COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

CITY OF LEAGUE CITY, TEXAS

Year Ended
September 30, 2009

Prepared by
Finance Department

Michael W. Loftin,
Finance Director

Lonna Stein,
Controller

Quencelia Goins
Accounting Manager

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CITY OF LEAGUE CITY, TEXAS

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INTRODUCTORY SECTION

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LEAGUECITY

TEXAS

LIVE IT. LOVE IT.

March 5, 2010

Honorable Mayor and
Members of the City Council
and the Citizens of the City of League City

The Comprehensive Annual Financial Report (CAFR) of the City of League City, Texas for the fiscal year ended September 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City. 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's financial statements in conformity with Generally Accepted Accounting Principals (GAAP). Because the cost of internal controls should not outweigh their benefits, the City'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's financial statements have been audited by Belt Harris & Associates, L.L.L.P., 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 for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this 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's MD&A can be found immediately following the report of the independent auditors.

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Profile of the Government

The City of League City is located 25 miles south of downtown Houston, Texas in northern Galveston County and the southern most part of Harris County. The City has a population of approximately 68,900 and encompasses an area of 53 square miles. The City adopted a "Home Rule Charter" on March 27, 1962. That charter provides for the "Mayor-Council" form of government as referenced in Vernon's Annotated Civil Statutes, Art. 1164 et.seq.

The City provides a full range of services. These services include police, emergency management, animal control and municipal court facilities; the construction and maintenance of streets, drainage systems and other infrastructure; recreational parks, swimming pools and athletic fields; and other facilities for various cultural and civic activities. The following entities have met the requirements for component units and have appropriately been included within the financial statements:

City of League City 4B Industrial Development Corporation
City of League City Economic Development Corporation
Destination League City Convention and Visitors Corporation
City of League City Tax Increment Financing Zone No. One
City of League City Tax Increment Financing Zone No. Two
City of League City Tax Increment Financing Zone No. Three
City of League City Tax Increment Financing Zone No. Four
City of League City Public Improvement District No. One - Magnolia Creek
City of League City Public Improvement District No. Two - Victory Lakes
City of League City Public Improvement District No. Three – CenterPointe
City of League City Public Improvement District No. Five – Park on Clear Creek
League City Volunteer Fire Department

The City also operates its own Water and Wastewater System for all residential and commercial locations within its limits as well as for seventeen municipal utility districts within the City's territorial limits. The City contracts out for solid waste collection services.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The City feels its internal control structure provides reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Debt Service Fund, and certain individual Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control for the General Fund is the department. For the Debt Service Fund and certain Special Revenue Funds, the level is the total fund.

Economic Condition and Outlook

The economic condition and outlook for the City is quite good with continued growth anticipated for the next several years. Economic development remains a high priority for the Mayor and City Council. The Council wishes to maintain the family oriented quality of life atmosphere for which the City is known. Economic development efforts are focused on the City choosing and assisting development that is compatible with the focus on family atmosphere.

The economy of League City continues to be closely linked to the area's economic base, which includes aerospace, energy, health care, upscale commercial, and boating and visitor attractions. The Johnson Space Center (JSC) of NASA is located just north of the City in Harris County. JSC is currently responsible for NASA's space shuttle and space station projects. JSC is an important part of the area economy, both as an employer of more than 3,200 employees and as an attraction for the location of 590 contractors who subcontract approximately 11,500 employees locally. The City is located 14 to 20 miles from the industrial and petrochemical complexes located in Harris County along the Houston Ship Channel and approximately 10 miles from the petrochemical refineries in Galveston County. The Houston-Galveston region is noted for the availability of exceptional hospital and medical care. The League City-Clear Lake area is served by two modern hospitals with Life Flight capability and represents over 40 medical specialties and associated services. The area is also home to the third largest concentration of pleasure boats in the United States.

Although League City lies within the Houston metropolitan area, the City distinguishes itself within the region demographically. The household income levels and education profiles are well above average for the Houston area. Clear Creek Independent School District is the largest school district in the State of Texas to receive the Texas Education Agency "Recognized Rating." The area is also home to the University of Houston-Clear Lake, located just three miles from the City. This university offers four undergraduate degrees in 40 fields of study and three master's degrees in 39 fields of study.

Over the last ten years, the City's major economic and demographic trends appear more favorable to the City's future than do the trends of the region as a whole. Since 1999, League City's population has experienced a 41.2% growth, while the metropolitan area's population has increased 26.3%. The current unemployment rate for the Houston/Galveston unemployment rate is 8.5% compared with a slightly more favorable rate of 6.1% in League City. In conjunction with the current economic downturn in the metropolitan area and the national uncertainty in the financial markets, League City has seen a slowdown in assessed value growth and new home construction. Additionally, sales tax revenues received a boost in FY 2009 with revenues collected from Hurricane Ike rebuilding that are not expected to reoccur. In any event, slower but steady population growth that corresponds with League City's long-term history is expected to fuel the local economy and revenues for the next several years.

The City has focused its efforts on diversifying the local tax base and significant commercial development has finally come to the City. The intersection of Interstate 45 and FM 646 in League City has developed into a major area retail center that is a strong sales tax location generator for the City. Major retailers already in place include JC Penney's, Kohl's, WalMart, Best Buy, Super Target, Home Depot and Lowe's Home Improvement. Several other "Junior Anchor" stores and national retailers have signed leases in the vicinity. Other retail locations in League City that are developing or redeveloping include the Gateway Shopping Center (Interstate 45 and FM 518), League City Town Plaza (FM 518 and SH3), Mar Bella Retail Center (SH 96 and SH 146), and the Tuscan Lakes Corridor along SH 96.

The University of Texas Medical Branch (UTMB) has constructed a $61 million specialty care and ambulatory surgical center on a 64 acre tract in the Victory Lakes Business Park. Phase I of the project includes several medical diagnostic specialties that are not presently meeting the population demand of

the area. This two-story, 110,000 square foot facility is UTMB's largest investment off Galveston Island in its 125 year history.

The Big League Dreams Sports Park continues to attract visitors to League City. The $19 million sports park was the first of its kind outside the state of California. The sports park has six replica baseball/softball fields designed to attract regional, state and national adult softball and baseball tournaments. In addition to the ball fields, there are two stadium club concession restaurants, a 21,000 square foot covered pavilion for indoor soccer and special events, sand volleyball, a tot lot, a retail shop, and an 8,000 square foot skate park. The economic impact projected for the League City area is expected to grow to nearly $35 million in its fifth year of operations.

Another project approved to promote League City as a destination is the Butler Longhorn Museum. The City purchased an estate including approximately 10 acres of land along Clear Creek. The museum highlights the birthplace of the Butler Longhorn cattle bloodline that originated in League City by documenting the rich and diverse multicultural heritage of League City through the histories of the originating families.

Long Term Planning

Organization Goals

City Council has adopted a set of organizational strategies to facilitate long term planning goals. These strategies will be used to develop a list of goals that will be instrumental in the implementation of Performance Measurement Budgeting.

Promote Trust and Accountability: The City of League City is committed to public accountability through transparency, effective communication and active citizen involvement. Organizational activities will promote full disclosure and open, honest communication with the community, public officials and employees.

Plan Responsively and Act Decisively: The City of League City recognizes that a sustainable future requires actions based upon sound planning. Planning must ensure demand-driven resource acquisition, continuous strengthening of available resources and the effective and efficient implementation of adopted plans.

Maintain "World Class" Customer Service: The City of League City is committed to maintaining both a governing body and professional staff that recognizes, anticipates, and actively responds to the needs of its citizens. This requires a progressive and dynamic organizational culture that delivers "world class" customer service, is results oriented and incorporates innovation and technology to foster the most prudent use of public resources.

Promote a "Health" Community: The City of League City is focused on a future of physical and fiscal health and wellness that strives for balance and diversity in being an exceptional place to live, work, play, shop and gather. In doing so, the City will take a responsible, strategic approach to growth, economic development, infrastructure and major investments.

Financial Planning

The City of League City has adopted Financial Management Policy Statements that establish a framework for fiscal decision making and that ensure that financial resources are available to meet the present and future needs of its citizens. The City has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the adequate funding of services desired by the public. The purpose of the policy is to provide guidelines for planning and directing the City's day to day financial affairs and to assist staff in developing recommendations to the Mayor and City Council. Specifically, this policy framework mandates the pursuit of the following objectives: revenues, expenditures, fund balance/working capital/retained earnings, capital expenditures, debt management, investments, intergovernmental relations, grants, economic development, fiscal monitoring, accounting, auditing, financial reporting, internal controls, risk management, and budget.

The City adopts an annual budget that includes a capital improvement program. The City is currently developing a five year operating budget forecast and is preparing a financial plan to add to the capital improvement planning process. The City's budget links revenues and expenditures to goals, objectives, and service and performance standards. The City presents a balanced budget meaning that revenues and any appropriated fund balance must equal expenditures. With a 4.21% increase in this year's operating budget, the City's goal is to implement cost savings and to closely monitor expenditures. While the City of League City has not experienced the economic slowdown that has occurred in other areas of the country, the City is monitoring revenues and expenditures to ensure the necessary funding to maintain current levels of service to our citizens. Property taxes continue to be the City's largest source of revenue. The tax rate was increased $0.212 cents to support the debt service payments for the $15,500,000 bond issue for street improvements. Water and Sewer charges represent the second largest revenue source. These revenues are used solely to support the City's Utility Fund and include a 9% rate increase with a projected 5% increase for FY2010.

The Financial Management Policy requires that the City maintain reserve balances at 90 to 120 days working capital to protect the City's credit worthiness as well as its financial position in the event of a disaster. The City planned for 115 days of working capital for the General Fund and 94 days of working capital for the Utility Fund for FY2009. Furthermore the City has established an Emergency Management Response Fund to set aside funds for the specific use of providing for the health, safety, and welfare of the community.

With the completion of new parks, new roads, and other infrastructure, the City has seen an increase in maintenance costs. However, the City has been able to maintain healthy reserve balances in both the General Fund and the Utility Fund. With a strong Financial Management Plan in place, the City will continue to maintain a long-term, stable and positive financial position.

Major Initiatives

For the Year

Improving and expanding the City's infrastructure continues to be a primary focus. The City is in its fourth year of extending water and sewer lines within the Shellside Subdivision, providing first time potable water, fire protection, and wastewater collection and conveyances to an underdeveloped area of the City.

In keeping with the Water Master Plan, the City of League City cooperated with private development to extend additional segments of the General Benefit (GB) Water Distribution system to assure the required water distribution for existing and new development. The Water Department continued work on security

improvements at key water plant facilities to meet compliance with Homeland Security. Additionally, the City moved forward on the Water Master Plan 2010 Update which includes system modeling.

In keeping with the Wastewater Master Plan, the City and private development continued implementing connections to the SEGB Sanitary Sewer System from the projected 14,000 EDU service area. The 4.5 MGD Expansion of the Dallas Salmon Wastewater Treatment Plant reached 90% completion with some new components in service. The Southwest Water Reclamation Facility progressed toward a construction start date in the Spring-Summer of 2010. Additionally, the City moved forward on a Wastewater Master Plan 2010 Update which includes system modeling.

Transportation improvements continue to be a priority in League City. Construction on Phase I of the FM518 Bypass is scheduled for bid in Fall 2010, while the design phase for Phase II of the project is 30% complete. Improvements to Bradshaw Road have been completed. Improvements to Coryell Street, Austin Street, and Houston Avenue are all scheduled for bid in 2010. Galveston County 2008 Road Bond projects have progressed with Louisiana Street and Calder Road south of SH96 expected to bid in 2010 also. Additionally, the traffic demand model was completed and a Master Mobility Plan and Master Transportation Plan Update is under way for 2010.

In support of the Parks Master Plan, the architectural design for the Eastern Regional Park has been approved and construction is anticipated to begin in July 2010. Additionally, the City, in conjunction with the 4B Corporation, has moved forward on a Master Trails Plan to provide a citywide trails system.

The City of League City has completed major improvements to the City's website to provide citizens with quick and easy access to information. The City's website also links residents to several other sources of information and videos including leaguecitycouncilvideos.com, League City's Facebook page, Twitter page and YouTube Channel. Informational videos are also available on LCTV-16, League City's municipal television station.

For the Future

Infrastructure development remains priority one in the City's plans to meet the increased demand for service spurred by the continued growth. Numerous Public Safety, Street, Water and Wastewater projects are included in the City's Long Range Capital Improvement Plan, while, through the CDBG program, the City will continue to provide potable water and fire protection to underdeveloped areas. Via the Line Repair Department, the City will continue refurbishing and replacing the deteriorating existing water and sewer mains.

Within the City organization itself, improvements will also be made to help the City run more efficiently. Improvements will continue to be made to the City's website and LCTV-16 to promote customer service and to ensure citizen satisfaction. The City continues to monitor the new 311 call system which provides immediate feedback to citizens regarding their concerns, questions, or problems.

Awards

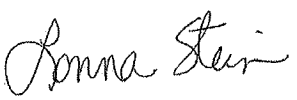
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of League City, Texas for its CAFR for the fiscal year ended September 30, 2008. This is the 25th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 CAFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. We would like to express our appreciation for their efforts. In addition, we thank the Mayor and members of the City Council for the responsible decisions they have made in the interest of preserving the financial integrity of the City of League City, Texas.

Respectfully submitted,



Michael W. Loftin
Director of Finance

Lonna Stein
Controller

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Certificate of Achievement for Excellence in Financial Reporting

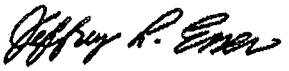
Presented to

City of League City Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

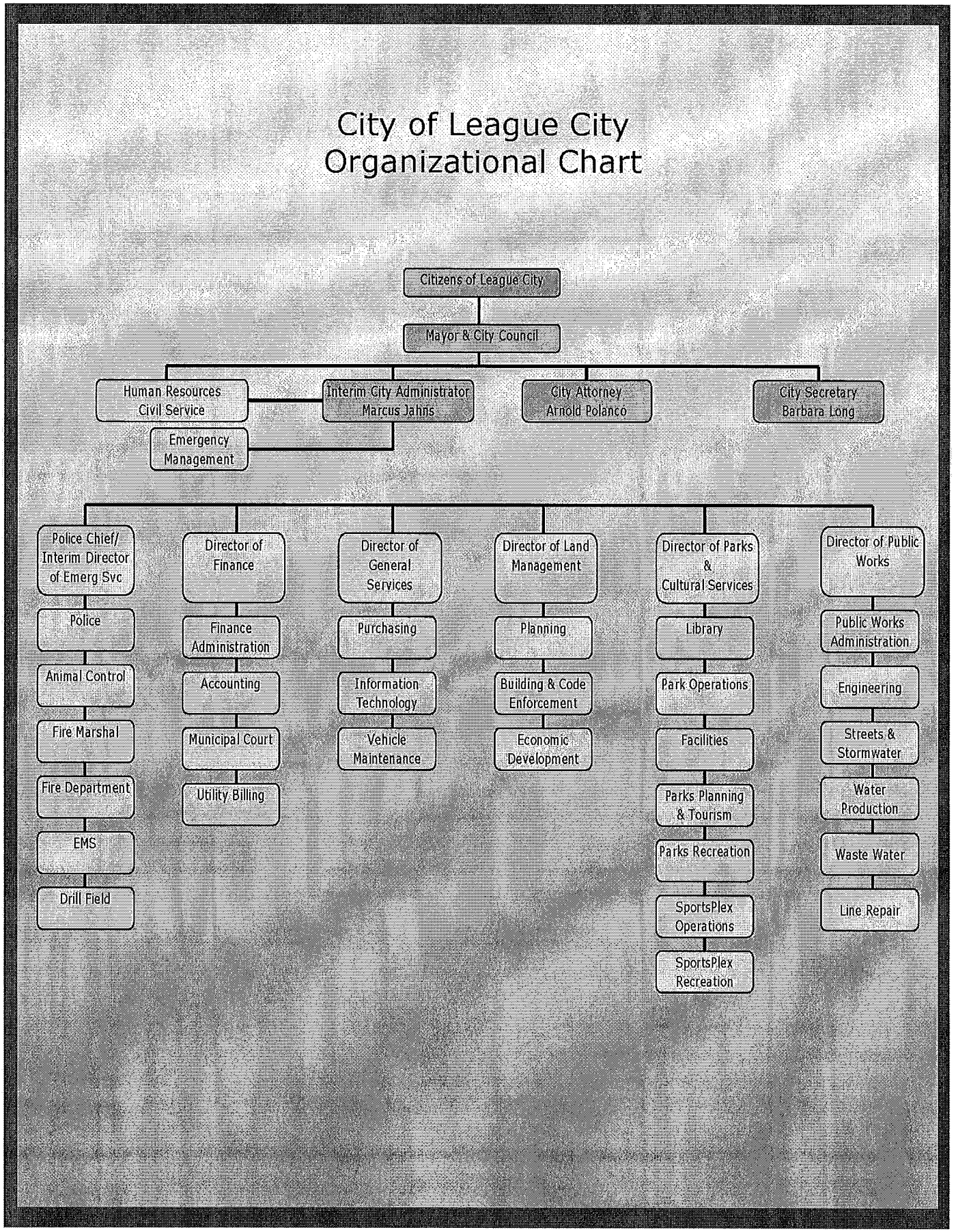
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President



Executive Director

City of League City
Organizational Chart



CITY OF LEAGUE CITY, TEXAS

PRINCIPAL CITY OFFICIALS

September 30, 2009

Elected Officials	Position
Toni Randall	Mayor
Neil Baron	Council Member
Mike Barber	Council Member
Joseph Phalen	Council Member
Michael Lee	Council Member
Phyllis Sanborn	Council Member/Mayor Pro Tem
Tim Paulissen	Council Member
Jim Nelson	Council Member

Appointed Officials	Position
Marcus Jahns	Interim City Administrator
Barbara Long	City Secretary
Travis Doughty	Director of General Services
Michael Loftin	Director of Finance / Human Resources
Anthony Allender	Director of Land Management
Chien Wei	Director of Parks & Cultural Affairs
Richard Oller	Director of Public Works
Michael Jez	Police Chief / Director of Emergency Services

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of League City, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of League City, Texas (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding

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the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial 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 nonmajor fund financial statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Belt Harris & Associates, LLLP
Certified Public Accountants
Houston, Texas
March 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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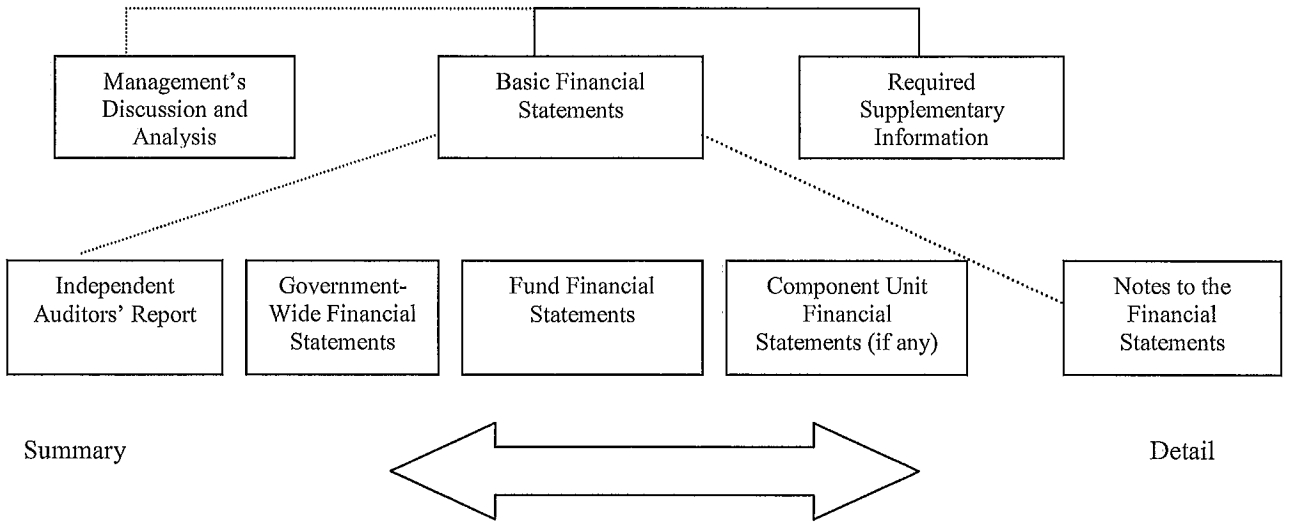
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of League City, Texas (the "City") for the year ending September 30, 2009. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The Comprehensive Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as the MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Assets and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Assets presents information on all of the City's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health.

