CITY OF LA PORTE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2019

Corby Alexander, City Manager

Prepared by:

Department of Finance

CITY OF LA PORTE
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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 9, 2019

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, 2019. 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 Whitley Penn 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, 2019 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, 2019 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 35,423.

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 82 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 94. 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 other post-employment benefits reporting.

Major Initiatives

Staff continues to oversee the design and construction of our fitness center addition. Also, public works is overseeing the construction of the multi-million dollar infrastructure water/ sewer project, as well as design for various drainage 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.

During the upcoming year, the city will continue to monitor the effects of a new municipal utility district that will have 640 single family homes with an average value of $280,000. Also included in this development is $40,000,000 in multifamily housing and $12,000,000 in senior living housing. Build out is projected over the next five years, and city property tax revenue from this project is estimated to $1,580,000 annually.

During the upcoming fiscal year, the city will benefit from increased estimated taxes of $3.3 million annually from new construction in the Industrial District being taxed at 63% due to the expiration of the new construction period and growth from revaluations and new construction from residential and commercial will add $115 million in value to our property rolls.

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 (29) twenty-nine 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, 2018.This was the thirty-eighth 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 city 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

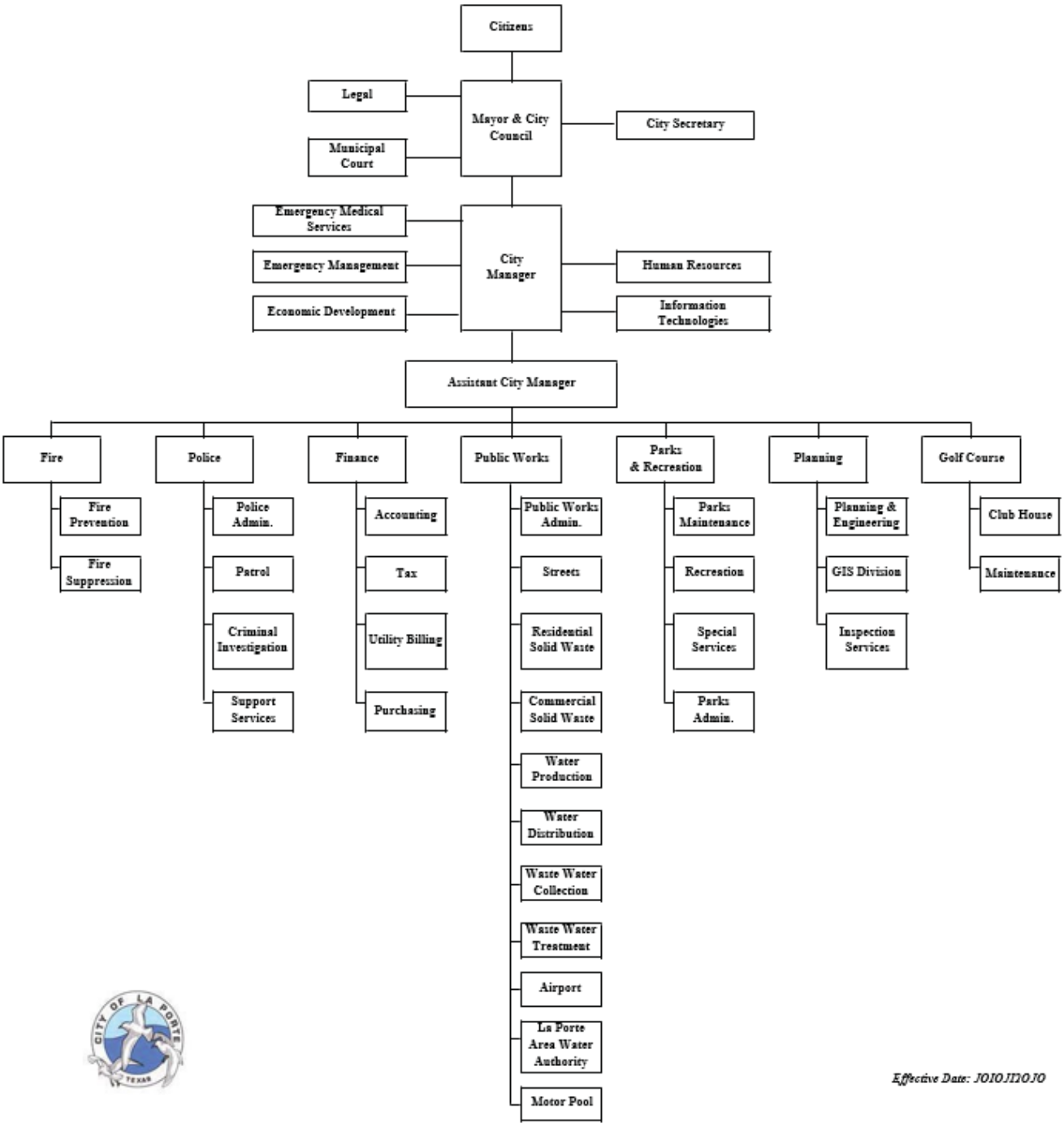
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF LA PORTE
ORGANIZATIONAL CHART



Effective Date: 10/01/2010

CITY OF LA PORTE

LIST OF ELECTED AND APPOINTED OFFICIALS

For the Year Ended September 30, 2019

Elected Officials	Position
Louis Rigby	Mayor
Danny Earp	Council Member – District One
Chuck Engelken	Council Member – District Two
William Bentley	Council Member – District Three
Thomas Garza	Council Member – District Four
Jay Martin	Council Member – District Five
Nancy Ojeda	Mayor Pro Tem – District Six
Brandon Lunsford	Council Member – At Large A
Steve Gillett	Council Member – At Large B

City Management	Position
Corby Alexander	City Manager
Jason Weeks	Assistant City Manager
Ron Parker	Police Chief
Ray Mayo	Director of Public Works
Lee Woodward	City Secretary
Denise Mitrano	Municipal Judge
Michael G. Dolby	Director of Finance

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Porte, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the La Porte Redevelopment Authority, which represent 3 percent, 23 percent and 6 percent, respectively, of the assets, liabilities and revenues of the governmental funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the La Porte Redevelopment Authority, 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. The financial statements of the La Porte Redevelopment Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison, required pension system information and other post-employment benefit information on pages 7 through 18 and 82 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund 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 fund 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.

To the Honorable Mayor and
Members of City Council

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
March 9, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of La Porte, we offer readers of the City of La Porte's financial statements this narrative overview and analysis of the financial activities of the City of La Porte for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of La Porte exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $133.3 million (net position). Of this amount, $30.3 million is restricted for special purposes. The remaining balance is unrestricted net position, $18.3 million, which can be used to meet the City's ongoing obligations to residents and creditors.

- Net position increased by $17.1 million as a result of operations.

- The City of La Porte's total expenses were $66.5 million. Program revenues of $22.2 million reduced the net cost of the City's functions to be financed from the City's general revenues to $44.2 million.

- The City of La Porte's total long-term liabilities and debt increased by $7.0 million, or 6%, during the current fiscal year. This due primarily to the increase in net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City as a whole and about its activities in a way that helps answer the question of whether the City is better off this year as compared to last year. These statements include all assets and liabilities and are presented on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

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

The Statement of Activities presents information showing how the government'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 and sick 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, public works, health, welfare 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 21 - 23 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 the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, 2015 Certificates of Obligation Fund, Debt Service Fund and Tax Increment Reinvestment Zone ("TIRZ") which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 24 through 30 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 31 - 34 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 can be found on pages 35 - 79 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-employment benefits, pension information and general fund budgetary comparisons. Required supplementary information can be found on pages 82 - 89 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 94 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 $133.3 million as of September 30, 2019, in the primary government as follows:

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 119,212,211	$ 104,687,724	$ 16,809,064	$ 15,951,689	$ 136,021,275	$ 120,639,413
Capital assets, net	77,806,844	78,992,278	31,735,493	32,199,968	109,542,337	111,192,246
Total Assets	197,019,055	183,680,002	48,544,557	48,151,657	245,563,612	231,831,659
Deferred Outflows	12,602,320	6,380,346	1,354,413	697,304	13,956,733	7,077,650
Other liabilities	5,993,300	6,734,276	1,159,564	1,038,918	7,152,864	7,773,194
Long-term Liabilities	108,818,478	103,146,798	8,453,418	7,108,959	117,271,896	110,255,757
Total Liabilities	114,811,778	109,881,074	9,612,982	8,147,877	124,424,760	118,028,951
Deferred Inflows	1,623,071	4,227,851	178,788	490,100	1,801,859	4,717,951
Net Position:						
Net investment in capital assets	53,011,914	43,421,145	31,735,493	32,199,968	84,747,407	75,621,113
Restricted	30,280,877	31,025,084	-	-	30,280,877	31,025,084
Unrestricted	9,893,735	1,505,194	8,371,707	8,011,016	18,265,442	9,516,210
Total Net Position	$ 93,186,526	$ 75,951,423	$ 40,107,200	$ 40,210,984	$ 133,293,726	$ 116,162,407

Net Investment in Capital Assets

The largest portion of the City's net position (63.6%) 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, $30.3 million or 22.7% represents resources that are subject to external restriction on how they may be used.

Unrestricted Net Position

The City reports an unrestricted net position of $18.3 million or 13.7%. This is an increase of $8.7 million. The change is attributed primarily to governmental activities increase in revenues related to taxes, operating grants and investment earnings.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table provides a summary of the City's operations for the year ended September 30, 2019, with comparative data total for the year ended September 30, 2018. Governmental activities increased the City's net position by $17.2 million as a result of operations, and Business-type activities decreased net position by $0.1 million as a result of operations.

Statement of Activities

The following table provides a summary of the City's changes in net position:

CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2019 and 2018

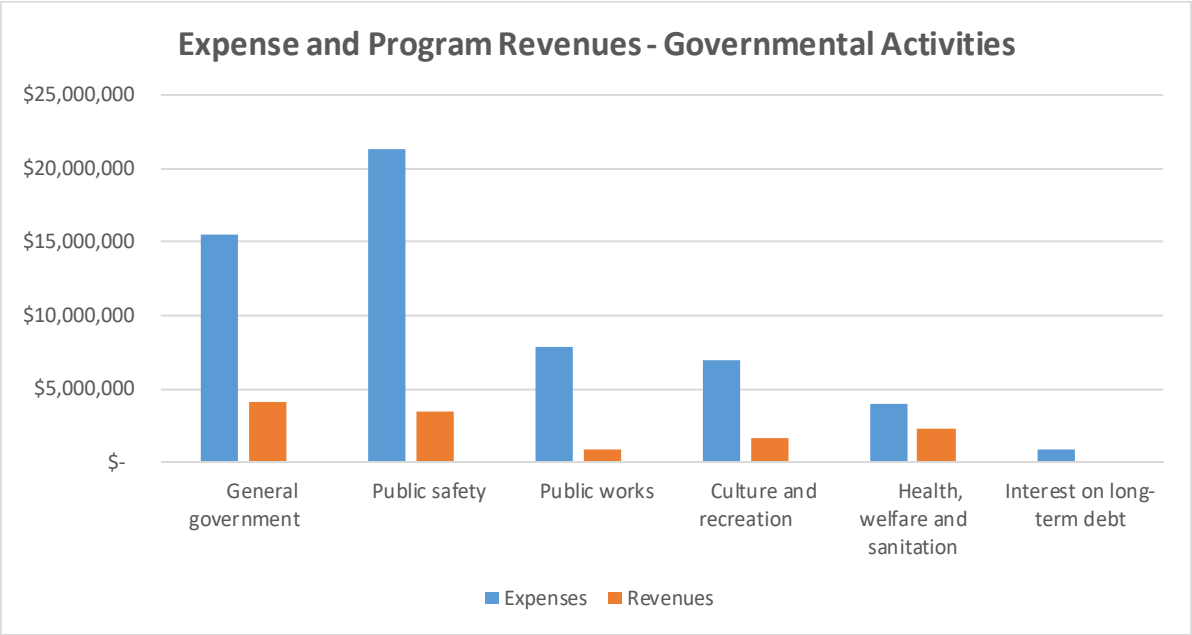
	Governmental Activities		Business-type Activities		Total	
Revenues	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Program revenues:						
Charges for Services	$ 10,488,224	$ 8,569,995	$ 9,558,239	$ 10,109,405	$ 20,046,463	$ 18,679,400
Operating grants and contributions	1,303,376	356,095	-	-	1,303,376	356,095
Capital grants and contributions	596,878	595,260	262,977	126,359	859,855	721,619
General revenues:						
Property taxes	26,484,216	25,413,898	-	-	26,484,216	25,413,898
Other taxes	16,979,871	15,165,838	-	-	16,979,871	15,165,838
Industrial payments	14,899,624	14,147,728	-	-	14,899,624	14,147,728
Investment earnings	2,414,593	1,228,759	360,285	152,557	2,774,878	1,381,316
Miscellaneous	251,400	251,508	(12,350)	-	239,050	251,508
Total Revenues	73,418,182	65,729,081	10,169,151	10,388,321	83,587,333	76,117,402
Expenses						
General government	15,519,147	15,832,003	-	-	15,519,147	15,832,003
Public safety	21,356,779	21,673,188	-	-	21,356,779	21,673,188
Public works	7,818,696	9,796,326	-	-	7,818,696	9,796,326
Culture and recreation	6,932,569	6,513,794	-	-	6,932,569	6,513,794
Health, welfare and sanitation	4,016,465	4,685,795	-	-	4,016,465	4,685,795
Interest on long-term debt	900,287	1,059,007	-	-	900,287	1,059,007
Water services	-	-	7,985,233	8,788,113	7,985,233	8,788,113
Sewer services	-	-	1,769,830	1,926,133	1,769,830	1,926,133
Airport	-	-	157,008	133,093	157,008	133,093
Total Expenses	56,543,943	59,560,113	9,912,071	10,847,339	66,456,014	70,407,452
Increase in Net Position Before Transfers	16,874,239	6,168,968	257,080	(459,018)	17,131,319	5,709,950
Transfers	360,864	(1,922,963)	(360,864)	1,922,963	-	-
Change in Net Position	17,235,103	4,246,005	(103,784)	1,463,945	17,131,319	5,709,950
Net position, Beginning	75,951,423	95,482,215	40,210,984	41,963,704	116,162,407	137,445,919
Change in accounting policies/standards	-	(23,776,797)	-	(3,216,665)	-	(26,993,462)
Net Position, Ending	$ 93,186,526	$ 75,951,423	$ 40,107,200	$ 40,210,984	$ 133,293,726	$ 116,162,407

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The government's total net position as a result of operations increased by $17.1 million during the current fiscal year. Charges for services represented 24% of total revenues, property taxes and industrial payments were 50% of total revenues, sales taxes and other taxes were 20%, the remaining revenues accounted for 6% of total revenues. On the expense side, public works expenses were 12% of the total, while public safety was 32% and general government was 23%. Utility, LPAWA, and airport expenses were 15% of total expenses. Interest on long term debt was 1% of total expenses.

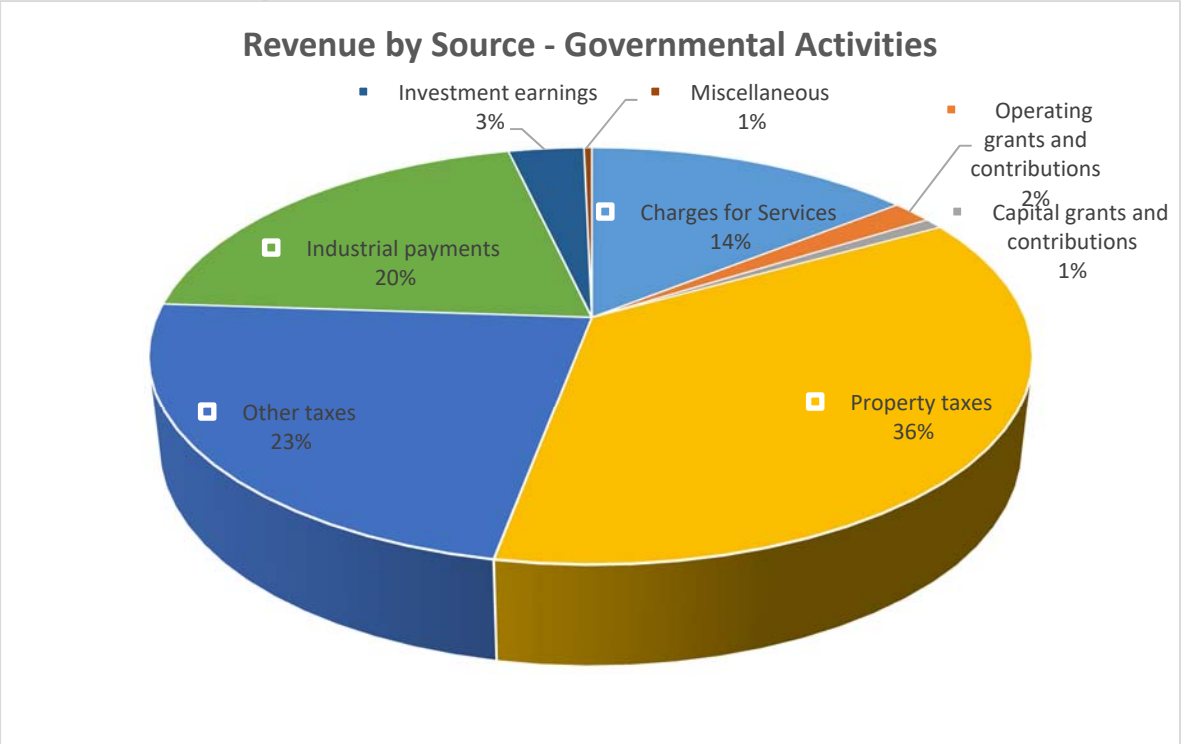
GOVERNMENTAL ACTIVITIES

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



GOVERNMENTAL ACTIVITIES (continued)

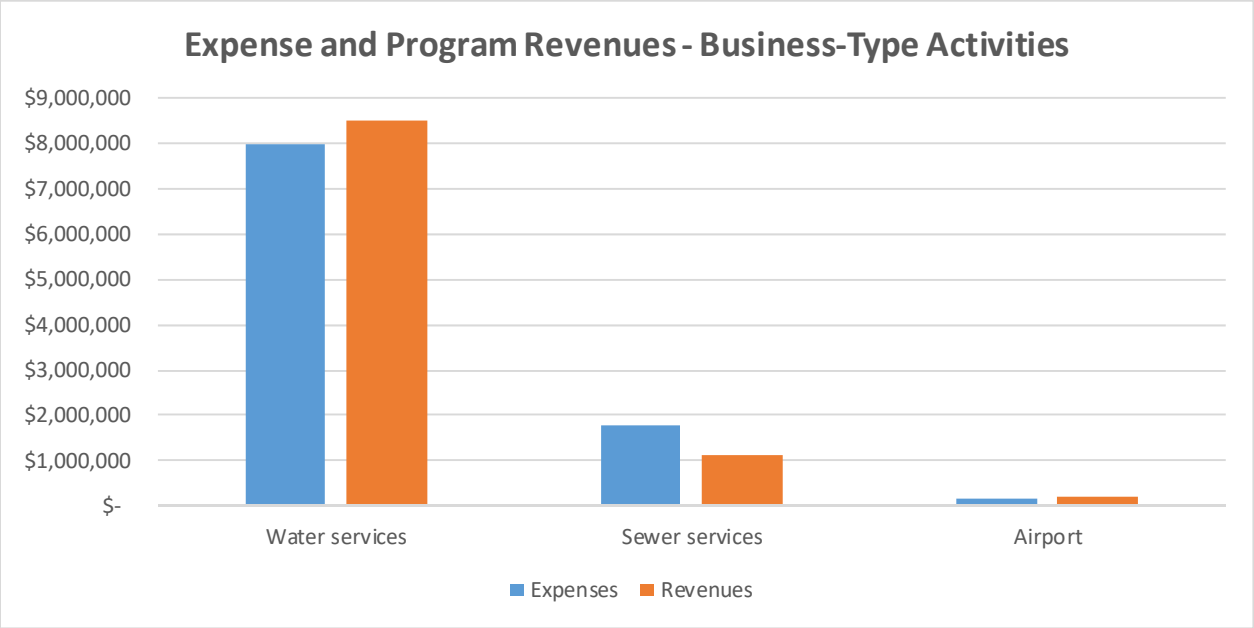
Revenues sources for governmental activities were distributed as follows:



For the year ended September 30, 2019, revenues without transfers in the governmental activities totaled $73.4 million. This represents an increase of approximately $7.7 million or 11.7% due primarily to an increase in sales taxes, other taxes and investment earnings.

