

An aerial photograph of a multi-lane bridge spanning a wide river. In the background, a city skyline is visible under a clear blue sky. In the bottom left corner, a portion of a globe showing the Americas is visible, partially overlapping the river and bridge.

# City of Laredo, Texas Comprehensive Annual Financial Report

For The Year Ended  
September 30, 2006

**CITY OF LAREDO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2006**

**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, 2006**

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January 19, 2007

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, 2006. 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., L.L.P., 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, 2006, 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, 2006 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 30<sup>th</sup>, 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, 2006, the unemployment rate continues to decrease as compared to prior year from 5.00 percent to 4.60 percent. There was an increase in residential construction by 434 homes; from 1,847 to 2,281 or 23.50 percent as compared to prior year and valuations on those homes grew to \$221,625,892 an increase of 11.72 percent over the previous year. On commercial construction, there was a 36.30 percent decrease from 1,132 to 721 building permits with valuations of \$166,713,553 or a decrease of 6.34 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. A fourth hospital specializing in long-term acute care patients opened in May 2006 with approximately 60 beds.

In the current year, nationally known companies decided to make their home in Laredo and they range from restaurants such as Uno Chicago Grill Restaurant, retail stores among which we find Circuit City, Petco and Petland and hotels such as Springhill Suites and Staybridge Suites. Chase Bank has also established their presence in Laredo along with plans to open other branches within the City. There are also numerous local and state businesses making their home in Laredo in the areas of banking, restaurants, retail stores and transportation businesses. Businesses opening in Laredo are providing value added jobs to the City as well as diversifying our economy.

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, motor cross racing, wrestling, and major concert performers.

## **MAJOR INITIATIVES**

### **For the Year 2005-2006**

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, economic prosperity and safety.

- Parks and recreation improvement projects were completed during the fiscal year in the amount of \$700,162. The projects include Lyon Street Park, Lafayette Park Improvements and Santa Rita Park Improvements.
- Various building, street and sidewalk improvements were completed during the fiscal year at a cost of \$4,338,391. The major projects completed were Building Renovations in the amount of \$3,061,387, Landfill Parking lot at a cost of \$752,248 and Sidewalk projects at a cost of \$421,703.
- Bridge I modifications and improvements project known as "El Portal" was substantially completed and opened in January 2007. The \$22 million project is expected to be an economic catalyst for retail sales and tourism and at the same time 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.
- Various project improvements were completed at the Laredo International Airport in the amount of \$12 million including the reconstruction of runways along with and Engineered Materials Arresting System (EMAS) project. Projects were funded with Federal Aviation Administration Grants and the Laredo International Airport Fund.
- Drainage and Utilities System improvements were completed in the amount of \$2,335,836. The Utilities system continues to expand due to the growth of the City and the system must be kept in order to meet the increase demand for services.

## **Future Major Initiatives**

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

- Development of 88 acres of land across from the Laredo International Airport terminal on Loop 20 that will offer retail shops has began. Completion of the project is expected in 2008.
- Continuation of extensive park development, where the city addresses the quality of life issues. The projects funded in the amount of \$5,700,000 include East Side Sports Complex, Eastwood Park, El Eden Recreation Center Phase II, Slaughter Park Phase II and a Baseball / Softball Sport Complex at TAMIU.
- The City's share of the West Laredo Corridor Project will be funded in the amount of \$2,124,000. West Laredo Corridor project will provide needed access and alleviate traffic congestion in the west side of Laredo. This is a project that is been coordinated by the Texas Department of Transportation.
- In the area of Public Safety, projects in the amount of \$2,290,000 will be funded for a Police Substation, Fire / Law Enforcement Training Center and Fire Department headquarters building. An additional \$2,443,000 will be used to expand the Health Department Complex and a Branch Library.
- Street and Drainage Improvements projects in the amount of \$ 4,209,000 will fund the Del Mar Avenue widening project, River Road construction, Extension of Springfield Avenue and Laredo Street and Dellwood Subdivision Drainage Improvements.

**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 two years with an average day to maturity of 237 days. The average yield on investments was 4.40 percent for the year.

**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, 2006, for the Health & Benefits Fund were \$ 365,157. The amount reflects an increase of \$388,084 in Net Assets. The total net assets for Risk Management were \$1,492,037, an increase of \$287,910 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 59.30 percent as of December 30, 2005. 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 96 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 and 10 in the notes to the financial statements.

### **Awards and Acknowledgements**

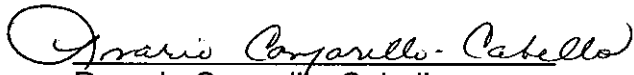
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laredo for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2005. This was the eighteenth consecutive year that the government 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 fifteenth 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, 2005

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



A handwritten signature in black ink, appearing to read "Ronald J. Haen".

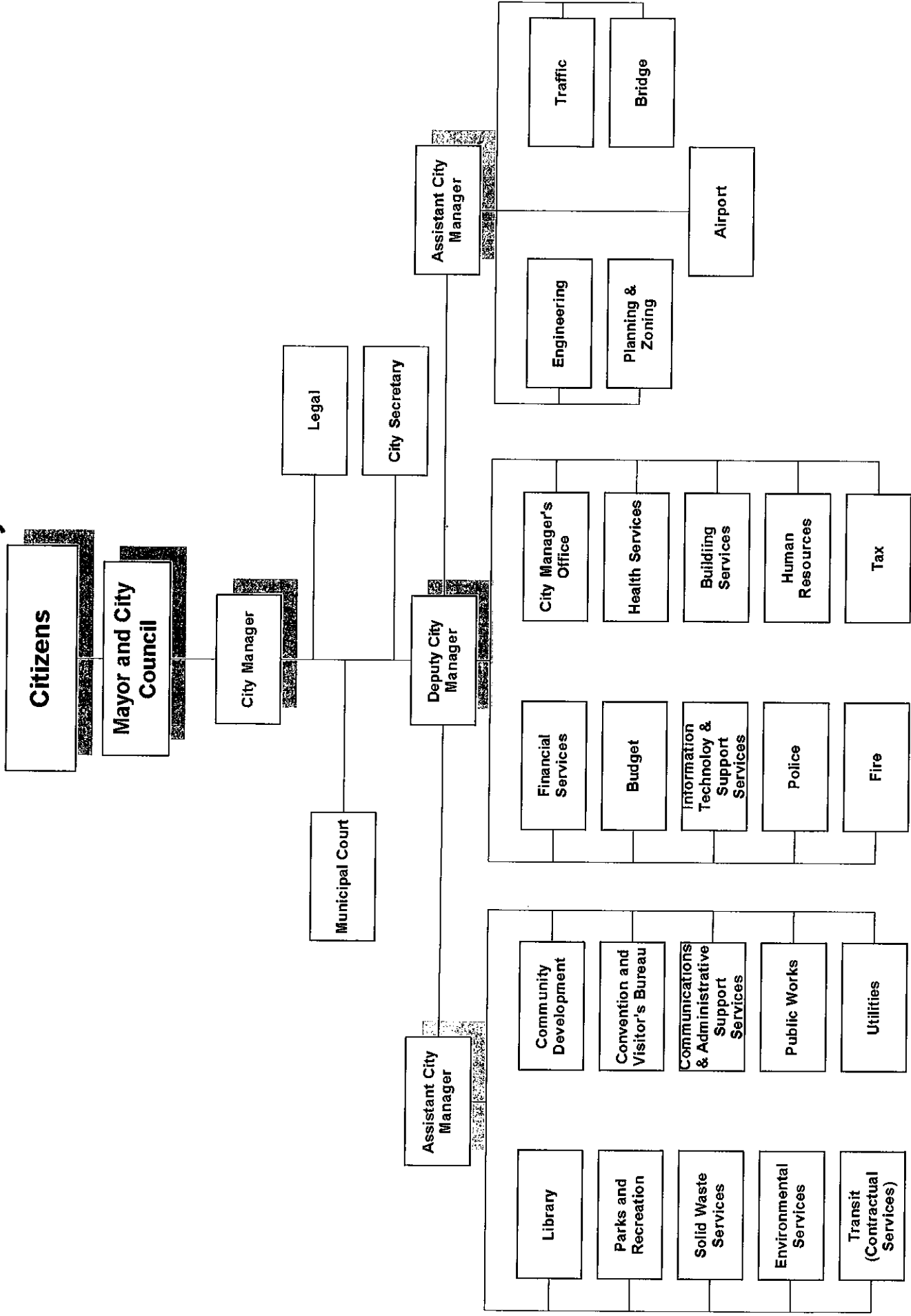
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



# CITY OF LAREDO, TEXAS



X

\* Transit System is a non-profit organization, not a department of the city.

**CITY OF LAREDO, TEXAS  
ADMINISTRATIVE OFFICIALS**

**CITY COUNCIL**

**Raul G. Salinas, Mayor**

COUNCIL MEMBER	DISTRICT	COUNCIL MEMBER	DISTRICT
Mike Garza	I	Johnny Rendon	V
Hector J. Garcia	II	Gene Belmares	VI
Dr. Michael Landeck	III	Juan Chavez	VII
John Amaya	IV	Juan Ramirez	VIII
		Mayor Pro Tempore	

**CITY STAFF**

Cynthia Collazo, Acting City Manager

Horacio De Leon, Assistant City Manager

Rafael Garcia, Assistant City Manager

Valeria M. Acevedo, Acting City Attorney

Rosario Camarillo-Cabello, Financial Services Director

## **FINANCIAL SECTION**

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

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107 CALLE DEL NORTE, SUITE 15A  
P.O. BOX 2664  
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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, 2006, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 2006, and the respective changes in financial position and, where applicable, cash flows 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 January 19, 2007 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 considered in assessing 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, schedules listed in the table of contents and statistical section 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, schedules listed in the table of contents as well as the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections 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.

*Gauger, Martinez & Co, L.L.P.*

January 19, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Laredo's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

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, 2006. 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 \$596 million (net assets). Of this amount, \$99 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 \$26 million while the business-type activities net assets increased by \$14 million resulting in a \$40 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 \$85 million; an increase of \$16.5 million from prior year. At the City's discretion, \$67 million of these fund balances are unreserved, \$6.5 million are designated for debt service, and the remaining amount of \$60.5 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 \$21.1 million, or 20.7 percent of the total general fund expenditures.
- The City's bonded debt has a net increase of \$7.7 million from prior year's balance of \$317 million. During the current fiscal year, the City issued \$17.3 million in certificate of obligation bonds and \$8.9 million in revenue bonds. The City also refunded \$17.9 million in General Obligation 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.

		<b>Fund Statements</b>		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
SCOPE	Government –Wide Statements <b>Entire City Government (except fiduciary funds) and the City's component units</b>	<b>The activities of the City that are not proprietary, such as police, fire, and parks</b>	<b>Activities the City operates similar to private businesses: Bridge, Water, Sewer</b>	<b>Instances in which the City is the trustee or agent for someone else's resources i.e.: the retirement plan for City employees</b>
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of Revenues and Expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of Revenues, expenses, and changes in net assets</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	<b>Accrual accounting and economic resources focus</b>	<b>Modified accrual accounting and current financial resources focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Accrual accounting and economic resources focus</b>
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	<b>All revenues and expenses during the year, regardless of when cash is received or paid.</b>	<b>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</b>	<b>All revenues and expenses during the year; regardless of when cash is received or paid</b>	<b>All revenues and expenses during the year, regardless when cash is received or paid</b>

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**

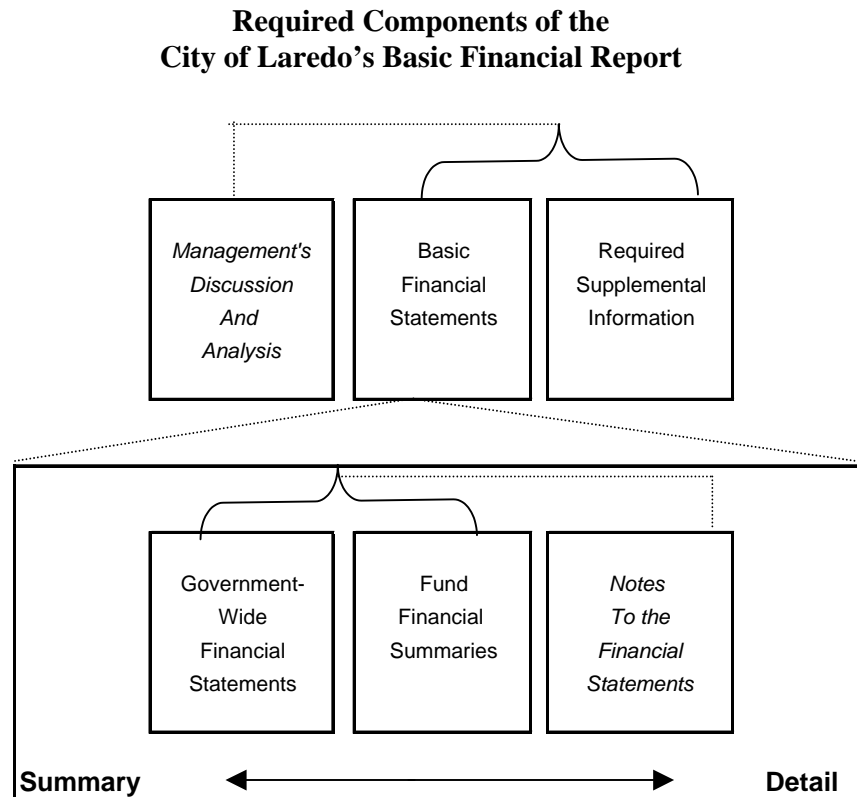


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City Government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of 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 \$596 million as of September 30, 2006. Analyzing the net assets and net expenses of the governmental and business-type activities separately, the business type activities net assets are \$293 million and the government type activities are \$303 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, 2005 and 2006**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 129,573,460	\$ 117,091,934	\$ 125,763,841	\$ 127,142,082	\$ 255,337,301	\$ 244,234,016
Capital assets	398,364,860	371,595,625	314,464,636	291,577,561	712,829,496	663,173,186
Unamortized Bond Costs	2,080,283	1,753,373	2,621,128	2,559,268	4,701,411	4,312,641
Total assets	530,018,603	490,440,932	442,849,605	421,278,911	972,868,208	911,719,843
Current liabilities	31,967,135	36,567,851	20,599,346	18,715,168	52,566,481	55,283,019
Non-current liabilities	195,178,787	177,309,869	128,663,632	122,826,513	323,842,419	300,136,382
Total liabilities	227,145,922	213,877,720	149,262,978	141,541,681	376,408,900	355,419,401
Net Assets:						
Invested in capital assets,						
net of related debt	215,439,510	198,694,918	228,622,897	234,602,168	444,062,407	433,297,086
Restricted	42,590,216	34,889,245	10,970,742	11,147,151	53,560,958	46,036,396
Unrestricted	44,842,955	42,979,049	53,992,988	33,987,911	98,835,943	76,966,960
Total net assets	\$ 302,872,681	\$ 276,563,212	\$ 293,586,627	\$ 279,737,230	\$ 596,459,308	\$ 556,300,442

An additional portion of the City's net assets (53,560,958 or 9%) 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, 2006. Governmental activities increased the City's net assets by \$26 million, while Business-Type activities increased by \$14 million, overall the City's Net Assets increased by \$40 million. The City's total revenues increased by 10 percent to \$313 million in Fiscal Year 2006 (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 decreased by \$12 million from prior year to \$269 million. The most significant governmental expense for the City was in providing public safety, which incurred \$82 million, a growth of \$5 million over prior year. 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 \$ 31 million and the fire department with \$ 28 million (both areas including benefits).

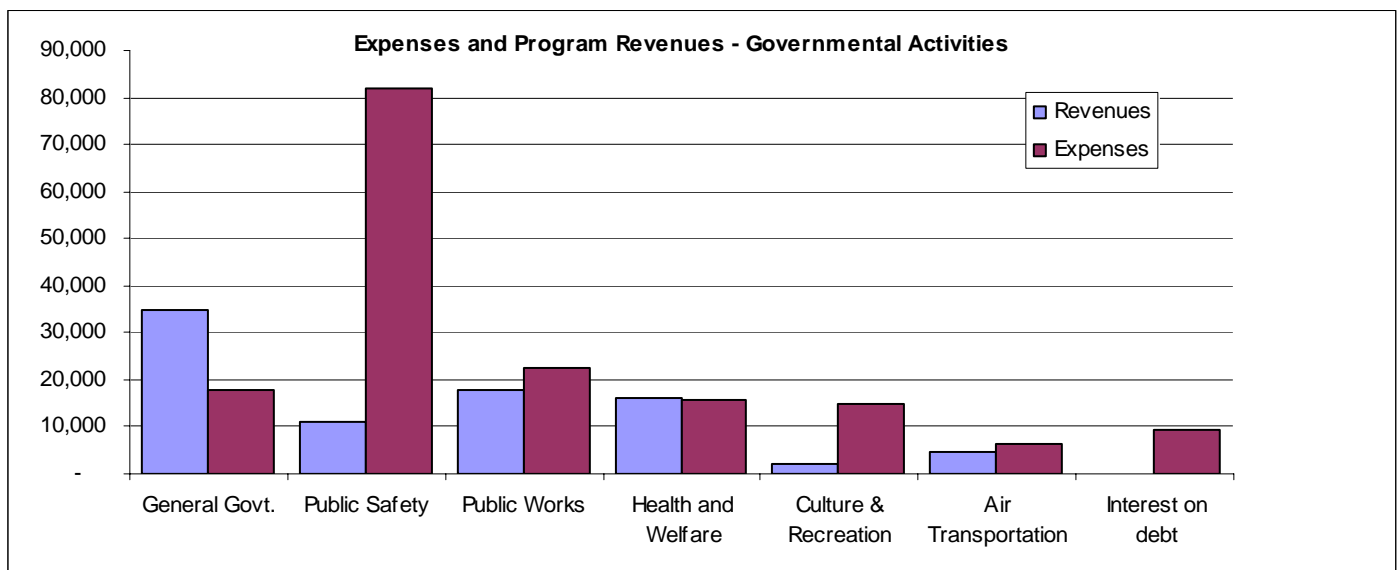
**Table A-2**

### City of Laredo's Changes in Net Assets September 30, 2005 and 2006

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 57,884,577	\$ 52,401,380	\$ 104,764,392	\$ 92,223,680	\$ 162,648,969	\$ 144,625,060
Operating grants and contributions	11,946,958	14,751,179	4,564,435	7,244,365	16,511,393	21,995,544
Capital grants and contributions	16,859,762	14,271,496	13,062,195	7,463,200	29,921,957	21,734,696
General revenues:						
Sales tax	30,151,183	26,628,764	5,658,730	5,026,869	35,809,913	31,655,633
Property taxes	49,472,071	45,019,642	-	-	49,472,071	45,019,642
Other taxes	9,967,953	9,195,500			9,967,953	9,195,500
Grants and contributions not restricted	5,235,856	4,497,007			5,235,856	4,497,007
Other	3,378,779	6,245,582	197,293	(198,233)	3,576,072	6,047,349
Total revenue	\$ 184,897,139	\$ 173,010,550	\$ 128,247,045	\$ 111,759,881	\$ 313,144,184	\$ 284,770,431

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Expenses:						
General Government	\$ 17,637,852	\$ 16,356,901			\$ 17,637,852	\$ 16,356,901
Public Safety	81,993,355	76,682,946			81,993,355	76,682,946
Public Works	22,544,287	27,601,104			22,544,287	27,601,104
Health & Welfare	15,734,517	16,076,928			15,734,517	16,076,928
Culture & Recreation	14,770,220	19,304,006			14,770,220	19,304,006
Air Transportation	6,487,313	6,827,442			6,487,313	6,827,442
Interest & Other long - term debt	9,337,731	12,003,612			9,337,731	12,003,612
Bridge System			38,315,376	34,643,592	38,315,376	34,643,592
Solid Waste			13,559,190	14,685,053	13,559,190	14,685,053
Transit			14,075,828	13,473,604	14,075,828	13,473,604
Water System			20,607,390	16,888,416	20,607,390	16,888,416
Sewer System			12,733,207	10,903,372	12,733,207	10,903,372
Other Business -Types			1,001,793	15,217,862	1,001,793	15,217,862
Total expenses	168,505,275	174,852,939	100,292,784	105,811,899	268,798,059	280,664,838
Inc (dec) in net assets before transfers	16,391,864	(1,842,389)	27,954,261	5,947,982	44,346,125	4,105,593
Transfers	15,406,004	17,978,754	(15,406,004)	(17,978,754)	-	-
Incr (Dec) in net assets	31,797,868	16,136,365	12,548,257	(12,030,772)	44,346,125	4,105,593
Net assets, beginning	276,563,212	245,542,306	279,737,230	291,768,002	556,300,442	537,310,308
Prior Period Adj.	(5,488,399)	14,884,541	1,301,140		(4,187,259)	14,884,541
Net assets, ending	\$ 302,872,681	\$ 276,563,212	\$ 293,586,627	\$ 279,737,230	\$ 596,459,308	\$ 556,300,442

**Graph 1**

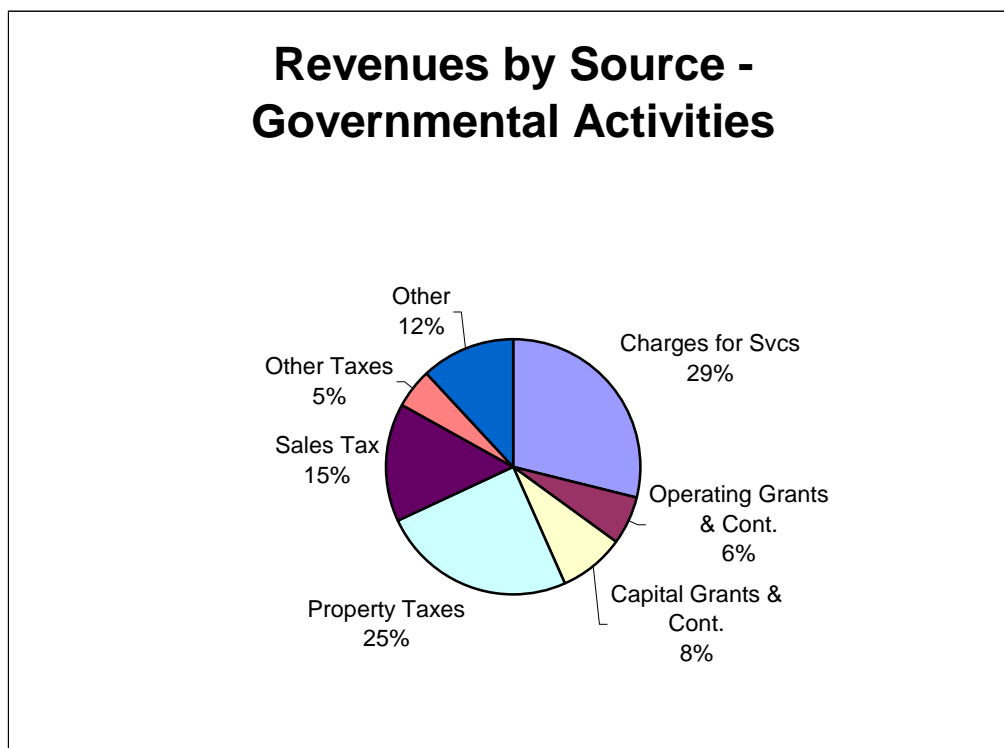


Graph 1 represents the cost of each of the City's 7 largest programs as well as each of the programs revenue. Net cost (total cost less fees generated by the activities and intergovernmental

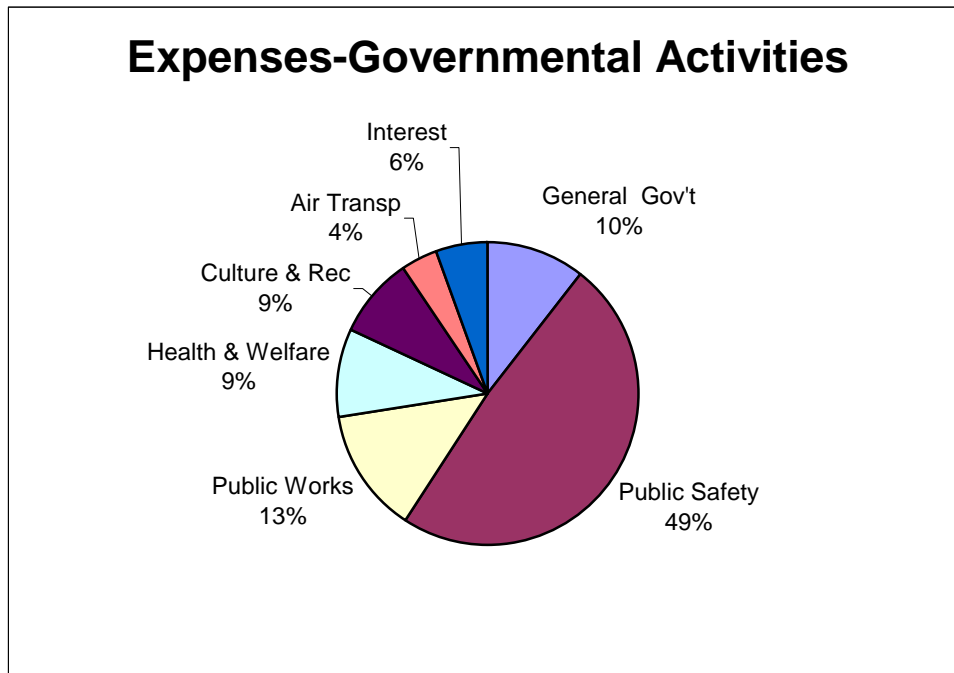
aid) is also reflected for each program. The net cost is the financial burden that was placed on the City's taxpayers by each of these functions.

- The cost of all *Governmental* activities this year was \$169 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 \$114 million.
- General Government (support services) comprised approximately 10.5% of total expenditures in Fiscal Year 2006; an increase of \$1.3 million from prior year. There were no significant increases in any one area, other than cost of living and merit.
- Expenditures for Public Safety increased by \$5.3 million from prior year to \$82 million. This increase was due to increased personnel in Fire of \$2.3 million and Police \$1.9 million.
- 48.7% of all Governmental Activities expenditures were from public safety, 13.4% were from Public Works, and 10.5% went for general governmental activities (see Graph 3).
- Public Works expenditures decreased by \$5 million as compared to the previous year. The net decrease is due to the following: an increase in operating expenditures of \$3 million and a decrease of \$8 million due to GASB Statement 34 conversion. The GASB 34 conversion is due to a decrease in fixed assets activity as compared to the previous year. The fixed asset conversion includes depreciation and capitalization of fixed assets.
- Cultural and Recreational expenditures decreased by \$4.5 million as compared to the previous year. The net decrease is due to an increase in operating expenditures of \$500 thousand and a decrease of \$5 million due to the GASB 34 Statement conversion. The decrease is due to a decrease in fixed asset activity as compared to the previous year.
- Business Type Activities transferred to Governmental Activities \$15.4 million.
- 29% of all Governmental Activities revenue came from charges for services, 25% from property taxes and 15% from sales taxes (see Graph 2).

**Graph 2**



**Graph 3**



### **Business-type Activities**

Revenues of the City's business-type activities were \$128 million for the fiscal year ending September 30, 2006, an increase of \$16.5 million from prior year. There was an overall increase in Charges for Services of \$12.5 million where the larger contributors to this increase were the Bridge System by \$3.5 million, and Water & Sewer Systems by \$7.7 million. Operating Grants and Contributions decreased by \$2.7 million largely due to the Water EPA grant. Capital Grants and Contributions increased by \$5.6 million over prior year due to Transit and Utility System increases.

Expenses for the City's business-type activities were \$100.2 million for the year, a \$7.7 million increase from prior year. (Refer to Table A-2). The areas where these increases occurred are as follows:

- \$3.6 million increase in Bridge System; operational increases by \$3.8 million and a decrease of \$200 thousand in non-operational revenues i.e. interest expense and amortization of bond costs.
- \$3.7 million increase in Water Works System; operational expenses increased by \$3.1 million and an increase of \$600,000 in non-operating expenses.
- \$1.8 million increase in operational expense for the Sewer System.
- \$1.4 million decrease in other business type expenses related mainly due to the Solid Waste Fund. This decrease is a result of re-calculation and extended life of the Closure and Post Closure Costs.



## 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 \$85.3 million, 24 percent increase from prior year. Of the \$85.3 million combined fund balance, \$19 million is unreserved, \$6.5 million debt service, and \$34 million for capital projects, and \$65 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 \$19.4 million while total fund balance \$21.1 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 19.1 percent total general fund expenditures, while total fund balance represents 20.7 percent of the same amount.

During the current fiscal year, the City's general fund balance increased by \$6.8 million as compared to prior year. Key factors in this growth are as follows:

- As compared to prior year, an increase of \$3.7 million in property taxes. A growth in assessed valuations by 12.9% 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.
- An increase of \$2.9 million in sales tax due to increased economic growth in the area as compared to prior year.
- Compensated absences current liability, \$2,709,227, was removed from the individual financial statements.
- General Fund Expenditures increased by \$6.7 million from prior year. Where most of the departments remained stable, minimal growth occurred in Public Safety by \$4.8 million. Police Department's expenditures increased by \$2.1 million and Fire Department increased by \$2.5 million; both areas of growth were attributed to increased personnel costs. Another area of growth was general government by \$1.1 million. This growth was also mostly attributed to personnel growth.

The Debt Service fund has a total fund balance of \$6.5 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 \$900 thousand dollars.

**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 totaled \$53.9 million. The total net assets increased by \$13.8 million to \$294 million as compared to prior year. The largest area of change is in the Waterworks System Fund due to results of operations produced a \$7.06 million increase in net assets. The increase can be further broken down into an operating income of \$4.25 million and other non-operating revenues, net of expenses, of \$2.81 million. Revenues increase due to a rate increase implemented during the current year and an increase in water consumption. 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 has not only maintained a 15% fund balance, but has also aggressively increased it to 20.7% in FY 2006. Steadily and in spite of neighboring Mexican economic challenges, the City has been able to sustain and strengthen its economic condition. Two examples of indicators that lead us to this position are: property valuation growth which has increased from prior year by 13% as well as an increase of sales tax revenues increasing from prior year to 5%. With appropriate planning and cautious financial spending, the City's fund balance is \$21,089,204 or 20.7% of operating expenditures as of September 30, 2006.

#### *Original Budget vs. Final Amended Budget:*

##### Revenues:

- During the year, the General Fund budget was amended by increasing additional appropriations of \$1.3 million. This amended consisted of various border protection grants including \$941 thousand for a State Homeland Security Operating Grant and \$125 thousand for a 911 Regional Communications Grant. There were no other significant amendments to the original revenue budget for the year in General Fund.

##### Expenditures:

- The budget was amended to reflect additional appropriations of \$1.3 million for various protection grants such as Homeland Security Grant and 911 Communications.

#### *Amended Budget as compared to Actual Expenditures:*

##### Revenues:

- An overall revenue increase of \$722 thousand as compared to the amended budget. This slight increase had various attributes:
  - Increase in sales tax by \$1,200,568.
  - Increase in franchise taxes, particularly electricity by \$311,376.

##### Expenses:

- An overall decrease (savings) of expenses as compared to amended budget of \$4.6 million.
  - Police Department had savings of \$1,483,780 as compared to budget.
  - Public Works had savings of \$851,493 specifically in the division of "Special construction projects" and "Street Maintenance".
  - Cultural & Recreational had savings of \$557,872 overall.
  - All other departments of General Fund played a proactive role in limiting and restricting expenditures and ensuring that the City's fund balance remain healthy.

## 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, 2006 is \$713 million (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was \$41.2 million net increase over prior year. Additions to capital assets such as land and construction in progress the year totaled \$18.4 million for governmental activities and \$23 million for business type activities. Deletions of such items were immaterial for the year. (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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2006	2005	2006	2005	2006	2005
Land	\$ 52,949,887	\$ 45,405,076	\$ 30,723,677	\$ 28,256,904	\$ 83,673,564	\$ 73,661,980
Buildings	100,874,890	102,662,892	43,267,062	40,340,435	144,141,952	143,003,327
Machinery & Equipment	20,579,186	16,418,803	22,689,753	23,554,642	43,268,939	39,973,445
Water Rights	0	0	17,045,672	14,756,178	17,045,672	14,756,178
Improve'ts other than Bldg	204,167,475	204,621,607	156,503,614	156,997,009	360,671,089	361,618,616
Construction in Progress	19,793,422	10,908,687	44,234,858	27,672,393	64,028,280	38,581,080
Total	\$ 398,364,860	\$ 380,017,065	\$ 314,464,636	\$ 291,577,561	\$ 712,829,496	\$ 671,594,626

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

#### Governmental

- Various land acquisitions related to the Noise Abatement Project totaling \$3.6 million, \$1.9 for the airport terminal noise barriers, and \$500 thousand for a recreation center are among the larger land purchases.
- New Airport Taxiways \$5.6 million
- Airport Arresting System \$2.0 million.
- Construction in Progress projects included various items such as the Colonias Project for \$1.1 million, South Laredo Fire Station \$1.6 million and numerous drainage projects.

#### Proprietary

- Land acquisition for the future site of a Transit Fleet Facility. The cost of the acquisition was \$1.9 million.
- Improvements to the Water and Waste Water Plants \$2 million
- Bridge II Widening in order to facilitate traffic flows of \$800 thousand.
- Rehabilitation of Bridge III \$240 thousand
- Construction in progress of \$12 million of a \$22 million project on renovations and improvements to International Bridge No. 1- El Portal.
- Construction in progress of \$4 million in Water and Waste Water projects including the 2.0 MG TAMIU Tank.

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 \$318 million in outstanding bonds and other long term debt; an increase of \$11.1 million over last year (See Table A-4). More detailed information about the City's long-term liabilities is presented in Note 11 & 12 to the financial statements.

New debt resulted mainly from a \$17.32 million Combination Tax and Revenue Certificate of Obligation Series 2006, an \$8.95 million Waterworks & Sewer Systems Revenue Bond, \$17.87 million General Obligation Refunding Bond for the purpose of refunding outstanding obligations in order to restructure the City's debt service requirement. The issuance of long term debt was to finance various projects including various Police and Fire Buildings, repairs of existing streets, drainage improvements, various park improvements, water transmission lines, various purchases of 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 Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 72,200,000	\$ 80,040,000	\$ -	\$ -	\$ 72,200,000	\$ 80,040,000
Certificates of obligation	69,585,000	58,930,000	-	-	69,585,000	58,930,000
Revenue bonds	35,165,000	36,205,000	98,574,969	90,484,703	133,739,969	126,689,703
Capital lease obligations	1,683,921	1,029,869	-	-	1,683,921	1,029,869
Compensated Absences	15,524,866	13,909,839	736,385	653,490	16,261,251	14,563,329
Notes payable	1,020,000	1,105,000	23,783,524	24,818,425	24,803,524	25,923,425
Total	\$ 195,178,787	\$ 191,219,708	\$ 123,094,878	\$ 115,956,618	\$ 318,273,665	\$ 307,176,326

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

The City Council considered many factors when setting the fiscal year 2007 budget. General Fund revenues for FY 06-07 are proposed to be \$119,517,677 with a 7 percent over prior year actual revenues and expenses are proposed equally to be \$119,517,677 with a 17.3 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 4.6 percent as of September 30, 2006 compared to prior year's 5.0 percent. This average places it slightly below the State average of 4.8 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 2007-2008 consolidated budget appropriation is \$393 million. This represents an increase of \$28 million or 7.9 percent over the 2005-2006 Original Budget. The property tax rate for 2007 is .6370 per \$100 valuation; the rate has remained the same for the last four consecutive years. Assessed valuations for FY 06-07 were \$8.4 billion which include \$314 million of new improvements a 5% growth over prior year with an estimated levy of \$41.8 million. Of the .6370 tax rate, 81 percent or .513745 cents are utilized for General Fund activities, the remaining 19 percent or .1232556 cents are used for Debt Service. The General Fund's portion of property tax revenue for FY 2007 is projected to be \$41 million up \$4.7 million compared to last year. Sales tax revenues for the General Fund for fiscal year 2007 are budgeted to be \$26.6 million, an increase of \$2.8 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 2006-07, 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. There are a total of 2,621 full time equivalent positions with an estimated budget of \$132.5 million.

The City of Laredo will continue to work on various projects such as the revitalization of our downtown, a riverfront development 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, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents: (Note 4)			
Cash	\$ 631,676	\$ 45,892	\$ 677,568
Equity in Investment Pool	330,475	339,378	669,853
Investments (Note 5)	92,964,642	33,819,029	126,783,671
Receivable, net of allowances:			
Accrued Interest	1,264,409	213,981	1,478,390
Property Taxes, Penalty and Interest	6,399,253	-	6,399,253
Hotel-Motel Tax, Penalty and Interest	262,782	-	262,782
Accounts	8,790,329	6,356,556	15,146,885
Notes	13,409,943	87,846	13,497,789
Paving Assessments	27,142	-	27,142
Internal Balances	(338,467)	338,467	-
Due From Other Governments	5,266,396	577,821	5,844,217
Inventory, at cost	327,497	1,005,835	1,333,332
Prepaid Items	237,383	-	237,383
Total Current Assets	<u>129,573,460</u>	<u>42,784,805</u>	<u>172,358,265</u>
Noncurrent Assets:			
Restricted Assets: (Note 7)			
Investments (Note 5)	-	82,679,287	82,679,287
Accrued Interest	-	196,786	196,786
Accounts	-	23,751	23,751
Notes	-	8,838	8,838
Due From Other Governments	-	70,374	70,374
Capital Assets: (Note 8)			
Nondepreciable Assets:			
Land and Improvements	52,949,889	47,769,349	100,719,238
Construction in Progress	19,793,422	44,234,858	64,028,280
Depreciable Assets:			
Buildings	123,505,237	61,118,275	184,623,512
Machinery and Equipment	58,763,431	55,809,855	114,573,286
Infrastructure	345,875,681	257,991,648	603,867,329
Accumulated Depreciation	(202,522,800)	(152,459,349)	(354,982,149)
Unamortized Bond Issuance Costs	2,080,283	2,621,128	4,701,411
Total Non Current Assets	<u>400,445,143</u>	<u>400,064,800</u>	<u>800,509,943</u>
<b>TOTAL ASSETS</b>	<u>\$ 530,018,603</u>	<u>\$ 442,849,605</u>	<u>\$ 972,868,208</u>

(Continued)



**CITY OF LAREDO, TEXAS**  
**STATEMENT OF NET ASSETS**  
**September 30, 2006**

(Continued)

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 4,761,766	\$ 3,396,927	\$ 8,158,693
Claims and Judgments Payable	2,924,510	-	2,924,510
Retainage Payable	703,860	1,323,301	2,027,161
Accrued Wages and Employee Benefits	2,007,990	573,768	2,581,758
Accrued Interest Payable	1,328,183	276,528	1,604,711
Compensated Absences (Note 11)	25,322	607,860	633,182
Contracts Payable	1,068,973	950,790	2,019,763
Customer and Tenant Deposits	171,026	4,121,688	4,292,714
Due To Other Governments	403,086	-	403,086
Due to Developers	1,666,496	78,247	1,744,743
Unearned Revenue	679,975	2,821,103	3,501,078
General Obligation Bonds (Note 11)	7,490,000	-	7,490,000
Certificates of Obligation (Note 11)	6,665,000	-	6,665,000
Revenue Bond Payable (Note 11)	1,040,000	5,719,000	6,759,000
Notes Payable (Note 11 & 12)	85,000	730,134	815,134
Capital Lease Obligation (Note 11)	945,948	-	945,948
Total Current Liabilities	<u>31,967,135</u>	<u>20,599,346</u>	<u>52,566,481</u>
Noncurrent Liabilities:			
Noncurrent portion of long term liabilities:			
General Obligation Bonds (Note 11)	72,200,000	-	72,200,000
Certificates of Obligation (Note 11)	69,585,000	-	69,585,000
Revenue Bonds Payable (Note 11 & 12)	35,165,000	98,574,969	133,739,969
Notes Payable (Note 11 & 12)	1,020,000	23,783,524	24,803,524
Capital Lease Obligations (Note 11)	1,683,921	-	1,683,921
Compensated Absences (Note 11 & 12)	15,524,866	736,385	16,261,251
Landfill Closure & Postclosure Costs (Note 12)	-	5,568,754	5,568,754
Total Noncurrent Liabilities	<u>195,178,787</u>	<u>128,663,632</u>	<u>323,842,419</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>227,145,922</u></b>	<b>\$ <u>149,262,978</u></b>	<b>\$ <u>376,408,900</u></b>
<b>NET ASSETS</b>			
Investments in Capital Assets, net of related debt	\$ 215,439,510	228,622,897	444,062,407
Restricted for:			
Debt Service	6,508,489	10,970,742	17,479,231
Capital Projects	36,016,514	-	36,016,514
Canseco Endowment Fund			
Nonexpendable	15,213	-	15,213
Expendable	50,000	-	50,000
Unrestricted	44,842,955	53,992,988	98,835,943
<b>TOTAL NET ASSETS</b>	<b>\$ <u>302,872,681</u></b>	<b>\$ <u>293,586,627</u></b>	<b>\$ <u>596,459,308</u></b>

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, 2006

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
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 17,637,852	34,295,011	537,693	-	17,194,852	-
Public Safety	81,993,355	6,638,370	4,270,518	-	(71,084,467)	-
Public Works	22,544,287	2,535,760	-	15,437,617	(4,570,910)	-
Health and Welfare	15,734,517	8,564,712	6,285,741	1,422,145	538,081	-
Culture and Recreation	14,770,220	1,784,371	359,066	-	(12,626,783)	-
Air Transportation	6,487,313	4,066,353	493,940	-	(1,927,020)	-
Interest and Other on Long-Term Debt	9,337,731	-	-	-	(9,337,731)	-
<b>Total Governmental Activities</b>	<b>168,505,275</b>	<b>57,884,577</b>	<b>11,946,958</b>	<b>16,859,762</b>	<b>(81,813,978)</b>	<b>-</b>
<b>Business-Type Activities:</b>						
Transit System	14,075,828	3,801,814	4,584,435	3,034,009	-	(2,675,570)
Bridge System	38,315,376	42,757,164	-	-	-	4,441,788
Waterworks System	20,807,390	25,215,914	-	6,449,994	-	11,058,518
Sewer System	12,733,207	15,606,262	-	3,578,192	-	6,451,247
Solid Waste Management System	13,559,190	15,802,217	-	-	-	2,243,027
Municipal Housing Corporation	1,001,793	1,581,021	-	-	-	579,228
<b>Total Business-Type Activities</b>	<b>100,292,784</b>	<b>104,764,392</b>	<b>4,584,435</b>	<b>13,062,195</b>	<b>-</b>	<b>22,098,238</b>
<b>Total Primary Government</b>	<b>\$ 268,798,059</b>	<b>162,648,969</b>	<b>16,531,393</b>	<b>29,921,957</b>	<b>(81,813,978)</b>	<b>22,098,238</b>
<b>General Revenues:</b>						
Property Taxes					49,472,071	-
Sales Tax					30,151,183	5,658,730
Franchise Tax					6,595,084	-
Hotel Motel Tax					3,054,454	-
Alcoholic Beverage Tax					318,415	-
Grants and contributions not restricted to specific programs					5,235,856	-
Unrestricted investment earnings					3,324,727	53,537
Gain on sale of capital assets					54,052	143,756
Transfers					15,406,004	(15,406,004)
<b>Total general revenues and transfers</b>					<b>113,611,846</b>	<b>(9,549,981)</b>
<b>Change in net assets</b>					<b>31,797,868</b>	<b>12,548,257</b>
<b>Net assets-beginning</b>					<b>276,563,212</b>	<b>279,737,230</b>
<b>Prior Period Adjustment (Note 20)</b>					<b>(5,488,399)</b>	<b>1,301,140</b>
<b>Net assets-ending</b>					<b>\$ 302,872,681</b>	<b>293,586,527</b>
						<b>596,459,308</b>

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

**CITY OF LAREDO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2006**

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Cash	\$ 8,708	-	622,568	631,276
Equity in Investment Pool	107,683	32,537	161,515	301,735
Investments	21,447,976	6,436,616	59,392,457	87,277,049
Receivable, net of allowances:				
Accrued Interest	130,380	39,336	1,059,935	1,229,651
Property Taxes, Penalty and Interest (Note 6)	5,323,874	991,743	-	6,315,617
Accounts (Note 6)	4,998,442	-	1,195,477	6,193,919
Notes (Note 6)	-	-	13,409,943	13,409,943
Paving Assessments (Note 6)	-	27,142	-	27,142
Due From Other Funds	2,437,017	-	-	2,437,017
Due From Other Governments	100,796	-	5,165,600	5,266,396
Inventory, at cost	17,029	-	5,463	22,492
<b>TOTAL ASSETS</b>	<b>34,571,905</b>	<b>7,527,374</b>	<b>81,012,958</b>	<b>123,112,237</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	2,275,156	-	1,445,664	3,720,820
Retainage Payable	11,311	-	692,549	703,860
Accrued Wages and Employee Benefits	1,627,767	-	333,651	1,961,418
Compensated Absences	25,290	-	32	25,322
Contracts Payable	-	-	1,068,973	1,068,973
Customer and Tenant Deposits	250	-	170,776	171,026
Due To Other Funds	-	-	2,402,202	2,402,202
Due To Other Governments	243,851	-	159,235	403,086
Due To Developers	-	-	1,666,496	1,666,496
Unearned Revenue	9,299,076	1,018,885	15,326,408	25,644,369
<b>TOTAL LIABILITIES</b>	<b>13,482,701</b>	<b>1,018,885</b>	<b>23,265,986</b>	<b>37,767,572</b>
<b>FUND BALANCES</b>				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	1,261,933	-	11,246,031	12,507,964
Reserved for Capital Acquisition	401,618	-	2,075,336	2,476,954
Reserved for Children's Programming	-	-	15,213	15,213
Reserved for Endowment Corpus	-	-	50,000	50,000
Reserved for Washington Trip	-	-	1,035	1,035
Reserved for Peg Fees	-	-	181,456	181,456
Reserved for Time Warner	-	-	6,787	6,787
Reserved for Debt Service	-	-	2,975,259	2,975,259
Unreserved Reported in:				
General Fund	19,425,653	-	-	19,425,653
Debt Service Fund	-	6,508,489	-	6,508,489
Capital Projects	-	-	34,329,414	34,329,414
Special Revenue Fund	-	-	6,866,441	6,866,441
<b>TOTAL FUND BALANCES</b>	<b>21,089,204</b>	<b>6,508,489</b>	<b>57,746,972</b>	<b>85,344,665</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 34,571,905</b>	<b>7,527,374</b>	<b>81,012,958</b>	

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.	397,758,485
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,537,509
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.	2,563,630
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)	(185,331,608)
<b>Net assets of governmental activities</b>	<b>\$ 302,872,681</b>

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, 2006**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>				
Taxes:				
Property	\$ 39,948,932	9,354,904	-	49,303,836
Sales	23,928,715	-	5,965,748	29,894,463
Franchise Fees	6,569,349	-	-	6,569,349
Bingo Tax	63,010	-	-	63,010
Alcoholic Beverage	307,270	-	-	307,270
Hotel Motel	-	-	3,024,062	3,024,062
Licenses and Permits	6,042,780	-	560,939	6,603,719
Intergovernmental Revenues	671,140	-	33,223,071	33,894,211
Charges for Services	28,527,167	-	2,975,044	31,502,211
Fines	2,574,351	-	326,668	2,901,019
Fees and Collections	652,310	-	2,352,492	3,004,802
Rents	544,451	-	5,135,037	5,679,488
Interest and Other	1,438,940	885,421	2,204,161	4,528,522
Miscellaneous	-	-	2,313,099	2,313,099
Contributions & Donations	32,953	574,196	317,381	924,530
Reimbursements	398,707	3,765	996,226	1,398,698
<b>TOTAL REVENUES</b>	<b>111,700,075</b>	<b>10,818,286</b>	<b>59,393,928</b>	<b>181,912,289</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	16,204,745	24,760	883,202	17,112,707
Public Safety	69,093,638	-	8,955,223	78,048,861
Public Works	6,098,378	-	4,031,051	10,129,429
Health and Welfare	438,132	-	14,939,281	15,377,413
Cultural and Recreational	10,025,521	-	5,390,230	15,415,751
Air Transportation Services	-	-	4,488,854	4,488,854
Capital Outlay	-	-	35,722,670	35,722,670
Debt Service:				
Principal Retirement	-	15,685,000	1,008,119	16,693,119
Interest and Fiscal Expenditures	-	8,639,131	-	8,639,131
<b>TOTAL EXPENDITURES</b>	<b>101,860,414</b>	<b>24,348,891</b>	<b>75,418,630</b>	<b>201,627,935</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,839,661	(13,530,605)	(16,024,702)	(19,715,646)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	490,317	15,335,925	20,055,170	35,881,412
Issuance of Debt	-	17,865,000	17,320,000	35,185,000
Payment to refunded bond escrow agent	-	(18,796,378)	-	(18,796,378)
Transfers Out	(6,111,145)	-	(14,294,386)	(20,405,531)
Capital Leases	-	-	1,600,000	1,600,000
Sale of Assets	52,450	-	223	52,673
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,568,378)</b>	<b>14,404,547</b>	<b>24,681,007</b>	<b>33,517,176</b>
Net Change in Fund Balances	4,271,283	873,942	8,656,305	13,801,530
Fund Balances-Beginning	14,321,521	5,634,547	48,877,840	68,833,908
Prior Period Adjustment	2,496,400	-	212,827	2,709,227
<b>FUND BALANCES-ENDING</b>	<b>\$ 21,089,204</b>	<b>6,508,489</b>	<b>57,746,972</b>	<b>85,344,665</b>

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, 2006**

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

<b>Net change in fund balances-total governmental funds</b>	<b>\$ 13,801,530</b>
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)	(26,751,717)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	54,052
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,183,129
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)	(1,372,871)
Accrued interest expense recorded for entity-wide statements.	400,731
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.	42,857,892
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.	625,122
<b>Change in net assets of governmental activities</b>	<b>\$ 31,797,868</b>

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, 2006

	Budgeted Amounts				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
REVENUES:						
Taxes						
Property Taxes	\$	38,769,327	38,769,327	38,165,596	-	38,165,596
Penalty and Interest		1,794,440	1,794,440	1,783,336	-	1,783,336
Alcoholic Beverage		280,791	280,791	307,270	-	307,270
Bingo Tax		53,633	53,633	63,010	-	63,010
Sales and Use		22,728,147	22,728,147	23,928,715	-	23,928,715
Franchise Fees		6,204,111	6,204,111	6,569,349	-	6,569,349
Licenses and Permits		5,964,890	5,964,890	6,042,780	-	6,042,780
Intergovernmental Revenues		426,805	1,623,072	671,140	-	671,140
Charges for Services		28,290,340	28,290,340	28,527,167	-	28,527,167
Fines		2,721,029	2,721,029	2,574,351	-	2,574,351
Fees and Collections		831,689	836,514	652,310	-	652,310
Interest and Other		1,298,886	1,298,886	1,983,391	-	1,983,391
Miscellaneous		357,596	413,296	431,660	-	431,660
TOTAL REVENUES		109,721,684	110,978,476	111,700,075	-	111,700,075
EXPENDITURES:						
General Government						
Mayor and City Council		533,915	563,450	561,013	2,347	563,360
City Manager		1,181,202	1,156,603	1,141,344	382	1,141,726
Internal Audit		198,948	198,948	195,730	228	195,958
Real Estate		392,049	343,203	218,882	962	219,844
Public Information Office		187,842	187,842	154,274	197	154,471
Customer Service		79,896	127,820	103,135	1,030	104,165
City Hall Maintenance		434,743	434,743	408,266	12,126	420,392
Budget		272,037	288,037	281,588	598	282,186
Municipal Court		1,204,148	1,204,148	1,036,890	6,003	1,042,893
Building Inspections		1,372,146	1,343,991	1,209,166	3,507	1,212,673
City Attorney		900,130	900,130	902,475	(4,134)	898,341
City Secretary		392,870	398,907	381,783	769	382,552
Elections		89,300	115,149	114,454	-	114,454
Tax Office		929,093	929,093	916,320	7,518	923,838
Accounting		1,139,208	1,129,708	1,034,492	16,766	1,051,258
Purchasing		361,779	361,779	367,076	93	367,169
Payroll		161,783	161,783	165,806	300	166,106
Accounts Payable		295,561	295,561	296,437	-	296,437
Personnel and Civil Service		557,958	557,958	522,064	901	522,965
Training		220,111	220,111	170,730	18,180	188,910
Planning		1,107,191	1,107,191	875,344	3,010	878,354
Section 112		436,271	310,225	189,452	-	189,452
Telecommunications		463,738	454,353	265,349	69,986	335,335
Communications & Admin. Support		-	11,000	33,355	10,850	44,205
Data Processing	\$	960,935	1,169,427	1,103,445	44,158	1,147,603
						21,824
						(Continued)

