

CITY OF LA PORTE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
September 30, 2010

Prepared by:
Department of Finance



City of La Porte
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2010

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INTRODUCTORY SECTION





CITY OF LA PORTE

Established 1892

March 11, 2011

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, 2010. 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, 2010 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, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of La Porte's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of La Porte, incorporated in 1892, is located in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 33,800.

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 has established a Taxing Increment Reinvestment Zone one (the Zone). The zone is presented as a blended component unit and is being reported as a governmental fund type (see Note 1 B). The City has also established a section 4 B Sales Tax Corporation (see Note 1 B).

The City's accounting records for general governmental operations are maintained on modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

The annual budget serves as the foundation for the City of La Porte's financial planning and control. Budgetary control has been established at the fund level. All agencies of the City of La Porte are required to submit requests for appropriation to the City Manager on or before May 26 of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to council for review prior to August. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The directors are given latitude to approve transfers of appropriations within a department. Transfers of appropriations between funds, however require the special approval of the city council. Budget-to-actual comparisons are provided in financial reports for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 79 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 83.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds. Formal budget integration is not employed for the Debt Service and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.

Economic Condition

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

Local economy. The City of La Porte is located in the southeast quadrant of Harris County, which is a 1,723 square mile county is a leading oil, gas and petrochemical areas. The County has more than 3,200 manufacturing plants, the nation's largest concentration of petrochemical plants, the third largest United States seaport and is a corporation management center. A significant part of the County's major employers, manufacturers, education and financial institutions are located in Houston, the County seat. The Texas Medical Center, located in Harris County, is one of the nation's largest, providing medical care and educational opportunities. 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.

Relevant Financial Policy

City Council, following permanent damage from Hurricane Ike, elected to close our Sylvan Beach (enterprise fund) and transfer the remaining cash reserves to capital improvement. The cash reserves are undesignated and will be allocated to general government projects.

Major Initiatives

Following the completion of a comprehensive city-wide drainage plan, City Council directed staff to alleviate affected neighborhoods from surface water flooding. Consequently, the City issued \$6.28 million in certificates of obligation to be spent on engineering and construction projects. The projects will enable the City to continue moving forward with other projects and further reduce the risk of flooding for the citizens.

Awards and Acknowledgements

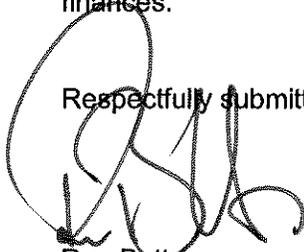
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twenty-ninth consecutive year that the City has received this 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.

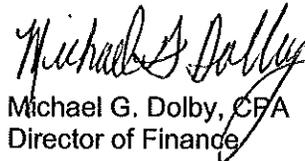
In addition, the government also received the GFOA's Distinguished Budget Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial 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,

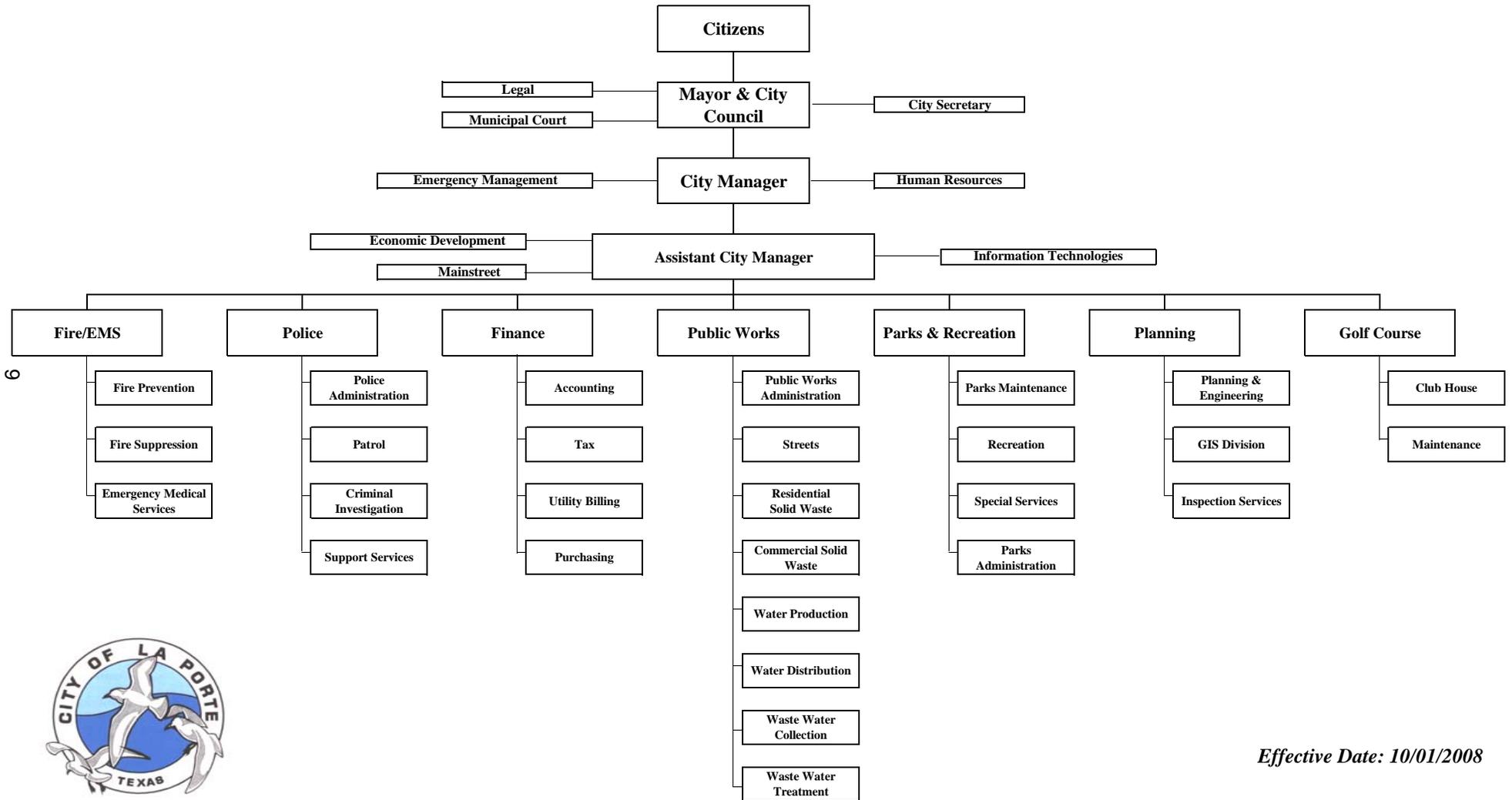
A large, stylized handwritten signature in black ink, appearing to read 'R. Bottoms', written over the text 'Respectfully submitted,'.

Ron Bottoms
City Manager

A handwritten signature in black ink that reads 'Michael G. Dolby', written over the printed name and title below it.

Michael G. Dolby, CFA
Director of Finance

CITY OF LA PORTE ORGANIZATIONAL CHART



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Effective Date: 10/01/2008

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, 2009

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.



President

Executive Director

CITY OF LA PORTE

LIST OF ELECTED OFFICIALS

LOUIS RIGBY
MAYOR

JOHN ZEMANEK
COUNCIL PERSON
AT LARGE A

JOHN BLACK
MAYOR PROTEM
AT LARGE B

MICHAEL MOSTEIT
COUNCIL PERSON
DISTRICT 1

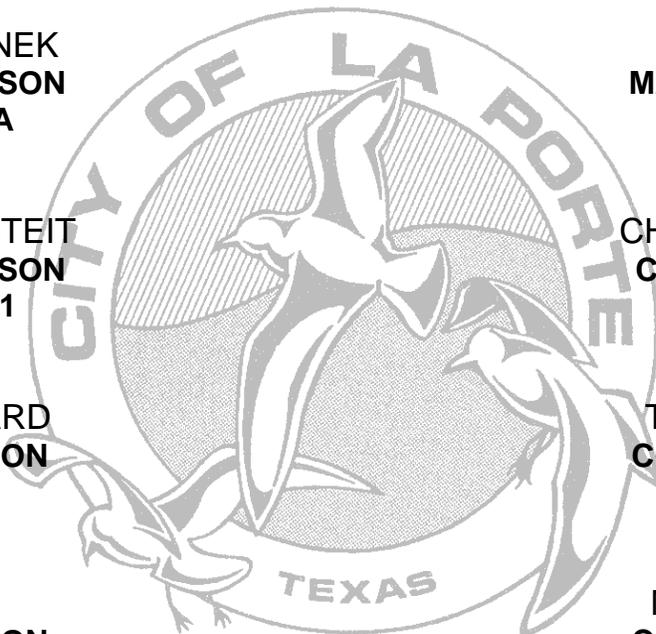
CHUCK ENGELKEN
COUNCIL PERSON
DISTRICT 2

DARYL LEONARD
COUNCIL PERSON
DISTRICT 3

TOMMY MOSER
COUNCIL PERSON
DISTRICT 4

JAY MARTIN
COUNCIL PERSON
DISTRICT 5

MIKE CLAUSEN
COUNCIL PERSON
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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, 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 March 11, 2011, 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 conjunction with this report in considering assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 17 through 23 and pages 79 through 80, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of the financial statements for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

March 11, 2011

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2010

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, 2010. 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 \$111,289,712 (net assets). Of this amount \$15,931,922 (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 \$1,582,339. This increase is due to capital acquisitions in the governmental 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 \$40,543,819. Of this amount \$35,868,993, (88%) 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 \$11,849,853 approximately (39%) 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, 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, 2010

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 21 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, 2010 Certificates of Obligation Bond, and Capital Projects Fund, all of which are considered to be major funds. Data from the other 18 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 27-37 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, 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. 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, and Bay Forest Golf Course. 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 45-75 of this report.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2010

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 77-80 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 82-125 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 \$111,289,712 at the close of the fiscal year.

By far the largest portion of the City's net assets \$75,789,786 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 56,384,215	\$ 53,527,689	\$ 5,673,459	\$ 5,672,420	\$ 62,057,674	\$ 59,200,109
Capital assets	67,484,940	62,533,458	46,380,067	46,648,862	113,865,007	109,182,320
Total Assets	<u>123,869,155</u>	<u>116,061,147</u>	<u>52,053,526</u>	<u>52,321,282</u>	<u>175,922,681</u>	<u>168,382,429</u>
Long term liabilities	50,569,787	43,417,622	6,910,440	7,165,771	57,480,227	50,583,393
Other liabilities	6,091,976	6,967,959	1,060,766	1,123,704	7,152,742	8,091,663
Total Liabilities	<u>56,661,763</u>	<u>50,385,581</u>	<u>7,971,206</u>	<u>8,289,475</u>	<u>64,632,969</u>	<u>58,675,056</u>
Net Assets:						
Invested in capital assets, net of related debt	35,194,777	32,667,469	40,595,009	40,206,362	75,789,786	72,873,831
Restricted	18,108,170	16,169,693	1,459,834	1,352,867	19,568,004	17,522,560
Unrestricted	13,904,445	16,838,404	2,027,477	2,472,578	15,931,922	19,310,982
Total Net Assets	<u>\$ 67,207,392</u>	<u>\$ 65,675,566</u>	<u>\$ 44,082,320</u>	<u>\$ 44,031,807</u>	<u>\$ 111,289,712</u>	<u>\$ 109,707,373</u>

An additional portion of the City's net assets \$19,568,004 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$15,931,922 (14%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2010, 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, 2010

Analysis of the City's Operations – the following table provides a summary of the City's operations for the year ended September 30, 2010, with comparative totals for year ended September 30, 2009. Governmental activities increased the City of La Porte's net assets by \$1,531,826. Business-type activities increased the City's net assets by \$50,513.

City of La Porte's Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,279,423	\$ 7,042,938	\$ 8,212,595	\$ 9,005,792	\$ 16,492,018	\$ 16,048,730
Operating grants and contributions	1,004,047	5,165,295	-	-	1,004,047	5,165,295
Capital grants and contributions	-	1,259,614	860,304	1,785,653	860,304	3,045,267
General revenues:						
Property taxes, levied for general purposes	15,182,382	14,389,535	-	-	15,182,382	14,389,535
Property taxes, levied for debt service	2,560,023	2,001,702	-	-	2,560,023	2,001,702
Industrial payments	10,732,488	10,554,872	-	-	10,732,488	10,554,872
Franchise taxes	2,170,699	2,160,425	-	-	2,170,699	2,160,425
Sales tax	5,913,679	5,787,406	-	-	5,913,679	5,787,406
Grants not specified for a specific program	-	2,000	-	-	-	2,000
Unrestricted investment earnings	293,943	687,567	39,078	72,814	333,021	760,381
Miscellaneous	164,237	90,599	-	-	164,237	90,599
Total revenues	46,300,921	49,141,953	9,111,977	10,864,259	55,412,898	60,006,212
Expenses:						
General Government	11,497,476	11,442,946	-	-	11,497,476	11,442,946
Public Safety	17,108,837	15,495,372	-	-	17,108,837	15,495,372
Public Works	4,601,382	8,095,274	-	-	4,601,382	8,095,274
Health and Sanitation	2,521,222	2,378,808	-	-	2,521,222	2,378,808
Culture and Recreation	6,483,006	4,222,945	-	-	6,483,006	4,222,945
Interest on Long-term debt	1,556,740	1,527,041	-	-	1,556,740	1,527,041
Water Services	-	-	5,721,303	4,832,857	5,721,303	4,832,857
Sewer Services	-	-	2,674,456	2,603,424	2,674,456	2,603,424
Airport	-	-	181,040	183,186	181,040	183,186
Bay Forest Golf Course	-	-	1,485,097	1,436,792	1,485,097	1,436,792
Sylvan Beach Convention Center	-	-	-	25,649	-	25,649
Total Expenses	43,768,663	43,162,386	10,061,896	9,081,908	53,830,559	52,244,294
Change in net assets before transfers	2,532,259	5,979,567	(949,919)	1,782,351	1,582,339	7,761,918
Transfers	(1,000,432)	(778,855)	1,000,432	778,855	-	-
Change in net assets	1,531,826	5,200,712	50,513	2,561,206	1,582,339	7,761,918
Net assets - beginning	65,675,566	60,474,854	44,031,807	41,470,601	109,707,373	101,945,455
Net assets - ending	\$ 67,207,392	\$ 65,675,566	\$ 44,082,320	\$ 44,031,807	\$ 111,289,712	\$ 109,707,373

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2010

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 \$40,543,819. Approximately 88% of this total amount (\$35,868,993) 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 (\$158,870), 2) to provide for inventories (\$135,162), 3) to pay for debt service (\$3,740,380), 4) to provide for municipal court building security (\$147,915), 5) to provide for municipal court technology (\$38,543), 6) to provide for park zone (\$147,180), and 7) to provide for confiscated funds (\$227,605), 8) to provide for animal control (\$2,914), 9) to provide for judicial fund (\$23,197), 10) to provide for law enforcement training (\$3,406), and 11) to provide for child safety fees (\$49,654).

The actual General Fund fund balance decrease for fiscal year 2010 was \$1,489,540 which is \$4.9 million higher than originally projected since revenues were higher than projected and expenditures were less than budget. The 2010 Certificate of Obligation Fund balance increased by \$5,789,393 due to bond proceeds in the current fiscal year. The Capital Projects Fund balance increased by \$499,576 due to interfund transfers for construction of capital projects. Other governmental fund balances decreased in 2010 by \$2,071,692 due to decreased revenues and increased spending for capital projects.

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- \$452,909, Airport - \$338,399, La Porte Area Water Authority - \$1,956,053, Sylvan Beach Convention Center - \$0, and Bay Forest Golf Course – (\$719,884). The change (decrease) in net assets of the proprietary funds in 2010 was as follows: Utility - \$627,684, which increased due to capital contributions, Airport - (\$126,453), which decreased, La Porte Area Water Authority - \$217,188, which increased due to capital contributions, Sylvan Beach Convention Center - (\$265,398), which has closed due to hurricane damage and Bay Forest Golf Course - (\$402,508), which decreased.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase from the original budget of (\$135,049) or 0.4%. The City received more than anticipated revenues by \$3.5 million as a result of an upturn in industrial district payments, property tax and sales tax.

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, 2010 amounts to \$113,865,007 (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 Sens Road Utilities Relocation \$1.4 million.
- Construction in progress Main Street revitalization program for \$1.0 million.
- Construction in progress for Sports Complex for \$2.2 million.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2010

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

	Governmental Activities 2010	Business-type Activities 2010	Total
Land	\$ 9,699,810	\$ 2,308,777	\$ 12,008,587
Buildings and improvements	20,606,726	219,144	20,825,870
Improvements other than buildings	11,353,336	38,586,412	49,939,748
Infrastructure	14,922,028	-	14,922,028
Machinery and equipment	6,208,222	210,734	6,418,956
Construction in progress	4,694,818	5,055,000	9,749,818
Total	\$ 67,484,940	\$ 46,380,067	\$ 113,865,007

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 \$47,725,000. Of this amount, \$42,065,000 comprises bonded debt backed by the full faith and credit of the government and \$5,660,000 represents bonds secured solely by water and sewer revenues.

**Outstanding Debt at Year End
Bonds Payable**

	Governmental Activities 2010	Business-type Activities 2010	Totals
General Obligations	\$ 15,715,000	\$ -	\$ 15,715,000
Revenue Bonds Payable	-	4,085,000	4,085,000
Certificate of Obligations	26,350,000	1,575,000	27,925,000
Total	\$ 42,065,000	\$ 5,660,000	\$ 47,725,000

The City of La Porte maintains an "Aa2", "AA", "AA-" by Moody's, Standard and Poor's and Fitch respectively for general obligation debt. The revenue bonds have been rated "A2, A, NR" by Moody's, Standard and Poor's and Fitch, respectively.

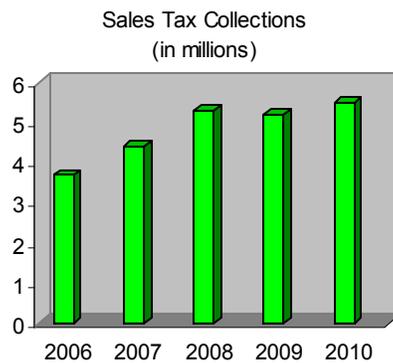
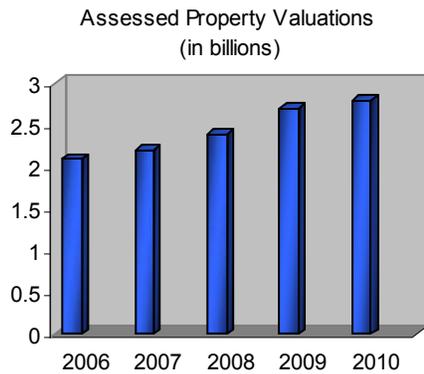
Additional information on the City of La Porte's long-term debt can be found in Note 5 on pages 60-64 of this report.

CITY OF LA PORTE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2010

ECONOMIC FACTS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City of La Porte is currently 8.3 percent, which is a decrease from a rate of 9.4 percent a year ago. This compares to the state's average unemployment rate of 8.1 percent which is less than the national average rate of 9.1 percent. During the upcoming year, the City will closely monitor the volatility in the housing market. Although our area has not been adversely affected by home foreclosures, we will observe future economic changes. Total assessed property value for all residential and commercial property in the City of La Porte exceeded \$2.0 billion for fiscal year 2010. The trend for total assessed property values has been steadily increasing each year with an average annual increase of 6 percent over the past 5 years. However, in the upcoming fiscal year, we anticipate that residential and commercial values will decrease by 3% to 5%. Sales tax receipts have increased 6% this fiscal year.



