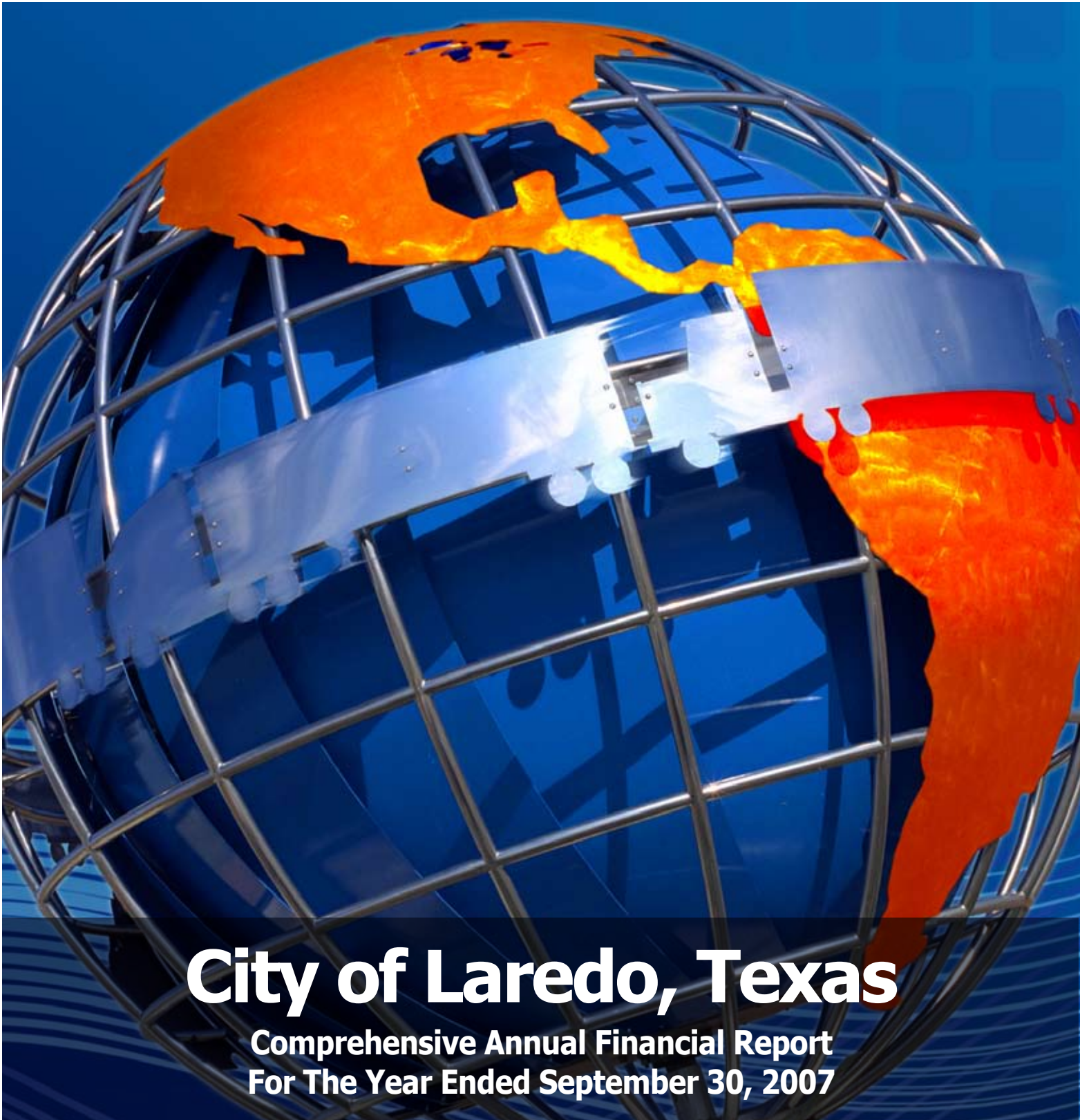




City of Laredo, Texas

Comprehensive Annual Financial Report
For The Year Ended September 30, 2007



CITY OF LAREDO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2007

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, 2007**

TABLE OF CONTENTS

	Page
INTRODUCTION SECTION	
Letter of Transmittal	I
GFOA Certificate of Achievement.....	IX
Organizational Chart.....	X
List of Elected and Appointed Officials.....	XI
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities.....	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statements of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	23
Statement of Net Assets – Proprietary Funds.....	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds	30
Statement of Fiduciary Net Assets – Fiduciary Funds.....	32
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	33
Notes to the Basic Financial Statements.....	35
Combining and Individual Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds:	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	92

Schedules of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual:

Block Grants	99
Housing Rehabilitation.....	100
Home Investment	101
Emergency Shelter.....	102
Noise Abatement	103
Financial Task Force.....	104
Auto Theft Task Force.....	105
Special Police Program	106
Environmental Services.....	108
Health Fund.....	110
911 Emergency Communications Fund	112
International Airport	114
Hazardous Materials.....	116
Parking Meters.....	117
Keep Laredo Beautiful, Inc. Fund	118
Recreation Fund.....	119
Veterans Field	120
Civic Center	121
Hotel Motel Occupancy Tax.....	122
Public Access Channel.....	123
Mercado Management Fund.....	124
Laredo Convention and Visitors Bureau	125
Sport and Community Venue.....	126
Noise Abatement Lease Program.....	127
Friends of the Library.....	128
Subdivision Trust Fund	129
Police Trust Fund.....	130
Special Fire Grants.....	131
Webb County Colonias Project	132
Airport Construction Fund	133
Contractual Obligations.....	134
Certificate of Obligation 1998 Issue.....	135
Certificate of Obligation 2000 Issue.....	136
Capital Improvements.....	138
Certificate of Obligation 2002 Issue.....	140
Certificate of Obligation 2003 Issue.....	141
Certificate of Obligation 2005 Issue.....	142
Certificate of Obligation 2006 Issue.....	143
Certificate of Obligation 2007 Issue	144
Park Capital Grant.....	145
Capital Grants.....	146
Communication System Fund.....	147
Canseco Endowment Fund.....	148

Combining Statement of Net Assets – Internal Service Funds.....	150
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds.....	152
Combining Statement of Cash Flows – Internal Service Funds	153
Risk Management.....	154
Health And Benefits.....	156
Fleet Management.....	158
Information Technology	160
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules By Source.	163
Schedule by Function and Activity.....	164
Schedule of Changes by Function and Activity.....	166
Supplementary Financial Statements-for Enterprise Funds:	
Combining Statement of Net Assets.....	170
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	171
Combining Statement of Cash Flows.....	172
Municipal Transit System.....	174
Bridge System.....	180
Municipal Housing Corporation.....	184
Waterworks System.....	188
Sewer System.....	192
Solid Waste Management.....	196
Laredo Water Corporation	200
Supplementary Financial Statements-for Fiduciary Funds:	
Statement of Net Assets – Agency Funds.....	204
Combining Statement of Changes in Assets and Liabilities - Agency Funds ...	206
STATISTICAL SECTION.....	209
CONTINUING DISCLOSURE INFORMATION	251
SINGLE AUDIT.	295



March 12, 2008

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, 2007. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Laredo. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Laredo has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Laredo's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Laredo's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Laredo's financial statements have been audited by Garza, Martinez & Co., L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Laredo for the fiscal year ended September 30, 2007, 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, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Laredo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Laredo's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Laredo incorporated in 1755. It is located on the north bank of the historical Rio Grande River. Laredo is unique because it is the only City to operate international bridges between two Mexican states. The City presently maintains four border crossings, three with Nuevo Laredo, Mexico and one with Colombia, Mexico. Laredo is at the center of the primary trade route. It is the only border city strategically positioned at the convergence of all land transportation systems between Canada, the United States and Mexico. The City of Laredo is the largest city in the County of Webb; it is one of the fastest growing cities in the State of Texas and ninth fastest growing city in the United States as per the 2000 Census with a current estimated population of 231,470 as per the Laredo Development Foundation.

