

**CITY OF LA PORTE, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended September 30, 2016**

**Prepared By  
Department of Finance**



**CITY OF LA PORTE, TEXAS**

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# **INTRODUCTORY SECTION**

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March 15, 2017

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, 2016. 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, 2016 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 unqualified opinion that the City of La Porte's financial statements for fiscal year ended September 30, 2016 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 35,148.

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 75. 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 additional major infrastructure improvements needed in the upcoming years, consequently, we issued \$10.65 million in certificates of obligation funded by Texas Water Development Board in fiscal year 2017 for utility 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 12 months, multiple restaurants and retail establishments have opened in the City. The Pipeline Grill opened in December 2015 with an estimated capital investment of \$1.2 million. Our TIRZ board and City Council approved a large entertainment capital investment estimated to exceed \$100 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. 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. Additionally several industrial district expansion are under way worth over \$600 million.

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.

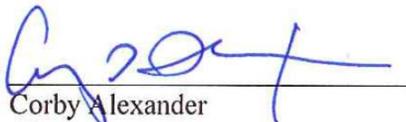
### **Awards and Acknowledgements**

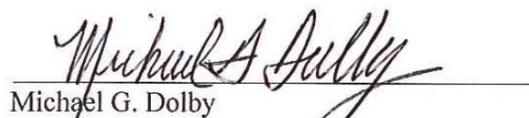
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the thirty-fifth consecutive year that the City has received this 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 Transparency Stars 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

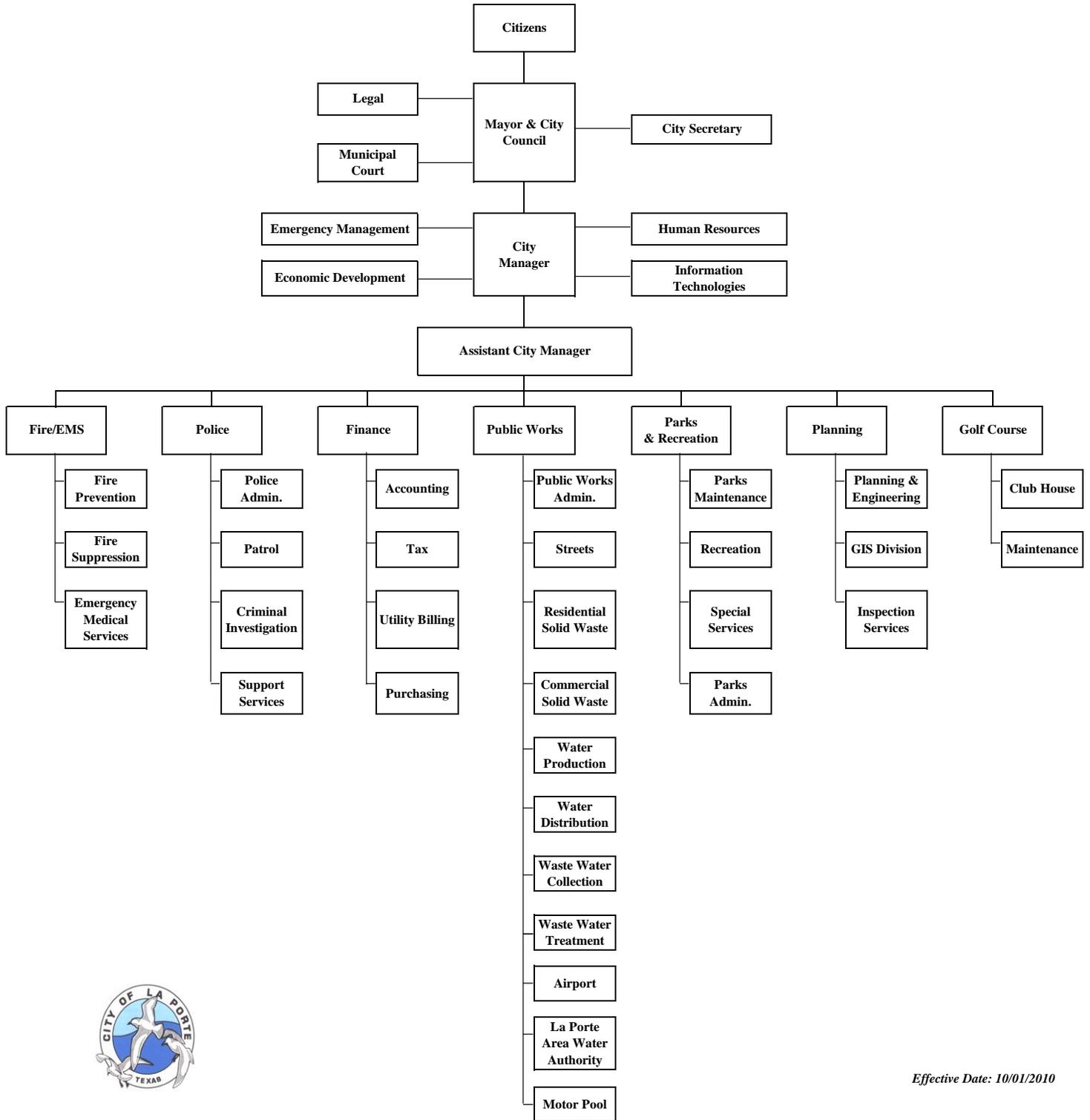
**City of La Porte,  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

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, 2016**

**Elected Officials**

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

**Position**

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Mayor  
Mayor Pro Tem – 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  
Council Member – At Large B

**City Management**

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Corby Alexander  
Traci Leach  
Ken Adcox  
Don Pennell  
Patrice Fogarty  
Denise Mitrano  
Michael G. Dolby

**Position**

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

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# **FINANCIAL SECTION**

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PATILLO, BROWN & HILL, 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, 2016, 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 4 percent, respectively, of the assets and revenues of the aggregate other governmental funds and 8 percent and 4 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note I to the financial statements, in 2016 the City adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 72, *Fair Value Measurement and Application*. 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 12 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, 2017, 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, 2017

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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, 2016. 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 13 – 15 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 13 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 16 – 18 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 20 – 24 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 25 – 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 \$130,394,368 as of September 30, 2016, in the primary government as follows:

	City's Net Position September 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 79,187,736	\$ 73,547,374	\$ 10,203,038	\$ 9,519,546	\$ 89,390,774	\$ 83,066,920
Capital assets	83,667,765	81,477,510	34,619,543	36,085,511	118,287,308	117,563,021
<b>Total Assets</b>	<u>162,855,501</u>	<u>155,024,884</u>	<u>44,822,581</u>	<u>45,605,057</u>	<u>207,678,082</u>	<u>200,629,941</u>
<b>Deferred Outflows of Resources</b>	<u>10,291,631</u>	<u>4,454,637</u>	<u>1,022,841</u>	<u>372,825</u>	<u>11,314,472</u>	<u>4,827,462</u>
<b>Liabilities</b>						
Other liabilities	4,010,083	6,059,172	1,007,036	1,450,755	5,017,119	7,509,927
Long-term liabilities outstanding	<u>78,191,214</u>	<u>73,061,963</u>	<u>4,245,876</u>	<u>4,293,551</u>	<u>82,437,090</u>	<u>77,355,514</u>
<b>Total Liabilities</b>	<u>82,201,297</u>	<u>79,121,135</u>	<u>5,252,912</u>	<u>5,744,306</u>	<u>87,454,209</u>	<u>84,865,441</u>
<b>Deferred Inflows of Resources</b>	<u>1,033,661</u>	<u>574,975</u>	<u>110,316</u>	<u>64,076</u>	<u>1,143,977</u>	<u>639,051</u>
<b>Net Position:</b>						
Net investment in capital assets	48,367,017	43,582,704	34,291,664	34,807,773	82,658,681	78,390,477
Restricted	17,854,935	14,507,643	846,400	1,250,850	18,701,335	15,758,493
Unrestricted	<u>23,690,222</u>	<u>21,693,064</u>	<u>5,344,130</u>	<u>4,110,877</u>	<u>29,034,352</u>	<u>25,803,941</u>
<b>Total Net Position</b>	<u>\$ 89,912,174</u>	<u>\$ 79,783,411</u>	<u>\$ 40,482,194</u>	<u>\$ 40,169,500</u>	<u>\$ 130,394,368</u>	<u>\$ 119,952,911</u>

### Net Investment in Capital Assets

The largest portion of the City’s net position (63.4%) 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, \$18,701,335 or 14.3% represents resources that are subject to external restriction on how they may be used.

## Unrestricted Net Position

The remaining balance is unrestricted net position, \$29,034,352 or 22.3%, 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.

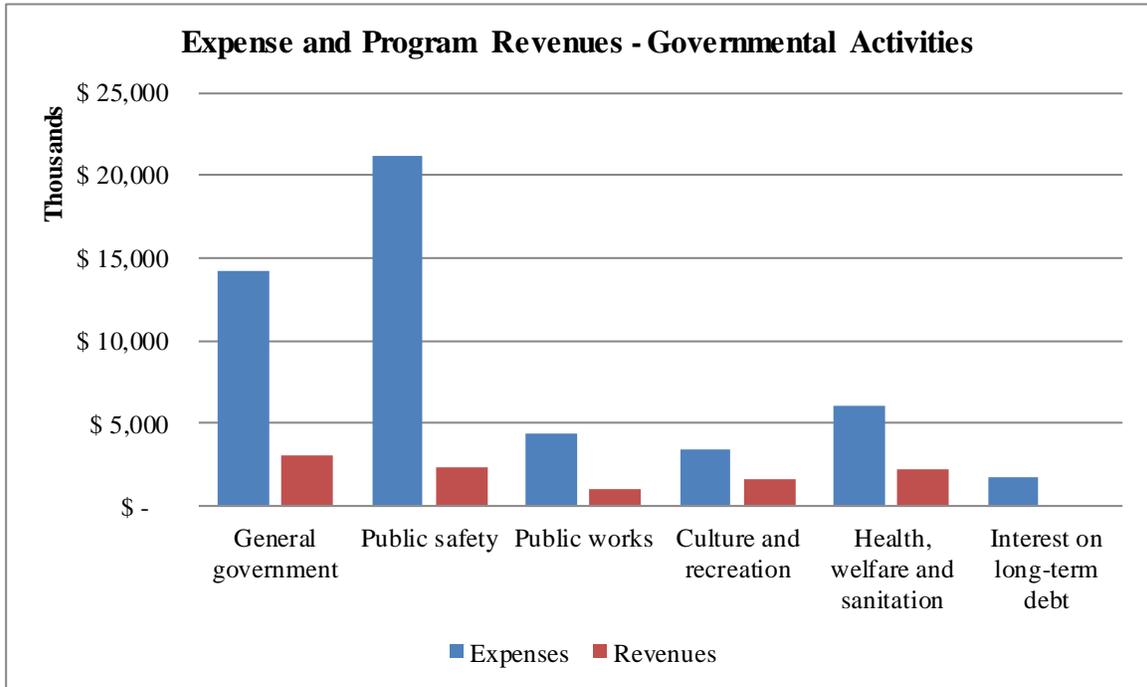
The following table provides a summary of the City's operations for the year ended September 30, 2016, with comparative data total for the year ended September 30, 2015. Governmental activities increased the City's net position by \$10,128,763. Business-type activities increased net position by \$312,694.

**City's Changes in Net Position  
For the Years Ended September 30, 2016 and 2015**

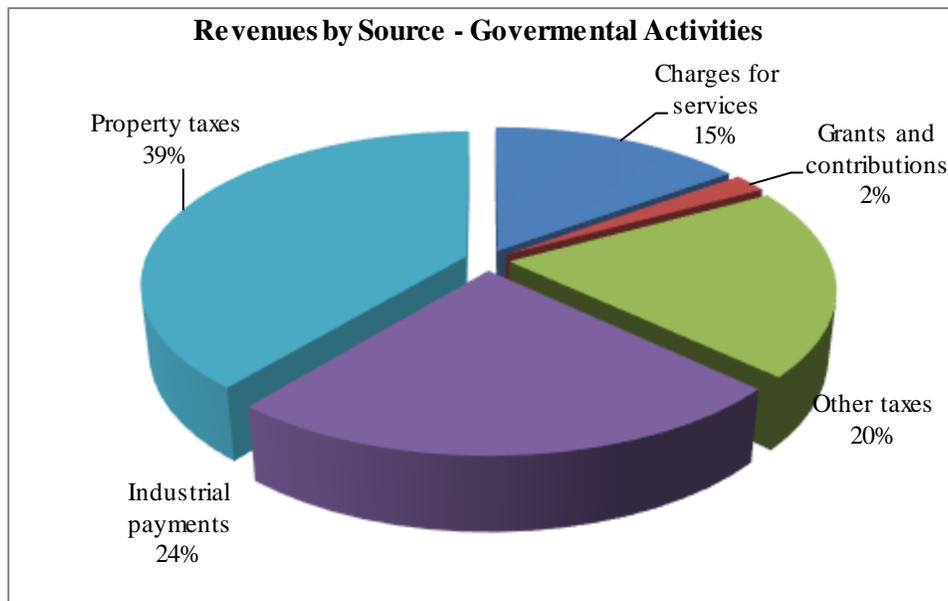
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 9,150,694	\$ 10,295,277	\$ 8,510,639	\$ 7,955,584	\$ 17,661,333	\$ 18,250,861
Operating grants and contributions	454,862	331,364	-	-	454,862	331,364
Capital grants and contributions	607,357	3,030,480	534,168	787,285	1,141,525	3,817,765
General revenue:						
Property taxes	24,098,174	20,765,774	-	-	24,098,174	20,765,774
Other taxes	12,163,169	13,155,689	-	-	12,163,169	13,155,689
Industrial payments	14,377,602	12,269,152	-	-	14,377,602	12,269,152
Investment earnings	380,268	204,346	44,038	25,440	424,306	229,786
Proceeds from insurance	-	-	-	-	-	-
Miscellaneous	766,683	164,004	-	-	766,683	164,004
<b>Total Revenues</b>	<b>61,998,809</b>	<b>60,216,086</b>	<b>9,088,845</b>	<b>8,768,309</b>	<b>71,087,654</b>	<b>68,984,395</b>
<b>Expenses</b>						
General government	14,255,413	12,962,387	-	-	14,255,413	12,962,387
Public safety	21,114,939	19,081,622	-	-	21,114,939	19,081,622
Public works	4,422,464	4,088,146	-	-	4,422,464	4,088,146
Culture and recreation	3,439,722	3,497,174	-	-	3,439,722	3,497,174
Health, welfare and sanitation	6,059,896	5,748,206	-	-	6,059,896	5,748,207
Interest on long-term debt	1,782,508	1,585,354	-	-	1,782,508	1,585,354
Water services	-	-	4,985,902	5,064,287	4,985,902	5,064,287
Sewer services	-	-	4,374,763	4,347,309	4,374,763	4,347,309
Airport	-	-	210,590	230,006	210,590	230,006
<b>Total Expenses</b>	<b>51,074,942</b>	<b>46,962,890</b>	<b>9,571,255</b>	<b>9,641,602</b>	<b>60,646,197</b>	<b>56,604,492</b>
Increase (decrease) in net position before transfers	10,923,867	13,253,196	( 482,410)	( 873,293)	10,441,457	12,379,903
Transfers	( 795,104)	( 1,504,570)	795,104	1,504,570	-	-
Increase (decrease) in net position	10,128,763	11,748,626	312,694	631,277	10,441,457	12,379,903
<b>Net position - beginning</b>	<b>79,783,411</b>	<b>84,229,138</b>	<b>40,169,500</b>	<b>40,472,574</b>	<b>119,952,911</b>	<b>124,701,712</b>
Prior period adjustment	-	( 16,194,353)	-	( 934,351)	-	( 17,128,704)
<b>Net position - ending</b>	<b>\$ 89,912,174</b>	<b>\$ 79,783,411</b>	<b>\$ 40,482,194</b>	<b>\$ 40,169,500</b>	<b>\$ 130,394,368</b>	<b>\$ 119,952,911</b>

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:

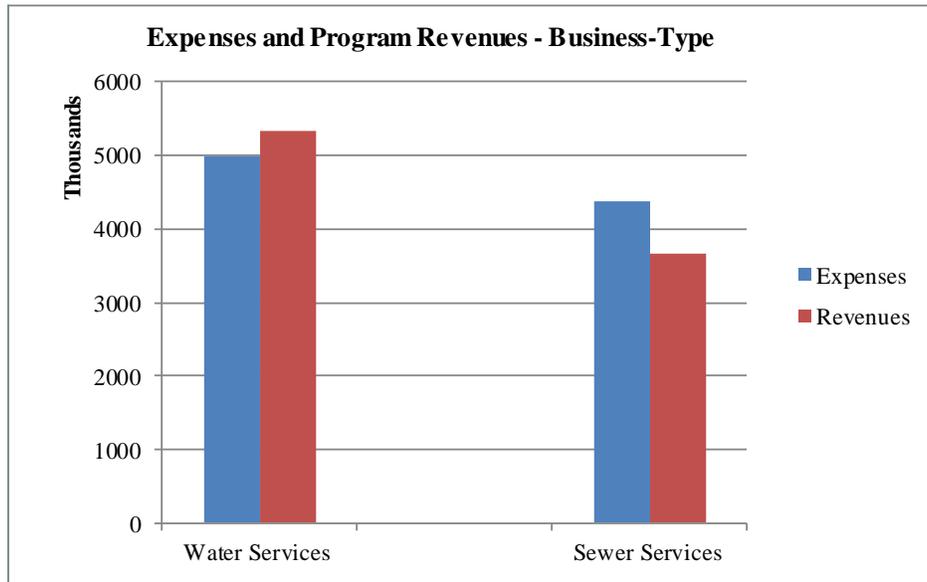


Revenues sources for governmental activities were distributed as follows:



For the year ended September 30, 2016, revenues without transfers in the governmental activities totaled \$61,998,809. This represents an increase of approximately \$1,782,723 or 3.0% due to a decrease in grants.

**Business-Type Activities.** Revenues without transfers or interest in the business-type activities totaled \$9,088,845, a \$320,536 decrease from the prior year. This decrease is due to a decrease in grants and contributions and charges for services. 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 \$67,753,358, an increase of \$8,852,719 from the prior year. This increase is due to an increase in 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 \$29,385,827, an increase of \$4,169,280 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 76.0% of total general fund expenditures and total fund balance represents 103.3% of the same.

