

LA PORTE INDEPENDENT SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2013

BASIC FINANCIAL STATEMENTS

LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

EXHIBIT A-1

Data Control Codes	<u>ASSETS</u>	<u>Governmental Activities</u>
	Current assets:	
1110	Cash and cash equivalents	\$ 71,401,766
1220	Property taxes receivable	2,638,950
1230	Allowance for uncollectible property taxes	(993,900)
1240	Due from other governments	1,725,283
1260	Due from fiduciary funds	(2,419)
1290	Other receivables	53,217
1310	Inventories	110,700
1410	Prepaid items	1,646,872
1420	Deferred charges	1,782,018
	Total current and other assets	<u>78,362,487</u>
	Capital assets:	
1510	Land	10,254,937
1520	Building and improvements	258,033,270
1530	Furniture and equipment	15,511,915
1560	Less accumulated depreciation	(67,354,210)
	Total capital assets (net)	<u>216,445,912</u>
1000	Total assets	<u>294,808,399</u>
	 LIABILITIES	
	Current liabilities:	
2110	Accounts payable	942,475
2140	Interest payable	3,274,873
2150	Payroll deductions and withholdings payable	816,643
2160	Accrued wages payable	1,430,100
2170	Due to fiduciary funds	(2,115)
2180	Due to other governments	11,077,960
2200	Accrued expenses	576,536
2300	Unearned revenue	94,399
2501	Noncurrent liabilities due within one year	8,858,226
	Total current liabilities	<u>27,069,097</u>
	Noncurrent liabilities:	
2502	Noncurrent liabilities due in more than one year	193,162,975
	Total noncurrent liabilities	<u>193,162,975</u>
2000	Total liabilities	<u>220,232,072</u>
	 NET POSITION	
3200	Net investment in capital assets	61,780,754
	Restricted for:	
3840	Grant funds	1,715,151
3850	Debt service	3,462,441
3900	Unrestricted	7,617,981
	Total net position	<u>\$ 74,576,327</u>

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT B-1

Data Control Codes		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 41,355,025	\$ 53,863	\$ 4,457,570	\$ (36,843,592)
12	Instructional resources and media services	501,443	-	66,071	(435,372)
13	Curriculum and staff development	641,691	-	341,703	(299,988)
21	Instructional leadership	1,142,625	-	90,437	(1,052,188)
23	School leadership	3,681,792	-	269,473	(3,412,319)
31	Guidance and counseling	2,253,409	-	515,733	(1,737,676)
32	Social work services	165,195	-	4,472	(160,723)
33	Health services	691,172	-	49,977	(641,195)
34	Student (pupil) transportation	3,078,612	-	716,180	(2,362,432)
35	Food services	3,821,034	1,705,036	1,856,147	(259,851)
36	Cocurricular/extracurricular activities	1,863,511	134,466	282,921	(1,446,124)
41	General administration	2,929,657	-	123,927	(2,805,730)
51	Plant maintenance and operations	10,146,172	114,583	503,080	(9,528,509)
52	Security and monitoring services	519,364	-	5,971	(513,393)
53	Data processing services	2,584,811	-	59,316	(2,525,495)
61	Ancillary services	52,049	-	12,701	(39,348)
71	Debt service - interest and fees	8,788,707	-	-	(8,788,707)
81	Facilities repair and maintenance	232,769	-	-	(232,769)
91	Contracted instructional services	16,808,844	-	-	(16,808,844)
93	Payments to fiscal agent	98,998	-	86,234	(12,764)
95	Payments to juvenile justice alternative education program	19,620	-	-	(19,620)
97	Payments to tax increment fund	877,868	-	-	(877,868)
99	Other intergovernmental charges	660,402	-	-	(660,402)
	TOTAL PRIMARY GOVERNMENT:	<u>\$ 102,914,770</u>	<u>\$ 2,007,948</u>	<u>\$ 9,441,913</u>	<u>(91,464,909)</u>

Data Control Codes		
General revenues:		
Taxes:		
MT	Property taxes, levied for general purposes	63,383,117
DT	Property taxes, levied for debt service	18,932,619
SF	State aid-grants and contributions not restricted to specific programs	3,594,602
IE	Investment earnings	134,986
FR	SHARS/MAC	1,177,535
MI	Miscellaneous	1,162,789
TG	Total general revenues	<u>88,385,648</u>
CN	Change in net position	(3,079,261)
NB	Net position - beginning	77,655,588
NE	Net position - ending	<u>\$ 74,576,327</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENT FUNDS
JUNE 30, 2013**

