

**Rule 15c2-12 Filing Cover Sheet**

**Issuer Name:** City of League City, Texas  
300 West Walker  
League City, Texas 77573

**Issues:** League City, Texas (see attached summary)

**Filing Format:** electronic paper; If available on the Internet, give URL: [www.EMMA.org](http://www.EMMA.org)

**CUSIP Numbers to which the information filed relates (optional):**

Nine-digit number(s) (attach additional sheet if necessary):

Six-digit number if information filed relates to all securities of the issuer: 521768, 521774,

**Description of Material Event Notice/Other Material Information**

1. \_\_\_\_\_ Principal and interest payment delinquencies
2. \_\_\_\_\_ Non-payment related defaults
3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform
6. \_\_\_\_\_ Adverse tax opinions or events affecting the tax-exempt status of the security
7. \_\_\_\_\_ Modifications to rights of security holders
8. \_\_\_\_\_ Bond Calls
9. \_\_\_\_\_ Defeasances
10. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities
11. \_\_\_\_\_ Rating changes
12. \_\_\_\_\_ Notice of non-compliance: failure to provide annual financial information
13. \_\_\_\_\_ Other material event of information (specify) \_\_\_\_\_

**Financial & Operating Data Disclosure Information**  
(Financial information should not be filed with the MSRB)

- Annual Financial Report or CAFR  
Financial Information & Operating Data  
Other (describe) \_\_\_\_\_
- Fiscal Period Covered: \_\_\_\_\_ FY 2013 \_\_\_\_\_
- Monthly    Quarterly    Annual    Other: \_\_\_\_\_

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Name: Rebecca Underhill  
Employer: City of League City, Texas  
Voice Telephone Number: (218) 554-1368  
Email Address: [Rebecca.Underhill@leaguecity.com](mailto:Rebecca.Underhill@leaguecity.com)

Title: Finance Director

ANNUAL REPORT ON FINANCIAL INFORMATION  
AND OPERATING DATA  
(Pursuant to S.E.C. Rule 15c2-12)

For

FISCAL YEAR ENDED SEPTEMBER 30, 2013

Dated: March 31, 2014

Due: March 31, 2014

CITY OF LEAGUE CITY, TEXAS  
300 West Walker  
League City, Texas 77573

Pertaining to:

OFFICIAL STATEMENT DATED June 10, 2003  
\$3,135,000 Combination Tax & Revenue Certificates of Obligation, Taxable Series 2003C  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED October 26, 2004  
\$5,675,000 Combination Tax & Revenue Certificates of Obligation, Series 2004B  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED April 12, 2005  
\$8,500,000 Combination Tax & Revenue Certificates of Obligation, Series 2005A  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED April 25, 2006  
\$4,695,000 Combination Tax & Revenue Certificates of Obligation, Series 2006  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED October 19, 2006  
\$2,160,000 Waterworks & Sewer System Combination Unlimited Tax and  
Revenue Refunding Bonds, Series 2006  
Base CUSIP No. 840199

and

OFFICIAL STATEMENT DATED December 19, 2007  
\$21,515,000 General Obligation Refunding Bonds, Series 2007  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED May 27, 2008  
\$15,500,000 Combination Tax & Revenue Certificates of Obligation, Series 2008  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED October 13, 2009  
\$11,600,000 Combination Tax & Revenue Certificates of Obligation, Series 2009  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED January 12, 2010  
\$10,000,000 Combination Tax & Revenue Certificates of Obligation, Series 2010  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED January 25, 2011  
\$20,390,000 Combination Tax & Revenue Certificates of Obligation, Series 2011  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED December 14, 2011  
\$11,680,000 General Obligation Refunding Bonds, Series 2011A  
\$6,075,000 General Obligation Refunding Bonds, Series 2001B  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED December 14, 2011  
\$32,290,000 Combination Tax & Waterworks & Sewer System Revenue  
Certificates of Obligation, Series 2011A  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED August 23, 2012  
\$13,295,000 General Obligation Refunding Bonds, Series 2012  
\$33,675,000 Combination Tax & Revenue Certificates of Obligation, Series 2012A  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED August 23, 2012  
\$19,635,000 Combination Tax & Waterworks & Sewer System Revenue  
Certificates of Obligation, Series 2012B  
Base CUSIP No. 521768

and

OFFICIAL STATEMENT DATED March 8, 2013  
\$14,895,000 General Obligation Refunding Bonds, Series 2013  
Base CUSIP No. 521768

and

Sold on October 8, 2013  
\$2,190,000 General Obligation Refunding Bonds, Series 2013A  
Sold through Private Placement

and

Sold on July 12, 2005  
\$8,170,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2005  
Sold through Private Placement

and

OFFICIAL STATEMENT DATED December 11, 2008  
\$26,775,000 Waterworks and Sewer System Revenue Bonds, Series 2008  
Base CUSIP No. 521774

and

OFFICIAL STATEMENT DATED July 14, 2009  
\$37,200,000 Waterworks and Sewer System Revenue Bonds, Series 2009  
Base CUSIP No. 521774

and

OFFICIAL STATEMENT DATED January 25, 2011  
\$13,040,000 Waterworks and Sewer System Revenue Bonds, Series 2011  
Base CUSIP No. 521774

