

LOUIS R. RIGBY  
Mayor  
JOHN ZEMANEK  
Councilmember At Large A  
DOTTIE KAMINSKI  
Councilmember At Large B  
DANNY EARP  
Councilmember District 1



CHUCK ENGELKEN  
Councilmember District 2  
DARYL LEONARD  
Councilmember District 3  
KRISTIN MARTIN  
Mayor Pro-Tem  
Councilmember District 4  
JAY MARTIN  
Councilmember District 5  
NANCY OJEDA  
Councilmember District 6

## **CITY COUNCIL MEETING AGENDA**

**Notice is hereby given of a Regular Meeting of the La Porte City Council to be held March 12, 2018, beginning at 6:00 PM in the City Hall Council Chambers, 604 W. Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.**

1. **CALL TO ORDER**
2. **INVOCATION** – The invocation will be given by Gig Rohmfield, First Baptist Church .
3. **PLEDGE OF ALLEGIANCE**– The Pledge of Allegiance will be led by Councilmember Chuck Engelken.
4. **PUBLIC COMMENTS** (Limited to five minutes per person.)
5. **CONSENT AGENDA** *(All consent agenda items are considered routine by City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember requests an item be removed and considered separately.)*
  - (a) Consider approval or other action regarding minutes of the meeting held on February 26, 2018 - P. Fogarty
  - (b) Consider approval or other action regarding an Ordinance authorizing the execution of an Industrial District Agreement with North Horizon Ventures, LLC., for 3.761-acre tract of property located in the Bayport Industrial District, east of Bay Park Road on Fairmont Parkway - S. Wolny
  - (c) Receive 2017 Comprehensive Annual Financial (CAFR) Report - M. Dolby
  - (d) Consider approval or other action awarding Bid #18007 for Temporary Labor Services Re-Bid - D. Pennell
6. **PUBLIC HEARINGS AND ASSOCIATED ORDINANCES**
  - (a) Public hearing to receive comments regarding the recommendation by the Planning and Zoning Commission to approve an Ordinance amending Chapter 106 “Zoning” of the Code of Ordinances of the City of La Porte by amending regulations related to the placement of Hotels and Motels in certain zoning districts; consider approval or other action regarding an Ordinance amending Chapter 106 “Zoning” of the Code of Ordinances of the City of La Porte, by amending regulations related to the placement of Hotels and Motels in certain zoning districts - I. Clowes
7. **DISCUSSION AND POSSIBLE ACTION**
  - (a) Discussion and possible action regarding City of La Porte development utility fees - C. Alexander
8. **REPORTS**
  - (a) Receive report of the Fiscal Affairs Committee - Councilmember Engelken
  - (b) Receive report from Council Subcommittee on Evaluation Forms - Councilmember Engelken

**9. ADMINISTRATIVE REPORTS**

- Planning and Zoning Commission Meeting, Thursday, March 15, 2018
- Zoning Board of Adjustment Meeting, Thursday, March 22, 2018
- City Council Meeting, Monday, March 26, 2018

**10. COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies – Councilmembers Engelken, Earp, Ojeda, J. Martin, K. Martin, Kaminski, Zemanek, Leonard and Mayor Rigby

**11. EXECUTIVE SESSION**

The City Council reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code, in accordance with the authority contained in:

**Texas Government Code, Section 551.071(1)(A)** -Pending or Contemplated Litigation: Meet with City Attorney and City Manager to discuss CMV enforcement issue raised by Perez Logistics

**12. RECONVENE** into regular session and consider action, if any, on item(s) discussed in executive session.

**13. ADJOURN**

**The City Council reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code (the Texas open meetings laws).**

**In compliance with the Americans with Disabilities Act, the City of La Porte will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact Patrice Fogarty, City Secretary, at 281.470.5019.**

**CERTIFICATION**

I certify that a copy of the March 12, 2018 , agenda of items to be considered by the City Council was posted on the City Hall bulletin board on March 6, 2018.

*Patrice Fogarty*



**Council Agenda Item  
March 12, 2018**

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3. **PLEDGE OF ALLEGIANCE**– The Pledge of Allegiance will be led by Councilmember Chuck Engelken.
4. **PUBLIC COMMENTS** (Limited to five minutes per person.)

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**Council Agenda Item  
March 12, 2018**

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Councilmember District 5  
**NANCY OJEDA**  
Councilmember District 6

**MINUTES OF THE REGULAR MEETING OF THE  
CITY COUNCIL OF THE CITY OF LA PORTE  
February 26, 2018**

The City Council of the City of La Porte met in a regular meeting on **Monday, February 26, 2018**, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, at **6:00 p.m.** to consider the following items of business:

1. **CALL TO ORDER** – Mayor Rigby called the meeting to order at 6:00 p.m. Members of Council present: Councilmembers Ojeda, J. Martin, K. Martin, Kaminski, Zemanek, Leonard, Engelken, and Earp. Also present were City Secretary Patrice Fogarty, City Manager Corby Alexander, Assistant City Manager Jason Weeks, and Assistant City Attorney Clark Askins.
2. **INVOCATION** – The invocation was given by Don Hill, La Porte InterChurch Council.
3. **PLEDGE OF ALLEGIANCE** – The Pledge of Allegiance was led by Councilmember Daryl Leonard.
4. **PRESENTATIONS, PROCLAMATIONS, and RECOGNITIONS**
  - (a) Recognition – Texas Police Chiefs Association – Award Certificate to City of La Porte Police Department Best Practices Recognition Program – Mayor Rigby

City of Webster's Police Chief, Danny Presley, recognized the City of La Porte Police Department and Chief Ken Adcox for receiving the Best Practices Award for the past four years.

- (b) Recognition – Employee of the Fourth Quarter and Employee of the Year 2017 – Clarence Anderson (Animal Control Officer) City of La Porte Animal Adoption Center and Shelter – Mayor Rigby

Mayor Rigby recognized Clarence Anderson as Employee of the Fourth Quarter and Employee of the Year 2017.

- (c) Recognition – Manager of the year 2017 – Lt. Matt Daeumer – City of La Porte Police Department – Mayor Rigby

Mayor Rigby recognized Lt. Matt Daeumer as Manager of the Year 2017.

5. **PUBLIC COMMENTS** (Limited to five minutes per person.)

There were no public comments.

6. **CONSENT AGENDA** *(All consent agenda items are considered routine by City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember requests an item be removed and considered separately.)*

- (a) Consider approval or other action regarding the minutes of the meeting held on February 12, 2018 – P. Fogarty
- (b) Consider approval or other action regarding a Resolution authorizing participation in the Texas Glass Government Investment Pool – S. Wolny
- (c) Consider approval or other action regarding an agreement with the La Porte Cemetery Association pertaining to the conveyance of approximately 1.14 acres of land known as Lots 1-16, Block 1151, of Town of La Porte for use as a public cemetery – J. Weeks
- (d) Consider approval or other action regarding an Interlocal Agreement between Harris County and the City of La Porte for local bus transit services for twelve (12) month term – J. Weeks
- (e) Consider approval or other action regarding the appointment of Reserve Peach Officer Kenneth Coleman – K. Adcox

City Manager Corby Alexander requested Consent Agenda Item C be removed from the agenda.

Council had questions on Consent Agenda Items B and D, and staff responded to the questions.

Councilmember Engelken made a motion to approve Consent Agenda Items A, B, D and E pursuant to staff recommendations. Councilmember K. Martin seconded the motion. **MOTION PASSED UNANIMOUSLY 9/0.**

Ayes:	Mayor Rigby, Councilmembers Leonard, Engelken, Ojeda, Zemanek, Kaminski, Earp, J. Martin, and K. Martin
Nays:	None
Absent:	None

7. **REPORTS**

- (a) Receive 2017 La Porte Police Department Racial Profiling Report – K. Adcox

Chief Ken Adcox provided the 2017 La Porte Police Department Racial Profiling Report. There were no questions from Council.

- (b) Receive report from Council Subcommittee on Evaluation Forms – Councilmember Engelken

Councilmember Engelken provided a report from the Council Subcommittee on Evaluation Forms on the meeting held on February 19, 2018. The form is being finalized, the committee will meet again next week to finalize the form and send the one-page form to Council for review.

8. **ADMINISTRATIVE REPORTS**

There were no additional reports.

9. **COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information.

Councilmembers Leonard, Engelken and Earp congratulated Chief Adcox, Clarence Anderson and Lt. Matt Daeumer on their accomplishments;

Councilmember Ojeda congratulated the Police Department on their awards; commented she appreciates the parking lot improvements at Public Works; thanked everyone who assisted with the La Porte Colored School House opening this weekend;

Councilmember J. Martin congratulated Chief Adcox, Clarence Anderson and Lt. Matt Daeumer on their accomplishments; expressed his thanks to the Youth Explorers for picking up the litter on Wharton Weems and McCabe Road before the Ribbon Cutting for the Police Neighborhood Center on S. Broadway and informed there is a Keep Texas Beautiful resource for the City to utilize for litter control;

Councilmember K. Martin congratulated Chief Adcox, Clarence Anderson and Lt. Matt Daeumer on their accomplishments; congratulated Director of Parks and Recreation Rosalyn Epting and Staff for their efforts on Mardi Gras on Main Street; states opening of the La Porte Colored School House was wonderful; and this has been a great basketball season;

Councilmember Kaminski congratulated Chief Adcox, Clarence Anderson and Lt. Matt Daeumer on their accomplishments and thanked Director of Parks and Recreation Rosalyn Epting and Staff for their efforts on Mardi Gras on Main Street;

Councilmember Zemanek commented he is proud to be a Councilmember and citizen of the City; thanked Clarence Anderson for his continued 33 years of service and all the employees who make their councilmember jobs easier; and

Mayor Rigby thanked Chief Adcox, Clarence Anderson and Lt. Matt Daeumer for jobs well done; informed he attended the Harris County Mayors and Council Association meeting and had a conversation with Texas Department of Transportation's Quincy Allen to see if he can assist with the delay of the City of La Porte's portion of the Hwy 146 widening project that has been delayed until 2022; and he stated he attended a photo op at INEOS, and 100 new employees have been employed by the company, exceeding INEOS' expectations.

10. **ADJOURN** - There being no further business, Councilmember Engelken made a motion to adjourn the meeting at 6:42 p.m. Councilmember Leonard seconded the motion. **MOTION PASSED UNANIMOUSLY 9/0.**

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Patrice Fogarty, City Secretary

Passed and approved on March 12, 2018.

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Mayor Louis R. Rigby

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 12, 2018

Appropriation

Requested By: Shelley Wolny

Source of Funds: \_\_\_\_\_

Department: Finance

Account Number: \_\_\_\_\_

Report:  Resolution:  Ordinance:

Amount Budgeted: \_\_\_\_\_

Other:  \_\_\_\_\_

Amount Requested: \_\_\_\_\_

Budgeted Item:  YES  NO

**Attachments :**

- 1. Ordinance**
- 2. IDA Agreement with North Horizon Ventures LLC**

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### SUMMARY & RECOMMENDATIONS

The City and Industry agreed to renew the provisions of the Industrial District Agreement for a twelve year period. The current agreements will expire on December 31, 2019, the common date for the Battleground and Bayport Industrial Districts.

North Horizon Ventures LLC has requested to execute an Industrial District Agreement with the City of La Porte on a portion of land located in the Bayport Industrial District east of Bay Park Road on Fairmont Parkway. The metes and bounds are attached and have been reviewed by the City Engineer.

Staff recommends City Council authorize the execution of an Industrial District Agreement with North Horizon Ventures LLC.

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**Action Required of Council:**

Consider approval of the ordinance 2007-IDA-147 authorizing the execution by the City of La Porte of Industrial District Agreement with North Horizon Ventures, LLC.

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**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

**Date**

**ORDINANCE NO. 2007-IDA-147**

**AN ORDINANCE AUTHORIZING THE EXECUTION BY THE CITY OF LA PORTE OF AN INDUSTRIAL DISTRICT AGREEMENT WITH NORTH HORIZON VENTURES, LLC FOR THE TERM COMMENCING JANUARY 1, 2008, AND ENDING DECEMBER 31, 2019, MAKING VARIOUS FINDINGS AND PROVISIONS RELATING TO THE SUBJECT, FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW, AND PROVIDING AN EFFECTIVE DATE HEROF.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE:

Section 1. North Horizon Ventures, LLC, has executed an industrial district agreement with the City of La Porte, for the term commencing January 1, 2008, and ending December 31, 2019, a copy of which is attached hereto, incorporated by reference herein, and made a part hereof for all purposes.

Section 2. The Mayor, the City Manager, the City Secretary, and the City attorney of the City of La Porte, be and they are hereby, authorized and empowered to execute and deliver on behalf of the City of La Porte, the industrial district agreement with the corporation named in Section 1 hereof.

Section 3. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 4. This Ordinance shall be effective from and after its passage and approval, and it is so ordered.

**PASSED** and **APPROVED**, this 12<sup>th</sup> day of March 2018.

CITY OF LA PORTE

\_\_\_\_\_  
Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
Patrice Fogarty, City Secretary

APPROVED:

  
\_\_\_\_\_  
Clark Askins, Assistant City Attorney

NO. 2007-IDA-\_\_\_\_ §  
STATE OF TEXAS §  
COUNTY OF HARRIS §

INDUSTRIAL DISTRICT AGREEMENT

This AGREEMENT made and entered into by and between the CITY OF LA PORTE, TEXAS, a municipal corporation of Harris County, Texas, hereinafter called "CITY", and North Horizon Ventures LLC, a Texas corporation, hereinafter called "COMPANY",

W I T N E S S E T H:

WHEREAS, it is the established policy of the City Council of the City of La Porte, Texas, to adopt such reasonable measures from time to time as are permitted by law and which will tend to enhance the economic stability and growth of the City and its environs by attracting the location of new and the expansion of existing industries therein, and such policy is hereby reaffirmed and adopted by this City Council as being in the best interest of the City and its citizens; and

WHEREAS, pursuant to its policy, City has enacted Ordinance No. 729, designating portions of the area located in its extraterritorial jurisdiction as the "Battleground Industrial District of La Porte, Texas", and Ordinance No. 842A, designating portions of the area located in its extraterritorial jurisdiction as the "Bayport Industrial District of La Porte, Texas", hereinafter collectively called "District", such Ordinances being in compliance with the Municipal Annexation Act of Texas, codified as Section 42.044, Texas Local Government Code; and

WHEREAS, Company is the owner of land within a designated Industrial District of the City of La Porte, said land being legally described on the attached Exhibit "A" (hereinafter "Land"); and said Land being more particularly shown on a plat attached as Exhibit "B", which plat describes the ownership boundary lines; a site layout, showing all improvements, including pipelines and railroads, and also showing areas of the Land previously annexed by the City of La Porte; and

WHEREAS, City desires to encourage the expansion and growth of industrial plants within said Districts and for such purpose desires to enter into this Agreement with Company pursuant to Ordinance adopted by the City Council of said City and recorded in the official minutes of said City:

FINAL DRAFT: November 1, 2007

NOW, THEREFORE, in consideration of the premises and the mutual agreements of the parties contained herein and pursuant to the authority granted under the Municipal Annexation Act and the Ordinances of City referred to above, City and Company hereby agree with each other as follows:

I.

City covenants, agrees and guarantees that during the term of this Agreement, provided below, and subject to the terms and provisions of this Agreement, said District shall continue to retain its extraterritorial status as an industrial district, at least to the extent that the same covers the Land belonging to Company and its assigns, unless and until the status of said Land, or a portion or portions thereof, as an industrial district may be changed pursuant to the terms of this Agreement. Subject to the foregoing and to the later provisions of this Agreement, City does further covenant, agree and guarantee that such industrial district, to the extent that it covers said Land lying within said District and not now within the corporate limits of City, shall be immune from annexation by City during the term hereof (except as hereinafter provided) and shall have no right to have extended to it any services by City, and that all Land, including that which has been heretofore annexed, shall not have extended to it by ordinance any rules and regulations (a) governing plats and subdivisions of land, (b) prescribing any building, electrical, plumbing or inspection code or codes, or (c) attempting to exercise in any manner whatever control over the conduct of business thereon; provided, however, any portion of Land constituting a strip of land 100' wide and contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146, shall be subject to the rules and regulations attached hereto as Exhibit "C" and made a part hereof; and provided, however, it is agreed that City shall have the right to institute or intervene in any administrative and/or judicial proceeding authorized by the Texas Water Code, the Texas Clean Air Act, the Texas Health & Safety Code, or other federal or state environmental laws, rules or regulations, to the same extent and to the same intent and effect as if all Land covered by this Agreement were not subject to the Agreement.

II.

In the event that any portion of the Land has heretofore been annexed by City, Company agrees to render and pay full City ad valorem taxes on such annexed Land and improvements, and tangible personal property.

Under the terms of the Texas Property Tax Code (S.B. 621, Acts of the 65th Texas Legislature, Regular Session, 1979, as amended), the appraised value for tax purposes of the annexed portion of Land, improvements, and tangible personal property shall be determined by the Harris County Appraisal District. The parties hereto recognize that said Appraisal District has no authority to appraise the Land, improvements, and tangible personal property in the unannexed area for the purpose of computing the "in lieu"

payments hereunder. Therefore, the parties agree that the appraisal of the Land, improvements, and tangible personal property in the unannexed area shall be conducted by City, at City's expense, by an independent appraiser of City's selection. The parties recognize that in making such appraisal for "in lieu" payment purposes, such appraiser must of necessity appraise the entire (annexed and unannexed) Land, improvements, and tangible personal property.

Nothing herein contained shall ever be interpreted as lessening the authority of the Harris County Appraisal District to establish the appraised value of Land, improvements, and tangible personal property in the annexed portion, for ad valorem tax purposes.

### III.

A. The properties upon which the "in lieu of" taxes are assessed are more fully described in subsections 1, 2, and 3 of subsection C, of this Paragraph III (sometimes collectively called the "Property"); provided, however, pollution control equipment installed on the Land which is exempt from ad valorem taxation pursuant to the provisions of Sec. 11.31 of the Texas Property Tax Code is exempt from ad valorem taxation and "in lieu of taxes" hereunder. Property included in this Agreement shall not be entitled to an agricultural use exemption for purposes of computing "in lieu of taxes" hereunder.

B. On or before the later of December 31, 2008, or 30 days from mailing of tax bill and in like manner on or before each December 31st thereafter, through and including December 31, 2019, Company shall pay to City an amount of "in lieu of taxes" on Company's Property as of January 1st of the current calendar year ("Value Year").

C. Company and City agree that the following percentages ("Percentage Amount") shall apply during each of the Value Years:

Value Year 2008:	62%
Value Year 2009:	62%
Value Year 2010:	62%
Value Year 2011:	62%
Value Year 2012:	62%
Value Year 2013:	62%
Value Year 2014:	63%
Value Year 2015:	63%
Value Year 2016:	63%
Value Year 2017:	63%
Value Year 2018:	63%
Value Year 2019:	63%

Company agrees to pay to City an amount of "in lieu of taxes" on Company's land, improvements and tangible personal property in the unannexed area equal to the sum of:

1. Percentage Amount of the amount of ad valorem taxes which would be payable to City if all of the Company's Land and improvements which existed on January 1, 2008, and each January 1 thereafter of the applicable Value Year during the term of this Agreement, (excluding amounts which would be so payable with respect to any Substantial Increase in value of such Land and improvements to which subparagraph 2, below applies), had been within the corporate limits of City and appraised each year by City's independent appraiser, in accordance with the applicable provisions of the Texas Property Tax Code; and
  
2. (a) On any Substantial Increase in value of the Land, improvements, and tangible personal property (excluding inventory) dedicated to new construction, in excess of the appraised value of same on January 1, 2007, resulting from new construction (exclusive of construction in progress, which shall be exempt from taxation), for each Value Years following completion of construction in progress, an amount equal to Twenty-five percent (25%), if construction is completed in Value years 2008 through 2013; and Twenty percent (20%), if construction is completed in Value years 2014 through 2019, of the amount of ad valorem taxes which would be payable to City if all of said new construction had been within the corporate limits of City and appraised by City's independent appraiser, in accordance with the applicable provisions of the Texas Property Tax Code.

In the case of new construction which is completed in Value Year 2016 or later, and provided, further, that City and Company enter into an Industrial District Agreement after the expiration of this Industrial District Agreement, then, and in such events, such new construction shall be entitled to additional Value Years under the new Agreement at a Twenty percent (20%) valuation under this subparagraph (a), for a total of six (6) Value Years, but not extending beyond Value Year 2022.

- (b) A Substantial Increase in value of the Land, improvements, and tangible personal property (excluding inventory) as used in subparagraph 2(a) above, is defined as an increase in value that is the lesser of either:
  - i. at least Five percent (5%) of the total appraised value of Land and improvements, on January 1, 2007; or
  - ii. a cumulative value of at least \$3,500,000.00.

For the purposes of this Agreement, multiple projects that are completed in a Value Year can be cumulated to arrive at the amount for the increase in value.

- (c) If existing Property values have depreciated below the Property value established on January 1, 2007, an amount equal to the amount of the depreciation will be removed from the calculation under this subparagraph 2 to restore the value to the January 1, 2007, value; and
3. Percentage Amount of the amount of ad valorem taxes which would be payable to City on all of the Company's tangible personal property of every description, located in an industrial district of City, including, without limitation, inventory, (including inventory in a federal Foreign Trade Zone and including Freeport exempted inventory), oil, gas, and mineral interests, items of leased equipment, railroads, pipelines, and products in storage located on the Land, if all of said tangible personal property which existed on January 1, 2008, and each January 1 thereafter of the applicable Value Year during the term of this Agreement, (excluding amounts which would be so payable with respect to any Substantial Increase in value of such tangible personal property to which subparagraph 2, above applies), had been within the corporate limits of City and appraised each year by the City's independent appraiser, in accordance with the applicable provisions of the Texas Property Tax Code.

with the sum of 1, 2 and 3 reduced by the amount of City's ad valorem taxes on the annexed portion thereof as determined by appraisal by the Harris County Appraisal District.

4. Notwithstanding the above, should City elect to grant the freeport inventory exemption authorized by Article VIII, Section 1-j of the Texas Constitution and Section 11.251 of the Texas Property Tax Code to taxpayers within the City limits, then the freeport inventory exemption shall apply to parties to this Agreement. Further, should inventory or any other class or type of property become exempt from taxation by constitutional amendment or act of the Texas Legislature (including, but not limited to, Article VIII, Section 1-n, of the Texas Constitution and Section 11.253 of the Texas Property Tax Code), such class or type of property shall be exempt for purposes of this Agreement, unless the City Council of the City of La Porte shall by Ordinance provide for the continued taxation of such property under the authority of any applicable provisions of the Texas Constitution and Texas Statutes.

5. City and Company acknowledge circumstances might require the City to provide emergency services to Company's Property described on Exhibit "A" attached hereto. Emergency services are limited to fire, police, and public works emergency services. If Company is not a member of Channel Industries Mutual Aid Association (CIMA), Company agrees to reimburse City for its costs arising out of any emergency response requested by Company to Company's property, and to which City agrees to respond. If Company is a member of CIMA, the obligations of Company and City shall be governed by the CIMA agreement, to which agreement City is a party.

#### IV.

This Agreement shall extend for a period beginning on the 1st day of January, 2008, and continuing thereafter until December 31, 2019, unless extended for an additional period or periods of time upon mutual consent of Company and City as provided by the Municipal Annexation Act; provided, however, that in the event this Agreement is not so extended for an additional period or periods of time on or before August 31, 2019, the agreement of City not to annex property of Company within the District shall terminate. In that event, City shall have the right to commence immediate annexation proceedings as to all of Company's property covered by this Agreement, notwithstanding any of the terms and provisions of this Agreement.

Company agrees that if the Texas Municipal Act, Section 42.044, Texas Local Government Code, is amended after January 1, 1994, or any new legislation is thereafter enacted by the Legislature of the State of Texas which imposes greater restrictions on the right of City to annex land belonging to Company or imposes further obligations on City in connection therewith after the annexation of such land, Company will waive the right to require City to comply with any such additional restrictions or obligations and the rights of the parties shall be then determined in accordance with the provisions of said Texas Municipal Annexation Act as the same existed January 1, 1994.

#### V.

This Agreement may be extended for an additional period or periods by agreement between City and Company and/or its assigns even though it is not extended by agreement between City and all of the owners of all land within the District of which it is a part.

#### VI.

A. In the event Company elects to protest the valuation for tax purposes set on its said properties by City or by the Harris County Appraisal District for any year or years during the terms hereof, nothing in this Agreement shall preclude such protest and

Company shall have the right to take all legal steps desired by it to reduce the same.

Notwithstanding such protest by Company, and except as otherwise provided in Article VI(B), Company agrees to pay to City on or before the date therefor hereinabove provided, at least the total of (a) the total amount of ad valorem taxes on the annexed portions, plus (b) the total amount of the "in lieu of taxes" on the unannexed portions of Company's hereinabove described property which would be due to City in accordance with the foregoing provisions of this Agreement on the basis of renditions which shall be filed by Company.

When the City or Harris County Appraisal District (as the case may be) valuation on said property of Company has been so finally determined, either as the result of final judgment of a court of competent jurisdiction or as the result of other final conclusion of the controversy, then within thirty (30) days thereafter Company shall make payment to City of any additional payment due hereunder, or City shall make payment to Company of any refund due, as the case may be, based on such final valuation, together with applicable penalties, interests, and costs.

B. Should Company disagree with any appraisal made by the independent appraiser selected by City pursuant to Article II above (which shall be given in writing to Company), Company shall, within twenty (20) calendar days of receiving City's invoice, give written notice to the City of such disagreement. In the event Company does not give such written notice of disagreement within such time period, the appraisal made by said independent appraiser shall be final and controlling for purposes of the determination of "in lieu of taxes" payments to be made under this Agreement.

Should Company give such notice of disagreement, Company shall also submit to the City with such notice a written statement setting forth what Company believes to be the market value of Company's hereinabove described property. Both parties agree to thereupon enter into good faith negotiations in an attempt to reach an agreement as to the market value of Company's property for "in lieu" purposes hereunder. If, after the expiration of thirty (30) days from the date the notice of disagreement was received by City, the parties have not reached agreement as to such market value, the parties agree to submit the dispute to final arbitration as provided in subparagraph 1 of this Article VI(B).

Notwithstanding any such disagreement by Company, Company agrees to pay to City on or before December 31 of each year during the term hereof, at least the total of (a) the ad valorem taxes on the annexed portions, plus (b) the total amount of the "in lieu" payments which would be due hereunder on the basis of Company's written valuations statement submitted to City by Company hereunder, or the total assessment and "in lieu of taxes" thereon for the last preceding year, whichever is higher.

1. A Board of Arbitrators shall be created composed of one person named by Company, one by City, and a third to be named by those two. In case of no agreement on this arbitrator in 10 days, the parties will join in a written request that the Chief Judge of the U.S. District Court for the Southern District of Texas appoint the third arbitrator who, (as the "Impartial Arbitrator") shall preside over the arbitration proceeding. The sole issue to be determined in the arbitration shall be resolution of the difference between the parties as to the fair market value of Company's property for calculation of the "in lieu" payment and total payment hereunder for the year in question. The Board shall hear and consider all relevant and material evidence on that issue including expert opinion, and shall render its written decision as promptly as practicable. That decision shall then be final and binding upon the parties, subject only to judicial review as may be available under the Texas General Arbitration Act (Chapter 171, "General Arbitration", Texas Civil Practice and Remedies Code). Costs of the arbitration shall be shared equally by the Company and the city, provided that each party shall bear its own attorneys fees.

#### VII.

City shall be entitled to a tax lien on Company's above described property, all improvements thereon, and all tangible personal property thereon, in the event of default in payment of "in lieu of taxes" payments hereunder, which shall accrue penalty and interest in like manner as delinquent taxes, and which shall be collectible by City in the same manner as provided by law for delinquent taxes.

#### VIII.

This Agreement shall inure to the benefit of and be binding upon City and Company, and upon Company's successors and assigns, affiliates and subsidiaries, and shall remain in force whether Company sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the property belonging to it within the territory hereinabove described, and the agreements herein contained shall be held to be covenants running with the land owned by Company situated within said territory, for so long as this Agreement or any extension thereof remains in force. Company shall give City written notice within ninety (90) days, with full particulars as to property assigned and identity of assignee, of any disposition of the Land, and assignment of this Agreement.

#### IX.

If City enters into an Agreement with any other landowner with respect to an industrial district or enters into a renewal of any

existing industrial district agreements after the effective date hereof and while this Agreement is in effect, which contains terms and provisions more favorable to the landowner than those in this Agreement, Company and its assigns shall have the right to amend this Agreement and City agrees to amend same to embrace the more favorable terms of such agreement or renewal agreement.

X.

The parties agree that this Agreement complies with existing laws pertaining to the subject and that all terms, considerations and conditions set forth herein are lawful, reasonable, appropriate, and not unduly restrictive of Company's business activities. Without such agreement neither party hereto would enter into this Agreement. In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, articles or other parts of this Agreement or the application thereof to any person, firm, corporation or circumstances shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrase, clause, sentence, paragraph, section, article or other part of the Agreement shall be deemed to be independent of and separable from the remainder of this Agreement and the validity of the remaining parts of this Agreement shall not be affected thereby.

XI.

Upon the commencement of the term of this Agreement, all other previously existing industrial district agreements with respect to said Land shall terminate.

XII.

Notices by a party to the other party hereto, shall be mailed or delivered as follows:

To the City of La Porte:

City Manager  
City of La Porte  
604 West Fairmont Parkway  
La Porte, TX 77571

To Company:

North Horizon Ventures LLC  
(COMPANY)  
Attention: Todd Buster Department  
1221 Lumpkin Rd  
Houston, TX 77043

Company shall promptly notify City of any change of ownership of Property, any assignment of this Agreement, and of any change of billing address.