EXHIBIT C-1

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
1110 Cash and cash equivalents	\$ 43,961,578	\$ 6,351,729	\$ 12,726,671	\$ 6,498,983	\$ 69,538,961
Receivables					
1220 Property taxes - delinquent	2,142,255	496,695	-	-	2,638,950
1230 Allowance for uncollectible taxes	(827,500)	(166,400)	-	-	(993,900)
1240 Due from other governments	967,274	62,834	-	695,175	1,725,283
1260 Due from other funds	483,426	78	-	5,723	489,227
1290 Other receivables	53,217	-	-	-	53,217
1310 Inventories, at cost	23,446	-	-	48,189	71,635
1410 Deferred expenditures	1,588,695	-	56,924	-	1,645,619
1000 Total Assets	<u>\$ 48,392,391</u>	<u>\$ 6,744,936</u>	<u>\$ 12,783,595</u>	<u>\$ 7,248,070</u>	<u>\$ 75,168,992</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
2110 Accounts payable	\$ 671,515	\$ -	\$ 35,208	\$ 229,273	\$ 935,996
2150 Payroll deductions and withholdings payable	816,643	-	-	-	816,643
2160 Accrued wages payable	1,292,336	-	-	137,764	1,430,100
2170 Due to other funds	5,711	7,622	-	476,200	489,533
2180 Due to other governments	11,077,960	-	-	-	11,077,960
2300 Deferred revenues	1,314,755	330,295	-	94,399	1,739,449
2000 Total Liabilities	<u>15,178,920</u>	<u>337,917</u>	<u>35,208</u>	<u>937,636</u>	<u>16,489,681</u>
FUND BALANCES					
Non-spendable					
3410 Inventories	23,446	-	-	48,189	71,635
3430 Prepaid items	1,588,695	-	56,924	-	1,645,619
Restricted for					
3450 Grant funds	-	-	-	1,666,962	1,666,962
3470 Capital acquisitions	-	-	12,691,463	-	12,691,463
3480 Retirement of long-term debt	-	6,407,019	-	-	6,407,019
Committed for					
3520 Compensated absences	1,016,430	-	-	-	1,016,430
3540 Self insurance	1,000,000	-	-	-	1,000,000
3545 Local special revenue funds	-	-	-	4,595,283	4,595,283
Unassigned					
3600 General fund	29,584,900	-	-	-	29,584,900
3000 Total Fund Balances	<u>33,213,471</u>	<u>6,407,019</u>	<u>12,748,387</u>	<u>6,310,434</u>	<u>58,679,311</u>
4000 Total Liabilities and Fund Balances	<u>\$ 48,392,391</u>	<u>\$ 6,744,936</u>	<u>\$ 12,783,595</u>	<u>\$ 7,248,070</u>	<u>\$ 75,168,992</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

EXHIBIT C-2

Total fund balances--governmental funds		\$ 58,679,311
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:</p>		
Historical cost	\$ 283,800,122	
Accumulated depreciation	(67,354,210)	
Change due to Capital Assets	<u>216,445,912</u>	216,445,912
<p>Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>		
		1,645,050
<p>Internal service funds are used by the District's management to charge the costs of the workers' compensation insurance program and print shop to the individual funds. The assets and liabilities of the internal service fund are included in the government wide statement of net assets.</p>		
		1,320,110
<p>Bond issuance costs are not financial resources and therefore are not reported as assets in governmental funds. These costs are to be amortized over the life of the bonds.</p>		
		1,782,018
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Bonds payable	(200,635,000)	
Deferred loss on refunding	6,036,868	
Premiums on issuance	(6,372,463)	
Compensated absences	(1,050,606)	
Accrued interest payable	<u>(3,274,873)</u>	
Change due to long-term liabilities	<u>(205,296,074)</u>	<u>(205,296,074)</u>
Total net position - governmental activities		\$ <u>74,576,327</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT C-3

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
5700 Total local and intermediate sources	\$ 65,728,005	\$ 17,991,360	\$ 349,673	\$ 2,255,224	\$ 86,324,262
5800 State program revenues	6,447,797	-	-	434,772	6,882,569
5900 Federal program revenues	1,177,535	-	-	5,607,174	6,784,709
5020 Total Revenues	<u>73,353,337</u>	<u>17,991,360</u>	<u>349,673</u>	<u>8,297,170</u>	<u>99,991,540</u>
EXPENDITURES					
Current:					
0011 Instruction	32,755,579	-	1,008,586	2,937,153	36,701,318
0012 Instructional resources and media services	451,516	-	-	48,192	499,708
0013 Curriculum and instructional staff development	308,627	-	-	332,755	641,382
0021 Instructional administration	1,093,970	-	-	40,464	1,134,434
0023 School administration	3,573,381	-	-	94,680	3,668,061
0031 Guidance and counseling	1,819,086	-	-	430,125	2,249,211
0032 Social work services	164,796	-	-	-	164,796
0033 Health services	673,840	-	-	17,193	691,033
0034 Student (pupil) transportation	2,784,929	-	28,947	21,741	2,835,617
0035 Food services	-	-	-	3,870,741	3,870,741
0036 Cocurricular/extracurricular activities	1,218,583	-	-	271,482	1,490,065
0041 General administration	2,806,794	-	65,648	32,408	2,904,850
0051 Plant maintenance and operations	7,443,575	-	1,779,397	404,846	9,627,818
0052 Security and monitoring services	516,845	-	-	2,515	519,360
0053 Data processing services	1,302,493	-	946,735	82	2,249,310
0061 Ancillary services	34,175	-	-	12,701	46,876
0070 Debt service:					
0071 Principal	-	8,210,000	-	-	8,210,000
0072 Interest	-	8,653,933	-	-	8,653,933
0073 Bond issuance cost and fees	-	4,850	-	-	4,850
0081 Facilities acquisition and construction	-	-	4,513,155	-	4,513,155
0090 Intergovernmental:					
0091 Contracted instructional services	16,808,844	-	-	-	16,808,844
0093 Payments to fiscal agent	12,764	-	-	86,234	98,998
0095 Payments to juvenile justice alternative ed program	19,620	-	-	-	19,620
0097 Payments to tax increment fund	877,868	-	-	-	877,868
0099 Other intergovernmental charges	660,402	-	-	-	660,402
6030 Total Expenditures	<u>75,327,687</u>	<u>16,868,783</u>	<u>8,342,468</u>	<u>8,603,312</u>	<u>109,142,250</u>
1200 Net Change in Fund Balances	(1,974,350)	1,122,577	(7,992,795)	(306,142)	(9,150,710)
0100 Fund Balance - July 1, 2012	35,187,821	5,284,442	20,741,182	6,616,576	67,830,021
3000 Fund Balance - June 30, 2013	<u>\$ 33,213,471</u>	<u>\$ 6,407,019</u>	<u>\$ 12,748,387</u>	<u>\$ 6,310,434</u>	<u>\$ 58,679,311</u>