(Continued)

CITY OF LAREDO, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended September 30, 2006

	Budgeted Amounts		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
<b>Public Safety</b>						
Police	\$ 32,179,740	32,212,186	31,194,905	209,337	31,404,242	807,944
Police Civilians	1,406,140	1,478,301	1,425,755	6,771	1,432,526	45,775
Autotheft Grant Match	95,066	167,766	162,779	-	162,779	4,987
911 Communications	1,969,232	1,928,842	1,560,912	42,466	1,603,378	325,464
Truck Route Division	481,250	488,750	447,714	2,175	449,889	38,861
Fire	19,250,307	19,950,187	20,268,302	34,938	20,303,240	(353,053)
Fire - EMS Division	5,351,438	5,821,860	6,073,856	11,879	6,085,735	(263,875)
Fire - EMS Trauma (Webb Co.)	19,181	19,181	6,517	-	6,517	12,664
Fire Civilians	392,611	392,611	424,979	-	424,979	(32,368)
Fire - Prevention & Arson	1,146,294	1,149,466	1,242,889	1,445	1,244,334	(94,868)
Fire Airport	757,326	757,326	826,680	2,344	829,024	(71,698)
Fire - Training (In House)	281,418	277,814	326,667	382	327,049	(49,235)
Fire - Training	443,023	440,877	476,143	6,532	482,675	(41,798)
Fire Emergency Management	18,391	18,391	11,571	-	11,571	6,820
Disaster Mitigation Grant	-	73,230	-	-	-	73,230
Homeland Security Grant	51,023	974,327	253,060	112,020	365,080	609,247
Traffic	2,220,750	2,234,850	2,243,598	13,834	2,257,432	(22,582)
Street Lighting	1,864,542	1,850,442	2,147,311	4,889	2,152,200	(301,758)
<b>Public Works</b>						
Administration	574,577	579,221	597,912	1,905	599,817	(20,596)
Engineering	473,857	473,157	472,046	822	472,868	289
Street Maintenance	1,392,573	1,395,873	882,060	133,948	1,016,008	379,865
Drafting & Surveying	1,153,536	1,156,336	1,021,038	97,660	1,118,698	37,638
Street Construction	976,303	993,559	839,995	9,951	849,946	143,613
Construction & Inspections	634,157	632,057	653,885	1,274	655,159	(23,102)
Street Cleaning	884,183	883,183	844,588	-	844,588	38,595
Building Rehabilitation	730,307	730,307	614,113	2,425	616,538	113,769
Warehouse	98,766	98,566	88,204	836	89,040	9,526
Special Construction Projects	7,612	7,612	84,537	-	84,537	(76,925)
<b>Health and Welfare</b>						
Third-Party Funding	425,583	456,083	437,281	14,179	451,460	4,623
Hurricane Relief Efforts	810	810	851	-	851	(41)
<b>Cultural and Recreational</b>						
Parks	584,994	607,748	430,957	63,035	493,992	113,756
Maintenance	3,656,025	3,787,797	3,986,544	30,344	4,016,888	(229,091)
Forestry Grant	-	8,100	-	-	-	8,100
Recreation	831,604	757,628	711,813	3,610	715,423	42,205
Recreation Centers	1,425,140	1,528,782	1,452,335	14,587	1,466,922	61,860
Cemetery	467,929	455,441	277,045	56,686	333,731	121,710
Library	3,296,993	3,296,979	3,025,909	83,987	3,109,896	187,083
Center for Non-Profit Management	150,811	150,825	140,918	1,153	142,071	8,754
Other	5,469,522	4,295,620	3,555,875	81,229	3,637,104	658,516
Contributions	114,677	-	-	(11,968)	(11,968)	11,968
<b>TOTAL EXPENDITURES</b>	<b>105,150,545</b>	<b>106,503,251</b>	<b>101,860,414</b>	<b>1,230,452</b>	<b>103,090,866</b>	<b>3,412,385</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 4,571,139</b>	<b>4,475,225</b>	<b>9,839,661</b>	<b>(1,230,452)</b>	<b>8,609,209</b>	<b>4,133,984</b>

(Continued)

CITY OF LAREDO, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended September 30, 2008

	Budgeted Amounts				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Narcotics Task Force	\$ 204,091	204,091	191,477	-	191,477	(12,614)
Hotel Motel Fund	25,000	25,000	24,986	-	24,986	(14)
Recreation Fund	50,000	50,000	50,000	-	50,000	-
Fire Training Facility	-	-	7,854	-	7,854	7,854
Transit System Fund	42,552	42,552	-	-	-	(42,552)
Waterworks Fund	-	216,000	216,000	-	216,000	-
Bond Proceeds	121,500	265,754	-	-	-	(265,754)
Transfers Out:						
Community Development	(124,835)	(124,835)	(107,945)	-	(107,945)	16,890
Auto Theft Task Force	(266,655)	(245,839)	(245,839)	-	(245,839)	-
Health Fund	(2,985,540)	(2,985,540)	(2,796,320)	-	(2,796,320)	189,220
Special Police Program	(2,665,386)	(2,665,386)	(2,540,419)	-	(2,540,419)	124,967
Public Access Fund	(181,911)	(181,911)	(178,148)	-	(178,148)	3,763
Parks Capital Grants Fund	(148,541)	(148,541)	(148,541)	-	(148,541)	-
Communication System Fund	-	(99,731)	(93,933)	-	(93,933)	5,798
Sale of Assets	230,400	230,400	52,450	-	52,450	(177,950)
TOTAL OTHER FINANCING SOURCES (USES)	(5,699,325)	(5,417,986)	(5,568,378)	-	(5,568,378)	(150,392)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,128,186)	(942,761)	4,271,283	(1,230,452)	3,040,831	3,983,592
Fund Balances at Beginning of Year	13,433,977	14,321,521	14,321,521	(31,481)	14,290,040	(31,481)
Prior Period Adjustment	-	-	2,496,400	-	2,496,400	2,496,400
FUND BALANCES AT END OF YEAR	\$ 12,305,791	13,378,760	21,089,204	(1,261,933)	19,827,271	6,448,511

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, 2006

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	MUNICIPAL TRANSIT SYSTEM	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents: (Note 4)								
Cash	20,892	21,400	2,150	250	1,000	200	45,892	400
Equity in Investment Pool	10,236	56,377	162,730	81,561	26,375	2,099	339,378	28,740
Investments (Note 5)	1,622,646	9,674,490	9,366,925	7,517,282	5,222,194	415,492	33,819,029	5,687,594
Receivable:								
Accrued Interest	12,451	68,259	56,385	42,433	31,914	2,539	213,981	34,758
Accounts (Note 6)	12,122	495	3,114,991	1,763,272	1,433,335	32,341	6,356,556	13,870
Notes (Note 6)	-	-	5,310	82,536	-	-	87,846	-
Prepaid Items	-	-	-	-	-	-	-	237,383
Due From Other Governments	425,081	-	1,840	150,900	-	-	577,821	-
Due From Other Funds	9,418	109,767	33,149	4,750	-	-	157,084	-
Inventory, at Cost	442,876	-	481,969	78,824	2,166	-	1,005,835	305,005
Total Current Assets	2,555,722	9,930,788	13,225,449	9,721,808	6,716,984	452,671	42,803,422	6,307,750
Noncurrent Assets:								
Restricted Assets:								
Investments (Note 5)	4,781,062	14,906,852	37,256,409	18,020,193	7,714,771	-	82,679,287	-
Accrued Interest Receivable	-	-	140,537	56,249	-	-	196,786	-
Accounts Receivable (Note 6)	-	-	23,751	-	-	-	23,751	-
Notes Receivable (Note 6)	-	-	8,838	-	-	-	8,838	-
Due From Other Funds	-	-	-	5,986	-	-	5,986	-
Due From Other Governments	-	-	60,378	9,996	-	-	70,374	-
Total Restricted Assets (Note 7)	4,781,062	14,906,852	37,489,913	18,092,424	7,714,771	-	82,985,022	-
Capital Assets: (Note 8)								
Transportation Vehicles and Equipment	18,646,656	11,538,989	4,464,891	5,443,216	15,571,135	144,968	55,809,855	801,090
Buildings	13,959,990	11,518,216	13,245,692	17,759,212	1,011,734	3,623,431	61,118,275	656,136
Improvements	2,126,896	70,297,462	110,303,883	74,321,403	810,843	131,361	257,991,648	-
Land and Improvements	9,417,042	11,265,265	18,012,171	4,531,525	4,264,461	278,885	47,769,349	-
Construction in Progress	1,666,082	21,606,155	5,782,543	15,180,078	-	-	44,234,858	-
Less Accumulated Depreciation	(14,526,594)	(26,629,032)	(62,790,899)	(35,956,413)	(9,642,150)	(2,914,261)	(152,459,349)	(850,851)
Total Capital Assets (net of accumulated depreciation)	31,289,872	99,597,055	89,018,281	81,279,021	12,016,023	1,264,384	314,464,636	606,375
Other Assets:								
Unamortized Bond Issuance Costs	-	1,942,395	453,291	225,442	-	-	2,621,128	-
Total Noncurrent Assets	36,070,934	116,446,302	126,961,485	99,598,887	19,730,794	1,264,384	400,070,786	606,375
<b>TOTAL ASSETS</b>	<b>38,626,656</b>	<b>126,377,090</b>	<b>140,186,934</b>	<b>109,318,695</b>	<b>26,447,778</b>	<b>1,717,055</b>	<b>442,674,208</b>	<b>6,914,125</b>

(Continued)

**CITY OF LAREDO, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
September 30, 2006

(Continued)

**BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS**

	MUNICIPAL TRANSIT SYSTEM	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	\$ 448,199	314,809	1,144,895	542,908	934,346	11,770	3,396,927	1,040,946
Retainage Payable	18,062	987,599	91,430	226,210	-	-	1,323,301	-
Contracts Payable	18,996	672,785	243,121	15,888	-	-	950,790	-
Due To Other Funds (Note 13)	9,418	109,767	33,149	10,736	-	-	163,070	-
Accrued Interest	-	-	177,105	99,423	-	-	276,528	-
Accrued Wages & Employee Benefits	168,247	126,484	118,688	43,357	108,204	8,788	573,768	46,572
Claims and Judgments Payable	-	-	-	-	-	-	-	2,924,510
Compensated Absences	109,711	173,737	130,361	44,593	137,529	11,929	607,860	63,483
Due to Developers	-	-	1,187	77,060	-	-	78,247	-
Customer Deposits	6,225	376,320	3,665,212	-	-	72,931	4,121,688	-
Unearned Revenue	-	1,516,223	1,294,097	5,475	540	4,768	2,821,103	-
Revenue Bonds Payable (Note 12)	-	3,210,000	1,558,000	951,000	-	-	5,719,000	-
Notes Payable (Note 12)	-	730,134	-	-	-	-	730,134	-
Total Current Liabilities	778,858	8,217,858	8,458,245	2,016,650	1,180,619	110,186	20,762,416	4,075,511
Noncurrent Liabilities:								
Revenue Bonds Payable (Note 12)	-	65,993,992	20,277,977	12,303,000	-	-	98,574,969	-
Notes Payable (Note 12)	-	23,783,524	-	-	-	-	23,783,524	-
Compensated Absences	78,094	328,418	77,672	9,718	237,501	4,982	736,385	87,848
Closure and Postclosure Cost (Note 12)	-	-	-	-	5,568,754	-	5,568,754	-
Total Noncurrent Liabilities	78,094	90,105,934	20,355,649	12,312,718	5,806,255	4,982	128,663,632	87,848
<b>TOTAL LIABILITIES</b>	<b>856,952</b>	<b>98,323,792</b>	<b>28,813,894</b>	<b>14,329,368</b>	<b>6,986,874</b>	<b>115,168</b>	<b>149,426,048</b>	<b>4,163,359</b>
<b>NET ASSETS</b>								
Invested in Capital Assets, Net of Related Debt	35,061,516	12,542,015	83,097,132	83,627,898	12,029,952	1,264,384	228,622,897	606,375
Restricted for Debt Service	-	6,304,972	2,937,223	1,728,547	-	-	10,970,742	-
Unrestricted	1,708,188	9,206,311	25,338,685	9,632,882	7,430,952	337,503	53,654,521	2,144,391
<b>TOTAL NET ASSETS</b>	<b>\$ 37,769,704</b>	<b>28,053,298</b>	<b>111,373,040</b>	<b>94,989,327</b>	<b>19,460,904</b>	<b>1,601,887</b>	<b>293,248,160</b>	<b>2,750,766</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.								338,467
Net assets of business-type activities								\$ 293,586,627

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, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						INTERNAL SERVICE FUNDS
	MUNICIPAL TRANSIT SYSTEM	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	
<b>OPERATING REVENUES:</b>						<b>TOTALS</b>	
Charges for Services	\$ 2,761,253	-	23,129,854	14,109,373	15,180,590	65,451	55,243,218
Rental of Facilities	509,825	2,001,395	38,122	-	1,800	1,151,245	-
Toll Receipts	-	39,101,761	-	-	-	-	39,101,761
Miscellaneous	196,660	20,091	294,506	429,905	42,472	47,917	1,422,836
<b>TOTAL OPERATING REVENUES</b>	<b>3,467,738</b>	<b>41,123,247</b>	<b>23,462,282</b>	<b>14,539,278</b>	<b>15,224,862</b>	<b>1,254,613</b>	<b>99,081,020</b>
<b>OPERATING EXPENSES:</b>							
Personnel Services	8,496,873	6,801,387	5,945,507	2,219,401	5,915,619	451,595	29,830,382
Materials and Supplies	2,413,012	908,535	1,714,876	826,274	1,574,835	100,970	7,538,502
Contractual Services	1,436,273	22,845,483	6,215,409	5,377,178	3,833,291	288,214	39,795,848
Other	46,726	41,395	135,017	63,556	61,965	47,516	396,175
Total Operating Expenses Before Depreciation	12,392,884	30,396,800	14,010,809	8,486,409	11,385,710	888,295	77,560,907
Depreciation Expense (Note 8)	1,619,146	3,175,520	5,198,812	3,881,453	2,082,613	113,498	15,871,042
<b>TOTAL OPERATING EXPENSES</b>	<b>14,012,030</b>	<b>33,572,320</b>	<b>19,209,621</b>	<b>12,367,862</b>	<b>13,468,323</b>	<b>1,001,793</b>	<b>93,431,949</b>
Operating Income (Loss)	(10,544,292)	7,550,927	4,252,661	2,370,416	1,756,539	252,820	5,649,071
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Intergovernmental	4,564,435	-	-	-	-	-	4,564,435
Sales Tax	5,658,730	-	-	-	-	-	5,658,730
Interest Earnings	325,585	1,621,638	1,714,965	1,033,501	540,523	49,938	5,287,150
Net Increase (Decrease) in Fair Value Of Investment	7,335	12,279	28,490	29,384	34,415	3,599	115,502
Discount Earnings	156	-	116	1	2,417	-	2,690
Premiums	-	-	10,061	5,098	-	-	15,159
Gain (Loss) On Sale of Assets	(29,567)	-	-	-	173,323	-	143,756
Interest Expense	-	(4,482,527)	(704,275)	(458,565)	-	-	(5,645,367)
Gain (Loss) on Advance Funding	-	36,402	(42,354)	(33,547)	-	-	(19,499)
Water Availability	-	-	(104,699)	-	-	-	(104,699)
Construction	(83,796)	(178,424)	(505,904)	(36,327)	(90,867)	-	(875,320)
Fiscal Agent Fees	-	(4,593)	(1,400)	(3,300)	-	-	(9,293)
Bond Issuance Cost Amortized	-	(133,914)	(39,137)	(33,606)	-	-	(206,657)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>10,463,876</b>	<b>(3,109,139)</b>	<b>355,863</b>	<b>502,639</b>	<b>659,811</b>	<b>53,537</b>	<b>8,926,587</b>
Income Before Contributions and Transfers	(80,416)	4,441,788	4,608,524	2,873,055	2,416,350	316,357	14,575,658
Capital Contributions-Grants	-	-	62,219	160,896	-	-	3,257,124
Capital Contributions-Waterights	3,034,009	-	2,377,002	-	-	-	2,377,002
Capital Contributions-Rain Enhancement	-	-	18,389	-	-	-	18,389
Capital Contributions-Developers	-	-	3,992,384	3,417,296	-	-	7,409,680
Transfers In	-	400,000	-	-	-	-	400,000
Transfers Out	(1,310,741)	(3,276,514)	(3,995,369)	(3,511,017)	(2,267,874)	(1,444,489)	(15,806,004)
Change in Net Assets	1,642,852	1,565,274	7,063,149	2,940,230	148,478	(1,128,132)	12,231,849
Total Net Assets-Beginning	36,126,852	26,488,024	104,309,891	92,049,097	18,011,288	2,730,019	1,801,287
Prior Period Adjustment	-	-	-	-	-	-	-
<b>Total Net Assets-Ending</b>	<b>\$ 37,769,704</b>	<b>28,053,298</b>	<b>111,373,040</b>	<b>94,989,327</b>	<b>19,450,904</b>	<b>1,601,887</b>	<b>2,750,766</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							
Change in net assets of business-type activities							316,408
							\$ 13,849,397

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, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS							INTERNAL SERVICE FUNDS
	MUNICIPAL TRANSIT SYSTEM	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>								
Receipts from customers and users	\$ 3,459,282	41,088,412	20,609,763	14,362,369	15,309,312	1,245,310	96,054,448	1,755,943
Receipts from interfund services provided	-	-	2,254,133	455,349	173,304	-	2,882,786	25,243,218
Payments to suppliers	(3,857,869)	(1,913,436)	(5,992,307)	(3,664,575)	(2,173,007)	(316,228)	(17,917,422)	(22,012,920)
Payments to employees	(8,481,962)	(6,774,677)	(5,847,112)	(2,186,397)	(5,902,898)	(451,364)	(29,844,410)	(12,530,998)
Payments for interfund services used	(46,196)	(21,037,848)	(1,486,915)	(2,943,487)	(2,733,335)	(125,774)	(28,353,335)	(808,697)
Net cash provided (used) by operating activities	(8,326,745)	11,342,651	9,557,562	6,023,279	4,673,376	351,944	23,022,067	1,646,546
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Transfer to other funds	(1,310,741)	(3,276,514)	(3,995,369)	(3,511,017)	(2,267,874)	(1,444,489)	(15,806,004)	(69,877)
Transfer from other funds	-	400,000	-	-	-	-	400,000	-
Subsidy from federal and state grants	4,642,849	-	-	-	-	-	4,642,849	-
Sales Tax	5,658,730	-	-	-	-	-	5,658,730	-
Net cash provided (used) by noncapital and related financing activities	8,990,838	(2,876,514)	(3,995,369)	(3,511,017)	(2,267,874)	(1,444,489)	(5,104,425)	(69,877)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Proceeds from capital debt	-	-	8,783,402	4,448,241	-	-	13,231,643	-
Capital contributions	-	-	2,434,036	-	-	-	2,434,036	-
Subsidy from federal and state grants	2,971,761	-	-	-	-	-	2,971,761	-
Purchases of capital assets	(4,207,257)	-	(6,644,327)	(3,380,365)	(956,883)	(13,680)	(15,202,512)	(79,339)
Acquisition and construction of capital assets	(1,388,875)	(14,421,868)	(610,803)	(36,327)	(748,070)	-	(17,205,743)	-
Principal paid on capital debt	-	(3,870,971)	(1,263,000)	(839,000)	-	-	(5,972,971)	-
Interest paid on capital debt	-	(4,903,059)	(604,301)	(408,745)	-	-	(5,917,105)	-
Proceeds from sales of capital assets	7,304	-	-	-	216,250	-	223,554	1,378
Net cash provided (used) by capital and related financing activities	(2,617,067)	(23,195,898)	2,095,207	(217,196)	(1,488,703)	(13,680)	(25,437,337)	(77,961)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Proceeds from sales and maturities of investments	2,246,503	13,156,973	(9,216,064)	(3,231,904)	(1,472,417)	1,050,895	2,533,986	(1,599,550)
Interest and dividends received	330,291	1,607,907	1,666,240	1,019,426	563,356	54,826	5,242,046	122,336
Issuance of Notes Receivable	-	-	3,627	(30,830)	-	-	(27,203)	-
Net cash provided (used) by investing activities	2,576,794	14,764,880	(7,546,197)	(2,243,308)	(909,061)	1,105,721	7,748,829	(1,477,214)
Net increase (decrease) in cash and cash equivalents	23,820	35,119	111,203	51,758	7,738	(504)	229,134	21,494
Cash and cash equivalents, October 1	7,308	42,658	53,677	30,053	19,637	2,803	156,136	7,646
Cash and cash equivalents, September 30	\$ 31,128	77,777	164,880	81,811	27,375	2,299	385,270	29,140

(Continued)

CITY OF LAREDO, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year ended September 30, 2006

(Continued)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS						TOTALS	INTERNAL SERVICE FUNDS
	MUNICIPAL TRANSIT SYSTEM	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	\$ (10,544,292)	7,550,927	4,252,661	2,370,416	3,057,679	262,820	6,950,211	882,230
Adjustments to reconcile operating income to net cash provided (used)								
by operating activities:								
Depreciation expense	1,619,146	3,175,520	5,198,812	3,681,453	2,082,613	113,498	15,871,042	61,818
(Increase) decrease in landfill closure and post closure cost	-	(278)	-	-	1,301,140	-	1,301,140	-
(Increase) decrease in accounts receivable	(9,418)	374	(562,032)	282,078	194,881	(24,418)	(119,187)	461,372
Increase (decrease) in allowance for uncollectible accounts	2	-	(35,691)	(33,477)	62,331	5,517	(944)	(128,265)
(Increase) decrease in inventories	(12,642)	-	(98,952)	(24,219)	4,543	-	(131,270)	(37,979)
(Increase) decrease in prepaid items	-	-	-	-	-	-	-	2,617
Increase (decrease) in customer deposits	960	(152,075)	157,958	-	-	1,811	8,654	-
Increase (decrease) in accounts payable	4,588	644,329	705,032	(316,815)	(741,932)	(5,302)	289,900	383,299
Increase (decrease) in unearned revenues	-	97,144	(158,631)	30,839	540	(2,213)	(32,311)	-
Increase (decrease) in compensated absences payable	10,205	29,202	83,040	30,487	12,142	78	165,154	(7,948)
Increase (decrease) in accrued wages and employee benefits	4,706	(2,492)	15,355	2,517	579	153	20,818	(1,497)
Increase (decrease) in claims & judgments payables	-	-	-	-	-	-	-	30,899
Total adjustments	1,617,547	3,791,724	5,304,901	3,682,863	2,916,837	89,124	17,372,996	764,316
Net cash provided (used) by operating activities	\$ (8,926,745)	11,342,651	9,557,562	6,023,279	5,974,516	351,944	24,323,207	1,646,546
Noncash investing, capital, and financing activities:								
Gain on refunding issue	-	304,766	-	-	-	-	304,766	-
Bond issuance cost amortized	-	(133,914)	(39,137)	33,806	-	-	(139,445)	-
Contributions of capital assets from developers & others	-	-	3,992,384	3,417,296	-	-	7,409,680	-
Current Landfill Closure and Postclosure cost	-	-	-	-	(1,301,140)	-	(1,301,140)	-
Disposition of Assets	(36,871)	-	-	-	(42,927)	-	(79,798)	-
Loss on advance refunding	-	(248,364)	(42,354)	-	-	-	(290,718)	-
Increase (Decrease) in fair value of investments	7,335	12,279	28,490	29,384	34,415	3,599	115,502	(586)
Increase (Decrease) in Accrued Interest Payable	-	-	101,374	52,120	-	-	153,494	-

**CITY OF LAREDO, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2006**

	<b>LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND</b>	<b>AGENCY FUNDS</b>
<b>ASSETS</b>		
Cash and Cash Equivalents (Note 4)	\$ 936,668	-
Equity in Investment Pool (Note 4)	-	12,997
Accrued Interest Receivable	94,714	15,728
Investments, at Fair Market Value (Note 5)	-	2,573,565
Investment with Fiscal Agent, at Fair Market Value (Note 5):		
Money Market Funds	7,163,663	-
Domestic Corporate Bonds	12,176,091	-
Domestic Stocks	30,754,687	-
Foreign Money Market Funds	8,227,925	-
Accounts Receivable (Note 6)	-	37,200
Notes Receivable (Note 6)	103,522	-
<b>TOTAL ASSETS</b>	<b>59,457,270</b>	<b>2,639,490</b>
<b>LIABILITIES</b>		
Accounts Payable	7,191	2,397,829
Accrued Wages and Employee Benefits	879	206,946
Due To Other Funds	100	34,715
<b>TOTAL LIABILITIES</b>	<b>8,170</b>	<b>2,639,490</b>
<b>NET ASSETS</b>		
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ <u><b>59,449,100</b></u>	<u><b>-</b></u>

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, 2006**

	<b>LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND</b>
<b>ADDITIONS:</b>	
Contributions:	
Employer contributions	\$ 3,576,070
Plan members	3,015,286
Other contributions	<u>9,788</u>
Total Contributions	<u>6,601,144</u>
Investment Earnings:	
Interest earnings and dividends	1,457,414
Net increase (decrease) in the fair value of investments	976,263
Gains (Loss) on sale of investment	<u>2,797,468</u>
Total investment earnings	5,231,145
Less: investment expense	<u>(259,110)</u>
Net Investment Earnings	<u>4,972,035</u>
<b>TOTAL ADDITIONS</b>	<b><u>11,573,179</u></b>
<b>DEDUCTIONS:</b>	
Benefits	2,502,001
Administrative Expenses	<u>117,324</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>2,619,325</u></b>
Change in Net Assets	8,953,854
Net Assets - Beginning	<u>50,495,246</u>
<b>NET ASSETS - ENDING</b>	<b>\$ <u>59,449,100</u></b>

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, 2006

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**CITY OF LAREDO, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

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 Jose A. Flores Apartments. In 1986 the LMHC had 64 additional rental units constructed, known as the Tomas Flores Apartments. The 210 rental properties (82 two-bedroom, 98 three-bedroom and 30 four-bedroom) must be maintained in a safe and habitable condition.

In addition to the rental units, one duplex 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-eight buses operate using compressed natural gas. The El Lift program operates a total of 18 para-transit vans. Fifteen 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

CITY OF LAREDO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS

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 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 61,722 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 58,796 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:



CITY OF LAREDO, TEXAS  
NOTES TO 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.

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.

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, which are not due and payable in the current period and therefore are not reported in the funds." The details of this \$185,331,608 difference are as follows:

Bonds, notes payable, and capital leases	\$195,879,870
Accrued interest	1,328,183
Deferred revenue	(24,964,394)
Compensated absences	15,524,866
Elimination of Interfund activity	<u>(2,436,917)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$185,331,608</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 minus \$1,372,871 difference are as follows:

Debt issued:	
Bond & Capital lease proceeds	\$36,785,000
Repayments:	
General obligation bond	(34,481,378)
Capital lease	<u>( 930,751)</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>\$(1,372,871)</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 capital outlays exceeding depreciation in this fiscal year were \$29,349,495. The details of this are as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS

Assets that were purchased and capitalized in the current year	\$36,551,887
Prior Period Adjustment	11,019,218
Current year depreciation	<u>(18,221,610)</u>
Amount by which capital outlays exceed depreciation	<u>\$29,349,495</u>

### NOTE 3 - FUND DEFICITS

The following is a list of the undesignated deficit fund balances in the Special Revenue Funds: Block Grants \$1,273,915; Home Investment \$332,456; Emergency Shelter \$71,452; Health Fund \$20,074; International Airport \$3,050,952; 911 Emergency Comm. Fund \$1,000,312; Subdivision Trust Funds \$3,762; and Capital Projects Funds: Webb County Colonias Project \$1,747,072; Airport Construction Fund \$798,003; Parks Capital Grants Fund \$74,964; Capital Grants Fund \$191,297. 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, 2006. The deficits will be recovered through grant cost reimbursements and other revenues.

International Airport Fund's deficit fund balance of \$3,050,952 was due to the purchase of additional land and an increase in passenger facility charges designated for improvements. The deficit is expected to be recovered by next fiscal year.

Subdivision Trust Fund's deficit fund balance of \$3,762 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 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 increase in the fair value of the securities was \$200,579 for the City of Laredo and a net increase of \$976,263 for the Laredo Firefighters Retirement System.

As of September 30, 2006, cash and cash equivalents consisted of the following:

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Petty Cash and Change Fund	\$	46,138
Equity in Investment Pool		682,851
Cash in Other Bank Accounts		924,932
Cash with Fiscal Agent		643,165
	\$	<u>2,297,086</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, 2006, the book value of all the City's deposits was \$2,297,086. 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 guarantee 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 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, 2006, were as follows:



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NOTES TO BASIC FINANCIAL STATEMENTS

		Non Maturity Rated	Investment Maturity in Years	
			Less Than 1	1-3
U. S. Agencies	\$ 82,284,210	-	68,209,669	14,074,541
Mutual Funds	27,567,679	27,567,679	-	-
Equities	30,754,687	30,754,687	-	-
Managed Pools	129,752,313	129,752,313	129,752,313	-
Total Investments	\$ 270,358,889	188,074,679	197,961,982	14,074,541

**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, 2006, Treasury coupon securities totaling \$19,058,917 had an average maturity of 1.37 years. All other investments had average maturity dates less than a year.

**Credit Risk.** Credit risk is the risk that the government will not be able to recover the value of its securities. As per the City's investment policy, all security dealers must be registered and certified with the Texas State Securities Board, National Association of Security Dealers, and Securities and Exchange Commission. It is the policy of the City to require full collateralization of all City funds on deposits with a depository bank. The City's policy states that al purchased securities shall be held in safekeeping by either the City, the City's account in a third-party financial institution, or the City's safekeeping account at its designated depository bank.

As of September 30, 2006, the City invested in U. S. Agencies and Managed Pools. The credit ratings for our Managed Pool accounts are as follows: Lone Star Investment Pool "AAAm", Municipal Investor Services Co. "Aaa", and TexPool "AAAm". The City also invested in Federal Agency Coupon Securities and Treasury Coupon Securities. The Federal Agency Coupon Securities were invested in Federal Farm Credit Bank Notes and Federal Home Loan Bank.

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. As per the City's investment policy, no more than 50% of the City's total investment portfolio will be invested in a single security type, with the exception of the U.S. Treasury. Of the total City's investments, 6% were invested in Federal Farm Credit Bank Notes and 32% in Federal Home Loan bank Notes the other 62% were investment in Local Government Investment Pools. Of the Firefighters' Retirement System investments, 48% was invested in mutual funds and 52% 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, 2006, 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, 2005, upon which the 2005 levy was based, was \$7,449,143,814.

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, 2006 was \$.637000 per \$100 of assessed valuation (\$.512019 for general government and \$.124981 for debt service). Thus, the City has a tax margin of approximately \$.863000 per \$100, and could levy approximately \$64,286,111 in additional taxes per year from the present assessed valuation of \$7,449,143,814 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

CITY OF LAREDO, TEXAS  
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certain other accounts receivable, allowances have been provided 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, 2006 are reflected in the following table:

	General	Other Governmental Types	Proprietary	Fiduciary	Total
Receivables:					
Property Taxes	\$ 5,649,925	992,877	-	-	6,642,802
Hotel/Motel Taxes	-	2,864	-	-	2,864
Accounts	7,684,986	3,631,530	8,708,990	37,200	20,062,706
Notes	-	13,769,443	1,009,794	103,522	14,882,759
Paving Assessments	-	523,937	-	-	523,937
Gross Receivables	13,334,911	18,920,651	9,718,784	140,722	42,115,068
Less Allowance For Uncollectible	(3,012,595)	(3,296,346)	(3,227,923)	-	(9,536,864)
Net Receivables	\$ 10,322,316	15,624,305	6,490,861	140,722	32,578,204

#### 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.

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The following table summarizes restricted assets by purpose as of September 30, 2006:

	<u>Transit System</u>	<u>Bridge System</u>	<u>Waterworks System</u>	<u>Sewer System</u>	<u>Solid Waste Management</u>	<u>Total</u>
Revenue Bond Retirement Reserve	\$ -	5,804,972	1,612,117	980,734	-	8,397,823
Revenue Bond Contingency	-	500,000	1,325,105	747,813	-	2,572,918
Construction Account	4,781,062	8,601,880	21,753,829	16,363,877	7,714,771	59,215,419
Water Rights	-	-	12,798,862	-	-	12,798,862
Total Restricted Assets	\$ 4,781,062	14,906,852	37,489,913	18,092,424	7,714,771	82,985,022

## NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006 was as follows:

### A – Governmental Activities:

	<u>Balance as of September 30, 2005</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>Balance as of September 30, 2006</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 45,405,076	7,544,813	-	52,949,889
Construction in Progress	10,908,687	9,242,971	(358,236)	19,793,422
Total Capital Assets, Not Being Depreciated	56,313,763	16,787,784	(358,236)	72,743,311
Capital Assets Being Depreciated:				
Buildings	122,570,782	576,219	358,236	123,505,237
Improvements Other Than Buildings	336,095,435	9,780,246	-	345,875,681
Machinery and Equipment	49,482,084	9,486,974	(205,627)	58,763,431
Total Assets Being Depreciated	508,148,301	19,843,439	152,609	528,144,349
Less Accumulated Depreciation For:				
Buildings	(19,907,890)	(2,722,457)	-	(22,630,347)
Improvements Other Than Buildings	(131,473,828)	(10,270,024)	35,645	(141,708,207)
Machinery and Equipment	(33,063,281)	(5,301,814)	180,849	(38,184,246)
Total Accumulated Depreciation	(184,444,999)	(18,294,295)	216,494	(202,522,800)
Total Capital Assets, Being Depreciated, Net	323,703,302	1,549,144	369,103	325,621,549
Governmental Activities Capital Assets, Net	\$ 380,017,065	18,336,928	10,867	398,364,860

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**B – Business Type Activities:**

	Balance as of September 30, 2005	Additions	Deletions and Transfers	Balance as of September 30, 2006
Capital Assets, Not Being Depreciated:				
Land	\$ 28,256,904	2,192,824	273,949	30,723,677
Construction in Progress	27,672,393	22,332,785	(5,770,320)	44,234,858
Watterights	14,756,178	2,289,494	-	17,045,672
Total Capital Assets, Not Being Depreciated	70,685,475	26,815,103	(5,496,371)	92,004,207
Capital Assets Being Depreciated:				
Buildings	56,907,672	-	4,210,603	61,118,275
Improvements Other Than Buildings	248,947,723	7,783,155	1,260,770	257,991,648
Machinery and Equipment	53,205,579	4,239,658	(1,635,382)	55,809,855
Total Assets Being Depreciated	359,060,974	12,022,813	3,835,991	374,919,778
Less Accumulated Depreciation For:				
Buildings	(16,567,237)	(1,283,976)	-	(17,851,213)
Improvements Other Than Buildings	(91,950,714)	(9,537,320)	-	(101,488,034)
Machinery and Equipment	(29,650,937)	(4,985,628)	1,516,463	(33,120,102)
Total Accumulated Depreciation	(138,168,888)	(15,806,924)	1,516,463	(152,459,349)
Total Capital Assets, Being Depreciated, Net	220,892,086	(3,784,111)	5,352,454	222,460,429
Business Type Activities Capital Assets, Net	\$ 291,577,561	23,030,992	(143,917)	314,464,636

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

Government Activities:	
General Government	\$ 758,923
Public Health	317,309
Culture and Recreational	437,003
Public Works	11,974,297
Public Safety	2,758,388
Air Transportation	1,986,557
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	61,818
Total depreciation expense-governmental activities	\$ 18,294,295
Business-Type Activities:	
Solid Waste Management	\$ 2,018,494
Municipal Transit System	1,619,146
Bridge System	3,175,520
Waterworks System	5,198,813
Sewer System	3,681,454
Other Enterprise Funds	113,497
Total depreciation expense-business-type activities	\$ 15,806,924

## 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 811 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 using 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.

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 (over-funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. 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, 2005 valuation is effective for rate beginning January 2007).

**SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS**

Actuarial Valuation Date	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05
Actuarial Value of Assets \$	57,214,578	65,263,038	71,378,360	83,134,944	93,220,964	104,886,750
Actuarial Accrued Liability	82,609,247	92,117,721	100,308,824	143,268,763	159,858,885	176,834,192
Percentage Funded	69.26%	70.85%	71.20%	58.03%	58.31%	59.30%
Unfunded Actuarial						
Accrued Liability (UAAL)	25,394,669	26,854,683	28,930,464	60,133,819	66,637,921	71,947,442
Annual Covered Payroll	48,412,432	52,328,408	53,281,587	57,825,500	59,429,800	66,500,972
UAAL as a percentage of covered Payroll	52.45%	51.32%	54.32%	103.90%	112.13%	108.2%
Annual Pension Cost:						
Annual Required Contribution (ARC)	4,613,519	5,130,863	5,573,578	7,853,449	9,637,803	10,609,392
Less Contributions Made at the end of the period	4,613,519	5,130,863	5,573,578	7,853,449	9,637,803	10,609,392
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 811 municipalities having the benefit plan administered by TMRS. Each of the 811 municipalities has an annual, individual actuarial valuation performed. All assumptions of the December 31, 2005 valuations are contained in the 2005 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.

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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.

	03/31/04
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. Non-vested	279
c. Total	430

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 payroll. 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, required contributions by the City of Laredo were 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, 2006, the City of Laredo's annual pension cost of \$3,576,070 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.

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**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%	-
09/30/2006	\$ 3,576,070	100%	-

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued 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%
09/30/2006	17.65% & 16.20%	\$ 3,576,070	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

CITY OF LAREDO, TEXAS  
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regardless of age. Currently, 96 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 \$430,891 were recognized for postretirement health benefits of which \$107,895 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, 2006.

	General Obligation Serial Bonds	Certificates of Obligation	Revenue Bonds	Compensated Absences	Capital Lease Obligations	Notes Payable
Long Term Liabilities:						
Beginning Balances	\$ 80,040,000	58,930,000	36,205,000	13,909,839	1,029,868	1,105,000
Additions	17,865,000	17,320,000	-	3,032,282	1,600,000	-
Retirements	(25,705,000)	(6,665,000)	(1,040,000)	(1,417,255)	(945,948)	(85,000)
Ending Balances	72,200,000	69,585,000	35,165,000	15,524,866	1,683,920	1,020,000
Current Liabilities:						
Due Within One Year	7,490,000	6,665,000	1,040,000	25,322	945,948	85,000
Total Liabilities	\$ 79,690,000	76,250,000	36,205,000	15,550,188	2,629,868	1,105,000

Compensated absences are generally liquidated by the General Fund.

Bonds payable as of September 30, 2006 are comprised of the following issues:

##### A - General Obligation Serial Bonds

\$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. \$ 565,000

\$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. 35,545,000

\$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. \$ 1,260,000

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\$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. \$ 24,455,000

\$17,865,000 General Obligation Refunding Bonds, Series 2006 issued for the purpose of refunding outstanding obligations in order to restructure the City's debt service requirements and achieve a debt service savings. Principal is due in varying amounts through 2013 with interest varying from 4.00% to 5.00% per annum. 17,865,000

Total General Obligation Bonds \$ 79,690,000

**B – Certificates of Obligation**

\$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. \$ 480,000

\$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. 865,000

\$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. 275,000

\$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. 190,000

\$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. 1,030,000

\$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. \$ 1,775,000

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\$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.	\$ 2,665,000
\$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.	375,000
\$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.	905,000
\$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.	1,295,000
\$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.	1,710,000
\$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.	510,000
\$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.	695,000
\$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.	3,445,000
\$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.	\$ 8,530,000

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\$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. \$ 475,000

\$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. 3,290,000

\$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. 1,175,000

\$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. 3,255,000

\$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. 10,820,000

\$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. 15,170,000

\$17,320,000 Combination Tax and Revenue Certificate of Obligation, Series 2006 for paying all or a portion of the City's Contractual Obligations for the purpose of constructing and equipping Police and Fire department improvements for substations, a training center and headquarters building, constructing, improving, repairing, and extending City streets, and providing for road improvements for Texas Department of Transportation projects together with drainage improvements and traffic and signal equipment and improvements, constructing and equipping improvements to City's Health complex, branch Library, and municipal parks, and for the payment of legal, fiscal, and engineering fees in connection with such projects. Principal is due in varying amounts through 2026 with interest from 4% to 4.5% per annum. \$ 17,320,000

Total Certificates of Obligation \$ 76,250,000

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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.

### **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, 2006 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. \$ 2,855,000

\$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. 33,350,000

Total Sales Tax Revenue Bonds \$ 36,205,000

### **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.

\$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. \$ 181,552

\$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. 541,300

\$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. 307,016

\$1,600,000 Motorola Corporation for the purchase of 800 mhz radio communication system for the public safety and public service departments. Payments are due in annual installments of \$400,000.00 through November 2009. Interest is at 0.00% per annum. \$ 1,600,000

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Total Present Value of Future Minimum Lease Payments	\$ 2,629,868
Plus Amount Representing Interest	<u>61,064</u>
Total Minimum Lease Payments	\$ <u>2,690,932</u>

The assets acquired through capital leases are as follows:

Governmental Activities		
Asset:		
Automotive Equipment	\$	2,353,718
Machinery & Equipment		<u>1,600,000</u>
Less: Accumulated Depreciation		<u>(1,769,914)</u>
Total	\$	<u>2,183,804</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2006, are as follows:

Year Ending Sep. 30		Governmental Activities
2007	\$	984,936
2008		795,468
2009		510,528
2010		<u>400,000</u>
Total minimum lease payments		2,690,932
Less: amount representing interest		<u>(61,064)</u>
Present value of minimum lease payments	\$	<u>2,629,868</u>

Capital leases will be paid within the next four 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%.

\$ 1,105,000

#### F - Refunding and Early Extinguishment

##### General Obligation Refunding Bonds, Series 2006

On June 1, 2006, the City of Laredo issued \$17,865,000 in General Obligation Refunding Bonds, Series 2006 with an average interest rate of 4.55% to advance refund the following:

<u>Bond Issue</u>	<u>Average Interest Rate</u>	<u>Principal Amount Refunded</u>
G.O. Ref. Bond, Series 1996	4.43%	\$ <u>18,215,000</u>

The net proceeds of \$18,098,687 (after payment of \$210,020 in underwriting fees, insurance, and other issuance costs) plus an additional cash contribution of \$538,208



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for the 1996 Series G.O. bonds sinking funds monies were used to purchase government securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all future debt service payments on the 1996 Series G.O. As a result, the 1996 G.O. refunding bonds are considered 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 \$21,550,525. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2013 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next seven years by \$1,060,307 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$536,210.

### G – Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligation and other 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, 2006, \$25.085 million in bonds outstanding are considered defeased.

### 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, 2006:

	<u>Revenue Bonds</u>	<u>Note Payable</u>	<u>Landfill Cost</u>	<u>Compensated Absences</u>
Long Term Liabilities:				
Beginning Balances	\$ 90,484,703	24,818,425	6,869,894	653,490
Additions	13,485,000	-	-	193,231
Amortization of Deferred Charges	324,266	(304,767)	-	-
Retirements	(5,719,000)	(730,134)	(1,301,140)	(110,336)
Ending Balances	98,574,969	23,783,524	5,568,754	736,385
Current Liabilities:				
Due Within One Year	5,719,000	730,134	-	607,860
Total Liabilities	\$ 104,293,969	24,513,658	5,568,754	1,344,245

### 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. \$ 500,000

\$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. \$ 3,915,000

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\$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.	\$ 830,000
\$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%.	9,910,000
\$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%.	670,000
\$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%.	900,000
\$741,000 2002 Waterworks System Revenue Bond with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9 %	669,000
\$710,000 2002 Sewer System Revenue Bond with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9%.	641,000
\$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%	5,385,000
\$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%	6,770,000
\$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%	3,360,000
\$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%	22,200,000
\$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%	6,010,000
\$8,950,000 2006 Waterworks & Sewer Systems Revenue Bond with principal due in varying amounts through year 2026, including interest at 4.0% to 4.5%	<u>13,200,000</u>
Subtotal	\$ 99,525,000
Deferred Charges for Various Revenue Refunding Bonds	\$ <u>(950,031)</u>
Total Revenue Bonds	<u>98,574,969</u>
Due Within One Year	\$ <u>5,719,000</u>

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.

\$ 22,869,226

Deferred Gain on Refunding Note

914,298

Total

23,783,524

Due Within One Year

\$ 730,134

## 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	\$ 78,094
Bridge System	328,418
Municipal Housing	4,982
Waterworks System	77,672
Sewer System	9,718
Solid Waste Fund	237,501
Total	<u>\$ 736,385</u>

## D - 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, 2006, \$24.855 million in bonds outstanding are considered defeased.

## E - 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, 2006 is \$13,117,761 of which \$5,568,754 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

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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 \$5,568,754 as of September 30, 2006 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, 2006 is 53.9%. With Landfill receiving a permit for vertical expansion the estimated remaining life of the landfill is 10 years. Based on the remaining life, the landfill will be filled to capacity by the year 2016. The estimated total current cost of the landfill closure and post closure care (\$13,117,761) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2006. 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, 2006 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,437,017	\$ -
Nonmajor Governmental	-	2,402,202
Major Business Type Funds:		
Municipal Transit System	9,418	9,418
Bridge System	109,767	109,767
Waterworks System	33,149	33,149
Sewer System	10,736	10,736
Fiduciary Funds:		
Police Health and Benefits	-	34,715
Firefighters Retirement System Pension Trust Fund	-	100
Total	\$ 2,600,087	\$ 2,600,087

## 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:

	Transfers In	Transfers Out
General Fund:		
Nonmajor Governmental Funds	\$ 274,317	6,111,145
Major Business Type Funds:		
Waterworks System	216,000	-
Nonmajor Funds:		
General Fund	6,111,145	274,317
Nonmajor Governmental Funds	9,204,713	9,204,713
Major Business Type Funds:		
Transit System	412,521	-
Bridge System	2,469,334	400,000
Solid Waste Fund	156,079	-
Waterworks System	100,552	-
Sewer System Fund	100,552	-
Nonmajor Business Funds	1,444,489	-
Internal Service Funds	55,785	-
Debt Service Fund:		
Nonmajor Governmental Funds	4,415,356	4,415,356
Major Business type Funds:		
Transit	898,220	-
Bridge	807,180	-
Solid Waste	2,111,795	-
Waterworks	3,678,817	-
Sewer	3,410,465	-
Internal Service Fund	14,092	-
Major Business Type Funds:		
Nonmajor Governmental Funds	400,000	4,683,527
Major Business Type Funds		
Transit System	-	898,220
Bridge System	-	807,180
Solid Waste Fund	-	2,111,795
Waterworks System	-	3,894,817
Sewer System Fund	-	3,410,465
Internal Service Funds:		
Nonmajor Governmental Funds	-	69,877
Total	\$ 36,281,412	36,281,412

**NOTE 15 - Debt Service Requirements**

The following is a summary of the City's debt service requirements for all funds as of September 30, 2006

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	Principal	Interest	Total
2007	6,759,000	6,769,294	13,528,294	1,761,082	1,090,853	2,851,935	6,665,000	3,450,080	10,115,080	7,490,000	3,895,973	11,385,973	22,675,082	15,206,200	37,881,282
2008	7,121,000	6,333,235	13,454,235	1,622,663	1,033,668	2,656,331	5,650,000	3,048,132	8,698,132	7,615,000	3,418,905	11,033,905	22,008,663	13,833,940	35,842,603
2009	7,303,000	6,023,662	13,326,662	1,382,560	982,694	2,365,254	5,575,000	2,815,360	8,390,360	7,545,000	3,088,990	10,633,990	21,805,560	12,910,706	34,716,266
2010	8,190,000	5,698,719	13,878,719	1,308,673	939,936	2,248,609	4,455,000	2,593,960	7,048,960	7,530,000	2,782,500	10,312,500	21,483,673	12,005,115	33,488,788
2011	7,168,000	5,329,575	12,497,575	942,444	899,834	1,842,278	3,875,000	2,404,324	6,279,324	8,195,000	2,435,000	10,630,000	20,180,444	11,088,733	31,249,177
2012	7,136,000	5,016,255	12,152,255	977,599	858,305	1,835,904	3,535,000	2,223,308	5,758,308	8,585,000	2,025,062	10,610,062	20,233,599	10,122,930	30,356,529
2013	7,488,000	4,704,653	12,192,653	1,014,196	815,209	1,829,405	3,450,000	2,060,837	5,510,837	8,615,000	1,608,838	10,223,838	20,567,196	9,189,537	29,756,733
2014	7,837,000	4,350,542	12,187,542	1,052,293	770,551	1,822,844	3,505,000	1,905,410	5,410,410	7,655,000	1,205,312	8,860,312	20,049,293	8,231,815	28,281,108
2015	8,220,000	3,981,346	12,201,346	1,091,952	724,298	1,816,250	3,040,000	1,747,807	4,787,807	3,935,000	816,088	4,751,088	16,286,952	7,269,539	23,556,491
2016	8,634,000	3,576,819	12,210,819	1,133,237	676,376	1,809,613	3,165,000	1,614,530	4,779,530	3,950,000	620,700	4,570,700	16,882,237	6,488,425	23,370,662
2017	9,058,000	3,150,916	12,208,916	1,176,214	626,719	1,802,933	3,305,000	1,474,289	4,779,289	4,215,000	423,200	4,638,200	17,754,214	5,675,124	23,429,338
2018	9,517,000	2,702,374	12,219,374	1,220,954	575,256	1,796,210	5,655,000	1,276,585	6,931,585	1,245,000	212,450	1,457,450	17,637,954	4,766,665	22,404,619
2019	7,096,000	2,226,687	9,322,687	1,267,528	521,944	1,789,472	3,495,000	1,069,822	4,564,822	1,310,000	150,200	1,460,200	13,168,528	3,968,653	17,137,181
2020	6,792,000	1,873,094	8,665,094	1,231,012	466,696	1,697,708	3,665,000	909,785	4,574,785	1,065,000	84,700	1,149,700	12,753,012	3,334,275	16,087,287
2021	7,131,000	1,530,045	8,661,045	1,281,484	416,225	1,697,709	3,655,000	739,428	4,394,428	740,000	31,450	771,450	12,807,484	2,717,148	15,524,632
2022	7,497,000	1,171,446	8,668,446	1,334,024	363,684	1,697,708	3,825,000	569,485	4,394,485	-	-	-	12,656,024	2,104,615	14,760,639
2023	6,948,000	792,923	7,740,923	1,388,719	308,989	1,697,708	3,235,000	409,075	3,644,075	-	-	-	11,571,719	1,510,987	13,082,706
2024	7,304,000	441,070	7,745,070	1,445,657	252,051	1,697,708	2,835,000	265,800	3,100,800	-	-	-	11,584,657	958,921	12,543,578
2025	3,240,000	167,892	3,407,892	1,504,929	192,779	1,697,708	2,375,000	142,837	2,517,837	-	-	-	7,119,929	503,508	7,623,437
2026	1,010,000	22,725	1,032,725	1,566,631	131,077	1,697,708	1,290,000	29,025	1,319,025	-	-	-	3,866,631	182,827	4,049,458
2027	-	-	-	1,630,377	66,845	1,697,222	-	-	-	-	-	-	1,630,377	66,845	1,697,222
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	141,449,000	65,853,272	207,302,272	27,334,228	12,713,989	40,048,217	76,250,000	30,749,879	106,999,879	79,690,000	22,799,368	102,489,368	324,723,228	132,116,508	456,839,736

## NOTE 16 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

As of September 30, 2006, the City had contractual commitments of \$8,353,238 for various construction and improvement projects. The commitments are summarized as follows:

Project Description	Commitment	Financing Sources
Community Development	\$ 490,029	Grant Proceeds
Airport	109,115	Fund Revenues
Capital Improvements Fund	260,786	Fund Revenues
Airport Construction Fund	334,077	Grant Proceeds
Colonias Project	1,737,900	Grant Proceeds
2003 C.O. Issue	43,240	Bond Proceeds
Capital Grants	191,297	Grant Proceeds
2005 C.O. Issue	78,012	Bond Proceeds
Bridge System	2,855,748	Bond Proceeds
Waterworks System	1,783,175	Fund Revenues/C.O. Bond
Sewer System	469,859	Fund Revenues/C.O. Bond
Total Commitments	\$ 8,353,238	

## NOTE 17 – FUND EXPENDITURES EXCEEDING APPROPRIATIONS

During the fiscal year ended September 30, 2006, expenditures in Enterprise and Special Revenue Funds – Waterworks System and Ryan Street Railroad Bridge exceeded appropriations by \$208,370 and \$2,891, 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 \$12,611,401 and a projected net claims of \$11,210,160. 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 \$1,552,241 reported in the Fund as of September 30, 2006 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if 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

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due within one year of the date of the statement of net assets. Changes in the Fund's claims liability amount in fiscal year 2004, 2005, and 2006 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
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
2005-2006	\$1,940,304	10,359,362	10,747,425	1,552,241 <sup>1</sup>

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.

