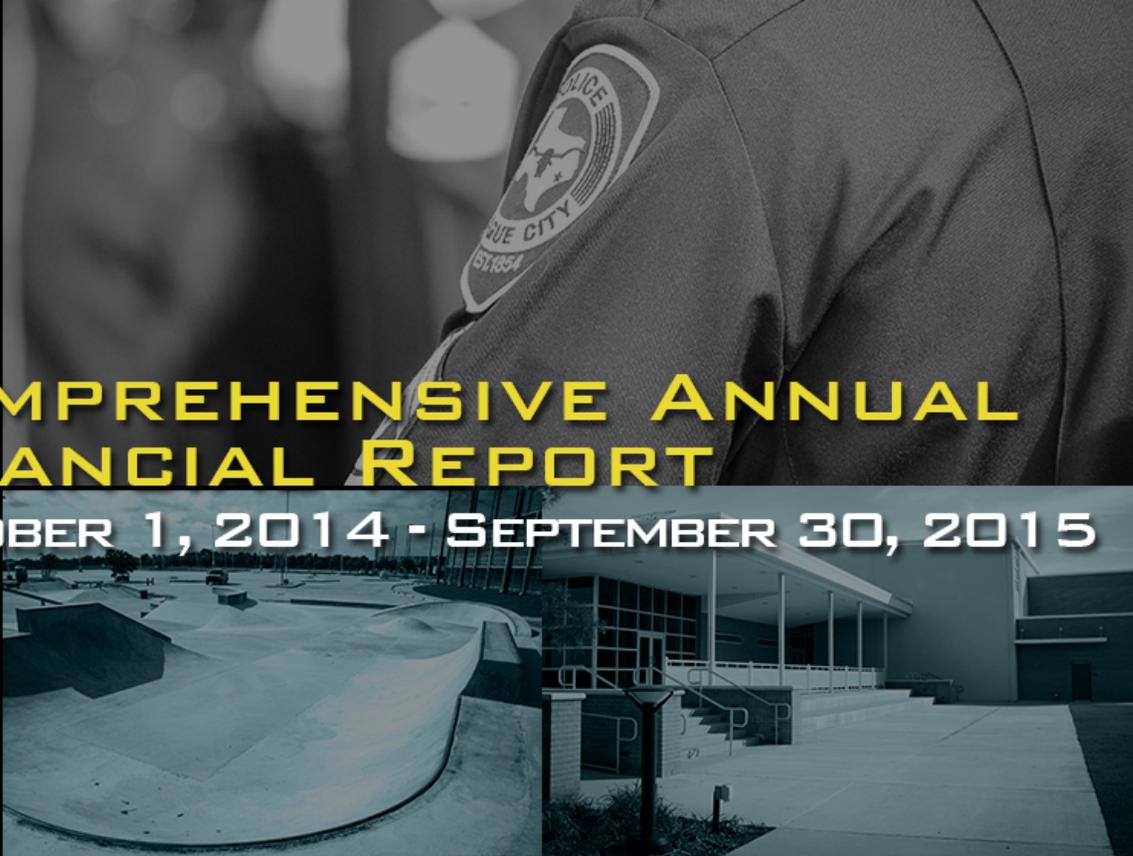


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

OCTOBER 1, 2014 - SEPTEMBER 30, 2015



**CITY OF LEAGUE CITY, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDED  
SEPTEMBER 30, 2015**

**Officials Issuing Report:**

**Rebecca Underhill  
Assistant City Manager/  
Director of Finance**

**Lonna Stein  
Assistant Director of Finance**

**Quencelia Goins  
Accounting Manager**

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## **INTRODUCTORY SECTION**



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March 21, 2016

Members of the City Council,  
and 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, 2015, 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, 2015 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,



2015, 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 2016, the City population is estimated at approximately 100,053 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 adopt 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 pools 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 at an average 3.02% annually over the last five years. As of January of 2016, the City enjoys a 4.6% unemployment rate, which is slightly lower than the unemployment rate of 4.7% in Texas.

In January 2015, the City Council adopted short term, mid-term and long term strategic goals. "The Roadmap to the Future" identifies the development of Main Street into a downtown destination and identifying and establishing an area within the city for an innovation/business park as primary goals. 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.
  - Strategically located between the Ports of Houston, Freeport, Texas City and Galveston. Located at the nexus of I-45 and the future State Highway 99 expansion (Grand Parkway), which is a prime location for future businesses relating to expanded Panama Canal shipping capacity.
- A location that is less than 20 miles from Hobby International Airport with direct flights to Latin America and the Caribbean; within 15 miles of Ellington



Airport/Spaceport, one of only ten (10) federally approved Spaceports in the United States and the only one located within a major metropolitan area.

- 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 along Clear Lake and Clear Creek. The City is 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. A portion of Dickinson Independent School District is also located within League City, which is among the fastest growing school districts in the Houston area.

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

- The City continues to show growth in new housing starts. In 2015 the City saw the construction of 1,078 new homes.
- The City saw 139 new commercial tenant occupancies in 2015. These businesses included representation from the service, retail, and industrial sectors.
  - Located near the Big League Dreams Sports Park, Cabela's, a major outdoor retailer, has established their first store in the Houston market, opening on March 17, 2016. This 70,000 square foot retailer is expected to anchor a 90 acre retail development at this high profile site on Interstate Highway 45.



- A retail development is under construction for Hobbs Road which will include a 123,000 square foot Kroger's retail grocery store, restaurants and additional retail sites. 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 to follow. A Walmart Neighborhood Market opened in early calendar year 2016 along FM 518, the first of its type in the greater Bay Area region.
- The City's free market research program for entrepreneurs continues to expand. 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.
- The University of Texas Medical Branch (UTMB) continues to expand their presence in League City.
  - In early 2016 a \$90 million expansion project of the Victory Lakes campus opened. This project began in 2013 and added 142,000 square feet of clinic space, and 39 patient beds for inpatient stays of up to 72 hours.
  - A 135,000 square feet medical center facility in partnership with M.D. Anderson Cancer Center is scheduled to begin construction by late 2016.
  - Long term plans include a total of 800,000 square feet of medical facilities by 2020 and an ultimate buildout of 3 million square feet of medical space and 3 million square feet of parking on the 65 acre site in League City.
- In the fall of 2015, Memorial Hermann announced a 47,000 square foot clinic facility to be developed at Pinnacle Park.
- In conjunction with corporate office recruitment, and destination retailers, much of League City's primary job footprint and daytime population over the coming years will be associated with the medical industry.

### **Long Term Financial Planning**

The City of League City's most recent Long Range Financial Forecast (LRFF) for FY 2016-2020 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 2016-2020 released in July 2015. The CIP included priority projects that support the City's goals as identified in the "Roadmap to the Future."



The City's FY 2016 Budget was developed and built upon the same assumptions used in the LRFF and CIP. The final adopted budget included a property tax rate of \$0.5735 per \$100 of taxable value, with \$0.401 for maintenance and operations and \$0.1725 for the interest and sinking fund. This is a \$0.0235 reduction from the FY 2015 tax rate. Homeowners saw additional property tax relief through the expansion of the local option homestead exemption from 14% to the state maximum of 20% of assessed value.

The FY 2016 Budget also included the impact of a water and wastewater rate increase. Rates were adjusted, effective November 1, 2015 based upon a long range revenue study of the system. This shift to a block rate structure with increased rates, is expected to increase total system revenue by \$4 million annually.

During FY 2015, quarterly 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 2015 Capital Budget. The monitoring reports continue in FY 2016.

#### **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, 2015, 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 was completed in FY 2015, adding 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 2016. 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. Countryside was completed in April 2015 with South Shore and Calder Road anticipated to be completed in spring 2016.

A new two million gallon elevated storage tank and water well on the east side of the city is in under construction anticipated to be complete in 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 2016. Improvements to the Walker Street 500,000 gallon ground storage tank were also completed in FY 2015.

### Transportation, Traffic and Drainage Improvements

Transportation and traffic improvements continue to be a priority in the City. In FY 2015, the City completed the second phase of repairs and improvements to Landing Boulevard. Also completed in FY 2015 was the Brookport extension. Additional traffic signal equipment, including battery backups and surge protection was purchased as part of the CDBG Disaster Recovery Grant Round 2.2 in FY 2014 with installation completed by City staff in FY 2015.

In FY 2015, the City participated in two joint projects with the Texas Department of Transportation (TxDOT). The first project constructed access improvements along FM 518 at Palomino, Hobbs Road to IH-45, SH 3, and the Five Corners area. The second reversed the access ramps along Interstate 45 between the State Highway 96 and FM 646 exits to assist in alleviating congestion, improve access to abutting properties and enhance safety along the frontage road and at the interchanges. The City is currently designing a 1.7 mile four-lane divided suburban boulevard extension of 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 the spring of 2016.

The City is also participating in a joint project with Galveston County to convert Calder Road into a three lane concrete roadway with enclosed storm sewer. The project is still in the design phase, with construction anticipated to begin in the spring of 2016.

In a continued effort to improve drainage in the City, design of the Shellside stormwater management system is continued in 2015 with construction anticipated for spring of 2016. The project consists of construction of a major detention facility and outfall channel to transfer stormwater from the Dickinson Bayou Watershed into the Clear Creek Watershed. Annual stormwater improvements are planned with the continued design of the Interurban and Nottingham ditches. The Nottingham project is expected to be under construction in the spring of 2016.

#### City Facilities

The Police department completed relocation into the new Public Safety Facility and Jail in December 2014. The former police facility is under an adaptive reuse project to convert to a land management building and that will house Building Inspection, Code Compliance, Planning, Engineering, and Project Management staff. Replacement of the HVAC system and restroom facility repairs were completed in late 2015. Renovations to the lobby, storefront and interior offices are expected to be complete in the spring of 2016. The second phase of interior renovations at the Helen Hall Library was completed in 2015 which re-configured the circulation desk and entry foyer, renovate the restrooms, and create a resale space for donated books.

#### Parks Facilities

The City invested in eight segments, totaling 24,419 linear feet, of new hike and bike trails in FY 2015, with the project complete in September 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 opened in May 2015. Design began in the summer of 2015 for an additional entrance to the Chester L. Davis Sportsplex with the construction anticipated in the spring of 2016. The replacement of culvert at the Dr. Ned & Fay Dudney Clear Creek Nature Center began in FY 2015. This project will reconnect the lagoon to Clear Creek.

#### **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, 2014. This is the 31<sup>st</sup> 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,

A handwritten signature in blue ink that reads "Rebecca Underhill".

Rebecca Underhill, CPA  
Assistant City Manager / Director of Finance

A handwritten signature in black ink that reads "Lonna Stein".

Lonna Stein  
Assistant Director of Finance

CITY OF LEAGUE CITY, TEXAS  
PRINCIPAL OFFICIALS

List of Elected and Appointed Officials

Elected Officials	Position
Tim Paulissen	Mayor
Dan Becker	Council Member
Heidi Hansing	Council Member
Todd Kinsey	Council Member
Geri Bentley	Mayor Pro Tem
Keith Gross	Council Member
Nick Long	Council Member
Vacant	Council Member
Appointed Officials	Position
Mark Rohr	City Manager
Nghiem Doan	City Attorney
Diana Stapp	City Secretary
John Baumgartner	Deputy City Manager
Rebecca Underhill	Assistant City Manager/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
Angel Lopez	Director of Communications
Earl Smith	Director of Engineering
Michael Kramm	Chief of Police
Gary Warren	Fire Chief
Rick Harrah	Director of Public Works
Rick Beverlin	Director of Economic Development



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

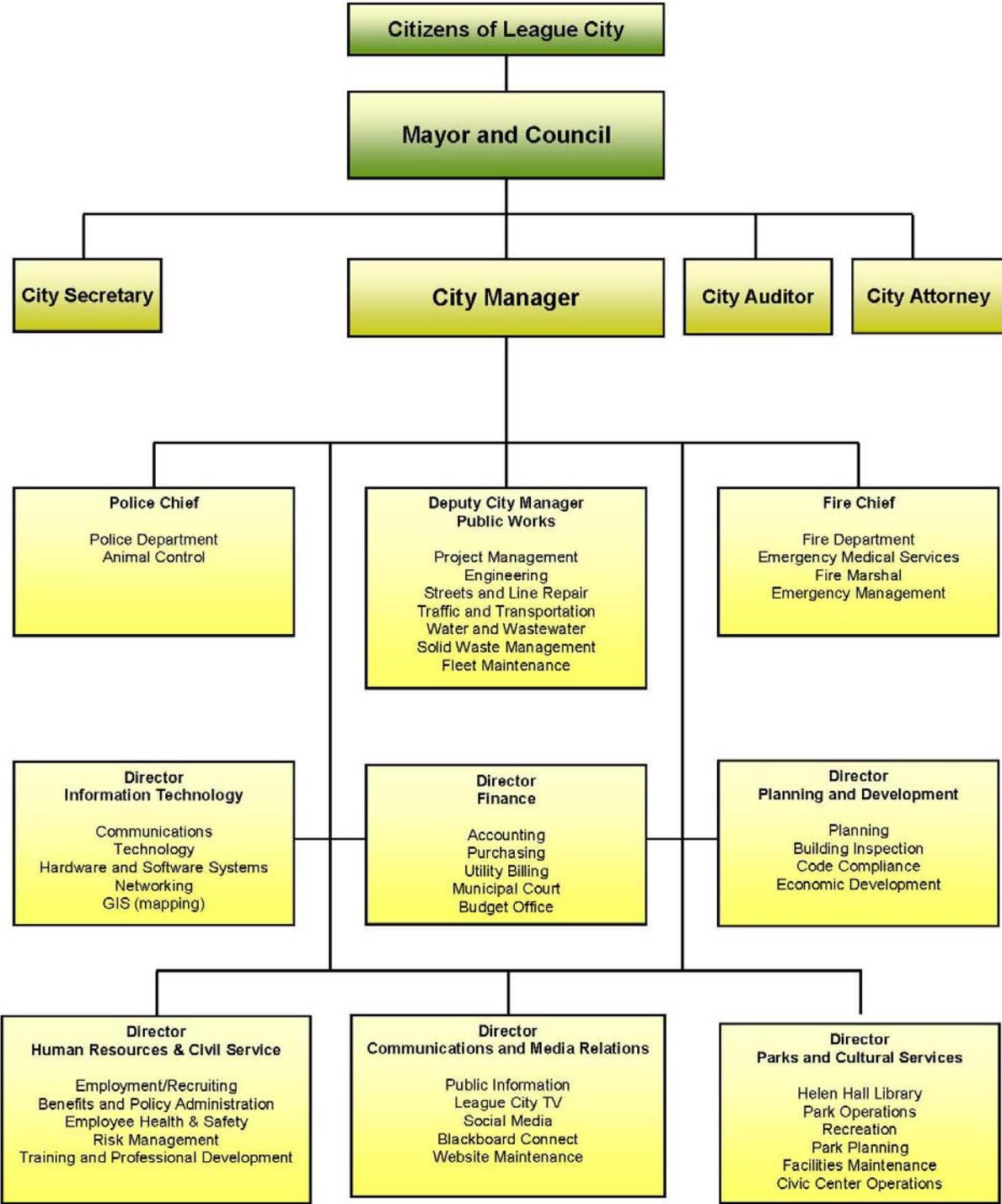
**City of League City  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# CITY OF LEAGUE CITY ORGANIZATIONAL CHART



## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
City Council Members of the  
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 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, 2015 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.

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

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

## **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 units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015 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.

## **Emphasis of Matter**

As discussed in Note 12 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB 68* as of September 30, 2015. Beginning net position has been restated to reflect the change in accounting principle from these statements. Our opinions are not modified with respect to this matter.

## **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, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule 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.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, 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 21, 2016



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 governmental 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 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund which are considered to be major funds for reporting purposes. The 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 and treatment operations. The proprietary fund financial statements provide separate information for the water distribution and wastewater collection and 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, employee benefits, and capital replacement. 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 \$424,387,335 as of September 30, 2015 for the primary government. This compares with \$398,631,498 from the prior fiscal year. The largest portion of the City's net position, 90 percent, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

### Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 71,362,481	\$ 69,672,469	\$ 75,574,105	\$ 82,263,160	\$146,936,586	\$151,935,629
Capital assets, net	291,853,853	278,034,820	284,532,816	257,157,886	576,386,669	535,192,706
<b>Total Assets</b>	<b>\$363,216,334</b>	<b>\$347,707,289</b>	<b>\$360,106,921</b>	<b>\$339,421,046</b>	<b>\$723,323,255</b>	<b>\$687,128,335</b>
Deferred charges on refunding	1,098,441	1,169,423	369,845	506,323	1,468,286	1,675,746
Deferred resource outflow related to net pension liability	3,553,281	-	619,196	-	4,172,477	-
<b>Total deferred outflows of resources</b>	<b>4,651,722</b>	<b>1,169,423</b>	<b>989,041</b>	<b>506,323</b>	<b>5,640,763</b>	<b>1,675,746</b>
Long-term liabilities	134,390,764	124,817,009	155,303,902	144,672,228	289,694,666	269,489,237
Other liabilities	7,239,166	13,461,705	6,012,297	7,221,641	13,251,463	20,683,346
<b>Total liabilities</b>	<b>141,629,930</b>	<b>138,278,714</b>	<b>161,316,199</b>	<b>151,893,869</b>	<b>302,946,129</b>	<b>290,172,583</b>
Deferred gain on issuance of bonds	-	-	631,339	-	631,339	-
Deferred resource inflows related to net pension liability	850,931	-	148,284	-	999,215	-
<b>Total deferred inflows of resources</b>	<b>850,931</b>	<b>-</b>	<b>779,623</b>	<b>-</b>	<b>1,630,554</b>	<b>-</b>
<b>Net Position:</b>						
Net investment in capital assets	193,389,209	172,449,008	189,014,844	171,411,024	382,404,053	343,860,032
Restricted	13,607,697	13,276,159	5,950,631	8,708,139	19,558,328	21,984,298
Unrestricted	18,390,289	24,872,831	4,034,665	7,914,337	22,424,954	32,787,168
<b>Total net position</b>	<b>\$225,387,195</b>	<b>\$210,597,998</b>	<b>\$199,000,140</b>	<b>\$188,033,500</b>	<b>\$424,387,335</b>	<b>\$398,631,498</b>

A portion of the primary government's net position, \$19,558,328, or 4.6 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$22,424,954, or 5.4 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

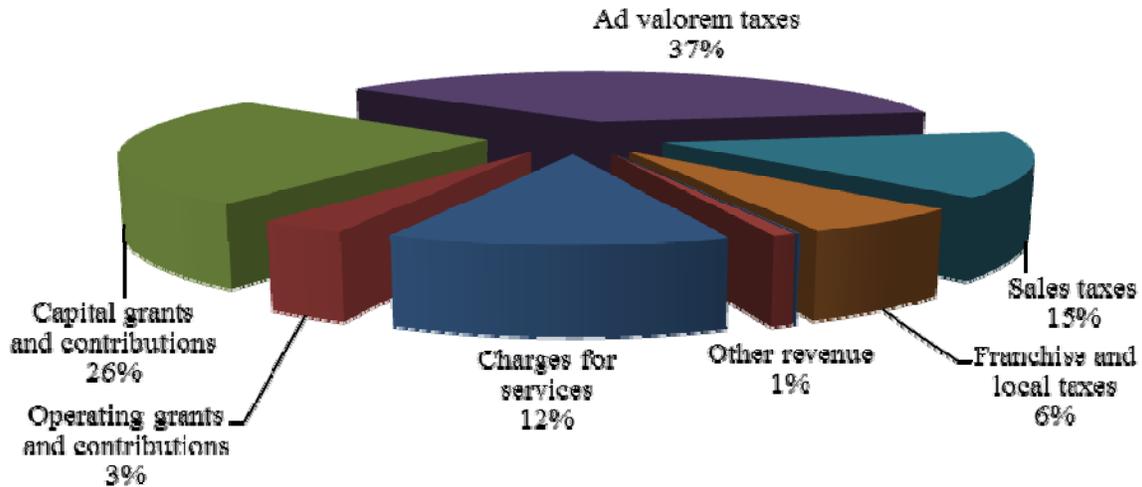
The City's total net position increased by \$42,338,340 during the current fiscal year. This increase included \$38,624,663 in capital grants and contributions.

