

**CITY OF LA PORTE, TEXAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2011**

**Prepared By  
Department of Finance**



**CITY OF LA PORTE, TEXAS**  
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## **Introductory Section**





# CITY OF LA PORTE

## Established 1892

March 26, 2012

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of La Porte, Texas for the fiscal year ended September 30, 2011. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. This report consists of management's representations concerning the finances of the City of La Porte. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of La Porte's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the City of La Porte's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of La Porte's financial statements have been audited by Null Lairson, PC, 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, 2011 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, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

The independent audit of the financial statements of the City of La Porte included a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of La Porte's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of La Porte's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the City**

The City of La Porte, incorporated in 1892, is located in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 34,138.

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

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

## **Economic Condition**

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

## **Local economy.**

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

## **Future planning.**

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

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

## **Residential Development.**

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

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

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

### **Beautification and Conservation.**

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

### **Goals for Beautification:**

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

### **Redevelopment Strategy.**

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

### **Redevelopment Goals:**

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

### **Relevant Financial Policy**

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

## Major Initiatives

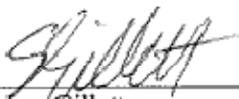
Following the completion of a comprehensive city-wide drainage plan, City Council directed staff to alleviate affected neighborhoods from surface water flooding. Consequently, in 2010, the City issued \$6.28 million in certificates of obligation to be spent on engineering and construction projects. In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

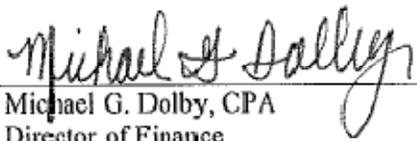
## Awards and Acknowledgements

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, 2010. This was the thirtieth 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,

  
\_\_\_\_\_  
Stephen Gillett  
Interim City Manager

  
\_\_\_\_\_  
Michael G. Dolby, CPA  
Director of Finance

# 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, 2010

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.



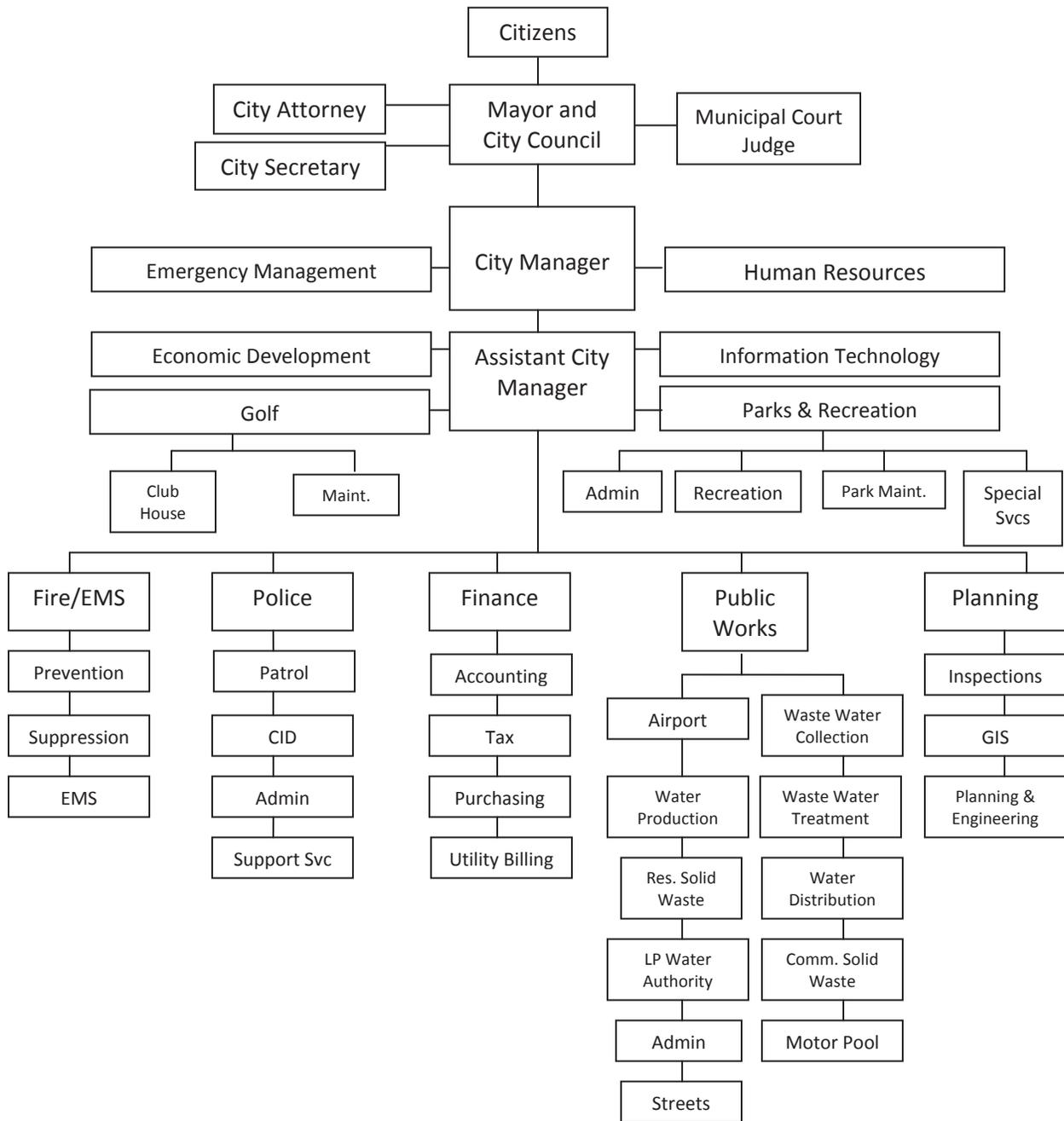
*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

# City of La Porte ORGANIZATION CHART



**CITY OF LA PORTE, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
*For the year ended September 30, 2011*

**Elected Officials**

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Louis Rigby  
Michael Mosteit  
Chuck Engelken  
Daryl Leonard  
Tommy Moser  
Jay Martin  
Mike Clausen  
John Zemanek  
Dottie Kaminski

**Position**

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Mayor  
Council Member - District One  
Mayor Protem - District Two  
Council Member – District Three  
Council Member - District Four  
Council Member - District Five  
Council Member - District Six  
Council Member – At Large A  
Council Member – At Large B

**City Management**

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Stephen Gillett  
Traci Leach  
Ken Adcox  
David Mick  
Patrice Fogarty  
Denise Mitrano  
Michael G. Dolby

**Position**

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Interim City Manager  
Assistant City Manager  
Police Chief  
Director of Public Services  
City Secretary  
Municipal Judge  
Director of Finance

## **Financial Section**





## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Porte, Texas (the "City") as of and for the year ended September 30, 2011, 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 of La Porte, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of La Porte Redevelopment Authority which represents 3 percent of the aggregate remaining fund balances and 30% of the revenues of the aggregate remaining funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for La Porte Redevelopment Authority.

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 the 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 based on our audit and the report of other auditors, 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, as of September 30, 2011, 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 also issued our report dated March 26, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the Honorable Mayor and  
Members of City Council  
City of La Porte, Texas  
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information and pension information system on pages 3 through 11 and 56 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements 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 budgetary comparison 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 them.



Houston, Texas  
March 26, 2012

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

As management of the City of La Porte (the "City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. It should be read in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements.

**Overview of the Financial Statements**

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

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

The statement of net 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 most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

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

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, debt service and capital improvements funds, which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation.

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

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

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Utility operations, La Porte Area Water Authority and the Airport. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 22 through 27 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 28 through 54 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 56 through 58 of the City's Comprehensive Annual Financial Report.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found beginning on page 50 of the City's Comprehensive Annual Financial Report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$114.7 million as of September 30, 2011, in the primary government as follows:

**Condensed Schedule of Net Assets**

*September 30, 2011 and 2010*

*Amounts in (000's)*

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 57,132	\$ 56,384	\$ 7,003	\$ 5,673	\$ 64,135	\$ 62,057
Capital assets	71,706	67,485	42,525	46,380	114,232	113,865
<b>Total Assets</b>	<u>128,838</u>	<u>123,869</u>	<u>49,528</u>	<u>52,053</u>	<u>178,366</u>	<u>175,922</u>
Other liabilities	5,411	6,092	1,019	1,061	6,429	7,153
Long-term liabilities outstanding	51,184	50,570	6,024	6,910	57,209	57,480
<b>Total Liabilities</b>	<u>56,595</u>	<u>56,662</u>	<u>7,043</u>	<u>7,971</u>	<u>63,638</u>	<u>64,633</u>
Net assets:						
Invested in capital assets, nets of related debt	37,324	35,195	37,606	40,595	74,930	75,790
Restricted	8,060	18,108	680	1,460	8,740	19,568
Unrestricted	26,859	13,904	4,199	2,027	31,058	15,931
<b>Total Net Assets</b>	<u>\$ 72,243</u>	<u>\$ 67,207</u>	<u>\$ 42,485</u>	<u>\$ 44,082</u>	<u>\$ 114,728</u>	<u>\$ 111,289</u>

**Net Assets Invested in Capital Assets Net of Related Debt**

The largest portion of the City's net assets (65%) reflects its investments in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Restricted Net Assets**

A portion of the City's net assets, \$8.7 million or 8%, represents resources that are subject to external restriction on how they may be used. The remaining balance is unrestricted net assets, \$31.1 million or 27%, and may be used to meet the City's ongoing obligations to residents and creditors. Both of these categories remained relatively stable compared to the prior year.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Unrestricted Net Assets**

The remaining balance of unrestricted net assets of \$31.1 million (27%) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table provides a summary of the City's operations for the year ended September 30, 2011, with comparative totals for the year ended September 30, 2010, Governmental activities increased the City's net assets by \$5.0 million. Business-type activities decreased net assets by \$1.6 million.

**Condensed Schedule of Changes in Net Assets**

*For the Years Ended September 30, 2011 and 2010*

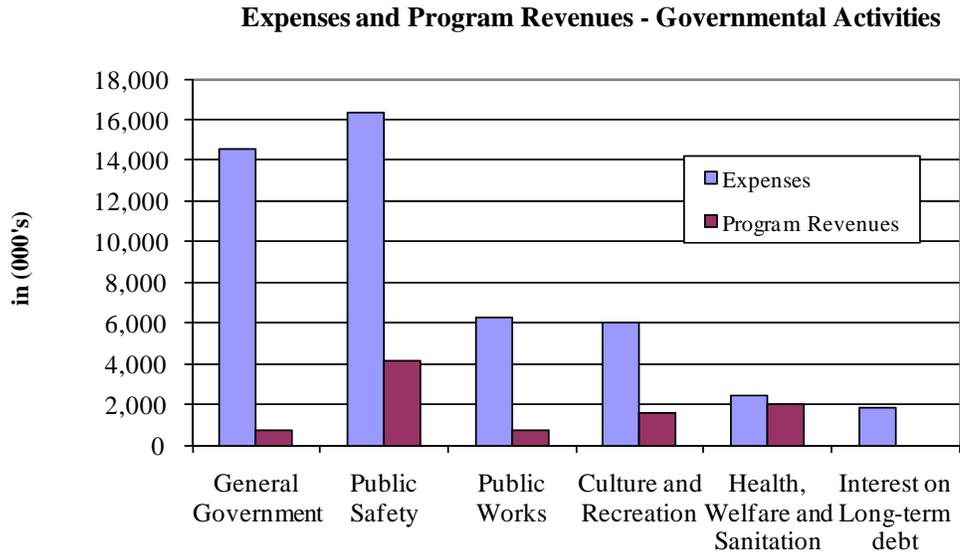
*Amounts in (000's)*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$ 8,068	\$ 8,279	\$ 9,858	\$ 8,213	\$ 17,926	\$ 16,492
Operating grants and contributions	1,154	1,004	-	-	1,154	1,004
Capital grants and contributions	1	-	1,442	860	1,443	860
General revenue:						
Property taxes	17,164	17,742	-	-	17,164	17,742
Other taxes	8,431	8,084	-	-	8,431	8,084
Industrial payments	10,193	10,732	-	-	10,193	10,732
Investment earnings	216	294	33	39	249	333
Miscellaneous	375	164	7	-	382	164
Special item- gain on sale of asset	4,244	-	-	-	4,244	-
<b>Total Revenues</b>	<u>49,847</u>	<u>46,299</u>	<u>11,340</u>	<u>9,112</u>	<u>61,186</u>	<u>55,411</u>
Expenses						
General Government	14,575	11,497	-	-	14,575	11,497
Public Safety	16,306	17,109	-	-	16,306	17,109
Public Works	6,280	4,601	-	-	6,280	4,601
Culture and Recreation	6,033	6,483	-	-	6,033	6,483
Health, Welfare and Sanitation	2,454	2,521	-	-	2,454	2,521
Interest on Long-term debt	1,870	1,557	-	-	1,870	1,557
Water Services	-	-	6,942	5,721	6,942	5,721
Sewer services	-	-	3,094	2,674	3,094	2,674
Airport	-	-	194	181	194	181
Bay Forest Golf Course	-	-	-	1,486	-	1,486
<b>Total Expenses</b>	<u>47,517</u>	<u>43,768</u>	<u>10,230</u>	<u>10,062</u>	<u>57,747</u>	<u>53,830</u>
Increase (decrease) in net assets						
before transfers	2,330	2,531	1,110	(950)	3,439	1,581
Transfers	2,707	(1,000)	(2,707)	1,000	-	-
Increase (decrease) in net assets	5,037	1,531	(1,597)	50	3,439	1,581
Net assets - beginning	<u>67,207</u>	<u>65,676</u>	<u>44,082</u>	<u>44,032</u>	<u>111,290</u>	<u>109,708</u>
<b>Net assets - ending</b>	<u>\$ 72,243</u>	<u>\$ 67,207</u>	<u>\$ 42,485</u>	<u>\$ 44,082</u>	<u>\$ 114,729</u>	<u>\$ 111,289</u>

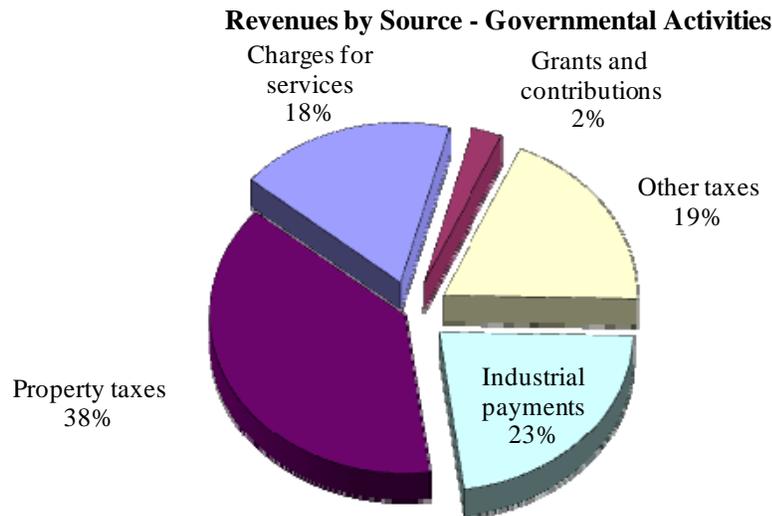
**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

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



Revenue sources for governmental activities were distributed as follows:

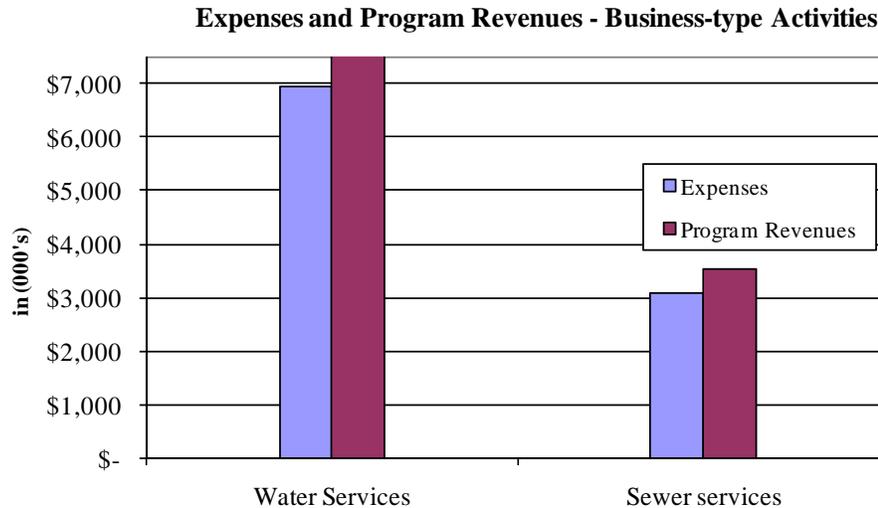


For the year ended September 30, 2011, revenues without transfers in the governmental activities totaled \$49.8 million. This represents an increase of approximately \$3.5 million or 8%. The increase is due mainly to a sale of City owned property.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Total expenses increased for fiscal year 2011 in comparison to fiscal year 2010. General government expenses increased by \$2.0 million and public works increased by \$1.8 million from the prior year. The increase is mainly due to combining Bay Forest Golf Course Fund and the Technology Fund with the General Fund.

**Business-type Activities.** Revenues without transfers in the business-type activities totaled \$11.3 million, a \$2.2 million increase from the prior year. This increase is mainly due to an increase in water and sewer revenues due to drought conditions. A comparison between expenses and program revenues (charges for services) relating to Utility operations follows.



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

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42.5 million, an increase of \$2.0 from the prior year. This increase is due to a sale of City owned property.

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

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$19.1 million, an increase of \$7.2 million compared to last year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total general fund expenditures and total fund balance represents 58% of the same.

The Debt Service fund had a total fund balance of approximately \$3.1 million, all of which is reserved for the payment of debt service. The net decrease in fund balance from the prior year of \$4,806 was due to more debt service payments made than revenues collected.

The Capital Projects Fund experienced a decrease in fund balance in the amount of \$101,995. This was a planned decrease as the City utilized bond funds to construct and acquire various capital assets.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

Unrestricted net assets of the respective proprietary funds are Utility - \$1,375 thousand, La Porte Area Water Authority - \$2,480 thousand and Airport - \$344 thousand. The changes in net assets of the proprietary funds for 2011 was as follows: Utility - increase of \$258 thousand, La Porte Area Water Authority - increase of \$396 thousand and Airport - decrease of \$108 thousand.

**General Fund Budgetary Highlights**

Actual revenues exceeded original and amended General Fund budgeted revenues by \$186,449. Property taxes were below budgeted by \$73,640, but sales taxes, franchise fees and industrial payments exceeded the projected budget by \$139,687. Licenses and permits also exceeded budgeted amounts by \$58,706 and charges for services exceeded the budget by \$107,479.

Total appropriations exceeded expenditures by \$1,131,270, the majority of which can be attributed to four departments. Administration had a positive variance in the amount of \$200,542 due to open positions and reduction in special programs. Planning and engineering had a positive variance in the amount of \$193,002 due to open positions. The variance in Public Works – Streets for \$186,093 was due to open positions in the department and a reduction in the paving program. Culture and recreation had a positive variance of \$184,398 due to open positions.

The city made budget adjustments of approximately \$5.9 million for proceeds from the sale of land.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2011 amounted to \$114.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was approximately million. The following table shows capital asset activity for the 2011 fiscal year (in 000's):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 9,199	\$ 9,700	\$ 428	\$ 2,309	\$ 9,627	\$ 12,009
Construction in progress	6,820	4,695	5,316	5,055	12,136	9,750
Infrastructure	15,222	14,922	-	-	15,222	14,922
Buildings and improvements	33,517	31,960	36,485	38,806	70,002	70,766
Machinery and equipment	6,947	6,208	296	211	7,243	6,419
Total Capital Assets	<u>\$ 71,705</u>	<u>\$ 67,485</u>	<u>\$ 42,525</u>	<u>\$ 46,381</u>	<u>\$ 114,231</u>	<u>\$ 113,866</u>

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

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

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$45.1 million. Of this amount, \$40.3 million is backed by the full faith and credit of the City, and the remainder represents revenue bonds secured solely by specified revenue sources.

The City's total debt decreased by approximately \$2.6 million during the fiscal year. The key factor in this decrease was payment of debt.

