

CITY OF LA PORTE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
September 30, 2008

Prepared by:
Department of Finance



City of La Porte
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2008

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INTRODUCTORY SECTION





CITY OF LA PORTE

Established 1892

February 25,2009

To the Honorable Mayor, Members of the Governing 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, 2008. 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. Because the cost of internal controls should not outweigh their benefits, 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 Pattillo, Brown & Hill, 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, 2008 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's 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 35,518.

The City is a home rule city operating under the Council-Manager form of government. Policy-making 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 both the City Manager 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's accounting records for general governmental operations are maintained on a 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 August. 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 78 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 82.

Factors Affecting Financial 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. The county's 64 hospitals have over 17,000 beds of which 4,600 are in the Texas Medical Center. Higher education facilities includes: University of Houston, Rice University, Texas Southern University, St. Thomas University and Houston Baptist College, 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. Because of this, and the metropolitan advantages of Houston, La Porte is one of the few communities in the Gulf Coast area that offers this favorable combination.

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 will maintain property values and thus maintain a sound neighborhood environment and 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.

Cash management policies and practices. Cash temporarily idle during the year was invested in demand deposits and obligations of the U.S. Treasury. The maturities of the investments range from 30 days to 2 years, with an average maturity of 14.32 months. The average yield on investments was 3.32% for the government. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Pension and other post employment benefits. The City of La Porte is a member of a cost sharing multiple employer pension system administered by the State of Texas for its emergency services employees.

The City of La Porte also provides pension benefits for its non emergency services employees. These benefits are provided through a state-wide plan managed by Texas Municipal Retirement System (TMRS). The City of La Porte has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to TMRS.

The City of La Porte also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 61 retired employees receiving these benefits.

Additional information on the City of La Porte's pension arrangements and post employment benefits can be found in Notes 6 and 10 in the notes to the financial statements.

Awards and Acknowledgements

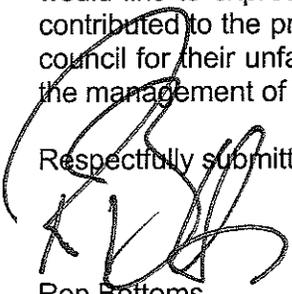
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the twenty-seventh consecutive year that the City has received 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,

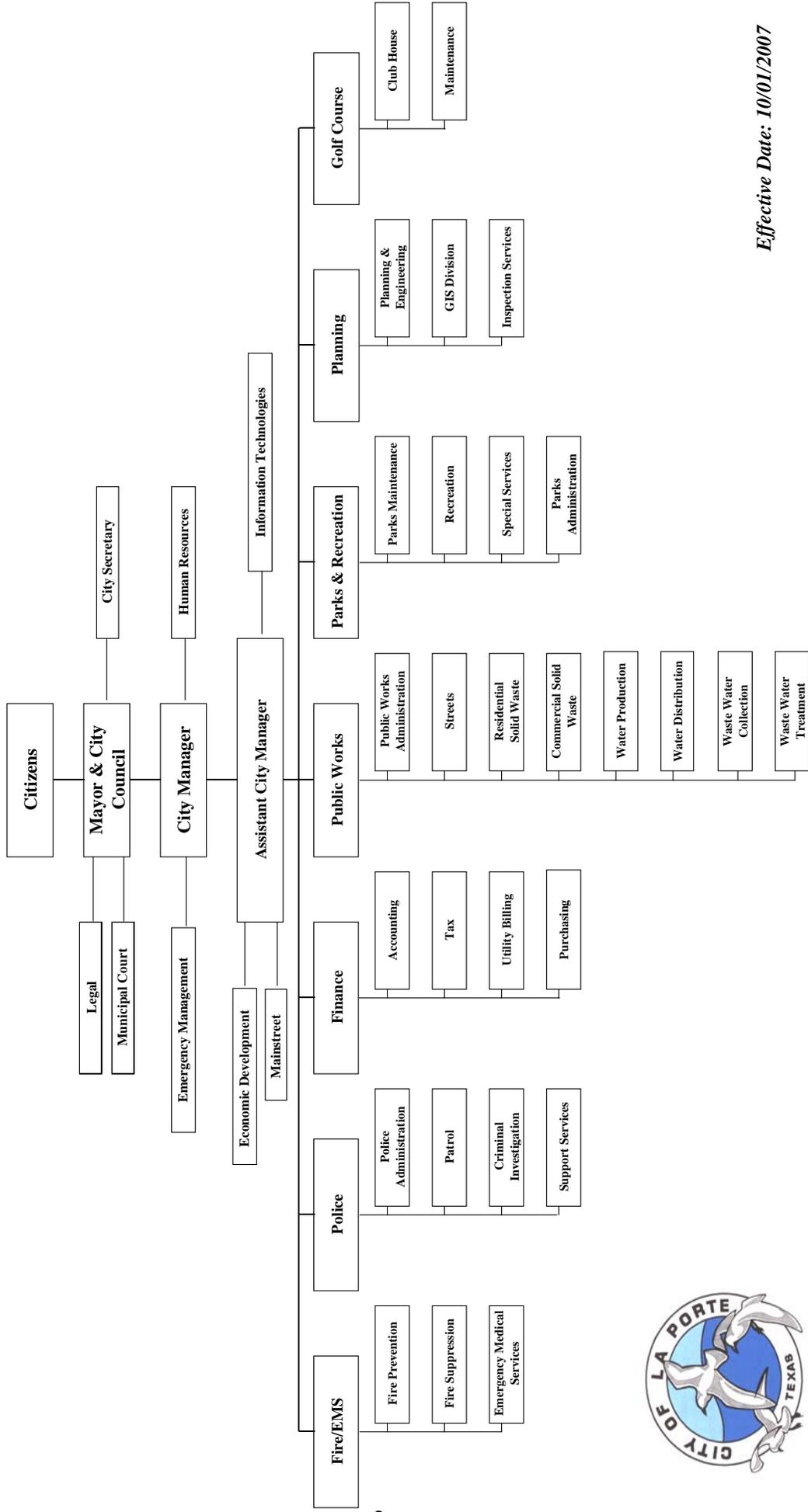


Ron Bottoms
City Manager



Michael G. Dolby, CPA
Director of Finance

CITY OF LA PORTE ORGANIZATIONAL CHART



Effective Date: 10/01/2007



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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R. T.", written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written over the printed name.

Executive Director

CITY OF LA PORTE

LIST OF ELECTED OFFICIALS

ALTON PORTER
MAYOR

GEORGIA A. MALONE
COUNCIL PERSON
AT LARGE A

JOHN BLACK
COUNCIL PERSON
AT LARGE B

MICHAEL MOSTEIT
COUNCIL PERSON
DISTRICT 1

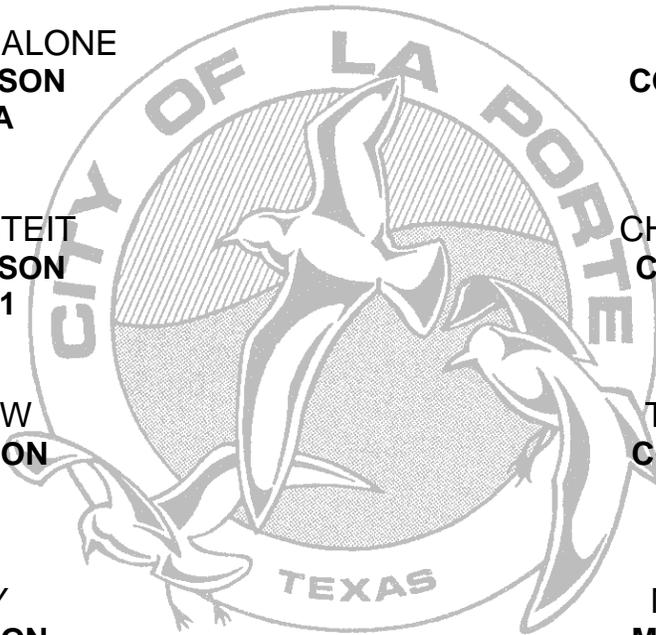
CHUCK ENGELKEN
COUNCIL PERSON
DISTRICT 2

HOWARD EBOW
COUNCIL PERSON
DISTRICT 3

TOMMY MOSER
COUNCIL PERSON
DISTRICT 4

LOUIS RIGBY
COUNCIL PERSON
DISTRICT 5

MIKE CLAUSEN
MAYOR PROTEM
DISTRICT 6





FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the City Council
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 City of La Porte, Texas (the "City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Porte, Texas, as of September 30, 2008, 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.

In accordance with *Government Auditing Standards*, we have issued our report dated February 25, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions or laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 23, Pension System Supplementary Information on page 75, and budgetary comparison information on pages 76 through 79 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

February 25, 2009

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

As management of the City of La Porte, we offer 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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of La Porte exceeded its liabilities at the close of the most recent fiscal year by \$101,945,458 (net assets). Of this amount \$22,784,576 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies and working capital requirements.
- The City's total net assets increased by \$6,152,309. This increase is due to capital contributions in the business type funds.
- As of the close of the current fiscal year, the City of La Porte's governmental funds reported combined ending fund balances of \$43,228,403. Of this amount, \$39,845,794 (92%) is unreserved and available for use within the City's designation and policies and working capital requirements.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$13,587,254 approximately (49%) of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction of 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 and 3) notes to the financial statements. 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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 compensated absences).

Both of the government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and sanitation and culture and recreation. The business-type activities of the City include the Water and Sewer Utilities, Airport, La Porte Area Water Authority, Sylvan Beach Convention Center and Bay Forest Golf Course operations.

The government-wide financial statements can be found on pages 27-31 of this report.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

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 funds and proprietary funds.

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 current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 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, 2007 Certificates of Obligation Bond, Grant and Capital Projects Fund, all of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation called non-major. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 27-36 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 financial statements. The City uses proprietary funds to account for its utilities, airport, water authority, convention center and golf course. 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 its motor pool services, technology services and Insurance Fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility and La Porte Area Water Authority, Airport, Bay Forest Golf Course and Sylvan Beach Convention. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 38-43 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 45-73 of this report.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

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. Required supplementary information can be found on pages 75-78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information for the general fund. Combining fund statements and schedules can be found on pages 82-110 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of La Porte, assets exceeded liabilities by \$101,945,458 at the close of the fiscal year.

By far the largest portion of the City's net assets (\$60,405,676) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that are 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 capital assets themselves cannot be used to liquidate these liabilities.

City of La Porte's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 60,577,388	\$ 57,295,634	\$ 7,766,710	\$ 7,231,350	\$ 68,344,098	\$ 64,526,984
Capital assets	51,131,865	52,727,418	42,818,003	37,688,868	93,949,868	90,416,286
Total Assets	111,709,253	110,023,052	50,584,713	44,920,218	162,293,966	154,943,270
Long term liabilities	42,799,774	44,109,498	7,744,081	8,607,342	50,543,855	52,716,840
Other liabilities	8,434,625	5,081,971	1,370,028	1,351,282	9,804,653	6,433,253
Total Liabilities	51,234,399	49,191,469	9,114,109	9,958,624	60,348,508	59,150,093
Net Assets:						
Invested in capital assets, net of related debt	24,922,673	27,529,009	35,483,003	29,481,368	60,405,676	57,010,377
Restricted	16,566,966	13,316,591	2,188,240	2,184,725	18,755,206	15,501,316
Unrestricted	18,985,215	19,985,983	3,799,361	3,295,501	22,784,576	23,281,484
Total Net Assets	\$ 60,474,854	\$ 60,831,583	\$ 41,470,604	\$ 34,961,594	\$ 101,945,458	\$ 95,793,177

An additional portion of the City's net assets \$18,755,206 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$22,784,576 (22%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories – governmental and business-type activities.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

Analysis of the City's Operations – the following table provides a summary of the City's operations for the year ended September 30, 2008, with comparative totals for year ended September 30, 2007. Governmental activities decreased the City of La Porte's net assets by (\$356,728). Business-type activities increased the City's net assets by \$6,509,037 .

City of La Porte's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,622,610	\$ 4,715,891	\$ 11,060,721	\$ 8,696,589	\$ 16,683,331	\$ 13,412,480
Operating grants and contributions	4,647,718	991,679	-	-	4,647,718	991,679
Capital grants and contributions	234,630	-	2,337,630	1,060,948	2,572,260	1,060,948
General revenues:						
Property taxes, levied for general purposes	11,802,564	11,246,050	-	-	11,802,564	11,246,050
Property taxes, levied for debt service	1,880,095	1,819,554	-	-	1,880,095	1,819,554
Industrial payments	7,958,522	8,188,891	-	-	7,958,522	8,188,891
Franchise taxes	2,165,343	2,003,691	-	-	2,165,343	2,003,691
Sales tax	5,803,077	5,735,725	-	-	5,803,077	5,735,725
Unrestricted investment earnings	1,782,572	2,386,980	199,060	342,566	1,981,632	2,729,546
Miscellaneous	115,351	89,400	-	-	115,351	89,400
Total revenues	42,012,482	37,177,861	13,597,411	10,100,103	55,609,893	47,277,964
Expenses:						
General Government	10,056,369	8,410,865	-	-	10,056,369	8,410,865
Public Safety	16,267,453	12,153,324	-	-	16,267,453	12,153,324
Public Works	4,348,281	3,668,425	-	-	4,348,281	3,668,425
Health and Sanitation	2,465,327	2,487,531	-	-	2,465,327	2,487,531
Culture and Recreation	4,004,206	3,120,183	-	-	4,004,206	3,120,183
Interest on Long-term debt	1,694,638	1,352,747	-	-	1,694,638	1,352,747
Water Services	-	-	6,630,986	6,548,382	6,630,986	6,548,382
Sewer Services	-	-	2,247,031	2,086,651	2,247,031	2,086,651
Airport	-	-	155,970	123,904	155,970	123,904
Bay Forest Golf Course	-	-	1,361,970	1,310,589	1,361,970	1,310,589
Sylvan Beach Convention Center	-	-	225,353	218,053	225,353	218,053
Total Expenses	38,836,274	31,193,075	10,621,310	10,287,579	49,457,584	41,480,654
Change in net assets before transfers	3,176,209	5,984,786	2,976,101	(187,476)	6,152,309	5,797,310
Transfers	(3,532,936)	75,612	3,532,936	(75,612)	-	-
Change in net assets	(356,728)	6,060,398	6,509,037	(263,088)	6,152,309	5,797,310
Net assets - beginning	60,831,582	54,771,184	34,961,567	35,224,655	95,793,149	89,995,839
Net assets - ending	\$ 60,474,854	\$ 60,831,582	\$ 41,470,604	\$ 34,961,567	\$ 101,945,458	\$ 95,793,149

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The focus of the City of La Porte's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of La Porte's governmental funds reported combined ending fund balances of \$43,228,403. Approximately 92% of this total amount (\$39,845,794) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for encumbrances (\$498,822), 2) to provide for inventories (\$104,937), 3) to pay for debt service (\$1,999,842), 4) to provide for municipal court building security (\$153,244), 5) to provide for municipal court technology (\$62,703), 6) to provide for park zone (\$161,272), and 7) to provide for confiscated funds (\$395,315), 8) to provide for animal control (\$729), 9) to provide for judicial fund (\$5,745).

The actual fund balance increase for fiscal year 2008 was \$90,379. This is because of increased revenue collections and decreased expenditures. The 2007 Certificate of Obligation Fund balance decreased by (\$3,079,664) due to expenditures of bond proceeds in the current fiscal year. The Grant Fund balance increased by \$874,466 due to the accrual of grant funds. The Capital Projects Fund balance increased by \$3,783,171 due to interfund transfers for construction of a municipal court building and Sylvan Beach renourishment program. Other governmental fund balances decreased in 2008 by (\$1,130,147) due to decreased revenues and other sources of financing.

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

Unrestricted net assets of the respective proprietary funds are Utility - \$2,046,959, Airport - \$261,693, La Porte Area Water Authority - \$1,536,785, Sylvan Beach Convention Center - \$182,729, and Bay Forest Golf Course – (\$228,805). The change (decrease) in net assets of the proprietary funds in 2008 was as follows: Utility - \$5,026,252, which increased due to capital contributions, Airport - \$1,135,620, which increased due to capital contributions, La Porte Area Water Authority - \$368,892, which increased due to capital contributions, Sylvan Beach Convention Center - \$9,713, which increased due to increased transfers for pier repairs and Bay Forest Golf Course - (\$31,440), which decreased due to decreased transfers from the General Fund.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in a decrease from the original budget of 5% or \$1,375,316. The City increased its anticipated revenues by \$2.0 million. This revenue included an upturn in industrial district payments, sales tax and property tax.

Variances noted in the general fund are due to City Council appropriating additional capital projects, increased spending for public safety projects, salary savings and anticipated lease of property.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City of La Porte's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounts to \$93,949,868 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Construction in progress Waste Water Treatment Plant improvements \$2.8 million.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities 2008	Business-type Activities 2008	Total
Land	\$ 8,108,756	\$ 2,308,777	\$ 10,417,533
Buildings	19,080,887	314,869	19,395,756
Equipment	4,501,469	154,145	4,655,614
Improvements	2,768,649	33,456,152	36,224,801
Infrastructure	14,619,115	-	14,619,115
Construction in Progress	2,052,990	6,584,059	8,637,049
Total	\$ 51,131,866	\$ 42,818,002	\$ 93,949,868

Additional information of the City of La Porte's capital assets can be found in Note 4 on pages 57-59 of this report.

Debt Administration – At the end of the current fiscal year, the City of La Porte had bonded debt payable of \$46,665,000. Of this amount, \$39,330,000 comprises bonded debt backed by the full faith and credit of the government and \$7,335,000 represents bonds secured solely by water and sewer revenues.

**Outstanding Debt at Year End
Bonds Payable**

	Governmental Activities 2008	Business-type Activities 2008	Totals
General Obligations	\$ 16,065,000	\$ -	\$ 16,065,000
Revenue Bonds Payable	-	5,235,000	5,235,000
Certificate of Obligations	23,265,000	2,100,000	25,365,000
Total	\$ 39,330,000	\$ 7,335,000	\$ 46,665,000

The City of La Porte maintains an "Aa3", "A+", "AA" by Moody's, Standard and Poor's and Fitch respectively for general obligation debt. The revenue bonds have been rated "A" by all three of these rating agencies.

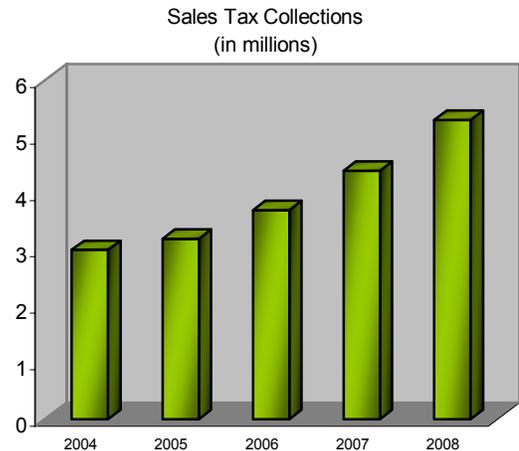
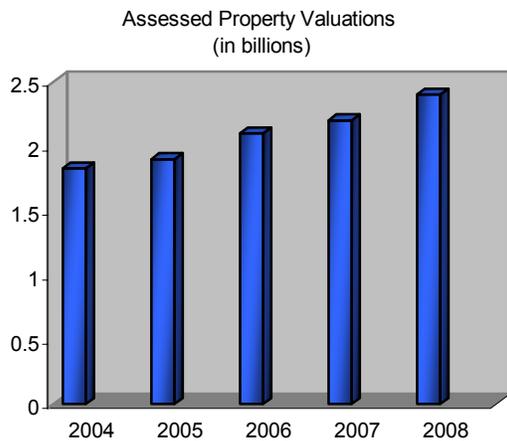
Additional information on the City of La Porte's long-term debt can be found in Note 5 on pages 60-64 of this report.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2008

ECONOMIC FACTS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the Houston metropolitan area is currently 5.2 percent, which is an increase from a rate of 4.4 percent a year ago. This compares identical to the state's average unemployment rate of 5.2 percent which is less than the national average rate of 6.2 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 economic changes due to the recession. Total assessed property value for all residential and commercial property in the City of La Porte exceeded \$1.9 billion for fiscal year 2008 which is 9 percent higher than last year. The trend for total assessed property values has been steadily increasing each year with an average annual increase of 3.5 percent over the past 5 years. However, in the upcoming fiscal year, we anticipate that residential and commercial values will remain flat. Sales tax receipts have grown 2% this fiscal year due to an increase in economic activity. This revenue source is the most volatile and subject to decline if an economic slowdown occurs.



REQUEST FOR INFORMATION

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.



BASIC FINANCIAL STATEMENTS



CITY OF LA PORTE, TEXAS
Statement of Net Assets
September 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 36,604,620	\$ 2,629,104	\$ 39,233,724
Investments	16,142,823	2,172,464	18,315,287
Receivables, net of allowance for uncollectibles			
Accounts receivable	1,523,815	1,532,759	3,056,574
Taxes receivable	1,667,441	-	1,667,441
Due from other governments	3,653,722	-	3,653,722
Accrued interest receivable	49,128	7,184	56,312
Other	198,814	-	198,814
Internal Balances	(2,641)	2,641	-
Materials and supplies inventories at cost	148,774	4,540	153,314
Deferred issuance costs	590,892	-	590,892
Restricted Assets:			
Cash and cash equivalents restricted for:			
Customer service deposits	-	542,949	542,949
Debt service	-	875,069	875,069
Capital assets:			
Land	8,108,756	2,308,777	10,417,533
Buildings and improvements	30,801,244	1,166,840	31,968,084
Improvements other than buildings	8,165,380	73,913,056	82,078,436
Infrastructure	31,677,569	-	31,677,569
Machinery and equipment	13,935,635	525,652	14,461,287
Construction in progress	2,052,990	6,584,059	8,637,049
Accumulated depreciation	(43,609,709)	(41,680,381)	(85,290,090)
Total assets	<u>111,709,253</u>	<u>50,584,713</u>	<u>162,293,966</u>
LIABILITIES			
Accounts payable	7,852,433	687,732	8,540,165
Accrued salaries payable	523,955	89,315	613,270
Unearned revenue	879	19,153	20,032
Other current liabilities	-	8,440	8,440
Interest payable	57,358	30,815	88,173
Customer deposits	-	534,573	534,573
Noncurrent liabilities :			
Due within one year	1,844,000	922,500	2,766,500
Due in more than one year	40,955,774	6,821,581	47,777,355
Total liabilities	<u>51,234,399</u>	<u>9,114,109</u>	<u>60,348,508</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,922,673	35,483,003	60,405,676
Restricted for:			
Debt service	1,994,218	2,188,240	4,182,458
Economic development	4,799,544	-	4,799,544
Capital improvements	7,293,582	-	7,293,582
Grants and state programs	2,479,622	-	2,479,622
Unrestricted	18,985,215	3,799,361	22,784,576
Total net assets	<u>\$ 60,474,854</u>	<u>\$ 41,470,604</u>	<u>\$ 101,945,458</u>

See accompanying notes to financial statements.