**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	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 12,284,453	\$ 10,432,512	\$ 29,291,719	\$ 29,284,003	\$ 41,576,172	\$ 39,716,515
Operating grants and contributions	3,878,927	3,084,319	-	-	3,878,927	3,084,319
Capital grants and contributions	25,108,315	26,277,018	13,516,348	13,540,923	38,624,663	39,817,941
General revenues:						
Ad valorem taxes	36,335,584	34,663,278	-	-	36,335,584	34,663,278
Sales taxes	14,923,809	13,823,196	-	-	14,923,809	13,823,196
Franchise and local taxes	6,055,164	5,725,179	-	-	6,055,164	5,725,179
Investment earnings	69,707	51,719	81,035	54,828	150,742	106,547
Other revenue	502,014	1,746,482	-	-	502,014	1,746,482
<b>Total revenues</b>	<b>99,157,973</b>	<b>95,803,703</b>	<b>42,889,102</b>	<b>42,879,754</b>	<b>142,047,075</b>	<b>138,683,457</b>
<b>Expenses</b>						
General government	13,805,776	13,318,257	-	-	13,805,776	13,318,257
Public safety	24,832,669	24,139,580	-	-	24,832,669	24,139,580
Public works	21,849,163	26,756,596	-	-	21,849,163	26,756,596
Community services	7,849,582	8,072,245	-	-	7,849,582	8,072,245
Interest and fiscal charges	3,884,858	4,376,432	-	-	3,884,858	4,376,432
Water and sewer	-	-	27,257,022	24,440,868	27,257,022	24,440,868
<b>Total expenses</b>	<b>72,222,048</b>	<b>76,663,110</b>	<b>27,257,022</b>	<b>24,440,868</b>	<b>99,479,070</b>	<b>101,103,978</b>
Excess (deficiency) of revenues over (under) expenses	26,935,925	19,140,593	15,632,080	18,438,886	42,568,005	37,579,479
Transfers in/(out)	2,188,265	2,616,555	(2,188,265)	(2,616,555)	-	-
Gain (loss) on sale of capital assets	(228,103)	-	(1,562)	11,392	(229,665)	11,392
<b>Changes in net position</b>	<b>28,896,087</b>	<b>21,757,148</b>	<b>13,442,253</b>	<b>15,833,723</b>	<b>42,338,340</b>	<b>37,590,871</b>
<b>Beginning net position - as originally reported</b>	<b>210,597,998</b>	<b>188,840,850</b>	<b>188,033,500</b>	<b>172,199,777</b>	<b>398,631,498</b>	<b>361,040,627</b>
<b>Implementation of change in accounting principle</b>	<b>(14,106,890)</b>	<b>-</b>	<b>(2,475,613)</b>	<b>-</b>	<b>(16,582,503)</b>	<b>-</b>
<b>Beginning net position - as restated</b>	<b>196,491,108</b>	<b>188,840,850</b>	<b>185,557,887</b>	<b>172,199,777</b>	<b>382,048,995</b>	<b>361,040,627</b>
<b>Ending net position</b>	<b>\$ 225,387,195</b>	<b>\$ 210,597,998</b>	<b>\$ 199,000,140</b>	<b>\$ 188,033,500</b>	<b>\$ 424,387,335</b>	<b>\$ 398,631,498</b>

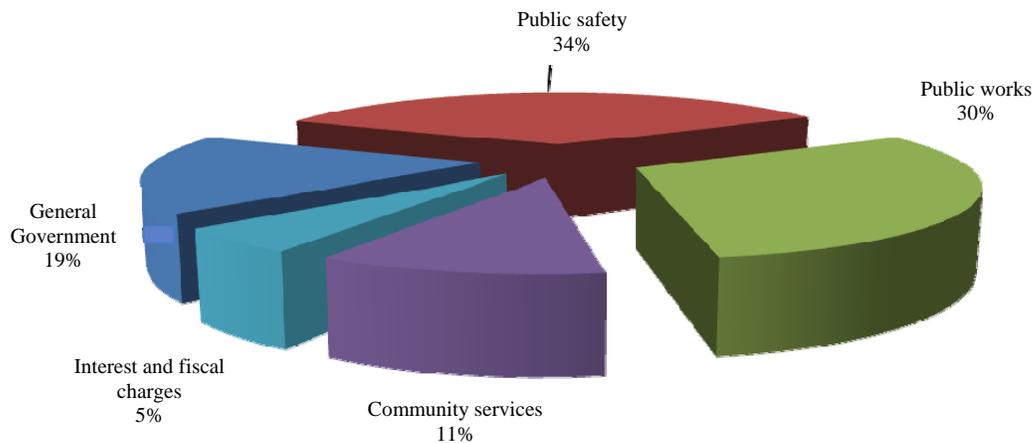
## Governmental Activities - Revenues



For the year ended September 30, 2015, total revenues from governmental activities were \$99,157,973, compared with \$95,803,703 in the prior year. This \$3,354,270 increase is due to increases in ad valorem taxes (\$1,672,306), sales tax (\$1,100,613), franchise tax (\$329,985), operating grants and contributions (\$794,608) and charges for services (\$1,851,941). These gains were offset somewhat by declines in capital grants and contributions (\$1,168,703) and other revenue (\$1,244,468).

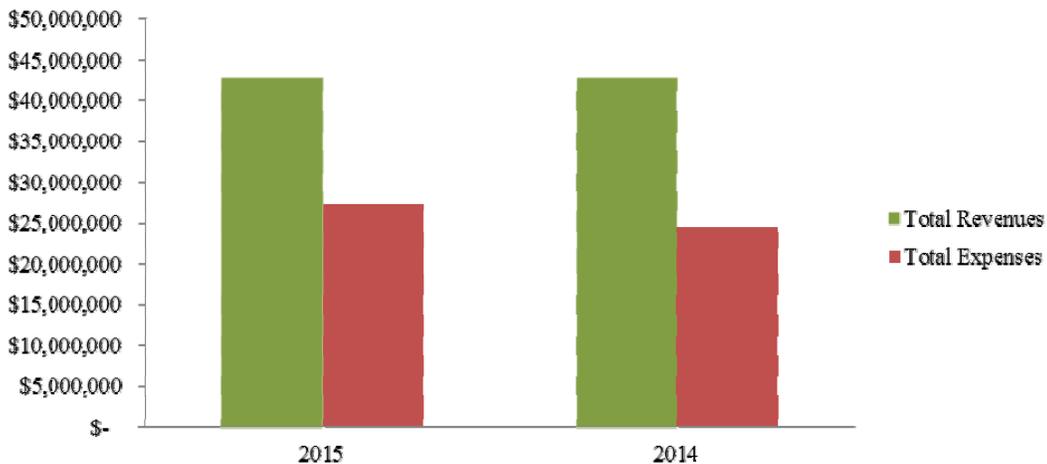
While City Council adopted property tax reduction through increased local option homestead exemption, ad valorem revenue continues to increase through expanded residential and commercial development, along with overall increases in property values. Sales tax revenue increased as a result of a boost in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

## Governmental Activities - Expenses



Governmental expenses decreased by \$4,441,062 from the prior year. This decrease is primarily due to decreased cost in public works, with decreased capital projects activities both from the city and the development community. Decreased costs in community services and debt service are also reflected in fiscal year 2015. These decreases are offset, somewhat, by increased public safety and general government expenditures.

## Business Type Activities - Revenues and Expenses



Overall, business-type activity revenues increased by \$9,348 from the prior period, including a \$26,207 increase in investment earnings and decrease of \$24,575 in capital grants due to a decrease in contributions of infrastructure from developers and an increase in charges for service of \$7,716. Water Utility revenue did not increase, despite an increase in the number of customers. The City experienced unusually high rainfall during the summer of 2015.

## 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 \$57,601,967. This balance is restricted, assigned and unassigned as follows:

Nonspendable	\$ 228,326
Restricted for	
Debt service	4,114,446
Capital projects	10,721,206
Municipal court	66,124
Hotel occupancy tax	857,631
Emergency management	180,401
Public access channel	985,249
Tax increment reinvestment zone	6,006,964
Public improvement district	1,372,520
Assigned to	
Operating reserve	13,218,693
Special revenue funds	2,293,398
Capital projects funds	9,098,520
Unassigned	8,458,489
	<u>\$ 57,601,967</u>

There was an increase in the combined fund balance of all governmental funds of \$5,152,814 from the prior year. This is primarily due to the \$6,096,747 increase in in fund balance in the General Fund. The debt service fund balance increased by \$1,252,587. Meanwhile, the nonmajor governmental funds decreased the total fund balance by \$2,196,520. This was primarily due to a decrease in the fund balances in the capital project funds as projects have been built. In addition the Tax Increment Reinvestment Zone #2 fund balance decreased \$739,257 due to the redemption of bonds outstanding. The Public Improvement District #1 fund balance decreased \$1,266,553 due to the disposition of funds pursuant to a court order.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance reached \$22,440,097. 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 43.4 percent of general fund operating expenditures. At year end, the City's 90 day operating reserve was \$13,218,693, representing 25.6 percent 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 increase in General Fund balance of \$1,100,250. The final fund balance for the year increased \$6,096,747. Revenues per the amended budget exceeded actual revenues by \$2,384,913 primarily due to the increases in sales tax, permits and charges for services. Actual sales tax revenue exceeded the amended budget amount by \$748,809, building permits fees exceeded budget by \$493,683, and fines and forfeitures exceeded budget by \$153,201. Other than ad valorem taxes, the remaining revenue lines showed positive budget variances.

Actual expenditures were under the amended budget by \$2,601,584. This positive variance from the amended budget was primarily a result of 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 year 2015, the City's governmental and business-type activities had invested \$576,386,669 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$41,193,963 from 2014.

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

- Developer contributions of infrastructure in the amount of \$15,784,879 for governmental activities and \$13,516,348 for business-type activities
- South Shore Harbour Pump Station Expansion construction in the amount of \$9,307,100
- Calder Road Booster Station construction in the amount of \$6,706,315
- Water Line Upgrade construction in the amount of \$1,852,181
- 2012 Hike and Bike Phase 1 construction in the amount of \$1,603,876
- South Highway 3 Water Booster Station construction in the amount of \$1,311,699
- Countryside and Westover Park Lift Station construction in the amount of \$1,295,529
- Hometown Heroes Park construction in the amount of \$1,192,747

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 \$248,435,000. Of this amount, \$60,935,000 was general obligation debt, \$49,555,000 was revenue bond debt, \$136,515,000 was certificates of obligation, and contract revenue bonds accounted for the remaining \$1,430,000. 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. While the energy industry has been 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, 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 2016. 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 Assistant City Manager / Director of Finance, 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](http://www.leaguecity.com).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LEAGUE CITY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 50,519,032	\$ 4,711,486	\$ 55,230,518	\$ 3,712,010
Investments	11,293,187	-	11,293,187	-
Receivables, net	7,888,702	4,167,315	12,056,017	430,315
Restricted cash and cash equivalents	1,402,868	51,284,037	52,686,905	650,242
Restricted investments	-	15,150,711	15,150,711	-
Inventories	29,844	183,288	213,132	-
Prepaid items	228,326	77,790	306,116	-
Internal balances	522	(522)	-	-
	<u>71,362,481</u>	<u>75,574,105</u>	<u>146,936,586</u>	<u>4,792,567</u>
Capital assets				
Non-depreciable	30,177,705	58,855,316	89,033,021	-
Net depreciable capital assets	261,676,148	225,677,500	487,353,648	-
Total capital assets	<u>291,853,853</u>	<u>284,532,816</u>	<u>576,386,669</u>	<u>-</u>
<b>Total assets</b>	<u>363,216,334</u>	<u>360,106,921</u>	<u>723,323,255</u>	<u>4,792,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,098,441	369,845	1,468,286	-
Deferred resource outflow related to net pension liability	3,553,281	619,196	4,172,477	-
<b>Total deferred outflow of resources</b>	<u>4,651,722</u>	<u>989,041</u>	<u>5,640,763</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>367,868,056</u>	<u>361,095,962</u>	<u>728,964,018</u>	<u>4,792,567</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	5,669,795	4,232,007	9,901,802	397,695
Customer deposits	22,768	933,032	955,800	-
Accrued interest payable	546,620	847,258	1,393,878	-
Unearned revenue	999,983	-	999,983	-
	<u>7,239,166</u>	<u>6,012,297</u>	<u>13,251,463</u>	<u>397,695</u>
Noncurrent liabilities				
Due within one year	10,037,050	7,080,595	17,117,645	-
Due in more than a year	105,833,523	144,995,975	250,829,498	-
Net pension liability	18,520,191	3,227,332	21,747,523	-
Total noncurrent liabilities	<u>134,390,764</u>	<u>155,303,902</u>	<u>289,694,666</u>	<u>-</u>
<b>Total liabilities</b>	<u>141,629,930</u>	<u>161,316,199</u>	<u>302,946,129</u>	<u>397,695</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on issuance of refunding bonds	-	631,339	631,339	-
Deferred resource inflows related to net pension liability	850,931	148,284	999,215	-
<b>Total deferred inflow of resources</b>	<u>850,931</u>	<u>779,623</u>	<u>1,630,554</u>	<u>-</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>142,480,861</u>	<u>162,095,822</u>	<u>304,576,683</u>	<u>397,695</u>
<b>NET POSITION</b>				
Net investment in capital assets	193,389,209	189,014,844	382,404,053	-
Restricted for				
Debt service	4,138,808	5,950,631	10,089,439	650,000
Municipal court	66,124	-	66,124	-
Hotel occupancy tax	857,631	-	857,631	-
Emergency management	180,401	-	180,401	-
Public access channel	985,249	-	985,249	-
Tax increment reinvestment	6,006,964	-	6,006,964	-
Public improvement district	1,372,520	-	1,372,520	-
Unrestricted	18,390,289	4,034,665	22,424,954	3,744,872
<b>Total net position</b>	<u>\$ 225,387,195</u>	<u>\$ 199,000,140</u>	<u>\$ 424,387,335</u>	<u>\$ 4,394,872</u>

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, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental activities</b>				
General government	\$ 13,805,776	\$ 6,359,071	\$ -	\$ -
Public safety	24,832,669	2,228,700	575,303	17,300
Public works	21,849,163	2,844,003	1,190,521	25,091,015
Community services	7,849,582	852,679	2,113,103	-
Interest and fiscal agent fees	3,884,858	-	-	-
<b>Total governmental activities</b>	<b>72,222,048</b>	<b>12,284,453</b>	<b>3,878,927</b>	<b>25,108,315</b>
<b>Business-type activities</b>				
Water and sewer	27,257,022	29,291,719	-	13,516,348
<b>Total business-type activities</b>	<b>27,257,022</b>	<b>29,291,719</b>	<b>-</b>	<b>13,516,348</b>
<b>Total primary government</b>	<b>99,479,070</b>	<b>41,576,172</b>	<b>3,878,927</b>	<b>38,624,663</b>
<b>COMPONENT UNITS</b>				
<b>Governmental activities</b>	4,138,381	-	24,549	-
<b>Total component units</b>	<b>\$ 4,138,381</b>	<b>\$ -</b>	<b>\$ 24,549</b>	<b>\$ -</b>

**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 - as originally reported**  
**Implementation of change in accounting principle (See Note 12)**  
**Beginning net position - as restated**  
**Ending net position**

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (7,446,705)	\$ -	\$ (7,446,705)	\$ -
(22,011,366)	-	(22,011,366)	-
7,276,376	-	7,276,376	-
(4,883,800)	-	(4,883,800)	-
(3,884,858)	-	(3,884,858)	-
(30,950,353)	-	(30,950,353)	-
-	15,551,045	15,551,045	-
-	15,551,045	15,551,045	-
(30,950,353)	15,551,045	(15,399,308)	-
-	-	-	(4,113,832)
-	-	-	(4,113,832)
36,335,584	-	36,335,584	-
14,923,809	-	14,923,809	2,487,302
6,055,164	-	6,055,164	-
69,707	81,035	150,742	2,414
502,014	-	502,014	-
(228,103)	(1,562)	(229,665)	-
2,188,265	(2,188,265)	-	-
59,846,440	(2,108,792)	57,737,648	2,489,716
28,896,087	13,442,253	42,338,340	(1,624,116)
210,597,998	188,033,500	398,631,498	6,018,988
(14,106,890)	(2,475,613)	(16,582,503)	-
196,491,108	185,557,887	382,048,995	6,018,988
<u>\$ 225,387,195</u>	<u>\$ 199,000,140</u>	<u>\$ 424,387,335</u>	<u>\$ 4,394,872</u>

**CITY OF LEAGUE CITY, TEXAS  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	General Fund	Debt Service	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,465,255	\$ 3,890,160	\$ 32,961,431	\$ 47,316,846
Investments	10,086,293	-	201,394	10,287,687
Receivables, net	6,558,668	672,649	516,478	7,747,795
Restricted cash and cash equivalents	-	-	1,402,868	1,402,868
Due from other funds	813,631	13,431	-	827,062
Prepaid items	193,753	-	34,573	228,326
<b>Total assets</b>	<b>\$ 28,117,600</b>	<b>\$ 4,576,240</b>	<b>\$ 35,116,744</b>	<b>\$ 67,810,584</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,122,730	\$ 31,837	\$ 2,289,687	\$ 5,444,254
Customer deposits	19,118	-	3,650	22,768
Due to other funds	456,674	1,460	753,714	1,211,848
Unearned revenue	-	-	999,983	999,983
<b>Total liabilities</b>	<b>3,598,522</b>	<b>33,297</b>	<b>4,047,034</b>	<b>7,678,853</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - court fines and warrants	650,485	-	-	650,485
Unavailable revenue - refuse	663,230	-	-	663,230
Unavailable revenue - property taxes	765,266	428,497	2,741	1,196,504
Unavailable revenue - special assessments	-	-	19,545	19,545
<b>Total deferred inflows of resources</b>	<b>2,078,981</b>	<b>428,497</b>	<b>22,286</b>	<b>2,529,764</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	193,753	-	34,573	228,326
Restricted for				
Debt service	-	4,114,446	-	4,114,446
Capital projects	-	-	10,721,206	10,721,206
Municipal court	-	-	66,124	66,124
Hotel occupancy tax	-	-	857,631	857,631
Emergency management	-	-	180,401	180,401
Public access channel	-	-	985,249	985,249
Tax increment reinvestment zone	-	-	6,006,964	6,006,964
Public improvement district	-	-	1,372,520	1,372,520
Assigned to				
Operating reserve	13,218,693	-	-	13,218,693
Special revenue funds	-	-	2,293,398	2,293,398
Capital project funds	-	-	9,098,520	9,098,520
Unassigned	9,027,651	-	(569,162)	8,458,489
<b>Total fund balances</b>	<b>22,440,097</b>	<b>4,114,446</b>	<b>31,047,424</b>	<b>57,601,967</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 28,117,600</b>	<b>\$ 4,576,240</b>	<b>\$ 35,116,744</b>	<b>\$ 67,810,584</b>

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, 2015**

**Total fund balances - governmental funds** \$ 57,601,967

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	30,177,705	
Capital assets - depreciable	<u>257,283,894</u>	287,461,599

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 2,529,764

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. 8,930,458

Some liabilities and assets including bonds payable, deferred outflows of resources, and deferred inflows of resources are not reported in the governmental funds.

Net pension liability	(18,520,191)	
Accrued interest	(546,620)	
Deferred charge on refunding	1,098,441	
Deferred resource outflow related to net pension liability	3,553,281	
Deferred resource inflow related to net pension liability	(850,931)	
Non-current liabilities due in one year	(10,037,050)	
Non-current liabilities due in more than one year	<u>(105,833,523)</u>	<u>(131,136,593)</u>

**Net position of governmental activities** \$ 225,387,195

**CITY OF LEAGUE CITY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

	General Fund	Debt Service	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>				
Ad valorem taxes	\$ 22,648,434	\$ 11,163,437	\$ 2,595,644	\$ 36,407,515
Sales taxes	14,923,809	-	-	14,923,809
Franchise and local taxes	5,214,444	-	243,664	5,458,108
Other taxes	199,103	-	397,953	597,056
Licenses and permits	3,314,882	-	-	3,314,882
Fines and forfeitures	1,898,201	-	84,919	1,983,120
Charges for services	6,471,882	-	705,684	7,177,566
Other revenue	1,286,518	-	119,087	1,405,605
Contributions	162,136	256,797	4,186,878	4,605,811
Assessments	-	-	2,111,351	2,111,351
Investment earnings	43,315	6,598	18,070	67,983
Intergovernmental	210,165	-	2,837,070	3,047,235
<b>Total revenues</b>	<u>56,372,889</u>	<u>11,426,832</u>	<u>13,300,320</u>	<u>81,100,041</u>
<b>EXPENDITURES</b>				
Current				
General government	9,870,812	1,542,100	2,015,757	13,428,669
Public safety	23,499,756	-	266,826	23,766,582
Public works	13,417,969	-	2,129,517	15,547,486
Community services	4,606,561	-	965,493	5,572,054
Capital outlay	332,792	-	6,445,624	6,778,416
Debt service				
Principal	-	5,046,939	6,115,000	11,161,939
Interest and fiscal charges	-	3,585,206	676,908	4,262,114
<b>Total expenditures</b>	<u>51,727,890</u>	<u>10,174,245</u>	<u>18,615,125</u>	<u>80,517,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,644,999</u>	<u>1,252,587</u>	<u>(5,314,805)</u>	<u>582,781</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuances	-	-	3,020,000	3,020,000
Premium on bonds	-	-	134,199	134,199
Transfers in	3,333,000	-	1,108,821	4,441,821
Transfers (out)	(1,881,252)	-	(1,144,735)	(3,025,987)
<b>Total other financing sources (uses)</b>	<u>1,451,748</u>	<u>-</u>	<u>3,118,285</u>	<u>4,570,033</u>
<b>Net change in fund balances</b>	6,096,747	1,252,587	(2,196,520)	5,152,814
<b>FUND BALANCES, BEGINNING OF YEAR</b>	16,343,350	2,861,859	33,243,944	52,449,153
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 22,440,097</u>	<u>\$ 4,114,446</u>	<u>\$ 31,047,424</u>	<u>\$ 57,601,967</u>

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, 2015**

**Net changes in fund balances - Total governmental funds** \$ 5,152,814

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	(10,556,661)
Capital outlay	6,778,416

Capital contributions by outside entities are not recorded in governmental funds as the contributions do not represent current resources.	18,608,109
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	73,099
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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 when it is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond issuances	(3,020,000)
Premium on bond issuances	(134,199)
Acquisition of debt	(625,000)
Principal repayments	11,161,939
Amortization of bond premiums	423,876
Amortization of deferred charges on refunding	(70,982)
Accrued interest	24,362
Compensated absences	(502,160)
Net other post employment benefits obligation	(395,224)
Net pension liability	326,253

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.	1,651,445
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**Change in net position of governmental activities** \$ 28,896,087

**CITY OF LEAGUE CITY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Internal Service</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,711,486	\$ 3,202,186
Investments	-	1,005,500
Receivables, net	4,167,315	140,907
Due from other funds	-	443,243
Inventories	183,288	29,844
Restricted cash and cash equivalents		
Customer deposits	933,032	-
Capital projects	46,558,183	-
Debt service	3,792,822	-
Restricted investments		
Capital projects	12,145,644	-
Debt service	3,005,067	-
Prepaid items	77,790	-
<b>Total current assets</b>	<b>75,574,627</b>	<b>4,821,680</b>
<b>Noncurrent assets</b>		
Capital assets		
Non-depreciable	58,855,316	-
Net depreciable capital assets	225,677,500	4,392,254
Total capital assets, net of accumulated depreciation	284,532,816	4,392,254
<b>Total noncurrent assets</b>	<b>284,532,816</b>	<b>4,392,254</b>
<b>Total assets</b>	<b>360,107,443</b>	<b>9,213,934</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	369,845	-
Deferred resource outflow related to net pension liability	619,196	-
<b>Total deferred outflows of resources</b>	<b>\$ 989,041</b>	<b>\$ -</b>

