League City
TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OCTOBER 1, 2013 - SEPTEMBER 30, 2014

CITY OF LEAGUE CITY • 300 WEST WALKER• LEAGUE CITY, TX 77573
WWW.LEAGUECITY.COM

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INTRODUCTORY SECTION

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March 23, 2015

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 (the City) for the fiscal year ended September 30, 2014, 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 is accurate in all material respects and is 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 Principles (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 Weaver and Tidwell, 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, 2014 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 unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014, 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.

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 part of Harris County. As of January 2015, the City population is estimated at approximately 96,209 and encompasses an area of 53 square miles. The City adopted a "Home Rule Charter" on March 27, 1962. That charter provided for the "Mayor-Council" form of government as referenced in Vernon's Annotated Civil Statutes, Art. 1164 et.seq. In May 2010, the voters of League City elected to change to a "Council-Manager" form of government.

The City provides a full range of services. These services include police, fire (volunteer department), emergency medical services, animal control and municipal court facilities; the construction and maintenance of streets, water, wastewater, drainage systems and other infrastructure; recreational parks, swimming pool and athletic fields; a public library and other facilities used for various cultural and civic activities. The City's water and wastewater system serves nearly all residential and commercial locations within its limits including 12 municipal utility districts within the City's territorial limits. The City utilizes the services of a contractor in order to provide solid waste collection services and residential recycling.

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 Tax Increment Reinvestment Zone No. Two – Victory Lakes
City of League City Tax Increment Reinvestment Zone No. Three - CenterPointe
City of League City Tax Increment Reinvestment Zone No. Four - Westwood
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

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 is at the department level in each fund as provided in the City Charter.

Economic Condition and Outlook

The economic condition and outlook for League City is positive, based upon strong local and regional growth. Given the attractiveness of the region, the fact that nearly one half of the City remains available for new development, and the responsible approach to growth adopted by City leadership, the prospect of additional, steady and healthy growth is highly likely. The 2010 Census placed League City's population at 83,560 persons, an 84% increase over the 45,444 persons residing in the community in 2000. A population growth of nearly three percent on average has continued annually since the 2010 Census was taken. As a result of the extensive growth of the last decade, League City has become the largest city in Galveston County, transforming it from a small town into a bustling suburban community.

The community continued to see positive growth trends during the recent severe downturn in the national economy that signal a healthy, maturing economy. League City's assessed value growth has continued, with new home construction growth increasing between 2% and 3% annually. As of January of 2015, the City enjoys a 3.7% unemployment rate, which is slightly lower than the unemployment rate of roughly 4.5% throughout the Gulf Coast workforce area.

The City of League City is focusing on the "recreational lifestyle" identity for which the City is becoming known. More than simply celebrating the family oriented quality of life atmosphere, outstanding neighborhoods, superior schools, parks, trails and waterfront as great qualities in a place to live, the "recreational lifestyle" brand proposes increased emphasis on these attributes in a place to work and shop.

The recent envisioning session that the City Manager facilitated, and working with the City Council and members of the community, identified other sectors where the City can improve. Two of the core goals are the development of Main Street into a downtown destination and identifying and establishing an area within the city for an innovation/business park. These two strategic initiatives will help the City continue to move towards a more balanced source of revenues. It is the goal of the City to not only have citizens' live in the City but to also give them opportunities to work and play in the City.

The Economic Development Strategic Plan (the Plan), adopted by City Council, builds upon the results of the branding study and provides focus to the City's continuing growth. The Plan highlights the major assets and strengths of the community, including:

- A location that is nearly equidistant between Houston and Galveston, and access to major regional employment centers and amenities.
- Very strong relationships with the energy, aerospace, medical and tourism industries that make the City the place to live for doctors, engineers, astronauts, and

other high skill, high wage workers and their families, as well as a growing number of retirees.

- Direct proximity to the aerospace industry, including NASA's Johnson Space Center, and the petrochemical industry. Although the refineries, plants and major office centers are outside of the City, the City is attractive to small firms that are related to the industries but have a desire to be located in a more attractive and idealistic setting.
- Additional unique amenities with the ability to draw tourists to the community, including the Big League Dreams Sports Park located along Interstate Highway 45 (IH-45) in direct proximity to retail and dining opportunities.
- The longest continuous waterfront of any mainland community in Galveston County. The City is already home to the third largest concentration of pleasure boats in the United States and includes a growing number of private marinas.
- An education system that is highly attractive to families. Clear Creek Independent School District is the largest school district in the State of Texas to receive the Texas Education Agency "Recognized" rating. The region is also home to the University of Houston-Clear Lake, located just three miles from the City, as well as College of the Mainland, a junior college with a north campus located within the City limits.

These strengths have led to the following developments in the past year:

- The City continues to show growth in new housing starts. 2013 saw the construction of 1,080 new homes. In 2014, an additional 956 new homes were added to the community.
- The City saw 163 new businesses open in 2014. These businesses included representation from the service, retail, and industrial sectors.
    - This includes a 98,000 square foot HEB (retail grocery) store which has opened on League City Parkway.
- Located near the Big League Dreams Sports Park, Cabela's (outdoor retailer) is currently constructing their first store in the Houston market. This 70,000 square foot retailer is expected to anchor a 90 acre retail development on this high profile site on IH-45.
- A retail development is in design for Hobbs Road which will include a 123,000 square foot Kroger's (retail grocery), restaurants and additional retail. This project is expected to result in a total of 175,000 square feet of new retail development on this site, with an additional 123,000 square feet of development anticipated in the future.
- The City's free market research program for entrepreneurs continues to expand. Along with partnering with the business incubator located at the Johnson Space Center, the growth in entrepreneurship has steadily increased. The City is currently working with 25 entrepreneurs and start-up businesses.
- In February 2013, University of Texas Medical Branch began construction on a $90 million building expansion project on the Victory Lakes campus. This expansion project will create 142,000 square feet of clinical space, allowing for the addition of

39 patient beds for inpatient stays of up to 72 hours. The facility is scheduled to open in 2015.

Long Term Financial Planning

The City of League City's Long Range Financial Forecast (LRFF) for FY 2015-2019 was published in May 2014. The LRFF included revenue and expenditure projections for the City's three major funds, including the General, Utility, and Debt Service funds. Leading economic indicators such as, total City water customers, new home construction, and value of new construction, provide the means to explain past revenue performance and help in projecting future revenues.

The LRFF included debt capacity models for tax-supported and revenue-supported debt, indicating the City's capacity to issue new debt over the next several years for needed improvements. The results of this capacity modeling provided the basis for the Capital Improvement Plan (CIP) for FY 2015-2019 released in August 2014. As in previous years, the CIP included priority projects that support the City's goals.

The City's FY 2015 Budget was developed and built upon the same assumptions used in the LRFF and CIP. The Budget is based on a property tax rate of $0.597 per $100 of taxable value, with $0.404 for maintenance and operations and $0.193 for interest and sinking fund. This is the same total tax rate as in FY 2014, but with a one-quarter cent greater allocation to maintenance and operations. Homeowners saw property tax relief through the expansion of the local option homestead exemption from 12% to 14% of assessed value.

During FY 2014, periodic reports were presented to the Mayor and City Council that included year-to-date and projected year-end results for revenue, expenditures, and performance, as well as the current status of capital projects included in the FY 2014 Capital Budget. The monitoring reports continue in FY 2015.

Financial Management Policies:
As a part of the annual budget process, the City adopts 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 Financial Management Policy requires that the City maintain reserve balances at 90 to 100 days working capital to protect the City's credit worthiness, as well as its financial position in the event of a disaster. As of September 30, 2014, the General and Utility Funds met and exceeded this goal. Additionally, the Utility Fund maintained net assets sufficient to meet bond covenant requirements for debt coverage, working capital as previously described and excess reserves sufficient to provide funds for capital projects.

City leadership expects to maintain this program of continuous improvement, combining responsive management, planning and goal setting that is appropriate for the City's size and growth rate. The values adopted by the Mayor and City Council will guide these efforts and provide a focus in keeping with the hopes and desires of the City's citizens.

Major Initiatives

For the Year:

Improving and expanding the City's infrastructure continues to be a primary focus, with major planning underway to coordinate and focus the City's efforts to manage growth. The City completed an update of its major plans affecting infrastructure in 2013, including the Comprehensive Plan, Master Mobility Plan, Water Master Plan, and Wastewater Master Plan. The update of the Drainage Master Plan was completed in 2014.

Water and Wastewater System

The City continues to focus on improving the distribution and renewal of the existing water system and to address obtaining new supply and its distribution. Construction of the State Highway 3 (SH 3) booster pump station continued in FY 2014 which adds 6 million gallons of ground storage capacity at that site. A 36-inch waterline from SH 3 booster pump station to South Shore Harbor booster pump station is under design. This project will provide an alternative connection from the City's "point of take" from the City of Houston's water system, SH 3, to a major booster station, South Shore Harbour, providing a secondary route to better distribute the water supply into the City. Construction of the 36-inch waterline is anticipated to begin in summer 2015. Improvements to three booster pump stations at South Shore, Calder Road, and Countryside, began construction in FY 2014. Each site includes additional ground storage tank capacity and a new well. All three are anticipated to be completed in 2015.

The design of a new two million gallon elevated storage tank and water well on the east side of the city is under design with construction anticipated to begin in late summer 2015 with estimated completion by early 2017. An additional water well is under design at the Dickinson water plant site as part of the CDBG Disaster Recovery Grant Round 2.2 with construction anticipated in summer 2015. Additional water projects completed in FY 2014 include the comprehensive water meter replacement project, the 24-inch waterline parallel with League City Parkway and Maple Leaf Drive, and the rehabilitation of the 39-inch waterline on Calder Road. The rehabilitation was done in anticipation of the street project construction slated for summer 2015.

During 2013, construction on the Southwest Water Reclamation Facility (SWWRF) was completed. In keeping with the Wastewater Master Plan, construction of a lift station and force main project began in November 2014 that will take flows from the existing Countryside Wastewater Treatment Plant (CSWWTP) and redirect to the SWWRF. Ultimately, the CSWWTP will be decommissioned and removed prior to the end of 2015.

Transportation, Traffic and Drainage Improvements

Transportation and traffic improvements continue to be a priority in the City. In May 2014, the City completed the installation of the traffic signal at the intersections of FM 518 and Maple Leaf. Also completed in FY 2014, phase one of the extension of Jag Hollow, intersection improvements at the Hobbs Road and League City Parkway intersection, and the purchase and installation of improved traffic signal equipment. Additional traffic signal equipment, including battery backups and surge protection is being purchased as part of the CDBG Disaster Recovery Grant Round 2.2 in FY 2014 with installation slated to be completed in FY 2015.

The City is participating in a joint project with the Texas Department of Transportation to construct access improvements along FM 518 at Palomino, Hobbs Road to IH-45, SH 3, and the Five Corners area. Construction began in February 2014 and completion is anticipated in early 2015. The City is currently designing a 1.7 mile four-lane divided suburban boulevard extension to Landing Boulevard. By extending Landing Boulevard north over Clear Creek and connecting into IH-45 as the NASA One interchange, this project will provide much needed relief to the congested area along FM 518 just west of IH-45. The project is still in the design phase, with construction anticipated in FY 2018.

In 2013, the City reevaluated its plans for the Five Corners Realignment project. This intersection carries a large volume of traffic and is prone to congestion because the intersection marks the nexus of three highways: FM 2094, FM 518, and FM 270. Texas Department of Transportation has approved the design and is reviewing the plans for environmental clearance. With right of way acquisition beginning after environmental approval is obtained, construction is anticipated to begin in early 2016.

The City is also participating in a joint project with Galveston County to convert Calder Road to a three lane concrete roadway with enclosed storm sewer. The project is still in the design phase, with construction anticipated to begin late 2015. Completed projects for FY 2014 include new sidewalks along Main Street, continued repairs to existing sidewalks, the City's participation in the rebuilding of the McFarland Road bridge, extension of League City Parkway and Bay Area Boulevard, and the resurfacing of Columbia Memorial Parkway and Tuscan Lakes Boulevard. In addition, the resurfacing of Texas Avenue and the extension of Brookport were completed near the end of 2014.

In a continued effort to improve drainage in the City, Robinson Bayou Stabilization project was completed in January 2014. Annual stormwater improvements are planned with the continued design of the Interurban and Nottingham ditches. Construction of the Shellside stormwater management system is anticipated for spring of 2015 and consists of construction of a major detention facility and outfall channel to transfer stormwater from the Dickinson Bayou Watershed into the Clear Creek Watershed.

City Facilities

The new Public Safety Facility and Jail opened to dispatch communications in September 2014 with full occupancy in December 2014. This $30 million project included a hardened building designed to withstand a category 4 hurricane, offices for the police department, dispatch communications, emergency management, fire administration and a new jail facility. The former police facility is under design for an adaptive reuse to convert to a land management building and that will house Building Inspection, Code Compliance, Planning, Engineering, and Project Management staff. The renovation is anticipated to be complete in late 2015. The first phase of interior renovations at the Helen Hall Library was completed in June 2014. Phase one of this project relocated the teen section upstairs and utilized the space to enlarge the theater. Phase two is planned for 2015 and will re-configure the circulation desk and entry foyer, renovate the restrooms, and create a resale space for donated books.

Parks Facilities
The Ghirardi Family WaterSmart Park completed in January 2014 was constructed as a joint project with the Texas Commission on Environmental Quality. The project is a 3.75-acre space that features a pavilion, walking trails, and a playground. It also has special conservation and educational features including rain gardens, an outdoor classroom, a cistern to collect rainwater for irrigation, a green roof on the pavilion, and 'water smart' landscapes. This park is also home to the 100 year old Ghirardi Compton Oak, which was moved to the site in 2012. This project won the 2014 Houston Galveston Area Council Parks & Natural Areas Award in the 'On-the-Ground Projects Over $500,000' category. The park also won the 2014 Texas Recreation and Parks Society - East Region award for 'Innovations in Park and Facility Development' category.

The City invested in eight segments, totaling 24,419 linear feet, of new hike and bike trails in FY 2014. Construction began in the summer of 2014 with anticipated completion in spring 2015. The City is also partnering with the Texas Department of Transportation to design a FM 518 Bypass Hike and Bike Trail project that consists of a ten foot wide multi-use path, three miles in length and connecting FM 270 (Egret Bay Boulevard) with South Shore Boulevard. Hometown Heroes Park expanded with the construction of a pool which is opening in May 2015.

For the Future:
Infrastructure development remains priority one in the City's plans to meet the increased demand for service spurred by continued growth of the City. The major focus for the next several years in infrastructure planning will be addressing the City's long-term water supply needs. The City is pursuing a three-pronged approach to addressing the fact that the existing water supplies are not sufficient to accommodate full growth to build out. Water conservation, water re-use, and securing of additional supply through diversified sources are all options over the long term.

Transportation and traffic improvements will remain high priorities, and the City will strive to identify specific improvements that anticipate and serve additional growth in the City.

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, 2013. This is the 30th 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 CAFR. 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. We also appreciate the support of the City Manager and administrative staff. In addition, we thank the Mayor and members of the City Council for their interest and support in the financial operations of the City of League City, Texas.

Respectfully submitted,

Rebecca Underhill, CPA
Director of Finance

Lonna Stein
Controller

CITY OF LEAGUE CITY, TEXAS
PRINCIPAL OFFICIALS

Elected Officials	Position
Tim Paulissen	Mayor
Dan Becker	Council Member
Tommy Cones	Council Member
Heidi Hansing	Council Member
Todd Kinsey	Council Member
Geri Bentley	Mayor Pro Tem
Keith Gross	Council Member
Nick Long	Council Member

Appointed Officials	Position
Mark Rohr	City Manager
John Baumgartner	Deputy City Manager
Diana Stapp	City Secretary
Craig Hametner	City Auditor
Rebecca Underhill	Director of Finance
Paul Menzies	Director of Planning and Development
Chien Wei	Director of Parks and Cultural Services
Queenell Fox	Director of Human Resources and Civil Services
Ryan Smith	Director of Information Technology
Jenna Simsen	Interim Director of Communications
Earl Smith	Director of Engineering
Michael Kramm	Chief of Police
Jeffery Smith	Interim Fire Chief

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of League City

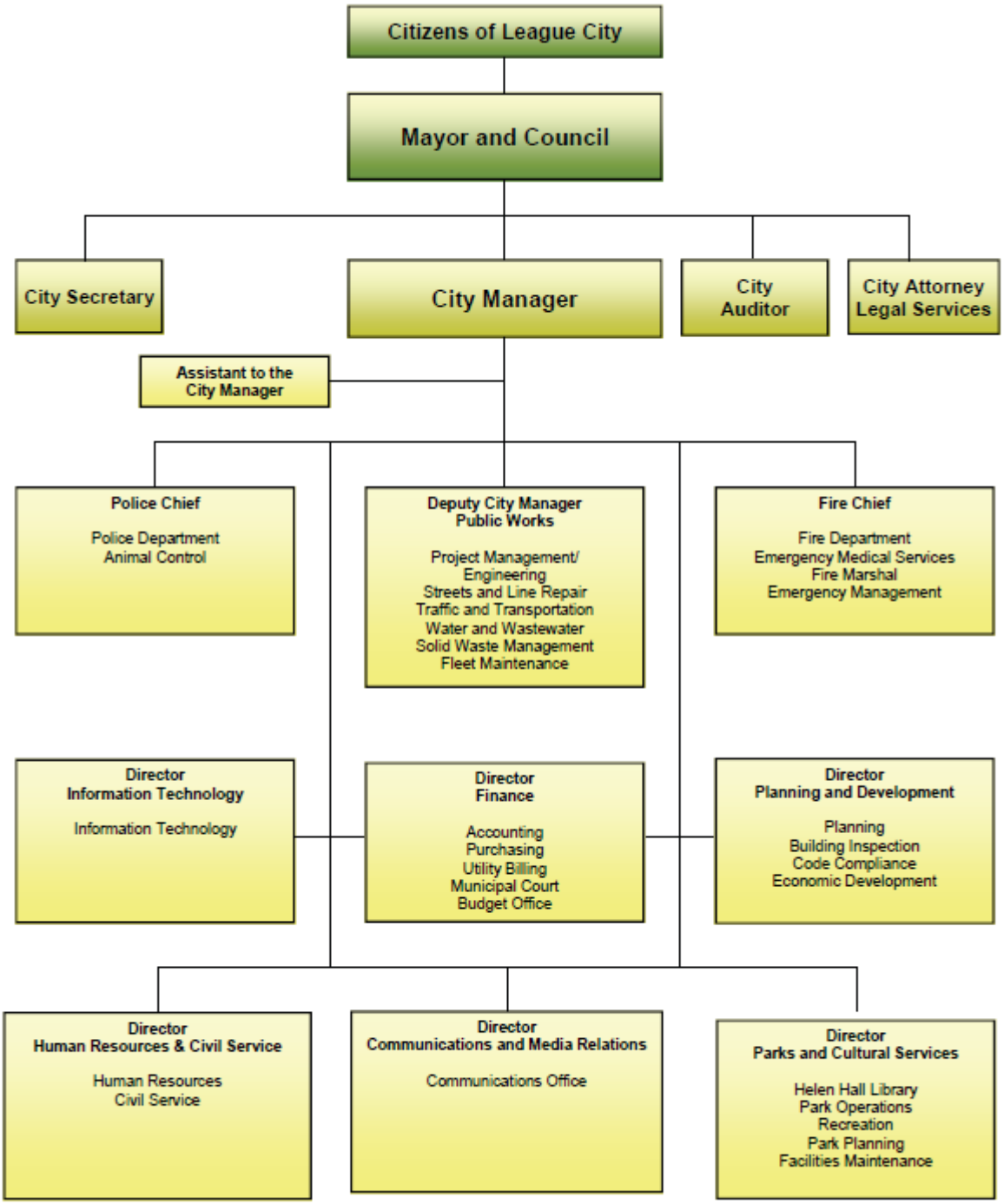
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF LEAGUE CITY
ORGANIZATIONAL CHART



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, 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, 2014 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and changes in Fund Balances – Budget and Actual – General Fund and schedules of funding progress, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

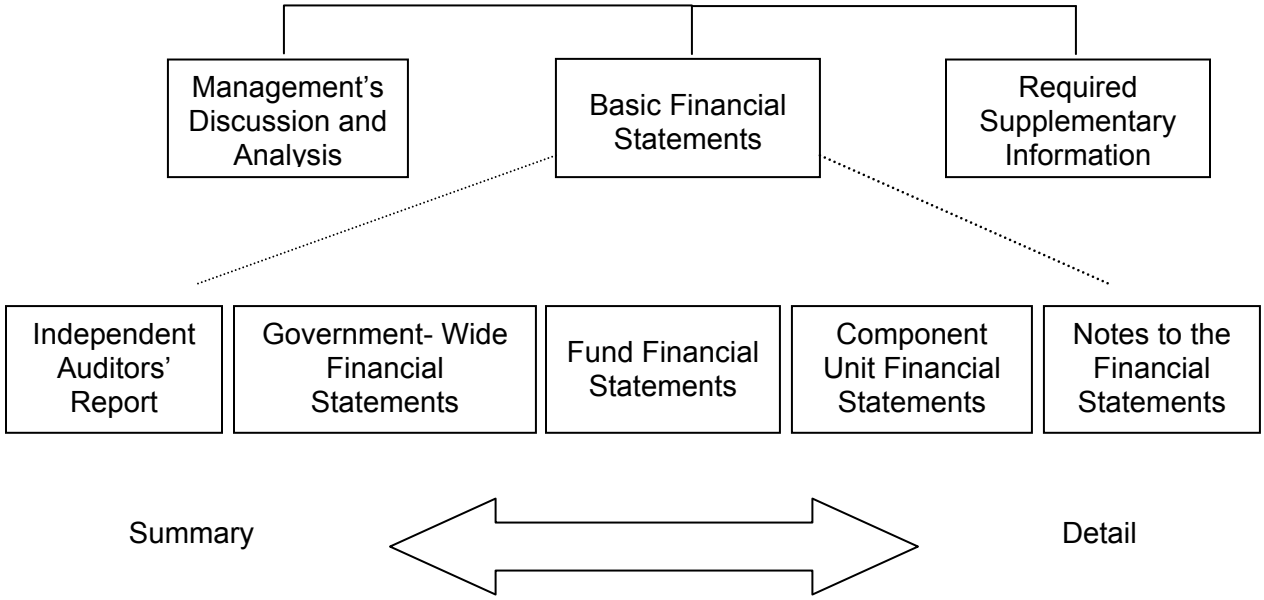
Houston, Texas
March 23, 2015

Management's Discussion and Analysis
(Unaudited)

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 (the City) for the year ending September 30, 2014. 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. Certain reclassifications of prior year balances were made to align with current year presentation. 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 City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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 Position 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 Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 of the City.

