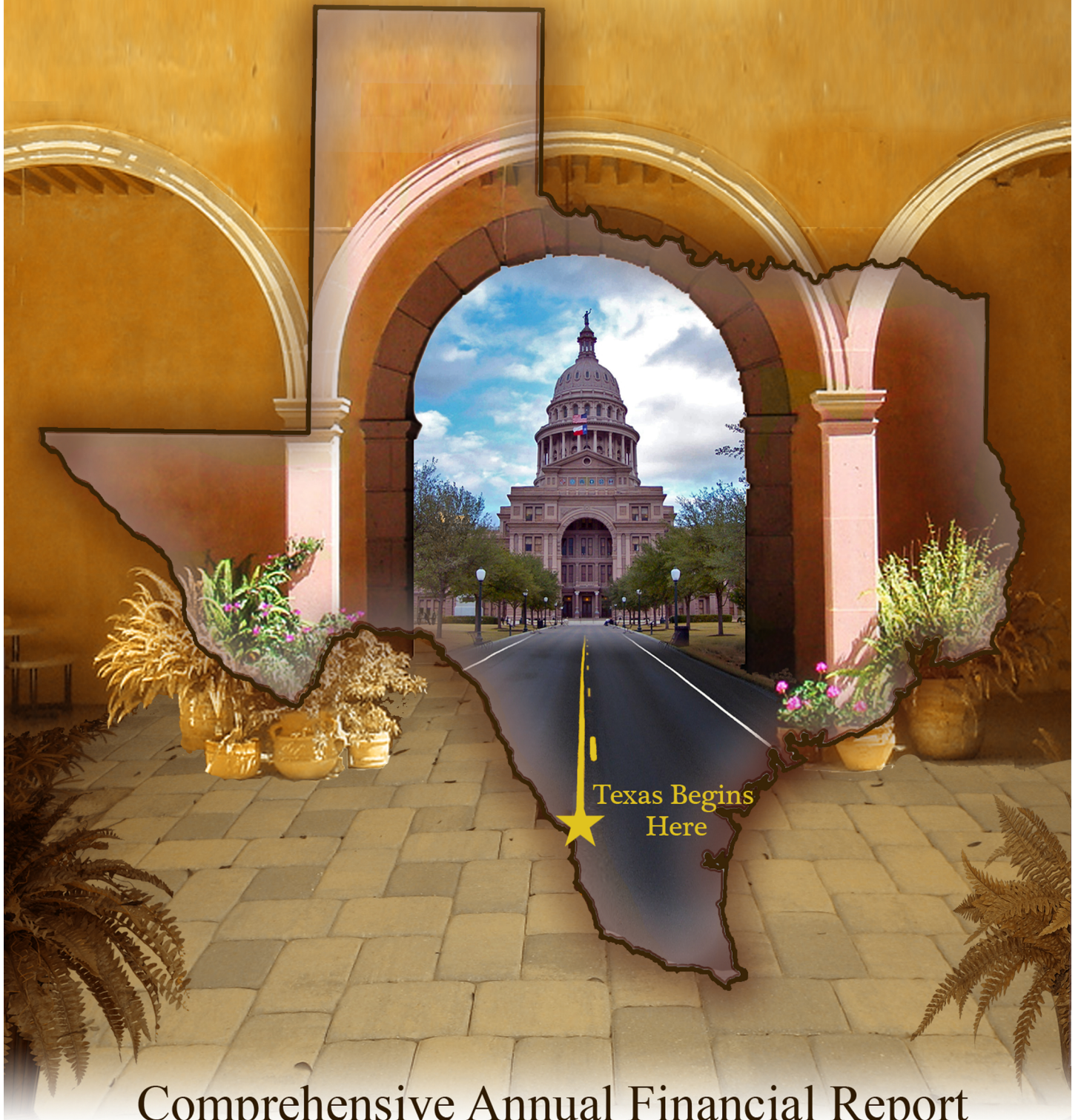


City of Laredo, Texas



Comprehensive Annual Financial Report
For The Year Ended
September 30, 2012

CITY OF LAREDO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012

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, 2012

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February 13, 2013

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, 2012. 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 Canales, Garza, & Baum Co., P.L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Laredo for the fiscal year ended September 30, 2012, 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, 2012 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.

In addition, the City has an Internal Auditor's Division. The division is under the City Manager but reports directly to the Mayor and City Council. Its primary responsibility is to measure and evaluate the City's accounting and operational controls. This division was directly established to ensure that the City's assets are safeguarded and can provide reasonable assurance of proper accounting and operational activities to our public.

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 the tenth most populated City in the State of Texas according with a population of 241,935 in 2011, according to the U.S. Census estimates.

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 financial statements include component units of the City of Laredo. Component units are units are legally separate organizations for which our elected officials are financially accountable. The City's component unit entities include:

- Laredo Municipal Housing Authority Corporation
- Laredo Transit Management, Inc.
- Laredo Convention and Visitor's Bureau
- Laredo Fire Fighters' Retirement System
- Laredo Public Facilities Corporation - La Terraza, LLC

All these entities can be explained more in detail on note #1 of the Notes to the Basic Financial Statements portion of the CAFR.

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. Laredo is strategically positioned with a large transportation and warehousing industry where we meet the basic needs of consumers. Trade between the United States and México is a vital part of our economy and continues to prosper. The Port of Laredo is the #1 inland Port on the U.S. – México border. With our 4 international bridges, Laredo trades over \$239 billion imports and exports annually. Laredo is the 6th largest U.S. Customs District in the country. The Laredo International Airport is the 8th largest cargo hub to South America. Laredo's airport is ranked 44th in cargo transportation for the United States. The airport handled more than 463 million pounds of cargo in 2012.

The City of Laredo continues to undertake an aggressive marketing approach in bringing additional commerce to our City. We continue to visit as well as host producers of goods from Central and South America to our City in order to establish stronger economic growth. We have established healthy business opportunities where Laredo will be a route through the Ports of Lazaro Cardenas and Manzanillo to logistically import products into the United States. Two great catalysts that will enhance the City's economic growth in international trade are the following:

- The City has in operation two cold storage facilities which will draw additional categories of exports to our Gateway City. Exporters of fresh

fruits, vegetables and flowers are now crossing our border more expediently while keeping its products safe from the external elements.

- Final construction of a \$2.5 million facility located at our International Airport for federal inspections. This facility will allow Mexican Customs to pre-clear American goods for import into Mexico. This will be the first international inspection in the United States.

Another major economic catalyst that is boosting our economy tremendously is the activity of oil and gas in our area. The drilling and exploration in the Eagle Ford Shale, has heightened the City's sales tax and hotel/motel revenues to new levels. Due to the close proximity to our City, the oil and gas industry increased business to other service sectors in our community such as rental properties, restaurants, and non essential purchases as a result have prospered. This activity has created job employment opportunities to our citizens.

Locally, investors continue to be very interested in Laredo and its market, especially in retail. Laredo continues to be the home of Wal-Mart's #1 sales store in the nation. Grocery store chains such as H.E.B. continue to invest in Laredo by adding additional stores. Hobby Lobby, additional electronic stores such as Best Buy and sporting goods stores such as Academy continue to be top nationwide retail sellers in Laredo. Our 1.2 million square foot mall holds over 150 stores which amongst them are many restaurants such as Luby's, Olive Garden, Red Lobster, Tony Romas, etc. It also has stores such as Dillard's Bells, Macy's, JC Penny, Sears, BeBe, Guess, Hollister, American Eagle, Aeropostale, Chucky Cheese, and many more. Some new stores that opened this year were Auntie Anne's Pretzels, Kay Jewelers, Kids Club, Armani Exchange and Garage.

In addition to these stores, we have added a new flavor to Laredo. Over 40 blocks of Mexican import vendors have set up shop in a strip of Laredo called "San Bernardo Avenue". This street is dedicated to promoting Laredo as the shopping attraction for everything unique to México and its products with artistry and crafts. This has become a very popular destination for tourists and locals.

There are now three City owned facilities which have enhanced the City's entertainment realm. The Laredo Energy Arena, the Uni-trade Baseball Stadium and the Max Mandel Municipal Golf Course have added diversity to Laredo's entertainment scene. A visit must be taken to the Laredo Energy Arena; a City owned facility that is operated by SMG. This beautiful facility hosts many family oriented events which include indoor football, exhibition basketball games, Rodeos, motor cross racing, wrestling, and major concert performers. The baseball stadium and golf course will be further described below under the City's major initiatives section.

MAJOR INITIATIVES

For the Year 2011-2012

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.

- The Max A. Mandel Municipal Golf Course is the first municipal golf course in Laredo. The 270 acre course is situated along the Rio Grande River with atypical mesquite land. The land, water rights and \$1 million were donated by the Mandel Family toward this project. The total construction cost of the golf course was \$7.9 million. The 18 hole golf course was designed by Robert Trent Jones, one of the top leading design firms in the world. The golf course is being managed by Foresight Golf and with an ultimate goal of bringing affordable yet remarkable golf to its community. The project held its ribbon cutting October 2012.
- Uni-trade Baseball Stadium opened its doors on May 2012. This is home of the Laredo Lemurs; an expansion franchise under the American Association. The cost of the stadium was \$21 million. It was constructed off Loop 20, between the Laredo International Airport and the Laredo Energy Arena. The baseball park holds approximately 6,000 spectators. Some of the amenities include picnic areas, luxury suites a full service bar, and a state of the art play area for children.
- The Maria Luisa Haynes Health and Wellness Center was completed November 2012. This 44,000 square ft. facility s located in East Laredo, with a cost of \$13.8 million. The facility includes a lobby/reception area, elevated indoor track, game room, computer lab, rock wall, kitchen/juice bar, basketball gym/indoor soccer field, tennis courts, racket ball courts, cardiovascular area, dance/aerobics room and a multipurpose room. It has the City's first ever swimming pool for special needs citizens with wheelchair accessibility.
- The City finalized construction of the Fire Department Administration building located in North Laredo. The building houses over 55 administrative personnel along with fire inspectors and the EMS training division. The project cost of this building was \$9.7 million. The grand opening of the building was held September 11, 2012 in honor of our nations' fallen heroes.
- The purchase of a 56,180 sq building for a new City Hall Annex. The building was valued at \$8,330,000 and was purchased for \$3.7 million in cash along with various negotiated City land swaps totaling \$4.6 million. The building houses various departments which include, Tax Department, Utility Billing,

Employee Wellness, a Police sub-station, Risk Management, Information Technology and our Fleet Division. It is centrally located to better serve the citizens of Laredo.

- The City entered into a contract with Chevron Energy Solutions for an energy efficiency program of \$6.4 million in order to upgrade and retrofit / replace equipment in City facilities. The upgrade is estimating annual savings in electricity of \$500 thousand for the next twenty years.
- Rehabilitation of 388 City blocks with a project cost of \$3.1 million.

Future Major Initiatives

Projects that have been initiated or will be undertaken during the next fiscal year include:

- Construction of the Jefferson Water Treatment Plant continues where the \$35.1 million project will have new back-up generators, a new electrical system, and will be able to pump 45 million gallons per day. The project will be funded by the Texas Water Development Board in addition to the treatment plant. In addition, an educational facility is being added where students can learn about our water system and its environment.
- Construction of a Water Treatment Plant called “El Pico Water Treatment Plant” began November 2011 and will continue until the later part of 2013. This project will eventually have capacity of 80 million gallons per day and its cost is estimated at \$85.4 million.
- Another project designed to help impact trade is that of a federal inspection station with a project cost of \$2.5 million. The Laredo International Airport will allow Mexican customs to pre-clear American goods for import into Mexico. It estimated completion date is said to be April 2013.
- Under construction is a club house for the Max A. Mandel Golf Course. The project cost is estimated at \$2.1 million. This 2 story facility will house a Pro Shop, a restaurant, and a banquet hall, which will also serve as a meeting facility. The club house is expected to be completed May 2013.
- The construction of the Santo Nino Library will re-commence on February 2013. The City had difficulty with the initial contractors and therefore the City will be constructing the project in-house for the cost of \$5 million. The library is located in South Laredo with approximately 22,000 square feet to include an expanded collection for circulation, a Teen Café, children’s area, reference and computer labs, Wi-Fi and individual study rooms. The project is expected to be completed December 2013.

- Northwest Recreation Center, a 20.52 acre tract located in West Laredo will include a 44,000 sq ft. multi-purpose room, exercise and weight room, library branch, indoor play structure, a senior citizen center, computer labs, aerobic and dance studio, and may outdoor amenities. The estimated project cost is \$8.7 million. The project was at a halt due to contractor issues. Funding for this project will be funded through bond proceeds and a surety company. The projected is expected to be completed May 2013.

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, 2011. This was the twenty fourth 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 twentieth consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Laredo's finances.

Respectfully submitted,


Rosario Camarillo-Cabello,
Financial Services 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, 2011

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.



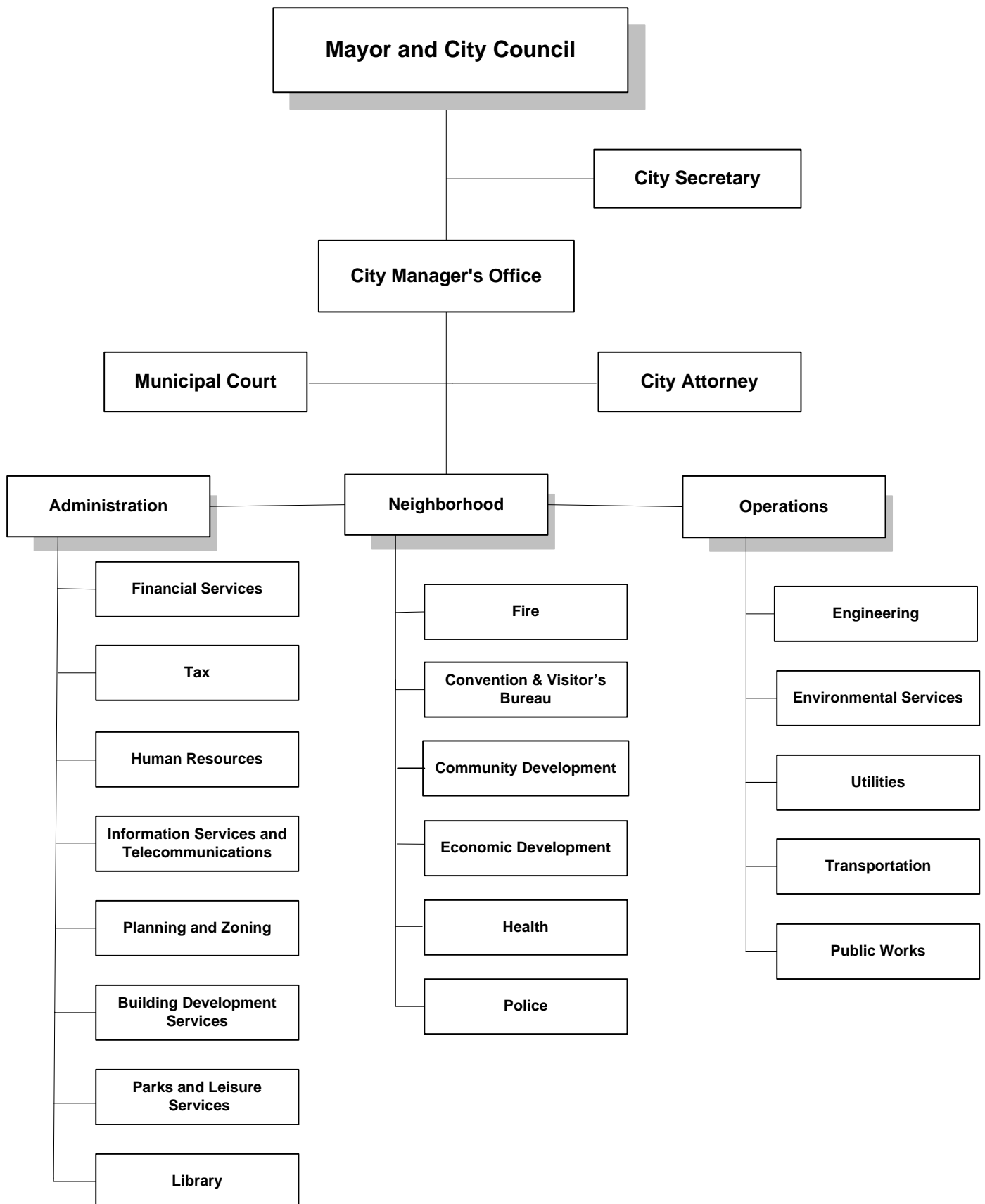
Christopher P. Morill

President

Jeffrey R. Emer

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	Roque Vela, Jr.	V
Esteban Rangel	II	Charlie San Miguel	VI
Alejandro “Alex” Perez, Jr.	III	Jorge A. Vera	VII
Juan Narvaez	IV	Cindy Liendo Mayor Pro-Tempore	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

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FINANCIAL SECTION

Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laredo, Texas, as of and for the year ended September 30, 2012, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laredo, Texas, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Laredo, Texas' basic financial statements as a whole. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are 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 *State of Texas Single Audit Circular*, 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 and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Camelia Garza & Baum, PLLC

Laredo, Texas
February 13, 2013

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, 2012. 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

- On a government-wide basis, the Primary Government's total assets exceeded its liabilities as of September 30, 2012 by \$820.3 million. There was a \$61.2 million in unrestricted net assets.
- The Primary Government's total net assets increased by \$21.2 million as compared to prior year. Net Assets increased for governmental activities by \$8.6 million while business type activities increased by \$12.6 from prior year. The Primary Government's total expenses were \$389.7 million; this exceeds the \$368.6 million generated in charges for services, operating grants, taxes and other revenues. The cost of the Primary Government's governmental activities was \$242.5 million for the 2012 fiscal year.
- As of September 30, 2012, the City's governmental fund reported combined ending fund balances of \$127.8; a decrease of \$30.4 million compared to prior year activities. Approximately 6.87% of the combined fund balances or \$8.8 million is unassigned and available for the discretionary use for which the funds are collected.
- The unassigned fund balance in General Fund was \$11.2 million or 7.4 % of total General Fund current year expenditures.
- In fiscal year 2012, the City issued \$102.59 million in debt to finance capital projects and refinance outstanding bond issues. There was an increase of \$66.2 million in long-term liabilities from the prior year.

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 different formats in viewing the information.

- 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 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 FINANCIAL STATEMENTS

	Government – Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	<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 of 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

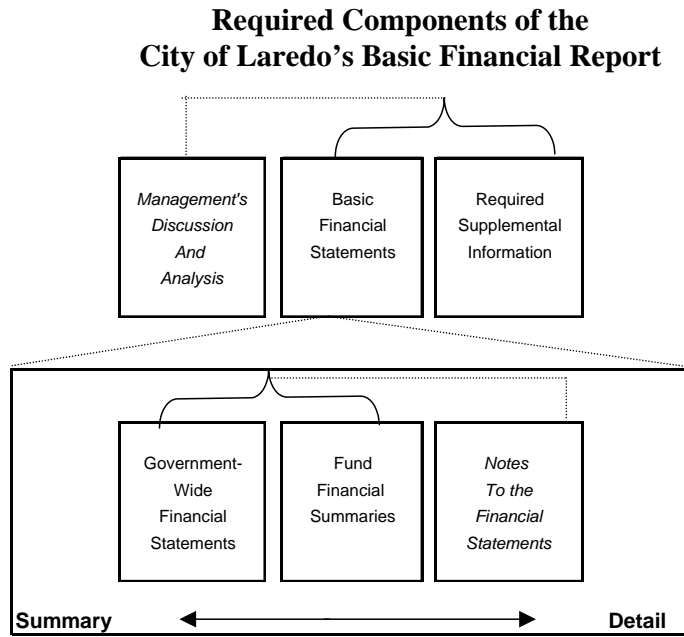


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of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

- Blended Component units – The City includes six 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, Laredo Public Facilities Corporation-La Terraza, LLC, and the Laredo Energy Arena. 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. These funds are generally used to account for services for which the City charges customers either outside customers or internal cost centers of the City.
 - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Municipal Transit System, Bridge System, Municipal Housing, Waterworks, Sewer, and Solid Waste Funds.
 - Internal service funds are an accounting devise used to accumulate and allocate costs internally among the City’s various functions. The City uses its internal service funds to account for its Risk Management, Health & Benefits, Fleet and Information Technology Funds.
- *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.

Required Supplemental Information – In addition to the basic financial statements and accompanying notes, the CAFR also presents certain required supplemental information. These schedules include a budgetary comparison and information concerning the City’s funding of its pension obligations and other postemployment benefits.

Other Information – Following the required supplemental information are additional schedules such as the combining statements referred to above in connection with non-major governmental funds, internal service funds and fiduciary funds and schedules of expenditures for capital projects.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. The City’s *combined* net assets totaled \$820.3 million as of September 30, 2012. Analyzing the net assets and net expenses of the governmental and business-type activities separately, the business type activities net assets are \$356.3 million and the government type activities are \$464 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, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 191,931,149	\$ 218,591,259	\$ 299,647,189	\$ 246,605,303	\$ 491,578,338	\$ 465,196,562
Capital assets	614,820,431	573,867,035	495,119,506	465,505,124	1,109,939,937	1,039,372,159
Unamortized Bond Costs	4,434,601	4,617,550	5,045,631	4,081,902	9,480,232	8,699,452
Total assets	811,186,181	797,075,844	799,812,326	716,192,329	1,610,998,507	1,513,268,173
Current liabilities	43,977,664	42,564,674	50,840,731	38,126,375	94,818,395	80,691,049
Non-current liabilities	303,188,191	299,098,678	392,694,911	334,345,651	695,883,102	633,444,329
Total liabilities	347,165,855	341,663,352	443,535,642	372,472,026	790,701,497	714,135,378
Net Assets:						
Invested in capital assets, net of related debt	426,071,062	404,332,329	281,378,123	273,496,354	707,449,185	677,828,683
Restricted	22,027,504	24,098,965	29,616,876	25,879,932	51,644,380	49,978,897
Unrestricted	15,921,760	26,981,198	45,281,685	44,344,017	61,203,445	71,325,215
Total net assets	\$ 464,020,326	\$ 455,412,492	\$ 356,276,684	\$ 343,720,303	\$ 820,297,010	\$ 799,132,795

A portion of the City's net assets or \$51.6 million 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. The City's restricted net assets increased by 3.33% over the prior year.

Generally, all net assets generated by governmental activities are either externally restricted or invested in capital assets. Unrestricted governmental activities net assets are \$15.9 million for the year.

Unrestricted net assets in the business-type activities are \$45.3 million, with a modest increase of \$938 thousands from prior year.

The table below provides a summary of the City's operations for the year ended September 30, 2012. Governmental activities increased the City's net assets by \$8.6 million, while Business-Type activities increased by \$12.6 million, overall the City's Net Assets increased by \$21.2 million. Total revenues realized by the City total \$410.9 million for the year. (See Table A-2). The largest revenue category was charges for services, which are comprised for the most part of administrative fees from all departments, bridge tolls and utility charges.

Total operating cost of all programs increased by \$12.8 million from prior year to \$389.7 million. The most significant governmental expense for the City was in providing public safety, cultural and recreational, and air transportation as compared to 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 \$51.24 million and the fire department with \$40.02 million (both areas including benefits and overtime expenditures).

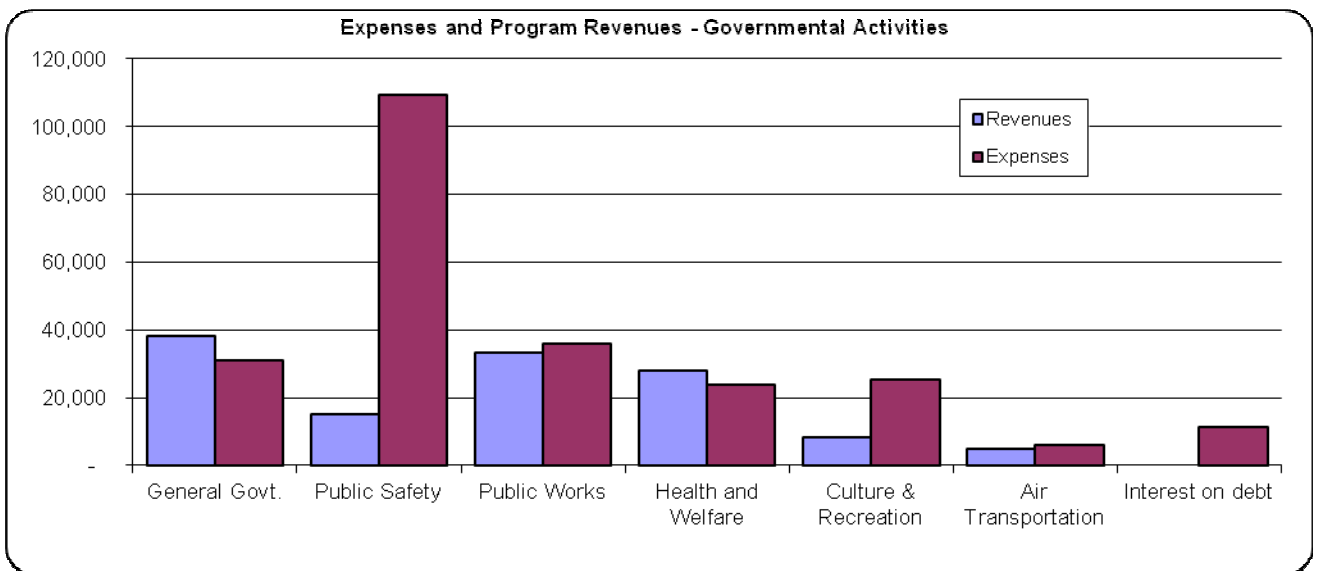
Table A-2

**City of Laredo's Changes in Net Assets
September 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 76,490,604	\$ 73,120,474	\$ 137,004,224	\$ 132,488,632	\$ 213,494,828	\$ 205,609,106
Operating grants and contributions	22,085,334	23,499,860	4,473,530	4,279,722	26,558,864	27,779,582
Capital grants and contributions	29,325,040	36,020,500	12,928,054	36,609,025	42,253,094	72,629,525
General revenues:						
Sales tax	38,152,946	39,050,113	7,082,464	6,311,745	45,235,410	45,361,858
Property taxes	68,704,058	69,142,902	-	-	68,704,058	69,142,902
Other taxes	11,613,112	11,466,079	-	-	11,613,112	11,466,079
Grants and contributions not restricted	-	-	-	-	-	-
Other	798,262	2,662,326	2,224,644	5,796,304	3,022,906	8,458,630
Total revenue	<u>\$ 247,169,356</u>	<u>\$ 254,962,254</u>	<u>\$ 163,712,916</u>	<u>\$ 185,485,428</u>	<u>\$ 410,882,272</u>	<u>\$ 440,447,682</u>

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Expenses:						
General Government	\$ 31,034,892	\$ 33,212,469	\$ -	\$ -	\$ 31,034,892	\$ 33,212,469
Public Safety	109,306,566	108,220,849	-	-	109,306,566	108,220,849
Public Works	35,937,652	28,971,676	-	-	35,937,652	28,971,676
Health & Welfare	23,663,834	21,559,624	-	-	23,663,834	21,559,624
Culture & Recreation	25,468,060	24,351,217	-	-	25,468,060	24,351,217
Air Transportation	5,896,045	8,337,337	-	-	5,896,045	8,337,337
Interest & Other long - term debt	11,215,644	11,330,317	-	-	11,215,644	11,330,317
Transit System	-	-	15,759,209	15,011,164	15,759,209	15,011,164
Bridge System	-	-	41,674,262	41,558,090	41,674,262	41,558,090
Solid Waste	-	-	16,279,971	15,794,014	16,279,971	15,794,014
Water System	-	-	43,022,231	42,840,185	43,022,231	42,840,185
Sewer System	-	-	28,980,517	24,269,283	28,980,517	24,269,283
Municipal Housing	-	-	1,479,174	1,427,976	1,479,174	1,427,976
Other Business -Types	-	-	-	-	-	-
Total expenses	242,522,693	235,983,489	147,195,364	140,900,712	389,718,057	376,884,201
Inc (dec) in net assets						
before transfers	4,646,663	18,978,765	16,517,552	44,584,716	21,164,215	63,563,481
Transfers	3,961,171	5,842,964	(3,961,171)	(5,842,964)	-	-
Incr (Dec) in net assets	8,607,834	24,821,729	12,556,381	38,741,752	21,164,215	63,563,481
Net assets, beginning	455,412,492	430,590,763	343,720,303	304,978,551	799,132,795	735,569,314
Net assets, ending	\$ 464,020,326	\$ 455,412,492	\$ 356,276,684	\$ 343,720,303	\$ 820,297,010	\$ 799,132,795

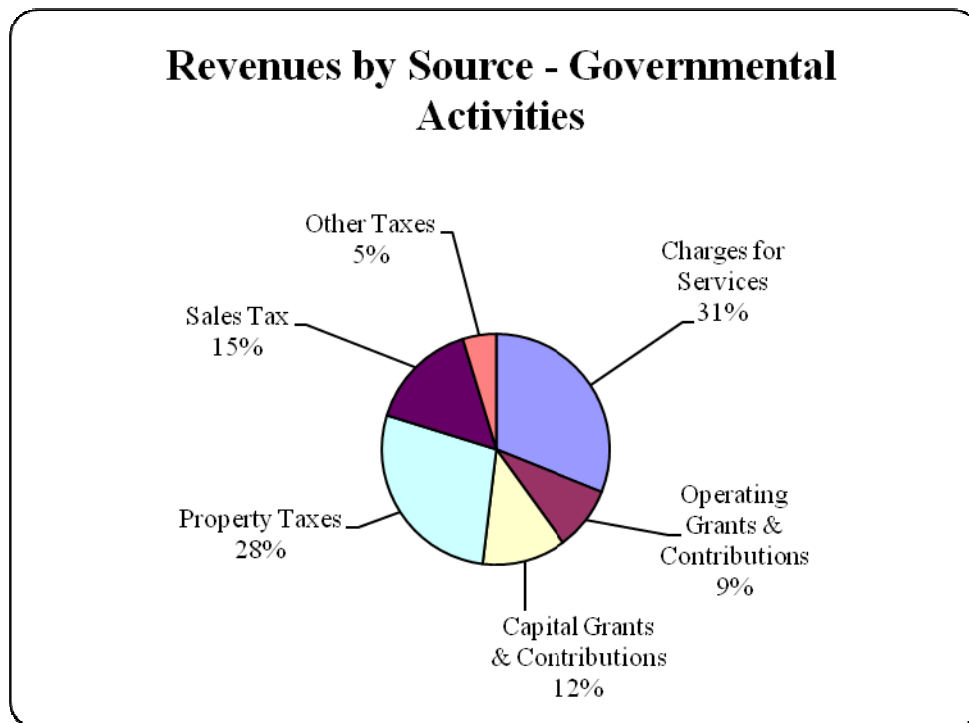
Graph 1



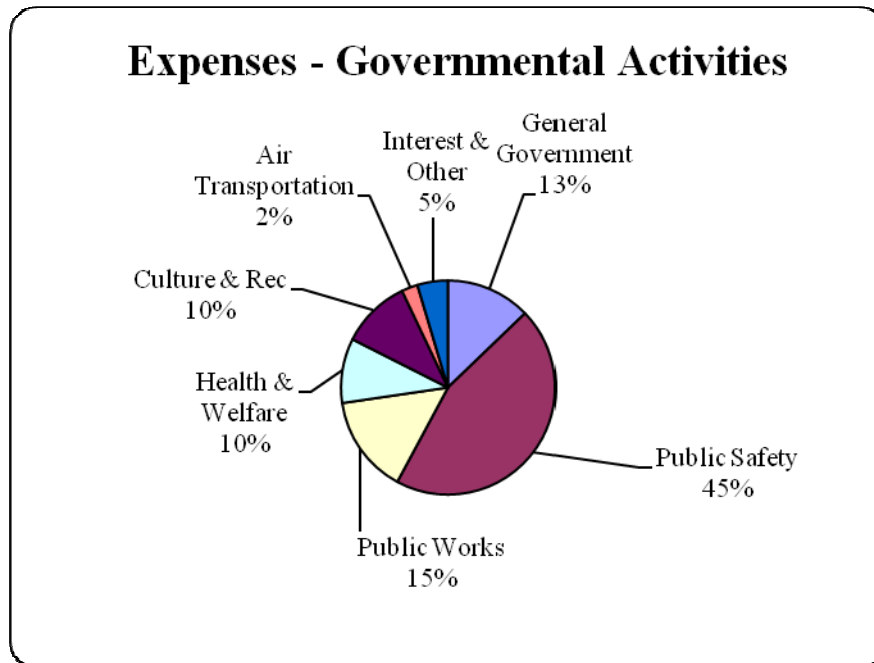
Graph 1 represents the cost of each of the City’s 7 largest programs as well as each of the programs revenue. Net cost (total cost less fees generated by the activities and intergovernmental aid) is also reflected for each program. The net cost is the financial burden that was placed on the City’s taxpayers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

- The cost of all Governmental activities this year was \$242.5 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 \$119.3 million.
- General Government (support services) comprised approximately 12.8% of the total expenses in fiscal year 2012; a very stable expenditure line item with a decrease of \$2.2 million from prior year.
- Expenses for Public Safety represent 45.1% of total expenditures with a minimal increase of 1% or \$1.1 million from prior year.
- Public Works expenses represent 14.8% of total expenditures with an increase of \$6.9 million or 24.04% as compared to the prior year. The increase in this area is due to increased activity in the Colonias Project in Webb County and new baseball stadium project, the Uni-trade Baseball Stadium.
- Cultural & Recreational represent 10.5% of the total expenditures with an increase of \$1.1 million or 4.59% as compared to prior year. This is due to increased funding for parks maintenance and the operations of the recreation centers.
- Air Transportation and Other expenditures represent 7% of total expenditures with a decrease of \$2.6 million from prior year.
- Business Type Activities transferred to Governmental Activities \$3.9 million, an increase of \$1.9 million from the prior year or 32.2%.
- Overall, there was an increase in net assets of \$21.2 million for the City. There was a \$12.6 million increase in the business type activities and an increase of \$8.6 million in the governmental activities.
- Governmental Activities revenues were generated by charges for services 31%, property taxes 28%, sales tax and other taxes 20% and Capital and Operating Grants generated 21% (see Graph 2).

Graph 2



Graph 3



Business-type Activities

Revenues of the City’s business-type activities were \$163.7 million for the fiscal year ending September 30, 2012, a decrease of \$21.8 million from prior year. Capital Grants and Contributions revenues decreased \$23.7 million while all other revenues increased by \$1.9 million. Expenses for the City’s business-type activities were \$147.2 million for the year, a difference of \$6.3 million, an increase from the prior fiscal year. (Refer to Table A-2). The areas where these increases and decreases occurred are as follows:

- Waterworks System increase \$182 thousand. Operating expenses increased \$2.3 million and non-operating expenses decrease \$2.1 million.
- Sewer System expenses increase \$4.7 million; operating expenses increased \$1.97 million and non-operating expenses increase \$2.73 million.
- Bridge System increased by \$116 thousand due to increases in operating expenses of \$126 thousand and a decrease in non-operating expenses of \$10 thousand.
- Other business-type activities decreased by \$1.29 million in operating expenses for the Transit System, Solid Waste System and 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 \$127.8 million. The fund balance category is as follows: \$111 thousand for non-spendable funds which are used for inventory items within general fund; \$73.6 million which are restricted for debt and grants; \$31.8 are committed for specific purposes as it relates to reserves, public safety, etc.; \$13.5 million are assigned for a specific use for Governmental Funds other than General Fund and \$8.78 are unassigned which can be used by the City government funds as it is needed.

The General Fund is the chief operating fund of the City of Laredo. At the end of the current fiscal year, fund balance of the General Fund was \$36.9 million of which \$24 million is committed, and \$11.2 is unassigned, \$1.6 million is assigned and the remaining amount is restricted and non-spendable. 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. The unassigned fund balance in General Fund represents 30.30 % of the total fund balance category.

During the current fiscal year, the City's General Fund balance increased by \$1.34 million as compared to prior year. The City was able to manage its resources and implement a plan in order to save funds without interrupting or affecting services provided to the citizen of the Laredo. Some of the key factors are as follows:

- As compared to prior year, property tax revenues decreased by \$1 million. Assessed valuations decrease by \$59 million from prior year. The City has not increased its tax rate for the last eight consecutive years. We remain hopeful that while other City's revenues are constant, others areas will show larger improvements.
- Sales Tax revenues continue to increase as in prior years. The increase for fiscal year 2012 was \$3.1 million. The increase is an indication that the economy is recuperating. The city continues to reap the benefits of the gas industrial boom in South Texas.
- Charges for Services increased by \$2.8 million as compared to prior year.
- General Fund expenses increased by \$9.6 million from prior year. While most of the departments remained stable, growth (increases) occurred in categories such as: Public Safety by \$4.9 million, Cultural and Recreational increase by \$1.9 million and Capital Outlay increase by \$3.06 million. The major increase for public safety was in personnel expenses by \$4.9 million due to contractual obligations in payroll. Other Financing Uses reflected a decrease of \$2.4 million due partially to decreases in transfer outs to the Debt Service Fund and Capital Improvements Fund.

The Debt Service fund has a total fund balance of \$6.1 million, all of which is reserved for the payment of debt. The Debt Service Fund had a decrease of \$2.2 million over prior year.

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 \$356 million. The total net assets increased by \$12.6 million as compared to prior year. The largest area of change is in the Waterworks System, with an increase of \$6.8 million, the Sewer System had an increase of \$2.3 million and the Bridge System with an increase of \$1.6 million. The Other Funds category reported net assets of \$44.7 million, representing an increase of \$1.04 million. An increase of \$12.56 million is the result of operations of the proprietary funds for the fiscal year. The increase can be further broken down into operating income of \$17 million and other non-operating expenses, net of other revenues of \$4.44 million. Operating revenues for the business-type activity funds increased by \$4.18 million. Charges for Services revenues increased by \$3.2 million over prior year due to a higher number of customers serviced in the Water and Sewer Systems. 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 City Charter, but has also has been able to maintain a rate to 24.41% of operating expenditures in FY 2012. In spite of current economic conditions, the City has been able to increase its fund balance for the General Fund by \$1.3 million while operating expenditures increased by \$9.6 million. With appropriate planning and careful financial spending, the City has been able to sustain its strong economic condition. Sales tax collections increased by \$3.1 million or 11.32%. The other revenues increase such as Charges for Services increased by \$2.8 million or 8.9%.

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 \$354 thousands. The largest increase was to amend the budget for additional Intergovernmental Revenues category in order to account for various grants received.

Expenditures and Other Financing Uses:

- General Fund was amended by a net increase of \$1.1 million in the expenditures and other financing uses. The Capital Outlay category increased \$1.3 million to account for infrastructure projects. The Other Financing Uses category increased by \$274 thousands to provide additional funding for the Health Fund.

Amended Budget as compared to Actual Revenues and other Sources:

Revenues and Other Financing Sources:

- The actual revenues reflect an overall favorable variance of \$16 million as compared to the amended budget. This variance had various attributes:
 - Sales tax revenues increased by \$2.56 million.
 - Contribution and Donations exceeded the projected revenues by \$13.8 million. This amount is as a result of the recognition of the value of donated infrastructure improvements by developers to the City.

Expenditures and Other Financing Uses:

- Expenditures and Other Financing Uses reflect a negative variance of \$13.7 million when comparing the amended budget to the actual expenditures. A large portion of the increase was due to capital outlay of \$13 million and Other Financing Uses of \$2 million for amount transferred to the Capital Improvement Fund for the completion of various projects during the year.
 - General Government realized savings in the amount of \$1.6 million from various areas including the Municipal Court, Building Inspections, City Attorney, Training and Planning Departments.
 - Public Safety had a negative variance of \$1.9 million. The Police Department realized savings of \$1.18 million while the Fire Department exceeded its budget by \$3.48 million.
 - All other departments of General Fund played a proactive role in limiting and restricting expenses and ensuring that the City's fund balance remain at the same level as in prior years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Laredo's investment in capital assets for its Governmental and Business-Type activities as of September 30, 2012 is \$1.11 billion (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was \$70.57 million, a net increase over prior year. Additions, to capital assets such as land, infrastructure, construction in progress, buildings and equipment for the

year totaled \$120.36 million for governmental activities and \$69.6 million for business type activities. Deletions or disposition of capital assets 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 – Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 83,682,335	\$ 76,466,440	\$ 31,350,210	\$ 31,229,059	\$ 115,032,545	\$ 107,695,499
Buildings	193,015,842	161,893,800	124,950,782	103,983,287	317,966,624	265,877,087
Machinery & Equipment	98,057,932	92,401,725	82,255,001	80,324,733	180,312,933	172,726,458
Water Rights	-	-	40,563,184	40,050,823	40,563,184	40,050,823
Improve'ts other than Bldg	567,138,532	530,418,410	380,616,759	367,677,009	947,755,291	898,095,419
Construction in Progress	8,734,834	19,810,403	97,875,506	83,622,885	106,610,340	103,433,288
Total	\$ 950,629,475	\$ 880,990,778	\$ 757,611,442	\$ 706,887,796	\$ 1,708,240,917	\$ 1,587,878,574

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

Governmental

- Various land acquisitions / donations totaling \$7.2 million. Land donation of \$4.9 million for Max Mandel Golf Course; land donation valued at \$935 thousand for San Isidro Ranch drainage improvements and various Airport properties for the Noise Abatement project totaling \$1.6 million.
- Assets for Building category increased by \$31.1 million mainly due to improvements for the City Hall Annex with a cost of \$1million; Administrative Building for the Fire Department at a cost of \$9.7 million; Federal Inspection Station at the Airport for \$2.7 million and Uni-trade Stadium at a cost of \$17.7 million.
- Infrastructure Improvements in the amount of \$36.7 million for various projects including Airport runways and cargo at a cost of \$5.3 million; Airport Arresting System project at a cost of \$1.7 million; Street Improvements of \$7.3 million, drainage improvements of \$1.5 million; parks improvements of \$3.9 million including a municipal golf course and baseball stadium.
- Machinery, equipment, vehicles and heavy equipment acquired during the fiscal year amounted to \$5.7 million for all departments within the City.
- Construction in Progress decreased by \$11.1 due to projects completed during the year.

Proprietary

- Building capital assets increased by \$20.97 million for the proprietary funds. Bridge System increased by \$1.4 million; Waterworks System \$7.9 million and Sewer System \$11.6 million. This is mostly due to water and sewer plant building improvements.
- Machinery, equipment, vehicles and heavy equipment acquired totaled \$5.7 million. Some of the items purchased were for the Transit System equipment totaling \$495 thousands; Bridge System \$584 thousand; Water and Sewer Departments \$2.1 million and various equipment needs by other proprietary funds.
- Improvement other than building and construction in progress increased by \$36.7 million which includes Water and Sewer plant improvements, collection and distribution systems.

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, Certificate of Obligations 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 \$319.8 million in outstanding bonds and other long term debt; an increase of \$4.97 million over last year (See Table A-4) for the Governmental Activities. The Business Type Activities recorded an increase of \$61.2 million. More detailed information about the City’s long-term liabilities is presented in Note 11 and 12 of the financial statements.

Bond Ratings	
The City most recent general obligation bond ratings are the following:	
Standard & Poor’s	AA
Moody’s	Aa2
Fitch	AA

New debt resulted mainly from various issues totaling \$9.77 million; \$2.08 million for a General Obligation Refunding, \$7.69 million in Certificate of Obligation Bond Series 2012 for various capital projects. Debt issued by Business Type activities totaled 92.83 million. Debt includes \$79.63 million issued as revenue bond for the Water and Sewer Systems, \$7.64 million in a Bridge System Refunding Revenue Bond and \$5.56 General Obligation Refunding Bond. The issuance of long term debt is to finance various projects including constructing City buildings, land acquisition, equipment and vehicles for various City Departments and water rights acquisition.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 23,701,636	\$ 25,154,037	\$ 26,171,798	\$ 26,835,731	\$ 49,873,434	\$ 51,989,768
Certificates of obligation	167,062,087	168,839,892	104,502,912	113,545,109	271,564,999	282,385,001
Revenue bonds	38,260,000	40,160,000	252,437,961	181,297,000	290,697,961	221,457,000
Capital lease obligations	702,875	1,175,951	-	-	702,875	1,175,951
Compensated Absences	23,011,325	23,343,701	1,847,575	1,813,806	24,858,900	25,157,507
Notes payable	595,000	680,000	18,744,450	19,637,040	19,339,450	20,317,040
Landfill Post Closure	-	-	11,094,707	10,449,569	11,094,707	10,449,569
Net Penion Ob. - OPEB	66,462,027	55,468,398	-	-	66,462,027	55,468,398
Total	\$ 319,794,950	\$ 314,821,979	\$ 414,799,403	\$ 353,578,255	\$ 734,594,353	\$ 668,400,234

Economic Factors and Next Year’s Budgets and Rates

The City Council considered many factors when setting the fiscal year 2013 budget. General Fund revenues for FY 12-13 are proposed to be \$154,553,903; an increase of \$10,788,172 or 7.50% over the prior year’s original budget. Expenditures are proposed to be \$154,609,593; an increase of \$10,788,172 or 7.50% over prior year budgeted expenditures. The City’s unemployment rate decreased by 1.3% to 6.4% as of September 30, 2012 compared to prior year’s 7.7%. This average places it slightly below the State average of 6.6%. Building permit revenues, sales tax revenues and bridge toll revenues are areas which we use to

measure the local economy. These areas are showing slight growth and are good indicators of the local state of the economy. For the first time in over ten years several revenue sources were increase for fiscal year 2013. Among the revenues increased include Building Licenses, amusement machine permits, zoning filing fees, taxicab fines, library fines, cemetery fines, utilities charges, monthly garbage fees and other fees. The increase in charges is expected to generate additional revenues of \$4.73 million.

General Fund is expected to receive \$1 million in additional revenues and \$3.73 million for all other funds.

The total 2012-2013 consolidated budget revenue appropriation is \$499,560,488 million. This represents a decrease in revenues of \$77.83 million or 13.48% over the 2011-2012 Original Budget. The property tax rate for 2013 is .6370 per \$100 valuation; the rate has remained the same for the last ninth consecutive years. Assessed valuations for FY 2013 are \$10.7 billion which represents an increase of 1.00% over prior year with an estimated levy of \$66.04 million. Of the .6370 tax rate, 78.30% or .498791 cents are utilized for General Fund activities, the remaining 21.7% or .138209 cents are used for Debt Service. The General Fund's portion of property tax revenue for FY 2013 is projected to be \$51.3 million. Sales tax revenues for the General Fund for FY 2013 are budgeted to be \$32.08 million, an increase of \$4.65 million or 16.94% as compared prior year's budgeted amounts.

A cost of living increase of 3% is included for all personnel beginning October 1st, excluding the Fire and Police Departments. The budget does include a \$1 million or 2% salary increase for the Police Departments as per contractual obligations. The proposed budget also includes \$1.2 million salary increase for Fire Department, an average of 3.25% depending on the position as per contractual obligations. There were a total of 2,919 full time equivalent positions with an estimated budget of \$126.97 million.

The City of Laredo will continue to work on various projects for continued economic growth in the area of international trade through our airport and four international bridges. We will continue to revitalize our downtown, protect our green spaces, continue to rehabilitate our water and sewer lines, increase water distribution and water treatment for the future growth of our community, and create new park spaces such as a baseball field and new golf course 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, 78040.

BASIC FINANCIAL STATEMENTS

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents: (Note 4)			
Cash	\$ 365,272	\$ 16,200	\$ 381,472
Investments (Note 5)	145,571,452	99,339,652	244,911,104
Receivable, net of allowances: (Note 6)			
Accrued Interest	1,006,547	169,700	1,176,247
Property Taxes, Penalty and Interest	9,970,708	-	9,970,708
Hotel-Motel Tax, Penalty and Interest	344,115	-	344,115
Accounts	14,095,881	9,595,632	23,691,513
Notes	14,874,424	21,057	14,895,481
Paving Assessments	6,487	-	6,487
Internal Balances (Note 13)	(2,987,802)	2,987,802	-
Due From Other Governments	7,844,244	871,697	8,715,941
Inventory, at cost	485,772	1,662,651	2,148,423
Prepaid Items	354,049	-	354,049
Total Current Assets	191,931,149	114,664,391	306,595,540
Noncurrent Assets:			
Restricted Assets: (Note 7)			
Investments (Note 5)	-	182,842,437	182,842,437
Accrued Interest (Note 6)	-	96,472	96,472
Notes (Note 6)	-	580	580
Due From Other Governments	-	2,043,309	2,043,309
Capital Assets: (Note 8)			
Nondepreciable Assets:			
Land and Improvements	83,682,335	71,913,394	155,595,729
Construction in Progress	8,734,834	97,875,506	106,610,340
Depreciable Assets:			
Buildings	193,015,842	124,950,782	317,966,624
Machinery and Equipment	98,057,932	82,255,001	180,312,933
Infrastructure	567,138,532	380,616,759	947,755,291
Accumulated Depreciation	(335,809,044)	(262,491,936)	(598,300,980)
Unamortized Bond Issuance Costs	4,434,601	5,045,631	9,480,232
Total Non Current Assets	619,255,032	685,147,935	1,304,402,967
TOTAL ASSETS	\$ 811,186,181	\$ 799,812,326	\$ 1,610,998,507

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2012

(Continued)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 8,197,352	\$ 4,003,555	\$ 12,200,907
Claims and Judgments Payable (Note 18)	5,010,362	-	5,010,362
Retainage Payable	1,745,233	3,576,400	5,321,633
Accrued Wages and Employee Benefits	5,208,551	1,390,471	6,599,022
Accrued Interest Payable	1,191,457	1,446,900	2,638,357
Compensated Absences (Note 11 & 12)	2,516,114	715,706	3,231,820
Contracts Payable	3,312,495	10,507,437	13,819,932
Customer and Tenant Deposits	167,762	4,907,081	5,074,843
Due To Other Governments	5,248	-	5,248
Due to Developers	339,025	-	339,025
Unearned Revenue	2,193,420	2,904,395	5,097,815
General Obligation Bonds (Note 11 & 12)	3,711,586	6,278,415	9,990,001
Certificates of Obligation (Note 11 & 12)	7,789,814	3,805,185	11,594,999
Revenue Bond Payable (Note 11 & 12)	2,010,000	10,376,000	12,386,000
Notes Payable (Note 11 & 12)	85,000	929,186	1,014,186
Capital Lease Obligation (Note 11)	494,245	-	494,245
Total Current Liabilities	43,977,664	50,840,731	94,818,395
Noncurrent Liabilities:			
Noncurrent portion of long term liabilities:			
General Obligation Bonds (Note 11 & 12)	19,990,050	19,893,383	39,883,433
Certificates of Obligation (Note 11 & 12)	159,272,273	100,697,727	259,970,000
Revenue Bonds Payable (Note 11 & 12)	36,250,000	242,061,961	278,311,961
Notes Payable (Note 11 & 12)	510,000	17,815,264	18,325,264
Capital Lease Obligations (Note 11)	208,630	-	208,630
Compensated Absences (Note 11 & 12)	20,495,211	1,131,869	21,627,080
Net Pension Obligations - OPEB (Note 11)	66,462,027	-	66,462,027
Landfill Closure & Postclosure Costs (Note 12)	-	11,094,707	11,094,707
Total Noncurrent Liabilities	303,188,191	392,694,911	695,883,102
TOTAL LIABILITIES	347,165,855	443,535,642	790,701,497
NET ASSETS			
Investments in Capital Assets, net of related debt	426,071,062	281,378,123	707,449,185
Restricted for:			
Debt Service	8,463,348	23,834,826	32,298,174
Capital Projects	13,491,791	-	13,491,791
Improvements	-	5,782,050	5,782,050
Canseco Endowment Fund			
Nonexpendable	72,365	-	72,365
Unrestricted	15,921,760	45,281,685	61,203,445
TOTAL NET ASSETS	\$ 464,020,326	\$ 356,276,684	\$ 820,297,010

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, 2012**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 31,034,892	37,543,445	-	7,146,122	-	7,146,122
Public Safety	109,306,566	7,515,182	411,452	(94,045,050)	-	(94,045,050)
Public Works	35,937,652	5,556,032	26,313,834	(2,719,781)	-	(2,719,781)
Health and Welfare	23,663,834	13,793,256	1,611,842	4,401,437	-	4,401,437
Culture and Recreation	25,468,060	7,116,481	987,912	(17,322,434)	-	(17,322,434)
Air Transportation	5,896,045	4,966,208	-	(866,365)	-	(866,365)
Interest and Other on Long-Term Debt	11,215,644	-	-	(11,215,644)	-	(11,215,644)
Total Governmental Activities	242,522,693	76,490,604	29,325,040	(114,621,715)	-	(114,621,715)
Business-Type Activities:						
Transit System	15,759,209	4,018,134	880,055	-	(6,389,615)	(6,389,615)
Bridge System	41,674,262	47,365,449	-	-	5,691,187	5,691,187
Waterworks System	43,022,231	38,825,686	9,744,810	-	5,548,265	5,548,265
Sewer System	28,980,517	28,734,011	2,303,189	-	2,058,808	2,058,808
Solid Waste Management System	16,279,971	16,625,595	-	-	345,624	345,624
Municipal Housing	1,479,174	1,435,349	-	-	(43,825)	(43,825)
Total Business-Type Activities	147,195,364	137,004,224	12,928,054	-	7,210,444	7,210,444
Total Primary Government	\$ 389,718,057	213,494,828	42,253,094	(114,621,715)	7,210,444	(107,411,271)
General Revenues:						
Property Taxes				68,704,058	-	68,704,058
Sales Tax				38,152,946	7,082,464	45,235,410
Franchise Tax				7,085,923	-	7,085,923
Hotel Motel Tax				4,228,417	-	4,228,417
Alcoholic Beverage Tax				298,772	-	298,772
Unrestricted investment earnings				399,151	1,811,816	2,210,967
Gain on sale of capital assets				314,627	23,254	337,881
Bond Premium				84,484	389,574	474,058
Transfers (Note 14)				3,961,171	(3,961,171)	-
Total general revenues and transfers				123,229,549	5,345,937	128,575,486
Change in net assets				8,607,834	12,556,381	21,164,215
Net assets-beginning				455,412,492	343,720,303	799,132,795
Net assets-ending				\$ 464,020,326	356,276,684	820,297,010

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

**CITY OF LAREDO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2012**

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ 16,714	-	348,108	364,822
Equity in Investment Pool	1,005,157	1,380,156	46,522,767	48,908,080
Investments	40,848,641	4,700,000	43,204,822	88,753,463
Receivable, net of allowances:				
Accrued Interest (Note 6)	63,911	23,450	906,876	994,237
Taxes, Penalty and Interest (Note 6)	8,562,643	1,313,105	849	9,876,597
Accounts (Note 6)	3,671,116	-	1,944,010	5,615,126
Notes (Note 6)	-	-	14,874,424	14,874,424
Paving Assessments (Note 6)	-	6,487	-	6,487
Due from Other Funds	1,681,545	-	85,995	1,767,540
Due from Other Governments	124,364	-	7,719,880	7,844,244
Inventory, at cost	4,349	-	56,717	61,066
TOTAL ASSETS	55,978,440	7,423,198	115,664,448	179,066,086
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	2,885,294	883	3,592,094	6,478,271
Retainage Payable	-	-	1,745,233	1,745,233
Accrued Wages and Employee Benefits	4,067,273	-	982,571	5,049,844
Contracts Payable	-	-	3,312,495	3,312,495
Customer and Tenant Deposits	1,250	-	166,512	167,762
Due to Other Funds	-	-	3,083,638	3,083,638
Due to Other Governments	-	-	5,248	5,248
Due to Developers	-	-	339,025	339,025
Deferred Revenue	12,159,584	1,319,739	17,566,811	31,046,134
TOTAL LIABILITIES	19,113,401	1,320,622	30,793,627	51,227,650
FUND BALANCES (Note 22)				
Nonspendable	4,349	-	106,717	111,066
Restricted	1,641,354	6,102,576	65,905,774	73,649,704
Committed	24,048,220	-	7,729,123	31,777,343
Assigned	-	-	13,515,966	13,515,966
Unassigned (Deficit)	11,171,116	-	(2,386,759)	8,784,357
TOTAL FUND BALANCES	36,865,039	6,102,576	84,870,821	127,838,436
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,978,440	7,423,198	115,664,448	

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.	613,930,802
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	11,545,767
Internal service funds are used by management to charge the costs of fleet management, risk management, and health benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	1,072,597
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)	(290,367,276)
Net assets of governmental activities	\$ 464,020,326

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, 2012

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Taxes:				
Property	\$ 54,878,292	12,959,996	-	67,838,288
Sales	29,985,452	-	7,496,363	37,481,815
Franchise Fees	7,080,430	-	-	7,080,430
Bingo Tax	92,942	-	-	92,942
Alcoholic Beverage	289,303	-	-	289,303
Hotel Motel	-	-	4,227,796	4,227,796
Licenses and Permits	6,365,903	-	671,986	7,037,889
Intergovernmental Revenues	397,278	-	37,028,050	37,425,328
Charges for Services	34,908,091	-	11,124,174	46,032,265
Fines	3,085,225	-	546,483	3,631,708
Fees and Collections	970,955	-	2,945,524	3,916,479
Rents	-	-	6,012,866	6,012,866
Interest and Other	913,152	51,010	304,352	1,268,514
Miscellaneous	464,239	300,014	1,847,565	2,611,818
Contributions & Donations	13,991,368	-	4,789,619	18,780,987
Reimbursements	-	30,976	1,007,454	1,038,430
TOTAL REVENUES	153,422,630	13,341,996	78,002,232	244,766,858
EXPENDITURES:				
Current:				
General Government	18,035,867	13,461	632,337	18,681,665
Public Safety	97,701,526	-	10,604,458	108,305,984
Public Works	7,213,771	-	5,743,576	12,957,347
Health and Welfare	653,374	-	21,925,616	22,578,990
Cultural and Recreational	13,077,790	-	11,597,678	24,675,468
Air Transportation Services	-	-	4,989,131	4,989,131
Capital Outlay	14,348,689	-	57,119,472	71,468,161
Debt Service:				
Bond Costs	-	45,552	166,174	211,726
Principal Retirement	-	12,585,151	473,076	13,058,227
Interest and Fiscal Expenditures	-	11,021,933	49,681	11,071,614
TOTAL EXPENDITURES	151,031,017	23,666,097	113,301,199	287,998,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,391,613	(10,324,101)	(35,298,967)	(43,231,455)
OTHER FINANCING SOURCES (USES):				
Transfers In	6,271,512	8,103,538	27,598,310	41,973,360
Issuance of Debt	-	2,074,975	7,690,000	9,764,975
Bond Premium	-	88,867	-	88,867
Bond Discounts	-	-	(4,383)	(4,383)
Transfers Out	(7,335,197)	-	(29,863,229)	(37,198,426)
Contributions	-	-	-	-
Capital Leases	-	-	-	-
Sale of Assets	16,671	-	301,946	318,617
Payment to Refunded Bond Escrow Agent	-	(2,112,731)	-	(2,112,731)
TOTAL OTHER FINANCING SOURCES (USES)	(1,047,014)	8,154,649	5,722,644	12,830,279
Net Change in Fund Balances	1,344,599	(2,169,452)	(29,576,323)	(30,401,176)
Fund Balances-Beginning	35,520,440	8,272,028	114,447,144	158,239,612
FUND BALANCES-ENDING	\$ 36,865,039	6,102,576	84,870,821	127,838,436

**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, 2012**

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

Net change in fund balances-total governmental funds	\$	(30,401,176)
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)		40,974,699
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,981,608
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)		5,405,983
Accrued interest expense recorded for entity-wide statements.		250,645
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.		(10,748,989)
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.		1,145,064
Change in net assets of governmental activities	\$	8,607,834