CITY OF LA PORTE, TEXAS
Statement of Activities
For The Year Ended September 30, 2008

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General Government	\$ 10,056,369	\$ 2,724,739	\$ -	\$ -
Public Safety	16,267,453	591,101	4,465,581	-
Public Works	4,348,281	-	100,000	234,630
Health & Sanitation	2,465,327	1,888,934	59,933	-
Culture and recreation	4,004,206	417,836	22,204	-
Interest on Long Term Debt	1,694,638	-	-	-
Total governmental activities	<u>38,836,274</u>	<u>5,622,610</u>	<u>4,647,718</u>	<u>234,630</u>
Business-type activities:				
Water Services	6,630,986	6,132,716	-	860,388
Sewer Services	2,247,031	3,670,202	-	-
Airport	155,970	64,639	-	1,221,060
Golf Course	1,361,970	1,031,822	-	256,182
Sylvan Beach Convention Ctr	225,353	161,342	-	-
Total business-type activities	<u>10,621,310</u>	<u>11,060,721</u>	<u>-</u>	<u>2,337,630</u>
Total government	<u>\$ 49,457,584</u>	<u>\$ 16,683,331</u>	<u>\$ 4,647,718</u>	<u>\$ 2,572,260</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Industrial payments

Franchise

Public service

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets—beginning

Net assets—ending

See accompanying notes to basic financial statements.

**Net (Expenses) Revenues
and Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (7,331,630)	\$ -	\$ (7,331,630)
(11,210,771)	-	(11,210,771)
(4,013,651)	-	(4,013,651)
(516,460)	-	(516,460)
(3,564,166)	-	(3,564,166)
(1,694,638)	-	(1,694,638)
<u>(28,331,316)</u>	<u>-</u>	<u>(28,331,316)</u>
-	362,118	362,118
-	1,423,171	1,423,171
-	1,129,729	1,129,729
-	(73,966)	(73,966)
-	(64,011)	(64,011)
<u>-</u>	<u>2,777,041</u>	<u>2,777,041</u>
<u>\$ (28,331,316)</u>	<u>\$ 2,777,041</u>	<u>\$ (25,554,275)</u>

11,802,564	-	11,802,564
1,880,095	-	1,880,095
7,958,522	-	7,958,522
2,165,343	-	2,165,343
5,803,077	-	5,803,077
1,782,572	199,060	1,981,632
115,351	-	115,351
(3,532,936)	3,532,936	-
<u>27,974,588</u>	<u>3,731,996</u>	<u>31,706,584</u>
(356,728)	6,509,037	6,152,309
60,831,582	34,961,567	95,793,149
<u>\$ 60,474,854</u>	<u>\$ 41,470,604</u>	<u>\$ 101,945,458</u>

CITY OF LA PORTE, TEXAS
Balance Sheet
Governmental Funds
September 30, 2008

	<u>General</u>	<u>2007 Certificates of Obligation Bonds</u>	<u>Grant</u>
ASSETS			
Cash and cash equivalents	\$ 12,511,439	\$ 567,555	\$ 815,807
Investments	2,363,294	5,101,662	153,926
Receivables, net of allowance for uncollectibles:			
Accounts	1,523,815	-	-
Taxes	1,255,339	-	-
Intergovernmental	-	-	3,653,722
Accrued interest	17,168	777	1,049
Due from other funds	1,080,842	-	-
Materials and supplies inventories, at cost	104,938	-	-
Total assets	<u><u>18,856,835</u></u>	<u><u>5,669,994</u></u>	<u><u>4,624,504</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	2,883,845	635,876	1,886,975
Accrued salaries payable	497,843	-	102
Due to other funds	-	-	1,110,437
Retainage payable	-	65,002	5,096
Deferred revenue	1,527,166	-	-
Total liabilities	<u><u>4,908,854</u></u>	<u><u>700,878</u></u>	<u><u>3,002,610</u></u>
 Fund balances:			
Reserved for:			
Inventories	104,937	-	-
Encumbrances	255,790	-	32,141
Animal control	-	-	729
Judicial fund	-	-	5,745
Municipal Court Building Security	-	-	153,244
Municipal Court Technology Fee	-	-	62,703
Park Zone	-	-	161,272
Confiscated funds	-	-	395,315
Debt service	-	-	-
Unreserved, Designated for capital projects	38,084	-	-
Unreserved/Undesignated	13,549,170	4,969,116	810,745
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u><u>13,947,981</u></u>	<u><u>4,969,116</u></u>	<u><u>1,621,894</u></u>
 Total liabilities and fund balances	<u><u>\$ 18,856,835</u></u>	<u><u>\$ 5,669,994</u></u>	<u><u>\$4,624,504</u></u>

See accompanying notes to basic financial statements.

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,489,074	\$ 10,992,521	\$ 30,376,396
1,036,737	6,312,578	14,968,197
-	-	1,523,815
-	412,102	1,667,441
-	-	3,653,722
7,628	14,086	40,708
-	615,026	1,695,868
-	-	104,938
<u>6,533,439</u>	<u>18,346,313</u>	<u>54,031,085</u>
786,008	667,798	6,860,502
-	5,321	503,266
-	615,026	1,725,463
26,616	37,837	134,551
-	51,734	1,578,900
<u>812,624</u>	<u>1,377,716</u>	<u>10,802,682</u>
-	-	104,937
-	210,891	498,822
-	-	729
-	-	5,745
-	-	153,244
-	-	62,703
-	-	161,272
-	-	395,315
-	1,999,842	1,999,842
-	-	38,084
5,720,815	-	25,049,846
-	5,514,344	5,514,344
-	9,243,520	9,243,520
<u>5,720,815</u>	<u>16,968,597</u>	<u>43,228,403</u>
<u>\$ 6,533,439</u>	<u>\$ 18,346,313</u>	<u>\$ 54,031,085</u>



CITY OF LA PORTE, TEXAS
Reconciliation of the Governmental Funds
Balance Sheet to Statement of Net Assets
September 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - total governmental funds	\$ 43,228,403
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 assets.	47,591,987
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds Unavailable revenues	1,578,900
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not recorded as a liability in governmental funds balance sheets.	(57,358)
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 assets.	10,240,543
Some liabilities, (such as notes payable, capital lease contract payable, long-term compensated absences and bonds payable), 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 assets:	
Bonds Payable	(39,330,000)
Premium on Issuance	(314,013)
Compensated Absences Payable	(2,750,026)
Bond Issuance Costs	590,892
Arbitrage Allowance	(304,474)
Net assets of governmental activities	\$ 60,474,854

See accompanying notes to basic financial statements.

CITY OF LA PORTE, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2008

	<u>General</u>	<u>2007 Certificate of Obligation Bonds</u>	<u>Grant</u>
REVENUES			
Property taxes	\$ 11,929,892	\$ -	\$ -
Franchise taxes	2,165,343	-	-
Sales taxes	3,040,148	-	-
Industrial payments	7,759,647	-	-
Other taxes	80,902	-	-
Licenses and permits	559,803	-	-
Fines and forfeits	1,557,045	-	169,388
Charges for services	3,895,853	-	22,597
Intergovernmental	4,903	-	4,415,547
Interest	646,545	274,542	6,026
Miscellaneous	50,010	-	231
Total revenues	<u>31,690,091</u>	<u>274,542</u>	<u>4,613,789</u>
EXPENDITURES			
Current:			
General Government	7,044,633	-	635,295
Public Safety	12,715,038	-	2,677,772
Public Works	2,627,914	-	281,056
Health and Sanitation	2,089,389	227,826	14,105
Culture and Recreation	3,339,026	-	131,097
Debt service:			
Principal retirements	-	-	-
Interest and fiscal charges	-	33,421	-
Capital outlay	-	3,092,959	-
Total expenditures	<u>27,816,000</u>	<u>3,354,206</u>	<u>3,739,325</u>
Excess (deficiency) of revenues over expenditures	<u>3,874,091</u>	<u>(3,079,664)</u>	<u>874,464</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	429,327	-	-
Transfers out	(4,244,557)	-	-
Proceeds from sale of Assets	31,518	-	-
Total other financing sources (uses)	<u>(3,783,712)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	90,379	(3,079,664)	874,464
Fund balances—beginning	13,857,602	8,048,780	747,430
Fund balances—ending	<u>\$ 13,947,981</u>	<u>\$ 4,969,116</u>	<u>\$ 1,621,894</u>

See accompanying notes to basic financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,202,876	\$ 14,132,768
-	-	2,165,343
-	2,280,107	5,320,255
-	198,875	7,958,522
-	401,920	482,822
-	-	559,803
-	-	1,726,433
39,739	-	3,958,189
-	334,630	4,755,080
90,454	865,528	1,883,095
-	40,168	90,409
<u>130,193</u>	<u>6,324,104</u>	<u>43,032,719</u>
-	738,517	8,418,445
-	216,813	15,609,623
-	-	2,908,970
-	147,526	2,478,846
-	-	3,470,123
-	1,655,000	1,655,000
-	1,724,468	1,757,889
<u>1,105,767</u>	<u>2,152,440</u>	<u>6,351,166</u>
<u>1,105,767</u>	<u>6,634,764</u>	<u>42,650,062</u>
<u>(975,574)</u>	<u>(310,660)</u>	<u>382,657</u>
4,758,745	2,437,215	7,625,287
-	(3,256,702)	(7,501,259)
-	-	31,518
<u>4,758,745</u>	<u>(819,487)</u>	<u>155,546</u>
3,783,171	(1,130,147)	538,203
1,937,644	18,098,744	42,690,200
<u>\$ 5,720,815</u>	<u>\$ 16,968,597</u>	<u>\$ 43,228,403</u>



CITY OF LA PORTE, TEXAS
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For The Year Ended September 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances—total governmental funds:	\$ 538,203
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 governmental activity capital outlays \$2,964,705 exceeded depreciation \$2,872,702 and losses of \$33,421 from the disposition of capital assets in the current period.	58,582
Water and sewer capital assets were constructed in a governmental fund in the amount of \$4,482,977. The capital asset was reported as governmental activities construction in progress in the prior year in the amount of \$1,192,475 and transferred from governmental capital assets to business-type activities in the current year statement of activities.	(1,192,475)
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.	(944,656)
Governmental funds report bond proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.	1,655,000
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:	
Accrued interest not reflected in governmental funds	20,707
Additional compensated absences not reflected in governmental funds	(87,647)
Amortization of bond issuance costs	30,535
Amortization of premium on bonds	12,009
Arbitrage allowance	(304,474)
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 the internal service funds is reported with governmental activities.	<u>(142,512)</u>
Change in net assets of governmental activities	<u>\$ (356,728)</u>

See accompanying notes to basic financial statements.

CITY OF LA PORTE, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business-type Activities –		
	Enterprise Funds		
	Utility	La Porte Area Water Authority	Other Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,886,972	\$ 403,416	\$ 338,716
Investments	1,073,867	977,015	121,582
Receivables, net of allowance for uncollectibles	1,206,068	299,443	27,248
Accrued interest receivable	4,166	2,439	579
Due from other funds	35,951	-	4,238
Miscellaneous receivables	-	-	-
Material and supplies inventories, at cost	4,540	-	-
Restricted cash and cash equivalents for:			
Customer service deposits	497,088	-	45,861
Cash restricted for:			
Current debt service	125,000	750,069	-
Total current assets	<u>4,833,652</u>	<u>2,432,382</u>	<u>538,224</u>
Noncurrent assets:			
Capital assets:			
Land	224,308	-	2,084,469
Buildings and improvements	51,730	-	1,115,110
Improvements other than buildings	50,333,989	15,306,000	8,273,067
Vehicles and equipment	428,392	6,130	91,130
Construction in progress	6,292,972	-	291,087
Less accumulated depreciation	<u>(29,958,870)</u>	<u>(6,314,535)</u>	<u>(5,406,976)</u>
Total noncurrent assets	<u>27,372,521</u>	<u>8,997,595</u>	<u>6,447,887</u>
Total assets	<u>32,206,173</u>	<u>11,429,977</u>	<u>6,986,111</u>
LIABILITIES			
Current liabilities:			
Accounts payable	501,920	134,712	51,100
Accrued salaries payable	64,084	-	25,231
Due to other funds	-	-	37,548
Unearned revenue	-	-	19,153
Other current liabilities	-	-	8,440
Accrued interest payable	19,999	10,816	-
Accrued separation pay	30,000	-	-
Payable from restricted assets:			
Current portion of revenue bonds	387,500	505,000	-
Customer deposits	497,088	-	37,485
Total current liabilities	<u>1,500,591</u>	<u>650,528</u>	<u>178,957</u>
Noncurrent liabilities:			
Revenue bonds, net of current portion	1,837,500	4,605,000	-
Accrued separation pay	235,431	-	143,650
Total noncurrent liabilities	<u>2,072,931</u>	<u>4,605,000</u>	<u>143,650</u>
Total liabilities	<u>3,573,522</u>	<u>5,255,528</u>	<u>322,607</u>
NET ASSETS			
Invested in capital assets, net of related debt	25,147,521	3,887,595	6,447,887
Restricted for debt service	1,438,171	750,069	-
Unrestricted (deficit)	2,046,959	1,536,785	215,617
Total net assets	<u>\$ 28,632,651</u>	<u>\$ 6,174,449</u>	<u>\$ 6,663,504</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 2,629,104	\$ 6,228,224
2,172,464	1,174,626
1,532,759	-
7,184	8,420
40,189	26,954
-	198,814
4,540	43,836
542,949	-
875,069	-
<u>7,804,258</u>	<u>7,680,874</u>
2,308,777	-
1,166,840	-
73,913,056	-
525,652	11,823,210
6,584,059	-
<u>(41,680,381)</u>	<u>(8,283,332)</u>
<u>42,818,003</u>	<u>3,539,878</u>
<u>50,622,261</u>	<u>11,220,752</u>
687,732	857,380
89,315	20,689
37,548	-
19,153	879
8,440	-
30,815	-
30,000	-
892,500	-
534,573	-
<u>2,330,076</u>	<u>878,948</u>
6,442,500	-
379,081	101,261
<u>6,821,581</u>	<u>101,261</u>
<u>9,151,657</u>	<u>980,209</u>
35,483,003	3,539,878
2,188,240	-
3,799,361	6,700,665
<u>\$ 41,470,604</u>	<u>\$ 10,240,543</u>

CITY OF LA PORTE, TEXAS
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended September 30, 2008

	Business-type Activities –		
	Enterprise Funds		
	Utility	La Porte Area Water Authority	Other Funds
Operating revenues:			
User fees	\$ 8,816,946	\$ 985,972	\$ 1,257,803
Operating expenses:			
Personal services	2,587,510	-	1,018,050
Supplies	224,821	46	188,890
Other services and charges	2,841,166	769,756	248,203
Depreciation	1,558,261	451,689	288,150
Total operating expenses	<u>7,211,758</u>	<u>1,221,491</u>	<u>1,743,293</u>
Operating income (loss)	<u>1,605,188</u>	<u>(235,519)</u>	<u>(485,490)</u>
Nonoperating revenues (expenses):			
Interest income	99,831	77,870	21,359
Interest expense and fiscal charges	(172,399)	(272,369)	-
Gain (loss) on sale of equipment	-	-	-
Total nonoperating revenue (expenses)	<u>(72,568)</u>	<u>(194,499)</u>	<u>21,359</u>
Income (loss) before contributions and transfers	1,532,620	(430,018)	(464,131)
Capital contributions	-	860,388	1,477,242
Transfers in	4,529,001	-	134,499
Transfers out	<u>(1,035,369)</u>	<u>(61,478)</u>	<u>(33,717)</u>
Change in net assets	5,026,252	368,892	1,113,893
Total net assets—beginning	<u>23,606,399</u>	<u>5,805,557</u>	<u>5,549,611</u>
Total net assets—ending	<u>\$ 28,632,651</u>	<u>\$ 6,174,449</u>	<u>\$ 6,663,504</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 11,060,721	\$ 7,027,371
3,605,560	1,362,633
413,757	558,978
3,859,125	5,529,610
2,298,100	775,471
<u>10,176,542</u>	<u>8,226,692</u>
<u>884,179</u>	<u>(1,199,321)</u>
199,060	203,954
(444,768)	-
-	26,842
<u>(245,708)</u>	<u>230,796</u>
638,471	(968,525)
2,337,630	-
4,663,500	848,534
<u>(1,130,564)</u>	<u>(22,521)</u>
6,509,037	(142,512)
34,961,567	10,383,055
<u>\$ 41,470,604</u>	<u>\$ 10,240,543</u>

CITY OF LA PORTE, TEXAS
Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2008

	Business-type Activities – Enterprise Funds		
	Utility	La Porte Area Water Authority	Other Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from user fees	\$ 8,370,578	\$ 845,744	\$ 1,181,800
Cash payments to suppliers	(3,072,506)	(635,195)	(365,881)
Cash payments for personal services	(2,540,071)	-	(1,026,911)
Net cash provided (used) by operating activities	<u>2,758,001</u>	<u>210,549</u>	<u>(210,992)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	46,024	-	134,499
Transfers to other funds	(1,035,369)	(61,478)	(33,717)
Net cash provided (used) by noncapital financing activities	<u>(989,345)</u>	<u>(61,478)</u>	<u>100,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments received from participants for debt service	-	758,532	-
Payments received from participants for capital recovery	-	101,856	-
Payments for capital acquisitions	(880,456)	(586,560)	-
Proceeds from sale of assets	-	-	-
Principal payments on revenue bonds	(387,500)	(485,000)	-
Interest paid on debt	(172,732)	(273,531)	-
Net cash provided (used) by capital and related financing activities	<u>(1,440,688)</u>	<u>(484,703)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	112,857	88,014	23,898
Net Investments purchased	(930,171)	(432,738)	(149,975)
Net Investments sold	716,813	11,207	212,775
Net cash provided by investing activities	<u>(100,501)</u>	<u>(333,517)</u>	<u>86,698</u>
Net increase in cash and cash equivalents	227,467	(669,149)	(23,512)
Balances—beginning of the year	2,156,593	1,072,565	408,089
Balances—end of the year	<u>\$ 2,384,060</u>	<u>\$ 403,416</u>	<u>\$ 384,577</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ 1,605,188	\$ (235,519)	\$ (485,490)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,558,261	451,689	288,150
(Increase) decrease in accounts receivable	(438,134)	(140,228)	(22,750)
(Increase) decrease in due from other funds	(35,951)	-	(4,238)
(Increase) decrease in inventories	-	-	-
(Increase) decrease in prepaid expenses	-	149,580	-
Increase (decrease) in accrued salaries payable	22,171	-	7,169
Increase (decrease) in accounts payable	(6,519)	(14,973)	32,832
Increase (decrease) in other current liabilities	-	-	(28,798)
Increase (decrease) in due to other funds	-	-	37,548
Increase (decrease) in customer utility deposits	27,746	-	(19,385)
Increase (decrease) in accrued employee separation	25,239	-	(16,030)
Total adjustments	<u>1,152,813</u>	<u>446,068</u>	<u>274,498</u>
Net cash provided (used) by operating activities	<u>\$ 2,758,001</u>	<u>\$ 210,549</u>	<u>\$ (210,992)</u>
Reconciliation of total cash and cash investments:			
Current Assets - cash and cash equivalents	\$ 1,886,972	\$ 403,416	\$ 338,716
Restricted Assets - cash and cash equivalents:			
Customer deposits	497,088	-	45,861
Total cash and cash equivalents	<u>\$ 2,384,060</u>	<u>\$ 403,416</u>	<u>\$ 384,577</u>
Noncash investing, capital and financing activities:			
Increase (decrease) in fair value of assets	<u>\$ (1,119)</u>	<u>\$ (521)</u>	<u>\$ (181)</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 10,398,122	\$ 6,805,457
(4,073,582)	(5,879,957)
(3,566,982)	(1,394,763)
<u>2,757,558</u>	<u>(469,263)</u>
180,523	848,534
(1,130,564)	(22,521)
<u>(950,041)</u>	<u>826,013</u>
758,532	-
101,856	-
(1,467,016)	(361,085)
-	74,115
(872,500)	-
(446,263)	-
<u>(1,925,391)</u>	<u>(286,970)</u>
224,769	233,130
(1,512,884)	(2,326,507)
940,795	3,549,631
<u>(347,320)</u>	<u>1,456,254</u>
(465,194)	1,526,034
3,637,247	4,702,190
<u>\$ 3,172,053</u>	<u>\$ 6,228,224</u>
\$ 884,179	\$ (1,199,321)
2,298,100	775,471
(601,112)	(197,342)
(40,189)	(23,757)
-	(2,430)
149,580	-
29,340	2,708
11,340	211,059
(28,798)	(815)
37,548	-
8,361	-
9,209	(34,836)
<u>1,873,379</u>	<u>730,058</u>
<u>\$ 2,757,558</u>	<u>\$ (469,263)</u>
\$ 2,629,104	\$ 6,228,224
542,949	-
<u>\$ 3,172,053</u>	<u>\$ 6,228,224</u>
\$ (1,821)	\$ (2,800)



CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies

A. General Statement

The City of La Porte, Texas (the "City"), was incorporated on August 10, 1892, and 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 those 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 described below.

B. Financial 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 generally accepted accounting principles, 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.

C. Basis of Presentation

Government Wide Statements:

The government-wide financial statements (i.e. the statement of net assets and the statement activities) report information on all of the nonfiduciary activities of the City, including the component units. As a general rule the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments reasonably equivalent in value to the interfund services provided and other charges between the City's various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

1. Summary of significant accounting policies – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given program or function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program or function and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. Individual funds summarized in the accompanying financial statements are classified below.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The City has presented the following major governmental funds:

- (a) *General Fund* – is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- (b) *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.
- (c) *Capital Improvements Fund*- This fund is used to account for capital projects that are normally small in nature and generally effect the general operation of the city.
- (d) *2007 Certificate of Obligation Fund* – This fund is used to fund is used to account for the proceeds and expenditures related to wastewater treatment plan, ball fields and golf course cart path repair.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies – Continued

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. 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 a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

- (a) *Utility Fund* – is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, 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.