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, 2015  
(CONTINUED)**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Internal Service</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,232,007	\$ 225,541
Accrued interest payable	847,258	-
Due to other funds	522	57,935
Customer deposits	933,032	-
Compensated absences	339,658	-
Bonds, notes, and loans payable	6,740,937	-
<b>Total current liabilities</b>	<b>13,093,414</b>	<b>283,476</b>
<b>Noncurrent liabilities</b>		
Compensated absences	196,733	-
Net other post employment benefits obligation	211,708	-
Net pension liability	3,227,332	-
Bonds, notes, and loans payable	144,587,534	-
<b>Total noncurrent liabilities</b>	<b>148,223,307</b>	<b>-</b>
<b>Total liabilities</b>	<b>161,316,721</b>	<b>283,476</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on issuance of refunding bonds	631,339	-
Deferred resource inflows related to net pension liability	148,284	-
<b>Total deferred inflows of resources</b>	<b>779,623</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>162,096,344</b>	<b>283,476</b>
<b>NET POSITION</b>		
Net investment in capital assets	189,014,844	4,392,254
Restricted for debt service	5,950,631	-
Unrestricted	4,034,665	4,538,204
<b>Total net position</b>	<b>\$ 199,000,140</b>	<b>\$ 8,930,458</b>

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, 2015**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 28,624,718	\$ 14,753,009
Other	667,001	281,508
<b>Total operating revenues</b>	<u>29,291,719</u>	<u>15,034,517</u>
<b>OPERATING EXPENSES</b>		
Personnel	5,489,217	626,741
Contractual services	4,385,399	9,523
Utilities	1,544,698	-
Insurance	-	11,453,455
Repairs and maintenance	1,316,770	612,851
Other supplies and expenses	902,321	60,427
Depreciation	5,753,210	1,166,127
<b>Total operating expenses</b>	<u>19,391,615</u>	<u>13,929,124</u>
<b>Operating income</b>	<u>9,900,104</u>	<u>1,105,393</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	81,035	1,724
Interest expense	(7,865,407)	-
Loss on disposal of capital assets	(1,562)	(228,103)
<b>Total nonoperating revenues (expenses)</b>	<u>(7,785,934)</u>	<u>(226,379)</u>
<b>Income before contributions and transfers</b>	<u>2,114,170</u>	<u>879,014</u>
<b>CAPITAL CONTRIBUTIONS</b>	13,516,348	-
<b>TRANSFERS, NET</b>	<u>(2,188,265)</u>	<u>772,431</u>
<b>Change in net position</b>	13,442,253	1,651,445
<b>BEGINNING NET POSITION - AS ORIGINALLY REPORTED</b>	188,033,500	7,279,013
<b>IMPLEMENTATION OF CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE 12)</b>	<u>(2,475,613)</u>	<u>-</u>
<b>BEGINNING NET POSITION - AS RESTATED</b>	<u>185,557,887</u>	<u>7,279,013</u>
<b>ENDING NET POSITION</b>	<u>\$ 199,000,140</u>	<u>\$ 8,930,458</u>

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, 2015**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 30,158,542	\$ 14,450,367
Payments to suppliers	(9,698,034)	(11,992,496)
Payments to employees	(2,427,481)	(623,245)
<b>Net cash provided by operating activities</b>	<b>18,033,027</b>	<b>1,834,626</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	(2,188,265)	(1,291,143)
Transfers in	-	2,063,574
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(2,188,265)</b>	<b>772,431</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from debt issuances	34,862,162	
Principal payments on debt	(29,287,838)	-
Acquisition and construction of capital assets	(19,613,356)	(383,400)
Interest and fiscal charges	(7,956,953)	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(21,995,985)</b>	<b>(383,400)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(7,502,550)	(1,005,500)
Interest on investments	81,035	1,724
<b>Net cash (used in) investing activities</b>	<b>(7,421,515)</b>	<b>(1,003,776)</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>(13,572,738)</b>	<b>1,219,881</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>69,568,261</b>	<b>1,982,305</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 55,995,523</b>	<b>\$ 3,202,186</b>
<b>Unrestricted cash and cash equivalents</b>	<b>\$ 4,711,486</b>	<b>\$ 3,202,186</b>
<b>Restricted cash and cash equivalents</b>	<b>51,284,037</b>	<b>-</b>
<b>Total cash and cash equivalents</b>	<b>\$ 55,995,523</b>	<b>\$ 3,202,186</b>

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, 2015  
(CONTINUED)**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Internal Service</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 9,900,104	\$ 1,105,393
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	5,753,210	1,166,127
Change in assets and liabilities:		
Accounts receivable	690,990	(140,907)
Due from other funds	-	(443,243)
Inventories	7,077	(8,537)
Prepaid items	(77,790)	-
Accounts payable and accrued liabilities	(1,476,723)	148,047
Compensated absences	96,235	-
Customer deposits	175,833	-
Net other post employment benefits obligation	75,829	-
Net pension liability	2,889,672	-
Due to other funds	(1,410)	7,746
	<b>\$ 18,033,027</b>	<b>\$ 1,834,626</b>
<b>NONCASH CAPITAL ACTIVITIES</b>		
Capital assets contributed during the year	<b>\$ 5,827,082</b>	<b>\$ -</b>

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, 2015**

	<b>4B Industrial Development Corporation</b>	<b>Volunteer Fire Department</b>	<b>Total Discretely Presented Component Units</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,638,303	\$ 73,707	\$ 3,712,010
Receivables, net	430,315	-	430,315
Restricted cash and cash equivalents	650,242	-	650,242
<b>Total assets</b>	<b>4,718,860</b>	<b>73,707</b>	<b>4,792,567</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	397,695	-	397,695
<b>Total liabilities</b>	<b>397,695</b>	<b>-</b>	<b>397,695</b>
<b>NET POSITION</b>			
Restricted	650,000	-	650,000
Unrestricted	3,671,165	73,707	3,744,872
<b>Total net position</b>	<b>\$ 4,321,165</b>	<b>\$ 73,707</b>	<b>\$ 4,394,872</b>

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, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Programs Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Component Units</b>			
4B Industrial Development Corporation	\$ 4,110,173	\$ -	\$ -
Volunteer Fire Department	28,208	-	24,549
<b>Total component units</b>	<b>\$ 4,138,381</b>	<b>\$ -</b>	<b>\$ 24,549</b>

**General revenues**

Sales tax

Investment earnings

Total general revenues

Change in net position

**Beginning net position**

**Ending net position**

<b>4B Industrial Development Corporation</b>	<b>Volunteer Fire Department</b>	<b>Total</b>
\$ (4,110,173)	\$ -	\$ (4,110,173)
<u>-</u>	<u>(3,659)</u>	<u>(3,659)</u>
<u>(4,110,173)</u>	<u>(3,659)</u>	<u>(4,113,832)</u>
2,487,302	-	2,487,302
<u>2,414</u>	<u>-</u>	<u>2,414</u>
<u>2,489,716</u>	<u>-</u>	<u>2,489,716</u>
<u>(1,620,457)</u>	<u>(3,659)</u>	<u>(1,624,116)</u>
<u>5,941,622</u>	<u>77,366</u>	<u>6,018,988</u>
<u>\$ 4,321,165</u>	<u>\$ 73,707</u>	<u>\$ 4,394,872</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL 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 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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. The projects developed by the Corporation serve the citizens of the City.

**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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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. In 2013, two sections of the four existing sections of this development were reassessed at a significant reduction in assessment rate. Excess funds were available and a claims process was initiated. After the receipt of multiple, competing claims for the funds, the funds were placed in the registry of state court and a court action was initiated. On March 13, 2015, a judge ruled on the distribution of the contested claims and the City recorded a liability of \$1,382,495 for potential refunds.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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 3 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 #3 and South Shore Harbour MUD #6 were dissolved during fiscal year 2015. 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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 for the 2015 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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 and the capital replacement of vehicles and equipment for the City's fleet, 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC 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, TexSTAR and LoneStar), 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.

**CITY OF LEAGUE CITY, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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 and in investment pools are displayed on the combined balance sheet as "cash and cash equivalent." 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, TexStar, and Lone Star 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 its 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	30 years
Equipment	5 years
Water rights	50 years
Water and sewer system	50 years
Infrastructure	50 years

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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 has two items that qualify for reporting in this category. They are the deferred charge on refunding bonds and deferred resource outflow related to the net pension liability which are 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. The deferred resource outflow related to net pension liability results from differences in projected and actual earnings on plan investments and contributions made subsequent to the measurement date.

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 under the modified accrual basis of accounting, 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. Additionally, the City has two types of items which are reported in the government-wide and proprietary fund Statement of Net Position. These items are deferred gain on issuance of refunding bonds and deferred resource inflow related to net pension liability. Deferred gain on issuance of refunding bonds 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. The deferred resource inflow related to net pension liability results from differences in expected and actual experience.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**L. Compensated Employee Absences**

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrual rates for all regular full-time employees, excluding Civil Service and Emergency Medical Service employees, shall accrue the following hours of vacation.

<b>Length of Service (Months)</b>	<b>Maximum Vacation Leave Accrual</b>
6 month - 4 years	10 work days
5 - 9 years	15 work days
10 - 14 years	20 work days
15 -19 years	25 work days
Over 20 years	30 work days

Regular full-time employees hired after August 1, 2015 will have an annual cap of 20 work days beginning on their 15<sup>th</sup> year of employment with the City. Regular full-time employees hired prior August 1, 2015 will have an annual cap of 30 work days beginning on their 20<sup>th</sup> year of employment with the City. Unused vacation accumulated, up to certain amounts, may be paid to employees upon termination of employment. Vacation leave accruals in excess of two years’ accrual will be forfeited at the end of the calendar year.

Regular full-time non-Civil Service employees will accrue sick leave at the rate of four hours per pay period for 24 pay periods per year which equates to 12 days per year. Non-Civil Service employees with ten years of completed service will, upon separation of employment, receive the cash value of accrued sick leave, up to a cap of 360 hours. Employees employed prior to August 1, 2015, who officially retire from City employment, will receive the cash value of accrued sick leave, up to a cap of 720 hours. Civil Service employees will be paid sick leave up to a maximum of 720 hours upon separation.

**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 obligations, 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 statements 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**M. Long-Term Obligations – Continued**

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. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**O. 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.

**P. 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Q. 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 Council has adopted a policy 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.

**R. 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**S. 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.

**T. 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.

**U. 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.

**V. 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**W. Recently Issued Accounting Pronouncements**

During February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The primary objective of this statement is to enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on the government's financial position. This statement is effective for fiscal years beginning after June 15, 2015. The City is evaluating the impact of this statement.

During June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The primary objective of this statement is to enhance the accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. The statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement is effective for fiscal years beginning after June 15, 2017. The City is evaluating the impact of this statement.

During June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The primary objective of this statement is to identify the hierarchy of generally accepted accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after June 15, 2015. The City is evaluating the impact of this statement.

During August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The primary objective of this statement is to improve disclosure information regarding the nature and magnitude of tax abatements. As a result these transactions will be more transparent to financial statement users. This statement is effective for fiscal years beginning after December 15, 2015. The City is evaluating the impact of this statement.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**W. Recently Issued Accounting Pronouncements – Continued**

During December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement will enhance comparability of financial statements among governments by establishing criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. This statement is in effect for reporting periods beginning after June 15, 2014, except for certain provisions on portfolio quality, custodial risk and shadow pricing. Those provisions are effective for reporting period beginning after December 15, 2015. The City is evaluating the impact of this statement.

During December 2015, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement is effective for fiscal years beginning after June 15, 2016. The City is evaluating the impact of this statement.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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. One, 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 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 reappropriated 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 \$569,162.

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of September 30, 2015, the City had the following deposits and investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
US Agencies	\$ 19,147,072	71.94
Municipal bonds	1,201,762	3.14
Certificates of deposit	6,095,064	11.28
Total investments	26,443,898	
External investment pools:		
TexPool	51,438,968	14.69
Lonestar	3,000,544	0.76
TexStar	52,500,448	18.65
Cash deposits	977,463	-
Total cash and cash equivalents	107,917,423	
Total portfolio fair value	\$ 134,361,321	
Portfolio weighted average maturity		120.46

*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.

**CITY OF LEAGUE CITY, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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, 2015, the City's investments in TexPool, TexStar and Lone Star 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, 2015, 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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., provides custodial, transfer agency, fund accounting, and depository services.

Lone Star

Lone Star Investment Pool is governed by an eleven-member board and is an AAA rated investment program tailored to the investment needs of local governments within the state of Texas sponsored by the Texas Association of School Boards (TASB). TASB has entered into an agreement with First Public, LLC as administrator of the pool.

TexPool, TexSTAR, and Lone Star operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool, TexSTAR, and Lone Star use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair values of the positions in TexPool, TexSTAR and Lone Star are the same as the values of TexPool, TexSTAR and Lone Star 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, the enterprise funds, and the internal service funds, including the applicable allowances for uncollectible accounts:

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor</b>	<b>Water and Wastewater</b>	<b>Internal Service</b>	<b>Total</b>
Ad valorem taxes	\$ 1,155,985	\$ 653,611	\$ 3,739	\$ -	\$ -	\$ 1,813,335
Other taxes	4,136,833	-	166,565	-	-	4,303,398
Accounts receivable	3,012,809	-	66,705	4,212,866	140,907	7,433,287
Intergovernmental	75,070	-	122,427	-	-	197,497
Other	287,549	243,760	158,041	5,354	-	694,704
Less allowance	<u>(2,109,578)</u>	<u>(224,722)</u>	<u>(999)</u>	<u>(50,905)</u>	<u>-</u>	<u>(2,386,204)</u>
Total	<u>\$ 6,558,668</u>	<u>\$ 672,649</u>	<u>\$ 516,478</u>	<u>\$ 4,167,315</u>	<u>\$ 140,907</u>	<u>\$ 12,056,017</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5. CAPITAL ASSETS**

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

	Primary Government			Ending Balance
	Beginning Balance	Reclassifications Increases	Reclassifications (Decreases)	
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 13,840,406	\$ 774,283	\$ -	\$ 14,614,689
Construction in progress	45,006,645	4,209,623	(33,653,252)	15,563,016
Total capital assets not being depreciated	<u>58,847,051</u>	<u>4,983,906</u>	<u>(33,653,252)</u>	<u>30,177,705</u>
Other capital assets				
Infrastructure	323,849,692	51,941,758	-	375,791,450
Buildings and improvements	50,617,821	864,841	-	51,482,662
Machinery and equipment	36,649,818	1,632,671	(1,645,938)	36,636,551
Total other capital assets	<u>411,117,331</u>	<u>54,439,270</u>	<u>(1,645,938)</u>	<u>463,910,663</u>
Less accumulated depreciation for				
Infrastructure	(145,950,471)	(6,418,256)	-	(152,368,727)
Buildings and improvements	(23,450,867)	(2,294,201)	-	(25,745,068)
Machinery and equipment	(22,528,224)	(3,010,331)	1,417,835	(24,120,720)
Total accumulated depreciation	<u>(191,929,562)</u>	<u>(11,722,788)</u>	<u>1,417,835</u>	<u>(202,234,515)</u>
Other capital assets, net	<u>219,187,769</u>	<u>42,716,482</u>	<u>(228,103)</u>	<u>261,676,148</u>
Governmental activities capital assets, net	<u>\$ 278,034,820</u>	<u>\$ 47,700,388</u>	<u>\$ (33,881,355)</u>	291,853,853
				Less associated debt (110,284,292)
				Plus deferred charge on refunding 1,098,441
				Plus unspent bond proceeds 10,721,207
				<u>Net investment in capital assets \$ 193,389,209</u>

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	\$ 273,035
Public safety	1,780,873
Public works	6,485,615
Community services	2,017,138
Capital assets held by the City's internal service funds are charged to the various activities based on usage of the assets	<u>1,166,127</u>
Total governmental activities depreciation expense	<u>\$ 11,722,788</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Robinson Bayou Bank Stabilization	\$ 42,450	\$ 25,340	\$ 17,110
Annual Stormwater Improvements	414,292	379,923	34,369
Brookport Extension	236,521	224,271	12,250
Main Street/Downtown	45,000	18,058	26,942
Renovate 500 W Walker	73,931	66,902	7,029
Animal Adoption Center	27,500	24,270	3,230
Hometown Heroes Park-pool & traffic signal	49,483	38,574	10,909
Countyside-Magnolia Creek Trail	156,376	153,032	3,344
TXDOT FM518 Bypass Hike & Bike	1,626,380	40,334	1,586,046
2012 Hike & Bike Phase 1	2,049,428	1,969,204	80,224
Nature Center Wetland	47,500	34,710	12,790
Sportsplex Entrance	45,650	31,221	14,429
Calder Rd-Ervin to LC Prkwy	116,240	106,800	9,440
Five Corners Realignment	1,310,826	836,262	474,563
HGAC/TIP Design	820,388	341,840	478,549
Hobbs Rd & LC Prkwy Traffic Improv	347,614	207,614	140,000
FM518 Access Management	482,410	479,422	2,988
Landing Blvd Project	150,000	60,190	89,810
Ervin/Hobbs Connector	23,636	22,088	1,548
Total	<u>\$ 8,065,624</u>	<u>\$ 5,060,055</u>	<u>\$ 3,005,569</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 2,328,972	\$ 549,456	\$ -	\$ 2,878,429
Construction in progress	40,381,835	23,921,100	(8,326,048)	55,976,887
Total capital assets not being depreciated	42,710,807	24,470,556	(8,326,048)	58,855,316
Other capital assets				
Infrastructure	245,079,115	14,104,177	-	259,183,292
Water rights	14,528,975	1,406,411	-	15,935,386
Buildings and improvements	648,991	-	-	648,991
Machinery and equipment	6,152,603	1,474,606	(18,748)	7,608,461
Total other capital assets	266,409,684	16,985,194	(18,748)	283,376,130
Less accumulated depreciation for				
Infrastructure	(42,416,247)	(4,964,730)	-	(47,380,977)
Water rights	(3,904,968)	(301,005)	-	(4,205,973)
Buildings and improvements	(420,631)	(32,168)	-	(452,799)
Machinery and equipment	(5,220,759)	(455,307)	17,185	(5,658,881)
Total accumulated depreciation	(51,962,605)	(5,753,210)	17,185	(57,698,630)
Other capital assets, net	214,447,079	11,231,984	(1,563)	225,677,500
Business-type activities				
Capital assets, net	<u>\$ 257,157,886</u>	<u>\$ 35,702,540</u>	<u>\$ (8,327,611)</u>	284,532,816
				Less associated debt (151,328,471)
				Plus deferred charge on refunding 369,845
				Plus unspent bond proceeds 55,440,654
				<u>Net investment in capital assets \$ 189,014,844</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	<u>\$ 5,753,210</u>
Total business-type activities depreciation expense	<u>\$ 5,753,210</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
East Side Elevated Water Tower	\$ 7,197,739	\$ 411,630	\$ 6,786,109
South Shore Harbour Pump Station Exp	11,587,818	10,709,902	877,916
Southeast Service Area Trunks	371,800	271,855	99,945
SH3 Water Booster Station	19,330,800	19,268,380	62,420
36" WL - SH3 to SSH Booster Station	1,060,654	856,101	204,553
New Water Wells	797,400	701,700	95,700
Calder Rd Booster Station	13,227,324	7,949,775	5,277,549
Countryside Pump Station & Well Rehab	215,528	200,839	14,689
Water Line Upgrades & Replacement	255,125	190,504	64,621
Calder 39" Waterline Rehab	2,931,135	2,766,445	164,690
Annual Water System Improvements	5,000	3,750	1,250
FW11 LS Upgrade	1,647,340	1,365,404	281,936
Re-Use Improvements-Ph 1	240,550	109,629	130,921
Sanitary Sewer Rehab 2012	305,100	178,645	126,455
Force Main Upgrade-Bay Colony to Ervin	187,600	133,747	53,853
Hobbs Rd LS & FM	552,839	71,634	481,205
30" Gravity Sewer on Calder Rd	1,130,357	1,085,104	45,253
MUD #6 LS Rehab	37,210	33,098	4,112
DSWWTP & West Main LS	62,300	50,937	11,363
Annual LS Improvements	45,100	32,411	12,689
 Total	 <u>\$ 61,188,719</u>	 <u>\$ 46,391,490</u>	 <u>\$ 14,797,229</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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
<b>Governmental Activities</b>					
General obligation bonds	\$ 34,624,034	\$ 625,000	\$ 3,346,939	\$ 31,902,095 *	\$ 4,159,062
Certificates of obligation	77,145,000	3,020,000	7,815,000	72,350,000 *	3,250,000
Unamortized debt items	6,321,874	134,199	423,876	6,032,197 *	-
	<u>118,090,908</u>	<u>3,779,199</u>	<u>11,585,815</u>	<u>110,284,292</u>	<u>7,409,062</u>
Other long-term liabilities					
Compensated absences	3,869,228	2,856,613	2,354,453	4,371,388	2,627,988
Net OPEB obligation	819,669	395,224	-	1,214,893	-
Net pension liability	18,767,298	6,330,352	6,577,459	18,520,191	-
Total governmental activities	<u>\$ 141,547,103</u>	<u>\$ 13,361,388</u>	<u>\$ 20,517,727</u>	<u>\$ 134,390,764</u>	<u>\$ 10,037,050</u>
					<u>\$ 124,353,714</u>
					<u>* Debt associated with governmental activity capital assets \$ 110,284,292</u>
<b>Business-Type Activities</b>					
Revenue bonds	\$ 73,090,000	\$ -	\$ 23,535,000	\$ 49,555,000 **	\$ 4,065,000
General obligation bonds	13,860,966	17,605,000	2,433,061	29,032,905 **	1,290,937
Certificates of obligation	50,480,000	14,425,000	740,000	64,165,000 **	1,165,000
Contract revenue bonds	1,640,000	-	210,000	1,430,000 **	220,000
Unamortized premiums, and discounts	4,687,566	2,832,162	374,162	7,145,566 **	-
	<u>143,758,532</u>	<u>34,862,162</u>	<u>27,292,223</u>	<u>151,328,471</u>	<u>6,740,937</u>
Other long-term liabilities					
Compensated absences	440,157	511,726	415,492	536,391	339,658
Net OPEB obligation	135,879	75,829	-	211,708	-
Net pension liability	3,270,394	1,103,127	1,146,189	3,227,332	-
Total business-type activities	<u>\$ 147,604,962</u>	<u>\$ 36,552,844</u>	<u>\$ 28,853,904</u>	<u>\$ 155,303,902</u>	<u>\$ 7,080,595</u>
					<u>\$ 148,223,307</u>
					<u>** Debt associated with business-type activity capital assets \$ 151,328,471</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