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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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES:						
Taxes						
Property Taxes	\$ 53,529,504	53,529,504	53,219,031	-	53,219,031	(310,473)
Penalty and Interest	2,414,727	2,414,727	1,659,261	-	1,659,261	(755,466)
Alcoholic Beverage	339,254	339,254	289,303	-	289,303	(49,951)
Bingo Tax	78,954	78,954	92,942	-	92,942	13,988
Sales and Use	27,428,707	27,428,707	29,985,452	-	29,985,452	2,556,745
Franchise Fees	6,676,783	6,676,783	7,080,430	-	7,080,430	403,647
Licenses and Permits	6,275,704	6,275,704	6,365,903	-	6,365,903	90,199
Intergovernmental Revenues	617,500	986,491	397,278	-	397,278	(589,213)
Charges for Services	34,185,358	34,185,358	34,908,091	-	34,908,091	722,733
Fines	3,405,140	3,405,140	3,085,225	-	3,085,225	(319,915)
Fees and Collections	830,951	835,716	970,955	-	970,955	135,239
Interest and Other	920,880	920,880	913,152	-	913,152	(7,728)
Miscellaneous	55,203	55,203	464,239	-	464,239	409,036
Contributions and Donations	250,000	230,973	13,991,368	-	13,991,368	13,760,395
TOTAL REVENUES	137,008,665	137,363,394	153,422,630	-	153,422,630	16,059,236
EXPENDITURES:						
General Government						
Mayor and City Council	738,333	738,333	722,953	6,631	729,584	8,749
City Manager	1,212,381	1,212,381	1,243,422	688	1,244,110	(31,729)
Internal Audit	243,829	243,829	241,517	200	241,717	2,112
Public Information Office	166,476	166,476	92,386	312	92,698	73,778
City Hall Maintenance	547,870	547,870	437,406	75,783	513,189	34,681
City Hall Annex	-	101,949	90,479	11,469	101,948	1
Municipal Court	1,535,474	1,521,074	1,283,961	6,722	1,290,683	230,391
Building Inspections	1,478,166	1,480,966	1,234,191	2,049	1,236,240	244,726
Development Review Engineering	536,453	537,721	487,496	-	487,496	50,225
Code Enforcement	342,760	342,760	264,633	-	264,633	78,127
Public Right of Way	207,727	207,727	200,415	-	200,415	7,312
Geographic Information Systems	201,119	205,551	196,075	174	196,249	9,302
City Attorney	1,016,090	1,016,090	847,456	10,648	858,104	157,986
City Secretary	425,363	446,124	411,820	988	412,808	33,316
Elections	45,240	37,432	3,065	-	3,065	34,367
Tax Office	1,073,014	1,087,014	1,090,139	497	1,090,636	(3,622)
Accounting	1,158,588	1,154,727	1,091,608	669	1,092,277	62,450
Purchasing	486,066	486,066	479,719	5,700	485,419	647
Payroll	221,984	223,223	222,489	255	222,744	479
Accounts Payable	356,759	359,381	358,826	-	358,826	555
Budget	343,521	343,521	316,210	10,569	326,779	16,742
Personnel and Civil Service	534,412	542,412	515,268	184	515,452	26,960
Training	326,396	326,396	208,942	1,788	210,730	115,666
Planning	773,031	775,031	750,666	1,322	751,988	23,043
Section 112	500,506	500,506	74,930	93,464	168,394	332,112
311 Program	306,737	306,737	295,263	24,695	319,958	(13,221)
Communications & Admin. Support	375,949	375,949	270,859	134	270,993	104,956
Center for Non-Profit	99,952	99,534	96,183	19	96,202	3,332
Real Estate	171,397	171,397	166,613	-	166,613	4,784
Public Safety						
Police	4,172,859	4,204,119	3,938,271	17,412	3,955,683	248,436
Records/Property	1,456,834	1,456,834	1,206,973	6,613	1,213,586	243,248
Autotheft Grant Match	521,633	521,633	769,312	-	769,312	(247,679)
Detective	5,577,156	5,501,969	5,807,117	8,735	5,815,852	(313,883)
Narcotics/Pipeline/K-9	3,440,656	3,441,006	3,295,902	4,702	3,300,604	140,402
911 Communications	2,817,212	2,817,312	2,470,062	59	2,470,121	347,191
Criminal Int. Acquisition	409,661	416,661	561,802	2,225	564,027	(147,366)
Patrols	36,723,714	36,760,191	35,608,242	242,956	35,851,198	908,993
Fire	24,378,144	24,448,815	27,052,223	25,788	27,078,011	(2,629,196)
Fire - EMS Division	7,650,627	7,649,145	7,888,742	8,058	7,896,800	(247,655)
Fire - EMS Trauma (Webb Co.)	9,000	23,262	23,262	-	23,262	-
Fire Civilians	562,339	534,339	694,063	-	694,063	(159,724)
Fire - Prevention & Arson	1,606,582	1,602,792	1,868,976	5,512	1,874,488	(271,696)
Fire Airport	984,278	975,892	1,043,588	807	1,044,395	(68,503)
Fire - Training (In House)	546,733	555,595	646,271	10,651	656,922	(101,327)
Fire - Training	410,245	409,072	496,067	541	496,608	(87,536)
Fire Emergency Management	22,307	20,425	20,669	231	20,900	(475)
Homeland Security Grant	-	125,686	45,353	-	45,353	80,333
Traffic	2,454,727	2,451,027	2,232,444	16,302	2,248,746	202,281
Street Lighting	\$ 2,257,522	2,220,422	2,032,187	1,345	2,033,532	186,890

(Continued)

CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2012

	Budgeted Amounts		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
Public Works						
Administration	\$ 619,960	619,960	593,685	4,229	597,914	22,046
Engineering	568,181	569,060	552,780	323	553,103	15,957
Street Maintenance	1,180,199	1,149,299	904,616	3,852	908,468	240,831
Drafting & Surveying	1,091,969	1,092,490	1,023,075	867	1,023,942	68,548
Street Construction	1,082,827	1,082,827	888,556	23,874	912,430	170,397
Construction & Inspections	529,618	528,218	514,954	5	514,959	13,259
Street Cleaning	1,398,374	1,425,374	1,419,397	14,784	1,434,181	(8,807)
Building Rehabilitation	859,160	809,955	633,148	5,704	638,852	171,103
Warehouse	113,405	113,405	94,652	691	95,343	18,062
Special Construction Projects	417,298	417,298	588,908	-	588,908	(171,610)
Health and Welfare						
Third-Party Funding	641,676	638,725	527,008	4,563	531,571	107,154
Non CDBG Code Enforcement	138,206	138,624	126,366	5,598	131,964	6,660
Cultural and Recreational						
Parks	394,161	394,374	388,176	3,787	391,963	2,411
Maintenance	5,727,872	5,740,856	5,639,621	132,713	5,772,334	(31,478)
Aquatics	678,887	686,387	889,730	11,608	901,338	(214,951)
Recreation Centers	2,731,932	2,675,228	2,446,129	99,353	2,545,482	129,746
Cemetery	348,541	349,641	323,829	5,063	328,892	20,749
Library	3,759,273	3,758,323	3,390,305	153,332	3,543,637	214,686
Other	5,720,631	5,097,637	4,340,877	284,013	4,624,890	472,747
Capital Outlay	-	1,309,815	14,348,689	-	14,348,689	(13,038,874)
TOTAL EXPENDITURES	139,429,992	140,291,870	151,031,017	1,361,256	152,392,273	(12,100,403)
Excess (Deficiency) of Revenues Over Expenditures	(2,421,327)	(2,928,476)	2,391,613	(1,361,256)	1,030,357	3,958,833
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hotel Motel Fund	25,000	25,000	7,750	-	7,750	(17,250)
Veteran's Field	9,683	9,683	-	-	-	(9,683)
Capital Improvements Fund	5,600,000	5,600,000	5,600,000	-	5,600,000	-
Parking Meters	200,000	200,000	200,000	-	200,000	-
Fleet Management	200,000	200,000	200,000	-	200,000	-
Risk Management	105,233	105,233	105,233	-	105,233	-
Airport	454,971	454,971	-	-	-	(454,971)
Information Technology	158,529	158,529	158,529	-	158,529	-
Transfers Out:						
Auto Theft Task Force	(354,304)	(354,304)	(248,787)	-	(248,787)	105,517
Health Fund	(3,403,740)	(3,678,098)	(3,378,262)	-	(3,378,262)	299,836
Special Police Program	(121,047)	(121,047)	(107,256)	-	(107,256)	13,791
Public Access Fund	(312,121)	(312,121)	(298,941)	-	(298,941)	13,180
Special Fire Grants	(1,259,799)	(1,259,799)	(1,251,210)	-	(1,251,210)	8,589
Capital Improvements Fund	-	-	(2,000,000)	-	(2,000,000)	(2,000,000)
2009 C.O.	-	(12,500)	(12,500)	-	(12,500)	-
Veterans Field	-	-	(38,241)	-	(38,241)	(38,241)
Capital Lease Payments	(27,290)	-	-	-	-	-
Sale of Assets	3,650	3,650	16,671	-	16,671	13,021
TOTAL OTHER FINANCING SOURCES (USES)	1,278,765	1,019,197	(1,047,014)	-	(1,047,014)	(2,066,211)
Net Change in Fund Balance	(1,142,562)	(1,909,279)	1,344,599	(1,361,256)	(16,657)	1,892,622
Fund Balances at Beginning of Year	33,018,733	35,520,440	35,520,440	(32,311)	35,488,129	(32,311)
FUND BALANCES AT END OF YEAR	\$ 31,876,171	33,611,161	36,865,039	(1,393,567)	35,471,472	1,860,311

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

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2012

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	10,000	2,150	300	3,750	16,200	450
Equity in Investment Pool	23,883	180,861	150,044	14,567,830	14,922,618	7,909,909
Investments (Note 5)	9,229,056	44,045,450	30,493,514	649,014	84,417,034	-
Receivable:						
Accrued Interest (Note 6)	6,996	53,003	43,972	65,729	169,700	12,310
Accounts (Note 6)	264	4,520,702	3,824,483	1,250,183	9,595,632	40,275
Notes (Note 6)	-	2,925	18,132	-	21,057	-
Prepaid Items	-	-	-	-	-	354,049
Due from Other Governments	3,571	213	12,817	855,096	871,697	-
Due from Other Funds	463,410	71,060	96,033	2,731,740	3,362,243	-
Inventory, at Cost	-	997,715	134,252	530,684	1,662,651	424,706
Total Current Assets	9,737,180	49,874,079	34,773,547	20,654,026	115,038,832	8,741,699
Noncurrent Assets:						
Restricted Assets:						
Investments (Note 5)	3,490,220	88,781,947	79,967,221	10,603,049	182,842,437	-
Accrued Interest Receivable (Note 6)	21,720	52,052	22,700	-	96,472	-
Notes Receivable (Note 6)	-	580	-	-	580	-
Due from Other Governments	-	2,043,309	-	-	2,043,309	-
Total Restricted Assets (Note 7)	3,511,940	90,877,888	79,989,921	10,603,049	184,982,798	-
Capital Assets: (Note 8)						
Transportation Vehicles and Equipment	15,550,487	8,672,475	9,829,215	48,202,824	82,255,001	1,840,813
Buildings	35,040,317	31,840,411	39,025,959	19,044,095	124,950,782	401,188
Improvements	80,201,252	163,411,485	123,014,206	13,989,816	380,616,759	11,391
Land and Improvements	11,265,265	45,198,415	4,648,512	10,425,110	71,537,302	-
Land Easements	-	187,489	188,603	-	376,092	-
Construction in Progress	234,615	86,539,667	10,136,376	964,848	97,875,506	-
Less Accumulated Depreciation	(48,905,471)	(100,248,715)	(67,568,891)	(45,768,859)	(262,491,936)	(1,363,763)
Total Capital Assets (net of accumulated depreciation)	93,386,465	235,601,227	119,273,980	46,857,834	495,119,506	889,629
Other Assets:						
Unamortized Bond Issuance Costs	947,962	2,149,184	1,762,362	186,123	5,045,631	-
Total Noncurrent Assets	97,846,367	328,628,299	201,026,263	57,647,006	685,147,935	889,629
TOTAL ASSETS	107,583,547	378,502,378	235,799,810	78,301,032	800,186,767	9,631,328

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2012

(Continued)

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS						
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
LIABILITIES						
Current Liabilities:						
Accounts Payable	290,441	1,778,747	1,031,076	903,291	4,003,555	1,719,081
Retainage Payable	-	3,381,745	159,126	35,529	3,576,400	-
Contracts Payable	-	10,110,643	249,686	147,108	10,507,437	-
Due to Other Funds (Note 13)	-	1,220,369	96,033	649,111	1,965,513	-
Accrued Interest	-	932,721	413,258	100,921	1,446,900	-
Accrued Wages & Employee Benefits	255,419	364,357	155,742	614,953	1,390,471	158,707
Claims and Judgments Payable	-	-	-	-	-	5,010,362
Compensated Absences	199,401	181,226	70,139	264,940	715,706	106,387
Customer Deposits	8,000	4,809,662	-	89,419	4,907,081	-
Unearned Revenue	1,621,397	1,234,603	44,284	4,111	2,904,395	79,509
General Obligation Bonds (Note 12)	-	3,191,028	2,283,089	804,298	6,278,415	-
Certificates of Obligation (Note 12)	-	922,020	1,659,094	1,224,071	3,805,185	-
Revenue Bonds Payable (Note 12)	4,675,000	3,029,000	2,672,000	-	10,376,000	-
Notes Payable (Note 12)	929,186	-	-	-	929,186	-
Total Current Liabilities	7,978,844	31,156,121	8,833,527	4,837,752	52,806,244	7,074,046
Noncurrent Liabilities:						
General Obligation Bonds (Note 12)	-	7,547,771	5,912,754	6,432,858	19,893,383	-
Certificates of Obligation (Note 12)	-	62,456,480	27,359,215	10,882,032	100,697,727	-
Revenue Bonds Payable (Note 12)	46,123,961	109,559,000	86,379,000	-	242,061,961	-
Notes Payable (Note 12)	17,815,264	-	-	-	17,815,264	-
Compensated Absences	357,419	302,450	100,888	371,112	1,131,869	218,646
Closure and Postclosure Cost (Note 12)	-	-	-	11,094,707	11,094,707	-
Total Noncurrent Liabilities	64,296,644	179,865,701	119,751,857	28,780,709	392,694,911	218,646
TOTAL LIABILITIES	72,275,488	211,021,822	128,585,384	33,618,461	445,501,155	7,292,692
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	27,298,978	146,914,316	75,365,764	31,799,065	281,378,123	889,629
Restricted for Debt Service	4,588,747	11,443,693	7,802,386	-	23,834,826	-
Restricted for Improvements	-	5,782,050	-	-	5,782,050	-
Unrestricted (Deficit)	3,420,334	3,340,497	24,046,276	12,883,506	43,690,613	1,449,007
TOTAL NET ASSETS	35,308,059	167,480,556	107,214,426	44,682,571	354,685,612	2,338,636

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

Net assets of business-type activities

\$ 356,276,684

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, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
Charges for Services	-	33,674,811	28,428,037	20,040,048	82,142,896	40,527,521
Rental of Facilities	2,653,682	-	-	1,799,519	4,453,201	-
Toll Receipts	44,467,962	-	-	-	44,467,962	-
Miscellaneous	243,805	3,628,830	48,074	239,511	4,160,220	799,737
TOTAL OPERATING REVENUES	47,365,449	37,303,641	28,476,111	22,079,078	135,224,279	41,327,258
OPERATING EXPENSES:						
Costs of Services	-	-	-	-	-	30,853,946
Personnel Services	7,373,053	7,749,640	3,410,085	15,188,378	33,721,156	4,228,228
Materials and Supplies	513,620	3,570,515	1,532,118	4,790,286	10,406,539	379,547
Contractual Services	25,883,606	7,942,224	9,020,388	7,815,956	50,662,174	2,915,877
Other	21,736	180,911	87,937	844,881	1,135,465	-
Total Operating Expenses Before Depreciation	33,792,015	19,443,290	14,050,528	28,639,501	95,925,334	38,377,598
Depreciation Expense (Note 8)	3,947,814	7,396,227	6,627,783	4,349,735	22,321,559	213,271
TOTAL OPERATING EXPENSES	37,739,829	26,839,517	20,678,311	32,989,236	118,246,893	38,590,869
Operating Income (Loss)	9,625,620	10,464,124	7,797,800	(10,910,158)	16,977,386	2,736,389
NON-OPERATING REVENUES (EXPENSES):						
Intergovernmental	-	-	2,125	-	2,125	2,433
Sales Tax	-	-	-	7,082,464	7,082,464	-
Interest Earnings	17,653	946,028	80,595	44,184	1,088,460	15,936
Interest Earnings - Restricted	58,055	437,683	144,897	57,249	697,884	-
Discount Earnings	1,011	8,351	8,094	3,209	20,665	435
Premiums	35,529	63,885	122,269	167,891	389,574	-
Miscellaneous	-	539,452	257,900	-	797,352	-
Water Availability Fees	-	982,593	-	-	982,593	-
Gain (Loss) on Sale of Assets	1,528	20,563	10,512	(9,349)	23,254	3,791
Interest Expense	(3,411,251)	(9,243,574)	(3,460,200)	(818,903)	(16,933,928)	-
Federal Operating Grant	-	-	-	3,839,330	3,839,330	-
Gain (Loss) on Advance Funding	(7,890)	(21,931)	(13,279)	(28,317)	(71,417)	-
Water Rights Acq./Water Conservation	-	(376,846)	-	-	(376,846)	-
Other Non-Operating Expenses	-	(6,630,548)	(4,684,018)	-	(11,314,566)	-
Fiscal Agent Fees	(2,100)	(2,850)	(175,799)	(175)	(180,924)	-
Bond Issuance Cost Amortized	(592,567)	(102,608)	(67,556)	(39,086)	(801,817)	-
State Dept. of Highways	-	-	-	632,075	632,075	-
Construction	(44,825)	-	-	(30,852)	(75,677)	-
Other	-	-	-	(47)	(47)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,944,857)	(13,379,802)	(7,774,460)	10,899,673	(14,199,446)	22,595

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended September 30, 2012

(Continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Income Before Contributions and Transfers	5,680,763	(2,915,678)	23,340	(10,485)	2,777,940	2,758,984
Capital Contributions-Intergovernmental	-	7,907,825	-	880,055	8,787,880	-
Capital Contributions-Other	-	591,651	1,705,654	-	2,297,305	-
Capital Contributions-Developers	-	1,245,334	597,535	-	1,842,869	-
Transfers In	-	-	-	169,228	169,228	187,894
Transfers Out	(4,130,399)	-	-	-	(4,130,399)	(1,001,656)
Change in Net Assets	1,550,364	6,829,132	2,326,529	1,038,798	11,744,823	1,945,222
Total Net Assets-Beginning	33,757,695	160,651,424	104,887,897	43,643,773	393,414	-
Total Net Assets-Ending	35,308,059	167,480,556	107,214,426	44,682,571	2,338,636	2,338,636

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

811,558

Change in net assets of business-type activities

\$ 12,556,381

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

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2012

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
	\$ 47,965,791	36,437,634	27,745,402	21,793,169	133,941,996	1,230,325
	-	683,930	620,309	206,770	1,511,009	40,527,521
	(2,453,627)	856,166	(9,013,863)	(7,958,270)	(18,568,594)	(32,395,717)
	(7,391,790)	(7,748,802)	(3,411,288)	(15,122,080)	(33,673,960)	(4,216,775)
	(24,183,042)	(2,755,959)	(1,806,848)	(4,427,851)	(33,173,700)	(802,403)
	<u>13,937,332</u>	<u>27,472,969</u>	<u>14,133,712</u>	<u>(5,508,262)</u>	<u>50,035,751</u>	<u>4,342,951</u>
Net cash provided (used) by operating activities						
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfer to other funds	(4,593,809)	(383,103)	-	(1,298,316)	(6,275,228)	(1,716,165)
Transfer from other funds	-	-	-	1,863,529	1,863,529	187,894
Subsidy from federal and state grants	-	44,012	-	4,483,556	4,527,568	2,433
Sales Tax	-	-	-	7,082,464	7,082,464	-
Net cash provided (used) by noncapital and related financing activities	<u>(4,593,809)</u>	<u>(339,091)</u>	<u>-</u>	<u>12,131,233</u>	<u>7,198,333</u>	<u>(1,525,838)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	7,302,576	16,788,119	63,054,093	3,450,502	90,595,290	-
Capital contributions	-	87,708	532,323	-	620,031	-
Subsidy from federal and state grants	-	10,249,539	2,125	880,055	11,131,719	-
Acquisition and construction of capital assets	(1,168,423)	(47,006,947)	(8,676,195)	(1,532,675)	(58,384,240)	(191,969)
Principal paid on capital debt	(12,562,590)	(6,935,076)	(6,628,809)	(5,374,338)	(31,500,813)	-
Interest paid on capital debt	(3,411,251)	(9,215,830)	(3,543,953)	(852,850)	(17,023,884)	-
Proceeds from sales of capital assets	2,290	20,563	12,793	-	35,646	3,791
Net cash provided (used) by capital and related financing activities	<u>(9,837,398)</u>	<u>(36,011,924)</u>	<u>44,752,377</u>	<u>(3,429,306)</u>	<u>(4,526,251)</u>	<u>(188,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	443,124	7,393,706	(59,097,305)	(3,244,062)	(54,504,537)	(2,638,689)
Interest and dividends received	50,751	1,487,375	213,775	49,697	1,801,598	9,754
Issuance of Notes Receivable	-	(2,835)	(2,559)	-	(5,394)	-
Net cash provided (used) by investing activities	<u>493,875</u>	<u>8,875,246</u>	<u>(58,886,089)</u>	<u>(3,194,365)</u>	<u>(52,708,333)</u>	<u>(2,628,935)</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>200</u>	<u>-</u>	<u>(700)</u>	<u>(500)</u>	<u>-</u>
Cash and cash equivalents, October 1	<u>10,000</u>	<u>1,950</u>	<u>300</u>	<u>4,450</u>	<u>16,700</u>	<u>450</u>
Cash and cash equivalents, September 30	<u>\$ 10,000</u>	<u>2,150</u>	<u>300</u>	<u>3,750</u>	<u>16,200</u>	<u>450</u>

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2012

(Continued)

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
	9,625,620	10,464,124	7,797,800	(10,910,158)	16,977,386	2,736,389
	3,947,814	7,396,227	6,627,783	4,349,736	22,321,560	213,271
	655,018	(311,709)	(183,485)	645,138	645,138	-
	210	142,175	90,553	(80,493)	79,331	430,591
	-	4,052	(62,252)	47,258	280,196	(3)
	-	-	-	2,422	(55,778)	(19,490)
	-	-	-	-	9,820	-
	-	219,863	-	2,528	222,391	-
	(217,707)	9,789,805	(118,016)	417,441	9,871,523	233,906
	(54,886)	(232,406)	(17,468)	(48,431)	(353,191)	-
	(537)	20,505	10,843	2,958	33,769	11,401
	(18,200)	(19,667)	(12,046)	63,339	13,426	52
	-	-	-	-	-	727,014
Total adjustments	4,311,712	17,008,845	6,335,912	5,401,896	33,058,365	1,606,562
Net cash provided (used) by operating activities	13,937,332	27,472,969	14,133,712	(5,508,262)	50,035,751	4,342,951

Reconciliation of operating income to net cash provided (used) by operating activities:
Operating income
Adjustments to reconcile operating income to net cash provided (used) by operating activities:
Depreciation expense
(Increase) decrease in landfill closure and post closure cost
(Increase) decrease in accounts receivable
Increase (decrease) in allowance for uncollectible accounts
(Increase) decrease in inventories
(Increase) decrease in prepaid items
Increase (decrease) in customer deposits
Increase (decrease) in accounts payable
Increase (decrease) in unearned revenues
Increase (decrease) in compensated absences payable
Increase (decrease) in accrued wages and employee benefits
Increase (decrease) in claims & judgements payables

Total adjustments
Net cash provided (used) by operating activities

Noncash investing, capital, and financing activities:
Bond issuance cost amortized
Contributions of capital assets from developers & others
Current Landfill Closure and Postclosure cost
Disposition of Assets
Loss on advance refunding
Increase (Decrease) in Accrued Interest Payable

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, 2012**

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 189,376	-
Equity in Investment Pool (Note 5)	-	1,884,556
Accrued Interest Receivable	17,588	2,933
Investments, at Fair Market Value (Note 5)	7,558,428	-
Investment with Fiscal Agent, at Fair Market Value (Note 5):		
Money Market Funds	1,147,604	-
Foreign Money Market Funds	32,403,815	-
Domestic Corporate Bonds	14,192,850	-
Domestic Stocks	36,917,070	-
Foreign Stocks	1,414,379	-
Accounts Receivable (Note 6)	-	83,386
Prepaid Items	-	1
	93,841,110	1,970,876
TOTAL ASSETS	93,841,110	1,970,876
LIABILITIES		
Accounts Payable	70,659	1,790,285
Accrued Wages and Employee Benefits	2,068	23,344
Deferred Revenues	-	76,616
Due to Other Funds	-	80,631
	72,727	1,970,876
TOTAL LIABILITIES	72,727	1,970,876
NET ASSETS		
Held in Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ 93,768,383	-

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, 2012**

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	CITY ANNUITY PENSION TRUST FUND
ADDITIONS:		
Contributions:		
Employer Contributions	\$ 5,311,893	1,086,167
Plan Members	4,182,811	136,050
Other Contributions	6,024	21,254
	<hr/>	<hr/>
Total Contributions	9,500,728	1,243,471
	<hr/>	<hr/>
Investment Earnings:		
Interest Earnings and Dividends	995,153	-
Net Increase (decrease) in the Fair Value of Investments	5,668,801	-
Gains (Loss) on Sale of Investment	3,072,977	-
	<hr/>	<hr/>
Total Investment Earnings	9,736,931	-
Less: Investment Expense	(393,800)	-
	<hr/>	<hr/>
Net Investment Earnings	9,343,131	-
	<hr/>	<hr/>
TOTAL ADDITIONS	18,843,859	1,243,471
	<hr/>	<hr/>
DEDUCTIONS:		
Benefits	8,812,627	1,136,585
Administrative Expenses	343,773	106,886
	<hr/>	<hr/>
TOTAL DEDUCTIONS	9,156,400	1,243,471
	<hr/>	<hr/>
Change in Net Assets	9,687,459	-
Net Assets - Beginning	84,080,924	-
	<hr/>	<hr/>
NET ASSETS - ENDING	\$ 93,768,383	-
	<hr/> <hr/>	<hr/> <hr/>

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, 2012

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CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 Laredo Public Facilities Corporation - La Terraza, LLC*. 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.

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

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 Paratransit (El Lift) services within the city boundaries of Laredo. Currently, the fixed-route service is comprised of 22 bus routes. The fixed route bus service has a total of 35 buses operating during a regular workday, 30 buses on a Saturday and 18 buses on Sunday. The Laredo Transit Management, Inc. bus fleet consists of 48 buses and 1 rubber-tire trolley. The El Lift program has a total fleet of 18 Paratransit vans and are equipped with ADA bus lifts. 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. Laredo Convention and Visitors' Bureau operations are reported as special revenue funds.

Laredo Public Facilities Corporation - La Terraza, LLC. The Laredo Public Facilities Corporation (LPFC) - La Terraza, LLC was organized exclusively for the purpose of assisting the City in financing, refinancing or provided public facilities. The LPFC has the power to finance the acquisition of City obligations issued or incurred in accordance with existing law, to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping furnishing and placement in service of public facilities including multifamily housing facilities. The LPFC is the sole General Partner of the La Terraza at Lomas del Sur, Ltd. Partnership. The LPFC initiated construction of the La Terraza Project at Lomas del Sur apartment project. The project consists of a gated community composed of 128 units in eight (8) Residential Buildings, a Community Center, a Maintenance Building, a Swimming Pool, a Mail Kiosk, a Children’s Playground, and some Picnic areas. As of September 30, 2012, the project was 80% complete. Laredo Public Facilities Corporation is reported as a Special Revenue fund.

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.

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 and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Proceeds of specific revenue sources established that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Special revenue funds should not be used to account for resources held in trust for individuals, private organizations or other governments.

Debt Service Fund - The Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows finance by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

Permanent Funds – Permanent funds are only used to account for and report resources that are restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government’s programs for the benefit of the government or its citizenry.

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 two trust funds: Firefighters Retirement System, 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 three Agency fund: Payroll Clearing, Police Retirees Dependants, and Fire Retirees Dependand Fund

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.

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

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 and report all financial resources not accounted for and reported in another fund.

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

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 65,288 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 61,191 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 HUD Section 108 and Expendable Trust Fund 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 of \$5,000 or more, 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.

Q. Fund Equity

The City adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions effective October 1, 2010. Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent because of legal or contractual requirements. Restricted fund balances have restrictions for specific purposes which are either imposed externally or by enabling legislation. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by City Council through ordinance or resolution. Committed funds can not be used for other purpose unless it is removed or changed in the same manner by City Council. Assigned fund balances are constrained by intent made by City management. Unassigned fund balances include residual positive balance within General Fund or may also include negative balances for any governmental fund type. Generally, the City will expend committed or assigned resources before expending unassigned resources.

The City, as per City Charter of the City of Laredo, has set aside 15% of expenditures of the General Fund as a cash reserves or minimum fund balance. If at any time the reserves fall below this threshold, City management will develop a plan, approved by the City Council, to restore the fund balance reserves to 15% of expenditures.

Proprietary funds have three classifications of fund equity: 1) net assets invested in capital assets, net of related debt; 2) restricted net assets; and 3) unrestricted net assets.

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 \$290,367,276 difference are as follows:

Bonds, notes payable, and capital leases	\$ 230,321,598
Accrued interest	1,191,457
Deferred revenue	(28,932,223)
Compensated absences	23,011,325
Elimination of Interfund activity	(1,686,908)
Net Pension Obligations	<u>66,462,027</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 290,367,276</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 \$5,405,983 difference are as follows:

Debt issued:	
Bond & Capital lease proceeds	\$ (9,764,975)
Repayments:	
Bond & Notes payments	14,697,882
Capital lease	<u>473,076</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>\$ 5,405,983</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 \$40,974,699. The details of this are as follows:

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

Assets that were purchased and capitalized in the current year	\$ 71,468,161
Assets that were disposed during the current fiscal year	(689,142)
Current year depreciation	<u>(29,804,320)</u>
Amount by which capital outlays exceed depreciation	<u>\$ 40,974,699</u>

NOTE 3 - FUND DEFICITS

The following is a list of the unassigned deficit fund balances in the Non-Major Governmental Funds operating as grants: Block Grants \$481,335; Home Investment \$552,158; Emergency Shelter \$67,329; Home Inv. Affordable Housing \$132,662; Community Development ARRA \$1,144; 911 Emergency Communications \$875,903; and Parks Capital Grants \$95,715. Deficits are due to grant operations and will be recovered through grant reimbursements in the following year.

The following is a list of the unassigned deficit fund balances in the Non-Major Governmental Funds not operating as grants: Civic Center \$60 and Public Access Channel \$180,453. Deficits are a result of operations. The deficit balances will be covered by revenues received next fiscal year from events.

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 \$5,668,801 for the Laredo Firefighters Retirement System.

As of September 30, 2012, cash and cash equivalents consisted of the following:

Petty Cash and Change Fund	\$ 74,570
Cash in Other Bank Accounts	10,802
Cash with Fiscal Agent	<u>485,476</u>
	<u>\$ 570,848</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, 2012, the book value of all the City's deposits was \$570,848. 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, 2012, were as follows:

		Non Maturity	Investment Maturity in Years	
	Fair Value	Rated	Less Than 1	1-3
Mutual Funds	\$ 41,107,279	41,107,279	-	-
Equities	38,331,449	38,331,449	-	-
Corporate Bonds	14,192,851	14,192,851	-	-
Managed Pools	<u>429,640,664</u>	<u>145,968,847</u>	<u>283,671,817</u>	-
Total Investments	\$ <u>523,272,243</u>	<u>239,600,426</u>	<u>283,671,817</u>	-

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 matched with projected cash flow requirements. As of September 30, 2012, all investments had average maturity dates of less than one year.

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

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

As of September 30, 2012, the City invested in Bank Certificates of Deposit and Managed Pools. The credit ratings for our Managed Pool accounts are as follows: TexPool “AAAm”, and TexasDaily “AAAm”.

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 U.S. Treasury securities. Of the City’s total investments, 100% were invested in Local Government Investment Pools and Bank Certificates of Deposit. Of the Firefighters’ Retirement System investments, 59% was invested in mutual funds and 41% 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, 2012, 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, 2011, upon which the 2011 levy was based, was \$10,576,729,269.

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 OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

The tax rate to finance general governmental services including the payment and interest on long-term debt for the year ended September 30, 2012 was \$.637000 per \$100 of assessed valuation (\$.512326 for general government and \$.124674 for debt service). Thus, the City has a tax margin of approximately \$.863000 per \$100, and could levy approximately \$91,277,174 in additional taxes per year from the present assessed valuation of \$10,576,729,269 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.

The net receivables and allowances for uncollectible accounts for taxes and other receivables as of September 30, 2012 are reflected in the following table:

	<u>Accounts</u>	<u>Property Taxes</u>	<u>Hotel/Motel Taxes</u>	<u>Notes</u>	<u>Accrued Interest</u>	<u>Paving Assessment</u>	<u>Total Net Receivables</u>
Governmental Activities	\$ <u>14,095,881</u>	<u>9,970,708</u>	<u>344,115</u>	<u>14,874,424</u>	<u>1,006,547</u>	<u>6,487</u>	<u>40,298,162</u>
Business-Type Funds							
Bridge	\$ 264	-	-	-	28,716	-	28,980
Waterworks System	4,520,702	-	-	3,505	105,055	-	4,629,262
Sewer System	3,824,483	-	-	18,132	66,672	-	3,909,287
Other Enterprise Funds	<u>1,250,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,729</u>	<u>-</u>	<u>1,315,912</u>
Total Business Type Funds	\$ <u>9,595,632</u>	<u>-</u>	<u>-</u>	<u>21,637</u>	<u>266,172</u>	<u>-</u>	<u>9,883,441</u>
Allowance for Uncollectible	\$ <u>31,885,014</u>	<u>473,785</u>	<u>39,244</u>	<u>2,120,650</u>	<u>-</u>	<u>174,350</u>	<u>34,693,043</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.

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

The following table summarizes restricted assets by purpose as of September 30, 2012:

	Other Enterprise Fund	Bridge System	Waterworks System	Sewer System	Total
Revenue Bond Retirement Reserve	\$ -	3,011,940	7,043,346	4,390,210	14,445,496
Revenue Bond Contingency	-	500,000	1,925,043	1,455,752	3,880,795
Construction Account	10,603,049	-	75,242,386	74,143,959	159,989,394
Water Rights	-	-	6,667,113	-	6,667,113
Total Restricted Assets	\$ <u>10,603,049</u>	<u>3,511,940</u>	<u>90,877,888</u>	<u>79,989,921</u>	<u>184,982,798</u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

A – Governmental Activities:

	Balance as of September 30, 2011	Additions	Deletions and Transfers	Balance as of September 30, 2012
Capital Assets, Not Being Depreciated:				
Land	\$ 76,466,440	8,184,171	(968,276)	83,682,335
Construction in Progress	19,810,403	2,723,887	(13,799,456)	8,734,834
Total Capital Assets, Not Being Depreciated	96,276,843	10,908,058	(14,767,732)	92,417,169
Capital Assets Being Depreciated				
Buildings	161,893,800	22,021,041	9,101,001	193,015,842
Improvements Other Than Buildings	530,418,410	32,024,912	4,695,210	567,138,532
Machinery and Equipment	92,401,725	6,706,119	(1,049,912)	98,057,932
Total Assets Being Depreciated	784,713,935	60,752,072	12,746,299	858,212,306
Less Accumulated Depreciation For:				
Buildings	(37,185,471)	(3,901,404)	-	(41,086,875)
Improvements Other Than Buildings	(207,118,125)	(17,908,340)	-	(225,026,465)
Machinery and Equipment	(62,820,148)	(8,207,847)	1,332,291	(69,695,704)
Total Accumulated Depreciation	(307,123,744)	(30,017,591)	1,332,291	(335,809,044)
Total Capital Assets, Being Depreciated, Net	477,590,191	30,734,481	14,078,590	522,403,262
Governmental Activities Capital Assets, Net	\$ <u>573,867,034</u>	<u>41,642,539</u>	<u>(689,142)</u>	<u>614,820,431</u>

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

B - Business Type Activities:

	Balance as of September 30, 2011	Additions	Deletions and Transfers	Balance as of September 30, 2012
Capital Assets, Not Being Depreciated:				
Land	\$ 31,229,059	133,943	(12,792)	31,350,210
Construction in Progress	83,622,885	45,247,857	(30,995,236)	97,875,506
Waterrights	40,050,823	512,361	-	40,563,184
Total Capital Assets, Not Being Depreciated	154,902,767	45,894,161	(31,008,028)	169,788,900
Capital Assets Being Depreciated:				
Buildings	103,983,287	19,544,905	1,422,590	124,950,782
Improvements Other Than Buildings	367,677,009	10,850,848	2,088,902	380,616,759
Machinery and Equipment	80,324,733	3,154,954	(1,224,686)	82,255,001
Total Assets Being Depreciated	551,985,029	33,550,707	2,286,806	587,822,542
Less Accumulated Depreciation For:				
Buildings	(26,325,667)	(2,525,639)	-	(28,851,306)
Improvements Other Than Buildings	(159,129,625)	(13,453,109)	-	(172,582,734)
Machinery and Equipment	(55,927,380)	(6,342,810)	1,212,294	(61,057,896)
Total Accumulated Depreciation	(241,382,672)	(22,321,558)	1,212,294	(262,491,936)
Total Capital Assets, Being Depreciated, Net	310,602,357	11,229,149	3,499,100	325,330,606
Business Type Activities Capital Assets, Net	\$ 465,505,124	57,123,310	(27,508,928)	495,119,506

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

Government Activities:	
General Government	\$ 990,798
Public Health	1,245,510
Culture and Recreational	893,430
Public Works	23,147,150
Public Safety	2,545,311
Air Transportation	982,121
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	213,271
Total depreciation expense-governmental activities	\$ 30,017,591
Business-Type Activities:	
Solid Waste Management	1,974,597
Municipal Transit System	2,263,875
Bridge System	3,947,814
Waterworks System	7,396,227
Sewer System	6,627,783
Other Enterprise Funds	111,263
Total depreciation expense-business-type activities	\$ 22,321,559

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 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, 2011 valuation is effective for rates beginning January 2013).

SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS

Actuarial Valuation Date	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
Actuarial Value of Assets \$	83,134,944	93,220,964	104,886,750	118,216,115	131,250,617	147,642,107	166,772,840	227,498,651	255,089,909
Actuarial Accrued Liability	143,268,763	159,858,885	176,834,192	196,473,335	255,908,643	275,809,704	305,212,249	363,711,044	390,361,416
Percentage Funded	58.03%	58.31%	59.31%	60.17%	51.29%	53.5%	54.6%	62.5%	65.3%
Unfunded Actuarial									
Accrued Liability (UAAL)	60,133,819	66,637,921	71,947,442	78,257,220	124,658,026	128,167,597	138,439,409	136,212,393	135,271,507
Annual Covered Payroll	57,825,500	59,429,800	66,500,972	70,411,134	76,207,380	83,778,815	86,683,788	84,075,541	86,508,086
UAAL as a percentage of									
covered Payroll	103.99%	112.13%	108.19%	111.14%	163.58%	153.0%	159.7%	162.0%	156.4%
Annual Pension Cost:									
Annual Required									
Contribution (ARC)	7,853,449	9,637,803	10,609,392	11,593,062	12,670,264	13,625,648	14,436,262	16,239,405	17,021,111
Less Contributions Made									
at the end of the period	7,853,449	9,637,803	10,609,392	11,593,062	12,670,264	13,625,648	14,436,262	16,239,405	17,021,111
Net Pension Obligation \$	-	-	-	-	-	-	-	-	-

Actuarial Assumptions

Actuarial Cost Method -	Projected Unit Credit
Amortization Method-	Level Percent of Payroll
Remaining Amortization Period-	26 Years – Closed Period
Asset Valuation Method-	10-year smoothed market
Investment Rate of Return-	7.0%
Projected Salary Increases	Varies by Age and Service
Includes Inflation At	3.0%
Cost-of-Living Adjustments-	2.1%

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, 2011 valuations are contained in the 2011 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, 2010

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.

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

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, 2010, which is performed every two years. Recently, the system's board of trustees decided to change the date of the system's next actuarial valuation to September 30, 2012. Subsequent biennial actuarial valuations will be as of September 30 in even-numbered years. As of the edition of this report, no updated valuation report had been received. Information from the latest valuation report dated March 31, 2010 is shown below.

	3/31/10
a. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	109
b. Current Employees:	
i. Vested	74
ii. Non-vested	268
c. Total	451

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 July 20, 2011 (in effect on the March 31, 2010 valuation date) provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit is equal to 3.03% 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 July 20, 2011, (Plan effective March 31, 2010), the funding policy of the Laredo Firefighters Retirement System requires contributions equal to 14% of pay by the firefighters. On October 1, 2010, the city contribution rate was 17.65% of pay for all firefighters. The revised actuarial valuation as of May 31, 2010 reflected the scheduled increases in the city contribution rate from 17.65% to 17.90% in June 2011, to 18.15% in October 2012, to the ultimate rate of 20.10% in October 2013, and assumed the 20.10% rate will continue at least for the remainder of the UAAL amortization period.

Annual Pension Cost

For the fiscal year ending September 30, 2012, the City of Laredo's annual pension cost of \$5,311,893 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 July 20, 2011 has been approved by the Board's actuary as having an adequate financing arrangement. On October 1, 2010, the city contribution rate was 17.65% of pay for all firefighters, and it increased to 18.15% effective June 2011 for the remainder of the fiscal year according to the current collective bargaining agreement. The required contributions were reflected in the March 31, 2010 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 3.75% 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 payroll will increase 3.75% per year, and was 22 years as of March 31, 2010 actuarial valuation based on the plan provisions effective July 20, 2011.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2003	\$ 2,420,048	100%	-
9/30/2004	2,787,027	100%	-
9/30/2005	3,235,074	100%	-
9/30/2006	3,576,070	100%	-
9/30/2007	3,779,090	100%	-
9/30/2008	4,136,418	100%	-
9/30/2009	4,392,773	100%	-
9/30/2010	4,616,573	100%	-
9/30/2011	4,644,823	100%	-
9/30/2012	\$ 5,311,893	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)
09/30/95	\$ 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	206%
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%
03/31/10	\$ 84,625,644	140,669,842	56,044,198	60.20%	25,715,241	218%

Schedule of Employer Contributions

Plan Year Ended	Annual Contribution As a Percentage of Payroll	Annual Required Contribution	Percentage of Required Contribution Contributed
9/30/2001	14.02% & 12.57%	1,714,980	100%
9/30/2002	15.02% & 13.57%	2,000,411	100%
9/30/2003	16.02% & 14.57%	2,420,048	100%
9/30/2004	17.02% & 15.57%	2,787,027	100%
9/30/2005	17.65% & 16.20%	3,235,074	100%
9/30/2006	17.65% & 16.20%	3,576,070	100%
9/30/2007	17.65% & 16.20%	3,779,090	100%
9/30/2008	17.65% & 16.20%	4,136,418	100%
9/30/2009	17.65% & 16.20%	4,392,773	100%
9/30/2010	17.65%	4,616,573	100%
9/30/2011	17.90%	4,644,823	100%
9/30/2012	18.15%	5,311,893	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 fifty with twenty 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 terminates with the City of Laredo. An eligible employee may elect coverage for his or her dependants.

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

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, 177 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 (Hartford Life), 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 \$750-\$1,000 deductible per person with an additional maximum out of pocket cost of \$2,500. The prescription co-pay is \$10 for generic and \$35 for brand name prescriptions and \$55 for preferred brand.

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

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 4 years assuming the plan is not pre-funded (4% discount) Financial Statement Disclosures Current Plan (with four year trend):

	Fiscal Year Ending September 30			
	2009	2010	2011	2012
<i>Determination of Annual Required Contribution</i>				
Normal Cost at year end	\$ 7,640,484	\$ 7,640,484	\$ 7,002,272	\$ 7,002,272
amortization of UAAL & Loss	5,742,270	7,593,736	6,700,930	7,321,876
Annual Required Contribution (ARC)	13,382,754	15,234,220	13,703,202	14,324,148
<i>Determination of Net OPEB Obligation</i>				
Annual Required Contribution	\$ 13,382,754	\$ 15,234,220	\$ 13,703,202	\$ 14,324,148
Interest on prior year Net OPEB Obligation	830,235	1,283,406	1,788,307	2,218,736
Adjustment to AC	(1,175,100)	(1,851,466)	(2,579,846)	(3,200,792)
Annual OPEB Cost	13,037,889	14,666,160	12,911,663	13,342,092
Contributions made	(1,708,615)	(2,043,632)	(2,150,933)	(2,348,463)
Estimated Increase in Net OPEB Obligation	11,329,274	12,622,528	10,760,730	10,993,629
Net OPEB Obligation- beginning of year	\$ 20,755,866	\$ 32,085,140	\$ 44,707,668	\$ 55,468,398
Estimated Net OPEB Obligation- end of year	\$ 32,085,140	\$ 44,707,668	\$ 55,468,398	\$ 66,462,027
Percentage of Annual OPEB Cost Contribution	13.10%	13.93%	16.66%	17.60%

Annual contribution rates for retirees not currently eligible for Medicare:

	Retiree Only	Retiree & Spouse	Retiree & Family
Police & Fire	\$0	\$2,507	\$4,829
City Employees	\$3,133	\$7,689	\$7,689

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

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	Retiree & Family
Police & Fire	\$586	\$1,610	N/A
City Employees	\$586	\$1,610	N/A

Funded Status and Funding Progress:

The funded status of the plan beginning as of October 1, 2011, 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
09-30-2007	0	\$88,107,100	88,107,100	0.0%	N/A	N/A
09-30-2008	N/A	N/A	N/A	N/A	N/A	N/A
09-30-2009	0	\$95,683,806	95,698,806	0.0%	96,747,240	98.9%
09-30-2010	N/A	N/A	N/A	N/A	N/A	N/A
09-30-2011	0	\$111,658,020	111,658,020	0.0%	88,405,550	126.3%
09-30-2012	N/A	N/A	N/A	N/A	N/A	N/A

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

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

Actuarial valuations of the plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events for into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Unfunded Actuarial Accrued Liability: The Unfunded Actuarial Accrued (UAAL) is the actuarial liability offset by any assets set aside in a trust to provide retiree health benefits. This is equal to the value of the retiree health benefits accrued to date that has not been funded. The UAAL must be amortized over a period not exceeding 30 years and included in the ARC (Annual Required Contribution) amount each year. The amortization of UAAL is calculated below as a level dollar of 28 years on a closed basis.

October 1, 2010-September 30, 2011

Unfunded Actuarial Liability (UAAL)	
Actuarial Accrued Liability	\$111,658,020
Assets	-
Unfunded Actuarial Accrued Liability	\$111,658,020
Fund Percentage	0.00%
Amortization of UAAL for ARC	
UAAL	\$111,658,020
Amortization Period	28 years
Amortization Amount-October 1, 2010	\$6,443,202
Interest to end of year	\$257,728
Amortization Amount- September 30, 2011	\$6,700,930

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. 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 actuarial valuation beginning October 1, 2010, 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. The plan is unfunded and therefore no investment rate of returned was used. An inflation rate of 2.75% was used for the actuarial study. Salary or benefit increases were not applicable to the study.
4. Unfunded Actuarial Accrued Liability is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over 28 year (the maximum permissible period under GASB 45 is 30 years).
5. Health Cost Trend used in the actuarial study is from 6.90% trending to 4.20% over seventy two years. The basis of the health cost trend is derived from the healthcare inflation rate schedule. Retiree premium rates are assumed to increase with the Health Cost Trend.
6. The City of Laredo does not have a separate, irrevocable trust fund to the annual OPEB cost; therefore a discount rate of 4.0% has been established on the long term expectations of returns on operating funds.

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, 2012:

	General Obligation Serial Bonds	Certificates of Obligation	Revenue Bonds	Compensated Absences	Capital Lease Obligations	Notes Payable	Net Pension Obligations
Long Term Liabilities:							
Beginning Balances	\$ 21,442,422	158,740,077	38,150,000	20,658,867	681,706	595,000	55,468,398
Additions	2,074,975	7,690,000	-	10,253,643	-	-	10,993,629
Retirements	(3,527,347)	(7,157,804)	(1,900,000)	(10,417,299)	(473,076)	(85,000)	-
Ending Balances	19,990,050	159,272,273	36,250,000	20,495,211	208,630	510,000	66,462,027
Current Liabilities:							
Due Within One Year	3,711,586	7,789,814	2,010,000	2,516,114	494,245	85,000	-
Total Liabilities	\$ <u>23,701,636</u>	<u>167,062,087</u>	<u>38,260,000</u>	<u>23,011,325</u>	<u>702,875</u>	<u>595,000</u>	<u>66,462,027</u>

Compensated absences are generally liquidated by the General Fund.

Bonds payable as of September 30, 2012 are comprised of the following issues:

A - General Obligation Serial Bonds

\$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. \$ 12,971,487

\$27,150,000 General Obligation Refunding Bonds, Series 2009 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 2018 with interest varying from 2.75% to 5.00% per annum. 5,830,458

9,345,000 General Obligation Refunding Bonds, Series 2010 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 2030 with interest varying from 2.99% to 5.00% per annum. 2,875,477

\$7,635,000 General Obligation Refunding Bonds, Series 2012 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 2030 with interest at 3.00% per annum. 2,024,214

Total General Obligation Bonds \$ 23,701,636

Due Within One Year \$ 3,711,586

B – Certificates of Obligation

<p>\$3,510,000 Combination Tax and 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.</p>	<p>\$ 840,000</p>
<p>\$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.</p>	<p>205,000</p>
<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>11,600,000</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>13,725,000</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>60,225,000</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>\$ 28,695,000</p>

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

\$11,270,000 Combination Tax and Revenue Contractual Obligations, Series 2009A, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, 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 2021 with interest from 2% to 5% per annum.	\$ 10,485,000
\$5,095,000 Public Property Finance Contractual Obligations, Series 2009, for the purpose of acquiring and purchasing equipment for various City departments and the payment of issuance fees. Principal is due in varying amounts through 2014 with interest from 2% to 3% per annum.	3,295,000
\$13,465,000 Combination Tax and Revenue Contractual Obligations, Series 2009B (Build America Bonds), for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, 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 from 2022 through 2029 with interest of 6.366% per annum.	13,465,000
\$5,080,000 Public Property Finance Contractual Obligations, Series 2010, for the purpose of acquiring and purchasing equipment for various City departments and the payment of issuance costs. Principal is due in varying amounts through 2018 with interest of 3.875% per annum.	397,087
\$4,095,000 Combination Tax and Airport Revenue Contractual Obligations, Series 2010, for the purpose of constructing, improving, and maintaining the City's Municipal Airport, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2029 with interest of 4.750% per annum	3,815,000
\$2,070,000 Combination Tax and Airport Revenue Refunding Contractual Obligations, Series 2010, for the purpose of refunding the Municipal Airport land indenture. Principal is due in varying amounts through 2029 with interest of 4.750% per annum.	1,930,000
\$2,040,000 Combination Tax and Airport Revenue Refunding Contractual Obligations, Series 2010B, for the purpose of constructing and equipping a Federal inspection station at the City's Municipal Airport, and the payment of legal, fiscal, and engineering fees related to the project. Principal is due in varying amounts through 2029 with interest of 5.200% per annum.	1,905,000
\$9,545,000 Combination Tax and Revenue Contractual Obligations, Series 2010, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, 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 2030 with interest from 2.00% to 5.00% per annum.	\$ 8,790,000

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

\$7,690,000 Combination Tax and Revenue Contractual Obligations Series 2012, for the purpose of constructing City streets, sidewalks and drainage improvements, traffic signals and lighting improvements, equipment and vehicles for various City departments, repairs and 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 2032 with interest from 2.00% to 3.50% per annum. \$ 7,690,000

Total Certificates of Obligation \$ 167,062,087

Due Within One Year \$ 7,789,814

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, 2012 consist of the following:

\$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. \$ 28,055,000

\$10,445,000 2011 Sports Venue Sales Tax Revenue Bonds issued for the purpose of financing a baseball stadium and related infrastructure as part of the enlarged Laredo Sports Venue Project for the multi-purpose entertainment arena and to pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2036 with interest from 1.088% to 5.85% per annum. \$ 10,205,000

Total Sales Tax Revenue Bonds \$ 38,260,000

Due Within One Year \$ 2,010,000

D - Capital Lease Obligations

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

CITY OF LAREDO, TEXAS
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\$1,330,425 Ford Motor Credit Company for the purchase of fifty law enforcement vehicles for the Police Department. Payments are due in annual installments of \$307,800.43 through June 2013. Interest is at 5.50% per annum.	\$ 291,754
\$607,652 Kansas State Bank for the purchase of thirty law enforcement vehicles for the Police Department. Payments are due in annual installments of \$214,955.79 through 2014. Interest is at 3.032% per annum.	<u>411,121</u>
Total Present Value of Future Minimum Lease Payments	702,875
Plus Amount Representing Interest	<u>34,837</u>
Total Minimum Lease Payments	\$ <u><u>737,712</u></u>

The assets acquired through capital leases are as follows:

<u>Governmental Activities</u>	
Asset:	
Automotive Equipment	\$ 4,343,941
Machinery & Equipment	2,143,500
Less: Accumulated Depreciation	<u>(5,751,159)</u>
Total	\$ <u><u>736,282</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, are as follows:

<u>Year Ending Sep. 30</u>	<u>Governmental Activities</u>
2013	\$ 522,756
2014	<u>214,956</u>
Total Minimum lease payments	737,712
Less: amount representing interest	<u>(34,837)</u>
Present value of minimum lease payments	\$ <u><u>702,875</u></u>

Capital leases will be paid within the next two 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%.	\$ <u>595,000</u>
Due Within One Year	\$ <u>85,000</u>

F – Refunding and Early Extinguishment

General Obligation Refunding Bonds, Series 2012

On April 18, 2012, the City of Laredo issued \$2,443,200 in General Obligation Refunding Bonds, Series 2012 with an average interest rate of 3.00% to advance refund following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Comb. Tax & Rev., Series 2003	4.20%	\$ 1,510,000
Comb. Tax & Rev., Series 2004	4.75%	\$ 800,000

The net proceeds of \$2,495,189 (after payment of \$60,181 in underwriting fees, insurance, and other issuance costs) plus no additional cash contribution for the 2003 Series C.O. and 2004 Series C.O. sinking fund monies were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 Series C.O. and 2004 Series C.O. bonds. As a result, the 2003 Series C.O. and 2004 Series C. O. bonds are considered defeased and the liability for those bonds has been removed from the General Long-Term Debt account group.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,079,332. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decreased over the next twelve years by \$170,581 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$160,489.

G – Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt services 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, 2012, \$11.685 million in bonds outstanding are considered defeased.

H– OPEB

As per actuarial update on September 30, 2012, the latest actuarial valuation reflected a net obligation for other Post-Employment Benefits in the amount of \$66,462,027. The unfunded actuarial liability is updated on a biannual basis and, as per the latest calculations dated September 30, 2011, stand at \$111,658,020. The unfunded actuarial accrued liability will be next updated on September 30, 2013.

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, 2012:

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

	Revenue Bonds	Certificates of Obligation	General Oblig. Bond	Note Payable
Long Term Liabilities:				
Beginning Balances	\$ 181,297,000	113,545,109	26,835,731	19,637,040
Additions	86,570,000	-	5,544,310	-
Retirements	(15,273,000)	(9,042,197)	(5,581,937)	(892,590)
Amortization of Deferred Charges	(156,039)	-	(626,306)	-
Due Within One Year	(10,376,000)	(3,805,185)	(6,278,415)	(929,186)
Ending Balances	242,061,961	100,697,727	19,893,383	17,815,264
Current Liabilities:				
Due Within One Year	10,376,000	3,805,185	6,278,415	929,186
Total Liabilities	\$ 252,437,961	104,502,912	26,171,798	18,744,450
	Landfill Costs	Compensated Absences		
Long Term Liabilities:				
Beginning Balances	\$ 10,449,569	1,087,402		
Additions	645,138	947,845		
Retirements	-	(903,378)		
Ending Balances	11,094,707	1,131,869		
Current Liabilities:				
Due Within One Year	-	715,706		
Total Liabilities	\$ 11,094,707	1,847,575		

A – Bonds

\$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 % per annum.	\$	495,000
\$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% per annum.		474,000
\$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% per annum.		4,045,000
\$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% per annum.		4,925,000
\$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% per annum.	\$	16,775,000

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

<p>\$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% per annum.</p>	<p>\$ 15,935,000</p>
<p>\$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% per annum.</p>	<p>4,465,000</p>
<p>\$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% per annum.</p>	<p>10,170,000</p>
<p>\$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% per annum.</p>	<p>13,880,000</p>
<p>\$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% per annum.</p>	<p>2,545,000</p>
<p>\$915,000 2008 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% per annum.</p>	<p>759,000</p>
<p>\$7,500,000 2009 Waterworks and Sewer System Revenue Bond for the purpose of purchasing and acquiring additional water rights with principal due in varying amounts through year 2029 at 0.001 per annum.</p>	<p>6,070,000</p>
<p>\$82,175,000 2010 Waterworks and Sewer System Revenue Bond for the purpose of improving and extending the combined water and sewer system with principal due in varying amounts through year 2040 at 2.00% per annum.</p>	<p>77,745,000</p>
<p>\$30,875,000 2011 Waterworks and Sewer System Revenue Bond for the purpose of improving and extending the combined water and sewer system with principal due in varying amount through year 2041 at 5.00% per annum.</p>	<p>29,555,000</p>
<p>\$48,750,000 2012 Waterworks and Sewer System Revenue Bond for the purpose of improving and extending the combined water and sewer system principal due in varying amounts through year 2042 at 1.63% to 2.15% per annum.</p>	<p>\$ 47,400,000</p>

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

\$7,640,000 2012 International Toll Bridge System Revenue Refunding Bond for the purpose of refunding Bridge System Revenue Bonds with principal due in varying amounts through year 2022 at 2.00% to 3.00 per annum.	\$ <u>6,980,000</u>
Subtotal	\$ 242,218,000
Deferred Charges for Various Revenue Refunding Bonds	<u>(156,039)</u>
Total Revenue Bonds	\$ <u>242,061,961</u>
Due Within One Year	\$ <u>10,376,000</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 – Certificates of Obligations

\$3,620,000 2003 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 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.	\$ 695,000
\$13,535,000 2004 Combination Tax and Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's contractual obligations 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.	590,000
\$72,480,000 2007 Combination Tax and Revenue Contractual Obligations, 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.	5,790,000
\$3,555,000 2008 Public Property Finance Contractual Obligations, for the purpose of purchasing municipal buses for the Mass Transit System with principal due in varying amounts through 2020 with interest at 3.399% per annum.	2,280,000
\$46,235,000 2008B Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, 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 3.50% to 5.00% per annum.	\$ 40,865,000

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

\$13,475,000 2009C Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation for the purpose of constructing and extending Waterworks and Sewer System with principal due in varying amounts through year 2021, including interest at 2.00% to 5.00% per annum. \$ 9,515,000

\$37,945,000 2009D Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation for the purpose of constructing and extending Waterworks System and Sewer System with principal due in varying amount through year 2039, including interest at 6.566% per annum. 37,945,000

\$5,060,000 2010 Public Property Finance Contractual Obligations, for the purpose of personal property with principal due in varying amounts through 2018 with interest at 3.875% per annum. \$ 3,017,727

Total Certificates of Obligation \$ 100,697,727

Due Within One Year \$ 3,805,185

C - General Obligation Bonds

\$24,455,000 2005 General Obligation Refunding Bonds issued for the purpose of refunding outstanding obligations in order to achieve a debt services 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. \$ 6,679,841

\$27,150,000 2009 General Obligation Refunding Bonds issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2018 with interest varying from 2.75% to 5.00% per annum. 3,827,882

\$9,345,000 2010 General Obligation Refunding Bond issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2022 with interest varying from 2.00% to 4.00% per annum. 5,106,748

\$7,635,000 2012 Obligation Refunding Bond 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 amount through 2024 with interest at 3.00% per annum. \$ 5,435,478

Subtotal \$ 21,049,949

Deferred Charges for Various General Obligation Bonds (1,156,566)

Total General Obligation Bonds \$ 19,893,383

Due Within One Year \$ 6,278,415

D - 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.

\$ 17,815,264

Due Within One Year

\$ 929,186

E - Compensated Absences

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

<u>Fund</u>	<u>Amount</u>
Transit System	\$ 84,359
Bridge System	357,419
Municipal Housing	13,957
Waterworks System	302,450
Sewer System	100,888
Solid Waste Fund	<u>272,796</u>
Total	\$ <u>1,131,869</u>
 Due Within One Year	 \$ <u>715,706</u>

F - Refunding and Early Extinguishment

General Obligation Refunding Bonds, Series 2012

On April 18, 2012, the City of Laredo issued \$5,191,800 in General Obligation Refunding Bonds, Series 2012 with an average interest rate of 3.00% to advance the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Combination Tax & Sewer Revenue C.O., Series 2003	4.20%	\$ 1,510,000
Combination Tax & Revenue C.O., Series 2002	4.75%	\$ 3,440,000

The net proceeds of \$5,320,277 (after payment of \$127,884 in underwriting fees, insurance, and other issuance costs) plus an additional cash contribution for the 2002 and 2003 Series C.O.'s sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all future debt service payments on the 2002 and 2003 Series C.O.'s. As a result, the 2002 and 2003 Series C.O.'s bonds are considered defeased and the liability for those bonds has been removed from the government-wide Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,783,217. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next twelve years by \$362,485 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$341,805.

International Toll Bridge Revenue Refunding Bonds, Series 2012

On April 4, 2012 the City of Laredo issued \$7,640,000 in International Toll Bridge Revenue Refunding Bonds, Series 2012 with an average interest rate of 2.65% to advance the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Int'l Toll Bridge Revenue Refunding Bond, Series 2002	4.50%	\$ 7,280,000

The net proceeds of \$7,460,587 (after payment of \$231,599 in underwriting fees, insurance, and other issuance costs) plus no additional cash contribution for the 2002 Series International Bridge Refunding bond's sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all future debt service payments on the 2002 Series revenue refunding bond. As a result, the 2002 Series revenue refunding bonds are considered defeased and the liability for those bonds has been removed from the government-wide Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9,468,790. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2022 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next ten years by \$567,598 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$523,673.

G - 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, 2012 \$24,629,576 in bonds outstanding are considered defeased.

H - 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, 2012 is \$15,378,370 of which \$11,094,707 has been recognized and recorded as a liability based on the Municipal Solid Waste Landfill use.