The Statement of Activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Assets and the Statement of Activities divide the City's financials into two classes of activities:

1. Governmental Activities – The City's tax-supported services are reported here including police and fire protection (public safety), streets, drainage (public works), community services, and general administrative services (general government). Interest payments on the City's tax-supported debt are also reported here. Property tax, sales tax, franchise taxes, municipal court fines and permit fees finance most of these activities.

2. Business-Type Activities – Services involving a fee for those services are reported here. These services include the City's water and wastewater services as well as interest payments on debt issued for water and wastewater improvements.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of League City, Texas. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 year. Such information may be useful in evaluating the City'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 27 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 and debt service fund, which are considered to be major funds for reporting

purposes. The City adopts an annual appropriated budget for its general fund and the majority of its special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution and wastewater collection/treatment operations. The proprietary fund financial statements provide separate information for the water distribution and wastewater collection/treatment operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its motor pool services. This internal service fund has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and schedules of funding progress for the Texas Municipal Retirement System and other post employment benefits for healthcare. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. Assets exceed liabilities by $306,529,347 as of September 30, 2009 for the primary government. This compares with $281,552,918 from the prior fiscal year. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A. The largest portion of the City's net assets, 84 percent, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. 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.

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 58,368,235	$ 55,490,032	$ 85,123,154	$ 60,302,226	$ 143,491,389	$ 115,792,258
Capital assets, net	193,012,016	191,087,727	156,852,164	134,457,004	349,864,180	325,544,731
Total Assets	251,380,251	246,577,759	241,975,318	194,759,230	493,355,569	441,336,989
Long-term liabilities	69,937,221	73,066,222	106,164,785	73,907,837	176,102,006	146,974,059
Other liabilities	6,323,835	8,156,910	4,400,381	4,653,102	10,724,216	12,810,012
Total Liabilities	76,261,056	81,223,132	110,565,166	78,560,939	186,826,222	159,784,071
Net Assets:						
Invested in capital assets, net of related debt	143,105,466	139,394,624	114,059,051	107,478,172	257,164,517	246,872,796
Restricted	9,818,516	6,188,600	1,860,132	455,062	11,678,648	6,643,662
Unrestricted	22,195,213	19,771,403	15,490,969	8,265,057	37,686,182	28,036,460
Total Net Assets	$ 175,119,195	$ 165,354,627	$ 131,410,152	$ 116,198,291	$ 306,529,347	$ 281,552,918

A portion of the primary government's net assets, $11,678,648 or 4 percent represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, $37,686,182 or 12 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by $24,976,429 during the current fiscal year including, $9,764,568 in the governmental activities and $15,211,861 in the business-type activities. The governmental activities increase is the result primarily of current revenues exceeding current expense by $5.00 million, capital outlay investment exceeding depreciation by $1.36 million, and a reduction of $3.4 million in debt principal. The business-type activities increase is the result of operating revenues exceeding expenses and transfers by $8.2 million combined with $7 million in cash and capital contributions from developers and property tax funded development and utility districts.

Statement of Activities:

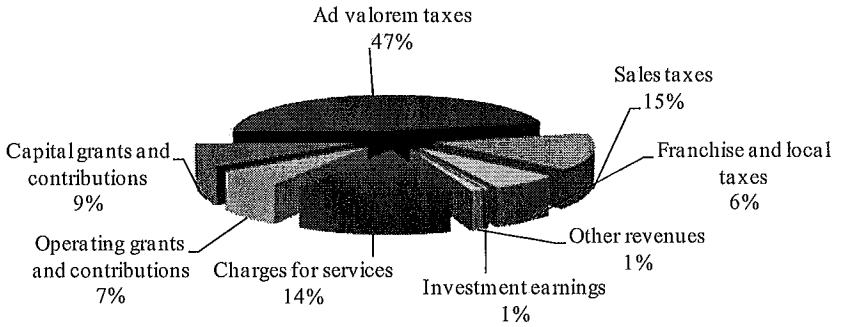
The following table provides a summary of the City's changes in net assets:

CHANGES IN NET ASSETS

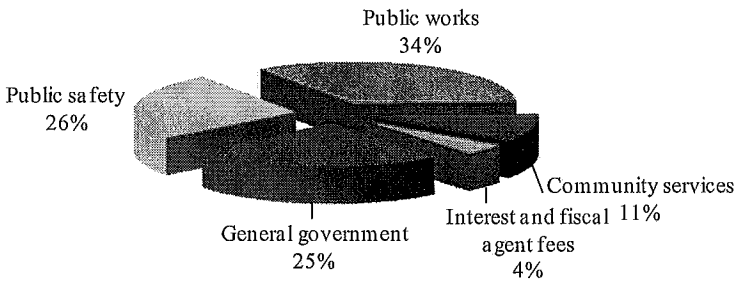
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	$ 10,366,374	$ 10,058,664	$ 27,278,933	$ 23,209,601	$ 37,645,307	$ 33,268,265
Operating grants and contributions	4,888,926	3,090,510	150,107	105,075	5,039,033	3,195,585
Capital grants and contributions	6,710,627	21,942,670	7,029,886	12,064,459	13,740,513	34,007,129
General revenues:						
Ad valorem taxes	34,255,809	29,800,358	-	-	34,255,809	29,800,358
Sales taxes	10,938,166	8,734,426	-	-	10,938,166	8,734,426
Franchise and local taxes	4,613,734	4,463,564	-	-	4,613,734	4,463,564
Investment earnings	406,217	1,279,871	516,379	1,742,300	922,596	3,022,171
Other revenues	716,331	783,300	-	-	716,331	783,300
Gain on disposal of capital assets	30,410	-	3,726	2,681	34,136	2,681
Total Revenues	72,926,594	80,153,363	34,979,031	37,124,116	107,905,625	117,277,479
Expenses						
General government	16,304,411	15,826,680	-	-	16,304,411	15,826,680
Public safety	16,477,536	15,590,510	-	-	16,477,536	15,590,510
Public works	21,718,351	21,712,338	-	-	21,718,351	21,712,338
Community services	6,838,427	6,461,008	-	-	6,838,427	6,461,008
Interest and fiscal agent fees	2,823,301	2,546,158	-	-	2,823,301	2,546,158
Water and sewer	-	-	18,767,170	15,816,557	18,767,170	15,816,557
Total Expenses	64,162,026	62,136,694	18,767,170	15,816,557	82,929,196	77,953,251
Increase in Net Assets Before Transfers	8,764,568	18,016,669	16,211,861	21,307,559	24,976,429	39,324,228
Transfers	1,000,000	3,353,160	(1,000,000)	(3,353,160)	-	-
Change in Net Assets	9,764,568	21,369,829	15,211,861	17,954,399	24,976,429	39,324,228
Beginning Net Assets	165,354,627	143,984,798	116,198,291	98,243,892	281,552,918	242,228,690
Ending Net Assets	$ 175,119,195	$ 165,354,627	$ 131,410,152	$ 116,198,291	$ 306,529,347	$ 281,552,918

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

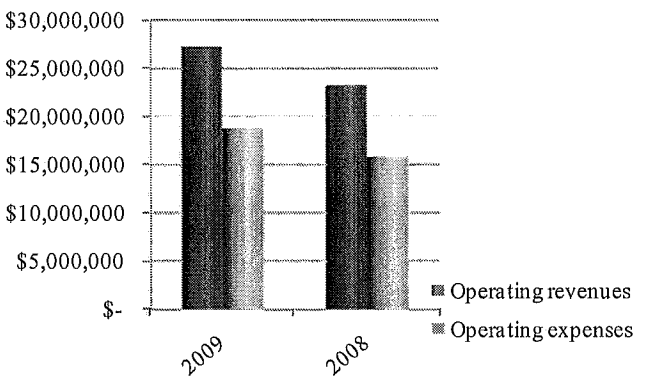
Governmental Activities - Revenues



Governmental Activities - Expenses



Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2009, revenues from governmental activities totaled $66,215,967 excluding $6,710,627 in capital grants and contributions, compared with $58,210,693 in the prior year, excluding $21,942,670 in prior year capital grants and contributions. This $8,005,274 increase occurred as the result of $4,455,451 in additional property tax revenues, $2,203,740 in added sales tax revenues, and net increases in other revenue categories of $1,346,083.

Of the $4,455,451 in additional property tax revenues, approximately $1.18 million resulted from the increase in the property tax rate, $1.98 million was attributable to new construction and $1.29 million came from increased assessments on properties on the tax roll in the prior year.

All of the increase in property taxes was not available to support basic services conducted by City government. The City of League City rebates property taxes to municipal utility districts and tax increment reinvestment zones located inside the City. Such payments increased over the prior year by $877,179, or 20 percent of the total increase in property tax revenues. Total MUD/TIRZ rebates and increments were $6,318,933 in the period ending September 30, 2009.

Sales tax was up over the prior year by $2,203,740 primarily because of the combined effects of rebuilding after Hurricane Ike and the continued growth and expansion of retail properties located at the intersection of SH 646 and Interstate 45. Sales tax revenues from Hurricane Ike, estimated to be in excess of $1 million, were a one-time revenue source.

Other revenues grew substantially less than it appears because of the drop in investment earnings that occurred due to the reduction of interest rates. Investment earnings were $873,654 less than the prior year.

All categories of governmental expenses increased resulting in a $2,025,332 increase overall for governmental activities.

Capital grants and contributions declined for both governmental ($15,232,043) and business type activities ($5,034,573). The reporting period ending September 30, 2009 saw a decline in contributions of tax increment reinvestment zone financed assets from the four TIRZ's from the prior year.

Other business-type activity revenues decreased by a net $2,145,085 over the prior period, including a $1,225,921 decline in investment earnings due to lower interest rates and an increase in charges for service of $4,069,332. Of this latter increase, it is estimated that $2,160,000 came from higher water rates. The remainder of the increase came from increased usage of water during a relatively dry period last summer and growth in the number of water customers. Average gallons per day increased from 9 million in the prior period to 10 million gallons. Water customers also increased by 2.35 percent during the reporting period over the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of $47,961,081. Of this $2,463,898 is reserved for debt service, $356,397 for encumbrances, and $27,311 for prepaid items.

There was an increase in the combined fund balance of $5,192,227 over the prior year. The general fund balance increased by $2,640,417, net of transfers to other funds. The debt service and nonmajor governmental funds experienced increases in fund balance largely due to transfers from the general fund. The debt service fund balance increased $1,288,503, most of which was the result of an $806,782 transfer from the general fund. The remainder of the increase in governmental fund balances stemmed from the positive net change in fund balance for the nonmajor funds..

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was $7,110,631, while total fund balance reached $20,938,122. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 17 percent of total general fund expenditures, while total fund balance represents 49 percent of that same amount. At year end the City's designated operating reserve was $13,443,783, representing 31 percent of total general fund expenditures. The increase in fund balance can be attributed to under spending in every department and was distributed among personnel, supply and service account categories.

Proprietary Funds - The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget included a planned decrease in fund balance in the amount of $3,554,435; however, fund balance actually increased by $2,640,417. This resulted from actual revenues exceeding the original budget by $4,799,774, over half of which was attributable to reimbursements from the Federal Emergency Management Agency for Hurricane Ike recovery and repairs. Property tax revenue also exceeded the budgeted amount by approximately $55,318, while sales tax revenue also exceeded the budgeted amount by approximately $1,690,036. Other sources resulted in no net gain overall as growth caused certain sources to exceed budget and the economic slowdown caused others to fall short.

Actual expenditures were under the original budget by $1,032,776 and under the amended budget by $5,158,981. The majority of this positive variance from the amended budget was a result of under runs in salary adjustments and other personnel costs as well as supplies, as seen primarily in the positive variances of $1,278,321 for public safety and $1,698,334 for public works. The amended budget for non-departmental operating expenditures increased $3,094,434 which included approximately $3,308,000 for Hurricane Ike emergency response and recovery costs. Every other department spent less than the original budget.

CAPITAL ASSETS

At the end of year 2009, the City's governmental activities funds had invested $193,012,016 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $1,924,289. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with a net increase in depreciation of $7,980,513.

Major capital asset events during the current year include the following:

- Developer contributions of infrastructure in the amount of $6,710,627
- Construction of Animal Shelter in the amount of $647,888
- Sidewalk construction in the amount of $109,476
- .West Drainage Reconstruction Project in the amount of $76,804

More detailed information about the City's capital assets is presented in note III. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of $172,805,001. Of this amount, $30,595,001 was general obligation debt, $84,540,000 was revenue bond debt, $53,630,000 was certificates of obligation, and contract revenue bonds accounted for the remaining $4,040,000.

More detailed information about the City's long-term liabilities is presented in note III. D to the financial statements.

Current underlying ratings on debt issues are as follows:

	Moody's Investors Service	Standard and Poor's
Water and sewer system revenue bonds	A1	AA
General obligation bonds	Aa3	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City entered the current year with an uncertain economy at the national and local level. Financial markets were in disarray and the unemployment rate remained high nationally. While the region fared better than the rest of the country throughout 2008, the local economy began its most serious downturn since the mid-1980's experienced upwards of 100,000 jobs lost in the metropolitan area. Faced with the uncertainty caused by this downturn, the City Council approved measures to cut back on operating budgets, including a 1.5 percent reduction for all departments and delayed performance pay increases for non-police personnel to April of 2010. The General Fund and Debt Service Fund budgets assumed much smaller increases in economically sensitive revenues than had been actually realized in the previous several years. Likewise, the Utility Fund budget assumed approximately the same amount of revenue would be collected as in the last year.

Enhancements are being made to the City's financial planning and reporting to monitor the impact of the economy on major revenues. Sales taxes are being systematically compared with employment, inflation, energy prices, and growth in the local retail base to better understand current trends in this volatile revenue source. A five year operating budget forecast is being prepared to clarify issues that arise from projecting the impact of economic change and program demands on the operating budget. Likewise, the capital improvement plan is being enhanced with the addition of a financing plan that measures debt capacity and projects future bond capacity using conservative growth and interest rate assumptions.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances of the City of League City, Texas. Questions concerning this report or requests for additional financial information should be directed to the Office of the City Secretary, 300 West Walker, League City, TX, 77573, telephone 281-554-1031, or for general City information, visit the City's website at www.ci.league-city.tx.us.

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BASIC FINANCIAL STATEMENTS

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CITY OF LEAGUE CITY, TEXAS

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and equity in pooled cash	$ 48,733,179	$ 11,469,998	$ 60,203,177	$ 5,805,890
Investments	2,267,687	1,759,720	4,027,407	-
Receivables, net	6,506,384	4,203,306	10,709,690	285,299
Restricted cash and cash equivalents	-	66,089,425	66,089,425	-
Inventories	9,940	-	9,940	-
Prepaid items	27,311	-	27,311	-
Internal balances	15,909	(15,909)	-	-
Deferred charges	807,825	1,616,614	2,424,439	-
	58,368,235	85,123,154	143,491,389	6,091,189
Capital assets:				
Non-depreciable	13,922,291	24,799,246	38,721,537	-
Net depreciable capital assets	179,089,725	132,052,918	311,142,643	76,354
	193,012,016	156,852,164	349,864,180	76,354
Total Assets	251,380,251	241,975,318	493,355,569	6,167,543
Liabilities				
Accounts payable and accrued liabilities	5,523,806	3,077,436	8,601,242	94,645
Customer deposits	10,715	652,717	663,432	-
Accrued interest payable	357,005	670,228	1,027,233	-
Unearned revenue	432,309	-	432,309	-
	6,323,835	4,400,381	10,724,216	94,645
Noncurrent liabilities:				
Long-term liabilities due within one year	6,892,324	6,039,604	12,931,928	-
Long-term liabilities due in more than one year	63,044,897	100,125,181	163,170,078	-
	69,937,221	106,164,785	176,102,006	-
Total Liabilities	76,261,056	110,565,166	186,826,222	94,645
Net Assets				
Invested in capital assets, net of related debt	143,105,466	114,059,051	257,164,517	76,354
Restricted for:				
Capital projects	1,586,015	-	1,586,015	-
Debt service	2,106,893	1,860,132	3,967,025	-
Public safety	804,095	-	804,095	-
Community development	5,321,513	-	5,321,513	-
Unrestricted	22,195,213	15,490,969	37,686,182	5,996,544
Total Net Assets	$ 175,119,195	$ 131,410,152	$ 306,529,347	$ 6,072,898

See Notes to Financial Statements.

