



Required Auditor Disclosure Letter Conclusion of Audit

March 15, 2024

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of League City, Texas (the “City”) for the year ended September 30, 2023. Professional standards require that we provide the City Council (the “governing body”) with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter previously sent at the start of the annual audit. Professional standards also require that we communicate to the governing body the following information related to our audit.

I. Significant Audit Matters

1. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. As described in the notes to the financial statements, the City changed accounting policies related to accounting for the use of information technology arrangements by adopting Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), in fiscal year 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management’s estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the pension liability and the required annual contribution. The Texas Municipal Retirement System (TMRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the City to TMRS.

Estimates are used in the calculation of the health care liability for other postemployment benefits. The City hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

- C. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the City's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures. Management has corrected all misstatements.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 15, 2024.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Changes in Risk Assessment

No changes in risk assessment were noted in the completion of the audit as previously communicated in our planning letter.

II. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as identified on the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

III. Restrictions on Use

This information is intended solely for the use of the Mayor, City Council, and management and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		J.01		
To adjust capital contributions and fund balance for reporting.				
1020-00-00-0000-000-0000-0000-3100	CONTRIBUTED CAPITAL		12,038,248.87	
1020-00-00-0000-000-0000-0000-45000	CONTRIBUTIONS - DEVELOPER			12,038,248.87
Total			<u>12,038,248.87</u>	<u>12,038,248.87</u>
Adjusting Journal Entries JE # 2		C.02		
To reclass sales and franchise tax receivable for reporting.				
0100-00-00-0000-000-0000-0000-1580	SALES TAX RECEIVABLE		724,945.52	
0100-00-00-0000-000-0000-0000-1580	SALES TAX RECEIVABLE		759,969.96	
0100-00-00-0000-000-0000-0000-1580	SALES TAX RECEIVABLE		1,449,891.03	
0100-00-00-0000-000-0000-0000-1580	SALES TAX RECEIVABLE		1,519,939.91	
0100-00-00-0000-000-0000-0000-1585	FRANCHISE & OTHER TAXES RECV		31,320.07	
0100-00-00-0000-000-0000-0000-1585	FRANCHISE & OTHER TAXES RECV		33,725.71	
0100-00-00-0000-000-0000-0000-1585	FRANCHISE & OTHER TAXES RECV		1,639,388.50	
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			31,320.07
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			33,725.71
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			724,945.52
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			759,969.96
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			1,449,891.03
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			1,519,939.91
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			1,639,388.50
Total			<u>6,159,180.70</u>	<u>6,159,180.70</u>
Adjusting Journal Entries JE # 3		2.2.03		
JE#322, JE#323, JE#326, and JE#328 provided by client.				
0100-41-25-1300-000-0000-0000-53050	PROFESSIONAL SERVICES		16,744.23	
0100-43-70-3300-000-0000-0000-53210	UNIFORM EXPENSE		923.52	
0100-45-80-4400-440-0000-0000-53210	UNIFORM EXPENSE		1,919.53	
0100-45-80-4400-450-0000-0000-53680	FIELD LEASE		5,032.49	
1020-49-30-7100-000-0000-0000-53210	UNIFORM EXPENSE		30.18	
1020-49-70-7300-000-0000-0000-51250	OPERATING SUPPLIES		37.44	
1020-49-70-7300-000-0000-0000-53210	UNIFORM EXPENSE		414.16	
2310-45-80-4400-440-0000-0000-53210	UNIFORM EXPENSE		201.31	
5255-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC		15,875.00	
5270-43-70-3300-000-0000-0000-56020	CIP - DRAINAGE		24,200.01	
0100-00-00-0000-000-0000-0000-2040	PAYABLES MISCELLANEOUS			2,843.05
0100-00-00-0000-000-0000-0000-2040	PAYABLES MISCELLANEOUS			5,032.49
0100-00-00-0000-000-0000-0000-2040	PAYABLES MISCELLANEOUS			16,744.23
1020-00-00-0000-000-0000-0000-2040	MISC PAYABLES			481.78
2310-00-00-0000-000-0000-0000-2040	MISC PAYABLES			201.31
5255-00-00-0000-000-0000-0000-2040	MISC PAYABLES			15,875.00
5270-00-00-0000-000-0000-0000-2040	MISC PAYABLES			24,200.01
Total			<u>65,377.87</u>	<u>65,377.87</u>
Adjusting Journal Entries JE # 4		F.04		
To correct pension deferred items.				
1020-41-55-1650-000-0000-0000-50500	RETIREMENT		748,880.24	
9991-41-05-1100-000-0000-0000-50500	RETIREMENT		689,979.00	
9991-42-60-2100-210-0000-0000-50500	RETIREMENT		2,036,281.00	
9991-43-70-3200-000-0000-0000-50500	RETIREMENT		925,582.00	
9991-45-80-4400-440-0000-0000-50500	RETIREMENT		589,007.56	
1020-00-00-0000-000-0000-0000-1826	DEFER OUTFLW-PENS CHG PROJ ACT			748,880.24
9991-00-00-0000-000-0000-0000-1826	DEFER OUTFLW-PENS CHG PROJ ACT			4,240,849.56
Total			<u>4,989,729.80</u>	<u>4,989,729.80</u>

