

City of Laredo, Texas



Comprehensive Annual Financial Report
For The Year Ended September 30, 2008

CITY OF LAREDO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008

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, 2008**

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February 4, 2009

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, 2008. 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, 2008, 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, 2008 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 sixth fastest growing cities in the State of Texas and twenty-ninth fastest growing city in the United States as per the 2007 Census estimated with a current estimated population of 237,396 as per the U S Census Bureau.

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 directors of the various departments. The council is elected on a non-partisan basis. Council members may serve up to two (2) four (4) year terms. The mayor is elected to serve a four-year term with a limit of two (2) terms. All council members are elected by district. The mayor is elected at large.

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

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

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

Factors Affecting Financial Condition

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

Local economy. Though the nation's economy is struggling with sales, mortgages, and unemployment, the City of Laredo has been very fortunate to not have received the full impact. The steady continuity in for transportation services, trucking and warehousing as well as business services continues to exist in Laredo. A large part of our market depends on the basic needs of consumers. Trade between the United States and Mexico in a vital part of our economy and continues to prosper. Laredo is the largest inland port in the Country. As of September 30, 2008, the unemployment rate increased as from 4.3 percent to 5.4 percent. There was a decrease in the valuation of building permits issued of 24.73 percent as compared to prior year. There was an increase in property tax valuations of 10.5 percent.

Investors continue to be very interested in Laredo and its market, especially in retail. There are four private investors seeking to initiate mall development. Of the four, the City is under negotiations with one group where the plans are to redevelop the "Old River Drive Mall". The plan is to construct a factory outlet shopping center by the Fall of 2010. The project will be 350,000-400,000 square feet with approx. 75-90 retailers. Restaurants chains such as Pizza Hut, McDonald's, Wendy's, and Church's continue to add additional facilities and/or renovate existing ones while continuing to "re-invest" in Laredo and its future. There are also numerous local and state businesses making their home in Laredo in the areas of banking, restaurants, retail stores and transportation businesses. In transportation alone, there are over 100 custom house brokers, with more than 500 freight forwarders, increased rail and truck traffic, and tourist traffic.

The City is the home to the "Laredo Bucks" of the Central Hockey League and was the venue for the Miss Texas USA Pageant for the last five years which were held 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 2007-2008

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. The projects are reviewed and adopted annually through a five year Capital Improvement Plan. 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.

- Many Parks and Recreation improvement were completed through out the year City-Wide. Some of the projects where various phases of amenities such as baseball fields, jogging/hiking trails, etc. include the El Eden Recreation Center.
- Various building, streets, sidewalks, and drainage improvements were completed during the fiscal year at a cost of \$21.5 million. Completed projects include the addition to the City's Health Clinic, and building improvements to the Police Station.
- Various project improvements were completed at the Laredo International Airport in the amount of \$5.3 million including the airport taxiway and cargo apron reconstructions. The projects were funded with Federal Aviation Administration Grants and the Laredo International Airport Fund.
- Land was also acquired during the year in the amount of \$4.9 million including \$1.8 for Noise Abatement Project and \$2.9 million for city wide drainage projects.
- Utilities System improvements were undertaken during the year in the amount of \$34.6 million which includes water and waste water system improvements to the city's collection and distribution systems. 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. The city continued with the expansion of the water and wastewater system to rural areas called the Colonias with a \$3.9 million improvement. Water rights acquisition was \$1.8 million in FY 2008.

Future Major Initiatives

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

- Numerous recreational and park projects were funded during the current year with the sale of a Certificate of Obligation Bond in the amount of \$30 million. The projects include the following:
 - North Central Park which is divided into several phases will include walking/hiking/biking trails, covered recreational pavilions, sports courts, play stations, landscaped areas and other amenities with estimated project cost of \$1 million dollars.
 - Hayes Recreation Center, a 35,000 square feet facility, with estimated cost of \$7.9 million will include a lobby/reception area, administrative offices, game room, computer lab, rock wall, kitchen/juice bar, basketball gym/indoor soccer field, an elevated indoor jogging/walking track, cardiovascular area, dance/aerobics room and a multipurpose room.
 - A Northwest Recreation Center and Pool with bathhouse, concession stand, parking, lighting and landscaping with at an estimated cost of \$6.6 million. Funding from 2008 Certificate of Obligation is \$5 million.
 - Slaughter Park, a 37 acres facility, includes a 3 soccer fields, 4 baseball fields, two concession buildings, walking trail, sports lighting, parking and irrigation system. The estimated project cost of \$13.8 million partially funded with \$3.2 million from the 2008 Certificate fo Obligation Bond.
 - Partial funding of \$1 million for the Independence Regional Park which will include baseball complex, open areas, a linear park system and other related amenities on a 62 acres tract of land. The total estimated cost of the park is \$3.5 million.
- The reconstruction/renovation of the Santo Nino Library Branch with an estimated cost of \$2.7 million will service the Citizens of South Laredo.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and its agencies, Certificate of Deposits and instrumentalities and the Local Government Investment pools. The maturities of the investments range from daily to 20 months with an average day to maturity of 90 days. The average yield on investments was 3.62 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 Health and Benefits Fund reflected a deficit of \$949,359 as of September 30, 2008. The amount reflects an unusual increase in health claims that exceeded projections by \$2.3 million. The deficit is expected to be made up during the next fiscal year. The total net assets for Risk Management were \$3,067,989, an increase of \$823,048 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 51.30 percent as of December 30, 2007. The remaining un-funded amount is being systematically funded over 30 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 91 retired employees receiving these benefits. An actuarial was conducted in fiscal year 2007 and due to new reporting requirements the City has an unfunded liability of \$88,107,000. The City of Laredo will implement a plan in the near future in order to begin funding this liability.

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 of the United States and Canada (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, 2007. This was the twentieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

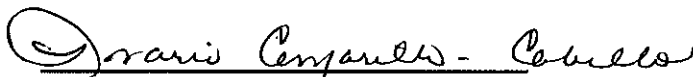
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial report continues to meet the Certificate

of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its seventeenth 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,

A handwritten signature in cursive script that reads "Rosario Camarillo-Cabello".

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, 2007

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.



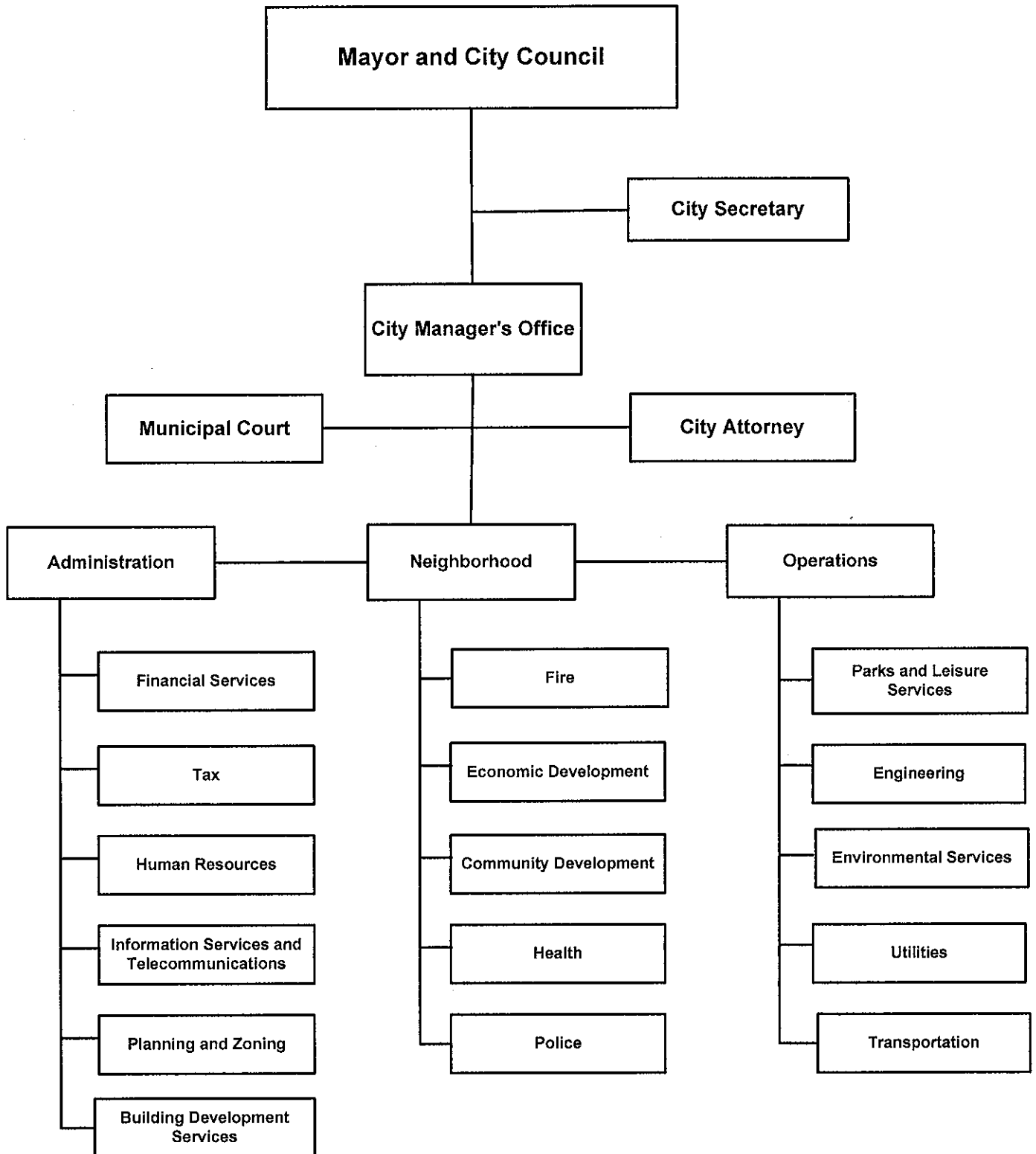
A handwritten signature in black ink, appearing to read "M. L. Post".

President

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

Executive Director

CITY OF LAREDO, TEXAS



**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	Jose A. Valdez Mayor Pro Tempore	VII
Juan Narvaez	IV	Cindy Liendo Espinoza	VIII

CITY STAFF

Carlos R. Villarreal, City Manager

Cynthia Collazo, Deputy Manager

Horacio De Leon, Assistant City Manager

Jesus M. Olivares, Assistant City Manager

Raul Casso, 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
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LAREDO, TEXAS 78044-2664

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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, the general fund budgetary comparison, and the aggregate remaining fund information of the City of Laredo, Texas, as of and for the year ended September 30, 2008, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the general fund budgetary comparison, and the aggregate remaining fund information of the City of Laredo, Texas, as of September 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2009, 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 important for 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the State of Texas Uniform Grant Management Standards, 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 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, Martiny & Co, L.L.P.

Laredo, Texas
February 4, 2009

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, 2008. 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 \$672 million (net assets). Of this amount, \$113 million (unrestricted net assets) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The City's governmental net assets decreased by \$16.2 million while the business-type activities net assets increased by \$49.3 million resulting in a \$33 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 \$182.2 million; an increase of \$22 million from prior year attributed to a \$30 million bond proceeds received in June 2008. At the City's discretion, \$145 million of these fund balances are unreserved, \$9.2 million are designated for debt service, and the remaining amount of \$28 million 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 \$26.6 million, or 22 percent of the total general fund expenses.
- The City's bonded debt has a net increase of \$59.8 million from prior year's balance of \$417.6 million. During the current fiscal year, the City issued \$79.8 million in certificate of obligation bonds and \$3.9 million in revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are Government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City Government, reporting the City's operations in more detail than the Governmental-wide statements.
- The Governmental funds statements tell how General Government services like public safety were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-and long-term financial information about the activities the Government operates like a business, such as the Bridge, Transit and Water and Sewer funds.

- Fiduciary fund statements provide information about the financial relationships as an example, the retirement plan for the City’s employees in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources above belong.

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

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

Figure A-1

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

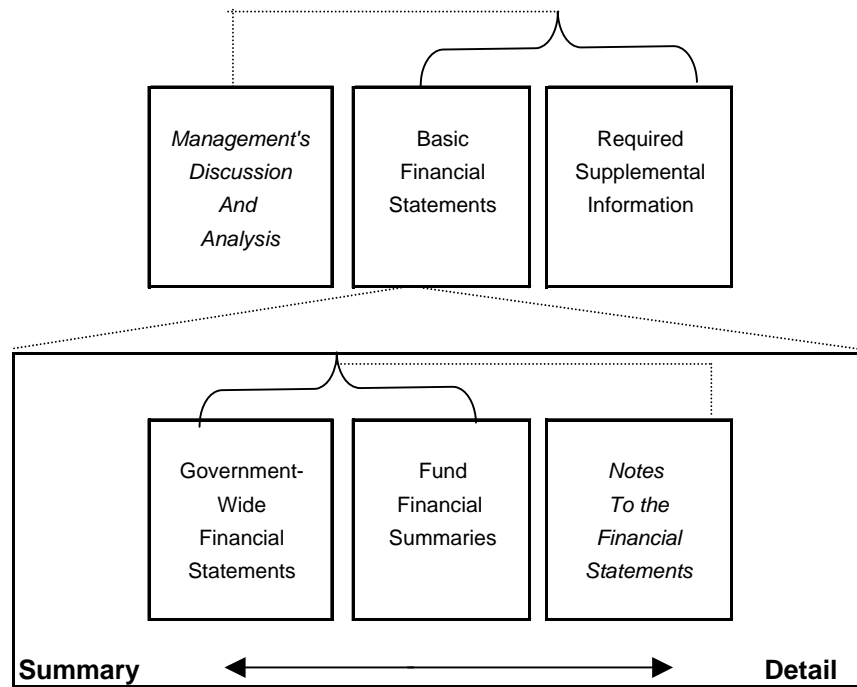


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City Government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of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

Government-wide Statements

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Overtime, increases and decreases in net assets may serve as a useful indicator of the City's financial health or position.

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

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

- Government activities-Most of the City's basic services are included here, such as the police, fire, parks, public works, health, library departments, and general administration.

Sales taxes and property taxes, charges for services, and the state and federal grants finance most of these activities.

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

Fund Financial Statements

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

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

The City has three kinds of funds:

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

Notes to the financial statements. The Notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. The City's *combined* net assets totaled \$672.4 million as of September 30, 2008. Analyzing the net assets and net expenses of the governmental and business-type activities separately, the business type activities net assets are \$354.9 million and the government type activities are \$317.5 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, 2007 and 2008

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 233,841,832	\$ 211,495,146	\$ 171,279,216	\$ 141,824,306	\$ 405,121,048	\$ 353,319,452
Capital assets	437,586,020	415,816,831	340,944,630	322,113,538	778,530,650	737,930,369
Unamortized Bond Costs	3,851,782	2,831,895	2,821,325	2,904,475	6,673,107	5,736,370
Total assets	<u>675,279,634</u>	<u>630,143,872</u>	<u>515,045,171</u>	<u>466,842,319</u>	<u>1,190,324,805</u>	<u>1,096,986,191</u>
Current liabilities	37,782,573	38,386,087	22,488,163	20,307,788	60,270,736	58,693,875
Non-current liabilities	319,969,714	257,986,510	137,689,273	140,613,062	457,658,987	398,599,572
Total liabilities	<u>357,752,287</u>	<u>296,372,597</u>	<u>160,177,436</u>	<u>160,920,850</u>	<u>517,929,723</u>	<u>457,293,447</u>
Net Assets:						
Invested in capital assets, net of related debt	226,128,108	239,071,647	289,915,339	219,928,272	516,043,447	458,999,919
Restricted	18,974,742	13,422,271	24,336,104	81,983,988	43,310,846	95,406,259
Unrestricted	<u>72,424,497</u>	<u>81,277,357</u>	<u>40,616,292</u>	<u>4,009,209</u>	<u>113,040,789</u>	<u>85,286,566</u>
Total net assets	<u>\$ 317,527,347</u>	<u>\$ 333,771,275</u>	<u>\$ 354,867,735</u>	<u>\$ 305,921,469</u>	<u>\$ 672,395,082</u>	<u>\$ 639,692,744</u>

An additional portion of the City's net assets (\$43,310,846 or 6.44%) 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, 2008. Governmental activities decreased the City's net assets by \$16.2 million, while Business-Type activities increased by \$49.3 million, overall the City's Net Assets increased by \$33 million. The City's total revenues increased by 21 percent to \$396 million in Fiscal Year 2008 (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, bride tolls and utility charges.

Total operating cost of all programs increased by \$79 million from prior year to \$363 million. The most significant governmental expense for the City was in providing public safety, which incurred \$95 million, a growth of \$8.4 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 \$38 million and the fire department with \$ 29 million (both areas including benefits).

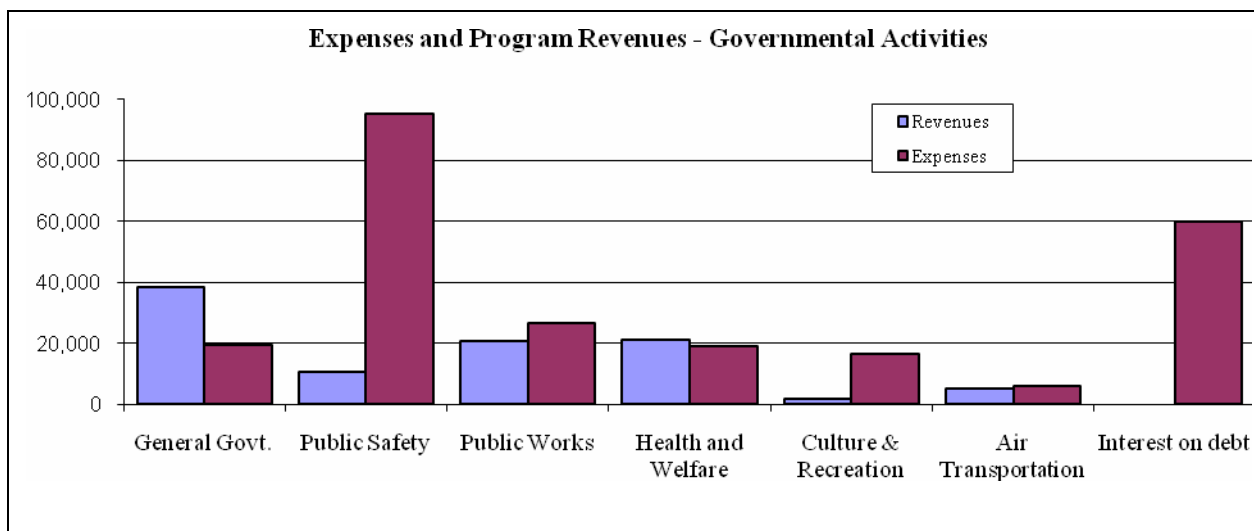
Table A-2

City of Laredo's Changes in Net Assets September 30, 2007 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 67,616,640	\$ 62,554,068	\$ 115,632,061	\$ 107,423,680	\$ 183,248,701	\$ 169,977,748
Operating grants and contributions	13,930,222	12,987,606	4,519,591	4,732,614	18,449,813	17,720,220
Capital grants and contributions	15,342,851	18,236,216	57,024,886	9,447,512	72,367,737	27,683,728
General revenues:						
Sales tax	32,648,289	31,476,528	6,122,978	5,881,063	38,771,267	37,357,591
Property taxes	62,332,204	55,844,667	-	-	62,332,204	55,844,667
Other taxes	10,501,227	10,261,520	-	-	10,501,227	10,261,520
Grants and contributions not restricted	4,845,731	4,095,598	-	-	4,845,731	4,095,598
Other	5,115,141	4,211,234	393,328	133,758	5,508,469	4,344,992
Total revenue	\$ 212,332,305	\$ 199,667,437	\$ 183,692,844	\$ 127,618,627	\$ 396,025,149	\$ 327,286,064

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Expenses:						
General Government	\$ 19,219,026	\$ 18,843,640	\$ -	\$ -	\$ 19,219,026	\$ 18,843,640
Public Safety	95,322,249	86,934,314	-	-	95,322,249	86,934,314
Public Works	26,609,686	23,691,341	-	-	26,609,686	23,691,341
Health & Welfare	18,974,496	17,131,331	-	-	18,974,496	17,131,331
Culture & Recreation	16,311,284	14,988,247	-	-	16,311,284	14,988,247
Air Transportation	5,709,233	6,929,219	-	-	5,709,233	6,929,219
Interest & Other long - term debt	60,052,703	9,809,368	-	-	60,052,703	9,809,368
Bridge System	-	-	42,734,185	38,421,137	42,734,185	38,421,137
Solid Waste	-	-	-	15,000,574	-	15,000,574
Water System	-	-	28,212,391	22,213,666	28,212,391	22,213,666
Sewer System	-	-	16,765,662	14,251,997	16,765,662	14,251,997
Other Business -Types	-	-	33,051,340	15,744,458	33,051,340	15,744,458
Total expenses	242,198,677	178,327,460	120,763,578	105,631,832	362,962,255	283,959,292
Inc (dec) in net assets						
before transfers	(29,866,372)	21,339,977	62,929,266	21,986,795	33,062,894	43,326,772
Transfers	13,622,444	9,651,953	(13,622,444)	(9,651,953)	-	-
Incr (Dec) in net assets	(16,243,928)	30,991,930	49,306,822	12,334,842	33,062,894	43,326,772
Net assets, beginning	333,771,275	302,872,681	305,921,469	293,586,627	639,692,744	596,459,308
Prior Period Adj.	-	(93,336)	(360,556)		(360,556)	(93,336)
Net assets, ending	\$ 317,527,347	\$ 333,771,275	\$ 354,867,735	\$ 305,921,469	\$ 672,395,082	\$ 639,692,744

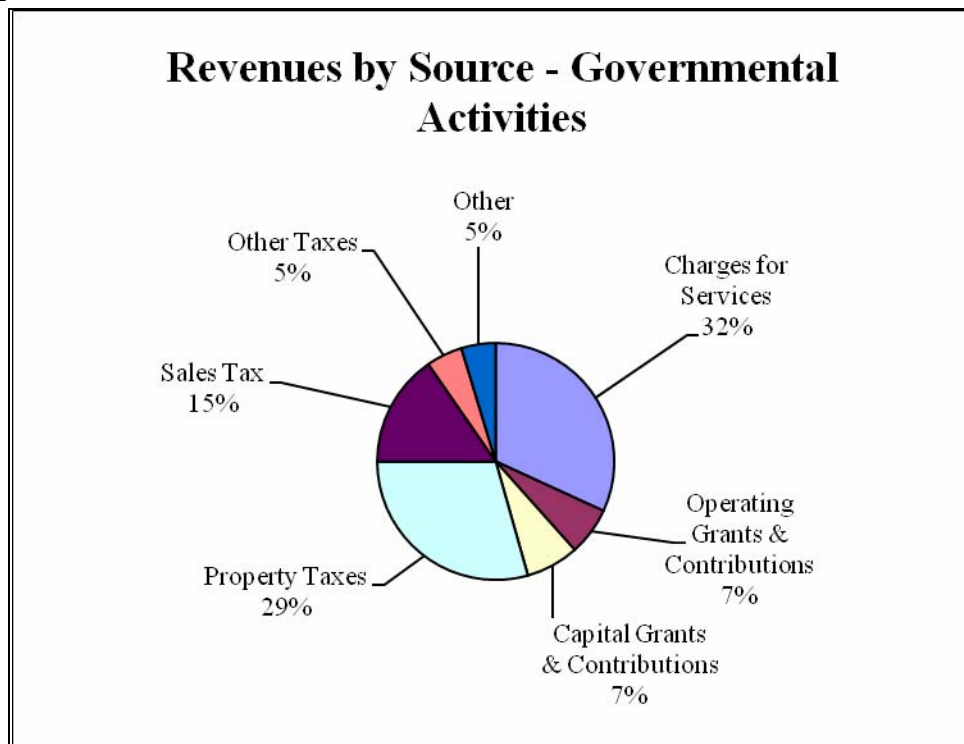
Graph 1



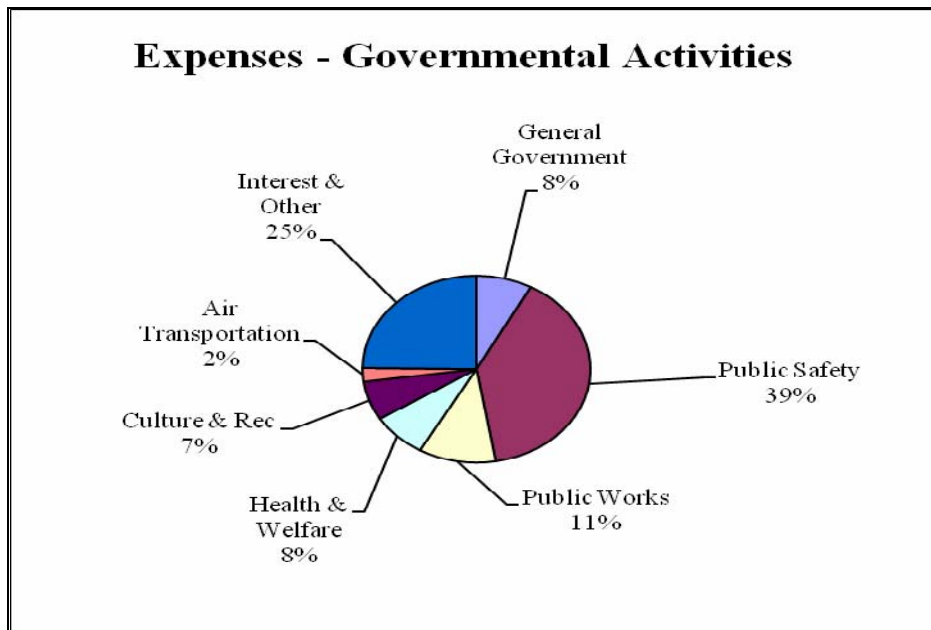
Graph 1 represents the cost of each of the City's 7 largest programs as well as each of the programs revenue. Net cost (total cost less fees generated by the activities and intergovernmental aid) is also reflected for each program. The net cost is the financial burden that was placed on the City's taxpayers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

- The cost of all *Governmental* activities this year was \$242 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 \$115.4 million.
- General Government (support services) comprised approximately 8% of total expense in Fiscal Year 2008; an increase of \$375 thousand from prior year. There were no significant increases in any one area, other than cost of living and merit.
- Expense for Public Safety increased by \$8.4 million from prior year to \$95.3 million. This increase was due to increased personnel expenses in Fire by \$2.5 million. This increase was due to contractual obligations and 2 new positions. Police increased by \$5.3 million; the majority of the increase was due to contractual obligations and 50 new positions funded by General Fund.
- 39.4% of all Governmental Activities expenses were from public safety, 11% were from Public Works, 7.8% were from Health & Welfare, 6.7% were from Cultural & Recreational, 7.9% were for general governmental activities and 25% were from the Other categories. (See Graph 3).
- Public Works expense increased by \$2.9 million as compared to the previous year. The net increase is due to the heavy construction in the quality of life areas of street and sidewalk reconstruction as well as parks and recreation facilities.
- Health and Welfare expenses increase by \$1.8 million due to increase services available to the community and funded by state and federal grants.
- Other increases in the amount of \$50.3 million were incurred in other areas e.g. Cultural & Recreational, Airport Facilities and Interest and Other expenses.
- Business Type Activities transferred to Governmental Activities \$13.62 million.
- 32% of all Governmental Activities revenue came from charges for services, 29% 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 \$183.7 million for the fiscal year ending September 30, 2008, an increase of \$56.1 million from prior year. There was an overall increase in Charges for Services of \$8.2 million where the larger contribution to this increase was from the Laredo Bridge System by \$7.1 million. Operating Grants and Contributions decreased by \$213 thousand and Capital Grants and Contributions increased by \$47.6 million. The largest contributions to this increase are in the Water and Sewer System due to contributions from the General Fund and Utility System Developers Contributions.

Expenses for the City's business-type activities were \$120.8 million for the year, a \$15.1 million increase from prior year. (Refer to Table A-2). The areas where these increases occurred are as follows:

- \$6 million increase in Water Works System; operational expenses increase by \$1.8 million and an increase of \$4.2 million in non-operating expenses.
- \$4.3 million increase in Bridge System; operational expenses increase by \$4.4 million and a decrease of \$100 thousands in non-operating expenses.
- \$2.5 million increase in the Sewer System; operational expense increase \$400 thousands and an increase of \$2.1 million in non-operating for the Sewer System.
- Other business-type activities increase by \$2.3 million in operating expenses for the Transit System, Solid Waste Management System, Municipal Housing Fund and others.

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 \$182.3 million of which \$86 million is for General Fund, Debt Service Fund and 2007 Certificate of Obligation Fund and \$96.3 million for Other Governmental Funds that account for Special Revenue Funds, Capital Projects and a Permanent Fund. Of the \$182.3 million combined fund balance, \$25.3 million is unreserved for General Fund, \$5.9 million for Debt Service, \$106.8 million for capital projects, and \$12.8 million for Special Revenue Funds. \$31.5 million is restricted for an endowment fund, reserve for encumbrances, capital acquisition and reserve for debt service.

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 \$25.3 million of the total fund balance \$26.6 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 expenses. Unreserved fund balance represents 20.93 percent total general fund operating expenses, while total fund balance represents 22 percent of the same amount.

During the current fiscal year, the City's general fund balance increased by \$3.5 million as compared to prior year. Key factors in this growth are as follows:

- As compared to prior year, an increase of \$6.4 million in property taxes. A growth in assessed valuations by 11.25% from prior year as well as the City's high collection rate of 97.08% has assisted the City in increasing tax revenues without having to increase the property tax rate.
- An increase of \$1.2 million in sales tax due to increased economic growth in the area as compared to prior year.
- Charges for Services increase by \$5 million as compared to prior years.
- General Fund Expenses increased by \$9.6 million from prior year. Where most of the departments remained stable, minimal growth occurred in Public Safety by \$8.9 million. Police Department's expenses increased by \$3.9 million and Fire Department increased by \$5.3 million; both areas of growth were attributed to increased personnel costs. Another area of growth was Cultural & Recreational \$600 thousands. This growth was also mostly attributed to personnel growth.

The Debt Service fund has a total fund balance of \$6 million, all of which is designated for the payment of debt. The net increase in the fund balance during the current year in the debt service fund was \$44 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.

Total net assets of the Business – Type Activities at the end of the year totaled \$354.9 million. The total net assets increased by \$48.9 million to \$354.9 million as compared to prior year. The largest area of change is in the Waterworks System and Sewer Systems due to results of operations and contributions received in the amount of \$49.9 million increase in net assets. The increase can be further broken down into an operating income of \$4.1 million and other non-operating revenues, net of expenses, of \$45.8 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 at least a 15% fund balance as required by policy, but has also been able to increase the rate of 22% of operating expenditures in FY 2008. Steadily and in spite of current economic conditions, 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 11.25% as well as an increase of sales tax revenues increasing from prior year by 3.8%. With appropriate planning and cautious financial spending, the City's fund balance is \$26,620,605 or 22% of operating expenditures as of September 30, 2008.

Original Budget vs. Final Amended Budget:

Revenues and Other Financing Sources:

- During the year, the General Fund budget was amended by increasing additional appropriations of \$864 thousands. This amendment consisted of grants including \$483 thousands from State Operating and Planning Grants. Other amendments included \$231 thousands from restricted interest earnings and \$125 thousand appropriated for Penalty and Interest revenues.

Expenses and Other Financing Uses:

- The budget was amended to reflect additional appropriations of \$892 thousand for various grants in the amount of \$483 thousand. General Fund was also amended to cover prior year encumbrances.

Amended Budget as compared to Actual Expenses:

Revenues:

- The actual revenues reflect an overall unfavorable variance of \$648 thousand as compared to the amended budget. This variance had various attributes:
 - Sales tax revenues did not increase as projected and had a shortfall of \$1.4 million.
 - Licenses and Permits revenues did not increase as projected during the budget cycle and had a shortfall of \$776 thousand
 - The underperformance of the above mentioned revenues were offset by an increase in other revenues, particularly Fines, Charges for Services and Interest and Other that exceeded projected revenues by \$1.528 million.

Expenses:

- An overall favorable variance (savings) of \$4.3 million in expenses was realized during the current year as compared to amended budget.
 - General Government realized savings in the amount of \$1.8 million among the departments with savings include Municipal Court, Building and Planning and Real Estate Division.
 - Public Safety exceeded their budgets by \$1.2 million. The Police and Fire Department exceeded their allocation by \$210 thousand and \$1.4 million respectively.
 - Public Works had savings of \$580 thousand in the divisions of Drafting & Surveying, Street Maintenance and Street Construction.

- Cultural & Recreational had savings of \$917 thousand in the Library, Recreation and Park Maintenance Divisions.
- All other departments of General Fund played a proactive role in limiting and restricting expenses 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, 2008 is \$738 million (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was \$25.2 million net increase over prior year. Additions, net of accumulated depreciation, to capital assets such as land, infrastructure and buildings for the year totaled \$17.6 million for governmental activities and \$7.6 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)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 61,526,824	\$ 56,667,732	\$ 30,857,130	\$ 30,804,530	\$ 92,383,954	\$ 87,472,262
Buildings	132,956,551	128,194,690	61,747,067	61,692,826	194,703,618	189,887,516
Machinery & Equipment	72,522,272	67,881,202	68,117,731	60,331,413	140,640,003	128,212,615
Water Rights	-	-	20,622,093	18,797,356	20,622,093	18,797,356
Improve'ts other than Bldg	393,530,681	371,952,436	290,783,664	277,790,145	684,314,345	649,742,581
Construction in Progress	15,911,502	11,268,199	54,356,565	40,928,822	70,268,067	52,197,021
Total	\$ 676,447,830	\$ 635,964,259	\$ 526,484,250	\$ 490,345,092	\$ 1,202,932,080	\$ 1,126,309,351

Major capital asset acquisitions during the current fiscal year included the following:

Governmental

- Various land acquisitions related to the Noise Abatement Project totaling \$1.8 million and \$2.9 million for the City wide drainage projects.
- Building increase by \$4.7 million mainly due to an addition to the Health Clinic, Police Station and El Eden Recreation Center.
- Infrastructure Improvements in the amount of \$21.5 million for various projects including Airport Taxiway and Cargo Apron improvement in the amount of \$5.3 million.
- Machinery, Equipment, Vehicles and Heavy Equipment acquired during the fiscal year amounted to \$4.6 million for all departments within the City.

Proprietary

- Water Rights acquisition in the amount of \$1.8 million.
- Water and Waste Water Systems investment in Capital Assets increase by \$24.9 million which includes Water and Sewer plant improvements, construction in progress and collection and distribution systems.
- \$5.0 million was added to Capital Assets for the Bridge System for the Santa Ursula Connector project, equipment, building and other improvements.

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 \$338.67 million in outstanding bonds and other long term debt; an increase of \$62.6 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.

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

New debt resulted mainly from a \$30 million Combination Tax and Revenue Certificate of Obligation Series 2008 and \$46.2 million Waterworks & Sewer Systems Combination Tax and Revenue Certificate of Obligation Series 2008. The issuance of long term debt was to finance various projects including constructing City buildings, parks and recreation facilities, storm drainage projects, street projects traffic signals, vehicles for various City Departments and improving and extending the water and sewer systems.

**Table A-4
City of Laredo's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 64,585,000	\$ 72,200,000	\$ -	\$ -	\$ 64,585,000	\$ 72,200,000
Certificates of obligation	218,255,000	145,745,000	-	-	218,255,000	145,745,000
Revenue bonds	34,005,000	35,165,000	114,675,138	116,533,053	148,680,138	151,698,053
Capital lease obligations	3,297,907	5,165,704	-	-	3,297,907	5,165,704
Compensated Absences	17,595,468	16,763,603	1,704,642	1,555,198	19,300,110	18,318,801
Notes payable	935,000	1,020,000	22,413,922	23,478,758	23,348,922	24,498,758
Total	\$ 338,673,375	\$ 276,059,307	\$ 138,793,702	\$ 141,567,009	\$ 477,467,077	\$ 417,626,316

Economic Factors and Next Year's Budgets and Rates

The City Council considered many factors when setting the fiscal year 2009 budget. General Fund revenues for FY 08-09 are proposed to be \$137,049,782 with a 6.7% over prior year's original budget. Expenditures are proposed to be \$137,112,737 with a 6.8% increase over prior year actual expenses. This growth has caused additional demands on the City to enhance services provided to the general population particularly in the Public Safety and General Government categories. The City's unemployment rate increased to 5.4% as of September 30, 2008 compared to prior year's 4.3%. This average places it slightly above the

State average of 5.2%. Building permit revenues, sales tax revenues and bridge toll revenues are areas which we use to measure the local economy. These areas are showing stable growth and are good indicators of the state of the economy.

The total 2008-2009 consolidated budget revenue appropriation is \$423,564,523 million. This represents an increase in revenues of \$16.5 million or 4.06 percent over the 2007-2008 original budget. The property tax rate for 2009 is .6370 per \$100 valuation; the rate has remained the same for the last six consecutive years. Assessed valuations for FY 08-09 were \$10.4 billion which represents a 10.5% growth over prior year with an estimated levy of \$66.2 million. Of the .6370 tax rate, 80 percent or .512737 cents are utilized for General Fund activities, the remaining 20 percent or .124263 cents are used for Debt Service. The General Fund's portion of property tax revenue for FY 2009 is projected to be \$51 million. Sales tax revenues for the General Fund for fiscal year 2009 are budgeted to be \$26.5 million, an increase of \$773 thousands or 3 percent as compared prior year's actual numbers.

A 3% cost of living increase was budgeted for employees at grades 31 and above and a 4% for employees at grades 30 and below for FY 2008-09 with an estimated cost of \$2.4 million. Fire & Police Safety are the exceptions to this increase since they have individual negotiated contracts. There were a total of 2,608 full time equivalent positions with an estimated budget of \$156.4 million.

The City of Laredo will continue to work on various projects such as the revitalization of our downtown, protection of our green spaces, rehabilitation of our water and sewer lines, an international bridge road connector, 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, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents: (Note 4)			
Cash	\$ 785,259	\$ 26,607	\$ 811,866
Equity in Investment Pool	-	-	-
Investments (Note 5)	189,257,928	50,887,982	240,145,910
Receivable, net of allowances: (Note 6)			
Accrued Interest	2,302,047	647,096	2,949,143
Property Taxes, Penalty and Interest	7,343,030	-	7,343,030
Hotel-Motel Tax, Penalty and Interest	327,944	-	327,944
Accounts	10,140,228	6,582,658	16,722,886
Notes	14,479,118	30,636	14,509,754
Paving Assessments	7,144	-	7,144
Internal Balances	(289,750)	289,750	-
Due From Other Governments	8,847,861	311,276	9,159,137
Inventory, at cost	380,465	1,217,741	1,598,206
Prepaid Items	260,558	-	260,558
Total Current Assets	233,841,832	59,993,746	293,835,578
Noncurrent Assets:			
Restricted Assets: (Note 7)			
Investments (Note 5)	-	109,580,714	109,580,714
Accrued Interest	-	630,671	630,671
Notes	-	121	121
Due From Other Governments	-	1,073,964	1,073,964
Capital Assets: (Note 8)			
Nondepreciable Assets:			
Land and Improvements	61,526,824	51,479,223	113,006,047
Construction in Progress	15,911,502	54,356,565	70,268,067
Depreciable Assets:			
Buildings	132,956,551	61,747,067	194,703,618
Machinery and Equipment	72,522,272	68,117,731	140,640,003
Infrastructure	393,530,681	290,783,664	684,314,345
Accumulated Depreciation	(238,861,810)	(185,539,620)	(424,401,430)
Unamortized Bond Issuance Costs	3,851,782	2,821,325	6,673,107
Total Non Current Assets	441,437,802	455,051,425	896,489,227
TOTAL ASSETS	\$ 675,279,634	\$ 515,045,171	\$ 1,190,324,805

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2008

(Continued)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 5,499,512	\$ 1,841,995	\$ 7,341,507
Claims and Judgments Payable	3,426,326	-	3,426,326
Retainage Payable	760,295	788,404	1,548,699
Accrued Wages and Employee Benefits	3,142,816	905,043	4,047,859
Accrued Interest Payable	2,663,775	223,587	2,887,362
Compensated Absences (Note 11)	-	726,113	726,113
Contracts Payable	1,600,050	3,182,799	4,782,849
Customer and Tenant Deposits	190,337	4,428,806	4,619,143
Due To Other Governments	562,145	-	562,145
Due to Developers	519,799	-	519,799
Unearned Revenue	713,857	2,702,183	3,416,040
General Obligation Bonds (Note 11)	7,545,000	-	7,545,000
Certificates of Obligation (Note 11)	8,155,000	-	8,155,000
Revenue Bond Payable (Note 11)	1,285,000	6,898,000	8,183,000
Notes Payable (Note 11 & 12)	85,000	791,233	876,233
Capital Lease Obligation (Note 11)	1,633,661	-	1,633,661
Total Current Liabilities	37,782,573	22,488,163	60,270,736
Noncurrent Liabilities:			
Noncurrent portion of long term liabilities:			
General Obligation Bonds (Note 11)	57,040,000	-	57,040,000
Certificates of Obligation (Note 11)	210,100,000	-	210,100,000
Revenue Bonds Payable (Note 11 & 12)	32,720,000	107,777,138	140,497,138
Notes Payable (Note 11 & 12)	850,000	21,622,689	22,472,689
Capital Lease Obligations (Note 11)	1,664,246	-	1,664,246
Compensated Absences (Note 11 & 12)	17,595,468	978,529	18,573,997
Landfill Closure & Postclosure Costs (Note 12)	-	7,310,917	7,310,917
Total Noncurrent Liabilities	319,969,714	137,689,273	457,658,987
TOTAL LIABILITIES	357,752,287	160,177,436	517,929,723
NET ASSETS			
Investments in Capital Assets, net of related debt	226,128,108	289,915,339	516,043,447
Restricted for:			
Debt Service	5,990,320	11,000,467	16,990,787
Capital Projects	12,914,116	-	12,914,116
Improvements	-	13,335,637	13,335,637
Canseco Endowment Fund Nonexpendable	70,306	-	70,306
Unrestricted	72,424,497	40,616,292	113,040,789
TOTAL NET ASSETS	\$ 317,527,347	\$ 354,867,735	\$ 672,395,082

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, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 19,219,026	37,689,581	552,737	-	19,023,292	-	19,023,292
Public Safety	95,322,249	5,778,145	4,305,818	293,083	(84,945,203)	-	(84,945,203)
Public Works	26,609,686	5,397,891	30,072	15,049,768	(6,131,955)	-	(6,131,955)
Health and Welfare	18,974,496	12,351,506	8,823,746	-	2,200,756	-	2,200,756
Culture and Recreation	16,311,284	1,570,822	128,259	-	(14,612,203)	-	(14,612,203)
Air Transportation	5,709,233	4,828,695	89,590	-	(790,948)	-	(790,948)
Interest and Other on Long-Term Debt	60,052,703	-	-	-	(60,052,703)	-	(60,052,703)
Total Governmental Activities	242,198,677	67,616,640	13,930,222	15,342,851	(145,308,964)	-	(145,308,964)
Business-Type Activities:							
Bridge System	42,734,185	48,757,093	-	31,475	-	6,054,383	6,054,383
Waterworks System	28,212,391	28,832,337	-	31,116,975	-	31,736,921	31,736,921
Sewer System	16,765,662	15,820,522	-	25,624,914	-	24,679,774	24,679,774
Other Enterprise Funds	33,051,340	22,222,109	4,519,591	251,522	-	(6,058,118)	(6,058,118)
Total Business-Type Activities	120,763,578	115,632,061	4,519,591	57,024,886	-	56,412,960	56,412,960
Total Primary Government	\$ 362,962,255	183,248,701	18,449,813	72,367,737	(145,308,964)	56,412,960	(88,896,004)
General Revenues:							
Property Taxes					62,332,204	-	62,332,204
Sales Tax					32,648,289	6,122,978	38,771,267
Franchise Tax					6,835,933	-	6,835,933
Hotel Motel Tax					3,331,021	-	3,331,021
Alcoholic Beverage Tax					334,273	-	334,273
Grants and contributions not restricted to specific programs					4,845,731	-	4,845,731
Unrestricted investment earnings					3,478,262	-	3,478,262
Gain on sale of capital assets					409,102	393,328	802,430
Bond Premium					1,227,777	-	1,227,777
Transfers					13,622,444	(13,622,444)	-
Total general revenues and transfers					129,065,036	(7,106,138)	121,958,898
Change in net assets					(16,243,928)	49,306,822	33,062,894
Net assets-beginning					333,771,275	305,921,469	639,692,744
Prior Period Adjustment (Note 20)					-	(360,556)	(360,556)
Net assets-ending					\$ 317,527,347	354,867,735	672,395,082

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

**CITY OF LAREDO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008**

	GENERAL	DEBT SERVICE	CERTIFICATE OF OBLIGATION 07 ISSUE	HOME INVESTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ 20,118	-	-	-	764,741	784,859
Investments	24,526,213	6,000,000	54,860,242	20,086	95,652,562	181,059,103
Receivable, net of allowances:						
Accrued Interest	238,654	54,444	226,384	196	1,702,594	2,222,272
Taxes, Penalty and Interest (Note 6)	6,205,710	1,063,687	-	-	7,529	7,276,926
Accounts (Note 6)	5,653,844	-	-	-	1,772,823	7,426,667
Notes (Note 6)	-	-	-	10,591,623	3,887,495	14,479,118
Paving Assessments (Note 6)	-	7,144	-	-	-	7,144
Due From Other Funds	5,724,878	-	-	-	852,464	6,577,342
Due From Other Governments	323,641	-	-	41,818	8,482,402	8,847,861
Inventory, at cost	10,608	-	-	-	1,413	12,021
TOTAL ASSETS	42,703,666	7,125,275	55,086,626	10,653,723	113,124,023	228,693,313
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	1,781,022	805	635,163	158	1,815,563	4,232,711
Retainage Payable	831	-	169,729	-	589,735	760,295
Accrued Wages and Employee Benefits	2,507,676	-	57,036	3,179	475,392	3,043,283
Contracts Payable	-	-	698,627	-	901,423	1,600,050
Customer and Tenant Deposits	75	-	-	-	190,262	190,337
Due To Other Funds	-	63,319	214,990	-	5,446,569	5,724,878
Due To Other Governments	345,896	-	-	-	216,249	562,145
Due To Developers	-	-	-	-	519,799	519,799
Deferred Revenue	11,447,561	1,070,831	-	10,591,623	6,674,559	29,784,574
TOTAL LIABILITIES	16,083,061	1,134,955	1,775,545	10,594,960	16,829,551	46,418,072
FUND BALANCES						
Fund Balances:						
Reserved:						
Reserved for Encumbrances	724,358	-	2,954,131	128,718	22,026,954	25,834,161
Reserved for Capital Acquisition	573,297	-	-	-	1,203,136	1,776,433
Reserved for Children's Programming	-	-	-	-	20,306	20,306
Reserved for Endowment Corpus	-	-	-	-	50,000	50,000
Unreserved Reported in:						
General Fund	25,322,950	-	-	-	-	25,322,950
Debt Service Fund	-	5,990,320	-	-	3,303,644	9,293,964
Capital Projects	-	-	50,356,950	-	56,477,702	106,834,652
Special Revenue Fund (deficit)	-	-	-	(69,955)	13,212,730	13,142,775
TOTAL FUND BALANCES	26,620,605	5,990,320	53,311,081	58,763	96,294,472	182,275,241
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,703,666	7,125,275	55,086,626	10,653,723	113,124,023	

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.	436,738,379
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,221,537
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.	3,833,745
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)	(306,541,555)
Net assets of governmental activities	\$ 317,527,347

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, 2008

	GENERAL	DEBT SERVICE	CERTIFICATE OF OBLIGATION 07 ISSUE	HOME INVESTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes:						
Property	\$ 49,824,751	11,728,432	-	-	-	61,553,183
Sales	26,028,182	-	-	-	6,490,541	32,518,723
Franchise Fees	6,793,268	-	-	-	-	6,793,268
Bingo Tax	68,268	-	-	-	-	68,268
Alcoholic Beverage	337,545	-	-	-	-	337,545
Hotel Motel	-	-	-	-	3,327,146	3,327,146
Licenses and Permits	5,423,364	-	-	-	605,991	6,029,355
Intergovernmental Revenues	880,661	-	27,200	1,566,943	33,218,953	35,693,757
Charges for Services	32,406,865	-	-	-	4,638,906	37,045,771
Fines	3,006,348	-	-	-	640,380	3,646,728
Fees and Collections	617,201	-	-	-	2,875,640	3,492,841
Rents	697,935	-	-	-	5,847,693	6,545,628
Interest and Other	1,758,899	378,129	2,489,510	812	2,611,594	7,238,944
Miscellaneous	-	-	-	-	643,499	643,499
Contributions & Donations	227,990	106,800	-	-	862,341	1,197,131
Reimbursements	656,419	-	-	60,425	1,012,467	1,729,311
TOTAL REVENUES	128,727,696	12,213,361	2,516,710	1,628,180	62,775,151	207,861,098
EXPENDITURES:						
Current:						
General Government	16,708,796	19,370	310,038	-	856,308	17,894,512
Public Safety	84,875,344	-	-	-	6,636,071	91,511,415
Public Works	7,261,913	-	-	-	4,705,989	11,967,902
Health and Welfare	920,952	-	-	1,735,959	15,850,814	18,507,725
Cultural and Recreational	11,114,135	-	-	-	4,544,087	15,658,222
Air Transportation Services	-	-	-	-	4,109,813	4,109,813
Capital Outlay	323,317	-	14,820,287	-	28,948,798	44,092,402
Debt Service:						
Principal Retirement	-	16,024,319	-	-	1,373,890	17,398,209
Interest and Fiscal Expenditures	-	12,538,957	-	-	152,740	12,691,697
TOTAL EXPENDITURES	121,204,457	28,582,646	15,130,325	1,735,959	67,178,510	233,831,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,523,239	(16,369,285)	(12,613,615)	(107,779)	(4,403,359)	(25,970,799)
OTHER FINANCING SOURCES (USES):						
Transfers In	12,685	17,281,224	-	-	20,239,648	37,533,557
Issuance of Debt	46,235,000	-	-	-	33,620,000	79,855,000
Bond Costs	(766,853)	-	-	-	-	(766,853)
Bond Premium	772,484	-	-	-	455,293	1,227,777
Transfers Out	(3,885,302)	(868,000)	(6,515,879)	-	(12,223,993)	(23,493,174)
Contributions	(46,471,173)	-	-	-	-	(46,471,173)
Capital Lease Payments	(102,232)	-	-	-	-	(102,232)
Sale of Assets	155,843	-	-	-	39,116	194,959
TOTAL OTHER FINANCING SOURCES (USES)	(4,049,548)	16,413,224	(6,515,879)	-	42,130,064	47,977,861
Net Change in Fund Balances	3,473,691	43,939	(19,129,494)	(107,779)	37,726,705	22,007,062
Fund Balances-Beginning	23,146,914	5,946,381	72,440,575	166,542	58,567,767	160,268,179
FUND BALANCES-ENDING	\$ 26,620,605	5,990,320	53,311,081	58,763	96,294,472	182,275,241

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, 2008**

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

Net change in fund balances-total governmental funds	\$	22,007,062
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)		(21,748,219)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		161,186
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,527,430
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)		(61,867,203)
Accrued interest expense recorded for entity-wide statements.		1,035,560
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.		41,489,540
Internal service funds are used by management to charge the costs of fleet management, risk management, and health and benefits to individual funds.		
The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>150,716</u>
Change in net assets of governmental activities	\$	<u>(16,243,928)</u>

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

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**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	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
REVENUES:						
Taxes						
Property Taxes	\$ 47,899,690	47,899,690	47,792,423	-	47,792,423	(107,267)
Penalty and Interest	1,671,853	1,796,853	2,032,328	-	2,032,328	235,475
Alcoholic Beverage	382,924	382,924	337,545	-	337,545	(45,379)
Bingo Tax	63,948	63,948	68,268	-	68,268	4,320
Sales and Use	27,457,139	27,457,139	26,028,182	-	26,028,182	(1,428,957)
Franchise Fees	6,954,453	6,954,453	6,793,268	-	6,793,268	(161,185)
Licenses and Permits	6,200,171	6,200,171	5,423,364	-	5,423,364	(776,807)
Intergovernmental Revenues	453,840	937,001	880,661	-	880,661	(56,340)
Charges for Services	31,928,618	31,928,618	32,406,865	-	32,406,865	478,247
Fines	2,504,758	2,504,758	3,006,348	-	3,006,348	501,590
Fees and Collections	616,107	620,637	617,201	-	617,201	(3,436)
Interest and Other	1,746,630	1,977,172	2,456,834	-	2,456,834	479,662
Miscellaneous	423,131	443,831	884,409	-	884,409	440,578
TOTAL REVENUES	128,303,262	129,167,195	128,727,696	-	128,727,696	(439,499)
EXPENDITURES:						
General Government						
Mayor and City Council	735,390	735,871	708,170	7,747	715,917	19,954
City Manager	1,140,735	1,179,714	1,174,147	243	1,174,390	5,324
Internal Audit	226,031	223,225	221,607	-	221,607	1,618
Real Estate	400,197	400,197	196,736	-	196,736	203,461
Public Information Office	169,459	151,989	75,647	290	75,937	76,052
Customer Service	38,243	24,089	19,309	-	19,309	4,780
City Hall Maintenance	468,788	468,788	451,488	12,342	463,830	4,958
Budget	357,310	357,310	287,515	9,281	296,796	60,514
Municipal Court	1,429,347	1,429,347	1,163,049	5,241	1,168,290	261,057
Building Inspections	1,726,553	1,801,553	1,592,892	13,465	1,606,357	195,196
City Attorney	1,135,713	1,148,753	841,288	37,770	879,058	269,695
City Secretary	434,114	438,209	420,342	4	420,346	17,863
Elections	89,359	84,709	72,762	-	72,762	11,947
Tax Office	1,041,940	1,016,943	998,066	-	998,066	18,877
Accounting	1,232,953	1,232,717	1,120,378	1,104	1,121,482	111,235
Purchasing	469,237	469,237	463,056	176	463,232	6,005
Payroll	188,368	188,604	191,245	-	191,245	(2,641)
Accounts Payable	334,928	334,928	316,775	-	316,775	18,153
Personnel and Civil Service	636,912	586,758	527,508	102	527,610	59,148
Training	393,190	443,344	282,518	1,390	283,908	159,436
Planning	1,305,144	1,305,144	1,100,775	1,020	1,101,795	203,349
Section 112	312,889	461,988	419,026	46,864	465,890	(3,902)
311 Program	384,261	355,767	272,840	21,140	293,980	61,787
Communications & Admin. Support	410,163	416,163	366,965	12,795	379,760	36,403
Public Safety						
Police	5,207,083	3,417,656	3,406,425	15,405	3,421,830	(4,174)
Records/Property	1,256,741	1,200,047	1,184,072	3,142	1,187,214	12,833
Autotheft Grant Match	384,012	430,650	434,951	-	434,951	(4,301)
Detective	5,445,114	5,775,607	5,793,786	62,114	5,855,900	(80,293)
LISD SRO Program	1,107,576	1,182,890	1,197,745	-	1,197,745	(14,855)
Narcotics/Pipeline/K-9	2,631,330	2,925,643	2,931,828	697	2,932,525	(6,882)
911 Communications	2,203,811	2,414,788	2,260,695	9,934	2,270,629	144,159
Criminal Int. Acquisition	709,632	676,921	661,160	1,736	662,896	14,025
Patrols	26,168,067	27,929,014	28,092,721	107,398	28,200,119	(271,105)
Fire	22,393,063	22,444,315	23,545,357	29,943	23,575,300	(1,130,985)
Fire - EMS Division	6,793,703	6,802,492	6,907,575	6,893	6,914,468	(111,976)
Fire - EMS Trauma (Webb Co.)	-	22,116	20,858	-	20,858	1,258
Fire Civilians	508,562	508,562	501,293	-	501,293	7,269
Fire - Prevention & Arson	1,423,865	1,424,861	1,425,923	4,102	1,430,025	(5,164)
Fire Airport	888,187	840,170	893,814	4,911	898,725	(58,555)
Fire - Training (In House)	385,306	385,802	413,968	7,876	421,844	(36,042)
Fire - Training	493,613	468,976	575,596	8,822	584,418	(115,442)
Fire Emergency Management	19,108	19,108	14,504	1,469	15,973	3,135
Disaster Mitigation Grant	17,593	109,291	19,876	-	19,876	89,415
Homeland Security Grant	-	7,569	-	7,528	7,528	41
Traffic	2,646,524	2,626,524	2,484,800	3,317	2,488,117	138,407
Street Lighting	\$ 2,356,815	2,356,815	2,108,397	6,098	2,114,495	242,320

(Continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Public Works						
Administration	\$ 818,498	814,888	734,942	3,360	738,302	76,586
Engineering	541,783	541,783	539,012	1,711	540,723	1,060
Street Maintenance	1,382,964	1,382,964	1,105,411	1,753	1,107,164	275,800
Drafting & Surveying	1,168,117	1,165,987	1,027,544	2,929	1,030,473	135,514
Street Construction	1,102,631	1,106,241	991,143	8,629	999,772	106,469
Construction & Inspections	731,800	731,800	636,101	-	636,101	95,699
Street Cleaning	1,132,897	1,132,897	1,193,156	93	1,193,249	(60,352)
Building Rehabilitation	764,051	764,051	671,434	2,056	673,490	90,561
Warehouse	109,074	109,074	103,998	412	104,410	4,664
Special Construction Projects	112,745	112,745	259,172	-	259,172	(146,427)
Health and Welfare						
Third-Party Funding	821,375	833,375	784,568	800	785,368	48,007
Non CDBG Code Enforcement	142,398	142,398	136,384	6,959	143,343	(945)
Cultural and Recreational						
Parks	616,194	563,032	503,608	4,579	508,187	54,845
Maintenance	4,780,770	4,796,050	4,610,743	8,393	4,619,136	176,914
Recreation	833,663	864,399	784,134	4,625	788,759	75,640
Recreation Centers	1,841,621	1,796,750	1,658,138	8,854	1,666,992	129,758
Cemetery	428,196	428,196	354,805	3,329	358,134	70,062
Library	3,565,755	3,515,273	3,121,514	37,672	3,159,186	356,087
Center for Non-Profit Management	101,061	101,061	81,193	445	81,638	19,423
Other	5,311,923	4,605,550	3,424,692	15,483	3,440,175	1,165,375
Capital Outlay	23,000	292,723	323,317	143,442	466,759	(174,036)
TOTAL EXPENDITURES	124,431,445	125,026,401	121,204,457	707,883	121,912,340	3,114,061
Excess (Deficiency) of Revenues Over Expenditures	3,871,817	4,140,794	7,523,239	(707,883)	6,815,356	2,674,562
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hotel Motel Fund	25,000	25,000	12,685	-	12,685	(12,315)
Transfers Out:						
Auto Theft Task Force	(253,084)	(253,084)	(253,084)	-	(253,084)	-
Health Fund	(3,393,528)	(3,393,528)	(2,990,197)	-	(2,990,197)	403,331
Special Police Program	(602,326)	(542,326)	(118,550)	-	(118,550)	423,776
Public Access Fund	(323,033)	(323,032)	(276,030)	-	(276,030)	47,002
Special Fire Grants	(222,923)	(222,923)	(222,923)	-	(222,923)	-
Friends of the Library Fund	-	(24,518)	(24,518)	-	(24,518)	-
Bond Proceeds	-	46,235,000	46,235,000	-	46,235,000	-
Bond Costs	-	(766,853)	(766,853)	-	(766,853)	-
Bond Premium	-	772,484	772,484	-	772,484	-
Contributions	-	(46,471,173)	(46,471,173)	-	(46,471,173)	-
Capital Lease Payments	-	(102,232)	(102,232)	-	(102,232)	-
Sale of Assets	16,750	16,750	155,843	-	155,843	139,093
TOTAL OTHER FINANCING SOURCES (USES)	(4,753,144)	(5,050,435)	(4,049,548)	-	(4,049,548)	1,000,887
Net Change in Fund Balance	(881,327)	(909,641)	3,473,691	(707,883)	2,765,808	3,675,449
Fund Balances at Beginning of Year	20,547,312	23,146,914	23,146,914	(16,475)	23,130,439	(16,475)
FUND BALANCES AT END OF YEAR	\$ 19,665,985	22,237,273	26,620,605	(724,358)	25,896,247	3,658,974

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Current	\$ 11,428,762	11,428,762	11,390,788	(37,974)
Delinquent - Prior	308,229	308,229	337,644	29,415
Total Taxes	11,736,991	11,736,991	11,728,432	(8,559)
Investment Income:				
Interest Earnings	450,000	450,000	404,130	(45,870)
Net Increase (Decrease) in the Fair Value of Investments	-	-	(26,001)	(26,001)
Total Investment Income	450,000	450,000	378,129	(71,871)
Special Assessments:				
Paving Assessments	130,001	130,001	106,800	(23,201)
Total Special Assessments	130,001	130,001	106,800	(23,201)
TOTAL REVENUES	12,316,992	12,316,992	12,213,361	(103,631)
EXPENDITURES:				
Principal Retirement:				
Paving Principal	18,738	10,032	10,032	-
Airport Bond Principal	560,000	568,706	568,706	-
Tax Supported Bond Principal	5,671,307	5,276,308	5,276,308	-
Solid Waste Bond Principal	1,850,370	2,025,679	2,025,679	-
Water Bond Principal	2,565,994	2,565,994	2,565,994	-
Sewer Bond Principal	2,005,452	2,005,452	2,005,452	-
Transit Bond Principal	558,110	558,110	558,110	-
Parking Meters Bond Principal	163,481	163,481	163,481	-
Risk Management Bond Principal	15,000	15,000	15,000	-
Civic Center Bond Principal	108,025	108,025	108,025	-
Bridge Principal	397,532	397,532	397,532	-
Sports and Community Venue	1,160,000	1,160,000	1,160,000	-
Environmental Services Principal	755,000	770,000	770,000	-
Information Technology Principal	-	-	400,000	(400,000)
Total Principal Retirement	15,829,009	15,624,319	16,024,319	(400,000)
Interest:				
Paving Bond Interest	335	226	226	-
Airport Bond Interest	174,444	174,553	174,553	-
Tax Supported Bond Interest	5,462,779	6,592,633	6,592,633	-
Solid Waste Bond Interest	778,572	397,581	397,581	-
Water Bond Interest	1,074,672	1,074,670	1,074,670	-
Sewer Bond Interest	915,374	915,374	915,374	-
Transit Bond Interest	\$ 339,460	388,130	388,130	-

(Continued)

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

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Parking Meters Bond Interest	\$ 120,419	120,419	120,419	-
Risk Management Bond Interest	2,940	2,940	2,940	-
Civic Center Bond Interest	10,258	10,258	10,258	-
Bridge Interest	385,740	385,739	385,739	-
Sports and Community Venue Interest	1,731,163	1,731,163	1,731,163	-
Environmental Services Bond Interest	1,158,363	745,271	745,271	-
	<u>12,154,519</u>	<u>12,538,957</u>	<u>12,538,957</u>	<u>-</u>
Other:				
Fiscal Agent Fees	28,000	28,000	13,981	14,019
Other	402,035	222,287	5,389	216,898
	<u>430,035</u>	<u>250,287</u>	<u>19,370</u>	<u>230,917</u>
TOTAL EXPENDITURES	<u>28,413,563</u>	<u>28,413,563</u>	<u>28,582,646</u>	<u>(169,083)</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	<u>(16,096,571)</u>	<u>(16,096,571)</u>	<u>(16,369,285)</u>	<u>(272,714)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Airport	734,444	734,444	734,444	-
Civic Center	118,283	118,283	118,283	-
Environmental Services	1,913,363	1,913,363	1,913,363	-
Parking Meters	283,900	283,900	283,900	-
Sports and Community Venue	2,891,163	2,891,163	2,891,163	-
Contractual Obligations	-	-	2,185	2,185
Transit System	897,570	897,570	946,240	48,670
Bridge System	783,272	783,272	783,272	-
Solid Waste System	2,628,942	2,628,942	2,628,942	-
Water System	3,640,666	3,640,666	3,640,666	-
Sewer System	2,920,826	2,920,826	2,920,826	-
Risk Management	17,940	17,940	17,940	-
Information Technology	-	-	400,000	400,000
Transfers Out:				
Sewer System	(868,000)	(868,000)	(868,000)	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>15,962,369</u>	<u>15,962,369</u>	<u>16,413,224</u>	<u>450,855</u>
Net Change in Fund Balances	(134,202)	(134,202)	43,939	178,141
Fund Balances-Beginning	5,564,384	5,946,381	5,946,381	-
Fund Balances-Ending	<u>\$ 5,430,182</u>	<u>5,812,179</u>	<u>5,990,320</u>	<u>178,141</u>

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
ASSETS						
Current Assets:						
Cash and Cash Equivalents: (Note 4)						
Cash	\$ 21,400	2,200	300	2,707	26,607	400
Investments (Note 5)	9,274,341	24,533,249	9,316,543	7,763,849	50,887,982	8,198,825
Receivable:						
Accrued Interest	130,801	349,026	126,479	40,790	647,096	79,775
Accounts (Note 6)	2,647	3,131,228	2,008,308	1,425,624	6,567,807	12,976
Notes (Note 6)	-	12,379	18,257	-	30,636	-
Prepaid Items	-	-	-	-	-	260,558
Due From Other Governments	-	2,743	13,009	295,524	311,276	-
Due From Other Funds	-	73,332	37,063	-	110,395	-
Inventory, at Cost	-	689,727	77,502	450,512	1,217,741	368,444
Total Current Assets	9,429,189	28,793,884	11,597,461	9,979,006	59,799,540	8,920,978
Noncurrent Assets:						
Restricted Assets:						
Investments (Note 5)	10,471,081	48,805,867	40,977,427	9,326,339	109,580,714	-
Accrued Interest Receivable	-	281,764	255,172	93,735	630,671	-
Accounts Receivable (Note 6)	-	14,851	-	-	14,851	-
Notes Receivable (Note 6)	-	121	-	-	121	-
Due From Other Funds	-	-	-	495,778	495,778	-
Due From Other Governments	-	65,698	1,008,266	-	1,073,964	-
Total Restricted Assets (Note 7)	10,471,081	49,168,301	42,240,865	9,915,852	111,796,099	-
Capital Assets: (Note 8)						
Transportation Vehicles and Equipment	14,042,881	6,811,377	7,494,843	39,768,630	68,117,731	1,142,424
Buildings	11,539,424	13,245,692	18,308,734	18,653,217	61,747,067	656,136
Improvements	71,123,795	120,792,897	93,917,054	4,949,918	290,783,664	-
Land and Improvements	11,265,265	21,617,530	4,531,525	14,064,903	51,479,223	-
Construction in Progress	27,133,151	16,385,573	7,948,202	2,889,639	54,356,565	-
Less Accumulated Depreciation	(33,340,544)	(73,120,032)	(44,615,508)	(34,463,536)	(185,539,620)	(950,919)
Total Capital Assets (net of accumulated depreciation)	101,763,972	105,733,037	87,584,850	45,862,771	340,944,630	847,641
Other Assets:						
Unamortized Bond Issuance Costs	1,743,602	620,971	456,752	-	2,821,325	-
Total Noncurrent Assets	113,978,655	155,522,309	130,282,467	55,778,623	455,562,054	847,641
TOTAL ASSETS	\$ 123,407,844	184,316,193	141,879,928	65,757,629	515,361,594	9,768,619

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

(Continued)

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 234,076	691,760	475,228	440,931	1,841,995	1,266,801
Retainage Payable	177,546	417,357	147,627	45,874	788,404	-
Contracts Payable	731,673	1,479,131	942,068	29,927	3,182,799	-
Due To Other Funds (Note 13)	-	611,829	351,031	495,778	1,458,638	-
Accrued Interest	-	147,946	75,641	-	223,587	-
Accrued Wages & Employee Benefits	184,930	230,981	89,566	399,566	905,043	99,532
Claims and Judgments Payable	-	-	-	-	-	3,426,326
Compensated Absences	190,478	179,816	66,495	289,324	726,113	104,157
Due to Developers	-	-	-	-	-	-
Customer Deposits	305,605	4,040,387	-	82,814	4,428,806	-
Unearned Revenue	1,554,753	1,120,666	18,256	8,508	2,702,183	-
Revenue Bonds Payable (Note 12)	3,380,000	2,139,000	1,379,000	-	6,898,000	-
Notes Payable (Note 12)	791,233	-	-	-	791,233	-
Total Current Liabilities	7,550,294	11,058,873	3,544,912	1,792,722	23,946,801	4,896,816
Noncurrent Liabilities:						
Revenue Bonds Payable (Note 12)	62,940,720	25,438,418	19,398,000	-	107,777,138	-
Notes Payable (Note 12)	-	-	-	-	-	-
SIB Loan Payable	21,622,689	-	-	-	21,622,689	-
Compensated Absences	396,441	167,572	44,187	370,329	978,529	211,799
Closure and Postclosure Cost (Note 12)	-	-	-	7,310,917	7,310,917	-
Total Noncurrent Liabilities	84,959,850	25,605,990	19,442,187	7,681,246	137,689,273	211,799
TOTAL LIABILITIES	92,510,144	36,664,863	22,987,099	9,473,968	161,636,074	5,108,615
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	21,719,528	115,624,774	104,103,331	48,467,706	289,915,339	847,641
Restricted for Debt Service	5,188,409	3,496,153	2,315,905	-	11,000,467	-
Restricted for Improvements	-	13,335,637	-	-	13,335,637	-
Unrestricted (Deficit)	3,989,763	15,194,766	12,473,593	7,815,955	39,474,077	3,812,363
TOTAL NET ASSETS	\$ 30,897,700	147,651,330	118,892,829	56,283,661	353,725,520	4,660,004
					1,142,215	
					<u>\$ 354,867,735</u>	

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

Net assets of business-type activities

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

CITY OF LAREDO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended September 30, 2008

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
Charges for Services	-	26,265,698	14,006,232	19,129,564	59,401,494	32,052,334
Rental of Facilities	2,182,015	40,128	-	1,772,736	3,994,879	-
Toll Receipts	45,576,258	-	-	-	45,576,258	-
Miscellaneous	61,891	283,997	343,263	378,382	1,067,533	902,176
TOTAL OPERATING REVENUES	47,820,164	26,589,823	14,349,495	21,280,682	110,040,164	32,954,510
OPERATING EXPENSES:						
Personnel Services	7,646,420	7,463,530	3,015,986	15,840,262	33,966,198	3,690,036
Materials and Supplies	749,864	2,785,319	1,104,678	5,011,412	9,651,273	283,365
Contractual Services	26,377,336	6,683,758	5,296,648	7,026,163	45,383,905	2,458,180
Other	15,229	97,645	92,935	822,646	1,028,455	25,825,056
Total Operating Expenses Before Depreciation	34,788,849	17,030,252	9,510,247	28,700,483	90,029,831	32,256,637
Depreciation Expense (Note 8)	3,414,980	5,441,374	4,815,195	4,333,954	18,005,503	115,373
TOTAL OPERATING EXPENSES	38,203,829	22,471,626	14,325,442	33,034,437	108,035,334	32,372,010
Operating Income (Loss)	9,616,335	4,118,197	24,053	(11,753,755)	2,004,830	582,500
NON-OPERATING REVENUES (EXPENSES):						
Intergovernmental	-	-	-	4,519,591	4,519,591	-
Sales Tax	-	-	-	6,122,978	6,122,978	-
Interest Earnings	967,223	2,277,910	1,403,803	710,987	5,359,923	205,313
Net Increase (Decrease) In Fair Value Of Investment	(30,307)	(42,514)	(25,265)	(12,442)	(110,528)	(1,966)
Discount Earnings	13	939	5,754	2,932	9,638	132
Premiums	-	-	-	-	-	-
Miscellaneous	-	6,179	86,735	-	92,914	-
Gain (Loss) On Sale of Assets	304,766	55,804	26,598	6,160	393,328	5,343
Interest Expense	(4,144,681)	(1,279,557)	(925,800)	-	(6,350,038)	-
Gain (Loss) on Advance Funding	(248,364)	(39,721)	-	-	(288,085)	-
Water Availability	-	(292,769)	-	-	(292,769)	-
Other Non-Operating Expenses	-	(4,072,256)	(1,486,276)	(16,903)	(5,575,435)	-
Fiscal Agent Fees	(2,431)	(1,250)	(2,550)	-	(6,231)	-
Bond Issuance Cost Amortized	(134,880)	(55,212)	(25,594)	-	(215,686)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,288,661)	(3,442,447)	(942,595)	11,333,303	3,659,600	208,822
Income Before Contributions and Transfers	6,327,674	675,750	(918,542)	(420,452)	5,664,430	791,322
Capital Contributions-Grants	31,475	9,264	1,196,288	251,522	1,488,549	-
Capital Contributions-Waterrights	-	1,355,199	-	-	1,355,199	-
Capital Contributions-Tax Supported Bond	-	25,499,593	20,971,581	-	46,471,174	-
Capital Contributions-Developers	-	4,252,919	3,457,045	-	7,709,964	-
Transfers In	-	-	868,000	2,097,946	2,965,946	530,180
Transfers Out	(5,564,742)	(4,179,163)	(3,269,302)	(3,575,182)	(16,588,389)	(948,120)
Change in Net Assets	794,407	27,613,562	22,305,070	(1,646,166)	49,066,873	373,382
Total Net Assets-Beginning	30,103,293	120,112,681	96,873,402	57,929,827	-	4,286,622
Prior Period Adjustment	-	(74,913)	(285,643)	-	(360,556)	-
Total Net Assets-Ending	\$ 30,897,700	147,651,330	118,892,829	56,283,661	48,946,266	4,660,004
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					239,949	
Change in net assets of business-type activities					\$ 48,946,266	

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, 2008

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS						
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
CASH FLOW FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 47,696,068	24,610,091	13,728,460	20,770,776	106,805,395	1,154,730
Receipts from interfund services provided	-	1,641,494	270,708	304,574	2,216,776	32,052,334
Payments to suppliers	(2,037,412)	(7,368,319)	(3,558,931)	(9,721,517)	(22,686,179)	(27,436,920)
Payments to employees	(7,574,678)	(7,284,997)	(2,962,624)	(15,705,610)	(33,527,909)	(3,641,258)
Payments for interfund services used	(24,473,767)	(2,001,453)	(2,380,129)	(2,683,154)	(31,538,503)	(800,333)
Net cash provided (used) by operating activities	13,610,211	9,596,816	5,097,484	(7,034,931)	21,269,580	1,328,553
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfer to other funds	(5,564,742)	(3,640,666)	(2,955,334)	(3,575,182)	(15,735,924)	(948,120)
Transfer from other funds	-	-	868,000	2,097,946	2,965,946	530,180
Subsidy from federal and state grants	-	8,733	-	4,668,072	4,676,805	-
Sales Tax	-	-	-	6,122,978	6,122,978	-
Net cash provided (used) by noncapital and related financing activities	(5,564,742)	(3,631,933)	(2,087,334)	9,313,814	(1,970,195)	(417,940)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	3,000,000	538,497	313,968	-	3,852,465	-
Capital contributions	31,475	26,854,792	20,971,581	-	47,857,848	-
Subsidy from federal and state grants	-	-	210,936	384,272	595,208	-
Purchases of capital assets	-	(3,513,961)	(1,812,259)	(4,295,335)	(9,621,555)	(136,343)
Acquisition and construction of capital assets	(5,036,616)	(12,551,190)	(5,872,769)	(2,097,946)	(25,558,521)	-
Principal paid on capital debt	(4,000,070)	(1,833,000)	(1,058,000)	-	(6,891,070)	-
Interest paid on capital debt	(4,147,114)	(1,266,701)	(965,330)	-	(6,379,145)	-
Proceeds from sales of capital assets	-	-	-	6,160	6,160	5,343
Lease Payments	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(10,152,325)	8,228,437	11,788,127	(6,002,849)	3,861,390	(131,000)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	1,144,291	(16,192,540)	(16,008,607)	3,041,313	(28,015,543)	(980,254)
Interest and dividends received	974,599	2,027,052	1,217,425	692,593	4,911,669	207,935
Issuance of Notes Receivable	-	8,912	9,460	-	18,372	-
Net cash provided (used) by investing activities	2,118,890	(14,156,576)	(14,781,722)	3,733,906	(23,085,502)	(772,319)
Net increase (decrease) in cash and cash equivalents	12,034	36,744	16,555	9,940	75,273	7,294
Cash and cash equivalents, October 1	9,366	(34,544)	(16,255)	(7,233)	(48,666)	(6,894)
Cash and cash equivalents, September 30	\$ 21,400	2,200	300	2,707	26,607	400

(Continued)

**CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2008**

(Continued)

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 9,616,335	4,118,197	24,053	(11,753,755)	2,004,830	582,500
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	3,414,980	5,441,374	4,815,195	4,333,954	18,005,503	115,373
(Increase) decrease in landfill closure and post closure cost	-	-	-	692,808	692,808	-
(Increase) decrease in accounts receivable	(930)	(513,827)	(387,418)	(228,749)	(1,130,924)	250,138
Increase (decrease) in allowance for uncollectible accounts	20	82,780	46,552	54,616	183,968	2,416
(Increase) decrease in inventories	-	(24,306)	(14,483)	42,781	3,992	(45,504)
(Increase) decrease in prepaid items	-	-	-	-	-	(41,663)
Increase (decrease) in customer deposits	(162,155)	134,827	-	1,557	(25,771)	-
Increase (decrease) in accounts payable	631,250	221,256	569,684	(280,039)	1,142,151	119,803
Increase (decrease) in unearned revenues	38,969	(42,018)	(9,461)	(32,756)	(45,266)	-
Increase (decrease) in compensated absences payable	23,837	78,071	15,450	32,086	149,444	17,283
Increase (decrease) in accrued wages and employee benefits	47,905	100,462	37,912	102,566	288,845	31,495
Increase (decrease) in claims & judgements payables	-	-	-	-	-	296,712
Total adjustments	3,993,876	5,478,619	5,073,431	4,718,824	19,264,750	746,053
Net cash provided (used) by operating activities	\$ 13,610,211	9,596,816	5,097,484	(7,034,931)	21,269,580	1,328,553
Noncash investing, capital, and financing activities:						
Gain on refunding issue	304,766	-	-	-	304,766	-
Bond issuance cost amortized	(64,880)	15,709	2,562	-	(46,609)	-
Contributions of capital assets from developers & others	-	4,252,919	3,457,045	-	7,709,964	-
Current Landfill Closure and Postclosure cost	-	-	-	692,808	692,808	-
Disposition of Assets	-	-	(2,992)	-	(2,992)	-
Loss on advance refunding	(248,364)	(39,721)	-	-	(288,085)	-
Increase (Decrease) in fair value of investments	(30,307)	(42,514)	(25,265)	(12,442)	(110,528)	(1,966)
Increase (Decrease) in Accrued Interest Payable	-	14,107	(36,982)	-	(22,875)	-

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

**CITY OF LAREDO, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008**

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	AGENCY FUNDS
	<hr/>	<hr/>
ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 132,501	-
Accrued Interest Receivable	42,277	13,990
Investments, at Fair Market Value (Note 5)	29	1,437,857
Investment with Fiscal Agent, at Fair Market Value (Note 5):		
Money Market Funds	1,554,623	-
Foreign Money Market Funds	13,306,137	-
Domestic Corporate Bonds	9,895,024	-
Domestic Stocks	38,136,299	-
Foreign Stocks	2,308,092	-
Accounts Receivable (Note 6)	-	7,183
Notes Receivable (Note 6)	27,194	-
	<hr/>	<hr/>
TOTAL ASSETS	65,402,176	1,459,030
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	34,374	1,446,357
Accrued Wages and Employee Benefits	1,361	12,673
	<hr/>	<hr/>
TOTAL LIABILITIES	35,735	1,459,030
	<hr/>	<hr/>
NET ASSETS		
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ <u>65,366,441</u>	<u>-</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, 2008**

		LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND
ADDITIONS:		
Contributions:		
Employer contributions	\$	4,136,418
Plan members		3,389,012
Other contributions		<u>3,487</u>
 Total Contributions		 <u>7,528,917</u>
Investment Earnings:		
Interest earnings and dividends		1,225,347
Net increase (decrease) in the fair value of investments		(13,366,085)
Gains (Loss) on sale of investment		<u>2,570,294</u>
 Total investment earnings		 (9,570,444)
Less: investment expense		<u>(213,828)</u>
 Net Investment Earnings		 <u>(9,784,272)</u>
 TOTAL ADDITIONS		 <u>(2,255,355)</u>
DEDUCTIONS:		
Benefits		366,945
Administrative Expenses		<u>3,390,926</u>
 TOTAL DEDUCTIONS		 <u>3,757,871</u>
 Change in Net Assets		 (6,013,226)
Net Assets - Beginning		<u>71,379,667</u>
 NET ASSETS - ENDING	\$	 <u>65,366,441</u>

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

CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

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CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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 23 routes. The fixed route system has a total of 35 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-five 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 Transit Management, Inc. is reported as an enterprise fund.

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.

Trust Funds - These funds are 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 four trust funds: Firefighters Retirement System, Police Health and Benefits, Police Retirees Dependents, and City Annuity.

Agency Fund - The Agency Fund is 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 one Agency fund: Payroll Clearing.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Economic resources measurement focus reports all inflows, outflows, and balances affecting or reflecting an entity's net assets. Accrual basis accounting is the method that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of

the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied while the organization recognizes grant revenue as soon as all eligibility requirements obligatory have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term obligations, compensated absences, and claims and judgments which are recognized when due.

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

Certificate of Obligation Series 2007 is to account for \$72,480,000 in bond proceeds for the purpose of paying all or portion of the City's contractual obligations for the purchase of equipment and for street, drainage, traffic, and general construction improvements.

Home Investment Fund is to account for the U.S. Department of Housing and Urban Development grant and the related disbursements for new affordable housing units.

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 60,519 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 57,851 customers.

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, provide services associated with the risk management for all city property including workman's compensation, and provide telecommunication services to all funds on a cost-reimbursement basis.

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

Private sector standards of accounting and financial reporting issued after November 30, 1989, are followed in both business-type activities and enterprise funds fund financial statements to the degree that those standards do not conflict with or disagree with the guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow subsequent private-sector guidance.

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

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

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

C. Budgets and Budgetary Accounting

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

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

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

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

(4) Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Fund, Proprietary Funds, and certain Trust Funds. Annual budgets, for the Noise Abatement Fund, HUD Section 108, Expendable Trust Fund, Contractual Obligations Fund, 2001 C.O. Issue, 1998 C.O. Issue, Colonias Project, 2002 C.O. Issue, 2003 C.O. Issue, Parks Capital Grants, Capital Grants, 2005 C.O. Issue, 2006 C.O. Issue, 2007 C.O. Issue, and the 2008 C.O. Issue, are not legally adopted. A comparison of budget to actual is presented in the Basic Financial Statements for the General 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 years
Machinery and equipment	3 - 10 years
Vehicles	6 years
Streets	25 years
Bridges	25 years
Airport runways	25 years
Boat ramps	25 years
Storm Drainage	25 years
Landfill	25 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, 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 as a general long-term debt 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.

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 \$306,541,555 difference are as follows:

Bonds, notes payable, and capital leases	\$321,077,907
Accrued interest	2,663,775
Deferred revenue	(29,070,717)
Compensated absences	17,595,468
Elimination of Interfund activity	<u>(5,724,878)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$306,541,555</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 \$61,867,203 difference are as follows:

Debt issued:	
Bond & Capital lease proceeds	\$79,855,000
Repayments:	
General obligation bond	(16,120,000)
Capital lease	<u>(1,867,797)</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>\$(61,867,203)</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 \$21,748,219. The details of this are as follows:

Assets that were purchased and capitalized in the current year	\$44,092,402
Current year depreciation	<u>(22,344,183)</u>
Amount by which capital outlays exceed depreciation	<u>\$21,748,219</u>

NOTE 3 - FUND DEFICITS

The following is a list of the undesignated deficit fund balances in the Special Revenue Funds: Block Grants \$724,911; Home Investment \$69,955; Emergency Shelter \$52,291; Environmental Services \$1,089,469; Health Fund \$78,020; International Airport \$484,777; 911 Emergency Comm. Fund \$757,833; Veteran's Field \$357; Civic Center \$100 and Capital Projects Funds: Webb County Colonias Project \$635,907; Airport Construction Fund \$2,711,465; Parks Capital Grants Fund \$280,534; Capital Grants Fund \$363,163. 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, 2007. The deficits will be recovered through grant cost reimbursements and other revenues.

International Airport Fund's deficit fund balance of \$484,777 was due to an increase in passenger facility charges designated for improvements and reduction of landing fees. 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 \$(216,765) for the City of Laredo and a net increase of \$(13,366,085) for the Laredo Firefighters Retirement System.

As of September 30, 2008, cash and cash equivalents consisted of the following:

Petty Cash and Change Fund	\$	56,918
Equity in Investment Pool		0
Cash in Other Bank Accounts		73,450
Cash with Fiscal Agent		813,999
	\$	<u>944,367</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, 2008, the book value of all the City’s deposits was \$944,367. Deposits were properly secured at all times during the fiscal year. All collateral securities were held by a third party in the City’s name and were not exposed to custodial credit risk.

NOTE 5 - INVESTMENTS

The City, as per the “Public Funds Investment Act” of the State of Texas, is authorized to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations which are unconditionally guaranteed by the State of Texas or United States; obligations 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 value 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 which established the System. The act authorizes additional investment types which include corporate bonds, common stock and mutual funds.

The investment and maturities at September 30, 2008, were as follows:

	Fair Value	Non Maturity Rated	Investment Maturity in Years	
			Less Than 1	1-3
U. S. Agencies	\$ 17,600,258	-	5,418,590	12,181,668
Mutual Funds	24,755,813	24,755,813	-	-
Equities	40,444,391	40,444,391	-	-
Managed Pools	334,436,929	334,436,929	-	-
Total Investments	\$ 417,237,391	399,637,133	5,418,590	12,181,668

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 requirements. As of

September 30, 2008, Treasury coupon securities totaling \$17,600,258 had an average maturity of 2.65 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. The City is empowered by state statute to invest in obligations of the United States, or its agencies and instrumentalities; direct obligations of any state or its agencies and instrumentalities, as long as they are rated A by a nationally recognized statistical rating organization. The City is also allowed to invest in time deposits, repurchase agreements mutual funds and investment pools. It is the City's policy to invest only in top rated investment instruments. Investment pools must be rated no lower than AAA or AAA-m.

As of September 30, 2008, the City invested in U. S. Agencies, Bank certificates of deposit, 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 Home Loan Mortgage Corporation and Federal Home Loan Bank medium term notes. The credit ratings were "Aaa" by Moody's; "AAAe" by Standard & Poor's and "AAAe" by Fitch Ratings.

The Laredo Firefighters' Retirement System, as per their investment policy, is allowed to invest in other types of investments such as mutual funds and common stock.

Concentration of Credit Risk. Concentration of credit risk is 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 securities. Of the City's total investments, 2% were invested in Federal Home Loan Bank notes, and 3% were invested in Federal Home Loan Mortgage Company notes. The other 95% were invested in Local Government Investment Pools. Of the Firefighters' Retirement System investments, 38% was invested in mutual funds and 62% 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, 2008, 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, 2008, upon which the 2008 levy was based, was \$9,393,528,747.

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, 2008 was \$.637000 per \$100 of assessed valuation (\$.511426 for general government and \$.125574 for debt service). Thus, the City has a tax margin of approximately \$.863000 per \$100, and could levy approximately \$81,083,413 in additional taxes per year from the present assessed valuation of \$9,393,528,747 before the limit is reached. Because of limitations imposed by state law, cases in which accumulated taxes exceed property value, other problems in tax collection and because of the possible uncollectibility of certain other accounts receivable, allowances have been provided for uncollectible accounts resulting in only the net collectible amounts being reflected in the balance sheet.

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

The allowances for uncollectible accounts for taxes and other receivables as of September 30, 2008 are reflected in the following table:

	General	Other Governmental Types	Proprietary	Fiduciary	Total
Receivables:					
Property Taxes	\$ 6,506,461	1,066,796	-	-	7,573,257
Hotel/Motel Taxes	-	7,816	-	-	7,816
Accounts	13,443,537	4,987,666	8,129,901	7,183	26,568,287
Notes	-	14,854,280	704,925	27,194	15,586,399
Paving Assessments	-	269,414	-	-	269,414
Gross Receivables	19,949,998	21,185,972	8,834,826	34,377	50,005,173
Less Allowance For Uncollectible	<u>(8,090,444)</u>	<u>(3,855,671)</u>	<u>(2,208,435)</u>	<u>-</u>	<u>(14,154,550)</u>
Net Receivables	<u>\$ 11,859,554</u>	<u>17,330,301</u>	<u>6,626,391</u>	<u>34,377</u>	<u>35,850,623</u>

NOTE 7 - RESTRICTED ASSETS FOR ENTERPRISE FUND TYPES

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

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

The following table summarizes restricted assets by purpose as of September 30, 2008:

	Other Enterprise Fund	Bridge System	Waterworks System	Sewer System	Total
Revenue Bond Retirement Reserve	\$ -	4,688,409	2,128,548	1,583,837	8,400,794
Revenue Bond Contingency	-	500,000	1,367,605	732,068	2,599,673
Construction Account	9,915,852	5,282,672	31,435,896	39,924,960	86,559,380
Water Rights	-	-	14,221,401	-	14,221,401
Total Restricted Assets	<u>\$ 9,915,852</u>	<u>10,471,081</u>	<u>49,153,450</u>	<u>42,240,865</u>	<u>111,781,248</u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

A – Governmental Activities:

	Balance as of September 30, 2007	Additions	Deletions and Transfers	Balance as of September 30, 2008
Capital Assets, Not Being Depreciated:				
Land	\$ 56,667,732	4,930,901	(71,809)	61,526,824
Construction in Progress	11,268,199	5,096,734	(453,431)	15,911,502
Total Capital Assets, Not Being Depreciated	<u>67,935,931</u>	<u>10,027,635</u>	<u>(525,240)</u>	<u>77,438,326</u>
Capital Assets Being Depreciated:				
Buildings	128,194,689	4,508,395	253,466	132,956,550
Improvements Other Than Buildings	371,952,436	21,378,280	199,965	393,530,681
Machinery and Equipment	67,881,203	8,314,439	(3,673,369)	72,522,273
Total Assets Being Depreciated	<u>568,028,328</u>	<u>34,201,114</u>	<u>(3,219,938)</u>	<u>599,009,504</u>
Less Accumulated Depreciation For:				
Buildings	(25,417,795)	(2,893,994)	-	(28,311,789)
Improvements Other Than Buildings	(153,159,482)	(12,005,937)	-	(165,165,419)
Machinery and Equipment	(41,570,151)	(7,472,863)	3,658,416	(45,384,598)
Total Accumulated Depreciation	<u>(220,147,428)</u>	<u>(22,372,794)</u>	<u>3,658,416</u>	<u>(238,861,806)</u>
Total Capital Assets, Being Depreciated, Net	<u>347,880,900</u>	<u>11,828,320</u>	<u>438,478</u>	<u>360,147,698</u>
Governmental Activities Capital Assets, Net	<u>\$ 415,815,831</u>	<u>21,855,955</u>	<u>(86,762)</u>	<u>437,586,024</u>

B – Business Type Activities:

	Balance as of September 30, 2007	Additions	Deletions and Transfers	Balance as of September 30, 2008
Capital Assets, Not Being Depreciated:				
Land	\$ 30,804,531	-	52,600	30,857,131
Construction in Progress	40,568,266	21,639,311	(7,851,011)	54,356,566
Waterrights	18,797,356	-	1,824,737	20,622,093
Total Capital Assets, Not Being Depreciated	<u>90,170,153</u>	<u>21,639,311</u>	<u>(5,973,674)</u>	<u>105,835,790</u>
Capital Assets Being Depreciated:				
Buildings	61,692,826	54,241	-	61,747,067
Improvements Other Than Buildings	277,790,145	7,966,646	5,026,872	290,783,663
Machinery and Equipment	60,331,410	7,599,199	187,123	68,117,732
Total Assets Being Depreciated	<u>399,814,381</u>	<u>15,620,086</u>	<u>5,213,995</u>	<u>420,648,462</u>
Less Accumulated Depreciation For:				
Buildings	(19,193,241)	(1,354,136)	-	(20,547,377)
Improvements Other Than Buildings	(111,738,417)	(10,246,818)	-	(121,985,235)
Machinery and Equipment	(37,299,894)	(6,404,549)	697,436	(43,007,007)
Total Accumulated Depreciation	<u>(168,231,552)</u>	<u>(18,005,503)</u>	<u>697,436</u>	<u>(185,539,619)</u>
Total Capital Assets, Being Depreciated, Net	<u>231,582,829</u>	<u>(2,385,417)</u>	<u>5,911,431</u>	<u>235,108,843</u>
Business Type Activities Capital Assets, Net	<u>\$ 321,752,982</u>	<u>19,253,894</u>	<u>(62,243)</u>	<u>340,944,633</u>

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

Government Activities:		
General Government	\$	1,463,997
Public Health		422,991
Culture and Recreational		585,696

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

Public Works	14,986,970
Public Safety	3,152,351
Air Transportation	1,645,416
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>115,373</u>
Total depreciation expense-governmental activities	\$ <u>22,372,794</u>
Business-Type Activities:	
Solid Waste Management	\$ 2,722,014
Municipal Transit System	1,500,819
Bridge System	3,414,980
Waterworks System	5,441,374
Sewer System	4,815,195
Other Enterprise Funds	111,121
Total depreciation expense-business-type activities	\$ <u>18,005,503</u>

NOTE 9 - RETIREMENT PLANS

The City provides benefits for all of its full-time employees (except for firefighters) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 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

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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, 2007 valuation is effective for rates beginning January 2009).

SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS

Actuarial Valuation Date	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
Actuarial Value of Assets	\$ 65,263,038	71,378,360	83,134,944	93,220,964	104,886,750	118,216,115	131,250,617
Actuarial Accrued Liability	92,117,721	100,308,824	143,268,763	159,858,885	176,834,192	196,473,335	255,908,643
Percentage Funded	70.85%	71.20%	58.03%	58.31%	59.30%	60.17%	51.30%
Unfunded Actuarial							
Accrued Liability (UAAL)	26,854,683	28,930,464	60,133,819	66,637,921	71,947,442	78,257,220	124,658,026
Annual Covered Payroll	52,328,408	53,281,587	57,825,500	59,429,800	66,500,972	70,411,134	76,207,380
UAAL as a percentage of covered Payroll	51.32%	54.32%	103.90%	112.13%	108.2%	111.14%	163.60%
Annual Pension Cost:							
Annual Required							
Contribution (ARC)	5,130,863	5,573,578	7,853,449	9,637,803	10,609,392	11,593,062	12,670,264
Less Contributions Made at the end of the period	<u>5,130,863</u>	<u>5,573,578</u>	<u>7,853,449</u>	<u>9,637,803</u>	<u>10,609,392</u>	<u>11,593,062</u>	<u>12,670,264</u>
Net Pension Obligation	\$ -	-	-	-	-	-	-

Actuarial Assumptions

Actuarial Cost Method -	Projected Unit Credit
Amortization Method-	Level Percent of Payroll
Remaining Amortization Period-	30 Years – Closed 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	Varies by Age and Service
Includes Inflation At	3.0%
Cost-of-Living Adjustments-	2.1% (3.0% CPI)

The City of Laredo is one of 827 municipalities having the benefit plan administered by TMRS. Each of the 827 municipalities has an annual, individual actuarial valuation

performed. All assumptions of the December 31, 2007 valuations are contained in the 2007 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. 25 & 27
Actuarial Update as of March 31, 2008

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

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

The Laredo Firefighters Retirement System covers the firefighters in the Laredo Fire Department. The table below summarizes the membership of the System reflected in the actuarial valuation as of March 31, 2008, which is performed every two years.

	03/31/08
a. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	99
b. Current Employees:	
i. Vested	74
ii. Non-vested	267
c. Total	440

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, 2007 (in effect on the March 31, 2008 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, 2007, (Plan effective March 31, 2008), the funding policy of the Laredo Firefighters Retirement System requires contributions equal to 14% of pay by the firefighters. Effective April 1, 2005, required contributions by the City of Laredo were 17.65% of pay for each firefighter hired before January 1, 1988 and 16.20% of pay for each firefighter hired on or after January 1, 1988. Effective October 1, 2008, required contributions by the City of Laredo were 17.28% of pay for each firefighter hired after January 1, 1988 and 16.56% of pay for each firefighter hired on or after January 1, 1988.

Annual Pension Cost

For the fiscal year ending September 30, 2009, the City of Laredo's annual pension cost of \$4,136,418 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, 2007 has been approved by the Board's actuary as having an adequate financing arrangement. The fixed city contributions are 17.65% effective October 1, 2008, 16.02% effective April 1, 2005, and 17.02% effective April 1, 2004 for firefighters hired before January 1, 1988. For firefighters hired on or after January 1, 1988, the fixed percentage is 17.28% effective October 1, 2008, 16.2% effective April 1, 2005, and 15.57%, effective April 1, 2004. The required contributions were reflected in the March 31, 2008 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 110% or less than 90% of the actual market value of assets. The actuarial assumptions included an investment return assumption of 8.0% per year (net of expenses), projected salary increases averaging 4.25% per year as a general salary increase and a range from 0% to 7% per year as a promotion and longevity increase based on 30-year career, and no postretirement cost-of-living adjustments. An inflation assumption of 3.75% 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

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payroll will increase 4.25% per year, and was 21 years as of March 31, 2008 actuarial valuation based on the plan provisions effective August 1, 2007.

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%	-
09/30/2007	3,779,090	100%	-
09/30/2008	\$ 4,136,418	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%
03/31/06	57,228,050	95,649,924	38,421,874	59.80%	21,831,766	176%
03/31/08	\$ 73,106,502	113,301,606	40,195,104	64.50%	22,931,569	175%

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%
09/30/2007	17.65% & 16.20%	3,779,090	100%
09/30/2008	17.65% & 16.20%	\$ 4,136,418	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

Plan Description:

Police and City Employees who have twenty years of service or have attained age sixty with five years of service and Firefighters who have attained age forty-five with twenty years of service or have attained age sixty with five years of service with the City of Laredo are eligible for a service or early retirement, or qualified for a disability retirement under the Texas Municipal Retirement System, or the Fireman’s Relief and Retirement Fund, may continue coverage in the City of Laredo Medical Plan as a retiree, at the time service terminate with the City of Laredo. An eligible employee may elect coverage for his or her dependants. The widow/widower of a retiree who has coverage as a retiree under the City of Laredo Medical Plan may continue coverage as a retiree.

Currently, 91 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.

Prior to age 65, retirees participate in the City’s Medical Plan. At age 65, retirees are offered a Medicare Supplemental Plan (Monumental), but the full cost is borne by the retirees. However retirees can continue to participant in the City’s prescription drug program after age 65. There is a \$500-\$1,000 deductible per person with an additional maximum out of pocket cost of \$2,000. The prescription co-pay is \$6 for generic and \$30-\$50 for brand name prescriptions.

The Police and Firefighters are provided with a \$2,000 life insurance policy at retirement.

Funding Policy:

During the year, expenditures of approximately \$641,114 were recognized for postretirement health benefits of which \$132,570 was received from the firemen’s contribution.

Annual contribution rates for retirees not currently eligible for Medicare:

	Retiree Only	Retiree & Spouse
Police & Fire	\$0	\$2,677
City Employees	\$2,610	\$6,439

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Annual contribution rates for retirees who are eligible for Medicare coverage (these contributions are for prescription drug only-other medical benefits not available through the City's Medical Plan):

	Retiree Only	Retiree & Spouse
Police & Fire	\$419	\$1,152
City Employees	\$419	\$1,152

The City is required to contribute at a rate that is based on an actuarial valuation that is prepared in accordance within certain parameters. The following table shows the annual OPEB cost and net OPEB Obligation for the prior 3 years assuming the plan is not pre-funded (4% discount)

Financial Statement Disclosures Current Plan (with three year trend)*:

Plan Year Ended	Annual OPEB		Net OPEB
	Cost	Percentage	
09-30-2005	N/A	N/A	N/A
09-30-2006	N/A	N/A	N/A
09-30-2007	\$11,173,498	5.6%	\$10,551,201

*Last actuarial valuation provided figures for September 30, 2007, previous years data is not available.

Funded Status and Funding Progress:

The funded status of the plan as of October 1, 2006, was as follows:

Schedule of Funding Progress*:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)(1)	Unfunded Actuarial Accrued Liabilities (UAAL)(2)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2004	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2005	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2006	0	88,107,100	88,107,100	0.0%	N/A	N/A

*Last actuarial valuation provided figures for October 1, 2006, previous years data is not available.

(1) Actuarial liability determined under the projected unit credit cost method.

(2) Actuarial accrued liability less actuarial value of assets.

Actuarial Methods and Assumptions:

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in pension costs. These gains and losses result from the difference between the actual experience under the plan and the experience by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years in the future.

In the October 1, 2006 actuarial valuation, the Unit Credit Actuarial Cost Method was used. This method includes the following components:

1. The normal cost is the actuarial present value of benefits allocated to the valuation year.
2. The actuarial liability is the actuarial present value of benefits accrued as of the valuation date.
3. Valuation assets are equal to the market value of assets of the valuation date, if any.
4. Unfunded actuarial liability is the difference between the actuarial liability and the valuation assets. It is amortized over 30 years,

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, 2008:

	General Obligation Serial Bonds	Certificates of Obligation	Revenue Bonds	Compensated Absences	Capital Lease Obligations	Notes Payable
Long Term Liabilities:						
Beginning Balances	\$ 64,655,000	137,590,000	33,880,000	16,763,604	3,532,041	935,000
Additions	-	79,855,000	-	5,033,350	-	-
Retirements	(7,615,000)	(7,345,000)	(1,160,000)	(4,219,297)	(1,867,797)	(85,000)
Ending Balances	<u>57,040,000</u>	<u>210,100,000</u>	<u>32,720,000</u>	<u>17,577,657</u>	<u>1,664,244</u>	<u>850,000</u>
Current Liabilities:						
Due Within One Year	<u>7,545,000</u>	<u>8,155,000</u>	<u>1,285,000</u>	<u>-</u>	<u>1,633,661</u>	<u>85,000</u>
Total Liabilities	<u>\$ 64,585,000</u>	<u>218,255,000</u>	<u>34,005,000</u>	<u>17,577,657</u>	<u>3,297,905</u>	<u>935,000</u>

Compensated absences are generally liquidated by the General Fund.

Bonds payable as of September 30, 2008 are comprised of the following issues:

A - General Obligation Serial Bonds

\$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. \$ 28,035,000

\$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. \$ 550,000

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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. 11,545,000

Total General Obligation Bond \$ 64,585,000

B – Certificates of Obligation

\$1,000,000 1992 Combination Tax and Airport Revenue Certificates 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. \$ 365,000

\$2,040,000 1996 Combination Tax and Airport Revenue 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. 545,000

\$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. 895,000

\$6,415,000 1998-A Combination Tax and Sewer Revenue Certificates of Obligation 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 these projects. Principal is due in varying amounts through 2018 with interest from 4.400% to 7.375% per annum. 1,170,000

\$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. 2,445,000

\$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. \$ 235,000

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\$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.	\$ 570,000
\$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.	775,000
\$2,060,000 2000 Combination Tax and Airport Revenue Refunding Bonds 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.	1,535,000
\$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.	355,000
\$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.	490,000
\$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.	2,705,000
\$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.	7,740,000
\$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.	3,010,000
\$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.	2,980,000
\$13,535,000 Combination Tax and Revenue Certificates of Obligation, Series 2004, for the 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.	\$ 7,825,000

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<p>\$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.</p>	<p>\$ 14,065,000</p>
<p>\$17,320,000 Combination Tax and Revenue Certificates 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.</p>	<p>16,230,000</p>
<p>\$3,680,000 Public Property Finance Contractual Obligations, Series 2006, issued for the purpose of purchasing police vehicles, equipment and enhancements for the police dispatch/radio facility, as well as vehicles and safety equipment for the fire department, and vehicles, heavy equipment, and office enhancements for Public Works and other City departments. Principal is due in varying amounts through 2012 with interest at 3.586% per annum.</p>	<p>2,995,000</p>
<p>\$72,480,000 Combination Tax and Revenue Contractual Obligations, Series 2007, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, developing various recreational facilities, improvements to various City facilities, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2024 with interest from 4% to 5.25% per annum.</p>	<p>71,470,000</p>
<p>\$3,555,000 Public Property Finance Contractual Obligations, Series 2008, issued for the purpose of purchasing municipal buses for the mass transit system. Principal is due in varying amounts through 2020 with interest of 3.399% per annum.</p>	<p>3,555,000</p>
<p>\$30,065,000 Combination Tax and Revenue Contractual Obligations, Series 2008A, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, developing various recreational facilities, improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2028 with interest from 3.5% to 5% per annum.</p>	<p>30,065,000</p>
<p>\$46,235,000 Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2008B, for the purpose of constructing, improving, and extending the City's waterworks and sewer systems, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2033 with interest from 3.5% to 5% per annum.</p>	<p><u>46,235,000</u></p>
<p>Total Certificates of Obligation</p>	<p>\$ <u>218,255,000</u></p>

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, 2008 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.	\$ 1,070,000
\$33,550,000 2005 Sports Venue Sales Tax Revenue Improvement and Refunding Bonds issued for the purpose of acquiring and constructing additional parking for the multipurpose entertainment arena and refunding a portion of the City's outstanding Sports Venue Sales Tax Revenue Bonds, Series 2001 in order to achieve a debt service savings and to pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2024 with interest from 3.00% to 5.00% per annum.	<u>32,935,000</u>
Total Sales Tax Revenue Bonds	\$ <u>34,005,000</u>

D - Capital Lease Obligations

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

\$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.	\$ 106,328
\$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.	800,000
\$1,453,266 Government Capital Corporation for the purchase of H T E digital information system for the Police Department. Payments are due in annual installments of \$528,041, including principal and interest through December, 2009. Interest is at 4.5% per annum.	981,226
\$1,501,830 Kansas State Bank for the purchase of fifty four law enforcement vehicles for the Police Department. Payments are due in annual installments of \$549,212.92, including principal and interest, through January 2010. Interest is at 4.78% per annum.	\$ 1,024,404

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\$144,235 Municipal Asset Corporation for the purchase of cardio-weight lifting equipment for the City's recreation centers. Payments are due in biannual installments of \$27,290.97 through November, 2009. Interest is at 3.75% per annum.	\$ 76,096
\$404,334 Kansas State Bank for the purchase of twenty five law enforcement vehicles for the Police Department. Payments are due in annual installments of \$112,758.28 through June 2011. Interest is at 4.52% per annum.	<u>309,851</u>
Total Present Value of Future Minimum Lease Payments	3,297,905
Plus Amount Representing Interest	<u>187,278</u>
Total Minimum Lease Payments	\$ <u>3,485,183</u>

The assets acquired through capital leases are as follows:

Governmental Activities	
Asset:	
Automotive Equipment	\$ 2,607,842
Machinery & Equipment	<u>3,743,500</u>
Less: Accumulated Depreciation	<u>(3,776,510)</u>
Total	\$ <u>2,574,832</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, are as follows:

Year Ending Sep. 30	Governmental Activities
2009	\$ 1,755,122
2010	1,617,303
2011	<u>112,758</u>
Total minimum lease payments	3,485,183
Less: amount representing interest	<u>(187,278)</u>
Present value of minimum lease payments	\$ <u>3,297,905</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%. \$ 935,000

F – 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, 2008, \$9.070 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, 2008:

	Revenue <u>Bonds</u>	Note <u>Payable</u>	Landfill <u>Cost</u>	Compensated <u>Absences</u>
Long Term Liabilities:				
Beginning Balances	\$ 110,402,053	22,718,688	6,618,109	874,212
Additions	3,985,000	-	-	222,527
Amortization of Deferred Charges	288,085	(304,766)	692,808	-
Retirements	(6,898,000)	(791,233)	-	(118,212)
Ending Balances	<u>107,777,138</u>	<u>21,622,689</u>	<u>7,310,917</u>	<u>978,527</u>
Current Liabilities:				
Due Within One Year	6,898,000	791,233	-	726,111
Total Liabilities	<u>\$ 114,675,138</u>	<u>22,413,922</u>	<u>7,310,917</u>	<u>1,704,638</u>

A – Bonds

\$1,700,000 1991 Subordinate Sewer Revenue Bonds issued for the purpose of constructing and extending the utilities system with principal due in varying amounts through 2011, including interest at 5.5% per annum.

\$ 265,000

\$17,995,000 1996 International Toll Bridge System Revenue Refunding Bonds issued for the purpose of refunding other Bridge Revenue Bond issues with principal due in varying amounts through year 2010, including interest at 4.00% to 5.70% per annum.

1,275,000

\$12,105,000 2002 International Toll Bridge System Revenue Bond issued for the purpose to acquire, purchase, construct, improve, enlarge and equip the international bridge with principal due in varying amounts through year 2022, including interest at 4.0% to 5.0%.

8,915,000

\$2,095,000 2002A Sewer System Revenue Refunding Bond issued for the purpose of refunding other Sewer System Revenue Bond issues with principal due in varying amounts through year 2011, including interest at 2.0% to 3.75%.

275,000

\$2,620,000 2002B Sewer System Revenue Refunding Bond issued for the purpose of refunding other Sewer System Revenue Bond issues with principal due in varying amounts through year 2011, including interest at 1.85% to 4.95%.

375,000

\$741,000 2002 Waterworks System Revenue Bond issued for the purpose of making improvements and extension of the Waterworks System with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9 %

616,000

\$710,000 2002 Sewer System Revenue Bond issued for the purpose of making improvements and extension of the Sewer System with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9%.