The Debt Service fund has a total fund balance of approximately \$3,540,878, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year of \$380,126 was due to an increase in property tax revenue.

**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 - \$2,408,776, La Porte Area Water Authority - \$2,578,718 and Airport - \$356,636. The changes in net position of the proprietary funds for 2016 were as follows: Utility – increase of \$661,472, La Porte Area Water Authority – decrease of \$202,545 and Airport – decrease of \$146,233.

**General Fund Budgetary Highlights**

Actual revenues exceeded the final General Fund budgeted revenues by \$5,805,850. Property tax, Industrial Payments, and miscellaneous revenue exceed the projected budget by \$2,476,555, \$1,940,930 and \$655,776, respectively. Licenses and fees and fines and forfeitures also exceeded budget by \$149,926 and \$150,322, respectively.

The total appropriations exceeded expenditures by \$1,623,933, the majority of which can be attributed to five departments. Administration had a positive variance in the amount of \$293,654 due to open positions and reduction in special programs. Planning and engineering had a positive variance in the amount of \$361,791 due to open positions. The variance in Fire and Police for \$52,212 and \$375,008 was due to open positions in the department. Culture and recreation had a positive variance of \$138,427 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, 2016, amounts to \$118,287,308 (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 \$724,287. The following table shows capital assets activity for the 2016 fiscal year:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 10,289,063	\$ 9,525,974	\$ 447,791	\$ 447,791	\$ 10,736,854	\$ 9,973,765
Construction in progress	12,216,226	16,459,209	916,411	294,387	13,132,637	16,753,596
Infrastructure	14,581,801	13,080,230	-	-	14,581,801	13,080,230
Buildings and improvements	36,078,583	32,752,085	31,236,081	32,968,686	67,314,664	65,720,771
Machinery and equipment	10,502,092	9,660,012	2,019,260	2,374,647	12,521,352	12,034,659
Total capital assets, net	<u>\$ 83,667,765</u>	<u>\$ 81,477,510</u>	<u>\$ 34,619,543</u>	<u>\$ 36,085,511</u>	<u>\$ 118,287,308</u>	<u>\$ 117,563,021</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 \$35,470,000 of this amounts, \$35,120,000 is backed by the full faith and credit of the City, and the remainder represents revenues bonds secured solely by specific revenue sources.

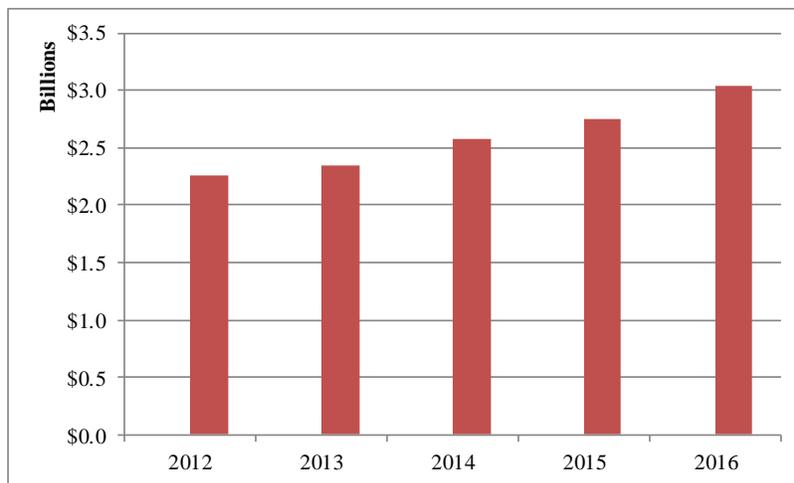
The City of La Porte maintains an “Aa2”, “AA”, and “AA” by Moody’s, Standard and Poor’s, and Fitch, respectively, for general obligation debt. The revenue bonds have been rated “NR”, “AA”, “NR” by Moody’s, Standard and Poor’s, and Fitch, respectively.

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

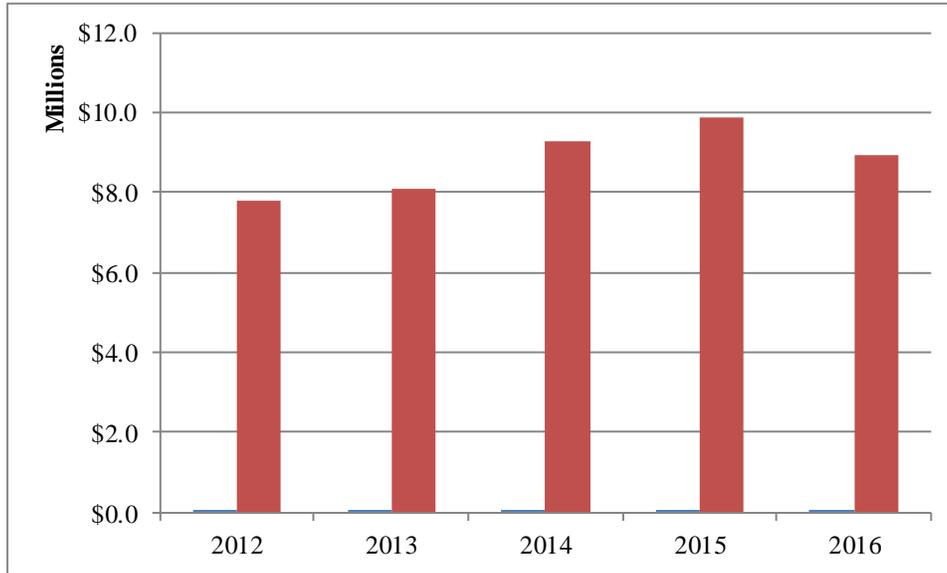
### **Economic Factors and Next Year’s Budgets and Rates**

The unemployment rate for the City of La Porte is current 5.8 percent which is an increase from the rate of 4.6 percent a year ago. This is slightly higher than the state’s average unemployment rate of 4.8 percent which is less than the national average of 4.9 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 \$3.0 billion for fiscal year 2016. The trend for total assessed values has fluctuated slightly over the past five years resulting in a total increase of 34 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.

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**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 54,716,363	\$ 6,511,908	\$ 61,228,271
Investments	17,549,513	2,458,748	20,008,261
Receivables, net of allowance for uncollectibles	6,282,636	1,225,782	7,508,418
Due from other governments	516,237	-	516,237
Inventories	122,987	6,600	129,587
Capital assets:			
Capital assets not subject to depreciation	22,505,289	1,364,202	23,869,491
Capital assets, net of accumulated depreciation	<u>61,162,476</u>	<u>33,255,341</u>	<u>94,417,817</u>
Total capital assets, net	<u>83,667,765</u>	<u>34,619,543</u>	<u>118,287,308</u>
<b>Total Assets</b>	<u>162,855,501</u>	<u>44,822,581</u>	<u>207,678,082</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	1,037,729	-	1,037,729
Deferred outflows related to pensions	<u>9,253,902</u>	<u>1,022,841</u>	<u>10,276,743</u>
<b>Total Deferred Outflows of Resources</b>	<u>10,291,631</u>	<u>1,022,841</u>	<u>11,314,472</u>
<b>Liabilities</b>			
Accounts payable	2,098,717	339,332	2,438,049
Accrued liabilities	649,112	56,169	705,281
Accrued interest	-	533	533
Unearned revenue	5,915	-	5,915
Customer deposits	-	611,002	611,002
Other liabilities	1,256,339	-	1,256,339
Long-term liabilities:			
Due within one year	3,002,148	328,584	3,330,732
Due in more than one year	<u>75,189,066</u>	<u>3,917,292</u>	<u>79,106,358</u>
<b>Total Liabilities</b>	<u>82,201,297</u>	<u>5,252,912</u>	<u>87,454,209</u>
<b>Deferred Inflows of Resources</b>			
Deferred gains on refunding	-	937	937
Deferred inflows related to pensions	<u>1,033,661</u>	<u>109,379</u>	<u>1,143,040</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,033,661</u>	<u>110,316</u>	<u>1,143,977</u>
<b>Net Position</b>			
Net investment in capital assets	48,367,017	34,291,664	82,658,681
Restricted for:			
Debt service	5,392,916	846,400	6,239,316
Economic development	5,739,831	-	5,739,831
Senior citizen programs	10,543	-	10,543
Replacement of trees	623,265	-	623,265
Municipal court building and technology	393,458	-	393,458
Park improvements	423,455	-	423,455
Public safety	1,753,703	-	1,753,703
Public works	3,517,764	-	3,517,764
Unrestricted	<u>23,690,222</u>	<u>5,344,130</u>	<u>29,034,352</u>
<b>Total Net Position</b>	<u>\$ 89,912,174</u>	<u>\$ 40,482,194</u>	<u>\$ 130,394,368</u>

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, 2016**

Function/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 14,255,413	\$ 3,035,577	\$ -	\$ -
Public safety	21,114,939	1,913,289	436,375	-
Public works	4,422,464	343,682	17,731	607,357
Culture and recreation	3,439,722	1,614,085	756	-
Health, welfare and sanitation	6,059,896	2,244,061	-	-
Interest on long-term debt	<u>1,782,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>51,074,942</u>	<u>9,150,694</u>	<u>454,862</u>	<u>607,357</u>
Business-Type Activities				
Water services	4,985,902	4,795,719	-	534,168
Sewer services	4,374,763	3,652,071	-	-
Airport	<u>210,590</u>	<u>62,849</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>9,571,255</u>	<u>8,510,639</u>	<u>-</u>	<u>534,168</u>
Total Primary Government	<u>\$ 60,646,197</u>	<u>\$ 17,661,333</u>	<u>\$ 454,862</u>	<u>\$ 1,141,525</u>

General revenues:

Taxes:

Property taxes

Sales and use taxes

Industrial payments

Franchise taxes

Unrestricted investment earnings

Proceeds from insurance

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

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>
\$( 11,219,836)	\$ -	\$( 11,219,836)
( 18,765,275)	-	( 18,765,275)
( 3,453,694)	-	( 3,453,694)
( 1,824,881)	-	( 1,824,881)
( 3,815,835)	-	( 3,815,835)
<u>( 1,782,508)</u>	<u>-</u>	<u>( 1,782,508)</u>
<u>( 40,862,029)</u>	<u>-</u>	<u>( 40,862,029)</u>
-	343,985	343,985
-	( 722,692)	( 722,692)
<u>-</u>	<u>( 147,741)</u>	<u>( 147,741)</u>
<u>-</u>	<u>( 526,448)</u>	<u>( 526,448)</u>
<u>( 40,862,029)</u>	<u>( 526,448)</u>	<u>( 41,388,477)</u>
24,098,174	-	24,098,174
9,862,705	-	9,862,705
14,377,602	-	14,377,602
2,300,464	-	2,300,464
380,268	44,038	424,306
-	-	-
766,683	-	766,683
<u>( 795,104)</u>	<u>795,104</u>	<u>-</u>
<u>50,990,792</u>	<u>839,142</u>	<u>51,829,934</u>
10,128,763	312,694	10,441,457
79,783,411	40,169,500	119,952,911
<u>\$ 89,912,174</u>	<u>\$ 40,482,194</u>	<u>\$ 130,394,368</u>

**CITY OF LA PORTE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 28,813,106	\$ 3,371,493	\$ 19,032,777	\$ 51,217,376
Investments	11,704,462	-	4,378,197	16,082,659
Receivables, net of allowance for uncollectible	5,095,096	242,550	938,257	6,275,903
Due from other governments	-	-	396,310	396,310
Inventories	89,165	-	-	89,165
<b>Total Assets</b>	<b>45,701,829</b>	<b>3,614,043</b>	<b>24,745,541</b>	<b>74,061,413</b>
<b>Liabilities</b>				
Accounts payable	1,528,670	-	440,433	1,969,103
Accrued liabilities	588,165	-	3,295	591,460
Due to others	-	-	1,500	1,500
Unearned revenue	-	-	2,704	2,704
Other payables	866,989	-	-	866,989
<b>Total Liabilities</b>	<b>2,983,824</b>	<b>-</b>	<b>447,932</b>	<b>3,431,756</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	421,571	73,165	-	494,736
Unavailable revenue - fines and fees	499,443	-	-	499,443
Unavailable revenue - EMS	1,177,004	-	-	1,177,004
Unavailable revenue - other	705,116	-	-	705,116
<b>Total Deferred Inflows of Resources</b>	<b>2,803,134</b>	<b>73,165</b>	<b>-</b>	<b>2,876,299</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventories	89,165	-	-	89,165
<b>Restricted:</b>				
Debt service	-	3,540,878	1,616,630	5,157,508
Economic development	-	-	5,739,831	5,739,831
Senior citizen programs	-	-	10,543	10,543
Replacement of trees	-	-	623,265	623,265
Municipal court building and technology	-	-	393,458	393,458
Park improvements	-	-	423,455	423,455
Public safety	-	-	1,753,703	1,753,703
Capital projects	-	-	8,601,709	8,601,709
Public works	-	-	2,157,339	2,157,339
<b>Committed:</b>				
Construction	4,000,000	-	2,977,676	6,977,676
Health funds	2,000,000	-	-	2,000,000
Assigned	4,439,879	-	-	4,439,879
Unassigned	29,385,827	-	-	29,385,827
<b>Total Fund Balances</b>	<b>39,914,871</b>	<b>3,540,878</b>	<b>24,297,609</b>	<b>67,753,358</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 45,701,829</b>	<b>\$ 3,614,043</b>	<b>\$ 24,745,541</b>	<b>\$ 74,061,413</b>

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, 2016

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

Total fund balance, governmental funds	\$	67,753,358
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.		73,038,885
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.		2,876,299
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	(	22,815,000)
Certificates of obligation payable	(	12,335,000)
Premium on bonds	(	1,627,335)
Deferred charge on refunding		1,037,729
Interest payable	(	46,023)
Due to developer	(	5,509,405)
Compensated absences	(	3,000,345)
Deferred resources related to pensions		8,220,241
Net pension liability	(	19,512,126)
Net OPEB obligation	(	12,056,360)
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>13,887,256</u>
Net position of governmental activities	\$	<u>89,912,174</u>

**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 18,305,055	\$ 3,313,400	\$ 2,216,993	\$ 23,835,448
Sales and use taxes	4,492,888	-	4,461,351	8,954,239
Franchise taxes	2,300,464	-	-	2,300,464
Industrial payments	14,377,602	-	-	14,377,602
Other taxes	98,865	-	809,601	908,466
Licenses and permits	596,451	-	-	596,451
Fines and forfeits	1,754,145	-	241,928	1,996,073
Charges for services	6,223,039	-	332,189	6,555,228
Intergovernmental	-	-	1,024,097	1,024,097
Investment earnings	240,462	4,543	104,546	349,551
Miscellaneous	693,776	-	34,614	728,390
<b>Total Revenues</b>	<u>49,082,747</u>	<u>3,317,943</u>	<u>9,225,319</u>	<u>61,626,009</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	10,379,732	-	1,326,315	11,706,047
Public safety	16,971,679	-	1,352,008	18,323,687
Public works	2,869,799	-	159,154	3,028,953
Health and sanitation	2,644,295	-	-	2,644,295
Culture and recreation	5,788,937	-	59,676	5,848,613
<b>Debt Service:</b>				
Principal	-	3,045,000	1,236,085	4,281,085
Interest and other charges	-	1,156,851	294,224	1,451,075
Capital Outlay	-	-	4,439,319	4,439,319
<b>Total Expenditures</b>	<u>38,654,442</u>	<u>4,201,851</u>	<u>8,866,781</u>	<u>51,723,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,428,305</u>	<u>( 883,908)</u>	<u>358,538</u>	<u>9,902,935</u>
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	3,165,000	-	3,165,000
Premium on general obligation debt	-	403,795	-	403,795
Payments to escrow agent	-	( 3,490,716)	-	( 3,490,716)
Transfers in	57,500	1,185,955	1,607,669	2,851,124
Transfers out	( 3,133,582)	-	( 845,837)	( 3,979,419)
<b>Total Other Financing Sources and Uses</b>	<u>( 3,076,082)</u>	<u>1,264,034</u>	<u>761,832</u>	<u>( 1,050,216)</u>
Net change in fund balances	7,352,223	380,126	1,120,370	8,852,719
Fund balance - beginning	32,562,648	3,160,752	23,177,239	58,900,639
Fund balance - ending	<u>\$ 39,914,871</u>	<u>\$ 3,540,878</u>	<u>\$ 24,297,609</u>	<u>\$ 67,753,358</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, 2016

Net change in fund balances - total governmental funds: \$ 8,852,719

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 depreciation \$4,060,372 exceeded capital outlays of \$4,636,701 in the current period.

4,517

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.

( 1,485)

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.

342,083

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.

3,900,206

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.

( 78,079)

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	3,704
Change in refunding gain and loss	( 118,215)
Change in premiums on issuance of bonds	163,957
Change in deferred outflows related to pensions	5,897,513
Change in deferred inflows related to pensions	( 458,686)
Change in net pension liability	( 6,548,862)
Change in net OPEB obligation	( 1,636,880)
Change in compensated absences	110,653

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.