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT C-4

Net change in fund balances - total governmental funds	\$ (9,150,710)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The capital outlays that were expensed for governmental purposes but capitalized in statement of net assets were:	
	4,779,394
Depreciation expense is recorded in statement of activities but is not recorded in the governmental fund statement of revenues, expenditures and changes in fund balance. The total amount of depreciation expense was:	
	(6,544,650)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. For the statement of activities, a portion of the current year property tax is recognized as income in the current year along with the related penalties and interest. The difference between the fund basis and full accrual basis on property taxes was:	
	(156,031)
Current year amortization of deferred loss on refunding bonds is not recorded in the governmental funds.	
	(430,577)
Current year amortization of bond issuance costs is not recorded in the governmental funds.	
	(205,237)
Current year amortization of premium on bonds payable is not recorded in the governmental funds.	
	675,672
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, the amount of principal payments was:	
	8,210,000
The change in the interest expense accrual amount was:	
	(169,782)
Internal service funds are used by management to charge the costs of workers compensation and print shop activities to the governmental funds. Accordingly, the income in the internal service funds is allocated back to the governmental activities.	
	(2,185)
Change in compensated absences to accrual basis.	
	<u>(85,155)</u>
Change in net position of governmental activities.	
	<u><u>\$ (3,079,261)</u></u>

LA PORTE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2013

EXHIBIT D-1

<u>Data Control Codes</u>		<u>Internal Service Fund</u>
ASSETS		
Current Assets:		
1110	Cash and cash equivalents	\$ 1,862,805
1260	Due from other funds	2
1310	Inventory	39,065
1410	Deferred expenditures	1,253
	Total current assets	<u>1,903,125</u>
1000	Total Assets	<u>1,903,125</u>
 LIABILITIES		
Current Liabilities:		
2110	Accounts payable	6,479
2200	Accrued expenses	576,536
	Total current liabilities	<u>583,015</u>
2000	Total Liabilities	<u>583,015</u>
 NET POSITION		
3900	Unrestricted	1,320,110
3000	Total Net Position	<u>\$ 1,320,110</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT D-2

<u>Codes</u>	<u>Internal Service Fund</u>
OPERATING REVENUES	
5700 Charges for services	\$ 678,354
5020 Total operating revenues	<u>678,354</u>
OPERATING EXPENSES	
6100 Payroll costs	30,026
6200 Purchased and contracted services	599,820
6300 Supplies and Materials	<u>50,693</u>
6030 Total operating expenses	<u>680,539</u>
Operating loss	<u>(2,185)</u>
1300 Change in Net Position	(2,185)
0100 Net Position - July 1 (Beginning)	<u>1,322,295</u>
3300 Net Position - June 30 (Ending)	<u>\$ 1,320,110</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT D-3

	<u>Internal Service Fund</u>
Cash Flows From Operating Activities:	
Cash received from charges for services	\$ 686,538
Cash payments for insurance claims	(354,597)
Cash payments for other operating expenses	(174,899)
Net Cash Provided by Operating Activities	<u>157,042</u>
Net increase in cash and cash equivalents	157,042
Cash and cash equivalents at beginning of the year	<u>1,705,763</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,862,805</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss:	\$ (2,185)
Effect of increases and decreases in current assets and liabilities:	
Decrease in due from other funds	194
Increase in deferred expenditures	(312)
Decrease in other receivables	8,302
Decrease in inventory	6,664
Increase in accounts payable	919
Increase in accrued expenses	143,460
Net Cash Provided by Operating Activities	<u><u>\$ 157,042</u></u>

LA PORTE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2013

EXHIBIT E-1

<u>Data Control Code</u>		865
	<u>Trust Funds</u>	<u>Student Activity Fund</u>
ASSETS		
1110	Cash and cash equivalents	\$ 292,330
1260	Due from other funds	769
	Total Assets	293,099
LIABILITIES		
2110	Accounts payable	20,277
2170	Due to other funds	465
2190	Due to student groups	272,357
	Total Liabilities	293,099
NET POSITION		
	Restricted	\$ -

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT E-2

	<u>Trust Funds</u>
Additions	
Gifts and contributions	\$ 153,633
Earnings on investments	<u>307</u>
Total Additions	153,940
Deductions	
Scholarships awarded	<u>132,190</u>
Total Deductions	<u>132,190</u>
Change in Net Position	21,750
Net position, beginning of year	<u>218,020</u>
Net position, end of year	<u><u>\$ 239,770</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The La Porte Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas (the State). It is governed by a seven member Board of Trustees that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant accounting policies of the District.

A. Reporting Entity

The Board of Trustees (the Board) is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity* as amended by GASB 39, *Determining Whether Certain Organizations are Component Units* and GASB 61, *The Financial Reporting Entity: Omnibus*. There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the La Porte Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no business-type activities for the year ended June 30, 2013.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund services provided and used are not eliminated in the process of consolidation.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is the accounting convention, which determines which assets and liabilities are included on the balance sheet of a fund type and whether a fund type's operating statement presents "financial flow" or capital maintenance information.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements (with the exception of agency funds which are custodial in nature thus do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. Net Position is segregated into net investment in capital assets, restricted, and unrestricted.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting

The District's accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

The General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major program revenues include local property taxes, state funding under the foundation school program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

Debt Service Funds – The debt service fund is utilized to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Funds – The capital project fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of general obligation bonds and interest earned on such monies and local sources designated for such purposes.