\$ 590,000

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\$5,935,000 2004 International Toll Bridge System Revenue Bond issued for the purpose of acquiring, purchase, construct, improve, enlarge and equip an International Toll Bridge with principal due in varying amounts through year 2024, including interest at 2.3% to 6.0%.	\$ 4,985,000
\$7,480,000 2004 Waterworks and Sewer Systems Revenue issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2024, including interest at 3.0% to 5.0%	6,200,000
\$6,215,000 2004B Waterworks and Sewer Revenue Refunding Bonds issued for the purpose of refunding other Waterworks Revenue Bonds with principal due in varying amounts through year 2010, including interest at 2.0% to 4.65%	1,135,000
\$23,760,000 2005A International Toll Bridge System Revenue Improvement and Refunding Bond issue for the purpose to acquire, purchase, construct, improve, enlarge equip an International Toll Bridge and refunding of State Infrastructure Bank Loans with the Texas Department of Transportation with principal due in varying amounts through year 2025, including interest at 3.0% to 5.0%	20,540,000
\$24,565,000 2005B International Toll Bridge System Revenue Refunding Bond issued for the purpose of refunding other Bridge Revenue Bond issues 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 issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2025, including interest at 3.0% to 4.4%	5,530,000
\$8,950,000 2006 Waterworks & Sewer Systems Revenue Bond Revenue issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2026, including interest at 4.0% to 4.5%	12,280,000
\$17,670,000 2007 Waterworks & Sewer Systems Revenue Bond issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2027, including interest at 4.0% to 4.75%.	16,745,000
\$3,070,000 2008 International Toll Bridge System Revenue Bond issued for the purpose of improving and constructing expansion of inspection station booths for Bridge No. IV with principal due in varying amounts through year 2028, including interest at 4.71%	2,975,000
\$48,500,000 2008B Waterworks and Sewer System Revenue Bond for the purpose of constructing, improving, and extending the waterworks and sewer systems with principal due in varying amounts through year 2028, including interest at 4.21% to 5.26%.	\$ <u>885,000</u>
Subtotal	\$ 108,151,000
Deferred Charges for Various Revenue Refunding Bonds	<u>(373,862)</u>
Total Revenue Bonds	<u>107,777,138</u>
Due Within One Year	\$ <u>6,898,000</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.

	\$ 21,317,923
Deferred Gain on Refunding Note	304,766
Total	<u>21,622,689</u>
Due Within One Year	<u><u>\$ 791,233</u></u>

C - Compensated Absences

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

Fund	Amount
Transit System	\$ 66,673
Bridge System	396,441
Municipal Housing	8,655
Waterworks System	167,571
Sewer System	44,186
Solid Waste Fund	295,001
Total	<u><u>\$ 978,527</u></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, 2008, \$5.680 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, 2008 is \$14,001,315 of which \$7,310,917 has been recognized and recorded as a liability based on the Municipal Solid Waste Landfill use.

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

The liability for landfill closure and post closure care costs of \$7,310,917 as of September 30, 2008 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, 2008 is 44.53%. With Landfill receiving a permit for vertical expansion the estimated remaining life of the landfill is 8 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 (\$14,001,315) 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, 2008. 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, 2008 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 5,724,878	\$ -
Major Governmental Funds:		
Debt Service	-	63,319
2007 Cert of Obligation	-	214,989
Nonmajor Governmental Funds	852,464	5,446,569
Nonmajor Business Type Funds	495,778	495,778
Major Business Type Funds:		
Waterworks System	73,332	611,829
Sewer System	37,063	351,031
Total	\$ <u>7,183,515</u>	\$ <u>7,183,515</u>

NOTE 14 - INTERFUND TRANSFERS

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

	Transfers In	Transfers Out
General Fund:		
Nonmajor Governmental Funds	\$ 12,685	3,885,302
Nonmajor Governmental Funds:		
General Fund	3,885,302	12,685
Nonmajor Governmental Funds	6,267,970	6,267,970
Major Governmental Funds:		
2007 Cert of Obligation	4,417,933	-
Debt Service	-	5,943,338
Major Business Type Funds:		
Bridge System	4,781,470	-
Waterworks System	538,497	-
Sewer	348,476	-
Major Governmental Funds:		
Nonmajor Governmental Funds	-	4,417,933
Nonmajor Business Type Funds	-	2,097,946
Debt Service Fund:		
Nonmajor Governmental Funds	5,943,338	-
Nonmajor Business Type Funds	3,575,182	-
Major Business Type Funds		
Bridge	783,272	-
Waterworks	3,640,666	-
Sewer	2,920,826	868,000
Internal Service Funds	417,940	-
Nonmajor Business Type		
Major Governmental Funds	2,097,946	-
Debt Service	-	3,575,182
Major Business Type Funds:		
Debt Service	868,000	-
Nonmajor Governmental Funds	-	5,668,443
Debt Service Fund	-	7,344,764
Internal Service Funds:		
Debt Service Fund	-	417,940
Internal Service Funds	530,180	530,180
Total	\$ 41,029,683	41,029,683

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

The following is a summary of the City's debt service requirements for all funds as of September 30, 2008

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
2009	8,183,000	6,954,967	15,137,967	2,509,893	1,099,956	3,609,849	8,155,000	10,753,421	18,908,421	7,545,000	3,088,990	10,633,990	26,392,893	21,897,334	48,290,227
2010	9,135,000	6,588,089	15,723,089	2,465,036	1,000,877	3,465,913	7,910,000	9,572,856	17,482,856	7,530,000	2,782,500	10,312,500	27,040,036	19,944,322	46,984,358
2011	7,959,000	6,193,425	14,152,425	1,050,326	904,710	1,955,036	7,680,000	9,249,216	16,929,216	8,195,000	2,435,000	10,630,000	24,884,326	18,782,351	43,666,677
2012	7,963,000	5,846,893	13,809,893	977,599	858,305	1,835,904	8,345,000	8,909,409	17,254,409	8,585,000	2,025,062	10,610,062	25,870,599	17,639,669	43,510,268
2013	8,346,000	5,500,675	13,846,675	1,014,196	815,209	1,829,405	7,740,000	8,579,207	16,319,207	8,615,000	1,608,838	10,223,838	25,715,196	16,503,929	42,219,125
2014	8,732,000	5,110,512	13,842,512	1,052,293	770,551	1,822,844	8,595,000	8,232,301	16,827,301	7,655,000	1,205,312	8,860,312	26,034,293	15,318,676	41,352,969
2015	9,147,000	4,703,814	13,850,814	1,091,952	724,298	1,816,250	9,480,000	7,817,156	17,297,156	3,935,000	816,088	4,751,088	23,653,952	14,061,356	37,715,308
2016	9,602,000	4,259,763	13,861,763	1,133,237	676,376	1,809,613	9,905,000	7,386,362	17,291,362	3,950,000	620,700	4,570,700	24,590,237	12,943,201	37,533,438
2017	10,074,000	3,791,415	13,865,415	1,176,214	626,719	1,802,933	10,370,000	6,927,278	17,297,278	4,215,000	423,200	4,638,200	25,835,214	11,768,612	37,603,826
2018	10,580,000	3,297,824	13,877,824	1,220,954	575,256	1,796,210	13,070,000	6,380,274	19,450,274	1,245,000	212,450	1,457,450	26,115,954	10,465,804	36,581,758
2019	8,196,000	2,774,661	10,970,661	1,267,528	521,944	1,789,472	11,425,000	5,812,023	17,237,023	1,310,000	150,200	1,460,200	22,198,528	9,258,828	31,457,356
2020	7,944,000	2,370,436	10,314,436	1,231,012	466,696	1,697,708	11,965,000	5,285,850	17,250,850	1,065,000	84,700	1,149,700	22,205,012	8,207,682	30,412,694
2021	8,340,000	1,973,692	10,313,692	1,281,484	416,225	1,697,709	11,955,000	4,736,419	16,691,419	740,000	31,450	771,450	22,316,484	7,157,786	29,474,270
2022	8,759,000	1,558,235	10,317,235	1,334,024	363,684	1,697,708	12,520,000	4,171,391	16,691,391	-	-	-	22,613,024	6,093,310	28,706,334
2023	8,282,000	1,119,308	9,401,308	1,388,719	308,989	1,697,708	12,360,000	3,591,725	15,951,725	-	-	-	22,030,719	5,020,022	27,050,741
2024	8,686,000	704,233	9,390,233	1,445,657	252,051	1,697,708	12,405,000	2,992,616	15,397,616	-	-	-	22,536,657	3,948,900	26,485,557
2025	4,690,000	365,100	5,055,100	1,504,929	192,779	1,697,708	12,440,000	2,378,137	14,818,137	-	-	-	18,634,929	2,936,016	21,570,945
2026	2,533,000	149,882	2,682,882	1,566,631	131,077	1,697,708	11,865,000	1,754,138	13,619,138	-	-	-	15,964,631	2,035,097	17,999,728
2027	1,602,000	52,726	1,654,726	1,630,377	66,845	1,697,222	11,100,000	1,195,138	12,295,138	-	-	-	14,332,377	1,314,709	15,647,086
2028	301,000	7,284	308,284	-	-	-	4,955,000	812,237	5,767,237	-	-	-	5,256,000	819,521	6,075,521
2029	-	-	-	-	-	-	2,530,000	637,500	3,167,500	-	-	-	2,530,000	637,500	3,167,500
2030	-	-	-	-	-	-	2,660,000	507,750	3,167,750	-	-	-	2,660,000	507,750	3,167,750
2031	-	-	-	-	-	-	2,795,000	371,375	3,166,375	-	-	-	2,795,000	371,375	3,166,375
2032	-	-	-	-	-	-	2,940,000	228,000	3,168,000	-	-	-	2,940,000	228,000	3,168,000
2033	-	-	-	-	-	-	3,090,000	77,250	3,167,250	-	-	-	3,090,000	77,250	3,167,250
Total	149,054,000	63,322,934	212,376,934	26,342,061	10,772,547	37,114,608	218,255,000	118,359,029	336,614,029	64,585,000	15,484,490	80,069,490	458,236,061	207,939,000	666,175,061

NOTE 16 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

As of September 30, 2008, the City had contractual commitments of \$26,630,163 for various construction and improvement projects. The commitments are summarized as follows:

Project Description	Commitment	Financing Sources
Community Development	\$ 210	Grant Proceeds
Housing Rehab	68	Grant Proceeds
Health	16,800	Grant Proceeds
Environmental Services	2,088,324	Bond Proceeds
Parking Meters	205,017	Fund Revenues
Capital Improvements	5,481	Fund Revenues
Airport Construction	2,141,661	Grant Proceeds
Colonias Project	1,172,075	Grant Proceeds
Parks	322,813	Bond Proceeds
2005 C.O. Issue	720,873	Bond Proceeds
2006 C.O. Issue	1,125,950	Bond Proceeds
2007 C.O. Issue	1,234,085	Bond Proceeds
2008 C.O. Issue	692,671	Bond Proceeds
Transit	1,318,888	Bond Proceeds
Bridge	1,738,275	Fund Revenues/ Bond Proceeds
Waterworks System	6,856,619	Fund Revenues/ Bond Proceeds
Wastewater	6,691,487	Fund Revenues/ Bond Proceeds
Total Commitments	<u>\$ 26,331,297</u>	

NOTE 17 – FUND EXPENDITURES EXCEEDING APPROPRIATIONS

During the fiscal year ended September 30, 2008, expenditures in Internal Service Funds and Non major Governmental Funds – Health and Benefits, Fleet Management, Hotel-Motel Occupancy Tax, and the Veterans Field exceeded appropriations by \$2,222,229, \$305,730, \$2,784 and \$2,007, 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 \$14,337,052 and projected net claims of \$12,744,052. 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 \$1,942,025 reported in the Fund as of September 30, 2008 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 due within one year of the date of the statement of net assets. Changes in the Fund's claims liability amount in fiscal year 2006, 2007, and 2008 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
2005-2006	\$1,940,304	10,359,362	10,747,425	1,552,241
2006-2007	1,522,241	11,245,965	11,155,095	1,643,111
2007-2008	\$1,643,111	13,245,747	12,946,833	1,942,025 ¹

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

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

B. RISK MANAGEMENT FUND

On October 1, 1996, the City established a self-insured retention program for the worker's compensation liability within the Risk Management Fund which also accounts for the following policies: (a) General Liability (b) Law Enforcement Liability (c) Errors and Omission (d) Auto Liability (e) Auto Physical Damage - ACV. The self-insured retention program for worker's compensation was implemented with \$300,000 retention per occurrence and a \$2,700,000 aggregate for FY 05-06, \$2,600,000 aggregate for FY 06-07 and \$2,700,000 aggregated for FY07-08. 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, 2008, a liability was recorded based on fiscal year 2008 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 2006, 2007 and 2008 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
2005-2006	\$953,306	1,818,492	1,399,529	1,372,269
2006-2007	1,372,269	1,718,562	1,604,328	1,486,503
2007-2008	\$1,486,503	2,002,607	2,004,809	1,484,301 ²

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

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

NOTE 19 – CONTINGENCIES

The City participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2008, 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 ADJUSTMENTS

Prior Period adjustments were recorded to account for a change in reporting in the Waterworks and Sewer Fund. Expenses in the amount of \$74,913 were capitalized as construction in progress in fiscal year 2007 in the Water Fund. It was determined these expenses should not be capitalized and was reduced from Construction in Progress in the Water Fund and expensed in fiscal year 2008. Expenses in the amount of \$285,643 were capitalized as construction in progress in fiscal year 2007 in the Sewer Fund. It was determined these expenses should not be capitalized and was reduced from Construction in Progress in the Sewer Fund and expensed in fiscal year 2008.

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, 2008, the amount of unspent interest to date was \$20,306. 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:

	General Fund
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses (GAAP Basis)-	\$ 3,473,691
Adjustments:	
Timing Differences-Encumbrances	(724,358)
Basic Differences:	
Non Budgeted-Compensated Absences	(4,279)
Non Budgeted-Allowance for Doubtful Accounts	<u>20,754</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)-budgetary classifications	2,765,808
Other adjustments-Excess of revenues and other financing Sources over expenditures and other uses for non-budgeted Funds-(Entity Differences)	<u>23,130,439</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses – Budget Basis	\$ <u><u>25,896,247</u></u>

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds include:

CDBG SPECIAL REVENUE FUND - 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 FUND - 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 FUND - 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 FUND - 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.

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 - 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 EMERGENCY COMMUNICATIONS 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. FUND – 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 FUND - 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.

HUD SECTION 108 – to account for the loan issued to Hamilton Housing Partners for \$1.7 million.

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 PROGRAM – 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 1998 ISSUE - 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 2000 ISSUE - 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.

CAPITAL IMPROVEMENTS - 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 2002 ISSUE – 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.

CERTIFICATE OF OBLIGATION 2003 ISSUE– 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 2005 ISSUE – 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 2006 ISSUE – 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.

CERTIFICATE OF OBLIGATION 2007 ISSUE – to account for \$72,480,000 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, park Improvements.

CERTIFICATE OF OBLIGATION 2008 ISSUE – to account for \$32,000,000 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.

PERMANENT FUND

CANSECO ENDOWMENT 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, 2008**

SPECIAL REVENUE

	BLOCK GRANTS	HOUSING REHAB	EMERGENCY SHELTER	NOISE ABATEMENT	FINANCIAL TASK FORCE	AUTO THEFT TASK FORCE
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ 100	-	-	-	5,000	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	-	40,727	-	-	56,915	255,580
Receivables, net of allowances:						
Accrued Interest	-	396	-	-	553	2,487
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	117,719	-	-	-	-	-
Notes	-	2,187,495	-	-	-	-
Due From Other Governments	203,656	-	16,573	-	566,739	79,883
Due From Other Funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	321,475	2,228,618	16,573	-	629,207	337,950
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	43,224	387	9,263	-	7,551	738
Retainage Payable	43,015	-	-	-	-	-
Accrued Wages and Employee Benefits	27,304	979	-	-	8,252	12,177
Contracts Payable	24,018	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	63,539	-	7,310	-	-	-
Due To Other Governments	-	-	-	-	213,347	2,820
Deferred Revenue	117,719	2,187,495	-	-	-	-
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	318,819	2,188,861	16,573	-	229,150	15,735
Fund Balances:						
Reserved:						
Reserved for Encumbrances	727,567	165	52,291	-	28,568	-
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	39,592	-	-	-	-
Undesignated (Deficit)	(724,911)	-	(52,291)	-	371,489	322,215
TOTAL FUND BALANCES	2,656	39,757	-	-	400,057	322,215
TOTAL LIABILITIES AND FUND BALANCES	\$ 321,475	2,228,618	16,573	-	629,207	337,950

(Continued)

(Continued)

SPECIAL REVENUE

SPECIAL POLICE PROGRAM	ENVIRONMENTAL SERVICES	HEALTH FUND	911 EMERGENCY COMM. FUND	INT'L. AIRPORT	HAZARDOUS MATERIALS	PARKING METERS
-	350	2,025	100	450	-	725
-	-	-	-	-	-	-
17,760	2,525,979	-	69,259	-	94,640	1,413,169
173	24,578	-	674	-	921	13,751
-	-	-	-	-	-	-
-	198,467	1,135	-	186,201	590	1,126,798
-	-	-	-	-	-	-
81,924	4,418	2,136,646	157,324	18,134	-	-
-	-	-	-	-	-	-
-	-	1,413	-	-	-	-
99,857	2,753,792	2,141,219	227,357	204,785	96,151	2,554,443
-	105,665	483,502	50,054	53,452	1,625	11,940
-	-	15,525	-	-	-	20,930
21,109	29,124	222,038	7,689	48,068	3,862	24,213
-	-	-	-	-	-	150,019
-	-	-	-	93,824	-	-
-	-	1,123,194	-	417,985	-	-
-	-	-	-	-	-	-
-	-	126,390	150,826	43,186	-	1,126,798
-	-	-	-	-	-	-
21,109	134,789	1,970,649	208,569	656,515	5,487	1,333,900
42,241	3,708,472	248,590	776,621	33,047	590	244,447
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
36,507	(1,089,469)	(78,020)	(757,833)	(484,777)	90,074	976,096
78,748	2,619,003	170,570	18,788	(451,730)	90,664	1,220,543
99,857	2,753,792	2,141,219	227,357	204,785	96,151	2,554,443

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2008**

(Continued)

	KEEP LAREDO BEAUTIFUL	RECREATION FUND	VETERANS FIELD	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX	PUBLIC ACCESS CHANNEL
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ -	-	-	500	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	3,410	234,862	15,937	64,888	937,315	262,243
Receivables, net of allowances:						
Accrued Interest	33	2,286	155	631	9,120	2,552
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	7,529	-
Accounts	-	-	6,217	13,150	-	68,011
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	3,443	237,148	22,309	79,169	953,964	332,806
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	562	2,435	2,494	23,128	69,649	3,728
Retainage Payable	-	-	-	-	-	-
Accrued Wages and Employee Benefits	1,675	-	-	9,141	-	9,237
Contracts Payable	-	-	-	-	-	-
Customer Deposits	-	-	-	27,912	-	-
Due To Other Funds	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	-	-	15,019	-	7,527	-
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	2,237	2,435	17,513	60,181	77,176	12,965
Fund Balances:						
Reserved:						
Reserved for Encumbrances	1,206	330	5,153	19,088	187,304	8,320
Reserved for Capital Acquisition	-	-	-	-	-	311,521
#REF!	-	-	-	-	-	-
#REF!	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	-	-
Undesignated (Deficit)	-	234,383	(357)	(100)	689,484	-
TOTAL FUND BALANCES	1,206	234,713	4,796	18,988	876,788	319,841
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,443	237,148	22,309	79,169	953,964	332,806

(Continued)

(Continued)

SPECIAL REVENUE

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	-	-	-	-	-
-	-	-	754,891	-	-	-
135,803	111,692	-	19,761,552	2,911,116	66,307	515,568
1,321	1,087	1,085,348	176,315	28,326	645	5,017
-	-	-	-	-	-	-
-	8,886	-	-	43,149	-	-
-	-	1,700,000	-	-	-	-
-	-	-	-	-	4,605	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
137,124	122,265	2,785,348	20,692,758	2,982,591	71,557	520,585
11,496	67,807	-	3,997	5,858	2,267	42
-	-	-	-	-	-	-
-	14,527	-	3,668	2,274	-	-
-	-	-	-	68,526	-	-
-	-	-	-	-	-	-
-	82	-	-	-	-	-
-	-	2,785,348	-	6,251	-	-
-	-	-	-	-	-	519,799
11,496	82,416	2,785,348	7,665	82,909	2,267	519,841
-	39,849	-	214	61,021	12,525	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,303,644	-	-	-
-	-	-	-	2,838,661	-	-
125,628	-	-	17,381,235	-	56,765	744
125,628	39,849	-	20,685,093	2,899,682	69,290	744
137,124	122,265	2,785,348	20,692,758	2,982,591	71,557	520,585

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2008

(Continued)

	CAPITAL PROJECTS					
	POLICE TRUST FUND	SPECIAL FIRE GRANTS	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 98 ISSUE
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ -	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	898,831	-	-	325,787	3,906,700	335,725
Receivables, net of allowances:						
Accrued Interest	8,745	-	-	3,170	-	3,266
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	2,500	-	-	-	-	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	168,292	4,296,122	601,915	-	-
Due From Other Funds	-	-	852,464	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	910,076	168,292	5,148,586	930,872	3,906,700	338,991
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	1,272	-	193,375	41,794	226	29
Retainage Payable	-	-	289,099	11,557	-	6,100
Accrued Wages and Employee Benefits	-	20,943	262	2,988	-	-
Contracts Payable	-	-	54,467	514,894	-	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	-	31,043	3,684,719	-	-	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	1,272	51,986	4,221,922	571,233	226	6,129
Fund Balances:						
Reserved:						
Reserved for Encumbrances	17,189	9,369	1,562,571	3,071,104	-	21,390
Reserved for Capital Acquisition	891,615	-	-	-	-	-
#REF!	-	-	-	-	-	-
#REF!	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	3,906,474	311,472
Undesignated (Deficit)	-	106,937	(635,907)	(2,711,465)	-	-
TOTAL FUND BALANCES	908,804	116,306	926,664	359,639	3,906,474	332,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 910,076	168,292	5,148,586	930,872	3,906,700	338,991

(Continued)

(Continued)

CAPITAL PROJECTS

CERTIFICATE OF OBLIGATION 00 ISSUE	CAPITAL IMPROVEMENT	CERTIFICATE OF OBLIGATION 02 ISSUE	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	CERTIFICATE OF OBLIGATION 06 ISSUE	CERTIFICATE OF OBLIGATION 08 ISSUE
-	-	-	-	-	-	-
-	-	-	-	-	-	-
210,465	11,479,333	794,168	105,160	3,232,826	14,505,022	30,223,015
-	111,698	-	1,023	8,752	86,215	121,986
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	30,019	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
210,465	11,621,050	794,168	106,183	3,241,578	14,591,237	30,345,001
12	62,284	48	8	222	543,995	11,244
10,420	3,400	-	-	36,831	152,858	-
-	697	-	-	871	-	4,294
36,955	7,024	-	-	114,046	-	-
-	-	-	-	-	-	-
-	-	-	-	1,069	-	1,738
-	-	-	-	-	-	-
-	108,000	-	-	-	-	-
-	-	-	-	-	-	-
47,387	181,405	48	8	153,039	696,853	17,276
34,982	880,799	6,049	31,281	1,645,742	5,598,742	2,234,568
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
128,096	10,558,846	788,071	74,894	1,442,797	8,295,642	28,093,157
-	-	-	-	-	-	-
163,078	11,439,645	794,120	106,175	3,088,539	13,894,384	30,327,725
210,465	11,621,050	794,168	106,183	3,241,578	14,591,237	30,345,001

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2008**

(Continued)

	PERMANENT FUND			
	PARKS CAPITAL GRANTS	CAPITAL GRANTS	CANSECO ENDOWMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ -	-	-	9,850
Cash with Fiscal Agent	-	-	-	754,891
Investments	71,175	-	69,633	95,652,562
Receivables, net of allowances:				
Accrued Interest	692	-	678	1,702,594
Hotel-Motel Tax, Penalty and Interest	-	-	-	7,529
Accounts	-	-	-	1,772,823
Notes	-	-	-	3,887,495
Due From Other Governments	-	116,152	-	8,482,402
Due From Other Funds	-	-	-	852,464
Inventory	-	-	-	1,413
TOTAL ASSETS	71,867	116,152	70,311	113,124,023
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	5	180	5	1,815,563
Retainage Payable	-	-	-	589,735
Accrued Wages and Employee Benefits	-	-	-	475,392
Contracts Payable	-	-	-	901,423
Customer Deposits	-	-	-	190,262
Due To Other Funds	-	115,972	-	5,446,569
Due To Other Governments	-	-	-	216,249
Deferred Revenue	-	-	-	6,674,559
Due To Developers	-	-	-	519,799
TOTAL LIABILITIES	5	116,152	5	16,829,551
Fund Balances:				
Reserved:				
Reserved for Encumbrances	352,396	363,163	-	22,026,954
Reserved for Capital Acquisition	-	-	-	1,203,136
Reserved for Children's Programming	-	-	20,306	20,306
Reserved for Endowment Corpus	-	-	50,000	50,000
Reserved for Debt Service	-	-	-	3,303,644
Unreserved:				
Designated for Improvements	-	-	-	56,477,702
Undesignated (Deficit)	(280,534)	(363,163)	-	13,212,730
TOTAL FUND BALANCES	71,862	-	70,306	96,294,472
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,867	116,152	70,311	113,124,023

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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, 2008**

	SPECIAL REVENUE					
	BLOCK GRANTS	HOUSING REHAB	EMERGENCY SHELTER	NOISE ABATEMENT	FINANCIAL TASK FORCE	AUTO THEFT TASK FORCE
REVENUES:						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	4,693,160	-	152,571	2,462,611	689,532	-
State	-	-	-	-	-	351,345
Other	-	-	-	-	-	45,136
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	-	-	-	-	-
Investment Income:						
Interest Earnings	-	-	-	2,149	5,244	6,435
Net increase (decrease) in the fair value of Investments	-	(77)	-	(601)	(302)	(32)
Rents and Royalties	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	75,516	112,741	-	-	211	3,079
Other	-	-	-	-	11,461	-
TOTAL REVENUES	4,768,676	112,664	152,571	2,464,159	706,146	405,963
EXPENDITURES:						
Public Safety	433,350	-	-	-	734,469	633,185
Public Works	-	-	-	1,308,567	-	-
Health and Welfare	522,148	86,797	152,155	-	-	-
Cultural and Recreational	-	-	-	-	-	-
General Government	736,523	34,060	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	1,692,021	120,857	152,155	1,308,567	734,469	633,185
Debt Service	-	-	-	-	-	-
Capital Outlay	3,085,154	-	416	1,283,809	-	30,288
TOTAL EXPENDITURES	4,777,175	120,857	152,571	2,592,376	734,469	663,473
Excess (Deficiency) of Revenues Over Expenditures	(8,499)	(8,193)	-	(128,217)	(28,323)	(257,510)
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	-	253,084
Proceeds - Long Term Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers Out	-	-	-	(89,431)	-	-
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(89,431)	-	253,084
Net Change in Fund Balance	(8,499)	(8,193)	-	(217,648)	(28,323)	(4,426)
Fund Balances at Beginning of Year	11,155	47,950	-	217,648	428,380	326,641
FUND BALANCE AT END OF YEAR	\$ 2,656	39,757	-	-	400,057	322,215

(Continued)

(Continued)

SPECIAL REVENUE						
SPECIAL POLICE PROGRAM	ENVIRONMENTAL SERVICES	HEALTH FUND	911 REGIONAL COMM. FUND	INT'L. AIRPORT	HAZARDOUS MATERIALS	PARKING METERS
-	-	-	-	-	-	-
-	-	296,910	-	-	292,900	16,181
1,250	143,149	79,962	-	-	-	-
538,985	48,419	7,557,278	1,625,480	82,190	-	-
95,311	19,757	975,181	-	-	-	-
-	4,607,563	-	-	-	-	-
-	-	-	-	-	-	640,380
-	-	1,046,022	-	3,568	-	1,324,819
-	92,259	-	5,424	-	3,650	47,169
6	(1,395)	-	(507)	(59)	(80)	185
-	-	2,426	-	4,448,507	-	-
-	5,223	-	-	-	-	553
-	-	22,894	-	-	-	-
9	882	414,410	75	362,373	107	877
-	-	-	-	4,890	-	-
<u>635,561</u>	<u>4,915,857</u>	<u>10,395,083</u>	<u>1,630,472</u>	<u>4,901,469</u>	<u>296,577</u>	<u>2,030,164</u>
696,280	-	-	1,630,696	-	178,666	1,215,742
-	-	-	-	-	-	-
-	2,322,215	12,245,154	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,109,813	-	-
<u>696,280</u>	<u>2,322,215</u>	<u>12,245,154</u>	<u>1,630,696</u>	<u>4,109,813</u>	<u>178,666</u>	<u>1,215,742</u>
-	-	-	-	-	-	-
57,368	4,629,064	1,405,477	-	35,361	-	166,955
<u>753,648</u>	<u>6,951,279</u>	<u>13,650,631</u>	<u>1,630,696</u>	<u>4,145,174</u>	<u>178,666</u>	<u>1,382,697</u>
(118,087)	(2,035,422)	(3,255,548)	(224)	756,295	117,911	647,467
118,550	4,727,621	2,990,197	-	89,431	-	-
-	-	-	-	-	-	-
-	(2,203,589)	-	-	(784,444)	(116,476)	(283,900)
-	-	-	-	1,496	-	-
<u>118,550</u>	<u>2,524,032</u>	<u>2,990,197</u>	<u>-</u>	<u>(693,517)</u>	<u>(116,476)</u>	<u>(283,900)</u>
463	488,610	(265,351)	(224)	62,778	1,435	363,567
78,285	2,130,393	435,921	19,012	(514,508)	89,229	856,976
<u>78,748</u>	<u>2,619,003</u>	<u>170,570</u>	<u>18,788</u>	<u>(451,730)</u>	<u>90,664</u>	<u>1,220,543</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2008

(Continued)

	KEEP LAREDO BEAUTIFUL, INC. FUND	RECREATION FUND	VETERANS FIELD	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX	PUBLIC ACCESS CHANNEL
REVENUES:						
Taxes	\$ -	-	-	-	3,327,146	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	4,790	-	26,553
Fines	-	-	-	-	-	-
Fees and Collections	-	104,985	-	-	-	264,082
Investment Income:						
Interest Earnings	1	7,463	1,566	927	43,057	9,445
Net increase (decrease) in the fair value of Investments	(8)	(28)	(245)	(118)	(1,110)	(304)
Rents and Royalties	-	-	55,250	264,768	-	-
Discount Earnings	-	-	-	94	-	11
Miscellaneous:						
Local Contributions	500	-	-	-	-	-
Reimbursements	-	2,205	5,217	8,122	-	663
Other	-	-	-	-	-	-
TOTAL REVENUES	493	114,625	61,788	278,583	3,369,093	300,450
EXPENDITURES:						
Public Safety	-	-	-	-	-	-
Public Works	90,272	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	43,380	97,086	672,048	477,543	404,257
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	90,272	43,380	97,086	672,048	477,543	404,257
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	68,117	-	-	281,171
TOTAL EXPENDITURES	90,272	43,380	165,203	672,048	477,543	685,428
Excess (Deficiency) of Revenues Over Expenditures	(89,779)	71,245	(103,415)	(393,465)	2,891,550	(384,978)
OTHER FINANCING SOURCES (USES):						
Transfers In	90,226	-	-	510,702	-	368,041
Proceeds - Long Term Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers Out	-	-	-	(118,283)	(2,853,014)	-
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	90,226	-	-	392,419	(2,853,014)	368,041
Net Change in Fund Balance	447	71,245	(103,415)	(1,046)	38,536	(16,937)
Fund Balances at Beginning of Year	759	163,468	108,211	20,034	838,252	336,778
FUND BALANCE AT END OF YEAR	\$ 1,206	234,713	4,796	18,988	876,788	319,841

(Continued)

(Continued)

SPECIAL REVENUE						
MERCADO MGMT.	LAREDO CONVENT. & VISITORS	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	FRIENDS OF THE LIBRARY	SUBDIVISION TRUST FUND	POLICE TRUST FUND
-	-	6,490,541	-	-	-	-
-	-	-	-	-	-	-
-	-	-	7,400	97,944	-	-
-	-	-	-	29,795	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	81,334	-	25,776	-	-	-
4,658	42	718,652	105,641	1,737	-	64,002
(17)	104	(11,192)	(1,378)	(46)	(3,028)	(5,118)
117,877	-	-	958,865	-	-	-
-	-	-	3	-	-	-
-	-	48,611	-	-	-	-
2,326	13,103	-	4,575	-	-	5,971
-	-	-	-	5,430	-	492,394
<u>124,844</u>	<u>94,583</u>	<u>7,246,612</u>	<u>1,100,882</u>	<u>134,860</u>	<u>(3,028)</u>	<u>557,249</u>
-	-	-	-	-	-	285,253
-	-	-	-	-	-	-
-	-	-	522,345	-	-	-
95,462	2,338,069	292,815	-	123,427	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>95,462</u>	<u>2,338,069</u>	<u>292,815</u>	<u>522,345</u>	<u>123,427</u>	<u>-</u>	<u>285,253</u>
-	-	-	-	-	-	1,526,630
-	-	-	-	18,596	-	812,211
<u>95,462</u>	<u>2,338,069</u>	<u>292,815</u>	<u>522,345</u>	<u>142,023</u>	<u>-</u>	<u>2,624,094</u>
<u>29,382</u>	<u>(2,243,486)</u>	<u>6,953,797</u>	<u>578,537</u>	<u>(7,163)</u>	<u>(3,028)</u>	<u>(2,066,845)</u>
-	2,219,616	2,736,036	-	24,518	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(5,627,199)	-	-	-	-
-	-	-	-	-	-	37,620
-	<u>2,219,616</u>	<u>(2,891,163)</u>	<u>-</u>	<u>24,518</u>	<u>-</u>	<u>37,620</u>
29,382	(23,870)	4,062,634	578,537	17,355	(3,028)	(2,029,225)
96,246	63,719	16,622,459	2,321,145	51,935	3,772	2,938,029
<u>125,628</u>	<u>39,849</u>	<u>20,685,093</u>	<u>2,899,682</u>	<u>69,290</u>	<u>744</u>	<u>908,804</u>

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2008**

(Continued)

	CAPITAL PROJECTS					CERTIFICATE OF OBLIGATION 00 ISSUE
	SPECIAL FIRE GRANTS	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 98 ISSUE	
REVENUES:						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	642,257	-	7,551,209	-	-	-
State	293,083	3,626,382	49,998	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	25,054	-	-	-	-
Investment Income:						
Interest Earnings	-	-	6,296	70,754	15,815	9,473
Net increase (decrease) in the fair value of Investments	-	-	(651)	(666)	(1,062)	-
Rents and Royalties	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	5	-	-	-	-	-
Other	-	-	63,681	23,895	-	-
TOTAL REVENUES	935,345	3,651,436	7,670,533	93,983	14,753	9,473
EXPENDITURES:						
Public Safety	828,430	-	-	-	-	-
Public Works	-	517,454	1,626,710	104,223	127	73
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	828,430	517,454	1,626,710	104,223	127	73
Debt Service	-	-	-	-	-	-
Capital Outlay	213,532	3,444,336	6,072,836	940,233	60,051	134,257
TOTAL EXPENDITURES	1,041,962	3,961,790	7,699,546	1,044,456	60,178	134,330
Excess (Deficiency) of Revenues Over Expenditures	(106,617)	(310,354)	(29,013)	(950,473)	(45,425)	(124,857)
OTHER FINANCING SOURCES (USES):						
Transfers In	222,923	886,973	50,000	-	-	-
Proceeds - Long Term Debt	-	-	-	3,555,000	-	-
Bond Premium	-	-	-	-	-	-
Transfers Out	-	-	-	(2,185)	(32,690)	-
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	222,923	886,973	50,000	3,552,815	(32,690)	-
Net Change in Fund Balance	116,306	576,619	20,987	2,602,342	(78,115)	(124,857)
Fund Balances at Beginning of Year	-	350,045	338,652	1,304,132	410,977	287,935
FUND BALANCE AT END OF YEAR	\$ 116,306	926,664	359,639	3,906,474	332,862	163,078

(Continued)

(Continued)

CAPITAL IMPROVEMENT	CERTIFICATE OF OBLIGATION 02 ISSUE	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	CERTIFICATE OF OBLIGATION 06 ISSUE	CERTIFICATE OF OBLIGATION 08 ISSUE	PARKS CAPITAL GRANTS
-	-	-	-	-	-	-
-	-	-	-	-	-	-
150,390	-	-	-	-	-	-
220,876	-	-	-	-	-	-
3,188	-	-	-	758,869	-	11,075
-	-	-	-	-	-	-
-	-	-	-	-	-	-
313,204	26,511	6,013	151,747	542,466	366,809	4,626
(2,933)	-	(394)	-	1,086	-	(192)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
790,336	-	-	-	-	-	-
-	-	-	-	-	-	-
41,748	-	-	-	-	-	-
<u>1,516,809</u>	<u>26,511</u>	<u>5,619</u>	<u>151,747</u>	<u>1,302,421</u>	<u>366,809</u>	<u>15,509</u>
-	-	-	-	-	-	-
525,236	212	47	1,189	9,409	522,470	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>525,236</u>	<u>212</u>	<u>47</u>	<u>1,189</u>	<u>9,409</u>	<u>522,470</u>	<u>-</u>
-	-	-	-	-	-	-
851,386	-	78,680	1,597,339	3,313,148	36,907	89,861
<u>1,376,622</u>	<u>212</u>	<u>78,727</u>	<u>1,598,528</u>	<u>3,322,557</u>	<u>559,377</u>	<u>89,861</u>
-	-	-	-	-	-	-
140,187	26,299	(73,108)	(1,446,781)	(2,020,136)	(192,568)	(74,352)
-	-	-	-	-	-	-
4,838,930	-	-	-	-	-	-
-	-	-	-	-	30,065,000	-
-	-	-	-	-	455,293	-
(112,782)	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,726,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,520,293</u>	<u>-</u>
4,866,335	26,299	(73,108)	(1,446,781)	(2,020,136)	30,327,725	(74,352)
6,573,310	767,821	179,283	4,535,320	15,914,520	-	146,214
<u>11,439,645</u>	<u>794,120</u>	<u>106,175</u>	<u>3,088,539</u>	<u>13,894,384</u>	<u>30,327,725</u>	<u>71,862</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2008

(Continued)

	PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CAPITAL GRANTS	CANSECO ENDOWMENT FUND	
REVENUES:	\$		
Taxes	-	-	9,817,687
Licenses and Permits	-	-	605,991
Intergovernmental:			
Federal	-	-	16,671,435
State	215,170	-	14,639,001
Other	-	-	1,908,517
Charges for Services	-	-	4,638,906
Fines	-	-	640,380
Fees and Collections	-	-	2,875,640
Investment Income:			
Interest Earnings	-	2,711	2,635,946
Net increase (decrease) in the fair value of Investments	-	(74)	(30,236)
Rents and Royalties	-	-	5,847,693
Discount Earnings	-	-	5,884
Miscellaneous:			
Local Contributions	-	-	862,341
Reimbursements	-	-	1,012,467
Other	-	-	643,499
TOTAL REVENUES	215,170	2,637	62,775,151
EXPENDITURES:			
Public Safety	-	-	6,636,071
Public Works	-	-	4,705,989
Health and Welfare	-	-	15,850,814
Cultural and Recreational	-	-	4,544,087
General Government	85,725	-	856,308
Air Transportation Services	-	-	4,109,813
Total Operating Expenditures	85,725	-	36,703,082
Debt Service	-	-	1,526,630
Capital Outlay	242,245	-	28,948,798
TOTAL EXPENDITURES	327,970	-	67,178,510
Excess (Deficiency) of Revenues Over Expenditures	(112,800)	2,637	(4,403,359)
OTHER FINANCING SOURCES (USES):			
Transfers In	112,800	-	20,239,648
Proceeds - Long Term Debt	-	-	33,620,000
Bond Premium	-	-	455,293
Transfers Out	-	-	(12,223,993)
Sale of Assets	-	-	39,116
TOTAL OTHER FINANCING SOURCES (USES)	112,800	-	42,130,064
Net Change in Fund Balance	-	2,637	37,726,705
Fund Balances at Beginning of Year	-	67,669	58,567,767
FUND BALANCE AT END OF YEAR	\$ -	70,306	96,294,472

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
CDBG Grants	\$ 26,157,045	4,693,160	30,850,205	33,677,693
Miscellaneous:				
Reimbursements	<u>538,542</u>	<u>75,516</u>	<u>614,058</u>	<u>610,086</u>
TOTAL REVENUES	<u>26,695,587</u>	<u>4,768,676</u>	<u>31,464,263</u>	<u>34,287,779</u>
EXPENDITURES:				
Public Safety	2,202,503	433,350	2,635,853	2,722,047
Public Works	5,919,480	-	5,919,480	4,225,083
Health and Welfare	3,481,878	522,148	4,004,026	4,219,730
Cultural and Recreational	6,757,644	-	6,757,644	6,814,087
General Government	5,613,992	736,523	6,350,515	6,571,416
Capital Outlay	<u>2,842,648</u>	<u>3,085,154</u>	<u>5,927,802</u>	<u>9,879,878</u>
TOTAL EXPENDITURES	<u>26,818,145</u>	<u>4,777,175</u>	<u>31,595,320</u>	<u>34,432,241</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(122,558)</u>	<u>(8,499)</u>	<u>(131,057)</u>	<u>(144,462)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
General Fund	<u>133,713</u>	<u>-</u>	<u>133,713</u>	<u>144,462</u>
TOTAL OTHER FINANCING SOURCES:	<u>133,713</u>	<u>-</u>	<u>133,713</u>	<u>144,462</u>
Net Change in Fund Balances	\$ <u>11,155</u>	<u>(8,499)</u>	<u>2,656</u>	<u>-</u>
Fund Balances-Beginning		<u>11,155</u>		
Fund Balances-Ending		\$ <u>2,656</u>		

**CITY OF LAREDO, TEXAS
HOUSING REHABILITATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 1,300	1,300	-	-	-	(1,300)
Net increase (decrease) in the fair value of Investments	-	-	(77)	-	(77)	(77)
Miscellaneous:						
Reimbursements	130,000	130,000	112,741	-	112,741	(17,259)
TOTAL REVENUES	131,300	131,300	112,664	-	112,664	(18,636)
EXPENDITURES:						
Administration:						
Personnel Services	40,298	40,298	34,058	-	34,058	6,240
Contractual Services	4,760	4,760	1,507	165	1,672	3,088
Other	-	-	2	-	2	(2)
Total Administration	45,058	45,058	35,567	165	35,732	9,326
Housing Rehabilitation Loans:						
Contractual Services	86,407	86,407	85,290	-	85,290	1,117
Total Housing Rehabilitation Loans	86,407	86,407	85,290	-	85,290	1,117
TOTAL EXPENDITURES	131,465	131,465	120,857	165	121,022	10,443
Excess (Deficiency) of Revenues Over Expenditures	(165)	(165)	(8,193)	(165)	(8,358)	(8,193)
Fund Balances at Beginning of Year	-	47,950	47,950	-	47,950	-
FUND BALANCE AT END OF YEAR	\$ (165)	47,785	39,757	(165)	39,592	(8,193)

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HOME Grants	\$ 6,313,734	1,566,943	7,880,677	8,429,341
Investment Income:				
Interest Earnings	1,807	686	2,493	1,105
Net increase (decrease) in the fair value of Investments	-	126	126	-
Miscellaneous:				
Reimbursements	423,951	60,425	484,376	342,705
TOTAL REVENUES	<u>6,739,492</u>	<u>1,628,180</u>	<u>8,367,672</u>	<u>8,773,151</u>
EXPENDITURES:				
Personnel Services	543,113	102,116	645,229	662,835
Materials and Supplies	6,636	799	7,435	7,441
Contractual Services	6,023,201	1,633,044	7,656,245	8,102,875
TOTAL EXPENDITURES	<u>6,572,950</u>	<u>1,735,959</u>	<u>8,308,909</u>	<u>8,773,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>166,542</u>	(107,779)	<u>58,763</u>	<u>-</u>
Fund Balances - Beginning		<u>166,542</u>		
Fund Balances - Ending		\$ <u>58,763</u>		

**CITY OF LAREDO, TEXAS
EMERGENCY SHELTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Emergency Shelter Grants	\$ 272,091	152,571	424,662	477,140
TOTAL REVENUES	<u>272,091</u>	<u>152,571</u>	<u>424,662</u>	<u>477,140</u>
EXPENDITURES:				
Materials and Supplies	1,876	907	2,783	3,383
Contractual Services	270,215	151,248	421,463	473,341
Capital Outlay	-	416	416	416
TOTAL EXPENDITURES	<u>272,091</u>	<u>152,571</u>	<u>424,662</u>	<u>477,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		-		
Fund Balances-Ending		\$ <u><u>-</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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 3,537,388	2,462,611	5,999,999	6,000,000
Investment Income:				
Interest Earnings	88,309	2,149	90,458	94,824
Net increase (decrease) in the fair value of Investments	<u>601</u>	<u>(601)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>3,626,298</u>	<u>2,464,159</u>	<u>6,090,457</u>	<u>6,094,824</u>
EXPENDITURES:				
Personnel Services	63,915	39,054	102,969	102,969
Materials and Supplies	2,155	6,987	9,142	10,362
Contractual Services	273,328	1,262,526	1,535,854	1,539,903
Other	-	-	-	3,442
Capital Outlay	<u>3,388,891</u>	<u>1,283,809</u>	<u>4,672,700</u>	<u>4,668,356</u>
TOTAL EXPENDITURES	<u>3,728,289</u>	<u>2,592,376</u>	<u>6,320,665</u>	<u>6,325,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(101,991)</u>	<u>(128,217)</u>	<u>(230,208)</u>	<u>(230,208)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
International Airport	315,790	-	315,790	315,790
Airport Construction	3,849	-	3,849	3,849
Transfer Out:				
Airport Construction	<u>-</u>	<u>(89,431)</u>	<u>(89,431)</u>	<u>(89,431)</u>
TOTAL OTHER FINANCING SOURCES:	<u>319,639</u>	<u>(89,431)</u>	<u>230,208</u>	<u>230,208</u>
Net Change in Fund Balances	\$ <u>217,648</u>	<u>(217,648)</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>217,648</u>		
Fund Balances-Ending		\$ <u>-</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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal	\$ 896,020	1,230,315	689,532	-	689,532	(540,783)
Investment Income:						
Interest Earnings	8,800	8,800	5,244	-	5,244	(3,556)
Net increase (decrease) in the fair value of investments	-	-	(302)	-	(302)	(302)
Miscellaneous:						
Reimbursements	-	-	211	-	211	211
Forfeitures	70,000	70,000	11,461	-	11,461	(58,539)
TOTAL REVENUES	974,820	1,309,115	706,146	-	706,146	(602,969)
EXPENDITURES:						
Personnel Services	685,518	980,187	610,858	-	610,858	369,329
Material and Supplies	33,480	70,536	32,655	2,547	35,202	35,334
Contractual Services	101,931	219,972	90,956	26,021	116,977	102,995
Other	138,800	33,329	-	-	-	33,329
TOTAL EXPENDITURES	959,729	1,304,024	734,469	28,568	763,037	540,987
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	15,091	5,091	(28,323)	(28,568)	(56,891)	(61,982)
Fund Balances at Beginning of Year	513,612	428,380	428,380	-	428,380	-
FUND BALANCES AT END OF YEAR	\$ 528,703	433,471	400,057	(28,568)	371,489	(61,982)

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
State	\$ 346,000	670,672	351,345	-	351,345	(319,327)
Other	45,000	83,684	45,136	-	45,136	(38,548)
Investment Income:						
Interest Earnings	3,800	7,621	6,435	-	6,435	(1,186)
Net increase (decrease) in the fair value of investments	-	-	(32)	-	(32)	(32)
Miscellaneous:						
Reimbursements	-	3,078	3,079	-	3,079	1
TOTAL REVENUES	394,800	765,055	405,963	-	405,963	(359,092)
EXPENDITURES:						
Personnel Services	513,984	1,062,399	541,510	-	541,510	520,889
Materials and Supplies	7,000	18,080	10,593	-	10,593	7,487
Contractual Services	101,600	195,589	81,082	-	81,082	114,507
Other	36,116	-	-	-	-	-
Total Operating Expenditures	658,700	1,276,068	633,185	-	633,185	642,883
Capital Outlay	-	35,049	30,288	-	30,288	4,761
TOTAL EXPENDITURES	658,700	1,311,117	663,473	-	663,473	647,644
Excess (Deficiency) of Revenues Over Expenditures	(263,900)	(546,062)	(257,510)	-	(257,510)	288,552
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	253,084	253,084	253,084	-	253,084	-
TOTAL OTHER FINANCING SOURCES (USES)	253,084	253,084	253,084	-	253,084	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(10,816)	(292,978)	(4,426)	-	(4,426)	288,552
Fund Balances at Beginning of Year	10,816	326,641	326,641	-	326,641	-
FUND BALANCES AT END OF YEAR	\$ -	33,663	322,215	-	322,215	288,552

**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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental:						
Federal	\$ 583,608	821,700	1,250	-	1,250	(820,450)
State	240,000	430,000	538,985	-	538,985	108,985
Other	60,000	148,936	95,311	-	95,311	(53,625)
Investment Income:						
Net increase (decrease) in the fair value of Investments	-	-	6	-	6	6
Miscellaneous:						
Reimbursements	-	-	9	-	9	9
TOTAL REVENUES	883,608	1,400,636	635,561	-	635,561	(765,075)
EXPENDITURES:						
Police Grants:						
Universal Hiring	56,370	56,370	34,201	-	34,201	22,169
Violence Vs Woman Act	105,000	80,000	-	-	-	80,000
South Texas Drug Related Task Force	-	2,002	1,250	-	1,250	752
Click It or Ticket	50,804	50,804	19,749	-	19,749	31,055
DWI	63,504	38,504	25,146	-	25,146	13,358
Alcohol Tobacco Firearms	36,196	36,196	21,121	-	21,121	15,075
Comprehensive Comm. Vehicle STEP	63,504	53,504	53,329	-	53,329	175
Comprehensive Vehicle STEP	127,008	127,008	126,903	-	126,903	105
Customs Narcotics	115,578	115,578	50,837	-	50,837	64,741
Bulletproof Vest Partnership	-	145,323	2,194	42,241	44,435	100,888
Justice Assistance Grant	81,000	43,256	-	-	-	43,256
Fugitive Apprehension	-	75,000	25,132	-	25,132	-
Ldo. Joint Terrorism TF	19,780	19,780	20,317	-	20,317	(537)
Weed and Seed Program	73,928	173,886	100,147	-	100,147	73,739
Cops in School - SRO	620,866	620,866	47,314	-	47,314	573,552
OCDEF	39,560	39,560	8,188	-	8,188	31,372
GDEM	-	240,000	160,452	-	160,452	79,548
Other	44,263	33,434	-	-	-	33,434
Total Operating Expenditures	1,497,361	1,951,071	696,280	42,241	738,521	1,162,682
Capital Outlay	-	126,173	57,368	-	57,368	68,805
TOTAL EXPENDITURES	1,497,361	2,077,244	753,648	42,241	795,889	1,231,487
Excess (Deficiency) of Revenues Over Expenditures	(613,753)	(676,608)	(118,087)	(42,241)	(160,328)	466,412
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	602,326	602,326	118,550	-	118,550	(483,776)
TOTAL OTHER FINANCING SOURCES (USES)	602,326	602,326	118,550	-	118,550	(483,776)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(11,427)	(74,282)	463	(42,241)	(41,778)	32,504
Fund Balances at Beginning of Year	11,427	78,285	78,285	-	78,285	-
FUND BALANCES AT END OF YEAR	\$ -	4,003	78,748	(42,241)	36,507	32,504

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**CITY OF LAREDO, TEXAS
ENVIRONMENTAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008**

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Storm Water Fees	\$ 4,557,066	4,557,066	4,607,563	-	4,607,563	50,497
Intergovernmental:						
Environmental Protective Agency	-	208,944	143,149	-	143,149	(65,795)
TWDB- Flood Protection Plan	-	160,000	4,419	-	4,419	(155,581)
STDC-Regional Solid Waste Mgmt	30,000	30,000	-	-	-	(30,000)
Texas Department of Transportation	44,000	44,000	44,000	-	44,000	-
Universities and Colleges	10,000	28,081	19,757	-	19,757	(8,324)
Investment Income:						
Interest Earnings	64,900	64,900	92,259	-	92,259	27,359
Net increase (decrease) in the fair value of Investments	-	-	(1,395)	-	(1,395)	(1,395)
Discount Earnings	-	-	5,223	-	5,223	5,223
Miscellaneous:						
Reimbursements	-	-	882	-	882	882
TOTAL REVENUES	4,705,966	5,092,991	4,915,857	-	4,915,857	(177,134)
EXPENDITURES:						
Administration:						
Personnel Services	225,064	225,064	226,603	-	226,603	(1,539)
Materials and Supplies	1,000	1,000	600	-	600	400
Contractual Services	7,720	7,720	5,749	-	5,749	1,971
Other	-	-	15,246	(15,246)	-	-
Total Administration	233,784	233,784	248,198	(15,246)	232,952	832
Environmental Engineering:						
Personnel Services	838,203	838,203	792,636	-	792,636	45,567
Materials and Supplies	93,913	126,913	81,997	874	82,871	44,042
Contractual Services	1,443,295	1,468,295	1,006,650	279,852	1,286,502	181,793
Other	94,426	21,763	7	-	7	21,756
Total Environmental Engineering	2,469,837	2,455,174	1,881,290	280,726	2,162,016	293,158
Dos Laredos-TSU:						
Personnel	8,032	16,506	9,514	-	9,514	6,992
Materials and Supplies	-	3	-	-	-	3
Contractual Services	-	2,720	244	-	244	2,476
Total Dos Laredos-TSU	8,032	19,229	9,758	-	9,758	9,471
CD Code Enforcement						
Personnel Services	41,555	41,555	31,355	-	31,355	10,200
Materials and Supplies	2,550	2,550	438	-	438	2,112
Contractual Services	1,800	1,800	915	-	915	885
Total CD Code Enforcement	45,905	45,905	32,708	-	32,708	13,197
Border 2012 Video Grant						
Personnel	-	12,695	-	-	-	12,695
Contractual Services	-	50,000	15,000	35,000	50,000	-
Total Border 2012 Video Grant	\$ -	62,695	15,000	35,000	50,000	12,695

(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, 2008

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
EXPENDITURES (Continued)						
Chacon Creek Phase II:						
Contractual Services	\$ -	57,433	57,433	-	57,433	-
Total Chacon Creek Phase II	-	57,433	57,433	-	57,433	-
Brownsfield:						
Materials and Supplies	-	277	-	-	-	277
Contractual Services	-	98,383	66,782	-	66,782	31,601
Other	-	10,000	-	-	-	10,000
Total Brownsfield	-	108,660	66,782	-	66,782	41,878
TWDB- Flood Protection:						
Contractual Services	-	360,000	11,046	348,954	360,000	-
Total TWDB- Flood Protection	-	360,000	11,046	348,954	360,000	-
Storm Water Improvements:						
Reserve Appropriation	612,248	212,248	-	-	-	212,248
Total Storm Water Improvements	612,248	212,248	-	-	-	212,248
Total Operating Expenditures	3,369,806	3,555,128	2,322,215	649,434	2,971,649	583,479
Capital Outlay	333,818	18,014,442	4,629,064	3,043,792	7,672,856	10,341,586
TOTAL EXPENDITURES	3,703,624	21,569,570	6,951,279	3,693,226	10,644,505	10,925,065
Excess (Deficiency) of Revenues Over Expenditures	1,002,342	(16,476,579)	(2,035,422)	(3,693,226)	(5,728,648)	10,747,931
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Environmental Services	-	200,000	200,000	-	200,000	-
Hazardous Materials	114,364	114,364	116,476	-	116,476	2,112
2007 C.O. Issue	-	17,441,075	4,411,145	-	4,411,145	(13,029,930)
Transfers Out:						
Environmental Services	-	(200,000)	(200,000)	-	(200,000)	-
Debt Service	(1,913,363)	(1,913,363)	(1,913,363)	-	(1,913,363)	-
Keep Laredo Beautiful	(100,000)	(100,000)	(90,226)	-	(90,226)	9,774
TOTAL OTHER FINANCING SOURCES (USES)	(1,898,999)	15,542,076	2,524,032	-	2,524,032	(13,018,044)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(896,657)	(934,503)	488,610	(3,693,226)	(3,204,616)	(2,270,113)
Fund Balances at Beginning of Year	956,208	2,130,393	2,130,393	(15,246)	2,115,147	(15,246)
FUND BALANCE AT END OF YEAR	\$ 59,551	1,195,890	2,619,003	(3,708,472)	(1,089,469)	(2,285,359)