<sup>1</sup>Claim 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 \$2,150,000 aggregate for FY 03-04, \$2,400,000 aggregate for FY 04-05 and \$2,700,000 aggregate for FY05-06. 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, 2006, a liability was recorded based on fiscal year 2006 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 2004, 2005 and 2006 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
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
2005-2006	\$953,306	1,818,492	1,399,529	1,372,269 <sup>2</sup>

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.

<sup>2</sup>Claim 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, 2006, 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**

Prior period adjustments were recorded to account for a change in the reporting of compensated absence liability for both current and long term liabilities. Current liability of \$2,709,227 was removed from the individual financial statements to reflect only the amount due and payable for terminated employees. Long term liability for compensated absences of \$16,619,066 was recorded in the government-wide financial statements in order to recognize this liability. An additional prior period adjustment was recognized in the government-wide financial statement in the amount of \$8,421,440 for fixed assets that were expensed in prior years. A prior period adjustment of \$1,301,140 is reported for the business type activities. The adjustment is the result of increased useful life and capacity of the City Landfill and therefore reducing the Closure and Post Closure Cost.

## **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, 2006, the amount of unspent interest to date was \$15,213. 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:

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	<u>General Fund</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses (GAAP Basis)-	\$ 4,230,830
Adjustments:	
Timing Differences-Encumbrances	(1,261,933)
Basic Differences:	
Non Budgeted-Compensated Absences	25,920
Non Budgeted-Allowance for Doubtful Accounts	6,191
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)-budgetary classifications	3,000,378
Other adjustments-Excess of revenues and other financing Sources over expenditures and other uses for non-budgeted Funds-(Entity Differences)	<u>16,826,893</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses – Budget Basis	\$ <u>19,827,271</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 city shelters 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 Texas Department of Transportation grant for the combined effort between the City of Laredo and Webb County to detect, investigate and apprehend individuals involved in auto theft.

**SPECIAL POLICE PROGRAM** - to account for federal and state law enforcement grants. Major funding sources include intergovernmental revenues from Texas Department of Transportation, U.S. Department of Justice and U.S. Department of Treasury.

**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 State Emergency 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 of 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.

**VETERANS FIELD** - to account for revenue received from the baseball stadium and the disbursement of such revenue restricted for the operating and maintenance costs.

**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.

**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.

**SPECIAL FIRE GRANTS** – to account for various projects and improvements that increase the public safety for the citizens of Laredo. Major funding sources include State Homeland Security and Environmental Protection Agency.

## **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.

**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 of pilot channels, drainage improvements, and the construction of a fire station.

**CERTIFICATE OF OBLIGATION SERIES 2005** – to account for \$15,625,000 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.

**CERTIFICATE OF OBLIGATION SERIES 2006** – to account for \$17,320,000 in bond proceeds for purpose of paying all or a portion of the City's contractual obligations for the purpose of constructing and equipping various departments, street and drainage improvements, and traffic equipment.

**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.

**CAPITAL GRANTS** - to account for the installation and activation of Intelligent Transportation Systems and for the renovation of the historic Plaza Theater's marquee and blade sign. Major funding sources include intergovernmental revenues from Texas Department of Transportation and U.S. Department of Housing and Urban Development.

**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.

## **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, 2006

SPECIAL REVENUE

	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	NOISE ABATEMENT	NARCOTICS TASK FORCE
<b>ASSETS</b>						
Cash and Cash Equivalents:						
Cash	\$ 100	-	-	-	-	-
Equity in Investment Pool	-	147	-	-	1,405	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	-	17,853	-	-	264,958	-
Receivables, net of allowances:						
Accrued Interest	-	109	-	-	1,619	-
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	107,248	-	-	-	-	-
Notes	-	2,695,398	9,014,545	-	-	-
Due From Other Governments	1,021,802	-	197,398	20,561	9,680	-
Inventory	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1,129,150</b>	<b>2,713,507</b>	<b>9,211,943</b>	<b>20,561</b>	<b>277,662</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	38,355	300	208	16,350	7,407	-
Retainage Payable	97,860	-	-	-	-	-
Accrued Wages and Employee Benefits	22,756	746	2,083	-	1,390	-
Compensated Absences	-	-	-	-	-	-
Contracts Payable	77,594	7,800	-	-	-	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	785,168	-	103,624	4,211	-	-
Due To Other Governments	-	437	-	-	-	-
Deferred Revenue	107,248	2,695,398	9,014,545	-	-	-
Due To Developers	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,128,981</b>	<b>2,704,681</b>	<b>9,120,460</b>	<b>20,561</b>	<b>8,797</b>	<b>-</b>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	1,274,084	165	423,939	71,452	-	-
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Washington Trip	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Reserved for Peg Fees	-	-	-	-	-	-
Reserved for Time Warner	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	8,661	-	-	-	-
Undesignated (Deficit)	(1,273,915)	-	(332,456)	(71,452)	268,865	-
<b>TOTAL FUND BALANCES</b>	<b>169</b>	<b>8,826</b>	<b>91,483</b>	<b>-</b>	<b>268,865</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,129,150</b>	<b>2,713,507</b>	<b>9,211,943</b>	<b>20,561</b>	<b>277,662</b>	<b>-</b>

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## SPECIAL REVENUE

FINANCIAL TASK FORCE	AUTO THEFT TASK FORCE	SPECIAL POLICE PROGRAM	ENVIRONMENTAL SERVICES	HEALTH FUND	911 EMERGENCY COMM. FUND	INT'L. AIRPORT	HAZARDOUS MATERIALS
5,000	-	-	350	2,655	100	450	-
410	1,327	-	7,886	-	1,988	1,653	375
-	-	-	-	-	-	-	-
71,142	270,097	-	1,575,003	-	391,688	324,874	80,339
435	1,651	-	9,625	-	2,394	1,985	491
-	-	-	-	-	-	-	-
-	750	13,084	175,293	101,585	-	87,637	-
-	-	-	-	-	-	-	-
529,751	31,562	225,430	-	1,571,951	71,733	16,665	-
-	-	-	-	5,463	-	-	-
<b>606,738</b>	<b>305,387</b>	<b>238,514</b>	<b>1,768,157</b>	<b>1,681,654</b>	<b>467,903</b>	<b>433,264</b>	<b>81,205</b>
17,083	11,157	4,840	14,136	304,070	189,861	109,953	581
-	-	-	7,042	-	-	1,245	-
7,214	8,038	6,874	17,896	157,950	4,938	46,821	2,742
-	-	-	-	32	-	-	-
-	-	-	6,561	-	-	-	-
-	-	-	-	-	-	64,470	-
-	-	110,435	-	900,256	-	-	-
143,249	2,929	12,557	-	-	-	-	-
-	-	-	-	1,250	257,698	198,481	-
-	-	-	-	-	-	-	-
<b>167,546</b>	<b>22,124</b>	<b>134,706</b>	<b>45,635</b>	<b>1,363,558</b>	<b>452,497</b>	<b>420,970</b>	<b>3,323</b>
4,439	9,999	2,043	182,279	338,170	1,015,718	145,895	88
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,917,351	-
434,753	273,264	101,765	1,540,243	(20,074)	(1,000,312)	(3,050,952)	77,794
<b>439,192</b>	<b>283,263</b>	<b>103,808</b>	<b>1,722,522</b>	<b>318,096</b>	<b>15,406</b>	<b>12,294</b>	<b>77,882</b>
<b>606,738</b>	<b>305,387</b>	<b>238,514</b>	<b>1,768,157</b>	<b>1,681,654</b>	<b>467,903</b>	<b>433,264</b>	<b>81,205</b>

(Continued)

CITY OF LAREDO, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
September 30, 2006

(Continued)

SPECIAL REVENUE

	PARKING METERS	KEEP LAREDO BEAUTIFUL	RECREATION FUND	VETERANS FIELD	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX
<b>ASSETS</b>						
Cash and Cash Equivalents:						
Cash	\$ 800	-	-	-	500	-
Equity in Investment Pool	3,231	43	993	375	525	3,762
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	645,285	19,206	200,984	86,831	98,328	757,138
Receivables, net of allowances:						
Accrued Interest	3,943	117	1,228	531	601	4,627
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	2,864
Accounts	474,124	-	-	46,075	950	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1,127,383</b>	<b>19,366</b>	<b>203,205</b>	<b>133,812</b>	<b>100,904</b>	<b>768,391</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	21,394	1,559	18,225	31,465	31,241	81,143
Retainage Payable	-	-	-	-	-	-
Accrued Wages and Employee Benefits	18,072	1,113	-	57	6,436	-
Compensated Absences	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-
Customer Deposits	-	-	-	-	48,672	-
Due To Other Funds	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	474,060	-	-	-	-	2,864
Due To Developers	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>513,526</b>	<b>2,672</b>	<b>18,225</b>	<b>31,522</b>	<b>86,349</b>	<b>84,007</b>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	49,668	16,005	336	5,114	14,555	2,517
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Washington Trip	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Reserved for Peg Fees	-	-	-	-	-	-
Reserved for Time Warner	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	-	-
Undesignated (Deficit)	564,189	689	184,644	97,176	-	681,867
<b>TOTAL FUND BALANCES</b>	<b>613,857</b>	<b>16,694</b>	<b>184,980</b>	<b>102,290</b>	<b>14,555</b>	<b>684,384</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,127,383</b>	<b>19,366</b>	<b>203,205</b>	<b>133,812</b>	<b>100,904</b>	<b>768,391</b>

(Continued)

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## SPECIAL REVENUE

PUBLIC ACCESS CHANNEL	MERCADO MGMT.	LAREDO CONVENT. & VISITORS	H.U.D. SEC. 108	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	FRIENDS OF THE LIBRARY	SUBDIVISION TRUST FUND
-	-	600	-	-	200	-	-
707	398	529	-	51,799	9,434	503	8,298
-	-	-	-	611,813	-	-	-
138,092	65,597	112,529	-	11,577,593	1,868,905	92,647	1,644,387
844	401	688	864,350	62,695	11,421	566	10,049
-	-	-	-	-	-	-	-
59,711	600	5,825	-	49,640	28,300	-	-
-	-	-	1,700,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>199,354</u>	<u>66,996</u>	<u>120,171</u>	<u>2,564,350</u>	<u>12,353,540</u>	<u>1,918,260</u>	<u>93,716</u>	<u>1,662,734</u>
4,910	21,186	33,686	-	16,654	21,043	49,601	-
-	-	-	-	-	-	-	-
6,164	-	8,629	-	-	1,605	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	57,634	-	-
-	-	-	-	-	-	-	-
-	-	63	-	-	-	-	-
-	782	-	2,564,350	-	9,732	-	-
-	-	-	-	-	-	-	1,666,496
<u>11,074</u>	<u>21,968</u>	<u>42,378</u>	<u>2,564,350</u>	<u>16,654</u>	<u>90,014</u>	<u>49,601</u>	<u>1,666,496</u>
37	2,231	76,758	-	18,299	29,051	23,984	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,035	-	-	-	-	-
-	-	-	-	2,975,259	-	-	-
181,456	-	-	-	-	-	-	-
6,787	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	42,797	-	-	9,343,328	1,799,195	20,131	(3,762)
<u>188,280</u>	<u>45,028</u>	<u>77,793</u>	<u>-</u>	<u>12,336,886</u>	<u>1,828,246</u>	<u>44,115</u>	<u>(3,762)</u>
<u>199,354</u>	<u>66,996</u>	<u>120,171</u>	<u>2,564,350</u>	<u>12,353,540</u>	<u>1,918,260</u>	<u>93,716</u>	<u>1,662,734</u>

(Continued)

CITY OF LAREDO, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
September 30, 2006

(Continued)

	SPECIAL REVENUE		CAPITAL PROJECTS			
	POLICE TRUST FUND	SPECIAL FIRE GRANTS	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 98 ISSUE
<b>ASSETS</b>						
Cash and Cash Equivalents:						
Cash	\$ -	-	-	-	-	-
Equity in Investment Pool	10,964	-	-	2,296	484	3,193
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	2,171,462	-	550,877	449,846	104,685	626,890
Receivables, net of allowances:						
Accrued Interest	13,270	-	-	2,749	640	3,831
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	512	-	19,461	-	-	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	541,526	690,030	-	-
Inventory	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,196,208</b>	<b>-</b>	<b>1,111,864</b>	<b>1,144,921</b>	<b>105,809</b>	<b>633,914</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	5,755	-	18,714	38,047	8,836	-
Retainage Payable	-	-	98,542	337,445	-	12,645
Accrued Wages and Employee Benefits	-	-	366	-	-	-
Compensated Absences	-	-	-	-	-	-
Contracts Payable	360	-	323,429	267,014	-	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	-	-	102,437	-	-	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due To Developers	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>6,115</b>	<b>-</b>	<b>543,488</b>	<b>642,506</b>	<b>8,836</b>	<b>12,645</b>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	114,757	-	2,315,448	1,300,418	25,276	22,650
Reserved for Capital Acquisition	2,075,336	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Washington Trip	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Reserved for Peg Fees	-	-	-	-	-	-
Reserved for Time Warner	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	71,697	598,619
Undesignated (Deficit)	-	-	(1,747,072)	(798,003)	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,190,093</b>	<b>-</b>	<b>568,376</b>	<b>502,415</b>	<b>96,973</b>	<b>621,269</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,196,208</b>	<b>-</b>	<b>1,111,864</b>	<b>1,144,921</b>	<b>105,809</b>	<b>633,914</b>

(Continued)



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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	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE
-	-	-	-	-	-	-	-
-	-	44,479	-	-	-	1,860	-
551,453	-	8,819,071	724,911	-	-	359,904	8,237,211
-	-	53,895	-	-	-	2,199	-
-	-	-	-	-	-	-	-
-	-	21,818	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	200,779	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>551,453</b>	<b>-</b>	<b>9,140,042</b>	<b>724,911</b>	<b>-</b>	<b>-</b>	<b>363,963</b>	<b>8,237,211</b>
20,038	-	49,081	-	-	-	9,882	78,040
7,906	-	80,521	-	-	-	25,600	16,640
3,769	-	489	-	-	-	-	7,503
-	-	-	-	-	-	-	-
3,674	-	184,475	-	-	-	67,984	130,082
5,313	-	-	-	-	-	-	306,918
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>40,700</b>	<b>-</b>	<b>314,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,466</b>	<b>539,183</b>
104,877	-	1,976,603	6,049	-	-	122,493	725,690
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
405,876	-	6,848,873	718,862	-	-	138,004	6,972,338
-	-	-	-	-	-	-	-
<b>510,753</b>	<b>-</b>	<b>8,825,476</b>	<b>724,911</b>	<b>-</b>	<b>-</b>	<b>260,497</b>	<b>7,698,028</b>
<b>551,453</b>	<b>-</b>	<b>9,140,042</b>	<b>724,911</b>	<b>-</b>	<b>-</b>	<b>363,963</b>	<b>8,237,211</b>

(Continued)

CITY OF LAREDO, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
September 30, 2006

(Continued)

	CAPITAL PROJECTS				PERMANENT FUND	
	CERTIFICATE OF OBLIGATION 06 ISSUE	PARKS CAPITAL GRANTS	CAPITAL GRANTS	COMM. SYSTEM FUND	CANSECO ENDOWMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and Cash Equivalents:						
Cash	\$ -	-	-	-	-	10,755
Equity in Investment Pool	-	683	-	1,464	304	161,515
Cash with Fiscal Agent	-	-	-	-	-	611,813
Investments	16,004,819	127,948	-	295,389	64,515	59,392,457
Receivables, net of allowances:						
Accrued Interest	-	782	-	1,805	394	1,059,935
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	2,864
Accounts	-	-	-	-	-	1,192,613
Notes	-	-	-	-	-	13,409,943
Due From Other Governments	-	29,629	7,103	-	-	5,165,600
Inventory	-	-	-	-	-	5,463
<b>TOTAL ASSETS</b>	<b>16,004,819</b>	<b>159,042</b>	<b>7,103</b>	<b>298,658</b>	<b>65,213</b>	<b>81,012,958</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	-	18,441	-	152,422	-	1,445,664
Retainage Payable	-	-	7,103	-	-	692,549
Accrued Wages and Employee Benefits	-	-	-	-	-	333,651
Compensated Absences	-	-	-	-	-	32
Contracts Payable	-	-	-	-	-	1,068,973
Customer Deposits	-	-	-	-	-	170,776
Due To Other Funds	83,840	-	-	-	-	2,402,202
Due To Other Governments	-	-	-	-	-	159,235
Deferred Revenue	-	-	-	-	-	15,326,408
Due To Developers	-	-	-	-	-	1,666,496
<b>TOTAL LIABILITIES</b>	<b>83,840</b>	<b>18,441</b>	<b>7,103</b>	<b>152,422</b>	<b>-</b>	<b>23,265,986</b>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	272,281	215,565	191,297	145,801	-	11,246,031
Reserved for Capital Acquisition	-	-	-	-	-	2,075,336
Reserved for Children's Programming	-	-	-	-	15,213	15,213
Reserved for Endowment Corpus	-	-	-	-	50,000	50,000
Reserved for Washington Trip	-	-	-	-	-	1,035
Reserved for Debt Service	-	-	-	-	-	2,975,259
Reserved for Peg Fees	-	-	-	-	-	181,456
Reserved for Time Warner	-	-	-	-	-	6,787
Unreserved:						
Designated for Improvements	15,648,698	-	-	435	-	34,329,414
Undesignated (Deficit)	-	(74,964)	(191,297)	-	-	6,866,441
<b>TOTAL FUND BALANCES</b>	<b>15,920,979</b>	<b>140,601</b>	<b>-</b>	<b>146,236</b>	<b>65,213</b>	<b>57,746,972</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 16,004,819</b>	<b>159,042</b>	<b>7,103</b>	<b>298,658</b>	<b>65,213</b>	<b>81,012,958</b>

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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, 2006

	SPECIAL REVENUE					
	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	NOISE ABATEMENT	NARCOTICS TASK FORCE
<b>REVENUES:</b>						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	5,094,023	-	1,422,145	141,833	4,089,036	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	-	-	-	-	-
Investment Income:						
Interest Earnings	-	-	357	-	10,210	4
Net increase (decrease) in the fair value of Investments	-	48	-	-	1,542	476
Rents and Royalties	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	137,592	161,777	139,045	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>5,231,615</b>	<b>161,825</b>	<b>1,561,547</b>	<b>141,833</b>	<b>4,100,788</b>	<b>480</b>
<b>EXPENDITURES:</b>						
Public Safety	443,297	-	-	-	-	-
Public Works	1,887,875	-	-	-	388,513	-
Health and Welfare	552,093	138,695	1,603,361	141,833	-	-
Cultural and Recreational	1,192,739	-	-	-	-	-
General Government	845,926	37,276	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
<b>Total Operating Expenditures</b>	<b>4,921,930</b>	<b>175,971</b>	<b>1,603,361</b>	<b>141,833</b>	<b>388,513</b>	<b>-</b>
Debt Service	-	-	-	-	-	-
Capital Outlay	401,741	-	-	-	4,025,515	-
<b>TOTAL EXPENDITURES</b>	<b>5,323,671</b>	<b>175,971</b>	<b>1,603,361</b>	<b>141,833</b>	<b>4,414,028</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	(92,056)	(14,146)	(41,814)	-	(313,240)	480
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	109,241	-	-	-	-	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	(17,171)	-	-	-	-	(191,477)
Capital Leases	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>92,070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(191,477)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	14	(14,146)	(41,814)	-	(313,240)	(190,997)
Fund Balances at Beginning of Year	155	22,947	133,297	-	582,105	190,997
Prior Period Adjustment	-	25	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 169</b>	<b>8,826</b>	<b>91,483</b>	<b>-</b>	<b>268,865</b>	<b>-</b>

(Continued)

(Continued)

SPECIAL REVENUE							
FINANCIAL TASK FORCE	AUTO THEFT TASK FORCE	SPECIAL POLICE PROGRAM	ENVIRONMENTAL SERVICES	HEALTH FUND	911 REGIONAL COMM. FUND	INT'L AIRPORT	HAZARDOUS MATERIALS
-	-	-	-	-	-	-	-
-	-	-	-	255,868	-	-	293,200
697,678	-	1,762,432	33,968	33,786	-	391,895	-
-	368,904	199,845	44,000	5,916,443	1,026,169	102,045	-
-	31,756	17,334	10,000	247,544	-	-	-
-	-	-	2,949,065	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	716,879	-	3,493	-
7,102	4,101	152	62,917	-	6,816	35,481	7,384
667	79	-	401	-	17	12,191	506
-	-	-	-	2,718	-	3,844,104	-
-	-	-	3,305	-	-	-	-
-	-	-	-	105,057	-	-	-
-	-	14,535	4,207	231,797	99	199,049	210
2,527	-	-	-	119,253	-	-	-
707,974	404,840	1,994,298	3,107,863	7,629,345	1,033,101	4,588,258	301,300
687,947	578,957	4,512,556	-	-	965,833	-	367,898
-	-	-	-	-	-	-	-
-	-	-	1,940,248	10,279,733	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,488,854	-
687,947	578,957	4,512,556	1,940,248	10,279,733	965,833	4,488,854	367,898
-	-	-	-	-	-	-	-
9,731	22,838	62,228	169,492	50,290	56,027	1,872,588	-
697,678	601,795	4,574,784	2,109,740	10,330,023	1,021,860	6,361,442	367,898
10,296	(196,955)	(2,580,486)	998,123	(2,700,678)	11,241	(1,773,184)	(66,598)
-	245,839	2,540,419	114,117	2,796,320	-	316,373	-
-	-	-	-	-	-	-	-
-	-	-	(715,192)	-	-	(727,353)	(114,117)
-	-	-	-	-	-	-	-
223	-	-	-	-	-	-	-
223	245,839	2,540,419	(601,075)	2,796,320	-	(410,980)	(114,117)
10,519	48,884	(40,067)	397,048	95,642	11,241	(2,184,164)	(180,715)
428,673	234,379	143,875	1,302,996	155,910	4,165	2,131,789	254,974
-	-	-	22,478	66,544	-	64,669	3,623
439,192	283,263	103,808	1,722,522	318,096	15,406	12,294	77,882

(Continued)

CITY OF LAREDO, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year ended September 30, 2006

(Continued)

	SPECIAL REVENUE					
	PARKING METERS	KEEP LAREDO BEAUTIFUL, INC. FUND	RECREATION FUND	VETERANS FIELD	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX
<b>REVENUES:</b>						
Taxes	\$ -	-	-	-	-	3,024,062
Licenses and Permits	11,871	-	-	-	-	-
Intergovernmental:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	326,668	-	-	-	-	-
Fees and Collections	1,210,930	-	101,745	-	-	-
Investment Income:						
Interest Earnings	26,219	-	7,569	-	2,248	38,759
Net increase (decrease) in the fair value of Investments	2,836	(14)	56	(121)	218	2,774
Rents and Royalties	-	-	-	196,926	255,802	-
Discount Earnings	504	-	-	-	196	-
Miscellaneous:						
Local Contributions	-	1,249	-	-	-	-
Reimbursements	1,576	-	5,000	22,083	3,058	150
Other	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,580,604</b>	<b>1,235</b>	<b>114,370</b>	<b>218,888</b>	<b>261,522</b>	<b>3,065,745</b>
<b>EXPENDITURES:</b>						
Public Safety	1,065,690	-	-	-	-	-
Public Works	-	77,632	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	56,095	92,546	748,574	429,653
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
<b>Total Operating Expenditures</b>	<b>1,065,690</b>	<b>77,632</b>	<b>56,095</b>	<b>92,546</b>	<b>748,574</b>	<b>429,653</b>
Debt Service	-	-	-	-	-	-
Capital Outlay	94,339	20,500	-	24,052	47,500	-
<b>TOTAL EXPENDITURES</b>	<b>1,160,029</b>	<b>98,132</b>	<b>56,095</b>	<b>116,598</b>	<b>796,074</b>	<b>429,653</b>
Excess (Deficiency) of Revenues Over Expenditures	420,575	(96,897)	58,275	102,290	(534,552)	2,636,092
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	42,552	92,253	-	-	595,494	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	(326,947)	-	(50,000)	-	(134,330)	(2,659,837)
Capital Leases	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(284,395)</b>	<b>92,253</b>	<b>(50,000)</b>	<b>-</b>	<b>461,164</b>	<b>(2,659,837)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	136,180	(4,644)	8,275	102,290	(73,388)	(23,745)
Fund Balances at Beginning of Year	460,535	20,500	176,705	-	71,517	708,129
Prior Period Adjustment	17,142	838	-	-	16,426	-
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 613,857</b>	<b>16,694</b>	<b>184,980</b>	<b>102,290</b>	<b>14,555</b>	<b>684,384</b>

(Continued)

(Continued)

## SPECIAL REVENUE

PUBLIC ACCESS CHANNEL	MERCADO MGMT.	LAREDO CONVENT. & VISITORS	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	FRIENDS OF THE LIBRARY	SUBDIVISION TRUST FUND	POLICE TRUST FUND	SPECIAL FIRE GRANTS
-	-	-	5,965,748	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	321,076	-	-	-
-	-	-	-	-	37,990	-	-	-
-	-	-	-	-	-	-	-	-
23,894	-	-	-	-	2,085	-	-	-
-	-	-	-	-	-	-	-	-
231,456	-	59,509	-	9,019	-	-	-	-
1,531	2,679	2,359	442,394	69,286	4,406	-	65,100	-
44	56	(59)	15,390	733	(176)	1,626	1,930	-
-	96,120	-	65,666	673,701	-	-	-	-
1	-	-	-	159	-	-	-	-
-	-	-	125,750	-	-	-	-	-
-	200	56,298	-	8,589	-	-	10,961	-
-	-	-	-	-	9,736	-	1,878,328	-
256,926	99,055	118,107	6,614,948	761,487	375,117	1,626	1,956,319	-
-	-	-	-	-	-	-	247,814	-
-	-	-	-	-	-	-	-	-
-	-	-	-	283,318	-	-	-	-
330,763	112,787	2,223,854	173,785	-	11,284	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
330,763	112,787	2,223,854	173,785	283,318	11,284	-	247,814	-
-	-	-	-	-	-	-	1,008,119	-
-	-	-	670,376	-	415,210	-	88,839	-
330,763	112,787	2,223,854	844,161	283,318	426,494	-	1,344,772	-
(73,837)	(13,732)	(2,105,747)	5,770,787	478,169	(51,377)	1,626	611,547	-
254,497	-	1,963,008	2,699,499	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(5,448,337)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
254,497	-	1,963,008	(2,748,838)	-	-	-	-	-
180,660	(13,732)	(142,739)	3,021,949	478,169	(51,377)	1,626	611,547	-
1,081	57,045	207,704	9,314,937	1,350,077	95,492	(5,388)	1,578,546	-
6,539	1,715	12,828	-	-	-	-	-	-
188,280	45,028	77,793	12,336,886	1,828,246	44,115	(3,762)	2,190,093	-

(Continued)

CITY OF LAREDO, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year ended September 30, 2006

(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
<b>REVENUES:</b>						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	-	8,061,799	-	-	-	-
State	1,313,126	30,000	-	-	-	-
Other	122,943	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	19,461	-	-	-	-	-
Investment Income:						
Interest Earnings	24,969	28,401	7,555	32,735	29,139	1,241
Net increase (decrease) in the fair value of Investments	-	1,912	1,978	1,432	-	174
Rents and Royalties	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,480,499</b>	<b>8,122,112</b>	<b>9,533</b>	<b>34,167</b>	<b>29,139</b>	<b>1,415</b>
<b>EXPENDITURES:</b>						
Public Safety	-	-	-	-	-	-
Public Works	368,492	831,161	23,408	-	-	-
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
<b>Total Operating Expenditures</b>	<b>368,492</b>	<b>831,161</b>	<b>23,408</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt Service	-	-	-	-	-	-
Capital Outlay	1,014,896	7,894,422	143,142	123,416	158,870	28,203
<b>TOTAL EXPENDITURES</b>	<b>1,383,388</b>	<b>8,725,583</b>	<b>166,550</b>	<b>123,416</b>	<b>158,870</b>	<b>28,203</b>
Excess (Deficiency) of Revenues Over Expenditures	97,111	(603,471)	(157,017)	(89,249)	(129,731)	(26,788)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	-	-	-	-	-	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	-	(316,373)	(24,557)	(73,213)	-	(10,346)
Capital Leases	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(316,373)</b>	<b>(24,557)</b>	<b>(73,213)</b>	<b>-</b>	<b>(10,346)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	97,111	(919,844)	(181,574)	(162,462)	(129,731)	(37,134)
Fund Balances at Beginning of Year	471,265	1,422,259	278,547	783,731	640,484	37,134
Prior Period Adjustment	-	-	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 568,376</b>	<b>502,415</b>	<b>96,973</b>	<b>621,269</b>	<b>510,753</b>	<b>-</b>

(Continued)



(Continued)

CAPITAL PROJECTS						
CAPITAL IMPROVEMENT	CERTIFICATE OF OBLIGATION 02 ISSUE	RYAN STREET RAILROAD BRIDGE	STREETS OF LAREDO URBAN MALL	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	CERTIFICATE OF OBLIGATION 06 ISSUE
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
361,942	-	21,246	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
306,255	34,294	-	-	34,805	538,357	300,258
8,968	-	-	-	6,469	-	-
12	-	-	-	-	-	-
43,088	-	-	42,237	-	-	-
-	-	-	-	-	-	-
292,629	-	-	-	-	10,626	-
1,012,894	34,294	21,246	42,237	41,274	548,983	300,258
-	-	-	-	-	-	-
2,705,444	-	-	42,237	-	83,842	327,891
-	-	-	-	-	-	-
62,972	-	-	-	-	-	-
1,325	-	-	-	-	-	-
-	-	-	-	-	-	-
2,769,741	-	-	42,237	-	83,842	327,891
-	-	-	-	-	-	-
915,175	88,578	19,950	-	1,090,436	5,165,561	1,287,548
3,684,916	88,578	19,950	42,237	1,090,436	5,249,403	1,615,439
(2,672,022)	(54,284)	1,296	-	(1,049,162)	(4,700,420)	(1,315,181)
3,825,987	-	-	-	-	-	-
-	-	-	-	-	-	17,320,000
(400,000)	-	(1,296)	-	-	(3,000,000)	(83,840)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,425,987	-	(1,296)	-	-	(3,000,000)	17,236,160
753,965	(54,284)	-	-	(1,049,162)	(7,700,420)	15,920,979
8,071,511	779,195	-	-	1,309,659	15,398,448	-
-	-	-	-	-	-	-
8,825,476	724,911	-	-	260,497	7,698,028	15,920,979

(Continued)

**CITY OF LAREDO, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Year ended September 30, 2006**

	CAPITAL PROJECTS			PERMANENT FUND	(Continued)
	PARKS CAPITAL GRANTS	CAPITAL GRANTS	COMM. SYSTEM FUND	CANSECO ENDOWMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>	\$				
Taxes	-	-	-	-	8,989,810
Licenses and Permits	-	-	-	-	560,939
Intergovernmental:					
Federal	-	7,103	-	-	22,056,774
State	10,210	-	1,200,000	-	10,631,920
Other	104,800	-	-	-	534,377
Charges for Services	-	-	-	-	2,975,044
Fines	-	-	-	-	326,668
Fees and Collections	-	-	-	-	2,352,492
Investment Income:					
Interest Earnings	-	-	-	2,671	2,137,754
Net increase (decrease) in the fair value of Investments	-	-	-	77	62,230
Rents and Royalties	-	-	-	-	5,135,037
Discount Earnings	-	-	-	-	4,177
Miscellaneous:					
Local Contributions	-	-	-	-	317,381
Reimbursements	-	-	-	-	996,226
Other	-	-	-	-	2,313,099
<b>TOTAL REVENUES</b>	<b>115,010</b>	<b>7,103</b>	<b>1,200,000</b>	<b>2,748</b>	<b>59,393,928</b>
<b>EXPENDITURES:</b>					
Public Safety	-	-	85,231	-	8,955,223
Public Works	-	-	-	-	6,736,495
Health and Welfare	-	-	-	-	14,939,281
Cultural and Recreational	18,150	-	-	-	5,453,202
General Government	-	-	-	-	884,527
Air Transportation Services	-	-	-	-	4,488,854
<b>Total Operating Expenditures</b>	<b>18,150</b>	<b>-</b>	<b>85,231</b>	<b>-</b>	<b>41,457,582</b>
Debt Service	-	-	-	-	1,008,119
Capital Outlay	104,800	7,103	6,879,563	-	32,952,929
<b>TOTAL EXPENDITURES</b>	<b>122,950</b>	<b>7,103</b>	<b>6,964,794</b>	<b>-</b>	<b>75,418,630</b>
Excess (Deficiency) of Revenues Over Expenditures	(7,940)	-	(5,764,794)	2,748	(16,024,702)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	148,541	-	4,311,030	-	20,055,170
Proceeds - Long Term Debt	-	-	-	-	17,320,000
Transfers Out	-	-	-	-	(14,294,386)
Capital Leases	-	-	1,600,000	-	1,600,000
Sale of Assets	-	-	-	-	223
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>148,541</b>	<b>-</b>	<b>5,911,030</b>	<b>-</b>	<b>24,681,007</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	140,601	-	146,236	2,748	8,656,305
Fund Balances at Beginning of Year	-	-	-	62,465	48,877,840
Prior Period Adjustment	-	-	-	-	212,827
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 140,601</b>	<b>-</b>	<b>146,236</b>	<b>65,213</b>	<b>57,746,972</b>

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
CDBG Grants	\$ 26,194,962	5,094,023	31,288,985	35,295,211
Miscellaneous:				
Reimbursements	<u>468,954</u>	<u>137,592</u>	<u>606,546</u>	<u>521,114</u>
<b>TOTAL REVENUES</b>	<b><u>26,663,916</u></b>	<b><u>5,231,615</u></b>	<b><u>31,895,531</u></b>	<b><u>35,816,325</u></b>
<b>EXPENDITURES:</b>				
Public Safety	1,868,053	443,297	2,311,350	2,359,500
Public Works	5,719,952	1,887,875	7,607,827	8,778,811
Health and Welfare	3,343,592	552,093	3,895,685	4,014,690
Cultural and Recreational	6,271,266	1,192,739	7,464,005	10,114,921
General Government	5,236,271	845,926	6,082,197	6,233,010
Capital Outlay	<u>4,224,782</u>	<u>401,741</u>	<u>4,626,523</u>	<u>4,423,152</u>
<b>TOTAL EXPENDITURES</b>	<b><u>26,663,916</u></b>	<b><u>5,323,671</u></b>	<b><u>31,987,587</u></b>	<b><u>35,924,084</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(92,056)</u>	<u>(92,056)</u>	<u>(107,759)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In:				
General Fund	155	107,945	108,100	124,835
Ryan Street Railroad Bridge	-	1,296	1,296	-
Transfer Out:				
Communication System Fund	<u>-</u>	<u>(17,171)</u>	<u>(17,171)</u>	<u>(17,231)</u>
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b><u>155</u></b>	<b><u>92,070</u></b>	<b><u>92,225</u></b>	<b><u>107,604</u></b>
<b>Net Change in Fund Balances</b>	<b>\$ <u>155</u></b>	<b><u>14</u></b>	<b><u>169</u></b>	<b><u>(155)</u></b>
Fund Balances-Beginning		<u>155</u>		
<b>Fund Balances-Ending</b>		<b>\$ <u>169</u></b>		

CITY OF LAREDO, TEXAS  
HOUSING REHABILITATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 900	900	-	-	-	(900)
Net increase (decrease) in the fair value of Investments	-	-	48	-	48	48
Miscellaneous:						
Reimbursements	130,000	182,491	161,777	-	161,777	(20,714)
<b>TOTAL REVENUES</b>	<b>130,900</b>	<b>183,391</b>	<b>161,825</b>	<b>-</b>	<b>161,825</b>	<b>(21,566)</b>
<b>EXPENDITURES:</b>						
Administration:						
Personnel Services	39,574	39,574	37,276	-	37,276	2,298
Contractual Services	3,878	3,878	424	-	424	3,454
Total Administration	43,452	43,452	37,700	-	37,700	5,752
Housing Rehabilitation Loans:						
Contractual Services	87,669	140,160	138,271	165	138,436	1,724
Total Housing Rehabilitation Loans	87,669	140,160	138,271	165	138,436	1,724
<b>TOTAL EXPENDITURES</b>	<b>131,121</b>	<b>183,612</b>	<b>175,971</b>	<b>165</b>	<b>176,136</b>	<b>7,476</b>
Excess (Deficiency) of Revenues Over Expenditures	(221)	(221)	(14,146)	(165)	(14,311)	(14,090)
Fund Balances at Beginning of Year	-	22,947	22,947	-	22,947	-
Prior Period Adjustment	-	-	25	-	25	25
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (221)</b>	<b>22,726</b>	<b>8,826</b>	<b>(165)</b>	<b>8,661</b>	<b>(14,065)</b>

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
HOME Grants	\$ 4,853,412	1,422,145	6,275,557	7,171,622
Investment Income:				
Interest Earnings	597	357	954	132
Miscellaneous:				
Reimbursements	<u>132,699</u>	<u>139,045</u>	<u>271,744</u>	<u>201,102</u>
<b>TOTAL REVENUES</b>	<b><u>4,986,708</u></b>	<b><u>1,561,547</u></b>	<b><u>6,548,255</u></b>	<b><u>7,372,856</u></b>
<b>EXPENDITURES:</b>				
Personnel Services	466,026	98,050	564,076	576,590
Materials and Supplies	3,487	1,364	4,851	5,080
Contractual Services	<u>4,383,898</u>	<u>1,503,947</u>	<u>5,887,845</u>	<u>6,791,186</u>
<b>TOTAL EXPENDITURES</b>	<b><u>4,853,411</u></b>	<b><u>1,603,361</u></b>	<b><u>6,456,772</u></b>	<b><u>7,372,856</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ <u>133,297</u></b>	<b><u>(41,814)</u></b>	<b><u>91,483</u></b>	<b><u>-</u></b>
Fund Balances - Beginning		<u>133,297</u>		
<b>Fund Balances - Ending</b>		<b>\$ <u>91,483</u></b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
Emergency Shelter Grants	\$ <u>110,948</u>	<u>141,833</u>	<u>252,781</u>	<u>326,012</u>
<b>TOTAL REVENUES</b>	<u>110,948</u>	<u>141,833</u>	<u>252,781</u>	<u>326,012</u>
<b>EXPENDITURES:</b>				
Materials and Supplies	480	2,184	2,664	3,067
Contractual Services	<u>110,468</u>	<u>139,649</u>	<u>250,117</u>	<u>322,945</u>
<b>TOTAL EXPENDITURES</b>	<u>110,948</u>	<u>141,833</u>	<u>252,781</u>	<u>326,012</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
<b>Fund Balances-Ending</b>		\$ <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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
FAA Grants	\$ 5,249,178	4,089,036	9,338,214	13,050,000
Investment Income:				
Interest Earnings	125,246	10,210	135,456	130,864
Net increase (decrease) in the fair value of Investments	(2,149)	1,542	(607)	-
Miscellaneous:				
Reimbursements	31,615	-	31,615	31,615
<b>TOTAL REVENUES</b>	<b>5,403,890</b>	<b>4,100,788</b>	<b>9,504,678</b>	<b>13,212,479</b>
<b>EXPENDITURES:</b>				
Personnel Services	56,574	39,609	96,183	191,648
Materials and Supplies	3,926	504	4,430	15,704
Contractual Services	1,541,525	348,403	1,889,928	2,681,084
Other	6	(3)	3	158,257
Capital Outlay	4,319,752	4,025,515	8,345,267	11,265,784
<b>TOTAL EXPENDITURES</b>	<b>5,921,783</b>	<b>4,414,028</b>	<b>10,335,811</b>	<b>14,312,477</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(517,893)</b>	<b>(313,240)</b>	<b>(831,133)</b>	<b>(1,099,998)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In:				
International Airport	315,792	-	315,792	315,792
Airport Construction	784,206	-	784,206	784,206
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>1,099,998</b>	<b>-</b>	<b>1,099,998</b>	<b>1,099,998</b>
<b>Net Change in Fund Balances</b>	<b>\$ 582,105</b>	<b>(313,240)</b>	<b>268,865</b>	<b>-</b>
Fund Balances-Beginning		582,105		
<b>Fund Balances-Ending</b>		<b>\$ 268,865</b>		

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 3,400	3,400	4	-	4	(3,396)
Net increase (decrease) in the fair value of investments	-	-	476	-	476	476
<b>TOTAL REVENUES</b>	<u>3,400</u>	<u>3,400</u>	<u>480</u>	<u>-</u>	<u>480</u>	<u>(2,920)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,400</u>	<u>3,400</u>	<u>480</u>	<u>-</u>	<u>480</u>	<u>(2,920)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer Out:						
General Fund	<u>(204,091)</u>	<u>(204,091)</u>	<u>(191,477)</u>	<u>-</u>	<u>(191,477)</u>	<u>12,614</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(204,091)</u>	<u>(204,091)</u>	<u>(191,477)</u>	<u>-</u>	<u>(191,477)</u>	<u>12,614</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	<u>(200,691)</u>	<u>(200,691)</u>	<u>(190,997)</u>	<u>-</u>	<u>(190,997)</u>	<u>9,694</u>
Fund Balances at Beginning of Year	<u>200,691</u>	<u>190,997</u>	<u>190,997</u>	<u>-</u>	<u>190,997</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ -</u>	<u>(9,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,694</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, 2006

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
<b>REVENUES:</b>						
Intergovernmental:						
Federal	\$ 737,861	969,422	697,678	-	697,678	(271,744)
Investment Income:						
Interest Earnings	2,900	2,900	7,102	-	7,102	4,202
Net increase (decrease) in the fair value of investments	-	-	667	-	667	667
Miscellaneous:						
Forfeitures	70,000	70,000	2,527	-	2,527	(67,473)
<b>TOTAL REVENUES</b>	<b>810,761</b>	<b>1,042,322</b>	<b>707,974</b>	<b>-</b>	<b>707,974</b>	<b>(334,348)</b>
<b>EXPENDITURES:</b>						
Personnel Services	558,001	735,954	574,486	-	574,486	161,468
Material and Supplies	21,000	43,396	24,719	668	25,387	18,009
Contractual Services	130,396	181,761	88,742	865	89,607	92,154
Other	101,364	59,900	-	-	-	59,900
Total Operating Expenditures	810,761	1,021,011	687,947	1,533	689,480	331,531
Capital Outlay	-	21,112	9,731	2,906	12,637	8,475
<b>TOTAL EXPENDITURES</b>	<b>810,761</b>	<b>1,042,123</b>	<b>697,678</b>	<b>4,439</b>	<b>702,117</b>	<b>340,006</b>
Excess (Deficiency) of Revenues Over Expenditures	-	199	10,296	(4,439)	5,857	5,658
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of Assets	-	-	223	-	223	223
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>223</b>	<b>-</b>	<b>223</b>	<b>223</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	199	10,519	(4,439)	6,080	5,881
Fund Balances at Beginning of Year	410,926	428,673	428,673	-	428,673	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 410,926</b>	<b>428,872</b>	<b>439,192</b>	<b>(4,439)</b>	<b>434,753</b>	<b>5,881</b>

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, 2006

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
<b>REVENUES:</b>						
Intergovernmental:						
State	\$ 322,805	684,951	368,904	-	368,904	(316,047)
Other	-	61,936	31,756	-	31,756	(30,180)
Investment Income:						
Interest Earnings	-	-	4,101	-	4,101	4,101
Net increase (decrease) in the fair value of investments	-	-	79	-	79	79
<b>TOTAL REVENUES</b>	<b>322,805</b>	<b>746,887</b>	<b>404,840</b>	<b>-</b>	<b>404,840</b>	<b>(342,047)</b>
<b>EXPENDITURES:</b>						
Personnel Services	471,390	948,831	489,721	-	489,721	459,110
Materials and Supplies	6,800	27,400	5,353	9,999	15,352	12,048
Contractual Services	111,270	196,697	83,883	-	83,883	112,814
Other	3,992	-	-	-	-	-
Total Operating Expenditures	593,452	1,172,928	578,957	9,999	588,956	583,972
Capital Outlay	-	22,838	22,838	-	22,838	-
<b>TOTAL EXPENDITURES</b>	<b>593,452</b>	<b>1,195,766</b>	<b>601,795</b>	<b>9,999</b>	<b>611,794</b>	<b>583,972</b>
Excess (Deficiency) of Revenues Over Expenditures	(270,647)	(448,879)	(196,955)	(9,999)	(206,954)	241,925
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
General Fund	266,655	245,839	245,839	-	245,839	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>266,655</b>	<b>245,839</b>	<b>245,839</b>	<b>-</b>	<b>245,839</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(3,992)	(203,040)	48,884	(9,999)	38,885	241,925
Fund Balances at Beginning of Year	3,992	234,379	234,379	-	234,379	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ -</b>	<b>31,339</b>	<b>283,263</b>	<b>(9,999)</b>	<b>273,264</b>	<b>241,925</b>

**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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Intergovernmental:						
Federal	\$ 1,997,239	2,290,612	1,762,432	-	1,762,432	(528,180)
State	113,000	226,420	199,845	-	199,845	(26,575)
School Districts	348,787	343,643	-	-	-	(343,643)
Other	25,000	58,600	17,334	-	17,334	(41,266)
Investment Income:						
Interest Earnings	-	-	152	-	152	152
Miscellaneous:						
Reimbursements	-	15,144	14,535	-	14,535	(609)
<b>TOTAL REVENUES</b>	<b>2,484,026</b>	<b>2,934,419</b>	<b>1,994,298</b>	<b>-</b>	<b>1,994,298</b>	<b>(940,121)</b>
<b>EXPENDITURES:</b>						
Police Grants:						
Universal Hiring	3,139,938	3,139,938	3,104,064	-	3,104,064	35,874
Local Law Enforcement Block Grant	196,477	290,423	211,515	-	211,515	78,908
Violence Vs Woman Act	198,092	284,536	147,758	-	147,758	136,778
South Texas Drug Related Task Force	-	45,221	40,265	13	40,278	4,943
Click It or Ticket	-	30,000	26,448	-	26,448	3,552
Alcohol Tobacco Firearms	-	18,000	18,000	-	18,000	-
Comprehensive Comm. Vehicle STEP	-	50,537	50,537	-	50,537	-
Step Wave	-	119,110	119,110	-	119,110	-
DWI Enforcement	-	46,978	46,007	-	46,007	971
Operation Cooperation	318,876	276,448	-	-	-	276,448
Customs Narcotics	116,071	116,071	69,103	-	69,103	46,968
Bulletproof Vest Partnership	-	84,856	-	-	-	84,856
Justice Assistance Grant	-	77,723	30,820	-	30,820	46,903
Ldo. Joint Terrorism TF	10,000	17,799	17,799	-	17,799	-
Weed and Seed Program	25,000	65,541	22,100	-	22,100	43,441
Cops in School - SRO	622,738	622,738	591,495	-	591,495	31,243
OCDTF	13,000	18,144	17,535	-	17,535	609
Reserve	509,224	368,220	-	-	-	368,220
Total Operating Expenditures	5,149,416	5,672,283	4,512,556	13	4,512,569	1,159,714
Capital Outlay	-	71,715	62,228	2,030	64,258	7,457
<b>TOTAL EXPENDITURES</b>	<b>5,149,416</b>	<b>5,743,998</b>	<b>4,574,784</b>	<b>2,043</b>	<b>4,576,827</b>	<b>1,167,171</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,665,390)	(2,809,579)	(2,580,486)	(2,043)	(2,582,529)	227,050
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
General Fund	2,665,390	2,665,390	2,540,419	-	2,540,419	(124,971)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,665,390</b>	<b>2,665,390</b>	<b>2,540,419</b>	<b>-</b>	<b>2,540,419</b>	<b>(124,971)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(144,189)	(40,067)	(2,043)	(42,110)	102,079
Fund Balances at Beginning of Year	-	143,875	143,875	-	143,875	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ -</b>	<b>(314)</b>	<b>103,808</b>	<b>(2,043)</b>	<b>101,765</b>	<b>102,079</b>

**CITY OF LAREDO, TEXAS  
ENVIRONMENTAL SERVICES  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Adjustments</b>	<b>Actual Budget Basis</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>						
Storm Water Fees	\$ 2,937,534	2,937,534	2,949,065	-	2,949,065	11,531
Intergovernmental:						
Environmental Protective Agency	-	226,670	33,968	-	33,968	(192,702)
STDC-Regional Solid Waste Mgmt	-	28,213	-	-	-	(28,213)
Texas Department of Transportation	44,000	44,000	44,000	-	44,000	-
Universities and Colleges	10,000	33,377	10,000	-	10,000	(23,377)
Investment Income:						
Interest Earnings	18,000	18,000	62,917	-	62,917	44,917
Net increase (decrease) in the fair value of Investments	-	-	401	-	401	401
Discount Earnings	-	-	3,305	-	3,305	3,305
Miscellaneous:						
Contributions	-	200	-	-	-	(200)
Reimbursements	-	-	4,207	-	4,207	4,207
<b>TOTAL REVENUES</b>	<b>3,009,534</b>	<b>3,287,994</b>	<b>3,107,863</b>	<b>-</b>	<b>3,107,863</b>	<b>(180,131)</b>
<b>EXPENDITURES:</b>						
Administration:						
Personnel Services	198,196	198,196	197,189	-	197,189	1,007
Materials and Supplies	1,000	1,000	784	-	784	216
Contractual Services	7,000	7,000	6,353	-	6,353	647
Other	-	-	23,909	(23,909)	-	-
<b>Total Administration</b>	<b>206,196</b>	<b>206,196</b>	<b>228,235</b>	<b>(23,909)</b>	<b>204,326</b>	<b>1,870</b>
Environmental Engineering:						
Personnel Services	739,348	739,348	728,220	-	728,220	11,128
Materials and Supplies	64,778	105,478	88,107	440	88,547	16,931
Contractual Services	1,780,703	1,643,098	858,580	181,839	1,040,419	602,679
Other	150,000	-	-	-	-	-
<b>Total Environmental Engineering</b>	<b>2,734,829</b>	<b>2,487,924</b>	<b>1,674,907</b>	<b>182,279</b>	<b>1,857,186</b>	<b>630,738</b>
Dos Laredos-TSU:						
Contractual Services	-	24,525	-	-	-	24,525
<b>Total Dos Laredos-TSU</b>	<b>-</b>	<b>24,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,525</b>
Chacon Creek:						
Contractual Services	-	22,940	6,415	-	6,415	16,525
<b>Total Chacon Creek</b>	<b>-</b>	<b>22,940</b>	<b>6,415</b>	<b>-</b>	<b>6,415</b>	<b>16,525</b>
USEPA-MEXICO Border:						
Contractual Services	-	30,753	30,691	-	30,691	62
<b>Total USEPA-MEXICO Border</b>	<b>-</b>	<b>30,753</b>	<b>30,691</b>	<b>-</b>	<b>30,691</b>	<b>62</b>
STDC-Regional Solid Waste Mgmt:						
Materials and Supplies	-	10,000	-	-	-	10,000
Contractual Services	-	18,213	-	-	-	18,213
<b>Total STDC-Regional Solid Waste Mgmt</b>	<b>\$ -</b>	<b>28,213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,213</b>

(Continued)