Additionally, the District reports the following non-major fund types:

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting – Continued

Proprietary Funds:

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service funds are a worker's compensation fund and a print shop fund. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. All other revenues and expenses are nonoperating items.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency funds are student activity funds and scholarship funds.

E. Budgets and Budgetary Accounting

The District facilitates budgeting and budgetary control by preparing annual budgets for the General Fund, Food Service Fund, Debt Service Fund and Capital Project Fund and appropriately amending the budgets as circumstances dictate; the annual budgets as amended are an integral part of the accounting system, providing appropriate budgetary control over revenues, expenditures and transfers through comparison of actual data and encumbrances to budgetary data.

The Superintendent of Schools is designated as the budget officer of the District and is responsible for preparing, or causing to be prepared, a budget for the next succeeding fiscal year.

The Board of Trustees may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the Texas Education Agency. Such amendments must be reflected in the official minutes of the Board, and may not, by law, occur after June 30. Therefore, the legal level of budgetary control is at the function level within each budgeted fund. Management may transfer appropriations between objects, sub-objects, organizations, programs, and projects without approval from the Board of Trustees, as long as appropriations are not increased at the function level.

The Texas Education Agency (TEA) requires the budgets to be filed with them through regular submissions to the Public Education Information Management System (PEIMS).

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Budgets and Budgetary Accounting – Continued

The budget should not be exceeded in any functional expenditure category under TEA requirements. The final amended versions of these budgets are used in this report.

Budgets for the General Fund, Food Service Fund, Debt Service Fund and Capital Projects Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Cash and Cash Equivalents

The District's cash is comprised of demand accounts and imprest funds. All daily receipts are deposited to the demand accounts until the funds are invested under the terms of the District's depository contract. The District considers cash equivalents to be all highly liquid investments with initial maturities of ninety days or less from the date of purchase.

G. Temporary Investments

In accordance with GASB Statement No. 31, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

H. Inventory

Inventories on the balance sheet consist of materials and supplies and are recorded at first-in, first-out (FIFO) cost. The District follows the consumption method of accounting whereby supplies and materials are recorded as expenditures when utilized.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Compensated Absences

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

In lieu of benefits provided in the preceding paragraph, an employee eligible for such benefits may opt to receive a lump sum equivalent to seventy percent of the eligible benefits made available by this policy in exchange for waiving all other benefits owned under this policy.

Twelve-month employees with less than ten years of service will accrue .834 days of vacation each month between July 1 and June 30. Twelve-month employees with greater than ten years of service will accrue 1.25 days of vacation each month between July 1 and June 30. Employees may accrue up to a maximum of 25 vacation days. Earned vacation time shall be paid to any terminating staff member.

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

J. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by the TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

K. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2013 will change and those changes could be material.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District expects to receive all significant receivables within one year of June 30, 2013.

M. Capital Assets

Capital assets, which include land, buildings and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-65
Furniture and equipment	5-30

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Interfund Transactions

During the course of normal operations, it is necessary for the District to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses initially made from it, that are properly applicable to another fund.
- Transfers of equity balances from one fund to another.
- Transfers in and out, as appropriate, which are shown as other financing sources or uses in the fund financial statements.
- All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements.

P. Fund Balances and Net Position

Government-Wide Financial Statements

Net position on the Statement of Net Position includes the following:

Net investment in capital assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Fund Balances and Net Position – Continued

Government-Wide Financial Statements – Continued

Restricted for debt service – the component of net position that reports the difference between assets and liabilities with constraints placed on their use by law.

Restricted for grant programs – the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the providers of the funds.

Unrestricted -- the difference between the assets and liabilities that is not reported in any of the classifications above.

Governmental Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54). The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are non-spendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long term receivables.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Fund Balances and Net Position – Continued

Governmental Fund Financial Statements – Continued

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action in an open meeting of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees.

Assigned – includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Chief Financial Officer pursuant to the District's fund balance policy.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Q. Recently Issued Accounting Pronouncements

During March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of the statement are effective for financial statements for periods beginning after December 15, 2012. The District is evaluating the impact of this statement on their financial statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

Q. Recently Issued Accounting Pronouncements – Continued

During June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014. The District is evaluating the impact of this statement on their financial statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. BONDED DEBT PAYABLE

Bonded debt payable as of June 30, 2013 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2012	Retired Current Year	Amount Outstanding 6/30/2013
Unlimited Tax Refunding Bonds Series 2012	2.00-5.00	\$ 40,685,000	\$ 40,685,000	\$ 210,000	\$ 40,475,000
Unlimited Tax School House Bonds Series 2010B	3.52-4.64	18,880,000	18,880,000	-	18,880,000
Unlimited Tax School House Bonds Series 2010A	2.00-4.00	7,780,000	7,120,000	650,000	6,470,000
Unlimited Tax School Refunding Bonds Series 2010	2.25-5.00	19,500,000	17,910,000	2,330,000	15,580,000
Unlimited Tax School House Bonds Series 2009	3.00-5.00	29,480,000	28,510,000	895,000	27,615,000
Unlimited Tax School House Bonds Series 2008A	3.00-5.00	20,895,000	19,360,000	910,000	18,450,000
Unlimited Tax School House Bonds Series 2008	3.00-5.00	65,000,000	60,935,000	890,000	60,045,000
Unlimited Tax School House and Refunding Bonds Series 2005A	3.50-5.00	63,700,000	9,920,000	1,125,000	8,795,000
Unlimited Tax Refunding Bonds Series 2005	3.25-5.00	10,755,000	<u>5,525,000</u>	<u>1,200,000</u>	<u>4,325,000</u>
Total bonded debt payable			<u>\$ 208,845,000</u>	<u>\$ 8,210,000</u>	<u>\$ 200,635,000</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. BONDED DEBT PAYABLE – CONTINUED

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the bonds in an irrevocable trust for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2013, approximately \$62.8 million of the 1998, 1999, 2000, 2002 and 2005A series bond issues were outstanding but considered defeased.