BUSINESS-TYPE ACTIVITIES

Revenues without transfers or interest in the business-type activities totaled $10.2 million, a $219 thousand decrease from the prior year. This decrease is due to a decrease in charges for services related to increased rainfall during the fiscal year. Increased rainfall causes lower usage and fewer gallons pumped to customers. 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.



FINANCIAL ANALYSIS OF THE CITY'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 $102.0 million, an increase of $13.4 million from the prior year. This increase is due to an increase in property taxes, sales taxes, investment earnings and cost containment.

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of 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 the City'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 $57.3 million, an increase of $10.5 million 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 140% of total general fund expenditures and total fund balance represents 140% of the same.

The Debt Service fund has a total fund balance of approximately $4.5 million, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year of $94 thousand was due to an increase in property tax revenue.

The Tax Increment Reinvestment Zone Fund had a total fund balance of approximately $1.8 million, all of which is restricted for capital projects. The net increase in fund balance from the prior year of $555 thousand was due an increase in property taxes.

The 2015 Certificate of Obligation Bonds Fund had a total fund balance of approximately $2.8 million, all of which is restricted for capital projects. The net decrease in fund balance from the prior year of $647 thousand was due to capital outlay.

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 - $5.4 million, La Porte Area Water Authority - $2.8 million and Airport - $0.1 million. The changes in net position of the proprietary funds for 2019 were as follows: Utility – increase of $317 thousand, La Porte Area Water Authority – decrease of $465 thousand and Airport – increase of $45 thousand. Increase in the Utility Fund is due to a decrease in expenses. The decrease in the La Porte Area Water Authority is due to an increase in operating expenses, specifically water purchases and a true-up of water purchase cost.

General Fund Budgetary Highlights

Actual revenues exceeded the final General Fund budgeted revenues by $7.5 million. The major drivers were sales and use taxes exceeded budget by $1.5 million, property taxes by $1.3 million, and industrial payments and investment earnings exceeded budget by $1.1 million and $1.0 million respectively.

The total appropriations exceeded expenditures by $2.3 million, the majority of which can be attributed to three departments. General government had a positive variance of $1.5 million, public safety had a positive variance of $429 thousand and public works had a positive variance of $267 thousand.

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, 2019, amounts to $109.5 million (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 $1.6 million. The following table shows capital assets activity for the 2019 and 2018 fiscal years:

SCHEDULE OF CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 10,326,295	$ 10,326,295	$ 447,791	$ 447,791	$ 10,774,086	$ 10,774,086
Construction in progress	2,473,625	2,506,527	3,081,312	2,035,288	5,554,937	4,541,815
Infrastructure	24,336,899	22,014,466	-	-	24,336,899	22,014,466
Buildings and improvements	31,591,068	33,792,544	25,879,497	27,449,863	57,470,565	61,242,407
Machinery and equipment	9,078,957	10,352,446	2,326,893	2,267,026	11,405,850	12,619,472
Totals	$ 77,806,844	$ 78,992,278	$ 31,735,493	$ 32,199,968	$ 109,542,337	$ 111,192,246

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 52 - 53 in the notes to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total debt outstanding of $35.8 million. This amount is backed by the full faith and credit of the City.

The City 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 54 - 56 in the notes to the financial statements.

SCHEDULE OF LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	$ 16,425,000	$ 18,895,000	$ -	$ -	$ 16,425,000	$ 18,895,000
Certificates of Obligation	19,405,000	20,670,000	-	-	19,405,000	20,670,000
Premium on Issuance	1,068,378	1,335,219	-	-	1,068,378	1,335,219
Developer Agreements	2,624,661	5,722,791	-	-	2,624,661	5,722,791
Compensated Absences	3,214,517	3,246,904	129,050	143,999	3,343,567	3,390,903
Net Pension Liability - TMRS	21,333,834	10,341,647	2,303,674	1,197,227	23,637,508	11,538,874
Net Pension Liability - TESRS	136,398	156,731	-	-	136,398	156,731
Total OPEB Liability	44,610,690	42,778,506	6,020,694	5,767,733	50,631,384	48,546,239
Totals	$ 108,818,478	$ 103,146,798	$ 8,453,418	$ 7,108,959	$ 117,271,896	$ 110,255,757

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

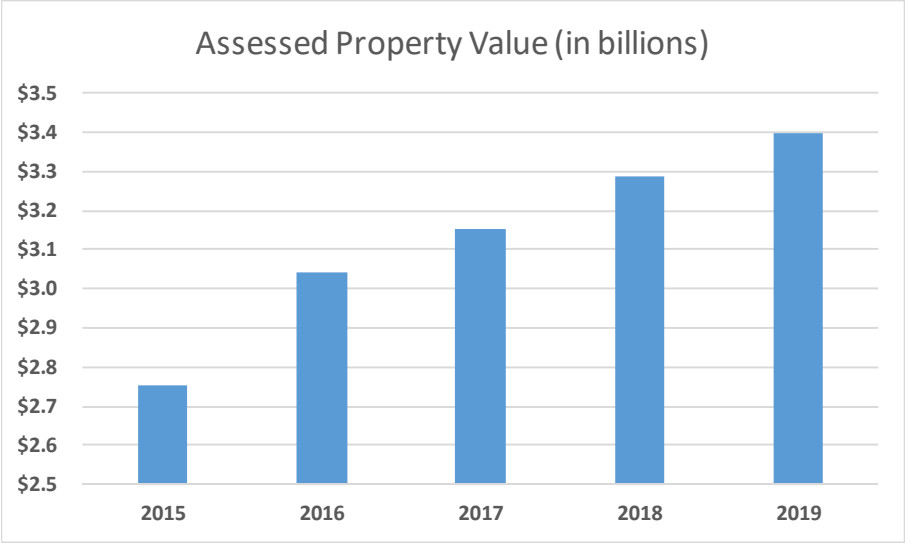
During the upcoming year, the will have no increase in property tax rate and no utility fund rate increase. The fiscal year 2019-2020 budget includes the following highlights:

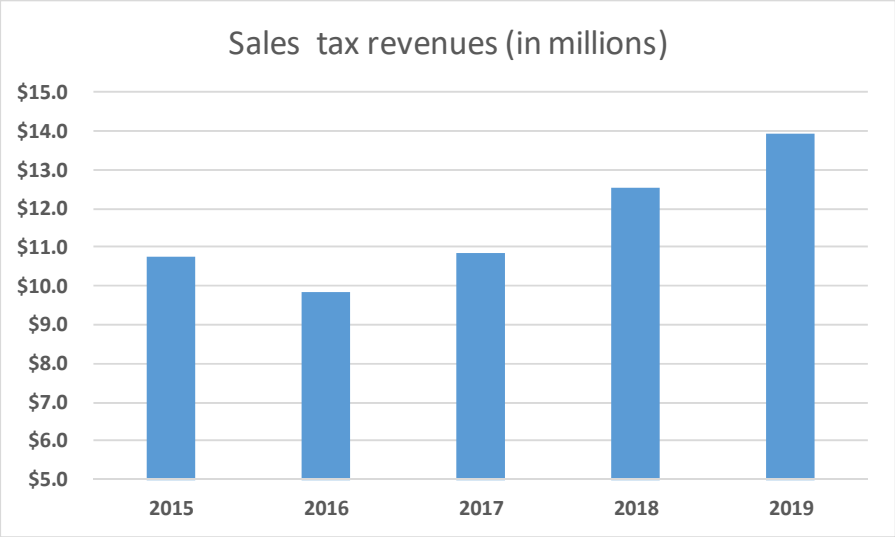
- Merit increases for non-civil service employees - $532,412
- Market adjustment for non-civil service, non-emergency employees - $967,588
- Meeting and conference increases for civil service employees - $281,702
- No change in employee contribution for health insurance
- Capital projects of approximately $14.4 million (including $3.2 million from Street Maintenance Sales Tax Funding)
- Vehicle replacement of $1,368,824
- Transfer of $5.5 million from the General Fund for CIP
- Transfer of $2.0 million from General Fund for the Insurance Fund

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Overall the upcoming General Fund budget projects a decrease of $3.67 million for one time capital projects. As shown below, property values and sales taxes continue to increase.

The trend for total assessed values has fluctuated slightly over the past five years resulting in a total increase of 23% .





REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of La Porte's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 604 West Fairmont Parkway, La Porte, Texas 77571.

BASIC FINANCIAL STATEMENTS

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Exhibit A-1

CITY OF LA PORTE
STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 88,788,238	$ 11,736,955	$ 100,525,193
Investments	22,156,326	3,843,127	25,999,453
Receivables, net allowance for uncollectable	4,632,156	1,204,982	5,837,138
Due from other government	3,424,094	-	3,424,094
Inventories	211,397	24,000	235,397
Capital assets:			
Capital assets not subject to depreciation	12,799,920	3,529,103	16,329,023
Capital assets, net of accumulated depreciation	65,006,924	28,206,390	93,213,314
Total capital assets, net	77,806,844	31,735,493	109,542,337
Total Assets	197,019,055	48,544,557	245,563,612
Deferred Outflows of Resources			
Deferred charge on refunding	632,995	-	632,995
Deferred outflows - OPEB	2,499,739	336,590	2,836,329
Deferred outflows related to TMRS pensions	9,425,844	1,017,823	10,443,667
Deferred outflows related to TESRS pensions	43,742	-	43,742
Total Deferred Outflows	12,602,320	1,354,413	13,956,733
Liabilities			
Accounts payable	5,335,879	461,835	5,797,714
Accrued liabilities	655,928	65,716	721,644
Unearned revenue	1,493	-	1,493
Customer deposits	-	632,013	632,013
Long-term liabilities:			
Due within one year	3,920,726	6,453	3,927,179
Due in more than one year	38,816,830	122,597	38,939,427
Net pension liability	21,470,232	2,303,674	23,773,906
Total OPEB liability	44,610,690	6,020,694	50,631,384
Total Liabilities	114,811,778	9,612,982	124,424,760
Deferred Inflows of Resources			
Deferred inflows - pension	1,471,030	157,989	1,629,019
Deferred inflows - OPEB	152,041	20,799	172,840
Total Deferred Outflows	1,623,071	178,788	1,801,859
Net Position			
Net Investment in capital assets	53,011,914	31,735,493	84,747,407
Restricted for:			
Debt service	5,589,503	-	5,589,503
Economic development	7,992,242	-	7,992,242
Senior citizen programs	10,543	-	10,543
Replacement of trees	545,695	-	545,695
Municipal court building & technology	521,625	-	521,625
Park improvements	147,674	-	147,674
Public safety	2,034,636	-	2,034,636
Public works	3,030,960	-	3,030,960
Other	542,118	-	542,118
Capital projects	9,865,881	-	9,865,881
Unrestricted	9,893,735	8,371,707	18,265,442
Total Net Position	$ 93,186,526	$ 40,107,200	$ 133,293,726

See Notes to Financial Statements.

CITY OF LA PORTE

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions/Programs				
Governmental activities:				
General government	$ 15,519,147	$ 4,067,810	$ -	$ -
Public safety	21,356,779	2,217,655	1,286,498	-
Public works	7,818,696	278,509	15,435	596,878
Culture and recreation	6,932,569	1,676,381	1,443	-
Health, welfare and sanitation	4,016,465	2,247,869	-	-
Interest on long-term debt	900,287	-	-	-
Total governmental activities	56,543,943	10,488,224	1,303,376	596,878
Business-type activities:				
Utility services	7,985,233	8,389,773	-	125,816
La Porte Area Water Authority	1,769,830	1,109,495	-	-
Airport	157,008	58,971	-	137,161
Total business-type activities	9,912,071	9,558,239	-	262,977
Total Primary Government	$ 66,456,014	$ 20,046,463	$ 1,303,376	$ 859,855

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

See Notes to Financial Statements.

Net (Expense) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	**Business-type Activities**	**Total**
$ (11,451,337)	$ -	$ (11,451,337)
(17,852,626)	-	(17,852,626)
(6,927,874)	-	(6,927,874)
(5,254,745)	-	(5,254,745)
(1,768,596)	-	(1,768,596)
(900,287)	-	(900,287)
(44,155,465)	-	(44,155,465)
-	530,356	530,356
-	(660,335)	(660,335)
-	39,124	39,124
-	(90,855)	(90,855)
(44,155,465)	(90,855)	(44,246,320)
26,484,216	-	26,484,216
13,944,027	-	13,944,027
14,899,624	-	14,899,624
3,035,844	-	3,035,844
2,414,593	360,285	2,774,878
251,400	(12,350)	239,050
360,864	(360,864)	-
61,390,568	(12,929)	61,377,639
17,235,103	(103,784)	17,131,319
75,951,423	40,210,984	116,162,407
$ 93,186,526	$ 40,107,200	$ 133,293,726

CITY OF LA PORTE

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	La Porte Redevelopment Authority	2015 Certificates of Obligation
Assets				
Current Assets:				
Cash and cash equivalents	$ 41,500,034	$ 4,306,305	$ 3,329,295	$ 3,708,316
Investments	14,152,528	31,323	-	39
Receivables, net of allowance for uncollectible	6,086,448	168,059	-	-
Due from other funds	1,091,579	-	-	-
Inventories	163,083	-	-	-
Total Assets	$ 62,993,672	$ 4,505,687	$ 3,329,295	$ 3,708,355
Liabilities:				
Accounts payable	$ 2,148,559	$ -	$ 1,481,197	$ 182,749
Accrued salaries	583,002	-	-	-
Due to other funds	-	-	-	769,111
Unearned revenues	-	-	-	-
Other payables	81,019	-	-	-
Total Liabilities	2,812,580	-	1,481,197	951,860
Deferred Inflows of Resources				
Unavailable revenue - property taxes	78,697	13,658	-	-
Unavailable revenue - fines and fees	791,511	-	-	-
Unavailable revenue - EMS	799,480	-	-	-
Unavailable revenue - other	901,147	-	-	-
Total Deferred Inflows of Resources	2,570,835	13,658	-	-
Fund Balances:				
Nonspendable:				
Inventory	163,083	-	-	-
Restricted for:				
Debt service	-	4,492,029	-	-
Economic development	-	-	1,848,098	-
Senior citizen programs	-	-	-	-
Replacement of trees	-	-	-	-
Municipal court building and technology	-	-	-	-
Park improvements	-	-	-	-
Public safety	-	-	-	-
Capital projects	-	-	-	2,756,495
Public works	-	-	-	-
Other	-	-	-	-
Assigned:	134,391	-	-	-
Unassigned:	57,312,783	-	-	-
Total Fund Balances	57,610,257	4,492,029	1,848,098	2,756,495
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 62,993,672	$ 4,505,687	$ 3,329,295	$ 3,708,355

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 29,180,327	$ 82,024,277
5,594,178	19,778,068
1,729,790	7,984,297
-	1,091,579
-	163,083
$ 36,504,295	$ 111,041,304
$ 909,375	$ 4,721,880
5,598	588,600
322,468	1,091,579
1,143	1,143
-	81,019
1,238,584	6,484,221
-	92,355
-	791,511
-	799,480
-	901,147
-	2,584,493
-	163,083
1,083,816	5,575,845
6,144,144	7,992,242
10,543	10,543
545,695	545,695
521,625	521,625
147,674	147,674
2,034,636	2,034,636
21,204,500	23,960,995
3,030,960	3,030,960
542,118	542,118
-	134,391
-	57,312,783
35,265,711	101,972,590
$ 36,504,295	$ 111,041,304

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Exhibit A-4

CITY OF LA PORTE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balance, governmental funds	$	101,972,590
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		69,382,994
Certain other long-term assets (property taxes, court fines, EMS and other receivables) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		2,584,493
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		(16,425,000)
Certificates of obligation		(19,405,000)
Premium on bonds		(1,068,378)
Deferred charge on refunding		632,995
Due to developer		(2,624,661)
Compensated absences		(3,176,838)
Deferred inflows/outflows related to pensions		7,998,556
Deferred inflows/outflows related to OPEB		2,347,698
Net pension liability		(21,470,232)
Total OPEB liability		(44,610,690)
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.		17,047,999
Net Position of Governmental Activities	$	93,186,526

See Notes to Financial Statements.

CITY OF LA PORTE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	General	Debt Service	La Porte Redevelopment Authority	2015 Certificates of Obligation
Revenues				
Taxes:				
Property taxes and penalties	$ 19,019,611	$ 3,539,730	$ 4,128,250	$ -
Other taxes	88,624	-	-	-
Licenses and permits	1,344,447	-	-	-
Fines and forfeitures	2,277,993	-	-	-
Sales and use taxes	6,499,254	-	-	-
Industrial payments	14,899,624	-	-	-
Franchise taxes	3,035,844	-	-	-
Intergovernmental revenues	893,217	-	-	-
Investment Earnings	1,436,238	16,533	1,377	84,837
Charges for services	5,784,392	-	-	-
Miscellaneous	316,015	-	-	-
Total revenues	55,595,259	3,556,263	4,129,627	84,837
Expenditures				
Current:				
General government	10,244,208	-	383,112	-
Public safety	18,579,342	-	-	-
Public works	3,265,194	-	-	-
Health and sanitation	2,977,561	-	-	-
Culture and recreation	5,929,639	-	-	-
Capital outlay	28,099	-	-	731,564
Debt service:				
Principal	-	3,735,000	3,009,168	-
Interest and fiscal charges	-	998,822	181,995	-
Total expenditures	41,024,043	4,733,822	3,574,275	731,564
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,571,216	(1,177,559)	555,352	(646,727)
Other Financing Sources (Uses)				
Transfers in	57,500	1,271,124	-	-
Transfers out	(4,325,532)	-	-	-
Total Other Financing Sources (Uses)	(4,268,032)	1,271,124	-	-
Net Change in Fund Balance	10,303,184	93,565	555,352	(646,727)
Fund Balances, Beginning	47,307,073	4,398,464	1,292,746	3,403,222
Fund Balances, Ending	$ 57,610,257	$ 4,492,029	$ 1,848,098	$ 2,756,495

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 26,687,591
-	88,624
-	1,344,447
991,718	3,269,711
7,356,149	13,855,403
-	14,899,624
-	3,035,844
236,437	1,129,654
676,157	2,215,142
278,509	6,062,901
135,347	451,362
9,674,317	73,040,303
1,014,460	11,641,780
1,313,181	19,892,523
1,747,071	5,012,265
-	2,977,561
1,290,505	7,220,144
2,135,575	2,895,238
-	6,744,168
-	1,180,817
7,500,792	57,564,496
2,173,525	15,475,807
3,837,852	5,166,476
(2,926,562)	(7,252,094)
911,290	(2,085,618)
3,084,815	13,390,189
32,180,896	88,582,401
$ 35,265,711	$ 101,972,590

Exhibit A-6

CITY OF LA PORTE

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

For the Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-total governmental funds.	$ 13,390,189
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($4,500,321) exceeded depreciation ($4,482,792)	17,529
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.	149,441
The payment of long-term debt.	3,735,000
Some expenses reported in the statement of activities do not require the use of current financial resources are therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change in:	
Deferred outflows related to pensions	6,944,112
Deferred inflows related to pensions	2,723,496
Net pension liability	(10,971,854)
Deferred outflows related to OPEB	(553,832)
Deferred inflows related to OPEB	(118,716)
Total OPEB liability	(1,832,184)
Compensated absences payable	24,479
Deferred charges on refunding	(168,306)
Amortization of bond premiums	266,841
Payment to developer	3,098,130
The net income (loss) of certain activities of internal service funds is reported with governmental activities.	530,778
Change in Net Position of Governmental Activities	$ 17,235,103

See Notes to Financial Statements.