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, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 31,968,841	\$ 1,512,167	\$ 33,481,008
Investments	18,532,123	2,225,832	20,757,955
Receivables, net of allowance for uncollectibles			
Accounts receivable	1,823,908	1,061,851	2,885,759
Taxes receivable	1,976,189	-	1,976,189
Due from other governments	672,208	-	672,208
Accrued interest receivable	4,622	530	5,152
Other	183,132	-	183,132
Internal balances	390,808	(390,808)	-
Materials and supplies inventories at cost	169,788	4,800	174,588
Prepaid expenses	-	71,059	71,059
Deferred issuance costs	662,596	-	662,596
Restricted assets:			
Cash and cash equivalents restricted for:			
Customer service deposits	-	503,260	503,260
Debt service	-	684,768	684,768
Capital assets:			
Land	9,699,810	2,308,777	12,008,587
Buildings and improvements	34,829,904	789,144	35,619,048
Improvements other than buildings	17,390,197	83,872,233	101,262,430
Infrastructure	34,747,260	-	34,747,260
Machinery and equipment	15,205,703	593,903	15,799,606
Construction in progress	4,694,818	5,055,000	9,749,818
Accumulated depreciation	(49,082,752)	(46,238,990)	(95,321,742)
Total assets	<u>123,869,155</u>	<u>52,053,526</u>	<u>175,922,681</u>
LIABILITIES			
Accounts payable	5,213,072	419,750	5,632,822
Accrued salaries payable	685,858	109,607	795,465
Unearned revenue	112,344	-	112,344
Other current liabilities	3,002	9,373	12,375
Interest payable	77,700	18,776	96,476
Customer deposits	-	503,260	503,260
Noncurrent liabilities:			
Due within one year	2,308,797	877,500	3,186,297
Due in more than one year	48,260,990	6,032,940	54,293,930
Total liabilities	<u>56,661,763</u>	<u>7,971,206</u>	<u>64,632,969</u>
NET ASSETS			
Invested in capital assets, net of related debt	35,194,777	40,595,009	75,789,786
Restricted for:			
Debt service	3,662,680	1,459,834	5,122,514
Economic development	1,894,012	-	1,894,012
Capital improvements	10,945,455	-	10,945,455
Grants and state programs	1,606,023	-	1,606,023
Unrestricted	13,904,445	2,027,477	15,931,922
Total net assets	<u>\$ 67,207,392</u>	<u>\$ 44,082,320</u>	<u>\$ 111,289,712</u>

See accompanying notes to financial statements.

CITY OF LA PORTE, TEXAS
Statement of Activities
For The Year Ended September 30, 2010

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 11,497,476	\$ 3,116,325	\$ -	\$ -
Public safety	17,108,837	1,593,247	928,389	-
Public works	4,601,382	1,066,936	-	-
Health and sanitation	2,521,222	1,842,135	64,025	-
Culture and recreation	6,483,006	660,780	11,633	-
Interest on long term debt	1,556,740	-	-	-
Total governmental activities	<u>43,768,663</u>	<u>8,279,423</u>	<u>1,004,047</u>	<u>-</u>
Business-type activities:				
Water services	5,721,303	3,849,661	-	860,304
Sewer services	2,674,456	3,307,484	-	-
Airport	181,040	53,216	-	-
Golf course	1,485,097	1,002,234	-	-
Total business-type activities	<u>10,061,896</u>	<u>8,212,595</u>	<u>-</u>	<u>860,304</u>
Total government	<u>\$ 53,830,559</u>	<u>\$ 16,492,018</u>	<u>\$ 1,004,047</u>	<u>\$ 860,304</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Industrial payments

Franchise

Sales

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
\$ (8,381,151)	\$ -	\$ (8,381,151)
(14,587,201)	-	(14,587,201)
(3,534,446)	-	(3,534,446)
(615,062)	-	(615,062)
(5,810,593)	-	(5,810,593)
(1,556,740)	-	(1,556,740)
<u>(34,485,193)</u>	<u>-</u>	<u>(34,485,193)</u>
-	(1,011,338)	(1,011,338)
-	633,028	633,028
-	(127,824)	(127,824)
-	(482,863)	(482,863)
<u>-</u>	<u>(988,997)</u>	<u>(988,997)</u>
<u>\$ (34,485,193)</u>	<u>\$ (988,997)</u>	<u>\$ (35,474,190)</u>

15,182,382	-	15,182,382
2,560,023	-	2,560,023
10,732,488	-	10,732,488
2,170,699	-	2,170,699
5,913,679	-	5,913,679
293,943	39,078	333,021
164,237	-	164,237
(1,000,432)	1,000,432	-
<u>36,017,019</u>	<u>1,039,510</u>	<u>37,056,529</u>
1,531,826	50,513	1,582,339
65,675,566	44,031,807	109,707,373
<u>\$ 67,207,392</u>	<u>\$ 44,082,320</u>	<u>\$ 111,289,712</u>

CITY OF LA PORTE, TEXAS
Balance Sheet
Governmental Funds
September 30, 2010

	<u>General</u>	<u>2010 Certificates of Obligation Bonds</u>	<u>Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 10,081,188	\$ -	\$ 7,468,190
Investments	3,341,799	6,251,391	2,398,195
Receivables, net of allowance for uncollectibles:			
Accounts	1,823,908	-	-
Taxes	1,350,088	-	-
Intergovernmental	-	-	-
Accrued interest	1,565	-	1,057
Other	-	-	-
Due from other funds	807,246	-	-
Materials and supplies inventories, at cost	135,163	-	-
Total assets	<u>17,540,957</u>	<u>6,251,391</u>	<u>9,867,442</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	3,051,747	45,560	686,723
Accrued salaries payable	634,429	-	-
Due to others	-	-	-
Due to other funds	-	416,438	-
Deferred revenue	1,750,292	-	-
Total liabilities	<u>5,436,468</u>	<u>461,998</u>	<u>686,723</u>
Fund balances:			
Reserved for:			
Inventories	135,162	-	-
Encumbrances	119,474	-	-
Animal control	-	-	-
Judicial fund	-	-	-
Municipal court building security	-	-	-
Municipal court technology fee	-	-	-
Park zone	-	-	-
Law enforcement training	-	-	-
Child safety	-	-	-
Confiscated funds	-	-	-
Debt service	-	-	-
Unreserved, designated for capital projects	13,084	-	-
Unreserved/undesignated	11,836,769	5,789,393	9,180,719
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>12,104,489</u>	<u>5,789,393</u>	<u>9,180,719</u>
Total liabilities and fund balances	<u>\$ 17,540,957</u>	<u>\$ 6,251,391</u>	<u>\$ 9,867,442</u>

See accompanying notes to basic financial statements.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,530,774	\$ 26,080,152
4,580,078	16,571,463
-	1,823,908
626,101	1,976,189
672,208	672,208
1,130	3,752
61,955	61,955
615,026	1,422,272
-	135,163
<u>15,087,272</u>	<u>48,747,062</u>
873,158	4,657,188
18,294	652,723
3,002	3,002
615,026	1,031,464
108,574	1,858,866
<u>1,618,054</u>	<u>8,203,243</u>
-	135,162
39,396	158,870
2,914	2,914
23,197	23,197
147,915	147,915
38,543	38,543
147,180	147,180
3,406	3,406
49,654	49,654
227,605	227,605
3,740,380	3,740,380
-	13,084
-	26,806,881
3,688,288	3,688,288
5,360,740	5,360,740
<u>13,469,218</u>	<u>40,543,819</u>
<u>\$ 15,087,272</u>	<u>\$ 48,747,062</u>



CITY OF LA PORTE, TEXAS
Reconciliation of the Governmental Funds
Balance Sheet to Statement of Net Assets
September 30, 2010

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

Total fund balances - total governmental funds	\$ 40,543,819
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.	62,702,275
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Unavailable revenues	1,746,522
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.	(77,700)
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.	12,104,048
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	(42,065,000)
Premium on issuance	(478,623)
Compensated absences	(3,102,794)
Bond issuance costs	662,596
Arbitrage	(304,474)
Net OPEB obligation	(3,216,106)
Net pension obligation	(1,307,171)
Net assets of governmental activities	\$ 67,207,392

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, 2010

	General	2010 Certificate of Obligation Bonds	Capital Projects
REVENUES			
Property taxes	\$ 13,566,424	\$ -	\$ -
Franchise taxes	2,170,699	-	-
Sales taxes	3,142,521	-	-
Industrial payments	10,464,176	-	-
Other taxes	77,450	-	-
Licenses and permits	476,478	-	-
Fines and forfeits	1,531,699	-	-
Charges for services	4,307,154	-	1,405,077
Intergovernmental	863	-	-
Interest	137,143	3,546	43,078
Miscellaneous	59,920	-	60,625
Total revenues	35,934,527	3,546	1,508,780
EXPENDITURES			
Current:			
General government	7,468,340	-	232,978
Public safety	14,206,302	-	-
Public works	2,688,597	-	76,703
Health and sanitation	2,164,286	-	-
Culture and recreation	3,827,212	-	1,221,236
Debt service:			
Principal retirements	-	-	-
Interest and fiscal charges	-	136,533	-
Capital outlay	412,749	324,936	6,248,284
Total expenditures	30,767,486	461,469	7,779,201
Excess (deficiency) of revenues over expenditures	5,167,041	(457,923)	(6,270,421)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	6,265,000	-
Premium on bonds	-	123,670	-
Payment to escrow agent	-	-	-
Transfers in	730,271	-	6,769,997
Transfers out	(7,391,876)	(141,354)	-
Proceeds from sale of assets	5,024	-	-
Total other financing sources (uses)	(6,656,581)	6,247,316	6,769,997
Net change in fund balances	(1,489,540)	5,789,393	499,576
Fund balances—beginning	13,594,029	-	8,681,143
Fund balances—ending	\$ 12,104,489	\$ 5,789,393	\$ 9,180,719

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 4,298,212	\$ 17,864,636
-	2,170,699
2,356,887	5,499,408
268,312	10,732,488
336,822	414,272
-	476,478
271,086	1,802,785
371,536	6,083,767
987,669	988,532
79,226	262,993
4,597	125,142
<u>8,974,347</u>	<u>46,421,200</u>
2,086,288	9,787,606
405,435	14,611,737
53,621	2,818,921
68,562	2,232,848
-	5,048,448
1,755,000	1,755,000
1,451,033	1,587,566
<u>3,857,527</u>	<u>10,843,496</u>
<u>9,677,466</u>	<u>48,685,622</u>
<u>(703,119)</u>	<u>(2,264,422)</u>
4,295,000	10,560,000
100,338	224,008
(4,409,763)	(4,409,763)
1,657,855	9,158,123
(3,012,003)	(10,545,233)
-	5,024
<u>(1,368,573)</u>	<u>4,992,159</u>
(2,071,692)	2,727,737
15,540,910	37,816,082
<u>\$ 13,469,218</u>	<u>\$ 40,543,819</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, 2010

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

Net change in fund balances—total governmental funds:	\$ 2,727,737
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 \$10,661,990 exceeded depreciation \$3,713,973 and losses of \$104 from the disposition of capital assets in the current period.	6,947,913
Governmental funds report expenditures for costs of assets under construction that will be contributed to another entity. However, in the statement of activities, the cost of those assets will be expensed when the completed asset is transferred.	(371,718)
Governmental funds report capital outlay expenditures for costs of assets constructed that will be contributed to a proprietary fund. However, in the statement of activities, the cost of those assets were reclassified as a transfer to business-type activities.	(1,939,704)
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.	(194,443)
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.	(4,454,007)
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	(23,064)
Additional compensated absences not reflected in governmental funds	(242,190)
Amortization of bond issuance costs	(158,748)
Amortization of premium on bonds	47,400
Net OPEB obligation	(1,661,275)
Net pension obligation	(752,431)
Retainage payable	102,447
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.	1,503,909
Change in net assets of governmental activities	<u>\$ 1,531,826</u>

See accompanying notes to basic financial statements.

CITY OF LA PORTE, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Business-type Activities –		
	Enterprise Funds		
	Utility	La Porte Area Water Authority	Other Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 678,751	\$ 576,720	\$ 256,696
Investments	896,641	1,244,270	84,921
Receivables, net of allowance for uncollectibles	888,913	167,816	5,122
Accrued interest receivable	228	265	37
Miscellaneous receivables	-	-	-
Material and supplies inventories, at cost	4,800	-	-
Prepaid expenses	-	71,059	-
Restricted cash and cash equivalents for: Customer service deposits	503,260	-	-
Cash and cash equivalents restricted for: Current debt service	-	684,768	-
Total current assets	<u>2,972,593</u>	<u>2,744,898</u>	<u>346,776</u>
Noncurrent assets:			
Capital assets:			
Land	224,308	-	2,084,469
Buildings and improvements	57,620	-	731,524
Improvements other than buildings	59,961,741	15,306,000	8,604,492
Vehicles and equipment	544,143	6,130	43,630
Construction in progress	4,931,320	123,680	-
Less accumulated depreciation	<u>(33,378,654)</u>	<u>(7,237,170)</u>	<u>(5,623,166)</u>
Total noncurrent assets	<u>32,340,478</u>	<u>8,198,640</u>	<u>5,840,949</u>
Total assets	<u>35,313,071</u>	<u>10,943,538</u>	<u>6,187,725</u>
LIABILITIES			
Current liabilities:			
Accounts payable	292,296	104,077	23,377
Accrued salaries payable	82,472	-	27,135
Due to other funds	-	-	390,808
Other current liabilities	-	-	9,373
Interest payable	14,057	4,719	-
Accrued separation pay	30,000	-	-
Payable from restricted assets:			
Current portion of revenue bonds	262,500	585,000	-
Customer deposits	503,260	-	-
Total current liabilities	<u>1,184,585</u>	<u>693,796</u>	<u>450,693</u>
Noncurrent liabilities:			
Revenue bonds, net of current portion	1,312,500	3,625,058	-
Net pension obligation	156,029	-	47,920
Net OPEB obligation	441,077	-	102,776
Accrued separation pay	220,708	-	126,872
Total noncurrent liabilities	<u>2,130,314</u>	<u>3,625,058</u>	<u>277,568</u>
Total liabilities	<u>3,314,899</u>	<u>4,318,854</u>	<u>728,261</u>
NET ASSETS			
Invested in capital assets, net of related debt	30,765,478	3,988,582	5,840,949
Restricted for debt service	779,785	680,049	-
Unrestricted (deficit)	452,909	1,956,053	(381,485)
Total net assets	<u>\$ 31,998,172</u>	<u>\$ 6,624,684</u>	<u>\$ 5,459,464</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 1,512,167	\$ 5,888,689
2,225,832	1,960,660
1,061,851	-
530	870
-	121,177
4,800	34,625
71,059	-
503,260	-
684,768	-
<u>6,064,267</u>	<u>8,006,021</u>
2,308,777	-
789,144	-
83,872,233	-
593,903	12,223,087
5,055,000	-
<u>(46,238,990)</u>	<u>(7,440,422)</u>
<u>46,380,067</u>	<u>4,782,665</u>
<u>52,444,334</u>	<u>12,788,686</u>
419,750	555,884
109,607	33,135
390,808	-
9,373	-
18,776	-
30,000	-
847,500	-
503,260	-
<u>2,329,074</u>	<u>589,019</u>
4,937,558	-
203,949	-
543,853	-
347,580	95,619
<u>6,032,940</u>	<u>95,619</u>
<u>8,362,014</u>	<u>684,638</u>
40,595,009	4,782,665
1,459,834	-
2,027,477	7,321,383
<u>\$ 44,082,320</u>	<u>\$ 12,104,048</u>

CITY OF LA PORTE, TEXAS
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended September 30, 2010

	Business-type Activities –		
	Enterprise Funds		
	<u>Utility</u>	<u>La Porte Area Water Authority</u>	<u>Other Funds</u>
Operating revenues:			
User fees	\$ 7,810,291	\$ 929,497	\$ 1,055,450
Operating expenses:			
Personal services	3,075,553	-	948,532
Supplies	227,140	14,761	188,272
Other services and charges	3,211,650	903,420	233,051
Depreciation	1,799,710	461,171	296,282
Total operating expenses	<u>8,314,053</u>	<u>1,379,352</u>	<u>1,666,137</u>
Operating income (loss)	<u>(503,762)</u>	<u>(449,855)</u>	<u>(610,687)</u>
Nonoperating revenues (expenses):			
Interest income	12,003	25,186	1,889
Interest expense and fiscal charges	(128,126)	(156,871)	-
Gain on sale of assets	-	-	-
Total nonoperating revenue (expenses)	<u>(116,123)</u>	<u>(131,685)</u>	<u>1,889</u>
Income (loss) before contributions and transfers	(619,885)	(581,540)	(608,798)
Capital contributions	1,852,377	860,304	45,059
Transfers in	-	-	53,000
Transfers out	<u>(604,808)</u>	<u>(61,576)</u>	<u>(283,620)</u>
Change in net assets	627,684	217,188	(794,359)
Total net assets—beginning	<u>31,370,488</u>	<u>6,407,496</u>	<u>6,253,823</u>
Total net assets—ending	<u>\$ 31,998,172</u>	<u>\$ 6,624,684</u>	<u>\$ 5,459,464</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 9,795,238	\$ 7,065,421
4,024,085	1,300,952
430,173	498,247
4,348,121	5,353,618
2,557,163	809,241
<u>11,359,542</u>	<u>7,962,058</u>
<u>(1,564,304)</u>	<u>(896,637)</u>
39,078	34,496
(284,997)	-
-	39,668
<u>(245,919)</u>	<u>74,164</u>
(1,810,223)	(822,473)
2,757,740	42,268
53,000	2,297,775
<u>(950,004)</u>	<u>(13,661)</u>
50,513	1,503,909
44,031,807	10,600,139
<u>\$ 44,082,320</u>	<u>\$ 12,104,048</u>

CITY OF LA PORTE, TEXAS
Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2010

	Business-type Activities – Enterprise Funds		
	Utility	La Porte Area Water Authority	Other Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from user fees	\$ 7,692,547	\$ 920,004	\$ 1,057,470
Cash payments to suppliers	(3,521,456)	(966,276)	(186,881)
Cash payments for personal services	(2,726,732)	-	(874,229)
Net cash provided (used) by operating activities	<u>1,444,359</u>	<u>(46,272)</u>	<u>(3,640)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	1,852,377	-	53,000
Transfers to other funds	(604,808)	(61,576)	(283,620)
Net cash provided (used) by noncapital financing activities	<u>1,247,569</u>	<u>(61,576)</u>	<u>(230,620)</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	-	101,772	-
Payments for capital acquisitions	(2,309,879)	(3,710)	-
Proceeds from sale of assets	-	-	-
Principal payments on revenue bonds	(262,500)	(525,000)	-
Interest paid on debt	(139,430)	(181,992)	-
Net cash used by capital and related financing activities	<u>(2,711,809)</u>	<u>149,602</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	13,034	26,301	2,098
Net Investments purchased	(1,404,696)	(2,414,033)	(124,454)
Net Investments sold	1,739,590	2,707,648	325,305
Net cash used by investing activities	<u>347,928</u>	<u>319,916</u>	<u>202,949</u>
Net increase (decrease) in cash and cash equivalents	328,047	361,670	(31,311)
Balances—beginning of the year	853,964	899,818	288,007
Balances—end of the year	<u>\$ 1,182,011</u>	<u>\$ 1,261,488</u>	<u>\$ 256,696</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (503,762)	\$ (449,855)	\$ (610,687)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,799,710	461,171	296,282
(Increase) decrease in accounts receivable	(127,020)	(9,493)	3,905
(Increase) decrease in inventories	79	-	-
(Increase) decrease in prepaid expenses	-	(71,059)	-
Increase (decrease) in accrued salaries payable	17,592	-	3,421
Increase (decrease) in accounts payable	(82,745)	22,964	(12,300)
Increase (decrease) in other current liabilities	-	-	641
Increase (decrease) in due to other funds	-	-	246,102
Increase (decrease) in customer utility deposits	9,276	-	-
Increase (decrease) in accrued employee separation	15,724	-	(8,733)
Increase (decrease) in net pension obligation	89,374	-	26,923
Increase (decrease) in net OPEB obligation	226,131	-	52,691
Total adjustments	<u>1,948,121</u>	<u>403,583</u>	<u>608,932</u>
Net cash provided (used) by operating activities	<u>\$ 1,444,359</u>	<u>\$ (46,272)</u>	<u>\$ (1,755)</u>
Reconciliation of total cash and cash equivalents:			
Current assets - cash and cash equivalents	\$ 678,751	\$ 576,720	\$ 256,696
Restricted assets - cash and cash equivalents:	503,260	684,768	-
Total cash and cash equivalents	<u>\$ 1,182,011</u>	<u>\$ 1,261,488</u>	<u>\$ 256,696</u>
Noncash investing, capital and financing activities:			
Increase (decrease) in fair value of assets	\$ 356	\$ 494	\$ 55
Contributions of capital assets	1,852,377	-	45,059
Refunding bond issue	-	4,114,508	-

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 9,670,021	\$ 7,064,171
(4,674,613)	(5,924,914)
<u>(3,600,961)</u>	<u>(1,305,792)</u>
1,394,447	(166,535)
1,905,377	2,297,775
<u>(950,004)</u>	<u>(13,661)</u>
<u>955,373</u>	<u>2,284,114</u>
758,532	-
101,772	-
(2,313,589)	(801,779)
-	131,200
(787,500)	-
(321,422)	-
<u>(2,562,207)</u>	<u>(670,579)</u>
41,433	37,347
(3,943,183)	(4,060,067)
<u>4,772,543</u>	<u>4,761,916</u>
<u>870,793</u>	<u>739,196</u>
658,406	2,186,196
2,041,789	3,702,493
<u>\$ 2,700,195</u>	<u>\$ 5,888,689</u>
<u>\$ (1,564,304)</u>	<u>\$ (896,637)</u>
2,557,163	809,241
(132,608)	(929)
79	1,982
(71,059)	-
21,013	3,052
(72,081)	(75,031)
641	(321)
246,102	-
9,276	-
6,991	(7,892)
116,297	-
278,822	-
<u>2,960,636</u>	<u>730,102</u>
<u>\$ 1,396,332</u>	<u>\$ (166,535)</u>
\$ 1,512,167	\$ 5,888,689
1,188,028	-
<u>\$ 2,700,195</u>	<u>\$ 5,888,689</u>
\$ 905	\$ 778
1,897,436	42,268
4,114,508	-



CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

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) *2010 Certificate of Obligation Fund* - this fund is used to account for the proceeds and expenditures related to street, drainage and park improvements.
- (c) *Capital Projects 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.