CITY OF LEAGUE CITY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 16,304,411	$ 1,564,845	$ -	$ -
Public safety	16,477,536	730,290	4,531,498	-
Public works	21,718,351	7,186,901	-	6,710,627
Community services	6,838,427	884,338	357,428	-
Interest and fiscal agent fees	2,823,301	-	-	-
Total Governmental Activities	64,162,026	10,366,374	4,888,926	6,710,627
Business-Type Activities				
Water and sewer	18,767,170	27,278,933	150,107	7,029,886
Total Business-Type Activities	18,767,170	27,278,933	150,107	7,029,886
Total Primary Government	$ 82,929,196	$ 37,645,307	$ 5,039,033	$ 13,740,513
Component Units	$ 352,396	$ -	$ 16,076	$ -
Total Component Units	$ 352,396	$ -	$ 16,076	$ -

General Revenues:

Ad valorem taxes

Sales taxes

Franchise and local taxes

Investment earnings

Other revenues

Gain on sale/retirement of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (14,739,566)	$ -	$ (14,739,566)	$ -
(11,215,748)	-	(11,215,748)	-
(7,820,823)	-	(7,820,823)	-
(5,596,661)	-	(5,596,661)	-
(2,823,301)	-	(2,823,301)	-
(42,196,099)	-	(42,196,099)	-
-	15,691,756	15,691,756	-
-	15,691,756	15,691,756	-
(42,196,099)	15,691,756	(26,504,343)	-
$ -	$ -	$ -	$ (336,320)
$ -	$ -	$ -	$ (336,320)
34,255,809	-	34,255,809	-
10,938,166	-	10,938,166	1,805,655
4,613,734	-	4,613,734	216,118
406,217	516,379	922,596	36,900
716,331	-	716,331	-
30,410	3,726	34,136	-
1,000,000	(1,000,000)	-	-
51,960,667	(479,895)	51,480,772	2,058,673
9,764,568	15,211,861	24,976,429	1,722,353
165,354,627	116,198,291	281,552,918	4,350,545
$ 175,119,195	$ 131,410,152	$ 306,529,347	$ 6,072,898

CITY OF LEAGUE CITY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2009

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and equity in pooled cash	$ 17,747,819	$ 2,665,568	$ 26,304,468	$ 46,717,855
Investments	2,267,687	-	-	2,267,687
Receivables, net	6,106,699	315,106	84,579	6,506,384
Due from other funds	37,849	-	-	37,849
Prepaid items	27,311	-	-	27,311
Total Assets	$ 26,187,365	$ 2,980,674	$ 26,389,047	$ 55,557,086
Liabilities				
Accounts payable and accrued liabilities	$ 3,467,404	$ 202,267	$ 1,793,591	$ 5,463,262
Customer deposits	10,715	-	-	10,715
Due to other funds	-	-	20,000	20,000
Deferred revenue	1,771,124	314,509	16,395	2,102,028
Total Liabilities	5,249,243	516,776	1,829,986	7,596,005
Fund Balances				
Reserved for:				
Encumbrances	356,397	-	-	356,397
Prepaid items	27,311	-	-	27,311
Debt service	-	2,463,898	-	2,463,898
Unreserved, designated for:				
Operating reserve	13,443,783	-	-	13,443,783
Unreserved and undesignated, reported in:				
General fund	7,110,631	-	-	7,110,631
Special revenue funds	-	-	6,124,122	6,124,122
Capital project funds	-	-	18,434,939	18,434,939
Total Fund Balances	20,938,122	2,463,898	24,559,061	47,961,081
Total Liabilities and Fund Balances	$ 26,187,365	$ 2,980,674	$ 26,389,047	$ 55,557,086

See Notes to Financial Statements.

CITY OF LEAGUE CITY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2009

Total fund balances for governmental funds		$ 47,961,081
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable	$ 13,922,291	
Capital assets - depreciable	174,618,475	
		188,540,766
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		1,669,719
Internal services funds are used by management to charge the costs of of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets.		6,434,030
Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.		
Accrued interest	$ (357,005)	
Deferred charges	807,825	
Non-current liabilities due in one year	(6,892,324)	
Non-current liabilities due in more than one year	(63,044,897)	
		(69,486,401)
Net Assets of Governmental Activities		$ 175,119,195

See Notes to Financial Statements.

CITY OF LEAGUE CITY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	$ 18,762,462	$ 9,789,913	$ 5,757,353	$ 34,309,728
Sales taxes	10,938,166	-	-	10,938,166
Franchise fees	4,337,944	-	-	4,337,944
Other taxes	-	-	275,790	275,790
Special assessments	-	-	2,740,475	2,740,475
Licenses and permits	1,727,849	-	-	1,727,849
Fines and forfeitures	1,291,966	-	278,947	1,570,913
Charges for services	4,333,205	-	-	4,333,205
Other revenue	344,817	-	371,514	716,331
Investment earnings	163,120	27,097	198,660	388,877
Intergovernmental	4,531,498	-	357,428	4,888,926
Total Revenues	46,431,027	9,817,010	9,980,167	66,228,204
Expenditures				
Current:				
General government	12,623,695	3,632,399	-	16,256,094
Public safety	16,322,642	-	421,579	16,744,221
Public works	9,273,918	-	5,876,089	15,150,007
Community services	4,693,817	-	596,108	5,289,925
Capital Outlay	-	-	2,183,987	2,183,987
Debt Service:				
Principal	-	3,009,370	420,000	3,429,370
Interest and fiscal charges	-	2,693,520	288,853	2,982,373
Total Expenditures	42,914,072	9,335,289	9,786,616	62,035,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,516,955	481,721	193,551	4,192,227
Other Financing Sources (Uses)				
Transfers in	1,000,000	806,782	1,069,756	2,876,538
Transfers (out)	(1,876,538)	-	-	(1,876,538)
Total Other Financing Sources (Uses)	(876,538)	806,782	1,069,756	1,000,000
Net Change in Fund Balances	2,640,417	1,288,503	1,263,307	5,192,227
Beginning Fund Balances	18,297,705	1,175,395	23,295,754	42,768,854
Ending Fund Balances	$ 20,938,122	$ 2,463,898	$ 24,559,061	$ 47,961,081

See Notes to Financial Statements.

CITY OF LEAGUE CITY, TEXAS

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

For the Year Ended September 30, 2009

Net changes in fund balances - total governmental funds	$	5,192,227
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 and reported as depreciation expense.		
Depreciation		(7,847,184)
Capital outlay		2,459,662
Capital contributions by outside entities are not recorded in governmental funds as the contributions do not represent current financial resources.		6,710,627
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(59,987)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.		
Principal repayments		3,429,370
Amortization of deferred charges		34,842
Accrued interest		124,230
Compensated absences		(188,024)
Net OPEB obligation		(147,187)
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		55,992
Change in Net Assets of Governmental Activities	$	9,764,568

See Notes to Financial Statements.

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CITY OF LEAGUE CITY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2009

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service Fund
Assets		
Current assets:		
Cash and equity in pooled cash	$ 11,469,998	$ 2,015,324
Investments	1,759,720	-
Receivables, net	4,203,306	-
Inventories	-	9,940
Restricted cash, cash equivalents and investments:		
Customer deposits	652,717	-
Capital projects	62,906,348	-
Debt service	2,530,360	-
Total Current Assets	83,522,449	2,025,264
Noncurrent assets:		
Deferred charges	1,616,614	-
Capital assets:		
Non-depreciable	24,799,246	-
Net depreciable capital assets	132,052,918	4,471,250
Total Capital Assets, Net of Accumulated Depreciation	156,852,164	4,471,250
Total Noncurrent Assets	158,468,778	4,471,250
Total Assets	241,991,227	6,496,514
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	3,077,436	60,544
Accrued interest	670,228	-
Customer deposits	652,717	-
Compensated absences	390,824	-
Bonds, notes, and loans payable	5,648,780	-
Due to other funds	15,909	1,940
Total Current Liabilities	10,455,894	62,484
Noncurrent liabilities:		
Compensated absences	43,425	-
Bonds, notes, and loans payable	100,050,681	-
Net OPEB obligation	31,075	-
Total Noncurrent Liabilities	100,125,181	-
Total Liabilities	110,581,075	62,484
Net Assets		
Invested in capital assets, net of related debt	114,059,051	4,471,250
Restricted for debt service	1,860,132	-
Unrestricted	15,490,969	1,962,780
Total Net Assets	$ 131,410,152	$ 6,434,030

See Notes to Financial Statements.

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CITY OF LEAGUE CITY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended September 30, 2009

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service Fund
Operating Revenues		
Charges for services	$ 27,278,933	$ 1,858,406
Other	-	37,398
Total Operating Revenues	27,278,933	1,895,804
Operating Expenses		
Personnel	4,812,418	566,051
Contractual services	3,299,194	7,677
Utilities	1,501,081	-
Repairs and maintenance	966,975	462,828
Other supplies and expenses	833,440	41,249
Depreciation	3,180,305	809,757
Total Operating Expenses	14,593,413	1,887,562
Operating Income	12,685,520	8,242
Nonoperating Revenues (Expenses)		
Investment earnings	516,379	17,340
Interest expense	(4,173,757)	-
Intergovernmental	150,107	-
Gain on disposal of capital assets	3,726	30,410
Total Nonoperating Revenues (Expenses)	(3,503,545)	47,750
Income Before Contributions and Transfers	9,181,975	55,992
Capital contributions	7,029,886	-
Transfers (out)	(1,000,000)	-
Change in Net Assets	15,211,861	55,992
Beginning Net Assets	116,198,291	6,378,038
Ending Net Assets	$ 131,410,152	$ 6,434,030

See Notes to Financial Statements.

CITY OF LEAGUE CITY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2009

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	$ 26,826,322	$ 2,037,310
Payments to suppliers	(6,891,192)	(672,302)
Payments to employees	(4,709,087)	(566,051)
Net Cash Provided by Operating Activities	15,226,043	798,957
Cash Flows from Noncapital Financing Activities		
Transfers (out) to other funds	(1,000,000)	-
Net Cash (Used) by Noncapital Financing Activities	(1,000,000)	-
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	37,200,000	-
Principal payments on debt	(5,575,537)	-
Acquisition and construction of capital assets	(20,336,251)	(1,411,011)
Capital recovery fees	2,114,338	-
Interest paid on debt	(4,173,757)	-
Proceeds from sales of capital assets	3,726	30,410
Net Cash Provided (Used) by Capital and Related Financing Activities	9,232,519	(1,380,601)
Cash Flows from Investing Activities		
Purchase of investments	(25,295,010)	-
Interest on investments	516,379	17,340
Net Cash Provided (Used) by Investing Activities	(24,778,631)	17,340
Net Decrease in Cash and Equivalents	(1,320,069)	(564,304)
Beginning Cash and Cash Equivalents	55,344,202	2,579,628
Ending Cash and Cash Equivalents	$ 54,024,133	$ 2,015,324
Unrestricted Cash and Cash Equivalents	$ 11,469,998	$ 2,015,324
Restricted Cash and Cash Equivalents (including $39,371,058 for capital projects)	42,554,135	-
Total Cash and Cash Equivalents	$ 54,024,133	$ 2,015,324

CITY OF LEAGUE CITY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2009

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 12,685,520	$ 8,242
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,180,305	809,757
(Increase) Decrease in:		
Accounts receivable	(483,738)	41,668
Inventories	-	26,794
Due from other funds	-	99,838
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(283,848)	(95,229)
Compensated absences	72,256	-
Customer deposits	31,127	-
Net OPEB obligation	31,075	-
Due to other funds	(6,654)	(92,113)
Net Cash Provided by Operating Activities	$ 15,226,043	$ 798,957
Noncash capital activities:		
Capital assets contributed during the year	$ 4,727,645	$ -

See Notes to Financial Statements.

CITY OF LEAGUE CITY, TEXAS

STATEMENT OF NET ASSETS

DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2009

	4B Economic Development Corporation	Destination League City	Economic Development Corporation	Volunteer Fire Department
Assets				
Current Assets:				
Cash and equity in pooled cash	$ 5,299,781	$ 467,825	$ 3,943	$ 34,341
Receivables, net	285,299	-	-	-
Total Current Assets	5,585,080	467,825	3,943	34,341
Noncurrent Assets:				
Capital assets:				
Net depreciable capital assets	-	-	-	76,354
Total Capital Assets, Net	-	-	-	76,354
Total Noncurrent Assets	-	-	-	76,354
Total Assets	5,585,080	467,825	3,943	110,695
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	67,338	27,307	-	-
Total Liabilities	67,338	27,307	-	-
Net Assets				
Invested in capital assets, net of related debt	-	-	-	76,354
Unrestricted	5,517,742	440,518	3,943	34,341
Total Net Assets	$ 5,517,742	$ 440,518	$ 3,943	$ 110,695

See Notes to Financial Statements.

	Total Discretely Presented Component Units
$	5,805,890
	285,299
	6,091,189
	76,354
	76,354
	76,354
	6,167,543
	94,645
	94,645
	76,354
	5,996,544
$	6,072,898

CITY OF LEAGUE CITY, TEXAS

STATEMENT OF ACTIVITIES

DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Component Units			
4B Economic Development Corporation	$ 67,337	$ -	$ -
Destination League City	273,111	-	-
Economic Development Corporation	1,284	-	-
Volunteer Fire Department	10,664	-	16,076
Total Component Units	$ 352,396	$ -	$ 16,076

General Revenues:

Sales taxes

Franchise and local taxes

Investment earnings

Total General Revenues

Change in Net Assets

Beginning Net Assets

Ending Net Assets

Net (Expense) Revenue and Changes in Net Assets				
4B Economic Development Corporation	Destination League City	Economic Development Corporation	Volunteer Fire Department	Total
$ (67,337)	$ -	$ -	$ -	$ (67,337)
-	(273,111)	-	-	(273,111)
-	-	(1,284)	-	(1,284)
-	-	-	5,412	5,412
(67,337)	(273,111)	(1,284)	5,412	(336,320)
1,805,655	-	-	-	1,805,655
-	216,118	-	-	216,118
33,533	3,364	3	-	36,900
1,839,188	219,482	3	-	2,058,673
1,771,851	(53,629)	(1,281)	5,412	1,722,353
3,745,891	494,147	5,224	105,283	4,350,545
$ 5,517,742	$ 440,518	$ 3,943	$ 110,695	$ 6,072,898

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of League City, Texas (the "City") was incorporated in May 1962 and has adopted a "Home Rule Charter" which provides for a "Mayor-Council" form of government. A Mayor and seven Council members are elected by voters of the City at large for three-year terms.

The City Council is the principal legislative and administrative body of the City. Subject to confirmation of the City Council, the Mayor has the power to appoint all boards, commissions, agencies, and officers provided for in the Charter or by ordinance. Departments and agencies of the City submit budget requirements to the Mayor. The Mayor is the presiding officer of the City Council and does not vote except in the case of a tie vote.

The City provides the following services: public safety (police, fire, and EMS); public works; water and sewer services; solid waste collection and disposal (contract); community services; and general government.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The component units, as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

Major Component Units

Destination League City Convention and Visitors Corporation

The Destination League City Convention and Visitors Corporation (the "Corporation") was created to manage and supervise the programs and activities with revenue from a hotel occupancy tax received by the City. The tax revenues are limited to promote tourism and the convention and hotel industry as defined in Subchapter B of Chapter 351 of the Tax Code (paragraph 351.101 and 351.103 of Vernon's Texas Civil Statutes). The majority of the members of the governing Board are appointed by City Council. One member of the City Council also serves as an ex-officio member of the Board. Operating and capital budgets must be approved each year by City Council.

City of League City Section 4B Economic Development Corporation

All powers of the 4B Economic Development Corporation (the "Corporation") are vested in a Board consisting of seven (7) persons who are appointed by the City Council. The Board acts on behalf of the City in administering the provisions of Section 4B, Article 5190.6, of the Development Act of 1979, State of Texas. The Corporation is funded by a ¼ percent local sales and use tax approved by local voters. The Corporation is fiscally dependent on the City because the capital budgets are approved by City Council. In addition, the Corporation is prohibited from issuing bonded debt without approval of the City Council.

City of League City Economic Development Corporation

The members of the governing board are appointed by the City Council and operational and capital budgets are approved by the Council as well. Bonds were authorized by City Council to finance a commercial project within or adjacent to eligible blighted areas (EBA). The Economic Development Revenue Bonds have not been issued.

League City Volunteer Fire Department

The members of the governing board are appointed by City Council. A budget is approved annually to provide fire protection to the citizens of League City.

Blended Component Units

City of League City Tax Increment Reinvestment Zone (TIRZ) No. One – Magnolia Creek

Six of the nine members of the governing Board are appointed by City Council as dictated by Chapter 311 of the Texas Tax Code. The other three board members are represented by a County Appointee, the State Senator for the area or designee, and the State Representative for the area or designee. This entity was created to provide the financing and management tool needed to facilitate development of a master planned community and golf course within the boundaries of the City. The TIRZ Board also oversees the operations of the Public Improvement District (PID) created in conjunction with the TIRZ. The TIRZ allows developers to create the infrastructure to the master planned community. As the developer of the master planned community completes infrastructure improvements within the TIRZ, the City takes title to the infrastructure and the TIRZ is responsible for reimbursing the developer for the infrastructure costs.

City of League City Tax Increment Reinvestment Zone (TIRZ) No. Two – Victory Lakes

Five of the seven members of the governing Board are appointed by City Council as dictated by Chapter 311 of the Texas Tax Code. The Clear Creek Independent School District (CCISD) is a participant in this reinvestment zone and appoints one member to the Board. The County of Galveston is also a participant and appoints the remaining member of the Board. This entity was created to provide the financing and management tool needed to facilitate the development of a master planned community and business park within the boundaries of the City. The TIRZ Board also oversees the operations of the Public Improvement District (PID) created in conjunction with the TIRZ. The TIRZ allows developers to create the infrastructure to the master planned community and business park. As the developer of the master planned community completes infrastructure improvements within the TIRZ, the City takes title to the infrastructure and the TIRZ is responsible for reimbursing the developer for the infrastructure costs.

City of League City Tax Increment Reinvestment Zone (TIRZ) No. Three – CenterPointe

Five of the seven members of the governing Board are appointed by City Council as dictated by Chapter 311 of the Texas Tax Code. The two remaining board members are appointed by Clear Creek Independent School District (CCISD) and the County of Galveston. This entity was created to provide the financing and management tool needed to facilitate the development of a master planned community and business park within the boundaries of the City. The TIRZ Board also oversees the operations of the Public Improvement District (PID) created in conjunction with the Zone. The TIRZ allows developers to create the infrastructure to the master planned community and business park. As the developer of the master planned community completes infrastructure improvements within the TIRZ, the City takes title to the infrastructure and the TIRZ is responsible for reimbursing the developer for the infrastructure costs.

City of League City Tax Increment Reinvestment Zone (TIRZ) No. Four –Westwood

Six of the nine members of the governing Board are appointed by City Council as dictated by Chapter 311 of the Texas Tax Code. The other three board members are represented by a County Appointee, the State Senator for the area or designee, and the State Representative for the area or designee. This entity was created to provide the financing and management tool needed to facilitate the development of a master planned community and business park within the boundaries of the City. The TIRZ allows developers to create the infrastructure to the master planned community and business park. As the developer of the master planned community completes infrastructure improvements within the TIRZ, the City takes title to the infrastructure and the TIRZ is responsible for reimbursing the developer for the infrastructure costs.

City of League City Public Improvement District No. One – Magnolia Creek

The TIRZ Board oversees the operations of the Public Improvement District (PID) created in conjunction with the TIRZ. This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15-20 years.

City of League City Public Improvement District No. Two – Victory Lakes

The TIRZ Board oversees the operations of the Public Improvement District (PID) created in conjunction with the TIRZ. This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15-20 years.

City of League City Public Improvement District No. Three – CenterPointe

The TIRZ Board oversees the operations of the Public Improvement District (PID) created in conjunction with the TIRZ. This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15-20 years.