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

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

1. *Governmental Activities* include the City's tax-supported services, police and fire protection (public safety), streets, drainage (public works), community services, and general administrative services (general government), and interest payments on the City's tax-supported debt. Property tax, sales tax, franchise taxes, municipal court fines, and permit fees fund most of these activities.

2. *Business-Type Activities* include the City's water and wastewater services, as well as interest payments on debt issued for water and wastewater improvements. Charges for services cover all or most of the cost of these activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate industrial development corporation and a legally separate volunteer fire department for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The tax increment reinvestment zones and public improvement districts, although also legally separate, function for all practical purposes as a department of the City and, therefore, have been included as an integral part of the primary government.

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. 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 City uses two fund types - 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 39 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, debt service fund, and certificates of obligation 2012 fund, which are considered to be major funds for reporting purposes. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

The City adopts an annual appropriated budget for its general fund, debt service fund and 13 of the special revenue funds. Budgetary comparison schedules have been provided 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 internal service funds to account for its motor pool services, employee insurance, and employee benefits. These internal service funds have 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 includes a budgetary comparison schedule 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 position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities by $398,631,498 as of September 30, 2014 for the primary government. This compares with $361,040,627 from the prior fiscal year. The largest portion of the City's net position, 86%, 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 Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 69,672,469	$ 87,280,385	$ 82,263,160	$ 94,307,340	$ 151,935,629	$ 181,587,725
Capital assets, net	278,034,820	234,756,075	257,157,886	236,053,131	535,192,706	470,809,206
Total Assets	$ 347,707,289	$ 322,036,460	$ 339,421,046	$ 330,360,471	$ 687,128,335	$ 652,396,931
Deferred charges on refunding	1,169,423	1,215,965	506,323	562,162	1,675,746	1,778,127
Total deferred outflow of resources	1,169,423	1,215,965	506,323	562,162	1,675,746	1,778,127
Long-term liabilities	124,817,009	126,694,674	144,672,228	151,927,775	269,489,237	278,622,449
Other liabilities	13,461,705	7,716,901	7,221,641	6,795,081	20,683,346	14,511,982
Total liabilities	138,278,714	134,411,575	151,893,869	158,722,856	290,172,583	293,134,431
Net Position:						
Net investment in capital assets	172,449,008	158,272,342	171,411,024	143,851,297	343,860,032	302,123,639
Restricted	13,276,159	11,660,329	8,708,139	8,728,270	21,984,298	20,388,599
Unrestricted	24,872,831	18,908,179	7,914,337	19,620,210	32,787,168	38,528,389
Total net position	$ 210,597,998	$ 188,840,850	$ 188,033,500	$ 172,199,777	$ 398,631,498	$ 361,040,627

A portion of the primary government's net position, $21,984,298, or 5.5%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $32,787,168, or 8.2%, may be used to meet the City's ongoing obligation to citizens and creditors.

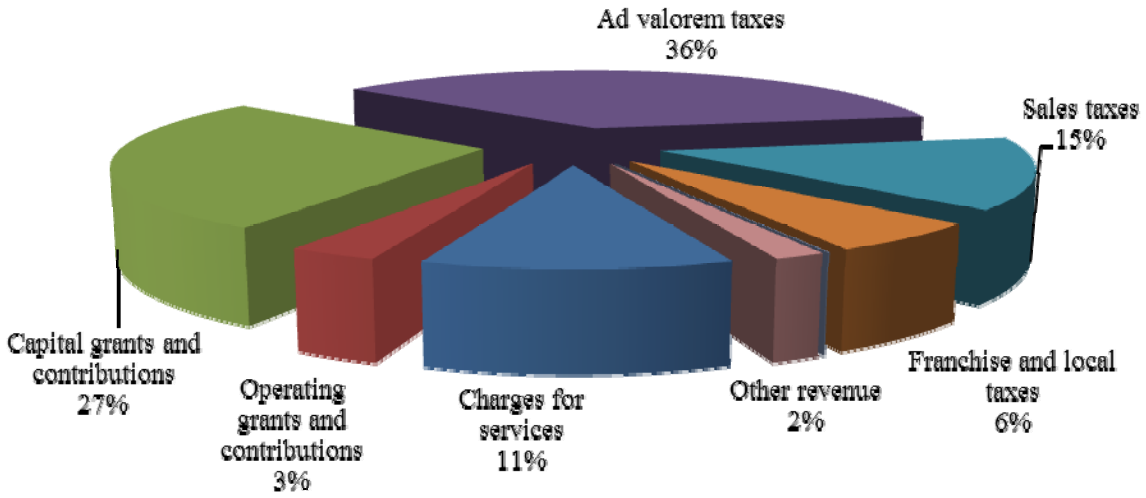
The City's total net position increased by $37,590,871 during the current fiscal year. This increase included $39,817,941 in capital grants and contributions.

Statement of Activities:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	$ 10,432,512	$ 10,104,883	$ 29,284,003	$ 29,854,054	$ 39,716,515	$ 39,958,937
Operating grants and contributions	3,084,319	3,955,289	-	-	3,084,319	3,955,289
Capital grants and contributions	26,277,018	16,598,735	13,540,923	9,183,573	39,817,941	25,782,308
General revenues:						
Ad valorem taxes	34,663,278	33,655,410	-	-	34,663,278	33,655,410
Sales taxes	13,823,196	12,513,332	-	-	13,823,196	12,513,332
Franchise and local taxes	5,725,179	5,416,273	-	-	5,725,179	5,416,273
Investment earnings	51,719	122,325	54,828	120,856	106,547	243,181
Other revenue	1,746,482	2,272,354	-	-	1,746,482	2,272,354
Total revenues	95,803,703	84,638,601	42,879,754	39,158,483	138,683,457	123,797,084
Expenses						
General government	13,318,257	14,286,527	-	-	13,318,257	14,286,527
Public safety	24,139,580	22,777,502	-	-	24,139,580	22,777,502
Public works	26,756,596	23,051,561	-	-	26,756,596	23,051,561
Community services	8,072,245	7,277,115	-	-	8,072,245	7,277,115
Interest and fiscal charges	4,376,432	4,902,242	-	-	4,376,432	4,902,242
Water and sewer	-	-	24,440,868	24,798,849	24,440,868	24,798,849
Total expenses	76,663,110	72,294,947	24,440,868	24,798,849	101,103,978	97,093,796
Excess (deficiency) of revenues over (under) expenses	19,140,593	12,343,654	18,438,886	14,359,634	37,579,479	26,703,288
Transfers in/(out)	2,616,555	2,250,000	(2,616,555)	(2,250,000)	-	-
Gain (loss) on sale of capital assets	-	-	11,392	2,067	11,392	2,067
Changes in net position	21,757,148	14,593,654	15,833,723	12,111,701	37,590,871	26,705,355
Beginning net position	188,840,850	174,247,196	172,199,777	160,088,076	361,040,627	334,335,272
Ending net position	$ 210,597,998	$ 188,840,850	$ 188,033,500	$ 172,199,777	$ 398,631,498	$ 361,040,627

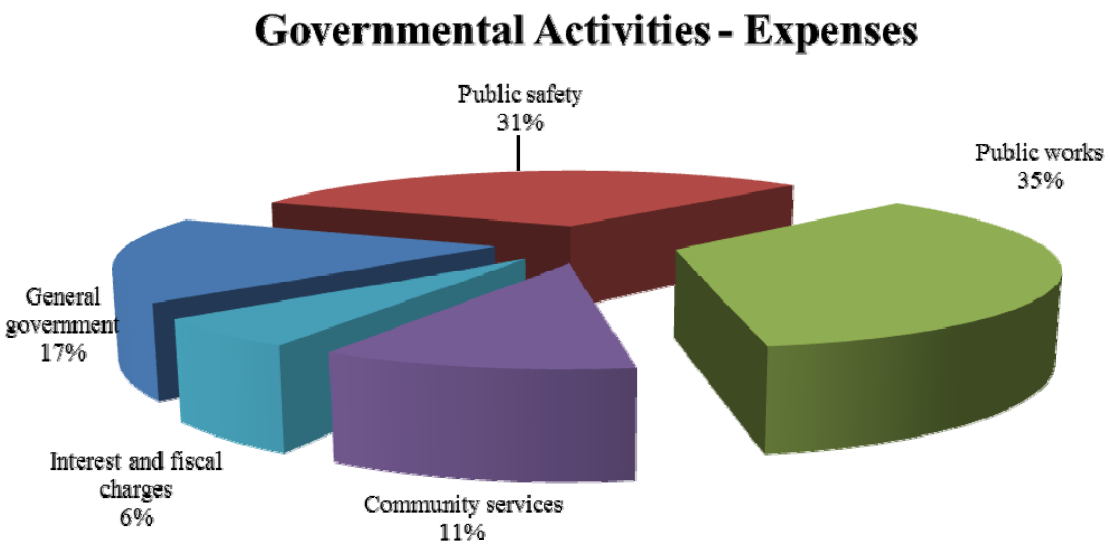
Governmental Activities - Revenues



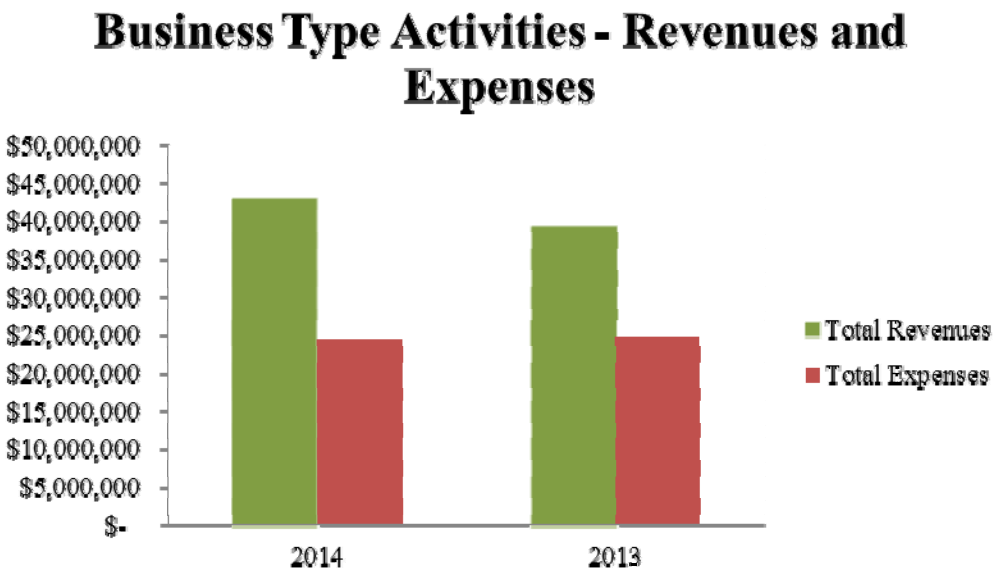
For the year ended September 30, 2014, total revenues from governmental activities were $95,803,703, compared with $84,638,601 in the prior year. This $11,165,102 increase is due to increases in capital grants and contributions of $9,678,283 coupled with increases in ad valorem taxes $1,007,868, sales taxes $1,309,864, franchise and local taxes $308,906, and charges for services $327,629. These gains were offset somewhat by declines in operating grants and contributions ($870,970), investment earnings ($70,606) and other revenue ($525,872).

While City Council adopted property tax reduction through increased local option homestead exemption, ad valorem revenue continues to increase through expanded residential and commercial development, along with overall increases in property values. Sales tax revenue increased as a result of a boost in retail sales in the area due to continued improvement in economic conditions and growth in retail development in the City.

Capital grants and contributions increased for governmental activities by $9,678,283 due to an increase in contributions from developers.



Governmental expenses increased by $4,368,163. This increase is primarily due to increased cost in public safety, with the addition of 10 new officers in the department, increased spending in public works related to street, sidewalk and solid waste activities, and increased costs in community services related to the operation of new park facilities.



Overall, business-type activity revenues increased by $3,721,271 from the prior period, including a $4,357,350 increase in capital grants due to an increase in contributions of infrastructure from developers and a decrease in charges for service of $570,051. The decrease in service revenue is due to a decline in water sales for the year ended September 30, 2014. While the number of customers increased by over 3%, total consumption declined during a temperate 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, unassigned 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 $52,449,153. This balance is restricted, assigned and unassigned as follows:

Nonspendable	$ 20,074
Restricted for	
Debt service	2,861,859
Capital projects	11,335,672
Municipal court	49,529
Hotel occupancy tax	685,116
Emergency management	180,350
Public access channel	813,488
Tax increment reinvestment zone	6,747,296
Public improvement district	1,927,473
Assigned to	
Operating reserve	13,138,608
Special revenue funds	2,683,406
Capital projects funds	9,253,281
Unassigned	2,753,001
	$ 52,449,153

There was a decrease in the combined fund balance of all governmental funds of $23,383,432 from the prior year. This is due to the $24,725,039 decrease in fund balance in the Certificates of Obligation 2012 fund as capital projects were constructed with these funds. The general fund balance decreased by $19,769 and the debt service fund balance decreased of $212,502. Meanwhile, the nonmajor governmental funds increased the total fund balance by $1,573,878. This was primarily due to an increase in fund balance in the miscellaneous capital project fund.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance reached $16,343,350. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 32.9% of general fund operating expenditures. At year end, the City's 90 day operating reserve was $13,138,608, representing 26.5% of general fund operating expenditures.

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 amended budget included a planned decrease in General Fund balance of $3,185,544. The final fund balance for the year decreased $19,769. Actual revenues exceeded the amended budget by $1,631,970 spread across various revenue lines. Actual sales tax revenue exceeded the amended budget amount by $523,196, building permits fees exceeded budget by $661,039, and fines and forfeitures exceeded budget by $284,462. The remaining revenue lines showed positive budget variances, with the exception of ad valorem taxes, franchise fees, charges for services and investment earnings.

Actual expenditures were under the amended budget by $1,516,284. This positive variance from the amended budget was primarily a result savings within the personnel category due to vacant positions during the year and departments displaying restraint and good stewardship in purchasing supplies and equipment.

CAPITAL ASSETS

At the end of the current year, the City's governmental and business-type activities had invested $535,192,706 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $64,383,500 from prior year.

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

- Developer contributions of infrastructure in the amount of $21,319,896 for governmental activities and $13,540,923 for business-type activities
- Public Safety Facility and Jail construction in the amount of $18,468,960
- South Highway 3 Water Booster Station construction in the amount of $9,562,078
- Calder Road 39-inch waterline rehabilitation construction in the amount of $2,689,156
- Hometown Heroes Park construction in the amount of $2,132,378
- Emergency Medical Services Westside Station construction in the amount of $2,100,066
- Brookport Drive Extension construction in the amount of $1,813,347
- South Shore Harbour Pump Station Expansion construction in the amount of $1,511,768

More detailed information about the City's capital assets is presented in Note 5 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 $250,840,000. Of this amount, $48,485,000 was general obligation debt, $73,090,000 was revenue bond debt, $127,625,000 was certificates of obligation, and contract revenue bonds accounted for the remaining $1,640,000. Current underlying ratings on both General Obligation and Water and Sewer System Revenue Bonds are Aa2 and AA from Moody's Investors Service and Standard and Poor's, respectively.

More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

League City, like the region in which it is located, has been characterized by steady long-term growth, resilient economic performance, and a climate and geography considered attractive to families and businesses. In recent years, the City has experienced growth significantly above its historical trend that coincided with the national housing boom and regional energy boom. In the late 2008, the "Great Recession" occurred, slowing growth in the region and in League City as well. In spite of job losses at NASA's Johnson Space Center that occurred between 2010 and 2013, the City experienced an increase in its growth rate from 2.3% in 2010 to 3.8% in 2014.

While the energy industry has be hit hard by the precipitous drop in oil prices, the Houston economy as a whole, and League City specifically, seem poised to weather the storm. With other sectors of the economy continuing to recover, and energy jobs being replaced, in part, by a construction boom, the Houston area expects to continue to do well. Meanwhile, League City continues to see new construction growth in all types of property. Sales tax continues to grow at record levels, indicating a strong local economy.

The City's financial planning and reporting processes to monitor the impact of the economy on major revenues have continued into fiscal year 2015. Sales taxes continue to be systematically compared with water customers, energy employment, local business conditions, and growth in the local retail base to better understand current trends in this volatile revenue source. The City continues to plan long-term. A five year operating forecast, Long Range Financial Forecast (LRFF), is prepared annually measuring the impact of economic change and program demands on the operating budget. The LRFF also includes a study of debt capacity using conservative growth and interest rate assumptions that is used to provide a financing plan for the five year capital improvement plan.

To date, revenue and expenditure trends are tracking closely with budget assumptions. Major revenue sources are generally on budget and expenditures appear to be within budget.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances of the City. Questions concerning this report or requests for additional financial information should be directed to the Office of the Finance Director, 300 West Walker, League City, TX, 77573, telephone 281-554-1368, or for general City information, visit the City's website at www.leaguecity.com.

BASIC FINANCIAL STATEMENTS

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and equity in pooled cash	$ 57,394,045	$ 4,384,440	$ 61,778,485	$ 6,209,133
Investments	4,522,586	1,610,375	6,132,961	-
Receivables, net	7,712,526	4,858,305	12,570,831	539,784
Restricted cash and cash equivalents	-	65,183,821	65,183,821	-
Restricted investments	-	6,037,786	6,037,786	-
Inventories	21,306	190,365	211,671	-
Prepaid items	20,074	-	20,074	-
Internal balances	1,932	(1,932)	-	-
	69,672,469	82,263,160	151,935,629	6,748,917
Capital assets				
Non-depreciable	58,847,051	42,710,807	101,557,858	-
Net depreciable capital assets	219,187,769	214,447,079	433,634,848	-
Total capital assets	278,034,820	257,157,886	535,192,706	-
Total assets	347,707,289	339,421,046	687,128,335	6,748,917
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,169,423	506,323	1,675,746	-
Total deferred outflows of resources	1,169,423	506,323	1,675,746	-
Total assets and deferred outflows of resources	348,876,712	339,927,369	688,804,081	6,748,917
LIABILITIES				
Accounts payable and accrued liabilities	12,876,674	5,708,730	18,585,404	729,929
Customer deposits	14,049	757,199	771,248	-
Accrued interest payable	570,982	755,712	1,326,694	-
	13,461,705	7,221,641	20,683,346	729,929
Noncurrent liabilities				
Due within one year	10,334,244	7,044,375	17,378,619	-
Due in more than a year	114,482,765	137,627,853	252,110,618	-
Total noncurrent liabilities	124,817,009	144,672,228	269,489,237	-
Total liabilities	138,278,714	151,893,869	290,172,583	729,929
NET POSITION				
Net investment in capital assets	172,449,008	171,411,024	343,860,032	-
Restricted for				
Debt service	2,872,907	8,708,139	11,581,046	-
Municipal court	49,529	-	49,529	-
Hotel occupancy tax	685,116	-	685,116	-
Emergency management	180,350	-	180,350	-
Public access channel	813,488	-	813,488	-
Tax increment reinvestment	6,747,296	-	6,747,296	-
Public improvement district	1,927,473	-	1,927,473	-
Unrestricted	24,872,831	7,914,337	32,787,168	6,018,988
Total net position	$ 210,597,998	$ 188,033,500	$ 398,631,498	$ 6,018,988

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

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	$ 13,318,257	$ 5,562,884	$ 48,908	$ -
Public safety	24,139,580	1,695,460	582,787	-
Public works	26,756,596	2,677,025	479,900	26,277,018
Community services	8,072,245	497,143	1,972,724	-
Interest and fiscal agent fees	4,376,432	-	-	-
Total governmental activities	76,663,110	10,432,512	3,084,319	26,277,018
Business-type activities				
Water and sewer	24,440,868	29,284,003	-	13,540,923
Total business-type activities	24,440,868	29,284,003	-	13,540,923
Total primary government	101,103,978	39,716,515	3,084,319	39,817,941
COMPONENT UNITS				
Governmental activities	4,012,807	-	176,055	-
Total component units	$ 4,012,807	$ -	$ 176,055	$ -

GENERAL REVENUES
- Ad valorem taxes
- Sales taxes
- Franchise and local taxes
- Investment earnings
- Other revenues
- Gain on disposal of capital assets

Transfers
- Total general revenues and transfers
- Change in net position
- **Beginning net position**
- **Ending net position**

The Notes to the Basic Financial Statements are an integral part of these statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (7,706,465)	$ -	$ (7,706,465)	$ -
(21,861,333)	-	(21,861,333)	-
2,677,347	-	2,677,347	-
(5,602,378)	-	(5,602,378)	-
(4,376,432)	-	(4,376,432)	-
(36,869,261)	-	(36,869,261)	-
-	18,384,058	18,384,058	-
-	18,384,058	18,384,058	-
(36,869,261)	18,384,058	(18,485,203)	-
-	-	-	(3,836,752)
-	-	-	(3,836,752)
34,663,278	-	34,663,278	-
13,823,196	-	13,823,196	2,303,866
5,725,179	-	5,725,179	-
51,719	54,828	106,547	5,573
1,746,482	-	1,746,482	-
-	11,392	11,392	-
2,616,555	(2,616,555)	-	-
58,626,409	(2,550,335)	56,076,074	2,309,439
21,757,148	15,833,723	37,590,871	(1,527,313)
188,840,850	172,199,777	361,040,627	7,546,301
$ 210,597,998	$ 188,033,500	$ 398,631,498	$ 6,018,988