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

<u>Series</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance</u>
<b>General obligation bonds</b>			
1997 General Obligation (GC MUD #3)	\$ 625,000	4.00% to 6.00%	\$ 625,000
2006 Refunding Bonds (SSH MUD #2)	\$ 2,160,000	3.90% to 4.00%	1,100,000
2011A General Obligation Refunding Bonds	\$ 6,975,000	2.00% to 5.00%	5,350,000
2011B General Obligation Refunding Bonds	\$ 6,075,000	2.00% to 4.00%	2,760,000
2012 General Obligation Refunding Bonds	\$ 6,785,000	2.00% to 5.00%	6,480,000
2013 General Obligation Refunding Bonds	\$ 13,819,988	2.00% to 4.00%	11,032,095
2013A General Obligation Refunding Bonds	\$ 2,190,000	2.00% to 4.00%	1,720,000
2014 General Obligation Refunding Bonds	\$ 3,200,000	2.00% to 4.00%	<u>2,835,000</u>
<b>Total general obligation bonds</b>			<u>31,902,095</u>
<b>Certificates of obligation</b>			
2008 Tax and Revenue Certificates of Obligation	\$ 15,500,000	4.00% to 5.00%	12,270,000
2009 Tax and Revenue Certificates of Obligation	\$ 11,600,000	3.13% to 5.13%	8,100,000
2010 Tax and Revenue Certificates of Obligation*	\$ 10,000,000	2.00% to 4.00%	1,120,000
2011 Tax and Revenue Certificates of Obligation*	\$ 20,390,000	2.75% to 4.75%	16,265,000
2012A Tax and Revenue Certificates of Obligation	\$ 33,675,000	2.00% to 5.00%	31,575,000
2015 Tax and Revenue Certificates of Obligation	\$ 3,020,000	3.625% to 5.00%	<u>3,020,000</u>
<b>Total certificates of obligation</b>			<u>72,350,000</u>
<b>Total governmental activities long-term debt</b>			<u>\$ 104,252,095</u>

\*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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

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

<u>Series</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance</u>
<b>Revenue bonds</b>			
2008 Water Works & Sewer System Revenue Bonds	\$ 26,775,000	4.00% to 5.00%	\$ 5,055,000
2009 Water Works & Sewer System Revenue Bonds	\$ 37,200,000	3.00% to 5.00%	33,745,000
2011 Water Works & Sewer System Revenue Bonds	\$ 13,040,000	3.00% to 5.00%	10,755,000
<b>Total revenue bonds</b>			<u>49,555,000</u>
<b>General obligation bonds</b>			
2007 General Obligation Refunding Bonds*	\$ 16,303,720	4.00% to 4.12%	370,000
2011A General Obligation Refunding Bonds	\$ 4,705,000	2.00% to 5.00%	4,005,000
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%	542,905
2015 General Obligation Refunding Bonds	\$ 17,605,000	2.00% to 5.00%	17,605,000
<b>Total general obligation bonds</b>			<u>29,032,905</u>
<b>Certificates of obligation</b>			
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%	17,450,000
2015 Tax and Revenue Certificates of Obligation	\$ 14,425,000	3.625% to 5.00%	14,425,000
<b>Total certificates of obligation</b>			<u>64,165,000</u>
<b>Contract revenue bonds</b>			
2011F GCWA Contract Revenue Refunding Bonds	\$ 2,250,000	2.00% to 4.00%	1,430,000
<b>Total Contract Revenue Bonds</b>			<u>1,430,000</u>
<b>Total business-type activities long-term debt</b>			<u>\$ 144,182,905</u>

\* 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

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

<b>Year Ending Sept. 30</b>	<b>Governmental Activities</b>			<b>Business - Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 4,159,062	\$ 1,041,330	\$ 5,200,392	\$ 1,290,937	\$ 1,253,650	\$ 2,544,587
2017	4,175,045	904,358	5,079,403	1,929,955	1,202,786	3,132,741
2018	3,941,026	769,578	4,710,604	1,953,974	1,133,947	3,087,921
2019	3,007,990	660,626	3,668,616	3,072,010	1,034,065	4,106,075
2020	2,783,972	549,465	3,333,437	2,921,029	908,403	3,829,432
2021	2,250,000	450,974	2,700,974	2,800,000	774,632	3,574,632
2022	2,310,000	362,578	2,672,578	2,675,000	637,757	3,312,757
2023	2,070,000	282,534	2,352,534	2,505,000	510,307	3,015,307
2024	1,425,000	220,731	1,645,731	2,350,000	405,997	2,755,997
2025	1,475,000	165,751	1,640,751	2,180,000	309,687	2,489,687
2026	900,000	123,849	1,023,849	1,965,000	209,897	2,174,897
2027	565,000	101,219	666,219	1,780,000	119,907	1,899,907
2028	580,000	82,941	662,941	1,610,000	38,566	1,648,566
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	-	-	-
<b>Total</b>	<b>\$31,902,095</b>	<b>\$ 5,907,060</b>	<b>\$37,809,155</b>	<b>\$29,032,905</b>	<b>\$ 8,539,601</b>	<b>\$37,572,506</b>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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
2016	\$ 4,065,000	\$ 2,079,658	\$ 6,144,658
2017	3,715,000	1,938,864	5,653,864
2018	3,555,000	1,803,951	5,358,951
2019	2,155,000	1,696,176	3,851,176
2020	2,200,000	1,612,895	3,812,895
2021	2,235,000	1,526,533	3,761,533
2022	2,280,000	1,437,020	3,717,020
2023	2,325,000	1,343,255	3,668,255
2024	2,370,000	1,244,728	3,614,728
2025	2,420,000	1,141,428	3,561,428
2026	2,475,000	1,032,803	3,507,803
2027	2,530,000	918,389	3,448,389
2028	2,595,000	795,706	3,390,706
2029	2,660,000	665,250	3,325,250
2030	2,735,000	530,375	3,265,375
2031	2,815,000	391,625	3,206,625
2032	2,080,000	269,250	2,349,250
2033	2,140,000	163,750	2,303,750
2034	2,205,000	55,125	2,260,125
	<u>\$ 49,555,000</u>	<u>\$ 20,646,779</u>	<u>\$ 70,201,779</u>

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
2016	\$ 3,250,000	\$ 3,045,550	\$ 6,295,550	\$ 1,165,000	\$ 2,705,558	\$ 3,870,558
2017	3,350,000	2,922,765	6,272,765	1,275,000	2,590,694	3,865,694
2018	4,085,000	2,791,571	6,876,571	1,325,000	2,541,644	3,866,644
2019	4,190,000	2,642,333	6,832,333	1,705,000	2,483,169	4,188,169
2020	4,325,000	2,473,769	6,798,769	2,095,000	2,401,669	4,496,669
2021	4,395,000	2,281,278	6,676,278	2,540,000	2,297,594	4,837,594
2022	4,525,000	2,083,843	6,608,843	2,995,000	2,174,469	5,169,469
2023	4,625,000	1,879,935	6,504,935	3,230,000	2,054,881	5,284,881
2024	4,755,000	1,665,081	6,420,081	3,710,000	1,941,144	5,651,144
2025	4,720,000	1,442,153	6,162,153	4,215,000	1,785,938	6,000,938
2026	4,885,000	1,220,235	6,105,235	3,795,000	1,604,556	5,399,556
2027	5,020,000	990,998	6,010,998	4,345,000	1,416,156	5,761,156
2028	5,190,000	774,427	5,964,427	4,925,000	1,199,463	6,124,463
2029	5,310,000	568,109	5,878,109	6,835,000	949,938	7,784,938
2030	4,195,000	362,141	4,557,141	7,205,000	642,872	7,847,872
2031	2,410,000	203,334	2,613,334	7,600,000	325,391	7,925,391
2032	2,515,000	83,138	2,598,138	2,295,000	142,744	2,437,744
2033	195,000	18,275	213,275	935,000	87,956	1,022,956
2034	205,000	11,147	216,147	970,000	54,013	1,024,013
2035	205,000	3,716	208,716	1,005,000	18,216	1,023,216
	<u>\$ 72,350,000</u>	<u>\$ 27,463,795</u>	<u>\$ 99,813,795</u>	<u>\$ 64,165,000</u>	<u>\$ 29,418,062</u>	<u>\$ 93,583,062</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

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

Year Ending Sept. 30	<b>Business - Type Activities</b>		
	Principal	Interest	Total
2016	\$ 220,000	\$ 49,788	\$ 269,788
2017	225,000	43,188	268,188
2018	235,000	36,438	271,438
2019	240,000	28,800	268,800
2020	250,000	20,400	270,400
2021	260,000	10,400	270,400
	<u>\$ 1,430,000</u>	<u>\$ 189,014</u>	<u>\$ 1,619,014</u>

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**

During 2015, the City issued \$17,605,000 of general obligation refunding bonds, series 2015. The proceeds from which were used to partially refund general obligation refunding bonds, Series 2007, waterworks and sewer system revenue refunding bonds, Series 2005, and waterworks and sewer system revenue bonds, Series 2008, and to pay bond issuance costs. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the proprietary fund and government-wide financial statements. The reacquisition price was less than the net carrying amount of the old debt by \$644,051. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The refunding was undertaken to reduce total debt service payment by \$3,707,633 and resulted in an economic gain of \$1,145,444.

The total amount of governmental and business-type defeased bonds outstanding as of September 30, 2015, is \$15,670,000.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

**Assumption of Debt**

During the year, the City assumed the assets and liabilities of the Galveston County Municipal Utility District #3 (GCMUD #3) upon its dissolution. Due to the dissolution occurring prior to the final maturity of the GCMUD #3 waterworks and sewer system combination unlimited tax revenue bonds, series 1997, there is an outstanding balance of \$625,000, as of September 30, 2015. The outstanding balance will be paid using acquired assets from the dissolution as well as the retention of property tax rebates formerly paid to GCMUD #3.

**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**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
Debt Service Fund	General Fund	\$ 13,431
Internal Service Fund	General Fund	443,243
General Fund	Debt Service Fund	1,460
General Fund	Internal Service Fund	57,935
General Fund	Nonmajor Governmental Funds	753,714
General Fund	Water and Wastewater Fund	522
	<b>Total</b>	<u><u>\$ 1,270,305</u></u>

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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8. INTERFUND TRANSFERS**

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General Fund	Nonmajor Governmental Funds	\$ 1,108,821
General Fund	Internal Service Fund	772,431
Water and Wastewater Fund	General Fund	3,323,000
Nonmajor Governmental Funds	Water and Wastewater Fund	1,134,735
Nonmajor Governmental Funds	General Fund	10,000
Internal Service Fund	Internal Service Fund	1,291,143
	<b>Total</b>	<u>\$ 7,640,130</u>

The general fund made a transfer to a nonmajor governmental fund to provide financing for capital projects. The general fund also provided funding to internal service funds to fund an employee wellness program and to fund the expenses of the Carehere Clinic and other insurance related charges. 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 nonmajor governmental funds made a transfer to the water and wastewater fund to transfer assets and to the general fund for reimbursement of administrative costs relating to the support of the 4B Corporation. A internal service fund transferred assets to another internal service fund in order to separate functions.

**NOTE 9. RESTRICTED ASSETS**

As of September 30, 2015, the City held restricted cash and investments in the water and wastewater fund for the following purposes:

<b>Restricted for</b>	
Customer deposits	\$ 933,032
Capital projects	58,703,827
Debt services	6,797,889
<b>Total</b>	<u>\$ 66,434,748</u>

**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. In addition, the City purchased windstorm insurance from highly rated private carriers to cover City property for that specific loss.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. OTHER INFORMATION – CONTINUED**

**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. 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, 2015, the City offered the supplemental death benefit to both active and retired employees.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. OTHER INFORMATION – CONTINUED**

**C. 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 based on .02% of covered payroll for the fiscal years ended 2015, 2014, and 2013 totaled \$5,663, \$5,523, and \$5,339, respectively, which equaled the annual required contribution.

**D. 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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. OTHER INFORMATION – CONTINUED**

**D. 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, 2015, is as follows:

Annual Req. Contrib. (ARC)	\$ 586,022
Interest on OPEB Obligation	43,000
Adjustments to ARC	(39,840)
End of year Annual OPEB Cost (Expense)	589,182
Net Estimated Employer Contributions	(118,129)
Increase in Net OPEB Obligation	471,053
Net OPEB Obligation (Asset) - beginning of year	955,548
Net OPEB Obligation (Asset) - end of year	\$ 1,426,601

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 2015 and the two preceding years are as follows:

Fiscal Year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
			Beginning	Ending
2013	\$ 349,252	44.9%	\$ 548,959	\$ 741,267
2014	360,311	40.5%	741,267	955,548
2015	589,182	20.0%	955,548	1,426,601

**Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the Program was zero percent funded. The actuarial accrued liability for benefits was \$5,235,330 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,235,330. The annual covered payroll at December 31, 2013 was \$26,976,005 and the UAAL as a percentage of the annual covered payroll was 19.4 percent.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. OTHER INFORMATION – CONTINUED**

**D. 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
Healthcare Cost Trend Rate (Initial/Ulimate)	Initial rate of 7.5%, declining to an ultimate rate of 4.5% after 12 years.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10. OTHER INFORMATION – CONTINUED**

**E. Contracts**

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

**1. Municipal Utility Districts**

The City has entered into utility agreements with several Municipal Utility Districts (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.

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tMrs.com](http://www.tMrs.com).

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

**B. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The provisions of the City's plan include a 5 year vesting period with all vested participants eligible to receive retirement benefits upon reaching 5 years of service and age 60 or 20 years of service with no age requirement. The plan requires participant contributions of 7% and the City matches at a ratio of 2 to 1.

**Employees covered by benefit terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	166
Inactive employees entitled to but not yet receiving benefits	167
Active employees	<u>479</u>
Total	<u><u>812</u></u>

**CITY OF LEAGUE CITY, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**C. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.31% and 14.77% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$4,154,127, and were equal to the required contributions.

**D. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

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

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**D. Net Pension Liability – Continued**

**Actuarial assumptions – Continued**

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.00%</u>	

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**D. Net Pension Liability – Continued**

**Discount Rate**

The discount rate used to measure the TPL was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$110,087,652	\$ 88,049,960	\$ 22,037,692
Changes for the year:			
Service cost	4,085,930	-	4,085,930
Interest	7,738,609	-	7,738,609
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,232,945)	-	(1,232,945)
Changes of assumptions	-	-	-
Contributions - employer	-	3,962,525	(3,962,525)
Contributions - employee	-	1,938,343	(1,938,343)
Net investment income	-	5,037,807	(5,037,807)
Benefit payments, including refunds of employee contributions	(3,158,114)	(3,158,114)	-
Administrative expense	-	(52,589)	52,589
Other changes	-	(4,323)	4,323
Net changes	<u>7,433,480</u>	<u>7,723,649</u>	<u>(290,169)</u>
Balance at 12/31/2014	<u>\$117,521,132</u>	<u>\$ 95,773,609</u>	<u>\$ 21,747,523</u>

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the NPL of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 41,338,539	\$ 21,747,523	\$ 5,994,746

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**D. Net Pension Liability – Continued**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

**E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015 the city recognized pension expense of \$3,771,021.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 999,215
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	900,552	-
Contributions subsequent to the measurement date	<u>3,271,925</u>	<u>-</u>
Total	<u>\$ 4,172,477</u>	<u>\$ 999,215</u>

\$3,271,925 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2016	\$ (8,591)
2017	(8,591)
2018	(8,591)
2019	(8,591)
2020	(64,300)
Thereafter	<u>-</u>
Total	<u>\$ (98,664)</u>

**CITY OF LEAGUE CITY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 12. RESTATEMENT OF BEGINNING NET POSITION**

The City adopted GASB 68 and 71 during 2015, which requires a restatement of net position by retroactively recognizing the City's net pension liability as of October 1, 2014. This resulted in a decrease in beginning net position of \$16,582,503.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, amends the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to governmental employers that account for pensions that are provided through trusts, or equivalent arrangements. Employers are required to report the difference between the actuarial total pension liability and the pension plan's fiduciary net position as the net pension liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68*. This statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates 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.

The following table provides a reconciliation of net position at September 30, 2014, as previously reported to net position as October 1, 2014, as restated.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net position, September 30, 2014, as as originally reported	\$ 210,597,998	\$ 188,033,500	\$ 398,631,498
Change in accounting principle	<u>(14,106,890)</u>	<u>(2,475,613)</u>	<u>(16,582,503)</u>
Net position, October 1, 2014, as restated	<u>\$ 196,491,108</u>	<u>\$ 185,557,887</u>	<u>\$ 382,048,995</u>

**NOTE 13. SUBSEQUENT EVENTS**

On November 11, 2015, the City Council approved a settlement agreement with a developer who filed a claim related to the South Shore Municipal Utility District (MUD) #2. This MUD was abolished by the City in 2011. In settlement of the developer's claim, the City paid \$1,000,000 primarily from the MUD fund and will pay an additional \$650,000 from general revenue in the 2017 and 2018 fiscal years. The developer is required to meet certain performance obligations, including utilizing the initial and second payment to construct improvements.

On March 8, 2016, the City Council authorized the issuance of \$28.5 million in general obligation refunding bonds.

**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, 2015**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
<b>Revenues</b>				
Ad valorem taxes	\$ 22,664,000	\$ 22,664,000	\$ 22,648,434	\$ (15,566)
Sales taxes	14,175,000	14,175,000	14,923,809	748,809
Franchise and local taxes	5,148,000	5,148,000	5,214,444	66,444
Other taxes	180,000	180,000	199,103	19,103
Licenses fees and permits	2,821,200	2,821,200	3,314,882	493,682
Fines and forfeitures	1,745,000	1,745,000	1,898,201	153,201
Charges for services	6,058,510	6,058,510	6,471,882	413,372
Other revenue	990,341	990,341	1,286,518	296,177
Contributions	-	-	162,136	162,136
Investment earnings	31,000	31,000	43,315	12,315
Intergovernmental	140,000	174,925	210,165	35,240
Total revenues	<u>53,953,051</u>	<u>53,987,976</u>	<u>56,372,889</u>	<u>2,384,913</u>
<b>Expenditures</b>				
General government				
Economic development	342,700	342,700	287,782	54,918
Budget office	277,180	261,758	203,294	58,464
City secretary	419,410	421,578	389,513	32,065
City manager	449,840	479,071	443,020	36,051
Information technology	2,130,785	2,139,203	2,030,743	108,460
Internal audit	165,270	165,270	150,262	15,008
City attorney	643,000	643,000	584,333	58,667
Accounting	1,398,951	1,425,091	1,425,092	(1)
Mayor and City Council	168,570	168,570	138,147	30,423
Civil service	81,100	81,100	74,495	6,605
Municipal court	648,518	651,867	651,527	340
Human resources	807,165	806,072	659,228	146,844
Facilities maintenance	1,244,470	1,340,215	1,340,213	2
Purchasing	299,008	299,827	279,432	20,395
Communications	394,618	396,043	319,544	76,499
Non-departmental	2,114,880	1,106,704	894,187	212,517
Total general government	<u>11,585,465</u>	<u>10,728,069</u>	<u>9,870,812</u>	<u>857,257</u>
Public safety				
Emergency management	192,270	228,043	204,985	23,058
Police	17,578,974	17,614,806	17,220,786	394,020
Animal control	747,810	768,688	728,187	40,501
Fire marshal	596,037	573,887	491,625	82,262
Fire	1,820,015	1,825,059	1,729,498	95,561
EMS	3,081,240	3,124,677	3,124,675	2
Total public safety	<u>\$ 24,016,346</u>	<u>\$ 24,135,160</u>	<u>\$ 23,499,756</u>	<u>\$ 635,404</u>

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Public works				
Building inspection	\$ 1,139,980	\$ 1,148,937	\$ 1,042,653	\$ 106,284
Project management	411,590	395,777	369,274	26,503
Engineering	1,367,564	1,380,084	1,298,982	81,102
Street and storm water	5,144,953	5,205,460	4,684,777	520,683
Code compliance	505,615	507,697	493,921	13,776
Traffic and transportation	632,386	635,764	577,851	57,913
Solid waste	4,131,300	4,155,837	4,155,836	1
Planning	819,320	823,990	794,675	29,315
Total public works	<u>14,152,708</u>	<u>14,253,546</u>	<u>13,417,969</u>	<u>835,577</u>
Community services				
Civic center operations	426,060	426,060	415,871	10,189
Library	1,909,665	1,859,801	1,735,226	124,575
Parks recreation	559,667	567,806	542,582	25,224
Sportsplex operations	412,425	412,425	400,080	12,345
Sportsplex recreation	115,823	115,823	89,399	26,424
Parks planning	268,990	273,729	263,196	10,533
Parks operation	1,202,840	1,219,784	1,160,207	59,577
Total community services	<u>4,895,470</u>	<u>4,875,428</u>	<u>4,606,561</u>	<u>268,867</u>
Capital Outlay	<u>317,780</u>	<u>337,271</u>	<u>332,792</u>	<u>4,479</u>
<b>Total expenditures</b>	<u>54,967,769</u>	<u>54,329,474</u>	<u>51,727,890</u>	<u>2,601,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,014,718)</u>	<u>(341,498)</u>	<u>4,644,999</u>	<u>4,986,497</u>
<b>Other financing sources (uses)</b>				
Transfers in	3,323,000	3,323,000	3,333,000	10,000
Transfers (out)	<u>(1,000,000)</u>	<u>(1,881,252)</u>	<u>(1,881,252)</u>	<u>-</u>
<b>Total Other Financing     Sources (Uses)</b>	<u>2,323,000</u>	<u>1,441,748</u>	<u>1,451,748</u>	<u>10,000</u>
<b>Net changes in fund balance</b>	1,308,282	1,100,250	6,096,747	4,996,497
<b>Fund balance, beginning of year</b>	16,343,350	16,343,350	16,343,350	-
<b>Fund balance, end of year</b>	<u>\$ 17,651,632</u>	<u>\$ 17,443,600</u>	<u>\$ 22,440,097</u>	<u>\$ 4,996,497</u>

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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
YEAR ENDED SEPTEMBER 30, 2015**

**A. Total pension liability**

1. Service cost	\$	4,085,930
2. Interest (on the Total Pension Liability)		7,738,609
3. Changes of benefit terms		-
4. Difference between expected and actual experience		(1,232,945)
5. Changes of assumptions		-
6. Benefit payments, including refunds or employee contributions		<u>(3,158,114)</u>
7. Net change in Total Pension Liability		7,433,480
8. Total Pension Liability - beginning		<u>110,087,652</u>
9. Total Pension Liability - ending	\$	<u><u>117,521,132</u></u>

**B. Plan fiduciary net position**

1. Contributions - employer	\$	3,962,525
2. Contributions - employee		1,938,343
3. Net investment income		5,037,807
4. Benefit payments, including refunds of employee contributions		(3,158,114)
5. Administrative expenses		(52,589)
6. Other		<u>(4,323)</u>
7. Net change in Total Pension Liability		7,723,649
8. Total Pension Liability - beginning		<u>88,049,960</u>
9. Total Pension Liability - ending	\$	<u><u>95,773,609</u></u>

**C. Net pension liability [A9-B9]**

\$ 21,747,523

**D. Plan fiduciary net position as a percentage of the total pension liability [B9/A9]**

81.49%

**E. Covered-employee payroll**

\$ 27,690,617

**F. Net pension liability as a percentage of covered employee payroll [C/E]**

78.54%

**Notes to Schedule of Changes in the City's Net Pension Liability and Related Ratios**

Only one year of data is presented in accordance with GASB Statement No. 68 as the data for the years other than 2015 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the year ended December 31, 2014, the current measurement date.