The information in this Annual Report is provided solely to comply with the City's contractual commitment established by the Orders to provide the information specified therein. This Annual Report is not made by the City in connection with a purchase or sale of the Bonds and accordingly is not intended to contain all information material to a decision to purchase or sell the Bonds.

City of League City, Texas  
300 West Walker  
League City, Texas 77573  
Contact Person: Rebecca Underhill, Director of Finance

### **AUDITED FINANCIAL STATEMENTS**

Audited financial statements of the District for its fiscal year ending September 30, 2013 are attached hereto.

### **MISCELLANEOUS**

The information set forth herein has been obtained from the City's records and other sources which are considered reliable. The information contained under the caption "SELECTED FINANCIAL INFORMATION" was provided by The City with assistance from M.E. Allison & Co., Inc., and Hutchinson Shockey Erley & Co. co-financial advisors to the City, and the Galveston Central and Harris County Appraisal Districts.

Any statement in this Annual Report which includes a matter of opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact. The information contained in this Annual Report is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this Annual Report shall not, under any circumstances, create any implication that there has been no change in the affairs of the City or in the other matters described herein since the date as of which such information is provided.

The historical information set forth in this Annual Report is not necessarily indicative of future results or performance due to various factors. These Official Statements have been filed with the Municipal Securities Rulemaking Board.

In the Orders, the City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Bonds may seek a writ of mandamus to compel the City to comply with its agreement. See "CONTINUING DISCLOSURE OF INFORMATION" in each of these Official Statements.

**Table 1- VALUATION, EXEMPTION AND GENERAL OBLIGATION**

2012/13 Market Valuation Established by Galveston Central and Harris County Appraisal District \$ 6,471,376,270

Less Exemptions/Reductions at 100% Market Value:

Exempt Property	\$ 437,960,488	
Over 65/Homestead Exemptions	155,230,062	
Veteran Homestead Exemptions	22,456,899	
Homestead Cap Adjustment	6,392,052	
Disabled Persons	18,720,590	
Prorated Exempt	574,827	
Local Optional Exemptions	402,175,773	
Freeport Exemptions	15,222,793	
Abatement	-	
Pollution	14,561	
House bill 366	8,039	
Productivity Loss	72,998,790	
		\$ 1,131,754,874

Taxable Assessed Valuation		\$ 5,339,621,396
Adjustments Made after Certification		248,264,934
2012/13 Taxable Assessed Valuation		\$ 5,587,886,330

General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2013)<sup>(1)</sup>

General Obligation Bonds	\$ 49,880,000	
Combination Tax & Revenue Certificates of Obligation	132,255,000	
		\$ 182,135,000

Less: Self-Supporting Debt		91,753,627 <sup>(2)</sup>
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 90,381,373

Interest & Sinking Fund (as of 9-30-2013) \$ 3,074,361

Ratio Net General Obligation Debt to Taxable Assessed Valuation 1.62%

2013 Estimated Population	90,300	
Per Capita Taxable Assessed Valuation	\$ 61,881	
Per capita Net General Obligation Funded Debt	\$ 1,001	

(1) Excludes the City's Contractual Certificates sold by the Gulf Coast Water authority for the benefit of the City. The City is responsible for 100% of the currently outstanding \$1,850,000 Gulf Coast Water Authority Water System Contract Revenue Certificates, Series 2011F; approximately 1.85% of the currently outstanding \$15,605,000 Water System Contract Revenue Refunding Bonds, Series 2011A; and approximately 2.05% of the currently outstanding \$2,835,000 Water System Contract Revenue Refunding Bonds, Series 2011B. The contractual Certificates are payable as operating expenses of the City's waterworks system. Includes the \$2,190,000 General Obligation Refunding Bonds, Series 2013A that were delivered on October 30, 2013.

(2) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 11. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.



**Table 3 - VALUATION AND GENRAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended	Estimated City Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	Total G.O. Tax Debt Per Capita
30-Sep 2008	79,300	\$ 4,414,499,903	\$ 55,668	\$ 91,265,000	2.07%	\$ 1,151
2009	81,300	4,902,164,564	60,297	84,225,000	1.72%	1,036
2010	83,560	5,223,498,562	62,512	96,335,000	1.84%	1,153
2011	85,300	5,331,634,929	62,505	107,135,000	2.01%	1,256
2012	87,400	5,461,895,898	62,493	192,395,000	3.52%	2,201
2013	90,300	5,587,886,330	61,881	182,135,000	3.26%	2,017

(1) Population estimated by the City.

