# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2013

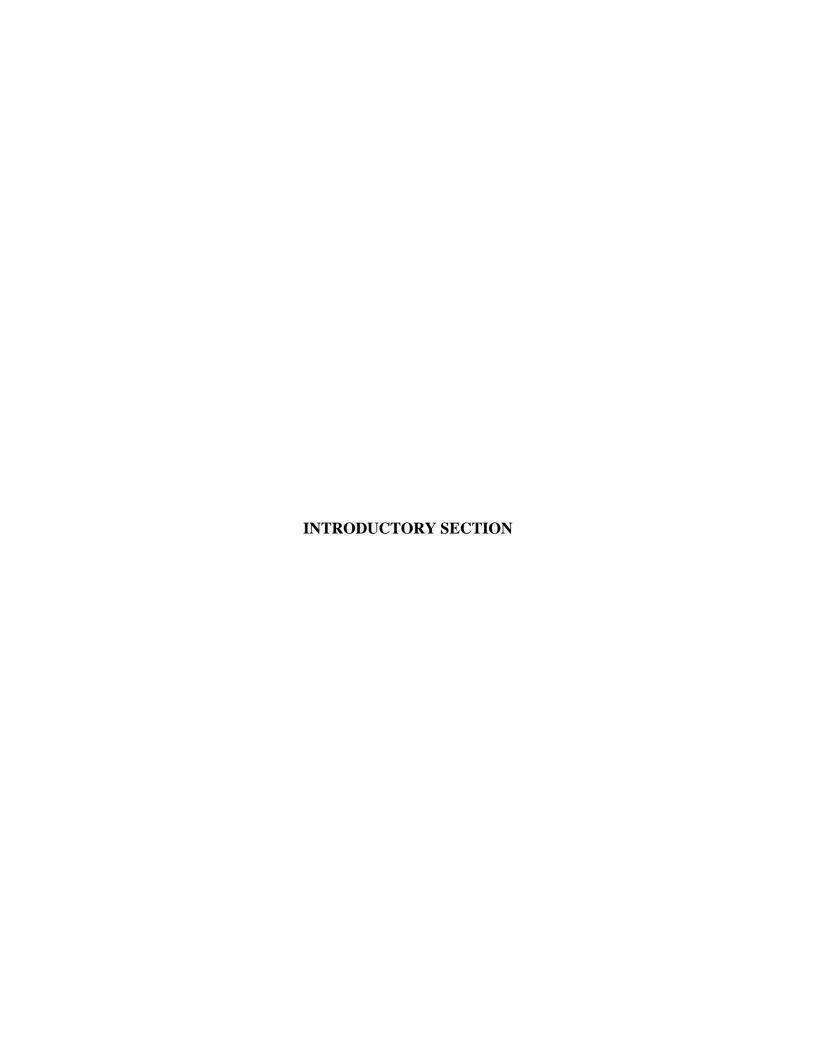
Prepared By Department of Finance

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## CITY OF LA PORTE

### Established 1892

March 10, 2014

To the Honorable Mayor, Members of City Council, and Citizens of the City of La Porte, Texas:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of La Porte, Texas for the fiscal year ended September 30, 2013. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. This report consists of management's representations concerning the finances of the City of La Porte. 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 of La Porte's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the City of La Porte'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 of La Porte's financial statements have been audited by Whitley Penn, LLP, 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 of La Porte for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of La Porte's financial statements for fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

The independent audit of the financial statements of the City of La Porte included a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of La Porte's separately issued Single Audit 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 of La Porte's MD&A can be found immediately following the report of the independent auditors.

#### **Profile of the City**

The City of La Porte, incorporated in 1892, is located in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 34,553.

The City is a home rule city operating under the Council-Manager form of government, Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The Council is elected on a non-partisan basis. The Mayor and Council members serve three-year staggered terms. Six of the council members are elected by district. The Mayor and the two remaining council members are elected at large. The City of La Porte provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure and recreational activities and cultural events. Certain services are provided through a legally separate Water Authority, which functions, as a blended component unit and in essence, is a department of the City of La Porte, and, therefore, has been included as an integral part of the City of La Porte's financial statements. Additional information on the Water Authority and other blended component units can be found in Note 1.B. of the notes to the financial statements. The City has established a Taxing Increment Reinvestment Zone one (the Zone). The zone is presented as a blended component unit and is being reported as a governmental fund type (see Note 1 B). The City has also established a section 4 B Sales Tax Corporation (see Note 1 B). The City's accounting records for general governmental operations are maintained on modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

The annual budget serves as the foundation for the City of La Porte's financial planning and control. Budgetary control has been established at the fund level. All agencies of the City of La Porte are required to submit requests for appropriation to the City Manager on or before May 26 of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to council for review prior to August. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The directors are given latitude to approve transfers of appropriations within a department. Transfers of appropriations between funds, however require the special approval of the city council. Budget-to-actual comparisons are provided in financial reports for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 56 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 72. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds. Formal budget integration is not employed for the Debt Service and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.

#### **Economic Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of La Porte operates.

#### Local economy.

The City of La Porte is located in the southeast quadrant of Harris County, which is a 1,723 square mile county is a leading oil, gas and petrochemical areas. The County has more than 3,200 manufacturing plants, the nation's largest concentration of petrochemical plants, the third largest United States seaport and is a corporation management center. A significant part of the County's major employers, manufacturers, education and financial institutions are located in Houston, the County seat. The Texas Medical Center, located in Harris County, is one of the nation's largest, providing medical care and educational opportunities. Higher education facilities includes: University of Houston, Rice University, Texas Southern University, St. Thomas University and Houston Baptist University, all offering full four-year as well as postgraduate programs. The Lyndon B. Johnson Space Center is also located here. Located some 20 miles southeast of Houston on Galveston Bay in Harris County are the three communities that make up the La Porte Bayshore Area: La Porte, Morgan's Point and Shoreacres. The area has a combined population of approximately 40,000. Though much of the image of this area is industrial, the La Porte-Bayshore area is still characterized by an expanse of resort homes.

#### Future planning.

The La Porte 2020 Comprehensive Plan is a 20-year master plan adopted by the City Council to guide policy decisions relating to the physical and economic development of the community. In general, the plan indicates how the community desires to develop and redevelop over the course of the next twenty years. The comprehensive plan is a physical plan; it is long range, comprehensive and states the goals, objectives and policies of the local government. The comprehensive plan provides clear direction through specific statements of action to achieve the desired results envisioned by citizens and the leadership of the community. The essential objectives of the comprehensive plan are as follows:

- It is a plan to guide the future physical development and redevelopment of the community;
- The time frame is long, extending over a twenty-year horizon;
- It encompasses a large geographic area including the corporate limits and ETJ of the community;
- It is general in nature, allowing some issues to be resolved and many decisions to be made;
- It articulates ideas in a framework of goals and objectives, policies and actions, and plans and projects;
- It is intended foremost, to serve as a continuing guide to decision-making, to provide a common direction and to provide stability as issues are addressed and future decisions are made.

#### **Residential Development.**

Neighborhoods are one of La Porte's greatest assets as they form a foundation for a sound quality of life. The City is made up of several distinct neighborhood areas, each with somewhat different physical characteristics such as the age of housing, street configuration, and the sizes of structures and lots. Much of the City's overall image and identity is due to the unique character of its neighborhoods and these distinguishing features should, therefore, be preserved. Neighborhoods that are safe, well maintained and have character which will maintain property values and thus maintain a sound neighborhood environment along with a stable residential tax base. The attractive appearance and environmental quality of existing and future low-density residential neighborhoods should be protected and improvements made where necessary to maintain the value of properties and enhance the quality of life. As the city continues to develop it is important that the integrity of the neighborhoods is preserved and the value and enjoyment of property is maintained and enhanced.

#### **Goals for residential development:**

- Consider programs to revitalize and rehabilitate existing housing where needed.
- Meet the future housing needs by providing for a variety of housing options.
- Encourage the rehabilitation or replacement of substandard housing.
- Promote a standard of home ownership encouraging well-maintained residential properties.
- Preserve the integrity of existing neighborhoods and create livable and safe neighborhood environments.
- Protect the attractive appearance and environmental quality of existing neighborhoods and make necessary improvements to maintain the value of properties and enhance the quality of life.

#### **Beautification and Conservation.**

Citizens have expressed great interest for enhancing the visual appearance of La Porte and the redevelopment and reinvestment in Downtown, along major corridors and in nonresidential areas. Through public involvement it is apparent that citizens visualize attractive shopping centers, livable neighborhoods, landscaped roadways, pleasant places to walk and an enhanced quality of life. They want successful shopping areas that appeal to shoppers. They see the opportunities in downtown to create a destination that combines a lively entertainment district in a historically significant area, retail stores interspersed with restaurants and professional offices and a blend of residential units as well.

#### **Goals for Beautification:**

- Improve the community character to make it a more desirable place to live, work and visit.
- Improve the aesthetic visual environment through enhancement of site design, signage, roadways, parking areas, open space and landscaping.
- Invest in Downtown to establish a vibrant mix of places to work, live and visit, with shops, restaurants, entertainment and a variety of dwelling units.

#### Redevelopment Strategy.

Urban redevelopment efforts require cooperative action to encourage new and sustained private investment and to provide supporting rehabilitation of public infrastructure. A key part of the process is determining what strategic actions the community should take to achieve its redevelopment goals and objectives. Successful redevelopment will often require cooperation and coordination between agencies at different levels of government as well as non-profit community organizations. This should include coordination of physical improvements with social service programs, which aim to enhance the health and economic capacity of residents in targeted neighborhoods.

#### **Redevelopment Goals:**

- Stabilize and improve the quality of neighborhoods and other areas in decline by attracting renewed private investment activity.
- Revitalize the City's historic downtown area.

#### **Relevant Financial Policy**

City Council voted to adopt GASB 54 which resulted in the passage of a resolution that measures net financial resources available to finance expenditures of future periods.

#### **Major Initiatives**

Following the completion of a comprehensive city-wide drainage plan, City Council directed staff to alleviate affected neighborhoods from surface water flooding. Consequently, in 2010, the City issued \$6.28 million in certificates of obligation to be spent on engineering and construction projects. In 2011 the City was also a recipient of the second round of disaster recovery funds of \$4.1 million which will also alleviate flooding on surface roads.

#### **Long Term Planning**

Given the current economy and the uncertainty of the next few years, the City's existing financial position remains strong. The City has incorporated several strategies to decrease the expenses to the City over the next several years. Rising costs of personnel and the related benefits have been a challenge to the City; however, over the last few years, a healthy fund balance in the General Fund has allowed the City to weather these rising costs.

Overall, revenues for the City have remained fairly stable. The City is projecting a slight increase in property tax revenues. Sales tax revenues, which represent about 14% of revenues, are beginning to increase again. Despite the unfavorable economy, the City has some new retail growth, which has aided in sales tax revenue increases.

Conservative revenue estimates and efforts to reduce expenditures have contributed to the City's strong financial position and have allowed the City to weather the economic slump. We are especially pleased that there have been no property taxes rate increases for a number of years. Additional capital projects are being funded by utilizing excess fund balances and previously issued debt that had been stranded. With the associated fund draw downs, the remaining fund balances continue to meet operational objectives and current fiscal policies.

#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the thirty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the government also received the GFOA's Distinguished Budget Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of La Porte's finances.

Respectfully submitted,

Corby Alexander

City Manager

Michael G. D

Director of Finance



## Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

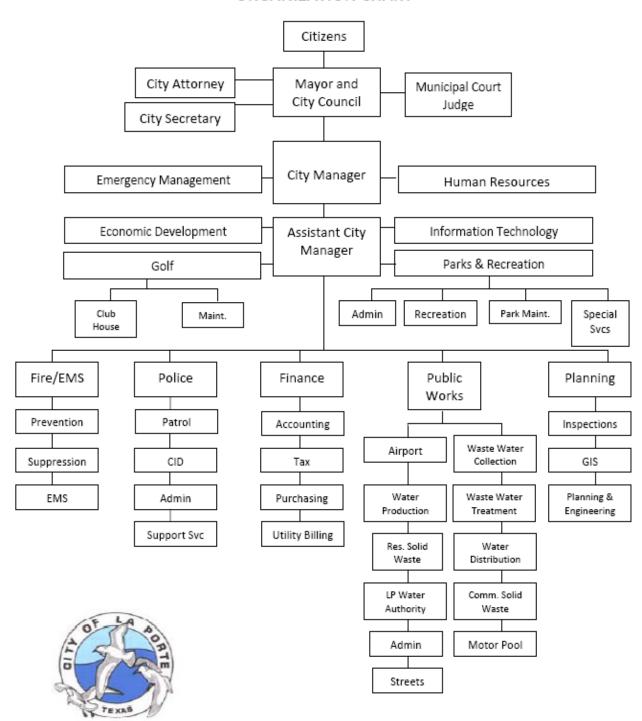
## City of La Porte Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

#### ORGANIZATION CHART



## CITY OF LA PORTE, TEXAS LIST OF ELECTED AND APPOINTED OFFICIALS

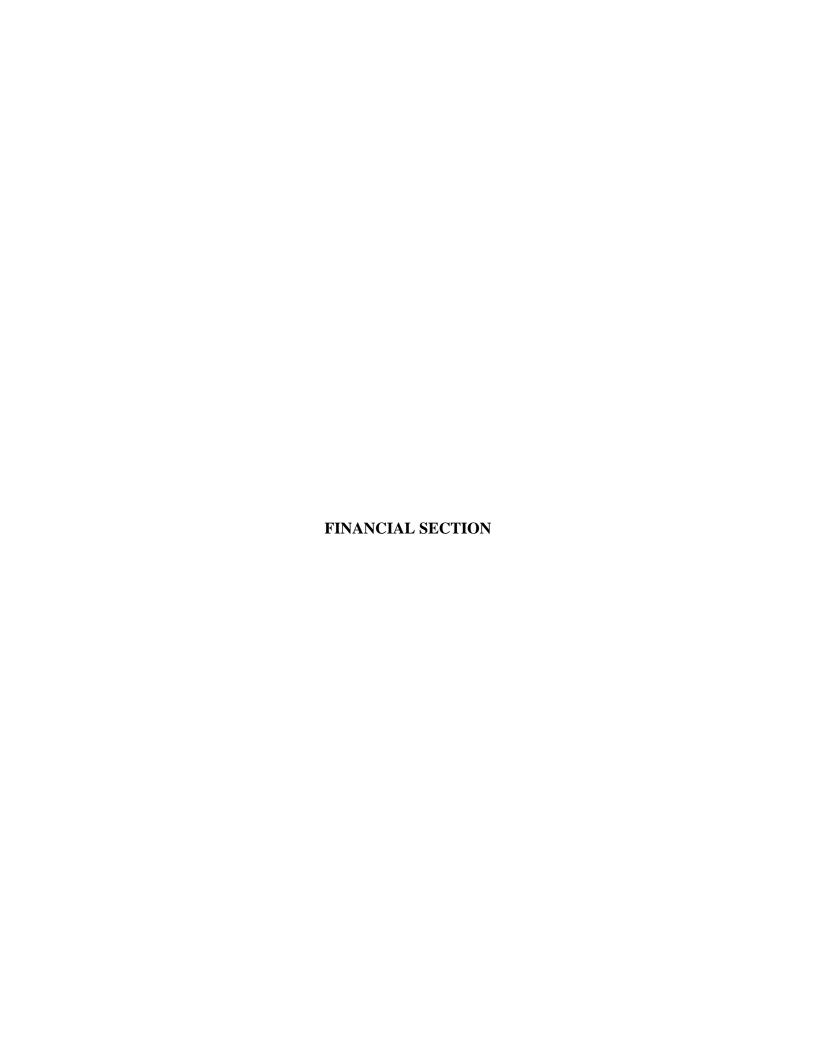
For the year ended September 30, 2013

Michael G. Dolby

<b>Elected Officials</b>	Position
Louis Rigby	Mayor
Michael Mosteit	Council Member - District One
Chuck Engelken	Council Member - District Two
Daryl Leonard	Council Member – District Three
Tommy Moser	Council Member - District Four
Jay Martin	Mayor Protem - District Five
Mike Clausen	Council Member - District Six
John Zemanek	Council Member – At Large A
Dottie Kaminski	Council Member – At Large B
City Management	Position
Corby Alexander	City Manager
Traci Leach	Assistant City Manager
Ken Adcox	Police Chief
David Mick	Director of Public Services
Patrice Fogarty	City Secretary
Denise Mitrano	Municipal Judge
101 105 0	7 27

Director of Finance







Houston Office 3411 Richmond Avenue Suite 500 Houston, Texas 77046 713.621.1515 Main whitleypenn.com

#### INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council & Citizens City of La Porte, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Porte, Texas (the "City") as of and for the year ended September 30, 2013, 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 an opinion 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 entity'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 entity'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.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

An Independent
Member of

1

Dallas Fort Worth Houston

To the Honorable Mayor and Members of City Council City of La Porte, Texas

#### **Emphasis of Matter**

As discussed in Note 12 to the financial statements, the City adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities as of September 30, 2013. Our opinion is not modified with respect to this matter.

#### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information and pension information system on pages 3 through 11 and 52 through 54, respectively, 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report date March 10, 2014, on our consideration of the City of La Porte, Texas 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 testing of internal controls 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 City of La Porte, Texas internal control over financial reporting and compliance.

Houston, Texas March 10, 2014

Whitley FERN LLP

## CITY OF LA PORTE, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of La Porte (the "City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. It should be read in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements.

#### **Overview of the Financial Statements**

The discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, health and sanitation and culture and recreation. The business-type activities of the City consist of the water and sewer utilities, airport, and the La Porte Area Water Authority.

The government-wide financial statements can be found on pages 15 through 17 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental and proprietary – and utilize different accounting approaches.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 fiscal year. Such information may be useful in evaluating a government'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 19 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, debt service and capital improvements funds, which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

**Proprietary Funds.** The City maintains two types of proprietary funds. Proprietary funds are used to report the same functions presented as business type activities in the government-wide statements. The City uses proprietary funds to account for its utilities, airport and water authority. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for motor pool services, technology services and insurance. Because these services predominantly benefit the governmental rather than business type functions, they have been included in the governmental activities in the government-wide financial statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Utility operations, La Porte Area Water Authority and the Airport. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 51 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 53 through 55 of the City's Comprehensive Annual Financial Report.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found beginning on page 60 of the City's Comprehensive Annual Financial Report.

#### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$121.5 million as of September 30, 2013, in the primary government as follows:

#### **Condensed Schedule of Net Position**

September 30, 2013 and 2012 Amounts in (000's)

	<b>Governmental Activities</b>		Business-typ	pe Activities	Totals		
		2012, as		2012, as		2012, as	
Assets	2013	restated	2013	restated	2013	restated	
Current and other assets	\$ 59,227	\$ 57,072	\$ 6,244	\$ 7,173	\$ 65,470	\$ 64,245	
Capital assets	76,430	75,888	40,153	41,549	116,582	117,437	
<b>Total Assets</b>	135,656	132,960	46,396	48,722	182,053	181,682	
<b>Deferred Outflows of Resources</b>							
Deferred charge on refunding	791	860			791	860	
Total deferred outflows of resources	791	860			791	860	
Liabilities							
Other liabilities	5,439	5,902	1,053	1,512	6,492	7,415	
Long-term liabilities outstanding	50,272	51,428	4,592	5,333	54,864	56,760	
<b>Total Liabilities</b>	55,711	57,330	5,645	6,845	61,356	64,175	
<b>Deferred Inflows of Resources</b>							
Deferred gain on refunding			7	9	7	9	
Total deferred inflows of resources			7	9	7	9	
<b>Net Position:</b>							
Net investment in capital assets	49,304	46,814	36,347	37,567	85,651	84,381	
Restricted	8,902	8,728	2,096	559	10,998	9,287	
Unrestricted	22,530	20,948	2,301	3,742	24,831	24,690	
<b>Total Net Position</b>	\$ 80,736	\$ 76,490	\$ 40,744	\$ 41,868	\$ 121,480	\$ 118,358	

#### **Net Investment in Capital Assets**

The largest portion of the City's net position (71%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. 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.

#### **Restricted Net Position**

A portion of the City's net position, \$10.9 million or 9% represents resources that are subject to external restriction on how they may be used.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

#### **Unrestricted Net Position**

The remaining balance is unrestricted net position, \$24.8 million or 20%, and may be used to meet the City's ongoing obligations to residents and creditors. Both of these categories remained relatively stable compared to the prior year.

The following table provides a summary of the City's operations for the year ended September 30, 2013, with comparative totals for the year ended September 30, 2012. Governmental activities increased the City's net position by \$4.2 million. Business-type activities decreased net position by \$1.1 million.

#### **Condensed Schedule of Changes in Net Position**

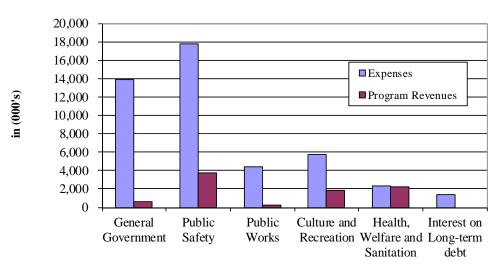
For the Years Ended September 30, 2013 and 2012 Amounts in (000's)

Amounts in (000 s)	Governmental Activities		Business-ty	pe Activities	Totals		
	2012	2012, as	2012	2012, as		2012, as	
D	2013	restated	2013	restated	2013	restated	
Revenues							
Program revenues:	¢ 7.074	¢ 7.021	e 0.170	¢ 0.715	¢ 17.045	e 17.526	
Charges for services	\$ 7,874	\$ 7,821	\$ 9,170	\$ 9,715	\$ 17,045	\$ 17,536	
Operating grants and contributions	849	1,515	1 200	0.50	849	1,515	
Capital grants and contributions	-	1	1,398	859	1,398	860	
General revenue:	15.500	17.051			15.500	15.051	
Property taxes	17,782	17,251	-	-	17,782	17,251	
Other taxes	10,902	10,580	-	-	10,902	10,580	
Industrial payments	11,108	10,471	-	-	11,108	10,471	
Investment earnings	84	143	8	12	93	155	
Miscellaneous	432	168	36	16	469	184	
Special item- gain on sale of asset		1,940				1,940	
<b>Total Revenues</b>	49,032	49,890	10,612	10,602	59,645	60,494	
Expenses							
General Government	13,854	14,091	-	-	13,854	14,091	
Public Safety	17,765	17,375	-	-	17,765	17,375	
Public Works	4,451	3,784	-	-	4,451	3,784	
Culture and Recreation	5,722	6,361	-	-	5,722	6,361	
Health, Welfare and Sanitation	2,328	2,424	-	-	2,328	2,424	
Interest on Long-term debt	1,385	1,267	-	-	1,385	1,267	
Water Services	-	-	8,206	7,691	8,206	7,691	
Sewer services	-	-	2,599	2,932	2,599	2,932	
Airport	-	-	210	213	210	213	
<b>Total Expenses</b>	45,505	45,303	11,015	10,836	56,520	56,141	
Increase (decrease) in net assets							
before transfers	3,526	4,586	(403)	(235)	3,123	4,352	
Transfers	720	334	(720)	(334)	-	-	
Increase (decrease) in net assets	4,246	4,920	(1,123)	(569)	3,123	4,352	
Not modified beginning as well 1	76.400	72.242	41.060	12.104	110.250	114.700	
Net position - beginning, as restated	76,490	72,243	41,868	42,486	118,358	114,729	
Prior Period Adjustment	(673)	, ,	(49)	(49)	(722)	(722)	
Net position - beginning, restated	76,491	71,570	41,868	42,437	118,358	114,729	
Net position - ending	\$ 80,736	\$ 76,490	\$ 40,744	\$ 41,868	\$ 121,480	\$ 118,358	

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

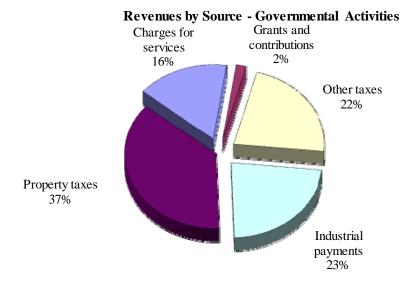
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities.** A comparison of program expenses to program revenues and revenues by source for governmental activities follows:



**Expenses and Program Revenues - Governmental Activities** 

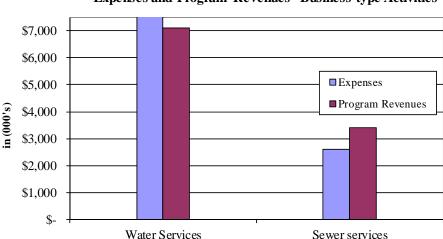
Revenue sources for governmental activities were distributed as follows:



For the year ended September 30, 2013, revenues without transfers in the governmental activities totaled \$49.0 million. This represents a decrease of approximately \$0.86 million or 1.7%. In the prior year, the City realized a gain of 1.9 million on the sale of property. During the current year, there was no gain sale of property and also had a decrease in operating grants and contributions of \$0.67 million due to decrease in federal grant funding.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

**Business-type Activities.** Revenues without transfers in the business-type activities totaled \$10.6 million, a \$0.10 million decrease from the prior year. This decrease is mainly due to a decrease in capital grants and contributions. A comparison between expenses and program revenues (charges for services) relating to Utility operations follows.



