

CITY OF LAREDO, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2005

CITY OF LAREDO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2005

PREPARED BY:

CITY OF LAREDO
FINANCIAL SERVICES DEPARTMENT
ACCOUNTING DIVISION

INTRODUCTION SECTION

**CITY OF LAREDO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For Fiscal Year Ended
 September 30, 2005**

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March 17, 2006

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City Of Laredo.

We are pleased to submit the Comprehensive Annual Financial Report of the City of Laredo, Texas for the fiscal year ending September 30, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Laredo. 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 of Laredo 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 Laredo's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Laredo'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 Laredo's financial statements have been audited by Garza, Martinez & Co., P.L.L.C., 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 Laredo for the fiscal year ended September 30, 2005, are free of material misstatement. The independent audit involved examining, on

a test basis, evidence supporting the amounts 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Laredo's financial statements for the fiscal year ended September 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Laredo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state 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 Single Audit Section of this 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 Laredo's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Laredo incorporated in 1755. It is located on the north bank of the historical Rio Grande River. Laredo is unique because it is the only City to operate international bridges between two Mexican states. The City presently maintains four border crossings, three with Nuevo Laredo, Mexico and one with Colombia, Mexico. Laredo is at the center of the primary trade route. It is the only border city strategically positioned at the convergence of all land transportation systems between Canada, the United States and Mexico. The City of Laredo is the largest city in the County of Webb; it is one of the fastest growing cities in the State of Texas and ninth fastest growing city in the United States as per the 2000 Census with a current estimated population of 215,375.

The City of Laredo is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Laredo has operated under the council-manager form of government. The policy-making and legislative authority are vested to the City Council consisting of the mayor and eight Council members. The governing council is

responsible, among other things for passing ordinances, adopting budgets, appointing committees, and the hiring of the City Manager. 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 government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members may serve up to two (2) four (4) year terms. The mayor is elected to serve a four-year term with a limit of two (2) terms. All council members are elected by district. The mayor is elected at large.

The City of Laredo provides a full range of municipal services including police and fire protection, parks, recreational and cultural activities, libraries, recycling services, a civic center, public health and social services, municipal housing, public improvements, public bus transportation, water and wastewater services, sanitation services, four international bridges, an international airport, planning and zoning, and general administrative services. As such, these activities are reflected in the financial statements along with the capital project funds, debt service fund, internal service funds, and fiduciary funds. These financial statements were prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Government Accounting Standards Boards (GASB).

The annual budget serves as the foundation for the City of Laredo's financial planning and control. The City Manager presents a proposed balanced budget to the City Council for review through council workshops. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30th, the close of the City of Laredo's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department Directors may make transfers of appropriations within a department through an insufficient appropriation notice that is reviewed by the Budget, Finance and City Manager's Office depending on the dollar value. Transfers of appropriations between funds require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.

For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the special revenue fund and the capital projects fund).

Factors Affecting Financial Condition

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

Local economy. The City of Laredo currently has enjoyed a favorable economic environment and local indicators point to continued growth. The region has a varied retail, international trade, manufacturing and transportation base that adds to the relative stability of the unemployment rate. The increase in demand for transportation services, trucking and warehousing as well as business services and construction is due to the increase in trade between the United States and Mexico. Laredo is the largest inland port in the Country. As of September 30, 2005, the unemployment rate significantly decreased as compared to prior year from 6.52 percent to 5.0 percent. There was an increase in residential construction by 505 homes; from 1,342 to 1,847 or 37.6 percent as compared to prior year and valuations on those homes grew to \$198,367,334 an increase of 57.15 percent over prior year. On commercial construction, there was a 10.98 percent increase in from 1,020 to 1,132 buildings with increased valuations of \$178,001,202 or 18.10 percent as compared to prior year.

The City has three major hospitals with a combined licensed bed capacity of 630 beds. All three hospitals are state of the art facilities with ancillary and support services. There is a fourth hospital being built with completion in May with approximately 60 beds which will service long-term acute care patients.

In the current year, nationally known companies decided to make their home in Laredo and they range from, retail stores such as a second Target and Circuit City, hotels such as Embassy Suites, Homewood Suites by Hilton, Residence Inn by Marriott, and La Quinta. There also numerous local and State business making their home in Laredo in the areas of banking, restaurants, clothing stores and transportation businesses. Many businesses opening in Laredo have a very diverse economy as well as providing value added jobs to our city.

The City is the home to the “Laredo Bucks” of the Central Hockey League and the Miss Texas USA Pageant which reside at the Laredo Entertainment Center. The Laredo Entertainment Center hosts many family oriented events which include indoor football, exhibition basketball games, rodeos, concerts, motor cross racing, wrestling, and big name concert performers such as Elton John, Shakira and Cher.

MAJOR INITIATIVES

For the Year 2004-2005

The City Staff, following the directives of the City Council and the City Manager, have addressed and completed a large number of projects during the year. These projects reflect the City's commitment to building a better Laredo and provide its citizen with a better quality of life.

- Parks and recreation improvement projects were completed during the fiscal year in the amount of \$1,120,260. The projects include a Community Center, Santa Rita Park and Zacate Creek Park through Community Development Block Grants.
- Various building, street and sidewalk improvements were completed during the fiscal year at a cost of \$1,585,560. The major projects completed were Sidewalk projects at a cost of \$1,429,709 and a Riverfront project at a cost of \$247,124 through a Community Development Block Grant.
- The acquisition of seven 35 ft. buses for the Laredo Transit Management, Inc. at a cost of \$2.2 million. The equipment will be funded by a grant from the Federal Transit Authority, Texas Department of Transportation Grant and Transit Sales Tax.
- A major contract for the construction and improvement project known as "El Portal" in the amount of \$22 million in order to assist with the revitalization of the downtown area. The project consists of site and building demolition, a new bridge administration building, pedestrian bridge crossing, park pavilion building, outbound inspection station, and a market center building. Site improvements include utility improvements, outdoor lighting, sidewalks, ramp, plaza, road improvements and landscape / irrigation improvements. The project is located in the downtown area along the Gateway to Americas International Bridge. The project is expected to be completed during fiscal year 2006 and is promised to be an economic catalyst for retail sales and tourism.
- A \$6.5 million communication system for all City departments through the implementation of an 800 MHz trucking communication system. This system when fully operational, will achieve interoperability hence, the ability to communicate with all levels of law enforcement, federal, state and county. The project consists of a \$3 million infrastructure improvement funded through a Certificate of Obligation in 2005, \$1.2 million from the Governor's Office and the difference from various departmental budget line items.

- The completion of Cielito Lindo, a Fire Station in South Laredo totaling \$1.4 million and opening of three new Police Workstations totaling \$400 thousand were activated within the City due to the expansion and growth explosion throughout the community.
- For the fiscal year various construction contracts were awarded and are expected to be completed in fiscal year 2006. The projects include the following:
 - Airport Improvements Projects in the amount of \$8,238,731 for taxiway improvements
 - Parks and Recreation Improvement Projects in the amount of \$1,528,667. Development of a multipurpose soccer fields walking and jogging trails playground modules with picnic areas among other amenities.
 - Street and sidewalk improvement in the amount of \$408,027
 - Water and wastewater line improvements in the amount of \$4,053,233 throughout the City.
 - Wastewater treatment plant improvements in the amount of \$3,908,946.
 - Water rights acquisition in the amount of \$2,339,494 in order to meet the demands on the system.
- Drainage improvements projects in the amount of \$8.28 million including Manadas Creek, Zacate Creek Upper Reaches, Chacon Creek Acquisition and others.

Future Major Initiatives

Future projects that will be undertaken during the next fiscal year include:

- Development of the Laredo International Airport property where 88 acres of land across the street from the terminal on Loop 20 will offer retail shops as well as a movie theatre.
- Continuation of extensive park development, where the city addresses the quality of life issues. The projects include East Side Sports Complex, North Central Park, Northwest Recreation Center, Father McNaboe Park Improvements, El Eden Recreation Center, Slaughter Park, Cigarroa Recreation Center Improvements, Dryden Park.
- The Santa Ursula Avenue connector road project with an estimated cost of \$5 million will provide the Citizens of Laredo with better access into the downtown area where a down ramp from International Bridge No. 2 connects to the International Bridge No. 2.

- A Bridge construction project is the widening of Bridge II in the estimated cost of \$1.5 million. This project is in coordination with US Customs in order to provide increased accessibility by eliminating pedestrian walkways and converting them into a vehicular lane.
- The City continues to work on extending the water and sewer improvements to provide these basic needs to residents of Webb County through a \$15.7 million dollar grant from the Texas Water Development Board, Economic Distressed Areas Program, and the Border Environmental Cooperative Commission. Thirty nine percent of the project has been completed.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and its agencies and instrumentalities and the Local Government Investment pools. The maturities of the investments range from daily to three years with an average day to maturity of 252 days. The average yield on investments was 3.572 percent overall.

Risk management. In January 1990, the City established a partial self-insurance plan to provide medical coverage for its employees. On October 1, 1996, the City converted its Worker's Compensation Plan to a self-funded plan. Claims in excess of the self-insured retention amounts are covered through third party limited-coverage insurance policies. The City has accruals for claims that have been incurred but not yet disbursed. The total net assets as of September 30, 2005, for the Health & Benefits Fund were in a deficit of \$22,927. The high cost of insurance claims as well as various catastrophic cases depleted our fund balance. A transfer from the Solid Waste Fund of \$3.1 million dollars was approved by Council in order to assist with the majority of the fund deficit. This amount will be reimbursed to the Solid Waste Fund in the future as the Health and Benefits Fund regains strength as a result of various measures taking place. The total net assets for Risk Management were \$1,204,127, an increase of \$459,672 from the previous year.

Pension and other postemployment benefits. The City of Laredo sponsors a non-traditional, joint contributory, hybrid defined single-employer (TMRS) defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City of Laredo must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Laredo fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the City of Laredo's conservative funding policy, the City of Laredo has partially funded 58.31 percent as of December 30, 2004. The remaining un-funded amount is being systematically funded over 25 years as part of the annual required contribution calculated by the actuary.

The City of Laredo also provides post-retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 116 retired employees receiving these benefits, which are financed on a pay-as-you-go-basis. GAAP currently does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Laredo's pension arrangements and post-employment benefits can be found in Note # 9 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laredo for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 Presentation Award for its fourteenth consecutive year. 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 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 must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Laredo's finances.

Respectfully submitted,


Rosario Camarillo-Cabello,
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Laredo,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

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.

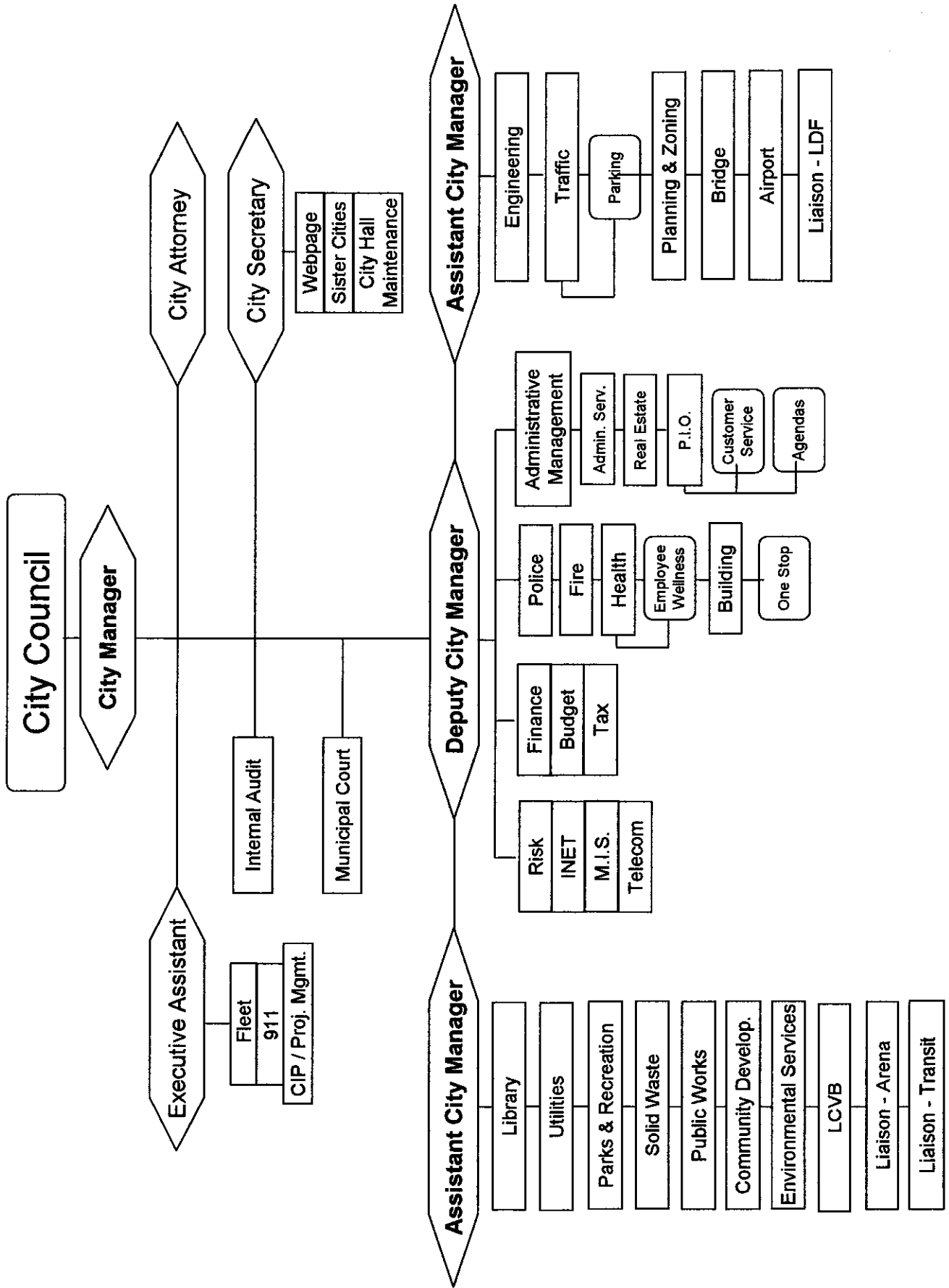


Nancy L. Ziehl

President

Jeffrey R. Enos

Executive Director



**CITY OF LAREDO, TEXAS
ADMINISTRATIVE OFFICIALS**

CITY COUNCIL

Elizabeth G. Flores, Mayor

COUNCIL MEMBER	DISTRICT	COUNCIL MEMBER	DISTRICT
Alfredo Agredano	I	Johnny Rendon	V
Hector J. Garcia	II	Gene Belmares	VI
John C. Galo	III	Jose A. Valdez, Jr.	VII
		Mayor Pro Tempore	
John Amaya	IV	Juan Ramirez	VIII

CITY STAFF

Larry Dovalina Jr., City Manager

Cynthia Collazo, Deputy City Manager

Horacio De Leon , Assistant City Manager

Rafael Garcia, Assistant City Manager

Jaime L. Flores, City Attorney

Rosario Camarillo-Cabello, Financial Services Director

FINANCIAL SECTION

GARZA, MARTINEZ & CO., L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Laredo, 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 Laredo, Texas, as of and for the year ended September 30, 2005, 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 Laredo, Texas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the provisions of the State of Texas *Uniform Grant and Contract Management Standards (UGCMS)*. Those standards, OMB Circular A-133 and UGCMS, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Laredo, Texas, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major

Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and *UGCMS*, we have also issued our report dated March 17, 2006 on our consideration of the City of Laredo, Texas', internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and *UGCMS* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information listed on the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Laredo, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *UGCMS*, and is also not a required part of the basic financial statements of the City of Laredo, Texas. The combining and individual nonmajor fund financial statements as well as the schedule of expenditures of federal and state awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and schedules listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Garza, Martinez & Co., L.L.P.

March 17, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Laredo's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of this fiscal year by \$556 million (net assets). Of this amount, \$77 million (unrestricted net assets) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The City's governmental net assets increased by \$31 million while the business-type activities net assets increased by \$1.4 million resulting in a \$32.4 million increase in total net assets for the current fiscal year.
- As of the close of the current fiscal year, the City's Governmental funds reported combined ending fund balances of \$69 million; an increase of \$12 million from prior year. At the City's discretion, \$47 million of these fund balances are unreserved, \$5.6 million are designated for debt service, and the remaining amount of \$41.4 are available for spending. These amounts are reported prior to GASB 34 conversion.
- At the end of the current fiscal year, fund balance for the general fund was \$14.3 million, or 15.05 percent of the total general fund expenditures.
- The City's bonded debt has a net increase of \$14 million from prior year's balance of \$301 million. During the current fiscal year, the City issued \$15.6 million in certificate of obligation bonds and \$6.4 million in revenue bonds. The City also refunded \$24.5 million in General Obligation bonds, \$48 million in Revenue Bonds and \$33.6 million in Sports Venue Sales Tax Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts-management's discussion and analysis (this section), the basic financial statements, required supplemental information, and an option section that presents combining statements for non-major Governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are Government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City Government, reporting the City's operations in more detail than the Governmental-wide statements.
- The Governmental funds statements tell how general Government services like public safety were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-and long-term financial information about the activities the Government operates like a business, such as the Bridge, Transit and Water and Sewer funds.
- Fiduciary fund statements provide information about the financial relationships as an example, the retirement plan for the City's employees in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources above belong.

	Fund Statements			
	Government –Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
SCOPE	Entire City Government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary, such as police, fire, and parks	Activities the City operates similar to private businesses: Bridge, Water, Sewer	Instances in which the City is the trustee or agent for someone else’s resources i.e.: the retirement plan for City employees
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of Revenues and Expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of Revenues expenses, and changes in net assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both short-term and long-term the City’s funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the year; expenditures when goods and services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year; regardless of when cash is received or paid	All revenues and expenses during the year, regardless when cash is received or paid

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition these required elements, we have included a section with combining statements that provide details about our non-major Governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1

**Required Components of the
City of Laredo's Basic Financial Report**

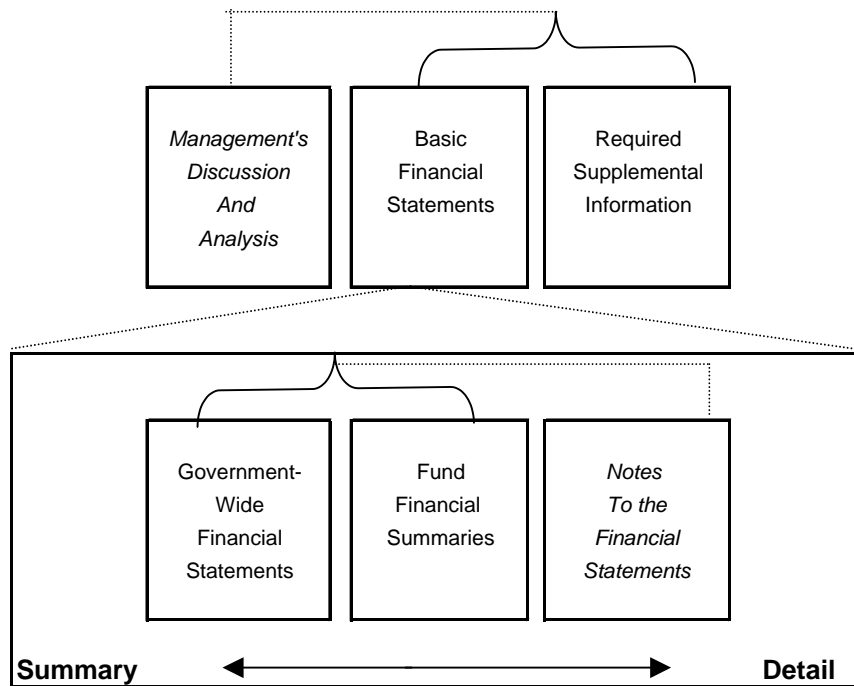


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City Government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the financial statements.

Government-wide Statements

The *Government-wide statements* are designed to provide readers with a broad overview of the City of Laredo'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*. Overtime, increases and decreases in net assets may serve as a useful indicator of the City's financial health or position.

- Increases or decreases in the City's net assets are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City consideration to non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The Government-wide financial statements of the City are divided into three activities:

- **Government activities**-Most of the City's basic services are included here, such as the police, fire, parks, public works, health, library departments, and general administration. Sales taxes and property taxes, charges for services, and the state and federal grants finance most of these activities.

- Business-type activities – The City charges fees to customers to help it cover its cost of certain services it provides. The City’s Municipal Court operations and a portion of the Bridge revenues are included here.
- Discretely Presented Component units – The City includes five other entities in its report. These entities are: Laredo Municipal Housing Corp., Laredo Municipal Transit System, Laredo Convention and Visitors’ Bureau, Laredo Firefighters’ Retirement System, and the Laredo Water Corporation. Although legally separate, these “component units” are important because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant funds – not the City as a whole. Funds are grouping or related accounts that the City uses to keep track of the specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council has established other funds to account for particular purposes or projects and or to show that it is properly using certain revenue sources.

The City has three kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in Governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, we provide additional information at the bottom of the Governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the Government-wide statements, provide both long- and short-term financial information.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for its employee’s pension plans. It is also responsible for other assets that – because of a trust arrangement can be used only for the trust beneficiaries. The city is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City’s Government-wide financial statements because the City cannot use these assets to finance operations.

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 follow the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. The City's *combined* net assets totaled \$556 million as of September 30, 2005. Analyzing the net assets and net expenses of the governmental and business-type activities separately, the business type activities net assets are \$280 million and the government type activities are \$277 million. This analysis focuses on the net assets (Table A-1) and changes in general revenues (Table A-2) and significant expenses of the City's governmental and business-type activities.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, building, 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 service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1 **City of Laredo's Net Assets**
September 30, 2004 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 117,091,934	\$ 98,540,699	\$ 127,142,082	\$ 117,539,019	\$ 244,234,016	\$ 216,079,718
Capital assets	373,348,998	373,181,358	294,136,829	288,282,005	667,485,827	661,463,363
Total assets	490,440,932	471,722,057	421,278,911	405,821,024	911,719,843	877,543,081
Current liabilities	36,567,851	35,665,547	18,715,168	20,145,764	55,283,019	55,811,311
Long-term liabilities	177,309,869	190,514,204	122,826,513	107,380,862	300,136,382	297,895,066
Total liabilities	213,877,720	226,179,751	141,541,681	127,526,626	355,419,401	353,706,377
Net Assets:						
Invested in capital assets, net of related debt	198,694,918	187,385,351	234,602,168	225,414,099	433,297,086	412,799,450
Restricted	34,889,245	20,473,785	11,147,151	8,618,508	46,036,396	29,092,293
Unrestricted	42,979,049	37,683,170	33,987,911	44,261,791	76,966,960	81,944,961
Total net assets	\$ 276,563,212	\$ 245,542,306	\$ 279,737,230	\$ 278,294,398	\$ 556,300,442	\$ 523,836,704

An additional portion of the City's net assets (46,036,396 or 8.27%) represents resources that are subject to external restrictions on how they may be used. The City of Laredo has sufficient funds to meet requirements for cash outlays in the next fiscal year and has the financial capacity to meet its long-term obligations in the years to come. The City's policy has been to make reasonable and continuous efforts to fund all long-term liabilities.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2005. Governmental activities increased the City's net assets by \$31 million, while Business-Type activities increased by \$1.4 million, overall the City's Net Assets increased by \$32.4 million. The City's total revenues increased by 4.5 percent to \$285 million in Fiscal Year 2005 (See Table A-2). The largest revenue category was charges for services, which is composed for the most part of Administrative Fees from all departments.

Total operating cost of all programs increased by \$8.5 million from prior year to \$267 million. The areas of largest growth were in the areas of public works and cultural and recreational. However, the most significant governmental expense for the City was in providing public safety, which incurred \$77 million. These expenses were offset by revenues collected by a variety of sources such as property taxes and fines and forfeitures. The most significant portion of the police activity is the cost of personnel, which is approximately \$ 29 million and the fire department with \$ 25.6 million (both areas including benefits). Expenses related to parks and recreation activities increased \$5 million due to increased expenses for park field services, recreation centers programs and related maintenance.

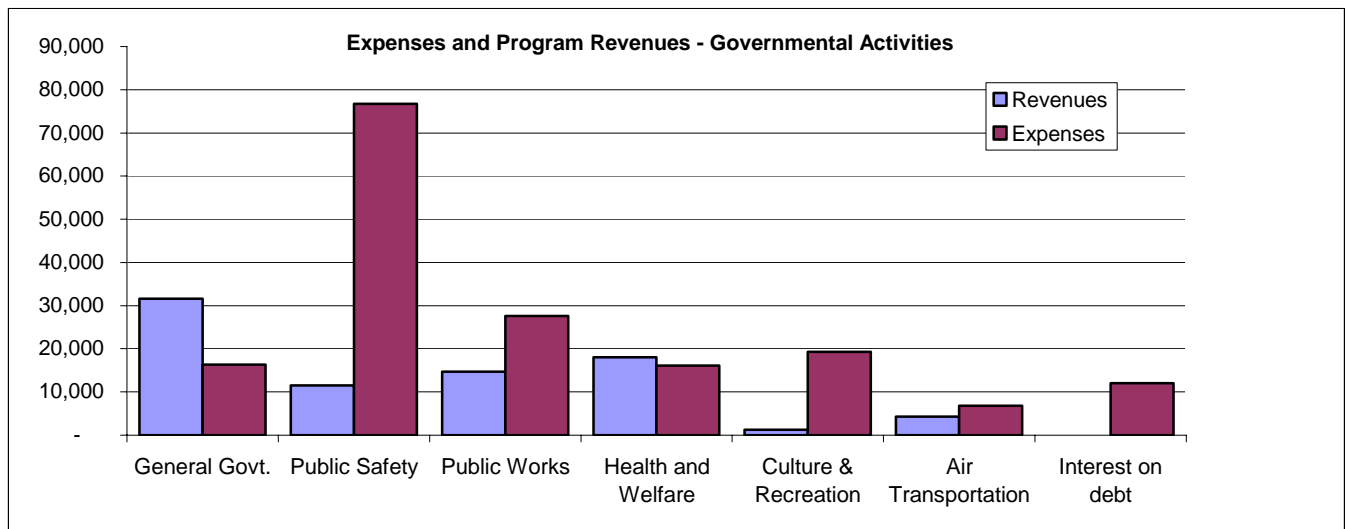
Table A-2

City of Laredo's Changes in Net Assets September 30, 2004 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 52,401,380	\$ 47,470,421	\$ 92,223,680	\$ 83,719,720	\$ 144,625,060	\$ 131,190,141
Operating grants and contributions	14,751,179	13,072,709	7,244,365	12,514,706	21,995,544	25,587,415
Capital grants and contributions	14,271,496	13,094,915	7,463,200	13,011,433	21,734,696	26,106,348
General revenues:						
Sales tax	26,628,764	24,553,316	5,026,869	4,690,014	31,655,633	29,243,330
Property taxes	45,019,642	41,518,421	-	-	45,019,642	41,518,421
Other taxes	9,195,500	8,842,072			9,195,500	8,842,072
Grants and contributions not restricted	4,497,007	5,027,736			4,497,007	5,027,736
Other	6,245,582	5,244,887	12,500	(103,221)	6,258,082	5,141,666
Total revenue	\$ 173,010,550	\$ 158,824,477	\$ 111,970,614	\$ 113,832,652	\$ 284,981,164	\$ 272,657,129

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Expenses:						
General Government	\$ 16,356,901	\$ 32,457,409			\$ 16,356,901	\$ 32,457,409
Public Safety	76,682,946	73,213,859			76,682,946	73,213,859
Public Works	27,601,104	18,914,550			27,601,104	18,914,550
Health & Welfare	16,076,928	16,146,114			16,076,928	16,146,114
Culture & Recreation	19,304,006	14,283,487			19,304,006	14,283,487
Air Transportation	6,827,442	7,476,744			6,827,442	7,476,744
Interest & Other long - term debt	12,003,612	9,583,425			-	-
Bridge System			34,643,592	33,328,290	34,643,592	33,328,290
Solid Waste			14,685,053	12,620,242	14,685,053	12,620,242
Water System			16,888,416	15,729,159	16,888,416	15,729,159
Sewer System			10,903,372	10,840,161	10,903,372	10,840,161
Other Business -Types			15,428,595	14,304,763	15,428,595	14,304,763
Total expenses	174,852,939	172,075,588	92,549,028	86,822,615	267,401,967	258,898,203
Inc (dec) in net assets						
before transfers	(1,842,389)	(13,251,111)	19,210,853	27,010,037	17,368,464	13,758,926
Transfers	17,978,754	11,253,312	(17,978,754)	(11,253,312)	-	-
Incr (Dec) in net assets	16,136,365	(1,997,799)	1,232,099	15,756,725	17,368,464	13,758,926
Net assets, beginning	245,542,306	262,790,740	278,294,398	262,537,673	523,836,704	525,328,413
Prior Period Adj.	14,884,541	(15,250,635)			14,884,541	(15,250,635)
Net assets, ending	\$ 276,563,212	\$ 245,542,306	\$ 279,526,497	\$ 278,294,398	\$ 556,089,709	\$ 523,836,704

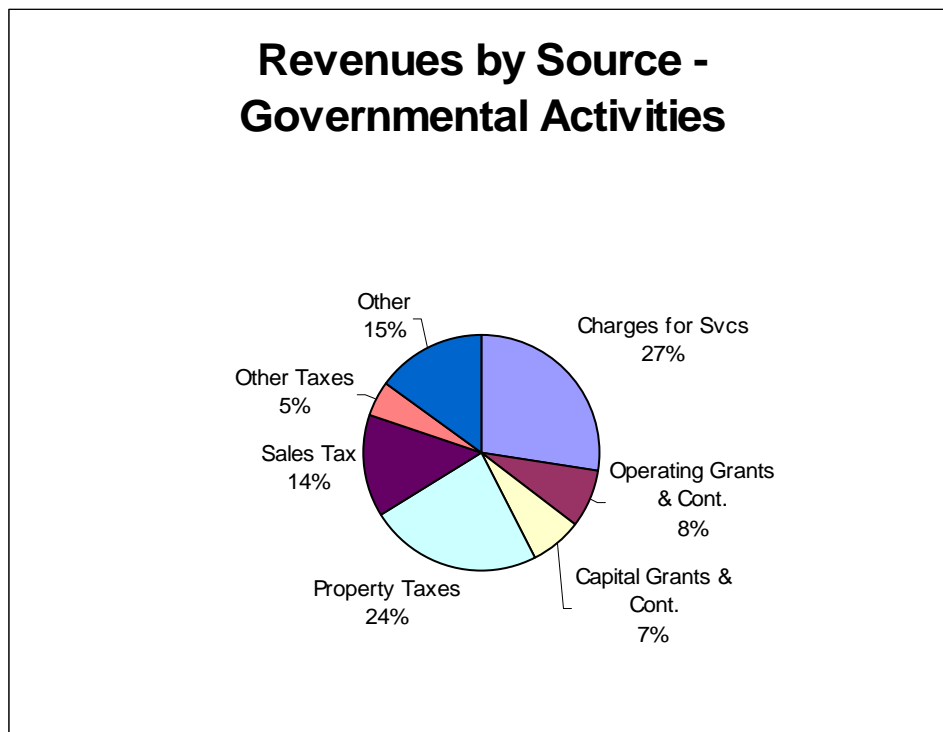
Graph 1



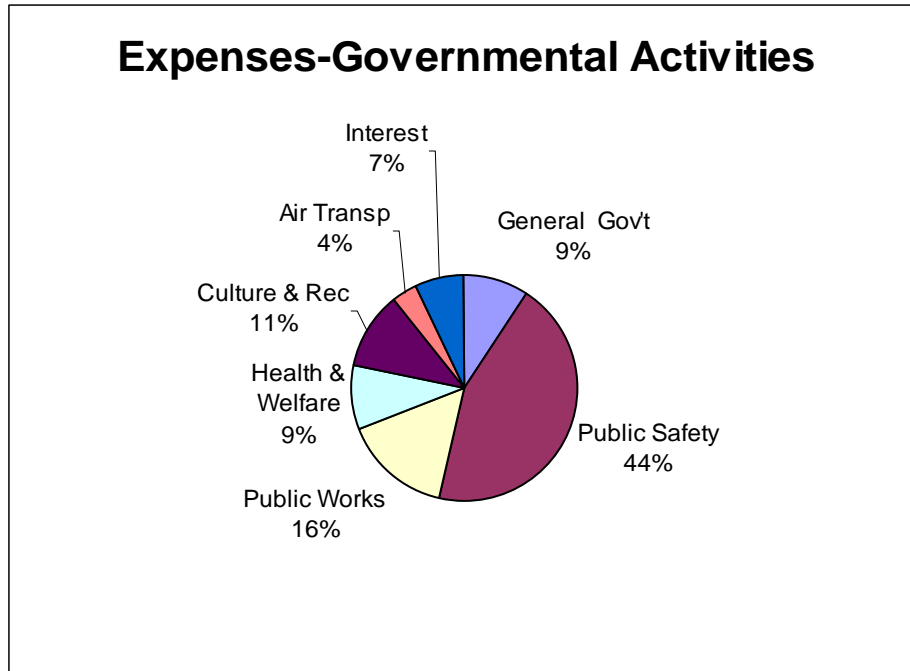
Graph 1 represents the cost of each of the City's 7 largest programs as well as each of the programs revenue. Net cost (total cost less fees generated by the activities and intergovernmental aid) is also reflected for each program. The net cost is the financial burden that was placed on the City's taxpayers by each of these functions.

- The cost of all *Governmental* activities this year was \$175 million.
- The amount that our citizens paid for these activities through City taxes and revenues such as interest earnings, franchise fees, and unrestricted grants was \$109.6 million
- General Government (support services) comprised approximately 9.4% of total expenses in Fiscal Year 2005; a decrease of \$16 million from prior year. The decrease was largely due to \$2.9 in compensated absences, \$1.7 million in loss on sale or exchange of assets, and \$12 million contribution on bond proceeds. These items were one -time expenditures in prior year.
- Expenses for Public Safety increased by \$3.5 million from prior year. This increase was due to increased personnel in Fire and Police totaling \$3.3 million, \$500 thousand in motor fuel for the Police Department and a Fire Department Homeland Security Grant of \$303 thousand.
- 44% of all Governmental Activities expenses were from public safety, 16% were from Public Works, and 11% went for Cultural & Recreational (see Graph 3).
- Expenses for the Cultural & Recreational activities increased by \$5 million from prior year. The \$5 million increase was due to \$3.9 million land purchase for the Sport and Community Venue Fund, \$466 thousand for additional park maintenance, \$211 thousand for additional library operations, and \$269 thousand for additional recreation center expenses.
- Business Type Activities transferred to Governmental Activities \$18 million.
- 27% of all Governmental Activities revenue came from charges for services, 24% from property taxes and 14% from sales taxes (see Graph 2).

Graph 2



Graph 3



Business-type Activities

Revenues of the City’s business-type activities were \$107 million for the fiscal year ending September 30, 2005, a decrease of \$2.3 million from prior year. There was an overall increase in Charges for Services of \$8.5 million where the larger contributors to this increase were the Bridge System by \$3.7 million and Water Systems by \$2.8 million. However, a \$10.8 million decrease of capital and operating grants / contributions generated the \$2.3 million net decrease in business-type revenues as compared to prior year. This decrease of \$10.8 million is largely due to contributions in the Transit and Utilities Systems in prior year.

Expenses for the City’s business-type activities were \$92 million for the year, a \$5.7 million increase from prior year. (Refer to Table A-2). The areas where these increases occurred are as follows:

- \$1.3 million Bridge System; operational increases of \$779 thousand and \$521 thousand in non-operational revenues i.e. interest expense and loss of an advance refunding.
- \$2.1 million Solid Waste; \$1.4 million in operations for the creek cleaning and sanitation crews and \$700 thousand for additional construction projects.
- \$1.2 million Water System; Due to de-privatization of the System, a reorganization of the department transpired where a fluctuation of increases / decreases of expenses occurred as compared to prior year. The following divisions were re-introduced to the budget: i.e. Water Treatment, Billing and Transmission / Distribution.
- \$1.1 million in other business type expenses

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Laredo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Laredo is to provide information on near term inflows (current resources) outflows, and balances of available resources. Such information is useful in assessing the City of Laredo's financial requirements. In particular, unreserved fund balances may serve as a useful measure of the Government's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds reported a combined fund balance of \$68.8 million, 21.1 percent increase from prior year. Of the \$68.8 million combined fund balance, \$13.3 million is unreserved, \$5.6 million debt service, and \$28 million for capital projects, and \$62 thousand in restricted for endowment fund; the difference is invested in capital assets net of related debt.

The General Fund is the chief operating fund of the City of Laredo. At the end of the current fiscal year, unreserved fund balance of the general fund was \$12.9 million while total fund balance \$14.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13.5 percent total general fund expenditures, while total fund balance represents 15.05 percent of the same amount.

During the current fiscal year, the City's general fund balance increased by \$4.0 million as compared to prior year. Key factors in this growth are as follows:

- As compared to prior year, an increase of \$4.2 million in property taxes. A growth in assessed valuations by 12% from prior year as well as the City's high collection rate of 96.5% has assisted the City in increasing tax revenues without having to increase the property tax rate. In addition, an increase of \$198 thousand in penalty and interest charges over prior year was collected due to aggressive efforts.
- An increase of \$1.6 million in sales tax due to increased economic growth in the area as compared to prior year.
- An increase of \$847 thousand in charges for services to other intergovernmental areas as compared to prior year.
- General Fund Expenditures decreased by \$6.7 million from prior year. Where most of the departments remained stable with minimal growth with the exception of Police Department's expenditures which increased by \$1.5 million, Fire Department with growth of \$1.9 million and Cultural & Recreational with growth of \$1.6 million.

The Debt Service fund has a total fund balance of \$5.6 million, all of which is designated for the payment of debt. The net increase in fund balance during the current year in the debt service fund was \$1.04 million dollars. Interest earnings increased by \$3.8 million as a result of premiums and interest earned in various refunding issues.

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

Unrestricted net assets of the Business – Type Activities at the end of the year amounted to \$34 million. The total decrease in net assets as compared to prior year is \$10 million. The largest area of change is in the Solid Waste Fund where a \$7 million decrease in net assets was attributed to a transfer of \$2.5 million to General Fund and a \$3.1 million transfer to the Health and Benefits Fund in order to subsidize for some of the operations / expenses. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Overall, the City aggressively sought to re-gain the equivalent of 15% of operating expenditures in fund balance. Due to 9-11 un-foreseeable expenditures and past economic shortfalls, the City had dropped below the targeted rate of 15% in fund balance. With appropriate planning and cautious financial spending, the City's fund balance is \$14,321,521 or 15.05% of operating expenditures as of September 30, 2005.

Original Budget vs. Final Amended Budget:

Revenues:

- During the year, the General Fund budget was amended by increasing additional appropriations of \$1.3 million for Homeland Security State Operating Grant.

Expenditures:

- The budget was amended to reflect an additional appropriation of \$1 million for Homeland Security Grant.

Amended Budget as compared to Actual Expenditures:

Revenues:

- Significant revenue increase of \$2.4 million in revenues as compared to the amended budget had various attributes:
 - Increase in sales tax by \$777,316.
 - Increase in property taxes by \$894,807 and \$177,752 for penalties related to taxes.
 - Increase in the license and permits by \$349,863; largely in the electricity area.
 - Increase in the interest earned by \$354,866.

Expenses:

- Police Department personnel expenditures exceeded by \$283,198 as compared to budget.
- Police Department Motor fuel expenditures exceeded budget by \$347,497 as compared to budget.
- Fire Department personnel expenditures exceeded by \$1,009,386 as compared to budget; their largest attributor was overtime by \$523,919.
- Unexpected emergency expenses due to Hurricane Rita of \$100,212; the City has requested reimbursement from FEMA.
- All other departments of General Fund played a pro-active role in limiting expenditures and ensuring that the City not over extended its appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Laredo investment in capital assets for its Governmental and Business-Type activities as of September 30, 2005 is \$663 million (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was \$3.9 million net increase over prior year. Additions for the year totaled \$6.4 million and total deletions and transfers totaled \$2.5 million. (Table A-3) Additional information about the City's Capital Assets is presented in Note 8 to the financial statements.

Table A-3
City of Laredo
(net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Land	\$ 45,405,076	\$ 39,729,697	\$ 28,256,904	\$ 27,856,636	\$ 73,661,980	\$ 67,586,333
Buildings	102,447,815	104,650,074	40,340,435	41,577,888	142,788,250	146,227,962
Machinery & Equipment	16,294,688	15,907,093	23,554,642	26,759,150	39,849,330	42,666,243
Water Rights	0	0	14,756,178	14,706,178	14,756,178	14,706,178
Infrastructure	199,489,427	206,890,730	156,997,009	159,335,861	356,486,436	366,226,591
Construction in Progress	7,958,619	5,397,160	27,672,393	16,450,641	35,631,012	21,847,801
Total	\$ 371,595,625	\$ 372,574,754	\$ 291,577,561	\$ 286,686,354	\$ 663,173,186	\$ 659,261,108

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

Governmental

- Land Acquisition related to the Laredo Entertainment Sports Venue \$4.0 million which will be used as a future multi-entertainment area with related parking improvements.
- Land Purchase for Noise Abatement project totaling \$1.2 million.
- Park improvements of over \$730 thousand.

Proprietary

- Land acquisition for a connector road on Santa Ursula Street which will be used to connect International Bridge No. 4 to International Bridge No. 1. The Land cost was \$400 thousand; however the construction project is estimated at \$5 million.
- Construction in progress for \$7.3 million of a \$22 million project on renovations and improvements to International Bridge No. 1- El Portal.

The Governmental activities consists of improvements to and / or construction of the City's streets, parks and recreational facilities, police substations, fire protection facility, and airport improvements. Contractual Obligation bonds and grant awards are the primary financing mechanism for these capital improvements.

The Business Type activities consist of improvements to and/or construction of water and wastewater systems and international bridge improvements. These projects are primarily funded by the transfer of enterprise revenues and the issuance of debt i.e.: Revenue Bonds.

Long-term Debt

At year-end, the City had \$300 million in outstanding bonds and other long term debt; an increase of \$14.3 million over last year (See Table A-4). More detailed information about the City's long-term liabilities is presented in Note 11 to the financial statements.

New debt resulted mainly from a \$15.6 million Combination Tax and Revenue Certificate of Obligation Series 2005, a \$6.4 million Waterworks & Sewer Systems Revenue Bond, \$23.8 million International Toll Bridge System Revenue Improvement and Refunding Bonds, and \$24.5 million General Obligation Refunding Bonds Series 2005. The issuance of long term debt was to finance various projects including various drainage projects, a radio communication system, various park improvements, water transmission lines, El Portal-Bridge infrastructure, various Bridge improvements and various machinery / equipment along with refunding of various issues.

Bond Ratings	
The City most recent general obligation bond ratings are the following:	
Standard & Poor's	A+
Moody's	A2
Fitch	A+

Table A-4
City of Laredo's Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 80,040,000	\$ 67,120,000	\$ -	\$ -	\$ 80,040,000	\$ 67,120,000
Certificates of obligation	58,930,000	71,610,000	-	-	58,930,000	71,610,000
Revenue bonds	36,205,000	37,735,000	91,703,768	66,320,273	127,908,768	104,055,273
Capital lease obligations	1,029,869	760,642	-	-	1,029,869	760,642
Compensated Absences	-	-	653,491	584,513	653,491	584,513
Landfill Closure & Post	-	-	6,869,894	6,215,053	6,869,894	6,215,053
Notes payable	1,105,000	1,190,000	23,599,360	34,261,023	24,704,360	35,451,023
Total	\$ 177,309,869	\$ 178,415,642	\$ 122,826,513	\$ 107,380,862	\$ 300,136,382	\$ 285,796,504

Economic Factors and Next Year's Budgets and Rates

The City Council considered many factors when setting the fiscal year 2006 budget. General Fund revenues for FY 05-06 are proposed to be \$110,395,227 with a 9 percent over prior year actual revenues and expenses are projected to be \$110,395,227 with a 12.8 percent increase over prior year actual expenditures. This growth has caused additional demands on the City to enhance services provided to the general population. The City's unemployment rate dropped to 5.0 percent as of September 30, 2005 compared to prior year's 6.5 percent. This average places it slightly above the State average of 5.53 percent. Building permit revenues, sales tax revenues and bridge toll revenues are areas which we use to measure the local economy. These areas are showing growth and are good indicators of a stronger economy.

The total 2005-2006 consolidated budget appropriation is \$386 million. This represents an increase of \$41 million or 11.9 percent over the 2004-2005 Budget. The property tax rate for 2006 is .6370 per \$100 valuation; the rate remains the same as prior year. Assessed valuations for FY 05-06 were \$7.4 billion which include \$299 million of new improvements, \$653 million or 9.6% with an estimated levy of \$47.3 million. Of the .6370 tax rate, 80 percent or .512184 cents are utilized for General Fund activities, the remaining 20 percent or .124816 cents are used for Debt Service. The General Fund's portion of property tax revenue for FY 2006 is projected to be \$37 million up \$4 million compared to last year. Sales tax revenues for the General Fund for fiscal year 2006 are budgeted to be \$22.7 million, an increase of \$1.5 million as compared prior year's actual numbers.

A 2.5 percent cost of living increase was budgeted for all of the City of Laredo's employees for FY 2005-06, with the exception of Fire & Police Safety in which a contract negotiated amount is applied. In addition to the cost of living increase, employees are evaluated annually where an average of 3 percent merit increase is budgeted. Due to increasing healthcare costs, the City increased its premiums by 10 percent for family plans; individual coverage is paid at 100 percent by the City.

The City of Laredo will continue to work on various projects such as the revitalization of our downtown, a riverfront development with the construction of El Portal, the creation of new park spaces, and a beautification project among other projects. These significant investments will help assure future fiscal stability for the City and its citizens.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Finance Director, 1110 Houston Street, City of Laredo, Texas, 78042.

BASIC FINANCIAL STATEMENTS

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2005

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents: (Note 4)			
Cash	\$ 483,281	\$ 28,297	\$ 511,578
Equity in Investment Pool	106,924	127,839	234,763
Investments (Note 5)	77,317,040	33,159,647	110,476,687
Receivable, net of allowances: (Note 6)			
Accrued Interest	1,096,230	200,779	1,297,009
Property Taxes, Penalty and Interest	6,224,453	-	6,224,453
Hotel-Motel Tax, Penalty and Interest	214,521	-	214,521
Accounts	9,515,379	6,240,836	15,756,215
Notes	12,011,839	59,294	12,071,133
Paving Assessments	72,487	-	72,487
Internal Balances	(22,059)	22,059	-
Due From Other Governments	9,552,001	441,247	9,993,248
Inventory, at cost	279,838	874,563	1,154,401
Prepaid Items	240,000	-	240,000
Total Current Assets	<u>117,091,934</u>	<u>41,154,561</u>	<u>158,246,495</u>
Noncurrent Assets:			
Restricted Assets: (Note 7)			
Investments	-	85,757,153	85,757,153
Accrued Interest	-	162,197	162,197
Accounts	-	19,339	19,339
Notes	-	10,187	10,187
Due From Other Governments	-	38,645	38,645
Capital Assets: (Note 8)			
Nondepreciable Assets:			
Land and Improvements	45,405,076	43,013,082	88,418,158
Construction in Progress	7,958,619	27,672,393	35,631,012
Depreciable Assets:			
Buildings	122,355,705	56,907,672	179,263,377
Machinery and Equipment	49,350,122	53,205,579	102,555,701
Infrastructure	328,373,324	248,947,723	577,321,047
Accumulated Depreciation	(181,847,221)	(138,168,888)	(320,016,109)
Unamortized Bond Issuance Costs	1,753,373	2,559,268	4,312,641
Total Non Current Assets	<u>373,348,998</u>	<u>380,124,350</u>	<u>753,473,348</u>
TOTAL ASSETS	<u>\$ 490,440,932</u>	<u>\$ 421,278,911</u>	<u>\$ 911,719,843</u>

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2005

(Continued)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 3,255,935	\$ 2,028,055	\$ 5,283,990
Claims and Judgments Payable	2,893,611	-	2,893,611
Retainage Payable	730,664	590,896	1,321,560
Accrued Wages and Employee Benefits	2,267,140	552,950	2,820,090
Accrued Interest Payable	1,289,311	543,567	1,832,878
Compensated Absences	40,453	525,600	566,053
Contracts Payable	5,280,994	1,461,027	6,742,021
Customer and Tenant Deposits	140,687	4,113,034	4,253,721
Due To Other Governments	333,143	-	333,143
Due to Developers	1,478,887	46,964	1,525,851
Unearned Revenue	2,156,275	2,884,697	5,040,972
General Obligation Bonds (Note 11)	8,000,000	-	8,000,000
Certificates of Obligation (Note 11)	6,755,000	-	6,755,000
Revenue Bond Payable (Note 11)	930,000	5,267,000	6,197,000
Notes Payable (Note 11 & 12)	85,000	701,378	786,378
Capital Lease Obligation (Note 11)	930,751	-	930,751
Total Current Liabilities	<u>36,567,851</u>	<u>18,715,168</u>	<u>55,283,019</u>
Noncurrent Liabilities:			
Noncurrent portion of long term liabilities:			
General Obligation Bonds (Note 11)	80,040,000	-	80,040,000
Certificates of Obligation (Note 11)	58,930,000	-	58,930,000
Revenue Bonds Payable (Note 11 & 12)	36,205,000	91,703,768	127,908,768
Notes Payable (Note 11 & 12)	1,105,000	23,599,360	24,704,360
Capital Lease Obligations (Note 11)	1,029,869	-	1,029,869
Compensated Absences (Note 11 & 12)	-	653,491	653,491
Landfill Closure & Postclosure Costs (Note 12)	-	6,869,894	6,869,894
Total Noncurrent Liabilities	<u>177,309,869</u>	<u>122,826,513</u>	<u>300,136,382</u>
TOTAL LIABILITIES	<u>\$ 213,877,720</u>	<u>\$ 141,541,681</u>	<u>\$ 355,419,401</u>
NET ASSETS			
Investments in Capital Assets, net of related debt	\$ 198,694,918	234,602,168	433,297,086
Restricted for:			
Debt Service	5,634,547	11,147,151	16,781,698
Capital Projects	29,192,233	-	29,192,233
Canseco Endowment Fund			
Nonexpendable	12,465	-	12,465
Expendable	50,000	-	50,000
Unrestricted	42,979,049	33,987,911	76,966,960
TOTAL NET ASSETS	<u>\$ 276,563,212</u>	<u>\$ 279,737,230</u>	<u>\$ 556,300,442</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAREDO, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 16,356,901	30,349,336	1,221,176	-	15,213,611	-	15,213,611
Public Safety	76,682,946	5,786,216	5,749,081	-	(65,147,649)	-	(65,147,649)
Public Works	27,601,104	1,429,722	512,155	12,756,417	(12,902,810)	-	(12,902,810)
Health and Welfare	16,076,928	9,739,625	6,785,346	1,515,079	1,963,122	-	1,963,122
Culture and Recreation	19,304,006	1,245,478	35,982	-	(18,022,546)	-	(18,022,546)
Air Transportation	6,827,442	3,851,003	447,439	-	(2,529,000)	-	(2,529,000)
Interest and Other on Long-Term Debt	12,003,612	-	-	-	(12,003,612)	-	(12,003,612)
Total Governmental Activities	174,852,939	52,401,380	14,751,179	14,271,496	(93,428,884)	-	(93,428,884)
Business-Type Activities:							
Bridge System	34,643,592	39,308,141	64,412	-	4,728,961	-	4,728,961
Solid Waste Management System	14,685,053	15,000,859	-	-	315,806	-	315,806
Water System	16,888,416	18,736,507	3,000,000	4,820,676	9,668,767	-	9,668,767
Sewer System	10,903,372	14,409,247	-	2,230,743	5,736,618	-	5,736,618
Other Business-Type Activities	15,428,595	4,768,926	4,179,953	411,781	(6,067,935)	-	(6,067,935)
Total Business-Type Activities	92,549,028	92,223,680	7,244,365	7,463,200	14,382,217	-	14,382,217
Total Primary Government	\$ 267,401,967	144,625,060	21,995,544	21,734,696	(93,428,884)	14,382,217	(79,046,667)
General Revenues:							
Property Taxes					45,019,642	-	45,019,642
Sales Tax					26,628,764	5,026,869	31,655,633
Franchise Tax					6,197,623	-	6,197,623
Hotel Motel Tax					2,718,679	-	2,718,679
Alcoholic Beverage Tax					279,198	-	279,198
Grants and contributions not restricted to specific programs					4,497,007	-	4,497,007
Unrestricted investment earnings					5,489,823	-	5,489,823
Gain on sale of capital assets					755,759	12,500	768,259
Transfers					17,978,754	(17,978,754)	-
Total general revenues and transfers					109,565,249	(12,939,385)	96,625,864
Change in net assets					16,136,365	1,442,832	17,579,197
Net assets-beginning					245,542,306	278,294,398	523,836,704
Prior Period Adjustment (Note 20)					14,884,541	-	14,884,541
Net assets-ending					\$ 276,563,212	279,737,230	556,300,442

The notes to the financial statements are an integral part of this statement.

**CITY OF LAREDO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2005**

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ 8,588	-	474,293	482,881
Equity in Investment Pool	30,793	9,942	58,943	99,678
Investments	17,270,323	5,599,343	50,358,744	73,228,410
Receivable, net of allowances:				
Accrued Interest	87,685	28,430	959,355	1,075,470
Property Taxes, Penalty and Interest (Note 6)	5,148,933	1,013,607	-	6,162,540
Accounts (Note 6)	4,144,070	-	2,703,951	6,848,021
Notes (Note 6)	-	-	12,011,839	12,011,839
Paving Assessments (Note 6)	-	72,487	-	72,487
Due From Other Funds	1,822,435	-	6,081	1,828,516
Due From Other Governments	584,371	-	8,967,630	9,552,001
Inventory, at cost	9,023	-	3,789	12,812
TOTAL ASSETS	29,106,221	6,723,809	75,544,625	111,374,655
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	1,590,557	3,168	1,004,563	2,598,288
Retainage Payable	6,411	-	724,253	730,664
Accrued Wages and Employee Benefits	1,853,476	-	365,596	2,219,072
Compensated Absences	2,536,853	-	212,827	2,749,680
Contracts Payable	-	-	5,280,994	5,280,994
Customer and Tenant Deposits	300	-	140,387	140,687
Due To Other Funds	757	-	1,827,377	1,828,134
Due To Other Governments	299,501	-	33,642	333,143
Due To Developers	-	-	1,478,887	1,478,887
Unearned Revenue	8,496,845	1,086,094	15,598,259	25,181,198
TOTAL LIABILITIES	14,784,700	1,089,262	26,666,785	42,540,747
FUND BALANCES				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	1,136,788	-	15,625,568	16,762,356
Reserved for Capital Acquisition	324,347	-	1,462,063	1,786,410
Reserved for Children's Programming	-	-	12,465	12,465
Reserved for Endowment Corpus	-	-	50,000	50,000
Reserved for Washington Trip	-	-	26,237	26,237
Reserved for 250th Anniversary	-	-	60,064	60,064
Reserved for Debt Service	-	-	3,140,390	3,140,390
Unreserved Reported in:				
General Fund	12,860,386	-	-	12,860,386
Debt Service Fund	-	5,634,547	-	5,634,547
Capital Projects	-	-	28,053,310	28,053,310
Special Revenue Fund	-	-	447,743	447,743
TOTAL FUND BALANCES	14,321,521	5,634,547	48,877,840	68,833,908
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,106,221	6,723,809	75,544,625	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	371,006,771
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,521,382
Internal service funds are used by management to charge the costs of fleet management, risk management, and health benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	1,938,508
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. (Note 2)	(167,737,357)
Net assets of governmental activities	\$ 276,563,212

The notes to the financial statements are in integral part of this statement.

CITY OF LAREDO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2005

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Taxes:	\$			
Property	36,411,944	8,827,245	-	45,239,189
Sales	21,164,417	-	5,268,781	26,433,198
Franchise Fees	6,173,160	-	-	6,173,160
Bingo Tax	51,516	-	-	51,516
Alcoholic Beverage	272,500	-	-	272,500
Hotel Motel	-	-	2,959,077	2,959,077
Licenses and Permits	5,539,664	-	544,775	6,084,439
Intergovernmental Revenues	1,379,562	-	31,910,023	33,289,585
Charges for Services	24,873,733	-	2,780,982	27,654,715
Fines	2,649,032	-	281,287	2,930,319
Fees and Collections	695,225	-	1,785,836	2,481,061
Rents	478,724	-	4,590,141	5,068,865
Interest and Other	598,744	3,777,734	1,726,683	6,103,161
Miscellaneous	-	-	1,493,862	1,493,862
Contributions & Donations	15,018	441,257	415,591	871,866
Reimbursements	533,488	-	1,093,866	1,627,354
TOTAL REVENUES	100,836,727	13,046,236	54,850,904	168,733,867
EXPENDITURES:				
Current:				
General Government	15,149,113	19,251	853,053	16,021,417
Public Safety	64,300,403	-	9,914,872	74,215,275
Public Works	5,695,047	-	3,791,967	9,487,014
Health and Welfare	527,562	-	15,275,044	15,802,606
Cultural and Recreational	9,466,373	-	5,377,886	14,844,259
Air Transportation Services	-	-	4,789,284	4,789,284
Capital Outlay	-	-	24,933,816	24,933,816
Debt Service:				
Principal Retirement	-	14,395,000	1,282,894	15,677,894
Interest and Fiscal Expenditures	-	9,119,608	-	9,119,608
TOTAL EXPENDITURES	95,138,498	23,533,859	66,218,816	184,891,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,698,229	(10,487,623)	(11,367,912)	(16,157,306)
OTHER FINANCING SOURCES (USES):				
Transfers In	2,663,967	21,308,870	12,201,582	36,174,419
Issuance of Debt	-	53,050,000	22,104,978	75,154,978
Payment to refunded bond escrow agent	-	(62,639,409)	-	(62,639,409)
Transfers Out	(4,779,376)	(190,035)	(16,303,545)	(21,272,956)
Sale of Assets	411,594	-	343,089	754,683
TOTAL OTHER FINANCING SOURCES (USES)	(1,703,815)	11,529,426	18,346,104	28,171,715
Net Change in Fund Balances	3,994,414	1,041,803	6,978,192	12,014,409
Fund Balances-Beginning	10,327,107	4,592,744	41,899,648	56,819,499
FUND BALANCES-ENDING	\$ 14,321,521	5,634,547	48,877,840	68,833,908

The notes to the financial statements are integral part of this statement.