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

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 \$11,094,707 as of September 30, 2012 represents the cumulative amount for 123.9 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, 2012 is 72.14%. With Landfill receiving a permit for vertical expansion the estimated remaining life of the landfill is 7 years. Based on the remaining life, the landfill will be filled to capacity by the year 2019. The estimated total current cost of the landfill closure and post closure care (\$15,378,370) 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, 2012. 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, 2012 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activity		
2007 Certificate of Obligation		
Solid Waste Fund	\$ -	\$ 933,320
Capital Improvements Fund		
Bridge Fund	-	463,410
Due to Business Type Activities for Internal Service		
Funds Allocation	-	<u>1,591,072</u>
Total Governmental Activity	<u>\$ -</u>	<u>\$ 2,987,802</u>
Business Type Activity		
Solid Waste Fund		
2007 Certificate of Obligations	\$ 933,320	-
Bridge Fund		
Capital Improvements Fund	463,410	-
Due from Governmental Activities for Internal Service		
Funds Allocation	1,591,072	-
Total Business Type Activity	<u>\$ 2,987,802</u>	<u>-</u>

NOTE 14 - INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
GOVERNMENTAL FUND:			
CAPITAL IMPROVEMENTS			
Bridge	\$ 3,357,152	-	3,357,152
COMMUNITY DEVELOPMENT A.R.R.A.			
Municipal Housing Corporation	-	169,228	(169,228)
DEBT SERVICE			
Bridge	<u>773,247</u>	<u>-</u>	<u>773,247</u>
TOTAL - GOVERNMENT TYPE	<u><u>4,130,399</u></u>	<u><u>169,228</u></u>	<u><u>3,961,171</u></u>
BUSINESS TYPE:			
BRIDGE			
Capital Improvements	-	3,357,152	(3,357,152)
Debt Service	-	773,247	(773,247)
MUNICIPAL HOUSING CORPORATION			
Community Development A.R.R.A	<u>169,228</u>	<u>-</u>	<u>169,228</u>
TOTAL BUSINESS TYPE	<u><u>\$ 169,228</u></u>	<u><u>4,130,399</u></u>	<u><u>(3,961,171)</u></u>

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

The following is a summary of the City's debt service requirements for all funds as of September 30, 2012

Year	Revenue Bonds			Notes / Lease Payables			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
2013	12,386,000	11,792,891	24,178,891	1,508,431	811,765	2,320,196	11,595,000	13,141,394	24,736,394	9,989,989	2,012,314	12,002,313	35,479,430	27,758,364	63,237,794
2014	12,907,000	11,269,537	24,176,537	1,260,912	750,343	2,011,255	12,355,000	12,636,260	24,991,260	9,134,989	1,656,877	10,791,876	35,657,911	26,313,017	61,970,928
2015	13,387,000	10,800,335	24,187,335	1,091,941	702,829	1,794,770	12,254,999	12,132,025	24,387,024	4,804,989	1,341,812	6,146,811	31,538,939	24,977,001	56,515,940
2016	13,907,000	10,284,029	24,191,029	1,133,226	658,674	1,791,900	12,399,989	11,606,745	24,006,744	5,425,001	1,118,450	6,543,451	32,865,226	23,667,898	56,533,124
2017	14,459,000	9,729,197	24,188,197	1,176,203	614,436	1,790,639	12,945,000	11,065,741	24,010,741	5,745,002	870,261	6,615,263	34,325,205	22,279,635	56,604,840
2018	15,060,000	9,141,701	24,201,701	1,220,942	567,223	1,788,165	13,545,000	10,477,813	24,022,813	4,800,000	605,113	5,405,113	34,625,942	20,791,850	55,417,792
2019	12,851,000	8,518,156	21,369,156	1,267,516	517,997	1,785,513	13,555,000	9,877,694	23,432,694	2,940,000	387,911	3,327,911	30,613,516	19,301,758	49,915,274
2020	12,719,000	7,995,135	20,714,135	1,230,989	466,709	1,697,708	14,170,000	9,266,799	23,436,799	2,764,988	264,086	3,029,084	30,884,997	17,992,729	48,877,726
2021	13,245,000	7,470,954	20,715,954	1,281,470	416,238	1,697,708	14,435,000	8,619,766	23,054,766	2,315,001	156,557	2,471,558	31,276,471	16,663,515	47,939,986
2022	13,799,000	6,919,760	20,718,760	1,334,010	363,698	1,697,708	15,115,001	7,915,816	23,030,817	1,620,000	72,650	1,692,650	31,868,011	15,271,924	47,139,935
2023	13,467,000	6,336,973	19,803,973	1,388,704	309,004	1,697,708	15,820,000	7,151,261	22,971,261	920,000	30,900	950,900	31,595,704	13,828,138	45,423,842
2024	14,041,000	5,749,542	19,790,542	1,445,641	252,067	1,697,708	16,390,000	6,330,986	22,720,986	570,000	8,550	578,550	32,446,641	12,341,145	44,787,786
2025	10,230,000	5,226,303	15,456,303	1,504,913	192,796	1,697,709	17,185,000	5,461,766	22,646,766	-	-	-	28,919,913	10,880,865	39,800,778
2026	8,273,000	4,814,462	13,087,462	1,566,614	131,094	1,697,708	16,810,000	4,556,552	21,366,552	-	-	-	26,649,614	9,502,108	36,151,722
2027	7,552,000	4,503,754	12,055,754	1,630,803	66,863	1,697,666	16,265,000	3,703,623	19,968,623	-	-	-	25,447,803	8,274,240	33,722,043
2028	6,481,000	4,228,791	10,709,791	-	-	-	10,350,000	3,013,380	13,363,380	-	-	-	16,831,000	7,242,171	24,073,171
2029	6,425,000	3,979,329	10,404,329	-	-	-	8,160,000	2,517,412	10,677,412	-	-	-	14,585,000	6,496,741	21,081,741
2030	6,300,000	3,723,426	10,023,426	-	-	-	5,840,000	2,132,495	7,972,495	-	-	-	12,140,000	5,855,921	17,995,921
2031	6,575,000	3,453,035	10,028,035	-	-	-	5,375,000	1,810,191	7,185,191	-	-	-	11,950,000	5,263,226	17,213,226
2032	6,860,000	3,162,625	10,022,625	-	-	-	5,630,000	1,508,990	7,138,990	-	-	-	12,490,000	4,671,615	17,161,615
2033	7,170,000	2,851,652	10,021,652	-	-	-	5,380,000	1,202,334	6,582,334	-	-	-	12,550,000	4,053,986	16,603,986
2034	7,495,000	2,527,316	10,022,316	-	-	-	2,390,000	971,440	3,361,440	-	-	-	9,885,000	3,498,756	13,383,756
2035	7,835,000	2,188,921	10,023,921	-	-	-	2,495,000	811,065	3,306,065	-	-	-	10,330,000	2,999,986	13,329,986
2036	8,190,000	1,834,606	10,024,606	-	-	-	2,600,000	643,796	3,243,796	-	-	-	10,790,000	2,478,402	13,268,402
2037	7,795,000	1,482,553	9,277,553	-	-	-	2,715,000	469,304	3,184,304	-	-	-	10,510,000	1,951,857	12,461,857
2038	8,145,000	1,131,370	9,276,370	-	-	-	2,835,000	287,098	3,122,098	-	-	-	10,980,000	1,418,468	12,398,468
2039	8,510,000	762,810	9,272,810	-	-	-	2,955,000	97,012	3,052,012	-	-	-	11,465,000	859,822	12,324,822
2040	8,900,000	375,993	9,275,993	-	-	-	-	-	-	-	-	-	8,900,000	375,993	9,275,993
2041	3,825,000	111,137	3,936,137	-	-	-	-	-	-	-	-	-	3,825,000	111,137	3,936,137
2042	2,065,000	22,199	2,087,199	-	-	-	-	-	-	-	-	-	2,065,000	22,199	2,087,199
Total	290,854,000	152,388,482	443,242,482	20,042,325	6,821,736	26,864,061	271,564,989	149,408,758	420,973,757	51,029,989	8,525,481	59,555,480	633,491,323	317,144,467	950,635,790

NOTE 16 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

As of September 30, 2012, the City had contractual commitments of \$131,150,564 for various construction and improvement projects. The commitments are summarized as follows:

Project Description	Commitment	Financing Sources
Community Development	\$ 16,200	Grant Proceeds
Environmental Services	2,541,036	Fund Revenues / Bond / Grant Proceeds
Community Development ARRA	850	Grant Proceeds
Capital Improvements	1,604,174	Fund Revenues
Airport Construction	8,329,843	Grant Proceeds
Colonias	41,487	Grant Proceeds
2005 C.O. Issue	193,100	Bond Proceeds
2006 C.O. Issue	9,863	Bond Proceeds
2007 C.O. Issue	38,869	Bond Proceeds
2008 C.O. Issue	3,548,303	Bond Proceeds
2009 C.O. Issue	463,260	Bond Proceeds
2010 C.O. Issue	672,448	Bond Proceeds
2012 C.O. Issue	265,865	Bond Proceeds
Baseball Stadium	2,951	Fund Revenue
Transit System	3,700	Grant Proceeds
Bridge System	14,519	Bond Proceeds
Solid Waste System	2,200,412	Fund Revenue
Waterworks System	68,183,891	Fund Revenues / Bond / Grant Proceeds
Wastewater System	43,019,793	Fund Revenues / Bond Proceeds
Total Commitments	<u>\$ 131,150,564</u>	

NOTE 17 – FUND EXPENDITURES EXCEEDING APPROPRIATIONS

During the fiscal year ended September 30, 2012, expenses/expenditures in General Fund, Nonmajor Governmental Funds and Internal Service Funds exceeded appropriations as follows: General Fund \$12,100,403; Laredo Energy Arena \$1,204,317 and Health and Benefits Fund \$85,279.

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 \$200,000 per employee, with no maximum lifetime benefit. There is a maximum medical aggregate liability of \$19,907,063 and projected net claims of \$17,695,167.

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Claims exceeding \$200,000 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 \$2,407,461 reported in the Fund as of September 30, 2012 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 2010, 2011, and 2012 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance at Fiscal Year end ¹
2009-2010	\$2,263,454	15,518,829	15,462,854	2,319,429
2010-2011	\$2,319,429	16,320,094	16,208,281	2,431,242
2011-2012	\$2,431,242	16,025,957	16,049,738	2,407,461

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 \$2,350,000 aggregate for FY09-10 and \$2,360,000 aggregated for FY10-11 and \$2,775,000 aggregated for FY11-12. 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, 2012, a liability was recorded based on fiscal year 2012 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 2010, 2011 and 2012 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance at Fiscal Year end ²
2009-2010	\$1,396,179	2,101,857	1,947,866	1,550,170
2010-2011	\$1,550,170	2,090,250	1,788,314	1,852,106
2011-2012	\$1,852,106	2,730,175	1,979,380	2,602,901

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, 2012, 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 with no material effect on the financial condition of the City.

NOTE 20 – 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, 2012, the amount of unspent interest to date was \$22,601. 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.

CITY OF LAREDO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS

(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 21- 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)-	\$ 1,344,599
Adjustments:	
Timing Differences-Encumbrances	(1,393,567)
Basic Differences:	
Non Budgeted-Allowance for Doubtful Accounts	<u>32,311</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)-budgetary classifications	(16,657)
Other adjustments-Excess of revenues and other financing Sources over expenditures and other uses for non-budgeted Funds-(Entity Differences)	<u>35,488,129</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses – Budget Basis	\$ <u><u>35,471,472</u></u>

NOTE 22 – FUND EQUITY

The City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund type Definitions” effective October 1, 2010. The statement established new categories for reporting fund balance, revised the definitions for governmental fund types and change the presentation of fund balance. Components of fund balance of Governmental Funds are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Inventory	4,349	-	56,717
Permanent Fund Principal	-	-	50,000
Restricted for:			
Debt Service	-	6,102,576	2,360,772
Public Safety	-	-	5,447,476
Health & Welfare	-	-	1,850,832
Cultural & Recreation	-	-	19,565,599
Capital Projects	1,641,354	-	36,681,095
Committed to:			
Cash Reserves	22,654,653	-	-
General Government	254,960	-	-
Public Safety	351,937	-	699,941
Public Works	54,329	-	-
Health & Welfare	10,161	-	4,561,187
Cultural & Recreation	405,856	-	245,814
Other	316,324	-	-
Transportation	-	-	2,147,424
Capital Projects	-	-	74,757
Assigned to:			
Public Safety	-	-	622,932
Health & Welfare	-	-	1,615,271
Cultural & Recreation	-	-	758,342
Transportation	-	-	192,248
Capital Projects	-	-	10,327,173
Unassigned	11,171,116	-	(2,386,759)
Total Fund Balances	<u>36,865,039</u>	<u>6,102,576</u>	<u>84,870,821</u>

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DEBT SERVICE

**CITY OF LAREDO, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
Year Ended September 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Current	\$ 12,623,204	12,623,204	12,662,308	39,104
Delinquent - Prior	398,751	398,751	297,688	(101,063)
Total Taxes	<u>13,021,955</u>	<u>13,021,955</u>	<u>12,959,996</u>	<u>(61,959)</u>
Investment Income:				
Interest Earnings	43,700	43,700	44,612	912
Restricted Interest Earnings	-	6,398	6,398	-
Total Investment Income	<u>43,700</u>	<u>50,098</u>	<u>51,010</u>	<u>912</u>
Special Assessments:				
Paving Assessments	27,998	27,998	30,976	2,978
Total Special Assessments	<u>27,998</u>	<u>27,998</u>	<u>30,976</u>	<u>2,978</u>
Miscellaneous:				
Interest Rebates	300,013	300,013	300,014	1
Total Miscellaneous	<u>300,013</u>	<u>300,013</u>	<u>300,014</u>	<u>1</u>
TOTAL REVENUES	<u>13,393,666</u>	<u>13,400,064</u>	<u>13,341,996</u>	<u>(58,068)</u>
EXPENDITURES:				
Principal Retirement:				
General Obligations Debt	3,476,589	3,476,589	3,527,347	(50,758)
Revenue Bonds Debt	1,900,000	1,900,000	1,900,000	-
Contractual Obligations Debt	7,157,804	7,157,804	7,157,804	-
Total Principal Retirement	<u>12,534,393</u>	<u>12,534,393</u>	<u>12,585,151</u>	<u>(50,758)</u>
Interest:				
General Obligations Debt	1,097,785	1,097,785	1,119,183	(21,398)
Revenue Bonds Debt	1,963,444	1,963,444	1,963,443	1
Contractual Obligations Debt	7,873,717	7,873,717	7,939,307	(65,590)
Total Interest	<u>10,934,946</u>	<u>10,934,946</u>	<u>11,021,933</u>	<u>(86,987)</u>
Other:				
Other	711,500	717,898	5,410	712,488
Fiscal Agent Fees	28,000	28,000	8,051	19,949
Bond Costs	-	51,111	45,552	5,559
Total Other	<u>739,500</u>	<u>797,009</u>	<u>59,013</u>	<u>737,996</u>
TOTAL EXPENDITURES	<u>24,208,839</u>	<u>24,266,348</u>	<u>23,666,097</u>	<u>600,251</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	\$ <u>(10,815,173)</u>	<u>(10,866,284)</u>	<u>(10,324,101)</u>	<u>542,183</u> (Continued)

CITY OF LAREDO, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
Year Ended September 30, 2012

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Airport	\$ 500,537	500,537	500,537	-
Environmental Services	2,001,107	2,001,107	2,001,107	-
Parking Meters	285,783	285,783	285,783	-
Sports and Community Venue	3,863,444	3,863,444	3,863,444	-
Bridge System	773,247	773,247	773,247	-
Police Trust Fund	679,420	679,420	679,420	-
Refunding Bonds Issued	-	2,074,975	2,074,975	-
Bond Premium	-	88,867	88,867	-
Payment to Refunded Bond Escrow Agent	-	(2,112,731)	(2,112,731)	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>8,103,538</u>	<u>8,154,649</u>	<u>8,154,649</u>	<u>-</u>
Net Change in Fund Balances	(2,711,635)	(2,711,635)	(2,169,452)	542,183
Fund Balances-Beginning	<u>7,923,654</u>	<u>8,272,028</u>	<u>8,272,028</u>	<u>-</u>
Fund Balances-Ending	<u>\$ 5,212,019</u>	<u>5,560,393</u>	<u>6,102,576</u>	<u>542,183</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.

HOME INVESTMENT AFFORDABLE HOUSING – to account for the proceeds from the dissolution of the Laredo Affordable Housing Corporation as HOME Program Income to be used for the construction of the La Terraza project which will serve low to moderate income families.

COMMUNITY DEVELOPMENT AMERICAN RECOVERY AND REINVESTMENT ACT FUND – to account for the U.S. Department of Housing and Urban Development grant and the disbursement of such proceeds to increase the energy efficiency of dwellings owned or occupied by low-income families, to provide assistance for homeless prevention activities, to demolish, acquire, rehabilitate, and resell foreclosed properties, and provide the necessary funds for the Ejido Extension project.

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

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.

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.

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.

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.

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

SPECIAL FIRE GRANTS – to account for various projects and improvements that increase the public safety for the citizens of Laredo. Major funding source include the U.S. Department of Homeland Security.

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

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.

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

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.

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.

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.

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

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

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.

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.

SPORTS AND COMMUNITY VENUE - to account for the sales tax proceeds of ¼ of one percent designated for payments of debt service in connection with the financing of a sports venue complex.

LAREDO ENERGY ARENA – to account for the center's operation. Its function is to provide a diverse mixture of world-class entertainment.

LAREDO PUBLIC FACILITY CORPORATION –to account for fees related to the partnership between the City of Laredo, Ejido Holdings, LLC, and La Terraza at Lomas del Sur, Ltd. and to provide financing, acquisition, and construction of public facilities.

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.

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.

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

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.

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 various State and Federal grants. Major funding sources include intergovernmental revenues from Texas Department of Transportation and U.S. Department of Housing and Urban Development.

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

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, and 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.

CERTIFICATE OF OBLIGATION 2009 ISSUE – to account for \$25,563,005 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 2010 ISSUE – to account for \$10,244,797 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 2012 ISSUE – to account for \$8,750,000 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.

BASEBALL STADIUM FUND - to account for the construction of the City’s new baseball stadium. Major funding sources include funds used from the Sports and Community Venue Fund and \$10,385,250 from the 2011 Bond proceeds.

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.

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.

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.

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2012**

SPECIAL REVENUE

	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	HOME INV. AFFORDABLE HOUSING
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ 100	-	-	-	-
Equity in Investment Pool	-	40,215	31,199	-	4,473
Cash with Fiscal Agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables, net of allowances:					
Accrued Interest	-	63	56	-	-
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-
Accounts	2,460	-	-	-	-
Notes	-	1,588,307	12,633,493	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governments	181,939	-	54,961	2,576	161,609
Inventory	-	-	-	-	-
TOTAL ASSETS	184,499	1,628,585	12,719,709	2,576	166,082
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	99,298	30	27,684	2,576	119,395
Retainage Payable	7,588	-	-	-	39,798
Accrued Wages and Employee Benefits	48,373	1,506	3,932	-	-
Contracts Payable	15,898	5,898	-	-	-
Customer Deposits	-	-	-	-	-
Due To Other Funds	10,727	-	-	-	6,889
Due To Other Governments	-	-	-	-	-
Due To Developers	-	-	-	-	-
Deferred Revenue	2,460	1,588,307	12,633,493	-	-
TOTAL LIABILITIES	184,344	1,595,741	12,665,109	2,576	166,082
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	155	32,844	54,600	-	-
Committed	481,335	-	552,158	67,329	132,662
Assigned	-	-	-	-	-
Unassigned	(481,335)	-	(552,158)	(67,329)	(132,662)
TOTAL FUND BALANCES	155	32,844	54,600	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 184,499	1,628,585	12,719,709	2,576	166,082

(Continued)

SPECIAL REVENUE

COMMUNITY DEV. ARRA	H.U.D. SEC. 108	AUTO THEFT TASK FORCE	FINANCIAL TASK FORCE	SPECIAL POLICE PROGRAM	911 EMERGENCY COMM. FUND	HEALTH FUND
-	-	-	5,000	-	200	3,525
-	-	172,918	1,716,799	-	304,158	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	809,546	269	2,672	-	473	-
-	-	-	-	-	-	-
-	-	-	150	146	755	655
-	595,000	-	-	-	-	-
-	-	-	-	-	-	-
212,920	-	119,090	139,624	1,075,304	99,099	2,687,687
-	-	-	-	-	-	3,398
212,920	1,404,546	292,277	1,864,245	1,075,450	404,685	2,695,265
5,035	-	6,766	45,026	492,996	119,681	519,533
-	-	-	-	-	-	-
-	-	20,658	17,957	96,080	9,936	357,670
-	-	-	-	-	-	-
-	-	-	-	-	-	-
207,885	-	-	-	470,673	-	641,360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,404,546	-	-	-	273,855	299,138
212,920	1,404,546	27,424	62,983	1,059,749	403,472	1,817,701
-	-	-	-	-	-	3,398
-	-	264,853	1,801,262	15,701	275,068	598,858
1,144	-	-	-	-	602,048	123,466
-	-	-	-	-	-	151,842
(1,144)	-	-	-	-	(875,903)	-
-	-	264,853	1,801,262	15,701	1,213	877,564
212,920	1,404,546	292,277	1,864,245	1,075,450	404,685	2,695,265

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2012**

(Continued)

	SPECIAL REVENUE				
	SPECIAL FIRE GRANTS	INT'L. AIRPORT	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX	PUBLIC ACCESS CHANNEL
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ -	200	950	-	150
Equity in Investment Pool	-	567,594	106,689	2,645,509	405,885
Cash with Fiscal Agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables, net of allowances:					
Accrued Interest	-	883	166	4,117	632
Hotel-Motel Tax, Penalty and Interest	-	-	-	849	-
Accounts	-	358,052	5,300	-	68,374
Notes	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governments	206,853	100	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	206,853	926,829	113,105	2,650,475	475,041
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	-	183,041	49,995	42,413	21,140
Retainage Payable	-	-	-	-	-
Accrued Wages and Employee Benefits	105,635	76,396	17,431	-	14,674
Contracts Payable	-	-	-	-	-
Customer Deposits	-	39,143	28,740	-	-
Due To Other Funds	101,218	-	-	-	-
Due To Other Governments	-	3,056	-	-	-
Due To Developers	-	-	-	-	-
Deferred Revenue	-	358,188	-	1,689	-
TOTAL LIABILITIES	206,853	659,824	96,166	44,102	35,814
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	2,606,366	438,457
Committed	-	74,757	16,999	7	181,223
Assigned	-	192,248	-	-	-
Unassigned	-	-	(60)	-	(180,453)
TOTAL FUND BALANCES	-	267,005	16,939	2,606,373	439,227
TOTAL LIABILITIES AND FUND BALANCES	\$ 206,853	926,829	113,105	2,650,475	475,041

(Continued)

(Continued)

SPECIAL REVENUE

MERCADO MGMT.	LAREDO CONVENT. & VISITORS	RECREATION FUND	PARKING METERS	HAZARDOUS MATERIALS	ENVIRONMENTAL SERVICES	KEEP LAREDO BEAUTIFUL
-	1,650	-	825	-	350	-
257,636	179,226	421,771	892,119	61,677	3,803,412	11,275
-	-	-	-	-	-	-
-	-	-	-	-	-	-
401	279	656	1,388	96	5,919	18
-	-	-	-	-	-	-
2,167	1,172	-	730,841	-	305,948	-
-	-	-	-	-	57,624	-
-	-	-	-	-	-	-
-	-	-	-	-	1,063,027	-
-	-	-	-	-	-	-
260,204	182,327	422,427	1,625,173	61,773	5,236,280	11,293
8,550	79,696	14,800	39,181	17	73,409	4,194
-	-	-	-	-	80,454	-
1,724	22,114	-	38,891	6,336	75,243	2,675
-	-	-	-	-	342,872	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	62	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	778,529	-	57,624	-
10,274	101,872	14,800	856,601	6,353	629,602	6,869
-	-	-	-	-	-	-
-	80,455	-	47,747	-	-	-
12,718	-	3,178	97,893	4,857	3,193,812	4,424
237,212	-	404,449	622,932	50,563	1,412,866	-
-	-	-	-	-	-	-
249,930	80,455	407,627	768,572	55,420	4,606,678	4,424
260,204	182,327	422,427	1,625,173	61,773	5,236,280	11,293

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2012**

(Continued)

	SPECIAL REVENUE				
	NOISE ABATE. LEASE PROGRAM	SPORTS & COMMUNITY VENUE	LAREDO ENERGY ARENA	LDO PUBLIC FACILITY CORP.	FRIENDS OF THE LIBRARY
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ -	-	28,256	-	-
Equity in Investment Pool	1,101,053	14,709,542	-	160,277	107,103
Cash with Fiscal Agent	-	-	306,902	-	-
Investments	-	3,877,286	-	-	-
Receivables, net of allowances:					
Accrued Interest	1,713	33,862	-	250	167
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-
Accounts	41,108	-	261,180	-	-
Notes	-	-	-	-	-
Due From Other Funds	-	85,995	-	-	-
Due From Other Governments	-	-	-	-	-
Inventory	-	-	53,319	-	-
TOTAL ASSETS	1,143,874	18,706,685	649,657	160,527	107,270
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	22,853	1,633	367,921	14	11
Retainage Payable	-	-	-	-	-
Accrued Wages and Employee Benefits	9,256	-	-	-	-
Contracts Payable	-	-	-	-	-
Customer Deposits	98,629	-	-	-	-
Due To Other Funds	-	-	85,995	-	-
Due To Other Governments	-	-	-	-	2,130
Due To Developers	-	-	-	-	-
Deferred Revenue	9,274	-	25,741	-	-
TOTAL LIABILITIES	140,012	1,633	479,657	14	2,141
Fund Balances:					
Nonspendable	-	-	53,319	-	-
Restricted	1,003,862	18,673,363	-	160,513	105,129
Committed	-	31,689	-	-	-
Assigned	-	-	116,681	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	1,003,862	18,705,052	170,000	160,513	105,129
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,143,874	18,706,685	649,657	160,527	107,270

(Continued)

(Continued)

SPECIAL REVENUE		CAPITAL PROJECTS					
POLICE TRUST FUND	SUBDIVISION TRUST FUND	WEBB COUNTY COLONIAS PROJECT	PARKS CAPITAL GRANTS	CAPITAL GRANTS	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 05 ISSUE	
-	-	-	-	-	-	-	
3,043,763	338,527	188,532	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	372,152	277,274	
4,737	527	294	-	-	-	-	
-	-	-	-	-	-	-	
936	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	756,376	34,397	157,538	-	-	
-	-	-	-	-	-	-	
3,049,436	339,054	945,202	34,397	157,538	372,152	277,274	
6,591	29	27	-	-	2,260	15,742	
-	-	161,238	-	-	-	750	
-	-	-	-	-	-	-	
-	-	225,398	-	12,676	-	27,722	
-	-	-	-	-	-	-	
-	-	-	16,264	144,862	-	-	
-	-	-	-	-	-	-	
-	339,025	-	-	-	-	-	
-	-	-	-	-	-	-	
6,591	339,054	386,663	16,264	157,538	2,260	44,214	
-	-	-	-	-	-	-	
3,042,845	-	-	113,848	-	369,892	233,060	
-	-	41,487	-	-	-	-	
-	-	517,052	-	-	-	-	
-	-	-	(95,715)	-	-	-	
3,042,845	-	558,539	18,133	-	369,892	233,060	
3,049,436	339,054	945,202	34,397	157,538	372,152	277,274	

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2012**

(Continued)

	CAPITAL PROJECTS				
	CERTIFICATE OF OBLIGATION 06 ISSUE	CERTIFICATE OF OBLIGATION 07 ISSUE	CERTIFICATE OF OBLIGATION 08 ISSUE	CERTIFICATE OF OBLIGATION 09 ISSUE	CERTIFICATE OF OBLIGATION 10 ISSUE
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ -	-	-	-	-
Equity in Investment Pool	-	-	1,918	-	-
Cash with Fiscal Agent	-	-	-	-	-
Investments	582,538	8,574,486	11,582,019	8,670,264	3,092,647
Receivables, net of allowances:					
Accrued Interest	-	3,772	6,265	521	130
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-
Accounts	-	104,766	-	-	-
Notes	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governments	-	-	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	582,538	8,683,024	11,590,202	8,670,785	3,092,777
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	20	27,864	263,120	32,664	291,707
Retainage Payable	56,042	220,878	327,657	189,383	15,203
Accrued Wages and Employee Benefits	-	-	16,149	17,293	4,248
Contracts Payable	75,801	696,789	48,513	291,879	124,353
Customer Deposits	-	-	-	-	-
Due To Other Funds	-	934,355	-	-	-
Due To Other Governments	-	-	-	-	-
Due To Developers	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	131,863	1,879,886	655,439	531,219	435,511
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	450,675	6,803,138	10,934,763	8,139,566	2,657,266
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	450,675	6,803,138	10,934,763	8,139,566	2,657,266
TOTAL LIABILITIES AND FUND BALANCES	\$ 582,538	8,683,024	11,590,202	8,670,785	3,092,777

(Continued)

(Continued)

CERTIFICATE OF OBLIGATION 12 ISSUE	CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	BASEBALL STADIUM FUND	AIRPORT CONSTRUCTION FUND	CAPITAL IMPROVEMENT	CANSECO ENDOWMENT FUND	
-	-	-	-	-	41,206
-	1,428,407	475,551	13,273,045	72,494	46,522,767
-	-	-	-	-	306,902
5,345,843	-	830,313	-	-	43,204,822
3,271	2,223	740	20,657	113	906,876
-	-	-	-	-	849
-	-	-	60,000	-	1,944,010
-	-	-	-	-	14,874,424
-	-	-	-	-	85,995
-	-	635,438	131,342	-	7,719,880
-	-	-	-	-	56,717
5,349,114	1,430,630	1,942,042	13,485,044	72,607	115,664,448
199,601	82,276	197,285	126,014	6	3,592,094
-	100,000	494,263	51,979	-	1,745,233
-	-	18,394	-	-	982,571
-	745,940	345,124	353,632	-	3,312,495
-	-	-	-	-	166,512
-	-	-	463,410	-	3,083,638
-	-	-	-	-	5,248
-	-	-	-	-	339,025
-	-	-	133,967	-	17,566,811
199,601	928,216	1,055,066	1,129,002	6	30,793,627
-	-	-	-	50,000	106,717
5,149,513	502,414	886,976	439,984	22,601	65,905,774
-	-	-	2,105,937	-	7,729,123
-	-	-	9,810,121	-	13,515,966
-	-	-	-	-	(2,386,759)
5,149,513	502,414	886,976	12,356,042	72,601	84,870,821
5,349,114	1,430,630	1,942,042	13,485,044	72,607	115,664,448

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2012

	SPECIAL REVENUE				
	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	HOME INV. AFFORDABLE HOUSING
REVENUES:					
Taxes	\$ -	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	3,072,790	-	552,962	143,513	337,961
State	-	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Fees and Collections	-	-	-	-	-
Investment Income:					
Interest Earnings	-	-	42	-	1,041
Rents and Royalties	-	-	-	-	-
Discount Earnings	-	-	-	-	-
Miscellaneous:					
Local Contributions	-	-	-	-	-
Reimbursements	98,024	60,180	30,425	-	-
Other	-	-	-	-	-
TOTAL REVENUES	3,170,814	60,180	583,429	143,513	339,002
EXPENDITURES:					
Public Safety	411,452	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	673,380	22,591	1,015,561	143,513	1,068,990
Cultural and Recreational	94,165	-	-	-	-
General Government	602,230	30,107	-	-	-
Air Transportation Services	-	-	-	-	-
Total Operating Expenditures	1,781,227	52,698	1,015,561	143,513	1,068,990
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Capital Outlay	1,389,587	-	-	-	-
TOTAL EXPENDITURES	3,170,814	52,698	1,015,561	143,513	1,068,990
Excess (Deficiency) of Revenues Over Expenditures	-	7,482	(432,132)	-	(729,988)
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	447,402	-	4,473
Proceeds - Long Term Debt	-	-	-	-	-
Bond Discounts	-	-	-	-	-
Transfers Out	-	-	(4,473)	-	(447,402)
Sale of Assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	442,929	-	(442,929)
Net Change in Fund Balance	-	7,482	10,797	-	(1,172,917)
Fund Balances at Beginning of Year	155	25,362	43,803	-	1,172,917
FUND BALANCE AT END OF YEAR	\$ 155	32,844	54,600	-	-

(Continued)

SPECIAL REVENUE						
COMMUNITY DEV. ARRA	AUTO THEFT TASK FORCE	FINANCIAL TASK FORCE	SPECIAL POLICE PROGRAM	911 REGIONAL COMM. FUND	HEALTH FUND	SPECIAL FIRE GRANTS
-	-	-	-	-	-	-
-	-	-	-	-	372,077	-
849,156	-	779,046	2,342,620	-	297,714	1,812,110
-	431,653	-	165,209	1,529,497	8,731,238	-
-	-	-	-	-	449,673	-
-	-	-	-	-	-	-
-	-	-	-	-	754,950	-
-	443	5,316	5	506	-	-
-	-	-	-	-	3,833	-
-	-	-	-	-	-	-
-	-	-	-	-	95,352	-
-	3,602	1,183	-	-	7,669	-
-	-	311,247	-	-	668,069	-
<u>849,156</u>	<u>435,698</u>	<u>1,096,792</u>	<u>2,507,834</u>	<u>1,530,003</u>	<u>11,380,575</u>	<u>1,812,110</u>
-	655,844	793,583	1,941,129	1,336,130	-	3,084,400
-	-	-	-	-	-	-
679,928	-	-	-	-	14,461,370	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>679,928</u>	<u>655,844</u>	<u>793,583</u>	<u>1,941,129</u>	<u>1,336,130</u>	<u>14,461,370</u>	<u>3,084,400</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	66,419	17,740	671,726	193,367	77,143	-
<u>679,928</u>	<u>722,263</u>	<u>811,323</u>	<u>2,612,855</u>	<u>1,529,497</u>	<u>14,538,513</u>	<u>3,084,400</u>
<u>169,228</u>	<u>(286,565)</u>	<u>285,469</u>	<u>(105,021)</u>	<u>506</u>	<u>(3,157,938)</u>	<u>(1,272,290)</u>
-	248,787	-	107,256	-	3,378,262	1,251,210
-	-	-	-	-	-	-
(169,228)	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(169,228)</u>	<u>248,787</u>	<u>-</u>	<u>107,256</u>	<u>-</u>	<u>3,378,262</u>	<u>1,251,210</u>
-	(37,778)	285,469	2,235	506	220,324	(21,080)
-	302,631	1,515,793	13,466	707	657,240	21,080
-	<u>264,853</u>	<u>1,801,262</u>	<u>15,701</u>	<u>1,213</u>	<u>877,564</u>	<u>-</u>

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2012**

(Continued)

	SPECIAL REVENUE				
	INT'L AIRPORT	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX	VETERANS FIELD	PUBLIC ACCESS CHANNEL
REVENUES:					
Taxes	\$ -	-	4,227,796	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	1,603	-	-	-	-
State	61,869	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	-	-	24,587
Fines	-	-	-	-	-
Fees and Collections	17,189	-	141	-	271,698
Investment Income:					
Interest Earnings	1,201	52	8,756	-	1,386
Rents and Royalties	4,257,227	260,687	-	-	-
Discount Earnings	-	25	-	-	10
Miscellaneous:					
Local Contributions	-	-	-	-	-
Reimbursements	419,051	356	25	-	175
Other	-	-	-	-	-
TOTAL REVENUES	4,758,140	261,120	4,236,718	-	297,856
EXPENDITURES:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Cultural and Recreational	-	831,024	505,540	-	456,559
General Government	-	-	-	-	-
Air Transportation Services	4,989,131	-	-	-	-
Total Operating Expenditures	4,989,131	831,024	505,540	-	456,559
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Capital Outlay	124,372	-	-	-	330,024
TOTAL EXPENDITURES	5,113,503	831,024	505,540	-	786,583
Excess (Deficiency) of Revenues Over Expenditures	(355,363)	(569,904)	3,731,178	-	(488,727)
OTHER FINANCING SOURCES (USES):					
Transfers In	704,971	570,912	-	38,241	424,993
Proceeds - Long Term Debt	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Transfers Out	(553,251)	-	(2,860,949)	-	-
Sale of Assets	301,946	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	453,666	570,912	(2,860,949)	38,241	424,993
Net Change in Fund Balance	98,303	1,008	870,229	38,241	(63,734)
Fund Balances at Beginning of Year	168,702	15,931	1,736,144	(38,241)	502,961
FUND BALANCE AT END OF YEAR	\$ 267,005	16,939	2,606,373	-	439,227

(Continued)

(Continued)

SPECIAL REVENUE

MERCADO MGMT.	LAREDO CONVENT. & VISITORS	RECREATION FUND	PARKING METERS	HAZARDOUS MATERIALS	ENVIRO. SERVICES	KEEP LAREDO BEAUTIFUL, INC. FUND
-	-	-	-	-	-	-
-	-	-	1,709	298,200	-	-
-	-	-	-	-	516,616	-
-	-	-	-	-	1,620,496	-
-	-	-	300	-	10,000	-
-	-	-	-	-	6,231,014	-
-	-	-	546,483	-	-	-
-	62,935	284,651	1,505,754	-	-	-
814	34	1,241	3,867	106	15,108	1
118,046	-	-	-	-	-	-
-	-	-	-	-	2,089	-
-	-	-	-	-	-	5,447
-	113,865	-	262	31	56,897	-
-	-	-	-	-	-	-
<u>118,860</u>	<u>176,834</u>	<u>285,892</u>	<u>2,058,375</u>	<u>298,337</u>	<u>8,452,220</u>	<u>5,448</u>
-	-	-	1,455,835	197,487	-	-
-	-	-	-	-	-	100,358
103,931	2,357,523	136,558	-	-	3,799,509	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>103,931</u>	<u>2,357,523</u>	<u>136,558</u>	<u>1,455,835</u>	<u>197,487</u>	<u>3,799,509</u>	<u>100,358</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	23,197	62,219	-	2,650,834	-
<u>103,931</u>	<u>2,357,523</u>	<u>159,755</u>	<u>1,518,054</u>	<u>197,487</u>	<u>6,450,343</u>	<u>100,358</u>
<u>14,929</u>	<u>(2,180,689)</u>	<u>126,137</u>	<u>540,321</u>	<u>100,850</u>	<u>2,001,877</u>	<u>(94,910)</u>
-	2,156,235	-	-	-	551,436	98,340
-	-	-	-	-	-	-
-	-	-	(485,783)	(69,724)	(2,099,447)	-
-	-	-	-	-	-	-
-	<u>2,156,235</u>	-	<u>(485,783)</u>	<u>(69,724)</u>	<u>(1,548,011)</u>	<u>98,340</u>
14,929	(24,454)	126,137	54,538	31,126	453,866	3,430
235,001	104,909	281,490	714,034	24,294	4,152,812	994
<u>249,930</u>	<u>80,455</u>	<u>407,627</u>	<u>768,572</u>	<u>55,420</u>	<u>4,606,678</u>	<u>4,424</u>

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2012**

(Continued)

	SPECIAL REVENUE				
	NOISE ABATE. LEASE PROGRAM	SPORTS & COMMUNITY VENUE	LAREDO ENERGY ARENA	LDO PUBLIC FACILITY CORP.	FRIENDS OF THE LIBRARY
REVENUES:					
Taxes	\$ -	7,496,363	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	41,202
State	-	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	4,868,542	-	31
Fines	-	-	-	-	-
Fees and Collections	39,158	-	-	-	-
Investment Income:					
Interest Earnings	4,000	70,485	-	291	401
Rents and Royalties	1,373,073	-	-	-	-
Discount Earnings	-	-	-	-	-
Miscellaneous:					
Local Contributions	-	150,000	-	-	-
Reimbursements	9,188	-	-	160,250	1,069
Other	-	-	-	-	212
TOTAL REVENUES	<u>1,425,419</u>	<u>7,716,848</u>	<u>4,868,542</u>	<u>160,541</u>	<u>42,915</u>
EXPENDITURES:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	740,674	-	-	28	-
Cultural and Recreational	-	431,519	5,931,806	-	51,439
General Government	-	-	-	-	-
Air Transportation Services	-	-	-	-	-
Total Operating Expenditures	<u>740,674</u>	<u>431,519</u>	<u>5,931,806</u>	<u>28</u>	<u>51,439</u>
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Capital Outlay	26,862	143,567	-	-	-
TOTAL EXPENDITURES	<u>767,536</u>	<u>575,086</u>	<u>5,931,806</u>	<u>28</u>	<u>51,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>657,883</u>	<u>7,141,762</u>	<u>(1,063,264)</u>	<u>160,513</u>	<u>(8,524)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	3,954,843	1,253,196	-	-
Proceeds - Long Term Debt	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Transfers Out	(704,971)	(11,779,483)	-	-	-
Sale of Assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(704,971)</u>	<u>(7,824,640)</u>	<u>1,253,196</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(47,088)	(682,878)	189,932	160,513	(8,524)
Fund Balances at Beginning of Year	1,050,950	19,387,930	(19,932)	-	113,653
FUND BALANCE AT END OF YEAR	<u>\$ 1,003,862</u>	<u>18,705,052</u>	<u>170,000</u>	<u>160,513</u>	<u>105,129</u>

(Continued)

(Continued)

SPECIAL REVENUE	CAPITAL PROJECTS				CERTIFICATE OF OBLIGATION 05 ISSUE
	WEBB COUNTY COLONIAS PROJECT	PARKS CAPITAL GRANTS	CAPITAL GRANTS	CONTRACTUAL OBLIGATIONS	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	644,235	-	-
-	2,341,743	129,577	865,373	-	-
741	-	-	-	-	-
-	-	-	-	-	-
-	9,048	-	-	-	-
-	-	-	-	-	-
15,308	1,029	110	-	507	395
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,822	-	-	-	-	-
661,394	-	-	-	2,304	-
<u>698,265</u>	<u>2,351,820</u>	<u>129,687</u>	<u>1,509,608</u>	<u>2,811</u>	<u>395</u>
728,598	-	-	-	-	-
-	2,341,743	-	-	40,989	38
-	-	-	-	-	-
-	-	17,686	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>728,598</u>	<u>2,341,743</u>	<u>17,686</u>	<u>-</u>	<u>40,989</u>	<u>38</u>
473,076	-	-	-	-	-
49,681	-	-	-	-	-
-	-	-	-	-	-
945,757	-	255,097	1,575,155	399,254	134,234
<u>2,197,112</u>	<u>2,341,743</u>	<u>272,783</u>	<u>1,575,155</u>	<u>440,243</u>	<u>134,272</u>
<u>(1,498,847)</u>	<u>10,077</u>	<u>(143,096)</u>	<u>(65,547)</u>	<u>(437,432)</u>	<u>(133,877)</u>
-	-	7,826	65,547	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(679,420)	-	-	-	-	-
-	-	-	-	-	-
<u>(679,420)</u>	<u>-</u>	<u>7,826</u>	<u>65,547</u>	<u>-</u>	<u>-</u>
(2,178,267)	10,077	(135,270)	-	(437,432)	(133,877)
5,221,112	548,462	153,403	-	807,324	366,937
<u>3,042,845</u>	<u>558,539</u>	<u>18,133</u>	<u>-</u>	<u>369,892</u>	<u>233,060</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2012

(Continued)

	CAPITAL PROJECTS				
	CERTIFICATE OF OBLIGATION 06 ISSUE	CERTIFICATE OF OBLIGATION 07 ISSUE	CERTIFICATE OF OBLIGATION 08 ISSUE	CERTIFICATE OF OBLIGATION 09 ISSUE	CERTIFICATE OF OBLIGATION 10 ISSUE
REVENUES:	\$				
Taxes	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Fees and Collections	-	-	-	-	-
Investment Income:					
Interest Earnings	871	26,692	29,657	36,047	10,821
Rents and Royalties	-	-	-	-	-
Discount Earnings	-	-	-	-	-
Miscellaneous:					
Local Contributions	-	506,619	-	-	-
Reimbursements	-	-	-	-	-
Other	-	-	-	-	-
	<u>23,980</u>	<u>49,435</u>	<u>92,997</u>	<u>32,496</u>	<u>-</u>
TOTAL REVENUES	<u>24,851</u>	<u>582,746</u>	<u>122,654</u>	<u>68,543</u>	<u>10,821</u>
EXPENDITURES:					
Public Safety	-	-	-	-	-
Public Works	84	145,358	52,618	11,590	6,626
Health and Welfare	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
General Government	-	-	-	-	-
Air Transportation Services	-	-	-	-	-
	<u>84</u>	<u>145,358</u>	<u>52,618</u>	<u>11,590</u>	<u>6,626</u>
Total Operating Expenditures					
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Capital Outlay	283,901	3,747,813	1,413,950	6,500,961	2,136,035
	<u>283,985</u>	<u>3,893,171</u>	<u>1,466,568</u>	<u>6,512,551</u>	<u>2,142,661</u>
TOTAL EXPENDITURES	<u>283,985</u>	<u>3,893,171</u>	<u>1,466,568</u>	<u>6,512,551</u>	<u>2,142,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(259,134)</u>	<u>(3,310,425)</u>	<u>(1,343,914)</u>	<u>(6,444,008)</u>	<u>(2,131,840)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	12,500	-
Proceeds - Long Term Debt	-	-	-	-	-
Bond Discounts	-	-	-	-	-
Transfers Out	(244,032)	(511,680)	(7,826)	-	-
Sale of Assets	-	-	-	-	-
	<u>(244,032)</u>	<u>(511,680)</u>	<u>(7,826)</u>	<u>12,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(244,032)</u>	<u>(511,680)</u>	<u>(7,826)</u>	<u>12,500</u>	<u>-</u>
Net Change in Fund Balance	(503,166)	(3,822,105)	(1,351,740)	(6,431,508)	(2,131,840)
Fund Balances at Beginning of Year	953,841	10,625,243	12,286,503	14,571,074	4,789,106
FUND BALANCE AT END OF YEAR	<u>\$ 450,675</u>	<u>6,803,138</u>	<u>10,934,763</u>	<u>8,139,566</u>	<u>2,657,266</u>

(Continued)

(Continued)

CERTIFICATE OF OBLIGATION 12 ISSUE	CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	BASEBALL STADIUM FUND	AIRPORT CONSTRUCTION FUND	CAPITAL IMPROVEMENT	CANSECO ENDOWMENT FUND	
-	-	-	-	-	11,724,159
-	-	-	-	-	671,986
-	-	9,122,860	39,689	-	20,554,077
-	-	36,139	100,465	-	16,013,259
-	-	-	-	-	460,714
-	-	-	-	-	11,124,174
-	-	-	-	-	546,483
-	-	-	-	-	2,945,524
23,351	3,994	4,602	33,443	236	302,159
-	-	-	-	-	6,012,866
-	-	-	69	-	2,193
-	800,000	-	3,232,201	-	4,789,619
-	24,380	-	-	-	1,007,454
-	-	5,431	-	-	1,847,565
<u>23,351</u>	<u>828,374</u>	<u>9,169,032</u>	<u>3,405,867</u>	<u>236</u>	<u>78,002,232</u>
-	-	-	-	-	10,604,458
36,502	1,026,525	1,292,099	689,046	-	5,743,576
-	-	-	-	-	21,925,616
-	-	-	-	-	11,597,678
-	-	-	-	-	632,337
-	-	-	-	-	4,989,131
<u>36,502</u>	<u>1,026,525</u>	<u>1,292,099</u>	<u>689,046</u>	<u>-</u>	<u>55,492,796</u>
-	-	-	-	-	473,076
-	-	-	-	-	49,681
166,174	-	-	-	-	166,174
<u>825,662</u>	<u>16,393,042</u>	<u>12,380,891</u>	<u>4,350,663</u>	<u>-</u>	<u>57,119,472</u>
<u>1,028,338</u>	<u>17,419,567</u>	<u>13,672,990</u>	<u>5,039,709</u>	<u>-</u>	<u>113,301,199</u>
<u>(1,004,987)</u>	<u>(16,591,193)</u>	<u>(4,503,958)</u>	<u>(1,633,842)</u>	<u>236</u>	<u>(35,298,967)</u>
-	2,708,000	2,163,996	7,449,884	-	27,598,310
7,690,000	-	-	-	-	7,690,000
(4,383)	-	-	-	-	(4,383)
(1,531,117)	-	(2,111,281)	(5,603,162)	-	(29,863,229)
-	-	-	-	-	301,946
<u>6,154,500</u>	<u>2,708,000</u>	<u>52,715</u>	<u>1,846,722</u>	<u>-</u>	<u>5,722,644</u>
5,149,513	(13,883,193)	(4,451,243)	212,880	236	(29,576,323)
-	14,385,607	5,338,219	12,143,162	72,365	114,447,144
<u>5,149,513</u>	<u>502,414</u>	<u>886,976</u>	<u>12,356,042</u>	<u>72,601</u>	<u>84,870,821</u>

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**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
CDBG Grants	\$ 27,593,309	3,072,790	30,666,099	35,240,018
Miscellaneous:				
Reimbursements	<u>721,482</u>	<u>98,024</u>	<u>819,506</u>	<u>794,396</u>
TOTAL REVENUES	<u>28,314,791</u>	<u>3,170,814</u>	<u>31,485,605</u>	<u>36,034,414</u>
EXPENDITURES:				
Public Safety	3,047,919	411,452	3,459,371	3,535,500
Public Works	1,250,760	-	1,250,760	1,600,868
Health and Welfare	4,511,632	673,380	5,185,012	5,586,983
Cultural and Recreational	3,795,331	94,165	3,889,496	3,991,193
General Government	6,105,623	602,230	6,707,853	6,905,333
Capital Outlay	<u>9,737,084</u>	<u>1,389,587</u>	<u>11,126,671</u>	<u>14,558,999</u>
TOTAL EXPENDITURES	<u>28,448,349</u>	<u>3,170,814</u>	<u>31,619,163</u>	<u>36,178,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(133,558)</u>	<u>-</u>	<u>(133,558)</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>\$ 155</u>	<u>-</u>	<u>155</u>	<u>-</u>
Fund Balances-Beginning		<u>155</u>		
Fund Balances-Ending		<u>\$ 155</u>		

CITY OF LAREDO, TEXAS
HOUSING REHABILITATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Miscellaneous:						
Reimbursements	\$ 70,000	70,000	60,180	-	60,180	(9,820)
TOTAL REVENUES	70,000	70,000	60,180	-	60,180	(9,820)
EXPENDITURES:						
Administration:						
Personnel Services	39,114	39,114	30,107	-	30,107	9,007
Contractual Services	943	943	943	-	943	-
Total Administration	40,057	40,057	31,050	-	31,050	9,007
Housing Rehabilitation Loans:						
Contractual Services	29,498	29,498	21,648	-	21,648	7,850
Total Housing Rehabilitation Loans	29,498	29,498	21,648	-	21,648	7,850
TOTAL EXPENDITURES	69,555	69,555	52,698	-	52,698	16,857
Excess (Deficiency) of Revenues Over Expenditures	445	445	7,482	-	7,482	7,037
Fund Balances at Beginning of Year	17,365	25,362	25,362	-	25,362	-
FUND BALANCE AT END OF YEAR	\$ 17,810	25,807	32,844	-	32,844	7,037

**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HOME Grants	\$ 2,505,778	552,962	3,058,740	4,718,954
Investment Income:				
Interest Earnings	2,584	42	2,626	2,513
Miscellaneous:				
Reimbursements	582,500	30,425	612,925	544,403
TOTAL REVENUES	<u>3,090,862</u>	<u>583,429</u>	<u>3,674,291</u>	<u>5,265,870</u>
EXPENDITURES:				
Personnel Services	313,696	90,784	404,480	451,125
Materials and Supplies	7,428	812	8,240	8,266
Contractual Services	2,798,196	923,965	3,722,161	5,326,142
TOTAL EXPENDITURES	<u>3,119,320</u>	<u>1,015,561</u>	<u>4,134,881</u>	<u>5,785,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,458)</u>	<u>(432,132)</u>	<u>(460,590)</u>	<u>(519,663)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
Home Inv. Afford. Housing	72,261	447,402	519,663	519,663
Transfer Out:				
Home Inv. Afford. Housing	-	(4,473)	(4,473)	-
TOTAL OTHER FINANCING SOURCES:	<u>72,261</u>	<u>442,929</u>	<u>515,190</u>	<u>519,663</u>
Net Change in Fund Balances	<u>\$ 43,803</u>	<u>10,797</u>	<u>54,600</u>	<u>-</u>
Fund Balances-Beginning		43,803		
Fund Balances-Ending		<u>\$ 54,600</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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Emergency Shelter Grants	\$ <u>106,755</u>	<u>143,513</u>	<u>250,268</u>	<u>408,809</u>
TOTAL REVENUES	<u>106,755</u>	<u>143,513</u>	<u>250,268</u>	<u>408,809</u>
EXPENDITURES:				
Materials and Supplies	203	2,336	2,539	3,310
Contractual Services	<u>106,552</u>	<u>141,177</u>	<u>247,729</u>	<u>405,499</u>
TOTAL EXPENDITURES	<u>106,755</u>	<u>143,513</u>	<u>250,268</u>	<u>408,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		\$ <u><u>-</u></u>		

**CITY OF LAREDO, TEXAS
HOME INVESTMENT AFFORDABLE HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Las Terrazas Project	\$ -	337,961	337,961	-
Investment Income:				
Interest Earnings	707	1,041	1,748	-
Miscellaneous:				
Reimbursements	<u>1,251,455</u>	<u>-</u>	<u>1,251,455</u>	<u>1,251,455</u>
TOTAL REVENUES	<u>1,252,162</u>	<u>339,002</u>	<u>1,591,164</u>	<u>1,251,455</u>
EXPENDITURES:				
Contractual Services	69	100	169	-
Other	6,915	1,552	8,467	51,455
Capital Outlay	<u>-</u>	<u>1,067,338</u>	<u>1,067,338</u>	<u>1,200,000</u>
TOTAL EXPENDITURES	<u>6,984</u>	<u>1,068,990</u>	<u>1,075,974</u>	<u>1,251,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,245,178</u>	<u>(729,988)</u>	<u>515,190</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
Home Investment Partnership	-	4,473	4,473	-
Transfer Out:				
Home Investment Fund	<u>(72,261)</u>	<u>(447,402)</u>	<u>(519,663)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES:	<u>(72,261)</u>	<u>(442,929)</u>	<u>(515,190)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,172,917</u>	<u>(1,172,917)</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>1,172,917</u>		
Fund Balances-Ending		<u>\$ -</u>		

**CITY OF LAREDO, TEXAS
COMMUNITY DEVELOPMENT ARRA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Weatherization Assistance	\$ 861,358	433,172	1,294,530	3,395,441
Neighborhood Assistance	1,442,029	251,261	1,693,290	2,127,102
CDBG Assistance	975,026	-	975,026	975,026
HPRP	1,326,252	164,723	1,490,975	1,490,976
TOTAL REVENUES	<u>4,604,665</u>	<u>849,156</u>	<u>5,453,821</u>	<u>7,988,545</u>
EXPENDITURES:				
Personnel Services	409,894	129,814	539,708	554,378
Materials and Supplies	61,823	2,615	64,438	70,016
Contractual Services	3,157,922	547,499	3,705,421	4,473,385
Other	-	-	-	1,915,740
Capital Outlay	975,026	-	975,026	975,026
TOTAL EXPENDITURES	<u>4,604,665</u>	<u>679,928</u>	<u>5,284,593</u>	<u>7,988,545</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>169,228</u>	<u>169,228</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfer Out:				
Municipal Housing	-	(169,228)	(169,228)	-
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>(169,228)</u>	<u>(169,228)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ -</u>		

CITY OF LAREDO, TEXAS
 AUTO THEFT TASK FORCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2012

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
State	\$ 216,757	876,432	431,653	-	431,653	(444,779)
Investment Income:						
Interest Earnings	400	400	443	-	443	43
Miscellaneous:						
Reimbursements	-	-	3,602	-	3,602	3,602
TOTAL REVENUES	217,157	876,832	435,698	-	435,698	(441,134)
EXPENDITURES:						
Personnel Services	544,497	1,047,836	548,772	-	548,772	499,064
Materials and Supplies	6,000	14,000	7,343	-	7,343	6,657
Contractual Services	56,000	217,448	99,729	77,355	177,084	40,364
Other	26,587	-	-	-	-	-
Total Operating Expenditures	633,084	1,279,284	655,844	77,355	733,199	546,085
Capital Outlay	-	66,419	66,419	-	66,419	-
TOTAL EXPENDITURES	633,084	1,345,703	722,263	77,355	799,618	546,085
Excess (Deficiency) of Revenues Over Expenditures	(415,927)	(468,871)	(286,565)	(77,355)	(363,920)	104,951
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	354,304	248,787	248,787	-	248,787	-
TOTAL OTHER FINANCING SOURCES (USES)	354,304	248,787	248,787	-	248,787	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(61,623)	(220,084)	(37,778)	(77,355)	(115,133)	104,951
Fund Balances at Beginning of Year	61,623	302,631	302,631	-	302,631	-
FUND BALANCES AT END OF YEAR	\$ -	82,547	264,853	(77,355)	187,498	104,951

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, 2012

	<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	\$ 830,544	1,533,845	779,046	-	779,046	(754,799)
Investment Income:						
Interest Earnings	2,200	2,200	5,316	-	5,316	3,116
Miscellaneous:						
Reimbursements	-	-	1,183	-	1,183	1,183
Forfeitures	320,000	314,524	311,247	-	311,247	(3,277)
TOTAL REVENUES	1,152,744	1,850,569	1,096,792	-	1,096,792	(753,777)
EXPENDITURES:						
Personnel Services	444,957	1,361,441	727,827	-	727,827	633,614
Material and Supplies	57,187	80,689	24,430	3,157	27,587	53,102
Contractual Services	76,204	121,414	41,218	2,298	43,516	77,898
Other	372,861	67,750	108	(8)	100	67,650
Total Operating Expenditures	951,209	1,631,294	793,583	5,447	799,030	832,264
Capital Outlay	-	17,740	17,740	-	17,740	-
TOTAL EXPENDITURES	951,209	1,649,034	811,323	5,447	816,770	832,264
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	201,535	201,535	285,469	(5,447)	280,022	78,487
Fund Balances at Beginning of Year	1,445,882	1,515,793	1,515,793	(8)	1,515,785	(8)
FUND BALANCES AT END OF YEAR	\$ 1,647,417	1,717,328	1,801,262	(5,455)	1,795,807	78,479

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, 2012

	<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	\$ 1,170,209	7,064,005	2,342,620	-	2,342,620	(4,721,385)
State	708,662	750,485	165,209	-	165,209	(585,276)
Investment Income:						
Interest Earnings	-	-	5	-	5	5
TOTAL REVENUES	1,878,871	7,814,490	2,507,834	-	2,507,834	(5,306,656)
EXPENDITURES:						
Police Grants:						
Click It or Ticket	25,465	25,465	8,559	-	8,559	16,906
Tobacco	25,000	27,228	2,100	-	2,100	25,128
DWI	63,662	63,662	-	-	-	63,662
Alcohol Tobacco Firearms	31,831	32,482	30,244	-	30,244	2,238
Comprehensive Comm. Vehicle STEP	63,662	53,662	50,082	-	50,082	3,580
Comprehensive STEP	127,324	126,439	117,770	-	117,770	8,669
Customs Narcotics	115,865	115,865	34,189	-	34,189	81,676
Bulletproof Vest Partnership	40,000	7,962	-	-	-	7,962
Justice Assistance Grant	250,401	370,870	213,029	188	213,217	157,653
Safe Neighborhood	-	3,625	3,624	-	3,624	1
Fugitive Apprehension	19,099	20,099	18,716	-	18,716	1,383
Ldo. Joint Terrorism TF	21,902	22,902	20,560	-	20,560	2,342
Cops Progam	-	4,124,874	445,333	-	445,333	3,679,541
OCDETF	21,902	54,713	37,093	-	37,093	17,620
FBI-Safe Streets	43,805	43,805	32,734	-	32,734	11,071
Stoneward Garden Grant	700,000	1,643,460	877,501	-	877,501	765,959
Gang Initiative	200,000	200,000	-	-	-	200,000
GDEM Border Security	250,000	299,595	49,595	-	49,595	250,000
Other	14,179	29,566	-	-	-	29,566
Total Operating Expenditures	2,014,097	7,266,274	1,941,129	188	1,941,317	5,324,957
Capital Outlay	-	683,442	671,726	2,685	674,411	9,031
TOTAL EXPENDITURES	2,014,097	7,949,716	2,612,855	2,873	2,615,728	5,333,988
Excess (Deficiency) of Revenues Over Expenditures	(135,226)	(135,226)	(105,021)	(2,873)	(107,894)	27,332
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	121,047	121,047	107,256	-	107,256	(13,791)
TOTAL OTHER FINANCING SOURCES (USES)	121,047	121,047	107,256	-	107,256	(13,791)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(14,179)	(14,179)	2,235	(2,873)	(638)	13,541
Fund Balances at Beginning of Year	14,179	13,466	13,466	-	13,466	-
FUND BALANCES AT END OF YEAR	\$ -	(713)	15,701	(2,873)	12,828	13,541

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, 2012

	<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:						
State Emergency Commission	\$ 1,203,614	3,820,787	1,529,497	-	1,529,497	(2,291,290)
Investment Income:						
Interest Earnings	<u>200</u>	<u>300</u>	<u>506</u>	<u>-</u>	<u>506</u>	<u>206</u>
TOTAL REVENUES	<u>1,203,814</u>	<u>3,821,087</u>	<u>1,530,003</u>	<u>-</u>	<u>1,530,003</u>	<u>(2,291,084)</u>
EXPENDITURES:						
Personnel Services	335,303	713,345	257,456	-	257,456	455,889
Materials and Supplies	27,500	70,637	19,188	-	19,188	51,449
Contractual Services	840,249	2,360,199	1,059,486	603,261	1,662,747	697,452
Other	<u>762</u>	<u>862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>862</u>
Total Operating Expenditures	1,203,814	3,145,043	1,336,130	603,261	1,939,391	1,205,652
Capital Outlay	<u>-</u>	<u>676,044</u>	<u>193,367</u>	<u>-</u>	<u>193,367</u>	<u>482,677</u>
TOTAL EXPENDITURES	<u>1,203,814</u>	<u>3,821,087</u>	<u>1,529,497</u>	<u>603,261</u>	<u>2,132,758</u>	<u>1,688,329</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	506	(603,261)	(602,755)	(602,755)
Fund Balances at Beginning of Year	<u>-</u>	<u>707</u>	<u>707</u>	<u>-</u>	<u>707</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>707</u>	<u>1,213</u>	<u>(603,261)</u>	<u>(602,048)</u>	<u>(602,755)</u>