CITY OF LEAGUE CITY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Debt Service	Certificates of Obligation 2012	Nonmajor Governmental	Total Governmental Funds
ASSETS					
Cash and equity in pooled cash	$ 10,836,447	$ 2,695,492	$ 12,476,561	$ 29,403,240	$ 55,411,740
Investments	4,068,630	250,000	-	203,956	4,522,586
Receivables, net	6,366,536	475,302	-	870,688	7,712,526
Due from other funds	508,860	-	-	22,714	531,574
Prepaid items	20,074	-	-	-	20,074
Total assets	$ 21,800,547	$ 3,420,794	$ 12,476,561	$ 30,500,598	$ 68,198,500
LIABILITIES					
Accounts payable and accrued liabilities	$ 3,469,077	$ 76,188	$ 7,614,773	$ 1,639,142	$ 12,799,180
Customer deposits	14,049	-	-	-	14,049
Due to other funds	-	22,714	-	456,739	479,453
Total liabilities	3,483,126	98,902	7,614,773	2,095,881	13,292,682
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - court fines and warrants	587,097	-	-	-	587,097
Unavailable revenue - refuse	581,588	-	-	-	581,588
Unavailable revenue - property taxes	805,386	460,033	-	3,016	1,268,435
Unavailable revenue - special assessments	-	-	-	19,545	19,545
Total deferred inflows of resources	1,974,071	460,033	-	22,561	2,456,665
FUND BALANCES					
Nonspendable					
Prepaid items	20,074	-	-	-	20,074
Restricted for					
Debt service	-	2,861,859	-	-	2,861,859
Capital projects	-	-	4,861,788	6,473,884	11,335,672
Municipal court	-	-	-	49,529	49,529
Hotel occupancy tax	-	-	-	685,116	685,116
Emergency management	-	-	-	180,350	180,350
Public access channel	-	-	-	813,488	813,488
Tax increment reinvestment zone	-	-	-	6,747,296	6,747,296
Public improvement district	-	-	-	1,927,473	1,927,473
Assigned to					
Operating reserve	13,138,608	-	-	-	13,138,608
Special revenue funds	-	-	-	2,683,406	2,683,406
Capital project funds	-	-	-	9,253,281	9,253,281
Unassigned	3,184,668	-	-	(431,667)	2,753,001
Total fund balances	16,343,350	2,861,859	4,861,788	28,382,156	52,449,153
Total liabilities, deferred inflows of resources, and fund balances	$ 21,800,547	$ 3,420,794	$ 12,476,561	$ 30,500,598	$ 68,198,500

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total fund balances - governmental funds		$ 52,449,153
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Capital assets - non depreciable	58,847,051	
Capital assets - depreciable	213,784,684	
		272,631,735
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		2,456,665
Internal service funds are used by management to charge the costs 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 position.		7,279,013
Some liabilities, including bonds payable as well as deferred ourflows of resources, are not reported in the governmental funds.		
Accrued interest	(570,982)	
Deferred charge on refunding	1,169,423	
Non-current liabilities due in one year	(10,334,244)	
Non-current liabilities due in more than one year	(114,482,765)	
		(124,218,568)
Net position of governmental activities		$ 210,597,998

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Debt Service	Certificates of Obligation 2012	Nonmajor Governmental	Total Governmental Funds
REVENUES					
Ad valorem taxes	$ 20,416,091	$ 11,838,049	$ -	$ 2,416,854	$ 34,670,994
Sales taxes	13,823,196	-	-	-	13,823,196
Franchise and local taxes	4,902,144	-	-	220,071	5,122,215
Other taxes	181,549	-	-	421,415	602,964
Licenses and permits	3,165,889	-	-	-	3,165,889
Fines and forfeitures	1,854,462	-	-	157,673	2,012,135
Charges for services	5,209,998	-	-	296,107	5,506,105
Other revenue	1,042,758	-	-	1,310,650	2,353,408
Contributions	-	786,024	-	4,129,514	4,915,538
Assessments	-	-	-	2,216,155	2,216,155
Investment earnings	28,929	3,233	7,752	11,112	51,026
Intergovernmental	288,464	-	-	474,562	763,026
Total revenues	50,913,480	12,627,306	7,752	11,654,113	75,202,651
EXPENDITURES					
Current					
General government	10,122,077	2,412,437	-	496,317	13,030,831
Public safety	21,874,293	-	-	154,933	22,029,226
Public works	12,315,962	-	-	8,098,601	20,414,563
Community services	4,761,994	-	-	1,168,143	5,930,137
Capital outlay	532,944	-	24,732,791	6,741,114	32,006,849
Debt service					
Principal	-	6,640,954	-	1,815,000	8,455,954
Interest and fiscal charges	-	3,786,417	-	938,661	4,725,078
Total expenditures	49,607,270	12,839,808	24,732,791	19,412,769	106,592,638
Excess (deficiency) of revenues over (under) expenditures	1,306,210	(212,502)	(24,725,039)	(7,758,656)	(31,389,987)
OTHER FINANCING SOURCES (USES)					
Bond issuances	-	-	-	5,390,000	5,390,000
Transfers in	2,351,105	-	-	4,014,584	6,365,689
Transfers (out)	(3,677,084)	-	-	(72,050)	(3,749,134)
Total other financing sources (uses)	(1,325,979)	-	-	9,332,534	8,006,555
Net change in fund balances	(19,769)	(212,502)	(24,725,039)	1,573,878	(23,383,432)
FUND BALANCES, BEGINNING OF YEAR	16,363,119	3,074,361	29,586,827	26,808,278	75,832,585
FUND BALANCES, END OF YEAR	$ 16,343,350	$ 2,861,859	$ 4,861,788	$ 28,382,156	$ 52,449,153

The Notes to the Basic Financial Statements are an integral part of these 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
YEAR ENDED SEPTEMBER 30, 2014

Net changes in fund balances - Total governmental funds	$ (23,383,432)
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	(9,981,515)
Capital outlay	32,006,849
Capital contributions by outside entities are not recorded in governmental funds as the contributions do not represent current resources.	21,319,896
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the statement of activities reports only the gain (loss) on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(319,163)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	240,463
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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Bond issuances	(6,350,000)
Principal repayments	8,455,954
Amortization of bond premiums	384,140
Amortization of deferred charges on refunding	(46,542)
Accrued interest	11,048
Compensated absences	(217,048)
Net other post employment benefits obligation	(182,179)
Net pension obligation	(213,202)
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and employee insurance, to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	31,879
Change in net position of governmental activities	$ 21,757,148

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service
ASSETS		
Current assets		
Cash and equity in pooled cash	$ 4,384,440	$ 1,982,305
Investments	1,610,375	-
Receivables, net	4,858,305	-
Inventories	190,365	21,306
Restricted cash and cash equivalents		
Customer deposits	757,199	-
Capital projects	55,718,483	-
Debt service	8,708,139	-
Restricted investments		
Capital projects	6,037,786	-
Total current assets	82,265,092	2,003,611
Noncurrent assets		
Capital assets		
Non-depreciable	42,710,807	-
Net depreciable capital assets	214,447,079	5,403,085
Total capital assets, net of accumulated depreciation	257,157,886	5,403,085
Total noncurrent assets	257,157,886	5,403,085
Total assets	339,422,978	7,406,696
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	506,323	-
Total deferred outflows of resources	$ 506,323	$ -

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014
(CONTINUED)

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 5,708,730	$ 77,494
Accrued interest	755,712	-
Due to other funds	1,932	50,189
Customer deposits	757,199	-
Compensated absences	321,313	-
Bonds, notes, and loans payable	6,723,062	-
Total current liabilities	14,267,948	127,683
Noncurrent liabilities		
Compensated absences	118,843	-
Net other post employment benefits obligation	135,879	-
Net pension obligation	337,660	-
Bonds, notes, and loans payable	137,035,471	-
Total noncurrent liabilities	137,627,853	-
Total liabilities	151,895,801	127,683
NET POSITION		
Net investment in capital assets	171,411,024	5,403,085
Restricted for debt service	8,708,139	-
Unrestricted	7,914,337	1,875,928
Total net position	$ 188,033,500	$ 7,279,013

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Internal Service
OPERATING REVENUES		
Charges for services	$ 29,187,630	$ 13,605,942
Other	96,373	86,602
Total operating revenues	29,284,003	13,692,544
OPERATIING EXPENSES		
Personnel	5,526,433	609,361
Contractual services	4,985,492	13,714
Utilities	1,615,413	-
Insurance	-	11,151,334
Repairs and maintenance	1,074,237	571,189
Other supplies and expenses	793,873	57,533
Depreciation	4,595,649	1,261,449
Total operating expenses	18,591,097	13,664,580
Operating income	10,692,906	27,964
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	54,828	693
Interest expense	(5,849,771)	-
Gain on disposal of capital assets	11,392	3,222
Total nonoperating revenues (expenses)	(5,783,551)	3,915
Income before contributions and transfers	4,909,355	31,879
CAPITAL CONTRIBUTIONS	13,540,923	-
TRANSFERS, NET	(2,616,555)	-
Change in net position	15,833,723	31,879
NET POSITION, BEGINNING OF YEAR	172,199,777	7,247,134
NET POSITION, END OF YEAR	$ 188,033,500	$ 7,279,013

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF LEAGUE CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Business Type Activities	Governmental Activities
	Water and Wastewater	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 29,419,956	$ 13,692,544
Payments to suppliers	(8,282,482)	(11,726,074)
Payments to employees	(5,469,836)	(606,682)
Net cash provided by operating activities	15,667,638	1,359,788
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out	(2,616,555)	-
Net cash (used in) noncapital financing activities	(2,616,555)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on debt	(7,312,144)	-
Receipts for system development	6,623,624	-
Acquisition and construction of capital assets	(18,754,119)	(1,599,947)
Interest and fiscal charges	(5,875,933)	-
Proceeds from sale of capital assets	34,730	89,042
Net cash (used in) capital and related financing activities	(25,283,842)	(1,510,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(200,674)	-
Interest on investments	54,828	693
Net cash (used in) provided by investing activities	(145,846)	693
Net decrease in cash and equivalents	(12,378,605)	(150,424)
Cash and cash equivalents, beginning of year	81,946,866	2,132,729
Cash and cash equivalents, end of year	$ 69,568,261	$ 1,982,305
Unrestricted cash and cash equivalents	$ 4,384,440	$ 1,982,305
Restricted cash and cash equivalents	65,183,821	-
Total cash and cash equivalents	$ 69,568,261	$ 1,982,305

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF CITY OF LEAGUE CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Business Type Activities	Governmental Activities
	Water and Wastewater	Internal Service
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 10,692,906	$ 27,964
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,595,649	1,261,449
Change in assets and liabilities (increase) decrease:		
Accounts receivable	72,404	-
Inventories	(190,365)	6,911
Accounts payable and accrued liabilities	392,688	20,533
Compensated absences	(4,557)	-
Customer deposits	63,549	-
Net other post employment benefits obligation	32,102	-
Net pension obligation	29,052	-
Due to other funds	(15,790)	42,931
Net cash provided by operating activities	$ 15,667,638	$ 1,359,788
NONCASH CAPITAL ACTIVITIES		
Capital assets contributed during the year	$ 6,917,299	$ -

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF CITY OF LEAGUE CITY, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2014

	4B Industrial Development Corporation	Volunteer Fire Department	Total Discretely Presented Component Units
ASSETS			
Cash and equity in pooled cash	$ 6,131,767	$ 77,366	$ 6,209,133
Receivables, net	539,784	-	539,784
Total assets	6,671,551	77,366	6,748,917
LIABILITIES			
Accounts payable and accrued liabilities	729,929	-	729,929
Total liabilities	729,929	-	729,929
NET POSITION			
Unrestricted	5,941,622	77,366	6,018,988
Total net position	$ 5,941,622	$ 77,366	$ 6,018,988

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF CITY OF LEAGUE CITY, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2014

		Programs Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Component Units			
4B Industrial Development Corporation	$ 4,004,392	$ -	$ 123,318
Volunteer Fire Department	8,415	-	52,737
Total component units	$ 4,012,807	$ -	$ 176,055

General revenues
Sales tax
Investment earnings
Total general revenues
Change in net position
Begining net position
Ending net position

The Notes to the Basic Financial Statements
are an integral part of these statements.

4B Industrial Development Corporation	Volunteer Fire Department	Total
$ (3,881,074)	$ -	$ (3,881,074)
-	44,322	44,322
(3,881,074)	44,322	(3,836,752)
2,303,866	-	2,303,866
5,573	-	5,573
2,309,439	-	2,309,439
(1,571,635)	44,322	(1,527,313)
7,513,257	33,044	7,546,301
$ 5,941,622	$ 77,366	$ 6,018,988

The Notes to the Basic Financial Statements
are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of League City, Texas (the City) was incorporated in May 1962 and adopted a "Home Rule Charter" which provided for a "Mayor-Council" form of government. In May 2010, the voters of the City approved various amendments to the City charter, including adoption of the Council Manager form of government and the creation of the office of the City Manager. A Mayor and seven Council members are elected by voters of the City at large for four 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. The Mayor is the presiding officer of the City Council.

The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads, with the exception of the City Attorney, City Secretary, and the City Auditor. Departments and agencies of the City submit budget requests to the City Manager.

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 the 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 the 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 the prescribed criteria considered in determining that the City's financial reporting entity status is that of the 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Financial Reporting Entity – Continued

Discretely Presented Component Units

The aggregate governmental discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

City of League City Section 4B Industrial Development Corporation

All powers of the Section 4B Industrial Development Corporation (the Corporation) are vested in a Board consisting of seven 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 one-quarter 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.

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 the City. In fiscal year 2011, the City hired a full time fire chief, who provides leadership and direction for the volunteer fire department and the volunteers.

Blended Component Units

The following blended component units are reported with the primary government:

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 is a participant in this TIRZ 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 tools 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Financial Reporting Entity – Continued

Blended Component Units – Continued

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

Six of the seven members of the governing Board are appointed by City Council as dictated by Chapter 311 of the Texas Tax Code. The remaining board member is appointed by the County of Galveston. This entity was created to provide the financing and management tools 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 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. 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 remaining board members are represented by a County of Galveston 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 tools 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 (PID) No. One - Magnolia Creek

City Council approved an ordinance terminating Tax Increment Reinvestment Zone (TIRZ) No. One on August 14, 2010. However, the TIRZ Board continues to oversee the operations of the PID created in conjunction with the TIRZ. The PID was created to assist in the financing of the residential costs of a master planned community. The revenues are derived from an assessment levied against each residential lot and are used to reimburse the developer for infrastructure costs. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15 to 20 years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Financial Reporting Entity – Continued

Blended Component Units – Continued

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

The City of League City Tax Increment Reinvestment Zone (TIRZ) No. Two - Victory Lakes Board oversees the operations of the 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 to 20 years.

City of League City Public Improvement District (PID) No. Three – CenterPointe

The City of League City Tax Increment Reinvestment Zone (TIRZ) No. Three – Center Pointe Board oversees the operations of the 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 to 20 years.

City of League City Public Improvement District (PID) No. Five - Park on Clear Creek

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 City Council has dissolved the board and now functions on their behalf.

The component units identified above are included in the City's reporting entity because of the significance of their operational or financial relationship 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.

TIRZ No. One, a previous component unit of the City, was dissolved during fiscal year 2010. The remaining funds are to be used by the City to complete certain infrastructure improvements within the TIRZ.

Complete financial statements of the individual component units can be obtained directly from the administrative offices of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Financial Reporting Entity – Continued

Blended Component Units – Continued

Not included as part of the City's reporting entity are 12 municipal utility districts (MUDs). The City acts as an "operator" of these facilities. The City rebates 5 of the MUDs from four to 40 percent of the taxes levied and collected within the MUDs but does not guarantee the debt of the MUDs. The MUDs' Boards of Directors are elected officials and the City exercises no control over the Boards 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. Galveston County MUD #2, South Shore Harbour MUD #2 and South Shore Harbour MUD #3 were dissolved during fiscal years 2014, 2012 and 2011, respectively. The City has taken over any outstanding debt of these entities.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

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.

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.

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

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of long-term debt, committed operating funds, designated special revenues, and related interest earnings for capital improvement projects. All of the capital projects are nonmajor funds except the Certificates of Obligation 2012 fund, which is a major fund for the 2014 fiscal year.

The City reports 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basis of Presentation – Fund Financial Statements – Continued

Additionally, the City reports the following fund type:

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 funds are used to account for motor pool services, which are financed from systematic transfers from general governmental and enterprise funds, and to account for premiums paid on a group health insurance plan for City employees and to account for insurance benefits provided to City employees.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers to business-type activities in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers to governmental activities in the business-type activities column.

E. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Measurement Focus/Basis of Accounting – Continued

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Cash and Cash Equivalents

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Cash and Cash Equivalents – Continued

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 or certificates of deposit and disclosed as part of the City's investments.

G. Investments

In accordance with Governmental Accounting Standards Board (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 Government Code. In summary, the City is authorized to invest in the following:

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

H. 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 and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. 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.

J. 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	30 years
Equipment	5 years
Water and sewer system	50 years
Infrastructure	50 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding bonds reported in the government-wide and proprietary fund Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arises only under a modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and warrants, and refuse collection fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available,

L. Compensated Employee Absences

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

Length of Service (Months)	Maximum Vacation Leave Accural
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 may receive compensation for unused sick pay benefits, however no compensation will be made for unused sick pay benefits in excess of 720 hours.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligation, only that portion expected to be paid from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be paid from proprietary fund operations are accounted for in those funds.

The government-wide financial statement and proprietary fund type fund financial statements report long-term debt and other long-term liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the bond using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts.

The fund financial statements report bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts associated with the debt are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

O. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Fund Balance Policies

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

Nonspendable fund balance represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The City strives to maintain a minimum fund balance assigned for operating reserves in the general fund between 90 and 100 days of current year operating expenditures. Fund balances are assigned in the special revenue funds based on the designated purpose of each fund.

Q. 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 COBRA, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

R. 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.

S. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

T. 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.

U. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

V. Recently Issued Accounting Pronouncements

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

During November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The Primary objective of this statement is to address the issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement adds clarity to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement is effective for fiscal years beginning after June 15, 2014. The City is evaluating the impact of this statement.

NOTE 2. 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: TIRZ No. Two, Three, and Four, PID No. One, Two, Three, and Five, Galveston County MUD#2, TDRA Disaster Recovery Fund, Special Assessments Fund, CDBG Fund, Tree Preservation Fund, Safelight Program, and the Severe Repetitive Loss Grant Fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget, as defined by the charter, is at the department level for all funds. Appropriations lapse at the end of the year, excluding capital project budgets.

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 reappropiated and honored during the subsequent year.

A. Deficit Fund Balance

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

Tax Increment Reinvestment Zone No. Three $431,667

NOTE 3. DEPOSITS AND INVESTMENTS

As of September 30, 2014, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Municipal bonds	$ 1,812,774	2.55
Certificates of deposit	10,356,417	11.61
External investment pools:		
TexPool	79,597,729	0.59
TexSTAR	43,247,393	0.32
Total fair value	$ 135,014,313	
Portfolio weighted average maturity		15.07

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.

NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk. The City's policy requires that investment pools must be rated no lower than "AAA" or "AAAm". Bankers' acceptances must be issued in the United States and carry a short-term rating of not less than A1 or P1 or an equivalent rating by at least one nationally recognized credit rating agency. Obligations of Texas municipalities must be rated no lower than AA by Standards and Poor's or equivalent rating by Moody's Investor Services. As of September 30, 2014, the City's investments in TexPool and TexStar were rated "AAAm" by Standard & Poor's and investments in municipal bonds were rated at least AA by Standard and Poor's.

Custodial Credit Risk — Deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2014, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial Credit Risk — Investments. For an investment, this is the risk that 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 in the event of the failure of the counterparty. 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.

NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

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 values of the positions in TexPool and TexSTAR are the same as the values of TexPool and TexSTAR shares.