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

The City of Laredo has operated under the council-manager form of government. The policy-making and legislative authority are vested to the City Council

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. The City of Laredo currently has enjoyed a favorable economic environment and local indicators point to continued growth. The region has a varied retail, international trade, manufacturing and transportation base that adds to the relative stability of the unemployment rate. The increase in demand for transportation services, trucking and warehousing as well as business services and construction is due to the increase in trade between the United States and Mexico. Laredo is the largest inland port in the Country. As of September 30, 2007, the unemployment rate continues to decrease as compared to prior year from 4.6 percent to 4.3 percent. There was a decrease in building permits issued from 25,010 to 18,653 or 25.42 percent as compared to prior year. There was an increase in valuations of 6.72 percent.

There are strong factors that have forged Laredo's economy to continue strong. In the current year, nationally known companies decided to make their home in Laredo and they range from restaurants such as Olive Garden, Logan's, Chili's, Outback, retail stores among which we find Circuit City, Petco and Petland and hotels such as Springhill Suites and Staybridge Suites. Chase Bank and Bank of America are national banks have established their presence in Laredo. There are also numerous local and state businesses making their home in Laredo in the areas of banking, restaurants, retail stores and transportation businesses. In transportation alone, there are over 100 custom house brokers, with more than 500 freight forwarders, increased rail and truck traffic, and tourist traffic. Businesses opening in Laredo are providing value added jobs to the City as well as diversifying our economy.

The City is the home to the "Laredo Bucks" of the Central Hockey League and the Miss Texas USA Pageant which reside at the Laredo Entertainment Center. The Laredo Entertainment Center hosts many family oriented events which include indoor football, exhibition basketball games, rodeos, motor cross racing, wrestling, and major concert performers.

MAJOR INITIATIVES

For the Year 2006-2007

The City Staff, following the directives of the City Council and the City Manager, have addressed and completed a large number of projects during the year. The projects are reviewed and adopted annually through a five year Capital Improvement Plan. These projects reflect the City's commitment to building a better Laredo and provide its citizen with a better quality of life, economic prosperity and safety.

- Many Parks and Recreation improvement were completed through out the year City-Wide. Some of the projects where various phases of amenities such as baseball fields, jogging/hiking trails, etc. include the Eastside Park, Santa Rita Park, Chacon Creek Trail, Eistetter Park, Lafayette / Farias Splash Park, Santa Fe Park, and Seven Flags Park. Improvements totaled nearly to a million dollars.
- Various building, streets, sidewalks, and drainage improvements were completed during the fiscal year at a cost of \$ 1.1 million.
- Various project improvements were completed at the Laredo International Airport in the amount of \$5.9 million including the reconstruction of runways along with and Engineered Materials Arresting System (EMAS) project. Projects were funded with Federal Aviation Administration Grants and the Laredo International Airport Fund.
- Utilities System improvements were completed in the amount of \$7 million. The Utilities system continues to expand due to the growth of the City and the system must be kept in order to meet the increase demand for services. Other rural areas called the Colonias placed water lines in the amount of \$2.9 million and water rights acquisition was \$1.8 million in FY 2007.

Future Major Initiatives

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

- Numerous recreational and park projects are planned for this coming year, they include:
 - o North Central Park which is divided into several phases will include walking/hiking/biking trails, covered recreational pavilions, sports courts, play stations, landscaped areas and other amenities with estimated project cost of \$1 million dollars.

- o El Eden – Phase II Recreation Center with estimated cost of \$4 million will include a two story recreation center with items such as an elevated walking/jogging track cardiovascular area, dance/aerobics room and a nutritional / wellness program.
- o Construction of a municipal golf course with the estimated cost of \$5.6 million dollars. This golf course consists of approximately 300 acres for a championship golf course.
- o Slaughter Park which includes a 3 soccer fields and 3 baseball fields with an estimated project cost of \$2.5 million towards park improvements.
- o The design for a linear park system in South Laredo running through various subdivisions for \$1.4 million dollars.
- The City's share of the West Laredo Corridor Project will be funded in the amount of \$2,124,000. West Laredo Corridor project will provide needed access and alleviate traffic congestion in the west side of Laredo. This is a project that is been coordinated by the Texas Department of Transportation.
- Renovation of an existing dental clinic through the collaborative partnership Health and Human Services will add 15 operatories with an estimated cost of \$3,364,470.
- The renovation of the Santo Nino Library Branch with an estimated cost of \$1.9 million will service the Citizens of South Laredo.
- The addition of seven additional commercial lanes at the World Trade Bridge for U.S. Customs inspections where the total cost is estimated to be \$6 million.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and its agencies and instrumentalities and the Local Government Investment pools. The maturities of the investments range from daily to two years with an average day to maturity of 235 days. The average yield on investments was 5.33 percent for the year.

Risk management. In January 1990, the City established a partial self-insurance plan to provide medical coverage for its employees. On October 1, 1996, the City converted its Worker's Compensation Plan to a self-funded plan. Claims in excess of the self-insured retention amounts are covered through third party limited-coverage insurance policies. The City has accruals for claims that have been incurred but not yet disbursed. The total net assets as of September 30, 2007, for the Health & Benefits Fund were \$201,081. The amount reflects a

decrease of \$164,076 in Net Assets. The total net assets for Risk Management were \$2,244,941, an increase of \$752,904 from the previous year.

Pension and other postemployment benefits. The City of Laredo sponsors a non-traditional, joint contributory, hybrid defined single-employer (TMRS) defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City of Laredo must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Laredo fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the City of Laredo's conservative funding policy, the City of Laredo has partially funded 60.17 percent as of December 30, 2006. The remaining un-funded amount is being systematically funded over 25 years as part of the annual required contribution calculated by the actuary.

The City of Laredo also provides post-retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 96 retired employees receiving these benefits. An actuarial was conducted and due to new reporting requirements the City has an unfunded liability of \$88,107,000. The City of Laredo will implement a plan in the near future in order to begin funding this liability.

Additional information on the City of Laredo's pension arrangements and post-employment benefits can be found in Note # 9 and 10 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laredo for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2006. This was the nineteenth 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.

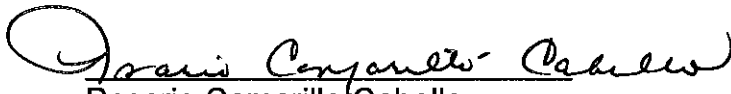
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its sixteenth consecutive year. In order to qualify for the

Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,


Rosario Camarillo-Cabello,
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Laredo
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

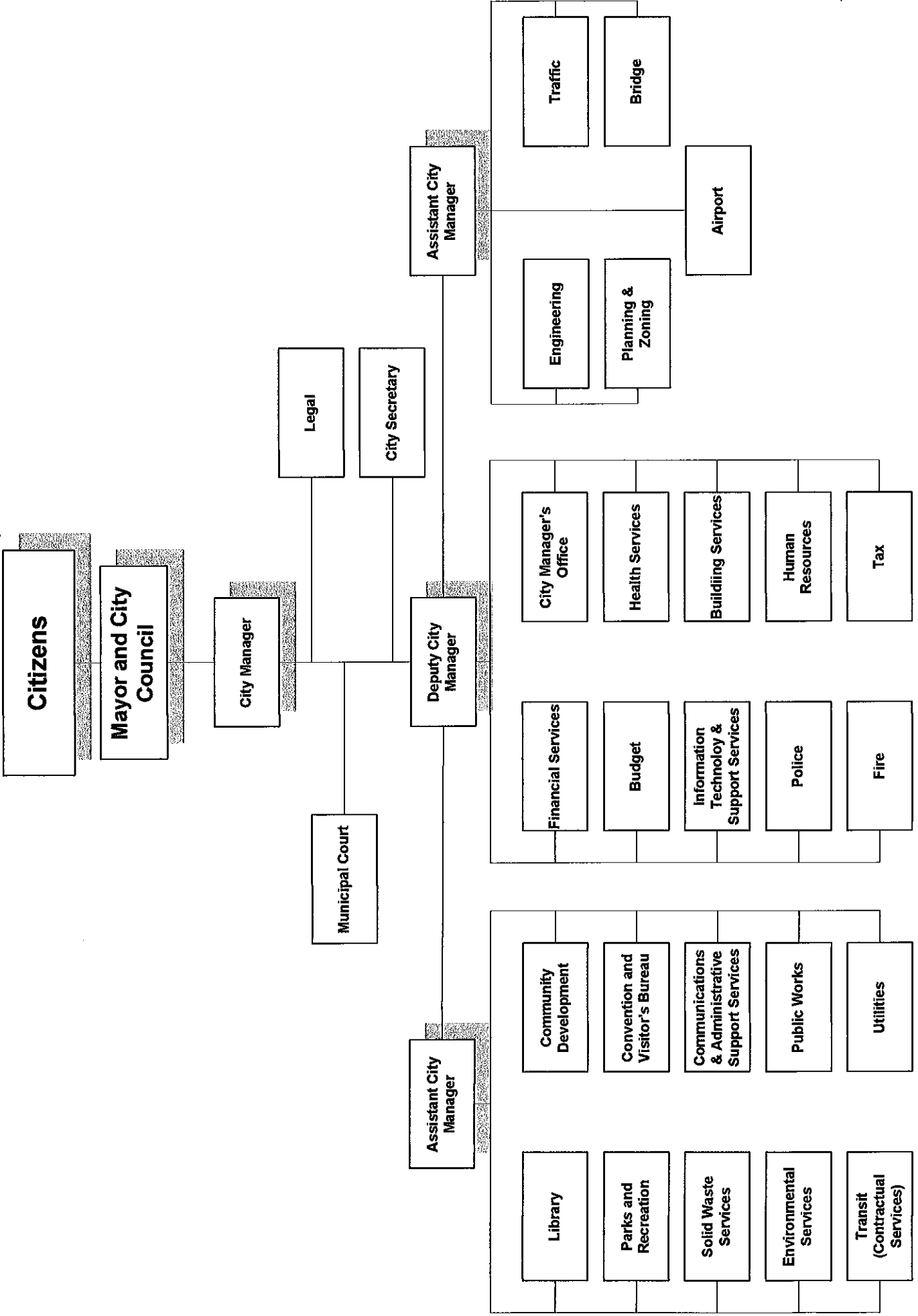
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF LAREDO, TEXAS