- (b) *La Porte Area Water Authority Fund* – is used to account for revenues and expenses related to obtaining raw surface water and converting it to potable water to be sold to La Porte and neighboring cities.

Additionally, the City 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.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets. The operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when they are earned. Expenses are recognized at the time the liability is incurred. Unbilled water and wastewater utility service receivables are accrued as revenues and reflected in the financial statements.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The city has the option of following subsequent private sector guidance for business type activities and enterprise funds, subject to this same limitation. The city has elected not to follow subsequent private sector guidance.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used 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 current fiscal period.

Most revenue sources are recorded as revenues when received in cash because they are generally not measurable until actually received. The revenues susceptible to accrual are property and sales taxes, franchise fees, interest income and intergovernmental revenues. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

E. Budgetary Information

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

The City uses the following procedures in establishing the budgets reflected in the financial statements:

1. Prior to August, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. The City Manager must approve changes within a fund, which is the legal level of control. City Council approves changes between departments as well as amendments to the budget during the year as may be required.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Formal budgetary integration is not employed for the Debt Service Fund and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.
6. The budget for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgets for the Proprietary Funds are utilized for planning, control and evaluation purposes. They are adopted on a basis consistent with GAAP except that bond principal payments and capital asset acquisitions are treated as expenditures.
7. Budgeted amounts are amended by the City Council during the year. Individual amendments were not material in relation to the original appropriations, which were amended.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds throughout the year. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year’s budget.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies – Continued

F. Cash and Investments

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 Investment Pool (TexPool), the Local Government Investment Cooperative (LOGIC) and Texas Short Term Asset Reserve Program (TexStar) all of which have the general characteristics of a demand deposit account. For 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 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. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool, LOGIC and TexStar are reported using the pools’ share price.

G. Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Receivables

Receivables as of year-end of the government’s individual major and non-major funds and internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

Fund	Taxes	Interest	Other	Accounts	Total
General	\$ 1,857,871	\$ 17,168	\$ -	\$ 2,009,061	\$ 3,884,100
2007 C.O.	-	777	-	-	777
Grant	-	1,049	-	-	1,049
Capital Projects	-	7,628	-	-	7,628
Nonmajor governmental	543,016	14,086	-	-	557,102
Utility	-	4,166	-	1,245,092	1,249,258
La Porte Area					
Water Authority	-	2,439	-	299,443	301,882
Nonmajor enterprise	-	579	-	27,248	27,827
Internal service funds	-	8,420	198,814	-	207,234
Gross Receivables	<u>2,400,887</u>	<u>56,312</u>	<u>198,814</u>	<u>3,580,844</u>	<u>6,236,857</u>
Less: allowance for uncollectibles	<u>(733,446)</u>	<u>-</u>	<u>-</u>	<u>(524,270)</u>	<u>(1,257,716)</u>
Net total receivables	<u><u>\$ 1,667,441</u></u>	<u><u>\$ 56,312</u></u>	<u><u>\$ 198,814</u></u>	<u><u>\$ 3,056,574</u></u>	<u><u>\$ 4,979,141</u></u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies – Continued

Governmental funds reported unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenue recognition is also deferred in connection with resources that have been received, but not yet earned in the proprietary funds. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

	Unavailable		Unearned		Total
	General	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
Delinquent property taxes receivable	\$ 334,501	\$ 51,734	\$ -	\$ -	\$ 386,235
Court fines	61,091	-	-	-	61,091
Emergency medical services	727,869	-	-	-	727,869
Mowing and demolition services	269,598	-	-	-	269,598
Miscellaneous	134,107	-	19,153	879	153,260
Total deferred / unearned revenue	\$ 1,527,166	\$ 51,734	\$ 19,153	\$ 879	\$ 1,598,053

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results may differ from those estimates.

J. Indirect Expense Allocations

It is the policy of the City not to allocate indirect expenses to various functions in the Government-wide Statement of Activities.

K. Restricted Assets

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

L. Inventories

Inventories consist of material and supplies and are valued at cost (first-in, first-out). Inventories for all funds consist of expendable supplies held for consumption and the cost thereof is recorded as an expenditure at the time individual inventory items are issued. Reported inventories in the Governmental Funds are offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of net current assets.

M. Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures or expenses in the funds involved. Transactions, which constitute reimbursement to a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Nonrecurring or nonroutine transfers of equity between funds are reported as additions to, or reductions of, the fund balance of Governmental Funds. All other legally authorized transfers are treated as transfers and are included in the results of operations of both Governmental and Proprietary Funds.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies – Continued

N. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial unit cost of \$5,000 or more and an estimated useful life exceeding two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their fair market value on the date donated. Repairs and maintenance that do not add to the value of the asset or extend assets lives are recorded as expenses. Interest cost during construction is capitalized when the effect of capitalization materially impact the financial statements. During the year ended September 30, 2008, no interest costs were capitalized.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Buildings	20 years
Water and Sewer System	20 – 40 years
Infrastructure	20 – 30 years
Machinery and Equipment	4 – 10 years
Improvements	20 years

O. Compensated Absences

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, 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 portions of the governmental fund type liabilities are recorded in the Government-Wide Statement of Net Assets. The proprietary fund type liability is recorded as a liability in the individual proprietary funds since payment of this liability will be made from 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 to 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.

The liability for compensated absences at September 30, 2008 is comprised of the following:

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Vacation	\$ 902,082	\$ 164,846	\$ 1,066,928
Sick Leave	1,949,205	244,235	2,193,440
Total All Funds	<u>\$ 2,851,287</u>	<u>\$ 409,081</u>	<u>\$ 3,260,368</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

1. Summary of significant accounting policies – Continued

P. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Reservations of Fund Balances

The fund balance reserves for revenue bond retirement and construction, prepaid items, inventory and debt service are discussed in Notes 5, 1(G), 1(L) and 1(C), respectively. Other reserves of funds are for the Municipal Court Building Security Fees and Municipal Court Technology Fees, park zone and confiscated funds.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the city or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

The City reports cash and cash equivalents in the City's statement of cash flows for Proprietary Fund Types and in all other financial statements of financial position. The City considers cash and cash equivalents to be cash on hand, demand deposits, certificates of deposit, balances in privately managed public funds investment pools and money market mutual funds.

Investments

Investments consist of balances in privately managed public funds investment pools, money market mutual funds and investments in United States (US) Agency securities. The City reports all investments at fair value based on quoted market prices at year-end date.

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. Statutes and the depository contract require full security for all funds in the depository institution through federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The City requires the depository to place the collateral securities with an independent trustee institution. The depository is required to deliver the

2. Cash, Cash Equivalents and Investments - Continued

safekeeping receipts to the City. In accordance with Texas statutes, the safekeeping receipts are in the name of the depository with proper indication of pledge of the collateral securities by the depository to secure funds of the City. The City must approve all collateral securities pledged and also must approve in writing any changes to the pledged collateral securities.

The City has adopted a written investment policy regarding the investment of its funds as defined by the PFIA. The PFIA also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City complies with the requirements of the Act and with local policies.

The City's investment policy permits investment of City funds in only the following investment types, consistent with the strategies and maturities defined in the policy:

- Obligations of the U.S., its agencies and instrumentalities.
- Direct obligations of the State of Texas or its agencies.
- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.
- Other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by full faith and credit of the State of Texas or the United States or their agencies and instrumentalities.
- Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to the investment quality by a nationally recognized investment firm and having received a rating of not less than A or its equivalent.
- Certificates of Deposit issued by state and national banks or savings and on associations domiciled in this state that are:
 - a. guaranteed or insured by the Federal Deposit Insurance Corporation; or
 - b. secured by obligations that are described in 1-5 above, which are intended to include all direct federal agency or instrumentality issued mortgage backed securities that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposit of the investing entities.
- Certificates of Deposit and share certificates issued by a state or federal credit union domiciled in the State of Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in 1 through 5 above in any other manner and amount provided by law for the City deposits.
- Fully collateralized repurchase agreements having a defined termination date, secured by obligations of the United States, its agencies or instrumentalities, pledged with a third party selected or approved by the political entity, and placed through a primary government securities dealer, as by the Federal Reserve or through a financial institution domiciled in the State of Texas.
- Prime domestic banker's acceptances, defined as a banker's acceptance with a remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or equivalent by at least one nationally recognized credit rating agency.
- Commercial paper that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or State bank.
- SEC-registered no-load money market mutual fund (MMMMF), with a dollar weighted average portfolio maturity of 90 days or less, includes in their investment objectives the maintenance of a stable net asset value of \$1 for each share.
- SEC-registered, no-load money market mutual funds (MMMMF) that have an average weighted maturity of less than two years, invests exclusively in obligations described above and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of no less than "AAA" or its equivalent.
- Authorized government investment pools that invest solely in obligations of any of the above investments provided that the pools are rated no lower than "Aaa" or "AAA" or an equivalent by at least one nationally recognized rating service.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

2. Cash, Cash Equivalents and Investments - Continued

Deposit and Investment Amounts

At year-end, the City recorded cash on hand, demand deposits, certificates of deposit, balances in privately managed public funds investment pools, money market mutual funds, and investments stated at fair value of \$58,967,029.

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

	Cash Bank Deposits	Pooled Funds	Investments	Total
General	\$ 597,197	\$ 11,905,104	\$ 2,363,294	\$ 14,865,595
Debt Service	80,252	1,600,311	317,085	1,997,648
Capital Projects	455,092	18,628,301	1,799,677	20,883,070
Special Revenue Funds	613,523	5,829,954	1,154,804	7,598,281
Total Governmental Funds	<u>1,746,064</u>	<u>37,963,670</u>	<u>5,634,860</u>	<u>45,344,594</u>
Internal Service Funds	297,396	5,930,827	1,174,626	7,402,849
Total Governmental Activities	<u>2,043,460</u>	<u>43,894,497</u>	<u>6,809,486</u>	<u>52,747,443</u>
Enterprise	250,820	3,796,302	2,172,464	6,219,586
Total	<u>\$ 2,294,279</u>	<u>\$ 47,690,800</u>	<u>\$ 8,981,950</u>	<u>\$ 58,967,029</u>

Quoted market prices are the basis of the fair value for US Agency securities and commercial paper. The amount of increase or decrease in the fair value of investments during the current year is included in the City's investment income as follows:

Interest income	\$ 1,966,995
Net increase (decrease) in fair value of investments	(18,050)
Total investment income	<u>\$ 1,948,945</u>

Investment Risks

At year-end, the City had the following investments, shown below for all funds by investment type:

Investment Type	Fair Value
Public funds investment pools	\$ 47,690,800
US Agency securities	8,981,950
Total	<u>\$ 56,672,750</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

2. Cash, Cash Equivalents and Investments - Continued

Interest Rate Risk

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

	Fair Value	Weighted Average Maturity (Months)
Federal Home Loan Bank (FHLB)	\$5,987,520	8.07
Federal Home Loan Mortgage Corporation (FHLMC)	1,999,120	4.23
Federal National Mortgage Association (FNMA)	995,310	2.02
Total fair value	\$8,981,950	
Portfolio weighted average maturity		14.32

The City's investment policy specifies the maximum stated maturity, from the date of purchase; for any individual investment 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 total portfolio that may be invested in securities other than repurchase agreements, Treasury bills and notes or insured and collateralized Certificates of Deposits.

Investment Type	Fair Value	Percentage of Total Portfolio
Agency Notes	\$ 8,981,950	16%
Investment Pools	47,690,800	84%
	\$56,672,750	100%

Credit Risk

At year-end balances in TexPool, a privately managed public funds investment pool was rated AAAM by Standard & Poor's, balances in TexStar, a privately managed public funds investment pool was rated AAAM by Standard & Poor's and balances in Logic, a privately managed public funds investment pool was rated Aaa/MR1+ by Standard and Poor's.

Federal Home Loan Bank (FHLB) agency notes, Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) agency notes were rated AAA by Standard & Poor's, AAA by Fitch Ratings and Aaa by Moody's Investors Service.

All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the City's investment policy. Legal guidelines require an A1 rating by Standard & Poor's and a P-1 rating by Moody's Investors Service for investments in commercial paper.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

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 rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the effective 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 January 1 of the current calendar year.

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 2006-07 tax year were \$0.612 and \$0.098, respectively, per \$100 of assessed valuation. The 2008 assessed value and total tax levy as adjusted through September 30, 2008 were \$1,950,489,769 and \$13,857,467 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.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

4. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance 10/01/07	Additions	Retirements & Adjustments	Ending Balance 09/30/08
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,925,969	\$ -	\$ 182,787	\$ 8,108,756
Construction in progress	18,558,413	781,311	(17,286,734)	2,052,990
Total capital assets, not being depreciated	<u>26,484,382</u>	<u>781,311</u>	<u>(17,103,947)</u>	<u>10,161,746</u>
Capital assets, being depreciated:				
Buildings and improvements	18,187,994	178,134	12,435,116	30,801,244
Improvements other than buildings	7,649,693	452,594	63,093	8,165,380
Infrastructure	26,957,309	1,340,418	3,379,842	31,677,569
Machinery and equipment	13,672,415	573,332	(310,113)	13,935,634
Total capital assets being depreciated	<u>66,467,411</u>	<u>2,544,478</u>	<u>15,567,938</u>	<u>84,579,827</u>
Less accumulated depreciation for:				
Buildings	10,677,922	1,042,435	-	11,720,357
Improvements other than buildings	5,078,662	318,070	-	5,396,732
Machinery and equipment	8,697,942	999,063	(262,839)	9,434,166
Infrastructure	15,769,849	1,288,605	-	17,058,454
Total accumulated depreciation	<u>40,224,375</u>	<u>3,648,173</u>	<u>(262,839)</u>	<u>43,609,709</u>
Total capital assets, being depreciated, net	<u>26,243,036</u>	<u>(1,103,695)</u>	<u>15,830,777</u>	<u>40,970,118</u>
Governmental activities capital assets, net	<u>\$ 52,727,418</u>	<u>\$ (322,384)</u>	<u>\$ (1,273,170)</u>	<u>\$ 51,131,864</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

4. Capital Assets – Continued

	Beginning Balance 10/01/07	Additions	Retirements & Adjustments	Ending Balance 09/30/08
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,308,777	\$ -	\$ -	\$ 2,308,777
Construction in progress	3,141,809	3,584,628	(142,378)	6,584,059
Total capital assets, not being depreciated	<u>5,450,586</u>	<u>3,584,628</u>	<u>(142,378)</u>	<u>8,892,836</u>
Capital assets, being depreciated				
Buildings and improvements	1,166,840	-	-	1,166,840
Improvements other than buildings	69,928,070	2,650,131	1,334,855	73,913,056
Machinery and equipment	525,652	-	-	525,652
Total capital assets, being depreciated	<u>71,620,562</u>	<u>2,650,131</u>	<u>1,334,855</u>	<u>75,605,548</u>
Less accumulated depreciation for:				
Buildings and improvements	805,933	46,038	-	851,971
Improvements other than buildings	38,230,921	2,225,689	293	40,456,903
Machinery and equipment	345,427	26,081	-	371,507
Total accumulated depreciation	<u>39,382,281</u>	<u>2,297,808</u>	<u>293</u>	<u>41,680,381</u>
Total capital assets, being depreciated net	<u>32,238,281</u>	<u>352,323</u>	<u>1,334,562</u>	<u>33,925,166</u>
Business-type activities capital assets, net	<u>\$ 37,688,867</u>	<u>\$ 3,936,951</u>	<u>\$ 1,192,184</u>	<u>\$ 42,818,002</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

4. Capital Assets – Continued

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

Governmental activities:	
General government	\$ 337,432
Public safety	649,111
Public works	1,364,745
Culture and Recreation	521,414
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	775,471
Total depreciation expense - governmental activities	<u>\$ 3,648,173</u>
Business-type activities:	
Water & Sewer Services	\$ 2,009,950
Airport	136,629
Golf Course	136,356
Sylvan Beach Pavillion	14,871
Total depreciation expense - business-type activities	<u>\$ 2,297,806</u>

The City has active construction projects as of September 30, 2008. Total accumulated commitments for ongoing capital projects are composed of the following:

	Construction In Progress	Remaining Contract Balance
Utility Capital Projects Fund	\$ 2,884,466	\$ 147,360
Sylvan Beach Fund	34,905	-
Hotel/Motel Occupancy Tax Fund	52,316	40,436
TIRZ Fund	201,170	-
General CIP	1,213,790	255,972
S1998 General Obligation Bonds	436,035	34,033
S2005 Cert. of Obligation Bonds	8,893	63,002
S2006 Cert. of Obligation Bonds	3,451,306	-
S2006 GO Bonds	97,986	292,012
S2007 Cert of Obligation Bonds	256,182	2,644,391
Total	<u>\$ 8,637,049</u>	<u>\$ 3,477,206</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

5. Long Term Liabilities

At September 30, 2008 bonds payable consisted of the following individual issues:

	Governmental	Business-type
<ul style="list-style-type: none"> • 1998 General Obligation Serial Bonds due in annual installments of \$125,000 through March 15, 2019; interest at 4.25% to 6.25% \$2,500,000 issued for street and drainage improvements. 	\$ 1,375,000	\$ -
<ul style="list-style-type: none"> • 1998 Waterworks and Sewer System Revenue Bonds due in annual installments of \$125,000 through March 15, 2009; interest at 4.35% to 6.2% \$1,250,000 issued for water and sewer improvements. 	-	125,000
<ul style="list-style-type: none"> • 1999 La Porte Area Water Authority Contract Revenue Refunding Bonds due in annual payments through March 15, 2017; interest at 7% to 7.5% \$8,080,000 issued to refund previous debt. 	-	5,110,000
<ul style="list-style-type: none"> • 2000 General Obligation Serial Bonds due in annual installments of \$150,000 through March 15, 2010, changing to \$175,000 through March 15, 2020; interest at 5% to 7% \$3,250,000 issued for city hall, fire station and pool improvements. 	2,050,000	-
<ul style="list-style-type: none"> • 2000 Certificates of Obligation due in annual installments of \$150,000 through March 15, 2020; interest at 5% to 7% \$3,000,000 issued to construct a public library 	1,800,000	-
<ul style="list-style-type: none"> • 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. 	4,590,000	-
<ul style="list-style-type: none"> • 2004 Certificates of Obligation due in annual payments 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. 	6,370,000	-
<ul style="list-style-type: none"> • 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. 	6,895,000	-
<ul style="list-style-type: none"> • 2005 Certificates of Obligation due in annual payments through March 15, 2015; interest at 2.8% to 3.8% \$7,000,000 issued for water and sewer improvements and fire truck. 	1,610,000	-
<ul style="list-style-type: none"> • 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. 	-	2,100,000
<ul style="list-style-type: none"> • 2006 General Obligation Serial Bonds due in annual payments through March 15, 2005; interest at 3.625% to 4.25% \$1,200,000 issued for park improvements. 	1,155,000	-
<ul style="list-style-type: none"> • 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 	5,550,000	-
<ul style="list-style-type: none"> • 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. 	7,935,000	-
Total Bonds Payable	\$ 39,330,000	\$ 7,335,000

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

5. Long Term Liabilities – Continued

Changes in Outstanding Debt –

Transactions for the year ended September 30, 2008 are summarized as follows:

	Balance October 1, 2007	Issues or Additions	Payments or Expenditures	Balance September 30, 2008	Due within one year
Governmental Type Activities					
General Obligation Bonds	\$ 16,930,000	\$ -	\$ 865,000	\$ 16,065,000	\$ 875,000
Certificates of Obligation	24,055,000	-	790,000	23,265,000	820,000
Premium on debt issues	326,022	-	12,009	314,013	-
Compensated Absences	2,798,476	172,252	119,441	2,851,287	149,000
Arbitrage Allowance	-	304,474	-	304,474	-
Total governmental type activities	<u>44,109,498</u>	<u>476,726</u>	<u>1,786,450</u>	<u>42,799,774</u>	<u>1,844,000</u>
Business Type Activities					
Revenue Bonds Payable	5,845,000	-	610,000	5,235,000	630,000
Public Property Finance					
Contractual Obligation	2,362,500	-	262,500	2,100,000	262,500
Compensated absences	399,842	31,494	22,255	409,081	30,000
Total business type activities	<u>8,607,342</u>	<u>31,494</u>	<u>894,755</u>	<u>7,744,081</u>	<u>922,500</u>
Total of all activities	<u>\$ 52,716,840</u>	<u>\$ 508,220</u>	<u>\$ 2,681,205</u>	<u>\$ 50,543,855</u>	<u>\$ 2,766,500</u>

General Obligation Bonds and Certificates of Obligation –

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.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. Although the city has not incurred any liability for arbitrage, an allowance has been created as a safe harbor in anticipation of future rebate calculations. As provided for by the bond indentures, this amount has been recorded as a liability in the governmental activities for the benefit of the federal government and will be paid as required by applicable regulations.

Certain General Obligation Bonds and Certificate of Obligations Bonds are to be repaid by revenues of the proprietary funds.

Also, for the governmental activities, compensated absences are generally liquidated by the general fund and for business-type, compensated absences are paid from the utility fund.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

5. Long Term Liabilities – Continued

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, 2008.