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, 2010

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 taxes, sales taxes, hotel 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 September, 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 legal level for expenditure (expense) budget control is the Fund Level. The directors are given latitude to transfer budget funds within their departments, with the exception of personnel services. 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, 2010

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. 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	Intergovernmental	Interest	Other	Accounts	Total
General	\$ 1,932,409	\$ -	\$ 1,565	\$ -	\$ 2,421,241	\$ 4,355,215
Capital Projects	-	-	1,057	-	-	1,057
Nonmajor governmental	747,479	672,208	1,130	61,955	-	1,482,772
Utility	-	-	228	-	940,815	941,043
La Porte Area						
Water Authority	-	-	265	-	167,816	168,081
Nonmajor enterprise	-	-	37	-	5,122	5,159
Internal service funds	-	-	870	121,177	-	122,047
Gross Receivables	<u>2,679,888</u>	<u>672,208</u>	<u>5,152</u>	<u>183,132</u>	<u>3,534,994</u>	<u>7,075,374</u>
Less: allowance for uncollectibles	<u>(703,699)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(649,235)</u>	<u>(1,352,934)</u>
Net total receivables	<u><u>\$ 1,976,189</u></u>	<u><u>\$ 672,208</u></u>	<u><u>\$ 5,152</u></u>	<u><u>\$ 183,132</u></u>	<u><u>\$ 2,885,759</u></u>	<u><u>\$ 5,722,440</u></u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

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	
	General	Nonmajor Governmental	General	Total
Delinquent property taxes receivable	\$ 197,719	\$ 62,790	\$ -	\$ 260,509
Court fines	136,772	-	-	136,772
Emergency medical services	896,000	-	-	896,000
Mow ing and demolition services	403,767	-	-	403,767
Hotel taxes	-	45,534	-	45,534
Intergovernmental services	-	-	112,344	112,344
Grant revenues	-	250	-	250
Miscellaneous	3,690	-	-	3,690
Total deferred / unearned revenue	\$1,637,948	\$ 108,574	\$ 112,344	\$1,858,866

H. 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.

I. 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.

J. Restricted Assets

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

K. 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.

L. 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

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

1. Summary of significant accounting policies – Continued

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. All other legally authorized transfers are treated as transfers and are included in the results of operations of both Governmental and Proprietary Funds.

M. 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, 2010, 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

N. 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.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

1. Summary of significant accounting policies – Continued

The liability for compensated absences at September 30, 2010 is comprised of the following:

	Governmental	Business Type	Total
Vacation	\$ 1,059,085	\$ 178,211	\$ 1,237,296
Sick Leave	2,139,328	199,369	2,338,697
Total All Funds	\$ 3,198,413	\$ 377,580	\$ 3,575,993

O. 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.

P. Reservations of Fund Balances

The fund balance reserves for revenue bond retirement and construction, inventory and debt service are discussed in Notes 5 and 1(K), respectively. Other reserves of funds are for the Municipal Court Building Security Fees and Municipal Court Technology Fees, park zone, confiscated funds, animal control and judicial fund, child safety fees and law enforcement training.

Q. 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.

2. Cash, Cash Equivalents and Investments - Continued

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 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 that have its main office or branch office in this state 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 that have its main office or branch office in this state 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 (MMMF), 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.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

2. Cash, Cash Equivalents and Investments - Continued

- SEC-registered, no-load money market mutual funds (MMMF) 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.

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 \$55,426,991.

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

	Cash	Pooled Funds	Deposits and Investments	Total
General	\$ 893,364	\$ 9,252,991	\$ 3,336,264	\$ 13,482,619
Debt Service	205,260	2,118,740	773,784	3,097,784
Capital Projects	1,431,318	16,910,116	3,259,933	21,601,367
Special Revenue Funds	781,571	2,622,237	1,066,037	4,469,845
Total Governmental Funds	<u>3,311,513</u>	<u>30,904,084</u>	<u>8,436,018</u>	<u>42,651,615</u>
Internal Service Funds	520,101	5,368,588	1,960,660	7,849,349
Total Governmental Activities	<u>3,831,614</u>	<u>36,272,672</u>	<u>10,396,678</u>	<u>50,500,964</u>
Enterprise	326,398	2,320,946	2,278,683	4,926,027
Total	<u>\$ 4,158,012</u>	<u>\$ 38,593,618</u>	<u>\$ 12,675,361</u>	<u>\$ 55,426,991</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	\$ 334,682
Net increase (decrease) in fair value of investments	5,016
Total investment income	<u>\$ 339,698</u>

Investment Risks

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

<u>Investment Type</u>	<u>Fair Value</u>
Public funds investment pools	\$ 38,593,618
Certificates of deposit	10,623,069
US Agency securities	2,005,016
Total	<u>\$ 51,221,703</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

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)
Public funds investment pools	\$38,593,618	2.37
Federal Home Loan Bank (FHLB)	2,005,016	0.97
Total fair value	\$40,598,634	
Portfolio weighted average maturity		3.35

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total Portfolio</u>
Investment Pools	\$ 38,593,618	70%
Certificates of deposit	10,623,069	25%
US Agency Securities	2,005,016	5%
	\$ 51,221,703	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 AAAM by Standard and Poor's.

Federal Home Loan Bank (FHLB) agency notes were rated AAA by Standard & Poor's, 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, 2010

3. Property tax

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

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

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 2009-10 tax year were \$0.619 and \$0.091, respectively, per \$100 of assessed valuation. The 2010 assessed value and total tax levy as adjusted through September 30, 2010 were \$2,329,926,727 and \$16,542,483 respectively.

The City has enacted an ordinance providing for the exemption of twenty percent (20%) of the assessed value of residential homesteads plus and 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, 2010

4. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance 10/01/09	Additions	Retirements & Adjustments	Ending Balance 09/30/10
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,703,983	\$ 39,671	\$ (43,844)	\$ 9,699,810
Construction in progress	5,565,123	3,216,745	(4,087,050)	4,694,818
Total capital assets, not being depreciated	<u>15,269,106</u>	<u>3,256,416</u>	<u>(4,130,894)</u>	<u>14,394,628</u>
Capital assets, being depreciated:				
Buildings and improvements	34,668,088	225,798	(63,982)	34,829,904
Improvements other than buildings	9,223,362	4,408,113	3,758,722	17,390,197
Infrastructure	33,943,387	459,654	344,219	34,747,260
Machinery and equipment	15,756,882	1,217,916	(1,769,095)	15,205,703
Total capital assets being depreciated	<u>93,591,719</u>	<u>6,311,481</u>	<u>2,269,864</u>	<u>102,173,064</u>
Less accumulated depreciation for:				
Buildings and improvements	12,770,732	1,466,957	(14,511)	14,223,178
Improvements other than buildings	5,658,749	471,891	(93,779)	6,036,861
Infrastructure	18,396,965	1,428,358	(91)	19,825,232
Machinery and equipment	9,500,921	1,156,008	(1,659,448)	8,997,481
Total accumulated depreciation	<u>46,327,367</u>	<u>4,523,214</u>	<u>(1,767,829)</u>	<u>49,082,752</u>
Total capital assets, being depreciated, net	<u>47,264,352</u>	<u>1,788,267</u>	<u>4,037,693</u>	<u>53,090,312</u>
Governmental activities capital assets, net	<u>\$ 62,533,458</u>	<u>\$ 5,044,683</u>	<u>\$ (93,201)</u>	<u>\$ 67,484,940</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

4. Capital Assets – Continued

	Beginning Balance 10/01/09	Additions	Retirements & Adjustments	Ending Balance 09/30/10
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,308,777	\$ -	\$ -	\$ 2,308,777
Construction in progress	10,100,895	1,864,793	(6,910,688)	5,055,000
Total capital assets, not being depreciated	<u>12,409,672</u>	<u>1,864,793</u>	<u>(6,910,688)</u>	<u>7,363,777</u>
Capital assets, being depreciated				
Buildings and improvements	1,172,730	-	(383,586)	789,144
Improvements other than buildings	76,569,644	771,025	6,531,564	83,872,233
Machinery and equipment	530,564	63,339	-	593,903
Total capital assets, being depreciated	<u>78,272,938</u>	<u>834,364</u>	<u>6,147,978</u>	<u>85,255,280</u>
Less accumulated depreciation for:				
Buildings and improvements	894,323	27,598	(351,921)	570,000
Improvements other than buildings	42,783,553	2,502,268	-	45,285,821
Machinery and equipment	355,872	27,297	-	383,169
Total accumulated depreciation	<u>44,033,748</u>	<u>2,557,163</u>	<u>(351,921)</u>	<u>46,238,990</u>
Total capital assets, being depreciated net	<u>34,239,190</u>	<u>(1,722,799)</u>	<u>6,499,899</u>	<u>39,016,290</u>
Business-type activities capital assets, net	<u>\$ 46,648,862</u>	<u>\$ 141,994</u>	<u>\$ (410,789)</u>	<u>\$ 46,380,067</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

4. Capital Assets – Continued

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

Governmental activities:	
General government	\$ 507,743
Public safety	1,027,322
Public works	1,513,097
Culture and recreation	665,811
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	809,241
Total depreciation expense - governmental activities	<u>\$ 4,523,214</u>
Business-type activities:	
Water & sewer services	\$ 2,260,881
Airport	165,071
Golf course	131,211
Total depreciation expense - business-type activities	<u>\$ 2,557,163</u>

The City has active construction projects as of September 30, 2010. Total accumulated commitments for ongoing capital projects are composed of the following:

	Construction In Progress	Remaining Contract Balance
Utility Capital Projects Fund	\$ 4,769,064	\$ 111,830
Hotel/Motel Occupancy Tax Fund	52,316	-
LPAWA	123,680	12,500
TIRZ	201,170	-
General CIP	3,625,002	2,662,801
S1998 General Obligation Bonds	475,452	9,898
S2004 Cert of Obligation Bonds	242,891	-
S2005 Cert. of Obligation Bonds	58,511	72,902
S2006 Cert. of Obligation Bonds	162,255	560,679
S2006 GO Bonds	97,986	1,418,108
S2007 Cert of Obligation Bonds	-	4,538
Total	<u>\$ 9,808,327</u>	<u>\$ 4,853,256</u>

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

5. Long Term Liabilities

At September 30, 2010 bonds payable consisted of the following individual issues:

	Governmental	Business-type
<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. 	\$ 4,050,000	\$ -
<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. 	5,890,000	-
<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. 	6,310,000	-
<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% \$1,800,000 issued for water and sewer improvements and fire truck. 	1,475,000	-
<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. 	-	1,575,000
<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. 	1,060,000	-
<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 	5,095,000	-
<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. 	7,625,000	-
<ul style="list-style-type: none"> • 2010 Certificates of Obligation due in annual payments through March 15, 2026; interest at 3.00% to 4.00% \$6,265,000 issued for street, drainage and park improvements 	6,265,000	-
<ul style="list-style-type: none"> • 2010 General Obligation Refunding Bonds due in annual payments through March 15, 2020; interest at 2.00% to 4.00% \$4,295,000 issued to refund previous debt. 	4,295,000	-
<ul style="list-style-type: none"> • 2010 LPAWA Contract Revenue Refunding Bonds due in annual payments through March 15, 2017; interest at 2.50% to 4.00% \$4,085,000 issued to refund debt. 	-	4,085,000
Total Bonds Payable	\$ 42,065,000	\$ 5,660,000

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

5. Long Term Liabilities – Continued

Changes in Outstanding Debt –

Transactions for the year ended September 30, 2010 are summarized as follows:

	Balance October 1, 2009	Issues or Additions	Payments or Expenditures	Balance September 30, 2010	Due within one year
Governmental Type Activities					
General obligation bonds	\$ 15,190,000	\$ 4,295,000	\$ 3,770,000	\$ 15,715,000	\$ 995,000
Certificates of obligation	22,445,000	6,265,000	2,360,000	26,350,000	1,070,000
Premium on debt issues	302,015	224,008	47,400	478,623	-
Compensated absences	2,964,115	304,841	70,543	3,198,413	149,000
Net pension obligation	554,740	3,200,285	2,447,854	1,307,171	-
Net OPEB obligation	1,554,831	2,119,529	458,254	3,216,106	-
Arbitrage	304,474	-	-	304,474	94,797
Retainage payable	102,447	-	102,447	-	-
Total governmental type activities	<u>43,417,622</u>	<u>16,408,663</u>	<u>9,256,498</u>	<u>50,569,787</u>	<u>2,308,797</u>
Business Type Activities					
Revenue bonds	4,605,000	4,085,000	4,605,000	4,085,000	585,000
Public property finance contractual obligation	1,837,500	-	262,500	1,575,000	262,500
Refunding gain	-	13,212	-	13,212	-
Premium on bonds	-	111,846	-	111,846	-
Compensated absences	370,588	16,181	9,189	377,580	30,000
Net pension obligation	87,652	520,978	404,681	203,949	-
Net OPEB obligation	265,031	359,452	80,630	543,853	-
Total business type activities	<u>7,165,771</u>	<u>5,106,669</u>	<u>5,362,000</u>	<u>6,910,440</u>	<u>877,500</u>
Total of all activities	<u>\$ 50,583,393</u>	<u>\$ 21,515,332</u>	<u>\$ 14,618,498</u>	<u>\$ 57,480,227</u>	<u>\$ 3,186,297</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 year's 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. A liability of \$94,797 has been determined to be due in fiscal 2011 and 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, 2010

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, 2010.

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

Customer Deposits Payable	\$ 503,260
Debt Service	<u>684,768</u>
Total Restricted Cash and Cash Investments as of September 30, 2010	<u><u>\$ 1,188,028</u></u>

In May 2010, the City refunded \$4.375 million in general obligation and certificates of obligation debt and issued \$4.295 million in certificates of obligation. The net carrying amount of the old debt and the reacquisition price were approximately the same amount. The transaction resulted in an economic gain of \$345,083.

On May 13, 2010 the La Porte Area Water Authority issued \$4.085 million in Contract Revenue Refunding Bonds, Series 2010, with an average interest rate of 2.773%. The refunded bonds were considered to be defeased. The net carrying amount of the old debt exceeded the price requisition by \$13,212. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter to the life of the new debt issued. The authority completed the current refunding to reduce its debt service payments over the next 7 years by \$314,685 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$295,735. The bonds are payable from the net revenue of the Authority. The bonds are in \$5,000 denominations. Interest on all bonds is payable on March 15 and September 15 of each year until maturity. The Authority is in compliance with all significant requirements and restrictions contained in the bond resolution.

Also on May 13, 2010, the city issued new certificates of obligation totaling \$6.265 million to provide funds for street, drainage and park improvements. These certificates have interest rates ranging from 3% to 4% and are payable in annual payments through March 15, 2026.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

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, 2010, are as follows:

General Obligation Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2011	\$ 995,000	\$ 641,697	\$ -	\$ -	\$ 1,636,697
2012	1,045,000	560,407	-	-	1,605,407
2013	1,045,000	525,519	-	-	1,570,519
2014	1,165,000	487,731	-	-	1,652,731
2015	1,175,000	446,179	-	-	1,621,179
2016-2020	5,955,000	1,545,647	-	-	7,500,647
2021-2025	4,335,000	487,170	-	-	4,822,170
Total	\$ 15,715,000	\$ 4,694,350	\$ -	\$ -	\$ 20,409,350

Certificate of Obligations

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2011	\$ 745,000	\$ 1,134,877	\$ 262,500	\$ 53,996	\$ 2,196,373
2012	1,125,000	1,015,861	262,500	44,179	2,447,540
2013	1,245,000	972,926	262,500	34,361	2,514,787
2014	1,320,000	925,121	262,500	24,544	2,532,165
2015	1,385,000	873,161	262,500	14,726	2,535,387
2016-2020	7,895,000	3,473,088	262,500	4,909	11,635,497
2021-2025	9,900,000	1,634,378	-	-	11,534,378
2026-2029	2,735,000	200,137	-	-	2,935,137
Total	\$ 26,350,000	\$ 10,229,549	\$ 1,575,000	\$ 176,715	\$ 38,331,264

Revenue Bonds

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2011	\$ -	\$ -	\$ 585,000	\$ 104,488	\$ 689,488
2012	-	-	605,000	88,150	693,150
2013	-	-	625,000	73,556	698,556
2014	-	-	630,000	58,650	688,650
2015	-	-	650,000	41,838	691,838
2016-2020	-	-	990,000	29,250	1,019,250
Total	\$ -	\$ -	\$ 4,085,000	\$ 395,932	\$ 4,480,932

5. Long Term Liabilities – Continued

Defeased Bonds Outstanding –

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.