Expenses and Program Revenues - Business-type Activities

#### Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45.4 million, an increase of \$2.3 from the prior year. This increase is due to an increase in sales and use taxes and intergovernmental revenues.

**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 a government's net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$23.9 million, an increase of \$3.6 million compared to last year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 69% of total general fund expenditures and total fund balance represents 79% of the same.

The Debt Service fund had a total fund balance of approximately \$2.5 million, all of which is reserved for the payment of debt service. The net decrease in fund balance from the prior year of \$600,037 was due to more debt service payments made than revenues collected.

The Capital Projects Fund experienced a decrease in fund balance in the amount of \$967,790. This was a planned decrease as the City utilized bond funds to construct and acquire various capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

Unrestricted net position of the respective proprietary funds are Utility - \$52 thousand, La Porte Area Water Authority - \$1.8 million and Airport - \$371 thousand. The changes in net position of the proprietary funds for 2013 was as follows: Utility - decrease of \$1.3 million, La Porte Area Water Authority - increase of \$390 thousand and Airport - decrease of \$154 thousand.

#### **General Fund Budgetary Highlights**

Actual revenues exceeded original and amended General Fund budgeted revenues by \$3,290,047. Property taxes and industrial payments exceeded the projected budget by \$1,409,482 and \$577,472 respectively. Sales and use taxes and franchise fees also exceeded budget by \$620,858 and \$52,518 respectively.

Total appropriations exceeded expenditures by \$1,685,676, the majority of which can be attributed to five departments. Administration had a positive variance in the amount of \$307,894 due to open positions and reduction in special programs. Planning and engineering had a positive variance in the amount of \$225,751 due to open positions. The variance in Fire and Police for \$269,709 and \$288,774 was due to open positions in the department. Culture and recreation had a positive variance of \$188,346 due to open positions.

#### **Capital Asset and Debt Administration**

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounted to \$116.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was approximately \$855 thousand. The following table shows capital asset activity for the 2013 fiscal year (in 000's):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>			Totals					
		2013	 2012		2013		2012		2013		2012
Land	\$	9,472	\$ 9,510	\$	428	\$	428	\$	9,900	\$	9,938
Construction in progress		12,857	10,269		4,072		3,751		16,929		14,020
Infrastructure		15,472	16,051		-		-		15,472		16,051
Buildings and improvements		30,917	32,877		35,313		37,101		66,230		69,978
Machinery and equipment		7,712	7,181		339		269		8,051		7,450
Total Capital Assets	\$	76,430	\$ 75,888	\$	40,153	\$	41,549	\$	116,582	\$	117,437

Major capital asset events during the current year include the reporting of a drainage master plan study.

Construction in progress at year-end represents ongoing projects; to include various water and sewer projects. Additional information on capital asset activity can be found in note 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$39.5 million. Of this amount, \$36.5 million is backed by the full faith and credit of the City, and the remainder represents revenue bonds secured solely by specified revenue sources.

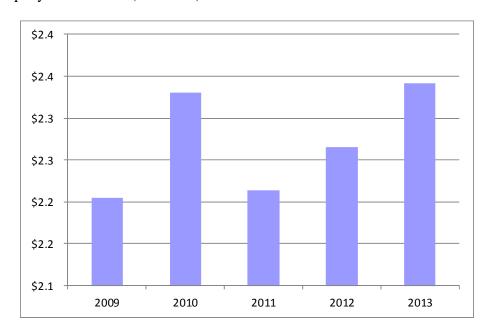
The City of La Porte maintains and "Aa2", "AA", and "AA" by Moody's, Standard and Poor's and Fitch respectively for general obligation debt. The revenue bonds have been rated "NR", "AA", "NR" by Moody's, Standard and Poor's and Fitch respectively.

Additional information on long-term debt activity can be found in note 6 to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the City of La Porte is currently 6.4 percent which is an increase from the rate of 6.3 percent a year ago. This is higher than the state's average unemployment rate of 6.3 percent which is less than the national average of 7.2 percent. During the upcoming year, the City will closely monitor the volatility in the housing market. Although our area has not been adversely affected by home foreclosures, we will observe future economic changes. Total assessed value for all residential and commercial property in the City of La Porte exceeded \$2.3 billion for fiscal year 2013. The trend for total assessed values has fluctuated slightly over the past five years resulting in a total increase of 6 percent.

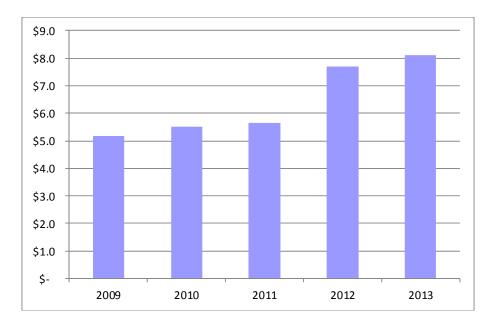
Assessed property values trends (in billions):



#### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Sales tax receipts have increased 5 percent this fiscal year.

Sales tax revenues trends (in millions):



#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, customers and creditors a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 604 West Fairmont Parkway, La Porte, Texas, 77571.

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**BASIC FINANCIAL STATEMENTS** 

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# CITY OF LA PORTE, TEXAS STATEMENT OF NET POSITION September 30, 2013

	Primary Government				
	Governmental Activities	Business-type Activities	Total		
Assets					
Cash and equivalents	\$ 37,089,509	\$ 1,503,045	\$ 38,592,554		
Investments	16,941,779	2,344,348	19,286,127		
Receivables, net of allowance for uncollectibles	4,854,189	1,184,412	6,038,601		
Due from Other Governmental Agencies	182,609	-	182,609		
Inventories	158,706	3,600	162,306		
Restricted cash and equivalents	-	1,208,145	1,208,145		
Capital assets: Capital assets not subject to depreciation	22,328,636	4,500,291	26,828,927		
Capital assets not subject to depreciation  Capital assets, net of accumulated depreciation	54,100,928	35,652,602	89,753,530		
Total Capital Assets	76,429,564	40,152,893	116,582,457		
Total Assets	135,656,356	46,396,443	182,052,799		
20002	100,000,000	,,,,,,,,,	102,002,755		
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	790,758	-	790,758		
Total deferred outflows of resources	790,758	-	790,758		
Liabilities					
Accounts payable and accrued liabilities	5,299,977	515,950	5,815,927		
Accrued interest	55,730	8,067	63,797		
Unearned revenues	352	-	352		
Customer deposits	-	527,342	527,342		
Other liabilities	83,138	1,500	84,638		
Long-term liabilities:	2.722.602	000 454	2 (22 127		
Due within one year	2,723,683	909,454	3,633,137		
Due in more than one year	47,548,256	3,682,653	51,230,909		
Total Liabilities	55,711,136	5,644,966	61,356,102		
Deferred Inflows of Resources					
Deferred gain on refunding	-	7,075	7,075		
Total deferred inflows of resources	-	7,075	7,075		
Net Position	40.204.074	26.247.222	05 651 005		
Net investment in capital assets	49,304,074	36,347,233	85,651,307		
Restricted for:	2 400 024	2.00 < 170	5 405 000		
Debt service	3,400,824	2,096,178	5,497,002		
Economic development	2,888,613	-	2,888,613		
Grants Public sefety	440,066	-	440,066		
Public safety Public works	1,217,254	-	1,217,254		
	955,346	2 200 001	955,346		
Unrestricted	22,529,801	2,300,991	24,830,792		
Total Net Position	\$ 80,735,978	\$ 40,744,402	\$ 121,480,380		

See Notes to Financial Statements.

## CITY OF LA PORTE, TEXAS STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

			Program Revenu	n Revenue			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary government							
Governmental Activities:							
General Government	\$ 13,854,988	\$ 645,517	\$ 2,841	\$ -			
Public Safety	17,765,388	3,313,735	433,367	-			
Public Works	4,451,455	265,962	20,168	-			
Culture and Recreation	5,721,611	1,444,002	393,035	470			
Health, Welfare and Sanitation	2,327,982	2,204,153	-	-			
Interest on Long-term debt	1,384,875	-	-	-			
Total governmental activities	45,506,299	7,873,369	849,411	470			
Business-type activities:							
Water Services	8,207,204	5,693,598	-	1,398,291			
Sewer services	2,598,649	3,420,370	-	-			
Airport	210,323	56,246	-	-			
<b>Total business-type activities</b>	11,016,176	9,170,214	_	1,398,291			
<b>Total primary government</b>	\$ 56,522,475	\$ 17,043,583	\$ 849,411	\$ 1,398,761			

#### **General revenues:**

#### Taxes:

Property taxes

Sales and use taxes

Industrial payments

Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

**Net position - beginning** 

**Prior Period Adjustment** 

Net position - beginning, as restated

Net position - ending

See Notes to Financial Statements.

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

#### **Primary Government**

G	overnmental Activities		usiness-type Activities	Total
\$	(13,206,630)	\$		\$ (13,206,630)
Ф	(13,200,030)	Ф	-	(14,018,286)
	(4,165,325)		-	
	(3,884,104)		-	(4,165,325) (3,884,104)
	(123,829)		-	(123,829)
	(1,384,875)		-	(1,384,875)
	(36,783,049)			(36,783,049)
	(30,783,049)			(30,763,049)
	-		(1,115,315)	(1,115,315)
	-		821,721	821,721
	-		(154,077)	(154,077)
	-		(447,671)	(447,671)
	(36,783,049)		(447,671)	(37,230,720)
			_	
	17 702 000			15 502 000
	17,782,090		-	17,782,090
	8,717,613		-	8,717,613
	11,107,848		-	11,107,848
	2,184,020		9.469	2,184,020
	84,170		8,468	92,638
	432,405		36,378	468,783
	720,356		(720,356) (675,510)	40,352,992
	4,245,453		(1,123,181)	3,122,272
	77,163,625		41,916,641	119,080,266
	(673,100)		(49,057)	(722,157)
	76,490,525		41,867,583	118,358,108
\$	80,735,978	\$	40,744,402	\$121,480,380

CITY OF LA PORTE BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2013

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 21,336,550	\$1,750,631	\$ 4,173,630	\$ 7,227,197	\$ 34,488,008
Investments	8,933,011	733,774	1,749,369	1,888,682	13,304,836
Receivables, net of allowance for					
uncollectibles	3,915,857	23,604	2,294	808,090	4,749,845
Due from other governments	-	-	-	164,608	164,608
Due from other funds	-	-	-	662,000	662,000
Inventories	125,190	-	-	-	125,190
<b>Total Assets</b>	\$ 34,310,608	\$2,508,009	\$ 5,925,293	\$ 10,750,577	\$ 53,494,487
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,247,975	\$ -	\$ 262,316	\$ 292,719	\$ 3,803,010
Accrued salaries payable	915,805	-	-	15,643	931,448
Due to others	-	-	77,349	-	77,349
Due to other funds	-	-	-	662,000	662,000
Unearned revenue - Grants	-	-	-	352	352
Other payables	-	-	-	44,148	44,148
Total Liabilities	4,163,780		339,665	1,014,862	5,518,307
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	179,227	17,510		-	196,737
Unavailable revenue - fines and fees	522,367			-	522,367
Unavailable revenue - EMS	1,113,149			-	1,113,149
Unavailable revenue - other	747,118			32,258	779,376
<b>Total Deferred Inflows of Resources</b>	2,561,861	17,510		32,258	2,611,629
Fund balances:					
Nonspendable:					
Inventories	125,190	-	-	-	125,190
Restricted					
Debt service	-	2,490,499	-	948,545	3,439,044
Grants	-	-	-	440,066	440,066
Economic development	-	-	-	2,888,613	2,888,613
Public safety	-	-	-	1,218,054	1,218,054
Capital projects	-	-	-	3,252,833	3,252,833
Public works	-	-	-	955,346	955,346
Committed:					
Construction	2,000,000	-	5,585,628	-	7,585,628
Health Funds	1,500,000			-	1,500,000
Assigned:	102 600				102 600
Assigned for encumbrances	103,690	-	-	-	103,690
Unassigned	23,856,087	2 400 400	F 505 (20)	0.702.457	23,856,087
Total Fund balances	27,584,967	2,490,499	5,585,628	9,703,457	45,364,551
Total Liabilities, Deferred Inflows,					
and Fund Balances	\$ 34,310,608	\$2,508,009	\$ 5,925,293	\$ 10,750,577	\$ 53,494,487

See Notes to Financial Statements.

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2013

#### Total fund balance, governmental funds

\$ 45,364,551

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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

69,676,692

Certain other long-term assets (property taxes receivable and adjudicated court fines receivable) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

2,611,629

Some liabilities and deferred outflows, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds payable	(17,550,000)
Certificates of Obligation Payable	(18,905,000)
Premium or discount on bonds payable	(675,372)
Deferred charge on refunding	790,758
Accrued interest governmental activity debt	(55,730)
Compensated absences	(3,222,681)
Net pension and OPEB Obligation	(9,867,907)

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

12,569,038

#### **Net Position of Governmental Activities in the Statement of Net Position**

\$ 80,735,978

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2013

	G	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$	14,630,070	\$ 1,652,943	\$ -	\$ 1,542,391	\$ 17,825,404
Sales and use taxes		4,075,652	-	-	4,017,303	8,092,955
Franchise taxes		2,184,020	-	-	-	2,184,020
Industrial payments		11,107,848	-	-	-	11,107,848
Other taxes		59,115	-	-	565,562	624,677
Licenses and permits		368,130	-	-	-	368,130
Fines and forfeits		1,665,755	-	-	221,008	1,886,763
Charges for services		5,536,065	-	152,408	320,372	6,008,845
Intergovernmental		-	-	-	568,052	568,052
Interest		49,204	4,736	9,300	12,787	76,027
Miscellaneous		289,067	-	-	136,778	425,845
<b>Total Revenues</b>		39,964,926	1,657,679	161,708	7,384,253	49,168,566
Expenditures						
Current:						
General government		9,285,997	-	32,780	1,724,661	11,043,438
Public safety		15,284,835	-	-	1,036,773	16,321,608
Public works		2,792,430	-	-	454,974	3,247,404
Health and sanitation		2,244,341	-	-	-	2,244,341
Culture and recreation		5,129,980	-	-	96,906	5,226,886
Debt Service:					-	
Principal		-	2,365,000	-	-	2,365,000
Interest and other charges		-	1,385,204	-	-	1,385,204
Capital outlay				3,349,718	2,149,790	5,499,508
Total Expenditures		34,737,583	3,750,204	3,382,498	5,463,104	47,333,389
Excess (deficiency) of revenues						
over expenditures		5,227,343	(2,092,525)	(3,220,790)	1,921,149	1,835,177
Other Financing Sources (Uses)						
Transfers in		107,600	1,492,488	2,253,000	30,832	3,883,920
Transfers out		(1,929,876)	-	-	(1,700,098)	(3,629,974)
Proceeds from sale of land		215,342	-	-	-	215,342
Total other financing sources						
and uses		(1,606,934)	1,492,488	2,253,000	(1,669,266)	469,288
Net change in fund balances		3,620,409	(600,037)	(967,790)	251,883	2,304,465
Fund balances - beginning		23,964,558	3,090,536	6,553,418	9,451,574	43,060,086
Fund balances - ending	\$	27,584,967	\$ 2,490,499	\$ 5,585,628	\$ 9,703,457	\$ 45,364,551

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

For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds:	\$ 2,304,465
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which capital outlays \$4,081,787 exceeded depreciation \$3,897,384 in the current period.	184,403
Governmental funds report the entire net sales price (proceeds) from the sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of assets. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold and disposed.	(405,478)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	122,184
Repayment of bond principal is an expenditure in the governmental fund, but the repayment of principal reduces long-term liabilities in the statement of net assets.	2,365,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest payable	4,217
Amortization of refunding loss	(68,985)
Amortization of deferred charges including premiums and discounts on issuance of bonds.	65,097
Change in NPO and OPEB Obligation	(1,442,036)
Change in Compensated Absences	137,829
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue	
(expense) of certain internal service funds is reported with governmental activities.	978,757
Change in net position of governmental activities	\$ 4,245,453

CITY OF LA PORTE STATEMENT OF NET POSITION PROPRIETARY FUNDS September 30, 2013

September 30, 2013		Business-	type Activities		Governmental Activities
	Utility Fund	LPAWA	Airport	Totals	Internal Service Fund
Assets					
Current Assets:					
Cash and cash equivalents	\$ 342,113	\$ 897,753	\$ 263,179	\$ 1,503,045	\$ 4,395,908
Investments	884,383	1,349,654	110,311	2,344,348	1,842,536
Accounts receivable, net of allowance for					
doubtful accounts	1,008,659	171,414	2,377	1,182,450	119,927
Accrued interest receivable	681	1,136	145	1,962	2,418
Inventories	3,600	- -	_	3,600	33,516
Restricted cash and cash equivalents	522,267	685,878	-	1,208,145	-
Total Current Assets	2,761,703	3,105,835	376,012	6,243,550	6,394,305
Non-current Assets:					3,07 1,000
Capital Assets:					
Land and improvements	224,308	_	203,504	427,812	-
Construction in progress	4,072,479	_	-	4,072,479	_
Buildings and improvements	57,620	_	_	57,620	_
Improvements other than buildings	65,057,116	15,429,680	5,778,399	86,265,195	_
Vehicles and equipment	682,819	6,130	5,776,577	688,949	14,603,950
Less Accumulated depreciation	(39,279,921)	(8,625,984)	(3,453,257)	(51,359,162)	(7,851,078)
Total Non-current Assets	30,814,421	6,809,826	2,528,646	40,152,893	6,752,872
Total Assets	33,576,124	9,915,661	2,904,658	46,396,443	13,147,177
I otti Assets	33,370,124	9,913,001	2,904,038	40,370,443	13,147,177
Liabilities					
Current Liabilities:					
Accounts payable	329,475	78,618	2,171	410,264	22,578
Accrued salaries payable	102,111	70,010	898	103,009	23,998
Other current liabilities	2,467	-	1,710	4,177	25,996
Interest payable	5,295	2,772	1,710	8,067	_
Customer deposits	527,342	2,112	-	527,342	-
Claims and judgments	321,342	-	-	321,342	480,584
Long-term debt, current portion	-	-	-	-	400,304
Compensated absences	16,954			16,954	
Bonds payable, current portion	262,500	630,000	-	892,500	-
Total Current Liabilities	1,246,144	711,390	4,779	1,962,313	527,160
Non-current Liabilities:	1,240,144	/11,390	4,779	1,902,313	327,100
Compensated absences	194,977	_		194,977	50,979
Net pension obligation	273,984	-	-		30,979
OPEB obligation		-	-	273,984	-
Bonds payable, current portion	988,830	1,699,862	-	988,830	-
Total Non-current Liabilities	525,000			2,224,862	50.070
Total Liabilities	1,982,791	1,699,862	4.770	3,682,653	50,979
Total Liabilities	3,228,935	2,411,252	4,779	5,644,966	578,139
<b>Deferred Inflows of Resources</b>					
Deferred finlows of Resources  Deferred gain on refunding		7.075		7,075	
Total deferred inflows of resources		7,075		7,075	
Total deferred liftows of resources		7,073		7,073	
Net Position					
Net investment in capital assets	29,345,698	4,472,889	2,528,646	36,347,233	6,752,872
Restricted for debt service	949,018	1,147,160	2,320,040	2,096,178	0,732,072
Unrestricted	52,473	1,877,285	371,233	2,300,991	5,816,166
Total Net Position	\$ 30,347,189	\$ 7,497,334	\$ 2,899,879	\$ 40,744,402	\$ 12,569,038
Total Met I Ushiun	φ 30,347,109	φ 1,+71,334	φ 4,077,017	Ψ 40,744,402	Ψ 12,307,036