(2) As reported by the Galveston Central and Harris County Appraisal District; subject to adjustment throughout the year.

(3) Includes self-supporting debt. Includes the \$2,190,000,000 General Obligation Refunding Bonds, Series 2013A that were delivered on October 30, 2013.

**Table 4- TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy For Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy	Amount	Amount	Percent of Levy
2004	2003	\$ 0.64000	\$ 18,925,928	\$ 18,510,765	97.81%	\$ 375,044	\$ 18,885,809	99.79%
2005	2004	0.63000	20,703,814	20,338,727	98.24%	321,845	20,660,572	99.79%
2006	2005	0.62750	23,402,712	23,019,283	98.36%	339,353	23,358,636	99.81%
2007	2006	0.60880	25,670,846	25,256,206	98.38%	358,869	25,615,075	99.78%
2008	2007	0.60880	26,918,178	26,441,828	98.23%	413,591	26,855,419	99.77%
2009	2008	0.63000	30,867,178	30,476,981	98.74%	347,066	30,824,047	99.86%
2010	2009	0.63000	32,875,370	32,560,792	99.04%	267,889	32,828,681	99.86%
2011	2010	0.61600	32,814,072	32,527,089	99.13%	220,516	32,747,605	99.80%
2012	2011	0.61000	33,300,629	32,955,026	98.96%	206,928	33,161,954	99.58%
2013	2012	0.59700	33,348,230	33,099,293	99.25%	-	33,099,293	99.25%

**Table 5 - TEN LARGEST TAXPAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2012/13 Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Komatsu America Corp.	Equipment Rental	\$ 38,431,839	0.69%
Inland America LC Victory Lakes	Developer	26,902,140	0.48%
Texas-New Mexico Power	Utility	26,140,010	0.47%
American National Insurance Co.	Insurance	24,631,475	0.44%
Sunstone Broadstone LP	Developer	19,930,700	0.36%
League City Town Center Ltd.	Retail Developer	19,643,690	0.35%
GS Beacon Lakes LP	Developer	18,576,440	0.33%
GTE Southwest Inc	Utility	17,787,800	0.32%
Haven at South Shore LP	Developer	17,219,450	0.31%
Amalfi Tuscan Lake Investors LLC	Developer	16,404,660	0.29%
		<u>\$ 225,668,204</u>	<u>3.35%</u>

**Table 6 - TAX ADEQUACY**

Maximum Principal and Interest Requirements (2014)	\$ 9,440,804 <sup>(1)</sup>
\$ 0.1807 Tax Rate at 96% Collection Produces	9,691,877
Average Principal and Interest Requirements on outstanding debt (2014-2018)	\$ 8,986,560 <sup>(1)</sup>
\$ 0.1675 Tax Rate at 96% Collection Produces	8,986,560
Average Principal and Interest Requirements on outstanding debt (2019-2030)	\$ 6,906,805 <sup>(1)</sup>
\$ 0.1288 Tax Rate at 96% Collection Produces	6,906,805
Average Principal and Interest Requirements on outstanding debt (2031-2033)	\$ 2,081,980 <sup>(1)</sup>
\$ 0.0388 Tax Rate at 96% Collection Produces	2,081,980

(1) Includes the City's General Obligation Refunding Bonds, Series 2013A that were delivered on October 30, 2013. Excludes self-supporting debt.  
It is anticipated that the General Obligation Refunding Bonds, Series 2013A are self-supporting from PID #3 assessments.

**Table 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

	(1) Outstanding Debt Service			Less: Self-Supporting Debt Service	Net Debt Service Requirements
	Principal	Interest	Total		
2014	\$ 9,225,000	\$ 7,232,440	\$ 16,457,440	\$ 7,016,636	\$ 9,440,804
2015	8,265,000	6,967,284	15,232,284	6,821,727	8,410,557
2016	8,540,000	6,688,287	15,228,287	6,783,925	8,444,362
2017	9,350,000	6,388,366	15,738,366	7,443,242	8,295,124
2018	10,240,000	6,053,357	16,293,357	7,409,661	8,883,696
2019	9,825,000	5,698,157	15,523,157	6,697,612	8,825,545
2020	10,140,000	5,290,669	15,430,669	6,957,376	8,473,293
2021	9,765,000	4,849,138	14,614,138	6,703,962	7,910,176
2022	10,440,000	4,397,404	14,837,404	6,987,726	7,849,678
2023	10,465,000	3,959,214	14,424,214	6,838,256	7,585,958
2024	10,640,000	3,538,190	14,178,190	7,188,120	6,990,070
2025	10,640,000	3,071,391	13,711,391	6,838,011	6,873,380
2026	8,915,000	2,631,900	11,546,900	5,317,075	6,229,825
2027	9,235,000	2,211,016	11,446,016	5,648,252	5,797,764
2028	9,985,000	1,779,805	11,764,805	6,020,513	5,744,292
2029	11,585,000	1,334,431	12,919,431	7,433,606	5,485,825
2030	10,820,000	840,956	11,660,956	7,493,644	4,167,312
2031	9,400,000	385,438	9,785,438	6,899,631	2,885,807
2032	4,180,000	104,622	4,284,622	1,412,587	2,872,035
2033	480,000	8,100	488,100	-	488,100
	<u>\$ 182,135,000</u>	<u>\$ 73,430,164</u>	<u>\$ 255,565,164</u>	<u>\$ 123,911,562</u>	<u>\$131,653,602</u>