( 304,382)

Change in net position of governmental activities \$ 10,128,763

**CITY OF LA PORTE, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**SEPTEMBER 30, 2016**

	Business-Type Activities				Governmental
	Utility	LPAWA	Airport	Totals	Internal Service Fund
Assets					
Current Assets:					
Cash and cash equivalents	\$ 4,229,917	\$ 2,022,186	\$ 259,805	\$ 6,511,908	\$ 3,498,987
Investments	1,507,979	845,318	105,451	2,458,748	1,466,854
Accounts receivable, net of allowance for doubtful accounts	1,070,808	144,260	4,775	1,219,843	-
Due from other governments	-	-	-	-	119,927
Accrued interest receivable	3,668	2,015	256	5,939	6,733
Inventories	6,600	-	-	6,600	33,822
Total Current Assets	<u>6,818,972</u>	<u>3,013,779</u>	<u>370,287</u>	<u>10,203,038</u>	<u>5,126,323</u>
Non-Current Assets:					
Capital assets:					
Land and improvements	224,308	-	223,483	447,791	147,765
Construction in progress	916,411	-	-	916,411	-
Buildings and improvements	57,620	-	-	57,620	-
Improvements other than buildings	68,180,142	15,470,921	5,758,420	89,409,483	-
Vehicles and equipment	3,926,939	6,130	-	3,933,069	18,015,983
Less accumulated depreciation	( 46,185,122)	( 10,021,670)	( 3,938,039)	( 60,144,831)	( 8,827,889)
Total Non-Current Assets	<u>27,120,298</u>	<u>5,455,381</u>	<u>2,043,864</u>	<u>34,619,543</u>	<u>9,335,859</u>
Total Assets	<u>33,939,270</u>	<u>8,469,160</u>	<u>2,414,151</u>	<u>44,822,581</u>	<u>14,462,182</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>1,013,626</u>	<u>-</u>	<u>9,215</u>	<u>1,022,841</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>1,013,626</u>	<u>-</u>	<u>9,215</u>	<u>1,022,841</u>	<u>-</u>

**CITY OF LA PORTE, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**SEPTEMBER 30, 2016**

	Business-Type Activities			Totals	Governmental
	Utility Fund	LPAWA	Airport		Internal Service
					Fund
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable	231,439	107,191	702	339,332	129,614
Accrued liabilities	55,738	-	431	56,169	11,629
Accrued interest	-	533	-	533	-
Unearned revenue	-	-	-	-	3,211
Customer deposits	609,502	-	1,500	611,002	-
Claims and judgements	-	-	-	-	387,850
<b>Long-Term Debt, Current Portion</b>					
Compensated absences	8,584	-	-	8,584	-
Bonds payable	-	320,000	-	320,000	-
<b>Total Current Liabilities</b>	<u>905,263</u>	<u>427,724</u>	<u>2,633</u>	<u>1,335,620</u>	<u>532,304</u>
<b>Non-Current Liabilities:</b>					
Compensated absences	163,105	-	-	163,105	42,622
Net pension liability	2,117,265	-	19,248	2,136,513	-
Net OPEB obligation	1,609,795	-	-	1,609,795	-
Bonds payable	-	7,879	-	7,879	-
<b>Total Non-Current Liabilities</b>	<u>3,890,165</u>	<u>7,879</u>	<u>19,248</u>	<u>3,917,292</u>	<u>42,622</u>
<b>Total Liabilities</b>	<u>4,795,428</u>	<u>435,603</u>	<u>21,881</u>	<u>5,252,912</u>	<u>574,926</u>
<b>Deferred Inflows of Resources</b>					
Deferred gain on refundings	-	937	-	937	-
Deferred inflows related to pensions	108,394	-	985	109,379	-
<b>Total Deferred Inflows of Resources</b>	<u>108,394</u>	<u>937</u>	<u>985</u>	<u>110,316</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets	27,120,298	5,127,502	2,043,864	34,291,664	9,335,859
Restricted for debt service	520,000	326,400	-	846,400	-
Unrestricted	2,408,776	2,578,718	356,636	5,344,130	4,551,397
<b>Total Net Position</b>	<u>\$ 30,049,074</u>	<u>\$ 8,032,620</u>	<u>\$ 2,400,500</u>	<u>\$ 40,482,194</u>	<u>\$ 13,887,256</u>

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

## CITY OF LA PORTE, TEXAS

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Utility	LPAWA	Airport		Internal Service Fund
Revenues					
Charges for services	\$ 8,419,819	\$ 1,181,318	\$ 62,849	\$ 9,663,986	\$ 8,729,321
Total Operating Revenues	<u>8,419,819</u>	<u>1,181,318</u>	<u>62,849</u>	<u>9,663,986</u>	<u>8,729,321</u>
Operating Expenses					
Personnel services	3,525,716	-	26,261	3,551,977	730,752
Supplies and materials	384,729	4,863	1,563	391,155	416,927
Purchased water	-	939,140	-	939,140	-
Other services and charges	2,692,115	85,230	33,452	2,810,797	7,544,808
Depreciation	<u>2,410,956</u>	<u>465,687</u>	<u>149,314</u>	<u>3,025,957</u>	<u>1,387,033</u>
Total Operating Expenses	<u>9,013,516</u>	<u>1,494,920</u>	<u>210,590</u>	<u>10,719,026</u>	<u>10,079,520</u>
Operating income (loss)	( 593,697)	( 313,602)	( 147,741)	( 1,055,040)	( 1,350,199)
Non-Operating Revenues (Expenses)					
Investment earnings	25,215	16,797	2,026	44,038	30,717
Gain (loss) on disposal of capital assets	-	-	-	-	83,682
Interest expense	( 2,972)	( 2,604)	-	( 5,576)	-
Total Non-Operating Revenues (Expenses)	<u>22,243</u>	<u>14,193</u>	<u>2,026</u>	<u>38,462</u>	<u>114,399</u>
Income before contributions and transfers	( 571,454)	( 299,409)	( 145,715)	( 1,016,578)	( 1,235,800)
Capital contributions	785,924	98,169	-	884,093	248,302
Transfers in	1,000,000	-	-	1,000,000	696,352
Transfers out	( 552,998)	( 1,305)	( 518)	( 554,821)	( 13,236)
Change in net position	<u>661,472</u>	( 202,545)	( 146,233)	<u>312,694</u>	( 304,382)
Total net position - beginning	<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>
Total net position - ending	<u>\$ 30,049,074</u>	<u>\$ 8,032,620</u>	<u>\$ 2,400,500</u>	<u>\$ 40,482,194</u>	<u>\$ 13,887,256</u>

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

# CITY OF LA PORTE, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Business-Type Activities			Governmental Activities	
	Utility	LPAWA	Airport	Total	Internal
				Enterprise Funds	Service Fund
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 8,445,607	\$ 1,199,956	\$ 60,449	\$ 9,706,012	\$ 8,731,996
Disbursed for personnel services	( 3,299,944)	-	( 25,994)	( 3,325,938)	( 809,978)
Disbursed for goods and services	( 3,208,043)	( 1,303,420)	( 35,231)	( 4,546,694)	( 7,976,926)
Net Cash Provided (Used) by Operating Activities	<u>1,937,620</u>	<u>( 103,464)</u>	<u>( 776)</u>	<u>1,833,380</u>	<u>( 54,908)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	1,000,000	-	-	1,000,000	696,352
Transfers to other funds	( 552,998)	( 1,305)	( 518)	( 554,821)	( 13,236)
Net Cash Provided by (Used by) Noncapital Financing Activities	<u>447,002</u>	<u>( 1,305)</u>	<u>( 518)</u>	<u>445,179</u>	<u>683,116</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from the sale of equipment	-	-	-	-	83,682
Principal payments on debt	( 262,500)	( 670,000)	-	( 932,500)	-
Interest paid on debt	( 4,799)	( 22,851)	-	( 27,650)	-
Acquisition and construction of capital assets, net of dispositions	( 732,824)	( 41,241)	-	( 774,065)	( 2,334,343)
Capital contributions from participants for debt service	-	2,576	-	2,576	-
Capital contributions from participants for capital recovery	-	95,593	-	95,593	-
Net Cash Used by Capital and Related Financing Activities	<u>( 1,000,123)</u>	<u>( 635,923)</u>	<u>-</u>	<u>( 1,636,046)</u>	<u>( 2,250,661)</u>
<b>Cash Flows from Investing Activities</b>					
Purchase of investments	( 1,808,828)	( 1,013,962)	( 126,489)	( 2,949,279)	( 1,759,499)
Sale of investments	1,848,610	1,736,851	131,312	3,716,773	2,277,152
Interest received	20,257	16,392	1,933	38,582	27,469
Net Cash Provided by (Used by) Investing Activities	<u>60,039</u>	<u>739,281</u>	<u>6,756</u>	<u>806,076</u>	<u>545,122</u>
Net increase in cash and equivalents	1,444,538	( 1,411)	5,462	1,448,589	( 1,077,331)
Cash and equivalents, beginning 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>
Cash and equivalents, at end of year	<u>\$ 4,229,917</u>	<u>\$ 2,022,186</u>	<u>\$ 259,805</u>	<u>\$ 6,511,908</u>	<u>\$ 3,498,987</u>

# CITY OF LA PORTE, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	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)	( 593,697)	( 313,602)	( 147,741)	( 1,055,040)	( 1,350,199)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,410,956	465,687	149,314	3,025,957	1,387,033
(Increase) decrease in accounts receivable	( 13,179)	18,638	( 2,400)	3,059	-
(Increase) decrease in deferred outflow-pensions	( 644,114)	-	( 5,902)	( 650,016)	-
Increase (decrease) in accounts payable	( 131,199)	( 274,187)	( 216)	( 405,602)	( 15,191)
Increase (decrease) in accrued liabilities	( 73,749)	-	( 670)	( 74,419)	( 18,322)
Increase (decrease) in unearned revenue	-	-	-	-	2,675
Increase (decrease) in customer deposits	38,967	-	-	38,967	-
Increase (decrease) in claims	-	-	-	-	( 51,843)
Increase (decrease) in compensated absences	( 13,227)	-	-	( 13,227)	( 9,061)
Increase (decrease) in net pension liability	683,686	-	6,397	690,083	-
Increase (decrease) in OPEB obligation	225,328	-	-	225,328	-
Increase (decrease) in deferred inflow-pensions	47,848	-	442	48,290	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,937,620</u>	<u>\$( 103,464)</u>	<u>\$( 776)</u>	<u>\$ 1,833,380</u>	<u>\$( 54,908)</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets	<u>\$ 785,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,924</u>	<u>\$ 248,302</u>

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

# CITY OF LA PORTE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

### 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. Exceptions to this general rule are payments for interfund services provided and other charges between the City's various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## **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 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, except for the position in investment pools. The City’s investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

**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 acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.
- Changes in actuarial assumptions – These changes are 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, premiums, discounts, and deferred outflows of resources or deferred inflows of resources from refundings.
- 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. 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 un-annexed 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 Non-operating 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.

## **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 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:

	<b>Total Reported Value</b>		
	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Enterprise Funds</b>
Cash deposits	\$ 8,453,485	\$ 297,357	\$ 148,075
Investment Pools	42,219,328	3,201,629	6,363,833
US Agency Securities	16,082,659	1,466,855	2,458,748
	<u>\$ 66,755,472</u>	<u>\$ 4,965,841</u>	<u>\$ 8,970,656</u>

In fiscal year 2016, the City adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurement.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2016:

- U.S. Treasury securities of \$20,008,262 were valued using a pricing model (Level 2 inputs).

## 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 Carrying Value	Weighted Average Maturity (months)
Public funds investment pools	\$ 51,784,790	48.0
Federal Home Loan Mortgage Corporation (FHLMC)	10,008,206	25.8
Federal Farm Credit Bank (FFCB)	4,000,260	27.0
Federal Home Loan Bank (FHLB)	<u>5,999,796</u>	33.0
Total carrying value	<u>\$ 71,793,052</u>	
Portfolio weighted average maturity		22.3

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.

Investment Type	Total Reported Value	Percentage of Total Portfolio
Investment Pools	\$ 51,784,790	72.13 %
US Agency Securities	<u>20,008,262</u>	<u>27.87 %</u>
Total	<u>\$ 71,793,052</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 adopted 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 2016 were \$0.605 and \$0.105, respectively, per \$100 of assessed valuation. The 2015 assessed value and total tax levy as adjusted through September 30, 2016 were \$3,028,282,747 and \$21,500,808 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 uncollectible) line for certain funds and aggregated columns. Below is the detail of receivables for the General Fund, Debt Service Fund, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts.

	<b>General</b>	<b>Debt Service</b>	<b>Other Governmental</b>	<b>Total Governmental</b>
Receivables:				
Taxes	\$ 2,946,366	\$ 317,028	\$ 912,778	\$ 4,176,172
Mowing and demolition	586,233	-	-	586,233
EMS	1,958,019	-	-	1,958,019
Solid waste	135,864	-	-	135,864
Municipal court	499,443	-	-	499,443
Other	153,149	-	14,846	167,995
Interest	28,367	-	10,633	39,000
Allowance for uncollectibles	( 1,212,345)	( 74,478)	-	( 1,286,823)
	<u>\$ 5,095,096</u>	<u>\$ 242,550</u>	<u>\$ 938,257</u>	<u>\$ 6,275,903</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 \$41,021.

## CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2016, was as follows:

	Balance September 30, 2015	Increases	Reclassification/ (Decreases)	Balance September 30, 2016
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,525,974	\$ 763,089	\$ -	\$ 10,289,063
Construction in progress	<u>16,459,209</u>	<u>1,019,001</u>	<u>( 5,261,984)</u>	<u>12,216,226</u>
Total capital assets, not being depreciated	<u>25,985,183</u>	<u>1,782,090</u>	<u>( 5,261,984)</u>	<u>22,505,289</u>
Capital assets, being depreciated:				
Buildings and improvements	36,857,523	1,409,260	( 9,897)	38,256,886
Improvements other than buildings	26,294,720	4,221,737	( 24,926)	30,491,531
Infrastructure	40,391,889	2,923,172	-	43,315,061
Machinery and equipment	<u>20,924,595</u>	<u>2,834,371</u>	<u>( 1,183,719)</u>	<u>22,575,247</u>
Total capital assets, being depreciated	<u>124,468,727</u>	<u>11,388,540</u>	<u>( 1,218,542)</u>	<u>134,638,725</u>
Less accumulated depreciation for:				
Buildings and improvements	( 19,022,545)	( 1,412,299)	8,412	( 20,426,432)
Improvements other than buildings	( 11,377,613)	( 890,715)	24,926	( 12,243,402)
Infrastructure	( 27,311,659)	( 1,421,601)	-	( 28,733,260)
Machinery and equipment	<u>( 11,264,583)</u>	<u>( 1,696,375)</u>	<u>887,803</u>	<u>( 12,073,155)</u>
Total accumulated depreciation	<u>( 68,976,400)</u>	<u>( 5,420,990)</u>	<u>921,141</u>	<u>( 73,476,249)</u>
Total capital assets being depreciated, net	<u>55,492,327</u>	<u>5,967,550</u>	<u>( 297,401)</u>	<u>61,162,476</u>
<b>Totals</b>	<u>\$ 81,477,510</u>	<u>\$ 7,749,640</u>	<u>\$( 5,559,385)</u>	<u>\$ 83,667,765</u>
	Balance September 30, 2015	Increases	Reclassification/ (Decreases)	Balance September 30, 2016
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 447,791	\$ -	\$ -	\$ 447,791
Construction in progress	<u>294,387</u>	<u>622,024</u>	<u>-</u>	<u>916,411</u>
Total capital assets, not being depreciated	<u>742,178</u>	<u>622,024</u>	<u>-</u>	<u>1,364,202</u>
Capital assets, being depreciated:				
Buildings and improvements	57,620	-	-	57,620
Improvements other than buildings	88,704,964	704,520	-	89,409,484
Machinery and equipment	<u>3,699,624</u>	<u>233,445</u>	<u>-</u>	<u>3,933,069</u>
Total capital assets, being depreciated	<u>92,462,208</u>	<u>937,965</u>	<u>-</u>	<u>93,400,173</u>
Less accumulated depreciation for:				
Buildings and improvements	( 50,991)	( 424)	-	( 51,415)
Improvements other than buildings	( 55,742,907)	( 2,436,701)	-	( 58,179,608)
Machinery and equipment	<u>( 1,324,977)</u>	<u>( 588,832)</u>	<u>-</u>	<u>( 1,913,809)</u>
Total accumulated depreciation	<u>( 57,118,875)</u>	<u>( 3,025,957)</u>	<u>-</u>	<u>( 60,144,832)</u>
Total capital assets being depreciated, net	<u>35,343,333</u>	<u>( 2,087,992)</u>	<u>-</u>	<u>33,255,341</u>
<b>Totals</b>	<u>\$ 36,085,511</u>	<u>\$( 1,465,968)</u>	<u>\$ -</u>	<u>\$ 34,619,543</u>

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

General government	\$	739,067
Public safety		1,682,518
Public works		1,122,685
Parks and recreation		489,687
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets		<u>1,387,033</u>
Total governmental activities	\$	<u><u>5,420,990</u></u>

Construction contract commitments outstanding as of September 30, 2016, are as follows:

Fund	Project	Total In Progress	Remaining Commitment
General CIP Fund	Street and Drainage	\$ 7,951,964	\$ 202,998
Drainage Improvements	Drainage Improvements	1,369,263	745,009
Restricted Funds	Drainage Improvements	1,175,496	27,937
Utility Fund	Meter Replacement Program	285,590	40,952
Utility Fund	Elevated Water Tower Painting	186,025	103,950
Utility Fund	Water System Improvements	<u>444,795</u>	<u>498,260</u>
Totals		<u><u>\$ 13,133,011</u></u>	<u><u>\$ 1,619,106</u></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, 2016:

	<u>Governmental</u>	<u>Business-Type</u>
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.	\$ 400,000	\$ -
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.	90,000	-
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.	140,000	-
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.	315,000	-
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.	4,535,000	-
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.	1,705,000	-
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.	-	320,000
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.	9,125,000	-
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.	8,310,000	-
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 drainage improvements.	7,395,000	-
2016 General Obligation Refunding Bonds due in annual payments through March 15, 2029; interest at 2.00% to 4.00% \$3,165,000 issued to refund previous debt.	<u>3,135,000</u>	-
<b>Total Bonds Payable</b>	<u>\$ 35,150,000</u>	<u>\$ 320,000</u>

Changes in the City's long-term liabilities for the year ended September 30, 2016 are as follows:

	<b>Balance September 30, 2015</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance September 30, 2016</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 21,220,000	\$ 3,165,000	\$( 1,570,000)	\$ 22,815,000	\$ 1,725,000
Certificates of obligation	17,230,000	-	( 4,895,000)	12,335,000	1,125,000
Premium on bond issuance	1,400,517	403,795	( 176,977)	1,627,335	-
Total bonds payable	<u>39,850,517</u>	<u>3,568,795</u>	<u>( 6,641,977)</u>	<u>36,777,335</u>	<u>2,850,000</u>
Due to developers	6,786,852	1,465,101	( 1,514,180)	6,737,773	-
Retainage payable	301,410	-	( 236,757)	64,653	-
Compensated absences	3,162,681	85,931	( 205,645)	3,042,967	152,148
Net pension liability-TMRS	12,832,246	6,662,230	( 244,471)	19,250,005	-
Net pension liability-TESRS	131,018	157,158	( 26,055)	262,121	-
Net OPEB obligation	10,419,480	2,195,059	( 558,179)	12,056,360	-
<b>Total Governmental Activities</b>	<u>\$ 73,484,204</u>	<u>\$ 14,134,274</u>	<u>\$( 9,427,264)</u>	<u>\$ 78,191,214</u>	<u>\$ 3,002,148</u>
	<b>Balance September 30, 2015</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance September 30, 2016</b>	<b>Amounts Due Within One Year</b>
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue bonds	\$ 990,000	\$ -	\$( 670,000)	\$ 320,000	\$ 320,000
Public property finance certificates of obligation	262,500	-	( 262,500)	-	-
Premium on bond issuance	25,238	-	( 17,359)	7,879	-
Total Bonds Payable	<u>1,277,738</u>	<u>-</u>	<u>( 949,859)</u>	<u>327,879</u>	<u>320,000</u>
Compensated absences	184,916	53,242	( 66,469)	171,689	8,584
Net pension liability-TMRS	1,446,430	717,217	( 27,134)	2,136,513	-
Net OPEB obligation	1,384,467	293,090	( 67,762)	1,609,795	-
<b>Total Business-Type Activities</b>	<u>\$ 4,293,551</u>	<u>\$ 1,063,549</u>	<u>\$( 1,111,224)</u>	<u>\$ 4,245,876</u>	<u>\$ 328,584</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 and restricted funds.