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 5		2.2.04		
Subsequent JE's through 1.5.24 provided by the client.				
2127-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		12,475.00	
5015-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS		223,791.00	
2127-00-00-0000-000-0000-0000-48400	CDBG GRANT			12,475.00
5015-00-00-0000-000-0000-0000-2330	DEFERRED INCOME - MISC			223,791.00
Total			236,266.00	236,266.00
Adjusting Journal Entries JE # 6		2.2.05		
Subsequent JE's through 1.14.24 provided by the client.				
0100-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		20,000.00	
0100-41-30-1350-000-0000-0000-50020	SALARIES - FULL-TIME		300.00	
0100-43-70-3200-000-0000-0000-53490	CONTRACTUAL SERVICES		2,000.00	
1020-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		1,640,355.34	
1040-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		5,222,614.03	
1045-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		1,032,516.19	
1055-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		1,544,325.65	
1055-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		69,016.90	
1055-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		5,986,592.26	
1335-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		42,681.50	
1335-49-70-7500-000-0000-0000-56100	CIP - WASTEWATER		362,312.85	
1340-49-70-7500-000-0000-0000-56100	CIP - WASTEWATER		265,999.96	
1345-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		73,960.01	
1345-49-70-7500-000-0000-0000-56100	CIP - WASTEWATER		916,015.84	
1350-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		7,112,577.07	
2125-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		8,748.93	
2126-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		664,809.27	
2210-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		300.00	
5017-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		2,975,620.85	
5030-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		2,000.00	
5230-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC		0.01	
5235-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC		3.86	
5240-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC		584,721.92	
5245-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC		2,390,895.06	
8010-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		13,056.90	
8010-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		33,708.33	
8021-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		5,737.50	
8022-00-00-0000-000-0000-0000-2375	DEFERRED INFLOW - UNEARNED		124,055.44	
9990-00-00-0000-000-0000-0000-1754	CONSTRUCTION IN PROGRESS		19,413,670.78	
9999-00-00-0000-000-0000-0000-0400	POOLED CASH - GEN FUND		300.00	
9999-00-00-0000-000-0000-0000-0400	POOLED CASH - GEN FUND		2,000.00	
9999-00-00-0000-000-0000-0000-0525	POOLED CASH - 2015 CO		362,312.85	
9999-00-00-0000-000-0000-0000-0526	POOLED CASH - 2016 CO W/WW		265,999.96	
9999-00-00-0000-000-0000-0000-0527	POOLED CASH - 2017 CO W/WW		916,015.84	
9999-00-00-0000-000-0000-0000-0809	POOLED CASH - 2015 CO		0.01	
9999-00-00-0000-000-0000-0000-0810	POOLED CASH - 2016 CO		3.86	
9999-00-00-0000-000-0000-0000-0812	POOLED CASH - 2017 CO		584,721.92	
9999-00-00-0000-000-0000-0000-0814	POOLED CASH - 2018 CO		2,390,895.06	
0100-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			300.00
0100-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			2,000.00
0100-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS			20,000.00
1020-41-55-1650-000-0000-0000-59999	CONTRA ASSET ACCOUNT			1,640,355.34
1040-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			5,222,614.03
1045-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			1,032,516.19
1055-00-00-0000-000-0000-0000-2360	DEFERRED INCOME - GRANTS			69,016.90
1055-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			5,986,592.26
1055-49-70-7500-000-0000-0000-56100	CIP - WASTEWATER			1,544,325.65
1335-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			362,312.85
1335-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			42,681.50
1340-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			265,999.96
1345-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			916,015.84
1345-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			73,960.01
1350-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			7,112,577.07
2125-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS			8,748.93