CITY OF LAREDO, TEXAS
HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal Grants	\$ 98,616	339,959	79,962	-	79,962	(259,997)
State Grants	7,175,630	10,947,442	7,557,278	-	7,557,278	(3,390,164)
Other	471,388	2,295,444	975,181	-	975,181	(1,320,263)
Licenses and Permits	258,640	258,640	296,910	-	296,910	38,270
Fees and Collections	946,764	1,097,911	1,046,022	-	1,046,022	(51,889)
Rents and Royalties	2,628	2,628	2,426	-	2,426	(202)
Miscellaneous:						
Contributions	235,000	104,659	22,894	-	22,894	(81,765)
Reimbursements	477,734	794,279	414,410	-	414,410	(379,869)
TOTAL REVENUES	9,666,400	15,840,962	10,395,083	-	10,395,083	(5,445,879)
EXPENDITURES:						
Administrative Divisions:						
Administration	1,230,728	1,230,995	1,153,158	11,479	1,164,637	66,358
Health Education	223,616	212,013	177,054	-	177,054	34,959
Vital Statistics	517,443	593,315	564,183	6,513	570,696	22,619
E.M.S. Billing	284,095	284,095	285,030	-	285,030	(935)
STD Clinic	-	10,000	8,449	850	9,299	701
Maternity	115,555	118,083	59,923	10,810	70,733	47,350
Immunization	212,297	211,697	182,160	414	182,574	29,123
Tuberculosis	145,740	145,740	124,950	4,745	129,695	16,045
Adult Health	53,836	53,836	49,734	241	49,975	3,861
Dental	102,272	97,258	94,989	-	94,989	2,269
Laboratory	518,910	451,645	433,375	6,917	440,292	11,353
Personal Health Services	159,592	159,792	126,475	-	126,475	33,317
Budget and Grant Management	312,816	312,576	297,857	1,462	299,319	13,257
Health Protective Services	616,151	621,772	596,102	143	596,245	25,527
Animal Control	794,516	788,895	729,057	9,537	738,594	50,301
Total Administrative Divisions	5,287,567	5,291,712	4,882,496	53,111	4,935,607	356,105
State Grants:						
T.N.R.C.C. - Continuous Air Monitoring Station	70,000	131,781	65,739	-	65,739	66,042
H.I.V. - Prevention	411,171	389,813	315,706	656	316,362	73,451
Immunization Action Plan	283,434	567,285	278,803	-	278,803	288,482
Environmental Protection Agency	98,616	314,406	53,190	1,155	54,345	260,061
T.B. Federal - Tuberculosis	167,600	236,166	165,249	6,265	171,514	64,652
H.I.V. - Consortia (Ryan White)	332,717	947,270	380,472	92,415	472,887	474,383
H.I.V. - Housing Project (H.O.P.W.A.)	87,800	115,720	81,538	23,625	105,163	10,557
Associateship for Community Health and Resource Development - Title V	247,001	4,234	273	-	273	3,961
Associateship for Community Health and Resource Development - Family Planning	59,562	124,567	44,610	-	44,610	79,957
Associateship for Community Health and Resource Development - Prenatal	\$ -	280,931	195,974	-	195,974	84,957

(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, 2008

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
State Grants (Continued)						
Primary Care	\$ 156,939	305,279	147,454	-	147,454	157,825
HIV Social Services	107,980	265,445	137,858	-	137,858	127,587
Bureau of Regional/Local Health Operations	452,301	909,102	394,020	-	394,020	515,082
Associateship for Community Health and Resource Development - Dental Tuberculosis Elimination	-	23,240	23,240	-	23,240	-
Women Infant and Children (W.I.C.)	156,693	292,533	156,025	-	156,025	136,508
W.I.C. Counties Expansion	3,950,058	4,061,208	3,599,637	10,198	3,609,835	451,373
Abstinence Education Program	-	399,585	357,049	-	357,049	42,536
Bio-Terrorism Preparedness	162,910	91,648	46,523	-	46,523	45,125
Bio-Terrorism Pandemic Influenza	343,455	589,036	354,419	-	354,419	234,617
Early Warning Preparedness	125,882	106,103	108,983	-	108,983	(2,880)
Border Health - Surveillance	-	298,266	136,809	-	136,809	161,457
Women and Children Health Program	57,599	57,599	-	-	-	57,599
Special Projects	189,326	271,263	47,900	2,445	50,345	220,918
Hepatitis B Program	235,000	-	-	-	-	-
SCAN - HIV Testing	19,374	19,374	13,031	-	13,031	6,343
UTHSCSA - Bienestar	-	32,729	25,489	-	25,489	7,240
UTHSCSA - STX Family Aids Network	250,184	925,191	207,515	180	207,695	717,496
	25,000	45,995	25,152	-	25,152	20,843
Total State Grant Expenses	7,990,602	11,805,769	7,362,658	136,939	7,499,597	4,306,172
Total Operating Expenses	13,278,169	17,097,481	12,245,154	190,050	12,435,204	4,662,277
Capital Outlay	111,000	2,479,441	1,405,477	57,920	1,463,397	1,016,044
TOTAL EXPENDITURES	13,389,169	19,576,922	13,650,631	247,970	13,898,601	5,678,321
Excess (Deficiency) of Revenues Over Expenditures	(3,722,769)	(3,735,960)	(3,255,548)	(247,970)	(3,503,518)	232,442
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	3,393,528	3,393,528	2,990,197	-	2,990,197	(403,331)
TOTAL OTHER FINANCING SOURCES (USES)	3,393,528	3,393,528	2,990,197	-	2,990,197	(403,331)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(329,241)	(342,432)	(265,351)	(247,970)	(513,321)	(170,889)
Fund Balances at Beginning of Year	-	435,921	435,921	(620)	435,301	(620)
FUND BALANCE AT END OF YEAR	\$ (329,241)	93,489	170,570	(248,590)	(78,020)	(171,509)

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
State Emergency Commission	\$ 1,294,373	4,173,795	1,625,480	-	1,625,480	(2,548,315)
Investment Income:						
Interest Earnings	5,000	10,000	5,424	-	5,424	(4,576)
Net increase (decrease) in the fair value of Investments	-	-	(507)	-	(507)	(507)
Miscellaneous:						
Reimbursements	-	-	75	-	75	75
TOTAL REVENUES	1,299,373	4,183,795	1,630,472	-	1,630,472	(2,553,323)
EXPENDITURES:						
Personnel Services	299,917	563,052	278,037	-	278,037	285,015
Materials and Supplies	13,208	55,082	14,957	90	15,047	40,035
Contractual Services	879,782	2,531,736	987,702	545,225	1,532,927	998,809
Other	24,367	385,639	350,000	-	350,000	35,639
Total Operating Expenditures	1,217,274	3,535,509	1,630,696	545,315	2,176,011	1,359,498
Capital Outlay	101,466	662,653	-	231,306	231,306	431,347
TOTAL EXPENDITURES	1,318,740	4,198,162	1,630,696	776,621	2,407,317	1,790,845
Excess (Deficiency) of Revenues Over Expenditures	(19,367)	(14,367)	(224)	(776,621)	(776,845)	(762,478)
Fund Balances at Beginning of Year	19,367	19,012	19,012	-	19,012	-
FUND BALANCES AT END OF YEAR	\$ -	4,645	18,788	(776,621)	(757,833)	(762,478)

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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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
State	\$ 101,318	101,318	82,190	-	82,190	(19,128)
Fees and Collections	4,000	4,000	3,568	-	3,568	(432)
Investment Income:						
Interest Earnings	-	10,000	-	-	-	(10,000)
Net increase (decrease) in the fair value of Investments	-	-	(59)	-	(59)	(59)
Rents and Royalties	5,003,429	4,993,429	4,448,507	-	4,448,507	(544,922)
Miscellaneous:						
Reimbursements	533,376	533,376	362,373	-	362,373	(171,003)
Other	-	-	4,890	-	4,890	4,890
TOTAL REVENUES	5,642,123	5,642,123	4,901,469	-	4,901,469	(740,654)
EXPENDITURES:						
Administration:						
Personnel Services	567,892	575,580	515,843	58,095	573,938	1,642
Materials and Supplies	40,307	41,176	30,690	-	30,690	10,486
Contractual Services	1,665,190	1,703,200	1,645,049	2,170	1,647,219	55,981
Other	11,260	6	1,119	(1,113)	6	-
Total Administration	<u>2,284,649</u>	<u>2,319,962</u>	<u>2,192,701</u>	<u>59,152</u>	<u>2,251,853</u>	<u>68,109</u>
Building Maintenance:						
Personnel Services	447,167	385,543	370,167	-	370,167	15,376
Materials and Supplies	69,682	77,949	77,069	57	77,126	823
Contractual Services	183,012	155,752	121,727	28,205	149,932	5,820
Total Building Maintenance	<u>699,861</u>	<u>619,244</u>	<u>568,963</u>	<u>28,262</u>	<u>597,225</u>	<u>22,019</u>
Ground Maintenance:						
Personnel Services	340,065	290,383	265,574	-	265,574	24,809
Materials and Supplies	40,575	48,076	47,602	95	47,697	379
Contractual Services	68,613	68,731	66,086	350	66,436	2,295
Total Ground Maintenance	<u>\$ 449,253</u>	<u>407,190</u>	<u>379,262</u>	<u>445</u>	<u>379,707</u>	<u>27,483</u>

(Continued)

CITY OF LAREDO, TEXAS
INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
EXPENDITURES (Continued)						
Airport Police:						
Personnel Services	\$ 659,873	687,454	685,186	-	685,186	2,268
Materials and Supplies	6,882	10,009	8,016	-	8,016	1,993
Contractual Services	280,501	260,740	257,127	2,170	259,297	1,443
Other	-	19	18	-	18	1
Total Airport Police	<u>947,256</u>	<u>958,222</u>	<u>950,347</u>	<u>2,170</u>	<u>952,517</u>	<u>5,705</u>
Foreign Trade Zone:						
Personnel Services	12,002	12,419	11,783	-	11,783	636
Materials and Supplies	2,058	4,330	4,330	-	4,330	-
Contractual Services	2,427	2,906	2,427	-	2,427	479
Total Foreign Trade Zone	<u>16,487</u>	<u>19,655</u>	<u>18,540</u>	<u>-</u>	<u>18,540</u>	<u>1,115</u>
Total Operating Expenditures	4,397,506	4,324,273	4,109,813	90,029	4,199,842	124,431
Capital Outlay	17,187	40,420	35,361	-	35,361	5,059
TOTAL EXPENDITURES	<u>4,414,693</u>	<u>4,364,693</u>	<u>4,145,174</u>	<u>90,029</u>	<u>4,235,203</u>	<u>129,490</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,227,430</u>	<u>1,277,430</u>	<u>756,295</u>	<u>(90,029)</u>	<u>666,266</u>	<u>(611,164)</u>
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Noise Abatement Fund	-	-	89,431	-	89,431	89,431
Transfers Out:						
Airport Construction Fund	-	(50,000)	(50,000)	-	(50,000)	-
Debt Service	(734,444)	(734,444)	(734,444)	-	(734,444)	-
Sale of Assets	-	-	1,496	-	1,496	1,496
TOTAL OTHER FINANCING SOURCES (USES)	<u>(734,444)</u>	<u>(784,444)</u>	<u>(693,517)</u>	<u>-</u>	<u>(693,517)</u>	<u>90,927</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	492,986	492,986	62,778	(90,029)	(27,251)	(520,237)
Fund Balances at Beginning of Year	2,153,247	(514,508)	(514,508)	56,982	(457,526)	56,982
FUND BALANCE AT END OF YEAR	<u>\$ 2,646,233</u>	<u>(21,522)</u>	<u>(451,730)</u>	<u>(33,047)</u>	<u>(484,777)</u>	<u>(463,255)</u>

CITY OF LAREDO, TEXAS
HAZARDOUS MATERIALS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Licenses and Permits	\$ 280,000	280,000	292,900	-	292,900	12,900
Investment Income:						
Interest Earnings	7,500	7,500	3,650	-	3,650	(3,850)
Net increase (decrease) in the fair value of Investments	-	-	(80)	-	(80)	(80)
Miscellaneous:						
Reimbursements	-	-	107	-	107	107
TOTAL REVENUES	287,500	287,500	296,577	-	296,577	9,077
EXPENDITURES:						
Personnel Services	158,429	158,429	147,778	-	147,778	10,651
Materials and Supplies	13,283	13,283	7,017	590	7,607	5,676
Contractual Services	44,370	44,370	23,869	-	23,869	20,501
Other	751	751	2	-	2	749
TOTAL EXPENDITURES	216,833	216,833	178,666	590	179,256	37,577
Excess (Deficiency) of Revenues Over Expenditures	70,667	70,667	117,911	(590)	117,321	46,654
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Environmental Services	(114,364)	(114,364)	(116,476)	-	(116,476)	(2,112)
TOTAL OTHER FINANCING SOURCES (USES)	(114,364)	(114,364)	(116,476)	-	(116,476)	(2,112)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(43,697)	(43,697)	1,435	(590)	845	44,542
Fund Balances at Beginning of Year	43,528	89,229	89,229	-	89,229	-
FUND BALANCE AT END OF YEAR	\$ (169)	45,532	90,664	(590)	90,074	44,542

CITY OF LAREDO, TEXAS
PARKING METERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Licenses and Permits	\$ 12,100	12,100	16,181	-	16,181	4,081
Fines	433,804	433,804	640,380	-	640,380	206,576
Fees and Collections	1,229,690	1,229,690	1,324,819	-	1,324,819	95,129
Investment Income:						
Interest Earnings	30,000	30,000	47,169	-	47,169	17,169
Net increase (decrease) in the fair value of Investments	-	-	185	-	185	185
Discount Earnings	-	-	553	-	553	553
Miscellaneous:						
Reimbursements	-	-	877	-	877	877
TOTAL REVENUES	1,705,594	1,705,594	2,030,164	-	2,030,164	324,570
EXPENDITURES:						
Personnel Services	1,088,956	1,088,956	949,052	-	949,052	139,904
Materials and Supplies	86,132	77,600	56,515	808	57,323	20,277
Contractual Services	250,389	250,389	210,724	3,047	213,771	36,618
Other	12,269	12,269	(549)	(205)	(754)	13,023
Total Operating Expenditures	1,437,746	1,429,214	1,215,742	3,650	1,219,392	209,822
Capital Outlay	15,299	420,831	166,955	240,592	407,547	13,284
TOTAL EXPENDITURES	1,453,045	1,850,045	1,382,697	244,242	1,626,939	223,106
Excess (Deficiency) of Revenues Over Expenditures	252,549	(144,451)	647,467	(244,242)	403,225	547,676
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Debt Service Fund	(283,900)	(283,900)	(283,900)	-	(283,900)	-
TOTAL OTHER FINANCING SOURCES (USES)	(283,900)	(283,900)	(283,900)	-	(283,900)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(31,351)	(428,351)	363,567	(244,242)	119,325	547,676
Fund Balances at Beginning of Year	346,761	856,976	856,976	(205)	856,771	(205)
FUND BALANCE AT END OF YEAR	\$ 315,410	428,625	1,220,543	(244,447)	976,096	547,471

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	1	-	1	1
Net increase (decrease) in the fair value of Investments	-	-	(8)	-	(8)	(8)
Miscellaneous:						
Contributions	-	-	500	-	500	500
TOTAL REVENUES	-	-	493	-	493	493
EXPENDITURES:						
Administration:						
Personnel Services	63,610	63,610	62,769	-	62,769	841
Materials and Supplies	23,025	20,525	12,976	1,206	14,182	6,343
Contractual Services	14,123	16,624	14,527	-	14,527	2,097
Total Administration	100,758	100,759	90,272	1,206	91,478	9,281
Total Operating Expenditures	100,758	100,759	90,272	1,206	91,478	9,281
TOTAL EXPENDITURES	100,758	100,759	90,272	1,206	91,478	9,281
Excess (Deficiency) of Revenues Over Expenditures	(100,758)	(100,759)	(89,779)	(1,206)	(90,985)	9,774
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Environmental Services	100,000	100,000	90,226	-	90,226	(9,774)
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	90,226	-	90,226	(9,774)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(758)	(759)	447	(1,206)	(759)	-
Fund Balances at Beginning of Year	-	759	759	-	759	-
FUND BALANCE AT END OF YEAR	\$ (758)	-	1,206	(1,206)	-	-

CITY OF LAREDO, TEXAS
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ 6,000	6,000	7,463	-	7,463	1,463
Net increase (decrease) in the fair value of Investments	-	-	(28)	-	(28)	(28)
Fees and Collections	124,047	124,047	104,985	-	104,985	(19,062)
Miscellaneous:						
Reimbursements	-	-	2,205	-	2,205	2,205
TOTAL REVENUES	130,047	130,047	114,625	-	114,625	(15,422)
EXPENDITURES:						
Materials and Supplies	28,027	24,127	20,605	330	20,935	3,192
Contractual Services	35,889	52,789	22,517	-	22,517	30,272
Other	-	-	258	-	258	(258)
Total Operating Expenditures	63,916	76,916	43,380	330	43,710	33,206
Capital Outlay	13,000	-	-	-	-	-
TOTAL EXPENDITURES	76,916	76,916	43,380	330	43,710	33,206
Excess (Deficiency) of Revenues Over Expenditures	53,131	53,131	71,245	(330)	70,915	17,784
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	53,131	53,131	71,245	(330)	70,915	17,784
Fund Balances at Beginning of Year	176,356	163,468	163,468	-	163,468	-
FUND BALANCES AT END OF YEAR	\$ 229,487	216,599	234,713	(330)	234,383	17,784

CITY OF LAREDO, TEXAS
VETERANS FIELD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	1,566	-	1,566	1,566
Net increase (decrease) in the fair value of Investments	-	-	(245)	-	(245)	(245)
Rents and Royalties	100,000	100,000	55,250	-	55,250	(44,750)
Miscellaneous:						
Reimbursements	-	-	5,217	-	5,217	5,217
TOTAL REVENUES	100,000	100,000	61,788	-	61,788	(38,212)
EXPENDITURES:						
Personnel Services	10,812	10,812	4,942	-	4,942	5,870
Materials and Supplies	34,061	38,561	27,897	4,178	32,075	6,486
Contractual Services	30,359	37,859	64,247	975	65,222	(27,363)
Total Operating Expenditures	75,232	87,232	97,086	5,153	102,239	(15,007)
Capital Outlay	93,117	81,117	68,117	-	68,117	13,000
TOTAL EXPENDITURES	168,349	168,349	165,203	5,153	170,356	(2,007)
Excess (Deficiency) of Revenues Over Expenditures	(68,349)	(68,349)	(103,415)	(5,153)	(108,568)	(40,219)
Fund Balances at Beginning of Year	-	108,211	108,211	-	108,211	-
FUND BALANCES AT END OF YEAR	\$ (68,349)	39,862	4,796	(5,153)	(357)	(40,219)

CITY OF LAREDO, TEXAS
CIVIC CENTER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal	\$ -	-	4,790	-	4,790	4,790
Investment Income:						
Interest Earnings	2,500	2,500	927	-	927	(1,573)
Net increase (decrease) in the fair value of Investments	-	-	(118)	-	(118)	(118)
Discount Earnings	-	-	94	-	94	94
Rents and Royalties	319,000	319,000	264,768	-	264,768	(54,232)
Miscellaneous:						
Reimbursements	-	-	8,122	-	8,122	8,122
TOTAL REVENUES	321,500	321,500	278,583	-	278,583	(42,917)
EXPENDITURES:						
Personnel Services	461,023	461,023	387,986	-	387,986	73,037
Materials and Supplies	115,971	103,471	64,512	8,541	73,053	30,418
Contractual Services	321,571	299,229	218,800	10,547	229,347	69,882
Other	12,154	12,154	750	(100)	650	11,504
Total Operating Expenditures	910,719	875,877	672,048	18,988	691,036	184,841
Capital Outlay	20,000	54,842	-	-	-	54,842
TOTAL EXPENDITURES	930,719	930,719	672,048	18,988	691,036	239,683
Excess (Deficiency) of Revenues Over Expenditures	(609,219)	(609,219)	(393,465)	(18,988)	(412,453)	196,766
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel - Motel Occupancy Tax	707,468	707,468	510,702	-	510,702	(196,766)
Transfer Out:						
Debt Service	(118,283)	(118,283)	(118,283)	-	(118,283)	-
TOTAL OTHER FINANCING SOURCES (USES)	589,185	589,185	392,419	-	392,419	(196,766)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(20,034)	(20,034)	(1,046)	(18,988)	(20,034)	-
Fund Balances at Beginning of Year	-	20,034	20,034	(100)	19,934	(100)
FUND BALANCE AT END OF YEAR	\$ (20,034)	-	18,988	(19,088)	(100)	(100)

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, 2008

	Original Budget	Final Budget	Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Taxes:						
Hotel-Motel Occupancy Tax	\$ 3,456,988	3,456,988	3,317,001	-	3,317,001	(139,987)
Penalty and Interest	11,500	11,500	10,145	-	10,145	(1,355)
Investment Income:						
Interest Earnings	45,000	45,000	43,057	-	43,057	(1,943)
Net increase (decrease) in the fair value of Investments	-	-	(1,110)	-	(1,110)	(1,110)
TOTAL REVENUES	3,513,488	3,513,488	3,369,093	-	3,369,093	(144,395)
EXPENDITURES:						
Contractual Services:						
Tourism and Promotion	344,563	344,563	154,859	185,704	340,563	4,000
Historical and Arts	317,757	317,500	315,900	1,600	317,500	-
Other	-	-	6,784	-	6,784	(6,784)
TOTAL EXPENDITURES	662,320	662,063	477,543	187,304	664,847	(2,784)
Excess (Deficiency) of Revenues Over Expenditures	2,851,168	2,851,425	2,891,550	(187,304)	2,704,246	(147,179)
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Civic Center	(707,468)	(707,468)	(510,702)	-	(510,702)	196,766
General Fund	(25,000)	(25,000)	(12,685)	-	(12,685)	12,315
Convention and Visitors Bureau	(2,414,544)	(2,414,544)	(2,219,616)	-	(2,219,616)	194,928
Capital Improvements Fund	(18,000)	(18,000)	(18,000)	-	(18,000)	-
Public Access Channel	(107,678)	(107,678)	(92,011)	-	(92,011)	15,667
TOTAL OTHER FINANCING SOURCES (USES)	(3,272,690)	(3,272,690)	(2,853,014)	-	(2,853,014)	419,676
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(421,522)	(421,265)	38,536	(187,304)	(148,768)	272,497
Fund Balances at Beginning of Year	422,725	838,252	838,252	-	838,252	-
FUND BALANCES AT END OF YEAR	\$ 1,203	416,987	876,788	(187,304)	689,484	272,497

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Production and Transmission	\$ 34,197	34,197	26,553	-	26,553	(7,644)
Peg Funds	240,000	240,000	264,082	-	264,082	24,082
Investment Income:						
Interest Earnings	2,800	2,800	9,445	-	9,445	6,645
Net increase (decrease) in the fair value of Investments	-	-	(304)	-	(304)	(304)
Discount Earnings	1	1	11	-	11	10
Miscellaneous:						
Reimbursements	61	61	663	-	663	602
TOTAL REVENUES	277,059	277,059	300,450	-	300,450	23,391
EXPENDITURES:						
Administration						
Personnel Services	365,367	365,367	339,199	-	339,199	26,168
Materials and Supplies	22,004	27,704	19,863	11	19,874	7,830
Contractual Services	75,426	74,726	45,192	169	45,361	29,365
Other	5,000	-	3	-	3	(3)
Total Administration	467,797	467,797	404,257	180	404,437	63,360
Peg Fund						
Other	105,132	105,132	-	-	-	105,132
Total Peg Fund	105,132	105,132	-	-	-	105,132
Total Operating Expenditures	572,929	572,929	404,257	180	404,437	168,492
Capital Outlay	336,865	336,865	281,171	8,140	289,311	47,554
TOTAL EXPENDITURES	909,794	909,794	685,428	8,320	693,748	216,046
Excess (Deficiency) of Revenues Over Expenditures	(632,735)	(632,735)	(384,978)	(8,320)	(393,298)	239,437
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	323,032	323,032	276,030	-	276,030	(47,002)
Hotel-Motel Occupancy Tax	107,678	107,678	92,011	-	92,011	(15,667)
TOTAL OTHER FINANCING SOURCES (USES)	430,710	430,710	368,041	-	368,041	(62,669)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(202,025)	(202,025)	(16,937)	(8,320)	(25,257)	176,768
Fund Balances at Beginning of Year	105,132	336,778	336,778	-	336,778	-
FUND BALANCE AT END OF YEAR	\$ (96,893)	134,753	319,841	(8,320)	311,521	176,768

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ 2,800	2,800	4,658	-	4,658	1,858
Net increase (decrease) in the fair value of Investments	-	-	(17)	-	(17)	(17)
Rents and Royalties	117,825	117,825	117,877	-	117,877	52
Miscellaneous:						
Reimbursements	-	-	2,326	-	2,326	2,326
TOTAL REVENUES	120,625	120,625	124,844	-	124,844	4,219
EXPENDITURES:						
Personnel Services	6,758	6,758	-	-	-	6,758
Materials and Supplies	23,857	23,857	6,731	-	6,731	17,126
Contractual Services	88,119	118,119	81,901	-	81,901	36,218
Other	-	20,000	6,830	(830)	6,000	14,000
Total Operating Expenditures	118,734	168,734	95,462	(830)	94,632	74,102
TOTAL EXPENDITURES	118,734	168,734	95,462	(830)	94,632	74,102
Excess (Deficiency) of Revenues Over Expenditures	1,891	(48,109)	29,382	830	30,212	78,321
Fund Balances at Beginning of Year	50,503	96,246	96,246	(830)	95,416	(830)
FUND BALANCE AT END OF YEAR	\$ 52,394	48,137	125,628	-	125,628	77,491

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Fees and Collections	\$ 47,410	54,258	81,334	-	81,334	27,076
Investment Income:						
Interest Earnings	800	800	42	-	42	(758)
Net increase (decrease) in the fair value of Investments	-	-	104	-	104	104
Miscellaneous:						
Reimbursements	40,800	43,800	13,103	-	13,103	(30,697)
TOTAL REVENUES	89,010	98,858	94,583	-	94,583	(4,275)
EXPENDITURES:						
Personnel Services	609,183	603,183	459,027	-	459,027	144,156
Materials and Supplies	124,016	155,154	127,400	2,125	129,525	25,629
Contractual Services	1,831,413	1,816,124	1,751,642	37,724	1,789,366	26,758
Other	2,661	2,660	-	-	-	2,660
TOTAL EXPENDITURES	2,567,273	2,577,121	2,338,069	39,849	2,377,918	199,203
Excess (Deficiency) of Revenues Over Expenditures	(2,478,263)	(2,478,263)	(2,243,486)	(39,849)	(2,283,335)	194,928
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel-Motel Occupancy Tax	2,414,544	2,414,544	2,219,616	-	2,219,616	(194,928)
TOTAL OTHER FINANCING SOURCES (USES)	2,414,544	2,414,544	2,219,616	-	2,219,616	(194,928)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(63,719)	(63,719)	(23,870)	(39,849)	(63,719)	-
Fund Balances at Beginning of Year	-	63,719	63,719	-	63,719	-
FUND BALANCE AT END OF YEAR	\$ (63,719)	-	39,849	(39,849)	-	-

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Taxes:						
General Sales & Use Tax	\$ 7,050,897	7,050,897	6,490,541	-	6,490,541	(560,356)
Investment Income:						
Interest Earnings	665,000	665,000	718,652	-	718,652	53,652
Net increase (decrease) in the fair value of investments	-	-	(11,192)	-	(11,192)	(11,192)
Miscellaneous:						
Contributions	-	-	48,611	-	48,611	48,611
TOTAL REVENUES	7,715,897	7,715,897	7,246,612	-	7,246,612	(469,285)
EXPENDITURES:						
Materials and Supplies	-	-	34,881	-	34,881	(34,881)
Contractual Services	57,412	176,117	239,458	214	239,672	(63,555)
Other	-	306,501	18,476	-	18,476	288,025
Total Operating Expenditures	57,412	482,618	292,815	214	293,029	189,589
Capital Outlay	600,000	174,794	-	-	-	174,794
TOTAL EXPENDITURES	657,412	657,412	292,815	214	293,029	364,383
Excess (Deficiency) of Revenues Over Expenditures	7,058,485	7,058,485	6,953,797	(214)	6,953,583	(104,902)
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Sports & Community Operations	2,736,036	2,736,036	2,736,036	-	2,736,036	-
Transfers Out:						
Sports & Community Debt Service	(2,736,036)	(2,736,036)	(2,736,036)	-	(2,736,036)	-
Debt Service	(2,891,163)	(2,891,163)	(2,891,163)	-	(2,891,163)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,891,163)	(2,891,163)	(2,891,163)	-	(2,891,163)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	4,167,322	4,167,322	4,062,634	(214)	4,062,420	(104,902)
Fund Balances at Beginning of Year	16,532,667	16,622,459	16,622,459	-	16,622,459	-
FUND BALANCES AT END OF YEAR	\$ 20,699,989	20,789,781	20,685,093	(214)	20,684,879	(104,902)

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal	\$ -	-	7,400	-	7,400	7,400
Investment Income:						
Interest Earnings	70,000	70,000	105,641	-	105,641	35,641
Net increase (decrease) in the fair value of Investments	-	-	(1,378)	-	(1,378)	(1,378)
Fees and Collections	9,210	9,210	25,776	-	25,776	16,566
Rents and Royalties	802,000	802,000	958,865	-	958,865	156,865
Discount Earnings	-	-	3	-	3	3
Miscellaneous:						
Reimbursements	3,463	3,463	4,575	-	4,575	1,112
TOTAL REVENUES	884,673	884,673	1,100,882	-	1,100,882	216,209
EXPENDITURES:						
Personnel Services	156,096	159,096	139,804	-	139,804	19,292
Materials and Supplies	58,592	58,901	49,671	4,917	54,588	4,313
Contractual Services	366,627	460,816	315,466	56,104	371,570	89,246
Other	97,498	-	17,404	(17,404)	-	-
TOTAL EXPENDITURES	678,813	678,813	522,345	43,617	565,962	112,851
Excess (Deficiency) of Revenues Over Expenditures	205,860	205,860	578,537	(43,617)	534,920	329,060
Fund Balances at Beginning of Year	2,219,561	2,321,145	2,321,145	(17,404)	2,303,741	(17,404)
FUND BALANCES AT END OF YEAR	\$ 2,425,421	2,527,005	2,899,682	(61,021)	2,838,661	311,656

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal Operating Grant	\$ 200,000	129,043	97,944	-	97,944	(31,099)
State Operating Grants	25,000	30,722	29,795	-	29,795	(927)
Investment Income:						
Interest Earnings	2,700	2,700	1,737	-	1,737	(963)
Net increase (decrease) in the fair value of Investments	-	-	(46)	-	(46)	(46)
Miscellaneous:						
Other	6,600	9,600	5,430	-	5,430	(4,170)
TOTAL REVENUES	234,300	172,065	134,860	-	134,860	(37,205)
EXPENDITURES:						
Library:						
Materials and Supplies	200	3,200	1,833	-	1,833	1,367
Contractual Services	-	-	21	-	21	(21)
Total Library	200	3,200	1,854	-	1,854	1,346
National Network of Libraries						
Materials and Supplies	-	2,370	2,501	-	2,501	(131)
Total National Network of Libraries	-	2,370	2,501	-	2,501	(131)
FOTL-Loan Star Library Grant:						
Materials and Supplies	-	1,800	875	-	875	925
Total FOTL-Loan Star Library Grant	-	1,800	875	-	875	925
FCC-Universal Service Program:						
Contractual Services	-	160,087	118,197	-	118,197	41,890
Other	200,000	-	-	-	-	-
Total FCC-Universal Service Program	200,000	160,087	118,197	-	118,197	41,890
Total Operating Expenditures	200,200	167,457	123,427	-	123,427	44,030
Capital Outlay	25,000	31,552	18,596	12,525	31,121	431
TOTAL EXPENDITURES	225,200	199,009	142,023	12,525	154,548	44,461
Excess (Deficiency) of Revenues Over Expenditures	9,100	(26,944)	(7,163)	(12,525)	(19,688)	7,256
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	-	24,518	24,518	-	24,518	-
TOTAL OTHER FINANCING SOURCES (USES)	-	24,518	24,518	-	24,518	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	9,100	(2,426)	17,355	(12,525)	4,830	7,256
Fund Balances at Beginning of Year	4,923	51,935	51,935	-	51,935	-
FUND BALANCES AT END OF YEAR	\$ 14,023	49,509	69,290	(12,525)	56,765	7,256

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Net increase (decrease) in the fair value of Investments	-	-	(3,028)	-	(3,028)	(3,028)
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>(3,028)</u>	<u>-</u>	<u>(3,028)</u>	<u>(3,028)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(3,028)	-	(3,028)	(3,028)
Fund Balances at Beginning of Year	-	3,772	3,772	-	3,772	-
FUND BALANCES AT END OF YEAR	<u>-</u>	<u>3,772</u>	<u>744</u>	<u>-</u>	<u>744</u>	<u>(3,028)</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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ 90,000	90,000	64,002	-	64,002	(25,998)
Net increase (decrease) in the fair value of Investments	-	-	(5,118)	-	(5,118)	(5,118)
Miscellaneous:						
Forfeitures	770,000	770,000	492,394	-	492,394	(277,606)
Reimbursements	-	-	5,971	-	5,971	5,971
TOTAL REVENUES	860,000	860,000	557,249	-	557,249	(302,751)
EXPENDITURES:						
Materials and Supplies	101,731	233,183	223,797	2,194	225,991	7,192
Contractual Services	60,360	62,360	61,456	-	61,456	904
Total Operating Expenditures	162,091	295,543	285,253	2,194	287,447	8,096
Debt Service	1,658,726	1,658,726	1,526,630	-	1,526,630	132,096
Capital Outlay	479,978	846,526	812,211	14,995	827,206	19,320
TOTAL EXPENDITURES	2,300,795	2,800,795	2,624,094	17,189	2,641,283	159,512
Excess (Deficiency) of Revenues Over Expenditures	(1,440,795)	(1,940,795)	(2,066,845)	(17,189)	(2,084,034)	(143,239)
OTHER FINANCING SOURCES (USES):						
Sale of Assets	-	-	37,620	-	37,620	37,620
TOTAL OTHER FINANCING SOURCES (USES)	-	-	37,620	-	37,620	37,620
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(1,440,795)	(1,940,795)	(2,029,225)	(17,189)	(2,046,414)	(105,619)
Fund Balances at Beginning of Year	1,718,726	2,938,029	2,938,029	-	2,938,029	-
FUND BALANCES AT END OF YEAR	\$ 277,931	997,234	908,804	(17,189)	891,615	(105,619)

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal	\$ 555,000	555,000	642,257	-	642,257	87,257
State	-	314,761	293,083	-	293,083	(21,678)
Miscellaneous:						
Reimbursements	-	-	5	-	5	5
TOTAL REVENUES	555,000	869,761	935,345	-	935,345	65,584
EXPENDITURES:						
Homeland Security '06	-	91,859	79,551	-	79,551	12,308
SAFER Grant	777,923	777,923	748,879	-	748,879	29,044
Total Operating Expenditures	777,923	869,782	828,430	-	828,430	41,352
Capital Outlay	-	222,902	213,532	9,369	222,901	1
TOTAL EXPENDITURES	777,923	1,092,684	1,041,962	9,369	1,051,331	41,353
Excess (Deficiency) of Revenues Over Expenditures	(222,923)	(222,923)	(106,617)	(9,369)	(115,986)	106,937
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	222,923	222,923	222,923	-	222,923	-
TOTAL OTHER FINANCING SOURCES (USES)	222,923	222,923	222,923	-	222,923	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	116,306	(9,369)	106,937	106,937
Fund Balances at Beginning of Year	-	-	-	-	-	-
FUND BALANCES AT END OF YEAR	\$ -	-	116,306	(9,369)	106,937	106,937

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 14,477,337	3,626,382	18,103,719	31,984,851
Webb County	539,750	-	539,750	539,750
Fees and Collections	82,282	25,054	107,336	915,000
Investment Income:				
Interest Earnings	84,079	-	84,079	80,161
TOTAL REVENUES	<u>15,183,448</u>	<u>3,651,436</u>	<u>18,834,884</u>	<u>33,519,762</u>
EXPENDITURES:				
Contractual Services	4,725,625	517,454	5,243,079	6,875,082
Debt Service	124,036	-	124,036	147,537
Other	-	-	-	727,586
Capital Outlay	12,284,717	3,444,336	15,729,053	28,209,382
TOTAL EXPENDITURES	<u>17,134,378</u>	<u>3,961,790</u>	<u>21,096,168</u>	<u>35,959,587</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,950,930)</u>	<u>(310,354)</u>	<u>(2,261,284)</u>	<u>(2,439,825)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Waterworks System	1,293,411	538,497	1,831,908	1,299,350
Sewer System	1,007,564	348,476	1,356,040	1,140,475
TOTAL OTHER FINANCING SOURCES:	<u>2,300,975</u>	<u>886,973</u>	<u>3,187,948</u>	<u>2,439,825</u>
Net Change in Fund Balances	<u>\$ 350,045</u>	<u>576,619</u>	<u>926,664</u>	<u>-</u>
Fund Balances-Beginning		<u>350,045</u>		
Fund Balances-Ending		<u>\$ 926,664</u>		

**CITY OF LAREDO, TEXAS
AIRPORT CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 22,745,356	7,551,209	30,296,565	40,558,199
U.S. Department of Transportation	399,936	-	399,936	400,000
Texas Department of Transportation	49,969	49,998	99,967	100,000
Investment Income:				
Interest Earnings	141,631	6,296	147,927	121,839
Net increase (decrease) in the fair value of Investments	1,120	(651)	469	-
Miscellaneous:				
Other	279,916	63,681	343,597	-
TOTAL REVENUES	23,617,928	7,670,533	31,288,461	41,180,038
EXPENDITURES:				
Personnel	-	19,163	19,163	148,900
Materials and Supplies	160,383	133,434	293,817	308,267
Contractual Services	3,316,444	1,474,115	4,790,559	6,677,161
Other	3	(2)	1	4,085,645
Capital Outlay	21,242,371	6,072,836	27,315,207	31,449,992
TOTAL EXPENDITURES	24,719,201	7,699,546	32,418,747	42,669,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,101,273)	(29,013)	(1,130,286)	(1,489,927)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
International Airport	1,962,939	50,000	2,012,939	2,012,941
Laredo Convention and Visitors Bureau	100,000	-	100,000	100,000
Transfers Out:				
International Airport	(623,014)	-	(623,014)	(623,014)
TOTAL OTHER FINANCING SOURCES:	1,439,925	50,000	1,489,925	1,489,927
Net Change in Fund Balances	\$ 338,652	20,987	359,639	-
Fund Balances-Beginning		338,652		
Fund Balances-Ending		\$ 359,639		

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 157,851	70,754	228,605	160,717
Net increase (decrease) in the fair value of Investments	666	(666)	-	-
Miscellaneous:				
Other	35,073	23,895	58,968	35,072
TOTAL REVENUES	193,590	93,983	287,573	195,789
EXPENDITURES:				
Materials and Supplies	516,132	48,595	564,727	578,955
Contractual Services	780	628	1,408	780
Other	132,179	55,000	187,179	189,102
Capital Outlay	4,745,367	940,233	5,685,600	5,986,952
TOTAL EXPENDITURES	5,394,458	1,044,456	6,438,914	6,755,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,200,868)	(950,473)	(6,151,341)	(6,560,000)
OTHER FINANCING SOURCES (USES):				
Bond Issues	6,475,000	3,555,000	10,030,000	10,030,000
Transfer In:				
General Fund	640,000	-	640,000	640,000
Transfers Out:				
General Fund	(640,000)	-	(640,000)	(640,000)
Transit System	-	-	-	(3,500,000)
Debt Service Fund	-	(2,185)	(2,185)	-
Sale of Assets	30,000	-	30,000	30,000
TOTAL OTHER FINANCING SOURCES:	6,505,000	3,552,815	10,057,815	6,560,000
Net Change in Fund Balances	\$ 1,304,132	2,602,342	3,906,474	-
Fund Balances-Beginning		1,304,132		
Fund Balances-Ending		\$ 3,906,474		

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
School Districts	\$ 155,825	-	155,825	155,825
Investment Income:				
Interest Earnings	2,324,206	15,815	2,340,021	2,309,868
Net increase (decrease) in the fair value of Investments	1,593	(1,062)	531	-
Miscellaneous:				
Local Contributions	645,451	-	645,451	645,451
Other	43,152	-	43,152	43,151
TOTAL REVENUES	<u>3,170,227</u>	<u>14,753</u>	<u>3,184,980</u>	<u>3,154,295</u>
EXPENDITURES:				
Materials and Supplies	49,073	-	49,073	49,073
Contractual Services	238,083	127	238,210	238,215
Other	96,748	-	96,748	101,481
Capital Outlay	16,187,107	60,051	16,247,158	16,353,179
TOTAL EXPENDITURES	<u>16,571,011</u>	<u>60,178</u>	<u>16,631,189</u>	<u>16,741,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,400,784)</u>	<u>(45,425)</u>	<u>(13,446,209)</u>	<u>(13,587,653)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	16,160,000	-	16,160,000	16,160,000
Transfers In:				
General Fund	259,000	-	259,000	259,000
EDA-EPA Infrastructure	19,127	-	19,127	19,127
Transfers Out:				
Capital Improvements Fund	(376,366)	(32,690)	(409,056)	(600,474)
DPW Infrastructure	(2,500,000)	-	(2,500,000)	(2,500,000)
Sale of Assets	250,000	-	250,000	250,000
TOTAL OTHER FINANCING SOURCES:	<u>13,811,761</u>	<u>(32,690)</u>	<u>13,779,071</u>	<u>13,587,653</u>
Net Change in Fund Balances	<u>\$ 410,977</u>	<u>(78,115)</u>	<u>332,862</u>	<u>-</u>
Fund Balances-Beginning		<u>410,977</u>		
Fund Balances-Ending		<u>\$ 332,862</u>		

CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2000 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 641,086	9,473	650,559	645,282
Miscellaneous:				
Local Contributions	2,000,000	-	2,000,000	2,000,000
Reimbursements	12,918	-	12,918	12,918
TOTAL REVENUES	<u>2,654,004</u>	<u>9,473</u>	<u>2,663,477</u>	<u>2,658,200</u>
EXPENDITURES:				
Contractual Services	6,255	73	6,328	6,355
Other	68,890	-	68,890	90,645
Capital Outlay	11,989,271	134,257	12,123,528	12,259,547
TOTAL EXPENDITURES	<u>12,064,416</u>	<u>134,330</u>	<u>12,198,746</u>	<u>12,356,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,410,412)</u>	<u>(124,857)</u>	<u>(9,535,269)</u>	<u>(9,698,347)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	9,365,000	-	9,365,000	9,365,000
Transfers In:				
General Fund	2,298,347	-	2,298,347	2,298,347
Capital Improvements Fund	200,000	-	200,000	200,000
Transfer Out:				
General Fund	(2,165,000)	-	(2,165,000)	(2,165,000)
TOTAL OTHER FINANCING SOURCES:	<u>9,698,347</u>	<u>-</u>	<u>9,698,347</u>	<u>9,698,347</u>
Net Change in Fund Balances	<u>\$ 287,935</u>	<u>(124,857)</u>	<u>163,078</u>	<u>-</u>
Fund Balances-Beginning		<u>287,935</u>		
Fund Balances-Ending		<u>\$ 163,078</u>		

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**CITY OF LAREDO, TEXAS
CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 385,200	150,390	535,590	535,590
State	1,435,436	220,876	1,656,312	6,555,795
Other	553,793	3,188	556,981	678,730
Investment Income:				
Interest Earnings	4,454,974	313,204	4,768,178	4,746,724
Net increase (decrease) in the fair value of Investments	16,438	(2,933)	13,505	-
Discount Earnings	390	-	390	372
Miscellaneous:				
Local Contributions	1,642,870	790,336	2,433,206	1,660,342
Other	655,832	41,748	697,580	683,009
TOTAL REVENUES	9,144,933	1,516,809	10,661,742	14,860,562
EXPENDITURES:				
Materials and Supplies	201,406	58,440	259,846	269,593
Contractual Services	3,035,388	466,796	3,502,184	3,806,868
Capital Outlay	14,871,044	851,386	15,722,430	27,861,666
TOTAL EXPENDITURES	18,107,838	1,376,622	19,484,460	31,938,127
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,962,905)	140,187	(8,822,718)	(17,077,565)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	3,358,455	-	3,358,455	3,358,455
Mineral Leases	115,080	-	115,080	115,080
Civic Center	3,000,000	-	3,000,000	3,000,000
Hotel-Motel Occupancy Tax	350,000	18,000	368,000	368,000
Contractual Obligations	58,300	-	58,300	58,300
EDA-DPW Infrastructure	21,905	-	21,905	21,905
1998 C.O. Issue	376,366	32,690	409,056	600,474
2006 C.O. Issue	83,840	-	83,840	326,572
2007 C.O. Issue	8,820	6,770	15,590	-
Transit System	100,000	-	100,000	100,000
Bridge System	7,847,820	4,781,470	12,629,290	9,519,256
Municipal Housing Corporation	\$ 2,992,000	-	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, 2008**

(Continued)

	Prior Years	Current Year	Total To Date	Project Authorization
Transfers Out:				
General Fund	\$ (280,000)	-	(280,000)	(280,000)
Infrastructure Maintenance	(1,822,270)	-	(1,822,270)	(1,822,270)
Civic Center	(54,101)	-	(54,101)	(54,101)
Fire Training Facility	(20,000)	-	(20,000)	(20,000)
2000 C.O. Issue	(200,000)	-	(200,000)	(200,000)
Capital Grants Fund	-	(112,782)	(112,782)	(606,106)
Bridge System	(400,000)	-	(400,000)	(400,000)
TOTAL OTHER FINANCING SOURCES:	15,536,215	4,726,148	20,262,363	17,077,565
Net Change in Fund Balances	\$ 6,573,310	4,866,335	11,439,645	-
Fund Balances-Beginning		6,573,310		
Fund Balances-Ending		\$ 11,439,645		

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 240,356	26,511	266,867	232,816
Miscellaneous:				
Reimbursements	19,433	-	19,433	15,795
TOTAL REVENUES	259,789	26,511	286,300	248,611
EXPENDITURES:				
Contractual Services	2,425	212	2,637	2,643
Debt Service	225,000	-	225,000	225,000
Other	-	-	-	1,186,295
Capital Outlay	4,567,114	-	4,567,114	5,228,463
TOTAL EXPENDITURES	4,794,539	212	4,794,751	6,642,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,534,750)	26,299	(4,508,451)	(6,393,790)
OTHER FINANCING SOURCES (USES):				
Bond Issues	9,925,000	-	9,925,000	9,925,000
Transfers Out:				
Fire Training Facility	(982,636)	-	(982,636)	(982,636)
Solid Waste Fund	(3,639,793)	-	(3,639,793)	(3,639,793)
Sale of Assets	-	-	-	1,091,219
TOTAL OTHER FINANCING SOURCES:	5,302,571	-	5,302,571	6,393,790
Net Change in Fund Balances	\$ 767,821	26,299	794,120	-
Fund Balances-Beginning		767,821		
Fund Balances-Ending		\$ 794,120		

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 173,118	6,013	179,131	221,447
Net increase (decrease) in the fair value of Investments	546	(394)	152	-
Miscellaneous:				
Local Contributions	31,023	-	31,023	31,023
Reimbursements	16,146	-	16,146	16,146
TOTAL REVENUES	<u>220,833</u>	<u>5,619</u>	<u>226,452</u>	<u>268,616</u>
EXPENDITURES:				
Contractual Services	780	47	827	833
Other	70,000	-	70,000	140,938
Capital Outlay	3,538,770	78,680	3,617,450	3,694,845
TOTAL EXPENDITURES	<u>3,609,550</u>	<u>78,727</u>	<u>3,688,277</u>	<u>3,836,616</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,388,717)</u>	<u>(73,108)</u>	<u>(3,461,825)</u>	<u>(3,568,000)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	3,510,000	-	3,510,000	3,510,000
Transfer In:				
Fire Training Facility	58,000	-	58,000	58,000
TOTAL OTHER FINANCING SOURCES:	<u>3,568,000</u>	<u>-</u>	<u>3,568,000</u>	<u>3,568,000</u>
Net Change in Fund Balances	<u>\$ 179,283</u>	<u>(73,108)</u>	<u>106,175</u>	<u>-</u>
Fund Balances-Beginning		<u>179,283</u>		
Fund Balances-Ending		<u>\$ 106,175</u>		

**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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Interest Earnings	\$ 1,290,058	151,747	1,441,805	915,771
Other	10,626	-	10,626	285,525
TOTAL REVENUES	<u>1,300,684</u>	<u>151,747</u>	<u>1,452,431</u>	<u>1,201,296</u>
EXPENDITURES:				
Materials and Supplies	83,842	-	83,842	83,843
Contractual Services	-	1,189	1,189	1,500
Other	256,525	-	256,525	308,293
Capital Outlay	9,402,871	1,597,339	11,000,210	13,785,534
TOTAL EXPENDITURES	<u>9,743,238</u>	<u>1,598,528</u>	<u>11,341,766</u>	<u>14,179,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,442,554)</u>	<u>(1,446,781)</u>	<u>(9,889,335)</u>	<u>(12,977,874)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	15,625,000	-	15,625,000	15,625,000
Transfer In:				
Risk Management	352,874	-	352,874	352,874
Transfer Out:				
Communication System Fund	(3,000,000)	-	(3,000,000)	(3,000,000)
TOTAL OTHER FINANCING SOURCES:	<u>12,977,874</u>	<u>-</u>	<u>12,977,874</u>	<u>12,977,874</u>
Net Change in Fund Balances	<u>\$ 4,535,320</u>	<u>(1,446,781)</u>	<u>3,088,539</u>	<u>-</u>
Fund Balances-Beginning		<u>4,535,320</u>		
Fund Balances-Ending		<u>\$ 3,088,539</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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 1,145,931	542,466	1,688,397	1,391,421
Net increase (decrease) in the fair value of Investments	-	1,086	1,086	-
Other	29,778	758,869	788,647	192,391
TOTAL REVENUES	<u>1,175,709</u>	<u>1,302,421</u>	<u>2,478,130</u>	<u>1,583,812</u>
EXPENDITURES:				
Materials and Supplies	-	5,075	5,075	-
Contractual Services	-	4,334	4,334	-
Other	327,891	-	327,891	411,895
Capital Outlay	2,169,458	3,313,148	5,482,606	17,987,361
TOTAL EXPENDITURES	<u>2,497,349</u>	<u>3,322,557</u>	<u>5,819,906</u>	<u>18,399,256</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,321,640)</u>	<u>(2,020,136)</u>	<u>(3,341,776)</u>	<u>(16,815,444)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	17,320,000	-	17,320,000	17,320,000
Transfer Out:				
Capital Grants Fund	-	-	-	(177,984)
Capital Improvements Fund	(83,840)	-	(83,840)	(326,572)
TOTAL OTHER FINANCING SOURCES:	<u>17,236,160</u>	<u>-</u>	<u>17,236,160</u>	<u>16,815,444</u>
Net Change in Fund Balances	<u>\$ 15,914,520</u>	<u>(2,020,136)</u>	<u>13,894,384</u>	<u>-</u>
Fund Balances-Beginning		15,914,520		
Fund Balances-Ending		<u>\$ 13,894,384</u>		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2007 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
School Districts	\$ -	27,200	27,200	-
Investment Income:				
Interest Earnings	2,812,135	2,459,425	5,271,560	2,672,137
Other	-	30,085	30,085	-
	<u>2,812,135</u>	<u>2,516,710</u>	<u>5,328,845</u>	<u>2,672,137</u>
TOTAL REVENUES	<u>2,812,135</u>	<u>2,516,710</u>	<u>5,328,845</u>	<u>2,672,137</u>
EXPENDITURES:				
Materials and Supplies	-	266,299	266,299	273,775
Contractual Services	-	43,739	43,739	21,000
Other	938,978	-	938,978	958,689
Capital Outlay	1,711,088	14,820,287	16,531,375	48,522,012
	<u>1,711,088</u>	<u>14,820,287</u>	<u>16,531,375</u>	<u>48,522,012</u>
TOTAL EXPENDITURES	<u>2,650,066</u>	<u>15,130,325</u>	<u>17,780,391</u>	<u>49,775,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>162,069</u>	<u>(12,613,615)</u>	<u>(12,451,546)</u>	<u>(47,103,339)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	72,480,000	-	72,480,000	72,480,000
Transfers Out:				
Environmental Services Fund	(192,674)	(4,411,145)	(4,603,819)	(16,616,075)
Capital Grants Fund	-	(18)	(18)	(1,250,000)
Solid Waste Fund	-	(2,097,946)	(2,097,946)	(7,460,586)
Capital Improvements Fund	(8,820)	(6,770)	(15,590)	(50,000)
	<u>(8,820)</u>	<u>(6,770)</u>	<u>(15,590)</u>	<u>(50,000)</u>
TOTAL OTHER FINANCING SOURCES:	<u>72,278,506</u>	<u>(6,515,879)</u>	<u>65,762,627</u>	<u>47,103,339</u>
Net Change in Fund Balances	<u>\$ 72,440,575</u>	<u>(19,129,494)</u>	<u>53,311,081</u>	<u>-</u>
Fund Balances-Beginning		<u>72,440,575</u>		
Fund Balances-Ending		<u>\$ 53,311,081</u>		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2008 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ -	366,809	366,809	146,285
TOTAL REVENUES	<u>-</u>	<u>366,809</u>	<u>366,809</u>	<u>146,285</u>
EXPENDITURES:				
Contractual Services	-	2,177	2,177	2,177
Other	-	520,293	520,293	529,401
Capital Outlay	-	36,907	36,907	29,162,000
TOTAL EXPENDITURES	<u>-</u>	<u>559,377</u>	<u>559,377</u>	<u>29,693,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(192,568)</u>	<u>(192,568)</u>	<u>(29,547,293)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	-	30,065,000	30,065,000	30,065,000
Bond Premium	-	455,293	455,293	455,293
Transfers Out:				
Parks Capital Grant	-	-	-	(323,000)
Capital Grants Fund	-	-	-	(650,000)
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>30,520,293</u>	<u>30,520,293</u>	<u>29,547,293</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>30,327,725</u>	<u>30,327,725</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ 30,327,725</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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 20,161	-	20,161	4,385,073
Webb County	320,209	11,075	331,284	375,000
Investment Income:				
Interest Earnings	5,393	4,626	10,019	-
Net increase (decrease) in the fair value of Investments	295	(192)	103	-
Miscellaneous:				
Contributions and Donations	-	-	-	4,677,187
TOTAL REVENUES	<u>346,058</u>	<u>15,509</u>	<u>361,567</u>	<u>9,437,260</u>
EXPENDITURES:				
Contractual Services	28,101	-	28,101	30,614
Capital Outlay	320,284	89,861	410,145	9,878,000
TOTAL EXPENDITURES	<u>348,385</u>	<u>89,861</u>	<u>438,246</u>	<u>9,908,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,327)</u>	<u>(74,352)</u>	<u>(76,679)</u>	<u>(471,354)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
2007 C.O. Bond	-	-	-	322,813
General Fund	148,541	-	148,541	148,541
TOTAL OTHER FINANCING SOURCES:	<u>148,541</u>	<u>-</u>	<u>148,541</u>	<u>471,354</u>
Net Change in Fund Balances	<u>\$ 146,214</u>	<u>(74,352)</u>	<u>71,862</u>	<u>-</u>
Fund Balances-Beginning		<u>146,214</u>		
Fund Balances-Ending		<u>\$ 71,862</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, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HUD Grant	\$ 198,400	-	198,400	198,400
TxDot Grant	-	215,170	215,170	23,035,294
TOTAL REVENUES	198,400	215,170	413,570	23,233,694
EXPENDITURES:				
Contractual Services	-	85,725	85,725	210,978
Other	-	-	-	650,000
Capital Outlay	198,400	242,245	440,645	24,878,822
TOTAL EXPENDITURES	198,400	327,970	526,370	25,739,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(112,800)	(112,800)	(2,506,106)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Capital Improvements Fund	-	112,782	112,782	606,106
2007 C.O. Bond	-	18	18	1,250,000
2008 C.O. Bond	-	-	-	650,000
TOTAL OTHER FINANCING SOURCES:	-	112,800	112,800	2,506,106
Net Change in Fund Balances	\$ -	-	-	-
Fund Balances-Beginning		-		
Fund Balances-Ending		\$ -		

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, 2008

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ 3,200	3,200	2,711	-	2,711	(489)
Net increase (decrease) in the fair value of Investments	-	-	(74)	-	(74)	(74)
Contributions	50,000	50,000	-	-	-	(50,000)
TOTAL REVENUES	53,200	53,200	2,637	-	2,637	(50,563)
EXPENDITURES:						
Materials and Supplies	500	500	-	-	-	500
Contractual Services	2,000	2,000	-	-	-	2,000
TOTAL EXPENDITURES	2,500	2,500	-	-	-	2,500
Excess (Deficiency) of Revenues Over Expenditures	50,700	50,700	2,637	-	2,637	(48,063)
Fund Balances at Beginning of Year	65,764	67,669	67,669	-	67,669	-
FUND BALANCES AT END OF YEAR	\$ 116,464	118,369	70,306	-	70,306	(48,063)

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.