Below is a reconciliation of the various restricted cash and cash investments:

Current Maturities of Revenue Bonds	\$ 875,069
Customer Deposits Payable	<u>542,949</u>
Total Restricted Cash and Cash Investments as of September 30, 2008	<u><u>\$ 1,418,018</u></u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

5. Long Term Liabilities – Continued

Annual Requirements to Retire Debt Obligations –

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2008, are as follows:

General Obligation Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ 875,000	\$ 684,138	\$ -	\$ -	\$ 1,559,138
2010	895,000	644,779	-	-	1,539,779
2011	930,000	605,335	-	-	1,535,335
2012	945,000	564,444	-	-	1,509,444
2013	960,000	522,732	-	-	1,482,732
2014-2018	5,080,000	1,962,238	-	-	7,042,238
2019-2023	4,575,000	873,188	-	-	5,448,188
2024-2025	1,805,000	80,616	-	-	1,885,616
Total	\$ 16,065,000	\$ 5,937,470	\$ -	\$ -	\$ 22,002,470

Certificate of Obligations

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ 820,000	\$ 966,628	\$ 262,500	\$ 73,531	\$ 2,122,659
2010	860,000	931,618	262,500	63,813	2,117,931
2011	895,000	896,048	262,500	53,996	2,107,544
2012	950,000	858,518	262,500	44,179	2,115,197
2013	1,060,000	817,983	262,500	34,361	2,174,844
2014-2018	6,130,000	3,353,422	787,500	44,179	10,315,101
2019-2023	7,140,000	1,912,747	-	-	9,052,747
2024-2028	4,825,000	500,321	-	-	5,325,321
2029-2033	585,000	12,285	-	-	597,285
Total	\$ 23,265,000	\$ 10,249,570	\$ 2,100,000	\$ 314,059	\$ 35,928,630

Revenue Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ -	\$ -	\$ 630,000	\$ 247,788	\$ 877,788
2010	-	-	525,000	215,456	740,456
2011	-	-	550,000	185,513	735,513
2012	-	-	580,000	156,163	736,163
2013	-	-	615,000	126,288	741,288
2014-2018	-	-	2,335,000	199,856	2,534,856
Total	\$ -	\$ -	\$ 5,235,000	\$ 1,131,064	\$ 6,366,064

5. Long Term Liabilities – Continued

Bonds Authorized and Unissued –

As of September 30, 2008, the City had \$4,100,000 in Certificate of Obligations Bonds which were authorized and unissued.

Defeased Bonds Outstanding –

In 1994, the City defeased certain general obligation and revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

On October 6, 1999, the La Porte Area Water Authority issued \$8.08 million in Contract Revenue Refunding Bonds, Series 1999, with an average interest rate of 5.159 percent to refund \$8.08 million in outstanding Water Supply Contract Revenue Bonds, Series I and II, 1998 with an average interest rate of 6.94 percent. The Authority completed the current refunding to reduce its total debt service payments over the next 18 years by \$1.476 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1.048 million. The bonds are payable from the net revenues of the Authority. The bonds are in \$5,000 denominations. The Authority is in compliance with all significant requirements and restrictions contained in the bond resolution. As of September 30, 2008, \$2,970,000 of the refunded bonds has been paid and \$5,110,000 remain outstanding.

6. Pension Benefits

Plan Descriptions

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan (the "Plan") in the statewide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. All assumptions for the December 31, 2007, valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. In addition, 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 Firefighters Pension Commission, P.O. Box 12577, Austin, Texas 78711. Both Plans are more fully described below.

Texas Municipal Retirement System

Benefits depend upon the sum of the employee's contributions to the Plan, with interest, and the City financed monetary credits, with interest. At the date the Plan began, the city granted monetary credits for service rendered before the Plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to the establishment of the Plan. Monetary credits for service since the Plan began are a percentage (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the Plan began, would be the total monetary credits and employee's contributions accumulated with interest if the employee's contribution rate and City's matching percentage had always been in existence and if the employee's salary had always been the average of his salary in the last three years and that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-finance monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 20 years of service regardless of age. The Plan also provides death and disability benefits. A member is vested after 10 years.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

6. Pension Benefits - Continued

The Plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing the TMRS and within the actuarial constraints also in the statutes.

The contribution rate for employees is 7 percent and the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percentage of payroll from year to year. The normal cost contribution rate financing the currently accruing monetary credits is due to the City's matching percentage, which is the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfounded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. 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 is the basis for the rate and the calendar year when the rate goes into effect. (i. e. December 31, 2006, valuation is effective for rates beginning January 2008).

Assumptions and Schedule of Actuarial Liabilities and Funding Progress

Actuarial Cost method		Projected Unit Credit	
Amortization Method		Level Percent of payroll	
Remaining amortization		30 Years-closed Period	
Asset Valuation Method		Amortized Cost	
Investment Rate of Return		7.0%	
Projected Salary Increases		Varies by age and service	
Includes Inflation at		3.0%	
Cost of Living Adjustments		2.1% (3% CPI)	
Payroll Growth Assumptions		3.0%	
Actuarial Accrued Liabilities	53,388,381	58,587,551	69,582,807
Percentage Funded	80.5%	80.3%	70.6%
Unfunded (Overfunded) Actuarial			
Accrued Liability (UAAL)	10,386,612	11,521,794	20,474,255
Annual Covered Payroll	15,137,017	14,879,306	15,611,200
UAAL as a Percentage of Covered Payroll	68.6%	77.4%	131.2%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	2,004,777	1,952,908	2,033,168
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	2,004,777	1,952,908	2,033,168
Contributions Made (100%)	2,004,777	1,952,908	2,033,168
Increase in NPO	-	-	-
NPO at the End of Period	\$ -	\$ -	\$ -

6. Pension Benefits – Continued

At its December 8, 2007 meeting, TMRS Board of Trustees adopted assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR). Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the liability date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, The Board also adopted a change in the amortization period from a 25 year “open” to a 25-year “closed” period. TMRS Board of Trustees rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight year phase in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City’s unfunded actuarial accrued liability would have been \$12,541,455 and the funded ratio would have been 79.7%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial liabilities, thus causing further increases in City contribution rates following the December 31, 2009 actuarial valuation.

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.

Plan Description

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, 2008 there were 186 member departments participating in the pension system. The following table summarizes the pension system membership as of August 31, 2008:

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

6. Pension Benefits – Continued

Retirees and beneficiaries currently receiving benefits	1,939
Terminated members entitled to benefits but not yet receiving those	1,975
Current active members (vested and non-vested)	4,340

The pension system was created by Senate Bill 411, 65th Legislature, Regular Session (1977). Benefit provisions include retirement benefits as well and death and disability benefits. Members are vested at the beginning of the fifth year of service, at 5 percent per year of service for the first ten years and 10 percent for each of the next five years of service.

Upon reaching age 55, a 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 percent compounded annually.

Death and 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/or dependents.

Contribution requirements were established by S.B. 411, 65th Legislative, Regular Session (1977) and no contributions are required by members. As of September 1, 2006, the governing bodies of participating department members are required to contribute at least \$16 per month for each member. Additional contributions may be necessary to pay for unfunded prior service costs and "buybacks" of vested benefits. The State may also be required to make a limited amount of annual contributions to make the fund actuarially sound.

Contributions Required and Contributions Made

As previously stated the required contribution of at least \$16 per member per month is not actuarially determined. The 2005 Legislative Session gave the Board of Trustees of the Texas Emergency Services Retirement System (TESRS) the authority to establish vesting periods, contribution levels, benefit formulas and eligibility requirements under Title 8, Government Code, Subtitle H. The minimum monthly contribution rate per member is increasing from \$12 to \$36 in \$4 annual increments beginning September 1, 2006 and becoming \$36 September 1, 2011. For the fiscal year ending August 31, 2008, contributions totaling \$2,439,339 for dues and prior service were paid into the fund by the governing bodies sponsoring the member participating departments. In addition the state appropriated \$8,800,000 for the fiscal year ended August 31, 2008. Total contributions made were greater than the contributions required based on the August 31, 2006 actuarial valuation.

Fiscal Year	City Annual Contributions	Percentage of Required Contributions
2006	10,360	100%
2007	13,440	100%
2008	14,784	100%

The purpose for 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 revealed the adequacy of the expected contributions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2009 (\$415,405 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 up to 30 years as is necessary for the System to have a 30 year amortization period, and (2) approximately \$425,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2009 are equal to the contributions required.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

7. Interfund Receivables, Payables and Transfers

Interfund transfers during the year ended September 30, 2008 were as follows:

	Transfer In:						Totals
	General Fund	Capital Projects	Other Governmental Funds	Utility Fund	Other Enterprise Funds	Internal Service Funds	
Transfer out:							
General fund	\$ -	\$ 3,465,589	\$ 3,464	\$ 46,024	\$ 17,999	\$ 711,481	\$ 4,244,557
Other governmental funds	-	1,293,156	1,847,046	-	116,500	-	3,256,702
Utility fund	370,000	-	586,705	-	-	78,664	1,035,369
La Porte Area water authority fund	59,327	-	-	-	-	2,151	61,478
Other enterprise funds	-	-	-	-	-	33,717	33,717
Internal service funds	-	-	-	-	-	22,521	22,521
Total transfers out							8,654,344
Transfer of governmental capital assets to water and sewer capital assets							4,482,977
Total transfers in							\$ 13,137,321

Transfers are used to 1) for general and administrative transfer from Utility Fund to the General Fund, 2) transfer to the Insurance Fund for liability insurance and worker's compensation, 3) annual transfers to fund capital projects, 4) annual transfers for debt service, 5) transfer from General Fund to La Porte Area Water Authority for an operator's agreement, 6) transfers to fund an employee incentive program and 7) transfer from Hotel/Motel to the Golf Fund for advertising expenditures. In the fund financial statements, total transfers in the amount of \$13,137,321 are greater than transfers out in the amount of \$8,654,344, because of the treatment of transfers of capital assets to the utility fund from governmental capital assets. Capital assets were transferred to the utility fund in the amount of \$4,482,977. This amount was not reported in the governmental funds because it did not involve the transfer of financial resources. However the utility fund did report a transfer in for the capital assets transferred from governmental capital assets.

In the year September 30, 2008, the government made the following one-time transfers:

A transfer of \$46,024 was made from the General Fund to the Utility Fund for the compensation study implementation. A transfer of \$3,914 was made from the General Fund to the Sylvan Beach Fund for the compensation study implementation. A transfer of \$1,424 was made from the General Fund to the Insurance Fund for the compensation plan implementation. A transfer of \$135,000 was made from the General Fund to the Capital Projects Fund for a drainage study. A transfer was made from the General Fund to the Capital Projects Fund for the Sylvan Beach Shoreline Project for the amount of \$330,589. A transfer of \$3,000,000 was made from the General Fund to the Capital Projects for the construction of a municipal court building. A transfer of \$120,600 was made from the Hotel/Motel Fund to the Capital Projects Fund for the Sylvan Beach Shoreline Project. A transfer of \$700,000 was made from Section 4B to the Capital Projects Fund for the Sylvan Beach Shoreline Project. A transfer of \$325,000 was made from 4B to Capital Projects Fund for the Gateway Enhancement Project. A transfer of \$147,556 was made from 2000 GO Bond Fund to Capital Projects Fund for additional projects. A transfer of \$5,674 was made from the General Fund to the Technology Fund for implementation of the compensation study. A transfer for \$17,043 was made from the General Fund to Vehicle Maintenance Fund for implementation of the compensation study. A transfer for \$14,085 was made from the General Fund to the Golf Course Fund for implementation of the compensation study. A transfer of \$1,587 was made from the General Fund to the Hotel/Motel Fund for implementation of the compensation study. A transfer of \$662,000 was made from the TIRZ fund to the 2006 Certificates of Obligation to return a previous transfer. A transfer of \$93,620 was made from the Community Investment Fund to the Hotel/Motel Fund for one half of budgeted main street operations. A transfer of \$1,877 was made from General Fund to 4B for implementation of the compensation study. A transfer of \$254,178 was made from Street Maintenance Sales Tax Fund to 4B for repayment of a loan in 2007.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

7. Interfund Receivables, Payables and Transfers - Continued

The composition of interfund balances as of September 30, 2008 is as follows:

Receivable Fund	Payable Fund	
General	Grant	\$ 1,043,294
Nonmajor governmental	Nonmajor governmental	615,026
General	Nonmajor Enterprise	37,548
Utility	Grant	35,951
Internal Service	Grant	26,954
Nonmajor Enterprise	Grant	4,238
		\$ 1,763,011

The outstanding balances result from an overdraw of pooled cash, a loan to the TIRZ fund, and receivables for expenditures to be reimbursed by FEMA.

8. Risk Management

The City is exposed to various risks related to torts: theft, 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 previous three 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 records revenues and expenses for providing employee health coverage in an Internal Service Fund and accrues the estimated incurred but not reported claims. Charges are assessed to various City divisions based on their full-time employee count.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

8. Risk Management - Continued

Activity during the year included:

Revenues:	
Charges to divisions	\$ 3,413,336
Charges to employees	421,805
Charges to retirees	83,330
Total revenues	3,918,471
Expenses:	
Personnel expenses	381,875
Other expenses	796,192
Claims administration	210,117
Claims incurred	3,805,967
Re-insurance premiums	268,203
Total health services expenses	\$ 5,462,354

Included in the claims paid amount is \$677,000 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, 2008 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 2006, 2007 and 2008 are as follows:

	Beginning of Year Accrual	Current Year Estimates	Payment for Claims	End of Year Accrual
Fiscal Year 2006	\$ 304,387	\$ 2,750,136	\$ 2,647,873	\$ 406,650
Fiscal Year 2007	406,650	2,441,585	2,338,683	509,552
Fiscal Year 2008	509,552	3,805,967	3,638,519	677,000

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.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

9. Commitments and Contingent Liabilities

From time to time, the City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City's management, the outcome of any pending legal proceedings will not have an adverse effect on the accompanying general purpose financial statements.

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.

10. Post-Employment Benefits

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. 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:

<u>Years of Service with City</u>	<u>Retiree Cost</u>	<u>City Cost</u>	<u>Retiree Cost Per Year</u>
At least 10 but less than 15 years	55%	45%	\$3,300
At least 15 but less than 20 years	25%	75%	1,500
At least 20 years	0%	100%	0

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

10. 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:

<u>Years of Service with City</u>	<u>Retiree Cost</u>	<u>City Cost</u>
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	10% + dependent premiums	90%

The costs of providing these benefits and number of retired employees are as follows:

<u>Total Cost</u>	<u>City's Cost</u>	<u>Retiree Cost</u>	<u>Number of Retired Employees</u>
\$558,703	\$475,373	\$83,330	61

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.

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. This statement is effective for the city's financial statements for the fiscal year ending September 30, 2009.

In fiscal year 2008, the city contracted with an actuarial firm to value the post employment medical plan. Results of the valuation are as follows:

Actuarial Accrued Liability (AAL)	\$28 million
Annual Required Contribution (ARC)	\$2.2 million
Amortization Period	30 years

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2008

10. Post-Employment Benefits - Continued

The ARC is made up of two components-the Normal Cost and the Amortization Amount. The normal cost, which is the present value of the benefits deemed to accrue in the plan year, is \$1 million. The amortized amount, which is the present value of the accrued benefit, is \$1.2 million. The amortized amount has been calculated by level percent of payroll contributions. The amortized amount is required to fully amortize the unfunded actuarial accrued liabilities over a 30 year period assuming payroll growth of 3%.

The City's annual employer contributions each year will continue to equal the benefits that are paid on behalf of the retirees. The City will reflect proper treatment and note disclosure of Health Care Benefits for Retired Employees in accordance with GASB No. 45 beginning with the fiscal year ending September 30, 2009.

11. Deficit Fund Balance

The Tax Increment Reinvestment Zone One (TIRZ) Fund has a deficit fund balance of \$293,847, as of September 30, 2008. This deficit is the result of the TIRZ borrowing money from a capital projects fund to finance capital improvements. This deficit fund balance will be covered with future property tax revenues.



REQUIRED SUPPLEMENTARY INFORMATION



Required Supplementary Information

**Texas Municipal Retirement System
Schedule of Funding Progress
For the Last Three Fiscal Years**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2005	\$43,001,769	\$53,388,381	\$10,386,612	80.5%	15,137,017	68.6%
2006	47,065,757	58,587,551	11,521,794	80.3	14,879,306	77.4
2007	49,108,552	69,582,807	20,474,255	70.6	15,611,200	131.2

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 11,050,524	\$ 11,561,000	\$ 11,929,892	\$ 368,892
Franchise taxes	1,945,989	1,972,195	2,165,343	193,148
Sales taxes	2,882,538	3,085,011	3,040,148	(44,863)
Industrial payments	7,500,000	7,659,904	7,759,647	99,743
Other taxes	62,727	75,150	80,902	5,752
Licenses and permits	669,430	575,102	559,803	(15,299)
Fines and forfeits	755,106	1,409,492	1,557,045	147,553
Charges for services	3,908,613	4,638,746	3,895,853	(742,893)
Intergovernmental	6,053	6,000	4,903	(1,097)
Interest	770,400	660,870	646,545	(14,325)
Miscellaneous	25,105	25,000	50,010	25,010
Total revenues	29,576,485	31,668,470	31,690,091	21,621
EXPENDITURES				
General Government:				
Administration	2,652,790	2,588,894	2,564,734	24,160
Finance	3,960,738	2,731,895	2,691,012	40,883
Planning & Engineering	1,888,747	1,827,066	1,788,887	38,179
Public Safety:				
Fire	3,947,802	3,940,379	3,927,292	13,087
Police	8,872,550	8,831,253	8,787,746	43,507
Public Works:				
Public Works Administration	337,825	342,436	340,037	2,399
Streets	2,314,562	2,289,361	2,287,877	1,484
Health and Sanitation:				
Solidwaste	2,022,549	2,090,052	2,089,389	663
Culture and Recreation	3,388,809	3,369,720	3,339,026	30,694
Total expenditures	29,386,372	28,011,056	27,816,000	195,056
Excess (deficiency) of revenues over expenditures	190,113	3,657,414	3,874,091	216,677
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	5,000	31,518	26,518
Transfers in	397,635	429,327	429,327	-
Transfers out	(677,438)	(4,355,954)	(4,244,557)	111,397
Total other financing sources (uses)	(279,803)	(3,921,627)	(3,783,712)	137,915
Net change in fund balances	(89,690)	(264,213)	90,379	354,592
Fund balances—beginning	13,857,602	13,857,602	13,857,602	-
Fund balances—ending	\$ 13,767,912	\$ 13,593,389	\$ 13,947,981	\$ 354,592

Required Supplementary Information

**CITY OF LA PORTE, TEXAS
Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 300,489	\$ 300,489	\$ 169,388	\$ (131,101)
Charges for services	-	-	22,597	22,597
Intergovernmental	735,867	740,168	4,415,547	3,675,379
Interest	-	-	6,026	6,026
Miscellaneous	-	-	231	231
Total revenues	<u>1,036,356</u>	<u>1,040,657</u>	<u>4,613,789</u>	<u>3,573,132</u>
EXPENDITURES				
Current:				
Administration	460,000	560,132	635,295	(75,163)
Public Safety	509,895	509,808	2,677,772	(2,167,964)
Public Works	-	-	281,056	(281,056)
Health and Sanitation	-	-	14,105	(14,105)
Culture and Recreation	66,461	102,009	131,097	(29,088)
Total expenditures	<u>1,036,356</u>	<u>1,171,949</u>	<u>3,739,325</u>	<u>(2,567,376)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(131,292)</u>	<u>874,464</u>	<u>1,005,756</u>
Net change in fund balances	-	(131,292)	874,464	1,005,756
Fund balances—beginning	747,430	747,430	747,430	-
Fund balances—ending	<u>\$ 747,430</u>	<u>\$ 616,138</u>	<u>\$ 1,621,894</u>	<u>\$ 1,005,756</u>



CITY OF LA PORTE, TEXAS
Notes to the Required Supplementary Information
September 30, 2008

Budgetary Basis of Accounting

An annual budget is adopted for the General Fund using the modified accrual basis of accounting, a basis sanctioned by, and consistent with, generally accepted accounting principles.

COMBINING FINANCIAL STATEMENTS

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.

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

Community Investment Fund – This fund is used to account for funds received and expended on community beautification and revitalization programs.

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).

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.

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.

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.

2000 General Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures for construction to renovate the city hall building, public swimming pool and two fire stations.

2002 General Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures for the construction of a wastewater treatment plant.

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

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.

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.

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.

Debt Service Fund

Debt service Fund is used to pay interest and extinguish debt of the outstanding General Obligation Issues of the City.

