	1,170,062	-	28,891	1,198,953
Total Operating Expenses	2,283,774	6,067,443	146,113	8,497,330
Operating income (loss)	379,274	(754,531)	330,575	(44,682)
Non-Operating Revenues (Expenses)				
Earnings on investments	10,039	5,528	4,750	20,317
Gain (loss) on disposal of capital assets	(106,833)	-	(2,788)	(109,621)
Total Non-Operating Revenues (Expenses)	(96,794)	5,528	1,962	(89,304)
Income (loss) before transfers	282,480	(749,003)	332,537	(133,986)
Capital contributions	-	-	-	-
Transfers in	15,963	1,979,646	-	1,995,609
Transfers out	(13,236)	-	-	(13,236)
Change in net position	285,207	1,230,643	332,537	1,848,387
Total net position - beginning	10,347,106	762,355	1,233,790	12,343,251
Total net position - ending	\$ 10,632,313	\$ 1,992,998	\$ 1,566,327	\$ 14,191,638

CITY OF LA PORTE, TEXAS

STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 2,663,048	\$ 5,312,703	\$ 483,072	\$ 8,458,823
Disbursed for personnel services	(711,651)	(135,656)	-	(847,307)
Disbursed for goods and services	(304,167)	(6,063,367)	(103,015)	(6,470,549)
Net Cash Provided (Used) by Operating Activities	1,647,230	(886,320)	380,057	1,140,967
Cash Flows from Non-Capital Financing Activities				
Transfers from other funds	15,963	1,979,646	-	1,995,609
Transfers to other funds	(13,236)	-	-	(13,236)
Net Cash Provided (Used) by Non-Capital Financing Activities	2,727	1,979,646	-	1,982,373
Cash Flows from Capital and Related Financing Activities				
Proceeds from the sale of equipment	(106,833)	-	(2,788)	(109,621)
Acquisition and construction of capital assets, net of disposals	(1,239,089)	-	(85,066)	(1,324,155)
Net Cash Used by Capital and Related Financing Activities	(1,345,922)	-	(87,854)	(1,433,776)
Cash Flows from Investing Activities				
Purchase of investments	(1,976,406)	(1,631,846)	(1,009,052)	(4,617,304)
Sale of investments	2,101,200	1,410,480	1,022,734	4,534,414
Interest received	8,652	5,327	4,694	18,673
Net Cash Provided (Used) by Investing Activities	133,446	(216,039)	18,376	(64,217)
Net increase in cash and equivalents	437,481	877,287	310,579	1,625,347
Cash and cash equivalents - beginning of year	1,521,602	739,815	689,554	2,950,971
Cash and cash equivalents - end of year	\$ 1,959,083	\$ 1,617,102	\$ 1,000,133	\$ 4,576,318
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 379,274	\$(754,531)	\$ 330,575	\$(44,682)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,170,062	-	28,891	1,198,953
(Increase) decrease in accounts receivable	-	-	6,384	6,384
Increase (decrease) in claims and judgments payable	-	(135,656)	-	(135,656)
Increase (decrease) in accounts payable	97,346	4,076	14,207	115,629
Increase (decrease) in accrued liabilities	5,898	-	-	5,898
Increase (decrease) in compensated absences	(5,350)	-	-	(5,350)
Increase (decrease) in unearned revenue	-	(209)	-	(209)
Net Cash Provided by Operating Activities	\$ 1,647,230	\$(886,320)	\$ 380,057	\$ 1,140,967

STATISTICAL SECTION

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STATISTICAL SECTION

(Unaudited)

This portion of the City of La Porte, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	95
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	105
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the County's ability to issue additional debt in the future.	110
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	114
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services and activities performed by the City.	117

CITY OF LA PORTE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Amounts in thousands)

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 28,424	\$ 27,529	\$ 24,923	\$ 32,667
Restricted	7,363	13,317	16,567	16,170
Unrestricted	18,984	19,986	18,985	16,838
Total Governmental Activities Net Position	54,771	60,832	60,475	65,675
Business-Type Activities				
Net investment in capital assets	29,642	29,481	35,483	40,206
Restricted	2,186	2,185	2,188	1,353
Unrestricted	3,397	3,296	3,799	2,473
Total Business-Type Activities Net Position	35,225	34,962	41,470	44,032
Primary Government				
Net investment in capital assets	58,066	57,010	60,406	72,874
Restricted	9,549	15,501	18,755	17,523
Unrestricted	22,380	23,281	22,785	19,311
Total Primary Government Net Position	\$ 89,995	\$ 95,792	\$ 101,946	\$ 109,708