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
YEAR ENDED SEPTEMBER 30, 2015**

Actuarially Determined Contribution	\$ 4,154,127
Contributions in relation to the actuarially determined contribution	<u>4,154,127</u>
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 28,317,437
Contributions as a percentage of covered employee payroll	14.67%

**Notes to Schedule of Contributions**

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Only one year of data is presented in accordance with GASB Statement No. 68 as the data for the years other than 2015 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the year ended September 30, 2015.

Valuation date: Actuarially determined contribution rates are calculated as of December 31 and and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

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Actuarial Cost Method	Enty Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market, 15% sort corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

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There were no benefit changes during the year.

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF FUNDING PROGRESS  
POST-EMPLOYMENT HEALTHCARE BENEFITS  
YEAR ENDED SEPTEMBER 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
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%
12/31/2013	-	5,235,330	5,235,330	0%	26,976,005	19.41%

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF LEAGUE CITY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS**

**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 the 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 Texas Tax Code.

The **Emergency Management Response Fund** is used to account for funds used specifically for the preparation and response to a major storm or catastrophic event and is under the direction of the City Manager.

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.

The **Public Access Channel Fund** is used to account for one percent of gross revenue received from cable television franchise fees. These funds are legally required to be used explicitly for improvements and equipment related to the City's public access channel.

**CITY OF LEAGUE CITY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS – CONTINUED**

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.

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.

**CITY OF LEAGUE CITY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS – CONTINUED**

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.

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.

**CITY OF LEAGUE CITY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS**

**CAPITAL PROJECTS FUNDS – CONTINUED**

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.

The **2012 Certificates of Obligation Fund** is used to account for improvement to public works, including public safety buildings, street and traffic improvements and drainage improvements, and for the purchase of materials, supplies, equipment, machinery, building, land, and rights-of-way related thereto.

The **2015 Certificates of Obligation Fund** is used to account for improvements to public works, including street and traffic improvements, drainage improvements, and for the purchase of materials, supplies, equipment, machinery, building, land, and rights-of-way related thereto.

**CITY OF LEAGUE CITY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	Special Revenue Funds			
	Police Activity	Municipal Court Building Security	Municipal Court Technology	Library Gift
<b>ASSETS</b>				
Cash and cash equivalents	\$ 244,506	\$ 44,687	\$ 21,510	\$ 13,176
Investments	-	-	-	-
Receivables, net	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 244,506</b>	<b>\$ 44,687</b>	<b>\$ 21,510</b>	<b>\$ 13,176</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 35,701	\$ -	\$ 73	\$ -
Customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>35,701</b>	<b>-</b>	<b>73</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	-	-
Restricted for				
Capital projects	-	-	-	-
Municipal court	-	44,687	21,437	-
Hotel occupancy tax	-	-	-	-
Emergency management	-	-	-	-
Public access channel	-	-	-	-
Tax increment reinvestment zone	-	-	-	-
Public improvement district	-	-	-	-
Assigned to				
Special revenue funds	208,805	-	-	13,176
Capital project funds	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>208,805</b>	<b>44,687</b>	<b>21,437</b>	<b>13,176</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 244,506</b>	<b>\$ 44,687</b>	<b>\$ 21,510</b>	<b>\$ 13,176</b>

**Special Revenue Funds**

<b>Hotel Occupancy Tax</b>	<b>Emergency Management Response</b>	<b>Tree Preservation</b>	<b>Animal Control Donation</b>	<b>CDBG</b>	<b>Safelight Program</b>
\$ 772,132	\$ 161,840	\$ 30,836	\$ 53,918	\$ -	\$ 1,562
-	-	-	-	-	-
104,640	18,561	-	-	14,206	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 876,772</u>	<u>\$ 180,401</u>	<u>\$ 30,836</u>	<u>\$ 53,918</u>	<u>\$ 14,206</u>	<u>\$ 1,562</u>
\$ 19,141	\$ -	\$ -	\$ -	\$ 14,206	\$ 50
-	-	-	-	-	-
-	-	-	-	-	-
<u>19,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,206</u>	<u>50</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
857,631	-	-	-	-	-
-	180,401	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	30,836	53,918	-	1,512
-	-	-	-	-	-
-	-	-	-	-	-
<u>857,631</u>	<u>180,401</u>	<u>30,836</u>	<u>53,918</u>	<u>-</u>	<u>1,512</u>
<u>\$ 876,772</u>	<u>\$ 180,401</u>	<u>\$ 30,836</u>	<u>\$ 53,918</u>	<u>\$ 14,206</u>	<u>\$ 1,562</u>

**CITY OF LEAGUE CITY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015  
(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
<b>ASSETS</b>				
Cash and cash equivalents	\$ 929,767	\$ 831,837	\$ 5,163,668	\$ 12,338
Investments	-	-	-	-
Receivables, net	61,924	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 991,691</b>	<b>\$ 831,837</b>	<b>\$ 5,163,668</b>	<b>\$ 12,338</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 6,442	\$ -	\$ 5,900	\$ -
Customer deposits	-	-	-	-
Due to other funds	-	-	-	581,500
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>6,442</b>	<b>-</b>	<b>5,900</b>	<b>581,500</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	-	-
Restricted for				
Capital projects	-	-	-	-
Municipal court	-	-	-	-
Hotel occupancy tax	-	-	-	-
Emergency management	-	-	-	-
Public access channel	985,249	-	-	-
Tax increment reinvestment zone	-	831,837	5,157,768	-
Public improvement district	-	-	-	-
Assigned to				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Unassigned	-	-	-	(569,162)
<b>Total fund balances</b>	<b>985,249</b>	<b>831,837</b>	<b>5,157,768</b>	<b>(569,162)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 991,691</b>	<b>\$ 831,837</b>	<b>\$ 5,163,668</b>	<b>\$ 12,338</b>



**CITY OF LEAGUE CITY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015  
(CONTINUED)**

	Special Revenue Funds			
	4B Park Maintenance and Operations	Public Safety Technology	Technology	GC MUD #2
<b>ASSETS</b>				
Cash and cash equivalents	\$ 922,441	\$ 19,721	\$ 1,120,266	\$ 59,544
Investments	201,394	-	-	-
Receivables, net	109,875	26,764	-	411
Restricted cash and cash equivalents	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	34,573	-	-	-
<b>Total assets</b>	<b>\$ 1,268,283</b>	<b>\$ 46,485</b>	<b>\$ 1,120,266</b>	<b>\$ 59,955</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 31,651	\$ 503	\$ 474,843	\$ -
Customer deposits	3,650	-	-	-
Due to other funds	73,593	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>108,894</b>	<b>503</b>	<b>474,843</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	411
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	34,573	-	-	-
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	1,124,816	45,982	645,423	59,544
Capital project funds	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>1,159,389</b>	<b>45,982</b>	<b>645,423</b>	<b>59,544</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,268,283</b>	<b>\$ 46,485</b>	<b>\$ 1,120,266</b>	<b>\$ 59,955</b>

Special Revenue Funds			Capital Project Funds		
TDRA Disaster Recovery	EMS/Fire Donation	Special Assessments	Miscellaneous Capital Projects	Park Facilities and Maintenance	Right of Way
\$ 4,073	\$ 109,384	\$ -	\$ 4,409,690	\$ 2,823,557	\$ 749,275
-	-	-	-	-	-
104,421	2	19,545	53,800	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 108,494</u>	<u>\$ 109,386</u>	<u>\$ 19,545</u>	<u>\$ 4,463,490</u>	<u>\$ 2,823,557</u>	<u>\$ 749,275</u>
\$ 9,873	\$ -	\$ -	\$ 69,089	\$ 28,367	\$ -
-	-	-	-	-	-
98,621	-	-	-	-	-
-	-	-	-	-	-
<u>108,494</u>	<u>-</u>	<u>-</u>	<u>69,089</u>	<u>28,367</u>	<u>-</u>
-	-	-	-	-	-
-	-	19,545	-	-	-
<u>-</u>	<u>-</u>	<u>19,545</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	109,386	-	-	-	-
-	-	-	4,394,401	2,795,190	749,275
-	-	-	-	-	-
<u>-</u>	<u>109,386</u>	<u>-</u>	<u>4,394,401</u>	<u>2,795,190</u>	<u>749,275</u>
\$ 108,494	\$ 109,386	\$ 19,545	\$ 4,463,490	\$ 2,823,557	\$ 749,275

**CITY OF LEAGUE CITY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015  
(CONTINUED)**

	Capital Project Funds			
	City Sidewalk	South Shore Harbour (SSH) MUD #2	South Shore Harbour (SSH) MUD #3	Certificates of Obligation 2008
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,453	\$ 999,838	\$ 121,364	\$ 1,325,285
Investments	-	-	-	-
Receivables, net	-	411	1,918	-
Restricted cash and cash equivalents	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 38,453</b>	<b>\$ 1,000,249</b>	<b>\$ 123,282</b>	<b>\$ 1,325,285</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	-	-	-	\$ 29,258
Customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,258</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	411	1,919	-
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>411</b>	<b>1,919</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	-	-
Restricted for				
Capital projects	-	-	-	1,296,027
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	38,453	999,838	121,363	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>38,453</b>	<b>999,838</b>	<b>121,363</b>	<b>1,296,027</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 38,453</b>	<b>\$ 1,000,249</b>	<b>\$ 123,282</b>	<b>\$ 1,325,285</b>

**Capital Project Funds**

Certificates of Obligation 2009	Certificates of Obligation 2011	Certificates of Obligation 2012	Certificates of Obligation 2015	Total Nonmajor Governmental Funds
\$ 3,974,235	\$ 170,578	\$ 2,279,007	\$ 3,099,737	\$ 32,961,431
-	-	-	-	201,394
-	-	-	-	516,478
-	-	-	-	1,402,868
-	-	-	-	-
-	-	-	-	34,573
<u>\$ 3,974,235</u>	<u>\$ 170,578</u>	<u>\$ 2,279,007</u>	<u>\$ 3,099,737</u>	<u>\$ 35,116,744</u>
\$ 15,723	\$ -	\$ 82,655	\$ -	\$ 2,289,687
-	-	-	-	3,650
-	-	-	-	753,714
-	-	-	-	999,983
<u>15,723</u>	<u>-</u>	<u>82,655</u>	<u>-</u>	<u>4,047,034</u>
-	-	-	-	2,741
-	-	-	-	19,545
-	-	-	-	22,286
-	-	-	-	34,573
3,958,512	170,578	2,196,352	3,099,737	10,721,206
-	-	-	-	66,124
-	-	-	-	857,631
-	-	-	-	180,401
-	-	-	-	985,249
-	-	-	-	6,006,964
-	-	-	-	1,372,520
-	-	-	-	2,293,398
-	-	-	-	9,098,520
-	-	-	-	(569,162)
<u>3,958,512</u>	<u>170,578</u>	<u>2,196,352</u>	<u>3,099,737</u>	<u>31,047,424</u>
<u>\$ 3,974,235</u>	<u>\$ 170,578</u>	<u>\$ 2,279,007</u>	<u>\$ 3,099,737</u>	<u>\$ 35,116,744</u>

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds			
	Police Activity	Municipal Court Building Security	Municipal Court Technology	Library Gift
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	36,351	48,468	-
Charges for services	-	-	-	-
Other revenue	8,297	-	-	-
Contributions	28,878	-	-	1,541
Assessments	-	-	-	-
Investment earnings	63	3	2	3
Intergovernmental	-	-	-	-
<b>Total revenues</b>	<u>37,238</u>	<u>36,354</u>	<u>48,470</u>	<u>1,544</u>
<b>EXPENDITURES</b>				
Current				
General government	-	18,780	49,449	-
Public safety	38,453	-	-	-
Public works	-	-	-	-
Community services	-	-	-	988
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<u>38,453</u>	<u>18,780</u>	<u>49,449</u>	<u>988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,215)</u>	<u>17,574</u>	<u>(979)</u>	<u>556</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuances	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(1,215)	17,574	(979)	556
<b>FUND BALANCES, BEGINNING OF YEAR</b>	210,020	27,113	22,416	12,620
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 208,805</u>	<u>\$ 44,687</u>	<u>\$ 21,437</u>	<u>\$ 13,176</u>

**Special Revenue Funds**

<b>Hotel Occupancy Tax</b>	<b>Emergency Management Response</b>	<b>Tree Preservation</b>	<b>Animal Control Donation</b>	<b>CDBG</b>	<b>Safelight Program</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
397,953	-	-	-	-	100
-	-	-	-	-	-
-	-	-	14,737	-	-
-	-	-	-	-	-
403	51	3	20	-	-
-	-	-	-	183,073	-
<u>398,356</u>	<u>51</u>	<u>3</u>	<u>14,757</u>	<u>183,073</u>	<u>100</u>
225,842	-	-	-	-	-
-	-	-	1,459	-	1,499
-	-	-	-	183,073	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>225,842</u>	<u>-</u>	<u>-</u>	<u>1,459</u>	<u>183,073</u>	<u>1,499</u>
<u>172,514</u>	<u>51</u>	<u>3</u>	<u>13,298</u>	<u>-</u>	<u>(1,399)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
172,514	51	3	13,298	-	(1,399)
685,117	180,350	30,833	40,620	-	2,911
<u>\$ 857,631</u>	<u>\$ 180,401</u>	<u>\$ 30,836</u>	<u>\$ 53,918</u>	<u>\$ -</u>	<u>\$ 1,512</u>

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015  
(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
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ 1,760,462	\$ 666,790
Franchise and local taxes	243,664	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Contributions	-	-	2,340,217	304,517
Assessments	-	-	-	-
Investment earnings	458	458	2,190	25
Intergovernmental	-	-	-	-
<b>Total revenues</b>	<u>244,122</u>	<u>458</u>	<u>4,102,869</u>	<u>971,332</u>
<b>EXPENDITURES</b>				
Current				
General government	35,590	-	-	-
Public safety	-	-	-	-
Public works	-	13,802	469,060	130,877
Community services	-	-	-	-
Capital outlay	36,771	-	-	-
Debt service				
Principal	-	-	4,290,000	850,000
Interest and fiscal charges	-	-	83,066	127,950
<b>Total expenditures</b>	<u>72,361</u>	<u>13,802</u>	<u>4,842,126</u>	<u>1,108,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,761</u>	<u>(13,344)</u>	<u>(739,257)</u>	<u>(137,495)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuances	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	171,761	(13,344)	(739,257)	(137,495)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	813,488	845,181	5,897,025	(431,667)
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 985,249</u>	<u>\$ 831,837</u>	<u>\$ 5,157,768</u>	<u>\$ (569,162)</u>

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	
\$ 167,993	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
120,793	-	-	-	-	-	
-	561,965	757,236	369,064	423,086	-	
12	283	353	117	31	-	
-	-	-	-	-	254,532	
<u>288,798</u>	<u>562,248</u>	<u>757,589</u>	<u>369,181</u>	<u>423,117</u>	<u>254,532</u>	
-	1,382,495	-	-	-	254,532	
-	-	-	-	-	-	
276,529	18,478	83,220	35,973	423,264	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	365,000	-	255,000	-	-	
-	62,828	-	40,830	-	-	
<u>276,529</u>	<u>1,828,801</u>	<u>83,220</u>	<u>331,803</u>	<u>423,264</u>	<u>254,532</u>	
<u>12,269</u>	<u>(1,266,553)</u>	<u>674,369</u>	<u>37,378</u>	<u>(147)</u>	<u>-</u>	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
12,269	(1,266,553)	674,369	37,378	(147)	-	
5,090	1,744,112	42,250	138,860	2,251	-	
<u>\$ 17,359</u>	<u>\$ 477,559</u>	<u>\$ 716,619</u>	<u>\$ 176,238</u>	<u>\$ 2,104</u>	<u>\$ -</u>	

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

	Special Revenue Funds			
	4B Park Maintenance and Operations	Public Safety Technology	Technology	GC MUD#2
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 296
Franchise and local taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	377,548	-	-	-
Other revenue	-	109,501	-	-
Contributions	1,283,937	-	-	-
Assessments	-	-	-	-
Investment earnings	1,855	11	588	20
Intergovernmental	-	-	-	-
<b>Total revenues</b>	<u>1,663,340</u>	<u>109,512</u>	<u>588</u>	<u>316</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	16,745	-
Public safety	-	87,950	-	-
Public works	-	-	-	-
Community services	876,371	-	-	-
Capital outlay	6,985	-	480,333	-
Debt service				
Principal	355,000	-	-	-
Interest and fiscal charges	307,106	-	-	-
<b>Total expenditures</b>	<u>1,545,462</u>	<u>87,950</u>	<u>497,078</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,878</u>	<u>21,562</u>	<u>(496,490)</u>	<u>316</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuances	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(10,000)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	107,878	21,562	(496,490)	316
<b>FUND BALANCES, BEGINNING OF YEAR</b>	1,051,511	24,420	1,141,913	59,228
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,159,389</u>	<u>\$ 45,982</u>	<u>\$ 645,423</u>	<u>\$ 59,544</u>

Special Revenue Funds			Capital Project Funds		
TDRA Disaster Recovery	EMS/Fire Donation	Special Assessments	Miscellaneous Capital Projects	Park Facilities and Maintenance	Right of Way
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	290,200	-
-	19,221	-	55,737	-	1,289
-	-	-	-	-	-
-	35	-	2,484	1,425	399
2,181,028	-	-	-	218,437	-
<u>2,181,028</u>	<u>19,256</u>	<u>-</u>	<u>58,221</u>	<u>510,062</u>	<u>1,688</u>
273	-	-	32,051	-	-
-	18,926	-	-	-	-
428,960	-	-	30,156	-	-
-	-	-	88,134	-	-
617,333	-	-	1,398,777	275,703	47,374
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,046,566</u>	<u>18,926</u>	<u>-</u>	<u>1,549,118</u>	<u>275,703</u>	<u>47,374</u>
<u>1,134,462</u>	<u>330</u>	<u>-</u>	<u>(1,490,897)</u>	<u>234,359</u>	<u>(45,686)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,108,821	-	-
(1,134,735)	-	-	-	-	-
<u>(1,134,735)</u>	<u>-</u>	<u>-</u>	<u>1,108,821</u>	<u>-</u>	<u>-</u>
(273)	330	-	(382,076)	234,359	(45,686)
273	109,056	-	4,776,477	2,560,831	794,961
<u>\$ -</u>	<u>\$ 109,386</u>	<u>\$ -</u>	<u>\$ 4,394,401</u>	<u>\$ 2,795,190</u>	<u>\$ 749,275</u>

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)**

	Capital Project Funds			
	City Sidewalk	South Shore Harbour (SSH) MUD #2	South Shore Harbour (SSH) MUD #3	Certificates of Obligation 2008
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ 103	\$ -	\$ -
Franchise and local taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	37,936	-	-	-
Other revenue	-	-	-	-
Contributions	-	-	-	-
Assessments	-	-	-	-
Investment earnings	2	536	65	757
Intergovernmental	-	-	-	-
<b>Total revenues</b>	<u>37,938</u>	<u>639</u>	<u>65</u>	<u>757</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	4,596
Community services	-	-	-	-
Capital outlay	-	-	-	269,286
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,938</u>	<u>639</u>	<u>65</u>	<u>(273,125)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuances	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	37,938	639	65	(273,125)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	515	999,199	121,298	1,569,152
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 38,453</u>	<u>\$ 999,838</u>	<u>\$ 121,363</u>	<u>\$ 1,296,027</u>

Capital Project Funds				Total
Certificates of Obligation 2009	Certificates of Obligation 2011	Certificates of Obligation 2012	Certificates of Obligation 2015	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,595,644
-	-	-	-	243,664
-	-	-	-	397,953
-	-	-	-	84,919
-	-	-	-	705,684
-	-	-	-	119,087
-	-	17,300	-	4,186,878
-	-	-	-	2,111,351
2,214	96	2,442	666	18,070
-	-	-	-	2,837,070
<u>2,214</u>	<u>96</u>	<u>19,742</u>	<u>666</u>	<u>13,300,320</u>
-	-	-	-	2,015,757
-	-	118,539	-	266,826
31,529	-	-	-	2,129,517
-	-	-	-	965,493
720,483	25,940	2,566,639	-	6,445,624
-	-	-	-	6,115,000
-	-	-	55,128	676,908
<u>752,012</u>	<u>25,940</u>	<u>2,685,178</u>	<u>55,128</u>	<u>18,615,125</u>
<u>(749,798)</u>	<u>(25,844)</u>	<u>(2,665,436)</u>	<u>(54,462)</u>	<u>(5,314,805)</u>
-	-	-	3,020,000	3,020,000
-	-	-	134,199	134,199
-	-	-	-	1,108,821
-	-	-	-	(1,144,735)
-	-	-	3,154,199	3,118,285
<u>(749,798)</u>	<u>(25,844)</u>	<u>(2,665,436)</u>	<u>3,099,737</u>	<u>(2,196,520)</u>
4,708,310	196,422	4,861,788	-	33,243,944
<u>\$ 3,958,512</u>	<u>\$ 170,578</u>	<u>\$ 2,196,352</u>	<u>\$ 3,099,737</u>	<u>\$ 31,047,424</u>