Exhibit A-7

CITY OF LA PORTE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities - Enterprise Funds				
	Utility	**LPAWA**	**Airport**	**Total Enterprise Funds**	**Governmental Activities - Internal Service Funds**
Assets					
Current Assets:					
Cash and cash equivalents	9,425,695	2,204,408	106,852	$ 11,736,955	$ 6,763,961
Investments	3,051,188	755,327	36,612	3,843,127	2,378,258
Other receivables, net of allowance	-	-	-	-	14,729
Due from other governments	-	-	-	-	119,927
Inventories	24,000	-	-	24,000	48,314
Accounts receivable, net of allowance for doubtful accounts	1,068,684	113,923	7,463	1,190,070	-
Accrued interest receivable	11,840	2,930	142	14,912	-
Total Current Assets	13,581,407	3,076,588	151,069	16,809,064	9,325,189
Noncurrent Assets:					
Capital assets:					
Land and Improvements	224,308	-	223,483	447,791	60,914
Construction in progress	2,855,637	-	225,675	3,081,312	-
Buildings and improvements	156,649	-	5,941,301	6,097,950	-
Improvements other than buildings	70,381,929	15,429,680	-	85,811,609	-
Vehicles and equipment	4,085,511	47,371	-	4,132,882	20,213,747
Less accumulated depreciation	(52,119,225)	(11,409,877)	(4,306,949)	(67,836,051)	(11,850,811)
Total Noncurrent Assets	25,584,809	4,067,174	2,083,510	31,735,493	8,423,850
Total Assets	39,166,216	7,143,762	2,234,579	48,544,557	17,749,039
Deferred Outflows					
Deferred outflows related to pensions	1,017,823	-	-	1,017,823	-
Deferred outflows related to OPEB	336,590	-	-	336,590	-
Total Deferred Outflows	1,354,413	-	-	1,354,413	-
Liabilities					
Current liabilities:					
Accounts payable	167,543	267,197	-	434,740	48,089
Accrued wages payable	65,067	-	649	65,716	-
Accrued liabilities	25,595	-	-	25,595	16,794
Customer deposits	632,013	-	1,500	633,513	-
Claims and judgments	-	-	-	-	598,478
Long-Term Debt, Current Portion					
Compensated absences	6,453	-	-	6,453	-
Total Current Liabilities	896,671	267,197	2,149	1,166,017	663,361
Noncurrent Liabilities:					
Compensated absences	122,597	-	-	122,597	37,679
Net pension liability	2,303,674	-	-	2,303,674	-
Net OPEB liability	6,020,694	-	-	6,020,694	-
Total Noncurrent Liabilities	8,446,965	-	-	8,446,965	37,679
Total Liabilities	9,343,636	267,197	2,149	9,612,982	701,040
Deferred Inflows of Resources					
Deferred inflows related to pensions	157,989	-	-	157,989	-
Deferred inflows related to OPEB	20,799	-	-	20,799	-
Total Deferred Inflows of Resources	178,788	-	-	178,788	-
Net Position					
Net Investment in capital assets	25,584,809	4,067,174	2,083,510	31,735,493	8,423,850
Unrestricted	5,413,396	2,809,391	148,920	8,371,707	8,624,149
Total Net Position	$ 30,998,205	$ 6,876,565	$ 2,232,430	$ 40,107,200	$ 17,047,999

See Notes to Financial Statements

Exhibit A-8

CITY OF LA PORTE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds				
	Utility	**LPAWA**	**Airport**	**Total Enterprise Funds**	**Governmental Activities - Internal Service Funds**
Operating Revenues					
Charges for services	$ 8,389,773	1,109,495	58,971	$ 9,558,239	$ 9,784,458
Miscellaneous	-	-	-	-	2,030
Total Operating Revenues	8,389,773	1,109,495	58,971	9,558,239	9,786,488
Operating Expenses					
Personnel	3,830,853	-	16,670	3,847,523	1,145,108
Supplies and materials	282,156	16,378	3,393	301,927	9,033,139
Purchased water	-	836,871	-	836,871	-
Other services	2,001,144	461,122	23,151	2,485,417	-
Depreciation	1,871,080	455,459	113,794	2,440,333	1,750,353
Total Operating Expenses	7,985,233	1,769,830	157,008	9,912,071	11,928,600
Operating Income (Loss)	404,540	(660,335)	(98,037)	(353,832)	(2,142,112)
Non-Operating Revenues (Expenses)					
Investment earnings (loss)	282,364	71,097	6,824	360,285	199,451
Gain/loss on disposal of capital assets	(12,350)	-	-	(12,350)	28,987
Total Non-Operating Revenue	270,014	71,097	6,824	347,935	228,438
Income (Loss) Before Contributions and Transfers	674,554	(589,238)	(91,213)	(5,897)	(1,913,674)
Contributions and Transfers					
Capital contributions	-	125,816	137,161	262,977	-
Transfers from other funds	-	-	-	-	2,465,037
Transfer (to) other funds	(358,028)	(2,030)	(806)	(360,864)	(20,585)
Total Contributions and Transfers	(358,028)	123,786	136,355	(97,887)	2,444,452
Change in Net Position	316,526	(465,452)	45,142	(103,784)	530,778
Net position, beginning	30,681,679	7,342,017	2,187,288	40,210,984	16,517,221
Net position, Ending	$ 30,998,205	$ 6,876,565	$ 2,232,430	$ 40,107,200	$ 17,047,999

See Notes to Financial Statements

CITY OF LA PORTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds				
	Utility	**LPAWA**	**Airport**	**Total Enterprise Funds**	**Governmental Activities - Internal Service Funds**
Cash Flows from Operating Activities					
Receipts from customers and users	$ 8,400,962	$ 1,112,772	$ 65,663	$ 9,579,397	$ 9,800,822
Disbursed for personnel services	(3,430,922)	-	(16,670)	(3,447,592)	(1,133,516)
Disbursed for good and services to suppliers	(2,399,543)	(1,135,261)	(29,164)	(3,563,968)	(8,960,186)
Net Cash Provided (Used) by Operating Activities	2,570,497	(22,489)	19,829	2,567,837	(292,880)
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	-	-	-	-	2,465,037
Transfer to other funds	(358,028)	(2,030)	(806)	(360,864)	(20,585)
Net Cash Provided (Used) by Noncapital Financial Activities	(358,028)	(2,030)	(806)	(360,864)	2,444,452
Cash Flows from Capital & Related Financing Activities					
Proceeds from the sale of equipment	-	-	-	-	102,309
Acquisition and construction of capital assets	(757,900)	-	(251,496)	(1,009,396)	(663,133)
Net Cash Provided (Used) by Capital & Related Financing Activities	(757,900)	-	(251,496)	(1,009,396)	(560,824)
Cash Flows from Investing Activities					
Interest Received	290,568	73,222	7,351	371,141	-
Sales of investments	1,409,103	704,987	139,991	2,254,081	1,163,821
Net Cash Provided (Used) by Investing Activities	1,699,671	778,209	147,342	2,625,222	1,363,272
Net Increase (Decrease) in Cash and Cash Equivalents	3,154,240	753,690	(85,131)	3,822,799	2,954,020
Cash and cash equivalents, beginning	6,271,455	1,450,718	191,983	7,914,156	3,809,941
Cash and Cash Equivalents, Ending	$ 9,425,695	$ 2,204,408	$ 106,852	$ 11,736,955	$ 6,763,961

See Notes to Financial Statements.

CITY OF LA PORTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds				
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	**Utility**	**LPAWA**	**Airport**	**Total Enterprise Funds**	**Governmental Activities - Internal Service Funds**
Operating income (loss)	$ 404,540	$ (660,335)	$ (98,037)	$ (353,832)	$ (2,142,112)
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation	1,871,080	455,459	113,794	2,440,333	1,750,353
(Increase) decrease in accounts receivable	(4,046)	3,277	8,401	7,632	14,334
(Increase) in inventories	(10,800)	-	-	(10,800)	(3,279)
Increase (decrease) in accounts payable	(105,443)	179,110	(2,620)	71,047	24,603
Increase (decrease) in deferred outflow-pensions	(732,093)	-	-	(732,093)	-
Increase (decrease) in deferred outflow-OPEB	74,984	-	-	74,984	-
Increase (decrease in accrued liabilities	23,893	-	-	23,893	4,994
Increase (decrease) in unearned revenue	-	-	(1,709)	(1,709)	-
Increase (decrease) in customer deposits	15,235	-	-	15,235	-
Increase (decrease) in claims	-	-	-	-	51,629
Increase (decrease) in compensated absences	(14,949)	-	-	(14,949)	6,598
Increase (decrease) in net pension liability	1,106,447	-	-	1,106,447	-
Increase (decrease) in net OPEB liability	252,961	-	-	252,961	-
(Increase) decrease in deferred inflow-pensions	(327,601)	-	-	(327,601)	-
(Increase) decrease in deferred inflow-OPEB	16,289	-	-	16,289	-
Net Cash Provided (Used) by Operating Activities	$ 2,570,497	$ (22,489)	$ 19,829	$ 2,567,837	$ (292,880)
Noncash Investing, Capital and Financing Activities:					
Capital asset contributions from governmental funds	$ -	$ -	$ -	$ -	$ -

See Notes to Financial Statements.

Note 1 – 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 finances the operations involved in obtaining surface water supplies and converting these supplies to potable water. This water is sold primarily to the City (86%) with the remainder being sold to other neighboring political subdivisions. The operations of the Authority are reported as a proprietary fund type.

The La Porte Redevelopment Authority is governed by a nine-member board appointed by the Mayor with the approval of City Council. The La Porte Redevelopment Authority provides benefits exclusively for the City through reinvestment financing of ad valorem taxes, which are utilized for capital improvements for the City. The La Porte Redevelopment Authority is presented as a governmental fund type.

The Section 4B Sales Tax Corporation provides services that exclusively benefits the City 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.

The Emergency Service District (the "District") provides public safety services exclusively to the City. The District is governed by a seven member board appointed by City Council. The District is a governmental fund type.

The Street Maintenance Component Unit provides infrastructure improvements exclusively to the City. City Council directs staff operations through the annual budget process.

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

Note 1 – Summary of Significant Accounting Policies (continued)

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*:

General Fund

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.

Debt Service Fund

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.

2015 Certificates of Obligation Fund

The 2017 Certificates of Obligation Fund is used to account for bond proceeds and expenditures of those funds related to the construction of a wastewater system.

La Porte Redevelopment Authority Fund

The La Porte Redevelopment Authority is used to account for the disposition of property taxes collected on specific parcels within the boundaries of La Porte Tax Increment Reinvestment Zone No. 1 for the exclusive benefit to pay developers for capital improvements.

Note 1 – Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The City reports the following major *Enterprise Funds*:

- The *Utility 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 Area Water Authority Fund* 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.

Note 1 – Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

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. Cash and Cash Equivalents and Investments

Cash is defined as currency, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk or changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents and Investments (continued)

The City reports all investments at fair-value, except for investment positions in external investment pools, such as Texas CLASS, TexPool and LOGIC, which are reported at amortized cost. The Texas CLASS Board of Trustees, which is comprised of active members of the pool and elected by the participants guided by the Advisory Board, oversees the management of Texas CLASS. The State Comptroller of Public Accounts oversees TexPool. LOGIC is directed by a governing board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services. Federated Investors is the full service provider to the pools managing the assets providing participant services, and arranging for all custody and other functions in support of the pool's operations under contract with the Comptroller.

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants.*

The City reports all investments, except external investment pools, at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. Receivables

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

G. Inventory

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.

Note 1 – Summary of Significant Accounting Policies (continued)

H. 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.

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

I. Compensated 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.

Note 1 – Summary of Significant Accounting Policies (continued)

J. 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.

K. 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.

L. 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 does not meet the definition of "restricted" or "net investment in capital assets."

Note 1 – Summary of Significant Accounting Policies (continued)

M. Fund Balance

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

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

Amount in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager under the authorization of the Fiscal Affairs Committee to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

N. 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.

O. 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.

Note 1 – Summary of Significant Accounting Policies (continued)

P. 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.

Q. 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.

R. 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.

S. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category:

- Deferred outflows or resources for refunding - Reported in the government-wide statement of net position, this 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.

Note 1 – Summary of Significant Accounting Policies (continued)

S. Deferred Outflows/Inflows of Resources (continued)

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred outflows of resources for other post-employment benefits (OPEB) other than pension – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB investments will be amortized over a closed five year period. The remaining postemployment related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

A *deferred inflow of resources* is an acquisition of a government's net positions (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual bases of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City's proportional share of pension liabilities These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 – Summary of Significant Accounting Policies (continued)

S. Deferred Outflows/Inflows of Resources (continued)

- Deferred inflows of resources for OPEB – Reported in the government wide financial statement of net position, this deferred inflow results primarily from 1) changes in actuarial assumptions; and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

T. 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, City specific information about its Fiduciary Net Position in the TESRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TESRS. 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.

U. Post-employment Healthcare Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The City administers other post-employment benefits ("OPEB") through a defined benefit medical plan to provide coverage for eligible retirees and their dependents. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

V. 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 – Summary of Significant Accounting Policies (continued)

W. Implementation of New Standards

The following standards have been issued, but have not been implemented as not yet effective.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

GASB Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

Note 2 – 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 statues, 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.

Note 2 – Deposits and Investments (continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk or changes in value because of changes in interest rates. This includes balances in privately managed public funds investment pools (“TexPool” “Texas CLASS” and “LOGIC”). Only investments with original maturities of three months or less qualify under this definition.

The City’s local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants.*

Investments consist of United States (U.S.) Government and Agency Securities. The City reports all investments at fair value based on quoted market prices at year end date.

The City reports all investments, except external investment pools, at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following schedule shows the City’s recorded cash and equivalents at year-end:

Fund	Governmental Funds	Internal Service Funds	Enterprise Funds	Total
Cash deposits	$ 22,795,202	$ 226,146	$ 1,172,223	$ 24,193,571
Investment pools	59,229,075	6,537,815	10,564,732	76,331,622
Total cash and equivalents	$ 82,024,277	$ 6,763,961	$ 11,736,955	$ 100,525,193

Note 2 – Deposits and Investments (continued)

Cash and Cash Equivalents (continued)

At September 30, 2019, the carrying amount of deposits was $24,193,571 and the respective bank balances were $24,411,273 . The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name.

Investments

The City reported the following investments at September 30, 2019:

Fund	Governmental Funds	Internal Service Funds	Enterprise Funds	Total
U.S. Government Securities	$ 19,778,068	$ 2,378,258	$ 3,843,127	$ 25,999,453

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, 2019:

- U.S. Government Securities (FHLMC) of $7,992,043 were valued using an option-adjusted discounted cash flow model (Level 2 inputs).
- U.S. Government Securities (FHLB) of $16,008,104 were valued using a documented trade history in exact security pricing model (Level 2 inputs).
- U.S. Government Securities (FFCB) of $1,999,306 were valued using a documented trade history in exact security pricing model (Level 1 inputs).

Concentration on 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.

Note 2 – Deposits and Investments (continued)

Investments (continued)

Investment Rate Risk

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

	Fair Value	Weighted Average Maturity (Days)	Percentage of Portfolio	WAM Calculation
U.S. Government Securities				
Federal Home Loan Bank Agency Notes	$ 16,008,104	381	16%	60
Freddie Mac Agency Notes	7,992,043	126	8%	10
Federal Farm Credit Banks	1,999,306	457	2%	9
Total U.S. Government Securities	25,999,453			
Local Government Investment Pools:				
TexPool	26,023,336	50	25%	9
Texas CLASS	12,250,404	35	12%	6
Logic	38,057,882	49	37%	18
Total Local Government Investment Pools	76,331,622	134		
Total	$ 102,331,075			

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.

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.

All of the City's purchased investments in U.S. Government Securities were rated AA+ and Aaa by Standard & Poor's and Moody's respectively.

Note 3 – Property Taxes

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 2019 were $0.605 and $0.105, respectively, per $100 of assessed valuation. The 2018 assessed value and total tax levy as adjusted through September 30, 2019 were $3,400,868,119 and $23,814,367, 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 disable 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").

Note 3 – Property Taxes (continued)

Tax Increment Reinvestment Zone – Property Taxes (continued)

Each participant 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.

Note 4 – 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, 2015 Certificate of Obligation Bonds Fund, TIRZ and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts.