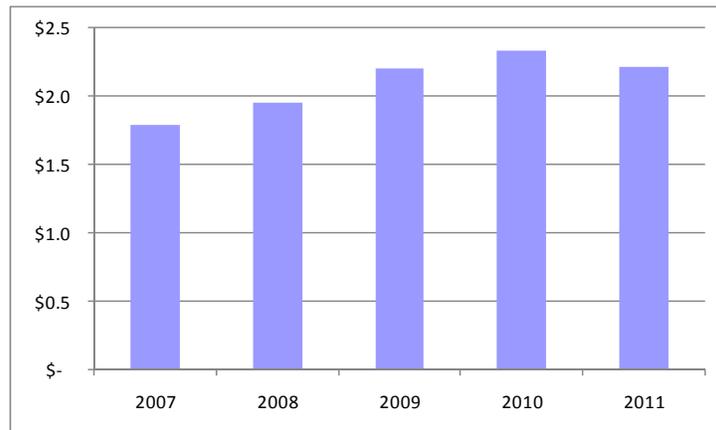
The City of La Porte maintains and "Aa2", "AA", and "AA-" by Moody's, Standard and Poor's and Fitch respectively for general obligation debt. The revenue bonds have been rated "A2", "A", "NR" by Moody's, Standard and Poor's and Fitch respectively.

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

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

The unemployment rate for the City of La Porte is currently 9.0 percent which is an increase from the rate of 8.3 percent a year ago. This is more than the state's average unemployment rate of 8.5 percent which is less than the national average of 9.0 percent. During the upcoming year, the City will closely monitor the volatility in the housing market. Although our area has not been adversely affected by home foreclosures, we will observe future economic changes. Total assessed value for all residential and commercial property in the City of La Porte exceeded \$2.0 billion for fiscal year 2011. The trend for total assessed values has been steadily increasing each year with an average annual increase of 6 percent over the past five years.

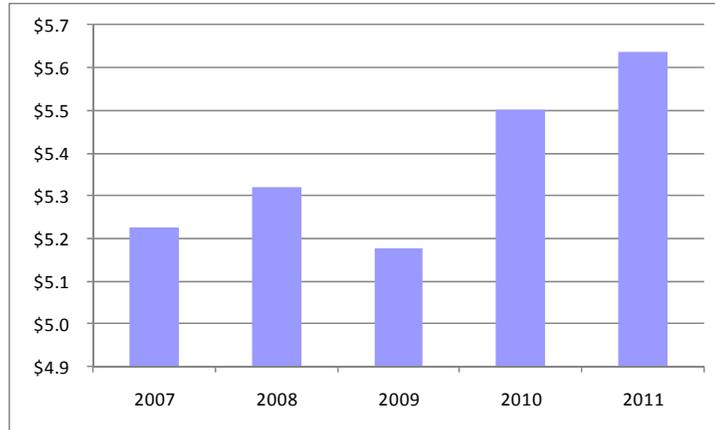
Assessed property values trends (in billions):



**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Sales tax receipts have increased 2 percent this fiscal year.

Sales tax revenues trends (in millions):



**Contacting the City's Financial Management**

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

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## **Basic Financial Statements**

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**CITY OF LA PORTE, TEXAS**

**STATEMENT OF NET ASSETS**

September 30, 2011

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equivalents	\$ 31,741,934	\$ 1,784,869	\$ 33,526,803
Investments	19,359,652	2,694,511	22,054,163
Receivables, net of allowance for uncollectibles	4,601,191	1,265,227	5,866,418
Due from Other Governmental Agencies	639,774	-	639,774
Inventories	173,235	4,800	178,035
Restricted cash and equivalents	-	1,193,354	1,193,354
Deferred charges	616,009	60,058	676,067
<b>Capital assets:</b>			-
Capital assets not subject to depreciation	16,019,261	5,743,970	21,763,231
Capital assets, net of accumulated depreciation	55,687,125	36,780,470	92,467,595
<b>Total Capital Assets</b>	<u>71,706,386</u>	<u>42,524,440</u>	<u>114,230,826</u>
<b>Total Assets</b>	<u>128,838,181</u>	<u>49,527,259</u>	<u>178,365,440</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	5,262,324	491,818	5,754,142
Accrued interest	66,514	13,124	79,638
Unearned revenues	1,051	-	1,051
Customer deposits	-	511,067	511,067
Other liabilities	80,793	1,500	82,293
Long-term liabilities:			-
Due within one year	2,339,206	867,500	3,206,706
Due in more than one year	48,845,006	5,156,864	54,001,870
<b>Total Liabilities</b>	<u>56,594,894</u>	<u>7,041,873</u>	<u>63,636,767</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	37,323,705	37,606,236	74,929,941
<b>Restricted for:</b>			
Capital projects	342,440	-	342,440
Debt service	3,709,221	680,136	4,389,357
Other purposes	4,008,524	-	4,008,524
Unrestricted	26,859,397	4,199,014	31,058,411
<b>Total Net Assets</b>	<u>\$ 72,243,287</u>	<u>\$ 42,485,386</u>	<u>\$ 114,728,673</u>

See Notes to Financial Statements.

**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2011*

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government</b>				
Governmental Activities:				
General Government	\$ 14,574,511	\$ 711,994	\$ 7,649	\$ -
Public Safety	16,305,997	3,506,254	610,967	-
Public Works	6,279,510	329,502	427,732	-
Culture and Recreation	6,032,602	1,474,247	107,419	1,338
Health, Welfare and Sanitation	2,453,634	2,046,369	-	-
Interest on Long-term debt	1,871,431	-	-	-
<b>Total governmental activities</b>	<b>47,517,685</b>	<b>8,068,366</b>	<b>1,153,767</b>	<b>1,338</b>
Business-type activities:				
Water Services	6,942,077	6,267,432	-	1,411,899
Sewer services	3,093,526	3,534,535	-	-
Airport	194,392	56,429	-	29,775
<b>Total business-type activities</b>	<b>10,229,995</b>	<b>9,858,396</b>	<b>-</b>	<b>1,441,674</b>
<b>Total primary government</b>	<b>\$ 57,747,680</b>	<b>\$ 17,926,762</b>	<b>\$ 1,153,767</b>	<b>\$ 1,443,012</b>

**General revenues:**

**Taxes:**

Property taxes

Sales and use taxes

Industrial payments

Franchise taxes

Unrestricted investment earnings

Miscellaneous

*Special item - gain on sale of asset*

Transfers

**Total general revenues and transfers**

Change in net assets

**Net assets - beginning**

**Net assets - ending**

*See Notes to Financial Statements.*

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

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (13,854,868)	\$ -	\$ (13,854,868)
(12,188,776)	-	(12,188,776)
(5,522,276)	-	(5,522,276)
(4,449,598)	-	(4,449,598)
(407,265)	-	(407,265)
(1,871,431)	-	(1,871,431)
<u>(38,294,214)</u>	<u>-</u>	<u>(38,294,214)</u>
-	737,254	737,254
-	441,009	441,009
29,775	(108,188)	(108,188)
<u>29,775</u>	<u>1,070,075</u>	<u>1,070,075</u>
<u>(38,294,214)</u>	<u>1,070,075</u>	<u>(37,224,139)</u>
17,163,861	-	17,163,861
6,235,537	-	6,235,537
10,192,582	-	10,192,582
2,195,824	-	2,195,824
216,465	33,243	249,708
374,727	6,622	381,349
4,244,239	-	4,244,239
2,706,874	(2,706,874)	-
<u>43,330,109</u>	<u>(2,667,009)</u>	<u>40,663,100</u>
5,035,895	(1,596,934)	3,438,961
<u>67,207,392</u>	<u>44,082,320</u>	<u>111,289,712</u>
<u>\$ 72,243,287</u>	<u>\$ 42,485,386</u>	<u>\$ 114,728,673</u>

**CITY OF LA PORTE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2011

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 14,215,166	\$ 2,065,948	\$ 6,107,455	\$ 8,846,381	\$ 31,234,950
Investments	7,136,041	1,039,244	3,030,658	2,006,782	13,212,725
Receivables, net of allowance for uncollectibles	3,753,184	47,851	2,414	675,992	4,479,441
Due from other governments	-	-	-	639,774	639,774
Due from other funds	42,164	-	-	662,000	704,164
Inventories	138,607	-	-	-	138,607
<b>Total Assets</b>	<u>25,285,162</u>	<u>3,153,043</u>	<u>9,140,527</u>	<u>12,830,929</u>	<u>50,409,661</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	2,779,944	-	61,075	946,644	3,787,663
Accrued salaries payable	764,522	-	-	18,613	783,135
Due to others	-	-	728	-	728
Due to other funds	-	-	-	704,164	704,164
Deferred revenue	2,387,542	40,161	-	69,208	2,496,911
Other payables	-	-	-	120,970	120,970
<b>Total Liabilities</b>	<u>5,932,008</u>	<u>40,161</u>	<u>61,803</u>	<u>1,859,599</u>	<u>7,893,571</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventories	138,607	-	-	-	138,607
<b>Restricted</b>					
Debt service	-	3,112,882	-	622,692	3,735,574
Grants	-	-	-	657,231	657,231
Economic development	-	-	-	2,377,182	2,377,182
Public safety	-	-	-	327,885	327,885
Capital projects	-	-	-	6,340,114	6,340,114
Public works	-	-	-	646,226	646,226
<b>Committed:</b>					
Construction	-	-	9,078,724	-	9,078,724
<b>Assigned:</b>					
Assigned for encumbrances	95,923	-	-	-	95,923
<b>Unassigned</b>	<u>19,118,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,118,624</u>
<b>Total Fund balances</b>	<u>19,353,154</u>	<u>3,112,882</u>	<u>9,078,724</u>	<u>10,971,330</u>	<u>42,516,090</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 25,285,162</u>	<u>\$ 3,153,043</u>	<u>\$ 9,140,527</u>	<u>\$ 12,830,929</u>	<u>\$ 50,409,661</u>

See Notes to Financial Statements.

**CITY OF LA PORTE**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**

**STATEMENT OF NET ASSETS**

*September 30, 2011*

**Total fund balance, governmental funds** \$ 42,516,090

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 66,017,427

Certain other long-term assets (property taxes receivable and adjudicated court fines receivable) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 2,495,860

Some liabilities, 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	(14,720,000)
Certificates of Obligation Payable	(25,605,000)
Compensated absences	(3,297,787)
Accrued interest governmental activity debt	(66,514)
Deferred charges	616,009
Premium or discount on bonds payable	(443,032)
Arbitrage	(304,474)
Net pension and OPEB Obligation	(6,727,589)

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. 11,762,297

**Net Assets of Governmental Activities in the Statement of Net Assets** \$ 72,243,287

*See Notes to Financial Statements.*

**CITY OF LA PORTE**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 12,894,473	\$ 2,333,153	\$ -	\$ 1,873,386	\$ 17,101,012
Sales and use taxes	3,220,260	-	-	2,416,126	5,636,386
Franchise taxes	2,195,824	-	-	-	2,195,824
Industrial payments	10,192,582	-	-	-	10,192,582
Other taxes	76,554	-	-	558,212	634,766
Licenses and permits	312,962	-	-	-	312,962
Fines and forfeits	1,545,191	-	-	178,399	1,723,590
Charges for services	5,336,416	-	63,090	280,910	5,680,416
Intergovernmental	-	-	-	917,206	917,206
Interest	75,422	11,244	28,914	77,721	193,301
Miscellaneous	238,146	-	-	3,524	241,670
<b>Total Revenues</b>	<u>36,087,830</u>	<u>2,344,397</u>	<u>92,004</u>	<u>6,305,484</u>	<u>44,829,715</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	8,361,635	-	384,049	1,542,818	10,288,502
Public safety	15,208,629	-	-	479,676	15,688,305
Public works	2,613,127	-	32,177	472,770	3,118,074
Health and sanitation	2,182,184	-	-	-	2,182,184
Culture and recreation	5,130,746	-	18,793	163,984	5,313,523
<b>Debt Service:</b>					
Principal	-	1,740,000	-	-	1,740,000
Interest and other charges	-	1,871,371	-	-	1,871,371
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>1,855,483</u>	<u>6,858,344</u>	<u>8,713,827</u>
<b>Total Expenditures</b>	<u>33,496,321</u>	<u>3,611,371</u>	<u>2,290,502</u>	<u>9,517,592</u>	<u>48,915,786</u>
Excess (deficiency) of revenues over expenditures	<u>2,591,509</u>	<u>(1,266,974)</u>	<u>(2,198,498)</u>	<u>(3,212,108)</u>	<u>(4,086,071)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	853,854	1,262,168	2,096,503	35,615	4,248,140
Transfers out	(3,018,824)	-	-	(1,993,100)	(5,011,924)
<b>Total other financing sources and uses</b>	<u>(2,164,970)</u>	<u>1,262,168</u>	<u>2,096,503</u>	<u>(1,957,485)</u>	<u>(763,784)</u>
<b>Special Item</b>					
Proceeds from sale of land	6,822,126	-	-	-	6,822,126
Net change in fund balances	7,248,665	(4,806)	(101,995)	(5,169,593)	1,972,271
<b>Fund balances - beginning</b>	<u>12,104,489</u>	<u>3,117,688</u>	<u>9,180,719</u>	<u>16,140,923</u>	<u>40,543,819</u>
<b>Fund balances - ending</b>	<u>\$ 19,353,154</u>	<u>\$ 3,112,882</u>	<u>\$ 9,078,724</u>	<u>\$ 10,971,330</u>	<u>\$ 42,516,090</u>

See Notes to Financial Statements.

**CITY OF LA PORTE**  
**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, 2011*

Net change in fund balances - total governmental funds: \$ 1,972,271

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$7,086,106 exceeded depreciation \$4,107,807 in the current period. 2,978,299

During the current year, the golf course enterprise fund was changed to a governmental fund. Current assets and liabilities were transferred to the general fund, but capital assets and long-term liabilities are only reported at the government-wide level in governmental activities. The net affect of the change is a transfer to the governmental activities. 2,586,119

Current year disposal of assets are reported in the government-wide financial statement and not in the fund statement. The book value of assets disposals reduces net assets in the government-wide statement. (2,526,834)

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. 749,588

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 repayments exceeded proceeds. 1,740,000

Governmental funds report bond issuance costs as expenditures. In contrast, the government wide financial statements amortized such a cost over the life of the bonds. (46,587)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	10,936
Change in NPO and OPEB Obligation	(2,053,616)
Amortization of bond discounts and premiums	35,591
Change in Compensated Absences	(68,121)

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (341,751)

**Change in net assets of governmental activities** \$ 5,035,895

*See Notes to Financial Statements.*

**CITY OF LA PORTE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
*September 30, 2011*

	<b>Business-type Activities</b>		
	<b>Utility Fund</b>	<b>LPAWA</b>	<b>Other Enterprise Funds</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 929,879	\$ 622,948	\$ 232,042
Investments	1,225,316	1,352,469	116,726
Accounts receivable, net of allowance for doubtful accounts	1,046,761	217,108	-
Accrued interest receivable	709	556	93
Inventories	4,800	-	-
Deferred charges	-	60,058	-
Restricted cash and cash equivalents	504,192	689,162	-
<b>Total Current Assets</b>	<b>3,711,657</b>	<b>2,942,301</b>	<b>348,861</b>
<b>Non-current Assets:</b>			
Capital Assets:			
Land and improvements	224,308	-	203,504
Construction in progress	5,316,158	-	-
Buildings and improvements	57,620	-	-
Improvements other than buildings	60,980,582	15,429,680	5,778,399
Vehicles and equipment	638,989	6,130	-
Less Accumulated depreciation	(35,295,094)	(7,698,047)	(3,117,789)
<b>Total Non-current Assets</b>	<b>31,922,563</b>	<b>7,737,763</b>	<b>2,864,114</b>
<b>Total Assets</b>	<b>35,634,220</b>	<b>10,680,064</b>	<b>3,212,975</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	333,015	49,424	3,433
Accrued salaries payable	100,341	-	-
Other current liabilities	5,605	-	1,500
Interest payable	9,136	3,988	-
Customer deposits	511,067	-	-
Claims and judgments	-	-	-
Long-term debt, current portion			
Compensated absences	20,352		
Bonds payable, current portion	262,500	605,000	-
<b>Total Current Liabilities</b>	<b>1,242,016</b>	<b>658,412</b>	<b>4,933</b>
<b>Non-current Liabilities:</b>			
Compensated absences	234,048	-	-
Net pension obligation	242,813	-	-
OPEB obligation	608,949	-	-
Bonds payable, current portion	1,050,000	3,000,702	-
<b>Total Non-current Liabilities</b>	<b>2,135,810</b>	<b>3,000,702</b>	<b>-</b>
<b>Total Liabilities</b>	<b>3,377,826</b>	<b>3,659,114</b>	<b>4,933</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	30,610,061	4,132,061	2,864,114
Restricted for debt service	271,636	408,500	-
Unrestricted	1,374,697	2,480,389	343,928
<b>Total Net Assets</b>	<b>\$ 32,256,394</b>	<b>\$ 7,020,950</b>	<b>\$ 3,208,042</b>

*See Notes to Financial Statements.*

	<u>Governmental Activities</u>
<u>Totals</u>	<u>Internal Service Fund</u>
\$ 1,784,869	\$ 4,426,983
2,694,511	2,226,928
1,263,869	119,927
1,358	1,823
4,800	34,628
60,058	-
1,193,354	-
<u>7,002,819</u>	<u>6,810,289</u>
427,812	-
5,316,158	-
57,620	-
82,188,661	-
645,119	13,447,130
<u>(46,110,930)</u>	<u>(7,758,171)</u>
<u>42,524,440</u>	<u>5,688,959</u>
<u>49,527,259</u>	<u>12,499,248</u>
385,872	51,150
100,341	25,577
7,105	-
13,124	-
511,067	-
-	573,894
20,352	-
<u>867,500</u>	<u>-</u>
<u>1,905,361</u>	<u>650,621</u>
234,048	86,330
242,813	-
608,949	-
4,050,702	-
<u>5,136,512</u>	<u>86,330</u>
<u>7,041,873</u>	<u>736,951</u>
37,606,236	5,688,959
680,136	-
4,199,014	6,073,338
<u>\$ 42,485,386</u>	<u>\$ 11,762,297</u>

**CITY OF LA PORTE**

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS*

**PROPRIETARY FUNDS**

*For the Year Ended September 30, 2011*

	<b>Business-type Activities</b>		
	<b>Utility Fund</b>	<b>LPAWA</b>	<b>Other Enterprise Funds</b>
<b>Revenues</b>			
Charges for services	\$ 8,562,778	\$ 1,246,186	\$ 56,429
<b>Total Operating Revenues</b>	<u>8,562,778</u>	<u>1,246,186</u>	<u>56,429</u>
<b>Operating Expenses</b>			
Personnel services	3,235,767	-	-
Supplies and materials	378,393	5,343	-
Purchased water	-	1,006,229	-
Repairs and maintenance	-	-	-
Other services and charges	2,844,323	80,055	27,989
Depreciation	1,924,447	460,877	166,403
<b>Total Operating Expenses</b>	<u>8,382,930</u>	<u>1,552,504</u>	<u>194,392</u>
Operating income	<u>179,848</u>	<u>(306,318)</u>	<u>(137,963)</u>
<b>Non-operating Revenues (Expenses)</b>			
Earnings on investments	6,989	25,167	1,087
Miscellaneous revenue	-	-	-
Gain (loss) on disposal of capital assets	(375)	-	-
Interest expense	(49,075)	(112,713)	-
<b>Total Non-operating Revenue (Expenses)</b>	<u>(42,461)</u>	<u>(87,546)</u>	<u>1,087</u>
Income before contributions and transfers	137,387	(393,864)	(136,876)
Capital contributions	620,464	791,435	29,775
Transfers in	-	-	-
Transfers out	(499,629)	(1,305)	(2,144,321)
Change in net assets	258,222	396,266	(2,251,422)
<b>Total net assets - beginning</b>	<u>31,998,172</u>	<u>6,624,684</u>	<u>5,459,464</u>
<b>Total net assets - ending</b>	<u>\$ 32,256,394</u>	<u>\$ 7,020,950</u>	<u>\$ 3,208,042</u>

*See Notes to Financial Statements.*

	<b>Governmental Activities</b>	
<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>	
\$ 9,865,393	\$	5,969,110
<u>9,865,393</u>		<u>5,969,110</u>
3,235,767		829,402
383,736		294,685
1,006,229		-
-		-
2,952,367		5,301,670
2,551,727		741,814
<u>10,129,826</u>		<u>7,167,571</u>
<u>(264,433)</u>		<u>(1,198,461)</u>
33,243		23,164
-		60
(375)		(51,053)
(161,788)		-
<u>(128,920)</u>		<u>(27,829)</u>
<u>(393,353)</u>		<u>(1,226,290)</u>
1,441,674		-
-		897,775
(2,645,255)		(13,236)
(1,596,934)		(341,751)
44,082,320		12,104,048
<u>\$ 42,485,386</u>	<u>\$</u>	<u>11,762,297</u>

**CITY OF LA PORTE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2011

	<b>Business-type Activities</b>		
	<b>Utility Fund</b>	<b>LPAWA</b>	<b>Other Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 8,408,262	\$ 1,196,894	\$ 56,429
Disbursed for personnel services	(3,127,422)	-	-
Disbursed for goods and services	(3,004,045)	(1,135,279)	(24,671)
<b>Net cash provided (used) by operating activities</b>	<u>2,276,795</u>	<u>61,615</u>	<u>31,758</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(499,629)	(1,305)	(2,144,321)
<b>Net cash provided by (used by) noncapital financing activities</b>	<u>(499,629)</u>	<u>(1,305)</u>	<u>(2,144,321)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from the sale of equipment	-	-	-
Disposition of assets to governmental activities	-	-	2,868,809
Disposition of liabilities to governmental activities	-	-	(696,871)
Capital grants and contributions	620,464	-	-
Principal payments on debt	(262,500)	(604,356)	-
Interest paid on debt	(53,996)	(113,444)	-
Acquisition and construction of capital assets, net of dispositions	(1,506,907)	-	(53,255)
Payments received from participants for debt service	-	689,796	-
Payments received from participants for capital recovery	-	101,639	-
<b>Net cash used by capital and related financing activities</b>	<u>(1,202,939)</u>	<u>73,635</u>	<u>2,118,683</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	(328,675)	(108,199)	(31,805)
Interest received	6,508	24,876	1,031
<b>Net cash provided by (used by) investing activities</b>	<u>(322,167)</u>	<u>(83,323)</u>	<u>(30,774)</u>
Net increase in cash and equivalents	252,060	50,622	(24,654)
<b>Cash and equivalents, beginning of year</b>	<u>1,182,011</u>	<u>1,261,488</u>	<u>256,696</u>
<b>Cash and equivalents, at end of year</b>	<u>\$ 1,434,071</u>	<u>\$ 1,312,110</u>	<u>\$ 232,042</u>
Unrestricted cash and equivalents	\$ 929,879	\$ 622,948	\$ 232,042
Restricted cash and equivalents	504,192	689,162	-
	<u>\$ 1,434,071</u>	<u>\$ 1,312,110</u>	<u>\$ 232,042</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	\$ 179,848	\$ (306,318)	\$ (137,963)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,924,447	460,877	166,403
(Increase) decrease in accounts receivable	(157,848)	(49,292)	-
(Increase) decrease in inventory	-	-	-
(Increase) decrease in prepaid expenses	-	11,001	-
Increase (decrease) in accounts payable	45,194	(54,653)	3,318
Increase (decrease) in salaries payable	17,869	-	-
Increase (decrease) in other current liabilities	5,605	-	-
Increase (decrease) in customer utility deposits	3,332	-	-
Increase (decrease) in compensated absences	3,692	-	-
Increase (decrease) in net pension and OPEB obligation	254,656	-	-
<b>Net cash provided by operating activities</b>	<u>\$ 2,276,795</u>	<u>\$ 61,615</u>	<u>\$ 31,758</u>

See Notes to Financial Statements.