6. Pension Benefits

Plan Descriptions

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report provides detailed explanation of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com. 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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. 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, 2010

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. Plan provisions for the City were as follows:

	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10,0/20	60/10,0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

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

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

Fiscal Year	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual required contribution (ARC)	\$ 3,712,311	\$ 3,170,387	\$ 2,033,168
Interest on net pension obligation	48,178	-	-
Adjustment to the ARC	(39,226)	-	-
Annual pension cost	3,721,263	3,170,387	2,033,168
Contributions made	(2,852,535)	(2,527,995)	(2,033,168)
Increase in net pension obligation	868,728	642,392	-
Net pension obligation, beginning of year	642,392	-	-
Net pension obligation, ending of year	<u>\$ 1,511,120</u>	<u>\$ 642,392</u>	<u>\$ -</u>
Percentage of ARC contribution	76.7%	79.7%	100.0%

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

6. Pension Benefits – Continued

The required contribution rate for fiscal year 2010 was determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

<u>Actuarial Valuation Date</u>	<u>12/31/09</u>	<u>12/31/08</u>	<u>12/31/07</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	28 years-closed	29 years-closed	30 years-closed
Asset valuation method	10 year smoothed market	Amortized cost	Amortized cost
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7%
	varies by age and service	varies by age and service	varies by age and service
Projected salary increases	3.0%	3.0%	3.0%
Inflation	2.1%	2.1%	2.1%
Cost-of-living adjustments			

Schedule of Funding Information

The funded status as of December 31, 2009, is the most recent actuarial valuation date. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

<u>Actuarial Valuation Date</u>	<u>12/31/09</u>	<u>12/31/08</u>	<u>12/31/07</u>
Actuarial value of assets	\$ 52,637,477	\$ 47,909,865	\$ 49,108,552
Actuarial accrued liability	78,345,079	72,398,270	69,582,807
Percent funded	67.2%	66.2%	70.6%
Unfunded (overfunded) actuarial accrued liability (UAAL)	25,707,602	24,488,405	20,474,255
Annual covered payroll	18,770,507	18,162,841	15,611,200
UAAL as a percentage of covered payroll	137.0%	134.8%	131.2%

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.

6. Pension Benefits – Continued

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:

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). The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Member are 505 vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

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

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

Funding Policy

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

Annual Required Contributions

The contribution requirement per active emergency services personnel member per month is not actually determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2008, total contributions (dues and prior service) of \$2,439,339 were paid into TESRS by the political subdivision and served by the member volunteer emergency services personnel. In addition, the state appropriated \$8,800,000 for the fiscal year ending August 31, 2008. Total contributions made were greater than the contributions required by the state statute and were greater than the contributions based on the August 31, 2006 actuarial valuation.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

6. Pension Benefits – Continued

The purpose of the biennial actuarial valuations is to test the adequacy of the contribution arrangement and determine if they are adequate to fund the benefits that are promised. The actuarial valuation as of August 31, 2008 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 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. The City's annual contributions for fiscal year ending September 30, 2010, 2009 and 2008 were \$24,528, \$19,872, and \$18,480, respectively.

7. Interfund Receivables, Payables and Transfers

Interfund transfers during the year ended September 30, 2010 were as follows:

	Transfer In:					Totals
	General Fund	Capital Projects	Other Governmental Funds	Other Enterprise Funds	Internal Service Funds	
Transfer out:						
General fund	\$ -	\$ 5,175,000	\$ -	\$ -	\$ 2,216,876	\$ 7,391,876
2010 Certificates of obligation	-	141,354	-	-	-	141,354
Other governmental funds	270,000	1,188,245	1,500,758	53,000	-	3,012,003
Utility fund	\$ 400,000	-	157,097	-	47,711	604,808
La Porte area water authority	60,271	-	-	-	1,305	61,576
Other enterprise funds	-	265,398	-	-	18,222	283,620
Internal service funds	-	-	-	-	13,661	13,661
Total	\$ 730,271	\$ 6,769,997	\$ 1,657,855	\$ 53,000	\$ 2,297,775	\$ 11,508,898

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

7. Interfund Receivables, Payables and Transfers - Continued

The detail of the interfund transfers is as follows:

<u>Transfers from</u>	<u>Transfers to</u>		
General Fund	Insurance Fund	\$	416,876 (1)
General Fund	General CIP Fund		675,000 (2)
General Fund	General CIP Fund		4,500,000 (3)
General Fund	Vehicle Maintenance Fund		1,800,000 (4)
Utility Fund	General Fund		400,000 (5)
Utility Fund	Debt Service Fund		157,097 (6)
Utility Fund	Insurance Fund		47,711 (1)
Sylvan Beach Fund	General CIP Fund		265,398 (7)
Airport Fund	Insurance Fund		518 (1)
La Porte Area Water Authority	Insurance Fund		1,305 (1)
La Porte Area Water Authority	General Fund		60,271 (8)
Technology Fund	Insurance Fund		424 (1)
Vehicle Maintenance Fund	Insurance Fund		13,236 (1)
Golf Course Fund	Insurance Fund		17,705 (1)
Grant Fund	General CIP Fund		388,245 (9)
Grant Fund	General Fund		270,000 (10)
Community Investment Fund	Hotel/Motel Fund (Mainstreet)		59,700 (11)
Hotel/Motel Fund	Golf Course Fund		53,000 (12)
La Porte Development Corporation (4B)	Debt Service Fund		664,104 (13)
La Porte Development Corporation (4B)	General CIP Fund		800,000 (14)
2004 Certificates of Obligation	Debt Service Fund		282,427 (15)
2005 General Obligation Bonds	Debt Service Fund		16,219 (15)
2007 Certificates of Obligation	Debt Service Fund		478,308 (15)
2010 Certificates of Obligation	General CIP Fund		141,354 (16)
	Total transfers	\$	<u>11,508,898</u>

- (1) Transfer for liability insurance and worker's compensation.
- (2) Annual transfer to fund capital projects.
- (3) Transfer annual funding to prefund Fire Station.
- (4) Transfer additional funding for prefunding vehicle replacements.
- (5) General and administrative transfer.
- (6) Annual transfer for debt service.
- (7) To close Sylvan Beach Fund.
- (8) Operators agreement
- (9) Transfer funding for Sylvan Beach Pier repairs received from FEMA.
- (10) To reimburse disaster related expenditures.
- (11) Transfer 1/2 of budgeted mainstreet operations (excluding festivals).
- (12) Transfer for golf course advertising expenditures and city's bordering bay for golf course expenditures.
- (13) Annual transfer for debt service.
- (14) Transfer for capital projects.
- (15) Transfer for debt service repayment.
- (16) Reimbursement of qualified expenses.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

7. Interfund Receivables, Payables and Transfers – Continued

The composition of interfund balances as of September 30, 2010 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	
General	2010 Certificates of Obligation Bonds Fund	\$ 416,438
General	Nonmajor enterprise	390,808
Nonmajor governmental	Nonmajor governmental	615,026
		\$ 1,422,272

The outstanding balances result from an overdraw of pooled cash.

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.

Activity during the year included:

Revenues:	
Charges to divisions	\$ 3,185,052
Charges to employees	416,175
Charges to retirees	80,305
Insurance proceeds	4,098
Interest revenue	16,010
Miscellaneous revenue	100
Total revenues	3,701,740
Expenses:	
Personnel expenses	209,446
Other expenses	343,530
Claims administration	227,767
Claims incurred	3,652,943
Re-insurance premiums	246,909
Total health services expenses	\$ 4,680,595

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

8. Risk Management - Continued

Included in the claims paid amount is \$499,000 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, 2010 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 2008, 2009 and 2010 are as follows:

	Beginning of Year Accrual	Current Year Estimates	Payment for Claims	End of Year Accrual
Fiscal Year 2008	509,552	3,805,967	3,638,519	677,000
Fiscal Year 2009	677,000	2,308,775	2,537,775	448,000
Fiscal Year 2010	448,000	3,703,943	3,652,943	499,000

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.

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

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

Funding Policy. This coverage for retired employees is provided at the option of City council through adoption of the annual budget. The City funds these premiums in the same manner as it funds similar premiums for current employees.

Employees, who retired from the City before October 1, 1992, have 100% of their coverage paid for by the City. Employees who retired from the City in 1993 and up to December 31, 1999, with 20 or more years of service have 100% of their coverage paid for by the City. Prior to January 1, 2000, employees who have 15 years but less than 20 years of service are required to pay for 10% of the cost and employees who have 10

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

10. Post-Employment Benefits-continued

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

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%

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

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

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

10. Post-Employment Benefits – Continued

Fiscal Year	2010	2009
Annual required contribution (ARC)	\$ 2,472,961	\$ 2,190,180
Interest on net OPEB obligation	81,894	-
Adjustment to the ARC	(75,874)	-
Annual OPEB cost	2,478,981	2,190,180
Contributions made	(538,884)	(370,318)
Increase in net OPEB obligation	1,940,097	1,819,862
Net OPEB obligation, beginning of year	1,819,862	-
Net OPEB obligation, ending of year	\$ 3,759,959	\$ 1,819,862
Percentage of ARC contribution	21.7%	16.9%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and 2009 are as follows. This information is not included for fiscal year 2008 due to fiscal year 2009 being a transition year of the implementation of GASB Statement 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 2,190,180	16.91%	\$ 1,819,862
9/30/2010	2,478,981	21.74%	3,759,959

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

Actuarial Valuation Date	12/31/2008
Actuarial value of assets	\$ -
Actuarial accrued liabilities (AAL)	32,839,108
Unfunded actuarial accrued liability (UAAL)	32,839,108
Funded ratio	0.00%
Covered payroll (active plan members)	18,626,734
UAAL as a percentage of covered payroll	56.72%

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The 2008 actuarial valuation is the most recent and only actuarial valuation available; therefore a schedule of funding progress with multi-trend information is not available.

10. Post-Employment Benefits – Continued

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return compounded annually (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years, and a payroll growth rate for projecting normal cost of 3 percent. These rates include a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of payroll contributions over a 30 year period assuming payroll growth of 3 percent. The remaining amortization period at September 30, 2010, was 29 years.

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit, " or OPEB. The city contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

CITY OF LA PORTE, TEXAS
Notes to the Financial Statements
September 30, 2010

10. Post-Employment Benefits – Continued

The city's contributions to the TMRS SDBF for the fiscal year ended 2010 and 2009 were \$34,554 and \$5,312 respectively, which equaled the required contributions. Fiscal year 2009 is a transition year for the implementation of GASB 45; therefore, two years of contributions are disclosed.

Schedule of Contribution Rates

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2008	0.04%	0.04%	100%
2009	0.03%	0.03%	100%
2010	0.03%	0.03%	100%



REQUIRED SUPPLEMENTARY INFORMATION



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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Property taxes	\$ 12,021,871	\$ 12,021,871	\$ 13,566,424	\$ 1,544,553
Franchise taxes	2,151,309	2,151,309	2,170,699	19,390
Sales taxes	2,892,980	2,892,980	3,142,521	249,541
Industrial payments	8,718,883	8,718,883	10,464,176	1,745,293
Other taxes	86,218	86,218	77,450	(8,768)
Licenses and permits	601,785	601,785	476,478	(125,307)
Fines and forfeits	1,523,886	1,523,886	1,531,699	7,813
Charges for services	4,178,762	4,178,762	4,307,154	128,392
Intergovernmental	3,500	3,500	863	(2,637)
Interest	225,000	225,000	137,143	(87,857)
Miscellaneous	25,000	25,000	59,920	34,920
Total revenues	<u>32,429,194</u>	<u>32,429,194</u>	<u>35,934,527</u>	<u>3,505,333</u>
EXPENDITURES				
General Government:				
Administration	2,905,084	3,041,892	2,970,111	71,781
Finance	3,487,342	2,948,265	2,640,601	307,664
Planning and engineering	2,002,723	2,046,192	1,881,538	164,654
Public Safety:				
Fire	4,454,121	4,514,194	4,391,599	122,595
Police	9,999,538	10,056,298	9,910,894	145,404
Public Works:				
Public works administration	382,656	385,324	348,834	36,490
Streets	2,510,867	2,577,745	2,382,832	194,913
Health and Sanitation:				
Solidwaste	2,239,189	2,251,641	2,180,090	71,551
Culture and Recreation	3,821,069	4,116,087	4,060,987	55,100
Total expenditures	<u>31,802,589</u>	<u>31,937,638</u>	<u>30,767,486</u>	<u>1,170,152</u>
Excess (deficiency) of revenues over expenditures	<u>626,605</u>	<u>491,556</u>	<u>5,167,041</u>	<u>4,675,485</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	5,024	24
Transfers in	460,271	460,271	730,271	270,000
Transfers out	(1,091,876)	(7,391,876)	(7,391,876)	-
Total other financing sources (uses)	<u>(626,605)</u>	<u>(6,926,605)</u>	<u>(6,656,581)</u>	<u>270,024</u>
Net change in fund balances	-	(6,435,049)	(1,489,540)	4,945,509
Fund balances—beginning	<u>13,594,029</u>	<u>13,594,029</u>	<u>13,594,029</u>	-
Fund balances—ending	<u>\$ 13,594,029</u>	<u>\$ 7,158,980</u>	<u>\$ 12,104,489</u>	<u>\$ 4,945,509</u>

CITY OF LA PORTE, TEXAS
Notes to the Required Supplementary Information
September 30, 2010

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.

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.

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.

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 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.

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

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

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

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

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

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, 2010

	Special Revenue Funds			
	Street Maintenance Sales Tax	Community Investment	Hotel/Motel Occupancy Tax	Tax Increment Reinvestment Zone One (TIRZ)
ASSETS				
Cash and cash equivalents	\$ 539,753	\$ 350,000	\$ 494,651	\$ 534,062
Investments	179,712	116,534	164,696	47,275
Taxes receivable	154,002	-	81,731	-
Intergovernmental receivable	-	-	-	191,181
Other receivables	-	-	45,709	-
Accrued interest receivable	79	51	72	-
Due from other funds	-	-	-	-
Total assets	873,546	466,585	786,859	772,518
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	5,483	10,000	24,633	-
Accrued salaries payable	-	-	2,131	-
Due to others	-	-	-	-
Due to other funds	-	-	-	615,026
Deferred revenue	-	-	45,534	-
Total liabilities	5,483	10,000	72,298	615,026
Fund Balances:				
Reserved for:				
Encumbrances	-	32,002	2,000	-
Animal Control	-	-	-	-
Judicial Fund	-	-	-	-
Municipal Court Building Security	-	-	-	-
Municipal Court Technology Fee	-	-	-	-
Park Zone	-	-	-	-
Law enforcement training	-	-	-	-
Child safety	-	-	-	-
Confiscated funds	-	-	-	-
Debt Service	-	-	-	-
Unreserved	868,063	424,583	712,561	157,492
Total fund balances	868,063	456,585	714,561	157,492
Total liabilities and fund balances	\$ 873,546	\$ 466,585	\$ 786,859	\$ 772,518

Special Revenue Funds			Capital Projects Funds		
Grant Fund	Section 4B Sales Tax	Totals	Transportation & Other Infrastructure	1998 General Obligation Bonds	2000 Certificate of Obligation Bonds
\$ 679,151	\$ 1,006,148	\$ 3,603,765	\$ 531,436	\$ 864,910	\$ 22,146
22,819	335,001	866,037	176,944	287,975	7,373
-	340,262	575,995	-	-	-
481,027	-	672,208	-	-	-
-	-	45,709	-	-	-
99	147	448	77	126	3
-	-	-	-	-	-
<u>1,183,096</u>	<u>1,681,558</u>	<u>5,764,162</u>	<u>708,457</u>	<u>1,153,011</u>	<u>29,522</u>
17,325	1,567	59,008	79,233	-	-
13,081	3,082	18,294	-	-	-
3,002	-	3,002	-	-	-
-	-	615,026	-	-	-
250	32,258	78,042	-	-	-
<u>33,658</u>	<u>36,907</u>	<u>773,372</u>	<u>79,233</u>	<u>-</u>	<u>-</u>
-	5,394	39,396	-	-	-
2,914	-	2,914	-	-	-
23,197	-	23,197	-	-	-
147,915	-	147,915	-	-	-
38,543	-	38,543	-	-	-
147,180	-	147,180	-	-	-
3,406	-	3,406	-	-	-
49,654	-	49,654	-	-	-
227,605	-	227,605	-	-	-
-	622,692	622,692	-	-	-
509,024	1,016,565	3,688,288	629,224	1,153,011	29,522
1,149,438	1,644,651	4,990,790	629,224	1,153,011	29,522
<u>\$ 1,183,096</u>	<u>\$ 1,681,558</u>	<u>\$ 5,764,162</u>	<u>\$ 708,457</u>	<u>\$ 1,153,011</u>	<u>\$ 29,522</u>

CITY OF LA PORTE, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010
(Continued)

	Capital Projects Funds			
	2000 General Obligation Bonds	2004 Certificate of Obligation Bonds	2005 Certificate of Obligation Bonds	2005 General Obligation Bonds
ASSETS				
Cash and cash equivalents	\$ -	\$ 125,484	\$ 50,598	\$ 25,522
Investments	-	675,705	16,847	-
Taxes receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
Other receivables	-	-	-	-
Accrued interest receivable	-	18	8	3
Due from other funds	-	-	-	-
Total assets	<u>-</u>	<u>801,207</u>	<u>67,453</u>	<u>25,525</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	93,613	-	1,105
Accrued salaries payable	-	-	-	-
Due to others	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>93,613</u>	<u>-</u>	<u>1,105</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Animal control	-	-	-	-
Judicial fund	-	-	-	-
Municipal Court Building Security	-	-	-	-
Municipal Court Technology Fee	-	-	-	-
Park Zone	-	-	-	-
Law enforcement training	-	-	-	-
Child safety	-	-	-	-
Confiscated funds	-	-	-	-
Debt Service	-	-	-	-
Unreserved	-	707,594	67,453	24,420
Total fund balances	<u>-</u>	<u>707,594</u>	<u>67,453</u>	<u>24,420</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 801,207</u>	<u>\$ 67,453</u>	<u>\$ 25,525</u>

Capital Projects Funds

2006 Certificate of Obligation Bonds	2006 General Obligation Bonds	2007 Certificate of Obligation Bonds	Drainage Improvement	Totals	Debt Service	Total Nonmajor Governmental Funds
\$ 15,690	\$ 17,575	\$ 761,192	\$ 188,456	\$ 2,603,009	\$ 2,324,000	\$ 8,530,774
1,306,328	152,897	253,441	62,747	2,940,257	773,784	4,580,078
-	-	-	-	-	50,106	626,101
-	-	-	-	-	-	672,208
-	-	-	16,246	16,246	-	61,955
3	2	112	-	352	330	1,130
615,026	-	-	-	615,026	-	615,026
<u>1,937,047</u>	<u>170,474</u>	<u>1,014,745</u>	<u>267,449</u>	<u>6,174,890</u>	<u>3,148,220</u>	<u>15,087,272</u>
604,583	35,616	-	-	814,150	-	873,158
-	-	-	-	-	-	18,294
-	-	-	-	-	-	3,002
-	-	-	-	-	-	615,026
-	-	-	-	-	30,532	108,574
<u>604,583</u>	<u>35,616</u>	<u>-</u>	<u>-</u>	<u>814,150</u>	<u>30,532</u>	<u>1,618,054</u>
-	-	-	-	-	-	39,396
-	-	-	-	-	-	2,914
-	-	-	-	-	-	23,197
-	-	-	-	-	-	147,915
-	-	-	-	-	-	38,543
-	-	-	-	-	-	147,180
-	-	-	-	-	-	3,406
-	-	-	-	-	-	49,654
-	-	-	-	-	-	227,605
-	-	-	-	-	3,117,688	3,740,380
1,332,464	134,858	1,014,745	267,449	5,360,740	-	9,049,028
<u>1,332,464</u>	<u>134,858</u>	<u>1,014,745</u>	<u>267,449</u>	<u>5,360,740</u>	<u>3,117,688</u>	<u>13,469,218</u>
<u>\$ 1,937,047</u>	<u>\$ 170,474</u>	<u>\$ 1,014,745</u>	<u>\$ 267,449</u>	<u>\$ 6,174,890</u>	<u>\$ 3,148,220</u>	<u>\$ 15,087,272</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, 2010