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
2126-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS			664,809.27
2210-41-30-1350-000-0000-0000-50020	SALARIES - FULL-TIME			300.00
5017-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC			2,975,620.85
5030-43-70-3300-000-0000-0000-56010	CIP - STREET/TRAFFIC			2,000.00
5230-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			0.01
5235-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			3.86
5240-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			584,721.92
5245-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			2,390,895.06
8010-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS			46,765.23
8021-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS			5,737.50
8022-00-00-0000-000-0000-0000-48055	FEDERAL REVENUE MISC.			124,055.44
9990-00-00-0000-000-0000-0000-3040	INV IN GEN F A - CAP PROJECTS			19,413,670.78
9999-00-00-0000-000-0000-0000-0506	POOLED CASH - W/WW CAP PROJ			1,544,328.65
9999-00-00-0000-000-0000-0000-0610	POOLED CASH - MUN CRT BLD SEC			300.00
9999-00-00-0000-000-0000-0000-0804	POOLED CASH - RIGHT OF WAY FD			2,000.00
9999-00-00-0000-000-0000-0000-0811	POOLED CASH-REINVESTMENT			2,975,620.85
Total			55,030,845.95	55,030,845.95
Adjusting Journal Entries JE # 7		NON.11f		
Reclassified grant receivable for reporting.				
2125-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		26,622.23	
2125-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			26,622.23
Total			26,622.23	26,622.23
Adjusting Journal Entries JE # 8		NON.01c		
To record deferred revenue for fund 2128.				
2128-00-00-0000-000-0000-0000-1458	ACCOUNTS RECEIVABLE - GRANTS		82,268.27	
2128-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS			82,268.27
Total			82,268.27	82,268.27
Adjusting Journal Entries JE # 9		2.2.06		
Subsequent JE's from 1.15.24 to 1.21.24 provided by the client.				
0100-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		464,545.98	
0100-00-00-0000-000-0000-0000-1049	INVESTMENT IN MONEY MARKET		50,000.00	
0100-00-00-0000-000-0000-0000-1050	INVESTMENT IN TEXPOOL		483,762.51	
0100-00-00-0000-000-0000-0000-1051	INVESTMENT IN TEXSTAR		175,842.82	
0100-00-00-0000-000-0000-0000-1052	INVESTMENT IN LONESTAR		907,138.40	
0100-00-00-0000-000-0000-0000-1058	INVESTMENT IN TEXAS CLASS		447,920.66	
1020-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		253,016.00	
1020-00-00-0000-000-0000-0000-1049	INVESTMENT IN MONEY MARKET		200,000.00	
1020-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		4,895,583.00	
1030-47-85-5100-000-0000-0000-58200	TRANSFER TO W/WW OPERATING		253,016.00	
1045-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		44,678.15	
1055-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		50,000.00	
1055-00-00-0000-000-0000-0000-1049	INVESTMENT IN MONEY MARKET		1,000,000.00	
1055-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		2,344,418.94	
1055-00-00-0000-000-0000-0000-2450	INTERFUND PAYABLE		464,545.98	
1335-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		315,830.13	
1335-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		1,495,101.71	
1340-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		70,745.17	
1340-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		275,638.40	
1345-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		907,138.40	
1345-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		934,135.62	
1350-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS		481,747.88	
5017-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		2,988.66	
5017-00-00-0000-000-0000-0000-1150	INVESTMENT IN SECURITIES		1,991,881.86	
5017-00-00-0000-000-0000-0000-1251	ACCRUED INTEREST REC		672.31	
5017-00-00-0000-000-0000-0000-47000	INTEREST EARNED		268.92	