The debt service requirements on the District's bonds are as follows:

Due Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 8,255,000	\$ 8,633,504	\$ 16,888,504
2015	8,545,000	8,319,130	16,864,130
2016	8,860,000	7,996,060	16,856,060
2017	9,195,000	7,668,834	16,863,834
2018	9,425,000	7,315,722	16,740,722
2019-2023	53,640,000	29,937,969	83,577,969
2024-2028	64,430,000	16,597,330	81,027,330
2029-2031	38,285,000	2,739,676	41,024,676
	<u>\$ 200,635,000</u>	<u>\$ 89,208,225</u>	<u>\$ 289,843,225</u>

Bonded debt payable is collateralized by revenue from the District's tax collections.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. ACCUMULATED UNPAID SICK LEAVE BENEFITS

Permanent employees hired by the District prior to September 1, 1994 and employed for at least 10 consecutive years will be paid for all unused state and local sick leave, up to a maximum of 90 days, at their rate in the 2003-04 school years. A summary of changes in the accumulated sick leave follows:

Balance, July 1, 2012	\$	965,451
New entrants and salary increments		371,170
Payments to participants		(286,015)
		<u> </u>
 Balance, June 30, 2013	 \$	 1,050,606
		<u> </u>

NOTE 4. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and notes payable					
General obligation bonds	\$ 208,845,000	\$ -	\$ 8,210,000	\$ 200,635,000	\$ 8,255,000
Premium on bonds	7,048,135	-	675,672	6,372,463	702,470
Deferred loss on bond refundings	(6,467,445)	-	(430,577)	(6,036,868)	(520,244)
Compensated absences	965,451	371,710	286,555	1,050,606	421,000
Total Governmental activities long-term liabilities	\$ 210,391,141	\$ 371,710	\$ 8,741,650	\$ 202,021,201	\$ 8,858,226

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSET ACTIVITY

Capital asset activity for the district for the year ended June 30, 2013 was as follows:

Primary government:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 10,254,937	\$ -	\$ -	\$ 10,254,937
Construction in progress	1,481,968	4,336,986	(5,818,954)	-
 Total capital assets, not being depreciated	11,736,905	4,336,986	(5,818,954)	10,254,937
Capital assets, being depreciated				
Buildings and improvements	252,128,969	80,356	5,823,945	258,033,270
Furniture and equipment	15,154,854	362,052	(4,991)	15,511,915
 Total capital assets, being depreciated	267,283,823	442,408	5,818,954	273,545,185
Less accumulated depreciation on:				
Buildings and improvements	50,894,405	5,541,192	-	56,435,597
Furniture and equipment	9,915,155	1,003,458	-	10,918,613
 Total accumulated depreciation	60,809,560	6,544,650	\$ -	67,354,210
Governmental activities capital assets, net	<u>\$ 218,211,168</u>	<u>\$ (1,765,256)</u>	<u>\$ -</u>	<u>\$ 216,445,912</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSET ACTIVITY – CONTINUED

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

Instruction	\$ 4,714,138
Instructional resources and media services	1,424
Student (pupil) transportation	237,236
Food services	88,193
Co-curricular/extracurricular activities	428,542
General administration	67,254
Plant maintenance and operations	524,962
Data processing services	477,728
Community service	<u>5,173</u>
Total depreciation expense	<u><u>\$ 6,544,650</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the table:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Investment in One Issuer
U.S. Treasury obligations	10 years	none	none
U.S. Agency obligations	10 years	none	none
Certificates of deposit	none	none	none
Repurchase agreements	90 days	none	none
Public funds investment pool	n/a	none	none

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 69,538,961
Proprietary funds	1,862,805
Fiduciary funds	<u>563,350</u>
	<u>\$ 71,965,116</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED

Cash and investments as of June 30, 2013 consist of the following:

Deposits with financial institutions	\$ 67,891,397
Investments	4,073,719
	\$ 71,965,116

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no formal policy related to interest rate risk.

As of June 30, 2013, the District had the following investments:

Investment Type	Amount	Weighted Average Maturity	Minimum Legal Rating	Rating as of June 30, 2013
TexPool	\$ 1,755,634	52 days	AAA	AAAm
Lone Star Investment Pool	1,818,085	57 days	AAA	AAA
Certificates of Deposit	500,000	59 days	N/A	Not rated
	\$ 4,073,719			

As of June 30, 2013 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED

Concentration of Credit Risk

The investment policy of the District does not require the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of June 30, 2013, the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

- A. Depository: Wells Fargo
- B. Security pledged as of the date of the highest combined balance on deposit was \$84,424,682.
- C. Largest cash, savings and time deposit combined account balance amounted to \$50,122,708 and occurred during the month of June 2013.
- D. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED

Investment in State Investment Pools

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, and Lone Star Investment Pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report Net Position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

Lone Star Investment Pool is governed by an 11-member board and is an AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. RETIREMENT PLAN