	Special Revenue Funds			
	Street Maintenance Sales Tax	Community Investment	Hotel/Motel Occupancy Tax	Tax Increment Reinvestment Zone One (TIRZ)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 1,738,188
Intergovernmental	-	-	-	-
Sales taxes	785,629	-	-	-
Industrial payments	-	268,312	-	-
Other taxes	-	-	336,822	-
Interest	2,366	2,724	3,996	910
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	89,483
Miscellaneous	-	94	-	-
Total revenues	<u>787,995</u>	<u>271,130</u>	<u>340,818</u>	<u>1,828,581</u>
EXPENDITURES				
Current:				
General government	-	219,756	347,117	1,321,399
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	320,605	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>320,605</u>	<u>219,756</u>	<u>347,117</u>	<u>1,321,399</u>
Excess (deficiency) of revenues over expenditures	<u>467,390</u>	<u>51,374</u>	<u>(6,299)</u>	<u>507,182</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	-	-	59,700	-
Transfers out	-	(59,700)	(53,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(59,700)</u>	<u>6,700</u>	<u>-</u>
Net change in fund balances	467,390	(8,326)	401	507,182
Fund balances—beginning	400,673	464,911	714,160	(349,690)
Fund balances—ending	<u>\$ 868,063</u>	<u>\$ 456,585</u>	<u>\$ 714,561</u>	<u>\$ 157,492</u>

Special Revenue Funds			Capital Projects Funds		
Grant Fund	Section 4B Sales Tax	Totals	Transportation & Other Infrastructure	1998 General Obligation Bonds	2000 Certificate of Obligation Bonds
\$	\$	\$	\$	\$	\$
987,669	-	1,738,188	-	-	-
-	-	987,669	-	-	-
-	1,571,258	2,356,887	-	-	-
-	-	268,312	-	-	-
-	-	336,822	-	-	-
2,927	8,254	21,177	6,709	6,872	175
271,086	-	271,086	-	-	-
15,194	-	104,677	-	-	-
4,455	48	4,597	-	-	-
<u>1,281,331</u>	<u>1,579,560</u>	<u>6,089,415</u>	<u>6,709</u>	<u>6,872</u>	<u>175</u>
46,371	151,645	2,086,288	-	-	-
395,435	-	395,435	-	-	-
4,227	-	4,227	-	-	-
68,562	-	68,562	-	-	-
174,921	-	495,526	599,575	8,578	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>689,516</u>	<u>151,645</u>	<u>3,050,038</u>	<u>599,575</u>	<u>8,578</u>	<u>-</u>
<u>591,815</u>	<u>1,427,915</u>	<u>3,039,377</u>	<u>(592,866)</u>	<u>(1,706)</u>	<u>175</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	59,700	-	-	-
<u>(658,245)</u>	<u>(1,464,104)</u>	<u>(2,235,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(658,245)</u>	<u>(1,464,104)</u>	<u>(2,175,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(66,430)	(36,189)	864,028	(592,866)	(1,706)	175
1,215,868	1,680,840	4,126,762	1,222,090	1,154,717	29,347
<u>\$ 1,149,438</u>	<u>\$ 1,644,651</u>	<u>\$ 4,990,790</u>	<u>\$ 629,224</u>	<u>\$ 1,153,011</u>	<u>\$ 29,522</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, 2010
(Continued)

	Capital Projects Funds			
	2000 General Obligation Bonds	2004 Certificate of Obligation Bonds	2005 Certificate of Obligation Bonds	2005 General Obligation Bonds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Sales taxes	-	-	-	-
Industrial payments	-	-	-	-
Other taxes	-	-	-	-
Interest	121	3,737	878	227
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>121</u>	<u>3,737</u>	<u>878</u>	<u>227</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	10,000
Public works	-	-	-	-
Health and sanitation	-	-	-	-
Capital outlay	99,736	242,894	232,090	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>99,736</u>	<u>242,894</u>	<u>232,090</u>	<u>10,000</u>
Excess (deficiency) of revenues over expenditures	<u>(99,615)</u>	<u>(239,157)</u>	<u>(231,212)</u>	<u>(9,773)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(282,427)	-	(16,219)
Total other financing sources (uses)	<u>-</u>	<u>(282,427)</u>	<u>-</u>	<u>(16,219)</u>
Net change in fund balances	(99,615)	(521,584)	(231,212)	(25,992)
Fund balances—beginning	99,615	1,229,178	298,665	50,412
Fund balances—ending	<u>\$ -</u>	<u>\$ 707,594</u>	<u>\$ 67,453</u>	<u>\$ 24,420</u>

Capital Projects Funds

2006 Certificate of Obligation Bonds	2006 General Obligation Bonds	2007 Certificate of Obligation Bonds	Drainage Improvement	Totals	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,560,024	\$ 4,298,212
-	-	-	-	-	-	987,669
-	-	-	-	-	-	2,356,887
-	-	-	-	-	-	268,312
-	-	-	-	-	-	336,822
4,159	581	5,516	590	29,565	28,484	79,226
-	-	-	-	-	-	271,086
-	-	-	266,859	266,859	-	371,536
-	-	-	-	-	-	4,597
<u>4,159</u>	<u>581</u>	<u>5,516</u>	<u>267,449</u>	<u>296,424</u>	<u>2,588,508</u>	<u>8,974,347</u>
-	-	-	-	-	-	2,086,288
-	-	-	-	10,000	-	405,435
49,394	-	-	-	49,394	-	53,621
-	-	-	-	-	-	68,562
1,667,424	197,806	313,898	-	3,362,001	-	3,857,527
-	-	-	-	-	1,755,000	1,755,000
-	-	-	-	-	1,451,033	1,451,033
<u>1,716,818</u>	<u>197,806</u>	<u>313,898</u>	<u>-</u>	<u>3,421,395</u>	<u>3,206,033</u>	<u>9,677,466</u>
<u>(1,712,659)</u>	<u>(197,225)</u>	<u>(308,382)</u>	<u>267,449</u>	<u>(3,124,971)</u>	<u>(617,525)</u>	<u>(703,119)</u>
-	-	-	-	-	4,295,000	4,295,000
-	-	-	-	-	100,338	100,338
-	-	-	-	-	(4,409,763)	(4,409,763)
-	-	-	-	-	1,598,155	1,657,855
-	-	(478,308)	-	(776,954)	-	(3,012,003)
-	-	(478,308)	-	(776,954)	1,583,730	(1,368,573)
(1,712,659)	(197,225)	(786,690)	267,449	(3,901,925)	966,205	(2,071,692)
3,045,123	332,083	1,801,435	-	9,262,665	2,151,483	15,540,910
<u>\$ 1,332,464</u>	<u>\$ 134,858</u>	<u>\$ 1,014,745</u>	<u>\$ 267,449</u>	<u>\$ 5,360,740</u>	<u>\$ 3,117,688</u>	<u>\$ 13,469,218</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
2010 Certificate of Obligation Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 10,000	\$ 10,000	\$ 3,546	\$ (6,454)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>3,546</u>	<u>(6,454)</u>
EXPENDITURES				
Capital outlay	9,600,000	6,123,646	324,936	5,798,710
Debt service:				
Interest and fiscal charges	-	-	136,533	(136,533)
Total expenditures	<u>9,600,000</u>	<u>6,123,646</u>	<u>461,469</u>	<u>5,662,177</u>
Excess (deficiency) of revenues over expenditures	<u>(9,590,000)</u>	<u>(6,113,646)</u>	<u>(457,923)</u>	<u>5,655,723</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	8,725,000	8,725,000	6,265,000	(2,460,000)
Premium on bonds	-	-	123,670	123,670
Transfers out	-	(141,354)	(141,354)	-
Total other financing sources (uses)	<u>8,725,000</u>	<u>8,583,646</u>	<u>6,247,316</u>	<u>(2,336,330)</u>
Net change in fund balances	(865,000)	2,470,000	5,789,393	3,319,393
Fund balances—beginning	-	-	-	-
Fund balances—ending	<u>\$ (865,000)</u>	<u>\$ 2,470,000</u>	<u>\$ 5,789,393</u>	<u>\$ 3,319,393</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, 2010

	<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	\$ -	\$ 5,000	\$ 1,405,077	\$ 1,400,077
Interest	50,000	50,000	43,078	(6,922)
Miscellaneous	-	-	60,625	60,625
Total revenues	<u>50,000</u>	<u>55,000</u>	<u>1,508,780</u>	<u>1,453,780</u>
EXPENDITURES				
Current:				
General government	-	231,190	232,978	(1,788)
Public works	-	-	76,703	(76,703)
Culture and recreation	-	-	1,221,236	(1,221,236)
Capital outlay	<u>2,255,100</u>	<u>2,889,089</u>	<u>6,248,284</u>	<u>(3,359,195)</u>
Total expenditures	<u>2,255,100</u>	<u>3,120,279</u>	<u>7,779,201</u>	<u>(4,658,922)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,205,100)</u>	<u>(3,065,279)</u>	<u>(6,270,421)</u>	<u>(3,205,142)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,475,000</u>	<u>6,399,854</u>	<u>6,769,997</u>	<u>370,143</u>
Total other financing sources (uses)	<u>1,475,000</u>	<u>6,399,854</u>	<u>6,769,997</u>	<u>370,143</u>
Net change in fund balances	(730,100)	3,334,575	499,576	(2,834,999)
Fund balances—beginning	8,681,143	8,681,143	8,681,143	-
Fund balances—ending	<u>\$ 7,951,043</u>	<u>\$ 12,015,718</u>	<u>\$ 9,180,719</u>	<u>\$ (2,834,999)</u>

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, 2010

	<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	\$ 723,245	\$ 723,245	\$ 785,629	\$ 62,384
Interest	3,600	3,600	2,366	(1,234)
Total revenues	<u>726,845</u>	<u>726,845</u>	<u>787,995</u>	<u>61,150</u>
EXPENDITURES				
Capital outlay	700,000	700,000	320,605	379,395
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>320,605</u>	<u>379,395</u>
Net change in fund balances	26,845	26,845	467,390	440,545
Fund balances—beginning	400,673	400,673	400,673	-
Fund balances—ending	<u>\$ 427,518</u>	<u>\$ 427,518</u>	<u>\$ 868,063</u>	<u>\$ 440,545</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Industrial payments	\$ 223,561	\$ 223,561	\$ 268,312	\$ 44,751
Interest	7,800	7,800	2,724	(5,076)
Miscellaneous	-	-	94	94
Total revenues	<u>231,361</u>	<u>231,361</u>	<u>271,130</u>	<u>39,769</u>
EXPENDITURES				
Current:				
General government	185,000	274,071	219,756	54,315
Total expenditures	<u>185,000</u>	<u>274,071</u>	<u>219,756</u>	<u>54,315</u>
Excess (deficiency) of revenues over expenditures	<u>46,361</u>	<u>(42,710)</u>	<u>51,374</u>	<u>94,084</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(159,700)	(159,700)	(59,700)	(100,000)
Total other financing sources (uses)	<u>(159,700)</u>	<u>(159,700)</u>	<u>(59,700)</u>	<u>(100,000)</u>
Net change in fund balances	(113,339)	(202,410)	(8,326)	194,084
Fund balances—beginning	464,911	464,911	464,911	-
Fund balances—ending	<u>\$ 351,572</u>	<u>\$ 262,501</u>	<u>\$ 456,585</u>	<u>\$ 194,084</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, 2010

	<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	\$ 430,000	\$ 430,000	\$ 336,822	\$ (93,178)
Interest	5,400	5,400	3,996	(1,404)
Total revenues	<u>435,400</u>	<u>435,400</u>	<u>340,818</u>	<u>(94,582)</u>
EXPENDITURES				
Current:				
General government	824,522	863,515	347,117	516,398
Total expenditures	<u>824,522</u>	<u>863,515</u>	<u>347,117</u>	<u>516,398</u>
Excess of revenues over expenditures	<u>(389,122)</u>	<u>(428,115)</u>	<u>(6,299)</u>	<u>421,816</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	59,700	59,700	59,700	-
Transfers out	(153,000)	(153,000)	(53,000)	100,000
Total other financing sources (uses)	<u>(93,300)</u>	<u>(93,300)</u>	<u>6,700</u>	<u>100,000</u>
Net change in fund balances	(482,422)	(521,415)	401	521,816
Fund balances—beginning	714,160	714,160	714,160	-
Fund balances—ending	<u>\$ 231,738</u>	<u>\$ 192,745</u>	<u>\$ 714,561</u>	<u>\$ 521,816</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,400,804	\$ 1,400,804	\$ 1,738,188	\$ 337,384
Charges for services	-	-	89,483	89,483
Interest	2,500	2,500	910	(1,590)
Total revenues	<u>1,403,304</u>	<u>1,403,304</u>	<u>1,828,581</u>	<u>425,277</u>
EXPENDITURES				
Current:				
General government	1,413,966	1,413,966	1,321,399	92,567
Total expenditures	<u>1,413,966</u>	<u>1,413,966</u>	<u>1,321,399</u>	<u>92,567</u>
Excess (deficiency) of revenues over expenditures	<u>(10,662)</u>	<u>(10,662)</u>	<u>507,182</u>	<u>517,844</u>
Net change in fund balances	(10,662)	(10,662)	507,182	517,844
Fund Balances—beginning	(349,690)	(349,690)	(349,690)	-
Fund Balances—ending	<u>\$ (360,352)</u>	<u>\$ (360,352)</u>	<u>\$ 157,492</u>	<u>\$ 517,844</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 60,500	\$ 60,500	\$ 271,086	\$ 210,586
Charges for services	500	500	15,194	14,694
Intergovernmental	1,934,212	2,318,200	987,669	(1,330,531)
Interest	-	-	2,927	2,927
Miscellaneous	500	1,350	4,455	3,105
Total revenues	<u>1,995,712</u>	<u>2,380,550</u>	<u>1,281,331</u>	<u>(1,099,219)</u>
EXPENDITURES				
Current:				
General government	1,237,000	1,243,515	46,371	1,197,144
Public safety	773,500	877,781	395,435	482,346
Public works	-	10,749	4,227	6,522
Culture and recreation	72,268	105,464	68,562	36,902
Capital outlay	77,585	91,185	174,921	(83,736)
Total expenditures	<u>2,160,353</u>	<u>2,328,694</u>	<u>689,516</u>	<u>1,639,178</u>
Excess (deficiency) of revenues over expenditures	<u>(164,641)</u>	<u>51,856</u>	<u>591,815</u>	<u>539,959</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(283,500)	(658,245)	(374,745)
Total other financing sources (uses)	<u>-</u>	<u>(283,500)</u>	<u>(658,245)</u>	<u>(374,745)</u>
Net change in fund balances	(164,641)	(231,644)	(66,430)	165,214
Fund balances—beginning	1,215,868	1,215,868	1,215,868	-
Fund balances—ending	<u>\$ 1,051,227</u>	<u>\$ 984,224</u>	<u>\$ 1,149,438</u>	<u>\$ 165,214</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, 2010

	<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	\$ 1,446,490	\$ 1,446,490	\$ 1,571,258	\$ 124,768
Interest	30,000	30,000	8,254	(21,746)
Miscellaneous	-	-	48	48
Total revenues	<u>1,476,490</u>	<u>1,476,490</u>	<u>1,579,560</u>	<u>103,070</u>
EXPENDITURES				
Current:				
General government	446,360	453,174	151,645	301,529
Total expenditures	<u>446,360</u>	<u>453,174</u>	<u>151,645</u>	<u>301,529</u>
Excess of revenues over expenditures	<u>1,030,130</u>	<u>1,023,316</u>	<u>1,427,915</u>	<u>404,599</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,464,104)	(1,464,104)	(1,464,104)	-
Total other financing sources (uses)	<u>(1,464,104)</u>	<u>(1,464,104)</u>	<u>(1,464,104)</u>	<u>-</u>
Net change in fund balances	(433,974)	(440,788)	(36,189)	404,599
Fund balances—beginning	1,680,840	1,680,840	1,680,840	-
Fund balances—ending	<u>\$ 1,246,866</u>	<u>\$ 1,240,052</u>	<u>\$ 1,644,651</u>	<u>\$ 404,599</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 10,600	\$ 10,600	\$ 6,709	\$ (3,891)
Total revenues	<u>10,600</u>	<u>10,600</u>	<u>6,709</u>	<u>(3,891)</u>
EXPENDITURES				
Capital outlay	504,000	561,000	599,575	(38,575)
Total expenditures	<u>504,000</u>	<u>561,000</u>	<u>599,575</u>	<u>(38,575)</u>
Excess of revenues over expenditures	<u>(493,400)</u>	<u>(550,400)</u>	<u>(592,866)</u>	<u>(42,466)</u>
Net change in fund balances	(493,400)	(550,400)	(592,866)	(42,466)
Fund balances—beginning	1,222,090	1,222,090	1,222,090	-
Fund balances—ending	<u>\$ 728,690</u>	<u>\$ 671,690</u>	<u>\$ 629,224</u>	<u>\$ (42,466)</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 3,737	\$ 3,737
Total revenues	<u>-</u>	<u>-</u>	<u>3,737</u>	<u>3,737</u>
EXPENDITURES				
Capital outlay	-	-	242,894	(242,894)
Total expenditures	<u>-</u>	<u>-</u>	<u>242,894</u>	<u>(242,894)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(239,157)</u>	<u>(239,157)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(376,570)</u>	<u>(376,570)</u>	<u>(282,427)</u>	<u>94,143</u>
Total other financing sources (uses)	<u>(376,570)</u>	<u>(376,570)</u>	<u>(282,427)</u>	<u>94,143</u>
Net change in fund balances	(376,570)	(376,570)	(521,584)	(145,014)
Fund balances—beginning	1,229,178	1,229,178	1,229,178	-
Fund balances—ending	<u>\$ 852,608</u>	<u>\$ 852,608</u>	<u>\$ 707,594</u>	<u>\$ (145,014)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 878	\$ 878
Total revenues	-	-	878	878
EXPENDITURES				
Capital outlay	256,503	256,503	232,090	24,413
Total expenditures	256,503	256,503	232,090	24,413
Net change in fund balances	(256,503)	(256,503)	(231,212)	25,291
Fund balances—beginning	298,665	298,665	298,665	-
Fund balances—ending	\$ 42,162	\$ 42,162	\$ 67,453	\$ 25,291

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 227	\$ 227
Total revenues	<u>-</u>	<u>-</u>	<u>227</u>	<u>227</u>
EXPENDITURES				
Current:				
Public safety	-	-	10,000	(10,000)
Total expenditures	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(9,773)</u>	<u>(9,773)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,219)	(16,219)	(16,219)	-
Total other financing sources (uses)	<u>(16,219)</u>	<u>(16,219)</u>	<u>(16,219)</u>	<u>-</u>
Net change in fund balances	(16,219)	(16,219)	(25,992)	(9,773)
Fund balances—beginning	50,412	50,412	50,412	-
Fund balances—ending	<u>\$ 34,193</u>	<u>\$ 34,193</u>	<u>\$ 24,420</u>	<u>\$ (9,773)</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 4,159	\$ 4,159
Total revenues	<u>-</u>	<u>-</u>	<u>4,159</u>	<u>4,159</u>
EXPENDITURES				
Current:				
Public works	-	70,000	49,394	20,606
Capital outlay	<u>966,497</u>	<u>896,497</u>	<u>1,667,424</u>	<u>(770,927)</u>
Total expenditures	<u>966,497</u>	<u>966,497</u>	<u>1,716,818</u>	<u>(750,321)</u>
Excess (deficiency) of revenues over expenditures	<u>(966,497)</u>	<u>(966,497)</u>	<u>(1,712,659)</u>	<u>(746,162)</u>
Net change in fund balances	(966,497)	(966,497)	(1,712,659)	(746,162)
Fund balances—beginning	<u>3,045,123</u>	<u>3,045,123</u>	<u>3,045,123</u>	<u>-</u>
Fund balances—ending	<u><u>\$ 2,078,626</u></u>	<u><u>\$ 2,078,626</u></u>	<u><u>\$ 1,332,464</u></u>	<u><u>\$ (746,162)</u></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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 5,516	\$ 5,516
Total revenues	<u>-</u>	<u>-</u>	<u>5,516</u>	<u>5,516</u>
EXPENDITURES				
Current:				
Capital outlay	647,184	647,184	313,898	333,286
Total expenditures	<u>647,184</u>	<u>647,184</u>	<u>313,898</u>	<u>333,286</u>
Excess (deficiency) of revenues over expenditures	<u>(647,184)</u>	<u>(647,184)</u>	<u>(308,382)</u>	<u>338,802</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(478,308)	(478,308)	(478,308)	-
Total other financing sources (uses)	<u>(478,308)</u>	<u>(478,308)</u>	<u>(478,308)</u>	<u>-</u>
Net change in fund balances	(1,125,492)	(1,125,492)	(786,690)	338,802
Fund balances—beginning	1,801,435	1,801,435	1,801,435	-
Fund balances—ending	<u>\$ 675,943</u>	<u>\$ 675,943</u>	<u>\$ 1,014,745</u>	<u>\$ 338,802</u>