	General Fund	Debt Service Fund	Other Governmental	Total Governmental
Receivables				
Taxes	$ 3,185,469	$ 253,002	$ 1,315,471	$ 4,753,942
Municipal court	791,511	-	-	791,511
Other	440,622	-	18,068	458,690
Mowing & demolition	689,174	-	-	689,174
EMS	1,332,466	-	-	1,332,466
Interest	55,083	130	21,708	76,921
Solid waste	167,518	-	-	167,518
Due from other governments	448,500	-	374,543	823,043
Less: Allowance for uncollectible	(1,023,895)	(85,073)	-	(1,108,968)
Net Receivables.	$ 6,086,448	$ 168,059	$ 1,729,790	$ 7,984,297

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 $102,722

Note 5 – Capital Assets

Capital assets activity for the year ended September 30, 2019, was as follows:

	Balance September 30, 2018	Additions (Increases)	Retirements and Transfers	Balance September 30, 2019
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 10,387,209	$ -	$ (60,914)	$ 10,326,295
Construction in progress	2,445,613	2,014,990	(1,986,978)	2,473,625
Total capital assets, not being depreciated	12,832,822	2,014,990	(2,047,892)	12,799,920
Capital assets being depreciated:				
Buildings and Improvements	38,733,416	72,478	(442,404)	38,363,490
Improvements other than buildings	35,220,561	118,220	579,351	35,918,132
Infrastructure	54,111,322	2,237,253	1,567,971	57,916,546
Machinery and equipment	25,091,922	809,523	(735,048)	25,166,397
Total capital assets being depreciated	153,157,221	3,237,474	969,870	157,364,565
Less accumulated depreciation for:				
Buildings and Improvements	(24,795,415)	(1,419,667)	131,853	(26,083,229)
Improvements other than buildings	(15,366,017)	(1,342,337)	101,029	(16,607,325)
Infrastructure	(32,096,856)	(1,482,791)	-	(33,579,647)
Machinery and equipment	(14,739,476)	(1,988,350)	640,386	(16,087,440)
Total accumulated depreciation	(86,997,764)	(6,233,145)	873,268	(92,357,641)
Total capital assets being depreciated, net	66,159,457	(2,995,671)	1,843,138	65,006,924
Governmental activities capital assets, net	$ 78,992,279	$ (980,681)	$ (204,754)	$ 77,806,844
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 447,791	$ -	$ -	$ 447,791
Construction in progress	2,035,288	1,323,552	(277,528)	3,081,312
Total capital assets, not being depreciated:	2,483,079	1,323,552	(277,528)	3,529,103
Business-type assets, being depreciated				
Buildings and Improvements	156,649	-	-	156,649
Improvements other than buildings	90,882,944	916,192	(46,226)	91,752,910
Machinery and equipment	4,315,418	32,243	(214,779)	4,132,882
Total capital assets being depreciated	95,355,011	948,435	(261,005)	96,042,441
Less accumulated depreciation for:				
Buildings and Improvements	(55,901)	(2,440,333)	-	(2,496,234)
Improvements other than buildings	(63,533,829)	-	-	(63,533,828)
Machinery and equipment	(2,048,391)	-	242,402	(1,805,989)
Total accumulated depreciation	(65,638,121)	(2,440,333)	242,402	(67,836,051)
Total capital assets being depreciated, net	29,716,890	(1,491,898)	(18,603)	28,206,390
Business Type activities capital assets, net	$ 32,199,969	$ (168,346)	$ (296,131)	$ 31,735,493

Note 5 – Capital Assets (continued)

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

Governmental Activities:	
General government	$ 1,600,626
Public Safety	1,241,550
Public works	996,815
Parks and recreation	643,801
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	1,750,353
Total Governmental Activities	$ 6,233,145

Depreciation expense of $2,440,333 was charged to the Utility fund.

Construction contract commitments outstanding as of September 30, 2019, are as follows:

Fund	Projects	Total in Progress	Remaining Commitment
General CIP Fund	Street and Drainage Improvements	$ 811,494	$ 631,945
General CIP Fund	Park Improvements	1,269,174	6,676
General CIP Fund	Building Improvements	72,744	65,733
Utility Fund	Meter Replacement Program	1,192,903	-
Utility Fund	Water System Improvements	1,922,033	2,288,969
Airport Fund	Runway Improvements	225,675	-
Technology Fund	Network Improvements	60,914	-
Total		$ 5,554,937	$ 2,993,323

Note 6 – Long-Term Debt and Other Long-Term Obligations

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.

In February 2002, voters authorized $16,300,000 of General Obligation Bonds. The City has $2,000,000 of authorized but unissued bonds as of September 30, 2019.

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, 2019:

	Governmental Activities
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.	$ 3,350,000
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.	325,000
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.	7,840,000
2014 General obligation Refunding Bonds due in annual payments through March15, 2025; interest at 2.00% to 3.50% $9,300,000 issued to refunding previous debt.	5,795,000
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.	6,345,000
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.	2,465,000
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.	9,710,000
Total Bonds and Certificates of Obligation Payable	$ 35,830,000

Note 6 – Long-Term Debt and Other Long-Term Obligations (continued)

Changes in the City's long-term liabilities for the year ended September 30, 2019 are as follows:

	Balance September 30 2018	Additions	Reductions	Balance September 30 2019	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds	$ 18,895,000	$ -	$ (2,470,000)	$ 16,425,000	$ 2,465,000
Certificates of Obligation	20,670,000	-	(1,265,000)	19,405,000	1,295,000
Premium on bond issuance	1,335,219	-	(266,841)	1,068,378	-
Total bonds payable	40,900,219	-	(4,001,841)	36,898,378	3,760,000
Due to developers	5,722,791		(3,098,130)	2,624,661	-
Compensated absences	3,246,904	117,839	(150,226)	3,214,517	160,726
Total Governmental Activities	$ 49,869,914	$ 117,839	$ (7,250,197)	$ 42,737,556	$ 3,920,726
Business-type Activities:					
Compensated absences	$ 143,999	$ 460	$ (15,409)	$ 129,050	$ 6,453
Total Business-type Activities	$ 143,999	$ 460	$ (15,409)	$ 129,050	$ 6,453

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.

Note 6 – Long-Term Debt and Other Long-Term Obligations (continued)

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.

	Governmental Activities			
Fiscal	General Obligation Bonds		Certificate of Obligation	
Year	Principal	Interest	Principal	Interest
2020	$ 2,465,000	$ 558,931	$ 1,295,000	$439,890
2021	2,270,000	485,300	1,330,000	411,818
2022	2,335,000	412,650	1,355,000	381,896
2023	2,395,000	343,575	1,390,000	350,984
2024	2,460,000	272,625	1,420,000	318,875
2025 - 2029	4,500,000	481,400	7,320,000	1,055,317
2030 - 2034	-	-	3,495,000	375,262
2035 - 2038	-	-	1,800,000	86,083
	$ 16,425,000	$ 2,554,481	$19,405,000	$3,420,125

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, 2019, the City does not have bonds considered defeased and outstanding.

Note 7 – Interfund Receivables, Payables and Transfers

The composition of interfund receivables at September 30, 2019 is an amount of $1,091,579 due to the general fund from the 2015 certificate of obligation bond fund and aggregate remaining capital projects funds.

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

	Transfers To				
Transfers From	General	Debt Service	Other Governmental	Internal Service	Totals
General Fund	$ -	$ -	$ 1,956,087	$ 2,369,445	$ 4,325,532
Other Governmental	57,500	1,033,362	1,835,700	-	2,926,562
Utility	-	237,762	46,065	74,201	358,028
Airport	-	-	-	806	806
Internal Service	-	-	-	20,585	20,585
Totals	$ 57,500	$ 1,271,124	$ 3,837,852	$ 2,465,037	$ 7,631,513

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

Transfers From	Transfers To	Purpose
La Porte Area Water Authority	General Fund	Operator's Agreement
Hotel/Motel Fund	General Fund	Transfer for Golf Course Advertising Expenditures and City Bordering Bay for Golf Course Expenditures
La Porte Development Corporation (4B)	Debt Service Fund	Annual Transfer for Debt Service
General Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation + $2 million for Health Insurance
Utility Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
Airport Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
La Porte Area Water Authority	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
Vehicle Maintenance Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
General Fund	General CIP Fund	Transfer to fund Capital Projects
La Porte Development Corporation	General CIP Fund	Transfer for Capital Projects
Utility Fund	General CIP Fund	Transfer for Capital Projects
Utility Fund	Debt Service Fund	Annual Transfer for Debt Service
Utility Fund	Sanitary Sewer Rehabilitation Fund	Annual Transfer for Sewer Rehabilitation/Maintenance Projects

Note 8 – Defined-Benefit Pension Plans

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 883 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 agent 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 Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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 actuarially equivalent 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%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	10
Service retirement eligibility:	20 years at any age, 10 years at age 60 and above
Updated Service Credit:	100% Repeating Transfers
Annuity Increase to retirees:	70% of CPI Repeating
Supplemental death benefit – active employees and retirees	Yes

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Benefits Provided (continued)

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	218
Inactive employees entitled to but not yet receiving benefits	184
Active employees	370
Total	772

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting 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% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.53% and 16.11% in calendar years 2019 and 2018, respectively. The City opted to contribute 16.11% during the year ended September 30, 2019 in order to reduce the liability.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2018, and the total pension liability 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5%
Overall payroll growth:	3.5% to 10.50% including inflation
Investment Rate of Return:	6.75%

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

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the December 31, 2018 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The postretirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2018 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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 periods of projected benefit payments to determine the total pension liability.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 157,840,283	$ 146,301,408	$ 11,538,875
Changes for the year:			
Service cost	3,668,483	-	3,668,483
Interest	10,570,181	-	10,570,181
Difference between expected and actual experience	(1,410,118)	-	(1,410,118)
Changes in assumptions	-	-	-
Contributions - employer	-	3,625,504	(3,625,504)
Contributions - employee	-	1,575,422	(1,575,422)
Net investment income	-	(4,381,890)	4,381,890
Benefit payments, including refunds, of employee contributions	(6,158,492)	(6,158,492)	-
Administrative expense	-	(84,698)	84,698
Other charges	-	(4,424)	4,424
Net changes	6,670,054	(5,428,578)	12,098,632
Balance at 12/31/2018	$ 164,510,337	$ 140,872,830	$ 23,637,507

Sensitivity of the Net Pension Liability

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%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	$ 47,015,688	$ 23,637,507	$ 4,501,359

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

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

For the year ended September 30, 2019, the City recognized pension expense of $5,109,269.

At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actuarial assumptions and actual experience	$ -	$ 1,570,927
Changes in actuarial assumptions used	-	50,161
Differences between projected and actual investment earnings	7,555,840	-
Contributions subsequent to the measurement date	2,887,827	-
Total	$ 10,443,667	$ 1,621,088

Deferred outflows of resources resulting from contributions subsequent to the measurement date of $2,887,827 will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2020	$ 2,107,493
2021	546,486
2022	594,308
2023	2,686,465
Total	$ 5,934,752

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.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

Plan Description (continued)

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.

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, 2019, were $43,195.

Net Pension Liability

The City's net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	3.00%
Salary Increases:	Not applicable
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 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 was selected by "rounding down" and thereby reflects 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 Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	30.0%	35.06%
Small cap domestic	15.0%	16.55%
Developed international	15.0%	14.84%
Emerging markets	5.0%	4.81%
Master limited partnership	5.0%	4.10%
Real Estate	5.0%	2.21%
Multi-asset	5.0%	0.00%
Fixed income		
Domestic	20.0%	22.19%
International	0.0%	0.00%
Cash	0.0%	0.24%
Total	100.0%	100.0%
Weighted average		3.11%

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

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, 2018 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, 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.

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease to 6.75%	Current Single Rate Assumption 7.75%	1% Increase to 8.75%
City's net pension liability	$ 271,064	$ 136,398	$ 45,569

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

At August 31, 2018, the City reported a liability of $136,398 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018. The City's proportion of the net pension liability was based on the City's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the City's proportion of the collective net pension liability was 0.630% which was a decrease from its proportion measured as of August 31, 2017 of 0.653%.

For the year ended September 30, 2019, the City recognized TESRS pension expense of $43,239.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

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

At September 30, 2019, the City reported its proportionate share of the TESRS' deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actuarial assumptions and actual experience	$ 37	$ 393
Changes in actuarial assumptions used	510	-
Differences between projected and actual investment earnings	-	7,538
Contributions subsequent to the measurement date	43,195	-
Total	$ 43,742	$ 7,931

Deferred outflows of resources resulting from contributions subsequent to the measurement date of $43,195 will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2020	$ 8,789
2021	(4,890)
2022	(7,196)
2023	(4,087)
Total	$ (7,384)

Note 9 – Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

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 Fund (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 another post-employment benefit (OPEB). As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership in the plan as of the measurement date of December 31, 2018 was as follows:

Inactive employees currently receiving benefits	160
Inactive employees entitled to but not yet receiving benefits	23
Active employees	370
Total	553

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.17% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.71% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018.

Note 9 – Other Post-Employment Benefits (continued)

TMRS Supplemental Death Benefits Fund (continued)

Actuarial Assumptions

The City's total OPEB liability was measured at December 31, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date:	December 31, 2018
Methods and Assumptions:	
Inflation:	2.50%
Salary Increases:	3.50% to 10.50%, including inflation
Discount rate:	3.71%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.
Retirees' share of benefit related costs:	$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	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 with scale BB.
Mortality rates – disabled retirees:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Note 9 – Other Post-Employment Benefits (continued)

TMRS Supplemental Death Benefits Fund (continued)

Changes in the Total OPEB Liability

Service cost	$ 31,508
Interest	35,270
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	24,065
Changes of assumptions	(78,470)
Benefit payments	(6,752)
Net change in total OPEB liability	5,621
Total OPEB liability - beginning	1,053,176
Total OPEB liability - ending	$ 1,058,797
Covered payroll	$ 22,506,030
Total OPEB liability as a percentage of covered payroll	4.70%

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease to 2.71%	Current Discount Rate Assumption 3.71%	1% Increase to 4.71%
$ 1,271,659	$ 1,058,797	$ 895,196

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2019, the City recognized OPEB expense of $72,841.

Note 9 – Other Post-Employment Benefits (continued)

TMRS Supplemental Death Benefits Fund (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity (continued)

As of September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,126	$ -
Changes assumptions	-	4,112
Contributions subsequent to the measurement date	5,378	-
Total	$ 25,504	$ 4,112

The $5,378 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2020	$ 6,063
2021	6,063
2022	6,063
2023	6,063
2024	(7,257)
Thereafter	(981)
Total	$ 16,014

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP)

Plan Description

The City's defined benefit OPEB plan, City of La Porte Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single-employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the RHCP.

Benefits provided

RHCP provides access to post retirement employees by offering a "blended premium" structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries	92
Inactive, nonretired members	-
Active members	369
Total	461

Total OPEB Liability

The City's total OPEB liability of $49,572,587 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial assumptions and methods

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	December 31, 2018

Methods and Assumptions:

Actuarial Cost Method:	Individual Entry-Age
Discount Rate:	3.71%
Inflation:	2.50%
Salary Increases:	3.50% to 10.50%, including inflation

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP) (continued)

Actuarial assumptions and methods (continued)

Demographic Assumptions:	Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality:	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used 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.
Health Care Trend Rates:	For Pre-65, initial rate of 7.00% declining to an ultimate rate of 4.75% after 12 years; Ultimate trend rate includes a 0.50% adjustment for the excise tax. For Post-65, initial rate of 6.00% declining to an ultimate rate of 4.25% after 14 years
Participation Rates:	It was assumed that the plan participation would vary based on the amount of the subsidy provided. For eligible retirees with over 30 years of service, 95% were assumed to participate in the plan at retirement. For employees with less than 30 years of service, the assumed participation rate is equal to the percentage of premium the City subsidizes. For example, retirees eligible for an 85% subsidy were assumed to elect coverage 85% of the time, while only 40% of retirees eligible for a 40% subsidy were assumed to elect coverage.

Other Information:

Note:	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Discount Rate

Because the RHCP is unfunded or pay-as-you go, the discount rate is based on 20-year tax-exempt AA or higher Municipal Bonds or 3.71% as of the measurement date of December 31, 2018 based on the 20 Year Bond GO Index published by bondbuyer.com.

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP) (continued)

Changes in the Total OPEB Liability

Total OPEB Liability	
Service cost	$ 1,671,651
Interest	1,583,194
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(31,749)
Changes of assumptions	(147,052)
Benefit payments	(996,520)
Net change in total OPEB liability	2,079,524
Total OPEB liability - beginning	47,493,063
Total OPEB liability - ending	$49,572,587
Covered payroll	$22,506,678
Total OPEB liability as a percentage of covered payroll	220.26%

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the plan's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease to 2.71%	**Current Discount Rate Assumption 3.71%**	**1% Increase to 4.71%**
$ 58,545,697	$ 49,572,587	$ 42,464,092

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease to 2.71%	**Current Healthcare Cost Trend Rate Assumption 3.71%**	**1% Increase to 4.71%**
$ 41,764,637	$ 49,572,587	$ 59,709,995

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP) (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of $3,663,689.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 41,612
Changes assumptions	2,624,581	127,116
Contributions subsequent to the measurement date	186,244	-
Total	$ 2,810,825	$ 168,728

The $186,244 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2019	$ 408,845
2020	408,845
2021	408,845
2022	408,845
2023	408,845
Thereafter	411,628
Total	$ 2,455,853

Note 10 - 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	$	5,290,869
Interfund transfers		2,465,037
Charges to employees		659,420
Charges to retirees		130,045
Cobra charges		16,442
Other		2,030
Interest revenue		27,418
Total revenues	$	8,591,261
Expenses		
Other expenses	$	733,251
Claims administration		179,616
Claims incurred		6,893,077
Re-insurance premiums		447,851
Insurance premiums		490,689
Total expenses	$	8,744,484

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.

Note 10 - Risk Management (continued)

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
9/30/2017	$ 387,850	$ 5,480,480	$ 5,397,668	$ 470,662
9/30/2018	470,662	6,784,705	6,708,518	546,849
9/30/2019	546,849	6,893,077	6,841,448	598,478

Note 11 - 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.

Note 12 - Encumbrances

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

Fund	Amount
General	$ 134,391
Non-major Governmental	24,259
Utility	3,056
Internal service fund	10,230
Total	$ 171,936

Note 13 - 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.

Note 14 - 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 $1,749,284. To date, reimbursements in the amount of $13,972,359 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 $27,745 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 $75,108 for interest and $38,445 applied to principal.

Note 14 - Due to Developers (continued)

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 $9,372 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

Note 15 - 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.

Note 16 - Fund Balance

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

Airpak supplies	$	388
Uniforms for new hires		580
Patrol bicycles		3,150
Voice interpretation third party		404
Bi-annual pressure washing		450
City-wide recruitment software		1,636
Municipal court canopy replacement		24,455
Municipal court canopy repair		6,775
Financial software		47,846
City Hall generator repairs		9,000
Hotel tax audit services		1,004
Actuarial services for OPEB		10,091
SUTA fees 2019 Sales tax collection		352
Update truck traffic study		7,000
Parks and recreation master plan		21,260
Total General Fund Assigned Fund Balance	$	134,391

Note 17 - Subsequent Events

Debt Issuance

In February 2020, the City issued Taxable General Obligation Refunding Bonds in the amount of $2,705,000. The debt was issued with interest rates ranging from 3%-5% with maturities from 2020 to 2026. Interest on the bonds accrue from the closing date and are payable on each March 15 and September 15 thereafter, with the initial interest payment on March 15, 2020. All of the proceeds will be used to refund $2,925,000 of the Series 2010 Certificates of Obligation.