Company shall notify City annually, on or before June 1, of any changes to the following information:

ARNOLD BUILDING DESIGN, L.L.C.  
 Abler Residence  
 12 Island Green Court  
 KINGWOOD, TEXAS 77339

B	C	D	E	F	G	%	H	I
DESCRIPTION OF WORK	SCHEDULED VALUE	FROM PREVIOUS APPLICATIONS	THIS PERIOD	PRESENTLY STORED (NOT IN D OR E)	COMPLETED AND STORED TO DATE	%	BALANCE TO FINISH	
Pressure Wash	\$0.00	\$0.00	\$0.00		\$0.00	0%	\$0.00	
Frame Clean	\$650.00	\$650.00	\$0.00		\$650.00	100%	\$0.00	
Sheetrock Clean	\$500.00	\$500.00	\$0.00		\$500.00	0%	\$0.00	
Trim Clean	\$500.00	\$0.00	\$0.00		\$0.00	0%	\$500.00	
Paint Clean	\$850.00	\$0.00	\$0.00		\$0.00	0%	\$850.00	
Rough Clean	\$450.00	\$0.00	\$0.00		\$0.00	0%	\$450.00	
Final Clean Interior	\$1,200.00	\$0.00	\$0.00		\$0.00	0%	\$1,200.00	
Builders Profit	\$51,830.00	\$13,994.10	\$0.00		\$13,994.10	27%	\$37,835.90	
Subtotal	\$310,980.00	\$89,139.10	\$25,695.00		\$114,834.10	27%	\$196,145.90	
<b>Total</b>	<b>\$310,980.00</b>	<b>\$89,139.10</b>	<b>\$25,695.00</b>		<b>\$114,834.10</b>	<b>27%</b>	<b>\$196,145.90</b>	<b>\$0.00</b>
<b>PREVIOUS DRAW</b>					<b>TOTAL COSTS TO DATE:</b>			
PAYMENT #1	\$31,218.00				\$114,834.10		\$196,145.90	\$0.00
PAYMENT #2	\$27,224.80							
PAYMENT #3	\$30,696.30							
PAYMENT #4								
PAYMENT 8								
Payment 9								
<b>TOTAL DRAWS TO DATE:</b>	<b>\$89,139.10</b>				<b>TOTAL DRAW REQUEST:</b>	<b>\$0.00</b>		

Plant Manager

Name: Todd Buster  
Address: 1221 Lumpkin Rd  
Houston, TX 77043  
Phone: 713-545-1897  
Fax: 713-789-1636  
Email: tbuster@horizondevelopmentconstruction.com

Tax Agent/Billing Contact

Name: Todd Buster  
Address: 1221 Lumpkin Rd  
Houston TX 77043  
Phone: 713-545-1897  
Fax: 713-789-1636  
Email: tbuster@horizondevelopmentconstruction.com

ENTERED INTO effective the 1st day of January, 2008.

North Horizon Ventures LLC  
(COMPANY)  
By: [Signature]  
Name: Todd Buster  
Title: President  
Address: 1221 Lumpkin Rd  
Houston, TX 77043

ATTEST:

CITY OF LA PORTE

\_\_\_\_\_  
City Secretary

By:

\_\_\_\_\_  
Louis R. Rigby  
Mayor

APPROVED:

[Signature]  
Clark T. Askins  
City Attorney  
City of La Porte

By:

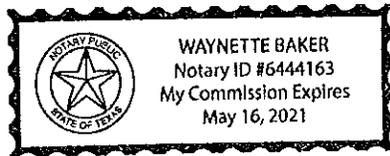
\_\_\_\_\_  
Corby D Alexander  
City Manager

P.O. Box 1218  
La Porte, TX 77572-1218  
281.471.1886  
281.471.2047 fax  
knoxaskins@comcast.net

CITY OF LA PORTE  
604 West Fairmont Parkway  
La Porte, TX 77571

STATE OF TEXAS :  
:  
COUNTY OF HARRIS :

This instrument was acknowledged before me on the 21<sup>st</sup> day of February, 2018, by Todd Buote, President of North Horizon Ventures corporation, a Texas corporation, on behalf of said entity.



Waynette Baker  
Notary Public, State of Texas

STATE OF TEXAS :  
:  
COUNTY OF HARRIS :

This instrument was acknowledged before me on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by Louis R. Rigby, Mayor of the City of La Porte, a municipal corporation, on behalf of said entity.

\_\_\_\_\_  
Notary Public, State of Texas

"EXHIBIT A"

(Metes and Bounds Description of Land)



# Andrew Lonnie Sikes, Inc.

Surveying, Mapping and Civil Engineering since 1977 with offices in Houston and Conroe

## METES AND BOUNDS DESCRIPTION

3.761 ACRES

HARRIS COUNTY, TEXAS

February 10, 2017

**ALL** that certain 3.761 acre tract of land situated in the William M. Jones Survey, Abstract Number 482, Harris County, Texas, and being all of that certain call 3.761 acre tract of land (Exhibit A-9) described in a Deed to Exxon Corporation in Clerk's File Number P282860 of the Official Public Records of Real Property of Harris County, Texas (O.P.R.R.P.H.C.T.) and being more particularly described by metes & bounds as follows (All bearings and coordinates reference the Texas Coordinate System of 1983, South Central Zone 4204);

**COMMENCING** at a point in the south right-of-way (R.O.W.) line of Fairmont Parkway (250 feet wide, Volume 3642, Page 29, and Volume 3642, Page 41, both of the Harris County Deed Records (H.C.D.R.)) for the northeast corner of that certain call 61.18 acre tract of land (Tract 11, Bayport Pipeline Corridor "520", Segments 1, 2, and 3) described in a Right of Way and Easement Agreement by and between Exxon Land Development, Inc. and Exxon Pipeline Company in Clerk's File Number R930140 of the O.P.R.R.P.H.C.T., and from which a Copperweld rod stamped "H.P.L. 8" found for reference bears North 24 Degrees 49 Minutes East, a distance of 0.4 feet (Texas Plane Coordinates: Northing: 13,805,451.99; Easting: 3,220,728.63, average combined scale factor = 0.99988089537);

**THENCE**, with the south R.O.W. line of said Fairmont Parkway and the north line of said 61.18 acre tract, South 86 Degrees 52 Minutes 50 Seconds West, a distance of 200.12 feet to a Copperweld Rod stamped "2855-R" found for the northwest corner of said 61.18 acre tract, the northeast corner of that certain 50 foot wide pipeline R.O.W. (Corridor "10") described in a Deed to Exxon Pipeline Company in Clerk's File Number E087465 (174-34-1084) of the Harris County Deed Records (H.C.D.R.) and the northeast corner and **POINT OF BEGINNING** of the herein described tract;

**THENCE**, departing the south R.O.W. line of said Fairmont Parkway and with the west line of said 61.18 acre tract and the east line of the herein described tract, South 00 Degrees 45 Minutes 28 Seconds East, at 49.8 feet pass a 5/8 inch iron rod (no cap) found for reference at the southeast corner of said Corridor "10", and continue, in all, a distance of 500.00 feet to a Copperweld Rod stamped "2854" found for the most easterly northeast corner of that certain call 125.179 acre tract of land described in a Correction Deed to Petrolite Corporation in Clerk's File Number E340787 (114-20-2076) of the H.C.D.R. and the southeast corner of the herein described tract;

**THENCE**, departing the west line of said 61.18 acre tract and with the lower north line of said 125.179 acre tract and the south line of the herein described tract, South 89 Degrees 14 Minutes 32 Seconds West, a distance of 330.00 feet to a Copperweld Rod stamped "2853" found for an interior corner of said 125.179 acre tract and the southwest corner of the herein described tract;

---

11415 Bedford St. ▪ Houston, Texas 77031-2105

Phone: 281-561-8118 ▪ Fax: 281-561-8668 ▪ Email: [Houston@surveyor.com](mailto:Houston@surveyor.com)  
Engineering Firm Registration F-5238 – Surveying Firm Registration 10104700

3.761 Acres  
Harris County, Texas  
February 10, 2017

**THENCE**, with the upper east line of said 125.179 acre tract and the west line of the herein described tract, North 00 Degrees 45 Minutes 28 Seconds West, at 445.87 feet pass the southerly line of said Corridor "10", and continue, in all, a distance of 495.87 feet to a 5/8 inch iron rod (no cap) found in the southerly R.O.W. line of said Fairmont Parkway for the most northerly northeast corner of said 125.179 acre tract, the northwest corner of the herein described tract, and the beginning of a non-tangent curve to the left;

**THENCE**, with south R.O.W. line of said Fairmont Parkway and the north line of the Corridor "10" and the herein described tract, 330.07 feet along the arc of said non-tangent curve to the left having a radius of 5,854.58 feet, a central angle of 03 Degrees 13 Minutes 49 Seconds, and a chord that bears North 88 Degrees 31 Minutes 32 Seconds East, a distance of 330.03 feet to the **POINT OF BEGINNING** and containing 3.761 acres of land.



Michael Hoover, RPLS  
Texas Registration No. 5423



Y:\Jobs\4032\16-03 - Plat Drill Site B-15\DELIVERY\4032-16-03\_3.761\_Acres\_Plat.docx

"EXHIBIT B"

Attach Plat reflecting the ownership boundary lines; a site layout, showing all improvements, including pipelines and railroads, and also showing areas of the Land previously annexed by the City of La Porte.)



# FAIRMONT PARKWAY DEVELOPMENT . HARRIS COUNTY, TEXAS

SCHEME B.2 - 09/21/16

MB164008

## FAIRMONT PARKWAY DEVELOPMENT

BUILDING 1 15,000 S.F.  
 BUILDING 2 15,000 S.F.

TOTAL LAND: 3.761 ACRES  
 TOTAL DETENTION: ±0.66 ACRES

### HARRIS COUNTY PARKING CALCULATIONS

PROVIDED: 32 SPACES

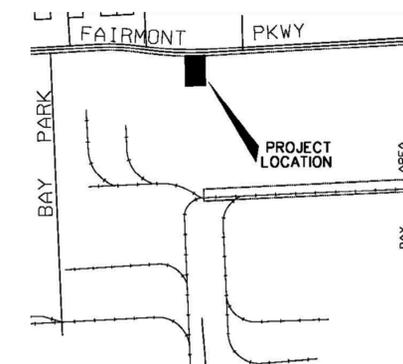
PARKING STRIPING TO BE WHITE

PER IBC 1106.1 ACCESSIBLE SPACES  
 REQUIRED FOR 1-25 = 1 REQUIRED  
 TOTAL ACCESSIBLE SPACES = 1 SPACE



SITE PLAN

NOT TO SCALE



LOCATION PLAN

NOT TO SCALE

BASED ON PRELIMINARY INFORMATION PROVIDED BY THE OWNER - SUBJECT TO CHANGE

**METHOD architecture**  
 2444 TIMES BLVD., STE. 222  
 HOUSTON, TEXAS 77005  
 (713) 662 - 9988

"EXHIBIT C"  
Page 1 of 3

RULES AND REGULATIONS

Any portion of Land constituting a strip of land 100' wide and contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146 shall be subject to the following rules and regulations pertaining to new signage, screening, driveways and median crossovers. These rules and regulations shall apply after the effective date of this Agreement when Company develops or constructs improvements on vacant Land described in Exhibit "A" which is adjacent to Fairmont Parkway, State Highway 225, or State Highway 146.

1. Any sign erected in said 100' strip of land shall be subject to the following provisions:
  - ◆ One freestanding identification sign shall be permitted for each side of an industrial establishment that fronts on an improved public right-of-way.
  - ◆ Freestanding identification signs for single tenant buildings shall not exceed 150 square feet in area.
  - ◆ One freestanding identification sign for identifying multiple businesses is allowable at the intersection of improved public rights-of-way.
  - ◆ Freestanding identification signs for multiple businesses shall not exceed 350 square feet.
  - ◆ Freestanding identification signs shall not exceed 45 feet in height.
  - ◆ Minimum setback for sign construction shall be ten (10) feet from property lines.
2. When Land adjacent to said 100' strip is developed, the initial 50' of said strip beyond any existing pipeline easement contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146 shall be screened by one of the following techniques:
  - a) Leaving in place existing trees, vegetation, underbrush, etc. to provide a thorough and effective visual screening of the development. Existing trees shall, together with other vegetation and underbrush, create a continuous visual screen.

"EXHIBIT C"

Page 2 of 3

- b) The use of earthen berms with approximately 3:1 side slopes, 50' wide at the base and 8' high. The berms may be landscaped with a combination of trees, shrubs, and ground cover. All berms and landscaping will be maintained by the property owners.
- c) A screening plan, to be approved by the City, that includes a combination of trees, shrubs, and ground cover that after 5 years growth will be at least 20 feet in height and shall, together with shrubs and ground cover, create a continuous visual screen. Provided, however, in public utility easements or rights-of-way, the vegetation shall be installed and maintained in a manner which is acceptable to the public utility company, and does not interfere with the operation and maintenance of the public utility facilities.

For items b and c above, the actual length of required screening along the roadway will be equal to the length of the new development that is parallel to the roadway. Screening shall not be required for new development that is to the rear of or behind existing facilities.

In all cases the 50' strip, along the entire roadway frontage, shall be dedicated as a landscape easement and shall be kept free from any improvements except for approved driveway access and identification signs.

For cases of new development or improvements where a 50' landscape easement is not available or practical, Company shall meet with City to determine a suitable landscaping alternative.

- d) In the case of land contiguous to Fairmont Parkway, in addition to the other requirements of these Rules and Regulations, Company shall dedicate to City by Plat a ten foot (10') wide pedestrian and bicycle easement, extending along Company's Fairmont Parkway boundary, within the fifty foot (50') landscape easement. The pedestrian easement shall not be within any pipeline facility, except for necessary crossings.
3. Driveways opening from said strip of land onto State Highway 225 or State Highway 146 shall be subject to the rules and regulations of the Texas Department of Transportation and provisions of the City's Code of Ordinances, whichever is more restrictive.

Driveways opening from said strip of land onto Fairmont Parkway shall be subject to the rules and regulations of Harris County and provisions of the City's Code of Ordinances, whichever is more restrictive.

"EXHIBIT C"  
Page 3 of 3

4. Driveways opening from said strip of land onto Fairmont Parkway shall be approved by the City and may require the installation of separate acceleration/deceleration lanes.
5. Installation of a median crossover on Fairmont Parkway shall be subject to the approval of both Harris County and City.

REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 12, 2018  
Requested By: Michael Dolby, Director of Finance  
Department: FINANCE  
Report: xx Resolution:        Ordinance:       

Exhibits: \_\_\_\_\_

Exhibits: \_\_\_\_\_

Amount Budgeted  
Source of Funds: General Fund/Finance  
Account Number: 6141-5001  
Amount Budgeted \$60,000  
Amount Requested: \$60,000  
Budgeted Item: YES NO

In accordance with the city charter, the fiscal year ending September 30, 2017 Comprehensive Annual Financial Report will be presented to Council by the external auditors Pattillo, Brown and Hill. The audit report provides the City with reasonable assurance that the financial statements are free of material misstatements. The auditors designed tests that provide evidence that the financial statements conform to the highest level of accounting standards. The City of La Porte received an unmodified (clean) opinion from the auditors and no management comments or deficiencies in internal control were identified.

The City of La Porte has won the Award for Excellence in Financial Reporting from the Government Finance Officers Association for thirty-six (36) consecutive years.

---

Action Required by Council:

Consider approval or action to accept the Fiscal Year Ending September 30, 2017 Comprehensive Annual Financial Report (CAFR).

---

Approved for City Council Agenda

\_\_\_\_\_  
Corby Alexander, City Manager

\_\_\_\_\_  
Date

**CITY OF LA PORTE, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended September 30, 2017**

**Prepared By  
Department of Finance**

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**CITY OF LA PORTE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# **INTRODUCTORY SECTION**

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City of La Porte

Established 1892

City Manager's Office

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

March 12, 2018

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, 2017. 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, 2017 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, 2017 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 76. 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 pronouncements regarding pension reporting.

### **Major Initiatives**

Staff is overseeing the design and construction of our fitness center. In addition, public works is the design phase of multi-million dollar infrastructure water/ sewer projects.

### **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.

One of our major industrial companies completed a \$600 million dollar expansion. Commercial development continues to rise in the city. We anticipate growth of approximately \$36 million in new warehouses, office buildings, hotel and new schools. Additionally, the housing market in the Houston area, which included La Porte, has seen a 10% growth in the median price of homes over the last two years. Residential development continues to grow. The city issued \$9 million in permits and a new residential development adjacent to major highway is projected to be \$36 million.

The Panama Canal expansion is bringing about a significant growth of 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 of the city limits, to allow receiving from super container ships. The low cost of natural gas continues to provide stability in the petro chemical market; consequently we are experiencing significant growth in our industrial districts.

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

With the associated fund draw downs, the remaining fund balances continue to meet operational objectives and current fiscal policies.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the thirty-sixth 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**

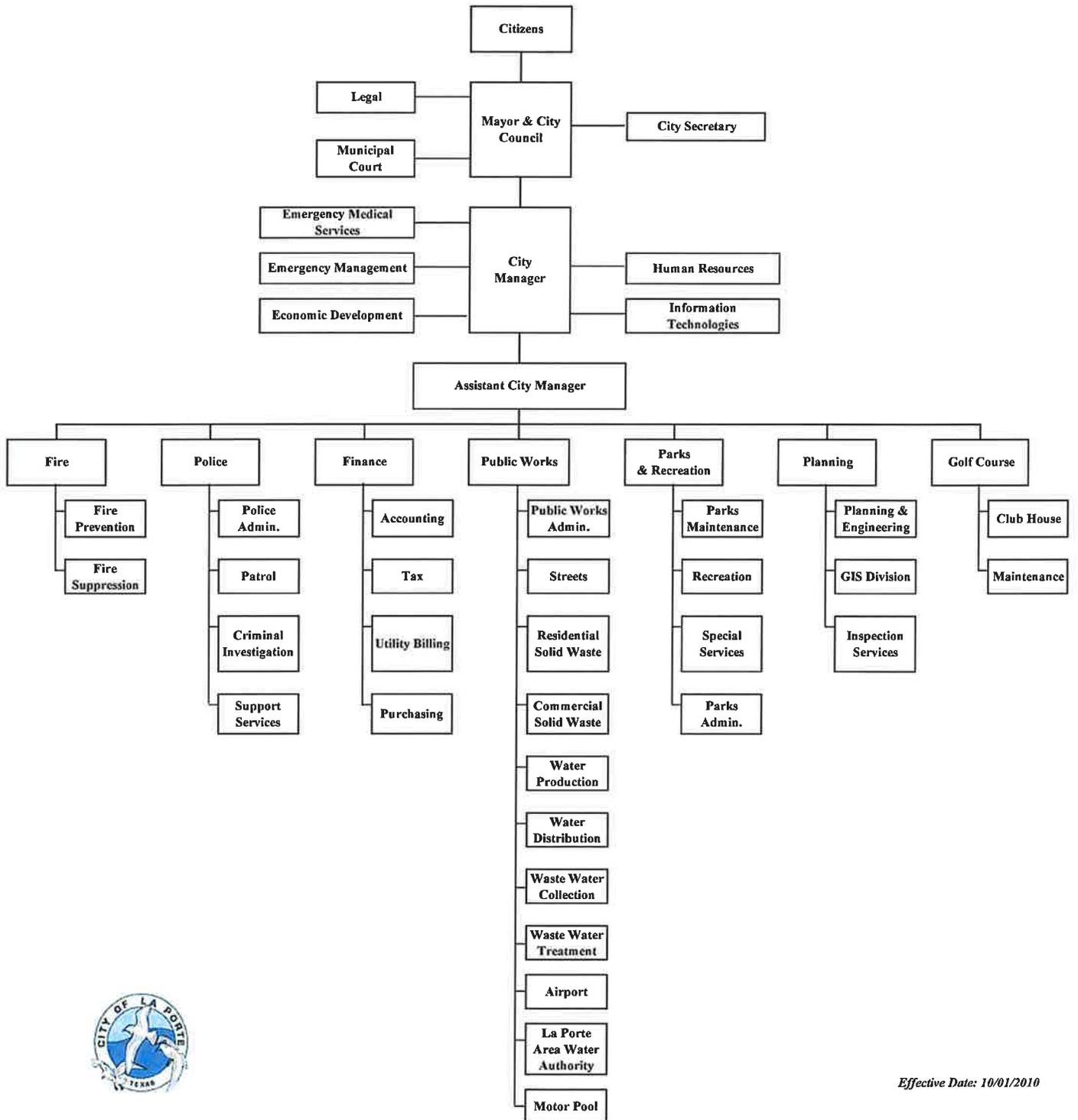
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morrell*

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, 2017

<u>Elected Officials</u>	<u>Position</u>
Louis Rigby	Mayor
Danny Earp	Council Member - District One
Chuck Engelken	Council Member - District Two
Daryl Leonard	Council Member - District Three
Kristin Martin	Mayor Pro-Tem Council Member - District Four
Jay Martin	Council Member - District Five
Nancy Ojeda	Council Member - District Six
John Zemanek	Council Member - At Large A
Dottie Kaminski	Council Member - At Large B

<u>City Management</u>	<u>Position</u>
Corby Alexander	City Manager
Jason Weeks	Assistant City Manager
Ken Adcox	Police Chief
Don Pennell	Director of Public Works
Patrice Fogarty	City Secretary
Denise Mitrano	Municipal Judge
Michael G. Dolby	Director of Finance

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## **FINANCIAL SECTION**

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PATTILLO, 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, 2017, 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, a major fund, and represents 6 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post-employment benefit information on pages 4 through 12 and 61 through 67, 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 12, 2018, 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 solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Waco, Texas  
March 12, 2018

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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, 2017. 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 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service and capital improvements funds, which are considered to be major funds. Data from the other 10 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 \$137,545,599 as of September 30, 2017, in the primary government as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 96,892,982	\$ 79,187,736	\$ 12,559,374	\$ 10,203,038	\$ 109,452,356	\$ 89,390,774
Capital assets	84,377,613	83,667,765	33,782,624	34,619,543	118,160,237	118,287,308
<b>Total Assets</b>	<u>181,270,595</u>	<u>162,855,501</u>	<u>46,341,998</u>	<u>44,822,581</u>	<u>227,612,593</u>	<u>207,678,082</u>
<b>Deferred Outflows of Resources</b>	<u>8,569,349</u>	<u>10,291,631</u>	<u>822,088</u>	<u>1,022,841</u>	<u>9,391,437</u>	<u>11,314,472</u>
<b>Liabilities</b>						
Other liabilities	6,071,020	4,010,083	1,006,905	1,007,036	7,077,925	5,017,119
Long-term liabilities outstanding	87,471,213	78,191,214	4,115,794	4,245,876	91,587,007	82,437,090
<b>Total Liabilities</b>	<u>93,542,233</u>	<u>82,201,297</u>	<u>5,122,699</u>	<u>5,252,912</u>	<u>98,664,932</u>	<u>87,454,209</u>
<b>Deferred Inflows of Resources</b>	<u>715,816</u>	<u>1,033,661</u>	<u>77,683</u>	<u>110,316</u>	<u>793,499</u>	<u>1,143,977</u>
<b>Net Position:</b>						
Net investment in capital assets						
assets	51,730,456	48,367,017	33,782,624	34,291,664	85,513,080	82,658,681
Restricted	16,867,057	17,854,935	520,000	846,400	17,387,057	18,701,335
Unrestricted	26,984,382	23,690,222	7,661,080	5,344,130	34,645,462	29,034,352
<b>Total Net Position</b>	<u>\$ 95,581,895</u>	<u>\$ 89,912,174</u>	<u>\$ 41,963,704</u>	<u>\$ 40,482,194</u>	<u>\$ 137,545,599</u>	<u>\$ 130,394,368</u>

**Net Investment in Capital Assets**

The largest portion of the City’s net position (62.2%) 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, \$17,387,057 or 12.6% represents resources that are subject to external restriction on how they may be used.

## Unrestricted Net Position

The remaining balance is unrestricted net position, \$34,645,462 or 25.2%, 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.

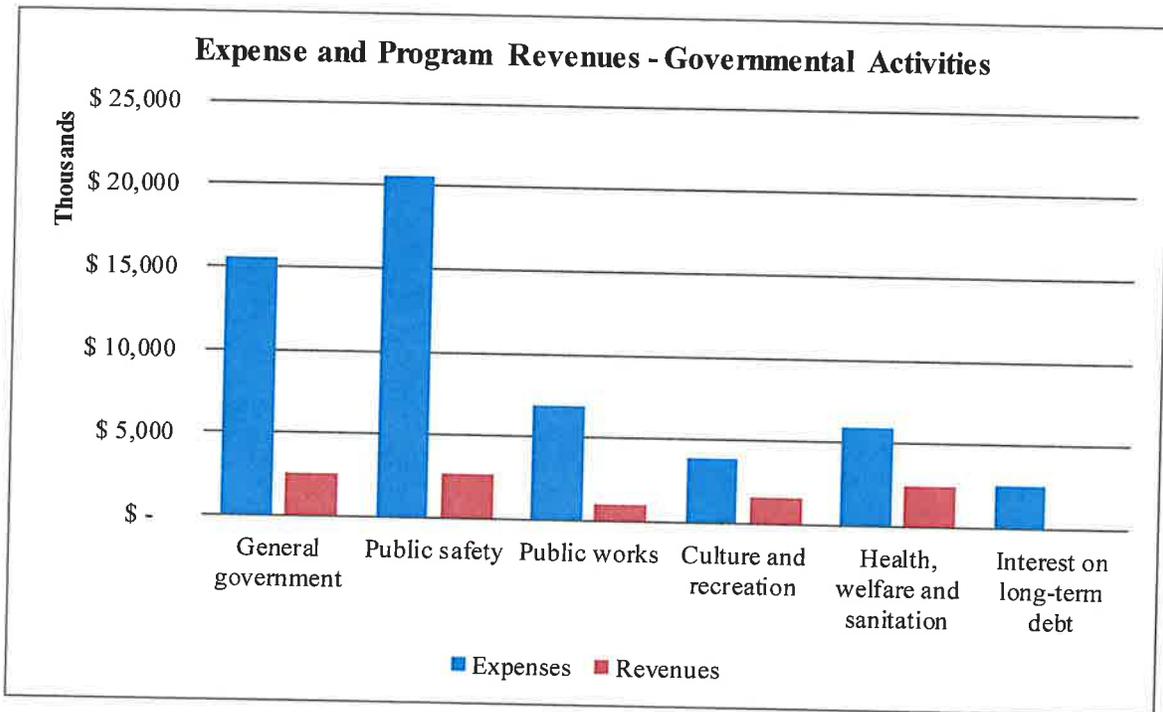
The following table provides a summary of the City's operations for the year ended September 30, 2017, with comparative data total for the year ended September 30, 2016. Governmental activities increased the City's net position by \$5,669,721. Business-type activities increased net position by \$1,481,510.

**City's Changes in Net Position  
For the Years Ended September 30, 2017 and 2016**

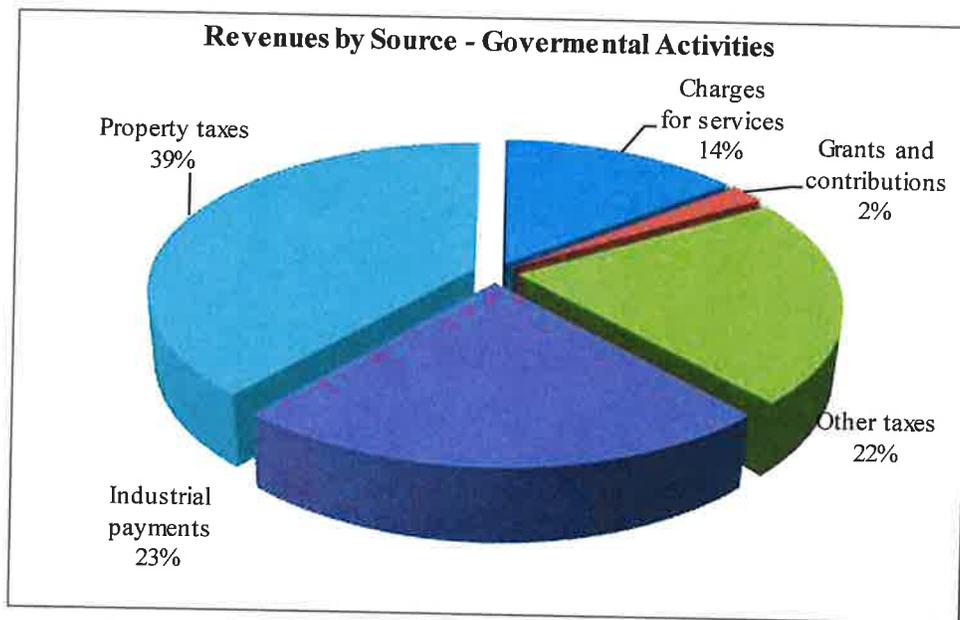
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,433,091	\$ 9,150,694	\$ 9,594,729	\$ 8,510,639	\$ 18,027,820	\$ 17,661,333
Operating grants and contributions	1,243,409	454,862	-	-	1,243,409	454,862
Capital grants and contributions	582,045	607,357	825,116	534,168	1,407,161	1,141,525
General revenue:						
Property taxes	23,857,654	24,098,174	-	-	23,857,654	24,098,174
Other taxes	13,111,468	12,163,169	-	-	13,111,468	12,163,169
Industrial payments	14,270,899	14,377,602	-	-	14,270,899	14,377,602
Investment earnings	563,868	380,268	110,828	44,038	674,696	424,306
Miscellaneous	601,136	766,683	-	-	601,136	766,683
<b>Total Revenues</b>	<b>62,663,570</b>	<b>61,998,809</b>	<b>10,530,673</b>	<b>9,088,845</b>	<b>73,194,243</b>	<b>71,087,654</b>
<b>Expenses</b>						
General government	15,517,803	14,255,413	-	-	15,517,803	14,255,413
Public safety	20,546,802	21,114,939	-	-	20,546,802	21,114,939
Public works	6,910,267	4,422,464	-	-	6,910,267	4,422,464
Culture and recreation	3,899,516	3,439,722	-	-	3,899,516	3,439,722
Health, welfare and sanitation	5,915,039	6,059,896	-	-	5,915,039	6,059,896
Interest on long-term debt	2,506,004	1,782,508	-	-	2,506,004	1,782,508
Water services	-	-	6,269,356	4,985,902	6,269,356	4,985,902
Sewer services	-	-	4,267,901	4,374,763	4,267,901	4,374,763
Airport	-	-	210,324	210,590	210,324	210,590
<b>Total Expenses</b>	<b>55,295,431</b>	<b>51,074,942</b>	<b>10,747,581</b>	<b>9,571,255</b>	<b>66,043,012</b>	<b>60,646,197</b>
Increase (decrease) in net position before transfers	7,368,139	10,923,867	( 216,908)	( 482,410)	7,151,231	10,441,457
Transfers	( 1,698,418)	( 795,104)	1,698,418	795,104	-	-
Increase (decrease) in net position	5,669,721	10,128,763	1,481,510	312,694	7,151,231	10,441,457
<b>Net position - beginning</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>
<b>Net position - ending</b>	<b>\$ 95,581,895</b>	<b>\$ 89,912,174</b>	<b>\$ 41,963,704</b>	<b>\$ 40,482,194</b>	<b>\$ 137,545,599</b>	<b>\$ 130,394,368</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:

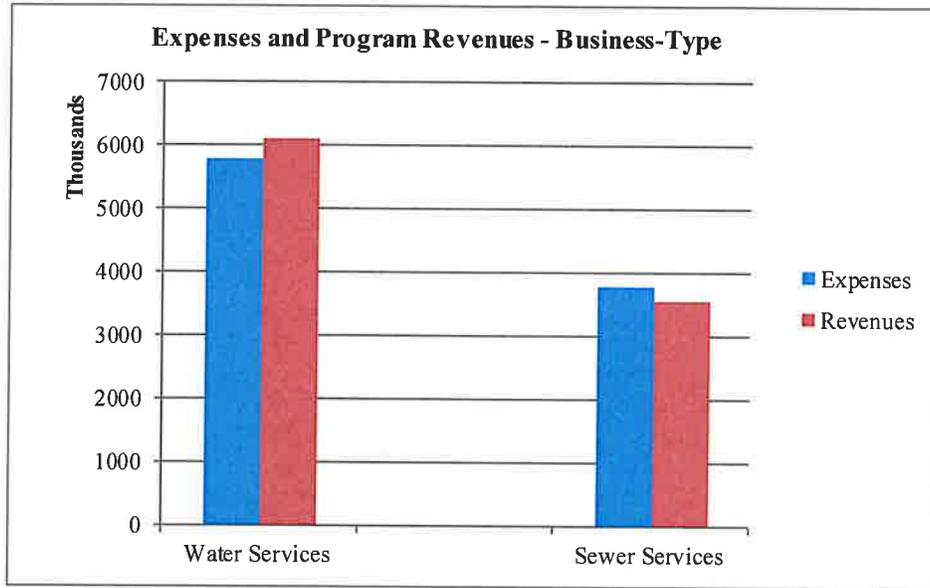


Revenues sources for governmental activities were distributed as follows:



For the year ended September 30, 2017, revenues without transfers in the governmental activities totaled \$62,663,570. This represents an increase of approximately \$664,761 or 1.1% due to an increase in other taxes.