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 35,195	\$ 37,324	\$ 46,814	\$ 49,304	\$ 54,506	\$ 43,583
18,108	8,060	8,728	8,902	11,088	14,508
<u>13,904</u>	<u>26,859</u>	<u>21,621</u>	<u>22,530</u>	<u>18,635</u>	<u>21,693</u>
<u>67,207</u>	<u>72,243</u>	<u>77,163</u>	<u>80,736</u>	<u>84,229</u>	<u>79,783</u>
40,595	37,606	37,567	36,347	35,873	34,808
1,460	680	559	2,096	1,931	1,251
<u>2,027</u>	<u>4,199</u>	<u>3,791</u>	<u>2,301</u>	<u>2,669</u>	<u>4,111</u>
<u>44,082</u>	<u>42,485</u>	<u>41,917</u>	<u>40,744</u>	<u>40,473</u>	<u>40,170</u>
75,790	74,930	84,381	85,651	90,379	78,390
19,568	8,740	9,287	10,998	13,019	15,758
<u>15,932</u>	<u>31,058</u>	<u>25,412</u>	<u>24,831</u>	<u>21,304</u>	<u>25,804</u>
<u>\$ 111,290</u>	<u>\$ 114,728</u>	<u>\$ 119,080</u>	<u>\$ 121,480</u>	<u>\$ 124,702</u>	<u>\$ 119,953</u>

CITY OF LA PORTE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental Activities:				
General government	\$ 7,349	\$ 8,411	\$ 10,056	\$ 11,443
Public safety	11,603	12,153	16,267	15,495
Public works	5,210	3,668	4,348	8,095
Health, welfare and sanitation	1,862	2,488	2,465	2,379
Culture and recreation	3,580	3,120	4,004	4,223
Interest on long-term debt	1,226	1,353	1,695	1,527
Total Governmental Activities Expenses	<u>30,830</u>	<u>31,193</u>	<u>38,835</u>	<u>43,162</u>
Business-Type Activities:				
Water services	6,845	6,548	6,631	4,833
Sewer services	1,894	2,087	2,247	2,603
Airport	123	124	156	183
Bay Forest Golf Course	1,285	1,311	1,362	1,437
Sylvan Beach Convention Center	215	218	225	26
Total Business-Type Activities Expenses	<u>10,362</u>	<u>10,288</u>	<u>10,621</u>	<u>9,082</u>
Total Primary Government Expenses	<u>41,192</u>	<u>41,481</u>	<u>49,456</u>	<u>52,244</u>
Program Revenue				
Governmental Activities:				
Charges for services				
General government	1,002	2,007	2,725	3,061
Public safety	1,333	435	591	1,681
Public works	-	-	-	-
Health, welfare and sanitation	1,771	1,856	1,889	1,849
Culture and recreation	430	418	418	448
Operating grants and contributions	1,031	992	4,648	5,165
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital grants and contributions	-	-	-	-
General government	-	-	235	1,260
Public works	-	-	-	-
Total Governmental Activities Program Revenues	<u>5,567</u>	<u>5,708</u>	<u>10,506</u>	<u>13,464</u>
Business-Type Activities:				
Charges for services				
Water services	5,439	4,790	6,133	4,520
Sewer services	2,842	2,764	3,670	3,363
Airport	36	42	65	53
Bay Forest Golf Course	956	911	1,032	1,067
Sylvan Beach Convention Center	163	189	161	2
Capital grants and contributions	-	1,061	2,338	1,786
Total Business-Type Activities Program Revenues	<u>9,436</u>	<u>9,757</u>	<u>13,399</u>	<u>10,791</u>
Total Primary Government Program Revenues	<u>15,003</u>	<u>15,465</u>	<u>23,905</u>	<u>24,255</u>
Net (Expense)/Revenue				
Government activities	(25,263)	(25,486)	(28,331)	(29,699)
Business-type activities	(926)	(530)	2,777	1,710
Total Primary Government Net Expense	<u>(26,189)</u>	<u>(26,016)</u>	<u>(25,554)</u>	<u>(27,989)</u>