(1) Includes the City's General Obligation Refunding Bonds, Series 2013A that were delivered on October 30, 2013.

**Table 9 - INTEREST AND SINKING FUND BUDGET**

Net Tax Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2014		<u>\$ 9,440,804</u> <sup>(1)</sup>
Interest and Sinking Fund, 9-30-2013	\$3,074,361	
Budgeted Interest and Sinking Fund Collections	12,456,700	
Less: Rebates to Municipal Utility Districts	(2,415,200)	
Less: Rebates to Tax Increment Zone	(877,000)	
Less: Estimated Fees	(5,000)	
Estimated Investment Income / Penalty & Interest	<u>135,000</u>	<u>\$ 12,368,861</u>
Estimated Balance, 9-30-2013		<u><u>\$ 2,928,058</u></u>

Projected. Includes the City's General Obligation Refunding Bonds, Series 2013A that were delivered on October 30, 2013.

**Table 10 - REVENUES OF WATERWORKS AND SANITARY SEWER SYSTEM USED TO PAY  
GENERAL OBLIGATION DEBT SERVICE**

The City has outstanding Contractual Certificates sold by the Gulf Coast Water authority for the benefit of the City. The City is responsible for 100% of the currently outstanding \$1,850,000 Gulf Coast Water Authority Water System Contract Revenue Certificates, Series 2011F; approximately 1.85% of the currently outstanding \$15,605,000 Water System Contract Revenue Refunding Bonds, Series 2011A; and approximately 2.05% of the currently outstanding \$2,835,000 Water System Contract Revenue Refunding Bonds, Series 2011B. The contractual Certificates are payable as operating expenses of the City's waterworks system.

**Table 11 - COMPUTATION OF SELF-SUPPORTING DEBT**

The City also has certain outstanding general obligation bonds and combination tax and revenue certificated of obligation of which some of the proceeds were used for projects that generate revenue for subsequent repayment. The debt from these bonds and certificates of obligation is currently being paid in full or in part from such revenue and is listed below.

Issue	Percent Attributed to Self-Supporting Revenue	Revenue Source Fund	Self-Supporting Debt Due in 2014 Fiscal Year
Combination Tax and Revenue Certificates of Obligation, Series 2005A	94%	TIRZ 2	\$ 522,453
General Obligation Refunding Bonds, Series 2007	100%	Waterworks and Sewer System	442,469
Combination Tax and Revenue Certificates of Obligation, Series 2010	100%	TIRZ 2	149,250
Combination Tax and Revenue Certificates of Obligation, Series 2011	44%	4B Corporation	666,574
General Obligation Refunding Bonds, Series 2011A	41%	Waterworks and Sewer System	465,681
General Obligation Refunding Bonds, Series 2011B	100%	TIRZ 3	976,700
Combination Tax and Revenue Certifications of Obligation, Series 2011A	100%	Waterworks and Sewer System	1,428,525
General Obligation Refunding Bonds, Series 2012	49%	Waterworks and Sewer System	300,900
Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2012B	100%	Waterworks and Sewer System	1,414,225
General Obligation Refunding Bonds, Series 2013	7%	Waterworks and Sewer System	398,786
General Obligation Refunding bonds, Series 2013A	100%	PID 3 Assessments	251,075
			\$ 7,016,638

**Table 12 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Authorized but Unissued</u>
July 15, 1969	City Hall	\$ 862,250	\$ 856,000	\$ 6,250
September 19, 1992	Public Safety Improvements	400,000	-	400,000
		<u>\$1,262,250</u>	<u>\$ 856,000</u>	<u>\$ 406,250</u>

**Table 13 - OTHER OBLIGATIONS**

As of September 30, 2013, the City currently had no other Obligations outstanding.