**Business-Type Activities.** Revenues without transfers or interest in the business-type activities totaled \$10,419,845, a \$1,375,038 increase from the prior year. This increase is due to an increase in investment earnings and charges for services. A comparison between expenses and program revenues (charges for services) relating to Utility operations follows. Increase in investment earnings was due to the purchase of new investment securities. Charges for services increased to an increase in water sales billings.



**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 \$82,029,092, an increase of \$14,275,734 from the prior year. This increase is due to an increase in property taxes and issuance of debt.

**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 \$40,500,147, an increase of \$11,114,320 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 101.9% of total general fund expenditures and total fund balance represents 107.9% of the same.

The Debt Service fund has a total fund balance of approximately \$3,883,137, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year of \$342,259 was due to an increase in property tax revenue.

The 2017 Certificate of Obligation Bonds Fund had a total fund balance of approximately \$10,377,999, all of which is restricted for capital projects. The net increase in fund balance from the prior year of \$10,377,999 was due to the issuance of debt for the construction of a wastewater system.

The Tax Increment Reinvestment Zone Fund had a total fund balance of approximately \$866,270, all of which is restricted for capital projects. The net increase in fund balance from the prior year of \$326,042 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 - \$4,529,469, La Porte Area Water Authority - \$2,800,820 and Airport - \$330,791. The changes in net position of the proprietary funds for 2017 were as follows: Utility – increase of \$1,872,220, La Porte Area Water Authority – decrease of \$242,793 and Airport – decrease of \$147,917. Increase in the Utility Fund is due to an increase in water sales billings. The decrease in the La Porte Area Water Authority is due to an increase in operating expenses, specifically water purchases.

**General Fund Budgetary Highlights**

Actual revenues exceeded the final General Fund budgeted revenues by \$5,655,805. Property tax, Industrial Payments, and miscellaneous revenue exceed the projected budget by \$2,455,311, \$1,770,899 and \$326,842, respectively. Licenses and fees and fines and forfeitures also exceeded budget by \$118,741 and \$29,271, respectively.

The total appropriations exceeded expenditures by \$1,712,800, the majority of which can be attributed to five departments. Administration had a positive variance in the amount of \$269,625 due to open positions and reduction in special programs. Planning and engineering had a positive variance in the amount of \$338,084 due to open positions. Culture and recreation had a positive variance of \$262,700 due to open positions. Finance had a positive variance in the amount of \$537,082 due to implementations of cost containments.

**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, 2017, amounts to \$118,160,237 (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 decrease in the City’s investment in capital assets for the current fiscal year was approximately \$127,071. The following table shows capital assets activity for the 2017 fiscal year:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 10,202,212	\$ 10,289,063	\$ 447,791	\$ 447,791	\$ 10,650,003	\$ 10,736,854
Construction in progress	14,023,034	12,216,226	2,287,458	916,411	16,310,492	13,132,637
Infrastructure	13,623,471	14,581,801	-	-	13,623,471	14,581,801
Buildings and improvements	35,355,554	36,078,583	28,827,546	31,236,081	64,183,100	67,314,664
Machinery and equipment	11,173,342	10,502,092	2,219,829	2,019,260	13,393,171	12,521,352
Total capital assets, net	\$ 84,377,613	\$ 83,667,765	\$ 33,782,624	\$ 34,619,543	\$ 118,160,237	\$ 118,287,308

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 38 – 39 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 \$42,935,000 of this amounts, \$42,935,000 is backed by the full faith and credit of the City.

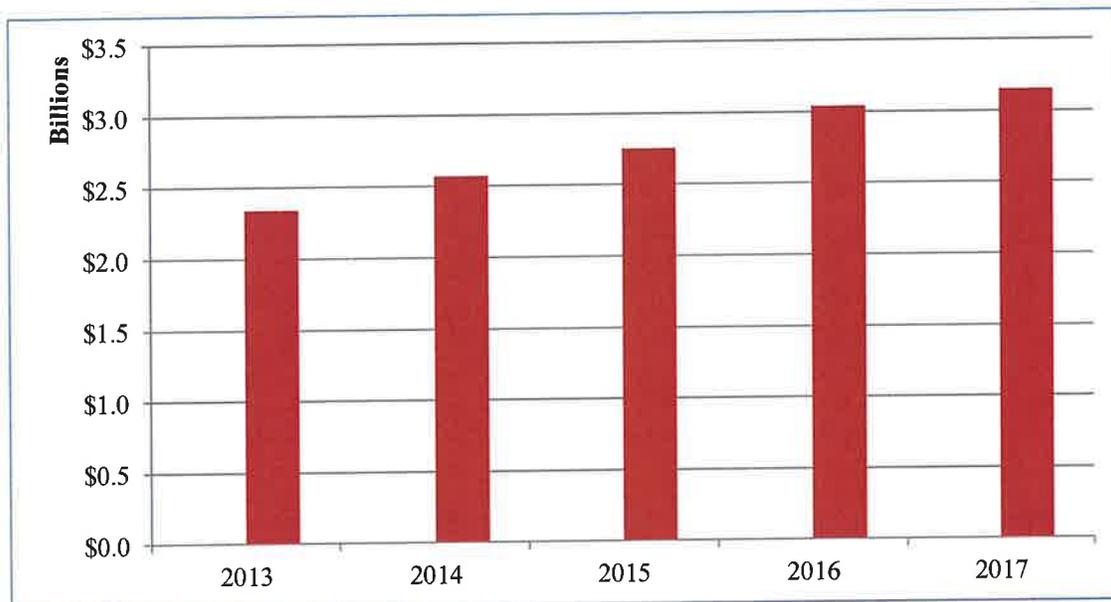
The City of La Porte maintains an “Aa2”, “AA”, and “AA” by Moody’s, Standard and Poor’s, and Fitch, respectively, for general obligation debt.

Additional information on long-term debt activity can be found on pages 40 – 43 in the notes to the financial statements.

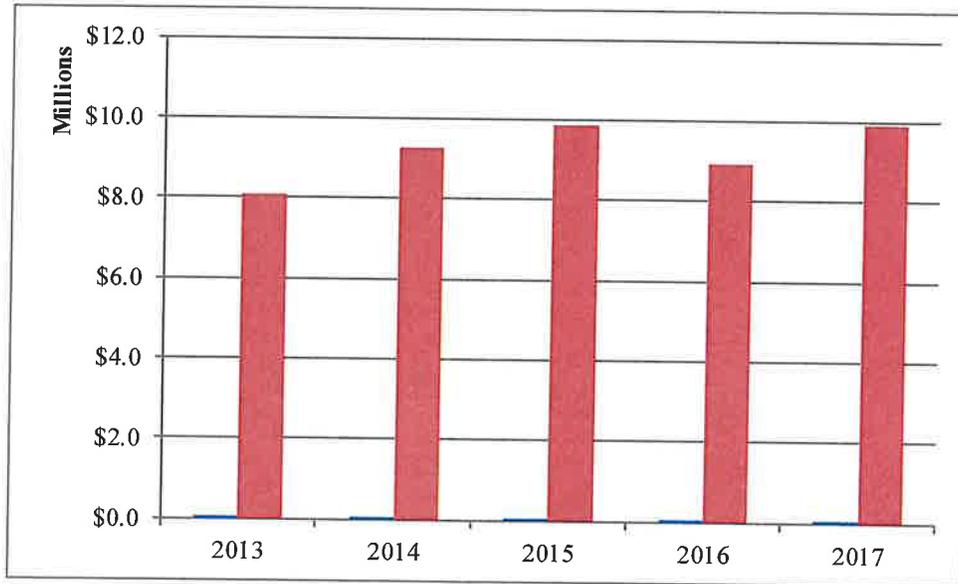
### **Economic Factors and Next Year’s Budgets and Rates**

The unemployment rate for the City of La Porte is current 5.8 percent which is no change from the rate of 5.8 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 and the damage from recent hurricanes was minimal, 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 2017. 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, 2017**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 62,150,976	\$ 7,010,469	\$ 69,161,445
Investments	27,488,050	4,401,248	31,889,298
Receivables, net of allowance for uncollectibles	6,042,447	1,141,057	7,183,504
Due from other governments	1,071,542	-	1,071,542
Inventories	139,967	6,600	146,567
Capital assets:			
Capital assets not subject to depreciation	24,225,246	2,735,249	26,960,495
Capital assets, net of accumulated depreciation	<u>60,152,367</u>	<u>31,047,375</u>	<u>91,199,742</u>
Total capital assets, net	<u>84,377,613</u>	<u>33,782,624</u>	<u>118,160,237</u>
<b>Total Assets</b>	<u>181,270,595</u>	<u>46,341,998</u>	<u>227,612,593</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	919,514	-	919,514
Deferred outflows related to pensions	<u>7,649,835</u>	<u>822,088</u>	<u>8,471,923</u>
<b>Total Deferred Outflows of Resources</b>	<u>8,569,349</u>	<u>822,088</u>	<u>9,391,437</u>
<b>Liabilities</b>			
Accounts payable	4,018,878	344,562	4,363,440
Accrued liabilities	644,299	54,886	699,185
Unearned revenue	31,084	-	31,084
Customer deposits	-	607,457	607,457
Other liabilities	1,376,759	-	1,376,759
Long-term liabilities:			
Due within one year	3,516,238	7,847	3,524,085
Due in more than one year	<u>83,954,975</u>	<u>4,107,947</u>	<u>88,062,922</u>
<b>Total Liabilities</b>	<u>93,542,233</u>	<u>5,122,699</u>	<u>98,664,932</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	<u>715,816</u>	<u>77,683</u>	<u>793,499</u>
<b>Total Deferred Inflows of Resources</b>	<u>715,816</u>	<u>77,683</u>	<u>793,499</u>
<b>Net Position</b>			
Net investment in capital assets	51,730,456	33,782,624	85,513,080
Restricted for:			
Debt service	4,800,210	520,000	5,320,210
Economic development	5,762,942	-	5,762,942
Senior citizen programs	10,543	-	10,543
Replacement of trees	599,465	-	599,465
Municipal court building and technology	420,988	-	420,988
Park improvements	441,176	-	441,176
Public safety	1,377,011	-	1,377,011
Public works	3,454,722	-	3,454,722
Unrestricted	<u>26,984,382</u>	<u>7,661,080</u>	<u>34,645,462</u>
<b>Total Net Position</b>	<u>\$ 95,581,895</u>	<u>\$ 41,963,704</u>	<u>\$ 137,545,599</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, 2017**

Function/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 15,517,803	\$ 2,538,477	\$ -	\$ -
Public safety	20,546,802	1,553,872	1,119,223	-
Public works	6,910,267	354,096	123,435	582,045
Culture and recreation	3,899,516	1,584,863	751	-
Health, welfare and sanitation	5,915,039	2,401,783	-	-
Interest on long-term debt	2,506,004	-	-	-
<b>Total Governmental Activities</b>	<u>55,295,431</u>	<u>8,433,091</u>	<u>1,243,409</u>	<u>582,045</u>
<b>Business-Type Activities</b>				
Water services	6,269,356	5,982,350	-	825,116
Sewer services	4,267,901	3,551,728	-	-
Airport	210,324	60,651	-	-
<b>Total Business-Type Activities</b>	<u>10,747,581</u>	<u>9,594,729</u>	<u>-</u>	<u>825,116</u>
<b>Total Primary Government</b>	<u>\$ 66,043,012</u>	<u>\$ 18,027,820</u>	<u>\$ 1,243,409</u>	<u>\$ 1,407,161</u>

General revenues:

Taxes:

Property taxes

Sales and use taxes

Industrial payments

Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$( 12,979,326)	\$ -	\$( 12,979,326)
( 17,873,707)	-	( 17,873,707)
( 5,850,691)	-	( 5,850,691)
( 2,313,902)	-	( 2,313,902)
( 3,513,256)	-	( 3,513,256)
( 2,506,004)	-	( 2,506,004)
<u>( 45,036,886)</u>	<u>-</u>	<u>( 45,036,886)</u>
-	538,110	538,110
-	( 716,173)	( 716,173)
-	<u>( 149,673)</u>	<u>( 149,673)</u>
-	<u>( 327,736)</u>	<u>( 327,736)</u>
<u>( 45,036,886)</u>	<u>( 327,736)</u>	<u>( 45,364,622)</u>
23,857,654	-	23,857,654
10,859,215	-	10,859,215
14,270,899	-	14,270,899
2,252,253	-	2,252,253
563,868	110,828	674,696
601,136	-	601,136
<u>( 1,698,418)</u>	<u>1,698,418</u>	<u>-</u>
<u>50,706,607</u>	<u>1,809,246</u>	<u>52,515,853</u>
5,669,721	1,481,510	7,151,231
<u>89,912,174</u>	<u>40,482,194</u>	<u>130,394,368</u>
<u>\$ 95,581,895</u>	<u>\$ 41,963,704</u>	<u>\$ 137,545,599</u>

**CITY OF LA PORTE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	General Fund	Debt Service Fund	2017 Certificate of Obligation Bonds	Tax Increment Reinvestment Zone	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 25,610,661	\$ 3,223,689	\$ 10,377,727	\$ 3,159,171	\$ 16,181,146	\$ 58,552,394
Investments	17,643,419	511,680	620	-	6,857,112	25,012,831
Receivables, net of allowance for uncollectible	4,767,985	171,435	2	-	1,086,117	6,025,539
Due from other governments	-	-	-	-	951,615	951,615
Inventories	102,058	-	-	-	-	102,058
<b>Total Assets</b>	<b>48,124,123</b>	<b>3,906,804</b>	<b>10,378,349</b>	<b>3,159,171</b>	<b>25,075,990</b>	<b>90,644,437</b>
<b>Liabilities</b>						
Accounts payable	1,338,911	-	-	2,292,901	302,477	3,934,289
Accrued liabilities	515,266	-	-	-	3,380	518,646
Due to others	-	-	-	-	1,500	1,500
Unearned revenue	-	-	350	-	20,643	20,993
Other payables	904,597	-	-	-	-	904,597
<b>Total Liabilities</b>	<b>2,758,774</b>	<b>-</b>	<b>350</b>	<b>2,292,901</b>	<b>328,000</b>	<b>5,380,025</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - property taxes	136,368	23,667	-	-	-	160,035
Unavailable revenue - fines and fees	300,789	-	-	-	-	300,789
Unavailable revenue - EMS	1,074,892	-	-	-	-	1,074,892
Unavailable revenue - grants	-	-	-	-	745,868	745,868
Unavailable revenue - other	953,736	-	-	-	-	953,736
<b>Total Deferred Inflows of Resources</b>	<b>2,465,785</b>	<b>23,667</b>	<b>-</b>	<b>-</b>	<b>745,868</b>	<b>3,235,320</b>
<b>Fund balances</b>						
<b>Nonspendable:</b>						
Inventories	102,058	-	-	-	-	102,058
<b>Restricted:</b>						
Debt service	-	3,883,137	-	-	1,083,817	4,966,954
Economic development	-	-	-	-	5,762,942	5,762,942
Senior citizen programs	-	-	-	-	10,543	10,543
Replacement of trees	-	-	-	-	599,465	599,465
Municipal court building and technology	-	-	-	-	420,988	420,988
Park improvements	-	-	-	-	441,176	441,176
Public safety	-	-	-	-	1,377,011	1,377,011
Capital projects	-	-	10,377,999	866,270	7,283,829	18,528,098
Public works	-	-	-	-	2,466,481	2,466,481
<b>Committed:</b>						
Construction	2,000,000	-	-	-	4,555,870	6,555,870
Assigned	297,359	-	-	-	-	297,359
Unassigned	40,500,147	-	-	-	-	40,500,147
<b>Total Fund Balances</b>	<b>42,899,564</b>	<b>3,883,137</b>	<b>10,377,999</b>	<b>866,270</b>	<b>24,002,122</b>	<b>82,029,092</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 48,124,123</b>	<b>\$ 3,906,804</b>	<b>\$ 10,378,349</b>	<b>\$ 3,159,171</b>	<b>\$ 25,075,990</b>	<b>\$ 90,644,437</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, 2017

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

Total fund balance, governmental funds	\$ 82,029,092
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.	73,043,323
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.	3,235,320
Some liabilities and deferred outflows and inflows are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	
Bonds payable	( 21,090,000)
Certificates of obligation payable	( 21,845,000)
Premium on bonds	( 1,481,277)
Deferred charge on refunding	919,514
Interest payable	( 113,474)
Due to developer	( 5,262,050)
Compensated absences	( 2,884,157)
Deferred resources related to pensions	6,934,019
Net pension liability	( 19,569,656)
Net OPEB obligation	( 13,870,274)
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>15,536,515</u>
Net position of governmental activities	<u>\$ 95,581,895</u>

**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General Fund	Debt Service Fund	2017 Certificate of Obligation Bonds	Tax Increment Reinvestment Zone	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 18,183,811	\$ 3,304,451	\$ -	\$ 2,704,093	\$ -	\$ 24,192,355
Sales and use taxes	4,983,437	-	-	-	4,964,409	9,947,846
Franchise taxes	2,252,253	-	-	-	-	2,252,253
Industrial payments	14,270,899	-	-	-	-	14,270,899
Other taxes	87,389	-	-	-	823,980	911,369
Licenses and permits	535,741	-	-	-	-	535,741
Fines and forfeits	1,627,471	-	-	-	337,778	1,965,249
Charges for services	5,740,226	-	-	-	329,022	6,069,248
Intergovernmental	-	-	-	-	1,077,893	1,077,893
Investment earnings	357,433	14,218	23	495	159,200	531,369
Miscellaneous	413,042	-	-	-	104,786	517,828
<b>Total Revenues</b>	<b>48,451,702</b>	<b>3,318,669</b>	<b>23</b>	<b>2,704,588</b>	<b>7,797,068</b>	<b>62,272,050</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	10,734,842	-	-	985,524	1,468,581	13,188,947
Public safety	17,557,250	-	-	-	1,426,489	18,983,739
Public works	3,067,368	-	-	-	346,966	3,414,334
Health and sanitation	2,730,308	-	-	-	-	2,730,308
Culture and recreation	5,670,488	-	-	-	65,112	5,735,600
<b>Debt Service:</b>						
Principal	-	2,850,000	-	1,328,629	-	4,178,629
Interest and other charges	-	1,063,705	257,024	64,393	-	1,385,122
Capital Outlay	-	-	-	-	4,852,432	4,852,432
<b>Total Expenditures</b>	<b>39,760,256</b>	<b>3,913,705</b>	<b>257,024</b>	<b>2,378,546</b>	<b>8,159,580</b>	<b>54,469,111</b>
Excess (deficiency) of revenues over (under) expenditures	8,691,446	( 595,036)	( 257,001)	326,042	( 362,512)	7,802,939
<b>Other Financing Sources (Uses)</b>						
Proceeds from bond issuance	-	-	10,635,000	-	-	10,635,000
Transfers in	57,500	937,295	-	-	2,690,200	3,684,995
Transfers out	( 5,766,878)	-	-	-	( 2,082,947)	( 7,849,825)
Proceeds from sale of assets	2,625	-	-	-	-	2,625
<b>Total Other Financing Sources and Uses</b>	<b>( 5,706,753)</b>	<b>937,295</b>	<b>10,635,000</b>	<b>-</b>	<b>607,253</b>	<b>6,472,795</b>
Net change in fund balances	2,984,693	342,259	10,377,999	326,042	244,741	14,275,734
Fund balance - beginning	39,914,871	3,540,878	-	540,228	23,757,381	67,753,358
Fund balance - ending	\$ 42,899,564	\$ 3,883,137	\$ 10,377,999	\$ 866,270	\$ 24,002,122	\$ 82,029,092

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, 2017**

Net change in fund balances - total governmental funds: \$ 14,275,734

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. 59,146

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. ( 54,708)

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. 359,021

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. 3,097,355

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. ( 10,635,000)

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	( 67,451)
Change in refunding gain and loss	( 118,215)
Change in premiums on issuance of bonds	146,058
Change in deferred outflows related to pensions	( 1,604,067)
Change in deferred inflows related to pensions	317,845
Change in net pension liability	( 57,530)
Change in net OPEB obligation	( 1,813,914)
Change in compensated absences	116,188

Internal service funds are used by management to change the cost of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 1,649,259

Change in net position of governmental activities \$ 5,669,721

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**CITY OF LA PORTE, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**SEPTEMBER 30, 2017**

	Business-Type Activities				Governmental
				Total	Internal Service
	Utility	LPAWA	Airport	Enterprise Funds	Fund
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 5,151,374	\$ 1,658,771	\$ 200,324	\$ 7,010,469	\$ 3,598,582
Investments	3,123,377	1,139,887	137,984	4,401,248	2,475,219
Accounts receivable, net of allowance for doubtful accounts	1,018,355	99,019	11,263	1,128,637	-
Due from other governments	-	-	-	-	119,927
Accrued interest receivable	8,816	3,206	398	12,420	16,908
Inventories	6,600	-	-	6,600	37,909
<b>Total Current Assets</b>	<b>9,308,522</b>	<b>2,900,883</b>	<b>349,969</b>	<b>12,559,374</b>	<b>6,248,545</b>
<b>Non-Current Assets:</b>					
<b>Capital assets:</b>					
Land and improvements	224,308	-	223,483	447,791	60,914
Construction in progress	2,268,208	-	19,250	2,287,458	-
Buildings and improvements	156,649	-	-	156,649	-
Improvements other than buildings	68,429,966	15,429,680	5,758,420	89,618,066	-
Vehicles and equipment	4,220,848	47,371	-	4,268,219	19,155,766
Less accumulated depreciation	( 48,428,154)	( 10,488,044)	( 4,079,361)	( 62,995,559)	( 9,310,591)
<b>Total Non-Current Assets</b>	<b>26,871,825</b>	<b>4,989,007</b>	<b>1,921,792</b>	<b>33,782,624</b>	<b>9,906,089</b>
<b>Total Assets</b>	<b>36,180,347</b>	<b>7,889,890</b>	<b>2,271,761</b>	<b>46,341,998</b>	<b>16,154,634</b>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions	816,210	-	5,878	822,088	-
<b>Total Deferred Outflows of Resources</b>	<b>816,210</b>	<b>-</b>	<b>5,878</b>	<b>822,088</b>	<b>-</b>

# CITY OF LA PORTE, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Internal Service				
	Utility Fund	LPAWA	Airport		Fund
Liabilities					
Current Liabilities:					
Accounts payable	238,821	100,063	5,678	344,562	84,589
Accrued liabilities	54,886	-	-	54,886	12,179
Unearned revenue	-	-	-	-	10,091
Customer deposits	605,957	-	1,500	607,457	-
Claims and judgements	-	-	-	-	470,662
Long-Term Debt, Current Portion					
Compensated absences	7,847	-	-	7,847	-
Total Current Liabilities	<u>907,511</u>	<u>100,063</u>	<u>7,178</u>	<u>1,014,752</u>	<u>577,521</u>
Non-Current Liabilities:					
Compensated absences	149,093	-	-	149,093	40,598
Net pension liability	2,084,123	-	15,009	2,099,132	-
Net OPEB obligation	1,857,408	-	2,314	1,859,722	-
Total Non-Current Liabilities	<u>4,090,624</u>	<u>-</u>	<u>17,323</u>	<u>4,107,947</u>	<u>40,598</u>
Total Liabilities	<u>4,998,135</u>	<u>100,063</u>	<u>24,501</u>	<u>5,122,699</u>	<u>618,119</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	77,128	-	555	77,683	-
Total Deferred Inflows of Resources	<u>77,128</u>	<u>-</u>	<u>555</u>	<u>77,683</u>	<u>-</u>
Net Position					
Investment in capital assets	26,871,825	4,989,007	1,921,792	33,782,624	9,906,089
Restricted for debt service	520,000	-	-	520,000	-
Unrestricted	4,529,469	2,800,820	330,791	7,661,080	5,630,426
Total Net Position	<u>\$ 31,921,294</u>	<u>\$ 7,789,827</u>	<u>\$ 2,252,583</u>	<u>\$ 41,963,704</u>	<u>\$ 15,536,515</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, 2017**

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Utility	LPAWA	Airport		Internal Service Fund
Revenues					
Charges for services	\$ 8,292,566	\$ 1,232,696	\$ 60,651	\$ 9,585,913	\$ 8,871,029
Miscellaneous	-	8,816	-	8,816	-
Total Operating Revenues	<u>8,292,566</u>	<u>1,241,512</u>	<u>60,651</u>	<u>9,594,729</u>	<u>8,871,029</u>
Operating Expenses					
Personnel services	3,622,405	-	26,115	3,648,520	1,003,820
Supplies and materials	373,295	14,349	9,294	396,938	322,705
Purchased water	-	1,042,226	-	1,042,226	-
Other services and charges	2,672,136	97,573	33,593	2,803,302	6,865,584
Depreciation	<u>2,243,032</u>	<u>466,374</u>	<u>141,322</u>	<u>2,850,728</u>	<u>1,631,302</u>
Total Operating Expenses	<u>8,910,868</u>	<u>1,620,522</u>	<u>210,324</u>	<u>10,741,714</u>	<u>9,823,411</u>
Operating income (loss)	( 618,302)	( 379,010)	( 149,673)	( 1,146,985)	( 952,382)
Non-Operating Revenues (Expenses)					
Investment earnings	91,524	17,030	2,274	110,828	32,499
Gain (loss) on disposal of capital assets	-	-	-	-	102,730
Interest expense	-	( 5,867)	-	( 5,867)	-
Total Non-Operating Revenues (Expenses)	<u>91,524</u>	<u>11,163</u>	<u>2,274</u>	<u>104,961</u>	<u>135,229</u>
Income before contributions and transfers	( 526,778)	( 367,847)	( 147,399)	( 1,042,024)	( 817,153)
Capital contributions	698,757	126,359	-	825,116	-
Transfers in	2,000,000	-	-	2,000,000	2,479,648
Transfers out	( 299,759)	( 1,305)	( 518)	( 301,582)	( 13,236)
Change in net position	<u>1,872,220</u>	<u>( 242,793)</u>	<u>( 147,917)</u>	<u>1,481,510</u>	<u>1,649,259</u>
Total net position - beginning	<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>
Total net position - ending	<u>\$ 31,921,294</u>	<u>\$ 7,789,827</u>	<u>\$ 2,252,583</u>	<u>\$ 41,963,704</u>	<u>\$ 15,536,515</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, 2017**

	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	\$ 8,341,474	\$ 1,286,753	\$ 54,163	\$ 9,682,390	\$ 8,877,909
Disbursed for personnel services	( 3,257,385)	-	( 25,564)	( 3,282,949)	( 922,482)
Disbursed for goods and services	( 3,038,049)	( 1,161,276)	( 37,911)	( 4,237,236)	( 7,233,314)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,046,040</u>	<u>125,477</u>	<u>( 9,312)</u>	<u>2,162,205</u>	<u>722,113</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	2,000,000	-	-	2,000,000	2,479,648
Transfers to other funds	( 299,759)	( 1,305)	( 518)	( 301,582)	( 13,236)
<b>Net Cash Provided by (Used by) Noncapital Financing Activities</b>	<u>1,700,241</u>	<u>( 1,305)</u>	<u>( 518)</u>	<u>1,698,418</u>	<u>2,466,412</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from the sale of equipment	-	-	-	-	102,730
Principal payments on debt	-	( 320,000)	-	( 320,000)	-
Interest paid on debt	-	( 15,216)	-	( 15,216)	-
Acquisition and construction of capital assets, net of dispositions	( 1,295,802)	-	( 19,250)	( 1,315,052)	( 2,201,532)
Capital contributions from participants for debt service	-	-	-	-	-
Capital contributions from participants for capital recovery	-	126,359	-	126,359	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>( 1,295,802)</u>	<u>( 208,857)</u>	<u>( 19,250)</u>	<u>( 1,523,909)</u>	<u>( 2,098,802)</u>
<b>Cash Flows from Investing Activities</b>					
Purchase of investments	( 2,154,777)	( 786,393)	( 95,193)	( 3,036,363)	( 1,714,838)
Sale of investments	539,379	491,824	62,660	1,093,863	698,473
Interest received	86,376	15,839	2,132	104,347	26,237
<b>Net Cash Provided by (Used by) Investing Activities</b>	<u>( 1,529,022)</u>	<u>( 278,730)</u>	<u>( 30,401)</u>	<u>( 1,838,153)</u>	<u>( 990,128)</u>
<b>Net increase in cash and equivalents</b>	921,457	( 363,415)	( 59,481)	498,561	99,595
<b>Cash and equivalents, beginning of year</b>	<u>4,229,917</u>	<u>2,022,186</u>	<u>259,805</u>	<u>6,511,908</u>	<u>3,498,987</u>
<b>Cash and equivalents, at end of year</b>	<u>\$ 5,151,374</u>	<u>\$ 1,658,771</u>	<u>\$ 200,324</u>	<u>\$ 7,010,469</u>	<u>\$ 3,598,582</u>

**CITY OF LA PORTE, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	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)	\$( 618,302)	\$( 379,010)	\$( 149,673)	\$( 1,146,985)	\$( 952,382)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,243,032	466,374	141,322	2,850,728	1,631,302
(Increase) decrease in accounts receivable	52,453	45,241	( 6,488)	91,206	-
(Increase) decrease in deferred outflow-pensions	197,416	-	3,337	200,753	-
Increase (decrease) in accounts payable	7,382	( 7,128)	4,976	5,230	( 45,025)
Increase (decrease) in accrued liabilities	( 852)	-	( 431)	( 1,283)	( 566)
Increase (decrease) in unearned revenue	-	-	-	-	6,880
Increase (decrease) in customer deposits	( 3,545)	-	-	( 3,545)	-
Increase (decrease) in claims	-	-	-	-	83,928
Increase (decrease) in compensated absences	( 14,749)	-	-	( 14,749)	( 2,024)
Increase (decrease) in net pension liability	( 33,142)	-	( 4,239)	( 37,381)	-
Increase (decrease) in OPEB obligation	247,613	-	2,314	249,927	-
Increase (decrease) in deferred inflow-pensions	( 31,266)	-	( 430)	( 31,696)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,046,040</u>	<u>\$ 125,477</u>	<u>\$( 9,312)</u>	<u>\$ 2,162,205</u>	<u>\$ 722,113</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets	<u>\$ 698,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,757</u>	<u>\$ -</u>

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

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# CITY OF LA PORTE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

### 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 *2017 Certificate of Obligation Bonds Fund* is used to account for bond proceeds and expenditures of those funds related to the construction of a wastewater system.