CITY OF LA PORTE, TEXAS
Drainage Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For The Year Ended September 30, 2010

	<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	\$ 288,000	\$ 288,000	\$ 266,859	\$ (21,141)
Interest	2,500	2,500	590	(1,910)
Total revenues	<u>290,500</u>	<u>290,500</u>	<u>267,449</u>	<u>(23,051)</u>
Excess (deficiency) of revenues over expenditures	<u>290,500</u>	<u>290,500</u>	<u>267,449</u>	<u>(23,051)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(169,000)	(169,000)	-	169,000
Total other financing sources (uses)	<u>(169,000)</u>	<u>(169,000)</u>	<u>-</u>	<u>169,000</u>
Net change in fund balances	121,500	121,500	267,449	145,949
Fund balances—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances—ending	<u>\$ 121,500</u>	<u>\$ 121,500</u>	<u>\$ 267,449</u>	<u>\$ 145,949</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, 2010

	<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	\$ 2,173,774	\$ 2,173,774	\$ 2,560,023	\$ 386,249
Interest	23,200	23,200	28,484	5,284
Total revenues	<u>2,196,974</u>	<u>2,196,974</u>	<u>2,588,506</u>	<u>391,532</u>
EXPENDITURES				
Debt service:				
Principal	1,990,000	1,990,000	1,755,000	235,000
Interest	2,086,755	2,086,755	1,451,033	635,722
Total expenditures	<u>4,076,755</u>	<u>4,076,755</u>	<u>3,206,033</u>	<u>870,722</u>
Excess (deficiency) of revenues over expenditures	<u>(1,879,781)</u>	<u>(1,879,781)</u>	<u>(617,527)</u>	<u>1,262,254</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	4,295,000	(4,295,000)
Premium on bonds	-	-	100,338	(100,338)
Payment to escrow agent	-	-	(4,409,763)	4,409,763
Transfers in	1,892,298	1,892,298	1,598,155	294,143
Total other financing sources (uses)	<u>1,892,298</u>	<u>1,892,298</u>	<u>1,583,730</u>	<u>308,568</u>
Net change in fund balances	12,517	12,517	966,203	953,686
Fund balances—beginning	2,151,483	2,151,483	2,151,483	-
Fund balances—ending	<u>\$ 2,164,000</u>	<u>\$ 2,164,000</u>	<u>\$ 3,117,686</u>	<u>\$ 953,686</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
For The Year Ended September 30, 2010

	<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	\$ 11,665,871	\$ 11,665,871	\$ 13,239,953	\$ 1,574,082
Delinquent	200,000	200,000	141,277	(58,723)
Industrial payments	8,718,883	8,718,883	10,464,176	1,745,293
Total ad valorem	<u>20,584,754</u>	<u>20,584,754</u>	<u>23,845,406</u>	<u>3,260,652</u>
Penalty and interest	156,000	156,000	185,194	29,194
Sales taxes	2,892,980	2,892,980	3,142,521	249,541
Other taxes	86,218	86,218	77,450	(8,768)
Franchise Fees:				
Electrical	1,291,149	1,291,149	1,276,498	(14,651)
Gas	188,419	188,419	198,044	9,625
Telephone	291,779	291,779	373,632	81,853
Cable	289,098	289,098	233,734	(55,364)
Commercial solidwaste	90,864	90,864	88,791	(2,073)
Total franchise fees	<u>2,151,309</u>	<u>2,151,309</u>	<u>2,170,699</u>	<u>19,390</u>
Charges for services:				
Public safety service fees	1,467,983	1,467,983	1,468,657	674
Health and sanitation service fees	1,961,200	1,961,200	1,842,135	(119,065)
Culture and recreation fees	408,202	408,202	661,101	252,899
Other service fees	341,377	341,377	335,261	(6,116)
Total charges for services	<u>4,178,762</u>	<u>4,178,762</u>	<u>4,307,154</u>	<u>128,392</u>
Intergovernmental	3,500	3,500	863	(2,637)
Licenses and permits:				
Building permits	570,675	570,675	448,443	(122,232)
Licenses	31,110	31,110	28,035	(3,075)
Total Licenses and permits	<u>601,785</u>	<u>601,785</u>	<u>476,478</u>	<u>(125,307)</u>
Investment income	225,000	225,000	137,143	(87,857)
Fines and forfeitures	1,523,886	1,523,886	1,531,699	7,813
Miscellaneous	25,000	30,000	59,920	29,920
Total revenues	<u>\$ 32,429,194</u>	<u>\$ 32,434,194</u>	<u>\$ 35,934,527</u>	<u>\$ 3,500,333</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended September 30, 2010
(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	\$ 171,198	\$ 170,791	\$ 170,588	\$ 203
Supplies	24,555	24,555	19,811	4,744
Other services and charges	97,394	103,394	106,002	(2,608)
Total Emergency Management	<u>293,147</u>	<u>298,740</u>	<u>296,401</u>	<u>2,339</u>
General Administration:				
Personal services	476,450	482,720	482,495	225
Supplies	8,200	6,248	3,640	2,608
Other services and charges	113,551	114,003	88,930	25,073
Total General Administration	<u>598,201</u>	<u>602,971</u>	<u>575,065</u>	<u>27,906</u>
Human Resources:				
Personal services	219,464	250,886	249,829	1,057
Supplies	7,150	7,150	6,926	224
Other services and charges	107,815	116,815	116,486	329
Total Human Resources	<u>334,429</u>	<u>374,851</u>	<u>373,241</u>	<u>1,610</u>
Municipal Court:				
Personal services	433,039	445,053	444,770	283
Supplies and materials	23,500	23,500	21,629	1,871
Other services and charges	249,652	267,652	267,248	404
Total Municipal Court	<u>706,191</u>	<u>736,205</u>	<u>733,647</u>	<u>2,558</u>
Purchasing:				
Personal services	221,100	222,764	222,740	24
Supplies	2,958	3,358	3,315	43
Other services and charges	30,789	30,139	29,596	543
Total Purchasing	<u>254,847</u>	<u>256,261</u>	<u>255,651</u>	<u>610</u>
City Secretary:				
Personal services	325,416	337,011	336,940	71
Supplies and materials	4,150	4,150	2,021	2,129
Other services and charges	75,784	92,284	91,983	301
Total City Secretary	<u>405,350</u>	<u>433,445</u>	<u>430,944</u>	<u>2,501</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended September 30, 2010
(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	14,412	14,412	14,412	-
Other services and charges	166,521	186,021	185,909	112
Total Legal	<u>180,933</u>	<u>200,433</u>	<u>200,321</u>	<u>112</u>
City Council:				
Personal services	19,561	19,561	17,439	2,122
Supplies and materials	16,700	33,189	30,194	2,995
Other services and charges	95,725	52,474	33,298	19,176
Capital outlay	-	33,762	23,910	9,852
Total City Council	<u>131,986</u>	<u>138,986</u>	<u>104,841</u>	<u>34,145</u>
Total Administration	<u>2,905,084</u>	<u>3,041,892</u>	<u>2,970,111</u>	<u>71,781</u>
Finance:				
Accounting:				
Personal services	616,771	628,318	628,166	152
Supplies	16,800	16,685	13,396	3,289
Other services and charges	156,858	168,473	168,218	255
Total Accounting	<u>790,429</u>	<u>813,476</u>	<u>809,780</u>	<u>3,696</u>
Nondepartmental:				
Personal services	676,371	676,371	545,645	130,726
Supplies	6,000	6,000	4,137	1,863
Other services and charges	1,563,421	998,211	832,029	166,182
Total Nondepartmental	<u>2,245,792</u>	<u>1,680,582</u>	<u>1,381,811</u>	<u>298,771</u>
Tax Office:				
Personal services	227,555	225,641	223,659	1,982
Supplies and materials	12,200	12,650	10,065	2,585
Other services and charges	211,366	215,916	215,286	630
Total Tax Office	<u>451,121</u>	<u>454,207</u>	<u>449,010</u>	<u>5,197</u>
Total Finance	<u>3,487,342</u>	<u>2,948,265</u>	<u>2,640,601</u>	<u>307,664</u>
Planning and Engineering:				
Planning and Engineering:				
Personal services	885,461	899,155	864,933	34,222
Supplies	33,600	33,100	18,355	14,745
Other services and charges	129,360	141,861	109,973	31,888
Total Planning and Engineering	<u>1,048,421</u>	<u>1,074,116</u>	<u>993,261</u>	<u>80,855</u>
Inspection:				
Personal services	696,705	704,678	694,719	9,959
Supplies	22,878	28,229	26,334	1,895
Other services and charges	234,719	239,169	167,224	71,945
Total Inspection	<u>954,302</u>	<u>972,076</u>	<u>888,277</u>	<u>83,799</u>
Total Planning and Engineering	<u>2,002,723</u>	<u>2,046,192</u>	<u>1,881,538</u>	<u>164,654</u>
TOTAL GENERAL GOVERNMENT	<u>8,395,149</u>	<u>8,036,349</u>	<u>7,492,250</u>	<u>544,099</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended September 30, 2010
(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	245,433	246,029	244,357	1,672
Supplies	9,273	8,723	7,191	1,532
Other services and charges	41,630	42,654	40,666	1,988
Total Fire Prevention	<u>296,336</u>	<u>297,406</u>	<u>292,214</u>	<u>5,192</u>
Fire suppression:				
Personal services	1,256,734	1,286,609	1,286,582	27
Supplies	156,522	155,022	151,250	3,772
Other services and charges	622,503	614,129	613,680	449
Capital outlay	33,500	46,900	45,416	1,484
Total Fire Suppression	<u>2,069,259</u>	<u>2,102,660</u>	<u>2,096,928</u>	<u>5,732</u>
Emergency medical services:				
Personal services	1,686,408	1,678,778	1,596,133	82,645
Supplies	168,592	173,724	169,967	3,757
Other services and charges	233,526	233,576	208,390	25,186
Capital outlay	-	28,050	27,967	83
Total Emergency Services	<u>2,088,526</u>	<u>2,114,128</u>	<u>2,002,457</u>	<u>111,671</u>
Total Fire	<u>4,454,121</u>	<u>4,514,194</u>	<u>4,391,599</u>	<u>122,595</u>
Police				
Police Administration:				
Personal services	637,099	669,575	668,828	747
Supplies	15,994	15,994	14,412	1,582
Other services and charges	271,626	274,726	274,291	435
Total Police Administration	<u>924,719</u>	<u>960,295</u>	<u>957,531</u>	<u>2,764</u>
Police Patrol:				
Personal services	4,088,046	4,225,209	4,225,114	95
Supplies	198,010	214,702	214,541	161
Other services and charges	742,155	678,950	676,601	2,349
Capital outlay	27,000	23,008	22,808	200
Total Police Patrol	<u>5,055,211</u>	<u>5,141,869</u>	<u>5,139,064</u>	<u>2,805</u>
Criminal Investigation:				
Personal services	1,683,952	1,626,380	1,625,896	484
Supplies	51,429	67,410	67,361	49
Other services and charges	151,167	139,514	138,398	1,116
Total Criminal Investigation	<u>1,886,548</u>	<u>1,833,304</u>	<u>1,831,655</u>	<u>1,649</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended September 30, 2010
(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	1,916,549	1,894,109	1,780,132	113,977
Supplies	90,160	100,807	95,294	5,513
Other services and charges	126,351	125,914	107,218	18,696
Total Support Services	<u>2,133,060</u>	<u>2,120,830</u>	<u>1,982,644</u>	<u>138,186</u>
Total Police	<u>9,999,538</u>	<u>10,056,298</u>	<u>9,910,894</u>	<u>145,404</u>
TOTAL PUBLIC SAFETY	<u>14,453,659</u>	<u>14,570,492</u>	<u>14,302,493</u>	<u>267,999</u>
PUBLIC WORKS:				
Public Works Administration:				
Personal services	268,605	271,273	271,718	(445)
Supplies and materials	4,700	4,677	4,105	572
Other services and charges	109,351	109,374	73,011	36,363
Total Public Works Administration	<u>382,656</u>	<u>385,324</u>	<u>348,834</u>	<u>36,490</u>
Streets:				
Personal services	1,536,208	1,595,520	1,525,874	69,646
Supplies	165,720	165,720	130,237	35,483
Other services and charges	755,939	763,505	683,652	79,853
Capital outlay	53,000	53,000	43,069	9,931
Total Streets	<u>2,510,867</u>	<u>2,577,745</u>	<u>2,382,832</u>	<u>194,913</u>
TOTAL PUBLIC WORKS	<u>2,893,523</u>	<u>2,963,069</u>	<u>2,731,666</u>	<u>231,403</u>
HEALTH AND SANITATION:				
Residential Solidwaste:				
Personal services	1,090,240	1,102,692	1,064,900	37,792
Supplies	247,586	240,586	212,147	28,439
Other services and charges	863,675	870,675	868,238	2,437
Capital outlay	16,688	16,688	15,804	884
Total Residential Solidwaste	<u>2,218,189</u>	<u>2,230,641</u>	<u>2,161,089</u>	<u>69,552</u>
Commercial solidwaste:				
Other services and charges	21,000	21,000	19,001	1,999
TOTAL HEALTH AND SANITATION	<u>2,239,189</u>	<u>2,251,641</u>	<u>2,180,090</u>	<u>71,551</u>
CULTURE & RECREATION:				
Park Maintenance:				
Personal services	1,159,397	1,164,903	1,164,227	676
Supplies and materials	106,750	111,250	110,849	401
Other services and charges	771,085	868,510	867,831	679
Capital outlay		234,000	233,775	225
Total Park Maintenance	<u>2,037,232</u>	<u>2,378,663</u>	<u>2,376,682</u>	<u>1,981</u>

CITY OF LA PORTE, TEXAS
General Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended September 30, 2010
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation:				
Personal services	520,696	527,448	520,555	6,893
Supplies	63,541	59,541	51,389	8,152
Other services and charges	194,869	198,869	198,779	90
Total Recreation	<u>779,106</u>	<u>785,858</u>	<u>770,723</u>	<u>15,135</u>
Special Services:				
Personal services	378,486	348,158	335,924	12,234
Supplies	25,237	25,237	22,592	2,645
Other services and charges	72,896	72,896	71,918	978
Total Special Services	<u>476,619</u>	<u>446,291</u>	<u>430,434</u>	<u>15,857</u>
Parks Administration:				
Personal Services	477,923	455,086	437,682	17,404
Supplies	9,300	9,300	8,686	614
Other services and charges	40,889	40,889	36,780	4,109
Total Parks Administration	<u>528,112</u>	<u>505,275</u>	<u>483,148</u>	<u>22,127</u>
TOTAL CULTURE AND RECREATION	<u>3,821,069</u>	<u>4,116,087</u>	<u>4,060,987</u>	<u>55,100</u>
TOTAL GENERAL FUND	<u>\$ 31,802,589</u>	<u>\$ 31,937,638</u>	<u>\$ 30,767,486</u>	<u>\$ 1,170,152</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
September 30, 2010

	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	\$ 255,056	\$ -	\$ 1,640	\$ 256,696
Investments	84,921	-	-	84,921
Receivables, net of allowance for uncollectibles	-	-	5,122	5,122
Accrued interest receivable	37	-	-	37
Total current assets	340,014	-	6,762	346,776
Noncurrent assets:				
Capital assets:				
Land	203,504	-	1,880,965	2,084,469
Buildings and improvements	-	-	731,524	731,524
Improvements other than buildings	5,725,144	-	2,879,348	8,604,492
Vehicles and equipment	-	-	43,630	43,630
Less accumulated depreciation	(2,951,386)	-	(2,671,780)	(5,623,166)
Total noncurrent assets	2,977,262	-	2,863,687	5,840,949
Total assets	3,317,276	-	2,870,449	6,187,725
LIABILITIES				
Current liabilities:				
Accounts payable	115	-	23,262	23,377
Due to other funds	-	-	390,808	390,808
Accrued salaries payable	-	-	27,135	27,135
Other current liabilities	1,500	-	7,873	9,373
Total current liabilities	1,615	-	449,078	450,693
Noncurrent liabilities:				
Net pension obligation	-	-	47,920	47,920
Net OPEB obligation	-	-	102,776	102,776
Accrued separation pay	-	-	126,872	126,872
Total noncurrent liabilities	-	-	277,568	277,568
Total liabilities	1,615	-	726,646	728,261
NET ASSETS				
Invested in capital assets	2,977,262	-	2,863,687	5,840,949
Unrestricted (deficit)	338,399	-	(719,884)	(381,485)
Total net assets	\$ 3,315,661	\$ -	\$ 2,143,803	\$ 5,459,464

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, 2010

	Business-type Activities - Enterprise Funds			Total Nonmajor Proprietary Funds
	Airport	Sylvan Beach Convention Center	Bay Forest Golf Course	
Operating revenues:				
User fees	\$ 53,216	\$ -	\$ 1,002,234	\$ 1,055,450
Operating expenses:				
Personal services	-	-	948,532	948,532
Supplies	-	-	188,272	188,272
Other services and charges	15,969	-	217,082	233,051
Depreciation	165,071	-	131,211	296,282
Total operating expenses	<u>181,040</u>	<u>-</u>	<u>1,485,097</u>	<u>1,666,137</u>
Operating loss	<u>(127,824)</u>	<u>-</u>	<u>(482,863)</u>	<u>(610,687)</u>
Nonoperating revenues (expenses):				
Interest income	1,889	-	-	1,889
Total nonoperating revenue (expenses)	<u>1,889</u>	<u>-</u>	<u>-</u>	<u>1,889</u>
Loss before contributions and transfers	(125,935)	-	(482,863)	(608,798)
Capital contributions	-	-	45,059	45,059
Transfers in	-	-	53,000	53,000
Transfers out	<u>(518)</u>	<u>(265,398)</u>	<u>(17,704)</u>	<u>(283,620)</u>
Change in net assets	(126,453)	(265,398)	(402,508)	(794,359)
Total net assets—beginning	3,442,114	265,398	2,546,311	6,253,823
Total net assets—ending	<u>\$ 3,315,661</u>	<u>\$ -</u>	<u>\$ 2,143,803</u>	<u>\$ 5,459,464</u>

CITY OF LA PORTE, TEXAS
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended September 30, 2010

	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 (refunded) from user fees	\$ 55,880	\$ (1,885)	\$ 1,003,475	\$ 1,057,470
Cash payments to suppliers	(16,759)	(467)	(169,655)	(186,881)
Cash payments for personal services	-	(4,147)	(870,082)	(874,229)
Net cash provided (used) by operating activities	<u>39,121</u>	<u>(6,499)</u>	<u>(36,262)</u>	<u>(3,640)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	53,000	53,000
Transfers to other funds	(518)	(265,398)	(17,704)	(283,620)
Net cash provided (used) by noncapital financing activities	<u>(518)</u>	<u>(265,398)</u>	<u>35,296</u>	<u>(230,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,028	70	-	2,098
Net investments purchased	(124,454)	-	-	(124,454)
Net investments sold	164,759	160,546	-	325,305
Net cash provided by investing activities	<u>42,333</u>	<u>160,616</u>	<u>-</u>	<u>202,949</u>
Net increase (decrease) in cash and cash equivalents	80,936	(111,281)	(966)	(31,311)
Balances—beginning of the year	174,120	111,281	2,606	288,007
Balances—end of the year	<u>\$ 255,056</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ 256,696</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (127,824)	\$ -	\$ (482,863)	\$ (610,687)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	165,071	-	131,211	296,282
(Increase) decrease in accounts receivable	2,664	-	1,241	3,905
Increase (decrease) in accrued salaries payable	-	-	3,421	3,421
Increase (decrease) in accounts payable	(790)	(467)	(11,043)	(12,300)
Increase (decrease) in other current liabilities	-	-	641	641
Increase (decrease) in customer utility deposits	-	(1,885)	-	-
Increase (decrease) due to other funds	-	-	246,102	246,102
Increase (decrease) in accrued employee separation	-	(4,147)	(4,586)	(8,733)
Increase (decrease) in net pension obligation	-	-	26,923	26,923
Increase (decrease) in net OPEB obligation	-	-	52,691	52,691
Total adjustments	<u>166,945</u>	<u>(6,499)</u>	<u>446,601</u>	<u>608,932</u>
Net cash provided (used) by operating activities	<u>\$ 39,121</u>	<u>\$ (6,499)</u>	<u>\$ (36,262)</u>	<u>\$ (3,640)</u>
Noncash investing, capital and financing activities:				
Increase in fair value of assets	\$ 34	\$ 21	\$ -	\$ 55
Contributions of capital assets	-	-	45,059	45,059