**CITY OF LAREDO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2005**

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

Net change in fund balances-total governmental funds	\$	12,014,409
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2)		(921,953)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		755,759
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,640,058
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)		3,095,928
Accrued interest expense recorded for entity-wide statements.		2,693,259
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(5,246,093)
Internal service funds are used by management to charge the costs of fleet management, risk management, and health and benefits to individual funds.		
The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>1,104,998</u>
Change in net assets of governmental activities	\$	<u><u>16,136,365</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES:						
Taxes						
Property Taxes	\$ 33,798,869	33,798,869	34,693,676	-	34,693,676	894,807
Penalty and Interest	1,415,516	1,540,516	1,718,268	-	1,718,268	177,752
Alcoholic Beverage	284,120	284,120	272,500	-	272,500	(11,620)
Bingo Tax	50,645	50,645	51,516	-	51,516	871
Sales and Use	20,387,101	20,387,101	21,164,417	-	21,164,417	777,316
Franchise Fees	6,055,002	6,055,002	6,173,160	-	6,173,160	118,158
Licenses and Permits	5,189,801	5,189,801	5,539,664	-	5,539,664	349,863
Intergovernmental Revenues	428,199	1,697,852	1,379,562	-	1,379,562	(318,290)
Charges for Services	24,931,113	24,931,113	24,873,733	-	24,873,733	(57,380)
Fines	2,630,601	2,630,601	2,649,032	-	2,649,032	18,431
Fees and Collections	544,968	644,968	695,225	-	695,225	50,257
Interest and Other	717,002	722,602	1,077,468	-	1,077,468	354,866
Miscellaneous	424,112	446,987	548,506	-	548,506	101,519
TOTAL REVENUES	96,857,049	98,380,177	100,836,727	-	100,836,727	2,456,550

EXPENDITURES:

General Government						
Mayor and City Council	528,470	528,470	528,324	2,634	530,958	(2,488)
City Manager	1,046,894	1,056,794	962,487	(172)	962,315	94,479
Internal Audit	196,740	196,740	172,322	(973)	171,349	25,391
Real Estate	380,779	330,255	222,313	(271)	222,042	108,213
Public Information Office	175,805	175,805	137,919	17,713	155,632	20,173
Customer Service	75,016	65,116	41,682	1,706	43,388	21,728
City Hall Maintenance	446,366	450,366	347,224	6,516	353,740	96,626
Budget	272,453	272,453	243,328	(607)	242,721	29,732
Municipal Court	1,139,697	1,139,697	966,520	22,657	989,177	150,520
Building Inspections	1,360,743	1,361,468	1,128,657	12,110	1,140,767	220,701
City Attorney	868,772	868,772	843,335	(2,982)	840,353	28,419
City Secretary	350,805	350,805	336,326	839	337,165	13,640
Elections	60,829	60,829	7	-	7	60,822
Tax Office	895,328	892,328	867,580	22,251	889,831	2,497
Accounting	1,216,448	1,214,448	1,176,060	5,099	1,181,159	33,289
Purchasing	334,856	334,856	336,756	(712)	336,044	(1,188)
Accounts Payable	277,507	277,507	273,968	124	274,092	3,415
Personnel and Civil Service	520,766	525,865	499,514	3,879	503,393	22,472
Training	184,092	178,993	134,795	7,938	142,733	36,260
Planning	1,059,435	1,058,710	968,612	5,198	973,810	84,900
Section 112	310,119	394,934	249,119	126,046	375,165	19,769
Telecommunications	514,202	514,202	308,333	114,230	422,563	91,639
Data Processing	\$ 760,948	831,632	787,551	463	788,014	43,618

(Continued)

CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Public Safety						
Police	\$ 28,771,064	28,909,060	29,304,812	216,731	29,521,543	(612,483)
Police Civilians	1,296,142	1,296,142	1,296,524	6,130	1,302,654	(6,512)
Autotheft Grant Match	209,553	153,593	93,202	(2,799)	90,403	63,190
911 Communications	1,707,724	1,836,324	1,624,648	98,944	1,723,592	112,732
Truck Route Division	453,114	453,114	411,609	2,112	413,721	39,393
Fire	17,792,267	17,831,053	18,849,885	98,655	18,948,540	(1,117,487)
Fire - EMS Division	5,138,683	5,222,246	5,231,972	(40,990)	5,190,982	31,264
Fire - EMS Trauma (Webb Co.)	16,500	16,500	-	2,681	2,681	13,819
Fire Civilians	377,417	381,417	395,535	337	395,872	(14,455)
Fire - Prevention & Arson	1,062,677	1,072,261	1,100,497	5,845	1,106,342	(34,081)
Fire Airport	732,426	732,426	763,921	5,656	769,577	(37,151)
Fire - Training (In House)	292,400	256,681	294,715	1,562	296,277	(39,596)
Fire - Training	425,347	421,333	446,186	1,524	447,710	(26,377)
Fire Emergency Management	18,391	18,391	13,618	-	13,618	4,773
Emergency Preparedness Grant	-	39,072	33,620	-	33,620	5,452
Homeland Security Grant	-	1,017,197	748,584	51,023	799,607	217,590
Traffic	1,722,886	1,789,265	1,837,155	45,907	1,883,062	(93,797)
Street Lighting	1,871,259	1,804,880	1,853,920	34,141	1,888,061	(83,181)
Public Works						
Administration	586,781	541,059	511,289	618	511,907	29,152
Engineering	448,727	444,882	456,084	(991)	455,093	(10,211)
Street Maintenance	898,413	901,788	870,901	(7,978)	862,923	38,865
Drafting & Surveying	1,037,950	1,041,525	977,071	(993)	976,078	65,447
Street Construction	655,085	736,361	676,616	14,421	691,037	45,324
Construction & Inspections	587,563	587,833	591,344	116	591,460	(3,627)
Street Cleaning	808,924	805,924	829,144	(2,986)	826,158	(20,234)
Building Rehabilitation	633,297	631,368	591,290	6,114	597,404	33,964
Warehouse	85,672	84,672	80,443	1,231	81,674	2,998
Special Construction Projects	10,551	10,551	110,865	16,398	127,263	(116,712)
Health and Welfare						
Third-Party Funding	456,712	446,296	428,161	360	428,521	17,775
Hurricane Relief Efforts	-	-	99,401	811	100,212	(100,212)
Cultural and Recreational						
Parks	456,857	498,749	430,767	42,348	473,115	25,634
Maintenance	3,490,262	3,572,632	3,618,733	35,835	3,654,568	(81,936)
Forestry Grant	-	77,283	33,399	-	33,399	43,884
Recreation	785,997	719,551	719,276	10,230	729,506	(9,955)
Recreation Centers	1,329,425	1,377,633	1,421,434	42,711	1,464,145	(86,512)
Cemetery	371,320	364,320	328,420	5,322	333,742	30,578
Library	3,076,328	2,993,428	2,795,305	39,121	2,834,426	159,002
Center for Non-Profit Management	160,209	159,109	119,039	1,458	120,497	38,612
Other	4,473,068	4,439,004	3,616,381	24,242	3,640,623	798,381
Contributions	67,087	-	-	-	-	-
TOTAL EXPENDITURES	95,285,148	96,765,968	95,138,498	1,099,533	96,238,031	527,937
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,571,901	1,614,209	5,698,229	(1,099,533)	4,598,696	2,984,487

(Continued)

CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Infrastructure Maintenance	\$ 100,083	100,083	100,083	-	100,083	-
Hotel Motel Fund	25,000	25,000	23,702	-	23,702	(1,298)
Transit System Fund	40,182	40,182	40,182	-	40,182	-
Solid Waste Fund	2,500,000	2,500,000	2,500,000	-	2,500,000	-
Transfers Out:						
Community Development	(120,402)	(120,402)	(107,109)	-	(107,109)	13,293
Auto Theft Task Force	(191,418)	(191,418)	(191,418)	-	(191,418)	-
Health Fund	(2,804,336)	(2,804,336)	(2,668,948)	-	(2,668,948)	135,388
Special Police Program	(1,208,333)	(1,208,333)	(1,607,151)	-	(1,607,151)	(398,818)
Public Access Fund	(142,102)	(142,102)	(109,329)	-	(109,329)	32,773
Bridge System Fund	-	(615,000)	-	-	-	615,000
Friends of the Library Fund	-	(95,421)	(95,421)	-	(95,421)	-
Sale of Assets	148,846	148,846	411,594	-	411,594	262,748
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,652,480)</u>	<u>(2,362,901)</u>	<u>(1,703,815)</u>	<u>-</u>	<u>(1,703,815)</u>	<u>659,086</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses						
	(80,579)	(748,692)	3,994,414	(1,099,533)	2,894,881	3,643,573
Fund Balances at Beginning of Year	<u>10,916,400</u>	<u>10,327,107</u>	<u>10,327,107</u>	<u>(37,255)</u>	<u>10,289,852</u>	<u>(37,255)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 10,835,821</u>	<u>9,578,415</u>	<u>14,321,521</u>	<u>(1,136,788)</u>	<u>13,184,733</u>	<u>3,606,318</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2005

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
ASSETS							
Current Assets:							
Cash and Cash Equivalents: (Note 4)	\$ 23,400	1,500	250	1,250	1,897	28,297	400
Cash	19,258	52,177	29,803	18,387	8,214	127,839	7,246
Equity in Investment Pool	4,264,091	7,215,660	6,758,845	10,306,984	4,614,067	33,159,647	4,088,630
Investments (Note 5)							
Receivable:							
Accrued Interest	54,530	36,428	34,062	52,332	23,427	200,779	20,760
Accounts (Note 6)	591	2,521,680	2,011,873	1,690,547	16,145	6,240,836	346,977
Notes (Note 6)	-	7,588	51,706	-	-	59,294	-
Prepaid Items	-	-	-	-	-	-	240,000
Due From Other Governments	-	-	-	-	441,247	441,247	-
Due From Other Funds	24,582	-	-	-	112,838	137,420	-
Inventory, at Cost	-	383,017	54,605	6,707	430,234	874,563	267,026
Total Current Assets	4,386,452	10,218,050	8,941,144	12,076,207	5,648,069	41,269,922	4,971,039
Noncurrent Assets:							
Restricted Assets:							
Investments (Note 5)	33,461,945	30,163,120	15,517,342	1,123,149	5,491,597	85,757,153	-
Accrued Interest Receivable	-	111,853	50,544	-	-	162,197	-
Accounts Receivable (Note 6)	-	19,339	-	-	-	19,339	-
Notes Receivable (Note 6)	-	10,187	-	-	-	10,187	-
Due From Other Governments	-	38,645	-	-	-	38,645	-
Total Restricted Assets (Note 7)	33,461,945	30,342,944	15,567,886	1,123,149	5,491,597	85,987,521	-
Capital Assets: (Note 8)							
Transportation Vehicles and Equipment	11,485,652	4,276,234	5,102,033	14,740,338	17,601,322	53,205,579	757,396
Buildings	11,518,216	12,881,428	13,912,873	1,011,734	17,583,421	56,907,672	656,136
Improvements	70,218,456	105,821,499	70,625,996	506,103	1,775,669	248,947,723	-
Land and Improvements	10,937,752	15,448,728	4,531,525	4,264,461	7,830,616	43,013,082	-
Construction in Progress	7,822,567	2,744,578	16,281,855	-	823,393	27,672,393	-
Less Accumulated Depreciation	(23,453,513)	(57,592,086)	(32,291,468)	(7,995,159)	(16,836,662)	(138,168,868)	(824,678)
Total Capital Assets (net of accumulated depreciation)	88,529,130	83,580,381	78,162,814	12,527,477	28,777,759	291,577,561	588,854
Other Assets:							
Unamortized Bond Issuance Costs	2,076,308	315,769	167,191	-	-	2,559,268	-
Total Noncurrent Assets	124,067,393	114,239,094	93,897,891	13,650,626	34,269,356	380,124,350	588,854
TOTAL ASSETS	\$ 128,453,835	124,457,144	102,839,035	25,726,833	39,917,425	421,394,272	5,559,893

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2005

(Continued)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS							TOTALS	INTERNAL SERVICE FUNDS
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS		
LIABILITIES									
Current Liabilities:									
Accounts Payable	\$ 283,513	724,077	323,549	216,840	480,076	2,028,055	657,647		
Retainage Payable	386,606	35,630	127,045	23,950	17,665	590,896	-		
Contracts Payable	660,745	14,707	651,227	134,348	-	1,461,027	-		
Due To Other Funds (Note 13)	24,582	-	-	-	112,838	137,420	-		
Accrued Interest	420,532	75,731	47,304	-	-	543,567	-		
Accrued Wages & Employee Benefits	128,976	103,333	40,840	107,625	172,176	552,950	48,068		
Claims and Judgements Payable	-	-	-	-	-	-	2,893,611		
Compensated Absences	170,728	77,381	22,725	135,221	119,545	525,600	64,210		
Due to Developers	-	1,822	45,142	-	-	46,964	-		
Customer Deposits	528,395	3,508,254	-	-	76,385	4,113,034	-		
Unearned Revenue	1,419,079	1,452,083	6,554	-	6,981	2,884,697	-		
Revenue Bonds Payable (Note 12)	3,165,000	1,263,000	839,000	-	-	5,267,000	-		
Notes Payable (Note 12)	701,378	-	-	-	-	701,378	-		
Total Current Liabilities	7,889,534	7,256,018	2,103,386	617,984	985,666	18,852,588	3,663,536		
Noncurrent Liabilities: (Note 12)									
Revenue Bonds Payable	68,955,627	12,843,623	8,685,453	-	-	90,484,703	-		
Notes Payable	24,818,425	-	-	-	-	24,818,425	-		
Compensated Absences	302,225	47,612	1,099	227,667	74,888	653,491	95,070		
Closure and Postclosure Cost	-	-	-	6,869,894	-	6,869,894	-		
Total Noncurrent Liabilities	94,076,277	12,891,235	8,686,552	7,097,561	74,888	122,826,513	95,070		
TOTAL LIABILITIES	101,965,811	20,147,253	10,789,938	7,715,545	1,060,554	141,679,101	3,758,606		
NET ASSETS									
Invested in Capital Assets, Net of Related Debt	24,849,279	80,224,391	81,721,579	13,650,401	34,156,518	234,602,168	588,854		
Restricted for Debt Service	7,792,430	1,987,115	1,367,606	-	-	11,147,151	-		
Unrestricted	(6,153,685)	22,098,385	8,959,912	4,360,887	4,700,353	33,965,852	1,212,433		
TOTAL NET ASSETS	\$ 26,488,024	104,309,891	92,049,097	18,011,288	38,856,871	279,715,171	1,801,287		
								22,059	
								\$ 279,737,230	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities

The notes to the financial statements are an integral part of this statement.

CITY OF LAREDO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended September 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTALS	INTERNAL SERVICE FUNDS
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS		
OPERATING REVENUES:							
Charges for Services	-	16,894,576	13,389,474	14,567,659	2,663,269	47,534,978	23,900,875
Rental of Facilities	2,032,072	34,109	-	4,950	1,611,150	3,682,281	-
Toll Receipts	33,069,032	-	-	-	-	33,069,032	-
Miscellaneous	12,517	1,043,549	464,833	22,324	172,605	1,715,828	-
TOTAL OPERATING REVENUES	35,113,621	17,972,234	13,854,307	14,614,933	4,447,024	86,002,119	23,900,875
OPERATING EXPENSES:							
Personnel Services	6,437,754	2,997,132	948,352	5,823,122	8,568,698	24,775,058	2,414,136
Materials and Supplies	417,238	959,259	375,972	1,302,644	2,055,454	5,110,567	161,101
Contractual Services	19,671,745	6,913,112	5,313,041	3,644,711	1,754,763	37,297,372	942,792
Other	26,109	121,831	173,996	757,807	108,404	1,188,147	23,101,515
Total Operating Expenses Before Depreciation	26,552,846	10,991,334	6,811,361	11,528,284	12,487,319	68,371,144	26,619,544
Depreciation Expense (Note 9)	3,177,017	5,069,942	3,483,500	1,981,280	1,873,817	15,585,556	72,179
TOTAL OPERATING EXPENSES	29,729,863	16,061,276	10,294,861	13,509,564	14,361,136	83,956,700	26,691,723
Operating Income (Loss)	5,383,758	1,910,958	3,559,446	1,105,369	(9,914,112)	2,045,419	(2,790,848)
NON-OPERATING REVENUES (EXPENSES):							
Intergovernmental	-	-	-	-	4,591,003	4,591,003	-
Sales Tax	-	-	-	-	5,026,869	5,026,869	-
Interest Earnings	4,161,325	848,015	611,634	427,959	295,394	6,348,327	50,902
Net Increase (Decrease) In Fair Value Of Investment	(42,997)	(83,745)	(56,694)	(44,341)	(17,097)	(244,874)	(4,057)
Discount Earnings	-	3	-	2,308	97	2,408	-
Contributions	64,412	7,820,676	2,230,743	-	731	10,116,562	117,770
Gain (Loss) On Sale of Assets	-	-	-	12,500	(210,733)	(198,233)	1,076
Interest Expense	(4,351,239)	(467,131)	(355,530)	-	-	(5,173,900)	-
Gain (Loss) on Advance Funding	(96,868)	(44,987)	(80,700)	-	-	(222,555)	-
Water Availability	-	(147,449)	-	-	-	(147,449)	-
Construction	(2,063)	(133,555)	(105,409)	(1,175,489)	(192,062)	(1,606,515)	-
Fiscal Agent Fees	-	(900)	(3,500)	-	-	(6,463)	-
Bond Issuance Cost Amortized	(387,367)	(33,118)	(63,372)	-	-	(483,857)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(654,797)	7,757,809	2,177,172	(777,063)	9,498,202	18,001,323	165,691
Income Before Contributions and Transfers	4,728,961	9,668,767	5,736,618	328,306	(415,910)	20,046,742	(2,625,157)
Transfers In	453,820	-	-	-	-	453,820	3,100,000
Transfers Out	(1,776,089)	(3,655,263)	(3,653,389)	(7,666,258)	(1,681,575)	(18,432,574)	(22,708)
Change in Net Assets	3,406,692	6,013,504	2,083,229	(7,337,952)	(2,097,485)	2,067,988	452,135
Total Net Assets-Beginning	23,081,332	95,296,387	89,965,868	25,349,240	40,954,356	1,349,152	1,349,152
Total Net Assets-Ending	26,488,024	104,309,891	92,049,097	18,011,288	38,856,871	1,801,287	1,801,287

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net assets of business-type activities \$ 1,442,832

The notes to the financial statements are an integral part of this statement.

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CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2005

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS						INTERNAL SERVICE FUNDS
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	
CASH FLOW FROM OPERATING ACTIVITIES:							
Receipts from customers and users	\$ 35,410,713	16,487,680	13,183,617	14,757,516	4,437,276	84,276,802	1,373,278
Receipts from interfund services provided	-	1,344,623	352,382	133,064	-	1,830,069	23,055,054
Payments to suppliers	(17,858,499)	(8,649,905)	(4,705,720)	(2,151,478)	(3,513,094)	(36,878,696)	(23,297,006)
Payments to employees	(6,564,294)	(2,912,723)	(906,206)	(5,852,000)	(9,199,081)	(25,434,304)	(2,434,727)
Payments for interfund services used	(1,311,782)	(781,840)	(1,641,493)	(2,919,479)	(257,025)	(6,911,619)	(660,673)
Net cash provided (used) by operating activities	9,676,138	5,487,835	6,282,580	3,967,623	(8,531,924)	16,882,252	(1,954,074)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer to other funds	(1,776,089)	(3,655,263)	(3,653,389)	(7,666,258)	(1,681,575)	(18,432,574)	(22,708)
Transfer from other funds	473,067	-	-	-	-	473,067	-
Advances to other funds	(19,247)	-	-	-	-	(19,247)	-
Advances from other funds	-	-	-	-	-	-	-
Subsidy from federal and state grants	-	-	-	-	3,740,137	3,740,137	3,094,827
Sales Tax	-	-	-	-	5,026,869	5,026,869	-
Net cash provided (used) by noncapital and related financing activities	(1,322,269)	(3,655,263)	(3,653,389)	(7,666,258)	7,065,431	(9,211,748)	3,072,119
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from capital debt	46,295,980	4,294,225	1,950,000	-	-	52,540,205	-
Capital contributions	-	5,428,010	-	-	-	5,428,010	-
Subsidy from federal and state grants	-	-	-	-	411,781	411,781	-
Purchases of capital assets	-	(1,215,355)	(4,126,830)	(2,220,357)	(1,229,597)	(8,792,139)	-
Acquisition and construction of capital assets	(7,091,009)	(281,004)	(105,409)	(1,175,489)	(318,895)	(8,971,806)	(15,000)
Principal paid on capital debt	(39,002,257)	(943,000)	(727,000)	-	-	(40,672,257)	-
Interest paid on capital debt	(4,041,640)	(524,274)	(379,678)	-	-	(4,945,592)	-
Proceeds from sales of capital assets	-	-	-	12,500	11,036	23,536	-
Net cash provided (used) by capital and related financing activities	(3,838,926)	6,758,602	(3,388,917)	(3,383,348)	(1,125,675)	(4,978,262)	(15,000)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	(8,643,151)	(9,336,467)	217,214	6,660,932	2,266,473	(8,834,999)	(1,255,921)
Interest and dividends received	4,117,730	728,209	549,091	394,391	283,479	6,072,900	151,205
Issuance of Notes Receivable	-	(6,440)	(36,496)	-	-	(42,936)	-
Net cash provided (used) by investing activities	(4,525,421)	(8,614,698)	729,809	7,055,323	2,549,952	(2,805,035)	(1,104,716)
Net increase (decrease) in cash and cash equivalents	(10,478)	(23,524)	(29,917)	(26,658)	(22,216)	(112,793)	(1,671)
Cash and cash equivalents, October 1	53,136	77,201	59,970	46,295	32,327	268,929	9,317
Cash and cash equivalents, September 30	42,658	53,677	30,053	19,637	10,111	156,136	7,646

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2005

(Continued)

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 5,383,758	1,910,958	3,559,446	1,105,369	(9,914,112)	(2,790,848)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	3,177,017	5,069,942	3,483,500	1,981,280	1,873,817	15,585,556
(Increase) decrease in accounts receivable	104	(143,974)	(304,688)	175,848	(8,244)	(280,954)
(Increase) decrease in allowance for uncollectible accounts	-	(307,533)	(51,993)	99,799	7,750	(251,977)
(Increase) decrease in inventories	-	(383,017)	(54,605)	(6,707)	(13,767)	(458,096)
(Increase) decrease in prepaid items	-	-	-	-	-	106,000
Increase (decrease) in customer deposits	178,045	277,579	-	-	6,504	462,128
Increase (decrease) in accounts payable	944,811	(1,054,526)	(429,599)	640,912	162,133	263,731
Increase (decrease) in unearned revenues	118,943	33,997	38,373	-	(15,622)	175,691
Increase (decrease) in compensated absences payable	(37,810)	34,243	9,692	58,897	(4,090)	60,932
Increase (decrease) in accrued wages and employee benefits	(88,730)	50,166	32,454	(87,775)	(626,293)	(720,178)
Increase (decrease) in claims & judgements payables	-	-	-	-	-	-
Total adjustments	4,292,380	3,576,877	2,723,134	2,862,254	1,382,188	14,836,833
Net cash provided (used) by operating activities	\$ 9,676,138	5,487,835	6,282,580	3,967,623	(8,531,924)	16,882,252
Noncash investing, capital, and financing activities:						
SIB loan accrued interest	420,532	-	-	-	-	420,532
Bond issuance cost amortized	(387,367)	33,118	63,372	-	-	(290,877)
Contributions of capital assets from developers & others	-	2,392,666	2,230,743	-	-	4,623,409
Current Landfill Closure and Postclosure cost	-	-	-	654,841	-	654,841
Contributions of capital assets	-	-	-	-	731	731
Disposition of Assets	(42,957)	(83,745)	(56,694)	(44,341)	(221,769)	(407,406)
Increase (Decrease) in fair value of investments	-	-	-	-	(17,097)	(17,097)
Increase (Decrease) in Accrued Interest Payable	-	56,245	(20,649)	-	-	35,596

The notes to the financial statements are an integral part of this statement.

**CITY OF LAREDO, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2005**

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	AGENCY FUNDS
	TRUST FUND	FUNDS
ASSETS		
Cash and Cash Equivalents	\$ 168,052	-
Equity in Investment Pool	-	4,492
Accrued Interest Receivable	66,774	12,714
Investments, at Fair Market Value	-	2,504,022
Investment with Fiscal Agent, at Fair Market Value:		
Money Market Funds	2,102,471	-
Domestic Corporate Bonds	11,767,540	-
Domestic Stocks	32,012,221	-
Foreign Money Market Funds	4,269,773	-
Accounts Receivable (Note 7)	-	2,494
Notes Receivable (Note 7)	136,036	-
	50,522,867	2,523,722
TOTAL ASSETS	50,522,867	2,523,722
LIABILITIES		
Accounts Payable	26,615	2,322,177
Accrued Wages and Employee Benefits	914	201,245
Due To Other Funds	92	290
	27,621	2,523,712
TOTAL LIABILITIES	27,621	2,523,712
NET ASSETS		
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ 50,495,246	10

The notes to the financial statements are an integral part of this statement.

**CITY OF LAREDO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

		LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND
ADDITIONS:		
Contributions:		
Employer contributions	\$	3,235,074
Plan members		2,786,804
Other contributions		<u>3,736</u>
Total Contributions		<u>6,025,614</u>
Investment Earnings:		
Interest earnings and dividends		962,237
Net increase (decrease) in the fair value of investments		2,434,144
Gains (Loss) on sale of investment		<u>1,511,802</u>
Total investment earnings		4,908,183
Less: investment expense		<u>(201,931)</u>
Net Investment Earnings		<u>4,706,252</u>
TOTAL ADDITIONS		<u>10,731,866</u>
DEDUCTIONS:		
Benefits		2,693,663
Administrative Expenses		<u>94,347</u>
TOTAL DEDUCTIONS		<u>2,788,010</u>
Change in Net Assets		7,943,856
Net Assets - Beginning		<u>42,551,390</u>
NET ASSETS - ENDING	\$	<u>50,495,246</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAREDO, TEXAS
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
September 30, 2005

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CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

The accounting methods and procedures adopted by the City of Laredo, Texas conform to general accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Basic Financial Statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Laredo, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides a full range of municipal services as authorized by its charter. The services include public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates certain major activities including an airport, a transit system, water and sewer utility system, a landfill and a bridge system.

The City has defined its reporting entity in accordance with GASB 14, "The Financial Reporting Entity". The component units discussed below are included in the City's reporting entity because at least one of the following criteria are satisfied: the elected officials of the City are financially accountable for the entity, or the nature and significance of the relationship between the entity and the City are such that to exclude the entity from the reporting entity would render the financial statements misleading or incomplete. In conformity with generally accepted accounting principles, the financial statements of the component units have been included in the financial reporting entity as blended components.

The City Council is the governing board for *Laredo Municipal Housing Corporation, Laredo Convention and Visitors' Bureau, Laredo Transit Management, Inc, and the Laredo Water Corporation*. These entities are bound by the City's legal requirements and the City Council approves the budget, major contracts, surplus dispositions, and any fees or charges. Additionally, the City is legally responsible for debt and public service rendered within the City's boundaries.

Laredo Municipal Housing Corporation The Laredo Municipal Housing Corporation (LMHC) was established in 1976 to acquire 74 duplexes from the Federal Government in an effort to alleviate the existing housing shortage and provide affordable rental housing to the citizens of Laredo. These units are known as the

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Jose A. Flores Apartments. In 1986 the LMHC had 64 additional rental units constructed, known as the Tomas Flores Apartments. The 211 rental properties (82 two-bedroom, 99 three-bedroom and 30 four-bedroom) must be maintained in a safe and habitable condition. In addition to the rental units, one unit is being used as the Laredo Municipal Housing Corporation office. The Corporation provides the necessary materials and labor required for the repairs of each rental unit. Beautification efforts are also rendered with consistent grass and tree trimming and exterior painting of the duplexes. Staff also provides a physical inspection of rental units and implements a preventive maintenance program to curtail deterioration of the units. The Laredo Municipal Housing Corporation operations are reported as an enterprise fund.

In 1999, LMHC finalized the construction of 50 3-bedroom houses, which were known as the Lease-Purchase Program. This program allowed qualified families to purchase the home, after three years of leasing it from LMHC at or near cost. As of 2003, this program came to an end with all tenants assuming mortgages

Laredo Transit Management, Inc. Under the authority of Revised Texas Civil Statutes, Article 118(z) on September 8, 1987, created Laredo Municipal Transit System, The Laredo Municipal Transit System and "Mass Transit Board". The Laredo Transit Management, Inc. reports to the Mass Transit Board. L.M.T.S. is commonly referred to as El Metro.

The primary function and purpose of Laredo Transit Management, Inc. is to operate, maintain, design, and construct a safe, reliable, cost effective and efficient public transportation system that will meet the changing needs of our community, while complying with applicable state and federal mandates, including the Texas Clean Air Act and the Americans with Disabilities Act.

Laredo Transit Management, Inc. provides both a fixed-route and a demand response para-transit program (El Lift). Currently, the fixed-route system is comprised of 22 routes. The fixed route system has a total of 34 buses during a regular workday and Saturday peak period. The Laredo Transit Management, Inc. bus fleet is currently comprised of 47 buses, and 2 trolleys. Thirty-one buses operate using compressed natural gas. The El Lift program operates a total of 18 para-transit vans. Fourteen are utilized for a regular workday.

Laredo Convention and Visitors' Bureau The Laredo Convention and Visitors' Bureau was established in April 1993 to engage in visitor promotion and to solicit and service conventions and other related group businesses generating overnight stays in the City, thereby enhancing and developing the economy of the city. In 2003, Laredo Convention and Visitor's Bureau contracted the Miss Texas Pageant to be performed in Laredo for the next 5 years. Laredo Convention and Visitors' Bureau operations are reported as special revenue funds.

Laredo Firefighters' Retirement System The Laredo Firefighters' Retirement System was created under the authority of Article 6243e - Texas Local Firefighters' Retirement Act enacted by the Legislature of the State of Texas. The act established the membership, benefits, credits and administration of certain retirement systems for volunteer or paid firefighters. The Laredo Firefighters' Retirement System administers the retirement system for the City of Laredo Firefighters employees and is included in the financial statements of the City as a component unit.

Laredo Water Corporation The Laredo Water Corporation was created under the Texas Transportation Code 431.101 with the approval of the Laredo City Council. The corporation was organized for the purpose of acquiring and providing water for the use and benefit of the City including, without limitation, contracting for water use rights, constructing appropriate water storage, retention, distribution, and transportation facilities, and arranging and providing for the payment and financing of all of the foregoing, in the fulfillment of its public proposes and for carrying out its duties to provide such water as may be approved by the City from time to time. The Laredo Water Corporation is reported as an enterprise fund.

Complete financial statements of the component units can be obtained from the City of Laredo, Financial Services Department offices:

City of Laredo
Financial Services Department
P. O. Box 579
Laredo, TX 78042-0579

B. Basis of Accounting

The accounting and reporting policies of the City as reflected in the accompanying basic financial statements conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following represent the more significant accounting policies and practices of the City.

Government Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business activities.

Business-type activities rely to an extent on fees and charges for support. The primary government is reported separately for certain legally separate component units for which the primary government is financially accountable.

Program Revenues and Direct Expenses - The Statement of Activities demonstrates the direct expenses of a given function or segments offset by program revenues. A direct expense is specifically associated with a service, program, or department and is clearly identifiable to a particular function. In the Statement of Activities, certain indirect expenses are reported in the program expenses. Program revenue derives directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given City function or segment. Program revenues also include grants and contributions that are limited to meeting the operational or capital requirements of a particular program. Taxes and other items not included among program revenue are reported as general revenue.

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those, if any, which should be accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The City maintains the following governmental fund types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital

projects) that are legally restricted or designated for specific functions and activities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Proprietary funds are used to account for the City's ongoing operations that are financed and operated in a manner similar to private business enterprises - where the determination of net income, financial position, and cash flows are necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The City has adopted the following policy regarding proprietary activities under GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

Enterprise Funds – Enterprise Funds are used to account for operations that (1) are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the cost (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the City Council has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City will apply all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements and apply all FASB Statements and Interpretations, issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one City department or agency to other City departments or agencies or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds.

Pension Trust Fund - This fund is accounted for in the same manner as proprietary funds with the measurement focus on determination of net income and capital maintenance. The City is custodian to funds contributed into the fund; funds are used toward annuity payments. The City has one pension fund: Firefighters Retirement System.

Agency Funds - The Agency Funds are used to account for funds where the City's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held and do not involve measurement of results of operations. Currently, the City has three Agency funds: Annuity Fund, Payroll Clearing and Police Health and Benefits.

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. Economic resources measurement focus reports all inflows, outflows, and balances affecting or reflecting an entity's net assets. Accrual basis accounting is the method that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied while the organization recognizes grant revenue as soon as all eligibility requirements obligatory 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 when measurable and available. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term obligations, compensated absences, and claims and judgments which are recognized when due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

revenue items are considered to be measurable and available when they are received.

The City reports the following as major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those require to be accounted for in another fund.

Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

The City reports the following as major proprietary funds:

Bridge System Fund is used to account for toll proceeds from four international bridges and the related operations, maintenance, and debt service.

Water Works System Fund is used to account for the operations, maintenance, and debt service from three water treatment plants and seventeen booster stations and the related revenue received from 55,252 customers.

Sewer System Fund is used to account for the operations, maintenance, and debt service of the City's five sewage treatment plants and its related revenue received from 52,565 customers.

Solid Waste Fund is used to account for operations and maintenance of the municipal landfill, recycling center and construction of a new municipal landfill site. The major source of revenues consists of garbage collection fees, landfill fees and federal and state mandates.

Additionally, government-wide reports for proprietary funds include the following fund type:

Internal Service Funds are used to provide fleet services to other funds, provide services associated with the City's partially self-funded health benefits program and provide services associated with the risk management for all city property including workman's compensation, to all funds on a cost-reimbursement basis.

As a general rule, the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of government.

Private sector standards of accounting and financial reporting issued after November 30, 1989, are followed in both business-type activities and enterprise funds fund financial statements to the degree that those standards do not conflict

with or disagree with the guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow subsequent private-sector guidance.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated funds are reported as general revenues.

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

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

C. Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the operating budgets reflected in the basic financial statements:

(1) Sixty (60) days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning October 1st. This budget is required to include expenditures by office, department, and agency and the means of financing them. Proposed short and long range capital expenditures and bonded debt requirements must also be included.

(2) Public hearings are conducted at which all interested parties may comment concerning the proposed budget.

(3) Council adopts the budget on or before the last day of the month of the fiscal year currently ending through passage of an appropriation ordinance and tax levy ordinance. If the City Council fails to adopt the budget at that time, the budget of the previous year is deemed to be adopted.

(4) Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Fund, Proprietary Fund Type Funds, and certain Trust and Agency Funds including Friends of the Library, Canseco Endowment Fund and Police Trust Fund. A comparison of budget to actual is presented in the Basic Financial Statements for the General Fund, Special Revenue Funds, and Debt Service Fund.

(5) The City Charter identifies various allowable amendments to the budget after adoption. Supplemental Appropriations are allowed if the City Manager certifies that there are, available for appropriation, revenues in excess of those estimated in the budget and Council by ordinance and after a formal inquiry has established a need for the supplemental appropriation. Emergency Appropriations are allowed to meet a public emergency affecting life, health, property, or the public peace of the City through an emergency ordinance if there are available un-appropriated revenues. Decreases in the amount of appropriations are allowed if revenues available are insufficient to meet the amount appropriated.

Transfer of Appropriations is allowed. Several supplementary appropriations were necessary during the year primarily to adjust the total budget for grants received from various federal and state agencies.

(6) The City Council approval is required in order to transfer un-appropriated balances from one department, office, or agency to another. The City Manager has the authority, without City Council approval, to transfer appropriation balances from an expenditure account to another within a department, office, or agency of the City. The reported budgetary data has been revised for amendments authorized during the year.

(7) Each appropriation, except those for capital expenditures, shall lapse at the close of the fiscal year to the extent it has not been expended or encumbered. Certain differences exist between the basis of accounting for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles.

D. Encumbrances

Encumbrances represent commitments related to unperformed (executed) contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the governmental funds.

Encumbrances outstanding at year-end are reported as reservations of fund balances since the commitments will be honored during the subsequent year and, accordingly, do not constitute expenditures or liabilities.

For budgetary purposes, appropriations lapse at year-end except for that portion related to encumbered amounts. For financial purposes, the original budget also includes actual appropriation amounts automatically carried over from prior years to cover prior-year encumbrances.

E. Equity in Investment Pool

Cash balances of all City funds (except for the Laredo Firefighters' Retirement System) are pooled and invested. The Equity in Investment Pool consists of cash in bank accounts, which are pooled and allocated to all funds. Investments purchased with pooled cash consisting of Investment Pools, U.S. Government obligations, U.S. Agency obligations, and Mortgage Backed Securities are recorded at fair value in accordance with GASB Statement 31 - Accounting and Financial Reporting for Certain Investments and for External Investment Pools and are classified as "Investments" in the accompanying combined balance sheet. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average month equity balance. Funds that incur a negative balance in equity in pooled investments are reclassified as Due to Other Funds in the financial statements and are not allocated any interest earnings or charged interest expense.

F. Investments

The City can legally invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentality and State obligations all of which are recorded at fair value in accordance with GASB Statement 31 - Accounting and Financial Reporting for Certain Investment and for External Investment Pools.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in first-out method, and the average cost method as appropriate. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

H. Restricted Assets

The International Toll Bridge System, Water System, and Sewer System revenue bond indentures require that, during the period the bonds are outstanding, the City

must maintain certain separate accounts and funds to account for the proceeds from the issuance of the revenue bonds and the debt service deposits made from revenues. These restricted assets can be used only in accordance with the revenue bond indenture to pay the debt service payments on such bonds.

I. Property, Plant, Equipment, and Infrastructure

Property, plant, and equipment owned by the City are stated at historical cost. Maintenance and repairs are charged to operations as incurred, and improvements, which extend the useful life of a capital asset, are capitalized. Currently, the City's policy has a threshold of \$5,000 for equipment and \$25,000 for infrastructure. The straight-line method is used to calculate the depreciation for all capital assets over the estimated useful life:

Utility Funds:	
Plant	50 years
Transmission and distribution system	25-50 years
Other machinery and equipment	1 - 25 years
All Other Funds:	
Buildings and improvements	45-50 years
Machinery and equipment	1 - 10 years
Vehicles	6 years
Streets	15-30 years
Bridges	20-35 years
Airport runways	10 years
Boat ramps	30 years
Storm Drainage	50 years
Landfill	5 years

The City's Infrastructure acquired prior to June 30, 1980, is included. When property, plant, and equipment are retired from service or otherwise disposed of, a gain or loss on disposal of assets is recognized.

J. Net Assets

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

K. Long-Term Obligations

The City has issued combination tax and special revenue (water, sewer, paving assessments, hotel-motel, airport revenues, mass transit, parking system, and public property finance contractual obligations) certificates of obligation, which it intends to repay from a combination of revenues and property taxes. The City identifies the debt service requirements for all general obligation bonds and all combination tax and special revenue certificates of obligation and reduces the property tax levy by surplus revenues (if any) from the above-mentioned sources. GASB Statement 34 eliminates the presentation of the General Long Term Debt Account Group, but provides that these records to be maintained and incorporates the information into the Governmental Column in the government-wide Statement of Net Assets. General obligation and all combination tax and special revenue certificate of obligation debt is recorded exclusively in the General Long Term Debt Account Group, and it is counted towards the legal debt limit of the City.

Any proceeds from issuance of general obligation and combination certificates of obligation, which are used for construction of governmental capital assets are recorded as bond proceeds in the governmental funds.

Any proceeds from issuance of combination of tax and special revenue certificates of obligation bonds which are to be used for construction of enterprise fund capital assets are recorded as bond proceeds in the General Fund and as contributions to the enterprise funds. In the enterprise fund the proceeds are recorded as "Contributions".

Revenue bonds, which have been issued to fund capital projects of an Enterprise Fund and Special Revenue Fund, are to be repaid from net revenues of the Enterprise Funds and Sales Venue Sales Tax for the Special Revenue Fund. Such debt is recorded in the Enterprise Funds.

L. Compensated Absences

City employees are granted vacation and sick leave hours at varying rates based on the number of years employed. Employees are paid accumulated vacation hours up to a maximum of 480 hours upon termination or retirement. Sick leave hours are paid up to a maximum of 720 hours upon retirement.

Accumulated vacation leave expected to be paid with available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with available financial resources are accounted for in the general long-term debt account group for internal purposes only. Accumulated vacation leave of enterprise funds are recorded as an expense and liability of those funds as the

benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits except as noted above.

M. Federal and State Grants and Entitlements

Grants and entitlements may be accounted for within any of the three fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants and entitlements received for purposes normally financed through a particular fund type may be accounted for in that fund type provided that applicable legal restrictions can be appropriately satisfied.

Capital grants restricted for capital acquisitions or construction projects are accounted for in the applicable Capital Project Funds. Revenues received for operating or for capital expenditure purposes of Enterprise Funds are recognized in the applicable Enterprise Fund.

In prior years, capital contributions, including capital grants received for capital purchases, were recorded as a direct addition to the contributed capital equity account for Proprietary Funds. Beginning in fiscal year 2001, GASB 33 requires contributions of capital grants to be recorded as revenue in the Statement of Revenue, Expense, and Changes for Fund Net Assets for Proprietary Funds.

N. Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved.

Non-recurring or non-routine transfers of equity between funds are reported as additions to or deductions from the fund balance of governmental funds. All other legally authorized transfers are treated as transfers in the basic financial statements and are included in the results of operations of both governmental and proprietary funds.

O. Unamortized Bond Issuance Costs

Expenses related to the sale of revenue bonds are amortized over the life of the issue.

P. Statement of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include cash on hand, equity in the investment pool, and cash with fiscal agent. Governmental entities under GASB 9, as amended by GASB 34, paragraph 105, must use the direct method for Cash Flow presentation.

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

The accounting methods and procedures adopted by the City of Laredo, Texas conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Basic Financial Statements.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities include bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$167,737,357 difference are as follows:

Bonds, notes payable, and capital leases	\$194,010,620
Accrued interest	1,289,311
Deferred revenue	(23,024,923)
Compensated absences	(2,709,227)
Elimination of Interfund activity	<u>(1,828,424)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$167,737,357</u>

B. Explanation of certain differences between governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities

An element of the reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$3,095,928 difference are as follows:

Debt issued:	
Bond & Capital lease proceeds	\$75,154,978
Repayments:	
General obligation bond	(77,203,632)
Capital lease	<u>(1,047,274)</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(3,095,928)</u>

An element of the reconciliation states that for governmental funds, capital outlay should be reported as expenditures. In the statement of activities, "the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The amount of depreciation expense exceeded capital outlays in this fiscal year by \$921,953. The details of this are as follows:

Assets that were purchased and capitalized in the current year	\$14,299,478
Current year depreciation	(15,221,431)
Amount by which capital outlays exceed depreciation	<u>\$(921,953)</u>

NOTE 3 - FUND DEFICITS

The following is a list of the undesignated deficit fund balances in the Special Revenue Funds: Block Grants \$1,201,791; Home Investment \$527,852; Emergency Shelter \$54,383; Noise Abatement \$111,920; Health Fund \$221,939; International Airport \$321,880; 911 Emergency Comm. Fund \$183,997 Subdivision Trust Funds \$5,388; and Capital Projects Funds: Webb County Colonias Project \$1,077,566, Airport Construction Fund \$6,059,332; Parks Capital Grants Fund \$36,009. The deficit fund balances are equal to or less than the Reserve for Encumbrances balance that does not constitute expenditures or liabilities. The Reserve for Encumbrances constitutes purchase orders, contracts and other commitments entered into during fiscal year ended September 30, 2005. The deficits will be recovered through grant cost reimbursements and other revenues.

The Health and Benefits Fund which is an internal service fund had fund deficit of \$22,927. The deficit will be recovered by the increasing of charges issued to other funds.

Subdivision Trust Fund's deficit fund balance of \$5,388 was due to a reduction in the fair market value. The deficit is expected to be recovered by next fiscal year.

NOTE 4 - CASH AND CASH EQUIVALENTS

The monetary assets of the City are held in various forms and accounts. These assets are described and presented in the basic financial statements in three groups.

One group is described as "Cash and Cash Equivalents". This group is characterized as having high liquidity with little market risk and includes cash in bank accounts, petty cash and change funds. Another group is disclosed as Equity in Investment Pool and consists of cash in bank accounts. The third group of monetary assets is presented in the basic financial statements as "Investments". Cash balances of all City funds (except for the Laredo Firefighters Retirement

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

System) are pooled and invested. All securities are reported at fair value in order to comply with GASB Statement 31 - *Accounting and Financial Reporting for External Investment Pools*. Investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The net decrease in the fair value of the securities was \$460,422 for the City of Laredo and a net increase of \$2,434,144 for the Laredo Firefighters Retirement System.

As of September 30, 2005, cash and cash equivalents consisted of the following:

Petty Cash and Change Fund	\$	48,168
Equity in Investment Pool		239,255
Cash in Other Bank Accounts		62,100
Cash with Fiscal Agent		569,362
	\$	<u>918,885</u>

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy is in compliance with Texas Government Code Chapter 2257 - *"Collateral for Public Funds"*. All deposits were covered by federal depository insurance up to \$100,000 and collateralized with eligible securities in amounts of at least 102% of the book value of deposits. As of September 30, 2005, the book value of all the City's deposits was \$918,885. Deposits were properly secured at all times during the fiscal year. All collateral securities were held by a third party in the City's name and were not exposed to custodial credit risk.

NOTE 5 - INVESTMENTS

The City, as per the *"Public Funds Investment Act"* of the State of Texas, is authorized to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations which are unconditionally guaranteed by the State of Texas or United States; obligation of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm; Certificates of Deposits of state and national banks domiciled in Texas, guaranteed or insured by the Federal Depository Insurance or its successor; fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies; Banker's Acceptances that has a stated maturity of 270 days or less from the date of issuance; Commercial Paper that has a stated maturity of 270 days or less from date of issuance and rated not less than A-1 or P-1 or an equivalent rating; a no-load money market mutual fund that is registered with and regulated by the Securities and Exchange Commission, has a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset valued of \$1 for each

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

share; Investment Pools as long as the governing body of the City approved them by rule, order ordinance or resolution. The investments of the Pension Trust Fund, the Laredo Firefighters' Retirement System are governed by the Texas Local Fire Fighters' Retirement Act establishing the System. The act authorizes additional investment types which include corporate bonds, common stock and mutual funds.

The investment and maturities at September 30, 2005, were as follows:

	Fair Value	Non Maturity Rated	Investment Maturity in Years	
			Less Than 1	1-3
U. S. Agencies	\$ 72,151,249	-	54,815,592	17,335,657
Mutual Funds	18,139,784	18,139,784	-	-
Equities	32,012,221	32,012,221	-	-
Managed Pools	126,586,613	126,586,613	-	-
Total Investments	\$ 248,889,867	126,586,613	54,815,592	17,335,657

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy limits the maximum maturities exceeding two years to 25% of the total portfolio. The other 75% must, to the extent possible, be match with projected cash flow requirement. As of September 30, 2005, a security of \$4,879,688 had a maturity greater than 2.7 years.

Credit Risk. Credit risk is the risk that the government will not be able to recover the value of its securities. As of September 30, 2005, the City invested in U. S. Agencies and Managed Pools. The Laredo Firefighters' Retirement System as per their investment policy is allowed to investment in other types of investments such as mutual funds and common stock.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of a government's investment in a single issuer. Of the total City's investments, 7% were invested in Federal Farm Credit Bank Notes and 29% in Federal Home Loan bank Notes the other 64% were investment in Local Government Investment Pools. The City's investment policy limits the total of investment in a single type of security to 50% of the total portfolio. Of the Firefighters' Retirement System investments, 36% was invested in mutual funds and 64% in equities.

Custodial Credit Risk. For an investment security, custodial credit risk is the risk that in the event of a failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2005, the City had no repurchase agreements. The City's investment policy dictates that a third party financial institution, designated by the City, shall be the holder of the City's investment securities. The

Firefighters' Retirement System has also designated a third party selected by the system as the safekeeping institution for its securities.

NOTE 6 - RECEIVABLES

The City's property tax is levied each October 1st on the assessed value listed on the tax roll as of the prior January 1st for all real and personal property located in the City. The City Charter stipulates that taxes shall become due on October 1st of the year of levy and shall be paid by the following January 31st. All real and personal property in the City on January 1st each year will be subject to lien from that date for taxes due thereon. The adjusted assessed value for the tax roll as of January 1, 2004, upon which the 2004 levy was based, was \$6,783,309,499.

The appraisal of property within the City is the responsibility of the Webb County Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its market value. The value of property within the Appraisal District must be reviewed every three years; however, the City may, at its own expense, require more frequent reviews of appraised value. The Webb County Appraisal District has chosen to review the value of property every year. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate exceeds the rate for the previous year by more than 8% qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services; including the payment of principal and interest on general obligation long-term debt. Under the 1981 City Charter, the City's power of taxation is restricted to State statutes. The City Council has considered \$1.50 as the maximum tax per \$100 assessed valuation. City Charter Section 6.13, as amended in November 1995, limits the total overall outstanding debt to 10% of the total assessed valuation of the City.

The tax rate to finance general governmental services including the payment and interest on long-term debt for the year ended September 30, 2005 was \$.637000 per \$100 of assessed valuation (\$.508677 for general government and \$.128323 for debt service). Thus, the City has a tax margin of approximately \$.863000 per \$100, and could levy approximately \$58,539,961 in additional taxes per year from the present assessed valuation of \$6,783,309,499 before the limit is reached. Because of limitations imposed by state law, cases in which accumulated taxes exceed property value, other problems in tax collection and because of the possible uncollectibility of certain other accounts receivable, allowances have been provided

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

for uncollectible accounts resulting in only the net collectible amounts being reflected in the balance sheet.

The allowances for uncollectible accounts for taxes and other receivables as of September 30, 2005 are reflected in the following table:

	General	Other Governmental Fund Types	Proprietary	Fiduciary	Total
Receivables:					
Property Taxes	\$ 5,479,673	1,013,607	-	-	6,493,280
Hotel Motel Taxes	-	24,801	-	-	24,801
Accounts	6,898,254	3,341,623	8,900,854	2,494	19,143,225
Notes	-	12,346,486	1,102,390	136,036	13,584,912
Paving Assessments	-	1,077,837	-	-	1,077,837
Gross Receivables	12,377,927	17,804,354	10,003,244	138,530	40,324,055
Less Allowance for Uncollectible	(3,084,924)	(3,093,689)	(3,326,611)	-	(9,505,224)
Net Receivables	\$ 9,293,003	14,710,665	6,676,633	138,530	30,818,831

NOTE 7 - RESTRICTED ASSETS FOR ENTERPRISE FUND TYPES

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "revenue bond retirement reserve" is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "revenue bond contingency" is used to report resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments. The "construction account" is used to report those proceeds of bond issuance that are restricted for use in construction. The "water rights" account is used to report revenue received through water availability charges.

The following table summarizes restricted assets by purpose as of September 30, 2005:

	Transit System	Bridge System	Waterworks System	Sewer System	Solid Waste Management	Total
Revenue Bond Reserve	\$ -	7,292,430	999,731	680,773	-	8,972,934
Revenue Bond Contingency	-	500,000	987,384	686,833	-	2,174,217
Construction Account	5,491,597	25,669,515	16,036,234	14,200,280	1,123,149	62,520,775
Water Rights	-	-	12,319,595	-	-	12,319,595
Total Restricted Assets	\$ 5,491,597	33,461,945	30,342,944	15,567,886	1,123,149	85,987,521

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2005 was as follows:

A – Governmental Activities:

	Balance as of September 30, 2004	Additions	Deletions and Transfers	Balance as of September 30, 2005
Capital Assets, Not Being Depreciated:				
Land	\$ 39,729,697	5,857,436	(182,057)	45,405,076
Construction in Progress	5,397,160	2,898,006	(336,547)	7,958,619
Total Capital Assets, Not Being Depreciated	45,126,857	8,755,442	(518,604)	53,363,695
Capital Assets Being Depreciated:				
Buildings	121,857,215	498,490	-	122,355,705
Improvements Other Than Buildings	327,336,245	1,037,079	-	328,373,324
Machinery & Equipment	45,647,059	4,540,014	(836,951)	49,350,122
Total Assets Being Depreciated	494,840,519	6,075,583	(836,951)	500,079,151
Less Accumulated Depreciation For:				
Buildings	(17,207,140)	(2,700,750)	-	(19,907,890)
Improvements Other Than Buildings	(120,445,515)	(8,438,382)	-	(128,883,897)
Machinery & Equipment	(29,739,966)	(3,971,238)	655,770	(33,055,434)
Total Accumulated Depreciation	(167,392,621)	(15,110,370)	655,770	(181,847,221)
Total Capital Assets, Being Depreciated, Net	327,447,898	(9,034,787)	(181,181)	318,231,930
Governmental Activities Capital Assets, Net	\$ 372,574,755	(279,345)	(699,785)	371,595,625

B – Business Type Activities:

	Balance as of 09/30/2004	Additions	Deletions and Transfers	Balance as of 09/30/2005
Capital Assets, Not Being Depreciated:				
Land	\$ 27,856,636	400,268	-	28,256,904
Construction in Progress	16,450,641	12,767,483	(1,545,731)	27,672,393
Waterrights	14,706,178	50,000	-	14,756,178
Total Capital Assets, Not Being Depreciated	59,013,455	13,217,751	(1,545,731)	70,685,475
Capital Assets Being Depreciated:				
Buildings	56,907,672	-	-	56,907,672
Improvements Other Than Buildings	242,062,604	6,885,119	-	248,947,723
Machinery & Equipment	52,016,947	2,181,013	(992,381)	53,205,579
Total Assets Being Depreciated	350,987,223	9,066,132	(992,381)	359,060,974
Less Accumulated Depreciation For:				
Buildings	(15,329,784)	(1,237,453)	-	(16,567,237)
Improvements Other Than Buildings	(82,726,741)	(9,228,669)	4,696	(91,950,714)
Machinery & Equipment	(25,257,796)	(5,179,157)	786,016	(29,650,937)
Total Accumulated Depreciation	(123,314,321)	(15,645,279)	790,712	(138,168,888)
Total Capital Assets, Being Depreciated, Net	227,672,902	(6,579,147)	(201,669)	220,892,086
Business Type Activities Capital Assets, Net	\$ 286,686,357	6,638,604	(1,747,400)	291,577,561

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

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

Government Activities:	
General Government	\$ 75,439
Public Health	326,451
Culture & Recreational	392,771
Public Works	11,697,723
Public Safety	571,363
Air Transportation	1,974,446
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>71,536</u>
Total depreciation expense-governmental activities	<u>\$ 15,109,729</u>
Business-Type Activities:	
Solid Waste Management	\$ 1,981,280
Bridge System	3,177,017
Waterworks System	5,069,942
Sewer System	3,483,500
Other Enterprise Funds	<u>1,873,817</u>
Total depreciation expense-business-type activities	<u>\$ 15,585,556</u>

NOTE 9 - RETIREMENT PLANS

The City provides benefits for all of its full-time employees (except for firefighters) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 801 administered by TMRS, an agent multiple-employer public employee retirement system.

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

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Deposit Rate: 7%
Matching Ratio (City to Employee) 2 to 1
A member is vested after 5 years

Members can retire at certain ages, based on the years of service with the City.
The Service Retirement Eligibilities for the city are: 5 yrs/age 60, 20-yrs/any age.

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. 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 is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2004 valuation is effective for rate beginning January 2006).

SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS

Actuarial Valuation Date	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Actuarial Value of Assets	\$ 49,788,030	57,214,578	65,263,038	71,378,360	83,134,944	93,220,964
Actuarial Accrued Liability	73,328,812	82,609,247	92,117,721	100,308,824	143,268,763	159,858,885
Percentage Funded	67.90%	69.26%	70.85%	71.20%	58.03%	58.31%
Unfunded Actuarial						
Accrued Liability (UAAL)	23,540,782	25,394,669	26,854,683	28,930,464	60,133,819	66,637,921
Annual Covered Payroll	45,923,006	48,412,432	52,328,408	53,281,587	57,825,500	59,429,800
UAAL as a percentage of covered Payroll	51.26%	52.45%	51.32%	54.32%	103.90%	112.13%
Annual Pension Cost:						
Annual Required Contribution (ARC)	4,423,989	4,613,519	5,130,863	5,573,578	7,853,449	9,637,803
Less Contributions Made at the end of the period	4,423,989	4,613,519	5,130,863	5,573,578	7,853,449	9,637,803
Net Pension Obligation	\$ -	-	-	-	-	-

Actuarial Assumptions

Actuarial Cost Method -	Unit Credit
Amortization Method-	Level Percent of Payroll
Remaining Amortization Period-	25 Years – Open Period
Asset Valuation Method-	Amortized Cost (To accurately reflect the requirements of the GASB Stmt, No. 25, paragraphs 36e and 138)
Investment Rate of Return-	7%
Projected Salary Increases	None
Includes Inflation At	3.5%
Cost-of-Living Adjustments-	None

The City of Laredo is one of 801 municipalities having the benefit plan administered by TMRS. Each of the 801 municipalities has an annual, individual actuarial valuation performed. All assumptions of the December 31, 2004 valuations are contained in the 2004 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin TX 78714-9153.

Laredo Firefighters' Retirement System Required Supplemental Information
Disclosures in Accordance with GASB Statement No. 27
Actuarial Update as of March 31, 2004

The Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The Board of Trustees of the Laredo Firefighters Retirement System is the administrator of a single-employer defined benefit pension plan. The Laredo Firefighters Retirement System is considered part of the City of Laredo financial reporting entity and is included in the City's financial reports as a pension trust fund.

The Laredo Firefighters Retirement System covers the firefighters in the Laredo Fire Department. The table below summarizes the membership of the System reflected in the actuarial valuation as of March 31, 2004, which is performed every two years.

	<u>03/31/04</u>
a. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	98
b. Current Employees:	
i. Vested	53
ii. Nonvested	<u>279</u>
c. Total	<u>430</u>

The Laredo Firefighters Retirement System provides service retirement, death, disability, and withdrawal benefits. These benefits vest after 20 years of credited service. Employees may retire at age 50 with 20 years of service. The Plan effective August 1, 2003 (in effect on the March 31, 2004 valuation date) provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit for firefighters hired prior to January 1, 1988 is equal to 3.03% of Final Average Monthly Salary for each year of service. The monthly benefit for firefighters hired on or after January 1, 1988 is equal to 2.88% of Final Average Monthly Salary for each year of service.

There is no provision for automatic post retirement benefit increases. The System has the authority to provide, and has periodically in the past provided for, ad hoc post retirement benefit increases. The Texas Local Fire Fighters' Retirement Act (TLFFRA) authorizes the benefit provisions of this plan. TLFFRA provides the authority and procedure to amend benefit provisions.

Contributions Required and Contributions Made

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city. While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the System must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method the plan's normal cost contribution rate is determined as a percentage of payrolls. The excess of the total contribution rate over the normal cost contributions rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using an open, level percentage of payroll method.

The costs of administering the plan are financed from the trust. For the Plan effective August 1, 2003, (Plan effective March 31, 2004), the funding policy of the Laredo Firefighters Retirement System requires contributions equal to 14% of pay by the firefighters. Effective April 1, 2003, required contributions by the City of Laredo were 16.02% of pay for each firefighter hired before January 1, 1988 and 14.57% of pay for each firefighter hired on or after January 1, 1988. Effective April 1, 2004, required contributions by the City of Laredo were 17.02% of pay for each firefighter hired before January 1, 1988 and 15.57% of pay for each firefighter hired on or after January 1, 1988. Effective April 1, 2005, the city contribution rate will be 17.65% for firefighters hired before January 1, 1988 and 16.20% for firefighters hired on or after January 1, 1988.

Annual Pension Cost

For the fiscal year ending September 30, 2005, the City of Laredo's annual pension cost of \$3,235,074 for the Laredo Firefighters Retirement System was equal to the City's required and actual contributions during the year. While the required contributions were not actuarially determined but were a fixed percentage, the plan benefits which was most recently amended effective as of August 1, 2003 has been approved by the Board's actuary as having an adequate financing arrangement. The fixed city contributions are 16.02% effective April 1, 2003, 17.02% effective April 1, 2004 and 17.65% effective April 1, 2005 for firefighters hired before January 1, 1988. For firefighters hired on or after January 1, 1988, the fixed percentage is 14.57% effective April 1, 2004, 15.57% effective April 1, 2004 and 16.2% effective April 1, 2005. The required contributions were reflected in the March 31, 2004 actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll. The actuarial value is equal to the expected actuarial value of assets adjusted by 40% of the difference between the actual market value and the expected actuarial value. The actuarial value is not more than 120% or less than 80% of the actual market value of assets. The actuarial assumptions included an investment return assumption of 7.75% per year (net of expenses), projected salary increases averaging 4.5% per year as a general salary increase and 1.7% per year as a promotion and longevity increase for a total averaging 6.2% per year based on 30-year career, and no postretirement cost-of-living adjustments. An inflation assumption of 4% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method; assuming that the payroll will increase 4.5% per year, and was 37 years as of March 31, 2004 actuarial valuation based on the plan provisions effective August 1, 2003.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/1998	\$ 1,273,426	100%	-
09/30/1999	1,417,590	100%	-
09/30/2000	1,584,805	100%	-
09/30/2001	1,714,980	100%	-
09/30/2002	2,000,411	100%	-
09/30/2003	2,420,048	100%	-
09/30/2004	2,787,027	100%	-
09/30/2005	\$ 3,235,074	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
09/30/92	\$ 15,117,781	19,384,831	4,267,050	77.99%	4,999,917	85%
07/31/94	18,694,506	27,137,437	8,442,931	68.89%	6,932,366	122%
09/30/95	19,843,996	27,545,436	7,701,440	72.04%	6,832,917	113%
07/31/96	21,565,365	30,936,694	9,371,329	69.71%	8,063,403	116%
09/30/97	23,768,183	32,196,210	8,428,027	73.82%	8,080,170	104%
06/30/98	27,925,724	38,685,191	10,759,467	72.19%	10,191,336	106%
03/31/00	32,040,945	48,944,733	16,903,788	65.50%	12,481,680	135%
03/31/02	35,064,847	66,941,016	31,876,169	52.40%	16,652,165	191%
03/31/04	\$ 43,720,097	82,210,204	38,490,107	53.18%	18,726,396	205%

Schedule of Employer Contributions

Plan Year Ended	Annual Contribution As a Percentage of Payroll	Annual Required Contribution	Percentage of Required Contribution Contributed
09/30/1996	14.02% & 12.57%	\$ 1,033,636	100%
09/30/1997	14.02% & 12.57%	1,132,840	100%
09/30/1998	14.02% & 12.57%	1,273,426	100%
09/30/1999	14.02% & 12.57%	1,417,590	100%
09/30/2000	14.02% & 12.57%	1,584,805	100%
09/30/2001	14.02% & 12.57%	1,714,980	100%
09/30/2002	15.02% & 13.57%	2,000,411	100%
09/30/2003	16.02% & 14.57%	2,420,048	100%
09/30/2004	17.02% & 15.57%	2,787,027	100%
09/30/2005	17.65% & 16.20%	\$ 3,235,074	100%

A copy of the financial and pension plan report may be obtained by writing to: Laredo Firefighters Retirement System, 5219 Tesoro Plaza, Laredo, TX 78041.

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits, the City provides postretirement health care benefits in accordance with State statutes to all employees who retire from the City at age 60 and above with 5 years or more of service or with 20 or more years of service regardless of age. Currently, 116 retirees meet those eligibility requirements. The City reimburses 80% of the amount of validated claims for medical and hospitalization costs incurred by pre-Medicare retirees and their dependants. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the City. During the year, expenditures of approximately \$433,434 were recognized for postretirement health benefits of which \$85,580 was received from the firemen's contribution.

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of changes in the city's general long-term obligations for the year ended September 30, 2005.

	General Obligation Serial Bonds	Certificates of Obligation	Revenue Bonds	Compensated Absences	Capital Lease Obligations	Notes Payable
Long Term Liabilities:						
Beginning Balances	\$ 67,120,000	71,610,000	37,735,000	-	760,642	1,190,000
Additions	24,455,000	15,625,000	33,550,000	-	1,524,977	-
Retirements	<u>(11,535,000)</u>	<u>(28,305,000)</u>	<u>(35,080,000)</u>	-	<u>(1,255,751)</u>	<u>(85,000)</u>
Ending Balances	80,040,000	58,930,000	36,205,000	-	1,029,868	1,105,000
Current Liabilities:						
Due Within One Year	<u>8,000,000</u>	<u>6,755,000</u>	<u>930,000</u>	<u>40,453</u>	<u>930,751</u>	<u>85,000</u>
Total Liabilities	<u>\$ 88,040,000</u>	<u>65,685,000</u>	<u>37,135,000</u>	<u>40,453</u>	<u>1,960,619</u>	<u>1,190,000</u>

Compensated absences are generally liquidated by the General Fund.