X

**CITY OF LAREDO, TEXAS
ADMINISTRATIVE OFFICIALS**

CITY COUNCIL

Raul G. Salinas, Mayor

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

CITY STAFF

Carlos R. Villarreal, City Manager

Cynthia Collazo, Deputy Manager

Horacio De Leon, Assistant City Manager

Jesus M. Olivares, Assistant City Manager

Raul Casso, City Attorney

Rosario Camarillo-Cabello, Financial Services Director

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS
107 CALLE DEL NORTE, SUITE 15A
P.O. BOX 2664
LAREDO, TEXAS 78044-2664

RAUL GARZA, CPA, MPA, CGFM, DABFA
JORGE R. MARTINEZ, CPA
ANGELICA P. CANTU, CPA
LINDA V. MARTINEZ, CPA, MPA
MARISA G. GONZALEZ, MPA
OMAR SALCEDO
RAMIRO R. MORENO, JR.
SANTIAGO JASSO JR.
AMANDA L. MARTINEZ



The CPA. Never Underestimate The Value.®

TEL:(956) 727-4122
FAX:(956) 727-5262
E Mail:cpafirm@gmc-cpa.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Laredo, Texas, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Laredo, Texas', management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Laredo, Texas, as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2008, on our consideration of the City of Laredo, Texas', internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Ganga, Martinez & Co, L.L.P.

March 12, 2008

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of this fiscal year by \$639 million (net assets). Of this amount, \$193 million (unrestricted net assets) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The City's governmental net assets increased by \$30.9 million while the business-type activities net assets increased by \$12.3 million resulting in a \$43.2 million increase in total net assets for the current fiscal year.
- As of the close of the current fiscal year, the City's Governmental funds reported combined ending fund balances of \$160 million; an increase of \$75 million from prior year attributed to a \$72 million bond proceeds received in September 2007. At the City's discretion, \$129.6 million of these fund balances are unreserved, \$5.9 million are designated for debt service, and the remaining amount of \$123.7 are available for spending. These amounts are reported prior to GASB 34 conversion.
- At the end of the current fiscal year, fund balance for the general fund was \$23.1 million, or 20.77 percent of the total general fund expenses.
- The City's bonded debt has a net increase of \$74.6 million from prior year's balance of \$324.7 million. During the current fiscal year, the City issued \$72.48 million in certificate of obligation bonds and \$17.67 million in revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
SCOPE	Government –Wide Statements Entire City Government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary, such as police, fire, and parks	Activities the City operates similar to private businesses: Bridge, Water, Sewer	Instances in which the City is the trustee or agent for someone else’s resources i.e.: the retirement plan for City employees
Required Financial Statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of Revenues and Expenditures, and changes in fund balances	• Statement of net assets • Statement of Revenues, expenses, and changes in net assets • Statement of Cash Flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both short-term and long-term the City’s funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the year; expenditures when goods and services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year; regardless of when cash is received or paid	All revenues and expenses during the year, regardless when cash is received or paid

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

Figure A-1

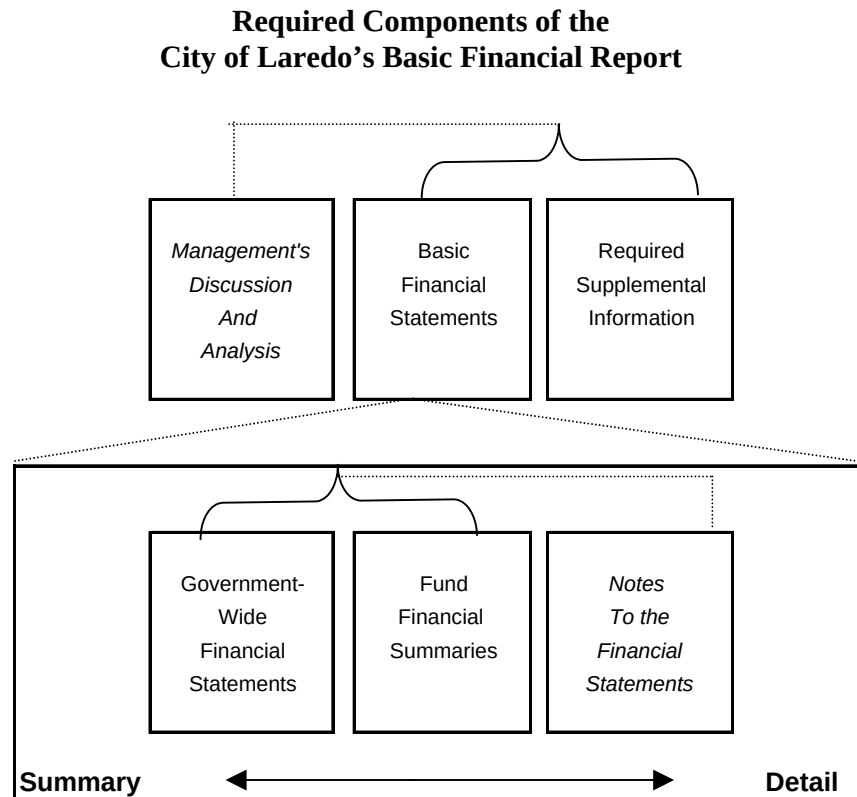


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City Government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of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

Government-wide Statements

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

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

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

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

- Government activities-Most of the City's basic services are included here, such as the police, fire, parks, public works, health, library departments, and general administration. Sales taxes and property taxes, charges for services, and the state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover its cost of certain services it provides. The City's Municipal Court operations and a portion of the Bridge revenues are included here.
- Discretely Presented Component units – The City includes five other entities in its report. These entities are: Laredo Municipal Housing Corp., Laredo Municipal Transit System, Laredo Convention and Visitors' Bureau, Laredo Firefighters' Retirement System, and the Laredo Water Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

Fund Financial Statements

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

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

The City has three kinds of funds:

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. The City's *combined* net assets totaled \$639.7 million as of September 30, 2007. Analyzing the net assets and net expenses of the governmental and business-type activities separately, the business type activities net assets are \$333.8 million and the government type activities are \$305.9 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, 2006 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 211,495,146	\$ 129,573,460	\$ 141,824,306	\$ 125,763,841	\$ 353,319,452	\$ 255,337,301
Capital assets	415,816,831	398,364,860	322,113,538	314,464,636	737,930,369	712,829,496
Unamortized Bond Costs	2,831,895	2,080,283	2,904,475	2,621,128	5,736,370	4,701,411
Total assets	630,143,872	530,018,603	466,842,319	442,849,605	1,096,986,191	972,868,208
Current liabilities	38,386,087	31,967,135	20,307,789	20,599,346	58,693,876	52,566,481
Non-current liabilities	257,986,510	195,178,787	140,613,062	128,663,632	398,599,572	323,842,419
Total liabilities	296,372,597	227,145,922	160,920,851	149,262,978	457,293,448	376,408,900
Net Assets:						
Invested in capital assets,						
net of related debt	239,071,647	215,439,510	182,101,727	228,622,897	421,173,374	444,062,407
Restricted	13,422,271	42,590,216	11,615,850	10,970,742	25,038,121	53,560,958
Unrestricted	81,277,357	44,842,955	112,203,891	53,992,988	193,481,248	98,835,943
Total net assets	\$ 333,771,275	\$ 302,872,681	\$ 305,921,468	\$ 293,586,627	\$ 639,692,743	\$ 596,459,308

An additional portion of the City's net assets (\$25,038,121 or 4%) represents resources that are subject to external restrictions on how they may be used. The City of Laredo has sufficient funds to meet requirements for cash outlays in the next fiscal year and has the financial capacity to meet its long-term obligations in the years to come. The City's policy has been to make reasonable and continuous efforts to fund all long-term liabilities.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2007. Governmental activities increased the City's net assets by \$30.9 million, while Business-Type activities increased by \$12.3 million, overall the City's Net Assets increased by \$43.2 million. The City's total revenues increased by 5 percent to \$327.3 million in Fiscal Year 2007 (See Table A-2). The largest revenue category was charges for services, which is composed for the most part of Administrative Fees from all departments, bride tolls and utility charges.

Total operating cost of all programs increased by \$15 million from prior year to \$284 million. The most significant governmental expense for the City was in providing public safety, which incurred \$87 million, a growth of \$5 million over prior year. These expenses were offset by revenues collected by a variety of sources such as property taxes and fines and forfeitures. The most significant portion of the police activity is the cost of personnel, which is approximately \$38 million and the fire department with \$ 29 million (both areas including benefits).

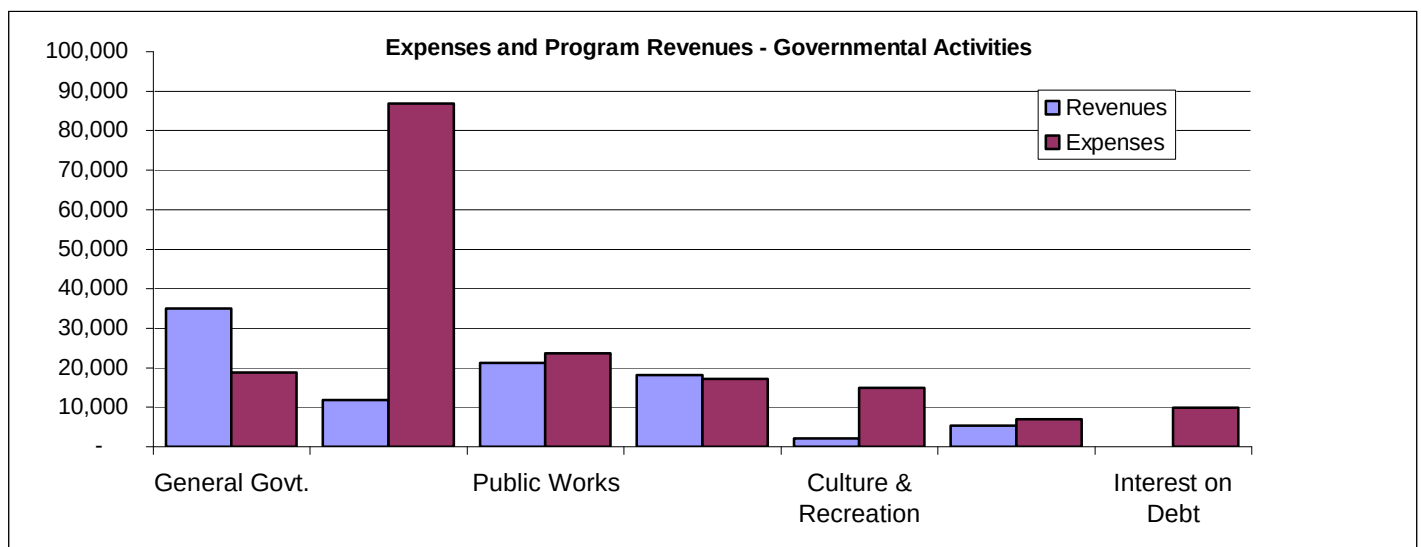
Table A-2

City of Laredo's Changes in Net Assets September 30, 2006 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 62,554,068	\$ 57,884,577	\$ 107,423,680	\$ 104,764,392	\$ 169,977,748	\$ 162,648,969
Operating grants and contributions	12,987,606	11,946,958	4,732,614	4,564,435	17,720,220	16,511,393
Capital grants and contributions	18,236,216	16,859,762	9,447,512	13,062,195	27,683,728	29,921,957
General revenues:						
Sales tax	31,476,528	30,151,183	5,881,063	5,658,730	37,357,591	35,809,913
Property taxes	55,844,667	49,472,071	-	-	55,844,667	49,472,071
Other taxes	10,261,520	9,967,953			10,261,520	9,967,953
Grants and contributions not restricted	4,095,598	5,235,856			4,095,598	5,235,856
Other	4,211,234	3,378,779	133,758	197,293	4,344,992	3,576,072
Total revenue	\$ 199,667,437	\$ 184,897,139	\$ 127,618,627	\$ 128,247,045	\$ 327,286,064	\$ 313,144,184

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Expenses:						
General Government	\$ 18,843,640	\$ 17,637,852	\$ -	\$ -	\$ 18,843,640	\$ 17,637,852
Public Safety	86,934,314	81,993,355	-	-	86,934,314	81,993,355
Public Works	23,691,341	22,544,287	-	-	23,691,341	22,544,287
Health & Welfare	17,131,331	15,734,517	-	-	17,131,331	15,734,517
Culture & Recreation	14,988,247	14,770,220	-	-	14,988,247	14,770,220
Air Transportation	6,929,219	6,487,313	-	-	6,929,219	6,487,313
Interest & Other long - term debt	9,809,368	9,337,731			9,809,368	9,337,731
Bridge System	-	-	38,421,137	38,315,376	38,421,137	38,315,376
Solid Waste	-	-	15,000,574	13,559,190	15,000,574	13,559,190
Transit	-	-	-	14,075,828	-	14,075,828
Water System	-	-	22,213,666	20,607,390	22,213,666	20,607,390
Sewer System	-	-	14,251,997	12,733,207	14,251,997	12,733,207
Other Business -Types	-	-	15,744,459	1,001,793	15,744,459	1,001,793
Total expenses	178,327,460	168,505,275	105,631,833	100,292,784	283,959,293	268,798,059
Inc (dec) in net assets before transfers	21,339,977	16,391,864	21,986,794	27,954,261	43,326,771	44,346,125
Transfers	9,651,953	15,406,004	(9,651,953)	(15,406,004)	-	-
Incr (Dec) in net assets	30,991,930	31,797,868	12,334,841	12,548,257	43,326,771	44,346,125
Net assets, beginning	302,872,681	276,563,212	293,586,627	279,737,230	596,459,308	556,300,442
Prior Period Adj.	(93,336)	(5,488,399)	-	1,301,140	(93,336)	(4,187,259)
Net assets, ending	\$ 333,771,275	\$ 302,872,681	\$ 305,921,468	\$ 293,586,627	\$ 639,692,743	\$ 596,459,308