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
September 30, 2010

	<u>Motor Pool</u>	<u>Technology</u>	<u>Insurance</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,335,168	\$ 427,108	\$ 2,126,413	\$ 5,888,689
Investments	1,110,456	142,207	707,997	1,960,660
Accrued interest receivable	509	54	307	870
Miscellaneous receivable	1,250	-	119,927	121,177
Material and supplies inventories, at cost	34,625	-	-	34,625
Total current assets	<u>4,482,008</u>	<u>569,369</u>	<u>2,954,644</u>	<u>8,006,021</u>
Noncurrent assets:				
Capital assets				
Vehicles and equipment	12,017,142	205,945	-	12,223,087
Less accumulated depreciation	(7,289,397)	(151,025)	-	(7,440,422)
Total noncurrent assets	<u>4,727,745</u>	<u>54,920</u>	<u>-</u>	<u>4,782,665</u>
Total assets	<u>9,209,753</u>	<u>624,289</u>	<u>2,954,644</u>	<u>12,788,686</u>
LIABILITIES				
Current liabilities:				
Accounts payable	11,317	35,418	509,149	555,884
Accrued salaries payable	20,511	11,970	654	33,135
Total current liabilities	<u>31,828</u>	<u>47,388</u>	<u>509,803</u>	<u>589,019</u>
Noncurrent liabilities:				
Accrued employee separation pay	95,619	-	-	95,619
Total noncurrent liabilities	<u>95,619</u>	<u>-</u>	<u>-</u>	<u>95,619</u>
Total liabilities	<u>127,447</u>	<u>47,388</u>	<u>509,803</u>	<u>684,638</u>
NET ASSETS				
Invested in capital assets	4,727,745	54,920	-	4,782,665
Unrestricted	4,354,561	521,981	2,444,841	7,321,383
Total net assets	<u>\$ 9,082,306</u>	<u>\$ 576,901</u>	<u>\$ 2,444,841</u>	<u>\$ 12,104,048</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, 2010

	<u>Motor Pool</u>	<u>Technology</u>	<u>Insurance</u>	<u>Totals</u>
Operating revenues:				
User fees	\$ 2,195,595	\$ 1,111,822	\$ 3,685,729	\$ 6,993,146
Cable fees	-	72,275	-	72,275
Total operating revenues	<u>2,195,595</u>	<u>1,184,097</u>	<u>3,685,729</u>	<u>7,065,421</u>
Operating expenses:				
Personal services	726,250	365,255	209,447	1,300,952
Supplies	372,849	125,398	-	498,247
Other services and charges	132,534	749,937	4,471,147	5,353,618
Depreciation	797,093	12,148	-	809,241
Total operating expenses	<u>2,028,726</u>	<u>1,252,738</u>	<u>4,680,594</u>	<u>7,962,058</u>
Operating income (loss)	<u>166,869</u>	<u>(68,641)</u>	<u>(994,865)</u>	<u>(896,637)</u>
Nonoperating revenues:				
Interest income	15,136	3,350	16,010	34,496
Gain (loss) on sale of assets	75,730	(36,062)	-	39,668
Total nonoperating revenues	<u>90,866</u>	<u>(32,712)</u>	<u>16,010</u>	<u>74,164</u>
Income (loss) before contributions and transfers	257,735	(101,353)	(978,855)	(822,473)
Capital contributions	42,268	-	-	42,268
Transfers in	1,800,000	-	497,775	2,297,775
Transfers out	<u>(13,237)</u>	<u>(424)</u>	<u>-</u>	<u>(13,661)</u>
Change in net assets	2,086,766	(101,777)	(481,080)	1,503,909
Net assets—beginning	6,995,540	678,678	2,925,921	10,600,139
Net assets—ending	<u>\$ 9,082,306</u>	<u>\$ 576,901</u>	<u>\$ 2,444,841</u>	<u>\$ 12,104,048</u>

CITY OF LA PORTE, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended September 30, 2010

	Motor Pool	Technology	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user fees	\$ 2,194,345	\$ 1,184,097	\$ 3,685,729	\$ 7,064,171
Cash payments to suppliers	(554,668)	(934,879)	(4,435,367)	(5,924,914)
Cash payments for personal services	(734,355)	(362,644)	(208,793)	(1,305,792)
Net cash provided (used) by operating activities	<u>905,322</u>	<u>(113,426)</u>	<u>(958,431)</u>	<u>(166,535)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	1,800,000	-	497,775	2,297,775
Transfers out to other funds	(13,237)	(424)	-	(13,661)
Net cash provided (used) by noncapital financing activities	<u>1,786,763</u>	<u>(424)</u>	<u>497,775</u>	<u>2,284,114</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for capital acquisitions	(765,609)	(36,170)	-	(801,779)
Proceeds from sale of assets	131,200	-	-	131,200
Net cash (used) by capital and related financing activities	<u>(634,409)</u>	<u>(36,170)</u>	<u>-</u>	<u>(670,579)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	16,058	3,668	17,621	37,347
Investments purchased	(2,272,794)	(413,675)	(1,373,598)	(4,060,067)
Investments sold	2,154,418	570,846	2,036,652	4,761,916
Net cash provided (used) by investing activities	<u>(102,318)</u>	<u>160,839</u>	<u>680,675</u>	<u>739,196</u>
Net decrease in cash and cash equivalents	1,955,358	10,819	220,019	2,186,196
Balances—beginning of the year	1,379,810	416,289	1,906,394	3,702,493
Balances—end of the year	<u>\$ 3,335,168</u>	<u>\$ 427,108</u>	<u>\$ 2,126,413</u>	<u>\$ 5,888,689</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 166,869	\$ (68,641)	\$ (994,865)	\$ (896,637)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	797,093	12,148	-	809,241
(Increase) decrease in accounts receivable	(1,250)	-	321	(929)
(Increase) decrease in inventories	1,982	-	-	1,982
Increase (decrease) in accrued salaries payable	(213)	2,611	654	3,052
Increase (decrease) in accounts payable	(51,267)	(59,544)	35,780	(75,031)
Increase (decrease) in deferred revenue	-	-	(321)	(321)
Increase (decrease) in accrued employee separation	(7,892)	-	-	(7,892)
Total adjustments	<u>738,453</u>	<u>(44,785)</u>	<u>36,434</u>	<u>730,102</u>
Net cash provided (used) by operating activities	<u>\$ 905,322</u>	<u>\$ (113,426)</u>	<u>\$ (958,431)</u>	<u>\$ (166,535)</u>
Reconciliation of total cash and cash investments:				
Current Assets - cash and cash equivalents	3,335,168	427,108	2,126,413	5,888,689
Total cash and cash equivalents	<u>\$ 3,335,168</u>	<u>\$ 427,108</u>	<u>\$ 2,126,413</u>	<u>\$ 5,888,689</u>
Noncash investing, capital and financing activities:				
Increase in fair value of assets	\$ 441	\$ 56	\$ 281	\$ 778

**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, 2010

Governmental funds capital assets	
Land	\$ 9,699,810
Buildings and improvements	34,829,904
Improvements other buildings	17,390,197
Infrastructure	34,747,261
Machinery and equipment	2,982,615
Construction in progress	<u>4,694,817</u>
Total governmental funds capital assets	<u>\$ 104,344,604</u>
Investment in governmental funds capital assets by source	
Current Operations	\$ 23,238,404
Capital Projects	79,781,094
Section 4B Sales Tax	<u>1,325,106</u>
Total governmental funds capital assets	<u>\$ 104,344,604</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, 2010

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Improvements other than Buildings</u>	<u>Infrastructure</u>
General Government				
Administration	\$ 1,055,865	\$ 10,566,154	\$ 2,883,294	\$ -
Planning	399,789	-	-	255,388
Total general government	<u>1,455,654</u>	<u>10,566,154</u>	<u>2,883,294</u>	<u>255,388</u>
Public Safety				
Fire	815,500	7,797,666	28,422	-
Police	1,245	9,749,611	313,427	-
Total Public Safety	<u>816,745</u>	<u>17,547,277</u>	<u>341,849</u>	<u>-</u>
Public Works				
Administration	2,760,405	2,112,774	371,785	17,878,440
Streets	-	-	-	16,515,354
Total Public Works	<u>2,760,405</u>	<u>2,112,774</u>	<u>371,785</u>	<u>34,393,794</u>
Cultural and Recreational Parks and Recreation	<u>4,667,006</u>	<u>4,603,699</u>	<u>13,793,269</u>	<u>98,079</u>
Total governmental funds capital assets	<u>\$ 9,699,810</u>	<u>\$ 34,829,904</u>	<u>\$ 17,390,197</u>	<u>\$ 34,747,261</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>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 446,216	\$ 658,138	\$ 15,609,667
19,922	2,127,995	2,803,094
<u>466,138</u>	<u>2,786,133</u>	<u>18,412,761</u>
961,848	-	9,603,436
917,464	-	10,981,747
<u>1,879,312</u>	<u>-</u>	<u>20,585,183</u>
278,577	13,633	23,415,614
-	-	16,515,354
<u>278,577</u>	<u>13,633</u>	<u>39,930,968</u>
<u>358,588</u>	<u>1,895,051</u>	<u>25,415,692</u>
<u>\$ 2,982,615</u>	<u>\$ 4,694,817</u>	<u>\$ 104,344,604</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, 2010

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2009</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Governmental Fund Capital Assets September 30, 2010</u>
General government				
Administration	\$ 15,830,183	\$ 1,787,777	\$ (2,008,293)	\$ 15,609,667
Planning	1,678,154	1,146,076	(21,136)	2,803,094
Total general government	<u>17,508,337</u>	<u>2,933,853</u>	<u>(2,029,429)</u>	<u>18,412,761</u>
Public safety				
Fire	9,385,810	199,060	18,566	9,603,436
Police	11,147,546	90,332	(256,131)	10,981,747
Total public safety	<u>20,533,356</u>	<u>289,392</u>	<u>(237,565)</u>	<u>20,585,183</u>
Public works				
Administration	22,170,303	654,356	344,219	23,168,878
Streets	16,762,090	-	-	16,762,090
Total public works	<u>38,932,393</u>	<u>654,356</u>	<u>344,219</u>	<u>39,930,968</u>
Cultural and Recreational				
Parks and recreation	<u>18,859,565</u>	<u>4,865,818</u>	<u>1,690,309</u>	<u>25,415,692</u>
Total governmental funds capital assets	<u>\$ 95,833,651</u>	<u>\$ 8,743,419</u>	<u>\$ (232,466)</u>	<u>\$ 104,344,604</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>	134
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 Eight Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 23,400,108	\$ 32,752,971	\$ 28,933,050	\$ 28,424,345
Restricted	5,804,419	5,770,840	6,642,077	7,363,187
Unrestricted	23,953,457	12,997,982	19,369,700	18,983,653
Total governmental activities net assets	<u>\$ 53,157,984</u>	<u>\$ 51,521,793</u>	<u>\$ 54,944,827</u>	<u>\$ 54,771,185</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 26,109,776	\$ 25,996,416	\$ 26,589,684	\$ 29,642,136
Restricted	3,042,730	3,662,800	3,407,445	2,185,791
Unrestricted	4,709,368	2,647,090	1,264,814	3,396,751
Total business-type activities net assets	<u>\$ 33,861,874</u>	<u>\$ 32,306,306</u>	<u>\$ 31,261,943</u>	<u>\$ 35,224,678</u>
Primary government				
Invested in capital assets, net of related debt	\$ 49,509,884	\$ 58,749,387	\$ 55,522,734	\$ 58,066,481
Restricted	8,847,149	9,433,640	10,049,522	9,548,978
Unrestricted	28,662,825	15,645,072	20,634,514	22,380,404
Total primary government net assets	<u>\$ 87,019,858</u>	<u>\$ 83,828,099</u>	<u>\$ 86,206,770</u>	<u>\$ 89,995,863</u>

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.

Fiscal Year

	2007	2008	2009	2010
\$	27,529,009	\$24,922,673	\$32,667,469	35,194,777
	13,316,591	16,566,966	16,169,693	18,108,170
	19,985,983	18,985,215	16,838,404	13,904,445
\$	<u>60,831,583</u>	<u>\$60,474,854</u>	<u>\$65,675,566</u>	<u>\$67,207,392</u>

\$	29,481,368	\$35,483,003	\$40,206,362	\$ 40,595,009
	2,184,725	2,188,240	1,352,867	1,459,834
	3,295,501	3,799,361	2,472,578	2,027,477
\$	<u>34,961,594</u>	<u>\$41,470,604</u>	<u>\$44,031,807</u>	<u>\$44,082,320</u>

	57,010,377	\$60,405,676	\$72,873,831	\$75,789,786
	15,501,316	18,755,206	17,522,560	19,568,004
	23,281,484	22,784,576	19,310,982	15,931,922
\$	<u>95,793,177</u>	<u>\$101,945,458</u>	<u>\$109,707,373</u>	<u>\$111,289,712</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General Government	\$ 8,625,554	\$ 10,487,889	\$ 7,411,122	\$ 7,348,812
Public Safety	10,771,423	11,947,286	10,367,759	11,602,951
Public Works	3,638,063	1,267,829	5,164,855	5,209,686
Health and Sanitation	1,823,462	1,906,519	1,887,204	1,862,368
Culture and Recreation	4,048,974	4,106,491	3,717,791	3,579,917
Interest on Long-term debt	747,351	689,644	863,818	1,226,231
Total governmental activities expenses	29,654,827	30,405,658	29,412,549	30,829,965
Business-type activities:				
Water Services	6,339,238	6,256,424	6,477,962	6,844,635
Sewer Services	1,913,284	1,895,709	1,819,756	1,894,415
Airport	149,472	142,765	157,186	122,548
Bay Forest Golf Course	1,284,729	1,222,819	1,242,613	1,285,121
Sylvan Beach Convention Center	212,947	194,314	211,682	214,552
Total business-type expenses	9,899,670	9,712,031	9,909,199	10,361,271
Total primary government expenses	\$ 39,554,497	\$ 40,117,689	\$ 39,321,748	\$ 41,191,236
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 660,955	\$ 528,296	\$ 670,332	\$ 1,002,267
Public safety	1,689,780	1,441,662	1,498,310	1,333,005
Public works	1,481,061	106,026	24,242	-
Health and sanitation	830,991	463,629	1,429,617	1,770,611
Culture and recreation	657,784	1,157,449	460,796	429,971
Operating grants and contributions	480,037	576,262	2,639,934	1,031,408
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	5,800,608	4,273,324	6,723,231	5,567,262
Business-type activities:				
Charges for services				
Water services	4,157,556	4,155,589	4,500,140	5,438,932
Sewer services	2,493,284	2,493,134	2,591,406	2,842,495
Airport	30,001	32,728	32,728	35,624
Golf course	943,493	1,022,103	965,983	955,867
Sylvan beach convention center	161,355	180,642	163,859	162,508
Capital grants and contributions	-	-	-	-
Total business-type program revenues	7,785,689	7,884,196	8,254,116	9,435,426
Total primary government program revenues	\$ 13,586,297	\$ 12,157,520	\$ 14,977,347	\$ 15,002,688

Fiscal Year

	2007	2008	2009	2010
\$	8,410,865	\$ 10,056,369	\$ 11,442,946	\$ 11,497,476
	12,153,324	16,267,453	15,495,372	17,108,837
	3,668,425	4,348,281	8,095,274	4,601,382
	2,487,531	2,465,327	2,378,808	2,521,222
	3,120,183	4,004,206	4,222,945	6,483,006
	1,352,747	1,694,638	1,527,041	1,556,740
	<u>31,193,075</u>	<u>38,836,274</u>	<u>43,162,386</u>	<u>43,768,663</u>
	6,548,382	6,630,986	4,832,857	5,721,303
	2,086,651	2,247,031	2,603,424	2,674,456
	123,904	155,970	183,186	181,040
	1,310,589	1,361,970	1,436,792	1,485,097
	218,053	225,353	25,649	-
	<u>10,287,579</u>	<u>10,621,310</u>	<u>9,081,908</u>	<u>10,061,896</u>
\$	<u>41,480,654</u>	<u>\$ 49,457,584</u>	<u>\$ 52,244,294</u>	<u>\$ 53,830,559</u>
\$	2,006,607	\$ 2,724,739	\$ 3,060,864	\$ 3,116,325
	435,128	591,101	1,681,028	1,593,247
	-	-	4,610	1,066,936
	1,856,013	1,888,934	1,848,717	1,842,135
	418,143	417,836	447,719	660,780
	991,679	4,647,718	5,165,295	1,004,047
	-	234,630	1,259,614	-
	<u>5,707,570</u>	<u>10,504,958</u>	<u>13,467,847</u>	<u>9,283,470</u>
	4,789,854	6,132,716	4,520,092	3,849,661
	2,763,715	3,670,202	3,362,791	3,307,484
	42,359	64,639	53,325	53,216
	911,371	1,031,822	1,067,105	1,002,234
	189,290	161,342	2,479	-
	1,060,948	2,337,630	1,785,653	860,304
	<u>9,757,537</u>	<u>13,398,351</u>	<u>10,791,445</u>	<u>9,072,899</u>
\$	<u>15,465,107</u>	<u>\$ 23,903,309</u>	<u>\$ 24,259,292</u>	<u>\$ 18,356,369</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities:	\$ (23,854,219)	\$ (26,132,334)	\$ (22,689,318)	\$ (25,262,703)
Business-type activities:	(2,113,981)	(1,827,835)	(1,655,083)	(925,845)
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>
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
Property taxes, levied for debt service	2,070,120	1,922,117	1,623,095	1,661,801
Industrial payments	7,276,821	6,896,112	6,991,926	7,659,591
Franchise taxes	1,682,849	1,718,875	1,885,801	1,986,698
Sales tax	3,037,574	3,263,459	3,459,979	4,067,767
Unrestricted investment earnings	542,254	376,359	720,137	1,874,828
Grants not specified for specific program	-	-	-	75,189
Miscellaneous	704,886	495,102	753,595	1,137,928
Gain/(loss) on sale/retirement of capital assets	(260,545)	-	103,594	-
Transfers	(253,629)	684,697	381,625	(3,910,056)
Total governmental activities	<u>23,598,216</u>	<u>24,496,143</u>	<u>26,112,351</u>	<u>25,089,062</u>
Business-type activities				
Unrestricted investment earnings	121,174	88,602	165,162	300,099
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
Total business-type activities	<u>1,264,101</u>	<u>272,267</u>	<u>610,720</u>	<u>4,888,579</u>
Total primary government	<u>\$ 24,862,317</u>	<u>\$ 24,768,410</u>	<u>\$ 26,723,071</u>	<u>\$ 29,977,640</u>
Change in Net Assets				
Governmental activities	\$ (256,003)	\$ (1,636,191)	\$ 3,423,033	\$ (173,642)
Business-type activities	(849,880)	(1,555,568)	(1,044,363)	3,962,734
Total primary government	<u>\$ (1,105,883)</u>	<u>\$ (3,191,759)</u>	<u>\$ 2,378,670</u>	<u>\$ 3,789,091</u>

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.