Bonds payable as of September 30, 2005 are comprised of the following issues:

A - General Obligation Serial Bonds

<p>\$30,080,000 General Obligation Refunding Bonds, Series 1996 issued to reduce the overall debt service requirements of the City. Principal is due in varying amounts through year 2011 with interest varying between 3.7% and 5.25 % per annum.</p>	\$ 21,320,000
<p>\$5,830,000 General Obligation Bonds, Series 1997 issued for the purpose of constructing and permanently equipping three fire stations; constructing, and installing and equipping a fire training tower and training facility, and other matters relating thereto. Principal is due in varying amounts through 2017 with interest varying from 4.75% to 7.75% per annum.</p>	825,000
<p>\$43,050,000 1998 General Obligation Refunding Bonds issued for the purpose of refunding a portion of the City's outstanding tax supported debt in order to lower the overall debt service requirements of the City, and to pay cost of issuance of the Bonds. Principal is due in varying amounts through 2015 with interest varying from 4.00% to 5.125% per annum.</p>	39,305,000
<p>\$4,590,000 General Obligation Refunding Bonds, Series 2003 issued to reduce the overall debt service requirements of the city. Principal is due in varying amounts through 2010 with interest varying from 2.00% to 3.00% interest per annum.</p>	2,135,000
<p>\$24,455,000 General Obligation Refunding Bonds, Series 2005 issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay cost related to the issuance of the bonds. Principal is due in varying amounts through 2021 with interest varying from 3.50% to 5.00% interest per annum.</p>	<u>24,455,000</u>
<p>Total General Obligation Bonds</p>	\$ <u>88,040,000</u>

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

B – Certificates of Obligation

<p>\$1,000,000 1992 Combination Tax and Airport Revenue Certificate of Obligation issued for the purpose of making airport improvements. Principal is due in varying amounts through 2013, with interest varying from 4.85% to 6.60% per annum.</p>	\$ 535,000
<p>\$2,040,000 1996 Combination Tax and Airport Revenues Certificates of Obligation issued for the purpose of acquiring land for the Laredo Municipal Airport. Principal is due on varying amounts through year 2011, with interest rates varying from 4.4% to 6% per annum.</p>	1,010,000
<p>\$2,860,000 Combination Tax and Waterworks System Revenue Certificates of Obligation, Series 1997-A, issued for the purpose of paying all or a portion of the City's contractual obligations for improvements and extension to the City's Waterworks system, and for the payment of legal, fiscal, and engineering fees in connection with this project. Principal is due in varying amounts through 2017 with interest varying from 4.75% to 6.75% per annum.</p>	405,000
<p>\$3,660,000 Combination Tax and Revenue Certificates of Obligation, Series 1997-B, issued for the purpose of paying all or a portion of the city's contractual obligations for the acquisition of trucks and related fire equipment; acquisition of equipment and improvement at the new main library; purchase of material recycling facility from Southern Sanitation Services, Inc.; and for the payment of legal, fiscal, architectural and engineering fees in connection with such projects. Principal is due in varying amounts through 2007 with interest varying from 4.25% to 7.25% per annum.</p>	370,000
<p>\$1,430,000 1998 Combination Tax and Airport Revenue Certificates of Obligation, for the purpose of paying all or a portion of the City's Contractual Obligations for the purpose of acquiring land at the municipal airport in connection with the settlement of a lawsuit in reference to noise abatement at the City's Airport and for the payment of legal and fiscal fees in connection with this project. Principal is due in varying amounts through 2018 with interest from 4.60% to 7.00% per annum.</p>	1,090,000
<p>\$6,415,000 1998-A Combination Tax and Sewer Revenue Certificates of Obligations issued for the purpose of paying all or a portion of the City's Contractual Obligations for improvements and extensions to the City's Sewer System, and acquisition of land in connection therewith, and for the payment of legal, fiscal, and engineering fees in connection with this projects. Principal is due in varying amounts through 2018 with interest from 4.400% to 7.375% per annum.</p>	2,055,000
<p>\$16,160,000 1998-B Combination Tax and Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's Contractual Obligations for the construction of drainage improvements; construction of street improvements and repairs; construction of a new Public Works Building, repairing and remodeling the Canizalez Gym, Old Library Building, and Municipal Court Building; acquisition of municipal vehicles and equipment for municipal departments, together with a Landfill Collection System, and the acquisition of land for a municipal landfill, and for the payment of legal, fiscal, architectural and engineering fees in connection with such projects. Principal is due in varying amounts through 2018 with interest from 4.40% to 7.25% per annum.</p>	\$ 3,585,000

CITY OF LAREDO, TEXAS
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<p>\$1,050,000 1999 Combination Tax and Parking System Certificates of Obligation issued for the purpose of purchasing land for a parking lot and to pay costs of issuance. Principal is due in varying amounts through 2014, with interest varying between 3.75% through 5.20% per annum.</p>	\$ 440,000
<p>\$3,850,000 1999 Combination Tax and Waterworks System Certificates of Obligation issued for the purpose of expanding and improving the Waterworks System and to pay costs of issuance. Principal is due in varying amounts through 2019 with interest varying between 3.70% through 5.35% per annum.</p>	1,060,000
<p>\$2,830,000 1999 Combination Tax and Airport Revenue Refunding Bonds issued for the purpose of refunding a portion of the City's current outstanding indebtedness. Principal is due in varying amounts through 2014 with interest varying between 4.25% through 5.40% per annum.</p>	1,580,000
<p>\$2,060,000 2000 Combination Tax and Airport Revenue Refunding Bond issued for the purpose of refunding the Airport Indenture Obligation for release of land from indenture, and ordaining other matters relating thereto. Principal is due in varying amounts through 2020 with interest from 5.10% to 7.00% per annum.</p>	1,790,000
<p>\$1,820,000 2000 Combination Tax and Sewer System Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's Contractual Obligations for the purposes of improving and extending the City's Sewer System, and the payment of legal and fiscal fees in connection with this project. Principal is due in varying amounts through 2020 with interest from 5.10% to 7.00% per annum.</p>	580,000
<p>\$2,485,000 2000 Combination Tax and Waterworks System Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's Contractual Obligations for the purpose of improving and extending the City's Waterworks System, and for the payment of legal and fiscal fees in connection with this project, and other matters relating thereto in connection with this project. Principal is due in varying amounts through 2020 with interest from 5.00% to 7.00% per annum.</p>	790,000
<p>\$9,365,000 2000 Combination Tax and Revenue Certificates of Obligation issued for the purpose of constructing a new Municipal Court, constructing and improving the City's streets, the acquisition, design, and construction of the Inner City Park, and issuance expenses. Principal is due in varying amounts through 2021 with interest varying from 5.25% to 5.375% per annum.</p>	3,785,000
<p>\$1,550,000 2000A Public Property Finance Contractual Obligations for the purpose of purchasing automotive equipment, trucks, fire engine, ambulance, sweepers, mowers, street equipment, computers, and issuance costs. Principal is due in varying amounts through 2006 with interest varying from 4.55% through 5.50% per annum.</p>	345,000
<p>\$9,925,000 2002 Combination Tax and Revenue Certificates of Obligation issued for the purpose of acquiring downtown properties, a property known as Slaughter Farm, acquisition of land in northeast Laredo and land for the Fire Training and Law Enforcement Facility. Principal is due in varying amounts through 2022 with interest varying from 3.25% to 5.00% per annum.</p>	\$ 8,905,000

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

\$2,265,000 2002 Public Property Finance Contractual Obligations issued for the purpose of paying all or a portion of the issuer's contractual obligations to be incurred in connection with the acquisition or purchase of personal property. Principal is due in varying amounts through 2007 with interest varying from 2.0% to 2.9% per annum. \$ 940,000

\$3,620,000 Combination Tax and Sewer System Revenue Certificates of Obligation, Series 2003 issued for the purpose of paying all or portion of the City's Contractual obligations for constructing, improving, and extending the City's Sewer System, and for the payment of legal, fiscal, and engineering fees in connection with this project. Principal is due in varying amounts through 2023, with interest varying from 3.40% to 4.50% per annum. 3,385,000

\$2,795,000 Public Property Finance Contractual Obligations, Series 2003 issued for the purpose of purchasing vehicle equipment, trucks, cars, trailers, fire department equipment, EMS equipment, boat ramps, sweepers, mowers, projector, studio lights, generators, testing equipment for toll system, street equipment, computers, related hardware and software, paint remover equipment, statement sorter, power sweepers, and issuance costs. Principal is due in varying amounts through 2008 with interest varying from 1.70% to 3.00% per annum. 1,740,000

\$3,510,000 Combination Tax and Waterworks System Revenue Certificates of Obligation, Series 2003 for the purpose of paying all or a portion of the City's contractual obligations for the purpose of constructing drainage improvements, including pilot channel, constructing and equipping a fire station, for the payment of legal, fiscal, architectural and engineering fees in connection with this. Principal is due in varying amounts through 2023 with interest from 3.40% to 4.50% per annum. 3,420,000

\$13,535,000 Combination Tax and Revenue Certificates of Obligation, Series 2004 for to purpose of paying street, parking, and landfill improvements, including costs of issuance. Principal is due in varying amounts through 2024 with interest from 3% to 5% per annum. 12,250,000

\$15,625,000 Combination Tax and Revenue Certificates of Obligation, Series 2005 for the purpose of purchasing vehicles, and equipment for the Fire Department, purchasing vehicles for the Planning, Building and Public Works Department, acquiring and constructing a City communication system, making improvements to the City Health Clinic, acquiring land and equipment for and making improvements to municipal parks, acquiring land and preliminary design for various drainage projects, and for the payment of legal, fiscal, and engineering fees in connection with such projects; and paying the costs related to the issuance of the certificates. Principal is due in varying amounts through 2025 with interest from 3% to 5% per annum. 15,625,000

Total Certificates of Obligation \$ 65,685,000

The applicable bond ordinances for the aforementioned debt contain limitations and restrictions on annual debt service requirements and maintenance of and flow of monies through various restricted accounts as well as minimum amounts to be maintained in various sinking funds.

The City is in compliance with all significant limitations and restrictions.

C - Sales Tax Revenue Bonds

The City's Sales Tax Revenue Bonds are special obligations of the City and are collateralized by revenue from a ¼ of 1% sales and use tax collected within the City's boundaries. Sales Tax Revenue Bonds as of September 30, 2005 consist of the following:

\$39,315,000 2001 Sports Venue Sales Tax Revenue Bonds issued for the purpose of financing a multipurpose sports and entertainment arena and related infrastructure, and issuance costs. Principal is due in varying amounts through 2018 with interest from 3.95% to 5.75% per annum.	\$ 3,585,000
\$33,550,000 2005 Sports Venue Sales Tax Revenue Improvement and Refunding Bonds issued for the purpose of acquiring and constructing additional parking for the multipurpose entertainment arena and refunding a portion of the City's outstanding Sports Venue Sales Tax Revenue Bonds, Series 2001 in order to achieve a debt service savings and to pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2024 with interest from 3.00% to 5.00% per annum.	<u>33,550,000</u>
Total Sales Tax Revenue Bonds	\$ <u>37,135,000</u>

D - Capital Lease Obligations

The City has entered into several lease-purchase agreements for various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

General Fund

\$1,413,240 Ford Motor Credit Company for the purchase of sixty law enforcement vehicles for the Police Department. Payments are due in annual installments of \$250,000 for the first year and \$423,554.78 for the remaining years including principal and interest through April 2006. Interest is at 4.55% per annum.	\$ 405,122
\$772,219 Ford Motor Credit Company for the purchase of thirty seven law enforcement vehicles for the Police Department. Payments are due in annual installments of \$250,000 for the first year and \$189,468.03 for the remaining years including principal and interest through February 2007. Interest is at 4.36% per annum.	355,520
\$1,123,300 Philpott Motors for the purchase of forty seven law enforcement for the Police Department. Payments are due in annual installments of \$325,000 for the first year and \$284,940.56 for the remaining years including principal and interest through November 2007. Interest is at 3.5% per annum.	798,300
\$401,677 Motorola Corporation and Portable Computer Systems for the purchase of forty seven Mobile Data Terminals for the Police Department. Payments are due in annual installments of \$110,527.81 including principal and interest through January 2009. Interest is at 3.950% per annum.	<u>401,677</u>
Total Present Value of Future Minimum Lease Payments	\$ 1,960,619
Plus Amount Representing Interest	<u>138,805</u>
Total Minimum Lease Payments	\$ <u>2,099,424</u>

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The assets acquired through capital leases are as follows:

Governmental Activities		
Asset:		
Automotive Equipment	\$	3,710,437
Less: Accumulated Depreciation		<u>(1,841,414)</u>
Total	\$	<u>1,869,023</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005, are as follows:

Year Ending Sep. 30	Governmental Activities	
2006	\$	1,008,491
2007		584,937
2008		395,468
2009		<u>110,528</u>
Total minimum lease payments		2,099,424
Less: amount representing interest		<u>(138,805)</u>
Present value of minimum lease payments	\$	<u>1,960,619</u>

Capital leases will be paid within the next three years, therefore only data for those years is shown.

E - Notes Payable

Section 108 Loan \$1,700,000 Chase Manhattan Bank through HUD 108 Program for the restoration of the Hamilton Hotel into a 165 low and moderate income residential units. Principal is due annually with a variable interest rate between 6.2013% and 6.4050%.

\$ 1,190,000

NOTE 12 - PROPRIETARY FUNDS LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the City's Proprietary Funds for the year ended September 30, 2005:

	Revenue Bonds	Note Payable	Landfill Cost	Compensated Absences
Long Term Liabilities:				
Beginning Balances	\$ 66,320,273	34,261,023	6,215,053	659,166
Additions	53,227,401	1,295,256	654,841	212,876
Amortization of Deferred Charges	294,029	(76,192)	-	-
Retirements	<u>(29,357,000)</u>	<u>(10,661,662)</u>	-	<u>(123,481)</u>
Ending Balances	90,484,703	24,818,425	6,869,894	748,561
Current Liabilities:				
Due Within One Year	<u>5,267,000</u>	<u>701,378</u>	-	<u>589,810</u>
Total Liabilities	<u>\$ 95,751,703</u>	<u>25,519,803</u>	<u>6,869,894</u>	<u>1,338,371</u>

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

A - Bonds

\$1,700,000 1991 Subordinate Sewer Revenue Bonds with principal due in varying amounts through 2011, including interest at 5.5% per annum.	\$ 610,000
\$17,995,000 1996 International Toll Bridge System Revenue Refunding Bonds with principal due in varying amounts through year 2010, including interest at 4.00% to 5.70% per annum.	5,280,000
\$9,000,000 1999 International Toll Bridge System Revenue Bond with principal due in varying amounts through year 2019, including interest at 3.7% to 5.4% per annum.	1,215,000
\$12,105,000 2002 International Toll Bridge System Revenue Bond with principal due in varying amounts through year 2022, including interest at 4.0% to 5.0%.	10,385,000
\$2,095,000 2002A Sewer System Revenue Refunding Bond with principal due in varying amounts through year 2011, including interest at 2.0% to 3.75%.	885,000
\$2,620,000 2002B Sewer System Revenue Refunding Bond with principal due in varying amounts through year 2011, including interest at 1.85% to 4.95%.	1,205,000
\$741,000 2002 Waterworks System Revenue Bond with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9 %	694,000
\$710,000 2002 Sewer System Revenue Bond with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9%.	665,000
\$5,935,000 2004 International Toll Bridge System Revenue Bond with principal due in varying amounts through year 2024, including interest at 2.3% to 6.0%	5,575,000
\$7,480,000 2004 Waterworks & Sewer Systems Revenue with principal due in varying amounts through year 2024, including interest at 3.0% to 5.0%	7,040,000
\$6,215,000 2004 Waterworks Revenue Refunding Bonds with principal due in varying amounts through year 2010, including interest at 2.0% to 4.65%	4,405,000
\$23,760,000 2005A International Toll Bridge System Revenue Improvement and Refunding Bond with principal due in varying amounts through year 2025, including interest at 3.0% to 5.0%	22,995,000
\$24,565,000 2005B International Toll Bridge System Revenue Refunding Bond with principal due in varying amounts through year 2019, including interest at 4.0% to 5.0%	24,565,000
\$6,420,000 2005 Waterworks & Sewer Systems Revenue with principal due in varying amounts through year 2025, including interest at 3.0% to 4.4%	6,240,000
Subtotal	91,759,000
Deferred Charges for Various Revenue Refunding Bonds	<u>(1,274,297)</u>
Total Revenue Bonds	\$ <u>90,484,703</u>
Due Within One Year	\$ <u>5,267,000</u>

CITY OF LAREDO, TEXAS
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The applicable bond ordinances for the aforementioned debt contain limitations and restrictions on annual debt service requirements and maintenance of and flow of monies through various restricted accounts as well as minimum amounts to be maintained in various sinking funds. The City is in compliance with all significant limitations and restrictions.

B - Notes Payable

Texas Department of Transportation - State Infrastructure Bank loan for \$27,000,000 for the design and construction of bridge facilities and a portion of the costs of constructing the highway improvements. The City of Laredo received \$19,500,000 of the loan proceeds in fiscal year 1998 and \$9,806,858 in fiscal year 1999. Interest rate on the note is 4.10% simple interest per annum. Interest is deferred for seven years and added to the principal outstanding balance. The note has a final maturity date of October 1, 2027.	\$ 23,599,360
Deferred Gain on Refunding Note	<u>1,219,065</u>
Total	<u>24,818,425</u>
Due Within One Year	<u>\$ 701,378</u>

C - Compensated Absences

The long-term portion of compensated absences for all City employees for Proprietary funds is comprised of the following:

Fund	Amount
Transit System	\$ 69,202
Bridge System	302,225
Municipal Housing	5,686
Waterworks System	47,612
Sewer System	1,099
Solid Waste Fund	<u>227,667</u>
Total	<u>\$ 653,491</u>

D – Refunding and Early Extinguishment

1. International Toll Bridge System Revenue Refunding Bond, Series 2005A

On July 1, 2005, the City of Laredo issued \$11,355,000 in International Toll Bridge System Revenue Refunding Bond, Taxable Series 2005A with an average interest rate of 4.88% to advance refund the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
SIB Loans, Series 1998 [Series B-D]	4.100%	<u>\$ 10,963,503</u>

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

The net proceeds of \$11,896,144 (after payment of \$304,497 in underwriting fees, insurance, and other issuance costs) plus an additional cash contribution of \$333,045 for the 1998 B-D Series bonds sinking funds monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 B-D Series bonds. As a result, the 1998 B-D Series bonds are considered to be defeased and the liability for those bonds has been removed.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$12,265,096. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2026 using the effective-interest method. The agency completed the advance refunding and its total debt service payments increase over the next twenty one years by \$5,898,948 and resulted in an economic loss (difference between the present value of the old and the new debt service payments) of \$391,746.

2. International Toll Bridge System Revenue Refunding Bond, Series 2005B

On August 15, 2005, the City of Laredo issued \$24,565,000 in International Toll Bridge System Revenue Refunding Bond, Taxable Series 2005B with an average interest rate of 4.75% to advance refund the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Bridge System Revenue Refunding Bonds, Series 1998A	4.847%	\$ 19,175,000
Bridge System Revenue Refunding Bonds, Series 1999	5.240%	5,680,000
Total		<u>\$ 24,855,000</u>

The net proceeds of \$25,744,801 (after payment of \$578,989 in underwriting fees, insurance, and other issuance costs) plus an additional cash contribution of \$608,138 for the 1998A and 1999 Series bonds sinking funds monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998A and 1999 Series bonds. As a result, the 1998A and 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$37,544,065. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is

being charged to operations through the year 2020 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next fifteen years by \$1,548,515 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$829,756.

E - Prior-year defeasance of debt.

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

As of September 30, 2005, \$41.909 million in bonds outstanding are considered defeased.

F - Landfill Closure and Post Closure Costs

During fiscal year 1994, the City adopted the provisions of GASB Statement No.18 "Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs." The landfill closure and post closure costs and the liability for landfill closure and post closure costs in Solid Waste Fund as of September 30, 2005 is \$12,830,218 of which \$6,869,894 has been recognized and recorded as a liability based on the Municipal Solid Waste Landfill use.

Federal and State laws and regulations require the City to place a final cover on its landfill when it stops accepting waste and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, a liability is being recognized based on future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the capacity of the landfill used to date.

The liability for landfill closure and post closure care costs of \$6,869,894 as of September 30, 2005 represents the cumulative amount for 109.3 acres of the landfill filled with solid waste for closure and 200 acres for post-closure care. The percentage of the landfill capacity for solid waste used as of September 30, 2005 is 54%. With Landfill receiving a permit for vertical expansion the estimated remaining life of the landfill is 8 1/2 years. Based on the remaining life, the landfill will be filled to capacity by the year 2013. The estimated total current cost of the landfill closure and post closure care (\$12,830,218) is based on the amount that

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2005. However, the actual costs of closure and post closure care may be higher due to inflation, changes in technology, or changes in solid waste management laws and regulations.

The landfill is divided into four phases and is further divided into cells of 3 to 7 acres. The new regulations require that liner systems be installed in all cells opened after July 1, 1994. All cells regardless of their age will be required to receive final cover in conformity with the specifications of the current laws.

Federal and State laws and regulations require the City of Laredo to make annual financial assurances regarding the financing of closure and post closure care. The City is in compliance with this requirement. It is anticipated that future inflation costs will be financed in part from earnings on investments and by a federal mandate fee of \$4.25 charged monthly to all garbage users. Commercial accounts, formerly exempt from the fee, are now charged the federal mandate fee. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post closure requirements (for example, changes in technology or more rigorous environmental regulations) may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES

The purposes of interfund balances are to provide cash flows for grants and to cover funds with negative cash. Interfund receivables and payables as of September 30, 2005 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,822,435	\$ 757
Nonmajor Governmental	6081	1,827,377
Major Business Type Funds:		
Bridge System	24,582	24,582
Sewer System	5,335	5,335
Non-Major Business Type Funds:		
Transit	112,838	112,838
Fiduciary Funds:		
Police Health and Benefits	-	290
Firefighters Retirement System Pension Trust Fund	-	92
Total	<u>\$ 1,965,936</u>	<u>\$ 1,965,936</u>

NOTE 14 - INTERFUND TRANSFERS

The purpose of interfund transfers is to transfer funds based on City ordinance for operational purposes or grant purposes. Transfers between funds during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	\$ 123,785	\$ 4,779,377
Major Business Type Funds:		
Transit System	40,182	-
Solid Waste	2,500,000	-
Nonmajor Funds:		
General Fund	4,779,377	902,687
Nonmajor Governmental Funds	5,540,718	4,953,828
Debt Service	190,035	-
Major Business Type Funds:		
Bridge System	991,453	-
Municipal Housing	700,000	-
Sewer	-	-
Debt Service Fund	-	4,395,714
Debt Service Fund:		
Nonmajor Governmental Funds	10,185,223	-
Major Business type Funds:		
Transit	941,393	-
Bridge	784,636	-
Solid Waste	2,066,258	-
Waterworks	3,655,263	-
Sewer	3,653,389	-
Internal Service Fund	22,708	-
Major Business Type Funds:		
General Fund	-	34,974
Nonmajor Governmental Funds	453,820	2,597,693
Debt Service Fund	-	8,620,645
Internal Service Funds:		
Business Type	3,100,000	23,148
Total	<u>\$ 39,728,240</u>	<u>\$ 39,728,240</u>

CITY OF LAREDO, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 NOTE 15 - Debt Service Requirements

The following is a summary of the City's debt service requirements for all funds as of September 30, 2005

Year	Business Type Activities				Governmental Activities										
	Revenue Bonds		Notes Payable		Certificates of Obligation		General Obligation Bonds		Debt Service to Maturity						
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
2006	6,197,000	6,734,910	12,931,910	1,365,468	1,120,615	2,486,083	6,755,000	2,873,978	9,628,978	8,000,000	4,424,484	12,424,484	22,317,468	15,153,987	37,471,455
2007	6,474,000	6,018,244	12,492,244	996,686	1,059,781	2,056,467	5,840,000	2,531,943	8,371,943	7,485,000	3,901,868	11,386,868	20,795,686	13,511,836	34,307,522
2008	6,671,000	5,749,360	12,420,360	845,070	1,015,792	1,860,862	5,385,000	2,311,819	7,696,819	8,070,000	3,532,127	11,602,127	20,971,070	12,609,098	33,580,168
2009	6,833,000	5,460,487	12,293,487	876,233	978,494	1,854,727	5,050,000	2,086,823	7,146,823	7,490,000	3,153,352	10,643,352	20,249,233	11,689,156	31,938,389
2010	7,700,000	5,147,143	12,847,143	908,673	939,936	1,848,609	3,825,000	1,901,410	5,726,410	7,500,000	2,812,750	10,312,750	19,933,673	10,801,239	30,734,912
2011	6,853,000	4,810,613	11,663,613	942,444	899,834	1,842,278	3,215,000	1,740,799	4,955,799	8,185,000	2,445,919	10,630,919	18,996,444	9,897,165	28,892,609
2012	6,596,000	4,521,030	11,117,030	977,599	858,305	1,835,904	2,845,000	1,590,158	4,435,158	8,580,000	2,030,881	10,610,881	18,998,599	9,000,374	27,998,973
2013	6,923,000	4,234,291	11,157,291	1,014,196	815,209	1,829,405	2,730,000	1,459,412	4,189,412	8,615,000	1,610,507	10,225,507	19,282,196	8,119,419	27,401,615
2014	7,247,000	3,906,167	11,153,167	1,052,293	770,551	1,822,844	2,750,000	1,337,173	4,087,173	7,655,000	1,205,312	8,860,312	18,704,293	7,219,203	25,923,496
2015	7,605,000	3,584,083	11,189,083	1,091,952	724,298	1,816,250	2,250,000	1,214,332	3,464,332	3,935,000	816,088	4,751,088	14,881,952	6,318,801	21,200,753
2016	7,844,000	3,187,907	11,031,907	1,133,237	676,376	1,809,613	2,340,000	1,117,392	3,457,392	3,950,000	620,700	4,570,700	15,267,237	5,602,375	20,869,612
2017	8,223,000	2,791,704	11,014,704	1,176,214	626,719	1,802,933	2,445,000	1,015,064	3,460,064	4,215,000	423,200	4,638,200	16,059,214	4,856,687	20,915,901
2018	8,647,000	2,374,211	11,021,211	1,220,954	575,256	1,796,210	4,755,000	856,960	5,611,960	1,245,000	212,450	1,457,450	15,867,954	4,018,877	19,886,831
2019	9,081,000	1,930,924	11,011,924	1,267,528	521,944	1,789,472	2,550,000	691,709	3,241,709	1,310,000	150,200	1,460,200	14,208,528	3,294,777	17,503,305
2020	6,672,000	1,611,194	8,283,194	1,231,012	466,896	1,697,908	2,680,000	575,097	3,255,097	1,065,000	84,700	1,149,700	11,648,012	2,737,687	14,385,699
2021	6,326,000	1,303,583	7,629,583	1,281,484	416,225	1,697,709	2,625,000	450,078	3,075,078	740,000	31,450	771,450	10,972,484	2,201,336	13,173,820
2022	6,652,000	982,108	7,634,108	1,334,024	363,684	1,697,708	2,745,000	327,610	3,072,610	-	-	-	10,731,024	1,673,402	12,404,426
2023	6,063,000	642,510	6,705,510	1,388,719	308,989	1,697,708	2,105,000	216,925	2,321,925	-	-	-	9,556,719	1,168,424	10,725,143
2024	6,379,000	331,383	6,710,383	1,445,657	252,051	1,697,708	1,655,000	125,625	1,780,625	-	-	-	9,479,657	709,059	10,188,716
2025	2,275,000	100,730	2,375,730	1,504,929	192,779	1,697,708	1,140,000	57,000	1,197,000	-	-	-	4,919,929	350,509	5,270,438
2026	-	-	-	1,566,631	131,077	1,697,708	-	-	-	-	-	-	1,566,631	131,077	1,697,708
2027	-	-	-	1,630,377	66,845	1,697,222	-	-	-	-	-	-	1,630,377	66,845	1,697,222
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	137,061,000	65,402,582	202,463,582	26,251,350	13,781,456	40,032,836	65,685,000	24,491,307	90,176,307	88,040,000	27,455,988	115,495,988	317,037,360	131,131,333	448,168,713

NOTE 16 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

As of September 30, 2005, the City had contractual commitments of \$24,828,678 for various construction and improvement projects. The commitments are summarized as follows:

Project Description	Commitment	Financing Sources
Community Development	\$ 914,504	Grant Proceeds
Airport	29,373	Fund Revenues
Noise Abatement	430,680	Grant Proceeds
Capital Improvements Fund	183,640	Fund Revenues
Airport Construction Fund	6,899,309	Grant Proceeds
Fire Training Facility	7,854	General Obligation Bonds
Colonias Project	1,029,638	Grant Proceeds
2003 Co. Issue	264,416	Bond Proceeds
Transit	95,065	Bond Proceeds
Bridge System	12,266,963	Bond Proceeds
Solid Waste	303,519	Fund Revenues
Waterworks System	147,003	Fund Revenues/C.O. Bond
Sewer System	2,256,714	Fund Revenues/C.O. Bond
Total Commitments	<u>\$ 24,828,678</u>	

NOTE 17 – FUND EXPENDITURES EXCEEDING APPROPRIATIONS

During the fiscal year ended September 30, 2005, expenditures in Special Revenue Funds – International Airport and Hotel-Motel Occupancy Tax, exceeded appropriations by \$44,110 and \$337,832 respectively.

NOTE 18 - RISK MANAGEMENT

A. HEALTH AND BENEFITS FUND

In January 1990, the City established a partial self-insured plan for medical coverage for its employees and an internal service fund called Risk Management. On October 1, 1995, the fund name was changed to Health and Benefits Fund. Under this plan, the City will pay for medical claims up to the amount of \$100,000 per employee, with a maximum lifetime benefit of \$1,000,000 per employee. There is a maximum medical aggregate liability of \$13,891,329, and a minimum of \$11,807,575. Claims exceeding \$100,000 per employee are paid by the City and reimbursed by the City's stop/loss insurance carrier. The City has accrued for claims that have been incurred but not reported.

The incurred claims liability of \$1,940,304 reported in the Fund as of September 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the claim liability can be reasonably estimated. Claim liabilities are calculated considering the recent claim settlements trends including frequency and amount of payouts and are due within one year of the date of the statement of net assets. Changes in the Fund's claims liability amount in fiscal year 2003, 2004, and 2005 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
2002-2003	\$1,977,447	8,129,049	8,085,197	2,021,299
2003-2004	2,021,299	11,106,594	11,415,559	1,712,334
2004-2005	\$1,712,334	13,163,333	12,935,363	1,940,304 ¹

There were no changes or reductions in insurance coverage from coverage in prior years. Settled claims did not exceed commercial excess coverage in any of the past three years.

¹Claim Liabilities are due within one year of the date of the statement of net assets.

B. RISK MANAGEMENT FUND

On October 1, 1996, the City established a self-insured retention program for the worker's compensation liability within the Risk Management Fund which also accounts for the following policies: (a) General Liability (b) Law Enforcement Liability (c) Errors and Omission (d) Auto Liability (e) Auto Physical Damage - ACV. The self-insured retention program for worker's compensation was implemented with \$300,000 retention per occurrence and a \$1,700,000 aggregate for FY 02-03, \$2,150,000 aggregate for FY 03-04 and \$2,400,000 aggregate for FY 04-05. A deductible reimbursement program was also established for claims with \$5,000 retention per occurrence through Texas Municipal League Intergovernmental Risk Pool (TMLIRP), with the exception of errors and omission, which has a \$25,000 deductible. As of September 30, 2005, a liability was recorded based on fiscal year 2005 outstanding claims, which is due within one year of the date of the statement of net assets. Changes in this claims liability amount in fiscal years 2003, 2004 and 2005 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
2002-2003	\$1,569,232	1,965,326	2,452,401	1,082,157
2003-2004	1,082,157	1,776,764	1,795,141	1,063,780
2004-2005	\$1,063,780	1,422,985	1,533,459	953,306 ²

There have been no significant changes in insurance coverage in any of the past three years. Settled claims did not exceed commercial excess coverage in any of the past three years.

²Claim Liabilities are due within one year of the date of the statement of assets.

NOTE 19 – CONTINGENCIES

The City participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2005, significant amounts of grant expenditures have not been audited by the grantor agencies; however, the City believes it has substantially complied with applicable laws and regulations and that the results of subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is a Defendant in a number of lawsuits arising principally from claims against the City for alleged actions by City employees including alleged acts of negligence and discrimination. Total damages claimed are substantial; however, it has been the City's experience that such actions are resolved for amounts substantially less than the claimed amounts. The City Attorney estimates that the amount of potential claims against the City not covered by various insurance policies would not materially affect the financial condition of the City.

NOTE 20 – PRIOR PERIOD ADJUSTMENT

Compensated absences liability was removed from the governmental-wide financial statements; short term liability \$2,785,979 and long term liability \$12,098,562.

NOTE 21 – DONOR-RESTRICTED ENDOWMENTS

The Canseco Foundation Children's Endowment Trust Fund was established on January of 1998, when the City accepted the endowment for the Canseco Foundation in the amount of \$50,000. The program would have the City seek all opportunities to augment children's programming resources provided through the Laredo Public Library. Funding of children's programming from the fund each year will be based on interest accrued on the endowment. Interest distributions will be from the Canseco Foundation Children's Endowment Fund. For September 30, 2005, the amount of unspent interest to date was \$12,465. This amount is

reported in the government-wide financial statements under Net Assets-Restricted for other purposes.

Texas State Law:

- (a) Except as provided by Subsection (e), the governing board may appropriate for expenditure, for the uses and purposes for which the fund is established, the net appreciation, realized and unrealized, in the fair market value of the assets of an endowment fund over the historic dollar value of the fund to the extent prudent under the standard provided by Section 163.007.
- (b) A determination of the historic dollar value made in good faith by the governing board is conclusive.
- (c) Subsection (a) does not limit the authority of the governing board to expend funds as permitted under other law, the terms of the applicable gift instrument, or the charter or articles of incorporation of the institution.
- (d) Subsection (a) does not apply if the applicable gift instrument indicates the donor's intention that the net appreciation not be extended. A restriction on the expenditure of net appreciation may not be implied from a designation of a gift as an endowment or from a direction or authorization in the applicable gift instrument to use only "income" This rule of construction applies to gift instruments executed or in effect before, on, or after the effective date of this chapter.

NOTE 22-BUDGET BASIS REPORTING

The budgetary process is based upon accounting for certain transactions on a budget basis other than generally accepted accounting principles (GAAP Basis). The results of operations as presented in the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances are reported in accordance with the budgetary process (budget basis) to provide a meaningful comparison with the budget.

The major difference between the budget basis "actual" and GAAP basis are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP) and non-budgeted increases in compensated absences, claims payable, workmen's compensation insurance, and allowance for doubtful accounts are recorded as expenditures when payments are made (budget) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert from the GAAP basis to the budget basis are as follows:

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

	<u>General Fund</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses (GAAP Basis)-	\$ 3,991,396
Adjustments:	
Timing Differences-Encumbrances	(1,136,788)
Basis Differences:	
Non Budgeted-Compensated Absences	(14,871)
Non Budgeted-Allowance for Doubtful Accounts	<u>52,126</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)- budgetary classifications	2,891,863
Other adjustments-Excess of revenues and other financing sources over expenditures and other uses for non-budgeted funds-(Entity Differences)	<u>10,289,852</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses - Budget Basis	<u><u>\$ 13,181,715</u></u>

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Special Revenue Funds include:

COMMUNITY DEVELOPMENT BLOCK GRANTS - to account for the U.S. Department of Housing and Urban Development grant and the related - disbursements for street improvements, drainage improvements, water and sewer improvements, public service, open space, code enforcement, low income housing rehabilitation and for administration.

COMMUNITY DEVELOPMENT HOUSING REHABILITATION - to account for the U.S. Department of Housing and Urban Development grant for low income housing rehabilitation loans and the related disbursements.

HOME INVESTMENT - to account for the U. S. Department of Housing and Urban Development grant and the related disbursements for new affordable housing units.

COMMUNITY DEVELOPMENT EMERGENCY SHELTER - to account for the U.S. Department of Housing and Urban Development grant and the disbursement of such proceeds for a City shelter for the homeless.

NOISE ABATEMENT - to account for the Federal Aviation Administration grant for the implementation of a noise compatibility program by acquiring noise impacted residential properties, soundproofing and or acquiring aviation easements.

NARCOTICS TASK FORCE - to account for the Criminal Justice Department grant and the disbursement of such for narcotic undercover arrests and seizures.

FINANCIAL TASK FORCE - to account for the Office of National Drug Control and Prevention grant for the investigation of illegal financial activities related to drug trafficking in the City.

AUTO THEFT TASK FORCE - to account for the Criminal Justice Department grant for the combined effort between the City of Laredo, Webb County, and the State to detect, investigate and apprehend individuals involved in auto theft.

SPECIAL POLICE PROGRAM - to account for federal and state grants for public corruption, custom narcotics, universal, COPS in schools, violence against women, juvenile accountability, and local law enforcement block grants.

ENVIRONMENTAL SERVICES FUND - to account for federal and state grants and the disbursements required by the storm water regulations.

HEALTH FUND - to account for the rendering of public health services to City and County residents by administering grants and contracts awarded by federal and state agencies and contributions by private foundations.

911 REGIONAL FUND – to account for Commission on Emergency Services communications Grant Funds to administer and operate emergency service communications programs for Jim Hogg, Starr, Webb and Zapata Counties.

INTERNATIONAL AIRPORT - to account for the operation and maintenance of the City of Laredo Airport, financed through restricted revenues from airport tenants.

HAZARDOUS MATERIALS - to account for the issuance of license and permits, in order to mitigate hazardous materials incidents through prevention and control.

PARKING METERS - to account for the collection of parking meter revenues and to enforce City ordinances on prohibited parking areas and where parking meters are installed.

KEEP LAREDO BEAUTIFUL, INC. – to account for the beautification of the City of Laredo. The corporation is organized to promote public interest in the general improvement of the environment the City of Laredo.

RECREATION FUND - to account for the recreational activities provided to the general public through various sports leagues, such as softball and basketball, and other activities such as swimming lessons and aerobics.

CIVIC CENTER - to account for rental receipts from the auditorium, ballroom and meeting rooms and the disbursements for its operation and maintenance.

HOTEL-MOTEL OCCUPANCY TAX - to account for tax proceeds received from hotels and motels and the disbursement of such to promote community agencies and projects as authorized by State statute and allocated by City Council.

PUBLIC ACCESS CHANNEL - to account for the operations of City owned studio facilities for access channels and to provide training in television production, programming and transmitting and the related revenue associated with such services.

MERCADO MANAGEMENT - to account for rent revenues derived from the City's downtown marketplace, "Mercado", and the disbursement of these funds for the operation and maintenance of this specialty retail center.

LAREDO CONVENTION & VISITOR'S BUREAU - to account for the promotion of the City of Laredo. Its primary function is to engage in visitor promotion by soliciting and servicing conventions and other related group businesses generating tourism.

SPORTS AND COMMUNITY VENUE - to account for the sales tax proceeds of $\frac{1}{4}$ of one percent designated for payments of debt service in connection with the financing of a sports venue complex.

NOISE ABATEMENT LEASE PURCHASE - to account for all the units purchased through the Noise Abatement Program that are being leased out as public housing and the related operating and maintenance disbursements.

INFRASTRUCTURE MAINTENANCE - to account for the street maintenance and reconstruction project expenses for the City.

FRIENDS OF THE LIBRARY - to account for funds received from the Friends of the Library organization for acquisition of capital outlay for the benefit of the City of Laredo Public Library.

SUBDIVISION TRUST FUND - to account for funds received from developers and the disbursement of such funds on subdivision streets and off-site improvements.

POLICE TRUST FUND – to account for the proceeds from seized revenues from narcotic operations to be used to acquire any necessary public safety equipment or improvements that will serve to further improve the law enforcement operations.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Funds include:

WEBB COUNTY COLONIAS PROJECT - to account for grants received from the Texas Water Development Board, the North American Development Bank, and Webb County, to provide water and sewer improvements to the communities outside the City Limits.

COMMUNICATION SYSTEM FUND - to account for the 800 MHz trunked radio communication system which provides radio operability to emergency personnel and other City department users, and interoperability between local, state, and federal agencies region wide. Its major funding sources are revenues from state grant, bond proceeds, lease purchase proceeds, and various City departments.

PARKS CAPITAL GRANTS - to account for various projects and improvements that enhance the quality of life for the citizens of the City of Laredo. Major funding sources include intergovernmental revenues from Webb County, the Texas Department of Transportation, and the Texas Parks and Wildlife Service, as well as other revenue sources who dedicate funding for future recreational improvements.

AIRPORT CONSTRUCTION FUND - to account for the Federal Aviation Administration, the Texas Department of Transportation, and U.S. Department of Transportation grants for the engineering design and construction of runway and taxiway improvements and promote air service.

CONTRACTUAL OBLIGATIONS - to account for contractual obligation bond and lease-purchase agreement proceeds for the purchase of equipment.

CERTIFICATE OF OBLIGATION SERIES 1998 - to account for \$16,160,000 in bond proceeds for the purpose of paying for the construction of drainage improvements, construction of street improvements and repairs, construction of a new public works building, repairing of public buildings, acquisition of municipal vehicles and equipment, a landfill collection system, and for the acquisition of land for a municipal landfill.

CERTIFICATE OF OBLIGATION SERIES 2000 - to account for \$9,365,000 in bond proceeds for the construction of a new Municipal Court, street construction and maintenance projects, and the acquisition, design and construction of the Inner City Park.

FIRE TRAINING FACILITY - to account for \$5,250,000 in bond proceeds for the construction of a new fire training facility.

CAPITAL IMPROVEMENTS FUND - to account for capital improvement projects approved by City Council. Its major funding sources are revenues received from the Bridge System, General Fund, and interest earnings.

CERTIFICATE OF OBLIGATION SERIES 2002 – to account for \$9,925,000 in bond proceeds for the purpose of acquiring downtown property for future municipal offices, parks, landfill, and the fire and law enforcement training center.

RYAN STREET RAILROAD BRIDGE – to account for the Texas Department of Transportation grant for the improvements related to the conversion of the Ryan St. railroad bridge, and the construction related to the Zacate Creek Pedestrian and Bicycle Facility project.

STREETS OF LAREDO URBAN MALL – to account for the Economic Development Administration grant for the conversion of a three block downtown area into the Streets of Laredo Urban Mall, which will include infrastructure improvements such as sidewalk widening, landscaping, decorative lighting, utility line relocation and improvements to water, wastewater and sewer drainage systems.

CERTIFICATE OF OBLIGATION SERIES 2003 – to account for \$3,510,000 in bond proceeds for the construction pilot channels, drainage improvements, and the construction of a fire station.

CERTIFICATE OF OBLIGATION SERIES 2005 – to account for \$15,920,000 in bond proceeds for purpose of paying all or a portion of the City’s contractual obligations for the purpose of purchasing trucks, vehicles, and equipment for various departments, a communication system, improvements to the health clinic, acquisition of land and improvements for municipal parks, acquisition of land and improvements to drainage projects.

PERMANENT FUND

CANSECO TRUST FUND – to account for funds received from the Canseco Endowment Foundation for the benefit of the City of Laredo Public Library.

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**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2005**

SPECIAL REVENUE

	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	NOISE ABATEMENT	NARCOTICS TASK FORCE
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ 100	-	-	-	-	-
Equity in Investment Pool	-	74	169	-	1,068	341
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	-	25,569	86,078	-	613,522	189,693
Receivables, net of allowances:						
Accrued Interest	-	130	437	-	3,115	963
Accounts	202,928	-	-	-	-	-
Notes	-	2,385,823	7,926,016	-	-	-
Due From Other Governments	382,016	-	48,686	18,657	353,906	-
Due From Other Funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	585,044	2,411,596	8,061,386	18,657	971,611	190,997
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	24,889	497	203	18,657	1,127	-
Retainage Payable	68,845	-	-	-	34,562	-
Accrued Wages and Employee Benefits	20,399	721	1,870	-	1,599	-
Compensated Absences	-	25	-	-	-	-
Contracts Payable	42,451	1,583	-	-	352,218	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	225,239	-	-	-	-	-
Due To Other Governments	382	-	-	-	-	-
Deferred Revenue	202,684	2,385,823	7,926,016	-	-	-
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	584,889	2,388,649	7,928,089	18,657	389,506	-
Fund Balances:						
Reserved:						
Reserved for Encumbrances	1,201,946	221	661,149	54,383	694,025	-
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Washington Trip	-	-	-	-	-	-
Reserved for 250th Anniversary	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	22,726	-	-	-	-
Undesignated (Deficit)	(1,201,791)	-	(527,852)	(54,383)	(111,920)	190,997
TOTAL FUND BALANCES	155	22,947	133,297	-	582,105	190,997
TOTAL LIABILITIES AND FUND BALANCES	\$ 585,044	2,411,596	8,061,386	18,657	971,611	190,997

(Continued)

(Continued)

SPECIAL REVENUE

FINANCIAL TASK FORCE	AUTO THEFT TASK FORCE	SPECIAL POLICE PROGRAM	ENVIROMENTAL SERVICES	HEALTH FUND	911 EMERGENCY COMM. FUND	INT'L. AIRPORT
5,000	-	-	350	3,380	100	450
554	356	-	2,012	-	51	4,696
-	-	-	-	-	-	-
296,520	193,307	-	1,152,881	-	48,594	2,621,559
1,506	981	-	5,854	-	247	13,311
-	-	4,591	189,196	11,146	274	161,851
-	-	-	-	-	-	-
253,193	59,644	401,472	55,403	1,628,940	258,508	31,629
-	-	-	-	-	-	-
-	-	-	-	3,789	-	-
556,773	254,288	406,063	1,405,696	1,647,255	307,774	2,833,496
92,063	9,408	3,655	19,236	240,919	36,209	94,968
-	-	-	36,543	-	-	49,776
6,128	7,692	77,872	17,214	141,667	3,530	42,502
-	-	-	22,477	66,544	-	64,669
-	-	-	7,230	-	-	98,679
-	-	-	-	-	-	59,749
-	-	180,661	-	1,030,665	-	-
29,909	2,809	-	-	-	-	145
-	-	-	-	11,550	263,870	291,219
-	-	-	-	-	-	-
128,100	19,909	262,188	102,700	1,491,345	303,609	701,707
770	26,482	-	519,666	377,849	188,162	44,409
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,409,260
427,903	207,897	143,875	783,330	(221,939)	(183,997)	(321,880)
428,673	234,379	143,875	1,302,996	155,910	4,165	2,131,789
556,773	254,288	406,063	1,405,696	1,647,255	307,774	2,833,496

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2005**

(Continued)

SPECIAL REVENUE

	HAZARDOUS MATERIALS	PARKING METERS	KEEP LAREDO BEAUTIFUL	RECREATION FUND	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ -	825	-	-	200	-
Equity in Investment Pool	471	861	36	376	394	1,443
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	259,840	506,828	27,042	176,975	194,512	790,363
Receivables, net of allowances:						
Accrued Interest	1,319	2,573	137	899	988	4,013
Accounts	-	906,223	-	-	1,375	17,868
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	261,630	1,417,310	27,215	178,250	197,469	813,687
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	485	16,570	4,803	1,545	65,786	87,365
Retainage Payable	-	-	-	-	-	-
Accrued Wages and Employee Benefits	2,548	16,802	1,074	-	8,360	-
Compensated Absences	3,623	17,142	838	-	16,426	-
Contracts Payable	-	-	-	-	-	-
Customer Deposits	-	-	-	-	35,380	-
Due To Other Funds	-	-	-	-	-	324
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	-	906,261	-	-	-	17,869
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	6,656	956,775	6,715	1,545	125,952	105,558
Fund Balances:						
Reserved:						
Reserved for Encumbrances	-	60,598	20,500	960	71,517	2,300
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Washington Trip	-	-	-	-	-	-
Reserved for 250th Anniversary	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	-	-
Undesignated (Deficit)	254,974	399,937	-	175,745	-	705,829
TOTAL FUND BALANCES	254,974	460,535	20,500	176,705	71,517	708,129
TOTAL LIABILITIES AND FUND BALANCES	\$ 261,630	1,417,310	27,215	178,250	197,469	813,687

(Continued)

(Continued)

SPECIAL REVENUE

PUBLIC ACCESS CHANNEL	MERCADO MGMT.	LAREDO CONVENT. & VISITORS	H.U.D. SEC. 108	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	INFRASTR. MAINTENANCE	FRIENDS OF THE LIBRARY
-	-	700	-	-	200	-	-
32	62	570	-	13,202	2,520	-	109
-	-	-	-	462,988	-	-	-
16,600	64,793	324,097	-	8,741,978	1,396,121	-	74,163
84	329	1,646	792,217	37,636	7,089	-	377
-	1,430	521	-	59,133	12,254	-	-
-	-	-	1,700,000	-	-	-	-
-	-	-	-	-	-	-	20,843
1,081	-	-	-	5,000	-	-	-
-	-	-	-	-	-	-	-
17,797	66,614	327,534	2,492,217	9,319,937	1,418,184	-	95,492
5,731	7,178	99,164	-	-	12,183	-	-
-	-	-	-	-	-	-	-
4,446	676	7,837	-	-	1,135	-	-
6,539	1,715	12,829	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	45,258	-	-
-	-	-	-	5,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,492,217	-	9,531	-	-
-	-	-	-	-	-	-	-
16,716	9,569	119,830	2,492,217	5,000	68,107	-	-
1,081	12,372	121,403	-	674,983	29,996	-	497
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	26,237	-	-	-	-	-
-	-	60,064	-	-	-	-	-
-	-	-	-	3,140,390	-	-	-
-	-	-	-	-	-	-	-
-	44,673	-	-	5,499,564	1,320,081	-	94,995
1,081	57,045	207,704	-	9,314,937	1,350,077	-	95,492
17,797	66,614	327,534	2,492,217	9,319,937	1,418,184	-	95,492

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2005**

(Continued)

	SPECIAL REVENUE		CAPITAL PROJECTS			CERTIFICATE OF OBLIGATION 98 ISSUE
	SUBDIVISION TRUST FUND	POLICE TRUST FUND	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS	
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ -	-	-	-	-	-
Equity in Investment Pool	2,611	2,827	-	2,919	444	1,548
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	1,463,457	1,612,052	525,978	1,660,512	276,986	830,122
Receivables, net of allowances:						
Accrued Interest	7,431	8,185	-	8,431	1,117	4,215
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	415,616	4,411,031	-	-
Due From Other Funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	1,473,499	1,623,064	941,594	6,082,893	278,547	835,885
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	5,899	328	44,284	-	23,774
Retainage Payable	-	38,619	47,846	332,108	-	28,380
Accrued Wages and Employee Benefits	-	-	434	-	-	-
Compensated Absences	-	-	-	-	-	-
Contracts Payable	-	-	168,877	4,284,242	-	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	-	-	252,844	-	-	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due To Developers	1,478,887	-	-	-	-	-
TOTAL LIABILITIES	1,478,887	44,518	470,329	4,660,634	-	52,154
Fund Balances:						
Reserved:						
Reserved for Encumbrances	-	116,483	1,548,831	7,481,591	105,657	21,390
Reserved for Capital Acquisition	-	1,462,063	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Washington Trip	-	-	-	-	-	-
Reserved for 250th Anniversary	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	172,890	762,341
Undesignated (Deficit)	(5,388)	-	(1,077,566)	(6,059,332)	-	-
TOTAL FUND BALANCES	(5,388)	1,578,546	471,265	1,422,259	278,547	783,731
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,473,499	1,623,064	941,594	6,082,893	278,547	835,885

(Continued)

(Continued)

CAPITAL PROJECTS

CERTIFICATE OF OBLIGATION 00 ISSUE	FIRE TRAINING FACILITY	CAPITAL IMPROVEMENT	CERTIFICATE OF OBLIGATION 02 ISSUE	RYAN STREET RAILROAD BRIDGE	STREETS OF LAREDO URBAN MALL
-	-	-	-	-	-
-	98	16,049	-	-	-
-	-	-	-	-	-
650,551	44,311	7,641,647	779,195	-	395
-	225	45,485	-	-	2
-	-	21,942	1,091,219	22,000	-
-	-	-	-	-	-
-	-	517,442	-	110,644	-
-	-	-	-	-	-
-	-	-	-	-	-
650,551	44,634	8,242,565	1,870,414	132,644	397
-	-	70,479	-	-	-
10,067	7,500	11,676	-	-	-
-	-	1,090	-	-	-
-	-	-	-	-	-
-	-	87,809	-	-	-
-	-	-	-	-	-
-	-	-	-	132,644	-
-	-	-	-	-	397
-	-	-	1,091,219	-	-
-	-	-	-	-	-
10,067	7,500	171,054	1,091,219	132,644	397
154,434	36,058	664,143	6,049	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
486,050	1,076	7,407,368	773,146	-	-
-	-	-	-	-	-
640,484	37,134	8,071,511	779,195	-	-
650,551	44,634	8,242,565	1,870,414	132,644	397

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2005**

(Continued)

	CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	PARKS CAPITAL GRANTS	CANSECO ENDOWMENT FUND	
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ -	-	-	-	11,305
Equity in Investment Pool	2,881	-	-	169	58,943
Cash with Fiscal Agent	-	-	-	-	462,988
Investments	1,594,916	15,415,606	-	61,981	50,358,744
Receivables, net of allowances:					
Accrued Interest	8,098	-	-	315	959,355
Accounts	-	-	-	-	2,703,951
Notes	-	-	-	-	12,011,839
Due From Other Governments	-	-	-	-	8,967,630
Due From Other Funds	-	-	-	-	6,081
Inventory	-	-	-	-	3,789
TOTAL ASSETS	1,605,895	15,415,606	-	62,465	75,544,625
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	-	17,158	-	-	1,004,563
Retainage Payable	58,331	-	-	-	724,253
Accrued Wages and Employee Benefits	-	-	-	-	365,596
Compensated Absences	-	-	-	-	212,827
Contracts Payable	237,905	-	-	-	5,280,994
Customer Deposits	-	-	-	-	140,387
Due To Other Funds	-	-	-	-	1,827,377
Due To Other Governments	-	-	-	-	33,642
Deferred Revenue	-	-	-	-	15,598,259
Due To Developers	-	-	-	-	1,478,887
TOTAL LIABILITIES	296,236	17,158	-	-	26,666,785
Fund Balances:					
Reserved:					
Reserved for Encumbrances	445,567	244,087	36,009	-	15,625,568
Reserved for Capital Acquisition	-	-	-	-	1,462,063
Reserved for Children's Programming	-	-	-	12,465	12,465
Reserved for Endowment Corpus	-	-	-	50,000	50,000
Reserved for Washington Trip	-	-	-	-	26,237
Reserved for 250th Anniversary	-	-	-	-	60,064
Reserved for Debt Service	-	-	-	-	3,140,390
Unreserved:					
Designated for Improvements	864,092	15,154,361	-	-	28,053,310
Undesignated (Deficit)	-	-	(36,009)	-	447,743
TOTAL FUND BALANCES	1,309,659	15,398,448	-	62,465	48,877,840
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,605,895	15,415,606	-	62,465	75,544,625

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CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2005

	SPECIAL REVENUE					
	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	NOISE ABATEMENT	NARCOTICS TASK FORCE
REVENUES:						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenues:						
Federal	4,287,724	-	1,515,079	209,283	2,178,423	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	-	-	-	-	-
Investment Income:						
Interest Earnings	-	709	597	-	13,282	2,482
Net increase (decrease) in the fair value of Investments	-	(79)	-	-	(1,960)	(436)
Rents and Royalties	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	132,130	126,045	308,656	-	-	-
Other	-	-	-	-	-	132,826
TOTAL REVENUES	4,419,854	126,675	1,824,332	209,283	2,189,745	134,872
EXPENDITURES:						
Public Safety	429,886	-	-	-	-	74,594
Public Works	455,391	-	-	-	913,489	-
Health and Welfare	633,013	148,912	1,733,583	209,283	-	-
Cultural and Recreational	1,400,810	-	-	-	-	-
General Government	817,703	34,150	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	3,736,803	183,062	1,733,583	209,283	913,489	74,594
Debt Service	-	-	-	-	-	-
Capital Outlay	794,262	-	-	-	1,507,875	-
TOTAL EXPENDITURES	4,531,065	183,062	1,733,583	209,283	2,421,364	74,594
Excess (Deficiency) of Revenues Over Expenditures	(111,211)	(56,387)	90,749	-	(231,619)	60,278
OTHER FINANCING SOURCES (USES):						
Transfers In	107,109	-	-	-	333,334	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	107,109	-	-	-	333,334	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(4,102)	(56,387)	90,749	-	101,715	60,278
Fund Balances at Beginning of Year	4,257	79,334	42,548	-	480,390	130,719
FUND BALANCE AT END OF YEAR	\$ 155	22,947	133,297	-	582,105	190,997

(Continued)

SPECIAL REVENUE							
FINANCIAL TASK FORCE	AUTO THEFT TASK FORCE	SPECIAL POLICE PROGRAM	ENVIROMENTAL SERVICES	HEALTH FUND	911 REGIONAL COMM. FUND	INT'L. AIRPORT	HAZARDOUS MATERIALS
-	-	-	-	-	-	-	-
-	-	-	-	255,783	-	-	277,000
668,464	-	3,092,274	91,436	46,333	-	349,076	-
-	294,192	25,714	92,965	6,357,214	1,308,545	98,363	-
-	34,536	151,952	10,000	187,398	-	-	-
-	-	-	2,219,610	535,510	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	431,057	-	7,269	-
7,533	2,109	513	28,009	-	4,138	99,848	6,726
(932)	(324)	-	(3,413)	-	(391)	(12,753)	(811)
-	-	-	-	2,682	-	3,525,829	-
-	-	-	-	-	-	-	-
-	-	-	1,620	224	-	-	-
-	-	-	-	75,512	-	-	-
-	595	65	228	10,114	-	317,905	75
37,255	-	-	-	4,019	-	-	-
<u>712,320</u>	<u>331,108</u>	<u>3,270,518</u>	<u>2,440,455</u>	<u>7,905,846</u>	<u>1,312,292</u>	<u>4,385,537</u>	<u>282,990</u>
689,789	473,990	5,389,361	-	-	858,300	-	162,001
-	-	-	-	-	-	-	-
-	-	-	1,997,082	10,245,937	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,789,284	-
<u>689,789</u>	<u>473,990</u>	<u>5,389,361</u>	<u>1,997,082</u>	<u>10,245,937</u>	<u>858,300</u>	<u>4,789,284</u>	<u>162,001</u>
-	-	-	-	-	-	-	-
-	3,590	24,636	237,141	256,567	450,245	-	-
<u>689,789</u>	<u>477,580</u>	<u>5,413,997</u>	<u>2,234,223</u>	<u>10,502,504</u>	<u>1,308,545</u>	<u>4,789,284</u>	<u>162,001</u>
22,531	(146,472)	(2,143,479)	206,232	(2,596,658)	3,747	(403,747)	120,989
-	191,418	2,140,304	108,477	2,668,948	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(62,352)	-	-	(2,286,131)	(108,477)
-	-	-	-	-	-	329,689	-
-	191,418	2,140,304	46,125	2,668,948	-	(1,956,442)	(108,477)
22,531	44,946	(3,175)	252,357	72,290	3,747	(2,360,189)	12,512
406,142	189,433	147,050	1,050,639	83,620	418	4,491,978	242,462
<u>428,673</u>	<u>234,379</u>	<u>143,875</u>	<u>1,302,996</u>	<u>155,910</u>	<u>4,165</u>	<u>2,131,789</u>	<u>254,974</u>

CITY OF LAREDO , TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2005

(Continued)

	SPECIAL REVENUE					PUBLIC ACCESS CHANNEL
	PARKING METERS	KEEP LAREDO BEAUTIFUL, INC. FUND	RECREATION FUND	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX	
REVENUES:						
Taxes	\$ -	-	-	-	2,959,077	-
Licenses and Permits	11,992	-	-	-	-	-
Intergovernmental Revenues:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	24,110
Fines	281,287	-	-	-	-	-
Fees and Collections	1,140,223	-	105,135	-	-	-
Investment Income:						
Interest Earnings	28,197	-	3,525	2,301	35,763	623
Net increase (decrease) in the fair value of Investments	(3,815)	-	(414)	(322)	(4,107)	50
Rents and Royalties	-	-	-	282,351	-	-
Premiums	-	-	-	-	-	-
Discount Earnings	475	-	-	34	-	2
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	467	-	-	12,288	100	-
Other	-	-	-	-	-	-
TOTAL REVENUES	1,458,826	-	108,246	296,652	2,990,833	24,785
EXPENDITURES:						
Public Safety	1,253,558	-	-	-	-	-
Public Works	-	41,852	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	35,878	782,999	441,569	298,135
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	1,253,558	41,852	35,878	782,999	441,569	298,135
Debt Service	-	-	-	-	-	-
Capital Outlay	1,230,787	-	-	6,118	-	-
TOTAL EXPENDITURES	2,484,345	41,852	35,878	789,117	441,569	298,135
Excess (Deficiency) of Revenues Over Expenditures	(1,025,519)	(41,852)	72,368	(492,465)	2,549,264	(273,350)
OTHER FINANCING SOURCES (USES):						
Transfers In	-	62,352	-	612,403	-	163,122
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	(294,704)	-	-	(114,260)	(2,969,104)	-
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(294,704)	62,352	-	498,143	(2,969,104)	163,122
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(1,320,223)	20,500	72,368	5,678	(419,840)	(110,228)
Fund Balances at Beginning of Year	1,780,758	-	104,337	65,839	1,127,969	111,309
FUND BALANCE AT END OF YEAR	\$ 460,535	20,500	176,705	71,517	708,129	1,081

(Continued)