INFORMATION TECHNOLOGY - to account for the providing of telecommunications services, iSeries technical support, and network technical support.

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2008

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>INFORMATION TECH.</u>	<u>TOTAL</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash	\$ -	-	400	-	400
Investments	4,724,110	1,266,160	1,474,021	734,534	8,198,825
Accounts Receivable	-	-	12,524	452	12,976
Accrued Interest Receivable	45,966	12,320	14,342	7,147	79,775
Inventory	-	-	368,444	-	368,444
Prepaid items	223,000	37,558	-	-	260,558
Total Current Assets	<u>4,993,076</u>	<u>1,316,038</u>	<u>1,869,731</u>	<u>742,133</u>	<u>8,920,978</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	1,188	-	654,948	-	656,136
Transportation Vehicles and Equipment	62,843	17,217	801,008	261,356	1,142,424
Less Accumulated Depreciation	(44,102)	(16,255)	(825,835)	(64,727)	(950,919)
Total Capital Assets (Net of Accumulated Depreciation)	<u>19,929</u>	<u>962</u>	<u>630,121</u>	<u>196,629</u>	<u>847,641</u>
TOTAL ASSETS	<u>5,013,005</u>	<u>1,317,000</u>	<u>2,499,852</u>	<u>938,762</u>	<u>9,768,619</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	408,897	319,956	508,640	29,308	1,266,801
Claims and Judgments Payable	1,484,301	1,942,025	-	-	3,426,326
Accrued Wages and Employee Benefits	19,578	4,378	48,172	27,404	99,532
Compensated Absences	16,362	-	50,559	37,236	104,157
Total Current Liabilities	<u>1,929,138</u>	<u>2,266,359</u>	<u>607,371</u>	<u>93,948</u>	<u>4,896,816</u>
Noncurrent Liabilities:					
Compensated Absences	15,878	-	114,708	81,213	211,799
Total Noncurrent Liabilities	<u>15,878</u>	<u>-</u>	<u>114,708</u>	<u>81,213</u>	<u>211,799</u>
TOTAL LIABILITIES	<u>1,945,016</u>	<u>2,266,359</u>	<u>722,079</u>	<u>175,161</u>	<u>5,108,615</u>
NET ASSETS					
Invested in Capital Assets	19,929	962	630,121	196,629	847,641
Unrestricted	3,048,060	(950,321)	1,147,652	566,972	3,812,363
TOTAL NET ASSETS	<u>\$ 3,067,989</u>	<u>(949,359)</u>	<u>1,777,773</u>	<u>763,601</u>	<u>4,660,004</u>

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
Year ended September 30, 2008

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>INFORMATION TECHNOLOGY</u>	<u>TOTAL</u>
OPERATING REVENUES:					
Charges for Services	\$ 4,993,578	15,420,324	9,122,862	2,515,570	32,052,334
Reimbursements	281,700	570,432	48,397	1,647	902,176
TOTAL OPERATING REVENUES	5,275,278	15,990,756	9,171,259	2,517,217	32,954,510
OPERATING EXPENSES:					
Cost of Services	3,829,538	15,173,495	6,278,864	532,170	25,814,067
Personnel Services	697,037	156,792	1,849,080	987,127	3,690,036
Materials and Supplies	113,574	644	80,549	88,598	283,365
Contractual Services	441,313	1,303,728	448,110	265,029	2,458,180
Other	-	6,292	4,662	35	10,989
Depreciation	8,164	642	62,808	43,759	115,373
TOTAL OPERATING EXPENSES	5,089,626	16,641,593	8,724,073	1,916,718	32,372,010
Operating Income (Loss)	185,652	(650,837)	447,186	600,499	582,500
NON-OPERATING REVENUES (EXPENSES):					
Investment Income:					
Interest Earnings	124,666	34,140	35,224	11,283	205,313
Net Increase (Decrease) in the Fair Value of Investments	490	(3,563)	813	294	(1,966)
Discount Earnings	-	-	-	132	132
Gain/(Loss) on Sale of Assets	-	-	5,343	-	5,343
TOTAL NON-OPERATING REVENUES (EXPENSES)	125,156	30,577	41,380	11,709	208,822
Income Before Contributions and Transfers	310,808	(620,260)	488,566	612,208	791,322
OPERATING TRANSFERS IN/(OUT):					
Transfers In	530,180	-	-	-	530,180
Transfers Out	(17,940)	(530,180)	-	(400,000)	(948,120)
Change in Net Assets	823,048	(1,150,440)	488,566	212,208	373,382
Total Net Assets - Beginning	2,244,941	201,081	1,289,207	551,393	4,286,622
TOTAL NET ASSETS- ENDING	\$ 3,067,989	(949,359)	1,777,773	763,601	4,660,004

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2008

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>INFORMATION TECHNOLOGY</u>	<u>TOTAL</u>
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 281,766	819,450	50,822	2,692	1,154,730
Receipts from interfund services provided	4,993,578	15,420,324	9,122,862	2,515,570	32,052,334
Payment to suppliers	(4,056,217)	(16,217,774)	(6,365,507)	(797,422)	(27,436,920)
Payment to employees	(687,001)	(155,756)	(1,830,550)	(967,951)	(3,641,258)
Payment for interfund services used	(228,753)	(71,926)	(422,554)	(77,100)	(800,333)
Net cash provided (used) by operating activities	303,373	(205,682)	555,073	675,789	1,328,553
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from Other Funds	530,180	-	-	-	530,180
Transfer to Other Funds	(17,940)	(530,180)	-	(400,000)	(948,120)
Net cash provided (used) by noncapital and related financing activities	512,240	(530,180)	-	(400,000)	(417,940)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(130)	-	(98,985)	(37,228)	(136,343)
Proceeds from sales of capital assets	-	-	5,343	-	5,343
Net cash provided (used) by capital and related financing activities	(130)	-	(93,642)	(37,228)	(131,000)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturity of investments	(933,575)	693,668	(492,527)	(247,820)	(980,254)
Interest and dividends received	121,881	44,189	32,055	9,810	207,935
Net cash provided (used) by investing activities	(811,694)	737,857	(460,472)	(238,010)	(772,319)
Net increase (decrease) in cash and cash equivalents	3,789	1,995	959	551	7,294
Cash and cash equivalents - October 1, 2007	(3,789)	(1,995)	(559)	(551)	(6,894)
Cash and cash equivalents - September 30, 2008	\$ -	-	400	-	400
Reconciliation of Operating income to net cash provided (used) by operating activities:					
Operating income	\$ 185,652	(650,837)	447,186	600,499	582,500
Adjustments to reconcile operating income to net cash provided (used)					
Depreciation expense	8,164	642	62,808	43,759	115,373
(Increase) decrease in accounts receivable	66	249,018	9	1,045	250,138
Increase (decrease) in allowable for uncollectible accounts	-	-	2,416	-	2,416
(Increase) decrease in inventories	-	-	(45,504)	-	(45,504)
(Increase) decrease in prepaid items	(35,000)	(6,663)	-	-	(41,663)
Increase (decrease) in accounts payable	136,657	(97,792)	69,628	11,310	119,803
Increase (decrease) in compensated absences payable	2,393	-	6,092	8,798	17,283
Increase (decrease) in accrued wages and employee benefits	7,643	1,036	12,438	10,378	31,495
Increase (decrease) in claims and judgements payable	(2,202)	298,914	-	-	296,712
Total adjustments	117,721	445,155	107,887	75,290	746,053
Net cash provided by operating activities	\$ 303,373	(205,682)	555,073	675,789	1,328,553
Noncash investing, capital, and financing activities:					
Increase (decrease) in the fair value of investments	490	(3,563)	813	294	(1,966)

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**CITY OF LAREDO, TEXAS
RISK MANAGEMENT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2008**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Budget</u>				
OPERATING REVENUES:						
Charges for Services	\$ 5,145,466	5,145,466	4,993,578	-	4,993,578	(151,888)
Reimbursements	-	-	281,700	-	281,700	281,700
TOTAL OPERATING REVENUES	5,145,466	5,145,466	5,275,278	-	5,275,278	129,812
OPERATING EXPENSES:						
Cost of Services	4,520,753	4,520,753	3,829,538	-	3,829,538	691,215
Personnel Services	744,763	744,763	697,037	(2,394)	694,643	50,120
Materials and Supplies	148,192	154,407	113,574	-	113,574	40,833
Contractual Services	628,467	622,252	441,313	-	441,313	180,939
Other	313,455	313,455	-	-	-	313,455
Capital Outlay	130	130	-	130	130	-
Depreciation	-	-	8,164	(8,164)	-	-
TOTAL OPERATING EXPENSES	6,355,760	6,355,760	5,089,626	(10,428)	5,079,198	1,276,562
Operating Income (Loss)	(1,210,294)	(1,210,294)	185,652	10,428	196,080	1,406,374
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	55,000	55,000	124,666	-	124,666	69,666
Net Increase (Decrease) in the Fair Value of Investments	-	-	490	-	490	490
TOTAL NON-OPERATING REVENUES (EXPENSES)	55,000	55,000	125,156	-	125,156	70,156
Income (Loss) Before Contributions and Transfers	(1,155,294)	(1,155,294)	310,808	10,428	321,236	1,476,530
OPERATING TRANSFERS IN/(OUT):						
Transfers In:						
Health and Benefits Fund	557,320	557,320	530,180	-	530,180	(27,140)
Transfers Out:						
Debt Service	(17,940)	(17,940)	(17,940)	-	(17,940)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	539,380	539,380	512,240	-	512,240	(27,140)
Change in Net Assets	(615,914)	(615,914)	823,048	10,428	833,476	1,449,390
Total Net Assets - Beginning	2,244,941	2,244,941	2,244,941	-	2,244,941	-
TOTAL NET ASSETS - ENDING	\$ 1,629,027	1,629,027	3,067,989	10,428	3,078,417	1,449,390

**CITY OF LAREDO, TEXAS
RISK MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 281,766
Receipts from interfund services provided	4,993,578
Payment to suppliers	(4,056,217)
Payment to employees	(687,001)
Payment for interfund services used	<u>(228,753)</u>
Net cash provided (used) by operating activities	<u>303,373</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	530,180
Transfer to other funds	<u>(17,940)</u>
Net cash provided (used) by noncapital and related financing activities	<u>512,240</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(130)</u>
Net cash provided (used) by capital and related financing activities	<u>(130)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(933,575)
Interest and dividends received	<u>121,881</u>
Net cash provided (used) by investing activities	<u>(811,694)</u>

Net increase (decrease) in cash and cash equivalents	3,789
Cash and cash equivalents - October 1, 2007	<u>(3,789)</u>

Cash and cash equivalents - September 30, 2008	\$ <u><u>-</u></u>
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Reconciliation of Operating income to net cash provided (used) by operating activities:

Operating income	\$ <u>185,652</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	8,164
(Increase) decrease in accounts receivable	66
(Increase) decrease in prepaid items	(35,000)
Increase (decrease) in accounts payable	136,657
Increase (decrease) in compensated absences payable	2,393
Increase (decrease) in accrued wages and employee benefits	7,643
Increase (decrease) in claims and judgments payable	<u>(2,202)</u>
Total adjustments	<u>117,721</u>

Net cash provided by operating activities	\$ <u><u>303,373</u></u>
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Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	490
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CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2008

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Charges for Services	\$ 14,573,990	14,573,990	15,420,324	-	15,420,324	846,334
Reimbursements	500,000	500,000	570,432	-	570,432	70,432
TOTAL OPERATING REVENUES	15,073,990	15,073,990	15,990,756	-	15,990,756	916,766
OPERATING EXPENSES:						
Cost of Services	12,829,494	12,829,494	15,173,495	-	15,173,495	(2,344,001)
Personnel Services	162,119	162,119	156,792	-	156,792	5,327
Materials and Supplies	7,685	7,685	644	-	644	7,041
Contractual Services	1,329,581	1,329,581	1,303,728	-	1,303,728	25,853
Other	89,843	89,843	6,292	-	6,292	83,551
Depreciation	-	-	642	(642)	-	-
TOTAL OPERATING EXPENSES	14,418,722	14,418,722	16,641,593	(642)	16,640,951	(2,222,229)
Operating Income (Loss)	655,268	655,268	(650,837)	642	(650,195)	(1,305,463)
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	30,700	30,700	34,140	-	34,140	3,440
Net Increase (Decrease) in the Fair Value of Investments	-	-	(3,563)	-	(3,563)	(3,563)
TOTAL NON-OPERATING REVENUES (EXPENSES)	30,700	30,700	30,577	-	30,577	(123)
Income Before Contributions and Transfers	685,968	685,968	(620,260)	642	(619,618)	(1,305,586)
OPERATING TRANSFERS IN/(OUT):						
Transfer Out:						
Risk Management Fund	(557,320)	(557,320)	(530,180)	-	(530,180)	27,140
TOTAL OPERATING TRANSFERS IN/(OUT)	(557,320)	(557,320)	(530,180)	-	(530,180)	27,140
Change in Net Assets	128,648	128,648	(1,150,440)	642	(1,149,798)	(1,278,446)
Total Net Assets - Beginning	201,081	201,081	201,081	-	201,081	-
TOTAL NET ASSETS-ENDING	\$ 329,729	329,729	(949,359)	642	(948,717)	(1,278,446)

**CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 819,450
Receipts from interfund services provided	15,420,324
Payment to suppliers	(16,217,774)
Payment to employees	(155,756)
Payment for interfund services used	<u>(71,926)</u>
Net cash provided (used) by operating activities	<u>(205,682)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	<u>(530,180)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(530,180)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	693,668
Interest and dividends received	<u>44,189</u>
Net cash provided (used) by investing activities	<u>737,857</u>

Net increase (decrease) in cash and cash equivalents	1,995
Cash and cash equivalents - October 1, 2007	<u>(1,995)</u>
Cash and cash equivalents - September 30, 2008	\$ <u><u>-</u></u>

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

Operating income	\$ <u>(650,837)</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	642
(Increase) decrease in accounts receivable	249,018
(Increase) decrease in prepaid items	(6,663)
Increase (decrease) in accounts payable	(97,792)
Increase (decrease) in accrued wages and employee benefits	1,036
Increase (decrease) in claims and judgements payable	<u>298,914</u>
Total adjustments	<u>445,155</u>

Net cash provided by operating activities	\$ <u><u>(205,682)</u></u>
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Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	(3,563)
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CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2008

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Charges for Services	\$ 8,188,611	8,188,611	9,122,862	-	9,122,862	934,251
Reimbursements	25,000	25,000	48,397	-	48,397	23,397
TOTAL OPERATING REVENUES	8,213,611	8,213,611	9,171,259	-	9,171,259	957,648
OPERATING EXPENSES:						
Cost of Services	5,627,595	5,700,271	6,278,864	-	6,278,864	(578,593)
Personnel Services	2,077,807	2,077,807	1,849,080	(6,092)	1,842,988	234,819
Materials and Supplies	87,574	95,004	80,549	-	80,549	14,455
Contractual Services	495,882	470,452	448,110	-	448,110	22,342
Other	57,154	2,478	4,662	(2,416)	2,246	232
Capital Outlay	100,000	100,000	-	98,985	98,985	1,015
Depreciation	-	-	62,808	(62,808)	-	-
TOTAL OPERATING EXPENSES	8,446,012	8,446,012	8,724,073	27,669	8,751,742	(305,730)
Operating Income (Loss)	(232,401)	(232,401)	447,186	(27,669)	419,517	651,918
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	5,000	5,000	35,224	-	35,224	30,224
Net Increase (Decrease) in the Fair Value of Investments	-	-	813	-	813	813
Gain/(Loss) on Sale of Assets	1,000	1,000	5,343	-	5,343	4,343
TOTAL NON-OPERATING REVENUES (EXPENSES)	6,000	6,000	41,380	-	41,380	35,380
Change in Net Assets	(226,401)	(226,401)	488,566	(27,669)	460,897	687,298
Total Net Assets - Beginning	1,289,207	1,289,207	1,289,207	-	1,289,207	-
TOTAL NET ASSETS- ENDING	\$ 1,062,806	1,062,806	1,777,773	(27,669)	1,750,104	687,298

**CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 50,822
Receipts from interfund services provided	9,122,862
Payment to suppliers	(6,365,507)
Payment to employees	(1,830,550)
Payment for interfund services used	<u>(422,554)</u>
Net cash provided (used) by operating activities	<u>555,073</u>

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

Purchase of capital assets	(98,985)
Proceeds from sales of capital assets	<u>5,343</u>
Net cash provided (used) by capital and related financing activities	<u>(93,642)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(492,527)
Interest and dividends received	<u>32,055</u>
Net cash provided (used) by investing activities	<u>(460,472)</u>
Net increase (decrease) in cash and cash equivalents	959
Cash and cash equivalents - October 1, 2007	<u>(559)</u>
Cash and cash equivalents - September 30, 2008	<u>\$ 400</u>

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

Operating income	\$ <u>447,186</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	62,808
(Increase) decrease in accounts receivable	9
Increase (decrease) in allowable for uncollectible accounts	2,416
(Increase) decrease in inventories	(45,504)
Increase (decrease) in accounts payable	69,628
Increase (decrease) in compensated absences payable	6,092
Increase (decrease) in accrued wages and employee benefits	<u>12,438</u>
Total adjustments	<u>107,887</u>

Net cash provided by operating activities **\$ 555,073**

Noncash investing, capital, and financing
activities:

Increase (decrease) in the fair value of investments	813
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CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2008

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive Negative
	Original	Budget				
OPERATING REVENUES:						
Charges for Services	\$ 2,517,041	2,517,041	2,515,570	-	2,515,570	(1,471)
Reimbursements	-	-	1,647	-	1,647	1,647
TOTAL OPERATING REVENUES	2,517,041	2,517,041	2,517,217	-	2,517,217	176
OPERATING EXPENSES:						
Cost of Services	610,750	584,490	532,170	-	532,170	52,320
Personnel Services	1,051,133	1,040,285	987,127	(8,798)	978,329	61,956
Materials and Supplies	104,486	127,344	88,598	-	88,598	38,746
Contractual Services	444,774	426,620	265,029	-	265,029	161,591
Other	105,355	105,392	35	-	35	105,357
Capital Outlay	5,311	37,678	-	37,228	37,228	450
Depreciation	-	-	43,759	(43,759)	-	-
TOTAL OPERATING EXPENSES	2,321,809	2,321,809	1,916,718	(15,329)	1,901,389	420,420
Operating Income (Loss)	195,232	195,232	600,499	15,329	615,828	420,596
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	3,500	3,500	11,283	-	11,283	7,783
Net Increase (Decrease) in the Fair Value of Investments	-	-	294	-	294	294
Discount Earnings	-	-	132	-	132	132
TOTAL NON-OPERATING REVENUES (EXPENSES)	3,500	3,500	11,709	-	11,709	8,209
Income (Loss) Before Contributions and Transfers	198,732	198,732	612,208	15,329	627,537	428,805
OPERATING TRANSFERS IN/(OUT):						
Transfers Out:						
Debt Service	(400,000)	(400,000)	(400,000)	-	(400,000)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(400,000)	(400,000)	(400,000)	-	(400,000)	-
Change in Net Assets	(201,268)	(201,268)	212,208	15,329	227,537	428,805
Total Net Assets - Beginning	551,393	551,393	551,393	-	551,393	-
TOTAL NET ASSETS - ENDING	\$ 350,125	350,125	763,601	15,329	778,930	428,805

**CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 2,692
Receipts from interfund services provided	2,515,570
Payment to suppliers	(797,422)
Payment to employees	(967,951)
Payment for interfund services used	<u>(77,100)</u>
Net cash provided (used) by operating activities	<u>675,789</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	<u>(400,000)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(400,000)</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(37,228)</u>
Net cash provided (used) by capital and related financing activities	<u>(37,228)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(247,820)
Interest and dividends received	<u>9,810</u>
Net cash provided (used) by investing activities	<u>(238,010)</u>

Net increase (decrease) in cash and cash equivalents	551
Cash and cash equivalents - October 1, 2007	<u>(551)</u>
Cash and cash equivalents - September 30, 2008	\$ <u><u>-</u></u>

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

Operating income	\$ <u>600,499</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	43,759
(Increase) decrease in accounts receivable	1,045
Increase (decrease) in accounts payable	11,310
Increase (decrease) in compensated absences payable	8,798
Increase (decrease) in accrued wages and employee benefits	<u>10,378</u>
Total adjustments	<u>75,290</u>

Net cash provided by operating activities	\$ <u><u>675,789</u></u>
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Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	294
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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, 2008 and 2007

	2008	2007
Governmental Funds Capital Assets:		
Land	\$ 61,526,824	56,667,732
Buildings	132,300,415	127,538,554
Improvements Other Than Buildings	393,530,681	371,952,436
Vehicles	45,031,407	42,166,308
Machinery & Equipment	26,348,441	24,667,239
Construction in Progress	15,911,502	11,268,199
Total Governmental Funds Capital Assets	674,649,270	634,260,468

Investments in Governmental Funds Capital Assets by Source:

General Fund	263,776,565	265,232,368
Special Revenue Funds	170,193,030	159,925,915
Capital Projects Funds	240,679,675	209,102,185
Total Investments in Governmental Funds	\$ 674,649,270	634,260,468

(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, 2008

(Continued)

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
General Government:				
Mayor and City Council	\$ 9,908	-	-	9,908
City Manager	5,003	-	-	5,003
Municipal Court	294,167	-	-	294,167
Building Inspections	154,018	-	96,956	250,974
City Attorney	125	-	-	125
City Secretary	52,084	6,050	-	58,134
Tax Office	79,269	4,117	-	83,386
Personnel	8,867	-	(8,867)	-
City Planning	92,442	-	-	92,442
Finance	254,479	-	-	254,479
Real Estate	234,600	-	-	234,600
City Hall Maintenance	3,155,781	208,800	(71,809)	3,292,772
Engineering	460,061	-	(136,429)	323,632
Information Technology	579,787	-	-	579,787
Communications and Support	13,968	34,464	-	48,432
Community Development	16,242,811	2,809,767	200,478	19,253,056
Telecommunications	310,354	-	-	310,354
General Government	21,947,724	3,063,198	80,329	25,091,251
Public Safety:				
Police	8,673,627	-	(513,472)	8,160,155
Police Trust Fund	13,951,602	812,211	(1,717,372)	13,046,441
Auto Theft Task Force	153,747	30,289	-	184,036
Narcotics	691,234	-	-	691,234
Financial Task Force	203,204	-	-	203,204
Special Police	1,634,684	57,367	-	1,692,051
Laredo Border Violence	267,877	-	-	267,877
Homeland Security Grant	918,245	-	-	918,245
Fire	8,820,744	5,088	(529,559)	8,296,273
Hazardous Materials	62,690	-	-	62,690
Parking Meters	3,357,284	166,955	-	3,524,239
911 Administration	773,857	-	-	773,857
911 - General Fund	52,056	-	-	52,056
Communications	6,879,563	-	-	6,879,563
Special Fire Grants	20,787	213,532	-	234,319
Traffic Safety	7,923,186	19,688	(43,939)	7,898,935
Public Safety	54,384,387	1,305,130	(2,804,342)	52,885,175
Public Works:				
Capital Improvements Project	65,282,801	555,186	(44,123)	65,793,864
1998 CO Issue	1,646,629	60,051	-	1,706,680
Infrastructure Maint.	165,187	-	(645)	164,542
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	1,780,723	-	55,067	1,835,790
2000 CO Issue	7,423,134	96,308	-	7,519,442
Colonias Project	12,284,716	3,444,337	-	15,729,053
LEC Construction Project	33,348,399	-	-	33,348,399
2002 CO Issue	4,548,595	-	-	4,548,595
2003 CO Issue	3,278,882	78,681	-	3,357,563
2005 CO Issue	2,114,566	537,396	-	2,651,962
2006 CO Issue	1,010,161	3,120,858	-	4,131,019
2007 CO Issue	1,683,438	14,790,881	-	16,474,319
2008 CO Issue	-	36,907	-	36,907
FAA-Noise Abatement	17,660,340	1,283,809	-	18,944,149
Airport Construction Fund	35,087,462	6,072,835	-	41,160,297
Ryan Street Railroad Bridge	668,019	-	-	668,019
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524
Contractual Obligation	9,733,627	940,233	(59,955)	10,613,905
Parks Capital Grants	320,283	89,861	-	410,144
Capital Grants	-	242,245	198,400	440,645
Public Works	218,485,625	-	(370,406)	218,115,219
Public Works	\$ 428,399,363	31,349,588	(221,662)	459,527,289

(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, 2008

(Continued)

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
Health & Welfare:						
Health	\$ 6,163,765	421,278	3,707,852	-	295,890	1,738,745
Noise Abtm. Lease	50,815	-	-	-	50,815	-
Emergency Shelter Grant	416	-	-	-	-	416
Environmental Services	8,083,973	2,269,067	107,853	5,003,752	554,460	148,841
Health & Welfare	14,298,969	2,690,345	3,815,705	5,003,752	901,165	1,888,002
Cultural & Recreational:						
Parks & Recreation	7,469,626	4,078,992	2,548,793	9,850	608,493	223,498
Library	6,918,390	-	6,268,902	33,000	69,770	546,718
New Public Library	56,167	-	22,346	-	-	33,821
Cemetery	109,471	-	7,900	-	84,839	16,732
Friends of the Library	761,413	-	-	-	-	761,413
Civic Center	1,637,193	-	1,407,124	6,118	66,810	157,141
Public Access Channel	2,046,208	-	1,401,518	-	31,259	613,431
Mercado	1,166,850	-	1,162,235	-	4,615	-
Convention & Visitor's Bureau	41,687	-	17,300	-	24,387	-
Sports & Community Venue	4,643,905	4,604,851	39,054	-	-	-
Recreation Fund	22,738	-	-	-	22,738	-
Veterans Field	446,958	-	340,396	-	68,117	38,445
Cultural & Recreational	25,320,606	8,683,843	13,215,568	48,968	981,028	2,391,199
Air Transportation Services:						
Airport	81,614,478	6,324,997	41,016,423	33,618,331	548,344	106,383
Air Transportation Services	81,614,478	6,324,997	41,016,423	33,618,331	548,344	106,383
Total Assets in service	658,737,768	61,526,824	132,300,415	393,530,681	45,031,407	26,348,441
Construction in Progress	15,911,502					
Total Governmental Funds Capital Assets	\$ 674,649,270					

(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, 2008

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
General Government:						
Mayor and City Council	\$ 9,908	-	-	-	9,908	-
City Manager	5,003	-	-	-	-	5,003
Municipal Court	294,167	39,981	31,900	-	-	222,286
Building	250,974	-	-	-	228,974	22,000
City Attorney	125	-	-	125	-	-
City Secretary	58,134	-	-	-	14,643	43,491
Tax Office	83,386	-	-	-	-	83,386
Personnel	-	-	-	-	-	-
City Planning	92,442	-	-	-	15,125	77,317
Finance	254,479	18,575	-	-	-	235,904
Real Estate	234,600	234,600	-	-	-	-
City Hall Maintenance	3,292,772	3,095,274	112,093	-	-	85,405
Engineering	323,632	-	-	-	214,366	109,266
Information Technology	579,787	-	-	-	-	579,787
Communications and Support	48,432	-	-	-	13,968	34,464
Community Development	19,253,056	5,785,853	2,319,209	9,621,926	1,395,929	130,139
Telecommunications	310,354	-	-	-	15,740	294,614
General Government	25,091,251	9,174,283	2,463,202	9,622,051	1,908,653	1,923,062
Public Safety:						
Police	8,160,155	-	6,133,671	-	1,493,174	533,310
Police Trust Fund	13,046,441	-	806,661	-	9,570,520	2,669,260
Auto Theft Task Force	184,036	-	-	-	89,669	94,367
Narcotics	691,234	-	-	-	483,454	207,780
Financial Task Force	203,204	-	-	-	27,782	175,422
Special Police	1,692,051	-	-	-	7,133	1,684,918
Laredo Border Violence	267,877	-	-	-	240,947	26,930
Homeland Security Grant	918,245	-	-	-	263,978	654,267
Fire	8,296,273	767,503	1,268,158	-	5,435,153	825,459
Hazardous Materials	62,690	-	9,085	-	53,605	-
Parking Meters	3,524,239	1,247,536	60,342	1,973,889	127,060	115,412
911 Administration	773,857	-	-	-	-	773,857
911 - General Fund	52,056	-	-	-	33,590	18,466
Communications	6,879,563	-	-	-	-	6,879,563
Special Fire Grants	234,319	-	-	-	-	234,319
Traffic Safety	7,898,935	-	38,724	7,461,924	273,001	125,286
Public Safety	52,885,175	2,015,039	8,316,641	9,435,813	18,099,066	15,018,616
Public Works:						
Capital Improvements Projects	65,793,864	1,906,786	2,872,028	60,092,401	749,486	173,163
1998 C.O. Issue	1,706,680	108,232	864,429	473,235	260,784	-
Infrastructure Maint.	164,542	-	-	105,993	43,569	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	1,835,790	455,769	1,184,184	-	28,287	167,550
2000 CO Issue	7,519,442	933,792	3,278,920	3,306,730	-	-
Colonias Project	15,729,053	-	-	15,729,053	-	-
LEC Construction Project	33,348,399	258,500	33,089,899	-	-	-
2002 CO Issue	4,548,595	4,548,595	-	-	-	-
2003 CO Issue	3,357,563	31,023	1,584,737	1,741,803	-	-
2005 CO Issue	2,651,962	1,237,878	-	20,774	1,393,310	-
2006 CO Issue	4,131,019	-	1,656,750	2,474,269	-	-
2007 CO Issue	16,474,319	-	1,682,861	8,142,858	6,371,429	277,171
2008 CO Issue	36,907	-	21,672	15,235	-	-
FAA-Noise Abatement	18,944,149	17,605,254	1,338,895	-	-	-
Airport Const. Fund.	41,160,297	1,622,233	1,049,636	35,496,357	779,609	2,212,462
Ryan Street Railroad Bridge	668,019	-	-	668,019	-	-
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524	-	-
Contractual Obligations	10,613,905	-	776,528	-	7,742,951	2,094,426
Parks Capital Grants	410,144	-	-	410,144	-	-
Capital Grants	440,645	-	198,400	242,245	-	-
Public Works	218,115,219	3,930,255	3,769,001	205,724,126	4,610,410	81,427
Public Works	\$ 459,527,289	32,638,317	63,472,876	335,801,766	22,593,151	5,021,179

(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, 2008

(Continued)

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
Parks Capital Grants	410,144	-	-	410,144	-	-
Capital Grants	440,645	-	198,400	242,245	-	-
Public Works	218,115,219	3,930,255	3,769,001	205,724,126	4,610,410	81,427
Public Works	\$ 459,527,289	32,638,317	63,472,876	335,801,766	22,593,151	5,021,179
						(Continued)
Health & Welfare:						
Health	\$ 6,163,765	421,278	3,707,852	-	295,890	1,738,745
Noise Abtm. Lease	50,815	-	-	-	50,815	-
Emergency Shelter Grant	416	-	-	-	-	416
Environmental Services	8,083,973	2,269,067	107,853	5,003,752	554,460	148,841
Health & Welfare	14,298,969	2,690,345	3,815,705	5,003,752	901,165	1,888,002
Cultural & Recreational:						
Parks & Recreation	7,469,626	4,078,992	2,548,793	9,850	608,493	223,498
Library	6,918,390	-	6,268,902	33,000	69,770	546,718
New Public Library	56,167	-	22,346	-	-	33,821
Cemetery	109,471	-	7,900	-	84,839	16,732
Friends of the Library	761,413	-	-	-	-	761,413
Civic Center	1,637,193	-	1,407,124	6,118	66,810	157,141
Public Access Channel	2,046,208	-	1,401,518	-	31,259	613,431
Mercado	1,166,850	-	1,162,235	-	4,615	-
Convention & Visitor's Bureau	41,687	-	17,300	-	24,387	-
Sports & Community Venue	4,643,905	4,604,851	39,054	-	-	-
Recreation Fund	22,738	-	-	-	22,738	-
Veterans Field	446,958	-	340,396	-	68,117	38,445
Cultural & Recreational	25,320,606	8,683,843	13,215,568	48,968	981,028	2,391,199
Air Transportation Services:						
Airport	81,614,478	6,324,997	41,016,423	33,618,331	548,344	106,383
Air Transportation Services	81,614,478	6,324,997	41,016,423	33,618,331	548,344	106,383
Total Assets in service	658,737,768	61,526,824	132,300,415	393,530,681	45,031,407	26,348,441
Construction in Progress	15,911,502					
Total Governmental Funds Capital Assets	\$ 674,649,270					

(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 60,519 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 57,851 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, 2008**

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	SOLID WASTE MANAGEMENT	LAREDO WATER CORPORATION	TOTALS
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash	\$ 1,307	200	1,200	-	2,707
Investments	3,168,499	1,023,593	3,571,757	-	7,763,849
Receivables, net of allowances:					
Accrued Interest	30,830	9,960	-	-	40,790
Accounts	1,909	41,967	1,381,748	-	1,425,624
Due From Other Governments	295,524	-	-	-	295,524
Inventory, at cost	448,749	-	1,763	-	450,512
Total Current Assets	3,946,818	1,075,720	4,956,468	-	9,979,006
Noncurrent Assets:					
Restricted Assets:					
Investments	2,604,935	-	6,721,404	-	9,326,339
Accrued Interest Receivable	-	-	93,735	-	93,735
Due From Other Funds	-	-	495,778	-	495,778
Total Restricted Assets	2,604,935	-	7,310,917	-	9,915,852
Capital Assets:					
Transportation Vehicles and Equipment	18,812,093	132,438	20,824,099	-	39,768,630
Buildings	13,959,990	3,623,431	1,069,796	-	18,653,217
Improvements	3,383,976	131,362	1,434,580	-	4,949,918
Land and Improvements	9,521,557	278,885	4,264,461	-	14,064,903
Construction in Progress	2,889,639	-	-	-	2,889,639
Less Accumulated Depreciation	(17,586,977)	(3,126,972)	(13,749,587)	-	(34,463,536)
Total Capital Assets (net of accumulated depreciation)	30,980,278	1,039,144	13,843,349	-	45,862,771
Total Noncurrent Assets	33,585,213	1,039,144	21,154,266	-	55,778,623
TOTAL ASSETS	\$ 37,532,031	2,114,864	26,110,734	-	65,757,629
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 291,389	4,810	144,732	-	440,931
Retainage Payable	45,874	-	-	-	45,874
Contracts Payable	3,800	-	26,127	-	29,927
Due to Other Funds	-	-	495,778	-	495,778
Accrued Wages and Employee Benefits	231,441	13,806	154,319	-	399,566
Compensated Absences	118,047	14,577	156,700	-	289,324
Customer Deposits	6,380	76,434	-	-	82,814
Deferred Revenue	-	3,776	4,732	-	8,508
Total Current Liabilities	696,931	113,403	982,388	-	1,792,722
Noncurrent Liabilities:					
Closure and Post Closure	-	-	7,310,917	-	7,310,917
Compensated Absences	66,673	8,655	295,001	-	370,329
Total Noncurrent Liabilities	66,673	8,655	7,605,918	-	7,681,246
TOTAL LIABILITIES	763,604	122,058	8,588,306	-	9,473,968
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	33,585,213	1,039,144	13,843,349	-	48,467,706
Unrestricted	3,183,214	953,662	3,679,079	-	7,815,955
TOTAL NET ASSETS	\$ 36,768,427	1,992,806	17,522,428	-	56,283,661

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
Year ended September 30, 2008

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	SOLID WASTE MANAGEMENT	LAREDO WATER CORPORATION	TOTALS
OPERATING REVENUES:					
Charges for Services	\$ 3,529,236	137,134	15,463,194	-	19,129,564
Rental of Facilities	532,567	1,240,169	-	-	1,772,736
Miscellaneous	250,118	55,422	72,842	-	378,382
TOTAL OPERATING REVENUES	4,311,921	1,432,725	15,536,036	-	21,280,682
OPERATING EXPENSES:					
Personnel Services	8,998,262	505,840	6,336,160	-	15,840,262
Materials and Supplies	2,573,980	103,381	2,334,051	-	5,011,412
Contractual Services	1,542,941	456,807	5,026,415	-	7,026,163
Other	29,716	53,853	739,077	-	822,646
Total Operating Expenses Before Depreciation	13,144,899	1,119,881	14,435,703	-	28,700,483
Depreciation Expense	1,500,819	111,121	2,722,014	-	4,333,954
TOTAL OPERATING EXPENSES	14,645,718	1,231,002	17,157,717	-	33,034,437
Operating Income (Loss)	(10,333,797)	201,723	(1,621,681)	-	(11,753,755)
NONOPERATING REVENUES (EXPENSES):					
Investment Income:					
Interest Earnings	83,856	36,218	299,507	-	419,581
Interest Earnings - Restricted	129,131	-	162,275	-	291,406
Net Increase (Decrease) in Fair Value of Investment	405	(206)	(12,641)	-	(12,442)
Discount Earnings	119	6	2,807	-	2,932
Sales Tax	6,122,978	-	-	-	6,122,978
Gain (Loss) on Sale of Assets	-	-	6,160	-	6,160
Federal Operating Grant	3,852,353	33	82	-	3,852,468
State Dept. of Highways	667,123	-	-	-	667,123
Other	(16,903)	-	-	-	(16,903)
TOTAL NONOPERATING REVENUES (EXPENSES)	10,839,062	36,051	458,190	-	11,333,303
Income (Loss) Before Contributions and Transfers	505,265	237,774	(1,163,491)	-	(420,452)
Capital Contributions-Grants	251,522	-	-	-	251,522
Transfers In:					
2007 C.O. Bond	-	-	2,097,946	-	2,097,946
Transfers Out:					
Debt Service	(946,240)	-	(2,628,942)	-	(3,575,182)
Change in Net Assets	(189,453)	237,774	(1,694,487)	-	(1,646,166)
Total Net Assets-Beginning	36,957,880	1,755,032	19,216,915	-	57,929,827
Total Net Assets-Ending	\$ 36,768,427	1,992,806	17,522,428	-	56,283,661

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2008

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	SOLID WASTE MANAGEMENT	LAREDO WATER CORPORATION	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 4,312,797	1,421,396	15,036,583	-	20,770,776
Receipts from interfund services provided	-	-	304,574	-	304,574
Payments to suppliers	(4,026,093)	(278,381)	(5,417,043)	-	(9,721,517)
Payments to employees	(8,945,606)	(497,357)	(6,262,647)	-	(15,705,610)
Payments for interfund services used	(220,278)	(357,161)	(2,105,715)	-	(2,683,154)
Net cash provided (used) by operating activities	(8,879,180)	288,497	1,555,752	-	(7,034,931)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to other funds	(946,240)	-	(2,628,942)	-	(3,575,182)
Subsidy from federal and state grants	4,667,208	864	-	-	4,668,072
Sales Tax	6,122,978	-	-	-	6,122,978
Transfer from other funds	-	-	2,097,946	-	2,097,946
Net cash provided (used) by noncapital and related financing activities	9,843,946	864	(530,996)	-	9,313,814
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Subsidy from federal and state grants	251,522	-	132,750	-	384,272
Purchases of capital assets	(2,211,255)	-	(2,084,080)	-	(4,295,335)
Acquisition and construction of capital assets	-	-	(2,097,946)	-	(2,097,946)
Proceeds from sales of capital assets	-	-	6,160	-	6,160
Net cash provided (used) by capital and related financing activities	(1,959,733)	-	(4,043,116)	-	(6,002,849)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	789,345	(322,691)	2,574,659	-	3,041,313
Interest and dividends received	207,812	34,252	450,529	-	692,593
Net cash provided (used) by investing activities	997,157	(288,439)	3,025,188	-	3,733,906
Net increase (decrease) in cash and cash equivalents	2,190	922	6,828	-	9,940
Cash and cash equivalents, October 1	(883)	(722)	(5,628)	-	(7,233)
Cash and cash equivalents, September 30	\$ 1,307	200	1,200	-	2,707
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ (10,333,797)	201,723	(1,621,681)	-	(11,753,755)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,500,819	111,121	2,722,014	-	4,333,954
(Increase) decrease in landfill closure and post closure costs	-	-	692,808	-	692,808
(Increase) decrease in accounts receivable	721	(25,436)	(204,034)	-	(228,749)
Increase in allowance for uncollectible accounts	-	11,465	43,151	-	54,616
(Increase) decrease in inventories	42,789	-	(8)	-	42,781
Increase in customer deposits	155	1,402	-	-	1,557
Increase (decrease) in accounts payable	(142,523)	(21,501)	(116,015)	-	(280,039)
Increase (decrease) in deferred revenues	-	1,240	(33,996)	-	(32,756)
Increase (decrease) in compensated absences payable	(10,674)	3,806	38,954	-	32,086
Increase (decrease) in accrued wages and employee benefits	63,330	4,677	34,559	-	102,566
Total adjustments	1,454,617	86,774	3,177,433	-	4,718,824
Net cash provided (used) by operating activities	\$ (8,879,180)	288,497	1,555,752	-	(7,034,931)
Noncash investing, capital, and financing activities:					
Current closure and post closure costs	-	-	692,808	-	692,808
Increase (Decrease) in fair value of investments	405	(206)	(12,641)	-	(12,442)

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**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 3,273,000	3,273,000	3,529,236	-	3,529,236	256,236
Miscellaneous	113,081	113,081	250,118	-	250,118	137,037
Rental of Facilities	676,605	676,605	532,567	-	532,567	(144,038)
TOTAL OPERATING REVENUES	4,062,686	4,062,686	4,311,921	-	4,311,921	249,235
OPERATING EXPENSES:						
Opt-Fixed Route:						
Personnel Services	5,415,554	5,261,300	5,247,996	9,670	5,257,666	3,634
Materials and Supplies	1,158,271	1,258,303	1,258,485	-	1,258,485	(182)
Contractual Services	334,887	259,426	259,425	-	259,425	1
Other	35,310	35,310	15,812	-	15,812	19,498
Total Opt-Fixed Route	6,944,022	6,814,339	6,781,718	9,670	6,791,388	22,951
Opt-Para Transit:						
Personnel Services	1,112,110	1,225,327	1,229,652	(4,801)	1,224,851	476
Materials and Supplies	132,456	165,870	165,865	-	165,865	5
Contractual Services	113,518	92,139	92,141	-	92,141	(2)
Other	11,200	7,231	6,379	-	6,379	852
Total Opt-Para Transit	1,369,284	1,490,567	1,494,037	(4,801)	1,489,236	1,331
Maint-Fixed Route:						
Personnel Services	1,413,002	1,430,129	1,422,207	7,789	1,429,996	133
Materials and Supplies	690,196	964,874	962,617	-	962,617	2,257
Contractual Services	173,059	183,513	188,285	-	188,285	(4,772)
Total Maint-Fixed Route	2,276,257	2,578,516	2,573,109	7,789	2,580,898	(2,382)
Maint-Para Transit:						
Personnel Services	224,268	209,530	209,342	(244)	209,098	432
Materials and Supplies	55,912	80,704	80,966	-	80,966	(262)
Contractual Services	47,582	32,693	33,428	-	33,428	(735)
Other	-	-	(2)	-	(2)	2
Total Maint-Para Transit	327,762	322,927	323,734	(244)	323,490	(563)
Training and Safety:						
Personnel Services	61,849	62,931	65,542	(2,920)	62,622	309
Materials and Supplies	12,728	5,591	5,589	-	5,589	2
Contractual Services	2,000	1,303	1,310	-	1,310	(7)
Total Training and Safety	76,577	69,825	72,441	(2,920)	69,521	304
Building/Grounds:						
Personnel Services	252,511	183,700	183,654	25	183,679	21
Materials and Supplies	58,638	50,517	50,312	-	50,312	205
Contractual Services	265,943	199,609	192,916	-	192,916	6,693
Total Building/Grounds	\$ 577,092	433,826	426,882	25	426,907	6,919

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
Bus Stop/Shelters:						
Personnel Services	\$ 94,671	98,781	98,718	-	98,718	63
Materials and Supplies	1,500	772	772	-	772	-
Contractual Services	5,803	4,549	4,549	-	4,549	-
Total Bus Stop/Shelters	101,974	104,102	104,039	-	104,039	63
General Administration:						
Personnel Services	207,039	128,137	104,840	555	105,395	22,742
Materials and Supplies	4,961	3,603	3,601	-	3,601	2
Contractual Services	496,047	483,383	483,266	-	483,266	117
Total General Administration	708,047	615,123	591,707	555	592,262	22,861
Planning:						
Personnel Services	60,456	50,455	49,172	925	50,097	358
Materials and Supplies	451	24	24	-	24	-
Contractual Services	4,900	2,115	2,122	-	2,122	(7)
Total Planning	65,807	52,594	51,318	925	52,243	351
Marketing:						
Personnel Services	76,926	76,445	73,993	(499)	73,494	2,951
Materials and Supplies	10,404	5,341	5,274	-	5,274	67
Contractual Services	35,230	22,901	22,920	-	22,920	(19)
Total Marketing	122,560	104,687	102,187	(499)	101,688	2,999
Customer Service:						
Personnel Services	133,579	130,818	129,404	(75)	129,329	1,489
Materials and Supplies	8,470	7,340	7,336	-	7,336	4
Contractual Services	63,400	12,499	11,996	-	11,996	503
Total Customer Service	205,449	150,657	148,736	(75)	148,661	1,996
Transit Center Building:						
Personnel Services	218,324	218,959	171,294	250	171,544	47,415
Materials and Supplies	42,900	37,699	30,814	-	30,814	6,885
Contractual Services	202,495	239,968	202,237	-	202,237	37,731
Total General Administration	463,719	496,626	404,345	250	404,595	92,031
Transit Center Facility:						
Personnel Services	13,857	14,230	12,448	-	12,448	1,782
Materials and Supplies	3,800	3,950	2,325	-	2,325	1,625
Contractual Services	72,760	76,944	48,346	-	48,346	28,598
Other	144,520	144,574	7,527	-	7,527	137,047
Total Transit Center Facility	234,937	239,698	70,646	-	70,646	169,052
Total Operating Expenses Before Depreciation	13,473,487	13,473,487	13,144,899	10,675	13,155,574	317,913
Depreciation	-	-	1,500,819	(1,500,819)	-	-
TOTAL OPERATING EXPENSES	13,473,487	13,473,487	14,645,718	(1,490,144)	13,155,574	317,913
Operating Income (Loss)	\$ (9,410,801)	(9,410,801)	(10,333,797)	1,490,144	(8,843,653)	567,148

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 100,000	100,000	83,856	-	83,856	(16,144)
Interest Earnings-Restricted	195,890	195,890	129,131	-	129,131	(66,759)
Net Increase (Decrease) in Fair Value of Investments	-	-	405	-	405	405
Discount Earnings	-	-	119	-	119	119
Sales Tax	6,173,848	6,173,848	6,122,978	-	6,122,978	(50,870)
FTA Operating Grant	3,658,679	4,039,855	3,852,353	-	3,852,353	(187,502)
State Dept. of Highways	458,221	667,123	667,123	-	667,123	-
Capital Outlay	(5,742,832)	(17,013,348)	-	(2,194,353)	(2,194,353)	14,818,995
Other Non-Operating Expenses	(12,623)	(502,345)	(16,903)	-	(16,903)	485,442
TOTAL NONOPERATING REVENUES AND (EXPENSES)	4,831,183	(6,338,977)	10,839,062	(2,194,353)	8,644,709	14,983,686
Income (Loss) Before Contributions and Transfers	(4,579,618)	(15,749,778)	505,265	(704,209)	(198,944)	15,550,834
Capital Contributions:						
Federal Capital Grant	4,322,130	7,522,283	251,522	-	251,522	(7,270,761)
Transfer In:						
Transit Sales Tax	6,254,469	5,664,391	-	4,493,322	4,493,322	(1,171,069)
Contractual Obligations Fund	-	3,500,000	-	-	-	(3,500,000)
Transfers Out:						
Debt Service	(897,570)	(946,240)	(946,240)	-	(946,240)	-
Transit Operations	(5,173,937)	(4,583,859)	-	(4,399,572)	(4,399,572)	184,287
Capital and Planning	(1,080,532)	(1,080,532)	-	(93,750)	(93,750)	986,782
Change in Net Assets	(1,155,058)	(5,673,735)	(189,453)	(704,209)	(893,662)	4,780,073
Total Net Assets-Beginning	36,957,880	36,957,880	36,957,880	-	36,957,880	-
Total Net Assets-Ending	\$ 35,802,822	31,284,145	36,768,427	(704,209)	36,064,218	4,780,073

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**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	4,312,797
Payments to suppliers		(4,026,093)
Payments to employees		(8,945,606)
Payments for interfund services used		(220,278)
		(8,879,180)
Net cash provided (used) by operating activities		(8,879,180)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(946,240)
Subsidy from federal and state grants		4,667,208
Sales Tax		6,122,978
		9,843,946
Net cash provided (used) by noncapital and related financing activities		9,843,946

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants		251,522
Purchases of capital assets		(2,211,255)
		(1,959,733)
Net cash provided (used) by capital and related financing activities		(1,959,733)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		789,345
Interest and dividends received		207,812
		997,157
Net cash provided (used) by investing activities		997,157

Net increase (decrease) in cash and cash equivalents		2,190
Cash and cash equivalents, October 1		(883)
		1,307
Cash and cash equivalents, September 30	\$	1,307

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

(Continued)

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

Operating income	\$	(10,333,797)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		1,500,819
(Increase) decrease in accounts receivable		721
(Increase) decrease in inventories		42,789
Increase in customer deposits		155
Increase (decrease) in accounts payable		(142,523)
Increase (decrease) in compensated absences payable		(10,674)
Increase (decrease) in accrued wages and employee benefits		63,330
Total adjustments		1,454,617
Net cash provided (used) by operating activities	\$	(8,879,180)

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

Increase (Decrease) in fair value of investments		405
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**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Rental of Facilities	\$ 2,090,866	2,090,866	2,182,015	-	2,182,015	91,149
Toll Receipts	44,574,534	44,574,534	45,576,258	-	45,576,258	1,001,724
Miscellaneous	1,945	1,945	61,891	-	61,891	59,946
TOTAL OPERATING REVENUES	46,667,345	46,667,345	47,820,164	-	47,820,164	1,152,819
OPERATING EXPENSES:						
Laredo Bridge Operations:						
Personnel Services	2,411,255	2,411,255	2,185,495	(15,670)	2,169,825	241,430
Materials and Supplies	466,866	579,115	537,042	-	537,042	42,073
Contractual Services	24,775,223	24,715,573	24,997,612	-	24,997,612	(282,039)
Other	67,005	28,217	15,225	(20)	15,205	13,012
Total Laredo Bridge Operations	27,720,349	27,734,160	27,735,374	(15,690)	27,719,684	14,476
Bridge II Operations:						
Personnel Services	2,231,473	2,231,473	2,110,087	542	2,110,629	120,844
Materials and Supplies	110,173	91,342	69,367	-	69,367	21,975
Contractual Services	584,739	528,139	445,788	-	445,788	82,351
Total Bridge II Operations	2,926,385	2,850,954	2,625,242	542	2,625,784	225,170
Colombia Bridge Operations:						
Personnel Services	1,211,136	1,211,136	1,223,593	(11,946)	1,211,647	(511)
Materials and Supplies	35,719	46,239	30,421	-	30,421	15,818
Contractual Services	312,218	283,318	263,516	-	263,516	19,802
Other	-	-	4	-	4	(4)
Total Colombia Bridge Operations	1,559,073	1,540,693	1,517,534	(11,946)	1,505,588	35,105
Fourth Bridge Operations:						
Personnel Services	2,356,534	2,356,534	2,127,245	3,237	2,130,482	226,052
Materials and Supplies	168,464	179,014	113,034	-	113,034	65,980
Contractual Services	536,259	593,709	570,244	-	570,244	23,465
Total Fourth Bridge Operations	3,061,257	3,129,257	2,810,523	3,237	2,813,760	315,497
Fifth Bridge:						
Contractual Services	598,347	598,347	100,176	-	100,176	498,171
Total Fifth Bridge	598,347	598,347	100,176	-	100,176	498,171
Total Operating Expenses Before Depreciation						
Depreciation	35,865,411	35,853,411	34,788,849	(23,857)	34,764,992	1,088,419
Depreciation	-	-	3,414,980	(3,414,980)	-	-
TOTAL OPERATING EXPENSES	35,865,411	35,853,411	38,203,829	(3,438,837)	34,764,992	1,088,419
Operating Income (Loss)	\$ 10,801,934	10,813,934	9,616,335	3,438,837	13,055,172	2,241,238