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
5240-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		574,401.54	
5245-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		268.92	
5245-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		447,920.66	
5245-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH		1,991,881.86	
5245-00-00-0000-000-0000-0000-47000	INTEREST EARNED		672.31	
5245-00-00-0000-000-0000-0000-47010	UNREALIZED GAIN/LOSS		2,988.66	
9990-00-00-0000-000-0000-0000-1752	EQUIPMENT		35,941.64	
9990-00-00-0000-000-0000-0000-1754	CONSTRUCTION IN PROGRESS		40,075.01	
9990-00-00-0000-000-0000-0000-1754	CONSTRUCTION IN PROGRESS		15,368,170.81	
9999-00-00-0000-000-0000-0000-0400	POOLED CASH - GEN FUND		50,000.00	
9999-00-00-0000-000-0000-0000-0400	POOLED CASH - GEN FUND		1,116,035.90	
9999-00-00-0000-000-0000-0000-0405	POOLED CASH - W/WW OP		200,000.00	
9999-00-00-0000-000-0000-0000-0406	POOLED CASH - W/WW DEBT		253,016.00	
9999-00-00-0000-000-0000-0000-0506	POOLED CASH - W/WW CAP PROJ		464,545.98	
9999-00-00-0000-000-0000-0000-0506	POOLED CASH - W/WW CAP PROJ		1,000,000.00	
9999-00-00-0000-000-0000-0000-0811	POOLED CASH-REINVESTMENT FUND		268.92	
9999-00-00-0000-000-0000-0000-0811	POOLED CASH-REINVESTMENT FUND		1,991,881.86	
9999-00-00-0000-000-0000-0000-0814	POOLED CASH - 2018 CO		2,988.66	
0100-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			50,000.00
0100-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			1,116,035.90
0100-00-00-0000-000-0000-0000-1049	INVESTMENT IN MONEY MARKET			898,628.49
0100-00-00-0000-000-0000-0000-1600	INTERFUND RECEIVABLE			464,545.98
1020-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			200,000.00
1020-41-55-1650-000-0000-0000-59999	CONTRA ASSET ACCOUNT			4,895,583.00
1020-49-70-7300-000-0000-0000-53910	WATER CONTRACT PURCHASES			253,016.00
1030-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			253,016.00
1045-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			44,678.15
1055-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			464,545.98
1055-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			1,000,000.00
1055-00-00-0000-000-0000-0000-1049	INVESTMENT IN MONEY MARKET			50,000.00
1055-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			2,344,418.94
1335-00-00-0000-000-0000-0000-1050	INVESTMENT IN TEXPOOL			210,732.48
1335-00-00-0000-000-0000-0000-1051	INVESTMENT IN TEXSTAR			105,097.65
1335-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			1,495,101.71
1340-00-00-0000-000-0000-0000-1051	INVESTMENT IN TEXSTAR			70,745.17
1340-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			275,638.40
1345-00-00-0000-000-0000-0000-1052	INVESTMENT IN LONESTAR			907,138.40
1345-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			934,135.62
1350-41-55-1650-000-0000-0000-59998	CONTRA ACCT - CIP			481,747.88
5017-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			268.92
5017-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			1,991,881.86
5017-00-00-0000-000-0000-0000-47000	INTEREST EARNED			672.31
5017-00-00-0000-000-0000-0000-47010	UNREALIZED GAIN/LOSS			2,988.66
5240-00-00-0000-000-0000-0000-1049	INVESTMENT IN MONEY MARKET			301,371.51
5240-00-00-0000-000-0000-0000-1050	INVESTMENT IN TEXPOOL			273,030.03
5245-00-00-0000-000-0000-0000-1001	EQUITY IN POOLED CASH			2,988.66
5245-00-00-0000-000-0000-0000-1058	INVESTMENT IN TEXAS CLASS			447,920.66
5245-00-00-0000-000-0000-0000-1150	INVESTMENT IN SECURITIES			1,991,881.86
5245-00-00-0000-000-0000-0000-1251	ACCRUED INTEREST REC			672.31
5245-00-00-0000-000-0000-0000-47000	INTEREST EARNED			268.92
9990-00-00-0000-000-0000-0000-3030	INVEST IN GEN F A - GEN GOVT			35,941.64
9990-00-00-0000-000-0000-0000-3030	INVEST IN GEN F A - GEN GOVT			40,075.01
9990-00-00-0000-000-0000-0000-3040	INV IN GEN F A - CAP PROJECTS			15,368,170.81
9999-00-00-0000-000-0000-0000-0400	POOLED CASH - GEN FUND			464,545.98
9999-00-00-0000-000-0000-0000-0405	POOLED CASH - W/WW OP			253,016.00
9999-00-00-0000-000-0000-0000-0506	POOLED CASH - W/WW CAP PROJ			50,000.00
9999-00-00-0000-000-0000-0000-0525	POOLED CASH - 2015 CO			315,830.13
9999-00-00-0000-000-0000-0000-0526	POOLED CASH - 2016 CO W/WW			70,745.17
9999-00-00-0000-000-0000-0000-0527	POOLED CASH - 2017 CO W/WW			907,138.40
9999-00-00-0000-000-0000-0000-0811	POOLED CASH-REINVESTMENT FUND			2,988.66
9999-00-00-0000-000-0000-0000-0812	POOLED CASH - 2017 CO			574,401.54
9999-00-00-0000-000-0000-0000-0814	POOLED CASH - 2018 CO			268.92
9999-00-00-0000-000-0000-0000-0814	POOLED CASH - 2018 CO			447,920.66
9999-00-00-0000-000-0000-0000-0814	POOLED CASH - 2018 CO			1,991,881.86
Total			42,051,676.23	42,051,676.23