SPECIAL REVENUE							
MERCADO MGMT.	LAREDO CONVENT. & VISITORS	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	INFRASTR. MAINTENANCE	FRIENDS OF THE LIBRARY	SUBDIVISION TRUST FUND	POLICE TRUST FUND
-	-	5,268,781	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	35,982	-	-
-	-	-	-	-	1,752	-	-
-	94,035	-	8,117	-	-	-	-
1,495	140	505,964	33,120	-	610	-	36,472
(176)	67	(30,305)	(4,027)	316	(71)	(4,486)	(4,034)
94,164	-	85,587	599,528	-	-	-	-
-	-	214,223	-	-	-	-	-
-	-	-	-	-	1	-	-
-	-	125,000	-	-	-	-	-
6	70,180	-	84,271	-	-	-	30,741
-	-	-	-	-	614	-	1,294,148
<u>95,489</u>	<u>164,422</u>	<u>6,169,250</u>	<u>721,009</u>	<u>316</u>	<u>38,888</u>	<u>(4,486)</u>	<u>1,357,327</u>
-	-	-	-	-	-	-	583,393
-	-	-	307,234	-	-	-	-
91,098	2,284,037	39,752	-	-	3,608	-	-
-	-	-	-	-	-	-	-
<u>91,098</u>	<u>2,284,037</u>	<u>39,752</u>	<u>307,234</u>	<u>-</u>	<u>3,608</u>	<u>-</u>	<u>583,393</u>
-	-	169,223	-	-	-	-	1,113,671
-	-	4,012,846	-	-	53,091	-	1,746,111
<u>91,098</u>	<u>2,284,037</u>	<u>4,221,821</u>	<u>307,234</u>	<u>-</u>	<u>56,699</u>	<u>-</u>	<u>3,443,175</u>
<u>4,391</u>	<u>(2,119,615)</u>	<u>1,947,429</u>	<u>413,775</u>	<u>316</u>	<u>(17,811)</u>	<u>(4,486)</u>	<u>(2,085,848)</u>
-	2,279,206	190,035	-	-	95,421	-	-
-	-	4,955,000	-	-	-	-	1,524,978
-	-	(8,990,128)	-	(553,903)	-	-	(533,152)
-	-	-	-	-	-	-	13,400
-	2,279,206	(3,845,093)	-	(553,903)	95,421	-	1,005,226
4,391	159,591	(1,897,664)	413,775	(553,587)	77,610	(4,486)	(1,080,622)
52,654	48,113	11,212,601	936,302	553,587	17,882	(902)	2,659,168
<u>57,045</u>	<u>207,704</u>	<u>9,314,937</u>	<u>1,350,077</u>	<u>-</u>	<u>95,492</u>	<u>(5,388)</u>	<u>1,578,546</u>

**CITY OF LAREDO , TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2005**

(Continued)

	CAPITAL PROJECTS					
	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 98 ISSUE	CERTIFICATE OF OBLIGATION 00 ISSUE	FIRE TRAINING FACILITY
REVENUES:						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenues:						
Federal	-	7,188,734	-	-	-	-
State	2,182,044	30,000	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	-	-	-	-	-
Investment Income:						
Interest Earnings	13,755	27,853	18,148	23,132	16,964	1,221
Net increase (decrease) in the fair value of Investments	-	(2,980)	(1,292)	(2,678)	-	(89)
Rents and Royalties	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Other	-	-	25,000	-	-	-
TOTAL REVENUES	2,195,799	7,243,607	41,856	20,454	16,964	1,132
EXPENDITURES:						
Public Safety	-	-	-	-	-	-
Public Works	468,508	1,464,825	144,857	-	-	2,125
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	468,508	1,464,825	144,857	-	-	2,125
Debt Service	-	-	-	-	-	-
Capital Outlay	1,626,141	6,884,393	726,284	255,364	2,937	-
TOTAL EXPENDITURES	2,094,649	8,349,218	871,141	255,364	2,937	2,125
Excess (Deficiency) of Revenues Over Expenditures	101,150	(1,105,611)	(829,285)	(234,910)	14,027	(993)
OTHER FINANCING SOURCES (USES):						
Transfers In	-	1,500,000	-	-	-	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	-	(333,334)	-	-	-	(58,000)
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,166,666	-	-	-	(58,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	101,150	61,055	(829,285)	(234,910)	14,027	(58,993)
Fund Balances at Beginning of Year	370,115	1,361,204	1,107,832	1,018,641	626,457	96,127
FUND BALANCE AT END OF YEAR	\$ 471,265	1,422,259	278,547	783,731	640,484	37,134

(Continued)

CAPITAL IMPROVEMENT	CAPITAL PROJECTS				CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CERTIFICATE OF OBLIGATION 02 ISSUE	RYAN STREET RAILROAD BRIDGE	STREETS OF LAREDO URBAN MALL	CANSECO ENDOWMENT FUND				
-	-	-	-	-	-	-	-	8,227,858
-	-	-	-	-	-	-	-	544,775
321,076	-	-	44,373	-	-	-	-	19,992,275
596,666	-	22	-	-	-	-	-	11,021,707
512,155	-	-	-	-	-	-	-	896,041
-	-	-	-	-	-	-	-	2,780,982
-	-	-	-	-	-	-	-	281,287
-	-	-	-	-	-	-	-	1,785,836
183,413	20,464	-	-	58,551	438,435	1,618	-	1,617,710
(21,352)	-	-	-	(6,600)	-	(192)	-	(107,606)
-	-	-	-	-	-	-	-	4,590,141
-	-	-	-	-	-	-	-	214,223
-	-	-	-	-	-	-	-	2,356
215,079	-	-	-	-	-	-	-	415,591
-	-	-	-	-	-	-	-	1,093,866
-	-	-	-	-	-	-	-	1,493,862
<u>1,807,037</u>	<u>20,464</u>	<u>22</u>	<u>44,373</u>	<u>51,951</u>	<u>438,435</u>	<u>1,426</u>	-	<u>54,850,904</u>
-	-	-	-	-	-	-	-	9,914,872
-	-	22	44,373	-	256,525	-	-	3,791,967
-	-	-	-	-	-	-	-	15,275,044
-	-	-	-	-	-	-	-	5,377,886
1,200	-	-	-	-	-	-	-	853,053
-	-	-	-	-	-	-	-	4,789,284
<u>1,200</u>	<u>-</u>	<u>22</u>	<u>44,373</u>	<u>-</u>	<u>256,525</u>	<u>-</u>	-	<u>40,002,106</u>
-	-	-	-	-	-	-	-	1,282,894
<u>2,998,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,708,742</u>	<u>408,462</u>	<u>-</u>	-	<u>24,933,816</u>
<u>2,999,424</u>	<u>-</u>	<u>22</u>	<u>44,373</u>	<u>1,708,742</u>	<u>664,987</u>	<u>-</u>	-	<u>66,218,816</u>
<u>(1,192,387)</u>	<u>20,464</u>	<u>-</u>	<u>-</u>	<u>(1,656,791)</u>	<u>(226,552)</u>	<u>1,426</u>	-	<u>(11,367,912)</u>
1,691,453	-	-	-	58,000	-	-	-	12,201,582
-	-	-	-	-	15,625,000	-	-	22,104,978
-	-	-	-	-	-	-	-	(16,303,545)
-	-	-	-	-	-	-	-	343,089
<u>1,691,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000</u>	<u>15,625,000</u>	<u>-</u>	-	<u>18,346,104</u>
499,066	20,464	-	-	(1,598,791)	15,398,448	1,426	-	6,978,192
<u>7,572,445</u>	<u>758,731</u>	<u>-</u>	<u>-</u>	<u>2,908,450</u>	<u>-</u>	<u>61,039</u>	-	<u>41,899,648</u>
<u>8,071,511</u>	<u>779,195</u>	<u>-</u>	<u>-</u>	<u>1,309,659</u>	<u>15,398,448</u>	<u>62,465</u>	-	<u>48,877,840</u>

**CITY OF LAREDO, TEXAS
CDBG SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
CDBG Grants	\$ 21,910,311	4,287,724	26,198,035	31,180,895
Miscellaneous:				
Reimbursements	<u>336,824</u>	<u>132,130</u>	<u>468,954</u>	<u>336,824</u>
TOTAL REVENUES	<u>22,247,135</u>	<u>4,419,854</u>	<u>26,666,989</u>	<u>31,517,719</u>
EXPENDITURES:				
Public Safety	1,549,358	429,886	1,979,244	2,022,366
Public Works	5,267,628	455,391	5,723,019	7,878,070
Health & Welfare	2,710,572	633,013	3,343,585	3,495,342
Cultural & Recreational	4,870,453	1,400,810	6,271,263	8,633,936
General Government	4,418,604	817,703	5,236,307	5,281,447
Capital Outlay	<u>3,430,520</u>	<u>794,262</u>	<u>4,224,782</u>	<u>4,331,217</u>
TOTAL EXPENDITURES	<u>22,247,135</u>	<u>4,531,065</u>	<u>26,778,200</u>	<u>31,642,378</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(111,211)</u>	<u>(111,211)</u>	<u>(124,659)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
General Fund	<u>4,257</u>	<u>107,109</u>	<u>111,366</u>	<u>120,402</u>
TOTAL OTHER FINANCING SOURCES:	<u>4,257</u>	<u>107,109</u>	<u>111,366</u>	<u>120,402</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(4,102)</u>	<u>155</u>	<u>(4,257)</u>
Fund Balances-Beginning		<u>4,257</u>		
Fund Balances-Ending		<u>\$ 155</u>		

**CITY OF LAREDO, TEXAS
HOUSING REHABILITATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 700	700	709	-	709	9
Net increase (decrease) in the fair value of Investments	-	-	(79)	-	(79)	(79)
Miscellaneous:						
Reimbursements	180,000	180,000	126,045	-	126,045	(53,955)
TOTAL REVENUES	180,700	180,700	126,675	-	126,675	(54,025)
EXPENDITURES:						
Administration						
Personnel Services	37,792	37,792	34,150	43	34,193	3,599
Contractual Services	432	3,929	2,484	-	2,484	1,445
Total Administration	38,224	41,721	36,634	43	36,677	5,044
Housing Rehabilitation Loans						
Contractual Services	211,001	207,504	146,428	221	146,649	60,855
Total Housing Rehabilitation Loans	211,001	207,504	146,428	221	146,649	60,855
TOTAL EXPENDITURES	249,225	249,225	183,062	264	183,326	65,899
Excess (Deficiency) of Revenues Over Expenditures	(68,525)	(68,525)	(56,387)	(264)	(56,651)	11,874
Fund Balances at Beginning of Year	68,304	79,334	79,334	43	79,377	43
FUND BALANCE AT END OF YEAR	\$ (221)	10,809	22,947	(221)	22,726	11,917

**CITY OF LAREDO, TEXAS
HOME INVESTMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HOME Grants	\$ 4,918,987	1,515,079	6,434,066	7,345,512
Investment Income:				
Interest Earnings	-	597	597	-
Miscellaneous:				
Reimbursements	42,547	308,656	351,203	218,611
TOTAL REVENUES	<u>4,961,534</u>	<u>1,824,332</u>	<u>6,785,866</u>	<u>7,564,123</u>
EXPENDITURES:				
Personnel Services	485,723	119,282	605,005	628,854
Materials & Supplies	3,354	1,003	4,357	5,478
Contractual Services	4,429,909	1,613,298	6,043,207	6,928,943
Other	-	-	-	848
TOTAL EXPENDITURES	<u>4,918,986</u>	<u>1,733,583</u>	<u>6,652,569</u>	<u>7,564,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>42,548</u>	90,749	<u>133,297</u>	<u>-</u>
Fund Balances - Beginning		<u>42,548</u>		
Fund Balances - Ending		\$ <u>133,297</u>		

**CITY OF LAREDO, TEXAS
EMERGENCY SHELTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Emergency Shelter Grants	\$ 45,452	209,283	254,735	311,205
TOTAL REVENUES	<u>45,452</u>	<u>209,283</u>	<u>254,735</u>	<u>311,205</u>
EXPENDITURES:				
Materials & Supplies	-	627	627	647
Contractual Services	45,452	208,656	254,108	310,558
TOTAL EXPENDITURES	<u>45,452</u>	<u>209,283</u>	<u>254,735</u>	<u>311,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>-</u>	-	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		\$ <u>-</u>		

**CITY OF LAREDO, TEXAS
NOISE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 7,892,906	2,178,423	10,071,329	17,880,000
Investment Income:				
Interest Earnings	111,964	13,282	125,246	113,199
Net increase (decrease) in the fair value of Investments	(189)	(1,960)	(2,149)	-
Miscellaneous:				
Reimbursements	31,615	-	31,615	31,615
TOTAL REVENUES	<u>8,036,296</u>	<u>2,189,745</u>	<u>10,226,041</u>	<u>18,024,814</u>
EXPENDITURES:				
Personnel Services	163,417	31,749	195,166	307,250
Materials & Supplies	4,214	660	4,874	5,407
Contractual Services	1,425,923	881,077	2,307,000	2,351,274
Other	4	3	7	266,402
Capital Outlay	7,264,805	1,507,875	8,772,680	16,730,272
TOTAL EXPENDITURES	<u>8,858,363</u>	<u>2,421,364</u>	<u>11,279,727</u>	<u>19,660,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(822,067)</u>	<u>(231,619)</u>	<u>(1,053,686)</u>	<u>(1,635,791)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
International Airport	602,457	-	602,457	602,457
Airport Construction	700,000	333,334	1,033,334	1,033,334
TOTAL OTHER FINANCING SOURCES:	<u>1,302,457</u>	<u>333,334</u>	<u>1,635,791</u>	<u>1,635,791</u>
Net Change in Fund Balances	<u>\$ 480,390</u>	<u>101,715</u>	<u>582,105</u>	<u>-</u>
Fund Balances-Beginning		<u>480,390</u>		
Fund Balances-Ending		<u>\$ 582,105</u>		

**CITY OF LAREDO, TEXAS
NARCOTICS TASK FORCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	2,482	-	2,482	2,482
Net increase (decrease) in the fair value of investments	-	-	(436)	-	(436)	(436)
Miscellaneous:						
Reimbursements	-	-	132,826	-	132,826	132,826
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>134,872</u>	<u>-</u>	<u>134,872</u>	<u>134,872</u>
EXPENDITURES:						
Other	124,418	124,418	74,594	-	74,594	49,824
TOTAL EXPENDITURES	<u>124,418</u>	<u>124,418</u>	<u>74,594</u>	<u>-</u>	<u>74,594</u>	<u>49,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,418)</u>	<u>(124,418)</u>	<u>60,278</u>	<u>-</u>	<u>60,278</u>	<u>184,696</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(124,418)	(124,418)	60,278	-	60,278	184,696
Fund Balances at Beginning of Year	124,418	130,719	130,719	-	130,719	-
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>6,301</u>	<u>190,997</u>	<u>-</u>	<u>190,997</u>	<u>184,696</u>

**CITY OF LAREDO, TEXAS
FINANCIAL TASK FORCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental Revenue:						
Federal	\$ 637,267	913,867	668,464	-	668,464	(245,403)
Investment Income:						
Interest Earnings	600	600	7,533	-	7,533	6,933
Net increase (decrease) in the fair value of investments	-	-	(932)	-	(932)	(932)
Miscellaneous:						
Forfeitures	70,000	70,000	37,255	-	37,255	(32,745)
TOTAL REVENUES	707,867	984,467	712,320	-	712,320	(272,147)
EXPENDITURES:						
Personnel Services	532,877	772,368	609,261	-	609,261	163,107
Material and Supplies	8,316	16,664	16,425	239	16,664	-
Contractual Services	96,074	139,193	64,103	531	64,634	74,559
Other	70,600	47,276	-	-	-	47,276
Total Operating Expenditures	707,867	975,501	689,789	770	690,559	284,942
Capital Outlay	-	11,934	-	-	-	11,934
TOTAL EXPENDITURES	707,867	987,435	689,789	770	690,559	296,876
Excess (Deficiency) of Revenues Over Expenditures	-	(2,968)	22,531	(770)	21,761	24,729
Fund Balances at Beginning of Year	186,402	406,142	406,142	-	406,142	-
FUND BALANCES AT END OF YEAR	\$ 186,402	403,174	428,673	(770)	427,903	24,729

**CITY OF LAREDO, TEXAS
 AUTO THEFT TASK FORCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental Revenue:						
State	\$ 353,400	633,306	294,192	-	294,192	(339,114)
Other	28,602	63,548	34,536	-	34,536	(29,012)
Investment Income:						
Interest Earnings	100	100	2,109	-	2,109	2,009
Net increase (decrease) in the fair value of investments	-	-	(324)	-	(324)	(324)
Miscellaneous:						
Reimbursements	-	-	595	-	595	595
TOTAL REVENUES	382,102	696,954	331,108	-	331,108	(365,846)
EXPENDITURES:						
Personnel Services	432,039	831,929	398,975	-	398,975	432,954
Materials and Supplies	5,840	13,281	4,476	-	4,476	8,805
Contractual Services	107,000	213,704	70,539	3,644	74,183	139,521
Other	28,641	12,467	-	-	-	12,467
Total Operating Expenditures	573,520	1,071,381	473,990	3,644	477,634	593,747
Capital Outlay	-	26,519	3,590	22,838	26,428	91
TOTAL EXPENDITURES	573,520	1,097,900	477,580	26,482	504,062	593,838
Excess (Deficiency) of Revenues Over Expenditures	(191,418)	(400,946)	(146,472)	(26,482)	(172,954)	227,992
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	191,418	191,418	191,418	-	191,418	-
TOTAL OTHER FINANCING SOURCES (USES)	191,418	191,418	191,418	-	191,418	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(209,528)	44,946	(26,482)	18,464	227,992
Fund Balances at Beginning of Year	-	189,433	189,433	-	189,433	-
FUND BALANCES AT END OF YEAR	\$ -	(20,095)	234,379	(26,482)	207,897	227,992

CITY OF LAREDO, TEXAS
SPECIAL POLICE PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental Revenues:						
Federal	\$ 3,084,650	3,966,728	3,092,274	-	3,092,274	(874,454)
State	-	84,768	25,714	-	25,714	(59,054)
School Districts	348,787	348,787	126,938	-	126,938	(221,849)
Other	-	25,000	25,014	-	25,014	14
Investment Income:						
Interest Earnings	3,100	3,100	513	-	513	(2,587)
Miscellaneous:						
Reimbursements	4,000,000	4,006,053	65	-	65	(4,005,988)
TOTAL REVENUES	7,436,537	8,434,436	3,270,518	-	3,270,518	(5,163,918)
EXPENDITURES:						
Police Grants						
El Protector	-	14,980	1,171	-	1,171	13,809
Universal Hiring	2,919,941	2,968,266	2,968,266	-	2,968,266	-
Local Law Enforcement Block Grant	267,348	342,951	249,005	-	249,005	93,946
Violence Vs Woman Act	156,493	286,740	140,660	-	140,660	146,080
South Texas Drug Related Task Force	98,676	154,904	112,065	-	112,065	42,839
Click It or Ticket	-	11,669	10,325	-	10,325	1,344
S.T.O.M.P.	-	1,609	1,609	-	1,609	-
Comprehensive Comm. Vehicle STEP	-	2,943	2,711	-	2,711	232
Step Wave	-	19,200	13,126	-	13,126	6,074
DWI Enforcement	-	50,000	3,022	-	3,022	46,978
Operation Cooperation	316,626	312,426	-	-	-	312,426
Customs Narcotics	115,503	115,503	40,444	-	40,444	75,059
Operation Stone Garden	-	727,200	727,007	-	727,007	193
Juvenile Incentive Block Grant	49,825	91,036	39,508	-	39,508	51,528
Ldo. Joint Terrorism TF	10,720	14,667	14,354	-	14,354	313
Weed and Seed Program	-	25,014	25,014	-	25,014	-
Cops in School - SRO	1,223,790	1,223,790	1,041,074	-	1,041,074	182,716
OCDETF	12,665	8,718	-	-	-	8,718
Reserve	4,006,435	3,957,805	-	-	-	3,957,805
Total Operating Expenditures	9,178,022	10,329,421	5,389,361	-	5,389,361	4,940,060
Capital Outlay	-	49,272	24,636	-	24,636	24,636
TOTAL EXPENDITURES	9,178,022	10,378,693	5,413,997	-	5,413,997	4,964,696
Excess (Deficiency) of Revenues Over Expenditures	(1,741,485)	(1,944,257)	(2,143,479)	-	(2,143,479)	(199,222)
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	1,208,333	1,208,333	1,607,152	-	1,607,152	398,819
Police Trust	533,152	533,152	533,152	-	533,152	-
TOTAL OTHER FINANCING SOURCES (USES)	1,741,485	1,741,485	2,140,304	-	2,140,304	398,819
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(202,772)	(3,175)	-	(3,175)	199,597
Fund Balances at Beginning of Year	-	147,050	147,050	-	147,050	-
FUND BALANCES AT END OF YEAR	\$ -	(55,722)	143,875	-	143,875	199,597

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CITY OF LAREDO, TEXAS
ENVIROMENTAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Storm Water Fees	\$ 2,244,417	2,244,417	2,219,610	-	2,219,610	(24,807)
Intergovernmental :						
Environmental Protective Agency	-	130,356	91,436	-	91,436	(38,920)
STDC-Regional Solid Waste Mgmt	-	49,232	48,965	-	48,965	(267)
Texas Department of Transportation	44,000	44,000	44,000	-	44,000	-
Universities and Colleges	10,000	10,000	10,000	-	10,000	-
Investment Income:						
Interest Earnings	8,100	8,100	28,009	-	28,009	19,909
Net increase (decrease) in the fair value of Investments	-	-	(3,413)	-	(3,413)	(3,413)
Discount Earnings	-	-	1,620	-	1,620	1,620
Miscellaneous:						
Contributions	-	200	-	-	-	(200)
Reimbursements	-	-	228	-	228	228
TOTAL REVENUES	2,306,517	2,486,305	2,440,455	-	2,440,455	(45,850)
EXPENDITURES:						
Administration						
Personnel Services	183,878	183,878	190,102	(516)	189,586	(5,708)
Contractual Services	5,000	6,000	5,535	-	5,535	465
Other	-	-	21,316	(21,316)	-	-
Total Administration	<u>188,878</u>	<u>189,878</u>	<u>216,953</u>	<u>(21,832)</u>	<u>195,121</u>	<u>(5,243)</u>
Environmental Engineering						
Personnel Services	685,323	695,323	691,267	(471)	690,796	4,527
Materials and Supplies	52,375	105,139	74,130	4,594	78,724	26,415
Contractual Services	1,548,289	1,510,799	844,072	434,048	1,278,120	232,679
Other	619,424	281,324	-	-	-	281,324
Total Environmental Engineering	<u>2,905,411</u>	<u>2,592,585</u>	<u>1,609,469</u>	<u>438,171</u>	<u>2,047,640</u>	<u>544,945</u>
Chacon Creek						
Contractual Services	-	143,808	120,869	22,932	143,801	7
Total Chacon Creek	<u>-</u>	<u>143,808</u>	<u>120,869</u>	<u>22,932</u>	<u>143,801</u>	<u>7</u>
USEPA-MEXICO Border						
Contractual Services	-	31,579	826	30,000	30,826	753
Total USEPA-MEXICO Border	<u>-</u>	<u>31,579</u>	<u>826</u>	<u>30,000</u>	<u>30,826</u>	<u>753</u>
STDC-Regional Solid Waste Mgmt						
Contractual Services	-	49,232	48,965	-	48,965	267
Total STDC-Regional Solid Waste Mgmt	<u>-</u>	<u>49,232</u>	<u>48,965</u>	<u>-</u>	<u>48,965</u>	<u>267</u>
Total Operating Expenditures	3,094,289	3,007,082	1,997,082	469,271	2,466,353	540,729
Capital Outlay	20,000	320,447	237,141	28,092	265,233	55,214
TOTAL EXPENDITURES	3,114,289	3,327,529	2,234,223	497,363	2,731,586	595,943
Excess (Deficiency) of Revenues Over Expenditures	(807,772)	(841,224)	206,232	(497,363)	(291,131)	550,093

(Continued)

CITY OF LAREDO, TEXAS
 ENVIROMENTAL SERVICES
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2005

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hazardous Materials	94,439	94,439	108,477	-	108,477	14,038
Transfers Out:						
Keep Laredo Beautiful	(100,000)	(100,000)	(62,352)	-	(62,352)	37,648
TOTAL OTHER FINANCING SOURCES (USES)	(5,561)	(5,561)	46,125	-	46,125	51,686
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(813,333)	(846,785)	252,357	(497,363)	(245,006)	601,779
Fund Balances at Beginning of Year	904,141	1,050,639	1,050,639	(22,303)	1,028,336	(22,303)
FUND BALANCES AT END OF YEAR	\$ 90,808	203,854	1,302,996	(519,666)	783,330	579,476

CITY OF LAREDO, TEXAS
HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental:						
Federal Grants	\$ -	70,000	46,333	-	46,333	(23,667)
State Grants	6,478,396	8,841,081	6,357,214	-	6,357,214	(2,483,867)
Other	195,941	224,939	187,398	-	187,398	(37,541)
Licenses and Permits	235,356	235,356	255,783	-	255,783	20,427
Charges for Services	430,918	948,506	535,510	-	535,510	(412,996)
Fees and Collections	456,697	470,624	431,057	-	431,057	(39,567)
Rents and Royalties	2,336	2,336	2,682	-	2,682	346
Discount Earnings	-	-	224	-	224	224
Miscellaneous:						
Contributions	145,000	238,358	75,512	-	75,512	(162,846)
Reimbursements	30,250	50,923	10,114	-	10,114	(40,809)
Other	-	-	4,019	-	4,019	4,019
TOTAL REVENUES	<u>7,974,894</u>	<u>11,082,123</u>	<u>7,905,846</u>	<u>-</u>	<u>7,905,846</u>	<u>(3,176,277)</u>
EXPENDITURES:						
Administrative Divisions						
Administration	1,103,529	1,298,333	1,078,371	6,710	1,085,081	213,252
Health Education	265,842	265,779	242,512	23,267	265,779	-
Vital Statistics	193,170	192,609	191,786	689	192,475	134
E.M.S. Billing	201,897	201,147	201,051	96	201,147	-
Maternity	89,707	71,227	48,846	3,131	51,977	19,250
Immunization	206,052	204,402	163,285	29,126	192,411	11,991
Tuberculosis	99,623	98,857	57,280	547	57,827	41,030
Adult Health	46,659	46,659	39,520	534	40,054	6,605
Dental	91,482	91,482	87,251	(658)	86,593	4,889
Laboratory	295,403	295,403	296,606	(3,845)	292,761	2,642
Personal Health Services	121,789	121,617	117,356	716	118,072	3,545
Budget and Grant Management	129,397	134,627	130,678	(589)	130,089	4,538
Health Protective Services	538,101	537,901	518,901	(3,696)	515,205	22,696
Animal Control	590,919	605,315	582,236	4,283	586,519	18,796
Total Administrative Divisions	<u>3,973,570</u>	<u>4,165,358</u>	<u>3,755,679</u>	<u>60,311</u>	<u>3,815,990</u>	<u>349,368</u>
State Grants						
T.N.R.C.C. - Continuous Air Monitoring Station	70,000	95,275	66,834	-	66,834	28,441
H.I.V. - Prevention	199,854	265,989	207,054	1,186	208,240	57,749
Immunization Action Plan	195,984	590,536	218,631	7,215	225,846	364,690
Environmental Protection Agency	-	71,184	44,239	3,874	48,113	23,071
T.B. Federal - Tuberculosis	169,293	239,181	133,612	5,158	138,770	100,411
H.I.V. - Consortia (Ryan White)	329,067	518,092	306,255	111,150	417,405	100,687
H.I.V. - Housing Project (H.O.P.W.A.)	87,800	133,100	94,311	20,980	115,291	17,809
Associateship for Community Health and Resource Development - Title V	401,795	752,732	391,053	3,932	394,985	357,747
Associateship for Community Health and Resource Development - Family Planning	120,000	118,375	82,409	-	82,409	35,966
MCH - Core of Public Health	26,385	27,747	18,664	-	18,664	9,083
School Physical Nutrition	-	24,301	14,942	-	14,942	9,359
Conference of Mayors	-	63,244	24,962	3,646	28,608	34,636
Children Health Insurance Project - Outreach Program	\$ 93,305	65,919	52,754	-	52,754	13,165

(Continued)

CITY OF LAREDO, TEXAS
HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
State Grants (Continued)						
Primary Care	\$ 211,948	311,857	139,046	2,520	141,566	170,291
HIV Social Services	100,989	96,930	100,272	369	100,641	(3,711)
Bureau of Regional/Local Health Operations	460,479	746,779	453,542	535	454,077	292,702
Associateship for Community Health and Resource Development - Dental Tuberculosis	40,000	82,700	40,910	-	40,910	41,790
Women Infant and Children (W.I.C.)	229,595	411,501	231,471	-	231,471	180,030
Abstinence Education Program	3,083,965	3,082,237	2,953,189	36,467	2,989,656	92,581
Border Health Project	162,910	344,471	126,179	38,362	164,541	179,930
HIV Positive Clients Projects	5,000	5,000	-	-	-	5,000
Bio-Terrorism Preparedness	112,280	154,037	113,878	4,388	118,266	35,771
Binational NTD Project	428,567	855,325	453,900	6,024	459,924	395,401
Border Health Conference	25,353	26,841	1,488	-	1,488	25,353
Border Health Vector Control	25,000	25,000	-	141	141	24,859
Border Health Workshop	-	-	-	-	-	-
Border Vision Fronteriza	20,000	32,038	12,038	-	12,038	20,000
Lead Poisoning Prevention	15,000	25,273	12,057	-	12,057	13,216
Qualified Health Centers	-	-	-	-	-	-
Bi-National TB Card - Pilot	22,735	17,889	15,221	-	15,221	2,668
Border Health - Buena Vida	20,000	36,928	32,002	-	32,002	4,926
USMBHA Conference	-	27,500	27,500	-	27,500	-
CPS/Bio-Terrorism	-	3,500	3,426	-	3,426	74
Border Health - TB	-	-	-	-	-	-
Border Health Bi-national Health Week	-	25,000	20,873	-	20,873	4,127
Women and Children Health Program	171,483	204,163	95,926	31,382	127,308	76,855
HETCAT	-	-	-	-	-	-
U.S.D.H.H.S. - M.A.C.	-	1,496	1,260	236	1,496	-
Driscoll/Project Alcance	17,541	17,901	360	-	360	17,541
Total State Grant Expenses	6,846,328	9,500,041	6,490,258	277,565	6,767,823	2,732,218
Total Operating Expenses	10,819,898	13,665,399	10,245,937	337,876	10,583,813	3,081,586
Capital Outlay	26,200	303,389	256,567	31,247	287,814	15,575
TOTAL EXPENDITURES	10,846,098	13,968,788	10,502,504	369,123	10,871,627	3,097,161
Excess (Deficiency) of Revenues Over Expenditures	(2,871,204)	(2,886,665)	(2,596,658)	(369,123)	(2,965,781)	(79,116)
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	2,804,336	2,804,336	2,668,948	-	2,668,948	(135,388)
TOTAL OTHER FINANCING SOURCES (USES)	2,804,336	2,804,336	2,668,948	-	2,668,948	(135,388)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(66,868)	(82,329)	72,290	(369,123)	(296,833)	(214,504)
Fund Balances at Beginning of Year	-	83,620	83,620	(8,726)	74,894	(8,726)
FUND BALANCES AT END OF YEAR	\$ (66,868)	1,291	155,910	(377,849)	(221,939)	(223,230)

CITY OF LAREDO, TEXAS
911 REGIONAL COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
State Emergency Commission	\$ 1,458,717	3,101,063	1,308,545	-	1,308,545	(1,792,518)
Investment Income:						
Interest Earnings	-	-	4,138	-	4,138	4,138
Net increase (decrease) in the fair value of Investments	-	-	(391)	-	(391)	(391)
TOTAL REVENUES	<u>1,458,717</u>	<u>3,101,063</u>	<u>1,312,292</u>	<u>-</u>	<u>1,312,292</u>	<u>(1,788,771)</u>
EXPENDITURES:						
Personnel Services	108,941	277,092	171,199	-	171,199	105,893
Materials & Supplies	2,850	8,774	8,578	100	8,678	96
Contractual Services	904,130	1,760,924	509,923	171,547	681,470	1,079,454
Other	-	168,681	168,600	-	168,600	81
Total Operating Expenditures	<u>1,015,921</u>	<u>2,215,471</u>	<u>858,300</u>	<u>171,647</u>	<u>1,029,947</u>	<u>1,185,524</u>
Capital Outlay	442,796	885,592	450,245	16,515	466,760	418,832
TOTAL EXPENDITURES	<u>1,458,717</u>	<u>3,101,063</u>	<u>1,308,545</u>	<u>188,162</u>	<u>1,496,707</u>	<u>1,604,356</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	3,747	(188,162)	(184,415)	(184,415)
Fund Balances at Beginning of Year	-	-	418	-	418	418
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>4,165</u>	<u>(188,162)</u>	<u>(183,997)</u>	<u>(183,997)</u>

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**CITY OF LAREDO, TEXAS
INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental:						
Federal Aviation Administration -						
Control Tower	\$ 287,124	316,812	349,076	-	349,076	32,264
State Operating Grants	98,429	99,323	98,363	-	98,363	(960)
Fees and Collections	19,000	19,000	7,269	-	7,269	(11,731)
Investment Income:						
Interest Earnings	6,500	6,500	99,848	-	99,848	93,348
Net increase (decrease) in the fair value of Investments	-	-	(12,753)	-	(12,753)	(12,753)
Rents and Royalties	3,719,214	3,719,214	3,525,829	-	3,525,829	(193,385)
Miscellaneous:						
Reimbursements	245,425	245,425	317,905	-	317,905	72,480
TOTAL REVENUES	4,375,692	4,406,274	4,385,537	-	4,385,537	(20,737)
EXPENDITURES:						
Administration						
Personnel Services	547,779	557,357	558,418	(1,061)	557,357	-
Materials and Supplies	46,985	54,806	52,385	2,421	54,806	-
Contractual Services	1,573,937	2,101,489	2,069,935	31,554	2,101,489	-
Other	7,449	6,007	6,007	-	6,007	-
Total Administration	<u>2,176,150</u>	<u>2,719,659</u>	<u>2,686,745</u>	<u>32,914</u>	<u>2,719,659</u>	<u>-</u>
Building Maintenance						
Personnel Services	208,660	223,388	224,364	(976)	223,388	-
Materials and Supplies	43,593	46,554	46,459	95	46,554	-
Contractual Services	160,879	162,608	156,222	6,386	162,608	-
Total Building Maintenance	<u>413,132</u>	<u>432,550</u>	<u>427,045</u>	<u>5,505</u>	<u>432,550</u>	<u>-</u>
Ground Maintenance						
Personnel Services	304,453	337,654	340,001	(2,347)	337,654	-
Materials and Supplies	36,008	67,391	66,930	461	67,391	-
Contractual Services	92,225	91,679	91,679	-	91,679	-
Total Ground Maintenance	<u>432,686</u>	<u>496,724</u>	<u>498,610</u>	<u>(1,886)</u>	<u>496,724</u>	<u>-</u>
Control Tower						
Personnel Services	392,311	463,778	457,748	6,030	463,778	-
Materials and Supplies	2,906	2,176	2,176	-	2,176	-
Contractual Services	2,894	1,834	1,690	144	1,834	-
Total Control Tower	<u>\$ 398,111</u>	<u>467,788</u>	<u>461,614</u>	<u>6,174</u>	<u>467,788</u>	<u>-</u>

(Continued)

**CITY OF LAREDO, TEXAS
INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)						
Airport Police						
Personnel Services	\$ 481,809	526,891	575,418	(4,417)	571,001	(44,110)
Materials and Supplies	5,356	6,114	6,038	76	6,114	-
Contractual Services	4,259	3,276	3,276	-	3,276	-
Total Airport Police	<u>491,424</u>	<u>536,281</u>	<u>584,732</u>	<u>(4,341)</u>	<u>580,391</u>	<u>(44,110)</u>
Foreign Trade Zone						
Personnel Services	11,194	9,337	10,314	(977)	9,337	-
Materials and Supplies	208	212	203	9	212	-
Contractual Services	5,099	4,041	4,041	-	4,041	-
Total Foreign Trade Zone	<u>16,501</u>	<u>13,590</u>	<u>14,558</u>	<u>(968)</u>	<u>13,590</u>	<u>-</u>
Total Operating Expenditures	<u>3,928,004</u>	<u>4,666,592</u>	<u>4,673,304</u>	<u>37,398</u>	<u>4,710,702</u>	<u>(44,110)</u>
Capital Outlay	-	119,243	115,980	3,263	119,243	-
TOTAL EXPENDITURES	<u>3,928,004</u>	<u>4,785,835</u>	<u>4,789,284</u>	<u>40,661</u>	<u>4,829,945</u>	<u>(44,110)</u>
Excess (Deficiency) of Revenues Over Expenditures	447,688	(379,561)	(403,747)	(40,661)	(444,408)	(64,847)
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
New Airport Terminal	-	(1,500,000)	(1,500,000)	-	(1,500,000)	-
Debt Service	(786,131)	(786,131)	(786,131)	-	(786,131)	-
Sale of Assets	-	-	329,689	-	329,689	329,689
TOTAL OTHER FINANCING SOURCES (USES)	<u>(786,131)</u>	<u>(2,286,131)</u>	<u>(1,956,442)</u>	<u>-</u>	<u>(1,956,442)</u>	<u>329,689</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(338,443)	(2,665,692)	(2,360,189)	(40,661)	(2,400,850)	264,842
Fund Balances at Beginning of Year	12,126,041	4,491,978	4,491,978	(3,748)	4,488,230	(3,748)
FUND BALANCES AT END OF YEAR	<u>\$ 11,787,598</u>	<u>1,826,286</u>	<u>2,131,789</u>	<u>(44,409)</u>	<u>2,087,380</u>	<u>261,094</u>

**CITY OF LAREDO, TEXAS
HAZARDOUS MATERIALS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Licenses and Permits	\$ 275,000	275,000	277,000	-	277,000	2,000
Investment Income:						
Interest Earnings	2,600	2,600	6,726	-	6,726	4,126
Net increase (decrease) in the fair value of investments	-	-	(811)	-	(811)	(811)
Miscellaneous:						
Reimbursements	-	-	75	-	75	75
TOTAL REVENUES	277,600	277,600	282,990	-	282,990	5,390
EXPENDITURES:						
Personnel Services	141,413	141,413	130,883	57	130,940	10,473
Materials & Supplies	10,654	10,654	7,937	-	7,937	2,717
Contractual Services	31,451	31,451	23,181	-	23,181	8,270
TOTAL EXPENDITURES	183,518	183,518	162,001	57	162,058	21,460
Excess (Deficiency) of Revenues Over Expenditures	94,082	94,082	120,989	(57)	120,932	26,850
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Environmental Services	(94,439)	(94,439)	(108,477)	-	(108,477)	(14,038)
TOTAL OTHER FINANCING SOURCES (USES)	(94,439)	(94,439)	(108,477)	-	(108,477)	(14,038)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(357)	(357)	12,512	(57)	12,455	12,812
Fund Balances at Beginning of Year	201,055	242,462	242,462	57	242,519	57
FUND BALANCES AT END OF YEAR	\$ 200,698	242,105	254,974	-	254,974	12,869

CITY OF LAREDO, TEXAS
PARKING METERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Licenses and Permits	\$ 12,000	12,000	11,992	-	11,992	(8)
Fines	232,560	232,560	281,287	-	281,287	48,727
Fees and Collections	1,100,000	1,100,000	1,140,223	-	1,140,223	40,223
Investment Income:						
Interest Earnings	7,500	7,500	28,197	-	28,197	20,697
Net increase (decrease) in the fair value on Investments	-	-	(3,815)	-	(3,815)	(3,815)
Premiums	-	-	-	-	-	-
Discount Earnings	-	-	475	-	475	475
Miscellaneous:	-	-	-	-	-	-
Reimbursements	600	600	467	-	467	(133)
TOTAL REVENUES	<u>1,352,660</u>	<u>1,352,660</u>	<u>1,458,826</u>	<u>-</u>	<u>1,458,826</u>	<u>106,166</u>
EXPENDITURES:						
Personnel Services	1,038,162	1,052,162	958,230	(7,078)	951,152	101,010
Materials & Supplies	145,122	126,159	108,776	5,253	114,029	12,130
Contractual Services	240,171	233,134	186,545	21,544	208,089	25,045
Other	500,000	647,781	7	(227)	(220)	648,001
Total Operating Expenditures	1,923,455	2,059,236	1,253,558	19,492	1,273,050	786,186
Capital Outlay	1,051,442	1,324,442	1,230,787	33,801	1,264,588	59,854
TOTAL EXPENDITURES	<u>2,974,897</u>	<u>3,383,678</u>	<u>2,484,345</u>	<u>53,293</u>	<u>2,537,638</u>	<u>846,040</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,622,237)</u>	<u>(2,031,018)</u>	<u>(1,025,519)</u>	<u>(53,293)</u>	<u>(1,078,812)</u>	<u>952,206</u>
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Debt Service Fund	(294,704)	(294,704)	(294,704)	-	(294,704)	-
Sale of Assets	-	408,781	-	-	-	(408,781)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(294,704)</u>	<u>114,077</u>	<u>(294,704)</u>	<u>-</u>	<u>(294,704)</u>	<u>(408,781)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	<u>(1,916,941)</u>	<u>(1,916,941)</u>	<u>(1,320,223)</u>	<u>(53,293)</u>	<u>(1,373,516)</u>	<u>543,425</u>
Fund Balances at Beginning of Year	<u>1,399,782</u>	<u>1,780,758</u>	<u>1,780,758</u>	<u>(7,305)</u>	<u>1,773,453</u>	<u>(7,305)</u>
FUND BALANCES AT END OF YEAR	<u>\$ (517,159)</u>	<u>(136,183)</u>	<u>460,535</u>	<u>(60,598)</u>	<u>399,937</u>	<u>536,120</u>

CITY OF LAREDO, TEXAS
KEEP LAREDO BEAUTIFUL, INC. FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES:						
Personnel Services	-	24,471	25,257	(838)	24,419	52
Materials & Supplies	-	30,500	8,078	-	8,078	22,422
Contractual Services	-	15,125	8,517	-	8,517	6,608
Other	100,000	7,904	-	-	-	7,904
Total Operating Expenditures	100,000	78,000	41,852	(838)	41,014	36,986
Capital Outlay	-	22,000	-	20,500	20,500	1,500
TOTAL EXPENDITURES	100,000	100,000	41,852	19,662	61,514	38,486
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	(41,852)	(19,662)	(61,514)	38,486
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Environmental Services	100,000	100,000	62,352	-	62,352	(37,648)
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	62,352	-	62,352	(37,648)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	20,500	(19,662)	838	838
Fund Balances at Beginning of Year	-	-	-	(838)	(838)	(838)
FUND BALANCES AT END OF YEAR	\$ -	-	20,500	(20,500)	-	-

**CITY OF LAREDO, TEXAS
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 1,100	1,100	3,525	-	3,525	2,425
Net increase (decrease) in the fair value of Investments	-	-	(414)	-	(414)	(414)
Charges for Services	2,000	2,000	-	-	-	(2,000)
Fees and Collections	97,100	97,100	105,135	-	105,135	8,035
TOTAL REVENUES	100,200	100,200	108,246	-	108,246	8,046
EXPENDITURES:						
Materials and Supplies	28,023	32,791	19,866	703	20,569	12,222
Contractual Services	55,297	50,513	15,996	257	16,253	34,260
Other	-	16	16	-	16	-
TOTAL EXPENDITURES	83,320	83,320	35,878	960	36,838	46,482
Excess (Deficiency) of Revenues Over Expenditures	16,880	16,880	72,368	(960)	71,408	54,528
Fund Balances at Beginning of Year	41,549	104,337	104,337	-	104,337	-
FUND BALANCES AT END OF YEAR	\$ 58,429	121,217	176,705	(960)	175,745	54,528

**CITY OF LAREDO, TEXAS
CIVIC CENTER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 600	600	2,301	-	2,301	1,701
Net increase (decrease) in the fair value of Investments	-	-	(322)	-	(322)	(322)
Discount Earnings	-	-	34	-	34	34
Rents and Royalties	305,656	305,656	282,351	-	282,351	(23,305)
Miscellaneous:						
Reimbursements	12,415	12,415	12,288	-	12,288	(127)
TOTAL REVENUES	318,671	318,671	296,652	-	296,652	(22,019)
EXPENDITURES:						
Personnel Services	490,396	501,396	466,240	2,716	468,956	32,440
Materials and Supplies	110,136	133,183	113,339	15,506	128,845	4,338
Contractual Services	238,937	217,566	203,264	8,511	211,775	5,791
Other	-	-	156	-	156	(156)
Total Operating Expenditures	839,469	852,145	782,999	26,733	809,732	42,413
Capital Outlay	-	50,323	6,118	47,500	53,618	(3,295)
TOTAL EXPENDITURES	839,469	902,468	789,117	74,233	863,350	39,118
Excess (Deficiency) of Revenues Over Expenditures	(520,798)	(583,797)	(492,465)	(74,233)	(566,698)	17,099
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hotel - Motel Occupancy Tax	632,218	632,218	612,403	-	612,403	(19,815)
Transfers Out:						
Debt Service	(114,260)	(114,260)	(114,260)	-	(114,260)	-
TOTAL OTHER FINANCING SOURCES (USES)	517,958	517,958	498,143	-	498,143	(19,815)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(2,840)	(65,839)	5,678	(74,233)	(68,555)	(2,716)
Fund Balances at Beginning of Year	-	65,839	65,839	2,716	68,555	2,716
FUND BALANCES AT END OF YEAR	\$ (2,840)	-	71,517	(71,517)	-	-

CITY OF LAREDO, TEXAS
HOTEL-MOTEL OCCUPANCY TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Taxes:						
Hotel-Motel Occupancy Tax	\$ 3,095,943	3,095,943	2,942,417	-	2,942,417	(153,526)
Penalty and Interest	28,000	28,000	16,660	-	16,660	(11,340)
Investment Income:						
Interest Earnings	16,500	16,500	35,763	-	35,763	19,263
Net increase (decrease) in the fair value of Investments	-	-	(4,107)	-	(4,107)	(4,107)
Miscellaneous:						
Reimbursements	-	-	100	-	100	100
TOTAL REVENUES	<u>3,140,443</u>	<u>3,140,443</u>	<u>2,990,833</u>	<u>-</u>	<u>2,990,833</u>	<u>(149,610)</u>
EXPENDITURES:						
Contractual Services:						
Tourism and Promotion	104,000	105,000	95,768	-	95,768	9,232
Historical and Arts	346,170	346,170	343,864	2,300	346,164	6
Other	-	-	1,937	(1,937)	-	-
TOTAL EXPENDITURES	<u>450,170</u>	<u>451,170</u>	<u>441,569</u>	<u>363</u>	<u>441,932</u>	<u>9,238</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,690,273</u>	<u>2,689,273</u>	<u>2,549,264</u>	<u>(363)</u>	<u>2,548,901</u>	<u>(140,372)</u>
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Civic Center	(632,218)	(631,218)	(612,403)	-	(612,403)	18,815
General Fund	(25,000)	(25,000)	(23,702)	-	(23,702)	1,298
Convention and Visitors Bureau	(2,414,544)	(2,414,544)	(2,279,206)	-	(2,279,206)	135,338
Capital Improvements Fund	(50,000)	(50,000)	-	-	-	50,000
Public Access Channel	(60,901)	(60,901)	(53,793)	-	(53,793)	7,108
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,182,663)</u>	<u>(3,181,663)</u>	<u>(2,969,104)</u>	<u>-</u>	<u>(2,969,104)</u>	<u>212,559</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(492,390)	(492,390)	(419,840)	(363)	(420,203)	72,187
Fund Balances at Beginning of Year	<u>850,253</u>	<u>1,127,969</u>	<u>1,127,969</u>	<u>(1,937)</u>	<u>1,126,032</u>	<u>(1,937)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 357,863</u>	<u>635,579</u>	<u>708,129</u>	<u>(2,300)</u>	<u>705,829</u>	<u>70,250</u>

**CITY OF LAREDO, TEXAS
PUBLIC ACCESS CHANNEL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Production and Transmission	\$ 29,771	29,771	24,110	-	24,110	(5,661)
Investment Income:						
Interest Earnings	3,000	3,000	623	-	623	(2,377)
Net increase (decrease) in the fair value of Investments	-	-	50	-	50	50
Discount Earnings	1	1	2	-	2	1
Miscellaneous:						
Reimbursements	61	61	-	-	-	(61)
TOTAL REVENUES	32,833	32,833	24,785	-	24,785	(8,048)
EXPENDITURES:						
Personnel Services	249,555	248,262	234,769	(1,483)	233,286	14,976
Materials and Supplies	22,000	22,720	18,211	503	18,714	4,006
Contractual Services	45,160	45,668	45,090	578	45,668	-
Other	-	65	65	-	65	-
TOTAL EXPENDITURES	316,715	316,715	298,135	(402)	297,733	18,982
Excess (Deficiency) of Revenues Over Expenditures	(283,882)	(283,882)	(273,350)	402	(272,948)	10,934
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	142,102	142,102	109,329	-	109,329	(32,773)
Hotel-Motel Occupancy Tax	60,901	60,901	53,793	-	53,793	(7,108)
TOTAL OTHER FINANCING SOURCES (USES)	203,003	203,003	163,122	-	163,122	(39,881)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(80,879)	(80,879)	(110,228)	402	(109,826)	(28,947)
Fund Balances at Beginning of Year	80,879	111,309	111,309	(1,483)	109,826	(1,483)
FUND BALANCES AT END OF YEAR	\$ -	30,430	1,081	(1,081)	-	(30,430)

**CITY OF LAREDO, TEXAS
MERCADO MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 700	700	1,495	-	1,495	795
Net increase (decrease) in the fair value of Investments	-	-	(176)	-	(176)	(176)
Rents and Royalties	108,220	108,220	94,164	-	94,164	(14,056)
Miscellaneous:						
Reimbursements	60	60	6	-	6	(54)
TOTAL REVENUES	108,980	108,980	95,489	-	95,489	(13,491)
EXPENDITURES:						
Personnel Services	38,211	38,211	33,853	(26)	33,827	4,384
Materials and Supplies	28,416	20,416	11,997	2,370	14,367	6,049
Contractual Services	54,220	62,220	42,121	10,002	52,123	10,097
Other	-	-	3,127	(3,127)	-	-
TOTAL EXPENDITURES	120,847	120,847	91,098	9,219	100,317	20,530
Excess (Deficiency) of Revenues Over Expenditures	(11,867)	(11,867)	4,391	(9,219)	(4,828)	7,039
Fund Balances at Beginning of Year	44,626	52,654	52,654	(3,153)	49,501	(3,153)
FUND BALANCES AT END OF YEAR	\$ 32,759	40,787	57,045	(12,372)	44,673	3,886

CITY OF LAREDO, TEXAS
LAREDO CONVENTION AND VISITORS BUREAU
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Fees and Collections	\$ 46,216	86,435	94,035	-	94,035	7,600
Investment Income:						
Interest Earnings	-	-	140	-	140	140
Net increase (decrease) in the fair value of Investments	-	-	67	-	67	67
Miscellaneous:						
Reimbursements	83,300	129,050	70,180	-	70,180	(58,870)
TOTAL REVENUES	129,516	215,485	164,422	-	164,422	(51,063)
EXPENDITURES:						
Personnel Services	554,375	544,375	491,366	4,949	496,315	48,060
Materials and Supplies	72,596	70,916	62,287	1,111	63,398	7,518
Contractual Services	1,503,077	1,977,659	1,721,972	120,292	1,842,264	135,395
Other	440,818	63,885	8,412	(413)	7,999	55,886
TOTAL EXPENDITURES	2,570,866	2,656,835	2,284,037	125,939	2,409,976	246,859
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,441,350)</u>	<u>(2,441,350)</u>	<u>(2,119,615)</u>	<u>(125,939)</u>	<u>(2,245,554)</u>	<u>195,796</u>
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hotel-Motel Occupancy Tax	2,414,544	2,414,544	2,279,206	-	2,279,206	(135,338)
TOTAL OTHER FINANCING SOURCES (USES)	2,414,544	2,414,544	2,279,206	-	2,279,206	(135,338)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(26,806)	(26,806)	159,591	(125,939)	33,652	60,458
Fund Balances at Beginning of Year	-	48,113	48,113	4,536	52,649	4,536
FUND BALANCES AT END OF YEAR	\$ (26,806)	21,307	207,704	(121,403)	86,301	64,994

CITY OF LAREDO, TEXAS
SPORTS AND COMMUNITY VENUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Taxes:						
General Sales & Use Tax	\$ 5,051,038	5,051,038	5,268,781	-	5,268,781	217,743
Investment Income:						
Interest Earnings	51,900	499,031	505,964	-	505,964	6,933
Net increase (decrease) in the fair value of investments	-	-	(30,305)	-	(30,305)	(30,305)
Rents and Royalties	-	-	85,587	-	85,587	85,587
Premiums	-	-	214,223	-	214,223	214,223
Miscellaneous:						
Contributions	-	-	125,000	-	125,000	125,000
TOTAL REVENUES	5,102,938	5,550,069	6,169,250	-	6,169,250	619,181
EXPENDITURES:						
Contractual Services	50,340	51,090	39,752	-	39,752	11,338
Other	1,000,000	515,088	-	-	-	515,088
Total Operating Expenditures	1,050,340	566,178	39,752	-	39,752	526,426
Debt Service	-	169,223	169,223	-	169,223	-
Capital Outlay	125,000	5,609,162	4,012,846	674,983	4,687,829	921,333
TOTAL EXPENDITURES	1,175,340	6,344,563	4,221,821	674,983	4,896,804	1,447,759
Excess (Deficiency) of Revenues Over Expenditures	3,927,598	(794,494)	1,947,429	(674,983)	1,272,446	2,066,940
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Sports & Community Operations	6,668,498	6,668,498	-	6,537,291	6,537,291	(131,207)
Debt Service	190,035	190,035	190,035	-	190,035	-
Proceeds - Long Term Debt	-	4,955,000	4,955,000	-	4,955,000	-
Transfers Out:						
Sports & Community Debt Service	(6,668,498)	(6,668,498)	-	(6,537,291)	(6,537,291)	131,207
Debt Service	(2,618,948)	(9,061,799)	(8,990,128)	-	(8,990,128)	71,671
TOTAL OTHER FINANCING SOURCES (USES)	(2,428,913)	(3,916,764)	(3,845,093)	-	(3,845,093)	71,671
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	1,498,685	(4,711,258)	(1,897,664)	(674,983)	(2,572,647)	2,138,611
Fund Balances at Beginning of Year	10,970,322	11,212,601	11,212,601	-	11,212,601	-
FUND BALANCES AT END OF YEAR	\$ 12,469,007	6,501,343	9,314,937	(674,983)	8,639,954	2,138,611

CITY OF LAREDO, TEXAS
NOISE ABATEMENT LEASE PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 3,400	3,400	33,120	-	33,120	29,720
Net increase (decrease) in the fair value of Investments	-	-	(4,027)	-	(4,027)	(4,027)
Fees and Collections	1,260	1,260	8,117	-	8,117	6,857
Rents and Royalties	555,264	555,264	599,528	-	599,528	44,264
Miscellaneous:						
Reimbursements	790	790	84,271	-	84,271	83,481
TOTAL REVENUES	560,714	560,714	721,009	-	721,009	160,295
EXPENDITURES:						
Personnel Services	58,671	58,671	51,226	-	51,226	7,445
Materials & Supplies	40,442	40,142	31,290	1,016	32,306	7,836
Contractual Services	361,214	361,514	217,484	28,980	246,464	115,050
Other	23,000	23,000	7,234	(983)	6,251	16,749
TOTAL EXPENDITURES	483,327	483,327	307,234	29,013	336,247	147,080
Excess (Deficiency) of Revenues Over Expenditures	77,387	77,387	413,775	(29,013)	384,762	307,375
Fund Balances at Beginning of Year	527,756	936,302	936,302	(983)	935,319	(983)
FUND BALANCES AT END OF YEAR	\$ 605,143	1,013,689	1,350,077	(29,996)	1,320,081	306,392

**CITY OF LAREDO, TEXAS
 INFRASTRUCTURE MAINTENANCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	-	-	-	-
Net increase (decrease) in the fair value of Investments	-	-	316	-	316	316
Miscellaneous:						
Reimbursements	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>316</u>	<u>316</u>
EXPENDITURES:						
Personnel Services	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Contractual Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Operating Expenditures	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>316</u>	<u>316</u>
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Capital Improvement Fund	-	-	-	-	-	-
Bridge System Fund	-	-	-	-	-	-
Transfers Out:						
General Fund	(100,083)	(100,083)	(100,083)	-	(100,083)	-
Bridge Service	-	(453,820)	(453,820)	-	(453,820)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,083)</u>	<u>(553,903)</u>	<u>(553,903)</u>	<u>-</u>	<u>(553,903)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(100,083)	(553,903)	(553,587)	-	(553,587)	316
Fund Balances at Beginning of Year	100,083	553,587	553,587	-	553,587	-
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>(316)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>

**CITY OF LAREDO, TEXAS
FRIENDS OF THE LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental Revenues:						
State Operating Grants	\$ 40,700	35,982	35,982	-	35,982	-
Charges for Services	300	300	1,752	-	1,752	1,452
Investment Income:						
Interest Earnings	300	300	610	-	610	310
Net increase (decrease) in the fair value of Investments	-	-	(71)	-	(71)	(71)
Discount Earnings	-	-	1	-	1	1
Miscellaneous:						
Other	2,000	2,000	614	-	614	(1,386)
TOTAL REVENUES	43,300	38,582	38,888	-	38,888	306
EXPENDITURES:						
Materials & Supplies	12,850	6,162	2,762	497	3,259	2,903
Contractual Services	2,000	2,000	846	-	846	1,154
Other	-	85,000	-	-	-	85,000
Total Operating Expenditures	14,850	93,162	3,608	497	4,105	89,057
Capital Outlay	53,500	53,091	53,091	-	53,091	-
TOTAL EXPENDITURES	68,350	146,253	56,699	497	57,196	89,057
Excess (Deficiency) of Revenues Over Expenditures	(25,050)	(107,671)	(17,811)	(497)	(18,308)	89,363
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	12,800	95,421	95,421	-	95,421	-
TOTAL OTHER FINANCING SOURCES (USES)						
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(12,250)	(12,250)	77,610	(497)	77,113	89,363
Fund Balances at Beginning of Year	18,673	17,882	17,882	-	17,882	-
FUND BALANCES AT END OF YEAR	\$ 6,423	5,632	95,492	(497)	94,995	89,363

CITY OF LAREDO, TEXAS
SUBDIVISION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Net increase (decrease) in the fair value of Investments	\$ -	-	(4,486)	-	(4,486)	(4,486)
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>(4,486)</u>	<u>-</u>	<u>(4,486)</u>	<u>(4,486)</u>
Excess (Deficiency) of Revenues Over						
Expenditures	-	-	(4,486)	-	(4,486)	(4,486)
Fund Balances at Beginning of Year	-	(902)	(902)	-	(902)	-
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>(902)</u>	<u>(5,388)</u>	<u>-</u>	<u>(5,388)</u>	<u>(4,486)</u>

CITY OF LAREDO, TEXAS
POLICE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 22,500	22,500	36,472	-	36,472	13,972
Net increase (decrease) in the fair value of Investments	-	-	(4,034)	-	(4,034)	(4,034)
Miscellaneous:						
Forfeitures	1,500,000	1,500,000	1,294,148	-	1,294,148	(205,852)
Reimbursements	-	-	30,741	-	30,741	30,741
TOTAL REVENUES	<u>1,522,500</u>	<u>1,522,500</u>	<u>1,357,327</u>	<u>-</u>	<u>1,357,327</u>	<u>(165,173)</u>
EXPENDITURES:						
Materials & Supplies	221,233	403,430	329,208	10,354	339,562	63,868
Contractual Services	294,850	433,350	254,185	72,969	327,154	106,196
Total Operating Expenditures	516,083	836,780	583,393	83,323	666,716	170,064
Debt Service	1,580,021	1,580,021	1,113,671	-	1,113,671	466,350
Capital Outlay	1,360,011	1,820,663	1,746,111	33,160	1,779,271	41,392
TOTAL EXPENDITURES	<u>3,456,115</u>	<u>4,237,464</u>	<u>3,443,175</u>	<u>116,483</u>	<u>3,559,658</u>	<u>677,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,933,615)</u>	<u>(2,714,964)</u>	<u>(2,085,848)</u>	<u>(116,483)</u>	<u>(2,202,331)</u>	<u>512,633</u>
OTHER FINANCING SOURCES (USES):						
Bond / Capital Lease Proceeds	-	443,069	1,524,978	-	1,524,978	1,081,909
Transfers Out:						
Special Police Program	(533,153)	(533,153)	(533,152)	-	(533,152)	1
Sale of Assets	-	-	13,400	-	13,400	13,400
TOTAL OTHER FINANCING SOURCES (USES)	<u>(533,153)</u>	<u>(90,084)</u>	<u>1,005,226</u>	<u>-</u>	<u>1,005,226</u>	<u>1,095,310</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	<u>(2,466,768)</u>	<u>(2,805,048)</u>	<u>(1,080,622)</u>	<u>(116,483)</u>	<u>(1,197,105)</u>	<u>1,607,943</u>
Fund Balances at Beginning of Year	<u>1,142,930</u>	<u>2,659,168</u>	<u>2,659,168</u>	<u>-</u>	<u>2,659,168</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ (1,323,838)</u>	<u>(145,880)</u>	<u>1,578,546</u>	<u>(116,483)</u>	<u>1,462,063</u>	<u>1,607,943</u>