NOTE 4. RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the nonmajor governmental funds in the aggregate, and the enterprise fund, including the applicable allowances for uncollectible accounts:

	General	Debt Service	Nonmajor	Water and Wastewater	Total
Ad valorem taxes	$ 1,224,164	$ 718,184	$ 4,109	$ -	$ 1,946,457
Other taxes	3,982,988	-	173,079	-	4,156,067
Accounts	2,842,347	144	147,952	4,957,942	7,948,385
Intergovernmental	91,670	-	376,816	-	468,486
Other	277,701	-	169,762	5,293	452,756
Less allowance	(2,052,334)	(243,026)	(1,030)	(104,930)	(2,401,320)
Total	$ 6,366,536	$ 475,302	$ 870,688	$ 4,858,305	$ 12,570,831

NOTE 5. CAPITAL ASSETS

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

	Primary Government			
	Beginning Balance	Reclassifications Increases	Reclassifications (Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 12,942,153	$ 898,253	$ -	$ 13,840,406
Construction in progress	17,062,536	29,172,138	(1,228,029)	45,006,645
Total capital assets not being depreciated	30,004,689	30,070,391	(1,228,029)	58,847,051
Other capital assets				
Infrastructure	300,153,062	23,696,630	-	323,849,692
Buildings and improvements	50,551,922	65,899	-	50,617,821
Machinery and equipment	35,820,010	2,051,199	(1,221,391)	36,649,818
Total other capital assets	386,524,994	25,813,728	(1,221,391)	411,117,331
Less accumulated depreciatede for				
Infrastructure	(140,096,000)	(5,854,471)	-	(145,950,471)
Buildings and improvements	(21,187,101)	(2,263,766)	1,087,010	(22,363,857)
Machinery and equipment	(20,490,507)	(3,124,727)	-	(23,615,234)
Total acccumulated depreciation	(181,773,608)	(11,242,964)	1,087,010	(191,929,562)
Other capital assets, net	204,751,386	14,570,764	(134,381)	219,187,769
Governmental activities capital assets, net	$ 234,756,075	$ 44,641,155	$ (1,362,410)	278,034,820
		Less associated debt		(118,090,908)
		Plus deferred charge on refunding		1,169,423
		Plus unspent bond proceeds		11,335,673
		Net investment in capital assets		$ 172,449,008

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	$ 211,360
Public safety	2,415,338
Public works	6,569,513
Community services	2,046,753
Total governmental activities depreciation expense	$ 11,242,964

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Robinson Bayou Bank Stabilization	$ 37,800	$ 14,920	$ 22,880
Annual Stormwater Improvements	414,292	349,575	64,717
Genco Canal	29,300	24,900	4,400
Brookport Extension	2,479,412	1,869,166	610,246
Fire Station EMS Expansion	2,546,172	2,536,953	9,220
Renovate Helen Hall Library	73,850	42,292	31,558
Renovate Council Chambers	72,500	53,235	19,265
New Burn Building	33,402	23,354	10,048
Public Safety & Court Center	26,188,000	24,911,144	1,276,856
Hometown Heroes Park-pool & traffic signal	2,960,126	1,795,315	1,164,810
Countyside-Magnolia Creek Trail	174,729	100,272	74,457
WaterSmart Park	218,000	117,529	100,471
TXDOT FM518 Bypass Hike & Bike	1,626,380	40,334	1,586,046
2012 Hike & Bike Phase 1	2,001,775	442,305	1,559,470
Calder Rd-Ervin to LC Prkwy	108,390	87,467	20,923
Five Corners Realignment	1,207,532	640,328	567,204
Texas Avenue	517,180	435,155	82,024
LC Parkway/Bay Area Blvd Extension	151,250	147,273	3,977
HGAC/TIP Design	952,272	323,814	628,458
Hobbs Rd & LC Prkwy Traffic Improv	347,614	207,614	140,000
FM518 Access Management	482,410	479,422	2,988
Total	$ 42,622,384	$ 34,642,366	$ 7,980,018

NOTE 5. CAPITAL ASSETS – CONTINUED

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

	Beginning Balance	Reclassifications Increases	Reclassification (Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	$ 2,232,132	$ 96,839	$ -	$ 2,328,972
Construction in progress	75,313,708	16,754,113	(51,685,986)	40,381,835
Total capital assets not being depreciated	77,545,840	16,850,952	(51,685,986)	42,710,807
Other capital assets				
Infrastructure	184,604,088	8,789,041	51,685,986	245,079,115
Water rights	14,528,975	-	-	14,528,975
Buildings and improvements	648,991	-	-	648,991
Machinery and equipment	6,184,549	83,748	(115,694)	6,152,603
Total other capital assets	205,966,603	8,872,789	51,570,292	266,409,684
Less accumulated depreciation for				
Infrustruture	(38,600,338)	(3,815,909)	-	(42,416,247)
Water rights	(3,606,307)	(298,661)	-	(3,904,968)
Buildings and improvements	(385,909)	(34,722)	-	(420,631)
Machinery and equipment	(4,866,758)	(446,357)	92,356	(5,220,759)
Total accumulated depreciation	(47,459,312)	(4,595,649)	92,356	(51,962,605)
Other capital assets, net	158,507,291	4,277,140	51,662,648	214,447,079
Business-type activities Capital assets, net	$ 236,053,131	$ 21,128,092	$ (23,338)	257,157,886
		Less associated debt		(143,758,532)
		Plus deferred charge on refunding		506,323
		Plus unspent bond proceeds		57,505,347
		Net investment in capital assets		$ 171,411,024

Depreciation was charged to business-type functions as follows:

Water and sewer	$ 4,595,649
Total business-type activities depreciation expense	$ 4,595,649

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Brookport Extension	$ 184,360	$ 54,135	$ 130,225
Northside Water Booster	40,210	30,136	10,074
East Side Elevated Water Tower	198,695	121,798	76,897
South Shore Harbour Pump Station Exp	11,587,818	1,410,868	10,176,950
Southeast Service Area Trunks	370,150	178,840	191,310
SH3 Water Booster Station	18,744,196	17,957,663	786,533
36" WL - SH3 to SSH Booster Station	1,039,507	440,050	599,457
New Water Wells	797,400	701,700	95,700
Calder Rd Booster Station	13,201,163	1,243,460	11,957,703
Countryside Pump Station & Well Rehab	1,644,244	838,477	805,767
Water Line Upgrades & Replacement	2,100,900	248,776	1,852,124
Calder 39" Waterline Rehab	2,921,135	2,704,999	216,136
Annual Water System Improvements	110,900	10,496	100,404
FW11 LS Upgrade	99,851	70,661	29,190
Re-Use Improvements-Ph 1	240,550	109,629	130,921
Sanitary Sewer Rehab 2012	1,956,644	1,376,992	579,651
Force Main Upgrade-Bay Colony to Ervin	187,600	133,747	53,853
Hobbs Rd LS & FM	60,500	47,611	12,889
30" Gravity Sewer on Calder Rd	180,092	82,899	97,193
MUD #6 LS Rehab	37,210	17,392	19,818
Emergency Generators	1,055,400	70,945	984,455
Total	$ 56,758,525	$ 27,851,275	$ 28,907,249

NOTE 6. LONG-TERM DEBT

The following is a summary of changes in the City's total long-term liabilities as of year-end. 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						
General obligation bonds	$ 32,829,988	$ 6,350,000	$ 4,555,954	$ 34,624,034	*	$ 3,101,939
Certificates of obligation	81,045,000	-	3,900,000	77,145,000	*	3,750,000
Unamortized debt items	6,706,014	-	384,140	6,321,874	*	-
	120,581,002	6,350,000	8,840,094	118,090,908		6,851,939
Other long-term liabilities						
Compensated absences	3,652,180	2,655,360	2,438,312	3,869,228		3,482,305
Net OPEB obligation	637,490	182,179	-	819,669		-
Net pension obligation	1,824,002	213,202	-	2,037,204		-
Total governmental activites	$ 126,694,674	$ 9,400,741	$ 11,278,406	$ 124,817,009		$ 10,334,244
		Long-term debt due in more than one year				$ 114,482,765
		*** Debt associated with governmental activity capital assets**				$ 118,090,908
Business-Type Activities						
Revenue bonds	$ 78,210,000	$ -	$ 5,120,000	$ 73,090,000	**	$ 4,980,000
General obligation bonds	14,860,012	-	999,046	13,860,966	**	793,062
Certificates of obligation	51,210,000	-	730,000	50,480,000	**	740,000
Contract revenue bonds	1,850,000	-	210,000	1,640,000	**	210,000
Unamortized premiums, and discounts	4,940,665	-	253,099	4,687,566	**	-
	151,070,677	-	7,312,145	143,758,532		6,723,062
Other long-term liabilities						
Compensated absences	444,713	425,734	430,290	440,157		321,313
Net OPEB obligation	103,777	32,102	-	135,879		-
Net pension obligation	308,608	29,052	-	337,660		-
Total business-type activities	$ 151,927,775	$ 486,888	$ 7,742,435	$ 144,672,228		$ 7,044,375
		Long-term debt due in more than one year				$ 137,627,853
		**** Debt associated with business-type activity capital assets**				$ 143,758,532

NOTE 6. LONG-TERM DEBT – CONTINUED

Long-term debt for governmental activities comprised the following debt issues at year end:

Series	Original Issue	Interest Rate	Balance
General obligation bonds			
2006 Refunding Bonds (SSH MUD #2)	$ 2,160,000	3.90% to 4.00%	$ 1,345,000
2011A General Obligation Refunding Bonds	$ 6,975,000	2.00% to 5.00%	5,780,000
2011B General Obligation Refunding Bonds	$ 6,075,000	2.00% to 4.00%	3,610,000
2012 General Obligation Refunding Bonds	$ 6,785,000	2.00% to 5.00%	6,590,000
2013 General Obligation Refunding Bonds	$ 13,819,988	2.00% to 4.00%	12,124,034
2013A General Obligation Refunding Bonds	$ 2,190,000	2.00% to 4.00%	1,975,000
2014 General Obligation Refunding Bonds	$ 3,200,000	2.00% to 4.00%	3,200,000
Total general obligation bonds			34,624,034
Certificates of obligation			
2003C Tax and Revenue Certificates of Obligation	$ 3,135,000	1.50% to 4.00%	335,000
2005A Tax and Revenue Certificates of Obligation*	$ 8,500,000	4.00% to 4.50%	4,430,000
2006A Tax and Revenue Certificates of Obligation	$ 4,695,000	4.15% to 6.00%	215,000
2008 Tax and Revenue Certificates of Obligation	$ 15,500,000	4.00% to 5.00%	12,875,000
2009 Tax and Revenue Certificates of Obligation	$ 11,600,000	3.13% to 5.13%	8,640,000
2010 Tax and Revenue Certificates of Obligation*	$ 10,000,000	3.13% to 5.13%	1,230,000
2011 Tax and Revenue Certificates of Obligation*	$ 20,390,000	2.75% to 4.75%	17,120,000
2012A Tax and Revenue Certificates of Obligation	$ 33,675,000	2.00% to 5.00%	32,300,000
Total certificates of obligation			77,145,000
Total governmental activities long-term debt			$ 111,769,034

*This general obligation debt is supported by a general tax pledge, however the repayment of all or a portion of this general obligation debt is expected to be paid from revenues other than ad valorem tax revenues, including payments from tax increment zones and payments from the Section 4B Industrial Development Corporation. Payments from tax increment reinvestment zones and the Section 4B Industrial Development Corporation may not be legally pledged to the obligations to which their payments are expected to be dedicated, but are contractually obligated to be paid to the City for that purpose.

NOTE 6. LONG-TERM DEBT – CONTINUED

Long-term debt for business-type activities comprised the following debt issues at year end

Series	Original Issue	Interest Rate	Balance
Revenue bonds			
2005 Water Works & Sewer System Revenue Refunding Bonds	$ 8,570,000	3.87% to 3.87%	$ 3,500,000
2008 Water Works & Sewer System Revenue Bonds	$ 26,775,000	4.00% to 5.00%	23,045,000
2009 Water Works & Sewer System Revenue Bonds	$ 37,200,000	3.00% to 5.00%	35,210,000
2011 Water Works & Sewer System Revenue Bonds	$ 13,040,000	3.00% to 4.50%	11,335,000
Total revenue bonds			73,090,000
General obligation bonds			
2007 General Obligation Refunding Bonds*	$ 16,303,720	4.00% to 4.12%	2,365,000
2011A General Obligation Refunding Bonds	$ 4,705,000	2.00% to 5.00%	4,285,000
2012 General Obligation Refunding Bonds	$ 6,510,000	2.00% to 5.00%	6,510,000
2013 General Obligation Refunding Bonds	$ 1,075,012	2.00% to 4.00%	700,966
Total general obligation bonds			13,860,966
Certificates of obligation			
2011A Tax and Revenue Certificates of Obligation	$ 32,290,000	3.00% to 5.00%	32,290,000
2012B Tax and Revenue Certificates of Obligation	$ 19,635,000	2.00% to 5.00%	18,190,000
Total certificates of obligation			50,480,000
Contract revenue bonds			
2011F GCWA Contract Revenue Refunding Bonds	$ 2,250,000	2.00% to 4.00%	1,640,000
Total Contract Revenue Bonds			1,640,000
Total business-type activities long-term debt			$ 139,070,966

* This general obligation debt is supported by a general property tax pledge, however, the repayment of this general obligation debt is expected to be paid from surplus revenues of the water and sewer system. Water and sewer revenues are pledged to pay certificates of obligation on a subordinate basis, but it is the historic policy of the City to pay portions of the listed general obligation refunding bonds from surplus revenues of the water and sewer system.

NOTE 6. LONG-TERM DEBT – CONTINUED

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

	Governmental Activities			Business - Type Activities		
Year Ending Sept. 30	Principal	Interest	Total	Principal	Interest	Total
2015	$ 3,101,939	$ 4,353,158	$ 7,455,097	$ 793,062	$ 578,903	$ 1,371,965
2016	4,104,063	990,967	5,095,030	765,936	549,068	1,315,004
2017	3,850,044	862,629	4,712,673	1,469,956	508,430	1,978,386
2018	3,941,026	746,870	4,687,896	1,508,974	453,466	1,962,440
2019	3,007,990	643,112	3,651,102	1,572,010	392,222	1,964,232
2020	2,783,972	536,315	3,320,287	1,611,028	322,224	1,933,252
2021	2,250,000	441,692	2,691,692	1,120,000	256,382	1,376,382
2022	2,310,000	356,390	2,666,390	1,170,000	199,132	1,369,132
2023	2,070,000	278,611	2,348,611	995,000	147,057	1,142,057
2024	1,425,000	218,466	1,643,466	1,050,000	99,997	1,149,997
2025	1,475,000	164,756	1,639,756	1,095,000	50,312	1,145,312
2026	900,000	123,628	1,023,628	235,000	20,897	255,897
2027	565,000	101,219	666,219	230,000	12,907	242,907
2028	580,000	82,941	662,941	245,000	4,441	249,441
2029	425,000	66,922	491,922	-	-	-
2030	440,000	53,263	493,263	-	-	-
2031	450,000	38,931	488,931	-	-	-
2032	465,000	23,910	488,910	-	-	-
2033	480,000	8,100	488,100	-	-	-
Total	$ 34,624,034	$ 10,091,880	$ 44,715,914	$ 13,860,966	$ 3,595,438	$ 17,456,404

NOTE 6. LONG-TERM DEBT – CONTINUED

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

Year Ending Sept. 30	Business - Type Activities		
	Principal	Interest	Total
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
	$ 73,090,000	$ 30,037,015	$ 103,127,015

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

Year Ending Sept. 30	Governmental Activities			Business - Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	$ 3,750,000	$ 3,216,248	$ 6,966,248	$ 740,000	$ 2,098,050	$ 2,838,050
2016	3,545,000	3,095,118	6,640,118	760,000	2,079,250	2,839,250
2017	3,645,000	2,976,280	6,621,280	785,000	2,056,075	2,841,075
2018	4,390,000	2,834,043	7,224,043	810,000	2,032,150	2,842,150
2019	4,505,000	2,672,999	7,177,999	1,165,000	2,000,050	3,165,050
2020	4,655,000	2,492,035	7,147,035	1,525,000	1,946,300	3,471,300
2021	4,740,000	2,285,694	7,025,694	1,945,000	1,868,375	3,813,375
2022	4,885,000	2,072,679	6,957,679	2,375,000	1,769,550	4,144,550
2023	5,000,000	1,852,942	6,852,942	2,585,000	1,678,488	4,263,488
2024	5,135,000	1,619,587	6,754,587	3,030,000	1,597,875	4,627,875
2025	4,570,000	1,377,785	5,947,785	3,500,000	1,477,544	4,977,544
2026	4,730,000	1,161,942	5,891,942	3,050,000	1,325,213	4,375,213
2027	4,860,000	937,429	5,797,429	3,580,000	1,159,463	4,739,463
2028	5,025,000	725,837	5,750,837	4,135,000	966,588	5,101,588
2029	5,140,000	524,860	5,664,860	6,020,000	742,651	6,762,651
2030	4,020,000	324,606	4,344,606	6,360,000	463,088	6,823,088
2031	2,225,000	171,875	2,396,875	6,725,000	174,631	6,899,631
2032	2,325,000	58,125	2,383,125	1,390,000	22,588	1,412,588
	$ 77,145,000	$ 30,400,084	$ 107,545,084	$ 50,480,000	$ 25,457,929	$ 75,937,929

NOTE 6. LONG-TERM DEBT – CONTINUED

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

Year Ending	Business - Type Activities		
Sept. 30	Principal	Interest	Total
2015	$ 210,000	$ 56,088	$ 266,088
2016	220,000	49,787	269,787
2017	225,000	43,188	268,188
2018	235,000	36,437	271,437
2019	240,000	28,800	268,800
2020	250,000	20,400	270,400
2021	260,000	10,400	270,400
	$ 1,640,000	$ 245,100	$ 1,885,100

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 and water and sewer system revenues 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 is from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Refunding debt

On October 29, 2013, the City issued, through a private placement, $2,190,000 of general obligation refunding bonds, series 2013A. The proceeds from which were used to pay bond issuance costs and to reimburse the developer for public infrastructure improvements within Public Improvement District #3. The obligation to the developer was not an obligation of the City and repaying of the bonds will be made from special assessments paid by homeowners within the district. Due to the obligation not previously being due to the City, no gain or loss was recorded in relation to the refunding issuance.

On July 18, 2014, the City issued, through a private placement, $3,200,000 of general obligation refunding bonds, series 2014A. The proceeds from which were used to pay bond issuance costs and to reimburse the developer for public infrastructure improvements within Public Improvement District #1. The obligation to the developer was not an obligation of the City and repaying of the bonds will be made from special assessments paid by the homeowners within the district. Due to the obligation not previously being due to the City no gain or loss was recorded in relation to the refunding issuance.

The total amount of governmental and business-type defeased bonds outstanding as of September 31, 2014 is $3,115,000.

NOTE 6. LONG-TERM DEBT – CONTINUED

Assumption of debt

On December 31, 2013, the City assumed the assets and liabilities of the Galveston County Municipal Utility District #2 (GCMUD #2) upon is dissolution. Due to the dissolution occurring prior to the final maturity of the GCMUD #2 waterworks and sewer system combination unlimited tax refunding bonds, series 1998, the City contributed $960,000 to pay the remaining principal amount owed. This contribution was comprised of the annual property tax rebate to the district and of the residual cash balance of the district.

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 (IRS) 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. There was no liability for arbitrage recorded as of year-end.

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

Receivable Fund	Payable Fund	Amounts
Nonmajor Governmental Funds	Debt Service Fund	$ 22,714
General Fund	Internal Service Fund	189
General Fund	Internal Service Fund	50,000
General Fund	Nonmajor Governmental Funds	97
General Fund	Nonmajor Governmental Funds	455,700
General Fund	Nonmajor Governmental Funds	496
General Fund	Nonmajor Governmental Funds	446
General Fund	Water and Wastewater Fund	1,932
	Total	$ 531,574

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8. INTERFUND TRANSFERS

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

Transfer Out	Transfer In	Amounts
General Fund	Nonmajor Governmental Funds	$ 3,677,084
Water and Wastewater Fund	General Fund	2,350,000
Water and Wastewater Fund	Nonmajor Governmental Funds	337,500
Nonmajor Governmental Funds	Water and Wastewater Fund	70,945
Nonmajor Governmental Funds	General Fund	1,105
	Total	$ 6,436,634

The general fund made transfers to nonmajor governmental funds to provide financing for capital projects and a citywide management system. The general fund also provided initial funding for the new Fire/EMS Donation fund. The water and wastewater fund provided monies to the general fund for reimbursement of administrative costs related to the support of the water and wastewater system. The water and wastewater fund also provided financing for the citywide management system. The nonmajor governmental funds provided monies to the water and wastewater fund and to the general fund for a special assessment payment.

NOTE 9. RESTRICTED ASSETS

As of September 30, 2014, the City held restricted cash and investments in the water and wastewater fund for the following purposes:

Restricted for	
Customer deposits	$ 757,199
Capital projects	61,756,269
Debt service	8,708,139
Total	$ 71,221,607

NOTE 10. 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 over 2,700 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 on 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

<u>Texas Municipal Retirement System</u>

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), 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.

NOTE 10. OTHER INFORMATION – CONTINUED

C. Pension Plans – Continued

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and 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 from 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:

	2014	2013
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

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 rate 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.

NOTE 10. OTHER INFORMATION – CONTINUED

C. Pension Plans – Continued

The City contributes to TMRS 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. The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	$ 4,150,905
Interest on Net Position Obligation (NPO)	149,283
Adjustment to the ARC	(134,236)
Annual Pension Cost (APC)	4,165,952
Contributions made	(3,923,698)
Increase in NPO	242,254
NPO - beginning of year	2,132,610
NPO - end of year	$ 2,374,864

Three-year trend information for the annual pension cost (APC) is as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Position Obligation
2012	$ 3,797,489	$ 3,474,304	91.5%	$ 1,843,994
2013	3,992,236	3,703,620	92.8%	2,132,610
2014	4,165,952	3,923,698	94.2%	2,374,864

NOTE 10. OTHER INFORMATION – CONTINUED

C. Pension Plans – Continued

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2012 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013 also follows:

	2013	2012	2011
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent Single Amortization Period	24.0 Years - closed period	25.1 Years - closed period	26.2 Years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Investment Rate of Return	7.00%	7.00%	7.00%
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%	2.10%

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

	2014
Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	$ 83,204,888
Actuarial Accrued Liability	$ 110,087,652
Percentage Funded	75.6%
Unfunded Actuarial Accrued Liability (UAAL)	$ 26,882,764
Annual Covered Payroll	$ 26,976,005
UAAL as a Percentage of Covered Payroll	99.7%

NOTE 10. OTHER INFORMATION – CONTINUED

C. Pension Plans – Continued

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as RSI 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

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 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, 2014, the City offered the supplemental death benefit to both active and retired employee.

NOTE 10. OTHER INFORMATION – CONTINUED

D. Other Post-Employment Benefits – Continued

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 contributions to the TMRS SDBF base on .02% of covered payroll for the fiscal years ended 2014, 2013, and 2012 totaled $5,523, $5,339, and $5,022, respectively, which equaled the annual required contribution.

E. 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 coverage under COBRA.

Employees are eligible for retiree health benefits if they retire at the age of 60 or older with at least five years of service from the City, at least ten years of combined service with other municipalities and are also eligible for a pension from TMRS. Employees with 20 years of service may retire at any age. The City contributes up to 100 percent of the monthly premium for retirees that are age 60 with 20 years of service with the City. Employees eligible to retire under TMRS as a disability retiree if they have worked with the City for a minimum of five years and have at least ten years of combined service with all municipalities are eligible for a portion of their health insurance based on their age. 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.

NOTE 10. OTHER INFORMATION – CONTINUED

E. Post-Employment Healthcare Plan – Continued

Funding Policy

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

Annual OPEB Cost

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The annual OPEB cost for the fiscal year ending September 30, 2014 is as follows:

Annual Req. Contrib. (ARC)	$	357,859
Interest on OPEB Obligation		33,357
Adjustments to ARC		(30,905)
End of YEAR Annual OPEB Cost (Expense)		360,311
Net Estimated Employer Contributions		(146,030)
Increase in Net OPEB Obligation		214,281
Net OPEB Obligation (Asset) - beginning of year		741,267
Net OPEB Obligation (Asset) - end of year	$	955,548

A separate audited GAAP basis post-employment benefit plan report is not available.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2014 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
2012	$ 236,663	50.6%	$ 432,104	$ 548,959
2013	349,252	44.9%	548,959	741,267
2014	360,311	40.5%	741,267	955,548

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Program was zero percent funded. The actuarial accrued liability for benefits was $3,097,039 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $3,097,039. The annual covered payroll at December 31, 2011 was $25,322,107 and the UAAL as a percentage of the annual covered payroll was 12.2 percent.