		<b>Governmental Activities</b>	
<b>Total Enterprise Funds</b>		<b>Internal Service Fund</b>	
\$ 9,661,585		\$ 5,968,361	
(3,127,422)		(846,248)	
<u>(4,163,995)</u>		<u>(5,527,198)</u>	
<u>2,370,168</u>		<u>(405,085)</u>	
		-	
		-	
-		897,775	
<u>(2,645,255)</u>		<u>(13,236)</u>	
<u>(2,645,255)</u>		<u>884,539</u>	
		-	
		-	
-		51,033	
2,868,809		-	
(696,871)		-	
620,464		-	
(866,856)		-	
(167,440)		-	
(1,560,162)		(1,750,194)	
689,796		-	
101,639		-	
<u>989,379</u>		<u>(1,699,161)</u>	
		-	
		-	
(468,679)		(264,870)	
32,415		22,871	
<u>(436,264)</u>		<u>(241,999)</u>	
		-	
278,028		(1,461,706)	
<u>2,700,195</u>		<u>5,888,689</u>	
<u>\$ 2,978,223</u>		<u>\$ 4,426,983</u>	
\$ 1,784,869		\$ 4,426,983	
1,193,354		-	
<u>\$ 2,978,223</u>		<u>\$ 4,426,983</u>	
\$ (264,433)		\$ (1,198,461)	
2,551,727		741,814	
(207,140)		(749)	
-		(3)	
11,001		74,894	
(6,141)		(5,734)	
17,869		(7,558)	
5,605		(9,288)	
3,332		-	
3,692		-	
254,656		-	
<u>\$ 2,370,168</u>		<u>\$ (405,085)</u>	

# **CITY OF LA PORTE, TEXAS**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

#### **A. Reporting Entity**

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

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

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

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

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

# **CITY OF LA PORTE, TEXAS**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

#### **B. Government-wide and Fund Financial Statements**

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

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

Private-sector standards for 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 Government Accounting Standards Board. The City has elected not to follow private sector guidance issued subsequent to that date.

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

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

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

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

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivables have been recorded as deferred revenues at year-end. Property taxes collected within 60 days subsequent to September 30, 2011, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2011, have been recorded as receivables and revenue. Licenses and permits, and fines and forfeitures are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

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

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

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

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

The City reports the following major proprietary funds:

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

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

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

**D. Assets, Liabilities and Net Assets or Fund Balance**

**1. Cash and Cash Equivalents**

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

In accordance with Statement no. 31, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools". Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investments positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, LOGIC and TexStar are reported using the pools' share price.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**2. Receivables**

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

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

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

**4. Inventory and Prepaid Items**

Inventories are valued at costs using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. A portion of the fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District’s continuing operations. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**5. Capital Assets**

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

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

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**6. Compensated Employee Absences**

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

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

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

**7. General Property Taxes**

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

**8. Debt Service**

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

**9. Restricted Assets**

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**10. Fund Balance**

In fiscal year 2011, the City implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at September 30, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Fund balances are committed by formal action of the City Council. Amendments or modifications to the committed fund balance must be approved by formal action of the City Council. Formal action shall be by resolution or majority vote. Committed fund balance will not lapse at year end.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under City Council’s adopted policy, amounts may be assigned by the City Manager under the authorization of the Fiscal Affairs Committee.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The General Fund is the only fund that is allowed to have a positive amount reported in this category.

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

**11. Revenues and Expenditures/Expenses**

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

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

**12. Use of Estimates**

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**13. Budgetary Information**

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

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

**Authorization for Deposits and Investments**

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

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

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**Deposit and Investment Amounts**

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

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

	<b>Total Fair Value</b>		
	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Business Type Activities</b>
Cash deposits	\$ 2,722,011	\$ 428,118	\$ 316,366
Pooled funds	27,653,691	4,457,059	3,052,417
Deposit and Investments	14,071,973	1,768,734	2,303,951
	<u>\$ 44,447,675</u>	<u>\$ 6,653,911</u>	<u>\$ 5,672,734</u>

**Investment Risks**

**Interest Rate Risk**

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

Investment Type	<b>Total Fair Value</b>	<b>Weighted Average Maturity (months)</b>
Public funds investment pools	\$ 35,163,167	2.8
Federal Home Loan Mortgage Corporation (FHLMC)	7,003,349	16.0
Federal National Mortgage Association (FNMA)	1,500,446	24.9
Federal Home Loan Bank (FHLB)	1,006,699	18.9
Certificates of deposit	8,634,164	3.3
Total fair value	<u>\$ 53,307,825</u>	
<b>Portfolio weighted average maturity</b>		<u>6.2</u>

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

**Concentration of Credit Risk**

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

Investment Type	<b>Total Fair Value</b>	<b>Percentage of Total Portfolio</b>
Investment Pools	\$ 35,163,167	66%
Certificates of Deposit	8,634,164	16%
US Agency Securities	9,510,494	18%
<b>Total</b>	<u>\$ 53,307,825</u>	<u>100%</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**Credit Risk**

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

**Note 3 - Property Tax**

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

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

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 2010-11 tax year were \$0.605 and \$0.105, respectively, per \$100 of assessed valuation. The 2011 assessed value and total tax levy as adjusted through September 30, 2011 were \$2,329,926,727 and \$15,716,610 respectively.

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Receivables**

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Utility Fund</u>	<u>LPAWA</u>	<u>Internal Service Funds</u>	<u>All Other Funds</u>	<u>Total</u>
Receivables								
Taxes	\$ 1,797,809	\$ 163,912	\$ -	\$ -	\$ -	\$ -	\$ 590,179	\$ 2,551,900
Intergovernmental						119,927	639,774	759,701
Accounts	3,137,599	-	-	1,069,897	217,108	-	-	4,424,604
Interest	5,732	828	2,414	709	556	1,823	1,691	13,753
Other	-	-	-	869	-	-	84,215	85,084
Allowance for uncollectibles	(1,187,956)	(116,889)	-	(24,005)	-	-	-	(1,328,850)
	<u>\$ 3,753,184</u>	<u>\$ 47,851</u>	<u>\$ 2,414</u>	<u>\$ 1,047,470</u>	<u>\$ 217,664</u>	<u>\$ 121,750</u>	<u>\$ 1,315,859</u>	<u>\$ 6,506,192</u>

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 250,939	\$ -
Delinquent property taxes receivable - debt service fund	40,161	-
Other taxes - aggregate other funds	68,157	-
Municipal fines and forfeitures	547,276	-
EMS - general fund	909,806	-
Other deferred - general fund	679,521	-
Grants and revenues prior to meeting all eligibility requirements	-	1,051
<b>Total Deferred Revenue for Governmental Funds</b>	<u>\$ 2,495,860</u>	<u>\$ 1,051</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Capital Assets**

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2011 follows:

	<b>Balance September 30, 2010</b>	<b>Increases</b>	<b>Reclassification/ (Decreases)</b>	<b>Balance September 30, 2011</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,699,810	\$ 3,631	\$ (504,264)	\$ 9,199,177
Construction in progress	4,694,818	4,214,878	(2,089,612)	6,820,084
Total capital assets not being depreciated	14,394,628	4,218,509	(2,593,876)	16,019,261
Other capital assets:				
Buildings and improvements	34,829,904	112,112	731,524	35,673,540
Improvements other than buildings	17,390,197	1,114,576	4,523,815	23,028,588
Infrastructure	34,747,260	1,434,073	303,791	36,485,124
Machinery and equipment	15,205,703	1,949,050	(486,215)	16,668,538
Total other capital assets	102,173,064	4,609,811	5,072,915	111,855,790
Less accumulated depreciation for:				
Buildings and improvements	(14,223,178)	(1,497,916)	(521,766)	(16,242,860)
Improvements other than buildings	(6,036,861)	(776,293)	(2,128,901)	(8,942,055)
Infrastructure	(19,825,232)	(1,577,606)	160,232	(21,262,700)
Machinery and equipment	(8,997,481)	(1,117,425)	393,856	(9,721,050)
Total accumulated depreciation	(49,082,752)	(4,969,240)	(2,096,579)	(56,168,665)
Other capital assets, net	53,090,312	(359,429)	2,976,336	55,687,125
<b>Totals</b>	<b>\$ 67,484,940</b>	<b>\$ 3,859,080</b>	<b>\$ 382,460</b>	<b>\$ 71,706,386</b>

	<b>Balance September 30, 2010</b>	<b>Increases</b>	<b>Reclassification/ (Decreases)</b>	<b>Balance September 30, 2011</b>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,308,777	\$ -	\$ (1,880,965)	\$ 427,812
Construction in progress	5,055,000	547,093	(285,935)	5,316,158
Total capital assets not being depreciated	7,363,777	547,093	(2,166,900)	5,743,970
Other capital assets:				
Buildings and improvements	789,144		(731,524)	57,620
Improvements other than buildings	83,872,233	909,840	(2,593,412)	82,188,661
Machinery and equipment	593,903	103,228	(52,012)	645,119
Total other capital assets	85,255,280	1,013,068	(3,376,948)	82,891,400
Less accumulated depreciation for:				
Buildings and improvements	(570,000)	(26,382)	547,596	(48,786)
Improvements other than buildings	(45,285,821)	(2,509,278)	2,082,555	(45,712,544)
Machinery and equipment	(383,169)	(16,067)	49,636	(349,600)
Total accumulated depreciation	(46,238,990)	(2,551,727)	2,679,787	(46,110,930)
Total capital assets being depreciated, net	39,016,290	(1,538,659)	(697,161)	36,780,470
<b>Totals</b>	<b>\$ 46,380,067</b>	<b>\$ (991,566)</b>	<b>\$ (2,864,061)</b>	<b>\$ 42,524,440</b>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

General government	\$	603,586
Public safety		1,044,718
Public works		1,699,198
Parks and recreation		900,018
Internal Service funds		741,814
<b>Total Governmental Activity</b>	<b>\$</b>	<b>4,989,334</b>
		20,094
Water and sewer	\$	2,385,324
Airport		166,403
<b>Total Business-Type Activity</b>	<b>\$</b>	<b>2,551,727</b>

Construction contract commitments outstanding as of September 30, 2011 are as follows:

**Governmental Activities**

<b>Fund</b>	<b>Total In Progress</b>	<b>Remaining Commitment</b>
Hotel/Motel Fund	52,315	-
TIRZ Fund	201,170	-
General CIP Fund	5,993,161	1,646,553
1998 GO Bonds	475,452	969,051
2006 GO's	97,986	-
Totals	<b>\$ 6,820,084</b>	<b>\$ 2,615,604</b>

**Business-Type Activities**

<b>Fund</b>	<b>Total In Progress</b>	<b>Remaining Commitment</b>
Utility Fund	\$ 3,493,441	\$ 976,306
2004 CO's	41,391	343,003
2005 CO's	-	150,980
2006 CO's	1,781,326	-
Totals	<b>\$ 5,316,158</b>	<b>\$ 1,470,289</b>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt**

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

The following is a summary of the terms of obligations, general obligation bonds, certificates of obligations and revenue bonds outstanding as of September 30, 2011:

	<u>Governmental</u>	<u>Business-type</u>
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.	\$ 3,780,000	\$ -
2004 Certificates of Obligation due in annual installments through March 15, 2025; interest at 3.6% to 4.45% \$7,000,000 issued for paving and drainage improvements, street extension and land acquisition.	5,630,000	-
2005 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.75% to 4.25% \$7,675,000 issued to construct a police facility.	6,000,000	-
2005 Certificates of Obligation due in annual payments through March 15, 2015; interest at 2.8% to 3.8% \$1,800,000 issued for water and sewer improvements and fire truck.	1,400,000	-
2006 Public Property Finance contractual Obligation due in annual payments through January 25,2016; interest at 3.74% \$2,625,000 issued for automated meter replacement program.	-	1,312,500
2006 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.625% to 4.25% \$1,200,000 issued for park improvements.	1,010,000	-
2006 Certificates of Obligation due in annual payments through March 15, 2025; interest at 3.75% to 4.3% \$5,765,000 issued for police facility, sports and water and sewer improvements.	4,855,000	-
2007 Certificates of Obligation due in annual payments through March 15, 2029; interest at 4.00% to 4.25% \$8,075,000 issued for wastewater treatment plant improvements, sports complex and golf cart path improvements.	7,455,000	-
2010 Certificates of Obligation due in annual payments through March 15, 2026; interest at 3.00% to 4.00% \$6,265,000 issued for street, drainage and park improvements.	6,265,000	-
2010 General Obligation Refunding Bonds due in annual payments through March 15, 2020; interest at 2.00% to 4.00% \$4,295,000 issued to refund previous debt.	3,930,000	-
2010 LPAWA Contract Revenue Refunding Bonds due in annual payments through March 15, 2017; interest at 2.50% to 4.00% \$4,085,000 issued to refund previous debt.	-	3,500,000
<b>Total Bonds Payable</b>	<u>\$ 40,325,000</u>	<u>\$ 4,812,500</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt**

During the year ended September 30, 2011, the following changes occurred in long-term liabilities:

	<b>Balance September 30, 2010</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance September 30, 2011</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 15,715,000	\$ -	\$ (995,000)	\$ 14,720,000	\$ 1,045,000
Certificates of obligation	26,350,000	-	(745,000)	25,605,000	1,125,000
Premium/Discount on bond issuance	478,623	(33,994)	(1,597)	443,032	-
Total bonds payable	<u>42,543,623</u>	<u>(33,994)</u>	<u>(1,741,597)</u>	<u>40,768,032</u>	<u>2,170,000</u>
Compensated Absences	3,198,413	391,263	(205,559)	3,384,117	169,206
Net pension obligation	1,307,171	3,626,695	(2,862,233)	2,071,633	-
Net OPEB obligation	3,216,106	2,075,060	(635,210)	4,655,956	-
Arbitrage	304,474	-	-	304,474	-
<b>Total Governmental Activities</b>	<u>\$ 50,569,787</u>	<u>\$ 6,059,024</u>	<u>\$ (5,444,599)</u>	<u>\$ 51,184,212</u>	<u>\$ 2,339,206</u>

	<b>Balance September 30, 2010</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance September 30, 2011</b>	<b>Amounts Due Within One Year</b>
<b>Business-type Activities:</b>					
Bonds payable:					
Revenue bonds	\$ 4,085,000	\$ -	\$ (585,000)	\$ 3,500,000	\$ 605,000
Public property finance certificates of obligation	1,575,000	-	(262,500)	1,312,500	262,500
Premium on bond issuance	111,846	-	(17,312)	94,534	-
Refunding gain	13,212	-	(2,044)	11,168	-
Total Bonds Payable	<u>5,785,058</u>	<u>-</u>	<u>(866,856)</u>	<u>4,918,202</u>	<u>867,500</u>
Compensated absences	377,580	-	(123,180)	254,400	20,352
Net pension obligation	203,950	(394,580)	433,443	242,813	-
OPEB obligation	543,852	151,717	(86,620)	608,949	-
<b>Total Business-type Activities</b>	<u>\$ 6,910,440</u>	<u>\$ (242,863)</u>	<u>\$ (643,213)</u>	<u>\$ 6,024,364</u>	<u>\$ 887,852</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Compensated absences generally are paid by the General Fund for the governmental activities. Net pension obligation is liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**General Obligation Bonds and Certificates of Obligations**

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt (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, 2011.