The *Tax Increment Reinvestment Zone One Fund (TIRZ)* 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.

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 meet.

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 judgements, 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 reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool and Logic have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

### **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.
- 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 a refunding.
- 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 commitment (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 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	\$ 20,578,878	\$ 225,191	\$ 56,756
Investment Pools	38,085,287	3,249,051	6,966,282
US Treasury Securities	25,012,831	2,475,219	4,401,248
	<u>\$ 83,676,996</u>	<u>\$ 5,949,461</u>	<u>\$ 11,424,286</u>

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, 2017:

- U.S. Treasury securities of \$19,924,292 were valued using an option-adjusted discounted cash flow model (Level 2 inputs).
- U.S. Treasury securities of \$9,968,248 were valued using a documented trade history in exact security pricing model (Level 2 inputs).
- U.S. Treasury securities of \$1,996,758 were valued using a documented trade history in exact security pricing model (Level 1 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)
TexPool	\$ 18,094,889	1.0
Logic	30,205,731	1.0
Federal Home Loan Mortgage Corporation (FHLMC)	17,934,784	28.6
Federal Farm Credit Bank (FFCB)	3,985,814	27.0
Federal Home Loan Bank (FHLB)	9,968,700	27.2
Total carrying value	\$ 80,189,918	
Portfolio weighted average maturity		12.1

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	\$ 48,300,620	60.23 %
US Treasury Securities	31,889,298	39.77 %
Total	\$ 80,189,918	100.00 %

## **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 2017 were \$0.605 and \$0.105, respectively, per \$100 of assessed valuation. The 2016 assessed value and total tax levy as adjusted through September 30, 2017 were \$3,154,217,617 and \$22,269,063, 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.

## TAX INCREMENT REINVESTMENT ZONE – PROPERTY TAXES

The City, La Porte Independent School District and Harris County are participating taxing entities within the tax increment reinvestment zone. The amount of a participant’s tax increment for a year is the amount of property taxes levied and collected by a participant for that year on the captured appraised value of real property taxable by the participant and located in the zone. The captured appraised value of real property taxable by the participant and located in the zone for that year less the tax increment base, which is the total appraised value of all real property taxable by the participant and located in the zone on January 1 of the year in which the zone was designed as such under the tax increment financing act (the “TIF Act”).

Each participate is required to collect taxes on property located within the zone in the same manner as other taxes are collected. The participant is required to pay into the tax increment fund the collected tax increments by the first day of each calendar quarter or pursuant to the terms of the participation set forth in their respective inter-local agreements.

## 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, 2017 Certificate of Obligation Bonds Fund and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Debt Service</u>	<u>2017 Certificate of Obligation Bonds</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Receivables:					
Taxes	\$ 2,532,372	\$ 251,868	\$ -	\$ 1,021,033	\$ 3,805,273
Mowing and demolition	596,778	-	-	-	596,778
EMS	1,787,831	-	-	-	1,787,831
Solid waste	232,854	-	-	-	232,854
Municipal court	300,789	-	-	-	300,789
Other	412,138	-	-	40,228	452,366
Interest	49,493	2,024	2	24,856	76,375
Allowance for uncollectibles	<u>( 1,144,270)</u>	<u>( 82,457)</u>	<u>-</u>	<u>-</u>	<u>( 1,226,727)</u>
	<u>\$ 4,767,985</u>	<u>\$ 171,435</u>	<u>\$ 2</u>	<u>\$ 1,086,117</u>	<u>\$ 6,025,539</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 \$62,501.

## CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2017, was as follows:

	Balance September 30, 2016	Increases	Reclassification/ (Decreases)	Balance September 30, 2017
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,289,063	\$ -	\$( 86,851)	\$ 10,202,212
Construction in progress	<u>12,216,226</u>	<u>1,806,808</u>	<u>-</u>	<u>14,023,034</u>
Total capital assets, not being depreciated	<u>22,505,289</u>	<u>1,806,808</u>	<u>( 86,851)</u>	<u>24,225,246</u>
Capital assets, being depreciated:				
Buildings and improvements	38,256,886	-	15,142	38,272,028
Improvements other than buildings	30,491,531	377,730	( 34,317)	30,834,944
Infrastructure	43,315,061	-	-	43,315,061
Machinery and equipment	<u>22,575,247</u>	<u>2,502,596</u>	<u>( 1,348,644)</u>	<u>23,729,199</u>
Total capital assets, being depreciated	<u>134,638,725</u>	<u>2,880,326</u>	<u>( 1,367,819)</u>	<u>136,151,232</u>
Less accumulated depreciation for:				
Buildings and improvements	( 20,426,432)	( 89,969)	-	( 20,516,401)
Improvements other than buildings	( 12,243,402)	( 1,010,790)	19,175	( 13,235,017)
Infrastructure	( 28,733,260)	( 958,330)	-	( 29,691,590)
Machinery and equipment	<u>( 12,073,155)</u>	<u>( 1,621,638)</u>	<u>1,138,936</u>	<u>( 12,555,857)</u>
Total accumulated depreciation	<u>( 73,476,249)</u>	<u>( 3,680,727)</u>	<u>1,158,111</u>	<u>( 75,998,865)</u>
Total capital assets being depreciated, net	<u>61,162,476</u>	<u>( 800,401)</u>	<u>( 209,708)</u>	<u>60,152,367</u>
<b>Totals</b>	<u>\$ 83,667,765</u>	<u>\$ 1,006,407</u>	<u>\$( 296,559)</u>	<u>\$ 84,377,613</u>
	<b>Balance</b>		<b>Reclassification/</b>	<b>Balance</b>
	<b>September 30,</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>September 30,</b>
	<b>2016</b>			<b>2017</b>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 447,791	\$ -	\$ -	\$ 447,791
Construction in progress	<u>916,411</u>	<u>1,371,047</u>	<u>-</u>	<u>2,287,458</u>
Total capital assets, not being depreciated	<u>1,364,202</u>	<u>1,371,047</u>	<u>-</u>	<u>2,735,249</u>
Capital assets, being depreciated:				
Buildings and improvements	57,620	21,939	77,090	156,649
Improvements other than buildings	89,409,484	529,209	( 320,627)	89,618,066
Machinery and equipment	<u>3,933,069</u>	<u>91,614</u>	<u>243,537</u>	<u>4,268,220</u>
Total capital assets, being depreciated	<u>93,400,173</u>	<u>642,762</u>	<u>-</u>	<u>94,042,935</u>
Less accumulated depreciation for:				
Buildings and improvements	( 51,415)	( 4,486)	-	( 55,901)
Improvements other than buildings	( 58,179,608)	( 2,711,660)	-	( 60,891,268)
Machinery and equipment	<u>( 1,913,809)</u>	<u>( 134,582)</u>	<u>-</u>	<u>( 2,048,391)</u>
Total accumulated depreciation	<u>( 60,144,832)</u>	<u>( 2,850,728)</u>	<u>-</u>	<u>( 62,995,560)</u>
Total capital assets being depreciated, net	<u>33,255,341</u>	<u>( 2,207,966)</u>	<u>-</u>	<u>31,047,375</u>
<b>Totals</b>	<u>\$ 34,619,543</u>	<u>\$( 836,919)</u>	<u>\$ -</u>	<u>\$ 33,782,624</u>

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

General government	\$	630,959
Public safety		328,713
Public works		409,575
Parks and recreation		680,178
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets		<u>1,631,302</u>
Total governmental activities	\$	<u><u>3,680,727</u></u>

Construction contract commitments outstanding as of September 30, 2017, are as follows:

Fund	Project	Total In Progress	Remaining Commitment
General CIP Fund	Street and Drainage Improvements	\$ 10,173,467	\$ 562,357
General CIP Fund	Golf Course Improvements	749,627	86,320
General CIP Fund	Park Improvements	769,562	305,623
General CIP Fund	Building Improvements	164,061	-
Utility Fund	Meter Replacement Program	602,776	280
Utility Fund	Water System Improvements	1,502,827	157,902
Airport Fund	Runway Improvements	19,250	-
Technology Fund	Network Improvements	<u>147,765</u>	-
Totals		<u>\$ 14,129,335</u>	<u>\$ 1,112,482</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, 2017:

	<u>Governmental</u>
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 policy facility, sports, and water and sewer improvements.	\$ 70,000
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.	4,155,000
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.	1,240,000
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.	9,045,000
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.	7,930,000
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.	7,055,000
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.	2,805,000
2017 Certificates of Obligation due in annual payments through March 15, 2037; interest at 0.14% to 1.82% \$10,635,000 issued for construction of wastewater system.	<u>10,635,000</u>
<b>Total Bonds Payable</b>	<u>\$ 42,935,000</u>

Changes in the City's long-term liabilities for the year ended September 30, 2017 are as follows:

	Balance September 30, 2016	Additions	(Reductions)	Balance September 30, 2017	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 22,815,000	\$ -	\$( 1,725,000)	\$ 21,090,000	\$ 2,195,000
Certificates of obligation	12,335,000	10,635,000	( 1,125,000)	21,845,000	1,175,000
Premium on bond issuance	1,627,335	-	( 146,058)	1,481,277	-
Total bonds payable	<u>36,777,335</u>	<u>10,635,000</u>	<u>( 2,996,058)</u>	<u>44,416,277</u>	<u>3,370,000</u>
Due to developers	6,737,773	1,158,583	( 1,393,022)	6,503,334	-
Retainage payable	64,653	184,192	( 61,928)	186,917	-
Compensated absences	3,042,967	83,980	( 202,192)	2,924,755	146,238
Net pension liability-TMRS	19,250,005	3,170,527	( 3,078,075)	19,342,457	-
Net pension liability-TESRS	262,121	13,236	( 48,158)	227,199	-
Net OPEB obligation	12,056,360	2,545,457	( 731,543)	13,870,274	-
<b>Total Governmental Activities</b>	<u>\$ 78,191,214</u>	<u>\$ 17,790,975</u>	<u>\$( 8,510,976)</u>	<u>\$ 87,471,213</u>	<u>\$ 3,516,238</u>
	Balance September 30, 2016	Additions	(Reductions)	Balance September 30, 2017	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue bonds	\$ 320,000	\$ -	\$( 320,000)	\$ -	\$ -
Premium on bond issuance	7,879	-	( 7,879)	-	-
Total Bonds Payable	<u>327,879</u>	<u>-</u>	<u>( 327,879)</u>	<u>-</u>	<u>-</u>
Compensated absences	171,689	64,082	( 78,831)	156,940	7,847
Net pension liability-TMRS	2,136,513	296,666	( 334,047)	2,099,132	-
Net OPEB obligation	1,609,795	341,294	( 91,367)	1,859,722	-
<b>Total Business-Type Activities</b>	<u>\$ 4,245,876</u>	<u>\$ 702,042</u>	<u>\$( 832,124)</u>	<u>\$ 4,115,794</u>	<u>\$ 7,847</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

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
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>\$ 21,090,000</u>	<u>\$ 3,178,903</u>	<u>\$ 11,210,000</u>	<u>\$ 2,295,235</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, 2017, the City does not have bonds considered defeased and outstanding.

## Due to Developers

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

The Authority has entered into agreements with the following Developers: Port Crossing Land, LP, 65 La Porte, Ltd., Retreat at Bay Forest, LP, Beazer Homes, LP and Senior Associates. 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 \$1,325,582. To date, reimbursements in the amount of \$10,265,364 have been made to Port Crossing/Liberty for incremental tax value gained. Interest was calculated, and payments were applied to interest first, then principal. No additional interest will be due under the agreement.

Retreat at Bay Forest, LP's reimbursable expenditures totaled \$224,760, including interest of \$36,885 for the pilot channel and excavation costs as of November 20, 2013. No additional interest will be due under the agreement. During the current fiscal year, a reimbursement of \$21,997 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 \$45,443 for interest.

Beazer Homes Texas LP's reimbursable expenditures for Bayside Crossing - Supplemental totaled \$177,498, including interest at August 23, 2017. In the current fiscal year, an additional amount was calculated for interest.

Senior Associate's reimbursable expenditures and land for Bayside Crossing totaled \$466,032 including interest at August 23, 2017. In the current fiscal year, an additional amount \$7,864 was calculated 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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**INDUSTRIAL PAYMENTS**

In 1958, the City created an Industrial Zone adjacent to the City, which presently encompasses approximately 5,500 acres of land north of Highway 225 and bordering the Houston Ship Channel. The City annexed sufficient land to completely encircle this Industrial Zone, protecting it from annexation by any other municipality. The City entered into contracts with all of the Industries located in the Zone whereby the City annexed a portion of the total value of each industry with the remainder constituting the protected Industrial District. In addition to the Industrial Zone north of Highway 225, which is referred to as the "Battleground Industrial District," the City contains an Industrial Zone on its south side referred to as the "Bayport Industrial District." The Bayport District, created in 1970, covers 2,500 acres.

The City and the Industries, many of which have come to the Industrial Zones since the original contracts, are presently under contracts, which extend to December 31, 2019. Under the terms of the current contracts, the industries make payments to the City each year in lieu of taxes. These annual in lieu payments are in an amount which, when added to the full City taxes on the annexed portion, equal 62% of what the City's taxes on the industry would be if 100% of the industry was in the City. After the first six years of the contracts, the percentage increases to 63%. The contracts contain a new construction clause that allows new plant facilities to make in lieu payments on 25% of the value of new additions between now and 2013, after 2014, the percentage drops to 20%. Currently, 140 companies participate in industrial district contracts. These contracts have served as a valuable economic tool for more than 50 years.

Under the City Charter and State Statutes, the City of La Porte has the authority, simply by ordinance of City Council, to annex additional areas. In the past, the City, in order to encourage industrial development in the area, has annexed a strip surrounding the industries identified herein and executed contracts with each separate industry as described above.

**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	\$ -	\$ -	\$ 1,350,000	\$ 2,000,000	\$ 2,416,878	\$ 5,766,878
Other Governmental	57,500	685,247	1,340,200	-	-	2,082,947
Utility	-	252,048	-	-	47,711	299,759
LPAWA	-	-	-	-	1,305	1,305
Airport	-	-	-	-	518	518
Internal Service	-	-	-	-	13,236	13,236
Totals	\$ 57,500	\$ 937,295	\$ 2,690,200	\$ 2,000,000	\$ 2,479,648	\$ 8,164,643

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

Transfers From	Transfers To	Amount	Purpose
Hotel/Motel Fund	General Fund	\$ 57,500	Transfer for golf course advertising and City bordering bay for golf expenditures
General Fund	Utility Fund	2,000,000	Transfer for capital projects
Utility Fund	Debt Service Fund	252,048	Annual Transfer for debt service
La Porte Development Corporation (4B)	Debt Service Fund	685,247	Annual Transfer for debt service
General Fund	Insurance Fund	2,416,878	Transfer for liability insurance, workers comp, and health insurance
Utility Fund	Insurance Fund	47,711	Transfer for liability insurance and workers comp
Aiport Fund	Insurance Fund	518	Transfer for liability insurance and workers comp
La Porte Area Water Authority	Insurance Fund	1,305	Transfer for liability insurance and workers comp
Vehicle Maintenance Fund	Insurance Fund	13,236	Transfer for liability insurance and workers comp
General Fund	General CIP Fund	1,350,000	Transfer for capital project
La Porte Development Corporation (4B)	General CIP Fund	1,340,200	Transfer for capital project
	Total transfers	\$ 8,164,643	

# DEFINED BENEFIT PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM

## Plan Descriptions

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.org](http://www.tmrs.org).

All eligible employees of the City are required to participate in TMRS.

## Benefits Provided

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

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

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

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

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

***Employees covered by benefit terms***

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	197
Inactive employees entitled to but not yet receiving benefits	144
	<u>373</u>
Active employees	<u>714</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 15.80% and 16.14% in calendar years 2016 and 2017, respectively. The City’s contributions to TMRS for the year ended September 30, 2017, were \$3,566,725, and were equal to the required contributions.

**Net Pension Liability**

The City’s Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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, 2016 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. 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). The target allocation and best estimates of arithmetic real rates return for each major assets class in fiscal year 2017 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 144,425,507	\$ 123,038,989	\$ 21,386,518
Changes for the year:			
Service cost	3,600,954	-	3,600,954
Interest	9,653,940	-	9,653,940
Difference between expected and actual experience	( 40,363)	-	( 40,363)
Contributions - employer	-	3,415,127	( 3,415,127)
Contributions - employee	-	1,528,511	( 1,528,511)
Net investment income	-	8,314,792	( 8,314,792)
Benefit payments, including refunds of employee contributions	( 6,409,301)	( 6,409,301)	-
Administrative expense	-	( 93,910)	93,910
Other changes	-	( 5,060)	5,060
Net changes	<u>6,805,230</u>	<u>6,750,159</u>	<u>55,071</u>
Balance at 12/31/2016	<u>\$ 151,230,737</u>	<u>\$ 129,789,148</u>	<u>\$ 21,441,589</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	\$ 43,311,821	\$ 21,441,589	\$ 3,562,282

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

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

For the year ended September 30, 2017, the City recognized pension expense of \$5,164,696. At September 30, 2017, 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	\$ -	\$ 605,908
Changes in actuarial assumptions	-	187,591
Difference between projected and actual investment earnings	5,658,553	-
Contributions subsequent to the measurement date	<u>2,738,664</u>	<u>-</u>
Totals	<u>\$ 8,397,217</u>	<u>\$ 793,499</u>

\$2,738,664 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, 2018. 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,	
2018	\$ 1,644,474
2019	1,677,033
2020	1,552,277
2021	( 8,730)

### **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 to the plan for each month an eligible emergency service personnel provides qualified services. The minimum contribution is \$36 per member. Contributions to the pension plan for the year ended September 30, 2017, were \$26,496.

## Actuarial Assumptions

The total pension liability in the August 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
Salary increases	None
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The actuarial assumptions used in the August 31, 2016, 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 (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption reflected a reduction of 0.22% 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%	5.72%
Small cap domestic	10.0%	5.96%
Developed international	21.0%	6.21%
Emerging markets	6.0%	7.18%
Master limited partnership	5.0%	7.61%
Fixed income:		
Domestic	21.0%	1.61%
International	5.0%	1.81%
Cash	0.0%	0.00%
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, 2016 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. 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	\$ 383,248	\$ 227,199	\$ 126,878

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

At September 30, 2017, the City reported a liability of \$227,199 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the City's proportion of the collective net pension liability was 0.780% decreased from 0.982% at August 31, 2015.

For the year ended September 30, 2017, the City recognized TESRS pension expense of \$48,401. At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 351
Changes in actuarial assumptions	4,838
Difference between projected and actual investment earnings	43,021
Contributions paid to TESRS subsequent to the measurement date	<u>26,496</u>
Total	<u>\$ 74,706</u>

\$26,496 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,		
2018	\$	12,611
2019		12,611
2020		19,962
2021		3,026

## RISK MANAGEMENT

The City is exposed 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	\$ 4,646,665
Interfund transfers	2,479,648
Charges to employees	563,986
Charges to retirees	93,100
Cobra charges	16,896
Other	2,500
Interest revenue	6,956
Total revenues	\$ <u>7,809,751</u>
Expenses	
Other expenses	\$ 574,629
Claims administration	183,209
Claims incurred	5,480,480
Re-insurance premiums	368,320
Insurance premiums	398,640
Total expenses	\$ <u>7,005,278</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
9/30/2015	\$ 575,349	\$ 4,762,880	\$ 4,898,536	439,693
9/30/2016	439,693	6,001,596	6,053,439	387,850
9/30/2017	387,850	5,480,480	5,397,668	470,662

## 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:

<u>Fund</u>	<u>Amount</u>
General	\$ 297,359
Nonmajor governmental	<u>105,667</u>
Total	<u>\$ 403,026</u>

## SOUTHEAST WATER PURIFICATION PLANT

The La Porte 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, which have been retired.

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

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

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

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

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

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

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

	<b>Fiscal Year</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual required contribution (ARC)	\$ 2,872,630	\$ 2,449,101	\$ 2,377,768
Interest on OPEB obligation	546,646	531,178	460,579
Adjustment to ARC	( 532,525)	( 492,130)	( 426,722)
Annual OPEB cost	2,886,751	2,488,149	2,411,625
Contributions	( 822,910)	( 625,941)	( 842,765)
Increase in net OPEB obligation	2,063,841	1,862,208	1,568,860
Net OPEB obligation, beginning of year	13,666,155	11,803,947	10,235,087
Net OPEB obligation, end of year	<u>\$ 15,729,996</u>	<u>\$ 13,666,155</u>	<u>\$ 11,803,947</u>

The City’s annual OPEB cost, employer contributions, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2017, 2016, and 2015 are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Amount Contributed</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
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
9/30/2017	2,886,751	822,910	28.5%	15,729,996

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

<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>
2016	\$ -	\$ 40,962,221	\$ 40,962,221	- %	\$ 22,446,058	182.5%

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 2016 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, 2016, actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.0 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, a pre-65 annual healthcare cost trend rate of 7.00 percent initially, reduced by decrements to an ultimate rate of 4.75 percent after 12 years, and a post-65 annual healthcare cost trend rate of 6.00 percent initially, reduced by decrements to an ultimate rate of 4.25 percent after 14 years. A payroll growth rate for projecting normal cost of 3 percent was used and 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, 2017, was 29 years.

## Supplemental Death Benefits Fund

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

The City's contributions to the TMRS SDBF for the fiscal year ended 2017, 2016, and 2015 were \$37,629, \$35,433, and \$33,526, respectively, which equaled to the required contributions.

## FUND BALANCE

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

Radio services	\$	109
Police department equipment		1,445
Patrol bikes		3,150
Uniforms for patrol		4,855
Mobil direct thermal printer		4,988
One solution software		192,976
Rent for IT department		1,296
Contracted services		226
Spanish translator for municipal court		1,480
Professional services		14,872
Training		6,572
Asphalt		35,052
Land survey for Bay Harbor Drive		3,200
Professional consulting services		<u>27,138</u>
Total General Fund Assigned Fund Balance	\$	<u><u>297,359</u></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. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

**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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 15,728,500	\$ 15,728,500	\$ 18,183,811	\$ 2,455,311
Sales and use taxes	4,425,000	4,425,000	4,983,437	558,437
Franchise fees	2,190,624	2,190,624	2,252,253	61,629
Industrial payments	12,500,000	12,500,000	14,270,899	1,770,899
Other taxes	90,000	90,000	87,389	( 2,611)
Licenses and permits	417,000	417,000	535,741	118,741
Fines and forfeitures	1,598,200	1,598,200	1,627,471	29,271
Charges for services	5,585,373	5,585,373	5,740,226	154,853
Intergovernmental	25,000	25,000	-	( 25,000)
Interest earnings	150,000	150,000	357,433	207,433
Miscellaneous	86,200	86,200	413,042	326,842
<b>Total Revenues</b>	<u>42,795,897</u>	<u>42,795,897</u>	<u>48,451,702</u>	<u>5,655,805</u>
<b>Expenditures</b>				
General government:				
Administration	6,157,676	6,410,332	6,140,707	269,625
Finance	4,178,345	3,573,509	3,036,427	537,082
Planning and engineering	1,876,948	1,895,792	1,557,708	338,084
Public safety:				
Fire	4,840,716	4,864,716	4,789,300	75,416
Police	12,575,252	12,856,933	12,767,950	88,983
Public works:				
Public works administration	494,575	494,575	473,591	20,984
Streets	2,714,256	2,714,256	2,593,777	120,479
Health and sanitation:				
Solid waste	2,597,984	2,729,755	2,730,308	( 553)
Culture and recreation	5,886,497	5,933,188	5,670,488	262,700
<b>Total Expenditures</b>	<u>41,322,249</u>	<u>41,473,056</u>	<u>39,760,256</u>	<u>1,712,800</u>
Excess (deficiency) of revenues over (under) expenditures	1,473,648	1,322,841	8,691,446	7,368,605
<b>Other Financing Sources (Uses)</b>				
Transfers in	57,500	57,500	57,500	-
Transfers out	( 5,766,878)	( 5,766,878)	( 5,766,878)	-
Proceeds from sale of capital assets	-	-	2,625	2,625
<b>Total Other Financing Sources and Uses</b>	<u>( 5,709,378)</u>	<u>( 5,709,378)</u>	<u>( 5,706,753)</u>	<u>2,625</u>
Net change in fund balances	( 4,235,730)	( 4,386,537)	2,984,693	7,371,230
Fund balances, beginning of year	39,914,871	39,914,871	39,914,871	-
<b>Fund balances at year end</b>	<u>\$ 35,679,141</u>	<u>\$ 35,528,334</u>	<u>\$ 42,899,564</u>	<u>\$ 7,371,230</u>

**CITY OF LA PORTE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 2,825,720	\$ 2,825,720	\$ 2,704,093	\$( 121,627)
Investment earnings	300	300	495	195
Developer advance	<u>3,901,778</u>	<u>3,901,778</u>	-	( 3,901,778)
<b>Total Revenues</b>	<u>6,727,798</u>	<u>6,727,798</u>	<u>2,704,588</u>	<u>( 4,023,210)</u>
<b>Expenditures</b>				
Current:				
General government	4,916,802	4,916,802	985,524	3,931,278
Debt Service:				
Principal	1,328,629	1,328,629	1,328,629	-
Interest and other charges	<u>64,393</u>	<u>64,393</u>	<u>64,393</u>	<u>-</u>
<b>Total Expenditures</b>	<u>6,309,824</u>	<u>6,309,824</u>	<u>2,378,546</u>	<u>3,931,278</u>
Net change in fund balance	417,974	417,974	326,042	( 91,932)
Fund balances - beginning of year	<u>540,228</u>	<u>540,228</u>	<u>540,228</u>	<u>-</u>
Fund balances - end of year	<u>\$ 958,202</u>	<u>\$ 958,202</u>	<u>\$ 866,270</u>	<u>\$( 91,932)</u>

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

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

**SEPTEMBER 30, 2017**

#### **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, 2017

Plan Year	2014	2015	2016
<b>A. Total pension liability</b>			
Service Cost	\$ 3,045,776	\$ 3,401,691	\$ 3,600,954
Interest (on the Total Pension Liability)	9,108,178	9,564,637	9,653,940
Difference between expected and actual experience	( 761,946)	( 500,190)	( 40,363)
Changes of assumptions	-	( 325,022)	-
Benefit payments, including refunds of employee contributions	<u>( 4,793,355)</u>	<u>( 5,304,879)</u>	<u>( 6,409,301)</u>
Net change in total pension liability	6,598,653	6,836,237	6,805,230
Total pension liability - beginning	<u>130,990,617</u>	<u>137,589,270</u>	<u>144,425,507</u>
Total pension liability - ending (a)	<u>\$ 137,589,270</u>	<u>\$ 144,425,507</u>	<u>\$ 151,230,737</u>
<b>B. Plan fiduciary net position</b>			
Contributions - Employer	\$ 3,534,991	\$ 3,461,463	\$ 3,415,127
Contributions - Employee	1,460,768	1,506,158	1,528,511
Net Investment Income	6,665,254	181,954	8,314,792
Benefit payments, including refunds of employee contributions	( 4,793,355)	( 5,304,879)	( 6,409,301)
Administrative Expenses	( 69,591)	( 110,827)	( 93,910)
Other	<u>( 5,722)</u>	<u>( 5,474)</u>	<u>( 5,060)</u>
Net change in plan fiduciary net position	6,792,345	( 271,605)	6,750,159
Plan fiduciary net position - beginning	<u>116,518,249</u>	<u>123,310,594</u>	<u>123,038,989</u>
Plan fiduciary net position - ending (b)	<u>\$ 123,310,594</u>	<u>\$ 123,038,989</u>	<u>\$ 129,789,148</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 14,278,676</u>	<u>\$ 21,386,518</u>	<u>\$ 21,441,589</u>
D. Plan fiduciary net position as a percentage of total pension liability	89.62%	85.19%	85.82%
E. Covered employee payroll	\$ 20,708,639	\$ 21,421,227	\$ 21,823,962
F. Net position liability as a percentage of covered employee payroll	68.95%	99.84%	98.25%

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, 2017**

<b>Fiscal Year</b>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarial determined contribution	\$ 3,496,424	\$ 3,489,185	\$ 3,551,472	\$ 3,566,725
Contributions in relation to the actuarially determined contribution	<u>( 3,496,424)</u>	<u>( 3,489,185)</u>	<u>( 3,551,472)</u>	<u>( 3,566,725)</u>
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	20,543,616	21,323,383	21,421,227	22,446,058
Contributions as a percentage of covered employee payroll	17.02%	16.36%	16.58%	15.89%

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	25 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.