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CITY OF LAREDO, TEXAS
HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental:						
Federal Grants	\$ -	394,057	297,714	-	297,714	(96,343)
State Grants	8,053,161	12,081,465	8,731,238	-	8,731,238	(3,350,227)
Other	699,329	1,054,001	449,673	-	449,673	(604,328)
Licenses and Permits	378,795	378,795	372,077	-	372,077	(6,718)
Fees and Collections	766,598	871,806	754,950	-	754,950	(116,856)
Rents and Royalties	2,480	2,480	3,833	-	3,833	1,353
Miscellaneous:						
Contributions	235,000	137,302	95,352	-	95,352	(41,950)
Reimbursements	81,909	81,909	7,669	-	7,669	(74,240)
Other	668,856	989,580	668,069	-	668,069	(321,511)
TOTAL REVENUES	10,886,128	15,991,395	11,380,575	-	11,380,575	(4,610,820)
EXPENDITURES:						
Administrative Divisions:						
Administration	1,297,694	1,311,619	1,321,472	13,704	1,335,176	(23,557)
Health Education	108,697	106,841	87,883	7,682	95,565	11,276
Vital Statistics	214,120	211,269	207,056	71	207,127	4,142
E.M.S. Billing	320,573	318,573	277,700	12,941	290,641	27,932
STD Clinic	78,520	75,525	69,397	800	70,197	5,328
Maternity	89,330	89,049	37,928	15,712	53,640	35,409
Immunization	264,146	258,636	207,546	4,928	212,474	46,162
Tuberculosis	127,672	126,141	119,177	1,317	120,494	5,647
Adult Health	54,306	54,587	52,886	1,920	54,806	(219)
Laboratory	503,688	500,688	495,486	3,115	498,601	2,087
Personal Health Services	55,771	55,771	54,504	62	54,566	1,205
Budget and Grant Management	326,195	327,695	328,681	-	328,681	(986)
Environmental	652,595	654,745	624,004	1,068	625,072	29,673
Animal Control	971,441	973,609	840,934	2,487	843,421	130,188
Animal Shelter	-	274,358	128,975	49,643	178,618	95,740
Total Administrative Divisions	5,064,748	5,339,106	4,853,629	115,450	4,969,079	370,027
State Grants:						
Infant Immunization Event	-	20,000	14,979	-	14,979	5,021
H.I.V. - Prevention	388,217	516,447	377,745	-	377,745	138,702
T.B. Federal - Tuberculosis	165,968	302,585	146,282	-	146,282	156,303
Primary Care	169,959	394,084	175,606	5,877	181,483	212,601
Tuberculosis Elimination	220,278	404,313	213,352	-	213,352	190,961
Immunization Action Plan	297,662	594,895	301,116	2,312	303,428	291,467
Bureau of Regional/Local Health						
Operations	689,822	1,224,011	639,859	2,590	642,449	581,562
Women Infant and Children (W.I.C.)	4,335,624	3,989,137	3,955,403	12,532	3,967,935	21,202
W.I.C. Counties Expansion	514,275	511,207	456,695	1,150	457,845	53,362
Bio-Terrorism Preparedness	318,285	804,893	420,837	-	420,837	384,056
Office of Border Health - Surveillance	-	37,734	35,722	-	35,722	2,012
Early Warning Preparedness	179,000	222,682	74,652	-	74,652	148,030
Associateship for Community Health and Resource Development - Title V	2,500	5,000	-	-	-	5,000
Associateship for Community Health and Resource Development - Dental	85,140	152,840	-	-	-	152,840
Associateship for Community Health and Resource Development - Family Planning	74,751	188,278	62,178	6,752	68,930	119,348
Associateship for Community Health and Resource Development - Prenatal	\$ 47,100	84,296	28,413	-	28,413	55,883

(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, 2012**

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
State Grants (Continued)						
H.I.V. - Housing Project (H.O.P.W.A.)	\$ 88,000	92,412	79,200	46,819	126,019	(33,607)
H.I.V. - Consortia (Ryan White)	409,438	427,829	434,188	-	434,188	(6,359)
HIV Social Services	136,022	265,915	138,374	-	138,374	127,541
CHS - Title XX	1,657	1,657	-	-	-	1,657
CVD & Stroke Prevention	30,000	30,000	-	-	-	30,000
Community Diabetes Program	-	159,182	65,930	-	65,930	93,252
Office of Border Health - Binational	-	12,550	8,895	654	9,549	3,001
Healthy Texas Babies	-	200,000	82,964	21,938	104,902	95,098
Family Planning - Cost Reimbursement	-	98,776	34,378	6,500	40,878	57,898
Laredo Needs Assessment	-	18,264	6,423	-	6,423	11,841
Nurse-Family Partnership	-	402,405	317,356	-	317,356	85,049
TCEQ - Continuous Air Monitoring Station	70,342	134,394	69,890	-	69,890	64,504
CPRIT - Cancer Screening	-	1,837,490	1,023,576	392,815	1,416,391	421,099
UTHSCSA - STX Family Aids Network	29,849	66,805	40,807	-	40,807	25,998
UTHSCSA - Dental Clinic	300,000	422,005	27,119	-	27,119	394,886
CHIP Perinate	133,900	134,412	114,672	7,469	122,141	12,271
SCAN - HIV Testing	40,379	40,379	6,411	-	6,411	33,968
Ventanilla de Salud Program	30,000	40,240	26,671	9,760	36,431	3,809
Fernando Salinas Trust	-	40,000	146	-	146	39,854
Hepatitis B Program	21,000	21,000	19,023	-	19,023	1,977
Women and Children Health Program	245,050	247,325	180,259	5,732	185,991	61,334
Special Projects	235,000	14,194	1,719	2	1,721	12,473
Border Environmental Commission	-	48,588	18,061	-	18,061	30,527
Migrant Clinicians Network	-	10,160	8,840	-	8,840	1,320
Total State Grant Expenses	9,259,218	14,218,384	9,607,741	522,902	16,132,965	6,162,342
Total Operating Expenses	14,323,966	19,557,490	14,461,370	638,352	21,102,044	6,532,369
Capital Outlay	-	148,376	77,143	61,047	138,190	10,186
TOTAL EXPENDITURES	14,323,966	19,705,866	14,538,513	699,399	21,240,234	6,542,555
Excess (Deficiency) of Revenues Over Expenditures	(3,437,838)	(3,714,471)	(3,157,938)	(699,399)	(9,859,659)	1,931,735
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	3,403,740	3,678,098	3,378,262	-	3,378,262	(299,836)
TOTAL OTHER FINANCING SOURCES (USES)	3,403,740	3,678,098	3,378,262	-	3,378,262	(299,836)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(34,098)	(36,373)	220,324	(699,399)	(479,075)	(442,702)
Fund Balances at Beginning of Year	-	657,240	657,240	(547)	656,693	(547)
FUND BALANCE AT END OF YEAR	\$ (34,098)	620,867	877,564	(699,946)	177,618	(443,249)

**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, 2012**

	<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	\$ 35,000	3,589,324	1,812,110	-	1,812,110	(1,777,214)
State	300,000	300,000	-	-	-	(300,000)
TOTAL REVENUES	335,000	3,889,324	1,812,110	-	1,812,110	(2,077,214)
EXPENDITURES:						
DHS/Fire Prevention & Safety	35,000	35,000	-	-	-	35,000
SAFER Grant	1,212,629	4,766,953	3,084,400	-	3,084,400	1,682,553
Other	347,170	347,170	-	-	-	347,170
TOTAL EXPENDITURES	1,594,799	5,149,123	3,084,400	-	3,084,400	2,064,723
Excess (Deficiency) of Revenues Over Expenditures	(1,259,799)	(1,259,799)	(1,272,290)	-	(1,272,290)	(12,491)
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	1,259,799	1,259,799	1,251,210	-	1,251,210	(8,589)
TOTAL OTHER FINANCING SOURCES (USES)	1,259,799	1,259,799	1,251,210	-	1,251,210	(8,589)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	(21,080)	-	(21,080)	(21,080)
Fund Balances at Beginning of Year	-	21,080	21,080	-	21,080	-
FUND BALANCES AT END OF YEAR	\$ -	21,080	-	-	-	(21,080)

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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, 2012**

	<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	\$ 97,455	97,455	1,603	-	1,603	(95,852)
State	1,566	1,566	61,869	-	61,869	60,303
Fees and Collections	10,000	10,000	17,189	-	17,189	7,189
Investment Income:						
Interest Earnings	1,200	1,200	1,201	-	1,201	1
Rents and Royalties	5,015,211	5,015,211	4,257,227	-	4,257,227	(757,984)
Miscellaneous:						
Reimbursements	600,925	600,925	419,051	-	419,051	(181,874)
TOTAL REVENUES	5,726,357	5,726,357	4,758,140	-	4,758,140	(968,217)
EXPENDITURES:						
Administration:						
Personnel Services	578,884	578,884	576,944	-	576,944	1,940
Materials and Supplies	25,434	26,938	22,399	137	22,536	4,402
Contractual Services	1,960,685	1,973,502	1,968,870	11,618	1,980,488	(6,986)
Other	-	13,497	16,584	(2,009)	14,575	(1,078)
Total Administration	<u>2,565,003</u>	<u>2,592,821</u>	<u>2,584,797</u>	<u>9,746</u>	<u>2,594,543</u>	<u>(1,722)</u>
Building Maintenance:						
Personnel Services	495,472	470,839	432,342	-	432,342	38,497
Materials and Supplies	124,164	129,222	118,465	152	118,617	10,605
Contractual Services	327,645	349,296	260,541	45,620	306,161	43,135
Total Building Maintenance	<u>947,281</u>	<u>949,357</u>	<u>811,348</u>	<u>45,772</u>	<u>857,120</u>	<u>92,237</u>
Ground Maintenance:						
Personnel Services	318,606	333,507	333,441	-	333,441	66
Materials and Supplies	51,679	47,693	40,691	85	40,776	6,917
Contractual Services	109,794	105,975	99,566	-	99,566	6,409
Total Ground Maintenance	<u>\$ 480,079</u>	<u>487,175</u>	<u>473,698</u>	<u>85</u>	<u>473,783</u>	<u>13,392</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, 2012**

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)						
Airport Security:						
Personnel Services	\$ 829,536	829,710	804,665	-	804,665	25,045
Materials and Supplies	39,918	50,391	48,736	629	49,365	1,026
Contractual Services	184,706	185,335	176,073	8,545	184,618	717
Total Airport Security	<u>1,054,160</u>	<u>1,065,436</u>	<u>1,029,474</u>	<u>9,174</u>	<u>1,038,648</u>	<u>26,788</u>
Foreign Trade Zone:						
Personnel Services	12,717	13,188	13,132	-	13,132	56
Materials and Supplies	50	50	48	-	48	2
Contractual Services	4,839	20,339	15,423	4,841	20,264	75
Total Foreign Trade Zone	<u>17,606</u>	<u>33,577</u>	<u>28,603</u>	<u>4,841</u>	<u>33,444</u>	<u>133</u>
Federal Inspection Services:						
Materials and Supplies	8,150	11,592	8,254	698	8,952	2,640
Contractual Services	221,051	282,208	52,957	2,432	55,389	226,819
Other	120,940	25	-	-	-	25
Total Federal Inspection Services	<u>350,141</u>	<u>293,825</u>	<u>61,211</u>	<u>3,130</u>	<u>64,341</u>	<u>229,484</u>
Total Operating Expenditures	5,414,270	5,422,191	4,989,131	72,748	5,061,879	360,312
Capital Outlay	195,532	187,611	124,372	-	124,372	63,239
TOTAL EXPENDITURES	<u>5,609,802</u>	<u>5,609,802</u>	<u>5,113,503</u>	<u>72,748</u>	<u>5,186,251</u>	<u>423,551</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>116,555</u>	<u>116,555</u>	<u>(355,363)</u>	<u>(72,748)</u>	<u>(428,111)</u>	<u>(544,666)</u>
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Noise Abatement Fund	704,971	704,971	704,971	-	704,971	-
Transfers Out:						
General Fund	(454,971)	(454,971)	-	-	-	454,971
Debt Service	(500,537)	(500,537)	(500,537)	-	(500,537)	-
Airport Construction Fund	(50,000)	(50,000)	(52,714)	-	(52,714)	(2,714)
Sale of Assets	-	-	301,946	-	301,946	301,946
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300,537)</u>	<u>(300,537)</u>	<u>453,666</u>	<u>-</u>	<u>453,666</u>	<u>754,203</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(183,982)	(183,982)	98,303	(72,748)	25,555	209,537
Fund Balances at Beginning of Year	867,136	168,702	168,702	(2,009)	166,693	(2,009)
FUND BALANCE AT END OF YEAR	<u>\$ 683,154</u>	<u>(15,280)</u>	<u>267,005</u>	<u>(74,757)</u>	<u>192,248</u>	<u>207,528</u>

**CITY OF LAREDO, TEXAS
CIVIC CENTER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012**

	<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	\$ 100	100	52	-	52	(48)
Discount Earnings	-	-	25	-	25	25
Rents and Royalties	268,000	268,000	260,687	-	260,687	(7,313)
Miscellaneous:						
Reimbursements	-	-	356	-	356	356
TOTAL REVENUES	268,100	268,100	261,120	-	261,120	(6,980)
EXPENDITURES:						
Personnel Services	501,093	501,093	500,293	-	500,293	800
Materials and Supplies	73,496	72,031	63,633	6,195	69,828	2,203
Contractual Services	291,156	292,621	265,088	10,804	275,892	16,729
Other	-	-	2,010	(60)	1,950	(1,950)
TOTAL EXPENDITURES	865,745	865,745	831,024	16,939	847,963	17,782
Excess (Deficiency) of Revenues Over Expenditures	(597,645)	(597,645)	(569,904)	(16,939)	(586,843)	10,802
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel - Motel Occupancy Tax	581,714	581,714	570,912	-	570,912	(10,802)
TOTAL OTHER FINANCING SOURCES (USES)	581,714	581,714	570,912	-	570,912	(10,802)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(15,931)	(15,931)	1,008	(16,939)	(15,931)	-
Fund Balances at Beginning of Year	-	15,931	15,931	(60)	15,871	(60)
FUND BALANCE AT END OF YEAR	\$ (15,931)	-	16,939	(16,999)	(60)	(60)

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Taxes:						
Hotel-Motel Occupancy Tax	\$ 4,384,617	4,384,617	4,208,785	-	4,208,785	(175,832)
Penalty and Interest	-	-	19,011	-	19,011	19,011
Fees and Collections	-	-	141	-	141	141
Investment Income:						
Interest Earnings	4,000	4,000	8,756	-	8,756	4,756
Miscellaneous:						
Reimbursements	-	-	25	-	25	25
TOTAL REVENUES	4,388,617	4,388,617	4,236,718	-	4,236,718	(151,899)
EXPENDITURES:						
Contractual Services:						
Administration	750,000	730,000	837	-	837	729,163
Tourism and Promotion	227,229	227,210	227,210	-	227,210	-
Historical and Arts	257,905	277,500	277,493	7	277,500	-
TOTAL EXPENDITURES	1,235,134	1,234,710	505,540	7	505,547	729,163
Excess (Deficiency) of Revenues Over Expenditures	3,153,483	3,153,907	3,731,178	(7)	3,731,171	577,264
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Civic Center	(581,714)	(581,714)	(570,912)	-	(570,912)	10,802
General Fund	(25,000)	(25,000)	(7,750)	-	(7,750)	17,250
Convention and Visitors Bureau	(2,273,794)	(2,273,794)	(2,156,235)	-	(2,156,235)	117,559
Public Access Channel	(131,610)	(131,610)	(126,052)	-	(126,052)	5,558
TOTAL OTHER FINANCING SOURCES (USES)	(3,012,118)	(3,012,118)	(2,860,949)	-	(2,860,949)	151,169
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	141,365	141,789	870,229	(7)	870,222	728,433
Fund Balances at Beginning of Year	2,267,437	1,736,144	1,736,144	-	1,736,144	-
FUND BALANCES AT END OF YEAR	\$ 2,408,802	1,877,933	2,606,373	(7)	2,606,366	728,433

CITY OF LAREDO, TEXAS
VETERANS FIELD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	\$ -	-	38,241	-	38,241	38,241
Transfer Out:						
General Fund	<u>(9,683)</u>	<u>(9,683)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,683</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,683)</u>	<u>(9,683)</u>	<u>38,241</u>	<u>-</u>	<u>38,241</u>	<u>47,924</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(9,683)	(9,683)	38,241	-	38,241	47,924
Fund Balances at Beginning of Year	<u>9,683</u>	<u>(38,241)</u>	<u>(38,241)</u>	<u>-</u>	<u>(38,241)</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>(47,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,924</u>

CITY OF LAREDO, TEXAS
PUBLIC ACCESS CHANNEL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Production and Transmission	\$ 27,492	27,492	24,587	-	24,587	(2,905)
Peg Funds	260,000	260,000	271,698	-	271,698	11,698
Investment Income:						
Interest Earnings	1,100	1,100	1,386	-	1,386	286
Discount Earnings	12	12	10	-	10	(2)
Miscellaneous:						
Reimbursements	55	55	175	-	175	120
TOTAL REVENUES	288,659	288,659	297,856	-	297,856	9,197
EXPENDITURES:						
Administration						
Personnel Services	365,180	366,235	348,783	-	348,783	17,452
Materials and Supplies	33,993	27,263	25,517	27	25,544	1,719
Contractual Services	79,078	84,753	82,259	742	83,001	1,752
Total Operating Expenditures	478,251	478,251	456,559	769	457,328	20,923
Capital Outlay	563,569	563,569	330,024	180,454	510,478	53,091
TOTAL EXPENDITURES	1,041,820	1,041,820	786,583	181,223	967,806	74,014
Excess (Deficiency) of Revenues Over Expenditures	(753,161)	(753,161)	(488,727)	(181,223)	(669,950)	83,211
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	312,121	312,121	298,941	-	298,941	(13,180)
Hotel-Motel Occupancy Tax	131,610	131,610	126,052	-	126,052	(5,558)
TOTAL OTHER FINANCING SOURCES (USES)	443,731	443,731	424,993	-	424,993	(18,738)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(309,430)	(309,430)	(63,734)	(181,223)	(244,957)	64,473
Fund Balances at Beginning of Year	349,194	502,961	502,961	-	502,961	-
FUND BALANCE AT END OF YEAR	\$ 39,764	193,531	439,227	(181,223)	258,004	64,473

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 700	700	814	-	814	114
Rents and Royalties	118,614	118,614	118,046	-	118,046	(568)
TOTAL REVENUES	119,314	119,314	118,860	-	118,860	(454)
EXPENDITURES:						
Personnel Services	51,093	51,093	46,938	-	46,938	4,155
Materials and Supplies	14,983	16,084	13,704	1,085	14,789	1,295
Contractual Services	64,499	63,398	37,006	11,632	48,638	14,760
Other	-	-	6,283	(6,283)	-	-
Total Operating Expenditures	130,575	130,575	103,931	6,434	110,365	20,210
TOTAL EXPENDITURES	130,575	130,575	103,931	6,434	110,365	20,210
Excess (Deficiency) of Revenues Over Expenditures	(11,261)	(11,261)	14,929	(6,434)	8,495	19,756
Fund Balances at Beginning of Year	230,575	235,001	235,001	(6,283)	228,718	(6,283)
FUND BALANCE AT END OF YEAR	\$ 219,314	223,740	249,930	(12,717)	237,213	13,473

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Fees and Collections	\$ 13,048	13,048	62,935	-	62,935	49,887
Investment Income:						
Interest Earnings	-	-	34	-	34	34
Miscellaneous:						
Reimbursements	130,600	130,600	113,865	-	113,865	(16,735)
TOTAL REVENUES	143,648	143,648	176,834	-	176,834	33,186
EXPENDITURES:						
Personnel Services	585,186	588,851	544,613	-	544,613	44,238
Materials and Supplies	147,116	295,691	237,464	6,942	244,406	51,285
Contractual Services	1,565,049	1,792,538	1,575,220	73,513	1,648,733	143,805
Other	225,000	145,271	226	(226)	-	145,271
TOTAL EXPENDITURES	2,522,351	2,822,351	2,357,523	80,229	2,437,752	384,599
Excess (Deficiency) of Revenues Over Expenditures	(2,378,703)	(2,678,703)	(2,180,689)	(80,229)	(2,260,918)	417,785
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel-Motel Occupancy Tax	2,273,794	2,573,794	2,156,235	-	2,156,235	(417,559)
TOTAL OTHER FINANCING SOURCES (USES)	2,273,794	2,573,794	2,156,235	-	2,156,235	(417,559)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(104,909)	(104,909)	(24,454)	(80,229)	(104,683)	226
Fund Balances at Beginning of Year	67,152	104,909	104,909	(226)	104,683	(226)
FUND BALANCE AT END OF YEAR	\$ (37,757)	-	80,455	(80,455)	-	-

CITY OF LAREDO, TEXAS
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012

	<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	\$ 900	900	1,241	-	1,241	341
Fees and Collections	194,610	194,610	284,651	-	284,651	90,041
TOTAL REVENUES	195,510	195,510	285,892	-	285,892	90,382
EXPENDITURES:						
Materials and Supplies	47,843	72,343	47,089	2,746	49,835	22,508
Contractual Services	103,181	104,681	89,458	432	89,890	14,791
Other	123,150	97,150	11	-	11	97,139
Total Operating Expenditures	274,174	274,174	136,558	3,178	139,736	134,438
Capital Outlay	23,197	23,197	23,197	-	23,197	-
TOTAL EXPENDITURES	297,371	297,371	159,755	3,178	162,933	134,438
Excess (Deficiency) of Revenues Over Expenditures	(101,861)	(101,861)	126,137	(3,178)	122,959	224,820
Fund Balances at Beginning of Year	262,386	281,490	281,490	-	281,490	-
FUND BALANCES AT END OF YEAR	\$ 160,525	179,629	407,627	(3,178)	404,449	224,820

CITY OF LAREDO, TEXAS
PARKING METERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012

	<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 Emergency Management Agency	\$ -	46,933	-	-	-	(46,933)
Webb County	-	-	300	-	300	300
License and Permits	5,000	5,000	1,709	-	1,709	(3,291)
Fines	600,000	600,000	546,483	-	546,483	(53,517)
Fees and Collections	1,505,000	1,505,000	1,505,754	-	1,505,754	754
Investment Income:						
Interest Earnings	4,900	4,900	3,867	-	3,867	(1,033)
Miscellaneous:						
Reimbursements	-	-	262	-	262	262
TOTAL REVENUES	<u>2,114,900</u>	<u>2,161,833</u>	<u>2,058,375</u>	<u>-</u>	<u>2,058,375</u>	<u>(103,458)</u>
EXPENDITURES:						
Personnel Services	1,213,185	1,213,617	1,070,950	-	1,070,950	142,667
Materials and Supplies	89,541	117,641	85,317	20,385	105,702	11,939
Contractual Services	347,128	515,908	300,045	77,508	377,553	138,355
Other	-	-	(477)	-	(477)	477
Total Operating Expenditures	1,649,854	1,847,166	1,455,835	97,893	1,553,728	293,438
Capital Outlay	297,103	221,724	62,219	-	62,219	159,505
TOTAL EXPENDITURES	<u>1,946,957</u>	<u>2,068,890</u>	<u>1,518,054</u>	<u>97,893</u>	<u>1,615,947</u>	<u>452,943</u>
Excess (Deficiency) of Revenues Over Expenditures	167,943	92,943	540,321	(97,893)	442,428	349,485
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Debt Service Fund	(285,783)	(285,783)	(285,783)	-	(285,783)	-
General Fund	(200,000)	(200,000)	(200,000)	-	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(485,783)</u>	<u>(485,783)</u>	<u>(485,783)</u>	<u>-</u>	<u>(485,783)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(317,840)	(392,840)	54,538	(97,893)	(43,355)	349,485
Fund Balances at Beginning of Year	741,928	714,034	714,034	-	714,034	-
FUND BALANCE AT END OF YEAR	<u>\$ 424,088</u>	<u>321,194</u>	<u>768,572</u>	<u>(97,893)</u>	<u>670,679</u>	<u>349,485</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, 2012

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Licenses and Permits	\$ 285,000	285,000	298,200	-	298,200	13,200
Investment Income:						
Interest Earnings	200	200	106	-	106	(94)
Miscellaneous:						
Reimbursements	-	-	31	-	31	31
TOTAL REVENUES	285,200	285,200	298,337	-	298,337	13,137
EXPENDITURES:						
Personnel Services	177,460	177,460	166,919	-	166,919	10,541
Materials and Supplies	10,085	10,085	8,271	-	8,271	1,814
Contractual Services	36,649	36,649	22,297	4,857	27,154	9,495
TOTAL EXPENDITURES	224,194	224,194	197,487	4,857	202,344	21,850
Excess (Deficiency) of Revenues Over Expenditures	61,006	61,006	100,850	(4,857)	95,993	34,987
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Environmental Services	(69,724)	(69,724)	(69,724)	-	(69,724)	-
TOTAL OTHER FINANCING SOURCES (USES)	(69,724)	(69,724)	(69,724)	-	(69,724)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(8,718)	(8,718)	31,126	(4,857)	26,269	34,987
Fund Balances at Beginning of Year	-	24,294	24,294	-	24,294	-
FUND BALANCE AT END OF YEAR	\$ (8,718)	15,576	55,420	(4,857)	50,563	34,987

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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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Storm Water Fees	\$ 6,082,200	6,082,200	6,231,014	-	6,231,014	148,814
Intergovernmental:						
Department of Energy	-	416,598	176,591	-	176,591	(240,007)
Economic Development Agency	-	820,668	340,025	-	340,025	(480,643)
BECC	-	45,000	45,000	-	45,000	-
HMGP Grant-Canal Drainage	-	3,616,764	1,496,454	-	1,496,454	(2,120,310)
STDC-Regional Solid Waste Mgmt	30,000	30,000	-	-	-	(30,000)
Texas Department of Transportation	44,000	362,546	79,042	-	79,042	(283,504)
Universities and Colleges	10,000	10,000	10,000	-	10,000	-
Investment Income:						
Interest Earnings	16,110	16,110	15,108	-	15,108	(1,002)
Discount Earnings	-	-	2,089	-	2,089	2,089
Miscellaneous:						
Reimbursements	208,390	208,390	56,897	-	56,897	(151,493)
TOTAL REVENUES	6,390,700	11,608,276	8,452,220	-	8,452,220	(3,156,056)
EXPENDITURES:						
Administration:						
Personnel Services	249,913	249,913	253,027	-	253,027	(3,114)
Materials and Supplies	-	-	136	-	136	(136)
Contractual Services	75,489	75,489	56,093	2,331	58,424	17,065
Other	133,931	122,608	22,537	(22,537)	-	122,608
Total Administration	459,333	448,010	331,793	(20,206)	311,587	136,423
Energy Efficiency Rebates:						
Materials and Supplies	-	5,000	-	-	-	5,000
Contractual Services	-	6,323	-	-	-	6,323
Total Energy Efficiency Rebates	-	11,323	-	-	-	11,323
Creek Cleaning:						
Personnel Services	922,535	778,963	766,811	-	766,811	12,152
Materials and Supplies	206,007	206,007	150,508	1,486	151,994	54,013
Contractual Services	278,714	422,286	386,159	42,316	428,475	(6,189)
Total Creek Cleaning	1,407,256	1,407,256	1,303,478	43,802	1,347,280	59,976
Stormwater:						
Personnel	739,281	739,281	656,053	-	656,053	83,228
Materials and Supplies	73,641	80,882	61,118	3,302	64,420	16,462
Contractual Services	1,418,944	1,532,603	1,255,712	155,316	1,411,028	121,575
Other	-	-	1,400	-	1,400	(1,400)
Total Stormwater	2,231,866	2,352,766	1,974,283	158,618	2,132,901	219,865
CD Code Enforcement:						
Personnel Services	43,722	43,722	43,578	-	43,578	144
Materials and Supplies	639	639	475	-	475	164
Contractual Services	608	608	588	-	588	20
Total CD Code Enforcement	44,969	44,969	44,641	-	44,641	328
BECC-Border Environment						
Materials and Supplies	-	12,641	12,641	-	12,641	-
Contractual Services	-	32,359	32,359	-	32,359	-
Total BECC-Border Environment	\$ -	45,000	45,000	-	45,000	-

(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, 2012**

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)						
STDC - Regional Management:						
Materials and Supplies	15,000	15,000	-	-	-	15,000
Contractual Services	15,000	15,000	-	-	-	15,000
Total STDC - Regional Management	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Department of Energy:						
Personnel	-	4,200	4,200	-	4,200	-
Materials and Supplies	-	74,292	74,292	-	74,292	-
Contractual Services	-	45,463	21,822	-	21,822	23,641
Total Department of Energy	<u>-</u>	<u>123,955</u>	<u>100,314</u>	<u>-</u>	<u>100,314</u>	<u>23,641</u>
Storm Water Improvements:						
Reserve Appropriation	1,041,097	797,197	-	-	-	797,197
Total Storm Water Improvements	<u>1,041,097</u>	<u>797,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797,197</u>
2007 C.O. Issue:						
Reserve Appropriation	78,242	78,242	-	-	-	78,242
Total 2007 C.O. Issue	<u>78,242</u>	<u>78,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,242</u>
Total Operating Expenditures	5,292,763	5,338,718	3,799,509	182,214	3,981,723	1,356,995
Capital Outlay	17,693,253	24,858,864	2,650,834	2,989,061	5,639,895	19,218,969
TOTAL EXPENDITURES	<u>22,986,016</u>	<u>30,197,582</u>	<u>6,450,343</u>	<u>3,171,275</u>	<u>9,621,618</u>	<u>20,575,964</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,595,316)</u>	<u>(18,589,306)</u>	<u>2,001,877</u>	<u>(3,171,275)</u>	<u>(1,169,398)</u>	<u>17,419,908</u>
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hazardous Materials	69,724	69,724	69,724	-	69,724	-
2007 C.O. Issue	17,441,075	17,441,075	462,627	-	462,627	(16,978,448)
2012 C.O. Issue	-	1,500,000	19,085	-	19,085	(1,480,915)
Transfers Out:						
Debt Service	(2,001,107)	(2,001,107)	(2,001,107)	-	(2,001,107)	-
Keep Laredo Beautiful	(100,000)	(100,000)	(98,340)	-	(98,340)	1,660
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,409,692</u>	<u>16,909,692</u>	<u>(1,548,011)</u>	<u>-</u>	<u>(1,548,011)</u>	<u>(18,457,703)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(1,185,624)	(1,679,614)	453,866	(3,171,275)	(2,717,409)	(1,037,795)
Fund Balances at Beginning of Year	3,095,796	4,152,812	4,152,812	(22,537)	4,130,275	(22,537)
FUND BALANCE AT END OF YEAR	<u>\$ 1,910,172</u>	<u>2,473,198</u>	<u>4,606,678</u>	<u>(3,193,812)</u>	<u>1,412,866</u>	<u>(1,060,332)</u>

CITY OF LAREDO, TEXAS
 KEEP LAREDO BEAUTIFUL, INC. FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2012

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	1	-	1	1
Miscellaneous:						
Contributions	25,000	25,000	5,447	-	5,447	(19,553)
TOTAL REVENUES	25,000	25,000	5,448	-	5,448	(19,552)
EXPENDITURES:						
Personnel Services	69,347	69,347	69,335	-	69,335	12
Materials and Supplies	20,390	27,987	22,946	4,424	27,370	617
Contractual Services	10,898	9,063	8,077	-	8,077	986
Other	24,365	18,603	-	-	-	18,603
TOTAL EXPENDITURES	125,000	125,000	100,358	4,424	104,782	20,218
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	(94,910)	(4,424)	(99,334)	666
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Environmental Services	100,000	100,000	98,340	-	98,340	(1,660)
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	98,340	-	98,340	(1,660)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	3,430	(4,424)	(994)	(994)
Fund Balances at Beginning of Year	-	994	994	-	994	-
FUND BALANCE AT END OF YEAR	\$ -	994	4,424	(4,424)	-	(994)

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 3,600	3,600	4,000	-	4,000	400
Fees and Collections	25,000	25,000	39,158	-	39,158	14,158
Rents and Royalties	1,256,000	1,256,000	1,373,073	-	1,373,073	117,073
Miscellaneous:						
Reimbursements	5,792	5,792	9,188	-	9,188	3,396
TOTAL REVENUES	1,290,392	1,290,392	1,425,419	-	1,425,419	135,027
EXPENDITURES:						
Personnel Services	309,419	309,419	247,017	-	247,017	62,402
Materials and Supplies	100,280	143,280	108,351	2,619	110,970	32,310
Contractual Services	561,608	550,608	362,865	118,806	481,671	68,937
Other	47,525	15,525	22,441	(22,441)	-	15,525
Total Operating Expenditures	1,018,832	1,018,832	740,674	98,984	839,658	179,174
Capital Outlay	32,000	32,000	26,862	-	26,862	5,138
TOTAL EXPENDITURES	1,050,832	1,050,832	767,536	98,984	866,520	184,312
Excess (Deficiency) of Revenues Over Expenditures	239,560	239,560	657,883	(98,984)	558,899	319,339
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Airport Fund	(704,971)	(704,971)	(704,971)	-	(704,971)	-
TOTAL OTHER FINANCING SOURCES (USES)	(704,971)	(704,971)	(704,971)	-	(704,971)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(465,411)	(465,411)	(47,088)	(98,984)	(146,072)	319,339
Fund Balances at Beginning of Year	884,380	1,050,950	1,050,950	(22,441)	1,028,509	(22,441)
FUND BALANCES AT END OF YEAR	\$ 418,969	585,539	1,003,862	(121,425)	882,437	296,898

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, 2012

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Taxes:						
General Sales & Use Tax	\$ 6,753,125	6,753,125	7,496,363	-	7,496,363	743,238
Investment Income:						
Interest Earnings	92,000	92,000	70,485	-	70,485	(21,515)
Miscellaneous:						
Contributions	-	-	150,000	-	150,000	150,000
TOTAL REVENUES	6,845,125	6,845,125	7,716,848	-	7,716,848	871,723
EXPENDITURES:						
Materials and Supplies	7,350	77,699	71,008	31,689	102,697	(24,998)
Contractual Services	312,856	376,953	360,511	-	360,511	16,442
Other	1,163,000	584,986	-	-	-	584,986
Total Operating Expenditures	1,483,206	1,039,638	431,519	31,689	463,208	576,430
Capital Outlay	-	143,568	143,567	-	143,567	1
TOTAL EXPENDITURES	1,483,206	1,183,206	575,086	31,689	606,775	576,431
Excess (Deficiency) of Revenues Over Expenditures	5,361,919	5,661,919	7,141,762	(31,689)	7,110,073	1,448,154
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Sports & Community Operations	4,068,320	4,068,320	3,954,843	-	3,954,843	(113,477)
Transfers Out:						
Sports & Community Debt Service	(4,068,320)	(4,068,320)	(3,954,843)	-	(3,954,843)	113,477
Laredo Entertainment Center Oerations	(1,159,089)	(1,459,089)	(1,253,196)	-	(1,253,196)	205,893
Debt Service	(3,863,444)	(3,863,444)	(3,863,444)	-	(3,863,444)	-
Baseball Stadium	-	(2,708,000)	(2,708,000)	-	(2,708,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,022,533)	(8,030,533)	(7,824,640)	-	(7,824,640)	205,893
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	339,386	(2,368,614)	(682,878)	(31,689)	(714,567)	1,654,047
Fund Balances at Beginning of Year	18,990,002	19,387,930	19,387,930	-	19,387,930	-
FUND BALANCES AT END OF YEAR	\$ 19,329,388	17,019,316	18,705,052	(31,689)	18,673,363	1,654,047

CITY OF LAREDO, TEXAS
LAREDO ENERGY ARENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2012

	<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:						
Charges for Services	\$ 3,268,400	3,268,400	4,868,542	-	4,868,542	1,600,142
TOTAL REVENUES	3,268,400	3,268,400	4,868,542	-	4,868,542	1,600,142
EXPENDITURES:						
Contractual Services	4,427,489	4,727,489	5,931,806	-	5,931,806	(1,204,317)
TOTAL EXPENDITURES	4,427,489	4,727,489	5,931,806	-	5,931,806	(1,204,317)
Excess (Deficiency) of Revenues Over Expenditures	(1,159,089)	(1,459,089)	(1,063,264)	-	(1,063,264)	395,825
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Sports & Community Venue Fund	1,159,089	1,459,089	1,253,196	-	1,253,196	(205,893)
TOTAL OTHER FINANCING SOURCES (USES)	1,159,089	1,459,089	1,253,196	-	1,253,196	(205,893)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	189,932	-	189,932	189,932
Fund Balances at Beginning of Year	-	(19,932)	(19,932)	-	(19,932)	-
FUND BALANCES AT END OF YEAR	\$ -	(19,932)	170,000	-	170,000	189,932

CITY OF LAREDO, TEXAS
LAREDO PUBLIC FACILITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ -	291	291	-
Miscellaneous:				
Reimbursements	-	160,250	160,250	160,250
TOTAL REVENUES	<u>-</u>	<u>160,541</u>	<u>160,541</u>	<u>160,250</u>
EXPENDITURES:				
Contractual Services	-	28	28	20,250
Other	-	-	-	140,000
TOTAL EXPENDITURES	<u>-</u>	<u>28</u>	<u>28</u>	<u>160,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>160,513</u>	<u>160,513</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>160,513</u>	<u>160,513</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ 160,513</u>		

CITY OF LAREDO, TEXAS
 FRIENDS OF THE LIBRARY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
Intergovernmental:						
Federal Operating Grant	\$ 94,920	408,108	41,202	-	41,202	(366,906)
State Operating Grants	20,000	20,000	-	-	-	(20,000)
Charges for Services	-	-	31	-	31	31
Investment Income:						
Interest Earnings	400	400	401	-	401	1
Miscellaneous:						
Reimbursements	-	-	1,069	-	1,069	1,069
Other	219,033	216,867	212	-	212	(216,655)
TOTAL REVENUES	334,353	645,375	42,915	-	42,915	(602,460)
Library:						
Materials and Supplies	189,033	-	-	-	-	-
Contractual Services	-	-	39	-	39	(39)
Other	30,000	216,867	2,130	(2,130)	-	216,867
Total Library	219,033	216,867	2,169	(2,130)	39	216,828
FCC-Universal Service Program:						
Contractual Services	467,440	476,899	49,270	-	49,270	427,629
Total FCC-Universal Service Program	467,440	476,899	49,270	-	49,270	427,629
TOTAL EXPENDITURES	686,473	693,766	51,439	(2,130)	49,309	644,457
Excess (Deficiency) of Revenues Over Expenditures	(352,120)	(48,391)	(8,524)	2,130	(6,394)	41,997
Excess (Deficiency) of Revenues Over Expenditures	(352,120)	(48,391)	(8,524)	2,130	(6,394)	41,997
Fund Balances at Beginning of Year	515,196	113,653	113,653	(2,130)	111,523	(2,130)
FUND BALANCES AT END OF YEAR	\$ 163,076	65,262	105,129	-	105,129	39,867

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, 2012

	<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:						
Other	\$ -	-	741	-	741	741
Investment Income:						
Interest Earnings	16,000	16,000	15,308	-	15,308	(692)
Miscellaneous:						
Forfeitures	1,500,000	1,500,000	661,394	-	661,394	(838,606)
Reimbursements	15,000	15,000	20,822	-	20,822	5,822
TOTAL REVENUES	1,531,000	1,531,000	698,265	-	698,265	(832,735)
EXPENDITURES:						
Personnel Services	344,951	344,951	344,951	-	344,951	-
Materials and Supplies	666,940	697,940	229,035	54,056	283,091	414,849
Contractual Services	403,920	403,920	154,612	7,785	162,397	241,523
Other	300,000	1,172,230	-	-	-	1,172,230
Total Operating Expenditures	1,715,811	2,619,041	728,598	61,841	790,439	1,828,602
Debt Service:						
Principal	473,076	473,076	473,076	-	473,076	-
Interest	49,681	49,681	49,681	-	49,681	-
Capital Outlay	873,112	969,882	945,757	24,125	969,882	-
TOTAL EXPENDITURES	3,111,680	4,111,680	2,197,112	85,966	2,283,078	1,828,602
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Debt Service	(679,420)	(679,420)	(679,420)	-	(679,420)	-
Sale of Assets	35,000	35,000	-	-	-	(35,000)
TOTAL OTHER FINANCING SOURCES (USES)	(644,420)	(644,420)	(679,420)	-	(679,420)	(35,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(2,225,100)	(3,225,100)	(2,178,267)	(85,966)	(2,264,233)	960,867
Fund Balances at Beginning of Year	3,655,770	5,221,112	5,221,112	-	5,221,112	-
FUND BALANCES AT END OF YEAR	\$ 1,430,670	1,996,012	3,042,845	(85,966)	2,956,879	960,867

**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 28,258,962	2,341,743	30,600,705	32,288,564
Webb County	539,750	-	539,750	539,750
Fees and Collections	330,851	9,048	339,899	330,851
Investment Income:				
Interest Earnings	91,897	1,029	92,926	91,777
Miscellaneous:				
Contributions	62,535	-	62,535	915,000
TOTAL REVENUES	<u>29,283,995</u>	<u>2,351,820</u>	<u>31,635,815</u>	<u>34,165,942</u>
EXPENDITURES:				
Other	31,923,481	2,341,743	34,265,224	37,353,890
TOTAL EXPENDITURES	<u>31,923,481</u>	<u>2,341,743</u>	<u>34,265,224</u>	<u>37,353,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,639,486)</u>	<u>10,077</u>	<u>(2,629,409)</u>	<u>(3,187,948)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Waterworks System	1,831,908	-	1,831,908	1,831,908
Sewer System	1,356,040	-	1,356,040	1,356,040
	-	-	-	-
TOTAL OTHER FINANCING SOURCES:	<u>3,187,948</u>	<u>-</u>	<u>3,187,948</u>	<u>3,187,948</u>
Net Change in Fund Balances	<u>\$ 548,462</u>	<u>10,077</u>	<u>558,539</u>	<u>-</u>
Fund Balances-Beginning		548,462		
Fund Balances-Ending		<u>\$ 558,539</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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 1,143,894	129,577	1,273,471	4,230,561
Webb County	360,654	-	360,654	375,000
Investment Income:				
Interest Earnings	12,803	110	12,913	13,180
Miscellaneous:				
Contributions and Donations	498,762	-	498,762	4,266,749
TOTAL REVENUES	<u>2,016,113</u>	<u>129,687</u>	<u>2,145,800</u>	<u>8,885,490</u>
EXPENDITURES:				
Materials and Supplies	-	17,686	17,686	17,686
Contractual Services	28,101	-	28,101	28,101
Other	-	-	-	1,641,722
Capital Outlay	2,113,794	255,097	2,368,891	7,669,335
TOTAL EXPENDITURES	<u>2,141,895</u>	<u>272,783</u>	<u>2,414,678</u>	<u>9,356,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(125,782)</u>	<u>(143,096)</u>	<u>(268,878)</u>	<u>(471,354)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
2007 C.O. Bond	130,644	7,826	138,470	322,813
General Fund	148,541	-	148,541	148,541
	-	-	-	-
TOTAL OTHER FINANCING SOURCES:	<u>279,185</u>	<u>7,826</u>	<u>287,011</u>	<u>471,354</u>
Net Change in Fund Balances	<u>\$ 153,403</u>	<u>(135,270)</u>	<u>18,133</u>	<u>-</u>
Fund Balances-Beginning		153,403		
Fund Balances-Ending		<u>\$ 18,133</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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ -	644,235	644,235	724,539
State	20,966,894	865,373	21,832,267	47,015,251
TOTAL REVENUES	20,966,894	1,509,608	22,476,502	47,739,790
EXPENDITURES:				
Other	-	-	-	1,150,166
Capital Outlay	22,715,969	1,575,155	24,291,124	52,540,495
TOTAL EXPENDITURES	22,715,969	1,575,155	24,291,124	53,690,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,749,075)	(65,547)	(1,814,622)	(5,950,871)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Capital Improvements Fund	554,063	3,162	557,225	1,091,249
2006 C.O. Bond	83,145	1,300	84,445	84,444
2007 C.O. Bond	1,111,470	49,053	1,160,523	2,481,497
2008 C.O. Bond	397	-	397	1,543,598
2012 C.O. Bond	-	12,032	12,032	750,083
TOTAL OTHER FINANCING SOURCES:	1,749,075	65,547	1,814,622	5,950,871
Net Change in Fund Balances	\$ -	-	-	-
Fund Balances-Beginning		-		
Fund Balances-Ending		\$ -		

**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 229,591	507	230,098	233,655
Miscellaneous:				
Other	41,939	2,304	44,243	37,563
TOTAL REVENUES	271,530	2,811	274,341	271,218
EXPENDITURES:				
Materials and Supplies	851,165	40,941	892,106	894,136
Contractual Services	1,544	48	1,592	1,882
Other	-	-	-	17,433
Bond Costs	264,294	-	264,294	264,294
Capital Outlay	7,677,352	399,254	8,076,606	8,423,910
TOTAL EXPENDITURES	8,794,355	440,243	9,234,598	9,601,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,522,825)	(437,432)	(8,960,257)	(9,330,437)
OTHER FINANCING SOURCES (USES):				
Bond Issues	12,840,629	-	12,840,629	12,840,629
Bond Premium	32,636	-	32,636	32,636
Transfer In:				
General Fund	640,000	-	640,000	640,000
Transfers Out:				
General Fund	(640,000)	-	(640,000)	(640,000)
Transit System	(3,573,116)	-	(3,573,116)	(3,572,828)
Sale of Assets	30,000	-	30,000	30,000
TOTAL OTHER FINANCING SOURCES:	9,330,149	-	9,330,149	9,330,437
Net Change in Fund Balances	\$ 807,324	(437,432)	369,892	-
Fund Balances-Beginning		807,324		
Fund Balances-Ending		\$ 369,892		

**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 1,477,178	395	1,477,573	1,477,748
Other	472,429	-	472,429	472,430
TOTAL REVENUES	<u>1,949,607</u>	<u>395</u>	<u>1,950,002</u>	<u>1,950,178</u>
EXPENDITURES:				
Materials and Supplies	156,485	1	156,486	156,486
Contractual Services	1,771	37	1,808	1,968
Other	-	-	-	1,422
Debt Service	256,525	-	256,525	256,525
Capital Outlay	14,145,763	134,234	14,279,997	14,511,651
TOTAL EXPENDITURES	<u>14,560,544</u>	<u>134,272</u>	<u>14,694,816</u>	<u>14,928,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,610,937)</u>	<u>(133,877)</u>	<u>(12,744,814)</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>\$ 366,937</u>	<u>(133,877)</u>	<u>233,060</u>	<u>-</u>
Fund Balances-Beginning		<u>366,937</u>		
Fund Balances-Ending		<u>\$ 233,060</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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
UTHSC - Dental Clinic	\$ 758,869	-	758,869	758,869
Investment Income:				
Interest Earnings	1,945,451	871	1,946,322	1,951,579
Discount Earnings	105	-	105	105
Other	43,801	23,980	67,781	43,801
TOTAL REVENUES	<u>2,748,226</u>	<u>24,851</u>	<u>2,773,077</u>	<u>2,754,354</u>
EXPENDITURES:				
Materials and Supplies	37,552	-	37,552	37,552
Contractual Services	8,601	84	8,685	10,568
Other	758,884	-	758,884	768,987
Bond Costs	327,891	-	327,891	327,891
Capital Outlay	17,825,640	283,901	18,109,541	18,435,968
TOTAL EXPENDITURES	<u>18,958,568</u>	<u>283,985</u>	<u>19,242,553</u>	<u>19,580,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,210,342)</u>	<u>(259,134)</u>	<u>(16,469,476)</u>	<u>(16,826,612)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	17,320,000	-	17,320,000	17,320,000
Transfer In:				
Capital Improvements Fund	11,168	-	11,168	11,168
Transfers Out:				
Capital Grants Fund	(83,145)	(1,300)	(84,445)	(177,984)
Capital Improvements Fund	(83,840)	(242,732)	(326,572)	(326,572)
TOTAL OTHER FINANCING SOURCES:	<u>17,164,183</u>	<u>(244,032)</u>	<u>16,920,151</u>	<u>16,826,612</u>
Net Change in Fund Balances	<u>\$ 953,841</u>	<u>(503,166)</u>	<u>450,675</u>	<u>-</u>
Fund Balances-Beginning		<u>953,841</u>		
Fund Balances-Ending		<u>\$ 450,675</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, 2012

	<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	27,200
Investment Income:				
Interest Earnings	6,513,601	26,692	6,540,293	6,572,403
Miscellaneous:				
Contributions and Donations	493,381	506,619	1,000,000	1,200,000
Other	788,751	49,435	838,186	786,110
TOTAL REVENUES	<u>7,822,933</u>	<u>582,746</u>	<u>8,405,679</u>	<u>8,585,713</u>
EXPENDITURES:				
Materials and Supplies	636,639	110,225	746,864	856,485
Contractual Services	129,815	35,133	164,948	51,348
Other	27,200	-	27,200	76,042
Bond Costs	938,978	-	938,978	938,978
Capital Outlay	45,483,792	3,747,813	49,231,605	52,288,210
TOTAL EXPENDITURES	<u>47,216,424</u>	<u>3,893,171</u>	<u>51,109,595</u>	<u>54,211,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,393,491)</u>	<u>(3,310,425)</u>	<u>(42,703,916)</u>	<u>(45,625,350)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	72,480,000	-	72,480,000	72,480,000
Transfer In:				
2010 C.O. Bond Issue	750,000	-	750,000	750,000
Transfers Out:				
Environmental Services Fund	(14,639,330)	(462,627)	(15,101,957)	(17,441,075)
Capital Grants Fund	(1,111,470)	(49,053)	(1,160,523)	(2,481,497)
Solid Waste Fund	(7,460,586)	-	(7,460,586)	(7,460,586)
Capital Improvements Fund	(26,985)	-	(26,985)	(248,597)
Sale of Assets	27,105	-	27,105	27,105
TOTAL OTHER FINANCING SOURCES:	<u>50,018,734</u>	<u>(511,680)</u>	<u>49,507,054</u>	<u>45,625,350</u>
Net Change in Fund Balances	<u>\$ 10,625,243</u>	<u>(3,822,105)</u>	<u>6,803,138</u>	<u>-</u>
Fund Balances-Beginning		10,625,243		
Fund Balances-Ending		<u>\$ 6,803,138</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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 1,266,958	29,657	1,296,615	1,312,827
Other	217,424	92,997	310,421	217,216
TOTAL REVENUES	<u>1,484,382</u>	<u>122,654</u>	<u>1,607,036</u>	<u>1,530,043</u>
EXPENDITURES:				
Materials and Supplies	49,537	25,257	74,794	96,051
Contractual Services	180,489	27,361	207,850	44,153
Other	-	-	-	1,401,700
Bond Costs	520,293	-	520,293	520,293
Capital Outlay	20,336,812	1,413,950	21,750,762	29,530,569
TOTAL EXPENDITURES	<u>21,087,131</u>	<u>1,466,568</u>	<u>22,553,699</u>	<u>31,592,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,602,749)</u>	<u>(1,343,914)</u>	<u>(20,946,663)</u>	<u>(30,062,723)</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
Transfer In:				
2010 C.O. Bond Issue	1,500,000	-	1,500,000	1,500,000
Transfers Out:				
Capital Improvements Fund	-	-	-	(90,972)
Parks Capital Grant	(130,644)	(7,826)	(138,470)	(323,000)
Capital Grants Fund	(397)	-	(397)	(1,543,598)
TOTAL OTHER FINANCING SOURCES:	<u>31,889,252</u>	<u>(7,826)</u>	<u>31,881,426</u>	<u>30,062,723</u>
Net Change in Fund Balances	<u>\$ 12,286,503</u>	<u>(1,351,740)</u>	<u>10,934,763</u>	<u>-</u>
Fund Balances-Beginning		<u>12,286,503</u>		
Fund Balances-Ending		<u>\$ 10,934,763</u>		

**CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2009 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 177,672	36,047	213,719	214,155
Other	8,083	32,496	40,579	8,083
TOTAL REVENUES	185,755	68,543	254,298	222,238
EXPENDITURES:				
Materials and Supplies	-	8,143	8,143	8,144
Contractual Services	6,357	3,447	9,804	13,464
Other	-	-	-	107,410
Debt Service	480,247	-	480,247	480,247
Capital Outlay	12,608,324	6,500,961	19,109,285	27,093,220
TOTAL EXPENDITURES	13,094,928	6,512,551	19,607,479	27,702,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,909,173)	(6,444,008)	(19,353,181)	(27,480,247)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	24,735,000	-	24,735,000	24,735,000
Bond Premium	745,247	-	745,247	745,247
Transfers In:				
General Fund	-	12,500	12,500	-
2010 C.O. Bond Issue	2,000,000	-	2,000,000	2,000,000
TOTAL OTHER FINANCING SOURCES:	27,480,247	12,500	27,492,747	27,480,247
Net Change in Fund Balances	\$ 14,571,074	(6,431,508)	8,139,566	-
Fund Balances-Beginning		14,571,074		
Fund Balances-Ending		\$ 8,139,566		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2010 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 56,737	10,821	67,558	65,741
Miscellaneous:				
Reimbursements	11,903	-	11,903	-
TOTAL REVENUES	68,640	10,821	79,461	65,741
EXPENDITURES:				
Materials and Supplies	-	5,592	5,592	5,592
Contractual Services	654	1,034	1,688	3,000
Other	-	-	-	729,191
Bond Costs	195,403	-	195,403	195,403
Capital Outlay	278,880	2,136,035	2,414,915	4,327,958
TOTAL EXPENDITURES	474,937	2,142,661	2,617,598	5,261,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	(406,297)	(2,131,840)	(2,538,137)	(5,195,403)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	9,545,000	-	9,545,000	9,545,000
Bond Premium	650,403	-	650,403	650,403
Transfers Out:				
Capital Improvements Fund	(750,000)	-	(750,000)	(750,000)
2007 C.O. Bond Fund	(750,000)	-	(750,000)	(750,000)
2008 C.O. Bond Fund	(1,500,000)	-	(1,500,000)	(1,500,000)
2009 C.O. Bond Fund	(2,000,000)	-	(2,000,000)	(2,000,000)
TOTAL OTHER FINANCING SOURCES:	5,195,403	-	5,195,403	5,195,403
Net Change in Fund Balances	\$ 4,789,106	(2,131,840)	2,657,266	-
Fund Balances-Beginning		4,789,106		
Fund Balances-Ending		\$ 2,657,266		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2012 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ -	23,351	23,351	17,223
TOTAL REVENUES	<u>-</u>	<u>23,351</u>	<u>23,351</u>	<u>17,223</u>
EXPENDITURES:				
Materials and Supplies	-	29,912	29,912	164,382
Contractual Services	-	6,590	6,590	1,220
Other	-	-	-	716,003
Bond Cost	-	166,174	166,174	185,617
Capital Outlay	-	825,662	825,662	2,635,618
TOTAL EXPENDITURES	<u>-</u>	<u>1,028,338</u>	<u>1,028,338</u>	<u>3,702,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,004,987)</u>	<u>(1,004,987)</u>	<u>(3,685,617)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	-	7,690,000	7,690,000	7,690,000
Bond Discount	-	(4,383)	(4,383)	(4,383)
Transfers Out:				
Environmental Services	-	(19,085)	(19,085)	(1,500,000)
Capital Improvements Fund	-	(1,500,000)	(1,500,000)	(1,500,000)
Capital Grants	-	(12,032)	(12,032)	(1,000,000)
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>6,154,500</u>	<u>6,154,500</u>	<u>3,685,617</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>5,149,513</u>	<u>5,149,513</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ 5,149,513</u>		

**CITY OF LAREDO, TEXAS
BASEBALL STADIUM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 38,102	3,994	42,096	38,062
Miscellaneous:				
Reimbursements	-	24,380	24,380	-
Contributions and Donations	-	800,000	800,000	1,000,000
TOTAL REVENUES	<u>38,102</u>	<u>828,374</u>	<u>866,476</u>	<u>1,038,062</u>
EXPENDITURES:				
Materials and Supplies	-	328,597	328,597	331,276
Contractual Services	-	697,928	697,928	697,928
Other	-	-	-	671,321
Bond Costs	347,188	-	347,188	347,188
Capital Outlay	2,652,495	16,393,042	19,045,537	19,045,537
TOTAL EXPENDITURES	<u>2,999,683</u>	<u>17,419,567</u>	<u>20,419,250</u>	<u>21,093,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,961,581)</u>	<u>(16,591,193)</u>	<u>(19,552,774)</u>	<u>(20,055,188)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	10,445,000	-	10,445,000	10,445,000
Bond Discount	(97,812)	-	(97,812)	(97,812)
Transfer In:				
Sports and Community Venue	7,000,000	2,708,000	9,708,000	9,708,000
TOTAL OTHER FINANCING SOURCES:	<u>17,347,188</u>	<u>2,708,000</u>	<u>20,055,188</u>	<u>20,055,188</u>
Net Change in Fund Balances	<u>\$ 14,385,607</u>	<u>(13,883,193)</u>	<u>502,414</u>	<u>-</u>
Fund Balances-Beginning		14,385,607		
Fund Balances-Ending		<u>\$ 502,414</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, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 33,101,982	9,122,860	42,224,842	55,748,048
Texas Department of Transportation	146,342	36,139	182,481	200,000
Investment Income:				
Interest Earnings	179,288	4,602	183,890	194,563
Miscellaneous:				
Other	389,992	5,431	395,423	365,330
TOTAL REVENUES	<u>33,817,604</u>	<u>9,169,032</u>	<u>42,986,636</u>	<u>56,507,941</u>
EXPENDITURES:				
Personnel	350,532	189,160	539,692	1,399,576
Materials and Supplies	297,277	170,266	467,543	489,884
Contractual Services	2,901,796	932,673	3,834,469	5,291,165
Other	753,908	-	753,908	161,629
Bond Cost	135,000	-	135,000	135,000
Capital Outlay	32,651,011	12,380,891	45,031,902	58,449,638
TOTAL EXPENDITURES	<u>37,089,524</u>	<u>13,672,990</u>	<u>50,762,514</u>	<u>65,926,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,271,920)</u>	<u>(4,503,958)</u>	<u>(7,775,878)</u>	<u>(9,418,951)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds - Bond Issues	6,135,000	-	6,135,000	6,135,000
Sale of Land	1,230,332	-	1,230,332	2,000,000
Transfers In:				
International Airport	795,569	52,715	848,284	834,714
Noise Abatement Lease Program	2,250,000	-	2,250,000	2,250,000
Airport Construction	-	2,111,281	2,111,281	2,411,060
Transfers Out:				
International Airport	(280,201)	-	(280,201)	(280,201)
Debt Service	(1,520,561)	-	(1,520,561)	(1,520,562)
Airport Construction	-	(2,111,281)	(2,111,281)	(2,411,060)
TOTAL OTHER FINANCING SOURCES:	<u>8,610,139</u>	<u>52,715</u>	<u>8,662,854</u>	<u>9,418,951</u>
Net Change in Fund Balances	<u>\$ 5,338,219</u>	<u>(4,451,243)</u>	<u>886,976</u>	<u>-</u>
Fund Balances-Beginning		<u>5,338,219</u>		
Fund Balances-Ending		<u>\$ 886,976</u>		

**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 186,270	39,689	225,959	1,496,295
State	1,612,945	100,465	1,713,410	3,067,801
Other	3,188	-	3,188	3,188
Investment Income:				
Interest Earnings	5,155,899	33,443	5,189,342	5,191,410
Discount Earnings	1,017	69	1,086	567
Miscellaneous:				
Contribution	3,488,479	3,232,201	6,720,680	3,448,868
TOTAL REVENUES	10,447,798	3,405,867	13,853,665	13,208,129
EXPENDITURES:				
Materials and Supplies	1,191,530	416,966	1,608,496	2,177,324
Contractual Services	1,286,998	264,260	1,551,258	2,331,372
Other	105,942	7,820	113,762	1,115,692
Capital Outlay	14,642,085	4,350,663	18,992,748	24,267,268
TOTAL EXPENDITURES	17,226,555	5,039,709	22,266,264	29,891,656
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,778,757)	(1,633,842)	(8,412,599)	(16,683,527)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	3,400,000	2,000,000	5,400,000	4,716,812
Civic Center	3,000,000	-	3,000,000	3,000,000
Hotel-Motel Occupancy Tax	368,000	-	368,000	368,000
1998 C.O. Issue	324,498	-	324,498	324,498
2006 C.O. Issue	83,840	242,732	326,572	326,572
2007 C.O. Issue	26,985	-	26,985	225,582
2008 C.O. Issue	-	-	-	90,972
2010 C.O. Issue	750,000	-	750,000	750,000
2012 C.O. Issue	-	1,500,000	1,500,000	1,500,000
Bridge System	17,471,367	3,357,152	20,828,519	17,719,928
Waterworks System	1,375,144	-	1,375,144	1,375,144
Information Technology	\$ 400,000	350,000	750,000	750,000

(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, 2012**

(Continued)

	Prior Years	Current Year	Total To Date	Project Authorization
Transfers Out:				
General Fund	\$ (7,669,751)	(5,600,000)	(13,269,751)	(13,269,751)
Civic Center	(54,101)	-	(54,101)	(54,101)
Capital Grants Fund	(554,063)	(3,162)	(557,225)	(860,006)
2008 C.O. Issue	-	-	-	(280,123)
	18,921,919	1,846,722	20,768,641	16,683,527
TOTAL OTHER FINANCING SOURCES:				
Net Change in Fund Balances	\$ <u>12,143,162</u>	212,880	<u>12,356,042</u>	<u>-</u>
Fund Balances-Beginning		12,143,162		
Fund Balances-Ending		\$ <u>12,356,042</u>		

CITY OF LAREDO, TEXAS
 CANSECO ENDOWMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2012

	<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:						
Interest Earnings	\$ 250	250	236	-	236	(14)
TOTAL REVENUES	250	250	236	-	236	(14)
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	(2,250)	(2,250)	236	-	236	2,486
Fund Balances at Beginning of Year	19,880	72,365	72,365	-	72,365	-
FUND BALANCES AT END OF YEAR	\$ 17,630	70,115	72,601	-	72,601	2,486