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 210,000	210,000	204,796	-	204,796	(5,204)
Interest Earnings - Restricted	359,000	359,000	762,427	-	762,427	403,427
Net Increase (Decrease) in Fair Value of Investments	-	-	(30,307)	-	(30,307)	(30,307)
Discount Earnings	-	-	13	-	13	13
Refunding Gain	-	-	304,766	(304,766)	-	-
Bond Issues	-	3,070,000	-	3,070,000	3,070,000	-
Interest Expense	(4,144,681)	(4,144,681)	(4,144,681)	-	(4,144,681)	-
Principal Paid Revenue Bonds	(4,000,070)	(4,000,070)	-	(4,000,070)	(4,000,070)	-
Fiscal Agent Fees	(3,500)	(3,500)	(2,431)	-	(2,431)	1,069
Bond Issuance Cost Amortized	-	-	(134,880)	64,880	(70,000)	(70,000)
Loss on Advance Refunding	-	-	(248,364)	248,364	-	-
Other Non-Operating Expenses	(1,350,605)	(15,094,692)	-	(5,036,616)	(5,036,616)	10,058,076
TOTAL NONOPERATING REVENUES (EXPENSES)	(8,929,856)	(19,603,943)	(3,288,661)	(5,958,208)	(9,246,869)	10,357,074
Income (Loss) Before Contributions and Transfers	1,872,078	(8,790,009)	6,327,674	(2,519,371)	3,808,303	12,598,312
Contributions	-	-	31,475	-	31,475	31,475
Transfers In:						
Bridge Operating Fund	5,796,673	5,796,673	-	5,234,998	5,234,998	(561,675)
Transfers Out:						
Capital Improvements Fund	(2,624,949)	(2,624,949)	(4,781,470)	-	(4,781,470)	(2,156,521)
Debt Service	(783,272)	(783,272)	(783,272)	-	(783,272)	-
Bridge Construction Projects	-	-	-	(510,000)	(510,000)	(510,000)
Bridge Debt Service	(5,796,673)	(5,286,673)	-	(4,724,998)	(4,724,998)	561,675
Change in Net Assets	(1,536,143)	(11,688,230)	794,407	(2,519,371)	(1,756,439)	9,931,791
Total Net Assets-Beginning	30,103,293	30,103,293	30,103,293	-	30,103,293	-
Total Net Assets-Ending	\$ 28,567,150	18,415,063	30,897,700	(2,519,371)	28,346,854	9,931,791

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	47,696,068
Payments to suppliers		(2,037,412)
Payments to employees		(7,574,678)
Payments for interfund services used		(24,473,767)
		13,610,211
Net cash provided by operating activities		13,610,211

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(5,564,742)
Net cash provided (used) by noncapital and related financing activities		(5,564,742)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt		3,000,000
Capital contributions		31,475
Acquisition and construction of capital assets		(5,036,616)
Principal paid on capital debt		(4,000,070)
Interest paid on capital debt		(4,147,114)
Net cash provided (used) by capital and related financing activities		(10,152,325)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		1,144,291
Interest and dividends received		974,599
Net cash provided (used) by investing activities		2,118,890

Net increase (decrease) in cash and cash equivalents		12,034
Cash and cash equivalents, October 1		9,366

Cash and cash equivalents, September 30	\$	21,400
		(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

(Continued)

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

Operating income	\$	9,616,335
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		3,414,980
(Increase) decrease in accounts receivable		(930)
Increase (decrease) in allowance for uncollectible accounts		20
Increase in customer deposits		(162,155)
Increase (decrease) in accounts payable		631,250
Increase (decrease) in deferred revenues		38,969
Increase (decrease) in compensated absences payable		23,837
Increase (decrease) in accrued wages and employee benefits		47,905
 Total adjustments		 3,993,876
 Net cash provided by operating activities	 \$	 13,610,211

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

Gain on Refunding Issue	304,766
Bond issuance cost amortized	(64,880)
Increase (Decrease) in fair value of investments	(30,307)
Loss on Advance Refunding	(248,364)

CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Rental of Facilities	\$ 1,232,485	1,232,485	1,240,169	-	1,240,169	7,684
Charges for Services	80,000	80,000	137,134	-	137,134	57,134
Miscellaneous	16,253	16,253	55,422	-	55,422	39,169
TOTAL OPERATING REVENUES	1,328,738	1,328,738	1,432,725	-	1,432,725	103,987
OPERATING EXPENSES:						
Airport Housing:						
Personnel Services	443,645	443,645	416,876	(1,782)	415,094	28,551
Materials and Supplies	96,461	223,821	80,703	-	80,703	143,118
Contractual Services	442,082	429,977	339,081	-	339,081	90,896
Other	38,623	29,400	41,253	(11,465)	29,788	(388)
Total Airport Housing	1,020,811	1,126,843	877,913	(13,247)	864,666	262,177
West Laredo Housing:						
Personnel Services	92,537	92,537	88,964	(2,023)	86,941	5,596
Materials and Supplies	43,329	39,801	22,678	-	22,678	17,123
Contractual Services	114,671	138,647	117,726	-	117,726	20,921
Other	12,600	12,600	12,600	-	12,600	-
Total West Laredo Housing	263,137	283,585	241,968	(2,023)	239,945	43,640
Total Operating Expenses Before Depreciation	1,283,948	1,410,428	1,119,881	(15,270)	1,104,611	305,817
Depreciation Expense	-	-	111,121	(111,121)	-	-
TOTAL OPERATING EXPENSES	1,283,948	1,410,428	1,231,002	(126,391)	1,104,611	305,817
Operating Income (Loss)	44,790	(81,690)	201,723	126,391	328,114	409,804
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	50,000	50,000	36,218	-	36,218	(13,782)
Net Increase (Decrease) in Fair Value of Investments	-	-	(206)	-	(206)	(206)
Discount Earnings	-	-	6	-	6	6
Gain on Sale of Assets	500	500	-	-	-	(500)
Federal Operating Grant	-	-	33	-	33	33
TOTAL NONOPERATING REVENUES (EXPENSES)	50,500	50,500	36,051	-	36,051	(14,449)
Change in Net Assets	95,290	(31,190)	237,774	126,391	364,165	395,355
Total Net Assets-Beginning	1,755,032	1,755,032	1,755,032	-	1,755,032	-
Total Net Assets-Ending	\$ 1,850,322	1,723,842	1,992,806	126,391	2,119,197	395,355

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**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	1,421,396
Payments to suppliers		(278,381)
Payments to employees		(497,357)
Payments for interfund services used		(357,161)
		288,497
Net cash provided by operating activities		288,497

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Subsidiary from federal and state grant		864
Net cash provided (used) by noncapital and related financing activities		864

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(322,691)
Interest and dividends received		34,252
		(288,439)
Net cash provided (used) by investing activities		(288,439)

Net increase (decrease) in cash and cash equivalents		922
Cash and cash equivalents, October 1		(722)
Cash and cash equivalents, September 30	\$	200

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

(Continued)

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

Operating income	\$	201,723
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		111,121
(Increase) decrease in accounts receivable		(25,436)
Increase in allowance for uncollectible accounts		11,465
Increase in customer deposits		1,402
Increase (decrease) in accounts payable		(21,501)
Increase (decrease) in deferred revenues		1,240
Increase (decrease) in compensated absences payable		3,806
Increase (decrease) in accrued wages and employee benefits		4,677
Total adjustments		86,774
Net cash provided by operating activities	\$	288,497

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

Increase (Decrease) in fair value of investments	(206)
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**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 30,739,035	30,739,035	26,265,698	-	26,265,698	(4,473,337)
Rental of Facilities and Equipment	40,128	40,128	40,128	-	40,128	-
Miscellaneous	242,575	242,575	283,997	-	283,997	41,422
TOTAL OPERATING REVENUES	31,021,738	31,021,738	26,589,823	-	26,589,823	(4,431,915)
OPERATING EXPENSES:						
General and Administrative:						
Personnel Services	965,313	1,040,934	1,023,966	(10,406)	1,013,560	27,374
Materials and Supplies	58,312	72,938	60,441	-	60,441	12,497
Contractual Services	1,433,772	1,491,511	1,401,356	-	1,401,356	90,155
Other	142,352	110,858	97,622	(82,031)	15,591	95,267
Capital Outlay	62,500	61,680	-	61,680	61,680	-
Total General and Administrative	2,662,249	2,777,921	2,583,385	(30,757)	2,552,628	225,293
Utility Engineering:						
Personnel Services	916,176	751,900	714,017	(1,654)	712,363	39,537
Materials and Supplies	39,169	59,210	55,806	-	55,806	3,404
Contractual Services	34,468	34,322	30,041	-	30,041	4,281
Capital Outlay	79,400	67,198	-	67,198	67,198	-
Total Utility Engineering	1,069,213	912,630	799,864	65,544	865,408	47,222
Utility Billing:						
Personnel Services	1,797,799	1,677,744	1,643,842	(14,069)	1,629,773	47,971
Materials and Supplies	796,957	660,197	561,738	-	561,738	98,459
Contractual Services	598,323	594,995	518,441	-	518,441	76,554
Other	-	16	15	-	15	1
Capital Outlay	46,965	53,965	-	51,775	51,775	2,190
Total Utility Billing	3,240,044	2,986,917	2,724,036	37,706	2,761,742	225,175
Asset Management:						
Personnel Services	263,330	263,330	234,843	(2,751)	232,092	31,238
Materials and Supplies	7,773	7,103	5,527	-	5,527	1,576
Contractual Services	12,510	7,800	7,290	-	7,290	510
Total Asset Management	283,613	278,233	247,660	(2,751)	244,909	33,324
Water Treatment:						
Personnel Services	1,453,538	1,584,141	1,595,253	(11,590)	1,583,663	478
Materials and Supplies	1,436,256	1,476,753	1,243,394	-	1,243,394	233,359
Contractual Services	4,426,969	4,441,838	3,903,624	-	3,903,624	538,214
Other	-	6	5	-	5	1
Capital Outlay	98,904	48,904	-	48,904	48,904	-
Total Water Treatment	7,415,667	7,551,642	6,742,276	37,314	6,779,590	772,052
Transmission and Distribution:						
Personnel Services	1,703,113	1,891,096	1,873,543	(37,999)	1,835,544	55,552
Materials and Supplies	918,534	981,576	827,309	-	827,309	154,267
Contractual Services	1,002,529	1,009,374	794,372	-	794,372	215,002
Other	-	9,003	-	-	-	9,003
Capital Outlay	488,000	442,797	-	440,460	440,460	2,337
Total Transmission and Distribution	\$ 4,112,176	4,333,846	3,495,224	402,461	3,897,685	436,161

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Water Pollution Control:						
Personnel Services	\$ 421,567	418,755	378,066	1,091	379,157	39,598
Materials and Supplies	59,790	62,920	31,104	-	31,104	31,816
Contractual Services	42,919	36,066	28,634	-	28,634	7,432
Other	-	4	3	-	3	1
Capital Outlay	15,000	2,807	-	-	-	2,807
	<u>539,276</u>	<u>520,552</u>	<u>437,807</u>	<u>1,091</u>	<u>438,898</u>	<u>81,654</u>
Total Water Pollution Control						
Total Operating Expenses Before Depreciation	19,322,238	19,361,741	17,030,252	510,608	17,540,860	1,820,881
Depreciation Expense	-	-	5,441,374	(5,441,374)	-	-
TOTAL OPERATING EXPENSES	<u>19,322,238</u>	<u>19,361,741</u>	<u>22,471,626</u>	<u>(4,930,766)</u>	<u>17,540,860</u>	<u>1,820,881</u>
Operating Income (Loss)	<u>11,699,500</u>	<u>11,659,997</u>	<u>4,118,197</u>	<u>4,930,766</u>	<u>9,048,963</u>	<u>(2,611,034)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	708,500	708,500	753,566	-	753,566	45,066
Interest Earnings Restricted	340,000	433,376	1,524,344	-	1,524,344	1,090,968
Net Increase (Decrease) in Fair Value of Investments	-	-	(42,514)	-	(42,514)	(42,514)
Discount Earnings	-	-	939	-	939	939
Miscellaneous	-	-	6,179	-	6,179	6,179
Gain on Sale of Assets	-	-	55,804	-	55,804	55,804
Bond Issues	-	578,000	-	578,000	578,000	-
Interest Expense	(1,318,465)	(1,318,465)	(1,279,557)	14,106	(1,265,451)	53,014
Principal Paid Revenue Bond / Capital Leases	(1,847,346)	(1,847,346)	-	(1,833,000)	(1,833,000)	14,346
Fiscal Agent Fees	(4,000)	(4,000)	(1,250)	-	(1,250)	2,750
Bond Issuance Cost Amortized	-	-	(55,212)	15,709	(39,503)	(39,503)
Loss on Advance Funding	-	-	(39,721)	39,721	-	-
Water Availability	(10,232,205)	(12,232,205)	(292,769)	(1,824,737)	(2,117,506)	10,114,699
Other Non-Operating Expenses	(1,504,020)	(65,140,356)	(4,072,256)	(9,192,444)	(13,264,700)	51,875,656
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(13,857,536)</u>	<u>(78,822,496)</u>	<u>(3,442,447)</u>	<u>(12,202,645)</u>	<u>(15,645,092)</u>	<u>63,177,404</u>
Income (Loss) Before Contributions and Transfers	(2,158,036)	(67,162,499)	675,750	(7,271,879)	(6,596,129)	60,566,370
Capital Contributions:						
State Capital Grant	-	-	5,316	-	5,316	5,316
FEMA	-	-	3,948	-	3,948	3,948
Contributions - Waterrights	2,488,121	2,488,121	1,355,199	-	1,355,199	(1,132,922)
Contributions - Developers	-	-	4,252,919	(4,252,919)	-	-
Contributions - Tax Supported Bond	-	25,509,643	25,499,593	-	25,499,593	(10,050)
Transfer In:						
Waterworks System	5,229,629	5,229,629	-	3,949,634	3,949,634	(1,279,995)
Transfers Out:						
Colonias Fund	-	(538,497)	(538,497)	-	(538,497)	-
Debt Service Fund	(3,640,666)	(3,640,666)	(3,640,666)	-	(3,640,666)	-
Water Construction Fund	(1,420,000)	(1,420,000)	-	(848,647)	(848,647)	571,353
Water Debt Service	(3,809,629)	(3,809,629)	-	(3,100,987)	(3,100,987)	708,642
Change in Net Assets	(3,310,581)	(43,343,898)	27,613,562	(11,524,798)	16,088,764	59,432,662
Total Net Assets-Beginning	120,112,681	120,112,681	120,112,681	-	120,112,681	-
Prior Period Adjustment	-	-	(74,913)	-	(74,913)	(74,913)
Total Net Assets-Ending	<u>\$ 116,802,100</u>	<u>76,768,783</u>	<u>147,651,330</u>	<u>(11,524,798)</u>	<u>136,126,532</u>	<u>59,357,749</u>

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	24,610,091
Receipts from interfund services provided		1,641,494
Payments to suppliers		(7,368,319)
Payments to employees		(7,284,997)
Payments for interfund services used		(2,001,453)
		9,596,816
Net cash provided by operating activities		9,596,816

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(3,640,666)
Subsidiary from federal and state grants		8,733
Net cash provided (used) by noncapital and related financing activities		(3,631,933)

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

Proceeds from capital debt		538,497
Capital contributions		26,854,792
Purchases of capital assets		(3,513,961)
Acquisition and construction of capital assets		(12,551,190)
Principal paid on capital debt		(1,833,000)
Interest paid on capital debt		(1,266,701)
Net cash provided (used) by capital and related financing activities		8,228,437

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(16,192,540)
Interest and dividends received		2,027,052
Issuance of Notes Receivable		8,912
Net cash provided (used) by investing activities		(14,156,576)

Net increase (decrease) in cash and cash equivalents		36,744
Cash and cash equivalents, October 1		(34,544)
Cash and cash equivalents, September 30	\$	2,200

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

(Continued)

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

Operating income	\$	4,118,197
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		5,441,374
(Increase) decrease in accounts receivable		(513,827)
Increase (decrease) in allowance for uncollectible accounts		82,780
(Increase) decrease in inventories		(24,306)
Increase (decrease) in customer deposits		134,827
Increase (decrease) in accounts payable		221,256
Increase (decrease) in deferred revenues		(42,018)
Increase (decrease) in compensated absences payable		78,071
Increase (decrease) in accrued wages and employee benefits		100,462

Total adjustments		5,478,619
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Net cash provided by operating activities	\$	9,596,816
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**Noncash investing, capital, and financing
activities:**

Bond issuance cost amortized	15,709
Contributions of capital assets from developers	4,252,919
Increase (Decrease) in fair value of investments	(42,514)
Increase (Decrease) in Accrued Interest Payable	14,107
Loss on Advance Refunds	(39,721)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Charges for Services	\$ 14,962,404	14,962,404	14,006,232	-	14,006,232	(956,172)
Miscellaneous	397,722	397,722	343,263	-	343,263	(54,459)
TOTAL OPERATING REVENUES	15,360,126	15,360,126	14,349,495	-	14,349,495	(1,010,631)
OPERATING EXPENSES:						
Administrative:						
Contractual Services	1,968,708	1,968,708	1,995,600	-	1,995,600	(26,892)
Other	-	23,032	101,787	(43,844)	57,943	(34,911)
Total Administrative	1,968,708	1,991,740	2,097,387	(43,844)	2,053,543	(61,803)
Wastewater Treatment:						
Personnel Services	1,626,538	1,655,035	1,645,489	(14,551)	1,630,938	24,097
Materials and Supplies	727,786	754,804	668,922	-	668,922	85,882
Contractual Services	2,592,050	2,697,300	2,478,150	-	2,478,150	219,150
Other	-	10	5	-	5	5
Capital Outlay	292,875	170,875	-	170,850	170,850	25
Total Wastewater Treatment	5,239,249	5,278,024	4,792,566	156,299	4,948,865	329,159
Wastewater Collection:						
Personnel Services	1,247,617	1,370,987	1,370,497	(897)	1,369,600	1,387
Materials and Supplies	482,646	482,306	435,756	-	435,756	46,550
Contractual Services	1,109,984	953,663	822,898	-	822,898	130,765
Other	-	-	(8,857)	-	(8,857)	8,857
Capital Outlay	617,171	611,687	-	592,687	592,687	19,000
Total Wastewater Collection	3,457,418	3,418,643	2,620,294	591,790	3,212,084	206,559
Total Operating Expenses Before Depreciation	10,665,375	10,688,407	9,510,247	704,245	10,214,492	473,915
Depreciation Expense	-	-	4,815,195	(4,815,195)	-	-
TOTAL OPERATING EXPENSES	10,665,375	10,688,407	14,325,442	(4,110,950)	10,214,492	473,915
Operating Income (Loss)	\$ 4,694,751	4,671,719	24,053	4,110,950	4,135,003	(536,716)

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008**

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 426,500	426,500	285,053	-	285,053	(141,447)
Interest Earnings Restricted	110,000	606,375	1,118,750	-	1,118,750	512,375
Net Increase (Decrease) in Fair Value of Investments	-	-	(25,265)	-	(25,265)	(25,265)
Gain/Loss On Sale of Equipment	-	-	26,598	(2,992)	23,606	23,606
Discount Earnings	-	-	5,754	-	5,754	5,754
Bond Issues	-	337,000	-	337,000	337,000	-
Miscellaneous	-	-	86,735	-	86,735	86,735
Interest Expense	(981,866)	(981,866)	(925,800)	(36,980)	(962,780)	19,086
Principal Paid Revenue Bond / Capital Leases	(1,048,653)	(1,048,653)	-	(1,058,000)	(1,058,000)	(9,347)
Fiscal Agent Fees	(3,500)	(3,500)	(2,550)	-	(2,550)	950
Bond Issuance Cost Amortized	-	-	(25,594)	2,562	(23,032)	(23,032)
Other Non Operating Expenses	(1,108,189)	(58,092,100)	(1,486,276)	(5,545,864)	(7,032,140)	51,059,960
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,605,708)	(58,756,244)	(942,595)	(6,304,274)	(7,246,869)	51,509,375
Income (Loss) Before Contributions and Transfers	2,089,043	(54,084,525)	(918,542)	(2,193,324)	(3,111,866)	50,972,659
Capital Contributions:						
State Capital Grant	-	-	72,670	-	72,670	72,670
EPA Capital Grant	-	-	978,085	-	978,085	978,085
FEMA	-	-	145,533	-	145,533	145,533
Contributions - Developers & Others	-	-	3,457,045	(3,457,045)	-	-
Contributions - Tax Supported Bonds	-	20,971,581	20,971,581	-	20,971,581	-
Transfers In:						
Sewer Operating Fund	3,288,112	3,288,112	-	2,101,063	2,101,063	(1,187,049)
Debt Service Fund	868,000	868,000	868,000	-	868,000	-
Transfers Outs:						
Colonias Fund	-	(313,968)	(348,476)	-	(348,476)	(34,508)
Debt Service Fund	(2,920,826)	(2,920,826)	(2,920,826)	-	(2,920,826)	-
Sewer Debt Service	(2,888,112)	(2,888,112)	-	(2,051,161)	(2,051,161)	836,951
Sewer Construction Fund	(400,000)	(400,000)	-	(49,902)	(49,902)	350,098
Change in Net Assets	36,217	(35,479,738)	22,305,070	(5,650,369)	16,654,701	52,134,439
Total Net Assets-Beginning	96,873,402	96,873,402	96,873,402	-	96,873,402	-
Prior Period Adjustment	-	-	(285,643)	-	(285,643)	(285,643)
Total Net Assets-Ending	\$ 96,909,619	61,393,664	118,892,829	(5,650,369)	113,242,460	51,848,796

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	13,728,460
Receipts from interfund services provided		270,708
Payments to suppliers		(3,558,931)
Payments to employees		(2,962,624)
Payments for interfund services used		(2,380,129)
		5,097,484

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds		868,000
Transfer to other funds		(2,955,334)
		(2,087,334)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants		210,936
Proceeds from capital debt		313,968
Capital contribution		20,971,581
Purchases of capital assets		(1,812,259)
Acquisition and construction of capital assets		(5,872,769)
Principal paid on capital debt		(1,058,000)
Interest paid on capital debt		(965,330)
		11,788,127

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(16,008,607)
Interest and dividends received		1,217,425
Issuance of Notes Receivable		9,460
		(14,781,722)

Net increase (decrease) in cash and cash equivalents		16,555
Cash and cash equivalents, October 1		(16,255)
		300
Cash and cash equivalents, September 30	\$	300

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

(Continued)

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

Operating income	\$	24,053
<hr/>		
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		4,815,195
(Increase) decrease in accounts receivable		(387,418)
Increase (decrease) in allowance for uncollectible accounts		46,552
(Increase) decrease in inventories		(14,483)
Increase (decrease) in accounts payable		569,684
Increase (decrease) in deferred revenues		(9,461)
Increase (decrease) in compensated absences payable		15,450
Increase (decrease) in accrued wages and employee benefits		37,912
<hr/>		
Total adjustments		5,073,431
<hr/>		
Net cash provided by operating activities	\$	5,097,484
<hr/> <hr/>		

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers & others	3,457,045
Bond issuance cost amortized	2,562
Increase (Decrease) in fair value of investments	(25,265)
Increase (Decrease) in Accrued Interest Payable	(36,982)
Disposition of Assets	(2,992)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Charges for Services	\$ 16,435,679	16,435,679	15,463,194	-	15,463,194	(972,485)
Miscellaneous	14,275	14,275	72,842	-	72,842	58,567
TOTAL OPERATING REVENUES	16,449,954	16,449,954	15,536,036	-	15,536,036	(913,918)
OPERATING EXPENSES:						
Administration:						
Personnel Services	336,114	336,114	301,844	(5,712)	296,132	39,982
Materials and Supplies	23,663	24,163	17,044	-	17,044	7,119
Contractual Services	80,055	80,049	72,979	-	72,979	7,070
Other	-	6	5	-	5	1
Total Administration	439,832	440,332	391,872	(5,712)	386,160	54,172
Recycling:						
Personnel Services	844,296	868,056	867,252	(7,751)	859,501	8,555
Materials and Supplies	276,943	378,025	356,632	-	356,632	21,393
Contractual Services	540,253	640,603	630,338	-	630,338	10,265
Capital Outlay	17,903	29,103	-	29,103	29,103	-
Total Recycling	1,679,395	1,915,787	1,854,222	21,352	1,875,574	40,213
Creek Cleaning						
Personnel Services	869,301	825,953	730,376	(1,306)	729,070	96,883
Materials and Supplies	137,193	159,943	147,643	-	147,643	12,300
Contractual Services	209,884	230,469	215,529	-	215,529	14,940
Other	-	13	12	-	12	1
Capital Outlay	500	500	-	-	-	500
Total Creek Cleaning	1,216,878	1,216,878	1,093,560	(1,306)	1,092,254	124,624
Sanitation						
Personnel Services	3,786,067	3,786,067	3,654,636	(31,453)	3,623,183	162,884
Materials and Supplies	923,651	1,212,337	1,104,981	-	1,104,981	107,356
Contractual Services	1,162,887	1,124,426	1,065,008	-	1,065,008	59,418
Other	-	11	41,542	(41,542)	-	11
Capital Outlay	73,196	137,496	-	137,340	137,340	156
Total Sanitation	5,945,801	6,260,337	5,866,167	64,345	5,930,512	329,825
Landfill:						
Personnel Services	892,311	945,502	782,052	7,268	789,320	156,182
Materials and Supplies	938,088	988,315	707,751	-	707,751	280,564
Contractual Services	3,487,179	4,046,898	3,042,561	-	3,042,561	1,004,337
Other	1,557,620	264,614	697,518	(695,692)	1,826	262,788
Capital Outlay	2,004,304	2,082,745	-	1,917,637	1,917,637	165,108
Total Landfill	8,879,502	8,328,074	5,229,882	1,229,213	6,459,095	1,868,979
Total Operating Expenses Before Depreciation	18,161,408	18,161,408	14,435,703	1,307,892	15,743,595	2,417,813
Depreciation Expense	-	-	2,722,014	(2,722,014)	-	-
TOTAL OPERATING EXPENSES	18,161,408	18,161,408	17,157,717	(1,414,122)	15,743,595	2,417,813
Operating Income (Loss)	\$ (1,711,454)	(1,711,454)	(1,621,681)	1,414,122	(207,559)	1,503,895

(Continued)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 288,628	288,628	299,507	-	299,507	10,879
Interest Earnings-Restricted	335,971	335,971	162,275	-	162,275	(173,696)
Net Increase (Decrease) in Fair Value of Investments	-	-	(12,641)	-	(12,641)	(12,641)
Discount Earnings	2,489	2,489	2,807	-	2,807	318
Gain From Sale of Assets	288,000	288,000	6,160	-	6,160	(281,840)
Federal Operating Grant	-	-	82	-	82	82
Construction	-	(7,460,586)	-	(2,097,946)	(2,097,946)	5,362,640
TOTAL NONOPERATING REVENUES (EXPENSES)	915,088	(6,545,498)	458,190	(2,097,946)	(1,639,756)	4,905,742
Income (Loss) Before Contributions and Transfers	(796,366)	(8,256,952)	(1,163,491)	(683,824)	(1,847,315)	6,409,637
Transfers In:						
2007 C.O. Bond	-	7,460,586	2,097,946	-	2,097,946	(5,362,640)
Transfers Out:						
Debt Service Fund	(2,628,942)	(2,628,942)	(2,628,942)	-	(2,628,942)	-
Change in Net Assets	(3,425,308)	(3,425,308)	(1,694,487)	(683,824)	(2,378,311)	1,046,997
Total Net Assets-Beginning	19,216,915	19,216,915	19,216,915	-	19,216,915	-
Total Net Assets-Ending	\$ 15,791,607	15,791,607	17,522,428	(683,824)	16,838,604	1,046,997

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	15,036,583
Receipts from interfund services provided		304,574
Payments to suppliers		(5,417,043)
Payments to employees		(6,262,647)
Payments for interfund services used		(2,105,715)
		1,555,752

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(2,628,942)
Transfer from other funds		2,097,946
		(530,996)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants		132,750
Purchases of capital assets		(2,084,080)
Acquisition and construction of capital assets		(2,097,946)
Proceeds from sales of capital assets		6,160
		(4,043,116)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		2,574,659
Interest and dividends received		450,529
		3,025,188

Net increase (decrease) in cash and cash equivalents		6,828
Cash and cash equivalents, October 1		(5,628)

Cash and cash equivalents, September 30	\$	1,200
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(Continued)

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

(Continued)

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

Operating income	\$	(1,621,681)
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Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		2,722,014
(Increase) decrease in landfill closure and post closure costs		692,808
(Increase) decrease in accounts receivable		(204,034)
Increase (decrease) in allowance for uncollectible accounts		43,151
(Increase) decrease in inventories		(8)
Increase (decrease) in accounts payable		(116,015)
Increase (decrease) in deferred revenues		(33,996)
Increase (decrease) in compensated absences payable		38,954
Increase (decrease) in accrued wages and employee benefits		34,559
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Total adjustments		3,177,433
<hr/>		
Net cash provided by operating activities	\$	1,555,752
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**Noncash investing, capital, and financing
activities:**

Current closure and post closure costs	692,808
Increase (Decrease) in fair value of investments	(12,641)

CITY OF LAREDO, TEXAS
LAREDO WATER CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2008

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
NONOPERATING REVENUES (EXPENSES):						
Construction	\$ -	(400,000)	-	-	-	400,000
TOTAL NONOPERATING REVENUES (EXPENSES)	-	(400,000)	-	-	-	400,000
Income (Loss) Before Contributions and Transfers	-	(400,000)	-	-	-	400,000
Contributions	-	400,000	-	-	-	(400,000)
Change In Net Assets	-	-	-	-	-	-
Total Net Assets-Beginning	-	-	-	-	-	-
Total Net Assets-Ending	\$ -	-	-	-	-	-

**CITY OF LAREDO, TEXAS
LAREDO WATER CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2008**

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.

Pension Trust Funds include:

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.

POLICE RETIREES DEPENDANTS – to account for contributions made by city police officers and the City for expenses associated with health benefits premiums for retired police officers' dependants.

CITY ANNUITY – to account for contributions made by the city departments to pay for City retirees' health insurance and death benefits.

Agency Funds include:

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.

**CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008**

	POLICE RETIREE DEPENDENTS FUND	PAYROLL CLEARING FUND	POLICE HEALTH & BENEFIT FUND	TOTAL FIDUCIARY FUNDS
ASSETS				
Accrued Interest Receivable	\$ -	13,990	-	13,990
Investments, at Fair Market Value	50,321	1,437,857	-	1,488,178
Accounts Receivable	-	7,183	-	7,183
TOTAL ASSETS	50,321	1,459,030	-	1,509,351
LIABILITIES				
Accounts Payable	-	1,446,357	-	1,446,357
Accrued Wages and Employee Benefits	-	12,673	-	12,673
TOTAL LIABILITIES	-	1,459,030	-	1,459,030
NET ASSETS				
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ 50,321	-	-	50,321

**CITY OF LAREDO, TEXAS
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	POLICE RETIREES DEPENDENTS FUND	POLICE HEALTH & BENEFIT FUND	CITY ANNUITY FUND	TOTAL FIDUCIARY FUNDS
ADDITIONS:				
Contributions:				
Employer contributions	\$ 268,680	-	343,594	612,274
Plan members	-	-	261,665	261,665
Other contributions	-	-	35,754	35,754
Total Contributions	268,680	-	641,013	909,693
Investment Earnings:				
Interest earnings and dividends	-	-	101	101
Total investment earnings	-	-	101	101
TOTAL ADDITIONS	268,680	-	641,114	909,794
DEDUCTIONS:				
Benefits	-	-	429,989	429,989
Administrative expenses	218,359	-	211,125	429,484
TOTAL DEDUCTIONS	218,359	-	641,114	859,473
Change in Net Assets	50,321	-	-	50,321
Net Assets - Beginning	-	-	-	-
NET ASSETS - ENDING	\$ 50,321	-	-	50,321

**CITY OF LAREDO, TEXAS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 Year Ended September 30, 2008**

PAYROLL CLEARING FUND

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents				
Cash	\$ (2,252)	82,547,451	82,545,199	-
Accrued Interest Receivable	24,999	13,990	24,999	13,990
Investments, at Fair Market Value	2,194,191	1,447,036	2,203,370	1,437,857
Accounts Receivable	3,725	6,865	3,407	7,183
TOTAL ASSETS	<u>2,220,663</u>	<u>84,015,342</u>	<u>84,776,975</u>	<u>1,459,030</u>
LIABILITIES				
Accounts Payable	1,308,712	65,690,171	65,552,526	1,446,357
Accrued Wages and Benefits	911,951	38,544,614	39,443,892	12,673
TOTAL LIABILITIES	<u>\$ 2,220,663</u>	<u>104,234,785</u>	<u>104,996,418</u>	<u>1,459,030</u>

POLICE HEALTH AND BENEFIT FUND

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

(Continued)

CITY OF LAREDO, TEXAS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 Year Ended September 30, 2008

(Continued)

POLICE RETIREES DEPENDENTS FUND

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Accrued Interest Receivable	\$ -	484	-	484
Investments, at Fair Market Value	-	268,196	218,359	49,837
TOTAL ASSETS	<u>-</u>	<u>268,680</u>	<u>218,359</u>	<u>50,321</u>
LIABILITIES				
Accounts Payable	-	-	-	-
Accrued Wages and Benefits	-	-	-	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY ANNUITY FUND

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash	\$ -	509,788	509,788	-
TOTAL ASSETS	<u>-</u>	<u>509,788</u>	<u>509,788</u>	<u>-</u>
LIABILITIES				
Accounts Payable	-	12,500	12,500	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>

(Continued)

**CITY OF LAREDO, TEXAS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 Year Ended September 30, 2008**

(Continued)

TOTALS-ALL FIDUCIARY FUNDS

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ (2,252)	82,547,451	82,545,199	-
Accrued Interest Receivable	24,999	524,262	534,787	14,474
Accounts Receivable	4,025	6,865	3,707	7,183
Investments, at Fair Market Value	2,194,191	1,715,232	2,421,729	1,487,694
TOTAL ASSETS	<u>2,220,963</u>	<u>84,793,810</u>	<u>85,505,422</u>	<u>1,509,351</u>
LIABILITIES				
Accounts Payable	1,308,712	65,702,671	65,565,026	1,446,357
Accrued Wages and Benefits	911,951	38,544,614	39,443,892	12,673
Due To Other Funds	300	-	300	-
TOTAL LIABILITIES	<u>\$ 2,220,963</u>	<u>104,247,285</u>	<u>105,009,218</u>	<u>1,459,030</u>

STATISTICAL SECTION

**CITY OF LAREDO, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2008**

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

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**NET ASSETS BY COMPONENT
LAST TEN FISCAL PERIODS (1)
(ACCRUAL BASIS OF ACCOUNTING)**

CITY OF LAREDO, TEXAS

TABLE 1

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental Activities							
Invested in capital assets, net of related debt	\$ 102,334,257	\$ 188,872,775	\$ 187,385,351	\$ 198,694,918	\$ 215,439,510	\$ 241,151,427	\$ 226,128,108
Restricted	25,676,105	29,412,088	20,473,785	34,889,245	42,590,216	13,422,271	18,974,742
Unrestricted	39,205,713	44,505,877	37,683,170	42,979,049	44,842,955	81,277,357	72,424,497
Total governmental activities net assets	<u>\$ 167,216,075</u>	<u>\$ 262,790,740</u>	<u>\$ 245,542,306</u>	<u>\$ 276,563,212</u>	<u>\$ 302,872,681</u>	<u>\$ 335,851,055</u>	<u>\$ 317,527,347</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 213,370,881	\$ 214,214,786	\$ 225,414,099	\$ 234,602,168	\$ 228,622,897	\$ 182,101,727	\$ 289,915,339
Restricted	9,070,370	7,954,794	8,618,508	11,147,151	10,970,742	11,615,850	24,336,104
Unrestricted	37,610,331	40,368,093	44,261,791	33,987,911	53,992,988	112,203,891	40,616,292
Total business-type activities net assets	<u>\$ 260,051,582</u>	<u>\$ 262,537,673</u>	<u>\$ 278,294,398</u>	<u>\$ 279,737,230</u>	<u>\$ 293,586,627</u>	<u>\$ 305,921,468</u>	<u>\$ 354,867,735</u>
Primary government							
Invested in capital assets, net of related debt	\$ 315,705,138	\$ 403,087,561	\$ 412,799,450	\$ 433,297,086	\$ 444,062,407	\$ 423,253,154	\$ 516,043,447
Restricted	34,746,475	37,366,882	29,092,293	46,036,396	53,560,958	25,038,121	43,310,846
Unrestricted	76,816,044	84,873,970	81,944,961	76,966,960	98,835,943	193,481,248	113,040,789
Total primary government net assets	<u>\$ 427,267,657</u>	<u>\$ 525,328,413</u>	<u>\$ 523,836,704</u>	<u>\$ 556,300,442</u>	<u>\$ 596,459,308</u>	<u>\$ 641,772,523</u>	<u>\$ 672,395,082</u>

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

**CHANGES IN NET ASSETS
LAST TEN FISCAL PERIODS (1)
(ACCRUAL BASIS OF ACCOUNTING)**

CITY OF LAREDO, TEXAS

TABLE 2

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
General Government	\$ 15,557,179	\$ 16,693,444	\$ 32,457,409	\$ 16,356,901	\$ 17,637,852	\$ 18,314,193	\$ 19,219,026
Public Safety	58,387,980	61,576,788	73,213,859	76,682,946	81,993,355	86,550,055	95,322,249
Public Works	36,409,755	7,018,369	18,914,550	27,601,104	22,544,287	22,524,297	26,609,686
Health and Welfare	14,783,388	15,095,426	16,146,114	16,076,928	15,734,517	17,053,474	18,974,496
Culture and Recreation	12,244,217	12,631,869	14,283,487	19,304,006	14,770,220	14,838,677	16,311,284
Air Transportation	5,135,446	4,399,578	7,476,744	6,827,442	6,487,313	7,157,616	5,709,233
Interest on Long Term Debt	10,116,381	10,021,002	9,583,425	12,003,612	9,337,731	9,809,368	60,052,703
Total Governmental Activities Expenses	152,634,346	127,436,476	172,075,588	174,852,939	168,505,275	176,247,680	242,198,677
Business-Type Activities							
Bridge System	30,677,776	32,848,606	33,328,290	34,643,592	38,315,376	38,421,137	42,734,185
Solid Waste Management System	9,402,560	11,215,440	12,620,242	14,685,053	13,559,190	15,000,574	-
Water System	15,645,483	14,878,004	15,729,159	16,888,416	20,607,390	22,213,666	28,212,391
Sewer System	10,158,939	11,285,160	10,840,161	10,903,372	12,733,207	14,251,997	16,765,662
Other Business-Type Activities	12,699,704	13,157,048	14,304,763	15,428,595	15,077,621	15,744,459	33,051,340
Total Business-Type Activities Expenses	78,584,462	83,384,258	86,822,615	92,549,028	100,292,784	105,631,833	120,763,578
Total Primary Government Expenses	\$ 231,218,808	\$ 210,820,734	\$ 258,898,203	\$ 267,401,967	\$ 268,798,059	\$ 281,879,513	\$ 362,962,255
Program Revenues							
Governmental Activities:							
Charges for Services							
General Government	\$ 26,402,564	\$ 27,747,717	\$ 29,034,241	\$ 30,349,336	\$ 34,295,011	\$ 32,910,354	\$ 37,689,581
Public Safety	5,625,697	5,121,972	7,207,564	5,786,216	6,638,370	8,172,180	5,778,145
Public Works	1,677,516	3,030,954	1,011,853	1,429,722	2,535,760	5,465,043	5,397,891
Health and Welfare	5,875,532	5,977,562	5,029,827	9,739,625	8,564,712	9,392,593	12,351,506
Culture and Recreation	965,379	1,341,474	1,445,751	1,245,478	1,784,371	1,775,372	1,570,822
Air Transportation	3,530,883	4,261,466	3,741,185	3,851,003	4,066,353	4,838,526	4,828,695
Operating Grants and Contributions	9,960,418	13,576,179	13,072,709	14,751,179	11,946,958	12,987,606	13,930,222
Capital Grants and Contributions	7,013,550	29,903,003	13,094,915	14,271,496	16,859,762	18,236,216	15,342,851
Total Governmental Activities Program Revenues	61,051,539	90,960,327	73,638,045	81,424,055	86,691,297	93,777,890	96,889,713
Business-Type Activities:							
Charges for Services							
Bridge System	34,408,912	34,836,756	35,574,197	39,308,141	42,757,164	41,642,985	48,757,093
Solid Waste Management System	13,009,371	13,894,945	14,531,305	15,000,859	15,802,217	16,645,845	-
Water System	16,773,484	15,429,092	15,902,648	18,736,507	25,215,914	28,217,432	28,832,337
Sewer System	13,158,360	12,969,437	13,296,851	14,409,247	15,606,262	15,157,406	15,820,522
Other Business-Type Activities	4,461,353	4,031,725	4,414,719	4,768,926	5,382,835	5,760,012	22,222,109
Operating Grants and Contributions	12,153,814	13,296,318	12,514,706	7,244,365	4,564,435	4,732,614	4,519,591
Capital Grants and Contributions	1,710,991	1,344,286	13,011,433	7,463,200	13,062,195	9,447,512	57,024,886
Total Business-Type Activities Program Revenues	95,676,285	95,802,559	109,245,859	106,931,245	122,391,022	121,603,806	177,176,538
Total Primary Government Program Revenues	\$ 156,727,824	\$ 186,762,886	\$ 182,883,904	\$ 188,355,300	\$ 209,082,319	\$ 215,381,696	\$ 274,066,251

**CHANGES IN NET ASSETS
LAST TEN FISCAL PERIODS (1)
(ACCRUAL BASIS OF ACCOUNTING)**

CITY OF LAREDO, TEXAS

TABLE 2

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue							
Governmental Activities	\$ (91,582,807)	\$ (36,476,149)	\$ (98,437,543)	\$ (93,428,884)	\$ (81,813,978)	\$ (82,469,790)	\$ (145,308,964)
Business-Type Activities	17,091,823	12,418,301	22,423,244	14,382,217	22,098,238	15,971,973	56,412,960
Total Primary Government Net Expense	\$ (74,490,984)	\$ (24,057,848)	\$ (76,014,299)	\$ (79,046,667)	\$ (59,715,740)	\$ (66,497,817)	\$ (88,896,004)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes							
Property Taxes	\$ 30,707,246	\$ 36,551,380	\$ 41,518,421	\$ 45,019,642	\$ 49,472,071	\$ 55,844,667	\$ 62,332,204
Sales Tax	21,384,306	22,807,995	24,553,316	26,628,764	30,151,183	31,476,528	32,648,289
Franchise Taxes	6,562,834	5,580,351	5,726,701	6,197,623	6,595,084	6,528,053	6,835,933
Hotel Motel Tax	2,643,862	2,965,282	2,849,026	2,718,679	3,054,454	3,392,027	3,331,021
Alcoholic Beverage Taxes	216,212	233,288	266,345	279,198	318,415	341,440	334,273
Grants and Contributions Not Restricted to Specific Programs	4,546,517	4,602,769	5,027,736	4,497,007	5,235,856	4,095,598	4,845,731
Investment Earnings	1,874,481	1,147,142	800,882	5,489,823	3,324,727	3,866,276	3,478,262
Gain on Sale of Capital Assets	63,430	3,340,946	4,444,005	755,759	54,052	344,958	409,102
Bond Premium	-	-	-	-	-	-	1,227,777
Transfers	7,272,667	14,694,355	11,253,312	17,978,754	15,406,004	9,651,953	13,622,444
Total Governmental Activities	75,271,555	91,923,508	96,439,744	109,565,249	113,611,846	115,541,500	129,065,036
Business-Type Activities:							
Sales Tax	4,092,648	4,331,368	4,690,014	5,026,869	5,658,730	5,881,063	6,122,978
Investment Earnings	-	-	-	-	53,537	-	-
Gain/(Loss) on Sale of Capital Assets	256,064	430,777	(103,221)	12,500	143,756	133,758	393,328
Transfers	(7,272,667)	(14,694,355)	(11,253,312)	(17,978,754)	(15,406,004)	(9,651,953)	(13,622,444)
Total Business-Type Activities	(2,923,955)	(9,932,210)	(6,666,519)	(12,939,385)	(9,549,981)	(3,637,132)	(7,106,138)
Total Primary Government	\$ 72,347,600	\$ 81,991,298	\$ 89,773,225	\$ 96,625,864	\$ 104,061,865	\$ 111,904,368	\$ 121,958,898
Change in Net Assets							
Governmental Activities	\$ (16,311,252)	\$ 55,447,359	\$ (1,997,799)	\$ 16,136,365	\$ 31,797,868	\$ 33,071,710	\$ (16,243,928)
Business-Type Activities	14,167,868	2,486,091	15,756,725	1,442,832	12,548,257	12,334,841	49,306,822
Total Primary Government	\$ (2,143,384)	\$ 57,933,450	\$ 13,758,926	\$ 17,579,197	\$ 44,346,125	\$ 45,406,551	\$ 33,062,894

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

**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN YEARS (1)**

CITY OF LAREDO, TEXAS

TABLE 3

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
REVENUES:							
Taxes:							
Property	\$ 30,147,195	\$ 35,876,444	\$ 40,705,401	\$ 45,239,189	\$ 49,303,836	\$ 55,681,122	\$ 61,553,183
Sales	21,447,813	22,547,235	24,374,768	26,433,198	29,894,463	31,384,048	32,518,723
Franchise Fees	6,542,640	5,539,242	5,700,834	6,173,160	6,569,349	6,506,014	6,793,268
Bingo Tax	48,056	48,058	49,852	51,516	63,010	65,524	68,268
Alcoholic Beverage	215,022	231,114	260,277	272,500	307,270	341,130	337,545
Hotel Motel	2,672,236	2,692,876	3,298,899	2,959,077	3,024,062	3,330,740	3,327,146
Licenses and Permits	5,423,246	5,436,837	5,843,628	6,084,439	6,603,719	6,736,908	6,029,355
Intergovernmental	21,532,884	31,340,394	28,932,417	33,289,585	33,894,211	33,877,881	35,693,757
Charges for Services	23,802,222	24,703,403	26,623,867	27,654,715	31,502,211	31,310,068	37,045,771
Fines	2,083,427	2,303,065	2,726,372	2,930,319	2,901,019	3,147,555	3,646,728
Fees and Collections	1,754,100	2,246,309	2,270,772	2,481,061	3,004,802	3,386,329	3,492,841
Rents	4,401,311	5,116,014	4,922,493	5,068,865	5,679,488	6,314,430	6,545,628
Interest and Other	2,920,369	1,324,605	876,024	6,103,161	4,528,522	8,370,527	7,238,944
Miscellaneous	3,136,435	3,758,090	3,554,741	1,493,862	2,313,099	2,264,974	643,499
Contributions & Donations	23,666	728,198	2,356,387	871,866	924,530	1,008,606	988,331
Reimbursements	1,041,506	2,339,578	1,349,408	1,627,354	1,398,698	1,585,062	1,729,311
TOTAL REVENUES	127,192,128	146,231,462	153,846,140	168,733,867	181,912,289	195,310,918	207,652,298
EXPENDITURES:							
General Government	14,804,490	15,751,235	15,541,101	16,021,417	17,112,707	17,413,287	17,894,512
Public Safety	56,842,094	63,906,967	69,598,058	74,215,275	78,048,861	83,246,215	91,511,415
Public Works	11,284,056	11,408,863	9,530,599	9,487,014	10,129,429	12,274,330	11,967,902
Health and Welfare	14,195,664	15,303,051	15,683,517	15,802,606	15,377,413	16,703,368	18,507,725
Cultural and Recreational	11,728,523	13,154,156	13,764,181	14,844,259	15,415,751	15,921,447	15,658,222
Air Transportation Services	3,824,408	3,519,733	5,437,611	4,789,284	4,488,854	5,160,618	4,109,613
Capital Outlay	48,746,914	27,793,519	22,788,736	24,933,816	35,722,670	34,033,486	44,092,402
Contributions	-	3,620,000	11,914,519	-	-	-	-
Debt Service:							
Principal Retirement	11,925,613	13,475,623	14,374,770	15,677,894	16,693,119	16,986,948	17,398,209
Interest and Fiscal Expenditures	10,108,045	9,773,987	9,393,084	9,119,608	8,639,131	9,250,941	12,691,697
TOTAL EXPENDITURES	183,459,807	177,707,134	188,026,176	184,891,173	201,627,935	210,990,640	233,831,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(56,267,679)</u>	<u>(31,475,672)</u>	<u>(34,180,036)</u>	<u>(16,157,306)</u>	<u>(19,715,646)</u>	<u>(15,679,722)</u>	<u>(26,179,599)</u>
OTHER FINANCING SOURCES (USES):							
Transfers In	33,120,347	46,184,832	25,299,958	36,174,419	35,881,412	26,222,228	37,533,557
Issuance of Debt	-	15,928,240	-	75,154,978	35,185,000	76,160,000	79,855,000
Bond Costs	-	-	-	-	-	-	(766,853)
Bond Premium	-	-	-	-	-	-	1,227,777
Payment to refunded bond escrow agent	-	(4,629,841)	-	(62,639,409)	(18,796,378)	-	-
Transfers Out	(25,329,302)	(31,469,194)	(14,023,498)	(21,272,956)	(20,405,531)	(16,463,011)	(23,493,174)
Contributions	-	-	-	-	-	-	(46,471,173)
Capital Leases	12,897,850	-	14,307,219	-	1,600,000	4,349,665	(102,232)
Sale of Assets	204,349	3,542,655	4,546,896	754,683	52,673	334,354	194,959
TOTAL OTHER FINANCING SOURCES (USES)	20,893,244	29,556,692	30,130,575	28,171,715	33,517,176	90,603,236	47,977,861
Net Change in Fund Balances	\$ <u>(35,374,435)</u>	\$ <u>(1,918,980)</u>	\$ <u>(4,049,461)</u>	\$ <u>12,014,409</u>	\$ <u>13,801,530</u>	\$ <u>74,923,514</u>	\$ <u>21,798,262</u>
Debt Service as a Percentage of non-capital expenditures	16.36%	15.51%	14.38%	15.50%	15.27%	14.83%	15.86%

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

FUND BALANCE, GOVERNMENTAL FUNDS
LAST SEVEN YEARS (1)
 (Modified Accrual Basis of Accounting)

CITY OF LAREDO, TEXAS

TABLE 4

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
GENERAL FUND							
Reserved	\$ 847,612	\$ 868,913	\$ 1,216,553	\$ 1,461,135	\$ 1,663,551	\$ 1,376,988	\$ 1,297,655
Unreserved	10,934,497	9,151,113	9,110,554	12,860,386	19,425,653	21,769,926	25,322,950
Total General Fund	<u>\$ 11,782,109</u>	<u>\$ 10,020,026</u>	<u>\$ 10,327,107</u>	<u>\$ 14,321,521</u>	<u>\$ 21,089,204</u>	<u>\$ 23,146,914</u>	<u>\$ 26,620,605</u>
ALL OTHER GOVERNMENTAL FUNDS							
Reserved	\$ 34,548,974	\$ 29,210,173	\$ 19,129,472	\$ 20,376,787	\$ 16,551,117	\$ 29,244,789	\$ 26,694,766
Unreserved, reported in:							
Special Revenue Funds	9,927,290	15,041,595	8,196,925	447,743	6,866,441	7,725,320	12,831,254
Debt Service Funds	5,455,502	5,537,538	4,592,744	5,634,547	6,508,489	5,946,381	9,293,964
Capital Project Funds	1,074,065	1,059,628	14,573,251	28,053,310	34,329,414	94,204,775	106,834,652
Total all other governmental funds	<u>\$ 51,005,831</u>	<u>\$ 50,848,934</u>	<u>\$ 46,492,392</u>	<u>\$ 54,512,387</u>	<u>\$ 64,255,461</u>	<u>\$ 137,121,265</u>	<u>\$ 155,654,636</u>

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 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
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
2007	55,681,122	31,384,048	341,130	65,524	3,330,740	6,506,014	97,308,578
2008	\$ 61,553,183	\$ 32,518,723	\$ 337,545	\$ 68,268	\$ 3,327,146	\$ 6,793,268	104,598,133

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
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%
2007	53,559,195	52,024,898	0.637	97.14%	1,765,255	1,805,922	55,596,075	103.80%	4,457,502	8.32%
2008	\$ 59,584,704	\$ 57,843,306	0.637	97.08%	\$ 1,677,549	\$ 1,950,906	\$ 61,471,761	103.17%	\$ 4,457,502	7.48%

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 7

FISCAL PERIODS	-----RESIDENTIAL PROPERTY-----		-----COMMERCIAL PROPERTY-----			-----TOTALS-----		TOTAL DIRECT TAX RATE	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)		
1999	\$ 2,549,672,765	\$ 2,549,672,765	\$ 1,752,846,244	\$ 1,752,846,244	\$ 291,281,333	\$ 4,011,237,676	\$ 4,011,237,676	0.539930	100%
2000	3,088,239,462	3,088,239,462	2,123,099,489	2,123,099,489	325,224,426	4,886,114,525	4,886,114,525	0.569220	100%
2001	3,057,446,479	3,057,446,479	2,101,929,963	2,101,929,963	418,707,728	4,740,668,714	4,740,668,714	0.576360	100%
2002	3,503,561,473	3,503,561,473	2,408,624,610	2,408,624,610	445,602,625	5,466,583,458	5,466,583,458	0.576360	100%
2003	3,606,409,537	3,606,409,537	2,479,330,480	2,479,330,480	519,598,749	5,566,141,268	5,566,141,268	0.630530	100%
2004	3,844,014,790	3,844,014,790	2,704,140,692	2,704,140,692	529,716,818	6,018,438,664	6,018,438,664	0.641760	100%
2005	4,270,523,001	4,270,523,001	3,040,120,071	3,040,120,071	537,507,869	6,773,135,203	6,773,135,203	0.637000	100%
2006	4,713,754,396	4,713,754,396	3,285,932,811	3,285,932,811	550,543,393	7,449,143,814	7,449,143,814	0.637000	100%
2007	5,411,082,137	5,411,082,137	3,582,097,472	3,582,097,472	585,142,683	8,408,036,926	8,408,036,926	0.637000	100%
2008	\$ 6,069,242,179	\$ 6,069,242,179	\$ 3,971,864,502	\$ 3,971,864,502	\$ 647,577,934	\$ 9,393,528,747	\$ 9,393,528,747	0.637000	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 dissability percentage. Agriculture valuations represent land used for ranching and farming.