CITY OF LA PORTE, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue Funds			
	Street Maintenance Sales Tax	Community Investment	Hotel/Motel Occupancy Tax	Tax Increment Reinvestment Zone One (TIRZ)
ASSETS				
Cash and cash equivalents	\$ 689,107	\$ 726,052	\$ 480,622	\$ 321,179
Investments	130,154	137,131	90,788	-
Taxes receivable	120,123	-	-	-
Accrued interest receivable	938	989	655	-
Due from other funds	-	-	-	-
Total assets	<u>940,322</u>	<u>864,172</u>	<u>572,065</u>	<u>321,179</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	578,512	6,444	3,409	-
Accrued salaries payable	-	-	2,973	-
Retainage payable	-	-	-	-
Due to other funds	-	-	-	615,026
Deferred revenue	-	-	-	-
Total liabilities	<u>578,512</u>	<u>6,444</u>	<u>6,382</u>	<u>615,026</u>
Fund Balances:				
Reserved for:				
Encumbrances	38,694	1,949	39,997	-
Debt Service	-	-	-	-
Unreserved	323,116	855,779	525,686	(293,847)
Total fund balances	<u>361,810</u>	<u>857,728</u>	<u>565,683</u>	<u>(293,847)</u>
Total liabilities and fund balances	<u>\$ 940,322</u>	<u>\$ 864,172</u>	<u>\$ 572,065</u>	<u>\$ 321,179</u>

Special Revenue Funds		Capital Projects Funds		
Section 4B Sales Tax	Totals	Transportation & Other Infrastructure	1998 General Obligation Bonds	2000 Certificate of Obligation Bonds
\$ 3,362,338	\$ 5,579,298	\$ 1,013,868	\$ 987,376	\$ 24,347
635,066	993,139	191,492	186,488	4,598
240,245	360,368	-	-	-
4,579	7,161	1,381	1,345	33
-	-	-	-	-
<u>4,242,228</u>	<u>6,939,966</u>	<u>1,206,741</u>	<u>1,175,209</u>	<u>28,978</u>
6,019	594,384	-	4,368	-
2,348	5,321	-	-	-
-	-	-	-	-
-	615,026	-	-	-
-	-	-	-	-
<u>8,367</u>	<u>1,214,731</u>	<u>-</u>	<u>4,368</u>	<u>-</u>
130,251	210,891	-	-	-
-	-	-	-	-
4,103,610	5,514,344	1,206,741	1,170,841	28,978
4,233,861	5,725,235	1,206,741	1,170,841	28,978
<u>\$ 4,242,228</u>	<u>\$ 6,939,966</u>	<u>\$ 1,206,741</u>	<u>\$ 1,175,209</u>	<u>\$ 28,978</u>

CITY OF LA PORTE, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008
(Continued)

	Capital Projects Funds			
	2000 General Obligation Bonds	2002 General Obligation Bonds	2004 Certificate of Obligation Bonds	2005 General Obligation Bonds
ASSETS				
Cash and cash equivalents	\$ 134,006	\$ 34,843	\$ 687,666	\$ 300,735
Investments	8,302	6,581	757,442	-
Taxes receivable	-	-	-	-
Accrued interest receivable	59	48	938	346
Due from other funds	-	-	-	-
Total assets	<u>142,367</u>	<u>41,472</u>	<u>1,446,046</u>	<u>301,081</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	3,018
Accrued salaries payable	-	-	-	-
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,018</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Debt Service	-	-	-	-
Unreserved	142,367	41,472	1,446,046	298,063
Total fund balances	<u>142,367</u>	<u>41,472</u>	<u>1,446,046</u>	<u>298,063</u>
Total liabilities and fund balances	<u>\$ 142,367</u>	<u>\$ 41,472</u>	<u>\$ 1,446,046</u>	<u>\$ 301,081</u>

Capital Projects Funds

2005 Certificate of Obligation Bonds	2006 Certificate of Obligation Bonds	2006 General Obligation Bonds	Totals	Debt Service	Total Nonmajor Governmental Funds
\$ 24,625	\$ 247,801	\$ 277,393	\$ 3,732,660	\$ 1,680,563	\$ 10,992,521
468,645	2,413,728	965,078	5,002,354	317,085	6,312,578
-	-	-	-	51,734	412,102
34	230	317	4,731	2,194	14,086
-	615,026	-	615,026	-	615,026
<u>493,304</u>	<u>3,276,785</u>	<u>1,242,788</u>	<u>9,354,771</u>	<u>2,051,576</u>	<u>18,346,313</u>
5,424	-	60,604	73,414	-	667,798
-	-	-	-	-	5,321
37,837	-	-	37,837	-	37,837
-	-	-	-	-	615,026
-	-	-	-	51,734	51,734
<u>43,261</u>	<u>-</u>	<u>60,604</u>	<u>111,251</u>	<u>51,734</u>	<u>1,377,716</u>
-	-	-	-	-	210,891
-	-	-	-	1,999,842	1,999,842
450,043	3,276,785	1,182,184	9,243,520	-	14,757,864
<u>450,043</u>	<u>3,276,785</u>	<u>1,182,184</u>	<u>9,243,520</u>	<u>1,999,842</u>	<u>16,968,597</u>
<u>\$ 493,304</u>	<u>\$ 3,276,785</u>	<u>\$ 1,242,788</u>	<u>\$ 9,354,771</u>	<u>\$ 2,051,576</u>	<u>\$ 18,346,313</u>

CITY OF LA PORTE, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2008

	Special Revenue Funds			
	Street Maintenance Sales Tax	Community Investment	Hotel/Motel Occupancy Tax	Tax Increment Reinvestment Zone One (TIRZ)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 260,201
Intergovernmental	-	-	-	100,000
Sales taxes	760,036	-	-	-
Industrial payments	-	198,875	-	-
Other taxes	-	-	401,920	-
Interest	29,078	23,136	18,409	14,631
Miscellaneous	-	9,990	16,397	-
Total revenues	<u>789,114</u>	<u>232,001</u>	<u>436,726</u>	<u>374,832</u>
EXPENDITURES				
Current:				
Administration	-	87,957	297,808	46,986
Public Safety	-	-	-	-
Health and Sanitation	-	-	-	-
Capital Outlay	1,151,993	46,487	-	621,693
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,151,993</u>	<u>134,444</u>	<u>297,808</u>	<u>668,679</u>
Excess (deficiency) of revenues over expenditures	<u>(362,879)</u>	<u>97,557</u>	<u>138,918</u>	<u>(293,847)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	95,207	-
Transfers out	(254,178)	(93,620)	(237,100)	(662,000)
Total other financing sources (uses)	<u>(254,178)</u>	<u>(93,620)</u>	<u>(141,893)</u>	<u>(662,000)</u>
Net change in fund balances	(617,057)	3,937	(2,975)	(955,847)
Fund balances—beginning	978,867	853,791	568,658	662,000
Fund balances—ending	<u>\$ 361,810</u>	<u>\$ 857,728</u>	<u>\$ 565,683</u>	<u>\$ (293,847)</u>

Special Revenue Funds		Capital Projects Funds		
Section 4B Sales Tax	Totals	Transportation & Other Infrastructure	1998 General Obligation Bonds	2000 Certificate of Obligation Bonds
\$ -	\$ 260,201	\$ -	\$ -	\$ -
-	100,000	-	-	-
1,520,071	2,280,107	-	-	-
-	198,875	-	-	-
-	401,920	-	-	-
138,907	224,161	36,212	35,268	20,950
-	26,387	-	-	5,639
<u>1,658,978</u>	<u>3,491,651</u>	<u>36,212</u>	<u>35,268</u>	<u>26,589</u>
254,593	687,344	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,820,173	-	18,430	-
-	-	-	-	-
-	-	-	-	-
<u>254,593</u>	<u>2,507,517</u>	<u>-</u>	<u>18,430</u>	<u>-</u>
1,404,385	984,134	36,212	16,838	26,589
256,055	351,262	-	-	-
(1,862,248)	(3,109,146)	-	-	-
<u>(1,606,193)</u>	<u>(2,757,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(201,808)	(1,773,750)	36,212	16,838	26,589
4,435,669	7,498,985	1,170,529	1,154,003	2,389
<u>\$ 4,233,861</u>	<u>\$ 5,725,235</u>	<u>\$ 1,206,741</u>	<u>\$ 1,170,841</u>	<u>\$ 28,978</u>

CITY OF LA PORTE, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2008
(Continued)

	Capital Projects Funds			
	2000 General Obligation Bonds	2002 General Obligation Bonds	2004 Certificate of Obligation Bonds	2005 Certificate of Obligation Bonds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	234,630	-
Sales taxes	-	-	-	-
Industrial payments	-	-	-	-
Other taxes	-	-	-	-
Interest	32,591	3,892	48,180	49,533
Miscellaneous	-	8,142	-	-
Total revenues	<u>32,591</u>	<u>12,034</u>	<u>282,810</u>	<u>49,533</u>
EXPENDITURES				
Current:				
Administration	-	-	-	-
Public Safety	-	-	-	-
Health and Sanitation	-	-	-	147,526
Capital Outlay	18,690	-	-	179,625
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,690</u>	<u>-</u>	<u>-</u>	<u>327,151</u>
Excess (deficiency) of revenues over expenditures	<u>13,901</u>	<u>12,034</u>	<u>282,810</u>	<u>(277,618)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(147,556)	-	-	-
Total other financing sources (uses)	<u>(147,556)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(133,655)	12,034	282,810	(277,618)
Fund balances—beginning	276,022	29,438	1,163,236	727,661
Fund balances—ending	<u>\$ 142,367</u>	<u>\$ 41,472</u>	<u>\$ 1,446,046</u>	<u>\$ 450,043</u>

Capital Projects Funds

2005 General Obligation Bonds	2006 Certificate of Obligation Bonds	2006 General Obligation Bonds	Totals	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,942,675	\$ 2,202,876
-	-	-	234,630	-	334,630
-	-	-	-	-	2,280,107
-	-	-	-	-	198,875
-	-	-	-	-	401,920
76,376	194,712	56,726	554,440	86,927	865,528
-	-	-	13,781	-	40,168
<u>76,376</u>	<u>194,712</u>	<u>56,726</u>	<u>802,851</u>	<u>2,029,602</u>	<u>6,324,104</u>
51,173	-	-	51,173	-	738,517
216,813	-	-	216,813	-	216,813
-	-	-	147,526	-	147,526
-	19,138	96,384	332,267	-	2,152,440
-	-	-	-	1,655,000	1,655,000
-	-	-	-	1,724,468	1,724,468
<u>267,986</u>	<u>19,138</u>	<u>96,384</u>	<u>747,779</u>	<u>3,379,468</u>	<u>6,634,764</u>
(191,610)	175,574	(39,658)	55,072	(1,349,866)	(310,660)
-	662,000	-	662,000	1,423,953	2,437,215
-	-	-	(147,556)	-	(3,256,702)
-	<u>662,000</u>	-	<u>514,444</u>	<u>1,423,953</u>	<u>(819,487)</u>
(191,610)	837,574	(39,658)	569,516	74,087	(1,130,147)
489,673	2,439,211	1,221,842	8,674,004	1,925,755	18,098,744
<u>\$ 298,063</u>	<u>\$ 3,276,785</u>	<u>\$ 1,182,184</u>	<u>\$ 9,243,520</u>	<u>\$ 1,999,842</u>	<u>\$ 16,968,597</u>



**SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE – BUDGET and ACTUAL**

**Debt Service Fund
Special Revenue Funds
Capital Projects Funds**

CITY OF LA PORTE, TEXAS
Street Maintenance Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales taxes	\$ 720,635	\$ 720,635	\$ 760,036	\$ 39,401
Interest	5,900	5,900	29,078	23,178
Total revenues	<u>726,535</u>	<u>726,535</u>	<u>789,114</u>	<u>62,579</u>
EXPENDITURES				
Capital Outlay	750,000	1,393,803	1,151,993	241,810
Total expenditures	<u>750,000</u>	<u>1,393,803</u>	<u>1,151,993</u>	<u>241,810</u>
Excess of revenues over expenditures	<u>(23,465)</u>	<u>(667,268)</u>	<u>(362,879)</u>	<u>304,389</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(254,178)	(254,178)	(254,178)	-
Total other financing sources (uses)	<u>(254,178)</u>	<u>(254,178)</u>	<u>(254,178)</u>	<u>-</u>
Net change in fund balances	(277,643)	(921,446)	(617,057)	304,389
Fund balances—beginning	978,867	978,867	978,867	-
Fund balances—ending	<u>\$ 701,224</u>	<u>\$ 57,421</u>	<u>\$ 361,810</u>	<u>\$ 304,389</u>

CITY OF LA PORTE, TEXAS
Community Investment Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Industrial payments	\$ 192,308	\$ 192,308	\$ 198,875	\$ 6,567
Interest	23,050	23,050	23,136	86
Miscellaneous	2,000	2,000	9,990	7,990
Total revenues	<u>217,358</u>	<u>217,358</u>	<u>232,001</u>	<u>14,643</u>
EXPENDITURES				
Current:				
Administration	139,500	142,150	87,957	54,193
Capital outlay	-	22,939	46,487	(23,548)
Total expenditures	<u>139,500</u>	<u>165,089</u>	<u>134,444</u>	<u>30,645</u>
Excess (deficiency) of revenues over expenditures	<u>77,858</u>	<u>52,269</u>	<u>97,557</u>	<u>45,288</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(93,620)	(93,620)	(93,620)	-
Total other financing sources (uses)	<u>(93,620)</u>	<u>(93,620)</u>	<u>(93,620)</u>	<u>-</u>
Net change in fund balances	(15,762)	(41,351)	3,937	45,288
Fund balances—beginning	853,791	853,791	853,791	-
Fund balances—ending	<u>\$ 838,029</u>	<u>\$ 812,440</u>	<u>\$ 857,728</u>	<u>\$ 45,288</u>

CITY OF LA PORTE, TEXAS
Hotel/Motel Occupancy Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other taxes	\$ 415,000	\$ 415,000	\$ 401,920	\$ (13,080)
Interest	21,400	21,400	18,409	(2,991)
Miscellaneous	-	-	16,397	16,397
Total revenues	<u>436,400</u>	<u>436,400</u>	<u>436,726</u>	<u>326</u>
EXPENDITURES				
Current:				
Administration	440,040	461,195	297,808	163,387
Total expenditures	<u>440,040</u>	<u>461,195</u>	<u>297,808</u>	<u>163,387</u>
Excess (deficiency) of revenues over expenditures	<u>(3,640)</u>	<u>(24,795)</u>	<u>138,918</u>	<u>163,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	93,620	95,207	95,207	-
Transfers out	(237,100)	(237,100)	(237,100)	-
Total other financing sources (uses)	<u>(143,480)</u>	<u>(141,893)</u>	<u>(141,893)</u>	<u>-</u>
Net change in fund balances	(147,120)	(166,688)	(2,975)	163,713
Fund balances—beginning	568,658	568,658	568,658	-
Fund balances—ending	<u>\$ 421,538</u>	<u>\$ 401,970</u>	<u>\$ 565,683</u>	<u>\$ 163,713</u>

CITY OF LA PORTE, TEXAS
Tax Increment Reinvestment Zone One Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 121,438	\$ 121,438	\$ 260,201	\$ 138,763
Intergovernmental	231,348	231,348	100,000	(131,348)
Interest	-	-	14,631	14,631
Total revenues	<u>352,786</u>	<u>352,786</u>	<u>374,832</u>	<u>22,046</u>
EXPENDITURES				
Current:				
Administration	100,184	100,184	46,986	53,198
Capital Outlay	231,348	231,348	621,693	(390,345)
Total expenditures	<u>331,532</u>	<u>331,532</u>	<u>668,679</u>	<u>(337,147)</u>
Excess (deficiency) of revenues over expenditures	<u>21,254</u>	<u>21,254</u>	<u>(293,847)</u>	<u>(315,101)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(662,000)	(662,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(662,000)</u>	<u>(662,000)</u>
Net change in fund balances	21,254	21,254	(955,847)	(977,101)
Fund Balances—beginning	662,000	662,000	662,000	-
Fund Balances—ending	<u>\$ 683,254</u>	<u>\$ 683,254</u>	<u>\$ (293,847)</u>	<u>\$ (977,101)</u>

CITY OF LA PORTE, TEXAS
Section 4B Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales taxes	\$ 1,441,269	\$ 1,441,269	\$ 1,520,071	\$ 78,802
Interest	176,400	176,400	138,907	(37,493)
Total revenues	<u>1,617,669</u>	<u>1,617,669</u>	<u>1,658,978</u>	<u>41,309</u>
EXPENDITURES				
Current:				
Administration	134,317	447,527	254,593	192,934
Total expenditures	<u>134,317</u>	<u>447,527</u>	<u>254,593</u>	<u>192,934</u>
Excess of revenues over expenditures	<u>1,483,352</u>	<u>1,170,142</u>	<u>1,404,385</u>	<u>234,243</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	254,178	256,055	256,055	-
Transfers out	(837,248)	(1,862,248)	(1,862,248)	-
Total other financing sources (uses)	<u>(583,070)</u>	<u>(1,606,193)</u>	<u>(1,606,193)</u>	<u>-</u>
Net change in fund balances	900,282	(436,051)	(201,808)	234,243
Fund balances—beginning	4,435,669	4,435,669	4,435,669	-
Fund balances—ending	<u>\$ 5,335,951</u>	<u>\$ 3,999,618</u>	<u>\$ 4,233,861</u>	<u>\$ 234,243</u>

CITY OF LA PORTE, TEXAS
Transportation and Other Infrastructure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 51,700	\$ 51,700	\$ 36,212	\$ (15,488)
EXPENDITURES				
Capital Outlay	-	200,000	-	200,000
Total expenditures	-	200,000	-	200,000
Excess of revenues over expenditures	51,700	(148,300)	36,212	184,512
Net change in fund balances	51,700	(148,300)	36,212	184,512
Fund balances—beginning	1,170,529	1,170,529	1,170,529	-
Fund balances—ending	<u>\$ 1,222,229</u>	<u>\$ 1,022,229</u>	<u>\$ 1,206,741</u>	<u>\$ 184,512</u>

CITY OF LA PORTE, TEXAS
1998 General Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 14,100	\$ 14,100	\$ 35,268	\$ 21,168
EXPENDITURES				
Capital Outlay	-	-	18,430	(18,430)
Total expenditures	-	-	18,430	(18,430)
Excess of revenues over expenditures	14,100	14,100	16,838	2,738
Net change in fund balances	14,100	14,100	16,838	2,738
Fund balances—beginning	1,154,003	1,154,003	1,154,003	-
Fund balances—ending	<u>\$ 1,168,103</u>	<u>\$ 1,168,103</u>	<u>\$ 1,170,841</u>	<u>\$ 2,738</u>

CITY OF LA PORTE, TEXAS
2000 Certificate of Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 20,950	\$ 20,950
Miscellaneous	-	-	5,639	5,639
Total revenues	<u>-</u>	<u>-</u>	<u>26,589</u>	<u>26,589</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>26,589</u>	<u>26,589</u>
Net change in fund balances	-	-	26,589	26,589
Fund balances—beginning	2,389	2,389	2,389	-
Fund balances—ending	<u>\$ 2,389</u>	<u>\$ 2,389</u>	<u>\$ 28,978</u>	<u>\$ 26,589</u>

CITY OF LA PORTE, TEXAS
2000 General Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 1,100	\$ 1,100	\$ 32,591	\$ 31,491
EXPENDITURES				
Capital Outlay	54,465	54,465	18,690	35,775
Total expenditures	<u>54,465</u>	<u>54,465</u>	<u>18,690</u>	<u>35,775</u>
Excess (deficiency) of revenues over expenditures	<u>(53,365)</u>	<u>(53,365)</u>	<u>13,901</u>	<u>67,266</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(147,556)	(147,556)	-
Total other financing sources (uses)	<u>-</u>	<u>(147,556)</u>	<u>(147,556)</u>	<u>-</u>
Net change in fund balances	(53,365)	(200,921)	(133,655)	67,266
Fund balances—beginning	<u>276,022</u>	<u>276,022</u>	<u>276,022</u>	<u>-</u>
Fund balances—ending	<u><u>\$ 222,657</u></u>	<u><u>\$ 75,101</u></u>	<u><u>\$ 142,367</u></u>	<u><u>\$ 67,266</u></u>

CITY OF LA PORTE, TEXAS
2002 General Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 1,500	\$ 1,500	\$ 3,892	\$ 2,392
Miscellaneous	-	-	8,142	8,142
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>12,034</u>	<u>10,534</u>
Excess (deficiency) of revenues over expenditures	<u>1,500</u>	<u>1,500</u>	<u>12,034</u>	<u>10,534</u>
Net change in fund balances	1,500	1,500	12,034	10,534
Fund balances—beginning	29,438	29,438	29,438	-
Fund balances—ending	<u>\$ 30,938</u>	<u>\$ 30,938</u>	<u>\$ 41,472</u>	<u>\$ 10,534</u>

CITY OF LA PORTE, TEXAS
2004 Certificate of Obligation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 234,630	\$ 234,630
Interest	13,100	13,100	48,180	35,080
Total revenues	<u>13,100</u>	<u>13,100</u>	<u>282,810</u>	<u>269,710</u>
Net change in fund balances	13,100	13,100	282,810	269,710
Fund balances—beginning	<u>1,163,236</u>	<u>1,163,236</u>	<u>1,163,236</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,176,336</u>	<u>\$ 1,176,336</u>	<u>\$ 1,446,046</u>	<u>\$ 269,710</u>

CITY OF LA PORTE, TEXAS
2005 General Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 2,300	\$ 2,300	\$ 76,376	\$ 74,076
EXPENDITURES				
Current:				
Administration	-	-	51,173	(51,173)
Public Safety	-	-	216,813	(216,813)
Total expenditures	-	-	267,986	(267,986)
Net change in fund balances	2,300	2,300	(191,610)	(193,910)
Fund balances—beginning	489,673	489,673	489,673	-
Fund balances—ending	<u>\$ 491,973</u>	<u>\$ 491,973</u>	<u>\$ 298,063</u>	<u>\$ (193,910)</u>

CITY OF LA PORTE, TEXAS
2005 Certificate of Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 2,800	\$ 2,800	\$ 49,533	\$ 46,733
EXPENDITURES				
Health and Sanitation	-	-	147,526	(147,526)
Capital Outlay	60,000	60,000	179,625	(119,625)
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>327,151</u>	<u>(267,151)</u>
Net change in fund balances	(57,200)	(57,200)	(277,618)	(220,418)
Fund balances—beginning	727,661	727,661	727,661	-
Fund balances—ending	<u>\$ 670,461</u>	<u>\$ 670,461</u>	<u>\$ 450,043</u>	<u>\$ (220,418)</u>

CITY OF LA PORTE, TEXAS
2006 Certificate of Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 10,000	\$ 10,000	\$ 194,712	\$ 184,712
EXPENDITURES				
Capital Outlay	-	-	19,138	(19,138)
Total expenditures	-	-	19,138	(19,138)
Excess (deficiency) of revenues over expenditures	10,000	10,000	175,574	165,574
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	662,000	662,000
Total other financing sources (uses)	-	-	662,000	662,000
Net change in fund balances	10,000	10,000	837,574	827,574
Fund balances—beginning	2,439,211	2,439,211	2,439,211	-
Fund balances—ending	<u>\$2,449,211</u>	<u>\$ 2,449,211</u>	<u>\$ 3,276,785</u>	<u>\$ 827,574</u>

CITY OF LA PORTE, TEXAS
2006 General Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 56,726	\$ 51,726
EXPENDITURES				
Capital Outlay	49,478	110,389	96,384	14,005
Total expenditures	49,478	110,389	96,384	14,005
Net change in fund balances	(44,478)	(105,389)	(39,658)	65,731
Fund balances—beginning	1,221,842	1,221,842	1,221,842	-
Fund balances—ending	<u>\$ 1,177,364</u>	<u>\$ 1,116,453</u>	<u>\$ 1,182,184</u>	<u>\$ 65,731</u>

CITY OF LA PORTE, TEXAS
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,779,170	\$ 1,779,170	\$ 1,942,675	\$ 163,505
Interest	117,000	117,000	86,927	(30,073)
Total revenues	<u>1,896,170</u>	<u>1,896,170</u>	<u>2,029,602</u>	<u>133,432</u>
EXPENDITURES				
Debt Service:				
Principal	1,655,000	1,655,000	1,655,000	-
Interest	1,822,278	1,822,278	1,724,468	97,810
Total expenditures	<u>3,477,278</u>	<u>3,477,278</u>	<u>3,379,468</u>	<u>97,810</u>
Excess (deficiency) of revenues over expenditures	<u>(1,581,108)</u>	<u>(1,581,108)</u>	<u>(1,349,866)</u>	<u>231,242</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,423,953	1,423,953	1,423,953	-
Total other financing sources (uses)	<u>1,423,953</u>	<u>1,423,953</u>	<u>1,423,953</u>	<u>-</u>
Net change in fund balances	(157,155)	(157,155)	74,087	231,242
Fund balances—beginning	1,925,755	1,925,755	1,925,755	-
Fund balances—ending	<u>\$ 1,768,600</u>	<u>\$ 1,768,600</u>	<u>\$ 1,999,842</u>	<u>\$ 231,242</u>