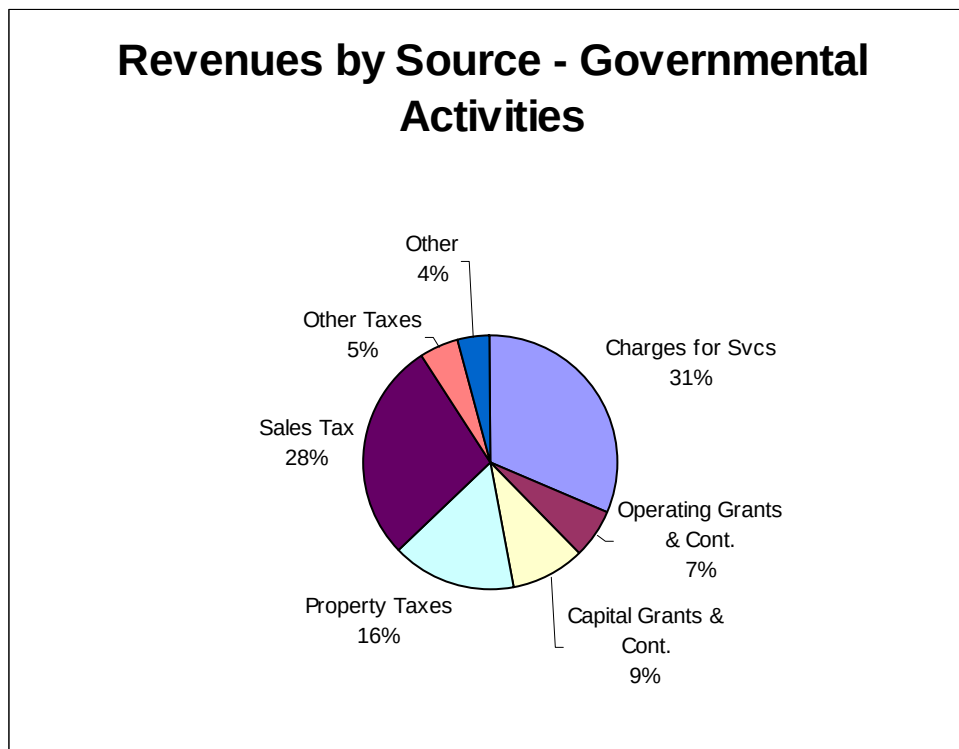
Graph 1



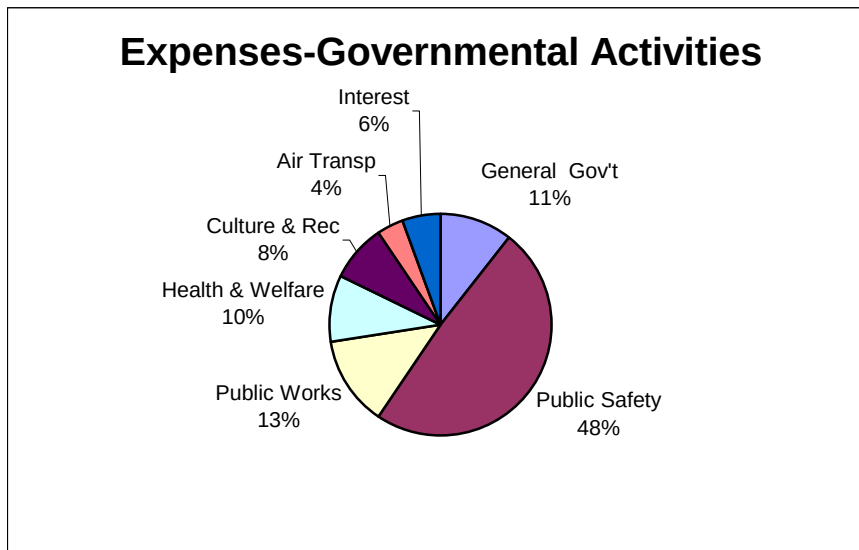
Graph 1 represents the cost of each of the City's 7 largest programs as well as each of the programs revenue. Net cost (total cost less fees generated by the activities and intergovernmental aid) is also reflected for each program. The net cost is the financial burden that was placed on the City's taxpayers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

- The cost of all *Governmental* activities this year was \$178 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 \$106 million.
- General Government (support services) comprised approximately 10.6% of total expense in Fiscal Year 2007; an increase of \$1.2 million from prior year. There were no significant increases in any one area, other than cost of living and merit.
- Expense for Public Safety increased by \$5 million from prior year to \$87 million. This increase was due to increased personnel expenses in Fire by \$1 million. This increase was due to cost of living increases. Police increased by \$4 million; the majority of the increase was due to 37 positions transferred to General Fund from grants.
- 48.75% of all Governmental Activities expenses were from public safety, 13.29% were from Public Works, 9.6% were from Health & Welfare, 8.4% were from Cultural & Recreational, 10.6% were for general governmental activities and 9.36% were from Other categories. (See Graph 3).
- Public Works expense increased by \$1.1 million as compared to the previous year. The net increase is due to the heavy construction in the quality of life areas for example such as Parks & Recreation Facilities.
- Health and Welfare expenses increase by \$1.4 million due to increase services available to the community and funded by state and federal grants.
- Other increases in the amount of \$1.1 million were incurred in other areas e.g. Cultural & Recreational, Airport Facilities and Other
- Business Type Activities transferred to Governmental Activities \$9.65 million.
- 31.33% of all Governmental Activities revenue came from charges for services, 28% from property taxes and 16% from sales taxes (see Graph 2).

Graph 2



Graph 3



Business-type Activities

Revenues of the City's business-type activities were \$127.6 million for the fiscal year ending September 30, 2007, a decrease of \$628 thousand from prior year. There was an overall increase in Charges for Services of \$2.6 million where the larger contribution to this increase was from Water & Sewer Systems by \$2.5 million. Operating Grants and Contributions decreased by \$168 thousand and Capital Grants and Contributions decreased by \$3.6 million over prior year due to decreases in Transit Capital Grant and Utility System Developers Contributions.

Expenses for the City's business-type activities were \$105.6 million for the year, a \$5.3 million increase from prior year. (Refer to Table A-2). The areas where these increases occurred are as follows:

- \$1.6 million increase in Water Works System; operational expenses increased by \$1.4 million and an increase of \$200,000 in non-operating expenses.
- \$1.5 million increase in operational expense for the Sewer System.
- \$1.4 million increase in Solid Waste System due to an increase of operating expenses for the Landfill division in the amount of \$700 thousands and \$1 million in Closure and Post-Closure costs.
- Other business-type activities increase by \$800 thousand in operating expenses for the Bridge System, Transit System 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 \$160.2 million of which \$87.8 million is for General Fund, Debt Service Fund and Other Governmental Funds and \$72.4 is for the 2007 Certificate of Obligation Fund that account for major infrastructure improvements. Of the \$160.2 million combined fund balance, \$29.5 million is unreserved, \$5.9 million debt service, and \$94.2 million for capital projects, and \$30.6 million in restricted for an endowment fund, reserve for encumbrances, capital acquisition and reserve for debt service.

The General Fund is the chief operating fund of the City of Laredo. At the end of the current fiscal year, unreserved fund balance of the general fund was \$21.8 million of the total fund balance \$23.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenses. Unreserved fund balance represents 19.53 percent total general fund operating expenses, while total fund balance represents 20.77 percent of the same amount.

During the current fiscal year, the City's general fund balance increased by \$2 million as compared to prior year. Key factors in this growth are as follows:

- As compared to prior year, an increase of \$5.3 million in property taxes. A growth in assessed valuations by 12.6% from prior year as well as the City's high collection rate of 97.14% has assisted the City in increasing tax revenues without having to increase the property tax rate.
- An increase of \$1 million in sales tax due to increased economic growth in the area as compared to prior year.
- General Fund Expenses increased by \$9.6 million from prior year. Where most of the departments remained stable, minimal growth occurred in Public Safety by \$6.8 million. Police Department's expenses increased by \$4 million and Fire Department increased by \$1 million; both areas of growth were attributed to increased personnel costs. Another area of growth was public works by \$1.3 million. This growth was also mostly attributed to personnel growth.

The Debt Service fund has a total fund balance of \$5.9 million, all of which is designated for the payment of debt. The net decrease in fund balance during the current year in the debt service fund was \$562 thousand dollars.

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

Total net assets of the Business – Type Activities at the end of the year totaled \$305.9 million. The total net assets increased by \$12.3 million to \$305.9 million as compared to prior year. The largest area of change is in the Waterworks System Fund due to results of operations produced a \$8.7 million increase in net assets. The increase can be further broken down into an operating income of \$2 million and other non-operating revenues, net of expenses, of \$6.7 million. Revenues increase due to a rate increase implemented during the current year and an increase in water consumption. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Overall, the City has not only maintained a 15% fund balance, but has also has been able to maintain a rate of 20.77% in FY 2007. Steadily and in spite of neighboring Mexican economic challenges, the City has been able to sustain and strengthen its economic condition. Two examples of indicators that lead us to this position are: property valuation growth which has increased from prior year by 12.6% as well as an increase of sales tax revenues increasing from prior year by 4.6%. With appropriate planning and cautious financial spending, the City's fund balance is \$23,146,914 or 20.77% of operating expenses as of September 30, 2007.