## CITY OF LA PORTE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year	2014	2015	2016
City's proportion of the net pension liability	0.721%	0.982%	0.780%
City's proportionate share of the net pension liability	\$ 131,018	\$ 262,121	\$ 227,199
City's covered-employee payroll	18,420	18,617	15,498
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	711%	1408%	1466%
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%

### SCHEDULE OF CITY'S TESRS CONTRIBUTIONS

Fiscal Year	2014	2015	2016	2017
Contractually required contribution	\$ 26,055	\$ 48,820	\$ 38,095	\$ 26,495
Contributions in relation to the contractually required contribution	( 26,055)	( 48,820)	( 38,095)	( 26,495)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	18,420	18,617	15,498	27,964
Contribution as a percentage of covered-employee payroll	141.4%	262.2%	245.8%	94.7%

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, 2017**

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
2012	\$ -	\$ 32,167,407	\$ 32,167,407	- %	\$ 19,908,162	161.6%
2014	-	30,887,738	30,887,738	- %	20,708,593	149.2%
2016	-	40,962,221	40,962,221	- %	21,823,962	187.7%

**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.

*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, 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, 2017**

	Special Revenue Funds	
	Hotel/Motel Tax	Section 4b Sales Tax
Assets		
Cash and cash equivalents	\$ 576,475	\$ 3,566,093
Investments	396,180	1,706,070
Receivables, net of allowance	228,299	411,397
Due from other governments	-	-
Total Assets	1,200,954	5,683,560
Liabilities		
Accounts payable	16,720	-
Accrued salaries	1,326	209
Other payables	-	-
Unearned revenue	19,500	-
Total Liabilities	37,546	209
Fund balances		
Restricted		
Debt service	-	1,083,817
Economic development	1,163,408	4,599,534
Senior citizen programs	-	-
Replacement of trees	-	-
Municipal court building and technology	-	-
Park improvements	-	-
Public safety	-	-
Capital projects	-	-
Public works	-	-
Total Fund Balances	1,163,408	5,683,351
Total Liabilities and Fund Balances	\$ 1,200,954	\$ 5,683,560

Special Revenue Funds		
Street Maintenance Sales Tax	Emergency Service Sales Tax	Total Special Revenue Funds
\$ 1,342,190	\$ 152,955	\$ 5,637,713
922,489	139,597	3,164,336
205,894	203,839	1,049,429
-	-	-
<u>2,470,573</u>	<u>496,391</u>	<u>9,851,478</u>
4,092	11,906	32,718
-	1,845	3,380
-	-	-
-	-	19,500
<u>4,092</u>	<u>13,751</u>	<u>55,598</u>
-	-	1,083,817
-	-	5,762,942
-	-	-
-	-	-
-	-	-
-	-	-
-	482,640	482,640
-	-	-
<u>2,466,481</u>	<u>-</u>	<u>2,466,481</u>
<u>2,466,481</u>	<u>482,640</u>	<u>9,795,880</u>
<u>\$ 2,470,573</u>	<u>\$ 496,391</u>	<u>\$ 9,851,478</u>

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

**SEPTEMBER 30, 2017**

	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	\$ 1,342,673	\$ 335,701	\$ 1,148,756	\$ 4,379,905
Investments	898,355	230,727	28,242	219,336
Receivables, net of allowance	2,378	649	79	616
Due from other governments	951,615	-	-	-
<b>Total Assets</b>	<u>3,195,021</u>	<u>567,077</u>	<u>1,177,077</u>	<u>4,599,857</u>
<b>Liabilities:</b>				
Accounts payable	79,967	-	-	48,423
Accrued salaries payable	-	-	-	-
Other payables	1,500	-	-	-
Unearned revenue - grants	1,143	-	-	-
<b>Total Liabilities</b>	<u>82,610</u>	<u>-</u>	<u>-</u>	<u>48,423</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grants	745,868	-	-	-
<b>Total deferred inflows of resources</b>	<u>745,868</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Debt service	-	-	-	-
Economic development	-	-	-	-
Senior citizen programs	10,543	-	-	-
Replacement of trees	599,465	-	-	-
Municipal court building and technology	420,988	-	-	-
Park improvements	441,176	-	-	-
Public safety	894,371	-	-	-
Capital projects	-	567,077	1,177,077	4,551,434
Public works	-	-	-	-
<b>Committed:</b>				
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<u>2,366,543</u>	<u>567,077</u>	<u>1,177,077</u>	<u>4,551,434</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,195,021</u>	<u>\$ 567,077</u>	<u>\$ 1,177,077</u>	<u>\$ 4,599,857</u>

<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Capital Improvements</u>	<u>Drainage Improvements</u>	<u>Total Capital Projects Funds</u>	
\$ 2,767,030	\$ 569,368	\$ 10,543,433	\$ 16,181,146
1,924,788	391,328	3,692,776	6,857,112
5,421	27,545	36,688	1,086,117
-	-	951,615	951,615
<u>4,697,239</u>	<u>988,241</u>	<u>15,224,512</u>	<u>25,075,990</u>
141,369	-	269,759	302,477
-	-	-	3,380
-	-	1,500	1,500
-	-	1,143	20,643
<u>141,369</u>	<u>-</u>	<u>272,402</u>	<u>328,000</u>
-	-	745,868	745,868
-	-	745,868	745,868
-	-	-	1,083,817
-	-	-	5,762,942
-	-	10,543	10,543
-	-	599,465	599,465
-	-	420,988	420,988
-	-	441,176	441,176
-	-	894,371	1,377,011
-	988,241	7,283,829	7,283,829
-	-	-	2,466,481
<u>4,555,870</u>	<u>-</u>	<u>4,555,870</u>	<u>4,555,870</u>
<u>4,555,870</u>	<u>988,241</u>	<u>14,206,242</u>	<u>24,002,122</u>
<u>\$ 4,697,239</u>	<u>\$ 988,241</u>	<u>\$ 15,224,512</u>	<u>\$ 25,075,990</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, 2017**

	Special Revenue Funds	
	Hotel/Motel Tax	Section 4b Sales Tax
Revenues		
Property taxes	\$ -	\$ -
Sales and use taxes	-	2,491,714
Other taxes	823,980	-
Fines and forfeitures	-	-
Charges for services	-	-
Intergovernmental	-	-
Investment earnings	11,223	27,619
Miscellaneous	104,286	-
Total Revenues	939,489	2,519,333
Expenditures		
Current:		
General government	826,569	526,195
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Capital outlay	-	-
Total Expenditures	826,569	526,195
Excess (deficiency) of revenues over (under) expenditures	112,920	1,993,138
Other Financing Sources (Uses)		
Transfers out	( 57,500)	( 2,025,447)
Total Other Financing Sources (Uses)	( 57,500)	( 2,025,447)
Net change in fund balances	55,420	( 32,309)
Fund balances - beginning	1,107,988	5,715,660
Fund balances - ending	\$ 1,163,408	\$ 5,683,351

Special Revenue Funds		
Street Maintenance Sale Tax	Emergency Services Sales Tax	Total Special Revenue Funds
\$ -	\$ -	\$ -
1,245,857	1,226,838	4,964,409
-	-	823,980
-	-	-
-	-	-
14,149	3,538	56,529
-	-	104,286
<u>1,260,006</u>	<u>1,230,376</u>	<u>5,949,204</u>
-	-	1,352,764
-	1,124,430	1,124,430
77,424	-	77,424
-	-	-
<u>873,440</u>	<u>577,578</u>	<u>1,451,018</u>
<u>950,864</u>	<u>1,702,008</u>	<u>4,005,636</u>
309,142	( 471,632)	1,943,568
-	-	( 2,082,947)
-	-	( 2,082,947)
309,142	( 471,632)	( 139,379)
<u>2,157,339</u>	<u>954,272</u>	<u>9,935,259</u>
<u>\$ 2,466,481</u>	<u>\$ 482,640</u>	<u>\$ 9,795,880</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, 2017**

	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	337,778	-	-	-
Charges for services	35,552	-	-	-
Intergovernmental	1,077,893	-	-	-
Interest earnings	17,522	3,485	8,050	41,779
Miscellaneous	500	-	-	-
<b>Total Revenues</b>	<u>1,469,245</u>	<u>3,485</u>	<u>8,050</u>	<u>41,779</u>
<b>Expenditures</b>				
Current:				
General government	63,045	-	-	-
Public safety	302,059	-	-	-
Public works	207,446	-	-	-
Culture and recreation	65,112	-	-	-
Capital outlay	715,192	-	8,420	1,523,403
<b>Total Expenditures</b>	<u>1,352,854</u>	<u>-</u>	<u>8,420</u>	<u>1,523,403</u>
Excess (deficiency) of revenues over (under) expenditures	116,391	3,485	( 370)	( 1,481,624)
<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	116,391	3,485	( 370)	( 1,481,624)
Fund balances - beginning	2,250,152	563,592	1,177,447	6,033,058
Fund balances - ending	<u>\$ 2,366,543</u>	<u>\$ 567,077</u>	<u>\$ 1,177,077</u>	<u>\$ 4,551,434</u>

Capital Projects Fund

Capital Improvements	Drainage Improvements	Total Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,964,409
-	-	-	823,980
-	-	337,778	337,778
7,000	286,470	329,022	329,022
-	-	1,077,893	1,077,893
24,127	7,708	102,671	159,200
-	-	500	104,786
<u>31,127</u>	<u>294,178</u>	<u>1,847,864</u>	<u>7,797,068</u>
52,772	-	115,817	1,468,581
-	-	302,059	1,426,489
-	62,096	269,542	346,966
-	-	65,112	65,112
<u>1,090,361</u>	<u>64,038</u>	<u>3,401,414</u>	<u>4,852,432</u>
<u>1,143,133</u>	<u>126,134</u>	<u>4,153,944</u>	<u>8,159,580</u>
( 1,112,006)	168,044	( 2,306,080)	( 362,512)
2,690,200	-	2,690,200	2,690,200
-	-	-	( 2,082,947)
<u>2,690,200</u>	<u>-</u>	<u>2,690,200</u>	<u>607,253</u>
1,578,194	168,044	384,120	244,741
<u>2,977,676</u>	<u>820,197</u>	<u>13,822,122</u>	<u>23,757,381</u>
<u>\$ 4,555,870</u>	<u>\$ 988,241</u>	<u>\$ 14,206,242</u>	<u>\$ 24,002,122</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, 2017  
With comparative actual totals for the year ended September 30, 2016**

	2017		Variance Positive/ (Negative)	2016
	Final Budget	Actual		
Revenues				
Property taxes	\$ 2,932,500	\$ 3,304,451	\$ 371,951	\$ 3,313,400
Investment earnings	3,000	14,218	11,218	4,542
Total Revenues	<u>2,935,500</u>	<u>3,318,669</u>	<u>383,169</u>	<u>3,317,942</u>
Expenditures				
Debt Service:				
Principal	2,850,000	2,850,000	-	3,045,000
Interest and other charges	1,063,705	1,063,705	-	1,156,851
Total Expenditures	<u>3,913,705</u>	<u>3,913,705</u>	<u>-</u>	<u>4,201,851</u>
Revenues over (under) expenditures	( 978,205)	( 595,036)	383,169	( 883,909)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	3,165,000
Premium on bonds	-	-	-	403,795
Payment to escrow agent	-	-	-	( 3,490,716)
Transfers in	937,295	937,295	-	1,185,955
Total Other Financing Sources (Uses)	<u>937,295</u>	<u>937,295</u>	<u>-</u>	<u>1,264,034</u>
Net change in fund balance	( 40,910)	342,259	383,169	380,125
Fund balances - beginning of year	<u>3,540,878</u>	<u>3,540,878</u>	<u>-</u>	<u>3,160,753</u>
Fund balances - end of year	<u>\$ 3,499,968</u>	<u>\$ 3,883,137</u>	<u>\$ 383,169</u>	<u>\$ 3,540,878</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, 2017  
With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Other taxes	\$ 650,000	\$ 823,980	\$ 173,980	\$ 809,601
Investment earnings	1,500	11,223	9,723	5,556
Miscellaneous	-	104,286	104,286	5,568
Total Revenues	<u>651,500</u>	<u>939,489</u>	<u>287,989</u>	<u>820,725</u>
Expenditures				
Current:				
General government	<u>796,366</u>	<u>826,569</u>	<u>( 30,203)</u>	<u>580,660</u>
Total Expenditures	<u>796,366</u>	<u>826,569</u>	<u>( 30,203)</u>	<u>580,660</u>
Revenues over (under) expenditures	( 144,866)	112,920	257,786	240,065
Other Financing Sources (Uses)				
Transfers out	<u>( 57,500)</u>	<u>( 57,500)</u>	<u>-</u>	<u>( 165,169)</u>
Total Other Financing Sources (Uses)	<u>( 57,500)</u>	<u>( 57,500)</u>	<u>-</u>	<u>( 165,169)</u>
Net change in fund balance	( 202,366)	55,420	257,786	74,896
Fund balances - beginning of year	<u>1,107,988</u>	<u>1,107,988</u>	<u>-</u>	<u>1,033,092</u>
Fund balances - end of year	<u>\$ 905,622</u>	<u>\$ 1,163,408</u>	<u>\$ 257,786</u>	<u>\$ 1,107,988</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, 2017  
With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Sales and use tax	\$ 2,212,500	\$ 2,491,714	\$ 279,214	\$ 2,246,441
Investment earnings	8,500	27,619	19,119	21,316
Total Revenues	<u>2,221,000</u>	<u>2,519,333</u>	<u>298,333</u>	<u>2,267,757</u>
Expenditures				
Current:				
General government	620,734	526,195	94,539	415,846
Total Expenditures	<u>620,734</u>	<u>526,195</u>	<u>94,539</u>	<u>415,846</u>
Revenues over (under) expenditures	1,600,266	1,993,138	392,872	1,851,911
Other Financing Sources (Uses)				
Transfers out	( 2,025,447)	( 2,025,447)	-	( 680,668)
Total Other Financing Sources (Uses)	<u>( 2,025,447)</u>	<u>( 2,025,447)</u>	<u>-</u>	<u>( 680,668)</u>
Net change in fund balance	( 425,181)	( 32,309)	392,872	1,171,243
Fund balances - beginning of year	<u>5,715,660</u>	<u>5,715,660</u>	<u>-</u>	<u>4,544,417</u>
Fund balances - end of year	<u>\$ 5,290,479</u>	<u>\$ 5,683,351</u>	<u>\$ 392,872</u>	<u>\$ 5,715,660</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, 2017**

**With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ Negative	
<b>Revenues</b>				
Sales and use tax	\$ 1,106,250	\$ 1,245,857	\$ 139,607	\$ 1,123,220
Investment earnings	2,500	14,149	11,649	12,724
<b>Total Revenues</b>	<u>1,108,750</u>	<u>1,260,006</u>	<u>151,256</u>	<u>1,135,944</u>
<b>Expenditures</b>				
Current:				
Public works	941,563	77,424	864,139	101,462
Capital outlay	<u>663,750</u>	<u>873,440</u>	<u>(209,690)</u>	<u>931,304</u>
<b>Total Expenditures</b>	<u>1,605,313</u>	<u>950,864</u>	<u>654,449</u>	<u>1,032,766</u>
Net change in fund balance	( 496,563)	309,142	805,705	103,178
Fund balances - beginning of year	<u>2,157,339</u>	<u>2,157,339</u>	<u>-</u>	<u>2,054,161</u>
Fund balances - end of year	<u>\$ 1,660,776</u>	<u>\$ 2,466,481</u>	<u>\$ 805,705</u>	<u>\$ 2,157,339</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, 2017**

**With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Sales and use tax	\$ 1,106,250	\$ 1,226,838	\$ 120,588	\$ 1,091,690
Investment earnings	1,500	3,538	2,038	4,706
Total Revenues	<u>1,107,750</u>	<u>1,230,376</u>	<u>122,626</u>	<u>1,096,396</u>
Expenditures				
Current:				
Public safety	1,139,632	1,124,430	15,202	1,038,749
Capital outlay	<u>163,000</u>	<u>577,578</u>	<u>( 414,578)</u>	<u>103,538</u>
Total Expenditures	<u>1,302,632</u>	<u>1,702,008</u>	<u>( 399,376)</u>	<u>1,142,287</u>
Net change in fund balance	( 194,882)	( 471,632)	( 276,750)	( 45,891)
Fund balance - beginning of year	<u>954,272</u>	<u>954,272</u>	<u>-</u>	<u>1,000,163</u>
Fund balance - end of year	<u>\$ 759,390</u>	<u>\$ 482,640</u>	<u>\$ ( 276,750)</u>	<u>\$ 954,272</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, 2017**

**With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Fines and forfeitures	\$ 115,500	\$ 337,778	\$ 222,278	\$ 241,928
Charges for services	4,000	35,552	31,552	52,453
Intergovernmental	883,750	1,077,893	194,143	1,024,097
Investment earnings	-	17,522	17,522	11,727
Miscellaneous	850	500	( 350)	-
Total Revenues	<u>1,004,100</u>	<u>1,469,245</u>	<u>465,145</u>	<u>1,330,205</u>
Expenditures				
Current:				
General government	265,926	63,045	202,881	38,292
Public safety	477,890	302,059	175,831	313,259
Public works	570,000	207,446	362,554	34,203
Culture and recreation	48,577	65,112	( 16,535)	59,676
Capital outlay	<u>280,300</u>	<u>715,192</u>	<u>( 434,892)</u>	<u>566,692</u>
Total Expenditures	<u>1,642,693</u>	<u>1,352,854</u>	<u>289,839</u>	<u>1,012,122</u>
Net change in fund balance	( 638,593)	116,391	754,984	318,083
Fund balance - beginning of year	<u>2,250,152</u>	<u>2,250,152</u>	-	<u>1,932,069</u>
Fund balance - end of year	<u>\$ 1,611,559</u>	<u>\$ 2,366,543</u>	<u>\$ 754,984</u>	<u>\$ 2,250,152</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, 2017**

**With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ (Negative)	
Revenues				
Interest	\$ -	\$ 41,779	\$ 41,779	\$ 22,986
Total Revenues	<u>-</u>	<u>41,779</u>	<u>41,779</u>	<u>22,986</u>
Expenditures				
Capital outlay	<u>3,227,687</u>	<u>1,523,403</u>	<u>1,704,284</u>	<u>1,989,928</u>
Total Expenditures	<u>3,227,687</u>	<u>1,523,403</u>	<u>1,704,284</u>	<u>1,989,928</u>
Net change in fund balance	( 3,227,687)	( 1,481,624)	1,704,284	( 1,966,942)
Fund balances - beginning of year	<u>6,033,058</u>	<u>6,033,058</u>	<u>-</u>	<u>8,000,000</u>
Fund balances - end of year	<u>\$ 2,805,371</u>	<u>\$ 4,551,434</u>	<u>\$ 1,704,284</u>	<u>\$ 6,033,058</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, 2017**

**With comparative actual totals for the year ended September 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Positive/ (Negative)	
<b>Revenues</b>				
Charges for services	\$ 270,000	\$ 286,470	\$ 16,470	\$ 275,487
Investment earnings	2,000	7,708	5,708	4,866
<b>Total Revenues</b>	<u>272,000</u>	<u>294,178</u>	<u>22,178</u>	<u>280,353</u>
<b>Expenditures</b>				
Current:				
Public works	4,206	62,096	( 57,890)	23,489
Capital outlay	360,794	64,038	296,756	243,209
<b>Total Expenditures</b>	<u>365,000</u>	<u>126,134</u>	<u>238,866</u>	<u>266,698</u>
Net change in fund balance	( 93,000)	168,044	261,044	13,655
Fund balances - beginning of year	820,197	820,197	-	806,542
<b>Fund balances - end of year</b>	<u>\$ 727,197</u>	<u>\$ 988,241</u>	<u>\$ 261,044</u>	<u>\$ 820,197</u>

# CITY OF LA PORTE, TEXAS

## GENERAL FUND SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem:				
Current	\$ 15,500,000	\$ 15,500,000	\$ 17,677,026	\$ 2,177,026
Delinquent	68,000	68,000	238,231	170,231
Industrial payments	12,500,000	12,500,000	14,270,899	1,770,899
Total ad valorem	<u>28,068,000</u>	<u>28,068,000</u>	<u>32,186,156</u>	<u>4,118,156</u>
Penalty and interest	<u>160,500</u>	<u>160,500</u>	<u>268,554</u>	<u>108,054</u>
Sales Taxes	<u>4,425,000</u>	<u>4,425,000</u>	<u>4,983,437</u>	<u>558,437</u>
Other Taxes	<u>90,000</u>	<u>90,000</u>	<u>87,389</u>	<u>( 2,611)</u>
Franchise Fees:				
Electrical	1,270,624	1,270,624	1,425,699	155,075
Gas	150,000	150,000	114,508	( 35,492)
Telephone	300,000	300,000	297,643	( 2,357)
Cable	385,000	385,000	323,919	( 61,081)
Commercial solid waste	85,000	85,000	90,484	5,484
Total Franchise Fees	<u>2,190,624</u>	<u>2,190,624</u>	<u>2,252,253</u>	<u>61,629</u>
Charges for Services:				
Public safety services fees	695,232	695,232	674,760	( 20,472)
Health and sanitation service fees	3,125,000	3,125,000	3,212,844	87,844
Culture and recreation fees	1,508,465	1,508,465	1,549,311	40,846
Other services fees	256,676	256,676	303,311	46,635
Total Charges for Services	<u>5,585,373</u>	<u>5,585,373</u>	<u>5,740,226</u>	<u>154,853</u>
Intergovernmental	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>( 25,000)</u>
Licenses and Permits:				
Buildings permits	382,400	382,400	501,964	119,564
Licenses	34,600	34,600	33,777	( 823)
Total Licenses and Permits	<u>417,000</u>	<u>417,000</u>	<u>535,741</u>	<u>118,741</u>
Investment Income	<u>150,000</u>	<u>150,000</u>	<u>357,433</u>	<u>207,433</u>
Fines and Forfeitures	<u>1,598,200</u>	<u>1,598,200</u>	<u>1,627,471</u>	<u>29,271</u>
Miscellaneous	<u>86,200</u>	<u>86,200</u>	<u>413,042</u>	<u>326,842</u>
Total General Fund Revenues	<u>\$ 42,795,897</u>	<u>\$ 42,795,897</u>	<u>\$ 48,451,702</u>	<u>\$ 5,655,805</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Administration:				
Emergency Management:				
Personnel services	\$ 260,318	\$ 260,318	\$ 244,133	\$ 16,185
Supplies	6,800	6,800	3,828	2,972
Other services and charges	85,483	85,483	86,174	( 691)
Total Emergency Management	<u>352,601</u>	<u>352,601</u>	<u>334,135</u>	<u>18,466</u>
General Administration:				
Personnel services	459,761	459,761	457,607	2,154
Supplies	3,100	3,100	4,924	( 1,824)
Other services and charges	44,178	54,610	42,183	12,427
Total General Administration	<u>507,039</u>	<u>517,471</u>	<u>504,714</u>	<u>12,757</u>
Community Investment:				
Supplies	27,450	27,450	25,464	1,986
Other services and charges	162,400	180,900	180,279	621
Capital outlay	-	117,584	117,732	( 148)
Total Community Investment	<u>189,850</u>	<u>325,934</u>	<u>323,475</u>	<u>2,459</u>
Human Resources:				
Personnel services	295,401	295,401	288,542	6,859
Supplies	3,150	3,150	2,528	622
Other services and charges	245,394	246,104	199,174	46,930
Total Human Resources	<u>543,945</u>	<u>544,655</u>	<u>490,244</u>	<u>54,411</u>
Information Technology:				
Personnel services	657,771	657,771	640,128	17,643
Supplies	307,332	277,162	276,325	837
Other services and charges	1,776,945	1,872,881	1,762,019	110,862
Total Information Technology	<u>2,742,048</u>	<u>2,807,814</u>	<u>2,678,472</u>	<u>129,342</u>
Municipal Court:				
Personnel services	710,173	739,859	750,586	( 10,727)
Supplies and materials	19,750	19,750	20,572	( 822)
Other services and charges	130,867	133,488	121,939	11,549
Total Municipal Court	<u>860,790</u>	<u>893,097</u>	<u>893,097</u>	<u>-</u>
Purchasing:				
Personnel services	246,021	253,378	256,106	( 2,728)
Supplies	1,800	1,800	1,336	464
Other services and charges	9,748	9,748	7,484	2,264
Total Purchasing	<u>257,569</u>	<u>264,926</u>	<u>264,926</u>	<u>-</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
City Secretary:				
Personnel services	\$ 360,730	\$ 360,730	\$ 385,650	\$( 24,920)
Supplies and materials	16,800	17,150	14,955	2,195
Other services and charges	87,694	87,344	63,586	23,758
Total City Secretary	<u>465,224</u>	<u>465,224</u>	<u>464,191</u>	<u>1,033</u>
Legal:				
Personnel services	13,245	13,245	13,245	-
Other services and charges	163,500	163,500	115,612	47,888
Total Legal	<u>176,745</u>	<u>176,745</u>	<u>128,857</u>	<u>47,888</u>
City Council:				
Personnel services	37,462	37,462	37,327	135
Supplies and materials	4,300	4,300	2,933	1,367
Other services and charges	20,103	20,103	18,336	1,767
Total City Council	<u>61,865</u>	<u>61,865</u>	<u>58,596</u>	<u>3,269</u>
Total Administration	<u>6,157,676</u>	<u>6,410,332</u>	<u>6,140,707</u>	<u>269,625</u>
Finance				
Accounting:				
Personnel services	748,424	753,594	783,244	( 29,650)
Supplies	8,300	10,800	11,137	( 337)
Other services and charges	100,399	103,899	73,912	29,987
Total Accounting	<u>857,123</u>	<u>868,293</u>	<u>868,293</u>	<u>-</u>
Nondepartmental:				
Personnel services	795,003	795,003	797,332	( 2,329)
Supplies	5,300	5,300	4,167	1,133
Other services and charges	2,005,306	1,389,300	956,628	432,672
Total Nondepartmental	<u>2,805,609</u>	<u>2,189,603</u>	<u>1,758,127</u>	<u>431,476</u>
Tax Office:				
Personnel services	207,698	207,698	128,820	78,878
Supplies and materials	2,250	2,250	1,597	653
Other services and charges	305,665	305,665	279,590	26,075
Total Tax Office	<u>515,613</u>	<u>515,613</u>	<u>410,007</u>	<u>105,606</u>
Total Finance	<u>4,178,345</u>	<u>3,573,509</u>	<u>3,036,427</u>	<u>537,082</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning and Engineering				
Planning and Engineering:				
Personnel services	\$ 699,003	\$ 685,461	\$ 573,720	\$ 111,741
Supplies	12,835	15,692	10,630	5,062
Other services and charges	176,593	206,122	119,400	86,722
Total Planning and Engineering	<u>888,431</u>	<u>907,275</u>	<u>703,750</u>	<u>203,525</u>
Inspection:				
Personnel services	774,971	774,971	714,173	60,798
Supplies	20,420	20,420	18,517	1,903
Other services and charges	193,126	193,126	121,268	71,858
Total Inspection	<u>988,517</u>	<u>988,517</u>	<u>853,958</u>	<u>134,559</u>
Total Planning and Engineering	<u>1,876,948</u>	<u>1,895,792</u>	<u>1,557,708</u>	<u>338,084</u>
Total General Government	<u>12,212,969</u>	<u>11,879,633</u>	<u>10,734,842</u>	<u>1,144,791</u>
Public Safety				
Fire				
Fire Prevention:				
Personnel services	329,054	329,054	321,402	7,652
Supplies	8,009	8,009	8,618	( 609)
Other services and charges	12,438	12,438	10,772	1,666
Total Fire Prevention	<u>349,501</u>	<u>349,501</u>	<u>340,792</u>	<u>8,709</u>
Fire Suppression:				
Personnel services	1,515,687	1,515,687	1,469,713	45,974
Supplies	31,190	31,190	30,749	441
Other services and charges	247,554	247,554	227,262	20,292
Total Fire Suppression	<u>1,794,431</u>	<u>1,794,431</u>	<u>1,727,724</u>	<u>66,707</u>
Emergency Medical Services:				
Personnel services	2,419,326	2,426,353	2,438,399	( 12,046)
Supplies	141,061	143,994	149,201	( 5,207)
Other services and charges	136,397	135,936	133,184	2,752
Capital outlay	-	14,501	-	14,501
Total Emergency Services	<u>2,696,784</u>	<u>2,720,784</u>	<u>2,720,784</u>	<u>-</u>
Total Fire	<u>4,840,716</u>	<u>4,864,716</u>	<u>4,789,300</u>	<u>75,416</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Police				
Police Administration:				
Personnel services	\$ 704,503	\$ 756,644	\$ 763,535	\$( 6,891)
Supplies	21,525	21,525	25,957	( 4,432)
Other services and charges	257,419	248,317	239,844	8,473
Capital outlay	6,800	20,400	17,550	2,850
Total Police Administration	<u>990,247</u>	<u>1,046,886</u>	<u>1,046,886</u>	<u>-</u>
Police Patrol:				
Personnel services	5,268,429	5,396,457	5,410,155	( 13,698)
Supplies	190,550	193,350	211,344	( 17,994)
Other services and charges	956,624	963,311	956,769	6,542
Capital outlay	40,600	73,328	48,178	25,150
Total Police Patrol	<u>6,456,203</u>	<u>6,626,446</u>	<u>6,626,446</u>	<u>-</u>
Criminal Investigation:				
Personnel services	2,020,110	2,062,867	2,086,932	( 24,065)
Supplies	49,802	49,602	42,355	7,247
Other services and charges	181,985	182,185	165,367	16,818
Total Criminal Investigation	<u>2,251,897</u>	<u>2,294,654</u>	<u>2,294,654</u>	<u>-</u>
Support Services:				
Personnel services	2,574,087	2,574,087	2,537,326	36,761
Supplies	91,300	103,342	85,545	17,797
Other services and charges	211,518	211,518	177,093	34,425
Total Support Services	<u>2,876,905</u>	<u>2,888,947</u>	<u>2,799,964</u>	<u>88,983</u>
Total Police	<u>12,575,252</u>	<u>12,856,933</u>	<u>12,767,950</u>	<u>88,983</u>
Total Public Safety	<u>17,415,968</u>	<u>17,721,649</u>	<u>17,557,250</u>	<u>164,399</u>
Public Works				
Public Works Administration:				
Personnel services	435,842	435,842	419,316	16,526
Supplies and materials	15,667	8,532	10,463	( 1,931)
Other services and charges	43,066	50,201	43,812	6,389
Total Public Works Administration	<u>494,575</u>	<u>494,575</u>	<u>473,591</u>	<u>20,984</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Streets:</b>				
Personnel services	\$ 1,685,759	\$ 1,685,759	\$ 1,645,708	\$ 40,051
Supplies	147,989	125,789	129,872	( 4,083)
Other services and charges	859,258	856,010	796,500	59,510
Capital outlay	21,250	46,698	21,697	25,001
<b>Total Streets</b>	<u>2,714,256</u>	<u>2,714,256</u>	<u>2,593,777</u>	<u>120,479</u>
<b>Total Public Works</b>	<u>3,208,831</u>	<u>3,208,831</u>	<u>3,067,368</u>	<u>141,463</u>
<b>Health and Sanitation</b>				
<b>Residential Solid Waste:</b>				
Personnel services	1,266,792	1,208,792	1,250,429	( 41,637)
Supplies	244,245	243,543	256,329	( 12,786)
Other services and charges	1,086,947	1,277,420	1,223,550	53,870
<b>Total Residential Solid Waste</b>	<u>2,597,984</u>	<u>2,729,755</u>	<u>2,730,308</u>	<u>( 553)</u>
<b>Total Health and Sanitation</b>	<u>2,597,984</u>	<u>2,729,755</u>	<u>2,730,308</u>	<u>( 553)</u>
<b>Culture &amp; Recreation</b>				
<b>Park Maintenance:</b>				
Personnel services	1,414,830	1,414,830	1,411,378	3,452
Supplies and materials	123,749	123,749	127,243	( 3,494)
Other services and charges	812,684	852,053	895,132	( 43,079)
Capital outlay	37,500	43,121	-	43,121
<b>Total Park Maintenance</b>	<u>2,388,763</u>	<u>2,433,753</u>	<u>2,433,753</u>	<u>-</u>
<b>Recreation:</b>				
Personnel services	765,394	765,394	585,889	179,505
Supplies	50,109	50,109	67,517	( 17,408)
Other services and charges	87,218	87,218	75,451	11,767
Capital outlay	20,000	20,000	12,846	7,154
<b>Total Recreation</b>	<u>922,721</u>	<u>922,721</u>	<u>741,703</u>	<u>181,018</u>
<b>Special Services:</b>				
Personnel services	389,201	389,201	339,724	49,477
Supplies	25,142	25,142	25,720	( 578)
Other services and charges	59,803	59,803	60,863	( 1,060)
<b>Total Special Services</b>	<u>474,146</u>	<u>474,146</u>	<u>426,307</u>	<u>47,839</u>