**CITY OF LAREDO, TEXAS
 WEBB COUNTY COLONIAS PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 5,478,879	2,182,044	7,660,923	21,934,620
Webb County	39,750	-	39,750	39,750
Investment Income:				
Interest Earnings	21,945	13,755	35,700	19,426
TOTAL REVENUES	<u>5,540,574</u>	<u>2,195,799</u>	<u>7,736,373</u>	<u>21,993,796</u>
EXPENDITURES:				
Contractual Services	3,236,168	468,508	3,704,676	4,426,736
Debt Service	124,036	-	124,036	124,037
Other	-	-	-	101,426
Capital Outlay	3,972,723	1,626,141	5,598,864	19,504,065
TOTAL EXPENDITURES	<u>7,332,927</u>	<u>2,094,649</u>	<u>9,427,576</u>	<u>24,156,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,792,353)</u>	<u>101,150</u>	<u>(1,691,203)</u>	<u>(2,162,468)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Waterworks System	1,198,280	-	1,198,280	1,198,280
Sewer System	964,188	-	964,188	964,188
TOTAL OTHER FINANCING SOURCES:	<u>2,162,468</u>	<u>-</u>	<u>2,162,468</u>	<u>2,162,468</u>
Net Change in Fund Balances	<u>\$ 370,115</u>	<u>101,150</u>	<u>471,265</u>	<u>-</u>
Fund Balances-Beginning		<u>370,115</u>		
Fund Balances-Ending		<u>\$ 471,265</u>		

**CITY OF LAREDO, TEXAS
COMMUNICATION SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
South TX Interoperability Project	\$ -	-	-	1,200,000
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
EXPENDITURES:				
Other	-	-	-	3,000,000
Capital Outlay	-	-	-	1,200,000
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
2005 C.O. Issue	-	-	-	3,000,000
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ -</u>		

**CITY OF LAREDO, TEXAS
PARKS CAPITAL GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Webb County	\$ -	-	-	375,000
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
EXPENDITURES:				
Capital Outlay	-	-	-	375,000
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		-		
Fund Balances-Ending		<u>\$ -</u>		

**CITY OF LAREDO, TEXAS
AIRPORT CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 16,806,723	7,116,008	23,922,731	31,894,323
U.S. Department of Transportation	77,358	72,726	150,084	400,000
Texas Department of Transportation	-	30,000	30,000	30,000
Investment Income:				
Interest Earnings	625,753	27,853	653,606	641,763
Net increase (decrease) in the fair value of Investments	(556)	(2,980)	(3,536)	-
Miscellaneous:				
Other	3,300	-	3,300	3,300
TOTAL REVENUES	<u>17,512,578</u>	<u>7,243,607</u>	<u>24,756,185</u>	<u>32,969,386</u>
EXPENDITURES:				
Personnel	-	5,793	5,793	-
Materials & Supplies	11,047	115,739	126,786	129,372
Contractual Services	2,349,780	1,343,297	3,693,077	5,324,000
Other	67,882	(4)	67,878	966,828
Capital Outlay	17,658,090	6,884,393	24,542,483	31,651,278
TOTAL EXPENDITURES	<u>20,086,799</u>	<u>8,349,218</u>	<u>28,436,017</u>	<u>38,071,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,574,221)</u>	<u>(1,105,611)</u>	<u>(3,679,832)</u>	<u>(5,102,092)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	2,657,853	-	2,657,853	2,657,854
Transfers In:				
International Airport	2,540,702	1,500,000	4,040,702	4,040,702
Laredo Convention and Visitors Bureau	100,000	-	100,000	100,000
Transfers Out:				
International Airport	(663,130)	-	(663,130)	(663,130)
Noise Abatement	(700,000)	(333,334)	(1,033,334)	(1,033,334)
TOTAL OTHER FINANCING SOURCES:	<u>3,935,425</u>	<u>1,166,666</u>	<u>5,102,091</u>	<u>5,102,092</u>
Net Change in Fund Balances	<u>\$ 1,361,204</u>	<u>61,055</u>	<u>1,422,259</u>	<u>-</u>
Fund Balances-Beginning		<u>1,361,204</u>		
Fund Balances-Ending		<u>\$ 1,422,259</u>		

**CITY OF LAREDO, TEXAS
 CONTRACTUAL OBLIGATIONS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 207,082	18,148	225,230	219,978
Net increase (decrease) in the fair value of Investments	(1,099)	(1,292)	(2,391)	-
Miscellaneous:				
Other	15,487	25,000	40,487	15,487
TOTAL REVENUES	<u>221,470</u>	<u>41,856</u>	<u>263,326</u>	<u>235,465</u>
EXPENDITURES:				
Materials & Supplies	412,190	144,857	557,047	566,849
Contractual Services	7,805	-	7,805	7,805
Other	206,496	-	206,496	206,495
Capital Outlay	6,231,991	726,284	6,958,275	7,199,160
TOTAL EXPENDITURES	<u>6,858,482</u>	<u>871,141</u>	<u>7,729,623</u>	<u>7,980,309</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,637,012)</u>	<u>(829,285)</u>	<u>(7,466,297)</u>	<u>(7,744,844)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	8,745,000	-	8,745,000	8,745,000
Transfer Out:				
Solid Waste Fund	(941,856)	-	(941,856)	(941,856)
Capital Improvement Fund	(58,300)	-	(58,300)	(58,300)
TOTAL OTHER FINANCING SOURCES:	<u>7,744,844</u>	<u>-</u>	<u>7,744,844</u>	<u>7,744,844</u>
Net Change in Fund Balances	<u>\$ 1,107,832</u>	<u>(829,285)</u>	<u>278,547</u>	<u>-</u>
Fund Balances-Beginning		<u>1,107,832</u>		
Fund Balances-Ending		<u>\$ 278,547</u>		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 1998 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
School Districts	\$ 155,825	-	155,825	174,325
Investment Income:				
Interest Earnings	2,237,836	23,132	2,260,968	2,244,262
Net increase (decrease) in the fair value of Investments	(604)	(2,678)	(3,282)	-
Miscellaneous:				
Local Contributions	645,451	-	645,451	645,451
Other	43,151	-	43,151	43,151
TOTAL REVENUES	<u>3,081,659</u>	<u>20,454</u>	<u>3,102,113</u>	<u>3,107,189</u>
EXPENDITURES:				
Materials & Supplies	49,073	-	49,073	49,073
Contractual Services	238,083	-	238,083	238,083
Other	96,748	-	96,748	291,180
Capital Outlay	15,591,265	255,364	15,846,629	16,116,506
TOTAL EXPENDITURES	<u>15,975,169</u>	<u>255,364</u>	<u>16,230,533</u>	<u>16,694,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,893,510)</u>	<u>(234,910)</u>	<u>(13,128,420)</u>	<u>(13,587,653)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	16,160,000	-	16,160,000	16,160,000
Transfers In:				
General Fund	259,000	-	259,000	259,000
EDA-EPA Infrastructure	19,127	-	19,127	19,127
Transfers Out:				
Capital Improvements Fund	(275,976)	-	(275,976)	600,474
DPW Infrastructure	(2,500,000)	-	(2,500,000)	2,500,000
Sale of Assets	250,000	-	250,000	250,000
TOTAL OTHER FINANCING SOURCES:	<u>13,912,151</u>	<u>-</u>	<u>13,912,151</u>	<u>19,788,601</u>
Net Change in Fund Balances	<u>\$ 1,018,641</u>	<u>(234,910)</u>	<u>783,731</u>	<u>6,200,948</u>
Fund Balances-Beginning		1,018,641		
Fund Balances-Ending		<u>\$ 783,731</u>		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2000 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 572,922	16,964	589,886	572,434
Miscellaneous:				
Local Contributions	2,000,000	-	2,000,000	2,000,000
Reimbursements	12,918	-	12,918	-
TOTAL REVENUES	<u>2,585,840</u>	<u>16,964</u>	<u>2,602,804</u>	<u>2,572,434</u>
EXPENDITURES:				
Contractual Services	6,255	-	6,255	6,255
Other	68,890	-	68,890	70,890
Capital Outlay	11,582,585	2,937	11,585,522	12,193,636
TOTAL EXPENDITURES	<u>11,657,730</u>	<u>2,937</u>	<u>11,660,667</u>	<u>12,270,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,071,890)</u>	<u>14,027</u>	<u>(9,057,863)</u>	<u>(9,698,347)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	9,365,000	-	9,365,000	9,365,000
Transfers In:				
General Fund	2,298,347	-	2,298,347	2,298,347
Capital Improvements Fund	200,000	-	200,000	200,000
Transfer Out:				
General Fund	(2,165,000)	-	(2,165,000)	(2,165,000)
TOTAL OTHER FINANCING SOURCES:	<u>9,698,347</u>	<u>-</u>	<u>9,698,347</u>	<u>9,698,347</u>
Net Change in Fund Balances	<u>\$ 626,457</u>	<u>14,027</u>	<u>640,484</u>	<u>-</u>
Fund Balances-Beginning		<u>626,457</u>		
Fund Balances-Ending		<u>\$ 640,484</u>		

**CITY OF LAREDO, TEXAS
FIRE TRAINING FACILITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 1,539,647	1,221	1,540,868	1,539,618
Net increase (decrease) in the fair value of Investments	(86)	(89)	(175)	-
Miscellaneous:				
Other	624,668	-	624,668	624,668
TOTAL REVENUES	<u>2,164,229</u>	<u>1,132</u>	<u>2,165,361</u>	<u>2,164,286</u>
EXPENDITURES:				
Materials & Supplies	56	-	56	56
Contractual Services	824,520	2,125	826,645	826,645
Other	65,167	-	65,167	65,168
Capital Outlay	9,630,995	-	9,630,995	9,667,053
TOTAL EXPENDITURES	<u>10,520,738</u>	<u>2,125</u>	<u>10,522,863</u>	<u>10,558,922</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,356,509)</u>	<u>(993)</u>	<u>(8,357,502)</u>	<u>(8,394,636)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	5,250,000	-	5,250,000	5,250,000
Transfers In:				
General Fund	1,500,000	-	1,500,000	1,500,000
Capital Improvements Fund	20,000	-	20,000	20,000
2002 C.O. Issue	982,636	-	982,636	982,636
Police Trust Fund	700,000	-	700,000	700,000
Transfer Out:				
2003 C.O. Issue	-	(58,000)	(58,000)	(58,000)
TOTAL OTHER FINANCING SOURCES:	<u>8,452,636</u>	<u>(58,000)</u>	<u>8,394,636</u>	<u>8,394,636</u>
Net Change in Fund Balances	<u>\$ 96,127</u>	<u>(58,993)</u>	<u>37,134</u>	<u>-</u>
Fund Balances-Beginning		96,127		
Fund Balances-Ending		<u>\$ 37,134</u>		

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**CITY OF LAREDO, TEXAS
CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 64,124	321,076	385,200	385,200
State	162,396	596,666	759,062	6,555,795
Other	41,638	512,155	553,793	676,638
Investment Income:				
Interest Earnings	3,655,711	183,413	3,839,124	3,783,349
Net increase (decrease) in the fair value of Investments	(4,552)	(21,352)	(25,904)	-
Discount Earnings	360	-	360	360
Miscellaneous:				
Local Contributions	861,813	215,079	1,076,892	968,788
Other	173,939	-	173,939	172,912
TOTAL REVENUES	<u>4,955,429</u>	<u>1,807,037</u>	<u>6,762,466</u>	<u>12,543,042</u>
EXPENDITURES:				
Contractual Services	-	1,200	1,200	3,400
Other	-	-	-	25,602
Capital Outlay	6,176,304	2,998,224	9,174,528	22,381,858
TOTAL EXPENDITURES	<u>6,176,304</u>	<u>2,999,424</u>	<u>9,175,728</u>	<u>22,410,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,220,875)</u>	<u>(1,192,387)</u>	<u>(2,413,262)</u>	<u>(9,867,818)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	3,343,955	-	3,343,955	3,343,955
Mineral Leases	115,080	-	115,080	115,080
Civic Center	3,000,000	-	3,000,000	3,000,000
Hotel-Motel Occupancy Tax	300,000	-	300,000	350,000
Contractual Obligations	58,300	-	58,300	58,300
EDA-DPW Infrastructure	21,905	-	21,905	21,905
1998 C.O. Issue	275,976	-	275,976	600,474
Transit System	100,000	-	100,000	100,000
Bridge System	3,089,475	991,453	4,080,928	3,089,475
Municipal Housing Corporation	\$ 865,000	700,000	1,565,000	1,565,000

(Continued)

**CITY OF LAREDO, TEXAS
CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

(Continued)

	Prior Years	Current Year	Total To Date	Project Authorization
Transfers Out:				
General Fund	\$ (280,000)	-	(280,000)	(280,000)
Infrastructure Maintenance	(1,822,270)	-	(1,822,270)	(1,822,270)
Civic Center	(54,101)	-	(54,101)	(54,101)
Fire Training Facility	(20,000)	-	(20,000)	(20,000)
2001 C.O. Issue	(200,000)	-	(200,000)	(200,000)
TOTAL OTHER FINANCING SOURCES:	8,793,320	1,691,453	10,484,773	9,867,818
Net Change in Fund Balances	\$ 7,572,445	499,066	8,071,511	-
Fund Balances-Beginning		7,572,445		
Fund Balances-Ending		\$ 8,071,511		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2002 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 146,325	20,464	166,789	137,522
Miscellaneous:				
Reimbursements	15,796	-	15,796	1,107,014
TOTAL REVENUES	162,121	20,464	182,585	1,244,536
EXPENDITURES:				
Contractual Services	2,425	-	2,425	2,425
Debt Service	225,000	-	225,000	225,000
Other	-	-	-	1,091,219
Capital Outlay	4,478,536	-	4,478,536	5,228,463
TOTAL EXPENDITURES	4,705,961	-	4,705,961	6,547,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,543,840)	20,464	(4,523,376)	(5,302,571)
OTHER FINANCING SOURCES (USES):				
Bond Issues	9,925,000	-	9,925,000	9,925,000
Transfers Out:				
Fire Training Facility	(982,636)	-	(982,636)	(982,636)
Solid Waste Fund	(3,639,793)	-	(3,639,793)	(3,639,793)
TOTAL OTHER FINANCING SOURCES:	5,302,571	-	5,302,571	5,302,571
Net Change in Fund Balances	\$ 758,731	20,464	779,195	-
Fund Balances-Beginning		758,731		
Fund Balances-Ending		\$ 779,195		

**CITY OF LAREDO, TEXAS
RYAN STREET RAILROAD BRIDGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Transportation Grant	\$ 554,118	22	554,140	571,200
Miscellaneous:				
Local Contributions	<u>157,800</u>	<u>-</u>	<u>157,800</u>	<u>157,800</u>
TOTAL REVENUES	<u>711,918</u>	<u>22</u>	<u>711,940</u>	<u>729,000</u>
EXPENDITURES:				
Contractual Services	79,438	22	79,460	96,520
Capital Outlay	<u>632,480</u>	<u>-</u>	<u>632,480</u>	<u>632,480</u>
TOTAL EXPENDITURES	<u>711,918</u>	<u>22</u>	<u>711,940</u>	<u>729,000</u>
Net Change in Fund Balances	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u><u>\$ -</u></u>		

**CITY OF LAREDO, TEXAS
STREETS OF LAREDO URBAN MALL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
EDA Grant	\$ 863,229	44,373	907,602	1,000,000
Miscellaneous:				
Local Contributions	450,000	-	450,000	450,000
TOTAL REVENUES	<u>1,313,229</u>	<u>44,373</u>	<u>1,357,602</u>	<u>1,450,000</u>
EXPENDITURES:				
Contractual Services	167,483	2,136	169,619	209,849
Other	-	42,237	42,237	45,335
Capital Outlay	1,145,746	-	1,145,746	1,194,816
TOTAL EXPENDITURES	<u>1,313,229</u>	<u>44,373</u>	<u>1,357,602</u>	<u>1,450,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		-		
Fund Balances-Ending		<u>\$ -</u>		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2003 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 69,378	58,551	127,929	77,789
Net increase (decrease) in the fair value of Investments	(1,915)	(6,600)	(8,515)	-
Miscellaneous:				
Local Contributions	31,023	-	31,023	-
Reimbursements	16,146	-	16,146	-
TOTAL REVENUES	114,632	51,951	166,583	77,789
EXPENDITURES:				
Contractual Services	780	-	780	780
Other	70,000	-	70,000	97,335
Capital Outlay	645,402	1,708,742	2,354,144	3,547,674
TOTAL EXPENDITURES	716,182	1,708,742	2,424,924	3,645,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(601,550)	(1,656,791)	(2,258,341)	(3,568,000)
OTHER FINANCING SOURCES (USES):				
Bond Issues	3,510,000	-	3,510,000	3,510,000
Transfers In:				
Fire Training Facility	-	58,000	58,000	58,000
TOTAL OTHER FINANCING SOURCES:	3,510,000	58,000	3,568,000	3,568,000
Net Change in Fund Balances	\$ 2,908,450	(1,598,791)	1,309,659	-
Fund Balances-Beginning		2,908,450		
Fund Balances-Ending		\$ 1,309,659		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2005 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ -	438,435	438,435	370,157
TOTAL REVENUES	<u>-</u>	<u>438,435</u>	<u>438,435</u>	<u>370,157</u>
EXPENDITURES:				
Other	-	256,525	256,525	341,157
Capital Outlay	-	408,462	408,462	12,654,000
TOTAL EXPENDITURES	<u>-</u>	<u>664,987</u>	<u>664,987</u>	<u>12,995,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(226,552)</u>	<u>(226,552)</u>	<u>(12,625,000)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	-	15,625,000	15,625,000	15,625,000
Transfers Out:				
Communication System Fund	-	-	-	(3,000,000)
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>15,625,000</u>	<u>15,625,000</u>	<u>12,625,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>15,398,448</u>	<u>15,398,448</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ 15,398,448</u>		

**CITY OF LAREDO, TEXAS
CANSECO ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 800	800	1,618	-	1,618	818
Net increase (decrease) in the fair value of Investments	-	-	(192)	-	(192)	(192)
TOTAL REVENUES	800	800	1,426	-	1,426	626
EXPENDITURES:						
Materials & Supplies	1,200	1,200	-	-	-	1,200
Contractual Services	800	800	-	-	-	800
Other	4,940	4,940	-	-	-	4,940
TOTAL EXPENDITURES	6,940	6,940	-	-	-	6,940
Excess (Deficiency) of Revenues Over Expenditures	(6,140)	(6,140)	1,426	-	1,426	7,566
Fund Balances at Beginning of Year	61,021	61,039	61,039	-	61,039	-
FUND BALANCES AT END OF YEAR	\$ 54,881	54,899	62,465	-	62,465	7,566

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal Service funds account for the financing of goods or services provided by one City department or agency to other City departments or agencies, or to other governmental entities, on a cost- reimbursement basis.

Internal Funds include:

RISK MANAGEMENT FUND - to account for the transactions related to the partial self insurance plan for medical coverage for City employees.

HEALTH AND BENEFITS FUND - to account for all expenses associated with the City's partially self funded health benefits program.

FLEET MANAGEMENT - to account for the providing of fuel and repair services to all city owned vehicles and machinery, on a cost reimbursement basis.

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2005

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>TOTAL</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash	\$ -	-	400	400
Equity in Investment Pool	3,787	3,019	440	7,246
Investments	2,154,222	1,712,855	221,553	4,088,630
Accounts Receivable	-	337,966	9,011	346,977
Accrued Interest Receivable	10,938	8,697	1,125	20,760
Inventory	-	-	267,026	267,026
Prepaid items	240,000	-	-	240,000
Total Current Assets	<u>2,408,947</u>	<u>2,062,537</u>	<u>499,555</u>	<u>4,971,039</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	1,188	-	654,948	656,136
Transportation Vehicles and Equipment	68,884	17,217	671,295	757,396
Less Accumulated Depreciation	(55,189)	(14,329)	(755,160)	(824,678)
Total Capital Assets (Net of Accumulated Depreciation)	<u>14,883</u>	<u>2,888</u>	<u>571,083</u>	<u>588,854</u>
TOTAL ASSETS	<u>2,423,830</u>	<u>2,065,425</u>	<u>1,070,638</u>	<u>5,559,893</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	233,849	132,841	290,957	657,647
Claims and Judgments Payable	953,306	1,940,305	-	2,893,611
Accrued Wages and Employee Benefits	7,274	8,583	32,211	48,068
Compensated Absences	10,760	5,337	48,113	64,210
Total Current Liabilities	<u>1,205,189</u>	<u>2,087,066</u>	<u>371,281</u>	<u>3,663,536</u>
Noncurrent Liabilities:				
Compensated Absences	14,514	1,286	79,270	95,070
Total Noncurrent Liabilities	<u>14,514</u>	<u>1,286</u>	<u>79,270</u>	<u>95,070</u>
TOTAL LIABILITIES	<u>1,219,703</u>	<u>2,088,352</u>	<u>450,551</u>	<u>3,758,606</u>
NET ASSETS				
Invested in Capital Assets	14,883	2,888	571,083	588,854
Unrestricted (Deficit)	1,189,244	(25,815)	49,004	1,212,433
TOTAL NET ASSETS	<u>\$ 1,204,127</u>	<u>(22,927)</u>	<u>620,087</u>	<u>1,801,287</u>

**CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
Year ended September 30, 2005**

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Charges for Services	\$ 4,897,217	12,504,095	5,653,742	23,055,054
Reimbursements	2,645	823,479	19,697	845,821
TOTAL OPERATING REVENUES	4,899,862	13,327,574	5,673,439	23,900,875
OPERATING EXPENSES:				
Cost of Services	3,890,094	15,770,805	3,408,976	23,069,874
Personnel Services	379,627	378,293	1,656,216	2,414,136
Materials and Supplies	41,259	48,579	71,263	161,101
Contractual Services	207,976	405,352	329,464	942,792
Other	-	6,890	24,751	31,641
Depreciation	5,564	642	65,973	72,179
TOTAL OPERATING EXPENSES	4,524,520	16,610,561	5,556,642	26,691,723
Operating Income (Loss)	375,342	(3,282,987)	116,797	(2,790,848)
NON-OPERATING REVENUES (EXPENSES):				
Investment Income:				
Interest Earnings	41,037	9,035	830	50,902
Net Increase (Decrease) in the Fair Value of Investments	(4,863)	806	-	(4,057)
Discount Earnings	70,864	46,906	-	117,770
Gain/(Loss) on Sale of Assets	-	-	1,076	1,076
TOTAL NON-OPERATING REVENUES (EXPENSES)	107,038	56,747	1,906	165,691
OPERATING TRANSFERS IN/(OUT):				
Transfers In	-	3,100,000	-	3,100,000
Transfers Out	(22,708)	-	-	(22,708)
TOTAL OPERATING TRANSFERS IN/(OUT)	(22,708)	3,100,000	-	3,077,292
Change in Net Assets	459,672	(126,240)	118,703	452,135
Total Net Assets - Beginning	744,455	103,313	501,384	1,349,152
TOTAL NET ASSETS- ENDING	\$ 1,204,127	(22,927)	620,087	1,801,287

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2005

	RISK MANAGEMENT	HEALTH & BENEFITS	FLEET MANAGEMENT	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,735	1,325,317	45,226	1,373,278
Receipts from interfund services provided	4,897,217	12,504,095	5,653,742	23,055,054
Payment to suppliers	(4,039,578)	(15,623,238)	(3,634,190)	(23,297,006)
Payment to employees	(379,926)	(380,933)	(1,663,868)	(2,424,727)
Payment for interfund services used	(153,041)	(348,107)	(159,525)	(660,673)
Net cash provided (used) by operating activities	327,407	(2,522,866)	241,385	(1,954,074)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:				
Advance from Other Funds	-	3,100,000	(5,173)	3,094,827
Transfer to Other Funds	(22,708)	-	-	(22,708)
Net cash provided (used) by noncapital and related financing activities	(22,708)	3,100,000	(5,173)	3,072,119
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	-	(15,000)	(15,000)
Net cash provided (used) by capital and related financing activities	-	-	(15,000)	(15,000)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturity of investments	(409,436)	(626,008)	(220,477)	(1,255,921)
Interest and dividends received	102,995	48,505	(295)	151,205
Net cash provided (used) by investing activities	(306,441)	(577,503)	(220,772)	(1,104,716)
Net increase (decrease) in cash and cash equivalents	(1,742)	(369)	440	(1,671)
Cash and cash equivalents - October 1, 2004	5,529	3,388	400	9,317
Cash and cash equivalents - September 30, 2005	\$ 3,787	3,019	840	7,646
Reconciliation of Operating income to net cash provided (used) by operating activities:				
Operating income	\$ 375,342	(3,282,987)	116,797	(2,790,848)
Adjustments to reconcile operating income to net cash provided (used)				
Depreciation expense	5,564	642	65,973	72,179
(Increase) decrease in accounts receivable	90	501,838	3,502	505,430
Increase in allowable for uncollectible accounts	-	-	22,027	22,027
(Increase) decrease in inventories	-	-	(23,407)	(23,407)
(Increase) decrease in prepaid items	106,000	-	-	106,000
Increase (decrease) in accounts payable	(48,816)	32,310	64,145	47,639
Increase (decrease) in compensated absences payable	5,771	1,809	20,127	27,707
Increase (decrease) in accrued wages and employee benefits	(6,070)	(4,449)	(27,779)	(38,298)
Increase (decrease) in claims and judgements payable	(110,474)	227,971	-	117,497
Total adjustments	(47,935)	760,121	124,588	836,774
Net cash provided by operating activities	\$ 327,407	(2,522,866)	241,385	(1,954,074)
Noncash investing, capital, and financing activities:				
Increase (decrease) in the fair value of investments	(4,863)	806	-	(4,057)

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CITY OF LAREDO, TEXAS
RISK MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2005

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Budget</u>				
OPERATING REVENUES:						
Charges for Services	\$ 4,799,709	4,799,709	4,897,217	-	4,897,217	97,508
Reimbursements	-	-	2,645	-	2,645	2,645
TOTAL OPERATING REVENUES	4,799,709	4,799,709	4,899,862	-	4,899,862	100,153
OPERATING EXPENSES:						
Cost of Services	4,204,985	4,406,985	3,890,094	-	3,890,094	516,891
Personnel Services	438,446	438,446	379,627	(5,772)	373,855	64,591
Materials and Supplies	53,162	56,332	41,259	-	41,259	15,073
Contractual Services	243,576	240,408	207,976	-	207,976	32,430
Depreciation	-	-	5,564	(5,564)	-	-
TOTAL OPERATING EXPENSES	4,940,169	5,142,169	4,524,520	(11,336)	4,513,184	628,985
Operating Income (Loss)	(140,460)	(342,460)	375,342	11,336	386,678	729,138
NON-OPERATING REVENUES (EXPENSES)						
Investment Income:						
Interest Earnings	15,000	15,000	41,037	-	41,037	26,037
Net Increase (Decrease) in the Fair Value of Investments	-	-	(4,863)	-	(4,863)	(4,863)
Discount Earnings	-	-	70,864	-	70,864	70,864
TOTAL NON-OPERATING REVENUES	15,000	15,000	107,038	-	107,038	92,038
Income Before Contributions and Transfers	(125,460)	(327,460)	482,380	11,336	493,716	821,176
OPERATING TRANSFERS OUT:						
Transfers Out:						
Debt Service	(22,708)	(22,708)	(22,708)	-	(22,708)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(22,708)	(22,708)	(22,708)	-	(22,708)	-
Change in Net Assets	(148,168)	(350,168)	459,672	11,336	471,008	821,176
Total Net Assets - Beginning	744,455	744,455	744,455	-	744,455	-
TOTAL NET ASSETS - ENDING	\$ 596,287	394,287	1,204,127	11,336	1,215,463	821,176

**CITY OF LAREDO, TEXAS
RISK MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	2,735
Receipts from interfund services provided		4,897,217
Payment to suppliers		(4,039,578)
Payment to employees		(379,926)
Payment for interfund services used		<u>(153,041)</u>
Net cash provided (used) by operating activities		<u>327,407</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		<u>(22,708)</u>
Net cash provided (used) by noncapital and related financing activities		<u>(22,708)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments		(409,436)
Interest and dividends received		<u>102,995</u>
Net cash provided (used) by investing activities		<u>(306,441)</u>
Net increase (decrease) in cash and cash equivalents		(1,742)
Cash and cash equivalents - October 1, 2004		<u>5,529</u>
Cash and cash equivalents - September 30, 2005	\$	<u>3,787</u>

Reconciliation of Operating income to net cash provided (used) by operating activities:

Operating income	\$	<u>375,342</u>
Adjustments to reconcile operating income to net cash provided (used)		
Depreciation expense		5,564
(Increase) decrease in accounts receivable		90
(Increase) decrease in prepaid items		106,000
Increase (decrease) in accounts payable		(48,816)
Increase (decrease) in compensated absences payable		5,771
Increase (decrease) in accrued wages and employee benefits		(6,070)
Increase (decrease) in claims and judgments payable		<u>(110,474)</u>
Total adjustments		<u>(47,935)</u>
Net cash provided by operating activities	\$	<u>327,407</u>

Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments		(4,863)
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CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2005

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 12,070,883	12,070,883	12,504,095	-	12,504,095	433,412
Reimbursements	525,000	525,000	823,479	-	823,479	298,479
TOTAL OPERATING REVENUES	12,595,883	12,595,883	13,327,574	-	13,327,574	731,891
OPERATING EXPENSES:						
Cost of Services	12,179,260	15,395,307	15,770,805	-	15,770,805	(375,498)
Personnel Services	366,783	376,484	378,293	(1,809)	376,484	-
Materials and Supplies	54,559	59,028	48,579	-	48,579	10,449
Contractual Services	569,676	432,569	405,352	-	405,352	27,217
Other	-	6,890	6,890	-	6,890	-
Depreciation	-	-	642	(642)	-	-
TOTAL OPERATING EXPENSES	13,170,278	16,270,278	16,610,561	(2,451)	16,608,110	(337,832)
Operating Income (Loss)	(574,595)	(3,674,595)	(3,282,987)	2,451	(3,280,536)	394,059
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	30,000	30,000	9,035	-	9,035	(20,965)
Net Increase (Decrease) in the Fair Value of Investments	-	-	806	-	806	806
Discount Earnings	-	-	46,906	-	46,906	46,906
TOTAL NON-OPERATING REVENUES	30,000	30,000	56,747	-	56,747	26,747
Income Before Contributions and Transfers	(544,595)	(3,644,595)	(3,226,240)	2,451	(3,223,789)	420,806
OPERATING TRANSFERS:						
Transfers In	-	3,100,000	3,100,000	-	3,100,000	-
TOTAL OPERATING TRANSFERS IN/(OUT)	-	3,100,000	3,100,000	-	3,100,000	-
Change in Net Assets	(544,595)	(544,595)	(126,240)	2,451	(123,789)	420,806
Total Net Assets - Beginning	103,313	103,313	103,313	-	103,313	-
TOTAL NET ASSETS-ENDING	\$ (441,282)	(441,282)	(22,927)	2,451	(20,476)	420,806

**CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,325,317
Receipts from interfund services provided	12,504,095
Payment to suppliers	(15,623,238)
Payment to employees	(380,933)
Payment for interfund services used	<u>(348,107)</u>
Net cash provided (used) by operating activities	<u>(2,522,866)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Advance from other funds	<u>3,100,000</u>
Net cash provided (used) by noncapital and related financing activities	<u>3,100,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(626,008)
Interest and dividends received	<u>48,505</u>
Net cash provided (used) by investing activities	<u>(577,503)</u>
Net increase (decrease) in cash and cash equivalents	(369)
Cash and cash equivalents - October 1, 2004	<u>3,388</u>
Cash and cash equivalents - September 30, 2005	\$ <u><u>3,019</u></u>

Reconciliation of Operating income to net cash provided (used) by operating activities:

Operating income	\$ <u>(3,282,987)</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	642
(Increase) decrease in accounts receivable	501,838
Increase (decrease) in accounts payable	32,310
Increase (decrease) in compensated absences payable	1,809
Increase (decrease) in accrued wages and employee benefits	(4,449)
Increase (decrease) in claims and judgements payable	<u>227,971</u>
Total adjustments	<u>760,121</u>
Net cash provided by operating activities	\$ <u><u>(2,522,866)</u></u>

Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	806
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CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2005

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 4,755,597	5,505,597	5,653,742	-	5,653,742	148,145
Reimbursements	53,748	53,748	19,697	-	19,697	(34,051)
TOTAL OPERATING REVENUES	4,809,345	5,559,345	5,673,439	-	5,673,439	114,094
OPERATING EXPENSES:						
Cost of Services	2,604,882	3,366,882	3,408,975	-	3,408,975	(42,093)
Personnel Services	1,788,691	1,766,141	1,656,216	(20,127)	1,636,089	130,052
Materials and Supplies	75,481	83,561	71,263	-	71,263	12,298
Contractual Services	359,793	347,263	329,464	-	329,464	17,799
Other	2,724	2,724	24,751	(22,027)	2,724	-
Capital Outlay	19,961	15,000	-	15,000	15,000	-
Depreciation	-	-	65,973	(65,973)	-	-
TOTAL OPERATING EXPENSES	4,851,532	5,581,571	5,556,642	(93,127)	5,463,515	118,056
Operating Income (Loss)	(42,187)	(22,226)	116,797	93,127	209,924	232,150
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Investment Income	-	-	830	-	830	830
Gain/(Loss) on Sale of Assets	-	-	1,076	-	1,076	1,076
TOTAL NON-OPERATING REVENUES	-	-	1,906	-	1,906	1,906
Change in Net Assets	(42,187)	(22,226)	118,703	93,127	211,830	234,056
Total Net Assets - Beginning	501,384	501,384	501,384	-	501,384	-
TOTAL NET ASSETS- ENDING	\$ 459,197	479,158	620,087	93,127	713,214	234,056

**CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	45,226
Receipts from interfund services provided		5,653,742
Payment to suppliers		(3,634,190)
Payment to employees		(1,663,868)
Payment for interfund services used		<u>(159,525)</u>
Net cash provided (used) by operating activities		<u>241,385</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Advance from other funds		<u>(5,173)</u>
Net cash provided (used) by noncapital and related financing activities		<u>(5,173)</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets		<u>(15,000)</u>
Net cash provided (used) by capital and related financing activities		<u>(15,000)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments		(220,477)
Interest and dividends received		<u>(295)</u>
Net cash provided (used) by investing activities		<u>(220,772)</u>
Net increase (decrease) in cash and cash equivalents		440
Cash and cash equivalents - October 1, 2004		<u>400</u>
Cash and cash equivalents - September 30, 2005	\$	<u>840</u>

Reconciliation of Operating income to net cash provided (used) by operating activities:

Operating income	\$	<u>116,797</u>
Adjustments to reconcile operating income to net cash provided (used)		
Depreciation expense		65,973
(Increase) decrease in accounts receivable		3,502
Increase in allowable for uncollectible accounts		22,027
(Increase) decrease in inventories		(23,407)
Increase (decrease) in accounts payable		64,145
Increase (decrease) in compensated absences payable		20,127
Increase (decrease) in accrued wages and employee benefits		<u>(27,779)</u>
Total adjustments		<u>124,588</u>
Net cash provided by operating activities	\$	<u>241,385</u>

Noncash investing, capital, and financing activities:

Dispositions of assets		-
Increase (decrease) in the fair value of investments		-

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CAPITAL ASSETS

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source (1)
September 30, 2005 and 2004

	2005	2004
Governmental Funds Capital Assets:		
Land	\$ 45,405,076	39,729,697
Buildings	121,699,569	121,201,079
Improvements Other Than Buildings	328,373,324	327,336,245
Vehicles	36,260,907	33,845,408
Machinery & Equipment	12,331,816	11,059,255
Construction in Progress	7,958,619	5,397,160
Total Governmental Funds Capital Assets	552,029,311	538,568,844

Investments in Governmental Funds Capital Assets by Source:

General Fund	264,675,018	264,143,414
Special Revenue Funds	139,071,019	129,079,586
Capital Projects Funds	148,283,274	145,345,844
Total Investments in Governmental Funds	\$ 552,029,311	538,568,844

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

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operations of Governmental Funds
Schedule by Function and Activity (1)
September 30, 2005

(Continued)

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
General Government:						
Mayor and City Council	\$ 9,908	-	-	-	9,908	-
City Manager	14,703	-	-	-	-	14,703
Municipal Court	294,167	39,981	31,900	-	-	222,286
Building	194,227	-	-	-	172,227	22,000
City Attorney	125	-	-	125	-	-
City Secretary	37,441	-	-	-	-	37,441
Tax Office	67,374	-	-	-	-	67,374
Personnel	8,867	-	-	-	-	8,867
City Planning	92,442	-	-	-	15,125	77,317
Finance	249,313	18,574	-	-	-	230,739
Real Estate	234,600	234,600	-	-	-	-
City Hall Maintenance	3,177,287	2,983,245	112,092	-	-	81,950
Engineering	376,930	-	-	-	350,544	26,386
Management Info. Systems	348,857	-	-	-	-	348,857
Community Development	9,873,895	4,178,204	1,351,295	3,283,199	948,053	113,144
Telecommunications	254,060	-	-	-	15,740	238,320
General Government	15,235,196	7,454,604	1,495,287	3,283,324	1,511,597	1,490,384
Public Safety:						
Police	8,803,520	-	6,128,576	-	2,165,927	509,017
Police Trust Fund	10,480,348	-	447,885	-	8,742,865	1,299,598
Auto Theft Task Force	102,457	-	-	-	30,929	71,528
Narcotics	691,234	-	-	-	483,454	207,780
Financial Task Force	173,504	-	-	-	10,204	163,300
Special Police	1,540,124	-	-	-	-	1,540,124
Laredo Border Violence	267,877	-	-	-	240,947	26,930
Homeland Security Grant	233,398	-	-	-	141,010	92,388
Fire	9,520,282	767,503	1,268,087	-	6,374,079	1,110,613
Hazardous Materials	62,890	-	9,085	-	53,605	-
Parking Meters	1,777,982	1,022,040	2,882	587,708	102,046	83,308
911 Administration	427,348	-	-	-	-	427,348
Traffic Safety	7,978,799	-	38,724	7,461,925	393,040	85,110
Public Safety	42,069,561	1,789,543	7,895,239	8,049,631	18,738,106	5,597,042
Public Works:						
Capital Improvements Projects	59,637,785	693,713	889,007	57,607,650	301,988	145,427
1998 C.O. Issue	1,318,010	-	864,429	-	451,581	-
Infrastructure Maint.	183,733	-	-	105,993	62,760	14,980
DPW	7,956,450	-	7,956,450	-	-	-
New Fire Stations	2,741,302	-	2,148,488	-	592,816	-
Fire Training Facility	1,752,438	455,789	1,129,117	-	-	167,550
2000 CO Issue	7,205,465	933,792	3,273,193	2,998,480	-	-
Colonias Project	1,196,245	-	-	1,196,245	-	-
LEC Construction Project	37,321,632	4,192,679	33,128,953	-	-	-
2002 CO Issue	4,460,017	4,460,017	-	-	-	-
2003 CO Issue	31,023	31,023	-	-	-	-
FAA-Noise Abatement	12,145,956	11,603,476	542,480	-	-	-
Airport Const. Fund.	14,064,465	1,136,564	1,049,636	9,433,165	778,609	1,665,491
Ryan Street Railroad Bridge	648,089	-	-	648,089	-	-
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524	-	-
Contractual Obligations	7,203,573	-	776,528	-	5,596,540	830,505
Public Works	219,547,481	3,930,255	3,769,003	205,724,126	6,042,670	81,427
Public Works	\$ 378,570,166	27,437,288	55,527,282	278,872,252	13,827,864	2,905,380

(Continued)

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operations of Governmental Funds
Schedule by Function and Activity (1)
September 30, 2005

(Continued)

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS D/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
Health & Welfare:						
Health	\$ 4,407,848	421,278	2,528,472	-	407,738	1,050,158
Noise Abtm. Lease	21,280	-	-	-	21,280	-
Environmental Services	<u>6,237,865</u>	<u>738,815</u>	<u>107,853</u>	<u>4,818,117</u>	<u>482,115</u>	<u>110,965</u>
Health & Welfare	<u>10,666,791</u>	<u>1,160,093</u>	<u>2,636,325</u>	<u>4,818,117</u>	<u>891,133</u>	<u>1,161,123</u>
Cultural & Recreational:						
Parks & Recreation	6,274,817	3,110,486	2,548,793	2,000	561,681	51,857
Library	6,845,949	-	6,268,902	33,000	69,770	474,277
New Public Library	56,167	-	22,346	-	-	33,821
Cemetery	109,471	-	7,900	-	84,839	16,732
Friends of the Library	130,074	-	-	-	-	130,074
Civic Center	1,533,778	-	1,359,623	-	40,082	134,073
Public Access Channel	1,671,562	-	1,401,518	-	46,467	223,577
Mercado	1,166,850	-	1,162,235	-	4,615	-
Convention & Visitor's Bureau	70,877	-	17,300	-	53,577	-
West Martin Stadium	<u>347,490</u>	<u>-</u>	<u>340,397</u>	<u>-</u>	<u>-</u>	<u>7,093</u>
Cultural & Recreational	<u>18,207,035</u>	<u>3,110,486</u>	<u>13,129,014</u>	<u>35,000</u>	<u>861,031</u>	<u>1,071,504</u>
Air Transportation Services:						
Airport	<u>79,321,943</u>	<u>4,453,062</u>	<u>41,016,422</u>	<u>33,315,000</u>	<u>431,076</u>	<u>106,383</u>
Air Transportation Services	<u>79,321,943</u>	<u>4,453,062</u>	<u>41,016,422</u>	<u>33,315,000</u>	<u>431,076</u>	<u>106,383</u>
Total Assets in service	<u>544,070,692</u>	<u>45,405,076</u>	<u>121,699,569</u>	<u>328,373,324</u>	<u>36,260,907</u>	<u>12,331,816</u>
Construction in Progress	<u>7,958,619</u>					
Total Governmental Funds Capital Assets	<u>\$ 552,029,311</u>					

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

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
September 30, 2005

(Continued)

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
General Government:				
Mayor and City Council	\$ 9,908	-	-	9,908
City Manager	14,703	-	-	14,703
Municipal Court	294,167	-	-	294,167
Building Inspections	194,227	-	-	194,227
City Attorney	125	-	-	125
City Secretary	37,441	-	-	37,441
Tax Office	61,324	6,050	-	67,374
Personnel	8,867	-	-	8,867
City Planning	92,442	-	-	92,442
Finance	257,213	-	(7,900)	249,313
Real Estate	234,600	-	-	234,600
City Hall Maintenance	3,353,519	5,825	(182,057)	3,177,287
Engineering	376,930	-	-	376,930
Management Info. Systems	349,857	-	-	349,857
Community Development	8,795,692	1,078,203	-	9,873,895
Telecommunications	254,060	-	-	254,060
General Government	14,335,075	1,090,078	(189,957)	15,235,196
Public Safety:				
Police	8,708,612	367,965	(273,057)	8,803,520
Police Trust Fund	8,900,879	1,757,945	(168,476)	10,490,348
Auto Theft Task Force	98,868	3,589	-	102,457
Narcotics	691,234	-	-	691,234
Financial Task Force	246,728	-	(73,224)	173,504
Special Police	1,540,124	-	-	1,540,124
Laredo Border Violence	267,877	-	-	267,877
Homeland Security Grant	233,398	-	-	233,398
Fire	9,025,645	697,461	(202,824)	9,520,282
Hazardous Materials	62,690	-	-	62,690
Parking Meters	1,726,031	51,951	-	1,777,982
911 Administration	-	427,346	-	427,346
Traffic Safety	7,978,799	-	-	7,978,799
Public Safety	39,480,885	3,306,257	(717,581)	42,069,561
Public Works:				
Capital Improvements Project	58,724,415	873,427	-	59,597,842
1998 CO Issue	1,316,010	-	-	1,316,010
Infrastructure Maint.	183,733	-	-	183,733
DPW	7,956,450	-	-	7,956,450
New Fire Stations	2,741,302	-	-	2,741,302
Fire Training Facility	1,752,436	-	-	1,752,436
2000 CO Issue	7,163,625	41,840	-	7,205,465
Colonias Project	1,196,245	-	-	1,196,245
LEC Construction Project	33,387,453	3,934,179	-	37,321,632
2002 CO Issue	4,460,017	-	-	4,460,017
2003 CO Issue	31,023	-	-	31,023
FAA-Noise Abatement	10,996,316	1,149,640	-	12,145,956
Airport Construction Fund	14,064,465	-	-	14,064,465
Ryan Street Railroad Bridge	648,069	-	-	648,069
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524
Contractual Obligation	6,495,404	708,169	-	7,203,573
Public Works	219,641,007	-	(93,526)	219,547,481
Public Works	\$ 371,916,484	6,707,255	(93,526)	378,530,223

(Continued)

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
September 30, 2005

(Continued)

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
Health & Welfare:				
Health	\$ 4,170,240	237,406	-	4,407,646
Noise Abatement Lease	21,280	-	-	21,280
Environmental Services	6,000,724	237,141	-	6,237,865
Health & Welfare	10,192,244	474,547	-	10,666,791
Cultural & Recreational:				
Parks & Recreation	6,054,556	260,204	-	6,314,760
Library	6,852,543	211	(6,805)	6,845,949
New Public Library	56,167	-	-	56,167
Cemetery	109,471	-	-	109,471
Friends of the Library	76,983	53,091	-	130,074
Civic Center	1,533,778	-	-	1,533,778
Public Access Channel	1,671,562	-	-	1,671,562
Mercado	1,166,850	-	-	1,166,850
Convention & Visitors Bureau	70,877	-	-	70,877
West Martin Stadium	347,490	-	-	347,490
Cultural & Recreational	17,940,277	313,506	(6,805)	18,246,978
Air Transportation Services:				
Airport	79,306,709	26,376	(11,142)	79,321,943
Air Transportation Services	79,306,709	26,376	(11,142)	79,321,943
Total Assets In Service	533,171,684	11,918,019	(1,019,011)	544,070,692
Construction in Progress	5,397,160	2,898,006	(336,547)	7,958,619
Total Governmental Funds Capital Assets	\$ 538,568,844	14,816,025	(1,355,558)	552,029,311

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

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ENTERPRISE FUNDS

ENTERPRISE FUNDS

Enterprise funds account for the acquisition, operation and maintenance of the City's facilities and services which are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance.

Enterprise Funds include:

MUNICIPAL TRANSIT SYSTEM - to account for the proceeds from the City's Transit System and a grant from the U.S. Department of Transportation, Urban Mass Transportation used for operating and maintaining the Transit System, which provides 22 bus routes.

BRIDGE SYSTEM - to account for toll proceeds from four international bridges and the related operations, maintenance and debt service.

MUNICIPAL HOUSING CORPORATION - to account for proceeds derived from 211 dwelling units of which 7% is received from Housing Urban Development Section 8 for rental assistance for low income housing and the related operational and maintenance disbursements.

WATERWORKS SYSTEM - to account for the operations, maintenance and debt service from three water treatment plants and seventeen booster stations and the related revenue received from 55,252 customers.

SEWER SYSTEM - to account for the operations, maintenance and debt service of the City's five sewage treatment plants and its related revenue received from 52,565 customers.

SOLID WASTE FUND – to account for the landfill and recycling center operations and revenues collected from landfill fees and Federal and State mandates fees, and for the construction of the municipal landfill.

LAREDO WATER CORPORATION – to account for the costs of acquiring and providing a secondary water source alternative for the City.

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET ASSETS
September 30, 2005

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash	\$ 1,697	200	-	1,897
Equity in Investment Pool	5,611	2,603	-	8,214
Investments	3,151,279	1,462,788	-	4,614,067
Receivable:				
Accrued Interest	16,000	7,427	-	23,427
Accounts	2,706	13,439	-	16,145
Due From Other Funds	112,838	-	-	112,838
Due From Other Governments	441,247	-	-	441,247
Inventory, at cost	430,234	-	-	430,234
Total Current Assets	<u>4,161,612</u>	<u>1,486,457</u>	<u>-</u>	<u>5,648,069</u>
Noncurrent Assets:				
Restricted Assets:				
Investments	5,491,597	-	-	5,491,597
Total Restricted Assets	<u>5,491,597</u>	<u>-</u>	<u>-</u>	<u>5,491,597</u>
Capital Assets:				
Transportation Vehicles and Equipment	17,459,003	142,319	-	17,601,322
Buildings	13,959,990	3,623,431	-	17,583,421
Improvements	1,644,307	131,362	-	1,775,669
Land and Improvements	7,551,731	278,885	-	7,830,616
Constructin in Progress	823,393	-	-	823,393
Less Accumulated Depreciation	<u>(14,024,868)</u>	<u>(2,811,794)</u>	<u>-</u>	<u>(16,836,662)</u>
Total Capital Assets (net of accumulated depreciation)	<u>27,413,556</u>	<u>1,364,203</u>	<u>-</u>	<u>28,777,759</u>
Total Noncurrent Assets	<u>32,905,153</u>	<u>1,364,203</u>	<u>-</u>	<u>34,269,356</u>
TOTAL ASSETS	<u>\$ 37,066,765</u>	<u>2,850,660</u>	<u>-</u>	<u>39,917,425</u>

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET ASSETS
September 30, 2005**

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 463,004	17,072	-	480,076
Retainage Payable	17,665	-	-	17,665
Due to Other Funds	112,838	-	-	112,838
Accrued Wages and Employee Benefits	163,541	8,635	-	172,176
Compensated Absences	108,398	11,147	-	119,545
Tenant Deposits	5,265	71,120	-	76,385
Deferred Revenue	-	6,981	-	6,981
	<u>870,711</u>	<u>114,955</u>	<u>-</u>	<u>985,666</u>
Total Current Liabilities				
Noncurrent Liabilities:				
Compensated Absences	<u>69,202</u>	<u>5,686</u>	<u>-</u>	<u>74,888</u>
	<u>69,202</u>	<u>5,686</u>	<u>-</u>	<u>74,888</u>
Total Noncurrent Liabilities				
	<u>939,913</u>	<u>120,641</u>	<u>-</u>	<u>1,060,554</u>
TOTAL LIABILITIES				
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	32,792,315	1,364,203	-	34,156,518
Unrestricted	<u>3,334,537</u>	<u>1,365,816</u>	<u>-</u>	<u>4,700,353</u>
	<u>36,126,852</u>	<u>2,730,019</u>	<u>-</u>	<u>38,856,871</u>
TOTAL NET ASSETS				

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
Year ended September 30, 2005

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for Services	\$ 2,602,360	60,909	-	2,663,269
Rental of Facilities	497,353	1,113,797	-	1,611,150
Miscellaneous	128,294	44,311	-	172,605
TOTAL OPERATING REVENUES	3,228,007	1,219,017	-	4,447,024
OPERATING EXPENSES:				
Personnel Services	8,131,520	437,178	-	8,568,698
Materials and Supplies	1,943,861	111,593	-	2,055,454
Contractual Services	1,392,552	362,211	-	1,754,763
Other	52,653	55,751	-	108,404
Total Operating Expenses Before Depreciation	11,520,586	966,733	-	12,487,319
Depreciation Expense	1,760,956	112,861	-	1,873,817
TOTAL OPERATING EXPENSES	13,281,542	1,079,594	-	14,361,136
Operating Income (Loss)	(10,053,535)	139,423	-	(9,914,112)
NONOPERATING REVENUES (EXPENSES):				
Investment Income:				
Interest Earnings	96,765	45,924	-	142,689
Interest Earnings - Restricted	156,705	-	-	156,705
Net Increase (Decrease) in Fair Value of Investment	(11,628)	(5,469)	-	(17,097)
Discount Earnings	97	-	-	97
Contributions	-	731	-	731
Sales Tax	5,026,869	-	-	5,026,869
Gain (Loss) on Sale of Assets	(210,733)	-	-	(210,733)
FTA Capital Grant	411,781	-	-	411,781
FTA Operating Grant	3,449,505	-	-	3,449,505
State Dept. of Highways	729,717	-	-	729,717
Construction	(192,062)	-	-	(192,062)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,457,016	41,186	-	9,498,202
Income (Loss) Before Contributions and Transfers	(596,519)	180,609	-	(415,910)
Transfers Out:				
General Fund	(40,182)	-	-	(40,182)
Debt Service	(941,393)	-	-	(941,393)
Capital Improvements Fund	-	(700,000)	-	(700,000)
Change in Net Assets	(1,578,094)	(519,391)	-	(2,097,485)
Total Net Assets-Beginning	37,704,946	3,249,410	-	40,954,356
Total Net Assets-Ending	\$ 36,126,852	2,730,019	-	38,856,871

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2005

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
CASH FLOW FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 3,228,626	1,208,650	-	4,437,276
Payments to suppliers	(3,167,995)	(345,099)	-	(3,513,094)
Payments to employees	(8,758,750)	(440,331)	-	(9,199,081)
Payments for interfund services used	(48,098)	(208,927)	-	(257,025)
Net cash provided (used) by operating activities	(8,746,217)	214,293	-	(8,531,924)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer to other funds	(981,575)	(700,000)	-	(1,681,575)
Subsidy from federal and state grants	3,740,137	-	-	3,740,137
Sales Tax	5,026,869	-	-	5,026,869
Net cash provided (used) by noncapital and related financing activities	7,785,431	(700,000)	-	7,085,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Subsidy from federal and state grants	411,781	-	-	411,781
Purchases of capital assets	(1,229,597)	-	-	(1,229,597)
Acquisition and construction of capital assets	(318,895)	-	-	(318,895)
Proceeds from sales of capital assets	11,036	-	-	11,036
Net cash provided (used) by capital and related financing activities	(1,125,675)	-	-	(1,125,675)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	1,824,848	441,625	-	2,266,473
Interest and dividends received	242,762	40,717	-	283,479
Net cash provided (used) by investing activities	2,067,610	482,342	-	2,549,952
Net increase (decrease) in cash and cash equivalents	(18,851)	(3,365)	-	(22,216)
Cash and cash equivalents, October 1	26,159	6,168	-	32,327
Cash and cash equivalents, September 30	\$ 7,308	2,803	-	10,111

**CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (10,053,535)	139,423	-	(9,914,112)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,760,956	112,861	-	1,873,817
(Increase) decrease in accounts receivable	(191)	(8,053)	-	(8,244)
Increase in allowance for uncollectible accounts	136	7,614	-	7,750
(Increase) decrease in inventories	(13,767)	-	-	(13,767)
Increase in customer deposits	810	5,694	-	6,504
Increase (decrease) in accounts payable	186,604	(24,471)	-	162,133
Increase (decrease) in deferred revenues	-	(15,622)	-	(15,622)
Increase (decrease) in compensated absences payable	(7,285)	3,195	-	(4,090)
Increase (decrease) in accrued wages and employee benefits	(619,945)	(6,348)	-	(626,293)
Total adjustments	<u>1,307,318</u>	<u>74,870</u>	<u>-</u>	<u>1,382,188</u>
Net cash provided (used) by operating activities	\$ <u>(8,746,217)</u>	<u>214,293</u>	<u>-</u>	<u>(8,531,924)</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	-	731	-	731
Disposition of assets	(221,769)	-	-	(221,769)
Increase (Decrease) in fair value of investments	(11,628)	(5,469)	-	(17,097)

CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 2,502,689	2,525,610	2,602,360	-	2,602,360	76,750
Miscellaneous	87,751	120,199	128,294	-	128,294	8,095
Rental of Facilities	496,176	496,176	497,353	-	497,353	1,177
TOTAL OPERATING REVENUES	3,086,616	3,141,985	3,228,007	-	3,228,007	86,022
OPERATING EXPENSES:						
Opt-Fixed Route:						
Personnel Services	4,671,485	4,742,576	4,804,689	12,212	4,816,901	(74,325)
Materials and Supplies	682,600	891,614	925,142	-	925,142	(33,528)
Contractual Services	280,224	243,814	240,053	-	240,053	3,761
Other	224,221	82,671	41,733	-	41,733	40,938
Total Opt-Fixed Route	5,858,530	5,960,675	6,011,617	12,212	6,023,829	(63,154)
Opt-Para Transit:						
Personnel Services	708,839	777,652	790,678	4,394	795,072	(17,420)
Materials and Supplies	66,300	88,255	89,678	-	89,678	(1,423)
Contractual Services	87,750	69,055	67,569	-	67,569	1,486
Other	25,036	11,150	10,367	-	10,367	783
Total Opt-Para Transit	887,925	946,112	958,292	4,394	962,686	(16,574)
Maint-Fixed Route:						
Personnel Services	1,155,048	1,264,325	1,276,864	(1,675)	1,275,189	(10,864)
Materials and Supplies	533,250	724,010	794,335	-	794,335	(70,325)
Contractual Services	179,861	151,950	131,637	-	131,637	20,313
Other	15,541	-	-	-	-	-
Total Maint-Fixed Route	1,883,700	2,140,285	2,202,836	(1,675)	2,201,161	(60,876)
Maint-Para Transit:						
Personnel Services	193,703	194,885	199,540	(773)	198,767	(3,882)
Materials and Supplies	59,650	49,354	52,252	-	52,252	(2,898)
Contractual Services	43,704	51,792	50,786	-	50,786	1,006
Other	2,794	-	-	-	-	-
Total Maint-Para Transit	299,851	296,031	302,578	(773)	301,805	(5,774)
Training and Safety:						
Personnel Services	52,930	55,198	56,419	(230)	56,189	(991)
Materials and Supplies	7,758	5,437	4,518	-	4,518	919
Contractual Services	2,997	1,443	1,393	-	1,393	50
Total Training and Safety	63,685	62,078	62,330	(230)	62,100	(22)
Building/Grounds:						
Personnel Services	152,917	137,557	140,764	(4,202)	136,562	995
Materials and Supplies	30,815	34,594	31,078	-	31,078	3,516
Contractual Services	168,071	182,293	156,799	-	156,799	25,494
Total Building/Grounds	\$ 351,803	354,444	328,641	(4,202)	324,439	30,005

(Continued)

CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Bus Stop/Shelters:						
Personnel Services	\$ 79,676	83,472	85,093	-	85,093	(1,621)
Materials and Supplies	4,200	1,421	1,221	-	1,221	200
Contractual Services	11,236	8,138	4,974	-	4,974	3,164
Total Bus Stop/Shelters	95,112	93,031	91,288	-	91,288	1,743
General Administration:						
Personnel Services	167,902	161,997	168,108	(1,100)	167,008	(5,011)
Materials and Supplies	5,650	4,968	4,396	-	4,396	572
Contractual Services	502,303	461,483	450,189	-	450,189	11,294
Other	232	100	507	(407)	100	-
Total General Administration	676,087	628,548	623,200	(1,507)	621,693	6,855
Planning:						
Personnel Services	102,333	56,313	57,229	(1,697)	55,532	781
Materials and Supplies	1,100	1,929	1,747	-	1,747	182
Contractual Services	8,016	2,864	2,147	-	2,147	717
Total Planning	111,449	61,106	61,123	(1,697)	59,426	1,680
Marketing:						
Personnel Services	72,682	52,461	55,089	-	55,089	(2,628)
Materials and Supplies	8,041	7,760	3,977	-	3,977	3,783
Contractual Services	36,413	20,962	18,444	-	18,444	2,518
Total Marketing	117,136	81,183	77,510	-	77,510	3,673
Customer Service:						
Personnel Services	228,929	231,210	234,464	(1,481)	232,983	(1,773)
Materials and Supplies	11,400	8,833	8,050	-	8,050	783
Contractual Services	41,499	40,370	26,327	-	26,327	14,043
Total Customer Service	281,828	280,413	268,841	(1,481)	267,360	13,053
Transit Center Building:						
Personnel Services	291,310	249,103	228,228	(127)	228,101	21,002
Materials and Supplies	36,931	29,809	25,765	-	25,765	4,044
Contractual Services	198,884	217,743	180,626	-	180,626	37,117
Total General Administration	527,125	496,655	434,619	(127)	434,492	62,163
Transit Center Facility:						
Personnel Services	103,809	59,047	34,355	(453)	33,902	25,145
Materials and Supplies	4,604	2,850	1,702	-	1,702	1,148
Contractual Services	3,633	77,390	61,608	-	61,608	15,782
Other	-	94,251	46	-	46	94,205
Total Transit Center Facility	112,046	233,538	97,711	(453)	97,258	136,280
Total Operating Expenses Before Depreciation	11,266,277	11,634,099	11,520,586	4,461	11,525,047	109,052
Depreciation	-	-	1,760,956	(1,760,956)	-	-
TOTAL OPERATING EXPENSES	11,266,277	11,634,099	13,281,542	(1,756,495)	11,525,047	109,052
Operating Income (Loss)	\$ (8,179,661)	(8,492,114)	(10,053,535)	1,756,495	(8,297,040)	195,074

(Continued)

CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 44,900	44,900	96,765	-	96,765	51,865
Interest Earnings-Restricted	-	-	156,705	-	156,705	156,705
Net Increase (Decrease) in Fair Value of Investments	-	-	(11,628)	-	(11,628)	(11,628)
Discount Earnings	-	-	97	-	97	97
Sales Tax	4,792,510	4,792,510	5,026,869	-	5,026,869	234,359
Loss on Sale of Equipment	-	-	(221,769)	221,769	-	-
Gain on Sale of Equipment	-	-	11,036	-	11,036	11,036
FTA Capital Grant	-	1,714,393	411,781	-	411,781	(1,302,612)
State Capital Grant	-	610,300	-	-	-	(610,300)
FTA Operating Grant	3,200,000	4,056,570	3,449,505	-	3,449,505	(607,065)
State Dept. of Highways	783,870	783,870	729,717	-	729,717	(54,153)
Construction	(144,000)	(301,360)	(192,062)	(126,833)	(318,895)	(17,535)
Capital Outlay	(526,500)	(9,577,021)	-	(1,229,597)	(1,229,597)	8,347,424
Other	(2,178,927)	(2,783,857)	-	-	-	2,783,857
TOTAL NONOPERATING REVENUES AND (EXPENSES)	<u>5,971,853</u>	<u>(659,695)</u>	<u>9,457,016</u>	<u>(1,134,661)</u>	<u>8,322,355</u>	<u>8,982,050</u>
Income (Loss) Before Contributions and Transfers	(2,207,808)	(9,151,809)	(596,519)	621,834	25,315	9,177,124
Transfer In:						
Transit Sales Tax	4,424,141	3,675,341	-	4,113,851	4,113,851	438,510
Transfers Out:						
General Fund	(40,182)	(40,182)	(40,182)	-	(40,182)	-
Debt Service	(941,393)	(941,393)	(941,393)	-	(941,393)	-
Transit Operations	(4,079,947)	(3,367,070)	-	(4,108,274)	(4,108,274)	(741,204)
Transit Center Facility	(158,194)	(158,194)	-	-	-	158,194
Capital and Planning	(186,000)	(150,077)	-	(5,577)	(5,577)	144,500
Change in Net Assets	(3,189,383)	(10,133,384)	(1,578,094)	621,834	(956,260)	9,177,124
Total Net Assets-Beginning	<u>37,704,946</u>	<u>37,704,946</u>	<u>37,704,946</u>	<u>-</u>	<u>37,704,946</u>	<u>-</u>
Total Net Assets-Ending	<u>\$ 34,515,563</u>	<u>27,571,562</u>	<u>36,126,852</u>	<u>621,834</u>	<u>36,748,686</u>	<u>9,177,124</u>