## $STATEMENT\ OF\ REVENUES,\ EXPENSES\ AND\ CHANGES\ IN\ FUND\ NET\ POSITION\ PROPRIETARY\ FUNDS$

For the Year Ended September 30, 2013

		Business-t	ype Activities		Governmental Activities
	Utility Fund	LPAWA	Airport	Total Enterprise Funds	Internal Service Fund
Revenues					
Charges for services	\$ 7,937,012	\$ 1,213,334	\$ 56,246	\$ 9,206,592	\$ 7,683,205
<b>Total Operating Revenues</b>	7,937,012	1,213,334	56,246	9,206,592	7,683,205
Operating Expenses					
Personnel services	3,186,006	-	21,251	3,207,257	855,522
Supplies and materials	281,534	8,090	-	289,624	272,600
Purchased water	-	999,647	-	999,647	-
Repairs and maintenance	-	-	4,896	4,896	-
Other services and charges	3,788,558	28,768	16,442	3,833,768	4,987,271
Depreciation	1,962,364	464,999	167,734	2,595,097	961,147
<b>Total Operating Expenses</b>	9,218,462	1,501,504	210,323	10,930,289	7,076,540
Operating income	(1,281,450)	(288,170)	(154,077)	(1,723,697)	606,665
Non-operating Revenues (Expenses)					
Earnings on investments	3,568	4,362	538	8,468	8,143
Gain (loss) on disposal of capital assets	-	-	-	-	(77,361)
Interest expense	(32,321)	(53,566)	-	(85,887)	-
<b>Total Non-operating Revenue (Expenses)</b>	(28,753)	(49,204)	538	(77,419)	(69,218)
Income before contributions and transfers	(1,310,203)	(337,374)	(153,539)	(1,801,116)	537,447
Capital contributions	604,437	793,854	-	1,398,291	(25,100)
Transfers in	-	-	-	-	479,646
Transfers out	(653,500)	(66,338)	(518)	(720,356)	(13,236)
Change in net position	(1,359,266)	390,142	(154,057)	(1,123,181)	978,757
Total net position - Beginning	31,706,455	7,156,249	3,053,936	41,916,640	11,590,281
Prior Period Adjustment	-	(49,057)	-	(49,057)	-
Total net position - Beginning, as Restated	31,706,455	7,107,192	3,053,936	41,867,583	11,590,281
Total net assets - ending	\$ 30,347,189	\$ 7,497,334	\$ 2,899,879	\$ 40,744,402	\$ 12,569,038
		=======================================			

				Business-typ	e Ac	tivities			G	overnmental Activities
	τ	Itility Fund		LPAWA		Airport	]	Total Enterprise Funds	Int	ernal Service Fund
Cash Flows from Operating Activities Receipts from customers and users	\$	7,937,012	\$	1,226,031	\$	56,211	\$	9,219,254	\$	7,683,359
Disbursed for personnel services	Ψ	(3,359,501)	Ψ	-	Ψ	(21,130)	Ψ	(3,380,631)	Ψ	(885,082)
Disbursed for goods and services		(4,073,450)		(1,170,984)		(20,462)		(5,264,896)		(5,277,438)
Net cash provided (used) by operating activities		504,061		55,047		14,619		573,727		1,520,839
Cash Flows from Noncapital Financing Activities										
Transfers from other funds		_		_		_		_		479,646
Transfers to other funds		(653,500)		(66,338)		(518)		(720,356)		(13,236)
Operating grants and contributions		-	_	-	_	-	_	-		25,100
Net cash provided by (used by) noncapital										
financing activities		(653,500)		(66,338)		(518)		(720,356)		491,510
Cash Flows from Capital and Related										
Financing Activities										
Capital grants and contributions		604,437		<del>-</del>		-		604,437		-
Principal payments on debt		(262,500)		(625,000)		-		(887,500)		-
Interest paid on debt		(34,335)		(73,556)		-		(107,891)		-
Acquisition and construction of capital		(1,199,043)						(1.100.042)		(1.006.615)
assets, net of dispositions  Capital contributions from participants for debt service		(1,199,043)		- 607 727		-		(1,199,043)		(1,996,615)
Capital contributions from participants for capital recovery		-		697,727 96,127		-		697,727 96,127		-
Capital contributions from participants for capital recovery			-	90,127				90,127		
Net cash used by capital and related financing activities		(891,441)	_	95,298				(796,143)	_	(1,996,615)
Cash Flows from Investing Activities										_
Purchase of investments		_		(137,028)		(23,931)		(160,959)		(302,755)
Sale of investments		174,543		-		-		174,543		75,002
Interest received		3,568		4,362		538		8,468		8,143
Net cash provided by (used by) investing activities		178,111		(132,666)		(23,393)		22,052		(219,610)
Net increase in cash and equivalents		(862,769)		(48,659)		(9,292)		(920,720)		(203,876)
Cash and equivalents, beginning of year	ф.	1,727,149	Φ.	1,632,290	¢	272,471	ф.	3,631,910	Φ.	4,599,784
Cash and equivalents, at end of year	\$	864,380	\$	1,583,631	\$	263,179	\$	2,711,190	\$	4,395,908
Unrestricted cash and equivalents	\$	342,113	\$	897,753	\$	263,179	\$	1,503,045	\$	4,395,908
Restricted cash and equivalents		522,267		685,878		-		1,208,145		-
	\$	864,380	\$	1,583,631	\$	263,179	\$	2,711,190	\$	4,395,908
Reconciliation of operating income to net cash										
provided by operating activities										
Operating income (loss)	\$	(1,281,450)	\$	(288,170)	\$	(154,077)	\$	(1,723,697)	\$	606,665
Adjustments to reconcile operating income to net		, , , ,				, , ,		, , ,		
cash provided by operating activities:										
Depreciation		1,962,364		464,999		167,734		2,595,097		961,147
(Increase) decrease in accounts receivable		(15,864)		12,697		(35)		(3,202)		393
(Increase) decrease in inventory		-		-		-		-		154
(Increase) decrease in prepaid expenses		(220.707)		(124.470)		- 055		(472 401)		(18,862)
Increase (decrease) in accounts payable		(339,797)		(134,479)		855		(473,421)		158
Increase (decrease) in salaries payable Increase (decrease) in other current liabilities		9,687 (4,777)		-		121 21		9,808		1,766
Increase (decrease) in other current flabilities  Increase (decrease) in due to/due from other funds		(4,777)		-		<i>L</i> 1		(4,756)		(29,953) (629)
Increase (decrease) in due to/due from other runds  Increase (decrease) in customer utility deposits		10,090		_		_		10,090		(029)
Increase (decrease) in compensated absences		(27,758)		_		_		(27,758)		_
Increase (decrease) in net pension and OPEB obligation		191,566		_		_		191,566		-
Net cash provided by operating activities	\$	504,061	\$	55,047	\$	14,619	\$	573,727	\$	1,520,839
					_		_		_	

## **Note 1 - Summary of Significant Accounting Policies**

The City of La Porte, Texas (the "City"), was incorporated under the laws of the State of Texas on August 10, 1892. The City operates under a "Council- Manager" form of government and provides the following services as authorized by its charter: public safety, development services, public health and welfare, culture and recreation and waterworks.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to U.S Generally accepted Accounting Principles (GAAP) applicable to state and local governments which include the principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The more significant accounting policies of the City are prescribed below.

## A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The City, with its elected governing body of mayor and eight council members, is considered a primary government. As required by GAAP, the basic financial statements include the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. All component units have been included as blended component units because of the significance of their operational and financial relationships with the City.

The La Porte Area Water Authority (the "Authority") is governed by a five-member board appointed by the City Council. Although it is a legally separate entity, the Authority provides services almost exclusively for the City's water operations, and is in substance a part of the City's primary operations. The Authority was created by the City to finance the operations involved in obtaining surface water supplies and converting these supplies to potable water. This water is sold primarily to the City of La Porte (86%) with the remainder being sold to other neighboring political subdivisions. The operations of the Authority are reported as a proprietary fund type.

The Tax Increment Reinvestment Zone One (the "Zone") is governed by a nine-member board appointed by the City Council. The Zone provides benefits exclusively for the City through reinvestment financing of ad valorem taxes, which are utilized for capital improvements for the City of La Porte. The Zone is presented as a governmental fund type.

The Section 4B Sales Tax Corporation provides services that exclusively benefit the City of La Porte and is governed by a seven-member board appointed by City Council. The Section 4B Sales Tax Corporation is presented as a governmental fund type.

Complete financial statements for each of the individual component units may be obtained through the City of La Porte.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

## B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Position and a Statement of Activities. It requires the reclassification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are as follows:

- Net investment in capital assets This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recognized 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.

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 government 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 property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivables have been recorded as unavailable revenues at year-end. Property taxes collected within 60 days subsequent to September 30, 2013, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2013, have been recorded as receivables and revenue. Licenses and permits, and fines and forfeitures are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

#### The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general long-term debt of the City except for capital leases which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

The *Capital Improvement Fund* is used to account for projects that are generally small in nature and affect the general operation of the City.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

The City reports the following major proprietary funds:

- The *Utility Enterprise Fund* is used to account for operations of the water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, but not limited to administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.
- La Porte Area Water Authority is used to account for revenues and expenses related to obtaining raw surface water and converting it to potable water
- Airport Fund is used to account for financial activities of the airport which includes rentals, grants and other revenues.

Additionally, the government reports the Internal Service Funds which are used to account for the Motor Pool, Technology and Insurance services provided to other departments of the City on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operational expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

## D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

## 1. Cash and Cash Equivalents

Cash includes amounts in demand deposits, short-term investments which mature within ninety days of the fiscal year end, and various petty cash funds. The short-term investments are stated at cost or amortized cost, which approximate fair value. The short-term investments consist of U.S. Treasury Bills and deposits in the Texas Local Government Pool (TexPool), the Local Government Investment Cooperative (LOGIC) all of which have the general characteristics of a demand deposit account. For the purpose of the statement of cash flows, Proprietary Fund types consider temporary investments with a maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, 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. Investments positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool and LOGIC are reported using the pools' share price.

## CITY OF LA PORTE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

## Note 1 - Summary of Significant Accounting Policies (continued)

## D. Assets, liabilities deferred outflows of resources and net position/fund balance (continued)

## 2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### 3. Due to and from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Position and are recorded as "due from other funds" or "due to other funds" in the fund financial statements.

## 4. Inventory and Prepaid Items

Inventories are valued at costs using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. A portion of the fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the City's continuing operations. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City did not have any prepaid items.

## 5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated Capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain and equipment are capitalized and Proprietary Fund Capital assets are depreciated over the remaining useful lives of the related Capital assets using the straight line method, as applicable.

	Estimated
Asset Description	Useful Life
Buildings	20 years
Building improvements	20 years
Infrastructure	20-30 years
Vehicles	4-10 years
Machinery and equipment	4-10 years
Water and sewer systems	20-40 years

## **Note 1 - Summary of Significant Accounting Policies (continued)**

## **6.** Compensated Employee Absences

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to a certain amount, until paid upon termination or retirement. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered, where the payment is probable and can be reasonably estimated. The current and long-term portion of the governmental fund type liabilities are recorded in the Government-Wide Statement of Net Position. The Proprietary fund type liability is recorded as a liability in the individual proprietary funds since payment will be made from the resources of these funds. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Policies relating to the accrual and payment of these benefits are as follows:

- Vacation Employees earn from 10-25 days of vacation per year. Upon separation, employees are paid for all accumulated vacation leave (up to one and one half times their annual accrual rate).
- Sick leave Full time 8 hour employees accrue 3.70 hours per pay period. Full time 24 hour employees accrue 5.91 hours per pay period and civil service employees accrue 15 days per calendar year. The maximum sick leave time which may be accumulated by any employee shall be 90 days for regular full time employees. For 24 hour shift personnel, the maximum accrual is 1,152 hours. Civil service employees may accrue unlimited sick leave.

## 7. General Property Taxes

All taxes due the City on real or personal property are payable at the Office of the City Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

## 8. Debt Service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

#### 9. Restricted Assets

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## CITY OF LA PORTE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## **Note 1 - Summary of Significant Accounting Policies (continued)**

#### 10. Fund Balance

In compliance with GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at September 30, 2013, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed includes amounts that can only be used for specific purposes. Fund balances are committed by formal action of the City Council. Amendments or modifications to the committed fund balance must be approved by formal action of the City Council. Formal action shall be by resolution or majority vote. Committed fund balance will not lapse at year end.
- Assigned includes amounts that the City intends to use for a specific purpose, but
  do not meet the definition of restricted or committed fund balance. Under City
  Council's adopted policy, amounts may be assigned by the City Manager under the
  authorization of the Fiscal Affairs Committee.
- Unassigned includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The General Fund is the only fund that is allowed to have a positive amount reported in this category.

For the purposes of fund balance classification, expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance. City council intends to maintain a minimum fund balance of 25% of the City's General Fund operating expenditures.

## 11. Revenues and Expenditures/Expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-Wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

#### 12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

## 13. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue funds and debt service funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all capital projects funds and are revised annually.

## 14. 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 government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only two types of this item, one which arises under a modified accrual basis of accounting; unavailable revenue which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other type is the deferred gain on refunding reported in the government-wide statement of net position. A deferred gain 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.

## **Note 2 - Deposits (Cash) and Investments**

## **Authorization for Deposits and Investments**

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

## CITY OF LA PORTE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

## **Note 2 - Deposits (Cash) and Investments (continued)**

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments or swaps.

## **Deposit and Investment Amounts**

The City's cash and investments are classified as: cash and cash equivalents and restricted cash and investments. The cash and cash equivalents include cash on hand, fully collateralized deposits with financial institutions and in a privately-managed public funds investment pool account (TexPool, TexStar and LOGIC). The restricted cash and investments are assets restricted for specific use.

The following schedule shows the City's recorded cash and investments at year-end:

			To	tal Fair Value		
	Go	overnmental	Inte	ernal Service	Bu	siness Type
		<b>Funds</b>		Funds		Activities
Cash deposits	\$	6,479,238	\$	527,508	\$	450,580
Pooled funds		28,008,749		3,868,400		2,260,610
US Agency Securities		13,304,857		1,842,536		2,344,348
	\$	47,792,844	\$	6,238,444	\$	5,055,538

## **Investment Risks**

## **Interest Rate Risk**

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. GAAP, by investment type:

Investment Type	Total Fair Value	Weighted Average Maturity (months)
Public funds investment pools	\$ 34,137,759	1.6
Federal Home Loan Mortgage Corporation (FHLMC)	4,002,390	33.4
Federal Farm Credit Bank (FFCB)	9,483,340	24.0
Federal National Mortgage Association (FNMA)	2,504,861	45.6
Farmer Mac (FAMCA)	1,501,150	13.0
Total fair value	\$ 51,629,500	
Portfolio weighted average maturity		10.7

## CITY OF LA PORTE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

## **Note 2 - Deposits (Cash) and Investments (continued)**

The City's investment policy specifies the maximum stated maturity from the date of purchase for any individual investments may not exceed 5 years and the maximum dollar weighted average maturity for the pooled fund group (investment portfolio) may not exceed 2 years.

## **Concentration of Credit Risk**

The policy does require investments to be staggered in a way that protects interest income from the volatility of interest rates. The policy has not established limitations on percentages of the total portfolio that may be invested in securities other than the repurchase agreements, Treasury bills and notes or insured and collateralized Certificates of Deposits.

	<b>Total Fair</b>	Percentage of
Investment Type	Value	Total Portfolio
Investment Pools	\$ 34,137,759	66%
US Agency Securities	17,491,741	34%
Total	\$ 51,629,500	100%

#### Credit Risk

The primary objective of the City's adopted Investment Policy is the safety of principal. Credit risk within the City's portfolio among authorized investments approved by the City's adopted Investment Policy is represented in U.S. Treasury Bills, Notes or Bonds, and other securities which are guaranteed as to principal and interest by the full faith and credit of the United States of America, collateralized or fully insured certificates of deposits, FDIC insured banks in the State of Texas, repurchase agreements if secured by U.S. Treasury Bills, Notes or Bonds and Public Funds Investment Pools.

## **Note 3 - Property Tax**

The appraisal of property within the City is the responsibility of the Harris County Appraisal District (the "Appraisal District"). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for repayment of general obligation bonds and other contractual obligations, adjusted for new improvements, exceeds the effective tax rate and the rollback rate tax rate, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate.

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value, assessed at 100% of appraised value and certified by the Harris County Appraisal District Board of Review. The City's property taxes are billed and collected by the City's Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the current calendar year.

## **Note 3 - Property Tax (continued)**

The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes, which can be levied for debt service. The property tax rates to finance general governmental services and debt service for the 2011-12 tax year were \$0.64 and \$0.07, respectively, per \$100 of assessed valuation. The 2012 assessed value and total tax levy as adjusted through September 30, 2012 were \$2,341,036,448 and \$16,621,361 respectively.

The City has enacted an ordinance providing for the exemption of twenty percent (20%) of the assessed value of residential homesteads plus an additional \$60,000 for persons 65 years of age or older for property taxes. An exemption of \$60,000 is allowed for disabled persons on homesteads and up to \$12,000 is allowed for disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

## Note 4 - Receivables

Amounts recorded as receivables as of for the government's individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	P	Capital rojects Fund	τ	Jtility Fund	]	LPAWA	Internal vice Funds	A	all Other Funds	Total
Receivables												
Taxes	\$ 1,841,647	\$133,331	\$	-	\$	-	\$	-	\$ -	\$	757,777	\$ 2,732,755
Intergovernmental	-	-		-		-		-	119,927		162,688	282,615
Accounts	3,355,497	-		-		1,027,738		171,414	-		2,377	4,557,026
Interest	11,725	962		2,294		681		1,136	2,418		2,609	21,825
Other	-	-		-		5,257		-	-		49,769	55,026
Allowance for												
uncollectibles	(1,293,012)	(110,689)		-		(24,336)		-			-	(1,428,037)
	\$ 3,915,857	\$ 23,604	\$	2,294	\$	1,009,340	\$	172,550	\$ 122,345	\$	975,220	\$ 6,221,210
					_	_				_		

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Harris County Central Appraisal District ("HCCAD") establishes appraised values. Taxes are levied by the City Council based on the appraised values and operating needs of the City.

**Note 5 - Capital Assets** 

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2013 follows:

Tollows.	Balance September 30, 2012	Increases	Reclassification/ (Decreases)	Balance September 30, 2013
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,510,264	\$ -	\$ (38,546)	\$ 9,471,718
Construction in progress	10,268,932	2,685,970	(97,984)	12,856,918
Total capital assets not	40.000		(10 - 700)	
being depreciated	19,779,196	2,685,970	(136,530)	22,328,636
Other capital assets:	25 656 551	216 475	(2.259.277)	22.514.640
Buildings and improvements	35,656,551	216,475	(2,358,377)	33,514,649
Improvements other than buildings	24,519,137	111,255	59,517	24,689,909
Infrastructure	38,795,865	946,196	(1 124 296)	39,742,061
Machinery and equipment Total other capital assets	17,357,157 116,328,710	1,917,995 3,191,921	(1,134,386) (3,433,246)	18,140,766 116,087,385
Less accumulated depreciation for:	110,326,710	3,191,921	(3,433,240)	110,087,383
Buildings and improvements	(17,586,833)	(1,265,600)	2,004,712	(16,847,721)
Improvements other than buildings	(9,712,154)	(753,803)	25,965	(10,439,992)
Infrastructure	(22,744,604)	(1,525,002)	23,703	(24,269,606)
Machinery and equipment	(10,175,958)	(1,314,126)	1,060,946	(10,429,138)
Total accumulated depreciation	(60,219,549)	(4,858,531)	3,091,623	(61,986,457)
Other capital assets, net	56,109,161	(1,666,610)	(341,623)	54,100,928
Totals	\$ 75,888,357	\$ 1,019,360	\$ (478,153)	\$ 76,429,564
	Balance September 30, 2012	Increases	Reclassification/ (Decreases)	Balance September 30, 2013
Business-type Activities:		Increases	Reclassification/ (Decreases)	
Business-type Activities: Capital assets not being depreciated:	September	Increases		September 30,
Business-type Activities: Capital assets not being depreciated: Land	September 30, 2012		(Decreases)	September 30, 2013
Capital assets not being depreciated: Land	September 30, 2012 \$ 427,812	\$ -	(Decreases)	September 30, 2013 \$ 427,812
Capital assets not being depreciated: Land Construction in progress	September 30, 2012		(Decreases)	September 30, 2013
Capital assets not being depreciated: Land Construction in progress Total capital assets not	September 30, 2012 \$ 427,812 3,751,099	\$ - 604,437	(Decreases)  \$ - (283,057)	\$ 427,812 4,072,479
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated	September 30, 2012 \$ 427,812	\$ -	(Decreases)	September 30, 2013 \$ 427,812
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets:	\$ 427,812 3,751,099 4,178,911	\$ - 604,437	(Decreases)  \$ - (283,057)	\$ 427,812 4,072,479 4,500,291
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements	\$ 427,812 3,751,099 4,178,911	\$ - 604,437	(Decreases)  \$ - (283,057)	\$ 427,812 4,072,479 4,500,291
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets:	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787	\$ - 604,437 604,437	(Decreases)  \$ - (283,057) (283,057)	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694	\$ - 604,437 604,437 - 564,351	\$ - (283,057) (283,057) - 283,057	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787	\$ - 604,437 604,437 - 564,351 30,255	(Decreases)  \$ - (283,057) (283,057)	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets Less accumulated depreciation for:	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694	\$ - 604,437 604,437 - 564,351 30,255	\$ - (283,057) (283,057) - 283,057	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694 86,134,101	\$ - 604,437 604,437 - 564,351 30,255 594,606	\$ - (283,057) (283,057) - 283,057	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949 87,011,764 (49,888)
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets Less accumulated depreciation for: Buildings and improvements	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694 86,134,101 (49,337)	\$ - 604,437 604,437 - 564,351 30,255 594,606	\$ - (283,057) (283,057) - 283,057	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949 87,011,764
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets Less accumulated depreciation for: Buildings and improvements Improvements other than buildings	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694 86,134,101 (49,337) (48,325,163)	\$ - 604,437 604,437 - 564,351 30,255 594,606 (551) (2,555,456)	\$ - (283,057) (283,057) - 283,057	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949 87,011,764 (49,888) (50,880,619)
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets Less accumulated depreciation for: Buildings and improvements Improvements other than buildings Machinery and equipment	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694 86,134,101 (49,337) (48,325,163) (389,565)	\$ - 604,437 604,437 - 564,351 30,255 594,606 (551) (2,555,456) (39,090)	\$ - (283,057) (283,057) - 283,057	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949 87,011,764 (49,888) (50,880,619) (428,655)
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets Less accumulated depreciation for: Buildings and improvements Improvements other than buildings Machinery and equipment Total accumulated depreciation	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694 86,134,101 (49,337) (48,325,163) (389,565)	\$ - 604,437 604,437 564,351 30,255 594,606 (551) (2,555,456) (39,090) (2,595,097) (2,000,491)	\$ - (283,057) (283,057) (283,057) - 283,057 	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949 87,011,764 (49,888) (50,880,619) (428,655) (51,359,162)
Capital assets not being depreciated: Land Construction in progress Total capital assets not being depreciated Other capital assets: Buildings and improvements Improvements other than buildings Machinery and equipment Total other capital assets Less accumulated depreciation for: Buildings and improvements Improvements other than buildings Machinery and equipment Total accumulated depreciation Total accumulated depreciation Total capital assets being	\$ 427,812 3,751,099 4,178,911 57,620 85,417,787 658,694 86,134,101 (49,337) (48,325,163) (389,565) (48,764,065)	\$ - 604,437 604,437 564,351 30,255 594,606 (551) (2,555,456) (39,090) (2,595,097)	(Decreases)  \$	\$ 427,812 4,072,479 4,500,291 57,620 86,265,195 688,949 87,011,764 (49,888) (50,880,619) (428,655) (51,359,162)

## **Note 5 - Capital Assets (continued)**

Depreciation was charged to functions of the primary government as follows:

General government	\$ 620,153
Public safety	944,051
Public works	1,586,354
Parks and recreation	746,826
Internal Service funds	961,147
<b>Total Governmental Activities</b>	\$ 4,858,531
Water and sewer	\$ 2,427,363
Airport	167,734
<b>Total Business-Type Activities</b>	\$ 2,595,097

Construction contract commitments outstanding as of September 30, 2013, are as follows:

## **Governmental Activities**

			К	kemaining
Fund	Tota	l In Progress	Commitment	
Hotel/Motel Fund	\$	52,315	\$	7,684
TIRZ Fund		201,170		-
General CIP Fund		12,603,433		1,537,116
Totals	\$	12,856,918	\$	1,544,800

## **Business-Type Activities**

			R	emaining
Fund	Tota	al In Progress	Commitment	
Utility Fund	\$	3,678,065	\$	115,511
2004 CO's		347,750		-
2007 CO's		46,664		3,960
Totals	\$	4,072,479	\$	119,471

## **Note 6 - Long-Term Debt**

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business type activities. These instruments include general obligation bonds, certificates of obligation and revenue bonds. Future ad valorem tax revenues, water and sewer system revenues or liens on property and equipment secure these debt obligations.