City of League City Public Improvement District No. Five – Park on Clear Creek

The Park on Clear Creek Development Authority oversees the operations of the Public Improvement District (PID). This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 25 years.

The component units identified above are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of these organizations' boards and is either able to impose its will on them or a financial benefit/burden exists.

Complete financial statements of the individual component units can be obtained directly from administrative offices of the City of League City, 300 West Walker, League City, Texas 77573.

Not included as part of the City's reporting entity are 17 municipal utility districts (MUDs). The City acts as an "operator" of the facilities. The City rebates to nine of the districts from 4 to 40 percent of taxes levied and collected within the districts but does not guarantee the debt of the districts. The MUDs' Boards of Directors are elected officials and the City exercises no control over the Board of Directors. The MUDs construct the facilities and issue bonds to finance such facilities. The MUDs release their security interest in the facilities to the City, and the City operates and maintains the systems.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Significant requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt** — This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** — This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted** — This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, however, interfund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized 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 or expenses, as appropriate. Following is a description of the various funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and community services. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are considered nonmajor funds for reporting purposes.

Capital Projects Funds
The capital projects funds are used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital projects funds are considered nonmajor funds for reporting purposes.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

Enterprise Fund
The enterprise fund is used to account for the operations that provide water and wastewater collection and wastewater treatment operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and wastewater fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund types:

Internal Service Fund
Internal service funds account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The City's internal service fund is used to account for motor pool services. This fund is also used to account for systematic transfers of funds from general governmental and enterprise funds to accumulate, invest, purchase, and maintain capital assets.

D. Measurement Focus and Basis of Accounting

The government-wide Statements of Net Assets and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases

(i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, 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 period. Other receipts and other taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. 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 Statements of Net Assets, Statements of Activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated.

E. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools (TexPool and TexSTAR), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash." For cash management purposes, the City has a sweep arrangement with the bank to transfer cash balances to a money market mutual fund account each day. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

In accordance with GASB Statement No. 31 *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool and TexStar, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government or U.S. Government agencies
Fully collateralized certificates of deposit
Money market mutual funds that meet certain criteria
Banker's acceptance
Statewide investment pools

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or

contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	15 years
Equipment	5 to 20 years
Water and sewer system	50 years
Infrastructure	50 years

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment.

Length of Service (Months)	Maximum Vacation Leave Accrual
1-60	160 hours
61-120	240 hours
121-180	320 hours
181-240	400 hours
More than 240	480 hours

Upon retirement from the City, an employee will receive compensation for unused sick leave hours up to a maximum of 720 hours. Civil service personnel are also compensated for accrued sick leave for up to 90 days upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Assets. The long-term debt consists primarily of bonds, certificates of obligations payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount, and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Post-Employment Healthcare Benefits

The City provides post-employment healthcare benefits as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs. In January 2004, the City approved the payment of health insurance premiums for eligible retirees. Coverage is offered to those employees who are at least 60 years of age and who are retiring with 20 years of service with the City. The retiree cost for health insurance will be covered until the retiree reaches the age of 65. At this time, the retiree would then be eligible for the Medicare, Part B coverage at their own expense.

10. 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, liabilities, 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt a project length budget. In addition, the following special revenue funds do not have an adopted budget: Tax Increment Financing Zone No. One, Tax Increment Financing Zone No. Two, Tax Increment Financing Zone No. Three, Tax Increment Financing Zone No. Four, Public Improvement District No. One, Public Improvement District No. Two, Public Improvement District No. Three, and Public Improvement District No. Five. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the charter, in the approved budget is at the department level in the general fund and all others are at the fund level. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2009.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year-end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

A. Deficit Fund Equity

The individual special revenue fund noted below had a deficit fund balance at year end.

Municipal Technology	$1,486

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2009, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. agencies	$ 26,537,322	390
Certificates of deposit	1,012,642	339
External investment pools:		
TexPool	63,709,556	1
TexStar	36,344,986	1
Total fair value	$ 127,604,506	
Portfolio weighted average maturity		84.5

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City's policy requires that investment pools must be rated no lower than AAA or AAA-m. Banker's acceptances must be issued in the United States and carry a rating of A1/P1 as provided by two of the top nationally recognized rating agencies. As of September 30, 2009, the city's investment in TexPool and TexStar was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2009, fair values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third party custody/safekeeping agent.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight 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. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexSTAR

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexPool and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR are the same as the value of TexPool and TexSTAR shares.

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Nonmajor	Water and Wastewater	Total
Ad valorem taxes	$ 921,521	$ 493,597	$ -	$ -	$ 1,415,118
Other taxes	3,493,096	-	59,673	-	3,552,769
Accounts	3,096,243	-	-	4,248,306	7,344,549
Intergovernmental	912,639	-	8,511	-	921,150
Other	157,534	-	16,395	-	173,929
Less allowance	(2,474,334)	(178,491)	-	(45,000)	(2,697,825)
	$ 6,106,699	$ 315,106	$ 84,579	$ 4,203,306	$ 10,709,690

C. Capital Assets

A summary of changes in capital assets for the year end were as follows:

	Primary Government			
	Beginning Balance	Increases	Reclassifications/ (Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 11,430,356 *	$ 427,409	$ -	$ 11,857,765
Construction in progress	1,074,775	1,161,576	(171,825)	2,064,526
Total capital assets not being depreciated	12,546,211	1,588,985	(171,825)	13,922,291
Other capital assets:				
Infrastructure	260,052,675	7,544,795	-	267,597,470
Buildings and improvements	34,814,392 *	-	-	34,814,392
Machinery and equipment	20,641,619 *	1,975,002	(1,032,155)	21,584,466
Total other capital assets	315,508,686	9,519,797	(1,032,155)	323,996,328
Less accumulated depreciation for:				
Infrastructure	(112,439,227)	(5,606,300)	-	(118,045,527)
Buildings and improvements	(11,758,744) *	(1,752,948)	-	(13,511,692)
Machinery and equipment	(12,728,119) *	(1,604,125)	982,860	(13,349,384)
Total accumulated depreciation	(136,926,090)	(8,963,928)	982,860	(144,906,603)
Other capital assets, net	178,582,596	555,869	(49,295)	179,089,725
Totals	$ 191,128,807	$ 2,144,854	$ (221,120)	$ 193,012,016
		Less associated debt		(66,755,474)
		Plus unspent proceeds		16,848,924
		Invested in Capital Assets, Net of Related Debt		$ 143,105,466

*Restated beginning balances. See note IV F.

All capital assets constructed or paid for with funds of the component units are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

Depreciation was charged to governmental functions as follows:

General government	$ 51,326
Public safety	885,385
Public works	5,636,227
Community services	1,581,233
Internal service fund	809,757
Total Governmental Activities Depreciation Expense	$ 8,963,928

Construction in progress and remaining commitments under related construction contracts for general government construction projects at year end were as follows:

Governmental Activities:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Clear Creek Heights Drainage	$ 265,085	$ 217,561	$ 47,524
NPDES Stormwater Plan	144,695	134,460	10,235
FM518 By Pass	1,299,757	464,121	835,636
Eastern Regional Park	1,370,773	41,363	1,329,410
Master Trails Plan	107,400	25,975	81,425
Master Mobility Plan	315,000	43,150	271,850
Palomino Road	524,966	13,177	511,789
Coryell-270 to Wisconsin	209,750	85,794	123,956
2009 Storm Sewer Rehab	69,850	1,244	68,606
	$ 4,307,276	$ 1,026,845	$ 3,280,431

The following is a summary of changes in capital assets for business-type activities for the year ended:

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 791,721	$ -	$ -	$ 791,721
Construction in progress	10,005,571	19,397,028	(5,395,074)	24,007,525
Total capital assets not being depreciated	10,797,292	19,397,028	(5,395,074)	24,799,246
Other capital assets:				
Infrastructure	133,390,094	11,048,547	-	144,438,641
Water rights	14,528,975	-	-	14,528,975
Buildings and improvements	648,991	-	-	648,991
Machinery and equipment	3,910,995	524,964	(33,130)	4,402,829
Total other capital assets	152,479,055	11,573,511	(33,130)	164,019,436
Less accumulated depreciation for:				
Infrastructure	(22,936,555)	(2,683,801)	-	(25,620,356)
Water rights	(2,113,004)	(298,661)	-	(2,411,665)
Buildings and improvements	(209,081)	(35,760)	-	(244,841)
Machinery and equipment	(3,560,703)	(162,083)	33,130	(3,689,656)
Total accumulated depreciation	(28,819,343)	(3,180,305)	33,130	(31,966,518)
Other capital assets, net	123,659,712	8,393,206	-	132,052,918
Totals	$ 134,457,004	$ 27,790,234	$ (5,395,074)	$ 156,852,164
		Less associated debt		(105,699,461)
		Plus unspent proceeds		62,906,348
		Invested in Capital Assets, Net of Related Debt		$ 114,059,051

Depreciation was charged to business-type functions as follows:

Water and sewer	$ 3,180,305
Total Business-Type Activities Depreciation Expense	$ 3,180,305

Construction in progress and remaining commitments under related construction contracts for enterprise fund projects at year end were as follows:

Business-Type Activities:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Southwest WWTP	$ 882,690	$ 810,789	$ 71,901
DSWWTP 4.5 MGD Expansion	25,122,835	21,042,493	4,080,342
24" Gravity Line - Butler Road	180,532	175,636	4,896
30" Waterline, West Side	236,000	108,761	127,239
2005 Sanitary Sewer Rehab	2,360,941	1,944,863	416,078
Total	$ 28,782,998	$ 24,082,542	$ 4,700,456

The following is a summary of changes in capital assets for discretely presented component units for the year ended:

	Component Unit			
	Beginning Balance	Increases	Reclassifications/ (Decreases)	Ending Balance
Component Unit Activities:				
Capital assets not being depreciated:				
Land	$ 41,080 *	$ -	$	$ 41,080
Total capital assets not being depreciated	41,080	-	-	41,080
Other capital assets:				
Buildings and improvements	115,013 *	-	-	115,013
Machinery and equipment	63,920 *	-	-	63,920
Total other capital assets	178,933	-	-	178,933
Less accumulated depreciation for:				
Buildings and improvements	(98,620) *	(2,075)	-	(100,695)
Machinery and equipment	(38,837) *	(4,126)	-	(42,964)
Total accumulated depreciation	(137,457)	(6,201)	-	(143,659)
Other capital assets, net	41,476	(6,201)	-	35,274
Totals	$ 82,556	$ (6,201)	$ -	$ 76,354

*Restated beginning balances. See note IV F.

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

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. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Governmental Activities:						
Bonds, notes, and other payables:						
General obligation bonds	$ 15,014,339	-	1,824,368	13,189,971	*	$ 2,026,220
Certificates of obligation	55,235,000	-	1,605,000	53,630,000	*	2,135,000
Unamortized debt items	(29,653)	-	(34,844)	(64,497)	*	-
	70,219,686	-	3,394,524	66,755,474		4,161,220
Other liabilities:						
Compensated absences	2,846,536	2,002,194	1,814,170	3,034,560		2,731,104
Net OPEB obligation	-	147,187	-	147,187		-
Total Governmental Activities	$ 73,066,222	$ 2,149,381	$ 5,208,694	$ 69,937,221		$ 6,892,324
		Long-term debt due in more than one year		$ 63,044,897		
Business-Type Activities:						
Revenue bonds	$ 48,685,000	37,200,000	1,345,000	84,540,000	**	$ 1,365,000
General obligation bonds	20,745,660	-	3,340,630	17,405,030	**	3,683,780
Certificates of obligation	269,999	-	269,999	-		-
Contract revenue bonds	4,615,000	-	575,000	4,040,000	**	600,000
(Less) unamortized premiums, discounts and other	(797,630)	444,908	(67,153)	(285,569)	**	-
	$ 73,518,029	$ 37,644,908	$ 5,463,476	$ 105,699,461		$ 5,648,780
Other liabilities:						
Compensated absences	389,808	364,588	320,147	434,249		390,824
Net OPEB obligation	-	31,075	-	31,075		-
Total Business-type Activities	$ 73,907,837	$ 38,040,571	$ 5,783,623	$ 106,164,785		$ 6,039,604
		Long-term debt due in more than one year		$ 100,125,181		

*** Debt associated with governmental activity capital assets** $ 66,755,474

**** Debt associated with business-type activity capital assets** $ 105,699,461

Long-term debt at year end was comprised of the following debt issues:

Governmental Activities:

Series	Original Issue	Interest Rate	Balance
General Obligation Bonds			
2002 General Obligation Refunding Bonds	$ 2,935,670	3.25% to 4.75%	$ 1,775,166
2003 General Obligation Refunding Bonds	$ 9,350,320	2.00% to 4.00%	7,236,274
2007 General Obligation Refunding Bonds	$ 5,211,280	4.00% to 4.12%	4,178,531
		Total General Obligation Bonds	13,189,971
Certificates of Obligation			
2003A Tax and Revenue Certificates of Obligation	$ 7,500,000	2.00% to 4.25%	5,740,000
2003B Tax and Revenue Certificates of Obligation	$ 10,350,000	2.00% to 4.25%	10,225,000
2003C Tax and Revenue Certificates of Obligation	$ 3,135,000	1.50% to 4.00%	1,840,000
2004A Tax and Revenue Certificates of Obligation	$ 5,070,000	3.00% to 5.00%	4,440,000
2004B Tax and Revenue Certificates of Obligation	$ 4,675,000	3.60% to 4.38%	4,870,000
2005A Tax and Revenue Certificates of Obligation	$ 500,000	4.00% to 4.50%	6,750,000
2006A Tax and Revenue Certificates of Obligation	$ 4,695,000	4.15% to 6.00%	4,265,000
2008 Tax and Revenue Certificates of Obligation	$ 15,500,000	4.00% to 5.00%	15,500,000
		Total Certificates of Obligation	53,630,000
		Total Governmental Activities Long-Term Debt	$ 66,819,971

Business-Type Activities:

Series	Original Issue	Interest Rate	Balance
Revenue Bonds			
2002 Water Works & Sewer System Revenue Bonds	$ 4,310,000	4.50% to 5.50%	$ 2,795,000
2004 Water Works & Sewer System Revenue Bonds	$ 12,790,000	3.00% to 4.50%	11,045,000
2005 Water Works & Sewer System Revenue Refunding Bonds	$ 8,170,000	3.87% to 3.87%	6,725,000
2008 Water Works & Sewer System Revenue Bonds	$ 26,775,000	4.00% to 5.00%	26,775,000
2009 Water Works & Sewer System Revenue Bonds	$ 37,200,000	3.00% to 5.00%	37,200,000
		Total Revenue Bonds	84,540,000
General Obligation Bonds			
2002 Ger General Obligation Refunding Bonds	$ 4,749,330	3.25% to 4.75%	2,199,834
2003 Ger General Obligation Refunding Bonds	$ 1,969,680	2.00% to 4.00%	1,583,726
2007 Water Works & Sewer System Revenue Refunding Bonds	$ 16,303,720	4.00% to 4.12%	13,621,470
		Total General Obligation Bonds	17,405,030
Contract Revenue Bonds			
1999B GCWA Contract Revenue Refunding Bonds	$ 4,700,000	3.50% to 5.00%	1,340,000
2001 GCWA Contract Revenue Refunding Bonds	$ 4,150,000	3.00% to 4.90%	2,700,000
		Total Contract Revenue Bonds	4,040,000
		Total Business Type Activites Long-Term Debt	$ 105,985,030

The annual requirements to amortize general obligation bonds outstanding at year end were as follows:

Year Ending	Governmental Activities			Business-Type Activities		
Sep 30	Principal	Interest	Total	Principal	Interest	Total
2010	$ 2,026,220	$ 471,191	$ 2,497,411	$ 3,683,780	$ 630,534	$ 4,314,314
2011	2,003,159	394,106	2,397,265	3,796,841	477,682	4,274,523
2012	2,045,095	314,859	2,359,954	3,944,905	318,253	4,263,159
2013	1,864,934	237,281	2,102,215	2,145,066	194,522	2,339,588
2014	1,718,572	165,107	1,883,679	696,428	138,136	834,565
2015	742,497	117,869	860,366	517,503	114,365	631,868
2016	553,796	95,648	649,444	491,204	95,002	586,206
2017	553,796	75,919	629,715	506,204	75,584	581,788
2018	557,900	55,421	613,319	522,101	55,398	577,499
2019	562,001	33,720	595,721	542,999	33,987	576,986
2020	562,001	11,240	573,239	557,999	11,432	569,431
Total	$ 13,189,971	$ 1,972,360	$ 15,162,330	$ 17,405,030	$ 2,144,896	$ 19,549,926

The annual requirements to amortize revenue bonds outstanding at year end were as follows:

Year Ending Sep 30	Business-Type Activities		
	Principal	Interest	Total
2010	$ 1,365,000	$ 3,741,435	$ 5,106,435
2011	1,380,000	3,549,816	4,929,816
2012	1,395,000	3,491,151	4,886,151
2013	3,210,000	3,398,312	6,608,312
2014	5,350,000	3,233,356	8,583,356
2015	5,225,000	3,034,580	8,259,580
2016	4,930,000	2,844,075	7,774,075
2017	4,590,000	2,661,808	7,251,808
2018	4,440,000	2,485,206	6,925,206
2019	4,280,000	2,310,570	6,590,570
2020	4,125,000	2,139,089	6,264,089
2021	4,540,000	1,959,143	6,499,143
2022	4,390,000	1,771,271	6,161,271
2023	4,235,000	1,587,884	5,822,884
2024	4,080,000	1,407,796	5,487,796
2025	3,920,000	1,228,343	5,148,343
2026	3,755,000	1,048,677	4,803,677
2027	3,590,000	873,120	4,463,120
2028	3,420,000	701,500	4,121,500
2029	1,910,000	568,250	2,478,250
2030	1,965,000	471,375	2,436,375
2031	2,020,000	371,750	2,391,750
2032	2,080,000	269,393	2,349,393
2033	2,140,000	163,750	2,303,750
2034	2,205,000	55,125	2,260,125
Total	$ 84,540,000	$ 45,366,775	$ 129,906,775

The annual requirements to amortize certificates of obligation outstanding at year end were as follows:

Year Ending Sep 30	Governmental Activities		
	Principal	Interest	Total
2010	$ 2,135,000	$ 2,252,678	$ 4,387,678
2011	2,220,000	2,168,053	4,388,053
2012	2,310,000	2,078,853	4,388,853
2013	2,405,000	1,984,575	4,389,575
2014	2,315,000	1,883,656	4,198,656
2015	2,410,000	1,785,666	4,195,666
2016	2,510,000	1,687,286	4,197,286
2017	2,620,000	1,586,460	4,206,460
2018	2,740,000	1,478,055	4,218,055
2019	2,850,000	1,361,410	4,211,410
2020	2,985,000	1,238,304	4,223,304
2021	3,115,000	1,108,584	4,223,584
2022	3,260,000	971,406	4,231,406
2023	3,400,000	826,398	4,226,398
2024	3,010,000	681,697	3,691,697
2025	2,605,000	541,116	3,146,116
2026	2,135,000	434,176	2,569,176
2027	1,870,000	343,611	2,213,611
2028	1,960,000	256,623	2,216,623
2029	1,830,000	170,338	2,000,338
2030	690,000	113,750	803,750
2031	720,000	82,906	802,906
2032	750,000	50,750	800,750
2033	785,000	17,172	802,172
Total	$ 53,630,000	$ 25,103,523	$ 15,162,330

The annual requirements to amortize contract revenue bonds outstanding at year end were as follows:

Year Ending Sep 30	Business-Type Activities		
	Principal	Interest	Total
2010	$ 600,000	$ 186,623	$ 786,623
2011	630,000	159,435	789,435
2012	660,000	130,452	790,452
2013	200,000	99,115	299,115
2014	210,000	90,715	300,715
2015	215,000	81,685	296,685
2016	225,000	72,225	297,225
2017	235,000	62,100	297,100
2018	250,000	51,290	301,290
2019	260,000	39,540	299,540
2020	270,000	27,060	297,060
2021	285,000	13,965	298,965
Total	$ 4,040,000	$ 1,014,205	$ 5,054,205

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities (streets, drainage, public safety, water and wastewater) and equipment for general government and enterprise fund 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.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

Transfer Out	Transfer In	Amounts
General Fund	Debt Service Fund	$ 806,782
General Fund	Nonmajor Governmental Funds	1,069,756
Water and Wastewater Fund	General Fund	1,000,000
		$ 2,876,538

Transfers to the debt service fund from the general fund were made to increase debt reserves in anticipation of a future bond sale. The general fund also made transfers to nonmajor governmental funds to provide financing for the emergency management response fund and for miscellaneous capital projects. Water and wastewater provided monies to the general fund for reimbursement of administrative charges.