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, 2012

	<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	\$ 50	-	400	-	450
Equity in Investment Pool	3,452,603	1,887,878	2,161,351	408,077	7,909,909
Accounts Receivable	70	15,737	3,758	20,710	40,275
Accrued Interest Receivable	5,373	2,938	3,364	635	12,310
Inventory	-	-	424,706	-	424,706
Prepaid items	278,000	76,049	-	-	354,049
	<u>3,736,096</u>	<u>1,982,602</u>	<u>2,593,579</u>	<u>429,422</u>	<u>8,741,699</u>
Total Current Assets					
Noncurrent Assets:					
Capital Assets:					
Buildings	1,188	-	400,000	-	401,188
Improvements	-	-	11,391	-	11,391
Machinery and Equipment	46,718	17,217	279,372	-	343,307
Transportation Vehicles and Equipment	62,843	14,195	655,963	764,505	1,497,506
Less Accumulated Depreciation	(65,417)	(31,412)	(818,208)	(448,726)	(1,363,763)
	<u>45,332</u>	<u>-</u>	<u>528,518</u>	<u>315,779</u>	<u>889,629</u>
Total Capital Assets (Net of Accumulated Depreciation)					
	<u>45,332</u>	<u>-</u>	<u>528,518</u>	<u>315,779</u>	<u>889,629</u>
	<u>3,781,428</u>	<u>1,982,602</u>	<u>3,122,097</u>	<u>745,201</u>	<u>9,631,328</u>
TOTAL ASSETS					
LIABILITIES					
Current Liabilities:					
Accounts Payable	333,340	498,560	750,133	137,048	1,719,081
Claims and Judgments Payable	2,602,901	2,407,461	-	-	5,010,362
Accrued Wages and Employee Benefits	28,855	9,103	73,134	47,615	158,707
Compensated Absences	19,594	1,282	44,832	40,679	106,387
Deferred Revenue	-	79,509	-	-	79,509
	<u>2,984,690</u>	<u>2,995,915</u>	<u>868,099</u>	<u>225,342</u>	<u>7,074,046</u>
Total Current Liabilities					
Noncurrent Liabilities:					
Compensated Absences	40,741	1,268	78,978	97,659	218,646
	<u>40,741</u>	<u>1,268</u>	<u>78,978</u>	<u>97,659</u>	<u>218,646</u>
Total Noncurrent Liabilities					
	<u>40,741</u>	<u>1,268</u>	<u>78,978</u>	<u>97,659</u>	<u>218,646</u>
	<u>3,025,431</u>	<u>2,997,183</u>	<u>947,077</u>	<u>323,001</u>	<u>7,292,692</u>
TOTAL LIABILITIES					
NET ASSETS					
Invested in Capital Assets	45,332	-	528,518	315,779	889,629
Unrestricted	710,665	(1,014,581)	1,646,502	106,421	1,449,007
	<u>\$ 755,997</u>	<u>(1,014,581)</u>	<u>2,175,020</u>	<u>422,200</u>	<u>2,338,636</u>
TOTAL NET ASSETS					

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
Year ended September 30, 2012

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>INFORMATION TECHNOLOGY</u>	<u>TOTAL</u>
OPERATING REVENUES:					
Charges for Services	\$ 5,513,695	22,142,982	10,277,611	2,593,233	40,527,521
Reimbursements	77,241	567,457	81,563	73,476	799,737
TOTAL OPERATING REVENUES	5,590,936	22,710,439	10,359,174	2,666,709	41,327,258
OPERATING EXPENSES:					
Cost of Services	4,520,681	18,527,899	7,089,187	716,179	30,853,946
Personnel Services	813,390	227,906	1,948,102	1,238,830	4,228,228
Materials and Supplies	131,745	3,167	107,249	137,386	379,547
Contractual Services	508,488	1,474,598	648,105	284,686	2,915,877
Depreciation	5,135	-	77,301	130,835	213,271
TOTAL OPERATING EXPENSES	5,979,439	20,233,570	9,869,944	2,507,916	38,590,869
Operating Income (Loss)	(388,503)	2,476,869	489,230	158,793	2,736,389
NON-OPERATING REVENUES (EXPENSES):					
Intergovernmental	-	-	-	2,433	2,433
Investment Income:					
Interest Earnings	8,459	-	5,544	1,933	15,936
Discount Earnings	-	-	435	-	435
Gain/(Loss) on Sale of Assets	-	-	3,791	-	3,791
TOTAL NON-OPERATING REVENUES (EXPENSES)	8,459	-	9,770	4,366	22,595
Income Before Contributions and Transfers	(380,044)	2,476,869	499,000	163,159	2,758,984
OPERATING TRANSFERS IN/(OUT):					
Transfers In	187,894	-	-	-	187,894
Transfers Out	(105,233)	(187,894)	(200,000)	(508,529)	(1,001,656)
TOTAL OPERATING TRANSFERS IN/(OUT)	82,661	(187,894)	(200,000)	(508,529)	(813,762)
Change in Net Assets	(297,383)	2,288,975	299,000	(345,370)	1,945,222
Total Net Assets - Beginning	1,053,380	(3,303,556)	1,876,020	767,570	393,414
TOTAL NET ASSETS- ENDING	\$ 755,997	(1,014,581)	2,175,020	422,200	2,338,636

**CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

	RISK MANAGEMENT	HEALTH & BENEFITS	FLEET MANAGEMENT	INFORMATION TECHNOLOGY	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 78,361	1,013,154	85,919	52,891	1,230,325
Receipts from interfund services provided	5,513,695	22,142,982	10,277,611	2,593,233	40,527,521
Payment to suppliers	(4,217,203)	(20,037,133)	(7,230,319)	(911,062)	(32,395,717)
Payment to employees	(810,419)	(228,081)	(1,953,317)	(1,224,958)	(4,216,775)
Payment for interfund services used	(216,965)	(97,703)	(360,996)	(126,739)	(802,403)
Net cash provided (used) by operating activities	347,469	2,793,219	818,898	383,365	4,342,951
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from Other Funds	187,894	-	-	-	187,894
Transfer to Other Funds	(105,233)	(902,403)	(200,000)	(508,529)	(1,716,165)
Subsidy from federal and state grants	-	-	-	2,433	2,433
Net cash provided (used) by noncapital and related financing activities	82,661	(902,403)	(200,000)	(506,096)	(1,525,838)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(46,718)	-	(12,091)	(133,160)	(191,969)
Proceeds from sales of capital assets	-	-	3,791	-	3,791
Net cash provided (used) by capital and related financing activities	(46,718)	-	(8,300)	(133,160)	(188,178)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturity of investments	(389,806)	(1,887,878)	(614,883)	253,878	(2,638,689)
Interest and dividends received	6,394	(2,938)	4,285	2,013	9,754
Net cash provided (used) by investing activities	(383,412)	(1,890,816)	(610,598)	255,891	(2,628,935)
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents - October 1	50	-	400	-	450
Cash and cash equivalents - September 30	\$ 50	-	400	-	450
Reconciliation of Operating income to net cash provided (used) by operating activities:					
Operating income	\$ (388,503)	2,476,869	489,230	158,793	2,736,389
Adjustments to reconcile operating income to net cash provided (used)					
Depreciation expense	5,135	-	77,301	130,835	213,271
(Increase) decrease in accounts receivable	1,120	445,697	4,359	(20,585)	430,591
Increase (decrease) in allowance for uncollectible accounts	-	-	(3)	-	(3)
(Increase) decrease in inventories	-	-	(19,490)	-	(19,490)
(Increase) decrease in prepaid items	10,000	(180)	-	-	9,820
Increase (decrease) in accounts payable	(34,049)	(105,211)	272,716	100,450	233,906
Increase (decrease) in compensated absences payable	4,098	780	(5,809)	12,332	11,401
Increase (decrease) in accrued wages and employee benefits	(1,127)	(955)	594	1,540	52
Increase (decrease) in claims and judgements payable	750,795	(23,781)	-	-	727,014
Total adjustments	735,972	316,350	329,668	224,572	1,606,562
Net cash provided by operating activities	\$ 347,469	2,793,219	818,898	383,365	4,342,951

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CITY OF LAREDO, TEXAS
RISK MANAGEMENT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2012

	<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	\$ 5,800,116	5,800,116	5,513,695	-	5,513,695	(286,421)
Reimbursements	-	-	77,241	-	77,241	77,241
TOTAL OPERATING REVENUES	5,800,116	5,800,116	5,590,936	-	5,590,936	(209,180)
OPERATING EXPENSES:						
Cost of Services	4,557,261	4,465,661	4,520,681	-	4,520,681	(55,020)
Personnel Services	843,661	843,661	813,390	(4,097)	809,293	34,368
Materials and Supplies	145,409	183,081	131,745	-	131,745	51,336
Contractual Services	658,053	664,681	508,488	-	508,488	156,193
Other	192,479	192,479	-	-	-	192,479
Capital Outlay	-	47,300	-	46,719	46,719	581
Depreciation	-	-	5,135	(5,135)	-	-
TOTAL OPERATING EXPENSES	6,396,863	6,396,863	5,979,439	37,487	6,016,926	379,937
Operating Income (Loss)	(596,747)	(596,747)	(388,503)	(37,487)	(425,990)	170,757
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	12,000	12,000	8,459	-	8,459	(3,541)
TOTAL NON-OPERATING REVENUES (EXPENSES)	12,000	12,000	8,459	-	8,459	(3,541)
Income (Loss) Before Contributions and Transfers	(584,747)	(584,747)	(380,044)	(37,487)	(417,531)	167,216
OPERATING TRANSFERS IN/(OUT):						
Transfers In:						
Health and Benefits Fund	187,894	187,894	187,894	-	187,894	-
Transfers Out:						
General Fund	(105,233)	(105,233)	(105,233)	-	(105,233)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	82,661	82,661	82,661	-	82,661	-
Change in Net Assets	(502,086)	(502,086)	(297,383)	(37,487)	(334,870)	167,216
Total Net Assets - Beginning	1,053,380	1,053,380	1,053,380	-	1,053,380	-
TOTAL NET ASSETS - ENDING	\$ 551,294	551,294	755,997	(37,487)	718,510	167,216

**CITY OF LAREDO, TEXAS
RISK MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 78,361
Receipts from interfund services provided	5,513,695
Payment to suppliers	(4,217,203)
Payment to employees	(810,419)
Payment for interfund services used	<u>(216,965)</u>
Net cash provided (used) by operating activities	<u>347,469</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	187,894
Transfer to other funds	<u>(105,233)</u>
Net cash provided (used) by noncapital and related financing activities	<u>82,661</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(46,718)</u>
Net cash provided (used) by capital and related financing activities	<u>(46,718)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(389,806)
Interest and dividends received	<u>6,394</u>
Net cash provided (used) by investing activities	<u>(383,412)</u>

Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - October 1	<u>50</u>

Cash and cash equivalents - September 30	<u><u>\$ 50</u></u>
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Reconciliation of Operating income to net cash provided (used) by operating activities:

Operating income	\$ <u>(388,503)</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	5,135
(Increase) decrease in accounts receivable	1,120
(Increase) decrease in prepaid items	10,000
Increase (decrease) in accounts payable	(34,049)
Increase (decrease) in compensated absences payable	4,098
Increase (decrease) in accrued wages and employee benefits	(1,127)
Increase (decrease) in claims and judgments payable	<u>750,795</u>
Total adjustments	<u>735,972</u>

Net cash provided by operating activities	<u><u>\$ 347,469</u></u>
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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, 2012

	<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	\$ 20,247,886	20,247,886	22,142,982	-	22,142,982	1,895,096
Reimbursements	195,000	195,000	567,457	-	567,457	372,457
TOTAL OPERATING REVENUES	20,442,886	20,442,886	22,710,439	-	22,710,439	2,267,553
OPERATING EXPENSES:						
Cost of Services	18,474,448	18,474,448	18,527,899	-	18,527,899	(53,451)
Personnel Services	232,464	232,464	227,906	(780)	227,126	5,338
Materials and Supplies	4,810	4,810	3,167	-	3,167	1,643
Contractual Services	1,433,789	1,435,789	1,474,598	-	1,474,598	(38,809)
TOTAL OPERATING EXPENSES	20,145,511	20,147,511	20,233,570	(780)	20,232,790	(85,279)
Operating Income (Loss)	297,375	295,375	2,476,869	780	2,477,649	2,182,274
Income Before Contributions and Transfers	297,375	295,375	2,476,869	780	2,477,649	2,182,274
OPERATING TRANSFERS IN/(OUT):						
Transfers Out:						
Risk Management Fund	(187,894)	(187,894)	(187,894)	-	(187,894)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(187,894)	(187,894)	(187,894)	-	(187,894)	-
Change in Net Assets	109,481	107,481	2,288,975	780	2,289,755	2,182,274
Total Net Assets - Beginning	(3,303,556)	(3,303,556)	(3,303,556)	-	(3,303,556)	-
TOTAL NET ASSETS-ENDING	\$ (3,194,075)	(3,196,075)	(1,014,581)	780	(1,013,801)	2,182,274

**CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,013,154
Receipts from interfund services provided	22,142,982
Payment to suppliers	(20,037,133)
Payment to employees	(228,081)
Payment for interfund services used	<u>(97,703)</u>
Net cash provided (used) by operating activities	<u>2,793,219</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	<u>(902,403)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(902,403)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(1,887,878)
Interest and dividends received	<u>(2,938)</u>
Net cash provided (used) by investing activities	<u>(1,890,816)</u>

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

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

Operating income	\$ <u>2,476,869</u>
Adjustments to reconcile operating income to net cash provided (used)	
(Increase) decrease in accounts receivable	445,697
(Increase) decrease in prepaid items	(180)
Increase (decrease) in accounts payable	(105,211)
Increase (decrease) in compensated absences payable	780
Increase (decrease) in accrued wages and employee benefits	(955)
Increase (decrease) in claims and judgements payable	<u>(23,781)</u>
Total adjustments	<u>316,350</u>

Net cash provided by operating activities	<u><u>\$ 2,793,219</u></u>
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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, 2012

	<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	\$ 11,260,877	11,260,877	10,277,611	-	10,277,611	(983,266)
Reimbursements	225,000	225,000	81,563	-	81,563	(143,437)
TOTAL OPERATING REVENUES	11,485,877	11,485,877	10,359,174	-	10,359,174	(1,126,703)
OPERATING EXPENSES:						
Cost of Services	8,428,738	8,543,454	7,089,187	-	7,089,187	1,454,267
Personnel Services	2,201,521	2,127,721	1,948,102	5,809	1,953,911	173,810
Materials and Supplies	111,467	128,142	107,249	-	107,249	20,893
Contractual Services	917,779	935,188	648,105	-	648,105	287,083
Other	225,000	80,000	-	-	-	80,000
Capital Outlay	-	70,000	-	12,091	12,091	57,909
Depreciation	-	-	77,301	(77,301)	-	-
TOTAL OPERATING EXPENSES	11,884,505	11,884,505	9,869,944	(59,401)	9,810,543	2,073,962
Operating Income (Loss)	(398,628)	(398,628)	489,230	59,401	548,631	947,259
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	3,000	3,000	5,544	-	5,544	2,544
Discount Earnings	-	-	435	-	435	435
Gain/(Loss) on Sale of Assets	-	-	3,791	-	3,791	3,791
TOTAL NON-OPERATING REVENUES (EXPENSES)	3,000	3,000	9,770	-	9,770	6,770
Income Before Contributions and Transfers	(395,628)	(395,628)	499,000	59,401	558,401	954,029
OPERATING TRANSFERS IN/(OUT):						
Transfers Out:						
General Fund	(200,000)	(200,000)	(200,000)	-	(200,000)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(200,000)	(200,000)	(200,000)	-	(200,000)	-
Change in Net Assets	(595,628)	(595,628)	299,000	59,401	358,401	954,029
Total Net Assets - Beginning	1,876,020	1,876,020	1,876,020	-	1,876,020	-
TOTAL NET ASSETS- ENDING	\$ 1,280,392	1,280,392	2,175,020	59,401	2,234,421	954,029

**CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	85,919
Receipts from interfund services provided		10,277,611
Payment to suppliers		(7,230,319)
Payment to employees		(1,953,317)
Payment for interfund services used		<u>(360,996)</u>
Net cash provided (used) by operating activities		<u>818,898</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		<u>(200,000)</u>
Net cash provided (used) by noncapital and related financing activities		<u>(200,000)</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets		(12,091)
Proceeds from sales of capital assets		<u>3,791</u>
Net cash provided (used) by capital and related financing activities		<u>(8,300)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments		(614,883)
Interest and dividends received		<u>4,285</u>
Net cash provided (used) by investing activities		<u>(610,598)</u>

Net increase (decrease) in cash and cash equivalents		-
Cash and cash equivalents - October 1		<u>400</u>

Cash and cash equivalents - September 30	\$	<u><u>400</u></u>
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Reconciliation of Operating income to net cash provided (used) by operating activities:

Operating income	\$	<u>489,230</u>
Adjustments to reconcile operating income to net cash provided (used)		
Depreciation expense		77,301
(Increase) decrease in accounts receivable		4,359
Increase (decrease) in allowable for uncollectible accounts		(3)
(Increase) decrease in inventories		(19,490)
Increase (decrease) in accounts payable		272,716
Increase (decrease) in compensated absences payable		(5,809)
Increase (decrease) in accrued wages and employee benefits		<u>594</u>
Total adjustments		<u>329,668</u>

Net cash provided by operating activities	\$	<u><u>818,898</u></u>
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CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2012

	<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	\$ 2,539,368	2,539,368	2,593,233	-	2,593,233	53,865
Reimbursements	-	-	73,476	-	73,476	73,476
TOTAL OPERATING REVENUES	2,539,368	2,539,368	2,666,709	-	2,666,709	127,341
OPERATING EXPENSES:						
Cost of Services	736,352	801,474	716,179	-	716,179	85,295
Personnel Services	1,225,415	1,231,710	1,238,830	(12,332)	1,226,498	5,212
Materials and Supplies	200,130	158,436	137,386	-	137,386	21,050
Contractual Services	504,379	379,890	284,686	-	284,686	95,204
Other	100	100	-	-	-	100
Capital Outlay	50,888	145,654	-	133,160	133,160	12,494
Depreciation	-	-	130,835	(130,835)	-	-
TOTAL OPERATING EXPENSES	2,717,264	2,717,264	2,507,916	(10,007)	2,497,909	219,355
Operating Income (Loss)	(177,896)	(177,896)	158,793	10,007	168,800	346,696
NON-OPERATING REVENUES (EXPENSES):						
Intergovernmental	-	-	2,433	-	2,433	2,433
Investment Income:						
Interest Earnings	1,500	1,500	1,933	-	1,933	433
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,500	1,500	4,366	-	4,366	2,866
Income (Loss) Before Contributions and Transfers	(176,396)	(176,396)	163,159	10,007	173,166	349,562
OPERATING TRANSFERS IN/(OUT):						
Transfers Out:						
General Fund	(158,529)	(158,529)	(158,529)	-	(158,529)	-
Capital Improvements Fund	-	(350,000)	(350,000)	-	(350,000)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(158,529)	(508,529)	(508,529)	-	(508,529)	-
Change in Net Assets	(334,925)	(684,925)	(345,370)	10,007	(335,363)	349,562
Total Net Assets - Beginning	767,570	767,570	767,570	-	767,570	-
TOTAL NET ASSETS - ENDING	\$ 432,645	82,645	422,200	10,007	432,207	349,562

**CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 52,891
Receipts from interfund services provided	2,593,233
Payment to suppliers	(911,062)
Payment to employees	(1,224,958)
Payment for interfund services used	<u>(126,739)</u>
Net cash provided (used) by operating activities	<u>383,365</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(508,529)
Subsidy from federal and state grants	<u>2,433</u>
Net cash provided (used) by noncapital and related financing activities	<u>(506,096)</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(133,160)</u>
Net cash provided (used) by capital and related financing activities	<u>(133,160)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	253,878
Interest and dividends received	<u>2,013</u>
Net cash provided (used) by investing activities	<u>255,891</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - October 1	<u>-</u>
Cash and cash equivalents - September 30	<u><u>\$ -</u></u>

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

Operating income	\$ <u>158,793</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	130,835
(Increase) decrease in accounts receivable	(20,585)
Increase (decrease) in accounts payable	100,450
Increase (decrease) in compensated absences payable	12,332
Increase (decrease) in accrued wages and employee benefits	<u>1,540</u>
Total adjustments	<u>224,572</u>
Net cash provided by operating activities	<u><u>\$ 383,365</u></u>

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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, 2012 and 2011

	2012	2011
Governmental Funds Capital Assets:		
Land	\$ 83,682,335	76,466,440
Buildings	192,614,654	161,492,611
Improvements Other Than Buildings	567,127,141	530,407,019
Vehicles	60,218,656	58,535,897
Machinery & Equipment	35,998,463	32,231,179
Construction in Progress	8,734,834	19,810,403
Total Governmental Funds Capital Assets	948,376,083	878,943,549

Investments in Governmental Funds Capital Assets by Source:

General Fund	318,241,674	304,727,543
Special Revenue Funds	198,264,157	192,468,166
Capital Projects Funds	431,870,252	381,747,840
Total Investments in Governmental Funds \$	948,376,083	878,943,549

(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, 2012

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	324,329	14,400	-	338,729
Building Inspections	166,140	-	-	166,140
City Attorney	125	-	-	125
City Secretary	58,134	-	(12,380)	45,754
Tax Office	105,264	-	-	105,264
City Planning	92,442	-	-	92,442
Finance	254,479	-	-	254,479
Real Estate	7,351,313	611,020	(661,930)	7,300,403
City Hall Maintenance	3,292,772	-	-	3,292,772
Engineering	282,197	-	(17,470)	264,727
Information Technology	573,999	-	-	573,999
Communications and Support	48,432	-	-	48,432
Community Development	22,973,052	1,389,587	-	24,362,639
Telecommunications	322,422	-	-	322,422
	<hr/>	<hr/>	<hr/>	<hr/>
General Government	35,860,011	2,015,007	(691,780)	37,183,238
Public Safety:				
Police	7,666,821	-	(129,111)	7,537,710
Police Trust Fund	14,812,064	945,757	(478,774)	15,279,047
Auto Theft Task Force	190,661	66,419	-	257,080
Narcotics	691,234	-	-	691,234
Financial Task Force	450,349	17,739	-	468,088
Special Police	2,186,913	671,726	10,214	2,868,853
Laredo Border Violence	198,147	-	(49,198)	148,949
Homeland Security Grant	2,212,928	162,469	-	2,375,397
Fire	7,839,458	9,500	(437,523)	7,411,435
Hazardous Materials	62,690	-	(35,870)	26,820
Parking Meters	3,983,999	62,219	9,721	4,055,939
911 Administration	606,345	193,367	-	799,712
911 - General Fund	52,056	-	-	52,056
Communication System	6,879,563	-	-	6,879,563
Special Fire Grants	1,192,736	-	-	1,192,736
Traffic Safety	7,801,557	249,500	(23,175)	8,027,882
	<hr/>	<hr/>	<hr/>	<hr/>
Public Safety	56,827,521	2,378,696	(1,133,716)	58,072,501
Public Works:				
Capital Improvements Project	71,526,356	3,338,647	(43,558)	74,821,445
1998 CO Issue	1,859,890	-	-	1,859,890
Infrastructure Maint.	164,542	-	-	164,542
DPW Infrastructure	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	1,835,790	-	-	1,835,790
2000 CO Issue	7,980,197	-	-	7,980,197
LEC Construction Project	33,348,399	-	-	33,348,399
2002 CO Issue	5,361,405	-	-	5,361,405
2003 CO Issue	3,725,268	-	-	3,725,268
2005 CO Issue	14,044,346	134,236	-	14,178,582
2006 CO Issue	15,458,075	283,901	1,783,733	17,525,709
2007 CO Issue	38,067,298	3,629,575	5,486,071	47,182,944
2008 CO Issue	18,217,743	1,241,027	10,935	19,469,705
2009 CO Issue	9,836,046	6,394,121	2,578,044	18,808,211
2010 CO Issue	278,880	2,064,095	-	2,342,975
2012 CO Issue	-	747,150	-	747,150
FAA-Noise Abatement	18,944,149	-	-	18,944,149
Airport Construction Fund	83,060,494	11,452,252	669,867	95,182,613
Ryan Street Railroad Bridge	\$ 668,019	-	-	668,019

(Continued)

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
For The Year Ended September 30, 2012

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
Public Works: (Cont.)				
Streets of Laredo Urban Mall \$	1,158,524	-	-	1,158,524
Contractual Obligation	13,650,108	399,255	(224,918)	13,824,445
Parks Capital Grants	2,113,793	256,316	(1,219)	2,368,890
Capital Grants	22,914,369	1,385,914	-	24,300,283
Public Works	251,218,808	7,361,578	422,497	259,002,883
Public Works	626,150,751	38,688,067	10,681,452	675,520,270
Health & Welfare:				
Health	7,755,184	77,143	41,283	7,873,610
Noise Abatement Lease	95,864	26,862	-	122,726
Emergency Shelter Grant	416	-	-	416
A.R.R.A.- C.D.	975,026	-	-	975,026
Environmental Services	24,369,524	2,604,075	496,893	27,470,492
Health & Welfare	33,196,014	2,708,080	538,176	36,442,270
Cultural & Recreational:				
Parks & Recreation	8,015,709	5,934,846	46,553	13,997,108
Library	6,918,390	5,375	-	6,923,765
New Public Library	56,167	-	-	56,167
Cemetery	92,839	-	-	92,839
Friends of the Library	801,866	-	-	801,866
Civic Center	1,644,832	-	-	1,644,832
Public Access Channel	2,666,307	330,025	(16,509)	2,979,823
Mercado	1,166,850	-	-	1,166,850
Convention & Visitors Bureau	99,132	-	(24,387)	74,745
Sports & Community Venue	4,703,101	143,567	30,000	4,876,668
Recreation Fund	139,467	23,197	-	162,664
Veterans Field	446,958	-	-	446,958
Baseball Stadium	-	16,393,042	2,652,495	19,045,537
Cultural & Recreational	26,751,618	22,830,052	2,688,152	52,269,822
Air Transportation Services:				
Airport	80,347,231	124,372	(318,455)	80,153,148
Air Transportation Services	80,347,231	124,372	(318,455)	80,153,148
Total Assets In Service	859,133,146	68,744,274	11,763,829	939,641,249
Construction in Progress	19,810,403	2,723,887	(13,799,456)	8,734,834
Total Governmental Funds Capital Assets	\$ 878,943,549	71,468,161	(2,035,627)	948,376,083

(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, 2012

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	338,729	39,981	31,900	-	-	266,848
Building	166,140	-	-	-	144,140	22,000
City Attorney	125	-	-	125	-	-
City Secretary	45,754	-	-	-	14,643	31,111
Tax Office	105,264	-	-	-	-	105,264
City Planning	92,442	-	-	-	15,125	77,317
Finance	254,479	18,575	-	-	-	235,904
Real Estate	7,300,403	5,761,403	1,539,000	-	-	-
City Hall Maintenance	3,292,772	3,095,274	112,093	-	-	85,405
Engineering	264,727	-	-	-	170,731	93,996
Information Technology	573,999	-	-	-	-	573,999
Communications and Support	48,432	-	-	-	13,968	34,464
Community Development	24,362,639	6,328,965	2,931,599	13,132,795	1,822,110	147,170
Telecommunications	322,422	-	-	27,808	-	294,614
General Government	37,183,238	15,244,198	4,614,592	13,160,728	2,190,625	1,973,095
Public Safety:						
Police	7,537,710	-	6,133,672	-	708,718	695,320
Police Trust Fund	15,279,047	-	920,960	-	11,443,560	2,914,527
Auto Theft Task Force	257,080	-	-	-	156,088	100,992
Narcotics	691,234	-	-	-	483,454	207,780
Financial Task Force	468,088	-	-	-	237,905	230,183
Special Police	2,868,853	-	-	-	689,074	2,179,779
Laredo Border Violence	148,949	-	-	-	122,019	26,930
Homeland Security Grant	2,375,397	-	-	-	382,984	1,992,413
Fire	7,411,435	767,503	1,268,158	-	4,540,815	834,959
Hazardous Materials	26,820	-	9,085	-	17,735	-
Parking Meters	4,055,939	1,247,536	60,342	2,230,959	225,938	291,164
911 Administration	799,712	-	-	-	-	799,712
911 - General Fund	52,056	-	-	-	33,590	18,466
Communications	6,879,563	-	-	-	-	6,879,563
Special Fire Grants	1,192,736	-	47,015	-	850,000	295,721
Traffic Safety	8,027,882	-	13,524	7,461,924	162,417	390,017
Public Safety	58,072,501	2,015,039	8,452,756	9,692,883	20,054,297	17,857,526
Public Works:						
Capital Improvements Projects	74,821,445	883,555	7,206,241	63,399,354	1,082,309	2,249,986
1998 C.O. Issue	1,859,890	108,232	864,429	626,445	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	7,980,197	933,003	3,278,920	3,768,274	-	-
LEC Construction Project	33,348,399	258,500	33,089,899	-	-	-
2002 CO Issue	5,361,405	4,548,595	812,810	-	-	-
2003 CO Issue	3,725,268	31,022	1,584,737	2,109,509	-	-
2005 CO Issue	14,178,582	1,493,130	1,097,484	10,053,627	1,393,310	141,031
2006 CO Issue	17,525,709	-	7,335,958	9,745,091	444,660	-
2007 CO Issue	47,182,944	296,343	9,404,147	27,933,590	8,561,075	987,789
2008 CO Issue	19,469,705	500,233	8,017,714	8,215,984	2,709,095	26,679
2009 CO Issue	18,808,211	-	7,928,921	9,892,965	968,032	18,293
2010 CO Issue	2,342,975	38,253	50,000	2,206,695	-	48,027
2012 CO Issue	747,150	56,331	-	264,776	354,622	71,421
FAA-Noise Abatement	18,944,149	17,605,254	1,338,895	-	-	-
Airport Const. Fund.	95,182,613	11,561,406	4,346,200	75,377,952	1,533,518	2,363,537
Ryan Street Railroad Bridge	\$ 668,019	-	-	668,019	-	-

(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, 2012

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
Public Works: (Cont.)						
Streets of Laredo Urban Mall	\$ 1,158,524	-	-	1,158,524	-	-
Contractual Obligations	13,824,445	-	61,528	-	11,303,882	2,459,035
Parks Capital Grants	2,368,890	498,762	-	1,752,434	111,223	6,471
Capital Grants	24,300,283	-	198,400	24,101,883	-	-
Public Works	<u>259,002,883</u>	<u>3,930,255</u>	<u>3,855,800</u>	<u>246,777,402</u>	<u>4,350,180</u>	<u>89,246</u>
Public Works	<u>675,520,270</u>	<u>43,198,643</u>	<u>101,761,203</u>	<u>488,158,517</u>	<u>33,757,862</u>	<u>8,644,045</u>
Health & Welfare:						
Health	7,873,610	421,278	4,400,991	171,500	313,430	2,566,411
Noise Abtm. Lease	122,726	-	-	-	122,726	-
Emergency Shelter Grant	416	-	-	-	-	416
A.R.R.A.-CD	975,026	-	-	975,026	-	-
Environmental Services	<u>27,470,492</u>	<u>3,502,869</u>	<u>1,382,136</u>	<u>20,867,301</u>	<u>1,343,282</u>	<u>374,904</u>
Health & Welfare	<u>36,442,270</u>	<u>3,924,147</u>	<u>5,783,127</u>	<u>22,013,827</u>	<u>1,779,438</u>	<u>2,941,731</u>
Cultural & Recreational:						
Parks & Recreation	13,997,108	9,902,737	2,548,793	13,215	1,292,831	239,532
Library	6,923,765	-	6,268,902	33,000	69,770	552,093
New Public Library	56,167	-	22,346	-	-	33,821
Cemetery	92,839	-	7,900	-	57,689	27,250
Friends of the Library	801,866	-	-	-	-	801,866
Civic Center	1,644,832	-	1,407,123	6,118	66,810	164,781
Public Access Channel	2,979,823	-	1,406,518	14,624	53,267	1,505,414
Mercado	1,166,850	-	1,162,235	-	4,615	-
Convention & Visitor's Bureau	74,745	-	17,300	-	57,445	-
Sports & Community Venue	4,876,668	4,604,852	105,561	-	-	166,255
Recreation Fund	162,664	-	-	-	162,664	-
Veterans Field	446,958	-	340,396	-	68,117	38,445
Baseball Stadium	<u>19,045,537</u>	<u>-</u>	<u>17,699,479</u>	<u>415,898</u>	<u>-</u>	<u>930,160</u>
Cultural & Recreational	<u>52,269,822</u>	<u>14,507,589</u>	<u>30,986,553</u>	<u>482,855</u>	<u>1,833,208</u>	<u>4,459,617</u>
Air Transportation Services:						
Airport	<u>80,153,148</u>	<u>4,792,719</u>	<u>41,016,423</u>	<u>33,618,331</u>	<u>603,226</u>	<u>122,449</u>
Air Transportation Services	<u>80,153,148</u>	<u>4,792,719</u>	<u>41,016,423</u>	<u>33,618,331</u>	<u>603,226</u>	<u>122,449</u>
Total Assets in service	<u>939,641,249</u>	<u>83,682,335</u>	<u>192,614,654</u>	<u>567,127,141</u>	<u>60,218,656</u>	<u>35,998,463</u>
Construction in Progress	<u>8,734,834</u>					
Total Governmental Funds Capital Assets	<u>\$ 948,376,083</u>					

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

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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.

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 from low income housing units partially funded from HUD Section 8 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 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 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.

**CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET ASSETS
September 30, 2012**

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	SOLID WASTE MANAGEMENT	TOTALS
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash	\$ 2,050	200	1,500	3,750
Equity in Investment Pool	4,020,679	1,874,701	8,672,450	14,567,830
Investments	279,510	-	369,504	649,014
Receivables, net of allowances:				
Accrued Interest	6,257	2,918	56,554	65,729
Accounts	121	20,059	1,230,003	1,250,183
Due from Other Funds	-	-	2,731,740	2,731,740
Due from Other Governments	855,096	-	-	855,096
Inventory, at cost	524,535	-	6,149	530,684
Total Current Assets	5,688,248	1,897,878	13,067,900	20,654,026
Noncurrent Assets:				
Restricted Assets:				
Investments	36,224	-	10,566,825	10,603,049
Total Restricted Assets	36,224	-	10,566,825	10,603,049
Capital Assets:				
Transportation Vehicles and Equipment	26,198,421	157,988	21,846,415	48,202,824
Buildings	14,350,868	3,623,431	1,069,796	19,044,095
Improvements	10,235,147	131,362	3,623,307	13,989,816
Land and Improvements	9,521,557	278,885	624,668	10,425,110
Construction in Progress	964,848	-	-	964,848
Less Accumulated Depreciation	(23,649,733)	(3,550,579)	(18,568,547)	(45,768,859)
Total Capital Assets (net of accumulated depreciation)	37,621,108	641,087	8,595,639	46,857,834
Other Assets:				
Unamortized Bond Issuance Costs	82,661	-	103,462	186,123
Total Noncurrent Assets	37,739,993	641,087	19,265,926	57,647,006
TOTAL ASSETS	\$ 43,428,241	2,538,965	32,333,826	78,301,032
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 553,637	19,258	330,396	903,291
Retainage Payable	35,529	-	-	35,529
Contracts Payable	105,211	-	41,897	147,108
Due to Other Funds	-	-	649,111	649,111
Accrued Interest Payable	32,439	-	68,482	100,921
Accrued Wages and Employee Benefits	380,140	18,685	216,128	614,953
Compensated Absences	129,161	11,588	124,191	264,940
Customer Deposits	8,535	80,884	-	89,419
Deferred Revenue	-	2,338	1,773	4,111
General Obligation Bonds	485,179	-	319,119	804,298
Certificates of Obligation	550,000	-	674,071	1,224,071
Total Current Liabilities	2,279,831	132,753	2,425,168	4,837,752
Noncurrent Liabilities:				
General Obligation Bonds	3,296,859	-	3,135,999	6,432,858
Certificates of Obligation	2,870,000	-	8,012,032	10,882,032
Closure and Post Closure	-	-	11,094,707	11,094,707
Compensated Absences	84,359	13,957	272,796	371,112
Total Noncurrent Liabilities	6,251,218	13,957	22,515,534	28,780,709
TOTAL LIABILITIES	8,531,049	146,710	24,940,702	33,618,461
NET ASSETS				
Invested in Capital Assets, Net of Related Debt Unrestricted	30,702,365	641,087	455,613	31,799,065
	4,194,827	1,751,168	6,937,511	12,883,506
TOTAL NET ASSETS	\$ 34,897,192	2,392,255	7,393,124	44,682,571

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
Year ended September 30, 2012

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>SOLID WASTE MANAGEMENT</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for Services	\$ 3,340,831	135,758	16,563,459	20,040,048
Rental of Facilities	542,731	1,256,788	-	1,799,519
Miscellaneous	134,572	42,803	62,136	239,511
TOTAL OPERATING REVENUES	<u>4,018,134</u>	<u>1,435,349</u>	<u>16,625,595</u>	<u>22,079,078</u>
OPERATING EXPENSES:				
Personnel Services	8,956,076	549,558	5,682,744	15,188,378
Materials and Supplies	2,443,807	162,654	2,183,825	4,790,286
Contractual Services	1,674,549	612,621	5,528,786	7,815,956
Other	100,864	53,795	690,222	844,881
Total Operating Expenses Before Depreciation	13,175,296	1,378,628	14,085,577	28,639,501
Depreciation Expense	2,263,876	111,262	1,974,597	4,349,735
TOTAL OPERATING EXPENSES	<u>15,439,172</u>	<u>1,489,890</u>	<u>16,060,174</u>	<u>32,989,236</u>
Operating Income (Loss)	(11,421,038)	(54,541)	565,421	(10,910,158)
NONOPERATING REVENUES (EXPENSES):				
Investment Income:				
Interest Earnings	11,956	6,389	25,839	44,184
Interest Earnings - Restricted	12,534	-	44,715	57,249
Premiums	167,891	-	-	167,891
Discount Earnings	125	-	3,084	3,209
Sales Tax	7,082,464	-	-	7,082,464
Gain (Loss) on Sale of Assets	(6,090)	-	(3,259)	(9,349)
Interest Expense	(275,096)	-	(543,807)	(818,903)
Gain (Loss) on Advance Refunding	-	-	(28,317)	(28,317)
Federal Operating Grant	3,839,330	-	-	3,839,330
Fiscal Agent Fees	-	-	(175)	(175)
Bond Issuance Cost Amortized	(24,758)	-	(14,328)	(39,086)
State Dept. of Highways	632,075	-	-	632,075
Construction	(30,852)	-	-	(30,852)
Other	(47)	-	-	(47)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>11,409,532</u>	<u>6,389</u>	<u>(516,248)</u>	<u>10,899,673</u>
Income (Loss) Before Contributions and Transfers	(11,506)	(48,152)	49,173	(10,485)
Capital Contributions-Grants	880,055	-	-	880,055
Transfers In:				
Community Development A.R.R.A.	-	169,228	-	169,228
Change in Net Assets	868,549	121,076	49,173	1,038,798
Total Net Assets-Beginning	34,028,643	2,271,179	7,343,951	43,643,773
Total Net Assets-Ending	<u>\$ 34,897,192</u>	<u>2,392,255</u>	<u>7,393,124</u>	<u>44,682,571</u>

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2012

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	SOLID WASTE MANAGEMENT	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 4,031,245	1,389,415	16,372,509	21,793,169
Receipts from interfund services provided	-	-	206,770	206,770
Payments to suppliers	(3,769,704)	(374,392)	(3,814,174)	(7,958,270)
Payments to employees	(8,898,458)	(545,337)	(5,678,285)	(15,122,080)
Payments for interfund services used	(172,614)	(465,682)	(3,789,555)	(4,427,851)
Net cash provided (used) by operating activities	(8,809,531)	4,004	3,297,265	(5,508,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer to other funds	-	-	(1,298,316)	(1,298,316)
Subsidy from federal and state grants	4,483,556	-	-	4,483,556
Sales Tax	7,082,464	-	-	7,082,464
Transfer from other funds	-	169,228	1,694,301	1,863,529
Net cash provided (used) by noncapital and related financing activities	11,566,020	169,228	395,985	12,131,233
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Capital Debt	3,450,502	-	-	3,450,502
Subsidy from federal and state grants	880,055	-	-	880,055
Acquisition and construction of capital assets	(1,470,534)	-	(62,141)	(1,532,675)
Principal paid on capital debt	(4,425,059)	-	(949,279)	(5,374,338)
Interest paid on capital debt	(285,726)	-	(567,124)	(852,850)
Net cash provided (used) by capital and related financing activities	(1,850,762)	-	(1,578,544)	(3,429,306)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	(927,500)	(178,535)	(2,138,027)	(3,244,062)
Interest and dividends received	21,473	5,303	22,921	49,697
Net cash provided (used) by investing activities	(906,027)	(173,232)	(2,115,106)	(3,194,365)
Net increase (decrease) in cash and cash equivalents	(300)	-	(400)	(700)
Cash and cash equivalents, October 1	2,350	200	1,900	4,450
Cash and cash equivalents, September 30	\$ 2,050	200	1,500	3,750
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (11,421,038)	(54,541)	565,421	(10,910,158)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,263,876	111,263	1,974,597	4,349,736
(Increase) decrease in landfill closure and post closure costs	-	-	645,138	645,138
(Increase) decrease in accounts receivable	10,591	(11,241)	(79,843)	(80,493)
Increase in allowance for uncollectible accounts	1,945	11,795	33,518	47,258
(Increase) decrease in inventories	5,688	-	(3,266)	2,422
Increase in customer deposits	575	1,953	-	2,528
Increase (decrease) in accounts payable	271,214	(11,005)	157,232	417,441
Increase (decrease) in deferred revenues	-	(48,441)	10	(48,431)
Increase (decrease) in compensated absences payable	3,588	3,049	(3,679)	2,958
Increase (decrease) in accrued wages and employee benefits	54,030	1,172	8,137	63,339
Total adjustments	2,611,507	58,545	2,731,844	5,401,896
Net cash provided (used) by operating activities	\$ (8,809,531)	4,004	3,297,265	(5,508,262)
Noncash investing, capital, and financing activities:				
Loss on sale of equipment	(6,090)	-	-	(6,090)
Current closure and post closure costs	-	-	645,138	645,138
Bond issuance cost amortized	61,301	-	14,328	75,629
Accrued Interest Payable	10,630	-	(23,317)	(12,687)
Sale of Assets	-	-	3,259	3,259

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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, 2012**

	<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	\$ 3,296,965	3,296,965	3,340,831	-	3,340,831	43,866
Miscellaneous	156,991	156,991	134,572	-	134,572	(22,419)
Rental of Facilities	514,173	514,173	542,731	-	542,731	28,558
TOTAL OPERATING REVENUES	3,968,129	3,968,129	4,018,134	-	4,018,134	50,005
OPERATING EXPENSES:						
Opt-Fixed Route:						
Personnel Services	5,763,106	5,408,381	5,490,873	6,847	5,497,720	(89,339)
Materials and Supplies	799,202	1,112,977	1,156,005	-	1,156,005	(43,028)
Contractual Services	341,116	325,044	290,084	-	290,084	34,960
Other	44,954	64,482	71,122	-	71,122	(6,640)
Total Opt-Fixed Route	6,948,378	6,910,884	7,008,084	6,847	7,014,931	(104,047)
Opt-Para Transit:						
Personnel Services	1,063,670	1,031,670	1,041,434	(7,470)	1,033,964	(2,294)
Materials and Supplies	151,161	244,181	248,087	-	248,087	(3,906)
Contractual Services	110,988	137,605	135,808	-	135,808	1,797
Other	10,252	15,234	14,702	-	14,702	532
Total Opt-Para Transit	1,336,071	1,428,690	1,440,031	(7,470)	1,432,561	(3,871)
Maint-Fixed Route:						
Personnel Services	1,395,744	1,365,694	1,361,117	(5,633)	1,355,484	10,210
Materials and Supplies	792,905	801,030	892,143	-	892,143	(91,113)
Contractual Services	150,728	162,510	159,028	-	159,028	3,482
Total Maint-Fixed Route	2,339,377	2,329,234	2,412,288	(5,633)	2,406,655	(77,421)
Maint-Para Transit:						
Personnel Services	217,327	217,327	213,934	(73)	213,861	3,466
Materials and Supplies	49,070	74,196	59,998	-	59,998	14,198
Contractual Services	27,376	34,089	31,259	-	31,259	2,830
Total Maint-Para Transit	293,773	325,612	305,191	(73)	305,118	20,494
Training and Safety:						
Personnel Services	64,481	64,481	61,880	-	61,880	2,601
Materials and Supplies	4,047	2,503	2,327	-	2,327	176
Contractual Services	1,456	756	756	-	756	-
Total Training and Safety	69,984	67,740	64,963	-	64,963	2,777
Building/Grounds:						
Personnel Services	219,104	217,880	145,277	1,537	146,814	71,066
Materials and Supplies	52,401	47,595	41,253	-	41,253	6,342
Contractual Services	405,862	280,383	275,533	-	275,533	4,850
Total Building/Grounds	\$ 677,367	545,858	462,063	1,537	463,600	82,258

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

(Continued)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Bus Stop/Shelters:						
Personnel Services	\$ 108,467	108,537	105,784	-	105,784	2,753
Contractual Services	5,517	6,752	6,752	-	6,752	-
Total Bus Stop/Shelters	113,984	115,289	112,536	-	112,536	2,753
General Administration:						
Personnel Services	316,518	300,217	310,040	347	310,387	(10,170)
Materials and Supplies	31,377	18,083	15,337	-	15,337	2,746
Contractual Services	547,324	620,296	603,770	-	603,770	16,526
Other	2,800	15,050	15,040	(1,945)	13,095	1,955
Total General Administration	898,019	953,646	944,187	(1,598)	942,589	11,057
Transit Center Building:						
Personnel Services	184,053	184,053	195,569	2,131	197,700	(13,647)
Materials and Supplies	42,462	35,962	26,319	-	26,319	9,643
Contractual Services	198,278	278,778	161,861	-	161,861	116,917
Other	76,642	16,642	60	-	60	16,582
Total General Administration	501,435	515,435	383,809	2,131	385,940	129,495
Transit Center Facility:						
Personnel Services	51,166	51,666	30,168	1,276	31,444	20,222
Materials and Supplies	2,586	10,586	2,338	-	2,338	8,248
Contractual Services	49,959	27,459	9,638	-	9,638	17,821
Total Transit Center Facility	103,711	89,711	42,144	1,276	43,420	46,291
Total Operating Expenses Before Depreciation	13,282,099	13,282,099	13,175,296	(2,983)	13,172,313	109,786
Depreciation	-	-	2,263,876	(2,263,876)	-	-
TOTAL OPERATING EXPENSES	13,282,099	13,282,099	15,439,172	(2,266,859)	13,172,313	109,786
Operating Income (Loss)	\$ (9,313,970)	(9,313,970)	(11,421,038)	2,266,859	(9,154,179)	159,791

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

(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	\$ 10,000	10,000	11,956	-	11,956	1,956
Interest Earnings-Restricted	600	12,687	12,534	-	12,534	(153)
Discount Earnings	285	285	125	-	125	(160)
Premiums	-	167,891	167,891	-	167,891	-
Sales Tax	6,078,919	6,078,919	7,082,464	-	7,082,464	1,003,545
Loss on Sale of Equipment	-	-	(6,090)	6,090	-	-
Bond Proceeds	-	3,920,156	-	3,920,156	3,920,156	-
Interest Expense	(383,334)	(383,334)	(275,096)	(10,630)	(285,726)	97,608
Principal Paid Revenue Bonds	(938,533)	(4,378,533)	-	(4,425,059)	(4,425,059)	(46,526)
Loss on Advanced Refunding	-	(551,486)	-	(551,486)	(551,486)	-
Bond Costs	-	(96,561)	(24,758)	(61,301)	(86,059)	10,502
FTA Operating Grant	3,996,131	3,996,131	3,839,330	-	3,839,330	(156,801)
State Dept. of Highways	617,525	632,075	632,075	-	632,075	-
Construction	(554,411)	(9,462,667)	(30,852)	(1,439,637)	(1,470,489)	7,992,178
Other Non-Operating Expenses	(728,720)	(602,351)	(47)	-	(47)	602,304
TOTAL NONOPERATING REVENUES AND (EXPENSES)	<u>8,098,462</u>	<u>(656,788)</u>	<u>11,409,532</u>	<u>(2,561,867)</u>	<u>8,847,665</u>	<u>9,504,453</u>
Income (Loss) Before Contributions and Transfers	(1,215,508)	(9,970,758)	(11,506)	(295,008)	(306,514)	9,664,244
Capital Contributions:						
Federal Capital Grant	-	6,362,357	528,205	-	528,205	(5,834,152)
State Capital Grant	-	571,425	351,850	-	351,850	(219,575)
Transfers In:						
Transit Sales Tax	4,518,167	4,503,617	-	4,814,556	4,814,556	310,939
Contractual Obligations Fund	-	87,500	-	87,500	87,500	-
Transfers Out:						
Transit Operations	(4,518,167)	(4,503,617)	-	(4,814,556)	(4,814,556)	(310,939)
Capital and Planning	-	(87,500)	-	(87,500)	(87,500)	-
Change in Net Assets	(1,215,508)	(3,036,976)	868,549	(295,008)	573,541	3,610,517
Total Net Assets-Beginning	<u>34,028,643</u>	<u>34,028,643</u>	<u>34,028,643</u>	<u>-</u>	<u>34,028,643</u>	<u>-</u>
Total Net Assets-Ending	<u>\$ 32,813,135</u>	<u>30,991,667</u>	<u>34,897,192</u>	<u>(295,008)</u>	<u>34,602,184</u>	<u>3,610,517</u>

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**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	4,031,245
Payments to suppliers		(3,769,704)
Payments to employees		(8,898,458)
Payments for interfund services used		(172,614)
		(8,809,531)
Net cash provided (used) by operating activities		(8,809,531)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Subsidy from federal and state grants		4,483,556
Sales Tax		7,082,464
		11,566,020
Net cash provided (used) by noncapital and related financing activities		11,566,020

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt		3,450,502
Subsidy from federal and state grants		880,055
Acquisition and construction of capital assets		(1,470,534)
Principal paid on capital debt		(4,425,059)
Interest paid on capital debt		(285,726)
		(1,850,762)
Net cash provided (used) by capital and related financing activities		(1,850,762)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(927,500)
Interest and dividends received		21,473
		(906,027)
Net cash provided (used) by investing activities		(906,027)

Net increase (decrease) in cash and cash equivalents		(300)
Cash and cash equivalents, October 1		2,350

Cash and cash equivalents, September 30	\$	2,050
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(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

(Continued)

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

Operating income	\$	(11,421,038)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		2,263,876
(Increase) decrease in accounts receivable		10,591
Increase in allowance for uncollectible accounts		1,945
(Increase) decrease in inventories		5,688
Increase in customer deposits		575
Increase (decrease) in accounts payable		271,214
Increase (decrease) in compensated absences payable		3,588
Increase (decrease) in accrued wages and employee benefits		54,030

Total adjustments		2,611,507
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Net cash provided (used) by operating activities	\$	(8,809,531)
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**Noncash investing, capital and financing
activities:**

Disposition of assets		(6,090)
Bond issuance cost amortized		61,301
Accrued Interest Payable		10,630

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Rental of Facilities	\$ 2,620,054	2,620,054	2,653,682	-	2,653,682	33,628
Toll Receipts	43,830,841	43,830,841	44,467,962	-	44,467,962	637,121
Miscellaneous	370,443	370,443	243,805	-	243,805	(126,638)
TOTAL OPERATING REVENUES	46,821,338	46,821,338	47,365,449	-	47,365,449	544,111
OPERATING EXPENSES:						
Laredo Bridge Operations:						
Personnel Services	2,187,138	2,189,950	1,945,094	7,537	1,952,631	237,319
Materials and Supplies	245,499	320,869	236,547	-	236,547	84,322
Contractual Services	24,689,169	24,749,742	24,692,017	-	24,692,017	57,725
Other	57,124	107,124	21,736	(210)	21,526	85,598
Capital Outlay	-	48,000	-	25,715	25,715	22,285
Total Laredo Bridge Operations	27,178,930	27,415,685	26,895,394	33,042	26,928,436	487,249
Bridge II Operations:						
Personnel Services	2,264,929	2,264,929	2,112,677	(3,884)	2,108,793	156,136
Materials and Supplies	97,622	116,622	99,299	-	99,299	17,323
Contractual Services	505,081	339,281	248,909	-	248,909	90,372
Capital Outlay	-	52,427	-	33,676	33,676	18,751
Total Bridge II Operations	2,867,632	2,773,259	2,460,885	29,792	2,490,677	282,582
Colombia Bridge Operations:						
Personnel Services	1,208,619	1,208,619	1,173,062	(2,658)	1,170,404	38,215
Materials and Supplies	29,712	54,162	41,665	-	41,665	12,497
Contractual Services	347,819	305,569	219,021	-	219,021	86,548
Capital Outlay	-	42,427	-	27,714	27,714	14,713
Total Colombia Bridge Operations	1,586,150	1,610,777	1,433,748	25,056	1,458,804	151,973
Central America Convention:						
Contractual Services	50,384	50,384	-	-	-	50,384
Total Central America Convention	50,384	50,384	-	-	-	50,384
Fourth Bridge Operations:						
Personnel Services	2,211,111	2,211,111	2,142,220	(458)	2,141,762	69,349
Materials and Supplies	132,647	177,547	136,109	-	136,109	41,438
Contractual Services	794,755	852,211	723,659	-	723,659	128,552
Capital Outlay	34,000	76,000	-	61,236	61,236	14,764
Total Fourth Bridge Operations	3,172,513	3,316,869	3,001,988	60,778	3,062,766	254,103
Fifth Bridge:						
Contractual Services	100,000	104,307	-	-	-	104,307
Total Fifth Bridge	100,000	104,307	-	-	-	104,307
Total Operating Expenses Before Depreciation						
Depreciation	34,955,609	35,271,281	33,792,015	148,668	33,940,683	1,330,598
Depreciation	-	-	3,947,814	(3,947,814)	-	-
TOTAL OPERATING EXPENSES	34,955,609	35,271,281	37,739,829	(3,799,146)	33,940,683	1,330,598
Operating Income (Loss)	\$ 11,865,729	11,550,057	9,625,620	3,799,146	13,424,766	1,874,709

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

(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):						
Intergovernmental	\$ -	215,736	-	-	-	(215,736)
Investment Income:						
Interest Earnings	14,449	14,449	17,653	-	17,653	3,204
Interest Earnings - Restricted	33,716	50,374	58,055	-	58,055	7,681
Discount Earnings	-	-	1,011	-	1,011	1,011
Premiums	-	35,529	35,529	-	35,529	-
Gain/(Loss) On Sale of Assets	-	-	1,528	762	2,290	2,290
Bond Issues	-	7,640,000	-	7,640,000	7,640,000	-
Interest Expense	(3,484,251)	(3,411,251)	(3,411,251)	-	(3,411,251)	-
Principal Paid Revenue Bonds	(5,282,590)	(12,562,590)	-	(12,562,590)	(12,562,590)	-
Fiscal Agent Fees	(1,000)	(74,000)	(2,100)	-	(2,100)	71,900
Bond Issuance Cost Amortized	-	(231,599)	(592,567)	383,544	(209,023)	22,576
Loss on Advance Refunding	-	(163,929)	(7,890)	(156,039)	(163,929)	-
Other Non-Operating Expenses	-	(16,659)	-	-	-	16,659
Construction	(4,703,778)	(5,325,017)	(44,825)	(975,257)	(1,020,082)	4,304,935
TOTAL NONOPERATING REVENUES (EXPENSES)	(13,423,454)	(13,828,957)	(3,944,857)	(5,669,580)	(9,614,437)	4,214,520
Income (Loss) Before Contributions and Transfers	(1,557,725)	(2,278,900)	5,680,763	(1,870,434)	3,810,329	6,089,229
Transfers In:						
Bridge Operating Fund	6,729,494	6,729,494	-	7,059,058	7,059,058	329,564
Transfers Out:						
Capital Improvements Fund	(2,611,275)	(2,711,275)	(3,357,152)	-	(3,357,152)	(645,877)
Debt Service	(773,247)	(773,247)	(773,247)	-	(773,247)	-
Bridge Debt Service	(6,729,494)	(6,606,224)	-	(7,059,058)	(7,059,058)	(452,834)
Change in Net Assets	(4,942,247)	(5,640,152)	1,550,364	(1,870,434)	(320,070)	5,320,082
Total Net Assets-Beginning	33,757,695	33,757,695	33,757,695	-	33,757,695	-
Total Net Assets-Ending	\$ 28,815,448	28,117,543	35,308,059	(1,870,434)	33,437,625	5,320,082

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	47,965,791
Payments to suppliers		(2,453,627)
Payments to employees		(7,391,790)
Payments for interfund services used		(24,183,042)
		(24,183,042)
Net cash provided by operating activities		13,937,332

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(4,593,809)
Net cash provided (used) by noncapital and related financing activities		(4,593,809)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt		7,302,576
Acquisition and construction of capital assets		(1,168,423)
Principal paid on capital debt		(12,562,590)
Interest paid on capital debt		(3,411,251)
Proceeds from sales of capital assets		2,290
Net cash provided (used) by capital and related financing activities		(9,837,398)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		443,124
Interest and dividends received		50,751
Net cash provided (used) by investing activities		493,875

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, October 1 10,000

Cash and cash equivalents, September 30 10,000

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

(Continued)

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

Operating income	\$	9,625,620
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		3,947,814
(Increase) decrease in accounts receivable		655,018
Increase (decrease) in allowance for uncollectible accounts		210
Increase (decrease) in accounts payable		(217,707)
Increase (decrease) in deferred revenues		(54,886)
Increase (decrease) in compensated absences payable		(537)
Increase (decrease) in accrued wages and employee benefits		(18,200)
Total adjustments		4,311,712
Net cash provided by operating activities	\$	13,937,332

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

Disposition of Assets		(762)
Bond issuance cost amortized		(383,544)
Loss on Advance Refunding		156,039

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OPERATING REVENUES:						
Rental of Facilities	\$ 1,229,623	1,229,623	1,256,788	-	1,256,788	27,165
Charges for Services	125,000	125,000	135,758	-	135,758	10,758
Miscellaneous	28,661	28,661	42,803	-	42,803	14,142
TOTAL OPERATING REVENUES	1,383,284	1,383,284	1,435,349	-	1,435,349	52,065
OPERATING EXPENSES:						
Airport Housing:						
Personnel Services	502,760	502,760	450,175	(1,969)	448,206	54,554
Materials and Supplies	113,520	116,220	124,469	-	124,469	(8,249)
Contractual Services	464,505	469,326	461,300	-	461,300	8,026
Other	34,251	29,510	41,195	(11,795)	29,400	110
Capital Outlay	-	2,970	-	-	-	2,970
Total Airport Housing	1,115,036	1,120,786	1,077,139	(13,764)	1,063,375	57,411
West Laredo Housing:						
Personnel Services	97,760	97,760	99,383	(1,081)	98,302	(542)
Materials and Supplies	41,102	47,102	38,185	-	38,185	8,917
Contractual Services	192,758	181,008	151,321	-	151,321	29,687
Other	12,600	12,600	12,600	-	12,600	-
Total West Laredo Housing	344,220	338,470	301,489	(1,081)	300,408	38,062
Total Operating Expenses Before Depreciation	1,459,256	1,459,256	1,378,628	(14,845)	1,363,783	95,473
Depreciation Expense	-	-	111,262	(111,262)	-	-
TOTAL OPERATING EXPENSES	1,459,256	1,459,256	1,489,890	(126,107)	1,363,783	95,473
Operating Income (Loss)	(75,972)	(75,972)	(54,541)	126,107	71,566	147,538
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	6,000	6,000	6,389	-	6,389	389
TOTAL NONOPERATING REVENUES (EXPENSES)	6,000	6,000	6,389	-	6,389	389
Income (Loss) Before Contributions and Transfers	(69,972)	(69,972)	(48,152)	126,107	77,955	147,927
Transfer In:						
Community Development A.R.R.A.	-	-	169,228	-	169,228	169,228
Change in Net Assets	(69,972)	(69,972)	121,076	126,107	247,183	317,155
Total Net Assets-Beginning	2,271,179	2,271,179	2,271,179	-	2,271,179	-
Total Net Assets-Ending	\$ 2,201,207	2,201,207	2,392,255	126,107	2,518,362	317,155

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	1,389,415
Payments to suppliers		(374,392)
Payments to employees		(545,337)
Payments for interfund services used		(465,682)
		4,004
Net cash provided by operating activities		4,004

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds		169,228
Net cash provided (used) by noncapital and related financing activities		169,228

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(178,535)
Interest and dividends received		5,303
Net cash provided (used) by investing activities		(173,232)

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

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

(Continued)

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

Operating income	\$	(54,541)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		111,263
(Increase) decrease in accounts receivable		(11,241)
Increase in allowance for uncollectible accounts		11,795
Increase (decrease) in customer deposits		1,953
Increase (decrease) in accounts payable		(11,005)
Increase (decrease) in deferred revenues		(48,441)
Increase (decrease) in compensated absences payable		3,049
Increase (decrease) in accrued wages and employee benefits		1,172
Total adjustments		58,545
Net cash provided by operating activities	\$	4,004

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**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