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REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1

CITY OF LA PORTE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
Revenues				
Taxes:				
Property taxes and penalties	$ 17,676,500	$ 17,676,500	$ 19,019,611	$ 1,343,111
Other taxes	90,000	90,000	88,624	(1,376)
Licenses and permits	646,150	646,150	1,344,447	698,297
Fines and forfeitures	1,559,550	1,559,550	2,277,993	718,443
Sales and use taxes	5,000,000	5,000,000	6,499,254	1,499,254
Industrial payments	13,750,000	13,750,000	14,899,624	1,149,624
Franchise taxes	2,919,131	2,919,131	3,035,844	116,713
Intergovernmental revenues	-	-	893,217	893,217
Investment Earnings	400,000	400,000	1,436,238	1,036,238
Charges for services	5,891,834	5,891,834	5,784,392	(107,442)
Miscellaneous	169,114	169,114	316,015	146,901
Total revenues	48,102,279	48,102,279	55,595,259	7,492,980
Expenditures				
Current:				
General government	11,481,792	11,745,681	10,244,208	1,501,473
Public safety	18,991,209	19,005,948	18,579,342	426,606
Public works	3,524,529	3,532,354	3,265,194	267,160
Health and sanitation	2,869,246	2,869,246	2,977,561	(108,315)
Culture and recreation	6,100,265	6,165,143	5,929,639	235,504
Capital outlay	-	37,230	28,099.00	9,131.00
Total expenditures	42,967,041	43,355,602	41,024,043	2,331,559
Excess (Deficiency) of Revenues	-	-	-	-
Over (Under) Expenditures	5,135,238	4,746,677	14,571,216	9,824,539
Other Financing Sources (Uses)				
Transfers in	57,500	57,500	57,500	-
Transfers out	(4,325,532)	(4,325,532)	(4,325,532)	-
Total Other Financing Sources (Uses)	(4,268,032)	(4,268,032)	(4,268,032)	-
Net Change in Fund Balance	867,206	478,645	10,303,184	9,824,539
Fund Balances, Beginning	47,307,073	47,307,073	47,307,073	-
Fund Balances, Ending	$ 48,174,279	$ 47,785,718	$ 57,610,257	$ 9,824,539

Exhibit B-2

CITY OF LA PORTE

LA PORTE REDEVELOPMENT AUTHORITY (TAX INCREMENT REINVESTMENT ZONE)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year ended September 30, 2019

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
Revenues:				
Property taxes	$ 3,964,760	$ 3,964,760	$ 4,128,250	$ 163,490
Investment earnings	850	850	1,377	527
Total Revenues	3,965,610	3,965,610	4,129,627	164,017
Expenditures				
Current:				
General government	1,382,492	1,382,492	383,112	999,380
Debt Service:				
Principal	2,106,188	2,106,188	3,009,168	(902,980)
Interest and other charges	-	-	181,995	(181,995)
Total Expenditures	3,488,680	3,488,680	3,574,275	(85,595)
Net change in fund balance	476,930	476,930	555,352	78,422
Fund balances - beginning of year	1,292,746	1,292,746	1,292,746	-
Fund balances - end of year	$ 1,769,676	$ 1,769,676	$ 1,848,098	$ 78,422

1. Budgetary Controls and Procedures

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appreciated 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.

In fiscal year 2019, Health and Sanitation exceeded appropriated amount by $108 thousand.

Appropriations lapse at the end of the year, excluding capital project budgets.

Exhibit B-4

CITY OF LA PORTE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Last Five Measurement Years

	2018	2017	2016	2015	2014
Total pension liability					
Service Cost	$ 3,668,483	$ 3,714,539	$ 3,600,954	$ 3,401,691	$ 3,045,776
Interest (on the Total Pension Liability)	10,570,181	10,112,101	9,653,940	9,564,637	9,108,178
Difference between expected and actual experience	(1,410,118)	(658,901)	(40,363)	(500,190)	(761,946)
Changes of assumptions	-	-	-	(325,022)	-
Benefit payments, including refunds of employee contributions	(6,158,492)	(6,558,193)	(6,409,301)	(5,304,879)	(4,793,355)
Net change in total pension liability	6,670,054	6,609,546	6,805,230	6,836,237	6,598,653
Total pension liability – beginning	157,840,283	151,230,737	144,425,507	137,589,270	130,990,617
Total pension liability – ending	$ 164,510,337	$ 157,840,283	$ 151,230,737	$ 144,425,507	$ 137,589,270
Plan fiduciary net position					
Contributions – employer	$ 3,625,504	$ 3,602,160	$ 3,415,127	$ 3,461,463	$ 3,534,991
Contributions – employee	1,575,422	1,578,735	1,528,511	1,506,158	1,460,768
Net investment income	(4,381,890)	17,987,506	8,314,792	181,954	6,665,254
Benefit payments, including refunds of employee contributions	(6,158,492)	(6,558,193)	(6,409,301)	(5,304,879)	(4,793,355)
Administrative Expense	(84,698)	(93,223)	(93,910)	(110,827)	(69,591)
Other	(4,424)	(4,725)	(5,060)	(5,474)	(5,722)
Net change in plan fiduciary net	(5,428,578)	16,512,260	6,750,159	(271,605)	6,792,345
Plan fiduciary net position – beginning	146,301,408	129,789,148	123,038,989	123,310,594	116,518,249
Plan fiduciary net position – ending	$ 140,872,830	$ 146,301,408	$ 129,789,148	$ 123,038,989	$ 123,310,594
Net pension liability	$ 23,637,507	$ 11,538,875	$ 21,441,589	$ 21,386,518	$ 14,278,676
Plan fiduciary net position as a percentage of the total pension liability	85.63%	92.69%	85.82%	85.19%	89.62%
Covered payroll	$ 22,506,030	$ 22,553,362	$ 21,823,962	$ 21,421,227	$ 20,708,639
Net pension liability as a percentage of covered employee payroll	105.03%	51.16%	98.25%	99.84%	68.95%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will continue to build this schedule over the next 10-year period as the information becomes available.

Exhibit B-5

CITY OF LA PORTE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Six Fiscal Years

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 3,759,780	$ 3,616,211	$ 3,566,725	$ 3,551,472	$ 3,489,185
Contributions in relation to the actuarially determined contribution	(3,759,780)	(3,616,211)	(3,566,725)	(3,551,472)	(3,489,185)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 23,338,178	$ 22,496,785	$ 22,446,058	$ 22,512,615	$ 21,323,383
Contributions as a percentage of covered payroll	16.11%	16.07%	15.89%	15.78%	16.36%

	2014
Actuarially Determined Contribution	$ 3,496,424
Contributions in relation to the actuarially determined contribution	(3,496,424)
Contribution deficiency (excess)	$ -
Covered payroll	$ 20,543,616
Contributions as a percentage of covered payroll	17.02%

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	23 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 with scale BB.
Other Information:	There were no benefit changes during the year.

CITY OF LA PORTE, TEXAS

Exhibit B-6

SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
Last Five Measurement Years

	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.630%	0.653%	0.780%	0.982%	0.721%
City's proportionate share of the net pensions liability	$136,398	$ 156,731	$ 227,199	$262,121	$131,018
City's covered payroll	29,175	27,694	15,498	18,617	18,420
City's proportionate share of the net pension liability as percentage of its covered payroll	468%	566%	1466%	1408%	711%
Plan fiduciary net position as a percentage of the total pension liability	84.3%	81.4%	76.3%	76.9%	83.5%

CITY OF LA PORTE, TEXAS

Exhibit B-7

SCHEDULE OF CITY'S CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
Last Six Fiscal Years

	2019	2018	2017	2016	2015
Contractually required contribution	$ 30,180	$ 40,265	$ 26,495	$ 38,095	$ 48,820
Contributions in relation to the contractually required contribution	(30,180)	(40,265)	(26,495)	(38,095)	(48,820)
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	29,175	27,694	15,498	18,617	18,420
Contribution as a percentage of covered-employee payroll	103.4%	145.4%	171.0%	204.6%	265.0%

	2014
Contractually required contribution	$ 26,055
Contributions in relation to the contractually required contribution	(26,055)
Contribution deficiency (excess)	-
City's covered payroll	18,617
Contribution as a percentage of covered-employee payroll	140.0%

CITY OF LA PORTE, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

CITY OF LA PORTE RETIREE HEALTH CARE PLAN

For the last Two Measurement Years Ended December 31

Total OPEB Liability	**2018**	**2017**
Service cost	$ 1,671,651	$ 1,424,797
Interest on the total OPEB liability	1,583,194	1,611,153
Difference between expected and actual experience of the total OPEB liability	(31,749)	(43,219)
Changes in assumptions	(147,052)	3,495,450
Benefit payments	(996,520)	(1,140,416)
Net change in total OPEB liability	2,079,524	5,347,765
Total OPEB Liability - Beginning	47,493,063	42,145,298
Total OPEB Liability - Ending	$ 49,572,587	$ 47,493,063
Covered payroll	$ 22,506,678	$ 21,799,361
Total OPEB liability as a percentage of covered payroll	220.26%	217.86%

Notes to the Required Supplementary Information

Ten years of data should be presented but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December31, 2018.

Exhibit B-9

CITY OF LA PORTE, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS FUND

For the Last Two Measurement Years Ended December 31

Total OPEB Liability	**2018**	**2017**
Service cost	$ 31,508	$ 27,064
Interest on the total OPEB liability	35,270	34,660
Difference between expected and actual experience of the total OPEB liability	24,065	-
Changes in assumptions	(78,470)	91,149
Benefit payments	(6,752)	(6,766)
Net change in total OPEB liability	5,621	146,107
Total OPEB Liability - Beginning	1,052,876	906,769
Total OPEB Liability - Ending	$ 1,058,497	$ 1,052,876
Covered payroll	$ 22,506,030	$ 22,553,362
Total OPEB liability as a percentage of covered payroll	4.70%	4.67%

Notes to the Required Supplementary Information

Ten years of data should be presented but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

No significant methods and assumptions to disclose.

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COMBINING AND INDIVIDIUAL FUND STATEMENTS AND SCHEDULES

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Non-major Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted 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 maintenance.

These funds are used to account for revenues to be received from the Community Development Block Grant Entitlement Fund.

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.

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.

2006 Certificates of Obligation 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 Fund – This fund is used to account for the proceeds and expenditures related to street, drainage and park improvements.

2017 Certificates of Obligation 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.

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

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

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CITY OF LA PORTE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	Special Revenue Funds		
	Hotel - Motel Occupancy Tax Fund	**Section 4B Sales Tax**	**Street Maintenance Sales Tax**
Assets			
Current Assets:			
Cash and cash equivalents	$ 1,273,868	$ 3,834,707	$ 2,217,993
Investments	436,484	942,576	759,982
Receivables	169,706	580,027	291,134
Total Assets	$ 1,880,058	$ 5,357,310	$ 3,269,109
Liabilities:			
Accounts payable	5,272	1,034	238,149
Accrued salaries	775	2,327	-
Due to other funds	-		
Unearned revenues	-	-	-
Total Liabilities	6,047	3,361	238,149
Fund Balances:			
Restricted for:			
Debt service	-	1,083,816	-
Economic development	1,874,011	4,270,133	-
Senior citizen programs	-	-	-
Replacement of trees	-	-	-
Municipal court building and technology	-	-	-
Park improvements	-	-	-
Public safety	-	-	-
Capital projects	-	-	-
Public works	-	-	3,030,960
Other	-	-	-
Total Fund Balances	1,874,011	5,353,949	3,030,960
Total Liabilities and Fund Balances	$ 1,880,058	$ 5,357,310	$ 3,269,109

Special Revenue Funds		
Emergency Service Sales Tax	**Restricted Funds (Grants)**	**Total Special Revenue Funds**
$ 866,808	$ 1,490,460	$ 9,683,836
297,007	510,697	2,946,746
284,049	376,529	1,701,445
$ 1,447,864	$ 2,377,686	$ 14,332,027
12,888	6,732	$ 264,075
2,465	31	5,598
		-
-	1,143	1,143
15,353	7,906	270,816
-	-	1,083,816
-	-	6,144,144
-	10,543	10,543
-	545,695	545,695
-	521,625	521,625
-	147,674	147,674
1,432,511	602,125	2,034,636
-	-	-
-	-	3,030,960
-	542,118	542,118
1,432,511	2,369,780	14,061,211
$ 1,447,864	$ 2,377,686	$ 14,332,027

CITY OF LA PORTE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Capital Projects Funds		
	2006 Certificates of Obligation	**2010 Certificates of Obligation**	**2017 Certificates of Obligation**
Assets			
Current Assets:			
Cash and cash equivalents	$ 5,683	$ 1,151,183	$ 10,618,911
Investments	1,948	28	-
Receivables	8	-	-
Total Assets	$ 7,639	$ 1,151,211	$ 10,618,911
Liabilities:			
Accounts payable	-	10,000	106,674
Accrued salaries	-	-	-
Due to other funds		28,262	294,206
Unearned revenues	-	-	-
Total Liabilities	-	38,262	400,880
Fund Balances:			
Restricted for:			
Debt service	-	-	-
Economic development	-	-	-
Senior citizen programs	-	-	-
Replacement of trees	-	-	-
Municipal court building and technology	-	-	-
Park improvements	-	-	-
Public safety	-	-	-
Capital projects	7,639	1,112,949	10,218,031
Public works	-	-	-
Other	-	-	-
Total Fund Balances	7,639	1,112,949	10,218,031
Total Liabilities and Fund Balances	$ 7,639	$ 1,151,211	$ 10,618,911

Capital Improvements	Drainage Improvements	Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ 6,916,297	$ 804,417	$ 19,496,491	$ 29,180,327
2,369,828	275,628	2,647,432	5,594,178
9,199	19,138	28,345	1,729,790
$ 9,295,324	$ 1,099,183	$ 22,172,268	$ 36,504,295
503,618	25,008	645,300	$ 909,375
-	-	-	5,598
-	-	322,468	322,468
-	-	-	1,143
503,618	25,008	967,768	1,238,584
		-	
-	-	-	1,083,816
-	-	-	6,144,144
-	-	-	10,543
-	-	-	545,695
-	-	-	521,625
-	-	-	147,674
-	-	-	2,034,636
8,791,706	1,074,175	21,204,500	21,204,500
-	-	-	3,030,960
-	-	-	542,118
8,791,706	1,074,175	21,204,500	35,265,711
$ 9,295,324	$ 1,099,183	$ 22,172,268	$ 36,504,295

CITY OF LA PORTE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Special Revenue Funds			
	Hotel/Motel Tax	**Section 4b Sales Tax**	**Street Maintenance Sales Tax**	**Emergency Service Sales Tax**
Revenues				
Fines and forfeitures	$ -	$ -	$ -	$ -
Sales and use taxes	905,590	3,250,280	1,625,140	1,575,139
Intergovernmental revenues	-	-	-	-
Investment earnings	36,976	89,116	69,528	21,861
Charges for services	-	-	-	-
Miscellaneous	8,373	-	-	-
Total revenues	950,939	3,339,396	1,694,668	1,597,000
Expenditures				
Current:				
General government	444,197	338,341	-	-
Public safety	-	-	-	971,655
Public works	-	-	1,428,198	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	118,220	77,069
Total expenditures	444,197	338,341	1,546,418	1,048,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	506,742	3,001,055	148,250	548,276
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers to other funds	(57,500)	(2,869,062)	-	-
Total Other Financing Sources (Uses)	(57,500)	(2,869,062)	-	-
Change in Fund Balance	449,242	131,993	148,250	548,276
Fund Balances, Beginning	1,424,769	5,221,956	2,882,710	884,235
Fund Balances, Ending	$ 1,874,011	$ 5,353,949	$ 3,030,960	$ 1,432,511

Restricted Funds (Grants)	Total Special Revenue Funds
$ 991,718	$ 991,718
-	7,356,149
236,437	236,437
51,269	268,750
-	-
126,974	135,347
1,406,398	8,988,401
93,089	875,627
341,526	1,313,181
96,195	1,524,393
17,189	17,189
687,724	883,013
1,235,723	4,613,403
170,675	4,374,998
-	-
-	(2,926,562)
-	(2,926,562)
170,675	1,448,436
2,199,105	12,612,775
$ 2,369,780	$ 14,061,211

CITY OF LA PORTE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALAN

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Capital Projects Fund		
	2006 Certificates of Obligation	**2010 Certificates of Obligation**	**2017 Certificates of Obligation**
Revenues			
Fines and forfeitures	$ -	$ -	$ -
Sales and use taxes	-	-	-
Intergovernmental revenues	-	-	-
Investment earnings	183	27,231	154,419
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenues	183	27,231	154,419
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	186,958
Culture and recreation	-	-	-
Capital outlay	-	100,000	6
Total expenditures	-	100,000	186,964
Excess (Deficiency) of Revenues Over (Under) Expenditures	183	(72,769)	(32,545)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers to other funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Change in Fund Balance	183	(72,769)	(32,545)
Fund Balances, Beginning (as restated)	7,456	1,185,718	10,250,576
Fund Balances, Ending	$ 7,639	$ 1,112,949	$ 10,218,031

Capital Projects Fund			
Capital Improvements	**Drainage Improvements**	**Total Capital Projects Funds**	**Total Nonmajor Governmental Funds**
$ -	$ -	$ -	$ 991,718
-	-	-	7,356,149
-	-	-	236,437
200,746	24,828	407,407	676,157
-	278,509	278,509	278,509
-	-	-	135,347
200,746	303,337	685,916	9,674,317
138,833	-	138,833	$ 1,014,460
-	-	-	1,313,181
-	35,720	222,678	1,747,071
1,273,316	-	1,273,316	1,290,505
1,053,137	99,419	1,252,562	2,135,575
2,465,286	135,139	2,887,389	7,500,792
(2,264,540)	168,198	(2,201,473)	2,173,525
3,837,852	-	3,837,852	3,837,852
-	-	-	(2,926,562)
3,837,852	-	3,837,852	911,290
1,573,312	168,198	1,636,379	3,084,815
7,218,394	905,977	19,568,121	32,180,896
$ 8,791,706	$ 1,074,175	$ 21,204,500	$ 35,265,711

Exhibit C-3

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, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Taxes:				
Property taxes	$ 3,146,521	$ 3,539,730	$ 393,209	$ 3,435,051
Investment earnings	8,200	16,533	8,333	29,595
Total revenues	3,154,721	3,556,263	401,542	3,464,646
Expenditures				
Current:				
Debt service:				
Principal	3,735,000	3,735,000	-	3,370,000
Interest and fiscal charges	998,822	998,822	-	1,156,923
Total expenditures	4,733,822	4,733,822	-	4,526,923
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,579,101)	(1,177,559)	401,542	(1,062,277)
Other Financing Sources (Uses)				
Transfers in	1,271,124	1,271,124	-	1,577,604
Total Other Financing Sources (Uses)	1,271,124	1,271,124	-	1,577,604
Change in Fund Balance	(307,977)	93,565	401,542	515,327
Fund Balances, Beginning	4,398,464	4,398,464	-	3,883,137
Fund Balances, Ending	$ 4,090,487	$ 4,492,029	$ 401,542	$ 4,398,464

Exhibit C-4

CITY OF LA PORTE, TEXAS

2015 CERTIFICATES OF OBLIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ -	$ 84,837	$ 84,837	$ 66,226
Total revenues	-	84,837	84,837	66,226
Expenditures				
Current:				
Capital outlay	-	731,564	(731,564)	1,214,438
Total expenditures	-	731,564	(731,564)	1,214,438
Change in Fund Balance	-	(646,727)	(646,727)	(1,148,212)
Fund Balances, Beginning	3,403,222	3,403,222	-	4,551,434
Fund Balances, Ending	$ 3,403,222	$ 2,756,495	$ (646,727)	$ 3,403,222

Exhibit C-5

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, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	$ 700,000	$ 905,590	$ 205,590	$ 796,924
Investment earnings	7,250	36,976	29,726	13,147
Miscellaneous	-	8,373	8,373	5,220
Total revenues	707,250	950,939	243,689	815,291
Current:				
General government	636,203	444,197	192,006	496,430
Total expenditures	636,203	444,197	192,006	496,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,047	506,742	435,695	318,861
Other Financing Sources (Uses)				
Transfers to other funds	(57,500)	(57,500)	-	(57,500)
Total Other Financing Sources (Uses)	(57,500)	(57,500)	-	(57,500)
Change in Fund Balance	13,547	449,242	435,695	261,361
Fund Balances, Beginning	1,424,769	1,424,769	-	1,163,408
Fund Balances, Ending	$ 1,438,316	$ 1,874,011	$ 435,695	$ 1,424,769