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year. The compositions of interfund balances as of year end were as follows:

Receivable fund	Payable fund	Amounts
General fund	Water and wastewater fund	$ 15,909
General fund	Nonmajor funds	20,000
General fund	Internal service fund	1,940
		$ 37,849

F. Fund Equity

The City records fund balance reserves on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditure. Reservations as of year end were as follows.

General Fund		
Reserved for encumbrances	$	356,397
Reserved for prepaid items	$	27,311
Debt Service Fund		
Reserved for debt service	$	2,463,898

As of September 30, 2009, $355,773 of net assets is restricted by enabling legislation.

G. Restricted Assets

As of September 30, 2009, the City held restricted cash and investments in the water and wastewater fund for the following purposes:

Restricted for:		
Capital projects		62,906,348
Debt service		2,530,360
Total	$	65,436,708

IV. OTHER INFORMATION

A. 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 for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

Liabilities 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. Claim liabilities are calculated considering the effects of inflation, recent claim settlement

trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8611. In addition the report is available on TMRS' website at *www.TMRS.com*.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	2009	2008
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee

contribution rate and city matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009). The annual pension cost and the net pension obligation (asset) are as follows:

	2009	2008	2007
Annual Req. Contrib. (ARC)	$ 2,981,757	$ 2,394,236	$ 1,976,487
Contributions Made	2,981,757	2,394,236	1,976,487
NPO at the End of Period	$ -	$ -	$ -

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

	2009	2008	2007
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	29 Years - Closed period	30 Years - Closed period	25 Years - Open period
Asset Valuation Method	Amortized cost	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	N/A

The funded status as of December 31, 2008, the most recent valuation date, is as follows:

		2009
Actuarial Valuation Date		12/31/2008
Actuarial Value of Assets	$	36,909,728
Actuarial Accrued Liability	$	56,927,669
Percentage Funded		64.8%
Unfunded Actuarial Accrued Liability (UAAL)	$	20,017,941
Annual Covered Payroll	$	21,029,242
UAAL as a Percentage of Covered Payroll		95.2%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

D. Other Post-Employment Benefits

1. TMRS - Supplemental Death Benefit Fund

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 an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2009, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the year ended September 30, 2009 is shown below.

	2009	2008	2007
Annual Req. Contrib. (Rate)	0.18%	0.20%	0.20%
Actual Contribution Made	0.18%	0.20%	0.20%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

2. Post-Employment Healthcare Plan

Plan Description

The City administers a single-employer defined benefit Other Post-Employment Benefits (OPEB) plan, known as the Retiree Medical Program (the "Program"). The Program offers medical and dental insurance benefits to eligible retirees and their spouses. Retiree medical coverage levels for retirees are the same as coverage provided to active City employees. Upon the death of the retiree, the spouse is eligible for COBRA.

Employees are eligible for retiree health benefits if they retire at the age of 60 or older with at least 5 years of service from the City, at least 10 years of combined service with other municipalities and are also eligible for a pension from TMRS. For employees who become disabled prior to eligibility for retirement, retiree medical benefits are not available. The City requires retirees to enroll in Medicare once eligible. The City does not provide Medicare Supplemental Health Benefits coverage after the date that person becomes eligible for Medicare benefits.

Funding Policy

The City has elected to subsidize premiums for the plan and funding is provided on a pay-as-you-go basis.

Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution	$	217,294
Contributions made		39,032
Increase in net OPEB obligation		178,262
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	$	178,262

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years are as follows:

Fiscal year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Beginning	Net OPEB Obligation Ending
2007	$ N/A	N/A	$ N/A	$ N/A
2008	$ N/A	N/A	$ N/A	$ N/A
2009*	$ 217,294	17.96%	$ -	$ 178,262

* First year of implementation of GASB 45

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was $1,975,890, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,975,890.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	30 years – Open period
Asset Valuation Method	Market value
Investment Rate of Return	4.5%
Healthcare Cost Trend Rate (Initial/Ultimate)	10.0%/4.5%

E. Contracts

Summaries of the City's significant contracts are as follows:

1. Municipal Utility Districts

The City has entered into utility agreements with several Municipal Utility Districts whose boundaries overlap the boundaries of the City. The Districts construct water, sanitary sewer, and drainage facilities to serve the areas within the Districts and issue bonds to finance such facilities. The Districts release their security interests in the facilities to the City, and the City operates and maintains the systems.

2. Galveston County Water Control and Improvement District No.1

The City entered into an agreement dated March 10, 1983, with Galveston County Water Control and Improvement District No. 1 providing for an inter-connect to be built between the City and the District by the Gulf Coast Water Authority. The City agreed to buy one million gallons of water per day on a take-or-pay basis. Under a revised water supply agreement effective January 1, 1987, the annual volume of water to be paid for by the City on a take-or-pay basis was reduced to a minimum of 150,000 gallons per day, to be adjusted annually to an amount equal to the prior year's average usage, but not to exceed one million gallons per day. The cost to the City will vary depending on the cost to the District to fulfill its obligation.

3. Gulf Coast Water Authority – Elevated Storage Tank

The City entered into an agreement with the Gulf Coast Water Authority (GCWA) on September 8, 1998, providing for the construction of an elevated storage tank and other water system improvements and issuance of GCWA contract bonds to finance the construction. The City is considered the owner of the assets and, as provided in the agreement, makes periodic payments to GCWA to service the debt.

4. Gulf Coast Water Authority – Water Capacity Contract

The City has entered into a long-term cost sharing contract with the Gulf Coast Water Authority (GCWA) to finance the expansion of the Houston Southeast Water Purification Plant. This twice amended water supply contract provides that GCWA reserve treatment and distribution capacity of 17.5 MGD for the City.

F. Restatement

The City has restated beginning net assets by $3,773,842 as a result of a change in presentation of its 4B Economic Development Corporation, Economic Development Corporation, and Volunteer Fire Department component units from blended to discrete. The City has also restated to divide the municipal court security and technology fund into two separate funds for 2009. The two new funds are municipal court building security fund and municipal court technology fund.

	Municipal Court Security and Technology Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Governmental Funds	Governmental Activities
Ending fund balance/net assets as reported September 30, 2008	$ 339,935	$ -	$ -	$ 46,542,696	$ 169,211,579
Change in fund balance due to fund reporting change	(339,935)	208,618	131,317	-	-
Change in presentation of component units	-	-	-	(3,773,842)	(3,815,872)
Restated Beginning Fund Balance/Net Assets	$ -	$ 208,618	$ 131,317	$ 42,768,854	$ 165,395,707

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

GENERAL FUND

For the Year Ended September 30, 2009

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Budget as Amended	Actual	Positive (Negative)
Revenues				
Ad valorem taxes	$ 17,900,362	$ 18,707,144	$ 18,762,462	$ 55,318
Sales taxes	8,457,560	9,248,130	10,938,166	1,690,036
Franchise fees	3,830,000	3,830,000	4,337,944	507,944
Licenses and permits	2,777,800	2,777,800	1,727,849	(1,049,951)
Fines and forfeitures	1,810,000	1,810,000	1,291,966	(518,034)
Charges for services	3,784,400	3,784,400	4,333,205	548,805
Other	77,000	77,000	344,817	267,817
Investment earnings	700,000	700,000	163,120	(536,880)
Intergovernmental	555,291	696,779	4,531,498	3,834,719
Total Revenues	39,892,413	41,631,253	46,431,027	4,799,774
Expenditures				
Current:				
General government:				
Economic development	424,263	464,263	394,592	69,671
Finance administration	448,770	451,270	411,618	39,652
Revenue collections	732,787	732,787	545,279	187,508
City secretary	394,407	394,407	363,912	30,495
City administrator	663,619	847,809	842,947	4,862
Management information systems	1,406,605	1,391,673	1,231,146	160,527
Legal	402,400	466,230	464,526	1,704
Tax and finance	496,295	507,720	481,896	25,824
Mayor and City council	226,048	226,048	176,338	49,710
Civil service	35,017	95,017	93,268	1,749
Municipal court	509,372	509,372	487,203	22,169
Human resources	944,214	970,811	805,836	164,975
Facilities maintenance	1,284,771	1,332,529	1,327,043	5,486
Purchasing	294,226	294,226	290,595	3,631
Non-departmental	2,651,723	5,746,157	4,707,496	1,038,661
Total General Government	10,914,517	14,430,319	12,623,695	1,806,624
Public safety:				
Emergency management	408,361	427,388	415,121	12,267
Police	13,130,809	13,232,100	12,290,115	941,985
Animal control	524,743	524,743	486,126	38,617
Fire marshal	490,162	490,911	428,537	62,374
Fire	1,006,250	1,045,685	909,567	136,118
EMS	1,819,171	1,819,171	1,735,183	83,988
Drill field	53,200	60,965	57,993	2,972
Total Public Safety	17,432,696	17,600,963	16,322,642	1,278,321

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)

GENERAL FUND

For the Year Ended September 30, 2009

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Budget as Amended	Actual	Positive (Negative)
Public works:				
Building inspection	$ 1,218,718	$ 1,364,718	$ 1,203,094	$ 161,624
Public works administration	108,544	108,544	88,870	19,674
Engineering	1,269,391	1,201,291	959,774	241,517
Street and storm water	6,673,281	6,989,234	5,897,265	1,091,969
Planning	1,306,365	1,308,465	1,124,915	183,550
Total Public Works	10,576,299	10,972,252	9,273,918	1,698,334
Community services:				
Library	1,976,775	1,999,128	1,881,312	117,816
Parks and recreation	596,198	602,872	570,304	32,568
Butler Museum	228,537	232,999	181,846	51,153
Sportsplex operations	360,633	371,633	315,269	56,364
Sportsplex administration	207,870	207,870	171,519	36,351
Parks planning	244,033	245,727	238,714	7,013
Parks operation	1,409,290	1,409,290	1,334,853	74,437
Total Community Services	5,023,336	5,069,519	4,693,817	375,702
Total Expenditures	43,946,848	48,073,053	42,914,072	5,158,981
Revenues Over (Under) Expenditures	(4,054,435)	(6,441,800)	3,516,955	9,958,755
Other Financing Sources (Uses)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers (out)	(500,000)	(1,876,542)	(1,876,538)	4
Total Other Financing Sources (Uses)	500,000	(876,542)	(876,538)	4
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	$ (3,554,435)	$ (7,318,342)	2,640,417	$ 9,958,759
Beginning Fund Balance			18,297,705	
Ending Fund Balance			$ 20,938,122	

Notes to Required Supplementary Information (RSI):

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

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CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal Year	2005	2006	2007	2008	2009
Actuarial Valuation Date	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
Actuarial Value of Assets	$ 26,267,720	$ 29,040,884	$ 31,793,502	$ 35,213,486	$ 36,909,728
Actuarial Accrued Liability	$ 33,572,251	$ 37,313,128	$ 41,368,317	$ 53,592,876	$ 56,927,669
Percentage Funded	78.2%	77.8%	76.9%	65.7%	64.8%
Unfunded Actuarial Accrued Liability	$ 7,304,531	$ 8,272,244	$ 9,574,815	$ 18,379,390	$ 20,017,941
Annual Covered Payroll	$ 14,532,346	$ 16,050,695	$ 17,160,925	$ 18,330,451	$ 21,029,242
Unfunded Actuarial Accrued Liability (UAAL) % of Covered Payroll	50.3%	51.5%	55.8%	100.3%	95.2%
Net Pension Obligation (NPO) at the Beginning of Period	$ -	$ -	$ -	$ -	$ -
Annual Req. Contrib. (ARC)	1,930,434	1,976,487	1,964,890	2,394,236	2,434,115
Contributions Made	1,930,434	1,976,487	1,964,890	2,394,236	2,434,115
NPO at the End of Period	$ -	$ -	$ -	$ -	$ -

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CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF FUNDING PROGRESS

POST-EMPLOYMENT HEALTHCARE BENEFITS[1]

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	$ -	$ 1,975,890	$ 1,975,890	0%	N/A	N/A

[1] 2009 is the first year the City is required to implement GASB Statement No. 45 and the requirements have been implemented prospectively, therefore, the above illustration does not reflect similar information for the two preceding years.

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COMBINING STATEMENTS
AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Police Activity Fund is used to account for funds donated for the DARE program, community outreach program and criminal investigation purposes. Various purchases including supplies, equipment, and other services are made from these funds. The League City Police Department administers the funds of these programs.

The Municipal Court Building Security Fund is used to account for fees collected for future improvements to the security of the court facilities.

The Municipal Court Technology Fund is used to account for fees collected for future improvements to the technology of the court facilities.

The Library Gift Fund is used to account for donated funds to be used specifically for the purchase of special items not covered by the Library's general operating budget.

The Hotel Occupancy Tax Fund is used to account for the hotel occupancy tax revenues. Collected revenues are provided to the Destination League City Convention and Visitors Corporation with whom the City has contracted to manage the programs funded by these revenues.

The Escrow Fund - Park Facilities Maintenance is used to account for fees of $1,000 per living unit paid by developers in lieu of dedication of park or recreation areas. Funds collected within this fund are to be used specifically for park facilities and maintenance at the discretion of the City Council.

The City Sidewalk Fund is used to account for fees paid by developers in lieu of building or installing sidewalks. Funds collected within this fund are to be used specifically for sidewalk improvements at the discretion of the City Council.

The Emergency Management Response Fund is used to account for funds designated to improve the City's emergency preparedness and response.

The Animal Control Donation Fund is used to account for funds donated specifically for the support of the Animal Control Shelter. Donated funds would typically be used for veterinary services, food for animals, and educational materials.

The CDBG Fund is used to account for the distribution of funds received from the Community Development Block Grant. These funds are to be used to improve living conditions for low to moderate income residents.

The Butler Longhorn Museum Donation Fund is used to account for funds donated specifically for the support of the Butler Longhorn Museum. Funds would typically be used to purchase or construct exhibits and attractions for the Museum.

The Tax Increment Financing Zone No. One Fund is used to account for funds received as a result of the creation of this zone for the purpose of developing a master planned community and golf course within the boundaries of the City.

The Tax Increment Financing Zone No. Two Fund is used to account for funds received as a result of the creation of this zone for the purpose of developing a master planned community and business park within the boundaries of the City.

The Tax Increment Financing Zone No. Three Fund is used to account for funds received as a result of the creation of this zone for the purpose of developing a master planned community and business park within the boundaries of the City.

The Tax Increment Financing Zone No. Four Fund is used to account for funds received as a result of the creation of this zone for the purpose of developing a master planned community and business park within the boundaries of the City.

The Public Improvement District No. One Fund is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The Public Improvement District No. Two Fund is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The Public Improvement District No. Three Fund is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The Public Improvement District No. Five Fund is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

Capital Projects Funds

Capital projects funds account for financial resources used for the acquisition and/or construction of major capital improvements other than those financed by proprietary funds.

The Miscellaneous Capital Projects Fund is used to account for miscellaneous capital projects designated by City Council.

NONMAJOR GOVERNMENTAL FUNDS, Continued

The Special Assessments Fund is used to account for the receipt of special assessments and the expenditures of such funds to improve Oak Street, Fenwood Street, Tallow Forest Street, Arkansas Street, Alaska Street, and 2nd Street.

The 2003A Certificates of Obligation Fund is used to account for the construction and improvements relating to Fire Station #5, Fire Station #1 renovation, EMS East Side Station, EMS West Side Station, Butler Longhorn Museum, Webster St. drainage, and the City-wide radio replacement program.

The 2004B Certificates of Obligation Fund is used to account for the construction and improvements relating to the Big League Dreams Sports Park.

The 2006 Certificates of Obligation Fund is used to account for the acquisition, construction, and extension of street improvements, firefighting equipment, and related projects.

The 2008 Certificates of Obligation Fund is used to account for the acquisition, construction, and extension of street improvements, firefighting equipment, and related projects.