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks Administration:				
Personnel services	\$ 515,181	\$ 515,181	\$ 503,892	\$ 11,289
Supplies	9,400	9,400	7,697	1,703
Other services and charges	26,055	26,055	25,363	692
Total Parks Administration	<u>550,636</u>	<u>550,636</u>	<u>536,952</u>	<u>13,684</u>
Golf Course - Club House:				
Personnel services	448,335	448,335	465,883	( 17,548)
Supplies	75,560	79,761	77,503	2,258
Other charges and services	71,347	68,847	64,186	4,661
Total Golf Course - Club House	<u>595,242</u>	<u>596,943</u>	<u>607,572</u>	<u>( 10,629)</u>
Golf Course - Maintenance:				
Personnel services	630,495	630,495	636,816	( 6,321)
Supplies	155,100	154,500	134,890	19,610
Other charges and services	155,394	155,994	140,699	15,295
Capital outlay	14,000	14,000	11,796	2,204
Total Golf Course - Maintenance	<u>954,989</u>	<u>954,989</u>	<u>924,201</u>	<u>30,788</u>
Total Culture & Recreation	<u>5,886,497</u>	<u>5,933,188</u>	<u>5,670,488</u>	<u>262,700</u>
Total General Fund Expenditures	<u>\$ 41,322,249</u>	<u>\$ 41,473,056</u>	<u>\$ 39,760,256</u>	<u>\$ 1,712,800</u>

# CITY OF LA PORTE, TEXAS

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2017

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,611,912	\$ 945,095	\$ 1,041,575	\$ 3,598,582
Investments	1,084,295	649,564	741,360	2,475,219
Due from other governments	-	119,927	-	119,927
Other receivables	2,904	11,919	2,085	16,908
Inventories	37,909	-	-	37,909
<b>Total Current Assets</b>	<u>2,737,020</u>	<u>1,726,505</u>	<u>1,785,020</u>	<u>6,248,545</u>
<b>Non-Current Assets:</b>				
<b>Capital Assets:</b>				
Land and improvements	-	-	60,914	60,914
Equipment and furniture	18,465,719	-	690,047	19,155,766
Less accumulated depreciation	( 9,064,666)	-	( 245,925)	( 9,310,591)
<b>Total Non-Current Assets</b>	<u>9,401,053</u>	<u>-</u>	<u>505,036</u>	<u>9,906,089</u>
<b>Total Assets</b>	<u>12,138,073</u>	<u>1,726,505</u>	<u>2,290,056</u>	<u>16,154,634</u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	27,332	8,328	48,929	84,589
Accrued liabilities	11,063	1,116	-	12,179
Unearned revenue	-	10,091	-	10,091
Claims and judgements	-	470,662	-	470,662
<b>Total Current Liabilities</b>	<u>38,395</u>	<u>490,197</u>	<u>48,929</u>	<u>577,521</u>
<b>Non-Current Liabilities:</b>				
Compensated absences	40,598	-	-	40,598
<b>Total Non-Current Liabilities</b>	<u>40,598</u>	<u>-</u>	<u>-</u>	<u>40,598</u>
<b>Total Liabilities</b>	<u>78,993</u>	<u>490,197</u>	<u>48,929</u>	<u>618,119</u>
<b>Net Position</b>				
Investment in capital assets	9,401,053	-	505,036	9,906,089
Unrestricted	2,658,027	1,236,308	1,736,091	5,630,426
<b>Total Net Position</b>	<u>\$ 12,059,080</u>	<u>\$ 1,236,308</u>	<u>\$ 2,241,127</u>	<u>\$ 15,536,515</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, 2017**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Revenues				
Charges for services	\$ 3,102,916	\$ 5,323,147	\$ 444,966	\$ 8,871,029
Total Operating Revenues	<u>3,102,916</u>	<u>5,323,147</u>	<u>444,966</u>	<u>8,871,029</u>
Operating Expenses				
Personnel services	748,185	255,635	-	1,003,820
Supplies and materials	262,078	-	60,627	322,705
Other expenses	115,941	6,749,643	-	6,865,584
Depreciation	1,555,644	-	75,658	1,631,302
Total Operating Expenses	<u>2,681,848</u>	<u>7,005,278</u>	<u>136,285</u>	<u>9,823,411</u>
Operating income (loss)	421,068	( 1,682,131)	308,681	( 952,382)
Non-Operating Revenues				
Earnings on investments	15,414	6,956	10,129	32,499
Gain on disposal of capital assets	102,730	-	-	102,730
Total Non-Operating Revenues	<u>118,144</u>	<u>6,956</u>	<u>10,129</u>	<u>135,229</u>
Income (loss) before transfers	539,212	( 1,675,175)	318,810	( 817,153)
Transfers in	-	2,479,648	-	2,479,648
Transfers out	<u>( 13,236)</u>	<u>-</u>	<u>-</u>	<u>( 13,236)</u>
Change in net position	525,976	804,473	318,810	1,649,259
Total net position - beginning	<u>11,533,104</u>	<u>431,835</u>	<u>1,922,317</u>	<u>13,887,256</u>
Total net position - ending	<u>\$ 12,059,080</u>	<u>\$ 1,236,308</u>	<u>\$ 2,241,127</u>	<u>\$ 15,536,515</u>

**CITY OF LA PORTE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 3,102,916	\$ 5,330,027	\$ 444,966	\$ 8,877,909
Disbursed for personnel services	( 750,775)	( 171,707)	-	( 922,482)
Disbursed for goods and services	( 373,390)	( 6,741,775)	( 118,149)	( 7,233,314)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,978,751</u>	<u>( 1,583,455)</u>	<u>326,817</u>	<u>722,113</u>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Transfers from other funds	-	2,479,648	-	2,479,648
Transfers to other funds	( 13,236)	-	-	( 13,236)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>( 13,236)</u>	<u>2,479,648</u>	<u>-</u>	<u>2,466,412</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from the sale of equipment	102,730	-	-	102,730
Acquisition and construction of capital assets, net of disposals	( 1,985,031)	-	( 216,501)	( 2,201,532)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>( 1,882,301)</u>	<u>-</u>	<u>( 216,501)</u>	<u>( 2,098,802)</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	( 748,040)	( 455,343)	( 511,455)	( 1,714,838)
Sale of investments	447,684	-	250,789	698,473
Interest received	10,329	6,695	9,213	26,237
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>( 290,027)</u>	<u>( 448,648)</u>	<u>( 251,453)</u>	<u>( 990,128)</u>
<b>Net increase (decrease) in cash and equivalents</b>	<u>( 206,813)</u>	<u>447,545</u>	<u>( 141,137)</u>	<u>99,595</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>1,818,725</u>	<u>497,550</u>	<u>1,182,712</u>	<u>3,498,987</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,611,912</u>	<u>\$ 945,095</u>	<u>\$ 1,041,575</u>	<u>\$ 3,598,582</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ 421,068	\$( 1,682,131)	\$ 308,681	\$( 952,382)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation	1,555,644	-	75,658	1,631,302
Increase (decrease) in claims and judgments payable	-	83,928	-	83,928
Increase (decrease) in accounts payable	4,629	7,868	( 57,522)	( 45,025)
Increase (decrease) in accrued liabilities	( 566)	-	-	( 566)
Increase (decrease) in compensated absences	( 2,024)	-	-	( 2,024)
Increase (decrease) in unearned revenue	-	6,880	-	6,880
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,978,751</u>	<u>\$( 1,583,455)</u>	<u>\$ 326,817</u>	<u>\$ 722,113</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.	94
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	104
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.	109
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.	113
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.	115

# CITY OF LA PORTE, TEXAS

## NET POSITION BY COMPONENT

### LAST TEN FISCAL YEARS

(Amounts in thousands)

(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 24,923	\$ 32,667	\$ 35,195	\$ 37,324
Restricted	16,567	16,170	18,108	8,060
Unrestricted	<u>18,985</u>	<u>16,838</u>	<u>13,904</u>	<u>26,859</u>
<b>Total Governmental Activities Net Position</b>	<u>60,475</u>	<u>65,675</u>	<u>67,207</u>	<u>72,243</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	35,483	40,206	40,595	37,606
Restricted	2,188	1,353	1,460	680
Unrestricted	<u>3,799</u>	<u>2,473</u>	<u>2,027</u>	<u>4,199</u>
<b>Total Business-Type Activities Net Position</b>	<u>41,470</u>	<u>44,032</u>	<u>44,082</u>	<u>42,485</u>
<b>Primary Government</b>				
Net investment in capital assets	60,406	72,874	75,790	74,930
Restricted	18,755	17,523	19,568	8,740
Unrestricted	<u>22,785</u>	<u>19,311</u>	<u>15,932</u>	<u>31,058</u>
<b>Total Primary Government Net Position</b>	<u>\$ 101,946</u>	<u>\$ 109,708</u>	<u>\$ 111,290</u>	<u>\$ 114,728</u>

**TABLE 1**

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 46,814	\$ 49,304	\$ 54,506	\$ 43,583	\$ 48,367	\$ 51,730	
8,728	8,902	11,088	14,508	17,855	16,867	
<u>21,621</u>	<u>22,530</u>	<u>18,635</u>	<u>21,693</u>	<u>23,690</u>	<u>26,984</u>	
<u>77,163</u>	<u>80,736</u>	<u>84,229</u>	<u>79,784</u>	<u>89,912</u>	<u>95,582</u>	
37,567	36,347	35,873	34,808	34,292	33,783	
559	2,096	1,931	1,251	846	520	
<u>3,791</u>	<u>2,301</u>	<u>2,669</u>	<u>4,111</u>	<u>5,344</u>	<u>7,661</u>	
<u>41,917</u>	<u>40,744</u>	<u>40,473</u>	<u>40,170</u>	<u>40,482</u>	<u>41,964</u>	
84,381	85,651	90,379	78,390	82,659	85,513	
9,287	10,998	13,019	15,758	18,701	17,387	
<u>25,412</u>	<u>24,831</u>	<u>21,304</u>	<u>25,804</u>	<u>29,034</u>	<u>34,645</u>	
<u>\$ 119,080</u>	<u>\$ 121,480</u>	<u>\$ 124,702</u>	<u>\$ 119,952</u>	<u>\$ 130,394</u>	<u>\$ 137,546</u>	

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General government	\$ 10,056	\$ 11,443	\$ 11,497	\$ 14,575
Public safety	16,267	15,495	17,109	16,306
Public works	4,348	8,095	4,601	6,280
Health, welfare and sanitation	2,465	2,379	2,521	2,453
Culture and recreation	4,004	4,223	6,483	6,033
Interest on long-term debt	1,695	1,527	1,557	1,871
<b>Total Governmental Activities Expenses</b>	<u>38,835</u>	<u>43,162</u>	<u>43,768</u>	<u>47,518</u>
<b>Business-Type Activities:</b>				
Water services	6,631	4,833	5,721	5,720
Sewer services	2,247	2,603	2,674	2,674
Airport	156	183	181	181
Bay Forest Golf Course	1,362	1,437	1,485	1,485
Sylvan Beach Convention Center	225	26	-	-
<b>Total Business-Type Activities Expenses</b>	<u>10,621</u>	<u>9,082</u>	<u>10,061</u>	<u>10,060</u>
<b>Total Primary Government Expenses</b>	<u>49,456</u>	<u>52,244</u>	<u>53,829</u>	<u>57,578</u>
<b>Program Revenue</b>				
<b>Governmental Activities:</b>				
Charges for services				
General government	2,725	3,061	3,116	712
Public safety	591	1,681	1,593	3,506
Public works	-	-	1,067	330
Health, welfare and sanitation	1,889	1,849	1,842	2,046
Culture and recreation	418	448	661	1,474
Operating grants and contributions	4,648	5,165	1,004	-
General government	-	-	-	8
Public safety	-	-	-	611
Public works	-	-	-	428
Culture and recreation	-	-	-	107
Capital grants and contributions	-	-	-	-
General government	235	1,260	-	-
Public works	-	-	-	1
<b>Total Governmental Activities Program Revenues</b>	<u>10,506</u>	<u>13,464</u>	<u>9,283</u>	<u>9,223</u>
<b>Business-Type Activities:</b>				
Charges for services				
Water services	6,133	4,520	3,850	6,267
Sewer services	3,670	3,363	3,307	3,535
Airport	65	53	53	56
Bay Forest Golf Course	1,032	1,067	1,002	-
Sylvan Beach Convention Center	161	2	-	-
Capital grants and contributions	2,338	1,786	860	1,442
<b>Total Business-Type Activities Program Revenues</b>	<u>13,399</u>	<u>10,791</u>	<u>9,072</u>	<u>11,300</u>
<b>Total Primary Government Program Revenues</b>	<u>23,905</u>	<u>24,255</u>	<u>18,355</u>	<u>20,523</u>
<b>Net (Expense)/Revenue</b>				
Government activities	( 28,331)	( 29,699)	( 34,485)	( 38,295)
Business-type activities	2,777	1,710	( 989)	1,239
<b>Total Primary Government Net Expense</b>	<u>( 25,554)</u>	<u>( 27,989)</u>	<u>( 35,474)</u>	<u>( 37,056)</u>

TABLE 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 14,091	\$ 13,854	\$ 14,115	\$ 12,962	\$ 11,497	\$ 15,518	
17,375	17,765	20,436	19,082	17,109	20,547	
3,784	4,451	6,260	4,088	4,601	6,910	
2,424	2,328	2,519	5,748	2,521	5,915	
6,361	5,722	5,855	3,497	6,483	3,900	
1,268	1,385	1,404	1,585	1,557	2,506	
<u>45,303</u>	<u>45,505</u>	<u>50,589</u>	<u>46,962</u>	<u>43,768</u>	<u>55,295</u>	
7,692	8,206	7,731	5,064	5,721	6,269	
2,932	2,599	2,802	4,347	2,674	4,268	
213	210	230	230	181	210	
-	-	-	-	1,485	-	
-	-	-	-	-	-	
<u>10,837</u>	<u>11,015</u>	<u>10,763</u>	<u>9,641</u>	<u>10,061</u>	<u>10,748</u>	
<u>56,140</u>	<u>56,520</u>	<u>61,352</u>	<u>56,603</u>	<u>53,829</u>	<u>66,043</u>	
844	646	826	3,981	3,116	2,538	
3,128	3,314	3,208	1,665	1,593	1,554	
268	266	270	337	1,067	354	
2,197	2,204	2,223	2,255	1,842	2,402	
1,385	1,444	1,509	2,057	661	1,585	
-	-	-	-	1,004	-	
240	3	3	-	-	-	
431	433	546	307	-	1,119	
766	20	258	23	-	123	
78	393	1,208	1	-	1	
-	-	-	-	-	-	
-	-	-	-	-	-	
1	-	-	3,030	-	582	
<u>9,338</u>	<u>8,723</u>	<u>10,051</u>	<u>13,656</u>	<u>9,283</u>	<u>10,259</u>	
6,055	5,694	5,407	4,309	3,850	5,982	
3,601	3,420	3,423	3,588	3,307	3,552	
60	55	56	59	53	61	
-	-	-	-	1,002	-	
-	-	-	-	-	-	
859	1,398	1,126	-	860	-	
<u>10,575</u>	<u>10,567</u>	<u>10,012</u>	<u>7,956</u>	<u>9,072</u>	<u>9,595</u>	
<u>19,913</u>	<u>19,290</u>	<u>20,063</u>	<u>21,612</u>	<u>18,355</u>	<u>19,853</u>	
( 35,965)	( 36,782)	( 40,537)	( 33,306)	( 34,485)	( 45,037)	
( 261)	( 447)	( 752)	( 34,205)	( 989)	( 45,365)	
<u>( 36,226)</u>	<u>( 37,229)</u>	<u>( 41,289)</u>	<u>( 67,511)</u>	<u>( 35,474)</u>	<u>( 90,402)</u>	

# CITY OF LA PORTE, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(Amounts in thousands)

(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>General Revenues and</b>				
<b>Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property taxes	\$ 13,066	\$ 13,683	\$ 16,391	\$ 17,742
Industrial payments	8,189	7,959	10,555	10,732
Sales and use taxes	5,736	5,803	5,787	5,914
Franchise taxes	2,004	2,165	2,160	2,171
Investment earnings	2,387	1,783	688	294
Other revenues	89	115	93	164
Gain/(Loss) no sale of capital assets	-	-	-	-
Transfers	76	( 3,533)	( 779)	( 1,000)
<b>Total Governmental Activities</b>	<u>31,547</u>	<u>27,975</u>	<u>34,895</u>	<u>36,017</u>
<b>Business-Type Activities:</b>				
Investment earnings	343	199	73	39
Other revenues	-	-	-	-
Gain/(Loss) on sale of capital assets	-	-	-	-
Transfers	( 76)	3,533	779	1,000
<b>Total Business-Type Activities</b>	<u>267</u>	<u>3,732</u>	<u>852</u>	<u>1,039</u>
<b>Total Primary Government</b>	<u>31,814</u>	<u>31,707</u>	<u>35,747</u>	<u>37,056</u>
<b>Change in Net Position</b>				
Governmental activities	3,215	( 1,725)	410	( 2,278)
Business-type activities	3,044	5,442	( 137)	2,279
<b>Total Primary Government</b>	<u>\$ 6,259</u>	<u>\$ 3,717</u>	<u>\$ 273</u>	<u>\$ 1</u>

TABLE 2

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	17,251	\$	17,782	\$	19,925	\$	20,766	\$	24,098	\$	23,858
	10,471		11,108		11,555		12,269		14,378		14,271
	8,267		8,718		10,105		10,744		9,863		10,859
	2,312		2,184		2,252		2,412		2,300		2,252
	143		84		106		204		380		564
	168		432		459		164		767		601
	1,941		-		-		-		-		-
	334		720		(371)		(1,505)		(795)		(1,698)
	<u>40,887</u>		<u>41,028</u>		<u>44,031</u>		<u>45,054</u>		<u>50,991</u>		<u>50,707</u>
	12		8		9		25		44		111
	16		36		100		-		-		-
	-		-		-		-		-		-
	(334)		(720)		371		1,505		795		1,698
	(306)		(676)		480		1,530		839		1,809
	<u>40,581</u>		<u>40,352</u>		<u>44,511</u>		<u>46,584</u>		<u>51,830</u>		<u>52,516</u>
	4,922		4,244		3,493		11,749		10,129		5,670
	(568)		(1,124)		(271)		631		313		1,482
\$	<u>4,354</u>	\$	<u>3,120</u>	\$	<u>3,222</u>	\$	<u>12,380</u>	\$	<u>10,442</u>	\$	<u>7,151</u>

## CITY OF LA PORTE, TEXAS

### FUND BALANCES - GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2008	2009	2010	2011
<b>General Fund</b>				
Nonspendable	\$ 105	\$ 102	\$ 135	\$ 139
Committed	-	-	-	-
Assigned	296	199	151	96
Unassigned	14,405	13,758	12,274	19,119
<b>Total General Fund</b>	14,806	14,059	12,560	19,354
 <b>All Other Governmental Funds</b>				
Restricted	8,489	5,813	7,644	14,084
Committed	19,933	17,944	20,331	9,079
Assigned	-	-	7	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	\$ 28,422	\$ 23,757	\$ 27,982	\$ 23,163

TABLE 3

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 94	\$ 125	\$ 103	\$ 89	\$ 89	\$ 102
-	3,500	8,500	7,000	6,000	2,000
30	104	78	257	4,440	297
<u>23,839</u>	<u>23,856</u>	<u>21,294</u>	<u>25,217</u>	<u>29,386</u>	<u>40,500</u>
<u>23,963</u>	<u>27,585</u>	<u>29,975</u>	<u>32,563</u>	<u>39,915</u>	<u>42,900</u>
12,573	12,194	14,177	24,421	24,861	34,574
6,553	5,586	2,962	1,917	2,978	4,556
-	-	-	-	-	-
<u>( 31)</u>	<u>-</u>	<u>( 1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 19,095</u>	<u>\$ 17,780</u>	<u>\$ 17,138</u>	<u>\$ 26,338</u>	<u>\$ 27,839</u>	<u>\$ 39,130</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			
	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 30,060	\$ 34,930	\$ 36,682	\$ 35,761
Donations	-	-	-	-
Licenses and permits	560	642	476	313
Fines and forfeitures	1,726	1,833	1,803	1,724
Charges for services	3,958	4,470	6,084	5,680
Intergovernmental	4,755	4,868	989	917
Interest	1,883	610	263	193
Miscellaneous	90	105	125	242
<b>Total Revenues</b>	<u>43,032</u>	<u>47,458</u>	<u>46,422</u>	<u>44,830</u>
<b>Expenditures</b>				
General government	8,418	9,869	9,788	10,289
Public safety	15,610	13,859	14,612	15,688
Public works	2,909	6,664	2,819	3,118
Health and sanitation	2,479	2,087	2,233	2,182
Culture and recreation	3,470	3,817	5,048	5,314
Debt service:				
Principal	1,655	1,695	1,755	1,740
Interest	1,758	1,572	1,388	1,871
Bond issuance cost	-	-	200	-
Capital outlay	6,351	15,557	10,843	8,714
<b>Total Expenditures</b>	<u>42,650</u>	<u>55,120</u>	<u>48,686</u>	<u>48,916</u>
Excess of revenues over (under) expenditures	3,838	( 7,662)	( 2,264)	( 4,085)
<b>Other Financing Sources (Uses)</b>				
General obligation bonds issued	-	-	6,265	-
Refunding bonds issued	-	-	4,295	-
Certificate obligation bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	225	-
Premium on certificate obligations	-	-	-	-
Payment to refunding bond escrow agent	7,625	14,232	( 4,410)	-
Transfers in	( 7,501)	( 12,119)	9,158	4,248
Transfers out	32	137	( 10,545)	( 5,012)
Sale of capital assets	-	-	5	6,822
Insurance recoveries	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>156</u>	<u>2,250</u>	<u>4,993</u>	<u>6,058</u>
Net change in fund balances	<u>\$ 538</u>	<u>\$( 5,412)</u>	<u>\$ 2,729</u>	<u>\$ 1,972</u>
Debt services as a percentage of noncapital expenditures	9.4%	8.3%	8.8%	9.0%

TABLE 4

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 38,353	\$ 39,835	\$ 43,837	\$ 46,155	\$ 50,376	\$ 51,575	
-	-	-	-	-	-	
465	368	498	1,347	596	536	
1,758	1,887	1,791	1,954	1,996	1,965	
5,957	6,009	6,305	6,995	6,555	6,069	
1,239	568	1,572	3,195	1,024	1,078	
129	76	97	184	350	531	
36	426	261	399	728	518	
<u>47,937</u>	<u>49,169</u>	<u>54,361</u>	<u>60,229</u>	<u>61,625</u>	<u>62,272</u>	
10,462	11,043	13,828	11,953	11,706	13,189	
15,752	16,322	17,428	17,699	18,324	18,984	
3,439	3,247	3,433	2,916	3,029	3,414	
2,226	2,244	2,334	2,458	2,644	2,730	
5,261	5,227	5,441	5,728	5,849	5,736	
2,170	2,365	2,640	4,626	4,281	4,179	
1,520	1,385	1,218	1,590	1,451	1,385	
151	-	154	-	-	-	
<u>8,583</u>	<u>5,500</u>	<u>5,446</u>	<u>6,332</u>	<u>4,439</u>	<u>4,852</u>	
<u>49,564</u>	<u>47,333</u>	<u>51,922</u>	<u>53,302</u>	<u>51,723</u>	<u>54,469</u>	
( 1,627)	1,835	2,439	6,928	9,903	7,803	
-	-	-	-	-	-	
9,435	-	9,300	-	-	-	
-	-	-	7,770	-	-	
364	-	608	-	-	-	
-	-	-	366	-	-	
( 9,639)	-	( 9,749)	-	-	-	
2,711	3,884	3,912	3,069	2,851	3,685	
( 2,644)	( 3,630)	( 4,761)	( 6,559)	( 3,979)	( 7,850)	
1,941	215	-	-	-	3	
-	-	-	211	-	-	
<u>2,168</u>	<u>469</u>	<u>( 690)</u>	<u>4,857</u>	<u>( 1,128)</u>	<u>( 4,162)</u>	
<u>\$ 541</u>	<u>\$ 2,305</u>	<u>\$ 1,749</u>	<u>\$ 11,785</u>	<u>\$ 8,775</u>	<u>\$ 3,641</u>	
9.4%	9.0%	8.3%	13.2%	12.1%	11.2%	

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
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
2017	2016	3,025,879,671	880,297,401	-	751,959,455	3,154,217,617	0.710000	3,154,217,617	100

Source: Harris County Certified Tax Rolls and Corrections.