NOTE 10. OTHER INFORMATION – CONTINUED

E. Post-Employment Healthcare Plan – Continued

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 Program 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 RSI 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

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Inflation Period	3.00% per annum
Investment Rate of Return	4.5% per annum net of expenses
Actuarial Cost Method	Projected unit credit
Amortization Method	Level as a percentage of employee payroll
Remaining Amortization Period	30 year open amortization
Asset Valuation Method	Market value
Salary Growth	3.00% per annum
Heathcare Cost Trend Rate (Initial/Ultimate)	Initial rate of 8.5%, declining to an ultimate rate of 4.5% after 8 years.

NOTE 10. OTHER INFORMATION – CONTINUED

F. 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 (MUDs) whose boundaries overlap the boundaries of the City. The MUDs construct water, sanitary sewer, and drainage facilities to serve the areas within the MUDs and issue bonds to finance such facilities. The MUDs 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. One

The City entered into an agreement dated March 10, 1983 with Galveston County Water Control and Improvement District No. One (the District) providing for an inter-connect to be built between the City and the District by the Gulf Coast Water Authority (GCWA). 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. On December 8, 2009, the water supply agreement was revised to adjust the price and the obligation for delivery of water. GCWA shall sell and deliver 150,000 gallons per day of water with a maximum of 1,000,000 gallons per day provided GCWA has excess water available, or for emergency use only.

3. Gulf Coast Water Authority – Water System Improvements

The City entered into an agreement with the GCWA on September 8, 1998 providing for the construction of water system improvements and issuance of GCWA contract bonds to finance the construction. The water system improvement included a transmission system to deliver 2 million gallons per day to the City from the Thomas Mackey Water Treatment Plant. 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 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 22.5 million gallons per day for the City.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Budget as Amended	Actual	Positive (Negative)
Revenues				
Ad valorem taxes	$ 20,229,200	$ 20,491,700	$ 20,416,091	$ (75,609)
Sales taxes	13,300,000	13,300,000	13,823,196	523,196
Franchise and local taxes	4,974,260	4,974,260	4,902,144	(72,116)
Other taxes	112,000	112,000	181,549	69,549
Licenses fees and permits	2,504,850	2,504,850	3,165,889	661,039
Fines and forfeitures	1,570,000	1,570,000	1,854,462	284,462
Charges for services	5,301,000	5,301,000	5,209,998	(91,002)
Other revenue	825,200	825,200	1,042,758	217,558
Investment earnings	52,000	52,000	28,929	(23,071)
Intergovernmental	150,500	150,500	288,464	137,964
Total revenues	49,019,010	49,281,510	50,913,480	1,631,970
Expenditures				
General government				
Economic development	318,230	325,230	285,450	39,780
Budget office	255,630	226,540	197,408	29,132
City secretary	332,900	341,200	312,417	28,783
City manager	463,940	463,940	402,094	61,846
Information technology	2,040,189	2,069,989	1,999,456	70,533
Internal audit	143,120	163,690	154,168	9,522
City attorney	643,000	643,000	599,185	43,815
Accounting	1,341,560	1,399,840	1,387,412	12,428
Mayor and City Council	168,470	168,470	142,838	25,632
Civil service	77,072	77,072	72,211	4,861
Municipal court	615,091	654,571	628,646	25,925
Human resources	854,527	854,527	689,614	164,913
Facilities maintenance	1,330,473	1,325,443	1,317,273	8,170
Purchasing	261,192	268,982	268,981	1
Communications	381,998	381,998	364,805	17,193
Non-departmental	2,240,140	1,338,570	1,300,119	38,451
Total general government	11,467,532	10,703,062	10,122,077	580,985
Public safety				
Emergency management	264,759	274,269	264,513	9,756
Police	15,761,434	16,313,954	16,304,280	9,674
Animal control	671,442	699,782	699,772	10
Fire marshal	515,592	441,992	439,399	2,593
Fire	1,195,207	1,207,197	1,200,330	6,867
EMS	2,820,569	2,966,009	2,965,999	10
Total public safety	$ 21,229,003	$ 21,903,203	$ 21,874,293	$ 28,910

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Budget as Amended	Actual	Positive (Negative)
Public works				
Building inspection	$ 1,127,092	$ 1,135,092	$ 1,113,251	$ 21,841
Project management	197,850	213,370	213,367	3
Engineering	1,323,103	1,355,033	1,268,410	86,623
Street and storm water	5,235,104	4,906,154	4,308,205	597,949
Code compliance	484,479	498,079	425,608	72,471
Traffic and transportation	605,250	627,480	627,464	16
Solid waste	3,706,400	3,706,400	3,562,698	143,702
Planning	809,770	809,770	796,959	12,811
Total public works	13,489,048	13,251,378	12,315,962	935,416
Community services				
Civic center operations	274,050	269,050	261,178	7,872
Library	1,796,073	1,832,353	1,832,341	12
Parks recreation	547,889	559,539	552,360	7,179
Sportsplex operations	429,855	451,575	451,571	4
Sportsplex recreation	90,640	94,840	92,183	2,657
Parks planning	260,760	265,930	263,182	2,748
Parks operation	1,245,214	1,309,184	1,309,179	5
Total community services	4,644,481	4,782,471	4,761,994	20,477
Capital Outlay	405,100	483,440	532,944	(49,504)
Total expenditures	51,235,164	51,123,554	49,607,270	1,516,284
Excess (deficiency) of revenues over (under) expenditures	(2,216,154)	(1,842,044)	1,306,210	3,148,254
Other financing sources (uses)				
Transfers in	2,350,000	2,350,000	2,351,105	1,105
Transfers (out)	(3,000,000)	(3,693,500)	(3,677,084)	16,416
Total Other Financing Sources (Uses)	(650,000)	(1,343,500)	(1,325,979)	17,521
Net changes in fund balance	(2,866,154)	(3,185,544)	(19,769)	3,165,775
Fund balance, beginning of year	16,363,119	16,363,119	16,363,119	-
Fund balance, end of year	$ 13,496,965	$ 13,177,575	$ 16,343,350	$ 3,165,775

Notes to Required Supplementary Information (RSI):

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

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
YEAR ENDED SEPTEMBER 30, 2014

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. The Information presented below represents the City's schedule of funding progress.

FISCAL YEAR	2012	2013	2014
Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Value of Assets	$ 67,192,944	$ 74,898,974	$ 83,204,888
Actuarial Accrued Liability	$ 86,545,914	$ 93,986,635	$ 110,087,652
Percentage Funded	77.60%	79.70%	75.58%
Unfunded Actuarial Accrued Liability (UAAL)	$ 19,352,970	$ 19,087,661	$ 26,882,764
Annual Covered Payroll	$ 25,322,107	$ 25,211,756	$ 26,976,005
UAAL % of Covered Payroll	76.40%	75.70%	99.65%
Net Pension Obligation (NPO) at the beginning of the period	$ 1,520,809	$ 1,843,994	$ 2,132,610
Annual Pension Cost (APC)	$ 3,797,489	$ 3,992,236	$ 4,165,952
Contributions made	$ 3,474,304	$ 3,703,620	$ 3,923,698
Net Pension Obligation at the end of the period	$ 1,843,994	$ 2,132,610	$ 2,374,864

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2007	$ -	$ 1,975,890	$ 1,975,890	0%	$ 18,330,457	11.00%
12/31/2009	-	2,082,379	2,082,379	0%	22,877,988	9.10%
12/31/2011	-	3,097,039	3,097,039	0%	25,322,107	12.20%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specific purposes other than debt service or capital projects.

The **Police Activity Fund** is used to account for funds donated for the 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. Tax revenues are used to promote tourism and the convention and hotel industries as defined in subchapter B of chapter 351 of the Tax Code.

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

The **Tree Preservation Fund** is used to account for fees paid by developers in lieu of replacing trees removed or damaged during development. Funds are to be utilized solely for the purchase and planting of trees on City properties, parks and right-of-way areas, as designated by the City Arborist.

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 **Safelight Program Fund** is used to account for the residual fees received from red light camera ticket program. This program was discontinued as of July 1, 2013. The residual funds received will be used for traffic safety items designated by City Council.

SPECIAL REVENUE FUNDS – CONTINUED

The **Public Access Channel Fund** is used to account for fees received from cable television franchise fees received by the City. These funds are used for improvements and equipment related to the City's public access channel. It is a legal requirement that these funds be spent to improve the City's public access channel.

The **Tax Reinvestment Financing Zone No. One Fund** is used to account for funds remaining after dissolution of the District on August 14, 2010. Funds will be used to complete certain infrastructure improvements within the reinvestment zone, as provided in the original project plan.

The **Tax Reinvestment 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 Reinvestment 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 Reinvestment 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.

The **Severe Repetitive Loss (SRL) Grant Fund** is used to account for funds received from the federal government to provide funding to reduce or eliminate the long-term risk of flood damage to SRL structures insured under the National Flood Insurance Program.

SPECIAL REVENUE FUNDS – CONTINUED

The **4B Park Maintenance and Operations Fund** is used to account for the City's contract with the 4B Corporation regarding the use of 4B sales tax monies paid to the City and to account for revenues and expenses associated with the operations and debt service for improvements in the Hometown Heroes Park.

The **Public Safety Technology Fund** is used to account for the collection of funds from other agencies, who are members of the City's public safety consortium. The funds will be used solely to maintain and support the Gulf Region Information and Dispatch (GRID) system. The GRID system consists of a computer-aided dispatch, records management and mobile computer system, serving law enforcement, fire, EMS and emergency communications for each of the agencies' parties. This consolidated system will enhance public safety operations by standardizing equipment and records management systems and will provide for shared costs of communications technology.

The **Technology Fund** is used to account for the one time purchase of technology related hardware, software, and other services.

The **Galveston County (GC) MUD #2 Fund** used to account for funds received as a result of the dissolution of GC Municipal Utility District #2. Funds will be utilized primarily for debt service payments for the district.

The **TDRA Disaster Recovery Fund** is used to account for funds received from the federal government to address the impact of Hurricane Ike on the community. Funds will be used for water system improvements, drainage improvements and traffic signal equipment.

The **Fire/EMS Donation Fund** is used to account for donations received through the water bills for the Fire Department and Emergency Medical Services. Donated funds are used by the Fire and EMS departments to purchase operating supplies and equipment not funded from the General Fund.

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 Second Street.

CAPITAL PROJECTS FUNDS

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and/or construction of capital facilities and other capital assets.

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

CAPITAL PROJECTS FUNDS – CONTINUED

The **Park Facilities and Maintenance Fund** 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 **Right of Way Fund** is used to account for funds received from or reserved for purchase of public right of way.

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 **South Shore Harbour (SSH) MUD #2 Fund** is used to account for funds received as a result of the dissolution of SSH Municipal Utility District #2. Funds will be utilized in whole or in part for capital or permanent improvements inside the boundaries of the District.

The **South Shore Harbour (SSH) MUD #3 Fund** is used to account for funds received as a result of the dissolution of SSH Municipal Utility District #3. Funds will be utilized in whole or in part for capital or permanent improvements inside the boundaries of the District.

The **2008 Certificates of Obligation Fund** is used to account for the improvements to streets and drainage.

The **2009 Certificates of Obligation Fund** is used to account for the improvements to streets and drainage.

The **2011 Certificates of Obligation Fund** is used to account for the design, construction, and equipping for a new police station and jail; renovation, improvement, and equipping of City Hall; acquisition, construction, and equipping of park facilities; construction and improvement of streets and drainage; and acquisition of firefighting equipment and facilities.

CITY OF LEAGUE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue Funds			
	Police Activity	Municipal Court Building Security	Municipal Court Technology	Library Gift
ASSETS				
Cash and cash equivalents	$ 234,724	$ 27,113	$ 22,555	$ 12,620
Investments	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Total assets	$ 234,724	$ 27,113	$ 22,555	$ 12,620
LIABILITIES				
Accounts payable and accrued liabilties	$ 24,704	$ -	$ 139	$ -
Due to other funds	-	-	-	-
Total liabilities	24,704	-	139	-
DEFERRED INFLOWS OF RESOURCES				
Unavaiable revenue - property taxes	-	-	-	-
Unavaiable revenue - special assessements	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted for				
Capital projects	-	-	-	-
Municipal court	-	27,113	22,416	-
Hotel occupancy tax	-	-	-	-
Emergency management	-	-	-	-
Public access channel	-	-	-	-
Tax increment reinvestment zone	-	-	-	-
Public improvement district	-	-	-	-
Assigned to				
Special revenue funds	210,020	-	-	12,620
Capital project funds	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	210,020	27,113	22,416	12,620
Total liabilities, deferred inflows of resources, and fund balances	$ 234,724	$ 27,113	$ 22,555	$ 12,620

Special Revenue Funds					
Hotel Occupancy Tax	Emergency Management Response	Tree Preservation	Animal Control Donation	CDBG	Safelight Program
$ 581,725	$ 53,789	$ 30,833	$ 40,621	$ -	$ 2,911
-	-	-	-	-	-
117,598	126,561	-	-	17,826	-
-	-	-	-	-	-
$ 699,323	$ 180,350	$ 30,833	$ 40,621	$ 17,826	$ 2,911
$ 14,207	$ -	$ -	$ -	$ 17,729	$ -
-	-	-	-	97	-
14,207	-	-	-	17,826	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
685,116	-	-	-	-	-
-	180,350	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	30,833	40,621	-	2,911
-	-	-	-	-	-
-	-	-	-	-	-
685,116	180,350	30,833	40,621	-	2,911
$ 699,323	$ 180,350	$ 30,833	$ 40,621	$ 17,826	$ 2,911

CITY OF LEAGUE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(CONTINUED)

	Special Revenue Funds			
	Public Access Channel	Tax Increment Reinvestment Zone No. One	Tax Increment Reinvestment Zone No. Two	Tax Increment Reinvestment Zone No. Three
ASSETS				
Cash and cash equivalents	$ 758,525	$ 985,003	$ 5,899,262	$ 24,033
Investments	-	-	-	-
Receivables, net	55,481	-	-	-
Due from other funds	-	-	-	-
Total assets	$ 814,006	$ 985,003	$ 5,899,262	$ 24,033
LIABILITIES				
Accounts payable and accrued liabilties	$ 518	$ 139,822	$ 2,237	$ -
Due to other funds	-	-	-	455,700
Total liabilities	518	139,822	2,237	455,700
DEFERRED INFLOWS OF RESOURCES				
Unavaiable revenue - property taxes	-	-	-	-
Unavaiable revenue - special assessements	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted for				
Capital projects	-	-	-	-
Municipal court	-	-	-	-
Hotel occupancy tax	-	-	-	-
Emergency management	-	-	-	-
Public access channel	813,488	-	-	-
Tax increment reinvestment zone	-	845,181	5,897,025	
Public improvement district	-	-	-	-
Assigned to				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Unassigned	-	-	-	(431,667)
Total fund balances	813,488	845,181	5,897,025	(431,667)
Total liabilities, deferred inflows of resources, and fund balances	$ 814,006	$ 985,003	$ 5,899,262	$ 24,033

Special Revenue Funds					
Tax Increment Reinvestment Zone No. Four	Public Improvement District No. One	Public Improvement District No. Two	Public Improvement District No. Three	Public Improvement District No. Five	Severe Repetive Loss (SRL) Grant
$ 6,960	$ 1,813,418	$ 46,150	$ 144,665	$ 61,849	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 6,960	$ 1,813,418	$ 46,150	$ 144,665	$ 61,849	$ -
$ 1,870	$ 69,306	$ 3,900	$ 5,805	$ 59,598	$ -
-	-	-	-	-	-
1,870	69,306	3,900	5,805	59,598	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,090	-	-	-	-	-
-	1,744,112	42,250	138,860	2,251	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,090	1,744,112	42,250	138,860	2,251	-
$ 6,960	$ 1,813,418	$ 46,150	$ 144,665	$ 61,849	$ -

CITY OF LEAGUE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(CONTINUED)

	Special Revenue Funds			
	4B Park Maintenance and Operations	Public Safety Technology	Technology	GC MUD #2
ASSETS				
Cash and cash equivalents	$ 886,925	$ 24,420	$ 1,145,693	$ 36,451
Investments	203,956	-	-	-
Receivables, net	105,961	-	2,053	647
Due from other funds	-	-	-	22,714
Total assets	$ 1,196,842	$ 24,420	$ 1,147,746	$ 59,812
LIABILITIES				
Accounts payable and accrued liabilties	$ 144,885	$ -	$ 5,833	$ -
Due to other funds	446	-	-	-
Total liabilities	145,331	-	5,833	-
DEFERRED INFLOWS OF RESOURCES				
Unavaiable revenue - property taxes	-	-	-	584
Unavaiable revenue - special assessements	-	-	-	-
Total deferred inflows of resources	-	-	-	584
FUND BALANCES				
Restricted for				
Capital projects	-	-	-	-
Municipal court	-	-	-	-
Hotel occupancy tax	-	-	-	-
Emergency management	-	-	-	-
Public access channel	-	-	-	-
Tax increment reinvestment zone	-	-	-	-
Public improvement district	-	-	-	-
Assigned to				
Special revenue funds	1,051,511	24,420	1,141,913	59,228
Capital project funds	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,051,511	24,420	1,141,913	59,228
Total liabilities, deferred inflows of resources, and fund balances	$ 1,196,842	$ 24,420	$ 1,147,746	$ 59,812

Special Revenue Funds			Capital Project Funds		
TDRA Disaster Recovery	EMS/Fire Donation	Special Assessments	Miscellaneous Capital Projects	Park Facilities and Maintenance	Right of Way
$ -	$ 109,443	$ -	$ 4,796,196	$ 2,460,868	$ 794,961
-	-	-	-	-	-
71,714	2	19,545	-	183,160	-
-	-	-	-	-	-
$ 71,714	$ 109,445	$ 19,545	$ 4,796,196	$ 2,644,028	$ 794,961
$ 70,945	$ 389	$ -	$ 19,719	$ 83,197	$ -
496	-	-	-	-	-
71,441	389	-	19,719	83,197	-
-	-	-	-	-	-
-	-	19,545	-	-	-
-	-	19,545	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-					
273	109,056	-	-	-	-
-	-	-	4,776,477	2,560,831	794,961
-	-	-	-	-	-
273	109,056	-	4,776,477	2,560,831	794,961
$ 71,714	$ 109,445	$ 19,545	$ 4,796,196	$ 2,644,028	$ 794,961

CITY OF LEAGUE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(CONTINUED)

	Captial Project Funds			
	City Sidewalk	South Shore Harbour (SSH) MUD #2	South Shore Harbour (SSH) MUD #3	Certificates of Obligation 2008
ASSETS				
Cash and cash equivalents	$ 515	$ 999,199	$ 121,298	$ 1,580,300
Investments	-	-	-	-
Receivables, net	-	462	1,970	-
Due from other funds	-	-	-	-
Total assets	$ 515	$ 999,661	$ 123,268	$ 1,580,300
LIABILITIES				
Accounts payable and accrued liabilties	$ -	$ -	$ -	$ 11,148
Due to other funds	-	-	-	-
Total liabilities	-	-	-	11,148
DEFERRED INFLOWS OF RESOURCES				
Unavaiable revenue - property taxes	-	462	1,970	-
Unavaiable revenue - special assessements	-	-	-	-
Total deferred inflows of resources	-	462	1,970	-
FUND BALANCES				
Restricted for				
Capital projects	-	-	-	1,569,152
Municipal court	-	-	-	-
Hotel occupancy tax	-	-	-	-
Emergency management	-	-	-	-
Public access channel	-	-	-	-
Tax increment reinvestment zone	-	-	-	-
Public improvement district	-	-	-	-
Assigned to				
Special revenue funds	-	-	-	-
Capital project funds	515	999,199	121,298	-
Unassigned	-	-	-	-
Total fund balances	515	999,199	121,298	1,569,152
Total liabilities, deferred inflows of resources, and fund balances	$ 515	$ 999,661	$ 123,268	$ 1,580,300

Captial Project Funds		
Certificates of Obligation 2009	Certificates of Obligation 2011	Total Nonmajor Governmental Funds
$ 5,490,366	$ 209,849	$ 29,403,240
-	-	203,956
167,708	-	870,688
-	-	22,714
$ 5,658,074	$ 209,849	$ 30,500,598
$ 949,764	$ 13,427	$ 1,639,142
-	-	456,739
949,764	13,427	2,095,881
-	-	3,016
-	-	19,545
-	-	22,561
4,708,310	196,422	6,473,884
-	-	49,529
-	-	685,116
-	-	180,350
-	-	813,488
-	-	6,747,296
-	-	1,927,473
-	-	2,683,406
-	-	9,253,281
-	-	(431,667)
4,708,310	196,422	28,382,156
$ 5,658,074	$ 209,849	$ 30,500,598

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds			
	Police Activity	Municipal Court Building Security	Municipal Court Technology	Library Gift
REVENUES				
Ad valorem taxes	$ -	$ -	$ -	$ -
Franchise and local taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	70,154	36,241	48,358	-
Charges for services	-	-	-	-
Other revenue	18,450	-	-	3,192
Contributions	-	-	-	-
Assessments	-	-	-	-
Investment earnings	59	3	5	4
Intergovernmental	16,113	-	-	-
Total revenues	104,776	36,244	48,363	3,196
EXPENDITURES				
Current				
General government	-	10,650	40,581	-
Public safety	66,847	-	-	-
Public works	-	-	-	-
Community services	-	-	-	138
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	66,847	10,650	40,581	138
Excess (deficiency) of revenues over (under) expenditures	37,929	25,594	7,782	3,058
OTHER FINANCING SOURCES (USES)				
Bond issuances	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	37,929	25,594	7,782	3,058
FUND BALANCES, BEGINNING OF YEAR	172,091	1,519	14,634	9,562
FUND BALANCES, END OF YEAR	$ 210,020	$ 27,113	$ 22,416	$ 12,620