	<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	\$ 30,766,246	30,766,246	33,674,811	-	33,674,811	2,908,565
Miscellaneous	3,496,822	3,496,822	3,628,830	-	3,628,830	132,008
TOTAL OPERATING REVENUES	34,263,068	34,263,068	37,303,641	-	37,303,641	3,040,573
OPERATING EXPENSES:						
General and Administrative:						
Personnel Services	1,075,052	1,074,514	985,569	12,191	997,760	76,754
Materials and Supplies	90,090	92,350	50,397	-	50,397	41,953
Contractual Services	2,056,470	2,058,043	1,957,287	-	1,957,287	100,756
Other	72,653	72,858	199,063	(142,175)	56,888	15,970
Capital Outlay	40,000	40,000	-	30,904	30,904	9,096
Total General and Administrative	3,334,265	3,337,765	3,192,316	(99,080)	3,093,236	244,529
Utility Engineering:						
Personnel Services	1,043,884	1,043,884	850,243	(6,314)	843,929	199,955
Materials and Supplies	66,675	65,660	79,547	-	79,547	(13,887)
Contractual Services	111,615	112,630	109,926	-	109,926	2,704
Other	400	400	-	-	-	400
Capital Outlay	83,658	83,658	-	45,495	45,495	38,163
Total Utility Engineering	1,306,232	1,306,232	1,039,716	39,181	1,078,897	227,335
Utility Billing:						
Personnel Services	2,039,522	2,039,472	1,879,671	(10,540)	1,869,131	170,341
Materials and Supplies	1,008,013	959,457	731,969	-	731,969	227,488
Contractual Services	702,111	749,301	632,381	-	632,381	116,920
Capital Outlay	26,920	28,336	-	25,619	25,619	2,717
Total Utility Billing	3,776,566	3,776,566	3,244,021	15,079	3,259,100	517,466
Asset Management:						
Personnel Services	267,263	268,325	261,422	(1,069)	260,353	7,972
Materials and Supplies	12,456	13,556	7,743	-	7,743	5,813
Contractual Services	35,101	40,439	32,347	-	32,347	8,092
Capital Outlay	60,000	52,500	-	51,351	51,351	1,149
Total Asset Management	374,820	374,820	301,512	50,282	351,794	23,026
Water Treatment:						
Personnel Services	1,855,281	1,999,771	1,928,941	(14,741)	1,914,200	85,571
Materials and Supplies	1,591,364	1,652,164	1,329,328	-	1,329,328	322,836
Contractual Services	4,252,058	4,046,768	4,372,049	-	4,372,049	(325,281)
Capital Outlay	75,000	75,000	-	64,856	64,856	10,144
Total Water Treatment	7,773,703	7,773,703	7,630,318	50,115	7,680,433	93,270
Transmission and Distribution:						
Personnel Services	1,919,289	1,900,089	1,564,671	66,973	1,631,644	268,445
Materials and Supplies	1,030,845	1,139,402	1,350,959	-	1,350,959	(211,557)
Contractual Services	979,098	932,234	795,862	-	795,862	136,372
Other	-	-	(18,152)	-	(18,152)	18,152
Capital Outlay	121,480	77,644	-	56,536	56,536	21,108
Total Transmission and Distribution	\$ 4,050,712	4,049,369	3,693,340	123,509	3,816,849	232,520

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

(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	\$ 393,429	393,429	279,123	6,473	285,596	107,833
Materials and Supplies	64,088	63,888	20,572	-	20,572	43,316
Contractual Services	88,818	89,018	42,372	-	42,372	46,646
Total Water Pollution Control	546,335	546,335	342,067	6,473	348,540	197,795
Total Operating Expenses Before Depreciation	21,162,633	21,164,790	19,443,290	185,559	19,628,849	1,535,941
Depreciation Expense	-	-	7,396,227	(7,396,227)	-	-
TOTAL OPERATING EXPENSES	21,162,633	21,164,790	26,839,517	(7,210,668)	19,628,849	1,535,941
Operating Income (Loss)	13,100,435	13,098,278	10,464,124	7,210,668	17,674,792	4,576,514
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	40,250	40,250	74,014	-	74,014	33,764
Interest Earnings Restricted	284,000	280,861	437,683	-	437,683	156,822
Discount Earnings	-	-	8,351	-	8,351	8,351
Interest Rebate	872,014	872,014	872,014	-	872,014	-
Premiums	-	63,885	63,885	-	63,885	-
Miscellaneous	-	109,495	539,452	-	539,452	429,957
Water Availability Fees	900,000	900,000	982,593	-	982,593	82,593
Gain on Sale of Assets	-	-	20,563	-	20,563	20,563
Bond Issues	37,469,692	17,015,000	-	17,015,000	17,015,000	-
Interest Expense	(10,651,211)	(9,210,049)	(9,243,574)	30,594	(9,212,980)	(2,931)
Principal Paid Revenue Bond / Capital Leases	(6,372,937)	(6,762,937)	-	(6,935,076)	(6,935,076)	(172,139)
Fiscal Agent Fees	(5,000)	(5,000)	(2,850)	-	(2,850)	2,150
Bond Issuance Cost Amortized	(1,085,593)	-	(102,608)	(188,158)	(290,766)	(290,766)
Loss on Advance Funding	-	-	(21,931)	21,931	-	-
Water Rights Acq./Water Conservation	(1,393,253)	(1,393,253)	(376,846)	-	(376,846)	1,016,407
Other Non-Operating Expenses	(33,652,401)	(19,087,703)	(6,630,548)	(41,246,873)	(47,877,421)	(28,789,718)
TOTAL NONOPERATING REVENUES (EXPENSES)	(13,594,439)	(17,177,437)	(13,379,802)	(31,302,582)	(44,682,384)	(27,504,947)
Income (Loss) Before Contributions and Transfers	(494,004)	(4,079,159)	(2,915,678)	(24,091,914)	(27,007,592)	(22,928,433)
Capital Contributions:						
Intergovernmental Revenue	-	34,056	7,907,825	(31,104)	7,876,721	7,842,665
Contributions - Developers	-	-	1,245,334	(1,245,334)	-	-
Contributions - Other	-	-	591,651	(503,943)	87,708	87,708
Transfer In:						
Waterworks System	21,859,216	17,194,306	-	18,382,382	18,382,382	1,188,076
Transfers Out:						
Water Construction Fund	(1,218,759)	(1,218,759)	-	(655,552)	(655,552)	563,207
Water Debt Service	(20,640,457)	(15,060,196)	-	(17,726,830)	(17,726,830)	(2,666,634)
Change in Net Assets	(494,004)	(3,129,752)	6,829,132	(25,872,295)	(19,043,163)	(15,913,411)
Total Net Assets-Beginning	160,651,424	160,651,424	160,651,424	-	160,651,424	-
Total Net Assets-Ending	\$ 160,157,420	157,521,672	167,480,556	(25,872,295)	141,608,261	(15,913,411)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	36,437,634
Receipts from interfund services provided		683,930
Payments to suppliers		856,166
Payments to employees		(7,748,802)
Payments for interfund services used		(2,755,959)
		27,472,969

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(383,103)
Subsidiary from federal and state grants		44,012
Net cash provided (used) by noncapital and related financing activities		(339,091)

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

Proceeds from capital debt		16,788,119
Capital contributions		87,708
Subsidy from federal and state grants		10,249,539
Purchases of capital assets		(47,006,947)
Principal paid on capital debt		(6,935,076)
Interest paid on capital debt		(9,215,830)
Proceeds from sales of capital assets		20,563
Net cash provided (used) by capital and related financing activities		(36,011,924)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		7,393,706
Interest and dividends received		1,487,375
Issuance of Notes Receivable		(2,835)
Net cash provided (used) by investing activities		8,878,246

Net increase (decrease) in cash and cash equivalents		200
Cash and cash equivalents, October 1		1,950
Cash and cash equivalents, September 30	\$	2,150

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

(Continued)

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

Operating income	\$	10,464,124
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		7,396,227
(Increase) decrease in accounts receivable		(311,709)
Increase (decrease) in allowance for uncollectible accounts		142,175
(Increase) decrease in inventories		4,052
Increase (decrease) in customer deposits		219,863
Increase (decrease) in accounts payable		9,789,805
Increase (decrease) in deferred revenues		(232,406)
Increase (decrease) in compensated absences payable		20,505
Increase (decrease) in accrued wages and employee benefits		(19,667)
Total adjustments		17,008,845
Net cash provided by operating activities	\$	27,472,969

Noncash investing, capital, and financing activities:

Bond issuance cost amortized	188,158
Contributions of capital assets from developers	1,245,334
Contributions of capital assets from other	503,943
Increase (Decrease) in Accrued Interest Payable	30,594
Loss on Advance Refunds	21,931

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 28,927,028	28,927,028	28,428,037	-	28,428,037	(498,991)
Miscellaneous	40,418	40,418	48,074	-	48,074	7,656
TOTAL OPERATING REVENUES	28,967,446	28,967,446	28,476,111	-	28,476,111	(491,335)
OPERATING EXPENSES:						
Administrative:						
Contractual Services	4,361,409	4,364,909	4,359,238	-	4,359,238	5,671
Other	86,250	86,250	90,553	(90,553)	-	86,250
Total Administrative	4,447,659	4,451,159	4,449,791	(90,553)	4,359,238	91,921
Wastewater Treatment:						
Personnel Services	2,016,477	2,012,477	1,930,261	(4,420)	1,925,841	86,636
Materials and Supplies	798,392	803,692	725,808	-	725,808	77,884
Contractual Services	3,629,080	3,702,780	3,592,113	-	3,592,113	110,667
Capital Outlay	513,410	438,410	-	435,532	435,532	2,878
Total Wastewater Treatment	6,957,359	6,957,359	6,248,182	431,112	6,679,294	278,065
Wastewater Collection:						
Personnel Services	1,371,969	1,372,075	1,479,824	(6,423)	1,473,401	(101,326)
Materials and Supplies	883,534	946,893	806,310	-	806,310	140,583
Contractual Services	1,584,986	1,569,951	1,069,037	-	1,069,037	500,914
Other	4,378	4,378	(2,616)	-	(2,616)	6,994
Capital Outlay	264,000	219,400	-	214,569	214,569	4,831
Total Wastewater Collection	4,108,867	4,112,697	3,352,555	208,146	3,560,701	551,996
Total Operating Expenses Before Depreciation	15,513,885	15,521,215	14,050,528	548,705	14,599,233	921,982
Depreciation Expense	-	-	6,627,783	(6,627,783)	-	-
TOTAL OPERATING EXPENSES	15,513,885	15,521,215	20,678,311	(6,079,078)	14,599,233	921,982
Operating Income (Loss)	\$ 13,453,561	13,446,231	7,797,800	6,079,078	13,876,878	430,647

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012**

(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	\$ 65,836	65,836	80,595	-	80,595	14,759
Interest Earnings Restricted	170,600	101,973	144,897	-	144,897	42,924
Discount Earnings	7,000	7,000	8,094	-	8,094	1,094
Premium	-	122,269	122,269	-	122,269	-
Gain/Loss On Sale of Equipment	26,773	26,773	10,512	2,281	12,793	(13,980)
Bond Issues	66,755,308	64,249,869	-	64,249,869	64,249,869	-
Miscellaneous	-	108,820	257,900	-	257,900	149,080
Intergovernmental Revenue	-	12,312	2,125	-	2,125	(10,187)
Interest Expense	(6,787,724)	(3,383,872)	(3,460,200)	92,046	(3,368,154)	15,718
Principal Paid Revenue Bond / Capital Leases	(4,633,093)	(6,448,093)	-	(6,628,809)	(6,628,809)	(180,716)
Fiscal Agent Fees	(6,500)	(179,650)	(175,799)	-	(175,799)	3,851
Bond Issuance Cost Amortized	(2,107,327)	(1,176,351)	(67,556)	(1,090,781)	(1,158,337)	18,014
Loss on Advance Refunding	-	(159,708)	(13,279)	(146,429)	(159,708)	-
Other Non Operating Expenses	(63,132,618)	(59,846,702)	(4,684,018)	(3,599,976)	(8,283,994)	51,562,708
TOTAL NONOPERATING REVENUES (EXPENSES)	(9,641,745)	(6,499,524)	(7,774,460)	52,878,201	45,103,741	51,603,265
Income (Loss) Before Contributions and Transfers	3,811,816	6,946,707	23,340	58,957,279	58,980,619	52,033,912
Capital Contributions:						
Contributions - Others	-	-	1,705,654	(1,173,331)	532,323	532,323
Contributions - Developers	-	-	597,535	(597,535)	-	-
Transfers In:						
Sewer Operating Fund	14,984,138	11,923,073	-	13,702,279	13,702,279	1,779,206
Transfers Outs:						
Sewer Operations	(11,412,942)	(8,314,090)	-	(10,126,987)	(10,126,987)	(1,812,897)
Sewer Construction Fund	(748,854)	(748,854)	-	(715,163)	(715,163)	33,691
Sewer Bond Funds	(2,822,342)	(2,860,129)	-	(2,860,129)	(2,860,129)	-
Change in Net Assets	3,811,816	6,946,707	2,326,529	57,186,413	59,512,942	52,566,235
Total Net Assets-Beginning	104,887,897	104,887,897	104,887,897	-	104,887,897	-
Total Net Assets-Ending	\$ 108,699,713	111,834,604	107,214,426	57,186,413	164,400,839	52,566,235

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	27,745,402
Receipts from interfund services provided		620,309
Payments to suppliers		(9,013,863)
Payments to employees		(3,411,288)
Payments for interfund services used		(1,806,848)
		14,133,712
Net cash provided by operating activities		14,133,712

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants		2,125
Proceeds from capital debt		63,054,093
Capital contribution		532,323
Purchases of capital assets		(8,676,195)
Principal paid on capital debt		(6,628,809)
Interest paid on capital debt		(3,543,953)
Proceeds from sales of capital assets		12,793
Net cash provided (used) by capital and related financing activities		44,752,377

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(59,097,305)
Interest and dividends received		213,775
Issuance of Notes Receivable		(2,559)
		(58,886,089)
Net cash provided (used) by investing activities		(58,886,089)

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, October 1

Cash and cash equivalents, September 30

		-
		300
	\$	300

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

(Continued)

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

Operating income	\$	7,797,800
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		6,627,783
(Increase) decrease in accounts receivable		(183,485)
Increase (decrease) in allowance for uncollectible accounts		90,553
(Increase) decrease in inventories		(62,252)
Increase (decrease) in accounts payable		(118,016)
Increase (decrease) in deferred revenues		(17,468)
Increase (decrease) in compensated absences payable		10,843
Increase (decrease) in accrued wages and employee benefits		(12,046)

Total adjustments		6,335,912
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Net cash provided by operating activities	\$	14,133,712
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Noncash investing, capital, and financing activities:

Contributions of capital assets from developers & others		1,770,866
Bond issuance cost amortized		1,090,781
Increase (Decrease) in Accrued Interest Payable		92,046

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012

	<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	\$ 16,484,580	16,484,580	16,563,459	-	16,563,459	78,879
Miscellaneous	103,985	103,985	62,136	-	62,136	(41,849)
TOTAL OPERATING REVENUES	16,588,565	16,588,565	16,625,595	-	16,625,595	37,030
OPERATING EXPENSES:						
Administration:						
Personnel Services	296,826	308,426	348,439	(1,867)	346,572	(38,146)
Materials and Supplies	10,380	20,380	18,580	-	18,580	1,800
Contractual Services	70,258	71,737	70,753	-	70,753	984
Other	-	200	830	(705)	125	75
Capital Outlay	40,212	40,212	-	23,881	23,881	16,331
Total Administration	417,676	440,955	438,602	21,309	459,911	(18,956)
Branch Division:						
Personnel Services	321,974	365,974	376,680	(3,111)	373,569	(7,595)
Materials and Supplies	80,200	37,850	10,846	-	10,846	27,004
Contractual Services	43,500	45,500	41,839	-	41,839	3,661
Total Branch Division	445,674	449,324	429,365	(3,111)	426,254	23,070
Recycling:						
Personnel Services	816,462	855,062	829,836	(1,301)	828,535	26,527
Materials and Supplies	342,406	299,906	240,762	-	240,762	59,144
Contractual Services	888,540	539,305	408,869	-	408,869	130,436
Total Recycling	2,047,408	1,694,273	1,479,467	(1,301)	1,478,166	216,107
Sanitation:						
Personnel Services	3,243,210	3,321,210	3,206,992	10,837	3,217,829	103,381
Materials and Supplies	1,120,948	1,447,248	1,350,642	-	1,350,642	96,606
Contractual Services	1,848,628	2,193,134	1,810,954	-	1,810,954	382,180
Other	1,230,723	730,723	44,209	(44,209)	-	730,723
Total Sanitation	7,443,509	7,692,315	6,412,797	(33,372)	6,379,425	1,312,890
Landfill:						
Personnel Services	1,031,194	1,040,194	920,797	(881)	919,916	120,278
Materials and Supplies	853,506	796,106	562,995	-	562,995	233,111
Contractual Services	3,879,519	6,230,619	3,196,371	-	3,196,371	3,034,248
Other	310,000	310,000	645,183	(645,138)	45	309,955
Capital Outlay	8,500	8,500	-	25,378	25,378	(16,878)
Total Landfill	6,082,719	8,385,419	5,325,346	(620,641)	4,704,705	3,680,714
Total Operating Expenses Before Depreciation	16,436,986	18,662,286	14,085,577	(637,116)	13,448,461	5,213,825
Depreciation Expense	-	-	1,974,597	(1,974,597)	-	-
TOTAL OPERATING EXPENSES	16,436,986	18,662,286	16,060,174	(2,611,713)	13,448,461	5,213,825
Operating Income (Loss)	\$ 151,579	(2,073,721)	565,421	2,611,713	3,177,134	5,250,855

(Continued)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2012

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 15,000	15,000	25,839	-	25,839	10,839
Interest Earnings-Restricted	49,274	57,089	44,715	-	44,715	(12,374)
Discount Earnings	2,800	2,800	3,084	-	3,084	284
Miscellaneous	-	12,236	-	-	-	(12,236)
Gain (Loss) From Sale of Assets	-	-	(3,259)	3,259	-	-
Interest Expense	(567,126)	(567,126)	(543,807)	(23,317)	(567,124)	2
Gain (Loss) on Advance Refunding	-	-	(28,317)	28,317	-	-
Principal Paid Revenue Bond	(949,282)	(949,282)	-	(949,279)	(949,279)	3
Fiscal Agent Fees	-	(500)	(175)	-	(175)	325
Bond Issuance Cost Amortized	-	-	(14,328)	14,328	-	-
Construction	-	(1,460,290)	-	(12,882)	(12,882)	1,447,408
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,449,334)	(2,890,073)	(516,248)	(939,574)	(1,455,822)	1,434,251
Income (Loss) Before Contributions and Transfers	(1,297,755)	(4,963,794)	49,173	1,672,139	1,721,312	6,685,106
Transfers In:						
Solid Waste Fund	1,516,408	1,516,408	-	1,503,045	1,503,045	(13,363)
Transfers Out:						
Solid Waste Fund	(1,516,408)	(1,516,408)	-	(1,503,045)	(1,503,045)	13,363
Change in Net Assets	(1,297,755)	(4,963,794)	49,173	1,672,139	1,721,312	6,685,106
Total Net Assets-Beginning	7,343,951	7,343,951	7,343,951	-	7,343,951	-
Total Net Assets-Ending	\$ 6,046,196	2,380,157	7,393,124	1,672,139	9,065,263	6,685,106

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$	16,372,509
Receipts from interfund services provided		206,770
Payments to suppliers		(3,814,174)
Payments to employees		(5,678,285)
Payments for interfund services used		(3,789,555)
		(3,789,555)
Net cash provided by operating activities		3,297,265

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds		(1,298,316)
Transfer from other funds		1,694,301
		1,694,301
Net cash provided (used) by noncapital and related financing activities		395,985

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

Acquisition and construction of capital assets		(62,141)
Principal paid on capital debt		(949,279)
Interest paid on capital debt		(567,124)
		(567,124)
Net cash provided (used) by capital and related financing activities		(1,578,544)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments		(2,138,027)
Interest and dividends received		22,921
		22,921
Net cash provided (used) by investing activities		(2,115,106)

Net increase (decrease) in cash and cash equivalents		(400)
Cash and cash equivalents, October 1		1,900
Cash and cash equivalents, September 30	\$	1,500

(Continued)

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2012**

(Continued)

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

Operating income	\$	565,421
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		1,974,597
(Increase) decrease in landfill closure and post closure costs		645,138
(Increase) decrease in accounts receivable		(79,843)
Increase (decrease) in allowance for uncollectible accounts		33,518
(Increase) decrease in inventories		(3,266)
Increase (decrease) in accounts payable		157,232
Increase (decrease) in deferred revenues		10
Increase (decrease) in compensated absences payable		(3,679)
Increase (decrease) in accrued wages and employee benefits		8,137
 Total adjustments		 2,731,844
 Net cash provided by operating activities	 \$	 3,297,265

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

Current closure and post closure costs		645,138
Bond issuance cost amortized		14,328
Accrued Interest Payable		(23,317)
Sale of Assets		3,259

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

Agency Funds include:

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

FIRE RETIREE DEPENDENTS – to account for contributions made by city fire fighters and the City for expenses associated with health benefits premiums for retired fire fighters’ dependants.

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.

Pension Trust Funds include:

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

**CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012**

	<u>AGENCY FUNDS</u>			<u>PENSION TRUST FUND</u>	
	<u>POLICE RETIREE DEPENDENTS FUND</u>	<u>FIRE RETIREE DEPENDENTS FUND</u>	<u>PAYROLL CLEARING FUND</u>	<u>TOTAL AGENCY FUNDS</u>	<u>CITY ANNUITY FUND</u>
ASSETS					
Equity in Investment Pool	76,506	-	1,808,050	1,884,556	-
Accrued Interest Receivable	119	-	2,814	2,933	-
Accounts Receivable	-	80,631	2,755	83,386	-
Prepaid Items	-	-	1	1	-
TOTAL ASSETS	76,625	80,631	1,813,620	1,970,876	-
LIABILITIES					
Accounts Payable	9	-	1,790,276	1,790,285	-
Accrued Wages and Employee Benefits	-	-	23,344	23,344	-
Deferred Revenues	76,616	-	-	76,616	-
Due to Other Funds	-	80,631	-	80,631	-
TOTAL LIABILITIES	76,625	80,631	1,813,620	1,970,876	-
NET ASSETS					
Held in Trust for Pension Benefits, Plan Participants, and Other Purposes	-	-	-	-	-
	\$ -	-	-	-	-

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**CITY OF LAREDO, TEXAS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended September 30, 2012**

POLICE RETIREES DEPENDENTS FUND

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ -	461,840	461,840	-
Equity in Investment Pool	129,195	76,506	129,195	76,506
Accrued Interest Receivable	140	119	140	119
TOTAL ASSETS	<u>129,335</u>	<u>538,465</u>	<u>591,175</u>	<u>76,625</u>
LIABILITIES				
Accounts Payable	11	42	44	9
Deferred Revenue	129,324	3,651	56,359	76,616
TOTAL LIABILITIES	<u>\$ 129,335</u>	<u>3,693</u>	<u>56,403</u>	<u>76,625</u>

FIRE RETIREES DEPENDENTS FUND

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Accounts Receivable	\$ 18,280	80,631	18,280	80,631
TOTAL ASSETS	<u>18,280</u>	<u>80,631</u>	<u>18,280</u>	<u>80,631</u>
LIABILITIES				
Due to Other Funds	18,280	80,631	18,280	80,631
TOTAL LIABILITIES	<u>\$ 18,280</u>	<u>80,631</u>	<u>18,280</u>	<u>80,631</u>

(Continued)

CITY OF LAREDO, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended September 30, 2012

(Continued)

PAYROLL CLEARING FUND

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ -	97,275,502	97,275,502	-
Equity in Investment Pool	1,752,513	1,800,806	1,745,269	1,808,050
Accrued Interest Receivable	1,893	2,814	1,893	2,814
Accounts Receivable	2,694	1,209	1,148	2,755
Prepaid Items	-	1	-	1
TOTAL ASSETS	<u>1,757,100</u>	<u>99,080,332</u>	<u>99,023,812</u>	<u>1,813,620</u>

LIABILITIES

Accounts Payable	1,747,229	45,975,851	45,932,804	1,790,276
Accrued Wages and Benefits	9,871	7,780,374	7,766,901	23,344
TOTAL LIABILITIES	<u>\$ 1,757,100</u>	<u>53,756,225</u>	<u>53,699,705</u>	<u>1,813,620</u>

TOTALS-ALL AGENCY FUNDS

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ -	97,737,342	97,737,342	-
Equity in Investment Pool	1,881,708	1,877,312	1,874,464	1,884,556
Accrued Interest Receivable	2,033	2,933	2,033	2,933
Accounts Receivable	20,974	81,840	19,428	83,386
Prepaid Items	-	1	-	1
TOTAL ASSETS	<u>1,904,715</u>	<u>99,699,428</u>	<u>99,633,267</u>	<u>1,970,876</u>

LIABILITIES

Accounts Payable	1,747,240	45,975,893	45,932,848	1,790,285
Accrued Wages and Benefits	9,871	7,780,374	7,766,901	23,344
Due to Other Funds	18,280	80,631	18,280	80,631
Deferred Revenue	129,324	3,651	56,359	76,616
TOTAL LIABILITIES	<u>\$ 1,904,715</u>	<u>53,840,549</u>	<u>53,774,388</u>	<u>1,970,876</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. (Tables 1-5)

REVENUE CAPACITY

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. (Tables 6-10)

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

(Tables 11-16)

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. (Tables 17-20)

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report. (Tables 21-25)

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

TABLE 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	\$ 188,872,775	\$ 187,385,351	\$ 198,694,918	\$ 215,439,510	\$ 241,151,427	\$ 226,128,108	\$ 327,113,377	\$ 371,030,290	\$ 404,332,329	\$ 426,071,062
Restricted	29,412,088	20,473,785	34,889,245	42,590,216	13,422,271	18,974,742	21,193,295	23,051,240	24,088,965	22,027,504
Unrestricted	44,505,877	37,683,170	42,979,049	44,842,955	81,277,357	72,424,497	71,981,867	36,509,233	26,981,198	15,921,760
Total governmental activities net assets	\$ 262,790,740	\$ 245,542,306	\$ 276,563,212	\$ 302,872,681	\$ 335,851,055	\$ 317,527,347	\$ 420,288,539	\$ 430,590,763	\$ 455,412,492	\$ 464,020,326.00
Business-type activities										
Invested in capital assets, net of related debt	\$ 214,214,786	\$ 225,414,099	\$ 234,602,168	\$ 228,622,897	\$ 182,101,727	\$ 289,915,339	\$ 241,824,056	\$ 251,985,464	\$ 273,486,354	\$ 235,628,019
Restricted	7,954,704	8,618,508	11,147,151	10,970,742	11,615,850	24,336,104	17,621,503	16,685,175	25,879,932	29,616,876
Unrestricted	40,268,093	44,261,791	33,987,911	53,992,988	112,203,891	40,616,292	38,022,700	36,287,912	44,344,017	61,031,789
Total business-type activities net assets	\$ 262,437,673	\$ 278,294,398	\$ 279,737,230	\$ 293,586,627	\$ 306,921,468	\$ 354,867,735	\$ 297,466,259	\$ 304,978,551	\$ 343,720,303	\$ 356,276,684
Primary government										
Invested in capital assets, net of related debt	\$ 403,087,561	\$ 412,799,450	\$ 433,297,086	\$ 444,062,407	\$ 423,253,154	\$ 516,043,447	\$ 568,937,433	\$ 623,025,754	\$ 677,828,683	\$ 661,699,081
Restricted	37,366,882	29,092,293	46,036,396	53,560,958	25,038,121	43,310,846	38,814,798	39,746,415	49,978,897	51,644,380
Unrestricted	84,873,970	81,944,961	76,966,960	98,835,943	193,481,248	113,040,789	110,004,567	72,797,145	71,325,215	106,953,549
Total primary government net assets	\$ 525,328,413	\$ 523,836,704	\$ 556,300,442	\$ 596,459,308	\$ 641,772,523	\$ 672,395,082	\$ 717,756,798	\$ 735,569,314	\$ 799,132,795	\$ 820,297,010

SOURCE:

City of Laredo, Texas

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	\$ 16,693,444	\$ 32,457,409	\$ 16,356,901	\$ 17,637,852	\$ 18,314,193	\$ 19,219,026	\$ 20,403,447	\$ 33,057,032	\$ 33,212,469	\$ 31,034,892
Public Safety	61,576,788	73,213,859	76,692,946	81,993,355	86,550,055	95,322,249	101,317,492	96,731,529	108,220,849	109,306,566
Public Works	7,018,369	18,914,550	27,601,104	22,544,287	22,524,297	26,609,686	33,983,968	31,945,598	28,971,676	35,937,652
Health and Welfare	15,095,426	16,146,114	16,076,928	15,734,517	17,053,474	18,974,496	19,374,716	21,408,808	21,559,624	23,663,834
Culture and Recreation	12,631,869	14,283,487	19,304,006	14,770,220	14,836,677	16,311,284	19,137,914	21,989,636	24,351,217	25,468,060
Air Transportation	4,399,578	7,476,744	6,827,442	6,487,313	7,157,616	5,709,233	6,014,102	5,592,799	8,337,337	5,896,045
Interest on Long Term Debt	10,021,002	9,583,425	12,003,612	9,337,731	9,809,368	60,052,703	29,610,058	11,170,771	11,330,317	11,215,644
Total Governmental Activities Expenses	127,436,476	172,075,588	174,852,939	168,505,275	176,247,680	242,198,677	229,841,697	221,896,173	235,983,489	242,522,693
Business-Type Activities										
Bridge System	32,848,606	33,328,290	34,643,592	38,315,376	38,421,137	42,734,185	39,335,750	40,917,048	41,558,090	41,674,262
Solid Waste Management System	11,215,440	12,620,242	14,685,053	13,559,190	15,000,574	-	18,828,910	14,516,888	15,794,014	16,279,971
Water System	14,878,004	15,729,159	16,888,416	20,607,390	22,213,666	28,212,391	28,536,428	40,110,255	42,840,185	43,022,231
Sewer System	11,285,160	10,840,161	10,903,372	12,733,207	14,251,997	16,765,662	18,235,772	25,526,830	24,269,283	28,980,517
Other Business-Type Activities	13,157,048	14,304,763	15,428,595	15,077,621	15,744,459	33,051,340	15,734,541	17,278,725	16,439,140	17,238,383
Total Business-Type Activities Expenses	83,384,258	86,822,615	92,549,028	100,292,784	105,631,833	120,763,578	120,671,401	138,349,746	140,900,712	147,195,364
Total Primary Government Expenses	\$ 210,820,734	\$ 258,898,203	\$ 267,401,967	\$ 268,798,059	\$ 281,879,513	\$ 362,962,255	\$ 350,513,098	\$ 360,245,919	\$ 376,884,201	\$ 389,718,057
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 27,747,717	\$ 29,034,241	\$ 30,349,336	\$ 34,295,011	\$ 32,910,354	\$ 37,689,581	\$ 33,923,642	\$ 36,183,314	\$ 40,374,802	\$ 37,543,445
General Government	5,121,972	7,207,564	5,786,216	6,638,370	8,172,180	5,778,145	10,016,804	12,060,974	8,589,950	7,515,182
Public Safety	3,030,954	1,011,853	1,429,722	2,535,760	5,465,043	5,397,891	3,675,472	4,528,772	2,158,284	5,556,032
Public Works	5,977,562	5,029,827	9,739,625	8,564,712	9,392,593	12,351,506	10,452,002	9,832,614	11,998,683	13,793,256
Culture and Recreation	1,341,474	1,445,751	1,245,478	1,784,371	1,775,372	1,570,822	4,029,673	5,157,950	5,412,318	7,116,481
Air Transportation	4,261,466	3,741,185	3,851,003	4,066,353	4,838,526	4,828,695	4,624,053	5,516,704	4,586,437	4,966,208
Operating Grants and Contributions	13,576,179	13,072,709	14,751,179	11,946,958	12,987,906	13,930,222	18,369,080	21,833,031	23,499,660	22,085,334
Capital Grants and Contributions	29,905,003	13,084,915	14,271,496	16,859,762	18,236,216	15,342,851	30,660,628	48,006,390	36,020,500	29,525,040
Total Governmental Activities Program Revenues	90,960,327	73,638,045	81,424,055	86,691,297	93,777,890	98,889,713	115,751,352	143,119,749	132,640,834	127,900,978
Business-Type Activities:										
Charges for Services	34,836,756	35,574,197	39,308,141	42,757,164	41,642,985	48,757,093	43,736,439	45,913,716	46,433,396	47,365,449
Bridge System	13,894,945	14,531,305	15,000,859	15,802,217	16,645,945	-	15,570,572	16,014,354	16,657,612	16,625,595
Solid Waste Management System	15,429,092	18,902,648	18,736,507	25,215,914	28,217,432	28,832,337	30,032,089	29,859,060	36,301,316	38,825,686
Water System	12,969,437	13,296,851	14,409,247	15,606,262	15,157,406	15,820,522	21,401,432	22,884,626	27,711,393	28,734,011
Sewer System	4,031,725	4,144,719	4,768,926	5,382,835	5,760,012	22,222,109	5,393,258	5,447,624	5,384,915	5,453,483
Other Business-Type Activities	13,296,318	12,514,706	7,244,365	4,564,435	4,732,614	4,519,591	4,433,244	5,479,722	4,473,530	4,473,530
Operating Grants and Contributions	1,344,286	1,021,453	7,463,200	13,062,195	9,447,512	57,024,866	41,035,105	26,282,072	36,609,025	12,928,054
Capital Grants and Contributions	95,802,559	109,245,859	106,931,245	122,391,022	121,603,806	177,176,538	161,602,139	151,841,306	173,377,379	154,405,808
Total Business-Type Activities Program Revenues	186,762,886	182,883,904	188,355,300	209,082,319	215,381,696	274,066,251	277,353,491	294,961,055	306,018,213	282,306,786

(Continued)

(Continued)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental Activities	\$ (36,476,149)	\$ (98,437,543)	\$ (83,428,884)	\$ (81,813,978)	\$ (82,469,790)	\$ (145,308,964)	\$ (114,090,345)	\$ (78,776,424)	\$ (103,342,655)	\$ (114,621,715)
Business-Type Activities	12,418,301	22,423,244	14,382,217	22,098,238	15,971,973	58,412,960	40,930,738	13,491,560	32,476,867	7,210,444
Total Primary Government Net Expense	\$ (24,057,848)	\$ (76,014,299)	\$ (79,046,667)	\$ (59,715,740)	\$ (66,497,817)	\$ (86,896,004)	\$ (73,159,607)	\$ (65,284,864)	\$ (70,865,788)	\$ (107,411,271)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes	\$ 36,551,380	\$ 41,518,421	\$ 45,019,642	\$ 49,472,071	\$ 55,844,667	\$ 62,332,204	\$ 68,693,562	\$ 69,155,582	\$ 69,142,902	\$ 68,704,058
Property Taxes	22,807,995	24,563,316	26,628,764	30,151,183	31,476,528	32,648,289	29,801,861	29,790,610	39,050,113	38,152,946
Sales Tax	5,580,351	5,726,701	6,197,623	6,595,084	6,528,053	6,835,933	6,714,232	6,681,712	7,018,602	7,085,923
Franchise Taxes	2,965,282	2,849,026	2,718,679	3,054,454	3,392,027	3,331,021	2,718,253	3,087,561	4,117,956	4,228,417
Hotel/Motel Tax	233,288	266,345	279,198	318,415	341,440	334,273	323,349	308,966	329,521	298,772
Alcoholic Beverage Taxes	4,602,769	5,027,736	4,497,007	5,235,856	4,095,598	4,845,731	1,980,307	703,433	505,944	399,151
Grants and Contributions Not Restricted to Specific Programs	1,147,142	800,882	5,489,823	3,324,727	3,866,276	3,478,262	1,980,307	703,433	1,327,296	314,627
Investment Earnings	3,340,946	4,444,005	755,759	54,052	344,958	409,102	122,890	36,680	829,086	84,484
Bond Premium	-	-	-	-	-	1,227,777	1,893,419	-	5,842,964	3,961,171
Transfers	14,694,355	11,253,312	17,978,754	15,406,004	9,651,953	13,622,444	8,108,009	4,683,701	5,842,964	3,961,171
Total Governmental Activities	91,923,508	96,439,744	109,565,249	113,611,846	115,541,500	129,065,036	120,355,882	114,448,245	128,164,384	123,229,549
Business-Type Activities:										
Sales Tax	4,331,368	4,690,014	5,026,869	5,658,730	5,881,063	6,125,978	5,760,681	5,512,908	6,311,745	7,082,464
Investment Earnings	-	-	-	53,537	-	-	-	288,222	203,743	1,811,816
Gain/(Loss) on Sale of Capital Assets	430,777	(103,221)	12,500	143,756	133,758	393,328	512,769	(533,697)	152,893	23,254
Bond Premium	(14,694,355)	(11,253,312)	(17,978,754)	(15,406,004)	(9,651,953)	(13,622,444)	(8,108,009)	(4,683,701)	5,439,668	389,574
Transfers	(9,932,210)	(6,666,519)	(12,939,385)	(9,549,981)	(3,637,132)	(7,106,138)	(1,834,559)	583,732	6,265,085	5,345,937
Total Business-Type Activities	81,991,298	89,773,225	96,625,864	104,061,865	111,904,368	121,958,898	118,521,323	115,031,977	134,429,469	128,575,486
Change in Net Assets										
Governmental Activities	\$ 55,447,359	\$ (1,987,799)	\$ 16,136,365	\$ 31,797,868	\$ 33,071,710	\$ (16,243,928)	\$ 6,265,537	\$ 35,671,821	\$ 24,821,729	\$ 8,607,834
Business-Type Activities	2,486,091	15,756,725	1,442,832	12,548,257	12,334,841	49,306,822	39,096,179	14,075,292	38,741,752	12,556,381
Total Primary Government	\$ 57,933,450	\$ 13,768,926	\$ 17,579,197	\$ 44,346,125	\$ 45,406,551	\$ 33,062,894	\$ 45,361,716	\$ 49,747,113	\$ 63,563,481	\$ 21,164,215

SOURCE:

City of Laredo, Texas

**CHANGES IN FUND BALANCE,
GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS**

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:										
Taxes:										
Property	35,876,444	40,705,401	45,239,189	49,303,836	55,681,122	61,553,173	67,284,934	68,870,491	68,998,291	67,838,288
Sales	22,547,235	24,374,768	26,433,198	29,894,463	31,384,048	32,518,723	30,308,403	29,339,115	33,669,024	37,481,815
Franchise Fees	5,639,242	5,700,834	6,173,160	6,569,349	6,506,014	6,793,268	6,788,837	6,668,731	6,995,838	7,080,430
Binjo Tax	48,068	49,852	51,516	63,010	65,524	68,268	68,274	68,235	74,345	92,942
Alcoholic Beverage	231,114	260,277	272,500	302,462	341,130	337,545	325,611	304,894	341,545	289,303
Hotel Motel	2,692,876	3,298,899	2,659,077	3,024,062	3,330,740	3,327,146	2,755,027	3,077,683	4,055,510	4,227,798
Licenses and Permits	5,438,837	5,843,628	6,084,439	6,603,719	6,798,908	6,029,355	6,370,472	6,486,534	6,487,718	7,037,889
Intergovernmental	31,340,394	28,932,417	33,289,585	33,884,211	33,877,881	35,683,757	39,882,049	52,709,235	49,801,150	37,425,328
Charges for Services	24,703,403	26,623,867	27,684,715	31,162,211	31,310,668	37,045,771	37,636,101	41,728,421	46,032,265	46,032,265
Fines	2,303,065	2,726,372	2,930,319	2,901,019	3,147,585	3,046,728	3,392,829	3,794,101	3,762,977	3,631,708
Fees and Collections	2,246,309	2,270,772	2,481,061	3,004,802	3,396,329	3,492,841	3,837,470	3,592,488	3,547,545	3,916,479
Rent	5,116,014	4,922,493	5,068,865	5,679,488	6,314,430	6,545,628	5,714,968	6,462,548	5,731,032	6,012,866
Interest and Other	1,324,605	876,024	6,103,161	4,528,522	8,370,527	7,238,944	8,443,786	1,933,321	1,511,880	1,268,514
Miscellaneous	3,758,080	3,554,741	1,493,862	2,313,099	2,284,974	643,489	4,923,082	8,441,665	4,722,829	2,611,818
Contributions & Donations	728,198	2,356,387	871,866	924,530	1,008,606	988,331	95,240	18,271,618	10,951,450	18,780,987
Reimbursements	2,339,578	1,349,408	1,627,354	1,398,698	1,585,062	1,729,311	1,813,607	1,322,816	2,280,613	1,038,430
TOTAL REVENUES	146,231,462	153,846,140	168,733,867	181,912,289	195,310,918	207,652,298	216,160,690	253,287,613	244,660,168	244,766,658
EXPENDITURES:										
General Government	15,751,235	15,541,101	16,021,417	17,112,707	17,413,287	17,894,512	18,892,213	18,688,270	19,098,129	18,681,665
Public Safety	63,906,987	69,598,058	74,215,275	78,048,861	83,246,215	91,511,415	93,373,168	97,621,453	101,057,294	108,305,984
Public Works	11,409,863	9,530,699	9,487,014	10,129,429	12,974,330	11,967,902	18,923,375	13,683,613	10,185,108	12,957,347
Health and Welfare	15,303,051	15,683,517	15,802,606	15,377,413	16,703,368	18,507,725	18,734,227	20,447,413	20,160,803	22,578,990
Cultural and Recreational	13,154,166	13,764,161	14,844,259	15,415,751	15,921,447	15,658,222	18,337,167	21,478,230	23,640,666	24,675,468
Air Transportation Services	3,519,133	5,437,611	4,789,284	4,468,684	5,160,618	4,109,813	4,317,786	4,439,025	4,851,685	4,989,131
Capital Outlay	27,793,519	22,788,736	24,933,816	35,722,670	34,033,486	44,092,402	56,947,674	82,767,916	85,712,034	71,468,161
Contributions	3,620,000	11,914,519	-	-	-	-	-	-	-	-
Debt Service:										
Bond Costs	-	-	-	-	-	766,853	27,799,429	235,629	704,855	211,726
Principal Retirement	13,475,623	14,374,770	15,677,894	16,693,119	16,896,948	17,398,209	18,626,220	12,945,169	10,246,364	13,058,227
Interest and Fiscal Expenditures	9,773,987	9,393,084	9,119,608	8,639,131	9,250,941	12,691,697	15,621,180	10,711,226	10,866,914	11,071,614
TOTAL EXPENDITURES	177,707,134	188,026,176	184,891,173	201,627,935	210,990,640	234,598,750	291,572,439	283,017,944	286,323,852	287,998,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,475,672)	(34,180,036)	(16,157,306)	(19,715,646)	(15,679,722)	(26,946,452)	(75,411,749)	(29,750,331)	(41,665,684)	(43,231,455)
OTHER FINANCING SOURCES (USES):										
Transfers In	46,184,832	25,289,958	36,174,419	35,881,412	26,222,228	37,533,557	40,622,386	29,605,450	46,695,942	41,973,360
Issuance of Debt	15,928,240	-	75,154,978	35,165,000	76,160,000	79,855,000	56,980,000	8,715,629	23,168,078	9,764,975
Bond Premium	-	-	-	-	-	1,227,777	1,860,783	-	828,086	88,867
Bond Discounts	-	-	-	-	-	-	-	-	-	(4,369)
Payment to refunded bond escrow agent	(4,629,841)	-	(62,639,409)	(18,796,378)	(16,463,011)	(23,493,174)	(9,317,149)	(9,230)	(3,317,933)	(2,112,731)
Transfers Out	(31,469,194)	(14,023,498)	(21,272,956)	(20,405,531)	(16,463,011)	(46,471,173)	9,340,787	(24,521,749)	(39,073,000)	(37,198,426)
Contributions	-	-	-	1,600,000	4,349,665	(102,232)	1,330,425	807,663	-	-
Capital Leases	-	14,307,219	-	52,673	334,354	194,959	121,669	33,461	1,375,078	318,617
Sale of Assets	3,542,655	4,546,896	754,683	52,673	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	29,556,692	30,130,575	28,171,715	33,517,176	90,603,236	48,744,714	77,126,244	15,153,986	30,509,904	12,830,279
Net Change in Fund Balances	(1,918,980)	(4,049,461)	12,014,409	13,801,530	74,923,514	21,798,262	1,714,495	(14,596,345)	(11,153,790)	(30,401,176)
Debt Service as a Percentage of non-capital expenditures	15.51%	14.38%	15.50%	15.27%	14.83%	15.79%	14.60%	11.81%	10.52%	11.14%

SOURCE:

City of Laredo, Texas

**FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

CITY OF LAREDO, TEXAS

TABLE 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,937	\$ 4,349
Restricted	-	-	-	-	-	-	-	-	786,681	1,641,354
Committed	-	-	-	-	-	-	-	-	22,393,198	22,988,878
Assigned	-	-	-	-	-	-	-	-	1,613,435	-
Unassigned	-	-	-	-	-	-	-	-	10,712,189	12,230,468
Reserved	868,913	1,216,553	1,461,135	1,663,551	1,376,988	1,297,655	1,516,661	2,122,655	-	-
Unreserved	9,151,113	9,110,554	12,860,386	19,425,653	21,769,926	25,322,950	29,175,762	32,823,677	-	-
Total General Fund	\$ 10,020,026	\$ 10,327,107	\$ 14,321,521	\$ 21,089,204	\$ 23,146,914	\$ 26,620,605	\$ 30,692,423	\$ 34,946,332	\$ 35,520,440	\$ 36,865,039
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,161	\$ 106,717
Restricted	-	-	-	-	-	-	-	-	104,259,849	72,008,350
Committed	-	-	-	-	-	-	-	-	6,756,570	7,729,123
Assigned	-	-	-	-	-	-	-	-	11,709,333	13,515,966
Unassigned (Deficit)	-	-	-	-	-	-	-	-	(125,741)	(2,386,759)
Reserved	29,210,173	19,129,472	20,376,787	16,551,117	29,244,789	26,694,766	36,478,312	81,538,217	-	-
Unreserved, reported in:										
Special Revenue Funds	15,041,595	8,196,925	447,743	6,866,441	7,725,320	12,831,254	25,473,486	27,163,981	-	-
Debt Service Funds	5,537,538	4,592,744	5,634,547	6,508,489	5,946,381	9,293,964	6,636,000	-	-	-
Capital Project Funds	1,059,628	14,573,251	28,053,310	34,329,414	94,204,775	106,834,652	84,709,516	25,754,862	-	-
Total all other governmental funds	\$ 50,848,934	\$ 46,492,392	\$ 54,512,387	\$ 64,255,461	\$ 137,121,265	\$ 155,654,636	\$ 153,297,314	\$ 134,447,060	\$ 122,719,172	\$ 90,973,397

NOTES:

* GASB Statement No. 54 was implemented in fiscal year 2011

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
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
2009	67,284,934	30,308,403	325,611	68,274	2,775,027	6,788,837	107,551,086
2010	68,870,491	29,339,115	304,894	68,235	3,077,683	6,668,731	108,329,149
2011	68,998,291	33,669,024	341,545	74,345	4,055,510	6,995,838	114,134,553
2012	\$ 67,838,288	\$ 37,481,815	\$ 289,303	\$ 92,942	\$ 4,227,796	\$ 7,080,430	\$ 117,010,574

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 6

FISCAL PERIOD	TOTAL TAX LEVY FOR FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT COLLECTED	PERCENTAGE OF LEVY		AMOUNT COLLECTED	PERCENTAGE OF LEVY
2003	\$ 35,384,032	\$ 33,426,302	94.47	1,722,431	\$ 35,148,733	99.34
2004	39,396,804	37,461,655	95.09	1,665,098	39,126,753	99.31
2005	43,378,278	41,693,911	96.12	1,457,478	43,151,389	99.48
2006	47,726,893	45,951,954	96.28	1,562,412	47,514,366	99.55
2007	53,847,576	52,024,898	96.62	1,562,919	53,587,817	99.52
2008	59,690,336	57,843,306	96.91	1,546,187	59,389,493	99.50
2009	65,419,993	63,194,853	96.60	1,814,890	65,009,743	99.37
2010	66,652,507	64,379,305	96.59	1,710,972	66,090,277	99.16
2011	67,016,086	65,241,316	97.35	992,217	66,233,533	98.83
2012	\$ 66,842,112	\$ 64,818,395	96.97	-	\$ 64,818,395	96.97

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			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)	TOTAL DIRECT TAX RATE		
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%	
2009	6,654,553,665	6,654,553,665	4,402,760,384	4,402,760,384	671,339,004	10,385,975,045	10,385,975,045	0.637000	100%	
2010	6,825,803,972	6,825,803,972	4,571,159,052	4,571,159,052	773,831,223	10,623,131,810	10,623,131,810	0.637000	100%	
2011	6,938,223,832	6,938,223,832	4,460,292,962	4,460,292,962	761,010,658	10,637,506,136	10,637,506,136	0.637000	100%	
2012 \$	6,909,967,001 \$	6,909,967,001 \$	4,454,071,509 \$	4,454,071,509 \$	779,291,720 \$	10,584,746,790 \$	10,584,746,790 \$	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. Veteran exemptions range from \$1,500 to \$3,000, based on disability percentage. Agriculture valuations represent land used for ranching and farming.

Does not reflect appeal adjustments after July assessment date.

SOURCE:

July Certified Tax Rolls received from Webb County Appraisal District.

**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
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TAX RATES (per \$100 of assessed value)

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
2009	0.63700	0.42006	1.27400	1.18487	0.22110
2010	0.63700	0.42006	1.27400	1.19486	0.22720
2011	0.63700	0.42005	1.27400	1.19486	0.23812
2012	0.63700	0.42005	1.27400	1.19486	0.25854

TAX LEVIES

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
2009		65,642,009		55,559,866		27,408,723		108,147,626		23,297,634
2010		66,926,927		56,069,370		27,210,755		111,038,081		24,304,862
2011		67,184,974		57,474,928		27,078,969		112,407,770		25,422,145
2012	\$	66,842,112	\$	59,565,434	\$	27,100,362	\$	122,310,106	\$	27,353,531

SOURCES:

City of Laredo, Texas
Webb County Appraisal District Office

**SPECIAL ASSESSMENTS BILLING 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
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
2009	7,144	41,084	38,462	79.75%	9,766
2010	9,766	16,420	17,142	65.46%	9,044
2011	9,044	37,404	38,578	83.06%	7,870
2012	\$ 7,870	\$ 29,593	\$ 30,976	82.68%	\$ 6,487

NOTES:

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

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

SOURCE:

City of Laredo, Texas

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2012**

CITY OF LAREDO, TEXAS

Table 10

TAXPAYER	TYPE OF BUSINESS	2012 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Laredo Texas Hospital Co. LP	Hospital	\$103,826,630	0.98%
AEP Texas Central Company	Utility	53,470,930	0.51%
Mall Del Norte, LLC	Retail	51,752,510	0.49%
The GEO Group, Inc	Correctional	49,979,180	0.47%
Laredo Regional Medical Center, LP	Medical	41,405,090	0.39%
AEP Electric Transmission of Texas, LLC	Utility	40,634,910	0.38%
International Bank of Commerce	Financial	39,033,603	0.37%
Halliburton Energy Services	Oil and Gas	37,396,790	0.35%
Killam Ind. Dev. Partnership LTD	Real Estate	30,143,550	0.28%
H.E. Butt Grocery Company	Retail	28,283,840	0.27%
TOTAL		\$475,927,033	4.50%

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2002**

TAXPAYER	TYPE OF BUSINESS	2002 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Central Power & Light Company	Utility	\$57,415,820	1.22%
Laredo Regional Medical Center	Medical	32,157,120	0.68%
Southwestern Bell	Utility	31,768,140	0.67%
Killam In. Dev. Partnership Ltd.	Development	28,716,450	0.61%
Lone Star Mall Assoc.	Retail	27,063,580	0.57%
Webb County Correction Center	Correctional	22,058,370	0.47%
U.S. Cold Storage	Cold Storage	17,364,240	0.37%
Paragon Cable	Utility	15,079,250	0.32%
Transport International Pool Inc.	Transportation	14,235,030	0.30%
Laredo National Bank	Financial	12,933,050	0.27%
Total		\$258,791,050	5.48%

Numbers show total comparison for principal taxpayers as of 2012 and 10 years 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 \$.124674 of the total tax rate.

Assessed value based on 2011 tax roll		\$10,576,729,269
Maximum amount of bonded indebtedness based on such assessed value (10%).....		\$1,057,672,927
Amount of debt applicable to said maximum debt limit:		
Total General Obligation Bonds and Certificates of Obligations ...	\$190,763,723	
(Percentage of G. O. and C. O. debt to assessed value)	1.80%	
Less: Debt Service Fund Balance as of September 30, 2012.....	\$6,102,576	
Total Amount of debt applicable to debt limit		\$184,661,147
The Debt Margin between current indebtedness and maximum allowable indebtedness		\$873,011,780

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
2003	207,611	\$ 5,558,982,217	\$ 151,940,000	\$ 5,537,538	\$ 146,402,462	2.6336%	\$ 705.18
2004	214,000	6,018,438,664	152,500,000	4,592,744	147,907,256	2.4576%	691.16
2005	215,375	5,992,130,874	153,725,000	5,634,547	148,090,453	2.4714%	687.59
2006	224,695	6,783,309,499	158,972,282	6,508,489	152,463,793	2.2476%	678.54
2007	231,470	7,449,143,814	221,132,050	5,946,381	215,185,669	2.8887%	929.65
2008	237,396	8,408,036,926	286,235,467	5,990,320	280,245,147	3.3331%	1,180.50
2009	233,152	9,393,528,747	358,833,263	6,636,000	352,197,263	3.7494%	1,510.59
2010	244,580	10,385,975,045	342,955,001	6,529,078	336,425,923	3.2392%	1,375.53
2011	236,091	10,634,156,096	334,374,769	8,272,028	326,102,741	3.0666%	1,381.26
2012	241,935 (2)	\$ 10,576,729,269	\$ 321,438,433	\$ 6,102,576	\$ 315,335,857	2.9814%	\$ 1,303.39

NOTES:

- (1) Includes General Obligation and Certificates of Obligation Bonds.
- (2) Estimated

SOURCES:

City of Laredo, Texas

(A) Information was obtained from City of Laredo Planning and Zoning Department

**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
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%
2009	17,490,000	15,990,496	33,480,496	263,773,010	12.69%
2010	11,228,852	10,717,973	21,946,825	282,782,315	7.76%
2011	10,246,364	10,866,914	21,113,278	286,323,852	7.37%
2012	13,058,227	11,071,614	24,129,841	287,998,313	8.38%

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, 2012**

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	<u>\$190,763,723</u>	100.00%	<u>\$190,763,723</u>
Overlapping:			
Webb County	64,775,000	67.74%	43,878,585
Laredo Independent School District	176,969,910	100.00%	176,969,910
United Independent School District	263,563,108	76.03%	200,387,031
Laredo Community College	<u>243,513,518</u>	100.00%	<u>243,513,518</u>
Total Overlapping	<u>748,821,536</u>		<u>664,749,044</u>
Total	<u><u>\$939,585,259</u></u>		<u><u>\$855,512,767</u></u>

COMMENT:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimated the portion of the outstanding debt of those overlapping governments that is borne by the City residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is within the City's boundaries and dividing by the entities' total taxable assessed value.

Both the Laredo Independent School District and Laredo Community College District are contained entirely within the City of Laredo Tax District.

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	34,836,756	8,728,556	26,108,200	4,110,000	2,768,415	6,878,415	3.80
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	25,296,546	42,674,540	6,135,000	5,432,756	11,567,756	3.69
Bridge	35,574,197	9,210,546	26,363,651	4,320,000	2,476,347	6,796,347	3.88
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	69,962,545	25,728,650	44,233,895	12,375,000	5,175,212	17,550,212	2.52
Bridge	39,231,949	10,020,392	29,211,557	5,482,228	4,039,577	9,521,805	3.07
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	27,862,839	50,684,111	7,777,228	6,784,507	14,561,735	3.48
Bridge	42,757,164	10,851,262	31,905,902	3,866,378	4,482,527	8,348,905	3.82
Water	24,047,927	14,010,809	10,037,118	1,263,000	704,275	1,967,275	5.10
Sewer	14,010,809	8,486,409	5,524,400	839,000	458,565	1,297,565	4.26
Sports Venue	6,614,948	173,785	6,441,163	930,000	1,818,838	2,748,838	2.34
Total 2006	87,430,848	33,522,265	53,908,583	6,898,378	7,464,205	14,362,583	3.75
Bridge	41,642,971	11,426,566	30,216,405	3,940,134	4,313,536	8,253,670	3.66
Water	26,483,082	15,098,280	11,384,802	1,558,000	986,146	2,544,146	4.47
Sewer	14,149,488	9,533,193	4,616,295	951,000	629,571	1,580,571	2.92
Sports Venue	7,344,091	240,967	7,103,124	1,040,000	1,777,551	2,817,551	2.52
Total 2007	89,619,632	36,299,006	53,320,626	7,489,134	7,706,804	15,195,938	3.51

(Continued)

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

CITY OF LAREDO, TEXAS

TABLE 15

(Continued)

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	----DEBT SERVICE REQUIREMENTS----			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	48,757,080	12,003,151	36,753,929	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	38,836,465	59,166,480	8,051,070	8,081,201	16,132,271	3.67
Bridge	43,724,135	11,499,210	32,224,925	4,171,233	4,151,127	8,322,360	3.87
Water	28,883,564	17,782,323	11,101,241	2,158,000	1,121,489	3,279,489	3.39
Sewer	20,362,272	9,431,314	10,930,958	1,364,000	890,814	2,254,814	4.85
Sports Venue	6,509,630	469,113	6,040,517	1,285,000	1,679,338	2,964,338	2.04
Total 2009	99,479,601	39,181,960	60,297,641	8,978,233	7,842,768	16,821,001	3.58
Bridge	46,097,657	11,365,703	34,731,954	4,863,665	3,923,865	8,787,530	3.95
Water	29,152,173	17,217,851	11,934,322	6,505,300	6,019,456	12,524,756	0.95
Sewer	22,808,510	12,091,058	10,717,452	4,944,669	2,958,338	7,903,007	1.36
Sports Venue	6,193,405	541,473	5,651,932	1,430,000	1,616,288	3,046,288	1.86
Total 2010	104,251,745	41,216,085	63,035,660	17,743,634	14,517,947	32,261,581	1.95
Bridge	46,511,403	11,577,331	34,934,072	5,087,435	3,697,171	8,784,606	3.98
Water	35,136,866	17,237,107	17,899,759	9,544,541	8,737,268	18,281,809	0.98
Sewer	27,603,852	12,615,092	14,988,760	5,176,563	3,083,142	8,259,705	1.81
Sports Venue	6,993,484	285,418	6,708,066	1,575,000	1,539,194	3,114,194	2.15
Total 2011	116,245,605	41,714,948	74,530,657	21,383,539	17,056,775	38,440,314	1.94
Bridge	47,441,157	33,792,015	13,649,142	12,562,590	3,411,251	15,973,841	0.85
Water	37,377,655	19,443,290	17,934,365	6,935,076	9,243,574	16,178,650	1.11
Sewer	28,556,706	14,050,528	14,506,178	6,628,809	3,460,200	10,089,009	1.44
Sports Venue	7,716,848	575,086	7,141,762	1,900,000	1,963,443	3,863,443	1.85
Total 2012	121,092,366	67,860,919	53,231,447	28,026,475	18,078,468	46,104,943	1.15

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					
	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Capital Lease Obligations	Notes Payable		General Obligation Bonds	Certificates of Obligations	Revenue Bonds	Capital Lease Obligations	Notes Payable	
2003	\$ 87,705,000	\$ 77,210,000	\$ 39,410,000	\$ 2,023,643	\$ 1,445,000	\$ -	\$ -	\$ -	\$ 60,471,080	\$ -	\$ 35,760,468	\$ -
2004	74,435,000	78,065,000	38,360,000	1,482,916	1,275,000	-	-	-	70,500,273	-	37,233,251	-
2005	88,040,000	65,685,000	37,135,000	1,960,619	1,190,000	-	-	-	95,751,703	-	25,519,803	-
2006	79,690,000	76,250,000	36,205,000	2,629,868	1,105,000	-	-	-	104,293,969	-	24,513,658	-
2007	72,200,000	145,745,000	35,165,000	5,165,702	1,020,000	-	-	-	116,533,053	-	23,478,758	-
2008	64,585,000	218,255,000	34,005,000	3,297,905	935,000	-	-	-	114,675,138	-	22,413,922	-
2009	27,989,344	172,020,000	32,720,000	1,730,061	850,000	32,100,655	115,815,000	108,065,223	-	-	21,317,923	-
2010	24,945,491	167,815,685	31,290,000	938,307	765,000	26,894,509	123,299,316	107,656,600	-	-	20,494,474	-
2011	25,154,037	168,839,892	40,160,000	1,175,951	680,000	26,835,731	113,545,109	181,297,000	-	-	19,637,040	-
2012	\$ 23,701,636	\$ 167,062,087	\$ 38,260,000	\$ 702,875	\$ 595,000	\$ 26,171,798	\$ 104,502,912	\$ 252,437,961	\$ -	\$ -	\$ 18,744,450	\$ -
2003	\$ 304,025,191	\$ 3,793,956,000	\$ 1,464	8.01%								
2004	301,351,440	4,041,613,000	1,477	7.46%								
2005	315,282,125	4,454,781,000	1,464	7.08%								
2006	324,687,495	4,748,324,000	1,445	6.84%								
2007	399,307,513	5,077,310,000	1,725	7.86%								
2008	458,166,965	5,567,524,000	1,930	8.23%								
2009	512,608,206	5,624,141,000	2,199	9.11%								
2010	504,099,382	5,977,993,000	2,061	8.43%								
2011	577,324,760	6,408,612,000	2,445	9.01%								
2012	\$ 632,178,719	\$ Not Available	2,613	Not Available								

NOTES:

(1) Median income data for calculation of Percentage of Personal Income calculation for 2012 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

	1990 Census	2000 Census	2010 Census	
TOTAL POPULATION BY RACE:				
WHITE	87,048	145,267	207,067	
AFRICAN AMERICAN	144	652	1,110	
OTHER	35,707	31,524	27,914	
HISPANIC PERCENTAGE	93.86%	94.10%	95.62%	
TOTAL HOUSEHOLDS	33,998	46,852	63,545	
HOUSEHOLD POPULATION	122,899	173,532	232,612	
AVERAGE HOUSEHOLD SIZE	3.61	3.70	3.66	
TOTAL POPULATION BY AGE:				
0-5	17,081	18,516	22,919	
6-13	20,316	18,620	46,313	
14-17	10,093	16,054	21,895	
18-24	17,987	29,608	17,223	
25-34	20,316	28,489	33,379	
35-44	14,752	23,657	32,665	
45-54	9,964	17,104	25,610	
55-64	8,541	10,746	17,483	
65+	10,223	13,782	18,604	
MEDIAN AGE TOTAL POPULATION	27.7	26.9	27.9	
MEDIAN AGE ADULT POPULATION	36.8	36.8	38.8	
HOUSEHOLD INCOME:				
\$ 0 -	\$ 7,499	7,639	5,398	N/A
\$ 7,500 -	\$ 9,999	3,074	1,799	6,337
\$ 10,000 -	\$ 14,999	4,169	4,996	4,976
\$ 15,000 -	\$ 24,999	5,600	8,208	9,200
\$ 25,000 -	\$ 34,999	3,865	6,814	8,092
\$ 35,000 -	\$ 49,999	3,226	7,078	10,066
\$ 50,000 -	\$ 74,999	1,765	6,780	9,903
\$ 75,000 +		1,096	5,835	13,818
MEDIAN HOUSEHOLD INCOME	15,610	29,108	38,495	
AVERAGE HOUSEHOLD INCOME	N/A	N/A	52,457	
MEDIAN FAMILY INCOME	17,532	30,449	39,848	
AGGREGATE HOUSEHOLD INCOME	708,920	N/A	2,247,434	
PERSONAL INCOME	1,264,416,000	2,933,682,000	3,370,820,805	

SOURCE:

(Continued)

Laredo Chamber of Commerce

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 17

(Continued)

FISCAL PERIODS	CIVILIAN LABOR FORCE	UNEMPLOYMENT	UNEMPLOYMENT RATE	EMPLOYMENT
2003	76,985	4,998	6.49%	71,987
2004	81,839	4,655	5.69%	77,184
2005	81,721	4,103	5.02%	77,618
2006	86,447	3,938	4.56%	82,509
2007	84,800	3,680	4.34%	81,120
2008	86,187	4,647	5.39%	81,540
2009	91,457	7,756	8.48%	83,701
2010	90,396	6,776	7.50%	83,620
2011	93,034	7,230	7.77%	85,804
2012	96,330	5,840	6.06%	90,490

SOURCE:

Texas Labor Market Information

Numbers as of September 30 each year.