TABLE 2

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 11,497	\$ 14,575	\$ 14,091	\$ 13,854	\$ 14,115	\$ 12,962	
17,109	16,306	17,375	17,765	20,436	19,082	
4,601	6,280	3,784	4,451	6,260	4,088	
2,521	2,453	2,424	2,328	2,519	5,748	
6,483	6,033	6,361	5,722	5,855	3,497	
1,557	1,871	1,268	1,385	1,404	1,585	
<u>43,768</u>	<u>47,518</u>	<u>45,303</u>	<u>45,505</u>	<u>50,589</u>	<u>46,963</u>	
5,721	5,720	7,692	8,206	7,731	5,064	
2,674	2,674	2,932	2,599	2,802	4,347	
181	181	213	210	230	230	
1,485	1,485	-	-	-	-	
-	-	-	-	-	-	
<u>10,061</u>	<u>10,060</u>	<u>10,837</u>	<u>11,015</u>	<u>10,763</u>	<u>9,642</u>	
<u>53,829</u>	<u>57,578</u>	<u>56,140</u>	<u>56,520</u>	<u>61,352</u>	<u>56,604</u>	
3,116	712	844	646	826	3,981	
1,593	3,506	3,128	3,314	3,208	1,665	
1,067	330	268	266	270	337	
1,842	2,046	2,197	2,204	2,223	2,255	
661	1,474	1,385	1,444	1,509	2,057	
1,004	-	-	-	-	-	
-	8	240	3	3	-	
-	611	431	433	546	307	
-	428	766	20	258	23	
-	107	78	393	1,208	1	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	1	1	-	-	3,030	
<u>9,283</u>	<u>9,223</u>	<u>9,338</u>	<u>8,723</u>	<u>10,051</u>	<u>13,657</u>	
3,850	6,267	6,055	5,694	5,407	4,309	
3,307	3,535	3,601	3,420	3,423	3,588	
53	56	60	55	56	59	
1,002	-	-	-	-	-	
-	-	-	-	-	-	
860	1,442	859	1,398	1,126	-	
<u>9,072</u>	<u>11,300</u>	<u>10,575</u>	<u>10,567</u>	<u>10,012</u>	<u>7,956</u>	
<u>18,355</u>	<u>20,523</u>	<u>19,913</u>	<u>19,290</u>	<u>20,063</u>	<u>21,613</u>	
(34,485)	(38,295)	(35,965)	(36,782)	(40,537)	(33,306)	
(989)	1,239	(261)	(447)	(752)	(34,205)	
<u>(35,474)</u>	<u>(37,056)</u>	<u>(36,226)</u>	<u>(37,229)</u>	<u>(41,289)</u>	<u>(67,510)</u>	

CITY OF LA PORTE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts in thousands)

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and				
Other Changes in Net Position				
Governmental Activities:				
Property taxes	\$ 11,816	\$ 12,197	\$ 13,066	\$ 13,683
Industrial payments	6,992	7,660	8,189	7,959
Sales and use taxes	3,460	4,068	5,736	5,803
Franchise taxes	1,886	1,987	2,004	2,165
Investment earnings	720	1,875	2,387	1,783
Other revenues	857	1,213	89	115
Gain/(Loss) no sale of capital assets	-	-	-	-
Transfers	382	(3,910)	76	(3,533)
Total Governmental Activities	26,113	25,090	31,547	27,975
Business-Type Activities:				
Investment earnings	165	300	343	199
Other revenues	827	695	-	-
Gain/(Loss) on sale of capital assets	-	(16)	-	-
Transfers	(382)	3,910	(76)	3,533
Total Business-Type Activities	610	4,889	267	3,732
Total Primary Government	26,723	29,979	31,814	31,707
Change in Net Position				
Governmental activities	850	(396)	3,215	(1,725)
Business-type activities	(315)	4,359	3,044	5,442
Total Primary Government	\$ 535	\$ 3,963	\$ 6,259	\$ 3,717

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 16,391	\$ 17,742	\$ 17,251	\$ 17,782	\$ 19,925	\$ 20,766
10,555	10,732	10,471	11,108	11,555	12,269
5,787	5,914	8,267	8,718	10,105	10,744
2,160	2,171	2,312	2,184	2,252	2,412
688	294	143	84	106	204
93	164	168	432	459	164
-	-	1,941	-	-	-
(779)	(1,000)	334	720	(371)	(1,505)
<u>34,895</u>	<u>36,017</u>	<u>40,887</u>	<u>41,028</u>	<u>44,031</u>	<u>45,054</u>
73	39	12	8	9	25
-	-	16	36	100	-
-	-	-	-	-	-
<u>779</u>	<u>1,000</u>	(334)	(720)	<u>371</u>	<u>1,505</u>
<u>852</u>	<u>1,039</u>	(306)	(676)	<u>480</u>	<u>1,530</u>
<u>35,747</u>	<u>37,056</u>	<u>40,581</u>	<u>40,352</u>	<u>44,511</u>	<u>46,584</u>
410	(2,278)	4,922	4,244	3,493	11,749
(137)	<u>2,279</u>	(568)	(1,124)	(271)	<u>631</u>
<u>\$ 273</u>	<u>\$ 1</u>	<u>\$ 4,354</u>	<u>\$ 3,120</u>	<u>\$ 3,222</u>	<u>\$ 12,380</u>