CITY OF LA PORTE, TEXAS
2007 Certificate of Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 178,000	\$ 178,000	\$ 274,542	\$ 96,542
EXPENDITURES				
Health and Sanitation	-	-	227,826	(227,826)
Capital Outlay	305,261	533,040	3,092,959	(2,559,919)
Debt Service:				
Interest and fiscal charges	-	-	33,421	(33,421)
Total expenditures	<u>305,261</u>	<u>533,040</u>	<u>3,354,206</u>	<u>(2,821,166)</u>
Net change in fund balances	(127,261)	(355,040)	(3,079,664)	(2,724,624)
Fund balances—beginning	<u>8,048,779</u>	<u>8,048,779</u>	<u>8,048,779</u>	<u>-</u>
Fund balances—ending	<u><u>\$ 7,921,518</u></u>	<u><u>\$ 7,693,739</u></u>	<u><u>\$ 4,969,115</u></u>	<u><u>\$ (2,724,624)</u></u>

CITY OF LA PORTE, TEXAS
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 639,740	\$ 639,740	\$ 39,739	\$ (600,001)
Interest	66,900	66,901	90,454	23,553
Total revenues	<u>706,640</u>	<u>706,641</u>	<u>130,193</u>	<u>(576,448)</u>
EXPENDITURES				
Capital Outlay	855,000	6,420,010	1,105,767	5,314,243
Total expenditures	<u>855,000</u>	<u>6,420,010</u>	<u>1,105,767</u>	<u>5,314,243</u>
Excess (deficiency) of revenues over expenditures	<u>(148,360)</u>	<u>(5,713,369)</u>	<u>(975,574)</u>	<u>4,737,795</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,870,142	4,758,745	111,397
Total other financing sources (uses)	<u>-</u>	<u>4,870,142</u>	<u>4,758,745</u>	<u>111,397</u>
Net change in fund balances	(148,360)	(843,227)	3,783,171	4,626,398
Fund balances—beginning	1,937,644	1,937,644	1,937,644	-
Fund balances—ending	<u>\$ 1,789,284</u>	<u>\$ 1,094,417</u>	<u>\$ 5,720,815</u>	<u>\$ 4,626,398</u>



**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

General Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Revenues - Budget and Actual
Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Ad valorem:				
Current	\$ 10,764,524	\$ 11,275,000	\$ 11,578,983	\$ 303,983
Delinquent	150,000	150,000	188,535	38,535
Industrial Payments	7,500,000	7,659,904	7,759,647	99,743
Total ad valorem	<u>18,414,524</u>	<u>19,084,904</u>	<u>19,527,165</u>	<u>442,261</u>
Penalty and interest	136,000	136,000	162,374	26,374
Sales Taxes	2,882,538	3,085,011	3,040,148	(44,863)
Other Taxes	62,727	75,150	80,902	5,752
Franchise Fees:				
Electrical	1,276,330	1,262,373	1,266,789	4,416
Gas	176,316	142,968	183,823	40,855
Telephone	217,633	238,678	284,662	45,984
Cable	205,116	250,876	344,577	93,701
Commercial Solidwaste	70,594	77,300	85,492	8,192
Total Franchise Fees	<u>1,945,989</u>	<u>1,972,195</u>	<u>2,165,343</u>	<u>193,148</u>
Charges for Services:				
Public safety service fees	1,273,696	1,159,215	1,032,802	(126,413)
Health and sanitation service fees	1,811,712	1,899,350	1,888,934	(10,416)
Culture and recreation fees	484,034	426,888	418,172	(8,716)
Other service fees	339,171	1,153,293	555,945	(597,348)
Total Charges for Services	<u>3,908,613</u>	<u>4,638,746</u>	<u>3,895,853</u>	<u>(742,893)</u>
Intergovernmental	6,053	6,000	4,903	(1,097)
Licenses and permits:				
Building permits	637,775	541,684	526,860	(14,824)
Licenses	31,655	33,418	32,943	(475)
Total Licenses and permits	<u>669,430</u>	<u>575,102</u>	<u>559,803</u>	<u>(15,299)</u>
Investment income	770,400	660,870	646,545	(14,325)
Fines and forfeitures	755,106	1,409,492	1,557,045	147,553
Miscellaneous	25,105	30,000	50,010	20,010
Total revenues	<u><u>\$ 29,576,485</u></u>	<u><u>\$ 31,673,470</u></u>	<u><u>\$ 31,690,091</u></u>	<u><u>\$ 16,621</u></u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Administration:				
Emergency Management:				
Personal services	\$ 140,970	\$ 151,476	\$ 150,566	\$ 910
Supplies	12,575	23,489	20,128	3,361
Other services and charges	75,671	92,781	95,279	(2,498)
Total Emergency Management	<u>229,216</u>	<u>267,746</u>	<u>265,973</u>	<u>1,773</u>
General Administration:				
Personal services	504,446	451,246	447,477	3,769
Supplies	7,750	6,266	5,393	873
Other services and charges	68,177	73,344	72,941	403
Total General Administration	<u>580,373</u>	<u>530,856</u>	<u>525,811</u>	<u>5,045</u>
Human Resources:				
Personal services	186,728	179,553	176,563	2,990
Supplies	10,200	9,350	9,269	81
Other services and charges	140,715	140,036	141,281	(1,245)
Total Human Resources	<u>337,643</u>	<u>328,939</u>	<u>327,113</u>	<u>1,826</u>
Municipal Court:				
Personal services	320,071	381,042	376,432	4,610
Supplies and materials	19,186	19,674	16,596	3,078
Other services and charges	248,804	217,555	216,695	860
Capital outlay	900	900	-	900
Total Municipal Court	<u>588,961</u>	<u>619,171</u>	<u>609,723</u>	<u>9,448</u>
Purchasing:				
Personal services	208,232	205,977	204,940	1,037
Supplies	5,130	5,109	5,495	(386)
Other services and charges	35,219	35,017	35,004	13
Total Purchasing	<u>248,581</u>	<u>246,103</u>	<u>245,439</u>	<u>664</u>
City Secretary:				
Personal services	281,537	284,433	282,840	1,593
Supplies and materials	5,247	4,369	2,615	1,754
Other services and charges	106,489	86,260	86,281	(21)
Total City Secretary	<u>393,273</u>	<u>375,062</u>	<u>371,736</u>	<u>3,326</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Legal:				
Personal services	7,793	7,793	7,793	-
Other services and charges	181,604	154,754	153,995	759
Total Legal	<u>189,397</u>	<u>162,547</u>	<u>161,788</u>	<u>759</u>
City Council:				
Personal services	24,544	21,730	21,601	129
Supplies and materials	18,050	9,600	9,377	223
Other services and charges	42,752	27,140	26,173	967
Total City Council	<u>85,346</u>	<u>58,470</u>	<u>57,151</u>	<u>1,319</u>
Total Administration	<u>2,652,790</u>	<u>2,588,894</u>	<u>2,564,734</u>	<u>24,160</u>
Finance:				
Accounting:				
Personal services	590,490	616,318	612,870	3,448
Supplies	19,850	14,969	14,951	18
Other services and charges	219,238	223,567	222,183	1,384
Total Accounting	<u>829,578</u>	<u>854,854</u>	<u>850,004</u>	<u>4,850</u>
Nondepartmental:				
Personal services	594,571	869,599	840,059	29,540
Supplies	8,500	7,375	(187)	7,562
Other services and charges	2,123,662	591,544	598,687	(7,143)
Total Nondepartmental	<u>2,726,733</u>	<u>1,468,518</u>	<u>1,438,559</u>	<u>29,959</u>
Tax Office:				
Personal services	200,622	207,286	205,912	1,374
Supplies and materials	13,418	13,683	11,341	2,342
Other services and charges	190,387	187,554	185,196	2,358
Total Tax Office	<u>404,427</u>	<u>408,523</u>	<u>402,449</u>	<u>6,074</u>
Total Finance	<u>3,960,738</u>	<u>2,731,895</u>	<u>2,691,012</u>	<u>40,883</u>
Planning and Engineering:				
Planning and Engineering:				
Personal services	802,265	793,644	787,886	5,758
Supplies	18,461	14,515	13,883	632
Other services and charges	122,518	126,137	121,195	4,942
Capital Outlay	65,000	65,000	64,900	100
Total Planning and Engineering	<u>1,008,244</u>	<u>999,296</u>	<u>987,864</u>	<u>11,432</u>
Inspection:				
Personal services	612,072	615,664	612,083	3,581
Supplies	22,645	22,558	22,483	75
Other services and charges	245,786	189,548	166,457	23,091
Total Inspection	<u>880,503</u>	<u>827,770</u>	<u>801,023</u>	<u>26,747</u>
Total Planning and Engineering	<u>1,888,747</u>	<u>1,827,066</u>	<u>1,788,887</u>	<u>38,179</u>
TOTAL GENERAL GOVERNMENT	<u>8,502,275</u>	<u>7,147,855</u>	<u>7,044,633</u>	<u>103,222</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC SAFETY:				
Fire				
Fire Prevention:				
Personal services	175,838	178,288	175,848	2,440
Supplies	16,808	14,900	14,820	80
Other services and charges	49,012	48,865	45,702	3,163
Total Fire Prevention	<u>241,658</u>	<u>242,053</u>	<u>236,370</u>	<u>5,683</u>
Fire suppression:				
Personal services	1,228,245	1,238,843	1,230,636	8,207
Supplies	133,698	147,700	158,625	(10,925)
Other services and charges	539,757	502,076	502,004	72
Capital Outlay	9,000	5,900	-	5,900
Total Fire Suppression	<u>1,910,700</u>	<u>1,894,519</u>	<u>1,891,265</u>	<u>3,254</u>
Emergency medical services:				
Personal services	1,449,481	1,453,825	1,450,036	3,789
Supplies	122,212	134,791	134,900	(109)
Other services and charges	223,751	215,191	214,721	470
Total Emergency Services	<u>1,795,444</u>	<u>1,803,807</u>	<u>1,799,657</u>	<u>4,150</u>
Total Fire	<u>3,947,802</u>	<u>3,940,379</u>	<u>3,927,292</u>	<u>13,087</u>
Police				
Police Administration:				
Personal services	519,396	497,828	492,369	5,459
Supplies	22,312	23,135	23,062	73
Other services and charges	381,379	240,766	238,652	2,114
Total Police Administration	<u>923,087</u>	<u>761,729</u>	<u>754,083</u>	<u>7,646</u>
Police Patrol:				
Personal services	4,619,131	4,920,740	4,898,437	22,303
Supplies	182,247	251,570	251,675	(105)
Other services and charges	542,917	511,265	510,621	644
Total Police Patrol	<u>5,344,295</u>	<u>5,683,575</u>	<u>5,660,733</u>	<u>22,842</u>
Criminal Investigation:				
Personal services	1,470,415	1,346,050	1,338,511	7,539
Supplies	49,978	45,681	45,143	538
Other services and charges	185,716	184,211	183,148	1,063
Total Criminal Investigation	<u>1,706,109</u>	<u>1,575,942</u>	<u>1,566,802</u>	<u>9,140</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Support Services:				
Personal services	729,943	647,465	643,826	3,639
Supplies	62,823	63,805	63,649	156
Other services and charges	106,293	98,737	98,653	84
Total Support Services	<u>899,059</u>	<u>810,007</u>	<u>806,128</u>	<u>3,879</u>
Total Police	<u>8,872,550</u>	<u>8,831,253</u>	<u>8,787,746</u>	<u>43,507</u>
TOTAL PUBLIC SAFETY	<u>12,820,352</u>	<u>12,771,632</u>	<u>12,715,038</u>	<u>56,594</u>
PUBLIC WORKS:				
Public Works Administration:				
Personal services	241,285	248,808	247,548	1,260
Supplies and materials	3,700	4,291	4,279	12
Other services and charges	92,840	89,337	88,210	1,127
Total Public Works Administration	<u>337,825</u>	<u>342,436</u>	<u>340,037</u>	<u>2,399</u>
Streets:				
Personal services	1,441,221	1,447,592	1,440,564	7,028
Supplies	149,849	149,737	153,306	(3,569)
Other services and charges	670,492	628,609	634,822	(6,213)
Capital outlay	53,000	63,423	59,185	4,238
Total Streets	<u>2,314,562</u>	<u>2,289,361</u>	<u>2,287,877</u>	<u>1,484</u>
TOTAL PUBLIC WORKS	<u>2,652,387</u>	<u>2,631,797</u>	<u>2,627,914</u>	<u>3,883</u>
HEALTH AND SANITATION:				
Residential Solidwaste:				
Personal services	1,014,459	986,601	980,251	6,350
Supplies	248,024	266,544	264,428	2,116
Other services and charges	735,066	811,907	824,858	(12,951)
Total Residential Solidwaste	<u>1,997,549</u>	<u>2,065,052</u>	<u>2,069,537</u>	<u>(4,485)</u>
Commercial solidwaste:				
Other services and charges	<u>25,000</u>	<u>25,000</u>	<u>19,852</u>	<u>5,148</u>
TOTAL HEALTH AND SANITATION	<u>2,022,549</u>	<u>2,090,052</u>	<u>2,089,389</u>	<u>663</u>
CULTURE & RECREATION:				
Park Maintenance:				
Personal services	945,427	946,150	941,569	4,581
Supplies and materials	91,762	122,153	121,375	778
Other services and charges	727,128	694,870	694,326	544
Capital outlay	26,200	9,656	7,000	2,656
Total Park Maintenance	<u>1,790,517</u>	<u>1,772,829</u>	<u>1,764,270</u>	<u>8,559</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation:				
Personal services	467,231	483,895	481,665	2,230
Supplies	39,217	39,077	39,029	48
Other services and charges	172,916	165,616	165,517	99
Total Recreation	<u>679,364</u>	<u>688,588</u>	<u>686,211</u>	<u>2,377</u>
Special Services:				
Personal services	368,057	368,939	357,968	10,971
Supplies	22,980	26,664	26,501	163
Other services and charges	79,299	62,385	58,545	3,840
Total Special Services	<u>470,336</u>	<u>457,988</u>	<u>443,014</u>	<u>14,974</u>
Parks Administration:				
Personal Services	399,276	406,829	404,418	2,411
Supplies	9,860	10,000	7,644	2,356
Other services and charges	39,456	33,486	33,469	17
Total Parks Administration	<u>448,592</u>	<u>450,315</u>	<u>445,531</u>	<u>4,784</u>
TOTAL CULTURE AND RECREATION	<u>3,388,809</u>	<u>3,369,720</u>	<u>3,339,026</u>	<u>30,694</u>
TOTAL GENERAL FUND	<u>\$ 29,386,372</u>	<u>\$ 28,011,056</u>	<u>\$ 27,816,000</u>	<u>\$ 195,056</u>



COMBINING FINANCIAL STATEMENTS

Nonmajor Enterprise Funds

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting, by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Airport Fund – This fund is used to account for financial activities of the airport, which include rentals, grants and other revenues.

Sylvan Beach Fund – This fund is used to account for revenues and expenses related to the operations of Sylvan Beach Convention Center.

Golf Course Fund – This fund is used to account for revenues and expenses related to the operation of an eighteen-hole municipal golf course.

CITY OF LA PORTE, TEXAS
Combining Statement of Net Assets
Nonmajor Proprietary Funds
For the year ended September 30, 2008

	Business-type Activities - Enterprise Funds			Total Nonmajor Proprietary Funds
	Airport	Sylvan Beach Convention Center	Bay Forest Golf Course	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 203,994	\$ 133,222	\$ 1,500	\$ 338,716
Investments	41,837	79,745	-	121,582
Receivables, net of allowance for uncollectibles	19,830	-	7,418	27,248
Accrued interest receivable	282	297	-	579
Due from other funds	-	1,267	2,971	4,238
Restricted cash and cash equivalents:				
Customer service deposits	-	45,861	-	45,861
Total current assets	<u>265,943</u>	<u>260,392</u>	<u>11,889</u>	<u>538,224</u>
Noncurrent assets:				
Capital assets:				
Land	203,504	-	1,880,965	2,084,469
Buildings and improvements	-	383,586	731,524	1,115,110
Improvements other than buildings	5,725,145	-	2,547,922	8,273,067
Vehicles and equipment	-	-	91,130	91,130
Construction in progress	-	34,905	256,182	291,087
Less accumulated depreciation	<u>(2,621,244)</u>	<u>(337,050)</u>	<u>(2,448,682)</u>	<u>(5,406,976)</u>
Total noncurrent assets	<u>3,307,405</u>	<u>81,441</u>	<u>3,059,041</u>	<u>6,447,887</u>
Total assets	<u>3,573,348</u>	<u>341,833</u>	<u>3,070,930</u>	<u>6,986,111</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,750	13,157	35,193	51,100
Due to other funds	-	-	37,548	37,548
Accrued salaries payable	-	3,264	21,967	25,231
Unearned revenue	-	19,153	-	19,153
Other current liabilities	1,500	-	6,940	8,440
Payable from restricted assets:				
Customer deposits	-	37,485	-	37,485
Total current liabilities	<u>4,250</u>	<u>73,059</u>	<u>101,648</u>	<u>178,957</u>
Noncurrent liabilities:				
Accrued separation pay	-	4,604	139,046	143,650
Total noncurrent liabilities	<u>-</u>	<u>4,604</u>	<u>139,046</u>	<u>143,650</u>
Total liabilities	<u>4,250</u>	<u>77,663</u>	<u>240,694</u>	<u>322,607</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,307,405	81,441	3,059,041	6,447,887
Unrestricted (deficit)	261,693	182,729	(228,805)	215,617
Total net assets	<u>\$ 3,569,098</u>	<u>\$ 264,170</u>	<u>\$ 2,830,236</u>	<u>\$ 6,663,504</u>

CITY OF LA PORTE, TEXAS
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For The Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds			Total Nonmajor Proprietary Funds
	Airport	Sylvan Beach Convention Center	Bay Forest Golf Course	
Operating revenues:				
User fees	\$ 64,639	\$ 161,342	\$ 1,031,822	\$ 1,257,803
Operating expenses:				
Personal services	-	155,868	862,182	1,018,050
Supplies	-	5,145	183,745	188,890
Other services and charges	19,048	49,468	179,687	248,203
Depreciation	136,922	14,872	136,356	288,150
Total operating expenses	<u>155,970</u>	<u>225,353</u>	<u>1,361,970</u>	<u>1,743,293</u>
Operating loss	<u>(91,331)</u>	<u>(64,011)</u>	<u>(330,148)</u>	<u>(485,490)</u>
Nonoperating revenues (expenses):				
Interest income	<u>6,746</u>	<u>8,479</u>	<u>6,134</u>	<u>21,359</u>
Total nonoperating revenue (expenses)	<u>6,746</u>	<u>8,479</u>	<u>6,134</u>	<u>21,359</u>
Loss before contributions and transfers	(84,585)	(55,532)	(324,014)	(464,131)
Capital contributions	1,221,060	-	256,182	1,477,242
Transfers in	-	68,914	65,585	134,499
Transfers out	<u>(855)</u>	<u>(3,669)</u>	<u>(29,193)</u>	<u>(33,717)</u>
Change in net assets	1,135,620	9,713	(31,440)	1,113,893
Total net assets—beginning	<u>2,433,478</u>	<u>254,457</u>	<u>2,861,676</u>	<u>5,549,611</u>
Total net assets—ending	<u>\$ 3,569,098</u>	<u>\$ 264,170</u>	<u>\$ 2,830,236</u>	<u>\$ 6,663,504</u>

CITY OF LA PORTE, TEXAS
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended September 30, 2008

	Business-type Activities -			Total Nonmajor Proprietary Funds
	Enterprise Funds			
	Airport	Sylvan Beach Convention Center	Bay Forest Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user fees	\$ 48,057	\$ 112,310	\$ 1,021,433	\$ 1,181,800
Cash payments to suppliers	(17,320)	(46,761)	(301,800)	(365,881)
Cash payments for personal services	-	(156,089)	(870,822)	(1,026,911)
Net cash provided (used) by operating activities	<u>30,737</u>	<u>(90,540)</u>	<u>(151,189)</u>	<u>(210,992)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	68,914	65,585	134,499
Transfers to other funds	(855)	(3,669)	(29,193)	(33,717)
Net cash provided (used) by noncapital financing activities	<u>(855)</u>	<u>65,245</u>	<u>36,392</u>	<u>100,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	7,562	9,622	6,714	23,898
Net Investments purchased	(82,864)	(67,111)	-	(149,975)
Net Investments sold	111,411	64,590	36,774	212,775
Net cash provided (used) by investing activities	<u>36,109</u>	<u>7,101</u>	<u>43,488</u>	<u>86,698</u>
Net increase (decrease) in cash and cash equivalents	65,991	(18,194)	(71,309)	(23,512)
Balances—beginning of the year	138,003	197,277	72,809	408,089
Balances—end of the year	<u>\$ 203,994</u>	<u>\$ 179,083</u>	<u>\$ 1,500</u>	<u>\$ 384,577</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (91,331)	\$ (64,011)	\$ (330,148)	\$ (485,490)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	136,922	14,872	136,356	288,150
(Increase) decrease in accounts receivable	(16,582)	1,250	(7,418)	(22,750)
(Increase) decrease in due from other funds	-	(1,267)	(2,971)	(4,238)
Increase (decrease) in accrued salaries payable	-	842	6,327	7,169
Increase (decrease) in accounts payable	1,728	7,852	23,252	32,832
Increase (decrease) in other current liabilities	-	(29,630)	832	(28,798)
Increase (decrease) in customer utility deposits	-	(19,385)	-	(19,385)
Increase (decrease) due to other funds	-	-	37,548	37,548
Increase (decrease) in accrued employee separation	-	(1,063)	(14,967)	(16,030)
Total adjustments	<u>122,068</u>	<u>(26,529)</u>	<u>178,959</u>	<u>274,498</u>
Net cash provided by operating activities	<u>\$ 30,737</u>	<u>\$ (90,540)</u>	<u>\$ (151,189)</u>	<u>\$ (210,992)</u>
Reconciliation of total cash and cash investments:				
Current Assets - cash and cash equivalents	\$ 203,994	\$ 133,222	\$ 1,500	\$ 338,716
Restricted Assets - cash and cash equivalents	-	45,861	-	45,861
Total cash and cash equivalents	<u>\$ 203,994</u>	<u>\$ 179,083</u>	<u>\$ 1,500</u>	<u>\$ 384,577</u>
Noncash investing, capital and financing activities:				
Increase in fair value of assets	\$ (100)	\$ (81)	\$ -	\$ (181)