Special Revenue Funds					
Hotel Occupancy Tax	Emergency Management Response	Tree Preservation	Animal Control Donation	CDBG	Safelight Program
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
421,415	-	-	-	-	-
-	-	-	-	-	2,920
-	-	-	-	-	-
-	-	-	7,368	-	-
-	-	-	-	-	-
-	-	-	-	-	-
196	74	10	19	-	6
-	-	-	-	110,756	-
421,611	74	10	7,387	110,756	2,926
269,314	-	-	-	-	-
-	-	-	13,307	-	22
-	-	-	-	110,756	-
-	-	400	-	-	-
66,480	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
335,794	-	400	13,307	110,756	22
85,817	74	(390)	(5,920)	-	2,904
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
85,817	74	(390)	(5,920)	-	2,904
599,299	180,276	31,223	46,541	-	7
$ 685,116	$ 180,350	$ 30,833	$ 40,621	$ -	$ 2,911

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Special Revenue Funds			
	Public Access Channel	Tax Increment Reinvestment Zone No. One	Tax Increment Reinvestment Zone No. Two	Tax Increment Reinvestment Zone No. Three
REVENUES				
Ad valorem taxes	$ -	$ -	$ 1,631,163	$ 671,387
Franchise and local taxes	220,071	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Contributions	-	-	2,197,361	310,290
Assessments	-	-	-	-
Investment earnings	222	549	1,568	37
Intergovernmental	-	-	-	-
Total revenues	220,293	549	3,830,092	981,714
EXPENDITURES				
Current				
General government	14,267	-	-	-
Public safety	-	-	-	-
Public works	-	106,766	477,759	130,885
Community services	-	-	-	-
Capital outlay	-	1,339,337	-	-
Debt service				
Principal	-	-	430,000	820,000
Interest and fiscal charges	-	-	242,203	157,250
Total expenditures	14,267	1,446,103	1,149,962	1,108,135
Excess (deficiency) of revenues over (under) expenditures	206,026	(1,445,554)	2,680,130	(126,421)
OTHER FINANCING SOURCES (USES)				
Bond issuances	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	206,026	(1,445,554)	2,680,130	(126,421)
FUND BALANCES, BEGINNING OF YEAR	607,462	2,290,735	3,216,895	(305,246)
FUND BALANCES, END OF YEAR	$ 813,488	$ 845,181	$ 5,897,025	$ (431,667)

Special Revenue Funds					
Tax Increment Reinvestment Zone No. Four	Public Improvement District No. One	Public Improvement District No. Two	Public Improvement District No. Three	Public Improvement District No. Five	Severe Repetitive Loss (SRL) Grant
$ 89,498	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62,707	-	-	-	-	-
-	584,979	763,652	404,457	461,962	-
6	438	89	51	41	-
-	-	-	-	-	87,003
152,211	585,417	763,741	404,508	462,003	87,003
-	-	-	-	-	87,003
-	-	-	-	-	-
155,125	3,675,005	735,443	2,123,017	466,004	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	215,000	-	-
-	93,606	-	128,565	-	-
155,125	3,768,611	735,443	2,466,582	466,004	87,003
(2,914)	(3,183,194)	28,298	(2,062,074)	(4,001)	-
-	3,200,000	-	2,190,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,200,000	-	2,190,000	-	-
(2,914)	16,806	28,298	127,926	(4,001)	-
8,004	1,727,306	13,952	10,934	6,252	-
$ 5,090	$ 1,744,112	$ 42,250	$ 138,860	$ 2,251	$ -

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Special Revenue Funds			
	4B Park Maintenance and Operations	Public Safety Technology	Technology	GC MUD#2
REVENUES				
Ad valorem taxes	$ -	$ -	$ -	$ 24,806
Franchise and local taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	296,107	-	-	-
Other revenue	-	94,605	-	-
Contributions	1,242,540	-	-	48,908
Assessments	-	-	-	-
Investment earnings	1,682	10	316	2
Intergovernmental	-	-	-	-
Total revenues	1,540,329	94,615	316	73,716
EXPENDITURES				
Current				
General government	-	-	59,678	14,488
Public safety	-	74,368	-	-
Public works	-	-	-	-
Community services	801,829	-	-	-
Capital outlay	-	-	108,374	-
Debt service				
Principal	350,000	-	-	-
Interest and fiscal charges	317,037	-	-	-
Total expenditures	1,468,866	74,368	168,052	14,488
Excess (deficiency) of revenues over (under) expenditures	71,463	20,247	(167,736)	59,228
OTHER FINANCING SOURCES (USES)				
Bond issuances	-	-	-	-
Transfers in	-	-	600,000	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	600,000	-
Net change in fund balances	71,463	20,247	432,264	59,228
FUND BALANCES, BEGINNING OF YEAR	980,048	4,173	709,649	-
FUND BALANCES, END OF YEAR	$ 1,051,511	$ 24,420	$ 1,141,913	$ 59,228

Special Revenue Funds			Capital Project Funds		
TDRA Disaster Recovery	EMS/Fire Donation	Special Assessments	Miscellaneous Capital Projects	Park Facilities and Maintenance	Right of Way
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	19,861	-	11	589,999	577,164
-	-	-	100,000	-	-
-	-	1,105	-	-	-
-	-	-	1,252	751	176
71,714	-	-	-	188,976	-
71,714	19,861	1,105	101,263	779,726	577,340
336	-	-	-	-	-
-	389	-	-	-	-
160	-	-	-	-	-
-	-	-	312,201	-	-
-	-	-	725,727	500,017	134,925
-	-	-	-	-	-
-	-	-	-	-	-
496	389	-	1,037,928	500,017	134,925
71,218	19,472	1,105	(936,665)	279,709	442,415
-	-	-	-	-	-
-	89,584	-	3,325,000	-	-
(70,945)	-	(1,105)	-	-	-
(70,945)	89,584	(1,105)	3,325,000	-	-
273	109,056	-	2,388,335	279,709	442,415
-	-	-	2,388,142	2,281,122	352,546
$ 273	$ 109,056	$ -	$ 4,776,477	$ 2,560,831	$ 794,961

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Capital Project Funds			
	City Sidewalk	South Shore Harbour (SSH) MUD #2	South Shore Harbour (SSH) MUD #3	Certificates of Obligation 2008
REVENUES				
Ad valorem taxes	$ -	$ -	$ -	$ -
Franchise and local taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Contributions	-	-	-	-
Assessments	-	-	-	-
Investment earnings	-	342	47	650
Intergovernmental	-	-	-	-
Total revenues	-	342	47	650
Other taxes				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	107,726
Community services	-	-	-	-
Capital outlay	-	-	25,380	474,738
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	25,380	582,464
Excess (deficiency) of revenues over (under) expenditures	-	342	(25,333)	(581,814)
OTHER FINANCING SOURCES (USES)				
Bond issuances	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	342	(25,333)	(581,814)
FUND BALANCES, BEGINNING OF YEAR	515	998,857	146,631	2,150,966
FUND BALANCES, END OF YEAR	$ 515	$ 999,199	$ 121,298	$ 1,569,152

Capital Project Funds		
Certificates of Obligation 2009	Certificates of Obligation 2011	Total Nonmajor Governmental Funds
$ -	$ -	$ 2,416,854
-	-	220,071
-	-	421,415
-	-	157,673
-	-	296,107
-	-	1,310,650
167,708	-	4,129,514
-	-	2,216,155
2,316	191	11,112
-	-	474,562
170,024	191	11,654,113
-	-	496,317
-	-	154,933
9,955	-	8,098,601
53,575	-	1,168,143
2,562,865	803,271	6,741,114
		-
-	-	1,815,000
-	-	938,661
2,626,395	803,271	19,412,769
(2,456,371)	(803,080)	(7,758,656)
-	-	5,390,000
-	-	4,014,584
-	-	(72,050)
-	-	9,332,534
(2,456,371)	(803,080)	1,573,878
7,164,681	999,502	26,808,278
$ 4,708,310	$ 196,422	$ 28,382,156

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	$ 11,659,700	$ 11,659,700	$ 11,838,049	$ 178,349
Investment earnings	55,000	55,000	3,233	(51,767)
Other revenue	-	-	786,024	786,024
Total revenues	11,714,700	11,714,700	12,627,306	912,606
EXPENDITURES				
General government	2,415,200	2,415,200	2,412,437	2,763
Principal	5,680,954	6,640,954	6,640,954	-
Interest and fiscal charges	3,764,982	3,776,182	3,786,417	(10,235)
Total expenditures	11,861,136	12,832,336	12,839,808	(7,472)
Revenues (Under) Expenditures	(146,436)	(1,117,636)	(212,502)	905,134
Net change in fund balance	$ (146,436)	$ (1,117,636)	(212,502)	$ 905,134
FUND BALANCES, BEGINNING OF YEAR			3,074,361	
FUND BALANCES, END OF YEAR			$ 2,861,859	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – POLICE ACTIVITY
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 60,000	$ 60,000	$ 70,154	$ 10,154
Investment earnings	150	150	59	(91)
Other revenue	15,000	15,000	18,450	3,450
Intergovernmental	-	-	16,113	16,113
Total revenues	75,150	75,150	104,776	29,626
EXPENDITURES				
Public safety	108,200	108,200	66,847	41,353
Net change in fund balance	$ (33,050)	$ (33,050)	37,929	$ 70,979
FUND BALANCES, BEGINNING OF YEAR			172,091	
FUND BALANCES, END OF YEAR			$ 210,020	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – MUNICIPAL COURT BUILDINGS SECURITY
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 32,000	$ 32,000	$ 36,241	$ 4,241
Investment earnings	100	100	3	(97)
Total revenues	32,100	32,100	36,244	4,144
EXPENDITURES				
General government	28,390	28,390	10,650	17,740
Net change in fund balance	$ 3,710	$ 3,710	25,594	$ 21,884
FUND BALANCES, BEGINNING OF YEAR			1,519	
FUND BALANCES, END OF YEAR			$ 27,113	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – MUNICIPAL COURT TECHNOLOGY
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 45,000	$ 45,000	$ 48,358	$ 3,358
Investment earnings	40	40	5	(35)
Total revenues	45,040	45,040	48,363	3,323
EXPENDITURES				
General government	60,500	59,500	40,581	18,919
Net change in fund balance	$ (15,460)	$ (14,460)	7,782	$ 22,242
FUND BALANCES, BEGINNING OF YEAR			14,634	
FUND BALANCES, END OF YEAR			$ 22,416	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – LIBRARY GIFT
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenue	$ 2,070	$ 500	$ 3,192	$ 2,692
Investment earnings	4	50	4	(46)
Total revenues	2,074	550	3,196	2,646
EXPENDITURES				
Community services	3,000	3,000	138	2,862
Net change in fund balance	$ (926)	$ (2,450)	3,058	$ 5,508
FUND BALANCES, BEGINNING OF YEAR			9,562	
FUND BALANCES, END OF YEAR			$ 12,620	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – HOTEL OCCUPANCY TAX
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other taxes	$ 375,000	$ 375,000	$ 421,415	$ 46,415
Investment earnings	525	525	196	(329)
Total revenues	375,525	375,525	421,611	46,086
EXPENDITURES				
General government	355,903	355,903	269,314	86,589
Capital outlay	-	-	66,480	(66,480)
Total expenditures	355,903	355,903	335,794	20,109
Net change in fund balance	$ 19,622	$ 19,622	85,817	$ 66,195
FUND BALANCES, BEGINNING OF YEAR			599,299	
FUND BALANCES, END OF YEAR			$ 685,116	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – EMERGENCY MANAGEMENT RESPONSE
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 400	$ 400	$ 74	$ (326)
Total revenues	400	400	74	(326)
EXPENDITURES				
Public safety	130,000	130,000	-	130,000
Net change in fund balance	$ (129,600)	$ (129,600)	74	$ 129,674
FUND BALANCES, BEGINNING OF YEAR			180,276	
FUND BALANCES, END OF YEAR			$ 180,350	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – ANIMAL CONTROL DONATION
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenue	$ 7,000	$ 7,000	$ 7,368	$ 368
Investment earnings	40	40	19	(21)
Total revenues	7,040	7,040	7,387	347
EXPENDITURES				
Public safety	26,800	26,800	13,307	13,493
Net change in fund balance	$ (19,760)	$ (19,760)	(5,920)	$ 13,840
FUND BALANCES, BEGINNING OF YEAR			46,541	
FUND BALANCES, END OF YEAR			$ 40,621	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – PUBLIC ACCESS CHANNEL
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Franchise fees	$ 220,071	$ 202,000	$ 220,071	$ 18,071
Investment earnings	222	450	222	(228)
Total revenues	220,293	202,450	220,293	17,843
EXPENDITURES				
General government	697,000	697,000	14,267	682,733
Net change in fund balance	$ (476,707)	$ (494,550)	206,026	$ 700,576
FUND BALANCES, BEGINNING OF YEAR			607,462	
FUND BALANCES, END OF YEAR			$ 813,488	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – TAX INCREMENT FINANCING ZONE NO. ONE
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 549	$ 549
Total revenues	-	-	549	549
EXPENDITURES				
Public works	-	126,922	106,766	20,156
Capital outlay	-	1,452,573	1,339,337	113,236
Total Expenditures	-	1,579,495	1,446,103	133,392
Net change in fund balance	$ -	$ (1,579,495)	(1,445,554)	$ 133,941
FUND BALANCES, BEGINNING OF YEAR			2,290,735	
FUND BALANCES, END OF YEAR			$ 845,181	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – 4B PARK MAINTENANCE AND OPERATIONS
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 200,000	$ 200,000	$ 296,107	$ 96,107
Contributions	1,209,341	1,209,341	1,242,540	33,199
Investment earnings	750	750	1,682	932
Total revenues	1,410,091	1,410,091	1,540,329	130,238
EXPENDITURES				
General government	707,427	801,927	801,829	98
Debt service:				
Principal	350,000	350,000	350,000	-
Interest	316,570	316,570	317,037	(467)
Total Expenditures	1,373,997	1,468,497	1,468,866	(369)
Net change in fund balance	$ 36,094	$ (58,406)	71,463	$ 129,869
FUND BALANCES, BEGINNING OF YEAR			980,048	
FUND BALANCES, END OF YEAR			$ 1,051,511	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – PUBLIC SAFETY TECHNOLOGY
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenue	$ 100,000	$ 100,000	$ 94,605	$ (5,395)
Investment earnings	-	-	10	10
Total revenues	100,000	100,000	94,615	(5,385)
EXPENDITURES				
Public safety	100,000	100,000	74,368	25,632
Net change in fund balance	$ -	$ -	20,247	$ 20,247
FUND BALANCES, BEGINNING OF YEAR			4,173	
FUND BALANCES, END OF YEAR			$ 24,420	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – TECHNOLOGY
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 316	$ 316
Total revenues	-	-	316	316
EXPENDITURES				
General government	525,000	525,000	59,678	465,322
Capital outlay	743,168	743,168	108,374	634,794
Total expenditures	1,268,168	1,268,168	168,052	1,100,116
Deficiency of revenues under expenditures	(1,268,168)	(1,268,168)	(167,736)	1,100,432
OTHER FINANCING SOURCES				
Transfers in	600,000	600,000	600,000	-
Total other financing sources	600,000	600,000	600,000	-
Net change in fund balance	$ (668,168)	$ (668,168)	432,264	$ 1,100,432
FUND BALANCES, BEGINNING OF YEAR			709,649	
FUND BALANCES, END OF YEAR			$ 1,141,913	

CITY OF LEAGUE CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – EMS/FIRE DONATION
YEAR ENDED SEPTEMBER 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenues	$ 3,000	$ 3,000	$ 19,861	$ 16,861
Total revenues	3,000	3,000	19,861	16,861
EXPENDITURES				
Supplies	-	10,000	389	9,611
	-	10,000	389	9,611
Excess (deficiency) of revenues over (under) expenditures	3,000	(7,000)	19,472	26,472
OTHER FINANCING SOURCES				
Transfers in	103,190	103,190	89,584	(13,606)
Total other financing sources	103,190	103,190	89,584	(13,606)
Net change in fund balance	$ 106,190	$ 96,190	109,056	$ 12,866
FUND BALANCES, BEGINNING OF YEAR			-	
FUND BALANCES, END OF YEAR			$ 109,056	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City and to other governmental units, on a cost reimbursement basis.

The **Motor Pool Fund** is used to account for motor pool services, which are financed from systematic transfers from general governmental and enterprise funds.

The **Insurance Trust Fund** is used to account for the costs of premiums paid on a group health insurance plan.

The **Employee Benefit Fund** is used to account for the costs of providing benefits to the City's employees.

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014

	Motor Pool	Insurance Trust	Employee Benefit Fund	Total Funds
ASSETS				
Current assets				
Cash and equity in pooled cash	$ 1,932,298	$ -	$ 50,007	$ 1,982,305
Inventories	21,306	-	-	21,306
Total current assets	1,953,604	-	50,007	2,003,611
Noncurrent assets				
Capital assets				
Net depreciable capital assets	5,403,085	-	-	5,403,085
Total capital assets, net of accumulated depreciation	5,403,085	-	-	5,403,085
Total noncurrent assets	5,403,085	-	-	5,403,085
TOTAL ASSETS	7,356,689	-	50,007	7,406,696
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	74,934	-	2,560	77,494
Due to other funds	189	-	50,000	50,189
Total current liabilities	75,123	-	52,560	127,683
TOTAL LIABILITIES	75,123	-	52,560	127,683
NET POSITION				
Net investment in capital assets	5,403,085	-	-	5,403,085
Unrestricted	1,878,481	-	(2,553)	1,875,928
TOTAL NET POSITION	$ 7,281,566	$ -	$ (2,553)	$ 7,279,013

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Motor Pool	Insurance Trust	Employee Benefit Fund	Total Funds
OPERATING REVENUES				
Charges for services	$ 2,457,168	$ 5,386,650	$ 5,762,124	$ 13,605,942
Other	86,602	-	-	86,602
Total operating revenues	2,543,770	5,386,650	5,762,124	13,692,544
OPERATING EXPENSES				
Personnel	609,361	-	-	609,361
Contractual services	13,714	-	-	13,714
Insurance	-	5,386,650	5,764,684	11,151,334
Repairs and maintenance	571,189	-	-	571,189
Other supplies and expenses	57,533	-	-	57,533
Depreciation	1,261,449	-	-	1,261,449
Total operating expenses	2,513,246	5,386,650	5,764,684	13,664,580
Operating Income (loss)	30,524	-	(2,560)	27,964
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	686	-	7	693
Gain on disposal of capital assets	3,222	-	-	3,222
Total nonoperating revenues (expenses)	3,908	-	7	3,915
Change in net postion	34,432	-	(2,553)	31,879
NET POSITION, BEGINNING OF YEAR	7,247,134	-	-	7,247,134
NET POSITION, END OF YEAR	$ 7,281,566	$ -	$ (2,553)	$ 7,279,013

CITY OF LEAGUE CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Motor Pool	Insurance Trust	Employee Benefit Fund	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 2,543,770	$ 5,386,650	$ 5,762,124	$ 13,692,544
Payments to suppliers	(627,300)	(5,386,650)	(5,712,124)	(11,726,074)
Payments to employees	(606,682)	-	-	(606,682)
Net cash provided by operating activities	1,309,788	-	50,000	1,359,788
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,599,947)	-	-	(1,599,947)
Proceeds from sale of capital assets	89,042	-	-	89,042
Net cash (used in) capital and related financing activities	(1,510,905)	-	-	(1,510,905)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	686	-	7	693
Net cash provided by investing activities	686	-	7	693
Net increase (decrease) in cash and equivalents	(200,431)	-	50,007	(150,424)
Cash and cash equivalents, beginning of year	2,132,729	-		2,132,729
Cash and cash equivalents, end of year	$ 1,932,298	$ -	$ 50,007	$ 1,982,305
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 30,524	$ -	$ (2,560)	$ 27,964
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	1,261,449	-	-	1,261,449
Change in assets and liabilities (increase) decrease				
Inventories	6,911	-	-	6,911
Accounts payable and accrued liabilities	17,973	-	2,560	20,533
Due to other funds	(7,069)	-	50,000	42,931
Net cash provided by operating activities	$ 1,309,788	$ -	$ 50,000	$ 1,359,788

STATISTICAL SECTION
(Unaudited)

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES

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 110 - 118

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 120 - 125

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

Debt Capacity 127 - 134

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 136 - 137

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 138 - 141

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
STATISTICAL SCHEDULE
NET POSITION BY COMPONET
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Year			
	2005	2006	2007 (1)	2008 (2)
Governmental Activities				
Net investment in capital assets	$ 90,101,167	$ 102,970,171	$ 120,115,018	$ 139,477,734
Restricted	2,377,634	3,207,987	12,563,358	10,044,998
Unrestricted	11,411,953	13,759,017	14,116,519	19,688,847
Total Governmental Activities Net Position	$ 103,890,754	$ 119,937,175	$ 146,794,895	$ 169,211,579
Business-Type Activities				
Net investment in capital assets	$ 41,368,232	$ 62,130,257	$ 64,010,135	$ 107,478,172
Restricted	1,220,920	367,685	651,361	455,062
Unrestricted	12,533,421	12,156,662	33,582,396	8,265,057
Total Business-Type Activities Net Position	$ 55,122,573	$ 74,654,604	$ 98,243,892	$ 116,198,291
Primary Government				
Net investment in capital assets	$ 131,469,399	$ 165,100,428	$ 184,125,153	$ 246,955,906
Restricted	3,598,554	3,575,672	13,214,719	10,500,060
Unrestricted	23,945,374	25,915,679	47,698,915	27,953,904
Total Primary Government Net Position	$ 159,013,327	$ 194,591,779	$ 245,038,787	$ 285,409,870

(1) Beginning net position for governmental activities for 2007 was restated as a result of a change in presentation of the City's component units from discrete to blended.
(2) Beginning net position for governmental activities for 2008 was restated as a result of 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.