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
DEBT SERVICE  
YEAR ENDED SEPTEMBER 30, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 10,485,000	\$ 10,485,000	\$ 11,163,437	\$ 678,437
Investment earnings	5,000	5,000	6,598	1,598
Contributions	-	-	256,797	256,797
<b>Total revenues</b>	<u>10,490,000</u>	<u>10,490,000</u>	<u>11,426,832</u>	<u>936,832</u>
<b>EXPENDITURES</b>				
General government	2,027,000	2,027,000	1,542,100	484,900
Principal	4,577,000	4,827,000	5,046,939	(219,939)
Interest and fiscal charges	3,594,000	3,596,144	3,585,206	10,938
<b>Total expenditures</b>	<u>10,198,000</u>	<u>10,450,144</u>	<u>10,174,245</u>	<u>275,899</u>
Revenues (Under) Expenditures	<u>292,000</u>	<u>39,856</u>	<u>1,252,587</u>	<u>1,212,731</u>
<b>Net change in fund balance</b>	<u>\$ 292,000</u>	<u>\$ 39,856</u>	<u>1,252,587</u>	<u>\$ 1,212,731</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>2,861,859</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 4,114,446</u>	

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
POLICE ACTIVITY  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Other revenue	\$ 70,000	\$ 70,000	\$ 8,297	\$ (61,703)
Contributions	15,000	15,000	28,878	13,878
Investment earnings	150	150	63	(87)
<b>Total revenues</b>	<u>85,150</u>	<u>85,150</u>	<u>37,238</u>	<u>(47,912)</u>
<b>EXPENDITURES</b>				
Public safety	<u>250,035</u>	<u>250,035</u>	<u>38,453</u>	<u>211,582</u>
<b>Net change in fund balance</b>	<u>\$ (164,885)</u>	<u>\$ (164,885)</u>	<u>(1,215)</u>	<u>\$ 163,670</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>210,020</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 208,805</u>	

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS – MUNICIPAL COURT BUILDING SECURITY  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Fines and forfeitures	\$ 34,000	\$ 34,000	\$ 36,351	\$ 2,351
Investment earnings	100	100	3	(97)
<b>Total revenues</b>	<u>34,100</u>	<u>34,100</u>	<u>36,354</u>	<u>2,254</u>
<b>EXPENDITURES</b>				
General government	<u>10,930</u>	<u>20,610</u>	<u>18,780</u>	<u>1,830</u>
<b>Net change in fund balance</b>	<u>\$ 23,170</u>	<u>\$ 13,490</u>	<u>17,574</u>	<u>\$ 4,084</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>27,113</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 44,687</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Fines and forfeitures	\$ 46,000	\$ 46,000	\$ 48,468	\$ 2,468
Investment earnings	50	50	2	(48)
<b>Total revenues</b>	<u>46,050</u>	<u>46,050</u>	<u>48,470</u>	<u>2,420</u>
<b>EXPENDITURES</b>				
General government	<u>51,320</u>	<u>51,320</u>	<u>49,449</u>	<u>1,871</u>
<b>Net change in fund balance</b>	<u>\$ (5,270)</u>	<u>\$ (5,270)</u>	<u>(979)</u>	<u>\$ 4,291</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>22,416</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 21,437</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Contributions	\$ 1,000	\$ 1,000	\$ 1,541	\$ 541
Investment earnings	40	40	3	(37)
<b>Total revenues</b>	<u>1,040</u>	<u>1,040</u>	<u>1,544</u>	<u>504</u>
<b>EXPENDITURES</b>				
Community services	<u>3,000</u>	<u>3,000</u>	<u>988</u>	<u>2,012</u>
<b>Net change in fund balance</b>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>556</u>	<u>\$ 2,516</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>12,620</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 13,176</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Other taxes	\$ 449,280	\$ 449,280	\$ 397,953	\$ (51,327)
Other revenue	50,000	50,000	-	(50,000)
Investment earnings	525	525	403	(122)
<b>Total revenues</b>	<u>499,805</u>	<u>499,805</u>	<u>398,356</u>	<u>(101,449)</u>
<b>EXPENDITURES</b>				
General government	315,000	315,000	225,842	89,158
Capital outlay	300,000	300,000	-	300,000
<b>Total expenditures</b>	<u>615,000</u>	<u>615,000</u>	<u>225,842</u>	<u>389,158</u>
<b>Net change in fund balance</b>	<u>\$ (115,195)</u>	<u>\$ (115,195)</u>	172,514	<u>\$ 287,709</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			685,117	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 857,631</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 100	\$ 100	\$ 51	\$ (49)
<b>Total revenues</b>	<u>100</u>	<u>100</u>	<u>51</u>	<u>(49)</u>
<b>EXPENDITURES</b>				
Public safety	<u>130,000</u>	<u>130,000</u>	-	<u>130,000</u>
<b>Net change in fund balance</b>	<u>\$ (129,900)</u>	<u>\$ (129,900)</u>	51	<u>\$ 129,951</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>180,350</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 180,401</u>	

**CITY OF LEAGUE CITY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS – TREE PRESERVATION FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	3	\$ 3
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
<b>EXPENDITURES</b>				
Community services	1,500	1,500	-	1,500
<b>Net change in fund balance</b>	<u>\$ (1,500)</u>	<u>\$ (1,500)</u>	<u>3</u>	<u>\$ 1,503</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>30,833</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 30,836</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Contributions	\$ 10,000	\$ 10,000	\$ 14,737	\$ 4,737
Investment earnings	40	40	20	(20)
<b>Total revenues</b>	<u>10,040</u>	<u>10,040</u>	<u>14,757</u>	<u>4,717</u>
<b>EXPENDITURES</b>				
Public safety	26,800	26,800	1,459	25,341
<b>Net change in fund balance</b>	<u>\$ (16,760)</u>	<u>\$ (16,760)</u>	13,298	<u>\$ 30,058</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			40,620	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 53,918</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Franchise and local taxes	\$ 231,250	\$ 231,250	\$ 243,664	\$ 12,414
Investment earnings	450	450	458	8
<b>Total revenues</b>	<u>231,700</u>	<u>231,700</u>	<u>244,122</u>	<u>12,422</u>
<b>EXPENDITURES</b>				
General government	10,000	59,650	35,590	24,060
Capital outlay	610,000	560,350	36,771	523,579
<b>Total expenditures</b>	<u>620,000</u>	<u>620,000</u>	<u>72,361</u>	<u>547,639</u>
<b>Net change in fund balance</b>	<u>\$ (388,300)</u>	<u>\$ (388,300)</u>	171,761	<u>\$ 560,061</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>813,488</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 985,249</u>	

**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, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 332,500	\$ 332,500	\$ 377,548	\$ 45,048
Contributions	1,252,506	1,252,506	1,283,937	31,431
Investment earnings	750	750	1,855	1,105
<b>Total revenues</b>	<u>1,585,756</u>	<u>1,585,756</u>	<u>1,663,340</u>	<u>77,584</u>
<b>EXPENDITURES</b>				
Community service	984,004	1,043,568	876,371	167,197
Capital outlay	-	4,010	6,985	(2,975)
Debt service:				
Principal	355,000	355,000	355,000	-
Interest	306,881	307,107	307,106	1
<b>Total Expenditures</b>	<u>1,645,885</u>	<u>1,709,685</u>	<u>1,545,462</u>	<u>164,223</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	(10,000)	(10,000)	-
<b>Total other financing sources</b>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (60,129)</u>	<u>\$ (133,929)</u>	<u>107,878</u>	<u>\$ 241,807</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>1,051,511</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 1,159,389</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Other revenue	\$ 100,000	\$ 100,000	\$ 109,501	\$ 9,501
Investment earnings	10	10	11	1
<b>Total revenues</b>	<u>100,010</u>	<u>100,010</u>	<u>109,512</u>	<u>9,502</u>
<b>EXPENDITURES</b>				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>87,950</u>	<u>12,050</u>
<b>Net change in fund balance</b>	<u>\$ 10</u>	<u>\$ 10</u>	<u>21,562</u>	<u>\$ 21,552</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>24,420</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 45,982</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 650	\$ 650	\$ 588	\$ (62)
<b>Total revenues</b>	<u>650</u>	<u>650</u>	<u>588</u>	<u>(62)</u>
<b>EXPENDITURES</b>				
General government	525,000	79,502	16,745	62,757
Capital outlay	705,335	1,062,833	480,333	582,500
<b>Total expenditures</b>	<u>1,230,335</u>	<u>1,142,335</u>	<u>497,078</u>	<u>645,257</u>
<b>Net change in fund balance</b>	<u>\$ (1,229,685)</u>	<u>\$ (1,141,685)</u>	<u>(496,490)</u>	<u>\$ 645,195</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			1,141,913	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 645,423</u>	

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Contributions	\$ 17,000	\$ 17,000	\$ 19,221	\$ 2,221
Investment earnings	500	500	35	(465)
<b>Total revenues</b>	<u>17,500</u>	<u>17,500</u>	<u>19,256</u>	<u>1,756</u>
<b>EXPENDITURES</b>				
Public Safety	41,810	41,810	18,926	22,884
<b>Net change in fund balance</b>	<u>\$ (24,310)</u>	<u>\$ (24,310)</u>	330	<u>\$ 24,640</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			109,056	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ 109,386</u>	

**CITY OF LEAGUE CITY, TEXAS  
INTERNAL SERVICE FUNDS**

**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 maintenance of the City's fleet. Its customers are City departments and its primary revenue source is payments from those departments for vehicle and equipment maintenance.

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 associated with the City's employee health insurance program. The primary revenue source is payments from City departments, employees, and retirees for health insurance premiums.

The **Capital Replacement Fund** is used to account for the funds used to purchase vehicles and equipment for the City's fleet. Its customers are City departments and its primary revenue source is payments from those departments for capital replacement.

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2015**

	Motor Pool	Insurance Trust	Employee Benefit Fund	Capital Replacement Fund	Total Funds
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 712,479	\$ -	\$ 50,543	\$ 2,439,164	\$ 3,202,186
Investments	-	-	-	1,005,500	1,005,500
Receivables, net	-	-	8,099	132,808	140,907
Due from other funds	-	-	443,243	-	443,243
Inventories	29,844	-	-	-	29,844
<b>Total current assets</b>	<u>742,323</u>	<u>-</u>	<u>501,885</u>	<u>3,577,472</u>	<u>4,821,680</u>
<b>Noncurrent assets</b>					
<b>Capital assets</b>					
Net depreciable capital assets	4,036,646	-	-	355,608	4,392,254
Total capital assets, net of accumulated depreciation	4,036,646	-	-	355,608	4,392,254
<b>Total noncurrent assets</b>	<u>4,036,646</u>	<u>-</u>	<u>-</u>	<u>355,608</u>	<u>4,392,254</u>
<b>TOTAL ASSETS</b>	<u>4,778,969</u>	<u>-</u>	<u>501,885</u>	<u>3,933,080</u>	<u>9,213,934</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	51,433	-	41,143	132,965	225,541
Due to other funds	-	-	57,935	-	57,935
<b>Total current liabilities</b>	<u>51,433</u>	<u>-</u>	<u>99,078</u>	<u>132,965</u>	<u>283,476</u>
<b>TOTAL LIABILITIES</b>	<u>51,433</u>	<u>-</u>	<u>99,078</u>	<u>132,965</u>	<u>283,476</u>
<b>NET POSITION</b>					
Net investment in capital assets	4,036,646	-	-	355,608	4,392,254
Unrestricted	690,890	-	402,807	3,444,507	4,538,204
<b>TOTAL NET POSITION</b>	<u>\$ 4,727,536</u>	<u>\$ -</u>	<u>\$ 402,807</u>	<u>\$ 3,800,115</u>	<u>\$ 8,930,458</u>

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Motor Pool</u>	<u>Insurance Trust</u>	<u>Employee Benefit Fund</u>	<u>Capital Replacement Fund</u>	<u>Total Funds</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,303,778	\$ 5,357,346	\$ 5,729,024	\$ 2,362,861	\$ 14,753,009
Other	108,660	-	-	172,848	281,508
<b>Total operating revenues</b>	<u>1,412,438</u>	<u>5,357,346</u>	<u>5,729,024</u>	<u>2,535,709</u>	<u>15,034,517</u>
<b>OPERATING EXPENSES</b>					
Personnel	626,741	-	-	-	626,741
Contractual services	9,523	-	-	-	9,523
Insurance	-	5,357,346	6,096,109	-	11,453,455
Repairs and maintenance	612,851	-	-	-	612,851
Other supplies and expenses	60,427	-	-	-	60,427
Depreciation	1,138,335	-	-	27,792	1,166,127
<b>Total operating expenses</b>	<u>2,447,877</u>	<u>5,357,346</u>	<u>6,096,109</u>	<u>27,792</u>	<u>13,929,124</u>
<b>Operating Income (loss)</b>	<u>(1,035,439)</u>	<u>-</u>	<u>(367,085)</u>	<u>2,507,917</u>	<u>1,105,393</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	655	-	14	1,055	1,724
Loss on disposal of capital assets	(228,103)	-	-	-	(228,103)
<b>Total nonoperating revenues (expenses)</b>	<u>(227,448)</u>	<u>-</u>	<u>14</u>	<u>1,055</u>	<u>(226,379)</u>
<b>TRANSFERS, NET</b>	<u>(1,291,143)</u>	<u>-</u>	<u>772,431</u>	<u>1,291,143</u>	<u>772,431</u>
<b>Change in net position</b>	<u>(2,554,030)</u>	<u>-</u>	<u>405,360</u>	<u>3,800,115</u>	<u>1,651,445</u>
<b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>	<u>7,281,566</u>	<u>-</u>	<u>(2,553)</u>	<u>-</u>	<u>7,279,013</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 4,727,536</u>	<u>\$ -</u>	<u>\$ 402,807</u>	<u>\$ 3,800,115</u>	<u>\$ 8,930,458</u>

**CITY OF LEAGUE CITY, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2015**

	Motor Pool	Insurance Trust	Employee Benefit Fund	Capital Replacement Fund	Total Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,412,438	\$ 5,357,346	\$ 5,277,682	\$ 2,402,901	\$ 14,450,367
Payments to suppliers	(718,524)	(5,357,346)	(6,049,591)	132,965	(11,992,496)
Payments to employees	(623,245)	-	-	-	(623,245)
<b>Net cash provided by (used in) operating activities</b>	<b>70,669</b>	<b>-</b>	<b>(771,909)</b>	<b>2,535,866</b>	<b>1,834,626</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	772,431	1,291,143	2,063,574
Transfers out	(1,291,143)	-	-	-	(1,291,143)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,291,143)</b>	<b>-</b>	<b>772,431</b>	<b>1,291,143</b>	<b>772,431</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	-	-	-	(383,400)	(383,400)
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(383,400)</b>	<b>(383,400)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	655	-	14	1,055	1,724
Purchase of investments	-	-	-	(1,005,500)	(1,005,500)
<b>Net cash provided by (used in) investing activities</b>	<b>655</b>	<b>-</b>	<b>14</b>	<b>(1,004,445)</b>	<b>(1,003,776)</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>(1,219,819)</b>	<b>-</b>	<b>536</b>	<b>2,439,164</b>	<b>1,219,881</b>
Cash and cash equivalents, beginning of year	1,932,298	-	50,007	-	1,982,305
Cash and cash equivalents, end of year	<u>\$ 712,479</u>	<u>\$ -</u>	<u>\$ 50,543</u>	<u>\$ 2,439,164</u>	<u>\$ 3,202,186</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,035,439)	\$ -	\$ (367,085)	\$ 2,507,917	\$ 1,105,393
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,138,335	-	-	27,792	1,166,127
Change in assets and liabilities (increase) decrease					
Accounts receivable	-	-	(8,099)	(132,808)	(140,907)
Due from other funds	-	-	(443,243)	-	(443,243)
Inventories	(8,537)	-	-	-	(8,537)
Accounts payable and accrued liabilities	(23,501)	-	38,583	132,965	148,047
Due to other funds	(189)	-	7,935	-	7,746
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 70,669</b>	<b>\$ -</b>	<b>\$ (771,909)</b>	<b>\$ 2,535,866</b>	<b>\$ 1,834,626</b>

**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.

<b>Contents</b>	<b>Page</b>
Financial Trends	115-124
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	125-131
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	132-140
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	141-142
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	143-147
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 COMPONENT  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Year			
	2006	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 102,970,171	\$ 120,115,018	\$ 139,477,734	\$ 143,105,466
Restricted	3,207,987	12,563,358	10,044,998	9,818,516
Unrestricted	13,759,017	14,116,519	19,688,847	21,894,650
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 119,937,175</u></b>	<b><u>\$ 146,794,895</u></b>	<b><u>\$ 169,211,579</u></b>	<b><u>\$ 174,818,632</u></b>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 62,130,257	\$ 64,010,135	\$ 107,478,172	\$ 114,059,051
Restricted	367,685	651,361	455,062	1,860,132
Unrestricted	12,156,662	33,582,396	8,265,057	15,442,653
<b>Total Business-Type Activities Net Position</b>	<b><u>\$ 74,654,604</u></b>	<b><u>\$ 98,243,892</u></b>	<b><u>\$ 116,198,291</u></b>	<b><u>\$ 131,361,836</u></b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 165,100,428	\$ 184,125,153	\$ 246,955,906	\$ 257,164,517
Restricted	3,575,672	13,214,719	10,500,060	11,678,648
Unrestricted	25,915,679	47,698,915	27,953,904	37,337,303
<b>Total Primary Government Net Position</b>	<b><u>\$ 194,591,779</u></b>	<b><u>\$ 245,038,787</u></b>	<b><u>\$ 285,409,870</u></b>	<b><u>\$ 306,180,468</u></b>

(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						
2010	2011	2012	2013	2014	2015	
\$ 138,986,054	\$ 146,115,632	\$ 144,981,676	\$ 158,272,342	\$ 172,449,008	\$ 193,389,209	
10,682,272	11,179,254	9,997,109	11,660,329	13,276,159	13,607,697	
20,751,435	21,639,912	19,353,911	18,908,179	24,872,831	18,390,289	
<u>\$ 170,419,761</u>	<u>\$ 178,934,798</u>	<u>\$ 174,332,696</u>	<u>\$ 188,840,850</u>	<u>\$ 210,597,998</u>	<u>\$ 225,387,195</u>	
\$ 114,732,724	\$ 107,392,808	\$ 129,683,003	\$ 143,851,297	\$ 171,411,024	\$ 189,014,844	
1,983,542	6,907,413	5,767,327	8,728,270	8,708,139	5,950,631	
24,171,358	39,807,796	23,530,610	19,620,210	7,914,337	4,034,665	
<u>\$ 140,887,624</u>	<u>\$ 154,108,017</u>	<u>\$ 158,980,940</u>	<u>\$ 172,199,777</u>	<u>\$ 188,033,500</u>	<u>\$ 199,000,140</u>	
\$ 253,718,778	\$ 253,508,440	\$ 274,664,679	\$ 302,123,639	\$ 343,860,032	\$ 382,404,053	
12,665,814	18,086,667	15,764,436	20,388,599	21,984,298	19,558,328	
44,922,793	61,447,708	42,884,521	38,528,389	32,787,168	22,424,954	
<u>\$ 311,307,385</u>	<u>\$ 333,042,815</u>	<u>\$ 333,313,636</u>	<u>\$ 361,040,627</u>	<u>\$ 398,631,498</u>	<u>\$ 424,387,335</u>	

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

	Year		
	2006	2007	2008
<b>Expenses</b>			
Governmental activities			
General government	\$ 10,653,854	\$ 13,037,659	\$ 15,841,598
Public safety	15,002,765	14,326,938	15,614,443
Public works	13,952,069	24,153,330	21,712,338
Community services	5,665,064	5,620,482	6,461,008
Interest and fiscal agent fees	1,968,922	2,559,712	2,546,158
Total Governmental Activities Expenses	<u>47,242,674</u>	<u>59,698,121</u>	<u>62,175,545</u>
Business-Type Activities			
Utilities	14,644,245	14,674,801	15,816,557
Total Business-Type Activities Expenses	<u>14,644,245</u>	<u>14,674,801</u>	<u>15,816,557</u>
Total Expenses	<u>\$ 61,886,919</u>	<u>\$ 74,372,922</u>	<u>\$ 77,992,102</u>
<b>Program Revenues</b>			
Governmental activities			
Charges for services			
General government	\$ 24,336	\$ 2,006,502	\$ 985,022
Public safety	1,888,852	730,290	730,290
Public works	4,850,922	7,461,978	7,997,532
Community services	602,954	530,187	345,820
Operating grants and contributions	1,622,948	764,091	3,090,510
Capital grants and contributions	18,746,413	24,761,544	21,942,670
Total Governmental Activities Program Revenues	<u>27,736,425</u>	<u>36,254,592</u>	<u>35,091,844</u>
Business-Type Activities			
Charges for services			
Utilities	19,493,923	18,964,428	23,209,601
Operating grants and contributions	45,000	-	105,075
Capital grants and contributions	14,313,418	18,666,045	12,064,459
Total Business-Type Activities Program Revenues	<u>33,852,341</u>	<u>37,630,473</u>	<u>35,379,135</u>
Total Program Revenues	<u>\$ 61,588,766</u>	<u>\$ 73,885,065</u>	<u>\$ 70,470,979</u>
<b>Net (Expense)/Revenue</b>			
Governmental activities	\$ (19,506,249)	\$ (23,443,529)	\$ (27,083,701)
Business-type activities	19,208,096	22,955,672	19,562,578
Total Net Expense	<u>\$ (298,153)</u>	<u>\$ (487,857)</u>	<u>\$ (7,521,123)</u>