Plan Description. The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0% for fiscal year 2012, and 6.644% for fiscal year 2011. In certain instances, the reporting district is required to make all or a portion of the state's 6.4% contribution for the period of September 2012 through June 2013 and decreased to 6.0% for the period January 2011 through August 2012. State contributions to TRS made on behalf of the District's employees for the years ended June 30, 2013, 2012 and 2011 were approximately \$2.7 million, \$2.0 million and \$2.8 million, respectively. The District paid additional state contributions for the years ended June 30, 2013, 2012 and 2011 in the amount of approximately \$550,000, \$500,000, and \$600,000, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 0.5% and 0.65% of public school payroll for fiscal year 2013, and 1.0% and 0.65% for fiscal years 2012 and 2011, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2013, 2012, and 2011, the State's contributions to TRS-Care were approximately \$225,000, \$450,000 and \$450,000, respectively, the active member contributions were approximately \$300,000, \$300,000, and \$300,000, respectively, and the school district's contributions were approximately \$250,000, \$250,000, and \$250,000, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$113,683, \$111,906 and \$106,595, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

In addition, the District is a member of the Texas Association of School Boards Joint Account Self-Insurance Fund (Fund). The Fund was created to formulate, develop and administer a program of modified self-funding for unemployment compensation coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the Fund for its unemployment compensation coverage. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

Effective in fiscal year 2008, the District established a self-insurance plan for workers' compensation benefits for employees. The Districts' retention of risk is \$500,000 per occurrence with an aggregate stop-loss limit of \$1,000,000. Claims incurred by the employees of the District are handled by a third party administrator who is responsible for estimating losses to be incurred by the District and ultimately paid to the claimant.

Settled claims have not exceeded the aggregate coverage in any year the plan has been in effect. Insurance coverage has not been reduced for the year from the prior year. Accrued claims payable of \$576,539 as of June 30, 2013, includes provisions for claims reported but not paid and claims incurred but not reported. The provision for reported claims and claims incurred but not yet reported is determined by estimating the amount that will ultimately be paid each claimant and is calculated and provided by the District's third party administrator. Accrued claims payable have not been discounted to their present value as the District expects such claims to be paid within the following fiscal year. The District believes that any discount of the claims payable would not be material to the overall financial statements.

Changes in the fund's claims liability amount for the year ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Liability, beginning of year	\$ 433,076	\$ 562,102
Current year claims and changes in estimates	649,100	46,280
Claim payments	<u>(505,637)</u>	<u>(175,306)</u>
Liability, end of year	<u>\$ 576,539</u>	<u>\$ 433,076</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 10. LITIGATION

The District is a party to various legal actions, none of which is believed by the administration or its legal counsel to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

NOTE 11. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2013, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	Federal Grants	State Entitlements	Local Governments	Total
General	\$ -	\$ 741,634	\$ 225,640	\$ 967,274
Special revenue	621,205	69,115	4,855	695,175
Debt service	-	-	62,834	62,834
	<u>\$ 621,205</u>	<u>\$ 810,749</u>	<u>\$ 293,329</u>	<u>\$ 1,725,283</u>

NOTE 12. DEFERRED REVENUE

Deferred revenue at June 30, 2013 consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Net tax revenue	\$ 1,314,755	\$ 330,295	\$ -	\$ 1,645,050
Grant received in advance of expenditures	-	-	94,399	94,399
Total	<u>\$ 1,314,755</u>	<u>\$ 330,295</u>	<u>\$ 94,399</u>	<u>\$ 1,739,449</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 13. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at June 30, 2013 consisted of the following individual fund balances:

Due To Fund	Due From Fund	Amount	Purpose
General fund	Nonmajor fund	\$ 475,378	Reimbursement of expenditures
General fund	Debt service fund	7,622	Reimbursement of expenditures
General fund	Trust and agency fund	426	Reimbursement of scholarship checks
Nonmajor fund	General fund	5,646	Reclass of deficit cash
Nonmajor fund	Nonmajor fund	38	Reimbursement of expenditures
Nonmajor fund	Trust and agency fund	39	Reimbursement of expenditures
Debt service fund	General fund	78	Reimbursement of expenditures
Internal service fund	Nonmajor fund	2	Interfund services provided
Trust and agency fund	General fund	750	Reclass of deficit cash
Trust and agency fund	Nonmajor fund	19	Reclass of deficit cash
		<u>\$ 489,998</u>	

All amounts due are scheduled to be repaid within one year.

NOTE 14. OPERATING LEASES

Commitments under operating leases (non-capitalized) for facilities and equipment are subject to fiscal funding clauses and are cancellable by the District. The District is therefore not obligated for minimum future rental payments as of June 30, 2013. The imputed interest on the leases is not readily determinable.

Rental expenditures for the year ended June 30, 2013 amounted to \$364,721.

COMBINING STATEMENTS AND SCHEDULES

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

EXHIBIT H-1

Page 1 of 3

Data Control Codes	206 ESEA Title X Part C	211 ESEA Title I Part A	224 IDEA Part B Formula	225 IDEA Part B Preschool	237 ESEA Title IV SDFS	240 Child Nutrition	244 Voc. Ed. Basic Grant	255 ESEA Title II Part A, TPTR	263 Title III, Part A LEP & Immigrant	272 Medicaid Administrative Claims	
ASSETS:											
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,823,091	\$ -	\$ -	\$ -	\$ 22,566
Receivables:											
1240	Due from other governments	-	187,854	257,564	9,526	37,333	58,379	22,119	21,895	17,456	9,079
1260	Due from other funds	-	-	-	-	-	5,723	-	-	-	-
1300	Inventories, at cost	-	-	-	-	-	48,189	-	-	-	-
1000	Total assets	<u>\$ -</u>	<u>\$ 187,854</u>	<u>\$ 257,564</u>	<u>\$ 9,526</u>	<u>\$ 37,333</u>	<u>\$ 1,935,382</u>	<u>\$ 22,119</u>	<u>\$ 21,895</u>	<u>\$ 17,456</u>	<u>\$ 31,645</u>
LIABILITIES:											
Current liabilities:											
2110	Accounts payable	\$ -	\$ 19,665	\$ 45,481	\$ -	\$ 9,333	\$ 120,046	\$ 935	\$ 379	\$ 5,500	\$ -
2160	Accrued wages payable	-	22,143	48,956	2,620	-	57,864	-	-	-	-
2170	Due to other funds	-	146,046	163,127	6,906	28,000	7,265	21,184	21,516	11,956	-
2300	Deferred revenues	-	-	-	-	-	35,056	-	-	-	31,645
2000	Total liabilities	-	187,854	257,564	9,526	37,333	220,231	22,119	21,895	17,456	31,645
FUND BALANCE:											
3410	Non-spendable - inventories	-	-	-	-	-	48,189	-	-	-	-
3450	Restricted for grant funds	-	-	-	-	-	1,666,962	-	-	-	-
3545	Committed for local special revenue funds	-	-	-	-	-	-	-	-	-	-
3000	Total fund equity	-	-	-	-	-	1,715,151	-	-	-	-
4000	Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 187,854</u>	<u>\$ 257,564</u>	<u>\$ 9,526</u>	<u>\$ 37,333</u>	<u>\$ 1,935,382</u>	<u>\$ 22,119</u>	<u>\$ 21,895</u>	<u>\$ 17,456</u>	<u>\$ 31,645</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