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2011 are as follows:

Fiscal Year	General Obligation Bonds		Certificates of Obligation	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,045,000	\$ 567,149	\$ 1,125,000	\$ 1,139,437
2013	1,045,000	539,887	1,245,000	1,043,029
2014	1,165,000	504,849	1,320,000	1,017,699
2015	1,175,000	471,172	1,385,000	995,164
2016	1,185,000	435,681	1,445,000	965,646
2017	1,205,000	398,824	1,500,000	939,113
2018	1,215,000	354,974	1,575,000	915,480
2019	1,230,000	313,680	1,650,000	882,446
2020	1,120,000	267,944	1,725,000	849,313
2021	820,000	234,938	1,810,000	807,909
2022	845,000	207,710	1,895,000	768,365
2023	865,000	174,229	1,975,000	721,526
2024	890,000	144,348	2,065,000	677,146
2025	915,000	113,300	2,155,000	178,786
2026	-	-	1,050,000	113,092
2027	-	-	540,000	70,130
2028	-	-	560,000	36,330
2029	-	-	585,000	12,285
	<u>\$ 14,720,000</u>	<u>\$ 4,728,684</u>	<u>\$ 25,605,000</u>	<u>\$ 12,132,896</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

Fiscal Year	Contract Revenue Bonds		Public Property Finance CO	
	Business-Type Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 605,000	\$ 88,150	\$ 262,500	\$ 44,179
2013	625,000	73,556	262,500	34,361
2014	630,000	58,650	262,500	24,544
2015	650,000	41,838	262,500	14,726
2016	670,000	22,850	262,500	4,909
2017	320,000	6,400	-	-
	<u>\$ 3,500,000</u>	<u>\$ 291,444</u>	<u>\$ 1,312,500</u>	<u>\$ 122,719</u>

**Note 7 - Interfund Activities**

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

Transfers from	Transfers to	Amount	Purpose
General Fund	Insurance Fund	\$ 435,005	Transfer for liability insurance and worker's compensation.
General Fund	Insurance Fund	400,000	Transfer for health insurance.
General Fund	General CIP Fund	1,741,503	Annual transfer to fund capital projects.
General Fund	Golf Course Fund	442,316	To close Golf Course Fund.
Utility Fund	General Fund	294,150	General and administrative transfer.
Utility Fund	Debt Service Fund	157,768	Annual transfer for debt service.
Utility Fund	Insurance Fund	47,711	Transfer for liability insurance and worker's compensation.
Vehicle Maintenance Fund	Insurance Fund	13,236	Transfer for liability insurance and worker's compensation.
Airport Fund	Insurance Fund	518	Transfer for liability insurance and worker's compensation.
La Porte Area Water Authority	General Fund	61,619	Operators agreement.
La Porte Area Water Authority	Insurance Fund	1,305	Transfer for liability insurance and worker's compensation.
Hotel/Motel Fund	General Fund	41,500	Transfer for golf course advertising expenditures and city bordering bay for golf course expenditures.
Community Investment Fund	General Fund	456,585	Consolidate funds
La Porte Development Corporation (4B)	Debt Service Fund	622,692	Annual transfer for debt service.
La Porte Development Corporation (4B)	General CIP Fund	355,000	Annual transfer to fund capital projects.
2006 General Obligation Bond Fund	Grant Fund	35,615	Transfer detention credits to Park Zone #1.
2007 Certificates of Obligation	Debt Service Fund	481,708	Transfer for debt service repayment.
Golf Course Fund	Capital assets	1,701,487	
		<u>\$ 7,289,718</u>	

Interfund receivables at year end were as follows:

Receivable Fund	Payable Fund	Amounts	Purpose
	2006 Certificates of Obligation		
General Fund	Fund	\$ 42,164	Bond interest due to debt service fund
2006 Certificates of Obligation Fund	TIRZ One	662,000	Sewer improvements paid by the City
		<u>\$ 704,164</u>	

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System**

*Plan Description*

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

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

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

**Texas Municipal Retirement System**

*Contributions and Annual Pension Cost*

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**Texas Municipal Retirement System (continued)**

*Contributions and Annual Pension Cost (continued)*

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

	<u>2011</u>
Annual Required Contribution (ARC)	\$3,933,822
Interest on net pension obligation (NPO)	113,334
Adjustment to ARC	<u>(93,771)</u>
Annual Pension Cost (APC)	3,953,385
Contributions	<u>(3,150,061)</u>
Change in NPO	803,324
NPO, beginning of the year	<u>1,511,120</u>
NPO, ending of the year	<u><u>\$2,314,444</u></u>
Percentage of APC contributed	79.7%

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	27.1 Years - Closed Period
Asset Valuation Method	10-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost-of-Living Adjustments	2.1%

***Funded Status***

The funded status of the Plan as of December 31, 2010

**Schedule of Funding Progress**

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liabilities	Percentage Funded	Unfunded Actuarial Liability (UAAL)	Annual Covered Payroll	(UAAL) as a Percentage of Covered Payroll
2010	\$ 88,730,728	\$ 106,875,060	83%	\$18,144,332	\$18,811,924	96%

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

*Three-year Trend Information*

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual Required Contribution (ARC)	\$3,933,822	\$3,712,311	\$3,170,387
Interest on net pension obligation (NPO)	113,334	48,178	-
Adjustment to ARC	<u>(93,771)</u>	<u>(39,226)</u>	<u>-</u>
Annual Pension Cost (APC)	3,953,385	3,721,263	3,170,387
Contributions	<u>(3,150,061)</u>	<u>(2,852,535)</u>	<u>(2,527,995)</u>
Change in NPO	803,324	868,728	642,392
NPO, beginning of the year	<u>1,511,120</u>	<u>642,392</u>	<u>-</u>
NPO, ending of the year	<u>\$2,314,444</u>	<u>\$1,511,120</u>	<u>\$ 642,392</u>
Percentage of APC contributed	79.7%	76.7%	79.7%

**Texas Statewide Emergency Services Personnel Retirement Fund**

*Summary of Significant Accounting Policies and Plan Asset Matters*

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

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

The Fire Fighters' Pension Commission is the administrator of the Texas Statewide Emergency Services Personnel Retirement Fund, a cost sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without monetary remuneration. The Texas Statewide Emergency Services Personnel Retirement Fund is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 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 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Member are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**Texas Statewide Emergency Services Personnel Retirement Fund (continued)**

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

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

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

***Funding Policy***

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

***Annual Required Contribution***

The contribution requirement per active emergency services personnel member per month is not actually determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 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.

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, 2010 are equal to the contributions required. The City's annual contributions for fiscal year ending September 30, 2011, 2010 and 2009 were \$27,264, \$24,528, and \$19,872, respectively.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 - Risk Management**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. Further information regarding the pool is provided below. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

***Health Insurance Benefits***

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

Activity during the year included:

Revenues	
Charges to divisions	\$ 3,577,849
Interfund transfers	497,775
Charges to employees	436,049
Charges to retirees	92,757
Cobra charges	18,222
Insurance proceeds	4,619
Miscellaneous revenue	15
Interest revenue	7,795
Total revenues	<u>\$ 4,635,081</u>
Expenses	
Personnel expenses	\$ 115,446
Other expenses	425,661
Claims administration	223,393
Claims incurred	4,212,096
Re-insurance premiums	335,132
Total health services expenses	<u>\$ 5,311,728</u>

Included in the claims paid amount is \$573,894 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, 2011, 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 2009, 2010 and 2011 are as follows:

	<u>Beginning of</u> <u>year accrual</u>	<u>Current year</u> <u>estimates</u>	<u>Payments for</u> <u>claims</u>	<u>End of year</u> <u>accrual</u>
09/30/09	\$ 677,000	\$ 2,308,775	\$ 2,537,775	\$ 448,000
09/30/10	448,000	3,703,943	3,652,943	499,000
09/30/11	499,000	4,286,990	4,212,096	573,894

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

***Risk Pool***

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

**Note 10 - Commitments and Contingencies**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

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

**Note 11 - Post-employment Benefits**

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

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

<u>Years of service with the City</u>	<u>Retiree Cost</u>	<u>City Cost</u>	<u>Retiree cost per year</u>
At least 10 but less than 15	55%	45%	\$ 3,300
At least 15 but less than 20	25%	75%	1,500
At least 20	0%	100%	-

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

<u>Years of service with the 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	Active employee/dependent rate	

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

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

	<b>Fiscal Year</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Annual Required Contribution (ARC)	\$ 2,214,338	\$ 2,472,961	\$ 2,190,180
Interest on net pension obligation (NPO)	169,198	81,894	-
Adjustment to ARC	<u>(156,760)</u>	<u>(75,874)</u>	<u>-</u>
Annual Pension Cost (APC)	2,226,776	2,478,981	2,190,180
Contributions	<u>(721,830)</u>	<u>(538,884)</u>	<u>(370,318)</u>
Change in NPO	1,504,946	1,940,097	1,819,862
NPO, beginning of the year	<u>3,759,959</u>	<u>1,819,862</u>	<u>-</u>
NPO, ending of the year	<u><u>\$ 5,264,905</u></u>	<u><u>\$ 3,759,959</u></u>	<u><u>\$ 1,819,862</u></u>
Percentage of ARC contribution	32.4%	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 2011, 2010 and 2009 are as follows.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB</b>	
		<b>Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2009	\$ 2,190,180	16.91%	\$ 1,819,862
9/30/2010	2,478,981	21.74%	3,759,959
9/30/2011	2,226,776	33.85%	5,264,905

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

*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:

<u>Actuarial Valuation Date</u> <u>December 31,</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liabilities</u>	<u>Percentage</u> <u>Funded</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(UAAL)</u>	<u>Annual Covered</u> <u>Payroll</u>	<u>(UAAL) as</u> <u>a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
2010	\$ -	29,639,065	0%	\$ 29,639,065	\$ 19,816,947	66.86%
2008	-	32,839,108	0%	32,839,108	18,626,734	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 2010 actuarial valuation is the most recent actuarial valuation available.

*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, 2010, 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, 2011, was 29 years.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit, “ or OPEB. The city contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee’s entire careers

The City’s contributions to the TMRS SDBF for the fiscal year ended 2011, 2010, and 2009 were \$36,232, \$34,554 and \$5,312 respectively, which equaled to the required contributions.

**Schedule of Contribution Rates**

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2009	0.03%	0.03%	100%
2010	0.03%	0.03%	100%
2011	0.03%	0.03%	100%

**Required Supplementary Information**

**CITY OF LA PORTE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**For the year ended September 30, 2011**

	2011			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues</b>				
Property taxes	13,489,885	12,968,113	\$ 12,894,473	\$ (73,640)
Franchise fees	2,175,391	2,119,669	2,195,824	76,155
Sales and use taxes	2,866,451	3,192,900	3,220,260	27,360
Industrial payments	10,256,410	10,156,410	10,192,582	36,172
Miscellaneous taxes	89,321	80,000	76,554	(3,446)
Licenses and permits	569,824	254,256	312,962	58,706
Intergovernmental	2,000	1,000	-	(1,000)
Fines and forfeitures	1,692,440	1,591,950	1,545,191	(46,759)
Interest earnings	162,500	70,000	75,422	5,422
Charges for services	5,234,682	5,228,937	5,336,416	107,479
Miscellaneous	40,000	52,100	238,146	
<b>Total Revenues</b>	<u>36,578,904</u>	<u>35,715,335</u>	<u>36,087,830</u>	<u>186,449</u>
<b>Expenditures</b>				
General government				-
Administration	4,553,454	4,723,511	4,522,969	200,542
Finance	3,173,371	2,824,719	2,779,875	44,844
Planning and engineering	2,051,724	2,105,691	1,915,269	190,422
Public safety				
Fire	4,511,647	4,479,048	4,326,552	152,496
Police	9,979,850	10,121,472	10,025,599	95,873
Public works				
Public works administration	367,282	363,380	339,119	24,261
Streets	2,419,108	2,460,101	2,274,008	186,093
Health and sanitation				
Solidwaste	2,207,328	2,231,718	2,181,957	49,761
Culture and recreation	5,264,891	5,315,371	5,130,973	184,398
<b>Total Expenditures</b>	<u>34,528,655</u>	<u>34,625,011</u>	<u>33,496,321</u>	<u>1,128,690</u>
Excess (deficiency) of revenues over expenditures	<u>2,050,249</u>	<u>1,090,324</u>	<u>2,591,509</u>	<u>1,315,139</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	397,269	397,269	853,854	456,585
Transfers out	(2,576,508)	(2,576,508)	(3,018,824)	(442,316)
<b>Total other financing sources and uses</b>	<u>(2,179,239)</u>	<u>(2,179,239)</u>	<u>(2,164,970)</u>	<u>14,269</u>
<b>Special Item</b>				
Proceeds from sale capital assets	2,000	6,820,926	6,822,126	(1,200)
Net change in fund balances	(126,990)	5,732,011	7,248,665	1,516,654
<b>Fund balances, beginning of year</b>	<u>12,104,489</u>	<u>12,104,489</u>	<u>12,104,489</u>	<u>-</u>
<b>Fund balances at year end</b>	<u>\$ 11,977,499</u>	<u>\$ 17,836,500</u>	<u>\$ 19,353,154</u>	<u>\$ 1,516,654</u>

# **CITY OF LA PORTE, TEXAS**

## **NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION**

### **Budgetary Controls and Procedures**

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

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

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

# CITY OF LA PORTE, TEXAS

## REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION

September 30, 2011

### TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)

#### Schedule of Funding Progress

<u>Actuarial Valuation Date December 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>(UAAL) as a Percentage of Covered Payroll</u>
2010	\$ 88,730,728	\$ 106,875,060	83%	\$18,144,332	\$18,811,924	96%
2009	52,637,477	78,345,079	67%	25,707,602	18,770,507	137%
2008	47,909,865	72,398,270	66%	24,488,405	18,162,841	135%

**Combining and Individual Fund  
Statements and Schedules**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

### **Capital Projects Funds**

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

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

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

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

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

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

## **Nonmajor Governmental Funds**

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

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

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

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

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

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

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

**CITY OF LA PORTE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2011*

	<b>Special Revenue Funds</b>			
	<b>Hotel Motel Tax</b>	<b>Section 4b Sales Tax</b>	<b>Tax Increment Reinvestment Zone</b>	<b>Grant Fund</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 512,649	\$ 1,210,103	\$ 1,019,024	\$ 413,896
Investments	257,881	608,725	-	249,445
Receivables, net of allowance	159,661	343,941	-	199
Intergovernmental receivable	-	-	1,920	637,854
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 930,191</b>	<b>\$ 2,162,769</b>	<b>\$ 1,020,944</b>	<b>\$ 1,301,394</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 16,052	\$ 3,109	\$ -	\$ 256,309
Accrued salaries payable	3,590	2,178	-	12,845
Other payables	-	-	-	46,073
Due to other funds	-	-	662,000	-
Deferred revenue	35,899	32,258	-	1,051
<b>Total Liabilities</b>	<b>55,541</b>	<b>37,545</b>	<b>662,000</b>	<b>316,278</b>
<b>Fund balances:</b>				
<b>Restricted</b>				
Debt service	-	622,692	-	-
Grants	-	-	-	657,231
Economic development	874,650	1,502,532	-	-
Public safety	-	-	-	327,885
Capital projects	-	-	358,944	-
Public works	-	-	-	-
<b>Total Fund balances</b>	<b>874,650</b>	<b>2,125,224</b>	<b>358,944</b>	<b>985,116</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 930,191</b>	<b>\$ 2,162,769</b>	<b>\$ 1,020,944</b>	<b>\$ 1,301,394</b>

			<b>Capital Projects Funds</b>		
<b>Street Maintenance Sales Tax Fund</b>	<b>Community Investment Fund</b>	<b>Total Special Revenue Funds</b>	<b>Transportation &amp; Other Infrastructure</b>	<b>1998 General Obligation Bonds</b>	<b>2000 Certificate of Obligation Bonds</b>
\$ 362,159	\$ -	\$ 3,517,831	\$ 43,799	\$ 769,301	\$ 19,698
182,178	-	1,298,229	22,032	386,986	9,909
155,744	-	659,545	18	308	8
-	-	639,774	-	-	-
-	-	-	-	-	-
<u>\$ 700,081</u>	<u>\$ -</u>	<u>\$ 6,115,379</u>	<u>\$ 65,849</u>	<u>\$ 1,156,595</u>	<u>\$ 29,615</u>
\$ 53,855	\$ -	\$ 329,325	\$ 987	\$ 155,984	\$ -
-	-	18,613	-	-	-
-	-	46,073	4,646	-	-
-	-	662,000	-	-	-
-	-	69,208	-	-	-
<u>53,855</u>	<u>-</u>	<u>1,125,219</u>	<u>5,633</u>	<u>155,984</u>	<u>-</u>
-	-	622,692	-	-	-
-	-	657,231	-	-	-
-	-	2,377,182	-	-	-
-	-	327,885	-	-	-
-	-	358,944	60,216	1,000,611	29,615
646,226	-	646,226	-	-	-
<u>646,226</u>	<u>-</u>	<u>4,990,160</u>	<u>60,216</u>	<u>1,000,611</u>	<u>29,615</u>
<u>\$ 700,081</u>	<u>\$ -</u>	<u>\$ 6,115,379</u>	<u>\$ 65,849</u>	<u>\$ 1,156,595</u>	<u>\$ 29,615</u>

**CITY OF LA PORTE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2011*

	<b>2004</b>	<b>2005</b>	<b>2005 General</b>	<b>2006</b>
	<b>Certificate of</b>	<b>Certificate of</b>	<b>Obligation</b>	<b>Certificate of</b>
	<b>Obligation</b>	<b>Obligation</b>	<b>Obligation</b>	<b>Obligation</b>
	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 562,591	\$ 19,049	\$ 594	\$ 757
Investments	187	9,582	298	-
Receivables, net of allowance	-	8	-	-
Intergovernmental receivable	-	-	-	-
Due from other funds	-	-	-	662,000
<b>Total Assets</b>	<b>\$ 562,778</b>	<b>\$ 28,639</b>	<b>\$ 892</b>	<b>\$ 662,757</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$	\$	\$	\$
Accrued salaries payable	-	-	-	-
Other payables	-	-	-	10,430
Due to other funds	-	-	-	42,164
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,594</b>
<b>Fund balances:</b>				
<b>Restricted</b>				
Debt service	-	-	-	-
Grants	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects	562,778	28,639	892	610,163
Public works	-	-	-	-
<b>Total Fund balances</b>	<b>562,778</b>	<b>28,639</b>	<b>892</b>	<b>610,163</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 562,778</b>	<b>\$ 28,639</b>	<b>\$ 892</b>	<b>\$ 662,757</b>

**Capital Funds Project (continued)**

<b>2006 General Obligation Bonds</b>	<b>2007 Certificate of Obligation Bonds</b>	<b>2010 Certificate of Obligation Bonds</b>	<b>Drainage Improvements</b>	<b>Total Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 119,002	\$ 312,216	\$ 3,399,735	\$ 81,808	\$ 5,328,550	\$ 8,846,381
460	157,056	80,890	41,153	708,553	2,006,782
-	125	64	15,916	16,447	675,992
-	-	-	-	-	639,774
-	-	-	-	662,000	662,000
<u>\$ 119,462</u>	<u>\$ 469,397</u>	<u>\$ 3,480,689</u>	<u>\$ 138,877</u>	<u>\$ 6,715,550</u>	<u>\$ 12,830,929</u>
\$	\$ 50,969	\$ 395,234	\$ 14,145	\$ 617,319	\$ 946,644
-	-	-	-	-	18,613
-	-	59,821	-	74,897	120,970
-	-	-	-	42,164	704,164
-	-	-	-	-	69,208
<u>-</u>	<u>50,969</u>	<u>455,055</u>	<u>14,145</u>	<u>734,380</u>	<u>1,859,599</u>
-	-	-	-	-	622,692
-	-	-	-	-	657,231
-	-	-	-	-	2,377,182
-	-	-	-	-	327,885
119,462	418,428	3,025,634	124,732	5,981,170	6,340,114
-	-	-	-	-	646,226
<u>119,462</u>	<u>418,428</u>	<u>3,025,634</u>	<u>124,732</u>	<u>5,981,170</u>	<u>10,971,330</u>
<u>\$ 119,462</u>	<u>\$ 469,397</u>	<u>\$ 3,480,689</u>	<u>\$ 138,877</u>	<u>\$ 6,715,550</u>	<u>\$ 12,830,929</u>

**CITY OF LA PORTE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2011*

	<b>Special Revenue Funds</b>			
	<b>Hotel Motel Tax</b>	<b>Section 4b Sales Tax</b>	<b>Tax Increment Reinvestment Zone</b>	<b>Grant Fund</b>
<b>Revenues</b>				
Property Taxes	\$ -	\$ -	\$ 1,873,386	\$ -
Sales and use taxes	-	1,610,751	-	-
Other taxes	522,597	-	-	-
Fines and forfeitures	-	-	-	178,399
Charges for services	-	-	-	14,898
Intergovernmental	-	-	-	917,206
Interest	2,324	5,068	965	3,026
Miscellaneous	-	-	-	3,524
<b>Total revenues</b>	<b>524,921</b>	<b>1,615,819</b>	<b>1,874,351</b>	<b>1,117,053</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	323,332	157,554	467,146	594,786
Public safety	-	-	-	455,979
Public Works	-	-	-	62,334
Culture and recreation	-	-	-	148,375
Capital outlay	-	-	1,205,753	55,516
<b>Total Expenditures</b>	<b>323,332</b>	<b>157,554</b>	<b>1,672,899</b>	<b>1,316,990</b>
Excess (deficiency) of revenues over expenditures	201,589	1,458,265	201,452	(199,937)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	35,615
Transfers out	(41,500)	(977,692)	-	-
<b>Total other financing sources (uses)</b>	<b>(41,500)</b>	<b>(977,692)</b>	<b>-</b>	<b>35,615</b>
Net change in fund balances	160,089	480,573	201,452	(164,322)
<b>Fund balances - beginning</b>	<b>714,561</b>	<b>1,644,651</b>	<b>157,492</b>	<b>1,149,438</b>
<b>Fund balances - ending</b>	<b>\$ 874,650</b>	<b>\$ 2,125,224</b>	<b>\$ 358,944</b>	<b>\$ 985,116</b>

			<b>Capital Projects funds</b>		
<b>Street Maintenance Sales Tax Fund</b>	<b>Community Investment Fund</b>	<b>Total Special Revenue Funds</b>	<b>Transportation &amp; Other Infrastructure</b>	<b>1998 General Obligation Bonds</b>	<b>2000 Certificate of Obligation Bonds</b>
\$ -	\$ -	\$ 1,873,386	\$ -	\$ -	\$ -
805,375	-	2,416,126	-	-	-
-	-	522,597	-	-	-
-	-	178,399	-	-	-
-	-	14,898	-	-	-
-	-	917,206	-	-	-
1,401	-	12,784	728	3,614	93
-	-	3,524	-	-	-
<u>806,776</u>	<u>-</u>	<u>5,938,920</u>	<u>728</u>	<u>3,614</u>	<u>93</u>
-	-	1,542,818	-	-	-
-	-	455,979	-	-	-
-	-	62,334	-	-	-
-	-	148,375	-	-	-
<u>1,028,613</u>	<u>-</u>	<u>2,289,882</u>	<u>569,736</u>	<u>156,014</u>	<u>-</u>
<u>1,028,613</u>	<u>-</u>	<u>4,499,388</u>	<u>569,736</u>	<u>156,014</u>	<u>-</u>
<u>(221,837)</u>	<u>-</u>	<u>1,439,532</u>	<u>(569,008)</u>	<u>(152,400)</u>	<u>93</u>
-	-	35,615	-	-	-
-	(456,585)	(1,475,777)	-	-	-
-	(456,585)	(1,440,162)	-	-	-
<u>(221,837)</u>	<u>(456,585)</u>	<u>(630)</u>	<u>(569,008)</u>	<u>(152,400)</u>	<u>93</u>
<u>868,063</u>	<u>456,585</u>	<u>4,990,790</u>	<u>629,224</u>	<u>1,153,011</u>	<u>29,522</u>
<u>\$ 646,226</u>	<u>\$ -</u>	<u>\$ 4,990,160</u>	<u>\$ 60,216</u>	<u>\$ 1,000,611</u>	<u>\$ 29,615</u>