Exhibit C-6

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, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	$ 2,500,000	$ 3,250,280	$ 750,280	$ 2,916,380
Investment earnings	30,000	89,116	59,116	48,073
Total revenues	2,530,000	3,339,396	809,396	2,964,453
Expenditures				
General government	681,745	338,341	343,404	346,636
Total expenditures	681,745	338,341	343,404	346,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,848,255	3,001,055	1,152,800	2,617,817
Other Financing Sources (Uses)				
Transfers to other funds	(2,869,062)	(2,869,062)	-	(3,079,212)
Total Other Financing Sources (Uses)	(2,869,062)	(2,869,062)	-	(3,079,212)
Change in Fund Balance	(1,020,807)	131,993	1,152,800	(461,395)
Fund Balances, Beginning	5,221,956	5,221,956	-	5,683,351
Fund Balances, Ending	$ 4,201,149	$ 5,353,949	$ 1,152,800	$ 5,221,956

Exhibit C-7

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, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	$ 1,250,000	$1,625,140	$ 375,140	$ 1,458,190
Investment earnings	15,000	69,528	54,528	27,428
Total revenues	1,265,000	1,694,668	429,668	1,485,618
Expenditures				
Current:				
Public works	1,348,509	1,428,198	(79,689)	783,768
Capital outlay	-	118,220	(118,220)	285,621
Total expenditures	1,348,509	1,546,418	(197,909)	1,069,389
Change in Fund Balance	(83,509)	148,250	231,759	416,229
Fund Balances, Beginning	2,882,710	2,882,710	-	2,466,481
Fund Balances, Ending	$ 2,799,201	$ 3,030,960	$ 231,759	$ 2,882,710

Exhibit C-8

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, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	$ 1,250,000	$ 1,575,139	$ 325,139	$ 1,452,028
Investment earnings	4,500	21,861	17,361	4,467
Total revenues	1,254,500	1,597,000	342,500	1,456,495
Expenditures				
Current:				
General government	-	-	-	951,318
Public safety	973,853	971,655	2,198	-
Capital outlay	82,199	77,069	5,130	103,582
Total expenditures	1,056,052	1,048,724	7,328	1,054,900
Change in Fund Balance	198,448	548,276	349,828	401,595
Fund Balances, Beginning	884,235	884,235	-	482,640
Fund Balances, Ending	$ 1,082,683	$ 1,432,511	$ 349,828	$ 884,235

Exhibit C-9

CITY OF LA PORTE, TEXAS

SPECIAL REVENUE FUND - RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Fines and forfeitures	$ 129,000	$ 236,437	$ 107,437	$ 225,324
Intergovernmental revenues	242,706	991,718	749,012	893,006
Investment earnings	-	51,269	51,269	27,620
Charges for services	850	126,974	126,124	35,552
Total revenues	372,556	1,406,398	1,033,842	1,181,502
Expenditures				
Current:				
General government	166,427	93,089	73,338	66,974
Public safety	414,438	341,526	72,912	305,838
Public works	47,300	96,195	(48,895)	78,566
Culture and recreation	-	17,189	(17,189)	46,915
Capital outlay	63,239	687,724	(624,485)	850,647
Total expenditures	691,404	1,235,723	(544,319)	1,348,940
Change in Fund Balance	(318,848)	170,675	489,523	(167,438)
Fund Balances, Beginning	2,199,105	2,199,105	-	2,366,543
Fund Balances, Ending	$ 1,880,257	$ 2,369,780	$ 489,523	$ 2,199,105

Exhibit C-10

CITY OF LA PORTE, TEXAS

2006 CERTIFICATES OF OBLIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ -	$ 183	$ 183	$ 3,971
Total revenues	-	183	183	3,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	183	183	3,971
Other Financing Sources (Uses)				
Transfers to other funds	-	-	-	(563,592)
Total Other Financing Sources (Uses)	-	-	-	(563,592)
Change in Fund Balance	-	183	183	(559,621)
Fund Balances, Beginning	7,456	7,456	-	567,077
Fund Balances, Ending	$ 7,456	$ 7,639	$ 183	$ 7,455

Exhibit C-11

CITY OF LA PORTE, TEXAS

2010 CERTIFICATES OF OBLIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ -	$ 27,231	$ 27,231	$ 17,974
Total revenues	-	27,231	27,231	17,974
Expenditures				
Current:				
Capital outlay	750,000	100,000	650,000	9,333
Total expenditures	750,000	100,000	650,000	9,333
Change in Fund Balance	(750,000)	(72,769)	677,231	8,641
Fund Balances, Beginning	1,185,718	1,185,718	-	1,177,077
Fund Balances, Ending	$ 435,718	$ 1,112,949	$ 677,231	$ 1,185,718

Exhibit C-12

CITY OF LA PORTE, TEXAS

CAPITAL PROJECTS FUND - 2017 CERTIFICATES OF OBLIGATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ -	$ 154,419	$ 154,419	$ 181,549
Total revenues	-	154,419	154,419	181,549
Expenditures				
Current:				
Public works	9,457,750	186,958	9,270,792	308,972
Capital outlay	42,250	6	42,244	-
Debt service:				
Total expenditures	9,500,000	186,964	9,313,036	308,972
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,500,000)	(32,545)	9,467,455	(127,423)
Change in Fund Balance	(9,500,000)	(32,545)	9,467,455	(127,423)
Fund Balances, Beginning	10,250,576	10,250,576	-	10,377,999
Fund Balances, Ending	$ 750,576	$ 10,218,031	$ 9,467,455	$ 10,250,576

Exhibit C-13

CITY OF LA PORTE, TEXAS

CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ 15,000	$ 200,746	$ 185,746	$ 72,091
Total revenues	15,000	200,746	185,746	72,091
Expenditures				
Current:				
General government	34,810	138,833	(104,023)	103,291
Culture and recreation	-	1,273,316	(1,273,316)	251,969
Capital outlay	4,231,342	1,053,137	3,178,205	619,507
Total expenditures	4,266,152	2,465,286	1,800,866	974,767
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,251,152)	(2,264,540)	1,986,612	(902,676)
Other Financing Sources (Uses)				
Transfers in	3,837,852	3,837,852	-	3,565,200
Total Other Financing Sources (Uses)	3,837,852	3,837,852	-	3,565,200
Change in Fund Balance	(413,300)	1,573,312	1,986,612	2,662,524
Fund Balances, Beginning	7,218,394	7,218,394	-	4,555,870
Fund Balances, Ending	$ 6,805,094	$ 8,791,706	$ 1,986,612	$ 7,218,394

Exhibit C-14

CITY OF LA PORTE, TEXAS

CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	$ 7,500	$ 24,828	$ 17,328	$ 11,541
Charges for services	279,000	278,509	(491)	267,358
Total revenues	286,500	303,337	16,837	278,899
Expenditures				
Current:				
Public works	-	35,720	(35,720)	15,454
Capital outlay	922,000	99,419	822,581	345,706
Total expenditures	922,000	135,139	786,861	361,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	(635,500)	168,198	803,698	(82,261)
Change in Fund Balance	(635,500)	168,198	803,698	(82,261)
Fund Balances, Beginning	905,977	905,977	-	988,239
Fund Balances, Ending	$ 270,477	$ 1,074,175	$ 803,698	$ 905,978

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CITY OF LA PORTE, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Taxes:				
Ad valorem:				
Current	$ 17,416,000	$ 17,416,000	$ 18,923,083	$ 1,507,083
Delinquent	100,000	100,000	(174,281)	(274,281)
Penalty and interest	160,500	160,500	270,809	110,309
Total ad valorem	17,676,500	17,676,500	19,019,611	1,343,111
Industrial Payments	13,750,000	13,750,000	14,899,624	1,149,624
Sales Taxes	5,000,000	5,000,000	6,499,254	1,499,254
Other Taxes	90,000	90,000	88,624	(1,376)
Franchise Fees:				
Electrical	2,018,631	2,018,631	2,162,840	144,209
Gas	140,500	140,500	135,688	(4,812)
Telephone	275,000	275,000	389,617	114,617
Cable	400,000	400,000	276,123	(123,877)
Commercial Solidwaste	85,000	85,000	71,576	(13,424)
Total Franchise Fees	2,919,131	2,919,131	3,035,844	116,713
Charges for Services:				
Public safety service fees	603,414	603,414	625,198	21,784
Health and sanitation service fees	3,215,500	3,215,500	3,233,493	17,993
Culture and recreation fees	1,697,195	1,697,195	1,563,261	(133,934)
Other service fees	375,725	375,725	362,440	(13,285)
Total Charges for Services	5,891,834	5,891,834	5,784,392	(107,442)
Intergovernmental	-	-	893,217	893,217
Licenses and permits:				
Building permits	627,300	627,300	1,319,235	691,935
Licenses	18,850	18,850	25,212	6,362
Total Licenses and permits	646,150	646,150	1,344,447	698,297
Investment income	400,000	400,000	1,436,238	1,036,238
Fines and forfeitures	1,559,550	1,559,550	2,277,993	718,443
Miscellaneous	169,114	169,114	316,015	146,901
Total revenues	$ 48,102,279	$ 48,102,279	$ 55,595,259	$ 7,492,980

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
General Government				
Administration:				
Emergency Management:				
Personal services	$ 258,542	$ 258,542	$ 263,038	$ (4,496)
Supplies	4,942	4,942	5,408	(466)
Other services and charges	79,118	104,019	52,166	51,853
Total Emergency Management	342,602	367,503	320,612	46,891
General Administration:				
Personal services	$ 498,764	$ 498,764	$ 466,758	32,006
Supplies	3,300	4,300	6,017	(1,717)
Other services and charges	152,989	151,989	27,643	124,346
Total General Administration	655,053	655,053	500,418	154,635
Community Investment:				
Personal services	$ -	$ -	$ -	-
Supplies	27,815	27,815	30,555	(2,740)
Other services and charges	85,700	85,700	59,350	26,350
Total Community Investment	113,515	113,515	89,905	23,610
Human Resources:				
Personal services	$ 265,468	$ 265,468	$ 294,521	(29,053)
Supplies	2,350	2,350	1,521	829
Other services and charges	185,910	200,510	186,432	14,078
Total Human Resources	453,728	468,328	482,474	(14,146)
Information Technology				
Personal services	$ 675,188	$ 675,188	$ 637,296	37,892
Supplies	22,787	22,787	26,859	(4,072)
Other services and charges	1,599,985	1,812,985	1,750,201	62,784
Total Information Technology	2,297,960	2,510,960	2,414,356	96,604
Municipal Court:				
Personal services	$ 792,390	$ 792,390	$ 769,201	23,189
Supplies and materials	27,250	26,800	20,925	5,875
Other services and charges	123,493	167,911	113,150	54,761
Total Municipal Court	943,133	987,101	903,276	83,825
Purchasing:				
Personal services	$ 279,913	$ 279,913	$ 284,735	(4,822)
Supplies	1,200	1,200	825	375
Other services and charges	9,155	9,155	7,785	1,370
Capital Outlay	-	-	-	-
Total Purchasing	290,268	290,268	293,345	(3,077)

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
General Government (continued)				
City Secretary:				
Personal services	$ 389,371	$ 389,371	$ 389,415	(44)
Supplies and materials	15,650	15,700	15,944	(244)
Other services and charges	84,536	89,786	81,737	8,049
Total City Secretary	489,557	494,857	487,096	7,761
Legal:				
Personal services	$ 14,823	$ 14,823	$ 129,013	(114,190)
Supplies and materials	-	-	-	
Other services and charges	169,397	169,397	33,725	135,672
Capital outlay	-	-	-	-
Total Legal	184,220	184,220	162,738	21,482
City Council:				
Personal services	$ 37,462	$ 37,462	$ 38,692	(1,230)
Supplies and materials	-	450	1,017	(567)
Other services and charges	22,984	28,984	31,616	(2,632)
Total City Council	60,446	66,896	71,325	(4,429)
Total Administration	5,830,482	6,138,701	5,725,545	413,156
Finance:				
Accounting:				
Personal services	$ 800,091	$ 800,091	$ 759,845	$ 40,246
Supplies	7,775	8,175	8,563	(388)
Other services and charges	86,954	91,517	81,786	9,731
Total Accounting	894,820	899,783	850,194	49,589
Nondepartmental:				
Personal services	$ 655,262	$ 655,262	$ 648,589	6,673
Supplies	4,800	4,800	6,138	(1,338)
Other services and charges	2,009,215	1,938,389	1,062,270	876,119
Total Nondepartmental	2,669,277	2,598,451	1,716,997	881,454
Tax Office:				
Personal services	$ 190,739	$ 190,739	$ 162,676	28,063
Supplies and materials	2,725	2,725	2,288	437
Other services and charges	292,692	292,692	287,248	5,444
Total Tax Office	486,156	486,156	452,212	33,944
Total Finance	4,050,253	3,984,390	3,019,403	964,987

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
General Government (continued)				
Planning and Engineering:				
Planning and Engineering:				
Personal services	$ 540,012	$ 540,012	$ 520,916	19,096
Supplies	7,601	7,051	4,953	2,098
Other services and charges	55,354	61,765	47,121	14,644
Total Planning and Engineering	602,967	608,828	572,990	35,838
Inspection:				
Personal services	$ 818,020	$ 818,020	$ 815,308	2,712
Supplies	22,826	22,826	21,914	912
Other services and charges	157,244	183,201	89,048	94,153
Total Inspection	998,090	1,024,047	926,270	97,777
Total Planning and Engineering	1,601,057	1,632,875	1,499,260	133,615
Total General Government	11,481,792	11,755,966	10,244,208	1,511,758
Public Safety				
Fire				
Fire Prevention:				
Personal services	$ 344,614	$ 344,614	$ 337,676	6,938
Supplies	18,128	18,128	16,279	1,849
Other services and charges	14,806	14,806	14,128	678
Total Fire Prevention	377,548	377,548	368,083	9,465
Fire suppression:				
Personal services	$ 1,595,271	$ 1,595,271	$ 1,696,573	(101,302)
Supplies	46,372	46,372	66,924	(20,552)
Other services and charges	277,617	283,602	263,830	19,772
Total Fire Suppression	1,919,260	1,925,245	2,027,327	(102,082)
Emergency medical services:				
Personal services	$ 2,570,089	$ 2,570,089	$ 2,646,346	(76,257)
Supplies	165,961	166,186	163,998	2,188
Other services and charges	151,087	150,862	139,460	11,402
Total Emergency Services	2,887,137	2,887,137	2,949,804	(62,667)
Total Fire	5,183,945	5,189,930	5,345,214	(155,284)

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Public Safety (continued)				
Police				
Police Administration:				
Personal services	$ 771,558	$ 771,558	$ 747,968	$ 23,590
Supplies	25,870	29,619	27,018	2,601
Other services and charges	240,732	245,732	205,362	40,370
Capital Outlay	5,000	-	-	
Total Police Administration	1,043,160	1,046,909	980,348	66,561.00
Police Patrol:				
Personal services	$ 5,976,409	$ 5,976,409	$ 5,764,992	211,417
Supplies	225,162	267,432	274,770	(7,338)
Other services and charges	857,079	857,079	903,641	(46,562)
Capital Outlay	42,000	3,985	-	3,985
Total Police Patrol	7,100,650	7,104,905	6,943,403	161,502
Criminal Investigation:				
Personal services	$ 2,294,702	$ 2,294,702	$ 2,122,065	172,637
Supplies	48,943	48,943	38,574	10,369
Other services and charges	136,040	136,040	124,949	11,091
Total Criminal Investigation	2,479,685	2,479,685	2,285,588	194,097
Support Services:				
Personal services	$ 2,830,655	$ 2,830,655	$ 2,686,062	144,593
Supplies	96,015	104,015	102,143	1,872
Other services and charges	247,099	239,099	232,854	6,245
Capital Outlay	-	37,230	28,099	9,131
Total Support Services	3,173,769	3,210,999	3,049,158	161,841
Total Police	13,797,264	13,842,498	13,258,497	584,001
Total Public Safety	18,981,209	19,032,428	18,603,711	428,717
Public Works				
Public Works Administration:				
Personal services	$ 624,783	$ 624,783	$ 631,236	(6,453)
Supplies and materials	9,420	9,420	7,686	1,734
Other services and charges	74,384	73,649	61,496	12,153
Capital outlay	6,250	6,985	6,984	-
Total Public Works Administration	714,837	714,837	707,402	7,434

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Public Works (continued)				
Streets:				
Personal services	$ 1,802,976	$ 1,802,976	$ 1,681,914	121,062
Supplies	133,747	146,622	112,258	34,364
Other services and charges	882,969	878,669	767,350	111,319
Total Streets	2,819,692	2,828,267	2,561,522	266,745
Total Public Works	3,534,529	3,543,104	3,268,924	274,179
Health and Sanitation				
Residential solidwaste:				
Personal services	$ 1,379,243	$ 1,379,243	$ 1,444,279	(65,036)
Supplies	292,077	292,077	287,121	4,956
Other services and charges	1,180,426	1,180,426	1,229,251	(48,825)
Total Residential Solidwaste	2,851,746	2,851,746	2,960,651	(108,905)
Commercial solidwaste:				
Other services and charges	17,500	17,500	16,910	590
Total Commercial Solidwaste	17,500	17,500	16,910	590
Total Health and Sanitation	2,869,246	2,869,246	2,977,561	(108,315)
Culture & Recreation				
Park Maintenance:				
Personal services	$ 1,505,932	$ 1,505,932	$ 1,601,626	$ (95,694)
Supplies and materials	113,908	113,908	125,044	(11,136)
Other services and charges	820,896	846,487	871,677	(25,190)
Capital outlay	22,268	12,700	12,694	6
Total Park Maintenance	2,463,004	2,479,027	2,611,041	(132,014)
Recreation:				
Personal services	$ 726,355	$ 726,355	$ 635,924	90,431
Supplies	65,233	69,288	56,515	12,773
Other services and charges	77,468	77,468	55,185	22,283
Capital Outlay	-	-	-	
Total Recreation	869,056	873,111	747,624	125,487
Special Services:				
Personal services	$ 427,095	$ 427,095	$ 377,260	49,835
Supplies	21,008	21,008	18,070	2,938
Other services and charges	62,064	62,064	60,050	2,014
Total Special Services	510,167	510,167	455,380	54,787

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Culture & Recreation (continued)				
Parks Administration:				
Personal Services	$ 550,635	$ 550,635	$ 529,752	20,883
Supplies	7,250	7,250	6,509	741
Other Services and Charges	22,371	62,371	35,438	26,933
Total Parks Administration	580,256	620,256	571,699	48,557
Golf Course - Club House				
Personal Services	$ 498,133	$ 498,133	$ 460,487	37,646
Supplies	63,700	63,700	58,702	4,998
Other Services and Charges	75,155	79,955	59,551	20,404
Capital Outlay	-	-	-	
Total Golf Course	636,988	641,788	578,740	63,048
Golf Course - Maintenance				
Personal Services	$ 673,103	$ 673,103	$ 663,319	9,784
Supplies	151,700	151,100	102,298	48,802
Other Services and Charges	215,991	216,591	199,538	17,053
Total Golf Course	1,040,794	1,040,794	965,155	75,639
Total Culture & Recreation	6,100,265	6,165,143	5,929,639	235,504
Total General Fund	$ 42,967,041	$ 43,365,887	$ 41,024,043	$ 2,341,843