Year					
2009[3]	2010	2011	2012	2013	2014
$ 143,105,466	$ 138,986,054	$ 146,115,632	$ 144,981,676	$ 158,272,342	$ 172,449,008
9,818,516	10,682,272	11,179,254	9,997,109	11,660,329	13,276,159
21,894,650	20,751,435	21,639,912	19,353,911	18,908,179	24,872,831
$ 174,818,632	$ 170,419,761	$ 178,934,798	$ 174,332,696	$ 188,840,850	$ 210,597,998
$ 114,059,051	$ 114,732,724	$ 107,392,808	$ 129,683,003	$ 143,851,297	$ 171,411,024
1,860,132	1,983,542	6,907,413	5,767,327	8,728,270	8,708,139
15,442,653	24,171,358	39,807,796	23,530,610	19,620,210	7,914,337
$ 131,361,836	$ 140,887,624	$ 154,108,017	$ 158,980,940	$ 172,199,777	$ 188,033,500
$ 257,164,517	$ 253,718,778	$ 253,508,440	$ 274,664,679	$ 302,123,639	$ 343,860,032
11,678,648	12,665,814	18,086,667	15,764,436	20,388,599	21,984,298
37,337,303	44,922,793	61,447,708	42,884,521	38,528,389	32,787,168
$ 306,180,468	$ 311,307,385	$ 333,042,815	$ 333,313,636	$ 361,040,627	$ 398,631,498

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Year		
	2005	2006	2007
Expenses			
Governmental activities			
General government	$ 9,929,099	$ 10,653,854	$ 13,037,659
Public safety	12,374,528	15,002,765	14,326,938
Public works	17,215,751	13,952,069	24,153,330
Community services	4,726,051	5,665,064	5,620,482
Interest and fiscal agent fees	2,203,677	1,968,922	2,559,712
Total Governmental Activities Expenses	46,449,106	47,242,674	59,698,121
Business-Type Activities			
Utilities	14,541,689	14,644,245	14,674,801
Total Business-Type Activities Expenses	14,541,689	14,644,245	14,674,801
Total Expenses	$ 60,990,795	$ 61,886,919	$ 74,372,922
Program Revenues			
Governmental activities			
Charges for services			
General government	$ 29,669	$ 24,336	$ 2,006,502
Public safety	1,757,121	1,888,852	730,290
Public works	4,618,669	4,850,922	7,461,978
Community services	622,078	602,954	530,187
Operating grants and contributions	1,215,328	1,622,948	764,091
Capital grants and contributions	19,849	18,746,413	24,761,544
Total Governmental Activities Program Revenues	8,262,714	27,736,425	36,254,592
Business-Type Activities			
Charges for services			
Utilities	18,525,851	19,493,923	18,964,428
Operating grants and contributions	-	45,000	-
Capital grants and contributions	4,353,738	14,313,418	18,666,045
Total Business-Type Activities Program Revenues	22,879,589	33,852,341	37,630,473
Total Program Revenues	$ 31,142,303	$ 61,588,766	$ 73,885,065
Net (Expense)/Revenue			
Governmental activities	$ (38,186,392)	$ (19,506,249)	$ (23,443,529)
Business-type activities	8,337,900	19,208,096	22,955,672
Total Net Expense	$ (29,848,492)	$ (298,153)	$ (487,857)

Year						
2008	2009	2010	2011	2012	2013	2014
$ 15,841,598	$ 16,355,732	$ 13,532,893	$ 12,458,678	$ 14,240,323	$ 14,286,527	$ 13,318,257
15,614,443	16,643,840	21,024,434	22,078,186	20,758,655	22,777,502	24,139,580
21,712,338	21,768,197	30,791,382	25,107,956	36,394,958	23,051,561	26,756,595
6,461,008	6,871,519	6,855,694	4,243,548	6,872,442	7,277,115	8,072,245
2,546,158	2,823,301	3,500,914	3,868,803	4,541,184	4,902,242	4,376,432
62,175,545	64,462,589	75,705,317	67,757,171	82,807,562	72,294,947	76,663,109
15,816,557	18,815,486	20,288,172	21,348,356	23,938,119	24,798,849	24,440,868
15,816,557	18,815,486	20,288,172	21,348,356	23,938,119	24,798,849	24,440,868
$ 77,992,102	$ 83,278,075	$ 95,993,489	$ 89,105,527	$ 106,745,681	$ 97,093,796	$ 101,103,977
$ 985,022	$ 1,564,845	$ 3,425,079	$ 3,397,307	$ 3,294,614	$ 2,799,880	$ 5,562,884
730,290	730,290	730,290	-	-	-	1,695,460
7,997,532	7,186,901	7,565,705	4,659,274	5,041,613	2,579,909	2,677,025
345,820	884,338	1,266,482	4,342,373	4,635,264	4,725,094	497,143
3,090,510	4,888,926	2,283,291	4,933,663	4,281,645	3,955,289	3,084,319
21,942,670	6,710,627	3,062,763	5,154,406	3,750,170	16,598,735	26,277,018
35,091,844	21,965,927	18,333,610	22,487,023	21,003,306	30,658,907	39,793,849
23,209,601	27,278,933	25,731,620	30,646,567	27,596,741	29,854,054	29,284,003
105,075	150,107	131,943	-	-	-	-
12,064,459	7,029,886	4,671,105	4,410,184	4,000,723	9,183,573	13,540,923
35,379,135	34,458,926	30,534,668	35,056,751	31,597,464	39,037,627	42,824,926
$ 70,470,979	$ 56,424,853	$ 48,868,278	$ 57,543,774	$ 52,600,770	$ 69,696,534	$ 82,618,775
$ (27,083,701)	$ (42,496,662)	$ (57,371,707)	$ (45,270,148)	$ (61,804,256)	$ (41,636,040)	$ (36,869,260)
19,562,578	15,643,440	10,246,496	13,708,395	7,659,345	14,238,778	18,384,058
$ (7,521,123)	$ (26,853,222)	$ (47,125,211)	$ (31,561,753)	$ (54,144,911)	$ (27,397,262)	$ (18,485,202)

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(CONTINUED)

	Year		
	2005	2006	2007 [1]
General Revenues and Other Changes in Net Position			
Governmental activities			
Ad valorem taxes	$ 20,269,723	$ 23,161,785	$ 29,212,712
Franchise and local taxes	3,301,888	3,486,132	7,980,512
Sales taxes	5,144,498	6,303,377	4,033,855
Investment earnings	842,941	1,301,752	2,032,052
Other revenues	190,043	105,634	1,827,752
Gain (loss) on sale of capital assets	-	-	(52,476)
Transfers	1,476,347	1,169,449	1,278,164
Total Governmental Activities	31,225,440	35,528,129	46,312,571
Business-type activities			
Investment earnings	848,677	1,493,383	1,867,641
Other revenues	-	-	-
Gain on sale of capital assets	-	-	44,139
Transfers	(1,476,347)	(1,169,449)	(1,278,164)
Total Business-Type Activities	(627,670)	323,934	633,616
Total Primary Government	$ 30,597,770	$ 35,852,063	$ 46,946,187
Change in Net Position			
Governmental activities	$ (6,960,952)	$ 16,021,880	$ 22,869,042
Business-type activities	7,710,230	19,532,030	23,589,288
Total Change in Net Position	$ 749,278	$ 35,553,910	$ 46,458,330

(1) Beginning net position for governmental activities for 2007 was restated as a result of a change in presentation of the City's component units from discrete to blended.
(2) Beginning net position for governmental activities for 2008 was restated as a result of 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.

Year						
2008 [2]	2009[3]	2010	2011	2012	2013	2014
$ 29,800,358	$ 34,255,809	$ 36,162,871	$ 36,285,502	$ 36,513,595	$ 33,655,410	$ 34,663,277
4,463,564	4,613,734	4,831,866	4,927,378	5,187,232	5,416,273	5,725,179
10,171,516	10,938,166	10,359,528	11,167,925	12,283,836	12,513,332	13,823,196
1,364,833	406,217	192,401	146,199	291,101	122,325	51,719
793,599	716,331	473,164	572,180	1,635,709	2,272,354	1,746,482
-	30,410	-	-	-	-	-
3,353,160	1,000,000	953,006	686,001	2,240,000	2,250,000	2,616,555
49,947,030	51,960,667	52,972,836	53,785,185	58,151,473	56,229,694	58,626,408
1,742,300	516,379	214,491	196,367	357,077	120,856	54,828
-	-	17,807	1,632	-	-	-
2,681	3,726	-	-	636	2,067	11,392
(3,353,160)	(1,000,000)	(953,006)	(686,001)	(2,240,000)	(2,250,000)	(2,616,555)
(1,608,179)	(479,895)	(720,708)	(488,002)	(1,882,287)	(2,127,077)	(2,550,335)
$ 48,338,851	$ 51,480,772	$ 52,252,128	$ 53,297,183	$ 56,269,186	$ 54,102,617	$ 56,076,073
$ 22,863,329	$ 9,464,005	$ (4,398,871)	$ 8,515,037	$ (3,652,783)	$ 14,593,654	$ 21,757,148
17,954,399	15,163,545	9,525,788	13,220,393	5,777,058	12,111,701	15,833,723
$ 40,817,728	$ 24,627,550	$ 5,126,917	$ 21,735,430	$ 2,124,275	$ 26,705,355	$ 37,590,871

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Year			
	2005	**2006**	**2007 (1)**	**2008 (2)**
General Fund				
Reserved	$ 634,782	$ 346,826	$ 367,413	$ 372,661
Unreserved	11,055,917	14,135,117	16,672,251	17,925,044
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$ 11,690,699	$ 14,481,943	$ 17,039,664	$ 18,297,705
All Other Governmental Funds				
Reserved	$ 637,068	$ 942,172	$ 1,074,423	$ 1,175,395
Unreserved, reported in:				
Special revenue funds	1,762,444	2,241,932	6,186,017	7,307,631
Capital project funds	5,730,204	9,246,133	5,608,438	19,761,965
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	$ 8,129,716	$ 12,430,237	$ 12,868,878	$ 28,244,991

(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.
(4) GASB Statement No 54 requirement for statistical data is ten years with retroactive implementation encouraged. Only two fiscal years are available at this time. The City chose not to restate 2005 to 2010.

Year					
2009[3]	2010	2011	2012	2013	2014
$ 383,708	$ 375,744	$ -	$ -	$ -	$ -
20,554,414	21,289,604	-	-	-	-
-	-	14,159	25,362	22,236	20,074
-	-	15,811,078	16,331,557	12,259,729	13,138,608
-	-	4,900,640	-	4,081,154	3,184,668
$ 20,938,122	$ 21,665,348	$ 20,725,877	$ 16,356,919	$ 16,363,119	$ 16,343,350
$ 2,463,898	$ 2,128,323	$ -	$ -	$ -	$ -
6,124,122	8,625,122	-	-	-	-
18,434,939	27,621,801	-	-	-	-
-	-	11,253,290	65,063,051	51,653,605	24,600,783
-	-	42,998,020	6,555,898	8,121,107	11,936,687
-	-	-	(224,122)	(305,246)	(431,667)
$ 27,022,959	$ 38,375,246	$ 54,251,310	$ 71,394,827	$ 59,469,466	$ 36,105,803

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Year			
	2005	2006	2007 (1)	2008 (2)
Revenues				
Ad valorem taxes	$ 20,246,369	$ 23,124,758	$ 29,198,771	$ 29,764,055
Sales taxes	4,878,398	6,303,377	7,980,512	10,171,516
Franchise and local taxes	3,567,988	3,486,132	4,033,855	4,145,479
Other taxes	-	-	-	-
Licenses and permits	2,460,148	1,440,637	2,087,633	2,746,066
Fines and forfeitures	1,428,976	2,355,933	2,655,768	1,399,113
Charges for services	3,126,831	3,521,772	1,631,013	3,794,687
Contributions	-	-	-	-
Assessments	-	-	-	-
Intergovernmental	721,441	1,212,533	3,979,054	3,090,510
Investment earnings	833,275	1,279,331	1,827,752	1,308,255
Other revenues	635,951	654,930	2,767,174	3,644,572
Total Revenues	37,899,377	43,379,403	56,161,532	60,064,253
Expenditures				
General government	9,205,493	9,903,020	13,034,389	15,725,914
Public safety	11,336,910	12,318,494	13,255,090	15,117,809
Public works	8,906,921	8,825,789	15,387,027	15,144,613
Community services	3,715,646	3,726,145	5,448,799	5,322,367
Capital outlay	24,208,958	1,863,203	4,466,279	1,561,742
Debt service				
Principal	2,256,819	2,797,966	5,705,866	3,467,065
Interest	2,221,819	2,166,036	2,596,624	2,419,857
Payment to refunding bond escrow agent	-	-	-	-
Other debt service - refunding escrow	-	-	-	-
Total Expenditures	61,852,566	41,600,653	59,894,074	58,759,367
Excess of Revenues Over (Under) Expenditures	(23,953,189)	1,778,750	(3,732,542)	1,304,886
Other Financing Sources (Uses)				
Issuance of debt	14,175,000	4,695,000	5,211,280	15,500,000
Premium on debt	-	-	59,756	1,550
Payment to escrow agent	-	-	(5,190,272)	-
Transfers in	3,898,519	4,190,163	2,182,522	1,687,892
Transfers out	(3,179,293)	(3,459,087)	(1,757,396)	(1,413,529)
Total Other Financing Sources	14,894,226	5,426,076	505,890	15,775,913
Net Change in Fund Balances	$ (9,058,963)	$ 7,204,826	$ (3,226,652)	$ 17,080,799
Debt service as a percentage of noncapital expenditures	11.91%	11.90%	12.49%	10.70%

(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.

Year					
2009[3]	2010	2011	2012	2013	2014
$ 34,309,728	$ 36,066,060	$ 36,276,854	$ 36,423,943	$ 33,655,410	$ 34,670,994
10,938,166	10,359,528	11,167,925	12,283,836	12,513,332	13,823,196
4,337,944	4,831,866	4,657,634	4,836,231	4,924,234	5,122,215
-	-	-	-	492,039	602,964
1,727,849	2,079,481	1,785,027	2,125,034	2,579,909	3,165,889
1,570,913	3,444,938	3,493,552	3,282,865	2,380,961	2,012,135
4,333,205	4,715,349	4,342,373	4,635,264	4,725,094	5,506,105
-	-	-	-	3,083,260	4,915,538
-	-	-	-	2,951,465	2,216,155
4,888,926	2,283,291	3,701,122	3,101,884	2,302,433	763,026
388,877	189,583	145,749	289,340	120,230	51,026
3,732,596	3,240,811	4,948,712	6,083,050	3,860,535	2,353,408
66,228,204	67,210,907	70,518,948	73,061,447	73,588,902	75,202,651
16,256,094	13,142,475	12,794,025	14,099,732	13,931,711	13,030,831
16,744,221	19,954,328	21,177,179	21,977,702	21,808,449	22,029,226
15,150,007	26,658,640	15,881,347	21,498,674	15,649,112	20,414,563
5,289,925	5,573,819	5,128,899	5,036,836	5,896,633	5,930,137
2,183,987	3,073,192	11,349,256	23,491,565	16,237,076	32,006,849
3,429,370	5,806,220	6,478,159	13,405,095	8,140,497	8,455,954
2,982,373	3,522,720	3,849,491	4,670,711	5,039,856	4,725,078
-	-	-	-	10,610,232	-
-	-	-	3,000,000	1,200,000	-
62,035,977	77,731,394	76,658,356	107,180,315	98,513,566	106,592,638
4,192,227	(10,520,487)	(6,139,408)	(34,118,868)	(24,924,664)	(31,389,987)
-	21,600,000	20,390,000	53,510,000	13,819,988	5,390,000
-	-	-	6,485,644	748,935	-
-	-	-	(15,178,720)	(3,727,920)	-
2,876,538	1,699,862	4,766,825	8,419,220	4,408,526	6,365,689
(1,876,538)	(699,862)	(4,080,824)	(6,342,720)	(2,158,526)	(3,749,134)
1,000,000	22,600,000	21,076,001	46,893,424	13,091,003	8,006,555
$ 5,192,227	$ 12,079,513	$ 14,936,593	$ 12,774,556	$ (11,833,661)	$ (23,383,432)
10.83%	12.80%	15.81%	21.60%	16.02%	17.67%

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

	Year			
City of League City:	**2005**	**2006**	**2007**	**2008**
Operating tax rate	$ 0.429400	$ 0.391900	$ 0.386514	$ 0.404000
Debt service tax rate	0.200600	0.235600	0.222286	0.204800
Total Direct Rates	$ 0.630000	$ 0.627500	$ 0.608800	$ 0.608800
Clear Creek Independent School District	$ 1.745000	$ 1.775000	$ 1.630000	$ 1.320000
College of the Mainland, Jr. College District	0.245250	0.243020	0.233450	0.227380
Dickinson Independent School District	1.738000	1.751000	1.724000	1.430000
Santa Fe Independent School District	1.570000	1.570000	1.445000	1.160000
Galveston County (includes Road & Flood)	0.638750	0.628750	0.598750	0.580000
Galveston Co. Mun. Utility District No. 2	0.365000	0.300000	0.260000	0.250000
Galveston Co. Mun. Utility District No. 3	0.250000	0.210000	0.160000	0.140000
Galveston Co. Mun. Utility District No. 6	0.700000	0.640000	0.480000	0.440000
Galveston Co. Mun. Utility District No. 13	0.760000	0.710000	0.630000	0.610000
Galveston Co. Mun. Utility District No. 14	0.920000	0.900000	0.880000	0.880000
Galveston Co. Mun. Utility District No. 15	0.830000	0.825000	0.825000	0.825000
Tara Glen Mun. Utility District	0.700000	0.670000	0.670000	0.670000
Bay Colony West Mun. Utility District	1.000000	1.000000	1.000000	1.000000
Galveston Co. Mun. Utility District No. 39	0.900000	0.900000	0.900000	0.900000
Galveston Co. Mun. Utility District No. 43	1.000000	1.000000	1.000000	1.000000
Galveston Co. Mun. Utility District No. 44	-	-	1.000000	0.800000
Galveston Co. Mun. Utility District No. 45	-	1.000000	1.000000	1.000000
Galveston Co. Mun. Utility District No. 46	-	-	1.000000	1.000000
South Shore Harbour Mun. Utility District No. 2	0.450000	0.340000	0.290000	0.290000
South Shore Harbour Mun. Utility District No. 3	0.220000	0.200000	0.180000	0.170000
South Shore Harbour Mun. Utility District No. 6	0.310000	0.310000	0.300000	0.300000
South Shore Harbour Mun. Utility District No. 7	1.000000	0.950000	0.820000	0.800000
Total Direct and Overlapping Rates (1)	$ 15.972000	$ 16.550270	$ 17.635000	$ 16.401180

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

Source: Galveston Central Appraisal District.

Year					
2009	2010	2011	2012	2013	2014
$ 0.413932	$ 0.408871	$ 0.396729	$ 0.385001	$ 0.374999	$ 0.380000
0.216068	0.221129	0.219271	0.224999	0.222001	0.217000
$ 0.630000	$ 0.630000	$ 0.616000	$ 0.610000	$ 0.597000	$ 0.597000
$ 1.360000	$ 1.360000	$ 1.360000	$ 1.360000	$ 1.360000	$ 1.400000
0.221640	0.221640	0.233890	0.232020	0.225970	0.221210
1.500000	1.504000	1.540000	1.540000	1.540000	1.540000
1.160000	1.330200	1.419200	1.495000	1.453900	1.449000
0.570000	0.630000	0.628750	0.621350	0.608770	0.589800
0.240000	0.240000	0.240000	0.260000	0.270000	0.300000
0.130000	0.120000	0.120000	0.120000	0.120000	0.120000
0.440000	0.400000	0.400000	0.422000	0.439000	0.439000
0.585000	0.560000	0.550000	0.540000	0.540000	0.500000
0.870000	0.870000	0.860000	0.860000	0.780000	0.740000
0.795000	0.790000	0.790000	0.790000	0.780000	0.760000
0.670000	0.670000	0.670000	0.670000	0.660000	0.660000
1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
0.900000	0.900000	0.900000	0.900000	0.880000	0.880000
1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
0.800000	0.800000	0.800000	0.800000	0.800000	0.800000
1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
0.240000	0.220000	0.170000	-	-	-
0.160000	0.160000	-	-	-	-
0.290000	0.290000	0.290000	0.290000	0.290000	0.215000
0.750000	0.700000	0.650000	0.600000	0.550000	0.530000
$ 16.311640	$ 16.395840	$ 16.237840	$ 16.110370	$ 15.894640	$ 15.741010

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

	Year			
	2005	2006	2007	2008
Residential Property	$ 2,820,562,981	$ 3,167,696,117	$ 3,563,555,414	$ 4,099,464,031
Commercial Property	709,626,583	689,613,117	800,390,107	885,723,235
Personal Property	181,691,376	189,632,613	182,019,787	236,407,969
Less: Tax Exempt Property	460,681,302	459,644,830	515,115,893	883,467,033
Total Assessed Value (1)	$ 3,251,199,638	$ 3,587,297,017	$ 4,030,849,415	$ 4,338,128,202
Total Direct Tax Rate	0.63000	0.62750	0.60880	0.60880

Source: Tax department of the City.

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

Year					
2009	2010	2011	2012	2013	2014
$ 4,523,232,121	$ 4,726,069,917	$ 4,917,368,181	$ 5,010,019,627	$ 5,050,587,502	$ 5,182,560,052
1,055,528,622	1,049,240,338	1,158,032,589	1,130,809,114	1,112,465,056	1,159,216,115
258,974,695	295,195,664	287,039,236	283,385,238	308,323,712	373,016,045
996,768,333	1,006,635,521	1,124,200,606	1,125,144,523	1,131,754,874	1,183,572,227
$ 4,840,967,105	$ 5,063,870,398	$ 5,238,239,400	$ 5,299,069,456	$ 5,339,621,396	$ 5,531,219,985
0.63000	0.63000	0.61600	0.61000	0.59700	0.59700

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
Property Taxpayer	**Taxable Assessed Valuation**	**Rank**	**% of Total Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**% of Total Assessed Valuation**
Komatsu America Corp	$ 69,918,164	1	1.26%			
Inland America LC Victory Lakes	32,046,870	2	0.58%			
Texas-New Mexico Power Co	27,467,630	3	0.50%	$ 31,050,860	1	0.96%
American National Insurance Co	24,560,440	4	0.44%	10,322,970	8	0.32%
League City Towne Center LTD	22,274,830	5	0.40%			
Sunstone Broadstone LP	21,000,000	6	0.38%			
GS Beacon Lakes LP	18,891,540	7	0.34%			
Amalfi Tuscan Lake Investors LLC	17,223,410	8	0.31%			
GTE Southwest Inc	16,454,600	9	0.30%			
Fairways at South Shore LTD	15,929,310	10	0.29%	30,997,650	2	0.95%
South Shore Harbour Development				27,064,510	3	0.83%
Verizon Southwest				17,565,840	4	0.54%
Palm Investors, LP				12,172,010	5	0.37%
South Shore Lakes LTD				12,104,020	6	0.37%
Clear Lake Partners				10,899,990	7	0.34%
New York Life Insurance				9,999,980	9	0.31%
Centerpointe Energy, Inc				9,694,200	10	0.30%
Subtotal	265,766,794		4.80%	171,872,030		5.29%
Other Taxpayers	5,265,453,191		95.20%	3,079,327,608		94.71%
Total (1)	$ 5,531,219,985		100.00%	$ 3,251,199,638		100.00%

Source: Tax department records of the City.