**CITY OF LA PORTE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2011*

	<b>2004</b>	<b>2005</b>	<b>2005 General</b>	<b>2006</b>
	<b>Certificate of</b>	<b>Certificate of</b>	<b>Obligation</b>	<b>Certificate of</b>
	<b>Obligation</b>	<b>Obligation</b>	<b>Obligation</b>	<b>Obligation</b>
	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>
<b>Revenues</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Interest	851	129	169	48,402
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>851</u>	<u>129</u>	<u>169</u>	<u>48,402</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	23,697	-
Public Works	-	-	-	773
Culture and recreation	-	-	-	-
Capital outlay	145,667	38,943	-	769,930
<b>Total Expenditures</b>	<u>145,667</u>	<u>38,943</u>	<u>23,697</u>	<u>770,703</u>
Excess (deficiency) of revenues over expenditures	<u>(144,816)</u>	<u>(38,814)</u>	<u>(23,528)</u>	<u>(722,301)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(144,816)	(38,814)	(23,528)	(722,301)
<b>Fund balances - beginning</b>	<u>707,594</u>	<u>67,453</u>	<u>24,420</u>	<u>1,332,464</u>
<b>Fund balances - ending</b>	<u>\$ 562,778</u>	<u>\$ 28,639</u>	<u>\$ 892</u>	<u>\$ 610,163</u>

**Capital Projects Funds (continued)**

<b>2006 General Obligation Bonds</b>	<b>2007 Certificate of Obligation Bonds</b>	<b>2010 Certificate of Obligation Bonds</b>	<b>Drainage Improvements</b>	<b>Total Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,873,386
-	-	-	-	-	2,416,126
35,615	-	-	-	35,615	558,212
-	-	-	-	-	178,399
-	-	-	266,012	266,012	280,910
-	-	-	-	-	917,206
213	2,264	7,540	934	64,937	77,721
-	-	-	-	-	3,524
<u>35,828</u>	<u>2,264</u>	<u>7,540</u>	<u>266,946</u>	<u>366,564</u>	<u>6,305,484</u>
-	-	-	-	-	1,542,818
-	-	-	-	23,697	479,676
-	-	-	409,663	410,436	472,770
15,609	-	-	-	15,609	163,984
-	116,873	2,771,299	-	4,568,462	6,858,344
<u>15,609</u>	<u>116,873</u>	<u>2,771,299</u>	<u>409,663</u>	<u>5,018,204</u>	<u>9,517,592</u>
<u>20,219</u>	<u>(114,609)</u>	<u>(2,763,759)</u>	<u>(142,717)</u>	<u>(4,651,640)</u>	<u>(3,212,108)</u>
-	-	-	-	-	35,615
<u>(35,615)</u>	<u>(481,708)</u>	<u>-</u>	<u>-</u>	<u>(517,323)</u>	<u>(1,993,100)</u>
<u>(35,615)</u>	<u>(481,708)</u>	<u>-</u>	<u>-</u>	<u>(517,323)</u>	<u>(1,957,485)</u>
<u>(15,396)</u>	<u>(596,317)</u>	<u>(2,763,759)</u>	<u>(142,717)</u>	<u>(5,168,963)</u>	<u>(5,169,593)</u>
<u>134,858</u>	<u>1,014,745</u>	<u>5,789,393</u>	<u>267,449</u>	<u>11,150,133</u>	<u>16,140,923</u>
<u>\$ 119,462</u>	<u>\$ 418,428</u>	<u>\$ 3,025,634</u>	<u>\$ 124,732</u>	<u>\$ 5,981,170</u>	<u>\$ 10,971,330</u>

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

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

**CITY OF LA PORTE**  
**SPECIAL REVENUE FUND - DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**  
**With comparative actual totals for the year ended September 30, 2010**

	<b>2011</b>		<b>Variance Positive / (Negative)</b>	<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Property taxes	\$ 2,410,992	\$ 2,333,153	\$ (77,839)	\$ 2,560,023
Investment earnings	20,000	11,244	(8,756)	28,484
<b>Total Revenues</b>	<u>2,430,992</u>	<u>2,344,397</u>	<u>(86,595)</u>	<u>2,588,507</u>
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal	1,740,000	1,740,000	-	1,755,000
Interest and other charges	1,776,573	1,871,371	(94,798)	1,451,033
<b>Total Expenditures</b>	<u>3,516,573</u>	<u>3,611,371</u>	<u>(94,798)</u>	<u>3,206,033</u>
<b>Revenues over (under) expenditures</b>	<u>(1,085,581)</u>	<u>(1,266,974)</u>	<u>(181,393)</u>	<u>(617,526)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	-	-	4,295,000
Premium on bonds	-	-	-	100,339
Payment to escrow agent	-	-	-	(4,409,763)
Transfers in	1,262,168	1,262,168	-	1,598,155
<b>Total Other Financing Sources (Uses)</b>	<u>1,262,168</u>	<u>1,262,168</u>	<u>-</u>	<u>1,583,731</u>
Net change in fund balance	176,587	(4,806)	(181,393)	966,205
<b>Fund balances, beginning of year</b>	<u>3,117,688</u>	<u>3,117,688</u>	<u>-</u>	<u>2,151,483</u>
<b>Fund balances at year end</b>	<u>\$ 3,294,275</u>	<u>\$ 3,112,882</u>	<u>\$ (181,393)</u>	<u>\$ 3,117,688</u>

**CITY OF LA PORTE**

**SPECIAL REVENUE FUND - HOTEL MOTEL TAX**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Other taxes	\$ 415,000	\$ 522,597	\$ 107,597	\$ 336,821
Investment earnings	4,000	2,324	(1,676)	3,998
<b>Total Revenues</b>	<u>419,000</u>	<u>524,921</u>	<u>105,921</u>	<u>340,819</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	337,661	323,332	14,329	347,118
<b>Total Expenditures</b>	<u>337,661</u>	<u>323,332</u>	<u>14,329</u>	<u>347,118</u>
Net change in fund balance	81,339	201,589	120,250	(6,299)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	59,700
Transfers (out)	(41,500)	(41,500)	-	(53,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(41,500)</u>	<u>(41,500)</u>	<u>-</u>	<u>6,700</u>
Net change in fund balance	(1,661)	160,089	120,250	401
<b>Fund balances, beginning of year</b>	<u>714,561</u>	<u>714,561</u>	<u>-</u>	<u>714,160</u>
<b>Fund balances at year end</b>	<u>\$ 754,400</u>	<u>\$ 874,650</u>	<u>\$ 120,250</u>	<u>\$ 714,561</u>

**CITY OF LA PORTE**  
**SPECIAL REVENUE FUND - SECTION 4B SALES TAX**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**  
**With comparative actual totals for the year ended September 30, 2010**

	<b>2011</b>		<b>Variance Positive / (Negative)</b>	<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Sales and use taxes	\$ 1,433,226	\$ 1,610,751	\$ 177,525	\$ 1,571,257
Investment Earnings	10,000	5,068	(4,932)	8,253
Miscellaneous Revenue	-	-	-	48
<b>Total Revenues</b>	<u>1,443,226</u>	<u>1,615,819</u>	<u>172,593</u>	<u>1,579,558</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	242,459	157,554	84,905	151,644
<b>Total Expenditures</b>	<u>242,459</u>	<u>157,554</u>	<u>84,905</u>	<u>151,644</u>
Net change in fund balance	1,200,767	1,458,265	257,498	1,427,914
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(977,692)	(977,692)	-	(1,464,104)
<b>Total Other Financing Sources (Uses)</b>	<u>(977,692)</u>	<u>(977,692)</u>	<u>-</u>	<u>(1,464,104)</u>
Net change in fund balance	(754,617)	480,573	257,498	(36,190)
<b>Fund balances, beginning of year</b>	<u>1,644,651</u>	<u>1,644,651</u>	<u>-</u>	<u>1,680,841</u>
<b>Fund balances at year end</b>	<u>\$ 1,867,726</u>	<u>\$ 2,125,224</u>	<u>\$ 257,498</u>	<u>\$ 1,644,651</u>

**CITY OF LA PORTE**

**SPECIAL REVENUE FUND - TAX INCREMENT REINVESTMENT ZONE**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>		<b>Variance</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Positive / (Negative)</b>	<b>2010</b>
<b>Revenues</b>				
Property Taxes for General Purposes	\$ 2,000,000	\$ 1,873,386	\$ (126,614)	\$ 1,738,188
Charges for Services	-	-	-	89,483
Investment Earnings	750	965	215	910
<b>Total Revenues</b>	<u>2,000,750</u>	<u>1,874,351</u>	<u>(126,399)</u>	<u>1,828,581</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	519,250	467,146	52,104	1,321,399
Capital outlay	1,400,000	1,205,753	194,247	-
<b>Total Expenditures</b>	<u>1,919,250</u>	<u>1,672,899</u>	<u>246,351</u>	<u>1,321,399</u>
Net change in fund balance	81,500	201,452	119,952	507,182
<b>Fund balances, beginning of year</b>	<u>157,492</u>	<u>157,492</u>	<u>-</u>	<u>(349,690)</u>
<b>Fund balances at year end</b>	<u>\$ 238,992</u>	<u>\$ 358,944</u>	<u>\$ 119,952</u>	<u>\$ 157,492</u>

**CITY OF LA PORTE**  
**SPECIAL REVENUE FUND - GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**  
**With comparative actual totals for the year ended September 30, 2010**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Fine and Forfeits	\$ 60,500	\$ 178,399	\$ 117,899	\$ 271,086
Charges for Services	492	14,898	14,406	15,194
Intergovernmental	613,516	917,206	303,690	987,669
Investment Earnings	-	3,026	3,026	2,927
Miscellaneous Revenue	4,875	3,524	(1,351)	4,455
<b>Total Revenues</b>	<b>679,383</b>	<b>1,117,053</b>	<b>437,670</b>	<b>1,281,331</b>
<b>Expenditures</b>				
<b>Current:</b>				
General Government	843,492	594,786	248,706	46,371
Public Safety	574,966	455,979	118,987	395,435
Public Works	88,200	62,334	25,866	4,227
Culture and Recreation	171,785	148,375	23,410	68,562
Capital Outlay	18,200	55,516	(37,316)	174,921
<b>Total Expenditures</b>	<b>1,696,643</b>	<b>1,316,990</b>	<b>379,653</b>	<b>689,516</b>
Net change in fund balance	(1,017,260)	(199,937)	817,323	591,815
<b>Other Financing Sources (Uses)</b>				
Transfers in	35,615	35,615	-	-
Transfers (out)	-	-	-	(658,245)
<b>(Uses)</b>	<b>35,615</b>	<b>35,615</b>	<b>-</b>	<b>(658,245)</b>
Net change in fund balance	(981,645)	(164,322)	817,323	(66,430)
<b>Fund balances, beginning of year</b>	<b>1,149,438</b>	<b>1,149,438</b>	<b>-</b>	<b>1,215,868</b>
<b>Fund balances at year end</b>	<b>\$ 167,793</b>	<b>\$ 985,116</b>	<b>\$ 817,323</b>	<b>\$ 1,149,438</b>

**CITY OF LA PORTE**  
**SPECIAL REVENUE FUND - STREET MAINTENANCE SALES TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
*For the Year Ended September 30, 2011*  
*With comparative actual totals for the year ended September 30, 2010*

	2011		Variance Positive / (Negative)	2010
	Final Budget	Actual		
<b>Revenues</b>				
General Sales Tax	\$ 716,613	\$ 805,375	\$ 88,762	\$ 785,628
Investment earnings	2,000	1,401	(599)	2,366
<b>Total Revenues</b>	718,613	806,776	88,163	787,994
<b>Expenditures</b>				
<b>Current:</b>				
Capital outlay	1,455,867	1,028,613	427,254	320,604
<b>Total Expenditures</b>	1,455,867	1,028,613	427,254	320,604
Net change in fund balance	(737,254)	(221,837)	515,417	467,390
<b>Fund balances, beginning of year</b>	868,063	868,063	-	400,673
<b>Fund balances at year end</b>	\$ 130,809	\$ 646,226	\$ 515,417	\$ 868,063

**CITY OF LA PORTE**

**CAPITAL PROJECTS FUND - TRANSPORTATION & OTHER INFRASTRUCTURE**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Investment Earnings	\$ 7,000	\$ 728	\$ (6,272)	\$ 6,708
<b>Total Revenues</b>	<u>7,000</u>	<u>728</u>	<u>(6,272)</u>	<u>6,708</u>
<b>Expenditures</b>				
<b>Current:</b>				
Capital Outlay	355,000	569,736	(214,736)	599,575
<b>Total Expenditures</b>	<u>355,000</u>	<u>569,736</u>	<u>(214,736)</u>	<u>599,575</u>
Net change in fund balance	(348,000)	(569,008)	(221,008)	(592,867)
<b>Fund balances, beginning of year</b>	<u>629,224</u>	<u>629,224</u>	<u>-</u>	<u>1,222,091</u>
<b>Fund balances at year end</b>	<u><u>\$ 281,224</u></u>	<u><u>\$ 60,216</u></u>	<u><u>\$ (221,008)</u></u>	<u><u>\$ 629,224</u></u>

**CITY OF LA PORTE****CAPITAL PROJECTS FUND - 1998 GENERAL OBLIGATION BONDS****SCHEDULE OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL***For the Year Ended September 30, 2011**With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	<b>2010</b>
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 3,614	\$ 3,614	\$ 6,872
<b>Total Revenues</b>	<u>-</u>	<u>3,614</u>	<u>3,614</u>	<u>6,872</u>
<b>Expenditures</b>				
<b>Current:</b>				
Capital Outlay	-	156,014	(156,014)	8,578
<b>Total Expenditures</b>	<u>-</u>	<u>156,014</u>	<u>(156,014)</u>	<u>8,578</u>
Net change in fund balance	-	(152,400)	(152,400)	(1,706)
<b>Fund balances, beginning of year</b>	<u>1,153,011</u>	<u>1,153,011</u>	<u>-</u>	<u>1,154,717</u>
<b>Fund balances at year end</b>	<u>\$ 1,153,011</u>	<u>\$ 1,000,611</u>	<u>\$ (152,400)</u>	<u>\$ 1,153,011</u>

**CITY OF LA PORTE**

**CAPITAL PROJECTS FUND - 2000 CERTIFICATE OF OBLIGATION BONDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	<b>2010</b>
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 93	\$ 93	\$ 175
<b>Total Revenues</b>	<u>-</u>	<u>93</u>	<u>93</u>	<u>175</u>
Net change in fund balance	-	93	93	175
<b>Fund balances, beginning of year</b>	<u>29,522</u>	<u>29,522</u>	<u>-</u>	<u>29,347</u>
<b>Fund balances at year end</b>	<u>\$ 29,522</u>	<u>\$ 29,615</u>	<u>\$ 93</u>	<u>\$ 29,522</u>

**CITY OF LA PORTE****CAPITAL PROJECTS FUND - 2004 CERTIFICATE OF OBLIGATION BONDS****SCHEDULE OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL***For the Year Ended September 30, 2011**With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>		<b>Variance</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Positive / (Negative)</b>	<b>2010</b>
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 851	\$ 851	\$ 3,737
<b>Total Revenues</b>	<u>-</u>	<u>851</u>	<u>851</u>	<u>3,737</u>
<b>Expenditures</b>				
Capital Outlay	<u>550,000</u>	<u>145,667</u>	<u>404,333</u>	<u>242,893</u>
<b>Total Expenditures</b>	<u>550,000</u>	<u>145,667</u>	<u>404,333</u>	<u>242,893</u>
Net change in fund balance	(550,000)	(144,816)	405,184	(239,156)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(282,428)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(282,428)</u>
Net change in fund balance	(550,000)	(144,816)	405,184	(521,584)
<b>Fund balances, beginning of year</b>	<u>707,594</u>	<u>707,594</u>	<u>-</u>	<u>1,229,178</u>
<b>Fund balances at year end</b>	<u>\$ 157,594</u>	<u>\$ 562,778</u>	<u>\$ 405,184</u>	<u>\$ 707,594</u>

**CITY OF LA PORTE****CAPITAL PROJECTS FUND - 2005 CERTIFICATE OF OBLIGATION BONDS****SCHEDULE OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL***For the Year Ended September 30, 2011**With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	<b>2010</b>
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 129	\$ 129	\$ 878
<b>Total Revenues</b>	<u>-</u>	<u>129</u>	<u>129</u>	<u>878</u>
<b>Expenditures</b>				
Capital Outlay	-	38,943	(38,943)	232,089
<b>Total Expenditures</b>	<u>-</u>	<u>38,943</u>	<u>(38,943)</u>	<u>232,089</u>
Net change in fund balance	-	(38,814)	(38,814)	(231,211)
<b>Fund balances, beginning of year</b>	<u>67,453</u>	<u>67,453</u>	<u>-</u>	<u>298,664</u>
<b>Fund balances at year end</b>	<u>\$ 67,453</u>	<u>\$ 28,639</u>	<u>\$ (38,814)</u>	<u>\$ 67,453</u>

**CITY OF LA PORTE**

**CAPITAL PROJECTS FUND - 2005 GENERAL OBLIGATION BONDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 169	\$ 169	\$ 227
<b>Total Revenues</b>	<b>-</b>	<b>169</b>	<b>169</b>	<b>227</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	-	23,697	(23,697)	10,000
<b>Total Expenditures</b>	<b>-</b>	<b>23,697</b>	<b>(23,697)</b>	<b>10,000</b>
Net change in fund balance	-	(23,528)	(23,528)	(9,773)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	-	-	-	(16,219)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,219)</b>
Net change in fund balance	-	(23,528)	(23,528)	(25,992)
<b>Fund balances, beginning of year</b>	<b>24,420</b>	<b>24,420</b>	<b>-</b>	<b>50,412</b>
<b>Fund balances at year end</b>	<b>\$ 24,420</b>	<b>\$ 892</b>	<b>\$ (23,528)</b>	<b>\$ 24,420</b>

**CITY OF LA PORTE**

**CAPITAL PROJECTS FUND - 2006 CERTIFICATE OF OBLIGATION BONDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 48,402	\$ 48,402	\$ 4,160
<b>Total Revenues</b>	<u>-</u>	<u>48,402</u>	<u>48,402</u>	<u>4,160</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works	-	773	(773)	49,392
Capital Outlay	-	769,930	(769,930)	1,667,425
<b>Total Expenditures</b>	<u>-</u>	<u>770,703</u>	<u>(770,703)</u>	<u>1,716,817</u>
Net change in fund balance	-	(722,301)	(722,301)	(1,712,657)
<b>Fund balances, beginning of year</b>	<u>1,332,464</u>	<u>1,332,464</u>	<u>-</u>	<u>3,045,121</u>
<b>Fund balances at year end</b>	<u>\$ 1,332,464</u>	<u>\$ 610,163</u>	<u>\$ (722,301)</u>	<u>\$ 1,332,464</u>

**CITY OF LA PORTE**  
**CAPITAL PROJECTS FUND - 2006 GENERAL OBLIGATION BONDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**  
**With comparative actual totals for the year ended September 30, 2010**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Miscellaneous Taxes	\$ -	\$ 35,615	\$ 35,615	\$ -
Investment Earnings	-	213	213	581
<b>Total Revenues</b>	<b>-</b>	<b>35,828</b>	<b>35,828</b>	<b>581</b>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and Recreation	51,037	15,609	35,428	-
Capital Outlay	-	-	-	197,806
<b>Total Expenditures</b>	<b>51,037</b>	<b>15,609</b>	<b>35,428</b>	<b>197,806</b>
Net change in fund balance	(51,037)	20,219	71,256	(197,225)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(35,615)	(35,615)	-	-
<b>(Uses)</b>	<b>(35,615)</b>	<b>(35,615)</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(86,652)	(15,396)	71,256	(197,225)
<b>Fund balances, beginning of year</b>	<b>134,858</b>	<b>134,858</b>	<b>-</b>	<b>332,083</b>
<b>Fund balances at year end</b>	<b>\$ 48,206</b>	<b>\$ 119,462</b>	<b>\$ 71,256</b>	<b>\$ 134,858</b>