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10		2.2.07		
Subsequent JE 1.22.24 through 1.28.24 provided by client.				
0100-00-00-0000-000-0000-0000-1775	ACCUM AMORT SUBSCRIPTION		216,945.57	
0100-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY		655,755.14	
0100-00-00-0000-000-0000-0000-2400	ACCRUED INTEREST PAYABLE		4,023.60	
0100-00-00-0000-000-0000-0000-53370	SUBSCRIPTION SERVICES		370,480.40	
1020-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		63,842.05	
1040-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		2,981,322.31	
1045-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		7,694,529.22	
1055-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		4,836,041.77	
1055-00-00-0000-000-0000-0000-1757	LAND		33,583.50	
1315-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		19,983.16	
1335-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		771,927.05	
1340-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		404,396.69	
1345-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		3,356,161.58	
9990-00-00-0000-000-0000-0000-1752	EQUIPMENT		336,186.67	
9990-00-00-0000-000-0000-0000-1756	INFRASTRUCTURE		13,975,852.27	
9990-00-00-0000-000-0000-0000-1757	LAND		1,831,307.80	
9990-00-00-0000-000-0000-0000-1758	BUILDING & IMPROVEMENTS		122,698.88	
9990-00-00-0000-000-0000-0000-3040	INV IN GEN F A - CAP PROJECTS		16,225,970.61	
9991-00-00-0000-000-0000-0000-1770	SUBSCRIPTION ASSET		659,000.14	
9991-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY		367,235.40	
9991-41-55-1650-000-0000-0000-53965	AMORTIZATION EXPENSE - SUBS		216,945.57	
9991-41-55-1650-000-0000-0000-53980	INTEREST EXPENSE		4,023.60	
0100-00-00-0000-000-0000-0000-1770	SUBSCRIPTION ASSET			659,000.14
0100-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY			367,235.40
0100-00-00-0000-000-0000-0000-53965	AMORTIZATION EXPENSE - SUBS			216,945.57
0100-00-00-0000-000-0000-0000-53980	INTEREST EXPENSE			4,023.60
1020-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			63,842.05
1040-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			2,981,322.31
1045-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			7,694,529.22
1055-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			4,869,625.27
1315-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			19,983.16
1335-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			771,927.05
1340-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			404,396.69
1345-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			3,356,161.58
9990-00-00-0000-000-0000-0000-1754	CONSTRUCTION IN PROGRESS			16,266,045.62
9990-00-00-0000-000-0000-0000-3030	INVEST IN GEN F A - GEN GOVT			16,225,970.61
9991-00-00-0000-000-0000-0000-1775	ACCUM AMORT SUBSCRIPTION			216,945.57
9991-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY			655,755.14
9991-00-00-0000-000-0000-0000-2400	ACCRUED INTEREST PAYABLE			4,023.60
9991-41-55-1650-000-0000-0000-53370	SUBSCRIPTION SERVICES			370,480.40
Total			55,148,212.98	55,148,212.98