CITY OF LAREDO, TEXAS  
ENVIRONMENTAL SERVICES  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
<b>EXPENDITURES (Continued)</b>						
Chacon Creek Phase II:						
Materials and Supplies	\$ -	63,200	-	-	-	63,200
Contractual Services	-	53,800	-	-	-	53,800
Total Chacon Creek Phase II	-	117,000	-	-	-	117,000
Brownsfield:						
Contractual Services	-	10,800	-	-	-	10,800
Other	-	109,200	-	-	-	109,200
Total Brownsfield	-	120,000	-	-	-	120,000
Storm Water Improvements:						
Reserve Appropriation	7,674,599	174,599	-	-	-	174,599
Total Storm Water Improvements	7,674,599	174,599	-	-	-	174,599
Total Operating Expenditures	10,615,624	3,212,150	1,940,248	158,370	2,098,618	1,113,532
Capital Outlay	28,092	173,092	169,492	-	169,492	3,600
<b>TOTAL EXPENDITURES</b>	<b>10,643,716</b>	<b>3,385,242</b>	<b>2,109,740</b>	<b>158,370</b>	<b>2,268,110</b>	<b>1,117,132</b>
Excess (Deficiency) of Revenues Over Expenditures	(7,634,182)	(97,248)	998,123	(158,370)	839,753	937,001
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Hazardous Materials	103,098	103,098	114,117	-	114,117	11,019
Transfers Out:						
Communications System Fund	-	(51,707)	(51,526)	-	(51,526)	181
Debt Service	(571,413)	(571,413)	(571,413)	-	(571,413)	-
Keep Laredo Beautiful	(100,000)	(100,000)	(92,253)	-	(92,253)	7,747
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(568,315)</b>	<b>(620,022)</b>	<b>(601,075)</b>	<b>-</b>	<b>(601,075)</b>	<b>18,947</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(8,202,497)	(717,270)	397,048	(158,370)	238,678	955,948
Fund Balances at Beginning of Year	8,324,978	1,302,996	1,302,996	(23,909)	1,279,087	(23,909)
Prior Period Adjustment	-	-	22,478	-	22,478	22,478
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 122,481</b>	<b>585,726</b>	<b>1,722,522</b>	<b>(182,279)</b>	<b>1,540,243</b>	<b>954,517</b>

**CITY OF LAREDO, TEXAS**  
**HEALTH FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)**  
**Year ended September 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Intergovernmental:						
Federal Grants	\$ 93,303	121,971	33,786	-	33,786	(88,185)
State Grants	6,953,301	9,206,195	5,916,443	-	5,916,443	(3,289,752)
Other	190,000	443,173	247,544	-	247,544	(195,629)
Licenses and Permits	236,819	236,819	255,868	-	255,868	19,049
Fees and Collections	596,419	821,247	716,879	-	716,879	(104,368)
Rents and Royalties	2,664	2,664	2,718	-	2,718	54
Miscellaneous:						
Contributions	109,183	112,395	105,057	-	105,057	(7,338)
Reimbursements	308,675	403,705	231,797	-	231,797	(171,908)
Other	216,076	298,662	119,253	-	119,253	(179,409)
<b>TOTAL REVENUES</b>	<b>8,706,440</b>	<b>11,646,831</b>	<b>7,629,345</b>	<b>-</b>	<b>7,629,345</b>	<b>(4,017,486)</b>
<b>EXPENDITURES:</b>						
Administrative Divisions:						
Administration	1,094,189	1,098,832	1,051,301	4,468	1,055,769	43,063
Health Education	280,748	280,763	277,953	-	277,953	2,810
Vital Statistics	200,191	258,369	187,279	506	187,785	70,584
E.M.S. Billing	191,762	254,753	252,146	131	252,277	2,476
Maternity	123,006	137,978	99,772	5,729	105,501	32,477
Immunization	244,820	228,821	165,259	59,902	225,161	3,660
Tuberculosis	98,993	82,948	72,218	136	72,354	10,594
Adult Health	53,084	47,944	38,955	-	38,955	8,989
Dental	99,084	97,194	93,744	33	93,777	3,417
Laboratory	317,385	328,162	318,588	1,067	319,655	8,507
Personal Health Services	75,022	80,395	78,524	33	78,557	1,838
Budget and Grant Management	217,817	231,726	225,298	-	225,298	6,428
Health Protective Services	574,387	536,648	457,577	-	457,577	79,071
Animal Control	657,071	665,223	655,566	2,136	657,702	7,521
<b>Total Administrative Divisions</b>	<b>4,227,559</b>	<b>4,329,756</b>	<b>3,974,180</b>	<b>74,141</b>	<b>4,048,321</b>	<b>281,435</b>
State Grants:						
T.N.R.C.C. - Continuous Air Monitoring Station	70,000	131,559	56,181	-	56,181	75,378
H.I.V. - Prevention	199,854	256,901	180,367	11,709	192,076	64,825
Immunization Action Plan	265,395	354,751	182,333	-	182,333	172,418
Environmental Protection Agency	73,684	105,892	37,470	-	37,470	68,422
T.B. Federal - Tuberculosis	169,293	262,257	176,159	3,578	179,737	82,520
H.I.V. - Consortia (Ryan White)	332,590	505,076	339,463	68,734	408,197	96,879
H.I.V. - Housing Project (H.O.P.W.A.)	87,800	113,647	77,562	17,640	95,202	18,445
Associateship for Community Health and Resource Development - Title V	349,290	677,951	289,917	-	289,917	388,034
Associateship for Community Health and Resource Development - Family Planning	85,542	164,824	101,394	-	101,394	63,430
MCH - Core of Public Health	21,657	30,740	8,914	-	8,914	21,826
Conference of Mayors	63,244	101,525	37,771	-	37,771	63,754
Children Health Insurance Project - Outreach Program	\$ 35,157	101,057	54,600	-	54,600	46,457

(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, 2006

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
State Grants (Continued)						
Primary Care	\$ 186,331	310,564	151,673	5,299	156,972	153,592
HIV Social Services	102,706	102,706	101,646	-	101,646	1,060
Bureau of Regional/Local Health Operations	490,950	842,028	396,056	-	396,056	445,972
Associateship for Community Health and Resource Development - Dental Tuberculosis	44,080	80,080	35,982	-	35,982	44,098
Women Infant and Children (W.I.C.)	215,314	355,502	206,542	-	206,542	148,960
Abstinence Education Program	3,496,678	3,477,600	3,005,205	60,642	3,065,847	411,753
HIV Positive Clients Projects	201,272	201,272	146,031	50,289	196,320	4,952
Bio-Terrorism Preparedness	107,242	142,921	109,971	-	109,971	32,950
Border Health Conference	517,300	427,181	351,759	946	352,705	74,476
Border Vision Fronteriza	20,000	737	-	-	-	737
Lead Poisoning Prevention	23,303	23,303	3	-	3	23,300
Bi-National TB Card - Pilot	15,000	12,015	11,619	-	11,619	396
Border Health - Buena Vida	17,889	29,020	4,533	-	4,533	24,487
Border Health - Buena Vida Lab	35,000	49,000	31,236	2,899	34,135	14,865
USMBHA Conference	-	3,568	-	-	-	3,568
CPS/Bio-Terrorism	1,500	-	-	-	-	-
Border Health Bi-national Health Week	-	7,574	75	-	75	7,499
Women and Children Health Program	-	16,500	16,383	-	16,383	117
Special Projects	134,000	126,500	110,285	3,496	113,781	12,719
Hepatitis B Program	63,175	333,640	80,085	3,571	83,656	249,984
U.S.D.H.H.S. - M.A.C.	90,410	90,410	4,102	11,228	15,330	75,080
	-	-	236	-	236	(236)
<b>Total State Grant Expenses</b>	<b>7,515,656</b>	<b>9,438,301</b>	<b>6,305,553</b>	<b>240,031</b>	<b>6,545,584</b>	<b>2,892,717</b>
<b>Total Operating Expenses</b>	<b>11,743,215</b>	<b>13,768,057</b>	<b>10,279,733</b>	<b>314,172</b>	<b>10,593,905</b>	<b>3,174,152</b>
<b>Capital Outlay</b>	<b>12,222</b>	<b>967,712</b>	<b>50,290</b>	<b>23,204</b>	<b>73,494</b>	<b>894,218</b>
<b>TOTAL EXPENDITURES</b>	<b>11,755,437</b>	<b>14,735,769</b>	<b>10,330,023</b>	<b>337,376</b>	<b>10,667,399</b>	<b>4,068,370</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,048,997)	(3,088,938)	(2,700,678)	(337,376)	(3,038,054)	50,884
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
General Fund	2,985,540	2,985,540	2,796,320	-	2,796,320	(189,220)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,985,540</b>	<b>2,985,540</b>	<b>2,796,320</b>	<b>-</b>	<b>2,796,320</b>	<b>(189,220)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(63,457)	(103,398)	95,642	(337,376)	(241,734)	(138,336)
Fund Balances at Beginning of Year	-	155,910	155,910	(794)	155,116	(794)
Prior Period Adjustment	-	-	66,544	-	66,544	66,544
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (63,457)</b>	<b>52,512</b>	<b>318,096</b>	<b>(338,170)</b>	<b>(20,074)</b>	<b>(72,586)</b>

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, 2006

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
<b>REVENUES:</b>						
Intergovernmental:						
State Emergency Commission	\$ 1,124,461	2,919,174	1,026,169	-	1,026,169	(1,893,005)
Investment Income:						
Interest Earnings	800	800	6,816	-	6,816	6,016
Net increase (decrease) in the fair value of Investments	-	-	17	-	17	17
Miscellaneous:						
Reimbursements	-	-	99	-	99	99
<b>TOTAL REVENUES</b>	<b>1,125,261</b>	<b>2,919,974</b>	<b>1,033,101</b>	<b>-</b>	<b>1,033,101</b>	<b>(1,886,873)</b>
<b>EXPENDITURES:</b>						
Personnel Services	159,686	461,864	197,851	-	197,851	264,013
Materials and Supplies	15,395	35,363	14,675	90	14,765	20,598
Contractual Services	1,121,029	1,793,451	588,307	762,326	1,350,633	442,818
Other	6,819	242,104	165,000	-	165,000	77,104
Total Operating Expenditures	1,302,929	2,532,782	965,833	762,416	1,728,249	804,533
Capital Outlay	16,516	393,457	56,027	253,302	309,329	84,128
<b>TOTAL EXPENDITURES</b>	<b>1,319,445</b>	<b>2,926,239</b>	<b>1,021,860</b>	<b>1,015,718</b>	<b>2,037,578</b>	<b>888,661</b>
Excess (Deficiency) of Revenues Over Expenditures	(194,184)	(6,265)	11,241	(1,015,718)	(1,004,477)	(998,212)
Fund Balances at Beginning of Year	6,019	4,165	4,165	-	4,165	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (188,165)</b>	<b>(2,100)</b>	<b>15,406</b>	<b>(1,015,718)</b>	<b>(1,000,312)</b>	<b>(998,212)</b>



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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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Intergovernmental:						
Federal Aviation Administration -						
Control Tower	\$ 380,076	380,076	391,895	-	391,895	11,819
State Operating Grants	101,349	102,188	102,045	-	102,045	(143)
Fees and Collections	19,000	19,000	3,493	-	3,493	(15,507)
Investment Income:						
Interest Earnings	32,500	32,500	35,481	-	35,481	2,981
Net increase (decrease) in the fair value of Investments	-	-	12,191	-	12,191	12,191
Rents and Royalties	4,101,320	4,101,320	3,844,104	-	3,844,104	(257,216)
Miscellaneous:						
Reimbursements	396,405	396,405	199,049	-	199,049	(197,356)
<b>TOTAL REVENUES</b>	<b>5,030,650</b>	<b>5,031,489</b>	<b>4,588,258</b>	<b>-</b>	<b>4,588,258</b>	<b>(443,231)</b>
<b>EXPENDITURES:</b>						
Administration:						
Personnel Services	582,591	582,591	594,179	-	594,179	(11,588)
Materials and Supplies	53,772	52,375	47,910	3,301	51,211	1,164
Contractual Services	1,644,140	1,695,327	1,704,198	16,486	1,720,684	(25,357)
Other	87,300	335,749	43,500	(15,452)	28,048	307,701
Total Administration	2,367,803	2,666,042	2,389,787	4,335	2,394,122	271,920
Building Maintenance:						
Personnel Services	232,189	232,189	203,401	-	203,401	28,788
Materials and Supplies	49,782	76,152	73,491	1,792	75,283	869
Contractual Services	169,944	148,640	112,917	14,021	126,938	21,702
Other	-	19,995	-	109,115	109,115	(89,120)
Total Building Maintenance	451,915	476,976	389,809	124,928	514,737	(37,761)
Ground Maintenance:						
Personnel Services	327,208	327,208	338,008	-	338,008	(10,800)
Materials and Supplies	37,346	37,346	34,788	170	34,958	2,388
Contractual Services	69,052	69,052	63,732	-	63,732	5,320
Total Ground Maintenance	433,606	433,606	436,528	170	436,698	(3,092)
Control Tower:						
Personnel Services	481,028	481,028	487,598	-	487,598	(6,570)
Materials and Supplies	2,906	2,906	2,514	-	2,514	392
Contractual Services	2,969	2,969	1,572	75	1,647	1,322
Total Control Tower	\$ 486,903	486,903	491,684	75	491,759	(4,856)

(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, 2006

(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>
<b>EXPENDITURES (Continued)</b>						
Airport Police:						
Personnel Services	\$ 597,452	597,452	715,878	-	715,878	(118,426)
Materials and Supplies	6,278	6,862	6,792	120	6,912	(50)
Contractual Services	5,484	47,879	43,824	815	44,639	3,240
Total Airport Police	609,214	652,193	766,494	935	767,429	(115,236)
Foreign Trade Zone:						
Personnel Services	12,111	12,111	10,056	-	10,056	2,055
Materials and Supplies	1,028	1,028	992	-	992	36
Contractual Services	3,978	3,978	3,504	-	3,504	474
Total Foreign Trade Zone	17,117	17,117	14,552	-	14,552	2,565
Total Operating Expenditures	4,366,558	4,732,837	4,488,854	130,443	4,619,297	113,540
Capital Outlay	3,263	1,872,499	1,872,588	-	1,872,588	(89)
<b>TOTAL EXPENDITURES</b>	<b>4,369,821</b>	<b>6,605,336</b>	<b>6,361,442</b>	<b>130,443</b>	<b>6,491,885</b>	<b>113,451</b>
Excess (Deficiency) of Revenues Over Expenditures	660,829	(1,573,847)	(1,773,184)	(130,443)	(1,903,627)	(329,780)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Airport Construction Fund	-	316,373	316,373	-	316,373	-
Transfers Out:						
Debt Service	(775,942)	(775,942)	(645,942)	-	(645,942)	130,000
Communication System Fund	-	(81,697)	(81,411)	-	(81,411)	286
Sale of Assets	3,800,000	3,800,000	-	-	-	(3,800,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,024,058</b>	<b>3,258,734</b>	<b>(410,980)</b>	<b>-</b>	<b>(410,980)</b>	<b>(3,669,714)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	3,684,887	1,684,887	(2,184,164)	(130,443)	(2,314,607)	(3,999,494)
Fund Balances at Beginning of Year	2,444,896	2,131,789	2,131,789	(15,452)	2,116,337	(15,452)
Prior Period Adjustment	-	-	64,669	-	64,669	64,669
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 6,129,783</b>	<b>3,816,676</b>	<b>12,294</b>	<b>(145,895)</b>	<b>(133,601)</b>	<b>(3,950,277)</b>

CITY OF LAREDO, TEXAS  
HAZARDOUS MATERIALS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Licenses and Permits	\$ 275,000	275,000	293,200	-	293,200	18,200
Investment Income:						
Interest Earnings	5,300	5,300	7,384	-	7,384	2,084
Net increase (decrease) in the fair value of Investments	-	-	506	-	506	506
Miscellaneous:						
Reimbursements	-	-	210	-	210	210
<b>TOTAL REVENUES</b>	<b>280,300</b>	<b>280,300</b>	<b>301,300</b>	<b>-</b>	<b>301,300</b>	<b>21,000</b>
<b>EXPENDITURES:</b>						
Personnel Services	150,850	150,850	140,212	-	140,212	10,638
Materials and Supplies	13,716	13,716	10,451	-	10,451	3,265
Contractual Services	241,478	241,478	217,235	88	217,323	24,155
<b>TOTAL EXPENDITURES</b>	<b>406,044</b>	<b>406,044</b>	<b>367,898</b>	<b>88</b>	<b>367,986</b>	<b>38,058</b>
Excess (Deficiency) of Revenues Over Expenditures	(125,744)	(125,744)	(66,598)	(88)	(66,686)	59,058
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer Out:						
Environmental Services	(103,098)	(103,098)	(114,117)	-	(114,117)	(11,019)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(103,098)</b>	<b>(103,098)</b>	<b>(114,117)</b>	<b>-</b>	<b>(114,117)</b>	<b>(11,019)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(228,842)	(228,842)	(180,715)	(88)	(180,803)	48,039
Fund Balances at Beginning of Year	251,756	254,974	254,974	-	254,974	-
Prior Period Adjustment	-	-	3,623	-	3,623	3,623
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 22,914</b>	<b>26,132</b>	<b>77,882</b>	<b>(88)</b>	<b>77,794</b>	<b>51,662</b>

**CITY OF LAREDO, TEXAS**  
**PARKING METERS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)**  
**Year ended September 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Licenses and Permits	\$ 13,500	13,500	11,871	-	11,871	(1,629)
Fines	249,301	249,301	326,668	-	326,668	77,367
Fees and Collections	1,211,570	1,211,570	1,210,930	-	1,210,930	(640)
Investment Income:						
Interest Earnings	25,500	25,500	26,219	-	26,219	719
Net increase (decrease) in the fair value of Investments	-	-	2,836	-	2,836	2,836
Discount Earnings	-	-	504	-	504	504
Miscellaneous:						
Reimbursements	-	-	1,576	-	1,576	1,576
<b>TOTAL REVENUES</b>	<b>1,499,871</b>	<b>1,499,871</b>	<b>1,580,604</b>	<b>-</b>	<b>1,580,604</b>	<b>80,733</b>
<b>EXPENDITURES:</b>						
Personnel Services	913,557	913,557	822,655	-	822,655	90,902
Materials and Supplies	77,814	85,163	63,108	19,012	82,120	3,043
Contractual Services	247,537	233,787	180,128	22,687	202,815	30,972
Other	38,000	-	(201)	-	(201)	201
Total Operating Expenditures	1,276,908	1,232,507	1,065,690	41,699	1,107,389	125,118
Capital Outlay	46,801	113,901	94,339	7,969	102,308	11,593
<b>TOTAL EXPENDITURES</b>	<b>1,323,709</b>	<b>1,346,408</b>	<b>1,160,029</b>	<b>49,668</b>	<b>1,209,697</b>	<b>136,711</b>
Excess (Deficiency) of Revenues Over Expenditures	176,162	153,463	420,575	(49,668)	370,907	217,444
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Transit System	-	-	42,552	-	42,552	42,552
Transfers Out:						
Debt Service Fund	(287,784)	(287,784)	(287,784)	-	(287,784)	-
Communication System Fund	-	(39,301)	(39,163)	-	(39,163)	138
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(287,784)</b>	<b>(327,085)</b>	<b>(284,395)</b>	<b>-</b>	<b>(284,395)</b>	<b>42,690</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(111,622)	(173,622)	136,180	(49,668)	86,512	260,134
Fund Balances at Beginning of Year	789,989	460,535	460,535	-	460,535	-
Prior Period Adjustment	-	-	17,142	-	17,142	17,142
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 678,367</b>	<b>286,913</b>	<b>613,857</b>	<b>(49,668)</b>	<b>564,189</b>	<b>277,276</b>

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, 2006

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
<b>REVENUES:</b>						
Intergovernmental:						
State Operating Grant	\$ -	2,000	-	-	-	(2,000)
Net increase (decrease) in the fair value of Investments	-	-	(14)	-	(14)	(14)
Miscellaneous:						
Contributions	-	1,249	1,249	-	1,249	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>3,249</b>	<b>1,235</b>	<b>-</b>	<b>1,235</b>	<b>(2,014)</b>
<b>EXPENDITURES:</b>						
Administration:						
Personnel Services	57,055	57,445	57,445	-	57,445	-
Materials and Supplies	11,000	31,686	13,689	16,005	29,694	1,992
Contractual Services	15,000	8,869	6,498	-	6,498	2,371
Other	16,945	-	-	-	-	-
Total Administration	100,000	98,000	77,632	16,005	93,637	4,363
Contributions:						
Materials and Supplies	-	1,249	-	-	-	1,249
Total Contributions	-	1,249	-	-	-	1,249
Texas Forest Service Grant:						
Materials and Supplies	-	4,000	-	-	-	4,000
Total Texas Forest Service Grant	-	4,000	-	-	-	4,000
Total Operating Expenditures	100,000	103,249	77,632	16,005	93,637	9,612
Capital Outlay	-	20,500	20,500	-	20,500	-
<b>TOTAL EXPENDITURES</b>	<b>100,000</b>	<b>123,749</b>	<b>98,132</b>	<b>16,005</b>	<b>114,137</b>	<b>9,612</b>
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(120,500)	(96,897)	(16,005)	(112,902)	7,598
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Environmental Services	100,000	100,000	92,253	-	92,253	(7,747)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>100,000</b>	<b>100,000</b>	<b>92,253</b>	<b>-</b>	<b>92,253</b>	<b>(7,747)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(20,500)	(4,644)	(16,005)	(20,649)	(149)
Fund Balances at Beginning of Year	-	20,500	20,500	-	20,500	-
Prior Period Adjustment	-	-	838	-	838	838
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>-</b>	<b>16,694</b>	<b>(16,005)</b>	<b>689</b>	<b>689</b>

**CITY OF LAREDO, TEXAS  
RECREATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 2,300	2,300	7,569	-	7,569	5,269
Net increase (decrease) in the fair value of Investments	-	-	56	-	56	56
Fees and Collections	102,800	102,800	101,745	-	101,745	(1,055)
Miscellaneous:						
Reimbursements	-	-	5,000	-	5,000	5,000
<b>TOTAL REVENUES</b>	<b>105,100</b>	<b>105,100</b>	<b>114,370</b>	<b>-</b>	<b>114,370</b>	<b>9,270</b>
<b>EXPENDITURES:</b>						
Materials and Supplies	29,453	28,753	19,664	-	19,664	9,089
Contractual Services	40,557	154,757	36,392	336	36,728	118,029
Other	-	-	39	-	39	(39)
Total Operating Expenditures	70,010	183,510	56,095	336	56,431	127,079
Capital Outlay	-	16,500	-	-	-	16,500
<b>TOTAL EXPENDITURES</b>	<b>70,010</b>	<b>200,010</b>	<b>56,095</b>	<b>336</b>	<b>56,431</b>	<b>143,579</b>
Excess (Deficiency) of Revenues Over Expenditures	35,090	(94,910)	58,275	(336)	57,939	152,849
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer Out:						
General Fund	(50,000)	(50,000)	(50,000)	-	(50,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>(50,000)</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(14,910)	(144,910)	8,275	(336)	7,939	152,849
Fund Balances at Beginning of Year	41,549	176,705	176,705	-	176,705	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 26,639</b>	<b>31,795</b>	<b>184,980</b>	<b>(336)</b>	<b>184,644</b>	<b>152,849</b>

CITY OF LAREDO, TEXAS  
VETERANS FIELD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Net increase (decrease) in the fair value of Investments	\$ -	-	(121)	-	(121)	(121)
Rents and Royalties	-	168,300	196,926	-	196,926	28,626
Miscellaneous:						
Reimbursements	-	46,000	22,083	-	22,083	(23,917)
<b>TOTAL REVENUES</b>	<b>-</b>	<b>214,300</b>	<b>218,888</b>	<b>-</b>	<b>218,888</b>	<b>4,588</b>
<b>EXPENDITURES:</b>						
Personnel Services	-	21,570	21,493	-	21,493	77
Materials and Supplies	-	52,495	41,797	186	41,983	10,512
Contractual Services	-	36,960	29,256	4,928	34,184	2,776
Other	-	55,275	-	-	-	55,275
Total Operating Expenditures	-	166,300	92,546	5,114	97,660	68,640
Capital Outlay	-	48,000	24,052	-	24,052	23,948
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>214,300</b>	<b>116,598</b>	<b>5,114</b>	<b>121,712</b>	<b>92,588</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	102,290	(5,114)	97,176	97,176
Fund Balances at Beginning of Year	-	-	-	-	-	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ -</b>	<b>-</b>	<b>102,290</b>	<b>(5,114)</b>	<b>97,176</b>	<b>97,176</b>



CITY OF LAREDO, TEXAS  
CIVIC CENTER  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 1,200	1,200	2,248	-	2,248	1,048
Net increase (decrease) in the fair value of Investments	-	-	218	-	218	218
Discount Earnings	-	-	196	-	196	196
Rents and Royalties	342,169	342,169	255,802	-	255,802	(86,367)
Miscellaneous:						
Reimbursements	12,130	12,130	3,058	-	3,058	(9,072)
<b>TOTAL REVENUES</b>	<b>355,499</b>	<b>355,499</b>	<b>261,522</b>	<b>-</b>	<b>261,522</b>	<b>(93,977)</b>
<b>EXPENDITURES:</b>						
Personnel Services	486,305	500,846	484,836	-	484,836	16,010
Materials and Supplies	123,769	97,161	78,788	7,194	85,982	11,179
Contractual Services	244,928	214,978	184,430	7,361	191,791	23,187
Other	-	42,017	520	-	520	41,497
Total Operating Expenditures	855,002	855,002	748,574	14,555	763,129	91,873
Capital Outlay	47,500	47,500	47,500	-	47,500	-
<b>TOTAL EXPENDITURES</b>	<b>902,502</b>	<b>902,502</b>	<b>796,074</b>	<b>14,555</b>	<b>810,629</b>	<b>91,873</b>
Excess (Deficiency) of Revenues Over Expenditures	(547,003)	(547,003)	(534,552)	(14,555)	(549,107)	(2,104)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Hotel - Motel Occupancy Tax	609,816	609,816	595,494	-	595,494	(14,322)
Transfer Out:						
Debt Service	(134,330)	(134,330)	(134,330)	-	(134,330)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>475,486</b>	<b>475,486</b>	<b>461,164</b>	<b>-</b>	<b>461,164</b>	<b>(14,322)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(71,517)	(71,517)	(73,388)	(14,555)	(87,943)	(16,426)
Fund Balances at Beginning of Year	-	71,517	71,517	-	71,517	-
Prior Period Adjustment	-	-	16,426	-	16,426	16,426
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (71,517)</b>	<b>-</b>	<b>14,555</b>	<b>(14,555)</b>	<b>-</b>	<b>-</b>

**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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Taxes:						
Hotel-Motel Occupancy Tax	\$ 3,378,777	3,378,777	3,017,158	-	3,017,158	(361,619)
Penalty and Interest	15,650	15,650	6,904	-	6,904	(8,746)
Investment Income:						
Interest Earnings	32,600	32,600	38,759	-	38,759	6,159
Net increase (decrease) in the fair value of Investments	-	-	2,774	-	2,774	2,774
Miscellaneous:						
Reimbursements	-	-	150	-	150	150
<b>TOTAL REVENUES</b>	<b>3,427,027</b>	<b>3,427,027</b>	<b>3,065,745</b>	<b>-</b>	<b>3,065,745</b>	<b>(361,282)</b>
<b>EXPENDITURES:</b>						
Contractual Services:						
Tourism and Promotion	95,070	86,000	86,000	-	86,000	-
Historical and Arts	348,470	346,170	343,653	2,517	346,170	-
<b>TOTAL EXPENDITURES</b>	<b>443,540</b>	<b>432,170</b>	<b>429,653</b>	<b>2,517</b>	<b>432,170</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	2,983,487	2,994,857	2,636,092	(2,517)	2,633,575	(361,282)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out:						
Civic Center	(609,816)	(609,816)	(595,494)	-	(595,494)	14,322
General Fund	(25,000)	(25,000)	(24,986)	-	(24,986)	14
Convention and Visitors Bureau	(2,414,544)	(2,414,544)	(1,963,008)	-	(1,963,008)	451,536
Capital Improvements Fund	(50,000)	(50,000)	-	-	-	50,000
Public Access Channel	(77,962)	(77,962)	(76,349)	-	(76,349)	1,613
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,177,322)</b>	<b>(3,177,322)</b>	<b>(2,659,837)</b>	<b>-</b>	<b>(2,659,837)</b>	<b>517,485</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(193,835)	(182,465)	(23,745)	(2,517)	(26,262)	156,203
Fund Balances at Beginning of Year	729,908	708,129	708,129	-	708,129	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 536,073</b>	<b>525,664</b>	<b>684,384</b>	<b>(2,517)</b>	<b>681,867</b>	<b>156,203</b>

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, 2006

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
<b>REVENUES:</b>						
Production and Transmission	\$ 26,871	26,871	23,894	-	23,894	(2,977)
Fees and Collections	90,000	90,000	-	-	-	(90,000)
Time Warner Settlement	-	-	50,000	-	50,000	50,000
Peg Funds	-	-	181,456	-	181,456	181,456
Investment Income:						
Interest Earnings	5,700	5,700	1,531	-	1,531	(4,169)
Net increase (decrease) in the fair value of Investments	157	157	44	-	44	(113)
Discount Earnings	1	1	1	-	1	-
Miscellaneous:						
Reimbursements	61	61	-	-	-	(61)
<b>TOTAL REVENUES</b>	<b>122,790</b>	<b>122,790</b>	<b>256,926</b>	<b>-</b>	<b>256,926</b>	<b>134,136</b>
<b>EXPENDITURES:</b>						
Personnel Services	265,816	275,831	274,307	-	274,307	1,524
Materials and Supplies	27,018	10,573	9,945	33	9,978	595
Contractual Services	44,974	51,404	46,511	4	46,515	4,889
Other	90,000	90,000	-	-	-	90,000
<b>TOTAL EXPENDITURES</b>	<b>427,808</b>	<b>427,808</b>	<b>330,763</b>	<b>37</b>	<b>330,800</b>	<b>97,008</b>
Excess (Deficiency) of Revenues Over Expenditures	(305,018)	(305,018)	(73,837)	(37)	(73,874)	231,144
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In:						
General Fund	181,911	181,911	178,148	-	178,148	(3,763)
Hotel-Motel Occupancy Tax	77,962	77,962	76,349	-	76,349	(1,613)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>259,873</b>	<b>259,873</b>	<b>254,497</b>	<b>-</b>	<b>254,497</b>	<b>(5,376)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(45,145)	(45,145)	180,660	(37)	180,623	225,768
Fund Balances at Beginning of Year	44,064	1,081	1,081	-	1,081	-
Prior Period Adjustment	-	-	6,539	-	6,539	6,539
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (1,081)</b>	<b>(44,064)</b>	<b>188,280</b>	<b>(37)</b>	<b>188,243</b>	<b>232,307</b>

**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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 1,400	1,400	2,679	-	2,679	1,279
Net increase (decrease) in the fair value of Investments	-	-	56	-	56	56
Rents and Royalties	94,164	94,164	96,120	-	96,120	1,956
Miscellaneous:						
Reimbursements	-	-	200	-	200	200
<b>TOTAL REVENUES</b>	<b>95,564</b>	<b>95,564</b>	<b>99,055</b>	<b>-</b>	<b>99,055</b>	<b>3,491</b>
<b>EXPENDITURES:</b>						
Personnel Services	40,812	40,812	35,019	-	35,019	5,793
Materials and Supplies	37,847	27,847	2,386	2,209	4,595	23,252
Contractual Services	56,626	66,626	75,182	22	75,204	(8,578)
Other	-	-	200	-	200	(200)
<b>TOTAL EXPENDITURES</b>	<b>135,285</b>	<b>135,285</b>	<b>112,787</b>	<b>2,231</b>	<b>115,018</b>	<b>20,267</b>
Excess (Deficiency) of Revenues Over Expenditures	(39,721)	(39,721)	(13,732)	(2,231)	(15,963)	23,758
Fund Balances at Beginning of Year	44,626	57,045	57,045	-	57,045	-
Prior Period Adjustment	-	-	1,715	-	1,715	1,715
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 4,905</b>	<b>17,324</b>	<b>45,028</b>	<b>(2,231)</b>	<b>42,797</b>	<b>25,473</b>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Fees and Collections	\$ 65,800	76,800	59,509	-	59,509	(17,291)
Investment Income:						
Interest Earnings	-	-	2,359	-	2,359	2,359
Net increase (decrease) in the fair value of Investments	-	-	(59)	-	(59)	(59)
Miscellaneous:						
Reimbursements	56,200	58,700	56,298	-	56,298	(2,402)
<b>TOTAL REVENUES</b>	<b>122,000</b>	<b>135,500</b>	<b>118,107</b>	<b>-</b>	<b>118,107</b>	<b>(17,393)</b>
<b>EXPENDITURES:</b>						
Personnel Services	549,666	454,660	435,367	-	435,367	19,293
Materials and Supplies	49,281	50,902	45,279	2,068	47,347	3,555
Contractual Services	1,857,847	1,881,732	1,743,199	74,690	1,817,889	63,843
Other	201,155	329,387	9	-	9	329,378
<b>TOTAL EXPENDITURES</b>	<b>2,657,949</b>	<b>2,716,681</b>	<b>2,223,854</b>	<b>76,758</b>	<b>2,300,612</b>	<b>416,069</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,535,949)	(2,581,181)	(2,105,747)	(76,758)	(2,182,505)	398,676
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Hotel-Motel Occupancy Tax	2,414,544	2,414,544	1,963,008	-	1,963,008	(451,536)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,414,544</b>	<b>2,414,544</b>	<b>1,963,008</b>	<b>-</b>	<b>1,963,008</b>	<b>(451,536)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(121,405)	(166,637)	(142,739)	(76,758)	(219,497)	(52,860)
Fund Balances at Beginning of Year	-	207,704	207,704	-	207,704	-
Prior Period Adjustment	-	-	12,828	-	12,828	12,828
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (121,405)</b>	<b>41,067</b>	<b>77,793</b>	<b>(76,758)</b>	<b>1,035</b>	<b>(40,032)</b>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Taxes:						
General Sales & Use Tax	\$ 5,662,179	5,662,179	5,965,748	-	5,965,748	303,569
Investment Income:						
Interest Earnings	129,700	129,700	442,394	-	442,394	312,694
Net increase (decrease) in the fair value of investments	-	-	15,390	-	15,390	15,390
Rents and Royalties	100,000	100,000	65,666	-	65,666	(34,334)
Miscellaneous:						
Contributions	-	-	125,750	-	125,750	125,750
<b>TOTAL REVENUES</b>	<b>5,891,879</b>	<b>5,891,879</b>	<b>6,614,948</b>	<b>-</b>	<b>6,614,948</b>	<b>723,069</b>
<b>EXPENDITURES:</b>						
Materials and Supplies	-	88,217	130,714	4,692	135,406	(47,189)
Contractual Services	42,601	53,601	43,071	9,000	52,071	1,530
Total Operating Expenditures	42,601	141,818	173,785	13,692	187,477	(45,659)
Capital Outlay	799,983	1,704,655	670,376	4,607	674,983	1,029,672
<b>TOTAL EXPENDITURES</b>	<b>842,584</b>	<b>1,846,473</b>	<b>844,161</b>	<b>18,299</b>	<b>862,460</b>	<b>984,013</b>
Excess (Deficiency) of Revenues Over Expenditures	5,049,295	4,045,406	5,770,787	(18,299)	5,752,488	1,707,082
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer In:						
Sports & Community Operations	2,699,499	2,699,499	2,699,499	-	2,699,499	-
Transfers Out:						
Sports & Community Debt Service	(2,699,499)	(2,699,499)	(2,699,499)	-	(2,699,499)	-
Debt Service	(2,748,838)	(2,748,838)	(2,748,838)	-	(2,748,838)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,748,838)</b>	<b>(2,748,838)</b>	<b>(2,748,838)</b>	<b>-</b>	<b>(2,748,838)</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	2,300,457	1,296,568	3,021,949	(18,299)	3,003,650	1,707,082
Fund Balances at Beginning of Year	8,953,689	9,314,937	9,314,937	-	9,314,937	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 11,254,146</b>	<b>10,611,505</b>	<b>12,336,886</b>	<b>(18,299)</b>	<b>12,318,587</b>	<b>1,707,082</b>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 10,300	10,300	69,286	-	69,286	58,986
Net increase (decrease) in the fair value of Investments	-	-	733	-	733	733
Fees and Collections	1,325	1,325	9,019	-	9,019	7,694
Rents and Royalties	622,414	622,414	673,701	-	673,701	51,287
Discount Earnings	-	-	159	-	159	159
Miscellaneous:						
Reimbursements	640	640	8,589	-	8,589	7,949
<b>TOTAL REVENUES</b>	<b>634,679</b>	<b>634,679</b>	<b>761,487</b>	<b>-</b>	<b>761,487</b>	<b>126,808</b>
<b>EXPENDITURES:</b>						
Personnel Services	88,870	88,870	64,332	-	64,332	24,538
Materials and Supplies	48,385	39,445	25,307	594	25,901	13,544
Contractual Services	316,948	324,896	185,174	15,895	201,069	123,827
Other	23,000	11,429	8,505	-	8,505	2,924
Total Operating Expenditures	477,203	464,640	283,318	16,489	299,807	164,833
Capital Outlay	-	12,563	-	12,562	12,562	1
<b>TOTAL EXPENDITURES</b>	<b>477,203</b>	<b>477,203</b>	<b>283,318</b>	<b>29,051</b>	<b>312,369</b>	<b>164,834</b>
Excess (Deficiency) of Revenues Over Expenditures	157,476	157,476	478,169	(29,051)	449,118	291,642
Fund Balances at Beginning of Year	1,088,928	1,350,077	1,350,077	-	1,350,077	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,246,404</b>	<b>1,507,553</b>	<b>1,828,246</b>	<b>(29,051)</b>	<b>1,799,195</b>	<b>291,642</b>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Intergovernmental:						
Federal Operating Grant	\$ -	566,170	321,076	-	321,076	(245,094)
State Operating Grants	15,000	38,750	37,990	-	37,990	(760)
Charges for Services	400	400	2,085	-	2,085	1,685
Investment Income:						
Interest Earnings	1,900	1,900	4,406	-	4,406	2,506
Net increase (decrease) in the fair value of Investments	-	-	(176)	-	(176)	(176)
Miscellaneous:						
Other	-	7,500	9,736	-	9,736	2,236
<b>TOTAL REVENUES</b>	<b>17,300</b>	<b>614,720</b>	<b>375,117</b>	<b>-</b>	<b>375,117</b>	<b>(239,603)</b>
<b>EXPENDITURES:</b>						
Library:						
Materials and Supplies	7,997	14,997	8,599	1,541	10,140	4,857
Contractual Services	2,000	-	-	-	-	-
Other	-	7,500	-	-	-	7,500
Total Library	9,997	22,497	8,599	1,541	10,140	12,357
FOTL-Loan Star Library Grant:						
Other	-	760	-	-	-	760
Total FOTL-Loan Star Library Grant	-	760	-	-	-	760
FCC-Universal Service Program:						
Contractual Services	-	79,781	2,685	3,961	6,646	73,135
Total FCC-Universal Service Program	-	79,781	2,685	3,961	6,646	73,135
Total Operating Expenditures	9,997	103,038	11,284	5,502	16,786	86,252
Capital Outlay	20,000	607,803	415,210	18,482	433,692	174,111
<b>TOTAL EXPENDITURES</b>	<b>29,997</b>	<b>710,841</b>	<b>426,494</b>	<b>23,984</b>	<b>450,478</b>	<b>260,363</b>
Excess (Deficiency) of Revenues Over Expenditures	(12,697)	(96,121)	(51,377)	(23,984)	(75,361)	20,760
Fund Balances at Beginning of Year	32,097	95,492	95,492	-	95,492	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 19,400</b>	<b>(629)</b>	<b>44,115</b>	<b>(23,984)</b>	<b>20,131</b>	<b>20,760</b>



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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Net increase (decrease) in the fair value of Investments	\$ -	-	1,626	-	1,626	1,626
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>1,626</u>	<u>-</u>	<u>1,626</u>	<u>1,626</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,626	-	1,626	1,626
Fund Balances at Beginning of Year	-	(5,388)	(5,388)	-	(5,388)	-
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ -</u>	<u>(5,388)</u>	<u>(3,762)</u>	<u>-</u>	<u>(3,762)</u>	<u>1,626</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 82,700	82,700	65,100	-	65,100	(17,600)
Net increase (decrease) in the fair value of Investments	-	-	1,930	-	1,930	1,930
Miscellaneous:						
Forfeitures	500,000	500,000	1,878,328	-	1,878,328	1,378,328
Reimbursements	-	-	10,961	-	10,961	10,961
<b>TOTAL REVENUES</b>	<b>582,700</b>	<b>582,700</b>	<b>1,956,319</b>	<b>-</b>	<b>1,956,319</b>	<b>1,373,619</b>
<b>EXPENDITURES:</b>						
Materials and Supplies	10,354	227,354	150,716	33,288	184,004	43,350
Contractual Services	72,969	137,969	97,098	19,010	116,108	21,861
Other	-	21,316	-	-	-	21,316
Total Operating Expenditures	83,323	386,639	247,814	52,298	300,112	86,527
Debt Service	1,008,491	1,008,491	1,008,119	-	1,008,119	372
Capital Outlay	33,160	267,744	88,839	62,459	151,298	116,446
<b>TOTAL EXPENDITURES</b>	<b>1,124,974</b>	<b>1,662,874</b>	<b>1,344,772</b>	<b>114,757</b>	<b>1,459,529</b>	<b>203,345</b>
Excess (Deficiency) of Revenues Over Expenditures	(542,274)	(1,080,174)	611,547	(114,757)	496,790	1,576,964
Fund Balances at Beginning of Year	425,791	1,578,546	1,578,546	-	1,578,546	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (116,483)</b>	<b>498,372</b>	<b>2,190,093</b>	<b>(114,757)</b>	<b>2,075,336</b>	<b>1,576,964</b>

CITY OF LAREDO, TEXAS  
SPECIAL FIRE GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
Year ended September 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Intergovernmental:						
E.P.A.	\$ -	28,500	-	-	-	(28,500)
<b>TOTAL REVENUES</b>	<u>-</u>	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,500)</u>
<b>EXPENDITURES:</b>						
Other	-	28,500	-	-	-	28,500
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-
Fund Balances at Beginning of Year	-	-	-	-	-	-
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
State	\$ 7,660,923	1,313,126	8,974,049	21,934,620
Webb County	39,750	122,943	162,693	539,750
Fees and Collections	-	19,461	19,461	-
Investment Income:				
Interest Earnings	35,700	24,969	60,669	30,342
<b>TOTAL REVENUES</b>	<b>7,736,373</b>	<b>1,480,499</b>	<b>9,216,872</b>	<b>22,504,712</b>
<b>EXPENDITURES:</b>				
Contractual Services	3,704,676	368,492	4,073,168	4,466,736
Debt Service	124,036	-	124,036	124,037
Other	-	-	-	72,342
Capital Outlay	5,598,864	1,014,896	6,613,760	20,004,065
<b>TOTAL EXPENDITURES</b>	<b>9,427,576</b>	<b>1,383,388</b>	<b>10,810,964</b>	<b>24,667,180</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,691,203)</b>	<b>97,111</b>	<b>(1,594,092)</b>	<b>(2,162,468)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In:				
Waterworks System	1,198,280	-	1,198,280	1,198,280
Sewer System	964,188	-	964,188	964,188
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>2,162,468</b>	<b>-</b>	<b>2,162,468</b>	<b>2,162,468</b>
<b>Net Change in Fund Balances</b>	<b>\$ 471,265</b>	<b>97,111</b>	<b>568,376</b>	<b>-</b>
Fund Balances-Beginning		471,265		
<b>Fund Balances-Ending</b>		<b>\$ 568,376</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
FAA Grants	\$ 17,710,237	7,961,706	25,671,943	37,562,845
U.S. Department of Transportation	150,084	100,093	250,177	400,000
Texas Department of Transportation	-	30,000	30,000	30,000
Investment Income:				
Interest Earnings	623,607	28,401	652,008	645,553
Net increase (decrease) in the fair value of Investments	(3,536)	1,912	(1,624)	-
Miscellaneous:				
Other	3,300	-	3,300	3,300
<b>TOTAL REVENUES</b>	<b>18,483,692</b>	<b>8,122,112</b>	<b>26,605,804</b>	<b>38,641,698</b>
<b>EXPENDITURES:</b>				
Materials and Supplies	66,786	97,438	164,224	164,582
Contractual Services	3,273,642	733,720	4,007,362	6,824,254
Other	67,878	3	67,881	1,297,703
Capital Outlay	18,243,436	7,894,422	26,137,858	34,629,095
<b>TOTAL EXPENDITURES</b>	<b>21,651,742</b>	<b>8,725,583</b>	<b>30,377,325</b>	<b>42,915,634</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,168,050)</b>	<b>(603,471)</b>	<b>(3,771,521)</b>	<b>(4,273,936)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Issues	1,955,859	-	1,955,859	1,955,859
Transfers In:				
International Airport	3,980,914	-	3,980,914	3,980,914
Laredo Convention and Visitors Bureau	100,000	-	100,000	100,000
Transfers Out:				
International Airport	(663,130)	(316,373)	(979,503)	(979,503)
Noise Abatement	(783,334)	-	(783,334)	(783,334)
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>4,590,309</b>	<b>(316,373)</b>	<b>4,273,936</b>	<b>4,273,936</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,422,259</b>	<b>(919,844)</b>	<b>502,415</b>	<b>-</b>
Fund Balances-Beginning		1,422,259		
<b>Fund Balances-Ending</b>		<b>\$ 502,415</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment Income:				
Interest Earnings	\$ 176,233	7,555	183,788	186,562
Net increase (decrease) in the fair value of Investments	(2,391)	1,978	(413)	-
Miscellaneous:				
Other	35,287	-	35,287	10,287
<b>TOTAL REVENUES</b>	<b>209,129</b>	<b>9,533</b>	<b>218,662</b>	<b>196,849</b>
<b>EXPENDITURES:</b>				
Materials and Supplies	525,047	23,408	548,455	571,586
Contractual Services	3,205	-	3,205	3,205
Other	123,266	-	123,266	133,202
Capital Outlay	4,280,764	143,142	4,423,906	4,490,556
<b>TOTAL EXPENDITURES</b>	<b>4,932,282</b>	<b>166,550</b>	<b>5,098,832</b>	<b>5,198,549</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(4,723,153)</b>	<b>(157,017)</b>	<b>(4,880,170)</b>	<b>(5,001,700)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Issues	5,060,000	-	5,060,000	5,060,000
Transfers Out:				
Capital Improvement Fund	(58,300)	-	(58,300)	(58,300)
Debt Service Fund	-	(24,557)	(24,557)	-
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>5,001,700</b>	<b>(24,557)</b>	<b>4,977,143</b>	<b>5,001,700</b>
<b>Net Change in Fund Balances</b>	<b>\$ 278,547</b>	<b>(181,574)</b>	<b>96,973</b>	<b>-</b>
Fund Balances-Beginning		278,547		
<b>Fund Balances-Ending</b>		<b>\$ 96,973</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
School Districts	\$ 155,825	-	155,825	155,825
Investment Income:				
Interest Earnings	2,260,968	32,735	2,293,703	2,276,036
Net increase (decrease) in the fair value of Investments	(3,283)	1,432	(1,851)	-
Miscellaneous:				
Local Contributions	645,451	-	645,451	645,451
Other	43,152	-	43,152	43,151
<b>TOTAL REVENUES</b>	<b>3,102,113</b>	<b>34,167</b>	<b>3,136,280</b>	<b>3,120,463</b>
<b>EXPENDITURES:</b>				
Materials and Supplies	49,073	-	49,073	49,073
Contractual Services	238,083	-	238,083	238,083
Other	96,748	-	96,748	274,956
Capital Outlay	15,846,629	123,416	15,970,045	16,146,000
<b>TOTAL EXPENDITURES</b>	<b>16,230,533</b>	<b>123,416</b>	<b>16,353,949</b>	<b>16,708,112</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(13,128,420)</b>	<b>(89,249)</b>	<b>(13,217,669)</b>	<b>(13,587,649)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
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)	(73,213)	(349,189)	(600,474)
DPW Infrastructure	(2,500,000)	-	(2,500,000)	(2,500,000)
Sale of Assets	250,000	-	250,000	250,000
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>13,912,151</b>	<b>(73,213)</b>	<b>13,838,938</b>	<b>13,587,653</b>
<b>Net Change in Fund Balances</b>	<b>\$ 783,731</b>	<b>(162,462)</b>	<b>621,269</b>	<b>4</b>
Fund Balances-Beginning		783,731		
<b>Fund Balances-Ending</b>		<b>\$ 621,269</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment Income:				
Interest Earnings	\$ 589,886	29,139	619,025	584,322
Miscellaneous:				
Local Contributions	2,000,000	-	2,000,000	2,000,000
Reimbursements	12,918	-	12,918	12,918
<b>TOTAL REVENUES</b>	<b>2,602,804</b>	<b>29,139</b>	<b>2,631,943</b>	<b>2,597,240</b>
<b>EXPENDITURES:</b>				
Contractual Services	6,255	-	6,255	6,255
Other	68,890	-	68,890	105,257
Capital Outlay	11,585,522	158,870	11,744,391	12,184,075
<b>TOTAL EXPENDITURES</b>	<b>11,660,667</b>	<b>158,870</b>	<b>11,819,536</b>	<b>12,295,587</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(9,057,863)</b>	<b>(129,731)</b>	<b>(9,187,593)</b>	<b>(9,698,347)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
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)
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>9,698,347</b>	<b>-</b>	<b>9,698,347</b>	<b>9,698,347</b>
<b>Net Change in Fund Balances</b>	<b>\$ 640,484</b>	<b>(129,731)</b>	<b>510,754</b>	<b>-</b>
Fund Balances-Beginning		640,484		
<b>Fund Balances-Ending</b>		<b>\$ 510,753</b>		



**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment Income:				
Interest Earnings	\$ 1,540,868	1,241	1,542,109	1,543,848
Net increase (decrease) in the fair value of Investments	(175)	174	(1)	-
Miscellaneous:				
Other	624,668	-	624,668	624,668
<b>TOTAL REVENUES</b>	<b>2,165,361</b>	<b>1,415</b>	<b>2,166,776</b>	<b>2,168,516</b>
<b>EXPENDITURES:</b>				
Materials and Supplies	56	-	56	56
Contractual Services	826,645	-	826,645	826,645
Other	65,167	-	65,167	66,906
Capital Outlay	9,630,995	28,203	9,659,198	9,659,199
<b>TOTAL EXPENDITURES</b>	<b>10,522,863</b>	<b>28,203</b>	<b>10,551,066</b>	<b>10,552,806</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,357,502)</b>	<b>(26,788)</b>	<b>(8,384,290)</b>	<b>(8,384,290)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
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
Transfers Out:				
2003 C.O. Issue	(58,000)	-	(58,000)	(58,000)
General Fund	-	(7,854)	(7,854)	(7,854)
Debt Service Fund	-	(2,492)	(2,492)	(2,492)
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>8,394,636</b>	<b>(10,346)</b>	<b>8,384,290</b>	<b>8,384,290</b>
<b>Net Change in Fund Balances</b>	<b>\$ 37,134</b>	<b>(37,134)</b>	<b>-</b>	<b>-</b>
Fund Balances-Beginning		37,134		
<b>Fund Balances-Ending</b>		<b>\$ -</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 385,200	-	385,200	385,200
State	759,062	361,942	1,121,004	6,555,795
Other	553,793	-	553,793	676,638
Investment Income:				
Interest Earnings	3,839,124	306,255	4,145,379	4,061,710
Net increase (decrease) in the fair value of Investments	(25,904)	8,968	(16,936)	-
Discount Earnings	360	12	372	360
Miscellaneous:				
Local Contributions	1,076,892	43,088	1,119,980	1,171,922
Other	173,939	292,629	466,568	473,939
<b>TOTAL REVENUES</b>	<b>6,762,466</b>	<b>1,012,894</b>	<b>7,775,360</b>	<b>13,325,564</b>
<b>EXPENDITURES:</b>				
Contractual Services	1,200	2,769,741	2,770,941	1,200
Capital Outlay	9,174,528	915,175	10,089,703	25,395,754
<b>TOTAL EXPENDITURES</b>	<b>9,175,728</b>	<b>3,684,916</b>	<b>12,860,644</b>	<b>25,396,954</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,413,262)</b>	<b>(2,672,022)</b>	<b>(5,085,284)</b>	<b>(12,071,390)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
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	400,000
Contractual Obligations	58,300	-	58,300	58,300
EDA-DPW Infrastructure	21,905	-	21,905	21,905
1998 C.O. Issue	275,976	73,213	349,189	600,474
2000 C.O. Issue	-	83,840	83,840	326,572
Transit System	100,000	-	100,000	100,000
Bridge System	4,080,928	2,241,934	6,322,862	3,889,475
Municipal Housing Corporation	\$ 1,565,000	1,427,000	2,992,000	2,992,000

(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, 2006**

(Continued)