### 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 \$692,850 and \$269,077. 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, 2016.

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
2017	\$ 1,725,000	\$ 681,342	\$ 1,125,000	\$ 382,361
2018	2,195,000	624,422	745,000	348,680
2019	2,470,000	558,931	770,000	321,930
2020	2,465,000	485,300	800,000	294,205
2021	2,270,000	412,650	830,000	265,405
2022	2,335,000	343,575	855,000	236,468
2023	2,395,000	272,625	885,000	207,150
2024	2,460,000	197,275	915,000	176,203
2025	2,490,000	119,125	950,000	143,487
2026	470,000	71,000	980,000	110,956
2027	495,000	51,700	905,000	83,938
2028	510,000	31,600	925,000	61,063
2029	535,000	10,700	950,000	35,250
2030	-	-	700,000	10,500
	<u>\$ 22,815,000</u>	<u>\$ 3,860,245</u>	<u>\$ 12,335,000</u>	<u>\$ 2,677,596</u>

Fiscal Year	Business-Type Activities	
	Contract Revenue Bonds	
	Principal	Interest
2017	\$ 320,000	\$ 6,400
	<u>\$ 320,000</u>	<u>\$ 6,400</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, 2016, the City does not have bonds considered defeased and outstanding.

## **Advance Refunding**

The City issued \$3,165,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local securities that were placed in an irrevocable trust for the purchase of generating resources for all future debt service payments of \$3,490,716 of certificate of obligations and refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$57,696. This amount is being netted against the old debt and amortized over the remaining life of the old debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$541,401 and resulted in an economic gain of \$477,612.

## **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, and assigned their receivable amount to Liberty Property Limited Partnership in 2015.

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 \$8,939,782 have been made to Port Crossing Liberty 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, 2014. No additional interest will be due under the agreement. During the current fiscal year, a reimbursement of \$46,636 was applied to principal.

Beazer Homes Texas LP's reimbursable expenditures for Bayside Crossing totaled \$1,449,517 including interest at August 24, 2016. In the current fiscal year, the Developer was reimbursed \$17,940 for interest.

Senior Associate's reimbursable expenditures and land for Bayside Crossing totaled \$466,032 including interest at August 24, 2016. In the current fiscal year, the Developer was reimbursed \$5,769 for interest.

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

65 La Porte, Ltd.	\$	7,103,500
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## INTERFUND ACTIVITY

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

Transfers From	Transfers To					Totals
	General	Debt Service	Other Governmental	Utility	Internal Service	
General Fund	\$ -	\$ -	\$ 1,500,000	\$ 1,000,000	\$ 633,582	\$ 3,133,582
Other Government	57,500	680,668	107,669	-	-	845,837
Utility	-	505,287	-	-	47,711	552,998
LPAWA	-	-	-	-	1,305	1,305
Airport	-	-	-	-	518	518
Internal Service	-	-	-	-	13,236	13,236
Totals	<u>\$ 57,500</u>	<u>\$ 1,185,955</u>	<u>\$ 1,607,669</u>	<u>\$ 1,000,000</u>	<u>\$ 696,352</u>	<u>\$ 4,547,476</u>

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

Transfers From	Transfers To	Amount	Purpose
Utility Fund	Debt Service Fund	\$ 505,287	Annual transfer for debt service
Utility Fund	Insurance Fund	47,711	Transfer for liability insurance and workers c
Airport Fund	Insurance Fund	518	Transfer for liability insurance and workers c
La Porte Area Water Authority	Insurance Fund	1,305	Transfer for liability insurance and workers c
Vehicle Maintenance Fur	Insurance Fund	13,236	Transfer for liability insurance and workers c
Hotel/Motel Fund	General CIP Fund	107,669	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	633,582	Transfer for liability insurance and workers c
General Fund	General CIP Fund	1,500,000	Transfer for capital projects
General Fund	Utility Fund	1,000,000	Transfer for capital projects
La Porte Development Corporation (4B)	Debt Service Fund	<u>680,668</u>	Transfer for debt service
	Total transfers	<u>\$ 4,547,476</u>	

## DEFINED BENEFIT PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM

### Plan Descriptions

The City participates as one of 866 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.tmr.org](http://www.tmr.org).

## 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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	182
Inactive employees entitled to but not yet receiving benefits	142
Active employees	<u>374</u>
	<u><u>698</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 16.12% and 15.64% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$3,551,472, and were equal to the required contributions.

## Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, 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 Tables with Blue Collar Adjustment, 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 Combined Health Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rate multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. After the Asset Allocation Study Analysis and experience investigation study, the Board amended the long-term expected rate of return on pensions plan investments from 7% to 6.75%. 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 plant 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. 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 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%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

### ***Discount Rate***

The discount rate used to measure the Total Pension Liability was 6.75%. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	\$ 137,589,270	\$ 123,310,594	\$ 14,278,676
Changes for the year:			
Service cost	3,401,691	-	3,401,691
Interest	9,564,637	-	9,564,637
Difference between expected and actual experience	( 500,190)	-	( 500,190)
Changes of assumptions	( 325,022)	-	( 325,022)
Contributions - employer	-	3,461,463	( 3,461,463)
Contributions - employee	-	1,506,158	( 1,506,158)
Net investment income	-	181,954	( 181,954)
Benefit payments, including refunds of employee contributions	( 5,304,879)	( 5,304,879)	-
Administrative expense	-	( 110,827)	110,827
Other changes	-	( 5,474)	5,474
Net changes	<u>6,836,237</u>	<u>( 271,605)</u>	<u>7,107,842</u>
Balance at 12/31/2015	<u>\$ 144,425,507</u>	<u>\$ 123,038,989</u>	<u>\$ 21,386,518</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, 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 (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 42,454,641	\$ 21,386,518	\$ 4,170,702

### ***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](http://www.tmrs.org).

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

For the year ended September 30, 2016, the City recognized pension expense of \$4,599,527. At September 30, 2016, 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	\$ -	\$ 838,585
Changes in actuarial assumptions	-	256,307
Difference between projected and actual investment earnings	7,654,443	-
Contributions subsequent to the measurement date	2,584,205	-
Totals	<u>\$ 10,238,648</u>	<u>\$ 1,094,892</u>

\$2,584,205 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, 2017. 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,	
2017	\$ 1,654,798
2018	1,654,798
2019	1,687,356
2020	1,562,599

### **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](http://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](http://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, 2016, were \$38,095.

### **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 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	\$ 458,634	\$ 262,121	\$ 148,880

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

At September 30, 2016, the City reported a liability of \$262,121 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2014, and rolled forward to August 31, 2015. 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, 2014 through August 31, 2015.

At August 31, 2015 the City's proportion of the collective net pension liability was 0.982% increased from 0.721% at August 31, 2014.

For the year ended September 30, 2016, the City recognized TESRS pension expense of \$10,053. At September 30, 2016, 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	\$ -	\$ 48,148
Contributions paid to TESRS subsequent to the measurement date	38,095	-
Total	<u>\$ 38,095</u>	<u>\$ 48,148</u>

\$38,095 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, 2017. 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,	
2017	\$ 9,226
2018	9,226
2019	9,226
2020	20,469

## 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	\$ 4,581,529
Interfund transfers	696,352
Charges to employees	419,791
Charges to retirees	98,395
Cobra charges	17,981
Other	20,258
Interest revenue	<u>6,737</u>
Total revenues	\$ <u>5,841,043</u>
Expenses	
Other expenses	\$ 71,547
Claims administration	219,109
Claims incurred	6,001,596
Re-insurance premiums	382,432
Insurance premiums	<u>727,522</u>
Total expenses	\$ <u>7,402,206</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
9/30/2014	\$ 480,584	\$ 5,580,398	\$ 5,485,633	575,349
9/30/2015	575,349	4,762,880	4,898,536	439,693
9/30/2016	439,693	6,001,596	6,053,439	387,850

## 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.

## ENCUMBRANCES

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations. At year-end the amount of encumbrances expected to be honored in the next year were as follows:

Fund	Amount
General	\$ 204,149
Nonmajor governmental	<u>641,162</u>
Total	<u>\$ 845,311</u>

## SOUTHEAST WATER PURIFICATION PLANT

The LaPorte Area Water Authority (“Authority”) and the City of Houston, Texas have entered into a Cost Sharing Water Project Contract (the “Contract”) wherein the Authority, the Cities of La Porte, Morgan’s Point, and Shoreacres agree to jointly finance the construction and operation of the Southeast Water Purification Plant (Southeast Plant). Under the terms of the Contract, the Authority purchased 4.2 million gallons per day production and 5.25 million gallons per day pumping capacity. The Cities of La Porte, Morgan’s Point, and Shoreacres have agreed to demand and pumping allocations of the Authority’s purchase of water from the Southeast Plant.

The required funds for the undivided interest in the Southeast Plant and the construction of a transmission and distribution system to transport water from the Southeast Plant were provided by issuance of \$9.8 million revenues bonds.

The water rate to be set by the Authority will not be less than an amount sufficient to provide for payment of all expenses in producing, treating, and pumping the water in connection with transmission and distribution systems and to provide payment for the interest and principal of all bonds when the bonds become due and payable.

**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:

<u>Years of Service with the City</u>	<u>Retiree Cost</u>	<u>City Cost</u>	<u>Retiree Cost Per Year</u>
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.

	Fiscal Year		
	2016	2015	2014
Annual required contribution (ARC)	\$ 2,449,101	\$ 2,377,768	\$ 2,566,570
Interest on OPEB obligation	531,178	460,579	383,426
Adjustment to ARC	( 492,130)	( 426,722)	( 355,240)
Annual OPEB cost	2,488,149	2,411,625	2,594,756
Contributions	( 625,941)	( 842,765)	( 880,236)
Increase in net OPEB obligation	1,862,208	1,568,860	1,714,520
Net OPEB obligation, beginning of year	11,803,947	10,235,087	8,520,567
Net OPEB obligation, end of year	<u>\$ 13,666,155</u>	<u>\$ 11,803,947</u>	<u>\$ 10,235,087</u>

The City's annual OPEB cost, employer contributions, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2016, 2015, and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
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
9/30/2016	2,488,149	625,941	25.2%	13,666,155

*Funded Status and Funding Progress.* The funding status of the post-employment 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, 2016, was 28 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 2016, 2015, and 2014 were \$35,433, \$33,526, and \$30,814, respectively, which equaled to the required contributions.

## FUND BALANCE

Assigned fund balance of the General Fund at year-end consisted of the following:

Appraisal Services	\$ 4,800
Software	68,144
Firearms/Ammunition	12,042
GIS Web Hosting	500
Hardware	8,486
GIS Technical Services	22,342
Professional Engineering Services	4,344
Consulting Services for Community Rating System	14,500
Body Worn Camera Systems	38,978
Department Audit Organizational Review	5,432
Conversion and Set Up Fee for Tax Billing	7,000
Surveillance Systems	3,237
Green Cloud Money Fee	8,650
APC Meter Rock - Power Distribution	1,296
Lift Inspection and Repairs	898
A/C and Heating Repairs to PD Building	3,500
Subsequent Year's Budget	<u>4,235,730</u>
Total General Fund Assigned Fund Balance	\$ <u>4,439,879</u>

## 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.

**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 15,828,500	\$ 15,828,500	\$ 18,305,055	\$ 2,476,555
Sales and use taxes	4,868,750	4,868,750	4,492,888	( 375,862)
Franchise fees	2,195,624	2,195,624	2,300,464	104,840
Industrial payments	12,436,672	12,436,672	14,377,602	1,940,930
Other taxes	90,000	90,000	98,865	8,865
Licenses and permits	446,525	446,525	596,451	149,926
Fines and forfeitures	1,603,823	1,603,823	1,754,145	150,322
Charges for services	5,689,003	5,689,003	6,223,039	534,036
Interest earnings	80,000	80,000	240,462	160,462
Miscellaneous	38,000	38,000	693,776	655,776
<b>Total Revenues</b>	<u>43,276,897</u>	<u>43,276,897</u>	<u>49,082,747</u>	<u>5,805,850</u>
<b>Expenditures</b>				
General government:				
Administration	5,351,300	5,470,594	5,176,940	293,654
Finance	3,851,315	3,682,336	3,358,290	324,046
Planning and engineering	2,025,133	2,206,293	1,844,502	361,791
Public safety:				
Fire	4,802,454	4,835,004	4,782,792	52,212
Police	12,525,119	12,563,895	12,188,887	375,008
Public works:				
Public works administration	367,979	367,979	369,462	( 1,483)
Streets	2,590,454	2,558,454	2,500,337	58,117
Health and sanitation:				
Solid waste	2,616,456	2,666,456	2,644,295	22,161
Culture and recreation	5,787,220	5,927,364	5,788,937	138,427
<b>Total Expenditures</b>	<u>39,917,430</u>	<u>40,278,375</u>	<u>38,654,442</u>	<u>1,623,933</u>
Excess (deficiency) of revenues over (under) expenditures	3,359,467	2,998,522	10,428,305	7,429,783
<b>Other Financing Sources (Uses)</b>				
Transfers in	57,500	57,500	57,500	-
Transfers out	( 3,133,582)	( 3,133,582)	( 3,133,582)	-
<b>Total Other Financing Sources and Uses</b>	<u>( 3,076,082)</u>	<u>( 3,076,082)</u>	<u>( 3,076,082)</u>	<u>-</u>
Net change in fund balances	283,385	( 77,560)	7,352,223	7,429,783
Fund balances, beginning of year	32,562,648	32,562,648	32,562,648	-
<b>Fund balances at year end</b>	<u>\$ 32,846,033</u>	<u>\$ 32,485,088</u>	<u>\$ 39,914,871</u>	<u>\$ 7,429,783</u>

## **CITY OF LA PORTE, TEXAS**

### **NOTES TO REQUIRED BUDGETARY INFORMATION**

**SEPTEMBER 30, 2016**

#### **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 the last day of the fiscal year. 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.

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, 2016

Plan Year	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 3,045,776	\$ 3,401,691
Interest (on the Total Pension Liability)	9,108,178	9,564,637
Difference between expected and actual experience	( 761,946)	( 500,190)
Changes of assumptions	-	( 325,022)
Benefit payments, including refunds of employee contributions	<u>( 4,793,355)</u>	<u>( 5,304,879)</u>
Net change in total pension liability	6,598,653	6,836,237
Total pension liability - beginning	<u>130,990,617</u>	<u>137,589,270</u>
Total pension liability - ending (a)	<u>\$ 137,589,270</u>	<u>\$ 144,425,507</u>
B. Plan fiduciary net position		
Contributions - Employer	\$ 3,534,991	\$ 3,461,463
Contributions - Employee	1,460,768	1,506,158
Net Investment Income	6,665,254	181,954
Benefit payments, including refunds of employee contributions	( 4,793,355)	( 5,304,879)
Administrative Expenses	( 69,591)	( 110,827)
Other	<u>( 5,722)</u>	<u>( 5,474)</u>
Net change in plan fiduciary net position	6,792,345	( 271,605)
Plan fiduciary net position - beginning	<u>116,518,249</u>	<u>123,310,594</u>
Plan fiduciary net position - ending (b)	<u>\$ 123,310,594</u>	<u>\$ 123,038,989</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 14,278,676</u>	<u>\$ 21,386,518</u>
D. Plan fiduciary net position as a percentage of total pension liability	89.62%	85.19%
E. Covered employee payroll	\$ 20,708,639	\$ 21,421,227
F. Net position liability as a percentage of covered employee payroll	68.95%	99.84%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

**CITY OF LA PORTE, TEXAS**

**SCHEDULE OF TMRS CONTRIBUTIONS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<b>Fiscal Year</b>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>
Actuarial determined contribution	\$ 3,496,424	\$ 3,489,185	\$ 3,551,472
Contributions in relation to the actuarially determined contribution	<u>( 3,496,424)</u>	<u>( 3,489,185)</u>	<u>( 3,551,472)</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	20,543,616	21,323,383	21,421,227
Contributions as a percentage of covered employee payroll	17.02%	16.36%	16.58%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

**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	18 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
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 scale BB.
Other Information	There were no benefit changes during the year.

Note: These schedules are required to have 10 years of information, but the information prior to 2014 is not available.

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<b>Plan Year</b>	<b>2014</b>	<b>2015</b>
	<hr/>	<hr/>
City's proportion of the net pension liability	0.721%	0.982%
City's proportionate share of the net pension liability	\$ 131,018	\$ 262,121
City's covered-employee payroll	18,420	18,617
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	711%	1408%
Plan fiduciary net position as a percentage of the total pension liability	83.5%	83.5%

**SCHEDULE OF CITY'S TESRS CONTRIBUTIONS**

<b>Fiscal Year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<hr/>	<hr/>	<hr/>
Contractually required contribution	\$ 26,055	\$ 48,820	\$ 38,095
Contributions in relation to the contractually required contribution	<u>( 26,055)</u>	<u>( 48,820)</u>	<u>( 38,095)</u>
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	18,420	18,617	15,498
Contribution as a percentage of covered-employee payroll	141.4%	262.2%	245.8%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liabilities</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Percentage Funded</b>	<b>Annual Covered Payroll</b>	<b>Ratio of UAAL to Annual Covered Payroll</b>
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 to pay developers for capital improvements.