The following is a summary of the terms of obligations, general obligation bonds, certificates of obligations and revenue bonds outstanding as of September 30, 2013:

	Go	overnmental	Business-type		
2002 Limited Tax Bonds due in annual installments of \$270,000 through March 15, 2025; interest at 4.25% to 5%; \$5,400,000 issued for wastewater treatment plant and fire station improvements.	\$	1,350,000	\$	-	
2004 Certificates of Obligation due in annual installments through March 15, 2025; interest at 3.6% to 4.45% \$7,000,000 issued for paving and drainage improvements, street extension and land acquisition.		1,335,000		-	
2005 General Obligation Serial Bonds					
due in annual payments through March 15, 2025; interest at 3.75% to 4.25% \$7,675,000 issued to construct a police facility.		2,790,000		-	
2005 Certificates of Obligation due in annual payments through March 15, 2015; interest at 2.8% to 3.8% \$1,800,000 issued for water and sewer improvements and fire truck.		645,000		-	
2006 Public Property Finance contractual Obligation due in annual payments through January 25, 2016; interest at 3.74% \$2,625,000 issued for automated meter replacement program.		-		787,500	
2006 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.625% to 4.25% \$1,200,000 issued for park improvements.		905,000		-	
2006 Certificates of Obligation due in annual payments through March 15, 2025; interest at 3.75% to 4.3% \$5,765,000 issued for police facility, sports and water and sewer improvements.		4,340,000		-	
2007 Certificates of Obligation due in annual payments through March 15, 2029; interest at 4.00% to 4.25% \$8,075,000 issued for wastewater treatment plant improvements, sports complex and golf cart path improvements.		6,980,000		_	
2010 Certificates of Obligation due in annual payments through March 15, 2026; interest at 3.00% to 4.00% \$6,265,000 issued for street, drainage and park improvements.		5,605,000		-	
2010 General Obligation Refunding Bonds due in annual payments through March 15, 2020; interest at 2.00% to 4.00% \$4,295,000 issued to refund previous debt.		3,145,000		-	
2010 LPAWA Contract Revenue Refunding Bonds due in annual payments through March 15, 2017; interest at 2.50% to 4.00% \$4,085,000 issued to refund previous debt.		-		2,270,000	
2012 General Obligation Refunding Bonds due in annual payments through March 15, 2025; interest at .65% to 3.00% \$9,435,000 issued to refund previous debt.		9,360,000			
Total Bonds Payable	\$	36,455,000	\$	3,057,500	

## Note 6 - Long-Term Debt

Premium on bond issuance

**Total Business-type Activities** 

Total Bonds Payable Compensated absences

Net pension obligation

OPEB obligation

During the year ended September 30, 2013, the following changes occurred in long-term liabilities:

	Se	Balance otember 30, 2012	Additions	(1	Reductions)	Se	Balance ptember 30, 2013	 nounts Due Vithin One Year
Governmental Activities:								
Bonds and notes payable:								
General obligation bonds	\$	18,670,000	\$ -	\$	(1,120,000)	\$	17,550,000	\$ 1,240,000
Certificates of obligation		20,150,000	-		(1,245,000)		18,905,000	1,320,000
Premium/Discount on bond issuance		740,469	-		(65,097)		675,372	-
Total bonds payable		39,560,469	-		(2,430,097)		37,130,372	2,560,000
Compensated Absences		3,441,442	-		(167,782)		3,273,660	163,683
Net pension obligation		2,313,311	3,111,167		(3,088,308)		2,336,170	-
Net OPEB obligation		6,112,560	2,220,443		(801,266)		7,531,737	-
<b>Total Governmental Activities</b>	\$	51,427,782	\$ 5,331,610	\$	(6,487,453)	\$	50,271,939	\$ 2,723,683
	Se	Balance otember 30, 2012	Additions	(1	Reductions)	Se	Balance ptember 30, 2013	 nounts Due /ithin One Year
Business-type Activities:								
Bonds payable:								
Revenue bonds	\$	2,895,000	\$ -	\$	(625,000)	\$	2,270,000	\$ 630,000
Public property finance certificates of obligation		1,050,000	-		(262,500)		787,500	262,500

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. Compensated absences generally are paid by the General Fund for the governmental activities. Net pension obligation is 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.

365,206

294,239

659,445

77,222

4,022,222

239,689

271,460

799,788

5,333,159

(17,360)

(904,860)

(27,758)

(362,472)

(105,197)

\$ (1,400,287)

59,862

892,500

16,954

909,454

3,117,362

211,931 274,194

988,830

4,592,317

## **General Obligation Bonds and Certificates of Obligations**

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligations Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each years bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

## **Note 6 - Long-Term Debt (continued)**

In April 2012, the City issued General Obligation Refunding Bonds, Series 2012 in the amount of \$9,435,000. The interest rate ranges from 2.0%-3.0%. The bonds were issued at a premium totaling \$364,013. The proceeds of the bonds were used to refund a portion of the City's outstanding bonds and pay costs of issuance related to the bonds. A portion of the proceeds were deposited into an irrevocable trust with an escrow agent to provide future debt service payments on the outstanding bonds. As a result \$8,770,000 of the 2002 Limited Tax Bonds, 2004 and 2005 Certificates of Obligation and 2005 General Obligation Bonds are considered to be defeased and the liability has been removed from the books. The purpose of the bonds was to lower the City's debt service payments. Sale of the bonds resulted in an economic gain of \$629,705 and a deferred loss on refunding of \$896,031.

#### **Revenue Bonds**

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system. The Revenue Bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions, which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2013.

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2013 are as follows:

	General Obli	gation Bonds	Certificates of Obligation			
	Governmen	tal Activities	Government	al Activities		
Fiscal Year	Principal	Interest	Principal	Interest		
2014	\$ 1,240,000	\$ 767,753	\$ 1,320,000	\$ 1,017,699		
2015	1,255,000	733,392	1,385,000	995,164		
2016	1,265,000	697,021	1,445,000	965,646		
2017	1,285,000	658,924	1,500,000	939,113		
2018	1,675,000	609,674	1,195,000	767,119		
2019	1,705,000	471,145	1,245,000	749,398		
2020	1,605,000	419,189	1,300,000	732,869		
2021	1,430,000	272,300	1,250,000	686,551		
2022	1,465,000	236,350	1,305,000	670,876		
2023	1,505,000	194,350	1,350,000	649,620		
2024	1,540,000	156,300	1,410,000	632,614		
2025	1,580,000	117,275	1,465,000	163,596		
2026	-	-	1,050,000	113,092		
2027	-	-	540,000	70,130		
2028	-	-	560,000	36,330		
2029			585,000	12,285		
	\$ 17,550,000	\$ 5,333,673	\$ 18,905,000	\$ 9,202,102		

## CITY OF LA PORTE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

**Note 6 - Long-Term Debt (continued)** 

	Contract Re	venu	e Bonds	Public Property Finance CO Business-Type Activities				
	Business-T	ype A	ctivities					
Fiscal Year	Principal	Interest		Principal		Interest		
2014	\$ 630,000	\$	58,650	\$	262,500	\$	24,544	
2015	650,000		41,838		262,500		14,726	
2016	670,000		22,850		262,500		4,909	
2017	320,000		6,400		-		-	
	\$ 2,270,000	\$	129,738	\$	787,500	\$	44,179	

## **Prior Year Refunding of Debt**

#### **Revenue Bonds**

The City defeased certain outstanding revenue bonds by placing proceeds of new bonds in irrevocable trust to provide for all future debt service payments. Accordingly, the respective trust accounts and liability for the defeased bond are not included in the City's financial statements. As of September 30, 2013 approximately \$6,220,000 and \$2,335,000 of previously refunded bonds outstanding are considered defeased in association with the governmental activities and the business-type activities respectively.

**Note 7 - Interfund Activities** 

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

Transfers from	Transfers to	Amount	Purpose
Utility Fund	Debt Service Fund	\$ 574,957	Annual transfer for debt service
Utility Fund	Insurance Fund	47,711	Transfer for liability insurance and workers comp
Airport Fund	Insurance Fund	518	Transfer for liability insurance and workers comp
La Porte Area Water Authority	General Fund	65,033	Operators agreement
La Porte Area Water Authority	Insurance Fund	1,305	Transfer for liability insurance and workers comp
2005 Certificate of Obligation	Utility Fund	30,832	Transfer of fund balance for closed out funds
Vehicle Maintenance Fund	Insurance Fund	13,236	Transfer for liability insurance and workers comp
Hotel Motel Tax Fund	General CIP Fund	145,000	Transfer for capital projects
Hotel/Motel Fund	General Fund	42,500	Transfer for golf course advertising and city
			bordering bay for golf expenditures
General Fund	Insurance Fund	416,876	Transfer for liability insurance and workers comp
General Fund	Debt Service Fund	100,000	Transfer for debt service
General Fund	General CIP Fund	1,413,000	Transfer for capital projects
Transportation & Other Infra.	General Fund	67	Transfer for capital projects
La Porte Development			
Corporation (4B)	Debt Service Fund	410,061	Transfer for debt service
La Porte Development			
Corporation (4B)	General CIP Fund	695,000	Transfer for capital projects
1998 General Obligation Fund	Debt Service Fund	32,138	Transfer for debt service
Fund	Debt Service Fund	257,571	Transfer for debt service
2005 General Obligation Fund	Debt Service Fund	895	Transfer for debt service
2006 Certificate of			
Obligation Fund	Debt Service Fund	78,662	Transfer for debt service
2006 General Obligation Fund	Debt Service Fund	19,946	Transfer for debt service
2007 Certificate of			
Obligation Fund	Debt Service Fund		Transfer for debt service
		\$ 4,363,566	_

#### **Note 7 - Interfund Activities (continued)**

Interfund receivables at year end were as follows:

Receivable Fund	Payable Fund	Amounts		Purpose
2006 Certificates of				
Obligation Fund	TIRZ One	\$	662,000	Sewer improvements paid by the City

## **Note 8 - Employee Retirement System**

## Plan Description

The City provides pension benefits for all of its eligible employees, except firefighters, through a non-traditional, joint contributory, hybrid defined benefit plan (the "Plan") in the statewide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report provides detailed explanation of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677. The report is also available on the TMRS website at <a href="https://www.tmrs.com">www.tmrs.com</a>.

The City provides pension benefits to its volunteer firemen through the Texas Statewide Emergency Services Personnel Retirement Fund, one of 150 administered by the Fire Fighters' Pension Commissioner, a cost sharing multiple employer pension system. That report may be obtained by writing to the Firefighters Pension Commission, P.O. Box 12577, Austin, TX 78711. Both plans are more fully described below.

## **Texas Municipal Retirement System**

### Contributions and Annual Pension Cost

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

## CITY OF LA PORTE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

## **Note 8 - Employee Retirement System (continued)**

## **Texas Municipal Retirement System (continued)**

#### Contributions and Annual Pension Cost (continued)

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) for the current year is calculated as follows:

	2013
Annual Required Contribution (ARC)	\$3,450,780
Interest on net pension obligation (NPO)	180,947
Adjustment to ARC	(155,542)
Annual Pension Cost (APC)	3,476,185
Contributions	(3,450,780)
Change in NPO	25,405
NPO, beginning of the year	2,584,959
NPO, ending of the year	\$2,610,364
Percentage of APC contributed	99.3%

Actuarial Cost Method	Projected Unit Credit			
Amortization Method	Level Percent of Payroll			
Remaining Amortization Period	27.1 Years - Closed Period			
Asset Valuation Method	10-year Smoothed Marke			
Actuarial Assumptions:				
Investment Rate of Return	7.0%			
Projected Salary Increases	Varies by age and service			
Includes Inflation At	3.0%			

#### Funded Status

The funded status of the Plan as of December 31, 2012

Cost-of-Living Adjustments

## **Schedule of Funding Progress**

2.1%

				Unfunded		
				Actuarial		(UAAL) as a
		Actuarial		Accrued	Annual	Percentage of
<b>Actuarial Valuation</b>	<b>Actuarial Value</b>	Accrued	Percentage	Liability	Covered	Covered
Date December 31,	of Assets	Liabilities	Funded	(UAAL)	Payroll	Payroll
2012	\$ 102,718,435	\$ 118,112,651	87%	\$15,394,216	\$19,658,099	78%

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

## **Note 8 - Employee Retirement System (continued)**

## Three-year Trend Information

	2013	2012	2011
Annual Required Contribution (ARC)	\$3,450,780	\$3,624,410	\$ 3,933,822
Interest on net pension obligation (NPO)	180,947	173,583	113,334
Adjustment to ARC	(155,542)	(139,265)	 (93,771)
Annual Pension Cost (APC)	3,476,185	3,658,728	 3,953,385
Contributions	(3,450,780)	(3,388,213)	(3,150,061)
Change in NPO	25,405	270,515	803,324
NPO, beginning of the year	2,584,959	2,314,444	 1,511,120
NPO, ending of the year	\$2,610,364	\$2,584,959	\$ 2,314,444
Percentage of APC contributed	99.3%	92.6%	79.7%

## Texas Statewide Emergency Services Personnel Retirement Fund

#### Summary of Significant Accounting Policies and Plan Asset Matters

The Texas Statewide Emergency Services Personnel Retirement Fund financial statements are prepared using the accrual basis of accounting. The Fund's fiscal year is from September 1 through the following August 31. Contributions are recognized as revenues in the period in which they are due to the Fund. No contributions applicable to the H.B. 258 Texas Local Fire Fighters Retirement Act (TLFFRA) are included herein.

The Texas Statewide Emergency Services Personnel Retirement Fund investments are reported at a smoothed market-related value.

The Fire Fighters' Pension Commission is the administrator of the Texas Statewide Emergency Services Personnel Retirement Fund, a cost sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without monetary remuneration. The Texas Statewide Emergency Services Personnel Retirement Fund is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2012 there were 188 member departments participating in the pension system. The following table summarizes the pension system membership as of August 31, 2012:

Retirees and beneficiaries currently receiving benefits	2,340
Terminated members entitled to benefits but not yet receiving those	2,252
Current active members (vested and non-vested)	4,446

The pension system was created by Senate Bill 411, 65th Legislature, Regular Session (1977). The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Member are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

**Note 8 - Employee Retirement System (continued)** 

Texas Statewide Emergency Services Personnel Retirement Fund (continued)

## Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 % compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

## Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislative, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating department members are required to contribute at least the minimum prescribed amount per month for each active member. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up to a limited amount to make TESRS actuarially sound.

## **Annual Required Contribution**

The contribution requirement per active emergency services personnel member per month is not actually determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2012, total contributions (dues and prior service) of \$3,517,455 were paid into TESRS by the political subdivision and served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for fiscal years ending August 31, 2012 and 2013. Total contributions made were equal to the contribution required by the state statute and equal to the contributions required based on the August 31, 2010 actuarial valuation.

The purpose of the biennial actuarial valuations is to test the adequacy of the contribution arrangement and determine if they are adequate to fund the benefits that are promised. The actuarial valuation as of August 31, 2012 revealed the inadequacy of the expected contributions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2013 (\$528,538 to help pay for the Systems administrative expense) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years for the System to have a 30 year amortization period, and (2) approximately \$530,000 each year to help pay for part of the System's administrative expenses. The City's annual contributions for fiscal year ending September 30, 2013, 2012 and 2011 were \$24,624, \$27,216, and \$27,264 respectively.

## **Note 9 - 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. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. Further information regarding the pool is provided below. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

## Health Insurance Benefits

The City self-insures a portion of health insurance benefits provided to employees. The City uses an internal service fund to account for the revenues and expenses for providing health care coverage. Charges are assessed to various City divisions based on their full-time employee count.

Activity during the year included:

Revenues	
Charges to divisions	\$ 4,620,877
Interfund transfers	479,646
Charges to employees	434,740
Charges to retirees	103,094
Cobra charges	5,008
Interest revenue	1,787
Total revenues	\$ 5,645,152
Expenses	
Expenses Personnel expenses	\$ 194,096
<u>-</u>	\$ 194,096 362,119
Personnel expenses	\$ ,
Personnel expenses Other expenses	\$ 362,119
Personnel expenses Other expenses Claims administration	\$ 362,119 223,636
Personnel expenses Other expenses Claims administration Claims incurred	\$ 362,119 223,636 4,115,749

Included in the claims paid amount is \$480,584 for incurred but not reported claims.

Settled claims have not exceeded insurance coverage in any of the previous four fiscal years. Estimates of claims payable and of claims incurred but not reported at September 30, 2013, are reflected as liabilities of the Internal Service Fund. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements and damage awards, the process used in computing claims liability is an estimate based on historical claims. Analysis of claims liability for the fiscal years 2011, 2012, and 2013 are as follows:

	Be	ginning of	C	Current year Payments for		Eı	nd of year	
year accrual		estimates		claims		accrual		
09/30/11	\$	499,000	\$	4,286,990	\$	4,212,096	\$	573,894
09/30/12		573,894		4,290,891		4,365,339		499,446
09/30/13		499,446		4,096,890		4,115,752		480,584

## **Note 9 - Risk Management (continued)**

#### Risk Pool

The City is a member of the Texas Municipal League Intergovernmental Risk Pool, an unincorporated association of 1,860 political subdivisions of the State of Texas. The Pool contracts with a third party administrator for administration, investigation and adjustment services in the handling of claims. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the Pool.

## **Note 10 - Commitments and Contingencies**

The City is a defendant in lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a materially 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.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

#### **Note 11 - Post-employment Benefits**

Plan Description. In addition to pension benefits described in Note 6, employees who retire from the City and are eligible for pension benefits shall be provided medical coverage by the City to the extent and subject to the conditions of such coverage that is provided to current employees of the City. The City administers this single-employer defined benefit medical plan ("the Retiree Medical Plan"). The plan provides medical coverage for eligible retirees and their dependents through the City's self-health insurance plan, which covers both active and retired members. Benefit provisions are established and amended by City Council. The Retiree Medical Plan does not issue a publicly available financial report.

Funding Policy. This coverage for retired employees is provided at the option of City council through adoption of the annual budget. The City funds these premiums in the same manner as it funds similar premiums for current employees. Employees, who retired from the City before October 1, 1992, have 100% of their coverage paid for by the City. Employees who retired from the City in 1993 and up to December 31, 1999, with 20 or more years of service have 100% of their coverage paid for by the City. Prior to January 1, 2000, employees who have 15 years but less than 20 years of service are required to pay for 10% of the cost and employees who have 10 years but less than 15 years of service are required to pay for 20% of their costs. For employees who retire after January 1, 2000, the following applies:

			Ret	iree cost
Years of service with the City	Retiree Cost	City Cost	p	er year
At least 10 but less than 15	55%	45%	\$	3,300
At least 15 but less than 20	25%	75%		1,500
At least 20	0%	100%		_

## **Note 11 - Post-employment Benefits (continued)**

Employees who are eligible for the post-employment benefits are employees who retire after January 1, 2006 and who have a combination of years of service with the City of La Porte plus age totaling 80 and who retire as a qualified annuitant under the Texas Municipal Retirement System; who retire in accordance with the City of La Porte Employee Policies Handbook; who complete at least 20 years of service with the City of La Porte are currently employed by the City of La Porte at the time of their retirement. The total premium cost is the total annual dollar allocated by budget as approved by City Council for the City of La Porte for health insurance for each employee, including employee and employer contributions. The cost allocation shall be as follows:

Years of service with		
the City	Retiree Cost	City Cost
at least 20 years	60%+dependent premiums	40%
21 years	55%+dependent premiums	45%
22 years	50%+dependent premiums	50%
23 years	45%+dependent premiums	55%
24 years	40%+dependent premiums	60%
25 years	35%+dependent premiums	65%
26 years	30%+dependent premiums	70%
27 years	25%+dependent premiums	75%
28 years	20%+dependent premiums	80%
29 years	15%+dependent premiums	85%
30 years	Active employee/dependent rate	

Retirees who are entitled to receive retirement benefits under the City's retirement plan may purchase continued health benefits for the retiree and the retiree's dependents. The person must inform the City no later than the day on which the person retires that the person elects to continue coverage. If the retiree elects to continue coverage for himself and/or his dependents, once he decides to drop either type of coverage, the person and/or his dependents become eligible for coverage at the next open enrollment period. The level of coverage provided is the same level of coverage provided to current employees. The City's coverage is secondary to Medicare when the person becomes eligible for those benefits. Payment for dependent coverage will be at the same rate as payments for current employees.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (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 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the postemployment medical plan shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the postemployment medical plan.

**Note 11 - Post-employment Benefits (continued)** 

	Fiscal Year				
	2013		2012		2011
Annual Required Contribution (ARC) Interest on net pension obligation (NPO)	\$ 2,491,816 311,056	\$	2,280,768 236,921	\$	2,214,338 169,198
Adjustment to ARC	(288,190)		(219,505)		(156,760)
Annual Pension Cost (APC) Contributions	2,514,682 (906,463)		2,298,184 (650,741)		2,226,776 (721,830)
Change in NPO	1,608,219		1,647,443		1,504,946
NPO, beginning of the year	6,912,348		5,264,905		3,759,959
NPO, ending of the year	\$ 8,520,567	\$	6,912,348	\$	5,264,905
Percentage of ARC contribution	36.0%		28.3%		32.4%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013, 2012 and 2011 are as follows.

	Percentage of Annual OPEB					
	<b>Annual OPEB</b>	Cost	Net OPEB			
Fiscal Year Ended	Cost	Contributed	Obligation			
9/30/2011	\$ 2,226,776	32.42%	\$ 5,264,905			
9/30/2012	2,298,184	28.32%	6,912,348			
9/30/2013	2,514,682	36.05%	8,520,567			

Funded Status and Funding Progress. The funding status of the post employment medical plan as of the most recent actuarial valuation date is as follows:

## **Schedule of Funding Progress**

				Unfunded			(UAAL) as
			Actuarial				a
		Actuarial		Accrued			Percentage
<b>Actuarial Valuation Date</b>	Actuarial	Accrued	Percentage	Liability	Ar	nual Covered	of Covered
December 31,	Value of Ass	ets Liabilities	Funded	(UAAL)		Payroll	Payroll
2012	\$ -	\$ 32,167,407	0%	\$ 32,167,407	\$	19,908,162	61.89%

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The 2012 actuarial valuation is the most recent actuarial valuation available.