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
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)
2000 C.O. Issue	(200,000)	-	(200,000)	(200,000)
Bridge System	-	(400,000)	(400,000)	(400,000)
<b>TOTAL OTHER FINANCING SOURCES:</b>	<u>10,484,773</u>	<u>3,425,987</u>	<u>13,910,760</u>	<u>12,071,390</u>
<b>Net Change in Fund Balances</b>	<b>\$ <u>8,071,511</u></b>	<b>753,965</b>	<b><u>8,825,476</u></b>	<b><u>-</u></b>
Fund Balances-Beginning		<u>8,071,511</u>		
<b>Fund Balances-Ending</b>		<b>\$ <u>8,825,476</u></b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment Income:				
Interest Earnings	\$ 166,789	34,294	201,083	159,525
Miscellaneous:				
Reimbursements	15,796	-	15,796	15,795
<b>TOTAL REVENUES</b>	<b>182,585</b>	<b>34,294</b>	<b>216,879</b>	<b>175,320</b>
<b>EXPENDITURES:</b>				
Contractual Services	2,425	-	2,425	2,425
Debt Service	225,000	-	225,000	225,000
Other	-	-	-	22,003
Capital Outlay	4,478,536	88,578	4,567,114	5,228,463
<b>TOTAL EXPENDITURES</b>	<b>4,705,961</b>	<b>88,578</b>	<b>4,794,539</b>	<b>5,477,891</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(4,523,376)</b>	<b>(54,284)</b>	<b>(4,577,660)</b>	<b>(5,302,571)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
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)
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>5,302,571</b>	<b>-</b>	<b>5,302,571</b>	<b>5,302,571</b>
<b>Net Change in Fund Balances</b>	<b>\$ 779,195</b>	<b>(54,284)</b>	<b>724,911</b>	<b>-</b>
Fund Balances-Beginning		779,195		
<b>Fund Balances-Ending</b>		<b>\$ 724,911</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
Transportation Grant	\$ 554,141	21,246	575,387	571,200
Miscellaneous:				
Local Contributions	157,800	-	157,800	157,800
<b>TOTAL REVENUES</b>	<u>711,941</u>	<u>21,246</u>	<u>733,187</u>	<u>729,000</u>
<b>EXPENDITURES:</b>				
Contractual Services	79,460	-	79,460	79,460
Capital Outlay	632,481	19,950	652,431	649,540
<b>TOTAL EXPENDITURES</b>	<u>711,941</u>	<u>19,950</u>	<u>731,891</u>	<u>729,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>1,296</u>	<u>1,296</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer Out:				
Community Development	-	(1,296)	(1,296)	-
<b>TOTAL OTHER FINANCING SOURCES:</b>	<u>-</u>	<u>(1,296)</u>	<u>(1,296)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		-		
<b>Fund Balances-Ending</b>		<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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
EDA Grant	\$ 907,602	-	907,602	1,000,000
Miscellaneous:				
Local Contributions	<u>407,763</u>	<u>42,237</u>	<u>450,000</u>	<u>450,000</u>
<b>TOTAL REVENUES</b>	<u><b>1,315,365</b></u>	<u><b>42,237</b></u>	<u><b>1,357,602</b></u>	<u><b>1,450,000</b></u>
<b>EXPENDITURES:</b>				
Contractual Services	169,619	-	169,619	169,621
Other	-	42,237	42,237	134,633
Capital Outlay	<u>1,145,746</u>	<u>-</u>	<u>1,145,746</u>	<u>1,145,746</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,315,365</b></u>	<u><b>42,237</b></u>	<u><b>1,357,602</b></u>	<u><b>1,450,000</b></u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ <u>-</u></b>	<b>-</b>	<b><u>-</u></b>	<b><u>-</u></b>
Fund Balances-Beginning		<u>-</u>		
<b>Fund Balances-Ending</b>		<b>\$ <u>-</u></b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment Income:				
Interest Earnings	\$ 127,929	34,805	162,734	164,578
Net increase (decrease) in the fair value of Investments	(8,515)	6,469	(2,046)	-
Miscellaneous:				
Local Contributions	31,023	-	31,023	31,023
Reimbursements	16,146	-	16,146	16,146
<b>TOTAL REVENUES</b>	<b>166,583</b>	<b>41,274</b>	<b>207,857</b>	<b>211,747</b>
<b>EXPENDITURES:</b>				
Contractual Services	780	-	780	780
Other	70,000	-	70,000	84,122
Capital Outlay	2,354,144	1,090,436	3,444,580	3,694,845
<b>TOTAL EXPENDITURES</b>	<b>2,424,924</b>	<b>1,090,436</b>	<b>3,515,360</b>	<b>3,779,747</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,258,341)</b>	<b>(1,049,162)</b>	<b>(3,307,503)</b>	<b>(3,568,000)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Issues	3,510,000	-	3,510,000	3,510,000
Transfer In:				
Fire Training Facility	58,000	-	58,000	58,000
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>3,568,000</b>	<b>-</b>	<b>3,568,000</b>	<b>3,568,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,309,659</b>	<b>(1,049,162)</b>	<b>260,497</b>	<b>-</b>
Fund Balances-Beginning		1,309,659		
<b>Fund Balances-Ending</b>		<b>\$ 260,497</b>		

**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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Interest Earnings	\$ 438,435	538,357	976,792	414,632
Other	<u>-</u>	<u>10,626</u>	<u>10,626</u>	<u>285,525</u>
<b>TOTAL REVENUES</b>	<u><b>438,435</b></u>	<u><b>548,983</b></u>	<u><b>987,418</b></u>	<u><b>700,157</b></u>
<b>EXPENDITURES:</b>				
Materials and Supplies	-	83,842	83,842	85,465
Other	256,525	-	256,525	391,820
Capital Outlay	<u>408,462</u>	<u>5,165,561</u>	<u>5,574,023</u>	<u>12,847,872</u>
<b>TOTAL EXPENDITURES</b>	<u><b>664,987</b></u>	<u><b>5,249,403</b></u>	<u><b>5,914,390</b></u>	<u><b>13,325,157</b></u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u><b>(226,552)</b></u>	<u><b>(4,700,420)</b></u>	<u><b>(4,926,972)</b></u>	<u><b>(12,625,000)</b></u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Issues	15,625,000	-	15,625,000	15,625,000
Transfer Out: Communication System Fund	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
<b>TOTAL OTHER FINANCING SOURCES:</b>	<u><b>15,625,000</b></u>	<u><b>(3,000,000)</b></u>	<u><b>12,625,000</b></u>	<u><b>12,625,000</b></u>
<b>Net Change in Fund Balances</b>	<u><b>\$ 15,398,448</b></u>	<u><b>(7,700,420)</b></u>	<u><b>7,698,028</b></u>	<u><b>-</b></u>
Fund Balances-Beginning		<u>15,398,448</u>		
<b>Fund Balances-Ending</b>		<u><b>\$ 7,698,028</b></u>		



**CITY OF LAREDO, TEXAS**  
**CERTIFICATE OF OBLIGATION 2006 ISSUE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment Income:				
Interest Earnings	\$ -	300,258	300,258	74,690
<b>TOTAL REVENUES</b>	<u>-</u>	<u>300,258</u>	<u>300,258</u>	<u>74,690</u>
Other	-	327,891	327,891	50,799
Capital Outlay	-	1,287,548	1,287,548	16,689,428
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>1,615,439</u>	<u>1,615,439</u>	<u>16,740,227</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(1,315,181)</u>	<u>(1,315,181)</u>	<u>(16,665,537)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Issues	-	17,320,000	17,320,000	16,992,109
Transfer Out:				
Capital Improvements Fund	-	(83,840)	(83,840)	(326,572)
<b>TOTAL OTHER FINANCING SOURCES:</b>	<u>-</u>	<u>17,236,160</u>	<u>17,236,160</u>	<u>16,665,537</u>
<b>Net Change in Fund Balances</b>	\$ <u>-</u>	<u>15,920,979</u>	<u>15,920,979</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
<b>Fund Balances-Ending</b>		\$ <u>15,920,979</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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
State	\$ -	10,210	10,210	4,385,073
Webb County	-	104,800	104,800	375,000
Miscellaneous:				
Contributions and Donations	-	-	-	5,000,000
<b>TOTAL REVENUES</b>	<u>-</u>	<u>115,010</u>	<u>115,010</u>	<u>9,760,073</u>
<b>EXPENDITURES:</b>				
Contractual Services	-	18,150	18,150	30,614
Capital Outlay	-	104,800	104,800	9,878,000
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>122,950</u>	<u>122,950</u>	<u>9,908,614</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(7,940)</u>	<u>(7,940)</u>	<u>(148,541)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer In:				
General Fund	-	148,541	148,541	148,541
<b>TOTAL OTHER FINANCING SOURCES:</b>	<u>-</u>	<u>148,541</u>	<u>148,541</u>	<u>148,541</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>140,601</u>	<u>140,601</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
<b>Fund Balances-Ending</b>		<u>\$ 140,601</u>		

**CITY OF LAREDO, TEXAS  
CAPITAL GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
HUD Grant	\$ -	7,103	7,103	198,400
TxDot Grant	-	-	-	1,750,000
<b>TOTAL REVENUES</b>	<u>-</u>	<u>7,103</u>	<u>7,103</u>	<u>1,948,400</u>
<b>EXPENDITURES:</b>				
Other	-	-	-	1,750,000
Capital Outlay	-	7,103	7,103	198,400
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>7,103</u>	<u>7,103</u>	<u>1,948,400</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ <u>-</u>	-	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
<b>Fund Balances-Ending</b>		\$ <u>-</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, 2006**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
South TX Interoperability Project	\$ -	1,200,000	1,200,000	1,200,000
<b>TOTAL REVENUES</b>	<u>-</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
<b>EXPENDITURES:</b>				
Personnel Services	-	18,433	18,433	18,866
Contractual Services	-	66,798	66,798	76,799
Capital Outlay	-	6,879,563	6,879,563	7,025,365
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>6,964,794</u>	<u>6,964,794</u>	<u>7,121,030</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(5,764,794)</u>	<u>(5,764,794)</u>	<u>(5,921,030)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In:				
General Fund	-	93,933	93,933	99,731
Community Development	-	17,171	17,171	17,231
Airport	-	81,411	81,411	81,697
Environmental Services	-	51,526	51,526	51,707
Parking Meters	-	39,163	39,163	39,301
Transit System	-	369,969	369,969	371,270
Bridge System	-	227,400	227,400	228,200
Municipal Housing Corporation	-	17,489	17,489	17,547
Solid Waste Fund	-	156,079	156,079	156,591
Waterworks System	-	100,552	100,552	100,887
Sewer System	-	100,552	100,552	100,887
Fleet Management	-	49,467	49,467	49,641
Risk Management	-	6,318	6,318	6,340
2005 C.O. Issue	-	3,000,000	3,000,000	3,000,000
Capital Leases	-	1,600,000	1,600,000	1,600,000
<b>TOTAL OTHER FINANCING SOURCES:</b>	<u>-</u>	<u>5,911,030</u>	<u>5,911,030</u>	<u>5,921,030</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>146,236</u>	<u>146,236</u>	<u>-</u>
Fund Balances-Beginning		-		
<b>Fund Balances-Ending</b>		<u>\$ 146,236</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Investment Income:						
Interest Earnings	\$ 1,500	1,500	2,671	-	2,671	1,171
Net increase (decrease) in the fair value of Investments	-	-	77	-	77	77
<b>TOTAL REVENUES</b>	<b>1,500</b>	<b>1,500</b>	<b>2,748</b>	<b>-</b>	<b>2,748</b>	<b>1,248</b>
<b>EXPENDITURES:</b>						
Materials and Supplies	500	500	-	-	-	500
Contractual Services	800	800	-	-	-	800
<b>TOTAL EXPENDITURES</b>	<b>1,300</b>	<b>1,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,300</b>
Excess (Deficiency) of Revenues Over Expenditures	200	200	2,748	-	2,748	2,548
Fund Balances at Beginning of Year	60,773	62,465	62,465	-	62,465	-
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 60,973</b>	<b>62,665</b>	<b>65,213</b>	<b>-</b>	<b>65,213</b>	<b>2,548</b>

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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, 2006**

	<u>RISK MANAGEMENT</u>	<u>HEALTH &amp; BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash	\$ -	-	400	400
Equity in Investment Pool	14,757	11,735	2,248	28,740
Investments	2,912,640	2,319,833	455,121	5,687,594
Accounts Receivable	285	-	13,585	13,870
Accrued Interest Receivable	17,800	14,177	2,781	34,758
Inventory	-	-	305,005	305,005
Prepaid items	209,000	28,383	-	237,383
Total Current Assets	<u>3,154,482</u>	<u>2,374,128</u>	<u>779,140</u>	<u>6,307,750</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	1,188	-	654,948	656,136
Transportation Vehicles and Equipment	33,239	17,217	750,634	801,090
Less Accumulated Depreciation	<u>(25,108)</u>	<u>(14,971)</u>	<u>(810,772)</u>	<u>(850,851)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>9,319</u>	<u>2,246</u>	<u>594,810</u>	<u>606,375</u>
<b>TOTAL ASSETS</b>	<b><u>3,163,801</u></b>	<b><u>2,376,374</u></b>	<b><u>1,373,950</u></b>	<b><u>6,914,125</u></b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	272,035	446,173	322,738	1,040,946
Claims and Judgments Payable	1,372,269	1,552,241	-	2,924,510
Accrued Wages and Employee Benefits	8,287	7,720	30,565	46,572
Compensated Absences	<u>10,355</u>	<u>3,663</u>	<u>49,465</u>	<u>63,483</u>
Total Current Liabilities	<u>1,662,946</u>	<u>2,009,797</u>	<u>402,768</u>	<u>4,075,511</u>
Noncurrent Liabilities:				
Compensated Absences	<u>8,818</u>	<u>1,420</u>	<u>77,610</u>	<u>87,848</u>
Total Noncurrent Liabilities	<u>8,818</u>	<u>1,420</u>	<u>77,610</u>	<u>87,848</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,671,764</u></b>	<b><u>2,011,217</u></b>	<b><u>480,378</u></b>	<b><u>4,163,359</u></b>
<b>NET ASSETS</b>				
Invested in Capital Assets	9,319	2,246	594,810	606,375
Unrestricted	<u>1,482,718</u>	<u>362,911</u>	<u>298,762</u>	<u>2,144,391</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,492,037</u></b>	<b><u>365,157</u></b>	<b><u>893,572</u></b>	<b><u>2,750,766</u></b>

**CITY OF LAREDO, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006**

	<b>RISK MANAGEMENT</b>	<b>HEALTH &amp; BENEFITS</b>	<b>FLEET MANAGEMENT</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 5,346,036	13,104,988	6,792,194	25,243,218
Reimbursements	55,134	1,316,691	51,011	1,422,836
<b>TOTAL OPERATING REVENUES</b>	<b>5,401,170</b>	<b>14,421,679</b>	<b>6,843,205</b>	<b>26,666,054</b>
<b>OPERATING EXPENSES:</b>				
Cost of Services	4,404,465	13,153,014	4,353,921	21,911,400
Personnel Services	433,059	399,404	1,689,090	2,521,553
Materials and Supplies	53,495	43,247	93,160	189,902
Contractual Services	247,260	512,274	336,017	1,095,551
Other	-	-	3,600	3,600
Depreciation	5,564	642	55,612	61,818
<b>TOTAL OPERATING EXPENSES</b>	<b>5,143,843</b>	<b>14,108,581</b>	<b>6,531,400</b>	<b>25,783,824</b>
Operating Income (Loss)	257,327	313,098	311,805	882,230
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment Income:				
Interest Earnings	47,776	78,330	9,561	135,667
Net Increase (Decrease) in the Fair Value of Investments	3,217	(3,344)	(459)	(586)
Discount Earnings	-	-	667	667
Gain/(Loss) on Sale of Assets	-	-	1,378	1,378
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>50,993</b>	<b>74,986</b>	<b>11,147</b>	<b>137,126</b>
Income Before Contributions and Transfers	308,320	388,084	322,952	1,019,356
Transfers Out	(20,410)	-	(49,467)	(69,877)
Change in Net Assets	287,910	388,084	273,485	949,479
Total Net Assets - Beginning	1,204,127	(22,927)	620,087	1,801,287
<b>TOTAL NET ASSETS- ENDING</b>	<b>\$ 1,492,037</b>	<b>365,157</b>	<b>893,572</b>	<b>2,750,766</b>

**CITY OF LAREDO, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year ended September 30, 2006**

	<u>RISK MANAGEMENT</u>	<u>HEALTH &amp; BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>TOTAL</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 54,849	1,654,657	46,437	1,755,943
Receipts from interfund services provided	5,346,036	13,104,988	6,792,194	25,243,218
Payment to suppliers	(4,051,764)	(13,346,143)	(4,615,013)	(22,012,920)
Payment to employees	(438,147)	(401,807)	(1,691,044)	(2,530,998)
Payment for interfund services used	<u>(165,307)</u>	<u>(465,507)</u>	<u>(177,883)</u>	<u>(808,697)</u>
Net cash provided (used) by operating activities	<u>745,667</u>	<u>546,188</u>	<u>354,691</u>	<u>1,646,546</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer to Other Funds	<u>(20,410)</u>	<u>-</u>	<u>(49,467)</u>	<u>(69,877)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(20,410)</u>	<u>-</u>	<u>(49,467)</u>	<u>(69,877)</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	-	-	(79,339)	(79,339)
Proceeds from sales of capital assets	<u>-</u>	<u>-</u>	<u>1,378</u>	<u>1,378</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(77,961)</u>	<u>(77,961)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from sales and maturity of investments	(755,201)	(610,322)	(234,027)	(1,599,550)
Interest and dividends received	<u>40,914</u>	<u>72,850</u>	<u>8,572</u>	<u>122,336</u>
Net cash provided (used) by investing activities	<u>(714,287)</u>	<u>(537,472)</u>	<u>(225,455)</u>	<u>(1,477,214)</u>
Net increase (decrease) in cash and cash equivalents	10,970	8,716	1,808	21,494
Cash and cash equivalents - October 1, 2005	<u>3,787</u>	<u>3,019</u>	<u>840</u>	<u>7,646</u>
Cash and cash equivalents - September 30, 2006	<u>\$ 14,757</u>	<u>11,735</u>	<u>2,648</u>	<u>29,140</u>
<b>Reconciliation of Operating Income to net cash provided (used) by operating activities:</b>				
Operating income	\$ 257,327	313,098	311,805	882,230
Adjustments to reconcile operating income to net cash provided (used)				
Depreciation expense	5,564	642	55,612	61,818
(Increase) decrease in accounts receivable	(285)	337,966	123,691	461,372
Increase in allowable for uncollectible accounts	-	-	(128,265)	(128,265)
(Increase) decrease in inventories	-	-	(37,979)	(37,979)
(Increase) decrease in prepaid items	31,000	(28,383)	-	2,617
Increase (decrease) in accounts payable	38,186	313,332	31,781	383,299
Increase (decrease) in compensated absences payable	(6,101)	(1,540)	(307)	(7,948)
Increase (decrease) in accrued wages and employee benefits	1,013	(863)	(1,647)	(1,497)
Increase (decrease) in claims and judgements payable	<u>418,963</u>	<u>(388,064)</u>	<u>-</u>	<u>30,899</u>
Total adjustments	<u>488,340</u>	<u>233,090</u>	<u>42,886</u>	<u>764,316</u>
Net cash provided by operating activities	<u>\$ 745,667</u>	<u>546,188</u>	<u>354,691</u>	<u>1,646,546</u>
<b>Noncash investing, capital, and financing activities:</b>				
Increase (decrease) in the fair value of investments	3,217	(3,344)	(459)	(586)

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CITY OF LAREDO, TEXAS  
RISK MANAGEMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
Year ended September 30, 2006

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Budget				
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ 5,946,183	5,946,183	5,346,036	-	5,346,036	(600,147)
Reimbursements	-	-	55,134	-	55,134	55,134
<b>TOTAL OPERATING REVENUES</b>	<b>5,946,183</b>	<b>5,946,183</b>	<b>5,401,170</b>	<b>-</b>	<b>5,401,170</b>	<b>(545,013)</b>
<b>OPERATING EXPENSES:</b>						
Cost of Services	5,030,227	5,037,276	4,404,465	-	4,404,465	632,811
Personnel Services	464,209	464,209	433,059	6,102	439,161	25,048
Materials and Supplies	65,174	70,682	53,495	-	53,495	17,187
Contractual Services	265,182	272,674	247,260	-	247,260	25,414
Other	311,751	285,362	-	-	-	285,362
Depreciation	-	-	5,564	(5,564)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>6,136,543</b>	<b>6,130,203</b>	<b>5,143,843</b>	<b>538</b>	<b>5,144,381</b>	<b>985,822</b>
Operating Income (Loss)	(190,360)	(184,020)	257,327	(538)	256,789	440,809
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment Income:						
Interest Earnings	38,300	38,300	47,776	-	47,776	9,476
Net Increase (Decrease) in the Fair Value of Investments	-	-	3,217	-	3,217	3,217
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>38,300</b>	<b>38,300</b>	<b>50,993</b>	<b>-</b>	<b>50,993</b>	<b>12,693</b>
Income Before Contributions and Transfers	(152,060)	(145,720)	308,320	(538)	307,782	453,502
Transfers Out:						
Debt Service	(14,092)	(14,092)	(14,092)	-	(14,092)	-
Communication System Fund	-	(6,340)	(6,318)	-	(6,318)	22
Change in Net Assets	(166,152)	(166,152)	287,910	(538)	287,372	453,524
Total Net Assets - Beginning	1,204,127	1,204,127	1,204,127	-	1,204,127	-
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 1,037,975</b>	<b>1,037,975</b>	<b>1,492,037</b>	<b>(538)</b>	<b>1,491,499</b>	<b>453,524</b>

**CITY OF LAREDO, TEXAS**  
**RISK MANAGEMENT**  
**STATEMENT OF CASH FLOWS**  
*Year ended September 30, 2006*

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 54,849
Receipts from interfund services provided	5,346,036
Payment to suppliers	(4,051,764)
Payment to employees	(438,147)
Payment for interfund services used	<u>(165,307)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>745,667</u></b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	<u>(20,410)</u>
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b><u>(20,410)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturity of investments	(755,201)
Interest and dividends received	<u>40,914</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>(714,287)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>10,970</b>
<b>Cash and cash equivalents - October 1, 2005</b>	<b><u>3,787</u></b>
<b>Cash and cash equivalents - September 30, 2006</b>	<b>\$ <u><u>14,757</u></u></b>

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

Operating income	\$ <u>257,327</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	5,564
(Increase) decrease in accounts receivable	(285)
(Increase) decrease in prepaid items	31,000
Increase (decrease) in accounts payable	38,186
Increase (decrease) in compensated absences payable	(6,101)
Increase (decrease) in accrued wages and employee benefits	1,013
Increase (decrease) in claims and judgments payable	<u>418,963</u>
<b>Total adjustments</b>	<b><u>488,340</u></b>

<b>Net cash provided by operating activities</b>	<b>\$ <u><u>745,667</u></u></b>
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**Noncash investing, capital, and financing activities:**

Increase (decrease) in the fair value of investments	3,217
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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, 2006

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ 14,208,135	14,208,135	13,104,988	-	13,104,988	(1,103,147)
Reimbursements	800,000	800,000	1,316,691	-	1,316,691	516,691
<b>TOTAL OPERATING REVENUES</b>	<b>15,008,135</b>	<b>15,008,135</b>	<b>14,421,679</b>	<b>-</b>	<b>14,421,679</b>	<b>(586,456)</b>
<b>OPERATING EXPENSES:</b>						
Cost of Services	13,546,450	13,534,700	13,153,014	-	13,153,014	381,686
Personnel Services	398,541	398,541	399,404	1,540	400,944	(2,403)
Materials and Supplies	72,805	84,455	43,247	-	43,247	41,208
Contractual Services	555,410	555,510	512,274	-	512,274	43,236
Other	508,105	508,105	-	-	-	508,105
Depreciation	-	-	642	(642)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>15,081,311</b>	<b>15,081,311</b>	<b>14,108,581</b>	<b>898</b>	<b>14,109,479</b>	<b>971,832</b>
Operating Income (Loss)	(73,176)	(73,176)	313,098	(898)	312,200	385,376
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment Income:						
Interest Earnings	71,000	71,000	78,330	-	78,330	7,330
Net Increase (Decrease) in the Fair Value of Investments	-	-	(3,344)	-	(3,344)	(3,344)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES):</b>	<b>71,000</b>	<b>71,000</b>	<b>74,986</b>	<b>-</b>	<b>74,986</b>	<b>3,986</b>
Change in Net Assets	(2,176)	(2,176)	388,084	(898)	387,186	389,362
Total Net Assets - Beginning	(22,927)	(22,927)	(22,927)	-	(22,927)	-
<b>TOTAL NET ASSETS-ENDING</b>	<b>\$ (25,103)</b>	<b>(25,103)</b>	<b>365,157</b>	<b>(898)</b>	<b>364,259</b>	<b>389,362</b>

**CITY OF LAREDO, TEXAS  
HEALTH AND BENEFITS  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 1,654,657
Receipts from interfund services provided	13,104,988
Payment to suppliers	(13,346,143)
Payment to employees	(401,807)
Payment for interfund services used	<u>(465,507)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>546,188</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturity of investments	(610,322)
Interest and dividends received	<u>72,850</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>(537,472)</u></b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,716</b>
<b>Cash and cash equivalents - October 1, 2005</b>	<b><u>3,019</u></b>
<b>Cash and cash equivalents - September 30, 2006</b>	<b><u>\$ 11,735</u></b>

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

Operating income	\$ <u>313,098</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	642
(Increase) decrease in accounts receivable	337,966
(Increase) decrease in prepaid items	(28,383)
Increase (decrease) in accounts payable	313,332
Increase (decrease) in compensated absences payable	(1,540)
Increase (decrease) in accrued wages and employee benefits	(863)
Increase (decrease) in claims and judgements payable	<u>(388,064)</u>
<b>Total adjustments</b>	<b><u>233,090</u></b>

<b>Net cash provided by operating activities</b>	<b><u>\$ 546,188</u></b>
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**Noncash investing, capital, and financing  
activities:**

Increase (decrease) in the fair value of investments	(3,344)
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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, 2006

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ 6,655,354	6,955,354	6,792,194	-	6,792,194	(163,160)
Reimbursements	28,000	28,000	51,011	-	51,011	23,011
<b>TOTAL OPERATING REVENUES</b>	<b>6,683,354</b>	<b>6,983,354</b>	<b>6,843,205</b>	<b>-</b>	<b>6,843,205</b>	<b>(140,149)</b>
<b>OPERATING EXPENSES:</b>						
Cost of Services	4,252,255	4,583,614	4,353,921	-	4,353,921	229,693
Personnel Services	1,885,549	1,845,549	1,689,090	308	1,689,398	156,151
Materials and Supplies	81,911	107,633	93,160	-	93,160	14,473
Contractual Services	384,490	377,779	336,017	-	336,017	41,762
Other	48,000	-	3,600	(3,600)	-	-
Capital Outlay	95,000	82,989	-	79,339	79,339	3,650
Depreciation	-	-	55,612	(55,612)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>6,747,205</b>	<b>6,997,564</b>	<b>6,531,400</b>	<b>20,435</b>	<b>6,551,835</b>	<b>445,729</b>
Operating Income (Loss)	(63,851)	(14,210)	311,805	(20,435)	291,370	305,580
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment Income:						
Interest Earnings	2,900	2,900	9,561	-	9,561	6,661
Net Increase (Decrease) in the Fair Value of Investments	-	-	(459)	-	(459)	(459)
Discount Earnings	-	-	667	-	667	667
Gain/(Loss) on Sale of Assets	607	607	1,378	-	1,378	771
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>3,507</b>	<b>3,507</b>	<b>11,147</b>	<b>-</b>	<b>11,147</b>	<b>7,640</b>
Income Before Contributions and Transfers	(60,344)	(10,703)	322,952	(20,435)	302,517	313,220
Transfer Out:						
Communication Systems Fund	-	(49,641)	(49,467)	-	(49,467)	174
Change in Net Assets	(60,344)	(60,344)	273,485	(20,435)	253,050	313,394
Total Net Assets - Beginning	620,087	620,087	620,087	-	620,087	-
<b>TOTAL NET ASSETS- ENDING</b>	<b>\$ 559,743</b>	<b>559,743</b>	<b>893,572</b>	<b>(20,435)</b>	<b>873,137</b>	<b>313,394</b>

**CITY OF LAREDO, TEXAS  
FLEET MANAGEMENT FUND  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 46,437
Receipts from interfund services provided	6,792,194
Payment to suppliers	(4,615,013)
Payment to employees	(1,691,044)
Payment for interfund services used	<u>(177,883)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>354,691</u></b>

**CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	<u>(49,467)</u>
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b><u>(49,467)</u></b>

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

Purchase of capital assets	(79,339)
Proceeds from sales of capital assets	<u>1,378</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<b><u>(77,961)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturity of investments	(234,027)
Interest and dividends received	<u>8,572</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>(225,455)</u></b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,808</b>
<b>Cash and cash equivalents - October 1, 2005</b>	<b><u>840</u></b>

<b>Cash and cash equivalents - September 30, 2006</b>	<b>\$ <u>2,648</u></b>
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**Reconciliation of Operating income to net cash provided (used) by operating activities:**

Operating income	\$ <u>311,805</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	55,612
(Increase) decrease in accounts receivable	123,691
Increase in allowable for uncollectible accounts	(128,265)
(Increase) decrease in inventories	(37,979)
Increase (decrease) in accounts payable	31,781
Increase (decrease) in compensated absences payable	(307)
Increase (decrease) in accrued wages and employee benefits	<u>(1,647)</u>
<b>Total adjustments</b>	<b><u>42,886</u></b>

<b>Net cash provided by operating activities</b>	<b>\$ <u>354,691</u></b>
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**Noncash investing, capital, and financing activities:**

Increase (decrease) in the fair value of investments	(459)
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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, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 52,949,889	45,405,076
Buildings	122,849,101	121,914,646
Improvements Other Than Buildings	345,875,681	336,095,435
Vehicles	37,557,117	36,260,907
Machinery & Equipment	20,405,224	12,463,778
Construction in Progress	19,793,422	10,908,687
<b>Total Governmental Funds Capital Assets</b>	<u><b>599,430,434</b></u>	<u><b>563,048,529</b></u>

**Investments in Governmental Funds Capital Assets by Source:**

General Fund	264,675,062	264,456,797
Special Revenue Funds	151,725,119	140,621,596
Capital Projects Funds	183,030,253	157,970,136
<b>Total Investments in Governmental Funds \$</b>	<u><b>599,430,434</b></u>	<u><b>563,048,529</b></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 Operations of Governmental Funds**  
**Schedule by Function and Activity (1)**  
**For The Year Ended September 30, 2006**

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS		TRANSPORTATION	MACHINERY & EQUIPMENT
				O/T BLDGS			
General Government:							
Mayor and City Council	\$ 9,908	-	-	-		9,908	-
City Manager	5,003	-	-	-		-	5,003
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	79,269	-	-	-		-	79,269
Personnel	8,867	-	-	-		-	8,867
City Planning	92,442	-	-	-		15,125	77,317
Finance	254,479	18,574	-	-		-	235,905
Real Estate	234,600	234,600	-	-		-	-
City Hall Maintenance	3,180,744	2,983,246	112,093	-		-	85,405
Engineering	369,268	-	-	-		350,544	18,724
Management Info. Systems	528,274	-	-	-		-	528,274
Community Development	11,605,582	4,543,281	1,351,295	4,613,143		967,726	130,137
Telecommunications	310,354	-	-	-		15,740	294,614
General Government	17,204,750	7,819,682	1,495,288	4,613,268		1,531,270	1,745,242
Public Safety:							
Police	8,827,812	-	6,128,576	-		2,165,927	533,309
Police Trust Fund	10,803,121	-	685,834	-		8,748,617	1,368,670
Auto Theft Task Force	125,296	-	-	-		30,929	94,367
Narcotics	691,234	-	-	-		483,454	207,780
Financial Task Force	183,236	-	-	-		10,204	173,032
Special Police	1,602,353	-	-	-		-	1,602,353
Laredo Border Violence	267,877	-	-	-		240,947	26,930
Homeland Security Grant	282,634	-	-	-		190,246	92,388
Fire	9,243,548	767,503	1,268,087	-		6,374,078	833,880
Hazardous Materials	62,690	-	9,085	-		53,605	-
Parking Meters	3,048,762	1,022,041	54,822	1,764,147		113,092	94,660
911 Administration	509,210	-	-	-		-	509,210
911 - General Fund	33,590	-	-	-		33,590	-
Communications	6,879,563	-	-	-		-	6,879,563
Traffic Safety	7,985,066	-	38,724	7,461,925		378,819	105,598
Public Safety	50,545,992	1,789,544	8,185,128	9,226,072		18,823,508	12,521,740
Public Works:							
Capital Improvements Projects	59,927,956	693,713	899,007	57,790,555		399,253	145,428
1998 C.O. Issue	1,424,242	108,232	864,429	-		451,581	-
Infrastructure Maint.	183,733	-	-	105,993		62,760	14,980
DPW	7,956,450	-	7,956,450	-		-	-
Keep Laredo Beautiful	20,500	-	-	-		20,500	-
New Fire Stations	2,741,302	-	2,148,486	-		592,816	-
Fire Training Facility	1,780,723	455,769	1,129,117	-		28,287	167,550
2000 CO Issue	7,211,192	933,792	3,278,920	2,998,480		-	-
Colonias Project	1,196,245	-	-	1,196,245		-	-
LEC Construction Project	33,348,399	258,500	33,089,899	-		-	-
2002 CO Issue	4,548,595	4,548,595	-	-		-	-
2003 CO Issue	31,023	31,023	-	-		-	-
2005 CO Issue	1,762,565	711,583	-	-		1,050,982	-
2006 CO Issue	522,000	-	-	522,000		-	-
FAA-Noise Abatement	16,529,706	15,190,811	1,338,895	-		-	-
Airport Const. Fund.	28,511,213	1,136,564	1,049,636	23,607,342		779,609	1,938,062
Ryan Street Railroad Bridge	668,019	-	-	668,019		-	-
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524		-	-
Contractual Obligations	7,367,032	-	776,528	-		5,689,456	901,048
Public Works	219,401,266	3,930,255	3,769,003	205,724,126		5,896,455	81,427
Public Works	\$ 396,290,685	27,998,837	56,300,370	293,771,284		14,971,699	3,248,495
(Continued)							

(Continued)

**CITY OF LAREDO, TEXAS**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule by Function and Activity (1)**  
**For The Year Ended September 30, 2006**

(Continued)

<b>FUNCTION AND ACTIVITY</b>	<b>TOTAL</b>	<b>LAND</b>	<b>BUILDINGS</b>	<b>IMPROVEMENTS O/T BLDGS</b>	<b>TRANSPORTATION</b>	<b>MACHINERY &amp; EQUIPMENT</b>
Health & Welfare:						
Health	\$ 4,474,030	421,278	2,528,472	-	407,738	1,116,542
Noise Abtm. Lease	21,280	-	-	-	21,280	-
Environmental Services	6,399,811	880,214	107,853	4,818,117	490,208	103,419
Health & Welfare	10,895,121	1,301,492	2,636,325	4,818,117	919,226	1,219,961
Cultural & Recreational:						
Parks & Recreation	6,315,169	3,110,486	2,548,793	2,000	574,627	79,263
Library	6,877,338	-	6,268,902	33,000	69,770	505,666
New Public Library	56,167	-	22,346	-	-	33,821
Cemetery	109,471	-	7,900	-	84,839	16,732
Friends of the Library	545,244	-	-	-	-	545,244
Civic Center	1,587,397	-	1,407,124	6,118	40,082	134,073
Public Access Channel	1,665,443	-	1,401,518	-	46,467	217,458
Mercado	1,166,850	-	1,162,235	-	4,615	-
Convention & Visitor's Bureau	77,238	-	17,300	-	59,938	-
Sports & Community Venue	4,643,905	4,604,851	39,054	-	-	-
West Martin Stadium	371,541	-	340,396	-	-	31,145
Cultural & Recreational	23,415,763	7,715,337	13,215,568	41,118	880,338	1,563,402
Air Transportation Services:						
Airport	81,284,701	6,324,997	41,016,422	33,405,822	431,076	106,384
Air Transportation Services	81,284,701	6,324,997	41,016,422	33,405,822	431,076	106,384
<b>Total Assets in service</b>	<b>579,637,012</b>	<b>52,949,889</b>	<b>122,849,101</b>	<b>345,875,681</b>	<b>37,557,117</b>	<b>20,405,224</b>
Construction in Progress	19,793,422					
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 599,430,434</b>					

(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)**  
**For The Year Ended September 30, 2006**

<b>FUNCTION AND ACTIVITY</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>ADDITIONS</b>	<b>DISPOSALS/ TRANSFERS</b>	<b>BALANCE AT END OF YEAR</b>
<b>General Government:</b>				
Mayor and City Council	\$ 9,908	-	-	9,908
City Manager	14,703	-	(9,700)	5,003
Municipal Court	294,167	-	-	294,167
Building Inspections	194,227	-	-	194,227
City Attorney	125	-	-	125
City Secretary	37,441	-	-	37,441
Tax Office	67,374	11,895	-	79,269
Personnel	8,867	-	-	8,867
City Planning	92,442	-	-	92,442
Finance	249,313	5,166	-	254,479
Real Estate	234,600	-	-	234,600
City Hall Maintenance	3,177,287	3,457	-	3,180,744
Engineering	376,930	-	(7,662)	369,268
Management Info. Systems	349,857	168,717	9,700	528,274
Community Development	9,873,895	1,731,687	-	11,605,582
Telecommunications	310,354	-	-	310,354
<b>General Government</b>	<b>15,291,490</b>	<b>1,920,922</b>	<b>(7,662)</b>	<b>17,204,750</b>
<b>Public Safety:</b>				
Police	8,803,520	24,292	-	8,827,812
Police Trust Fund	10,711,482	91,639	-	10,803,121
Auto Theft Task Force	102,457	22,839	-	125,296
Narcotics	691,234	-	-	691,234
Financial Task Force	173,504	9,732	-	183,236
Special Police	1,540,124	62,229	-	1,602,353
Laredo Border Violence	267,877	-	-	267,877
Homeland Security Grant	233,398	49,236	-	282,634
Fire	9,222,634	20,914	-	9,243,548
Hazardous Materials	62,690	-	-	62,690
Parking Meters	2,954,422	94,340	-	3,048,762
911 Administration	453,183	56,027	-	509,210
911 - General Fund	-	33,590	-	33,590
Communications	-	6,879,563	-	6,879,563
Traffic Safety	7,978,799	20,488	(14,221)	7,985,066
<b>Public Safety</b>	<b>43,195,324</b>	<b>7,364,889</b>	<b>(14,221)</b>	<b>50,545,992</b>
<b>Public Works:</b>				
Capital Improvements Project	59,637,785	290,171	-	59,927,956
1998 CO Issue	1,316,010	108,232	-	1,424,242
Infrastructure Maint.	183,733	-	-	183,733
DPW	7,956,450	-	-	7,956,450
Keep Laredo Beautiful	-	20,500	-	20,500
New Fire Stations	2,741,302	-	-	2,741,302
Fire Training Facility	1,752,436	28,287	-	1,780,723
2000 CO Issue	7,205,465	5,727	-	7,211,192
Colonias Project	1,196,245	-	-	1,196,245
LEC Construction Project	33,348,399	-	-	33,348,399
2002 CO Issue	4,460,017	88,578	-	4,548,595
2003 CO Issue	31,023	-	-	31,023
2005 CO Issue	18,866	1,743,699	-	1,762,565
2006 CO Issue	-	522,000	-	522,000
FAA-Noise Abatement	12,145,956	4,025,514	358,236	16,529,706
Airport Construction Fund	20,756,364	7,754,849	-	28,511,213
Ryan Street Railroad Bridge	648,069	19,950	-	668,019
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524
Contractual Obligation	7,229,318	137,714	-	7,367,032
<b>Public Works</b>	<b>219,547,481</b>	<b>-</b>	<b>(146,215)</b>	<b>219,401,266</b>
<b>Public Works</b>	<b>\$ 381,333,443</b>	<b>14,745,221</b>	<b>212,021</b>	<b>396,290,685</b>

(Continued)



**CITY OF LAREDO, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity (1)**  
**For The Year Ended September 30, 2006**

FUNCTION AND ACTIVITY	(Continued)			
	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
Health & Welfare:				
Health	\$ 4,425,910	50,362	(2,242)	4,474,030
Noise Abatement Lease	21,280	-	-	21,280
Environmental Services	6,237,865	169,492	(7,546)	6,399,811
Health & Welfare	10,685,055	219,854	(9,788)	10,895,121
Cultural & Recreational:				
Parks & Recreation	6,294,561	12,946	7,662	6,315,169
Library	6,849,338	28,000	-	6,877,338
New Public Library	56,167	-	-	56,167
Cemetery	109,471	-	-	109,471
Friends of the Library	130,074	415,170	-	545,244
Civic Center	1,539,897	47,500	-	1,587,397
Public Access Channel	1,671,562	-	(6,119)	1,665,443
Mercado	1,166,850	-	-	1,166,850
Convention & Visitors Bureau	70,877	-	6,361	77,238
Sports & Community Venue	3,973,233	670,672	-	4,643,905
West Martin Stadium	347,490	24,051	-	371,541
Cultural & Recreational	22,209,520	1,198,339	7,904	23,415,763
Air Transportation Services:				
Airport	79,412,112	1,872,589	-	81,284,701
Air Transportation Services	79,412,112	1,872,589	-	81,284,701
Total Assets In Service	552,126,944	27,321,814	188,254	579,637,012
Construction in Progress	10,921,585	9,230,073	(358,236)	19,793,422
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 563,048,529</b>	<b>36,551,887</b>	<b>(169,982)</b>	<b>599,430,434</b>

(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 210 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 61,772 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 58,796 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, 2006

	<b>MUNICIPAL HOUSING CORPORATION</b>	<b>LAREDO WATER CORPORATION</b>	<b>TOTALS</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash	\$ 200	-	200
Equity in Investment Pool	2,099	-	2,099
Investments	415,492	-	415,492
Receivable:			
Accrued Interest	2,539	-	2,539
Accounts	32,341	-	32,341
Total Current Assets	452,671	-	452,671
Capital Assets:			
Transportation Vehicles and Equipment	144,968	-	144,968
Buildings	3,623,431	-	3,623,431
Improvements	131,361	-	131,361
Land and Improvements	278,885	-	278,885
Less Accumulated Depreciation	(2,914,261)	-	(2,914,261)
Total Capital Assets (net of accumulated depreciation)	1,264,384	-	1,264,384
Total Noncurrent Assets	1,264,384	-	1,264,384
<b>TOTAL ASSETS</b>	<b>\$ 1,717,055</b>	<b>-</b>	<b>1,717,055</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 11,770	-	11,770
Accrued Wages and Employee Benefits	8,788	-	8,788
Compensated Absences	11,929	-	11,929
Tenant Deposits	72,931	-	72,931
Deferred Revenue	4,768	-	4,768
Total Current Liabilities	110,186	-	110,186
Noncurrent Liabilities:			
Compensated Absences	4,982	-	4,982
Total Noncurrent Liabilities	4,982	-	4,982
<b>TOTAL LIABILITIES</b>	<b>115,168</b>	<b>-</b>	<b>115,168</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,264,384	-	1,264,384
Unrestricted	337,503	-	337,503
<b>TOTAL NET ASSETS</b>	<b>\$ 1,601,887</b>	<b>-</b>	<b>1,601,887</b>

**CITY OF LAREDO, TEXAS**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**Year ended September 30, 2006**

	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 65,451	-	65,451
Rental of Facilities	1,151,245	-	1,151,245
Miscellaneous	47,917	-	47,917
<b>TOTAL OPERATING REVENUES</b>	<b>1,264,613</b>	<b>-</b>	<b>1,264,613</b>
<b>OPERATING EXPENSES:</b>			
Personnel Services	451,595	-	451,595
Materials and Supplies	100,970	-	100,970
Contractual Services	288,214	-	288,214
Other	47,516	-	47,516
Total Operating Expenses Before Depreciation	888,295	-	888,295
Depreciation Expense	113,498	-	113,498
<b>TOTAL OPERATING EXPENSES</b>	<b>1,001,793</b>	<b>-</b>	<b>1,001,793</b>
Operating Income (Loss)	262,820	-	262,820
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income:			
Interest Earnings	49,938	-	49,938
Net Increase (Decrease) in Fair Value of Investment	3,599	-	3,599
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>53,537</b>	<b>-</b>	<b>53,537</b>
Income (Loss) Before Contributions and Transfers	316,357	-	316,357
Transfers Out:			
Capital Improvements Fund	(1,427,000)	-	(1,427,000)
Communication System Fund	(17,489)	-	(17,489)
Change in Net Assets	(1,128,132)	-	(1,128,132)
Total Net Assets-Beginning	2,730,019	-	2,730,019
<b>Total Net Assets-Ending</b>	<b>\$ 1,601,887</b>	<b>-</b>	<b>1,601,887</b>

**CITY OF LAREDO, TEXAS**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year ended September 30, 2006**

	<b>MUNICIPAL HOUSING CORPORATION</b>	<b>LAREDO WATER CORPORATION</b>	<b>TOTALS</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 1,245,310	-	1,245,310
Payments to suppliers	(316,228)	-	(316,228)
Payments to employees	(451,364)	-	(451,364)
Payments for interfund services used	(125,774)	-	(125,774)
<b>Net cash provided (used) by operating activities</b>	<b>351,944</b>	<b>-</b>	<b>351,944</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer to other funds	(1,444,489)	-	(1,444,489)
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(1,444,489)</b>	<b>-</b>	<b>(1,444,489)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of capital assets	(13,680)	-	(13,680)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(13,680)</b>	<b>-</b>	<b>(13,680)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sales and maturities of investments	1,050,895	-	1,050,895
Interest and dividends received	54,826	-	54,826
<b>Net cash provided (used) by investing activities</b>	<b>1,105,721</b>	<b>-</b>	<b>1,105,721</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(504)</b>	<b>-</b>	<b>(504)</b>
<b>Cash and cash equivalents, October 1</b>	<b>2,803</b>	<b>-</b>	<b>2,803</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 2,299</b>	<b>-</b>	<b>2,299</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income	\$ 262,820	-	262,820
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	113,498	-	113,498
(Increase) decrease in accounts receivable	(24,418)	-	(24,418)
Increase in allowance for uncollectible accounts	5,517	-	5,517
Increase in customer deposits	1,811	-	1,811
Increase (decrease) in accounts payable	(5,302)	-	(5,302)
Increase (decrease) in deferred revenues	(2,213)	-	(2,213)
Increase (decrease) in compensated absences payable	78	-	78
Increase (decrease) in accrued wages and employee benefits	153	-	153
<b>Total adjustments</b>	<b>89,124</b>	<b>-</b>	<b>89,124</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 351,944</b>	<b>-</b>	<b>351,944</b>
<b>Noncash investing, capital, and financing activities:</b>			
Increase (Decrease) in fair value of investments	3,599	-	3,599

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**CITY OF LAREDO, TEXAS  
MUNICIPAL TRANSIT SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 2,594,146	2,594,146	2,761,253	-	2,761,253	167,107
Miscellaneous	102,293	102,293	196,660	-	196,660	94,367
Rental of Facilities	496,260	496,260	509,825	-	509,825	13,565
TOTAL OPERATING REVENUES	3,192,699	3,192,699	3,467,738	-	3,467,738	275,039
OPERATING EXPENSES:						
Opt-Fixed Route:						
Personnel Services	5,188,026	5,020,313	5,016,901	7,368	5,024,269	(3,956)
Materials and Supplies	956,965	1,140,616	1,087,468	-	1,087,468	53,148
Contractual Services	307,819	252,128	239,472	-	239,472	12,656
Other	58,000	48,500	34,842	-	34,842	13,658
Total Opt-Fixed Route	6,510,810	6,461,557	6,378,683	7,368	6,386,051	75,506
Opt-Para Transit:						
Personnel Services	814,526	839,486	842,862	101	842,963	(3,477)
Materials and Supplies	70,976	134,910	123,466	-	123,466	11,444
Contractual Services	92,128	65,024	61,893	-	61,893	3,131
Other	12,200	11,700	11,393	-	11,393	307
Total Opt-Para Transit	989,830	1,051,120	1,039,614	101	1,039,715	11,405
Maint-Fixed Route:						
Personnel Services	1,380,598	1,287,425	1,295,197	(7,967)	1,287,230	195
Materials and Supplies	673,250	989,779	967,865	-	967,865	21,914
Contractual Services	169,859	158,103	138,908	-	138,908	19,195
Total Maint-Fixed Route	2,223,707	2,435,307	2,401,970	(7,967)	2,394,003	41,304
Maint-Para Transit:						
Personnel Services	221,410	205,876	205,471	250	205,721	155
Materials and Supplies	75,327	151,225	133,598	-	133,598	17,627
Contractual Services	65,194	56,630	37,527	-	37,527	19,103
Total Maint-Para Transit	361,931	413,731	376,596	250	376,846	36,885
Training and Safety:						
Personnel Services	59,851	58,879	59,157	(360)	58,797	82
Materials and Supplies	9,658	2,963	2,736	-	2,736	227
Contractual Services	2,300	550	457	-	457	93
Total Training and Safety	71,809	62,392	62,350	(360)	61,990	402
Building/Grounds:						
Personnel Services	210,346	173,120	173,671	(969)	172,702	418
Materials and Supplies	38,837	55,608	47,360	-	47,360	8,248
Contractual Services	197,702	247,306	217,240	-	217,240	30,066
Total Building/Grounds	\$ 446,885	476,034	438,271	(969)	437,302	38,732
(Continued)						

(Continued)

CITY OF LAREDO, TEXAS  
MUNICIPAL TRANSIT SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

(Continued)

	<u>Budgeted Amount</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Positive</u>
					<u>Basis</u>	<u>(Negative)</u>
Bus Stop/Shelters:						
Personnel Services	\$ 89,293	89,154	88,863	-	88,863	291
Materials and Supplies	4,650	2,000	1,913	-	1,913	87
Contractual Services	13,616	4,154	4,153	-	4,153	1
Total Bus Stop/Shelters	107,559	95,308	94,929	-	94,929	379
General Administration:						
Personnel Services	195,359	185,431	188,864	(3,610)	185,254	177
Materials and Supplies	5,700	6,669	6,433	-	6,433	236
Contractual Services	516,583	476,541	467,428	-	467,428	9,113
Other	-	63,684	505	(2)	503	63,181
Total General Administration	717,642	732,325	663,230	(3,612)	659,618	72,707
Planning:						
Personnel Services	63,139	61,700	60,862	771	61,633	67
Materials and Supplies	673	549	420	-	420	129
Contractual Services	6,338	5,276	4,721	-	4,721	555
Total Planning	70,150	67,525	66,003	771	66,774	751
Marketing:						
Personnel Services	62,356	47,977	47,678	(101)	47,577	400
Materials and Supplies	12,391	7,552	6,610	-	6,610	942
Contractual Services	40,587	20,235	17,531	-	17,531	2,704
Total Marketing	115,334	75,764	71,819	(101)	71,718	4,046
Customer Service:						
Personnel Services	346,588	307,773	313,397	(7,860)	305,537	2,236
Materials and Supplies	11,300	7,664	6,343	-	6,343	1,321
Contractual Services	51,629	38,674	35,430	-	35,430	3,244
Total Customer Service	409,517	354,111	355,170	(7,860)	347,310	6,801
Transit Center Building:						
Personnel Services	247,978	247,978	175,758	896	176,654	71,324
Materials and Supplies	37,152	35,618	27,099	-	27,099	8,519
Contractual Services	215,926	219,910	167,671	-	167,671	52,239
Total General Administration	501,056	503,506	370,528	896	371,424	132,082
Transit Center Facility:						
Personnel Services	31,356	31,356	28,192	1,276	29,468	1,888
Materials and Supplies	3,604	3,204	1,701	-	1,701	1,503
Contractual Services	60,516	58,266	43,842	-	43,842	14,424
Other	-	200	(14)	-	(14)	214
Total Transit Center Facility	95,476	93,026	73,721	1,276	74,997	18,029
Total Operating Expenses Before Depreciation	12,621,706	12,821,706	12,392,884	(10,207)	12,382,677	439,029
Depreciation	-	-	1,619,146	(1,619,146)	-	-
TOTAL OPERATING EXPENSES	12,621,706	12,821,706	14,012,030	(1,629,353)	12,382,677	439,029
Operating Income (Loss)	\$ (9,429,007)	(9,629,007)	(10,544,292)	1,629,353	(8,914,939)	714,068

(Continued)