COMBINING FINANCIAL STATEMENTS

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
Internal Service Funds
Combining Statement of Net Assets
For the year ended September 30, 2008

	<u>Motor Pool</u>	<u>Technology</u>	<u>Insurance</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,802,671	\$ 760,739	\$ 2,664,814	\$ 6,228,224
Investments	529,454	143,728	501,444	1,174,626
Accrued interest receivable	3,820	984	3,616	8,420
Miscellaneous Receivable	-	-	198,814	198,814
Due from other funds	23,757	3,197	-	26,954
Material and supplies inventories, at cost	43,836	-	-	43,836
Total current assets	<u>3,403,538</u>	<u>908,648</u>	<u>3,368,688</u>	<u>7,680,874</u>
Noncurrent assets:				
Capital assets				
Vehicles and equipment	10,643,150	1,180,060	-	11,823,210
Less accumulated depreciation	(7,229,535)	(1,053,797)	-	(8,283,332)
Total noncurrent assets	<u>3,413,615</u>	<u>126,263</u>	<u>-</u>	<u>3,539,878</u>
Total assets	<u>6,817,153</u>	<u>1,034,911</u>	<u>3,368,688</u>	<u>11,220,752</u>
LIABILITIES				
Current liabilities:				
Accounts payable	66,210	79,037	712,133	857,380
Accrued salaries payable	14,829	5,860	-	20,689
Deferred revenue	-	-	879	879
Total current liabilities	<u>81,039</u>	<u>84,897</u>	<u>713,012</u>	<u>878,948</u>
Noncurrent liabilities:				
Accrued employee separation pay	101,261	-	-	101,261
Total noncurrent liabilities	<u>101,261</u>	<u>-</u>	<u>-</u>	<u>101,261</u>
Total liabilities	<u>182,300</u>	<u>84,897</u>	<u>713,012</u>	<u>980,209</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,413,615	126,263	-	3,539,878
Unrestricted	3,221,238	823,751	2,655,676	6,700,665
Total net assets	<u>\$ 6,634,853</u>	<u>\$ 950,014</u>	<u>\$ 2,655,676</u>	<u>\$ 10,240,543</u>

CITY OF LA PORTE, TEXAS
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For The Year Ended September 30, 2008

	<u>Motor Pool</u>	<u>Technology</u>	<u>Insurance</u>	<u>Totals</u>
Operating revenues:				
User Fees	\$ 1,908,411	\$ 1,073,541	\$ 3,996,495	\$ 6,978,447
Miscellaneous	3,599	-	-	3,599
Cable Fees	-	45,325	-	45,325
Total operating revenues	<u>1,912,010</u>	<u>1,118,866</u>	<u>3,996,495</u>	<u>7,027,371</u>
Operating expenses:				
Personal services	661,972	318,785	381,876	1,362,633
Supplies	325,910	232,804	264	558,978
Other sevices and charges	379,154	705,073	4,445,383	5,529,610
Depreciation	743,593	31,878	-	775,471
Total operating expenses	<u>2,110,629</u>	<u>1,288,540</u>	<u>4,827,523</u>	<u>8,226,692</u>
Operating income (loss)	<u>(198,619)</u>	<u>(169,674)</u>	<u>(831,028)</u>	<u>(1,199,321)</u>
Nonoperating revenues:				
Interest income	94,814	27,200	81,940	203,954
Gain on sale of equipment	26,842	-	-	26,842
Total nonoperating revenues	<u>121,656</u>	<u>27,200</u>	<u>81,940</u>	<u>230,796</u>
Income before transfers	(76,963)	(142,474)	(749,088)	(968,525)
Transfers in	17,043	5,674	825,817	848,534
Transfers out	<u>(21,822)</u>	<u>(699)</u>	<u>-</u>	<u>(22,521)</u>
Change in net assets	(81,742)	(137,499)	76,729	(142,512)
Net assets—beginning	6,716,595	1,087,513	2,578,947	10,383,055
Net assets—ending	<u>\$ 6,634,853</u>	<u>\$ 950,014</u>	<u>\$ 2,655,676</u>	<u>\$ 10,240,543</u>

CITY OF LA PORTE, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended September 30, 2008

	Motor Pool	Technology	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user fees	\$ 1,888,253	\$ 1,115,669	\$ 3,801,535	\$ 6,805,457
Cash payments to suppliers	(715,311)	(898,780)	(4,265,866)	(5,879,957)
Cash payments for personal services	(693,087)	(319,800)	(381,876)	(1,394,763)
Net cash provided by operating activities	<u>479,855</u>	<u>(102,911)</u>	<u>(846,207)</u>	<u>(469,263)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	17,043	5,674	825,817	848,534
Transfers out to other funds	(21,822)	(699)	-	(22,521)
Net cash provided (used) by noncapital financing activities	<u>(4,779)</u>	<u>4,975</u>	<u>825,817</u>	<u>826,013</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for capital acquisitions	(355,292)	(5,793)	-	(361,085)
Proceeds from sale of assets	74,115	-	-	74,115
Net cash (used) by capital and related financing activities	<u>(281,177)</u>	<u>(5,793)</u>	<u>-</u>	<u>(286,970)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	107,040	31,385	94,705	233,130
Investments purchased	(1,048,656)	(284,673)	(993,178)	(2,326,507)
Investments sold	1,542,997	470,867	1,535,767	3,549,631
Net cash provided (used) by investing activities	<u>601,381</u>	<u>217,579</u>	<u>637,294</u>	<u>1,456,254</u>
Net increase in cash and cash equivalents	795,280	113,850	616,904	1,526,034
Balances—beginning of the year	2,007,391	646,889	2,047,910	4,702,190
Balances—end of the year	<u>\$ 2,802,671</u>	<u>\$ 760,739</u>	<u>\$ 2,664,814</u>	<u>\$ 6,228,224</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (198,619)	\$ (169,674)	\$ (831,028)	\$ (1,199,321)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	743,593	31,878	-	775,471
(Increase) decrease in accounts receivable	-	(3,197)	(194,145)	(197,342)
(increase) decrease in due from other funds	(23,757)	-	-	(23,757)
(Increase) decrease in inventories	(2,430)	-	-	(2,430)
Increase (decrease) in accrued salaries payable	3,721	(1,013)	-	2,708
Increase (decrease) in accounts payable	(7,817)	39,095	179,781	211,059
Increase (decrease) in deferred revenue	-	-	(815)	(815)
Increase (decrease) in accrued employee separation	(34,836)	-	-	(34,836)
Total adjustments	<u>678,474</u>	<u>66,763</u>	<u>(15,179)</u>	<u>730,058</u>
Net cash provided by operating activities	<u>\$ 479,855</u>	<u>\$ (102,911)</u>	<u>\$ (846,207)</u>	<u>\$ (469,263)</u>
Noncash investing, capital and financing activities:				
Increase in fair value of assets	<u>\$ (1,262)</u>	<u>\$ (343)</u>	<u>\$ (1,195)</u>	<u>\$ (2,800)</u>

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

These schedules present the capital asset balances related to governmental funds. A capital asset is presented in this schedule when it has been purchased using general governmental resources and is used for general governmental purposes. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.



CITY OF LA PORTE, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
For The Year Ended September 30, 2008

Governmental funds capital assets	
Land	\$ 8,108,756
Buildings	30,801,244
Equipment	2,112,425
Improvements	8,165,380
Infrastructure	31,677,569
Construction in progress	<u>2,052,990</u>
Total governmental funds capital assets	<u><u>\$ 82,918,364</u></u>
Investment in governmental funds capital assets by source	
Current Operations	\$ 16,881,487
Capital Projects	64,711,771
Section 4B Sales Tax	<u>1,325,106</u>
Total governmental funds capital assets	<u><u>\$ 82,918,364</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF LA PORTE, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2008

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Improvements</u>
General Government				
Administration	\$ 880,239	\$ 6,688,329	\$ 309,678	\$ 407,287
Finance	-	-	-	-
Planning	399,789	-	19,922	-
Total general government	<u>1,280,028</u>	<u>6,688,329</u>	<u>329,600</u>	<u>407,287</u>
Public Safety				
Fire	756,606	7,621,626	734,480	28,422
Police	45,089	9,740,615	736,651	74,505
Total Public Safety	<u>801,695</u>	<u>17,362,241</u>	<u>1,471,131</u>	<u>102,927</u>
Public Works				
Administration	2,760,405	2,112,774	117,012	182,090
Streets	-	-	-	-
Total Public Works	<u>2,760,405</u>	<u>2,112,774</u>	<u>117,012</u>	<u>182,090</u>
Cultural and Recreational Parks and Recreation	<u>3,266,628</u>	<u>4,637,900</u>	<u>194,682</u>	<u>7,473,076</u>
Total governmental funds capital assets	<u>\$ 8,108,756</u>	<u>\$ 30,801,244</u>	<u>\$ 2,112,425</u>	<u>\$ 8,165,380</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ 290,849	\$ 8,576,382
-	-	-
<u>255,388</u>	<u>809,116</u>	<u>1,484,215</u>
<u>255,388</u>	<u>1,099,965</u>	<u>10,060,597</u>
-	227,404	9,368,538
-	-	10,596,860
<u>-</u>	<u>227,404</u>	<u>19,965,398</u>
14,562,012	482,761	20,217,054
<u>16,762,090</u>	<u>-</u>	<u>16,762,090</u>
<u>31,324,102</u>	<u>482,761</u>	<u>36,979,144</u>
<u>98,079</u>	<u>242,860</u>	<u>15,913,225</u>
<u>\$ 31,677,569</u>	<u>\$ 2,052,990</u>	<u>\$ 82,918,364</u>

CITY OF LA PORTE, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For The Year Ended September 30, 2008

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2007</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Governmental Fund Capital Assets September 30, 2008</u>
General government				
Administration	\$ 8,263,198	\$ 313,184	\$ -	\$ 8,576,382
Planning	1,320,166	164,049	-	1,484,215
Total general government	<u>9,583,364</u>	<u>477,233</u>	<u>-</u>	<u>10,060,597</u>
Public safety				
Fire	9,026,792	375,167	(33,421)	9,368,538
Police	10,458,226	144,058	(5,423)	10,596,861
Total public safety	<u>19,485,018</u>	<u>519,225</u>	<u>(38,844)</u>	<u>19,965,399</u>
Public works				
Administration	20,133,593	1,522,672	(1,439,212)	20,217,053
Streets	16,515,354	246,736	-	16,762,090
Total public works	<u>36,648,947</u>	<u>1,769,408</u>	<u>(1,439,212)</u>	<u>36,979,143</u>
Cultural and Recreational				
Parks and recreation	<u>15,467,650</u>	<u>445,575</u>	<u>-</u>	<u>15,913,225</u>
Total governmental funds capital assets	<u>\$ 81,184,979</u>	<u>\$ 3,211,441</u>	<u>\$ (1,478,056)</u>	<u>\$ 82,918,364</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

This part of the City of La Porte's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	137
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	146
Debt Capacity <i>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.</i>	152
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	159
Operating Information <i>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.</i>	161

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



City of La Porte, Texas
 Net Assets by Component
 Last Six Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 23,400,108	\$ 32,752,971	\$ 28,933,050	\$ 28,424,345	\$ 27,529,009	\$24,922,673
Restricted	5,804,419	5,770,840	6,642,077	7,363,187	13,316,591	16,566,966
Unrestricted	23,953,457	12,997,982	19,369,700	18,983,653	19,985,983	18,985,215
Total governmental activities net assets	\$ 53,157,984	\$ 51,521,793	\$ 54,944,827	\$ 54,771,185	\$ 60,831,583	\$60,474,854
Business-type activities						
Invested in capital assets, net of related debt	\$ 26,109,776	\$ 25,996,416	\$ 26,589,684	\$ 29,642,136	\$ 29,481,368	\$35,483,003
Restricted	3,042,730	3,662,800	3,407,445	2,185,791	2,184,725	2,188,240
Unrestricted	4,709,368	2,647,090	1,264,814	3,396,751	3,295,501	3,799,361
Total business-type activities net assets	\$ 33,861,874	\$ 32,306,306	\$ 31,261,943	\$ 35,224,678	\$ 34,961,594	\$41,470,604
Primary government						
Invested in capital assets, net of related debt	\$ 49,509,884	\$ 58,749,387	\$ 55,522,734	\$ 58,066,481	57,010,377	\$60,405,676
Restricted	8,847,149	9,433,640	10,049,522	9,548,978	15,501,316	18,755,206
Unrestricted	28,662,825	15,645,072	20,634,514	22,380,404	23,281,484	22,784,576
Total primary government net assets	\$ 87,019,858	\$ 83,828,099	\$ 86,206,770	\$ 89,995,863	\$ 95,793,177	\$101,945,458

Note: The City of La Porte first applied GASB Statement 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

City of La Porte, Texas
 Changes in Net Assets
 Last Six Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General Government	\$ 8,625,554	\$ 10,487,889	\$ 7,411,122	\$ 7,348,812	\$ 8,410,865	\$ 10,056,369
Public Safety	10,771,423	11,947,286	10,367,759	11,602,951	12,153,324	16,267,453
Public Works	3,638,063	1,267,829	5,164,855	5,209,686	3,668,425	4,348,281
Health and Sanitation	1,823,462	1,906,519	1,887,204	1,862,368	2,487,531	2,465,327
Culture and Recreation	4,048,974	4,106,491	3,717,791	3,579,917	3,120,183	4,004,206
Interest on Long-term debt	747,351	689,644	863,818	1,226,231	1,352,747	1,694,638
Total governmental activities expenses	<u>29,654,827</u>	<u>30,405,658</u>	<u>29,412,549</u>	<u>30,829,965</u>	<u>31,193,075</u>	<u>38,836,274</u>
Business-type activities:						
Water Services	6,339,238	6,256,424	6,477,962	6,844,635	6,548,382	6,630,986
Sewer Services	1,913,284	1,895,709	1,819,756	1,894,415	2,086,651	2,247,031
Airport	149,472	142,765	157,186	122,548	123,904	155,970
Bay Forest Golf Course	1,284,729	1,222,819	1,242,613	1,285,121	1,310,589	1,361,970
Sylvan Beach Convention Center	212,947	194,314	211,682	214,552	218,053	225,353
Total business-type expenses	<u>9,899,670</u>	<u>9,712,031</u>	<u>9,909,199</u>	<u>10,361,271</u>	<u>10,287,579</u>	<u>10,621,310</u>
Total primary government expenses	<u>\$ 39,554,497</u>	<u>\$ 40,117,689</u>	<u>\$ 39,321,748</u>	<u>\$ 41,191,236</u>	<u>\$ 41,480,654</u>	<u>\$ 49,457,584</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 660,955	\$ 528,296	\$ 670,332	\$ 1,002,267	\$ 2,006,607	\$ 2,724,739
Public safety	1,689,780	1,441,662	1,498,310	1,333,005	435,128	591,101
Public works	1,481,061	106,026	24,242	-	-	-
Health and sanitation	830,991	463,629	1,429,617	1,770,611	1,856,013	1,888,934
Culture and recreation	657,784	1,157,449	460,796	429,971	418,143	417,836
Operating grants and contributions	480,037	576,262	2,639,934	1,031,408	991,679	4,647,718
Capital grants and contributions	-	-	-	-	-	234,630
Total governmental activities program revenues	<u>5,800,608</u>	<u>4,273,324</u>	<u>6,723,231</u>	<u>5,567,262</u>	<u>5,707,570</u>	<u>10,504,958</u>
Business-type activities:						
Charges for services						
Water services	4,157,556	4,155,589	4,500,140	5,438,932	4,789,854	6,132,716
Sewer services	2,493,284	2,493,134	2,591,406	2,842,495	2,763,715	3,670,202
Airport	30,001	32,728	32,728	35,624	42,359	64,639
Golf course	943,493	1,022,103	965,983	955,867	911,371	1,031,822
Sylvan beach convention center	161,355	180,642	163,859	162,508	189,290	161,342
Capital grants and contributions	-	-	-	-	1,060,948	2,337,630
Total business-type program revenues	<u>7,785,689</u>	<u>7,884,196</u>	<u>8,254,116</u>	<u>9,435,426</u>	<u>9,757,537</u>	<u>13,398,351</u>
Total primary government program revenues	<u>\$ 13,586,297</u>	<u>\$ 12,157,520</u>	<u>\$ 14,977,347</u>	<u>\$ 15,002,688</u>	<u>\$ 15,465,107</u>	<u>\$ 23,903,309</u>

Fiscal Year

	2003	2004	2005	2006	2007	2008
Net (expense)/revenue						
Governmental activities:	\$ (23,854,219)	\$ (26,132,334)	\$ (22,689,318)	\$ (25,262,703)	\$ (25,485,505)	\$ (28,331,316)
Business-type activities:	(2,113,981)	(1,827,835)	(1,655,083)	(925,845)	(530,042)	2,777,041
Total primary government net expense	<u>\$ (25,968,200)</u>	<u>\$ (27,960,169)</u>	<u>\$ (24,344,401)</u>	<u>\$ (26,188,548)</u>	<u>\$ (26,015,547)</u>	<u>\$ (25,554,275)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes, levied for general purposes	\$ 8,797,886	\$ 9,139,422	\$ 10,192,599	\$ 10,535,316	\$ 11,246,050	\$ 11,802,564
Property taxes, levied for debt service	2,070,120	1,922,117	1,623,095	1,661,801	1,819,554	1,880,095
Industrial payments	7,276,821	6,896,112	6,991,926	7,659,591	8,188,891	7,958,522
Franchise taxes	1,682,849	1,718,875	1,885,801	1,986,698	2,003,691	2,165,343
Sales tax	3,037,574	3,263,459	3,459,979	4,067,767	5,735,725	5,803,077
Unrestricted investment earnings	542,254	376,359	720,137	1,874,828	2,386,980	1,782,572
Grants not specified for specific program	-	-	-	75,189	-	-
Miscellaneous	704,886	495,102	753,595	1,137,928	89,400	115,351
Gain/(loss) on sale/retirement of capital assets	(260,545)	-	103,594	-	-	-
Transfers	(253,629)	684,697	381,625	(3,910,056)	75,612	(3,532,936)
Total governmental activities	<u>23,598,216</u>	<u>24,496,143</u>	<u>26,112,351</u>	<u>25,089,062</u>	<u>31,545,903</u>	<u>27,974,588</u>
Business-type activities						
Unrestricted investment earnings	121,174	88,602	165,162	300,099	342,566	199,060
Miscellaneous	889,298	874,146	827,183	694,507	-	-
Gain/(loss) on sale/retirement of capital assets	-	(5,784)	-	(16,083)	-	-
Transfers	253,629	(684,697)	(381,625)	3,910,056	(75,612)	3,532,936
Total business-type activities	<u>1,264,101</u>	<u>272,267</u>	<u>610,720</u>	<u>4,888,579</u>	<u>266,954</u>	<u>3,731,996</u>
Total primary government	<u>\$ 24,862,317</u>	<u>\$ 24,768,410</u>	<u>\$ 26,723,071</u>	<u>\$ 29,977,640</u>	<u>\$ 31,812,856</u>	<u>\$ 31,706,583</u>
Change in Net Assets						
Governmental activities	\$ (256,003)	\$ (1,636,191)	\$ 3,423,033	\$ (173,642)	\$ 6,060,398	\$ (356,728)
Business-type activities	(849,880)	(1,555,568)	(1,044,363)	3,962,734	(263,088)	6,509,037
Total primary government	<u>\$ (1,105,883)</u>	<u>\$ (3,191,759)</u>	<u>\$ 2,378,670</u>	<u>\$ 3,789,091</u>	<u>\$ 5,797,310</u>	<u>\$ 6,152,307</u>

Note: The City of La Porte first applied GASB Statement 34 in fiscal year 2003; therefore, government-wide financial information

City of La Porte, Texas
 Governmental Activities Tax Revenues By Source
 Last Six Fiscal Years
 (accrual basis of accounting)
 (unaudited)

Fiscal Year	Property Taxes	Industrial Payments	Franchise Taxes	Public Service Taxes	Total
2003	\$10,868,006	\$ 7,276,821	\$ 1,682,849	\$ 3,037,574	\$22,865,250
2004	11,061,539	6,896,112	1,718,875	3,263,459	22,939,985
2005	11,815,694	6,991,926	1,885,801	3,459,979	24,153,400
2006	12,197,117	7,659,591	1,986,698	4,067,767	25,911,173
2007	13,065,604	8,188,891	2,003,691	5,735,725	28,993,911
2008	13,682,659	7,958,522	2,165,343	5,803,077	29,609,601

Note: The City of La Porte first applied GASB Statement 34 in fiscal year 2003; therefore government-wide financial information for years prior to fiscal year 2003 is not available.