## **Note 11 - Post-employment Benefits (continued)**

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return compounded annually (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years, and a payroll growth rate for projecting normal cost of 3 percent. These rates include a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of payroll contributions over a 30 year open amortization period assuming payroll growth of 3 percent. The remaining amortization period at September 30, 2013, was 27 years.

## Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit, " or OPEB. The city contributes to 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 employee's entire careers

The City's contributions to the TMRS SDBF for the fiscal year ended 2013, 2012, and 2011 were \$29,311, \$30,365 and \$36,232 respectively, which equaled to the required contributions.

## **Schedule of Contribution Rates**

	Annual		
	Required	Actual	Percentage of
Plan/Cale	Contribution	Contribution	ARC
ndar Year	(Rate)	Made (Rate)	Contributed
2011	0.03%	0.03%	100%
2012	0.03%	0.03%	100%
2013	0.03%	0.03%	100%

## **Note 12 - Implementation of New GASB Standards**

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. The City has implemented GASB No. 63 in this annual report. In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement will improve financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or as outflows or inflows of resources. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented GASB No. 65 in this annual report. The deferred inflows of resources element of the financial statements represent an acquisition of net position that applies to future periods and will be not be recognized as an inflow of resources until that time. The City's deferred gain on refunding of \$7,075 and deferred loss on refunding of \$790,758 are presented on the statement of net position. The government has one type of deferred inflow under a modified accrual basis of accounting; unavailable revenue which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **Note 13 - Prior Period Adjustment**

The City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the fiscal year ended September 30, 2013. In accordance with GASB 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, debt issuance cost were recorded as assets and amortized over the life of the debt. The implementation of GASB 65 resulted in the following prior period adjustment to the net position of the governmental activities:

	overnmental Activities	Business-type Activities	
Net position - beginning	\$ 77,163,625	\$	41,916,641
Prior Period Adjustment	 (673,100)		(49,057)
Net position - beginning, as restated	\$ 76,490,525	\$	41,867,584

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REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF LA PORTE, TEXAS

GENERAL FUND

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

For the year ended September 30, 2013

	2013				
	Budgeted	Amounts		Variance with Final Budget - Positive	
	Original	Final	Actual	(Negative)	
Revenues					
Property taxes	\$ 13,220,588	\$ 13,220,588	\$ 14,630,070	\$ 1,409,482	
Franchise fees	2,131,502	2,131,502	2,184,020	52,518	
Sales and use taxes	3,454,794	3,454,794	4,075,652	620,858	
Industrial payments	10,530,376	10,530,376	11,107,848	577,472	
Miscellaneous taxes	60,000	60,000	59,115	(885)	
Licenses and permits	375,975	375,975	368,130	(7,845)	
Fines and forfeitures	1,445,220	1,445,220	1,665,755	220,535	
Interest earnings	71,500	71,500	49,204	(22,296)	
Charges for services	5,344,924	5,344,924	5,536,065	191,141	
Miscellaneous	40,000	40,000	289,067	249,067	
<b>Total Revenues</b>	36,674,879	36,674,879	39,964,926	3,290,047	
Expenditures					
General government					
Administration	4,737,878	4,809,649	4,501,755	307,894	
Finance	3,344,408	3,149,089	2,954,559	194,530	
Planning and engineering	1,981,202	2,055,434	1,829,683	225,751	
Public safety	1,701,202	2,033,434	1,027,003	223,731	
Fire	4,550,991	4,633,242	4,363,533	269,709	
Police	10,886,694	11,210,076	10,921,302	288,774	
Public works	10,000,074	11,210,070	10,721,302	200,774	
Public works administration	353,815	358,294	327,477	30,817	
Streets	2,500,791	2,546,015	2,464,953	81,062	
Health and sanitation	2,300,771	2,540,015	2,404,733	01,002	
Solidwaste	2,312,846	2,343,134	2,244,341	98,793	
Culture and recreation	5,191,960	5,318,326	5,129,980	188,346	
Total Expenditures	35,860,585	36,423,259	34,737,583	1,685,676	
Excess (deficiency) of revenues	33,000,303	30,123,237	34,737,303	1,005,070	
over expenditures	814,294	251,620	5,227,343	4,975,723	
Other Financing Sources (Uses)					
Transfers in	107,533	107,533	107,600	67	
Transfers out	(416,876)	(1,929,876)	(1,929,876)	-	
Proceeds from sale capital assets			215,342	215,342	
Total other financing sources					
and uses	(309,343)	(1,822,343)	(1,606,934)	215,409	
Net change in fund balances	504,951	(1,570,723)	3,620,409	5,191,132	
Fund balances, beginning of year	23,964,558	23,964,558	23,964,558	-	
Fund balances at year end	\$ 24,469,509	\$ 22,393,835	\$ 27,584,967	\$ 5,191,132	
•					

## CITY OF LA PORTE, TEXAS NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

#### **Budgetary Controls and Procedures**

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The City Manager is required by charter to submit a proposed budget and accompanying message to City Council by August 1. The Council shall review and revise the proposed budget as they deem appropriate prior to circulation for the public hearing. A summary of the proposed budget and notice of the public hearing must be posted in City Hall and be published in the official newspaper at least 2 weeks prior to the hearing. Annual budgets for General, Debt Service, Special Revenue and Enterprise Funds are legally adopted by ordinance and must be done so no later than September 27th. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department. The City manager is authorized to transfer part or all of any unencumbered appropriation balance among programs within a department. All other amendments and/or transfers must be approved by Council.

Annual appropriated budgets are adopted for the general, special revenue, and debt service funds, using the same basis of accounting as for financial reporting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt project length budgets. The City adopts separate budgets for each of the special revenue funds rather than as a whole. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter is the total approved budget for each department. The City Manager may transfer appropriations within a department without seeking the approval of City Council; however, any revisions that alter total expenditures for any department must be approved by City Council. Appropriations lapse at the end of the year, excluding capital project budgets.

CITY OF LA PORTE, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION *September 30, 2013* 

#### TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED) **Schedule of Funding Progress**

				Unfunded		
				Actuarial		(UAAL) as a
		Actuarial		Accrued	Annual	Percentage of
Actuarial Valuation	Actuarial Value	Accrued	Percentage	Liability	Covered	Covered
Date December 31,	of Assets	Liabilities	Funded	(UAAL)	Payroll	Payroll
2012	\$ 102,718,435	\$ 118,112,651	87%	\$15,394,216	\$19,658,099	78%
2011	94,972,036	112,727,995	84%	17,755,959	19,680,971	90%
2010	88,730,728	106,875,060	83%	18,144,332	18,770,507	97%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

#### **Nonmajor Governmental Funds**

#### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Hotel / Motel Occupancy Tax Fund – This fund is used to account for the accumulation of resources from the Hotel/Motel Tax assessment levied by the City. These monies are to be spent to promote the development or progress of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Act (Article 1269; Vernon's Texas Civil Statutes).

Section 4B Sales Tax Fund – This fund is used to account for funds received from the ½ cent sales tax dedicated to certain economic and infrastructure projects.

Tax Increment Reinvestment Zone One Fund (TIRZ) – This fund is used to account for the disposition of property taxes collected on specific parcels within the boundaries of the TIRZ for the exclusive benefit of the City's capital improvement programs.

*Grant Fund* – This fund is used to account for funds received from another government or organization to be used for a specific purpose activity or facility.

Street Maintenance Sales Tax Fund – This fund is used to account for the additional sales tax collected for street maintenance.

*Emergency Services Sales Tax Fund* – This fund is used to account for the additional sales tax collected for emergency services.

#### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Transportation and Other Infrastructure Fund – This fund is used to account for the construction and expansion of roads, bridges, sidewalks and other major infrastructure capital improvements.

1998 General Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to drainage and street improvements throughout the City.

2000 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures for construction of the community library.

2004 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to the Bay Area Boulevard, Canada Road Paving and Drainage Improvements and the land acquisition of the Police Headquarters.

2005 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to the purchase of an aerial fire truck, Bayshore Water/Sewer Replacement and various other Water/Sewer Capital Improvements.

#### **Nonmajor Governmental Funds**

#### **Capital Projects Funds (continued)**

2005 General Obligation Bond Fund – This fund is used to fund projects that benefit the City in general. A specific project from this issue is the construction of the police facility.

2006 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to the Police Facility, a Sports Complex (Joint Venture), South La Porte Trunk Sewer and various other Water/Sewer projects.

2006 General Obligation Bonds Fund - This fund is used to account for the proceeds and expenditures related to the Westside Park Improvements.

2007 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to wastewater treatment plant improvements, sports complex and golf cart path improvements.

2010 Certificates of Obligation Bond Fund – This fund is used to account for the proceeds and expenditures related to street, drainage and park improvements.

*Drainage Improvements* – This fund is used to account for the proceeds and expenditures related to the drainage fees collected.

#### CITY OF LA PORTE COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

September 30, 2013

						Special Rev	venu	e Funds
	Н	lotel Motel Tax		ection 4b Sales Tax		Increment investment Zone	G	Frant Fund
Assets								
Cash and cash equivalents	\$	703,831	\$	1,725,350	\$	925,138	\$	755,101
Investments		295,009		723,177		-		315,831
Receivables, net of allowance		100,581		362,263		-		382
Intergovernmental receivable		-		-		1,920		162,688
Due from other funds		-		-		-		
<b>Total Assets</b>	\$	1,099,421	\$	2,810,790	\$	927,058	\$	1,234,002
Liabilities and Fund Balances Liabilities:								
Accounts payable	\$	27,696	\$	8,172	\$	_	\$	49,797
Accrued salaries payable	Ψ	2,722	Ψ	2,205	Ψ	_	Ψ	10,716
Other payables		2,722		2,203		10,000		16,485
Due to other funds		_		_		662,000		-
Unearned revenue - Grants		_		_		-		352
Total Liabilities	_	30,418		10,377		672,000		77,350
Deferred Inflows of Resources Unavailable revenue - other Total Deferred Inflows of Resources	_	<u>-</u>		32,258 32,258		<u>-</u> -		<u>-</u>
Fund balances: Restricted								
Debt service		_		948,545		_		_
Grants		_		-		_		440,066
Economic development		1,069,003		1,819,610		_		-
Public safety		, ,		, ,		_		716,586
Capital projects		_		_		255,058		_
Public works		_		-		-		-
Unassigned		_		_		-		-
<b>Total Fund balances</b>		1,069,003		2,768,155		255,058		1,156,652
<b>Total Liabilities and Fund Balances</b>	\$	1,099,421	\$	2,810,790	\$	927,058	\$	1,234,002

							Cap	ital Pro	jects Fund	ls	
	Street (aintenance es Tax Fund	Ser			otal Special venue Funds	0	ortation & ther tructure	Obl	General igation onds	Ol	2000 tificate of oligation Bonds
\$	664,776	\$	251,399	\$	5,025,595	\$	_	\$	_	\$	20,923
7	278,640	,	105,374	7	1,718,031	*	_	,	_		8,770
	164,893		164,136		792,255		_		_		12
	-		-		164,608		-		-		-
	-		-		-		-		-		-
\$	1,108,309	\$	520,909	\$	7,700,489	\$	-	\$	-	\$	29,705
\$	144,572	\$	15,958	\$	246,195	\$	_	\$	_	\$	_
	-		-		15,643		-		-		-
	8,391		3,483		38,359		-		-		-
	-		-		662,000		-		-		-
	-		-		352		-		-		-
	152,963		19,441		962,549		-		-	. ——	-
	_				32,258		_		_		
					32,258						
					32,230						
	-		-		948,545		-		-		_
	-		-		440,066		-		-		-
	-		-		2,888,613		-		-		-
	-		501,468		1,218,054		-		-		-
	-		-		255,058		-		-		29,705
	955,346		-		955,346		-		-		-
			-		-				-		-
	955,346		501,468		6,705,682				-		29,705
\$	1,108,309	\$	520,909	\$	7,700,489	\$	_	\$	_	\$	29,705

#### **CITY OF LA PORTE**

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS September 30, 2013

	Certi Obli	004 ficate of gation onds	of Ob	2005 Certificate of Obligation Bonds		General igation onds	2006 Certificate of Obligation Bonds	
Assets	ф		ф		ф		Ф	0.4
Cash and cash equivalents	\$	-	\$	-	\$	-	\$	84
Investments  Passivables not of allowerses		-		-		-		20
Receivables, net of allowance Intergovernmental receivable		-		-		-		20
Due from other funds		-		-		-		662,000
Total Assets	\$		\$	<del>-</del> -	\$		\$	662,104
Total Assets	Ψ		Ψ		Ψ		Ψ	002,104
Liabilities and Fund Balances								
Liabilities:	\$		ď		¢		¢	
Accounts payable Accrued salaries payable	Ф	-	\$	-	\$	-	\$	-
Other payables		-		-		-		-
Due to other funds		-		-		-		-
Unearned revenue - Grants		_		_		_		_
Total Liabilities		<del>-</del> -				<u>-</u>		
<b>Deferred Inflows of Resources</b>								
Unavailable revenue - other				-		-		-
<b>Total Deferred Inflows of Resources</b>						-		-
Fund balances:								
Restricted								
Debt service		-		-		-		-
Grants		-		-		-		-
Economic development		-		-		-		-
Public safety		-		-		-		-
Capital projects		-		-		-		662,104
Public works		-		-		-		-
Unassigned						-		-
<b>Total Fund balances</b>						-	-	662,104
<b>Total Liabilities and Fund Balances</b>	\$		\$		\$		\$	662,104

#### **Capital Funds Project (continued)**

Obli	General igation onds	of Ob	ertificate ligation onds	0 Certificate Obligation Bonds	Prainage Provements	otal Capital ojects Funds		tal Nonmajor overnmental Funds
\$	_	\$	_	\$ 1,823,913	\$ 356,682	\$ 2,201,602	\$	7,227,197
	-		-	12,378	149,503	170,651		1,888,682
	-		-	16	15,787	15,835		808,090
	-		-	-	-	-		164,608
	-		-	-	 -	 662,000		662,000
\$	-	\$	-	\$ 1,836,307	\$ 521,972	\$ 3,050,088	\$	10,750,577
\$	-	\$	_	\$ 43,399	\$ 3,125	\$ 46,524	\$	292,719
	-		-	-	-	-		15,643
	-		-	5,789	-	5,789		44,148
	-		-	-	-	-		662,000
	-			 	 	 -		352
	-			49,188	3,125	52,313		1,014,862
	_		_	-	_	_		32,258
	-		-	-	-	-		32,258
								0.40.7.47
	-		-	-	-	-		948,545
	-		-	-	-	-		440,066
	-		-	-	-	-		2,888,613 1,218,054
	-		-	- 1,787,119	518,847	- 2,997,775		3,252,833
	-		-	1,/0/,119	J10,047	<u> </u>		955,346
	- -		_	- -	<u>-</u>	<u>-</u>		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	-			1,787,119	518,847	2,997,775	_	9,703,457
\$	-	\$	_	\$ 1,836,307	\$ 521,972	\$ 3,050,088	\$	10,750,577

#### CITY OF LA PORTE

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2013

			Special Re	evenue Funds
	Hotel Motel Tax	Section 4b Sales Tax	Tax Increment Reinvestment Zone	Grant Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ 1,542,391	\$ -
Sales and use taxes	-	2,037,823	-	-
Other taxes	565,562	-	-	-
Fines and forfeitures	-	-	-	221,008
Charges for services	-	-	-	55,010
Intergovernmental	-	-	-	568,052
Interest	1,396	3,832	581	1,617
Miscellaneous	3,770	8		2,500
Total revenues	570,728	2,041,663	1,542,972	848,187
Expenditures				
Current:				
General government	344,743	600,153	573,446	206,319
Public safety	-	-	-	356,611
Public Works	-	-	-	-
Culture and recreation	-	-	-	48,206
Capital outlay	-	-	1,231,449	248,980
Total Expenditures	344,743	600,153	1,804,895	860,116
Excess (deficiency) of revenues over				
expenditures	225,985	1,441,510	(261,923)	(11,929)
Other Financing Sources (Uses)				
Transfers in	_	_	_	_
Transfers out	(187,500)	(1,105,061)	_	_
Total other financing sources (uses)	(187,500)	(1,105,061)		
Net change in fund balances	38,485	336,449	(261,923)	(11,929)
Fund balances - beginning	1,030,518	2,431,706	516,981	1,168,581
Fund balances - ending	\$ 1,069,003	\$ 2,768,155	\$ 255,058	\$ 1,156,652

		_		Capital Projects funds							
Street (aintenance es Tax Fund	Emergency Services Sales Tax Fund	Total Special Revenue Funds		O	ortation & ther tructure	Ob	General ligation Bonds	Ot	2000 tificate of oligation Bonds		
\$ -	\$ -	\$	1,542,391	\$	-	\$	-	\$	-		
1,018,912	960,568		4,017,303		-		-		-		
-	-		565,562		-		-		-		
-	-		221,008		-		-		-		
-	-		55,010		-		-		-		
-	-		568,052		-		-		-		
1,438	145		9,009		-		44		26		
-			6,278		-		-		-		
1,020,350	960,713		6,984,613		-		44		26		
_	_		1,724,661		_		_		_		
_	680,162		1,036,773		_		_		_		
380,450	-		380,450		_		_		_		
<b>-</b>	-		48,206		_		_		_		
471,591	26,256		1,978,276		_		-		_		
852,041	706,418		5,168,366		-		-		-		
168,309	254,295		1,816,247		-		44		26		
 				•							
_	-		-		_		_		_		
-	-		(1,292,561)		(67)		(32,138)		_		
-	-		(1,292,561)		(67)		(32,138)		-		
168,309	254,295		523,686		(67)		(32,094)		26		
787,037	247,173		6,181,996		67		32,094		29,679		
\$ 955,346	\$ 501,468	\$	6,705,682	\$	-	\$	-	\$	29,705		

#### **CITY OF LA PORTE**

## $COMBINING\ STATEMENT\ OF\ REVENUES,\ EXPENDITURES\ AND\ CHANGES\ IN\ FUND\ BALANCES\\ NONMAJOR\ GOVERNMENTAL\ FUNDS$

For the Year Ended September 30, 2013

2004 Clarificate of Doligation Bonds         2005 Certificate of Doligation Bonds         2005 General Bonds         2006 Certificate of Bonds           Revenues         8         \$ <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>									
Property Taxes         \$         \$         \$         -         \$         -         \$         -         \$         -		Certi Obli	Certificate of Obligation		tificate of ligation	Obli	gation	O	tificate of bligation
Sales and use taxes         -	Revenues								
Other taxes         -         -         -         -           Fines and forfeitures         -         -         -         -           Charges for services         -         -         -         -           Intergovernmental         -         -         -         -           Interest         300         -         1         104           Miscellaneous         -         -         -         130,500           Total revenues         300         -         1         130,604           Expenditures           Expenditures           Current:           General government         -<	1 2	\$	-	\$	-	\$	-	\$	-
Fines and forfeitures         -         -         -           Charges for services         -         -         -           Intergovernmental         -         -         -           Interest         300         -         1         104           Miscellaneous         -         -         -         130,500           Total revenues         300         -         1         130,604           Expenditures         -         -         1         130,604           Expenditures         -	Sales and use taxes		-		-		-		-
Charges for services         -         -         -         -           Intergovernmental         -         -         -         -           Interest         300         -         1         104           Miscellaneous         -         -         -         130,500           Total revenues         300         -         1         130,604           Expenditures         -			-		-		-		-
Intergovernmental         -         -         -         -         -         -         -         -         -         -         -         -         -         1         104           Miscellaneous         -         -         -         -         -         130,500           Total revenues         300         -         1         130,604           Expenditures         - <t< td=""><td>Fines and forfeitures</td><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td></t<>	Fines and forfeitures		-		-		-		-
Interest         300         -         1         104           Miscellaneous         -         -         -         130,500           Total revenues         300         -         1         130,604           Expenditures         Current:           Current:           General government         -	Charges for services		-		-		-		-
Miscellaneous         -         -         -         130,500           Total revenues         300         -         1         130,604           Expenditures         -         -         1         130,604           Current:           General government         -         -         -         -           Public safety         -         -         -         -           Public Works         -         -         -         -         -           Culture and recreation         -	Intergovernmental		-		-		-		-
Total revenues         300         -         1         130,604           Expenditures         Current:           General government         -         -         -         -         -           Public safety         - <td>Interest</td> <td></td> <td>300</td> <td></td> <td>-</td> <td></td> <td>1</td> <td></td> <td>104</td>	Interest		300		-		1		104
Expenditures         Current:       -			-		-		-		130,500
Current:         General government       -       -       -       -         Public safety       -       -       -       -         Public Works       -       -       -       -         Culture and recreation       -       -       -       -         Capital outlay       -       -       -       -         Total Expenditures       -       -       -       -       -         Excess (deficiency) of revenues over expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -       -         Total other financing sources (uses)       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	Total revenues		300		-		1		130,604
General government       -       -       -       -         Public safety       -       -       -       -         Public Works       -       -       -       -         Culture and recreation       -       -       -       -         Capital outlay       -       -       -       -         Total Expenditures       -       -       -       -         Excess (deficiency) of revenues over expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning	<del>-</del>								
Public safety       -       -       -       -         Public Works       -       -       -       -         Culture and recreation       -       -       -       -         Capital outlay       -       -       -       -         Total Expenditures       -       -       -       -       -         Excess (deficiency) of revenues over expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning	<b>Current:</b>								
Public Works       -       -       -       -         Culture and recreation       -       -       -       -         Capital outlay       -       -       -       -         Total Expenditures       -       -       -       -       -         Excess (deficiency) of revenues over expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	General government		-		-		-		-
Culture and recreation       -       -       -       -         Capital outlay       -       -       -       -       -         Total Expenditures       - <td>Public safety</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td>	Public safety		-		-		-		-
Capital outlay       -       -       -       -         Total Expenditures       -       -       -       -       -         Excess (deficiency) of revenues over expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	Public Works		-		-		-		-
Total Expenditures         -         -         -         -           Excess (deficiency) of revenues over expenditures         300         -         1         130,604           Other Financing Sources (Uses)           Transfers in         -         30,832         -         -           Transfers out         (257,571)         -         (895)         (78,662)           Total other financing sources (uses)         (257,571)         30,832         (895)         (78,662)           Net change in fund balances         (257,271)         30,832         (894)         51,942           Fund balances - beginning         257,271         (30,832)         894         610,162	Culture and recreation		-		-		-		-
Excess (deficiency) of revenues over expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	Capital outlay								
expenditures       300       -       1       130,604         Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	<b>Total Expenditures</b>		-		-		-		-
Other Financing Sources (Uses)         Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	Excess (deficiency) of revenues over								
Transfers in       -       30,832       -       -         Transfers out       (257,571)       -       (895)       (78,662)         Total other financing sources (uses)       (257,571)       30,832       (895)       (78,662)         Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	expenditures		300				1		130,604
Transfers out         (257,571)         -         (895)         (78,662)           Total other financing sources (uses)         (257,571)         30,832         (895)         (78,662)           Net change in fund balances         (257,271)         30,832         (894)         51,942           Fund balances - beginning         257,271         (30,832)         894         610,162	Other Financing Sources (Uses)								
Total other financing sources (uses)         (257,571)         30,832         (895)         (78,662)           Net change in fund balances         (257,271)         30,832         (894)         51,942           Fund balances - beginning         257,271         (30,832)         894         610,162	Transfers in		-		30,832		-		-
Net change in fund balances       (257,271)       30,832       (894)       51,942         Fund balances - beginning       257,271       (30,832)       894       610,162	Transfers out	(2	57,571)		-		(895)		(78,662)
<b>Fund balances - beginning</b> 257,271 (30,832) 894 610,162	Total other financing sources (uses)	(2	57,571)		30,832		(895)		(78,662)
	Net change in fund balances	(2	57,271)		30,832		(894)		51,942
Fund balances - ending \$ - \$ - \$ 662,104	Fund balances - beginning	_ 2	57,271		(30,832)		894		610,162
	Fund balances - ending	\$	-	\$	-	\$	-	\$	662,104