CITY OF LAREDO, TEXAS  
MUNICIPAL TRANSIT SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 111,300	111,300	107,692	-	107,692	(3,608)
Interest Earnings-Restricted	90,000	90,000	218,893	-	218,893	128,893
Net Increase (Decrease) in Fair Value of Investments	-	-	7,335	-	7,335	7,335
Discount Earnings	-	-	156	-	156	156
Sales Tax	5,161,649	5,161,649	5,658,730	-	5,658,730	497,081
Loss on Sale of Equipment	-	-	(36,871)	36,871	-	-
Gain on Sale of Equipment	-	-	7,304	-	7,304	7,304
FTA Operating Grant	2,943,542	4,385,305	3,858,953	-	3,858,953	(526,352)
State Dept. of Highways	740,212	705,482	705,482	-	705,482	-
Construction	(356,334)	(11,391,382)	(63,798)	(1,325,077)	(1,388,875)	10,002,507
Capital Outlay	(296,560)	(296,560)	-	(4,207,257)	(4,207,257)	(3,910,697)
Other	(1,646,395)	(1,163,127)	-	-	-	1,163,127
<b>TOTAL NONOPERATING REVENUES AND (EXPENSES)</b>	<b>6,747,414</b>	<b>(2,397,333)</b>	<b>10,463,876</b>	<b>(5,495,463)</b>	<b>4,968,413</b>	<b>7,365,746</b>
Income (Loss) Before Contributions and Transfers	(2,681,593)	(12,026,340)	(80,416)	(3,866,110)	(3,946,526)	8,079,814
Capital Contributions:						
Federal Capital Grant	-	3,849,292	2,423,709	-	2,423,709	(1,425,583)
State Capital Grant	-	610,300	610,300	-	610,300	-
Transfer In:						
Transit Sales Tax	5,625,742	5,055,380	-	5,092,561	5,092,561	37,181
Transfers Out:						
General Fund	(42,552)	-	-	-	-	-
Debt Service	(898,220)	(898,220)	(898,220)	-	(898,220)	-
Parking Meters	-	(42,552)	(42,552)	-	(42,552)	-
Communication System Fund	-	(371,270)	(369,969)	-	(369,969)	1,301
Transit Operations	(5,590,646)	(4,383,613)	-	(4,455,890)	(4,455,890)	(72,277)
Transit Center Facility	(35,096)	(35,096)	-	-	-	35,096
Capital and Planning	-	(636,671)	-	(636,671)	(636,671)	-
Change in Net Assets	(3,622,365)	(8,878,790)	1,642,852	(3,866,110)	(2,223,258)	6,655,532
Total Net Assets-Beginning	36,126,852	36,126,852	36,126,852	-	36,126,852	-
Total Net Assets-Ending	\$ 32,504,487	27,248,062	37,769,704	(3,866,110)	33,903,594	6,655,532

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**CITY OF LAREDO, TEXAS  
MUNICIPAL TRANSIT SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 3,459,282
Payments to suppliers	(3,857,869)
Payments to employees	(8,481,962)
Payments for interfund services used	(46,196)
	<hr/>
<b>Net cash provided (used) by operating activities</b>	<b>(8,926,745)</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	(1,310,741)
Subsidy from federal and state grants	4,642,849
Sales Tax	5,658,730
	<hr/>
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>8,990,838</b>

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

Subsidy from federal and state grants	2,971,761
Purchases of capital assets	(4,207,257)
Acquisition and construction of capital assets	(1,388,875)
Proceeds from sales of capital assets	7,304
	<hr/>
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2,617,067)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	2,246,503
Interest and dividends received	330,291
	<hr/>
<b>Net cash provided (used) by investing activities</b>	<b>2,576,794</b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>23,820</b>
<b>Cash and cash equivalents, October 1</b>	<b>7,308</b>
	<hr/>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 31,128</b>
	<hr/> <hr/>

(Continued)

**CITY OF LAREDO, TEXAS  
MUNICIPAL TRANSIT SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

(Continued)

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

Operating income	\$ (10,544,292)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,619,146
(Increase) decrease in accounts receivable	(9,418)
Increase in allowance for uncollectible accounts	2
(Increase) decrease in inventories	(12,642)
Increase in customer deposits	960
Increase (decrease) in accounts payable	4,588
Increase (decrease) in compensated absences payable	10,205
Increase (decrease) in accrued wages and employee benefits	4,706
<b>Total adjustments</b>	<b>1,617,547</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (8,926,745)</b>

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

Disposition of assets	(36,871)
Increase (Decrease) in fair value of investments	7,335

CITY OF LAREDO, TEXAS  
BRIDGE SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Rental of Facilities	\$ 1,964,134	1,964,134	2,001,395	-	2,001,395	37,261
Toll Receipts	38,578,021	38,578,021	39,101,761	-	39,101,761	523,740
Miscellaneous	2,895	2,895	20,091	-	20,091	17,196
TOTAL OPERATING REVENUES	40,545,050	40,545,050	41,123,247	-	41,123,247	578,197
OPERATING EXPENSES:						
Laredo Bridge Operations:						
Personnel Services	1,661,059	1,661,059	1,604,328	(13,866)	1,590,462	70,597
Materials and Supplies	112,026	341,360	343,031	-	343,031	(1,671)
Contractual Services	21,087,798	21,118,113	21,244,863	-	21,244,863	(126,750)
Other	1,137,091	72,194	41,395	(374)	41,021	31,173
Total Laredo Bridge Operations	23,997,974	23,192,726	23,233,617	(14,240)	23,219,377	(26,651)
Bridge II Operations:						
Personnel Services	2,085,555	2,085,555	1,939,831	5,209	1,945,040	140,515
Materials and Supplies	156,867	469,067	362,405	-	362,405	106,662
Contractual Services	636,679	663,623	575,021	-	575,021	88,602
Total Bridge II Operations	2,879,101	3,218,245	2,877,257	5,209	2,882,466	335,779
Colombia Bridge Operations:						
Personnel Services	1,109,408	1,109,408	1,113,498	(6,247)	1,107,251	2,157
Materials and Supplies	45,341	40,591	39,613	-	39,613	978
Contractual Services	239,018	212,659	210,602	-	210,602	2,057
Total Colombia Bridge Operations	1,393,767	1,362,658	1,363,713	(6,247)	1,357,466	5,192
Fourth Bridge Operations:						
Personnel Services	2,244,931	2,244,931	2,143,730	(14,300)	2,129,430	115,501
Materials and Supplies	197,782	358,871	163,486	-	163,486	195,385
Contractual Services	359,225	349,425	334,037	-	334,037	15,388
Total Fourth Bridge Operations	2,801,938	2,953,227	2,641,253	(14,300)	2,626,953	326,274
Fifth Bridge:						
Contractual Services	504,307	504,307	280,960	-	280,960	223,347
Total Fifth Bridge	504,307	504,307	280,960	-	280,960	223,347
Total Operating Expenses Before Depreciation						
Depreciation	31,577,087	31,231,163	30,396,800	(29,578)	30,367,222	863,941
Depreciation	-	-	3,175,520	(3,175,520)	-	-
TOTAL OPERATING EXPENSES	31,577,087	31,231,163	33,572,320	(3,205,098)	30,367,222	863,941
Operating Income (Loss)	\$ 8,967,963	9,313,887	7,550,927	3,205,098	10,756,025	1,442,138
(Continued)						

(Continued)

CITY OF LAREDO, TEXAS  
BRIDGE SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 119,077	119,077	252,161	-	252,161	133,084
Interest Earnings - Restricted	432,476	432,476	1,369,477	-	1,369,477	937,001
Net Increase (Decrease) in Fair Value of Investments	-	-	12,279	-	12,279	12,279
Refunding Gain	-	-	304,766	(304,766)	-	-
Interest Expense	(4,844,498)	(4,482,527)	(4,482,527)	-	(4,482,527)	-
Principal Paid Revenue Bonds	(3,866,378)	(3,866,378)	-	(3,866,378)	(3,866,378)	-
Fiscal Agent Fees	(3,500)	(3,500)	(4,593)	-	(4,593)	(1,093)
Bond Issuance Cost Amortized	-	-	(133,914)	133,914	-	-
Loss on Advance Refunding	-	-	(248,364)	248,364	-	-
Construction	(26,035,251)	(40,228,766)	(178,424)	(14,243,444)	(14,421,868)	25,806,898
Other	(242,472)	(361,971)	-	-	-	361,971
TOTAL NONOPERATING REVENUES (EXPENSES)	(34,440,546)	(48,391,689)	(3,109,139)	(18,032,310)	(21,141,449)	27,260,140
Income Before Contributions and Transfers	(25,472,583)	(39,077,702)	4,441,788	(14,827,212)	(10,385,424)	28,692,278
Transfers In:						
Bridge Operating Fund	6,420,544	6,510,544	-	4,884,624	4,884,624	(1,625,920)
Capital Improvments Fund	-	400,000	400,000	-	400,000	-
Transfers Out:						
Capital Improvments Fund	-	-	(2,241,934)	-	(2,241,934)	(2,241,934)
Communication System fund	-	(228,200)	(227,400)	-	(227,400)	800
Debt Service	(807,180)	(807,180)	(807,180)	-	(807,180)	-
Bridge Construction Projects	-	(90,000)	-	(390,000)	(390,000)	(300,000)
Bridge Debt Service	(6,420,544)	(6,058,573)	-	(4,494,624)	(4,494,624)	1,563,949
Change in Net Assets	(26,279,763)	(39,351,111)	1,565,274	(14,827,212)	(13,261,938)	26,089,173
Total Net Assets-Beginning	26,488,024	26,488,024	26,488,024	-	26,488,024	-
Total Net Assets-Ending	\$ 208,261	(12,863,087)	28,053,298	(14,827,212)	13,226,086	26,089,173



**CITY OF LAREDO, TEXAS  
BRIDGE SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 41,068,412
Payments to suppliers	(1,913,436)
Payments to employees	(6,774,677)
Payments for interfund services used	(21,037,648)
<b>Net cash provided by operating activities</b>	<b>11,342,651</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	(3,276,514)
Transfer from other funds	400,000
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(2,876,514)</b>

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

Acquisition and construction of capital assets	(14,421,868)
Principal paid on capital debt	(3,870,971)
Interest paid on capital debt	(4,903,059)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(23,195,898)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	13,156,973
Interest and dividends received	1,607,907
<b>Net cash provided (used) by investing activities</b>	<b>14,764,880</b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>35,119</b>
<b>Cash and cash equivalents, October 1</b>	<b>42,658</b>

<b>Cash and cash equivalents, September 30</b>	<b>\$ 77,777</b>
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(Continued)

**CITY OF LAREDO, TEXAS  
BRIDGE SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

(Continued)

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

Operating income	\$ 7,550,927
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,175,520
(Increase) decrease in accounts receivable	(278)
Increase in allowance for uncollectible accounts	374
Increase in customer deposits	(152,075)
Increase (decrease) in accounts payable	644,329
Increase (decrease) in deferred revenues	97,144
Increase (decrease) in compensated absences payable	29,202
Increase (decrease) in accrued wages and employee benefits	(2,492)
<b>Total adjustments</b>	<b>3,791,724</b>
<b>Net cash provided by operating activities</b>	<b>\$ 11,342,651</b>

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

Gain on Refunding Issue	304,766
Bond issuance cost amortized	(133,914)
Increase (Decrease) in fair value of investments	12,279
Loss on Advance Refunding	(248,364)

CITY OF LAREDO, TEXAS  
MUNICIPAL HOUSING CORPORATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Rental of Facilities	\$ 1,145,240	1,145,240	1,151,245	-	1,151,245	6,005
Charges for Services	62,438	62,438	65,451	-	65,451	3,013
Miscellaneous	13,524	13,524	47,917	-	47,917	34,393
TOTAL OPERATING REVENUES	1,221,202	1,221,202	1,264,613	-	1,264,613	43,411
OPERATING EXPENSES:						
Airport Housing:						
Personnel Services	380,602	380,342	367,639	(169)	367,470	12,872
Materials and Supplies	83,302	76,540	59,510	-	59,510	17,030
Contractual Services	340,118	347,140	218,392	-	218,392	128,748
Other	45,400	29,400	34,916	(5,517)	29,399	1
Total Airport Housing	849,422	833,422	680,457	(5,686)	674,771	158,651
West Laredo Housing:						
Personnel Services	87,622	87,647	83,956	92	84,048	3,599
Materials and Supplies	55,548	59,778	41,460	-	41,460	18,318
Contractual Services	97,020	92,765	69,822	-	69,822	22,943
Other	12,600	12,600	12,600	-	12,600	-
Total West Laredo Housing	252,790	252,790	207,838	92	207,930	44,860
Total Operating Expenses Before Depreciation	1,102,212	1,086,212	888,295	(5,594)	882,701	203,511
Depreciation Expense	-	-	113,498	(113,498)	-	-
TOTAL OPERATING EXPENSES	1,102,212	1,086,212	1,001,793	(119,092)	882,701	203,511
Operating Income (Loss)	\$ 118,990	134,990	262,820	119,092	381,912	246,922
(Continued)						

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CITY OF LAREDO, TEXAS  
MUNICIPAL HOUSING CORPORATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

(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>				
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment Income:						
Interest Earnings	\$ 40,200	40,200	49,938	-	49,938	9,738
Net Increase (Decrease) in Fair Value of Investments	-	-	3,599	-	3,599	3,599
Gain on Sale of Assets	500	500	-	-	-	(500)
Capital Outlay	<u>(18,500)</u>	<u>(16,953)</u>	<u>-</u>	<u>(13,680)</u>	<u>(13,680)</u>	<u>3,273</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>22,200</u></b>	<b><u>23,747</u></b>	<b><u>53,537</u></b>	<b><u>(13,680)</u></b>	<b><u>39,857</u></b>	<b><u>16,110</u></b>
 Income (Loss) Before Contributions and Transfers	 141,190	 158,737	 316,357	 105,412	 421,769	 263,032
 Transfers Out:						
Capital Improvements Fund	-	(1,427,000)	(1,427,000)	-	(1,427,000)	-
Communication System Fund	<u>-</u>	<u>(17,547)</u>	<u>(17,489)</u>	<u>-</u>	<u>(17,489)</u>	<u>58</u>
 Change in Net Assets	 141,190	 (1,285,810)	 (1,128,132)	 105,412	 (1,022,720)	 263,090
 Total Net Assets-Beginning	 <u>2,730,019</u>	 <u>2,730,019</u>	 <u>2,730,019</u>	 <u>-</u>	 <u>2,730,019</u>	 <u>-</u>
 Total Net Assets-Ending	 <b>\$ 2,871,209</b>	 <b>1,444,209</b>	 <b>1,601,887</b>	 <b>105,412</b>	 <b>1,707,299</b>	 <b>263,090</b>

CITY OF LAREDO, TEXAS  
MUNICIPAL HOUSING CORPORATION  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 1,245,310
Payments to suppliers	(316,228)
Payments to employees	(451,364)
Payments for interfund services used	(125,774)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>351,944</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	(1,444,489)
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(1,444,489)</b>

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

Purchases of capital assets	(13,680)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(13,680)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	1,050,895
Interest and dividends received	54,826
	<hr/>
<b>Net cash provided (used) by investing activities</b>	<b>1,105,721</b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(504)</b>
<b>Cash and cash equivalents, October 1</b>	<b>2,803</b>
	<hr/>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 2,299</b>
	<hr/>

(Continued)

**CITY OF LAREDO, TEXAS  
MUNICIPAL HOUSING CORPORATION  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

(Continued)

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

Operating income	\$ 262,820
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	113,498
(Increase) decrease in accounts receivable	(24,418)
Increase in allowance for uncollectible accounts	5,517
Increase in customer deposits	1,811
Increase (decrease) in accounts payable	(5,302)
Increase (decrease) in deferred revenues	(2,213)
Increase (decrease) in compensated absences payable	78
Increase (decrease) in accrued wages and employee benefits	153
<b>Total adjustments</b>	<b>89,124</b>
<b>Net cash provided by operating activities</b>	<b>\$ 351,944</b>

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

Increase (Decrease) in fair value of investments	3,599
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**CITY OF LAREDO, TEXAS  
WATERWORKS SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 16,264,929	17,330,919	23,129,654	-	23,129,654	5,798,735
Rental of Facilities and Equipment	38,122	38,122	38,122	-	38,122	-
Miscellaneous	141,718	141,718	294,506	-	294,506	152,788
TOTAL OPERATING REVENUES	16,444,769	17,510,759	23,462,282	-	23,462,282	5,951,523
OPERATING EXPENSES:						
General and Administrative:						
Personnel Services	557,313	603,462	574,763	(12,512)	562,251	41,211
Materials and Supplies	38,929	35,370	27,539	-	27,539	7,831
Contractual Services	1,085,827	1,127,492	1,043,711	-	1,043,711	83,781
Other	233,792	26,197	133,161	(76,150)	57,011	(30,814)
Capital Outlay	5,000	7,700	-	7,684	7,684	16
Total General and Administrative	1,920,861	1,800,221	1,779,174	(80,978)	1,698,196	102,025
Utility Engineering:						
Personnel Services	585,266	584,460	589,047	(9,470)	579,577	4,883
Materials and Supplies	27,612	21,279	30,597	-	30,597	(9,318)
Contractual Services	30,937	25,875	19,335	-	19,335	6,540
Capital Outlay	12,207	23,453	-	19,468	19,468	3,985
Total Utility Engineering	656,022	655,067	638,979	9,998	648,977	6,090
Utility Billing:						
Personnel Services	881,367	1,186,586	1,338,302	(17,337)	1,320,965	(134,379)
Materials and Supplies	320,972	221,649	211,377	-	211,377	10,272
Contractual Services	419,864	431,599	400,423	-	400,423	31,176
Capital Outlay	17,000	16,700	-	16,046	16,046	654
Total Utility Billing	1,639,203	1,856,534	1,950,102	(1,291)	1,948,811	(92,277)
Asset Management:						
Personnel Services	142,919	234,341	229,391	(5,078)	224,313	10,028
Materials and Supplies	4,100	4,396	4,419	-	4,419	(23)
Contractual Services	98,740	13,467	12,700	-	12,700	767
Total Asset Management	245,759	252,204	246,510	(5,078)	241,432	10,772
Water Treatment:						
Personnel Services	1,016,684	1,260,759	1,272,953	(16,030)	1,256,923	3,836
Materials and Supplies	712,610	1,050,287	999,797	-	999,797	50,490
Contractual Services	2,677,168	3,341,695	3,815,478	-	3,815,478	(473,783)
Other	-	1,857	1,856	-	1,856	1
Total Water Treatment	4,406,462	5,654,598	6,090,084	(16,030)	6,072,198	(419,457)
Transmission and Distribution:						
Personnel Services	1,636,594	1,623,950	1,597,381	(18,808)	1,578,573	45,377
Materials and Supplies	620,753	395,787	413,921	-	413,921	(18,134)
Contractual Services	493,675	901,498	791,788	-	791,788	109,710
Capital Outlay	-	280,354	-	145,462	145,462	134,892
Total Transmission and Distribution	\$ 2,751,022	3,201,589	2,803,090	126,654	2,784,282	136,953

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**CITY OF LAREDO, TEXAS  
WATERWORKS SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006**

(Continued)

	<u>Budgeted Amount</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget Basis</u>	<u>Positive (Negative)</u>
Water Pollution Control:						
Personnel Services	\$ 313,508	344,590	343,670	(3,805)	339,865	4,725
Materials and Supplies	36,304	33,030	27,226	-	27,226	5,804
Contractual Services	189,460	168,969	131,974	-	131,974	36,995
Total Water Pollution Control	539,272	546,589	502,870	(3,805)	499,065	47,524
Total Operating Expenses Before Depreciation	12,158,601	13,966,802	14,010,809	29,470	13,892,961	(208,370)
Depreciation Expense	-	-	5,198,812	(5,198,812)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>12,158,601</b>	<b>13,966,802</b>	<b>19,209,621</b>	<b>(5,169,342)</b>	<b>13,892,961</b>	<b>(208,370)</b>
Operating Income (Loss)	4,286,168	3,543,957	4,252,661	5,169,342	9,569,321	6,025,364
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment Income:						
Interest Earnings	200,000	200,000	557,039	-	557,039	357,039
Interest Earnings Restricted	542,251	542,251	1,157,926	-	1,157,926	615,675
Net Increase (Decrease) in Fair Value of Investments	-	-	28,490	-	28,490	28,490
Discount Earnings	-	-	116	-	116	116
Premiums	-	10,061	10,061	-	10,061	-
Bond Issues	-	8,950,000	-	8,950,000	8,950,000	-
Interest Expense	(603,595)	(603,595)	(704,275)	101,374	(602,901)	694
Principal Paid Revenue Bond / Capital Leases	(1,263,200)	(1,263,200)	-	(1,263,000)	(1,263,000)	200
Fiscal Agent Fees	(4,000)	(4,000)	(1,400)	-	(1,400)	2,600
Bond Issuance Cost Amortized	-	-	(39,137)	(137,522)	(176,659)	(176,659)
Loss on Advance Funding	-	-	(42,354)	42,354	-	-
Water Availability	(7,251,099)	(7,251,099)	(104,699)	(2,289,494)	(2,394,193)	4,856,906
Construction	(12,929,823)	(47,954,954)	(505,904)	(4,166,173)	(4,672,077)	43,282,877
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(21,309,466)</b>	<b>(47,374,536)</b>	<b>365,863</b>	<b>1,237,539</b>	<b>1,593,402</b>	<b>48,967,938</b>
Income Before Contributions and Transfers	(17,023,298)	(43,830,579)	4,608,524	6,406,881	11,162,723	54,993,302
Capital Contributions:						
State Capital Grant	-	-	62,219	-	62,219	62,219
Contributions - Waterrights	2,104,651	2,104,651	2,377,002	-	2,377,002	272,351
Contributions - Rain Enhancement	22,500	22,500	18,389	-	18,389	(4,111)
Contributions - Developers	-	-	3,992,384	(3,992,384)	-	-
Transfer In:						
Waterworks System	3,286,163	3,286,163	-	3,929,245	3,929,245	643,082
Transfers Out:						
General Fund	(90,000)	(216,000)	(216,000)	-	(216,000)	-
Communication System Fund	-	(100,887)	(100,552)	-	(100,552)	335
Debt Service Fund	(3,678,817)	(3,678,817)	(3,678,817)	-	(3,678,817)	-
Water Construction Fund	(1,416,500)	(1,077,318)	-	(1,047,577)	(1,047,577)	29,741
Water Bond	-	(469,567)	-	(469,567)	(469,567)	-
Water Debt Service	(1,869,663)	(1,869,663)	-	(2,412,101)	(2,412,101)	(542,438)
Change in Net Assets	(18,664,964)	(45,829,517)	7,063,149	2,414,497	9,624,964	55,454,481
Total Net Assets-Beginning	104,309,891	104,309,891	104,309,891	-	104,309,891	-
<b>Total Net Assets-Ending</b>	<b>\$ 85,644,927</b>	<b>58,480,374</b>	<b>111,373,040</b>	<b>2,414,497</b>	<b>113,934,855</b>	<b>55,454,481</b>



**CITY OF LAREDO, TEXAS  
WATERWORKS SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 20,609,763
Receipts from interfund services provided	2,254,133
Payments to suppliers	(5,992,307)
Payments to employees	(5,847,112)
Payments for interfund services used	(1,466,915)
<b>Net cash provided by operating activities</b>	<b>9,557,562</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	(3,995,369)
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(3,995,369)</b>

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

Proceeds from capital debt	8,783,402
Capital contributions	2,434,036
Purchases of capital assets	(6,644,327)
Acquisition and construction of capital assets	(610,603)
Principal paid on capital debt	(1,263,000)
Interest paid on capital debt	(604,301)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>2,095,207</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	(9,216,064)
Interest and dividends received	1,666,240
Issuance of Notes Receivable	3,627
<b>Net cash provided (used) by investing activities</b>	<b>(7,546,197)</b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>111,203</b>
<b>Cash and cash equivalents, October 1</b>	<b>53,677</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 164,880</b>

(Continued)

**CITY OF LAREDO, TEXAS  
WATERWORKS SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

(Continued)

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

Operating income	\$ 4,252,661
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	5,198,812
(Increase) decrease in accounts receivable	(562,032)
Increase (decrease) in allowance for uncollectible accounts	(35,691)
(Increase) decrease in inventories	(98,952)
Increase (decrease) in customer deposits	157,958
Increase (decrease) in accounts payable	705,032
Increase (decrease) in deferred revenues	(158,621)
Increase (decrease) in compensated absences payable	83,040
Increase (decrease) in accrued wages and employee benefits	15,355
<b>Total adjustments</b>	<b>5,304,901</b>
<b>Net cash provided by operating activities</b>	<b>\$ 9,557,562</b>

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

Bond issuance cost amortized	(39,137)
Contributions of capital assets from developers	3,992,384
Increase (Decrease) in fair value of investments	28,490
Increase (Decrease) in Accrued Interest Payable	101,374
Loss on Advance Refunds	(42,354)

CITY OF LAREDO, TEXAS  
SEWER SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Charges for Services	\$ 12,940,196	12,940,196	14,108,373	-	14,108,373	1,168,177
Miscellaneous	209,828	209,828	429,905	-	429,905	220,077
TOTAL OPERATING REVENUES	13,150,024	13,150,024	14,538,278	-	14,538,278	1,388,254
OPERATING EXPENSES:						
Administrative:						
Contractual Services	2,291,178	2,311,178	2,480,065	-	2,480,065	(168,887)
Other	202,880	2,880	63,556	(63,953)	(397)	3,277
Total Administrative	2,494,058	2,314,058	2,543,621	(63,953)	2,479,668	(165,610)
Wastewater Treatment:						
Personnel Services	1,089,747	1,226,572	1,214,415	(18,191)	1,196,224	30,348
Materials and Supplies	543,743	583,593	522,795	-	522,795	60,798
Contractual Services	1,800,885	2,006,889	1,924,880	-	1,924,880	82,009
Capital Outlay	292,969	320,469	-	319,203	319,203	1,266
Total Wastewater Treatment	3,727,344	4,137,523	3,662,090	301,012	3,963,102	174,421
Wastewater Collection:						
Personnel Services	525,568	1,057,322	1,004,986	(12,296)	992,690	64,632
Materials and Supplies	402,633	352,825	303,479	-	303,479	49,346
Contractual Services	814,280	851,958	972,233	-	972,233	(120,275)
Capital Outlay	7,983	13,486	-	13,486	13,486	-
Total Wastewater Collection	1,750,464	2,275,591	2,280,698	1,190	2,281,888	(6,297)
Total Operating Expenses Before Depreciation	7,971,866	8,727,172	8,486,409	238,249	8,724,658	2,514
Depreciation Expense	-	-	3,681,453	(3,681,453)	-	-
TOTAL OPERATING EXPENSES	7,971,866	8,727,172	12,167,862	(3,443,204)	8,724,658	2,514
Operating Income (Loss)	\$ 5,178,158	4,422,852	2,370,416	3,443,204	5,813,620	1,390,768
(Continued)						

(Continued)

**CITY OF LAREDO, TEXAS  
SEWER SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006**

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 120,000	120,000	359,999	-	359,999	239,999
Interest Earnings Restricted	485,700	501,535	673,502	-	673,502	171,967
Net Increase (Decrease) in Fair Value of Investments	-	-	29,384	-	29,384	29,384
Discounts	-	-	1	-	1	1
Bond Issues	-	4,535,000	-	4,535,000	4,535,000	-
Premium	-	5,098	5,098	-	5,098	-
Interest Expense	(405,752)	(405,752)	(458,565)	52,120	(406,445)	(693)
Principal Paid Revenue Bond / Capital Leases	(838,800)	(838,800)	-	(839,000)	(839,000)	(200)
Fiscal Agent Fees	(3,000)	(3,000)	(3,300)	-	(3,300)	(300)
Bond Issuance Cost Amortized	-	-	(33,606)	33,606	-	-
Loss on Advance Refunding	-	-	(33,547)	(58,310)	(91,857)	(91,857)
Construction	(21,469,584)	(27,806,590)	(36,327)	(3,047,676)	(3,084,003)	24,722,587
TOTAL NONOPERATING REVENUES (EXPENSES)	(22,111,436)	(23,892,509)	502,639	675,740	1,178,379	25,070,888
Income Before Contributions and Transfers	(16,933,278)	(19,469,657)	2,873,055	4,118,944	6,991,999	26,461,656
Capital Contributions:						
State Capital Grant	-	-	160,896	-	160,896	160,896
Contributions - Developers & Others	-	-	3,417,296	(3,417,296)	-	-
Transfers In:						
Sewer Operating Fund	2,668,484	1,887,291	-	2,099,253	2,099,253	211,962
Transfers Outs:						
General Fund	(75,000)	-	-	-	-	-
Communication System Fund	-	(100,887)	(100,552)	-	(100,552)	335
Debt Service Fund	(3,410,465)	(3,410,465)	(3,410,465)	-	(3,410,465)	-
Sewer Debt Service	(1,188,484)	(1,188,484)	-	(1,365,725)	(1,365,725)	(177,241)
Sewer Construction Fund	(1,480,000)	(698,807)	-	(499,415)	(499,415)	199,392
Sewer Bond Funds	-	(234,113)	-	(234,113)	(234,113)	-
Change in Net Assets	(20,418,743)	(23,215,122)	2,940,230	701,648	3,641,878	26,857,000
Total Net Assets-Beginning	92,049,097	92,049,097	92,049,097	-	92,049,097	-
Total Net Assets-Ending	\$ 71,630,354	68,833,975	94,989,327	701,648	95,690,975	26,857,000

**CITY OF LAREDO, TEXAS  
SEWER SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 14,362,369
Receipts from interfund services provided	455,349
Payments to suppliers	(3,664,575)
Payments to employees	(2,186,397)
Payments for interfund services used	(2,943,467)
<b>Net cash provided by operating activities</b>	<b>6,023,279</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	(3,511,017)
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(3,511,017)</b>

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

Proceeds from capital debt	4,448,241
Purchases of capital assets	(3,380,365)
Acquisition and construction of capital assets	(36,327)
Principal paid on capital debt	(839,000)
Interest paid on capital debt	(409,745)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(217,196)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	(3,231,904)
Interest and dividends received	1,019,426
Issuance of Notes Receivable	(30,830)
<b>Net cash provided (used) by investing activities</b>	<b>(2,243,308)</b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>51,758</b>
<b>Cash and cash equivalents, October 1</b>	<b>30,053</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 81,811</b>

(Continued)

**CITY OF LAREDO, TEXAS  
SEWER SYSTEM  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

(Continued)

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

Operating income	\$ 2,370,416
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,681,453
(Increase) decrease in accounts receivable	282,078
Increase (decrease) in allowance for uncollectible accounts	(33,477)
(Increase) decrease in inventories	(24,219)
Increase (decrease) in accounts payable	(316,815)
Increase (decrease) in deferred revenues	30,839
Increase (decrease) in compensated absences payable	30,487
Increase (decrease) in accrued wages and employee benefits	2,517
<b>Total adjustments</b>	<b>3,652,863</b>
<b>Net cash provided by operating activities</b>	<b>\$ 6,023,279</b>

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

Contributions of capital assets from developers & others	3,417,296
Bond issuance cost amortized	33,606
Increase (Decrease) in fair value of investments	29,384
Increase (Decrease) in Accrued Interest Payable	52,120

**CITY OF LAREDO, TEXAS**  
**SOLID WASTE MANAGEMENT FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**Year ended September 30, 2006**

	<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	\$ 15,063,408	15,063,408	15,180,590	-	15,180,590	117,182
Rental of Facilities	-	5,532	1,800	-	1,800	(3,732)
Miscellaneous	120	120	42,472	-	42,472	42,352
<b>TOTAL OPERATING REVENUES</b>	<b>15,063,528</b>	<b>15,069,060</b>	<b>15,224,862</b>	<b>-</b>	<b>15,224,862</b>	<b>155,802</b>
<b>OPERATING EXPENSES:</b>						
Administration:						
Personnel Services	331,693	340,458	333,428	(7,743)	325,685	14,773
Materials and Supplies	22,816	22,671	11,732	-	11,732	10,939
Contractual Services	66,701	85,792	57,188	-	57,188	28,604
Other	-	-	968	(968)	-	-
<b>Total Administration</b>	<b>421,110</b>	<b>448,921</b>	<b>403,316</b>	<b>(8,711)</b>	<b>394,605</b>	<b>54,316</b>
Creek Cleaning:						
Personnel Services	1,031,686	1,006,533	786,093	14,697	800,790	205,743
Materials and Supplies	96,242	114,015	104,444	-	104,444	9,571
Contractual Services	193,145	194,154	192,591	-	192,591	1,563
Capital Outlay	150,000	150,000	-	-	-	150,000
<b>Total Creek Cleaning</b>	<b>1,471,073</b>	<b>1,464,702</b>	<b>1,083,128</b>	<b>14,697</b>	<b>1,097,825</b>	<b>366,877</b>
Sanitation:						
Personnel Services	4,052,049	4,116,064	4,000,366	(17,482)	3,982,884	133,180
Materials and Supplies	731,708	909,671	818,376	-	818,376	91,295
Contractual Services	1,033,126	1,033,216	899,206	-	899,206	134,010
Other	-	-	61,681	(61,363)	318	(318)
Capital Outlay	-	7,982	-	7,941	7,941	41
<b>Total Sanitation</b>	<b>5,816,883</b>	<b>6,066,933</b>	<b>5,779,629</b>	<b>(70,904)</b>	<b>5,708,725</b>	<b>358,208</b>
Landfill:						
Personnel Services	858,732	858,732	795,732	(1,615)	794,117	64,615
Materials and Supplies	876,197	829,097	640,283	-	640,283	188,814
Contractual Services	3,226,912	3,769,481	2,684,306	-	2,684,306	1,085,175
Other	3,063,207	1,475,142	(684)	-	(684)	1,475,826
Capital Outlay	1,443,721	1,845,778	-	948,942	948,942	896,836
<b>Total Landfill</b>	<b>9,458,769</b>	<b>8,778,230</b>	<b>4,119,637</b>	<b>947,327</b>	<b>5,066,964</b>	<b>3,711,266</b>
<b>Total Operating Expenses Before Depreciation</b>	<b>17,167,835</b>	<b>16,758,786</b>	<b>11,385,710</b>	<b>882,409</b>	<b>12,268,119</b>	<b>4,490,667</b>
Depreciation Expense	-	-	2,082,613	(2,082,613)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>17,167,835</b>	<b>16,758,786</b>	<b>13,468,323</b>	<b>(1,200,204)</b>	<b>12,268,119</b>	<b>4,490,667</b>
Operating Income (Loss)	\$ (2,104,307)	(1,689,726)	1,756,539	1,200,204	2,956,743	4,646,469

(Continued)

**CITY OF LAREDO, TEXAS  
SOLID WASTE MANAGEMENT FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006**

(Continued)

	<u>Budgeted Amount</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget</u> <u>Basis</u>	<u>Positive</u> <u>(Negative)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 300,161	288,100	144,218	-	144,218	(143,882)
Interest Earnings-Restricted	-	138,406	396,305	-	396,305	257,899
Net Increase (Decrease) in Fair Value of Investments	-	4,510	34,415	-	34,415	29,905
Premiums	-	7,136	-	-	-	(7,136)
Discount Earnings	-	2,019	2,417	-	2,417	398
Capital Lease Proceeds	762,639	762,639	-	-	-	(762,639)
Interest Expense	(3,757)	(38,132)	-	-	-	38,132
Principal Paid Revenue Bond/ Capital Leases	(23,835)	(241,917)	-	-	-	241,917
Gain From Sale of Assets	397,361	397,361	216,250	-	216,250	(181,111)
Loss From Sale of Assets	-	-	(42,927)	42,927	-	-
Construction	(6,160,542)	(6,160,542)	(90,867)	(657,203)	(748,070)	5,412,472
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(4,727,973)</b>	<b>(4,840,420)</b>	<b>659,811</b>	<b>(614,276)</b>	<b>45,535</b>	<b>4,885,955</b>
Income Before Contributions and Transfers	(6,832,280)	(6,530,146)	2,416,350	585,928	3,002,278	9,532,424
Transfers Out:						
Debt Service Fund	(2,111,795)	(2,111,795)	(2,111,795)	-	(2,111,795)	-
Communication System Fund	-	(156,591)	(156,079)	-	(156,079)	512
Change in Net Assets	(8,944,075)	(8,798,532)	148,476	585,928	734,404	9,532,936
Total Net Assets-Beginning	18,011,288	18,011,288	18,011,288	-	18,011,288	-
Prior Period Adjustment	-	-	1,301,140	(1,301,140)	-	-
<b>Total Net Assets-Ending</b>	<b>\$ 9,067,213</b>	<b>9,212,756</b>	<b>19,460,904</b>	<b>(715,212)</b>	<b>18,745,692</b>	<b>9,532,936</b>



**CITY OF LAREDO, TEXAS  
SOLID WASTE MANAGEMENT  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 15,309,312
Receipts from interfund services provided	173,304
Payments to suppliers	(2,173,007)
Payments to employees	(5,902,898)
Payments for interfund services used	(2,733,335)

<b>Net cash provided by operating activities</b>	<b>4,673,376</b>
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer to other funds	(2,267,874)
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(2,267,874)</b>

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

Purchases of capital assets	(956,883)
Acquisition and construction of capital assets	(748,070)
Proceeds from sales of capital assets	216,250
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,488,703)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	(1,472,417)
Interest and dividends received	563,356
<b>Net cash provided (used) by investing activities</b>	<b>(909,061)</b>

Net increase (decrease) in cash and cash equivalents	7,738
Cash and cash equivalents, October 1	19,637

Cash and cash equivalents, September 30	\$ 27,375
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(Continued)

**CITY OF LAREDO, TEXAS  
SOLID WASTE MANAGEMENT  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

(Continued)

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

Operating income	\$ 1,756,539
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	2,082,613
(Increase) decrease in landfill closure and post closure costs	1,301,140
(Increase) decrease in accounts receivable	194,881
Increase in allowance for uncollectible accounts	62,331
(Increase) decrease in inventories	4,543
Increase (decrease) in accounts payable	(741,932)
Increase (decrease) in deferred revenues	540
Increase (decrease) in compensated absences payable	12,142
Increase (decrease) in accrued wages and employee benefits	579

<b>Total adjustments</b>	<b>2,916,837</b>
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<b>Net cash provided by operating activities</b>	<b>4,673,376</b>
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**Noncash investing, capital, and financing  
activities:**

Current closure and post closure costs	(1,301,140)
Loss on sale of equipment	(42,927)
Increase (Decrease) in fair value of investments	34,415

CITY OF LAREDO, TEXAS  
LAREDO WATER CORPORATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
Year ended September 30, 2006

	<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>				
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Construction	\$ <u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
Income Before Contributions and Transfers	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
Contributions	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>
<b>Change in Net Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Net Assets-Ending</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF LAREDO, TEXAS  
LAREDO WATER CORPORATION  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2006**

**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, 2006**

	<b>PAYROLL CLEARING FUND</b>	<b>POLICE HEALTH &amp; BENEFIT FUND</b>	<b>TOTAL AGENCY FUNDS</b>
<b>ASSETS</b>			
Equity in Investment Pool	\$ 12,997	-	12,997
Accrued Interest Receivable	15,728	-	15,728
Investments, at Fair Market Value	2,573,565	-	2,573,565
Accounts Receivable (Note 7)	2,485	34,715	37,200
<b>TOTAL ASSETS</b>	<b>2,604,775</b>	<b>34,715</b>	<b>2,639,490</b>
<b>LIABILITIES</b>			
Accounts Payable	2,397,829	-	2,397,829
Accrued Wages and Employee Benefits	206,946	-	206,946
Due To Other Funds	-	34,715	34,715
<b>TOTAL LIABILITIES</b>	<b>2,604,775</b>	<b>34,715</b>	<b>2,639,490</b>
<b>NET ASSETS</b>			
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ -	-	-

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, 2006**

**PAYROLL CLEARING FUND**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>ASSETS</b>				
Cash and Cash Equivalents				
Equity in Investment Pool	\$ 4,492	75,707,197	75,698,692	12,997
Accrued Interest Receivable	12,714	15,728	12,714	15,728
Investments, at Fair Market Value	2,504,022	2,573,565	2,504,022	2,573,565
Accounts Receivable	2,194	488	197	2,485
<b>TOTAL ASSETS</b>	<u><u>2,523,422</u></u>	<u><u>78,296,978</u></u>	<u><u>78,215,625</u></u>	<u><u>2,604,775</u></u>
<b>LIABILITIES</b>				
Accounts Payable	2,322,177	60,672,811	60,597,159	2,397,829
Accrued Wages and Employee Benefits	201,245	35,696,722	35,691,021	206,946
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,523,422</u></u>	<u><u>96,369,533</u></u>	<u><u>96,288,180</u></u>	<u><u>2,604,775</u></u>

**POLICE HEALTH AND BENEFIT FUND**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>ASSETS</b>				
Accounts Receivable	\$ 300	34,415	-	34,715
<b>TOTAL ASSETS</b>	<u><u>300</u></u>	<u><u>34,415</u></u>	<u><u>-</u></u>	<u><u>34,715</u></u>
<b>LIABILITIES</b>				
Due To Other Funds	290	34,715	290	34,715
<b>TOTAL LIABILITIES</b>	<u><u>\$ 290</u></u>	<u><u>34,715</u></u>	<u><u>290</u></u>	<u><u>34,715</u></u>

(Continued)

**CITY OF LAREDO, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN**  
**ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**Year Ended September 30, 2006**

(Continued)

**TOTALS-ALL AGENCY FUNDS**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Equity in Investment Pool	\$ 4,492	75,707,197	75,698,692	12,997
Accrued Interest Receivable	12,714	15,728	12,714	15,728
Accounts Receivable	2,494	34,903	197	37,200
Investments, at Fair Market Value	<u>2,504,022</u>	<u>2,573,565</u>	<u>2,504,022</u>	<u>2,573,565</u>
<b>TOTAL ASSETS</b>	<b><u>2,523,722</u></b>	<b><u>78,331,393</u></b>	<b><u>78,215,625</u></b>	<b><u>2,639,490</u></b>
<b>LIABILITIES</b>				
Accounts Payable	2,322,177	60,672,811	60,597,159	2,397,829
Accrued Wages and Benefits	201,245	35,696,722	35,691,021	206,946
Due To Other Funds	<u>290</u>	<u>34,715</u>	<u>290</u>	<u>34,715</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 2,523,712</u></b>	<b><u>96,404,248</u></b>	<b><u>96,288,470</u></b>	<b><u>2,639,490</u></b>

## **STATISTICAL SECTION**

**CITY OF LAREDO, TEXAS  
STATISTICAL SECTION  
SEPTEMBER 30, 2006**

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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## CITY OF LAREDO, TEXAS

TABLE 1

**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.

## 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
September 30, 2006	\$ 162,049,018	\$ 16,511,393	\$ 29,921,957	\$ 95,249,936	\$ 5,235,856	\$ 3,284,598	\$ 197,807	\$ 312,450,565

**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.

**SOURCE:**

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, 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	2,890,402	292,612	3,718,575	16,797,512	18,814,501	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	20,585,134	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	12,867,527	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	14,185,664	11,611,138	3,824,408	-	-	48,746,914	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	-	-	24,933,816	24,816,753	184,891,173
September 30, 2006	\$ 17,129,725	\$ 78,048,861	\$ 12,834,873	\$ 15,377,413	\$ 15,478,723	\$ 4,488,854	\$ -	\$ -	\$ 32,952,929	\$ 25,357,010	\$ 201,668,388

**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".

**SOURCE:**

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, 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	121,982,231
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
September 30, 2006	\$ 82,592,641	\$ 6,569,349	\$ 6,603,719	\$ 33,894,211	\$ 31,502,211	\$ 5,905,821	\$ 10,208,010	\$ 4,710,109	\$ 181,986,071

**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
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
2006	\$ 49,303,836	\$ 29,894,463	\$ 307,270	\$ 63,010	\$ 3,024,062	\$ 6,569,349	\$ 89,161,990

**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
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	1,068,164	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%
2006	\$ 47,451,046	\$ 45,951,954	0.637	96.84%	\$ 1,568,546	\$ 1,698,767	\$ 49,219,267	103.73%	\$ 4,248,409	8.95%

**NOTES:**

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

**SOURCE:**

City of Laredo, Texas

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)	EXEMPTIONS (2)	ASSESSED VALUE		ESTIMATED ACTUAL VALUE (1)
1997	\$ 507,719,560	\$ 507,719,560	\$ 3,364,750,495	\$ 3,364,750,495	\$ 247,072,879	\$ 3,625,397,176	\$ 3,625,397,176	100%
1998	665,492,265	665,492,265	3,431,864,302	3,431,864,302	291,281,333	3,806,075,234	3,806,075,234	100%
1999	646,284,869	646,284,869	3,656,234,140	3,656,234,140	325,224,426	3,977,294,583	3,977,294,583	100%
2000	848,072,261	848,072,261	4,363,266,690	4,363,266,690	418,707,728	4,792,631,223	4,792,631,223	100%
2001	794,259,530	794,259,530	4,365,116,912	4,365,116,912	445,602,625	4,713,792,507	4,713,792,507	100%
2002	872,321,790	872,321,790	5,039,864,293	5,039,864,293	519,598,749	5,070,586,594	5,070,586,594	100%
2003	879,330,990	879,330,990	5,206,409,027	5,206,409,027	526,737,800	5,558,982,217	5,558,982,217	100%
2004	979,002,240	979,002,240	6,331,640,832	6,331,640,832	537,507,869	6,773,135,203	6,773,135,203	100%
2005	997,689,160	997,689,160	7,001,998,047	7,001,998,047	550,543,393	7,449,143,814	7,449,143,814	100%
2006	\$ 1,070,153,594	\$ 1,070,153,594	\$ 7,923,026,015	\$ 7,923,026,015	\$ 585,142,683	\$ 8,408,036,826	\$ 8,408,036,826	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**

<b>FISCAL PERIODS</b>	<b>CITY OF LAREDO</b>	<b>WEBB COUNTY</b>	<b>LAREDO INDEPENDENT SCHOOL DISTRICT</b>	<b>UNITED INDEPENDENT SCHOOL DISTRICT</b>	<b>LAREDO COMMUNITY COLLEGE</b>
<b>TAX RATES (per \$100 of assessed value)</b>					
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
2006	0.63700	0.43792	1.55411	1.60687	0.23371
<b>TAX LEVIES</b>					
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
2006	\$ 47,466,862	\$ 42,351,341	\$ 26,644,992	\$ 100,665,114	\$ 17,727,308

**SOURCES:**

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
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
2006	\$ 72,487	\$ 528,851	\$ 574,196	95.49%	\$ 27,142

**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 \$.124981 of the total tax rate.

Assessed value based on 2005 tax roll .....	\$7,449,143,814
Maximum amount of bonded indebtedness based on such assessed value (10%).....	\$744,914,381
Amount of debt applicable to said maximum debt limit:	
Total General Obligation Bonds and Certificates of Obligations ...	\$155,940,000
(Percentage of G. O. and C. O. debt to assessed value)	2.09%
Less: Debt Service Fund Balance as of September 30, 2006.....	\$6,508,489
Total Amount of debt applicable to debt limit .....	\$149,431,511
The Debt Margin between current indebtedness and maximum allowable indebtedness .....	\$595,482,870

**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
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
2006	224,695	\$ 7,449,143,814	\$ 158,972,282	\$ 6,508,489	\$ 152,463,793	2.0467%	678.54

**NOTES:**

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

**SOURCES:**

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**

<b>FISCAL PERIODS</b>	<b>PRINCIPAL</b>	<b>INTEREST &amp; FISCAL CHARGES</b>	<b>TOTAL DEBT SERVICE</b>	<b>TOTAL GENERAL EXPENDITURES</b>	<b>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</b>
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%
2006	15,685,000	8,663,891	24,348,891	201,201,456	12.10%

**NOTES:**

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

**SOURCE:**

City of Laredo, Texas



**COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 13**

<b>TAXING AUTHORITY</b>	<b>NET DEBT OUTSTANDING (A)</b>	<b>ESTIMATED % APPLICABLE TO CITY (B)</b>	<b>AMOUNT APPLICABLE TO CITY</b>
Direct:			
City of Laredo	<u>\$155,940,000</u>	100.00%	<u>\$155,940,000</u>
Overlapping:			
Webb County	75,445,897	72.70%	54,848,413
Laredo Independent School District	268,601,919	100.00%	268,601,919
United Independent School District	325,299,583	72.38%	235,455,091
Laredo Community College	<u>137,045,591</u>	100.00%	<u>137,045,591</u>
Total Overlapping	<u>806,392,990</u>		<u>695,951,014</u>
Total	<u><u>\$962,332,990</u></u>		<u><u>\$851,891,014</u></u>

**SOURCES:**

- (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	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
<b>Total 1997</b>	<b>42,437,288</b>	<b>24,760,909</b>	<b>17,676,379</b>	<b>1,792,680</b>	<b>2,121,210</b>	<b>3,913,890</b>	<b>4.52</b>
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
<b>Total 1998</b>	<b>48,603,952</b>	<b>28,245,050</b>	<b>20,358,902</b>	<b>2,055,000</b>	<b>1,882,173</b>	<b>3,937,173</b>	<b>5.17</b>
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
<b>Total 1999</b>	<b>54,405,934</b>	<b>30,764,876</b>	<b>23,641,058</b>	<b>3,770,000</b>	<b>3,371,335</b>	<b>7,141,335</b>	<b>3.31</b>
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
<b>Total 2000</b>	<b>62,648,701</b>	<b>34,995,742</b>	<b>27,652,959</b>	<b>4,270,000</b>	<b>3,630,640</b>	<b>7,900,640</b>	<b>3.50</b>
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
<b>Total 2001</b>	<b>64,695,106</b>	<b>38,138,281</b>	<b>26,556,825</b>	<b>4,720,000</b>	<b>3,977,632</b>	<b>8,697,632</b>	<b>3.05</b>
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
<b>Total 2002</b>	<b>68,865,402</b>	<b>39,927,300</b>	<b>28,938,102</b>	<b>17,715,000</b>	<b>6,457,828</b>	<b>24,172,828</b>	<b>1.20</b>

(Continued)

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

**CITY OF LAREDO, TEXAS**

**TABLE 14  
(Continued)**

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	34,836,756	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
Bridge	42,757,164	30,396,800	12,360,364	3,866,378	4,482,527	8,348,905	1.48
Water	25,205,737	14,010,809	11,194,928	1,263,000	704,275	1,967,275	5.69
Sewer	15,601,163	8,486,409	7,114,754	839,000	458,565	1,297,565	5.48
Sports Venue	6,614,948	173,785	6,441,163	930,000	1,818,838	2,748,838	2.34
Total 2006	90,179,012	53,067,803	37,111,209	6,898,378	7,464,205	14,362,583	2.58

**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**

	<b>1980 CENSUS</b>	<b>1990 CENSUS</b>	<b>2000 CENSUS</b>
<b>TOTAL POPULATION BY RACE:</b>			
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
<b>TOTAL POPULATION BY AGE:</b>			
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
<b>HOUSEHOLD INCOME:</b>			
\$ 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:**

(Continued)

TABLE 15

(Continued)

FISCAL PERIODS	CIVILIAN LABOR FORCE	UNEMPLOYMENT	UNEMPLOYMENT RATE	EMPLOYMENT
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
2006	86,447	3,938	4.60%	82,509

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	
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
2006	70,083	31,733	-	57,489	54,568	\$ 16,420,000

**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

**SOURCES:**

Finance Department of respective entities

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

CITY OF LAREDO, TEXAS

TABLE 16

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)
1997	110	\$ 65,049,913	1,198	\$ 61,787,875	\$ 2,726,216,000	\$ 1,452,767,384	\$ 1,864,835,470	\$ 195,223,730	\$ 230,381,621
1998	136	51,684,355	1,389	74,891,810	3,108,234,000	1,541,702,498	2,117,144,387	213,623,170	247,072,879
1999	94	40,112,188	1,309	83,116,085	3,337,234,000	1,591,014,231	2,292,083,266	214,259,070	291,281,333
2000	87	68,818,362	1,407	89,886,823	5,313,356,000	1,655,695,070	2,437,626,399	209,197,540	325,224,426
2001	143	122,363,666	1,293	90,029,908	5,596,945,000	2,283,642,411	2,691,339,590	236,351,860	417,619,788
2002	698	182,767,445	1,424	123,932,146	6,390,861,000	2,049,091,128	2,851,889,227	258,396,087	896,821,868
2003	860	71,199,808	1,495	128,619,147	6,671,288,000	2,216,703,462	3,075,832,429	297,613,702	519,598,749
2004	1,020	150,716,661	1,342	126,225,481	9,050,235,000	2,665,287,322	3,214,021,140	298,947,650	623,203,260
2005	1,132	178,001,202	1,847	198,367,334	9,080,074,000	3,003,777,851	3,643,413,881	284,434,270	575,505,390
2006	721	\$ 166,713,553	2,281	\$ 221,625,892	\$ 9,871,067,000	\$ 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.