*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.

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

*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.

*2015 Certificate of Obligation Bonds Fund* – This fund is used to account for bond proceeds and the expenditure of those funds for water and sewer improvements, and street and drainage 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, 2016**

	Special Revenue Funds		
	Hotel/Motel Tax	Section 4b Sales Tax	Tax Increment Reinvestment Zone
Assets			
Cash and cash equivalents	\$ 694,484	\$ 4,101,157	\$ 544,563
Investments	282,262	1,226,349	-
Receivables, net of allowance	134,634	394,690	-
Due from other governments	-	-	-
Total Assets	<u>1,111,380</u>	<u>5,722,196</u>	<u>544,563</u>
Liabilities			
Accounts payable	3,130	6,335	4,335
Accrued salaries	262	201	-
Other payables	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>3,392</u>	<u>6,536</u>	<u>4,335</u>
Fund balances			
Restricted			
Debt service	-	1,083,817	-
Economic development	1,107,988	4,631,843	-
Senior citizen programs	-	-	-
Replacement of trees	-	-	-
Municipal court building and technology	-	-	-
Park improvements	-	-	-
Public safety	-	-	-
Capital projects	-	-	540,228
Public works	-	-	-
Total Fund Balances	<u>1,107,988</u>	<u>5,715,660</u>	<u>540,228</u>
Total Liabilities and Fund Balances	<u>\$ 1,111,380</u>	<u>\$ 5,722,196</u>	<u>\$ 544,563</u>

Special Revenue Funds		
Street Maintenance Sales Tax	Emergency Service Sales Tax	Total Special Revenue Funds
\$ 1,509,198	\$ 585,034	\$ 7,434,436
613,389	237,777	2,359,777
197,346	191,847	918,517
-	-	-
<u>2,319,933</u>	<u>1,014,658</u>	<u>10,712,730</u>
162,594	58,608	235,002
-	1,778	2,241
-	-	-
-	-	-
<u>162,594</u>	<u>60,386</u>	<u>237,243</u>
-	-	1,083,817
-	-	5,739,831
-	-	-
-	-	-
-	-	-
-	-	-
-	954,272	954,272
-	-	540,228
<u>2,157,339</u>	<u>-</u>	<u>2,157,339</u>
<u>2,157,339</u>	<u>954,272</u>	<u>10,475,487</u>
\$ <u>2,319,933</u>	\$ <u>1,014,658</u>	\$ <u>10,712,730</u>

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

**SEPTEMBER 30, 2016**

	Capital Projects Funds			
	Restricted Funds	2006 Certificate of Obligation Bonds	2010 Certificate of Obligation Bonds	2015 Certificate of Obligation Bonds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,337,175	\$ 400,443	\$ 1,159,093	\$ 5,920,186
Investments	543,612	162,753	19,961	161,620
Receivables, net of allowance	1,328	396	49	393
Due from other governments	<u>396,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>2,278,425</u></u>	<u><u>563,592</u></u>	<u><u>1,179,103</u></u>	<u><u>6,082,199</u></u>
<b>Liabilities:</b>				
Accounts payable	23,015	-	1,656	49,141
Accrued salaries payable	1,054	-	-	-
Other payables	1,500	-	-	-
Unearned revenue - grants	<u>2,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u><u>28,273</u></u>	<u><u>-</u></u>	<u><u>1,656</u></u>	<u><u>49,141</u></u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Debt service	-	532,813	-	-
Economic development	-	-	-	-
Senior citizen programs	10,543	-	-	-
Replacement of trees	623,265	-	-	-
Municipal court building and technology	393,458	-	-	-
Park improvements	423,455	-	-	-
Public safety	799,431	-	-	-
Capital projects	-	30,779	1,177,447	6,033,058
Public works	-	-	-	-
<b>Committed:</b>				
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<u><u>2,250,152</u></u>	<u><u>563,592</u></u>	<u><u>1,177,447</u></u>	<u><u>6,033,058</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,278,425</u></u>	<u><u>\$ 563,592</u></u>	<u><u>\$ 1,179,103</u></u>	<u><u>\$ 6,082,199</u></u>

<u>Capital Projects Funds</u>				
<u>Capital Improvements</u>	<u>Drainage Improvements</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 2,129,505	\$ 651,939	\$ 11,598,341	\$	19,032,777
865,503	264,971	2,018,420		4,378,197
2,196	15,378	19,740		938,257
<u>-</u>	<u>-</u>	<u>396,310</u>		<u>396,310</u>
<u>2,997,204</u>	<u>932,288</u>	<u>14,032,811</u>		<u>24,745,541</u>
19,528	112,091	205,431		440,433
-	-	1,054		3,295
-	-	1,500		1,500
<u>-</u>	<u>-</u>	<u>2,704</u>		<u>2,704</u>
<u>19,528</u>	<u>112,091</u>	<u>210,689</u>		<u>447,932</u>
-	-	532,813		1,616,630
-	-	-		5,739,831
-	-	10,543		10,543
-	-	623,265		623,265
-	-	393,458		393,458
-	-	423,455		423,455
-	-	799,431		1,753,703
-	820,197	8,061,481		8,601,709
-	-	-		2,157,339
<u>2,977,676</u>	<u>-</u>	<u>2,977,676</u>		<u>2,977,676</u>
<u>2,977,676</u>	<u>820,197</u>	<u>13,822,122</u>		<u>24,297,609</u>
<u>\$ 2,997,204</u>	<u>\$ 932,288</u>	<u>\$ 14,032,811</u>	<u>\$</u>	<u>24,745,541</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, 2016**

	Special Revenue Funds		
	Hotel/Motel Tax	Section 4b Sales Tax	Tax Increment Reinvestment Zone
Revenues			
Property taxes	\$ -	\$ -	\$ 2,216,993
Sales and use taxes	-	2,246,441	-
Other taxes	809,601	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Intergovernmental	-	-	-
Investment earnings	5,556	21,316	419
Miscellaneous	5,568	-	-
Total Revenues	820,725	2,267,757	2,217,412
Expenditures			
Current:			
General government	580,660	415,846	154,344
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt Service:			
Principal	-	-	1,236,085
Interest and other charges	-	-	294,224
Capital outlay	-	-	-
Total Expenditures	580,660	415,846	1,684,653
Excess (deficiency) of revenues over (under) expenditures	240,065	1,851,911	532,759
Other Financing Sources (Uses)			
Transfers out	( 165,169)	( 680,668)	-
Total Other Financing Sources (Uses)	( 165,169)	( 680,668)	-
Net change in fund balances	74,896	1,171,243	532,759
Fund balances - beginning	1,033,092	4,544,417	7,469
Fund balances - ending	\$ 1,107,988	\$ 5,715,660	\$ 540,228

Special Revenue Funds		
Street Maintenance Sale Tax	Emergency Services Sales Tax	Total Special Revenue Funds
\$ -	\$ -	\$ 2,216,993
1,123,220	1,091,690	4,461,351
-	-	809,601
-	-	-
-	-	-
-	-	-
12,724	4,706	44,721
-	-	5,568
<u>1,135,944</u>	<u>1,096,396</u>	<u>7,538,234</u>
-	-	1,150,850
-	1,038,749	1,038,749
101,462	-	101,462
-	-	-
-	-	1,236,085
-	-	294,224
<u>931,304</u>	<u>103,538</u>	<u>1,034,842</u>
<u>1,032,766</u>	<u>1,142,287</u>	<u>4,856,212</u>
103,178	( 45,891)	2,682,022
-	-	( 845,837)
-	-	( 845,837)
103,178	( 45,891)	1,836,185
<u>2,054,161</u>	<u>1,000,163</u>	<u>8,639,302</u>
<u>\$ 2,157,339</u>	<u>\$ 954,272</u>	<u>\$ 10,475,487</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, 2016**

	Capital Projects Fund			
	Restricted Funds	2006 Certificate of Obligation Bonds	2010 Certificate of Obligation Bonds	2015 Certificate of Obligation Bonds
<b>Revenues</b>				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and forfeitures	241,928	-	-	-
Charges for services	52,453	-	-	-
Intergovernmental	1,024,097	-	-	-
Interest earnings	11,727	1,485	4,250	22,986
Miscellaneous	-	29,046	-	-
<b>Total Revenues</b>	<u>1,330,205</u>	<u>30,531</u>	<u>4,250</u>	<u>22,986</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	38,292	-	-	-
Public safety	313,259	-	-	-
Public works	34,203	-	-	-
Culture and recreation	59,676	-	-	-
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	566,692	-	176,460	1,989,928
<b>Total Expenditures</b>	<u>1,012,122</u>	<u>-</u>	<u>176,460</u>	<u>1,989,928</u>
Excess (deficiency) of revenues over (under) expenditures	318,083	30,531	( 172,210)	( 1,966,942)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	318,083	30,531	( 172,210)	( 1,966,942)
Fund balances - beginning	<u>1,932,069</u>	<u>533,061</u>	<u>1,349,657</u>	<u>8,000,000</u>
Fund balances - ending	<u>\$ 2,250,152</u>	<u>\$ 563,592</u>	<u>\$ 1,177,447</u>	<u>\$ 6,033,058</u>

Capital Projects Fund

Capital Improvements	Drainage Improvements	Total Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,461,351
-	-	-	809,601
-	-	241,928	241,928
4,249	275,487	332,189	332,189
-	-	1,024,097	1,024,097
14,511	4,866	59,825	104,546
-	-	29,046	34,614
<u>18,760</u>	<u>280,353</u>	<u>1,687,085</u>	<u>9,225,319</u>
137,173	-	175,465	1,326,315
-	-	313,259	1,352,008
-	23,489	57,692	159,154
-	-	59,676	59,676
-	-	-	1,236,085
-	-	-	294,224
<u>428,188</u>	<u>243,209</u>	<u>3,404,477</u>	<u>4,439,319</u>
<u>565,361</u>	<u>266,698</u>	<u>4,010,569</u>	<u>8,866,781</u>
( 546,601)	13,655	( 2,323,484)	358,538
1,607,669	-	1,607,669	1,607,669
-	-	-	( 845,837)
<u>1,607,669</u>	<u>-</u>	<u>1,607,669</u>	<u>761,832</u>
1,061,068	13,655	( 715,815)	1,120,370
<u>1,916,608</u>	<u>806,542</u>	<u>14,537,937</u>	<u>23,177,239</u>
<u>\$ 2,977,676</u>	<u>\$ 820,197</u>	<u>\$ 13,822,122</u>	<u>\$ 24,297,609</u>

**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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Property taxes	\$ 2,732,500	\$ 3,313,400	\$ 580,900	\$ 2,897,713
Investment earnings	2,000	4,542	2,542	3,363
Total Revenues	<u>2,734,500</u>	<u>3,317,942</u>	<u>583,442</u>	<u>2,901,076</u>
Expenditures				
Debt Service:				
Principal	3,045,000	3,045,000	-	3,275,000
Interest and other charges	<u>1,156,851</u>	<u>1,156,851</u>	<u>-</u>	<u>1,083,722</u>
Total Expenditures	<u>4,201,851</u>	<u>4,201,851</u>	<u>-</u>	<u>4,358,722</u>
Revenues over (under) expenditures	( 1,467,351)	( 883,909)	583,442	( 1,457,646)
Other Financing Sources (Uses)				
Issuance of debt	-	3,165,000	3,165,000	-
Premium on bonds	-	403,795	403,795	-
Payment to escrow agent	-	( 3,490,716)	( 3,490,716)	-
Transfers in	<u>1,185,955</u>	<u>1,185,955</u>	<u>-</u>	<u>1,849,476</u>
Total Other Financing Sources (Uses)	<u>1,185,955</u>	<u>1,264,034</u>	<u>78,079</u>	<u>1,849,476</u>
Net change in fund balance	( 281,396)	380,125	661,521	391,830
Fund balances - beginning of year	<u>3,160,753</u>	<u>3,160,753</u>	<u>-</u>	<u>2,768,922</u>
Fund balances - end of year	<u>\$ 2,879,357</u>	<u>\$ 3,540,878</u>	<u>\$ 661,521</u>	<u>\$ 3,160,752</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, 2016  
With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Other taxes	\$ 650,000	\$ 809,601	\$ 159,601	\$ 701,619
Investment earnings	1,500	5,556	4,056	3,467
Miscellaneous	-	5,568	5,568	9,224
Total Revenues	<u>651,500</u>	<u>820,725</u>	<u>169,225</u>	<u>714,310</u>
Expenditures				
Current:				
General government	<u>733,196</u>	<u>580,660</u>	<u>152,536</u>	<u>553,410</u>
Total Expenditures	<u>733,196</u>	<u>580,660</u>	<u>152,536</u>	<u>553,410</u>
Revenues over (under) expenditures	( 81,696)	240,065	321,761	160,900
Other Financing Sources (Uses)				
Transfers in	-	-	-	2,550
Transfers out	( 57,500)	( 165,169)	( 107,669)	( 232,500)
Total Other Financing Sources (Uses)	( 57,500)	( 165,169)	( 107,669)	( 229,950)
Net change in fund balance	( 139,196)	74,896	214,092	( 69,050)
Fund balances - beginning of year	<u>1,033,092</u>	<u>1,033,092</u>	<u>-</u>	<u>1,102,142</u>
Fund balances - end of year	<u>\$ 893,896</u>	<u>\$ 1,107,988</u>	<u>\$ 214,092</u>	<u>\$ 1,033,092</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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Sales and use tax	\$ 2,434,375	\$ 2,246,441	\$ ( 187,934)	\$ 2,489,310
Investment earnings	4,500	21,316	16,816	10,131
Total Revenues	<u>2,438,875</u>	<u>2,267,757</u>	<u>( 171,118)</u>	<u>2,499,441</u>
Expenditures				
Current:				
General government	373,806	415,846	( 42,040)	359,596
Total Expenditures	<u>373,806</u>	<u>415,846</u>	<u>( 42,040)</u>	<u>359,596</u>
Revenues over (under) expenditures	2,065,069	1,851,911	( 213,158)	2,139,845
Other Financing Sources (Uses)				
Transfers in	-	-	-	175,000
Transfers out	( 788,337)	( 680,668)	107,669	( 1,083,817)
Total Other Financing Sources (Uses)	<u>( 788,337)</u>	<u>( 680,668)</u>	<u>107,669</u>	<u>( 908,817)</u>
Net change in fund balance	1,276,732	1,171,243	( 105,489)	1,231,028
Fund balances - beginning of year	<u>4,544,417</u>	<u>4,544,417</u>	-	<u>3,313,389</u>
Fund balances - end of year	<u>\$ 5,821,149</u>	<u>\$ 5,715,660</u>	<u>\$ ( 105,489)</u>	<u>\$ 4,544,417</u>

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Property taxes	\$ 2,499,031	\$ 2,216,993	\$ ( 282,038)	\$ 1,848,694
Investment earnings	300	419	119	351
Total Revenues	<u>2,499,331</u>	<u>2,217,412</u>	<u>( 281,919)</u>	<u>1,849,045</u>
Expenditures				
Current:				
General government	599,155	154,344	444,811	119,784
Debt Service:				
Principal	1,236,085	1,236,085	-	1,350,582
Interest and other charges	<u>679,716</u>	<u>294,224</u>	<u>385,492</u>	<u>370,420</u>
Total Expenditures	<u>2,514,956</u>	<u>1,684,653</u>	<u>830,303</u>	<u>1,840,786</u>
Net change in fund balance	( 15,625)	532,759	548,384	8,259
Fund balances - beginning of year	<u>7,469</u>	<u>7,469</u>	<u>-</u>	<u>( 790)</u>
Fund balances - end of year	<u><u>\$ ( 8,156)</u></u>	<u><u>\$ 540,228</u></u>	<u><u>\$ 548,384</u></u>	<u><u>\$ 7,469</u></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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016			2015
	Final Budget	Actual	Variance Positive/ Negative	
Revenues				
Sales and use tax	\$ 1,217,188	\$ 1,123,220	\$ ( 93,968)	\$ 1,244,654
Investment earnings	<u>2,000</u>	<u>12,724</u>	<u>10,724</u>	<u>6,300</u>
Total Revenues	<u>1,219,188</u>	<u>1,135,944</u>	<u>( 83,244)</u>	<u>1,250,954</u>
Expenditures				
Current:				
Public works	310,221	101,462	208,759	32,876
Capital outlay	<u>1,584,779</u>	<u>931,304</u>	<u>653,475</u>	<u>949,097</u>
Total Expenditures	<u>1,895,000</u>	<u>1,032,766</u>	<u>862,234</u>	<u>981,973</u>
Net change in fund balance	( 675,812)	103,178	778,990	268,981
Fund balances - beginning of year	<u>2,054,161</u>	<u>2,054,161</u>	<u>-</u>	<u>1,785,180</u>
Fund balances - end of year	<u>\$ 1,378,349</u>	<u>\$ 2,157,339</u>	<u>\$ 778,990</u>	<u>\$ 2,054,161</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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016			2015
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Sales and use tax	\$ 1,217,188	\$ 1,091,690	\$ ( 125,498)	\$ 1,233,330
Investment earnings	800	4,706	3,906	1,459
Total Revenues	<u>1,217,988</u>	<u>1,096,396</u>	<u>( 121,592)</u>	<u>1,234,789</u>
Expenditures				
Current:				
Public safety	1,005,333	1,038,749	( 33,416)	849,163
Capital outlay	<u>457,726</u>	<u>103,538</u>	<u>354,188</u>	<u>102,443</u>
Total Expenditures	<u>1,463,059</u>	<u>1,142,287</u>	<u>320,772</u>	<u>951,606</u>
Net change in fund balance	( 245,071)	( 45,891)	199,180	283,183
Fund balance - beginning of year	<u>1,000,163</u>	<u>1,000,163</u>	-	<u>716,980</u>
Fund balance - end of year	<u>\$ 755,092</u>	<u>\$ 954,272</u>	<u>\$ 199,180</u>	<u>\$ 1,000,163</u>