#### **Capital Projects Funds (continued)**

O	2007 2006 General Obligation Bonds  2007 Certificate of Obligation Bonds		2010 Certificate of Obligation Bonds	Drainage Improvements	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$	_	\$ -	\$ -	\$ -	\$ -	\$ 1,542,391
	-	-	-	-	-	4,017,303
	-	-	-	-	-	565,562
	-	-	-	-	-	221,008
	-	-	-	265,362	265,362	320,372
	-	-	-	-	-	568,052
	87	863	1,783	570	3,778	12,787
	-	-	-	-	130,500	136,778
	87	863	1,783	265,932	399,640	7,384,253
	-	-	-	-	-	1,724,661
	-	-	-	-	-	1,036,773
	-	-	-	74,524	74,524	454,974
	48,700	-	-	-	48,700	96,906
		21,503	150,011		171,514	2,149,790
	48,700	21,503	150,011	74,524	294,738	5,463,104
	(48,613)	(20,640)	(148,228)	191,408	104,902	1,921,149
	-	-	-	-	30,832	30,832
	(19,946)	(18,258)		_	(407,537)	(1,700,098)
	(19,946)	(18,258)			(376,705)	(1,669,266)
	(68,559)	(38,898)	(148,228)	191,408	(271,803)	251,883
	68,559	38,898	1,935,347	327,439	3,269,578	9,451,574
\$	-	\$ -	\$ 1,787,119	\$ 518,847	\$ 2,997,775	\$ 9,703,457

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SCHEDULE OF REVENU	ES, EXPENDITURES	S AND CHA	ANGES IN I	FUND BA	LANCE
	- BUDGET TO A	CTUAL			

Debt Service Fund Special Revenue Fund Capital Projects Fund

SPECIAL REVENUE FUND - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2013

		2013		
	Final Budget	Actual	Variance Positive / (Negative)	2012
Revenues				
Property taxes	\$ 1,463,150	\$ 1,652,943	\$ 189,793	\$ 2,382,173
Investment earnings	11,000	4,736	(6,264)	27,489
<b>Total Revenues</b>	1,474,150	1,657,679	183,529	2,409,662
Expenditures				
Principal	2,170,000	2,365,000	(195,000)	2,170,000
Interest and other charges	1,576,270	1,385,204	191,066	1,519,769
Bond issuance costs				150,897
Total Expenditures	3,746,270	3,750,204	(3,934)	3,840,666
Revenues over (under) expenditures	(2,272,120)	(2,092,525)	179,595	(1,431,004)
Other Financing Sources (Uses)				
Issuance of debt	-	_	-	9,435,000
Premium on bonds	-	-	-	364,013
Payment to escrow agent	-	_	-	(9,638,626)
Transfers in	1,492,446	1,492,488	42	1,248,271
<b>Total Other Financing Sources (Uses)</b>	1,492,446	1,492,488	42	1,408,658
Net change in fund balance	(779,674)	(600,037)	179,637	(22,346)
Fund balances, beginning of year	3,090,536	3,090,536		3,112,882
Fund balances at year end	\$ 2,310,862	\$ 2,490,499	\$ 179,637	\$ 3,090,536

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

For the Year Ended September 30, 2013

			2013			
	Fin	al Budget	Actual	P	ariance ositive / Negative)	 2012
Revenues						
Other taxes	\$	425,000	\$ 565,562	\$	140,562	\$ 499,431
Investment earnings		1,500	1,396		(104)	1,829
Miscellaneous		-	3,769		3,769	5,970
<b>Total Revenues</b>		426,500	570,727		144,227	507,230
Expenditures Current:						
General government		377,785	 344,743		33,042	312,361
Total Expenditures		377,785	 344,743		33,042	 312,361
Revenues over (under) expenditures		48,715	225,984		177,269	194,869
Other Financing Sources (Uses)						
Transfers (out)		(187,500)	 (187,500)		-	 (39,000)
<b>Total Other Financing Sources (Uses)</b>		(187,500)	 (187,500)		-	 (39,000)
Net change in fund balance		(138,785)	38,484		177,269	155,869
Fund balances, beginning of year		1,030,519	1,030,519		-	874,650
Fund balances at year end	\$	891,734	\$ 1,069,003	\$	177,269	\$ 1,030,519

SPECIAL REVENUE FUND - SECTION 4B SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

		2013		
	Final Budget	Actual	Variance Positive / (Negative)	2012
Revenues				
Sales and Use Tax	\$ 1,727,397	\$ 2,037,823	\$ 310,426	\$ 1,948,484
Investment Earnings	3,000	3,832	832	4,299
<b>Total Revenues</b>	1,730,397	2,041,663	311,266	1,952,783
Expenditures				
Current:				
General government	787,386	600,153	187,233	170,877
Total Expenditures	787,386	600,153	187,233	170,877
Revenues over (under) expenditures	943,011	1,441,510	498,499	1,781,906
Other Financing Sources (Uses)				
Transfers in	-	-	-	154,914
Transfers (out)	(1,105,061)	(1,105,061)	-	(1,630,338)
<b>Total Other Financing Sources (Uses)</b>	(1,105,061)	(1,105,061)		(1,475,424)
	_			
Net change in fund balance	(162,050)	336,449	498,499	306,482
Fund balances, beginning of year	2,431,706	2,431,706		2,125,224
Fund balances at year end	\$ 2,269,656	\$ 2,768,155	\$ 498,499	\$ 2,431,706

SPECIAL REVENUE FUND - TAX INCREMENT REINVESTMENT ZONE

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

			Variance	
			Positive /	
	Final Budget	Actual	(Negative)	2012
Revenues				
Property Taxes	\$ -	\$ 1,542,391	\$ 1,542,391	\$ 1,633,547
Investment Earnings	-	581	581	635
<b>Total Revenues</b>	-	1,542,972	1,542,972	1,634,182
Expenditures				
Current:				
General government	36,950	573,446	(536,496)	380,270
Capital outlay	1,205,754	1,231,449	(25,695)	1,095,875
Total Expenditures	1,242,704	1,804,895	(562,191)	1,476,145
Net change in fund balance	(1,242,704)	(261,923)	980,781	158,037
Fund balances, beginning of year	516,981	516,981		358,944
Fund balances at year end	\$ (725,723)	\$ 255,058	\$ 980,781	\$ 516,981

SPECIAL REVENUE FUND - GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

		2013							
	Final Budget		Variance Positive / (Negative)	2012					
Revenues									
Fines and forfeitures	\$ 123,000	\$ 221,008	\$ 98,008	\$ 244,315					
Charges for services	4,000	55,010	51,010	27,339					
Intergovernmental	6,232,498	568,052	(5,664,446)	1,224,849					
Investment earnings	-	1,617	1,617	1,846					
Miscellaneous	850	2,500	1,650						
<b>Total Revenues</b>	6,360,348	848,187	(5,512,161)	1,498,349					
Expenditures Current:									
General Government	6,143,769	206,319	5,937,450	166,535					
Public Safety	412,760	356,611	56,149	255,438					
Public Works	-	-	-	592,469					
Culture and recreation	67,930	48,206	19,724	58,804					
Capital Outlay	329,700	248,980	80,720	241,638					
Total Expenditures	6,954,159	860,116	6,094,043	1,314,884					
Net change in fund balance	(593,811)	(11,929)	581,882	183,465					
Fund balances, beginning of year	1,168,581	1,168,581		985,116					
Fund balances at year end	\$ 574,770	\$ 1,156,652	\$ 581,882	\$ 1,168,581					

 $SPECIAL\ REVENUE\ FUND\ -\ STREET\ MAINTENANCE\ SALES\ TAX\ FUND$ 

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

				2013				
	Variance							
					P	ositive /		
	Final Budget		Actual		(1	Negative)		2012
Revenues								
Sales and use tax	\$	863,699	\$	1,018,912	\$	155,213	\$	974,242
Investment earnings		1,000		1,439		439		2,018
<b>Total Revenues</b>		864,699		1,020,351		155,652		976,260
Expenditures								
Current:								
Public Works		-		380,450		(380,450)		92,309
Capital Outlay		1,200,000		471,591		728,409		743,141
<b>Total Expenditures</b>		1,200,000		852,041		347,959		835,450
Net change in fund balance		(335,301)		168,310		503,611		140,810
Fund balances, beginning of year		787,036		787,036				646,226
Fund balances at year end	\$	451,735	\$	955,346	\$	503,611	\$	787,036

 $SPECIAL\ REVENUE\ FUND\ -\ EMERGENCY\ SERVICES\ SALES\ TAX\ FUND$ 

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

	Fin	al Budget	Actual		Variance Positive / (Negative)		2012
Revenues							
Sales and use tax	\$	863,699	\$	960,568	\$	96,869	\$ 887,849
Investment earnings		1,000		144		(856)	-
<b>Total Revenues</b>		864,699		960,712		96,013	887,849
Expenditures							
Current:							
Public Safety		776,234		680,162		96,072	640,675
Capital outlay		27,263		26,256		1,007	-
<b>Total Expenditures</b>		803,497		706,418		97,079	640,675
Net change in fund balance		61,202		254,294		193,092	247,174
Fund balances, beginning of year		247,174		247,174			
Fund balances at year end	\$	308,376	\$	501,468	\$	193,092	\$ 247,174

CAPITAL PROJECTS FUND - 1998 GENERAL OBLIGATION BONDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

					Pos	riance itive /		
	Final Budget		Actual		(Negative)		2012	
Revenues								
Investment Earnings	\$	-	\$	45	\$	45	\$	533
<b>Total Revenues</b>		-		45		45		533
Expenditures								
Current:								
Capital Outlay		-		-		-		969,051
<b>Total Expenditures</b>		-		-		-		969,051
Revenues over (under) expenditures		-		45		45		(968,518)
Other Financing Sources (Uses)								
Transfers (out)		(32,093)		(32,138)		(45)		-
Net change in fund balance		(32,093)	1	(32,093)		-		(968,518)
Fund balances, beginning of year		32,093		32,093				1,000,611
Fund balances at year end	\$		\$		\$		\$	32,093

 ${\it CAPITAL\ PROJECTS\ FUND\ -2000\ CERTIFICATE\ OF\ OBLIGATION\ BONDS}$ 

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

	2013								
		Final Budget Actual				iance itive / gative)	2012		
Revenues									
Investment earnings	\$	-	\$	26	\$	26	\$	64	
<b>Total Revenues</b>		-		26		26		64	
Net change in fund balance		-		26		26		64	
Fund balances, beginning of year		29,679		29,679				29,615	
Fund balances at year end	\$	29,679	\$	29,705	\$	26	\$	29,679	

CAPITAL PROJECTS FUND - 2004 CERTIFICATE OF OBLIGATION BONDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

			2013				
	Final Budget		Actual	Pos	riance sitive /		2012
			 Actual	(Negative)		-	2012
Revenues							
Investment earnings	\$	-	\$ 299	\$	299	\$	639
<b>Total Revenues</b>		-	299		299		639
Expenditures							
Capital Outlay		-					306,145
Total Expenditures		-	-		-		306,145
Net change in fund balance		-	299		299		(305,506)
Other Financing Sources (Uses)							
Transfers (out)		(257,571)	(257,571)				_
<b>Total Other Financing Sources (Uses)</b>		(257,571)	(257,571)				
Net change in fund balance		(257,571)	(257,272)		299		(305,506)
Fund balances, beginning of year		257,272	257,272		-		562,778
Fund balances at year end	\$	(299)	\$ _	\$	299	\$	257,272

CAPITAL PROJECTS FUND - 2005 GENERAL OBLIGATION BONDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

			2	013				
	Fina	l Budget	ctual	Posi	ance tive / ative)	2012		
Revenues								
Investment earnings	\$	=	\$	3	\$	3	\$	-
<b>Total Revenues</b>		-		3		3		-
Other Financing Sources (Uses)								
Transfers (out)		(894)		(895)		(1)		-
<b>Total Other Financing Sources (Uses)</b>		(894)		(895)		(1)		-
Net change in fund balance		(894)		(892)		2		_
Fund balances, beginning of year		892		892		-		892
Fund balances at year end	\$	(2)	\$		\$	2	\$	892

CAPITAL PROJECTS FUND - 2006 CERTIFICATE OF OBLIGATION BONDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

		nal Budget	Actual	P	Variance Positive / Negative)	2012	
Revenues							
Investment earnings	\$	-	\$ 103	\$	103	\$	-
Miscellaneous		-	130,500		130,500		-
<b>Total Revenues</b>		-	130,603		130,603		-
Other Financing Sources (Uses)							
Transfers (out)		(78,662)	(78,662)		-		-
Net change in fund balance		(78,662)	51,941		130,603	_	-
Fund balances, beginning of year		610,163	610,163				610,163
Fund balances at year end	\$	531,501	\$ 662,104	\$	130,603	\$	610,163

CAPITAL PROJECTS FUND - 2006 GENERAL OBLIGATION BONDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

				2013			
	Final Budget		Actual		Variance Positive / (Negative)		2012
Revenues							
Investment earnings	\$	-	\$	87	\$	87	\$ 134
<b>Total Revenues</b>		-		87		87	134
Expenditures Current: Culture and recreation		48,700		48,700		_	51,037
Total Expenditures		48,700		48,700			 51,037
Revenues over (under) expenditures		(48,700)		(48,613)		87	(50,903)
Other Financing Sources (Uses)							
Transfers (out)		(19,949)		(19,946)		3	_
<b>Total Other Financing Sources (Uses)</b>		(19,949)		(19,946)		3	 -
Net change in fund balance Fund balances, beginning of year		(68,649) 68,559		(68,559) 68,559		90	(50,903) 119,462
Fund balances at year end	\$	(90)	\$	-	\$	90	\$ 68,559

CAPITAL PROJECTS FUND - 2007 CERTIFICATE OF OBLIGATION BONDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

				2013			
	Final Budget		Actual		Variance Positive / (Negative)		2012
Revenues							
Investment earnings	\$	-	\$	862	\$	862	\$ 454
<b>Total Revenues</b>		-		862		862	454
Expenditures							
Capital outlay		23,391		21,503		1,888	98,850
<b>Total Expenditures</b>		23,391		21,503		1,888	98,850
Revenues over (under) expenditures		(23,391)		(20,641)		2,750	(98,396)
Other Financing Sources (Uses)							
Transfers (out)		(18,258)		(18,258)		-	(281,133)
<b>Total Other Financing Sources (Uses)</b>		(18,258)		(18,258)		-	(281,133)
Net change in fund balance		(41,649)		(38,899)		2,750	(379,529)
Fund balances, beginning of year		38,899		38,899		<u>-</u>	418,428
Fund balances at year end	\$	(2,750)	\$		\$	2,750	\$ 38,899

CAPITAL PROJECTS FUND - 2010 CERTIFICATE OF OBLIGATION BONDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

	2013							
	Final Budget		Actual		Variance Positive / (Negative)		2012	
Revenues								
Investment earnings	\$	-	\$	1,784	\$	1,784	\$	3,669
<b>Total Revenues</b>		-		1,784		1,784		3,669
Expenditures								
Capital outlay		-		150,011		(150,011)	1	,093,957
<b>Total Expenditures</b>		-		150,011		(150,011)	1	,093,957
Net change in fund balance		-		(148,227)		(148,227)	(1	,090,288)
Fund balances, beginning of year	1,	935,346		1,935,346			3	3,025,634
Fund balances at year end	\$ 1,	935,346	\$	1,787,119	\$	(148,227)	\$ 1	,935,346

CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENTS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

				2013				
						riance		
						sitive /		
	Fin	al Budget	Actual		(Negative)		2012	
Revenues								
Charges for services	\$	266,000	\$	265,362	\$	(638)	\$	265,734
Investment earnings		350		570		220		507
<b>Total Revenues</b>		266,350		265,932		(418)		266,241
Expenditures								
Current:								
Public Works		250,000		74,524		175,476		63,534
<b>Total Expenditures</b>		250,000		74,524		175,476		63,534
Net change in fund balance		16,350		191,408		175,058		202,707
Fund balances, beginning of year		327,439		327,439				124,732
Fund balances at year end	\$	343,789	\$	518,847	\$	175,058	\$	327,439

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# SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

**General Fund** 

General Fund

Schedule of Revenues - Budget and Actual

For the Year Ended September 30, 2013

	Budgeted	l Amounts	Actual	Variance with Final Budget Positive	
	Original Final		Amounts	(Negative)	
Taxes:					
Ad valorem:					
Current	\$12,900,588	\$ 12,900,588	\$ 14,342,315	\$ 1,441,727	
Delinquent	150,000	150,000	68,852	(81,148)	
Industrial Payments	10,530,376	10,530,376	11,107,848	577,472	
Total ad valorem	23,580,964	23,580,964	25,519,015	1,938,051	
Penalty and interest	170,000	170,000	218,903	48,903	
Sales Taxes	3,454,794	3,454,794	4,075,652	620,858	
Other Taxes	60,000	60,000	59,115	(885)	
Franchise Fees:					
Electrical	1,312,105	1,312,105	1,293,468	(18,637)	
Gas	150,000	150,000	110,098	(39,902)	
Telephone	382,500	382,500	256,677	(125,823)	
Cable	201,897	201,897	434,437	232,540	
Commercial Solidwaste	85,000	85,000	89,340	4,340	
Total Franchise Fees	2,131,502	2,131,502	2,184,020	52,518	
Charges for Services:					
Public safety service fees	1,425,491	1,425,491	1,488,067	62,576	
Health and sanitation service fees	2,147,600	2,147,600	2,205,284	57,684	
Culture and recreation fees	1,509,233	1,509,233	1,542,701	33,468	
Other service fees	262,600	262,600	300,013	37,413	
Total Charges for Services	5,344,924	5,344,924	5,536,065	191,141	
Licenses and permits:					
Building permits	31,850	31,850	344,991	313,141	
Licenses	344,125	344,125	23,139	(320,986)	
Total Licenses and permits	375,975	375,975	368,130	(7,845)	
Investment income	71,500	71,500	49,204	(22,296)	
Fines and forfeitures	1,445,220	1,445,220	1,665,755	220,535	
Miscellaneous	40,000	40,000	289,067	249,067	
Total revenues	\$36,674,879	\$ 36,674,879	\$ 39,964,926	\$ 3,290,047	

General Fund

Schedule of Expenditures - Budget and Actual For the year ended September 30, 2013

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
Comment Comment	Original	Final	Amounts	(Negative)
General Government				
Administration:				
Emergency Management:				
Personal services	\$ 196,897	\$ 205,267	\$ 204,923	\$ 344
Supplies	7,878	9,378	8,998	380
Other services and charges	89,209	98,769	93,490	5,279
Total Emergency Management	293,984	313,414	307,411	6,003
General Administration:				
Personal services	392,247	396,565	396.091	474
Supplies	4,150	4,575	4,288	287
Other services and charges	87,295	85,880	83,234	2,646
Total General Administration	483,692	487,020	483,613	3,407
Community Investment:				
Supplies	44,000	38,990	34,019	4,971
Other services and charges	128,500	131,704	108,999	22,705
Total Community Investment	172,500	170,694	143,018	27,676
Human Resources:				
Personal services	263,488	264,349	227,663	36,686
Supplies	2,400	3,700	3,409	291
Other services and charges	162,877	165,577	160,866	4,711
Total Human Resources	428,765	433,626	391,938	41,688
Information Technology				
Personal services	397,005	495,149	489,152	5,997
Supplies	113,934	115,046	112,724	2,322
Other services and charges	1,160,249	1,069,137	1,009,700	59,437
Total Information Technology	1,671,188	1,679,332	1,611,576	67,756
Municipal Court:				
Personal services	622,487	635,048	605,046	30,002
Supplies and materials	18,250	18,750	18,429	321
Other services and charges	138,575	138,075	112,163	25,912
Total Municipal Court	779,312	791,873	735,638	56,235
Purchasing:				
Personal services	228,439	219,844	205,644	14,200
Supplies	2,878	2,878	1,534	1,344
Other services and charges	12,082	24,582	22,402	2,180
Total Purchasing	243,399	247,304	229,580	17,724
City Secretary:				
Personal services	338,471	342,395	333,312	9,083
Supplies and materials	11,900	12,271	12,042	229
Other services and charges	60,068	59,068	25,185	33,883 43,195
Total City Secretary Legal:	410,439	413,734	370,539	43,193
Personal services	19,420	20,844	20,844	_
Other services and charges	185,000	195,000	159,436	35,564
Total Legal	204,420	215,844	180,280	35,564
City Council:				
Personal services	23,252	29,252	28,936	316
Supplies and materials	3,100	3,729	1,852	1,877
Other services and charges	23,827	23,827	17,374	6,453
Total City Council	50,179	56,808	48,162	8,646
Total Administration	4,737,878	4,809,649	4,501,755	307,894