Adjusting Journal Entries JE # 11		2.2.08		
Subsequent JE from 1.29.24 to 2.1.24 provided by client.				
1020-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		4,013,184.44	
1020-49-70-7300-000-0000-0000-53910	WATER CONTRACT PURCHASES		253,016.00	
1040-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		437,168.38	
1045-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		718,307.22	
1050-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		4,879.12	
1055-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		572,809.20	
1310-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		546,388.40	
1315-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		721,963.50	
1320-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		226,297.22	
1325-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		670,709.22	
1330-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		430,982.68	
1335-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		299,849.60	
1340-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		63,444.90	
1345-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		98,212.97	
4010-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		22,870.76	
4020-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		1,491,404.66	
9990-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		13,407,526.13	
1020-00-00-0000-000-0000-0000-1761	ACCUM DEPREC - WATER RIGHTS			299,405.82

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
1020-00-00-0000-000-0000-0000-1762	ACCUM DEPREC - EQUIPMT &			67,378.05
1020-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			3,646,215.30
1020-00-00-0000-000-0000-0000-1764	ACCUM DEPREC - BLDG &			185.27
1020-00-00-0000-000-0000-0000-49550	TRANSFER FROM WWW DEBT			253,016.00
1040-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			437,168.38
1045-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			718,307.22
1050-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			4,879.12
1055-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			565,074.19
1055-00-00-0000-000-0000-0000-1764	ACCUM DEPREC - BLDG &			7,735.01
1310-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			546,388.40
1315-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			721,963.50
1320-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			226,297.22
1325-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			670,709.22
1330-00-00-0000-000-0000-0000-1762	ACCUM DEPREC - EQUIPMT &			47,226.78
1330-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			383,755.90
1335-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			299,849.60
1340-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			63,444.90
1345-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			98,212.97
4010-00-00-0000-000-0000-0000-1762	ACCUM DEPREC - EQUIPMT &			22,870.76
4020-00-00-0000-000-0000-0000-1762	ACCUM DEPREC - EQUIPMT &			1,490,263.28
4020-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			1,141.38
9990-00-00-0000-000-0000-0000-1762	ACCUM DEPREC - EQUIPMT &			1,365,913.63
9990-00-00-0000-000-0000-0000-1763	ACCUM DEPREC -			9,889,168.91