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016			2015
	Final Budget	Actual	Variance Positive/ (Negative)	
<b>Revenues</b>				
Fines and forfeitures	\$ 108,000	\$ 241,928	\$ 133,928	\$ 193,939
Charges for services	4,000	52,453	48,453	710,354
Intergovernmental	531,593	1,024,097	492,504	3,195,238
Investment earnings	-	11,727	11,727	5,208
Miscellaneous	850	-	(850)	29,532
<b>Total Revenues</b>	<u>644,443</u>	<u>1,330,205</u>	<u>685,762</u>	<u>4,134,271</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	147,720	38,292	109,428	42,985
Public safety	371,229	313,259	57,970	444,484
Public works	15,000	34,203	(19,203)	26,903
Culture and recreation	53,079	59,676	(6,597)	64,040
Capital outlay	761,162	566,692	194,470	3,048,686
<b>Total Expenditures</b>	<u>1,348,190</u>	<u>1,012,122</u>	<u>336,068</u>	<u>3,627,098</u>
Net change in fund balance	(703,747)	318,083	1,021,830	507,173
Fund balance - beginning of year	<u>1,932,069</u>	<u>1,932,069</u>	<u>-</u>	<u>1,424,896</u>
Fund balance - end of year	<u>\$ 1,228,322</u>	<u>\$ 2,250,152</u>	<u>\$ 1,021,830</u>	<u>\$ 1,932,069</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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Investment earnings	\$ -	\$ 1,485	\$ 1,485	\$ 144
Miscellaneous	-	29,046	29,046	120,813
Total Revenues	-	30,531	30,531	120,957
Other Financing Sources (Uses)				
Transfers out	-	-	-	( 250,000)
Total Other Financing Sources (Uses)	-	-	-	( 250,000)
Net change in fund balance	-	30,531	30,531	( 129,043)
Fund balances - beginning of year	533,061	533,061	-	662,104
Fund balances - end of year	<u>\$ 533,061</u>	<u>\$ 563,592</u>	<u>\$ 30,531</u>	<u>\$ 533,061</u>

**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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Interest	\$ -	\$ 4,250	\$ 4,250	\$ 922
Total Revenues	<u>-</u>	<u>4,250</u>	<u>4,250</u>	<u>922</u>
Expenditures				
Capital outlay	<u>259,814</u>	<u>176,460</u>	<u>83,354</u>	<u>364,521</u>
Total Expenditures	<u>259,814</u>	<u>176,460</u>	<u>83,354</u>	<u>364,521</u>
Net change in fund balance	( 259,814)	( 172,210)	87,604	( 363,599)
Fund balances - beginning of year	<u>1,349,657</u>	<u>1,349,657</u>	<u>-</u>	<u>1,713,256</u>
Fund balances - end of year	<u>\$ 1,089,843</u>	<u>\$ 1,177,447</u>	<u>\$ 87,604</u>	<u>\$ 1,349,657</u>

**CITY OF LA PORTE, TEXAS**

**CAPITAL PROJECTS FUND - 2015 CERTIFICATE OF OBLIGATION BONDS  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Interest	\$ -	\$ 22,986	\$ 22,986	\$ -
Total Revenues	<u>-</u>	<u>22,986</u>	<u>22,986</u>	<u>-</u>
Expenditures				
Capital outlay	259,814	1,989,928	( 1,730,114)	-
Debt service-bond cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,502</u>
Total Expenditures	<u>259,814</u>	<u>1,989,928</u>	<u>( 1,730,114)</u>	<u>135,502</u>
Revenues over (under) expenditures	( 259,814)	( 1,989,928)	( 1,730,114)	( 135,502)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	7,770,000
Premium on bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,502</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,135,502</u>
Net change in fund balance	( 259,814)	( 1,989,928)	( 1,730,114)	8,000,000
Fund balances - beginning of year	<u>8,000,000</u>	<u>8,000,000</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 7,740,186</u>	<u>\$ 6,010,072</u>	<u>\$( 1,730,114)</u>	<u>\$ 8,000,000</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, 2016**

**With comparative actual totals for the year ended September 30, 2015**

	2016		Variance Positive/ (Negative)	2015
	Final Budget	Actual		
Revenues				
Charges for services	\$ 270,000	\$ 275,487	\$ 5,487	\$ 269,910
Investment earnings	1,000	4,866	3,866	2,654
Total Revenues	<u>271,000</u>	<u>280,353</u>	<u>9,353</u>	<u>272,564</u>
Expenditures				
Current:				
Public works	143,830	23,489	120,341	12,365
Capital outlay	<u>331,270</u>	<u>243,209</u>	<u>88,061</u>	<u>143,851</u>
Total Expenditures	<u>475,100</u>	<u>266,698</u>	<u>208,402</u>	<u>156,216</u>
Net change in fund balance	( 204,100)	13,655	217,755	116,348
Fund balances - beginning of year	<u>806,542</u>	<u>806,542</u>	<u>-</u>	<u>690,194</u>
Fund balances - end of year	<u>\$ 602,442</u>	<u>\$ 820,197</u>	<u>\$ 217,755</u>	<u>\$ 806,542</u>

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem:				
Current	\$ 15,600,000	\$ 15,600,000	\$ 17,927,697	\$ 2,327,697
Delinquent	68,000	68,000	138,801	70,801
Industrial payments	<u>12,436,672</u>	<u>12,436,672</u>	<u>14,377,602</u>	<u>1,940,930</u>
Total ad valorem	<u>28,104,672</u>	<u>28,104,672</u>	<u>32,444,100</u>	<u>4,339,428</u>
Penalty and interest	<u>160,500</u>	<u>160,500</u>	<u>238,557</u>	<u>78,057</u>
Sales Taxes	<u>4,868,750</u>	<u>4,868,750</u>	<u>4,492,888</u>	<u>( 375,862)</u>
Other Taxes	<u>90,000</u>	<u>90,000</u>	<u>98,865</u>	<u>8,865</u>
Franchise Fees:				
Electrical	1,270,624	1,270,624	1,326,719	56,095
Gas	150,000	150,000	111,759	( 38,241)
Telephone	300,000	300,000	279,835	( 20,165)
Cable	385,000	385,000	494,400	109,400
Commercial solid waste	<u>90,000</u>	<u>90,000</u>	<u>87,751</u>	<u>( 2,249)</u>
Total Franchise Fees	<u>2,195,624</u>	<u>2,195,624</u>	<u>2,300,464</u>	<u>104,840</u>
Charges for Services:				
Public safety services fees	633,123	633,123	842,666	209,543
Health and sanitation service fees	3,075,500	3,075,500	3,243,488	167,988
Culture and recreation fees	1,437,985	1,437,985	1,569,645	131,660
Other services fees	<u>542,395</u>	<u>542,395</u>	<u>567,240</u>	<u>24,845</u>
Total Charges for Services	<u>5,689,003</u>	<u>5,689,003</u>	<u>6,223,039</u>	<u>534,036</u>
Licenses and Permits:				
Buildings permits	413,025	413,025	561,533	148,508
Licenses	<u>33,500</u>	<u>33,500</u>	<u>34,918</u>	<u>1,418</u>
Total Licenses and Permits	<u>446,525</u>	<u>446,525</u>	<u>596,451</u>	<u>149,926</u>
Investment Income	<u>80,000</u>	<u>80,000</u>	<u>240,462</u>	<u>160,462</u>
Fines and Forfeitures	<u>1,603,823</u>	<u>1,603,823</u>	<u>1,754,145</u>	<u>150,322</u>
Miscellaneous	<u>38,000</u>	<u>38,000</u>	<u>693,776</u>	<u>655,776</u>
Total General Fund Revenues	<u>\$ 43,276,897</u>	<u>\$ 43,276,897</u>	<u>\$ 49,082,747</u>	<u>\$ 5,805,850</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Administration:				
Emergency Management:				
Personnel services	\$ 212,793	\$ 212,793	\$ 215,801	\$( 3,008)
Supplies	7,574	7,574	5,400	2,174
Other services and charges	90,492	90,672	82,870	7,802
Total Emergency Management	<u>310,859</u>	<u>311,039</u>	<u>304,071</u>	<u>6,968</u>
General Administration:				
Personnel services	449,201	449,201	466,320	( 17,119)
Supplies	3,100	3,100	2,113	987
Other services and charges	25,987	60,867	38,971	21,896
Total General Administration	<u>478,288</u>	<u>513,168</u>	<u>507,404</u>	<u>5,764</u>
Community Investment:				
Supplies	27,650	27,650	27,822	( 172)
Other services and charges	126,000	126,000	95,945	30,055
Total Community Investment	<u>153,650</u>	<u>153,650</u>	<u>123,767</u>	<u>29,883</u>
Human Resources:				
Personnel services	271,878	271,878	268,723	3,155
Supplies	3,200	3,200	2,045	1,155
Other services and charges	196,836	196,836	178,745	18,091
Total Human Resources	<u>471,914</u>	<u>471,914</u>	<u>449,513</u>	<u>22,401</u>
Information Technology:				
Personnel services	644,587	644,587	637,271	7,316
Supplies	157,506	182,682	108,409	74,273
Other services and charges	1,331,106	1,382,289	1,263,886	118,403
Total Information Technology	<u>2,133,199</u>	<u>2,209,558</u>	<u>2,009,566</u>	<u>199,992</u>
Municipal Court:				
Personnel services	691,019	691,019	726,976	( 35,957)
Supplies and materials	19,750	19,390	15,693	3,697
Other services and charges	130,388	131,693	91,229	40,464
Total Municipal Court	<u>841,157</u>	<u>842,102</u>	<u>833,898</u>	<u>8,204</u>
Purchasing:				
Personnel services	239,130	239,130	239,960	( 830)
Supplies	1,400	1,400	1,255	145
Other services and charges	11,501	11,501	7,208	4,293
Total Purchasing	<u>252,031</u>	<u>252,031</u>	<u>248,423</u>	<u>3,608</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
City Secretary:				
Personnel services	\$ 361,088	\$ 355,702	\$ 364,735	\$( 9,033)
Supplies and materials	15,800	15,800	14,225	1,575
Other services and charges	70,899	82,135	71,811	10,324
Total City Secretary	<u>447,787</u>	<u>453,637</u>	<u>450,771</u>	<u>2,866</u>
Legal:				
Personnel services	13,245	13,245	13,245	-
Other services and charges	186,600	187,680	178,028	9,652
Total Legal	<u>199,845</u>	<u>200,925</u>	<u>191,273</u>	<u>9,652</u>
City Council:				
Personnel services	37,461	37,461	37,462	( 1)
Supplies and materials	1,500	1,500	368	1,132
Other services and charges	23,609	23,609	20,424	3,185
Total City Council	<u>62,570</u>	<u>62,570</u>	<u>58,254</u>	<u>4,316</u>
Total Administration	<u>5,351,300</u>	<u>5,470,594</u>	<u>5,176,940</u>	<u>293,654</u>
Finance				
Accounting:				
Personnel services	743,017	743,017	766,991	( 23,974)
Supplies	11,400	11,400	8,595	2,805
Other services and charges	97,727	97,727	97,555	172
Total Accounting	<u>852,144</u>	<u>852,144</u>	<u>873,141</u>	<u>( 20,997)</u>
Nondepartmental:				
Personnel services	801,650	801,650	872,747	( 71,097)
Supplies	5,300	5,300	5,145	155
Other services and charges	1,720,680	1,551,701	1,127,172	424,529
Total Nondepartmental	<u>2,527,630</u>	<u>2,358,651</u>	<u>2,005,064</u>	<u>353,587</u>
Tax Office:				
Personnel services	219,536	219,536	204,834	14,702
Supplies and materials	11,275	11,275	10,462	813
Other services and charges	240,730	240,730	264,789	( 24,059)
Total Tax Office	<u>471,541</u>	<u>471,541</u>	<u>480,085</u>	<u>( 8,544)</u>
Total Finance	<u>3,851,315</u>	<u>3,682,336</u>	<u>3,358,290</u>	<u>324,046</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning and Engineering				
Planning and Engineering:				
Personnel services	\$ 896,628	\$ 872,688	\$ 656,411	\$ 216,277
Supplies	16,397	16,397	11,727	4,670
Other services and charges	<u>161,847</u>	<u>216,857</u>	<u>156,024</u>	<u>60,833</u>
Total Planning and Engineering	<u>1,074,872</u>	<u>1,105,942</u>	<u>824,162</u>	<u>281,780</u>
Inspection:				
Personnel services	782,619	781,419	731,811	49,608
Supplies	21,789	21,839	25,135	( 3,296)
Other services and charges	<u>145,853</u>	<u>297,093</u>	<u>263,394</u>	<u>33,699</u>
Total Inspection	<u>950,261</u>	<u>1,100,351</u>	<u>1,020,340</u>	<u>80,011</u>
Total Planning and Engineering	<u>2,025,133</u>	<u>2,206,293</u>	<u>1,844,502</u>	<u>361,791</u>
Total General Government	<u>11,227,748</u>	<u>11,359,223</u>	<u>10,379,732</u>	<u>979,491</u>
Public Safety				
Fire				
Fire Prevention:				
Personnel services	317,399	317,399	325,818	( 8,419)
Supplies	8,118	8,118	6,457	1,661
Other services and charges	<u>14,990</u>	<u>14,990</u>	<u>12,652</u>	<u>2,338</u>
Total Fire Prevention	<u>340,507</u>	<u>340,507</u>	<u>344,927</u>	<u>( 4,420)</u>
Fire Suppression:				
Personnel services	1,479,015	1,479,015	1,511,846	( 32,831)
Supplies	34,171	58,178	49,726	8,452
Other services and charges	<u>244,994</u>	<u>244,994</u>	<u>247,659</u>	<u>( 2,665)</u>
Total Fire Suppression	<u>1,758,180</u>	<u>1,782,187</u>	<u>1,809,231</u>	<u>( 27,044)</u>
Emergency Medical Services:				
Personnel services	2,407,081	2,407,081	2,284,720	122,361
Supplies	149,722	155,058	158,296	( 3,238)
Other services and charges	<u>146,964</u>	<u>150,171</u>	<u>138,918</u>	<u>11,253</u>
-	<u>-</u>	<u>46,700</u>	<u>46,700</u>	<u>-</u>
Total Emergency Services	<u>2,703,767</u>	<u>2,712,310</u>	<u>2,628,634</u>	<u>83,676</u>
Total Fire	<u>4,802,454</u>	<u>4,835,004</u>	<u>4,782,792</u>	<u>52,212</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Police				
Police Administration:				
Personnel services	\$ 699,034	\$ 699,034	\$ 723,995	\$( 24,961)
Supplies	18,292	18,292	16,144	2,148
Other services and charges	246,691	295,498	302,499	( 7,001)
Capital outlay	65,137	28,830	24,180	4,650
Total Police Administration	<u>964,017</u>	<u>1,012,824</u>	<u>1,066,818</u>	<u>( 53,994)</u>
Police Patrol:				
Personnel services	5,103,664	5,103,664	5,062,950	40,714
Supplies	222,019	228,581	187,394	41,187
Other services and charges	930,710	961,022	950,701	10,321
Capital outlay	138,875	104,046	35,839	68,207
Total Police Patrol	<u>6,395,268</u>	<u>6,397,313</u>	<u>6,236,884</u>	<u>160,429</u>
Criminal Investigation:				
Personnel services	2,072,717	2,072,717	1,969,547	103,170
Supplies	58,335	58,335	44,519	13,816
Other services and charges	186,293	186,293	165,729	20,564
Total Criminal Investigation	<u>2,317,345</u>	<u>2,317,345</u>	<u>2,179,795</u>	<u>137,550</u>
Support Services:				
Personnel services	2,561,354	2,561,354	2,444,550	116,804
Supplies	101,878	89,378	68,627	20,751
Other services and charges	185,257	185,681	183,934	1,747
Capital outlay	-	8,300	8,279	21
Total Support Services	<u>2,848,489</u>	<u>2,836,413</u>	<u>2,705,390</u>	<u>131,023</u>
Total Police	<u>12,525,119</u>	<u>12,563,895</u>	<u>12,188,887</u>	<u>375,008</u>
Total Public Safety	<u>17,327,573</u>	<u>17,398,899</u>	<u>16,971,679</u>	<u>427,220</u>
Public Works				
Public Works Administration:				
Personnel services	318,447	309,375	314,373	( 4,998)
Supplies and materials	8,934	8,218	7,789	429
Other services and charges	40,598	50,386	47,300	3,086
Total Public Works Administration	<u>367,979</u>	<u>367,979</u>	<u>369,462</u>	<u>( 1,483)</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Streets:				
Personnel services	\$ 1,605,845	\$ 1,575,845	\$ 1,571,244	\$ 4,601
Supplies	176,439	164,197	138,648	25,549
Other services and charges	<u>808,170</u>	<u>818,412</u>	<u>790,445</u>	<u>27,967</u>
Total Streets	<u>2,590,454</u>	<u>2,558,454</u>	<u>2,500,337</u>	<u>58,117</u>
Total Public Works	<u>2,958,433</u>	<u>2,926,433</u>	<u>2,869,799</u>	<u>56,634</u>
Health and Sanitation				
Residential Solid Waste:				
Personnel services	1,248,373	1,188,373	1,202,052	( 13,679)
Supplies	276,600	274,181	229,115	45,066
Other services and charges	<u>1,091,483</u>	<u>1,203,902</u>	<u>1,213,128</u>	<u>( 9,226)</u>
Total Residential Solid Waste	<u>2,616,456</u>	<u>2,666,456</u>	<u>2,644,295</u>	<u>22,161</u>
Total Health and Sanitation	<u>2,616,456</u>	<u>2,666,456</u>	<u>2,644,295</u>	<u>22,161</u>
Culture & Recreation				
Park Maintenance:				
Personnel services	1,311,333	1,311,333	1,372,683	( 61,350)
Supplies and materials	124,418	124,418	124,320	98
Other services and charges	905,105	997,988	1,031,872	( 33,884)
Capital outlay	<u>70,933</u>	<u>42,092</u>	<u>37,373</u>	<u>4,719</u>
Total Park Maintenance	<u>2,411,789</u>	<u>2,475,831</u>	<u>2,566,248</u>	<u>( 90,417)</u>
Recreation:				
Personnel services	466,204	743,954	589,723	154,231
Supplies	45,115	53,115	71,594	( 18,479)
Other services and charges	270,458	40,458	45,932	( 5,474)
Capital outlay	<u>25,154</u>	<u>25,154</u>	<u>24,881</u>	<u>273</u>
Total Recreation	<u>781,777</u>	<u>837,527</u>	<u>732,130</u>	<u>105,397</u>
Special Services:				
Personnel services	386,333	386,333	345,988	40,345
Supplies	20,462	20,462	18,806	1,656
Other services and charges	<u>60,865</u>	<u>60,865</u>	<u>57,569</u>	<u>3,296</u>
Total Special Services	<u>467,660</u>	<u>467,660</u>	<u>422,363</u>	<u>45,297</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks Administration:				
Personnel services	\$ 564,735	\$ 564,735	\$ 519,841	\$ 44,894
Supplies	8,000	8,000	7,054	946
Other services and charges	26,434	26,434	23,989	2,445
Total Parks Administration	<u>599,169</u>	<u>599,169</u>	<u>550,884</u>	<u>48,285</u>
Golf Course - Club House:				
Personnel services	442,697	442,697	438,993	3,704
Supplies	63,390	63,390	61,315	2,075
Other charges and services	67,710	88,062	67,983	20,079
Total Golf Course - Club House	<u>573,797</u>	<u>594,149</u>	<u>568,291</u>	<u>25,858</u>
Golf Course - Maintenance:				
Personnel services	628,678	628,678	631,778	( 3,100)
Supplies	151,050	151,050	122,944	28,106
Other charges and services	173,300	173,300	165,424	7,876
Capital outlay	31,000	31,000	28,875	2,125
Total Golf Course - Maintenance	<u>953,028</u>	<u>953,028</u>	<u>949,021</u>	<u>4,007</u>
Total Culture & Recreation	<u>5,787,220</u>	<u>5,927,364</u>	<u>5,788,937</u>	<u>138,427</u>
Total General Fund Expenditures	<u>\$ 39,917,430</u>	<u>\$ 40,278,375</u>	<u>\$ 38,654,442</u>	<u>\$ 1,623,933</u>