**CITY OF LA PORTE, TEXAS**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City of La Porte by fund:				
General	0.61900	0.61900	0.61900	0.60500
Debt service	<u>0.09100</u>	<u>0.09100</u>	<u>0.09100</u>	<u>0.10500</u>
<b>Total Direct Rates</b>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
Harris County Flood Control District	0.03086	0.02922	0.02923	0.02809
Harris County	0.39823	0.39224	0.38805	0.39117
Port of Houston Authority	0.01773	0.01636	0.02054	0.01856
Harris County Board of Education	0.00584	0.00605	0.00658	0.00658
Hospital District	0.19216	0.19216	0.19216	0.19216
La Porte I.S.D.	1.32500	1.32500	1.32500	1.35500
San Jacinto Jr. College District	<u>0.16341</u>	<u>0.17080</u>	<u>0.17628</u>	<u>0.18560</u>
<b>Total Direct and Overlapping Rates</b>	<u>2.84323</u>	<u>2.84183</u>	<u>2.84784</u>	<u>2.88716</u>

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

**TABLE 6**

2012	2013	2014	2015	2016	2017
0.60500	0.64000	0.61400	0.60500	0.60500	0.60500
0.10500	0.07000	0.09600	0.10500	0.10500	0.10500
0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
0.02809	0.02827	0.02736	0.02733	0.02829	0.02831
0.40021	0.41455	0.41731	0.41923	0.41656	0.41801
0.01952	0.01716	0.01531	0.01342	0.01334	0.01256
0.00662	0.00636	0.00600	0.00540	0.00520	0.00520
0.18216	0.17000	0.17000	0.17000	0.17179	0.17110
1.33000	1.33000	1.33000	1.45000	1.42000	1.38000
0.18560	0.18560	0.18560	0.17578	0.18238	0.18334
2.86220	2.86194	2.86158	2.97116	2.94756	2.90851

TABLE 7

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

2017				2008			
Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Granite Underwood Dist. Ctr. L.P.	\$ 72,564,878	1	2.30%	Conoco Phillips, Inc.	\$ 59,463,141	1	3.32%
Liberty Property Limited	58,465,791	2	1.85%	Oxy Vinyls L.L.	50,504,679	2	2.82%
DNOW LP	54,974,756	3	1.74%	Equistar Chemical L.P.	49,862,115	3	2.78%
Equistar Chemicals	46,838,616	4	1.48%	Dow Chemicals	46,021,233	4	2.57%
Oxy Vinyls LP	40,697,859	5	1.29%	PPG Industries	42,972,161	5	2.40%
Ineos USA L.L.C.	37,999,780	6	1.20%	BP Solvay	38,054,910	6	2.12%
Dow Chemical Co.	27,026,110	7	0.86%	Centerpoint Energy	26,486,387	7	1.48%
Liberty Property Limited	26,250,000	8	0.83%	Attofina Petrochemicals	20,438,783	8	1.14%
DuPont	24,045,357	9	0.76%	Noltex	19,568,831	9	1.09%
Rich Product Corp.	<u>23,787,572</u>	10	0.75%	Sulzer Hickham	<u>19,042,493</u>	10	1.06%
Subtotal	412,650,719		<u>13.08%</u>		372,414,733		<u>20.78%</u>
Other Taxpayers	<u>2,741,566,898</u>		<u>86.92%</u>		<u>1,419,817,950</u>		<u>79.22%</u>
Total	<u>\$ 3,154,217,617</u>		<u>100.00%</u>		<u>\$ 1,792,232,683</u>		<u>100.00%</u>

Source: Goose Creek Tax Assessor-Collector's records.

## CITY OF LA PORTE, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

## LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amounts	Percentage of Levy
2008	\$ 13,857,467	\$ 13,476,872	97.3%	\$ 402,024	\$ 12,878,026	100.1%
2009	15,654,937	15,377,149	98.2%	337,680	15,714,005	100.4%
2010	16,542,483	16,309,818	98.6%	206,452	16,514,963	99.8%
2011	15,871,498	15,599,930	98.3%	263,715	15,862,102	99.9%
2012	16,080,911	15,860,664	98.6%	221,145	16,094,579	100.1%
2013	16,621,361	16,518,207	99.4%	165,233	16,696,362	100.5%
2014	18,267,201	18,090,456	99.0%	186,324	18,305,258	100.2%
2015	19,514,402	19,304,486	98.9%	( 6,850) *	19,320,965	99.0%
2016	21,596,463	21,299,848	98.6%	130,132	21,429,980	99.2%
2017	22,269,063	22,109,029	99.3%	-	22,109,029	99.3%

\* - Shows a negative amount due to the refund of taxes.

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			
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
2017	21,090	11,210	-	-	-	32,300	N/A	1,086

**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>
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
2017	2016	21,090	11,210	3,883	28,417	0.9%	N/A	810

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

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

## CITY OF LA PORTE, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2017

(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	\$ 2,295,044,505	0.65%	\$ 14,917,789
Harris County Department of Education	6,780,000	0.65%	44,070
Harris County Flood Control District	83,075,000	0.65%	539,988
Harris County Toll Road	61,959,000	0.65%	400,368
Harris County Hospital District	-	0.65%	-
La Porte I.S.D.	350,980,000	41.45%	145,481,210
Port of Houston Authority	657,994,397	0.65%	4,276,964
San Jacinto Jr. College District	<u>394,444,977</u>	6.07%	<u>23,942,810</u>
<b>Total Net Overlapping Debt</b>	<b><u>\$ 3,850,277,879</u></b>		<b>189,603,199</b>
<b>City of La Porte Direct Debt <sup>b</sup></b>	<b>35,150,000</b>	<b>100%</b>	<b><u>42,935,000</u></b>
<b>Total Direct and Overlapping Debt</b>			<b><u>\$ 232,538,199</u></b>

<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

## 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	
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
2017	1,376,085	1,154,148	221,937	320,000	6,400	326,400	0.7

<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>
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%
2017	35,086	N/A	N/A	33	7,713	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

2017			2008		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Mobley Industrial Services Inc	1,400	6.38%	La Porte I.S.D.	1,000	5.29%
La Porte ISD	1,041	4.74%	E.I. DuPont De Nemours \$ Co.	580	3.07%
Advance Service Inc	829	3.78%	City of La Porte	368	1.95%
City of La Porte	386	1.76%	Fumanite Worldwide	334	1.77%
International Plant Svcs LLC	376	1.71%	A&L Industrial Services Inc	300	1.59%
Sulzer Turbo Svcs Houston Inc	330	1.50%	CCC Group, Inc	300	1.59%
CCC Group Inc	300	1.37%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%
Highway Transport Chemical LLC	293	1.33%	James H. Jackson Industries Inc	250	1.32%
Airgas Inc	281	1.28%	Occidental Chemical Corp.	175	0.92%
Pfeiffer Holdings LLC	271	1.23%	Intercontinental Terminal Co.	160	0.85%
Total	<u>5,507</u>	<u>25.08%</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.

## CITY OF LA PORTE, TEXAS

## FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	79	78	79	90	90	88	88	89	89	89
Public safety	142	143	144	144	151	152	154	154	154	154
Public works	32	32	32	32	32	30	30	30	30	33
Health and sanitation	22	22	22	24	24	23	23	23	22	23
Culture and recreation	45	45	46	46	46	42	42	42	44	42
Water services	25	25	25	25	25	25	24	25	25	25
Sewer services *	20	20	20	20	20	20	20	20	20	20
Golf course *	12	12	12	-	-	-	-	-	-	-
Sylvan Beach Convention Center	4	4	-	-	-	-	-	-	-	-
Total	<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>	<u>386</u>

Source: City of La Porte Human Resource Department

\* - 2016 and 2017 due to funding golf course workers out of the General Fund. Sylvan Beach is managed by Harris County who uses private contractors.

**CITY OF LA PORTE, TEXAS**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year			
	2008	2009	2010	2011
<b>Police</b>				
Physical arrests	2,642	2,737	2,538	2,354
Tickets processed	15,352	16,098	16,603	14,619
<b>Fire</b>				
Number of calls answered	1,799	1,409	1,559	1,483
Inspections	320	600	690	725
<b>Highways and streets</b>				
Street resurfacing (linear feet)	19,887	23,559	38,365	60,472
Potholes repaired	996	1,012	1,236	465
<b>Sanitation</b>				
Cubic yards of garbage collected	29,282	29,894	29,642	27,961
Cubic yards of trash collected	48,136	78,900	43,368	45,778
<b>Culture and recreation</b>				
Fitness center admissions	62,245	53,401	78,118	64,989
<b>Water</b>				
Number of water meters	11,913	11,968	12,015	12,061
Average daily consumption (millions of gallons)	4.0	4.0	3.9	4.6
Water main breaks	455	498	417	666
<b>Wastewater</b>				
Average daily sewage treatment (thousands of gallons)	3.2	2.8	3.7	2.8
<b>Golf course</b>				
Number of paid rounds played	35,839	36,009	31,271	34,848

Source: Various City departments

Notes: N/A - Data not available

**TABLE 16**

Fiscal Year						
2012	2013	2014	2015	2016	2017	
2,311	2,205	2,032	2,152	2,399	1,826	
13,221	13,861	14,151	14,316	13,231	11,900	
1,195	1,219	1,262	1,378	1,356	1,532	
812	950	1,020	383	1,025	852	
69,580	13,520	11,183	11,172	22,172	18,602	
1,173	271	165	342	236	118	
42,589	30,625	54,812	50,945	26,458	48,716	
54,641	32,137	40,701	31,518	40,569	44,733	
64,279	64,587	90,765	67,794	102,778	96,011	
12,129	12,234	12,321	12,431	12,523	12,591	
4.3	4.0	3.8	3.9	3.8	3.7	
311	379	411	200	217	199	
3.3	2.7	2.6	3.8	3.8	3.5	
34,038	32,257	32,741	29,965	26,794	26,840	

## CITY OF LA PORTE, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police station	1	1	1	1	1	1	1	1	1	1
Police officers	74	74	75	75	74	74	74	76	75	78
Reserve officers	2	1	2	2	2	6	2	3	3	2
Fire stations	4	4	4	4	4	4	4	4	4	4
Sanitation										
Collection trucks	14	14	14	14	12	12	12	14	17	16
Highways and streets										
Streets (miles)	295	126	126	126	125	297	297	272	272.5	272.5
Streetlights	2,400	2,387	2,387	2,415	2,415	2,415	2,415	2,415	2,415	2,415
Traffic signals	3	7	5	5	6	6	6	7	7	7
Culture and recreation										
Parks acreage	347	356	356	356	188	188	188	188	188	188
Parks acreage	22	21	21	21	22	22	22	22	22	22
Swimming pools	6	6	5	5	5	5	5	5	5	5
Recreation centers	1	1	4	4	3	3	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water and sewer										
Water mains (miles)	178	180	180	181	182	183	184	185	187	187
Fire hydrants	1,161	1,168	1,179	1,186	1,199	1,226	1,256	1,265	1,276	1,291
Sanitary sewers (miles)	189	191	191	192	192	192	192	193	194	194
Storm sewers (miles)	92	92	95	97	60	112	112	115	115	116

Source: City departments



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

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

We have audited the financial statements of the City of La Porte, Texas (the “City”) as of and for the year ended September 30, 2017, and have issued our report thereon dated March 12, 2018. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 18, 2017, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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**WACO, TX**  
401 West Highway 6  
Waco, Texas 76710  
254.772.4901  
www.pbhcpa.com

**HOUSTON, TX**  
281.671.6259

**RIO GRANDE VALLEY, TX**  
956.544.7778

**TEMPLE, TX**  
254.791.3160

**ALBUQUERQUE, NM**  
505.266.5904

  
**Governmental Audit  
Quality Center**

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement we assisted in preparing the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements of the City in conformity with U.S. generally accepted accounting principles and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Services*.

In order to ensure we maintain our independence for performing these nonaudit services certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the current fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible accounts is based on historical collection rates. We evaluated the key factors and assumptions used to develop the estimates listed above in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to the net pension liability. The disclosures in the financial statements are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated March 12, 2018.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Waco, Texas  
March 12, 2018

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 12, 2018</u>
Requested By: <u>Don Pennell</u>
Department: <u>Public Works</u>
Report: _____ Resolution: _____ Ordinance: _____

<b><u>Budget</u></b>
Source of Funds: <u>001 (General Fund)</u>
Account Number <u>001-7072-532-1010</u>
Amount Budgeted: <u>\$843,279</u>
Amount Requested: <u>\$65,000</u>
Budgeted Item: <u>YES</u> NO

Exhibit: Bid Tabulation  
Exhibit: Vendor Access Report  
Exhibit: Employment & Training Center Proposal  
Exhibit D & F Proposal

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### SUMMARY & RECOMMENDATION

Routinely, the Public Works Department utilizes 2 – 4 temporary help employees in the Solid Waste Division. The regular use of temporary workers filling two full-time positions, employees on leave, and temporary vacancies has caused the City to exceed \$50,000 per year in expenditures for a single item. Total expenditures for temporary workers in fiscal year 2017 is \$55,759.

Bid #18003 for Temporary Labor Services - Solid Waste Worker was rejected by City Council on December 11, 2017. The rebid for Temporary Labor Services (Rebid#18007) was opened and read on January 30, 2018; two (2) bids were received. “Notice to Bidders” was posted in the *Bay Area Observer* on January 11 and January 18, posted on Public Purchase and the city’s website. During the rebid fifteen (15) vendors downloaded the bid, while two (2) bids were received. Employment and Training Centers Inc. is the low bidder at \$15.29 per hour for one temporary worker. D & F Industrial Service, LLC is second low bidder at \$15.96 per hour for one temporary worker.

Staff recommends awarding the bid to Employment and Training Centers Inc. at \$15.29 per hour as the primary temporary labor provider and to D & F Industrial Service, LLC at \$15.96 per hour as the backup temporary labor provider.

The Solid Waste Division has utilized temporary staffing from outside agencies to fill-in vacant Solid Waste Worker positions for short-term leave due to vacation, sick, bereavement, and end-of-employment for over 25 years. The Solid Waste Worker position has a high turnover rate and the temporary staffing is used regularly from budgeted account 001-7072-532-1010 regular salary transferred into 001-7072-532-5005.

The permanent, City hired, full-time Solid Waste Worker for this position work schedule is 4 – Ten hour days and is paid 40 hours per week. The average amount of actual time worked per

week is 28 – 32 hours per week. The entry level wages (\$13.25 per hour) and benefits for this position are as follows:

Annual Salary:	\$27,560.00
Benefits:	
FICA	2,108.65
TMRS	4,448.83
Medical Insurance	10,422.00
Life Insurance	28.80
Workers Comp.	387.00

Total Salary and Benefits: \$44,959.28

Beginning in September 2011, one of the eight (8) full-time Solid Waste Worker positions was left unfilled after an employee departed the City and a temporary worker was utilized on a daily basis to fill the position. Beginning in April 2012, a second full-time Solid Waste Worker position was left unfilled after an employee departed the City and a temporary worker was utilized on a daily basis to fill that position. The annual cost to fill a Solid Waste Worker position with a temporary worker based on an average 30 hours per week with actual pay at \$15.96 per hour is an annual cost of \$24,898 per year; a savings of \$20,061 per year per full-time position filled with temporary workers.

**Benefits:**

Utilizing temporary work staff allows the Solid Waste Division to fill-in for employees out on leave and temporary vacancies. Operating cost savings filling regular full-time positions.

**Liabilities:**

There is the possibility that temporary workers would not be available to fill positions on a regular and/or short-term notice. This requires City employed operators to fill in the Solid Waste Worker positions until labor can be recruited as has happened in the past.

**Operating Costs:**

There is an additional cost of \$15.96 per hour when a regular full-time Solid Waste Worker is out on leave. There is a cost savings to the City of approximately \$40,122 per year filling two (2) full-time positions with temporary workers.

---

**Action Required by Council:**

Consider approval or other action to award Bid No. 18007 to Employment and Training Centers Inc. in the amount of \$15.29 per hour and D & F Industrial Service, LLC at \$15.96 per hour.

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**Approved for City Council Agenda**

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Corby D. Alexander

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Date

**BID #18007 TEMPORARY LABOR SERVICES REBID**

**BID TABULATION**

**DUE DATE: JANUARY 30, 2018**

<b>D&amp;F Industrial Service, LLC</b>			<b>Employment &amp; Training Centers, Inc.</b>		
Hourly Wage Paid to Employee	Mark Up Rate (%)	Total Hourly Wage Billed to City	Hourly Wage Paid to Employee	Mark Up Rate (%)	Total Hourly Wage Billed to City
\$12.00	33%	<b>\$15.96</b>	\$11.00	39%	<b>\$15.29</b>

Access Report

Agency

City of La Porte (TX)

Bid Number

18007

Bid Title

Temporary Labor Services-Solid Waste Worker Rebid

<b>Vendor Name</b>	<b>Accessed First Time</b>	<b>Documents</b>
Sevenoutsource	2018-01-16 04:28 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Perkens WS Corporation	2018-01-12 12:06 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Employment & Training Center	2018-01-11 09:56 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Qultek Consultants Inc	2018-01-16 12:11 PM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Onvia	2018-01-11 01:01 PM CST	#18007 - Temporary Labor Services REBID.docx.pdf
JDR Management	2018-01-12 01:04 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
22nd Century Technologies, Inc	2018-01-17 02:54 PM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Advanced Starlight International	2018-01-16 09:11 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Ask IT Consulting Inc.	2018-01-16 08:36 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Hire Quest LLC	2018-01-12 10:55 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Premier Staffing Source, Inc.	2018-01-26 10:05 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf
SnapTemps Staffing LLC	2018-01-11 01:29 PM CST	#18007 - Temporary Labor Services REBID.docx.pdf
North America Procurement Co	2018-01-12 08:28 PM CST	#18007 - Temporary Labor Services REBID.docx.pdf
Search and Staff	2018-01-17 06:54 PM CST	#18007 - Temporary Labor Services REBID.docx.pdf
FW Services, Inc.	2018-01-11 10:04 AM CST	#18007 - Temporary Labor Services REBID.docx.pdf

Temporary Labor Services  
Solid Waste Worker  
Sealed Bid #18007  
Tuesday 1/30/18 2:00 pm

Employment & Training Centers, Inc.  
3355 W Alabama #350  
Houston, TX 77098

Contact: Roberto Izaguirre  
281-410-4366



RECRUITMENT ♦ PLACEMENT ♦ HR SOLUTIONS

Employment & Training Centers, Inc. (ETC), through its wholly-owned subsidiary Employment & Training Solutions, LLC (ETS), proposes to provide Temporary Personnel Services for Solid Waste Workers to the City of La Porte in accordance with its Bid #18007.

Who we are

ETC is a privately held for-profit company that began providing workforce development services to Houston area residents in 1986. During its 31 years in operation, the company has had various workforce contracts with the Houston-Galveston Area Council, HoustonWorks, ITEP, SER Jobs for Progress, ResCare (formerly Lockheed Martin, ACS and Arbor), Harris County, the City of Houston, and local school districts and institutions of higher learning in the region. ETC has managed the Employer Service Division of Workforce Solutions since 2002.

Employment & Training Solutions, LLC provides staffing, payrolling and recruiting services. Our references are listed on the form provided in the RFP package.

ETC is certified by the Texas Comptroller of Public Accounts as a Historically Underutilized Business (HUB).

ETC carries full insurance protection against risk. A current Certificate of Liability Insurance, made out to the City of La Porte, is attached to this package.

ETC has no conflicts of Interest with the City of La Porte. A Conflict of Interest Questions, annotated "None," is attached to this package.

### How we operate

ETC is structured with minimal layers between upper management and employees in order to keep open lines of communication and maintain a focus on generating results. This ensures the appropriate use of available resources and allows us to maximize and focus most of our employees on direct services and to respond rapidly to change and new developments.

The company maintains a small corporate staff for the smooth operation of each of our projects. We have trained, experienced employees dedicated to accounting and human resources to safeguard compliance with governmental and contract requirements and to take any administrative burden off of operations, allowing staff to work efficiently.

We have extensive experience in high-turnover, high-volume industries. Please see our references page.

### Our Proposal

We propose to provide temporary Solid Waste Workers in accordance with all requirements in the bid package.

We will use the job description provided in sourcing qualified candidates. We will administer a six-panel drug screen test and conduct a criminal history background check on all qualified applicants, in accordance with your guidelines, and results will be provided to the City. We will ensure that all workers are properly attired and have appropriate Personal Protective Equipment and will conduct a safety orientation, using your Safety Rules, Policies and Procedures. The costs of these steps will be borne by ETC.

In accordance with your bid instructions, ETC will waive all charges for new employees who are deemed unsatisfactory by the City within the first two hours. The City has the option of converting a temporary employee to a direct hire employee without additional fee after the employee has worked 500 hours.



# City of La Porte

Established 1892

# Purchasing Department

Cherell Daeumer, Purchasing Manager

### 8.1 Bid Execution By a Corporation

The undersigned, hereby acknowledges having received Solicitation Number 18007 containing a full set of Contract Documents, including but not limited to, 1) Requirements for Bidding and Instructions to Bidders, @) Standard Terms and Conditions - General Conditions, 3) Special Conditions, 4) Contract Plans or Drawings (if applicable), 5) Detailed Specifications,

6) Proposal Pages, 7) Certifications and 8) Addenda Nos. (none unless indicated here) \_\_\_\_\_, and affirms that the corporation shall be bound by all the terms and conditions contained in the Contract Documents regardless of whether a complete set thereof is attached to this proposal or bid, except only to the extent that the corporation has taken express written exception thereto in the sections of this solicitation designated for that purpose. Under penalty of perjury, the undersigned: (1) warrants that he/she was authorized to submit this execution page on behalf of the Disclosing party; (2) warrants that all certifications and statements contained in the execution pages are true, accurate and complete as of the date the execution page was submitted; and (3) further warrants that, as of the date of submission of this solicitation there have been no changes in circumstances since the date that the Execution page was submitted that would render any certification in the execution page false, inaccurate or incomplete. Furthermore, the undersigned being duly sworn, deposes and says on oath that no disclosures of ownership interests have been withheld and the information provided therein to the best of its knowledge is current and the undersigned has not entered into any agreement with any other Bidder (proposer) or prospective Bidder (proposer) or with any other person, firm or corporation relating to the price named in this proposal or any other proposal, nor any agreement or arrangement under which any act or omission in restraint of freedom of competition among Bidders (proposers) and has not disclosed to any person, firm or corporation the terms of this bid (proposal) or the price named herein.

Proposals must be submitted with original signatures in the space provided. Proposals not properly signed will be rejected.

NAME OF CORPORATION: Employment & Training Centers, Inc.

(Print or Type)

SIGNATURE OF PRESIDENT\*: *Irma Diaz-Gonzalez*  
(Or Authorized Officer) (Signature)

TITLE OF SIGNATORY: President  
(Print or Type)

BUSINESS ADDRESS: 3355 West Alabama Street, Suite 350, Houston, TX 77098  
(Print or Type)

\*Note: In the event that this bid (proposal) is signed by other than the President, attach hereto a certified copy of that section of Corporate By-Laws or other authorization, such as a resolution by the Board of Directors, which permits the person to sign the offer for the Corporation.

ATTEST: *Roberto Gonzalez* (Corporate Secretary Signature) (Affix Corporate Seal)

State of Texas County of Harris

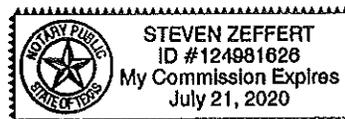
This instrument was acknowledged before me on this 25 day of January, 2018, by Irma Diaz-Gonzalez as President

(or other authorized officer) and Roberto Gonzalez as Secretary of Employment & Training Centers, Inc. (Corporation Name).

*Steven Zeffert* (Seal)  
Notary Public Signature

Commission Expires: July 21, 2020

Texas County of Harris





City of La Porte

Established 1892

Purchasing Department

Cherell Daeumer, Purchasing Manager

Exhibit A Pricing to Sealed Bid #18007 – Temporary Labor

Item Description	Hourly Wage Paid to Employee	Mark Up Rate (%)	Total Hourly Wage Billed to City
Solid Waste Worker	\$ <u>11.00</u>	<u>39.00</u> %	\$ <u>15.29</u>

NOTE: Please itemize any other additional fees or charges. Any charges not included in this proposal will not be allowed. Attach additional sheet if necessary.

The City of La Porte is exempt from taxes. DO NOT INCLUDE TAX IN BID

The undersigned certifies:

1. to comply with all instructions to bidders, attached specifications and other documents contained in this solicitation;
2. that they have not conspired with any other potential supplier in any manner to attempt to control competitive pricing;
3. that they are a duly qualified, capable and bondable business entity not in receivership or contemplating same, and has not filed for bankruptcy.
4. affirms that they will not discriminate against any employee or applicant as prohibited by law. Failure to comply may lead to termination of contract.

It is understood and agreed that the above described item, material, equipment and/or work shall carry the standard warranty of the manufacturer and be delivered on site in accordance with the attached specifications in \_\_\_\_\_ days after receipt of order.

METHOD OF PAYMENT:

City of La Porte payment terms is Net 30 (vendor paid within 30 days of satisfactory receipt of goods and an approved invoice)

Do you allow for payments using the City's Procurement Card Provider, Citibank (this is the preferred payment method in many instances)? Yes \_\_\_\_\_ If "yes", discount offered 0 %

Company Name: Employment & Training Centers, Inc.

Authorized Signer: Irma Diaz-Gonzalez  
(Printed Name)

Telephone No: 713-439-7530

Authorized Signer: *Irma Diaz-Gonzalez*  
(Signature)

E-mail: info@etchouston.com

House Bill 89 VERIFICATION

I, Irma Diaz Gonzalez (Person's name), the undersigned representative and authorized agent of (Company or Business name) Employment & Training Centers, Inc.

being an adult over the age of seventeen (17) years, do hereby verify that the company named above, as required under the provisions of Subtitle F, Title 10, Texas Government Code Chapter 2270:

1. Does not boycott Israel currently; and
2. Will not boycott Israel during the term of the contract the above named Company, has with City of La Porte, Texas.

Pursuant to Section 2270.001, Texas Government Code:

1. "Boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes; and
2. "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or any limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of those entities or business associations that exist to make a profit.

Jan. 29, 2018

DATE

Irma Diaz Gonzalez

SIGNATURE OF COMPANY REPRESENTATIVE

**CONFLICT OF INTEREST QUESTIONNAIRE**  
For vendor doing business with local governmental entity

**FORM CIQ**

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

**OFFICE USE ONLY**

Date Received

1 Name of vendor who has a business relationship with local governmental entity.  
**Employment & Training Centers, Inc.**

2  Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.  
**None**  
\_\_\_\_\_  
Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

**None**

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes       No

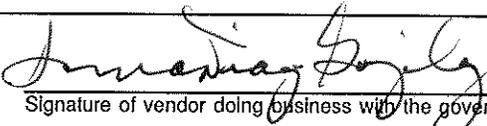
B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

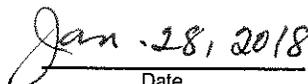
Yes       No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

**None**

6  Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7   
Signature of vendor doing business with the governmental entity

  
Date



# City of La Porte

Established 1892

# Purchasing Department

Cherell Daeumer, Purchasing Manager

### References:

Please PRINT or TYPE here, the names, addresses and other contact information of persons in a management capacity where other similar work has been provided within the last five (5) years, or is currently being provided that may be willing to provide a reference and recommendation for your company. Failure to complete and submit this form may be cause to disqualify your proposal. References provided must be for similar rehabilitation projects.

At least 2 references should be current and of a similar size and scope. Contractor shall also indicate the date services were performed and a brief description of the type of disaster-generated event, and quantity/type of debris involved for each reference provided.

Company Name	Contact	Address	Telephone	E-mail
ABC Professional Tree Services	Hipolito Acosta	201 Flint Ridge, Webster TX 77598	713-505-0481	HipolitoAcosta1@gmail.com
Disaster Recovery – clearing utility rights of way after summer and winter storms, 2012-2017				

Company Name	Contact	Address	Telephone	E-mail
Nexus Disposal	Beatriz Gonzalez	6131 Thomas Rd, Houston TX 77041	713-996-9090	Beatriz@NexusDisposal.com
Providing staff to waste collection contractor 2014-2017				

Company Name	Contact	Address	Telephone	E-mail
City of Houston	Velma Laws	PO Box 1562, Houston, TX 77251	832-393-6117	Velma.Laws@houstontx.gov
Providing payroll services for Summer Jobs for Youth programs 2015-2018				

Company Name	Contact	Address	Telephone	E-mail
Karsten Interior Services LP	Victor Lopez	1711 Townhurst Dr, Houston, TX 77043	713-290-1154	Victor.Lopez@KarstenInterior.com
Skilled and semi-skilled construction workers 2015-2018				

Company Name	Contact	Address	Telephone	E-mail
La Cisa North America	Massimo Carpita	1800 West Loop South Suite 1740, Houston, TX 77027	832-834-3641	Massimo.Carpita@lacisa.com
Skilled equipment maintenance specialists (2017)				

Company Name	Contact	Address	Telephone	E-mail
Turner Construction Co.	Sabah Alazzawi	4263 Dacoma St, Houston, TX 77092	832-920-1844	SAlazzawi@TCCO.com
Skilled and semi-skilled construction workers 2016-2017				





City of La Porte

Established 1892

Purchasing Department

Cherell Daeumer, Purchasing Manager

Exhibit A Pricing to Sealed Bid #18007 – Temporary Labor

Item Description	Hourly Wage Paid to Employee	Mark Up Rate (%)	Total Hourly Wage Billed to City
Solid Waste Worker	\$ <u>12.00</u>	<u>33</u> %	\$ <u>15.96</u>

NOTE: Please itemize any other additional fees or charges. Any charges not included in this proposal will not be allowed. Attach additional sheet if necessary.

The City of La Porte is exempt from taxes. DO NOT INCLUDE TAX IN BID

The undersigned certifies:

1. to comply with all instructions to bidders, attached specifications and other documents contained in this solicitation;
2. that they have not conspired with any other potential supplier in any manner to attempt to control competitive pricing;
3. that they are a duly qualified, capable and bondable business entity not in receivership or contemplating same, and has not filed for bankruptcy.
4. affirms that they will not discriminate against any employee or applicant as prohibited by law. Failure to comply may lead to termination of contract.

It is understood and agreed that the above described item, material, equipment and/or work shall carry the standard warranty of the manufacturer and be delivered on site in accordance with the attached specifications in 30 days after receipt of order.