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 \$2.037 million. This amended consisted of grants including \$688,905 from a Homeland Security Grant and \$168,244 from State Planning Grant. Other appropriations included proceeds from a lease purchase of equipment in the amount of \$144,235 thousand and \$100,000 thousand appropriated for Penalty and Interest revenues. An additional \$640,000 thousand was appropriated for a reimbursement from a Contractual Obligation Fund. There were no other significant amendments to the original revenue budget for the year in General Fund.

Expenses and Other Financing Uses:

- The budget was amended to reflect additional appropriations of \$5.563 million for various grants in the amount of \$857,149 thousand. General Fund was also amended by \$1 million to cover prior year encumbrances and a drawdown of fund balance in the amount of \$2.5 million. The draw was appropriated for various infrastructure projects. An advance of \$640,000 thousand was appropriated for Contractual Obligation Fund. The advance was repaid during the fiscal year.

Amended Budget as compared to Actual Expenses:

Revenues:

- The actual revenues reflect an overall unfavorable variance of \$1.4 million as compared to the amended budget. This variance had various attributes:
 - Sales tax revenues did not increase as projected and had a shortfall of \$1.6 million.
 - Charges for services revenues did not increase as projected during the budget cycle and had a shortfall of \$697 thousand
 - The underperformance of the above mentioned revenues were offset by an increase in other revenues, particularly Interest and Other that exceeded projected revenues by \$861 thousand

Expenses:

- An overall favorable variance (savings) of \$5.3 million in expenses was realized during the current year as compared to amended budget.
 - General Government realized savings in the amount of \$1 million among the departments with savings include Municipal Court, Building and Planning
 - Public Safety realized savings of \$960 thousand in the Police Department and Traffic Departments with the most significant savings for the year.
 - Public Works had savings of \$1.79 million in the divisions of Special Construction Projects, Street Maintenance and Construction.

- o Cultural & Recreational had savings of \$979 thousand in the Library, Recreation and Park Maintenance Division.
- o All other departments of General Fund played a proactive role in limiting and restricting expenses and ensuring that the City's fund balance remain healthy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Laredo investment in capital assets for its Governmental and Business-Type activities as of September 30, 2007 is \$738 million (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was \$25.2 million net increase over prior year. Additions, net of accumulated depreciation, to capital assets such as land, infrastructure and buildings for the year totaled \$17.6 million for governmental activities and \$7.6 million for business type activities. Deletions of such items were immaterial for the year. (Table A-3) Additional information about the City's Capital Assets is presented in Note 8 to the financial statements.

Table A-3
City of Laredo
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 56,667,732	\$ 52,949,889	\$ 30,804,531	\$ 30,723,677	\$ 87,472,263	\$ 83,673,566
Buildings	102,776,895	100,874,890	42,499,585	43,267,062	145,276,480	144,141,952
Machinery & Equipment	26,311,051	20,485,849	23,031,519	22,689,753	49,342,570	43,175,602
Water Rights	-	-	18,797,356	17,045,672	18,797,356	17,045,672
Improve'ts other than Bldg	218,792,954	204,167,474	166,051,728	156,503,614	384,844,682	360,671,088
Construction in Progress	11,268,199	19,793,422	40,928,822	44,234,858	52,197,021	64,028,280
Total	\$ 415,816,831	\$ 398,271,524	\$ 322,113,541	\$ 314,464,636	\$ 737,930,372	\$ 712,736,160

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

Governmental

- Various land acquisitions related to the Noise Abatement Project totaling \$1.13 million, \$1.2 million for the El Portal Project and \$968 thousand for park land development.
- Building increase by \$1.9 million mainly due to Civic Center Improvements.
- Airport Taxiways and Cargo Apron improvement in the amount of \$5.8 million.
- Infrastructure Improvements in the amount of \$8.8 million for various projects.
- Machinery, Equipment, Vehicles and Heavy Equipment acquired during the fiscal year amounted to \$7 million for all departments within the City.

Proprietary

- Water Rights acquisition in the amount of \$1.7 million.
- Water and Waste Water Systems investment in Capital Assets increase by \$15.3 million which includes Water and Sewer plant improvements, construction in progress and collection and distribution systems.
- \$3.7 million was added to Construction in Progress for the Bridge System for new commercial facility known as El Portal Project and Rehab work for Bridge Infrastructure.

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

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

Long-term Debt

At year-end, the City had \$392 million in outstanding bonds and other long term debt; an increase of \$74 million over last year (See Table A-4). More detailed information about the City's long-term liabilities is presented in Note 11 & 12 to the financial statements.

New debt resulted mainly from a \$72.48 million Combination Tax and Revenue Certificate of Obligation Series 2007 and \$17.67 million Waterworks & Sewer Systems Revenue Bond. The issuance of long term debt was to finance various projects including constructing City streets and sidewalks, traffic signals, lighting improvements, equipment and vehicles for various City Departments, developing various recreational facilities, improvements to City facilities along improving and extending the water and sewer systems.

Bond Ratings

The City most recent general obligation bond ratings are the following:

Standard & Poor's	A+
Moody's	A2
Fitch	A+

Table A-4
City of Laredo's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 64,585,000	\$ 72,200,000	\$ -	\$ -	\$ 64,585,000	\$ 72,200,000
Certificates of obligation	138,400,000	69,585,000	-	-	138,400,000	69,585,000
Revenue bonds	34,005,000	35,165,000	110,402,053	98,574,969	144,407,053	133,739,969
Capital lease obligations	3,297,907	1,683,921	-	-	3,297,907	1,683,921
Compensated Absences	16,763,603	15,524,866	874,212	736,385	17,637,815	16,261,251
Notes payable	935,000	1,020,000	22,718,688	23,783,524	23,653,688	24,803,524
Total	\$ 257,986,510	\$ 195,178,787	\$ 133,994,953	\$ 123,094,878	\$ 391,981,463	\$ 318,273,665

Economic Factors and Next Year's Budgets and Rates

The City Council considered many factors when setting the fiscal year 2008 budget. General Fund revenues for FY 07-08 are proposed to be \$128,345,012 with a 7.4 percent over prior year's original budget. Expenses are proposed equally to be \$128,345,012 with a 7.9 percent increase over prior year actual expenses. This growth has caused additional demands on the City to enhance services provided to the general population particularly in the Public Safety

and General Government categories. The City's unemployment rate dropped to 4.3 percent as of September 30, 2007 compared to prior year's 4.6 percent. This average places it slightly below the State average of 4.7 percent. Building permit revenues, sales tax revenues and bridge toll revenues are areas which we use to measure the local economy. These areas are showing growth and are good indicators of a stronger economy.

The total 2008-2009 consolidated budget appropriation is \$404,332,412 million. This represents an increase in revenues of \$18 million or 4.7 percent over the 2006-2007 original budget. The property tax rate for 2008 is .6370 per \$100 valuation; the rate has remained the same for the last five consecutive years. Assessed valuations for FY 07-08 were \$9.4 billion with 12% growth over prior year with an estimated levy of \$59.8 million. Of the .6370 tax rate, 81 percent or .513745 cents are utilized for General Fund activities, the remaining 19 percent or .1232555 cents are used for Debt Service. The General Fund's portion of property tax revenue for FY 2008 is projected to be \$46.6 million. Sales tax revenues for the General Fund for fiscal year 2008 are budgeted to be \$27.5 million, an increase of \$2 million or 8 percent as compared prior year's actual numbers.