**Table 14 - CHANGE IN NET ASSETS**

	Fiscal Year Ended September 30				
	2013	2012	2011	2010	2009
<b>Revenue:</b>					
Program Revenue:					
Charges for Services	\$ 13,056,348	\$ 12,971,491	\$ 12,398,954	\$ 12,987,556	\$ 10,366,374
Operating Grants and Contributions	3,955,289	4,196,145	4,933,663	2,283,291	4,888,926
Capital Grants and Contributions	10,591,877	3,750,170	5,154,406	3,062,763	6,710,627
General Revenue:					
Property Tax	\$ 36,710,803	\$ 36,513,595	\$ 36,285,502	\$ 36,162,871	\$ 34,255,809
Franchise Tax	12,645,222	12,283,836	11,167,925	4,831,866	4,613,734
Sales and Uses Taxes	5,284,383	5,187,232	4,927,378	10,359,528	10,938,166
Unrestricted Investment Earnings	122,325	291,101	146,199	192,401	406,217
Miscellaneous	2,272,354	1,635,709	572,180	473,164	716,331
Gain/Loss on Disposition of Capital	-	-	-	-	30,410
Total Revenue	\$ 84,638,601	\$ 76,829,279	\$ 75,586,207	\$ 70,353,440	\$ 72,926,594
<b>Expenses:</b>					
General Government	\$ 13,619,373	\$ 14,240,323	\$ 12,458,678	\$ 13,532,893	\$ 16,304,411
Public Safety	14,137,487	20,758,655	22,078,186	21,024,434	16,477,536
Public Works	32,305,670	36,394,958	25,107,956	30,791,382	21,718,351
Community Services	7,279,603	6,872,442	4,243,548	6,855,694	6,838,427
Interest on Long-Term Debt	4,902,242	4,541,184	3,868,803	3,500,914	2,823,301
Total Expenses	\$ 72,244,375	\$ 82,807,562	\$ 67,757,171	\$ 75,705,317	\$ 64,162,026
Increase in Net Asses before Transfers	\$ 12,394,226	\$ (5,978,283)	\$ 7,829,036	\$ (5,351,877)	\$ 8,764,568
Transfers in/(out)	2,250,000	2,240,000	686,001	953,006	1,000,000
Gain (loss) on sale of capital assets	(50,572)	-	-	-	-
Increase (Decrease) in Net Assets	\$ 14,593,654	\$ (3,738,283)	\$ 8,515,037	\$ (4,398,871)	\$ 9,764,568
Net Assets at Beginning of Year	\$ 174,247,196	177,985,479 <sup>(1)</sup>	170,419,761	174,818,632 <sup>(2)</sup>	165,354,627
Net Assets at End of Year	\$ 188,840,850	\$ 174,247,196	\$ 178,934,798	\$ 170,419,761	\$ 175,119,195

(1) In the fiscal year ending September 30, 2012, the City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.

In accordance with this statement, beginning net position has been reduced to remove previously capitalized bond issuance costs.

Restatement of Net Position

Beginning Net Position	\$ 178,934,798
Restatement-bond issuance cost	(949,319)
Beginning Net Position-restated	\$ 177,985,479

(2) The beginning fund balance for special revenue funds for fiscal year ending September 30, 2009, has been restated for a change in presentation of the 4B Industrial Development Corporation, the Economic Development Corporation, and the Volunteer Fire Department component units from blended to discrete

Restatement of Net Position

Beginning Net Position	\$ 175,119,195
Restatement-component units	(300,563)
Beginning Net Position-restated	\$ 174,818,632