CITY OF LEAGUE CITY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 3)

September 30, 2009

	Special Revenue Funds			
	Police Activity	Municipal Court Building Security	Municipal Technology	Library Gift
Assets				
Cash and cash equivalents	$ 100,920	$ 212,888	$ 18,695	$ 34,640
Receivables, net	-	-	-	-
Total Assets	$ 100,920	$ 212,888	$ 18,695	$ 34,640
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 31,410	$ 439	$ 181	$ -
Due to other funds	-	-	20,000	-
Deferred revenue	-	-	-	-
Total Liabilities	31,410	439	20,181	-
Fund Balances				
Unreserved, undesignated	69,510	212,449	(1,486)	34,640
Total Fund Balances	69,510	212,449	(1,486)	34,640
Total Liabilities and Fund Balances	$ 100,920	$ 212,888	$ 18,695	$ 34,640

Special Revenue Funds						
Hotel Occupancy Tax	Escrow-Park Facilities Maintenance	City Sidewalk	Emergency Management Response	Butler Museum	Animal Control Fund
$ 14,141	$ 2,240,259	$ 115,954	$ 503,112	$ 7,095	$ 19,324
59,673	-	-	-	-	-
$ 73,814	$ 2,240,259	$ 115,954	$ 503,112	$ 7,095	$ 19,324
$ -	$ -	$ -	$ -	$ -	$ 300
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	300
73,814	2,240,259	115,954	503,112	7,095	19,024
73,814	2,240,259	115,954	503,112	7,095	19,024
$ 73,814	$ 2,240,259	$ 115,954	$ 503,112	$ 7,095	$ 19,324

CITY OF LEAGUE CITY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 3)

September 30, 2009

	Special Revenue Funds			
	CDBG	Tax Increment Financing Zone No. One	Tax Increment Financing Zone No. Two	Tax Increment Financing Zone No. Three
Assets				
Cash and cash equivalents	$ -	$ 1,811,379	$ 2,140,003	$ 20,960
Receivables, net	8,511	-	-	-
Total Assets	$ 8,511	$ 1,811,379	$ 2,140,003	$ 20,960
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 8,511	$ 13,105	$ 1,218,054	$ 20,077
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	8,511	13,105	1,218,054	20,077
Fund Balances				
Unreserved, undesignated	-	1,798,274	921,949	883
Total Fund Balances	-	1,798,274	921,949	883
Total Liabilities and Fund Balances	$ 8,511	$ 1,811,379	$ 2,140,003	$ 20,960

Special Revenue Funds					Capital Project Fund
Tax Increment Financing Zone No. Four	Public Improvement District No. One	Public Improvement District No. Two	Public Improvement District No. Three	Public Improvement District No. Five	Miscellaneous Capital Projects
$ 115,117	$ 249,136	$ 66,211	$ 22,761	$ 55,742	$ 1,707,207
-	-	-	-	-	-
$ 115,117	$ 249,136	$ 66,211	$ 22,761	$ 55,742	$ 1,707,207
$ -	$ 247,186	$ 55,031	$ 22,584	$ 55,521	$ 31,343
-	-	-	-	-	-
-	-	-	-	-	-
-	247,186	55,031	22,584	55,521	31,343
115,117	1,950	11,180	177	221	1,675,864
115,117	1,950	11,180	177	221	1,675,864
$ 115,117	$ 249,136	$ 66,211	$ 22,761	$ 55,742	$ 1,707,207

CITY OF LEAGUE CITY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 3 of 3)

September 30, 2009

	Capital Project Funds			
	Special Assessments	Certificates of Obligation 2003A	Certificates of Obligation 2004B	Certificates of Obligation 2006
Assets				
Cash and cash equivalents	$ -	$ 859,252	$ 146,003	$ 1,008,911
Receivables, net	16,395	-	-	-
Total Assets	$ 16,395	$ 859,252	$ 146,003	$ 1,008,911
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 7,272
Due to other funds	-	-	-	-
Deferred revenue	16,395	-	-	-
Total Liabilities	16,395	-	-	7,272
Fund Balances				
Unreserved, undesignated	-	859,252	146,003	1,001,639
Total Fund Balances	-	859,252	146,003	1,001,639
Total Liabilities and Fund Balances	$ 16,395	$ 859,252	$ 146,003	$ 1,008,911

Capital Project Fund		
Certificates of Obligation 2008		Total Nonmajor Governmental Funds
$ 14,834,758	$	26,304,468
-		84,579
$ 14,834,758	$	26,389,047
$ 82,577	$	1,793,591
-		20,000
-		16,395
82,577		1,829,986
14,752,181		24,559,061
14,752,181		24,559,061
$ 14,834,758	$	26,389,047

CITY OF LEAGUE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 3)
For the Year Ended September 30, 2009

	Special Revenue Funds			
	Police Activity	Municipal Court Building Security	Municipal Technology	Library Gift
Revenues				
Ad valorem taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	216,724	26,789	35,434	-
Investment earnings	860	1,677	649	315
Intergovernmental	-	-	-	-
Other revenue	19,000	-	-	1,972
Total Revenues	236,584	28,466	36,083	2,287
Expenditures				
Public safety	227,758	24,635	168,886	-
Public works	-	-	-	-
Community services	-	-	-	6,663
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	227,758	24,635	168,886	6,663
Revenues Over (Under) Expenditures	8,826	3,831	(132,803)	(4,376)
Other Financing Sources				
Transfers in	-	-	-	-
Total Other Financing Sources	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	8,826	3,831	(132,803)	(4,376)
Beginning Fund Balances	60,684	208,618	131,317	39,016
Ending Fund Balances	$ 69,510	$ 212,449	$ (1,486)	$ 34,640

Special Revenue Funds					
Hotel Occupancy Tax	Escrow-Park Facilities Maintenance	City Sidewalk	Emergency Management Response	Butler Museum	Animal Control Fund
$ -	$ -	$ -	$ -	$ -	$ -
275,790	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
129	16,370	1,519	1,356	36	96
-	-	-	-	-	-
-	309,600	11,134	-	-	6,804
275,919	325,970	12,653	1,356	36	6,900
-	-	-	-	-	300
-	-	-	-	-	-
216,117	15,900	-	-	-	-
-	-	109,475	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
216,117	15,900	109,475	-	-	300
59,802	310,070	(96,822)	1,356	36	6,600
-	-	-	501,756	-	-
-	-	-	501,756	-	-
59,802	310,070	(96,822)	503,112	36	6,600
14,012	1,930,189	212,776	-	7,059	12,424
$ 73,814	$ 2,240,259	$ 115,954	$ 503,112	$ 7,095	$ 19,024

CITY OF LEAGUE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 3)
For the Year Ended September 30, 2009

	Special Revenue Funds			
	CDBG	Tax Increment Financing Zone No. One	Tax Increment Financing Zone No. Two	Tax Increment Financing Zone No. Three
Revenues				
Ad valorem taxes	$ -	$ 1,712,414	$ 3,238,633	$ 750,910
Other taxes	-	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	3,107	11,495	345
Intergovernmental	357,428	-	-	-
Other revenue	-	-	-	-
Total Revenues	357,428	1,715,521	3,250,128	751,255
Expenditures				
Public safety	-	-	-	-
Public works	-	13,104	2,380,477	750,909
Community services	357,428	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	420,000	-
Interest	-	-	288,853	-
Total Expenditures	357,428	13,104	3,089,330	750,909
Revenues Over (Under) Expenditures	-	1,702,417	160,798	346
Other Financing Sources				
Transfers in	-	-	-	-
Total Other Financing Sources	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	-	1,702,417	160,798	346
Beginning Fund Balances	-	95,857	761,151	537
Ending Fund Balances	$ -	$ 1,798,274	$ 921,949	$ 883

Special Revenue Funds					Capital Project Fund
Tax Increment Financing Zone No. Four	Public Improvement District No. One	Public Improvement District No. Two	Public Improvement District No. Three	Public Improvement District No. Five	Miscellaneous Capital Projects
$ 55,396	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	1,281,632	603,554	415,171	440,118	-
-	-	-	-	-	-
513	1,867	968	453	423	11,497
-	-	-	-	-	-
-	-	-	-	-	23,004
55,909	1,283,499	604,522	415,624	440,541	34,501
-	-	-	-	-	-
-	1,281,874	593,512	415,739	440,474	-
-	-	-	-	-	-
-	-	-	-	-	271,784
-	-	-	-	-	-
-	-	-	-	-	-
-	1,281,874	593,512	415,739	440,474	271,784
55,909	1,625	11,010	(115)	67	(237,283)
-	-	-	-	-	568,000
-	-	-	-	-	568,000
55,909	1,625	11,010	(115)	67	330,717
59,208	325	170	292	154	1,345,147
$ 115,117	$ 1,950	$ 11,180	$ 177	$ 221	$ 1,675,864

CITY OF LEAGUE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS (Page 3 of 3)

For the Year Ended September 30, 2009

	Capital Project Funds			
	Special Assessments	Certificates of Obligation 2003A	Certificates of Obligation 2004B	Certificates of Obligation 2006
Revenues				
Ad valorem taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	7,426	3,902	8,381
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	-	7,426	3,902	8,381
Expenditures				
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	190,599	518,329	195,801
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	190,599	518,329	195,801
Revenues Over (Under) Expenditures	-	(183,173)	(514,427)	(187,420)
Other Financing Sources				
Transfers in	-	-	-	-
Total Other Financing Sources	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	-	(183,173)	(514,427)	(187,420)
Beginning Fund Balances	-	1,042,425	660,430	1,189,059
Ending Fund Balances	$ -	$ 859,252	$ 146,003	$ 1,001,639

Capital Project Fund		
Certificates of Obligation 2008		Total Nonmajor Governmental Funds
$ -		$ 5,757,353
-		275,790
-		2,740,475
-		278,947
125,276		198,660
-		357,428
-		371,514
125,276		9,980,167
-		421,579
-		5,876,089
-		596,108
897,999		2,183,987
-		420,000
-		288,853
897,999		9,786,616
(772,723)		193,551
-		1,069,756
-		1,069,756
(772,723)		1,263,307
15,524,904		23,295,754
$ 14,752,181		$ 24,559,061

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CITY OF LEAGUE CITY, TEXAS

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

DEBT SERVICE FUND

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	$ 9,553,797	$ 9,678,491	$ 9,789,913	$ 111,422
Investment earnings	90,000	90,000	27,097	(62,903)
Total Revenues	9,643,797	9,768,491	9,817,010	48,519
Expenditures				
General government	3,531,776	3,652,572	3,632,399	20,173
Principal	3,429,370	3,429,370	3,009,370	420,000
Interest and fiscal charges	2,984,648	2,984,648	2,693,520	291,128
Total Expenditures	9,945,794	10,066,590	9,335,289	731,301
Revenues Over Expenditures	(301,997)	(298,099)	481,721	779,820
Other Financing Sources				
Transfers in	806,782	806,782	806,782	-
Total Other Financing Sources	806,782	806,782	806,782	-
Revenues and Other Financing Sources Over Expenditures and Other Financing	$ 504,785	$ 508,683	1,288,503	$ 779,820
Beginning Fund Balance			1,175,395	
Ending Fund Balance			$ 2,463,898	

CITY OF LEAGUE CITY, TEXAS

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

SPECIAL REVENUE FUNDS - POLICE ACTIVITY

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 118,665	$ 214,126	$ 216,724	$ 2,598
Investment earnings	-	-	860	860
Other revenue	15,000	15,000	19,000	4,000
Total Revenues	133,665	229,126	236,584	7,458
Expenditures				
Public safety	152,136	263,337	227,758	35,579
Revenues Over (Under) Expenditures	$ (18,471)	$ (34,211)	8,826	$ 43,037
Beginning Fund Balance			60,684	
Ending Fund Balance			$ 69,510	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - MUNICIPAL COURT BUILDING SECURITY
For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 30,000	$ 30,000	$ 26,789	$ (3,211)
Investment earnings	6,000	6,000	1,677	(4,323)
Total Revenues	36,000	36,000	28,466	(7,534)
Expenditures				
Public safety	52,500	52,500	24,635	27,865
Revenues Over (Under) Expenditures	$ (16,500)	$ (16,500)	3,831	$ 20,331
Beginning Fund Balance			208,618	
Ending Fund Balance			$ 212,449	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - MUNICIPAL COURT TECHNOLOGY
For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 40,000	$ 40,000	$ 35,434	$ (4,566)
Investment earnings	2,750	2,750	649	(2,101)
Total Revenues	42,750	42,750	36,083	(6,667)
Expenditures				
Public safety	234,820	234,820	168,886	65,934
Revenues Over (Under) Expenditures	$ (192,070)	$ (192,070)	(132,803)	$ 59,267
Beginning Fund Balance			131,317	
Ending Fund Balance			$ (1,486)	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - LIBRARY GIFT

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	$ 1,000	$ 1,000	$ 315	$ (685)
Other	6,000	6,000	1,972	(4,028)
Total Revenues	7,000	7,000	2,287	(4,713)
Expenditures				
Community services	8,000	8,000	6,663	1,337
Revenues Over (Under) Expenditures	$ (1,000)	$ (1,000)	(4,376)	$ (3,376)
Beginning Fund Balance			39,016	
Ending Fund Balance			$ 34,640	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - HOTEL OCCUPANCY TAX

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other taxes	$ 305,000	$ 305,000	$ 275,790	$ (29,210)
Investment earnings	-	-	129	129
Total Revenues	305,000	305,000	275,919	(29,081)
Expenditures				
Community services	305,000	305,000	216,117	88,883
Revenues Over Expenditures	$ -	$ -	59,802	$ 59,802
Beginning Fund Balance			14,012	
Ending Fund Balance			$ 73,814	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - ESCROW PARK FACILITIES MAINTENANCE
For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ 16,370	$ 16,370
Other revenue	110,000	100,000	309,600	209,600
Total Revenues	110,000	100,000	325,970	225,970
Expenditures				
Community services	-	319,178	15,900	303,278
Revenues Over (Under) Expenditures	$ 110,000	$ (219,178)	310,070	$ 529,248
Beginning Fund Balance			1,930,189	
Ending Fund Balance			$ 2,240,259	

CITY OF LEAGUE CITY, TEXAS

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

SPECIAL REVENUE FUNDS - CITY SIDEWALK

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ 1,519	$ 1,519
Other revenue	10,000	10,000	11,134	1,134
Total Revenues	10,000	10,000	12,653	2,653
Expenditures				
Capital outlay	220,812	220,812	109,475	111,337
Revenues Over (Under) Expenditures	$ (210,812)	$ (210,812)	(96,822)	$ 113,990
Beginning Fund Balance			212,776	
Ending Fund Balance			$ 115,954	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - EMERGENCY MANAGEMENT RESPONSE
For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	-	-	1,356	1,356
Total Revenues	-	-	1,356	1,356
Expenditures				
Community services	-	-	-	-
Revenues Over Expenditures	-	-	1,356	1,356
Other Financing Sources				
Transfers in	500,000	500,000	501,756	1,756
Total Other Financing Sources	500,000	500,000	501,756	1,756
ues and Other Financing Sources Over Expenditures and Other Financing	500,000	500,000	503,112	3,112
Beginning Fund Balance			-	
Ending Fund Balance			$ 503,112	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - BUTLER MUSEUM

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ 36	$ 36
Total Revenues	-	-	36	36
Expenditures				
Community services	7,863	7,863	-	7,863
Revenues Over (Under) Expenditures	$ (7,863)	$ (7,863)	36	$ 7,899
Beginning Fund Balance			7,059	
Ending Fund Balance			$ 7,095	

CITY OF LEAGUE CITY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - ANIMAL CONTROL FUND

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	$ 400	$ 400	$ 96	$ (304)
Other revenue	17,000	17,000	6,804	(10,196)
Total Revenues	17,400	17,400	6,900	(10,500)
Expenditures				
Public safety	27,500	27,500	300	27,200
Revenues Over (Under) Expenditures	$ (10,100)	$ (10,100)	6,600	$ 16,700
Beginning Fund Balance			12,424	
Ending Fund Balance			$ 19,024	

CITY OF LEAGUE CITY, TEXAS

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

SPECIAL REVENUE FUNDS - CDBG

For the Year Ended September 30, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 284,751	$ 332,293	$ 357,428	$ 25,135
Total Revenues	284,751	332,293	357,428	25,135
Expenditures				
Community services	284,751	486,607	357,428	129,179
Revenues Over (Under) Expenditures	$ -	$ (154,314)	-	$ 154,314
Beginning Fund Balance			-	
Ending Fund Balance			$ -	

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	120

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	130

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	138

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.

Demographic and Economic Information	146

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	150

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.

CITY OF LEAGUE CITY, TEXAS

NET ASSETS BY COMPONENT

Last Seven Years [1]

(accrual basis of accounting)

	Year			
	2003	**2004**	**2005**	**2006**
Governmental activities				
Invested in capital assets, net of related debt	$ 106,642,770	$ 98,248,654	$ 90,101,167	$ 102,970,171
Restricted	2,924,944	2,433,271	2,377,634	3,207,987
Unrestricted	9,861,075	9,770,120	11,411,953	13,759,017
Total Governmental Activities Net Assets	$ 119,428,789	$ 110,452,045	$ 103,890,754	$ 119,937,175
Business-type activities				
Invested in capital assets, net of related debt	$ 26,766,375	$ 28,772,357	$ 41,368,232	$ 62,130,257
Restricted	7,743,316	8,705,633	1,220,920	367,685
Unrestricted	11,096,074	10,334,014	12,533,421	12,156,662
Total Business-type Activities Net Assets	$ 45,605,765	$ 47,812,004	$ 55,122,573	$ 74,654,604
Primary government				
Invested in capital assets, net of related debt	$ 133,409,145	$ 127,021,011	$ 131,469,399	$ 165,100,428
Restricted	10,668,260	11,138,904	3,598,554	3,575,672
Unrestricted	20,957,149	20,104,134	23,945,374	25,915,679
Total Primary Government Net Assets	$ 165,034,554	$ 158,264,049	$ 159,013,327	$ 194,591,779

(1) The requirement for statistical data is ten years; only seven years are available at this time.
(2) Beginning net assets for governmental activities for 2007 were restated as a result of a change in presentation of the City's component units from discrete to blended.
(3) Beginning net assets for governmental activities for 2008 were restated as a result of a change in presentation of the Destination League City component unit from blended to discrete.
(4) Beginning fund balance for special revenue funds for 2009 has been restated for a change in presentation of the 4B Economic Development Corporation, the Economic Development Corporation, and the Volunteer Fire Department component units from blended to discrete.