**CITY OF LA PORTE, TEXAS**

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

**SEPTEMBER 30, 2016**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,818,725	\$ 497,550	\$ 1,182,712	\$ 3,498,987
Investments	783,939	202,221	480,694	1,466,854
Due from other governments	-	119,927	-	119,927
Other receivables	1,906	3,658	1,169	6,733
Inventories	<u>33,822</u>	<u>-</u>	<u>-</u>	<u>33,822</u>
Total Current Assets	<u>2,638,392</u>	<u>823,356</u>	<u>1,664,575</u>	<u>5,126,323</u>
Non-Current Assets:				
Capital Assets:				
Land and improvements	-	-	147,765	147,765
Equipment and furniture	17,620,854	-	395,129	18,015,983
Less accumulated depreciation	<u>( 8,649,188)</u>	<u>-</u>	<u>( 178,701)</u>	<u>( 8,827,889)</u>
Total Non-Current Assets	<u>8,971,666</u>	<u>-</u>	<u>364,193</u>	<u>9,335,859</u>
Total Assets	<u>11,610,058</u>	<u>823,356</u>	<u>2,028,768</u>	<u>14,462,182</u>
Liabilities				
Current Liabilities:				
Accounts payable	22,703	460	106,451	129,614
Accrued liabilities	11,629	-	-	11,629
Unearned revenue	-	3,211	-	3,211
Claims and judgements	<u>-</u>	<u>387,850</u>	<u>-</u>	<u>387,850</u>
Total Current Liabilities	<u>34,332</u>	<u>391,521</u>	<u>106,451</u>	<u>532,304</u>
Non-Current Liabilities:				
Compensated absences	<u>42,622</u>	<u>-</u>	<u>-</u>	<u>42,622</u>
Total Non-Current Liabilities	<u>42,622</u>	<u>-</u>	<u>-</u>	<u>42,622</u>
Total Liabilities	<u>76,954</u>	<u>391,521</u>	<u>106,451</u>	<u>574,926</u>
Net Position				
Investment in capital assets	8,971,666	-	364,193	9,335,859
Unrestricted	<u>2,561,438</u>	<u>431,835</u>	<u>1,558,124</u>	<u>4,551,397</u>
Total Net Position	<u>\$ 11,533,104</u>	<u>\$ 431,835</u>	<u>\$ 1,922,317</u>	<u>\$ 13,887,256</u>

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Revenues				
Charges for services	\$ 3,073,289	\$ 5,137,954	\$ 518,078	\$ 8,729,321
Total Operating Revenues	3,073,289	5,137,954	518,078	8,729,321
Operating Expenses				
Personnel services	730,752	-	-	730,752
Supplies and materials	286,941	-	129,986	416,927
Other expenses	142,602	7,402,206	-	7,544,808
Depreciation	1,346,020	-	41,013	1,387,033
Total Operating Expenses	2,506,315	7,402,206	170,999	10,079,520
Operating income (loss)	566,974	( 2,264,252)	347,079	( 1,350,199)
Non-Operating Revenues				
Earnings on investments	15,069	6,737	8,911	30,717
Gain on disposal of capital assets	83,682	-	-	83,682
Total Non-Operating Revenues	98,751	6,737	8,911	114,399
Income (loss) before transfers	665,725	( 2,257,515)	355,990	( 1,235,800)
Capital contributions	248,302	-	-	248,302
Transfers in	-	696,352	-	696,352
Transfers out	( 13,236)	-	-	( 13,236)
Change in net position	900,791	( 1,561,163)	355,990	( 304,382)
Total net position - beginning	10,632,313	1,992,998	1,566,327	14,191,638
Total net position - ending	\$ 11,533,104	\$ 431,835	\$ 1,922,317	\$ 13,887,256

**CITY OF LA PORTE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 3,073,289	\$ 5,140,629	\$ 518,078	\$ 8,731,996
Disbursed for personnel services	( 758,135)	( 51,843)	-	( 809,978)
Disbursed for goods and services	( 528,493)	( 7,408,488)	( 39,945)	( 7,976,926)
Net Cash Provided (Used) by Operating Activities	<u>1,786,661</u>	<u>( 2,319,702)</u>	<u>478,133</u>	<u>( 54,908)</u>
Cash Flows from Non-Capital Financing Activities				
Transfers from other funds	-	696,352	-	696,352
Transfers to other funds	( 13,236)	-	-	( 13,236)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>( 13,236)</u>	<u>696,352</u>	<u>-</u>	<u>683,116</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from the sale of equipment	83,682	-	-	83,682
Acquisition and construction of capital assets, net of disposals	( 2,077,410)	-	( 256,933)	( 2,334,343)
Net Cash Used by Capital and Related Financing Activities	<u>( 1,993,728)</u>	<u>-</u>	<u>( 256,933)</u>	<u>( 2,250,661)</u>
Cash Flows from Investing Activities				
Purchase of investments	( 940,339)	( 242,565)	( 576,595)	( 1,759,499)
Sale of investments	1,005,855	741,708	529,589	2,277,152
Interest received	14,429	4,655	8,385	27,469
Net Cash Provided (Used) by Investing Activities	<u>79,945</u>	<u>503,798</u>	<u>( 38,621)</u>	<u>545,122</u>
Net increase in cash and equivalents	( 140,358)	( 1,119,552)	182,579	( 1,077,331)
Cash and cash equivalents - beginning of year	<u>1,959,083</u>	<u>1,617,102</u>	<u>1,000,133</u>	<u>4,576,318</u>
Cash and cash equivalents - end of year	<u>\$ 1,818,725</u>	<u>\$ 497,550</u>	<u>\$ 1,182,712</u>	<u>\$ 3,498,987</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 566,974	\$( 2,264,252)	\$ 347,079	\$( 1,350,199)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,346,020	-	41,013	1,387,033
Increase (decrease) in claims and judgments payable	-	( 51,843)	-	( 51,843)
Increase (decrease) in accounts payable	( 98,950)	( 6,282)	90,041	( 15,191)
Increase (decrease) in accrued liabilities	( 18,322)	-	-	( 18,322)
Increase (decrease) in compensated absences	( 9,061)	-	-	( 9,061)
Increase (decrease) in unearned revenue	-	2,675	-	2,675
Net Cash Provided by Operating Activities	<u>\$ 1,786,661</u>	<u>\$( 2,319,702)</u>	<u>\$ 478,133</u>	<u>\$( 54,908)</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	<u>\$ 248,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,302</u>

# **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.

<b>Contents</b>	<b>Page</b>
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.	96
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	106
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.	111
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.	115
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.	118

# CITY OF LA PORTE, TEXAS

## NET POSITION BY COMPONENT

### LAST TEN FISCAL YEARS

(Amounts in thousands)

(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 27,529	\$ 24,923	\$ 32,667	\$ 35,195
Restricted	13,317	16,567	16,170	18,108
Unrestricted	<u>19,986</u>	<u>18,985</u>	<u>16,838</u>	<u>13,904</u>
<b>Total Governmental Activities Net Position</b>	<u>60,832</u>	<u>60,475</u>	<u>65,675</u>	<u>67,207</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	29,481	35,483	40,206	40,595
Restricted	2,185	2,188	1,353	1,460
Unrestricted	<u>3,296</u>	<u>3,799</u>	<u>2,473</u>	<u>2,027</u>
<b>Total Business-Type Activities Net Position</b>	<u>34,962</u>	<u>41,470</u>	<u>44,032</u>	<u>44,082</u>
<b>Primary Government</b>				
Net investment in capital assets	57,010	60,406	72,874	75,790
Restricted	15,501	18,755	17,523	19,568
Unrestricted	<u>23,281</u>	<u>22,785</u>	<u>19,311</u>	<u>15,932</u>
<b>Total Primary Government Net Position</b>	<u>\$ 95,792</u>	<u>\$ 101,946</u>	<u>\$ 109,708</u>	<u>\$ 111,290</u>

**TABLE 1**

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	37,324	\$	46,814	\$	49,304	\$	54,506	\$	43,583	\$	48,367
	8,060		8,728		8,902		11,088		14,508		17,855
	<u>26,859</u>		<u>21,621</u>		<u>22,530</u>		<u>18,635</u>		<u>21,693</u>		<u>23,690</u>
	<u>72,243</u>		<u>77,163</u>		<u>80,736</u>		<u>84,229</u>		<u>79,784</u>		<u>89,912</u>
	37,606		37,567		36,347		35,873		34,808		34,292
	680		559		2,096		1,931		1,251		846
	<u>4,199</u>		<u>3,791</u>		<u>2,301</u>		<u>2,669</u>		<u>4,111</u>		<u>5,344</u>
	<u>42,485</u>		<u>41,917</u>		<u>40,744</u>		<u>40,473</u>		<u>40,170</u>		<u>40,482</u>
	74,930		84,381		85,651		90,379		78,390		82,659
	8,740		9,287		10,998		13,019		15,758		18,701
	<u>31,058</u>		<u>25,412</u>		<u>24,831</u>		<u>21,304</u>		<u>25,804</u>		<u>29,034</u>
\$	<u>114,728</u>	\$	<u>119,080</u>	\$	<u>121,480</u>	\$	<u>124,702</u>	\$	<u>119,952</u>	\$	<u>130,394</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General government	\$ 8,411	\$ 10,056	\$ 11,443	\$ 11,497
Public safety	12,153	16,267	15,495	17,109
Public works	3,668	4,348	8,095	4,601
Health, welfare and sanitation	2,488	2,465	2,379	2,521
Culture and recreation	3,120	4,004	4,223	6,483
Interest on long-term debt	1,353	1,695	1,527	1,557
<b>Total Governmental Activities Expenses</b>	<u>31,193</u>	<u>38,835</u>	<u>43,162</u>	<u>43,768</u>
<b>Business-Type Activities:</b>				
Water services	6,548	6,631	4,833	5,721
Sewer services	2,087	2,247	2,603	2,674
Airport	124	156	183	181
Bay Forest Golf Course	1,311	1,362	1,437	1,485
Sylvan Beach Convention Center	218	225	26	-
<b>Total Business-Type Activities Expenses</b>	<u>10,288</u>	<u>10,621</u>	<u>9,082</u>	<u>10,061</u>
<b>Total Primary Government Expenses</b>	<u>41,481</u>	<u>49,456</u>	<u>52,244</u>	<u>53,829</u>
<b>Program Revenue</b>				
<b>Governmental Activities:</b>				
Charges for services				
General government	2,007	2,725	3,061	3,116
Public safety	435	591	1,681	1,593
Public works	-	-	-	1,067
Health, welfare and sanitation	1,856	1,889	1,849	1,842
Culture and recreation	418	418	448	661
Operating grants and contributions	992	4,648	5,165	1,004
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital grants and contributions	-	-	-	-
General government	-	235	1,260	-
Public works	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<u>5,708</u>	<u>10,506</u>	<u>13,464</u>	<u>9,283</u>
<b>Business-Type Activities:</b>				
Charges for services				
Water services	4,790	6,133	4,520	3,850
Sewer services	2,764	3,670	3,363	3,307
Airport	42	65	53	53
Bay Forest Golf Course	911	1,032	1,067	1,002
Sylvan Beach Convention Center	189	161	2	-
Capital grants and contributions	1,061	2,338	1,786	860
<b>Total Business-Type Activities Program Revenues</b>	<u>9,757</u>	<u>13,399</u>	<u>10,791</u>	<u>9,072</u>
<b>Total Primary Government Program Revenues</b>	<u>15,465</u>	<u>23,905</u>	<u>24,255</u>	<u>18,355</u>
<b>Net (Expense)/Revenue</b>				
Government activities	( 25,486)	( 28,331)	( 29,699)	( 34,485)
Business-type activities	( 530)	2,777	1,710	( 989)
<b>Total Primary Government Net Expense</b>	<u>( 26,016)</u>	<u>( 25,554)</u>	<u>( 27,989)</u>	<u>( 35,474)</u>

TABLE 2

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 14,575	\$ 14,091	\$ 13,854	\$ 14,115	\$ 12,962	\$ 14,255	
16,306	17,375	17,765	20,436	19,082	21,115	
6,280	3,784	4,451	6,260	4,088	4,422	
2,453	2,424	2,328	2,519	5,748	6,060	
6,033	6,361	5,722	5,855	3,497	3,440	
1,871	1,268	1,385	1,404	1,585	1,783	
<u>47,518</u>	<u>45,303</u>	<u>45,505</u>	<u>50,589</u>	<u>46,962</u>	<u>51,075</u>	
5,720	7,692	8,206	7,731	5,064	4,986	
2,674	2,932	2,599	2,802	4,347	4,375	
181	213	210	230	230	211	
1,485	-	-	-	-	-	
-	-	-	-	-	-	
<u>10,060</u>	<u>10,837</u>	<u>11,015</u>	<u>10,763</u>	<u>9,641</u>	<u>9,571</u>	
<u>57,578</u>	<u>56,140</u>	<u>56,520</u>	<u>61,352</u>	<u>56,603</u>	<u>60,646</u>	
712	844	646	826	3,981	3,036	
3,506	3,128	3,314	3,208	1,665	1,913	
330	268	266	270	337	344	
2,046	2,197	2,204	2,223	2,255	2,244	
1,474	1,385	1,444	1,509	2,057	1,614	
-	-	-	-	-	-	
8	240	3	3	-	-	
611	431	433	546	307	436	
428	766	20	258	23	18	
107	78	393	1,208	1	1	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>3,030</u>	<u>607</u>	
<u>9,223</u>	<u>9,338</u>	<u>8,723</u>	<u>10,051</u>	<u>13,656</u>	<u>10,213</u>	
6,267	6,055	5,694	5,407	4,309	4,796	
3,535	3,601	3,420	3,423	3,588	3,652	
56	60	55	56	59	63	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>1,442</u>	<u>859</u>	<u>1,398</u>	<u>1,126</u>	<u>-</u>	<u>-</u>	
<u>11,300</u>	<u>10,575</u>	<u>10,567</u>	<u>10,012</u>	<u>7,956</u>	<u>8,511</u>	
<u>20,523</u>	<u>19,913</u>	<u>19,290</u>	<u>20,063</u>	<u>21,612</u>	<u>18,724</u>	
( 38,295)	( 35,965)	( 36,782)	( 40,537)	( 33,306)	( 40,862)	
<u>1,239</u>	<u>261</u>	<u>447</u>	<u>752</u>	<u>34,205</u>	<u>41,388</u>	
<u>( 37,056)</u>	<u>( 36,226)</u>	<u>( 37,229)</u>	<u>( 41,289)</u>	<u>( 67,511)</u>	<u>( 82,251)</u>	

# CITY OF LA PORTE, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(Amounts in thousands)

(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>General Revenues and</b>				
<b>Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property taxes	\$ 12,197	\$ 13,066	\$ 13,683	\$ 16,391
Industrial payments	7,660	8,189	7,959	10,555
Sales and use taxes	4,068	5,736	5,803	5,787
Franchise taxes	1,987	2,004	2,165	2,160
Investment earnings	1,875	2,387	1,783	688
Other revenues	1,213	89	115	93
Gain/(Loss) no sale of capital assets	-	-	-	-
Transfers	( 3,910)	76	( 3,533)	( 779)
<b>Total Governmental Activities</b>	<u>25,090</u>	<u>31,547</u>	<u>27,975</u>	<u>34,895</u>
<b>Business-Type Activities:</b>				
Investment earnings	300	343	199	73
Other revenues	695	-	-	-
Gain/(Loss) on sale of capital assets	( 16)	-	-	-
Transfers	3,910	( 76)	3,533	779
<b>Total Business-Type Activities</b>	<u>4,889</u>	<u>267</u>	<u>3,732</u>	<u>852</u>
<b>Total Primary Government</b>	<u>29,979</u>	<u>31,814</u>	<u>31,707</u>	<u>35,747</u>
<b>Change in Net Position</b>				
Governmental activities	( 396)	3,215	( 1,725)	410
Business-type activities	4,359	3,044	5,442	( 137)
<b>Total Primary Government</b>	<u>\$ 3,963</u>	<u>\$ 6,259</u>	<u>\$ 3,717</u>	<u>\$ 273</u>