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	3,228,626
Payments to suppliers		(3,167,995)
Payments to employees		(8,758,750)
Payments for interfund services used		(48,098)
		(8,746,217)
Net cash provided (used) by operating activities		(8,746,217)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(981,575)
Subsidy from federal and state grants		3,740,137
Sales Tax		5,026,869
		7,785,431
Net cash provided (used) by noncapital and related financing activities		7,785,431

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants		411,781
Purchases of capital assets		(1,229,597)
Acquisition and construction of capital assets		(318,895)
Proceeds from sales of capital assets		11,036
		(1,125,675)
Net cash provided (used) by capital and related financing activities		(1,125,675)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		1,824,848
Interest and dividends received		242,762
		2,067,610
Net cash provided (used) by investing activities		2,067,610

Net increase (decrease) in cash and cash equivalents		(18,851)
Cash and cash equivalents, October 1		26,159
Cash and cash equivalents, September 30	\$	7,308

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

(Continued)

**Reconciliation of operating income to
net cash provided (used) by operating
activities:**

Operating income	\$	(10,053,535)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		1,760,956
(Increase) decrease in accounts receivable		(191)
Increase in allowance for uncollectible accounts		136
(Increase) decrease in inventories		(13,767)
Increase in customer deposits		810
Increase (decrease) in accounts payable		186,604
Increase (decrease) in compensated absences payable		(7,285)
Increase (decrease) in accrued wages and employee benefits		(619,945)
Total adjustments		1,307,318
Net cash provided (used) by operating activities	\$	(8,746,217)

**Noncash investing, capital and financing
activities:**

Disposition of assets		(221,769)
Increase (Decrease) in fair value of investments		(11,628)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Rental of Facilities	\$ 1,976,738	1,976,738	2,032,072	-	2,032,072	55,334
Toll Receipts	33,944,977	33,944,977	33,069,032	-	33,069,032	(875,945)
Miscellaneous	2,996	2,996	12,517	-	12,517	9,521
Total Operating Revenues	35,924,711	35,924,711	35,113,621	-	35,113,621	(811,090)
OPERATING EXPENSES:						
Laredo Bridge Operations:						
Personnel Services	1,560,753	1,550,490	1,499,808	2,720	1,502,528	47,962
Materials and Supplies	101,954	101,763	73,053	-	73,053	28,710
Contractual Services	18,542,167	18,595,430	18,055,675	-	18,055,675	539,755
Other	78,924	29,961	26,109	-	26,109	3,852
Total Laredo Bridge Operations	20,283,798	20,277,644	19,654,645	2,720	19,657,365	620,279
Bridge II Operations:						
Personnel Services	1,948,782	1,912,342	1,856,485	5,560	1,862,045	50,297
Materials and Supplies	152,160	142,549	116,595	-	116,595	25,954
Contractual Services	619,389	575,036	528,787	-	528,787	46,249
Total Bridge II Operations	2,720,331	2,629,927	2,501,867	5,560	2,507,427	122,500
Colombia Bridge Operations:						
Personnel Services	1,029,200	1,027,517	1,038,875	4,045	1,042,920	(15,403)
Materials and Supplies	42,015	56,699	35,935	-	35,935	20,764
Contractual Services	179,733	306,221	231,609	-	231,609	74,612
Total Colombia Bridge Operations	1,250,948	1,390,437	1,306,419	4,045	1,310,464	79,973
Fourth Bridge Operations:						
Personnel Services	2,047,456	2,016,694	2,042,586	25,485	2,068,071	(51,377)
Materials and Supplies	167,920	221,101	191,655	-	191,655	29,446
Contractual Services	340,518	338,255	296,582	-	296,582	41,673
Total Fourth Bridge Operations	2,555,894	2,576,050	2,530,823	25,485	2,556,308	19,742
Fifth Bridge:						
Contractual Services	332,500	548,966	559,092	-	559,092	(10,126)
Total Fifth Bridge	332,500	548,966	559,092	-	559,092	(10,126)
Total Operating Expenses Before Depreciation	27,143,471	27,423,024	26,552,846	37,810	26,590,656	832,368
Depreciation	-	-	3,177,017	(3,177,017)	-	-
TOTAL OPERATING EXPENSES	27,143,471	27,423,024	29,729,863	(3,139,207)	26,590,656	832,368
Operating Income (Loss)	\$ 8,781,240	8,501,687	5,383,758	3,139,207	8,522,965	21,278

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005**

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 74,284	74,284	172,257	-	172,257	97,973
Interest Earnings - Restricted	233,908	3,484,916	3,989,068	-	3,989,068	504,152
Net Increase (Decrease) in Fair Value of Investments	-	-	(42,997)	-	(42,997)	(42,997)
Refunding Gain	-	-	76,192	-	76,192	76,192
Bond Issues	-	48,325,000	-	48,325,000	48,325,000	-
Contribution	-	-	64,412	-	64,412	64,412
Interest Expense	(4,219,449)	(3,441,539)	(4,351,239)	311,662	(4,039,577)	(598,038)
Principal Paid Revenue Bonds	(24,657,228)	(27,365,000)	-	(39,002,257)	(39,002,257)	(11,637,257)
Fiscal Agent Fees	(3,500)	(3,500)	(2,063)	-	(2,063)	1,437
Bond Issuance Cost Amortized	-	(1,271,703)	(387,367)	(884,336)	(1,271,703)	-
Loss on Advance Refunding	-	(757,317)	(173,060)	(584,257)	(757,317)	-
Construction	(9,720,918)	(34,217,165)	-	(10,186,975)	(10,186,975)	24,030,190
TOTAL NONOPERATING REVENUES (EXPENSES)	(38,292,903)	(15,172,024)	(654,797)	(2,021,163)	(2,675,960)	12,496,064
Income Before Contributions and Transfers	(29,511,663)	(6,670,337)	4,728,961	1,118,044	5,847,005	12,517,342
Transfers In:						
Bridge Operating Fund	5,984,490	6,024,490	-	4,903,151	4,903,151	(1,121,339)
Infrastructure Maintenance	-	453,820	453,820	-	453,820	-
Bridge Bonds	1,658,428	1,658,428	-	1,658,428	1,658,428	-
Transfers Out:						
Capital Improvements Fund	(2,308,192)	(2,308,192)	(991,453)	-	(991,453)	1,316,739
Debt Service	(784,636)	(784,636)	(784,636)	-	(784,636)	-
Bridge Construction Projects	-	(40,000)	-	(40,000)	(40,000)	-
Bridge Debt Service	(5,984,490)	(5,910,530)	-	(4,863,151)	(4,863,151)	1,047,379
Change in Net Assets	(30,946,063)	(7,576,957)	3,406,692	2,776,472	6,183,164	13,760,121
Total Net Assets-Beginning	23,081,332	23,081,332	23,081,332	-	23,081,332	-
Total Net Assets-Ending	\$ (7,864,731)	15,504,375	26,488,024	2,776,472	29,264,496	13,760,121

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	35,410,713
Payments to suppliers		(17,858,499)
Payments to employees		(6,564,294)
Payments for interfund services used		(1,311,782)
		9,676,138
Net cash provided by operating activities		9,676,138

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(1,776,089)
Advance to other funds		(19,247)
Transfer from other funds		473,067
		(1,322,269)
Net cash provided (used) by noncapital and related financing activities		(1,322,269)

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Proceeds from capital debt		46,295,980
Acquisition and construction of capital assets		(7,091,009)
Principal paid on capital debt		(39,002,257)
Interest paid on capital debt		(4,041,640)
		(3,838,926)
Net cash provided (used) by capital and related financing activities		(3,838,926)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(8,643,151)
Interest and dividends received		4,117,730
		(4,525,421)
Net cash provided (used) by investing activities		(4,525,421)

Net increase (decrease) in cash and cash equivalents		(10,478)
Cash and cash equivalents, October 1		53,136
		42,658
Cash and cash equivalents, September 30	\$	42,658

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

(Continued)

**Reconciliation of operating income to
net cash provided (used) by operating
activities:**

Operating income	\$	5,383,758
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		3,177,017
(Increase) decrease in accounts receivable		104
Increase in customer deposits		178,045
Increase (decrease) in accounts payable		944,811
Increase (decrease) in deferred revenues		118,943
Increase (decrease) in compensated absences payable		(37,810)
Increase (decrease) in accrued wages and employee benefits		(88,730)
Total adjustments		4,292,380
Net cash provided by operating activities	\$	9,676,138

**Noncash investing, capital, and financing
activities:**

Accrued interest-SIB loan & revenue bond		420,532
Bond issuance cost amortized		(387,367)
Increase (Decrease) in fair value of investments		(42,997)

CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Rental of Facilities	\$ 1,100,436	1,100,436	1,113,797	-	1,113,797	13,361
Charges for Services	56,031	56,031	60,909	-	60,909	4,878
Miscellaneous	20,524	20,524	44,311	-	44,311	23,787
TOTAL OPERATING REVENUES	1,176,991	1,176,991	1,219,017	-	1,219,017	42,026
OPERATING EXPENSES:						
Airport Housing:						
Personnel Services	355,367	355,367	356,767	(1,081)	355,686	(319)
Materials and Supplies	77,215	97,135	78,534	-	78,534	18,601
Contractual Services	326,044	328,095	299,805	-	299,805	28,290
Other	32,010	32,010	38,107	(8,500)	29,607	2,403
Total Airport Housing	790,636	812,607	773,213	(9,581)	763,632	48,975
West Laredo Housing:						
Personnel Services	82,054	82,054	80,411	(2,115)	78,296	3,758
Materials and Supplies	51,001	36,558	33,059	-	33,059	3,499
Contractual Services	78,851	71,323	62,406	-	62,406	8,917
Other	12,600	12,600	17,644	(5,044)	12,600	-
Total West Laredo Housing	224,506	202,535	193,520	(7,159)	186,361	16,174
Total Operating Expenses Before Depreciation	1,015,142	1,015,142	966,733	(16,740)	949,993	65,149
Depreciation Expense	-	-	112,861	(112,861)	-	-
TOTAL OPERATING EXPENSES	1,015,142	1,015,142	1,079,594	(129,601)	949,993	65,149
Operating Income (Loss)	\$ 161,849	161,849	139,423	129,601	269,024	107,175

(Continued)

CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 19,500	19,500	45,924	-	45,924	26,424
Net Increase (Decrease) in Fair Value of Investments	-	-	(5,469)	-	(5,469)	(5,469)
Contributions	500	500	731	-	731	231
TOTAL NONOPERATING REVENUES (EXPENSES)	20,000	20,000	41,186	-	41,186	21,186
Income (Loss) Before Contributions and Transfers	181,849	181,849	180,609	129,601	310,210	128,361
Transfer Out:						
Capital Improvements Fund	-	(700,000)	(700,000)	-	(700,000)	-
Change in Net Assets	181,849	(518,151)	(519,391)	129,601	(389,790)	128,361
Total Net Assets-Beginning	3,249,410	3,249,410	3,249,410	-	3,249,410	-
Total Net Assets-Ending	\$ 3,431,259	2,731,259	2,730,019	129,601	2,859,620	128,361

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	1,208,650
Payments to suppliers		(345,099)
Payments to employees		(440,331)
Payments for interfund services used		(208,927)
		214,293
Net cash provided by operating activities		214,293

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(700,000)
Net cash provided (used) by noncapital and related financing activities		(700,000)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		441,625
Interest and dividends received		40,717
		482,342
Net cash provided (used) by investing activities		482,342
Net increase (decrease) in cash and cash equivalents		(3,365)
Cash and cash equivalents, October 1		6,168
Cash and cash equivalents, September 30	\$	2,803

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

(Continued)

**Reconciliation of operating income to
net cash provided (used) by operating
activities:**

Operating income	\$	139,423
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		112,861
(Increase) decrease in accounts receivable		(8,053)
Increase in allowance for uncollectible accounts		7,614
Increase in customer deposits		5,694
Increase (decrease) in accounts payable		(24,471)
Increase (decrease) in deferred revenues		(15,622)
Increase (decrease) in compensated absences payable		3,195
Increase (decrease) in accrued wages and employee benefits		(6,348)
Total adjustments		74,870
Net cash provided by operating activities	\$	214,293

**Noncash investing, capital and financing
activities:**

Contributions of capital assets		731
Increase (Decrease) in fair value of investments		(5,469)

CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Charges for Services	\$ 16,123,548	16,123,548	16,894,576	-	16,894,576	771,028
Rental of Facilities and Equipment	34,109	34,109	34,109	-	34,109	-
Miscellaneous	317,803	317,803	1,043,549	-	1,043,549	725,746
TOTAL OPERATING REVENUES	16,475,460	16,475,460	17,972,234	-	17,972,234	1,496,774
OPERATING EXPENSES:						
General and Administrative:						
Personnel Services	391,643	398,641	307,281	23,562	330,843	67,798
Materials and Supplies	32,432	38,428	26,746	-	26,746	11,682
Contractual Services	830,865	840,943	822,279	-	822,279	18,664
Other	235,229	60,700	121,831	(100,800)	21,031	39,669
Capital Outlay	-	8,000	-	-	-	8,000
Total General and Administrative	1,490,169	1,346,712	1,278,137	(77,238)	1,200,899	145,813
Utility Engineering:						
Personnel Services	553,249	535,131	533,206	(3,739)	529,467	5,664
Materials and Supplies	20,605	22,280	22,219	-	22,219	61
Contractual Services	26,775	26,100	24,988	-	24,988	1,112
Capital Outlay	10,513	12,213	-	-	-	12,213
Total Utility Engineering	611,142	595,724	580,413	(3,739)	576,674	19,050
Utility Compliance:						
Personnel Services	257,308	153,583	137,086	15,343	152,429	1,154
Materials and Supplies	13,295	65,410	65,410	-	65,410	-
Contractual Services	7,356,255	4,560,933	4,560,933	-	4,560,933	-
Other	84,846	-	-	-	-	-
Total Utility Compliance	7,711,704	4,779,926	4,763,429	15,343	4,778,772	1,154
City Managed Employees:						
Personnel Services	226,640	147,757	137,414	10,343	147,757	-
Total City Managed Employees	226,640	147,757	137,414	10,343	147,757	-
Utility Billing:						
Personnel Services	-	500,725	469,036	(13,504)	455,532	45,193
Materials and Supplies	-	125,250	105,040	-	105,040	20,210
Contractual Services	-	208,840	132,932	-	132,932	75,908
Capital Outlay	-	97,912	-	85,912	85,912	12,000
Total Utility Billing	-	932,727	707,008	72,408	779,416	153,311
Asset Management:						
Personnel Services	-	96,514	113,747	(18,675)	95,072	1,442
Materials and Supplies	-	2,265	2,015	-	2,015	250
Contractual Services	-	34,980	5,273	-	5,273	29,707
Total Asset Management	-	133,759	121,035	(18,675)	102,360	31,399
Water Treatment:						
Personnel Services	-	456,246	473,212	(16,966)	456,246	-
Materials and Supplies	-	298,982	298,982	-	298,982	-
Contractual Services	-	1,025,979	1,184,228	-	1,184,228	(158,249)
Total Water Treatment	-	1,781,207	1,956,422	(16,966)	1,939,456	(158,249)
Transmission and Distribution:						
Personnel Services	-	662,661	688,972	(26,311)	662,661	-
Materials and Supplies	-	365,591	428,248	-	428,248	(62,657)
Contractual Services	-	145,332	145,332	-	145,332	-
Total Transmission and Distribution	\$ -	1,173,584	1,262,552	(26,311)	1,236,241	(62,657)

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005**

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Water Pollution Control:						
Personnel Services	\$ -	153,816	137,178	(4,296)	132,882	20,934
Materials and Supplies	-	13,534	10,599	-	10,599	2,935
Contractual Services	-	56,835	24,064	-	24,064	32,771
Total Water Pollution Control	-	224,185	171,841	(4,296)	167,545	56,640
Major Corrective Maintenance:						
Contractual Services	285,000	40,000	13,083	-	13,083	26,917
Other	-	245,000	-	-	-	245,000
Total Major Corrective Maintenance	285,000	285,000	13,083	-	13,083	271,917
Total Operating Expenses Before Depreciation	10,324,655	11,400,581	10,991,334	(49,131)	10,942,203	458,378
Depreciation Expense	-	-	5,069,942	(5,069,942)	-	-
TOTAL OPERATING EXPENSES	10,324,655	11,400,581	16,061,276	(5,119,073)	10,942,203	458,378
Operating Income (Loss)	6,150,805	5,074,879	1,910,958	5,119,073	7,030,031	1,955,152
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	114,600	114,600	271,228	-	271,228	156,628
Interest Earnings Restricted	200,000	222,666	576,787	-	576,787	354,121
Net Increase (Decrease) in Fair Value of Investments	-	-	(83,745)	-	(83,745)	(83,745)
Discount Earnings	-	-	3	-	3	3
Contributions - Waterrights	2,015,600	2,015,600	2,399,922	-	2,399,922	384,322
Contributions - Rain Enhancement Prog.	22,500	22,500	28,088	-	28,088	5,588
Contributions - Developers	-	-	2,392,666	(2,392,666)	-	-
Contributions - Other	-	-	3,000,000	-	3,000,000	3,000,000
Bond Issues	-	4,415,107	-	4,415,000	4,415,000	(107)
Interest Expense	(523,374)	(523,374)	(467,131)	(56,243)	(523,374)	-
Principal Paid Revenue Bond / Capital Leases	(943,000)	(943,000)	-	(943,000)	(943,000)	-
Fiscal Agent Fees	(4,000)	(4,000)	(900)	-	(900)	3,100
Bond Issuance Cost Amortized	-	-	(33,118)	33,118	-	-
Loss on Advance Funding	-	-	(44,987)	44,987	-	-
Water Availability	(5,116,648)	(8,116,648)	(147,449)	(50,000)	(197,449)	7,919,199
Construction	(16,488,708)	(20,926,481)	(133,555)	(1,079,443)	(1,212,998)	19,713,483
TOTAL NONOPERATING REVENUES (EXPENSES)	(20,723,030)	(23,723,030)	7,757,809	(28,247)	7,729,562	31,452,592
Income Before Contributions and Transfers	(14,572,225)	(18,648,151)	9,668,767	5,090,826	14,759,593	33,407,744
Transfer In:						
Waterworks System	3,288,858	2,212,932	-	1,563,202	1,563,202	(649,730)
Transfers Outs:						
Debt Service Fund	(3,655,263)	(3,655,263)	(3,655,263)	-	(3,655,263)	-
Water Construction Fund	(1,416,500)	(585,574)	-	(541,047)	(541,047)	44,527
Water Major Maint. Fund	(285,000)	(40,000)	-	(13,082)	(13,082)	26,918
Water Debt Service	(1,587,358)	(1,587,358)	-	(1,009,073)	(1,009,073)	578,285
Change in Net Assets	(18,227,488)	(22,303,414)	6,013,504	5,090,826	11,104,330	33,407,744
Total Net Assets-Beginning	98,296,387	98,296,387	98,296,387	-	98,296,387	-
Total Net Assets-Ending	\$ 80,068,899	75,992,973	104,309,891	5,090,826	109,400,717	33,407,744

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2004**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	16,487,680
Receipts from interfund services provided		1,344,623
Payments to suppliers		(8,649,905)
Payments to employees		(2,912,723)
Payments for interfund services used		(781,840)
		5,487,835
Net cash provided by operating activities		5,487,835

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(3,655,263)
Net cash provided (used) by noncapital and related financing activities		(3,655,263)

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Proceeds from capital debt		4,294,225
Capital contributions		5,428,010
Purchases of capital assets		(1,215,355)
Acquisition and construction of capital assets		(281,004)
Principal paid on capital debt		(943,000)
Interest paid on capital debt		(524,274)
Net cash provided (used) by capital and related financing activities		6,758,602

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(9,336,467)
Interest and dividends received		728,209
Issuance of Notes Receivable		(6,440)
Net cash provided (used) by investing activities		(8,614,698)

Net increase (decrease) in cash and cash equivalents		(23,524)
Cash and cash equivalents, October 1		77,201

Cash and cash equivalents, September 30	\$	53,677
		(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2004**

(Continued)

**Reconciliation of operating income to
net cash provided (used) by operating
activities:**

Operating income	\$	1,910,958
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		5,069,942
(Increase) decrease in accounts receivable		(143,974)
Increase (decrease) in allowance for uncollectible accounts		(307,533)
(Increase) decrease in inventories		(383,017)
Increase (decrease) in customer deposits		277,579
Increase (decrease) in accounts payable		(1,054,526)
Increase (decrease) in deferred revenues		33,997
Increase (decrease) in compensated absences payable		34,243
Increase (decrease) in accrued wages and employee benefits		50,166
Total adjustments		3,576,877
Net cash provided by operating activities	\$	5,487,835
 Noncash investing, capital, and financing activities:		
Bond issuance cost amortized		33,118
Contributions of capital assets from developers		2,392,666
Increase (Decrease) in fair value of investments		(83,745)
Increase (Decrease) in Accrued Interest Payable		56,245

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Charges for Services	\$ 13,201,188	13,201,188	13,389,474	-	13,389,474	188,286
Miscellaneous	278,759	278,759	464,833	-	464,833	186,074
TOTAL OPERATING REVENUES	13,479,947	13,479,947	13,854,307	-	13,854,307	374,360
OPERATING EXPENSES:						
Administrative:						
Contractual Services	1,353,339	1,672,070	1,672,070	-	1,672,070	-
Other	203,873	34,562	173,996	(139,434)	34,562	-
Total Administrative	1,557,212	1,706,632	1,846,066	(139,434)	1,706,632	-
Wastewater Treatment:						
Personnel Services	-	450,951	464,559	(13,608)	450,951	-
Materials and Supplies	-	148,680	148,680	-	148,680	-
Contractual Services	-	451,297	451,297	-	451,297	-
Capital Outlay	-	150,000	-	-	-	150,000
Total Wastewater Treatment	-	1,200,928	1,064,536	(13,608)	1,050,928	150,000
Utility Compliance:						
Materials and Supplies	-	40,423	40,423	-	40,423	-
Contractual Services	4,904,983	2,979,137	2,979,137	-	2,979,137	-
Other	200,000	-	-	-	-	-
Total Utility Compliance	5,104,983	3,019,560	3,019,560	-	3,019,560	-
City Managed Employees:						
Personnel Services	172,235	93,598	79,466	14,132	93,598	-
Total City Managed Employees	172,235	93,598	79,466	14,132	93,598	-
Wastewater Collection:						
Personnel Services	-	394,111	404,327	(10,216)	394,111	-
Materials and Supplies	-	196,479	169,802	-	169,802	26,677
Contractual Services	-	225,122	195,590	-	195,590	29,532
Capital Outlay	-	8,000	-	-	-	8,000
Total Wastewater Collection	-	823,712	769,719	(10,216)	759,503	64,209
Major Corrective Maintenance:						
Materials and Supplies	10,000	17,067	17,067	-	17,067	-
Contractual Services	220,000	212,933	14,947	-	14,947	197,986
Total Major Corrective Maintenance	230,000	230,000	32,014	-	32,014	197,986
Total Operating Expenses Before Depreciation	7,064,430	7,074,430	6,811,361	(149,126)	6,662,235	412,195
Depreciation Expense	-	-	3,483,500	(3,483,500)	-	-
TOTAL OPERATING EXPENSES	7,064,430	7,074,430	10,294,861	(3,632,626)	6,662,235	412,195
Operating Income (Loss)	\$ 6,415,517	6,405,517	3,559,446	3,632,626	7,192,072	786,555

(Continued)

CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 90,000	90,000	189,244	-	189,244	99,244
Interest Earnings Restricted	146,700	156,993	422,390	-	422,390	265,397
Net Increase (Decrease) in Fair Value of Investments	-	-	(56,694)	-	(56,694)	(56,694)
Contributions - Developers & Other	-	-	2,230,743	(2,230,743)	-	-
Bond Issues	-	2,004,893	-	2,005,000	2,005,000	107
Interest Expense	(376,178)	(376,178)	(355,530)	(20,648)	(376,178)	-
Principal Paid Revenue Bond / Capital Leases	(727,000)	(727,000)	-	(727,000)	(727,000)	-
Fiscal Agent Fees	(3,000)	(3,000)	(3,500)	-	(3,500)	(500)
Bond Issuance Cost Amortized	-	-	(63,372)	63,372	-	-
Loss on Advance Refunding	-	-	(80,700)	80,700	-	-
Construction	(42,267,291)	(44,455,250)	(105,409)	(4,126,830)	(4,232,239)	40,223,011
TOTAL NONOPERATING REVENUES (EXPENSES)	(43,136,769)	(43,309,542)	2,177,172	(4,956,149)	(2,778,977)	40,530,565
Income Before Contributions and Transfers	(36,721,252)	(36,904,025)	5,736,618	(1,323,523)	4,413,095	41,317,120
Transfers In:						
Sewer Operating Fund	2,686,273	2,678,273	-	1,522,967	1,522,967	(1,155,306)
Transfers Outs:						
Debt Service Fund	(3,653,389)	(3,653,389)	(3,653,389)	-	(3,653,389)	-
Sewer Debt Service	(1,085,180)	(1,085,180)	-	(759,999)	(759,999)	325,181
Sewer Construction Fund	(1,420,000)	(1,412,000)	-	(744,972)	(744,972)	667,028
Sewer Bond Funds	-	-	-	(17,996)	(17,996)	(17,996)
Sewer Minor Corrective Maintenance	(181,093)	(181,093)	-	-	-	181,093
Change in Net Assets	(40,374,641)	(40,557,414)	2,083,229	(1,323,523)	759,706	41,317,120
Total Net Assets-Beginning	89,965,868	89,965,868	89,965,868	-	89,965,868	-
Total Net Assets-Ending	\$ 49,591,227	49,408,454	92,049,097	(1,323,523)	90,725,574	41,317,120

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	13,183,617
Receipts from interfund services provided		352,382
Payments to suppliers		(4,705,720)
Payments to employees		(906,206)
Payments for interfund services used		(1,641,493)
		6,282,580

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(3,653,389)
Net cash provided (used) by noncapital and related financing activities		(3,653,389)

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Proceeds from capital debt		1,950,000
Purchases of capital assets		(4,126,830)
Acquisition and construction of capital assets		(105,409)
Principal paid on capital debt		(727,000)
Interest paid on capital debt		(379,678)
Net cash provided (used) by capital and related financing activities		(3,388,917)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		217,214
Interest and dividends received		549,091
Issuance of Notes Receivable		(36,496)
Net cash provided (used) by investing activities		729,809

Net increase (decrease) in cash and cash equivalents		(29,917)
Cash and cash equivalents, October 1		59,970

Cash and cash equivalents, September 30	\$	30,053
		(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

(Continued)

**Reconciliation of operating income to
net cash provided (used) by operating
activities:**

Operating income	\$	3,559,446
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		3,483,500
(Increase) decrease in accounts receivable		(304,688)
Increase (decrease) in allowance for uncollectible accounts		(51,993)
(Increase) decrease in inventories		(54,605)
Increase (decrease) in accounts payable		(429,599)
Increase (decrease) in deferred revenues		38,373
Increase (decrease) in compensated absences payable		9,692
Increase (decrease) in accrued wages and employee benefits		32,454
Total adjustments		2,723,134
Net cash provided by operating activities	\$	6,282,580

**Noncash investing, capital, and financing
activities:**

Contributions of capital assets from developers & others		2,230,743
Bond issuance cost amortized		63,372
Increase (Decrease) in fair value of investments		(56,694)
Increase (Decrease) in Accrued Interest Payable		(20,649)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Charges for Services	\$ 14,493,736	14,493,736	14,587,659	-	14,587,659	93,923
Rental of Facilities	-	21,853	4,950	-	4,950	(16,703)
Miscellaneous	21,773	120	22,324	-	22,324	22,204
TOTAL OPERATING REVENUES	14,515,509	14,515,509	14,614,933	-	14,614,933	99,424
OPERATING EXPENSES:						
Administration:						
Personnel Services	313,214	313,214	324,125	(5,847)	318,278	(5,064)
Materials and Supplies	19,763	20,063	7,999	-	7,999	12,064
Contractual Services	91,668	89,609	47,483	-	47,483	42,126
Capital Outlay	-	25,000	-	-	-	25,000
Total Administration	424,645	447,886	379,607	(5,847)	373,760	74,126
Creek Cleaning:						
Personnel Services	932,772	932,772	858,953	(20,624)	838,329	94,443
Materials and Supplies	64,651	109,851	105,277	-	105,277	4,574
Contractual Services	170,073	170,073	165,692	-	165,692	4,381
Total Creek Cleaning	1,167,496	1,212,696	1,129,922	(20,624)	1,109,298	103,398
Sanitation:						
Personnel Services	3,965,449	3,965,449	3,897,577	(23,543)	3,874,034	91,415
Materials and Supplies	593,763	712,272	617,354	-	617,354	94,918
Contractual Services	908,584	920,809	796,657	-	796,657	124,152
Other	-	-	101,457	(101,457)	-	-
Capital Outlay	-	16,525	-	-	-	16,525
Total Sanitation	5,467,796	5,615,055	5,413,045	(125,000)	5,288,045	327,010
Landfill:						
Personnel Services	826,916	826,916	742,467	(8,882)	733,585	93,331
Materials and Supplies	667,702	835,422	572,014	-	572,014	263,408
Contractual Services	3,375,079	3,316,526	2,634,879	-	2,634,879	681,647
Other	6,123,247	4,683,817	656,350	(655,306)	1,044	4,682,773
Capital Outlay	29,546	1,144,109	-	587,157	587,157	556,952
Total Landfill	11,022,490	10,806,790	4,605,710	(77,031)	4,528,679	6,278,111
Total Operating Expenses Before Depreciation	18,082,427	18,082,427	11,528,284	(228,502)	11,299,782	6,782,645
Depreciation Expense	-	-	1,981,280	(1,981,280)	-	-
TOTAL OPERATING EXPENSES	18,082,427	18,082,427	13,509,564	(2,209,782)	11,299,782	6,782,645
Operating Income (Loss)	\$ (3,566,918)	(3,566,918)	1,105,369	2,209,782	3,315,151	6,882,069

(Continued)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 106,400	106,400	366,563	-	366,563	260,163
Interest Earnings-Restricted	-	-	61,396	-	61,396	61,396
Net Increase (Decrease) in Fair Value of Investments	-	-	(44,341)	-	(44,341)	(44,341)
Discount Earnings	1,986	1,986	2,308	-	2,308	322
Gain From Sale of Assets	-	-	12,500	-	12,500	12,500
Construction	-	-	(1,175,489)	(1,633,200)	(2,808,689)	(2,808,689)
TOTAL NONOPERATING REVENUES (EXPENSES)	108,386	108,386	(777,063)	(1,633,200)	(2,410,263)	(2,518,649)
Income Before Contributions and Transfers	(3,458,532)	(3,458,532)	328,306	576,582	904,888	4,363,420
Transfers Out:						
General Fund	(2,500,000)	(2,500,000)	(2,500,000)	-	(2,500,000)	-
Debt Service Fund	(2,066,258)	(2,066,258)	(2,066,258)	-	(2,066,258)	-
Health and Benefits	-	(3,100,000)	(3,100,000)	-	(3,100,000)	-
Change in Net Assets	(8,024,790)	(11,124,790)	(7,337,952)	576,582	(6,761,370)	4,363,420
Total Net Assets-Beginning	25,349,240	25,349,240	25,349,240	-	25,349,240	-
Total Net Assets-Ending	\$ 17,324,450	14,224,450	18,011,288	576,582	18,587,870	4,363,420

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	14,757,516
Receipts from interfund services provided		133,064
Payments to suppliers		(2,151,478)
Payments to employees		(5,852,000)
Payments for interfund services used		(2,919,479)
		3,967,623
Net cash provided by operating activities		3,967,623

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(7,666,258)
Net cash provided (used) by noncapital and related financing activities		(7,666,258)

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Purchases of capital assets		(2,220,357)
Acquisition and construction of capital assets		(1,175,489)
Proceeds from sales of capital assets		12,500
Net cash provided (used) by capital and related financing activities		(3,383,346)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		6,660,932
Interest and dividends received		394,391
Net cash provided (used) by investing activities		7,055,323

Net increase (decrease) in cash and cash equivalents		(26,658)
Cash and cash equivalents, October 1		46,295
Cash and cash equivalents, September 30	\$	19,637

(Continued)

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2005**

(Continued)

**Reconciliation of operating income to
net cash provided (used) by operating
activities:**

Operating income	\$	1,105,369
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		1,981,280
(Increase) decrease in accounts receivable		175,848
Increase in allowance for uncollectible accounts		99,799
(Increase) decrease in inventories		(6,707)
Increase (decrease) in accounts payable		640,912
Increase (decrease) in compensated absences payable		58,897
Increase (decrease) in accrued wages and employee benefits		(87,775)
Total adjustments		2,862,254
Net cash provided by operating activities	\$	3,967,623

**Noncash investing, capital, and financing
activities:**

Current closure and post closure costs		654,841
Increase (Decrease) in fair value of investments		(44,341)

CITY OF LAREDO, TEXAS
LAREDO WATER CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2005

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Contributions	\$ 1,200,000	1,200,000	-	-	-	(1,200,000)
Construction	(1,200,000)	(1,200,000)	-	-	-	1,200,000
Change In Net Assets	-	-	-	-	-	-
Total Net Assets-Beginning	-	-	-	-	-	-
Total Net Assets-Ending	\$ -	-	-	-	-	-

CITY OF LAREDO, TEXAS
LAREDO WATER CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2005

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Advances from other funds		\$	-
Net cash provided (used) by noncapital and related financing activities			-

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Purchases of capital assets			-
Net cash provided (used) by capital and related financing activities			-

Net increase in cash and cash equivalents			-
Cash and cash equivalents, October 1			-
Cash and cash equivalents, September 30		\$	-

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for other agencies or individuals, private organizations or governmental units, and/or other funds. Fiduciary funds include pension trust funds and agency funds.

Agency funds include:

ANNUITY FUND - to account for cash transfers received from other City funds, which are used towards insurance premium payments for various retired City employees.

PAYROLL CLEARING - to account for cash transfers received from other City funds and the disbursement of net wages and payroll related fringe benefits and payables.

POLICE HEALTH & BENEFITS – to account for contributions made by city police officers and the City for expenses associated with health benefits premiums for retired police officers.

**CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
AGENCY FUNDS
SEPTEMBER 30, 2005**

	PAYROLL CLEARING FUND	POLICE HEALTH & BENEFIT FUND	TOTAL AGENCY FUNDS
ASSETS			
Equity in Investment Pool	\$ 4,492	-	4,492
Accrued Interest Receivable	12,714	-	12,714
Investments, at Fair Market Value	2,504,022	-	2,504,022
Accounts Receivable (Note 7)	2,194	300	2,494
TOTAL ASSETS	2,523,422	300	2,523,722
LIABILITIES			
Accounts Payable	2,322,177	-	2,322,177
Accrued Wages and Employee Benefits	201,245	-	201,245
Due To Other Funds	-	290	290
TOTAL LIABILITIES	2,523,422	290	2,523,712
NET ASSETS			
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ -	10	10

The notes to the financial statements are an integral part of this statement.

**CITY OF LAREDO, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended September 30, 2005**

PAYROLL CLEARING FUND

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents				
Equity in Investment Pool	\$ 3,023	69,007,968	69,006,499	4,492
Accrued Interest Receivable	1,134	12,714	1,134	12,714
Investments, at Fair Market Value	975,966	2,504,022	975,966	2,504,022
Accounts Receivable	5,893	103	3,802	2,194
TOTAL ASSETS	986,016	71,524,807	69,987,401	2,523,422
LIABILITIES				
Accounts Payable	326,658	62,421,471	60,425,952	2,322,177
Accrued Wages & Employee Benefits	659,358	32,752,954	33,211,067	201,245
TOTAL LIABILITIES	\$ 986,016	95,174,425	93,637,019	2,523,422

POLICE HEALTH AND BENEFIT FUND

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Accounts Receivable	\$ 1,990	1,689	3,379	300
TOTAL ASSETS	1,990	1,689	3,379	300
LIABILITIES				
Due To Other Funds	1,990	290	1,990	290
TOTAL LIABILITIES	\$ 1,990	290	1,990	290

(Continued)

**CITY OF LAREDO, TEXAS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended September 30, 2005**

(Continued)

TOTALS-ALL AGENCY FUNDS

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash and Cash Equivalents:				
Equity in Investment Pool	\$ 3,023	69,007,968	69,006,499	4,492
Accrued Interest Receivable	1,134	12,714	1,134	12,714
Accounts Receivable	7,883	1,792	7,181	2,494
Investments, at Fair Market Value	975,966	2,504,022	975,966	2,504,022
TOTAL ASSETS	<u>988,006</u>	<u>71,526,496</u>	<u>69,990,780</u>	<u>2,523,722</u>
LIABILITIES				
Accounts Payable	326,658	62,421,471	60,425,952	2,322,177
Accrued Wages and Benefits	659,358	32,752,954	33,211,067	201,245
Due To Other Funds	1,990	290	1,990	290
TOTAL LIABILITIES	<u>\$ 988,006</u>	<u>95,174,715</u>	<u>93,639,009</u>	<u>2,523,712</u>

STATISTICAL SECTION

**CITY OF LAREDO, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2005**

Principal presentations included in the Statistical Section provide data on the financial, physical, and economic characteristics of the City. These tables cover multiple fiscal periods and provide users with a broader and more complete understanding of the City and its financial affairs.

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**GOVERNMENT - WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL PERIODS (1)**

CITY OF LAREDO, TEXAS

TABLE 1

FISCAL PERIOD ENDED	GENERAL GOVERNMENT AND ADMINISTRATION	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	CULTURAL AND RECREATIONAL	AIR TRANSPORTATION SERVICES	INTEREST AND OTHER ON LONG-TERM DEBT	TRANSIT SYSTEM	BRIDGE SYSTEM	SOLID WASTE	WATER SYSTEM	SEWER SYSTEM	OTHER BUSINESS	TOTAL
September 30, 2002	\$ 15,557,179	\$ 58,387,980	\$ 36,409,755	\$ 14,783,388	\$ 12,244,217	\$ 5,135,446	\$ 10,116,381	\$	\$	\$ 9,402,560	\$ 15,645,483	\$ 10,158,939	\$ 1,402,809	\$ 231,218,808
September 30, 2003	16,693,444	61,576,788	7,018,369	15,095,426	12,631,869	4,399,578	10,021,002	12,092,166	32,848,606	11,215,440	14,878,004	11,285,160	1,064,882	210,820,734
September 30, 2004	32,457,409	73,213,859	18,914,550	16,146,114	14,283,487	7,476,744	9,583,425	12,891,370	33,328,290	12,620,242	15,729,159	10,840,161	1,413,393	258,898,203
September 30, 2005	16,356,901	76,682,946	27,601,104	16,076,928	19,304,006	6,827,442	12,003,612	13,695,373	34,643,592	14,685,053	16,888,416	10,903,372	1,522,489	267,191,234

NOTES:

(1) City of Laredo first applied GASB Statement No. 34 in fiscal year 2002; therefore, government-wide financial information for years prior to fiscal year 2002 is not available.

SOURCES:

City of Laredo, Texas

**GOVERNMENT - WIDE REVENUES
LAST TEN FISCAL PERIODS (1)**

CITY OF LAREDO, TEXAS

TABLE 2

GENERAL GOVERNMENT

PROGRAM REVENUES

FISCAL PERIOD ENDED	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TAXES	NON-RESTRICTED GRANTS AND CONTRIBUTIONS	INVESTMENT EARNINGS	NET GAIN ON SALE OF CAPITAL ASSETS	TOTAL
September 30, 2002	\$ 125,889,051	\$ 22,114,232	\$ 8,724,541	\$ 65,607,108	\$ 4,546,517	\$ 1,874,481	\$ 319,494	\$ 229,075,424
September 30, 2003	128,643,100	26,872,497	31,247,289	72,469,664	4,602,769	1,147,142	3,340,946	268,323,407
September 30, 2004	131,190,141	25,587,415	26,106,348	79,603,823	5,027,736	800,882	4,340,784	272,657,129
September 30, 2005	144,625,060	21,995,544	21,734,696	85,870,775	4,497,007	5,489,823	557,526	\$ 284,770,431

NOTES:

(1) City of Laredo first applied GASB Statement No. 34 in fiscal year 2002; therefore, government-wide financial information for years prior to fiscal year 2002 is not available.

SOURCES:

City of Laredo, Texas

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 3

FISCAL PERIOD ENDED	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	CULTURAL AND RECREATIONAL	AIR TRANSPORTATION SERVICES	SOCIAL SERVICES (2)	OTHER (2)	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
September 30, 1996	\$ 10,134,459	\$ 28,856,228	\$ 7,715,443	\$ 8,739,846	\$ 4,859,392	\$ 2,430,279	\$ 716,685	\$ 2,179,536	\$ 43,566,703	\$ 47,442,082	\$ 156,639,663
September 30, 1997	9,149,988	32,040,509	12,219,650	8,405,661	5,883,946	2,758,457	485,488	2,050,972	31,189,415	17,005,102	121,189,188
September 30, 1998	8,221,359	35,572,771	10,891,679	10,711,855	7,073,464	2,880,402	292,612	3,718,575	16,797,512	16,814,501	112,974,730
September 30, 1999	9,474,756	41,283,710	8,038,899	11,437,500	8,121,349	3,174,629	316,419	4,979,329	20,565,134	17,560,144	124,951,869
September 30, 2000	9,345,941	48,757,740	9,373,158	12,175,262	10,265,205	3,555,507	412,381	6,080,427	33,324,299	16,959,769	150,249,689
September 30, 2001	9,918,770	50,353,531	12,667,527	13,081,029	10,249,314	3,535,543	561,870	5,280,014	21,232,994	19,363,298	146,243,890
September 30, 2002	14,804,490	56,842,094	11,284,056	14,195,664	11,611,138	3,824,408	-	-	48,746,514	22,033,658	183,342,422
September 30, 2003	15,751,235	63,906,967	11,408,863	15,303,051	13,154,156	3,519,733	-	-	27,793,519	23,249,610	174,087,134
September 30, 2004	27,455,620	69,598,058	9,530,599	15,683,517	13,764,181	5,437,611	-	-	22,788,736	23,767,854	188,026,176
September 30, 2005	\$ 16,002,166	\$ 74,215,275	\$ 9,487,014	\$ 15,802,606	\$ 14,844,259	\$ 4,789,284	\$ -	\$ -	\$ 24,933,616	\$ 24,816,753	\$ 184,891,173

NOTES:

(1) Expenditures of all governmental fund types of the City are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects and Expendable Trust Funds.

(2) Expenditures classified under "Other" and "Social Services" are combined in existing totals under new classification system as of fiscal year 2002 within "General Government" and "Public Works".

SOURCES:

City of Laredo, Texas

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS
TABLE 4

FISCAL PERIOD ENDED	TAXES	FRANCHISES	LICENSES & PERMITS	INTER-GOVERNMENTAL REVENUES	CHARGES FOR SERVICES	FINES AND SPECIAL ASSESSMENTS	INTEREST AND OTHER	MISCELLANEOUS (2)	TOTAL
September 30, 1996	\$ 30,956,011	\$ 5,024,428	\$ 1,551,143	\$ 22,904,188	\$ 19,197,891	\$ 2,339,738	\$ 6,163,436	\$ 8,667,378	\$ 96,804,213
September 30, 1997	33,843,830	5,061,313	1,597,814	25,039,453	23,937,461	1,919,901	6,151,392	5,576,756	103,127,920
September 30, 1998	36,783,864	5,067,426	2,152,943	19,907,682	23,719,040	1,536,333	7,301,531	7,059,234	103,528,053
September 30, 1999	38,811,455	6,522,613	2,303,631	25,324,254	18,537,690	3,832,048	6,654,261	7,119,262	109,105,214
September 30, 2000	43,321,058	5,805,626	4,494,864	28,034,002	20,878,369	4,113,892	7,602,562	15,491,272	129,741,645
September 30, 2001	49,211,604	7,046,343	5,045,941	20,718,419	21,645,810	4,450,017	9,798,356	4,075,741	121,992,231
September 30, 2002	54,530,322	6,542,640	5,423,246	21,505,849	23,802,222	3,837,426	7,316,403	4,382,290	127,340,398
September 30, 2003	61,395,727	5,539,242	5,436,837	31,340,394	24,703,403	4,549,374	6,440,619	10,368,521	149,774,117
September 30, 2004	68,689,197	5,700,834	5,843,628	28,932,417	26,623,867	4,997,144	5,798,517	7,260,536	153,846,140
September 30, 2005	\$ 74,955,480	\$ 6,173,160	\$ 6,084,439	\$ 33,289,585	\$ 27,654,715	\$ 5,411,380	\$ 11,172,026	\$ 3,993,082	\$ 168,733,867

NOTES:

(1) Revenues of all governmental fund types of the City are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Expendable Trusts.

(2) Miscellaneous revenues is comprised of Sale of General Fixed Assets, Administrative Charges, Local Contributions, Concession Sales, and other.

SOURCE:

City of Laredo, Texas

**GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 5

FISCAL PERIODS	AD VALOREM TAXES (1)	SALES TAX	BEVERAGE TAX	BINGO TAX	OCCUPANCY TAX	FRANCHISE TAX	TOTAL
1996	\$ 17,869,948	\$ 10,423,710	\$ 99,118	\$ 53,994	\$ 1,536,552	\$ 5,024,428	\$ 35,007,750
1997	19,177,152	11,665,798	106,334	52,496	1,746,066	5,061,313	37,809,159
1998	20,560,595	12,863,422	117,128	48,470	2,128,085	5,067,426	40,785,126
1999	21,821,366	13,665,869	135,552	47,892	2,228,873	6,522,613	44,422,165
2000	24,545,937	15,230,665	157,698	48,492	2,369,286	5,805,626	48,157,704
2001	26,605,213	18,461,783	176,675	48,011	2,934,480	7,046,343	55,272,505
2002	30,147,195	21,447,813	215,022	48,056	2,672,236	6,542,640	61,072,962
2003	35,876,444	22,547,235	231,114	48,058	2,692,876	5,539,242	66,934,969
2004	40,705,401	24,111,061	260,277	49,852	3,298,899	5,700,834	74,126,324
2005	\$ 45,239,189	\$ 26,433,198	\$ 272,500	\$ 51,516	\$ 2,959,077	\$ 6,173,160	\$ 81,128,640

NOTES:

(1) Includes General, Special Revenue, and Debt Service Fund tax revenues.

SOURCE:

City of Laredo, Texas

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 6

FISCAL PERIODS	TOTAL TAX LEVY (1)	CURRENT TAX COLLECTIONS	TAX RATE	PERCENT OF CURRENT TAXES COLLECTED	DELINQUENT TAX COLLECTIONS	PENALTY & INTEREST COLLECTED	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TOTAL TAX LEVY
1996	\$ 18,105,999	\$ 16,939,557	0.5516	93.56%	\$ 930,390	\$ 972,690	\$ 18,186,711	100.45%	2,831,254	15.64%
1997	19,146,735	18,195,411	0.5267	95.03%	981,742	1,095,983	19,541,012	102.06%	2,570,520	13.43%
1998	20,550,143	19,641,952	0.5399	95.58%	918,643	1,066,164	20,900,139	101.70%	2,400,113	11.68%
1999	21,995,249	21,043,353	0.5399	95.67%	710,641	911,902	22,665,896	103.05%	2,531,904	11.51%
2000	24,784,224	23,706,162	0.5692	95.65%	743,860	968,980	25,419,002	102.56%	2,697,782	10.89%
2001	27,165,182	25,821,461	0.5764	95.05%	783,752	985,442	27,590,655	101.57%	3,037,683	11.18%
2002	29,221,694	28,028,927	0.5764	95.92%	926,267	1,174,015	30,129,209	103.11%	3,487,860	11.94%
2003	33,435,345	33,426,302	0.6305	99.97%	1,126,888	1,318,725	35,871,915	107.29%	4,069,391	12.17%
2004	38,455,159	37,461,655	0.6418	97.42%	1,620,366	1,519,809	40,601,830	105.58%	4,381,458	11.39%
2005	\$ 43,209,681	\$ 41,693,911	0.637	96.49%	\$ 1,827,010	\$ 1,718,268	\$ 45,239,189	104.70%	\$ 4,201,328	9.72%

NOTES:

(1) Original levy as filed with the State Comptroller Office

SOURCE:

City of Laredo, Texas

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL PERIODS

FISCAL PERIODS	RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY		TOTALS		RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	
1996	\$ 494,128,794	\$ 494,128,794	\$ 3,018,697,790	\$ 3,018,697,790	\$ 3,282,444,963	\$ 3,282,444,963	100%
1997	507,719,560	507,719,560	3,364,750,495	3,364,750,495	3,625,397,176	3,625,397,176	100%
1998	665,492,265	665,492,265	3,431,864,302	3,431,864,302	3,806,075,234	3,806,075,234	100%
1999	646,284,869	646,284,869	3,656,234,140	3,656,234,140	3,977,294,583	3,977,294,583	100%
2000	848,072,261	848,072,261	4,363,266,690	4,363,266,690	4,792,631,223	4,792,631,223	100%
2001	794,259,530	794,259,530	4,365,116,912	4,365,116,912	4,713,792,507	4,713,792,507	100%
2002	872,321,790	872,321,790	5,039,664,293	5,039,664,293	5,070,586,594	5,070,586,594	100%
2003	879,330,990	879,330,990	5,206,409,027	5,206,409,027	5,558,982,217	5,558,982,217	100%
2004	979,002,240	979,002,240	6,331,640,832	6,331,640,832	6,773,135,203	6,773,135,203	100%
2005	\$ 987,689,160	\$ 987,689,160	\$ 7,001,998,047	\$ 7,001,998,047	\$ 7,449,143,814	\$ 7,449,143,814	100%

NOTES:

(1) This estimated valuation is for tax purposes only.

(2) Total exemptions include Homestead, Veteran, Agricultural exemptions. Homestead valuations increased in 1983 from \$3,000 to \$7,500, to \$10,000 in 1986, and to \$20,000 in 1987. Veterans valuations range from \$1,500 to \$3,000 based on disability percentage. Agriculture valuations represent land used for ranching and farming.

SOURCE:

City of Laredo, Texas

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS -
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 8

FISCAL PERIODS	CITY OF LAREDO	WEBB COUNTY	LAREDO INDEPENDENT SCHOOL DISTRICT	UNITED INDEPENDENT SCHOOL DISTRICT	LAREDO COMMUNITY COLLEGE
TAX RATES (per \$100 of assessed value)					
1996	0.05516	0.34554	1.16520	1.38280	0.15986
1997	0.52677	0.36549	1.21500	1.38280	0.15290
1998	0.53993	0.38438	1.18500	1.37909	0.15660
1999	0.53993	0.38438	1.22500	1.41409	0.15800
2000	0.56922	0.41822	1.32600	1.43848	0.16420
2001	0.57636	0.44578	1.38600	1.42687	0.17000
2002	0.57636	0.43634	1.42600	1.42687	0.21665
2003	0.63053	0.44446	1.50271	1.47687	0.22650
2004	0.64176	0.45792	1.50271	1.47687	0.23600
2005	0.63700	0.43792	1.47411	1.52687	0.23600
TAX LEVIES					
1996	\$ 18,105,999	\$ 15,819,123	\$ 14,134,733	\$ 38,000,660	\$ 5,328,054
1997	19,090,616	17,015,633	15,597,658	39,451,743	5,676,550
1998	20,550,142	19,133,916	14,295,066	41,025,925	6,085,735
1999	21,995,250	20,194,005	15,224,088	44,271,136	6,568,987
2000	24,784,224	22,862,131	16,697,681	47,253,707	7,329,142
2001	27,165,182	26,098,416	17,854,904	51,042,026	8,185,875
2002	29,221,694	28,877,392	18,828,678	57,959,460	11,215,837
2003	33,435,345	33,424,545	20,378,959	66,951,115	12,892,422
2004	38,455,159	35,073,016	21,344,510	72,156,593	14,540,002
2005	\$ 43,209,681	\$ 38,284,553	\$ 24,426,783	\$ 83,821,422	\$ 16,320,700

SOURCE:

City of Laredo, Texas
Webb County Appraisal District Office

**SPECIAL ASSESSMENTS BILLINGS AND COLLECTIONS (1)
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 9

FISCAL PERIODS	BEGINNING BALANCE(2)	ASSESSMENTS BILLED	ASSESSMENTS COLLECTED	PERCENT OF COLLECTIONS OF AMOUNT DUE	TOTAL OUTSTANDING CURRENT AND DELINQUENT ASSESSMENTS
1996	\$ 2,075,238	\$ 417,879	\$ 1,038,634	41.66%	\$ 1,454,483
1997	1,454,483	782,651	585,608	26.18%	1,651,526
1998	1,651,526	136,000	566,297	31.68%	1,221,229
1999	1,221,229	141,208	525,055	38.54%	837,382
2000	837,382	156,379	371,158	37.35%	622,603
2001	622,603	67,929	263,451	38.15%	427,081
2002	427,081	38,836	194,697	41.79%	271,220
2003	271,220	46,992	135,058	42.44%	183,154
2004	183,154	142,202	170,888	52.52%	154,468
2005	\$ 154,468	\$ 359,276	\$ 441,257	85.89%	\$ 72,487

NOTES:

(1) The Charter of the City of Laredo allows the City Council to assess the costs of street paving and sidewalk construction to the adjacent owners. Normally, this is collected in equal principal installments over a five year period with interest computed at eight percent.
This assessment constitutes a lien against the property which may be foreclosed upon default.

(2) Assessments beginning balance include Principal & Interest and are net of allowance for uncollectible.

SOURCE:

City of Laredo, Texas

**COMPUTATION OF LEGAL DEBT MARGIN
AND AUTHORIZED AND UNISSUED BONDS**

CITY OF LAREDO, TEXAS

TABLE 10

The Constitution of Texas in Article 11, Section 5, limits the maximum amount that a home rule city can tax to \$2.50 per \$100.00 of valuation and the same Article provides that no debt shall ever be created by any city unless at the same a time provision is made to assess and collect annually a sufficient sum to pay the interest thereon and create a sinking fund of at least two percent thereon. The Attorney General of Texas, in connection with the quoted provision, has created a rule for the guidance of home rule cities which states that the bond allowable under this constitutional provision shall be on the basis of no greater than \$1.50 per \$100.00 of valuation unless the city charter provides for less than the maximum specified in the Attorney General's rule. City Charter Section 6.13, as amended in November 1995, limits the total overall outstanding debt to 10% of the total assessed valuation of the City. At this time, the City has allocated approximately \$.128323 of the total tax rate.

Assessed value based on 2004 tax roll		\$6,783,309,499
Maximum amount of bonded indebtedness based on such assessed value (10%).....		\$678,330,950
Amount of debt applicable to said maximum debt limit:		
Total General Obligation Bonds and Certificates of Obligations ...	\$153,725,000	
(Percentage of G. O. and C. O. debt to assessed value)	2.27%	
Less: Debt Service Fund Balance as of September 30, 2005.....	\$5,634,547	
Total Amount of debt applicable to debt limit		\$148,090,453
The Debt Margin between current indebtedness and maximum allowable indebtedness		\$530,240,497

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 11

FISCAL PERIODS	POPULATION (A)	ASSESSED VALUE FOR OPERATIONS & DEBT SERVICE	GROSS BONDED DEBT (1)	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1996	162,122	\$ 3,625,397,176	\$ 133,870,000	\$ 5,760,694	\$ 128,109,306	3.5337%	790.20
1997	176,000	3,806,075,234	137,080,000	4,965,221	132,114,779	3.4712%	750.65
1998	182,000	4,073,722,461	152,655,000	5,506,755	147,148,245	3.6121%	808.51
1999	187,000	4,354,083,033	150,940,000	5,443,650	145,496,350	3.3416%	778.06
2000	193,180	4,713,792,517	150,630,000	5,587,901	145,042,099	3.0770%	750.81
2001	193,117	5,070,586,594	152,185,000	6,080,964	146,104,036	2.8814%	756.56
2002	201,292	5,558,982,217	153,675,000	5,455,502	148,219,498	2.6663%	736.34
2003	207,611	6,018,438,664	151,940,000	5,537,538	146,402,462	2.4326%	705.18
2004	214,000	5,992,130,874	152,500,000	4,592,744	147,907,256	2.4684%	691.16
2005	215,375	\$ 6,783,309,499	\$ 153,725,000	\$ 5,634,547	\$ 148,090,453	2.1832%	687.59

NOTES:

(1) Includes General Obligation and Certificates of Obligation Bonds.

SOURCE:

City of Laredo, Texas

(A) Information was obtained from Laredo Development Foundation

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES (1) LAST TEN FISCAL PERIODS

CITY OF LAREDO, TEXAS

TABLE 12

FISCAL PERIODS	PRINCIPAL	INTEREST & FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1996	8,636,000	38,696,661	47,332,661	156,639,663	30.22%
1997	9,140,000	7,781,508	16,921,508	121,189,188	13.96%
1998	8,430,000	8,242,034	16,672,034	112,974,730	14.76%
1999	7,945,001	9,439,370	17,384,371	124,951,870	13.91%
2000	8,725,000	8,095,218	16,820,218	150,249,689	11.19%
2001	9,360,000	9,277,581	18,637,581	146,243,890	12.74%
2002	10,700,000	10,027,116	20,727,116	183,342,422	11.31%
2003	12,255,000	9,857,015	22,112,015	174,087,134	12.70%
2004	13,500,000	9,412,153	22,912,153	188,026,176	12.19%
2005	14,395,000	9,138,859	23,533,859	184,891,173	12.73%

NOTES:

(1) Total general expenditures consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Expendable Trusts.

SOURCE:

City of Laredo, Texas

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 13

TAXING AUTHORITY	NET DEBT OUTSTANDING (A)	ESTIMATED % APPLICABLE TO CITY (B)	AMOUNT APPLICABLE TO CITY
Direct:			
City of Laredo	\$153,725,000	100.00%	\$153,725,000
Overlapping:			
Webb County	72,663,818	67.04%	48,713,824
Laredo Independent School District	270,109,931	100.00%	270,109,931
United Independent School District	336,983,358	70.84%	238,719,011
Laredo Community College	78,081,717	100.00%	78,081,717
Total Overlapping	757,838,824		635,624,482
Total	\$911,563,824		\$789,349,483

SOURCE:

- (A) Finance Departments of respective entities
- (B) Webb County Appraisal District

**SCHEDULE OF REVENUE BOND COVERAGE
BRIDGE, WATER, SEWER SYSTEM AND SPORTS VENUE
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 14

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	-----DEBT SERVICE REQUIREMENTS-----			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	18,664,600	11,820,920	6,843,680	-	1,420,814	1,420,814	4.82
Water	12,377,508	6,592,636	5,784,872	570,529	697,678	1,268,207	4.56
Sewer	9,371,336	4,793,293	4,578,043	435,000	575,305	1,010,305	4.53
Total 1996	40,413,444	23,206,849	17,206,595	1,005,529	2,693,797	3,699,326	4.65
Bridge	20,619,189	12,984,252	7,634,937	1,010,000	956,780	1,966,780	3.88
Water	11,927,523	6,768,364	5,159,159	312,680	625,140	937,820	5.50
Sewer	9,890,576	5,008,293	4,882,283	470,000	539,290	1,009,290	4.84
Total 1997	42,437,288	24,760,909	17,676,379	1,792,680	2,121,210	3,913,890	4.52
Bridge	22,569,846	15,056,724	7,513,122	1,055,000	896,180	1,951,180	3.85
Water	13,985,646	7,946,922	6,038,724	500,000	559,952	1,059,952	5.70
Sewer	12,048,460	5,241,404	6,807,056	500,000	426,041	926,041	7.35
Total 1998	48,603,952	28,245,050	20,358,902	2,055,000	1,882,173	3,937,173	5.17
Bridge	28,671,610	17,385,806	11,285,804	2,675,000	2,449,904	5,124,904	2.20
Water	13,738,018	7,856,511	5,881,507	535,000	526,696	1,061,696	5.54
Sewer	11,996,306	5,522,559	6,473,747	560,000	394,735	954,735	6.78
Total 1999	54,405,934	30,764,876	23,641,058	3,770,000	3,371,335	7,141,335	3.31
Bridge	32,789,832	19,533,598	13,256,234	3,030,000	2,774,346	5,804,346	2.28
Water	16,360,173	9,413,042	6,947,131	605,000	494,210	1,099,210	6.32
Sewer	13,498,696	6,049,102	7,449,594	635,000	362,084	997,084	7.47
Total 2000	62,648,701	34,995,742	27,652,959	4,270,000	3,630,640	7,900,640	3.50
Bridge	31,705,719	21,186,065	10,519,654	3,350,000	2,510,790	5,860,790	1.79
Water	17,102,442	10,074,813	7,027,629	690,000	456,915	1,146,915	6.13
Sewer	13,499,699	6,609,398	6,890,301	680,000	326,839	1,006,839	6.84
Sports Venue	2,387,246	268,005	2,119,241	-	683,088	683,088	3.10
Total 2001	64,695,106	38,138,281	26,556,825	4,720,000	3,977,632	8,697,632	3.05

**SCHEDULE OF REVENUE BOND COVERAGE
BRIDGE, WATER, SEWER SYSTEM AND SPORTS VENUE
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 14

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	34,408,912	24,093,889	10,315,023	12,105,000	3,697,409	15,802,409	0.65
Water	16,773,484	9,363,511	7,409,973	705,000	416,018	1,121,018	6.61
Sewer	13,158,360	6,389,656	6,768,704	4,905,000	295,135	5,200,135	1.30
Sports Venue	4,524,646	80,244	4,444,402	-	2,049,266	2,049,266	2.17
Total 2002	68,865,402	39,927,300	28,938,102	17,715,000	6,457,828	24,172,828	1.20
Bridge	34,836,756	24,944,447	9,892,309	1,408,433	31,865	1,440,298	6.87
Water	15,427,690	9,122,153	6,305,537	725,000	408,121	1,133,121	5.56
Sewer	12,969,437	7,399,556	5,569,881	870,000	216,629	1,086,629	5.13
Sports Venue	4,737,203	46,281	4,690,922	430,000	2,039,591	2,469,591	1.90
Total 2003	67,971,086	41,512,437	26,458,649	3,433,433	2,696,206	6,129,639	4.32
Bridge	35,574,012	25,785,422	9,788,590	4,320,000	4,058,000	8,378,000	1.17
Water	15,902,648	9,801,112	6,101,536	6,645,000	427,893	7,072,893	0.86
Sewer	13,296,851	6,648,103	6,648,748	885,000	252,868	1,137,868	5.84
Sports Venue	5,188,849	68,889	5,119,960	525,000	2,018,104	2,543,104	2.01
Total 2004	69,962,360	42,303,526	27,658,834	12,375,000	6,756,865	19,131,865	1.45
Bridge	39,231,949	26,552,846	12,679,103	39,002,257	4,351,239	43,353,496	0.29
Water	18,736,504	10,991,334	7,745,170	943,000	467,131	1,410,131	5.49
Sewer	14,409,247	6,811,361	7,597,886	727,000	355,530	1,082,530	7.02
Sports Venue	6,169,250	39,752	6,129,498	625,000	1,922,269	2,547,269	2.41
Total 2005	78,546,950	44,395,293	34,151,657	41,297,257	7,096,169	48,393,426	0.71

NOTE:

- (1) Includes Operating Revenue and Interest Earnings.
- (2) Includes Operating Expenses other than Interest Expense, Depreciation, Amortization, and other non-operating expenses.
- (3) Revenue Bond Coverage is equal to Net Revenue Available for Debt Service divided by total Debt Service Requirements.