**SOURCES:**

(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, 2006**

City Of Laredo , Texas

Table 17

TAXPAYER	TYPE OF BUSINESS	2006 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Conoco Phillips Company	Petroleum	\$982,283,590	13.19%
Lewis Petroleum Properties Inc.	Petroleum	194,917,501	2.62%
EOG Resources Inc./Min Accts	Petroleum	189,812,080	2.55%
Rosetta Resources	Petroleum	131,908,152	1.77%
Houston Exploration Company	Petroleum	123,539,790	1.66%
Chevron USA, Inc.	Petroleum	109,806,232	1.47%
AEP Texas Central Company	Electricity	109,086,750	1.46%
Laredo Texas Hospital Co LP	Medical	99,841,700	1.34%
Killam Oil Company Ltd.	Petroleum	84,598,600	1.14%
Bruni Mineral Trust #2	Petroleum	81,825,820	1.10%
<b>TOTAL</b>		<b>\$2,107,620,215</b>	<b>28.29%</b>

**PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 1997**

TAXPAYER	TYPE OF BUSINESS	1997 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Central Power & Light Company	Utility	\$58,191,590	1.53%
Southwestern Bell	Telephone Co.	29,950,430	0.79%
Lone Star Mail Assoc.	Mail	27,045,930	0.71%
H E Butt Grocery Co.	Grocer	25,718,986	0.68%
Killam Ind. Dev. Partnership Ltd.	Development	22,425,200	0.59%
Laredo National Bank	Banking	21,624,840	0.57%
United States Cold Storage	Cold Storage	20,469,272	0.54%
International Bank of Commerce	Banking	17,613,557	0.46%
Southwestern Motor Transport Inc.	Freight	15,649,371	0.41%
Hareco/Vimosa	Development	15,360,350	0.40%
<b>Total</b>		<b>\$254,049,526</b>	<b>6.67%</b>

Numbers show total comparison for principal taxpayers as of 2006 and 10 yrs ago.

**SOURCE:**

Webb County Appraisal District



**PRINCIPAL EMPLOYERS  
SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 18**

<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL CITY EMPLOYMENT</b>
United Independent School District	4,876	6.28%
Laredo Independent School District	3,990	5.14%
City of Laredo	2,238	2.88%
McDonald's	1,425	1.84%
Webb County	1,400	1.80%
Laredo Medical Center	1,337	1.72%
The Laredo National Bank	1,275	1.64%
HEB Grocery Store	1,245	1.60%
Texas A & M International University	969	1.25%
Wal-Mart (2 locations)	917	1.18%

**PRINCIPAL EMPLOYERS  
SEPTEMBER 30, 1997**

Laredo Independent School District	3,645	6.48%
United Independent School District	2,845	5.06%
Texas Gas Corp.	2,400	4.27%
City of Laredo	1,800	3.20%
Laredo Medical Center	1,762	3.19%
H.E.B. Grocery Store	1,500	2.72%
Webb County	1,050	1.90%
McDonald's	700	1.27%
Laredo National Bank	537	0.97%
Laredo Community College	465	0.84%

Principal Employers numbers as of September 2006 and 10 years ago.

**SOURCE:**

Laredo Development Foundation  
Data compiled as of February 2006.

**PRINCIPAL WATER CONSUMERS  
SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 19**

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Laredo Medical Center	Hospital	117,510,100
Texas A&M International University	Education	83,202,700
Laredo Municipal Housing Corp	Housing	27,213,900
Webb County Jail	County Jail	24,021,300
C.P.L. Power Plant	Utility	23,807,000
City of Laredo	City	18,470,500
Regent Care Center of Laredo	Nursing Home	16,542,700
Broad Acres Apt.	Housing	14,454,000
Towne North Mobil Homes	Housing	13,325,000
Border Lease Service, Inc	Oil Field	13,226,100

**PRINCIPAL WATER CONSUMERS  
SEPTEMBER 30, 1997**

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
<i>Mercy Regional Medical Center</i>	<i>Hospital</i>	<i>39,736,400</i>
Laredo Housing Authority-Colonia Guadalupe	Housing	24,075,400
Veterans Field	Recreation	23,866,100
Laredo Housing Authority-5800 Springfield	Housing	20,224,000
Webb County Jail	County	19,889,500
Cigarroa High School	School	19,281,400
Retama Manor Nursing	School	15,080,300
Laredo Housing Authority-Richter Courts	Housing	13,976,800
Landa Property Management	Housing	13,147,200
Holiday Inn-Laredo	Hotel	13,023,000

(1) Total consumption by gallon.

Numbers show total comparison for principal water consumers as of fiscal year 2006 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, November 7, 1995 and August 28, 2006
Number of City Employees as of September 30, 2006:	2,267
Number of City Departments as of September 30, 2006:	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
2006	84.55	1.38	85.93

**MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 20**  
continued

**Elections**

Number of Registered Voters: 96,160

**Number of Votes cast in**

Last Municipal Election: May 06 19,381

**% of Registered Voter voting in**

Last Municipal Election: 20.35%

**TRANSPORTATION**

**AIRPORTS**

Number of Airports: 1

Name of Airport: Laredo International Airport  
Flights daily to/from  
Houston, Dallas, Mexico D. F. & Las Vegas

Scheduled Airplane Flights  
Per Day Departing: Monday 9, Tuesday 9, Wednesday 9, Thursday 10;  
Friday 9; Saturday 6; & Sunday 8

Scheduled Airplane Flights  
Per Day Arriving: Monday 9, Tuesday 9, Wednesday 9, Thursday 10;  
Friday 9; Saturday 6; & Sunday 8

Passengers Enplaning: 92,783 per year

Passengers Deplaned: 93,979 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: 6,075,453

Number of crossing Commercial  
Vehicles: 1,699,732

Number of crossing Passenger  
(includes bicycles): 4,137,543

Total Tolls \$ 39,101,761

**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: 2,445,166  
Number of Elderly & Handicapped Paid: 241,361  
Number of Elderly & Handicapped Free: 593,878  
Number of Students: 243,575  
Number of Children Paid: 122,606  
Number of Children Free: 142,726  
Number of Transfers: 382,847  
Number of I.D. cards for elderly 3,832  
Number of Medical Cards 848  
Number of Service Miles: 1,716,816  
Number of Charter Miles: 4,007  
Number of Employees: 178  
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

**MISCELLANEOUS STATISTICS**  
**SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 20**  
continued

**FIRE PROTECTION**

Number of Stations:	14	
Number of Hydrants:	10,000	
Number of Fire Pumps:	14	Reserve: 4
Number of Aerial Trucks:	3	Reserve: 0
Number of Ambulances:	9	Reserve: 4
Number of Crash Trucks:	1	Reserve: 1
Number of Brush Trucks:	3	Reserve: 1
Number of Haz-Mat Trucks:	1	
Number of Firefighters:	164	
Number of EMS Paramedics:	169	
Employees per 1,000 population:	1.54	

**POLICE PROTECTION**

Number of Stations:	1	Police Headquarters
Number of Neighborhood Policing Stations:	16	
Number of Sworn Officers:	411	
Number of Vehicular Patrol Units:	236	
Employees per 1,000 Population:	2	
Number of Law Violations:	42,449	
Number of Physical Arrests:	7,401	
Number of Traffic Violations:	82,294	
Number of 911 Calls:	153,037	
Number of Non-911 Calls:	319,521	

**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:	34.67 M.G.D.
Plant Capacity:	72 M.G.D.
Storage Capacity:	3.5 M.G.D.
Water Rights Owned:	46,265.15 A.C./ F.T.
Source of Water:	Rio Grande
Number of Service Connections:	61,772

**SEWER SYSTEM**

Mile of Sanitary Sewer:	426
Number of Lift Stations:	76
Daily Average Treatment:	17 MGD
Maximum Capacity of Treatment Plants:	21.05 MGD
Number of Disposal Plants:	5
Number of Service Connections:	58,796
Number of Garbage Connections:	52,014
Solid Waste Disposal Type:	Landfill

**STREETS**

Number of Paved Streets:	10,200 Blocks
Number of Unpaved Streets:	60 Blocks
Miles of Paved Streets:	644 Miles
Miles of Unpaved Streets:	4 Miles

EDUCATIONAL

TABLE 20

continued

LAREDO INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	3
Number Of Magnet Schools:	3
Number of Classrooms:	300
Number of Administrative Personnel:	26
Number of Teachers	473
Number of Students:	6,182
Annual Budget:	\$36,828,095
Number of Middle Schools:	4
Number of Classrooms:	253
Number of Administrative Personnel:	19
Number of Teachers:	362
Number of Students:	5,105
Annual Budget	\$27,163,480
Number of Elementary Schools:	20
Number of Classrooms:	696
Number of Administrative Personnel:	49
Number of Teachers:	837
Number of Students:	13,967
Annual Budget:	\$61,692,906



**UNITED INDEPENDENT SCHOOL DISTRICT**

<b>Number of Senior High Schools:</b>	4
Number Of Magnet Schools:	3
Number of Classrooms:	636
Number of Administrative Personnel:	87
Number of Teachers:	594
Number of Students:	9,377
Annual Budget:	\$49,146,713
<b>Number of Middle Schools:</b>	9
Number of Classrooms:	564
Number of Administrative Personnel:	78
Number of Teachers:	509
Number of Students:	8,306
Annual Budget:	\$39,683,991
<b>Number of Elementary Schools:</b>	26
Number of Classrooms:	1,392
Number of Administrative Personnel:	154
Number of Teachers:	1,162
Number of Students:	19,560
Annual Budget:	\$83,710,684

**LIBRARIES**

Number of Public Libraries:	1
Number of Volumes:	231,254
Circulation transactions:	423,627
Circulation per Capita:	2.04
New Library Cards Issued:	9,681
Library Cards in Force:	16,103
Number of Suscriptions:	419
Number of Titles:	140,545
Number of Library Visits:	444,340
Number of Materials Used:	107,236
Library Programs Presented:	1,235
Number Attending Library Programs:	42,028
Bookmobiles:	1
Branches and Outlets:	2

**PRIVATE SCHOOLS**

Number of Parochial Schools:	38
Vocational Training Centers:	60

**COMMUNICATIONS**

Number of Daily Newspapers	2
Major Newspaper:	Laredo Morning Times
Number of Radio Stations:	13
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:	112
Number of Full-Time Faculty:	161
Number of Part-Time Faculty:	98
Number of Full-Time Students:	2,348
Number of Part-Time Students:	2,032

**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):	393
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, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 20**  
continued

**RECREATIONAL**

**PARKS**

Number of Acres Maintained:	340.19
Number of Parks:	54
Number of Plazas:	4
Baseball & Softball Fields:	34
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:	7

**CEMETERY**

City:	1
Catholic:	1
Private:	1
Burials Served:	270
Cemetery Lots Sold:	180

**LODGING/MEETING FACILITIES**

Number of Hotels/Motels:	42 with 3,759 rooms
Meeting Facilities:	18

**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 seis 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:	66

**MISCELLANEOUS STATISTICS**  
**SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 20**

**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, 2006**

**CITY OF LAREDO, TEXAS**

**TABLE 21**

DESCRIPTION	TYPE OF COVERAGE	POLICY LIMIT
BUILDINGS	Fire and Extended Coverage (1)	\$247,225,678
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	11,244,214 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

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

**CITY OF LAREDO, TEXAS**

**TABLE 22**

<b>FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30</b>	
<b>FUNCTION</b>	<b>2006</b>
General Government	316.99
Public Safety	
Police	
Officers	411.00
Civilians	84.00
Fire	
Firefighters and officers	333.00
Civilians	8.00
Other Civilians	60.00
Public Works	83.50
Health and Welfare	257.60
Culture and Recreation	231.28
Air Transportation	41.00
Bridge System	213.00
Solid Waste Management System	169.00
Water System	146.00
Sewer System	48.00
Transit System	179.31
Municipal Housing	10.25
Total	<u>2,591.93</u>

**SOURCE:**

City of Laredo Budget Department



<b>FUNCTION</b>	<b>FISCAL YEAR 2006</b>
<b>Police</b>	
Physical arrests	14,343
Vehicle inspections	900
Bridge operations conducted	58
Emergency calls	141,744
Non-emergency calls	355,775
Dispatched calls	32,000
Public awareness/training/education	1,500
<b>Fire</b>	
Fire department responses	1,390
Inspections	2,500
Arson cases investigated	200
Public education presentations	250
<b>Public Works</b>	
Street resurfaced	92
Potholes repaired	15,790
<b>Bridge</b>	
Pedestrian crossings	4,217,362
Gateway passes sold	1,054,340
Non-commercial vehicle crossings	6,162,534
Commercial vehicle crossings	1,706,626
Non-commercial AVI accounts	5,947
Commercial AVI accounts	250
<b>Culture and recreation</b>	
Community center admissions	471,016
Community service special events	20
After school programs	3
<b>Transit System</b>	
Passenger ridership	4,202,065
Miles driven	2,109,038
<b>Sanitation</b>	
Household customers	50,980
Refuse collected (tons)	90,788
Recyclables collected (tons)	2,799
<b>Water</b>	
Average daily consumption (millions of gallons)	34.67
Meters read	56,171
Service calls	5,243
<b>Wastewater</b>	
Average daily sewage treatment (thousands of gallons)	6,123

**SOURCE:**

City of Laredo, Texas

**TABLE 24**

<b>FUNCTION</b>	<b>FISCAL YEAR 2006</b>
<b>Public Safety</b>	
Police:	
Stations	17
Patrol Units	457
Fire:	
Stations	14
EMS Units	9
Ladder Trucks	3
Pumper Trucks	16
<b>Highways and Streets</b>	
Public Works:	
Streets - lane miles	644
Traffic:	
Traffic Signals	231
Street Lights	12,100
Other Traffic Control Signs	30,000
<b>Bridge System</b>	
International Bridges	4
<b>Culture and Recreation</b>	
Parks Acreage	618
Parks	52
Swimming Pools	6
Community Centers	7
Convention Centers	1
<b>Transit System</b>	
Buses	47
Trolleys	2
<b>Sanitation</b>	
Collection Trucks - Rear Loaders	25
Collection Trucks - Automated	29
Collection Trucks - Dump Trucks	5
Collection Trucks - Grapplers	2
<b>Water</b>	
Water Mains (miles)	629
Fire Hydrants	2,524
Maximum Daily Capacity (millions of gallons)	72
<b>Wastewater</b>	
Sanitary Sewer (miles)	426
Storm Sewer (miles)	107
Maximum Daily Treatment Capacity (millions of gallons)	21.05
<b>Air Transportation</b>	
Airports	1

**SOURCE:**

## **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, 2005, and 2006. The tables apply to the following issues:

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
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
Combination Tax and Revenue Certificate of Obligation, Series 2005	15,625,000
General Obligation Refunding Bond, Series 2006	17,865,000
Combination Tax and Revenue Certificate of Obligation, Series 2006	17,320,000
Waterworks & Sewer Systems Revenue Bond, Series 2006	\$8,950,000

## GENERAL OBLIGATION BONDS

**TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS**

2005 Market Valuation Established by Webb County Appraisal District (as of August 2005)		7,999,687,207
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	206,864,208	
Disabled Veterans Exemptions	5,144,290	
Agricultural and Open Space Land Use Reductions	171,071,960	
Free port Exemptions	159,593,419	
Property Redevelopment and Tax Abatement	4,482,050	
Pollution Control	21,900	
Solar and Wind Power Exemptions	3,180,786	
Historical Exemption	<u>184,780</u>	<u>550,543,393</u>
2005 Taxable Assessed Valuation		7,449,143,814
General Obligation Debt Payable from Ad Valorem Taxes (1)		
General Obligation Bonds	79,690,000	
Certificates of Obligation	<u>76,250,000</u>	
Funded Debt Payable from Ad Valorem Taxes		155,940,000
Less: Self-supporting Debt		
Sewer System General Obligation Debt	15,857,718	
Sewer System Certificates of Obligation	5,575,000	
Waterworks System General Obligation Debt	22,983,244	
Waterworks System Certificates of Obligation	1,800,000	
Bridge System General Obligation Debt	4,615,494	
Bridge System Certificate of Obligation	3,445,000	
Risk Management Certificate of Obligation	75,000	
Airport System Certificates of Obligation	3,670,000	
Paving Assessments General Obligations Debt	20,043	
Civic Center General Obligation Debt	416,289	
Landfill General Obligation Debt	398,209	
Landfill Certificates of Obligation	11,610,847	
Mass Transit General Obligation Debt	2,614,886	
Mass Transit Certificates of Obligation	5,710,000	
Capital Improvement Fund Certificates of Obligation	1,175,000	
Environmental Services Certificates of Obligation	7,275,000	
Parking System General Obligation Debt	272,512	
Parking System Certificates of Obligation	<u>2,590,000</u>	<u>90,104,242</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		65,835,758
Interest and Sinking Fund		6,508,489
Ratio Funded Debt to Taxable Assessed Valuation		2.09%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		0.88%
2006 Estimated Population-	224,695	
Per Capita Taxable Assessed Valuation-	\$33,152	
Per Capita Funded Debt-	\$694	
Per Capita General Purposes Funded Debt-	\$293	

- (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: \$20,417,000 Waterworks System Revenue Bonds; \$12,303,000 Sewer System Revenue Bonds; and \$66,805,000 International Toll Bridge System Revenue Bonds; \$36,205,000 Sports Venue Sales Tax Revenue Bonds.

**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2006	% of	2005	% of	2004	% of
	Amount		Amount		Amount	
Real, Residential, Single Family	3,783,773,978	47.30%	3,418,436,623	42.73%	3,012,653,092	41.21%
Real, Residential, Multifamily	238,492,158	2.98%	224,977,258	2.81%	201,368,048	2.75%
Real, Vacant Lots/Tracts	307,462,870	3.84%	284,434,270	3.56%	298,947,650	4.09%
Real, Acreage (Land Only)	295,301,820	3.69%	250,847,690	3.14%	237,544,790	3.25%
Real, Farm and Ranch Improvements	1,172,000	0.01%	1,478,870	0.02%	1,391,730	0.02%
Real, Commercial/Industrial	2,170,073,381	27.13%	1,947,911,091	24.35%	1,662,181,632	22.74%
Real, Oil, Gas, and Other Mineral Reserves	23,701,090	0.30%	30,917,840	0.39%	25,864,910	0.35%
Real and Tangible Personal, Utilities	148,055,620	1.85%	136,386,070	1.70%	152,566,130	2.09%
Tangible Personal, Commercial/Industrial	910,137,590	11.38%	888,562,850	11.11%	824,674,650	11.28%
Tangible Personal, Other	87,551,570	1.09%	90,439,390	1.13%	93,587,850	1.28%
Real Property, Inventory (1)	6,290,910	0.08%	13,134,920	0.16%	12,634,900	0.17%
Special Inventory	<u>27,674,220</u>	<u>0.35%</u>	<u>23,116,200</u>	<u>0.29%</u>	<u>24,740,100</u>	<u>0.34%</u>
Total Appraised Value Before Exemptions	7,999,687,207	100.00%	7,310,643,072	91.39%	6,548,155,482	89.57%
Less: Total Exemptions/Reductions	<u>550,543,393</u>		<u>537,507,869</u>		<u>529,716,818</u>	
Taxable Assessed Value	<u>7,449,143,814</u>		<u>6,773,135,203</u>		<u>6,018,438,664</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2003	% of	2002	% of
	Amount		Amount	
Real, Residential, Single Family	2,794,996,391	34.94%	2,506,920,409	31.34%
Real, Residential, Multifamily	160,508,170	2.01%	141,520,050	1.77%
Real, Vacant Lots/Tracts	299,026,670	3.74%	297,613,702	3.72%
Real, Acreage (Land Only)	226,133,290	2.83%	194,372,340	2.43%
Real, Farm and Ranch Improvements	2,076,540	0.03%	2,323,890	0.03%
Real, Commercial/Industrial	1,516,963,566	18.96%	1,353,217,672	16.92%
Real, Oil, Gas, and Other Mineral Reserves	27,848,440	0.35%	19,609,250	0.25%
Real and Tangible Personal, Utilities	139,266,140	1.74%	134,604,550	1.68%
Tangible Personal, Commercial/Industrial	784,570,110	9.81%	803,306,670	10.04%
Tangible Personal, Other	94,760,880	1.18%	96,091,190	1.20%
Real Property, Inventory (1)	15,573,120	0.19%	16,750,960	0.21%
Special Inventory	<u>23,996,700</u>	<u>0.30%</u>	<u>23,818,910</u>	<u>0.30%</u>
Total Appraised Value Before Exemptions	6,085,720,017	76.07%	5,590,149,593	69.88%
Less: Total Exemptions/Reductions	<u>526,737,800</u>		<u>519,598,749</u>	
Taxable Assessed Value	<u>5,558,982,217</u>		<u>5,070,550,844</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 <u>9-30</u>	Estimated Population <u>(1)</u>	Taxable Assessed Valuations <u>(2)</u>	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
1997	176,000	3,282,444,963	18,650	137,080,000	4.47%	831
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
2006	224,695	7,449,143,814	33,152	155,940,000	2.09%	694

(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 <u>9-30</u>	Tax Rate	Distribution General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
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%
2006	0.637000	0.512019	0.124981	47,451,046	96.84%	103.73%

Tax collections as of September 30, 2006

**TABLE 5 – TEN LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation Real &amp; Personal Property</u>	<u>Percentage of Total Assessed Valuation</u>
Laredo Texas Hospital Co. LP.	Medical	98,858,760	1.33%
AEP Texas Central Company	Electricity	67,610,790	0.91%
Laredo/MDN Limited Partnership	Retail	48,471,070	0.65%
Laredo Regional Medical Center, LP.	Medical	37,750,580	0.51%
International Bank of Commerce	Bank	36,115,990	0.48%
Southwestern Bell Telephone, LP.	Telephone Co.	29,249,370	0.39%
Killam Ind. Dev. Partnership LTD.	Development	28,873,160	0.39%
H E Butt Grocery Company	Grocery Store	25,806,620	0.35%
Wri Trautman LP.	Development	24,855,410	0.33%
BB County Correctional Center	Correctional Inst.	21,866,700	0.29%
		<u>419,458,450</u>	5.63%

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>2005 Taxable Assessed Valuation</u>	<u>2005 Tax Rate</u>	<u>Total Funded Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Funded Debt As of 09-30-06</u>
City of Laredo	7,449,143,814	0.637000	155,940,000	100.00%	155,940,000
Laredo Independent School District	1,808,367,416	1.554110	268,601,919	100.00%	268,601,919
Laredo Community College District	7,575,045,189	0.233710	137,045,591	100.00%	137,045,591
United Independent School District	6,308,530,900	1.606870	325,299,583	72.38%	235,455,091
Webb County	9,659,698,576	0.437920	75,445,897	72.70%	<u>54,848,413</u>
Total Direct and Overlapping G.O. Tax Debt					<u>851,891,015</u>
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					2.60%
Per Capita Overlapping G. O. Tax Debt					3,791.32

Source: Finance Departments of respective entities.



**TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-2007.....	\$	24,529,879
Interest and Sinking Fund, 9-30-2006.....	6,508,489	
Property Taxes for Interest and Sinking Fund.....	10,380,906	
Paving Assessments.....	125,161	
Budgeted Transfers.....	13,926,718	
Estimated Investment Income.....	<u>383,300</u>	<u>31,324,574</u>
Estimated Balance, 9-30-2007.....	\$	<u><u>6,794,695</u></u>

**TABLE 8A – GENERAL OBLIGATION DEBT SERVICE**

Fiscal Year Ended 09-30	Total Outstanding GO Debt	2006 GO Refunding Issue	Fund Debt Requirements	Less: Self Supporting GO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2007	7,187,106	4,198,869	11,385,975	6,228,244	5,157,731	12.53%
2008	7,470,105	3,563,799	11,033,904	6,198,556	4,835,348	
2009	7,160,191	3,473,800	10,633,991	6,165,802	4,468,189	
2010	7,170,000	3,142,500	10,312,500	6,191,217	4,121,283	
2011	8,096,125	2,533,874	10,629,999	6,443,646	4,186,353	55.32%
2012	8,401,063	2,209,000	10,610,063	6,407,871	4,202,192	
2013	8,855,463	1,368,376	10,223,839	6,673,058	3,550,781	
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	
2016	4,570,700	-	4,570,700	2,304,741	2,265,959	94.34%
2017	4,638,200	-	4,638,200	2,308,841	2,329,359	
2018	1,457,450	-	1,457,450	1,457,450	-	
2019	1,460,200	-	1,460,200	1,460,200	-	
2020	1,149,700	-	1,149,700	1,149,700	-	
2021	<u>771,450</u>	<u>-</u>	<u>771,450</u>	<u>771,450</u>	<u>-</u>	100.00%
Total	<u>81,999,150</u>	<u>20,490,218</u>	<u>102,489,368</u>	<u>61,327,860</u>	<u>41,161,508</u>	

**TABLE 8B – CERTIFICATES OF OBLIGATION DEBT SERVICE**

Fiscal Year 9-30	Outstanding Certificates of Obligation Debt	Public Prop. Finance Contractual Oblig, Series 2006	Fund Debt Requirements	Less: Self Supporting CO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2007	8,371,943	1,743,137	10,115,080	6,460,108	3,654,972	7.39%
2008	7,696,819	1,001,312	8,698,131	6,406,286	2,291,845	
2009	7,146,825	1,243,537	8,390,362	5,669,357	2,721,005	
2010	5,726,410	1,322,550	7,048,960	4,168,539	2,880,421	
2011	4,955,800	1,323,525	6,279,325	3,815,240	2,464,085	
2012	4,435,157	1,323,150	5,758,307	3,295,649	2,462,658	33.32%
2013	4,189,413	1,321,425	5,510,838	3,052,320	2,458,518	
2014	4,087,169	1,323,237	5,410,406	2,947,079	2,463,327	
2015	3,464,336	1,323,475	4,787,811	2,322,722	2,465,089	
2016	3,457,390	1,322,138	4,779,528	2,320,872	2,458,656	
2017	3,460,066	1,319,225	4,779,291	2,319,973	2,459,318	58.21%
2018	5,611,960	1,319,625	6,931,585	2,905,737	4,025,848	
2019	3,241,709	1,323,112	4,564,821	2,172,350	2,392,471	
2020	3,255,100	1,319,687	4,574,787	2,183,242	2,391,545	
2021	3,075,078	1,319,350	4,394,428	2,183,465	2,210,963	
2022	3,072,610	1,321,875	4,394,485	2,178,053	2,216,432	84.99%
2023	2,321,924	1,322,150	3,644,074	1,431,212	2,212,862	
2024	1,780,625	1,320,175	3,100,800	1,157,625	1,943,175	
2025	1,196,998	1,320,837	2,517,835	572,249	1,945,586	
2026	-	1,319,025	1,319,025	-	1,319,025	100.00%
Total	80,547,332	26,452,547	106,999,879	57,562,078	49,437,801	

**TABLE 9 – COMPUTATION OF SELF-SUPPORTING DEBT**

Computation of Self-supporting Debt-Airport	
Net Airport Revenue from Fiscal Year Ended 9-30-06	(1,773,184)
Less: Airport Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(1,773,184)
Airport General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>732,611</u>
Balance	<u>(2,505,795)</u>
Percentage of Airport General Obligation Bonds Self-supporting	65%
Computation of Self-supporting Debt-Sewer System	
Net Revenue from Fiscal Year Ended 9-30-06	2,873,055
Less: Sewer System Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>1,567,371</u>
Balance Available for Other Purposes	1,305,684
Sewer System General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>2,947,089</u>
Balance	<u>(1,641,405)</u>
Percentage of Sewer System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Waterworks System	
Net Revenues from Fiscal Year Ended 9-30-06	4,608,524
Less: Waterworks Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>2,587,413</u>
Balance Available for Other Purposes	2,021,111
Waterworks System General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>3,658,953</u>
Balance Available for Other Purposes	<u>(1,637,842)</u>
Percentage of Waterworks System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Paving Assessments	
Net Revenue from Fiscal Year Ended 9-30-06	574,196
Less: Paving Assessment Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	574,196
Paving Assessments General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>10,620</u>
Balance	<u>563,576</u>
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 9-30-06	2,636,092
Less: Hotel Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	2,636,092
Hotel General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>123,795</u>
Balance	<u><u>2,512,297</u></u>
Percentage of Hotel General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Mass Transit	
Net Revenue from Fiscal Year Ended 9-30-06	(80,416)
Less: Mass Transit Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(80,416)
Mass Transit General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>890,675</u>
Balance	<u><u>(971,091)</u></u>
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 9-30-06	2,416,350
Less: Solid Waste Revenue Bond Requirements, 2007 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	2,416,350
Solid Waste General Obligation Bond Requirements, 2007 Fiscal Year Ended	<u>2,069,202</u>
Balance	<u><u>347,148</u></u>
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>
2007	984,936
2008	795,468
2009	510,528
2010	<u>400,000</u>
Total Minimum Lease Payments	<u><u>2,690,932</u></u>

**Pension Obligation**

The City provides pension 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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:					
Taxes	64,247,927	57,900,377	51,922,395	45,792,946	40,463,347
Franchises	6,569,349	6,173,160	5,700,834	5,539,242	6,542,640
Licenses & Permits	6,042,780	5,539,664	5,300,012	4,932,961	5,007,870
Intergovernmental	671,140	1,379,562	1,007,702	825,502	592,326
Charges for Services	28,527,167	24,873,733	24,027,157	22,738,802	21,728,811
Fine and Special Assessment	2,574,351	2,649,032	2,476,015	2,075,063	1,881,512
Interest and Other	1,438,940	598,745	246,074	382,482	1,003,356
Other	<u>1,628,421</u>	<u>2,134,048</u>	<u>2,254,319</u>	<u>2,741,755</u>	<u>966,239</u>
Total Revenues	<u>111,700,075</u>	<u>101,248,321</u>	<u>92,934,508</u>	<u>85,028,753</u>	<u>78,186,101</u>
Expenditures:					
General Government	16,245,198	11,532,732	14,654,701	11,602,491	10,661,703
Public Safety	69,093,638	64,300,403	60,906,326	56,025,310	50,088,426
Public Works	6,098,378	5,695,047	5,268,489	3,608,986	4,125,575
Health and Welfare	438,132	527,562	721,376	961,834	948,141
Culture and Recreation	10,025,521	9,466,373	8,443,408	8,361,917	7,311,822
Capital Outlay	-	-	-	-	741,194
Miscellaneous	<u>-</u>	<u>3,616,381</u>	<u>11,914,519</u>	<u>3,405,561</u>	<u>2,977,874</u>
Total Expenditures	<u>101,900,867</u>	<u>95,138,498</u>	<u>101,908,819</u>	<u>83,966,099</u>	<u>76,854,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,799,208</u>	<u>6,109,823</u>	<u>(8,974,311)</u>	<u>1,062,654</u>	<u>1,331,366</u>
Transfers In	490,317	2,663,967	937,661	8,273,349	4,152,822
Bond/Capital Lease Proceeds	-	-	12,115,000	-	-
Transfers Out	(6,111,145)	(4,779,376)	(3,771,269)	(11,098,086)	(8,355,016)
Sale of Assets	<u>52,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers In/(Out)	<u>(5,568,378)</u>	<u>(2,115,409)</u>	<u>9,281,392</u>	<u>(2,824,737)</u>	<u>(4,202,194)</u>
Net Increase (Decrease)	4,230,830	3,994,414	307,081	(1,762,083)	(2,870,828)
Prior Period Adjustment	2,536,853	-	-	-	-
Beginning 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>
Ending Fund Balance	<u>21,089,204</u>	<u>14,321,521</u>	<u>10,327,107</u>	<u>10,020,026</u>	<u>11,782,109</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>
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
2006	29,894,463	63%	0.4013	133.04

(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, 2006, 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 125 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 99.84% of its face value. The City's funds are invested as follows:

Investment Pools	\$ 129,752,313
Agency Securities	<u>82,284,211</u>
Total	\$ <u>212,036,524</u>

## LAREDO ENTERTAINMENT CENTER

The City of Laredo, Texas issued the Sports Venue Sales Tax Revenue Improvement and Refunding Bonds, Series 2005, to acquire and construct additional parking facilities for the Laredo Entertainment Center, to achieve a debt service savings by *partially refunding outstanding Sports Venue Tax Revenue Bonds, Series 2001*, used to construct a sports venue project for a multipurpose entertainment arena and related infrastructure, and to pay for the issuance costs of the Bonds. The principal and interest due on the Sports Venue Tax Revenue Bonds, Series 2001 and 2005, are to be paid on the scheduled interest payment dates from funds deposited with an escrow agent until discharged.

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  $\frac{1}{4}$  of 1% sales 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 enormous *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 2,000 parking spaces, and a team store. The 178,000 square foot, \$36.5 million facility opened in October 2002. In the first year, the Laredo Entertainment Center hosted more than 100 events, among them concert performances by Shakira and Carlos Santana.

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 required for the Laredo Entertainment Center's daily operations. 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**

Fiscal Year Ending 9/30		Actual 1% Sales & Use Tax Receipts		1/4 of 1% Sales Tax Receipts	Maximum Annual Debt Service	Estimated Coverage
1996	\$	10,423,709	•	2,605,927	3,121,125	0.83
1997		11,665,798	*	2,916,450	3,121,125	0.93
1998		12,863,423	*	3,215,856	3,121,125	1.03
1999		13,665,870	*	3,416,468	3,121,125	1.09
2000		15,230,665	•	3,807,666	3,121,125	1.22
2001		16,512,506		4,128,126	3,121,125	1.32
2002		17,158,252		4,289,561	3,121,125	1.37
2003		18,037,788		4,509,447	3,121,125	1.44
2004		19,288,849		4,822,212	3,121,125	1.55
2005		21,075,124		5,268,781	3,121,125	1.69
2006		23,862,993		5,965,748	3,121,125	1.91

(\*) 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 purposed 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 1996.

**TABLE 2 - COVERAGE**

Average Annual Principal and Interest Requirements, 2007-2024	3,074,909
Fiscal Year 2006 Sales Tax Revenues	5,965,748
Coverage of Average Requirements by Fiscal Year 2006	1.94
Maximum Principal and Interest Requirements 2024	3,121,125
Fiscal Year 2006 Sales Tax Revenues	5,965,748
Coverage of Maximum Requirements by Fiscal 2006	1.91

**TABLE 3 – DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 9-30	Debt Requirement	2005 Sales Tax Revenue and Refunding Issue			Total Outstanding Debt	% of Debt Service Retired
		Principal	Interest	Total		
2007	944,688	205,000	1,667,862	1,872,862	2,817,550	3.58%
2008	1,019,525	210,000	1,661,638	1,871,638	2,891,163	
2009	1,094,075	215,000	1,655,262	1,870,262	2,964,337	
2010	-	1,430,000	1,616,287	3,046,287	3,046,287	
2011	-	1,575,000	1,539,194	3,114,194	3,114,194	
2012	-	1,660,000	1,456,350	3,116,350	3,116,350	28.48%
2013	-	1,745,000	1,371,225	3,116,225	3,116,225	
2014	-	1,835,000	1,281,725	3,116,725	3,116,725	
2015	-	1,930,000	1,187,600	3,117,600	3,117,600	
2016	-	2,030,000	1,088,600	3,118,600	3,118,600	
2017	-	2,130,000	984,600	3,114,600	3,114,600	58.28%
2018	-	2,240,000	875,350	3,115,350	3,115,350	
2019	-	2,355,000	757,531	3,112,531	3,112,531	
2020	-	2,485,000	630,481	3,115,481	3,115,481	
2021	-	2,615,000	499,875	3,114,875	3,114,875	
2022	-	2,750,000	365,750	3,115,750	3,115,750	88.07%
2023	-	2,895,000	224,625	3,119,625	3,119,625	
2024	-	3,045,000	76,125	3,121,125	3,121,125	100.00%
	<u>\$ 3,058,288</u>	<u>\$ 33,350,000</u>	<u>\$ 18,940,080</u>	<u>\$ 52,290,080</u>	<u>\$ 55,348,368</u>	

## LAREDO INTERNATIONAL AIRPORT

The City of Laredo International 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, ExpressJet d/b/a Continental Express to Houston Bush Intercontinental and Allegiant Air to Las Vegas, Nevada. On average, the airlines have nine daily scheduled flights. A top priority for the Airport is the re-instatement of direct air service to Mexico City and Guadalajara, Mexico. Furthermore, our passenger terminal also houses a full service restaurant, gift shop/duty free concession, ATM, five car rental companies, and U.S. Customs and Border Protection Services, formerly known as U.S. Custom Services.

In the area of commercial passenger activity, it is anticipated that during 2007, boardings will be increased by approximately ten (10) percent compared to 2006. Fueling the increase is Allegiant Air's low fare direct service to Las Vegas, Nevada, which was initiated during June 2006. For 2007, Allegiant Air is considering adding frequency of service to Las Vegas as well as adding direct summer time service to Orlando, Florida. Allegiant Air operates the 150-passenger MD-80 mainline jet aircraft. Also, starting March 2007, besides the initiation of operating regional jets, Chataqua Airlines will replace ExpressJet passenger service to Houston George Bush Intercontinental Airport under contract with Continental Airlines. Moreover, regaining air service to Mexico City and to Guadalajara is a top priority for the City of Laredo.

The airport passenger terminal is master planned to expand from the original three gates with four passenger-boarding bridges to twenty gates by the year 2025. The passenger capacity for the terminal is 600 passengers per hour and the Federal Inspection Station has capacity for 300 passengers per hour.

Twenty (20) air cargo companies are currently serving the Airport along with several unscheduled cargo carriers. During 2006, new direct B-727 air cargo service was added to Ypsilanti, Michigan primarily to service the auto industry in the Detroit area and the northern Mexico maquiladora operations. Major air cargo operators at the Laredo International Airport include: Federal Express, UPS Supply Chain Solutions, Air Transport Inc., Airborne Express / DHL, Kallita Charters, USA Jet, AmeriJet, USA/TSM, Cherry Air, AmeriStar, IFL Group, Air Cargo Carriers, Inc., and Contract Air.

Federal Aviation Administration's review and approval of Laredo's Airport Noise Compatibility Update Study recommendations is expected during May/June 2007. Upon approval, a significant number of residents will become eligible to participate in the City's voluntary noise abatement program. This program consists of the following options:

- Offer to acquire the fee simple interest, or
- Offer to soundproof, if feasible, the residential structure in exchange for an aviation easement, or
- Offer to acquire the aviation easement.

The estimated cost of the airport noise abatement program for the next eight to ten years is \$56.0 million of which the Federal Aviation Administration, under the current program, would fund 95% of the program cost.

The following three major airport infrastructure projects, with an approximate cost of \$7.6 million, are under construction and scheduled for completion during 2007:

- Rehabilitation of General Aviation Apron Phase 2
- Construction of the North East Cargo Apron Phase 2
- Construction of three (3) concrete cargo pads

The airport is currently in search of plan designs and specifications on two other projects: The rehabilitation of the Runway 14/32 and the rehabilitation of the General Aviation Apron Phase 3. The estimated cost of these two projects ranges between \$7 and \$9 million, of which the Federal Aviation Administration may contribute up to 95.0 percent of the cost during the latter part of 2007.

The City has contracted for an Environmental Assessment Study and for a Benefit/Cost Analysis regarding the proposed extension of Runway 17L. It is possible that the actual construction to extend the runway, its parallel taxiway, and the addition of an Instrument Landing System could commence as early as 2008.

During the past thirteen (13) years, the City and the Federal Aviation Administration have invested over \$110 million in Laredo International Airport infrastructure and noise abatement program. This trend will continue in 2007.

The airport leases facilities and land to aviation service providers, retailers, medical institutions, and public entities.

The goal of City Council to develop a Regional Medical Center on airport non-aeronautical use land is being realized. The University of Texas Health Science Center (UTHSC) inaugurated the first building of its medical research and education campus in Laredo in 2002, and the second building is set to be completed in 2007. UTHSC is located adjacent to Mercy Regional Medical Center. During 2006, Laredo Specialty Hospital and Gateway Health Clinic completed the construction of their facilities and are currently offering medical services to the public.

City Council has approved the public sale of three tracts of airport non-aeronautical use land, which are appraised in excess of \$25.0 million in total. The public sale, once consummated, will significantly enhance the airport's financial abilities.

Calendar Year	Enplaned Passengers	Deplaned Passengers	Gross Landed Weight (lbs.)
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
2006	92,783	93,979	(2) 360,000,000

(1) Because of the terrorist attacks of September 11, 2001, the airport 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- SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

	Fiscal Years Ended September 30,				
	2006	2005	2004	2003	2002
<b>Revenues:</b>					
FAA	\$ 391,895	\$ 349,076	\$ 287,124	\$ 287,124	\$ 279,240
State Operating Grants	102,045	98,363	94,710	135,344	80,354
Rents	3,844,104	3,525,829	3,489,304	3,777,292	3,291,239
Interest Earnings	47,672	87,095	34,837	759	-
Proceeds from Asset Disposition	-	329,689	3,898,840	3,400,077	-
Miscellaneous	202,542	325,174	251,881	484,174	239,644
<b>Total Revenues</b>	<b>4,588,258</b>	<b>4,715,226</b>	<b>8,056,696</b>	<b>8,084,770</b>	<b>3,890,477</b>
<b>Expenditures:</b>					
Administration	2,389,787	2,686,745	3,655,870	1,888,911	2,662,541
Building Maintenance	389,809	427,045	370,364	373,133	382,214
Ground Maintenance	436,528	498,610	418,625	390,865	364,801
Control Tower	491,684	461,614	392,096	358,495	336,383
Airport Police	766,494	584,732	586,887	494,967	66,808
Foreign Trade Zone	14,552	14,558	13,769	13,362	11,661
<b>Total Expenditures</b>	<b>4,488,854</b>	<b>4,673,304</b>	<b>5,437,611</b>	<b>3,519,733</b>	<b>3,824,408</b>
<b>Net Operating Revenues</b>	<b>99,404</b>	<b>41,922</b>	<b>2,619,085</b>	<b>4,565,037</b>	<b>66,069</b>
<b>Other Sources (Uses):</b>					
Debt Service	(645,942)	(786,131)	(790,914)	(785,744)	(793,684)
Capital Outlay	(1,872,588)	(115,980)	-	-	(17,331)
Communication System Fund	(81,411)	-	-	-	-
General Fund	-	-	25,000	25,000	25,000
Noise Abatement	-	-	(315,790)	-	-
New Airport Terminal	316,373	(1,500,000)	(511,889)	-	663,130
<b>Total Other Sources (Uses)</b>	<b>(2,283,568)</b>	<b>(2,402,111)</b>	<b>(1,593,593)</b>	<b>(760,744)</b>	<b>(122,885)</b>
<b>Excess (Deficiency) of</b>					
Revenues Over Expenditures	(2,184,164)	(2,360,189)	1,025,492	3,804,293	(56,816)
Beginning Fund Balance	2,131,789	4,491,978	3,466,486	(337,807)	(280,991)
Prior Period Adjustment	64,669	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 12,294</b>	<b>\$ 2,131,789</b>	<b>\$ 4,491,978</b>	<b>\$ 3,466,486</b>	<b>\$ (337,807)</b>

**TABLE 2- DEBT SERVICE REQUIREMENT**

Fiscal Year Ended 9-30	Debt Requirement	99 Airport Refunding Issue		Total	Total Outstanding Debt	% of Principal Retired
		Principal	Interest			
2007	\$ 411,566	255,000	66,045	321,045	732,611	
2008	415,894	265,000	53,550	318,550	734,444	31.98%
2009	408,805	280,000	40,300	320,300	729,105	
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	85.33%
2014	116,857	85,000	4,590	89,590	206,447	
2015	117,042	-	-	-	117,042	
2016	116,960	-	-	-	116,960	
2017	116,610	-	-	-	116,610	
2018	115,940	-	-	-	115,940	100.00%
Total	\$ <u>3,055,455</u>	<u>1,295,000</u>	<u>236,578</u>	<u>1,531,578</u>	<u>4,587,033</u>	

**TABLE 3- COVERAGE**

Average Annual Principal and Interest Requirements, 2007-2018	\$ 382,253
Coverage of Average Requirements by 9-30-06 Net Income	1.09
Maximum Annual Principal and Interest Requirements, after FYE 2007 through 2018	\$ 734,444
Coverage of Maximum Requirements by 9-30-06 Net Income	0.57

## **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 was enlarged to a 40-foot width. It has 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 accommodates up to eight vehicular traffic lanes with a sidewalk and includes protective barriers and high curbs to separate the sidewalk from the roadway. Bridge No. 3 was built in 1991. This bridge structure is a simple plan structure consisting of six 12' wide vehicular lanes. Bridge No. 4 was built in 2000 and has eight vehicle lanes.

The system presently has 23 toll lanes, all of which are equipped with an automated toll collection system which counts truck axles and charges accordingly. The toll collection process was recently restructured and upgraded to include a weight-in-motion system for truck toll collections for the Laredo Bridge System. The bridge system employs a staff of 212 employees, approximately 79 of which are directly involved in toll collection operations. Another 133 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>
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
2006	6,056,829	1,704,727	7,761,556	4,148,359

**TABLE 2 - TOLL RATES FOR THE SYSTEM**

New Rate Schedule (Southbound only) Effective  
October 14, 2005

Pedestrians	\$0.50
Children under 6 years of age	Free
Bicycle and Rider	\$0.50
All non-commercial vehicles not utilizing the Automated Vehicle Identification System (AVI) or Colombia Solidarity Bridge (per axle)	\$1.50
Emergency vehicles, fire engines, ambulances, police cars, etc., answering or returning from an emergency call	Free
All non-commercial vehicles utilizing the AVI or Colombia Solidarity Bridge (per axle)	\$1.00
Commercial Vehicles	\$2.75
Swipe Card Administrative Fee (per card)	\$1.00

Old Rate Schedule (Southbound only) Effective  
February 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) Effective  
December 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



**TABLE 3 - HISTORICAL REVENUES OF THE SYSTEM**

<u>MONTH</u>	FISCAL YEAR <u>2006</u>	FISCAL YEAR <u>2005</u>	FISCAL YEAR <u>2004</u>	FISCAL YEAR <u>2003</u>	FISCAL YEAR <u>2002</u>
OCT	3,055,601	2,800,813	2,858,532	2,876,062	2,276,872
NOV	3,335,389	2,810,202	2,673,349	2,757,597	2,335,760
DEC	3,604,785	2,949,343	3,002,443	2,883,428	2,798,976
JAN	3,088,928	2,561,825	2,505,939	2,617,782	2,535,167
FEB	2,984,542	2,526,743	2,542,821	2,361,630	2,423,728
MAR	3,452,262	2,812,851	2,889,866	2,632,044	2,661,424
APR	3,080,672	2,818,596	2,737,786	2,650,137	2,743,116
MAY	3,305,073	2,821,433	2,782,254	2,754,437	2,811,950
JUN	3,293,072	2,813,522	2,827,330	2,682,476	2,653,834
JUL	3,245,281	2,714,569	2,845,423	2,841,483	2,767,532
AUG	3,314,186	2,796,893	2,792,864	2,714,605	2,792,379
SEP	<u>3,341,970</u>	<u>2,642,241</u>	<u>2,698,809</u>	<u>2,665,824</u>	<u>2,562,561</u>
TOTAL	<u>39,101,761</u>	<u>33,069,032</u>	<u>33,157,416</u>	<u>32,437,505</u>	<u>31,363,299</u>

**TABLE 4 - DEBT SERVICE REQUIREMENTS OF THE SYSTEM**

Fiscal Year Ended 9-30	Series 1996 Bonds Total	Bond			SIB Loan Total	Total Outstanding Debt	% of Total Debt Service Retired
		Principal	Interest	Total			
2007	1,657,890	1,845,000	3,351,867	5,196,867	1,697,708	8,552,465	5.86%
2008	1,554,180	1,905,000	3,286,655	5,191,655	1,697,708	8,443,543	
2009	1,450,755	1,980,000	3,214,533	5,194,533	1,697,708	8,342,996	
2010	1,347,675	3,110,000	3,135,599	6,245,599	1,697,709	9,290,983	
2011	-	4,595,000	2,998,251	7,593,251	1,697,708	9,290,959	
2012	-	4,770,000	2,801,695	7,571,695	1,697,709	9,269,404	36.45%
2013	-	5,010,000	2,602,459	7,612,459	1,697,708	9,310,167	
2014	-	5,240,000	2,365,849	7,605,849	1,697,709	9,303,558	
2015	-	5,505,000	2,120,152	7,625,152	1,697,708	9,322,860	
2016	-	5,785,000	1,845,128	7,630,128	1,697,708	9,327,836	
2017	-	6,085,000	1,555,034	7,640,034	1,697,708	9,337,742	68.38%
2018	-	6,400,000	1,249,190	7,649,190	1,697,708	9,346,898	
2019	-	3,835,000	926,370	4,761,370	1,697,708	6,459,078	
2020	-	2,610,000	736,680	3,346,680	1,697,709	5,044,389	
2021	-	2,740,000	603,950	3,343,950	1,697,708	5,041,658	
2022	-	2,880,000	463,750	3,343,750	1,697,708	5,041,458	89.57%
2023	-	2,100,000	315,450	2,415,450	1,697,708	4,113,158	
2024	-	2,210,000	205,850	2,415,850	1,697,708	4,113,558	
2025	-	1,810,000	90,500	1,900,500	1,697,708	3,598,208	
2026	-	-	-	-	1,697,708	1,697,708	
2027	-	-	-	-	1,697,222	1,697,222	100.00%
<b>TOTAL</b>	<b>6,010,500</b>	<b>70,415,000</b>	<b>33,868,962</b>	<b>104,283,962</b>	<b>35,651,386</b>	<b>145,945,848</b>	

**TABLE 5 – INTERNATIONAL TOLL BRIDGE SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>REVENUES</u></b>					
Toll Receipts	39,101,761	33,069,032	33,157,416	32,437,505	31,363,301
Rental of Facilities	2,001,395	2,032,072	1,973,600	1,971,204	1,967,033
Miscellaneous	<u>20,091</u>	<u>12,517</u>	<u>28,966</u>	<u>18,837</u>	<u>507,626</u>
Total	<u>41,123,247</u>	<u>35,113,621</u>	<u>35,159,982</u>	<u>34,427,546</u>	<u>33,837,960</u>
<b><u>EXPENSES</u></b>					
Personnel Services	6,801,387	6,437,754	6,039,437	5,432,493	5,142,793
Materials and Supplies	908,535	417,238	404,667	296,066	339,562
Contractual Services (1)	3,095,352	3,137,229	2,740,480	2,965,969	2,879,305
Other	<u>41,395</u>	<u>26,109</u>	<u>22,130</u>	<u>31,166</u>	<u>50,578</u>
Total	<u>10,846,669</u>	<u>10,018,330</u>	<u>9,206,714</u>	<u>8,725,694</u>	<u>8,412,238</u>
<b><u>NON-OPERATING REVENUE</u></b>					
Interest Earnings-Restricted	1,369,477	3,989,068	349,320	361,736	537,533
Interest Earnings-Unrestricted	252,161	172,257	68,567	79,339	123,642
Unrealized Gain/(Loss) on Investments	<u>12,279</u>	<u>(42,997)</u>	<u>(3,672)</u>	<u>(31,865)</u>	<u>(90,223)</u>
Net Revenues Available for for Debt Service	31,910,495	29,213,619	26,367,483	26,111,062	25,996,674
Debt Service	<u>8,353,498</u>	<u>5,281,103</u>	<u>6,800,179</u>	<u>6,881,277</u>	<u>5,869,449</u>
Surplus Revenues	<u>23,556,997</u>	<u>23,932,516</u>	<u>19,567,304</u>	<u>19,229,785</u>	<u>20,127,225</u>

(1) Contractual Services consist 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**

<b>DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS</b>					
Average Annual Principal and Interest Requirements on System Revenue Bonds, 2007 through 2027					
				\$	5,804,972
Coverage of Average Requirements by 9-30-06 Net Income					5.50
Maximum Annual Principal and Interest Requirements, after FYE 2007 through 2027					
				\$	7,593,274
Coverage of Maximum Requirements by 9-30-06 Net Income					4.20
Reserve Fund				\$	5,804,972
Contingency Fund				\$	500,000
<b>DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS AND SIB LOAN</b>					
Average Annual Principal and Interest Requirements on First Lien Revenue Bonds plus SIB Loan, 2007 through 2027					
				\$	6,949,802
Coverage of Average Requirements by 9-30-06 Net Income					4.59
Maximum Annual Principal and Interest Requirements, after FYE 2007 through 2027					
				\$	9,346,898
Coverage of Maximum Requirements by 9-30-06 Net Income					3.41

**TABLE 7 - HISTORICAL DEBT SERVICE COVERAGE ANALYSIS**

Fiscal Year	Operating and Non- operating Revenues	Direct Operating Expenses (1)	Net Revenue Available For Debt Service	Total Debt Service Requirements	Coverage
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
2006	42,757,164	10,846,669	31,910,495	8,353,498	4

(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. Water is diverted directly from the river to the immediately adjacent water treatment plant facilities by two separate river intakes, two separate river pump structures and related multiple pump units. The City of Laredo's water allotment is approximately 47,878.59 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 flood waters 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 one 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 2006 was approximately 34.67 million gallons per day and peak demand for 2006 was 55.034 million gallons per day. Connections to the water system as of September 30, 2006 were 61,772.