A 3 percent cost of living increase was budgeted for all of the City of Laredo's employees for FY 2007-08 with an estimated cost of \$1,675,438. Fire & Police Safety are the exceptions to this increase since they have individual negotiated contracts. There were a total of 2,556.58 full time equivalent positions with an estimated budget of \$108.4 million.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents: (Note 4)			
Cash	\$ 656,142	\$ (48,666)	\$ 607,476
Equity in Investment Pool	13	-	13
Investments (Note 5)	165,931,965	47,564,266	213,496,231
Receivable, net of allowances: (Note 6)			
Accrued Interest	1,729,432	489,928	2,219,360
Property Taxes, Penalty and Interest	6,564,004	-	6,564,004
Hotel-Motel Tax, Penalty and Interest	305,259	-	305,259
Accounts	10,305,971	5,620,579	15,926,550
Notes	13,331,844	48,877	13,380,721
Paving Assessments	14,352	-	14,352
Internal Balances	(902,265)	902,265	-
Due From Other Governments	12,986,582	584,708	13,571,290
Inventory, at cost	352,952	1,221,733	1,574,685
Prepaid Items	218,895	-	218,895
Total Current Assets	211,495,146	56,383,690	267,878,836
Noncurrent Assets:			
Restricted Assets: (Note 7)			
Investments (Note 5)	-	84,956,900	84,956,900
Accrued Interest	-	372,461	372,461
Accounts	-	15,123	15,123
Notes	-	252	252
Due From Other Governments	-	95,880	95,880
Capital Assets: (Note 8)			
Nondepreciable Assets:			
Land and Improvements	56,667,732	49,601,886	106,269,618
Construction in Progress	11,268,199	40,928,822	52,197,021
Depreciable Assets:			
Buildings	128,194,690	61,692,826	189,887,516
Machinery and Equipment	67,881,202	60,331,413	128,212,615
Infrastructure	371,952,436	277,790,145	649,742,581
Accumulated Depreciation	(220,147,428)	(168,231,554)	(388,378,982)
Unamortized Bond Issuance Costs	2,831,895	2,904,475	5,736,370
Total Non Current Assets	418,648,726	410,458,629	829,107,355
TOTAL ASSETS	\$ 630,143,872	\$ 466,842,319	\$ 1,096,986,191
(Continued)			

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2007

(Continued)

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 6,376,338	\$ 2,955,831	\$ 9,332,169
Claims and Judgments Payable	3,129,614	-	3,129,614
Retainage Payable	889,184	285,473	1,174,657
Accrued Wages and Employee Benefits	2,259,990	616,198	2,876,188
Accrued Interest Payable	1,628,215	246,462	1,874,677
Compensated Absences (Note 11)	62,374	680,986	743,360
Contracts Payable	3,776,091	1,429,742	5,205,833
Customer and Tenant Deposits	159,684	4,454,577	4,614,261
Due To Other Governments	502,659	-	502,659
Due to Developers	1,024,941	38,929	1,063,870
Unearned Revenue	504,200	2,708,520	3,212,720
General Obligation Bonds (Note 11)	7,615,000	-	7,615,000
Certificates of Obligation (Note 11)	7,345,000	-	7,345,000
Revenue Bond Payable (Note 11)	1,160,000	6,131,000	7,291,000
Notes Payable (Note 11 & 12)	85,000	760,070	845,070
Capital Lease Obligation (Note 11)	1,867,797	-	1,867,797
Total Current Liabilities	<u>38,386,087</u>	<u>20,307,788</u>	<u>58,693,875</u>
Noncurrent Liabilities:			
Noncurrent portion of long term liabilities:			
General Obligation Bonds (Note 11)	64,585,000	-	64,585,000
Certificates of Obligation (Note 11)	138,400,000	-	138,400,000
Revenue Bonds Payable (Note 11 & 12)	34,005,000	110,402,053	144,407,053
Notes Payable (Note 11 & 12)	935,000	22,718,688	23,653,688
Capital Lease Obligations (Note 11)	3,297,907	-	3,297,907
Compensated Absences (Note 11 & 12)	16,763,603	874,212	17,637,815
Landfill Closure & Postclosure Costs (Note 12)	-	6,618,109	6,618,109
Total Noncurrent Liabilities	<u>257,986,510</u>	<u>140,613,062</u>	<u>398,599,572</u>
TOTAL LIABILITIES	<u>296,372,597</u>	<u>160,920,850</u>	<u>457,293,447</u>
NET ASSETS			
Investments in Capital Assets, net of related debt	239,071,647	219,928,272	458,999,919
Restricted for:			
Debt Service	5,946,381	11,615,850	17,562,231
Capital Projects	7,408,221	-	7,408,221
Improvements	-	70,368,138	70,368,138
Canseco Endowment Fund			
Nonexpendable	17,669	-	17,669
Expendable	50,000	-	50,000
Unrestricted	81,277,357	4,009,209	85,286,566
TOTAL NET ASSETS	<u>\$ 333,771,275</u>	<u>\$ 305,921,469</u>	<u>\$ 639,692,744</u>

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

CITY OF LAREDO, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activates
Primary Government:						
Governmental Activities:						
General Government	\$ 18,843,640	32,910,354	1,187,213	968,504	16,222,431	-
Public Safety	86,934,314	8,172,180	3,666,196	40,487	(75,055,451)	-
Public Works	23,691,341	5,465,043	-	15,831,076	(2,395,222)	-
Health and Welfare	17,131,331	9,392,593	7,390,076	1,396,149	1,047,487	-
Culture and Recreation	14,988,247	1,775,372	255,565	-	(12,957,310)	-
Air Transportation	6,929,219	4,838,526	488,556	-	(1,602,137)	-
Interest and Other on Long-Term Debt	9,809,368	-	-	-	(9,809,368)	-
Total Governmental Activities	178,327,460	62,554,068	12,987,606	18,236,216	(84,549,570)	-
Business-Type Activities:						
Bridge System	38,421,137	41,642,985	-	-	-	3,221,848
Waterworks System	22,213,666	28,217,432	-	5,549,170	-	11,552,936
Sewer System	14,251,997	15,157,406	-	3,683,295	-	4,588,704
Solid Waste Management System	15,000,574	16,645,845	-	46,059	-	1,691,330
Other Enterprise Funds	15,744,458	5,760,012	4,732,614	168,988	-	(5,082,844)
Total Business-Type Activities	105,631,832	107,423,680	4,732,614	9,447,512	-	15,971,974
Total Primary Government	\$ 283,959,292	169,977,748	17,720,220	27,683,728	(84,549,570)	(68,577,596)
General Revenues:						
Property Taxes					55,844,667	-
Sales Tax					31,476,528	5,881,063
Franchise Tax					6,528,053	-
Hotel Motel Tax					3,392,027	-
Alcoholic Beverage Tax					341,440	-
Grants and contributions not restricted to specific programs					4,095,598	-
Unrestricted investment earnings					3,866,276	-
Gain on sale of capital assets					344,958	133,758
Transfers					9,651,953	(9,651,953)
Total general revenues and transfers					115,541,500	(3,637,132)
Change in net assets					30,991,930	12,334,842
Net assets-beginning					302,872,681	293,586,627
Prior Period Adjustment (Note 20)					(93,336)	-
Net assets-ending					\$ 333,771,275	305,921,469
						639,692,744

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

**CITY OF LAREDO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007**

	GENERAL	DEBT SERVICE	CERTIFICATE OF OBLIGATION 07 ISSUE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ (9,300)	(5,896)	-	678,232	663,036
Equity in Investment Pool	-	-	-	13	13
Investments	20,187,541	5,890,755	74,104,000	58,529,132	158,711,428
Receivable, net of allowances:					
Accrued Interest	230,001	67,115	-	1,350,051	1,647,167
Taxes, Penalty and Interest (Note 6)	5,475,789	1,011,600	-	18,810	6,506,199
Accounts (Note 6)	5,203,143	-	-	2,218,163	7,421,306
Notes (Note 6)	-	-	-	13,331,844	13,331,844
Paving Assessments (Note 6)	-	14,352	-	-	14,352
Due From Other Funds	4,980,115	-	-	-	4,980,115
Due From Other Governments	1,071,430	-	-	11,915,152	12,986,582
Inventory, at cost	29,373	-	-	639	30,012
TOTAL ASSETS	37,168,092	6,977,926	74,104,000	88,042,036	206,292,054
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	1,946,359	376	1,614,457	1,668,148	5,229,340
Retainage Payable	8,449	-	-	880,735	889,184
Accrued Wages and Employee Benefits	1,693,643	-	1,847	496,463	2,191,953
Compensated Absences	4,279	-	-	58,095	62,374
Contracts Payable	-	-	-	3,776,091	3,776,091
Customer and Tenant Deposits	50	-	-	159,634	159,684
Due To Other Funds	-	-	47,121	4,932,562	4,979,683
Due To Other Governments	306,475	-	-	196,184	502,659
Due To Developers	-	-	-	1,024,941	1,024,941
Deferred Revenue	10,061,923	1,031,169	-	16,114,874	27,207,966
TOTAL LIABILITIES	14,021,178	1,031,545	1,663,425	29,307,727	46,023,875
FUND BALANCES					
Fund Balances:					
Reserved:					
Reserved for Encumbrances	906,778	-	5,030,156	18,177,479	24,114,413
Reserved for Capital Acquisition	470,210	-	-	2,685,846	3,156,056
Reserved for Children's Programming	-	-	-	17,669	17,669
Reserved for Endowment Corpus	-	-	-	50,000	50,000
Reserved for Debt Service	-	-	-	3,283,639	3,283,639
Unreserved Reported in:					
General Fund	21,769,926	-	-	-	21,769,926
Debt Service Fund	-	5,946,381	-	-	5,946,381
Capital Projects	-	-	67,410,419	26,794,356	94,204,775
Special Revenue Fund	-	-	-	7,725,320	7,725,320
TOTAL FUND BALANCES	23,146,914	5,946,381	72,440,575	58,734,309	160,268,179
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,168,092	6,977,926	74,104,000	88,042,036	