CITY OF LA PORTE, TEXAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

September 30, 2019

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Assets				
Current Assets:				
Cash and cash equivalents	$ 4,099,230	$ 938,585	$ 1,726,146	$ 6,763,961
Investments	1,465,204	321,600	591,454	2,378,258
Other receivables, net of allowance	5,512	6,921	2,296	14,729
Due from other governments	-	119,927	-	119,927
Inventories	48,314	-	-	48,314
Total Current Assets	5,618,260	1,387,033	2,319,896	9,325,189
Noncurrent Assets:				
Capital assets:				
Land and improvements	-	-	60,914	60,914
Equipment	19,476,355	-	737,392	20,213,747
Less accumulated depreciation	(11,420,245)	-	(430,566)	(11,850,811)
Total Non-Current Assets	8,056,110	-	367,740	8,423,850
Total Assets	13,674,370	1,387,033	2,687,636	17,749,039
Liabilities				
Current liabilities:				
Accounts payable	32,718	15,371	-	48,089
Accrued liabilities	15,464	1,330	-	16,794
Unearned revenue	-	0	-	-
Claims and judgments	-	598,478	-	598,478
Total Current Liabilities	48,182	615,179	-	663,361
Noncurrent Liabilities:				
Accrued compensated absences	37,679	-	-	37,679
Total Noncurrent Liabilities	37,679	-	-	37,679
Total Liabilities	85,861	615,179	-	701,040
Net Position				
Invested in capital assets	8,056,110	-	367,740	8,423,850
Unrestricted	5,532,399	771,854	2,319,896	8,624,149
Total Net Position	$ 13,588,509	$ 771,854	$ 2,687,636	$ 17,047,999

CITY OF LA PORTE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Operating Revenues				
Charges for Services	$ 3,342,853	$ 6,096,776	$ 344,829	$ 9,784,458
Other		2,030		2,030
Total Operating Revenues	3,342,853	6,098,806	344,829	9,786,488
Operating Expenses				
Personnel	797,980	347,128	-	1,145,108
Supplies and materials	566,959	8,397,356	68,824	9,033,139
Depreciation	1,654,313	-	96,040	1,750,353
Total Operating Expenses	3,019,252	8,744,484	164,864	11,928,600
Operating Income (Loss)	323,601	(2,645,678)	179,965	(2,142,112)
Non-Operating Revenues				
Investment Earnings	119,914	27,418	52,119	199,451
Gain/loss on disposal of capital assets	28,987	-	-	28,987
Total Non-Operating Revenues	148,901	27,418	52,119	228,438
Income (Loss) Before Contributions and Transfers	472,502	(2,618,260)	232,084	(1,913,674)
Contributions and Transfers				
Transfers from other funds	-	2,465,037	-	2,465,037
Transfers (to) other funds	(20,585)	-	-	(20,585)
Total Contributions and Transfer	(20,585)	2,465,037	-	2,444,452
Change in Net Position	451,917	(153,223)	232,084	530,778
Net position, beginning	13,136,592	925,077	2,455,552	16,517,221
Net position, Ending	$ 13,588,509	$ 771,854	$ 2,687,636	$ 17,047,999

CITY OF LA PORTE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2019

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Cash Flows from Operating Activities				
Receipts from customers	$ 3,344,819	$ 6,110,394	$ 345,609	$ 9,800,822
Disbursed for personnel services	(786,652)	(346,864)	-	(1,133,516)
Disbursed for goods and services to suppliers	(560,081)	(8,331,281)	(68,824)	(8,960,186)
Net Cash Provided (Used) by Operating Activities	1,998,086	(2,567,751)	276,785	(292,880)
Cash Flows From Noncapital Financing Activities				
Transfer from other funds	-	2,465,037	-	2,465,037
Transfers to other funds	(20,585)	-	-	(20,585)
Net Cash Provided by Noncapital Financial Activities	(20,585)	2,465,037	-	2,444,452
Cash Flows from Capital & Related Financing Activities				
Proceeds from the sale of equipment	102,309	-	-	102,309
Acquisition and construction of capital assets	(663,133)	-	-	(663,133)
Financing Activities	(560,824)	-	-	(560,824)
Cash Flows from Investing Activities				
Interest received	119,914	27,418	52,119	199,451
Sale of investments	492,179	309,914	361,728	1,163,821
Net Cash Provided by Investing Activities	612,093	337,332	413,847	1,363,272
Net Increase (Decrease) in Cash and Cash Equivalents	2,028,770	234,618	690,632	2,954,020
Cash and Cash Equivalents, Beginning	2,070,460	703,967	1,035,514	3,809,941
Cash and Cash Equivalents, Ending	$ 4,099,230	$ 938,585	$ 1,726,146	$ 6,763,961
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ 323,601	$ (2,645,678)	$ 179,965	(2,142,112)
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	1,654,313	-	96,040	1,750,353
(Increase) decrease in accounts receivable	1,966	11,588	780	14,334
(Increase) in inventories	(3,279)	-	-	(3,279)
Increase (decrease) in accounts payable	10,157	14,446	-	24,603
Increase (decrease in accrued liabilities	4,730	264	-	4,994
Increase (decrease) in claims	-	51,629	-	51,629
Increase (decrease) in compensated absences	6,598	-	-	6,598
Net Cash Provided (Used) by Operating Activities	$ 1,998,086	$ (2,567,751)	$ 276,785	$ (292,880)

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	128
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	139
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	150
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 the City provides and the activities it performs.	152

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

CITY OF LA PORTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013
Governmental Activities				
Investment in capital assets	$ 35,194,777	$ 37,323,705	$ 46,813,655	$ 49,304,074
Restricted	18,108,170	8,060,185	8,728,729	8,902,103
Unrestricted	13,904,445	26,859,397	21,621,240	22,529,801
Total Governmental Activities Net Position	$ 67,207,392	$ 72,243,287	$ 77,163,624	$ 80,735,978
Business-type Activities				
Investment in capital assets	$ 40,595,009	$ 37,606,236	$ 37,566,663	$ 36,347,233
Restricted	1,459,834	680,136	559,309	2,096,178
Unrestricted	2,027,477	4,199,014	3,790,669	2,300,991
Total Business-type Activities Net Position	$ 44,082,320	$ 42,485,386	$ 41,916,641	$ 40,744,402
Primary Government				
Net investment in capital assets	$ 75,789,787	$ 74,929,941	$ 84,380,318	$ 85,651,307
Restricted	19,568,004	8,740,321	9,288,038	10,998,281
Unrestricted	15,931,922	31,058,412	25,411,909	24,830,792
Total Primary Government Net Position	$ 111,289,713	$ 114,728,674	$ 119,080,265	$ 121,480,380

Table 1

2014	2015	2016	2017	2018	2019
$ 54,506,024	$ 43,582,704	$ 48,367,017	$ 44,468,918	$ 43,421,145	$ 53,011,914
11,088,233	14,507,643	17,854,935	24,105,852	31,025,084	30,280,877
18,634,881	21,693,064	23,690,222	26,907,445	1,505,194	9,893,735
$ 84,229,138	$ 79,783,411	$ 89,912,174	$ 95,482,215	$ 75,951,423	$ 93,186,526
$ 35,872,947	$ 34,807,773	$ 34,291,664	$ 33,782,624	$ 32,199,968	$ 31,735,493
1,930,369	1,250,850	846,400	520,000	-	-
2,669,258	4,110,877	5,344,130	7,661,080	8,011,016	8,371,707
$ 40,472,574	$ 40,169,500	$ 40,482,194	$ 41,963,704	$ 40,210,984	$ 40,107,200
$ 90,378,971	$ 78,390,477	$ 82,658,680	$ 78,251,542	$ 75,621,113	$ 84,747,407
13,018,602	15,758,493	18,701,334	24,625,852	31,025,084	30,280,877
21,304,139	25,803,941	29,034,352	34,568,525	9,516,210	18,265,442
$ 124,701,712	$ 119,952,911	$ 130,394,366	$ 137,445,919	$ 116,162,407	$ 133,293,726

CITY OF LA PORTE

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013
Expenses				
Governmental Activities				
General government	$ 11,497,476	$ 14,574,511	$ 14,091,176	$ 13,854,988
Public safety	17,108,837	16,305,997	17,374,566	17,765,388
Public works	4,601,382	6,279,510	3,784,047	4,451,455
Health, welfare and sanitation	2,521,222	2,453,634	2,423,898	2,327,982
Culture and recreation	6,483,006	6,032,602	6,361,313	5,721,611
Interest on long-term debt	1,556,740	1,871,431	1,268,112	1,384,875
Total Governmental Activities Expenses	43,768,663	47,517,685	45,303,112	45,506,299
Business-type activities				
Water services	5,721,303	6,942,077	7,691,088	8,207,204
Sewer services	2,674,456	3,093,526	2,932,057	2,598,649
Airport	181,040	194,392	182,700	210,323
Bay Forest Golf Course	1,485,097	-	-	-
Total Business-type Activities Expenses	10,061,896	10,229,995	10,805,845	11,016,176
Total Primary Government Expenses	$ 53,830,559	$ 57,747,680	$ 56,108,957	$ 56,522,475
Program Revenues				
Governmental Activities				
Charges for services				
General government	$ 3,116,325	$ 711,994	$ 843,898	$ 645,517
Public safety	1,593,247	3,506,254	3,127,595	3,313,735
Public works	1,066,936	329,502	267,534	265,962
Health, welfare and sanitation	1,842,135	2,046,369	2,197,491	2,204,153
Culture and recreation	660,780	1,474,247	1,384,810	1,444,002
Operating grants and contributions				
General government	-	7,649	239,654	2,841
Public safety	928,389	610,967	431,076	433,367
Public works	-	427,732	766,127	20,168
Health, welfare and sanitation	64,025			
Culture and recreation	11,633	107,419	78,348	393,035
Capital grants and contributions				
General government	-	-	-	-
Public works	-	1,338	644	470
Total Governmental Activities Program Revenues	9,283,470	9,223,471	9,337,177	8,723,250
Business-type Activities				
Charges for services:				
Water services	3,849,661	6,267,432	6,054,683	5,693,598
Sewer services	3,307,484	3,534,535	3,600,979	3,420,370
Airport	53,216	56,429	28,340	56,246
Bay Forest golf Course	1,002,234	-	-	-
Capital grants and contributions	860,304	1,441,674	858,431	1,398,291
Total Business-type Activities Program Revenues	9,072,899	11,300,070	10,542,433	10,568,505
Total Primary Government Program Revenues	$ 18,356,369	$ 20,523,541	$ 19,879,610	$ 19,291,755
Net (Expense)/Revenue				
Governmental activities	$ (34,485,193)	$ (38,294,214)	$ (35,965,935)	$ (36,783,049)
Business-type activities	(988,997)	1,070,075	(263,412)	(447,671)
Total Primary Government Net Expense	$ (35,474,190)	$ (37,224,139)	$ (36,229,347)	$ (37,230,720)

2014	2015	2016	2017	2018	2019
$ 14,115,210	$ 12,962,387	$ 14,255,413	$ 15,735,976	$ 15,832,003	$ 15,519,147
20,436,450	19,081,622	21,114,939	21,446,421	21,673,188	21,356,779
6,259,764	4,088,146	4,422,464	4,930,721	9,796,326	7,818,696
2,519,298	5,748,206	6,059,896	3,899,678	4,685,795	4,016,465
5,854,546	3,497,174	3,439,722	6,177,554	6,513,794	6,932,569
1,403,628	1,585,354	1,782,508	2,506,004	1,059,007	900,287
50,588,896	46,962,889	51,074,942	54,696,354	59,560,113	56,543,943
7,731,776	5,064,287	4,985,902	6,269,356	8,788,113	7,985,233
2,802,013	4,347,309	4,374,763	4,267,901	1,926,133	1,769,830
229,603	230,006	210,590	210,324	133,093	157,008
-	-	-	-	-	-
10,763,392	9,641,602	9,571,255	10,747,581	10,847,339	9,912,071
$ 61,352,288	$ 56,604,491	$ 60,646,197	$ 65,443,935	$ 70,407,452	$ 66,456,014
$ 825,532	$ 3,981,230	$ 3,035,577	$ 2,538,477	$ 3,397,779	$ 4,067,810
3,208,256	1,664,782	1,913,289	1,553,872	1,125,345	2,217,655
269,830	336,917	343,682	354,096	267,358	278,509
2,223,234	2,255,095	2,244,061	2,401,783	2,231,727	2,247,869
1,509,412	2,057,253	1,614,085	1,584,863	1,547,786	1,676,381
2,982	-	-	-	-	-
545,738	307,016	436,375	1,119,223	352,886	1,286,498
258,119	23,143	17,731	123,435	2,559	15,435
1,207,958	1,205	756	751	650	1,443
-	-	-	-	57,474	-
292	3,030,480	607,357	582,045	537,786	596,878
10,051,353	13,657,121	10,212,913	10,258,545	9,521,350	12,388,478
5,406,545	4,308,578	4,795,719	5,982,350	8,726,710	8,389,773
3,422,627	3,587,825	3,652,071	3,551,728	1,320,816	1,109,495
56,157	59,181	62,849	60,651	61,879	58,971
-	-	-	-	-	-
1,125,777	787,285	534,168	126,359	126,359	262,977
10,011,106	8,742,869	9,044,807	9,721,088	10,235,764	9,821,216
$ 20,062,459	$ 22,399,990	$ 19,257,720	$ 19,979,633	$ 19,757,114	$ 22,209,694
$ (40,537,543)	$ (33,305,768)	$ (40,862,029)	$ (44,437,809)	$ (50,038,763)	$ (44,155,465)
(752,286)	(898,733)	(526,448)	(1,026,493)	(611,575)	(90,855)
$ (41,289,829)	$ (34,204,501)	$ (41,388,477)	$ (45,464,302)	$ (50,650,338)	$ (44,246,320)

CITY OF LA PORTE

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property taxes	$ 17,742,405	$ 17,163,861	$ 17,251,131	$ 17,782,090
Industrial payments	10,732,488	10,192,582	10,471,444	11,107,848
Sales and use taxes	5,913,679	6,235,537	8,267,162	8,717,613
Franchise taxes	2,170,699	2,195,824	2,311,944	2,184,020
Investment earnings	293,943	216,465	142,951	84,170
Other revenues	164,237	374,727	167,922	432,405
Gain/(Loss) no sale of capital assets	-	4,244,239	1,939,699	-
Transfers	(1,000,432)	2,706,874	334,029	720,356
Total Governmental Activities	36,017,019	43,330,109	40,886,282	41,028,502
Business-type Activities				
Investment earnings	39,078	33,243	12,309	8,468
Other revenues	-	6,622	16,387	36,378
Miscellaneous	-	-	-	-
Transfers	1,000,432	(2,706,874)	(334,029)	(720,356)
Total Business-type Activities	1,039,510	(2,667,009)	(305,333)	(675,510)
Total Primary Government	$ 37,056,529	$ 40,663,100	$ 40,580,949	$ 40,352,992
Change in Net Position				
Governmental activities	$ 1,531,826	$ 5,035,895	$ 4,920,347	$ 4,245,453
Business-type activities	50,513	(1,596,933)	(568,745)	(1,123,181)
Total Primary Government	$ 1,582,339	$ 3,438,962	$ 4,351,601	$ 3,122,272

2014	2015	2016	2017	2018	2019
$ 19,925,095	$ 20,765,774	$ 24,098,174	$ 23,857,654	$ 25,413,898	$ 26,484,216
11,554,949	12,269,152	14,377,602	14,270,899	14,147,728	14,899,624
10,104,500	10,743,862	9,862,705	10,859,215	12,544,803	13,944,027
2,252,404	2,411,827	2,300,464	2,252,253	2,621,035	3,035,844
106,024	204,346	380,268	563,868	1,228,759	2,414,593
458,770	164,004	766,683	601,136	251,508	251,400
-	-	-	-	-	-
(371,039)	(1,504,570)	(795,104)	(2,397,175)	(1,922,963)	360,864
44,030,703	45,054,395	50,990,792	50,007,850	54,284,768	61,390,568
8,624	25,440	44,038	110,828	152,557	360,285
100,795	-	-	-	-	-
-	-	-	-	-	(12,350)
371,039	1,504,570	795,104	2,397,175	1,922,963	(360,864)
480,458	1,530,010	839,142	2,508,003	2,075,520	(12,929)
$ 44,511,161	$ 46,584,405	$ 51,829,934	$ 52,515,853	$ 56,360,288	$ 61,377,639
$ 3,493,160	$ 11,748,627	$ 10,128,763	$ 5,570,041	$ 4,246,005	$ 17,235,103
(271,828)	631,277	312,694	1,481,510	1,463,945	(103,784)
$ 3,221,332	$ 12,379,904	$ 10,441,457	$ 7,051,551	$ 5,709,950	$ 17,131,319

CITY OF LA PORTE

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
General Fund				
Nonspendable	$ 135,162	$ 138,607	$ 94,401	$ 125,190
Committed	-	-	-	3,500,000
Assigned	132,558	95,923	30,003	103,690
Unassigned	11,836,769	19,118,624	23,840,153	23,856,087
Total General Fund	$ 12,104,489	$ 19,353,154	$ 23,964,557	$ 27,584,967
All Other Governmental Funds				
Restricted	$ 4,420,190	$ 14,084,212	$ 12,572,942	$ 12,193,956
Committed	24,019,140	9,078,724	6,553,417	5,585,628
Unassigned	-	-	(30,832)	-
Total All Other Governmental Funds	$ 28,439,330	$ 23,162,936	$ 19,095,527	$ 17,779,584

Table 3

2014	2015	2016	2017	2018	2019
$ 102,775	$ 88,954	$ 89,165	$ 102,058	$ 122,784	$ 163,083
8,500,000	7,000,000	6,000,000	2,000,000	-	-
78,182	257,147	4,439,879	297,359	420,854	134,391
21,294,383	25,216,547	29,385,827	40,500,147	46,763,435	57,312,783
$ 29,975,340	$ 32,562,648	$ 39,914,871	$ 42,899,564	$ 47,307,073	$ 57,610,257
$ 14,177,078	$ 24,421,383	$ 24,860,811	$ 34,573,658	$ 41,275,328	$ 44,362,333
2,961,849	1,916,608	2,977,676	4,555,870		-
(790)	-	-	-	-	-
$ 17,138,137	$ 26,337,991	$ 27,838,487	$ 39,129,528	$ 41,275,328	$ 44,362,333