### **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 58,796 connections as of September 30, 2006.

**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		1	2,500,000 gallons
Hendricks Avenue and Main Street	2		2,000,000 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		88,000 gallons
Pinto Valle	2		200,000 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		212,000 gallons
TAMIU Tank	1		2,000,000 gallons
Total Treated Water Storage			<u>41,333,000 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>
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
2006	40,918	58,940	14,086,761

**TABLE 3 - SEWAGE FLOW (THOUSAND GALLONS)**

Fiscal Year Ended <u>9-30</u>	Average Sewage Flow <u>Flow</u>	Total Daily Flow <u>Flow</u>
1997	13.363	4,947
1998	13.999	4,971
1999	14.557	5,313
2000	15.419	5,628
2001	15.515	5,663
2002	15.435	5,634
2003	16.767	6,120
2004	17.015	6,211
2005	16.776	6,123
2006	16.796	6,130

**TABLE 4 - TEN LARGEST WATER/SEWER USERS (GALLONS)(1)**

<u>User</u>	2006 <u>Water/Sewer Consumption</u>
Laredo Medical Center	117,510,100
Texas A&M International University	83,202,700
Laredo Municipal Housing Corp.	27,213,900
Webb County Jail	24,021,300
C.P.L. Power Plant	23,807,000
City of Laredo	18,470,500
Regent Care Center of Laredo	16,542,700
Broad Acres Apartments	14,454,000
Towne North Mobile Homes	13,325,000
Border Lease Service, Inc.	<u>13,226,100</u>
(1) Total gallons consumed	<u>351,773,300</u>

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(1) Source: City of Laredo, Texas.



**TABLE 5 - MONTHLY WATER RATES**

**Water Rates**  
**(Effective April 24, 2006)**

Inside City Limits	
Residential:	
Monthly minimum, including use of 2,000 gallons per month	\$7.50
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	\$1.10
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$1.17
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$1.23
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$1.30
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$1.37
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	\$1.44
Per 1,000 gallons per month in excess of 50,000 gallons per month	\$2.88
Multi-Family and Commercial:	
Monthly minimum, including use of 2,000 gallons per month	\$21.25
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	\$1.17
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$1.19
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	\$1.39
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	\$1.59
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	\$1.79
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	\$2.19
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	\$2.72
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	\$2.78
Outside City Limits:	
The rates for water outside the City limits shall be two times those established for commercial rates.	

**TABLE 5 - MONTHLY WATER RATES (CONTINUED)**

**Old Rates  
(Effective October 1, 2000)**

Inside City Limits	
Residential:	
Monthly minimum, including use of 4,000 gallons per month	\$7.50
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$.9326
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$.9874
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$1.0423
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$1.0971
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	\$1.1520
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 50,000 gallons per month	\$1.2069
Commercial:	
Monthly minimum, including use of 4,000 gallons per month	\$17.00
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$.9548
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$1.0078
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$1.0609
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$1.1139
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	\$1.1669
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 50,000 gallons per month	\$1.2200
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 100,000 gallons per month	\$1.2730
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 150,000 gallons per month	\$1.3261
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 200,000 gallons per month	\$1.3791
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 250,000 gallons per month	\$1.4322
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 300,000 gallons per month	\$1.4852
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 350,000 gallons per month	\$1.5383

<b>TABLE 5 - MONTHLY WATER RATES-OLD RATES (CONTINUED)</b>	
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 400,000 gallons per month	\$1.5913
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 450,000 gallons per month	\$1.6440
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 500,000 gallons per month	\$1.6974
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 550,000 gallons per month	\$1.7504
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 600,000 gallons per month	\$1.8035
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 650,000 gallons per month	\$1.8565
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 700,000 gallons per month	\$1.9096
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 750,000 gallons per month	\$1.9626
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 800,000 gallons per month	\$2.0157
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 850,000 gallons per month	\$2.0687
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 900,000 gallons per month	\$2.1218
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 950,000 gallons per month	\$2.1748
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	\$2.2278
<b>Outside City Limits</b>	
The rates for water outside the City limits shall be two times those established for commercial rates.	

**TABLE 6 - MONTHLY SEWER RATES (BASED ON WATER CONSUMPTION)**

**Sewer Rates  
(Effective April 1, 1997)**

Inside City Limits	
Residential:	
Monthly minimum, including the use of 4,000 gallons per month	\$8.50
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$1.03
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$1.08
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$1.14
The maximum charge will be up to 30,000 gallons and the equivalent of \$36.89.	
Commercial:	
Monthly minimum, including use of 4,000 gallons per month	\$13.00
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$1.25
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$1.31
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$1.37
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$1.43
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	\$1.48
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 50,000 gallons per month	\$1.54
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 100,000 gallons per month	\$1.60
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 150,000 gallons per month	\$1.65
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 200,000 gallons per month	\$1.71
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 250,000 gallons per month	\$1.77
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 300,000 gallons per month	\$1.82
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 350,000 gallons per month	\$1.88
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 400,000 gallons per month	\$1.94

<b>TABLE 6 - MONTHLY SEWER RATES (BASED ON WATER CONSUMPTION) (CONTINUED)</b>	
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 450,000 gallons per month	\$2.00
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 500,000 gallons per month	\$2.05
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 550,000 gallons per month	\$2.11
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 600,000 gallons per month	\$2.16
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 650,000 gallons per month	\$2.22
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 700,000 gallons per month	\$2.28
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 750,000 gallons per month	\$2.34
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 800,000 gallons per month	\$2.39
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 850,000 gallons per month	\$2.45
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 900,000 gallons per month	\$2.51
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 950,000 gallons per month	\$2.57
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	\$2.62
There shall be no maximum monthly charges for commercial users.	
Outside City Limits	
The rates for sewer outside the City limits shall be two times those established for commercial rates.	

**Old Rates  
(Effective January 1, 1996)**

<b>Inside City Limits</b>	
<b>Residential:</b>	
Monthly minimum, including use of 4,000 gallons per month	
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$5.50
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$0.90
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$0.95
The maximum charge will be up to 30,000 gallons and the equivalent of \$30.40.	

<b>TABLE 6 - MONTHLY SEWER RATES (BASED ON WATER CONSUMPTION) (CONTINUED)</b>	
Commercial:	
Monthly minimum, including use of 4,000 gallons per month	\$10.00
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$1.10
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$1.15
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$1.20
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$1.25
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	\$1.30
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 50,000 gallons per month	\$1.35
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 100,000 gallons per month	\$1.40
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 150,000 gallons per month	\$1.45
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 200,000 gallons per month	\$1.50
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 250,000 gallons per month	\$1.55
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 300,000 gallons per month	\$1.60
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 350,000 gallons per month	\$1.65
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 400,000 gallons per month	\$1.70
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 450,000 gallons per month	\$1.75
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 500,000 gallons per month	\$1.80
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 550,000 gallons per month	\$1.85
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 600,000 gallons per month	\$1.90
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 650,000 gallons per month	\$1.95
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 700,000 gallons per month	\$2.00
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 750,000 gallons per month	\$2.05
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 800,000 gallons per month	\$2.10

<b>TABLE 6 - MONTHLY SEWER RATES (BASED ON WATER CONSUMPTION) (CONTINUED)</b>	
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 850,000 gallons per month	\$2.15
Per 1,00 gallons (for the next 50,000 gallons) per month in excess of 900,000 gallons per month	\$2.20
Per 1,000 gallons (for the next 50,000 gallons) per month in excess of 950,000 gallons per month	\$2.25
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	\$2.30
There shall be no maximum monthly charges for commercial users.	
Outside City Limits	
The rates for water outside the City limits shall be two times those established for commercial rates	

TABLE 7

# VALUE OF SYSTEM-CITY OF LAREDO UTILITIES

	2006			2005			2004		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	110,303,883	74,321,403	184,625,286	105,821,499	70,625,996	176,447,495	95,818,825	62,327,972	158,146,797
Vehicles and Equipment	4,464,891	5,443,216	9,908,107	4,276,234	5,102,033	9,378,267	4,575,726	5,288,549	9,864,275
Buildings	13,245,692	17,759,212	31,004,904	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301
Land and Improvements	18,012,171	4,531,252	22,543,696	15,448,728	4,531,525	19,980,253	15,108,728	4,289,508	19,398,236
Construction In Progress	5,782,543	15,180,078	20,962,621	2,744,578	16,281,855	19,026,433	4,372,449	12,818,359	17,190,808
Less: Total Depreciation	(62,790,899)	(35,956,413)	(98,747,312)	(57,592,086)	(32,291,468)	(89,883,554)	(48,137,783)	(25,667,258)	(73,805,041)
Value After Depreciation	89,018,281	81,279,021	170,297,302	83,580,381	78,162,814	161,743,195	84,619,373	72,970,003	157,589,376
	2003			2002					
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities			
System Improvements	95,818,825	62,327,972	158,146,797	88,835,820	60,651,737	149,487,557			
Vehicles and Equipment	4,575,726	5,288,549	9,864,275	5,681,313	4,419,484	10,100,797			
Buildings	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301			
Land and Improvements	15,108,728	4,289,508	19,398,236	14,546,046	4,289,508	18,835,554			
Construction In Progress	4,372,449	12,818,359	17,190,808	7,492,218	13,603,644	21,095,862			
Less: Total Depreciation	(48,137,783)	(25,667,258)	(73,805,041)	(44,404,765)	(23,073,182)	(67,477,947)			
Value After Depreciation	84,619,373	72,970,003	157,589,376	85,032,060	73,804,064	158,836,124			



**TABLE 8: CITY'S EQUITY IN UTILITY SYSTEM**

Fiscal Year Ended Sept. 30,

	2006			2005			2004		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Resources:</u>									
Net System Value	\$ 89,018,281	81,279,021	170,297,302	83,580,381	78,162,814	161,743,195	85,042,304	75,288,741	160,331,045
Cash and Investments	46,788,214	25,619,286	72,407,500	37,432,457	22,306,240	59,738,697	28,203,259	22,610,065	50,813,324
Other Sources	4,380,439	2,420,388	6,800,827	3,444,306	2,369,981	5,814,287	2,395,876	1,868,029	4,263,905
Total Resources	140,186,934	109,318,695	249,505,629	124,457,144	102,839,035	227,296,179	115,641,439	99,766,835	215,408,274
<u>Obligations:</u>									
Revenue Bonds Payable	21,835,977	13,254,000	35,089,977	14,106,623	9,524,453	23,631,076	10,589,636	8,165,753	18,755,389
Less: Bond Funds	(1,612,118)	(980,733)	(2,592,851)	(999,731)	(680,773)	(1,680,504)	(1,676,417)	(1,049,022)	(2,725,439)
Other Obligations	20,223,859	12,273,267	32,497,126	13,106,892	8,843,680	21,950,572	8,913,219	7,116,731	16,029,950
Total Obligations	8,590,035	2,056,101	10,646,136	7,040,361	1,946,258	8,986,619	8,431,833	2,684,236	11,116,069
	28,813,894	14,329,368	43,143,262	20,147,253	10,789,938	30,937,191	17,345,052	9,800,967	27,146,019
City's Equity In System	\$ 111,373,040	94,969,327	206,362,367	104,309,891	92,049,097	196,358,988	98,296,387	89,965,868	188,262,255
Percentage City's Equity In System	79.45%	86.89%	82.71%	83.81%	89.51%	86.39%	85.00%	90.18%	87.40%

Fiscal Year Ended Sept. 30,

	2003			2002		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Resources:</u>						
Net System Value	\$ 84,619,373	72,970,003	157,589,376	85,032,060	73,804,064	158,836,124
Cash and Investments	22,261,933	19,509,701	41,771,634	21,183,687	15,732,593	36,916,280
Other Sources	3,040,128	2,007,627	5,047,755	3,985,110	2,209,827	6,194,937
Total Resources	109,921,434	94,487,331	204,408,765	110,200,857	91,746,484	201,947,341
<u>Obligations:</u>						
Revenue Bonds Payable	7,126,679	5,350,053	12,476,732	7,068,115	5,421,223	12,489,338
Less: Bond Funds	(1,222,640)	(704,316)	(1,926,956)	(1,205,899)	(744,729)	(1,950,628)
Other Obligations	5,904,039	4,645,737	10,549,776	5,862,216	4,676,494	10,538,710
Total Obligations	7,430,658	2,086,025	9,516,683	7,438,764	1,774,106	9,212,870
	13,334,697	6,731,762	20,066,459	13,300,980	6,450,600	19,751,580
City's Equity In System	\$ 96,586,737	87,755,569	184,342,306	96,899,877	85,295,884	182,195,761
Percentage City's Equity In System	87.87%	92.88%	90.18%	87.93%	92.97%	90.22%

# TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 1

For Fiscal Year Ended  
September 30,

	2006			2005			2004		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<b>Revenues</b>									
Charges for Services	\$ 23,129,654	14,108,373	37,238,027	16,894,576	13,389,474	30,284,050	14,826,763	12,340,387	27,167,150
Rental Of Facilities	38,122	-	38,122	34,109	-	34,109	30,096	-	30,096
Interest	1,743,571	1,062,886	2,806,457	764,273	554,940	1,319,213	347,172	271,390	618,562
Miscellaneous	294,506	429,905	724,411	1,043,549	464,833	1,508,382	698,617	685,074	1,383,691
Total Revenues	25,205,853	15,601,164	40,807,017	18,736,507	14,409,247	33,145,754	15,902,648	13,296,851	29,199,499
<b>Expenses</b>									
Administrative	1,779,174	2,543,621	4,322,795	1,278,137	1,846,066	3,124,203	1,237,314	1,406,152	2,643,466
Utility Engineering	638,979	-	638,979	580,413	-	580,413	529,185	-	529,185
Utility Compliance	-	-	-	4,763,429	3,019,560	7,782,989	7,656,492	4,682,958	12,339,450
City Managed Employees	-	-	-	137,414	79,466	216,880	342,582	262,052	604,634
Utility Billing	1,950,102	-	1,950,102	707,008	-	707,008	-	-	-
Asset Management	246,510	-	246,510	121,035	-	121,035	-	-	-
Water Treatment Plant	6,090,084	-	6,090,084	1,956,422	-	1,956,422	-	-	-
Transmission and Distribution	2,803,090	-	2,803,090	1,262,552	-	1,262,552	-	-	-
Water Pollution Control	502,870	-	502,870	171,841	-	171,841	-	-	-
Wastewater Treatment	-	3,662,090	6,662,090	-	1,064,536	1,064,536	-	-	-
Wastewater Collection	-	2,280,698	2,280,698	-	769,719	769,719	-	-	-
Corrective Maintenance	-	-	-	13,083	32,014	45,097	35,539	296,941	332,480
Total Expenses	14,010,809	8,486,409	22,497,218	10,991,334	6,811,361	17,802,695	9,801,112	6,648,103	16,449,215
Net Available for Debt Service	\$ 11,195,044	7,114,755	18,309,799	7,745,173	7,597,886	15,343,059	6,101,536	6,648,748	12,750,284
Number of Customers	61,772	58,796	-	55,252	52,565	-	52,754	50,282	-

**TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 2**

For Fiscal Year Ended  
September 30,

	2003			2002		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>						
Charges for Services	\$ 14,444,856	12,104,460	26,549,316	15,650,517	12,422,638	28,073,155
Rental Of Facilities	20,982	-	20,982	20,982	-	20,982
Interest	356,138	299,547	655,685	735,199	518,972	1,254,171
Miscellaneous	605,714	565,430	1,171,144	366,786	216,750	583,536
Total Revenues	15,427,690	12,969,437	28,397,127	16,773,484	13,158,360	29,931,844
<u>Expenses</u>						
Administrative	1,163,450	1,277,567	2,441,017	1,277,798	1,672,221	2,950,019
Utility Engineering	517,235	-	517,235	474,467	-	474,467
Utility Compliance	6,870,017	5,499,484	12,369,501	-	-	-
City Managed Employees	365,098	405,422	770,520	-	-	-
Utility Billing	26,165	-	26,165	1,130,477	-	1,130,477
Asset Management	-	-	-	-	-	-
Water Treatment Plant	68,810	-	68,810	3,320,340	-	3,320,340
Transmission and Distribution	52,081	-	52,081	2,147,656	-	2,147,656
Water Pollution Control	22,848	-	22,848	596,380	-	596,380
Wastewater Treatment	-	157,016	157,016	-	2,691,813	2,691,813
Wastewater Collection	-	48,352	48,352	-	2,004,008	2,004,008
Corrective Maintenance	36,449	11,715	48,164	416,393	21,614	438,007
Total Expenses	9,122,153	7,399,556	16,521,709	9,363,511	6,389,656	15,753,167
Net Available for Debt Service	\$ 6,305,537	5,569,881	11,875,418	7,409,973	6,768,704	14,178,677
Number of Customers	50,997	48,715		49,158	47,041	

**TABLE 10 DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 9-30	Water Revenue		2004 WATER SYSTEM REVENUE REFUNDING ISSUE				Plus General Obligation Water System Debt Requirements			Sewer Revenue Debt After Refunding Issue Debt Requirements			2002 SEWER SYSTEM REVENUE REFUNDING ISSUE			Total Sewer Outstanding Debt			Plus General Obligation Sewer System Debt Requirements			Utility Grand Total			% of Grand Total Retired
	Requirement	Debt	Principal	Interest	Total	Total Water Outstanding Debt	Water System Debt Service Requirements	Water Total	Debt	Requirements	Principal	Interest	Total	Total Sewer Outstanding Debt	Sewer Service Requirements	Sewer Debt Total	Utility Grand Total								
2007	1,376,300		1,045,000	166,112	1,211,112	2,587,412	3,658,953	6,246,365		974,668	520,000	72,702	592,702	1,567,370	2,947,089	4,514,459	10,760,824								
2008	1,374,584		1,125,000	124,240	1,249,240	2,623,824	3,657,363	6,281,187		971,945	465,000	55,260	520,260	1,492,205	2,921,015	4,413,220	10,694,407								
2009	1,371,138		1,100,000	76,978	1,176,978	2,548,116	3,655,248	6,203,364		975,350	455,000	37,363	492,363	1,467,713	2,771,682	4,239,395	10,442,759								
2010	1,369,127		1,135,000	26,389	1,161,389	2,530,516	3,664,001	6,194,517		974,134	460,000	18,298	478,298	1,452,432	2,781,947	4,234,379	10,428,896								
2011	1,369,329		-	-	-	1,369,329	3,663,412	5,032,741		973,344	190,000	4,223	194,223	1,167,567	2,759,665	3,927,232	8,959,973	47.01%							
2012	1,376,325		-	-	-	1,376,325	3,314,672	4,690,997		830,915	-	-	-	830,915	2,792,226	3,623,141	8,314,138								
2013	1,374,592		-	-	-	1,374,592	3,331,757	4,706,349		837,171	-	-	-	837,171	2,792,735	3,629,906	8,336,255								
2014	1,374,358		-	-	-	1,374,358	2,761,052	4,135,410		836,364	-	-	-	836,364	2,427,195	3,263,559	7,398,969								
2015	1,372,336		-	-	-	1,372,336	778,685	2,151,021		833,400	-	-	-	833,400	941,478	1,774,878	3,925,899								
2016	1,376,409		-	-	-	1,376,409	780,929	2,157,338		832,350	-	-	-	832,350	942,553	1,774,903	3,932,241	76.25%							
2017	1,370,562		-	-	-	1,370,562	785,964	2,156,526		833,019	-	-	-	833,019	941,701	1,774,720	3,931,246								
2018	1,370,661		-	-	-	1,370,661	528,694	1,899,355		834,233	-	-	-	834,233	948,946	1,783,179	3,682,534								
2019	1,363,595		-	-	-	1,363,595	528,539	1,892,134		838,801	-	-	-	838,801	430,913	1,269,714	3,161,848								
2020	1,371,062		-	-	-	1,371,062	216,788	1,587,850		831,871	-	-	-	831,871	432,916	1,264,787	2,652,637								
2021	1,368,851		-	-	-	1,368,851	-	1,368,851		833,369	-	-	-	833,369	273,790	1,107,159	2,476,010	91.01%							
2022	1,373,912		-	-	-	1,373,912	-	1,373,912		835,034	-	-	-	835,034	272,663	1,107,697	2,481,609								
2023	1,367,142		-	-	-	1,367,142	-	1,367,142		838,706	-	-	-	838,706	270,962	1,109,668	2,476,810								
2024	1,371,566		-	-	-	1,371,566	-	1,371,566		836,529	-	-	-	836,529	-	836,529	2,208,095								
2025	1,011,590		-	-	-	1,011,590	-	1,011,590		595,802	-	-	-	595,802	-	595,802	1,607,392								
2026	685,075		-	-	-	685,075	-	685,075		347,650	-	-	-	347,650	-	347,650	1,032,725	100.00%							
Total	26,388,514		4,405,000	393,719	4,798,719	31,187,233	31,326,057	62,513,290		16,664,655	2,090,000	187,846	2,277,846	18,942,501	27,649,476	46,591,977	109,105,267								

**TABLE 11: COVERAGE AND FUND BALANCES****Waterworks:**

Average Annual Principal and Interest Requirements	\$	1,612,118
Coverage of Average Requirements by 2006 Net Income		6.95
Maximum Principal and Interest Revenue Bond Requirements	\$	2,623,824
After Fiscal Year Ended September 30, 2006		
Coverage of Maximum Requirements by 2006 Net Income		4.27
Outstanding New Series Water Revenue Bonds	\$	26,388,514
Outstanding Refunding Water Revenue Bonds	\$	4,798,719
Interest and Sinking Fund as of September 30, 2006	\$	650,844
Reserve Fund as of September 30, 2006	\$	1,612,118
Contingency Fund as of September 30, 2006	\$	1,325,105

**Sewer:**

Average Annual Principal and Interest Requirements	\$	980,734
Coverage of Average Requirements by 2006 Net Income		7.26
Maximum Principal and Interest Revenue Bond Requirements	\$	1,245,445.00
After Fiscal Year Ended September 30, 2006		
Coverage of Maximum Requirements by 2006 Net Income		5.72
Outstanding New Series Sewer Revenue Bonds	\$	16,664,655
Outstanding Refunding Sewer Revenue Bonds	\$	2,277,846
Interest and Sinking Fund as of September 30, 2006	\$	396,250
Reserve Fund as of September 30, 2006	\$	980,734
Contingency Fund as of September 30, 2006	\$	747,813

**TABLE 12: COVERAGE AND FUND BALANCES – UTILITY SYSTEM**

	Utility System			
		Waterworks	Sewer	Total
Net Funds Available for Debt Service	\$	11,195,044	7,114,755	18,309,799
Average Annual Principal and Interest Requirements		1,612,118	980,734	2,592,852
Coverage of Average Annual Requirements by Funds Available for Debt Service		6.95	7.26	7.07
Maximum Principal and Interest Revenue Bond Requirements		2,623,824	1,245,445	3,869,269
Coverage of Maximum Requirement by Funds Available for Debt Service		4.27	5.75	4.74
Outstanding Bonds as of 09/30/2006		19,335,084	13,135,396	32,470,480
Interest & Sinking Fund as of 09/30/2006		650,844	396,250	1,047,094
Reserve Funds as of 09/30/2006		1,612,118	980,734	2,592,852
Contingency Fund as of 09/30/2006	\$	1,325,105	747,813	2,072,918

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## **SINGLE AUDIT**



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

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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, 2006. 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, 2006.

#### 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, 2006, and have issued our report thereon dated January 19, 2007. 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. 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.

*Gauger, Martine & Co, L.L.P.*

January 19, 2007

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
PERIOD ENDED SEPTEMBER 30, 2006**

**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, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>U.S. Department of Health and Human Services</b>							
Passed Through Texas Department of State Health Services:							
Center for Disease Control and Prevention, Public Health Services:							
Public Health and Social Services Emergency Fund			\$				
Control Program - CPS-BIOCHEM	93.003	N/A	3,500	3,426	74	3,500	-
Control Program - TB Federal '00	93.116	N/A	183,186	30,873	-	-	30,873
Control Program - TB Federal '04	93.116	N/A	208,446	661	-	-	-
Control Program - TB Federal '05	93.116	N/A	169,293	21,820	75,596	97,416	-
Control Program - TB Federal '06	93.116	N/A	169,293	-	100,564	76,224	24,340
Control Program - Tuberculosis Elimination '04	93.116	N/A	21,933	529	-	529	-
Control Program - Tuberculosis Elimination '05	93.116	N/A	17,889	2,778	4,533	7,311	-
Health Resources and Services Administration:							
Abstinence Education Program 04-05	93.235	N/A	92,910	-	60,393	37,340	23,053
Occupational Safety and Health Research Projects:							
Lead Poisoning Prevention 04-05	93.262	N/A	15,000	630	-	8	622
Lead Poisoning Prevention 05-06	93.262	N/A	15,000	4,771	11,619	15,769	621
Center for Disease Control and Prevention, Public Health Services:							
Immunization Grants:							
Immunization Locals 03-05	93.268	N/A	257,450	50,471	23,367	73,838	-
Immunization Locals 06	93.268	N/A	128,651	-	98,739	91,295	7,444
Immunization Locals 07	93.268	N/A	128,651	-	14,472	-	14,472
Center for Disease Control and Prevention							
Investigations and Technical Assistance - Bureau of Clinical and Nutrition Services -							
Office of Border Health - Lab	93.283	N/A	145,540	-	-	-	-
Community Preparedness Section - Lab	93.283	N/A	750,000	-	-	-	-
Bioterrorism Preparedness - 03-04	93.283	N/A	449,067	48,071	-	-	48,071
Bioterrorism Preparedness - 04-05	93.283	N/A	413,077	124,503	35,458	159,961	-
Bioterrorism Preparedness - 05-06	93.283	N/A	411,031	-	346,405	281,705	64,700
Bioterrorism Preparedness - 05-06	93.283	N/A	155,289	11,022	-	-	11,022
Preventive Health & Health Services 02-03 - NTD							
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 05-06	93.917	019-03-05	338,841	102,732	193,471	296,203	-
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 06-07	93.917	019-03-06	306,063	-	140,232	40,370	99,862
H.I.V. Prevention Activities - Health Department Based							
H.I.V. Prevention Counseling Partner Elicitation Education 06	93.940	N/A	199,854	-	127,067	83,640	43,427
H.I.V. Prevention Counseling Partner Elicitation Education 05	93.940	N/A	199,854	45,636	53,290	98,928	-
Prevention Services for H.I.V. Infected Persons '05	93.940	N/A	112,280	20,881	31,207	52,068	-
Prevention Services for H.I.V. Infected Persons '06	93.940	N/A	104,989	-	78,786	55,749	23,037
Centers for Disease Control and Prevention:							
Preventive Health & Health Services Block Grant							
Office of Border Health - Buena Vida 04-05	93.991	N/A	35,000	27,797	-	27,797	-
Office of Border Health - Buena Vida 05-06	93.991	N/A	49,000	-	31,235	6,269	24,966
Office of Border Health - NTD	93.991	N/A	28,053	265	-	-	265
Office of Regional Administrative Services - 04-05 / O.P.H.P.	93.991	N/A	336,184	61,698	535	62,233	-
Office of Regional Administrative Services - 05-06 / O.P.H.P.	93.991	N/A	306,835	30,294	276,540	279,227	27,607
Office of Regional Administrative Services - 06-07 / O.P.H.P.	93.991	N/A	306,835	-	21,430	-	21,430
Preventive Health & Health Services '01-02 - Border Health	93.991	N/A	5,000	892	-	-	892
Public Health Nutrition - S.P.A.N.	93.991	N/A	24,301	2,227	-	2,227	-
Total U. S. Department of Health and Human Services			\$ 6,374,233	634,151	1,725,013	1,850,266	508,898

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
PERIOD ENDED SEPTEMBER 30, 2006**

**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, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>U.S. Department of Housing and Urban Development (HUD)</b>							
<b>Direct Programs:</b>							
Community Planning and Development:							
Community Development Block Grant / Entitlement Grants 03	14.218	N/A	\$ 4,407,000	382,016	2,606,036	2,988,052	-
Community Development Block Grant / Entitlement Grants 04	14.218	N/A	4,336,000	-	2,487,987	1,466,185	1,021,802
Community Development Block Grant / Entitlement Grants 05	14.218	N/A	4,162,388	-	-	-	-
Emergency Shelter Grant Program 2004	14.231	N/A	161,205	18,657	56,469	75,126	-
Emergency Shelter Grant Program 2005	14.231	N/A	156,593	-	86,364	64,803	20,561
Housing Opportunities for Persons with Aids - H.O.P.W.A. II 05-06	14.241	019-02-05	87,800	23,078	25,393	48,471	-
Housing Opportunities for Persons with Aids - H.O.P.W.A. II 06-07	14.241	019-02-05	87,800	-	52,101	31,842	20,259
HOME Investment Partnership Program 2004 GRANT	14.239	N/A	1,444,006	48,686	897,999	946,685	-
ADDJ Program 2005 Grant	14.239	N/A	25,734	-	25,734	25,734	-
HOME Investment Partnership Program 2005 GRANT	14.239	N/A	1,381,136	-	495,412	301,014	197,398
EDI Special Project (Plaza Sign Restoration)	14.246	B-05-SF-TX-0301	198,400	-	7,103	-	7,103
Total U. S. Department of HUD			16,450,064	473,437	6,742,598	5,947,912	1,267,123

**U. S. Department of Transportation**

<b>Direct Programs:</b>							
Federal Transit Administration:							
Capital Improvement Grant	20.500	TX90X438	1,427,252	6,876	287,955	258,762	36,069
Capital Improvement Grant	20.500	TX90X456	1,179,494	7,211	11,017	13,962	4,266
Capital Improvement Grant	20.500	TX90X489	688,015	-	632,488	596,488	36,000
Capital Improvement Grant	20.500	TX03X274	2,546,681	-	1,492,249	1,492,249	-
Federal Transit Formula Grants - Urbanized Area Formula Program							
Federal Transportation and Operating Assistance	20.507	TX904664	3,098,465	427,160	607,065	1,034,225	-
Federal Transportation and Operating Assistance	20.507	TX904706	3,778,375	-	3,251,888	2,903,142	348,746
Federal Aviation Administration:							
Airport Improvement Program (Noise Abatement/RWY17)	20.106	3-48-0136-29-01	1,919,379	74,173	25,489	99,662	-
Airport Improvement Program (Taxiway J, Service Road & Sec)	20.106	3-48-0136-34-02	2,621,205	44,534	-	44,534	-
Airport Improvement Program (Noise Abatement/Parcel M)	20.106	3-48-0136-35-02	4,000,000	45	158,350	158,395	-
Airport Improvement Program (ARFF Station/Cargo Apron Pads)	20.106	3-48-0136-38-03	1,314,480	4,548	5,083	7,731	1,900
Airport Improvement Program (Noise Abatement/65 DNL)	20.106	3-48-0136-39-03	3,000,000	353,864	1,662,347	1,936,211	-
Airport Improvement Program (Noise Abatement/65-69 DNL)	20.106	3-48-0136-40-04	6,000,000	-	2,322,851	2,313,171	9,680
Airport Improvement Program (EMAS, Taxiway, Cargo Pads)	20.106	3-48-0136-41-04	4,276,134	1,917,572	645,414	2,431,660	131,326
Airport Improvement Program (Taxiways, Apron)	20.106	3-48-0136-42-04	5,448,747	1,362,767	3,705,718	4,948,618	119,867
Airport Improvement Program (Runway 17R/35L, RPZ)	20.106	3-48-0136-44-05	4,271,932	986,698	3,041,146	3,874,315	153,529
Airport Improvement Program (Runway 17R/35L, RPZ)	20.106	3-48-0136-46-05	1,000,000	-	2,399	2,399	-
Airport Improvement Program (Noise Abatement)	20.106	3-48-0136-47-06	2,000,000	-	81,681	81,681	-
Airport Improvement Program (Runway 17L, Noise Study)	20.106	3-48-0136-48-06	1,424,968	-	478,639	271,953	206,886
Airport Improvement Program (G.A. Apron, N.E. Cargo Apron)	20.106	3-48-0136-49-07	7,500,000	-	1,428	-	1,428
			\$				(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**PERIOD ENDED SEPTEMBER 30, 2006**

**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, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>U. S. Department of Transportation</b>							
Direct Programs:							
Federal Aviation Administration:							
Airport Traffic Control Services	20.106	N/A	\$ 341,330	(4,435)	391,896	359,238	28,223
Transportation Security Administration	20.512	DTSAA20-03-P-01648	423,715	16,177	99,718	99,230	16,665
Pass Through Texas Department of Transportation:							
Federal Transit Administration:							
Federal Transit Capital Improvement Grants	20.500	51422F7192	610,300	-	610,300	610,300	-
Urban Public Transportation- Capital							
Formula Grants for Other Than Urbanized Areas:							
Urban Public Transportation- Operating	20.509	51622F7052	705,482	-	705,482	705,482	-
National Highway Traffic Safety - State & Community Highway Safety							
Texas Department of Transportation							
Comprehensive Commercial Vehicle STEP	20.604	586XXF6051	40,000	-	32,948	18,084	14,864
Step Wave	20.600	586XXF6037	94,442	-	94,442	85,498	8,944
Impaired Driving Mobilization	20.600	584XXF6144	15,000	4,240	-	4,240	-
Step - CLOT	20.605	585XXF6179	49,989	2,008	46,007	39,758	8,257
Step - IDM	20.600	586XXF6174	20,000	-	16,448	-	16,448
Small Community Air Service Development Pilot Program	20.930	OST-2003-15065-86	400,000	20,734	100,094	45,734	10,000
FHWA-PL - Metropolitan Planning	20.205	50-2-05-1113-70	-	130,836	-	130,836	75,094
FHWA-PL - Metropolitan Planning	20.205	50-2-06-1113-70	241,702	-	132,863	88,518	-
FTA SECTION 5303 - Metropolitan Planning	20.205	51-108.0122-06	52,689	-	52,689	52,689	46,345
<b>Total U. S. Department of Transportation</b>			<b>60,500,776</b>	<b>5,355,008</b>	<b>20,626,294</b>	<b>24,706,765</b>	<b>1,274,537</b>

**U. S. Department of Agriculture**

Passed Through Texas Department of State Health Services:							
Food & Nutrition Service - Special Supplemental Nutrition Program							
Women, Infants and Children 04-05	10.557	N/A	-	629,366	31,897	661,063	-
Women, Infants and Children 05-06	11.557	N/A	-	-	2,970,182	2,303,980	666,202
Passed Through Texas Forest Service:							
Urban Forestry Partnership Grant Program	10.664	04-09-03	8,100	5,181	-	5,181	-
Urban Forestry Partnership Grant Program	10.664	05-09-04	2,000	-	-	-	-
<b>Total U. S. Department of Agriculture</b>			<b>10,100</b>	<b>634,547</b>	<b>3,001,879</b>	<b>2,970,224</b>	<b>666,202</b>

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
PERIOD ENDED SEPTEMBER 30, 2006**

**CITY OF LAREDO, TEXAS  
(Continued)**

**GRANT NAME**

GRANT NAME	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>U. S. Department of the Interior</b>							
National Park Service - Seven Flags Park	15.910	48-CTV-3899-02-01	\$ 385,200	22,175	-	22,175	-
Total U. S. Department of the Interior			385,200	22,175	-	22,175	-
<b>U. S. Department of Justice</b>							
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	12PSSP571	677,337	170	1,619	-	1,789
Financial Task Force	16.579	14PSSP571	637,257	13,013	-	13,013	-
Interdiction Project	16.579	14PSSP571	80,000	23,144	-	16,652	6,492
Financial Task Force	16.579	15PSSP571Z	630,685	218,966	223,573	391,455	48,984
Financial Task Force	16.579	16PSSP571Z	630,685	-	421,278	-	421,278
South Texas Public Corruption Task Force 06	16.579	16PSSP571Z	98,916	-	51,208	-	51,208
Passed Through South Texas Development Board: South Texas Interoperability Project			1,200,000	-	1,200,000	1,200,000	-
Office of Justice Program - Bureau of Justice Assistance - Byrne Formula Grant Program: Passed Through State Department of Criminal Justice: Criminal Justice Discretionary Grant Program							
Office of Justice Program - Violence Against Women Formula Grant: Violence Against Women Grant 05	16.588	WF-04-V3013418-07	80,000	998	-	998	-
Violence Against Women Grant 06	16.588	WF-04-V3013418-08	49,748	4,146	45,602	49,748	-
Juvenile Act. Inc. Block Grant	16.523	JB-03-J20-1546S-05	36,118	1,787	-	1,787	-
Office of Justice Program - Bureau of Justice Assistance - Local Law Enforcement Block Grants Program: South Texas Public Corruption Task Force 01	16.592	11PSSP602	20,025	-	7,695	7,695	-
South Texas Public Corruption Task Force 02	16.592	12PSSP602	47,208	288	15,813	-	16,101
South Texas Public Corruption Task Force 03	16.592	13PSSP602	49,888	3,331	-	-	3,331
South Texas Public Corruption Task Force 05	16.592	15PSSP571Z	101,225	37,714	40,265	62,062	15,917
City of Laredo Justice Assistance Grant	16.592	2006-DJ-BX-0288	124,624	-	77,235	25,315	51,920
Office of Community Oriented Policing Services - Public Safety Partnership & Community Policing Grants: Universal Hiring 02-05	16.710	2002-UL-WX-0020	3,000,000	158,332	640,789	799,121	-
Universal Hiring 04-07	16.710	2202-UL-WX-0047	1,125,000	76,958	379,581	438,972	17,567
Cops in School SRO 01-04	16.710	2001-SH-WX-0638	1,750,000	36,074	83,334	112,463	6,945
Cops in School SRO 02-05	16.710	2002-SH-WX-0726	1,250,000	60,552	385,418	414,730	31,250
Total U. S. Department of Justice			\$ 11,589,726	653,383	3,573,410	3,534,011	672,782

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**CITY OF LAREDO, TEXAS  
(Continued)**

**PERIOD ENDED SEPTEMBER 30, 2006**

**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, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>U.S. Department of Homeland Security</b>							
Federal Emergency Management Agency							
Hurricanes Katrina and Rita Disaster Relief Efforts	97.036	Project HBW-003	\$ -	265,036	6,136	271,172	-
Pre-disaster Mitigation Planning Grant	97.017	PDM05-004	73,230	-	-	-	-
Passed Through GDEM:							
State Homeland Security Program (SHSGP)	97.073	2004 HSGP-41464	1,462,934	183,318	241,652	399,097	25,873
State Homeland Security Program (SHSP)	97.073	2005 HSGP-41464	459,818	-	-	-	-
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2005 HSGP-41464	185,918	-	10,000	-	10,000
Buffer Zone Protection Plan	97.078	2003 BZPP-41464	49,979	-	18,579	-	18,579
<b>Total U. S. Department of Homeland Security</b>			<b>2,241,879</b>	<b>448,354</b>	<b>276,367</b>	<b>670,269</b>	<b>54,452</b>
<b>U. S. Department of Environmental Protection Agency</b>							
Survey, Studies, Investigations & Special Purpose Grants							
EPA - Jefferson & Chacon Water and Wastewater Improvements	66.606	C-481961-01-0	8,200,000	38,645	-	-	38,645
EPA - Wetlands Protection Development/Chacon Creek	66.461	CD-97602801-1	138,575	5,653	4,812	10,465	-
EPA - Brownfields	66.818	BF-96638301-0	100,000	-	-	-	-
EPA - U.S. Mexico Border Program Grant	66.931	X4-97674301-0	30,000	785	29,157	29,942	-
EPA - Regional Wetlands Program Development Grants	66.461	CD-96601101-0	87,750	-	-	-	-
Passed Through Texas State University - San Marcos:							
EPA - Dos Laredos: Integrating Monitoring, Watershed Education	66.931	X4-96606301-0	23,377	-	-	-	-
EPA - Health	66.931	X4-97672501-0	70,000	20,438	22,585	43,023	-
EPA - Health	66.931	X4-96602701-0	75,000	-	11,202	6,141	5,061
Air Pollution Control Program Support:							
Continuing Through Texas Commission on Environmental Quality							
Continuous Air Monitoring Station - Air Pollution Control Prog 03-05	66.001	582-4-55848	210,000	17,972	56,339	54,623	19,688
Continuous Air Monitoring Station - Air Pollution Control Prog 06-07	66.001	582-7-72662	70,000	-	3,123	-	3,123
Passed Through Texas Water Development Board:							
NADB - Colonia Water & Wastewater Treatment	66.606	BEIF23-48700	6,231,450	3,089	1,956	5,045	-
Colonia Water & Waste Water Treatment	66.606	G1350013600	15,319,920	412,528	1,311,171	1,305,115	418,584
<b>Total U. S. of Environmental Protection Agency</b>			<b>30,556,072</b>	<b>499,110</b>	<b>1,440,345</b>	<b>1,454,354</b>	<b>485,101</b>
<b>Total Federal Assistance</b>			<b>128,108,050</b>	<b>8,699,165</b>	<b>37,385,906</b>	<b>41,155,976</b>	<b>4,929,095</b>
<b>STATE AWARDS</b>							
Texas Department of State Health Services:							
Primary Health Care Program 04-05	N/A	74-60015732-0508	134,342	35,560	2,320	37,880	-
Primary Health Care Program 05-06	N/A	74-60015732-0607	134,342	8,438	108,344	77,218	39,564
Primary Health Care Program 06-07	N/A	2007-020365-001	134,342	-	18,915	-	18,915
Tuberculosis Prevention and Control 04-05	N/A	74-60015732-0506	205,860	17,774	-	17,774	-
Tuberculosis Prevention and Control 05-06	N/A	74-60015732-0608	195,567	21,162	174,405	184,604	10,963
Tuberculosis Prevention and Control 06-07	N/A	74-60015732B07-01	140,125	-	13,362	-	13,362
Bureau of Clinical and Nutrition Services - Population-Based							
Public Health - Title V - CORE - 04	N/A	74-60015732-0407	21,657	353	-	-	353
Public Health - Title V - CORE - 05	N/A	74-60015732-0507	21,657	8,948	8,914	17,862	-
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	-	32,723	-
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 06	N/A	74-60015732A06-01	347,956	29,476	319,219	254,622	94,073
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 07	N/A	2007-02435-001	347,956	-	23,295	-	23,295
Family Planning - 03	N/A	74-60015732B02-01	93,550	11,595	-	714	10,881
Family Planning - 04	N/A	74-60015732A04-03	101,751	32,017	-	-	32,017
Family Planning - 05	N/A	74-60015732A05-02	124,001	21,592	-	21,592	-
Family Planning - 06	N/A	74-60015732A06-02	64,578	-	64,678	64,578	-
Family Planning - 07	N/A	2007-02365-002	61,068	-	11,004	47	10,957

(Continued)



**CITY OF LAREDO, TEXAS  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
PERIOD ENDED SEPTEMBER 30, 2006**

**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, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>STATE AWARDS</b>							
Passed Through South Texas Development Council:							
H. I. V. Social Services 04-05	N/A	019-01-05	\$ 100,929	24,134	-	24,134	-
H. I. V. Social Services 05-06	N/A	019-01-06	100,929	6,270	94,615	71,539	29,346
H. I. V. Social Services 06-07	N/A	019-01-07	56,917	-	7,031	-	7,031
<b>Total - Texas Department of State Health Services</b>			<b>2,735,583</b>	<b>250,042</b>	<b>846,102</b>	<b>805,387</b>	<b>290,757</b>
Commission on Law Enforcement Officers Standards and Education							
Law Enforcement Officer Standards and Education	N/A	N/A	1,510	(839)	839	-	-
Law Enforcement Officer Standards and Education	N/A	N/A	31,057	-	31,057	31,057	-
Law Enforcement Officer Standards and Education	N/A	N/A	1,487	-	1,487	1,487	-
<b>Total - Commission on Law Enforcement Officers Standards and Education</b>			<b>34,054</b>	<b>(839)</b>	<b>33,383</b>	<b>32,544</b>	<b>-</b>
Texas Parks and Wildlife:							
Chacon Creek Trail - Phase II	N/A	88949	55,380	2,115	12,648	14,763	-
Seven Flags Regional Advisory Council	N/A	N/A	4,944	-	4,944	4,944	-
Seven Flags Park	N/A	N/A	48,150	48,150	-	48,150	-
Zacate Creek Linear Park	N/A	50-00333	485,793	414,304	-	391,683	22,641
Community Outdoor Outreach Program	N/A	52-000358	22,672	-	10,210	-	10,210
<b>Total - Texas Parks and Wildlife</b>			<b>620,939</b>	<b>464,569</b>	<b>27,802</b>	<b>459,520</b>	<b>32,851</b>
Texas State Library and Archives Commission							
Loan Star Libraries Grant	N/A	442-06279	14,240	-	14,240	14,240	-
Slaying Connected Grant	N/A	431-05043	20,843	20,843	-	-	-
PAC HUG Grant	N/A	434-07163	23,750	-	23,750	23,750	-
<b>Total-Texas State Library and Archives Commission</b>			<b>58,833</b>	<b>20,843</b>	<b>37,990</b>	<b>58,833</b>	<b>-</b>
State Department of Transportation:							
Auto Theft Task Force	N/A	SA-TD1-10057-05	305,805	29,757	22,838	52,595	-
Auto Theft Task Force	N/A	SA-TD1-10057-06	346,000	29,887	316,113	344,391	1,609
Auto Theft Task Force	N/A	SA-TD1-10057-07	346,000	-	29,953	-	29,953
TXDOT-Interlocal Agreement for TPDES Permit Program	N/A	N/A	44,000	11,000	44,000	22,000	33,000
TXDOT -Ryan Street Railroad Bridge Conversion & Zacate Bridge	N/A	CSJ-0922-33-903	571,200	110,644	21,246	131,890	-
TXDOT -Laredo Signal Integration Project	N/A	CSJ-0922-33-094	1,750,000	-	-	-	-
TX Dept. of Transportation-Routine Airport Maint. Prog. '06	N/A	CSJ-M622LREDO	30,000	-	30,000	30,000	-
TX Dept. of Transportation-SH359	N/A	CSJ-0086-01-055	250,000	-	223,115	-	223,115
TX Dept. of Transportation- West Laredo CPL Road	N/A	CSJ-0922-33-071	3,250,000	30,400	99,372	128,172	1,600
TX Dept. of Transportation- West Laredo CPL Road Phase II	N/A	CSJ-0922-33-076	2,597,272	298	250,045	73,805	176,538
<b>Total - State Department of Transportation</b>			<b>9,480,277</b>	<b>211,986</b>	<b>1,036,682</b>	<b>782,853</b>	<b>485,815</b>
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	-
T.C.E.Q.-Regional Solid Waste Management	N/A	06-19-G02	28,213	-	-	-	-
<b>Total - Texas Commission on Environmental Quality</b>			<b>77,474</b>	<b>48,965</b>	<b>-</b>	<b>48,965</b>	<b>-</b>
<b>Total State Assistance</b>			<b>\$ 13,017,160</b>	<b>995,566</b>	<b>1,981,959</b>	<b>2,188,102</b>	<b>789,423</b>

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
PERIOD ENDED SEPTEMBER 30, 2006**

**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, 2005	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2006
<b>OTHER ASSISTANCE</b>							
Texas Water Development Board	N/A	50-00064	\$ -	15,452	(15,452)	-	-
Webb County Interlocal Agreement - Tanquetos	N/A	N/A	500,000	-	122,843	-	122,843
United States Customs Service 04	N/A	N/A	116,580	243	-	-	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	-	-	-
Custom-Narcotics 2005	N/A	N/A	91,000	7,024	-	2,760	-
Custom-Narcotics 2006	N/A	N/A	91,000	-	54,042	7,024	-
OCEDEFT 2006	N/A	N/A	15,144	-	14,534	52,144	1,898
Laredo Joint Terrorism TF 2005	N/A	N/A	14,687	2,445	-	7,539	6,995
Laredo Joint Terrorism TF 2006	N/A	N/A	15,144	-	14,660	2,445	-
Weed and Seed	N/A	N/A	58,600	4,591	17,333	8,840	778
Bulletproof Vest Partnership	N/A	N/A	42,428	-	-	-	13,084
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	N/A	N/A	18,000	-	18,000	6,589	11,411
Webb County - Auto Theft Task Force 05/06	N/A	N/A	31,650	-	29,013	29,013	-
Webb County - Auto Theft Task Force 06/07	N/A	N/A	32,924	-	2,744	2,744	-
911 Regional Communications Grant - FY2004	N/A	N/A	206,559	168,665	20,847	189,512	-
911 Regional Communications Grant - FY2005	N/A	N/A	1,435,787	89,843	304,814	322,924	71,733
911 Regional Communications Grant - FY2006	N/A	N/A	1,460,915	(263,870)	635,079	373,852	(2,643)
911 Regional Communications Grant - FY2007	N/A	N/A	1,281,937	(10,950)	65,428	320,484	(255,056)
Praline Foundation	N/A	N/A	10,950	-	8,820	-	(4,130)
Conference of Mayors	N/A	N/A	63,244	8,814	29,479	17,101	-
UTHCSA - Proyecto Bienestar	N/A	N/A	252,906	-	47,544	27,850	1,629
USMBHA Conference	N/A	N/A	27,500	27,499	-	-	47,544
Laredo Community College-Interlocal Agreement for TPDES Permit Prgm.	N/A	N/A	10,000	-	10,000	27,499	-
Webb County-Interlocal Agreement-Health	N/A	N/A	200,000	-	200,000	10,000	-
Webb County - Father McNaboe Splash Park	N/A	N/A	275,000	-	19,028	100,000	100,000
Webb County - Father McNaboe Park & Noon Lions Parks	N/A	N/A	100,000	-	85,772	1,028	18,000
Universal Service Fund (USF)-E-Rate Program	N/A	N/A	568,170	-	321,076	84,354	1,418
911 Regional Communications Grant - FY2004 Use of Revenue	N/A	N/A	4,400	-	-	321,076	-
911 Regional Communications Grant - FY2005 Use of Revenue	N/A	N/A	120,000	-	4,400	-	4,400
<b>Total - Other Assistance</b>			<b>7,287,749</b>	<b>55,077</b>	<b>2,136,391</b>	<b>1,928,659</b>	<b>262,808</b>
<b>Total Federal, State and Other Assistance</b>			<b>\$ 148,412,959</b>	<b>9,749,808</b>	<b>41,504,256</b>	<b>45,272,737</b>	<b>5,981,326</b>

**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 accompanying 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, 2006, which collectively comprise the City of Laredo, Texas' basic financial statements and have issued our report thereon dated January 19, 2007. 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 opinions 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 January 19, 2007.

#### 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 agreements, 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 January 19, 2007.

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.

*Gange, Martiny & Co, L.L.P.*

January 19, 2007

City of Laredo, Texas  
Federal Schedule of Findings and Questioned Costs  
Year Ended September 30, 2006

**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:

CFDA Number(s)

Name of Federal Program or Cluster

16.579

U.S. Department of Justice – South Texas  
Interoperability Project

20.106

U.S. Department of Transportation – Airport Improvement  
Program

20.500

U.S. Department of Transportation – Capital  
Improvement Program

City of Laredo, Texas  
Federal Schedule of Findings and Questioned Costs  
Year Ended September 30, 2006

**Section I - Summary of Auditors' Results (Continued)**

***Federal Awards (Continued)***

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 1,121,577

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, 2006

**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

- West Laredo CPL Road Phase II



City of Laredo, Texas  
State Schedule of Findings and Questioned Costs  
Year Ended September 30, 2006

**Section I - Summary of Auditors' Results (Continued)**

***State Awards (Continued)***

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes        no

**Section II - Financial Statement Findings**

No matters were reported

**Section III – State Award Findings and Questioned Costs**

No matters were reported

City of Laredo, Texas  
Federal Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2006

**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, 2006

**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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