General Fund

Schedule of Expenditures - Budget and Actual

-	_	-
For the yea	r ended	September 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
General Government (continued) Finance:	Original	1 11141	- Timounts	(Freguerre)	
Accounting:					
Personal services	\$ 634,372	\$ 650,057	\$ 649,856	\$ 201	
Supplies	10,500	10,500	8,897	1,603	
Other services and charges Total Accounting	101,538 746,410	99,538 760,095	90,094 748,847	9,444 11,248	
Nondepartmental:					
Personal services	811,015	909,463	908,552	911	
Supplies	5,100	5,300	5,297	3	
Other services and charges	1,324,024	1,008,714	834,392	174,322	
Total Nondepartmental	2,140,139	1,923,477	1,748,241	175,236	
Tax Office:					
Personal services	249,423	262,081	261,722	359	
Supplies and materials	10,800	10,800	8,939	1,861	
Other services and charges	197,636	192,636	186,810	5,826	
Total Tax Office	457,859	465,517	457,471	8,046	
Total Finance	3,344,408	3,149,089	2,954,559	194,530	
Planning and Engineering: Planning and Engineering:					
Personal services	959,388	962,507	897,170	65,337	
Supplies	12,664	12,934	10,135	2,799	
Other services and charges	55,680	105,277	82,124	23,153	
Capital Outlay	20,000	19,730	18,674	1,056	
Total Planning and Engineering	1,047,732	1,100,448	1,008,103	92,345	
Inspection:					
Personal services	752,548	773,263	704,125	69,138	
Supplies	23,240	23,240	20,438	2,802	
Other services and charges Total Inspection	157,682 933,470	158,483 954,986	97,017 821,580	61,466 133,406	
Total Planning and Engineering	1,981,202	2,055,434	1,829,683	225,751	
<b>Total General Government</b>	10,063,488	10,014,172	9,285,997	728,175	
Public Safety					
Fire					
Fire Prevention:					
Personal services	274,473	280,673	280,406	267	
Supplies	7,744	7,744	6,695	1,049	
Other services and charges	15,851	15,851	15,158	693	
Total Fire Prevention	298,068	304,268	302,259	2,009	
Fire suppression:					
Personal services	1,374,517	1,396,354	1,379,042	17,312	
Supplies Other services and charges	40,480	40,480	38,710	1,770	
Capital Outlay	244,663	244,663	213,559	31,104	
Total Fire Suppression	1,659,660	1,681,497	1,631,311	50,186	
Emergency medical services:	<del>-</del>	_	_	_	
Personal services	2,327,297	2,350,751	2,141,858	208,893	
Supplies	143,664	149,664	149,262	402	
Other services and charges	122,302	139,802	138,843	959	
Capital Outlay		7,260	=	7,260	
Total Emergency Services	2,593,263	2,647,477	2,429,963	217,514	
Total Fire	4,550,991	4,633,242	4,363,533	269,709	

General Fund

Schedule of Expenditures - Budget and Actual For the year ended September 30, 2013

	Budgeted		Actual	Variance with Final Budget Positive
Public Safety (continued)	Original	Final	Amounts	(Negative)
Police				
Police Administration:				
Personal services	\$ 733,187	\$ 752,691	\$ 675,556	\$ 77,135
Supplies Other services and charges	20,919 249,182	27,919 238,782	27,607 226,418	312 12,364
Total Police Administration	1,003,288	1,019,392	929,581	89,811.00
Police Patrol:				
Personal services	4,638,194	4,728,927	4,724,034	4,893
Supplies	280,243	297,743	253,400	44,343
Other services and charges Total Police Patrol	695,753 5,614,190	700,253 5,726,923	609,731 5,587,165	90,522 139,758
Criminal Investigation:				
Personal services	1,767,635	1,878,024	1,878,110	(86)
Supplies	62,998	62,998	59,651	3,347
Other services and charges	102,994	88,894	85,131	3,763
Total Criminal Investigation	1,933,627	2,029,916	2,022,892	7,024
Support Services:				
Personal services	2,145,385	2,263,141	2,261,807	1,334
Supplies	91,566	76,566	61,920	14,646
Other services and charges Total Support Services	98,638 2,335,589	94,138 2,433,845	57,937 2,381,664	36,201 52,181
Total Police	10,886,694	11,210,076	10,921,302	288,774
Total Public Safety	15,437,685	15,843,318	15,284,835	558,483
Public Works				
Public Works Administration:				
Personal services	288,014	292,493	288,984	3,509
Supplies and materials Other services and charges	4,969 60,832	5,394 60,407	5,260 33,233	134 27,174
Total Public Works Administration	353,815	358,294	327,477	30,817
Streets:				
Personal services	1,565,015	1,610,239	1,567,479	42,760
Supplies	156,447	168,111	164,403	3,708
Other services and charges	704,329	705,429	678,589	26,840
Capital Outlay Total Streets	75,000 2,500,791	62,236 2,546,015	54,482 2,464,953	7,754 81,062
Total Public Works	2,854,606	2,904,309	2,792,430	111,879
Health and Sanitation	2,031,000	2,701,507	2,772,130	
Residential solidwaste:	1 105 010	1 1 50 101	1.055.005	00.10=
Personal services Supplies	1,185,813 261,997	1,168,101 269,997	1,077,996 269,603	90,105 394
Other services and charges	846,036	886,036	881,483	4,553
Capital Outlay	=	=	´-	
Total Residential Solidwaste	2,293,846	2,324,134	2,229,082	95,052
Commercial solidwaste:				
Other services and charges Total Commercial Solidwaste	19,000 19,000	19,000 19,000	15,259 15,259	3,741
rotai Commerciai Sonuwaste	19,000	19,000	13,239	3,741
Total Health and Sanitation	2,312,846	2,343,134	2,244,341	98,793

General Fund

Schedule of Expenditures - Budget and Actual For the year ended September 30, 2013

	Budgeted Original	Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture & Recreation				
Park Maintenance: Personal services Supplies and materials Other services and charges Capital outlay Total Park Maintenance	\$ 1,225,660	\$ 1,262,038	\$ 1,261,375	\$ 663
	122,873	132,533	127,611	4,922
	752,513	757,313	728,697	28,616
	28,000	18,340	13,305	5,035
	2,129,046	2,170,224	2,130,988	39,236
Recreation: Personal services Supplies Other services and charges Total Recreation	496,086	478,096	452,881	25,215
	40,068	40,068	32,627	7,441
	175,735	183,887	168,396	15,491
	711,889	702,051	653,904	48,147
Special Services: Personal services Supplies Other services and charges Total Special Services	369,534	378,625	354,554	24,071
	23,583	24,498	24,170	328
	50,210	50,295	49,553	742
	443,327	453,418	428,277	25,141
Parks Administration: Personal Services Supplies Other Services and Charges Total Parks Administration	499,143	540,561	536,665	3,896
	5,700	6,700	6,636	64
	25,905	24,905	17,269	7,636
	530,748	572,166	560,570	11,596
Golf Course - Club House Personal Services Supplies Other Services and Charges Total Golf Course	395,733	405,874	394,618	11,256
	58,060	58,060	57,545	515
	74,979	74,979	63,498	11,481
	528,772	538,913	515,661	23,252
Golf Course - Maintenance Personal Services Supplies Other Services and Charges Total Golf Course	544,378 155,800 148,000 848,178	559,254 152,900 169,400 881,554	550,707 144,517 145,356 840,580	8,547 8,383 24,044 40,974
<b>Total Culture &amp; Recreation</b>	5,191,960	5,318,326	5,129,980	188,346
Total General Fund	\$ 35,860,585	\$ 36,423,259	\$ 34,737,583	\$ 1,685,676

COMBINING FINANCIAL STATEMENTS

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#### **Internal Service Funds**

Internal Service Funds account for the financing of goods or services provided by one City department for another.

Motor Pool Fund – This fund is used to account for the cost of operating and maintaining automotive and other equipment used by City departments and the purchase of general government vehicles (those not used by proprietary fund activities). Service charges are billed to departments on a monthly basis to cover all expenses of the fund.

Technology Fund – This fund is used to account for the cost of operating and maintaining computer software and equipment used by City departments. Service charges are billed to departments on a monthly basis to cover all expenses of the fund.

Insurance Fund – This fund is used to account for the provision of group health coverage for all City employees and others eligible under the City's plan, including employee dependents and retirees.

CITY OF LA PORTE, TEXAS COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS September 30, 2013

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Assts				
Current assets:				
Cash and cash equivalents	\$ 2,336,049	\$ 1,351,606	\$ 708,253	\$ 4,395,908
Investments	979,150	566,523	296,863	1,842,536
Accounts Receivables, net	-	119,927	-	119,927
Other receivables	1,284	745	389	2,418
Inventories	33,516	-	-	33,516
Total current assets	3,349,999	2,038,801	1,005,505	6,394,305
Non-current assets:				
Capital Assets:				
Equipment and Furniture	14,398,005	-	205,945	14,603,950
Less Accumulated depreciation	(7,663,003)	-	(188,075)	(7,851,078)
Total non-current assets	6,735,002	-	17,870	6,752,872
Total assets	10,085,001	2,038,801	1,023,375	13,147,177
Liabilities				
<b>Current Liabilities:</b>				
Accounts payable	17,414	5,164	-	22,578
Salaries payable	23,998	-	-	23,998
Claims and judgments	-	480,584	-	480,584
Total current liabilities	41,412	485,748		527,160
Non-current liabilities:				
Compensated absences	50,979	-	-	50,979
Total non-current liabilities	50,979	-	-	50,979
Total liabilities	92,391	485,748	-	578,139
Net Position				
Investment in capital assets	6,735,002	-	17,870	6,752,872
Unrestricted	3,257,608	1,553,053	1,005,505	5,816,166
Total net position	\$ 9,992,610	\$ 1,553,053	\$ 1,023,375	\$ 12,569,038

# CITY OF LA PORTE, TEXAS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2013

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Revenues	Fullu	Tilsui alice	Technology	Total
Charges for services	\$ 2,350,403	\$ 5,163,719	\$ 169,083	\$ 7,683,205
Total operating revenues	2,350,403	5,163,719	169,083	7,683,205
Operating Expenses				
Personal services	661,426	194,096		855,522
Supplies and materials	272,600	174,070	_	272,600
Other expenses	272,000	4,987,271	-	4,987,271
Depreciation	952,574	4,707,271	8,573	961,147
Total operating expenses	1,886,600	5,181,367	8,573	7,076,540
Operating income (loss)	463,803	(17,648)	160,510	606,665
Non-Operating Revenues (Expenses)				
Interest and investment revenue	5,031	1,787	1,325	8,143
Gain (loss) on disposal of capital assets	(77,361)	1,707	1,525	(77,361)
Total non-operating revenue (expenses)	(72,330)	1,787	1,325	(69,218)
Income (loss) before transfers	391,473	(15,861)	161,835	537,447
Capital contributions	(25,100)	-	-	(25,100)
Transfers in	-	479,646	-	479,646
Transfers out	(13,236)	- -	-	(13,236)
Change in net position	353,137	463,785	161,835	978,757
Total net position - beginning	9,639,473	1,089,268	861,540	11,590,281
<b>Total net position - ending</b>	\$ 9,992,610	\$ 1,553,053	\$ 1,023,375	\$ 12,569,038

#### CITY OF LA PORTE, TEXAS STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended September 30, 2013

	R	Vehicle eplacement Fund		ployee Health Insurance	Te	echnology		Total
Cash Flows from Operating Activities Receipts from customers and users Disbursed for personnel services Disbursed for goods and services	\$	2,350,655 (691,379) (269,737)	\$	5,163,719 (193,703) (5,007,701)	\$	168,985 - -	\$	7,683,359 (885,082) (5,277,438)
Net cash provided (used) by operating activities		1,389,539		(37,685)		168,985		1,520,839
Cash Flows from NonCapital Financing Activities Transfers from other funds Transfers to other funds Operating grants and contributions		- (13,236) 25,100		479,646 - -		- - -		479,646 (13,236) 25,100
Net cash provided by (used by) noncapital financing activities		11,864		479,646		_		491,510
Cash Flows from Capital and Related Financing Activities Acquisition and construction of capital assets, net of disposals Net cash used by capital and related financing activities	_	(1,996,615) (1,996,615)		-		<u>-</u>		(1,996,615) (1,996,615)
Cash Flows from Investing Activities Purchase of investments Sale of investments Interest received		- 75,002 5,031		(206,876) - 1,787		(95,879) - 1,325		(302,755) 75,002 8,143
Net cash provided by (used by) investing activities		80,033		(205,089)		(94,554)		(219,610)
Net increase in cash and equivalents  Cash and equivalents, beginning of year  Cash and equivalents, at end of year	\$	(515,179) 2,851,228 2,336,049	\$	236,872 1,114,734 1,351,606	\$	74,431 633,822 708,253	\$	(203,876) 4,599,784 4,395,908
Unrestricted cash and equivalents	<u>\$</u> \$	2,336,049	<u>\$</u>	1,351,606 1,351,606	\$	708,253 708,253	\$	4,395,908
Reconciliation of operating income to net cash provided by operating activities  Operating income (loss)  Adjustments to reconcile operating income to net cash provided by operating activities:	\$	463,803	\$	(17,648)	\$	160,510	\$	4,395,908
Depreciation		952,574		-		8,573		961,147
(Increase) decrease in accounts receivable		98		393		(98)		393
(Increase) decrease in inventory		154		-		-		154
Increase (decrease) in claims and judgments payable		-		(18,862)		-		(18,862)
Increase (decrease) in accounts payable		1,097		(939)		-		158
Increase (decrease) in salaries payable		1,766		-		-		1,766
Increase (decrease) in compensated absences		(29,953)		- ((20)		-		(29,953)
Increase (decrease) in deferred revenue  Net cash provided by operating activities	\$	1,389,539	\$	(629)	\$	168,985	\$	(629) 1,520,839
The cash provided by operating activities	Ψ	1,507,557	Ψ	(37,003)	Ψ	100,703	Ψ	1,520,037

STATISTICAL SECTION

(Unaudited)

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#### **Unaudited Statistical Section**

This part of the City of La Porte, Texas' 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 government's overall financial health.

Contents	Page
Financial Trends	102
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	112
These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.	
Debt Capacity	118
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	123
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	125
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT

Last Ten Fiscal Years Amounts in (000's) (Accrual Basis of Accounting)

	2004	2005	2006	2007	2008
Governmental Activities					
Net investment in capital assets	\$ 32,753	\$ 28,933	\$ 28,424	\$ 27,529	\$ 24,923
Restricted	5,771	6,642	7,363	13,317	16,567
Unrestricted	12,998	19,370	18,984	19,986	18,985
Total governmental activities net position	\$ 51,522	\$ 54,945	\$ 54,771	\$ 60,832	\$ 60,475
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 25,996	\$ 26,590	\$ 29,642	\$ 29,481	\$ 35,483
Restricted	3,663	3,407	2,186	2,185	2,188
Unrestricted	2,647	1,265	3,397	3,296	3,799
Total business-type activities net position	\$ 32,306	\$ 31,262	\$ 35,225	\$ 34,962	\$ 41,471
Primary Government					
Net investment in capital assets	\$ 58,749	\$ 55,523	\$ 58,066	\$ 57,010	\$ 60,406
Restricted	9,434	10,050	9,549	15,501	18,755
Unrestricted	15,645	20,635	22,380	23,281	22,785
Total primary government net position	\$ 83,828	\$ 86,207	\$ 89,996	\$ 95,793	\$ 101.945

#### Exhibit 1

	2009	2010		2011 2012		 2013	
\$	32,667	\$ 35,195	\$	37,324	\$	46,814	\$ 49,304
	16,170	18,108		8,060		8,728	8,902
	16,838	13,904		26,859		21,621	22,530
\$	65,676	\$ 67,207	\$	72,243	\$	77,163	\$ 80,736
-		 	-				
\$	40,206	\$ 40,595	\$	37,606	\$	37,567	\$ 36,347
	1,353	1,460		680		559	2,096
	2,473	2,027		4,199		3,791	2,301
\$	44,032	\$ 44,082	\$	42,485	\$	41,917	\$ 40,744
\$	72,874	\$ 75,790	\$	74,930	\$	84,381	\$ 85,651
	17,523	19,568		8,740		9,287	10,998
	19,311	 15,932		31,058		25,412	 24,831
\$	109,707	\$ 111,290	\$	114,728	\$	119,080	\$ 121,480

CHANGES IN NET POSITION

Last Ten Fiscal Years Amounts in (000's) (Accrual basis of accounting)

			Fiscal Year		
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 10,488	\$ 7,411	\$ 7,349	\$ 8,411	\$ 10,056
Public safety	11,947	10,368	11,603	12,153	16,267
Public works	1,268	5,165	5,210	3,668	4,348
Health, welfare and sanitation	1,907	1,887	1,862	2,488	2,465
Culture and recreation	4,106	3,718	3,580	3,120	4,004
Interest on long-term debt	690	864	1,226	1,353	1,695
Total governmental activities expenses	30,406	29,413	30,830	31,193	38,836
<b>Business-type activities:</b>					
Water Services	6,256	6,478	6,845	6,548	6,631
Sewer services	1,896	1,820	1,894	2,087	2,247
Airport	143	157	123	124	156
Bay Forest Golf Course	1,223	1,243	1,285	1,311	1,362
Sylvan Beach Convention Center	194	212	215	218	225
Total business-type activities expenses	9,712	9,909	10,361	10,288	10,621
Total primary government expenses	\$ 40,118	\$ 39,322	\$ 41,191	\$ 41,481	\$ 49,458
Program Revenue					
Governmental activities:					
Charges for services					
General government	\$ 528	\$ 670	\$ 1,002	\$ 2,007	\$ 2,725
Public safety	1,442	1,498	1,333	435	591
Public works	106	24	-	-	-
Health, welfare and sanitation	464	1,430	1,771	1,856	1,889
Culture and recreation	1,157	461	430	418	418
Operating grants and contributions	576	2,640	1,031	992	4,648
General government	-	-	-	_	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital grants and contributions					
General government	-	-	-	-	235
Culture and recreation	-	-	-	-	-
Total governmental activities program					
revenues	4,273	6,723	5,567	5,708	10,505
Business-type activities:					
Charges for services					
Water Services	4,156	4,500	5,439	4,790	6,133
Sewer services	2,493	2,591	2,842	2,764	3,670
Airport	33	33	36	42	65
Bay Forest Golf Course	1,022	966	956	911	1,032
Sylvan Beach Convention Center	181	164	163	189	161
Capital grants and contributions				1,061	2,338
Total business-type activities program					
revenues	7,884	8,254	9,435	9,758	13,398
Total primary government program					
revenues	\$ 12,158	\$ 14,977	\$ 15,003	\$ 15,465	\$ 23,903
N. (F. )(F.					
Net (Expense)/Revenue					d (a.c :
Governmental activities	\$ (26,132)	\$ (22,689)	\$ (25,263)	\$ (25,486)	\$ (28,331)
Business-type activities	(1,828)	(1,655)	(926)	(530)	2,777
Total primary government net expense	\$ (27,960)	\$ (24,344)	\$ (26,189)	\$ (26,016)	\$ (25,554)

2009	2010	2011	2012	2013		
\$ 11,443	\$ 11,497	\$ 14,575	\$ 14,091	\$ 13,854		
15,495	17,109	16,306	17,375	17,765		
8,095	4,601	6,280	3,784	4,451		
2,379	2,521	2,453	2,424	2,328		
4,223	6,483	6,033	6,361	5,722		
1,527	1,557	1,871	1,268	1,385		
43,162	43,769	47,518	45,303	45,505		
4,833	5,721	5,721	7,691	8,206		
2,603	2,674	2,674	2,932	2,599		
183	181	181	213	210		
1,437	1,485	1,485	-	-		
26	-	-	-	_		
9,082	10,062	10,061	10,836	11,015		
\$ 52,244	\$ 53,831	\$ 57,579	\$ 56,139	\$ 56,520		
\$ 3,061	\$ 3,116	\$ 712	\$ 844	\$ 646		
1,681	1,593	3,506	3,128	3,314		
-	1,067	330	268	266		
1,849	1,842	2,046	2,197	2,204		
448	661	1,474	1,385	1,444		
5,165	1,004	-	-	-		
-	-	8	240	3		
-	-	611	431	433		
-	-	428	766	20		
-	-	107	78	393		
1,260	_	_	_	_		
-	-	1	1	-		
12.462	0.202	0.222	0.220	0.722		
13,463	9,283	9,223	9,338	8,723		
4,520	2.050	6 267	6.055	5,694		
3,363	3,850 3,307	6,267 3,535	6,055 3,601	3,420		
5,303	53	5,555 56	5,601	5,420 56		
1,067	1,002	-	- -	-		
2	-	-	_	_		
1,786	860	1,442	859	1,398		
10,791	9,073	11,300	10,574	10,569		
\$ 24,255	\$ 18,356	\$ 20,523	\$ 19,913	\$ 19,292		
-	· ·	-				
\$ (29,699)	\$ (34,485)	\$ (38,295)	\$ (35,965)	\$ (36,783)		
1,710	(989)	1,239	(262)	(448)		
\$ (27,990)	\$ (35,474)	\$ (37,056)	\$ (36,226)	\$ (37,231)		

CHANGES IN NET POSITION

Last Ten Fiscal Years Amounts in (000's) (Accrual basis of accounting)

				F	iscal Year
	2004	2005	2006	2007	2008
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 10,868	\$ 11,062	\$ 11,816	\$ 12,197	\$ 13,066
Industrial payments	7,277	6,896	6,992	7,660	8,189
Sales and use taxes	3,038	3,263	3,460	4,068	5,736
Franchise taxes	1,683	1,719	1,886	1,987	2,004
Investment earnings	542	376	720	1,875	2,387
Other revenues	444	495	857	1,213	89
Gain/(Loss) on sale of capital assets	-	-	-	-	-
Transfers	(254)	685	382	(3,910)	76
Total governmental activities	23,598	24,496	26,112	25,089	31,546
Business-type activities:					
Investment earnings	121	89	165	300	343
Other revenues	889	874	827	695	-
Gain/(Loss) on sale of capital assets	-	(6)	-	(16)	-
Transfers	254	(685)	(382)	3,910	(76)
Total business-type activities	1,264	272	611	4,889	267
Total primary government	\$ 24,862	\$ 24,768	\$ 26,723	\$ 29,978	\$ 31,813
Change in Net Position					
Governmental activities	\$ (2,534)	\$ 1,807	\$ 850	\$ (396)	\$ 3,215
Business-type activities	(564)	(1,383)	(315)	4,359	3,044
Total primary government	\$ (3,098)	\$ 424	\$ 535	\$ 3,962	\$ 6,259

2009	2010	2011	2012	2013
\$ 13,683	\$ 16,391	\$ 17,742	\$ 17,251	\$ 17,782
7,959	10,555	10,732	10,471	11,108
5,803	5,787	5,914	8,267	8,718
2,165	2,160	2,171	2,312	2,184
1,783	688	294	143	84
115	93	164	168	601
-	-	-	1,940	(167)
(3,533)	(779)	(1,000)	334	720
27,975	34,895	36,017	40,887	41,029
199	73	39	12	8
-	-	-	16	36
-	-	-	-	-
3,533	779	1,000	(334)	(720)
3,732	852	1,040	(306)	(676)
\$ 31,707	\$ 35,747	\$ 37,057	\$ 40,581	\$ 40,353
\$ (1,725)	\$ 410	\$ (2,278)	\$ 4,920	\$ 4,245
5,442	(137)	2,278	(569)	(1,123)
\$ 3,717	\$ 273	\$ (0)	\$ 4,352	\$ 3,122

FUND BALANCES, GOVERNMENTAL FUNDS

Last ten Fiscal Years Amounts in (000's)

(Modified Accrual Basis of Accounting)