2007 [2]	2008 [3]	2009[4]
$ 120,115,018	$ 139,477,734	$ 143,105,466
12,563,358	10,044,998	9,818,516
14,116,519	19,688,847	22,195,213
$ 146,794,895	$ 169,211,579	$ 175,119,195
$ 64,010,135	$ 107,478,172	$ 114,059,051
651,361	455,062	1,860,132
33,582,396	8,265,057	15,490,969
$ 98,243,892	$ 116,198,291	$ 131,410,152
$ 184,125,153	$ 246,955,906	$ 257,164,517
13,214,719	10,500,060	11,678,648
47,698,915	27,953,904	37,686,182
$ 245,038,787	$ 285,409,870	$ 306,529,347

CITY OF LEAGUE CITY, TEXAS

CHANGES IN NET ASSETS

Last Seven Years [1]

(accrual basis of accounting)

	Year			
	2003	2004	2005	2006
Expenses				
Governmental activities				
General government	$ 7,647,414	$ 7,842,146	$ 9,929,099	$ 10,653,854
Public safety	9,499,193	10,366,327	12,374,528	15,002,765
Public works	19,547,503	15,303,239	17,215,751	13,952,069
Community services	3,683,909	3,759,983	4,726,051	5,665,064
Interest and fiscal agent fees	1,500,713	1,908,206	2,203,677	1,968,922
Total Governmental Activities Expenses	41,878,732	39,179,901	46,449,106	47,242,674
Business-type activities				
Utilities	14,308,479	13,545,907	14,541,689	14,644,245
Total Business-type Activities Expenses	14,308,479	13,545,907	14,541,689	14,644,245
Total Primary Government Expenses	$ 56,187,211	$ 52,725,808	$ 60,990,795	$ 61,886,919
Program Revenues				
Governmental activities				
Charges for services				
General government	$ 1,937,841	$ 33,376	$ 29,669	$ 24,336
Public safety	1,184,556	1,580,698	1,757,121	1,888,852
Public works	1,884,102	4,123,813	4,618,669	4,850,922
Community services	522,935	609,940	622,078	602,954
Operating grants and contributions	1,465,603	475,210	1,215,328	1,622,948
Capital grants and contributions	-	1,209,402	19,849	18,746,413
Total Governmental Activities Program Revenues	6,995,037	8,032,439	8,262,714	27,736,425
Business-type activities				
Charges for services				
Utilities	15,613,173	16,370,309	18,525,851	19,493,923
Operating grants and contributions	-	-	-	45,000
Capital grants and contributions	234,021	50,961	4,353,738	14,313,418
Total Business-type Activities Program Revenues	15,847,194	16,421,270	22,879,589	33,852,341
Total Primary Government Program Revenues	$ 22,842,231	$ 24,453,709	$ 31,142,303	$ 61,588,766
Net (Expense)/Revenue				
Governmental activities	$ (34,883,695)	$ (31,147,462)	$ (38,186,392)	$ (19,506,249)
Business-type activities	1,538,715	2,875,363	8,337,900	19,208,096
Total Primary Government Net Expense	$ (33,344,980)	$ (28,272,099)	$ (29,848,492)	$ (298,153)

2007	2008	2009
$ 13,037,659	$ 15,841,598	$ 16,304,411
14,326,938	15,614,443	16,477,536
24,153,330	21,712,338	21,718,351
5,620,482	6,461,008	6,838,427
2,559,712	2,546,158	2,823,301
59,698,121	62,175,545	64,162,026
14,674,801	15,816,557	18,767,170
14,674,801	15,816,557	18,767,170
$ 74,372,922	$ 77,992,102	$ 82,929,196
$ 2,006,502	$ 985,022	$ 1,564,845
730,290	730,290	730,290
7,461,978	7,997,532	7,186,901
530,187	345,820	884,338
764,091	3,090,510	4,888,926
24,761,544	21,942,670	6,710,627
36,254,592	35,091,844	21,965,927
18,964,428	23,209,601	27,278,933
-	105,075	150,107
18,666,045	12,064,459	7,029,886
37,630,473	35,379,135	34,458,926
$ 73,885,065	$ 70,470,979	$ 56,424,853
$ (23,443,529)	$ (27,083,701)	$ (42,196,099)
22,955,672	19,562,578	15,691,756
$ (487,857)	$ (7,521,123)	$ (26,504,343)

CITY OF LEAGUE CITY, TEXAS

CHANGES IN NET ASSETS (Continued)

Last Seven Years [1]

(accrual basis of accounting)

	Year			
	2003	**2004**	**2005**	**2006**
General Revenues and Other Changes in Net Assets				
Governmental activities				
Ad valorem taxes	$ 16,216,829	$ 18,173,498	$ 20,269,723	$ 23,161,785
Franchise	2,787,371	2,984,317	3,301,888	3,486,132
Sales	4,229,443	4,633,633	5,144,498	6,303,377
Investment earnings	474,557	509,070	842,941	1,301,752
Other revenues	7,998	734,538	190,043	105,634
Gain (loss) on sale of capital assets	(59,613)	-	-	-
Transfers	1,249,743	1,746,227	1,476,347	1,169,449
Total Governmental Activities	24,906,328	28,781,283	31,225,440	35,528,129
Business-type activities				
Investment earnings	519,996	310,942	848,677	1,493,383
Other revenues	871,646	2,101,036	-	-
Gain on sale of capital assets	-	-	-	-
Transfers	(1,249,743)	(1,746,227)	(1,476,347)	(1,169,449)
Total Business-Type Activities	141,899	665,751	(627,670)	323,934
Total Primary Government	$ 25,048,227	$ 29,447,034	$ 30,597,770	$ 35,852,063
Change in Net Assets				
Governmental activities	$ (9,977,367)	$ (2,366,179)	$ (6,960,952)	$ 16,021,880
Business-type activities	1,680,614	3,541,114	7,710,230	19,532,030
Total Primary Government	$ (8,296,753)	$ 1,174,935	$ 749,278	$ 35,553,910

(1) The requirement for statistical data is ten years; only seven years are available at this time.
(2) Beginning net assets for governmental activities for 2007 were restated as a result of a change in presentation of the City's component units from discrete to blended.
(3) Beginning net assets for governmental activities for 2008 were restated as a result of a change in presentation of the Destination League City component unit from blended to discrete.
(4) Beginning fund balance for special revenue funds for 2009 has been restated for a change in presentation of the 4B Economic Development Corporation, the Economic Development Corporation, and the Volunteer Fire Department component units from blended to discrete.

2007 [2]	2008 [3]	2009[4]
$ 29,212,712	$ 29,800,358	$ 34,255,809
7,980,512	4,463,564	4,613,734
4,033,855	10,171,516	10,938,166
2,032,052	1,364,833	406,217
1,827,752	793,599	716,331
(52,476)	-	30,410
1,278,164	3,353,160	1,000,000
46,312,571	49,947,030	51,960,667
1,867,641	1,742,300	516,379
-	-	-
44,139	2,681	3,726
(1,278,164)	(3,353,160)	(1,000,000)
633,616	(1,608,179)	(479,895)
$ 46,946,187	$ 48,338,851	$ 51,480,772
$ 22,869,042	$ 22,863,329	$ 9,764,568
23,589,288	17,954,399	15,211,861
$ 46,458,330	$ 40,817,728	$ 24,976,429

CITY OF LEAGUE CITY, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Year			
	2000	**2001**	**2002**	**2003**
General Fund				
Reserved	$ 65,895	$ 56,505	$ 31,347	$ 148,786
Unreserved	8,628,074	10,296,164	10,270,504	11,666,969
Total General Fund	$ 8,693,969	$ 10,352,669	$ 10,301,851	$ 11,815,755
All Other Governmental Funds				
Reserved	$ 1,838,309	$ 1,488,004	$ 1,259,924	$ 1,542,196
Unreserved, reported in:				
Special revenue funds	610,890	1,069,188	1,218,723	853,133
Capital project funds	9,544,321	8,709,624	6,651,139	22,490,881
Total All Other Governmental Funds	$ 11,993,520	$ 11,266,816	$ 9,129,786	$ 24,886,210

(1) Beginning fund balance for special revenue funds for 2007 has been restated for a change in presentation of the City's component units from discrete to blended.
(2) Beginning fund balance for special revenue funds for 2008 has been restated for a change in presentation of the Destination League City component unit from blended to discrete.
(3) Beginning fund balance for special revenue funds for 2009 has been restated for a change in presentation of the 4B Economic Development Corporation, the Economic Development Corporation, and the Volunteer Fire Department component units from blended to discrete.

2004	2005	2006	2007 [1]	2008 [2]	2009[3]
$ 573,495	$ 634,782	$ 346,826	$ 367,413	$ 372,661	$ 383,708
12,371,313	11,055,917	14,135,117	16,672,251	17,925,044	20,554,414
$ 12,944,808	$ 11,690,699	$ 14,481,943	$ 17,039,664	$ 18,297,705	$ 20,938,122
$ 1,143,803	$ 637,068	$ 942,172	$ 1,074,423	$ 1,175,395	$ 2,463,898
1,274,232	1,762,444	2,241,932	6,186,017	7,307,631	6,124,122
13,516,099	5,730,204	9,246,133	5,608,438	19,761,965	18,434,939
$ 15,934,134	$ 8,129,716	$ 12,430,237	$ 12,868,878	$ 28,244,991	$ 27,022,959

CITY OF LEAGUE CITY, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Year			
	2000	**2001**	**2002**	**2003**
Revenues				
Ad valorem taxes	$ 12,736,701	$ 13,941,179	$ 15,817,659	$ 17,002,192
Sales taxes	4,807,477	4,039,292	4,147,638	4,229,443
Franchise and local taxes	2,153,695	2,575,476	2,648,961	2,787,371
Licenses and permits	1,241,478	1,968,140	2,075,384	2,356,534
Fines and forfeitures	954,318	874,344	911,914	837,370
Charges for services	2,742,373	1,457,682	1,789,849	1,747,544
Intergovernmental	274,422	251,451	1,402,594	712,294
Investment earnings	1,461,749	1,384,694	628,450	458,875
Other revenues	1,328,845	1,416,433	1,090,739	1,380,482
Total Revenues	27,701,058	27,908,691	30,513,188	31,512,105
Expenditures				
General government	5,671,122	5,713,231	7,357,874	7,446,844
Public safety	6,504,997	7,629,663	8,204,040	8,998,563
Public works	5,515,021	6,194,687	6,946,703	7,738,927
Community services	3,205,811	2,984,904	3,195,907	3,373,144
Capital outlay	2,969,589	2,170,992	4,481,850	5,965,708
Debt service				
Principal	1,101,412	1,556,841	1,544,193	1,678,376
Interest	1,524,032	1,511,102	1,436,510	2,107,657
Total Expenditures	26,491,984	27,761,420	33,167,077	37,309,219
Excess of revenues over (under) expenditures	1,209,074	147,271	(2,653,889)	(5,797,114)
Other Financing Sources (Uses)				
Issuance of debt	12,189,665	-	2,926,416	30,335,320
Premium on debt		-	-	-
Payment to escrow agent	(5,170,095)	(1,518,669)	(2,924,349)	(9,188,614)
Transfers in	1,853,527	2,159,118	1,735,505	1,743,750
Transfers out	(1,374,853)		(1,308,726)	(1,377,253)
Total Other Financing Sources	7,498,244	640,449	428,846	21,513,203
Net Change in Fund Balances	$ 8,707,318	$ 787,720	$ (2,225,043)	$ 15,716,089
Debt service as a percentage of noncapital expenditures	11.44%	11.16%	11.99%	10.39%

(1) Beginning fund balance for special revenue funds for 2007 has been restated for a change in presentation of the City's component units from discrete to blended.
(2) Beginning fund balance for special revenue funds for 2008 has been restated for a change in presentation of the Destination League City component unit from blended to discrete.
(3) Beginning fund balance for special revenue funds for 2009 has been restated for a change in presentation of the 4B Economic Development Corporation, the Economic Development Corporation, and the Volunteer Fire Department component units from blended to discrete.

2004	2005	2006	2007 [1]	2008 [2]	2009[3]
$ 18,384,555	$ 20,246,369	$ 23,124,758	$ 29,198,771	$ 29,764,055	$ 34,309,728
4,633,633	4,878,398	6,303,377	7,980,512	10,171,516	10,938,166
2,984,317	3,567,988	3,486,132	4,033,855	4,145,479	4,337,944
2,722,313	2,460,148	1,440,637	2,087,633	2,746,066	1,727,849
1,042,429	1,428,976	2,355,933	2,655,768	1,399,113	1,570,913
1,910,953	3,126,831	3,521,772	1,631,013	3,794,687	4,333,205
2,083,145	721,441	1,212,533	3,979,054	3,090,510	4,888,926
500,216	833,275	1,279,331	1,827,752	1,308,255	388,877
996,818	635,951	654,930	2,003,083	3,644,572	3,732,596
			764,091		
35,258,379	37,899,377	43,379,403	56,161,532	60,064,253	66,228,204
8,163,493	9,205,493	9,903,020	13,034,389	15,725,914	16,256,094
9,433,903	11,336,910	12,318,494	13,255,090	15,117,809	16,744,221
7,462,520	8,906,921	8,825,789	15,387,027	15,144,613	15,150,007
4,527,100	3,715,646	3,726,145	5,448,799	5,322,367	5,289,925
15,543,223	24,208,958	1,863,203	4,466,279	1,561,742	2,183,987
1,890,451	2,256,819	2,797,966	5,705,866	3,467,065	3,429,370
2,110,050	2,221,819	2,166,036	2,596,624	2,419,857	2,982,373
49,130,740	61,852,566	41,600,653	59,894,074	58,759,367	62,035,977
(13,872,361)	(23,953,189)	1,778,750	(3,732,542)	1,304,886	4,192,227
5,070,000	14,175,000	4,695,000	5,211,280	15,500,000	-
-	-	-	59,756	1,550	-
-	-	-	(5,190,272)	-	-
2,368,363	3,898,519	4,190,163	2,182,522	1,687,892	2,876,538
(1,351,651)	(3,179,293)	(3,459,087)	(1,757,396)	(1,413,529)	(1,876,538)
6,086,712	14,894,226	5,426,076	505,890	15,775,913	1,000,000
$ (7,785,649)	$ (9,058,963)	$ 7,204,826	$ (3,226,652)	$ 17,080,799	$ 5,192,227
12.08%	11.91%	11.90%	12.49%	10.70%	10.83%

CITY OF LEAGUE CITY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	2000	2001	2002	2003
Residential Property	$ 1,783,833,381	$ 1,996,852,921	$ 2,172,082,786	$ 2,516,428,212
Commercial Property	207,525,010	214,294,700	235,619,080	227,331,910
Personal Property	134,872,129	134,512,863	152,929,565	161,052,207
Less: Tax Exempt Property	181,998,559	195,411,672	205,746,702	221,444,547
Total Assessed Value (1)	$ 1,944,231,961	$ 2,150,248,812	$ 2,354,884,729	$ 2,683,367,782
Total Direct Tax Rate	0.67000	0.66750	0.66250	0.65000

Source: Tax department of the City.

(1) All property is assessed at 100% of actual taxable value.

2004	2005	2006	2007	2008	2009
$ 2,777,472,033	$ 3,215,301,333	$ 3,058,566,355	$ 3,482,064,613	$ 3,996,206,634	$ 4,404,891,666
220,931,920	255,476,530	968,814,106	1,057,030,836	1,006,063,001	1,169,415,838
174,058,147	176,244,201	185,803,655	209,789,289	237,523,778	261,111,634
254,590,717	292,747,603	484,715,934	532,254,310	327,004,477	359,984,398
$ 2,917,871,383	$ 3,354,274,461	$ 3,728,468,182	$ 4,216,630,428	$ 4,912,788,936	$ 5,475,434,740
0.64000	0.63000	0.62750	0.60880	0.60880	0.63000

CITY OF LEAGUE CITY, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2000	2001	2002	2003
City of League City:				
Operating tax rate	$ 0.447800	$ 0.426500	$ 0.434400	$ 0.421500
Debt service tax rate	0.222200	0.241000	0.228100	0.228500
Total Direct Rates	$ 0.670000	$ 0.667500	$ 0.662500	$ 0.650000
Clear Creek Independent School District	$ 1.598600	$ 1.700800	$ 1.725000	$ 1.740000
College of the Mainland, Jr. College District	0.215762	0.218000	0.218000	0.231087
Dickinson Independent School District	1.751000	1.754000	1.747000	1.764000
Santa Fe Independent School District	1.367000	1.422200	1.510000	1.570000
Galveston County	0.545000	0.545000	0.565400	0.606300
Galveston Co. Mun. Utility District No. 2	0.615000	0.560000	0.460000	0.430000
Galveston Co. Mun. Utility District No. 3	0.480000	0.450000	0.430000	0.390000
Galveston Co. Mun. Utility District No. 6	0.860000	0.860000	0.750000	0.700000
Galveston Co. Mun. Utility District No. 13	0.965000	0.965000	0.965000	0.915000
Galveston Co. Mun. Utility District No. 14	0.186150	1.000000	1.000000	1.000000
Galveston Co. Mun. Utility District No. 15	0.870890	0.870890	0.870000	0.870000
Tara Glen MUD	0.800000	0.800000	0.750000	0.725000
Bay Colony West MUD				
Galveston Co. Mun. Utility District No. 39				0.900000
Galveston Co. Mun. Utility District No. 43				
Galveston Co. Mun. Utility District No. 44				
Galveston Co. Mun. Utility District No. 45				
Galveston Co. Mun. Utility District No. 46				
South Shore Harbour Mun. Utility District No. 2	0.600000	0.570000	0.750000	0.570000
South Shore Harbour Mun. Utility District No. 3	0.335000	0.325000	0.300000	0.300000
South Shore Harbour Mun. Utility District No. 6	0.510000	0.460000	0.400000	0.380000
South Shore Harbour Mun. Utility District No. 7				0.500000
Total Direct and Overlapping Rates (1)	$ 12.369402	$ 13.168390	$ 13.102900	$ 14.241387

Note: The basis for property tax rates is per $100 of the assessed valuation.

Source: Tax department records of the various governments.

2004	2005	2006	2007	2008	2009
$ 0.428800	$ 0.429400	$ 0.391900	$ 0.386514	$ 0.404000	$ 0.413932
0.211200	0.200600	0.235600	0.222286	0.204800	0.216068
$ 0.640000	$ 0.630000	$ 0.627500	$ 0.608800	$ 0.608800	$ 0.630000
$ 1.730000	$ 1.745000	$ 1.775000	$ 1.630000	$ 1.320000	$ 1.360000
0.263060	0.245250	0.243020	0.233450	0.227380	0.221640
1.743000	1.738000	1.751000	1.724000	1.430000	1.500000
1.570000	1.570000	1.570000	1.445000	1.160000	1.160000
0.640000	0.638750	0.628750	0.598750	0.580000	0.558600
0.390000	0.365000	0.300000	0.260000	0.250000	0.240000
0.320000	0.250000	0.210000	0.160000	0.140000	0.130000
0.700000	0.700000	0.640000	0.480000	0.440000	0.440000
0.860000	0.760000	0.710000	0.630000	0.610000	0.585000
0.970000	0.920000	0.900000	0.880000	0.880000	0.870000
0.860000	0.830000	0.825000	0.825000	0.825000	0.795000
0.070000	0.700000	0.670000	0.670000	0.670000	0.670000
	1.000000	1.000000	1.000000	1.000000	1.000000
0.900000	0.900000	0.900000	0.900000	0.900000	0.900000
	1.000000	1.000000	1.000000	1.000000	1.000000
			1.000000	0.800000	0.800000
		1.000000	1.000000	1.000000	1.000000
			1.000000	1.000000	1.000000
0.520000	0.450000	0.340000	0.290000	0.290000	0.240000
0.240000	0.220000	0.200000	0.180000	0.170000	0.160000
0.350000	0.310000	0.310000	0.300000	0.300000	0.290000
1.000000	1.000000	0.950000	0.820000	0.800000	0.750000
$ 13.766060	$ 15.972000	$ 16.550270	$ 17.635000	$ 16.401180	$ 16.300240

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CITY OF LEAGUE CITY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

	2009			1999		
Property Tax Payer	**Assessed Value**	**Rank**	**% of Assessed Value**	**Assessed Value**	**Rank**	**% of Assessed Value**
Texas-New Mexico Power Co	$ 25,657,570	1	0.47%	$ 19,162,290	2	1.11%
MB League City Bay Colony	16,393,640	2	0.30%			
Ravello Partners LLC	15,205,020	3	0.28%			
GTE Southwest Inc.	15,019,150	4	0.27%			
South Shore Harbour Dev	14,891,470	5	0.27%			
A-S 85 Victory Lakes	14,851,200	6	0.27%			
Roam Development Group LP	14,599,200	7	0.27%	22,214,850	1	1.28%
VR Park At Waterford LTD Prtnship	14,445,540	8	0.26%			
FPA South Shore Associates	14,372,020	9	0.26%			
American National Insurance Co.	14,138,357	10	0.26%	13,249,970	5	0.77%
General Telephone Co.				19,090,100	3	1.10%
Clear Lake Partners				13,413,440	4	0.78%
SDGA Investments, Inc				11,402,690	6	0.66%
SDGA Investments, Inc				10,577,850	7	0.61%
ML Texas Apartments LP				10,004,500	8	0.58%
Houston, Light and Power				7,567,210	9	0.44%
Albertson's				6,822,915	10	0.39%
Subtotal	$ 159,573,167		2.91%	$ 133,505,815		7.72%
Other Taxpayers	5,315,861,573		97.09%	1,595,674,151		92.28%
Total [1]	$ 5,475,434,740		100.00%	$ 1,729,179,966		100.00%

Source: Tax department records of the City.