		Year					
2009	2010	2011	2012	2013	2014	2015	
\$ 16,355,732	\$ 13,532,893	\$ 12,458,678	\$ 14,240,323	\$ 14,286,527	\$ 13,318,257	\$ 13,805,776	
16,643,840	21,024,434	22,078,186	20,758,655	22,777,502	24,139,580	24,832,669	
21,768,197	30,791,382	25,107,956	36,394,958	23,051,561	26,756,595	21,849,163	
6,871,519	6,855,694	4,243,548	6,872,442	7,277,115	8,072,245	7,849,582	
2,823,301	3,500,914	3,868,803	4,541,184	4,902,242	4,376,432	3,884,858	
<u>64,462,589</u>	<u>75,705,317</u>	<u>67,757,171</u>	<u>82,807,562</u>	<u>72,294,947</u>	<u>76,663,109</u>	<u>72,222,048</u>	
18,815,486	20,288,172	21,348,356	23,938,119	24,798,849	24,440,868	27,257,022	
18,815,486	20,288,172	21,348,356	23,938,119	24,798,849	24,440,868	27,257,022	
<u>\$ 83,278,075</u>	<u>\$ 95,993,489</u>	<u>\$ 89,105,527</u>	<u>\$ 106,745,681</u>	<u>\$ 97,093,796</u>	<u>\$ 101,103,977</u>	<u>\$ 99,479,070</u>	
\$ 1,564,845	\$ 3,425,079	\$ 3,397,307	\$ 3,294,614	\$ 2,799,880	\$ 5,562,884	\$ 6,359,071	
730,290	730,290	-	-	-	1,695,460	2,228,700	
7,186,901	7,565,705	4,659,274	5,041,613	2,579,909	2,677,025	2,844,003	
884,338	1,266,482	4,342,373	4,635,264	4,725,094	497,143	852,679	
4,888,926	2,283,291	4,933,663	4,281,645	3,955,289	3,084,319	3,878,927	
6,710,627	3,062,763	5,154,406	3,750,170	16,598,735	26,277,018	25,108,315	
<u>21,965,927</u>	<u>18,333,610</u>	<u>22,487,023</u>	<u>21,003,306</u>	<u>30,658,907</u>	<u>39,793,849</u>	<u>41,271,695</u>	
27,278,933	25,731,620	30,646,567	27,596,741	29,854,054	29,284,003	29,291,719	
150,107	131,943	-	-	-	-	-	
7,029,886	4,671,105	4,410,184	4,000,723	9,183,573	13,540,923	13,516,348	
<u>34,458,926</u>	<u>30,534,668</u>	<u>35,056,751</u>	<u>31,597,464</u>	<u>39,037,627</u>	<u>42,824,926</u>	<u>42,808,067</u>	
<u>\$ 56,424,853</u>	<u>\$ 48,868,278</u>	<u>\$ 57,543,774</u>	<u>\$ 52,600,770</u>	<u>\$ 69,696,534</u>	<u>\$ 82,618,775</u>	<u>\$ 84,079,762</u>	
\$ (42,496,662)	\$ (57,371,707)	\$ (45,270,148)	\$ (61,804,256)	\$ (41,636,040)	\$ (36,869,260)	\$ (30,950,353)	
15,643,440	10,246,496	13,708,395	7,659,345	14,238,778	18,384,058	15,551,045	
<u>\$ (26,853,222)</u>	<u>\$ (47,125,211)</u>	<u>\$ (31,561,753)</u>	<u>\$ (54,144,911)</u>	<u>\$ (27,397,262)</u>	<u>\$ (18,485,202)</u>	<u>\$ (15,399,308)</u>	

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

	Year		
	2006	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental activities			
Ad valorem taxes	\$ 23,161,785	\$ 29,212,712	\$ 29,800,358
Franchise and local taxes	3,486,132	7,980,512	4,463,564
Sales taxes	6,303,377	4,033,855	10,171,516
Investment earnings	1,301,752	2,032,052	1,364,833
Other revenues	105,634	1,827,752	793,599
Gain (loss) on sale of capital assets	-	(52,476)	-
Transfers	1,169,449	1,278,164	3,353,160
Total Governmental Activities	<u>35,528,129</u>	<u>46,312,571</u>	<u>49,947,030</u>
Business-type activities			
Investment earnings	1,493,383	1,867,641	1,742,300
Other revenues	-	-	-
Gain on sale of capital assets	-	44,139	2,681
Transfers	(1,169,449)	(1,278,164)	(3,353,160)
Total Business-Type Activities	<u>323,934</u>	<u>633,616</u>	<u>(1,608,179)</u>
Total Primary Government	<u>\$ 35,852,063</u>	<u>\$ 46,946,187</u>	<u>\$ 48,338,851</u>
<b>Change in Net Position</b>			
Governmental activities	\$ 16,021,880	\$ 22,869,042	\$ 22,863,329
Business-type activities	19,532,030	23,589,288	17,954,399
Total Change in Net Position	<u>\$ 35,553,910</u>	<u>\$ 46,458,330</u>	<u>\$ 40,817,728</u>

(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 <sup>(3)</sup>	2010	2011	2012	2013	2014	2015
\$	34,255,809	\$ 36,162,871	\$ 36,285,502	\$ 36,513,595	\$ 33,655,410	\$ 34,663,277	\$ 36,335,584
	4,613,734	4,831,866	4,927,378	5,187,232	5,416,273	5,725,179	6,055,164
	10,938,166	10,359,528	11,167,925	12,283,836	12,513,332	13,823,196	14,923,809
	406,217	192,401	146,199	291,101	122,325	51,719	69,707
	716,331	473,164	572,180	1,635,709	2,272,354	1,746,482	502,014
	30,410	-	-	-	-	-	(228,103)
	1,000,000	953,006	686,001	2,240,000	2,250,000	2,616,555	2,188,265
	<u>51,960,667</u>	<u>52,972,836</u>	<u>53,785,185</u>	<u>58,151,473</u>	<u>56,229,694</u>	<u>58,626,408</u>	<u>59,846,440</u>
	516,379	214,491	196,367	357,077	120,856	54,828	81,035
	-	17,807	1,632	-	-	-	-
	3,726	-	-	636	2,067	11,392	(1,562)
	<u>(1,000,000)</u>	<u>(953,006)</u>	<u>(686,001)</u>	<u>(2,240,000)</u>	<u>(2,250,000)</u>	<u>(2,616,555)</u>	<u>(2,188,265)</u>
	<u>(479,895)</u>	<u>(720,708)</u>	<u>(488,002)</u>	<u>(1,882,287)</u>	<u>(2,127,077)</u>	<u>(2,550,335)</u>	<u>(2,108,792)</u>
\$	<u>51,480,772</u>	<u>52,252,128</u>	<u>53,297,183</u>	<u>56,269,186</u>	<u>54,102,617</u>	<u>56,076,073</u>	<u>57,737,648</u>
\$	9,464,005	\$ (4,398,871)	\$ 8,515,037	\$ (3,652,783)	\$ 14,593,654	\$ 21,757,148	\$ 28,896,087
	15,163,545	9,525,788	13,220,393	5,777,058	12,111,701	15,833,723	13,442,253
\$	<u>24,627,550</u>	<u>5,126,917</u>	<u>21,735,430</u>	<u>2,124,275</u>	<u>26,705,355</u>	<u>37,590,871</u>	<u>42,338,340</u>

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

	Year			
	2006	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>
General Fund				
Reserved	\$ 346,826	\$ 367,413	\$ 372,661	\$ 383,708
Unreserved	14,135,117	16,672,251	17,925,044	20,554,414
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 14,481,943</u>	<u>\$ 17,039,664</u>	<u>\$ 18,297,705</u>	<u>\$ 20,938,122</u>
All Other Governmental Funds				
Reserved	\$ 942,172	\$ 1,074,423	\$ 1,175,395	\$ 2,463,898
Unreserved, reported in:				
Special revenue funds	2,241,932	6,186,017	7,307,631	6,124,122
Capital project funds	9,246,133	5,608,438	19,761,965	18,434,939
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 12,430,237</u>	<u>\$ 12,868,878</u>	<u>\$ 28,244,991</u>	<u>\$ 27,022,959</u>

(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 five fiscal years are available at this time. The City chose not to restate 2006 to 2010.

Year					
2010	2011	2012	2013	2014	2015
\$ 375,744	\$ -	\$ -	\$ -	\$ -	\$ -
21,289,604	-	-	-	-	-
-	14,159	25,362	22,236	20,074	193,753
-	15,811,078	16,331,557	12,259,729	13,138,608	13,218,693
-	4,900,640	-	4,081,154	3,184,668	9,027,651
<u>\$ 21,665,348</u>	<u>\$ 20,725,877</u>	<u>\$ 16,356,919</u>	<u>\$ 16,363,119</u>	<u>\$ 16,343,350</u>	<u>\$ 22,440,097</u>
\$ 2,128,323	\$ -	\$ -	\$ -	\$ -	\$ -
8,625,122	-	-	-	-	-
27,621,801	-	-	-	-	-
-	-	-	-	-	34,573
-	11,253,290	65,063,051	51,653,605	24,600,783	24,304,541
-	42,998,020	6,555,898	8,121,107	11,936,687	11,391,918
-	-	(224,122)	(305,246)	(431,667)	(569,162)
<u>\$ 38,375,246</u>	<u>\$ 54,251,310</u>	<u>\$ 71,394,827</u>	<u>\$ 59,469,466</u>	<u>\$ 36,105,803</u>	<u>\$ 35,161,870</u>

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

	Year			
	2006	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>
<b>Revenues</b>				
Ad valorem taxes	\$ 23,124,758	\$ 29,198,771	\$ 29,764,055	\$ 34,309,728
Sales taxes	6,303,377	7,980,512	10,171,516	10,938,166
Franchise and local taxes	3,486,132	4,033,855	4,145,479	4,337,944
Other taxes	-	-	-	-
Licenses and permits	1,440,637	2,087,633	2,746,066	1,727,849
Fines and forfeitures	2,355,933	2,655,768	1,399,113	1,570,913
Charges for services	3,521,772	1,631,013	3,794,687	4,333,205
Contributions	-	-	-	-
Assessments	-	-	-	-
Intergovernmental	1,212,533	3,979,054	3,090,510	4,888,926
Investment earnings	1,279,331	1,827,752	1,308,255	388,877
Other revenues	654,930	2,767,174	3,644,572	3,732,596
<b>Total Revenues</b>	<b>43,379,403</b>	<b>56,161,532</b>	<b>60,064,253</b>	<b>66,228,204</b>
<b>Expenditures</b>				
General government	9,903,020	13,034,389	15,725,914	16,256,094
Public safety	12,318,494	13,255,090	15,117,809	16,744,221
Public works	8,825,789	15,387,027	15,144,613	15,150,007
Community services	3,726,145	5,448,799	5,322,367	5,289,925
Capital outlay	1,863,203	4,466,279	1,561,742	2,183,987
Debt service				
Principal	2,797,966	5,705,866	3,467,065	3,429,370
Interest and fiscal charges	2,166,036	2,596,624	2,419,857	2,982,373
Payment to refunding bond escrow agent	-	-	-	-
Other debt service - refunding escrow	-	-	-	-
<b>Total Expenditures</b>	<b>41,600,653</b>	<b>59,894,074</b>	<b>58,759,367</b>	<b>62,035,977</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,778,750</b>	<b>(3,732,542)</b>	<b>1,304,886</b>	<b>4,192,227</b>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	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	4,190,163	2,182,522	1,687,892	2,876,538
Transfers out	(3,459,087)	(1,757,396)	(1,413,529)	(1,876,538)
<b>Total Other Financing Sources</b>	<b>5,426,076</b>	<b>505,890</b>	<b>15,775,913</b>	<b>1,000,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 7,204,826</b>	<b>\$ (3,226,652)</b>	<b>\$ 17,080,799</b>	<b>\$ 5,192,227</b>
Debt service as a percentage of noncapital expenditures	11.90%	12.49%	10.70%	10.83%

(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									
		2010	2011	2012	2013	2014	2015				
\$	36,066,060	\$	36,276,854	\$	36,423,943	\$	33,655,410	\$	34,670,994	\$	36,407,515
	10,359,528		11,167,925		12,283,836		12,513,332		13,823,196		14,923,809
	4,831,866		4,657,634		4,836,231		4,924,234		5,122,215		5,458,108
	-		-		-		492,039		602,964		597,056
	2,079,481		1,785,027		2,125,034		2,579,909		3,165,889		3,314,882
	3,444,938		3,493,552		3,282,865		2,380,961		2,012,135		1,983,120
	4,715,349		4,342,373		4,635,264		4,725,094		5,506,105		7,177,566
	-		-		-		3,083,260		4,915,538		4,605,811
	-		-		-		2,951,465		2,216,155		2,111,351
	2,283,291		3,701,122		3,101,884		2,302,433		763,026		3,047,235
	189,583		145,749		289,340		120,230		51,026		67,983
	3,240,811		4,948,712		6,083,050		3,860,535		2,353,408		1,405,605
	<u>67,210,907</u>		<u>70,518,948</u>		<u>73,061,447</u>		<u>73,588,902</u>		<u>75,202,651</u>		<u>81,100,041</u>
	13,142,475		12,794,025		14,099,732		13,931,711		13,030,831		13,428,669
	19,954,328		21,177,179		21,977,702		21,808,449		22,029,226		23,766,582
	26,658,640		15,881,347		21,498,674		15,649,112		20,414,563		15,547,486
	5,573,819		5,128,899		5,036,836		5,896,633		5,930,137		5,572,054
	3,073,192		11,349,256		23,491,565		16,237,076		32,006,849		6,778,416
	5,806,220		6,478,159		13,405,095		8,140,497		8,455,954		11,161,939
	3,522,720		3,849,491		4,670,711		5,039,856		4,725,078		4,262,114
	-		-		-		10,610,232		-		-
	-		-		3,000,000		1,200,000		-		-
	<u>77,731,394</u>		<u>76,658,356</u>		<u>107,180,315</u>		<u>98,513,566</u>		<u>106,592,638</u>		<u>80,517,260</u>
	(10,520,487)		(6,139,408)		(34,118,868)		(24,924,664)		(31,389,987)		582,781
	21,600,000		20,390,000		53,510,000		13,819,988		5,390,000		3,020,000
	-		-		6,485,644		748,935		-		134,199
	-		-		(15,178,720)		(3,727,920)		-		-
	1,699,862		4,766,825		8,419,220		4,408,526		6,365,689		4,441,821
	(699,862)		(4,080,824)		(6,342,720)		(2,158,526)		(3,749,134)		(3,025,987)
	<u>22,600,000</u>		<u>21,076,001</u>		<u>46,893,424</u>		<u>13,091,003</u>		<u>8,006,555</u>		<u>4,570,033</u>
\$	<u>12,079,513</u>	\$	<u>14,936,593</u>	\$	<u>12,774,556</u>	\$	<u>(11,833,661)</u>	\$	<u>(23,383,432)</u>	\$	<u>5,152,814</u>
	12.80%		15.81%		21.60%		16.02%		17.67%		20.92%

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

	Year			
	2006	2007	2008	2009
<b>City of League City:</b>				
Operating tax rate	\$ 0.391900	\$ 0.386514	\$ 0.404000	\$ 0.413932
Debt service tax rate	0.235600	0.222286	0.204800	0.216068
<b>Total Direct Rates</b>	<b>\$ 0.627500</b>	<b>\$ 0.608800</b>	<b>\$ 0.608800</b>	<b>\$ 0.630000</b>
Clear Creek Independent School District	\$ 1.775000	\$ 1.630000	\$ 1.320000	\$ 1.360000
College of the Mainland, Jr. College District	0.243020	0.233450	0.227380	0.221640
Dickinson Independent School District	1.751000	1.724000	1.430000	1.500000
Santa Fe Independent School District	1.570000	1.445000	1.160000	1.160000
Galveston County (includes Road & Flood)	0.628750	0.598750	0.580000	0.570000
Galveston Co. Mun. Utility District No. 2	0.300000	0.260000	0.250000	0.240000
Galveston Co. Mun. Utility District No. 3	0.210000	0.160000	0.140000	0.130000
Galveston Co. Mun. Utility District No. 6	0.640000	0.480000	0.440000	0.440000
Galveston Co. Mun. Utility District No. 13	0.710000	0.630000	0.610000	0.585000
Galveston Co. Mun. Utility District No. 14	0.900000	0.880000	0.880000	0.870000
Galveston Co. Mun. Utility District No. 15	0.825000	0.825000	0.825000	0.795000
Tara Glen Mun. Utility District	0.670000	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	0.800000
Galveston Co. Mun. Utility District No. 45	1.000000	1.000000	1.000000	1.000000
Galveston Co. Mun. Utility District No. 46	-	1.000000	1.000000	1.000000
South Shore Harbour Mun. Utility District No. 2	0.340000	0.290000	0.290000	0.240000
South Shore Harbour Mun. Utility District No. 3	0.200000	0.180000	0.170000	0.160000
South Shore Harbour Mun. Utility District No. 6	0.310000	0.300000	0.300000	0.290000
South Shore Harbour Mun. Utility District No. 7	0.950000	0.820000	0.800000	0.750000
<b>Total Direct and Overlapping Rates (1)</b>	<b>\$ 16.550270</b>	<b>\$ 17.635000</b>	<b>\$ 16.401180</b>	<b>\$ 16.311640</b>

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

Source: Galveston Central Appraisal District.

Year					
2010	2011	2012	2013	2014	2015
\$ 0.408871	\$ 0.396729	\$ 0.385001	\$ 0.374999	\$ 0.380000	\$ 0.400206
0.221129	0.219271	0.224999	0.222001	0.217000	0.196794
<u>\$ 0.630000</u>	<u>\$ 0.616000</u>	<u>\$ 0.610000</u>	<u>\$ 0.597000</u>	<u>\$ 0.597000</u>	<u>\$ 0.597000</u>
\$ 1.360000	\$ 1.360000	\$ 1.360000	\$ 1.360000	\$ 1.400000	\$ 1.400000
0.221640	0.233890	0.232020	0.225970	0.221210	0.205085
1.504000	1.540000	1.540000	1.540000	1.540000	1.540000
1.330200	1.419200	1.495000	1.453900	1.449000	1.435800
0.630000	0.628750	0.621350	0.608770	0.589800	0.584800
0.240000	0.240000	0.260000	0.270000	0.300000	-
0.120000	0.120000	0.120000	0.120000	0.120000	0.030000
0.400000	0.400000	0.422000	0.439000	0.439000	0.470000
0.560000	0.550000	0.540000	0.540000	0.500000	0.460000
0.870000	0.860000	0.860000	0.780000	0.740000	0.740000
0.790000	0.790000	0.790000	0.780000	0.760000	0.720000
0.670000	0.670000	0.670000	0.660000	0.660000	0.630000
1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
0.900000	0.900000	0.900000	0.880000	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
0.220000	0.170000	-	-	-	-
0.160000	-	-	-	-	-
0.290000	0.290000	0.290000	0.290000	0.215000	0.120000
0.700000	0.650000	0.600000	0.550000	0.530000	0.530000
<u>\$ 16.395840</u>	<u>\$ 16.237840</u>	<u>\$ 16.110370</u>	<u>\$ 15.894640</u>	<u>\$ 15.741010</u>	<u>\$ 15.142685</u>

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

	Year			
	2006	2007	2008	2009
Residential Property	\$ 3,167,696,117	\$ 3,563,555,414	\$ 4,099,464,031	\$ 4,523,998,434
Commercial Property	689,613,117	800,390,107	885,723,235	1,055,256,467
Personal Property	189,632,613	182,019,787	236,407,969	258,958,835
Less: Tax Exempt Property	459,644,830	515,115,893	883,467,033	999,292,205
Total Assessed Value (1)	<u>\$ 3,587,297,017</u>	<u>\$ 4,030,849,415</u>	<u>\$ 4,338,128,202</u>	<u>\$ 4,838,921,531</u>
Total Direct Tax Rate	0.62750	0.60880	0.60880	0.63000

Source: Tax department of the City.

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

<b>Year</b>					
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 4,726,069,917	\$ 4,917,368,181	\$ 5,010,019,627	\$ 5,050,587,502	\$ 5,182,560,052	\$ 5,579,793,632
1,049,240,338	1,158,032,589	1,130,809,114	1,112,465,056	1,159,216,115	1,119,310,390
295,195,664	287,039,236	283,385,238	308,323,712	373,016,045	424,200,532
1,006,635,521	1,124,200,606	1,125,144,523	1,131,754,874	1,233,542,565	1,371,434,539
\$ 5,063,870,398	\$ 5,238,239,400	\$ 5,299,069,456	\$ 5,339,621,396	\$ 5,481,249,647	\$ 5,751,870,015
0.63000	0.61600	0.61000	0.59700	0.59700	0.59700

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

Property Taxpayer	2015			2006		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Komatsu America Corp	\$ 106,828,928	1	1.86%			
Texas-New Mexico Power Co	33,940,714	2	0.59%	\$ 33,605,460	1	0.94%
Inland America LC Victory Lakes	30,919,030	3	0.54%			
American National Insurance Co	24,535,750	4	0.43%			
Excel League City LLC	21,997,860	5	0.38%			
Sunstone Broadstone LP	20,834,090	6	0.36%			
GS Beacon Lakes LP	19,080,000	7	0.33%			
Amalfi Tuscan Lake Investors LLC	17,223,410	8	0.30%			
Fairways at South Shore LTD	16,704,130	9	0.29%			0.00%
GS Haven South Shore LP	16,572,970	10	0.29%			0.00%
South Shore Harbour Development				25,339,160	2	0.71%
A-S 56 IH-45 South FM646 LP				18,800,930	3	0.52%
GTE Southwest Inc				16,912,350	4	0.47%
FPA South Shore Associates				13,243,960	5	0.37%
Palm Investors LP				12,032,320	6	0.34%
DR Horton-Texas LTD				11,118,730	7	0.31%
New York Life Insurance Co				10,913,500	8	0.30%
Lennar Homes of Texas Land				10,552,220	9	0.29%
Clear Lake Partners				10,420,590	10	0.29%
Subtotal	308,636,882		5.37%	162,939,220		4.54%
Other Taxpayers	\$ 5,443,233,133		94.63%	3,424,357,797		95.46%
<b>Total <sup>(1)</sup></b>	<b>\$ 5,751,870,015</b>		<b>100.00%</b>	<b>\$ 3,587,297,017</b>		<b>100.00%</b>

Source: Tax department records of the City.