**TABLE 2**

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 17,742	\$ 17,251	\$ 17,782	\$ 19,925	\$ 20,766	\$ 24,098	
10,732	10,471	11,108	11,555	12,269	14,378	
5,914	8,267	8,718	10,105	10,744	9,863	
2,171	2,312	2,184	2,252	2,412	2,300	
294	143	84	106	204	380	
164	168	432	459	164	767	
-	1,941	-	-	-	-	
( 1,000)	334	720	( 371)	( 1,505)	( 795)	
<u>36,017</u>	<u>40,887</u>	<u>41,028</u>	<u>44,031</u>	<u>45,054</u>	<u>50,991</u>	
39	12	8	9	25	44	
-	16	36	100	-	-	
-	-	-	-	-	-	
<u>1,000</u>	( <u>334</u> )	( <u>720</u> )	<u>371</u>	<u>1,505</u>	<u>795</u>	
<u>1,039</u>	( <u>306</u> )	( <u>676</u> )	<u>480</u>	<u>1,530</u>	<u>839</u>	
<u>37,056</u>	<u>40,581</u>	<u>40,352</u>	<u>44,511</u>	<u>46,584</u>	<u>51,830</u>	
( 2,278)	4,922	4,244	3,493	11,749	10,129	
<u>2,279</u>	( <u>568</u> )	( <u>1,124</u> )	( <u>271</u> )	<u>631</u>	<u>313</u>	
<u>\$ 1</u>	<u>\$ 4,354</u>	<u>\$ 3,120</u>	<u>\$ 3,222</u>	<u>\$ 12,380</u>	<u>\$ 10,441</u>	

**CITY OF LA PORTE, TEXAS**

**FUND BALANCES - GOVERNMENTAL FUNDS**

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

	Fiscal Year			
	2007	2008	2009	2010
<b>General Fund</b>				
Nonspendable	\$ 83	\$ 105	\$ 102	\$ 135
Committed	-	-	-	-
Assigned	134	296	199	151
Unassigned	<u>14,494</u>	<u>14,405</u>	<u>13,758</u>	<u>12,274</u>
<b>Total General Fund</b>	<u>14,711</u>	<u>14,806</u>	<u>14,059</u>	<u>12,560</u>
<b>All Other Governmental Funds</b>				
Restricted	9,318	8,489	5,813	7,644
Committed	18,660	19,933	17,944	20,331
Assigned	-	-	-	7
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other Governmental Funds</b>	<u>\$ 27,978</u>	<u>\$ 28,422</u>	<u>\$ 23,757</u>	<u>\$ 27,982</u>

**TABLE 3**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 139	\$ 94	\$ 125	\$ 103	\$ 89	\$ 89
-	-	3,500	8,500	7,000	6,000
96	30	104	78	257	4,440
<u>19,119</u>	<u>23,839</u>	<u>23,856</u>	<u>21,294</u>	<u>25,217</u>	<u>29,386</u>
<u>19,354</u>	<u>23,963</u>	<u>27,585</u>	<u>29,975</u>	<u>32,563</u>	<u>39,915</u>
14,084	12,573	12,194	14,177	24,421	24,861
9,079	6,553	5,586	2,962	1,917	2,978
-	-	-	-	-	-
-	( 31)	-	( 1)	-	-
<u>\$ 23,163</u>	<u>\$ 19,095</u>	<u>\$ 17,780</u>	<u>\$ 17,138</u>	<u>\$ 26,338</u>	<u>\$ 27,838</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			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 28,919	\$ 30,060	\$ 34,930	\$ 36,682
Donations	30	-	-	-
Licenses and permits	920	560	642	476
Fines and forfeitures	1,244	1,726	1,833	1,803
Charges for services	3,967	3,958	4,470	6,084
Intergovernmental	716	4,755	4,868	989
Interest	2,117	1,883	610	263
Miscellaneous	77	90	105	125
<b>Total Revenues</b>	<u>37,990</u>	<u>43,032</u>	<u>47,458</u>	<u>46,422</u>
<b>Expenditures</b>				
General government	7,696	8,418	9,869	9,788
Public safety	11,769	15,610	13,859	14,612
Public works	2,407	2,909	6,664	2,819
Health and sanitation	1,973	2,479	2,087	2,233
Culture and recreation	3,103	3,470	3,817	5,048
Debt service:				
Principal	1,235	1,655	1,695	1,755
Interest	1,428	1,758	1,572	1,388
Bond issuance cost	154	-	-	200
Capital outlay	10,013	6,351	15,557	10,843
<b>Total Expenditures</b>	<u>39,778</u>	<u>42,650</u>	<u>55,120</u>	<u>48,686</u>
Excess of revenues over (under) expenditures	( 1,789)	3,838	( 7,662)	( 2,264)
<b>Other Financing Sources (Uses)</b>				
General obligation bonds issued	8,075	-	-	6,265
Refunding bonds issued	-	-	-	4,295
Certificate obligation bonds issued	-	-	-	-
Premium on refunding bonds issued	38	-	-	225
Premium on certificate obligations	-	-	-	-
Payment to refunding bond escrow agent	4,197	7,625	14,232	( 4,410)
Transfers in	( 5,148)	( 7,501)	( 12,119)	9,158
Transfers out	21	32	137	( 10,545)
Sale of capital assets	-	-	-	5
Insurance recoveries	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>7,183</u>	<u>156</u>	<u>2,250</u>	<u>4,993</u>
Net change in fund balances	<u>\$ 5,395</u>	<u>\$ 538</u>	<u>\$( 5,412)</u>	<u>\$ 2,729</u>
Debt services as a percentage of noncapital expenditures	9.5%	9.4%	8.3%	8.8%

**TABLE 4**

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 35,761	\$ 38,353	\$ 39,835	\$ 43,837	\$ 46,155	\$ 50,376	
-	-	-	-	-	-	
313	465	368	498	1,347	596	
1,724	1,758	1,887	1,791	1,954	1,996	
5,680	5,957	6,009	6,305	6,995	6,555	
917	1,239	568	1,572	3,195	1,024	
193	129	76	97	184	350	
242	36	426	261	399	728	
<u>44,830</u>	<u>47,937</u>	<u>49,169</u>	<u>54,361</u>	<u>60,229</u>	<u>61,626</u>	
10,289	10,462	11,043	13,828	11,953	11,706	
15,688	15,752	16,322	17,428	17,699	18,324	
3,118	3,439	3,247	3,433	2,916	3,029	
2,182	2,226	2,244	2,334	2,458	2,644	
5,314	5,261	5,227	5,441	5,728	5,849	
1,740	2,170	2,365	2,640	4,626	4,281	
1,871	1,520	1,385	1,218	1,590	1,451	
-	151	-	154	-	-	
8,714	8,583	5,500	5,446	6,332	4,439	
<u>48,916</u>	<u>49,564</u>	<u>47,333</u>	<u>51,922</u>	<u>53,302</u>	<u>51,723</u>	
( 4,085)	( 1,627)	1,835	2,439	6,928	9,903	
-	-	-	-	-	-	
-	9,435	-	9,300	-	-	
-	-	-	-	7,770	-	
-	364	-	608	-	-	
-	-	-	-	366	-	
-	( 9,639)	-	( 9,749)	-	-	
4,248	2,711	3,884	3,912	3,069	2,851	
( 5,012)	( 2,644)	( 3,630)	( 4,761)	( 6,559)	( 3,979)	
6,822	1,941	215	-	-	-	
-	-	-	-	211	-	
<u>6,058</u>	<u>2,168</u>	<u>469</u>	<u>( 690)</u>	<u>4,857</u>	<u>( 1,128)</u>	
\$ <u>1,972</u>	\$ <u>541</u>	\$ <u>2,305</u>	\$ <u>1,749</u>	\$ <u>11,785</u>	\$ <u>8,775</u>	
9.0%	9.4%	9.0%	8.3%	13.2%	12.1%	

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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
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
2016	2015	2,692,041,032	978,850,207	-	629,133,265	3,041,758,024	0.710000	3,041,758,024	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

	2007	2008	2009	2010
City of La Porte by fund:				
General	0.61200	0.61900	0.61900	0.61900
Debt service	0.09800	0.09100	0.09100	0.09100
<b>Total Direct Rates</b>	<b>0.71000</b>	<b>0.71000</b>	<b>0.71000</b>	<b>0.71000</b>
Harris County Flood Control District	0.03106	0.03086	0.02922	0.02923
Harris County	0.39239	0.39823	0.39224	0.38805
Port of Houston Authority	0.01437	0.01773	0.01636	0.02054
Harris County Board of Education	0.00585	0.00584	0.00605	0.00658
Hospital District	0.19216	0.19216	0.19216	0.19216
La Porte I.S.D.	1.30500	1.32500	1.32500	1.32500
San Jacinto Jr. College District	0.14537	0.16341	0.17080	0.17628
<b>Total Direct and Overlapping Rates</b>	<b>2.79620</b>	<b>2.84323</b>	<b>2.84183</b>	<b>2.84784</b>

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

**TABLE 6**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0.60500	0.60500	0.64000	0.61400	0.60500	0.60500
<u>0.10500</u>	<u>0.10500</u>	<u>0.07000</u>	<u>0.09600</u>	<u>0.10500</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>
0.02809	0.02809	0.02827	0.02736	0.02733	0.02829
0.39117	0.40021	0.41455	0.41731	0.41923	0.41656
0.01856	0.01952	0.01716	0.01531	0.01342	0.01334
0.00658	0.00662	0.00636	0.00600	0.00540	0.00520
0.19216	0.18216	0.17000	0.17000	0.17000	0.17179
1.35500	1.33000	1.33000	1.33000	1.45000	1.42000
<u>0.18560</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.17578</u>	<u>0.18238</u>
<u>2.88716</u>	<u>2.86220</u>	<u>2.86194</u>	<u>2.86158</u>	<u>2.97116</u>	<u>2.94756</u>

TABLE 7

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

2016				2007			
Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Dnow LP	\$ 79,380,774	1	2.61%	Conoco Phillips, Inc.	\$ 59,463,141	1	3.32%
Granite Underwood Dist. Ctr. L.P.	58,090,615	2	1.91%	Oxy Vinyls L.L.	50,504,679	2	2.82%
Equistar Chemicals LP	53,969,774	3	1.77%	Equistar Chemical L.P.	49,862,115	3	2.78%
Exxon Mobil Corp	50,420,852	4	1.66%	Dow Chemicals	46,021,233	4	2.57%
Underwood Distribution Ctr. L.P.	41,446,855	5	1.36%	PPG Industries	42,972,161	5	2.40%
Oxy Vinyls LP	40,697,859	6	1.34%	BP Solvay	38,054,910	6	2.12%
Ineos USA L.L.C.	38,986,180	7	1.28%	Centerpoint Energy	26,486,387	7	1.48%
Dow Chemical	33,347,519	8	1.10%	Attofina Petrochemicals	20,438,783	8	1.14%
Conoco Phillips Co	32,679,539	9	1.07%	Noltex	19,568,831	9	1.09%
Halliburton Energy	28,260,074	10	0.93%	Sulzer Hickham	19,042,493	10	1.06%
Subtotal	457,280,041		15.03%		372,414,733		20.78%
Other Taxpayers	2,584,477,983		84.97%		1,419,763,963		79.22%
Total	\$ 3,041,758,024		100.00%		\$ 1,792,178,696		100.00%

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

**TABLE 8**

**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
2007	\$ 12,703,850	\$ 12,418,873	97.8%	\$ 274,607	\$ 12,693,480	99.9%
2008	13,857,467	13,476,872	97.3%	401,154	12,878,026	100.1%
2009	15,654,937	15,377,149	98.2%	336,856	15,714,005	100.4%
2010	16,542,483	16,309,818	98.6%	205,145	16,514,963	99.8%
2011	15,871,498	15,599,930	98.3%	262,172	15,862,102	99.9%
2012	16,080,911	15,860,664	98.6%	233,915	16,094,579	100.1%
2013	16,621,361	16,518,207	99.4%	178,155	16,696,362	100.5%
2014	18,267,201	18,090,456	99.0%	214,802	18,305,258	100.2%
2015	19,514,402	19,304,486	98.9%	16,479	19,320,965	99.0%
2016	21,596,463	21,299,848	98.6%	-	21,299,848	98.6%

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			
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
2016	22,815	12,335	-	-	320	35,470	N/A	991

**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 <sup>(2)</sup>	Per Capita <sup>(2)</sup>
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
2016	2015	22,815	12,335	3,541	31,609	1.0%	N/A	899

**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

30-Sep-16

(Dollars in thousands, except per capita)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
Harris County	\$ 2,421,507,874	0.62%	\$ 15,013,349
Harris County Department of Education	3,840,000	0.62%	23,808
Harris County Flood Control District	83,075,000	0.62%	515,065
Harris County Toll Road	-	0.62%	-
Harris County Hospital District	62,815,000	0.62%	389,453
La Porte I.S.D.	371,335,000	41.45%	153,918,358
Port of Houston Authority	674,269,397	0.62%	4,180,470
San Jacinto Jr. College District	<u>405,062,618</u>	6.07%	<u>24,587,301</u>
Total Net Overlapping Debt	\$ <u>4,021,904,889</u>		198,627,804
<b>City of La Porte Direct Debt</b> <sup>b</sup>	35,150,000	100%	<u>35,150,000</u>
<b>Total Direct and Overlapping Debt</b>			\$ <u>233,777,804</u>

<sup>b</sup> Approximately \$16,152,236 of the City's outstanding debt is self-supporting

Source: Texas Municipal Reports

Percentages are based on total property values

TABLE 12

## CITY OF LA PORTE, TEXAS

## PLEDGED-REVENUE COVERAGE

## LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Revenues Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
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
2016	1,296,284	1,029,233	267,051	670,000	22,850	692,850	0.4

<sup>(1)</sup> Total revenues including interest

<sup>(2)</sup> Total operating expenses less depreciation

## CITY OF LA PORTE, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30,	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
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%
2016	35,148	N/A	N/A	33	7,753	5.8%

## Data sources:

(1) Estimated population provided by US Census Bureau

(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

2016			2007		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
JV Industrial Companies Ltd	1,612	7.34%	La Porte I.S.D.	1,000	5.29%
Mobley Industrial Services Inc	1,400	6.37%	E.I. DuPont De Nemours \$ Co.	580	3.07%
La Porte ISD	1,040	4.74%	City of La Porte	368	1.95%
City of La Porte	384	1.75%	Fumanite Worldwide	334	1.77%
Sulzer Turbo Svcs Houston Inc	330	1.50%	A&L Industrial Services Inc	300	1.59%
CCC Group Inc	300	1.37%	CCC Group, Inc	300	1.59%
Highway Transport Chemical LLC	294	1.34%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%
Airgas Inc	281	1.28%	James H. Jackson Industries Inc	250	1.32%
Pfeiffer Holdings LLC	271	1.23%	Occidental Chemical Corp.	175	0.92%
Total Ptrchemicals Ref USA Inc	265	1.21%	Intercontinental Terminal Co.	160	0.85%
Total	<u>6,177</u>	<u>28.13%</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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	80	79	78	79	90	90	88	88	89	89
Public safety	147	142	143	144	144	151	152	154	154	154
Public works	32	32	32	32	32	32	30	30	30	30
Health and sanitation	21	22	22	22	24	24	23	23	23	22
Culture and recreation	44	45	45	46	46	46	42	42	42	44
Water services	25	25	25	25	25	25	25	24	25	25
Sewer services	20	20	20	20	20	20	20	20	20	20
Golf course	12	12	12	12	-	-	-	-	-	-
Sylvan Beach Convention Center	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>						
Total	<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>	<u>384</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			
	2007	2008	2009	2010
<b>Police</b>				
Physical arrests	2,489	2,642	2,737	2,538
Tickets processed	9,652	15,352	16,098	16,603
<b>Fire</b>				
Number of calls answered	1,603	1,799	1,409	1,559
Inspections	600	320	600	690
<b>Highways and streets</b>				
Street resurfacing (linear feet)	22,100	19,887	23,559	38,365
Potholes repaired	1,260	996	1,012	1,236
<b>Sanitation</b>				
Cubic yards of garbage collected	29,279	29,282	29,894	29,642
Cubic yards of trash collected	52,250	48,136	78,900	43,368
<b>Culture and recreation</b>				
Fitness center admissions	62,828	62,245	53,401	78,118
<b>Water</b>				
Number of water meters	11,743	11,913	11,968	12,015
Average daily consumption (millions of gallons)	3.8	4.0	4.0	3.9
Water main breaks	467	455	498	417
<b>Wastewater</b>				
Average daily sewage treatment (thousands of gallons)	3.9	3.2	2.8	3.7
<b>Golf course</b>				
Number of paid rounds played	32,433	35,839	36,009	31,271

Source: Various City departments

Notes: N/A - Data not available

**TABLE 16**

Fiscal Year					
2011	2012	2013	2014	2015	2016
2,354	2,311	2,205	2,032	2,152	2,399
14,619	13,221	13,861	14,151	14,316	13,231
1,483	1,195	1,219	1,262	1,378	1,356
725	812	950	1,020	383	1,025
60,472	69,580	13,520	11,183	11,172	22,172
465	1,173	271	165	342	236
27,961	42,589	30,625	54,812	50,945	26,458
45,778	54,641	32,137	40,701	31,518	40,569
64,989	64,279	64,587	90,765	67,794	102,778
12,061	12,129	12,234	12,321	12,431	12,523
4.6	4.3	4.0	3.8	3.9	3.8
666	311	379	411	200	217
2.8	3.3	2.7	2.6	3.8	3.8
34,848	34,038	32,257	32,741	29,965	26,794

## CITY OF LA PORTE, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police station	1	1	1	1	1	1	1	1	1	1
Police officers	74	74	74	75	75	74	74	74	76	75
Reserve officers	6	2	1	2	2	2	6	2	3	3
Fire stations	4	4	4	4	4	4	4	4	4	4
Sanitation										
Collection trucks	14	14	14	14	14	12	12	12	14	17
Highways and streets										
Streets (miles)	211	295	126	126	126	125	297	297	272	272.5
Streetlights	1,804	2,400	2,387	2,387	2,415	2,415	2,415	2,415	2,415	2,415
Traffic signals	3	3	7	5	5	6	6	6	7	7
Culture and recreation										
Parks acreage	347	347	356	356	356	188	188	188	188	188
Parks acreage	22	22	21	21	21	22	22	22	22	22
Swimming pools	6	6	6	5	5	5	5	5	5	5
Recreation centers	1	1	1	4	4	3	3	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water and sewer										
Water mains (miles)	176	178	180	180	181	182	183	184	185	187
Fire hydrants	1,076	1,161	1,168	1,179	1,186	1,199	1,226	1,256	1,265	1,276
Sanitary sewers (miles)	189	189	191	191	192	192	192	192	193	194
Storm sewers (miles)	92	92	92	95	97	60	112	112	115	115

Source: City departments