SOURCE:

City of Laredo, Texas

**DEMOGRAPHICS STATISTICS
LAST THREE CENSUS**

CITY OF LAREDO, TEXAS

TABLE 15

	1980 CENSUS	1990 CENSUS	2000 CENSUS
TOTAL POPULATION BY RACE:			
WHITE	82,997	87,048	145,267
BLACK	89	144	652
OTHER	8,363	35,707	31,524
HISPANIC PERCENTAGE	93.03%	93.86%	94.10%
TOTAL HOUSEHOLDS	23,903	33,998	46,852
HOUSEHOLD POPULATION	90,613	122,899	173,532
AVERAGE HOUSEHOLD SIZE	3.79	3.61	3.70
TOTAL POPULATION BY AGE:			
0-5	11,583	17,081	18,516
6-13	16,239	20,316	18,620
14-17	8,258	10,093	16,054
18-24	12,059	17,987	29,608
25-34	13,060	20,316	28,489
34-44	8,525	14,752	23,657
44-54	7,733	9,964	17,104
54-64	6,108	8,541	10,746
65+	7,884	10,223	13,782
MEDIAN AGE TOTAL POPULATION	23.6	24.7	26.9
MEDIAN AGE ADULT POPULATION	38	36.8	36.8
HOUSEHOLD INCOME:			
\$ 0 - \$ 7,499	8,925	7,639	5,398
\$ 7,500 - \$ 9,999	2,497	3,074	1,799
\$ 10,000 - \$ 14,999	4,036	4,169	4,996
\$ 15,000 - \$ 24,999	4,997	5,600	8,208
\$ 25,000 - \$ 34,999	2,068	3,865	6,814
\$ 35,000 - \$ 49,999	903	3,226	7,078
\$ 50,000 - \$ 74,999	341	1,765	6,780
\$ 75,000	163	1,096	5,835
MEDIAN HOUSEHOLD INCOME	\$10,761	\$15,610	\$29,108
AVERAGE HOUSEHOLD INCOME	13,998	N/A	N/A
MEDIAN FAMILY INCOME	11,985	17,532	30,449
AGGREGATE HOUSEHOLD INCOME	\$334,980	\$708,920	N/A

SOURCE:

Laredo Chamber of Commerce

**DEMOGRAPHIC STATISTICS
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 15

(Continued)

FISCAL PERIODS	CIVILIAN LABOR FORCE	UNEMPLOYMENT	UNEMPLOYMENT RATE	EMPLOYMENT
1996	63,220	7,002	11.10%	56,218
1997	64,952	6,114	9.40%	58,838
1998	67,727	6,199	9.20%	61,528
1999	66,939	5,034	7.50%	61,905
2000	69,595	4,303	6.20%	65,292
2001	71,508	4,551	6.40%	66,957
2002	75,639	5,028	6.60%	70,611
2003	76,985	4,998	6.50%	71,987
2004	81,839	4,655	6.52%	77,184
2005	81,721	4,103	5.00%	77,618

SOURCE:

Texas Labor Market Information

Numbers as of September 30 for each year

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

CITY OF LAREDO, TEXAS

TABLE 15

(Continued)

FISCAL PERIODS	GROWTH INDICATORS (1)					POSTAL RECEIPTS (2)
	ELECTRIC (4)	GAS	TELEPHONE (3)	WATER	SEWER	
1996	50,305	22,358	70,587	36,633	35,595	\$ 6,800,000
1997	52,235	22,719	76,450	38,140	38,477	6,875,000
1998	53,558	23,339	83,231	42,053	40,753	8,550,000
1999	56,968	20,003	-	43,183	41,940	7,667,601
2000	59,122	23,474	-	45,700	44,802	8,270,103
2001	61,487	23,366	-	47,402	46,508	8,795,525
2002	63,946	23,543	-	49,158	47,041	8,955,000
2003	66,504	23,717	-	50,997	48,715	13,850,000
2004	69,164	23,414	-	52,754	50,282	14,680,000
2005	72,604	27,617	-	55,252	52,565	\$ 15,510,000

NOTES:

- (1) Amount represents number of active customer accounts.
- (2) Represents total revenue collected.
- (3) Legislation prohibits disclosure of telephone accounts information.
- (4) Electric increase was estimated by 4.00% for 2001 - 2004

SOURCE:

Finance Department of respective entities.

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL PERIODS (1)

FISCAL PERIODS	COMMERCIAL CONSTRUCTION (A)		RESIDENTIAL CONSTRUCTION (A)		BANK (B) DEPOSITS	PROPERTY VALUE (A)			
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE		COMMERCIAL	RESIDENTIAL	VACANT PROPERTY	EXEMPTIONS (2)
1996	124	42,394,754	1,375	57,373,240	\$ 2,568,470,000	\$ 1,452,767,384	\$ 1,864,835,470	\$ 195,223,730	\$ 230,861,621
1997	110	65,049,913	1,198	61,787,875	2,726,216,000	1,541,702,498	2,117,144,387	213,623,170	247,072,879
1998	136	51,684,355	1,389	74,891,810	3,108,234,000	1,591,014,231	2,292,083,266	214,259,070	291,281,333
1999	94	40,112,188	1,309	83,116,085	3,337,234,000	1,655,695,070	2,437,626,399	209,197,540	325,224,426
2000	87	68,818,362	1,407	89,886,823	5,313,356,000	2,283,642,411	2,691,339,590	236,351,860	417,619,788
2001	143	122,363,666	1,293	90,029,908	5,596,945,000	2,049,091,128	2,651,889,227	258,396,087	896,821,868
2002	698	182,767,445	1,424	123,932,146	6,390,861,000	2,216,703,462	3,075,832,429	297,613,702	519,598,749
2003	860	71,199,808	1,495	128,619,147	6,671,288,000	2,665,287,322	3,214,021,140	298,947,650	623,203,260
2004	1,020	150,716,661	1,342	126,225,481	9,050,235,000	3,003,777,851	3,643,413,881	284,434,270	575,505,390
2005	1,132	178,001,202	1,847	198,387,334	\$ 9,080,074,000	\$ 3,251,967,681	\$ 4,022,266,136	\$ 307,462,870	\$ 605,370,550

NOTES:

(1) Commercial, Residential & Vacant Property values are not available prior to 1983. Only total property values records were maintained.

(2) Total exemptions include Homestead, Veteran, Agricultural exemptions. Homestead valuations increased in 1983 from \$3,000 to \$7,500, to \$10,000 in 1986, and to \$20,000 in 1987. Veterans valuations range from \$1,500 to \$3,000 based on disability percentage. Agriculture valuations represent land used for ranching and farming.

SOURCE:

- (A) City of Laredo, Texas
- (B) Commerce Bank N.A.
Falcon National Bank
International Bank of Commerce
Laredo National Bank
South Texas National Bank

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2005**

City Of Laredo , Texas

Table 17

TAXPAYER	TYPE OF BUSINESS	2004 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Laredo Texas Hospital Co. LP.	Medical	\$100,485,510	1.48%
AEP Texas Central Company	Electricity	61,555,580	0.91%
H E Butt Grocery Co.	Grocery Co.	34,233,950	0.50%
Enterprise Laredo Associates	Enterprise	32,221,010	0.48%
Killam Ind. Dev. Partnership, LTD.	Development	27,078,540	0.40%
Southwestern Bell Telephone, LP.	Telephone Co.	26,089,500	0.38%
Laredo Medical Center	Medical	24,423,235	0.36%
BB County Correctional Center Public Facility	Correctional Center	21,866,310	0.32%
Webb Hospital Holdings, LLC.	Medical	20,564,210	0.30%
United States Cold Storage	Cold Storage	16,680,190	0.25%
TOTAL		\$365,198,035	5.38%

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 1996**

TAXPAYER	TYPE OF BUSINESS	1996 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Central Power & Light Company	Utility	\$52,807,210	1.49%
Lone Star Mall Assoc.	Mall	30,896,400	0.87%
Southwestern Bell	Telephone Co.	27,116,080	0.77%
Killam Ind. Dev. Partnership Ltd.	Development	18,288,740	0.52%
Laredo National Bank	Banking	17,592,030	0.50%
United States Cold Storage	Cold Storage	17,303,510	0.49%
Southwestern Motor Transport Inc.	Freight	12,716,556	0.36%
FMC Partners Ltd.	Development	12,692,460	0.36%
EDA Laredo Ltd. Partnership	Restaurant/Development	11,560,040	0.33%
Mann 35 Santa Maria Ltd	Development	9,229,460	0.26%
Total		\$210,202,486	5.94%

Numbers show total comparison for principal taxpayers as of 2005 and 10 yrs ago.

SOURCE:

Webb County Appraisal District

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 18

EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
United Independent School District	4,500	5.80%
Laredo Independent School District	3,587	4.62%
City of Laredo	2,084	2.68%
Laredo Medical Center	1,700	2.19%
U.S. Dept. of Customs and Border Protection	1,628	2.10%
McDonald's	1,333	1.72%
HEB Grocery Store	1,285	1.66%
Webb County	1,270	1.64%
Texas A & M International University	1,027	1.32%
Laredo National Bank	977	1.26%

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 1996**

Laredo Independent School District	3,645	6.48%
United Independent School District	2,700	4.80%
Texas Gas Corp.	2,422	4.31%
City of Laredo	1,800	3.20%
Laredo Medical Center	1,600	2.90%
H.E.B. Grocery Store	1,500	2.72%
Webb County	789	1.43%
Laredo National Bank	493	0.89%
Laredo Community College	490	0.89%
McDonald's Restaurant	450	0.81%

Principal Employers numbers as of September 2005 and 10 years ago.

SOURCE:

Laredo Development Foundation
Data compiled as of January 2006.

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 19

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Laredo Medical Center	Hospital	80,263,500
Texas A&M International University	Central Plant	31,871,600
CPL Power Plant	Utility	21,104,100
Parks & Recreation-Scott & San Dario	Parks	20,437,700
Webb County Jail	Jail	19,567,500
City of Laredo-Cigarroa Recreation Center	Parks	18,318,300
Regent Care Center of Laredo	Nursing Home	17,071,800
Retama Manor Nursing Center	Nursing Home	12,711,500
International Bank of Commerce	Bank	11,525,800
Holiday Inn-Laredo	Hotel	10,884,000

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 1996**

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Laredo Medical Center	Hospital	45,114,800
Housing Authority-Richter Courts	Housing	38,192,800
Housing Authority-5800 Springfield	Housing	34,947,700
Housing Authority-Colonia Guadalupe	Housing	34,439,600
Martin High School	School	29,607,700
Dellwood Del Norte, Ltd.	Housing	25,889,100
Webb County Jail	Jail	22,430,900
Cigarroa High School	School	22,259,500
L. J. Christen Jr. High School	School	19,953,700
George Washington Jr. High School	School	18,019,900

(1) Total consumption by gallon.

Numbers show total comparison for principal water consumers as of fiscal year 2005 and 10 years ago.

SOURCE:

City of Laredo, Texas

General

Form of Government:	City Manager & City Council
Terms of Office:	Mayor-4 Year Term (2 Terms Maximum) City Council-4 Year Staggered Terms (2 Terms Maximum) City Manager-Appointed by City Council
Date of First Charter Adoption:	1848
Date of Original Public Sale Of Town Lots:	1880
Second Charter:	February 23, 1911
Home Rule Amendment to Charter:	January 29, 1921
Amendments to Charter:	July 8, 1941, January 8, 1946, October 9, 1951, April 3, 1962, November 30, 1965, January 14, 1981, January 16, 1988, and November 7, 1995
Number of City Employees as of September 30, 2005:	2,084
Number of City Departments as of September 30, 2005:	26

**Area In Square Miles by ten year periods for the last 50
years and current periods.**

YEAR	LAND AREA	INCREASE	TOTAL
1971	20.24	-	20.24
1981	20.24	-	20.24
1991	20.24	17.00	37.24
1992	37.24	5.03	42.27
1993	42.27	1.73	44.00
1994	44.00	6.81	50.81
1995	50.81	4.18	54.99
1996	54.99	1.49	56.48
1997	56.48	1.49	57.97
1998	57.97	2.74	60.71
1999	60.71	12.07	72.78
2000	72.78	5.52	78.30
2001	78.30	1.12	79.42
2002	79.42	0.34	79.76
2003	80.84	0.34	81.18
2004	81.18	2.26	83.44
2005	83.44	1.11	84.55

Elections

Number of Registered Voters: 44,592

Number of Votes cast in

Last Municipal Election: May 04 3,957

% of Registered Voter voting in

Last Municipal Election: 8.87%

TRANSPORTATION

AIRPORTS

Number of Airports: 1

Name of Airport: Laredo International Airport
Flights daily to/from
Houston, Dallas & Mexico D. F.

Scheduled Airplane Flights
Per Day Departing: Monday 8, Tuesday 8, Wednesday 8, Thursday 9;
Friday 9; Saturday 6; & Sunday 7

Scheduled Airplane Flights
Per Day Arriving: Monday 8, Tuesday 8, Wednesday 8, Thursday 9;
Friday 9; Saturday 6; & Sunday 7

Passengers Enplaning: 92,242 per year

Passengers Deplaned: 93,908 per year

BRIDGES

Number of Bridges: 4

Name of Bridges: Gateway to the Americas Bridge
Juarez - Lincoln International Bridge
Colombia Solidarity Bridge
World Trade Bridge

Number of crossing Pick-ups,
Motorcycles, Autos & 2 Axle
Vehicles: 6,655,426

Number of crossing Commercial
Vehicles: 1,485,435

Number of crossing Passenger
(includes bicycles): 3,993,263

Total Tolls \$ 33,069,032

RAILROADS

Number of Railroads: 4
 Names of Railroads: Texas-Mexican Railroad
 Union Pacific Railroad
 American President Lines
 Pacer Stacktrain

HIGHWAYS

Number of Highways: 6
 Name of Major Highways IH 35, US HWY 59, US HWY 81
 US HWY 83, TX HWY 359, Bob Bullock Loop
 IH 35 connects in Mexico with
 National HWY 85. The Pan Am
 HWY connects Mexico to
 Central & South America.

BUS LINES

Name of Local Bus line: Laredo Municipal Transit
 System
 Number of Adult Passengers: 2,275,048
 Number of Elderly & Handicapped Paid: 220,800
 Number of Elderly & Handicapped Free: 546,301
 Number of Students: 246,747
 Number of Children Paid: 115,778
 Number of Children Free: 130,019
 Number of Transfers: 356,851
 Number of I.D. cards for elderly 3,177
 Number of Medical Cards 950
 Number of Service Miles: 1,943,268
 Number of Charter Miles: 8,981
 Number of Employees: 180
 Name of Interstate Bus Lines: Greyhound Lines
 Autobuses Latinos de Greyhound,
 El Conejo,
 Americanos USA,
 El Expreso Bus Co.,
 Autobuses Adame,
 Cougar Buslines,
 Tornado Bus Company,
 Turimex,
 Ybarra Brothers

PUBLIC SAFETY

Number of Stations:	13	
Number of Hydrants:	10,000	
Number of Fire Pumpers:	13	Reserve: 3
Number of Aerial Trucks:	3	Reserve: 0
Number of Ambulances:	8	Reserve: 4
Number of Crash Trucks:	1	Reserve: 1
Number of Brush Trucks:	2	Reserve: 0
Number of Haz-Mat Trucks:	1	
Number of Firefighters:	165	
Number of EMS Paramedics:	168	
Employees per 1,000 population:	1.66	

POLICE PROTECTION

Number of Stations:	1	Police Headquarters
Number of Neighborhood Policing Stations:	16	
Number of Sworn Officers:	393	
Number of Vehicular Patrol Units:	270	
Employees per 1,000 Population:	2	
Number of Law Violations:	37,422	
Number of Physical Arrests:	7,679	
Number of Traffic Violations:	95,526	
Number of 911 Calls:	111,923	
Number of Non-911 Calls:	307,748	

MEDICAL FACILITIES

Number of Hospitals:	3
Number of Clinics:	16
Number of Nursing Homes:	3
Number of Ambulance Services:	7

PUBLIC WORKS

WATERWORKS SYSTEM

Miles of Water Mains:	629
Daily Average Consumption:	35 M.G.D.
Plant Capacity:	62 M.G.D.
Storage Capacity:	31.28 M.G.D.
Water Rights Owned:	46,265 A.C./ F.T.
Source of Water:	Rio Grande/Carrizo-Wilcox
Number of Service Connections:	55,252

SEWER SYSTEM

Mile of Sanitary Sewer:	426
Number of Lift Stations:	76
Daily Average Treatment:	17.8 MGD
Maximum Capacity of Treatment Plants:	21.0 MGD
Number of Disposal Plants:	5
Number of Service Connections:	52,565
Number of Garbage Connections:	50,060
Solid Waste Disposal Type:	Landfill

STREETS

Number of Paved Streets:	9,466 Blocks
Number of Unpaved Streets:	16 Blocks
Miles of Paved Streets:	592 Miles
Miles of Unpaved Streets:	1 Mile

EDUCATIONAL

LAREDO INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	3
Number Of Magnet Schools:	2
Number of Classrooms:	300
Number of Administrative Personnel:	21
Number of Teachers	405
Number of Students:	5,629
Annual Budget:	\$30,697,110
Number of Middle Schools:	4
Number of Classrooms:	253
Number of Administrative Personnel:	19
Number of Teachers:	351
Number of Students:	5,084
Annual Budget	\$24,982,028
Number of Elementary Schools:	21
Number of Classrooms:	696
Number of Administrative Personnel:	49
Number of Teachers:	837
Number of Students:	14,337
Annual Budget:	\$57,883,594

UNITED INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	4
Number Of Magnet Schools:	3
Number of Classrooms:	493
Number of Administrative Personnel:	66
Number of Teachers:	580
Number of Students:	8,780
Annual Budget:	\$43,904,805
Number of Middle Schools:	8
Number of Classrooms:	462
Number of Administrative Personnel:	58
Number of Teachers:	494
Number of Students:	7,977
Annual Budget:	\$34,365,455
Number of Elementary Schools:	26
Number of Classrooms:	1,208
Number of Administrative Personnel:	116
Number of Teachers:	1,160
Number of Students:	18,645
Annual Budget:	\$73,940,925

LIBRARIES

Number of Public Libraries:	1
Number of Volumes:	259,415
Circulation transactions:	504,946
Circulation per Capita:	2.35
New Library Cards Issued:	12,715
Library Cards in Force:	105,008
Number of Suscriptions:	394
Number of Titles:	145,287
Number of Library Visits:	457,557
Number of Materials Used:	165,046
Library Programs Presented:	1,327
Number Attending Library Programs:	46,751
Bookmobiles:	1
Branches and Outlets:	2

PRIVATE SCHOOLS

Number of Parochial Schools:	37
Vocational Training Centers:	60

COMMUNICATIONS

Number of Daily Newspapers	2
Major Newspaper:	Laredo Morning Times
Number of Radio Stations:	12
Number of TV Stations:	4
Number of Cable Television Companies:	1
Number of Satellite Companies:	2

TEXAS A&M INTERNATIONAL UNIVERSITY

Date Established:	Established in 1970 as a division of Texas A & I, and as a separate University in 1977 as a division of the University System of South Texas. The University became a member of the Texas A&M U. System on September 1, 1989.
Programs Offered:	Undergraduate & Graduate, and Doctoral degrees are offered by the Colleges of Business Administration, Education, Arts & Humanities & Science & Tech.
Population served:	Undergraduate/Graduate level college students seeking liberal arts/education/psychology & business/international trade & Science & Technology degrees.
Region Served:	South Texas Region
Number of Classrooms/Labs:	107
Number of Administrators:	108
Number of Full-Time Faculty:	100
Number of Part-Time Faculty:	76
Number of Full-Time Students:	2,192
Number of Part-Time Students:	2,010

LAREDO COMMUNITY COLLEGE

Date Founded:	1947
Programs Offered:	2 Years of Pre-Professional Courses in the Fields of Art, Business, Computer, Education, Engineering, Law, Medical, Nursing, Pre-Professional, Science & Vocational leading to an Associates of Arts Diploma Dentistry
Number of Classrooms (Inc. labs):	223
Total Gross Square Footage:	1,138,903 Sq. Ft.
Number of Administrative Personnel:	122
Number of Full Time Faculty:	226
Number of Part Time Faculty:	156
Number of Full Time Students:	3,912
Number of Part Time Students:	8,507
Counties Served:	Webb, Jim Hogg, Zapata
Total Annual Budget:	\$34,240,674

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 20
continued

RECREATIONAL

PARKS

Number of Acres Maintained:	590.46
Number of Parks:	54
Number of Plazas:	4
Baseball & Softball Fields:	32
Number of Swimming Pools:	6
Number of Soccer Fields:	24
Number of Tennis Court Facilities:	24 courts in 6 facilities
Number of Raquetball Facilities:	2
Number of Recreational Centers:	8

CEMETERY

City:	1
Catholic:	1
Private:	1
Burials Served:	254
Cemetery Lots Sold:	145

LODGING/MEETING FACILITIES

Number of Hotels/Motels:	37 with 3,282 rooms
Meeting Facilities:	13

MAJOR ATTRACTIONS

Number of Rodeo Arenas:	2
Number of Museums:	4
Number of Golf Courses:	2
Number of Tennis Courts:	24
Number of Tennis Court Facilities:	6
Number of Malls:	2
Number of Bowling Alleys:	1
Number of Movie Theaters:	2, with 22 indoor movie screens
Number of Country Clubs:	1
Annual Festivities:	Menudo Annual Cook-Off in January Washington Birthday Celebration in February Border Olympics in March Life International Fair & Exposition in March Expomex of Nuevo Laredo in September & Spring Diez y sies de Septiembre in September Founder's Day in May Christmas Tree Lighting Ceremony Ms. Texas USA Pageant Laredo International Sister Cities Festival TAMIU Folkloric Festival & TAMIU Fiesta de Mariachi Trail Ride & Memorial Day Pow Wow Cola Blanca Big Buck Contest

CIVIC CENTER

Auditorium:	1 with 1,979 Seats
Banquet & Exhibit Hall:	24,470 sq ft (1,500 seats)
Meeting Rooms:	4 Meeting Rooms with capacity of 70 to 80 Per Room or 1 Room of 250 persons. (4,140 square footage)
Parking Spaces:	1,000

CHURCHES

Number of Catholic Churches:	18, including 7 Missions
Number of Synagogues:	1
Other Churches:	67

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 20
continued

SPORTS ARENA

Square Feet:	178,000
Seat Capacity:	10,000
Luxury Suites:	14
Meeting Rooms:	6
Food Courts:	2
Team Stores:	1
Parking Spaces	2,000
Major Attraction	CFL Hockey Team: The Laredo Bucks

SOURCES:

Finance Department, City of Laredo
Laredo Chamber of Commerce
Laredo Community College
Laredo Independent School District
Texas A&M International University
United Independent School District
Laredo Entertainment Center

**INSURANCE IN FORCE FOR THE CITY OF LAREDO
INCLUDING THE INTERNATIONAL TOLL BRIDGE SYSTEM
LAREDO WATERWORKS SYSTEM, AND THE LAREDO SEWER SYSTEM
SEPTEMBER 30, 2005**

CITY OF LAREDO, TEXAS

TABLE 21

DESCRIPTION	TYPE OF COVERAGE	POLICY LIMIT
BUILDINGS	Fire and Extended Coverage (1)	\$221,741,151
ALL PREMISES	General Liability	1,000,000
VEHICLES	Automobile Liability Auto Physical Damage	1,000,000 PER SCHEDULE, ACTUAL CASH VALUE
LIABILITY	Errors & Omissions Public Employee Dishonesty	1,000,000 1,000,000
PROPERTY	Mobile Equipment Boiler & Machinery	8,446,760 5,000,000
AIRPORT LIABILITY	Comprehensive General Liability, Personal Injury Liability Coverage Airport Control Tower Operations	Primary Policy 20,000,000 Excess Policy 50,000,000 PER OCCURANCE
LAW ENFORCEMENT	Law Enforcement Liability	1,000,000
PUBLIC OFFICIALS	Personal Injury and errors and omissions	1,000,000
WORKER'S COMPENSATION	All City employees for all funds- Employer's Liability (2)	STANDARD POLICY/ STATUTORY LIMITS
AIRPORT - FEDERAL TRADE ZONE	Federal Trade Zone Operator's Bond	\$50,000

NOTES:

(1) The property Fire and Extended Coverage Policy includes all Buildings owned by the City of Laredo and the contents of particular buildings. It also provides coverage for use occupancy and business interruptions for the four International Bridges operated by the City's International Toll Bridge System.

(2) Includes Volunteers and Elected Officials.

SOURCE:

City of Laredo, Texas

CONTINUING DISCLOSURE INFORMATION

The following tables are hereby submitted in order to comply with the requirements of the Securities and Exchange Commission Rule 15c2-12 for Continuing Disclosures of Information related to the new bond issued during fiscal year 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, and 2005. The tables apply to the following issues:

General Obligation Refunding Bond, Series 1996	\$30,080,000
International Toll Bridge System Revenue Refunding Bond, Series 1996	17,995,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 1996	2,040,000
General Obligation Bond, Series 1997	5,830,000
Combination Tax and Waterworks System Revenue Certificate of Obligation, Series 1997-A	2,860,000
Combination Tax and Revenue Certificate of Obligation, Series 1997-B	3,660,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 1998	1,430,000
Combination Tax and Sewer Revenue Certificate of Obligation, Series 1998-A	6,415,000
Combination Tax and Revenue Certificate of Obligation Series, 1998-B	16,160,000
General Obligation Refunding Bond, Series 1998	43,050,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 1999	2,830,000
Combination Tax and Waterworks Revenue System Certificate of Obligation, Series 1999	3,850,000
Combination Tax and Parking System Certificate of Obligation, Series 1999	1,050,000
International Toll Bridge System Revenue Bond, Series 1999	9,000,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 2000	2,060,000
Combination Tax and Sewer System Revenue Certificate of Obligation, Series 2000	1,820,000
Combination Tax and Waterworks System Revenue Certificate of Obligation, Series 2000	2,485,000
Public Property Finance Contractual Obligation, Series 2000A	1,550,000
Combination Tax and Revenue (CIF-Bridge) Certificate of Obligation, Series 2000	9,365,000
Sports Venue Sales Tax Revenue Bond, Series 2001	39,315,000
Tax and Revenue Certificate of Obligation, Series 2002	9,925,000
Public Property Finance Contractual Obligation, Series 2002	2,265,000
International Toll Bridge System Revenue Bond, Series 2002	12,105,000
Sewer System Revenue Bond, Series 2002A	2,095,000
Sewer System Revenue Bond, Series 2002B	2,620,000
Waterworks System Revenue Bond, Series 2002	741,000
Sewer System Revenue Bond, Series 2002	710,000
General Obligation Refunding Bond, Series 2003	4,590,000
Combination Tax and Sewer System Revenue Certificate of Obligation, Series 2003	3,620,000
Public Property Finance Contractual Obligations, Series 2003	2,795,000
Combination Tax and Waterworks System Revenue Certificate of Obligation, Series 2003	3,510,000
Combination Tax and Revenue Certificate of Obligation, Series 2004	13,535,000
International Toll Bridge System Revenue Bond, Series 2004	5,935,000
Waterworks & Sewer System Revenue Refunding Bonds, Series 2004	6,215,000
Waterworks & Sewer System Revenue Bonds, Series 2004	7,480,000
General Obligation Refunding Bonds, Series 2005	24,455,000
Sports Venue Sales Tax Revenue Improvement and Refunding Bond, Series 2005	33,550,000
International Toll Bridge System Rev. Improvement and Refunding Bond, Series 2005	23,760,000
International Toll Bridge System Revenue Refunding Bond, Series 2005	24,565,000
Waterworks & Sewer Systems Revenue Bond, Series 2005	\$ 6,420,000

GENERAL OBLIGATION BOND

TABLE 1-VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2004 Market Valuation Established by Webb County Appraisal District (as of August 2005)		7,310,643,072
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	199,136,370	
Disabled Veterans Exemptions	4,773,075	
Agricultural and Open Space Land Use Reductions	152,554,890	
Free port Exemptions	170,521,360	
Property Redevelopment and Tax Abatement	9,239,340	
Pollution Control	93,520	
Solar and Wind Power Exemptions	1,004,534	
Historical Exemption	<u>184,780</u>	<u>537,507,869</u>
2004 Taxable Assessed Valuation		6,773,135,203
General Obligation Debt Payable from Ad Valorem Taxes (1)		
General Obligation Bonds	88,040,000	
Certificates of Obligation	<u>65,685,000</u>	
Funded Debt Payable from Ad Valorem Taxes		153,725,000
Less: Self-supporting Debt		
Sewer System General Obligation Debt	17,617,933	
Sewer System Certificates of Obligation	6,055,000	
Waterworks System General Obligation Debt	24,876,468	
Waterworks System Certificates of Obligation	2,170,000	
Bridge System General Obligation Debt	4,618,638	
Bridge System Certificate of Obligation	3,785,000	
Risk Management Certificates of Obligation	85,000	
Airport System Certificates of Obligation	4,215,000	
Paving Assessments General Obligations Debt	60,000	
Civic Center General Obligation Debt	520,000	
Landfill General Obligation Debt	400,141	
Landfill Certificates of Obligation	13,216,857	
Mass Transit General Obligation Debt	2,880,000	
Mass Transit Certificates of Obligation	5,915,000	
Capital Improvement Fund Certificates of Obligation	1,740,000	
Environmental Services Certificates of Obligation	7,490,000	
Parking System General Obligation Debt	272,131	
Parking System Certificates of Obligation	<u>2,740,000</u>	<u>98,657,168</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		55,067,832
Interest and Sinking Fund		5,634,547
Ratio Funded Debt to Taxable Assessed Valuation		2.27%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		0.81%
2005 Estimated Population-	215,375	
Per Capita Taxable Assessed Valuation-	\$31,448	
Per Capita Funded Debt-	\$714	
Per Capita General Purposes Funded Debt-	\$256	

- (1) The above statement of indebtedness does not include the following revenue bonds, as these are payable solely from, the net revenues of the System, as defined in the bond ordinance authorizing the bonds: \$13,025,000 Waterworks System Revenue Bonds; \$8,719,000 Sewer System Revenue Bonds; and \$70,015,000 International Toll Bridge System Revenue Bonds; \$37,135,000 Sport Venue Sales Tax Revenue Bonds

TABLE 2-TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2005		2004		2003	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	3,418,436,623	46.76%	3,012,653,092	46.01%	2,794,996,391	45.93%
Real, Residential, Multifamily	224,977,258	3.08%	201,368,048	3.08%	160,508,170	2.64%
Real, Vacant Lots/Tracts	284,434,270	3.89%	298,947,650	4.57%	299,026,670	4.91%
Real, Acreage (Land Only)	250,847,690	3.43%	237,544,790	3.63%	226,133,290	3.72%
Real, Farm and Ranch Improvements	1,478,870	0.02%	1,391,730	0.02%	2,076,540	0.03%
Real, Commercial/Industrial	1,947,911,091	26.64%	1,662,181,632	25.38%	1,516,963,566	24.93%
Real, Oil, Gas, and Other Mineral Reserves	30,917,840	0.42%	25,864,910	0.39%	27,848,440	0.46%
Real and Tangible Personal, Utilities	136,386,070	1.87%	152,566,130	2.33%	139,266,140	2.29%
Tangible Personal, Commercial/Industrial	888,562,850	12.15%	824,674,650	12.59%	784,570,110	12.89%
Tangible Personal, Other	90,439,390	1.24%	93,587,850	1.43%	94,760,880	1.56%
Real Property, Inventory (1)	13,134,920	0.18%	12,634,900	0.19%	15,573,120	0.26%
Special Inventory	<u>23,116,200</u>	<u>0.32%</u>	<u>24,740,100</u>	<u>0.38%</u>	<u>23,996,700</u>	<u>0.39%</u>
Total Appraised Value Before Exemptions	7,310,643,072	100.00%	6,548,155,482	100.00%	6,085,720,017	100.00%
Less: Total Exemptions/Reductions	<u>537,507,869</u>		<u>529,716,818</u>		<u>526,737,800</u>	
Taxable Assessed Value	<u>6,773,135,203</u>		<u>6,018,438,664</u>		<u>5,558,982,217</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2002		2001	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	2,506,920,409	44.85%	2,246,214,480	43.54%
Real, Residential, Multifamily	141,520,050	2.53%	148,244,602	2.87%
Real, Vacant Lots/Tracts	297,613,702	5.32%	258,396,087	5.01%
Real, Acreage (Land Only)	194,372,340	3.48%	59,731,055	1.16%
Real, Farm and Ranch Improvements	2,323,890	0.04%	155,938,590	3.02%
Real, Commercial/Industrial	1,353,217,672	24.21%	1,325,762,518	25.70%
Real, Oil, Gas, and Other Mineral Reserves	19,609,250	0.35%	11,236,450	0.22%
Real and Tangible Personal, Utilities	134,604,550	2.41%	148,750,780	2.88%
Tangible Personal, Commercial/Industrial	803,306,670	14.37%	701,249,810	13.59%
Tangible Personal, Other	96,091,190	1.72%	93,009,720	1.80%
Real Property, Inventory (1)	16,750,960	0.30%	10,842,350	0.21%
Special Inventory	<u>23,818,910</u>	<u>0.43%</u>	<u>0</u>	<u>0.00%</u>
Total Appraised Value Before Exemptions	5,590,149,593	100.00%	5,159,376,442	100.00%
Less: Total Exemptions/Reductions	<u>519,598,749</u>		<u>44,558,635</u>	
Taxable Assessed Value	<u>5,070,550,844</u>		<u>5,114,817,807</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Webb County Appraisal District to the State Controller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

(1) Real inventory properties in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder.

TABLE 3-VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population (1)	Taxable Assessed Valuations (2)	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
1996	162,122	3,014,769,573	18,596	133,950,000	4.47%	831
1997	176,000	3,282,444,963	18,650	137,080,000	4.08%	761
1998	182,000	3,625,397,176	20,599	152,655,000	3.78%	753
1999	197,000	3,806,075,234	19,320	150,855,000	4.01%	775
2000	193,180	4,073,722,461	21,088	150,630,000	3.70%	781
2001	193,117	4,354,083,033	22,546	152,185,000	3.46%	780
2002	201,292	4,713,792,517	23,418	153,675,000	3.23%	756
2003	207,611	5,070,586,594	24,423	151,940,000	3.03%	740
2004	214,000	6,018,438,664	28,124	152,500,000	2.53%	713
2005	215,375	6,773,135,203	31,448	153,725,000	2.27%	714

(1) Source: City of Laredo and Laredo Development Foundation.

(2) As reported by the Webb County Appraisal District on City's annual State Property Tax Board Reports.

TABLE 4-TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9-30	Tax Rate	Distribution General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
1996	0.551610	0.115500	0.240060	18,106,295	93.56%	104.07%
1997	0.526760	0.314030	0.212773	19,097,360	95.03%	105.88%
1998	0.539930	0.336790	0.203140	20,550,143	95.58%	105.24%
1999	0.539930	0.351860	0.188070	21,995,250	95.67%	103.05%
2000	0.569218	0.393256	0.175962	24,784,224	95.65%	102.56%
2001	0.576358	0.417750	0.158603	27,168,694	95.05%	101.57%
2002	0.576358	0.435878	0.140480	32,039,639	95.92%	103.11%
2003	0.630534	0.484758	0.145776	33,435,345	99.97%	107.29%
2004	0.641761	0.500648	0.141113	38,455,159	97.42%	105.58%
2005	0.637000	0.508677	0.128323	43,209,681	96.49%	104.70%

Tax collections as of September 30, 2005

TABLE 5-TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Business</u>	<u>Property</u>	<u>Valuation</u>
Laredo Texas Hospital Co. LP.	Medical	100,485,510	1.48%
AEP Texas Central Company	Electricity	61,555,580	0.91%
HE Butt Grocery Co.	Grocery Store	34,233,950	0.50%
Enterprise Laredo Associates	Enterprise	32,221,010	0.48%
Killam Ind. Dev. Partnership, LTD.	Development	27,078,540	0.40%
Southwestern Bell Telephone, LP.	Telephone Co.	26,089,500	0.38%
Laredo Regional Medical Center, LP.	Medical	24,423,235	0.36%
BB County Correctional Center Public Facility	Correctional Center	21,866,310	0.32%
Webb Hospital Holdings, LLC.	Medical	20,564,210	0.30%
United States Cold Storage	Cold Storage	<u>16,680,190</u>	0.25%
		<u>365,198,035</u>	5.38%

NOTE: These taxpayers are current on all taxes.

GENERAL OBLIGATION DEBT LIMITATION... The City held a charter election on November 7, 1995. The voters approved Proposition 24 (2,093 in favor, 522 against), which stated that the total overall outstanding debt shall be limited to 10% of the total assessed value.

TABLE 6-ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities may have issued additional debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>2004 Taxable Assessed Valuation</u>	<u>2004 Tax Rate</u>	<u>Total Funded Debt</u>	<u>Estimated % Applicable</u>	<u>Overlapping Funded Debt As of 09-30-05</u>
City of Laredo	6,773,135,203	0.637000	153,725,000	100.00%	153,725,000
Laredo Independent School District	1,732,369,870	1.474110	270,109,931	100.00%	270,109,931
Laredo Community College District	6,891,686,613	0.236000	78,081,717	100.00%	78,081,717
United Independent School District	5,511,927,586	1.526870	336,983,358	70.84%	238,719,011
Webb County	8,718,453,508	0.437920	72,663,818	67.04%	<u>48,713,824</u>
			Total Direct and Overlapping G.O. Tax Debt		<u>789,349,483</u>
			Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation		2.66%
			Per Capita Overlapping G. O. Tax Debt		3,665.00

Source: Finance Departments of respective entities.

TABLE 7-INTEREST AND SINKING FUND BUDGET PROTECTION

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-2006.....		\$	25,030,306
Interest and Sinking Fund, 9-30-2005.....	5,634,547		
Property Taxes for Interest and Sinking Fund.....	9,313,092		
Paving Assessments.....	163,378		
Budgeted Transfers.....	15,438,876		
Estimated Investment Income.....	<u>254,700</u>		<u>30,804,593</u>
Estimated Balance, 9-30-2006.....		\$	<u><u>5,774,287</u></u>

TABLE 8 A-GENERAL OBLIGATION DEBT SERVICE

2006	12,424,484	12,424,484	6,763,744	5,660,740	
2007	11,386,868	11,386,868	6,228,243	5,158,625	
2008	11,602,127	11,602,127	6,198,556	5,403,571	
2009	10,643,354	10,643,354	6,165,802	4,477,552	
2010	10,312,751	10,312,751	6,191,219	4,121,532	52.36%
2011	10,630,919	10,630,919	6,443,646	4,187,273	
2012	10,610,881	10,610,881	6,407,869	4,203,012	
2013	10,225,507	10,225,507	6,673,057	3,552,450	
2014	8,860,311	8,860,311	5,292,244	3,568,067	
2015	4,751,086	4,751,086	2,274,840	2,476,246	90.31%
2016	4,570,700	4,570,700	2,304,741	2,265,959	
2017	4,638,200	4,638,200	2,308,841	2,329,359	100.00%
2018	1,457,450	1,457,450	1,457,450	0	
2019	1,460,200	1,460,200	1,460,200	0	
2020	1,149,700	1,149,700	1,149,700	0	
2021	<u>771,450</u>	<u>771,450</u>	<u>771,450</u>	<u>0</u>	
Total	<u><u>115,495,988</u></u>	<u><u>115,495,988</u></u>	<u><u>68,091,602</u></u>	<u><u>47,404,386</u></u>	

TABLE 8 B-CERTIFICATES OF OBLIGATIONS DEBT SERVICE

2010	4,550,336	1,176,074	5,726,410	4,168,539	1,557,871	35.77%
2011	3,756,051	1,199,749	4,955,800	3,815,240	1,140,560	
2012	3,233,983	1,201,174	4,435,157	3,295,849	1,139,308	
2013	2,988,164	1,201,249	4,189,413	3,052,320	1,137,093	
2014	2,888,720	1,198,449	4,087,169	2,947,079	1,140,090	
2015	2,264,686	1,199,649	3,464,335	2,322,722	1,141,613	57.62%
2016	2,262,741	1,194,649	3,457,390	2,320,872	1,136,518	
2017	2,261,417	1,198,649	3,460,066	2,319,973	1,140,093	
2018	4,410,711	1,201,249	5,611,960	2,905,737	2,706,223	
2019	2,045,105	1,196,604	3,241,709	2,172,350	1,069,359	
2020	2,054,590	1,200,510	3,255,100	2,183,242	1,071,858	84.95%
2021	1,873,455	1,201,623	3,075,078	2,183,465	891,613	
2022	1,871,575	1,201,035	3,072,610	2,178,053	894,557	
2023	1,123,674	1,198,250	2,321,924	1,431,212	890,712	
2024	579,125	1,201,500	1,780,625	1,157,625	623,000	
2025	-	1,197,000	1,197,000	572,250	624,750	100.00%
Total	66,234,581	23,941,735	90,176,316	64,103,727	26,072,589	

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TABLE 9-COMPUTATION OF SELF-SUPPORTING DEBT

Computation of Self-supporting Debt-Airport	
Net Airport Revenue from Fiscal Year Ended 9-30-05	(403,747)
Less: Airport Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(403,747)
Airport General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>775,940</u>
Balance	(1,179,687)
Percentage of Airport General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Sewer system	
Net Revenue from Fiscal Year Ended 9-30-05	5,736,618
Less: Sewer System Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>1,714,008</u>
Balance Available for Other Purposes	4,022,610
Sewer System General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>3,400,405</u>
Balance	622,205
Percentage of Sewer System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Waterworks System	
Net Revenues from Fiscal Year Ended 9-30-05	9,668,767
Less: Waterworks Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>1,866,335</u>
Balance Available for Other Purposes	7,802,432
Waterworks System General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>3,681,954</u>
Balance Available for Other Purposes	4,120,478
Percentage of Waterworks System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Paving Assessments	
Net Revenue from Fiscal Year Ended 9-30-05	441,257
Less: Paving Assessment Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	441,257
Paving Assessments General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>41,605</u>
Balance	399,652
Percentage of Paving Assessment General Obligation Bonds Self-supporting	100%

TABLE 9-COMPUTATION OF SELF-SUPPORTING DEBT- (CONTINUED)

Computation of Self-supporting Debt-Hotel Occupancy Tax	
Net Revenues from Fiscal Year Ended 9-30-05	2,549,264
Less: Hotel Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	2,549,264
Hotel General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>134,330</u>
Balance	2,414,934
Percentage of Hotel General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Mass Transit	
Net Revenue from Fiscal Year Ended 9-30-05	(596,519)
Less: Mass Transit Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(596,519)
Mass Transit General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>898,219</u>
Balance	(1,494,738)
Percentage of Mass Transit General Obligation Bonds Self -supporting	100%
Computation of Self-supporting Debt-Solid Waste Fund (Landfill Fund)	
Net Revenue from Fiscal Year Ended 9-30-05	328,306
Less: Solid Waste Revenue Bond Requirements, 2006 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	328,306
Solid Waste General Obligation Bond Requirements, 2006 Fiscal Year Ended	<u>2,113,727</u>
Balance	(1,785,421)
Percentage of Solid Waste General Obligation Bonds Self-supporting	100%

TABLE 10-OTHER OBLIGATIONS

<u>Fiscal Year Ended September 30</u>	<u>Lease Payments</u>
2006	1,008,491
2007	584,937
2008	395,468
2009	<u>110,528</u>
Total Minimum Lease Payments	<u>2,099,424</u>

Other Obligations

Pension Fund... The City provides benefits for all of its full-time employees through the Texas Municipal Retirement System (TMRS), a statewide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense.

FINANCIAL INFORMATION

TABLE 11-GENERAL FUND REVENUES AND EXPENDITURES HISTORY

Fiscal Year Ended September 30,

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues:					
Taxes	57,900,377	51,922,395	45,792,946	40,463,347	36,612,984
Franchises	6,173,160	5,700,834	5,539,242	6,542,640	7,046,343
Licenses & Permits	5,539,664	5,300,012	4,932,961	5,007,870	4,691,086
Intergovernmental	1,379,562	1,007,702	825,502	592,326	613,914
Charges for Services	24,873,733	24,027,157	22,738,802	21,728,811	19,632,991
Fine and Special Assessments	2,649,032	2,476,015	2,075,063	1,881,512	2,551,847
Interest and Other	598,745	246,074	382,482	1,003,356	1,676,744
Other	<u>2,134,048</u>	<u>2,254,319</u>	<u>2,741,755</u>	<u>966,239</u>	<u>984,630</u>
Total Revenues	<u>101,248,321</u>	<u>92,934,508</u>	<u>85,028,753</u>	<u>78,186,101</u>	<u>73,810,539</u>
Expenditures:					
General Government	11,532,732	14,654,701	11,602,491	10,661,703	9,918,770
Public Safety	64,300,403	60,906,326	56,025,310	50,088,426	43,409,621
Public Works	5,695,047	5,268,489	3,608,986	4,125,575	4,320,132
Health and Welfare	527,562	721,376	961,834	948,141	906,787
Culture and Recreation	9,466,373	8,443,408	8,361,917	7,311,822	7,016,479
Capital Outlay	-	-	-	741,194	-
Miscellaneous	<u>3,616,381</u>	<u>11,914,519</u>	<u>3,405,561</u>	<u>2,977,874</u>	<u>2,869,487</u>
Total Expenditures	<u>95,138,498</u>	<u>101,908,819</u>	<u>83,966,099</u>	<u>76,854,735</u>	<u>68,441,276</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,109,823</u>	<u>(8,974,311)</u>	<u>1,062,654</u>	<u>1,331,366</u>	<u>5,369,263</u>
Transfers In	2,663,967	937,661	8,273,349	4,152,822	3,844,446
Bond/Capital Lease Proceeds	-	12,115,000	-	-	283,800
Transfers Out	<u>(4,779,376)</u>	<u>(3,771,269)</u>	<u>(11,098,086)</u>	<u>(8,355,016)</u>	<u>(7,112,330)</u>
Total Transfers In/(Out)	<u>(2,115,409)</u>	<u>9,281,392</u>	<u>(2,824,737)</u>	<u>(4,202,194)</u>	<u>(2,984,084)</u>
Net Increase (Decrease) Adjustments	3,994,414	307,081	(1,762,083)	(2,870,828)	2,385,179
Beginning Fund Balance	<u>10,327,107</u>	<u>10,020,026</u>	<u>11,782,109</u>	<u>14,652,937</u>	<u>12,267,758</u>
Ending Fund Balance	<u>14,321,521</u>	<u>10,327,107</u>	<u>10,020,026</u>	<u>11,782,109</u>	<u>14,652,937</u>

TABLE 12-MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code Chapter 321, which grants the City the power to impose and levy a 1% Local Sales Tax within the City proceeds of which are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcement are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

<u>Fiscal Year</u> <u>Ended 9-30</u>	<u>Total Collected (2)</u>	<u>% of Ad</u> <u>Valorem Tax</u> <u>Levy</u>	<u>Equivalent of</u> <u>Ad Valorem</u> <u>Tax Rate</u>	<u>Per Capita</u> <u>(1)</u>
1996	10,423,709	58%	0.3176	71.03
1997	11,665,798	61%	0.3218	66.28
1998	12,863,422	63%	0.3380	70.68
1999	13,665,869	62%	0.3355	69.37
2000	15,230,665	61%	0.3498	78.84
2001	18,461,983	68%	0.3917	95.60
2002	21,447,813	67%	0.3858	106.55
2003	22,547,235	67%	0.4252	108.60
2004	24,374,768	63%	0.4050	113.90
2005	26,433,198	61%	0.3902	122.73

(1) Based on estimated population for all years.

(2) The City has also collected a 1/4 of 1% Local Sales and Use Tax since September, 1991 for funding of its Mass Transit System and a 1/4 of 1% since January 2001 for the Sports & Community Venue Project. The total collected column includes only amount collected for the City and Sports & Community Venue.

The sales tax breakdown for the City is as follows:

Webb County	0.50%
Mass Transit Sales & Use Tax	0.25%
Sports Venue Tax	0.25%
City Sales & Use Tax	1.00%
State Sales & Use Tax	<u>6.25%</u>
Total	<u>8.25%</u>

TABLE 13-CURRENT INVESTMENTS

As of September 30, 2005, all of the City's investments were guaranteed obligations of the US Government or its agencies and government investment pool. The City's investment portfolio had a weighted average maturity of 134 days to the call date and a weighted average maturity of 365 days to its final maturity. The market value of the investment portfolio was approximately 99.75% of its face value. The City's funds are invested as follows:

Investment Pools	\$	126,586,613
Agency Securities		<u>72,694,618</u>
Total	\$	<u>199,281,231</u>

Laredo Entertainment Center

The City of Laredo, Texas issued the Sports Venue Sales Tax Revenue Bonds, Series 2001 to finance a sports venue project for a multipurpose entertainment arena and related infrastructure that is planned for the use of one or more professional or amateur sports events and community events, including promotional and other civic or charitable events, and to pay for costs of issuance of the Bonds.

The Bonds constitute special and limited obligations of the city and are payable solely from, and secured solely by a first lien on and pledge of, the Sales Tax Revenues, as approved by the citizens on a special election on August 12, 2000. The Sales Tax Revenues consist of the gross receipts from a ¼% sale and use tax collected within the boundaries of the City. The Bonds were issued pursuant to the provisions of (i) Chapter 334 of the Texas Local Government code, as amended (the "Act"), and (ii) an authorizing ordinance (the "Ordinance") adopted by the City Council of the City on May 23, 2001.

The Bonds are payable solely from, and secured solely by a first lien on and pledge of, the Sales Tax Revenues as provided in the Ordinance and not from any other revenues, properties or income of the city. Neither the State of Texas nor any political corporation, subdivision or agency of the State other than the City will be obligated to pay the Bonds or the interest thereon, and neither the faith and credit nor the taxing power of the State or any political corporation, subdivision or agency thereof is pledged to the payment of principal of or interest on the Bonds.

The construction of Laredo Entertainment Center was completed by September 2002. This huge entertainment center will introduce inexpensive, family oriented entertainment services, such as concerts, rodeos, circuses, civic events, sporting events and more. Its major attraction will be the Laredo Bucks, hockey team, who will participate in the Central Hockey League.

The Arena itself will count with a diverse mixture of world-class entertainment, a 10,000 seating capacity, over 2000 parking spaces, and a team store. The 178,000 square foot, \$36.5 million facility opened in October 2002. For the first year, the Laredo Entertainment Center hosted more than 100 events among them Shakira's, and Santana's concert.

After the construction of the Arena was completed, approximately 170 new full-time jobs were created for the operation of the facility. Furthermore, contracts were awarded to local businesses whose products are needed for the daily operations of the center. This will bring many new businesses to the City of Laredo, which will provide more job opportunities and City growth.

TABLE 1 – SALES TAX RECEIPTS

	<u>Fiscal Year Ending 9/30</u>	<u>Actual 1% Sales & Use Tax Receipts</u>		<u>1/4 of 1% Sales Tax Receipts</u>	<u>Maximum Annual Debt Service</u>	<u>Estimated Coverage</u>
*	1995	11,431,266	*	2,857,817	3,064,204	0.93
*	1996	10,423,709	*	2,605,927	3,064,204	0.85
*	1997	11,665,798	*	2,916,450	3,064,204	0.95
*	1998	12,863,423	*	3,215,856	3,064,204	1.05
*	1999	13,665,870	*	3,416,468	3,064,204	1.11
*	2000	15,230,665	*	3,807,666	3,064,204	1.24
	2001	16,512,506		4,128,126	3,064,204	1.35
	2002	17,158,252		4,289,561	3,064,204	1.40
	2003	18,037,788		4,509,447	3,064,204	1.47
	2004	19,552,556		4,822,212	3,064,204	1.57

(*) These amounts were generated by multiplying, for each Fiscal Year, the amount of actual 1.0% sales and use tax receipts for such Fiscal Year by .25. These figures therein are provided for illustrative purposes only. The ¼% of 1% Sales Tax securing the Bonds has only been collected since January 1, 2001. Therefore, the amounts do not represent actual collections of the Sales Tax securing the Bonds, but simply provide an estimated of the amounts of Sales Tax Revenues that might have been collected had the ¼ of 1% Sales Tax been in effect since Fiscal Year 1995.

TABLE 2 – COVERAGE

Average Annual Principal and Interest Requirements, 2005-2026	2,991,512
Fiscal Year 2004 Sales Tax Revenues	4,822,212
Coverage of Average Requirements by Fiscal Year 2004	1.61
Maximum Principal and Interest Requirements 2011	3,064,204
Fiscal Year 2004 Sales Tax Revenues	4,822,212
Coverage of Maximum Requirements by Fiscal 2004	1.57

TABLE 3 – ANNUAL DEBT SERVICE REQUIREMENT

<u>Fiscal Year</u> <u>Ended 9-30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>% of Debt Service</u> <u>Retired</u>
2005	625,000	1,993,948	2,618,948	3.98%
2006	730,000	1,965,179	2,695,179	
2007	835,000	1,929,966	2,764,966	
2008	950,000	1,889,804	2,839,804	
2009	1,070,000	1,844,354	2,914,354	21.02%
2010	1,195,000	1,793,391	2,988,391	
2011	1,325,000	1,736,029	3,061,029	
2012	1,395,000	1,665,448	3,060,448	
2013	1,480,000	1,582,791	3,062,791	
2014	1,565,000	1,495,248	3,060,248	44.16%
2015	1,660,000	1,402,529	3,062,529	
2016	1,760,000	1,304,204	3,064,204	
2017	1,855,000	1,206,069	3,061,069	
2018	1,955,000	1,108,438	3,063,438	
2019	2,055,000	1,004,398	3,059,398	67.43%
2020	2,170,000	893,491	3,063,491	
2021	2,285,000	776,548	3,061,548	
2022	2,410,000	651,798	3,061,798	
2023	2,545,000	518,632	3,063,632	
2024	2,685,000	379,083	3,064,083	90.70%
2025	2,830,000	232,935	3,062,935	
2026	2,980,000	78,970	3,058,970	100.00%
	\$ 38,360,000	27,453,253	\$ 65,813,253	

INTERNATIONAL AIRPORT DESCRIPTION

The Airport consists of approximately 1,892 acres of which 900 acres are dedicated to aviation for passenger and air cargo terminals, runways, taxiways and aprons and 982 acres are dedicated for industrial, commercial, retail, institutional, and recreational.

The Airport is currently being served by the following scheduled airlines: American Eagle to Dallas/Fort Worth and Continental Express to Houston Bush Intercontinental. Cumulative, the airlines have eight daily scheduled flights. Azteca Airlines discontinued service to Mexico City during April 2005. Furthermore, our passenger terminal also houses a full service restaurant, gift shop/duty free concession, ATM, five car rental companies and U.S. Custom Service.

Twelve scheduled air cargo companies are currently serving the Airport and several unscheduled cargo carriers. During 2001, Laredo ranked 93rd in the nation in terms of all air cargo activity. During 1993, the last year this survey was done, Laredo ranked 8th in the nation in terms of air cargo to and from Latin America. Menlo/UPS provides a daily B-727 and A-300 service to Laredo. BAX Global also provides daily DC-8 cargo service to and from Laredo. Federal Express added a wide body Airbus-300 service to Laredo effective on May 30th, in addition to their B-727 daily schedule service. DHL's acquisition of ABX (Airborne) resulted in upgrading scheduled service from Shots 360 feeder aircraft to DC-9.

The airport leases facilities and land to manufacturers, retailers, institutions and public entities. In December 2002, the University of Texas Health Science Center (UTHSC) inaugurated the first building of its medical research and education campus in Laredo. UTHSC is located adjacent to the approximate \$145.0 million new Mercy Regional Medical Center. This area of the airport is fast becoming a regional medical campus.

In July 2002 Mayor Flores declared the month of July as "FLY WORLD CLASS FROM LAREDO" providing jet service to Houston, to Dallas/Fort Worth, and Mexico City from an airport with world class facilities, such as, new state of the art \$24.0 million passenger terminal, new air carrier apron, new runway and new taxiway. The passenger capacity for the new terminal is 600 passengers per hour. The Federal Inspection Station has capacity for 300 passengers per hour.

During the past ten years the City and the Federal Aviation Administration have invested over \$100 million in Laredo International Airport infrastructure and noise abatement program.

The terminal is master planned to expand from the original three gates with four passenger-boarding bridges to twenty gates by the year 2025.

Calendar Year	Enplaned Passengers	Deplaned Passengers	Gross Landed Weight (lbs.)
1996	59,945	58,586	331,358,282
1997	70,445	67,149	392,601,348
1998	78,223	75,135	460,763,819
1999	89,306	87,017	374,202,303
2000	89,905	87,807	420,000,000
2001	69,049	(1) 67,835	226,136,780
2002	74,286	73,719	261,473,820
2003	73,638	72,345	(2) 272,367,959
2004	81,342	81,924	(2) 366,161,425
2005	90,653	92,932	(2) 374,434,576

(1) Because of the terrorists' attacks of September 11, 2001, we experienced an 8.0 percent decline in passenger activity for CY 2001. As a result of a weak national economy during all of CY 2001, air cargo declined by approximately 46 percent.

(2) Based on calendar year figures.

TABLE 1-DEBT SERVICE REQUIREMENT

Fiscal Year Ended 9-30	Debt Requirement	99 Airport Refunding Issue			Total Outstanding Debt	% of Principal Retired
		Principal	Interest	Total		
2006 \$	411,215	285,000	79,725	364,725	775,940	14.47%
2007	411,566	255,000	66,045	321,045	732,611	
2008	415,894	265,000	53,550	318,550	734,444	
2009	408,805	280,000	40,300	320,300	729,105	55.42%
2010	411,050	105,000	26,160	131,160	542,210	
2011	416,948	105,000	20,753	125,753	542,701	
2012	206,098	100,000	15,240	115,240	321,338	
2013	201,685	100,000	9,940	109,940	311,625	
2014	116,857	85,000	4,590	89,590	206,447	91.30%
2015	117,042	-	-	-	117,042	
2016	116,960	-	-	-	116,960	
2017	116,610	-	-	-	116,610	
2018	115,940	-	-	-	115,940	100.00%
Total \$	<u>3,466,670</u>	<u>1,580,000</u>	<u>316,303</u>	<u>1,896,303</u>	<u>5,362,973</u>	

TABLE 2- SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	Fiscal Years Ended September 30,				
	2005	2004	2003	2002	2001
Revenues:					
FAA	\$ 349,076	\$ 287,124	\$ 287,124	\$ 279,240	\$ 262,072
State Operating Grants	98,363	94,710	135,344	80,354	-
Rents	3,525,829	3,489,304	3,777,292	3,291,239	3,494,805
Interest Earnings	87,095	34,837	759	-	2,375
Proceeds from Asset Disposition	329,689	3,898,840	3,400,077	-	-
Miscellaneous	325,174	251,881	484,174	239,644	238,717
Total Revenues	4,715,226	8,056,696	8,084,770	3,890,477	3,997,969
Expenditures:					
Administration	2,686,745	3,655,870	1,888,911	2,662,541	2,447,368
Building Maintenance	427,045	370,364	373,133	382,214	377,299
Ground Maintenance	498,610	418,625	390,865	364,801	365,871
Capital Improvements	-	-	-	-	26,500
Control Tower	461,614	392,096	358,495	336,383	307,061
Airport Police	584,732	586,887	494,967	66,808	-
Foreign Trade Zone	14,558	13,769	13,362	11,661	11,444
Total Expenditures	4,673,304	5,437,611	3,519,733	3,824,408	3,535,543
Net Operating Revenues	41,922	2,619,085	4,565,037	66,069	462,426
Other Sources (Uses):					
Debt Service	(786,131)	(790,914)	(785,744)	(793,684)	(758,560)
Capital Outlay	(115,980)	-	-	(17,331)	(18,885)
General Fund	-	25,000	25,000	25,000	107,072
Noise Abatement	-	(315,790)	-	-	-
New Airport Terminal	(1,500,000)	(511,889)	-	663,130	(2,007,000)
Total Other Sources (Uses)	(2,402,111)	(1,593,593)	(760,744)	(122,885)	(2,677,373)
Excess (Deficiency) of					
Revenues Over Expenditures	(2,360,189)	1,025,492	3,804,293	(56,816)	(2,214,947)
Beginning Fund Balance	4,491,978	3,466,486	(337,807)	(280,991)	1,933,956
Ending Fund Balance	\$ 2,131,789	\$ 4,491,978	\$ 3,466,486	\$ (337,807)	\$ (280,991)

LAREDO BRIDGE SYSTEM

The system presently consists of the Gateway to the Americas Bridge ("Bridge No. 1"), the Juarez/Lincoln International Bridge ("Bridge No. 2"), the Columbia Solidarity Bridge ("Bridge No. 3"), and the World Trade Bridge ("Bridge No. 4"). Bridge No. 1 was built in 1956 and it was enlarged to a 40-foot width, and it carries four vehicular traffic lanes with 8-foot pedestrian walks on each side, and aluminum outside railings. Bridge No. 2 was built in 1976. Total width of Bridge No. 2 is 98.4 feet and it accommodates up to six vehicular traffic lanes, and has 10-foot sidewalks with protective railings and high curbs separating roadways and sidewalks on each side. Bridge No. 3 was built in 1991. This bridge structure is a simple plan structure consisting of six 12' wide lanes. Bridge No. 4 was built in 2000 and it is composed of eight lanes.