**Table 14 A - GENERAL FUND REVENUES & EXPENDITURES**

<b>Revenues:</b>	For Fiscal Year Ended September 30				
	2013	2012	2011	2010	2009
Taxes	\$ 37,034,346	\$ 36,631,388	\$ 35,755,336	\$ 34,558,480	\$ 34,038,572
Licenses & Permits	2,579,909	2,125,034	1,785,027	2,079,481	1,727,849
Fines and Forfeitures	1,600,258	1,724,216	1,871,106	1,844,046	1,291,966
Intergovernmental	1,243,927	1,185,754	1,312,944	1,624,434	4,531,498 <sup>(1)</sup>
Charges for Services	4,700,707	4,635,264	4,150,633	4,312,570	4,333,205
Interest on Investments	22,623	33,325	47,085	74,005	163,120
Other	294,442	235,228	230,427	187,970	344,817
<b>Total Revenues</b>	<b>\$ 47,476,212</b>	<b>\$ 46,570,209</b>	<b>\$ 45,152,558</b>	<b>\$ 44,680,986</b>	<b>\$ 46,431,027</b>
<b>Expenditures:</b>					
General Government	\$ 10,682,448	\$ 10,603,067	\$ 9,585,484	\$ 9,461,310	\$ 12,623,694
Public Safety	20,707,909	19,973,537	19,496,258	18,580,696	16,322,642
Public Works	11,908,510	11,823,735	11,689,655	11,629,846	9,273,918
Community Services	4,262,619	4,196,109	4,553,807	4,630,744	4,693,817
Capital Outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 47,561,486</b>	<b>\$ 46,596,448</b>	<b>\$ 45,325,204</b>	<b>\$ 44,302,596</b>	<b>\$ 42,914,071</b>
Excess (Deficit) of Revenues Over Expenditures	\$ (85,274)	\$ (26,239)	\$ (172,646)	\$ 378,390	\$ 3,516,956
Other Financing sources (Uses):					
Operating Transfers In	\$ 2,250,000	\$ 2,000,000	\$ 2,000,000	\$ 1,024,349	\$ 1,000,000
Operating Transfers (Out)	\$ (2,158,526)	\$ (6,342,720)	\$ (2,766,825)	\$ (675,513)	\$ (1,876,538)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 91,474</b>	<b>\$ (4,342,720)</b>	<b>\$ (766,825)</b>	<b>\$ 348,836</b>	<b>\$ (876,538)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Expenditures and Other Uses	\$ 6,200	\$ (4,368,959)	\$ (939,471)	\$ 727,226	\$ 2,640,418
Fund Balance, Beginning of Year	\$ 16,356,919	\$ 20,725,877	\$ 21,665,348	\$ 20,938,122	\$ 18,297,705
Fund Balance, End of Year	\$ 16,363,119	\$ 16,356,918	\$ 20,725,877	\$ 21,665,348	\$ 20,938,123

(1) Includes \$2,438,786 reimbursement from FEMA for damages incurred by Hurricane Ike.

**Table 15 - MUNICIPAL SALES TAX HISTORY**

Fiscal Year Ended 9/30	Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita <sup>(2)</sup>
2008	\$ 10,059,628	39.19%	\$ 0.2279	\$ 127
2009	12,639,588 <sup>(3)</sup>	46.96%	0.2578	155
2010	11,944,243	38.70%	0.2287	143
2011	12,892,295	39.22%	0.2418	151
2012	14,205,178	43.29%	0.2601	163
2013	14,598,887	43.84%	0.2613	162

The sales Tax breakdown for the City is as follows:

4 B Industrial Development Corporation	1/4%
Property Tax Relief	1/2%
City Sales & Use Tax	1%
State Sales & Use Tax	6 1/4%
<b>Total</b>	<b>8%</b>

(1) Provided by the City.

(2) Based on population estimates by the City.

(3) 2009 total includes tax receipts on Hurricane Ike property repairs.

**Table 16 - CURRENT INVESTMENTS**

As of September 30, 2013 the City's investable funds were invested as follows:

<u>Description</u>	<u>Percent of Total</u>	<u>Book Value</u>	<u>Market Value</u>
U. S. Agencies	1.99%	\$ 3,335,410	\$ 3,330,359
Texpool	65.72%	110,276,927	110,276,927
Texstar	26.14%	43,856,718	43,856,718
Certificates of Deposit	6.15%	10,318,722	10,318,722
	<u>100.00%</u>	<u>\$ 167,787,777</u>	<u>\$ 167,782,726</u>

**Table 1 - HISTORICAL WATER CONSUMPTION**

Fiscal Year Ended	Estimated City Population <sup>(1)</sup>	Number of Customers	Water Usage (MGD)				Total Water & Sewer Sales
			Average Day Usage	Peak Day Usage	Peak Month Usage	Total Usage	
30-Sep 2008	79,300	25,762	9.00	14.900	334.000	3,175.419	\$ 23,209,601
2009	81,300	26,368	10.00	18.577	406.337	3,705.783	27,278,933
2010	83,560	27,092	9.23	15.853	379.300	3,238.000	25,731,620
2011	85,300	27,669	10.58	19.038	468.527	3,976.626	30,646,567
2012	87,400	28,554	9.97	15.551	416.484	3,777.256	27,582,569
2013	90,300	29,362	10.50	17.277	412.608	3,385.382	29,854,054

(1) Population estimated by the City.