CITY OF LA PORTE, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Amounts in thousands)
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 70	\$ 83	\$ 105	\$ 102
Committed	-	-	-	-
Assigned	126	134	296	199
Unassigned	<u>11,582</u>	<u>14,494</u>	<u>14,405</u>	<u>13,758</u>
Total General Fund	<u>11,778</u>	<u>14,711</u>	<u>14,806</u>	<u>14,059</u>
All Other Governmental Funds				
Restricted	6,705	9,318	8,489	5,813
Committed	18,814	18,660	19,933	17,944
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 25,519</u>	<u>\$ 27,978</u>	<u>\$ 28,422</u>	<u>\$ 23,757</u>

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 135	\$ 139	\$ 94	\$ 125	\$ 103	\$ 89
-	-	-	3,500	8,500	7,000
151	96	30	104	78	257
<u>12,274</u>	<u>19,119</u>	<u>23,839</u>	<u>23,856</u>	<u>21,294</u>	<u>25,217</u>
<u>12,560</u>	<u>19,354</u>	<u>23,963</u>	<u>27,585</u>	<u>29,975</u>	<u>32,563</u>
7,644	14,084	12,573	12,194	14,177	24,421
20,331	9,079	6,553	5,586	2,962	1,917
7	-	-	-	-	-
-	-	(31)	-	(1)	-
<u>\$ 27,982</u>	<u>\$ 23,163</u>	<u>\$ 19,095</u>	<u>\$ 17,780</u>	<u>\$ 17,138</u>	<u>\$ 26,338</u>

CITY OF LA PORTE, TEXAS
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 25,688	\$ 28,919	\$ 30,060	\$ 34,930
Donations	-	30	-	-
Licenses and permits	683	920	560	642
Fines and forfeitures	848	1,244	1,726	1,833
Charges for services	3,888	3,967	3,958	4,470
Intergovernmental	1,174	716	4,755	4,868
Interest	1,709	2,117	1,883	610
Miscellaneous	163	77	90	105
Total Revenues	<u>34,153</u>	<u>37,990</u>	<u>43,032</u>	<u>47,458</u>
Expenditures				
General government	7,237	7,696	8,418	9,869
Public safety	11,072	11,769	15,610	13,859
Public works	2,360	2,407	2,909	6,664
Health and sanitation	1,814	1,973	2,479	2,087
Culture and recreation	3,011	3,103	3,470	3,817
Debt service:				
Principal	1,195	1,235	1,655	1,695
Interest	1,180	1,428	1,758	1,572
Bond issuance cost	195	154	-	-
Capital outlay	6,550	10,013	6,351	15,557
Total Expenditures	<u>34,614</u>	<u>39,778</u>	<u>42,650</u>	<u>55,120</u>
Excess of revenues over (under) expenditures	(459)	(1,789)	3,838	(7,662)
Other Financing Sources (Uses)				
General obligation bonds issued	6,965	8,075	-	-
Refunding bonds issued	-	-	-	-
Certificate obligation bonds issued	-	-	-	-
Premium on refunding bonds issued	191	38	-	-
Premium on certificate obligations	-	-	-	-
Payment to refunding bond escrow agent	6,056	4,197	7,625	14,232
Transfers in	(7,533)	(5,148)	(7,501)	(12,119)
Transfers out	90	21	32	137
Sale of capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,769</u>	<u>7,183</u>	<u>156</u>	<u>2,250</u>
Net change in fund balances	<u>\$ 5,308</u>	<u>\$ 5,395</u>	<u>\$ 538</u>	<u>\$(5,412)</u>
Debt services as a percentage of noncapital expenditures	9.2%	9.5%	9.4%	8.3%