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 8

FISCAL PERIODS	CITY OF LAREDO	WEBB COUNTY	LAREDO INDEPENDENT SCHOOL DISTRICT	UNITED INDEPENDENT SCHOOL DISTRICT	LAREDO COMMUNITY COLLEGE
TAX RATES (per \$100 of assessed value)					
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
2007	0.63700	0.42006	1.49551	1.47436	0.23050
2008	0.63700	0.42006	1.27400	1.18487	0.22220
TAX LEVIES					
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
2007	53,559,195	50,623,052	27,671,836	113,168,711	19,720,017
2008	\$ 59,584,704	\$ 51,752,884	\$ 25,966,124	\$ 95,866,850	\$ 21,192,705

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
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
2007	27,142	165,224	178,014	92.54%	14,352
2008	\$ 14,352	\$ 99,592	\$ 106,800	93.73%	\$ 7,144

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

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2008**

City Of Laredo , Texas

Table 10

TAXPAYER	TYPE OF BUSINESS	2008 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Laredo Texas Hospital Co. LP	Hospital	\$105,123,350	1.01%
AEP Texas Central Company	Electricity	66,400,040	0.64%
Electric Transmission of Texas LLC	Electricity	62,452,800	0.60%
Laredo/MDN Limited Partnership	Partnership	52,617,210	0.51%
Laredo Regional Medical Ctr. LP	Medical Center	43,618,800	0.42%
International Bank of Commerce	Bank	33,899,320	0.33%
Killam Ind Dev. Partnership LTD	Partnership	33,724,400	0.32%
The GEO Group Inc.	Jail	32,232,930	0.31%
Laredo Levcal LLC	Ranch Land	29,831,170	0.29%
H.E. Butt Grocery Company	Retail	28,751,300	0.28%
TOTAL		\$488,651,320	4.71%

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 1999**

TAXPAYER	TYPE OF BUSINESS	1999 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Central Power & Light Company	Utility	\$64,412,480	1.58%
Southwestern Bell	Telephone Co.	29,770,300	0.73%
H E Butt Grocery Co.	Grocer	27,988,715	0.69%
Lone Star Mall Assoc.	Mall	27,063,580	0.66%
International Bank of Commerce	Bank	27,035,094	0.66%
The Laredo National Bank	Bank	22,370,684	0.55%
Killam In. Dev. Partnership Ltd.	Development	22,319,710	0.55%
U.S. Cold Storage	Cold Storage	19,194,850	0.47%
Wal-Mart Properties, Inc	Retail	18,383,140	0.45%
Southwestern Motor Transportation, Inc	Freight	15,935,691	0.39%
Total		\$274,474,244	6.73%

Numbers show total comparison for principal taxpayers as of 2008 and 10 yrs ago.

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 11

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 \$.125574 of the total tax rate.

Assessed value based on 2007 tax roll		\$9,393,528,747
Maximum amount of bonded indebtedness based on such assessed value (10%).....		\$939,352,875
Amount of debt applicable to said maximum debt limit:		
Total General Obligation Bonds and Certificates of Obligations ...	\$282,840,000	
(Percentage of G. O. and C. O. debt to assessed value)	3.01%	
Less: Debt Service Fund Balance as of September 30, 2008.....	\$5,990,320	
Total Amount of debt applicable to debt limit		\$276,849,680
The Debt Margin between current indebtedness and maximum allowable indebtedness		\$662,503,195

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

CITY OF LAREDO, TEXAS

TABLE 12

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
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
2007	231,470	8,408,036,926	221,132,050	5,946,381	215,185,669	2.5593%	929.65
2008	237,396	\$ 9,393,528,747	\$ 286,235,467	\$ 5,990,320	\$ 280,245,147	2.9834%	1,180.50

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 13

FISCAL PERIODS	PRINCIPAL	INTEREST & FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
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%
2007	15,195,000	9,242,752	24,437,752	210,990,264	11.58%
2008	16,024,319	12,558,327	28,582,646	233,623,097	12.23%

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, 2008**

CITY OF LAREDO, TEXAS

TABLE 14

TAXING AUTHORITY	NET DEBT OUTSTANDING (A)	ESTIMATED % APPLICABLE TO CITY (B)	AMOUNT APPLICABLE TO CITY
Direct:			
City of Laredo	\$248,010,000	100.00%	\$248,010,000
Overlapping:			
Webb County	71,393,207	72.17%	51,524,477
Laredo Independent School District	218,202,363	100.00%	218,202,363
United Independent School District	306,499,956	75.29%	230,763,817
Laredo Community College	124,201,343	100.00%	124,201,343
Total Overlapping	720,296,869		624,692,000
Total	\$968,306,869		\$872,702,000

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 15

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	28,671,610	17,385,806	11,285,804	2,675,000	2,449,904	5,124,904	2.20
Water	13,738,018	7,856,511	5,881,507	535,000	526,696	1,061,696	5.54
Sewer	11,996,306	5,522,559	6,473,747	560,000	394,735	954,735	6.78
Total 1999	54,405,934	30,764,876	23,641,058	3,770,000	3,371,335	7,141,335	3.31
Bridge	32,789,832	19,533,598	13,256,234	3,030,000	2,774,346	5,804,346	2.28
Water	16,360,173	9,413,042	6,947,131	605,000	494,210	1,099,210	6.32
Sewer	13,498,696	6,049,102	7,449,594	635,000	362,084	997,084	7.47
Total 2000	62,648,701	34,995,742	27,652,959	4,270,000	3,630,640	7,900,640	3.50
Bridge	31,705,719	21,186,065	10,519,654	3,350,000	2,510,790	5,860,790	1.79
Water	17,102,442	10,074,813	7,027,629	690,000	456,915	1,146,915	6.13
Sewer	13,499,699	6,609,398	6,890,301	680,000	326,839	1,006,839	6.84
Sports Venue	2,387,246	268,005	2,119,241	-	683,088	683,088	3.10
Total 2001	64,695,106	38,138,281	26,556,825	4,720,000	3,977,632	8,697,632	3.05
Bridge	34,408,912	24,093,889	10,315,023	12,105,000	3,697,409	15,802,409	0.65
Water	16,773,484	9,363,511	7,409,973	705,000	416,018	1,121,018	6.61
Sewer	13,158,360	6,389,656	6,768,704	4,905,000	295,135	5,200,135	1.30
Sports Venue	4,524,646	80,244	4,444,402	-	2,049,266	2,049,266	2.17
Total 2002	68,865,402	39,927,300	28,938,102	17,715,000	6,457,828	24,172,828	1.20
Bridge	34,836,756	24,944,447	9,892,309	1,408,433	31,865	1,440,298	6.87
Water	15,427,690	9,122,153	6,305,537	725,000	408,121	1,133,121	5.56
Sewer	12,969,437	7,399,556	5,569,881	870,000	216,629	1,086,629	5.13
Sports Venue	4,737,203	46,281	4,690,922	430,000	2,039,591	2,469,591	1.90
Total 2003	67,971,086	41,512,437	26,458,649	3,433,433	2,696,206	6,129,639	4.32

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

CITY OF LAREDO, TEXAS

TABLE 15

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	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
Bridge	41,642,971	30,445,685	11,197,286	3,940,134	4,313,536	8,253,670	1.36
Water	28,202,867	15,098,280	13,104,587	1,558,000	986,146	2,544,146	5.15
Sewer	15,147,836	9,533,193	5,614,643	951,000	629,571	1,580,571	3.55
Sports Venue	7,344,091	240,967	7,103,124	1,040,000	1,777,551	2,817,551	2.52
Total 2007	92,337,765	55,318,125	37,019,640	7,489,134	7,706,804	15,195,938	2.44
Bridge	48,757,080	12,000,720	36,756,360	4,000,070	4,144,681	8,144,751	4.51
Water	27,357,618	17,030,252	10,327,366	1,833,000	1,279,557	3,112,557	3.32
Sewer	14,641,635	9,510,247	5,131,388	1,058,000	925,800	1,983,800	2.59
Sports Venue	7,246,612	292,815	6,953,797	1,160,000	1,731,163	2,891,163	2.41
Total 2008	98,002,945	38,834,034	59,168,911	8,051,070	8,081,201	16,132,271	3.67

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 16

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	REVENUE BONDS	CAPITAL LEASE OBLIGATIONS	NOTES PAYABLE	REVENUE BONDS	NOTES PAYABLE	CAPITAL LEASE OBLIGATIONS			
1999	\$ 95,185,000	\$ 55,670,000	- \$	420,750 \$	730,000 \$	62,957,330 \$	32,991,754 \$	135,765 \$	248,090,599	14,190	1,259
2000	91,710,000	58,920,000	-	2,571,705	1,615,000	58,458,898	34,800,149	101,612	248,177,364	15,067	1,285
2001	87,910,000	64,275,000	39,315,000	1,755,866	1,530,000	53,740,466	35,265,098	64,688	283,856,118	16,085	1,470
2002	83,630,000	70,045,000	39,315,000	1,302,201	1,445,000	60,733,150	35,435,119	24,767	291,930,237	16,584	1,450
2003	87,705,000	77,210,000	39,410,000	2,023,643	1,445,000	60,471,080	35,760,468	-	304,025,191	17,079	1,464
2004	74,435,000	78,065,000	38,360,000	1,482,916	1,275,000	70,500,273	37,233,251	-	301,351,440	17,653	1,408
2005	88,040,000	65,685,000	37,135,000	1,960,619	1,190,000	95,751,703	25,519,803	-	315,282,125	20,127	1,464
2006	79,690,000	76,250,000	36,205,000	2,629,868	1,105,000	104,293,969	24,513,658	-	324,687,495	20,127	1,445
2007 (1)	72,200,000	145,745,000	35,165,000	5,165,702	1,020,000	116,533,053	23,478,758	-	399,307,513	not available	1,725
2008 (1)	\$ 64,585,000	\$ 218,255,000	\$ 34,005,000	\$ 3,297,905	\$ 935,000	\$ 114,675,138	\$ 22,413,922	\$ -	458,166,965	not available	1,930

NOTES:

(1) Median income data for calculation of Percentage of Personal Income calculation for 2007 & 2008 fiscal year were unavailable when report was compiled.

SOURCE:

City of Laredo, Texas

Bureau of Economic Analysis, U.S. Department of Commerce

**DEMOGRAPHICS STATISTICS
LAST THREE CENSUS**

CITY OF LAREDO, TEXAS

TABLE 17

	1980 CENSUS	1990 CENSUS	2000 CENSUS
TOTAL POPULATION BY RACE:			
WHITE	82,997	87,048	145,267
BLACK	89	144	652
OTHER	8,363	35,707	31,524
HISPANIC PERCENTAGE	93.03%	93.86%	94.10%
TOTAL HOUSEHOLDS	23,903	33,998	46,852
HOUSEHOLD POPULATION	90,613	122,899	173,532
AVERAGE HOUSEHOLD SIZE	3.79	3.61	3.70
TOTAL POPULATION BY AGE:			
0-5	11,583	17,081	18,516
6-13	16,239	20,316	18,620
14-17	8,258	10,093	16,054
18-24	12,059	17,987	29,608
25-34	13,060	20,316	28,489
34-44	8,525	14,752	23,657
44-54	7,733	9,964	17,104
54-64	6,108	8,541	10,746
65+	7,884	10,223	13,782
MEDIAN AGE TOTAL POPULATION	23.6	24.7	26.9
MEDIAN AGE ADULT POPULATION	38	36.8	36.8
HOUSEHOLD INCOME:			
\$ 0 - \$ 7,499	8,925	7,639	5,398
\$ 7,500 - \$ 9,999	2,497	3,074	1,799
\$ 10,000 - \$ 14,999	4,036	4,169	4,996
\$ 15,000 - \$ 24,999	4,997	5,600	8,208
\$ 25,000 - \$ 34,999	2,068	3,865	6,814
\$ 35,000 - \$ 49,999	903	3,226	7,078
\$ 50,000 - \$ 74,999	341	1,765	6,780
\$ 75,000	163	1,096	5,835
MEDIAN HOUSEHOLD INCOME	\$10,761	\$15,610	\$29,108
AVERAGE HOUSEHOLD INCOME	13,998	N/A	N/A
MEDIAN FAMILY INCOME	11,985	17,532	30,449
AGGREGATE HOUSEHOLD INCOME	\$334,980	\$708,920	N/A
PERSONAL INCOME	\$544,382,000	\$1,264,416,000	\$2,933,682,000

SOURCE:

(Continued)

Laredo Chamber of Commerce

TABLE 17

(Continued)

FISCAL PERIODS	CIVILIAN LABOR FORCE	UNEMPLOYMENT	UNEMPLOYMENT RATE	EMPLOYMENT
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
2007	84,800	3,680	4.30%	81,120
2008	86,187	4,647	5.40%	81,540

SOURCE:

Texas Labor Market Information

Numbers as of September 30 for each year

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

CITY OF LAREDO, TEXAS

TABLE 17

(Continued)

FISCAL PERIODS	GROWTH INDICATORS (2)				POSTAL RECEIPTS (3)
	ELECTRIC (1)	GAS	WATER	SEWER	
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
2007	72,624	32,123	59,409	56,065	17,120,000
2008	78,080	33,054	60,519	57,851	\$ 18,142,000

NOTES:

(1) Electric increase was estimated by 4.00% for 2001 - 2004. For 2008, the total is as of December 31, 2008

(2) Amount represents number of active customer accounts.

(3) Represents total revenue collected.

* Legislation prohibits disclosure of telephone accounts information.

SOURCES:

Finance Department of respective entities

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL PERIODS (10)**

CITY OF LAREDO, TEXAS

TABLE 18

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 (1)
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
2007	520	180,125,787	2,024	198,450,164	10,830,093,000	3,538,252,162	4,689,485,109	342,911,010	670,387,610
2008	278 \$	152,367,779	1,250 \$	132,572,308	7,606,202,000	\$ 3,971,864,502	\$ 5,699,588,209	\$ 369,653,970	\$ 647,577,934

NOTES:

(1) 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 International Bank
International Bank of Commerce
Texas Community Bank, N.A.

Note: Limited to locally-owned banks.

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

TABLE 19

EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
United Independent School District	5,941	7.28%
Laredo Independent School District	4,619	5.66%
City of Laredo	2,347	2.88%
HEB Grocery Store	1,666	2.04%
Laredo Sector Border Patrol	1,600	1.96%
Laredo Medical Center	1,475	1.81%
Webb County	1,454	1.78%
McDonald's Restaurant	1,445	1.77%
The Laredo National Bank	1,126	1.38%
Wal-Mart (3 locations)	1,125	1.38%

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 1999**

Laredo Independent School District	3,500	5.15%
United Independent School District	3,500	5.15%
City of Laredo	1,879	2.77%
Mercy Regional Medical Center	1,595	2.35%
Webb County	1,181	1.74%
H.E.B Grocery Store	1,100	1.62%
Laredo Community College	1,001	1.47%
McDonald's	800	1.18%
APC Homemaker Service	750	1.10%
INS	740	1.09%

Principal Employers numbers as of September 2008 and 10 years ago.

SOURCE:

Laredo Development Foundation

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

TABLE 20

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Laredo Medical Center	Hospital	82,153,700
Texas A&M International University	Education	30,815,536
Laredo Municipal Housing Corp.	Housing	26,033,900
New Webb County Jail	County Jail	25,173,000
C.P.L. Power Plant	Utility	20,341,800
Webb County (Irrigation)	County Water Point	17,846,200
Laredo Community College	Education	14,864,500
Laredo Regional Medical Center	Hospital	12,054,700
Towne North Mobil Homes	Housing	11,859,500
Retama Manor Nursing Center	Nursing Home	11,711,600

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 1999**

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Mercy Regional Medical Center	Hospital	41,584,600
New Webb County Jail	County	20,406,800
Veteran's Field	Park	15,256,400
Doctor's Hospital of Laredo	Medical Services	12,500,000
CP& L Power Plant	Electricity	12,139,500
Correction Corp. of America	Detention	11,798,000
Holiday Inn-Laredo	Hotel	11,424,700
Texas A & M International University	School	11,303,500
United High School	School	11,209,300
Cigarroa High School	School	10,869,200

(1) Total consumption by gallon.

Numbers show total comparison for principal water consumers as of fiscal year 2008 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, 2008:	2,365
Number of City Departments as of September 30, 2008:	21

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

YEAR	LAND AREA	INCREASE	TOTAL
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
2007	85.93	0.36	86.29
2008	86.29	2.95	89.24

Elections

Number of Registered Voters: 101,100

Number of Votes cast in

Last Municipal Election: Nov 08 45,007

% of Registered Voter voting in

Last Municipal Election: 44.52%

TRANSPORTATION

AIRPORTS

Number of Airports: 1

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

Scheduled Airplane Flights
Per Day Departing: Monday - Friday 8 to 9 flights per day
Saturday - Sunday 5 to 7 flights per day

Scheduled Airplane Flights
Per Day Arriving: Monday - Friday 8 to 9 flights per day
Saturday - Sunday 5 to 7 flights per day

Passengers Enplaning: 110,701 per year

Passengers Deplaned: 109,817 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: 5,539,281

Number of crossing Commercial
Vehicles: 1,608,566

Number of crossing Passenger
(includes bicycles): 4,362,476

Total Tolls

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: 2,526,255
Number of Elderly & Handicapped Paid: 283,366
Number of Elderly & Handicapped Free: 620,221
Number of Students: 285,874
Number of Children Paid: 174,441
Number of Children Free: 124,691
Number of Transfers: 307,836
Number of I.D. cards for elderly: 3,314
Number of Medical Cards: 687
Number of Service Miles: 1,991,591
Number of Charter Miles: 81
Number of Employees: 179
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

FIRE PROTECTION

Number of Stations:	14		
Number of Hydrants:	10,000		
Number of Fire Pumpers:	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:	6	Reserve:	1
Number of Haz-Mat Trucks:	1		
Number of Firefighters:	357		
Number of EMS Paramedics:	197		
Employees per 1,000 population:	1.66		

POLICE PROTECTION

Number of Stations:	1	Police Headquarters
Number of Neighborhood Policing Stations:	17	
Number of Sworn Officers:	460	
Number of Vehicular Patrol Units:	433	
Employees per 1,000 Population:	2.04	
Number of Law Violations:	42,594	
Number of Physical Arrests:	7,252	
Number of Traffic Violations:	64,663	
Number of 911 Calls:	155,423	
Number of Non-911 Calls:	277,781	

MEDICAL FACILITIES

Number of Hospitals:	4
Number of Clinics:	47
Number of Nursing Homes:	3
Number of Ambulance Services:	10

PUBLIC WORKS

WATERWORKS SYSTEM

Miles of Water Mains:	681
Daily Average Consumption:	36.72 M.G.D.
Plant Capacity:	65 M.G.D.
Storage Capacity:	39.85 M.G.D.
Water Rights Owned:	51,826.09 A.C./ F.T.
Source of Water:	Rio Grande
Number of Service Connections:	60,519

SEWER SYSTEM

Mile of Sanitary Sewer:	473
Number of Lift Stations:	78
Daily Average Treatment:	18.04 MGD
Maximum Capacity of Treatment Plants:	21 MGD
Number of Disposal Plants:	5
Number of Service Connections:	57,851

SOLID WASTE

Number of Garbage Connections:	53,085
Solid Waste Disposal Type:	Landfill

STREETS

Number of Paved Streets:	10,261 Blocks
Number of Unpaved Streets:	16 Blocks
Miles of Paved Streets:	641 Miles
Miles of Unpaved Streets:	1 Mile

EDUCATIONAL

LAREDO INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	4
Number Of Magnet Schools:	4
Number of Classrooms:	376
Number of Administrative Personnel:	27
Number of Teachers	487
Number of Students:	5,712
Annual Budget:	\$39,815,045
Number of Middle Schools:	4
Number of Classrooms:	278
Number of Administrative Personnel:	14
Number of Teachers:	388
Number of Students:	4,863
Annual Budget	\$29,369,506
Number of Elementary Schools:	20
Number of Classrooms:	754
Number of Administrative Personnel:	50
Number of Teachers:	954
Number of Students:	13,818
Annual Budget:	\$62,237,753

UNITED INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	4
Number Of Magnet Schools:	4
Number of Classrooms:	542
Number of Administrative Personnel:	101
Number of Teachers:	695
Number of Students:	10,598
Annual Budget:	\$58,662,118
Number of Middle Schools:	9
Number of Classrooms:	529
Number of Administrative Personnel:	81
Number of Teachers:	578
Number of Students:	8,703
Annual Budget:	\$47,280,229
Number of Elementary Schools:	27
Number of Classrooms:	1,334
Number of Administrative Personnel:	163
Number of Teachers:	1,254
Number of Students:	20,231
Annual Budget:	\$97,490,924

LIBRARIES

Number of Public Libraries:	1
Number of Volumes:	250,799
Circulation transactions:	472,305
Circulation per Capita:	2.27
New Library Cards Issued:	8,989
Library Cards in Force:	132,150
Number of Subscriptions:	337
Number of Titles:	128,403
Number of Library Visits:	326,799
Number of Materials Used:	111,087
Library Programs Presented:	1,442
Number Attending Library Programs:	42,641
Bookmobiles:	1
Branches and Outlets:	3

PRIVATE SCHOOLS

Number of Parochial Schools:	38
Vocational Training Centers:	9

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:	113
Number of Administrators:	124
Number of Full-Time Faculty:	189
Number of Part-Time Faculty:	97
Number of Full-Time Students:	3,184
Number of Part-Time Students:	2,674

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):	331
Total Gross Square Footage:	1,054,327 Sq. Ft.
Number of Administrative Personnel:	124
Number of Full Time Faculty:	205
Number of Part Time Faculty:	170
Number of Full Time Students:	3,964
Number of Part Time Students:	7,804
Counties Served:	Webb, Jim Hogg, Zapata
Total Annual Budget:	\$43,200,000

RECREATIONAL

PARKS

Number of Acres Maintained:	340.55
Number of Parks:	70
Number of Plazas:	5
Baseball & Softball Fields:	35
Number of Swimming Pools:	6
Number of Soccer Fields:	28
Number of Tennis Court Facilities:	20 courts in 2 facilities
Number of Raquetball Facilities:	6 courts in 2 facilities
Number of Recreational Centers:	6
Number of Splash Parks	5
Number of Skate Parks	7

CEMETERY

City:	1
Catholic:	1
Private:	1
Burials Served:	221
Cemetery Lots Sold:	141

LODGING/MEETING FACILITIES

Number of Hotels/Motels:	44 with 4,200 rooms
Meeting Facilities:	24

MAJOR ATTRACTIONS

Number of Rodeo Arenas:	3
Number of Museums:	3
Number of Golf Courses:	2
Number of Tennis Courts:	20
Number of Tennis Court Facilities:	5
Number of Malls:	2
Number of Bowling Alleys:	1
Number of Movie Theaters:	4
Number of Country Clubs:	1
Annual Festivities:	Laredo International Sister Cities Festival Washington Birthday Celebration in February Jamboozie Life International Fair & Exposition in March Miss Laredo Pageant Founder's Day in May Miss Texas USA Pageant 4th of July Celebration SOS Concert Autmus Fest 16 de Septiembre Navidadfest Border Olympics

CIVIC CENTER

Auditorium:	1 with 1,979 Seats
Banquet & Exhibit Hall:	24,470 sq ft (1,400 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 3 Missions
Number of Synagogues:	1
Other Churches:	66

SPORTS ARENA

Square Feet:	176,000
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, 2008**

CITY OF LAREDO, TEXAS

TABLE 22

DESCRIPTION	TYPE OF COVERAGE	POLICY LIMIT
BUILDINGS	Fire and Extended Coverage (1)	\$260,644,216
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	13,123,646 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 THREE FISCAL YEARS (1)**

CITY OF LAREDO, TEXAS

TABLE 23

FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30			
FUNCTION	2008	2007	2006
General Government	332.10	323.29	316.99
Public Safety			
Police			
Officers	437.00	399.00	411.00
Civilians	105.00	105.00	84.00
Fire			
Firefighters and Officers	350.00	333.00	333.00
Civilians	9.00	9.00	8.00
Other Civilians	62.00	61.00	60.00
Public Works	119.00	113.50	83.50
Health and Welfare	250.55	248.88	257.60
Culture and Recreation	241.93	238.68	231.28
Air Transportation	37.00	43.00	41.00
Bridge System	212.00	212.00	213.00
Solid Waste Management System	168.00	169.00	169.00
Water System	169.00	179.00	146.00
Sewer System	69.00	69.00	48.00
Transit System	179.31	179.31	179.31
Municipal Housing	11.00	11.25	10.25
Total	<u>2,751.89</u>	<u>2,693.91</u>	<u>2,591.93</u>

Notes:

(1) This table was implemented by GASB starting on fiscal year 2006.

SOURCE:

City of Laredo Budget Department

**OPERATING INDICATORS BY FUNCTION
LAST THREE FISCAL YEARS (1)**

CITY OF LAREDO, TEXAS

TABLE 24

FUNCTION	FISCAL YEAR 2006	FISCAL YEAR 2007	FISCAL YEAR 2008
Police			
Physical arrests	14,343	9,379	7,882
Vehicle inspections	900	672	321
Bridge operations conducted	58	110	6
Emergency calls	141,744	159,374	155,379
Non-emergency calls	355,775	290,866	276,857
Dispatched calls	32,000	468,182	432,236
Public awareness/training/education	1,500	121	22
Fire			
Fire department responses	1,390	5,148	11,798
Inspections	2,500	3,110	2,061
Arson cases investigated	200	156	51
Public education presentations	250	396	89
Public Works			
Street resurfaced	92	206	357
Potholes repaired	15,790	21,589	23,842
Bridge			
Pedestrian crossings	4,217,362	4,161,523	4,362,476
Gateway passes sold	1,054,340	3,132,040	4,255,304
Non-commercial vehicle crossings	6,162,534	5,718,799	3,930,715
Commercial vehicle crossings	1,706,626	1,662,549	1,608,566
Non-commercial AVI accounts	5,947	12,033	12,261
Commercial AVI accounts	250	2,021	2,060
Culture and recreation			
Community center admissions	471,016	331,208	280,372
Community service special events	20	65	67
After school programs	3	5	5
Transit System			
Passenger ridership	4,202,065	4,324,816	4,014,848
Miles driven	2,109,038	1,946,970	1,991,672
Sanitation			
Household customers	50,980	53,037	54,245
Refuse collected (tons)	90,788	93,093	101,457
Recyclables collected (tons)	2,799	2,979	3,328
Water			
Average daily consumption (millions of gallons)	34.67	33.58	36.72
Meters read	56,171	58,193	59,840
Service calls	5,243	7,071	7,269
Wastewater			
Average daily sewage treatment (millions of gallons)	16.77	18.10	18.04
Airport			
Commercial Service Airlines	2	3	3
Land/Building Leases	95	94	93
Inbound/Outbound Passengers serviced	188,619	223,638	220,520
Number of Air Traffic Controllers	6	6	0
Air Traffic Control Transmissions per day	2,740	153	0
Scheduled Flights per day	N/A	N/A	8

Notes:

(1) This table was implemented by GASB starting on fiscal year 2006.

SOURCE:

City of Laredo, Texas

**CAPITAL ASSETS STATISTICS BY FUNCTION
LAST THREE FISCAL YEARS (1)**

CITY OF LAREDO, TEXAS

TABLE 25

FUNCTION	FISCAL YEAR 2008	FISCAL YEAR 2007	FISCAL YEAR 2006
Public Safety			
Police:			
Stations	18	18	17
Patrol Units	433	470	457
Fire:			
Stations	14	14	14
EMS Units	13	9	9
Ladder Trucks	3	3	3
Pumper Trucks	18	14	16
Highways and Streets			
Public Works:			
Streets - lane miles	641	631	610
Traffic:			
Traffic Signals	241	239	231
Street Lights	13,035	12,800	12,100
Other Traffic Control Signs	32,500	31,500	30,000
Bridge System			
International Bridges	4	4	4
Culture and Recreation			
Parks Acreage	1,035	738	618
Parks	64	71	52
Swimming Pools	6	6	6
Community Centers	8	7	7
Convention Centers	1	1	1
Transit System			
Buses	47	47	47
Trolleys	2	2	2
Sanitation			
Collection Trucks - Rear Loaders	21	25	25
Collection Trucks - Automated	29	29	29
Collection Trucks - Dump Trucks	4	4	5
Collection Trucks - Grapplers	6	2	2
Water			
Water Mains (miles)	681	660	629
Fire Hydrants	2,920	2,740	2,524
Maximum Daily Capacity (millions of gallons)	65	65	65
Wastewater			
Sanitary Sewer (miles)	473	426	426
Storm Sewer (miles)	121	113	107
Maximum Daily Treatment Capacity (millions of gallons)	21.00	21.05	21.05
Air Transportation			
Airports	1	1	1

Notes:

(1) This table was implemented by GASB starting on fiscal year 2006.

SOURCE:

City of Laredo, Texas

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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 bonds issued during fiscal years 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, and 2008. 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		13,485,000
Waterworks & Sewer Systems Revenue Bond, Series 2007		17,670,000
Combination Tax and Revenue Certificate of Obligation, Series 2007		72,480,000
Combination Tax, Waterworks, and Sewer System Certificate of Obligation, Series 2008		46,235,000
International Toll Bridge System Revenue Bond, Series 2008		3,070,000
Tax and Revenue Certificate of Obligation, Series 2008		30,065,000
Public Property Finance Contractual Obligations, Series 2008		3,555,000
Waterworks & Sewer Systems Revenue Bond, Series 2008	\$	915,000

GENERAL OBLIGATION BONDS

TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2007 Market Valuation Established by Webb County Appraisal District (as of September 2007)		10,041,106,681
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	237,305,489	
Disabled Veterans Exemptions	5,896,310	
Agricultural and Open Space Land Use Reductions	209,187,342	
Free port Exemptions	191,227,230	
Property Redevelopment and Tax Abatement	2,175,200	
Pollution Control	492,000	
Solar and Wind Power Exemptions	1,085,493	
Historical Exemption	<u>208,870</u>	<u>647,577,934</u>
2007 Taxable Assessed Valuation		9,393,528,747
General Obligation Debt Payable from Ad Valorem Taxes (1)		
General Obligation Bonds	64,585,000	
Certificates of Obligation	<u>218,255,000</u>	
Funded Debt Payable from Ad Valorem Taxes		282,840,000
Less: Self-supporting Debt		
Sewer System General Obligation Debt	12,967,593	
Sewer System Certificates of Obligation	25,400,000	
Waterworks System General Obligation Debt	18,757,717	
Waterworks System Certificates of Obligation	26,385,000	
Bridge System General Obligation Debt	4,588,894	
Bridge System Certificate of Obligation	2,705,000	
Risk Management Certificate of Obligation	45,000	
Airport System Certificates of Obligation	2,580,000	
Hotel-Motel General Obligation Debt	202,427	
Landfill General Obligation Debt	399,458	
Landfill Certificates of Obligation	8,369,594	
Mass Transit General Obligation Debt	1,968,831	
Mass Transit Certificates of Obligation	8,845,000	
Environmental Services Certificates of Obligation	6,750,000	
Parking System General Obligation Debt	271,861	
Parking System Certificates of Obligation	<u>2,270,000</u>	<u>122,506,375</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		160,333,625
Interest and Sinking Fund		5,990,320
Ratio Funded Debt to Taxable Assessed Valuation		3.01%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.71%
2008 Estimated Population-	237,396	
Per Capita Taxable Assessed Valuation-	\$39,569	
Per Capita Funded Debt-	\$1,191	
Per Capita General Purposes Funded Debt-	\$675	

(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: \$25,498,000 Waterworks System Revenue Bonds; \$19,398,000 Sewer System Revenue Bonds; and \$63,255,000 International Toll Bridge System Revenue Bonds; \$34,005,000 Sports Venue Sales Tax Revenue Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	<u>Taxable Appraised Value for Fiscal Year Ended September 30,</u>					
	2008	2007		2006		
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	4,953,719,865	49.33%	4,405,051,162	43.87%	3,783,773,978	42.07%
Real, Residential, Multifamily	314,091,897	3.13%	284,433,947	2.83%	238,492,158	2.65%
Real, Vacant Lots/Tracts	369,653,970	3.68%	342,911,010	3.42%	307,462,870	3.42%
Real, Acreage (Land Only)	349,849,007	3.48%	293,240,703	2.92%	295,301,820	3.28%
Real, Farm and Ranch Improvements	1,404,310	0.01%	1,125,845	0.01%	1,172,000	0.01%
Real, Commercial/Industrial	2,623,142,905	26.12%	2,357,953,648	23.48%	2,170,073,381	24.13%
Real, Oil, Gas, and Other Mineral Reserves	27,148,765	0.27%	29,016,290	0.29%	23,701,090	0.26%
Real and Tangible Personal, Utilities	172,801,560	1.72%	165,448,100	1.65%	148,055,620	1.65%
Tangible Personal, Commercial/Industrial	1,102,980,512	10.98%	985,834,124	9.82%	910,137,590	10.12%
Tangible Personal, Other	80,523,130	0.80%	84,319,470	0.84%	87,551,570	0.97%
Real Property, Inventory (1)	18,066,770	0.18%	13,407,900	0.13%	6,290,910	0.07%
Special Inventory	<u>27,723,990</u>	<u>0.28%</u>	<u>30,437,410</u>	<u>0.30%</u>	<u>27,674,220</u>	<u>0.31%</u>
Total Appraised Value Before Exemptions	10,041,106,681	100.00%	8,993,179,609	89.56%	7,999,687,207	88.95%
Less: Total Exemptions/Reductions	<u>647,577,934</u>		<u>585,142,683</u>		<u>550,543,393</u>	
Taxable Assessed Value	<u>9,393,528,747</u>		<u>8,408,036,926</u>		<u>7,449,143,814</u>	

Category	<u>Taxable Appraised Value for Fiscal Year Ended September 30,</u>			
	2005	2004		
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	3,418,436,623	34.04%	3,012,653,092	30.00%
Real, Residential, Multifamily	224,977,258	2.24%	201,368,048	2.01%
Real, Vacant Lots/Tracts	284,434,270	2.83%	298,947,650	2.98%
Real, Acreage (Land Only)	250,847,690	2.50%	237,544,790	2.37%
Real, Farm and Ranch Improvements	1,478,870	0.01%	1,391,730	0.01%
Real, Commercial/Industrial	1,947,911,091	19.40%	1,662,181,632	16.55%
Real, Oil, Gas, and Other Mineral Reserves	30,917,840	0.31%	25,864,910	0.26%
Real and Tangible Personal, Utilities	136,386,070	1.36%	152,566,130	1.52%
Tangible Personal, Commercial/Industrial	888,562,850	8.85%	824,674,650	8.21%
Tangible Personal, Other	90,439,390	0.90%	93,587,850	0.93%
Real Property, Inventory (1)	13,134,920	0.13%	12,634,900	0.13%
Special Inventory	<u>23,116,200</u>	<u>0.23%</u>	<u>24,740,100</u>	<u>0.25%</u>
Total Appraised Value Before Exemptions	7,310,643,072	72.81%	6,548,155,482	65.21%
Less: Total Exemptions/Reductions	<u>537,507,869</u>		<u>529,716,818</u>	
Taxable Assessed Value	<u>6,773,135,203</u>		<u>6,018,438,664</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Webb County Appraisal District to the State Controller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

- (1) Real inventory properties in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population (1)	Taxable Assessed Valuations (2)	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
1999	197,000	3,806,075,234	19,320	150,855,000	3.96%	766
2000	193,180	4,073,722,461	21,088	150,630,000	3.70%	780
2001	193,117	4,354,083,033	22,546	152,185,000	3.50%	788
2002	201,292	4,713,792,517	23,418	153,675,000	3.26%	763
2003	207,611	5,070,586,594	24,423	151,940,000	3.00%	732
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
2007	231,470	8,408,036,926	36,325	217,945,000	2.59%	942
2008	237,396	9,393,528,747	39,569	282,840,000	3.01%	1,191

(1) Source: City of Laredo and Laredo Development Foundation.

(2) As reported by the Webb County Appraisal District on City's annual State Property Tax Board Reports.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9-30	Tax Rate	Distribution General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
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%
2007	0.637000	0.513745	0.123255	53,559,195	87.31%	93.31%
2008	0.637000	0.511426	0.125574	59,584,704	97.08%	103.17%

Tax collections as of September 30, 2008

TABLE 5 – TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2007 Assessed Valuation Real & Personal Property</u>	<u>Percentage of Total Assessed Valuation</u>
Laredo Texas Hospital Co. LP.	Medical	105,055,020	1.12%
AEP Texas Central Company	Electricity	90,828,070	0.97%
Laredo/MDN Limited Partnership	Retail	49,983,430	0.53%
Laredo Regional Medical Center, LP.	Medical	46,081,680	0.49%
International Bank of Commerce	Bank	35,505,080	0.38%
Wal-Mart Real Estate Business Trust	Retail	33,480,720	0.36%
Killam Ind. Dev. Partnership LTD.	Development	31,910,110	0.34%
Southwestern Bell Telephone, LP.	Telephone Co.	30,086,600	0.32%
H E Butt Grocery Company	Grocery Store	28,719,648	0.31%
Wri Trautman LP.	Development	<u>28,089,750</u>	0.30%
		<u>479,740,108</u>	5.11%

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>2007 Taxable Assessed Valuation</u>	<u>2007 Tax Rate</u>	<u>Total Funded Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Funded Debt As of 09-30-08</u>
City of Laredo	9,393,528,747	0.637000	282,840,000	100.00%	282,840,000
Laredo Independent School District	2,265,953,238	1.274000	218,202,363	100.00%	218,202,363
Laredo Community College District	10,487,057,306	0.222200	124,201,343	100.00%	124,201,343
United Independent School District	9,165,556,838	1.184870	306,499,956	72.38%	221,847,733
Webb County	13,552,655,211	0.420060	71,393,207	72.70%	<u>51,902,148</u>
					<u>898,993,587</u>
Total Direct and Overlapping G.O. Tax Debt					<u>898,993,587</u>
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					2.00%
Per Capita Overlapping G. O. Tax Debt					3,786.89

Source: Finance Departments of respective entities.

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-2009.....	\$	32,641,389
Interest and Sinking Fund, 9-30-2008.....		5,990,320
Property Taxes for Interest and Sinking Fund.....		12,701,778
Paving Assessments.....		87,461
Budgeted Transfers.....		20,143,223
Estimated Investment Income.....		314,700
		<u>39,237,482</u>
Estimated Balance, 9-30-2009.....	\$	<u>6,596,093</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
2009	7,160,191	3,473,800	10,633,991	6,165,802	4,468,189	14.34%
2010	7,170,000	3,142,500	10,312,500	6,191,217	4,121,283	
2011	8,096,126	2,533,874	10,630,000	6,443,646	4,186,354	40.99%
2012	8,401,062	2,209,000	10,610,062	6,407,871	4,202,191	
2013	8,855,462	1,368,376	10,223,838	6,673,058	3,550,780	
2014	8,860,312	-	8,860,312	5,292,244	3,568,068	
2015	4,751,088	-	4,751,088	2,274,840	2,476,248	
2016	4,570,700	-	4,570,700	2,304,741	2,265,959	92.53%
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	771,450	-	771,450	771,450	-	100.00%
Total	<u>67,341,941</u>	<u>12,727,550</u>	<u>80,069,491</u>	<u>48,901,060</u>	<u>31,168,431</u>	

TABLE 8B – CERTIFICATES OF OBLIGATION DEBT SERVICE

Fiscal Year 9-30	Outstanding Certificates of Obligation Debt	Certificate of Oblig, Series 2008	Fund Debt Requirements	Less: Self Supporting CO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2009	17,130,075	1,778,348	18,908,423	9,189,562	9,718,861	4.66%
2010	16,043,287	1,439,569	17,482,856	7,691,766	9,791,090	
2011	15,425,422	1,503,794	16,929,216	7,339,544	9,589,672	
2012	15,064,952	2,189,456	17,254,408	6,819,291	10,435,117	
2013	14,043,528	2,275,681	16,319,209	6,578,473	9,740,736	23.65%
2014	14,379,353	2,447,944	16,827,297	6,475,464	10,351,833	
2015	14,844,916	2,452,244	17,297,160	5,852,764	11,444,396	
2016	14,837,016	2,454,344	17,291,360	5,850,048	11,441,312	
2017	14,845,187	2,452,094	17,297,281	5,855,557	11,441,724	
2018	16,995,555	2,454,719	19,450,274	6,446,894	13,003,380	51.33%
2019	14,638,429	2,598,593	17,237,022	5,715,770	11,521,252	
2020	14,646,759	2,604,094	17,250,853	5,723,527	11,527,326	
2021	14,090,879	2,600,541	16,691,420	5,352,853	11,338,567	
2022	14,089,810	2,601,581	16,691,391	5,347,566	11,343,825	
2023	13,346,386	2,605,337	15,951,723	4,601,462	11,350,261	78.73%
2024	12,795,366	2,602,250	15,397,616	4,323,972	11,073,644	
2025	12,214,137	2,604,000	14,818,137	3,738,175	11,079,962	
2026	11,017,950	2,601,187	13,619,137	3,169,175	10,449,962	
2027	9,691,050	2,604,088	12,295,138	3,166,925	9,128,213	
2028	3,170,087	2,597,150	5,767,237	3,170,087	2,597,150	100.00%
2029	3,167,500	-	3,167,500	3,167,500	-	
2030	3,167,750	-	3,167,750	3,167,750	-	
2031	3,166,375	-	3,166,375	3,166,375	-	
2032	3,168,000	-	3,168,000	3,168,000	-	
2033	3,167,250	-	3,167,250	3,167,250	-	100.00%
Total	289,147,019	47,467,014	336,614,033	128,245,750	208,368,283	

TABLE 9 – COMPUTATION OF SELF-SUPPORTING DEBT

Computation of Self-supporting Debt-Airport	
Net Airport Revenue from Fiscal Year Ended 9-30-08	756,295
Less: Airport Revenue Bond Requirements, 2009 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	756,295
Airport General Obligation Bond Requirements, 2009 Fiscal Year Ended	<u>729,105</u>
Balance	<u><u>27,190</u></u>
Percentage of Airport General Obligation Bonds Self-supporting	59%
Computation of Self-supporting Debt-Sewer System	
Net Revenue from Fiscal Year Ended 9-30-08	(1,204,185)
Less: Sewer System Revenue Bond Requirements, 2009 Fiscal Year Ended	<u>2,273,198</u>
Balance Available for Other Purposes	(3,477,383)
Sewer System General Obligation Bond Requirements, 2009 Fiscal Year Ended	<u>4,202,396</u>
Balance	<u><u>(7,679,779)</u></u>
Percentage of Sewer System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Waterworks System	
Net Revenues from Fiscal Year Ended 9-30-08	600,837
Less: Waterworks Revenue Bond Requirements, 2009 Fiscal Year Ended	<u>3,316,576</u>
Balance Available for Other Purposes	(2,715,739)
Waterworks System General Obligation Bond Requirements, 2009 Fiscal Year Ended	<u>5,392,898</u>
Balance Available for Other Purposes	<u><u>(8,108,637)</u></u>
Percentage of Waterworks System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Hotel Occupancy Tax	
Net Revenues from Fiscal Year Ended 9-30-08	2,891,550
Less: Hotel Revenue Bond Requirements, 2009 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	2,891,550
Hotel General Obligation Bond Requirements, 2009 Fiscal Year Ended	<u>107,875</u>
Balance	<u><u>2,783,675</u></u>
Percentage of Hotel General Obligation Bonds Self-supporting	100%

TABLE 9 – COMPUTATION OF SELF-SUPPORTING DEBT (CONTINUED)

Computation of Self-supporting Debt-Mass Transit	
Net Revenue from Fiscal Year Ended 9-30-08	505,265
Less: Mass Transit Revenue Bond Requirements, 2009 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	505,265
Mass Transit General Obligation Bond Requirements, 2009 Fiscal Year Ended	<u>1,244,535</u>
Balance	<u><u>(739,270)</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 9-30-08	(1,163,491)
Less: Solid Waste Revenue Bond Requirements, 2009 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(1,163,491)
Solid Waste General Obligation Bond Requirements, 2009 Fiscal Year Ended	<u>2,034,749</u>
Balance	<u><u>(3,198,240)</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>
2009	1,755,122
2010	1,617,303
2011	<u>112,758</u>
Total Minimum Lease Payments	<u><u>3,485,183</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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:					
Taxes	76,258,746	70,690,523	64,247,927	57,900,377	51,922,395
Franchises	6,793,268	6,506,014	6,569,349	6,173,160	5,700,834
Licenses & Permits	5,423,364	6,148,720	6,042,780	5,539,664	5,300,012
Intergovernmental	880,661	1,351,157	671,140	1,379,562	1,007,702
Charges for Services	32,406,865	28,275,249	28,527,167	24,873,733	24,027,157
Fine and Special Assessment	3,006,348	2,629,702	2,574,351	2,649,032	2,476,015
Interest and Other	1,758,899	1,889,840	1,438,940	598,745	246,074
Other	1,990,745	1,750,572	1,628,421	2,134,048	2,254,319
Total Revenues	<u>128,518,896</u>	<u>119,241,777</u>	<u>111,700,075</u>	<u>101,248,321</u>	<u>92,934,508</u>
Expenditures:					
General Government	16,708,796	16,548,260	16,245,198	11,532,732	14,654,701
Public Safety	84,875,344	75,891,973	69,093,638	64,300,403	60,906,326
Public Works	7,261,913	7,465,068	6,098,378	5,695,047	5,268,489
Health and Welfare	920,952	560,866	438,132	527,562	721,376
Culture and Recreation	11,114,135	10,551,572	10,025,521	9,466,373	8,443,408
Capital Outlay	114,517	-	-	-	-
Miscellaneous	102,232	400,000	-	3,616,381	11,914,519
Total Expenditures	<u>121,097,889</u>	<u>111,417,739</u>	<u>101,900,867</u>	<u>95,138,498</u>	<u>101,908,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,421,007</u>	<u>7,824,038</u>	<u>9,799,208</u>	<u>6,109,823</u>	<u>(8,974,311)</u>
Transfers In	12,685	733,997	490,317	2,663,967	937,661
Bond/Capital Lease Proceeds	46,235,000	144,235	-	-	12,115,000
Bond Costs	(766,853)	-	-	-	-
Bond Premium	772,484	-	-	-	-
Transfers Out	(3,885,302)	(6,836,898)	(6,111,145)	(4,779,376)	(3,771,269)
Contributions	(46,471,173)	-	-	-	-
Sale of Assets	155,843	192,338	52,450	-	-
Total Transfers In/(Out)	<u>(3,947,316)</u>	<u>(5,766,328)</u>	<u>(5,568,378)</u>	<u>(2,115,409)</u>	<u>9,281,392</u>
Net Increase (Decrease) Prior Period Adjustment	3,473,691	2,057,710	4,230,830	3,994,414	307,081
Beginning Fund Balance	<u>23,146,914</u>	<u>21,089,204</u>	<u>14,321,521</u>	<u>10,327,107</u>	<u>10,020,026</u>
Ending Fund Balance	<u>26,620,605</u>	<u>23,146,914</u>	<u>21,089,204</u>	<u>14,321,521</u>	<u>10,327,107</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.

Fiscal Year Ended 9-30	Total Collected (2)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita (1)
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
2007	31,384,048	59%	0.3733	135.59
2008	32,518,723	55%	0.3476	136.98

(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, 2008, all of the City's investments consisted of guaranteed obligations of the US Government or its agencies, secured certificates of deposits, and government investment pools. The City's investment portfolio had a weighted average maturity of 89 days to the call date and a weighted average maturity of 191 days to its final maturity. The market value of the investment portfolio was approximately 100.06% of its face value. The City's funds are invested as follows:

Investment Pools	\$	113,165,331
Certificates of Deposit		221,321,700
Agency Securities		<u>17,601,918</u>
Total	\$	<u>352,088,949</u>

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 25 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 218 employees, approximately 82 of which are directly involved in toll collection operations. Another 136 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

CALENDAR YEAR	NON- COMMERCIAL VEHICLES	COMMERCIAL VEHICLES	TOTAL VEHICLES	PEDESTRIANS
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
2007	5,718,799	1,662,549	7,381,348	4,161,523
2008	5,539,281	1,608,566	7,147,847	4,362,476

TABLE 2 - TOLL RATES FOR THE SYSTEM

<u>New Rate Schedule (Southbound only) Effective</u>	
<u>April 25, 2008</u>	
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)	\$1.40
Commercial Vehicles (per axle)	\$3.75
Swipe Card Administrative Fee (per card)	\$1.00
Sticker Tag Cost	\$1.00
 <u>Old Rate Schedule (Southbound only) Effective</u>	
<u>October 14, 2005:</u>	
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 (per axle)	\$2.75
Swipe Card Administrative Fee (per card)	\$1.00

TABLE 3 - HISTORICAL REVENUES OF THE SYSTEM

<u>MONTH</u>	<u>FISCAL YEAR 2008</u>	<u>FISCAL YEAR 2007</u>	<u>FISCAL YEAR 2006</u>	<u>FISCAL YEAR 2005</u>	<u>FISCAL YEAR 2004</u>
OCT	3,931,482	3,260,281	3,055,601	2,800,813	2,858,532
NOV	3,853,868	3,294,600	3,335,389	2,810,202	2,673,349
DEC	3,985,808	3,420,517	3,604,785	2,949,343	3,002,443
JAN	3,658,372	2,960,412	3,088,928	2,561,825	2,505,939
FEB	3,669,850	2,904,326	2,984,542	2,526,743	2,542,821
MAR	3,745,655	3,289,547	3,452,262	2,812,851	2,889,866
APR	3,817,597	3,076,696	3,080,672	2,818,596	2,737,786
MAY	3,792,909	3,209,794	3,305,073	2,821,433	2,782,254
JUN	3,794,493	3,244,151	3,293,072	2,813,522	2,827,330
JUL	3,866,801	3,161,768	3,245,281	2,714,569	2,845,423
AUG	3,750,195	3,251,761	3,314,186	2,796,893	2,792,864
SEP	<u>3,709,228</u>	<u>2,977,709</u>	<u>3,341,970</u>	<u>2,642,241</u>	<u>2,698,809</u>
TOTAL	<u><u>45,576,258</u></u>	<u><u>38,051,562</u></u>	<u><u>39,101,761</u></u>	<u><u>33,069,032</u></u>	<u><u>33,157,416</u></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			
2009	1,450,755	2,075,000	3,098,896	5,173,896	1,697,708	8,322,359	6.60%
2010	1,347,675	2,765,000	2,976,929	5,741,929	1,697,709	8,787,313	
2011	-	4,230,000	2,856,897	7,086,897	1,697,708	8,784,605	
2012	-	4,390,000	2,679,132	7,069,132	1,697,709	8,766,841	
2013	-	4,605,000	2,499,951	7,104,951	1,697,708	8,802,659	
2014	-	4,815,000	2,284,965	7,099,965	1,697,709	8,797,674	41.47%
2015	-	5,055,000	2,062,228	7,117,228	1,697,708	8,814,936	
2016	-	5,310,000	1,811,790	7,121,790	1,697,708	8,819,498	
2017	-	5,585,000	1,547,941	7,132,941	1,697,708	8,830,649	
2018	-	5,870,000	1,269,742	7,139,742	1,697,708	8,837,450	
2019	-	3,270,000	976,544	4,246,544	1,697,708	5,944,252	74.20%
2020	-	2,770,000	818,398	3,588,398	1,697,709	5,286,107	
2021	-	2,905,000	678,132	3,583,132	1,697,708	5,280,840	
2022	-	3,055,000	530,161	3,585,161	1,697,708	5,282,869	
2023	-	2,285,000	373,618	2,658,618	1,697,708	4,356,326	
2024	-	2,400,000	255,306	2,655,306	1,697,708	4,353,014	93.69%
2025	-	2,010,000	131,006	2,141,006	1,697,708	3,838,714	
2026	-	210,000	31,086	241,086	1,697,708	1,938,794	
2027	-	220,000	21,195	241,195	1,697,222	1,938,417	
2028	-	230,000	10,833	240,833	-	240,833	100.00%
TOTAL	2,798,430	64,055,000	26,914,750	90,969,750	32,255,970	126,024,150	

TABLE 5 – INTERNATIONAL TOLL BRIDGE SYSTEM CONDENSED STATEMENT OF OPERATIONS

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>					
Toll Receipts	45,576,258	38,051,562	39,101,761	33,069,032	33,157,416
Rental of Facilities	2,182,015	2,120,862	2,001,395	2,032,072	1,973,600
Miscellaneous	61,891	14,811	20,091	12,517	28,966
Total	<u>47,820,164</u>	<u>40,187,235</u>	<u>41,123,247</u>	<u>35,113,621</u>	<u>35,159,982</u>
<u>EXPENSES</u>					
Personnel Services	7,646,420	7,474,294	6,801,387	6,437,754	6,039,437
Materials and Supplies	749,864	677,734	908,535	417,238	404,667
Contractual Services (1)	3,589,207	3,250,608	3,095,352	3,137,229	2,740,480
Other	15,229	18,268	41,395	26,109	22,130
Total	<u>12,000,720</u>	<u>11,420,904</u>	<u>10,846,669</u>	<u>10,018,330</u>	<u>9,206,714</u>
<u>NON-OPERATING REVENUE</u>					
Interest Earnings-Restricted	762,427	1,114,714	1,369,477	3,989,068	349,320
Interest Earnings-Unrestricted	204,796	259,386	252,161	172,257	68,567
Unrealized Gain/(Loss) on Investments	<u>(30,307)</u>	<u>81,636</u>	<u>12,279</u>	<u>(42,997)</u>	<u>(3,672)</u>
Net Revenues Available for for Debt Service	36,756,360	30,222,067	31,910,495	29,213,619	26,367,483
Debt Service	<u>8,147,182</u>	<u>8,259,332</u>	<u>8,353,498</u>	<u>5,281,103</u>	<u>6,800,179</u>
Surplus Revenues	<u>28,609,178</u>	<u>21,962,735</u>	<u>23,556,997</u>	<u>23,932,516</u>	<u>19,567,304</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

DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS			
Average Annual Principal and Interest Requirements on System Revenue Bonds, 2009 through 2028		\$	4,262,190
Coverage of Average Requirements by 9-30-08 Net Income			8.62
Maximum Annual Principal and Interest Requirements, after FYE 2009 through 2028		\$	7,139,742
Coverage of Maximum Requirements by 9-30-08 Net Income			5.15
Reserve Fund		\$	4,688,409
Contingency Fund		\$	500,000
DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS AND SIB LOAN			
Average Annual Principal and Interest Requirements on First Lien Revenue Bonds plus SIB Loan, 2009 through 2028		\$	6,301,208
Coverage of Average Requirements by 9-30-08 Net Income			5.83
Maximum Annual Principal and Interest Requirements, after FYE 2009 through 2028		\$	8,837,450
Coverage of Maximum Requirements by 9-30-08 Net Income			4.16

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	9,206,714	26,367,483	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
2007	41,642,971	11,420,904	30,222,067	8,259,332	4
2008	48,757,080	12,000,720	36,756,360	8,147,182	5

(1) Operating expenses do not include depreciation expense and non-operating expenses.

LAREDO INTERNATIONAL AIRPORT

The City of Laredo International Airport encompasses 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, Express Jet and Chautaugua Airlines d/b/a Continental Express to Houston Bush Intercontinental and Allegiant Air to Las Vegas, Nevada. On average, the airlines have in total nine (9) daily scheduled round trip 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 Federal Inspection Facility and Transportation Security Administration.

In the area of commercial passenger activity, it is anticipated that during 2008, boardings decrease by four (4.0) percent compared to 2007. The decrease is in line with the national decline in passenger activity. The downturn of the global economy and a reduction in terms of capacity by American Eagle is the reason for the decrease. Allegiant Air has added additional summer time flights and this will boost passenger activity. Allegiant Air operates the 150-passenger MD-80 mainline jet aircraft

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. 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. Cargo decreased during 2008 due to the downturn in the global economy primarily the automotive sector which sector accounts for approximately 90 percent of Laredo's air cargo.

During June 2007 the Federal Aviation Administration's approved Laredo's Airport Noise Compatibility Update Study. A significant number of residents became 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 \$48.0 million of which the Federal Aviation Administration, under the current program, would fund 95% of the program cost.

Projects completed during 2008 included the Rehabilitation of General Aviation Apron Phase 3 at a cost of \$3.5 million.

Rehabilitation of Runway 14/32 a \$3.2 million project was commenced during 2008 and is currently 60 percent complete. Federal discretionary funding to Rehabilitate Phase 4 of the General Aviation Apron in the amount of \$3.5 is approved.