9990-00-00-0000-000-0000-0000-1764	ACCUM DEPREC - BLDG &			2,152,443.59
Total			23,979,014.40	23,979,014.40
Adjusting Journal Entries JE # 12		C.18a		
To reclass unearned revenue from deferred for reporting.				
0100-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS		50,000.00	
0100-00-00-0000-000-0000-0000-2375	UNEARNED REVENUE			50,000.00
Total			50,000.00	50,000.00
Adjusting Journal Entries JE # 13		NON.11f		
To correct deferred revenue.				
2125-00-00-0000-000-0000-0000-2360	DEFERRED INCOME-GRANTS		4,335.00	
2125-00-00-0000-000-0000-0000-48550	HMGP DISASTER RECOVERY GRANT			4,335.00
Total			4,335.00	4,335.00
Adjusting Journal Entries JE # 14		1.09		
To remove lease liability from fund level (modified accrual) account.				
2310-00-00-0000-000-0000-0000-2005	LEASES PAYABLE		109,424.12	
2310-45-80-4400-440-0000-0000-53680	FIELD LEASE		838.66	
2310-00-00-0000-000-0000-0000-1805	DEFERRED OUTFLOW - LEASES			110,262.78
Total			110,262.78	110,262.78
Adjusting Journal Entries JE # 15		2.2.09		
AJE provided by client.				
1020-00-00-0000-000-0000-0000-1751	INVESTMENT IN WATER RIGHTS		10,981,088.00	
1020-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		244,779.00	
1020-41-55-1650-000-0000-0000-53960	DEPRECIATION EXPENSE		608,551.00	
1020-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			4,895,583.00
1020-00-00-0000-000-0000-0000-1754	CONSTRUCTION-IN-PROGRESS			6,085,505.00
1020-00-00-0000-000-0000-0000-1761	ACCUM DEPREC - WATER RIGHTS			853,330.00
Total			11,834,418.00	11,834,418.00
Adjusting Journal Entries JE # 16		2.2.09		
AJE provided by client.				
0100-00-00-0000-000-0000-0000-44540	REIMBURSEMENTS		403,050.25	
1020-00-00-0000-000-0000-0000-1775	ACCUM AMORT SUBSCRIPTION		68,550.74	
1020-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY		346,047.06	
1020-00-00-0000-000-0000-0000-2400	ACCRUED INTEREST PAYABLE		11,399.89	

Client: **City of League City, Texas**
 Engagement: **4.1 - League City 09/30/23**
 Period Ending: **9/30/2023**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
1020-00-00-0000-000-0000-0000-53370	SUBSCRIPTION SERVICES		69,878.75	
5015-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC		403,050.25	
9991-00-00-0000-000-0000-0000-1775	ACCUM AMORT SUBSCRIPTION		216,945.57	
9991-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY		655,755.14	
9991-00-00-0000-000-0000-0000-2400	ACCRUED INTEREST PAYABLE		4,023.60	
9991-41-55-1650-000-0000-0000-53370	SUBSCRIPTION SERVICES		370,480.40	
0100-00-00-0000-000-0000-0000-1402	ACCTS RECEIVABLE-MISC			403,050.25
1020-00-00-0000-000-0000-0000-1770	SUBSCRIPTION ASSET			415,925.81
1020-00-00-0000-000-0000-0000-53965	AMORTIZATION EXPENSE - SUBS			68,550.74
1020-00-00-0000-000-0000-0000-53980	INTEREST EXPENSE			11,399.89
5015-00-00-0000-000-0000-0000-44540	REIMBURSEMENTS			403,050.25
9991-00-00-0000-000-0000-0000-1770	SUBSCRIPTION ASSET			659,000.14
9991-00-00-0000-000-0000-0000-2045	SUBSCRIPTION LIABILITY			367,235.40
9991-41-55-1650-000-0000-0000-53965	AMORTIZATION EXPENSE - SUBS			216,945.57
9991-41-55-1650-000-0000-0000-53980	INTEREST EXPENSE			4,023.60
Total			<u>2,549,181.65</u>	<u>2,549,181.65</u>