TABLE 4

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 36,682	\$ 35,761	\$ 38,353	\$ 39,835	\$ 43,837	\$ 46,155	
-	-	-	-	-	-	
476	313	465	368	498	1,347	
1,803	1,724	1,758	1,887	1,791	1,954	
6,084	5,680	5,957	6,009	6,305	6,995	
989	917	1,239	568	1,572	3,195	
263	193	129	76	97	184	
125	242	36	426	261	399	
<u>46,422</u>	<u>44,830</u>	<u>47,937</u>	<u>49,169</u>	<u>54,361</u>	<u>60,228</u>	
9,788	10,289	10,462	11,043	13,828	11,953	
14,612	15,688	15,752	16,322	17,428	17,699	
2,819	3,118	3,439	3,247	3,433	2,916	
2,233	2,182	2,226	2,244	2,334	2,458	
5,048	5,314	5,261	5,227	5,441	5,728	
1,755	1,740	2,170	2,365	2,640	4,626	
1,388	1,871	1,520	1,385	1,218	1,590	
200	-	151	-	154	-	
<u>10,843</u>	<u>8,714</u>	<u>8,583</u>	<u>5,500</u>	<u>5,446</u>	<u>6,332</u>	
<u>48,686</u>	<u>48,916</u>	<u>49,564</u>	<u>47,333</u>	<u>51,922</u>	<u>53,300</u>	
(2,264)	(4,085)	(1,627)	1,835	2,439	6,928	
6,265	-	-	-	-	-	
4,295	-	9,435	-	9,300	-	
-	-	-	-	-	7,770	
225	-	364	-	608	-	
-	-	-	-	-	366	
(4,410)	-	(9,639)	-	(9,749)	-	
9,158	4,248	2,711	3,884	3,912	3,069	
(10,545)	(5,012)	(2,644)	(3,630)	(4,761)	(6,556)	
5	6,822	1,941	215	-	-	
-	-	-	-	-	211	
<u>4,993</u>	<u>6,058</u>	<u>2,168</u>	<u>469</u>	<u>(690)</u>	<u>4,859</u>	
<u>\$ 2,729</u>	<u>\$ 1,972</u>	<u>\$ 541</u>	<u>\$ 2,305</u>	<u>\$ 1,749</u>	<u>\$ 11,787</u>	
8.8%	9.0%	9.4%	9.0%	8.3%	13.2%	

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TABLE 5

CITY OF LA PORTE, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

**LAST TEN FISCAL YEAR
(Unaudited)**

Fiscal Year	Tax Year	Real Property	Personal Property	Less Tax Exempt Real Property	Less Other Exemptions and Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
2006	2005	\$ 1,777,351,563	\$ 325,549,640	\$ -	\$ 407,734,605	\$ 1,695,166,598	0.710000	\$ 1,695,166,598	100%
2007	2006	1,861,821,075	350,191,031	-	419,779,423	1,792,232,683	0.710000	1,792,232,683	100
2008	2007	2,007,113,146	372,331,715	-	428,955,092	1,950,489,769	0.710000	1,950,489,769	100
2009	2008	2,237,095,319	469,916,389	-	502,091,647	2,204,920,061	0.710000	2,204,920,061	100
2010	2009	2,261,046,846	582,963,159	-	515,111,496	2,328,898,509	0.710000	2,328,898,509	100
2011	2010	2,055,914,368	672,621,147	-	514,928,797	2,213,606,718	0.710000	2,213,606,718	100
2012	2011	2,079,843,021	720,515,678	-	535,441,621	2,264,917,078	0.710000	2,264,917,078	100
2013	2012	2,080,199,179	797,558,553	-	536,721,284	2,341,036,448	0.710000	2,341,036,448	100
2014	2013	2,176,582,621	986,494,475	-	590,232,231	2,572,844,865	0.710000	2,572,844,865	100
2015	2014	2,626,580,963	745,093,978	-	617,133,762	2,754,541,179	0.710000	2,754,541,179	100

Source: Harris County Certified Tax Rolls and Corrections.

CITY OF LA PORTE, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City of La Porte by fund:				
General	0.61100	0.61200	0.61900	0.61900
Debt service	<u>0.09900</u>	<u>0.09800</u>	<u>0.09100</u>	<u>0.09100</u>
Total Direct Rates	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
Harris County Flood Control District	0.03241	0.03106	0.03086	0.02922
Harris County	0.40239	0.39239	0.39823	0.39224
Port of Houston Authority	0.01302	0.01437	0.01773	0.01636
Harris County Board of Education	0.00629	0.00585	0.00584	0.00605
Hospital District	0.19216	0.19216	0.19216	0.19216
La Porte I.S.D.	1.73400	1.30500	1.32500	1.32500
San Jacinto Jr. College District	<u>0.14537</u>	<u>0.14537</u>	<u>0.16341</u>	<u>0.17080</u>
Total Direct and Overlapping Rates	<u><u>3.23564</u></u>	<u><u>2.79620</u></u>	<u><u>2.84323</u></u>	<u><u>2.84183</u></u>

Tax rates per \$100 of assessed valuation
Source: Harris County Appraisal District

TABLE 6

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
0.61900	0.60500	0.60500	0.64000	0.61400	0.60500
<u>0.09100</u>	<u>0.10500</u>	<u>0.10500</u>	<u>0.07000</u>	<u>0.09600</u>	<u>0.10500</u>
<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
0.02923	0.02809	0.02809	0.02827	0.02736	0.02733
0.38805	0.39117	0.40021	0.41455	0.41731	0.41923
0.02054	0.01856	0.01952	0.01716	0.01531	0.01342
0.00658	0.00658	0.00662	0.00636	0.00600	0.00540
0.19216	0.19216	0.18216	0.17000	0.17000	0.17000
1.32500	1.35500	1.33000	1.33000	1.33000	1.45000
<u>0.17628</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.17578</u>
<u><u>2.84784</u></u>	<u><u>2.88716</u></u>	<u><u>2.86220</u></u>	<u><u>2.86194</u></u>	<u><u>2.86158</u></u>	<u><u>2.97116</u></u>