**CITY OF LA PORTE**

**CAPITAL PROJECTS FUND - 2007 CERTIFICATE OF OBLIGATION BONDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>		<b>Variance Positive / (Negative)</b>	<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ 2,264	\$ 2,264	\$ 5,516
<b>Total Revenues</b>	<b>-</b>	<b>2,264</b>	<b>2,264</b>	<b>5,516</b>
<b>Expenditures</b>				
Capital outlay	165,476	116,873	48,603	313,897
<b>Total Expenditures</b>	<b>165,476</b>	<b>116,873</b>	<b>48,603</b>	<b>313,897</b>
Net change in fund balance	(165,476)	(114,609)	50,867	(308,381)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(481,708)	(481,708)	-	(478,308)
<b>Total Other Financing Sources (Uses)</b>	<b>(481,708)</b>	<b>(481,708)</b>	<b>-</b>	<b>(478,308)</b>
Net change in fund balance	(647,184)	(596,317)	50,867	(786,689)
<b>Fund balances, beginning of year</b>	<b>1,014,745</b>	<b>1,014,745</b>	<b>-</b>	<b>1,801,434</b>
<b>Fund balances at year end</b>	<b>\$ 367,561</b>	<b>\$ 418,428</b>	<b>\$ 50,867</b>	<b>\$ 1,014,745</b>

**CITY OF LA PORTE**

**CAPITAL PROJECTS FUND - 2010 CERTIFICATE OF OBLIGATION BONDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

*With comparative actual totals for the year ended September 30, 2010*

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Investment earnings	\$ 10,000	\$ 7,540	\$ (2,460)	\$ 3,547
<b>Total Revenues</b>	<u>10,000</u>	<u>7,540</u>	<u>(2,460)</u>	<u>3,547</u>
<b>Expenditures</b>				
Capital outlay	-	2,771,299	(2,771,299)	461,470
<b>Total Expenditures</b>	<u>-</u>	<u>2,771,299</u>	<u>(2,771,299)</u>	<u>461,470</u>
Net change in fund balance	10,000	(2,763,759)	(2,773,759)	(457,923)
<b>Other Financing Sources (Uses)</b>				
Other sources	-	-	-	6,265,000
Premium on bonds	-	-	-	123,670
Transfers (out)	-	-	-	(141,354)
<b>(Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,247,316</u>
Net change in fund balance	10,000	(2,763,759)	(2,773,759)	5,789,393
<b>Fund balances, beginning of year</b>	<u>5,789,393</u>	<u>5,789,393</u>	<u>-</u>	<u>-</u>
<b>Fund balances at year end</b>	<u><u>\$ 5,799,393</u></u>	<u><u>\$ 3,025,634</u></u>	<u><u>\$ (2,773,759)</u></u>	<u><u>\$ 5,789,393</u></u>

**CITY OF LA PORTE**  
**CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**  
**With comparative actual totals for the year ended September 30, 2010**

	<b>2011</b>		<b>Variance Positive / (Negative)</b>	<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for service	\$ 270,000	\$ 266,012	\$ (3,988)	\$ 266,859
Investment earnings	400	934	534	590
<b>Total Revenues</b>	<u>270,400</u>	<u>266,946</u>	<u>(3,454)</u>	<u>267,449</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public works	270,000	409,663	(139,663)	-
<b>Total Expenditures</b>	<u>270,000</u>	<u>409,663</u>	<u>(139,663)</u>	<u>-</u>
Net change in fund balance	400	(142,717)	(143,117)	267,449
<b>Fund balances, beginning of year</b>	<u>267,449</u>	<u>267,449</u>	<u>-</u>	<u>-</u>
<b>Fund balances at year end</b>	<u><u>\$ 267,849</u></u>	<u><u>\$ 124,732</u></u>	<u><u>\$ (143,117)</u></u>	<u><u>\$ 267,449</u></u>

**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES  
General Fund**

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**CITY OF LA PORTE, TEXAS**

*General Fund*

*Schedule of Revenues - Budget and Actual*

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Taxes:				
Ad valorem:				
Current	\$ 13,119,885	\$ 12,588,592	\$ 12,513,618	\$ (74,974)
Delinquent	200,000	200,000	200,317	317
Industrial Payments	10,256,410	10,156,410	10,192,582	36,172
Total ad valorem	<u>23,576,295</u>	<u>22,945,002</u>	<u>22,906,517</u>	<u>(38,485)</u>
Penalty and interest	170,000	179,521	180,538	1,017
Sales Taxes	2,866,451	3,192,900	3,220,260	27,360
Other Taxes	89,321	80,000	76,554	(3,446)
Franchise Fees:				
Electrical	1,259,737	1,259,737	1,264,979	5,242
Gas	169,932	169,932	136,740	(33,192)
Telephone	295,000	375,000	427,982	52,982
Cable	357,275	225,000	281,897	56,897
Commercial Solidwaste	93,447	90,000	84,226	(5,774)
Total Franchise Fees	<u>2,175,391</u>	<u>2,119,669</u>	<u>2,195,824</u>	<u>76,155</u>
Charges for Services:				
Public safety service fees	1,410,482	1,437,443	1,535,953	98,510
Health and sanitation service fees	1,993,000	1,991,500	2,021,467	29,967
Culture and recreation fees	1,495,800	1,432,844	1,470,326	37,482
Other service fees	335,400	367,150	308,670	(58,480)
Total Charges for Services	<u>5,234,682</u>	<u>5,228,937</u>	<u>5,336,416</u>	<u>107,479</u>
Intergovernmental	2,000	1,000	-	(1,000)
Licenses and permits:				
Building permits	27,669	29,431	291,714	262,283
Licenses	542,155	224,825	21,248	(203,577)
Total Licenses and permits	<u>569,824</u>	<u>254,256</u>	<u>312,962</u>	<u>58,706</u>
Investment income	162,500	70,000	75,422	5,422
Fines and forfeitures	1,692,440	1,591,950	1,545,191	(46,759)
Miscellaneous	40,000	52,100	238,146	186,046
Total revenues	<u>\$ 36,578,904</u>	<u>\$ 35,715,335</u>	<u>\$ 36,087,830</u>	<u>\$ 372,495</u>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2011

General Government	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Administration:</b>				
Emergency Management:				
Personal services	\$ 182,343	\$ 194,731	\$ 192,166	\$ 2,565
Supplies	10,435	25,325	21,262	4,063
Other services and charges	94,168	93,678	87,379	6,299
Capital Outlay	13,656	-	-	
Total Emergency Management	<u>300,602</u>	<u>313,734</u>	<u>300,807</u>	<u>12,927</u>
General Administration:				
Personal services	486,717	496,966	456,108	40,858
Supplies	7,300	8,350	5,792	2,558
Other services and charges	87,934	126,186	107,524	18,662
Total General Administration	<u>581,951</u>	<u>631,502</u>	<u>569,424</u>	<u>62,078</u>
Community Investment:				
Supplies	35,000	35,000	26,096	8,904
Other services and charges	348,400	348,400	267,640	80,760
Total Community Investment	<u>383,400</u>	<u>383,400</u>	<u>293,736</u>	<u>89,664</u>
Human Resources:				
Personal services	240,774	263,940	224,891	39,049
Supplies	7,050	8,968	7,834	1,134
Other services and charges	93,388	101,195	101,627	(432)
Total Human Resources	<u>341,212</u>	<u>374,103</u>	<u>334,352</u>	<u>39,751</u>
Information Technology				
Personal services	352,111	364,526	363,484	1,042
Supplies	153,623	146,473	144,136	2,337
Other services and charges	790,808	855,747	922,857	(67,110)
Total Information Technology	<u>1,296,542</u>	<u>1,366,746</u>	<u>1,430,477</u>	<u>(63,731)</u>
Municipal Court:				
Personal services	463,071	466,583	453,597	12,986
Supplies and materials	19,300	18,300	16,454	1,846
Other services and charges	234,032	231,032	234,728	(3,696)
Total Municipal Court	<u>716,403</u>	<u>715,915</u>	<u>704,779</u>	<u>11,136</u>
Purchasing:				
Personal services	226,276	227,312	229,673	(2,361)
Supplies	3,125	4,375	3,673	702
Other services and charges	13,069	8,954	7,722	1,232
Total Purchasing	<u>242,470</u>	<u>240,641</u>	<u>241,068</u>	<u>(427)</u>
City Secretary:				
Personal services	340,104	344,240	313,228	31,012
Supplies and materials	2,125	3,625	3,336	289
Other services and charges	90,062	75,562	63,336	12,226
Total City Secretary	<u>432,291</u>	<u>423,427</u>	<u>379,900</u>	<u>43,527</u>
Legal:				
Personal services	14,412	14,412	14,412	-
Other services and charges	172,682	183,682	187,952	(4,270)
Total Legal	<u>187,094</u>	<u>198,094</u>	<u>202,364</u>	<u>(4,270)</u>
City Council:				
Personal services	19,377	20,477	20,651	(174)
Supplies and materials	14,650	36,010	23,724	12,286
Other services and charges	37,462	19,462	21,687	(2,225)
Total City Council	<u>71,489</u>	<u>75,949</u>	<u>66,062</u>	<u>9,887</u>
<b>Total Administration</b>	<u>4,553,454</u>	<u>4,723,511</u>	<u>4,522,969</u>	<u>200,542</u>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued)</b>				
<b>Finance:</b>				
Accounting:				
Personal services	\$ 643,360	\$ 608,031	\$ 605,522	\$ 2,509
Supplies	14,900	14,900	12,432	2,468
Other services and charges	72,867	110,130	95,480	14,650
Total Accounting	<u>731,127</u>	<u>733,061</u>	<u>713,434</u>	<u>19,627</u>
Nondepartmental:				
Personal services	690,168	747,168	756,355	(9,187)
Supplies	4,000	4,200	4,047	153
Other services and charges	1,291,784	882,172	875,731	6,441
Total Nondepartmental	<u>1,985,952</u>	<u>1,633,540</u>	<u>1,636,133</u>	<u>(2,593)</u>
Tax Office:				
Personal services	234,208	237,484	234,780	2,704
Supplies and materials	11,050	11,050	9,470	1,580
Other services and charges	211,034	209,584	186,058	23,526
Total Tax Office	<u>456,292</u>	<u>458,118</u>	<u>430,308</u>	<u>27,810</u>
<b>Total Finance</b>	<u>3,173,371</u>	<u>2,824,719</u>	<u>2,779,875</u>	<u>44,844</u>
<b>Planning and Engineering:</b>				
Planning and Engineering:				
Personal services	914,073	1,055,035	947,382	107,653
Supplies	13,000	16,969	14,316	2,653
Other services and charges	213,138	120,784	97,093	23,691
Total Planning and Engineering	<u>1,140,211</u>	<u>1,192,788</u>	<u>1,058,791</u>	<u>133,997</u>
Inspection:				
Personal services	715,427	721,867	703,018	18,849
Supplies	25,507	25,507	22,569	2,938
Other services and charges	170,579	165,529	130,891	34,638
Total Inspection	<u>911,513</u>	<u>912,903</u>	<u>856,478</u>	<u>56,425</u>
<b>Total Planning and Engineering</b>	<u>2,051,724</u>	<u>2,105,691</u>	<u>1,915,269</u>	<u>190,422</u>
<b>Total General Government</b>	<u>9,778,549</u>	<u>9,653,921</u>	<u>9,218,113</u>	<u>435,808</u>
<b>Public Safety</b>				
<b>Fire</b>				
Fire Prevention:				
Personal services	253,036	256,260	255,472	788
Supplies	13,498	26,498	18,982	7,516
Other services and charges	36,331	30,640	30,925	(285)
Total Fire Prevention	<u>302,865</u>	<u>313,398</u>	<u>305,379</u>	<u>8,019</u>
Fire suppression:				
Personal services	1,306,970	1,340,312	1,334,752	5,560
Supplies	146,811	146,811	140,438	6,373
Other services and charges	584,692	557,492	545,032	12,460
Capital Outlay	13,500	13,500	13,302	198
Total Fire Suppression	<u>2,051,973</u>	<u>2,058,115</u>	<u>2,033,524</u>	<u>24,591</u>
Emergency medical services:				
Personal services	1,760,302	1,688,128	1,581,102	107,026
Supplies	153,346	190,574	191,373	(799)
Other services and charges	197,461	209,361	202,128	7,233
Capital Outlay	45,700	19,472	13,046	6,426
Total Emergency Services	<u>2,156,809</u>	<u>2,107,535</u>	<u>1,987,649</u>	<u>119,886</u>
<b>Total Fire</b>	<u>4,511,647</u>	<u>4,479,048</u>	<u>4,326,552</u>	<u>152,496</u>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety (continued)</b>				
<b>Police</b>				
Police Administration:				
Personal services	\$ 680,098	\$ 698,343	\$ 700,691	\$ (2,348)
Supplies	15,036	18,286	20,674	(2,388)
Other services and charges	254,891	225,866	243,172	(17,306)
Total Police Administration	<u>950,025</u>	<u>942,495</u>	<u>964,537</u>	<u>(22,042.00)</u>
Police Patrol:				
Personal services	4,251,555	4,376,523	4,377,697	(1,174)
Supplies	181,800	254,625	245,731	8,894
Other services and charges	564,248	545,740	551,820	(6,080)
Total Police Patrol	<u>4,997,603</u>	<u>5,176,888</u>	<u>5,175,248</u>	<u>1,640</u>
Criminal Investigation:				
Personal services	1,758,687	1,721,592	1,659,282	62,310
Supplies	48,580	72,857	69,826	3,031
Other services and charges	90,564	87,789	84,970	2,819
Total Criminal Investigation	<u>1,897,831</u>	<u>1,882,238</u>	<u>1,814,078</u>	<u>68,160</u>
Support Services:				
Personal services	1,933,608	1,898,570	1,866,384	32,186
Supplies	115,525	123,293	116,816	6,477
Other services and charges	85,258	97,988	88,536	9,452
Total Support Services	<u>2,134,391</u>	<u>2,119,851</u>	<u>2,071,736</u>	<u>48,115</u>
<b>Total Police</b>	<u>9,979,850</u>	<u>10,121,472</u>	<u>10,025,599</u>	<u>95,873</u>
<b>Total Public Safety</b>	<u>14,491,497</u>	<u>14,600,520</u>	<u>14,352,151</u>	<u>248,369</u>
<b>Public Works</b>				
Public Works Administration:				
Personal services	278,822	272,121	263,614	8,507
Supplies and materials	7,300	8,300	7,081	1,219
Other services and charges	81,160	82,959	68,424	14,535
Total Public Works Administration	<u>367,282</u>	<u>363,380</u>	<u>339,119</u>	<u>24,261</u>
Streets:				
Personal services	1,587,359	1,591,800	1,522,937	68,863
Supplies	138,309	144,309	132,473	11,836
Other services and charges	643,440	643,992	570,673	73,319
Capital Outlay	50,000	80,000	47,925	32,075
Total Streets	<u>2,419,108</u>	<u>2,460,101</u>	<u>2,274,008</u>	<u>186,093</u>
<b>Total Public Works</b>	<u>2,786,390</u>	<u>2,823,481</u>	<u>2,613,127</u>	<u>210,354</u>
<b>Health and Sanitation</b>				
Residential Solidwaste:				
Personal services	1,099,652	1,127,282	1,109,358	17,924
Supplies	220,789	244,581	242,674	1,907
Other services and charges	866,887	839,855	811,236	28,619
Total Residential Solidwaste	<u>2,187,328</u>	<u>2,211,718</u>	<u>2,163,268</u>	<u>48,450</u>
Commercial solidwaste:				
Other services and charges	20,000	20,000	18,689	1,311
Total Commercial Solidwaste	<u>20,000</u>	<u>20,000</u>	<u>18,689</u>	<u>1,311</u>
<b>Total Health and Sanitation</b>	<u>2,207,328</u>	<u>2,231,718</u>	<u>2,181,957</u>	<u>49,761</u>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Culture &amp; Recreation</b>				
Park Maintenance:				
Personal services	1,196,640	1,206,187	1,192,804	13,383
Supplies and materials	106,519	111,700	120,189	(8,489)
Other services and charges	765,673	783,048	800,758	(17,710)
Capital outlay	100,534	86,034	68,321	17,713
Total Park Maintenance	<u>2,169,366</u>	<u>2,186,969</u>	<u>2,182,072</u>	<u>4,897</u>
Recreation:				
Personal services	543,742	539,874	531,478	8,396
Supplies	102,674	106,674	102,442	4,232
Other services and charges	182,123	189,873	171,317	18,556
Total Recreation	<u>828,539</u>	<u>836,421</u>	<u>805,237</u>	<u>31,184</u>
Special Services:				
Personal services	376,385	380,208	369,163	11,045
Supplies	23,147	23,424	20,316	3,108
Other services and charges	54,592	52,890	49,988	2,902
Total Special Services	<u>454,124</u>	<u>456,522</u>	<u>439,467</u>	<u>17,055</u>
Parks Administration:				
Personal Services	495,521	502,821	461,350	41,471
Supplies	9,650	9,650	7,652	1,998
Other Services and Charges	21,987	18,562	13,950	4,612
Total Parks Administration	<u>527,158</u>	<u>531,033</u>	<u>482,952</u>	<u>48,081</u>
Golf Course - Club House				
Personal Services	375,803	382,944	376,519	6,425
Supplies	53,800	54,600	50,953	3,647
Other Services and Charges	83,329	86,779	74,745	12,034
Total Golf Course	<u>512,932</u>	<u>524,323</u>	<u>502,217</u>	<u>22,106</u>
Golf Course - Maintenance				
Personal Services	529,161	531,382	507,977	23,405
Supplies	163,700	160,010	133,647	26,363
Other Services and Charges	79,911	88,711	77,404	11,307
Total Golf Course	<u>772,772</u>	<u>780,103</u>	<u>719,028</u>	<u>61,075</u>
<b>Total Culture &amp; Recreation</b>	<u>5,264,891</u>	<u>5,315,371</u>	<u>5,130,973</u>	<u>184,398</u>
<b>Total General Fund</b>	<u>\$ 34,528,655</u>	<u>\$ 34,625,011</u>	<u>\$ 33,496,321</u>	<u>\$ 1,128,690</u>

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## 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 financial activities of the airport, which includes rentals, grants and other revenues.

Golf Course Fund – This fund is used to account for revenues and expenses related to the operation of an eighteen-hole municipal course. During FY2011, the activities of the course were transferred to the general fund and accounted for in culture and recreation.