Fiscal Year

2007	2008	2009	2010
\$ (25,485,505)	\$ (28,331,316)	\$ (29,694,539)	\$ (34,485,193)
(530,042)	2,777,041	1,709,537	(988,997)
<u>\$ (26,015,547)</u>	<u>\$ (25,554,275)</u>	<u>\$ (27,985,002)</u>	<u>\$ (35,474,190)</u>

\$ 11,246,050	\$ 11,802,564	\$ 14,389,535	\$ 15,182,382
1,819,554	1,880,095	2,001,702	2,560,023
8,188,891	7,958,522	10,554,872	10,732,488
2,003,691	2,165,343	2,160,425	2,170,699
5,735,725	5,803,077	5,787,406	5,913,679
2,386,980	1,782,572	687,567	293,943
-	-	2,000	-
89,400	115,351	90,599	164,237
-	-	-	-
75,612	(3,532,936)	(778,855)	(1,000,432)
<u>31,545,903</u>	<u>27,974,588</u>	<u>34,895,251</u>	<u>36,017,019</u>

342,566	199,060	72,814	39,078
-	-	-	-
-	-	-	-
(75,612)	3,532,936	778,855	1,000,432
<u>266,954</u>	<u>3,731,996</u>	<u>851,669</u>	<u>1,039,510</u>
<u>\$ 31,812,856</u>	<u>\$ 31,706,583</u>	<u>\$ 35,746,919</u>	<u>\$ 37,056,529</u>

\$ 6,060,398	\$ (356,728)	\$ 5,200,712	\$ 1,531,826
(263,088)	6,509,037	2,561,206	50,513
<u>\$ 5,797,310</u>	<u>\$ 6,152,307</u>	<u>\$ 7,761,918</u>	<u>\$ 1,582,339</u>

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Industrial Payments</u>	<u>Franchise Taxes</u>	<u>Public Service Taxes</u>	<u>Total</u>
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
2009	16,391,237	10,554,872	2,160,425	5,787,406	34,893,940
2010	17,742,405	10,732,488	2,170,699	5,913,679	36,559,271

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)

	2001	2002	2003	2004	2005
General fund					
Reserved	\$ 58,827	\$ 74,843	\$ 209,191	\$ 440,926	\$ 209,191
Unreserved	7,608,591	7,053,076	6,632,833	7,009,028	8,972,133
Total general fund	<u>\$ 7,667,418</u>	<u>\$ 7,127,919</u>	<u>\$ 6,842,024</u>	<u>\$ 7,449,954</u>	<u>\$ 9,181,324</u>
All other governmental funds					
Reserved	\$ 1,303,068	\$ 1,589,610	\$ 7,462,916	\$ 1,584,497	\$ 2,061,426
Unreserved/Undesignated					
Unreserved, reported in:					
Special revenue funds	3,307,882	3,850,787	3,770,935	1,005,159	4,255,634
Capital projects funds	11,765,217	13,778,877	5,067,980	9,287,535	16,488,090
Total all other governmental funds	<u>\$ 16,376,167</u>	<u>\$ 19,219,274</u>	<u>\$ 16,301,831</u>	<u>\$ 11,877,191</u>	<u>\$ 22,805,150</u>

Fiscal Year				
2006	2007	2008	2009	2010
\$ 144,775	\$ 169,708	\$ 360,727	\$ 198,665	\$ 254,636
10,970,885	13,687,895	13,587,254	13,395,364	11,849,853
<u>\$ 11,115,660</u>	<u>\$ 13,857,603</u>	<u>\$ 13,947,981</u>	<u>\$ 13,594,029</u>	<u>\$ 12,104,489</u>
\$ 2,266,406	\$ 2,670,858	\$ 3,021,882	\$ 2,761,058	\$ 4,420,190
5,100,995	7,501,313	6,325,089	3,517,187	3,688,288
18,813,872	18,660,427	19,933,451	17,943,808	20,330,852
<u>\$ 26,181,273</u>	<u>\$ 28,832,598</u>	<u>\$ 29,280,422</u>	<u>\$ 24,222,053</u>	<u>\$ 28,439,330</u>

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

	2001	2002	2003	2004
Revenues				
Taxes	\$ 22,406,291	\$ 23,300,851	\$ 22,922,669	\$ 22,948,635
Donations	-	-	-	-
Harris County Joint Ventures	-	-	-	-
Licenses and permits	262,010	238,535	199,970	320,405
Fines and forfeits	561,547	614,534	847,250	554,559
Charges and services	2,923,504	2,129,487	2,275,333	2,947,340
Intergovernmental	673,105	385,722	480,037	576,262
Interest	1,626,693	748,798	481,822	325,418
Miscellaneous	119,228	143,668	125,020	32,605
Total revenues	\$ 28,572,378	\$ 27,561,595	\$ 27,332,101	\$ 27,705,224
Expenditures				
General Government	5,232,112	5,294,977	5,542,520	7,971,284
Public Safety	9,364,320	10,165,683	10,477,080	10,414,544
Public Works	2,487,825	2,422,522	2,556,011	2,361,192
Health and Sanitation	2,278,761	1,764,906	1,823,462	1,758,964
Culture and Recreation	3,058,199	3,297,865	3,475,888	3,245,144
Debt Service				
Principal	1,775,000	1,685,000	1,590,000	1,490,000
Interest	729,932	634,535	795,199	699,834
Capital Outlay	3,032,461	4,077,477	2,771,651	3,259,141
Total expenditures	27,958,610	29,342,965	29,031,811	31,200,103
Excess of revenues over (under) expenditures	613,768	(1,781,370)	(1,699,710)	(3,494,879)
Other financing sources (uses)				
Issuance of debt	-	5,400,000	-	-
Premium on bond	-	-	-	-
Payment to Escrow Agent	1,974,671	1,870,191	1,919,871	3,469,026
Transfers in	(1,849,671)	(3,185,214)	(3,423,500)	(3,790,857)
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	125,000	4,084,977	(1,503,629)	(321,831)
Net change in fund balances	\$ 738,768	\$ 2,303,607	\$ (3,203,339)	\$ (3,816,710)
Debt service as a percentage of noncapital expenditures	10.0%	9.2%	9.1%	7.8%

Fiscal Year						
	2005	2006	2007	2008	2009	2010
\$	24,045,940	\$ 25,687,864	\$ 28,919,159	\$ 30,059,710	\$ 34,929,693	\$36,681,503
	30,000	-	30,000	-	-	-
	1,751,555	-	-	-	-	-
	531,091	683,284	919,923	559,803	641,614	476,478
	678,205	848,232	1,243,694	1,726,433	1,832,570	1,802,785
	3,233,453	3,887,570	3,966,801	3,958,189	4,469,922	6,083,767
	1,112,687	1,174,381	716,103	4,755,080	4,868,313	988,532
	630,683	1,709,163	2,117,375	1,883,095	610,270	262,993
	183,658	163,380	77,056	90,409	105,221	125,142
\$	32,197,272	\$ 34,153,874	\$ 37,990,111	\$ 43,032,719	\$ 47,457,603	\$46,421,200
	6,848,838	7,236,765	7,696,436	8,418,445	9,869,159	9,787,606
	10,532,857	11,071,829	11,769,003	15,609,623	13,858,540	14,611,737
	2,430,322	2,360,073	2,407,428	2,908,970	6,663,539	2,818,921
	1,808,313	1,813,812	1,972,823	2,478,846	2,087,069	2,232,848
	3,067,815	3,010,725	3,103,466	3,470,123	3,817,253	5,048,448
	1,330,000	1,195,000	1,235,000	1,655,000	1,695,000	1,755,000
	1,030,430	1,374,314	1,582,287	1,757,889	1,572,212	1,587,566
	8,566,314	6,550,309	10,012,947	6,351,166	15,556,898	10,843,496
	35,614,889	34,612,827	39,779,390	42,650,062	55,119,670	48,685,622
	(3,417,617)	(458,953)	(1,789,279)	382,657	(7,662,067)	(2,264,422)
	16,586,900	6,965,000	8,075,000	-	-	10,560,000
	-	191,055	37,572	-	-	224,008
	3,222,196	6,055,874	4,196,574	7,625,287	14,231,895	(4,409,763)
	(3,774,399)	(7,532,602)	(5,147,853)	(7,501,259)	(12,118,702)	9,158,123
	42,250	90,083	21,253	31,518	136,559	(10,545,233)
	-	-	-	-	-	5,024
	16,076,947	5,769,410	7,182,546	155,546	2,249,752	4,992,159
\$	12,659,330	\$ 5,310,457	\$ 5,393,267	\$ 538,203	\$ (5,412,315)	\$ 2,727,737
	8.7%	9.2%	9.5%	9.4%	8.3%	8.8%

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		
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
2009	2,237,095,319	469,916,389	502,091,647	2,204,920,061
2010	2,261,907,760	582,963,159	514,944,192	2,329,926,727

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	1,422,739,210	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%
0.71	2,204,920,061	100.00%
0.71	2,329,926,727	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
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
2009	0.619	0.091	0.710	0.029220	0.39224	0.01636	0.006050
2010	0.619	0.091	0.710	0.029230	0.38805	0.02054	0.006581

Source: ¹ City of La Porte records
² Office of Harris County
³ Office of La Porte Independence School District
⁴ Office of San Jacinto Jr. College District

Overlapping Rates

Hospital District ²	La Porte I.S.D. ³	San Jacinto Jr. College District ⁴	Total
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
0.19216	1.325	0.170800	2.84183
0.19216	1.325	0.176277	2.84784

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

2010			2001		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Conoco Phillips Co.	\$ 63,702,828	2.89%	Conoco Inc	\$ 47,187,810	3.53%
Oxy Vinyls LP	49,177,149	2.23%	PPG Industries	44,908,720	3.36%
Equistar Chemicals LP	48,220,926	2.19%	Equistar Chemicals, LP	44,664,700	3.34%
Granite Underwood Dist Ctr LP	46,366,214	2.10%	Houston Light & Power	43,570,950	3.26%
Wilson Supply	44,964,903	2.04%	Solvay Polymers Corp.	37,068,510	2.77%
Underwood Distribution Ctr	38,895,000	1.76%	Occidental Electrochemical	31,648,750	2.37%
Ineos USA LLC	38,042,280	1.73%	Fina Oil & Chem. Co.	25,156,220	1.88%
Dow Chemical	28,930,683	1.31%	Dow Chemicals	20,688,570	1.55%
PPG Industries Inc.	26,768,472	1.21%	Oxy Vinyls LP	19,890,480	1.49%
Total Petrochemicals	24,500,733	1.11%	Dupont Dow Elastomers	11,860,110	0.89%
	<u>\$ 409,569,188</u>	<u>18.58%</u>		<u>\$ 326,644,820</u>	<u>24.43%</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
2001	10,026,496	9,780,571	97.55%	218,014	9,998,585	99.72%
2002	10,786,185	10,463,515	97.01%	308,219	10,771,734	99.87%
2003	10,826,184	10,491,257	96.91%	304,547	10,795,804	99.72%
2004	11,178,351	10,829,202	96.88%	300,527	11,129,729	99.57%
2005	11,669,473	11,334,572	97.13%	271,368	11,605,940	99.46%
2006	12,080,351	11,755,121	97.31%	265,023	12,020,144	99.50%
2007	12,703,850	12,418,873	97.76%	234,079	12,652,952	99.60%
2008	13,857,467	13,476,872	97.25%	236,325	13,713,197	98.96%
2009	15,654,937	15,377,149	98.23%	196,930	15,574,079	99.48%
2010	16,542,483	16,309,818	98.59%	-	16,309,818	98.59%

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
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
2009	10,870,000	22,445,000	4,320,000
2010	11,665,000	26,350,000	4,050,000

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

Business-Type Activities					
Water and Sewer Revenue Bonds	General Obligation Refunding Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income	Per Capita
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
-	-	6,442,500	44,077,500	N/A	1,241
-	-	5,660,000	47,725,000	N/A	1,298

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			
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	1.91%	1,051
2009	15,190,000	22,445,000	2,151,483	35,483,517	1.61%	965
2010	15,715,000	26,350,000	3,117,688	38,947,312	1.67%	1,152

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

Per Capita provided from the 2010 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, 2010
 (unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Harris County	\$ 2,160,291,628	0.82%	\$ 17,714,391
Harris County Department of Education	8,160,000	0.82%	66,912
Harris County Flood Control District	102,539,024	0.82%	840,820
Harris County Toll Road - Toll Road Bonds (a)	-	0.82%	-
La Porte ISD	228,325,000	39.10%	89,275,075
Port of Houston Authority	763,619,397	0.82%	6,261,679
San Jacinto Jr. College District	268,105,000	5.95%	15,952,248
Subtotal, overlapping debt	\$ 3,531,040,049		\$ 130,111,125
City of La Porte direct debt	43,640,000	100%	\$ 43,640,000
Total direct and overlapping debt			\$ 173,751,125

(a) Harris County Toll Road debt is considered self-supporting.
 Source: Texas Municipal Reports
 Percentages are based on total property values.

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$ 35,568,480	\$ 37,615,775	\$ 37,816,613	\$ 39,010,173	\$ 40,872,224
Total net debt applicable to limit	11,291,932	14,720,390	10,372,787	9,245,503	15,620,369
Legal debt margin	<u>\$ 24,276,548</u>	<u>\$ 22,895,385</u>	<u>\$ 27,443,826</u>	<u>\$ 29,764,670</u>	<u>\$ 25,251,855</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

Fiscal Year				
2006	2007	2008	2009	2010
\$ 42,379,165	\$ 44,805,817	\$ 48,762,244	\$ 55,123,000	\$ 58,248,168
15,926,113	18,855,756	18,064,842	15,190,000	18,832,688
<u>\$ 26,453,052</u>	<u>\$ 25,950,061</u>	<u>\$ 30,697,402</u>	<u>\$ 39,933,000</u>	<u>\$ 39,415,480</u>

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 2,329,926,727
Add back: exempt property	<u>\$ 514,944,192</u>
Total assessed value	\$ 2,844,870,919
Debt limit (2.5% of total assessed value)	58,248,168
Debt applicable to limit:	
General obligation bonds	\$ 15,715,000
Less: Amount set aside for repayment of general obligation debt	<u>3,117,688</u>
Total net debt applicable to limit	18,832,688
Legal debt margin	<u>\$ 39,415,480</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	
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
2009	7,920,114	5,743,725	2,176,389	387,500	76,350	4.69
2010	7,822,294	6,514,343	1,307,951	525,000	215,458	1.77

Note:

1. Includes interest income.
2. Excludes depreciation.

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>
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%
2009	36,779	N/A	N/A	N/A	7,830	9.4%
2010	33,800	N/A	N/A	33	7,781	8.2%

Sources:

Estimated population provided by the 2010 Census
 Personal income, per capita personal income is currently unavailable
 Median age provided by the 2010 Census
 School enrollment provided by LPISD.
 Unemployment rates provided from the Bureau of Labor Statistics.

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

2010*				1998**			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
La Porte ISD	1,154	1	4.20%	Solvay Polymer	1,100	1	N/A
Rockwood Service Corp.	700	2	2.55%	San Jacinto College	1,003	2	N/A
Longview Inspection Corp.	664	3	2.41%	La Porte ISD	987	3	N/A
Quest Tru TEC	636	4	2.31%	E.I. Dupont	870	4	N/A
Oxy Vinyls, LP	530	5	1.93%	Millenium (formerly Quantum)	736	5	N/A
City of La Porte	380	6	1.38%	Akzo Nobel	500	6	N/A
Ineos	350	7	1.27%	Hickham Industries	270	7	N/A
Equistar Chemicals, LP	334	8	1.21%	Dow Chemical	250	8	N/A
Sulzer Hickham	330	9	1.20%	Fina Oil & Chemical	225	9	N/A
Air Liquide	170	10	0.62%	Geon Company	180	10	N/A
Total	5,248		19.08%		6,121		

Source:

* City Economic Development Office

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

Employment data for 2001 was not available, so the data from 1998 was used as a comparison.

Total employment figures for 1998 were not available, so therefore the percentage of total city employment could not be calculated.

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

Function/Program	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Government	76	76	80	79	78	79
Public Safety	135	138	147	142	143	144
Public Works	32	32	32	32	32	32
Health & Sanitation	22	21	21	22	22	22
Culture and recreation	47	45	44	45	45	46
Water Services	26	27	25	25	25	25
Sewer Services	20	20	20	20	20	20
Golf Course	13	13	12	12	12	12
Sylvan Beach Convention Ctr.	3	3	4	4	4	0

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				
	2001	2002	2003	2004	2005
Police					
Physical arrests	2,114	2,193	2,271	2,000	2,330
Tickets processed	9,489	9,298	9,605	6,593	6,877
Fire					
Number of calls answered	584	610	976	1,343	1,747
Inspections	N/A	N/A	N/A	500	500
Highways and streets					
Street resurfacing (linear feet)	42,000	26,200	27,800	33,800	22,975
Potholes repaired	232	271	413	524	531
Sanitation					
Cu. Yds. Garbage collected	28,025	28,655	28,243	29,675	30,022
Cu. Yds. Trash collected	48,049	52,796	50,111	54,875	49,140
Culture and recreation					
Fitness center admissions	68,668	73,764	76,311	84,353	81,868
Water					
Number of water meters	10,699	10,957	10,987	11,189	11,391
Average daily water consumption (million gallons)	4.1	3.1	4.0	3.8	4.1
Water mains breaks	505	491	440	299	437
Wastewater					
Average daily sewer treatment (thousands of gallons)	3.9	3.4	3.9	4.0	3.5
Golf Course					
Number of Paid Rounds Played	43,063	42,540	38,594	38,901	34,961

Source: City Departments

Notes: N/A - Data not available

Fiscal Year

2006	2007	2008	2009	2010
2,465	2,489	2,642	2,737	2,538
8,212	9,652	15,352	16,098	16,603
2,028	1,603	1,799	1,409	1,559
N/A	600	320	600	690
27,835	22,100	19,887	23,559	38,365
321	1,260	996	1,012	1,236
30,795	29,279	29,282	29,894	29,642
49,140	52,250	48,136	78,900	48,368
70,558	62,828	62,245	53,401	78,118
11,592	11,743	11,913	11,968	12,015
3.9	3.8	4.0	4.0	3.9
483	467	455	498	417
2.8	3.9	3.2	2.8	3.7
32,731	32,433	35,839	36,009	31,271

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police Station	1	1	1	1	1	1	1	1	1	1
Police Officers	71	71	72	72	72	73	74	74	74	75
Reserve Officers	3	5	5	5	5	5	6	2	1	2
Fire Stations	4	4	4	4	4	4	4	4	4	4
Sanitation										
Collection trucks	13	13	14	14	14	14	14	14	14	14
Highways and streets										
Streets (miles)	160	164	164	164	211	217	211	295	126	126
Streetlights	2,072	2,109	1,533	1,665	2,192	1,803	1,804	2,400	2,387	2,387
Traffic signals	3	3	3	3	3	3	3	3	7	5
Culture and recreation										
Parks acreage	462	463	463	463	337	339	347	347	356	356
Parks	18	18	19	19	21	21	22	22	21	21
Swimming pools	6	6	6	6	6	6	6	6	6	5
Recreation Centers	1	1	1	1	1	1	1	1	1	4
Senior Center	1	1	1	1	1	1	1	1	1	1
Water and Sewer										
Water Mains (miles)	229	231	231	231	165	168	176	178	180	180
Fire Hydrants	1,800	1,800	1,800	1,800	1,800	1,800	1,076	1,161	1,168	1,179
Sanitary Sewers (miles)	185	186	187	187	187	187	189	189	191	191
Storm Sewers (miles)	88	88	89	89	89	92	92	92	92	95

Source: City Departments