TABLE 7

**CITY OF LA PORTE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND 9 YEARS AGO**

2015				2006			
Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Nov Wilson L.P.	\$ 70,369,403	1	2.55%	Conoco Phillips, Inc.	\$ 54,702,820	1	2.78%
Equistar Chemicals L.P.	54,818,392	2	1.99%	Oxy Vinyls L.L.	49,177,149	2	2.75%
Conoco Phillips, Inc.	54,702,459	3	1.99%	Equistar Chemical L.P.	45,219,482	3	2.55%
Granite Underwood Dist. Ctr. L.P.	48,370,200	4	1.76%	BP Solvay	37,068,510	4	2.15%
Oxy Vinyls L.L.	40,697,859	5	1.48%	PPG Industries	32,016,935	5	1.35%
Exxon Mobil Corp	39,961,027	6	1.45%	Dupont Dow Elastomers	25,986,060	6	1.35%
Underwood Distribution Ctr. L.P.	39,941,785	7	1.45%	Centerpoint Energy	24,651,811	7	1.33%
Ineos USA L.L.C.	37,999,780	8	1.38%	Dow Chemicals	20,576,356	8	1.26%
Port Crossing Land L.P.	27,187,079	9	0.99%	Attofin Petrochemicals	20,215,323	9	1.17%
Dow Chemical	26,137,549	10	0.95%	PPG Industries	14,643,050	10	0.76%
Subtotal	440,185,533		15.99%		324,257,496		17.45%
Other Taxpayers	2,314,355,646		84.01%		1,310,631,444		82.55%
Total	\$ 2,754,541,179		100.00%		\$ 1,634,888,940		100.00%

Source: City of La Porte Tax Assessor-Collector's records.

CITY OF LA PORTE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	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		Amounts	Percentage of Levy
2006	\$ 12,080,351	\$ 11,755,121	97.3%	\$ 278,102	\$ 12,033,223	99.6%
2007	12,703,850	12,418,873	97.8%	247,655	12,566,528	99.7%
2008	13,857,467	13,476,872	97.3%	355,344	13,832,216	99.8%
2009	15,654,937	15,377,149	98.2%	235,260	15,612,409	99.7%
2010	16,542,483	16,309,818	98.6%	150,949	16,460,767	99.5%
2011	15,871,498	15,599,930	98.3%	220,779	15,820,709	99.7%
2012	16,080,911	15,860,664	98.6%	176,608	16,037,272	99.7%
2013	16,621,361	16,518,207	99.4%	97,385	16,615,592	100.0%
2014	18,267,201	18,090,456	99.0%	209,191	18,090,456	99.0%
2015	19,514,402	19,304,486	98.9%	-	19,304,486	98.9%

TABLE 9

CITY OF LA PORTE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Limited Tax Bonds	Revenue Bonds	Other * Obligations			
2006	\$ 12,610	\$ 16,405	\$ 5,130	\$ 375	\$ 8,680	\$ 43,200	N/A	\$ 1,240
2007	12,070	24,055	4,860	250	7,958	49,193	N/A	1,413
2008	11,475	23,265	4,590	125	7,210	46,665	N/A	1,320
2009	10,870	22,445	4,320	-	6,443	44,078	N/A	1,241
2010	11,665	26,350	4,050	-	5,660	47,725	N/A	1,298
2011	10,940	25,605	3,780	-	4,813	45,138	N/A	1,322
2012	17,050	20,150	1,620	-	3,945	42,765	N/A	1,212
2013	16,875	18,905	1,350	-	3,117	40,248	N/A	1,165
2014	23,726	10,845	540	-	2,208	37,319	N/A	1,072
2015	21,220	17,230	-	-	930	39,380	N/A	891

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

See Demographic and Economic Statistics for personal income and population data.

* - Includes premium on bonds.