(1) Net of exemptions and abatements

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
PROPERTY TAX AND LEVIES AND COLLECTIONS
LAST TEN YEARS

				Collected Within the Fiscal Year of the Levy	
Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy
2005	2004	$ 0.630000	$ 20,703,814	$ 20,338,727	98.24%
2006	2005	$ 0.627500	$ 23,402,712	$ 23,019,283	98.36%
2007	2006	$ 0.608800	$ 25,670,846	$ 25,256,206	98.38%
2008	2007	$ 0.608800	$ 26,918,178	$ 26,441,828	98.23%
2009	2008	$ 0.630000	$ 30,867,178	$ 30,476,981	98.74%
2010	2009	$ 0.630000	$ 32,875,370	$ 32,560,792	99.04%
2011	2010	$ 0.616000	$ 32,814,072	$ 32,527,089	99.13%
2012	2011	$ 0.610000	$ 33,300,629	$ 32,955,026	98.96%
2013	2012	$ 0.597000	$ 33,348,230	$ 33,099,293	99.25%
2014	2013	$ 0.597000	$ 34,334,632	$ 34,061,842	99.21%

Source: Tax Department records of the City

Collected in Subsequent Years	Total Collections to Date	
Amount Collected	Amount Collected	Percentage of Levy
$ 321,942	$ 20,660,669	99.79%
$ 339,522	$ 23,358,805	99.81%
$ 359,344	$ 25,615,550	99.78%
$ 417,404	$ 26,859,232	99.78%
$ 372,375	$ 30,849,356	99.94%
$ 296,872	$ 32,857,664	99.95%
$ 251,790	$ 32,778,879	99.89%
$ 254,079	$ 33,209,105	99.73%
$ 107,120	$ 33,206,413	99.57%
$ N/A	$ 34,061,842	99.21%

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	Year			
	2005	**2006**	**2007**	**2008**
Governmental Activities:				
General obligation bonds	$ 17,462,650	$ 16,315,283	$ 16,580,901	$ 15,014,339
Certificates of obligation	42,494,787	45,368,673	41,635,504	55,235,000
Subtotal	59,957,437	61,683,956	58,216,405	70,249,339
Business-Type Activities:				
General obligation bonds	22,417,350	20,359,717	23,564,099	20,745,660
Certificates of obligation	6,795,213	6,351,328	739,496	207,000
Revenue bonds	25,835,000	24,550,000	23,240,000	48,685,000
Contract revenue bonds	6,329,971	5,700,000	5,170,000	4,615,000
Subtotal	61,377,534	56,961,045	52,713,595	74,252,660
Government-Wide:				
General obligation bonds	39,880,000	36,675,000	40,145,000	35,759,999
Certificates of obligation	49,290,000	51,720,001	42,375,000	55,442,000
Revenue bonds	25,835,000	24,550,000	23,240,000	48,685,000
Contract revenue bonds	6,329,971	5,700,000	5,170,000	4,615,000
Total Government-Wide	$ 121,334,971	$ 118,645,001	$ 110,930,000	$ 144,501,999
Estimated Full Property Value	$ 3,251,199,638	$ 3,587,297,017	$ 4,030,849,415	$ 4,338,128,202
Percentage of Full Property Value:				
Governmental activities	1.84%	1.72%	1.44%	1.62%
Business-type activities	1.89%	1.59%	1.31%	1.71%
Government-wide	3.73%	3.31%	2.75%	3.33%
Population	67,300	72,000	76,700	79,300
Debt Per Capita:				
Governmental activities	$ 891	$ 857	$ 759	$ 886
Business-type activities	$ 912	$ 791	$ 687	$ 936
Government-wide	$ 1,803	$ 1,648	$ 1,446	$ 1,822

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.
The debt amounts presented from 2005 to 2012 were not netted with related premiums, discounts, and adjustments.

Year					
2009	2010	2011	2012	2013	2014
$ 13,189,971	$ 11,163,750	$ 9,660,590	$ 27,150,497	$ 35,373,070	$ 37,009,208
53,630,000	71,450,000	87,550,000	96,160,000	85,207,932	81,081,700
66,819,971	82,613,750	97,210,590	123,310,497	120,581,002	118,090,908
17,405,030	13,721,250	9,924,409	17,159,503	15,799,672	14,779,501
-	-	-	51,925,000	54,854,937	53,919,753
84,540,000	83,175,000	94,835,000	81,400,000	78,499,256	73,360,862
4,040,000	3,440,000	2,720,000	2,055,000	1,916,812	1,698,416
105,985,030	100,336,250	107,479,409	152,539,503	151,070,677	143,758,532
30,595,001	24,885,000	19,584,999	44,310,000	51,172,742	51,788,709
53,630,000	71,450,000	87,550,000	148,085,000	140,062,869	135,001,453
84,540,000	83,175,000	94,835,000	81,400,000	78,499,256	73,360,862
4,040,000	3,440,000	2,720,000	2,055,000	1,916,812	1,698,416
$ 172,805,001	$ 182,950,000	$ 204,689,999	$ 275,850,000	$ 271,651,679	$ 261,849,440
$ 4,840,967,105	$ 5,063,870,398	$ 5,238,239,400	$ 5,299,069,456	$ 5,339,621,396	$ 5,531,219,985
1.38%	1.63%	1.86%	2.33%	2.26%	2.13%
2.19%	1.98%	2.05%	2.88%	2.83%	2.60%
3.57%	3.61%	3.91%	5.21%	5.09%	4.73%
81,300	83,560	85,300	87,400	90,300	95,500
$ 822	$ 989	$ 1,140	$ 1,411	$ 1,335	$ 1,237
$ 1,304	$ 1,201	$ 1,260	$ 1,745	$ 1,673	$ 1,505
$ 2,126	$ 2,189	$ 2,400	$ 3,156	$ 3,008	$ 2,742

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

	Year			
	2005	**2006**	**2007**	**2008**
Estimated Actual Taxable Value of Property	$ 3,251,199,638	$ 3,587,297,017	$ 4,030,849,415	$ 4,338,128,202
General obligation bonds	$ 39,880,000	$ 36,675,000	$ 40,145,000	$ 35,759,999
Certificates of obligation	49,290,000	51,720,001	42,375,000	55,442,000
Less: amounts available in debt service fund	637,068	942,172	1,074,250	1,175,395
Total	$ 88,532,932	$ 87,452,829	$ 81,445,750	$ 90,026,604
Percentage of Estimated Actual Taxable Value of Property	2.72%	2.44%	2.02%	2.08%
Population	67,300	72,000	76,700	79,300
Per Capita	$ 1,315	$ 1,215	$ 1,062	$ 1,135

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial statements. The debt amounts presented from 2005 to 2012 were not netted with related premiums, discounts, and adjustments

Year					
2009	2010	2011	2012	2013	2014
$ 4,840,967,105	$ 5,063,870,398	$ 5,238,239,400	$ 5,299,069,456	$ 5,339,621,396	$ 5,531,219,985
$ 30,595,001	$ 24,885,000	$ 19,584,999	$ 44,310,000	$ 51,172,742	$ 51,788,709
53,630,000	71,450,000	87,550,000	148,085,000	140,062,869	135,001,452
2,463,899	2,128,323	2,733,382	4,881,211	3,074,361	2,861,859
$ 81,761,102	$ 94,206,677	$ 104,401,617	$ 187,513,789	$ 188,161,250	$ 183,928,302
1.69%	1.86%	1.99%	3.54%	3.52%	3.33%
81,300	83,560	85,300	87,400	90,300	95,500
$ 1,006	$ 1,127	$ 1,224	$ 2,145	$ 2,084	$ 1,926

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014

Government Unit	Debt Outstanding	Estimated Percentage Applicable*	Amount Applicable to Primary Government
Clear Creek Indpendent School District	$ 857,880,000	28.57%	$ 245,096,316
Dickinson Independent School District	$ 274,623,777	29.39%	$ 80,711,928
Santa Fe Independent School District	$ 70,680,000	2.09%	$ 1,477,212
Galveston County	$ 279,663,434	24.07%	$ 67,314,989
Galveston Co. Mun. Utility District No. 3	$ 900,000	100.00%	$ 900,000
Galveston Co. Mun. Utility District No. 6	$ 12,255,000	100.00%	$ 12,255,000
Galveston Co. Mun. Utility District No. 13	$ 3,125,000	100.00%	$ 3,125,000
Galveston Co. Mun. Utility District No. 14	$ 10,800,000	100.00%	$ 10,800,000
Galveston Co. Mun. Utility District No. 15	$ 9,945,000	100.00%	$ 9,945,000
Galveston Co. Mun. Utility District No. 39	$ 26,790,000	100.00%	$ 26,790,000
Galveston Co. Mun. Utility District No. 43	$ 25,530,000	100.00%	$ 25,530,000
Galveston Co. Mun. Utility District No. 44	$ 10,190,000	100.00%	$ 10,190,000
Galveston Co. Mun. Utility District No. 46	$ 18,655,000	100.00%	$ 18,655,000
Bay Colony West Mun. Utility District	$ 8,980,000	100.00%	$ 8,980,000
Tara Glen Mun. Utility District	$ 2,185,000	100.00%	$ 2,185,000
South Shore Harbour Mun. Utility District No. 7	$ 19,425,000	100.00%	$ 19,425,000
Harris County	$ 2,138,273,704	0.03%	$ 641,482
Harris County Department of Education	$ 7,410,000	0.03%	$ 2,223
Harris County Flood Control District	$ 87,790,000	0.03%	$ 26,337
Port of Houston Authority	$ 717,624,397	0.03%	$ 215,287
Subtotal, overlapping debt			$ 544,265,774
City Direct Debt		100.00%	$ 118,090,907
Total Direct and Overlapping Debt			$ 662,356,681
Population			95,500
Overlapping Debt Per Capita			$ 5,699
Direct and Overlapping Debt Per Capita			$ 6,936

Source: Texas Municipal Advisory Council

* The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value within the taxing jurisdiction by the certified taxable value of the taxing jurisdiction.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account.

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	Year			
	2005	2006	2007	2008
Debt limit [1]	$ 312,638,573	$ 329,876,059	$ 393,434,233	$ 465,954,440
Total net debt applicable to limit	59,320,369	60,741,784	57,142,155	69,073,944
Legal debt margin	$ 253,318,204	$ 269,134,275	$ 336,292,078	$ 396,880,496
Total net debt applicable to the limit as a percentage of debt limit	18.97%	18.41%	14.52%	14.82%
Legal Debt Margin Calculation				
Assessed value	$ 3,251,199,638	$ 3,587,297,017	$ 4,030,849,415	$ 4,338,128,202
Debt limit (10% of assessed value)	325,119,964	358,729,702	403,084,942	433,812,820
Debt applicable to limit:				
General obligation bonds	17,462,650	16,315,283	16,580,901	15,014,339
Certificates of obligation	42,494,787	45,368,673	41,635,504	55,235,000
Less: amount set aside for repayment of general obligation debt	(637,068)	(942,172)	(1,074,250)	(1,175,395)
Total net debt applicable to limit	59,320,369	60,741,784	57,142,155	69,073,944
Legal debt margin	$ 265,799,595	$ 297,987,918	$ 345,942,787	$ 364,738,876

Note: There is no debt limit established by law; therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt. The Attorney General of the State of Texas will not approve more than $1.00 of the tax rate for debt service. The City's maximum legal tax rate is $2.50 per $100 valuation assessed at 100% of the market value. Ten percent (10%) of the assessed value has been applied as a "rule of thumb" procedure.

Year					
2009	2010	2011	2012	2013	2014
$ 518,603,993	$ 554,061,652	$ 549,454,373	$ 554,872,829	$ 533,962,140	$ 553,121,999
64,356,070	80,485,427	94,477,208	118,429,286	110,800,627	108,907,175
$ 454,247,923	$ 473,576,225	$ 454,977,165	$ 436,443,543	$ 423,161,513	$ 444,214,824
12.41%	14.53%	17.19%	21.34%	20.75%	19.69%
$ 4,840,967,105	$ 5,063,870,398	$ 5,238,239,400	$ 5,299,069,456	$ 5,339,621,396	$ 5,531,219,985
484,096,711	506,387,040	523,823,940	529,906,946	533,962,140	553,121,999
13,189,969	11,163,750	9,660,590	27,150,497	32,829,988	34,624,033
53,630,000	71,450,000	87,550,000	96,160,000	81,045,000	77,145,000
(2,463,899)	(2,128,323)	(2,733,382)	(4,881,211)	(3,074,361)	(2,861,858)
64,356,070	80,485,427	94,477,208	118,429,286	110,800,627	108,907,175
$ 419,740,641	$ 425,901,613	$ 429,346,732	$ 411,477,660	$ 423,161,513	$ 444,214,824

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
PLEDGED – REVENUE COVERAGE
LAST TEN YEARS

	Year			
	2005	2006	2007	2008
Gross Revenues (1)	$ 19,374,530	$ 20,987,306	$ 20,876,208	$ 25,059,656
Operating Expenses (2)	$ 10,569,401	$ 11,765,081	$ 12,380,882	$ 12,717,300
Net Revenues Available for Debt Service	$ 8,805,129	$ 9,222,225	$ 8,495,326	$ 12,342,356
Debt Service Requirements (3)				
Principal	$ 1,235,000	$ 1,250,000	$ 1,330,000	$ 1,345,000
Interest	739,526	685,519	950,533	894,119
Total	$ 1,974,526	$ 1,935,519	$ 2,280,533	$ 2,239,119
Coverage	4.46	4.76	3.73	5.51

(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.

Year					
2009	2010	2011	2012	2013	2014
$ 27,799,038	$ 25,963,918	$ 30,844,566	$ 27,954,456	$ 29,976,977	$ 29,350,223
$ 14,593,413	$ 15,780,459	$ 16,782,412	$ 18,023,394	$ 18,550,157	$ 18,591,097
$ 13,205,625	$ 10,183,459	$ 14,062,154	$ 9,931,062	$ 11,426,820	$ 10,759,126
$ 1,365,000	$ 1,380,000	$ 1,960,000	$ 3,190,000	$ 5,120,000	$ 4,980,000
3,741,435	3,549,816	3,998,470	3,400,845	3,250,654	3,069,764
$ 5,106,435	$ 4,929,816	$ 5,958,470	$ 6,590,845	$ 8,370,654	$ 8,049,764
2.59	2.07	2.36	1.51	1.37	1.34

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
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]	Public School Enrollment[3]	Unemployment Rate[4]	Education Level in Years of Formal Schooling[5]
2005	67,300	$ 2,139,602	$ 31,792	35.4	11,883	4.4%	36%
2006	72,000	$ 2,333,520	$ 32,410	35.5	13,031	4.0%	36%
2007	76,700	$ 2,462,530	$ 32,106	35.7	13,484	3.6%	36%
2008	79,300	$ 2,630,619	$ 33,173	35.7	14,413	4.3%	36%
2009	81,300	$ 2,731,274	$ 33,595	35.8	15,016	6.3%	35%
2010	83,560	$ 2,957,021	$ 35,388	35.6	16,146	7.0%	38%
2011	85,300	$ 2,707,251	$ 31,738	34.8	16,531	7.3%	38%
2012	87,400	$ 2,816,989	$ 32,231	34.7	18,135	5.9%	38%
2013	90,300	$ 3,234,456	$ 35,819	35.2	18,457	5.3%	42%
2014	95,500	$ 3,557,375	$ 37,250	35.5	19,076	4.2%	43%

Data sources:
(1) City of League City Planning Department
(2) ESRI Data Source
(3) Clear Creek ISD
(4) Texas Workforce Commission
(5) Percent of population with Bachelor's degree or higher - ESRI Data Source

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

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

	2014			2005	
Employer	Employees[1]	Percent of Total Employment[2]	Rank	Employees[1]	Rank
Clear Creek Independent School District	5,788	27.71%	1	3,938	1
American National Insurance	733	3.51%	2	320	3
H.E.B	623	2.98%	3	219	6
City of League City	560	2.68%	4	436	2
Krogers	374	1.79%	5	180	7
Walmart	311	1.49%	6		
Ineos	250	1.20%	7		
Devereaux Texas Treatment Network	213	1.02%	8	270	4
Harborview Care Center	145	0.69%	9	220	5
Home Depot	140	0.67%	10		
Randall's				109	8
	9,137	43.74%		5,692	

(1) Source: Human Resource Department of eaach company
(2) Percent of total employment is based on total League City employment of 49,256 for 2014 and 34,957 for 2006, obtained from the Texas Workforce Commission (based on annual average)

Source: Human Resource Department of each employer.

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
FULL – TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General government	49	49	53	63	62	86	75.25	71	77	76
Public safety	153	155.25	163.25	176.25	180.75	192	193.5	203.5	206	221
Public works	88	90	87	100	100.5	82	93.5	105	101	93.5
Community service	57.5	59.5	76	83	80.5	71.5	70.5	76.75	75.25	80.75
Business-Type Activities:										
Utilities	76	77	85	86	87	88	92.75	89	89	88.5
Total City Positions	423.50	430.75	464.25	508.25	510.75	519.50	525.50	545.25	548.25	559.75

Source: City Finance Department

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

	Year			
	2005	2006	2007	2008
City of League City				
Population	67,300	72,000	76,700	79,300
Square miles	53	53	53	53
Budgeted full time employees	424	436	464	508
Function				
Police				
Arrests	2,495	2,356	2,678	2,325
Calls for service	31,250	46,427	60,370	33,225
Municipal court				
Traffic violations	13,418	12,155	14,649	11,506
Non-traffic violations	3,459	2,925	2,908	2,383
Fire				
Calls answered	891	868	843	1,016
Inspections	2214	2215	1945	2,072
Parks and recreation				
Recreation programs ($)	$ 166,149	$ 189,740	$ 198,794	$ 327,155
Field and facility rentals ($)	$ 159,059	$ 115,710	$ 103,076	$ 105,602
Community Development				
Residential building permits issued	1,249	1,580	1,549	880
Residential building permits issued-$ value	$ 225,268,358	$ 266,426,720	$ 256,555,787	$ 152,247,419
Commercial building permits issued	69	47	79	66
Commercial building permits issued-$ value	$ 61,541,607	$ 36,033,628	$ 78,638,198	$ 191,206,441
Water				
Average daily gallons pumped-combined water (millions of gallons)	7.30	7.70	7.60	9.00
Average daily gallons pumped-surface water (millions of gallons)	7.20	7.60	6.34	9.00
Average daily gallons pumped-well water (millions of gallons)	0.47	0.70	0.90	0.34
Number of connections	21,459	23,043	24,628	25,762
Wastewater				
Average daily effluent treated (millions of gallons)	6.17	6.50	7.20	6.78
Number of connections	20,328	21,838	23,485	24,490

Source: Various City departments

Year					
2009	2010	2011	2012	2013	2014
81,300	83,560	85,300	87,400	90,300	95,500
53	53	53	53	53	53
510	520	525	545	548	560
3,055	3,333	3,349	3,018	3,215	4,649
37,444	35,616	36,775	36,596	35,557	38,948
11,433	16,879	15,337	13,293	12,587	13,815
2,441	2,529	2,176	2,127	2,150	2,137
993	920	935	986	1,106	1,237
2,376	2,038	3,489	2,292	2,357	2,438
$ 409,738	$ 398,404	$ 442,314	$ 428,754	$ 416,443	$ 471,399
$ 104,906	$ 91,566	$ 80,093	$ 102,976	$ 131,289	$ 144,200
712	793	662	681	1006	956
$ 117,751,909	$ 145,502,081	$ 129,701,416	$ 135,708,582	$ 195,890,814	$ 188,426,865
27	13	9	23	24	31
$ 39,936,940	$ 11,486,880	$ 15,256,600	$ 22,958,177	$ 41,947,205	$ 93,709,677
10.00	9.23	10.58	9.97	10.50	10.62
9.00	9.16	10.40	9.90	10.20	10.59
0.18	0.71	0.20	0.59	0.3	0.031
26,368	27,092	27,669	28,554	29,326	30,327
6.82	7.20	6.08	7.30	8.50	8.20
25,118	25,508	26,554	27,258	27,992	28,968

CITY OF LEAGUE CITY, TEXAS
STATISTICAL SCHEDULES
CAPITAL ASSET STATISTICS BY FUNCTION

	Year				
	2005	2006	2007	2008	2009
Function					
General government					
Municipal buildings	36	36	36	36	36
City vehicles	246	232	252	259	265
Public safety					
Police protection					
Stations	1	1	1	1	1
Fire protection					
Stations/drill field	6	6	6	6	6
Fire apparatus	11	12	10	20	21
Public works					
Streets (lane miles)	312	316	320	324	337
Community services					
Parks	8	8	10	12	12
Ball fields	25	25	29	33	33
Swimming pools	1	1	1	1	1
Pavilions	8	8	8	7	7
Park acreage developed	189	189	199	347	347
Water					
Water wells	4	4	4	4	4
Ground/elevated storage tanks	17	17	16	16	16
Water mains (miles)	340	354	368	376	388
Fire hydrants	2,575	2,714	2,841	2,929	3,043
Wastewater					
Wastewater treatment plants	2	2	2	2	2
Sanitary sewers (miles)	251	262	272	279	281.7
Sewer manholes	6,665	6,969	7,272	7,272	7,272

Source: Various City departments

Year				
2010	2011	2012	2013	2014
36	36	36	36	37
278	291	292	316	316
1	1	1	1	1
6	6	6	6	6
21	23	24	26	26
341	342	368	375	381
12	12	14	14	15
32	32	37	37	37
1	1	1	1	1
7	7	7	7	8
347	347	392	392	409
4	5	5	5	7
15	14	15	15	15
391	415	416	441	451
3,178	3,329	3,377	3,673	3,818
2	2	3	3	3
294.9	301	305	313	313
7,851	7,950	8,259	8,470	8,475