EXHIBIT H-1

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Data Control Codes	287 Education Jobs	289 Summer School LEP	394 Pregnancy, Education & Parenting	397 AP/IB Incentive Program	404 Accelerated Reading/Math	410 Textbook Fund	429 TEA Disaster Relief and License Plate Program	461 Campus Activity Funds	
ASSETS:									
1110	Cash and temporary investments	\$ -	\$ 11,257	\$ -	\$ 4,769	\$ -	\$ -	\$ 4,138,755	\$ 468,102
Cash and temporary investments									
1241	Due from other governments	-	-	-	-	321	68,796	-	-
1260	Due from other funds	-	-	-	-	-	-	-	-
1300	Inventories, at cost	-	-	-	-	-	-	-	-
1000	Total assets	<u>\$ -</u>	<u>\$ 11,257</u>	<u>\$ -</u>	<u>\$ 4,769</u>	<u>\$ 321</u>	<u>\$ 68,796</u>	<u>\$ 4,138,755</u>	<u>\$ 468,102</u>
LIABILITIES:									
Current Liabilities:									
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 270	\$ -	\$ 523	\$ -	\$ 26,492
2160	Accrued wages payable	-	-	-	-	-	688	-	4,760
2170	Due to other funds	-	-	-	-	321	67,585	-	820
2300	Deferred revenues	-	11,257	-	-	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>11,257</u>	<u>-</u>	<u>270</u>	<u>321</u>	<u>68,796</u>	<u>-</u>	<u>32,072</u>
FUND BALANCE:									
3410	Non-spendable - inventories	-	-	-	-	-	-	-	-
3450	Restricted for grant funds	-	-	-	-	-	-	-	-
3545	Committed for local special revenue funds	-	-	-	4,499	-	4,138,755	-	436,030
3000	Total fund equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,499</u>	<u>-</u>	<u>4,138,755</u>	<u>-</u>	<u>436,030</u>
4000	Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 11,257</u>	<u>\$ -</u>	<u>\$ 4,769</u>	<u>\$ 321</u>	<u>\$ 68,796</u>	<u>\$ 4,138,755</u>	<u>\$ 468,102</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

EXHIBIT H-1

Page 3 of 3

Data Control Codes	480 Student Drug Testing	481 La Porte Education Foundation	482 SCORE	483 Local Grants & Donations	Total June 30, 2012	
ASSETS:						
1110	Cash and temporary investments	\$ 986	\$ 7,674	\$ -	\$ 21,783	\$ 6,498,983
Cash and temporary investments						
1241	Due from other governments	-	-	4,853	-	695,175
1260	Due from other funds	-	-	-	-	5,723
1300	Inventories, at cost	-	-	-	-	48,189
1000	Total assets	<u>\$ 986</u>	<u>\$ 7,674</u>	<u>\$ 4,853</u>	<u>\$ 21,783</u>	<u>\$ 7,248,070</u>
LIABILITIES:						
Current Liabilities:						
2110	Accounts payable	\$ -	\$ 249	\$ -	\$ 400	\$ 229,273
2160	Accrued wages payable	-	-	733	-	137,764
2170	Due to other funds	-	-	1,474	-	476,200
2300	Deferred revenues	-	7,424	-	9,017	94,399
2000	Total liabilities	-	7,673	2,207	9,417	937,636
FUND BALANCE:						
3410	Non-spendable - inventories	-	-	-	-	48,189
3450	Restricted for grant funds	-	-	-	-	1,666,962
3545	Committed for local special revenue funds	986	1	2,646	12,366	4,595,283
3000	Total fund equity	<u>986</u>	<u>1</u>	<u>2,646</u>	<u>12,366</u>	<u>6,310,434</u>
4000	Total liabilities and fund equity	<u>\$ 986</u>	<u>\$ 7,674</u>	<u>\$ 4,853</u>	<u>\$ 21,783</u>	<u>\$ 7,248,070</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Data Control Codes		206 ESEA Title X Part C	211 ESEA Title I Part A	224 IDEA Part B Formula	225 IDEA Part B Preschool
REVENUES:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	25	912,447	1,390,245	48,724
5020	Total revenues	25	912,447	1,390,245	48,724
EXPENDITURES:					
0011	Instruction	-	812,813	838,263	41,386
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	81,338	2,975	-
0021	Instructional administration	-	2,809	33,651	-
0023	School administration	-	2,786	2,899	-
0031	Guidance and counseling services	-	-	426,221	1,662
0033	Health services	25	-	-	5,676
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Co-curricular/extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Ancillary services	-	12,701	-	-
0093	Payments to fiscal agent	-	-	86,236	-
6030	Total expenditures	25	912,447	1,390,245	48,724
1200	Net change in fund balance	-	-	-	-
0100	Fund balance - July 1 (beginning)	-	-	-	-
3000	Fund balance - June 30 (ending)	\$ -	\$ -	\$ -	\$ -