CITY OF LA PORTE, TEXAS

**RATIO OF GENERAL BONDED DEBT TO TAXABLE VALUE
GENERAL BONDED DEBT PER CAPITA,
AND TAXABLE VALUE OF ALL PROPERTY**

**LAST TEN FISCAL YEARS
(Dollars in thousands, except per capita)**

Fiscal Year	Tax Year	General Obligation Bonds	Certificates of Obligation	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
2006	2005	\$ 17,740	\$ 16,405	\$ 1,705	\$ 32,440	1.9%	N/A	\$ 772
2007	2006	16,930	24,055	1,814	39,171	2.2%	N/A	928
2008	2007	16,065	23,265	1,926	37,404	1.9%	N/A	1,105
2009	2008	15,190	22,445	2,000	35,635	1.6%	N/A	1,051
2010	2009	15,715	26,350	2,151	39,914	1.7%	N/A	965
2011	2010	14,720	25,605	3,118	37,207	1.7%	N/A	1,152
2012	2011	18,670	20,150	3,113	35,707	1.6%	N/A	1,090
2013	2012	18,225	18,905	2,490	34,640	1.5%	N/A	1,165
2014	2013	24,266	10,845	2,769	32,342	1.3%	N/A	1,072
2015	2014	21,220	17,230	3,161	35,289	1.3%	N/A	1,006

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

(2) Population data can be found in demographic and economic statistics table.

CITY OF LA PORTE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2015

(Dollars in thousands, except per capita)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Harris County	\$ 2,017,546,350	0.80%	\$ 16,140,371
Harris County Department of Education	7,210,000	0.80%	57,680
Harris County Flood Control District	87,400,000	0.80%	699,200
Harris County Toll Road	-	0.80%	-
La Porte I.S.D.	346,380,000	37.54%	130,031,052
Port of Houston Authority	702,379,397	0.80%	5,619,035
San Jacinto Jr. College District	<u>278,419,848</u>	6.07%	<u>16,900,085</u>
Total Net Overlapping Debt	\$ <u>3,439,335,595</u>		169,447,423
City of La Porte Direct Debt ^b	38,712,500	100%	<u>38,712,500</u>
Total Direct and Overlapping Debt			\$ <u>208,159,923</u>

^b Approximately \$16,152,236 of the City's outstanding debt is self-supporting

Source: Texas Municipal Reports

Percentages are based on total property values

CITY OF LA PORTE, TEXAS

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Revenues Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ 1,981,499	\$ 1,033,533	\$ 947,966	\$ 445,000	\$ 326,719	\$ 771,719	1.2
2007	1,992,432	721,936	1,270,496	460,000	300,700	760,700	1.7
2008	1,924,230	769,802	1,154,428	485,000	273,531	758,531	1.5
2009	1,853,104	852,421	1,000,683	505,000	245,069	750,069	1.3
2010	1,814,987	918,181	896,806	525,000	181,992	706,992	1.3
2011	2,062,788	1,091,627	971,161	585,000	104,488	689,488	1.4
2012	2,052,666	1,375,269	677,397	605,000	88,150	693,150	1.0
2013	2,011,550	1,036,505	975,045	625,000	53,566	678,566	1.4
2014	1,988,477	880,489	1,107,988	630,000	58,650	688,650	1.6
2015	1,906,727	1,215,561	691,166	650,000	21,737	671,737	1.0

⁽¹⁾ Total revenues including interest

⁽²⁾ Total operating expenses less depreciation

CITY OF LA PORTE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30,	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2006	34,825	N/A	N/A	N/A	7,786	4.7%
2007	35,362	N/A	N/A	N/A	7,889	4.4%
2008	35,518	N/A	N/A	N/A	7,940	5.2%
2009	36,779	N/A	N/A	N/A	7,830	9.4%
2010	33,800	N/A	N/A	33	7,781	8.2%
2011	34,138	N/A	N/A	33	7,732	9.0%
2012	35,280	N/A	N/A	33	7,739	6.3%
2013	34,553	N/A	N/A	33	7,729	6.3%
2014	34,813	N/A	N/A	33	7,634	5.0%
2015	35,074	N/A	N/A	33	7,648	4.6%

Data sources:

- (1) Estimated population provided by City staff
- (2) Personal income and per capita personal income is currently unavailable
- (3) Median age data prior to 2010 is not available, median age provided by 2010 Census
- (4) School enrollment provided by La Porte Independent School District
- (5) Unemployment rates provided from the Bureau of Labor Statistics

TABLE 14

CITY OF LA PORTE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

2015			2006		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
La Porte Independent School District	1,008	8.94%	La Porte I.S.D.	1,000	5.29%
City of La Porte	383	2.64%	E.I. DuPont De Nemours \$ Co.	580	3.07%
International Plant Svcs. L.L.C.	376	2.59%	City of La Porte	368	1.95%
Sulzer Turbo Svcs. Houston Inc.	330	2.27%	Fumanite Worldwide	334	1.77%
CCC Group Inc.	300	2.07%	A&L Industrial Services Inc	300	1.59%
Pfeiffer Holdings L.L.C.	271	1.87%	CCC Group, Inc	300	1.59%
Contech Control Services Inc.	250	1.72%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%
Amber LP	250	1.72%	James H. Jackson Industries Inc	250	1.32%
Cat-Spec Ltd	250	1.72%	Occidental Chemical Corp.	175	0.92%
Dacon Corporation	200	1.38%	Intercontinental Terminal Co.	160	0.85%
Total	<u>3,618</u>	<u>26.92%</u>	Total	<u>3,717</u>	<u>19.67%</u>

Source: Centerpoint Energy

Note: This list includes companies within the City limits of La Porte and within the industrial districts.