METHOD OF PAYMENT:

City of La Porte payment terms is Net 30 (vendor paid within 30 days of satisfactory receipt of goods and an approved invoice)

Do you allow for payments using the City's Procurement Card Provider, Citibank (this is the preferred payment method in many instances)? \_\_\_\_\_ If "yes", discount offered \_\_\_\_\_ %

Company Name: DF Industrial Service LLC Authorized Signer: Donald Hathorn  
(Printed Name)

Telephone No: 281.339.7358 Authorized Signer: [Signature]  
(Signature)

E-mail: DFIndustrialService@gmail.com



# City of La Porte

Established 1892

# Purchasing Department

Cherell Daeumer, Purchasing Manager

### References:

Please PRINT or TYPE here, the names, addresses and other contact information of persons in a management capacity where other similar work has been provided within the last five (5) years, or is currently being provided that may be willing to provide a reference and recommendation for your company. Failure to complete and submit this form may be cause to disqualify your proposal. References provided must be for similar rehabilitation projects.

At least 2 references should be current and of a similar size and scope. Contractor shall also indicate the date services were performed and a brief description of the type of disaster-generated event, and quantity/type of debris involved for each reference provided.

Company Name	Contact	Address	Telephone	E-mail
Chem Clean Resources	ALAN Bolinski	312 Rickey St Pasadena Tx	713-589-1133	ABolinski@chemresource.net

Company Name	Contact	Address	Telephone	E-mail
KMI	Rudy IBarra	3867 Teal Ct Benicia Ca	707-373-2909	RudyIbarra@k2industrial.com

Company Name	Contact	Address	Telephone	E-mail
Vecta Environmental	Chris Wasolick	12989 Market Houston Tx	832-562-9093	CWasolick@vectaenvironmental.com

Company Name	Contact	Address	Telephone	E-mail
USES	CANDICE FORBBS	2809E Judge Perry Dr. Meroux LA 77075	832-418-5300	CForbbs@USESenvironmental.com

Company Name	Contact	Address	Telephone	E-mail
LiB Consultant Group	Bobby Lee	P.O. Box 164 Kamah Tx 77565	281-628-1478	

Company Name	Contact	Address	Telephone	E-mail
HASC	Carrie AKin	625 Coulter St Deer Park Tx	281-476-9900	



City of La Porte

Established 1892

Purchasing Department

Cherell Daeumer, Purchasing Manager

8.4 Bid Execution By a Sole Proprietor

The undersigned, hereby acknowledges having received Solicitation Number 18007 containing a full set of Contract Documents, including but not limited to, 1) Requirements for Bidding and Instructions to Bidders, 2) Standard Terms and Conditions - General Conditions, 3) Special Conditions, 4) Contract Plans or Drawings (if applicable), 5) Detailed Specifications, 6) Proposal Pages, 7) Certifications and 8) Addenda Nos. (none unless indicated here)

and affirms that the sole proprietor shall be bound by all the terms and conditions contained in the Contract Documents regardless of whether a complete set thereof is attached to this proposal or bid, except only to the extent that the corporation has taken express written exception thereto in the sections of this solicitation designated for that purpose.

Under penalty of perjury, the undersigned: (1) warrants that he/she was authorized to submit this execution page on behalf of the Disclosing Party; (2) warrants that all certifications and statements contained in the execution pages are true, accurate and complete as of the date the execution page was submitted; and (3) further warrants that, as of the date of submission of this solicitation there have been no changes in circumstances since the date that the Execution page was submitted that would render any certification in the execution page false, inaccurate or incomplete.

Furthermore, the undersigned being duly sworn, deposes and says on oath that no disclosures of ownership interests have been withheld and the information provided therein to the best of its knowledge is current and the undersigned has not entered into any agreement with any other Bidder (proposer) or prospective Bidder (proposer) or with any other person, firm or corporation relating to the price named in this proposal or any other proposal, nor any agreement or arrangement under which any act or omission in restraint of freedom of competition among Bidders (proposers) and has not disclosed to any person, firm or corporation the terms of this bid (proposal) or the price named herein. Proposals must be submitted with original signatures in the space provided. Proposals not properly signed will be rejected.

SIGNATURE OF PROPRIETOR:

(SIGNATURE)

DOING BUSINESS AS:

(Print or Type)

Business Address

(Print or Type)

(Print or Type)

(Print or Type)

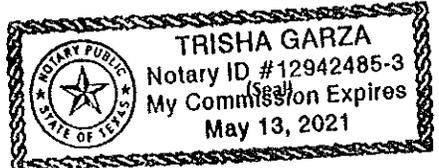
[Signature]  
DIF Industrial Service LLC.  
1601 Cieu Rd #225 Kemah, Tx 77565  
Donald Hathorn

State of TX County of Harris

This instrument was acknowledged before me on this 29 day of January, 2018, by Donald Hathorn as President (or other authorized officer) and Francis Wiley as Secretary of DIF Industrial Service (Partnership Name). LLC

[Signature]  
Notary Public Signature

Commission Expires: 051321



House Bill 89 VERIFICATION

I, Donald Hathorn (Person's name), the undersigned representative and authorized agent of (Company or Business name) D. F Industrial Service LLC  
601 Cree RD # 225 Kemah Tx 77565

being an adult over the age of seventeen (17) years, do hereby verify that the company named above, as required under the provisions of Subtitle F, Title 10, Texas Government Code Chapter 2270:

1. Does not boycott Israel currently; and
2. Will not boycott Israel during the term of the contract the above named Company, has with City of La Porte, Texas.

Pursuant to Section 2270.001, Texas Government Code:

1. "Boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes; and
2. "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or any limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of those entities or business associations that exist to make a profit.

1/29/2018

DATE

Donald Hathorn

SIGNATURE OF COMPANY REPRESENTATIVE



**CITY OF LA PORTE  
SOLID WASTE WORKER  
JOB DESCRIPTION**

**FLSA: Non-Exempt**

**PAY GRADE: 010**

**DEFINITION**

To perform heavy manual labor in the collection and the removal of refuse, trash, brush, and solid waste.

**SUPERVISION RECEIVED AND EXERCISED**

Receives general supervision from higher level solid waste personnel

**ESSENTIAL JOB FUNCTIONS**

**Duties may include, but are not limited to, the following:**

- Pick up and empty refuse material into refuse truck.
- Pick up brush, bulky items and other debris and place it into refuse truck.
- Operate mechanism for loading, compressing, and dumping refuse material.
- Provide direction to truck operator in backing up and moving refuse truck in collections operations.
- Clean and perform minor maintenance on refuse vehicles as required.
- Perform related duties as assigned.

**QUALIFICATIONS**

**Knowledge of:**

- Proper lifting techniques.
- Refuse collection equipment operations.
- Rules, policies, and procedures relating to refuse collection and safety.

**Ability to:**

- Perform heavy manual labor.
- Work in unfavorable weather conditions.
- Understand and carry out written and oral instructions.
- Establish and maintain effective working relationships with those contacted in the course of work.

**TRAINING AND EXPERIENCE**

Some experience in heavy manual labor and completion of formal or informal training sufficient to read and write at a level necessary for adequate job performance. Possession of a High School Diploma or GED, is desirable.

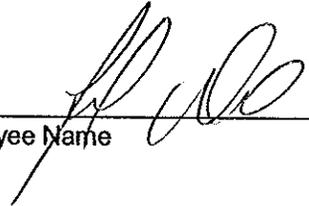
*\*Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties, or responsibilities that are required of the employee for this job.*

*\*Duties, responsibilities and actions may change at any time with or without notice.*

**The City of La Porte is an Equal Opportunity and Affirmative Action Employer.**

---

Employee signature below constitutes employee's understanding of the requirements, essential functions and duties of the position.

  
\_\_\_\_\_  
Employee Name

1-29-18  
Date



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/20/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Quest Insurance Agency, LLC 100 Commercial Circle Bldg B Conroe, TX 77304	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 936-521-5837      FAX (A/C, No): E-MAIL: ADDRESS:	
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> D&F Industrial Services LLC 601 Cien Rd Suite 225 Kemah, TX 77565	INSURER A : Texas Mutual Insurance Company	NAIC # 22945
	INSURER B : Kinsale Insurance Company	38920
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

**COVERAGES**      **CERTIFICATE NUMBER:** NBDSGMD9      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD YWD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		0100059854-0	12/15/2017	12/15/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000 \$ COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> AUTOS ONLY					\$ \$ \$ \$
B	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$		0100059855-0	12/15/2017	12/15/2018	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	0002007467	12/16/2017	12/16/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L EACH ACCIDENT \$ 1,000,000 E.L DISEASE - EA EMPLOYEE \$ 1,000,000 E.L DISEASE - POLICY LIMIT \$ 1,000,000 \$ \$ \$ \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**CERTIFICATE HOLDER**      **CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE	
---	--

## Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. <b>D. F Industrial Service LLC.</b>		
	2 Business name/disregarded entity name, if different from above <b>D. F Industrial Service LLC.</b>		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ <small>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</small> <input type="checkbox"/> Other (see instructions) ▶ _____		
	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>		
	5 Address (number, street, and apt. or suite no.) See instructions. <b>6001 Cuen RD # 225</b>		Requester's name and address (optional)
	6 City, state, and ZIP code <b>Kemah Tx 77565</b>		
	7 List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number																					
<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> </tr> </table>											<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> </tr> </table>										
or																					
Employer identification number																					
<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%; text-align: center;">8</td> <td style="width: 10%; text-align: center;">2</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">3</td> <td style="width: 10%; text-align: center;">4</td> <td style="width: 10%; text-align: center;">9</td> <td style="width: 10%; text-align: center;">5</td> <td style="width: 10%; text-align: center;">8</td> <td style="width: 10%; text-align: center;">4</td> <td style="width: 10%; text-align: center;">0</td> </tr> </table>	8	2	-	3	4	9	5	8	4	0											
8	2	-	3	4	9	5	8	4	0												

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶ <b>1-28-18</b>
------------------	----------------------------	-----------------------

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

#### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (Interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*



City of La Porte

Established 1892

Purchasing Department

Chereil Daeumer, Purchasing Manager

**8.1 Bid Execution By a Corporation**

The undersigned, hereby acknowledges having received Solicitation Number 18007 containing a full set of Contract Documents, including but not limited to, 1) Requirements for Bidding and Instructions to Bidders, @) Standard Terms and Conditions - General Conditions, 3) Special Conditions, 4) Contract Plans or Drawings (if applicable), 5) Detailed Specifications, 6) Proposal Pages, 7) Certifications and 8) Addenda Nos. (none unless indicated here) \_\_\_\_\_, and affirms that the corporation shall be bound by all the terms and conditions contained in the Contract Documents regardless of whether a complete set thereof it attached to this proposal or bid, except only to the extent that the corporation has taken express written exception thereto in the sections of this solicitation designated for that purpose. Under penalty of perjury, the undersigned: (1) warrants that he/she was authorized to submit this execution page on behalf of the Disclosing party; (2) warrants that all certifications and statements contained in the execution pages are true, accurate and complete as of the date the execution page was submitted; and (3) further warrants that, as of the date of submission of this solicitation there have been no changes in circumstances since the date that the Execution page was submitted that would render any certification in the execution page false, inaccurate or incomplete. Furthermore, the undersigned being duly sworn, deposes and says on oath that no disclosures of ownership interests have been withheld and the information provided therein to the best of its knowledge is current and the undersigned has not entered into any agreement with any other Bidder (proposer) or prospective Bidder (proposer) or with any other person, firm or corporation relating to the price named in this proposal or any other proposal, nor any agreement or arrangement under which any act or omission in restraint of freedom of competition among Bidders (proposers) and has not disclosed to any person, firm or corporation the terms of this bid (proposal) or the price named herein.

Proposals must be submitted with original signatures in the space provided. Proposals not properly signed will be rejected.

NAME OF CORPORATION: DIF Industrial Service LLC  
(Print or Type)

SIGNATURE OF PRESIDENT\*: [Signature]  
(Or Authorized Officer) (Signature)

TITLE OF SIGNATORY: President  
(Print or Type)

BUSINESS ADDRESS: 601 Cien Rd. Kemah Tx 77563  
(Print or Type)

\*Note: In the event that this bid (proposal) is signed by other than the President, attach hereto a certified copy of that section of Corporate By-Laws or other authorization, such as a resolution by the Board of Directors, which permits the person to sign the offer for the Corporation.

ATTEST: \_\_\_\_\_  
(Corporate Secretary Signature) (Affix Corporate Seal)

State of TX County of Harris

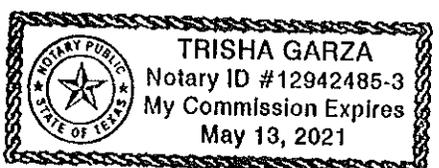
This instrument was acknowledged before me on this 29 day of January, 2018 by Donald Hathorn as President (or other authorized officer) and Fredrick Wooley as Secretary of DIF Industrial Service LLC corporation (Name).

[Signature]  
Notary Public Signature

(Seal)

Commission Expires: 05-13-21

Harris County of TX





City of La Porte

Established 1892

Purchasing Department

Cherell Daeumer, Purchasing Manager

8.2 Bid Execution By a Joint Venture

The undersigned, hereby acknowledges having received Solicitation Number 18007 containing a full set of Contract Documents, including but not limited to, 1) Requirements for Bidding and Instructions to Bidders, @) Standard Terms and Conditions - General Conditions, 3) Special Conditions, 4) Contract Plans or Drawings (if applicable), 5) Detailed Specifications, 6) Proposal Pages, 7) Certifications and 8) Addenda Nos. (none unless indicated here)

and affirms that the Joint Venture shall be bound by all the terms and conditions contained in the Contract Documents regardless of whether a complete set thereof is attached to this proposal or bid, except only to the extent that the corporation has taken express written exception thereto in the sections of this solicitation designated for that purpose.

Under penalty of perjury, the undersigned: (1) warrants that he/she was authorized to submit this execution page on behalf of the Disclosing Party; (2) warrants that all certifications and statements contained in the execution pages are true, accurate and complete as of the date the execution page was submitted; and (3) further warrants that, as of the date of submission of this solicitation there have been no changes in circumstances since the date that the Execution page was submitted that would render any certification in the execution page false, inaccurate or incomplete.

Furthermore, the undersigned being duly sworn, deposes and says on oath that no disclosures of ownership interests have been withheld and the information provided therein to the best of its knowledge is current and the undersigned has not entered into any agreement with any other Bidder (proposer) or prospective Bidder (proposer) or with any other person, firm or corporation relating to the price named in this proposal or any other proposal, nor any agreement or arrangement under which any act or omission in restraint of freedom of competition among Bidders (proposers) and has not disclosed to any person, firm or corporation the terms of this bid (proposal) or the price named herein. Proposals must be submitted with original signatures in the space provided. Proposals not properly signed will be rejected.

JOINT VENTURE NAME: Frederick Wooley
(Print or Type)
JOINT VENTURE ADDRESS: 731 Chase View Dr. Bayliff, Tx 77518
(Print or Type)

SIGNATURE AND ADDRESSES OF ALL MEMBERS OF THE JOINT VENTURE (If all members of the Joint Venture do not sign, indicate authority of signatories by attaching copy of Joint Venture agreement or other authorizing document):

SIGNATURE OF Authorized Party: [Signature]
(Signature)
TITLE OF SIGNATORY: President
(Print or Type)
BUSINESS ADDRESS: 601 Cien Rd Kemah, Tx 77565
(Print or Type)

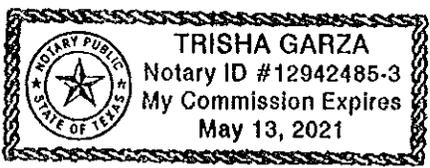
ATTEST:
(Joint Venture Secretary Signature) (Affix Joint Venture Seal)

OR
Joint Venturer Signature: [Signature]
Address 731 Chase View (Print or Type) Frederick Wooley
Bayliff Tx 77518

Joint Venturer Signature:
Address:
Joint Venturer Signature:
Address:
State of Texas County of Harris

This instrument was acknowledged before me on this 29 day of January, 2018 by Donald Hathorn as President (or other authorized officer) and Frederick wooley as Secretary of DIF Industrial Service (Joint Venture Name).

Notary Public Signature: [Signature] Commission Expires: 05/13/21





City of La Porte

Established 1892

Purchasing Department

Cherell Daeumer, Purchasing Manager

8.3 Bid Execution By a Partnership

The undersigned, hereby acknowledges having received Solicitation Number 18007 containing a full set of Contract Documents, including but not limited to, 1) Requirements for Bidding and Instructions to Bidders, @) Standard Terms and Conditions - General Conditions, 3) Special Conditions, 4) Contract Plans or Drawings (if applicable), 5) Detailed Specifications, 6) Proposal Pages, 7) Certifications and 8) Addenda Nos. (none unless indicated here)

and affirms that the Joint Venture shall be bound by all the terms and conditions contained in the Contract Documents regardless of whether a complete set thereof is attached to this proposal or bid, except only to the extent that the corporation has taken express written exception thereto in the sections of this solicitation designated for that purpose.

Under penalty of perjury, the undersigned: (1) warrants that he/she was authorized to submit this execution page on behalf of the Disclosing Party; (2) warrants that all certifications and statements contained in the execution pages are true, accurate and complete as of the date the execution page was submitted; and (3) further warrants that, as of the date of submission of this solicitation there have been no changes in circumstances since the date that the Execution page was submitted that would render any certification in the execution page false, inaccurate or incomplete.

Furthermore, the undersigned being duly sworn, deposes and says on oath that no disclosures of ownership interests have been withheld and the Information provided therein to the best of its knowledge is current and the undersigned has not entered into any agreement with any other Bidder (proposer) or prospective Bidder (proposer) or with any other person, firm or corporation relating to the price named in this proposal or any other proposal, nor any agreement or arrangement under which any act or omission in restraint of freedom of competition among Bidders (proposers) and has not disclosed to any person, firm or corporation the terms of this bid (proposal) or the price named herein.

Proposals must be submitted with original signatures in the space provided. Proposals not properly signed will be rejected.

BUSINESS NAME: D & F Industrial Service LLC
(Print or Type)
BUSINESS ADDRESS: 601 Cien Rd Kemah TX 77565
(Print or Type)

SIGNATURE AND ADDRESSES OF ALL MEMBERS OF THE PARTNERSHIP (If all General Partners do not sign, indicate authority of signatories by attaching copy of the partnership agreement or other authorizing document):

Address: (Print or Type) Donald Hathorn

Partner Signature: (Signature) [Signature]

Address: 731 Cmax View (Print or type) Frederick Wodey

Partner Signature: (Signature) [Signature]

Address: (Print or Type)

State of TX County of Harris

This instrument was acknowledged before me on this 29 day of January, 2018 by Donald Hathorn as President (or other authorized officer) and Frederick Wodey as Secretary of D & F Industrial Service LLC.

[Signature]
Notary Public Signature

Commission Expires: 0513 21



## REQUEST FOR CITY COUNCIL AGENDA ITEM

<b>Agenda Date Requested:</b> <u>March 12, 2018</u>
<b>Requested By:</b> <u>Ian Clowes</u>
<b>Department:</b> <u>Planning and Development</u>
<b>Report:</b> <input checked="" type="checkbox"/> Resolution: <input type="checkbox"/> Ordinance: <input checked="" type="checkbox"/>

<u>Appropriations</u>	
<b>Source of Funds:</b>	<u>N/A</u>
<b>Account Number:</b>	<u>N/A</u>
<b>Amount Budgeted:</b>	<u>N/A</u>
<b>Amount Requested:</b>	<u>N/A</u>
<b>Budgeted Item:</b>	<u>N/A</u>

**Exhibits:**      **Ordinance – Clean Version**  
                      **Ordinance – Changes Shown**  
                      **P&Z Recommendation Letter**

### SUMMARY & RECOMMENDATION

At the February 15, 2018 Planning and Zoning Commission meeting, the Commission held a Public Hearing concerning amendments to Chapter 106 of the City Code of Ordinances regarding the placement of Hotels and Motels in certain zoning districts.

There was discussion that the city has continued to see an increase in Hotel and Motel developments throughout the city and would like to take a closer look at how and where they develop in the future. The proposal by staff was to amend the code to require approval of a Special Conditional Use Permit (SCUP) for all Hotel or Motel uses in any zoning district where they are currently permitted by right.

Attached is the draft version of the proposed modifications to the Zoning Ordinance. Items in red indicate changed language as part of the proposed modification to Chapter 106.

The following is a summary of the proposed modifications:

#### **Sec. 106-310, Table A, Commercial and Industrial Uses**

2012 NAICS Code	2012 NAICS Title	**	NC	MS	GC	MUBI	LI	HI
721110	Hotels (except Casino Hotels) and Motels			P-C	P-C		P-C	P-C
				12	12		12	12

12 Hotels and Motel Uses. Hotels and motels are allowed as a conditional use under this Chapter when within 250 feet of residential zoned properties (R-1, R-2, R-3, MH, and LL zoning

~~districts~~. All hotel and motels are required to install and operate a security and surveillance system to monitor the parking lot area and all ingress/egress points to the building.

**Action Required by Council:**

1. Conduct public hearing.
2. Consider approval or other action on a recommendation by the Planning and Zoning Commission to approve an ordinance amending 106 “Zoning” of the Code of Ordinances of the City of La Porte by amending sections 106-310, Table A regarding the placement of Hotels and Motels in certain zoning districts.

**Approved for City Council Agenda**

\_\_\_\_\_  
Corby D. Alexander, City Manager

\_\_\_\_\_  
Date

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING CHAPTER 106 “ZONING” OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE BY AMENDING REGULATIONS RELATED TO THE PLACEMENT OF HOTELS AND MOTELS IN CERTAIN ZONING DISTRICTS; PROVIDING THAT ANY PERSON VIOLATING THE TERMS OF THIS ORDINANCE SHALL BE DEEMED GUILTY OF A MISDEMEANOR AND UPON CONVICTION SHALL BE FINED IN A SUM NOT TO EXCEED TWO THOUSAND DOLLARS; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; CONTAINING A SEVERABILITY CLAUSE; CONTAINING A REPEALING CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

**Section 1:** That Chapter 106, “Zoning,” Article III. “Districts”, Division 1 “Generally”, Section 106-310, Table A, “Commercial and Industrial Uses”, 2012 NAICS Code 721110 - “Hotels (except Casino Motels) and Motels”, and Footnote 12 to said Section 106-310, Table A, “Commercial and Industrial Uses”, of the Code of Ordinances of the City of La Porte, Texas, is hereby amended to read as follows:

**“Sec. 106-310, Table A, Commercial and Industrial Uses**

2012 NAICS Code	2012 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
721110	Hotels (except Casino Hotels) and Motels			C 12	C 12		C 12	C 12	C 12

“12 Hotels and Motel Uses. All hotel and motels are required to install and operate a security and surveillance system to monitor the parking lot area and all ingress/egress points to the building.”

**Section 3.** Any person, as defined in Section 1.07 (27), Texas Penal Code, who shall violate any provision of the ordinance, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed TWO THOUSAND DOLLARS (\$2,000.00).

**Section 4.** Each and every provision, paragraph, sentence and clause of this Ordinance has been separately considered and passed by the City Council of the City of La Porte, Texas, and each said provision would have been separately passed without any other provision, and if any provision hereof shall be ineffective, invalid or unconstitutional, for any cause, it shall not impair or affect the remaining portion, or any part thereof, but the valid portion shall be in force just as if it had been passed alone.

**Section 5.** All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict only.

**Section 6.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, TX. Gov’t Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 7.** This Ordinance shall be effective fourteen (14) days after its passage and approval. The City Secretary shall give notice of the passage of this ordinance by causing the caption hereof to be published in the official newspaper of the City of La Porte at least once within ten (10) days after the passage of this ordinance.

PASSED AND APPROVED this the \_\_\_\_\_ day of MARCH, 2018.

CITY OF LA PORTE, TEXAS

By: \_\_\_\_\_  
Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
Patrice Fogarty, City Secretary

APPROVED:

\_\_\_\_\_  
Clark T. Askins, Assist. City Attorney

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING CHAPTER 106 “ZONING” OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE BY AMENDING REGULATIONS RELATED TO THE PLACEMENT OF HOTELS AND MOTELS IN CERTAIN ZONING DISTRICTS; PROVIDING THAT ANY PERSON VIOLATING THE TERMS OF THIS ORDINANCE SHALL BE DEEMED GUILTY OF A MISDEMEANOR AND UPON CONVICTION SHALL BE FINED IN A SUM NOT TO EXCEED TWO THOUSAND DOLLARS; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; CONTAINING A SEVERABILITY CLAUSE; CONTAINING A REPEALING CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

**Section 1:** That Chapter 106, “Zoning,” Article III. “Districts”, Division 1 “Generally”, Section 106-310, Table A, “Commercial and Industrial Uses”, 2012 NAICS Code 721110 - “Hotels (except Casino Motels) and Motels”, and Footnote 12 to said Section 106-310, Table A, “Commercial and Industrial Uses”, of the Code of Ordinances of the City of La Porte, Texas, is hereby amended to read as follows:

**“Sec. 106-310, Table A, Commercial and Industrial Uses**

*Sec. 106-310, Table A, Commercial and Industrial Uses*

2012 NAICS Code	2012 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
721110	Hotels (except Casino Hotels) and Motels			P-C 12	P-C 12		P-C 12	P-C 12	P-C 12

~~12 Hotels and Motel Uses. Hotels and motels are allowed as a conditional use under this Chapter when within 250 feet of residential zoned properties (R-1, R-2, R-3, MH, and LL-zoning districts).~~ All hotel and motels are required to install and operate a security and surveillance system to monitor the parking lot area and all ingress/egress points to the building.

**Section 3.** Any person, as defined in Section 1.07 (27), Texas Penal Code, who shall violate any provision of the ordinance, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed TWO THOUSAND DOLLARS (\$2,000.00).

**Section 4.** Each and every provision, paragraph, sentence and clause of this Ordinance has been separately considered and passed by the City Council of the City of La Porte, Texas, and each said provision would have been separately passed without any other provision, and if any provision hereof shall be ineffective, invalid or unconstitutional, for any cause, it shall not impair or affect the remaining portion, or any part thereof, but the valid portion shall be in force just as if it had been passed alone.

**Section 5.** All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict only.

**Section 6.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, TX. Gov’t Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the

contents and posting thereof.

**Section 7.** This Ordinance shall be effective fourteen (14) days after its passage and approval. The City Secretary shall give notice of the passage of this ordinance by causing the caption hereof to be published in the official newspaper of the City of La Porte at least once within ten (10) days after the passage of this ordinance.

PASSED AND APPROVED this the \_\_\_\_\_ day of MARCH, 2018.

CITY OF LA PORTE, TEXAS

By: \_\_\_\_\_  
Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
Patrice Fogarty, City Secretary

APPROVED:

\_\_\_\_\_  
Clark T. Askins, Assist. City Attorney



February 16, 2018

Honorable Mayor Rigby and City Council  
City of La Porte

RE: Proposed Ordinance Amending Chapter 106 "Zoning"

Dear Mayor Rigby and City Council:

The La Porte Planning and Zoning Commission held a public hearing at the February 15, 2018 meeting to consider approval of an ordinance amending certain provisions of Chapter 106 (Zoning) of the City of La Porte's Code of Ordinances. The subject matter of the proposed modifications to Chapter 106 (Zoning) include:

- 1) Proposed changes to 106-310 regarding NAICS code 721110, Hotels (except Casino Hotels) and Motels.

The Commission voted 8-0 to recommend approval of the provisions as included in the drafted ordinance presented in the Request for City Council Agenda Item.

Respectfully submitted,

Ian Clowes, City Planner  
On behalf of the Planning and Zoning Commission

cc: Richard Mancilla, Director of Planning and Development  
Department File

## REQUEST FOR CITY COUNCIL AGENDA ITEM

<b>Agenda Date Requested</b> _____ March 12, 2018 _____
<b>Requested By:</b> Corby Alexander, City Manager _____
<b>Department:</b> Administration _____
<b>Report</b> _____ <b>Resolution:</b> _____ <b>Ordinance:</b> _____

<b><u>Appropriation</u></b>
<b>Source of Funds:</b> _____ N/A _____
<b>Account Number:</b> _____ N/A _____
<b>Amount Budgeted:</b> _____ N/A _____
<b>Amount Requested:</b> N/A
<b>Budgeted Item:</b> YES    NO

Exhibit:

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### **SUMMARY & RECOMMENDATION**

Currently the City charges new developments a development fee for a developers utility infrastructure. As these fees are collected, the utility development fees are used to fund utility infrastructure capital improvement projects.

Staff has been gathering data pertaining to these fees and will be available to answer any questions about these type of fees.

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#### **Action Required by Council:**

Discussion of City development utility fees and possibly provide direction to staff about revising City ordinances related to these fees.

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#### **Approved for City Council Agenda**

\_\_\_\_\_  
Corby D. Alexander, City Manager

\_\_\_\_\_  
Date



**Council Agenda Item  
March 12, 2018**

**8 (a) Receive report of the Fiscal Affairs Committee – Councilmember Engelken**

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**Council Agenda Item  
March 12, 2018**

**8 (b) Receive report of the Council Subcommittee on Evaluation Forms – Councilmember Engelken**

\*\*\*\*\*



## **Council Agenda Item March 12, 2018**

**9. ADMINISTRATIVE REPORTS**

- Planning and Zoning Commission Meeting, Thursday, March 15, 2018
- Zoning Board of Adjustment Meeting, Thursday, March 22, 2018
- City Council Meeting, Monday, March 26, 2018

**10. COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies – Councilmembers Engelken, Earp, Ojeda, J. Martin, K. Martin, Kaminski, Zemanek, Leonard and Mayor Rigby

**11. EXECUTIVE SESSION**

The City Council reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code, in accordance with the authority contained in:

**Texas Government Code, Section 551.071(1)(A)** -Pending or Contemplated Litigation: Meet with City Attorney and City Manager to discuss CMV enforcement issue raised by Perez Logistics

**12. RECONVENE** into regular session and consider action, if any, on item(s) discussed in executive session.

**13. ADJOURN**

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