FAA is supporting the rehabilitation and extension of Runway of Runway 17R to include the relocation of a portion of Taxiway "A" and may fund this project as early as FY 09 with a discretionary and or a stimulus grant. The estimated cost of this project is approximately \$10 to \$12.0 million. Another stimulus project may include Phase 5 rehabilitation of the General Aviation Apron as well as construction of a stand alone Federal Inspection Station for clearance of general aviation passenger and cargo aircraft.

The City has contracted for an Environmental Assessment Study and for a Benefit/Cost Analysis regarding the proposed extension of Runway 17L has been submitted to FAA's Regional Office in Fort

Worth, Texas and the regional office is favorably recommending to FAA Washington that it be approved. 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 2011.

During the past fifteen (15) years, the City and the Federal Aviation Administration have invested over \$130 million in Laredo International Airport infrastructure including noise abatement. This trend we anticipate will continue in 2009 and into the future.

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 was 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
(1)2001	69,049	67,835	226,136,780
2002	74,286	73,719	261,473,820
2003	73,638	72,345	272,367,959
2004	81,342	81,924	366,161,425
2005	90,653	92,932	374,434,576
2006	92,783	93,979	360,000,000
2007	113,004	111,464	341,198,304
(2)2008	107,553	109,912	272,960,000

(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) Global economic conditions during 2008 negatively affected both passenger and cargo activity.

TABLE 1- SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	Fiscal Years Ended September 30,						
	2008	2007	2006	2005	2004	2003	2002
Revenues:							
FAA	\$ -	\$ 388,321	\$ 391,895	\$ 349,076	\$ 287,124	\$ 287,124	\$ 279,240
State Operating Grants	82,190	100,235	102,045	98,363	94,710	135,344	80,354
Rents	4,448,507	4,399,983	3,844,104	3,525,829	3,489,304	3,777,292	3,291,239
Interest Earnings	(59)	9,019	47,672	87,095	34,837	759	-
Discount Earnings	-	28	-	-	-	-	-
Proceeds from Asset Dispositio	-	-	-	329,689	3,898,840	3,400,077	-
Miscellaneous	370,831	404,714	202,542	325,174	251,881	484,174	239,644
Total Revenues	4,901,469	5,302,300	4,588,258	4,715,226	8,056,696	8,084,770	3,890,477
Expenditures:							
Administration	2,192,701	2,318,266	2,389,787	2,686,745	3,655,870	1,888,911	2,662,541
Building Maintenance	568,963	654,188	389,809	427,045	370,364	373,133	382,214
Ground Maintenance	379,262	454,977	436,528	498,610	418,625	390,865	364,801
Control Tower	-	684,924	491,684	461,614	392,096	358,495	336,383
Airport Police	950,347	1,033,311	766,494	584,732	586,887	494,967	66,808
Foreign Trade Zone	18,540	14,952	14,552	14,558	13,769	13,362	11,661
Total Expenditures	4,109,813	5,160,618	4,488,854	4,673,304	5,437,611	3,519,733	3,824,408
Net Operating Revenues	791,656	141,682	99,404	41,922	2,619,085	4,565,037	66,069
Other Sources (Uses):							
Debt Service	(734,444)	(407,640)	(645,942)	(786,131)	(790,914)	(785,744)	(793,684)
Capital Outlay	(35,361)	(302,285)	(1,872,588)	(115,980)	-	-	(17,331)
Airport Construction Fund	(50,000)	-	-	-	-	-	-
Communication System Fund	-	(270,000)	(81,411)	-	-	-	-
General Fund	1,496	4,800	-	-	25,000	25,000	25,000
Noise Abatement	89,431	-	-	-	(315,790)	-	-
New Airport Terminal	-	306,641	316,373	(1,500,000)	(511,889)	-	663,130
Total Other Sources (Uses)	(728,878)	(668,484)	(2,283,568)	(2,402,111)	(1,593,593)	(760,744)	(122,885)
Excess (Deficiency) of							
Revenues Over Expenditures	62,778	(526,802)	(2,184,164)	(2,360,189)	1,025,492	3,804,293	(56,816)
Beginning Fund Balance	(514,508)	12,294	2,131,789	4,491,978	3,466,486	(337,807)	(280,991)
Prior Period Adjustment	-	-	64,669	-	-	-	-
Ending Fund Balance	\$ (451,730)	\$ (514,508)	\$ 12,294	\$ 2,131,789	\$ 4,491,978	\$ 3,466,486	\$ (337,807)

TABLE 2 - DEBT SERVICE REQUIREMENT

Fiscal Year Ended 9-30	Debt Requirement	Principal	Interest	Total	Total Outstanding Debt	% of Principal Retired
2009	\$ 408,805	280,000	40,300	320,300	729,105	23.37%
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	79.00%
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%
	<u>\$ 2,227,995</u>	<u>775,000</u>	<u>116,983</u>	<u>891,983</u>	<u>3,119,978</u>	

TABLE 3 - DEBT SERVICE REQUIREMENT

Average Annual Principal and Interest Requirements, 2009-2018	\$	311,998
Coverage of Average Requirements by 9-30-08 Net Income		2.54
Maximum Annual Principal and Interest Requirements, after FYE 2009 through 2018	\$	729,105
Coverage of Maximum Requirements by 9-30-08 Net Income		1.09

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 51,826.09 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 65 million gallons per day. The average daily demand during 2008 was approximately 36.72 million gallons per day and peak demand for 2008 was 53.64 million gallons per day. Connections to the water system as of September 30, 2008 were 60,519.

WASTEWATER SYSTEM

The City of Laredo owns and operates five wastewater treatment plants, which have a combined total design capacity of 21.141 million gallons per day ("MGD"). The Sewer System includes approximately 473 miles of sewer lines and 78 lift stations. The average daily treatment is 17.899 MGD with 57,851 connections as of September 30, 2008.

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	2		560,000 gallons
San Isidro NE	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 (elevated)		2,000,000 gallons
Cuatro Vientos	1 (elevated)		2,000,000 gallons
Total Treated Water Storage			43,893,000 gallons

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 681 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 an impoundment capacity of 77,800 acre feet at top of the Dam, 58,600 acre feet at maximum pool, (PMF – Probable Maximum Feet) of which 20,000 acre feet are reserved for emergency use. 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>
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
2007	33,550	49,000	12,245,329
2008	36,720	53,640	13,345,812

TABLE 3 - SEWAGE FLOW (THOUSAND GALLONS)

Fiscal Year Ended <u>9-30</u>	Average Sewage Flow	Total Daily Flow
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
2007	18.095	6,604
2008	17.899	6,533

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

<u>User</u>	<u>2008 Water/Sewer Consumption</u>
LAREDO MEDICAL CENTER	82,153,700
TEXAS A&M INTERNATIONAL UNIVERSITY	30,815,536
LAREDO MUNICIPAL HOUSING CORP.	26,033,900
WEBB COUNTY JAIL	25,173,000
C.P.L. POWER PLANT	20,341,800
WEBB COUNTY	17,846,200
LAREDO COMMUNITY COLLEGE	14,864,500
LAREDO REGIONAL MEDICAL CENTER	12,054,700
TOWNE NORTH MOBILE HOMES	11,859,500
RETAMA MANOR NURSING CENTER	11,711,600
(1) Total gallons consumed	<u>252,854,436</u>

(1) Source: City of Laredo, Texas.

TABLE 5 - MONTHLY WATER RATES

**Water Rates
(Effective January 1, 2008)**

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	1.29
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.38
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	1.44
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	1.53
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	1.62
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	1.69
Per 1,000 gallons per month in excess of 50,000 gallons per month	3.38
Multi-Family and Commercial:	
Monthly minimum, including use of 2,000 gallons per month	25.02
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.38
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.40
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	1.64
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	1.87
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	2.11
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	2.58
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	3.20
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	3.27
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 January 1, 2007)**

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	1.21
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.29
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	1.35
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	1.43
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	1.51
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	1.58
Per 1,000 gallons per month in excess of 50,000 gallons per month	3.16
Multi-Family and Commercial:	
Monthly minimum, including use of 2,000 gallons per month	23.38
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.29
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.31
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	1.53
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	1.75
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	1.97
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	2.41
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	2.99
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	3.06
Outside City Limits:	
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

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

Inside City Limits	
Residential:	
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.	

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

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

	2008			2007			2006		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	120,792,897	93,917,054	214,709,951	113,881,674	89,431,498	203,313,172	110,303,883	74,321,403	184,625,286
Vehicles and Equipment	6,811,377	7,494,843	14,306,220	5,449,703	5,865,521	11,315,224	4,464,891	5,443,216	9,908,107
Buildings	13,245,692	18,308,734	31,554,426	13,245,692	18,308,734	31,554,426	13,245,692	17,759,212	31,004,904
Land and Improvements	21,617,530	4,531,525	26,149,055	19,792,793	4,531,525	24,324,318	18,012,171	4,531,252	22,543,696
Construction In Progress	16,385,573	7,948,202	24,333,775	10,870,641	4,769,294	15,639,935	5,782,543	15,180,078	20,962,621
Less: Total Depreciation	(73,120,032)	(44,615,508)	(117,735,540)	(68,006,208)	(39,990,212)	(107,996,220)	(62,790,899)	(35,956,413)	(98,747,312)
Value After Depreciation	105,733,037	87,584,850	193,317,887	95,124,295	82,916,560	178,040,855	89,018,281	81,279,021	170,297,302
		2005	Total Utilities		2004	Total Utilities			
	Water	Sewer	Utilities	Water	Sewer	Utilities			
System Improvements	105,821,499	70,625,996	176,447,495	95,818,825	62,327,972	158,146,797			
Vehicles and Equipment	4,276,234	5,102,033	9,378,267	4,575,726	5,288,549	9,864,275			
Buildings	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301			
Land and Improvements	15,448,728	4,531,525	19,980,253	15,108,728	4,289,508	19,398,236			
Construction In Progress	2,744,578	16,281,855	19,026,433	4,372,449	12,818,359	17,190,808			
Less: Total Depreciation	(57,592,086)	(32,291,468)	(89,883,554)	(48,137,783)	(25,667,258)	(73,805,041)			
Value After Depreciation	83,580,381	78,162,814	161,743,195	84,619,373	72,970,003	157,589,376			

TABLE 8: CITY'S EQUITY IN UTILITY SYSTEM

Fiscal Year Ended Sept. 30,	2008			2007			2006		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Resources:</u>									
Net System Value	\$ 105,733,037	87,584,850	193,317,887	95,124,295	82,916,560	178,040,855	89,018,281	81,279,021	170,297,302
Cash and Investments	73,341,316	50,294,270	123,635,586	57,112,032	34,294,373	91,406,405	46,788,214	25,619,286	72,407,500
Other Sources	5,241,840	4,000,808	9,242,648	4,701,477	2,513,872	7,215,349	4,380,439	2,420,388	6,800,827
Total Resources	184,316,193	141,879,928	326,196,121	156,937,804	119,724,805	276,662,609	140,186,934	109,318,695	249,505,629
<u>Obligations:</u>									
Revenue Bonds Payable	27,577,418	20,777,000	48,354,418	28,792,697	21,498,000	50,290,697	21,835,977	13,254,000	35,089,977
Less: Bond Funds	(2,128,548)	(1,583,837)	(3,712,385)	(2,145,992)	(1,624,617)	(3,770,609)	(1,612,118)	(980,733)	(2,592,851)
	25,448,870	19,193,163	44,642,033	26,646,705	19,873,383	46,520,088	20,223,859	12,273,267	32,497,126
Other Obligations	11,215,993	3,793,936	15,009,929	10,178,418	2,978,020	13,156,438	8,590,035	2,056,101	10,646,136
Total Obligations	36,664,863	22,987,099	59,651,962	36,825,123	22,851,403	59,676,526	28,813,894	14,329,368	43,143,262
City's Equity In System	\$ 147,651,330	118,892,829	266,544,159	120,112,681	96,873,402	216,986,083	111,373,040	94,989,327	206,362,367
Percentage City's Equity In System	80.11%	83.80%	81.71%	76.54%	80.91%	78.43%	79.45%	86.89%	82.71%
Fiscal Year Ended Sept. 30,	2005			2004					
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities			
<u>Resources:</u>									
Net System Value	\$ 83,580,381	78,162,814	161,743,195	85,042,304	75,288,741	160,331,045			
Cash and Investments	37,432,457	22,306,240	59,738,697	28,203,259	22,610,065	50,813,324			
Other Sources	3,444,306	2,369,981	5,814,287	2,395,876	1,868,029	4,263,905			
Total Resources	124,457,144	102,839,035	227,296,179	115,641,439	99,766,835	215,408,274			
<u>Obligations:</u>									
Revenue Bonds Payable	14,106,623	9,524,453	23,631,076	10,589,636	8,165,753	18,755,389			
Less: Bond Funds	(999,731)	(680,773)	(1,680,504)	(1,676,417)	(1,049,022)	(2,725,439)			
	13,106,892	8,843,680	21,950,572	8,913,219	7,116,731	16,029,950			
Other Obligations	7,040,361	1,946,258	8,986,619	8,431,833	2,684,236	11,116,069			
Total Obligations	20,147,253	10,789,938	30,937,191	17,345,052	9,800,967	27,146,019			
City's Equity In System	\$ 104,309,891	92,049,097	196,358,988	98,296,387	89,965,868	188,262,255			
Percentage City's Equity In System	83.81%	89.51%	86.39%	85.00%	90.18%	87.40%			

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 1

For Fiscal Year Ended
September 30,

	2008			2007			2006		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>									
Charges for Services	\$ 26,265,698	14,006,232	40,271,930	24,977,835	13,055,433	38,033,268	23,129,654	14,108,373	37,238,027
Rental Of Facilities	40,128	-	40,128	40,128	-	40,128	38,122	-	38,122
Interest	711,991	265,542	977,533	1,001,877	506,934	1,508,811	585,645	389,384	975,029
Miscellaneous	339,801	369,861	709,662	463,192	587,121	1,050,313	294,506	429,905	724,411
Total Revenues	27,357,618	14,641,635	41,999,253	26,483,032	14,149,488	40,632,520	24,047,927	14,927,662	38,975,589
<u>Expenses</u>									
Administrative	2,583,385	2,097,387	4,680,772	2,076,626	2,872,599	4,949,225	1,779,174	2,543,621	4,322,795
Utility Engineering	799,864	-	799,864	752,441	-	752,441	638,979	-	638,979
Utility Compliance	-	-	-	-	-	-	-	-	-
City Managed Employees	-	-	-	-	-	-	-	-	-
Utility Billing	2,724,036	-	2,724,036	2,368,785	-	2,368,785	1,950,102	-	1,950,102
Asset Management	247,660	-	247,660	270,448	-	270,448	246,510	-	246,510
Water Treatment Plant	6,742,276	-	6,742,276	5,956,680	-	5,956,680	6,090,084	-	6,090,084
Transmission and Distribution	3,495,224	-	3,495,224	3,144,501	-	3,144,501	2,803,090	-	2,803,090
Water Pollution Control	437,807	-	437,807	528,799	-	528,799	502,870	-	502,870
Wastewater Treatment	-	4,792,566	4,792,566	-	4,133,862	4,133,862	-	3,662,090	3,662,090
Wastewater Collection	-	2,620,294	2,620,294	-	2,526,732	2,526,732	-	2,280,698	2,280,698
Total Expenses	17,030,252	9,510,247	26,540,499	15,098,280	9,533,193	24,631,473	14,010,809	8,486,409	22,497,218
Net Available for Debt Service	\$ 10,327,366	5,131,388	15,458,754	11,384,752	4,616,295	16,001,047	10,037,118	6,441,253	16,478,371
Number of Customers	60,519	57,851		59,409	56,065		57,489	54,568	

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 2

For Fiscal Year Ended
September 30,

	2005			2004		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>						
Charges for Services	\$ 16,894,576	13,389,474	30,284,050	14,826,763	12,340,387	27,167,150
Rental Of Facilities	34,109	-	34,109	30,096	-	30,096
Interest	187,486	132,550	320,036	111,608	87,801	199,409
Miscellaneous	1,043,549	464,833	1,508,382	698,617	685,074	1,383,691
Total Revenues	18,159,720	13,986,857	32,146,577	15,667,084	13,113,262	28,780,346
<u>Expenses</u>						
Administrative	1,278,137	1,846,066	3,124,203	1,237,314	1,406,152	2,643,466
Utility Engineering	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	707,008	-	707,008	-	-	-
Asset Management	121,035	-	121,035	-	-	-
Water Treatment Plant	1,956,422	-	1,956,422	-	-	-
Transmission and Distribution	1,262,552	-	1,262,552	-	-	-
Water Pollution Control	171,841	-	171,841	-	-	-
Wastewater Treatment	-	1,064,536	1,064,536	-	-	-
Wastewater Collection	-	769,719	769,719	-	-	-
Corrective Maintenance	13,083	32,014	45,097	35,539	296,941	332,480
Total Expenses	10,991,334	6,811,361	17,802,695	9,801,112	6,648,103	16,449,215
Net Available for Debt Service	\$ 7,168,386	7,175,496	14,343,882	5,865,972	6,465,159	12,331,131
Number of Customers	55,252	52,565		52,754	50,282	

TABLE 10 Debt Service Requirements

Fiscal Year Ended 9-30	Water Revenue Debt After Refunding Issue Debt Requirement	2004 WATER SYSTEM REVENUE REFUNDING ISSUE			Total Water Outstanding Debt	Plus General Obligation Water System Debt Service Requirements	Water Total	Sewer Revenue Debt After Refunding Issue Debt Requirements	2002 SEWER SYSTEM REVENUE REFUNDING ISSUE			Total Sewer Outstanding Debt	Plus General Obligation Sewer System Debt Service Requirements	Sewer Total	Utility Grand Total	% of Grand Total Retired
		Principal	Interest	Total					Principal	Interest	Total					
2009	2,139,598	1,100,000	76,978	1,176,978	3,316,576	5,392,898	8,709,474	1,780,835	455,000	37,363	492,363	2,273,198	4,202,396	6,475,594	15,185,068	
2010	2,154,948	1,135,000	26,389	1,161,389	3,316,337	5,405,464	8,721,801	1,794,916	460,000	18,298	478,298	2,273,214	4,210,028	6,483,242	15,205,043	
2011	2,061,124	-	-	-	2,061,124	5,402,649	7,463,773	1,698,460	190,000	4,223	194,223	1,892,683	4,189,546	6,082,229	13,546,002	
2012	2,069,364	-	-	-	2,069,364	5,050,985	7,120,349	1,557,638	-	-	-	1,557,638	4,223,207	5,780,845	12,901,194	
2013	2,064,336	-	-	-	2,064,336	5,069,357	7,133,693	1,563,871	-	-	-	1,563,871	4,224,117	5,787,988	12,921,681	35.94%
2014	2,065,243	-	-	-	2,065,243	4,502,177	6,567,420	1,563,406	-	-	-	1,563,406	3,856,801	5,420,207	11,987,627	
2015	2,058,800	-	-	-	2,058,800	2,515,510	4,574,310	1,560,130	-	-	-	1,560,130	2,371,984	3,932,114	8,506,424	
2016	2,067,557	-	-	-	2,067,557	2,517,354	4,584,911	1,556,878	-	-	-	1,556,878	2,372,959	3,929,837	8,514,748	
2017	2,061,102	-	-	-	2,061,102	2,525,689	4,586,791	1,560,068	-	-	-	1,560,068	2,371,007	3,931,075	8,517,866	
2018	2,063,514	-	-	-	2,063,514	2,270,969	4,334,483	1,562,632	-	-	-	1,562,632	2,377,578	3,940,210	8,274,693	59.54%
2019	2,052,671	-	-	-	2,052,671	2,266,864	4,319,535	1,562,448	-	-	-	1,562,448	1,862,569	3,425,017	7,744,552	
2020	2,060,953	-	-	-	2,060,953	1,954,013	4,014,966	1,553,372	-	-	-	1,553,372	1,864,773	3,418,145	7,433,111	
2021	2,057,297	-	-	-	2,057,297	1,739,025	3,796,322	1,562,273	-	-	-	1,562,273	1,704,153	3,266,426	7,062,748	
2022	2,060,621	-	-	-	2,060,621	1,737,975	3,798,596	1,559,824	-	-	-	1,559,824	1,704,201	3,264,025	7,062,621	
2023	2,059,576	-	-	-	2,059,576	1,739,519	3,799,095	1,567,845	-	-	-	1,567,845	1,701,693	3,269,538	7,068,633	78.28%
2024	2,059,477	-	-	-	2,059,477	1,738,469	3,797,946	1,558,800	-	-	-	1,558,800	1,427,878	2,986,678	6,784,624	
2025	1,698,816	-	-	-	1,698,816	1,736,125	3,434,941	1,219,988	-	-	-	1,219,988	1,429,800	2,649,788	6,084,729	
2026	1,374,847	-	-	-	1,374,847	1,737,625	3,112,472	1,071,894	-	-	-	1,071,894	1,431,550	2,503,444	5,615,916	
2027	690,424	-	-	-	690,424	1,741,000	2,431,424	728,288	-	-	-	728,288	1,425,925	2,154,213	4,585,637	
2028	46,183	-	-	-	46,183	1,739,562	1,785,745	26,684	-	-	-	26,684	1,430,525	1,457,209	3,242,954	91.84%
2029	-	-	-	-	-	1,740,000	1,740,000	-	-	-	-	-	1,427,500	1,427,500	3,167,500	
2030	-	-	-	-	-	1,738,750	1,738,750	-	-	-	-	-	1,429,000	1,429,000	3,167,750	
2031	-	-	-	-	-	1,738,875	1,738,875	-	-	-	-	-	1,427,500	1,427,500	3,166,375	
2032	-	-	-	-	-	1,740,125	1,740,125	-	-	-	-	-	1,427,875	1,427,875	3,168,000	
2033	-	-	-	-	-	1,737,375	1,737,375	-	-	-	-	-	1,429,875	1,429,875	3,167,250	100.00%
Total	36,966,451	2,235,000	103,367	2,338,367	39,304,818	67,478,354	106,783,172	28,610,250	1,105,000	59,884	1,164,884	29,775,134	57,524,440	87,299,574	194,082,746	

TABLE 11: COVERAGE AND FUND BALANCES

Waterworks:

Average Annual Principal and Interest Requirements	\$	2,128,548
Coverage of Average Requirements by 2008 Net Income		4.86
Maximum Principal and Interest Revenue Bond Requirements		
After Fiscal Year Ended September 30, 2008	\$	3,316,576
Coverage of Maximum Requirements by 2008 Net Income		3.12
Outstanding New Series Water Revenue Bonds	\$	36,966,451
Outstanding Refunding Water Revenue Bonds	\$	2,338,367
Interest and Sinking Fund as of September 30, 2008	\$	1,245,500
Reserve Fund as of September 30, 2008	\$	2,128,548
Contingency Fund as of September 30, 2008	\$	1,367,605

Sewer:

Average Annual Principal and Interest Requirements	\$	1,583,837
Coverage of Average Requirements by 2008 Net Income		3.24
Maximum Principal and Interest Revenue Bond Requirements		
After Fiscal Year Ended September 30, 2008	\$	2,273,198
Coverage of Maximum Requirements by 2008 Net Income		2.26
Outstanding New Series Sewer Revenue Bonds	\$	28,610,250
Outstanding Refunding Sewer Revenue Bonds	\$	1,164,884
Interest and Sinking Fund as of September 30, 2008	\$	804,417
Reserve Fund as of September 30, 2008	\$	1,583,837
Contingency Fund as of September 30, 2008	\$	732,068

TABLE 12: COVERAGE AND FUND BALANCES – UTILITY SYSTEM

Utility System			
	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Net Funds Available for Debt Service	\$ 10,327,366	5,131,388	15,458,754
Average Annual Principal and Interest Requirements	2,128,548	1,583,837	3,712,385
Coverage of Average Annual Requirements by Funds Available for Debt Service	4.86	3.24	4.17
Maximum Principal and Interest Revenue Bond Requirements	3,316,576	2,273,198	5,589,774
Coverage of Maximum Requirement by Funds Available for Debt Service	3.12	2.26	2.77
Outstanding Revenue Bonds as of 09/30/2008	39,304,818	29,775,134	69,079,952
Interest & Sinking Fund as of 09/30/2008	1,245,500	804,417	2,049,917
Reserve Funds as of 09/30/2008	2,128,548	1,583,837	3,712,385
Contingency Fund as of 09/30/2008	\$ 1,367,605	732,068	2,099,673

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

<u>Fiscal Year Ending 9/30</u>	<u>Actual 1% Sales & Use Tax Receipts</u>	<u>1/4 of 1% Sales Tax Receipts</u>	<u>Maximum Annual Debt Service</u>	<u>Estimated Coverage</u>
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
2007	25,426,235	6,356,559	3,121,125	2.04
2008	25,962,164	6,490,541	3,121,125	2.08

(*) These amounts were generated by multiplying, for each Fiscal Year, the amount of actual 1.0% sales and use tax receipts for such Fiscal Year by .25. These figures therein are provided for illustrative purposes only. The ¼ of 1% Sales Tax securing the Bonds has only been collected since January 1, 2001. Therefore, the amounts do not represent actual collections of the Sales Tax securing the Bonds, but simply provide an estimate 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, 2008-2024	3,090,048
Fiscal Year 2008 Sales Tax Revenues	6,490,541
Coverage of Average Requirements by Fiscal Year 2008	2.10
Maximum Principal and Interest Requirements 2024	3,121,125
Fiscal Year 2008 Sales Tax Revenues	6,490,541
Coverage of Maximum Requirements by Fiscal 2008	2.08

TABLE 3 – DEBT SERVICE REQUIREMENTS

<u>Ended 9-30</u>	<u>Requirement</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Debt</u>	<u>Retired</u>
2008	1,019,525	210,000	1,661,638	1,871,638	2,891,163	3.71%
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	
2013	-	1,745,000	1,371,225	3,116,225	3,116,225	32.00%
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	
2018	-	2,240,000	875,350	3,115,350	3,115,350	62.91%
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	
2023	-	2,895,000	224,625	3,119,625	3,119,625	93.81%
2024	-	3,045,000	76,125	3,121,125	3,121,125	100.00%
	<u>\$ 2,113,600</u>	<u>\$ 33,145,000</u>	<u>\$ 17,272,218</u>	<u>\$ 50,417,218</u>	<u>\$ 52,530,818</u>	

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 AND THE STATE OF TEXAS
UNIFORM GRANT MANAGEMENT STANDARDS**

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 Management Standards (UGMS)* issued by the Office of the Governor of the State that are applicable to each of its major federal and state programs for the year ended September 30, 2008. 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 *UGMS*. Those standards, OMB Circular A-133, and *UGMS* 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, 2008.

Internal Control Over Compliance

The management of the City of Laredo, Texas, is responsible for establishing and maintaining effective internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Laredo, Texas' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

City of Laredo, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Laredo, Texas' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Gaug, Manting & Co, L.L.P.

Laredo, Texas
February 4, 2009

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
U.S. Department of Health and Human Services							
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	3,750	-	3,750	-
Control Program - CPS-BIOCHEM	93.003	N/A	-	(1,250)	1,250	-	-
Control Program - TB Federal '00	93.116	N/A	183,186	896	-	-	896
Control Program - TB Federal '07	93.116	N/A	165,085	18,517	42,040	60,557	-
Control Program - TB Federal '08	93.116	N/A	175,979	-	123,209	87,350	35,859
Health Resources and Services Administration:							
Abstinence Education Program 06-07	93.235	N/A	92,910	5,823	-	5,823	-
Abstinence Education Program 2007	93.235	N/A	23,227	-	11,287	11,287	-
Abstinence Education Program 2008	93.235	N/A	30,000	-	15,270	15,270	-
Occupational Safety and Health Research Projects:							
Lead Poisoning Prevention 04-05	93.262	N/A	15,000	622	-	-	622
Center for Disease Control and Prevention, Public Health Services:							
Immunization Grants:							
Immunization Locals 07	93.268	N/A	128,651	46,387	150	46,537	-
Immunization Locals 08	93.268	N/A	223,188	17,624	202,499	179,829	40,294
Immunization Locals 09	93.268	2009-028334-001	223,188	-	13,268	-	13,268
Center for Disease Control and Prevention Investigations and Technical Assistance - Bureau of Clinical and Nutrition Services -							
Community Preparedness Section - Lab	93.283	N/A	952,406	211,757	538,800	739,260	11,297
Bioterrorism Preparedness - 03-04	93.283	N/A	449,067	48,071	-	-	48,071
Bioterrorism Preparedness - 05-07	93.283	N/A	549,678	146,816	-	146,816	-
Bioterrorism Preparedness - 07-08	93.283	2008-022927-001	172,082	18,382	441,644	364,036	95,990
Bioterrorism Preparedness - 08-09	93.283	2009-027970-001	264,059	-	37,354	-	37,354
Bioterrorism Pandemic - 06-07	93.283	N/A	119,055	51,633	-	51,633	-
Bioterrorism Pandemic - 07-08	93.283	2008-022927-001	59,527	9,486	108,983	111,463	7,006
Early Warning Infectious Disease Surveillance 2008	93.283	2008-024694-001	172,239	-	120,077	106,846	13,231
Early Warning Infectious Disease Surveillance 2009	93.283	2008-028124-001	129,993	-	20,678	-	20,678
Preventive Health & Health Services '02-03 - NTD	93.283	N/A	155,289	11,022	-	-	11,022
Health Resources and Services Administration:							
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 07-08	93.917	019-03-07	332,717	134,182	199,777	333,959	-
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 08-09	93.917	019-03-08	412,985	-	183,123	93,550	89,573
H. I. V. Prevention Activities - Health Department Based							
H. I. V. Prevention Counseling Partner Elicitation Education 06	93.940	N/A	199,854	21,387	-	21,387	-
H. I. V. Prevention Counseling Partner Elicitation Education 07	93.940	N/A	133,236	3,778	-	3,778	-
H. I. V. Prevention Counseling Partner Elicitation Education 08	93.940	2008-023782-001	411,171	21,359	315,706	273,344	63,721
Prevention Services for H.I.V. Infected Persons '07	93.940	N/A	69,993	1,342	-	-	1,342
Prevention Services for H.I.V. Infected Persons '08	93.940	N/A	-	522	-	-	522
Centers for Disease Control and Prevention:							
Preventive Health & Health Services Block Grant							
Office of Border Health - NTD	93.991	N/A	28,053	265	-	-	265
Office of Border Health - Healthy Border	93.018	N/A	21,500	10,900	-	10,900	-
Office of Regional Administrative Services - 06-07 / O.P.H.P.	93.991	N/A	306,835	128,721	93	128,814	-
Office of Regional Administrative Services - 07-08 / O.P.H.P.	93.991	2008-024502-001	306,835	16,282	294,207	202,801	107,688
Office of Regional Administrative Services - 08-09 / O.P.H.P.	93.991	2009-028162-001	306,835	-	13,696	-	13,696
Preventive Health & Health Services '01-02 - Border Health	93.991	N/A	5,000	892	-	-	892
Total U. S. Department of Health and Human Services			\$ 6,822,323	929,166	2,683,111	2,998,990	613,287

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
U.S. Department of Housing and Urban Development (HUD)							
Direct Programs:							
Community Planning and Development:							
Community Development Block Grant / Entitlement Grants 05	14.218	N/A	\$ 4,162,388	498,104	1,359,049	1,857,153	-
Community Development Block Grant / Entitlement Grants 06	14.218	N/A	3,711,628	-	3,443,592	3,239,936	203,656
Community Development Block Grant / Entitlement Grants 07	14.218	N/A	3,711,664	-	-	-	-
Emergency Shelter Grant Program 2006	14.231	N/A	158,868	76,485	44,869	121,354	-
Emergency Shelter Grant Program 2007	14.231	N/A	160,079	-	107,701	91,128	16,573
Housing Oportunities for Persons with Aids - H.O.P.W.A. II 07-08	14.241	019-02-05	78,674	25,225	31,145	56,370	-
Housing Oportunities for Persons with Aids - H.O.P.W.A. II 08-09	14.241	019-3-08	79,249	-	50,393	37,910	12,483
HOME Investment Partnership Program 2006 GRANT	14.239	N/A	1,299,879	140,724	612,431	753,155	-
ADDI Program 2006 Grant	14.239	N/A	12,841	-	12,841	12,841	-
ADDI Program 2007 Grant	14.239	N/A	12,841	-	12,841	12,841	-
HOME Investment Partnership Program 2007 GRANT	14.239	N/A	1,290,876	-	928,830	887,012	41,818
EDI Special Project (Plaza Sign Restoration)	14.246	B-05-SP-TX-0301	198,400	198,400	-	198,400	-
Total U. S. Department of HUD			14,877,387	938,938	6,603,692	7,268,100	274,530

U. S. Department of Transportation

Direct Programs:							
Federal Transit Administration:							
Capital Improvement Grant	20.500	TX90X438	1,427,252	-	64,518	64,518	-
Capital Improvement Grant	20.500	TX90X456	1,179,494	4,256	140,924	145,180	-
Capital Improvement Grant	20.500	TX90X499	688,015	-	4,000	4,000	-
Capital Improvement Grant	20.500	TX03X274	2,546,681	-	42,080	42,080	-
Capital Improvement Grant	20.500	TX030299	1,943,557	-	-	-	-
Federal Transit Formula Grants - Urbanized Area Formula Program							
Federal Transportation and Operating Assistance	20.507	TX904758	3,658,679	439,000	87,486	526,486	-
Federal Transportation and Operating Assistance	20.507	TX904800	3,952,369	-	3,764,867	3,469,343	295,524
Federal Aviation Administration:							
Airport Improvement Program (ARFF Station/Cargo Apron Pads)	20.106	3-48-0136-38-03	1,314,480	-	-	-	-
Airport Improvement Program (Noise Abatement/65-69 DNL)	20.106	3-48-0136-40-04	6,000,000	15,751	2,462,611	2,478,362	-
Airport Improvement Program (Taxiways, Apron)	20.106	3-48-0136-42-04	5,449,747	214,775	53,350	268,125	-
Airport Improvement Program (Runway 17R/35L)	20.106	3-48-0136-44-05	4,271,932	109,647	-	109,647	-
Airport Improvement Program (Runway 17R/35L, RPZ)	20.106	3-48-0136-46-05	1,000,000	-	1,995	1,995	-
Airport Improvement Program (Noise Abatement)	20.106	3-48-0136-47-06	2,000,000	194,442	616,383	810,825	-
Airport Improvement Program (Runway 17L, Noise Study)	20.106	3-48-0136-48-06	1,424,968	222,581	104,273	298,686	28,168
Airport Improvement Program (G.A. Apron, N.E. Cargo Apron)	20.106	3-48-0136-49-07	7,500,000	2,301,242	1,599,179	3,872,520	27,901
Airport Improvement Program (Noise Mitigation)	20.106	3-48-0136-50-07	2,000,000	-	809,607	745,504	64,103
Airport Improvement Program (Rehab Apron, Rehab Runway 14/32)	20.106	3-48-0136-51-07	4,513,444	88,696	4,152,769	4,002,352	239,113
Airport Improvement Program (Noise Mitigation)	21.106	3-48-0136-52-08	2,000,000	-	-	-	-
Airport Improvement Program (Rehab Apron, Rehab Runway 14/31)	22.106	3-48-0136-53-09	\$ 4,416,530	-	231,357	212	231,145

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
U. S. Department of Transportation							
Direct Programs:							
Federal Aviation Administration:							
Airport Traffic Control Services	20.106	DTFASW-04-C-00022	\$ 341,330	33,005	-	33,005	-
Transportation Security Administration	97.090	DTSAA20-03-P-01648	102,711	16,681	81,363	79,910	18,134
Pass Through Texas Department of Transportation:							
Federal Transit Administration:							
Formula Grants for Other Than Urbanized Areas:							
Urban Public Transportation- Operating	20.507	51822F7052	667,123	-	667,123	667,123	-
Urban Public Transportation- Operating	20.507	51922F7052	667,509	-	-	-	-
New Freedom Formula Grant	20.521	51822F7282	375,000	-	-	-	-
National Highway Traffic Safety - State & Community Highway Safety							
Texas Department of Transportation							
Comprehensive Commercial Vehicle STEP	20.604	586XXF6051	40,000	-	40,000	31,975	8,025
Comprehensive Commercial Vehicle STEP	20.600	587XXF6065	40,000	13,393	-	13,393	-
Comprehensive STEP	20.600	586XXF6037	94,442	-	99,806	91,287	8,519
Comprehensive STEP	20.600	587XXF6040	99,806	37,878	-	37,878	-
Impaired Driving Mobilization	20.601	587XXF6129	24,960	13,722	-	13,722	-
Impaired Driving Mobilization	20.601	588EGF6034	25,000	-	24,960	22,228	2,732
Step - CIOT	20.609	588EGF6441	20,000	-	19,749	19,749	-
Incentive Grant	20.601	587XXF6247	4,000	4,000	-	4,000	-
Small Community Air Service Development Pilot Program	20.930	OST-2003-15065-86	400,000	143,733	-	143,733	-
FHWA-PL - Metropolitan Planning	20.205	50-2-07-1113-70	412,620	197,713	1,500	199,213	-
FHWA-PL - Metropolitan Planning	20.205	50-2-08-1113-70	772,642	-	328,967	48,894	280,073
FTA SECTION 5303 - Metropolitan Planning	20.205	51-108.0122-08	89,308	-	89,308	89,308	-
Total U. S. Department of Transportation			61,463,599	4,050,515	15,488,175	18,335,253	1,203,437
U. S. Department of Agriculture							
Passed Through Texas Department of State Health Services:							
Food & Nutrition Service - Special Supplemental Nutrition Program							
Women, Infants and Children 06-07	10.557	N/A	3,761,058	775,896	31,673	807,569	-
Women, Infants and Children 07-08	10.557	N/A	4,062,648	-	3,588,914	2,850,267	738,647
Women, Infants and Children Counties 06-07	10.557	N/A	50,000	44,960	10,459	55,419	-
Women, Infants and Children Counties 07-08	10.557	N/A	-	-	373,087	283,494	89,593
Total U. S. Department of Agriculture			\$ 7,873,706	820,856	4,004,133	3,996,749	828,240

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
U. S. Department of Justice							
Office of Justice Program - Bureau of Justice Assistance - Byrne Formula Grant Program: Passed Through State Department of Criminal Justice: Criminal Justice Discretionary Grant Program							
Interdiction Project	16.579	I4PSSP571	\$ 80,000	6,492	43,459	-	49,951
Financial Task Force 05	16.579	I5PSSP571Z	630,685	7,840	4,427	7,810	4,457
Financial Task Force 06	16.579	I6PSSP571Z	630,685	76,836	13,895	78,694	12,037
Financial Task Force 07	16.579	I7PSSP571Z	679,130	411,814	185,120	431,159	165,775
Financial Task Force 08	I8PSSP571Z	I8PSSP571Z	736,104	-	363,512	86,964	276,548
South Texas Public Corruption Task Force 06	16.579	I6PSSP571Z	99,916	8,271	2,131	1,081	9,321
South Texas Public Corruption Task Force 07	16.579	I7PSSP571Z	99,916	53,375	35,455	62,445	26,385
South Texas Public Corruption Task Force 08	I8PSSP571Z	I8PSSP571Z	99,916	-	41,533	19,260	22,273
Passed Through South Texas Development Board: South Texas Interoperability Project	16.579	DB-03-A10-18014-01	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 - Bureau of Justice Assistance - Local Law Enforcement Block Grants Program:							
South Texas Public Corruption Task Force 02	16.592	I2PSSP602	47,208	-	-	-	-
South Texas Public Corruption Task Force 03	16.592	I3PSSP602	49,888	-	-	-	-
South Texas Public Corruption Task Force 05	16.592	I5PSSP571Z	101,225	88	1,250	88	1,250
City of Laredo Justice Assistance Grant	16.738	2005-DJ-BX-0288	124,624	8,596	-	8,596	-
City of Laredo Justice Assistance Grant 2008	16.738	2007-DJ-BX-0784	125,687	-	57,367	57,367	-
Byrne Memorial Justice Assistance Grant	16.579	2006-DJ-BX-1051	80,977	-	-	-	-
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	-	-	-	-
Universal Hiring 04-07	16.710	2202-UL-WX-0047	1,125,000	6,086	17,434	23,520	-
Cops In School SRO 01-04	16.710	2001-SH-WX-0638	1,750,000	-	-	-	-
Cops In School SRO 02-05	16.710	2002-SH-WX-0726	1,250,000	-	34,722	-	34,722
Total U. S. Department of Justice			\$ 11,910,961	579,398	800,305	776,984	602,719

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
U.S. Department of Homeland Security							
Federal Emergency Management Agency	97.088	1709-DR	\$ -	514,512	345,614	860,126	-
FEMA-Public Assistance Grant	97.017	PDM05-004	73,230	4,457	14,907	4,457	14,907
Pre-disaster Mitigation Planning Grant							
Passed Through GDEM:							
GDEM 07	N/A	BSOC-OP-BS-067	50,000	-	48,764	48,764	-
GDEM 08- Local Border Security	N/A	LBSP-08-029	100,000	-	98,622	97,100	1,522
State Homeland Security Program (SHSGP)	97.067	2004 HSGP-41464	1,462,934	12,122	-	-	12,122
State Homeland Security Program (SHSP)	97.067	2005 HSGP-41464	459,818	471,145	4,250	458,856	16,539
Law Enforcement Terrorism Prevention Program (LETPP)	97.067	2005 HSGP-41464	195,918	-	-	-	-
State Homeland Security Program (SHSP)	97.067	2006-GE-T6-0068	108,185	20,786	81,642	100,612	1,816
Law Enforcement Terrorism Prevention Program (LETPP)	97.067	2006-GE-T6-0068	227,363	-	211,443	132,990	78,453
SAFER Grant	97.044	2006-FF-04283	558,900	-	642,256	554,232	88,024
Total U. S. Department of Homeland Security			2,677,448	1,023,022	805,242	1,702,905	213,383
U. S. Department of Environmental Protection Agency							
Survey, Studies, Investigations & Special Purpose Grants							
EPA - Jefferson & Chacon Water and Wastewater Improvements	66.606	C-481961-01-0	8,200,000	38,645	978,085	-	1,016,730
EPA - Brownfields Assessment and Cleanup	66.818	BF-96638301-0	100,000	4,417	65,950	70,367	-
EPA - Regional Wetland Program Development Grants	66.461	CD-96601101-0	87,750	2,083	65,237	67,320	-
EPA - Border 2012 Video Grant	66.931	X4-96656201-0	50,000	-	11,963	11,963	-
EPA - Dos Laredos: Integrating Monitoring, Watershed Education, Litter Cleanup	66.931	X4-96606301-0	23,377	1,269	9,757	11,026	-
EPA - Health	66.931	X4-96602701-0	75,000	2,330	16,780	19,110	-
EPA - Health	66.035	RE-96654801-0	300,000	-	63,182	20,690	42,492
Air Pollution Control Program Support:							
Passed Through Texas Commission on Environmental Quality							
Continuous Air Monitoring Station - Air Pollution Control Prog 06-09	66.001	582-7-72662	210,000	33,456	67,525	89,002	11,979
Passed Through Texas Water Development Board:							
NADB - Colonia Water & Wastewater Treatment	66.606	BEIF23-48/00	6,231,450	560,181	317,138	618,618	258,701
Colonia Water & Waste Water Treatment	66.606	G13500/13600	15,319,920	4,087,927	3,309,245	3,359,751	4,037,421
Total U. S. of Environmental Protection Agency			30,597,497	4,730,308	4,904,862	4,267,847	5,367,323
Total Federal Assistance			136,502,371	13,072,203	35,610,648	39,623,944	9,102,918
STATE AWARDS							
Texas Department of State Health Services:							
Primary Health Care Program 06-07	N/A	2007-020365-001	134,342	27,368	-	27,368	-
Primary Health Care Program 07-08	N/A	2008-024332-001	134,342	5,155	122,591	90,991	36,755
Primary Health Care Program 08-09	N/A	2009-028670-001	134,342	-	8,519	-	8,519
Tuberculosis Prevention and Control 06-07	N/A	74-60015732B07-01	140,125	25,565	-	25,565	-
Tuberculosis Prevention and Control 07-08	N/A	2008-023216-001	140,125	10,053	130,179	115,840	24,392
Tuberculosis Prevention and Control 08-09	N/A	2009-028365-001	12,595	-	8,977	-	8,977
Bureau of Clinical and Nutrition Services - Population-Based							
Public Health - Title V - CORE - 04	N/A	74-60015732-0407	21,657	353	-	-	353
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 07	N/A	2007-02435-001	347,956	800	-	-	800
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 08	N/A	2008-024154-001	23,240	1,442	12,849	14,291	-
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 09	N/A	2009-029675-001	31,349	-	-	-	-
Family Planning - 02	N/A	74-60015732B02-01	93,550	11,595	-	-	11,595
Family Planning - 04	N/A	74-60015732A04-03	101,751	32,017	-	-	32,017
Family Planning - 07	N/A	2007-02365-002	61,068	28,685	-	-	28,685
Family Planning - 08	N/A	2008-024154-001	34,883	-	51,191	33,771	17,420
Family Planning - 09	N/A	2009-029220-001	56,671	-	4,306	-	4,306
Child Health Services Prenatal - 08	N/A	2008-024095-001	181,622	945	26,765	22,631	5,079
Child Health Services Prenatal - 09	N/A	2009-029486-001	90,811	-	6,986	-	6,986
EMS-Local Projects	N/A	2007-021798	10,000	5,000	-	5,000	-

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
STATE AWARDS							
Passed Through South Texas Development Council:							
H. I. V. Social Services 06-07	N/A	019-01-07	\$ 56,917	17,553	-	17,553	-
H. I. V. Social Services 07-08	**	19-2-2008	123,042	5,567	131,265	109,425	27,407
H. I. V. Social Services 08-09	N/A	19-2-2008 (09)	137,677	-	6,593	-	6,593
Total - Texas Department of State Health Services			2,068,065	172,098	510,221	462,435	219,884
Commission on Law Enforcement Officers Standards and Education							
Law Enforcement Officer Standards and Education	N/A	N/A	32,069	-	32,069	32,069	-
Law Enforcement Officer Standards and Education	N/A	N/A	1,600	-	827	2,411	(1,584)
Total - Commission on Law Enforcement Officers Standards and Education			33,669	-	32,896	34,480	(1,584)
Texas Parks and Wildlife:							
Communtiy Outdoor Outreach Program	N/A	52-000358	22,673	-	-	-	-
Total - Texas Parks and Wildlife			22,673	-	-	-	-
Texas State Library and Archives Commission							
Seven Flags Regional Advisory Council	N/A	N/A	19,037	-	20,296	20,296	-
Loan Star Libraries Grant	N/A	442-07282	30,722	-	29,795	29,795	-
Texas State Library	N/A	N/A	150	-	135	135	-
Book Festival	N/A	N/A	5,000	-	-	5,000	(5,000)
Total-Texas State Library and Archives Commission			35,872	-	29,930	34,930	(5,000)
State Department of Transportation:							
Auto Theft Task Force	N/A	SA-T01-10057-07	346,000	72,071	4,122	76,193	-
Auto Theft Task Force	N/A	SA-T01-10057-08	346,000	25,450	311,948	292,791	44,607
Auto Theft Task Force	N/A	SA-T01-10057-09	347,000	-	35,276	-	35,276
TXDOT-Interlocal Agreement for TPDES Permit Program	N/A	N/A	44,000	11,000	44,000	55,000	-
TXDOT -Ryan Street Railroad Bridge Conversion & Zacate Bridge	N/A	CSJ-0922-33-903	571,200	-	-	-	-
TXDOT -Laredo Signal Integration Project	N/A	CSJ-0922-33-094	1,750,000	-	85,724	62,557	23,167
TXDOT -Federal Inspection Booths at World Trade Bridge	N/A	CSJ-0922-33-114	4,091,400	-	129,211	36,391	92,820
TXDOT -Industrial Park Streets and Truck Route	N/A	CSJ-0922-33-116	19,050,000	-	235	69	166
TX Dept. of Transportation-Routine Airport Maintenance Program '08	N/A	CSJ-M822LREDO	50,000	-	49,998	38,513	11,485
TX Dept. of Transportation-SH359/US 83	N/A	CSJ-0086-01-055	250,000	44,623	-	-	44,623
TX Dept. of Transportation-SH359	N/A	CSJ-0086-01-046	102,826	20,565	-	-	20,565
TX Dept. of Transportation-Loop 20	N/A	CSJ-0086-14-037	5,316	-	5,316	4,784	532
Tx Dept. of Transportation-Wastewater Line at Loop 20(Spur 400 to US 59)	N/A	CSJ-0086-14-022	81,310	-	72,670	65,403	7,267
TX, Dept of Transportation- Chacon Creek Hike and Bike Trail	N/A	CSJ-0922-33-100	3,300,000	-	-	-	-
TX, Dept of Transportation- West Laredo CPL Road	N/A	CSJ-0922-33-071	3,250,000	2,800	22,800	25,600	-
TX, Dept of Transportation- West Laredo CPL Road Phase II	N/A	CSJ-0922-33-076	2,597,272	84,543	198,077	252,600	30,020
Total - State Department of Transportation			36,182,324	261,052	959,377	909,901	310,528
Texas Commission on Environmental Quality							
Passed Through STDC:							
T.C.E.Q.-Regional Solid Waste Management	N/A	06-19-G02	28,213	27,585	-	27,585	-
Total - Texas Commission on Evironmental Quality			28,213	27,585	-	27,585	-
Texas Water Development Board							
Flood Protection Planning	N/A	804830837	160,000	-	4,419	-	4,419
Total - Texas Water Development Board			160,000	-	4,419	-	4,419
Total State Assistance			\$ 38,380,335	460,735	1,546,991	1,479,479	528,247

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2008**

CITY OF LAREDO, TEXAS

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, 2007	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2008
OTHER ASSISTANCE							
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 2007	N/A	N/A	91,000	10,814	-	7,719	3,095
Custom-Narcotics 2008	N/A	N/A	91,000	-	39,993	39,993	-
OCEDETF- DEA 2008	N/A	N/A	15,573	-	6,186	6,186	-
OCEDETF - FBI 2007	N/A	N/A	10,000	546	-	546	-
Laredo Joint Terrorism TF 2007	N/A	N/A	15,144	1,143	-	1,143	-
Laredo Joint Terrorism TF 2008	N/A	N/A	15,573	-	14,908	12,280	2,628
Fugitive Apprehension Task Force 08	N/A	N/A	75,000	-	25,000	9,981	15,019
Weed and Seed 07	N/A	N/A	91,683	2,747	89,125	91,872	-
Bulletproof Vest Partnership	N/A	N/A	42,428	40,596	1,097	41,693	-
Bulletproof Vest Partnership 2007	N/A	N/A	42,428	-	-	-	-
Bureau of Alcohol and Tobacco 07	N/A	N/A	28,500	8,963	-	8,963	-
Bureau of Alcohol and Tobacco 08	N/A	N/A	21,000	-	16,560	14,952	1,608
Weed and Seed 06/07	N/A	N/A	56,143	-	-	-	-
Webb County - Auto Theft Task Force 06/07	N/A	N/A	32,924	-	-	-	-
Webb County - Auto Theft Task Force 07/08	N/A	N/A	38,427	-	45,135	45,135	-
911 Regional Communications Grant - FY2005	N/A	N/A	1,435,787	-	-	-	-
911 Regional Communications Grant - FY2006	N/A	N/A	1,460,915	5,216	(5,216)	-	-
911 Regional Communications Grant - FY2007	N/A	N/A	1,281,937	(16,862)	822,004	716,385	88,757
911 Regional Communications Grant - FY2008	N/A	N/A	1,212,139	(167,676)	763,854	527,612	68,566
911 Regional Communications Grant - FY2009	N/A	N/A	195,664	-	44,838	195,664	(150,826)
Prairie Foundation	N/A	N/A	10,950	(565)	385	-	(180)
Conference of Mayors	N/A	N/A	63,244	-	-	-	-
UTHCSA - Proyecto Bienestar	N/A	N/A	252,906	48,059	148,635	196,567	127
UTHCSA - Proyecto Bienestar 08-09	N/A	N/A	-	-	59,007	5,086	53,921
UTHCSA - South Texas AIDS Network	N/A	N/A	24,750	4,845	21,198	24,177	1,866
UTHCSA - South Texas AIDS Network	N/A	N/A	24,750	-	3,954	-	3,954
UTHCSA - Dental Clinic Construction	N/A	N/A	1,300,000	-	1,215,449	995,749	219,700
Laredo Community College-Interlocal Agreement for TPDES Permit Prgrm.	N/A	N/A	10,000	-	10,000	10,000	-
Webb County-Interlocal Agreement-Health	N/A	N/A	200,000	-	206,600	206,600	-
Mercy Hospital - CHIP Perinate	N/A	N/A	-	7,117	143,250	27,006	123,361
SCAN - HIV Testing	N/A	N/A	33,882	-	26,641	19,157	7,484
Webb County-311 Agreement	N/A	N/A	-	-	71,771	71,771	-
Webb County - Father McNaboe Splash Park	N/A	N/A	275,000	823	11,075	11,898	-
Webb County - Father McNaboe Park & Noon Lions Parks	N/A	N/A	100,000	-	-	-	-
Webb County - 50% Match on BV Study	N/A	N/A	-	-	36,338	36,338	-
Universal Service Fund (USF)-E-Rate Program (Round 8)	N/A	N/A	566,170	-	-	-	-
Universal Service Fund (USF)-E-Rate Program (Round 9)	N/A	N/A	105,885	73	-	73	-
Universal Service Fund (USF)-E-Rate Program (Round 10)	N/A	N/A	141,449	-	93,339	93,339	-
National Network of Libraries of Medicine	N/A	N/A	5,000	-	4,605	-	4,605
911 Regional Communications Grant - FY2007 Use of Revenue	N/A	N/A	245,000	-	245,000	245,000	-
Total - Other Assistance			9,819,831	(51,357)	4,160,731	3,662,885	446,489
Total Federal, State and Other Assistance			\$ 184,702,537	13,481,580	41,318,370	44,766,308	10,077,654

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

- * Major Federal Program
- ** Major State Program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Laredo is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. therefore some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
City of Laredo, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laredo, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City of Laredo, Texas' basic financial statements and have issued our report thereon dated February 4, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Laredo, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Laredo, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Laredo, Texas' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A

significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Laredo, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Laredo, Texas' financial statements that is more than inconsequential will not be prevented or detected by the City of Laredo, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Laredo, Texas' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We noted certain matters that we reported to management of the City of Laredo, Texas, in a separate letter dated February 4, 2009.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Ganga, Manting & Co, L.L.P.

Laredo, Texas
February 4, 2009

City of Laredo, Texas
 Federal Schedule of Findings and Questioned Costs
 Year Ended September 30, 2008

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

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	U.S. Department of Agriculture – Food & Nutrition Service – Special Supplemental Nutrition Program – Women, Infants, and Children
14.239	U.S. Department of Housing and Urban Development – HOME Investment Partnership Program
20.106	U.S. Department of Transportation – Airport Improvement Program – Rehab Apron, Rehab Runway 14/32
93.283	U.S. Department of Health and Human Services – Community Preparedness Section - Lab

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2008

Section I - Summary of Auditors' Results (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 1,077,953

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statements Findings

No matters were reported

Section III – Federal Awards Findings and Questioned Costs

No matters were reported

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2008

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

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

State Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular Section .510(a)? _____ yes X no

Identification of major programs:

Name of State Program or Cluster

- Texas Department of State Health Services
 - South Texas Development Council
 - HIV Social Services

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2008

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, 2008

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, 2008

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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