**CITY OF LA PORTE**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
*September 30, 2011*

	<b>Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 232,042	\$ -	\$ 232,042
Investments	116,726	-	116,726
Interest receivable	93	-	93
<b>Total current assets</b>	<b>348,861</b>	<b>-</b>	<b>348,861</b>
<b>Non-current assets:</b>			
Capital Assets:			
Land and improvements	203,504	-	203,504
Improvements other than buildings	5,778,399	-	5,778,399
Less Accumulated depreciation	(3,117,789)	-	(3,117,789)
<b>Total non-current assets</b>	<b>2,864,114</b>	<b>-</b>	<b>2,864,114</b>
<b>Total assets</b>	<b>3,212,975</b>	<b>-</b>	<b>3,212,975</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	3,433	-	3,433
Other accrued expenses	1,500	-	1,500
<b>Total current liabilities</b>	<b>4,933</b>	<b>-</b>	<b>4,933</b>
<b>Total liabilities</b>	<b>4,933</b>	<b>-</b>	<b>4,933</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,864,114	-	2,864,114
Unrestricted	343,928	-	343,928
<b>Total net assets</b>	<b>\$ 3,208,042</b>	<b>\$ -</b>	<b>\$ 3,208,042</b>

**CITY OF LA PORTE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**NONMAJOR ENTERPRISE FUNDS**

*For the Year Ended September 30, 2011*

	<b>Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Revenues</b>			
Charges for services	\$ 56,429	\$ -	\$ 56,429
<b>Total revenues</b>	<u>56,429</u>	<u>-</u>	<u>56,429</u>
<b>Operating Expenses</b>			
Other supplies and expenses	27,989	-	27,989
Depreciation	166,403	-	166,403
<b>Total Operating Expenses</b>	<u>194,392</u>	<u>-</u>	<u>194,392</u>
Operating income (loss)	<u>(137,963)</u>	<u>-</u>	<u>(137,963)</u>
<b>Non-operating Revenues (Expenses)</b>			
Interest and investment revenue	1,087	-	1,087
<b>Total non-operating revenue (expenses)</b>	<u>1,087</u>	<u>-</u>	<u>1,087</u>
Income (loss) before contributions and transfers	<u>(136,876)</u>	<u>-</u>	<u>(136,876)</u>
Capital contributions	29,775	-	29,775
Transfers out	(518)	(2,143,803)	(2,144,321)
Change in net assets	<u>(107,619)</u>	<u>(2,143,803)</u>	<u>(2,251,422)</u>
<b>Total net assets - beginning</b>	<u>3,315,661</u>	<u>2,143,803</u>	<u>5,459,464</u>
<b>Total net assets - ending</b>	<u>\$ 3,208,042</u>	<u>\$ -</u>	<u>\$ 3,208,042</u>

**CITY OF LA PORTE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
*For the Year Ended September 30, 2011*

	<b>Enterprise Funds</b>		
	<u>Airport Fund</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 56,429	\$ -	\$ 56,429
Disbursed for goods and services	(24,671)	-	(24,671)
<b>Net cash provided (used) by operating activities</b>	<u>31,758</u>	<u>-</u>	<u>31,758</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(518)	(2,143,803)	(2,144,321)
<b>Net cash provided by (used by) noncapital financing activities</b>	<u>(518)</u>	<u>(2,143,803)</u>	<u>(2,144,321)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Disposition of assets to governmental activities		2,868,809	2,868,809
Disposition of liabilities to governmental activities	29,775	(726,646)	(696,871)
Acquisition and construction of capital assets	(53,255)		(53,255)
<b>Net cash used by capital and related financing activities</b>	<u>(23,480)</u>	<u>2,142,163</u>	<u>2,118,683</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	(31,805)	-	(31,805)
Interest received	1,031	-	1,031
<b>Net cash provided by (used by) investing activities</b>	<u>(30,774)</u>	<u>-</u>	<u>(30,774)</u>
Net increase in cash and equivalents	(23,014)	(1,640)	(24,654)
<b>Cash and equivalents, beginning of year</b>	<u>255,056</u>	<u>1,640</u>	<u>256,696</u>
<b>Cash and equivalents, at end of year</b>	<u>\$ 232,042</u>	<u>\$ -</u>	<u>\$ 232,042</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	\$ (137,963)	\$ -	\$ (137,963)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	166,403	-	166,403
Increase (decrease) in accounts payable	3,318	-	3,318
<b>Net cash provided by operating activities</b>	<u>\$ 31,758</u>	<u>\$ -</u>	<u>\$ 31,758</u>

## 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**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
*September 30, 2011*

	<b>Vehicle Replacement Fund</b>	<b>Employee Health Insurance</b>	<b>Technology</b>	<b>Total</b>
<b>Assts</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,473,116	\$ 1,498,202	\$ 455,665	\$ 4,426,983
Investments	1,244,064	753,648	229,216	2,226,928
Accounts Receivables, net	-	119,927	-	119,927
Other receivables	1,040	600	183	1,823
Inventories	34,628	-	-	34,628
<b>Total current assets</b>	<b>3,752,848</b>	<b>2,372,377</b>	<b>685,064</b>	<b>6,810,289</b>
<b>Non-current assets:</b>				
<b>Capital Assets:</b>				
Equipment and Furniture	13,241,185	-	205,945	13,447,130
Less Accumulated depreciation	(7,591,157)	-	(167,014)	(7,758,171)
<b>Total non-current assets</b>	<b>5,650,028</b>	<b>-</b>	<b>38,931</b>	<b>5,688,959</b>
<b>Total assets</b>	<b>9,402,876</b>	<b>2,372,377</b>	<b>723,995</b>	<b>12,499,248</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	21,672	29,478	-	51,150
Salaries payable	24,764	813	-	25,577
Claims and judgments	-	573,894	-	573,894
Total current liabilities	46,436	604,185	-	650,621
Non-current liabilities:				
Compensated absences	86,330	-	-	86,330
Total non-current liabilities	86,330	-	-	86,330
<b>Total liabilities</b>	<b>132,766</b>	<b>604,185</b>	<b>-</b>	<b>736,951</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,650,028	-	38,931	5,688,959
Unrestricted	3,620,082	1,768,192	685,064	6,073,338
<b>Total net assets</b>	<b>\$ 9,270,110</b>	<b>\$ 1,768,192</b>	<b>\$ 723,995</b>	<b>\$ 11,762,297</b>

**CITY OF LA PORTE, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS*

*INTERNAL SERVICE FUNDS*

*For the Year Ended September 30, 2011*

	<b>Vehicle Replacement Fund</b>	<b>Employee Health Insurance</b>	<b>Technology</b>	<b>Total</b>
<b>Revenues</b>				
Charges for services	\$ 2,078,315	\$ 3,729,511	\$ 161,284	\$ 5,969,110
<b>Total operating revenues</b>	<u>2,078,315</u>	<u>3,729,511</u>	<u>161,284</u>	<u>5,969,110</u>
<b>Operating Expenses</b>				
Personal services	713,989	115,413	-	829,402
Supplies and materials	294,685	-	-	294,685
Other expenses	105,295	5,196,315	60	5,301,670
Depreciation	725,824	-	15,990	741,814
<b>Total operating expenses</b>	<u>1,839,793</u>	<u>5,311,728</u>	<u>16,050</u>	<u>7,167,571</u>
Operating income (loss)	<u>238,522</u>	<u>(1,582,217)</u>	<u>145,234</u>	<u>(1,198,461)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and investment revenue	13,571	7,793	1,800	23,164
Miscellaneous income	-	-	60	60
Gain (loss) on disposal of capital assets	(51,053)	-	-	(51,053)
<b>Total non-operating revenue (expenses)</b>	<u>(37,482)</u>	<u>7,793</u>	<u>1,860</u>	<u>(27,829)</u>
Income (loss) before transfers	201,040	(1,574,424)	147,094	(1,226,290)
Transfers in	-	897,775	-	897,775
Transfers out	(13,236)	-	-	(13,236)
Change in net assets	187,804	(676,649)	147,094	(341,751)
<b>Total net assets - beginning</b>	<u>9,082,306</u>	<u>2,444,841</u>	<u>576,901</u>	<u>12,104,048</u>
<b>Total net assets - ending</b>	<u>\$ 9,270,110</u>	<u>\$ 1,768,192</u>	<u>\$ 723,995</u>	<u>\$ 11,762,297</u>

**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2011**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 2,079,034	\$ 3,728,172	\$ 161,155	\$ 5,968,361
Disbursed for personnel services	(719,024)	(115,254)	(11,970)	(846,248)
Disbursed for goods and services	(389,628)	(5,102,092)	(35,478)	(5,527,198)
<b>Net cash provided (used) by operating activities</b>	<u>970,382</u>	<u>(1,489,174)</u>	<u>113,707</u>	<u>(405,085)</u>
<b>Cash Flows from NonCapital Financing Activities</b>				
Transfers from other funds	-	897,775	-	897,775
Transfers to other funds	(13,236)	-	-	(13,236)
<b>Net cash provided by (used by) noncapital financing activities</b>	<u>(13,236)</u>	<u>897,775</u>	<u>-</u>	<u>884,539</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from the sale of equipment	51,033	-	-	51,033
Acquisition and construction of capital assets, net of disposal	(1,750,194)	-	-	(1,750,194)
<b>Net cash used by capital and related financing activities</b>	<u>(1,699,161)</u>	<u>-</u>	<u>-</u>	<u>(1,699,161)</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	(133,608)	(44,312)	(86,950)	(264,870)
Interest received	13,571	7,500	1,800	22,871
<b>Net cash provided by (used by) investing activities</b>	<u>(120,037)</u>	<u>(36,812)</u>	<u>(85,150)</u>	<u>(241,999)</u>
Net increase in cash and equivalents	(862,052)	(628,211)	28,557	(1,461,706)
<b>Cash and equivalents, beginning of year</b>	<u>3,335,168</u>	<u>2,126,413</u>	<u>427,108</u>	<u>5,888,689</u>
<b>Cash and equivalents, at end of year</b>	<u>\$ 2,473,116</u>	<u>\$ 1,498,202</u>	<u>\$ 455,665</u>	<u>\$ 4,426,983</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ 238,522	\$ (1,582,217)	\$ 145,234	\$ (1,198,461)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	725,824	-	15,990	741,814
(Increase) decrease in accounts receivable	719	(1,339)	(129)	(749)
(Increase) decrease in inventory	(3)	-	-	(3)
Increase (decrease) in claims and judgments payable	-	74,894	-	74,894
Increase (decrease) in accounts payable	10,355	19,329	(35,418)	(5,734)
Increase (decrease) in salaries payable	4,253	159	(11,970)	(7,558)
Increase (decrease) in compensated absences	(9,288)	-	-	(9,288)
<b>Net cash provided by operating activities</b>	<u>\$ 970,382</u>	<u>\$ (1,489,174)</u>	<u>\$ 113,707</u>	<u>\$ (405,085)</u>

## Unaudited Statistical Section

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	106
<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>	
<b>Revenue Capacity</b>	116
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.</i>	
<b>Debt Capacity</b>	122
<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>	
<b>Demographic and Economic Information</b>	127
<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>	
<b>Operating Information</b>	129
<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>	

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**  
**NET ASSETS BY COMPONENT**  
*Last Nine Fiscal Years<sup>(1)</sup>*  
*Amounts in (000's)*  
*(Accrual Basis of Accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 23,400	\$ 32,753	\$ 28,933	\$ 28,424	\$ 27,529
Restricted	5,804	5,771	6,642	7,363	13,317
Unrestricted	23,953	12,998	19,370	18,984	19,986
<b>Total governmental activities net assets</b>	<u>\$ 53,158</u>	<u>\$ 51,522</u>	<u>\$ 54,945</u>	<u>\$ 54,771</u>	<u>\$ 60,832</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	\$ 26,110	\$ 25,996	\$ 26,590	\$ 29,642	\$ 29,481
Restricted	3,043	3,663	3,407	2,186	2,185
Unrestricted	4,709	2,647	1,265	3,397	3,296
<b>Total business-type activities net assets</b>	<u>\$ 33,862</u>	<u>\$ 32,306</u>	<u>\$ 31,262</u>	<u>\$ 35,225</u>	<u>\$ 34,962</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 49,510	\$ 58,749	\$ 55,523	\$ 58,066	\$ 57,010
Restricted	8,847	9,434	10,050	9,549	15,501
Unrestricted	28,663	15,645	20,635	22,380	23,281
<b>Total primary government net assets</b>	<u>\$ 87,020</u>	<u>\$ 83,828</u>	<u>\$ 86,207</u>	<u>\$ 89,996</u>	<u>\$ 95,793</u>

(1) The requirement for statistical data is ten years; only nine years are available at this time

*Exhibit 1*

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 24,923	\$ 32,667	\$ 35,195	\$ 37,324
16,567	16,170	18,108	8,060
18,985	16,838	13,904	26,859
<u>\$ 60,475</u>	<u>\$ 65,676</u>	<u>\$ 67,207</u>	<u>\$ 72,243</u>
\$ 35,483	\$ 40,206	\$ 40,595	\$ 37,606
2,188	1,353	1,460	680
3,799	2,473	2,027	4,199
<u>\$ 41,471</u>	<u>\$ 44,032</u>	<u>\$ 44,082</u>	<u>\$ 42,485</u>
\$ 60,406	\$ 72,874	\$ 75,790	\$ 74,930
18,755	17,523	19,568	8,740
22,785	19,311	15,932	31,058
<u>\$ 101,945</u>	<u>\$ 109,707</u>	<u>\$ 111,290</u>	<u>\$ 114,729</u>

**CITY OF LA PORTE**  
**CHANGES IN NET ASSETS**  
*Last Nine Fiscal Years<sup>(1)</sup>*  
*Amounts in (000's)*  
*(Accrual basis of accounting)*

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 8,626	\$ 10,488	\$ 7,411	\$ 7,349	\$ 8,411
Public safety	10,771	11,947	10,368	11,603	12,153
Public works	3,638	1,268	5,165	5,210	3,668
Health and sanitation	1,823	1,907	1,887	1,862	2,488
Culture and recreation	4,049	4,106	3,718	3,580	3,120
Interest on long-term debt	747	690	864	1,226	1,353
<b>Total governmental activities expenses</b>	<b>29,655</b>	<b>30,406</b>	<b>29,413</b>	<b>30,830</b>	<b>31,193</b>
<b>Business-type activities:</b>					
Water Services	6,339	6,256	6,478	6,845	6,548
Sewer services	1,913	1,896	1,820	1,894	2,087
Airport	149	143	157	123	124
Bay Forest Golf Course	1,285	1,223	1,243	1,285	1,311
Sylvan Beach Convention Center	213	194	212	215	218
<b>Total business-type activities expenses</b>	<b>9,900</b>	<b>9,712</b>	<b>9,909</b>	<b>10,361</b>	<b>10,288</b>
<b>Total primary government expenses</b>	<b>\$ 39,554</b>	<b>\$ 40,118</b>	<b>\$ 39,322</b>	<b>\$ 41,191</b>	<b>\$ 41,481</b>
<b>Program Revenue</b>					
<b>Governmental activities:</b>					
Charges for services					
General government	\$ 661	528	670	1,002	2,007
Public safety	1,690	1,442	1,498	1,333	435
Public works	1,481	106	24	-	-
Health and sanitation	831	464	1,430	1,771	1,856
Culture and recreation	658	1,157	461	430	418
Operating grants and contributions	480	576	2,640	1,031	992
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>5,801</b>	<b>4,273</b>	<b>6,723</b>	<b>5,567</b>	<b>5,708</b>
<b>Business-type activities:</b>					
Charges for services					
Water Services	4,158	4,156	4,500	5,439	4,790
Sewer services	2,493	2,493	2,591	2,842	2,764
Airport	30	33	33	36	42
Bay Forest Golf Course	943	1,022	966	956	911
Sylvan Beach Convention Center	161	181	164	163	189
Capital grants and contributions	-	-	-	-	1,061
<b>Total business-type activities program revenues</b>	<b>7,786</b>	<b>7,884</b>	<b>8,254</b>	<b>9,435</b>	<b>9,758</b>
<b>Total primary government program revenues</b>	<b>\$ 13,586</b>	<b>\$ 12,158</b>	<b>\$ 14,977</b>	<b>\$ 15,003</b>	<b>\$ 15,465</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (23,854)	\$ (26,132)	\$ (22,689)	\$ (25,263)	\$ (25,486)
Business-type activities	(2,114)	(1,828)	(1,655)	(926)	(530)
<b>Total primary government net expense</b>	<b>\$ (25,968)</b>	<b>\$ (27,960)</b>	<b>\$ (24,344)</b>	<b>\$ (26,189)</b>	<b>\$ (26,016)</b>

**Exhibit 2**  
**Page 1 of 2**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 10,056	\$ 11,443	\$ 11,497	\$ 14,575
16,267	15,495	17,109	16,306
4,348	8,095	4,601	6,280
2,465	2,379	2,521	2,454
4,004	4,223	6,483	6,033
1,695	1,527	1,557	1,871
<u>38,836</u>	<u>43,162</u>	<u>43,769</u>	<u>47,518</u>
6,631	4,833	5,721	6,942
2,247	2,603	2,674	3,094
156	183	181	194
1,362	1,437	1,485	-
225	26	-	-
<u>10,621</u>	<u>9,082</u>	<u>10,061</u>	<u>10,230</u>
<u>\$ 49,458</u>	<u>\$ 52,244</u>	<u>\$ 53,830</u>	<u>\$ 57,748</u>
2,725	3,061	3,116	\$ 712
591	1,681	1,593	3,506
	0	1,067	330
1,889	1,849	1,842	2,046
418	448	661	1,474
4,648	5,165	1,004	-
-	-	-	8
-	-	-	611
-	-	-	428
-	-	-	107
235	1,260	-	-
-	-	-	1
<u>10,505</u>	<u>13,463</u>	<u>9,283</u>	<u>9,223</u>
6,133	4,520	3,850	6,267
3,670	3,363	3,307	3,535
65	53	53	56
1,032	1,067	1,002	-
161	2	-	-
<u>2,338</u>	<u>1,786</u>	<u>860</u>	<u>1,442</u>
<u>13,398</u>	<u>10,791</u>	<u>9,073</u>	<u>11,300</u>
<u>\$ 23,903</u>	<u>\$ 24,255</u>	<u>\$ 18,356</u>	<u>\$ 20,523</u>
\$ (28,331)	\$ (29,699)	\$ (34,485)	\$ (38,295)
2,777	1,710	(988)	1,070
<u>\$ (25,554)</u>	<u>\$ (27,990)</u>	<u>\$ (35,473)</u>	<u>\$ (37,224)</u>

**CITY OF LA PORTE**  
**CHANGES IN NET ASSETS**  
*Last eight Fiscal Years<sup>(1)</sup>*  
*Amounts in (000's)*  
*(Accrual basis of accounting)*

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
Property taxes	\$ 10,868	\$ 11,062	\$ 11,816	\$ 12,197	\$ 13,066
Industrial payments	7,277	6,896	6,992	7,660	8,189
Sales and use taxes	3,038	3,263	3,460	4,068	5,736
Franchise taxes	1,683	1,719	1,886	1,987	2,004
Investment earnings	542	376	720	1,875	2,387
Other revenues	444	495	857	1,213	89
Gain/(Loss) on sale of capital assets	-	-	-	-	-
Transfers	(254)	685	382	(3,910)	76
<b>Total governmental activities</b>	<u>23,598</u>	<u>24,496</u>	<u>26,112</u>	<u>25,089</u>	<u>31,546</u>
<b>Business-type activities:</b>					
Investment earnings	121	89	165	300	343
Other revenues	889	874	827	695	-
Gain/(Loss) on sale of capital assets	-	(6)	-	(16)	-
Transfers	254	(685)	(382)	3,910	(76)
<b>Total business-type activities</b>	<u>1,264</u>	<u>272</u>	<u>611</u>	<u>4,889</u>	<u>267</u>
<b>Total primary government</b>	<u>\$ 24,862</u>	<u>\$ 24,768</u>	<u>\$ 26,723</u>	<u>\$ 29,978</u>	<u>\$ 31,813</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ (256)	\$ (1,636)	\$ 3,423	\$ (174)	\$ 6,060
Business-type activities	(850)	(1,556)	(1,044)	3,963	(263)
<b>Total primary government</b>	<u>\$ (1,106)</u>	<u>\$ (3,192)</u>	<u>\$ 2,379</u>	<u>\$ 3,789</u>	<u>\$ 5,797</u>

(1) The requirement for statistical data is ten years; only nine years are available at this time.

*Exhibit 2*  
*Page 2 of 2*

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 13,683	\$ 16,391	\$ 17,742	\$ 17,164
7,959	10,555	10,732	10,193
5,803	5,787	5,914	6,236
2,165	2,160	2,171	2,196
1,783	688	294	216
115	93	164	375
-	-	-	4,244
<u>(3,533)</u>	<u>(779)</u>	<u>(1,000)</u>	<u>2,707</u>
<u>27,975</u>	<u>34,895</u>	<u>36,017</u>	<u>43,331</u>
199	73	39	33
-	-	-	7
-	-	-	-
<u>3,533</u>	<u>779</u>	<u>1,000</u>	<u>(2,707)</u>
<u>3,732</u>	<u>852</u>	<u>1,040</u>	<u>(2,667)</u>
<u>\$ 31,707</u>	<u>\$ 35,747</u>	<u>\$ 37,057</u>	<u>\$ 40,664</u>
\$ (357)	\$ 5,196	\$ 1,531	\$ 5,036
<u>6,509</u>	<u>2,561</u>	<u>51</u>	<u>(1,597)</u>
<u>\$ 6,152</u>	<u>\$ 7,757</u>	<u>\$ 1,582</u>	<u>\$ 3,439</u>

**CITY OF LA PORTE**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
*Last nine Fiscal Years(1)*  
*Amounts in (000's)*  
*(Modified Accrual Basis of Accounting)*

	<b>Fiscal Year</b>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Fund</b>					
Nonspendable	\$ 69	\$ 69	\$ 69	\$ 70	\$ 83
Committed					
Assigned	140	372	550	126	134
Unassigned	<u>7,037</u>	<u>7,093</u>	<u>8,644</u>	<u>11,582</u>	<u>14,494</u>
<b>Total general fund</b>	<u>\$ 7,246</u>	<u>\$ 7,534</u>	<u>\$ 9,263</u>	<u>\$11,778</u>	<u>\$14,711</u>
<b>All Other Governmental Funds</b>					
Restricted	5,164	5,351	6,236	6,705	9,318
Committed	10,734	6,442	16,488	18,814	18,660
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total all other governmental funds</b>	<u>\$15,898</u>	<u>\$11,793</u>	<u>\$22,724</u>	<u>\$25,519</u>	<u>\$27,979</u>

(1) The requirement for statistical data is ten years; only nine years are available at this time.