				Fiscal Year		
	2004	2005	2006	2007	2008	
General Fund Nonspendable	\$ 69	\$ 69	\$ 70	\$ 83	\$ 105	
Committed Assigned Unassigned	372 7,093	550 8,644	126 11,582	- 134 14,494	296 14,405	
Total general fund	\$ 7,534	\$ 9,263	\$11,778	\$14,711	\$14,806	
All Other Governmental Funds						
Restricted	\$ 5,351	\$ 6,236	\$ 6,705	\$ 9,318	\$ 8,489	
Committed	6,442	16,488	18,814	18,660	19,933	
Assigned	-	-	-	-	-	
Unassigned						
Total all other governmental funds	\$11,793	\$22,724	\$25,519	\$27,979	\$28,423	

2009	2010	2011	2012	2013
\$ 102	\$ 135	\$ 139	\$ 94	\$ 125 3,500
199 13,758	151 12,274	- 96 19,119	30 23,839	104 23,856
\$14,059	\$12,560	\$19,353	\$23,964	\$ 27,585
\$ 5,813 17,944	\$ 7,644 20,331 7	\$14,084 9,079	\$12,573 6,553	\$ 12,194 5,586
			(31)	
\$23,757	\$27,983	\$23,163	\$19,096	\$ 17,780

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last ten Fiscal Years

Amounts in (000's)

(Modified Accrual Basis of Accounting)

	2004	2005	Fiscal Year		
		2003	2006	2007	2008
Revenues					
Taxes	\$ 22,949	\$ 24,046	\$ 25,688	\$ 28,919	\$ 30,060
Donations Homic County Loint Ventures	-	30 1.752	-	30	-
Harris County Joint Ventures	-	1,752	-	- 020	-
Licenses and permits	320	531	683	920	560
Fines and forfeits	555	678	848	1,244	1,726
Charges for services	2,947	3,233	3,888	3,967	3,958
Intergovernmental	576	1,113	1,174	716	4,755
Interest	325	631	1,709	2,117	1,883
Miscellaneous	33	184	163	27,000	90
Total Revenues	27,705	32,197	34,154	37,990	43,033
Expenditures					
General government	7,971	6,849	7,237	7,696	8,418
Public safety	10,415	10,533	11,072	11,769	15,610
Public works	2,361	2,430	2,360	2,407	2,909
Health and sanitation	1,759	1,808	1,814	1,973	2,479
Culture and recreation	3,245	3,068	3,011	3,103	3,470
Debt service:					
Principal	1,490	1,330	1,195	1,235	1,655
Interest	700	820	1,180	1,428	1,758
Bond issuance cost	-	211	195	154	-
Capital outlay	3,259	8,566	6,550	10,013	6,351
Total Expenditures	31,200	35,615	34,613	39,779	42,650
Excess of revenues over (under) expenditures	(3,495)	(3,418)	(459)	(1,789)	383
Other Financing Sources (Uses)					
General obligation bonds issued	-	16,587	6,965	8,075	-
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	191	38	-
Payment to refunded bond escrow agent	3,469	3,222	6,056	4,197	7,625
Transfers in	(3,791)	(3,774)	(7,533)	(5,148)	(7,501)
Transfers out		42	90	21	32
Sale of capital assets					
Total other financing sources (uses)	(322)	16,077	5,769	7,183	156
Net change in fund balances	\$ (3,817)	\$ 12,659	\$ 5,310	\$ 5,393	\$ 538
Debt service as a percentage of noncapital expenditures	7.8%	8.7%	9.2%	9.5%	9.4%

2009	2010	2011	2012	2013
\$ 34,930	\$ 36,682	35,761	38,353	39,835
-	-	-	-	-
-	-	-	-	-
642	476	313	465	368
1,833	1,803	1,724	1,758	1,887
4,470	6,084	5,680	5,957	6,009
4,868	989	917	1,239	568
610	263	193	129	76
105	125	242	36	426
47,458	46,422	44,829	47,938	49,169
9,869	9,788	10,289	10,462	11,043
13,859	14,612	15,688	15,752	16,322
6,664	2,819	3,118	3,439	3,247
2,087	2,233	2,182	2,226	2,244
3,817	5,048	5,314	5,261	5,227
1,695	1,755	1,740	2,170	2,365
1,572	1,388	1,871	1,520	1,385
-	200	-	151	-
15,557	10,843	8,714	8,583	5,500
55,120	48,686	48,916	49,563	47,333
(7.662)	(2,263)	(4,088)	(1,625)	1,835
(7,662)	(2,203)	(4,000)	(1,023)	1,655
-	6,265	-	-	-
_	4,295	-	9,435	_
_	225	-	364	-
14,232	(4,410)	-	(9,639)	_
(12,119)	9,158	4,248	2,711	3,884
137	(10,545)	(5,012)	(2,644)	(3,630)
	5	6,822	1,941	215
2,250	4,993	6,057	2,169	469
			\$ 544	\$ 2.204
\$ (5,412)	\$ 2,729	\$ 1,971	φ 344	\$ 2,304
8.3%	8.8%	9.0%	9.4%	9.0%

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

(unaudited)

Fiscal Year	Tax Year	Real Property	Personal Property	Less Tax Exempt Real Property	Less Other Exemptions and Abatements	Total Taxable Assessed Value
2004	2003	\$ 1,546,560,410	\$ 279,687,470	\$ -	\$ 265,840,970	\$ 1,560,406,910
2005	2004	1,601,433,200	311,721,280	-	278,265,540	1,634,888,940
2006	2005	1,777,351,563	325,549,640	-	407,734,605	1,695,166,598
2007	2006	1,861,821,075	350,191,031	-	419,779,423	1,792,232,683
2008	2007	2,007,113,146	372,331,715	-	428,955,092	1,950,489,769
2009	2008	2,237,095,319	469,916,389	-	502,091,647	2,204,920,061
2010	2009	2,261,046,846	582,963,159	-	515,111,496	2,328,898,509
2011	2010	2,055,914,368	672,621,147	-	514,928,797	2,213,606,718
2012	2011	2,079,843,021	720,515,678	-	535,441,621	2,264,917,078
2013	2012	2,080,199,179	797,558,553	-	536,721,284	2,341,036,448

Source: Harris County Certified Tax Rolls and Corrections.

Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
\$ 0.710000	\$ 1,560,406,910	100%
0.710000	1,634,888,940	100%
0.710000	1,695,166,598	100%
0.710000	1,792,232,683	100%
0.710000	1,950,489,769	100%
0.710000	2,204,920,061	100%
0.710000	2,328,898,509	100%
0.710000	2,213,606,718	100%
0.710000	2,264,917,078	100%
0.710000	2,341,036,448	100%

# PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

	2004	2005	2006	2007	2008
City of La Porte by fund:					
General	\$ 0.57500	\$0.61100	\$0.61100	\$0.61200	\$0.61900
Debt service	0.13500	0.09900	0.09900	0.09800	0.09100
<b>Total Direct Rates</b>	0.71000	0.71000	0.71000	0.71000	0.71000
Harris County Flood Control District	0.03318	0.03322	0.03241	0.03106	0.03086
Harris County	0.39990	0.39986	0.40239	0.39239	0.38923
Port of Houston Authority	0.01670	0.01474	0.01302	0.01437	0.01773
Harris County Board of Education	0.00630	0.00629	0.00629	0.00585	0.00584
Hospital District	0.19020	0.19020	0.19216	0.19216	0.19216
La Porte I.S.D.	1.68000	1.73400	1.73400	1.30500	1.32500
San Jacinto Jr. College District	0.13910	0.14537	0.14537	0.14537	0.16341
<b>Total Direct and Overlapping</b>					
Rates	\$ 3.17538	\$3.23368	\$3.23564	\$2.79620	\$2.83423

Tax rates per \$100 of assessed valuation Source: Harris County Appraisal District

2009	2010	2011	2012	2013
\$0.61900	\$0.61900	\$0.60500	\$ 0.60500	\$ 0.64000
0.09100	0.09100	0.10500	0.10500	0.07000
0.71000	0.71000	0.71000	0.71000	0.71000
0.02922	0.02923	0.02809	0.02809	0.02827
0.39224	0.38805	0.39117	0.40021	0.41455
0.01636	0.02054	0.01856	0.01952	0.01716
0.00605	0.00658	0.00658	0.00662	0.00636
0.19216	0.19216	0.19216	0.18216	0.17000
1.32500	1.32500	1.35500	1.33000	1.33000
0.17080	0.17628	0.18560	0.18560	0.18560
\$2.84183	\$2.84784	\$2.88716	\$ 2.86220	\$ 2.86194

#### PRINCIPAL PROPERTY TAXPAYERS

Current Year and 10 Years Ago

	2	2013		_	20	004	
Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Conoco Phillips Co	\$ 55,003,611	1	2.35%	Oxy Vinyls LP	\$ 49,186,150	1	3.15%
Equistar Chemicals LP	48,080,698	2	2.05%	Conoco Phillips, Inc.	46,876,580	2	3.00%
Wilson Supply	44,744,569	3	1.91%	Equistar Chemicals LP	45,239,660	3	2.90%
Granite Underwood Dist. Ctr LP	42,146,335	4	1.80%	BP Solvay	37,068,510	4	2.38%
Oxy Vinyls LP	40,374,180	5	1.72%	PPG Industries	35,723,480	5	2.29%
Ineos USA LLC	37,999,780	6	1.62%	Attofina Petrochemicals	26,149,430	6	1.69%
Underwood Distibution Ctr. LP	31,000,000	7	1.32%	Centerpoint Energy	23,112,520	7	1.48%
The Dow Chemical Company	22,403,065	8	0.96%	Dow Chemicals	20,718,750	8	1.34%
Total Petrochemicals	22,377,356	9	0.96%	<b>DuPont Dow Elastomers</b>	15,866,540	9	1.02%
Dow Chemical	 22,010,369	10	0.94%	Calpine Corporation	 13,005,700	10	0.83%
Subtotal	366,139,963		15.64%		312,947,320		20.06%
Other Taxpayers	 1,974,896,485		84.36%		1,247,459,590		79.94%
Total	\$ 2,341,036,448		100.00%	_	\$ 1,560,406,910		100.00%

Source: City of La Porte Tax Assessor-Collector's records.

# ${\it PROPERTY~TAX~LEVIES~AND~COLLECTIONS}$

Last Ten Fiscal Years

Fiscal			Collected v	within the				
Year	Γ	Taxes Levied	Fiscal Year	of the Levy	Col	llections in	Total Collecti	ions to Date
Ended Sept 30,		for the Fiscal Year	Amount	Percentage of Levy	Su	ibsequent Years	Amount	Percentage of Levy
2004	\$	11,178,351	\$10,829,202	96.9%	\$	303,605	\$ 11,132,807	99.6%
2005		11,669,473	11,334,572	97.1%		278,011	11,612,583	99.5%
2006		12,080,351	11,755,121	97.3%		276,535	12,031,656	99.6%
2007		12,703,850	12,418,873	97.8%		244,758	12,663,631	99.7%
2008		13,857,467	13,476,872	97.3%		352,207	13,829,079	99.8%
2009		15,654,937	15,377,149	98.2%		229,682	15,606,831	99.7%
2010		16,542,483	16,309,818	98.6%		139,511	16,449,329	99.4%
2011		15,871,498	15,599,930	98.3%		203,730	15,803,660	99.6%
2012		16,080,911	15,860,664	98.6%		144,568	16,005,232	99.5%
2013		16,621,361	16,518,207	99.4%		-	16,518,207	99.4%

#### RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

	Governmental Activities				 Business-Type Activities					
Fiscal Year	Ob	General Oligation Bonds	of C	rtificates Obligation Bonds	Limited Tax Bonds	venue onds	Obl	neral igation onds	_	other * ligations
2004	\$	5,430	\$	2,400	\$ 5,400	\$ 625	\$	585	\$	6,904
2005		11,925		11,050	5,400	500		145		6,500
2006		12,610		16,405	5,130	375		-		8,680
2007		12,070		24,055	4,860	250		-		7,958
2008		11,475		23,265	4,590	125		-		7,210
2009		10,870		22,445	4,320	-		-		6,443
2010		11,665		26,350	4,050	-		-		5,660
2011		10,940		25,605	3,780	-		-		4,813
2012		17,050		20,150	1,620	-		-		3,945
2013		16,875		18,905	1,350	-		-		3,117

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Demographic and Economic Statistics for personal income and population data.

<sup>\* -</sup> Includes premium on bonds

Exhibit 9

Total		Percentage		D
	rimary	of Personal		Per
Go	vernment	Income	C	apita
\$	21,344	N/A	\$	633
	35,520	N/A		1,028
	43,200	N/A		1,240
	49,193	N/A		1,413
	46,665	N/A		1,320
	44,078	N/A		1,241
	47,725	N/A		1,298
	45,138	N/A		1,322
	42,765	N/A		1,212
	40,248	N/A		1,165

Exhibit 10

RATIO OF GENERAL BONDED DEBT TO TAXABLE VALUE, GENERAL BONDED DEBT PER CAPITA, AND TAXABLE VALUE OF ALL PROPERTY Last Ten Fiscal Years (dollars in thousands, except per capita)

Fiscal Year	Tax Year	O	General bligation Bonds	 rtificates Obligation	S	ss Debt ervice Funds	Ne	t Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income (2)	Per	Capita
2004	2003	\$	13,230	\$ 2,400	\$	1,797	\$	13,833	0.9%	N/A	\$	382
2005	2004		17,325	11,050		1,584		26,791	1.6%	N/A		345
2006	2005		17,740	16,405		1,705		32,440	1.9%	N/A		772
2007	2006		16,930	24,055		1,814		39,171	2.2%	N/A		928
2008	2007		16,065	23,265		1,926		37,404	1.9%	N/A		1,105
2009	2008		15,190	22,445		2,000		35,635	1.6%	N/A		1,051
2010	2009		15,715	26,350		2,151		39,914	1.7%	N/A		965
2011	2010		14,720	25,605		3,118		37,207	1.7%	N/A		1,152
2012	2011		18,670	20,150		3,113		35,707	1.6%	N/A		1,090
2013	2012		18,225	18,905		2,490		34,640	1.5%	N/A		1,165

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

<sup>(2)</sup> Population data can be found in demographic and economic statistics table.

#### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2013

(dollars in thousands, except per capita)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Harris County	\$2,640,417,190	0.82%	\$ 21,651,421
Harris County Department of Education	7,605,000	0.82%	62,361
Harris County Flood Control District	96,470,000	0.82%	791,054
Harris County Toll Road - Toll Road Bonds <sup>a</sup>	432,540,000	0.82%	3,546,828
La Porte ISD	200,635,000	37.88%	76,000,538
Port of Houston Authority	731,969,397	0.82%	6,002,149
San Jacinto Jr. College District	298,015,568	6.15%	18,327,957
Total Net Overlapping Debt	\$4,407,652,155		126,382,308
City of La Porte direct debt <sup>b</sup>	37,242,500	100%	37,242,500
Total direct and overlapping debt			\$ 163,624,808

<sup>&</sup>lt;sup>a</sup> Harris County Toll Road debt is considered self-supporting.

Source: Texas Municipal Reports

Percentages are based on total property values

<sup>&</sup>lt;sup>b</sup> Approximately \$16,152,236 of the City's outstanding debt is self-supporting

#### PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

			Debt Service				
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2004	\$5,836,221	\$5,125,635	\$ 710,586	\$580,000	\$ 71,293	\$ 651,293	1.1
2005	6,193,451	5,259,943	933,508	565,000	43,161	608,161	1.5
2006	7,438,016	5,389,783	2,048,233	270,000	111,712	381,712	5.4
2007	6,722,774	5,681,548	1,041,226	262,500	106,828	369,328	2.8
2008	8,916,777	5,653,497	3,263,280	387,500	91,605	479,105	6.8
2009	7,920,114	5,743,725	2,176,389	387,500	76,350	463,850	4.7
2010	7,822,294	6,514,343	1,307,951	525,000	216,458	741,458	1.8
2011	8,569,767	6,458,483	2,111,284	585,000	104,488	689,488	3.1
2012	8,383,162	6,641,482	1,741,680	605,000	88,150	693,150	2.5
2013	7,940,580	7,256,098	684,482	625,000	73,556	698,556	1.0

<sup>(1)</sup> Total revenues including interest

<sup>(2)</sup> Total operating expenses less depreciation

#### DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended Sept. 30,	Population (1)	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Median Age (3)	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2004	33,712	N/A	N/A	N/A	7,629	5.7%
2005	34,538	N/A	N/A	N/A	7,808	5.3%
2006	34,825	N/A	N/A	N/A	7,786	4.7%
2007	35,362	N/A	N/A	N/A	7,889	4.4%
2008	35,518	N/A	N/A	N/A	7,940	5.2%
2009	36,779	N/A	N/A	N/A	7,830	9.4%
2010	33,800	N/A	N/A	33	7,781	8.2%
2011	34,138	N/A	N/A	33	7,732	9.0%
2012	35,280	N/A	N/A	33	7,751	6.3%
2013	34,553	N/A	N/A	33	7,629	6.3%

#### Data sources:

- (1) Estimated population provided by city staff
- (2) Personal income and per capita personal income is currently unavailable
- (3) Median age data prior to 2010 is not available, medium age provided by 2010 Census
- (4) School enrollment provided by La Porte Independent School District
- (5) Unemployment rates provided from the Bureau of Labor Statistics

2013			2006				
		Percentage			Percentage		
		of Total City			of Total City		
Employer	<b>Employees</b>	Employment	Employer	<b>Employees</b>	<b>Employment</b>		
La Porte Independent School District	1,083	7.87%	La Porte ISD	1,000	5.29%		
City of La Porte	380	2.76%	E.I. DuPont De Nemours & Co.	580	3.07%		
International Plant Svcs LLC	376	2.73%	City of La Porte	368	1.95%		
Sulzer Turbo Svcs Houston Inc	330	2.40%	Fumanite Worldwide	334	1.77%		
A&L Industrial Services Inc	300	2.18%	A & L Industrial Services Inc	300	1.59%		
CCC Group Inc	300	2.18%	CCC Group, Inc	300	1.59%		
Evergreen Envmtl Svcs LLC	275	2.00%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%		
Amber LP	250	1.82%	James H. Jackson Industries Inc	250	1.32%		
Cat-Spec Ltd	250	1.82%	Occidental Chemical Corp.	175	0.92%		
Contech Control Services Inc	250	1.82%	Intercontinental Terminal Co.	160	0.85%		
Total	3,794	27.56%	Total	3,717	19.67%		

Source: Centerpoint Energy

Note: This list includes companies within the City limits of La Porte and within the industrial districts.

Note: Employement data prior to 2006 was not available

### FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

Last Nine Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	76	76	80	79	78	79	90	90	88
Public Safety:	135	138	147	142	143	144	144	151	152
Public Works	32	32	32	32	32	32	32	32	30
Health and Sanitation	22	21	21	22	22	22	24	24	23
Culture and recreation	47	45	44	45	45	46	46	46	42
Water services	26	27	25	25	25	25	25	25	25
Sewer Services	20	20	20	20	20	20	20	20	20
Golf Course	13	13	12	12	12	12	-	-	-
Sylvan Beach Convention Center Total	3 374	3 375	385	381	4 381	380	381	388	380

Note: Data not availabe for fiscal years prior to 2005.

# CITY OF LA PORTE, TEXAS OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

		Fiscal Year				
	2004	2005	2006	2007	2008	
Function / Program						
Police						
Physical arrests	2,000	2,330	2,465	2,489	2,642	
Tickets processed	6,593	6,877	8,212	9,652	15,352	
Fire						
Number of calls answered	1,343	1,747	2,028	1,603	1,799	
Inspections	500	500	N/A	600	320	
Highways and streets						
Street resurfacing (linear feet)	33,800	22,975	27,835	22,100	19,887	
Potholes repaired	524	531	321	1,260	996	
Sanitation						
Cu. Yds. Garbage collected	29,675	30,022	30,795	29,279	29,282	
Cu. Yds Trash collected	54,875	49,140	49,140	52,250	48,136	
Culture and recreation						
Fitness center admissions	84,353	81,868	70,558	62,828	62,245	
Water						
Number of water meters	11,189	11,391	11,592	11,743	11,913	
Average daily consumption (millions of gallons)	3.8	4.1	3.9	3.8	4.0	
Water main breaks	299	437	483	467	455	
Wastewater						
Average daily sewage treatment (thousands of gallons)	4.0	3.5	2.8	3.9	3.2	
Golf Course						
Number of Paid Rounds Played	38,901	34,961	32,731	32,433	35,839	

Source: Various City departments Notes: N/A - Data not available

2009	2010	2011	2012	2013
0.727	2.520	2.254	2.211	2 205
2,737	2,538	2,354	2,311	2,205
16,098	16,603	14,619	13,221	13,861
1,409	1,559	1,483	1,195	1,219
600	690	725	812	950
23,559	38,365	60,472	69,580	13,520
1,012	1,236	465	1,173	271
29,894	29,642	27,961	42,589	30,625
78,900	48,368	45,778	54,641	32,137
,		- ,	- ,-	- ,
52 401	70 110	64.000	64.270	61 507
53,401	78,118	64,989	64,279	64,587
11,968	12,015	12,061	12,129	12,234
4.0	3.9	4.6	4.3	4.0
498	417	666	311	379
470	717	000	311	317
2.8	3.7	2.8	3.3	2.7
36,009	31,271	34,848	34,038	32,257

CITY OF LA PORTE, TEXAS

### CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

	Fiscal Year					
	2004	2005	2006	2007	2008	
Function / Program						
Public Safety						
Police Station	1	1	1	1	1	
Police Officers	72	72	73	74	74	
Reserve Officers	5	5	5	6	2	
Fire Stations	4	4	4	4	4	
Sanitation						
Collection trucks	14	14	14	14	14	
Highways and streets						
Streets (miles)	164	211	217	211	295	
Streetlights	1,665	2,192	1,803	1,804	2,400	
Traffic signals	3	3	3	3	3	
Culture and recreation						
Parks acreage	463	337	339	347	347	
Parks	19	21	21	22	22	
Swimming pools	6	6	6	6	6	
Recreation Centers	1	1	1	1	1	
Senior Center	1	1	1	1	1	
Water and Sewer						
Water mains (miles)	231	165	168	176	178	
Fire hydrants	1,800	1,800	1,800	1,076	1,161	
Sanitary Sewers (miles)	187	187	187	189	189	
Storm sewers (miles)	89	89	92	92	92	

Source: City Departments

2009	2010	2011	2012	2013		
	_					
1	1	1	1	1		
74	75	75	74	74		
1	2	2	2	6		
4	4	4	4	4		
	4.4	4.4				
14	14	14	12	12		
126	126	126	125	297		
2,387	2,387	2,415	2,415	2,415		
7	5	5	6	6		
356	356	356	188	188		
21	21	21	22	22		
6	5	5	5	5		
1	4	4	3	3		
1	1	1	1	1		
180	180	181	182	183		
1,168	1,179	1,186	1,199	1,226		
191	191	192	192	192		
92	95	97	60	112		