EXHIBIT H-2

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237 ESEA Title IV SDFS	240 Child Nutrition	244 Voc. Ed. Basic Grant	255 ESEA Title II Part A, TPTR	263 Title III, Part A LEP & Immigrant	272 Medicaid Administrative Claims
\$ -	\$ 1,708,452	\$ -	\$ -	\$ -	\$ -
-	23,339	-	-	-	-
102,667	2,402,753	70,440	216,785	39,287	-
<u>102,667</u>	<u>4,134,544</u>	<u>70,440</u>	<u>216,785</u>	<u>39,287</u>	<u>-</u>
102,667	-	70,440	60,075	30,554	-
-	-	-	-	-	-
-	-	-	154,862	8,733	-
-	-	-	985	-	-
-	-	-	863	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,862,954	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	49,107	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>102,667</u>	<u>3,912,061</u>	<u>70,440</u>	<u>216,785</u>	<u>39,287</u>	<u>-</u>
-	222,483	-	-	-	-
-	1,492,668	-	-	-	-
<u>\$ -</u>	<u>\$ 1,715,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Data Control Codes	287	289	394	397
	Education Jobs	Summer School LEP	Pregnancy, Education & Parenting	AP/IB Incentive Program
REVENUES:				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	225
5900	Federal program revenues	423,393	408	-
5020	Total revenues	<u>423,393</u>	<u>408</u>	<u>-</u>
EXPENDITURES:				
0011	Instruction	309,983	408	2,335
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	15,308
0021	Instructional administration	-	-	-
0023	School administration	66,475	-	-
0031	Guidance and counseling services	2,242	-	-
0033	Health services	9,410	-	-
0034	Student transportation	21,741	-	-
0035	Food service	7,787	-	-
0036	Co-curricular/extracurricular activities	5,755	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Ancillary services	-	-	-
0093	Payments to fiscal agent	-	-	-
6030	Total expenditures	<u>423,393</u>	<u>408</u>	<u>-</u>
1200	Net change in fund balance	-	-	(17,418)
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>-</u>	<u>21,917</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,499</u>

EXHIBIT H-2

Page 2 of 3

404 Accelerated Reading/Math	410 Textbook Fund	425 Texas Fitness Now	429 TEA Disaster Relief and License Plate Program	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ 438,857
18,256	392,882	-	70	-
-	-	-	-	-
<u>18,256</u>	<u>392,882</u>	<u>-</u>	<u>70</u>	<u>438,857</u>
18,256	325,795	-	92,576	133,163
-	-	-	64	47,075
-	67,087	-	-	2,450
-	-	-	-	-
-	-	-	16,905	4,752
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	265,722
-	-	-	30,520	1,274
-	-	-	355,000	739
-	-	-	-	2,515
-	-	-	-	82
-	-	-	-	-
-	-	-	-	-
<u>18,256</u>	<u>392,882</u>	<u>-</u>	<u>495,065</u>	<u>457,772</u>
-	-	-	(494,995)	(18,915)
-	-	-	4,633,750	454,945
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,138,755</u>	<u>\$ 436,030</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT H-2

Page 3 of 3

Data Control Codes		480 Student Drug Testing	481 La Porte Education Foundation	482 SCORE	483 Local Grants & Donations	Total June 30, 2012
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ 66,666	\$ 27,949	\$ 13,300	\$ 2,255,224
5800	State program revenues	-	-	-	-	434,772
5900	Federal program revenues	-	-	-	-	5,607,174
5020	Total revenues	<u>-</u>	<u>66,666</u>	<u>27,949</u>	<u>13,300</u>	<u>8,297,170</u>
	EXPENDITURES:					
0011	Instruction	-	65,054	25,003	8,382	2,937,153
0012	Instructional resources and media services	-	152	-	901	48,192
0013	Curriculum and instructional staff development	-	-	-	-	332,755
0021	Instructional administration	139	-	1,448	1,432	40,464
0023	School administration	-	-	-	-	94,680
0031	Guidance and counseling services	-	-	-	-	430,125
0033	Health services	-	1,578	-	504	17,193
0034	Student transportation	-	-	-	-	21,741
0035	Food service	-	-	-	-	3,870,741
0036	Co-curricular/extracurricular activities	-	-	5	-	271,482
0041	General administration	-	-	-	614	32,408
0051	Plant maintenance and operations	-	-	-	-	404,846
0052	Security and monitoring services	-	-	-	-	2,515
0053	Data processing services	-	-	-	-	82
0061	Ancillary services	-	-	-	-	12,701
0081	Payments to fiscal agent	-	-	-	-	86,234
6030	Total expenditures	<u>139</u>	<u>66,784</u>	<u>26,456</u>	<u>11,833</u>	<u>8,603,312</u>
1200	Net change in fund balance	(139)	(118)	1,493	1,467	(306,142)
0100	Fund balance - July 1 (beginning)	<u>1,125</u>	<u>119</u>	<u>1,153</u>	<u>10,899</u>	<u>6,616,576</u>
3000	Fund balance - June 30 (ending)	<u>\$ 986</u>	<u>\$ 1</u>	<u>\$ 2,646</u>	<u>\$ 12,366</u>	<u>\$ 6,310,434</u>