(1) Net of exemptions and abatements

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>	
				<u>Amount Collected</u>	<u>Percentage of Levy</u>
2006	2005	\$ 0.627500	\$ 23,402,660	\$ 23,019,283	98.36%
2007	2006	\$ 0.608800	\$ 25,670,796	\$ 25,256,206	98.38%
2008	2007	\$ 0.608800	\$ 26,918,128	\$ 26,441,828	98.23%
2009	2008	\$ 0.630000	\$ 30,867,036	\$ 30,476,981	98.74%
2010	2009	\$ 0.630000	\$ 32,997,902	\$ 32,560,792	98.68%
2011	2010	\$ 0.616000	\$ 32,939,548	\$ 32,527,089	98.75%
2012	2011	\$ 0.610000	\$ 33,324,749	\$ 32,955,026	98.89%
2013	2012	\$ 0.597000	\$ 33,371,286	\$ 33,099,293	99.18%
2014	2013	\$ 0.597000	\$ 34,334,632	\$ 34,061,842	99.21%
2015	2014	\$ 0.597000	\$ 35,990,638	\$ 35,742,044	99.31%

Source: Tax Department records of the City

<b>Collected in Subsequent Years</b>		<b>Total Collections to Date</b>	
<b>Amount Collected</b>		<b>Amount Collected</b>	<b>Percentage of Levy</b>
\$ 340,888		\$ 23,360,171	99.82%
\$ 362,454		\$ 25,618,660	99.80%
\$ 421,335		\$ 26,863,163	99.80%
\$ 377,761		\$ 30,854,742	99.96%
\$ 375,389		\$ 32,936,181	99.81%
\$ 327,629		\$ 32,854,718	99.74%
\$ 332,851		\$ 33,287,877	99.89%
\$ 198,083		\$ 33,297,376	99.78%
\$ 133,942		\$ 34,195,784	99.60%
\$ N/A		\$ 35,742,044	99.31%

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

	Year			
	2006	2007	2008	2009
<b>Governmental Activities:</b>				
General obligation bonds	\$ 16,315,283	\$ 16,580,901	\$ 15,014,339	\$ 13,189,971
Certificates of obligation	45,368,673	41,635,504	55,235,000	53,630,000
<b>Subtotal</b>	<u>61,683,956</u>	<u>58,216,405</u>	<u>70,249,339</u>	<u>66,819,971</u>
<b>Business-Type Activities:</b>				
General obligation bonds	20,359,717	23,564,099	20,745,660	17,405,030
Certificates of obligation	6,351,328	739,496	207,000	-
Revenue bonds	24,550,000	23,240,000	48,685,000	84,540,000
Contract revenue bonds	5,700,000	5,170,000	4,615,000	4,040,000
<b>Subtotal</b>	<u>56,961,045</u>	<u>52,713,595</u>	<u>74,252,660</u>	<u>105,985,030</u>
<b>Government-Wide:</b>				
General obligation bonds	36,675,000	40,145,000	35,759,999	30,595,001
Certificates of obligation	51,720,001	42,375,000	55,442,000	53,630,000
Revenue bonds	24,550,000	23,240,000	48,685,000	84,540,000
Contract revenue bonds	5,700,000	5,170,000	4,615,000	4,040,000
<b>Total Government-Wide</b>	<u>\$ 118,645,001</u>	<u>\$ 110,930,000</u>	<u>\$ 144,501,999</u>	<u>\$ 172,805,001</u>
<b>Estimated Full Property Value</b>	\$ 3,587,297,017	\$ 4,030,849,415	\$ 4,338,128,202	\$ 4,838,921,531
<b>Percentage of Full Property Value:</b>				
Governmental activities	1.72%	1.44%	1.62%	1.38%
Business-type activities	1.59%	1.31%	1.71%	2.19%
Government-wide	3.31%	2.75%	3.33%	3.57%
<b>Population</b>	72,000	76,700	79,300	81,300
<b>Debt Per Capita:</b>				
Governmental activities	\$ 857	\$ 759	\$ 886	\$ 822
Business-type activities	\$ 791	\$ 687	\$ 936	\$ 1,304
Government-wide	\$ 1,648	\$ 1,446	\$ 1,822	\$ 2,126

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					
2010		2011		2012		2013		2014		2015		
\$	11,163,750	\$	9,660,590	\$	27,150,497	\$	35,373,070	\$	37,009,208	\$	34,094,254	
	71,450,000		87,550,000		96,160,000		85,207,932		81,081,700		76,190,038	
	82,613,750		97,210,590		123,310,497		120,581,002		118,090,908		110,284,292	
	13,721,250		9,924,409		17,159,503		15,799,672		14,779,501		32,055,890	
	-		-		51,925,000		54,854,937		53,919,753		68,035,114	
	83,175,000		94,835,000		81,400,000		78,499,256		73,360,862		49,807,467	
	3,440,000		2,720,000		2,055,000		1,916,812		1,698,416		1,430,000	
	100,336,250		107,479,409		152,539,503		151,070,677		143,758,532		151,328,471	
	24,885,000		19,584,999		44,310,000		51,172,742		51,788,709		66,150,144	
	71,450,000		87,550,000		148,085,000		140,062,869		135,001,453		144,225,152	
	83,175,000		94,835,000		81,400,000		78,499,256		73,360,862		49,807,467	
	3,440,000		2,720,000		2,055,000		1,916,812		1,698,416		1,430,000	
\$	182,950,000	\$	204,689,999	\$	275,850,000	\$	271,651,679	\$	261,849,440	\$	261,612,763	
\$	5,063,870,398	\$	5,238,239,400	\$	5,299,069,456	\$	5,339,621,396	\$	5,481,249,647	\$	5,751,870,015	
	1.63%		1.86%		2.33%		2.26%		2.15%		1.92%	
	1.98%		2.05%		2.88%		2.83%		2.62%		2.63%	
	3.61%		3.91%		5.21%		5.09%		4.78%		4.55%	
	83,560		85,026		87,260		89,257		92,714		96,209	
\$	989	\$	1,143	\$	1,413	\$	1,351	\$	1,274	\$	1,146	
\$	1,201	\$	1,264	\$	1,748	\$	1,693	\$	1,551	\$	1,573	
\$	2,189	\$	2,407	\$	3,161	\$	3,043	\$	2,824	\$	2,719	

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

	Year			
	2006	2007	2008	2009
<b>Estimated Actual Taxable Value of Property</b>	\$ 3,587,297,017	\$ 4,030,849,415	\$ 4,338,128,202	\$ 4,838,921,531
General obligation bonds	\$ 36,675,000	\$ 40,145,000	\$ 35,759,999	\$ 30,595,001
Certificates of obligation	51,720,001	42,375,000	55,442,000	53,630,000
Less: amounts available in debt service fund	942,172	1,074,250	1,175,395	2,463,899
<b>Total</b>	<b>\$ 87,452,829</b>	<b>\$ 81,445,750</b>	<b>\$ 90,026,604</b>	<b>\$ 81,761,102</b>
<b>Percentage of Estimated Actual Taxable Value of Property</b>	2.44%	2.02%	2.08%	1.69%
<b>Population</b>	72,000	76,700	79,300	81,300
<b>Per Capita</b>	\$ 1,215	\$ 1,062	\$ 1,135	\$ 1,006

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					
2010	2011	2012	2013	2014	2015
\$ 5,063,870,398	\$ 5,238,239,400	\$ 5,299,069,456	\$ 5,339,621,396	\$ 5,481,249,647	\$ 5,751,870,015
\$ 24,885,000 71,450,000	\$ 19,584,999 87,550,000	\$ 44,310,000 148,085,000	\$ 51,172,742 140,062,869	\$ 51,788,709 135,001,452	\$ 66,150,144 144,225,151
2,128,323	2,733,382	4,881,211	3,074,361	2,861,859	4,114,446
<u>\$ 94,206,677</u>	<u>\$ 104,401,617</u>	<u>\$ 187,513,789</u>	<u>\$ 188,161,250</u>	<u>\$ 183,928,302</u>	<u>\$ 206,260,849</u>
1.86%	1.99%	3.54%	3.52%	3.36%	3.59%
83,560	85,026	87,260	89,257	92,714	96,209
\$ 1,127	\$ 1,228	\$ 2,149	\$ 2,108	\$ 1,984	\$ 2,144

**CITY OF LEAGUE CITY, TEXAS  
STATISTICAL SCHEDULES  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2015**

<b>Government Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable*</b>	<b>Amount Applicable to Primary Government</b>
Clear Creek Independent School District	\$ 887,800,000	28.57%	\$ 253,644,460
Dickinson Independent School District	\$ 262,843,564	29.39%	\$ 77,249,723
Santa Fe Independent School District	\$ 68,775,000	2.09%	\$ 1,437,398
Galveston County	\$ 259,588,434	25.54%	\$ 66,298,886
Galveston Co. Mun. Utility District No. 6	\$ 10,485,000	100.00%	\$ 10,485,000
Galveston Co. Mun. Utility District No. 13	\$ 2,115,000	100.00%	\$ 2,115,000
Galveston Co. Mun. Utility District No. 14	\$ 9,910,000	100.00%	\$ 9,910,000
Galveston Co. Mun. Utility District No. 15	\$ 9,215,000	100.00%	\$ 9,215,000
Galveston Co. Mun. Utility District No. 39	\$ 27,160,000	100.00%	\$ 27,160,000
Galveston Co. Mun. Utility District No. 43	\$ 29,050,000	100.00%	\$ 29,050,000
Galveston Co. Mun. Utility District No. 44	\$ 10,015,000	100.00%	\$ 10,015,000
Galveston Co. Mun. Utility District No. 45	\$ 9,000,000	100.00%	\$ 9,000,000
Galveston Co. Mun. Utility District No. 46	\$ 29,585,000	100.00%	\$ 29,585,000
Bay Colony West Mun. Utility District	\$ 8,920,000	100.00%	\$ 8,920,000
Tara Glen Mun. Utility District	\$ 1,850,000	100.00%	\$ 1,850,000
South Shore Harbour Mun. Utility District No. 7	\$ 12,495,000	100.00%	\$ 12,495,000
Harris County	\$ 2,578,076,349	0.03%	\$ 773,423
Harris County Department of Education	\$ 7,210,000	0.03%	\$ 2,163
Harris County Flood Control District	\$ 87,400,000	0.03%	\$ 26,220
Port of Houston Authority	\$ 690,219,397	0.03%	\$ 207,066
Subtotal, overlapping debt			\$ 559,439,339
<b>City Direct Debt</b>		100.00%	<u>\$ 110,284,292</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 669,723,631</u>
<b>Population</b>			96,209
<b>Overlapping Debt Per Capita</b>			<u>\$ 5,815</u>
<b>Direct and Overlapping Debt Per Capita</b>			<u>\$ 6,961</u>

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			
	2006	2007	2008	2009
Debt limit <sup>(1)</sup>	\$ 358,729,702	\$ 403,084,942	\$ 433,812,820	\$ 483,892,153
Total net debt applicable to limit	60,741,784	57,142,155	69,073,944	64,356,070
Legal debt margin	<u>\$ 297,987,918</u>	<u>\$ 345,942,787</u>	<u>\$ 364,738,876</u>	<u>\$ 419,536,083</u>
Total net debt applicable to the limit as a percentage of debt limit	16.93%	14.18%	15.92%	13.30%
<b>Legal Debt Margin Calculation</b>				
Assessed value	\$ 3,587,297,017	\$ 4,030,849,415	\$ 4,338,128,202	\$ 4,838,921,531
Debt limit (10% of assessed value)	358,729,702	403,084,942	433,812,820	483,892,153
Debt applicable to limit:				
General obligation bonds	16,315,283	16,580,901	15,014,339	13,189,969
Certificates of obligation	45,368,673	41,635,504	55,235,000	53,630,000
Less: amount set aside for repayment of general obligation debt	<u>(942,172)</u>	<u>(1,074,250)</u>	<u>(1,175,395)</u>	<u>(2,463,899)</u>
Total net debt applicable to limit	60,741,784	57,142,155	69,073,944	64,356,070
Legal debt margin	<u>\$ 297,987,918</u>	<u>\$ 345,942,787</u>	<u>\$ 364,738,876</u>	<u>\$ 419,536,083</u>

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									
		2010	2011	2012	2013	2014	2015				
\$	506,387,040	\$	523,823,940	\$	529,906,946	\$	533,962,140	\$	548,124,965	\$	575,187,002
	80,485,427		94,477,208		118,429,286		110,800,627		108,907,175		100,137,649
<u>\$</u>	<u>425,901,613</u>	<u>\$</u>	<u>429,346,732</u>	<u>\$</u>	<u>411,477,660</u>	<u>\$</u>	<u>423,161,513</u>	<u>\$</u>	<u>439,217,790</u>	<u>\$</u>	<u>475,049,353</u>
	15.89%		18.04%		22.35%		20.75%		19.87%		17.41%
\$	5,063,870,398	\$	5,238,239,400	\$	5,299,069,456	\$	5,339,621,396	\$	5,481,249,647	\$	5,751,870,015
	506,387,040		523,823,940		529,906,946		533,962,140		548,124,965		575,187,002
	11,163,750		9,660,590		27,150,497		32,829,988		34,624,033		31,902,095
	71,450,000		87,550,000		96,160,000		81,045,000		77,145,000		72,350,000
	(2,128,323)		(2,733,382)		(4,881,211)		(3,074,361)		(2,861,858)		(4,114,446)
	80,485,427		94,477,208		118,429,286		110,800,627		108,907,175		100,137,649
<u>\$</u>	<u>425,901,613</u>	<u>\$</u>	<u>429,346,732</u>	<u>\$</u>	<u>411,477,660</u>	<u>\$</u>	<u>423,161,513</u>	<u>\$</u>	<u>439,217,790</u>	<u>\$</u>	<u>475,049,353</u>

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

	Year			
	2006	2007	2008	2009
<b>Gross Revenues (1)</b>	\$ 20,987,306	\$ 20,876,208	\$ 25,059,656	\$ 27,799,038
<b>Operating Expenses (2)</b>	\$ 11,765,081	\$ 12,380,882	\$ 12,717,300	\$ 14,593,413
<b>Net Revenues Available for Debt Service</b>	\$ 9,222,225	\$ 8,495,326	\$ 12,342,356	\$ 13,205,625
<b>Debt Service Requirements (3)</b>				
<b>Principal</b>	\$ 1,250,000	\$ 1,330,000	\$ 1,345,000	\$ 1,365,000
<b>Interest</b>	685,519	950,533	894,119	3,741,435
<b>Total</b>	<u>\$ 1,935,519</u>	<u>\$ 2,280,533</u>	<u>\$ 2,239,119</u>	<u>\$ 5,106,435</u>
<b>Coverage</b>	4.76	3.73	5.51	2.59

(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					
<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		
\$	25,963,918	\$	30,844,566	\$	27,954,456	\$	29,976,977	\$	29,350,223	\$	29,371,192	
\$	15,780,459	\$	16,782,412	\$	18,023,394	\$	18,550,157	\$	18,591,097	\$	19,391,615	
\$	10,183,459	\$	14,062,154	\$	9,931,062	\$	11,426,820	\$	10,759,126	\$	9,979,577	
\$	1,380,000	\$	1,960,000	\$	3,190,000	\$	5,120,000	\$	4,980,000	\$	4,065,000	
	3,549,816		3,998,470		3,400,845		3,250,654		3,069,764		2,079,658	
\$	<u>4,929,816</u>	\$	<u>5,958,470</u>	\$	<u>6,590,845</u>	\$	<u>8,370,654</u>	\$	<u>8,049,764</u>	\$	<u>6,144,658</u>	
	2.07		2.36		1.51		1.37		1.34		1.62	

**CITY OF LEAGUE CITY, TEXAS  
STATISTICAL SCHEDULES  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

<b>Fiscal Year Ended Sept. 30</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income<sup>(2)</sup></b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>Public School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>	<b>Education Level in Years of Formal Schooling<sup>(5)</sup></b>
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	85,026	\$ 2,707,251	\$ 31,738	34.8	16,531	7.3%	38%
2012	87,260	\$ 2,816,989	\$ 32,231	34.7	18,135	5.9%	38%
2013	89,257	\$ 3,234,456	\$ 35,819	35.2	18,457	5.3%	42%
2014	92,714	\$ 3,557,375	\$ 37,250	35.5	19,076	4.2%	43%
2015	96,209	3,545,975	36,857	35.7	19,739	3.6%	45%

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**

<b>Employer</b>	<b>2015</b>			<b>2006</b>	
	<b>Employees<sup>(1)</sup></b>	<b>Percent of Total Employment<sup>(2)</sup></b>	<b>Rank</b>	<b>Employees<sup>(1)</sup></b>	<b>Rank</b>
Clear Creek Independent School District	5,629	26.94%	1	3,938	1
American National Insurance	861	4.12%	2	320	3
H.E.B	565	2.70%	3	219	6
City of League City	560	2.68%	4	436	2
Krogers	528	2.53%	5		
Walmart	387	1.85%	6	180	7
Ineos	351	1.68%	7		
Devereaux Texas Treatment Network	288	1.38%	8		
Harborview Care Center	224	1.07%	9	270	4
Home Depot	162	0.78%	10	220	5
Randall's				109	8
	<b>9,555</b>	<b>45.74%</b>		<b>5,692</b>	

(1) Source: Human Resource Department of each 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Governmental Activities:</u></b>										
General government	49	53	63	62	86	75.25	71	77	76	79
Public safety	155.25	163.25	176.25	180.75	192	193.5	203.5	206	221	223
Public works	90	87	100	100.5	82	93.5	105	101	93.5	95
Community service	59.5	76	83	80.5	71.5	70.5	76.75	75.25	80.75	84.75
<b><u>Business-Type Activities:</u></b>										
Utilities	77	85	86	87	88	92.75	89	89	88.5	87.5
<b>Total City Positions</b>	<u>430.75</u>	<u>464.25</u>	<u>508.25</u>	<u>510.75</u>	<u>519.50</u>	<u>525.50</u>	<u>545.25</u>	<u>548.25</u>	<u>559.75</u>	<u>569.25</u>

Source: City Finance Department

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

	Year			
	2006	2007	2008	2009
<b>City of League City</b>				
Population	72,000	76,700	79,300	81,300
Square miles	53	53	53	53
Budgeted full time employees	436	464	508	510
<b>Function</b>				
<b>Police</b>				
Arrests	2,356	2,678	2,325	3,055
Calls for service	46,427	60,370	33,225	37,444
<b>Municipal court</b>				
Traffic violations	12,155	14,649	11,506	11,433
Non-traffic violations	2,925	2,908	2,383	2,441
<b>Fire</b>				
Calls answered	868	843	1,016	993
Inspections	2215	1945	2,072	2,376
<b>Parks and recreation</b>				
Recreation programs (\$)	\$ 189,740	\$ 198,794	\$ 327,155	\$ 409,738
Field and facility rentals (\$)	\$ 115,710	\$ 103,076	\$ 105,602	\$ 104,906
<b>Community Development</b>				
Residential building permits issued	1,580	1,549	880	712
Residential building permits issued-\$ value	\$ 266,426,720	\$ 256,555,787	\$ 152,247,419	\$ 117,751,909
Commercial building permits issued	47	79	66	27
Commercial building permits issued-\$ value	\$ 36,033,628	\$ 78,638,198	\$ 191,206,441	\$ 39,936,940
<b>Water</b>				
Average daily gallons pumped-combined water (millions of gallons)	7.70	7.60	9.00	10.00
Average daily gallons pumped-surface water (millions of gallons)	7.60	6.34	9.00	9.00
Average daily gallons pumped-well water (millions of gallons)	0.70	0.90	0.34	0.18
Number of connections	23,043	24,628	25,762	26,368
<b>Wastewater</b>				
Average daily effluent treated (millions of gallons)	6.50	7.20	6.78	6.82
Number of connections	21,838	23,485	24,490	25,118

Source: Various City departments

Year					
2010	2011	2012	2013	2014	2015
83,560	85,026	87,260	89,257	92,714	96,209
53	53	53	53	53	53
520	525	545	548	560	569
3,333	3,349	3,018	3,215	4,649	4,322
35,616	36,775	36,596	35,557	38,948	40,404
16,879	15,337	13,293	12,587	13,815	13,459
2,529	2,176	2,127	2,150	2,137	2,315
920	935	986	1,106	1,237	1,159
2,038	3,489	2,292	2,357	2,438	1,939
398,404 \$	442,314 \$	428,754 \$	416,443 \$	471,399 \$	509,213
91,566 \$	80,093 \$	102,976 \$	131,289 \$	144,200 \$	205,847
793	662	681	1006	956	1120
145,502,081 \$	129,701,416 \$	135,708,582 \$	195,890,814 \$	188,426,865 \$	226,702,873
13	9	23	24	31	50
11,486,880 \$	15,256,600 \$	22,958,177 \$	41,947,205 \$	93,709,677 \$	115,534,099
9.23	10.58	9.97	10.50	10.62	9.58
9.16	10.40	9.90	10.20	10.59	9.62
0.71	0.20	0.59	0.3	0.031	0.023
27,092	27,669	28,554	29,326	30,327	31,428
7.20	6.08	7.30	8.50	8.20	8.89
25,508	26,554	27,258	27,992	28,968	30,042

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

Function	Year				
	2006	2007	2008	2009	2010
General government					
Municipal buildings	36	36	36	36	36
City vehicles	232	252	259	265	278
Public safety					
Police protection					
Stations	1	1	1	1	1
Fire protection					
Stations/drill field	6	6	6	6	6
Fire apparatus	12	10	20	21	21
Public works					
Streets (lane miles)	316	320	324	337	341
Community services					
Parks	8	10	12	12	12
Ball fields	25	29	33	33	32
Swimming pools	1	1	1	1	1
Pavilions	8	8	7	7	7
Park acreage developed	189	199	347	347	347
Water					
Water wells	4	4	4	4	4
Ground/elevated storage tanks	17	16	16	16	14
Water mains (miles)	354	368	376	388	391
Fire hydrants	2,714	2,841	2,929	3,043	3,178
Wastewater					
Wastewater treatment plants	2	2	2	2	2
Sanitary sewers (miles)	299	309	316	318.7	331.9
Sewer manholes	6,969	7,272	7,272	7,272	7,851

Source: Various City departments

Year				
2011	2012	2013	2014	2015
36	36	36	37	37
291	292	316	316	314
1	1	1	1	1
6	6	6	6	6
23	24	26	26	27
342	368	375	381	392
12	14	14	15	15
32	37	37	37	37
1	1	1	1	2
7	7	7	8	9
347	392	392	409	409
5	5	5	7	8
14	16	16	18	21
415	416	441	451	474
3,329	3,377	3,673	3,818	3,985
2	3	3	3	3
338	342	350	350	369
7,950	8,259	8,470	8,475	9,048