The system presently has 23 toll lanes, all of which are equipped for a toll collection process which counts truck axles and charges accordingly. The toll collection process was recently restructured and upgraded to include a weigh in motion system for truck toll collection for the Laredo Bridge System. To administer, operate, and maintain the System, the City has approximately 192 employees, approximately 69 of whom are directly involved in toll collection operations. Another 123 employees are involved in various aspects of administration, including maintenance, engineering, accounting, customer service, traffic control, and general administration.

LAREDO BRIDGE SYSTEM CURRENT AND HISTORICAL INFORMATION

TABLE 1 - ANALYSIS OF SYSTEM TRAFFIC

<u>CALENDAR YEAR</u>	<u>NON- COMMERCIAL VEHICLES</u>	<u>COMMERCIAL VEHICLES</u>	<u>TOTAL VEHICLES</u>	<u>PEDESTRIANS</u>
1999	7,425,917	1,178,178	8,604,095	4,158,605
2000	7,543,793	1,407,239	8,951,032	4,303,717
2001	7,744,421	1,398,064	9,142,485	4,281,313
2002	7,023,501	1,454,517	8,478,018	4,101,208
2003	7,020,005	1,397,421	8,417,426	4,028,299
2004	7,025,709	1,453,807	8,479,516	4,133,170
2005	6,655,426	1,485,435	8,140,861	3,993,263

TABLE 2 - TOLL RATES FOR THE SYSTEMNew Rate Schedule (Southbound only) EffectiveFebruary 5, 2005:

Pedestrians, Bicycle including Rider	\$0.50
Non-commercial vehicles (per axle)	1.00
Commercial vehicles (per axle)	2.75
Swipe Card Administrative Fee (per card)	1.00

Old Rate Schedule (Southbound only) EffectiveDecember 1, 2002:

Pedestrians	\$0.50
Motorcycle or Scooter, including Driver	1.50
Auto	1.50
Auto and Pickup Truck with Cargo	2.00
Pickup or Two-Axle Campers	1.50
Pickup Truck with Trailer	1.75
Bicycle, including Rider	0.35
Motor Bus, Local, empty or with normal occupancy	1.50
Pickup Truck or Auto with freight	2.00
Two-Axle Truck with freight	4.00
Commercial Rate (per axle)	2.75

Rate Schedule (Southbound only) EffectiveDecember 1, 1998:

Pedestrians	\$0.35
Motorcycle or Scooter, including Driver	1.50
Auto	1.50
Auto and Pickup Truck with Cargo	2.00
Pickup or Two-Axle Campers	1.50
Pickup Truck with Trailer	1.75
Bicycle, including Rider	0.35
Motor Bus, Local, empty or with normal occupancy	1.50
Pickup Truck or Auto with freight	2.00
Two-Axle Truck with freight	4.00
Commercial Rate (per axle)	2.75

TABLE 3-HISTORICAL REVENUES OF THE SYSTEM

<u>MONTH</u>	<u>FISCAL YEAR</u> <u>2005</u>	<u>FISCAL YEAR</u> <u>2004</u>	<u>FISCAL YEAR</u> <u>2003</u>	<u>FISCAL YEAR</u> <u>2002</u>	<u>FISCAL YEAR</u> <u>2001</u>
OCT	2,800,813	2,858,532	2,876,062	2,276,872	2,491,163
NOV	2,810,202	2,673,349	2,757,597	2,335,760	2,469,377
DEC	2,949,343	3,002,443	2,883,428	2,798,976	2,455,341
JAN	2,561,825	2,505,939	2,617,782	2,535,167	2,243,322
FEB	2,526,743	2,542,821	2,361,630	2,423,728	2,191,225
MAR	2,812,851	2,889,866	2,632,044	2,661,424	2,787,027
APR	2,818,596	2,737,786	2,650,137	2,743,116	2,232,977
MAY	2,821,433	2,782,254	2,754,437	2,811,950	2,393,230
JUN	2,813,522	2,827,330	2,682,476	2,653,834	2,403,932
JUL	2,714,569	2,845,423	2,841,483	2,767,532	2,414,118
AUG	2,796,893	2,792,864	2,714,605	2,792,379	2,656,895
SEP	2,642,241	2,698,809	2,665,824	2,562,561	1,809,335
TOTAL	33,069,032	33,157,416	32,437,505	31,363,299	28,547,942

TABLE 4-DEBT SERVICE REQUIREMENTS OF THE SYSTEM

<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>9-30</u>	<u>Series</u> <u>1996</u> <u>Bonds</u> <u>Total</u>	<u>Principal</u>	<u>The Bonds</u> <u>Interest</u>	<u>Total</u>	<u>SIB Loan</u> <u>Total</u>	<u>Total</u> <u>Outstanding</u> <u>Debt</u>	<u>% of</u> <u>Total</u> <u>Debt</u> <u>Service</u> <u>Retired</u>
2006	1,761,825	1,800,000	4,174,902	5,974,902	1,697,708	9,434,435	5.82%
2007	1,657,890	1,865,000	3,718,073	5,583,073	1,697,708	8,938,671	
2008	1,554,180	1,935,000	3,672,863	5,607,863	1,697,708	8,859,751	
2009	1,450,755	2,015,000	3,625,740	5,640,740	1,697,708	8,789,203	
2010	1,347,675	2,705,000	3,576,808	6,281,808	1,697,708	9,327,191	
2011	-	4,165,000	3,501,485	7,666,485	1,697,708	9,364,193	33.75%
2012	-	4,325,000	3,348,665	7,673,665	1,697,708	9,371,373	
2013	-	4,530,000	3,219,665	7,749,665	1,697,708	9,447,373	
2014	-	4,750,000	3,050,095	7,800,095	1,697,708	9,497,803	
2015	-	4,990,000	2,878,010	7,868,010	1,697,708	9,565,718	
2016	-	5,235,000	2,678,460	7,913,460	1,697,708	9,611,168	63.04%
2017	-	5,510,000	2,470,735	7,980,735	1,697,708	9,678,443	
2018	-	5,785,000	2,246,130	8,031,130	1,697,708	9,728,838	
2019	-	3,195,000	2,017,760	5,212,760	1,697,708	6,910,468	
2020	-	2,680,000	1,931,680	4,611,680	1,697,708	6,309,388	
2021	-	2,815,000	1,858,950	4,673,950	1,697,708	6,371,658	87.10%
2022	-	2,960,000	1,783,750	4,743,750	1,697,708	6,441,458	
2023	-	2,185,000	775,450	2,960,450	1,697,708	4,658,158	
2024	-	2,295,000	640,850	2,935,850	1,697,708	4,633,558	
2025	-	-	90,500	90,500	1,697,708	1,788,208	
2026	-	-	-	-	1,697,708	1,697,708	
2027	-	-	-	-	1,697,222	1,697,222	100.00%
TOTAL	7,772,325	65,740,000	51,260,571	117,000,571	37,349,094	162,121,990	

TABLE 5-INTERNATIONAL TOLL BRIDGE SYSTEM CONDENSED STATEMENT OF OPERATIONS

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>REVENUES</u>					
Toll Receipts	33,069,032	33,157,416	32,437,505	31,363,301	28,547,942
Rental of Facilities	2,032,072	1,973,600	1,971,204	1,967,033	1,963,891
Miscellaneous	<u>12,517</u>	<u>28,966</u>	<u>18,837</u>	<u>507,626</u>	<u>49,067</u>
Total	<u>35,113,621</u>	<u>35,159,982</u>	<u>34,427,546</u>	<u>33,837,960</u>	<u>30,560,900</u>
<u>EXPENSES</u>					
Personnel Services	6,437,754	6,039,437	5,432,493	5,142,793	4,518,818
Materials and Supplies	417,238	404,667	296,066	339,562	265,403
Contractual Services (1)	3,137,229	2,740,480	2,965,969	2,879,305	2,111,689
Other	<u>26,109</u>	<u>22,130</u>	<u>31,166</u>	<u>50,578</u>	<u>16,184</u>
Total	<u>10,018,330</u>	<u>9,206,714</u>	<u>8,725,694</u>	<u>8,412,238</u>	<u>6,912,094</u>
<u>NON-OPERATING REVENUE</u>					
Interest Earnings-Restricted	3,989,068	349,320	361,736	537,533	890,281
Interest Earnings-Unrestricted	172,257	68,567	79,339	123,642	110,486
Unrealized Gain/(Loss) on Investments	<u>(42,997)</u>	<u>(3,672)</u>	<u>(31,865)</u>	<u>(90,223)</u>	<u>144,052</u>
Net Revenues Available for for Debt Service	29,213,619	26,367,483	26,111,062	25,996,674	24,793,625
Debt Service	<u>5,281,103</u>	<u>6,800,179</u>	<u>6,881,277</u>	<u>5,869,449</u>	<u>5,860,790</u>
Surplus Revenues	<u>23,932,516</u>	<u>19,567,304</u>	<u>19,229,785</u>	<u>20,127,225</u>	<u>18,932,835</u>

(1) Contractual Services consists of administrative overhead and monthly payments made to the City for services provided to the System from surplus revenues of the System.

TABLE 6-COVERAGE AND FUND BALANCES

DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS	
Average Annual Principal and Interest Requirements on System Revenue Bonds, 2006 through 2025	\$ 6,931,828
Coverage of Average Requirements by 9-30-05 Net Income	4.21
Maximum Annual Principal and Interest Requirements, after FYE 2006 through 2025	\$ 8,031,130
Coverage of Maximum Requirements by 9-30-05 Net Income	3.64
Reserve Fund	\$ 7,242,930
Contingency Fund	\$ 500,000
DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS AND SIB LOAN	
Average Annual Principal and Interest Requirements on First Lien Revenue Bonds plus SIB Loan, 2006 through 2027	\$ 7,369,181
Coverage of Average Requirements by 9-30-05 Net Income	3.96
Maximum Annual Principal and Interest Requirements, after FYE 2006 through 2027	\$ 9,728,838
Coverage of Maximum Requirements by 9-30-05 Net Income	3.00

TABLE 7-HISTORICAL DEBT SERVICE COVERAGE ANALYSIS

<u>Fiscal Year</u>	<u>Operating and Non-operating Revenues</u>	<u>Direct Operating Expenses (1)</u>	Net	Total	<u>Coverage</u>
			<u>Revenue Available For Debt Service</u>	<u>Debt Service Requirements</u>	
2000	32,789,832	5,159,360	27,630,472	5,804,346	5
2001	31,705,719	6,912,094	24,793,625	5,860,790	4
2002	34,408,912	8,412,238	25,996,674	5,869,449	4
2003	34,836,756	8,725,694	26,111,062	6,881,277	4
2004	35,574,197	9,206,174	26,368,023	6,800,179	4
2005	39,231,949	10,018,330	29,213,619	5,281,103	6

(1) Operating expenses do not include depreciation expense and non-operating expenses.

THE UTILITY SYSTEM

WATER SUPPLY

The City of Laredo uses surface water from the Rio Grande as its source of raw water supply. Water is diverted directly from the river, and to the immediately adjacent water treatment plant facilities, by two separate river intakes and two separate rivers pump structures and related multiple pump units. The City of Laredo water allotment is approximately 46,265.15 acre-feet of water rights.

The first "modern" design rapid sand filter plant for the City of Laredo was constructed in the years 1928-1929. The original plant was constructed on a land elevation of 400 feet and has been periodically shut down due to high levels of water floods from the river. Due to this flooding experience, it was decided by the Waterworks Board to purchase sufficient land immediately East of the original plant site to construct a new plant. The acquired land has an elevation of 420 feet, which is above any historically recorded flood level of the Rio Grande at this location. This second plant has a capacity of million gallons per day.

The combined pumpage capacity of the City's Upper and Lower Treatment Plants is 72 million gallons per day. The average daily demand during 2005 was approximately 34.67 million gallons per day and peak demand for 2005 was 55.034 million gallons per day. Connections to the water system as of September 30, 2005 were 55,252.

WASTEWATER SYSTEM

The City of Laredo owns and operates five wastewater treatment plants, which have a combined total design capacity of 21.051 million gallons per day ("MGD"). The Sewer System includes approximately 426 miles of sewer lines and 76 lift stations. The average daily treatment is 17 MGD with 52,565 connections as September 30, 2005.

TABLE 1 - WATER STORAGE AND DISTRIBUTION

At the present time the system incorporates the following treated water storage facilities:

<u>Location</u>	<u>No. Tanks</u>	<u>No. Clear Wells</u>	<u>Storage Capacity</u>
"Old" Water Treatment Plant		1	1,000,000 gallons
"New" Water Treatment Plant		2	3,000,000 gallons
Hendricks Avenue and Main Street	2		4,000,000 gallons
Lyon Street and Meadow Avenue	2		11,000,000 gallons
Texas Street and Milmo	1		1,000,000 gallons
Mines Road	1 (elevated)		500,000 gallons
Airbase Storage	1 (elevated)		500,000 gallons
Del Mar Plant	1 (elevated)		250,000 gallons
Station H	1		170,000 gallons
East Corridor	1		250,000 gallons
Larga Vista	1		33,000 gallons
Unitec Highway 35 North	2		170,000 gallons
South Laredo	1 (elevated)		1,000,000 gallons
North Laredo	1 (elevated)		1,000,000 gallons
Northwest Laredo	1 (elevated)		1,000,000 gallons
MHOC	2		10,000,000 gallons
Laredo-Columbia	1		200,000 gallons
Sierra Vista	1		5,000,000 gallons
Union Pacific	1		170,000 gallons
Pinto Valle	2		400,000 gallons
San Isidro	1		280,000 gallons
Millennium	1		280,000 gallons
Hwy 359	1		200,000 gallons
Las Blancas	1 (elevated)		500,000 gallons
Santa Isabel	1		<u>200,000 gallons</u>
Total Treated Water Storage			<u>42,103,000 gallons</u>

In conjunction with the existing storage, automatic booster or pumping stations serve the system. These stations are located at the tanks listed above. Two pumping stations are served by two clear wells. Currently, the system consists of approximately 629 miles of transmission and distribution lines.

In 1957, the City of Laredo entered into an agreement with Webb County to use Lake Casa Blanca Reservoir as off-channel storage for emergency use. This reservoir has a storage capacity of 6,800 million gallons of water. This agreement is still in effect.

Table 2 - Water Pumpage (Gallons)

Historical water usage for the City is as follows:

Fiscal Year Ended <u>9/30</u>	Average Day Pumpage <u>(000 Gallons)</u>	Peak Day Pumpage <u>(000 Gallons)</u>	Total Pumpage <u>(000 Gallons)</u>
1996	27,448	43,192	10,043,000
1997	25,520	39,177	9,353,869
1998	28,455	48,566	10,303,788
1999	31,030	49,429	11,325,950
2000	36,534	66,000	13,335,000
2001	36,467	61,003	13,198,319
2002	37,254	61,120	13,654,310
2003	31,288	59,754	11,420,232
2004	32,231	50,231	11,764,315
2005	34,675	55,034	12,820,865

TABLE 3 - SEWAGE FLOW (THOUSAND GALLONS)

Fiscal Year Ended <u>9-30</u>	Average Sewage <u>Flow</u>	Total Daily <u>Flow</u>
1996	13,727	5,051,000
1997	13,363	4,878,000
1998	13,999	5,110,000
1999	14,669	5,355,000
2000	15,594	5,692,000
2001	15,445	5,637,000
2002	15,817	5,773,000
2003	16,770	6,151,000
2004	16,971	6,194,159
2005	16,971	6,247,000

TABLE 4 - TEN LARGEST WATER/SEWER USERS (GALLONS)(1)

<u>User</u>	2005 <u>Water/Sewer Consumption</u>
Laredo Medical Center	80,263,500
Texas A&M International	31,871,600
CPL Power Plant	21,104,100
City Of Laredo-Parks and Recreation (Scott & San Dario)	20,437,700
Webb County Jail	19,567,500
City Of Laredo-Cigarroa Recreation Center	18,318,300
Regent Care Center Of Laredo	17,071,800
Retama Manor Nursing Center	12,711,500
International Bank of Commerce	11,525,800
Holiday Inn-Laredo	<u>10,884,000</u>
(1) Total consumption by gallon	<u>243,755,800</u>

(1) Source: City of Laredo, Texas.

TABLE 5 - MONTHLY WATER RATES

New Rates
(Effective October 4, 1999)

Inside City Limits

Residential

\$7.50 monthly minimum, including use of 4,000 gallons per month.
Next 6,000 Gallons @ \$0.8976 per Thousand Gallons
Next 10,000 Gallons @ \$0.9504 per Thousand Gallons
Next 20,000 Gallons @ \$1.0032 per Thousand Gallons
Next 30,000 Gallons @ \$1.056 per Thousand Gallons
Next 40,000 Gallons @ \$1.1088 per Thousand Gallons
Over 50,000 Gallons @ \$1.1616 per Thousand Gallons

Commercial

(Effective October 4, 1999)

Rates are 35% higher for commercial users on average versus residential users, and in some cases up to 50% higher when users use over 1,000,000 gallons per month.

Outside City Limits

The rates for water outside the City limits shall be two times the rate prescribed in section 31-138 for water furnished within the city limits.

Old Rates

(Effective January 1, 1996)

Inside City Limits

Residential

First 4,000 Gallons \$7.00 (Minimum)
Next 6,000 Gallons @ \$0.85 per Thousand Gallons
Next 10,000 Gallons @ \$0.90 per Thousand Gallons
Next 20,000 Gallons @ \$0.95 per Thousand Gallons
Next 30,000 Gallons @ \$1.00 per Thousand Gallons
Next 40,000 Gallons @ \$1.05 per Thousand Gallons
Over 50,000 Gallons @ \$1.10 per Thousand Gallons

Commercial

Rates are 35% higher for commercial users on average versus residential users, and in some cases up to 50% higher when users use over 1,000,000 gallons per month.

Outside City Limits

The rates for water outside the City limits shall be two times the rate prescribed in section 31-138 for water furnished within the city limits.

TABLE 6 - MONTHLY SEWER RATES (BASED ON WATER CONSUMPTION)

Rates: (Effective April 1, 1997)

First 4,000 Gallons - Residential	\$ 8.50 (Minimum)
First 4,000 Gallons - Commercial	\$13.00 (Minimum)
Next 6,000 Gallons - Residential	\$1.03/M
Next 6,000 Gallons - Commercial	\$1.25/M
Next 10,000 Gallons – Residential	\$1.08/M
Next 10,000 Gallons - Commercial	\$1.31/M
Next 10,000 Gallons – Residential	\$1.14/M
Next 10,000 Gallons - Commercial	\$1.37/M
Maximum Residential Bill -	\$36.89

Outside City Limits

Two times the above rates for a maximum residential bill of \$73.78.

Old Rates: (Effective January 1, 1996)

First 4,000 Gallons - Residential	\$ 5.50 (Minimum)
First 4,000 Gallons - Commercial	\$10.00 (Minimum)
Next 6,000 Gallons - Residential	\$0.90/M
Next 10,000 Gallons – Residential	\$0.95/M
Next 10,000 Gallons – Residential	\$1.00/M
Maximum Residential Bill -	\$30.40

Outside City Limits

Two times the above rates for a maximum residential bill of \$60.80.

Table 7

Value of System-City Of Laredo Utilities

	2005			2004			2003		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	105,821,499	70,625,996	176,447,495	103,084,749	67,258,601	170,343,350	95,818,825	62,327,972	158,146,797
Vehicles and Equipment	4,276,234	5,102,033	9,378,267	4,190,324	5,087,538	9,277,862	4,575,726	5,288,549	9,864,275
Buildings	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301
Land and Improvements	15,448,728	4,531,525	19,980,253	15,398,728	4,531,525	19,930,253	15,108,728	4,289,508	19,398,236
Construction In Progress	2,744,578	16,281,855	19,026,433	2,009,219	13,306,173	15,315,392	4,372,449	12,818,359	17,190,808
Less: Total Depreciation	(57,592,086)	(32,291,468)	(89,883,554)	(52,522,144)	(28,807,969)	(81,330,113)	(48,137,783)	(25,667,258)	(73,805,041)
Value After Depreciation	83,580,381	78,162,814	161,743,195	85,042,304	75,288,741	160,331,045	84,619,373	72,970,003	157,589,376
	2002			2001			2000		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	88,835,820	60,651,737	149,487,557	84,278,560	52,857,048	137,135,608			
Vehicles and Equipment	5,681,313	4,419,484	10,100,797	5,566,544	4,086,202	9,652,746			
Buildings	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301			
Land and Improvements	14,546,046	4,289,508	18,835,554	10,168,708	4,118,515	14,287,223			
Construction In Progress	7,492,218	13,603,644	21,095,862	7,347,544	17,643,464	24,991,008			
Less: Total Depreciation	(44,404,765)	(23,073,182)	(67,477,947)	(40,018,303)	(20,180,632)	(60,198,935)			
Value After Depreciation	85,032,060	73,804,064	158,836,124	80,224,481	72,437,470	152,661,951			

Table 8: City's Equity in Utility System

Fiscal Year Ended Sept. 30,

	2005		2004		2003		Total
	Water	Sewer	Water	Sewer	Water	Sewer	Utilities
Resources:							
Net System Value	\$ 83,580,381	78,162,814	85,042,304	75,288,741	84,619,373	72,970,003	157,589,376
Cash and Investments	37,432,457	22,306,240	28,203,259	22,610,065	22,261,933	19,509,701	41,771,634
Other Sources	3,444,306	2,369,981	2,395,876	1,868,029	3,040,128	2,007,627	5,047,755
Total Resources	<u>124,457,144</u>	<u>102,839,035</u>	<u>115,641,439</u>	<u>99,766,835</u>	<u>109,921,434</u>	<u>94,487,331</u>	<u>204,408,765</u>
Obligations:							
Revenue Bonds Payable	14,106,623	9,524,453	10,589,636	8,165,753	7,126,679	5,350,053	12,476,732
Less: Bond Funds	(999,731)	(680,773)	(1,676,417)	(1,049,022)	(1,222,640)	(704,316)	(1,926,956)
Other Obligations	13,106,892	8,843,680	8,913,219	7,116,731	5,904,039	4,645,737	10,549,776
Total Obligations	<u>7,040,361</u>	<u>1,946,258</u>	<u>8,431,833</u>	<u>2,684,236</u>	<u>7,430,658</u>	<u>2,086,025</u>	<u>9,516,683</u>
City's Equity In System	<u>\$ 104,309,891</u>	<u>92,049,097</u>	<u>98,296,387</u>	<u>89,965,868</u>	<u>96,586,737</u>	<u>87,755,569</u>	<u>184,342,306</u>
Percentage City's Equity In System	83.81%	89.51%	85.00%	90.18%	87.87%	92.88%	90.18%

Fiscal Year Ended Sept. 30,

	2002		2001		2000		Total
	Water	Sewer	Water	Sewer	Water	Sewer	Utilities
Resources:							
Net System Value	\$ 85,032,060	73,804,064	80,224,481	72,437,470	80,224,481	72,437,470	152,661,951
Cash and Investments	21,183,687	15,732,593	24,404,234	14,664,651	24,404,234	14,664,651	39,068,885
Other Sources	3,985,110	2,209,827	4,635,358	2,684,465	4,635,358	2,684,465	7,319,823
Total Resources	<u>110,200,857</u>	<u>91,746,484</u>	<u>109,264,073</u>	<u>89,786,586</u>	<u>109,264,073</u>	<u>89,786,586</u>	<u>199,050,659</u>
Obligations:							
Revenue Bonds Payable	7,068,115	5,421,223	7,730,551	5,726,639	7,730,551	5,726,639	13,457,190
Less: Bond Funds	(1,205,899)	(744,729)	(1,195,278)	(777,335)	(1,195,278)	(777,335)	(1,972,613)
Other Obligations	5,862,216	4,676,494	6,535,273	4,949,304	6,535,273	4,949,304	11,484,577
Total Obligations	<u>7,438,764</u>	<u>1,774,106</u>	<u>8,331,959</u>	<u>1,983,101</u>	<u>8,331,959</u>	<u>1,983,101</u>	<u>10,315,060</u>
City's Equity In System	<u>\$ 96,899,877</u>	<u>85,295,894</u>	<u>94,396,841</u>	<u>82,854,181</u>	<u>94,396,841</u>	<u>82,854,181</u>	<u>177,251,022</u>
Percentage City's Equity In System	87.93%	92.97%	86.39%	92.28%	86.39%	92.28%	89.05%

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 1

For Fiscal Year Ended
September 30,

	2005			2004			2003		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
Revenues									
Charges for Services	\$ 16,894,576	13,389,474	30,284,050	14,826,763	12,340,387	27,167,150	14,444,856	12,104,460	26,549,316
Rental Of Facilities	34,109	-	34,109	30,096	-	30,096	20,982	-	20,982
Interest	764,273	554,940	1,319,213	347,172	271,390	618,562	356,138	299,547	655,685
Miscellaneous	1,043,549	464,833	1,508,382	698,617	685,074	1,383,691	605,714	565,430	1,171,144
Total Revenues	18,736,507	14,409,247	33,145,754	15,902,648	13,296,851	29,199,499	15,427,690	12,969,437	28,397,127
Expenses									
Administrative	1,278,137	1,846,066	3,124,203	1,237,314	1,406,152	2,643,466	1,163,450	1,277,567	2,441,017
Utility Engineering	580,413	-	580,413	529,185	-	529,185	517,235	-	517,235
Utility Compliance	4,763,429	3,019,560	7,782,989	7,656,492	4,682,958	12,339,450	6,870,017	5,499,484	12,369,501
City Managed Employees	137,414	79,466	216,880	342,582	262,052	604,634	365,098	405,422	770,520
Utility Billing	707,008	-	707,008	-	-	-	26,165	-	26,165
Asset Management	121,035	-	121,035	-	-	-	-	-	-
Water Treatment Plant	1,956,422	-	1,956,422	-	-	-	68,810	-	68,810
Transmission and Distribution	1,262,552	-	1,262,552	-	-	-	52,081	-	52,081
Water Pollution Control	171,841	-	171,841	-	-	-	22,848	-	22,848
Wastewater Treatment	-	1,064,536	1,064,536	-	-	-	-	157,016	157,016
Wastewater Collection	-	769,719	769,719	-	-	-	-	48,352	48,352
Corrective Maintenance	13,083	32,014	45,097	35,539	296,941	332,480	36,449	11,715	48,164
Construction Salaries	-	-	-	-	-	-	-	-	-
Total Expenses	10,991,334	6,811,361	17,802,695	9,801,112	6,648,103	16,449,215	9,122,153	7,399,556	16,521,709
Net Available for Debt Service	\$ 7,745,173	7,597,886	15,343,059	6,101,536	6,648,748	12,750,284	6,305,537	5,569,881	11,875,418
Number of Customers	55,252	52,565		52,754	50,282		50,997	48,715	

Table 10 Debt Service Requirements

Fiscal Year Ended 9-30	2004 WATER SYSTEM REVENUE REFUNDING ISSUE				2002 SEWER SYSTEM REVENUE REFUNDING ISSUE				2004 WATER SYSTEM REVENUE REFUNDING ISSUE				2002 SEWER SYSTEM REVENUE REFUNDING ISSUE				Total Sewer Outstanding Debt	Plus General Obligation Sewer System Debt Service Requirements	Sewer Revenue Debt After Refunding Issue Debt Requirement	Total	% of Grand Total Retired
	Requirement	Principal	Interest	Total	Outstanding Debt	Water System Debt Service Requirements	Water Total	Requirements	Debt After Refunding Issue Debt	Principal	Interest	Total	Outstanding Debt	Principal	Interest	Total					
2005	357,554	830,000	278,822	1,106,822	1,466,376	3,655,262	5,121,638	474,438	525,000	103,741	628,741	1,103,179	3,653,389	4,756,568	9,878,206						
2006	357,805	980,000	199,010	1,179,010	1,536,915	3,655,970	5,192,785	482,005	525,000	89,295	614,295	1,096,300	3,387,111	4,483,411	9,676,196						
2007	358,755	1,045,000	166,112	1,211,112	1,569,867	3,650,789	5,220,656	477,359	520,000	72,702	592,702	1,070,061	2,947,088	4,017,149	9,237,905						
2008	359,442	1,125,000	124,240	1,249,240	1,608,682	3,649,198	5,257,880	477,257	465,000	55,260	520,260	997,517	2,921,015	3,918,532	9,176,412						
2009	359,496	1,100,000	76,978	1,176,978	1,538,474	3,647,083	5,183,557	476,263	455,000	37,363	492,363	968,626	2,771,682	3,740,308	8,923,665			47.55%			
2010	358,722	1,135,000	26,389	1,161,389	1,520,111	3,655,837	5,175,948	479,071	460,000	18,298	478,298	957,369	2,781,948	3,739,317	8,915,265						
2011	358,253	-	-	-	358,253	3,655,248	4,013,501	475,817	190,000	4,223	194,223	670,040	2,759,666	3,429,706	7,443,207						
2012	361,076	-	-	-	361,076	3,291,508	3,652,584	336,573	-	-	-	336,573	2,792,222	3,128,795	6,781,379						
2013	358,520	-	-	-	358,520	3,309,354	3,667,874	339,615	-	-	-	339,615	2,792,735	3,132,350	6,800,224						
2014	361,478	-	-	-	361,478	2,734,423	3,095,901	338,203	-	-	-	338,203	2,427,195	2,765,398	5,861,299						
2015	358,716	-	-	-	358,716	753,098	1,111,814	340,091	-	-	-	340,091	941,478	1,281,569	2,393,383						
2016	360,289	-	-	-	360,289	756,991	1,116,680	337,392	-	-	-	337,392	942,553	1,279,945	2,396,625						
2017	356,182	-	-	-	356,182	762,487	1,118,669	338,020	-	-	-	338,020	941,701	1,280,721	2,399,890						
2018	356,381	-	-	-	356,381	506,286	862,667	339,858	-	-	-	339,858	948,946	1,288,804	2,151,471						
2019	355,753	-	-	-	355,753	502,201	857,954	339,883	-	-	-	339,883	430,913	770,796	1,628,750			94.98%			
2020	360,185	-	-	-	360,185	216,788	576,973	335,245	-	-	-	335,245	432,916	768,161	1,345,134						
2021	357,665	-	-	-	357,665	-	357,665	338,747	-	-	-	338,747	273,790	612,537	970,202						
2022	360,050	-	-	-	360,050	-	360,050	337,211	-	-	-	337,211	272,663	609,874	969,924						
2023	358,423	-	-	-	358,423	-	358,423	339,676	-	-	-	339,676	270,962	610,638	967,061						
2024	356,967	-	-	-	356,967	-	356,967	341,191	-	-	-	341,191	-	341,191	698,158			100.00%			
Total	7,169,712	8,215,000	871,551	7,086,551	14,256,263	38,401,923	52,658,186	7,744,915	3,140,000	380,882	3,520,882	11,265,797	34,689,973	45,955,770	98,613,956						

TABLE 11: Coverage and Fund Balances

Waterworks:

Average Annual Principal and Interest Requirements	\$	999,730.74
Coverage of Average Requirements by 2005 Net Income		7.75
Maximum Principal and Interest Revenue Bond Requirements After Fiscal Year Ended September 30, 2005	\$	1,936,374.00
Coverage of Maximum Requirements by 2005 Net Income		4.00
Outstanding New Series Water Revenue Bonds	\$	13,357,355.00
Outstanding Refunding Water Revenue Bonds	\$	5,977,729.00
Interest and Sinking Fund as of September 30, 2005	\$	528,250.00
Reserve Fund as of September 30, 2005	\$	999,730.74
Contingency Fund as of September 30, 2005	\$	987,384.00

Sewer:

Average Annual Principal and Interest Requirements	\$	680,773.17
Coverage of Average Requirements by 2005 Net Income		11.16
Maximum Principal and Interest Revenue Bond Requirements After Fiscal Year Ended September 30, 2005	\$	1,245,445.00
Coverage of Maximum Requirements by 2005 Net Income		6.10
Outstanding New Series Sewer Revenue Bonds	\$	10,243,255.00
Outstanding Refunding Sewer Revenue Bonds	\$	2,892,141.00
Interest and Sinking Fund as of September 30, 2005	\$	349,583.00
Reserve Fund as of September 30, 2005	\$	680,773.17
Contingency Fund as of September 30, 2005	\$	686,833.00

TABLE 12: Coverage and Fund Balances – Utility System

	Utility System		
	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Net Funds Available for Debt Service	\$ 7,745,173	7,597,886	15,343,059
Average Annual Principal and Interest Requirements	999,730.74	680,773.17	1,680,503.91
Coverage of Average Annual Requirements by Funds Available for Debt Service	7.75	11.16	9.13
Maximum Principal and Interest Revenue Bond Requirements	1,936,374	1,245,445	3,181,819
Coverage of Maximum Requirement by Funds Available for Debt Service	4.00	6.10	4.82
Outstanding Bonds as of 09/30/2005	19,335,084	13,135,396	32,470,480
Interest & Sinking Fund as of 09/30/2005	528,250	349,583	877,842
Reserve Funds as of 09/30/2005	999,730.74	680,773.17	1,680,503.91
Contingency Fund as of 09/30/2005	\$ 987,384	686,833	1,674,217

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SINGLE AUDIT

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council
City of Laredo, Texas

Compliance

We have audited the compliance of the City of Laredo, Texas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Uniform Grant and Contract Management Standards (UGCMS)* that are applicable to each of its major federal and state programs for the year ended September 30, 2005. The City of Laredo, Texas', major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City of Laredo, Texas', management. Our responsibility is to express an opinion on the City of Laredo, Texas', compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *UGCMS*. Those standards, OMB Circular A-133 and UGCMS, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Laredo, Texas',

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Laredo, Texas', compliance with those requirements.

In our opinion, the City of Laredo, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of the City of Laredo, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Laredo, Texas', internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGCMS.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laredo, Texas, as of and for the year ended September 30, 2005, and have issued our report thereon dated March 17, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Laredo, Texas', basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGCMS, and is not a required part of the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Garza, Martinez & Co., L.L.P.

March 17, 2006

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CITY OF LAREDO, TEXAS

PERIOD ENDED SEPTEMBER 30, 2005

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
U.S. Department of Health and Human Services							
Passed Through Texas Department of Health: Center for Disease Control and Prevention, Public Health Services: Projects Grants and Cooperative Agreement for Tuberculosis Control Program - CFS-BIOCHEM	93,003	N/A	\$ 3,500	-	3,426	-	3,426
Control Program - TB Federal '00	93,116	N/A	183,186	30,873	-	-	30,873
Control Program - TB Federal '03	93,116	N/A	169,293	646	-	646	-
Control Program - TB Federal '04	93,116	N/A	208,446	33,813	88,019	121,171	661
Control Program - TB Federal '05	93,116	N/A	169,293	-	76,329	54,509	21,820
Control Program - Tuberculosis Elimination '04	93,116	N/A	21,933	5,876	531	5,878	529
Control Program - Tuberculosis Elimination '05	93,116	N/A	17,889	-	15,221	12,443	2,778
Health Resources and Services Administration: Abstinence Education Program 03-04	93,235	N/A	92,911	42,347	4,606	46,953	-
Abstinence Education Program 04-05	93,235	N/A	92,910	-	54,548	54,548	-
Occupational Safety and Health Research Projects: Lead Poisoning Prevention 03-04	93,262	N/A	15,000	2,290	-	1,660	630
Lead Poisoning Prevention 04-05	93,262	N/A	15,000	4,727	12,615	12,571	4,771
Center for Disease Control and Prevention, Public Health Services: Immunization Grants: Immunization Locals 03-05	93,268	N/A	257,450	21,820	162,852	134,201	50,471
Center for Disease Control and Prevention Investigations and Technical Assistance - Bureau of Clinical and Nutrition Services - Bioterrorism Preparedness - 01-03	93,283	N/A	416,426	-	-	-	-
Bioterrorism Preparedness - 03-04	93,283	N/A	449,067	116,588	12,830	81,347	48,071
Bioterrorism Preparedness - 04-05	93,283	N/A	413,077	20,965	501,403	397,865	124,503
Preventive Health & Health Services '02-03 - NTD	93,283	N/A	155,289	101,941	-	90,919	11,022
Health Resources and Services Administration: H. I. V. Care Formula Grant - H.I.V. Consortia and Insurance 01-02	93,917	N/A	285,938	42,194	-	-	42,194
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 04-05	93,917	019-03-04	332,590	74,905	191,645	266,550	-
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 05-06	93,917	019-03-05	338,841	-	119,559	16,867	102,732
H. I. V. Prevention Activities - Health Department Based	93,940	N/A	199,854	52,010	64,171	116,181	-
H. I. V. Prevention Counseling Partner Elicitation Education 04	93,940	N/A	199,854	-	142,807	97,171	45,636
Prevention Services for H.I.V. Infected Persons '04	93,940	N/A	112,280	28,962	39,521	68,483	-
Prevention Services for H.I.V. Infected Persons '05	93,940	N/A	112,280	-	74,348	53,487	20,861
Centers for Disease Control and Prevention: Preventive Health & Health Services Block Grant	93,991	N/A	20,000	8,171	1,059	9,230	-
Office of Border Health - Buena Vida 03-04	93,991	N/A	35,000	-	30,942	3,145	27,797
Office of Border Health - Buena Vida 04-05	93,991	N/A	28,053	18,860	1,488	20,063	265
Office of Border Health - NTD	93,991	N/A	336,184	44,230	-	44,230	-
Office of Regional Administrative Services - 03-04 / O.P.H.P.	93,991	N/A	336,184	18,050	330,581	256,639	91,992
Office of Regional Administrative Services - 04-05 / O.P.H.P.	93,991	N/A	5,000	892	-	-	892
Preventive Health & Health Services '01-02 - Border Health	93,991	N/A	5,000	-	-	-	-
Preventive Health & Health Services '02-03 - Border Health	93,991	N/A	20,000	-	-	-	-
Preventive Health & Health Services '02-03 - Border Health	93,991	N/A	20,000	17,690	188	17,868	-
Preventive Health & Health Services '03-04 - Border Health	93,991	N/A	20,000	-	-	-	-
Public Health Nutrition - S.P.A.N.	93,991	N/A	24,301	-	14,942	12,715	2,227
Total U. S. Department of Health and Human Services			\$ 5,092,029	687,840	1,943,671	1,997,360	634,151

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2005**

**CITY OF LAREDO, TEXAS
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GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
U.S. Department of Housing and Urban Development (HUD)							
Direct Programs:							
Community Planning and Development:							
Community Development Block Grant / Entitlement Grants 02	14.218	N/A	\$ 4,367,000	590,894	2,486,759	3,077,653	-
Community Development Block Grant / Entitlement Grants 03	14.218	N/A	4,407,000	-	1,800,964	1,418,948	382,016
Community Development Block Grant / Entitlement Grants 04	14.218	N/A	4,336,000	-	-	-	-
Emergency Shelter Grant Program 2003	14.231	N/A	150,000	25,494	104,547	130,041	18,657
Emergency Shelter Grant Program 2004	14.231	N/A	161,205	-	86,079	86,079	-
Housing Opportunities for Persons with Aids - H.O.P.W.A. II 04-05	14.241	019-02-04	87,800	15,510	32,336	47,846	23,078
Housing Opportunities for Persons with Aids - H.O.P.W.A. II 05-06	14.241	019-02-05	87,800	-	61,953	38,875	-
HOME Investment Partnership Program 2003 GRANT	14.239	N/A	1,454,026	140,832	885,698	1,026,530	-
ADDI Program 2003 Grant	14.239	N/A	38,244	-	38,244	38,244	-
ADDI Program 2004 Grant	14.239	N/A	45,129	-	45,129	45,129	-
HOME Investment Partnership Program 2004 GRANT	14.239	N/A	1,444,006	-	546,007	497,321	48,686
			16,578,210	772,730	6,106,373	6,406,666	472,437
			Total U. S. Department of HUD				
U. S. Department of Transportation							
Direct Programs:							
Federal Transit Administration:							
Capital Improvement Grant	20.500	TX90X406	2,551,708	-	-	-	-
Capital Improvement Grant	20.500	TX90X438	1,427,252	-	213,823	206,947	6,876
Capital Improvement Grant	20.500	TX90X456	1,179,494	2,162	197,958	192,909	7,211
Capital Improvement Grant	20.500	TX90X499	688,015	-	-	-	-
Federal Transit Formula Grants - Urbanized Area Formula Program							
Federal Transportation and Operating Assistance	20.507	TX904599	3,613,382	-	-	-	-
Federal Transportation and Operating Assistance	20.507	TX904499	143,693	-	143,693	143,693	-
Federal Transportation and Operating Assistance	20.507	TX904644	2,527,550	-	814,412	814,412	-
Federal Transportation and Operating Assistance	20.507	TX904664	3,098,465	-	2,491,400	2,064,240	427,160
Federal Aviation Administration:							
Airport Improvement Program (Runway Improvements)	20.106	3-48-0136-25-99	4,186,446	-	7,847	7,847	-
Airport Improvement Program (Extend Parallel Twy)	20.106	3-48-0136-27-00	4,400,000	10,967	(10,967)	-	-
Airport Improvement Program (Noise Abatement)	20.106	3-48-0136-28-01	2,500,000	-	91,012	91,012	-
Airport Improvement Program (Noise Abatement/RWY17)	20.106	3-48-0136-29-01	1,919,379	262,726	72,894	261,447	74,173
Airport Improvement Program (Fuel Farm)	20.106	3-48-0136-30-01	335,000	-	229,473	229,473	-
Airport Improvement Program (Service Road & Parcel J)	20.106	3-48-0136-31-01	2,000,000	79,134	210,745	269,879	-
Airport Improvement Program (Cargo, Apron & Parcel K)	20.106	3-48-0136-32-01	3,500,000	154,467	47,591	202,058	-
Airport Improvement Program (Taxiway J, Service Road & Sec)	20.106	3-48-0136-34-02	2,621,205	128,063	638,201	344,364	44,536
Airport Improvement Program (Noise Abatement/Parcel M)	20.106	3-48-0136-35-02	4,000,000	64,812	702,968	702,968	45
Airport Improvement Program (ARFF Station/Cargo Apron Pads)	20.106	3-48-0136-38-03	1,314,480	238,689	163,577	397,718	4,548
Airport Improvement Program (Noise Abatement/65 DNLL)	20.106	3-48-0136-39-03	3,000,000	-	1,417,653	1,063,789	353,864
Airport Improvement Program (Noise Abatement/65-69 DNL)	20.106	3-48-0136-40-04	6,000,000	-	3,589,143	1,692,226	1,917,572
Airport Improvement Program (EMAS, Taxiway, Cargo Pads)	20.106	3-48-0136-41-04	4,276,134	20,655	1,365,014	2,247	1,362,767
Airport Improvement Program (Taxiways, Apron)	20.106	3-48-0136-42-04	5,449,747	-	1,211,392	224,694	986,698
Airport Improvement Program (Runway 17R/35L)	20.106	3-48-0136-44-05	4,271,932	-	-	-	(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2005**

**CITY OF LAREDO, TEXAS
(Continued)**

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
U. S. Department of Transportation							
Direct Programs:							
Federal Aviation Administration:							
Airport Traffic Control Services	20.106	N/A	\$ 341,330	23,927	349,076	377,438	(4,435)
Transportation Security Administration	20.512	DTSAA20-03-P-01648	423,715	23,690	96,798	104,311	16,177
Pass Through Texas Department of Transportation:							
Federal Transit Administration:							
Federal Transit Capital Improvement Grants	20.500	51422F7192	610,300	-	-	-	-
Urban Public Transportation- Capital							
Formula Grants for Other Than Urbanized Areas:							
Urban Public Transportation- Operating	20.509	51422F7053	729,717	-	729,717	729,717	-
National Highway Traffic Safety - State & Community Highway Safety							
Texas Department of Transportation:							
EI Protector	20.600	584XF6045	35,000	9,494	564	10,058	-
Commercial Motor Vehicle STEP	20.600	584XF6060	50,000	30,246	2,440	32,666	-
Comprehensive Traffic Enforcement Program	20.600	584XF6033	51,255	8,884	1,186	10,070	-
Labor Day Weekend Driving While Impaired	20.600	584XF6165	25,000	23,802	551	24,353	-
Step Wave	20.600	584XF6144	15,000	-	10,359	6,119	4,240
Click it or Ticket	20.600	585XF6125	8,000	-	7,592	7,592	-
Impaired Driving Mobilization	20.600	585XF6179	49,989	-	3,021	1,013	2,008
Small Community Air Service Development Pilot Program	20.930	OST-2003-15065-86	400,000	75,998	72,726	127,990	20,734
FHWA-PL - Metropolitan Planning	20.205	50-2-04-1113-70	269,131	87,641	-	87,641	-
FHWA-PL - Metropolitan Planning	20.205	50-2-05-1113-70	234,924	-	196,595	65,758	130,836
FTA SECTION 5303 - Metropolitan Planning	20.205	51-108.0122-05	53,418	-	53,418	53,418	-
Total U. S. Department of Transportation			68,300,671	1,245,357	14,679,761	10,570,108	5,355,010
U. S. Department of Commerce							
Direct Programs:							
Economic Development Administration (EDA):							
EDA - Streets of Laredo Urban Mall (Centro Iturbide Project)	11.300	08-01-03534	1,000,000	144,937	11,690	156,627	-
Total U. S. Department of Commerce			1,000,000	144,937	11,690	156,627	-
U. S. Department of Agriculture							
Passed Through Texas Department of Health:							
Food & Nutrition Service - Special Supplemental Nutrition Program	10.557	N/A	-	774,802	180,379	955,181	-
Women, Infants and Children 03-04	10.557	N/A	-	-	2,930,316	2,300,950	629,366
Women, Infants and Children 04-05							
Passed Through Texas Forest Service:							
Urban Forestry Partnership Grant Program	10.664	03-09-03	20,000	5,958	3,042	9,000	-
Urban Forestry Partnership Grant Program	10.664	04-09-03	25,000	-	10,641	5,460	5,181
Total U. S. Department of Agriculture			45,000	780,760	3,124,378	3,270,591	634,547

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

PERIOD ENDED SEPTEMBER 30, 2005

**CITY OF LAREDO, TEXAS
(Continued)**

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
U. S. Department of the Interior							
National Park Service - Seven Flags Park	15.910	48-CTY-3899-02-01	\$ 385,200	39,010	321,076	337,911	22,175
Total U. S. Department of the Interior			385,200	39,010	321,076	337,911	22,175
U. S. Department of Justice							
Office of Justice Program - Bureau of Justice Assistance - Byrne Formula Grant Program:							
Passed Through State Department of Criminal Justice: Criminal Justice Discretionary Grant Program							
Financial Task Force	16.579	10PSSP571	550,867	42,656	-	42,656	-
Financial Task Force	16.579	12PSSP571	677,337	-	170	-	170
Financial Task Force	16.579	14PSSP571	637,267	171,860	185,629	344,476	13,013
Interdiction Project	16.579	14PSSP571	80,000	-	80,000	56,856	23,144
Financial Task Force	16.579	15PSSP571Z	630,665	-	402,665	185,799	216,866
Passed Through South Texas Development Board: South Texas Interoperability Project							
Office of Justice Program - Bureau of Justice Assistance - Byrne Formula Grant Program:							
Passed Through State Department of Criminal Justice: Criminal Justice Discretionary Grant Program							
Violence Against Women Grant 05	16.588	WF-04-V3013418-07	80,000	6,389	73,611	79,002	988
Violence Against Women Grant 06	16.588	WF-04-V3013418-08	49,748	-	4,146	-	4,146
Juvenile Acct. Inc. Block Grant	16.523	JB-02-J20-15465-04	45,058	1,630	-	1,630	-
Juvenile Acct. Inc. Block Grant	16.523	JB-03-J20-15465-05	36,118	5,426	29,631	33,270	1,787
Office of Justice Program - Bureau of Justice Assistance - Local Law Enforcement Block Grants Program:							
South TX Public Corruption Task Force 00	16.592	10PSSP602	128,017	49,134	-	49,134	-
South Texas Public Corruption Task Force 02	16.592	12PSSP602	47,208	273	287	272	288
South Texas Public Corruption Task Force 03	16.592	13PSSP602	49,888	6,372	4,551	7,592	3,331
South Texas Public Corruption Task Force 04	16.592	14PSSP571	99,916	27,346	47,479	74,825	-
South Texas Public Corruption Task Force 05	16.592	15PSSP571Z	101,225	-	59,710	21,996	37,714
Local Law Enforcement Block Grant 05/06	16.592	2004-LB-BX-0341	38,109	-	38,109	38,109	-
Office of Community Oriented Policing Services - Public Safety Partnership & Community Policing Grants:							
Universal Hiring 02-05	16.710	2002-UJL-WX-0020	3,000,000	158,498	958,204	958,370	158,332
Universal Hiring 04-07	16.710	2202-UJL-WX-0047	1,125,000	63,409	471,796	458,247	76,958
Cops in School SRO 01-04	16.710	2001-SH-WX-0638	1,750,000	83,332	400,658	447,916	36,074
Cops in School SRO 02-05	16.710	2002-SH-WX-0726	1,250,000	-	206,395	145,833	80,562
Total U. S. Department of Justice			11,576,443	616,325	2,963,041	2,945,963	633,383
General Service Administration Donation of Federal Surplus Personal Property: Federal Surplus Property Program / Texas Building and Procurement	39.003	Donee # 12498	-	-	7,462	7,462	-
Total General Service Administration			\$ -	-	7,462	7,462	-

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2005**

**CITY OF LAREDO, TEXAS
(Continued)**

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
U.S. Department of Homeland Security							
Federal Emergency Management Agency Hurricanes Katrina and Rita Disaster Relief Efforts Passed Through TEEEX:	97.049	Project HBW-003	-	-	265,036	-	265,036
Office for Domestic Preparedness - State Homeland Security Grant	97.004	2003 II 41464	\$ 1,462,934	-	732,375	549,057	183,318
Total U. S. Department of Homeland Security			1,462,934	-	997,411	549,057	448,354
U.S. Department of Labor							
Passed Through Texas Workforce Commission: South Texas Workforce - Incumbent Worker Training Initiative	17.258	N/A	-	-	5,400	5,400	-
Total U. S. Department of Labor			-	-	5,400	5,400	-
U. S. Department of Environmental Protection Agency							
Survey, Studies, Investigations & Special Purpose Grants	66.606	C-481961-01-0	8,200,000	38,645	-	-	38,645
EPA - Jefferson & Chacon Water and Wastewater Improvements	66.461	CD-97602801-0	138,575	14,972	90,651	99,970	5,653
EPA - Wetlands Protection Development/Chacon Creek	66.931	X4-97674301-0	30,000	-	785	-	785
EPA - U.S. Mexico Border Program Grant	66.931	X4-97672501-0	70,000	-	46,333	25,895	20,438
EPA - Health Air Pollution Control Program Support:							
Passed Through Texas Commission on Environmental Quality Continuous Air Monitoring Station - Air Pollution Control Prog 03-05	66.001	582-4-55848	175,000	17,239	66,833	66,100	17,972
Passed Through Texas Water Development Board: NADB - Colonia Water & Wastewater Treatment	66.606	BEIF23-4800	6,231,450	60,490	16,179	73,580	3,089
Colonia Water & Waste Water Treatment	66.606	G13500/13600	15,319,920	2,929,605	2,165,865	4,682,942	412,528
Total U. S. of Environmental Protection Agency			30,164,945	3,060,951	2,386,646	4,948,487	499,110
Total Federal Assistance			\$ 134,605,432	7,347,910	32,546,909	31,195,652	8,699,167

STATE AWARDS

Texas Department of Health:							
Federally Qualified Health Centers	N/A	74-60015732B04-01	5,000	5,000	-	5,000	-
Primary Health Care Program 03-04	N/A	74-60015732-0408	138,928	34,992	2,850	37,842	-
Primary Health Care Program 04-05	N/A	74-60015732-0508	134,342	5,707	105,851	75,998	35,560
Primary Health Care Program 05-06	N/A	74-60015732-0607	134,342	-	8,438	-	8,438
Tuberculosis Prevention and Control 03-04	N/A	74-60015732-0405	205,860	40,835	-	40,835	-
Tuberculosis Prevention and Control 04-05	N/A	74-60015732-0506	205,860	14,550	191,311	188,087	17,774
Tuberculosis Prevention and Control 05-06	N/A	74-60015732-0608	195,567	-	21,162	-	21,162
Bureau of Clinical and Nutrition Services - Population-Based Public Health - Title V - CORE - 04	N/A	74-60015732-0407	21,657	2,240	-	1,887	353
Public Health - Title V - CORE - 05	N/A	74-60015732-0507	21,657	1,129	18,664	10,845	8,948
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 04	N/A	74-60015732A04-02	326,993	6,122	-	6,122	-
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 05	N/A	74-60015732A05-01	347,956	32,723	368,339	338,863	62,199
Family Planning - 03	N/A	74-60015732B02-01	93,550	11,595	-	-	11,595
Family Planning - 04	N/A	74-60015732A04-03	101,751	32,287	-	-	32,017
Family Planning - 05	N/A	74-60015732A05-02	124,001	9,608	109,647	97,664	21,592

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**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2005**

**CITY OF LAREDO, TEXAS
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GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
STATE AWARDS							
Passed Through South Texas Development Council:							
H. I. V. Social Services 03-04	N/A	019-01-04	103,272	11,435	-	11,435	-
H. I. V. Social Services 04-05	N/A	019-01-05	100,929	4,059	94,002	73,927	24,134
H. I. V. Social Services 05-06	N/A	019-01-06	100,929	-	6,270	-	6,270
Office of Border Health - HIV	N/A	N/A	4,995	3,224	-	3,224	-
Office of Border Health - TB	N/A	N/A	2,000	1,417	-	1,417	-
Office of Border Health - Environmental	N/A	N/A	3,500	2,076	-	2,076	-
Total - Texas Department of Health			2,373,089	219,000	925,534	895,492	250,042
Commission on Law Enforcement Officers Standards and Education							
Law Enforcement Officer Standards and Education	N/A	N/A	30,747	(894)	894	-	-
Law Enforcement Officer Standards and Education	N/A	N/A	30,651	-	30,651	30,651	-
Law Enforcement Officer Standards and Education	N/A	N/A	1,510	-	671	1,510	(839)
Total - Commission on Law Enforcement Officers Standards and Education			62,908	(894)	32,216	32,161	(839)
Texas Parks and Wildlife:							
Chacon Creek Trail	N/A	86949	75,200	26,270	-	26,270	-
Chacon Creek Trail - Phase II	N/A	86949	55,380	-	42,732	40,617	2,115
Seven Flags Regional Advisory Council	N/A	N/A	2,804	-	2,804	2,804	-
Seven Flags Park	N/A	N/A	48,150	8,016	40,134	-	48,150
Zacate Creek Linear Park	N/A	50-00333	489,793	-	484,432	70,128	414,304
Total - Texas Parks and Wildlife			671,327	34,286	570,102	139,819	464,569
Texas State Library and Archives Commission							
Loan Star Libraries Grant	N/A	442-04279	15,139	-	15,139	15,139	-
Slaying Connected Grant	N/A	431-05043	20,843	-	20,843	-	20,843
Total-Texas State Library and Archives Commission			35,982	-	35,982	15,139	20,843
State Department of Transportation:							
Auto Theft Task Force	N/A	SA-T01-10057-05	305,805	18,499	264,306	253,048	29,757
Auto Theft Task Force	N/A	SA-T01-10057-06	346,000	-	29,887	-	29,887
TXDOT -Ryan Street Railroad Bridge Conversion & Zacate Bridge	N/A	CSJ-0922-33-903	571,200	314,234	22	203,612	110,644
TX Dept. of Transportation-Routine Airport Maint. Prog. '05	N/A	CSJ-M522LRLEDO	30,000	-	30,000	30,000	-
TX. Dept of Transportation- West Laredo CPL Road	N/A	CSJ-0922-33-071	3,250,000	-	30,886	186	30,400
TX. Dept of Transportation- West Laredo CPL Road Phase II	N/A	CSJ-0922-33-076	2,597,272	-	298	-	298
Total - State Department of Transportation			7,100,277	332,733	355,099	486,846	200,986
Texas Commission on Environmental Quality							
Passed Through STDC:							
T.C.E.Q.-Regional Solid Waste Management	N/A	05-19-G02	49,261	-	48,965	-	48,965
Total - Texas Commission on Environmental Quality			49,261	-	48,965	-	48,965
Total State Assistance			5	10,292,844	1,968,898	1,569,457	984,566

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2005**

**CITY OF LAREDO, TEXAS
(Continued)**

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2004	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2005
OTHER ASSISTANCE							
Texas Water Development Board	N/A	50-000064	\$ -	24,244	-	8,792	15,452
United States Customs Service 04	N/A	N/A	116,580	23,317	-	23,074	243
Custom-Narcotics 2003	N/A	N/A	91,000	2,561	-	-	2,561
Custom-Narcotics 2004	N/A	N/A	91,000	2,760	-	-	2,760
Custom-Narcotics 2005	N/A	N/A	91,000	-	31,846	24,822	7,024
Stone Garden	N/A	N/A	727,200	-	726,932	726,932	-
OCEDEFT 2004	N/A	N/A	10,000	4,074	-	4,074	-
Laredo Joint Terrorism TF 2004	N/A	N/A	10,720	5,453	-	5,453	-
Laredo Joint Terrorism TF 2005	N/A	N/A	14,667	-	14,257	11,812	2,445
Weed and Seed	N/A	N/A	25,000	-	25,014	20,423	4,591
Border Region Health Professional Education Initiative							
Passed Through Disroll Children's Health:							
Project Alliance '04	N/A	N/A	14,700	5,288	360	5,648	-
911 Regional Communications Grant - FY2004	N/A	N/A	206,559	160,446	185,646	177,427	168,665
911 Regional Communications Grant - FY2005	N/A	N/A	1,435,787	(935,026)	1,105,653	680,784	89,843
911 Regional Communications Grant - FY2006	N/A	N/A	-	(281,115)	17,245	-	(263,870)
Praline Foundation	N/A	N/A	10,950	(10,950)	-	-	(10,950)
University of Arizona - Border Vision Frontierza	N/A	N/A	32,000	8,899	12,038	20,937	-
Bnational Health Week	N/A	N/A	21,000	(21,000)	20,873	(127)	-
Conference of Mayors	N/A	N/A	63,244	-	37,480	28,666	8,814
USMBHA Conference	N/A	N/A	27,500	-	27,499	-	27,499
Total - Other Assistance			2,988,907	(411,049)	2,204,843	1,738,717	55,077
Total Federal, State and Other Assistance			\$ 147,887,183	7,521,986	36,720,650	34,503,826	9,738,810

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

- * Major Federal Program
- ** Major State Program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Laredo is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Laredo, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laredo, Texas, as of and for the year ended September 30, 2005, which collectively comprise the City of Laredo, Texas' basic financial statements and have issued our report thereon dated March 17, 2006. 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 and the provisions of the State of Texas *Uniform Grant and Contract Management Standards (UGCMS)*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Laredo, Texas', internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that

would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Laredo, Texas, in a separate letter dated March 17, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Laredo, Texas', financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant , noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and *UGCMS*. However, we noted certain matters that we reported to management of the City of Laredo, Texas, in a separate letter dated March 17, 2006.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Garza, Martinez & Co., L.L.P.

March 17, 2006

City of Laredo, Texas
 Federal Schedule of Findings and Questioned Costs
 Year Ended September 30, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	U.S. Department of Housing and Urban Development – Home Investment Partnership Program 2003 Grant
10.557	U.S. Department of Agriculture – Women, Infants, and Children 04-05
97.004	U.S. Department of Homeland Security – Office for Domestic Preparedness-State homeland Security Grant
66.606	U.S. Department of Environmental Protection Agency – Colonia Water and Wastewater Treatment
16.710	U.S. Department of Justice – Universal Hiring Grant

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2005

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 976,407

Auditee qualified as low-risk auditee?

X yes no

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Reportable condition(s) identified that are
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Reportable condition(s) identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with the State of
Texas Single Audit Circular Section .510(a)? _____ yes X no

Identification of major programs:

Name of State Program or Cluster

- Texas Parks and Wildlife - Zacate Creek Linear Park

City of Laredo, Texas
Federal Summary Schedule of Prior Audit Findings
Year Ended September 30, 2005

Federal Award Findings and Questioned Costs

There were no audit findings reported in the prior audit's schedule of findings and questioned costs.

City of Laredo, Texas
State Summary Schedule of Prior Audit Findings
Year Ended September 30, 2005

State Award Findings and Questioned Costs

There were no audit findings reported in the prior audit's schedule of findings and questioned costs.

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