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

CITY OF LAREDO, TEXAS

TABLE 17

(Continued)

GROWTH INDICATORS (2)

FISCAL PERIODS	ELECTRIC (1)	GAS	WATER	SEWER	POSTAL RECEIPTS (3)
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	23,852	55,252	52,565	15,510,000
2006	70,083	24,102	57,489	54,568	16,420,000
2007	72,624	28,486	59,409	56,065	17,120,000
2008	78,080	28,477	60,519	57,851	18,142,000
2009	75,042	28,680	61,171	57,903	19,132,000
2010	75,497	28,862	62,195	58,726	18,500,644
2011	77,141	28,942	63,703	59,955	18,186,133
2012	78,585	29,483	65,288	61,191	17,276,826

NOTES:

(1) Electric increase was estimated by 4.00% for 2002 - 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 entity

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

FISCAL PERIODS	COMMERCIAL CONSTRUCTION (A)		RESIDENTIAL CONSTRUCTION (A)		PROPERTY VALUE (A)			
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	COMMERCIAL	RESIDENTIAL	VACANT PROPERTY	EXEMPTIONS (1)
2003	860	\$ 71,199,808	1495	\$ 128,619,147	\$ 2,216,703,462	\$ 3,075,832,429	\$ 297,613,702	\$ 519,598,749
2004	1020	150,716,661	1342	126,225,481	2,665,287,322	3,214,021,140	298,947,650	623,203,260
2005	1132	178,001,202	1847	198,367,334	3,003,777,851	3,643,413,881	284,434,270	575,505,390
2006	721	166,713,553	2281	221,625,892	3,251,967,681	4,022,266,136	307,462,870	605,370,550
2007	520	180,125,787	2024	198,450,164	3,538,252,162	4,689,485,109	342,911,010	670,387,610
2008	278	152,367,779	1250	132,572,308	3,971,864,502	5,699,588,209	369,653,970	647,577,934
2009	148	52,017,727	709	96,056,087	4,402,760,384	6,257,490,215	397,063,450	671,339,004
2010	110	70,266,920	622	96,580,902	4,571,159,052	6,448,188,579	377,615,393	773,831,223
2011	85	94,785,851	641	108,466,180	4,460,292,962	6,488,371,519	374,194,726	761,010,658
2012	126	\$ 172,267,390	935	\$ 150,077,555	\$ 4,454,071,509	\$ 6,557,864,234	\$ 352,102,767	\$ 779,291,720

NOTES:

(1) Total exemptions include Homestead, Veteran, Agricultural exemptions. Veterans valuations range from \$ 1,500 to \$ 3,000 based on disability percentage. Agriculture valuates 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, 2012**

CITY OF LAREDO, TEXAS

TABLE 19

EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
United Independent School District	6,179	6.83%
Laredo Independent School District	4,500	4.97%
City of Laredo	2,371	2.62%
U.S. Border Patrol	2,000	2.21%
H.E.B Grocery	1,552	1.72%
Webb County	1,500	1.66%
Laredo Medical Center	1,500	1.66%
Texas A&M International University	1,215	1.34%
McDonald's Restaurants	1,200	1.33%
Wal-Mart	937	1.04%

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2002**

United Independent School District	3,893	5.73%
Laredo Independent School District	3,349	4.93%
City of Laredo	2,080	3.06%
Mercy Regional Medical Center	2,000	2.94%
Webb County	1,270	1.87%
H.E.B Grocery Company	1,184	1.74%
U.S. Border Patrol	1,129	1.66%
McDonald's Restaurants	1,113	1.64%
Laredo Community Collge	991	1.46%
Texas A&M International University	696	1.02%

Principal Employers numbers as of September 2012 and 10 years ago.

Source:

Laredo Development Foundation

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2012**

CITY OF LAREDO, TEXAS

TABLE 20

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Texas A&M International University	Education	70,087,100
Laredo Community College	Education	44,962,800
United High School	Education	44,859,600
Laredo Municipal Housing Corp.	Housing	30,476,600
Webb County Jail	County Jail	21,775,800
Laredo Regional Medical Center	Hospital	18,725,100
Towne North Mobil Homes	Housing	13,868,500
La Bota Ranch Owner Association	Housing	13,237,600
UISD LBJ High School	Education	13,022,300
Clarks Crossing Apartments	Housing	12,699,300

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2002**

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Mercy Health Center	Hospital	87,504,000
Webb County Jail	County	21,541,700
Texas A&M International University	Education	17,974,600
C P & L Power Plant	Electricity	17,560,100
City of Laredo	Government	14,770,500
United High School	Education	13,163,199
Holiday Inn - Laredo	Hotel	12,367,900
Corrections Corp. of America	Correction	11,543,800
Laredo Motel Corp.	Motel	11,016,500
Retama Manor South	Nursing Home	10,672,100

(1) Total consumption by gallon

Numbers show total comparison for principal water consumers as of fiscal year 2012 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, 2012:	2,302
Number of City Departments as of September 30, 2012:	23

**Area in square miles by ten year periods for the last 50
years and annually for the last ten years**

YEAR	LAND AREA	INCREASE	TOTAL
1960	13.12	-	13.12
1970	13.12	7.12	20.24
1980	20.24	13.26	33.50
1990	33.50	4.57	38.07
2000	38.07	1.13	79.95
2001	79.95	4.48	81.37
2002	81.37	1.12	81.71
2003	81.71	1.42	83.97
2004	83.97	0.34	84.40
2005	84.40	2.26	85.75
2006	85.75	0.26	86.01
2007	86.01	2.95	88.96
2008	88.96	0.36	89.53
2009	89.53	-	89.53
2010	89.53	0.87	90.40
2011	90.40	1.66	92.06
2012	92.06	0.00	92.06

ELECTIONS

(continued)

Number of Registered Voters: 110,641

NUMBER OF VOTES CAST IN

Last Municipal Election: Nov 6 49,816

% OF REGISTERED VOTER VOTING IN

Last Municipal Election: Nov 6 45.02%

TRANSPORTATION

AIRPORTS

Number of Airports: 1

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

Scheduled Airplane Flights
Per Day Departing: Monday - Friday 8 Flights per day
Saturday - Sunday 8 Flights per day

Scheduled Airplane Flights
Per Day Arriving: Monday - Friday 8 Flights per day
Saturday - Sunday 8 Flights per day

Passengers Enplaning: 97,310 per year

Passengers Deplaned: 95,559 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: 4,418,558

Number of Crossing Commercial
Vehicles: 1,784,104

Number of Crossing Pedestrians
(includes bicycles): 2,946,244

Total Tolls: \$ 44,467,962

RAILROADS

(continued)

Number of Railroads:	2
Names of Railroads:	Union Pacific Railroad Kansas City Southern Railroad

HIGHWAYS

Number of Highways:	4
Name of Major Highways:	IH 35 - to San Antonio, Dallas & North to the Canadian Border Hwy. 59 - to Houston, New Orleans & East Hwy. 359 - to Corpus Christi Hwy. 83 - to Brownsville (East) & El Paso (West)

BUS LINES

Name of Local Bus Lines:	Laredo Transportation Management Inc. (El Metro) El Aguila Rural Transportation (Webb County)
Number of Adult Passengers:	1,747,409
Number of Elderly & Handicapped- Paid:	228,049
Number of Elderly & Handicapped- Free:	537,386
Number of Students:	192,501
Number of Children- Paid:	109,026
Number of Children- Free:	69,874
Number of I.D. Cards for Elderly:	3,825
Number of Medical Cards:	1,906
Number of Service Miles:	1,961,651
Number of Charter Miles:	n/a
Number of Employees:	162
Name of Interstate Bus Lines:	Autobuses Latinos de Greyhound El Conejo Americanos USA Turimex Valley Transit Sendor Kerrville Bus Company

FIRE PROTECTION

(continued)

Number of Stations:	14
Number of Hydrants:	3,316
Number of Fire Pumpers:	14
Number of Aerial Trucks:	3
Number of Ambulances:	9
Number of Crash Trucks:	1
Number of Brush Trucks:	7
Number of Haz-Mat Trucks:	1
Number of Firefighters/ EMT's/ Paramedics:	382
Employees per 1,000 Population:	1.62

POLICE PROTECTION

Number of Stations:	1 Police Headquarters
Number of Neighborhood Policing Stations:	18
Number of Sworn Officers:	439
Number of Vehicular Patrol Units:	297
Employees per 1,000 Population:	1.859
Number of Law Violations:	32,377
Number of Physical Arrests:	8,613
Number of Traffic Violations:	31,283
Number of 911 Calls:	196,802
Number of Non-911 Calls:	264,904

MEDICAL FACILITIES

Number of Hospitals:	4
Number of Clinics:	59
Number of Nursing Homes:	3
Number of Ambulance Services:	12

PUBLIC WORKS

(continued)

WATERWORKS SYSTEM

Miles of Water Mains:	716
Daily Average Consumption:	28.4 MGD
Plant Capacity:	65 M.G.D.
Storage Capacity:	51.161 M.G.
Water Rights Owned:	60,648.81 A.C./F.T.
Source of Water:	Rio Grande River
Number of Service Connections:	65,288

SEWER SYSTEM

Miles of Sanitary Sewer:	500
Number of Lift Stations:	71
Daily Average Treatment:	18.9 MGD
Maximum Capacity of Treatment Plants:	25.1 MGD
Number of Disposal Plants:	6
Number of Service Connections:	61,191

SOLID WASTE

Number of Garbage Connections:	56,797
Solid Waste Disposal Type:	Type I Landfill

STREETS

Number of Paved Streets:	10,646
Number of Unpaved Streets:	16 Blocks
Miles of Paved Streets:	664 Miles
Miles of Unpaved Streets:	1.33 miles

EDUCATIONAL

(continued)

LAREDO INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	4
Number of Magnet Schools:	3
Number of Classrooms:	402
Number of Administrative Personnel:	24
Number of Teachers:	391
Number of Students:	5,759
Annual Budget:	\$38,199,636
Number of Middle Schools:	4
Number of Classrooms:	277
Number of Administrative Personnel:	16
Number of Teachers:	304
Number of Students:	4,838
Annual Budget:	\$26,363,793
Number of Elementary Schools:	20
Number of Classrooms:	835
Number of Administrative Personnel:	45
Number of Teachers:	766
Number of Students:	14,218
Annual Budget:	\$71,793,831

UNITED INDEPENDENT SCHOOL DISTRICT

(continued)

Number of Senior High Schools:	4
Number of Magnet Schools:	3
Number Alternative Education Schools:	1
Number of Classrooms:	586
Number of Administrative Personnel:	106
Number of Teachers:	730
Number of Students:	12,347
Annual Budget:	\$65,452,043
Number of Middle Schools:	9
Number of Classrooms:	560
Number of Administrative Personnel:	89
Number of Teachers:	594
Number of Students:	9,736
Annual Budget:	\$50,414,935
Number of Elementary Schools:	27
Number of Classrooms:	1,349
Number of Administrative Personnel:	151
Number of Teachers:	1,185
Number of Students:	20,558
Annual Budget:	\$100,697,998

LIBRARIES

(continued)

Number of Public Libraries:	1
Number of Volumes:	295,686
Circulation Transactions:	740,971
Circulation Per Capita:	3.14
New Library Cards Issued:	18,660
Library Cards in Force:	22,144
Number of Subscriptions:	258
Number of Titles:	229,500
Number of Library Visits:	323,333
Number of Materials Used:	109,208
Library Programs Presented:	1,312
Number Attending Library Programs:	50,029
Bookmobiles:	1
Branches and Outlets:	1

PRIVATE SCHOOLS

Number of Parochial Schools:	38
Vocational Training Centers:	14

COMMUNICATIONS

Number of Daily Newspapers:	2
Major Newspaper:	Laredo Morning Times
Number of Radio Stations:	21
Number of Television Stations:	7
Number of Cable Television Companies:	1
Number of Satellite Companies:	2

TEXAS A&M INTERNATIONAL UNIVERSITY

(continued)

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 University System on September 1, 1989.
Programs Offered:	Undergraduate, Graduate and Doctoral degrees are offered by the Colleges of Business Administration, Education, Humanities, Technology and Arts & Sciences.
Population Served:	Undergraduate and Graduate level college students seeking Liberal Arts, Education, Psychology, Business, International Trade, Science and Technology Degrees.
Region served:	South Texas Region
Number of Classrooms/Labs:	116
Number of Administrators:	169
Number of Full-Time Faculty:	184
Number of Part-Time Faculty:	82
Number of Full-Time Students:	3,116
Number of Part-Time Students:	4,097

LAREDO COMMUNITY COLLEGE

Date Founded:	1947
Programs Offered:	Associates of Art, Degrees in Engineering, Education, Medicine, Dentistry, Nursing, Law, Business Administration, Computer Science and Vocational Education.
Number of Classrooms/Labs:	245
Total Gross Square Footage:	1,211,872 Sq. Ft.
Number of Administrative Personnel:	21
Number of Full-Time Faculty:	199
Number of Part-Time Faculty:	163
Number of Full-Time Students:	6,507
Number of Part-Time Students:	12,392
Counties Served:	Webb, Jim Hogg, Zapata
Total Annual Budget:	\$50,083,911

RECREATIONAL

(continued)

PARKS

Number of Acres Maintained:	863.45
Number of Parks:	73
Number of Plazas:	4
Baseball and Softball Fields:	50
Number of Swimming Pools:	7
Number of Soccer Fields:	22
Number of Tennis Court Facilities:	18 Courts in 5 Facilities
Number of Racquetball Facilities:	5 Courts in 2 Facilities
Number of Recreational Centers:	8
Number of Splash Parks:	9
Number of Skate Parks:	8

CEMETERY

City:	1
Catholic:	1
Private:	1
Burials Served:	245
Cemetery Lots Sold:	125

LODGING/MEETING FACILITIES

Number of Hotels/Motels:	38 with 3,867 Rooms
Meeting Facilities:	35

MAJOR ATTRACTIONS

(continued)

Number of Rodeo Arenas:	2
Number of Museums:	5
Number of Golf Courses:	3
Number of Tennis Courts:	20
Number of Tennis Court Facilities:	5
Number of Malls:	1
Number of Bowling Alleys:	1
Number of Movie Theaters:	3
Number of Country Clubs:	1
Annual Festivities:	Washington's Birthday Celebration in February Border Olympics Laredo International Fair & Exposition Laredo Birding Festival Memorial Pow Wow 4th of July Celebration Laredo Sister Cities Festival Fire Fest Autmus Fest Rio Fest Navidad Vest Jalapeno Festival Jamboozie Arte en la Avenida Farmers Market Oktoberfest City's Kite Festival Cycling Race

CIVIC CENTER

Auditoriums:	1 with 1,979 Seats
Banquet & Exhibit Halls:	20,440.Sq. Ft. (1,400 Seats)
Meeting Rooms:	4 Meeting Rooms with Capacity of 60 Per Room
Parking Spaces:	962

CHURCHES

Number of Catholic Churches:	19
Number of Synagogues:	1
Other Churches:	62

SPORTS ARENA

(continued)

Facility Area:	178,000 Square Feet
Seat Capacity:	10,000
Luxury Suites:	14
Meeting Rooms:	6
Food Courts:	8
Team Stores:	1
Parking Spaces:	2,000
Major Attractions:	CHL Hockey Team: The Laredo Bucks Indoor Football: Laredo Rattlesnakes

BASEBALL STADIUM

Facility Area:	23.36 Acres
Seat Capacity:	6,000
Stadium Capacity:	16,000
Luxury Suites:	10
Meeting Rooms:	3
Food Courts:	4
Team Stores:	1
Parking Spaces:	985
Major Attractions:	Independent Baseball Team: The Laredo Lemurs

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 Energy Arena
Laredo Lemurs

**INSURANCE IN FORCE FOR THE CITY OF LAREDO
INCLUDING THE INTERNATIONAL TOLL BRIDGE SYSTEM,
LAREDO WATERWORKS SYSTEM, AND THE LAREDO
SEWER SYSTEM
SEPTEMBER 30, 2012**

CITY OF LAREDO, TEXAS

TABLE 22

DESCRIPTION	TYPE OF COVERAGE	POLICY LIMIT
BUILDINGS	Fire and Extended Coverage (1)	\$ 411,394,173
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	17,858,821 Per Accident 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 & 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 SEVEN FISCAL YEARS (1)**

CITY OF LAREDO, TEXAS

TABLE 23

FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30							
FUNCTION	2012	2011	2010	2009	2008	2007	2006
General Government	338.25	349.10	347.10	339.10	332.10	323.29	316.99
Public Safety							
Police							
Officers	482.00	482.00	455.00	455.00	455.00	399.00	411.00
Civilians	89.00	89.00	89.00	89.00	89.00	105.00	84.00
Fire							
Firefighters and Officers	357.00	357.00	357.00	357.00	350.00	333.00	333.00
Civilians	10.00	10.00	10.00	10.00	9.00	9.00	8.00
Other Civilians	62.00	62.00	62.00	62.00	62.00	61.00	60.00
Public Works	113.00	118.00	118.00	118.00	119.00	113.50	83.50
Health and Welfare	291.38	289.88	279.88	251.88	250.55	248.88	257.60
Culture and Recreation	243.97	245.93	245.93	245.93	241.93	238.68	231.28
Air Transportation	48.00	48.00	47.00	42.00	37.00	43.00	41.00
Bridge System	190.00	207.00	207.00	218.00	212.00	212.00	213.00
Solid Waste Management System	128.00	128.00	132.00	168.00	168.00	169.00	169.00
Water System	195.00	188.00	188.00	179.00	169.00	179.00	146.00
Sewer System	75	72.00	72.00	69.00	69.00	69.00	48.00
Transit System	162	185.10	184.70	184.70	179.31	179.31	179.31
Municipal Housing	12	11.00	11.00	11.00	11.00	11.25	10.25
Total	<u>2,796.60</u>	<u>2,842.01</u>	<u>2,805.61</u>	<u>2,799.61</u>	<u>2,753.89</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 Division

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

CITY OF LAREDO, TEXAS

TABLE 24

FUNCTION	FISCAL YEAR 2006	FISCAL YEAR 2007	FISCAL YEAR 2008	FISCAL YEAR 2009	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012
Police							
Physical Arrests	14,343	9,379	7,882	8,319	7,832	7,827	8,613
Vehicle Inspections (used dealerships)	900	672	321	818	29	34	40
Bridge Operations Conducted	58	110	6	134	115	63	151
Emergency Calls	141,744	159,374	155,379	189,312	158,922	120,567	196,802
Non-Emergency Calls	355,775	290,866	276,857	288,998	222,698	271,832	264,904
Dispatched Calls	32,000	468,182	432,236	478,310	381,620	392,399	461,706
Public Awareness/Training/Education	1,500	121	22	65	63	108	112
Fire							
Fire Department Responses	1,390	5,148	11,798	8,002	9,333	9,092	26,733
Inspections	2,500	3,110	2,061	3,067	1,873	1,712	4,610
Arson Cases Investigated	200	156	51	84	80	87	94
Public Education Presentations	250	396	89	65	77	81	107
Public Works							
Street Resurfaced	92	206	357	600	490	462	388
Potholes Repaired	15,790	21,589	23,842	23,733	23,967	22,247	24,490
Bridge							
Pedestrian Crossings	4,217,362	4,161,523	4,362,476	4,124,272	3,746,170	3,161,627	2,946,244
Gateway Passes Sold	1,054,340	3,132,040	4,255,304	4,010,461	3,638,851	3,110,189	2,923,079
Non-Commercial Vehicle Crossings	6,162,534	5,718,799	3,930,715	3,644,695	4,669,024	4,401,849	4,418,558
Commercial Vehicle Crossings	1,706,626	1,662,549	1,608,566	1,400,969	1,575,893	1,725,335	1,784,104
Non-Commercial AVI Accounts	5,947	12,033	12,261	13,000	14,033	10,448	10,406
Commercial AVI Accounts	250	2,021	2,060	2,150	2,819	3,388	3,721
Culture and recreation							
Community Center Admissions	471,016	331,208	280,372	294,342	265,265	345,442	382,769
Community Service Special Events	20	65	67	74	63	71	70
After School Programs	3	5	5	11	14	7	6
Transit System							
Passenger Ridership	4,202,065	4,324,816	4,014,848	3,369,008	3,365,661	2,858,252	2,884,245
Miles Driven	2,109,038	1,946,970	1,991,672	1,980,520	1,968,004	1,953,600	1,961,651

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

CITY OF LAREDO, TEXAS

TABLE 24

(Continued)

FUNCTION	FISCAL YEAR 2006	FISCAL YEAR 2007	FISCAL YEAR 2008	FISCAL YEAR 2009	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012
Sanitation							
Household Customers	50,980	53,037	54,245	54,588	54,850	55,839	56,797
Refuse Collected (tons)	90,788	93,093	101,457	100,083	95,384	104,680	94,549
Recyclables Collected (tons)	2,799	2,979	3,328	3,385	4,200	3,684	3,378
Water							
Average Daily Consumption (millions o	34.67	33.58	36.72	37.96	32.60	40.00	28.40
Meters Read	56,171	58,193	59,840	60,880	61,675	63,031	64,561
Service Calls	5,243	7,071	7,269	6,973	6,943	7,561	8,415
Wastewater							
Average Daily Sewage Treatment (millions of gallons)	16.77	18.10	18.04	17.45	18.00	17.90	18.90
Airport							
Commercial Service Airlines	2	3	3	3	3	3	3
Land/Building Leases	95	94	93	90	89	83	86
Inbound/Outbound Passengers Service	188,619	223,638	220,520	203,854	221,558	208,173	192,869
Scheduled Flights Per Day	N/A	N/A	8	8	8	8	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 SEVEN FISCAL YEARS (1)**

CITY OF LAREDO, TEXAS

TABLE 25

FUNCTION	FISCAL YEAR 2012	FISCAL YEAR 2011	FISCAL YEAR 2010	FISCAL YEAR 2009	FISCAL YEAR 2008	FISCAL YEAR 2007	FISCAL YEAR 2006
Public Safety							
Police:							
Stations	18	18	18	18	18	18	17
Patrol Units	297	381	468	413	433	470	457
Fire:							
Stations	14	14	14	14	14	14	14
EMS Units	9	10	9	13	13	9	9
Ladder Trucks	3	3	3	3	3	3	3
Pumper Trucks	14	14	14	17	18	14	16
Highways and Streets							
Public Works:							
Streets - Lane Miles	664	663	660	656	641	631	610
Traffic:							
Traffic Signals	242	243	246	243	241	239	231
Street Lights	12,400	13,649	13,261	13,087	13,035	12,800	12,100
Other Traffic Control Signs	34,624	34,209	33,775	33,475	32,500	31,500	30,000
Bridge System							
International Bridges	4	4	4	4	4	4	4
Cultural and Recreation							
Parks Acreage	863	882	878	838	1,035	738	618
Parks	73	72	71	70	64	71	52
Swimming Pools	7	6	6	6	6	6	6
Community Centers	10	8	10	8	8	7	7
Convention Centers	1	1	1	1	1	1	1
Stadiums	1	0	0	0	0	0	0
Transit System							
Buses	47	47	48	47	47	47	47
Trolleys	2	2	3	2	2	2	2

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

CITY OF LAREDO, TEXAS

TABLE 25

(Continued)

FUNCTION	FISCAL YEAR 2012	FISCAL YEAR 2011	FISCAL YEAR 2010	FISCAL YEAR 2009	FISCAL YEAR 2008	FISCAL YEAR 2007	FISCAL YEAR 2006
Sanitation							
Collection Trucks - Rear Loaders	23	23	20	21	21	25	25
Collection Trucks - Automated	40	41	41	31	29	29	29
Collection Trucks - Dump Trucks	0	0	3	3	4	4	5
Collection Trucks - Grapplers	5	5	6	6	6	2	2
Collection Trucks - Other	4	0	0	0	0	0	0
Water							
Water Mains (miles)	716	711	702	702	681	660	629
Fire Hydrants	3,316	3,257	3,221	3,155	2,920	2,740	2,524
Maximum Daily Capacity (millions of gallons)	65	65	65	65	65	65	65
Wastewater							
Sanitary Sewer (miles)	500	498	450	491	473	426	426
Maximum Daily Treatment Capacity (millions of gallons)	25.10	24.70	22.70	21.10	21.00	21.05	21.05
Environmental Services							
Storm Drainage (miles)	187	183	230	202	121	113	107
Air Transportation							
Airports	1	1	1	1	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 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012. The tables apply to the following issues:

International Toll Bridge System Revenue Bond, Series 2002	\$ 12,105,000
Waterworks System Revenue Bond, Series 2002	741,000
Sewer System Revenue Bond, Series 2002	710,000
Combination Tax and Sewer System Revenue Certificate of Obligation, Series 2003	3,620,000
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 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 Refunding Bond, Series 2009	27,150,000
Public Property Finance Contractual Obligations, Series 2009	5,095,000
Combination Tax and Revenue Certificate of Obligation, Series 2009A	11,270,000
Combination Tax and Revenue Certificate of Obligation, Series 2009B (BAB)	13,465,000
Waterworks & Sewer Systems Revenue Bond, Series 2009C	13,475,000
Waterworks & Sewer Systems Subordinated Revenue Bond, Series 2009	7,500,000
Combination Tax and Revenue Certificate of Obligation, Series 2009D (BAB)	37,945,000
Public Property Finance Contractual Obligations, Series 2010	5,080,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 2010	4,095,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 2010	2,070,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 2010B	2,040,000
General Obligation Refunding Bond, Series 2010	9,345,000
Combination Tax and Revenue Certificate of Obligation, Series 2010	9,545,000
Waterworks & Sewer Systems Revenue Bond, Series 2010	82,175,000
Sports Venue Sales Tax Revenue Bonds, Series 2011	10,445,000
Waterworks & Sewer Systems Revenue Bond, Series 2011	30,875,000
General Obligation Refunding Bond, Series 2012	7,635,000
International Toll Bridge System Revenue Bond, Series 2012	7,640,000
Waterworks & Sewer Systems Subordinated Revenue Bond, Series 2012	48,750,000
Combination Tax and Revenue Certificate of Obligation, Series 2012	\$ 7,690,000

GENERAL OBLIGATION BONDS

TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2011 Market Valuation Established by Webb County Appraisal District (as of September 2011)		11,364,038,510
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	233,911,907	
Disabled Veterans Exemptions	27,491,998	
Agricultural and Open Space Land Use Reductions	206,642,008	
Free Port Exemptions	202,075,846	
Property Redevelopment and Tax Abatement	93,627,120	
Pollution Control	13,103,530	
Other Exemptions	2,439,311	779,291,720
2011 Taxable Assessed Valuation		10,584,746,790
General Obligation Debt Payable from Ad Valorem Taxes (1)		
General Obligation Bonds	23,701,636	
Certificates of Obligation	167,062,087	
Funded Debt Payable from Ad Valorem Taxes		190,763,723
Less: Self-supporting Debt		
Bridge System General Obligation Debt	5,567,289	
Airport System Certificates of Obligation	5,720,000	
Environmental Services Certificates of Obligation	21,717,088	
Parking System General Obligation Debt	1,727,497	
Parking System Certificates of Obligation	205,000	34,936,874
General Purpose Funded Debt Payable from Ad Valorem Taxes		155,826,849
Interest and Sinking Fund		6,102,576
Ratio Funded Debt to Taxable Assessed Valuation		1.80%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.47%
2011 Estimated Population-	241,935	
Per Capita Taxable Assessed Valuation-	\$43,750	
Per Capita Funded Debt-	\$788	
Per Capita General Purpose Funded Debt-	\$644	

- (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: \$186,911,952 Waterworks System Revenue Bonds; \$126,418,109 Sewer System Revenue Bonds; \$69,699,450 International Toll Bridge System Revenue Bonds; \$7,732,163 Transit System Revenue Bonds; \$12,408,052 Solid Waste Revenue Bonds; and \$38,260,000 Sports Venue Sales Tax Revenue Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	5,743,367,125	50.54%	5,758,393,175	50.67%	5,642,149,175	49.50%
Real, Residential, Multifamily	371,601,626	3.27%	363,783,782	3.20%	350,283,403	3.07%
Real, Vacant Lots/Tracts	352,102,767	3.10%	374,194,726	3.29%	377,615,393	3.31%
Real, Acreage (Land Only)	365,843,683	3.22%	364,100,202	3.20%	377,971,484	3.32%
Real, Farm and Ranch Improvements	1,339,140	0.01%	2,094,360	0.02%	2,104,590	0.02%
Real, Commercial/Industrial	2,980,783,465	26.23%	3,013,478,258	26.52%	3,005,989,286	26.37%
Real, Oil, Gas, and Other Mineral Reserves	10,887,358	0.10%	20,194,565	0.18%	20,606,845	0.18%
Real and Tangible Personal, Utilities	211,669,018	1.86%	217,971,470	1.92%	196,643,590	1.73%
Tangible Personal, Commercial/Industrial	1,181,912,878	10.40%	1,135,466,249	9.99%	1,264,466,251	11.09%
Tangible Personal, Other	75,712,660	0.67%	75,657,587	0.67%	75,679,927	0.66%
Real Property, Inventory (1)	47,172,340	0.42%	52,822,580	0.46%	63,248,160	0.55%
Special Inventory	21,646,450	0.19%	20,359,840	0.18%	20,204,920	0.18%
Total Appraised Value Before Exemptions	11,364,038,510	100.00%	11,398,516,794	100.00%	11,396,963,024	100.00%
Less: Total Exemptions/Reductions	779,291,720		761,010,658		773,831,223	
Taxable Assessed Value	10,584,746,790		10,637,506,136		10,623,131,801	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2009		2008	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	5,512,603,199	49.85%	4,953,719,865	49.33%
Real, Residential, Multifamily	334,225,503	3.02%	314,091,897	3.13%
Real, Vacant Lots/Tracts	397,063,450	3.59%	369,653,970	3.68%
Real, Acreage (Land Only)	331,543,882	3.00%	349,849,007	3.48%
Real, Farm and Ranch Improvements	2,539,350	0.02%	1,404,310	0.01%
Real, Commercial/Industrial	2,862,878,623	25.89%	2,623,142,905	26.12%
Real, Oil, Gas, and Other Mineral Reserves	33,697,085	0.30%	27,148,765	0.27%
Real and Tangible Personal, Utilities	230,761,250	2.09%	172,801,560	1.72%
Tangible Personal, Commercial/Industrial	1,210,511,686	10.95%	1,102,980,512	10.98%
Tangible Personal, Other	76,578,281	0.69%	80,523,130	0.80%
Real Property, Inventory (1)	39,264,150	0.36%	18,066,770	0.18%
Special Inventory	25,647,590	0.23%	27,723,990	0.28%
Total Appraised Value Before Exemptions	11,057,314,049	100.00%	10,041,106,681	100.00%
Less: Total Exemptions/Reductions	671,339,004		647,577,934	
Taxable Assessed Value	10,385,975,045		9,393,528,747	

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
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
2009	233,152	10,385,975,045	44,546	200,009,344	1.93%	858
2010	244,580	10,623,131,801	43,434	192,761,176	1.81%	788
2011	240,135	10,637,506,136	44,298	193,993,899	1.82%	808
2012	241,935	10,584,746,790	43,750	190,763,722	1.80%	788

(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
2003	0.630534	0.484758	0.145776	35,384,032	94.47%	99.34%
2004	0.641761	0.500648	0.141113	39,396,804	95.09%	99.31%
2005	0.637000	0.508677	0.128323	43,378,278	96.12%	99.48%
2006	0.637000	0.512019	0.124981	47,726,893	96.28%	99.55%
2007	0.637000	0.513745	0.123255	53,847,576	96.62%	99.52%
2008	0.637000	0.511426	0.125574	59,690,336	96.91%	99.50%
2009	0.637000	0.512737	0.124263	65,419,993	96.60%	99.37%
2010	0.637000	0.512772	0.124228	66,652,507	96.59%	99.16%
2011	0.637000	0.512304	0.124696	67,016,086	97.35%	98.83%
2012	0.637000	0.512326	0.124674	66,842,112	96.97%	96.97%

Tax collections as of September 30, 2012

TABLE 5 – TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type of Business</u>	2011 Assessed Valuation Real & Personal Property	Percentage of Total Assessed Valuation
Laredo Texas Hospital Co., LP	Medical	103,826,630	0.98%
AEP Texas Central Company	Electricity	53,470,930	0.51%
Mall Del Norte, LLC	Retail	51,752,510	0.49%
The Geo Group, Inc.	Corrections	49,979,180	0.47%
Laredo Regional Medical Center, LP	Medical	41,405,090	0.39%
AEP Electric Transmission of Texas, LLC	Electricity	40,634,910	0.38%
International Bank of Commerce	Banking	39,033,603	0.37%
Halliburton Energy Services	Exploration	37,396,790	0.35%
Killam Ind. Dev. Partnership, Ltd.	Development	30,143,550	0.28%
H.E. Butt Grocery Company	Grocery Store	28,283,840	0.27%
		<u>475,927,033</u>	4.50%

NOTE: As of February 21, 2013, the following taxpayers are not current on their taxes: INTERNATIONAL BANK OF COMMERCE, MALL DEL NORTE.

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>	2011 Taxable Assessed <u>Valuation</u>	2011 Tax <u>Rate</u>	Total Funded <u>Debt</u>	Estimated % <u>Applicable</u>	City's Overlapping Funded Debt As of <u>09-30-12</u>
City of Laredo	10,584,746,790	0.637000	190,763,723	100.00%	190,763,723
Laredo Independent School District	2,184,263,660	1.274000	176,969,910	100.00%	176,969,910
Laredo Community College District	10,608,924,028	0.258540	243,513,518	100.00%	243,513,518
United Independent School District	11,500,679,292	1.194860	263,563,108	76.03%	200,387,031
Webb County	15,034,566,261	0.420050	64,775,000	67.74%	<u>43,878,585</u>
Total Direct and Overlapping G.O. Tax Debt					<u>855,512,767</u>
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					1.71%
Per Capita Overlapping G. O. Tax Debt					3,536.13

Source: Finance Departments of respective entities.

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-2013.....	\$	24,751,600
Interest and Sinking Fund, 9-30-2012.....	6,102,576	
Property Taxes for Interest and Sinking Fund.....	14,546,175	
Paving Assessments.....	28,000	
Budgeted Transfers.....	8,503,015	
Estimated Investment Income.....	<u>21,300</u>	<u>29,201,066</u>
Estimated Balance, 9-30-2013.....	\$	<u>4,449,466</u>

TABLE 8A – GENERAL OBLIGATION DEBT SERVICE

Fiscal Year Ended 09-30	Total Outstanding GO Debt	2012 GO Refunding Issue	Fund Debt Requirements	Less: Self Supporting GO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2013	11,776,562	225,751	12,002,313	7,258,291	4,744,022	16.94%
2014	10,413,451	378,425	10,791,876	6,003,408	4,788,468	34.04%
2015	5,773,036	373,775	6,146,811	2,551,648	3,595,163	
2016	5,588,250	955,201	6,543,451	2,887,239	3,656,212	
2017	5,662,864	952,399	6,615,263	2,888,852	3,726,411	
2018	4,456,113	949,000	5,405,113	2,452,584	2,952,529	
2019	2,382,912	944,999	3,327,911	2,014,601	1,313,310	88.47%
2020	2,073,909	955,175	3,029,084	1,703,352	1,325,732	
2021	1,517,109	954,449	2,471,558	1,332,950	1,138,608	
2022	744,600	948,050	1,692,650	1,328,789	363,861	
2023	-	950,900	950,900	658,050	292,850	
2024	-	578,550	578,550	470,925	107,625	100.00%
Total	50,388,806	9,166,674	59,555,480	31,550,689	28,004,791	

TABLE 8B – CERTIFICATES OF OBLIGATION DEBT SERVICE

<u>Fiscal Year 9-30</u>	<u>Outstanding Certificates of Obligation Debt</u>	<u>Certificate of Oblig, Series 2012</u>	<u>Fund Debt Requirements</u>	<u>Less: Self Supporting CO Debt Service Requirements</u>	<u>General Purpose Funded Debt</u>	<u>% of Debt Retired</u>
2013	24,229,487	506,907	24,736,394	9,168,253	15,568,141	6.52%
2014	24,485,602	505,658	24,991,260	9,057,273	15,933,987	13.20%
2015	23,882,717	504,307	24,387,024	9,050,290	15,336,734	
2016	23,503,886	502,858	24,006,744	8,748,401	15,258,343	
2017	23,504,484	506,257	24,010,741	8,753,850	15,256,891	
2018	23,518,305	504,508	24,022,813	8,759,182	15,263,631	
2019	22,930,037	502,657	23,432,694	8,096,270	15,336,424	45.23%
2020	22,931,141	505,658	23,436,799	8,094,547	15,342,252	
2021	22,551,259	503,507	23,054,766	7,719,895	15,334,871	
2022	22,524,979	505,838	23,030,817	7,704,247	15,326,570	
2023	22,464,054	507,207	22,971,261	7,677,869	15,293,392	
2024	22,218,343	502,643	22,720,986	7,552,526	15,168,460	77.27%
2025	22,144,560	502,206	22,646,766	7,512,060	15,134,706	
2026	20,860,927	505,625	21,366,552	7,475,189	13,891,363	
2027	19,465,448	503,175	19,968,623	7,431,808	12,536,815	
2028	12,858,247	505,133	13,363,380	6,822,126	6,541,254	
2029	10,171,222	506,190	10,677,412	6,775,441	3,901,971	99.06%
2030	7,466,178	506,317	7,972,495	6,731,177	1,241,318	
2031	6,679,706	505,485	7,185,191	6,679,706	505,485	
2032	6,635,327	503,663	7,138,990	6,635,327	503,663	
2033	6,582,334	-	6,582,334	6,582,334	-	
2034	3,361,440	-	3,361,440	3,361,440	-	100.00%
2035	3,306,065	-	3,306,065	3,306,065	-	
2036	3,243,796	-	3,243,796	3,243,796	-	
2037	3,184,304	-	3,184,304	3,184,304	-	
2038	3,122,098	-	3,122,098	3,122,098	-	
2039	3,052,012	-	3,052,012	3,052,012	-	100.00%
Total	<u>410,877,958</u>	<u>10,095,799</u>	<u>420,973,757</u>	<u>182,297,486</u>	<u>238,676,271</u>	

TABLE 9 – COMPUTATION OF SELF-SUPPORTING DEBT

Computation of Self-supporting Debt-Airport	
Net Airport Revenue from Fiscal Year Ended 9-30-12	(355,363)
Less: Airport Revenue Bond Requirements, 2013 Fiscal Year Ended	<u>494,890</u>
Balance Available for Other Purposes (850,253)	
Airport General Obligation Bond Requirements, 2013 Fiscal Year Ended	<u>-</u>
Balance <u><u>(850,253)</u></u>	
Percentage of Airport General Obligation Bonds Self-supporting	0%
Computation of Self-supporting Debt-Sewer System	
Net Revenue from Fiscal Year Ended 9-30-12	23,340
Less: Sewer System Revenue Bond Requirements, 2013 Fiscal Year Ended	<u>6,057,199</u>
Balance Available for Other Purposes (6,033,859)	
Sewer System General Obligation Bond Requirements, 2013 Fiscal Year Ended	<u>2,518,539</u>
Balance <u><u>(8,552,398)</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 9-30-12	(2,915,678)
Less: Waterworks Revenue Bond Requirements, 2013 Fiscal Year Ended	<u>12,646,363</u>
Balance Available for Other Purposes (15,562,041)	
Waterworks System General Obligation Bond Requirements, 2013 Fiscal Year Ended	<u>3,605,418</u>
Balance Available for Other Purposes <u><u>(19,167,459)</u></u>	
Percentage of Waterworks System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Mass Transit	
Net Revenue from Fiscal Year Ended 9-30-12	(11,506)
Less: Mass Transit Revenue Bond Requirements, 2013 Fiscal Year Ended	<u>827,209</u>
Balance Available for Other Purposes (838,715)	
Mass Transit General Obligation Bond Requirements, 2013 Fiscal Year Ended	<u>446,420</u>
Balance <u><u>(1,285,135)</u></u>	
Percentage of Mass Transit General Obligation Bonds Self -supporting	100%

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

Computation of Self-supporting Debt-Solid Waste Fund (Landfill Fund)	
Net Revenue from Fiscal Year Ended 9-30-12	49,173
Less: Solid Waste Revenue Bond Requirements, 2013 Fiscal Year Ended	<u>1,064,124</u>
	Balance Available for Other Purposes (1,014,951)
Solid Waste General Obligation Bond Requirements, 2013 Fiscal Year Ended	<u>459,548</u>
	Balance <u><u>(1,474,499)</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>
2013	\$ 522,756
2014	<u>214,956</u>
Total Minimum Lease Payments	<u><u>\$ 737,712</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues:					
Taxes	84,863,744	82,825,288	79,720,751	79,205,602	76,258,746
Franchises	7,080,430	6,995,838	6,668,731	6,788,837	6,793,268
Licenses & Permits	6,365,903	5,795,171	5,833,700	5,804,115	5,423,364
Intergovernmental	397,278	1,629,571	1,581,037	506,126	880,661
Charges for Services	34,908,091	32,061,368	32,533,435	30,572,648	32,406,865
Fine and Special Assessments	3,085,225	3,248,911	3,230,565	2,819,186	3,006,348
Interest and Other	913,152	931,281	921,017	1,568,003	1,758,899
Contributions	13,991,368	9,749,327	17,394,912	9,340,787	-
Other	1,817,439	1,687,095	1,390,982	1,578,719	1,990,745
Total Revenues	153,422,630	144,923,850	149,275,130	138,184,023	128,518,896
Expenditures:					
General Government	18,035,867	18,295,821	17,864,806	17,603,178	63,179,969
Public Safety	97,701,526	92,803,746	89,777,961	86,642,904	84,875,344
Public Works	7,213,771	7,049,101	6,838,476	6,603,736	7,261,913
Health and Welfare	653,374	839,064	870,349	958,764	920,952
Culture and Recreation	13,077,790	11,139,218	10,499,519	10,162,597	11,114,135
Capital Outlay	14,348,689	11,291,552	18,458,452	9,539,344	114,517
Total Expenditures	151,031,017	141,418,502	144,309,563	131,510,523	167,466,830
Excess (Deficiency) of Revenues Over Expenditures	2,391,613	3,505,348	4,965,567	6,673,500	(38,947,934)
Other Financing Sources (Uses):					
Transfers In	6,271,512	6,681,267	2,608,800	1,969,695	12,685
Bond/Capital Lease Proceeds	-	-	2,070,000	-	46,235,000
Capital Lease Payments	-	-	-	(102,232)	(102,232)
Bond Costs	-	-	(70,000)	-	(766,853)
Bond Premium	-	-	-	-	772,484
Transfers Out	(7,335,197)	(9,738,939)	(5,326,814)	(4,527,830)	(3,885,302)
Sale of Assets	16,671	126,432	6,356	58,685	155,843
Total Other Financing Sources (Uses):	(1,047,014)	(2,931,240)	(711,658)	(2,601,682)	42,421,625
Net Increase (Decrease) Beginning Fund Balance	1,344,599	574,108	4,253,909	4,071,818	3,473,691
Beginning Fund Balance	35,520,440	34,946,332	30,692,423	26,620,605	23,146,914
Ending Fund Balance	36,865,039	35,520,440	34,946,332	30,692,423	26,620,605

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)
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
2009	30,308,403	46%	0.2941	129.99
2010	29,339,115	44%	0.2792	119.96
2011	33,669,024	50%	0.3192	140.21
2012	37,481,815	56%	0.3572	154.93

(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><u>8.25%</u></u>

TABLE 13 - CURRENT INVESTMENTS

As of September 30, 2012, all of the City's investments consisted of secured certificates of deposits and government investment pools. The City's certificate of deposit portfolio had a weighted average maturity of 123 days to its final maturity. The City's funds are invested as follows:

Investment Pools	\$ 145,009,642
Certificates of Deposit	<u>283,671,817</u>
Total	<u><u>\$ 428,681,459</u></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 covered pedestrian sidewalks 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 190 employees, approximately 75 of which are directly involved in toll collection operations. Another 115 employees are involved in various aspects of administration, including maintenance, toll technicians, 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
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
2009	5,045,664	1,400,969	6,446,633	4,124,272
2010	4,669,024	1,575,893	6,244,917	3,746,170
2011	4,401,849	1,725,335	6,127,184	3,161,627
2012	4,418,558	1,784,104	6,202,662	2,946,244

TABLE 2 - TOLL RATES FOR THE SYSTEMNew Rate Schedule (Southbound only) Effective
October 24, 2008:

Pedestrians	\$0.75
Children under 6 years of age	Free
Bicycle and Rider	\$0.75
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	\$15.00

Old Rate Schedule (Southbound only) Effective
April 25, 2008:

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	\$15.00

TABLE 3 - HISTORICAL REVENUES OF THE SYSTEM

<u>MONTH</u>	<u>FISCAL YEAR</u> <u>2012</u>	<u>FISCAL YEAR</u> <u>2011</u>	<u>FISCAL YEAR</u> <u>2010</u>	<u>FISCAL YEAR</u> <u>2009</u>	<u>FISCAL YEAR</u> <u>2008</u>
OCT	3,623,798	3,627,234	3,638,421	3,672,960	3,931,482
NOV	3,594,343	3,591,235	3,490,378	3,432,820	3,853,868
DEC	3,766,094	3,788,623	3,832,483	3,748,609	3,985,808
JAN	3,570,567	3,454,475	3,322,648	3,118,442	3,658,372
FEB	3,563,175	3,373,217	3,252,861	3,105,349	3,669,850
MAR	3,915,306	3,790,362	3,751,600	3,391,086	3,745,655
APR	3,617,722	3,702,584	3,583,838	3,322,093	3,817,597
MAY	3,871,228	3,712,938	3,632,644	3,242,775	3,792,909
JUN	3,730,995	3,775,125	3,685,688	3,328,502	3,794,493
JUL	3,727,710	3,518,264	3,327,520	3,514,620	3,866,801
AUG	3,958,967	3,720,401	3,705,904	3,465,722	3,750,195
SEP	<u>3,528,057</u>	<u>3,583,744</u>	<u>3,596,149</u>	<u>3,473,276</u>	<u>3,709,228</u>
TOTAL	<u>44,467,962</u>	<u>43,638,202</u>	<u>42,820,134</u>	<u>40,816,254</u>	<u>45,576,258</u>

TABLE 4 - DEBT SERVICE REQUIREMENTS OF THE SYSTEM

Fiscal Year Ended 9-30	Bond			SIB Loan Total	Total Outstanding Debt	% of Total Debt Service Retired
	Principal	Interest	Total			
2013	4,675,000	2,353,951	7,028,951	1,697,708	8,726,659	9.60%
2014	4,875,000	2,149,365	7,024,365	1,697,709	8,722,074	
2015	5,100,000	1,938,958	7,038,958	1,697,708	8,736,666	
2016	5,340,000	1,702,455	7,042,455	1,697,708	8,740,163	
2017	5,600,000	1,454,087	7,054,087	1,697,708	8,751,795	
2018	5,870,000	1,193,212	7,063,212	1,697,708	8,760,920	57.70%
2019	3,325,000	919,124	4,244,124	1,697,708	5,941,832	
2020	2,810,000	772,418	3,582,418	1,697,709	5,280,127	
2021	2,935,000	645,532	3,580,532	1,697,708	5,278,240	
2022	3,070,000	512,811	3,582,811	1,697,708	5,280,519	
2023	2,285,000	373,618	2,658,618	1,697,708	4,356,326	86.46%
2024	2,400,000	255,306	2,655,306	1,697,708	4,353,014	
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	1,697,666	1,938,861	
2028	230,000	10,833	240,833	-	240,833	100.00%
TOTAL	50,955,000	14,464,957	65,419,957	25,465,580	90,885,537	

TABLE 5 – INTERNATIONAL TOLL BRIDGE SYSTEM CONDENSED STATEMENT OF OPERATIONS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>REVENUES</u>					
Toll Receipts	44,467,962	43,638,202	42,820,134	40,816,254	45,576,258
Rental of Facilities	2,653,682	2,734,637	2,700,169	2,417,709	2,182,015
Miscellaneous	<u>243,805</u>	<u>59,631</u>	<u>377,044</u>	<u>29,871</u>	<u>61,891</u>
Total	<u>47,365,449</u>	<u>46,432,470</u>	<u>45,897,347</u>	<u>43,263,834</u>	<u>47,820,164</u>
<u>EXPENSES</u>					
Personnel Services	7,373,053	7,451,573	6,950,196	7,759,920	7,646,420
Materials and Supplies	513,620	566,377	494,239	403,344	749,864
Contractual Services (1)	3,649,625	3,558,081	3,867,475	3,316,797	3,589,207
Other	<u>21,736</u>	<u>1,300</u>	<u>53,793</u>	<u>19,149</u>	<u>17,660</u>
Total	<u>11,558,034</u>	<u>11,577,331</u>	<u>11,365,703</u>	<u>11,499,210</u>	<u>12,003,151</u>
<u>NON-OPERATING REVENUE</u>					
Interest Earnings-Restricted	58,055	55,901	163,246	103,219	762,427
Interest Earnings-Unrestricted	18,664	23,032	37,064	369,021	204,796
Unrealized Gain/(Loss) on Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,939)</u>	<u>(30,307)</u>
Net Revenues Available for for Debt Service	35,884,134	34,934,072	34,731,954	32,224,925	36,753,929
Debt Service	<u>8,708,893</u>	<u>8,784,606</u>	<u>8,787,530</u>	<u>8,322,360</u>	<u>8,144,751</u>
Surplus Revenues	<u>27,175,241</u>	<u>26,149,466</u>	<u>25,944,424</u>	<u>23,902,565</u>	<u>28,609,178</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, 2013 through 2028	\$ 4,088,747
Coverage of Average Requirements by 9-30-12 Net Income	6.65
Maximum Annual Principal and Interest Requirements, after FY3 2012 through 2028	\$ 7,063,212
Coverage of Maximum Requirements by 9-30-12 Net Income	3.85
Reserve Fund	\$ 4,088,747
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, 2013 through 2028	\$ 5,680,346
Coverage of Average Requirements by 9-30-12 Net Income	4.78
Maximum Annual Principal and Interest Requirements, after FYE 2013 through 2028	\$ 8,760,920
Coverage of Maximum Requirements by 9-30-12 Net Income	3.10

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
2003	34,836,756	8,728,556	26,108,200	6,878,415	4
2004	35,574,197	9,210,546	26,363,651	6,796,347	4
2005	39,231,949	10,020,392	29,211,557	9,521,805	3
2006	42,757,164	10,851,262	31,905,902	8,348,905	4
2007	41,642,971	11,426,566	30,216,405	8,253,670	4
2008	48,757,080	12,003,151	36,753,929	8,144,751	5
2009	43,724,135	11,499,210	32,224,925	8,322,360	4
2010	46,097,657	11,365,703	34,731,954	8,787,530	4
2011	46,511,403	11,577,331	34,934,072	8,784,606	4
2012	47,442,168	11,558,034	35,884,134	8,708,893	4

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

LAREDO INTERNATIONAL AIRPORT DISCLOSURES

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 Airlines to Dallas/Fort Worth, United Express to Houston Bush Intercontinental, Allegiant Air to Las Vegas, Nevada and Orlando, Florida, and new scheduled flight service with AeroMexico to Monterrey, N.L. Mexico. On average, the airlines have in total ten (10) daily scheduled round trip flights. A top priority for the Airport is the reinstatement 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, four car rental companies, Federal Inspection Facility with 24/7 services, and Transportation Security Administration.

In the area of commercial passenger enplanement activity for 2012 decreased by 3.37% compared to 2011. Allegiant Air has added additional summer time flights including scheduled flight service to Orlando, Florida and this will boost passenger activity. Allegiant Air operates the 150-passenger MD-80 mainline jet aircraft. AeroMexico initiated passenger flight service in mid December 2012 with direct flights to Monterrey, Nuevo Leon with connecting flights to Mexico City and the rest of the country. AeroMexico operates the 50 passenger ERJ 145 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.

Two (2) scheduled cargo operators and twenty six (26) charter air cargo companies are currently serving the Airport. Major air cargo operators at the Laredo International Airport include: Federal Express, UPS Supply Chain Solutions, Kallita Charters, USA Jet, AmeriJet, USA/TSM, Cherry Air, AmeriStar, IFL Group, Air Cargo Carriers, Inc., National Air Cargo, Northern Air Cargo, Encore, and Contract Air. Cargo decreased during 2012 by approximately 1.03% as a result of 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 90% of the program cost.

Projects completed during 2012 included the construction of the Federal Inspection Services (FIS) Facility, Mexican Customs Services at Laredo International Airport, and approval by the Foreign Trade Zone's Board of the Alternative Site Framework "ASF". Airport Geographic Information System "AGIS" Survey, FAR Part 150 Airport Noise Contour Update Study, Rehabilitate GA Apron Phase 6 realignment of a portion of Taxiway F, construction for realignment of a portion of Taxiway F & J, rehabilitation, upgrade of EMAS, and architecture & engineering work of Airport Rescue and Fire Fighting Station. The Federal Aviation Administration paid between 90% to 95% of the cost.

Projects for 2013 include Rehabilitate GA Apron Phase 7, realignment of a portion of Taxiway F and Runway 17L/35R, construction of Airport Rescue and Fire Fighting Station, Airport Passenger Terminal A/C Chillers, and FAA Contract Tower 24/7 Services.

During the past nineteen (19) years, the City and the Federal Aviation Administration have invested over \$198 million in Laredo International Airport infrastructure including noise abatement. This trend we anticipate will continue in 2013 and into the future.

The airport leases facilities and land to non-aviation and aviation service providers, retailers, medical institutions, and public entities. New leases in 2012 included lease agreements with Barker Aeromotive, Crossfit LTX, Elite Aviation, Full Service Auto Parts, Laredo Aero Center, and South Texas Workforce Solutions. In addition, new Car Rental Concession Agreements were established with four (4) operators that include Avis, Enterprise, Hertz, and National.

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. Forthcoming is a new Veteran's Administration Clinic partnered with the UT Health and Science Center.

Calendar Year	Passengers Enplaned	Passengers Deplaned	Air Cargo Gross Landed Weight (lbs.)
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
2009	102,065	105,107	265,480,642
(3)2010	110,615	113,219	419,323,814
2011	99,893	98,213	458,595,636
2012	96,523	94,544	454,254,623

- (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.
- (3) An improved global economy is reason for the significant increase in both passenger and air cargo activity.

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

	Fiscal Years Ended September 30,						
	2012	2011	2010	2009	2008	2007	2006
Revenues:							
FAA	\$ 1,603	\$ 69,880	\$ -	\$ -	\$ -	\$ 388,321	\$ 391,895
State Operating Grants	61,869	2,924	106,939	109,807	82,190	100,235	102,045
Rents	4,257,227	4,129,984	5,002,207	4,281,154	4,448,507	4,399,983	3,844,104
Interest Earnings	1,201	2,775	2,354	55	(59)	9,019	47,672
Discount Earnings	-	-	-	-	-	28	-
Miscellaneous	436,240	456,453	514,497	343,539	370,831	404,714	202,542
Total Revenues	4,758,140	4,662,016	5,625,997	4,734,555	4,901,469	5,302,300	4,588,258
Expenditures:							
Administration	2,584,797	2,460,491	2,530,733	2,433,606	2,192,701	2,318,266	2,389,787
Building Maintenance	811,348	723,818	638,191	618,010	568,963	654,188	389,809
Ground Maintenance	473,698	409,318	340,024	385,009	379,262	454,977	436,528
Control Tower	-	-	-	-	-	684,924	491,684
Airport Security	1,029,474	1,034,819	910,926	861,261	950,347	1,033,311	766,494
Foreign Trade Zone	28,603	23,239	19,151	19,900	18,540	14,952	14,552
Federal Inspection Services	61,211	-	-	-	-	-	-
Total Expenditures	4,989,131	4,651,685	4,439,025	4,317,786	4,109,813	5,160,618	4,488,854
Net Operating Revenues	(230,991)	10,331	1,186,972	416,769	791,656	141,682	99,404
Other Sources (Uses):							
Debt Service	(500,537)	(495,697)	(542,210)	(729,105)	(734,444)	(407,640)	(645,942)
Capital Outlay	(124,372)	(70,491)	(81,556)	-	(35,361)	(302,285)	(1,872,588)
Airport Construction Fund	(52,714)	(47,286)	(49,993)	(49,887)	(50,000)	-	-
Communication System Fund	-	-	-	-	-	(270,000)	(81,411)
Noise Abatement	704,971	-	403,071	649,682	89,431	-	-
New Airport Terminal	-	-	-	-	-	306,641	316,373
Sale of Assets	301,946	18,314	-	1,518	1,496	4,800	-
Total Other Sources (Uses)	329,294	(595,160)	(270,688)	(127,792)	(728,878)	(668,484)	(2,283,568)
Excess (Deficiency) of							
Revenues Over Expenditures	98,303	(584,829)	916,284	288,977	62,778	(526,802)	(2,184,164)
Beginning Fund Balance	168,702	753,531	(162,753)	(451,730)	(514,508)	12,294	2,131,789
Prior Period Adjustment	-	-	-	-	-	-	64,669
Ending Fund Balance	\$ 267,005	\$ 168,702	\$ 753,531	\$ (162,753)	\$ (451,730)	\$ (514,508)	\$ 12,294

TABLE 2 - DEBT SERVICE REQUIREMENT

Fiscal Year Ended 9-30	Certificates of Obligation		Total Outstanding Debt	% of Principal Retired
	Principal	Interest		
2013	\$ 220,000	274,890	494,890	5.87%
2014	230,000	263,876	493,876	
2015	245,000	252,246	497,246	
2016	255,000	240,000	495,000	
2017	270,000	227,138	497,138	
2018	285,000	213,540	498,540	35.31%
2019	295,000	199,338	494,338	
2020	310,000	184,530	494,530	
2021	330,000	168,857	498,857	
2022	345,000	152,320	497,320	
2023	360,000	135,047	495,047	64.74%
2024	375,000	117,040	492,040	
2025	400,000	98,049	498,049	
2026	415,000	78,074	493,074	
2027	440,000	57,115	497,115	
2028	460,000	35,054	495,054	
2029	485,000	11,890	496,890	100.00%
	<u>\$ 5,720,000</u>	<u>2,709,004</u>	<u>8,429,004</u>	

TABLE 3 - DEBT SERVICE COVERAGE

Average Annual Principal and Interest Requirements, 2013-2029	495,824
Coverage of Average Requirements by 9-30-12 Net Income	(0.47)
Maximum Annual Principal and Interest Requirements, after FYE 2013 through 2029	498,857
Coverage of Maximum Requirements by 9-30-12 Net Income	(0.46)

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 60,648.81 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 2012 was approximately 28.4 million gallons per day and peak demand for 2012 was 52.3 million gallons per day. Connections to the water system as of September 30, 2012 were 65,288.

WASTEWATER SYSTEM

The City of Laredo owns and operates six wastewater treatment plants, which have a combined total design capacity of 25.1 million gallons per day ("MGD"). The Sewer System includes approximately 500 miles of sewer lines and 71 lift stations. The average daily treatment is 18.9 MGD with 61,191 connections as of September 30, 2012.