(1) Net of exemptions and abatements

CITY OF LEAGUE CITY, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	2000	2001	2002	2003
Tax Rate	$ 0.670000	$ 0.667500	$ 0.662500	$ 0.650000
Total Adjusted Tax levy [1]	$ 12,604,047	$ 13,988,728	$ 15,649,134	$ 17,021,332
Current tax collected	$ 12,410,968	$ 13,676,269	$ 15,375,939	$ 16,765,294
Percent of current tax collections	98.47%	97.77%	98.25%	98.50%
Collections in subsequent years	$ 166,118	$ 287,391	$ 245,627	$ 229,795
Total tax collections to date	$ 12,577,086	$ 13,963,660	$ 15,621,566	$ 16,995,089
Total collections as a percentage of current levy	99.79%	99.82%	99.82%	99.85%
Outstanding delinquent taxes [2]	$ 929,589	$ 1,112,426	$ 1,119,705	$ 1,150,692
Outstanding delinquent taxes as a percentage of current levy	7.38%	7.95%	7.16%	6.76%

(1) After exemptions and abatements

(2) Amount represents total delinquent taxes at year end

2004	2005	2006	2007	2008	2009
$ 0.640000	$ 0.630000	$ 0.627500	$ 0.608800	$ 0.608800	$ 0.630000
$ 18,925,928	$ 20,703,814	$ 23,402,712	$ 25,670,846	$ 26,918,178	$ 30,867,178
$ 18,510,765	$ 20,338,727	$ 23,019,283	$ 25,256,206	$ 26,441,828	$ 30,476,981
97.81%	98.24%	98.36%	98.38%	98.23%	98.74%
$ 368,575	$ 313,112	$ 329,549	$ 329,276	$ 115,929	$ -
$ 18,879,340	$ 20,651,839	$ 23,348,832	$ 25,585,482	$ 26,557,757	$ 30,476,981
99.75%	99.75%	99.77%	99.67%	98.66%	98.74%
$ 1,278,718	$ 1,260,130	$ 1,220,230	$ 1,062,235	$ 1,125,077	$ 1,062,150
6.76%	6.09%	5.21%	4.14%	4.18%	3.44%

CITY OF LEAGUE CITY, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	2000	2001	2002	2003
PRIMARY GOVERNMENT				
Governmental Activities:				
General obligation bonds	$ 19,119,961	$ 17,972,724	$ 17,428,676	$ 20,796,089
Certificates of obligation	9,523,360	9,137,180	8,289,640	24,973,242
Capital leases	25,470	-	-	-
Subtotal	$ 28,668,791	$ 27,109,904	$ 25,718,316	$ 45,769,331
Business-Type Activities:				
General obligation bonds	$ 19,895,040	$ 19,112,277	$ 22,986,325	$ 24,018,913
Certificates of obligation	10,486,640	10,112,820	9,725,360	7,641,759
Revenue bonds	18,955,000	17,935,000	16,700,000	8,725,000
Contract revenue bonds	920,495	728,716	8,189,111	14,265,298
Capital leases	-	-	-	-
TOTAL PRIMARY GOVERNMENT	$ 78,925,966	$ 74,998,717	$ 83,319,112	$ 100,420,301
PERSONAL INCOME ($000's)	$ 1,022,600	$ 1,022,600	$ 1,057,368	$ 1,282,600
DEBT AS A PERCENTAGE OF PERSONAL INCOME	7.72%	7.33%	7.88%	7.83%
POPULATION	45,444	47,788	50,883	52,691
DEBT PER CAPITA	$ 1,737	$ 1,569	$ 1,637	$ 1,906

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

2004	2005	2006	2007	2008	2009
$ 19,094,836	$ 17,462,650	$ 16,315,283	$ 16,580,901	$ 15,014,339	$ 13,189,971
29,344,644	42,494,787	45,368,673	41,635,504	55,235,000	53,630,000
-	-	-	-	-	-
$ 48,439,480	$ 59,957,437	$ 61,683,956	$ 58,216,405	70,249,339	66,819,971
$ 23,350,166	$ 22,417,350	$ 20,359,717	$ 23,564,099	$ 20,745,660	$ 17,405,030
7,225,356	6,795,213	6,351,328	739,496	207,000	-
14,105,000	25,835,000	24,550,000	23,240,000	48,685,000	84,540,000
6,950,985	6,329,971	5,700,000	5,170,000	4,615,000	4,040,000
-	-	-	-	-	-
$ 100,070,987	$ 121,334,971	$ 118,645,001	$ 110,930,000	$ 144,501,999	$ 172,805,001
$ 1,921,628	$ 2,066,480	$ 2,203,880	$ 2,068,269	$ 2,272,483	$ 2,314,695
5.21%	5.87%	5.38%	5.36%	6.36%	7.47%
56,353	60,523	62,622	64,415	68,504	68,900
$ 1,776	$ 2,005	$ 1,895	$ 1,722	$ 2,109	$ 2,508

CITY OF LEAGUE CITY, TEXAS

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Years

	2000	2001	2002	2003
NET ASSESSED VALUE				
All property	$ 1,944,231,961	$ 2,150,248,812	$ 2,354,884,729	$ 2,683,367,782
NET BONDED DEBT				
Gross bonded debt	$ 28,643,321	$ 27,109,904	$ 25,718,316	$ 45,769,331
Less debt service funds	1,838,309	1,488,004	1,259,924	1,542,196
Net Bonded Debt	$ 26,805,012	$ 25,621,900	$ 24,458,392	$ 44,227,135
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	1.38%	1.19%	1.04%	1.65%
POPULATION	45,444	47,788	50,883	52,691
NET BONDED DEBT PER CAPITA	$ 590	$ 536	$ 481	$ 839

2004	2005	2006	2007	2008	2009
$ 2,917,871,383	$ 3,354,274,461	$ 3,728,468,182	$ 4,216,630,428	$ 4,912,788,936	$ 5,475,434,740
$ 48,439,480	$ 59,957,437	$ 61,683,955	$ 58,216,405	$ 70,249,339	$ 66,819,969
1,143,803	637,068	942,172	1,074,250	1,175,395	2,463,899
$ 47,295,677	$ 59,320,369	$ 60,741,783	$ 57,142,155	$ 69,073,944	$ 64,356,070
1.62%	1.77%	1.63%	1.36%	1.41%	1.18%
56,353	60,523	62,622	64,415	68,504	68,900
$ 839	$ 980	$ 970	$ 887	$ 1,008	$ 934

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CITY OF LEAGUE CITY, TEXAS

DIRECT AND ESTIMATED OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2009

Governmental Unit	Debt Outstanding	Percentage Applicable	Share of Overlapping Debt
Debt repaid with property taxes			
Clear Creek ISD	$ 669,673,478	14.210%	$ 95,160,601
College of the Mainland Jr. College District	1,365,000	6.800%	92,820
Dickinson ISD	189,344,160	15.000%	28,401,624
Galveston County	319,844,461	15.570%	49,799,783
Galveston Co. Mun. Utility District No. 2	4,370,000	100.000%	4,370,000
Galveston Co. Mun. Utility District No. 3	5,585,000	100.000%	5,585,000
Galveston Co. Mun. Utility District No. 6	19,590,000	100.000%	19,590,000
Galveston Co. Mun. Utility District No. 13	7,470,000	100.000%	7,470,000
Galveston Co. Mun. Utility District No. 14	13,735,000	100.000%	13,735,000
Galveston Co. Mun. Utility District No. 15	14,780,000	100.000%	14,780,000
Galveston Co. Mun. Utility District No. 39	19,825,000	100.000%	19,825,000
Galveston Co. Mun. Utility District No. 43	22,535,000	100.000%	22,535,000
Galveston Co. Mun. Utility District No. 44	-	100.000%	-
Galveston Co. Mun. Utility District No. 45	-	100.000%	-
Galveston Co. Mun. Utility District No. 46	4,100,000	100.000%	4,100,000
Bay Colony MUD	5,570,000	100.000%	5,570,000
Tara Glen MUD	3,460,000	100.000%	3,460,000
South Shore Harbour Mun. Utility District No. 2	4,530,000	100.000%	4,530,000
South Shore Harbour Mun. Utility District No. 3	1,575,000	100.000%	1,575,000
South Shore Harbour Mun. Utility District No. 6	5,710,000	100.000%	5,710,000
South Shore Harbour Mun. Utility District No. 7	21,440,000	100.000%	21,440,000
Santa Fe ISD	41,360,000	11.240%	4,648,864
Harris County	2,389,649,000	0.070%	1,672,754
Harris County Flood Control District	492,282,000	1.410%	6,941,176
Port of Houston Authority	531,962,000	0.070%	372,373
Subtotal, overlapping debt			341,364,996
City direct debt	-	100.000%	66,819,969
Total direct and overlapping debt			$ 408,184,965
Population			68,900
Per Capita Debt-Direct and Overlapping			$ 5,924

Source: Tax department records of the various governments.

CITY OF LEAGUE CITY, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	2000	2001	2002	2003
Gross revenues (1)	$ 16,469,948	$ 16,352,374	$ 16,696,802	$ 16,125,929
Operating expenses (2)	$ 7,192,779	$ 7,825,020	$ 8,168,135	$ 10,766,072
Net revenues available for Debt Service	$ 9,277,169	$ 8,527,354	$ 8,528,667	$ 5,359,857
DEBT SERVICE REQUIREMENTS (3)				
Principal	$ 1,020,000	$ 1,040,000	$ 1,285,000	$ 1,310,000
Interest	1,020,821	998,157	862,805	797,468
Total	$ 2,040,821	$ 2,038,157	$ 2,147,805	$ 2,107,468
Coverage	4.55	4.18	3.97	2.54

(1) Gross revenues as defined in the revenue bond ordinances, includes operating and non-operating revenue and excludes capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses, as defined in the revenue bond ordinances, do not include amortization, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

2004	2005	2006	2007	2008	2009
$ 16,696,689	$ 19,374,530	$ 20,987,306	$ 20,876,208	$ 25,059,656	$ 27,799,038
$ 10,151,705	$ 10,569,401	$ 11,765,081	$ 12,380,882	$ 12,717,300	$ 14,593,413
$ 6,544,984	$ 8,805,129	$ 9,222,225	$ 8,495,326	$ 12,342,356	$ 13,205,625
$ 1,330,000	$ 1,235,000	$ 1,250,000	$ 1,330,000	$ 1,345,000	$ 1,365,000
1,066,870	739,526	685,519	950,533	894,119	3,741,435
$ 2,396,870	$ 1,974,526	$ 1,935,519	$ 2,280,533	$ 2,239,119	$ 5,106,435
2.73	4.46	4.76	3.73	5.51	2.59

CITY OF LEAGUE CITY, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population[1]	Personal Income[2]	Per Capita Personal Income[2]	Median Age [2]	School Enrollment[3]	Unemployment Rate[4]	Educational Attainment [2][5]
2000	45,444	$ 1,022,600	$ 20,452	33.1	9,101	5.9%	
2001	47,788	$ 1,022,600	$ 20,452	33.1	9,601	6.0%	
2002	50,883	$ 1,057,368	$ 20,452	33.1	10,007	7.4%	
2003	52,691	$ 1,282,600	$ 23,320	33.7	10,582	8.2%	24%
2004	56,353	$ 1,921,628	$ 30,994	34.9	11,102	7.7%	36%
2005	60,523	$ 2,066,480	$ 31,792	35.4	11,883	5.8%	36%
2006	62,622	$ 2,203,880	$ 32,410	35.5	12,034	5.1%	36%
2007	64,415	$ 2,068,269	$ 32,106	35.7	12,906	4.5%	36%
2008	68,504	$ 2,272,483	$ 33,173	35.7	13,855	4.1%	36%
2009	68,900	$ 2,314,695	$ 33,595	35.8	14,332	6.1%	35%

Data sources:
(1) Source-US Census & Texas State Data Center (www.txsdc.utsa.edu)
(2) Source-City of League City Claritas Survey
(3) Source-Clear Creek ISD
(4) Source-Texas Workforce Commission,
(5) Percent of population with Bachelor's degree or higher.

Note: Personal income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Information not presented is not available

CITY OF LEAGUE CITY, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Five Years Ago

	2009			2004	
Employer	**Employees**	**Percent of Total Employment[1]**	**Rank**	**Employees**	**Rank**
Clear Creek Independent School District	4896	14.02%	1	3647	1
City of League City	510	1.46%	2	410	2
Walmart	370	1.06%	3	N/A	9
Krogers	376	1.08%	4	150	6
H.E.B.	255	0.73%	6	N/A	8
American National Insurance	388	1.11%	5	290	3
Devereaux Texas Treatment Network	276	0.79%	7	250	4
Harborview Care Center	200	0.57%	8	198	5
Randall's	94	0.27%	9	112	7
	7365	21.09%		5057	

(1) Percent of total employment is based on total employment of 34,918.
N/A Comparable data is not available for 2004.

Source: Human Resource Department of each company

CITY OF LEAGUE CITY, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
General government	42	42	45	45.75	47	49	49	53	63	62
Public safety	119.5	122.5	126.5	135	142.5	153	155.25	163.25	176.25	180.75
Public works	64.5	75	81	82.5	82.5	88	90	87	100	100.5
Community service	44	51.5	54	56	56.5	57.5	59.5	76	83	80.5
Business-Type Activities:										
Utilities	67	69	70	75	76	76	77	85	86	87
TOTAL CITY POSITIONS	337	360	376.5	394.25	404.5	423.5	430.75	464.25	508.25	510.75

Source: City Finance Department

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CITY OF LEAGUE CITY, TEXAS

OPERATING INDICATORS BY FUNCTION / PROGRAM

Last Ten Years

	Year			
	2000	**2001**	**2002**	**2003**
Function / Program				
City of League City				
Population	50,000	50,000	51,700	55,000
Square miles	53	53	53	53
Budgeted full time employees	356	373	380	394
Police				
Arrests	2,287	2,679	2,400	2,670
Calls for service	31,732	37,651	52,447	44,238
Municipal court				
Traffic violations	12,094	10,454	10,322	7,843
Non traffic violations	2,915	3,241	3,690	3,450
Fire				
Calls answered	937	918	747	705
Inspections	2,377	2,030	2186	1999
Parks and recreation				
Recreation programs ($)	$ 68,788	$ 57,161	$ 81,743	$ 120,705
Field rentals ($)	$ 178,490	$ 188,537	$ 181,026	$ 198,190
Community Development				
Residential building permits issued	758	1,053	1,365	1,482
Residential building permits issued-$ value	$ 106,284,384	$ 159,814,076	$ 238,362,126	$ 217,110,980
Commercial building permits issued	34	26	18	30
Commercial building permits issued-$ value	$ 51,814,292	$ 29,370,250	$ 14,137,848	$ 20,922,190
Water				
Average daily gallons pumped-combined water (millions of gallons)	5.60	5.10	5.30	5.50
Average daily gallons pumped-surface water (millions of gallons)	5.10	5.00	5.20	5.50
Average daily gallons pumped-well water (millions of gallons)	0.50	0.40	0.10	0.40
Number of connections	13,912	15,677	16,836	18,850
Wastewater				
Average daily effluent treated (millions of gallons)	4.40	4.90	5.10	5.50
Number of connections	13,360	15,801	16,261	18,044

Source: Various City departments

2004	2005	2006	2007	2008	2009
62,000	65,000	68,000	68,900	68,504	68,900
53	53	53	53	53	53
410	424	436	464	508	510
2,406	2,495	2,356	2,678	2,325	3,055
24,508	31,250	46,427	60,370	33,225	37,444
11,699	13,418	12,155	14,649	11,506	11,433
3,603	3,459	2,925	2,908	2,383	2,441
773	891	868	843	1,016	993
1874	2214	2215	1945	2,072	2,376
$ 118,332	$ 118,326	$ 136,575	$ 136,717	$ 275,564	$ 352,002
$ 204,094	$ 184,116	$ 180,218	$ 183,030	$ 17,846	$ 14,592
1,516	1,249	1,580	1,549	880	712
$ 236,092,416	$ 225,268,358	$ 266,426,720	$ 256,555,787	$ 152,247,419	$ 117,751,909
39	69	47	79	66	27
$ 82,391,607	$ 61,541,607	$ 36,033,628	$ 78,638,198	$ 191,206,441	$ 39,936,940
6.00	7.30	7.70	7.60	9	10
6.00	7.20	7.60	6.34	9	9
0.54	0.47	0.70	0.90	0.34	0.18
20,478	21,459	23,043	24,628	25,762	26,368
5.79	6.17	6.50	7.20	6.78	6.82
19,492	20,328	21,838	23,485	24,490	25,118

CITY OF LEAGUE CITY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

Last Ten Years

	Year			
	2000	**2001**	**2002**	**2003**
Function / Program				
General government				
Municipal buildings	23	24	25	25
City vehicles	196	204	207	216
Public safety				
Police Protection				
Stations	1	1	1	1
Fire Protection				
Stations/Drill Field	3	4	4	4
Fire apparatus	9	9	9	9
Public works				
Streets	257	278	292	296
Community services				
Parks	6	8	8	8
Ball fields	23	24	24	25
Swimming pools	1	1	1	1
Pavilions	8	8	8	8
Park acreage	178	178	178	365
Water				
Water wells	6	6	5	5
Ground/elevated storage tanks	10	14	14	15
Water mains (miles)	263	280	291	300
Fire hydrants	1,843	1,969	2,115	2,161
Wastewater				
Wastewater treatment plants	3	2	2	2
Sanitary sewers (miles)	190	202	210	218
Sewer manholes	4,813	5,170	5,432	5,654

Source: Various City departments

2004	2005	2006	2007	2008	2009
25	29	29	29	29	29
227	246	232	252	259	265
1	1	1	1	1	1
4	6	6	6	6	6
11	11	12	10	20	21
307	312	316	320	324	337
8	8	8	10	18	18
25	25	25	29	33	33
1	1	1	1	1	1
8	8	8	8	8	8
365	365	435	609	609	609
4	4	4	4	4	4
15	17	17	16	16	16
317	340	354	368	376	388
2,345	2,575	2,714	2,841	2,929	3,043
2	2	2	2	2	2
233	251	262	272	279	281.7
6,124	6,665	6,969	7,272	7,272	7,272