**Table - 2- TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)**

<u>Customer</u>	<u>Type of Industry</u>	<u>Estimated Fiscal Year 2013 Water Usage In Gallons</u>	<u>Estimated % of Total Water Usage</u>
Mar Bella Community, Inc.	Commercial-Landscape	127,325,000	3.76%
Westover Park	Commercial-Landscape	84,554,000	2.50%
CCISD	School	84,313,000	2.49%
Lakes of South Shore Harbour	Commercial-Landscape	68,812,000	2.03%
Village of Tuscan Lakes	Commercial-Landscape	47,828,000	1.41%
Fairways @ SSH HOA	Commercial-Landscape	42,405,000	1.25%
Tuscan Lakes CAI	Commercial-Landscape	40,401,000	1.19%
City of League City	Municipality	40,220,000	1.19%
Broadstone Walker Commons	Multi Units' Apartments	19,963,000	0.59%
Brittany Lakes	Commercial-Landscape	18,416,000	0.54%
		<u>574,237,000</u>	<u>16.96%</u>

**Table 3 - MONTHLY WATER RATES (EFFECTIVE NOVEMBER 1, 2008)**

First 3,000 Gallons <sup>(1)</sup>	\$ 7.13
Each additional 1,000 Gallons	5.90

(1) Multiple unit, single-metered dwellings with more than 4 units are billed at the minimum rate per month per unit based on 90% of the total number of units.

**Table 4 - MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2008)**

First 3,000 Gallons <sup>(1)</sup>	\$ 13.88
Each additional 1,000 Gallons	4.62

(1) Multiple unit, single-metered dwellings with more than 4 units are billed at the minimum rate per month per unit based on 90% of the total number of units.

**Table 5 - WATERWORKS AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 30-Sep	Outstanding Debt Service		
	Principal	Interest	Total
2014	\$ 5,120,000	\$ 3,250,654	\$ 8,370,654
2015	4,980,000	3,069,764	8,049,764
2016	4,665,000	2,896,353	7,561,353
2017	4,305,000	2,732,533	7,037,533
2018	4,135,000	2,574,981	6,709,981
2019	3,950,000	2,420,450	6,370,450
2020	3,780,000	2,269,750	6,049,750
2021	4,170,000	2,110,383	6,280,383
2022	4,000,000	1,943,201	5,943,201
2023	4,040,000	1,775,371	5,815,371
2024	3,850,000	1,606,028	5,456,028
2025	3,665,000	1,438,303	5,103,303
2026	4,455,000	1,249,053	5,704,053
2027	4,305,000	1,040,764	5,345,764
2028	4,155,000	834,706	4,989,706
2029	2,660,000	665,250	3,325,250
2030	2,735,000	530,375	3,265,375
2031	2,815,000	391,625	3,206,625
2032	2,080,000	269,250	2,349,250
2033	2,140,000	163,750	2,303,750
2034	2,205,000	55,125	2,260,125
	<u>\$ 78,210,000</u>	<u>\$ 33,287,667</u>	<u>\$111,497,667</u>

The City's waterworks and sanitary sewer system has contractual debt outstanding which is paid from gross revenues of the waterworks and sanitary sewer system. The Gulf Coast Water Authority Water System Contract Revenue Refunding Bonds, Series 2011F; a portion of Water System Contract Revenue Refunding Bonds, Series 2011B; and a portion of Water System Contract Refunding Bonds, Series 2011A represent the outstanding debt paid from gross operation revenues and such obligations are treated as operating expenses of the system.

**Table 6 - CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30				
	2013	2012	2011	2010	2009
Revenues:					
Charges for Services	\$ 29,830,436	\$ 27,582,569	\$ 30,646,567	\$25,731,620	\$ 27,278,933
Interest Earned	120,856	357,077	196,367	214,491	516,379
Gain on Sale of Assets	2,067	636	1,632	17,807	-
Other Revenues	23,618	14,172	-	-	153,833
Total Revenues	\$ 29,976,977	\$ 27,954,454	\$ 30,844,566	\$25,963,918	\$ 27,949,145
Operating Expenses:					
Personnel	\$ 5,589,894	\$ 5,189,783	\$ 5,363,971	\$ 5,216,754	\$ 4,812,418
Utilities	1,245,096	1,081,894	1,533,427	1,352,897	1,501,081
Repairs and Maintenance	1,636,262	1,439,563	1,184,800	1,150,787	966,975
Supplies	1,231,604	2,125,240	994,419	1,025,589	833,440
Contractual Services	4,406,481	3,901,606	4,077,368	3,595,665	3,299,194
Gulf Coast Water Authority Debt Service <sup>(1)</sup>	307,467	387,424	797,163	758,677	828,454
Total Expenses	\$ 14,416,804	\$ 14,125,510	\$ 13,951,148	\$13,100,369	\$ 12,241,562
Net Revenue From Operations	\$ 15,560,173	\$ 13,828,944	\$ 16,893,418	\$12,863,549	\$ 15,707,583
Impact Fees	4,426,299	2,895,100	2,134,074	2,762,532	2,114,338
Available for Debt Service	\$ 19,986,472	\$ 16,724,044	\$ 19,027,492	\$15,626,081	\$ 17,821,921
City's Revenue Debt Service <sup>(2)</sup>	\$ 8,370,654	\$ 5,298,393	\$ 5,207,772	\$ 5,207,772	\$ 5,106,434
Surplus Net Revenue Available <sup>(3)</sup>	\$ 11,615,818	\$ 11,425,651	\$ 13,819,720	\$10,418,309	\$ 12,715,487
Water Customers	29,326	28,554	27,669	27,092	26,368
Sewer Customers	27,992	27,258	26,554	25,508	25,118

(1) Contract Revenue Bonds issued buy the Gulf Coast Water Authority are treated as an operating expense of the System.