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>
"New" Water Treatment Plant		2	2,500,000 gallons
Clear well # 3 Water Treatment Plant		1	1,000,000 gallons
Hendricks Avenue and Main Street	2		4,000,000 gallons
Lyon Street and Meadow Avenue	1		5,000,000 gallons
Texas Street and Milmo	2		3,000,000 gallons
Airbase Storage	1 (elevated)		500,000 gallons
Station H (#2)	1		170,000 gallons
East Corridor	1		250,000 gallons
Larga Vista	1		33,000 gallons
Unitec Highway 35 North	1		454,000 gallons
South Laredo	1 (elevated)		1,000,000 gallons
North Laredo (Highland)	1 (elevated)		1,000,000 gallons
Northwest Laredo	1 (elevated)		1,000,000 gallons
MHOC	2		10,000,000 gallons
Sierra Vista	1		5,000,000 gallons
Union Pacific	1		88,000 gallons
Hachar	1		280,000 gallons
San Isidro	2		590,000 gallons
San Isidro NE	1		311,000 gallons
Millennium	1		280,000 gallons
Hwy 359	1		211,000 gallons
Las Blancas	1 (elevated)		500,000 gallons
Pico Road	1		278,000 gallons
Killam (TAMIU) Tank	1 (elevated)		2,000,000 gallons
Cuatro Vientos	1 (elevated)		2,000,000 gallons
Nixon	1 (elevated)		3,000,000 gallons
Total Treated Water Storage			<u>44,445,000 gallons</u>

In conjunction with the existing storage, automatic booster or pumping stations serve the system. These stations are located at the tanks listed above. Two pumping stations are served by two clear wells. Currently, the system consists of approximately 716 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 (THOUSAND GALLONS)

Historical water usage for the City is as follows:

Fiscal Year Ended <u>9/30</u>	Average Day Pumpage <u>(1,000 Gallons)</u>	Peak Day Pumpage <u>(1,000 Gallons)</u>	Total Yearly Pumpage <u>(1,000 Gallons)</u>
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
2009	35,900	51,810	13,047,594
2010	32,565	47,470	11,900,196
2011	32,600	47,470	11,726,000
2012	28,386	52,312	10,427,878

TABLE 3 - SEWAGE FLOW (THOUSAND GALLONS)

Fiscal Year Ended <u>9-30</u>	Daily Average Sewage Flow <u>(1,000 Gallons)</u>	Total Yearly Flow <u>(1,000 Gallons)</u>
2002	15,435	5,634,655
2003	16,767	6,120,027
2004	17,015	6,210,520
2005	16,776	6,123,186
2006	16,796	6,130,409
2007	18,215	6,648,535
2008	17,948	6,551,082
2009	17,572	6,413,631
2010	18,256	6,663,368
2011	18,783	6,855,795
2012	18,900	6,780,000

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

TYPE OF BUSINESS	WATER CONSUMPTION (1)
Texas A&M International University	70,087,100
Laredo Community College	44,962,800
United High School	44,859,600
Laredo Municipal Housing Corp.	30,476,600
Webb County Jail	21,772,800
Laredo Regional Medical Center	18,725,100
Towne North Mobile Homes	13,868,500
La Bota Ranch Owner Association.	13,237,600
UISD LBJ High School	13,022,300
Clarks Crossing Apartments	12,699,300

TYPE OF BUSINESS	SEWER BILLED (1)
Laredo Municipal Housing Corp.	30,476,600
Webb County Jail	21,772,800
Laredo Regional Medical Center	18,725,100
Towne North Mobile Homes	13,868,500
Texas A&M International University	13,744,600
Clarks Crossing Apartments	12,699,300
Laredo Community College	12,093,100
C P L Power Plant	11,664,400
Travel Centers of America	11,386,300
International Bank of Commerce	10,989,100

(1) Source: City of Laredo, Texas.

TABLE 5 - MONTHLY WATER RATES

**Water Rates
(Effective October 1, 2011)**

Inside City Limits	
Residential:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	8.20
1" meter	12.56
1 1/2" meter	15.90
2" meter	22.20
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.60
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.71
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	1.78
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	1.90
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	2.00
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	2.10
Per 1,000 gallons per month in excess of 50,000 gallons per month	4.19
Multi-Family and Commercial:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	30.99
1" meter	32.01
1 1/2" meter	33.71
2" meter	40.11
3" meter	63.11
4" meter	86.71
6" meter	142.65
8" meter	202.27
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.71
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.98
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	2.43
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	2.73

TABLE 5 - MONTHLY WATER RATES (BASED ON WATER CONSUMPTION) (CONTINUED)	
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	3.03
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	3.35
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	3.96
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	4.05
Outside City Limits:	
The rates for water outside the City limits shall be two times those established for commercial rates.	

TABLE 5 - MONTHLY WATER RATES (CONTINUED)**Old Rates
(Effective October 1, 2010)**

Inside City Limits	
Residential:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	7.85
1" meter	10.03
1 1/2" meter	11.70
2" meter	14.85
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.52
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.63
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	1.70
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	1.81
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	1.91
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	2.00
Per 1,000 gallons per month in excess of 50,000 gallons per month	3.99
Multi-Family and Commercial:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	29.51
1" meter	30.06
1 1/2" meter	30.91
2" meter	34.11
3" meter	45.61
4" meter	57.41
6" meter	85.38
8" meter	115.19
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.63
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.76
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	2.11

TABLE 5 - MONTHLY WATER RATES (BASED ON WATER CONSUMPTION) (CONTINUED)	
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	2.39
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	2.68
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	3.19
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	3.77
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	3.86
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 October 1, 2011)**

Inside City Limits	
Residential:	
Monthly minimum, including the use of 2,000 gallons per month	\$8.50
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons	\$2.77
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$2.82
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$2.96
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$3.18
The maximum charge will be up to 30,000 gallons and the equivalent of \$92.36.	
Commercial:	
Monthly minimum, including use of 2,000 gallons per month	\$21.68
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	\$2.00
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$2.10
Per 1,000 gallons (for the next 20,000 gallons) per month in excess of 10,000 gallons per month	\$2.20
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$2.41
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	\$2.49
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	\$2.78
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	\$3.06
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	\$3.63
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	\$4.41

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.

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

**Old Rates
(Effective October 1, 2010)**

Inside City Limits	
Residential:	
Monthly minimum, including use of 2,000 gallons per month	\$8.50
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	\$2.56
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$2.61
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	\$2.74
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	\$2.94
The maximum charge will be up to 30,000 gallons and the equivalent of \$86.08.	
Commercial & Multifamily:	
Monthly minimum, including use of 2,000 gallons per month	\$20.65
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	\$1.89
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	\$2.00
Per 1,000 gallons (for the next 20,000 gallons) per month in excess of 10,000 gallons per month	\$2.10
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	\$2.29
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	\$2.37
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	\$2.64
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	\$2.92
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	\$3.46
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	\$4.20
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	

TABLE 7

VALUE OF SYSTEM-CITY OF LAREDO UTILITIES

	2012			2011			2010		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	163,411,485	123,014,206	286,425,691	154,422,056	121,178,164	275,600,220	153,166,635	114,484,049	267,650,684
Vehicles and Equipment	8,672,475	9,829,214	18,501,689	8,417,463	8,090,771	16,508,234	7,512,781	7,649,439	15,162,220
Buildings	31,840,411	39,025,959	70,866,370	23,917,848	27,403,618	51,321,466	22,206,391	21,224,034	43,430,425
Land and Improvements	45,198,415	4,648,513	49,846,927	44,686,054	4,531,525	49,217,579	34,482,381	4,531,525	39,013,906
Easements	187,489	188,603	376,092	170,534	201,395	371,929	121,934	201,395	323,329
Construction In Progress	86,539,667	10,136,376	96,676,043	60,961,884	19,498,038	80,459,922	36,186,936	24,817,915	61,004,851
Less: Total Depreciation	(100,248,715)	(67,568,891)	(167,817,607)	(92,880,401)	(61,020,411)	(153,900,812)	(86,006,220)	(55,378,617)	(141,384,837)
Value After Depreciation	235,601,227	119,273,980	354,875,205	199,695,438	119,883,100	319,578,538	167,670,838	117,529,740	285,200,578
	2009			2008			2007		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	145,432,603	112,466,222	257,898,825	120,792,897	93,917,054	214,709,951	113,881,674	89,431,498	203,313,172
Vehicles and Equipment	6,914,288	7,322,401	14,236,689	6,811,377	7,494,843	14,306,220	5,449,703	5,865,521	11,315,224
Buildings	13,395,112	21,209,597	34,604,709	13,245,692	18,308,734	31,554,426	13,245,692	18,308,734	31,554,426
Land and Improvements	29,811,988	4,531,525	34,343,513	21,617,530	4,531,525	26,149,055	19,792,793	4,531,525	24,324,318
Construction in Progress	28,722,303	11,528,447	40,250,750	16,385,573	7,948,202	24,333,775	10,870,641	4,769,294	15,639,935
Less: Total Depreciation	(79,123,908)	(49,705,564)	(128,829,472)	(73,120,032)	(44,615,508)	(117,735,540)	(68,006,208)	(39,990,212)	(107,996,220)
Value After Depreciation	145,152,386	107,352,628	252,505,014	105,733,037	87,584,850	193,317,887	95,124,295	82,916,560	178,040,855

TABLE 8: CITY'S EQUITY IN UTILITY SYSTEM

Fiscal Year Ended Sept. 30,	2012			2011			2010		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Resources:</u>									
Net System Value	\$ 235,601,227	119,273,980	354,875,207	199,695,438	119,883,100	319,578,538	167,670,838	117,529,740	285,200,578
Cash and Investments	133,115,463	110,677,751	243,793,214	140,604,318	51,560,635	192,164,953	81,639,476	44,109,722	125,749,198
Other Sources	9,785,688	5,848,079	15,633,767	12,143,781	4,514,104	16,657,885	13,201,529	4,155,250	173,356,779
Total Resources	378,502,378	235,799,810	614,302,188	352,443,537	175,957,839	528,401,376	262,511,843	166,794,712	428,306,555
<u>Obligations:</u>									
Bonds Payable	186,705,299	126,265,152	312,970,451	176,603,068	68,790,522	245,393,590	112,753,816	62,641,553	175,395,369
Less: Bond Funds	(9,009,639)	(6,150,316)	(15,159,955)	(6,236,122)	(1,568,062)	(7,804,184)	(2,370,132)	(1,531,444)	(3,901,576)
Other Obligations	177,695,660	120,114,836	297,810,496	170,366,946	67,222,460	237,589,406	110,383,684	61,110,109	171,493,793
Total Obligations	33,326,162	8,470,548	41,796,710	21,425,167	3,847,482	25,272,649	18,296,292	5,539,658	23,835,950
	211,021,822	128,585,384	339,607,206	191,792,113	71,069,942	262,862,055	128,679,976	66,649,767	195,329,743
City's Equity In System	\$ 167,480,556	107,214,426	274,694,982	160,651,424	104,887,897	265,539,321	133,831,867	99,144,945	232,976,812
Percentage City's Equity In System	44.25%	45.47%	44.72%	45.58%	59.61%	50.25%	50.98%	60.40%	54.39%
Fiscal Year Ended Sept. 30,									
<u>Resources:</u>									
Net System Value	\$ 145,152,386	107,352,628	252,505,014	105,733,037	87,584,850	193,317,887	95,124,295	82,916,560	178,040,855
Cash and Investments	91,353,207	56,418,094	147,771,301	73,341,316	50,294,270	123,635,586	57,112,032	34,294,373	91,406,405
Other Sources	5,665,612	3,520,180	9,185,792	5,241,840	4,000,808	9,242,648	4,701,477	2,513,872	7,215,349
Total Resources	242,171,205	167,290,902	409,462,107	184,316,193	141,879,928	326,196,121	156,937,804	119,724,805	276,662,609
<u>Obligations:</u>									
Bonds Payable	107,802,522	66,627,155	174,429,677	72,779,717	59,144,593	131,924,310	51,247,410	41,006,234	92,253,644
Less: Bond Funds	(2,060,373)	(1,546,107)	(3,606,480)	(2,128,548)	(1,583,837)	(3,712,385)	(2,145,992)	(1,624,617)	(3,770,609)
Other Obligations	105,742,149	65,081,048	170,823,197	70,651,169	57,560,756	128,211,925	49,101,418	39,381,617	88,483,035
Total Obligations	14,185,069	3,167,643	17,352,682	11,215,993	3,793,936	15,009,929	10,178,418	2,978,020	13,156,438
	119,327,218	68,248,691	188,175,879	81,867,162	61,354,692	143,221,854	59,279,836	42,359,637	101,639,473
City's Equity In System	\$ 122,843,987	99,042,211	221,286,228	102,449,031	80,525,236	182,974,267	97,657,968	77,365,168	175,023,136
Percentage City's Equity In System	50.73%	59.20%	54.40%	55.58%	56.76%	56.09%	62.23%	64.62%	63.26%

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 1

	2012			2011			2010		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>									
Charges for Services	\$ 33,674,811	28,428,037	62,102,848	31,391,552	27,438,365	58,829,917	25,455,038	22,612,937	48,067,975
Rental of Facilities	-	-	-	40,128	-	40,128	40,128	-	40,128
Interest	74,014	80,595	154,609	79,399	64,847	144,246	121,919	84,664	206,583
Miscellaneous	3,657,708	66,680	5,561,373	3,625,787	100,640	3,726,427	3,535,088	110,909	3,645,997
Total Revenues	37,406,533	28,575,312	67,818,830	35,136,866	27,603,852	62,740,718	29,152,173	22,808,510	51,960,683
<u>Expenses</u>									
Administrative	3,192,316	4,449,791	7,642,107	2,850,418	4,260,760	7,111,178	2,793,650	4,038,665	6,832,315
Utility Engineering	1,039,716	-	1,039,716	876,627	-	876,627	826,978	-	826,978
Utility Billing	3,244,021	-	3,244,021	3,030,774	-	3,030,774	2,929,649	-	2,929,649
Asset Management	301,512	-	301,512	277,917	-	277,917	260,108	-	260,108
Water Treatment Plant	7,630,318	-	7,630,318	7,073,309	-	7,073,309	6,414,438	-	6,414,438
Transmission and Distribution	3,693,340	-	3,693,340	2,700,232	-	2,700,232	3,600,821	-	3,600,821
Water Pollution Control	342,067	-	342,067	427,830	-	427,830	392,207	-	392,207
Wastewater Treatment	-	6,248,182	6,248,182	-	5,351,976	5,351,976	-	5,319,244	5,319,244
Wastewater Collection	-	3,352,555	3,352,555	-	3,002,356	3,002,356	-	2,733,149	2,733,149
Total Expenses	19,443,290	14,050,528	33,493,818	17,237,107	12,615,092	29,852,199	17,217,851	12,091,058	29,308,909
Net Available for Debt Service	\$ 17,963,243	14,524,784	34,325,012	17,899,759	14,988,760	32,888,519	11,934,322	10,717,452	22,651,774
Number of Customers	65,288	61,191		63,703	59,995		62,195	58,726	

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 2

	2009			2008			2007		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>									
Charges for Services	\$ 26,937,378	19,819,164	46,756,542	26,265,698	14,006,232	40,271,930	24,977,835	13,055,433	38,033,268
Rental Of Facilities	40,128	-	40,128	40,128	-	40,128	40,128	-	40,128
Interest	350,531	273,926	624,457	711,991	265,542	977,533	1,001,877	506,934	1,508,811
Miscellaneous	1,555,527	269,182	1,824,709	339,801	369,861	709,662	463,192	587,121	1,050,313
Total Revenues	28,883,564	20,362,272	49,245,836	27,357,618	14,641,635	41,999,253	26,483,032	14,149,488	40,632,520
<u>Expenses</u>									
Administrative	2,991,019	2,000,407	4,991,426	2,583,385	2,097,387	4,680,772	2,076,626	2,872,599	4,949,225
Utility Engineering	690,694	-	690,694	799,864	-	799,864	752,441	-	752,441
Utility Billing	2,818,275	-	2,818,275	2,724,036	-	2,724,036	2,368,785	-	2,368,785
Asset Management	234,988	-	234,988	247,660	-	247,660	270,448	-	270,448
Water Treatment Plant	6,819,136	-	6,819,136	6,742,276	-	6,742,276	5,956,680	-	5,956,680
Transmission and Distribution	3,835,000	-	3,835,000	3,495,224	-	3,495,224	3,144,501	-	3,144,501
Water Pollution Control	393,211	-	393,211	437,807	-	437,807	528,799	-	528,799
Wastewater Treatment	-	4,765,446	4,765,446	-	4,792,566	4,792,566	-	4,133,862	4,133,862
Wastewater Collection	-	2,665,461	2,665,461	-	2,620,294	2,620,294	-	2,526,732	2,526,732
Total Expenses	17,782,323	9,431,314	27,213,637	17,030,252	9,510,247	26,540,499	15,098,280	9,533,193	24,631,473
Net Available for Debt Service	\$ 11,010,124	10,930,958	22,032,199	10,327,366	5,131,388	15,458,754	11,384,752	4,616,295	16,001,047
Number of Customers	61,171	57,903		60,519	57,851		59,409	56,065	

TABLE 10 Debt Service Requirements

Fiscal Year Ended 9-30	Water		Plus Contractual & General Obligation Water		Water		Sewer		Plus Contractual & General Obligation Sewer		Sewer		Utility		% of Grand Total Retired
	Revenue Requirement	Debt Requirement	System Debt Service Requirements	System Debt Service Requirements	Total	Revenue Debt	System Debt Service Requirements	System Debt Service Requirements	Total	Total	Total	Total	Total	Total	
2013	8,098,035		8,152,942		16,250,977	5,188,338	5,476,305	10,664,643		26,915,620					
2014	8,095,466		7,587,468		15,682,934	5,191,707	5,114,527	10,306,234		25,989,168					
2015	8,092,774		5,600,140		13,692,914	5,189,730	3,626,499	8,816,229		22,509,143					
2016	8,096,431		5,602,413		13,698,844	5,186,278	3,631,184	8,817,462		22,516,306					
2017	8,093,451		5,609,668		13,703,119	5,181,143	3,628,557	8,809,700		22,512,819				23.56%	
2018	8,088,837		5,355,117		13,443,954	5,188,032	3,463,150	8,651,182		22,095,136					
2019	8,077,417		5,315,250		13,392,667	5,189,663	2,979,893	8,169,556		21,562,223					
2020	8,090,870		5,001,276		13,092,146	5,182,748	2,981,137	8,163,885		21,256,031					
2021	8,087,640		4,788,630		12,876,270	5,189,049	2,820,338	8,009,387		20,885,657					
2022	8,091,437		5,887,068		13,978,505	5,184,920	1,704,200	6,889,120		20,867,625				44.42%	
2023	8,090,479		5,583,013		13,673,492	5,192,382	1,701,693	6,894,075		20,567,567					
2024	8,089,554		5,546,667		13,636,221	5,178,694	1,427,878	6,606,572		20,242,793					
2025	7,731,655		5,504,760		13,236,415	4,841,084	1,429,800	6,270,884		19,507,299					
2026	7,403,459		5,467,264		12,870,723	4,699,837	1,431,550	6,131,387		19,002,110					
2027	6,714,918		5,431,883		12,146,801	4,353,747	1,425,925	5,779,672		17,926,473				63.44%	
2028	6,076,658		5,391,601		11,468,259	3,651,166	1,430,525	5,081,691		16,549,950					
2029	6,028,612		5,347,941		11,376,553	3,625,055	1,427,500	5,052,555		16,429,108					
2030	5,648,435		5,302,177		10,950,612	3,626,715	1,429,000	5,055,715		16,006,327					
2031	5,649,367		5,252,206		10,901,573	3,629,277	1,427,500	5,056,777		15,958,350				79.25%	
2032	5,648,812		5,207,452		10,856,264	3,626,092	1,427,875	5,053,967		15,910,231					
2033	5,646,469		5,152,459		10,798,928	3,627,123	1,429,875	5,056,998		15,855,926					
2034	5,650,619		3,361,440		9,012,059	3,625,346	-	3,625,346		12,637,405					
2035	5,645,938		3,306,065		8,952,003	3,630,534	-	3,630,534		12,582,537					
2036	5,694,031		3,243,796		8,937,827	3,584,369	-	3,584,369		12,522,196					
2037	5,692,112		3,184,304		8,876,416	3,585,441	-	3,585,441		12,461,857				92.17%	
2038	5,685,756		3,122,098		8,807,854	3,590,614	-	3,590,614		12,398,468					
2039	5,681,250		3,052,012		8,733,262	3,591,560	-	3,591,560		12,324,822					
2040	5,682,681		-		5,682,681	3,593,312	-	3,593,312		9,275,993					
2041	1,019,875		-		1,019,875	2,916,262	-	2,916,262		3,936,137				100.00%	
2042	-		-		-	2,087,199	-	2,087,199		2,087,199					
Total	194,393,038		137,357,110		331,750,148	128,127,417	51,414,911	179,542,328		511,292,476					

TABLE 11: COVERAGE AND FUND BALANCES

Waterworks:

Average Annual Principal and Interest Requirements	\$	7,043,346
Coverage of Average Requirements by 2012 Net Income		2.55
Maximum Principal and Interest Revenue Bond Requirements		
After Fiscal Year Ended September 30, 2012	\$	8,098,035
Coverage of Maximum Requirements by 2012 Net Income		2.22
Outstanding New Series Water Revenue Bonds	\$	194,393,038
Interest and Sinking Fund as of September 30, 2012	\$	1,966,293
Reserve Fund as of September 30, 2012	\$	7,043,346
Contingency Fund as of September 30, 2012	\$	1,925,043

Sewer:

Average Annual Principal and Interest Requirements	\$	4,390,210
Coverage of Average Requirements by 2012 Net Income		3.31
Maximum Principal and Interest Revenue Bond Requirements		
After Fiscal Year Ended September 30, 2012	\$	5,192,382
Coverage of Maximum Requirements by 2012 Net Income		2.80
Outstanding New Series Sewer Revenue Bonds	\$	128,127,417
Interest and Sinking Fund as of September 30, 2012	\$	1,760,107
Reserve Fund as of September 30, 2012	\$	4,390,210
Contingency Fund as of September 30, 2012	\$	1,455,752

TABLE 12: COVERAGE AND FUND BALANCES – UTILITY SYSTEM

	Utility System		
	Waterworks	Sewer	Total
Net Funds Available for Debt Service	\$ 17,963,243	14,524,784	32,488,027
Average Annual Principal and Interest Requirements	7,043,346	4,390,210	11,433,556
Coverage of Average Annual Requirements by Funds Available for Debt Service	2.55	3.31	2.84
Maximum Principal and Interest Revenue Bond Requirements	8,098,035	5,192,382	13,290,417
Coverage of Maximum Requirement by Funds Available for Debt Service	2.22	2.80	2.44
Outstanding Revenue Bonds as of 09/30/2012	194,393,038	128,127,417	322,520,455
Interest & Sinking Fund as of 09/30/2012	1,966,293	1,760,107	3,726,400
Reserve Funds as of 09/30/2012	7,043,346	4,390,210	11,433,556
Contingency Fund as of 09/30/2012	\$ 1,925,043	1,455,752	3,380,795

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SPORTS VENUE SALES TAX REVENUE BONDS

LAREDO ENERGY ARENA

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 Energy Arena, 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 π 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. On March 18, 2010 the City of Laredo, along with the Laredo Bucks officially announced that the Laredo Entertainment Center name will change to the Laredo Energy Arena. Laredo Energy signed a four-year naming rights agreement with options for extension with the City of Laredo.

The Arena itself offers a diverse mixture of world-class entertainment, with 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. Each year the Laredo Energy Arena hosts more than 100 events including major concerts by artists such as Mana, Shakira, Vicente Fernandez, Ludacris, Lil Wayne, Rihanna, Alan Jackson, Jason Aldean, George Lopez and Staind to name a few.

After the construction of the Arena was completed, approximately 220 new jobs were created for the operation of the facility. Furthermore, contracts were awarded to local businesses whose products are required for the Laredo Energy Arena's daily operations.

BASEBALL STADIUM

The City of Laredo, Texas issued the Sports Venue Sales Tax Revenue, Taxable Series 2011, for the purpose of acquiring, constructing and equipping a baseball stadium (Laredo Ballpark) and related infrastructure and to pay costs of issuance. The Laredo Ballpark was approved by the voters of the City at an election held on November 4, 2008 as a related venue project to a previously approved and constructed multi-purpose entertainment arena. The Laredo Ballpark located in the Laredo, Texas will have over 3,940 seats which include ten suites, a party suite, club seating and fixed general admission seating. Grass berm areas will accommodate an additional 1,700 spectators and picnic tables another 370. Restrooms, typical fan amenities and cooking concession stands will be distributed throughout the 10 acre ballpark. A club with bar, press box, team offices, clubhouses, and maintenance areas will also be included. The remaining 29 acres of the site will be utilized to park approximately 985 vehicles with an area for future parking expansion; the construction cost for the project will be approximately \$21 million.

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>
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
2009	24,315,518	6,078,880	3,121,125	1.95
2010	23,471,292	5,867,823	3,121,125	1.88
2011	26,935,219	6,733,805	3,871,463	1.74
2012	29,985,452	7,496,363	3,871,463	1.94

(*) 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, 2013-2036	2,306,863
Fiscal Year 2012 Sales Tax Revenues	7,496,363
Coverage of Average Requirements by Fiscal Year 2012	3.25
Maximum Principal and Interest Requirements, 2013-2036	3,871,463
Fiscal Year 2012 Sales Tax Revenues	7,496,363
Coverage of Maximum Requirements by Fiscal 2012	1.94

TABLE 3 – DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9-30	Outstanding Debt	2012 Sports Venue Sales Tax Revenue Bonds, Taxable Series		Total Outstanding Debt	% of Debt Service Retired
		Principal	Interest		
2013	3,116,225	265,000	485,050	3,866,275	13.05%
2014	3,116,725	270,000	481,101	3,867,826	
2015	3,117,600	275,000	476,217	3,868,817	
2016	3,118,600	280,000	470,327	3,868,927	32.65%
2017	3,114,600	285,000	463,213	3,862,813	
2018	3,115,350	295,000	454,684	3,865,034	
2019	3,112,531	305,000	443,954	3,861,485	
2020	3,115,481	315,000	431,386	3,861,867	58.73%
2021	3,114,875	330,000	417,743	3,862,618	
2022	3,115,750	345,000	402,963	3,863,713	
2023	3,119,625	360,000	387,225	3,866,850	
2024	3,121,125	380,000	370,338	3,871,463	84.84%
2025	-	395,000	352,268	747,268	
2026	-	415,000	333,025	748,025	
2027	-	440,000	311,075	751,075	
2028	-	460,000	286,550	746,550	89.90%
2029	-	490,000	260,662	750,662	
2030	-	515,000	233,276	748,276	
2031	-	545,000	204,391	749,391	
2032	-	575,000	172,721	747,721	94.95%
2033	-	610,000	138,060	748,060	
2034	-	645,000	101,351	746,351	
2035	-	685,000	62,449	747,449	
2036	-	725,000	21,206	746,206	100.00%
	<u>\$ 40,514,837</u>	<u>10,445,000</u>	<u>\$ 8,268,328</u>	<u>\$ 59,228,165</u>	

SINGLE AUDIT

Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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 Single Audit Circular* that could have a direct and material effect on each of the City of Laredo, Texas' major federal and state programs for the year ended September 30, 2012. The City of Laredo, Texas' major federal and state programs are identified in the summary of auditor's 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 provisions of the *State of Texas Single Audit Circular*. Those standards, OMB Circular A-133, and the *State of Texas Single Audit Circular* 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 of the City of Laredo, Texas' compliance with those requirements.

In our opinion, the City of Laredo, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2012.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the City of Laredo, Texas', internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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

Comales, Hargis & Baum, PLLC

Laredo, Texas
February 13, 2013

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**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
U.S. Department of Health and Human Services							
Center for Disease Control and Prevention							
Center for Disease Control and Prevention							
The Affordable Care Act: Investigations and Technical Assistance	93.283	1H75DP002741-01	\$ 200,000	12,540	6,423	18,963	-
Passed Through Texas Department of State Health Services:							
Center for Disease Control and Prevention:							
Project Grants and Cooperative Agreements for							
Tuberculosis Control Programs							
Tuberculosis Control Programs - '11	93.116	2011-037502-001	165,968	17,760	41,360	59,120	-
Tuberculosis Control Programs - '12	93.116	2012-040150-001	142,893	-	95,033	76,768	18,265
Tuberculosis Control Programs - '13	93.116	2013-041412-001	142,893	-	9,868	-	9,868
Center for Disease Control and Prevention, Public Health Services:							
Immunization Grants:							
Immunization Cooperative Agreements 11	93.288	2011-036323-001	230,491	21,816	-	21,816	-
Immunization Cooperative Agreements 12	93.288	2012-039107-001	230,491	17,269	206,278	182,530	41,017
Immunization Cooperative Agreements 13	93.288	2013-041412-002	230,491	-	17,161	-	17,161
Center for Disease Control and Prevention							
Investigations and Technical Assistance - Bureau of Clinical and Nutrition Services -							
Public Health Emergency Preparedness - 09-10	93.069	2009-031946-001	317,727	46,361	-	46,361	-
Public Health Emergency Preparedness - 11-12	93.069	2011-038859-001	267,077	46,210	389,430	294,453	141,187
Public Health Emergency Preparedness - 12-13	93.069	2013-041412-003	372,575	-	26,463	-	26,463
Public Health Emergency Preparedness 2010	93.069	2009-031669-001	150,000	12,934	-	12,934	-
Public Health Emergency Preparedness 2011	93.069	2010-035558-001	179,000	5,462	-	5,462	-
Public Health Emergency Preparedness 2012	93.069	2011-038682-001	75,000	12,744	67,411	71,859	8,296
Health Resources and Services Administration:							
H.I.V. Care Formula Grant - 11-12	93.917	019-01-11	455,438	71,974	246,896	318,870	190,282
H.I.V. Care Formula Grant - 12-13	93.917	019-01-12	174,513	-	173,659	43,377	12,606
H.I.V. Care Formula Grant - 12-13	93.917	019-01-12	174,513	-	12,606	-	-
H. I. V. Prevention Activities - Health Department Based							
Epidemiologic Research Studies of AIDS & HIV in Selected Population Groups	93.943	2011-037623-001	392,217	79,962	79,730	159,692	-
Epidemiologic Research Studies of AIDS & HIV '11	93.943	2012-040424-001	434,979	-	297,479	225,410	72,069
Centers for Disease Control and Prevention:							
Preventive Health & Health Services Block Grant							
Office of Regional Administrative Services - 08-09 / O.P.H.P.	93.991	2009-028162-001	306,835	5,548	-	-	5,548
Preventive Health and Health Service Block Grant - 10-11 / O.P.H.P.	93.991	2011-035586-001	306,835	47,955	-	47,955	-
Preventive Health and Health Service Block Grant - 11-12 / O.P.H.P.	93.991	2012-039489-001	248,536	28,841	280,505	174,799	134,547
Preventive Health and Health Service Block Grant - 12-13 / O.P.H.P.	93.991	2013-041412-004	248,536	-	7,007	-	7,007
Center for Disease Control and Prevention							
Investigations and Technical Assistance							
The Affordable Care Act: Community Diabetes Project - 11-12	93.283	2012-039709-001	80,000	817	60,682	49,974	11,525
The Affordable Care Act: Community Diabetes Project - 12-13	93.283	2013-042418-001	80,000	-	5,248	-	5,248
Office of Population Affairs:							
Family Planning Services - 12-13	93.217	2012-040715-001	100,000	-	31,167	18,249	12,918
Office of the Secretary:							
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission							
National Infant Immunization Event							
Total U. S. Department of Health and Human Services			\$ 5,727,008	428,193	2,069,385	1,843,571	654,007

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
U.S. Department of Housing and Urban Development (HUD)							
Direct Programs:							
Community Planning and Development:							
Community Development Block Grants / Entitlement Grants 08	14.218	N/A	\$ 3,569,985	-	83,201	83,201	-
Community Development Block Grants / Entitlement Grants 09	14.218	N/A	3,634,339	-	641,828	641,828	-
Community Development Block Grants / Entitlement Grants 10	14.218	N/A	3,936,450	283,471	825,992	1,109,463	-
Community Development Block Grants / Entitlement Grants 11	14.218	N/A	3,290,569	-	1,587,073	1,405,134	181,939
Emergency Solutions Grant Program 2010	14.231	N/A	159,618	16,588	52,863	69,449	-
Emergency Solutions Grant Program 2011	14.231	N/A	159,482	-	90,650	88,074	2,576
Housing Opportunities for Persons with Aids - 10-11	14.241	019-3-11	88,000	10,759	30,161	40,920	-
Housing Opportunities for Persons with Aids - 11-12	14.241	019-3-12	48,820	-	44,231	30,324	-
Housing Opportunities for Persons with Aids - 12-13	14.241	019-3-13	83,661	-	4,809	13,907	4,809
HOME Investment Partnerships Program 2008 GRANT	14.239	N/A	1,246,265	-	6,991	6,991	-
HOME Investment Partnerships Program 2009 GRANT	14.239	N/A	1,389,582	-	159,827	144,828	14,989
HOME Investment Partnerships Program 2010 GRANT	14.239	N/A	1,381,996	4,256	192,053	168,776	27,533
HOME Investment Partnerships Program 2011 GRANT	14.239	N/A	1,218,954	-	532,053	368,015	174,038
EDI-SP Neighborhood Initiative and Miscellaneous Grants	14.251	B-10-SP-TX-0114	200,000	-	119,695	20,066	99,629
Total U. S. Department of HUD			20,429,571	315,072	4,371,427	4,167,069	519,430

U. S. Department of Transportation

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
Direct Programs:							
Federal Transit Administration:							
Federal Transit Capital Investment Grants:							
Fixed Guideway Modernization Bus & Bus Facility New Starts	20.500	TX03X274	2,546,681	103,914	377,460	385,007	96,367
Fixed Guideway Modernization Bus & Bus Facility New Starts	20.500	TX030299	1,943,537	-	-	-	-
Fixed Guideway Modernization Bus & Bus Facility New Starts	20.500	TX040040	680,130	-	53,128	47,673	5,455
Fixed Guideway Modernization Bus & Bus Facility New Starts	20.500	TX040047	714,000	-	-	-	-
Fixed Guideway Modernization Bus & Bus Facility New Starts	20.500	TX040055	2,549,000	-	-	-	-
Federal Transit Formula Grants:							
Urbanized Area Formula Program	20.507	TX904834	3,996,131	301,659	2,116,584	2,418,243	-
Urbanized Area Formula Program	20.507	TX904888	3,865,578	-	1,722,746	1,112,651	610,095
Federal Aviation Administration:							
Airport Improvement Program (Rehab Apron, Rehab Runway 17/35)	20.106	3-48-0136-57-10	3,092,510	194,759	80,628	275,387	-
Airport Improvement Program (Noise Mitigation)	20.106	3-48-0136-58-10	2,000,000	-	59,290	59,290	-
Airport Improvement Program (Rehab General Apron)	20.106	3-48-0136-61-10	2,803,152	-	28,516	28,516	-
Airport Improvement Program (Noise Mitigation)	20.106	3-48-0136-62-10	4,000,000	300,983	976,527	1,265,913	11,597
Airport Improvement Program (Wildlife Hazard Study and Assessment)	20.106	3-48-0136-63-10	145,629	9,500	32,403	28,500	13,403
Airport Improvement Program (Geographic Information System "AGIS" Surve	20.106	3-48-0136-64-10	300,000	287	161,460	79,896	81,851
Airport Improvement Program (Runway 17/35 Extension)	20.106	3-48-0136-65-10	8,843,166	424,479	94,581	519,060	-
Airport Improvement Program	20.106	3-48-0136-66-11	1,000,000	-	1,000,000	1,000,000	-
Airport Improvement Program	20.106	3-48-0136-67-11	235,000	-	71,633	52,046	19,587
Airport Improvement Program (Rehab Apron, EMAS & Realign Taxiway)	20.106	3-48-0136-68-11	6,347,019	83,935	6,549,858	6,149,547	484,246
Airport Improvement Program	20.106	3-48-0136-69-11	3,000,000	-	57,833	51,223	6,610
Airport Improvement Program	20.106	3-48-0136-70-12	8,617,353	-	10,130	-	10,130
Transportation Security Administration-Law Enf. Officer Reimb. Program	97.090	HSTS0208HSLR197	97,455	16	-	16	-
FY 06 Law Enforcement Officer Reimbursement Program	97.090	HSTS0208HSLR197	97,455	6,092	-	6,092	-
FY 08 Law Enforcement Officer Reimbursement Program	97.090	HSTS0208HSLR197	97,455	47,432	-	47,432	-
FY 11 Law Enforcement Officer Reimbursement Program	97.090	HSTS0208HSLR197	97,455	-	61,870	61,769	101
Pass Through Texas Department of Transportation:							
Highway Planning and Construction-Manadas Ck Hike/Bike Trail	20.205	CSJ-0922-33-139	318,546	-	35,042	35,042	-
New Freedom Program	20.521	51122F7087	221,425	-	202,334	147,506	54,828
Capital Assistance Program for Elderly Persons W/Disabilities	20.521	51222F7094	350,000	-	149,517	61,166	86,351
Formula Grants for Other Than Urbanized Areas	20.513	51122F7259	24,550	-	14,550	14,550	-
Formula Grants for Other Than Urbanized Areas	20.509	51122F7050	617,525	-	617,525	617,525	-
National Highway Traffic Safety - State & Community Highway Safety	20.509	51132F7050	604,991	-	-	-	-
Texas Department of Transportation							
Comprehensive Commercial Vehicle STEP	20.600	2012-LAREDOPD-S-NYG-0110	31,020	-	31,020	16,532	14,488
Comprehensive Commercial Vehicle STEP	20.600	2009-LAREDOPD-S-SYG-0282	40,000	8,972	-	8,972	-
Comprehensive STEP	20.600	2012-LAREDOPD-S-SYG-0108	73,935	-	73,935	55,285	18,650
National Highway Traffic Safety -Occupant Protection Incentive Grants							
Texas Department of Transportation							
Step - Click It Or Ticket	20.602	2012-LAREDOPD-CIOT-00005	9,115	-	8,559	8,559	-

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**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
U. S. Department of Transportation							
Direct Programs:							
Highway Planning and Construction-Arkansas St. Railroad Grade Separation	20.205	CSJ-0922-33-099	\$ 310,000	52,821	11,702	64,523	-
Highway Planning and Construction-Industrial Streets El Portal Industrial Park	20.205	CSJ-0922-33-116	4,767,840	-	10,229	10,229	-
Highway Planning and Construction-Industrial Streets InterAmerica Park	20.205	CSJ-0922-33-130	3,723,720	-	10,229	10,229	-
Highway Planning and Construction-Industrial Streets Modern, O. Salinas	20.205	CSJ-0922-33-131	4,047,120	-	10,229	10,229	-
Highway Planning and Construction-Industrial Streets United Industrial Park	20.205	CSJ-0922-33-132	3,215,520	181,465	11,070	192,535	-
Highway Planning and Construction-Industrial Streets Laredo Int'l Airport	20.205	CSJ-0922-33-138	77,522	-	77,522	77,522	-
Highway Planning and Construction-Industrial Streets Laredo Int'l Airport	20.205	CSJ-0922-33-141	2,070,678	213,894	553,149	723,178	43,865
Highway Planning and Construction-Scott Sanchez RR Grade Separation	20.205	CSJ-0922-33-105	393,873	-	-	-	-
Highway Planning and Construction-Cielito Lindo Ave/ SL 20 Intersection	20.205	CSJ-0922-33-133	1,777,818	-	-	-	-
Highway Planning and Construction-Los Presidentes Blvd/ SL 20 Intersection	20.205	CSJ-0922-33-134	266,768	-	-	-	-
Highway Planning and Construction-Southeast Blvd/ SL 20 Intersection	20.205	CSJ-0922-33-135	1,892,867	173,571	-	173,571	-
Highway Planning & Const.-Federal Aid Hwy Pgm, Fed Lands Hwy Pgm	20.205	50-72-2-11-113-70-806	463,393	-	-	-	-
Highway Planning & Const.-Federal Aid Hwy Pgm, Fed Lands Hwy Pgm	20.205	50-72-2-12-113-70-806	557,006	-	-	-	-
Metropolitan Transportation Planning Program-Metropolitan Planning Program	20.505	51-74-108-0122-12-810	81,238	-	74,930	28,326	46,604
Total U. S. Department of Transportation			83,155,196	2,103,779	15,346,189	15,843,740	1,606,228
U. S. Department of Agriculture							
Passed Through Texas Department of State Health Services:							
Food & Nutrition Service - Special Supplemental Nutrition Program	10.557	2011-037188-001	4,630,162	718,023	9,935	727,958	-
Women, Infants and Children 10-11	10.557	2012-039949-001	2,281,795	632	3,952,385	3,127,623	825,394
Women, Infants and Children Dietary Intern 10-11	10.557	2011-037188-001	33,522	9,183	-	9,183	-
Women, Infants and Children Counties 10-11	10.557	2011-037188-001	-	108,351	-	108,351	-
Women, Infants and Children Counties 11-12	10.557	2012-039949-001	513,708	-	459,197	362,624	96,573
Total U. S. Department of Agriculture			7,459,187	836,189	4,421,517	4,335,739	921,967
U. S. Department of Justice							
Passed Through State Department of Criminal Justice:							
Criminal Justice Discretionary Grant Program	16.738	2011-DJ-BX-3199	119,881	-	85,463	78,042	7,421
Office of Justice Program - Bureau of Justice Assistance - Edward Byrne Memorial Justice Assistance Grant Program:	16.738	2010-DJ-BX0494	142,603	7,318	90,041	97,359	-
FY11 Justice Assistance Grant	16.738	2009-DJ-BX1331	139,813	-	1,566	1,566	-
FY09 Justice Assistance Grant	16.738	2008-DJ-BX-0579	40,343	-	5,651	5,651	-
FY08 Justice Assistance Grant	16.609	2009-GP-BX-0088	7,451	-	2,740	-	2,740
2009 Project Safe Neighborhood- Southern District of Texas	16.607	N/A	7,962	-	-	-	-
Bulleproof Vest Partnership Program	16.607	N/A	11,548	5,774	-	5,774	-
Bulleproof Vest Partnership 2011	16.607	N/A	37,500	198	-	198	-
Bulleproof Vest Partnership 2010	16.607	N/A	-	-	-	-	-
Bulleproof Vest Partnership 2009	16.607	N/A	-	-	-	-	-
Total U. S. Department of Justice			507,101	13,290	185,461	188,590	10,161
Executive Office of the President							
High Intensity Drug Trafficking Areas Program							
Financial Task Force 05	95.001	IPSSP571Z	630,665	30	-	30	-
Financial Task Force 07	95.001	IPSSP571Z	800,465	15,838	-	15,838	-
Financial Task Force 08	95.001	IPSSP571Z	866,747	72,589	-	72,589	-
Financial Task Force 10	95.001	G10SS0001A	598,907	70,112	33,148	103,260	-
Financial Task Force 11	95.001	G11SS0001A	736,104	10,232	637,483	595,430	52,285
Financial Task Force 12	95.001	G12SS0001A	736,104	-	78,236	-	78,236
South Texas Public Corruption Task Force 06	95.001	IPSSP571Z	99,916	8	-	8	-
South Texas Public Corruption Task Force 07	95.001	IPSSP571Z	98,581	78	-	78	-
South Texas Public Corruption Task Force 09	95.001	G09S0001A	72,930	356	-	336	-
South Texas Public Corruption Task Force 10	95.001	G10S0001A	37,113	3,006	-	3,006	-
South Texas Public Corruption Task Force 11	95.001	G11S0001A	99,916	3,267	27,193	24,344	6,116
South Texas Public Corruption Task Force 12	95.001	G12S0001A	99,916	-	2,986	-	2,986
Total Executive of the President			4,697,364	175,496	779,046	814,919	139,623

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
U.S. Department of Homeland Security							
Federal Emergency Management Agency Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1931-DR-PA	\$ -	(128,903)	52,895	3,150	(79,188)
Pre-disaster Mitigation Competitive Grant	97.017	PDM05-004	73,230	3,070	-	3,070	-
Assistance to Firefighters Grant (SAFER 2011)	97.044	EMW-2010-FH-00490	3,887,964	201,221	1,812,110	1,806,477	206,854
Passed Through GDEM:							
State Homeland Security Program (SHSGP)	97.067	2004 HSGP-41464	1,462,934	12,122	-	12,122	-
Homeland Security Grant Program (SHSP-LEAP)	97.067	2009-SS-19-0064	1,180,351	97,920	3,909	101,829	-
State Homeland Security Grant Program (SHSP)	97.073	2010-SS-10-0008	315,000	53,424	203,911	179,575	77,760
Homeland Security Grant Program (SHSP-LETPA)	97.067	2011-SS-00019	88,000	-	-	-	-
Passed Through HMGP:							
Hazard Mitigation Grant Program - Canal Street Channel Improvements	97.039	FEMA-1791-DR-TX	3,768,107	130,321	1,496,454	616,018	1,010,757
Total U. S. Department of Homeland Security			10,775,586	369,175	3,569,279	2,722,241	1,216,213
U.S. Department of Environmental Protection Agency							
Survey, Studies, Investigations & Special Purpose Grants Air Pollution Control Program Support:							
Passed Through Texas Commission on Environmental Quality	66.001	581-11-86431	70,000	27,325	-	27,325	-
Continuous Air Monitoring Station - Air Pollution Control Prog	66.001	581-11-86431	70,000	4,104	65,061	50,050	19,115
Continuous Air Monitoring Station - Air Pollution Control Prog	66.001	581-11-86431	70,000	-	4,701	-	4,701
Passed Through Texas Water Development Board: Surveys, studies, investigations, and special purpose grants.	66.606	BEIF23-48/00	7,885,314	52,091	1,560,286	856,001	756,376
NADB - Colonia Water & Wastewater Treatment	66.458	1120019	48,750,000	-	885,493	885,493	-
Clean Water State Revolving Loan							
Total U. S. of Environmental Protection Agency			56,845,314	89,520	2,515,541	1,818,869	780,192
American Recovery and Reinvestment Act							
ARRA-Federal Transit Formula Grants- Other than Urbanized Area Formula Grant	20.507	TX-96-X001	4,757,091	-	-	-	-
ARRA-State Energy Program-SECO Grant	81.041	CS0023	924,000	461,674	97,616	569,290	-
ARRA-State Energy Program-SECO Grant	81.041	CM1124	145,000	37,923	-	-	37,923
ARRA-State Energy Program-SECO Grant	81.041	CM1125	30,000	-	-	-	-
ARRA-Edward Byrne Memorial Justice Assistance Grant to units of Local Government- Laredo JAG Recovery	16.804	2009-SB-B9-1063	602,748	-	30,307	30,307	-
ARRA-Public Safety Partnership and Community Policing Grants							
2010 COPS Hiring Program	16.710	2010LJWX0025	4,369,266	38,758	445,333	409,763	74,328
ARRA-Dept. of Energy-Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000967	2,083,600	149,559	149,473	298,285	747
ARRA-HUD-Homlessness Prevention & Rapid Re-Housing Program	14.257	S09-48-MY-0605	1,490,976	43,217	164,724	207,941	-
ARRA-HUD-Neighborhood Stabilization Program	14.256	77080000107	2,127,102	515,124	251,261	553,465	212,920
ARRA-HUD-Weatherization Assistance Program for Low-Income Persons	81.042	1690000707	3,395,441	115,247	433,172	548,419	-
ARRA-HRSA - Health Care and Other Facilities	93.887	C76HFI5325	186,100	-	-	-	-
ARRA-Capitalization Grants For Drinking Water State Revolving Funds	66.468	ZF-96692301-0	48,196,000	4,401,393	7,854,244	10,212,528	2,043,309
ARRA-Highway Planning & Construction-Industrial St Laredo Intl Airport	20.205	CSJ-0922-33-138	624,539	-	524,539	524,539	-
ARRA-Investments. for Public Works and Eco. Develop. Facilities-River Vega	11.300	N/A	1,000,000	52,430	340,025	392,455	-
Total American Recovery and Reinvestment Act			69,653,863	5,815,325	10,290,694	13,736,792	2,369,227
Total Federal Assistance			259,430,190	10,140,039	43,548,639	45,471,530	8,217,048

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**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
STATE AWARDS							
Texas Department of State Health Services:							
Primary Health Care Program 10-11	N/A	2011-036689-001	\$ 140,236	38,202	-	38,202	-
Primary Health Care Program 11-12	N/A	2012-039405-001	100,000	9,608	155,216	131,499	33,325
Primary Health Care Program 12-13	N/A	2013-042280-001	177	-	8,229	-	8,229
Tuberculosis Prevention and Control 10-11	N/A	2011-035291-001	199,863	14,147	-	14,147	-
Tuberculosis Prevention and Control 11-12	N/A	2012-039041-001	170,859	15,067	173,312	152,743	35,636
Tuberculosis Prevention and Control 12-13	N/A	2013-041412-005	170,859	-	10,182	-	10,182
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 12	N/A	2012-039350-001	75,000	7,300	59,537	51,678	15,159
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 13	N/A	2013-042424-001	75,000	-	3,821	-	3,821
Family Planning - 10	N/A	2010-032523-001	9,445	7,713	-	-	7,713
Family Planning - 10	N/A	2010-034124-001	60,000	26,679	-	-	26,679
Family Planning - 11	N/A	2011-036951-001	87,940	11,286	-	-	11,286
Special Services Block Grant: Family Planning - 12	N/A	2012-039819-001	6,566	6,300	93,861	53,281	46,860
Special Services Block Grant: Family Planning - 13	N/A	2012-040675-001	184,515	2,462	25,600	-	25,600
Maternal and Child Health Svs. Block Grant to the States: Prenatal - 12	N/A	2012-039646-001	41,000	2,462	24,446	17,508	9,400
Maternal and Child Health Svs. Block Grant to the States: Prenatal - 13	N/A	2013-042443-001	111,000	-	916	-	916
Cancer Prevention & Research Institute of Texas (CPRIIT)	N/A	PP100228	2,487,500	276,404	1,027,913	888,429	415,888
Public Health Emergency Response	N/A	2010-033283-001	829,566	6,738	-	6,738	-
Border Binational Health Week	N/A	1X408TXUSMEXBRD	40,000	-	8,895	12,550	(3,655)
Office of Border Health - Border Health	N/A	2012-039746-001	40,000	2,266	35,722	29,371	8,617
Healthy Texas Babies	N/A	2012-040620-001	200,000	-	82,964	53,867	29,097
Passed Through South Texas Development Council:							
H. I. V. Social Services 10-11	N/A	19-2-10 (11)	136,022	9,344	-	9,344	-
H. I. V. Social Services 11-12	N/A	19-2-10 (12)	81,290	8,268	131,053	111,985	27,336
H. I. V. Social Services 12-13	N/A	19-2-12 (13)	138,842	-	8,376	-	8,376
Passed Through Texas Nurse-Family Partnership Program:							
Nurse-Family Partnership Program	N/A	52900-2-0000061985	344,708	-	291,291	239,944	51,347
Total - Texas Department of State Health Services			5,712,638	441,784	2,141,334	1,811,286	771,832
Commission on Law Enforcement Officers Standards and Education							
Law Enforcement Officer Standards and Education	N/A	N/A	32,844	(11,876)	8,123	-	(3,753)
Law Enforcement Officer Standards and Education 2010	N/A	N/A	1,249	(37)	37	-	-
Law Enforcement Officer Standards and Education 2011	N/A	N/A	1,600	(1,566)	1,566	-	-
Total - Commission on Law Enforcement Officers Standards and Education			35,693	(13,479)	9,726	-	(3,753)
Texas Parks and Wildlife:							
Laredo Independence Hills Park	N/A	50-000405	499,981	37,452	-	37,452	-
Total - Texas Parks and Wildlife			499,981	37,452	-	37,452	-
Texas State Library and Archives Commission							
Seven Flags Regional Advisory Council	N/A	N/A	23,262	-	23,262	23,262	-
Loan Star Libraries Grant	N/A	442-446653	35,265	(337)	-	(337)	-
Total - Texas State Library and Archives Commission			58,527	(337)	23,262	22,925	-

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
Slate Department of Motor Vehicles:							
Auto Theft Task Force	N/A	SA-T01-10057-11	\$ 426,720	43,380	-	43,380	-
Auto Theft Task Force	N/A	SA-T01-10057-12	433,514	36,718	394,796	361,282	82,232
Auto Theft Task Force	N/A	SA-T01-10057-12	433,514	36,857	-	-	36,857
Total - Slate Department of Transportation			1,293,748	82,098	431,653	394,662	119,089
Slate Department of Transportation:							
TXDOT-Transit Scholarship	N/A	N/A	-	-	-	-	-
TXDOT-IH 35 Maintenance Agreement	N/A	N/A	300,000	12,811	-	12,811	-
TXDOT-Interlocal Agreement for TPDES Permit Program	N/A	N/A	44,000	22,000	44,000	55,000	11,000
TXDOT-Laredo Signal Integration Project	N/A	CSJ-0922-33-094	1,750,000	341,865	118,595	460,460	-
TXDOT-Federal Inspection Booths at World Trade Bridge	N/A	CSJ-0922-33-114	3,731,774	164,179	282	164,461	-
TX Dept. of Transportation-Routine Airport Maintenance Program '11	N/A	CSJ-M222LREDO	50,000	10,854	2,714	13,568	-
TX Dept. of Transportation-Routine Airport Maintenance Program '12	N/A	CSJ-M222LREDO	50,000	43,640	33,425	25,411	8,014
TX Dept of Transportation- Chacon Creek Hike and Bike Trail	N/A	CSJ-0922-33-100	711,387	-	47,944	91,184	-
TX Dept of Transportation- Chacon Creek Hike and Bike Trail Phase II	N/A	CSJ-0922-33-142	1,482,244	-	83,252	48,855	-
TX Dept of Transportation- West Laredo CPL Road	N/A	CSJ-0922-33-071	4,797,810	-	-	-	-
TX Dept of Transportation- West Laredo CPL Road Phase II	N/A	CSJ-0922-33-076	2,897,272	22,469	100,465	105,262	17,672
TX Dept of Transportation- West Laredo CPL Road Phase III	N/A	CSJ-0922-33-093	11,301,589	-	62,367	48,323	14,044
Total - Slate Department of Transportation			26,816,076	617,818	492,644	1,025,335	85,127
Texas Commission on Environmental Quality							
Passed Through STD:			40,000	-	-	-	-
T.C.E.Q.-Regional Solid Waste Management	N/A	08-19-g02/04	40,000	-	-	-	-
Total - Texas Commission on Environmental Quality			40,000	-	-	-	-
Texas Water Development Board							
Water Rights Grant-Economic Distressed Areas			7,500,000	14,735	42,500	57,235	-
Total - Texas Water Development Board			7,500,000	14,735	42,500	57,235	-
Total State Assistance			41,956,663	1,180,071	3,141,119	3,348,895	972,295
OTHER ASSISTANCE							
Co-Operator and Chauffeurs Funding							
Laredo Gang Initiative	N/A	CO-11-A10-24297-01	200,000	11,017	-	11,017	-
2008 Stone Garden Grant	N/A	NA	193,000	-	192,999	192,999	-
2009 Stone Garden Grant	N/A	NA	900,000	110,927	633,902	537,395	207,434
2010 Stone Garden Grant	N/A	NA	800,000	-	722,326	-	722,326
Tobacco Compliance FY 11/12	N/A	NA	3,500	(2,228)	2,100	(128)	-
Local Border Security FY 10/11	N/A	L BSP-10/11	300,000	100,405	49,595	150,000	-
Local Border Security FY 12/13	N/A	L BSP120051	145,000	-	-	-	-
United States Customs Service 04	N/A	NA	116,580	243	-	243	-
Custom-Narcotics 2003	N/A	NA	91,000	2,561	-	2,561	-
Custom-Narcotics 2007	N/A	NA	91,000	3,095	-	3,095	-
Custom-Narcotics 2011	N/A	NA	91,000	7,204	-	7,204	-
OCDETF-DEA 2011	N/A	NA	91,000	644	26,330	15,092	11,862
OCDETF-DEA 2012	N/A	NA	17,202	-	-	642	-
OCDETF-DEA0818	N/A	NA	17,202	-	15,996	15,468	528
OCDETF-DEA0838	N/A	NA	5,000	-	4,984	3,622	1,362
OCDETF-FBI 2011	N/A	NA	5,000	-	4,884	4,221	763
OCDETF-FBI 2012	N/A	NA	20,000	7,040	2	7,042	-
Laredo Joint Terrorism TF 2011	N/A	NA	8,000	-	3,315	3,315	-
Laredo Joint Terrorism TF 2012	N/A	NA	17,202	1,433	-	1,433	-
Laredo Joint Terrorism TF 2011	N/A	NA	17,202	-	14,902	12,296	2,606
Safe Streets Task Force 2011	N/A	NA	34,404	4,346	-	4,346	-
Safe Streets Task Force 2012	N/A	NA	99,000	3,997	24,580	19,706	4,874
Fugitive Apprehension Task Force 11	N/A	NA	14,200	-	14,200	13,467	733
Fugitive Apprehension Task Force 12	N/A	NA	21,000	232	-	232	-
Bureau of Alcohol and Tobacco 08	N/A	NA	22,449	5,885	-	5,885	-
Bureau of Alcohol and Tobacco 11	N/A	NA	23,000	-	22,999	17,829	-
Bureau of Alcohol and Tobacco 12	N/A	NA	25,000	-	-	-	5,170

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2012**

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, 2011	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2012
OTHER ASSISTANCE							
Department of Information Resources	N/A	N/A	\$ -	-	6,643	6,643	-
911 Regional Communications Grant - FY2010	N/A	N/A	1,357,921	(2,521)	-	-	(2,521)
911 Regional Communications Grant - FY2011	N/A	N/A	1,937,479	(6,793)	728,953	647,387	72,773
911 Regional Communications Grant - FY2012	N/A	N/A	1,226,600	14,530	761,621	759,178	16,973
911 Regional Communications Grant - FY2013	N/A	N/A	1,203,614	-	38,922	300,904	(261,982)
UTHCSA - South Texas AIDS Network	N/A	N/A	25,000	3,769	40,807	37,037	7,539
UTHCSA - Dental Clinic Operations	N/A	N/A	125,000	2,984	27,006	30,000	-
Laredo Community College-Interlocal Agreement for TPDES Permit Prgram.	N/A	N/A	10,000	5,000	10,000	12,500	2,500
Webb County-Interlocal Agreement-Health	N/A	N/A	200,000	-	250,000	250,000	-
Mercy Hospital - CHIP Perinate	N/A	N/A	-	248,165	71,731	44,209	275,687
SCAN - HIV Testing	N/A	N/A	45,000	-	6,411	10,959	-
Webb County-311 Agreement	N/A	N/A	34,500	-	34,500	34,500	-
Webb County - Father Nickaboe Splash Park	N/A	N/A	275,000	-	-	-	-
Webb County - Father Nickaboe Park & Noon Lions Parks	N/A	N/A	100,000	-	-	-	-
Universal Service Fund (USF)-E-Rate Program (Round 13)	N/A	N/A	311,022	-	-	-	-
Universal Service Fund (USF)-E-Rate Program (Round 14)	N/A	N/A	97,086	-	41,201	41,201	-
911 Regional Communications Grant - FY2011 Use of Revenue	N/A	N/A	-	-	-	-	-
Mexican Consulate - Ventanilla de Salud Program	N/A	N/A	28,180	(10,240)	26,671	30,000	(13,569)
BECC - Tex-Mex Binational Solid Waste Reduction	N/A	TAA09-046	40,000	-	18,061	7,592	10,469
BECC - Colonias Household Hazardous Waste Collection	N/A	TAA11-008	45,000	-	45,000	31,400	13,600
Colonia Water & Waste Water Treatment	N/A	G13500/13600	24,020,000	163,475	781,457	944,932	-
City of Nuevo Laredo-Water Weir Project	N/A	N/A	50,000	44,012	-	44,012	-
TxDot/135 Maintenance Agreement	N/A	N/A	300,000	-	239,603	195,486	44,117
Migrant Clinicians Network	N/A	N/A	10,160	-	8,840	9,140	(300)
Fernando Salinas Trust	N/A	N/A	40,000	-	146	5,000	(4,854)
STDC- Memorandum of Understanding for P-25 VHF Trunk Radio System	N/A	N/A	45,000	125	32,541	21,916	10,750
LSD- Memorandum of Understanding- Radio License	N/A	N/A	83,394	-	83,394	73,434	9,960
Total - Other Assistance			34,987,301	722,507	4,986,722	4,570,409	1,138,820
Total Federal, State and Other Assistance			\$ 336,374,154	12,042,617	51,676,380	53,390,834	10,328,163

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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Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA



INDEPENDENT AUDITOR'S 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 the City of Laredo, Texas, as of and for the year ended September 30, 2012, which collectively comprise the City of Laredo, Texas' basic financial statements and have issued our report thereon dated February 13, 2013. 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

Management of the City of Laredo, Texas is responsible for establishing and maintaining effective 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 deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 13, 2013.

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.

Canabe, Garza & Baum, PLLC

Laredo, Texas
February 13, 2013

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

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 none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
97.039	Hazard Mitigation Grant Program – Canal Street Channel Improvements
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 1,306,456

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

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

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 none reported

Noncompliance material to financial statements noted? _____ yes X no

State Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of major programs:

<u>Number(s)</u>	<u>Name of State Program or Cluster</u>
None	Texas Department of State Health Services Cancer Prevention & Research Institute of Texas

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

None.

Section III - State Award Findings and Questioned Costs

None.

City of Laredo, Texas
Federal Summary Schedule of Prior Audit Findings
Year Ended September 30, 2012

Summary of Prior Audit Findings

Federal Award Findings and Questioned Costs

None.

City of Laredo, Texas
State Summary Schedule of Prior Audit Findings
Year Ended September 30, 2012

Summary of Prior Audit Findings

State Award Findings and Questioned Costs

None.