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CITY OF LA PORTE, TEXAS

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	76	80	79	78	79	90	90	88	88	89
Public safety	138	147	142	143	144	144	151	152	154	154
Public works	32	32	32	32	32	32	32	30	30	30
Health and sanitation	21	21	22	22	22	24	24	23	23	23
Culture and recreation	45	44	45	45	46	46	46	42	42	42
Water services	27	25	25	25	25	25	25	25	24	25
Sewer services	20	20	20	20	20	20	20	20	20	20
Golf course	13	12	12	12	12	-	-	-	-	-
Sylvan Beach Convention Center	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>375</u>	<u>385</u>	<u>381</u>	<u>381</u>	<u>380</u>	<u>381</u>	<u>388</u>	<u>380</u>	<u>381</u>	<u>383</u>

Source: City of La Porte Human Resource Department

CITY OF LA PORTE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Physical arrests	2,465	2,489	2,642	2,737
Tickets processed	8,212	9,652	15,352	16,098
Fire				
Number of calls answered	2,028	1,603	1,799	1,409
Inspections	N/A	600	320	600
Highways and streets				
Street resurfacing (linear feet)	27,835	22,100	19,887	23,559
Potholes repaired	321	1,260	996	1,012
Sanitation				
Cubic yards of garbage collected	30,795	29,279	29,282	29,894
Cubic yards of trash collected	49,140	52,250	48,136	78,900
Culture and recreation				
Fitness center admissions	70,558	62,828	62,245	53,401
Water				
Number of water meters	11,592	11,743	11,913	11,968
Average daily consumption (millions of gallons)	3.9	3.8	4.0	4.0
Water main breaks	483	467	455	498
Wastewater				
Average daily sewage treatment (thousands of gallons)	2.8	3.9	3.2	2.8
Golf course				
Number of paid rounds played	32,731	32,433	35,839	36,009

Source: Various City departments

Notes: N/A - Data not available

TABLE 16

Fiscal Year					
2010	2011	2012	2013	2014	2015
2,538	2,354	2,311	2,205	2,032	2,152
16,603	14,619	13,221	13,861	14,151	14,316
1,559	1,483	1,195	1,219	1,262	1,378
690	725	812	950	1,020	383
38,365	60,472	69,580	13,520	11,183	11,172
1,236	465	1,173	271	165	342
29,642	27,961	42,589	30,625	54,812	50,945
43,368	45,778	54,641	32,137	40,701	31,518
78,118	64,989	64,279	64,587	90,765	67,794
12,015	12,061	12,129	12,234	12,321	12,431
3.9	4.6	4.3	4.0	3.8	3.9
417	666	311	379	411	200
3.7	2.8	3.3	2.7	2.6	3.8
31,271	34,848	34,038	32,257	32,741	29,965

CITY OF LA PORTE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police station	1	1	1	1	1	1	1	1	1	1
Police officers	73	74	74	74	75	75	74	74	74	76
Reserve officers	5	6	2	1	2	2	2	6	2	3
Fire stations	4	4	4	4	4	4	4	4	4	4
Sanitation										
Collection trucks	14	14	14	14	14	14	12	12	12	14
Highways and streets										
Streets (miles)	217	211	295	126	126	126	125	297	297	272
Streetlights	1,803	1,804	2,400	2,387	2,387	2,415	2,415	2,415	2,415	2,415
Traffic signals	3	3	3	7	5	5	6	6	6	7
Culture and recreation										
Parks acreage	339	347	347	356	356	356	188	188	188	188
Parks acreage	21	22	22	21	21	21	22	22	22	22
Swimming pools	6	6	6	6	5	5	5	5	5	5
Recreation centers	1	1	1	1	4	4	3	3	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water and sewer										
Water mains (miles)	168	176	178	180	180	181	182	183	184	185
Fire hydrants	1,800	1,076	1,161	1,168	1,179	1,186	1,199	1,226	1,256	1,265
Sanitary sewers (miles)	187	189	189	191	191	192	192	192	192	193
Storm sewers (miles)	92	92	92	92	95	97	60	112	112	115

Source: City departments