City of La Porte, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year				
	1999	2000	2001	2002	2003
General fund					
Reserved	\$ 66,158	\$ 72,088	\$ 58,827	\$ 74,843	\$ 209,191
Unreserved	5,428,233	5,924,197	7,608,591	7,053,076	6,632,833
Total general fund	<u>\$ 5,494,391</u>	<u>\$ 5,996,285</u>	<u>\$ 7,667,418</u>	<u>\$ 7,127,919</u>	<u>\$ 6,842,024</u>
All other governmental funds					
Reserved	\$ 1,119,041	\$ 1,263,483	\$ 1,303,068	\$ 1,589,610	\$ 7,462,916
Unreserved/Undesignated					
Unreserved, reported in:					
Special revenue funds	2,171,471	2,837,718	3,307,882	3,850,787	3,770,935
Capital projects funds	7,178,328	13,038,143	11,765,217	13,778,877	5,067,980
Total all other governmental funds	<u>\$ 10,468,840</u>	<u>\$ 17,139,344</u>	<u>\$ 16,376,167</u>	<u>\$ 19,219,274</u>	<u>\$ 16,301,831</u>

Fiscal Year				
2004	2005	2006	2007	2008
\$ 440,926	\$ 209,191	\$ 144,775	\$ 169,708	\$ 360,727
7,009,028	8,972,133	10,970,885	13,687,895	13,587,254
<u>\$ 7,449,954</u>	<u>\$ 9,181,324</u>	<u>\$ 11,115,660</u>	<u>\$ 13,857,603</u>	<u>\$ 13,947,981</u>
\$ 1,584,497	\$ 2,061,426	\$ 2,266,406	\$ 2,670,858	\$ 3,021,882
1,005,159	4,255,634	5,100,995	7,501,313	6,325,089
9,287,535	16,488,090	18,813,872	18,660,427	19,933,451
<u>\$ 11,877,191</u>	<u>\$ 22,805,150</u>	<u>\$ 26,181,273</u>	<u>\$ 28,832,598</u>	<u>\$ 29,280,422</u>

City of La Porte, Texas
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (unaudited)

	1999	2000	2001	2002
Revenues				
Taxes	\$ 20,164,016	\$ 20,860,043	\$ 22,406,291	\$ 23,300,851
Donations	-	-	-	-
Harris County Joint Ventures	-	-	-	-
Licenses and permits	357,694	337,259	262,010	238,535
Fines and forfeits	479,363	407,459	561,547	614,534
Charges and services	2,996,774	3,147,031	2,923,504	2,129,487
Intergovernmental	170,044	313,261	673,105	385,722
Interest	976,007	1,395,339	1,626,693	748,798
Miscellaneous	213,794	193,585	119,228	143,668
Total revenues	<u>\$ 25,357,692</u>	<u>\$ 26,653,977</u>	<u>\$ 28,572,378</u>	<u>\$ 27,561,595</u>
Expenditures				
General Government	5,056,127	5,152,844	5,232,112	5,294,977
Public Safety	7,842,420	8,644,309	9,364,320	10,165,683
Public Works	2,204,287	2,304,829	2,487,825	2,422,522
Health and Sanitation	2,413,218	2,411,767	2,278,761	1,764,906
Culture and Recreation	2,697,886	2,944,296	3,058,199	3,297,865
Debt Service				
Principal	1,495,000	1,555,000	1,775,000	1,685,000
Interest	559,379	590,841	729,932	634,535
Capital Outlay	2,514,438	2,685,085	3,032,461	4,077,477
Total expenditures	<u>24,782,755</u>	<u>26,288,971</u>	<u>27,958,610</u>	<u>29,342,965</u>
Excess of revenues over (under) expenditures	574,937	365,006	613,768	(1,781,370)
Other financing sources (uses)				
Issuance of debt	-	6,250,000	-	5,400,000
Premium on bond	-	-	-	-
Transfers in	1,346,030	1,099,032	1,974,671	1,870,191
Transfers out	(2,058,568)	(1,377,318)	(1,849,671)	(3,185,214)
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>(712,538)</u>	<u>5,971,714</u>	<u>125,000</u>	<u>4,084,977</u>
Net change in fund balances	<u>\$ (137,601)</u>	<u>\$ 6,336,720</u>	<u>\$ 738,768</u>	<u>\$ 2,303,607</u>
Debt service as a percentage of noncapital expenditures	9.2%	9.1%	10.0%	9.2%

		Fiscal Year									
		2003	2004	2005	2006	2007	2008				
\$	22,922,669	\$	22,948,635	\$	24,045,940	\$	25,687,864	\$	28,919,159	\$	30,059,710
	-		-		30,000		-		30,000		-
	-		-		1,751,555		-		-		-
	199,970		320,405		531,091		683,284		919,923		559,803
	847,250		554,559		678,205		848,232		1,243,694		1,726,433
	2,275,333		2,947,340		3,233,453		3,887,570		3,966,801		3,958,189
	480,037		576,262		1,112,687		1,174,381		716,103		4,755,080
	481,822		325,418		630,683		1,709,163		2,117,375		1,883,095
	125,020		32,605		183,658		163,380		77,056		90,409
\$	27,332,101	\$	27,705,224	\$	32,197,272	\$	34,153,874	\$	37,990,111	\$	43,032,719
	5,542,520		7,971,284		6,848,838		7,236,765		7,696,436		8,418,445
	10,477,080		10,414,544		10,532,857		11,071,829		11,769,003		15,609,623
	2,556,011		2,361,192		2,430,322		2,360,073		2,407,428		2,908,970
	1,823,462		1,758,964		1,808,313		1,813,812		1,972,823		2,478,846
	3,475,888		3,245,144		3,067,815		3,010,725		3,103,466		3,470,123
	1,590,000		1,490,000		1,330,000		1,195,000		1,235,000		1,655,000
	795,199		699,834		1,030,430		1,374,314		1,582,287		1,757,889
	2,771,651		3,259,141		8,566,314		6,550,309		10,012,947		6,351,166
	29,031,811		31,200,103		35,614,889		34,612,827		39,779,390		42,650,062
	(1,699,710)		(3,494,879)		(3,417,617)		(458,953)		(1,789,279)		382,657
	-		-		16,586,900		6,965,000		8,075,000		-
	-		-		-		191,055		37,572		-
	1,919,871		3,469,026		3,222,196		6,055,874		4,196,574		7,625,287
	(3,423,500)		(3,790,857)		(3,774,399)		(7,532,602)		(5,147,853)		(7,501,259)
	-		-		42,250		90,083		21,253		31,518
	(1,503,629)		(321,831)		16,076,947		5,769,410		7,182,546		155,546
\$	(3,203,339)	\$	(3,816,710)	\$	12,659,330	\$	5,310,457	\$	5,393,267	\$	538,203
	9.1%		7.8%		8.7%		9.2%		9.5%		9.4%

City of La Porte, Texas
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30	Estimated Market Value		Less: Tax Exempt Property	Total Taxable Assessed Value
	Real Property	Personal Property		
1999	\$ 1,200,942,090	\$ 231,352,908	\$ 170,254,950	\$ 1,262,040,048
2000	1,348,881,240	258,255,710	187,918,790	1,419,218,160
2001	1,346,611,820	295,183,470	219,056,080	1,422,739,210
2002	1,461,368,400	295,213,550	251,950,970	1,504,630,980
2003	1,498,049,850	270,257,240	255,642,570	1,512,664,520
2004	1,546,560,410	279,687,470	265,840,970	1,560,406,910
2005	1,601,433,200	311,721,280	278,265,540	1,634,888,940
2006	1,777,351,563	325,549,640	407,734,605	1,695,166,598
2007	1,861,821,075	350,191,031	419,779,423	1,792,232,683
2008	2,007,113,146	372,331,715	428,955,092	1,950,489,769

Source: City of La Porte records and the Harris County Appraisal District

<u>Total Direct Tax Rate</u>	<u>Total Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
0.71	\$ 1,262,040,048	100.00%
0.71	1,419,218,160	100.00%
0.71	1,422,739,210	100.00%
0.71	1,504,630,980	100.00%
0.71	1,512,664,520	100.00%
0.71	1,560,406,910	100.00%
0.71	1,634,888,940	100.00%
0.71	1,695,166,598	100.00%
0.71	1,792,232,683	100.00%
0.71	1,950,489,769	100.00%

City of La Porte, Texas
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of La Porte ¹			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct	Harris County Flood Control District ²	Harris County ²	Port of Houston Authority ²	Harris County Board of Education ²
1999	\$ 0.570	\$ 0.140	\$ 0.710	\$ 0.080000	\$ 0.39480	\$ 0.02040	\$ 0.006300
2000	0.570	0.140	0.710	0.061700	0.35900	0.01830	0.006300
2001	0.570	0.140	0.710	0.047600	0.38390	0.01830	0.006300
2002	0.570	0.140	0.710	0.047600	0.38390	0.01830	0.006300
2003	0.575	0.135	0.710	0.041740	0.38810	0.01990	0.006300
2004	0.575	0.135	0.710	0.033180	0.39990	0.01670	0.006300
2005	0.611	0.099	0.710	0.033220	0.39986	0.01474	0.006290
2006	0.611	0.099	0.710	0.032410	0.40239	0.01302	0.006290
2007	0.612	0.098	0.710	0.031060	0.39239	0.01437	0.005853
2008	0.619	0.091	0.710	0.030860	0.38923	0.01773	0.005840

Source: ¹ City of La Porte records
² Office of Harris County
³ Office of La Porte Independence School District

Overlapping Rates

Hospital District ²	La Porte I.S.D. ³	San Jacinto Jr. College District ⁴	Total
\$ 0.14650	\$ 1.610	\$ 0.110000	\$ 3.07800
0.20270	1.650	0.126000	3.13400
0.19020	1.630	0.130700	3.11700
0.19020	1.630	0.130700	3.11700
0.19020	1.680	0.130700	3.16694
0.19020	1.734	0.139100	3.22938
0.19216	1.734	0.145365	3.23564
0.19216	1.635	0.145365	3.13664
0.19216	1.305	0.145365	2.79620
0.19216	1.325	0.163411	2.83423

City of La Porte, Texas
 Principal Property Tax Payers
 Current Year and Ten Years Ago
 (Unaudited)

Taxpayer	2008		Taxpayer	1998	
	Taxable Assesed Value	Percentage of Total City Taxable Assessed Value		Taxable Assesed Value	Percentage of Total City Taxable Assessed Value
Conoco Phillips Inc	\$ 54,590,903	2.80%	Conoco Inc	\$ 54,111,440	4.43%
PPG Industries	54,100,472	2.77%	Equistar Chemicals LP	44,664,690	3.66%
Oxy Vinyls LP	49,177,149	2.52%	H L & P	42,425,040	3.48%
Equistar Chemicals LP	48,428,332	2.48%	Solvay Polymer Corp	37,068,510	3.04%
Ineos USA LLC	38,002,780	1.95%	Occidental Electrochem	36,236,280	2.97%
Underwood Dist	36,208,012	1.86%	PPG Industries	30,016,160	2.46%
Centerpoint Energy	24,729,347	1.27%	Fina Oil & Chem. Co.	24,606,050	2.02%
Dow Chemical	20,420,986	1.05%	Dow Chemicals	21,053,500	1.73%
Atofina Petrochemicals	20,215,323	1.04%	Geon Company	20,408,900	1.67%
Sulzer Hickham	19,058,785	0.98%	Noltex	14,662,470	1.20%
	<u>\$ 364,932,089</u>	<u>18.71%</u>		<u>\$ 325,253,040</u>	<u>26.65%</u>

Source: City of La Porte Tax Department

City of La Porte, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 8,951,261	\$ 8,795,498	98.26%	\$ 133,186	\$ 8,928,684	99.75%
2000	9,197,629	9,006,072	97.92%	164,263	9,170,335	99.70%
2001	10,026,496	9,780,571	97.55%	216,834	9,997,405	99.71%
2002	10,786,185	10,463,515	97.01%	287,472	10,750,987	99.67%
2003	10,826,184	10,491,257	96.91%	271,812	10,763,069	99.42%
2004	11,178,351	10,829,202	96.88%	276,027	11,105,229	99.35%
2005	11,669,473	11,334,572	97.13%	241,391	11,575,963	99.20%
2006	12,080,351	11,755,121	97.31%	216,496	11,971,617	99.10%
2007	12,703,850	12,418,873	97.76%	149,320	12,568,193	98.93%
2008	13,857,467	13,476,872	97.25%	-	13,476,872	97.25%

Source: City of La Porte Tax Department

City of La Porte, Texas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Governmental Activities		
	General Obligation Bonds	Certificates of Obligation	Other Obligations
1999	\$ 9,675,000	\$ -	\$ -
2000	11,370,000	3,000,000	-
2001	9,745,000	2,850,000	-
2002	8,210,000	2,700,000	5,400,000
2003	6,770,000	2,550,000	5,400,000
2004	5,430,000	2,400,000	5,400,000
2005	11,925,000	11,050,000	5,400,000
2006	12,610,000	16,405,000	5,130,000
2007	12,070,000	24,055,000	4,860,000
2008	11,475,000	23,265,000	4,590,000

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Percentage of personal income and Per capita personal income provided from the 2000 US Census.

Business-Type Activities

<u>Water and Sewer Revenue Bonds</u>	<u>General Obligation Refunding Bonds</u>	<u>Other Obligations</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 1,650,000	\$ 2,710,000	\$ 8,335,000	\$ 22,370,000	N/A	654
1,425,000	2,275,000	8,080,000	26,150,000	3.87%	820
1,200,000	1,840,000	8,080,000	23,715,000	N/A	733
975,000	1,440,000	7,710,000	26,435,000	N/A	803
750,000	1,040,000	7,293,358	23,803,358	N/A	704
625,000	585,000	6,904,178	21,344,178	N/A	633
500,000	145,000	6,500,000	35,520,000	N/A	1,028
375,000	-	8,680,000	43,200,000	N/A	1,240
250,000	-	7,957,500	49,192,500	N/A	1,413
125,000	-	7,210,000	46,665,000	N/A	1,320

City of La Porte, Texas
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available in Debt Service Fund			
1999	\$ 9,675,000	\$ -	\$ 1,119,041	\$ 8,555,959	0.68%	250
2000	14,370,000	-	1,263,483	13,106,517	0.92%	411
2001	12,595,000	-	1,303,068	11,291,932	0.79%	349
2002	16,310,000	-	1,589,610	14,720,390	0.98%	447
2003	12,170,000	2,550,000	1,797,213	12,922,787	0.85%	382
2004	10,830,000	2,400,000	1,584,497	11,645,503	0.75%	345
2005	17,325,000	11,050,000	1,704,531	26,670,469	1.63%	772
2006	17,740,000	16,405,000	1,813,887	32,331,113	1.91%	928
2007	16,930,000	24,055,000	1,925,756	39,059,244	2.18%	1,105
2008	16,065,000	23,265,000	1,999,842	37,330,158	2.08%	1,056

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

Per Capita provided from the 2000 Census

1. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
2. Population data can be found in the Schedule of Demographic and Economic Statistics.

City of La Porte, Texas
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2008
 (unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harris County	\$ 2,290,251,222	0.78%	\$ 17,863,960
Harris County Department of Education	-	0.78%	-
Harris County Flood Control District	108,980,834	0.78%	850,051
Harris County Toll Road - Toll Road Bonds (a)	-	0.78%	-
La Porte ISD	186,870,000	30.02%	56,098,374
Port of Houston Authority	563,015,000	0.78%	4,391,517
San Jacinto Jr. College District	<u>145,950,000</u>	5.90%	<u>8,611,050</u>
Subtotal, overlapping debt	\$ 3,295,067,056		\$ 87,814,951
City of La Porte direct debt	41,430,000	100%	<u>\$ 41,430,000</u>
Total direct and overlapping debt			<u><u>\$ 129,244,951</u></u>

(a) Harris County Toll Road debt is considered self-supporting.
 Source: Texas Municipal Reports

City of La Porte, Texas
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (unaudited)

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt limit	\$ 31,930,272	\$ 38,129,152	\$ 35,568,480	\$ 37,615,775	\$ 37,816,613
Total net debt applicable to limit	8,555,959	13,106,517	11,291,932	14,720,390	10,372,787
Legal debt margin	<u>\$ 23,374,313</u>	<u>\$ 25,022,635</u>	<u>\$ 24,276,548</u>	<u>\$ 22,895,385</u>	<u>\$ 27,443,826</u>
Total net debt applicable to the limit as a percentage of debt limit					

Note: The City has no general obligation legal debt limit other than a ceiling on the tax rate as specified by the State of Texas.
 The prescribed maximum is \$2.50 per \$100 of the appraised value

2004	2005	2006	2007	2008
\$ 39,010,173	\$ 40,872,224	\$ 42,379,165	\$ 44,805,817	\$ 48,762,244
9,245,503	15,620,369	15,926,113	18,855,756	18,064,842
<u>\$ 29,764,670</u>	<u>\$ 25,251,855</u>	<u>\$ 26,453,052</u>	<u>\$ 25,950,061</u>	<u>\$ 30,697,402</u>

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 1,950,489,769
Add back: exempt property	<u>\$ 428,955,092</u>
Total assessed value	\$ 2,379,444,861
Debt limit (2.5% of total assessed value)	48,762,244
Debt applicable to limit:	
General obligation bonds	\$ 16,065,000
Less: Amount set aside for repayment of general obligation debt	<u>1,999,842</u>
Total net debt applicable to limit	18,064,842
Legal debt margin	<u>\$ 30,697,402</u>

City of La Porte, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Water and Sewer System Revenue Bonds						
Fiscal Year	Utility Service Charges ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
1999	\$ 6,445,231	\$ 4,386,479	\$ 2,058,752	\$ 660,000	\$ 211,328	2.36
2000	6,844,236	5,626,662	1,217,574	660,000	170,483	1.47
2001	6,094,735	4,347,508	1,747,227	660,000	168,781	2.11
2002	5,988,595	4,814,158	1,174,437	625,000	132,418	1.55
2003	5,837,448	5,025,158	812,290	580,000	115,948	1.17
2004	5,836,221	5,125,635	710,586	580,000	71,293	1.09
2005	6,193,451	5,259,943	933,508	565,000	43,161	1.53
2006	7,438,016	5,389,783	2,048,233	270,000	111,712	5.37
2007	6,722,774	5,681,548	1,041,226	262,500	106,828	2.82
2008	8,916,777	5,653,497	3,263,280	387,500	91,605	6.81

Note:

1. Includes interest income.
2. Excludes depreciation and loss on uncollectible accounts.

City of La Porte, Texas
 Demographic and Economic Statistics
 Last Ten Calendar Years
 (Unaudited)

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1999	34,191	N/A	N/A	N/A	7,477	4.7%
2000	31,880	675,155	21,178	33	7,645	4.2%
2001	32,356	N/A	N/A	N/A	7,772	5.3%
2002	32,910	N/A	N/A	N/A	7,732	6.2%
2003	33,789	N/A	N/A	N/A	7,648	6.6%
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%

Sources:

Estimated population provided by the Planning Department.

Personal income, per capita personal income and median age provided from the 2000 US Census.

School enrollment provided by LPISD.

Unemployment rates provided from the State of Texas Labor Statistics.

City of La Porte, Texas
 Principal Employers
 Current Year and Ten Years Ago
 (unaudited)

2008 *				1998 **			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
La Porte ISD	1,227	1	4.49%	Solvay Polymer	1,100	1	N/A
Rockwood Service Corp.	700	2	2.56%	San Jacinto College	1,003	2	N/A
Longview Inspection Corp.	664	3	2.43%	La Porte ISD	987	3	N/A
Quest Tru TEC	636	4	2.33%	E.I. Dupont	870	4	N/A
Oxy Vinyls, LP	530	5	1.94%	Millenium (formerly Quantum)	736	5	N/A
City of La Porte	381	6	1.39%	Akzo Nobel	500	6	N/A
Ineos	350	7	1.28%	Hickham Industries	270	7	N/A
Sulzer Hickham	330	8	1.21%	Dow Chemical	250	8	N/A
Air Liquide	170	9	0.62%	Fina Oil & Chemical	225	9	N/A
PPG Industries	150	10	0.55%	Geon Company	180	10	N/A
Total	5,138		18.79%		6,121		

Source:

* City Economic Development Office

** City of La Porte Official Statement, Series 1998 General Obligation Bonds

City of La Porte, Texas
 Full-Time Equivalent City Government Employees by Function/Program
 Last Four Fiscal Year
 (unaudited)

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General Government	76	76	80	79
Public Safety	135	138	147	142
Public Works	32	32	32	32
Health & Sanitation	22	21	21	22
Culture and Recreation	47	45	44	45
Water Services	26	27	25	25
Sewer Services	20	20	20	20
Golf Course	13	13	12	12
Sylvan Beach Convention Center	3	3	4	4

Source:
 City Budget Office

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

City of La Porte, Texas
 Operating Indicators by Function/Program
 Last Ten Fiscal Years
 (unaudited)

Function/Program	Fiscal Year			
	1999	2000	2001	2002
Police				
Physical arrests	N/A	1,541	2,114	2,193
Tickets processed	6,065	6,657	9,489	9,298
Fire				
Number of calls answered	N/A	N/A	N/A	N/A
Inspections	N/A	N/A	N/A	N/A
Highways and streets				
Street resurfacing (linear feet)	40,400	39,200	42,000	26,200
Potholes repaired	251	302	232	271
Sanitation				
Cu. Yds. Garbage collected	25,757	27,300	28,025	28,655
Cu. Yds. Trash collected	31,061	38,603	48,049	52,796
Culture and recreation				
Fitness center admissions	66,028	67,347	68,668	73,764
Water				
Number of water meters	9,500	9,679	10,699	10,957
Average daily water consumption (million gallons)	3.1	4.6	4.1	3.1
Water mains breaks	806	601	505	491
Wastewater				
Average daily sewer treatment (thousands of gallons)	3.4	3.0	3.9	3.4
Golf Course				
Number of Paid Rounds Played	41,117	48,950	43,063	42,540

Source: City Departments

Notes: N/A - Data not available

Fiscal Year

2003	2004	2005	2006	2007	2008
2,271	2,000	2,330	2,465	2,489	2,642
9,605	6,593	6,877	8,212	9,652	15,352
N/A	494	644	689	1,598	1,781
N/A	500	500	N/A	600	320
27,800	33,800	66,158	27,835	22,100	19,887
413	524	531	321	1,260	996
28,243	29,675	30,022	30,795	29,279	29,282
50,111	54,875	49,140	49,140	52,250	48,136
76,311	84,353	81,868	70,558	62,828	62,245
10,987	11,189	11,391	11,592	11,743	11,913
4.0	3.8	4.1	3.9	3.8	4.0
440	299	437	483	467	455
3.9	4.0	3.5	2.8	3.9	3.2
38,594	38,901	34,961	32,731	32,433	35,839

City of La Porte, Texas
 Capital Asset Statistics by Function/Program
 Last Nine Fiscal Years
 (unaudited)

Function/Program	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety									
Police Station	1	1	1	1	1	1	1	1	1
Police Officers	56	71	71	72	72	72	73	74	74
Reserve Officers	9	3	5	5	5	5	5	6	2
Fire Stations	4	4	4	4	4	4	4	4	4
Sanitation									
Collection trucks	13	13	13	14	14	14	14	14	14
Highways and streets									
Streets (miles)	160	160	164	164	164	211	217	211	295
Streetlights	1,823	2,072	2,109	1,533	1,665	2,192	1,803	1,804	2,400
Traffic signals	3	3	3	3	3	3	3	3	3
Culture and recreation									
Parks acreage	145	462	463	463	463	337	339	347	347
Parks	17	18	18	19	19	21	21	22	22
Swimming pools	6	6	6	6	6	6	6	6	6
Recreation Centers	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1
Water and Sewer									
Water Mains (miles)	226	229	231	231	231	165	168	176	178
Fire Hydrants	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,076	1,161
Sanitary Sewers (miles)	184	185	186	187	187	187	187	189	189
Storm Sewers (miles)	87	88	88	89	89	89	92	92	92

Source: City Departments

Note: Data not available for fiscal years prior to 2000.