CITY OF LA PORTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
Revenues				
Taxes	$ 36,681,503	$ 35,760,570	$ 38,352,720	$ 39,834,904
Licenses and permits	476,478	312,962	465,052	368,130
Fines and forfeitures	1,802,785	1,723,590	1,758,101	1,886,763
Charges for services	6,083,767	5,680,416	5,957,389	6,008,845
Intergovernmental	988,532	917,206	1,239,434	568,052
Interest	262,993	193,301	128,939	76,027
Miscellaneous	125,142	241,670	36,354	425,845
Total Revenues	46,421,200	44,829,715	47,937,989	49,168,566
Expenditures				
General government	9,787,606	10,288,502	10,461,877	11,043,438
Public safety	14,611,737	15,688,305	15,751,731	16,321,608
Public works	2,818,921	3,118,074	3,438,629	3,247,404
Health and sanitation	2,232,848	2,182,184	2,225,768	2,244,341
Culture and recreation	5,048,448	5,313,523	5,260,591	5,226,886
Debt service:				
Principal	1,755,000	1,740,000	2,170,000	2,365,000
Interest	1,387,566	1,871,371	1,519,769	1,385,204
Bond issuance cost	200,000	-	150,897	-
Capital outlay	10,843,496	8,713,827	8,583,249	5,499,508
Total Expenditures	48,685,622	48,915,786	49,562,511	47,333,389
(Deficiency) of Revenues (Under) Expenditures	(2,264,422)	(4,086,071)	(1,624,522)	1,835,177
Other Financing Sources (Uses)				
General obligation bonds issued	6,265,000	-	-	-
Refunding bonds issued	4,295,000	-	9,435,000	-
Certificate obligation bonds issued	-	-	-	-
Premium on refunding bonds issued	224,008	-	364,013	-
Premium on certificate obligations	-	-	-	-
Payment to refunding bond escrow agent	(4,409,763)	-	(9,638,626)	-
Transfers in	9,158,123	4,248,140	2,710,677	3,883,920
Transfers out	(10,545,233)	(5,011,924)	(2,643,894)	(3,629,974)
Sale of capital assets	5,024	6,822,126	1,941,346	215,342
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	4,992,159	6,058,342	2,168,516	469,288
Net Change in Fund Balances	$ 2,727,737	$ 1,972,271	$ 543,994	$ 2,304,465
Debt service as a percentage of noncapital expenditures	8.3%	9.0%	9.0%	9.0%

Table 4

2014	2015	2016	2017	2018	2019
$ 43,837,240	$ 46,155,069	$ 50,376,219	$ 51,574,722	$ 54,591,769	$ 58,567,086
497,756	1,346,552	596,451	535,741	668,808	1,344,447
1,790,849	1,953,698	1,996,073	1,965,249	2,092,419	3,269,711
6,305,127	6,994,772	6,555,228	6,069,248	5,953,581	6,062,901
1,572,360	3,195,238	1,024,097	1,077,893	893,006	1,129,654
96,409	184,029	349,551	531,369	1,157,443	2,215,142
261,204	398,872	728,390	517,828	298,792	451,362
54,360,945	60,228,230	61,626,009	62,272,050	65,655,818	73,040,303
13,828,179	11,953,166	11,706,047	13,301,718	14,486,950	11,641,780
17,428,040	17,698,818	18,323,687	18,873,276	18,377,804	19,892,523
3,432,583	2,916,113	3,028,953	4,161,399	4,429,378	5,012,265
2,334,184	2,457,565	2,644,295	2,730,308	2,871,114	2,977,561
5,440,724	5,727,700	5,848,613	5,998,452	6,332,061	7,220,144
2,640,000	4,625,582	4,281,085	4,178,629	3,370,000	6,744,168
1,217,883	1,589,644	1,451,075	1,385,122	1,156,923	1,180,817
153,884	-	-	-	-	
5,446,287	6,331,893	4,439,319	3,840,207	3,428,834	2,895,238
51,921,764	53,300,481	51,723,074	54,469,111	54,453,064	57,564,496
2,439,181	6,927,749	9,902,935	7,802,939	11,202,754	15,475,807
-	-	-	10,635,000	-	-
9,300,000	-	3,165,000	-	-	-
-	7,770,000	-	-	-	-
608,166	-	403,795	-	-	-
-	365,502	-	-	-	-
(9,749,587)	-	(3,490,716)	-	-	-
3,911,990	3,069,474	2,851,124	3,684,995	5,200,304	5,166,476
(4,761,324)	(6,556,417)	(3,979,419)	(7,849,825)	(9,849,749)	(7,252,094)
500	-	-	2,625	-	-
-	210,854	-	-	-	-
(690,255)	4,859,413	(1,050,216)	6,472,795	(4,649,445)	(2,085,618)
$ 1,748,926	$ 11,787,162	$ 8,852,719	$ 14,275,734	$ 6,553,309	$ 13,390,189
8.3%	13.2%	12.1%	10.8%	8.6%	14.9%

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Table 5

CITY OF LA PORTE

ASSESSED VALUE AND ESTIMATED VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Less Other Exemptions & Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
2010	$ 2,261,046,846	$ 582,963,159	515,111,496	$ 2,328,898,509	0.71000	$ 2,328,898,509	100%
2011	2,055,914,368	672,621,147	514,928,797	2,213,606,718	0.71000	2,213,606,718	100%
2012	2,079,843,021	720,515,678	535,441,621	2,264,917,078	0.71000	2,264,917,078	100%
2013	2,080,199,179	797,558,553	536,721,284	2,341,036,448	0.71000	2,341,036,448	100%
2014	2,176,582,621	986,494,475	590,232,231	2,572,844,865	0.71000	2,572,844,865	100%
2015	2,626,580,963	745,093,978	617,133,762	2,754,541,179	0.71000	2,754,541,179	100%
2016	2,692,041,032	978,850,207	629,133,265	3,041,757,974	0.71000	3,041,757,974	100%
2017	3,025,879,671	880,297,401	751,959,455	3,154,217,617	0.71000	3,154,217,617	100%
2018	3,270,392,733	830,253,210	814,706,643	3,285,939,300	0.71000	3,285,939,300	100%
2019	3,376,299,841	824,946,153	800,377,875	3,400,868,119	0.71000	3,400,868,119	100%

Source - Harris County Certified Tax Rolls and Corrections.

CITY OF LA PORTE

PROPERTY TAX RATES -

DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

	2010	2011	2012	2013
City of La Porte by fund:				
General	0.61900	0.60500	0.60500	0.64000
Debt service	0.09100	0.10500	0.10500	0.07000
Total Direct Rates	0.71000	0.71000	0.71000	0.71000
Harris County Flood Control District	0.02923	0.02809	0.02809	0.02827
Harris County	0.38805	0.39117	0.40021	0.41455
Port of Houston Authority	0.02054	0.01856	0.01952	0.01716
Harris County Board of Education	0.00658	0.00658	0.00662	0.00636
Hospital District	0.19216	0.19216	0.18216	0.17000
La Porte ISD	1.32500	1.35500	1.33000	1.33000
San Jacinto Jr. College District	0.17628	0.18560	0.18560	0.18560
Total Direct and Overlapping Rates	2.84784	2.88716	2.86220	2.86194

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

Table 6

2014	2015	2016	2017	2018	2019
0.61400	0.60500	0.60500	0.60500	0.60500	0.60500
0.09600	0.10500	0.10500	0.10500	0.10500	0.10500
0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
0.02736	0.02733	0.02829	0.02831	0.02878	0.02792
0.41731	0.41923	0.41656	0.41801	0.41858	0.40713
0.01531	0.01342	0.01334	0.01256	0.01155	0.01074
0.00600	0.00540	0.00520	0.00520	0.00519	0.00500
0.17000	0.17000	0.17179	0.17110	0.17108	0.16591
1.33000	1.45000	1.42000	1.38000	1.38000	1.28000
0.18560	0.17578	0.18238	0.18334	0.17933	0.17817
2.86158	2.97116	2.94756	2.90852	2.90451	2.78487

Table 7

CITY OF LA PORTE

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

	2019			2010		
Taxpayer	**Taxable Assessed Value**	**Rank**	**% of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Total Taxable Assessed Value**
2019						
HRUS Underwood LLC	$ 160,217,832	1	4.71%			
Liberty Property Limited Partnership	87,953,172	2	2.59%			
DNOW LP	54,602,933	3	1.61%			
Equistar Chemicals LP	46,062,691	4	1.35%			
Oxy Vinyls LP	42,349,069	5	1.25%			
INEOS USA LLC	37,999,780	6	1.12%			
Dow Chemical Co.	25,976,102	7	0.76%			
Liberty Property LTD Partnership	24,906,912	8	0.73%			
Ashland Industries Europ, GmbH	24,452,979	9	0.72%			
Centerpoint Energy Hou Ele	22,955,068	10	0.67%			
2010						
Concoco Phillips Co.				$ 63,702,828	1	2.73%
Oxy Vinyls LP				49,177,149	2	2.11%
Equistar Chemicals LP				48,220,926	3	2.07%
Granite Underwood Dist Ctr LP				46,366,214	4	1.99%
Wilson Supply				44,964,903	5	1.93%
Underwood Distribution Ctr.				38,895,000	6	1.67%
Ineos USA LLC				38,042,280	7	1.63%
Dow Chemical				28,930,683	8	1.24%
PPG Industries Inc				26,768,472	9	1.15%
Total Petrochemicals				24,500,733	10	1.05%
Subtotal	527,476,538		15.51%	409,569,188		17.58%
Other Taxpayers	2,873,391,581		84.49%	1,920,357,539		82.42%
Total	$ 3,400,868,119		100.00%	$ 2,329,926,727		100.00%

Table 8

CITY OF LA PORTE

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended September 30	Taxes levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	$ 16,542,483	$ 16,309,818	98.6%	$ 208,261	$ 16,518,079	99.9%
2011	15,871,498	15,599,930	98.3%	265,320	15,865,250	100.0%
2012	16,080,911	15,860,664	98.6%	224,600	16,085,264	100.0%
2013	16,621,361	16,518,207	99.4%	171,050	16,689,257	100.4%
2014	18,267,201	18,090,456	99.0%	231,514	18,321,970	100.3%
2015	19,514,402	19,304,486	98.9%	45,593	19,350,079	99.2%
2016	21,596,463	21,299,848	98.6%	188,670	21,488,518	99.5%
2017	22,269,063	22,109,029	99.3%	(88,541) *	22,020,488	98.9%
2018	23,125,072	22,798,488	98.6%	3,746	22,802,234	98.6%
2019	23,814,367	23,722,012	99.6%	-	23,722,012	99.6%

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

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Table 9

CITY OF LA PORTE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Year Ended September 30	**General Obligation Bonds**	**Certificates of Obligation**	**Limited Tax Bonds**	**Revenue Bonds**	**Other* Obligations**	**Total Primary Government**	**% of Personal Income**	**Per Capita**
2010	$ 11,665	$ 26,350	$ 4,050	$ -	$ 5,660	$ 47,725	0.006%	$ 1,298
2011	10,940	25,605	3,780	-	4,813	45,138	0.005%	1,322
2012	17,050	20,150	1,620	-	3,945	42,765	0.005%	1,212
2013	16,875	18,905	1,350	-	3,117	40,247	0.004%	1,165
2014	23,726	10,845	540	-	2,208	37,319	0.004%	1,072
2015	21,220	17,230	-	-	930	39,380	0.004%	891
2016	22,815	12,335	-	-	320	35,470	0.003%	991
2017	21,090	11,210	-	-	-	32,300	0.003%	1,086
2018	18,895	20,670	-	-	-	39,565	0.004%	1,119
2019	16,425	19,405	-	-	-	35,830	0.003%	1,011

Note: Details regarding the City's outstanding debt can be found in the note to the financial statements.
See Demographic and Economic Statistics for personal income and population data.
***** Includes premium on bonds.

Table 10

CITY OF LA PORTE

RATIOS OF NET GENERAL BONDED DEBT TO TAXABLE VALUE
GENERAL BONDED DEBT PER CAPITA,
AND TAXABLE VALUE OF ALL PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Year	General Obligation Bonds	Certificates of Obligation	Less Debt Service Fund	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Percentage of Personal Income (2)	Per Capita (2)
2010	2009	$ 15,715	$ 26,350	$ 2,151	$ 39,914	1.7%	0.005%	$ 965
2011	2010	14,720	25,605	3,118	37,207	1.7%	0.004%	1,152
2012	2011	18,670	20,150	3,113	35,707	1.6%	0.004%	1,090
2013	2012	18,225	18,905	2,490	34,640	1.5%	0.004%	1,165
2014	2013	24,266	10,845	2,769	32,342	1.3%	0.003%	1,072
2015	2014	21,220	17,230	3,161	35,289	1.3%	0.004%	1,006
2016	2015	22,815	12,335	3,541	31,609	1.0%	0.003%	899
2017	2016	21,090	11,210	3,883	28,417	0.9%	0.003%	810
2018	2017	18,895	20,670	4,398	35,167	1.0%	0.003%	994
2019	2018	16,425	19,405	4,525	31,305	1.0%	0.003%	884

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 the demographic and economic statistics table.

Table 11

CITY OF LA PORTE

Direct and Overlapping Governmental Activities Debt

As of September 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Harris County	$ 2,042,497,125	0.67%	$ 13,684,731
Harris County Department of Education	6,320,000	0.67%	42,344
Harris County Flood Control District	83,075,000	0.67%	556,603
Harris County Toll Road	-	0.67%	-
Harris County Hospital District	57,300,000	0.67%	383,910
La Porte I. S. D.	319,985,000	41.45%	132,633,783
Porte of Houston Authority	593,754,397	0.67%	3,978,154
San Jacinto Jr. College District	491,672,707	0.67%	31,073,715
Total Net Overlapping Debt	$ 3,594,604,229		182,353,240
City of La Porte Direct Debt*	$ 35,830,000		35,830,000
Total Direct and Overlapping Debt			$ 218,183,240

*Approximately $19,668,027 of the city's outstanding debt is self supporting.

Source: Texas Municipal Reports

Percentage are based on total property values.

Source: Texas Municipal Reports

Percentages are based on total property values.

Table 12

CITY OF LA PORTE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended September 30	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2010	33,800	$ 853,355,716	$ 25,604	33	7,781	8.2%
2011	34,138	880,399,908	26,172	33	7,732	9.0%
2012	35,280	878,708,768	25,952	34	7,739	6.3%
2013	34,553	917,811,538	26,894	36	7,729	6.3%
2014	34,813	937,182,978	27,186	36	7,634	5.0%
2015	35,074	1,001,483,958	28,823	37	7,648	4.6%
2016	35,148	1,052,095,094	30,127	37	7,753	5.8%
2017	35,086	1,052,095,094	30,127	37	7,713	5.8%
2018	35,371	1,052,095,094	30,127	37	7,575	4.6%
2019	35,423	1,098,608,922	31,014	38	7,340	4.1%

N/A - information not available.

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, medium 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 13

CITY OF LA PORTE

Principal Employers

Current Year and Ten Years Ago

2019			2009		
Employer	**Employees**	**Percentage of Total City Employment**	**Employer**	**Employees**	**Percentage of Total City Employment**
Equistar Chemicals	1,635	8.66%	La Porte ISD	1,230	4.47%
La Porte ISD	1,061	5.62%	Rockwood Service Corp.	700	2.55%
Dupont Chemical	545	2.89%	Longview Inspection Corp.	664	2.41%
J V Piping	440	2.33%	Quest Tru TEC	636	2.31%
Total Petrochemicals USA	409	2.17%	Oxy Vinyls, LP	530	1.93%
City of La Porte	389	2.06%	City of La Porte	381	1.39%
Ineos	385	2.04%	Ineos	350	1.27%
Total Safety US Inc	350	1.85%	Equistar Chemicals, LP	334	1.21%
Kateon Natie Houston	350	1.85%	Sulzer Hickham	330	1.20%
CCC Group Inc	300	1.59%	Air Liquide	170	0.62%
Total	5,864	31.06%	Total	5,325	19.36%

Source: CenterPoint Energy

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

CITY OF LA PORTE

FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30				
Function	**2010**	**2011**	**2012**	**2013**	**2014**
General government	79	90	90	88	88
Public safety	144	144	151	152	154
Public works	32	32	32	30	30
Health and sanitation	22	24	24	23	23
Culture and recreation	46	46	46	42	42
Water services	25	25	25	25	24
Sewer services	20	20	20	20	20
Golf course*	12	-	-	-	-
Total	380	381	388	380	381

Source: City of La Porte Human Resource Department

*2011 thru 2019 are blank due to funding golf course workers out of the General Fund.

Table 14

Full-time Equivalent Employees as of September 30				
2015	**2016**	**2017**	**2018**	**2019**
89	89	89	90	89
154	154	154	155	155
30	30	33	35	35
23	22	23	23	23
42	44	42	42	42
25	25	25	25	25
20	20	20	20	20
-	-	-	-	-
383	384	386	390	389

CITY OF LA PORTE

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Police					
Physical arrests	2,538	2,354	2,311	2,205	2,032
Tickets processed	16,603	14,619	13,221	13,861	14,151
Fire					
Number of calls answered	1,559	1,483	1,195	1,219	1,262
Inspections	690	725	812	950	1,020
Highways and streets					
Street resurfacing (linear feet)	38,365	60,472	69,580	13,520	11,183
Potholes repaired	1,236	465	1,173	271	165
Sanitation					
Cubic yards of garbage collected	29,642	27,961	42,589	30,625	54,812
Cubic yards of trash collected	43,368	45,778	54,641	32,137	40,701
Culture and recreation					
Fitness center admissions	78,118	64,989	64,279	64,587	90,765
Water					
Number of water meters	12,015	12,061	12,129	12,234	12,321
Average daily consumption	3.9	4.6	4.3	4	3.8
(millions of gallons)	417	666	311	379	411
Water main breaks					
Wastewater					
Average daily sewage treatment	3.7	2.8	3.3	2.7	2.6
(thousands of gallons)					
Golf Course					
Number of paid rounds played	31,271	34,848	34,038	32,257	32,741

Source - Various City departments.

Table 15

2015	2016	2017	2018	2019
2,152	2,399	1,826	1,968	2,097
14,316	13,231	11,900	15,605	16,695
1,378	1,356	1,532	1,536	1,636
383	1,025	852	550	1,102
11,172	22,172	18,602	13,015	20,332
342	236	118	231	134
50,945	26,458	48,716	56,406	55,924
31,518	40,569	44,733	36,174	37,611
67,794	102,778	96,011	90,583	87,804
12,431	12,523	12,591	12,682	12,870
3.9	3.8	3.7	3.8	3.564
200	217	199	220	173
3.8	3.8	3.5	3.9	4
29,965	26,794	26,840	26,006	25,075

CITY OF LA PORTE

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Public safety					
Police station	1	1	1	1	1
Police officers	75	75	74	74	74
Reserve officers	2	2	2	6	2
Fire stations	4	4	4	4	4
Sanitation					
Collection trucks	14	14	12	12	12
Highways and streets					
Streets (miles)	126	126	125	297	297
Streetlights	2,387	2,415	2,415	2,415	2,415
Traffic signals	5	5	6	6	6
Culture and recreation					
Parks acreage	356	356	188	188	188
Parks acreage	21	21	22	22	22
Swimming pools	5	5	5	5	5
Recreation centers	4	4	3	3	2
Senior center	1	1	1	1	1
Water and sewer					
Water mains (miles)	180	181	182	183	184
Fire hydrants	1,179	1,186	1,199	1,226	1,256
Sanitary sewers (miles)	191	192	192	192	192
Storm sewers (miles)	95	97	60	112	112

Source - Various City departments.

Table 16

2015	2016	2017	2018	2019
1	1	1	1	1
76	75	78	79	79
3	3	2	4	1
4	4	4	4	4
14	17	16	16	14
272	273	273	273	274
2,415	2,415	2,415	2,905	2,884
7	7	7	7	7
188	188	188	188	188
22	22	22	22	23
5	5	5	5	5
2	2	2	2	2
1	1	1	1	1
185	187	187	189	192
1,265	1,276	1,291	1,314	1,349
193	194	194	194	195
115	115	116	116	118

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