(2) Revenue Bonds of the System will have a prior lien on the net revenues of the Water and Sewer System.

(3) Surplus Net Revenue is available to pay system general obligation debt and contract revenue debt with a surplus revenue pledge.

**Table 7 - IMPACT FEES**

The City of League City imposes an impact fee pursuant to Section 395.012(d), Texas Local Government Code, as amended on new connections to the City's system. The use of the fees is limited to projects approved at the time such fees are imposed by the City Council. The projects and fees are periodically reviewed and updated by the City Council in accordance with the Local Government Code. Collection of impact fees may be affected by changes in the economy. Historical collections may not be indicative of future collections.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Water	\$ 1,627,702	\$ 1,081,083	\$ 759,092	\$ 983,146	\$ 854,344
Wastewater	2,798,597	1,814,017	1,374,982	1,779,386	1,259,994

**Table 8 - COVERAGE AND FUND BALANCES**

City of League City Statement of Operations (9/30/2013)	
Total Revenues	\$ 29,976,977
Total Expenses	<u>18,550,157</u>
Amount Available for Debt Service	\$ 11,426,820
Average Annual Debt Service Requirement (2014-2034)	\$ 5,309,413
2013 Net Revenue Coverage of Average Annual Debt Service Requirement (2014-2034)	2.15 x
Maximum Annual Debt Service Requirement (2014)	\$ 8,370,654
2013 Net Revenue Coverage of Maximum Annual Debt Service Requirement (2014)	1.37 x

**Table 9 - VALUE OF THE SYSTEM**

	Fiscal Year Ending September 30				
	2013	2012	2011	2010	2009
Infrastructure <sup>(1)</sup>	\$ 199,133,063	\$ 194,375,789	\$ 189,840,421	\$ 161,389,533	\$ 158,967,616
Land	2,232,132	1,135,509	1,115,414	974,118	791,721
Building and Improvements	648,991	648,991	648,991	648,991	648,991
Machinery and Equipment	6,184,549	6,034,964	5,838,939	4,504,579	4,402,829
Construction in Progress	75,313,708	42,216,622	22,836,794	30,839,892	24,007,525
Total Value	\$ 283,512,443	\$ 244,411,875	\$ 220,280,559	\$ 198,357,113	\$ 188,818,682
Less: Depreciation	(47,459,312)	(43,161,587)	(38,916,678)	(35,288,253)	(31,966,518)
Net System Value	\$ 236,053,131	\$ 201,250,288	\$ 181,363,881	\$ 163,068,860	\$ 156,852,164

(1) Includes water rights.

**Table 10 - CITY'S EQUITY IN SYSTEM**

	Fiscal Year Ending September 30				
	2013	2012	2011	2010	2009
<b>Resources</b>					
Net system Value - Capital Assets	\$ 236,053,131	\$ 201,250,288	\$ 181,363,881	\$ 163,068,860	\$ 156,852,164
Plus Net Working Capital <sup>(1)</sup>					
Current assets (excluding restricted cash)	23,647,527	21,711,222	22,788,860	21,323,559	19,963,384
Current liabilities (except customer deposits)	(13,578,441)	(11,723,287)	(14,184,607)	(9,613,413)	(9,803,177)
Net Working Capital	10,069,086	9,987,935	8,604,253	11,710,146	10,160,207
Total Resources	\$ 246,122,217	\$ 211,238,223	\$ 189,968,134	\$ 174,779,006	\$ 167,012,371
<b>Obligations</b>					
Bonds and CO's (from footnotes, less current portion)	\$ 137,430,966	\$ 144,334,437	\$ 98,854,504	\$ 91,719,409	\$ 96,896,250
Less: Restricted Assets for Debt Service	(8,728,270)	(5,767,327)	(6,907,413)	(1,983,542)	(1,860,132)
Net Obligations	\$ 128,702,696	\$ 138,567,110	\$ 91,947,091	\$ 89,735,867	\$ 95,036,118
City's Equity in the System	\$ 117,419,521	\$ 72,671,113	\$ 98,021,043	\$ 85,043,139	\$ 71,976,253
Percentage City's Equity in the System	47.71%	34.40%	51.60%	48.66%	43.10%

(1) Excludes restricted cash and equivalents.