*Exhibit 3*

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 105	\$ 102	\$ 135	\$ 139
296	199	151	96
<u>14,405</u>	<u>13,758</u>	<u>12,274</u>	<u>19,118</u>
<u>\$14,806</u>	<u>\$14,059</u>	<u>\$12,560</u>	<u>\$19,353</u>
8,489	5,813	7,644	14,084
19,933	17,944	20,331	9,079
-	-	7	-
<u>\$28,423</u>	<u>\$23,757</u>	<u>\$27,982</u>	<u>\$23,163</u>

**CITY OF LA PORTE**

**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**

*Last nine Fiscal Years(1)*

*Amounts in (000's)*

*(Modified Accrual Basis of Accounting)*

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 22,923	\$ 22,949	\$ 24,046	\$ 25,688
Donations	-	-	30	-
Harris County Joint Ventures	-	-	1,752	-
Licenses and permits	200	320	531	683
Fines and forfeits	847	555	678	848
Charges for services	2,275	2,947	3,233	3,888
Intergovernmental	480	576	1,113	1,174
Interest	482	325	631	1,709
Miscellaneous	125	33	184	163
<b>Total Revenues</b>	<u>27,332</u>	<u>27,705</u>	<u>32,197</u>	<u>34,154</u>
<b>Expenditures</b>				
General government	5,543	7,971	6,849	7,237
Public safety	10,477	10,415	10,533	11,072
Public works	2,556	2,361	2,430	2,360
Health and sanitation	1,823	1,759	1,808	1,814
Culture and recreation	3,476	3,245	3,068	3,011
Debt service:				
Principal	1,590	1,490	1,330	1,195
Interest	795	700	1,030	1,374
Capital outlay	2,772	3,259	8,566	6,550
<b>Total Expenditures</b>	<u>29,032</u>	<u>31,200</u>	<u>35,615</u>	<u>34,613</u>
Excess of revenues over (under) expenditures	(1,700)	(3,495)	(3,418)	(459)
<b>Other Financing Sources (Uses)</b>				
General obligation bonds issued	-	-	16,587	6,965
Premium on refunding bonds issued	-	-	-	191
Payment to refunded bond escrow agent	1,920	3,469	3,222	6,056
Transfers in	(3,424)	(3,791)	(3,774)	(7,533)
Transfers out	-	-	42	90
Capital lease proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(1,504)</u>	<u>(322)</u>	<u>16,077</u>	<u>5,769</u>
Net change in fund balances	<u>\$ (3,203)</u>	<u>\$ (3,817)</u>	<u>\$ 12,659</u>	<u>\$ 5,310</u>
Debt service as a percentage of noncapital expenditures	9.1%	7.8%	8.7%	9.2%

(1) The requirement for statistical data is ten years; only nine years are available at this time.

Exhibit 4

2007	2008	2009	2010	2011
\$ 28,919	\$ 30,060	\$ 34,930	\$ 36,682	35,761
30	-	-	-	-
-	-	-	-	-
920	560	642	476	313
1,244	1,726	1,833	1,803	1,724
3,967	3,958	4,470	6,084	5,680
716	4,755	4,868	989	917
2,117	1,883	610	263	193
77	90	105	125	242
<u>37,990</u>	<u>43,033</u>	<u>47,458</u>	<u>46,422</u>	<u>44,829</u>
7,696	8,418	9,869	9,788	10,289
11,769	15,610	13,859	14,612	15,688
2,407	2,909	6,664	2,819	3,118
1,973	2,479	2,087	2,233	2,182
3,103	3,470	3,817	5,048	5,314
1,235	1,655	1,695	1,755	1,740
1,582	1,758	1,572	1,588	1,871
10,013	6,351	15,557	10,843	8,714
<u>39,779</u>	<u>42,650</u>	<u>55,120</u>	<u>48,686</u>	<u>48,916</u>
(1,789)	383	(7,662)	(2,264)	(4,087)
8,075	-	-	10,560	-
38	-	-	225	-
4,197	7,625	14,232	(4,410)	
(5,148)	(7,501)	(12,119)	9,158	4,248
21	32	137	(10,545)	(5,012)
-	-	-	-	
-	-	-	5	6,822
<u>7,183</u>	<u>156</u>	<u>2,250</u>	<u>4,993</u>	<u>6,057</u>
<u>\$ 5,393</u>	<u>\$ 538</u>	<u>\$ (5,412)</u>	<u>\$ 2,729</u>	<u>\$ 1,971</u>
9.5%	9.4%	8.3%	8.8%	9.0%

**CITY OF LA PORTE****ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY***Last Ten Fiscal Years**(unaudited)*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less Tax Exempt Real Property</b>	<b>Less Other Exemptions and Abatements</b>	<b>Total Taxable Assessed Value</b>
2002	2001	\$ 1,461,368,400	\$ 295,213,550		\$ 251,950,970	\$ 1,504,630,980
2003	2002	1,498,049,850	270,257,240		255,642,570	1,512,664,520
2004	2003	1,546,560,410	279,687,470		265,840,970	1,560,406,910
2005	2004	1,601,433,200	311,721,280		278,265,540	1,634,888,940
2006	2005	1,777,351,563	325,549,640		407,734,605	1,695,166,598
2007	2006	1,861,821,075	350,191,031		419,779,423	1,792,232,683
2008	2007	2,007,113,146	372,331,715		428,955,092	1,950,489,769
2009	2008	2,237,095,319	469,916,389		502,091,647	2,204,920,061
2010	2009	2,261,046,846	582,963,159		515,111,496	2,328,898,509
2011	2010	2,055,914,368	672,621,147		514,928,797	2,213,606,718

Source: Harris County Certified Tax Rolls and Corrections.

*Exhibit 5*

<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percent of Actual Taxable Value</b>
\$ 0.710000	\$ 1,504,630,980	100%
0.710000	1,512,664,520	100%
0.710000	1,560,406,910	100%
0.710000	1,634,888,940	100%
0.710000	1,695,166,598	100%
0.710000	1,792,232,683	100%
0.710000	1,950,489,769	100%
0.710000	2,204,920,061	100%
0.710000	2,328,898,509	100%
0.710000	2,213,606,718	100%

**CITY OF LA PORTE****PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS***Last Ten Fiscal Years*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City of La Porte by fund:					
General	\$0.57000	\$0.57500	\$0.57500	\$0.61100	\$0.61100
Debt service	<u>0.14000</u>	<u>0.13500</u>	<u>0.13500</u>	<u>0.09900</u>	<u>0.09900</u>
<b>Total Direct Rates</b>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
Harris County Flood Control District	0.04760	0.04174	0.03318	0.03322	0.03241
Harris County	0.38390	0.38810	0.39990	0.39986	0.40239
Port of Houston Authority	0.01830	0.01990	0.01670	0.01474	0.01302
Harris County Board of Education	0.00630	0.00630	0.00630	0.00629	0.00629
Hospital District	0.19020	0.19020	0.19020	0.19020	0.19216
La Porte I.S.D.	1.63000	1.63000	1.68000	1.73400	1.73400
San Jacinto Jr. College District	<u>0.13070</u>	<u>0.13070</u>	<u>0.13910</u>	<u>0.14537</u>	<u>0.14537</u>
<b>Total Direct and Overlapping Rates</b>	<u>\$3.11700</u>	<u>\$3.11694</u>	<u>\$3.17538</u>	<u>\$3.23368</u>	<u>\$3.23564</u>

Tax rates per \$100 of assessed valuation

Source: Harris County Appraisal District

*Exhibit 6*

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$0.61200	\$0.61900	\$0.61900	\$0.61900	\$0.60500
<u>0.09800</u>	<u>0.09100</u>	<u>0.09100</u>	<u>0.09100</u>	<u>0.10500</u>
<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
0.03106	0.03086	0.02922	0.02923	0.02809
0.39239	0.38923	0.39224	0.38805	0.39117
0.01437	0.01773	0.01636	0.02054	0.01856
0.00585	0.00584	0.00605	0.00658	0.00658
0.19216	0.19216	0.19216	0.19216	0.19216
1.30500	1.32500	1.32500	1.32500	1.35500
<u>0.14537</u>	<u>0.16341</u>	<u>0.17080</u>	<u>0.17628</u>	<u>0.18560</u>
<u><u>\$2.79620</u></u>	<u><u>\$2.83423</u></u>	<u><u>\$2.84183</u></u>	<u><u>\$2.84784</u></u>	<u><u>\$2.88716</u></u>

**CITY OF LA PORTE**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*Current Year and 10 Years Ago*

*Exhibit 7*

<u>Property Tax Payer</u>	<u>2011</u>			<u>Property Tax Payer</u>	<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Taxable Assessed Value</u>
Conoco Phillips Co	\$ 55,242,523	1	2.50%	PPG Industries, Inc	\$ 63,253,500	1	4.20%
OxyVinyls LP	49,177,149	2	2.22%	Conoco Inc	48,464,430	2	3.22%
Equistar Chemicals LP	47,420,618	3	2.14%	Equistar Chemicals LP	45,240,940	3	3.01%
Granite Underwood Dist Ctr LP	44,944,712	4	2.03%	Houston Light & Power	44,673,030	4	2.97%
Ineos USA LLC	38,042,280	5	1.72%	Solvay Polymers Corp.	37,068,510	5	2.46%
Underwood Distribution Ctr LP	30,200,000	6	1.36%	Occidental Electrochemical	32,582,120	6	2.18%
Wilson Supply	30,036,392	7	1.36%	Dow Chemical Co.	20,689,240	7	1.38%
PPG Industries Inc	22,420,196	8	1.01%	Atofina Petrochemicals Inc.	20,215,320	8	1.35%
Centerpoint Energy Inc	21,295,313	9	0.96%	Oxy Vinyls LP	19,717,000	9	1.31%
Port Crossing Land LP	21,118,156	10	0.95%	Dupont Dow Elastomers	15,954,160	10	1.06%
Subtotal	359,897,339		16.26%		347,858,250		23.12%
Other Taxpayers	1,853,709,379		83.74%		1,156,772,730		76.88%
Total	\$ 2,213,606,718		100.00%		\$ 1,504,630,980		100.00%

Source: Harris County Tax Assessor-Collector's records.

**CITY OF LA PORTE**

*Exhibit 8*

**PROPERTY TAX LEVIES AND COLLECTIONS**

*Last Ten Fiscal Years*

Fiscal Year Ended Sept 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
2002	\$10,786,185	\$ 10,463,515	97.0%	\$ 296,772	\$ 10,760,287	99.8%
2003	10,826,184	10,491,257	96.9%	298,241	10,789,498	99.7%
2004	11,178,351	10,829,202	96.9%	300,488	11,129,690	99.6%
2005	11,669,473	11,334,572	97.1%	275,955	11,610,527	99.5%
2006	12,080,351	11,755,121	97.3%	272,666	12,027,787	99.6%
2007	12,703,850	12,418,873	97.8%	225,790	12,644,663	99.5%
2008	13,857,467	13,476,872	97.3%	328,326	13,805,198	99.6%
2009	15,654,937	15,377,149	98.2%	195,734	15,572,883	99.5%
2010	16,542,483	16,309,818	98.6%	70,141	16,379,959	99.0%
2011	15,716,610	15,599,930	99.3%	-	15,599,930	99.3%

**CITY OF LA PORTE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*Last Ten Fiscal Years*  
*(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Certificates of Obligation Bonds	Other Obligation	Revenue Bonds	General Obligation Bonds	Other Obligations
2002	\$ 8,210	\$ 2,700	\$ 5,400	\$ 975	\$ 1,440	\$ 7,710
2003	6,770	2,550	5,400	750	1,040	7,293
2004	5,430	2,400	5,400	625	585	6,904
2005	11,925	11,050	5,400	500	145	6,500
2006	12,610	16,405	5,130	375	-	8,680
2007	12,070	24,055	4,860	250	-	7,958
2008	11,475	23,265	4,590	125	-	7,210
2009	10,870	22,445	4,320	-	-	6,443
2010	11,665	26,350	4,050	-	-	5,660
2011	10,940	25,605	3,780	-	-	4,813

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

*Exhibit 9*

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 26,435	N/A	\$ 803
23,803	N/A	704
21,344	N/A	633
35,520	N/A	1,028
43,200	N/A	1,240
49,193	N/A	1,413
46,665	N/A	1,320
44,078	N/A	1,241
47,725	N/A	1,298
45,138	N/A	1,322

**CITY OF LA PORTE**

*Exhibit 10*

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

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Percentage of Personal Income <sup>(2)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2002	2001	\$ 16,310	\$ -	\$ 1,590	\$ 14,720	1.0%	N/A	\$ 447
2003	2002	12,170	2,550	1,797	12,923	0.9%	N/A	382
2004	2003	10,830	2,400	1,584	11,646	0.7%	N/A	345
2005	2004	17,325	11,050	1,705	26,670	1.6%	N/A	772
2006	2005	17,740	16,405	1,814	32,331	1.9%	N/A	928
2007	2006	16,930	24,055	1,926	39,059	2.2%	N/A	1,105
2008	2007	16,065	23,265	2,000	37,330	1.9%	N/A	1,051
2009	2008	15,190	22,445	2,151	35,484	1.6%	N/A	965
2010	2009	15,715	26,350	3,118	38,947	1.7%	N/A	1,152
2011	2010	14,720	25,605	3,113	37,212	1.7%	N/A	1,090

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

(2) Population data can be found in demographic and economic statistics table.

**CITY OF LA PORTE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**September 30, 2011**  
*(dollars in thousands, except per capita)*

*Exhibit 11*

<b>Governmental Unit</b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable</u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
<b>Debt repaid with property taxes</b>			
Harris County	\$ 2,372,617	0.82%	\$ 19,455
Harris County Department of Education	7,980	0.82%	65
Harris County Flood Control District	103,675	0.82%	850
Harris County Toll Road - Toll Road Bonds (a)	-	0.82%	-
La Porte ISD	221,035	37.92%	83,816
Port of Houston Authority	758,774	0.82%	6,222
San Jacinto Jr. College District	322,081	6.07%	<u>19,550</u>
Subtotal, overlapping debt			129,958
<b>City of La Porte direct debt</b>	41,375	100%	<u>41,375</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 171,333</u></u>

(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**

*Exhibit 12*

**PLEDGED-REVENUE COVERAGE**

*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Gross revenues (1)</b>	<b>Operating expenses (2)</b>	<b>revenues available for Debt Service</b>	<b>Debt Service</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2002	\$5,988,595	\$4,814,158	\$ 1,174,437	\$625,000	\$132,418	\$ 757,418	1.6
2003	5,837,448	5,025,158	812,290	580,000	115,948	695,948	1.2
2004	5,836,221	5,125,635	710,586	580,000	71,293	651,293	1.1
2005	6,193,451	5,259,943	933,508	565,000	43,161	608,161	1.5
2006	7,438,016	5,389,783	2,048,233	270,000	111,712	381,712	5.4
2007	6,722,774	5,681,548	1,041,226	262,500	106,828	369,328	2.8
2008	8,916,777	5,653,497	3,263,280	387,500	91,605	479,105	6.8
2009	7,920,114	5,743,725	2,176,389	387,500	76,350	463,850	4.7
2010	7,822,294	6,514,343	1,307,951	525,000	216,458	741,458	1.8
2011	8,569,767	6,458,483	2,111,284	585,000	104,488	689,488	3.1

(1) Total revenues including interest

(2) Total operating expenses less depreciation

**CITY OF LA PORTE**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last Ten Fiscal Years*

*Exhibit 13*

<b>Fiscal Year Ended Sept. 30,</b>	<b>Population (1)</b>	<b>Personal Income<sup>(2)</sup></b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(3)</sup></b>	<b>School Enrollment<sup>(4)</sup></b>	<b>Unemployment Rate<sup>(5)</sup></b>
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%
2011	34,138	N/A	N/A	33	7,732	9.0%

Data sources:

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

**CITY OF LA PORTE**  
**PRINCIPAL EMPLOYERS**  
*Current Year and Six Years Ago*

*Exhibit 14*

2011			2006		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>
La Porte ISD	1,071	4.20%	La Porte ISD	1,000	5.29%
Rockwood Service Corp	700	2.55%	E.I. Dupont De Nemours & Co.	580	3.07%
Longview Inspection Corp.	664	2.41%	City of La Porte	368	1.95%
Quest Tru TEC	636	2.31%	Fumanite Worldwide	334	1.77%
Oxy Vinyls, LP	530	1.93%	A & L Industrial Services Inc	300	1.59%
City of La Porte	381	1.38%	CCC Group, Inc	300	1.59%
Ineos	350	1.27%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%
Equistar Chemicals, LP	334	1.21%	James H. Jackson Industries Inc	250	1.32%
Sulzer Hickham	330	1.20%	Occidental Chemical Corp.	175	0.92%
Air Liquide	170	0.62%	Intercontinental Terminal Co.	160	0.85%
<b>Total</b>	<b>5,166</b>	<b>19.08%</b>	<b>Total</b>	<b>3,717</b>	<b>19.67%</b>

Source: Bay Area Economic Partnership

**CITY OF LA PORTE**

*Exhibit 15*

**FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM**

*Last Seven Fiscal Years*

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

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

Function / Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Police</b>					
Physical arrests	2,193	2,271	2,000	2,330	2,465
Tickets processed	9,298	9,605	6,593	6,877	8,212
<b>Fire</b>					
Number of calls answered	610	976	1,343	1,747	2,028
Inspections	N/A	N/A	500	500	N/A
<b>Highways and streets</b>					
Street resurfacing (linear feet)	26,200	27,800	33,800	22,975	27,835
Potholes repaired	271	413	524	531	321
<b>Sanitation</b>					
Cu. Yds. Garbage collected	28,655	28,243	29,675	30,022	30,795
Cu. Yds Trash collected	52,796	50,111	54,875	49,140	49,140
<b>Culture and recreation</b>					
Fitness center admissions	73,764	76,311	84,353	81,868	70,558
<b>Water</b>					
Number of water meters	10,957	10,987	11,189	11,391	11,592
Average daily consumption (millions of gallons)	3.1	4.0	3.8	4.1	3.9
Water main breaks	491	440	299	437	483
<b>Wastewater</b>					
Average daily sewage treatment (thousands of gallons)	3.4	3.9	4.0	3.5	2.8
<b>Golf Course</b>					
Number of Paid Rounds Played	42,540	38,594	38,901	34,961	32,731

Source: Various City departments

Notes: N/A - Data not available

*Exhibit 16*

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
2,489	2,642	2,737	2,538	2,354
9,652	15,352	16,098	16,603	14,619
1,603	1,799	1,409	1,559	1,483
600	320	600	690	725
22,100	19,887	23,559	38,365	60,472
1,260	996	1,012	1,236	465
29,279	29,282	29,894	29,642	27,961
52,250	48,136	78,900	48,368	45,778
62,828	62,245	53,401	78,118	64,989
11,743	11,913	11,968	12,015	12,061
3.8	4.0	4.0	3.9	4.6
467	455	498	417	666
3.9	3.2	2.8	3.7	2.8
32,433	35,839	36,009	31,271	34,848

**CITY OF LA PORTE, TEXAS****CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM***Last Ten Fiscal Years*

<b>Function / Program</b>	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Public Safety</b>					
Police Station	1	1	1	1	1
Police Officers	71	72	72	72	73
Reserve Officers	5	5	5	5	5
Fire Stations	4	4	4	4	4
<b>Sanitation</b>					
Collection trucks	13	14	14	14	14
<b>Highways and streets</b>					
Streets (miles)	164	164	164	211	217
Streetlights	2,109	1,533	1,665	2,192	1,803
Traffic signals	3	3	3	3	3
<b>Culture and recreation</b>					
Parks acreage	463	463	463	337	339
Parks	18	19	19	21	21
Swimming pools	6	6	6	6	6
Recreation Centers	1	1	1	1	1
Senior Center	1	1	1	1	1
<b>Water and Sewer</b>					
Water mains (miles)	231	231	231	165	168
Fire hydrants	1,800	1,800	1,800	1,800	1,800
Sanitary Sewers (miles)	186	187	187	187	187
Storm sewers (miles)	88	89	89	89	92

Source: City Departments

*Exhibit 17*

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1	1	1	1	1
74	74	74	75	75
6	2	1	2	2
4	4	4	4	4
14	14	14	14	14
211	295	126	126	126
1,804	2,400	2,387	2,387	2,415
3	3	7	5	5
347	347	356	356	356
22	22	21	21	21
6	6	6	5	5
1	1	1	4	4
1	1	1	1	1
176	178	180	180	181
1,076	1,161	1,168	1,179	1,186
189	189	191	191	192
92	92	92	95	97