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.	414,990,160
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	833,679
Internal service funds are used by management to charge the costs of fleet management, risk management, and health benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	3,683,029
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)	(246,003,772)
Net assets of governmental activities	\$ 333,771,275

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, 2007

	GENERAL	DEBT SERVICE	CERTIFICATE OF OBLIGATION 07 ISSUE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes:					
Property	\$ 45,256,380	10,424,742	-	-	55,681,122
Sales	25,027,489	-	-	6,356,559	31,384,048
Franchise Fees	6,506,014	-	-	-	6,506,014
Bingo Tax	65,524	-	-	-	65,524
Alcoholic Beverage	341,130	-	-	-	341,130
Hotel Motel	-	-	-	3,330,740	3,330,740
Licenses and Permits	6,148,720	-	-	588,188	6,736,908
Intergovernmental Revenues	1,351,157	-	-	32,526,724	33,877,881
Charges for Services	28,275,249	-	-	3,034,819	31,310,068
Fines	2,629,702	-	-	517,853	3,147,555
Fees and Collections	729,055	-	-	2,657,274	3,386,329
Rents	584,300	-	-	5,730,130	6,314,430
Interest and Other	1,889,840	553,487	2,812,135	3,115,065	8,370,527
Miscellaneous	-	-	-	2,264,974	2,264,974
Contributions & Donations	16,019	178,014	-	814,573	1,008,606
Reimbursements	421,198	2,421	-	1,161,443	1,585,062
TOTAL REVENUES	119,241,777	11,158,664	2,812,135	62,098,342	195,310,918
EXPENDITURES:					
Current:					
General Government	16,548,260	30,799	-	834,228	17,413,287
Public Safety	75,891,973	-	-	7,354,242	83,246,215
Public Works	7,465,068	-	938,978	3,870,284	12,274,330
Health and Welfare	560,866	-	-	16,142,502	16,703,368
Cultural and Recreational	10,551,572	-	-	5,369,875	15,921,447
Air Transportation Services	-	-	-	5,160,618	5,160,618
Capital Outlay	-	-	1,711,088	32,322,398	34,033,486
Debt Service:					
Principal Retirement	400,000	15,195,000	-	1,391,948	16,986,948
Interest and Fiscal Expenditures	-	9,211,953	-	38,988	9,250,941
TOTAL EXPENDITURES	111,417,739	24,437,752	2,650,066	72,485,083	210,990,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,824,038</u>	<u>(13,279,088)</u>	<u>162,069</u>	<u>(10,386,741)</u>	<u>(15,679,722)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	733,997	13,926,718	-	11,561,513	26,222,228
Issuance of Debt	-	-	72,480,000	3,680,000	76,160,000
Transfers Out	(6,836,898)	(1,209,738)	(201,494)	(8,214,881)	(16,463,011)
Capital Leases	144,235	-	-	4,205,430	4,349,665
Sale of Assets	192,338	-	-	142,016	334,354
TOTAL OTHER FINANCING SOURCES (USES)	(5,766,328)	12,716,980	72,278,506	11,374,078	90,603,236
Net Change in Fund Balances	2,057,710	(562,108)	72,440,575	987,337	74,923,514
Fund Balances-Beginning	21,089,204	6,508,489	-	57,746,972	85,344,665
FUND BALANCES-ENDING	\$ 23,146,914	5,946,381	72,440,575	58,734,309	160,268,179

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

CITY OF LAREDO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

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

Net change in fund balances-total governmental funds	\$ 74,923,514
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)	(17,231,675)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	344,958
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,450,544
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)	(63,522,717)
Accrued interest expense recorded for entity-wide statements.	300,032
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.	32,607,875
Internal service funds are used by management to charge the costs of fleet management, risk management, and health and benefits to individual funds.	
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>1,119,399</u>
Change in net assets of governmental activities	\$ <u>30,991,930</u>

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

CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2007

	Budgeted Amounts				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
REVENUES:						
Taxes						
Property Taxes	\$ 43,193,840	43,193,840	43,365,411	-	43,365,411	171,571
Penalty and Interest	1,638,059	1,738,059	1,890,969	-	1,890,969	152,910
Alcoholic Beverage	318,285	318,285	341,130	-	341,130	22,845
Bingo Tax	64,783	64,783	65,524	-	65,524	741
Sales and Use	26,646,713	26,646,713	25,027,489	-	25,027,489	(1,619,224)
Franchise Fees	6,863,012	6,863,012	6,506,014	-	6,506,014	(356,998)
Licenses and Permits	6,117,480	6,117,480	6,148,720	-	6,148,720	31,240
Intergovernmental Revenues	445,337	1,460,056	1,351,157	-	1,351,157	(108,899)
Charges for Services	28,972,194	28,972,194	28,275,249	-	28,275,249	(696,945)
Fines	2,521,484	2,521,484	2,629,702	-	2,629,702	108,218
Fees and Collections	651,376	651,376	729,055	-	729,055	77,679
Interest and Other	1,613,631	1,613,631	2,474,140	-	2,474,140	860,509
Miscellaneous	423,916	479,320	437,217	-	437,217	(42,103)
TOTAL REVENUES	119,470,110	120,640,233	119,241,777	-	119,241,777	(1,398,456)
EXPENDITURES:						
General Government						
Mayor and City Council	507,264	533,654	524,286	1,578	525,864	7,790
City Manager	1,252,833	1,256,123	1,363,182	232	1,363,414	(107,291)
Internal Audit	214,477	214,477	212,986	-	212,986	1,491
Real Estate	366,123	366,123	307,163	904	308,067	58,056
Public Information Office	181,561	159,647	67,472	173	67,645	92,002
Customer Service	132,867	119,101	96,381	1,239	97,620	21,481
City Hall Maintenance	441,708	483,833	437,139	21,220	458,359	25,474
Budget	315,027	366,540	344,899	9,326	354,225	12,315
Municipal Court	1,353,475	1,353,475	1,144,565	7,961	1,152,526	200,949
Building Inspections	1,603,735	1,603,735	1,400,666	3,409	1,404,075	199,660
City Attorney	959,680	959,680	782,433	114,208	896,641	63,039
City Secretary	408,049	411,929	381,725	661	382,386	29,543
Elections	101,083	132,133	130,906	-	130,906	1,227
Tax Office	1,004,395	1,004,395	966,594	7,328	973,922	30,473
Accounting	1,187,173	1,181,670	1,104,674	336	1,105,010	76,660
Purchasing	435,572	435,572	438,858	-	438,858	(3,286)
Payroll	178,809	184,312	182,636	-	182,636	1,676
Accounts Payable	317,905	317,905	310,123	-	310,123	7,782
Personnel and Civil Service	664,199	645,869	589,895	25	589,920	55,949
Training	311,934	330,264	280,464	1,386	281,850	48,414
Planning	1,250,124	1,250,124	992,070	1,538	993,606	256,518
Section 112	311,495	510,039	486,756	20,232	506,988	3,051
311 Program	-	71,010	7,637	62,325	69,962	1,048
Communications & Admin. Support	274,513	249,219	247,923	662	248,585	634
Public Safety						
Police	7,307,399	4,939,428	4,169,159	54,431	4,223,590	715,838
Records/Property	1,201,271	1,267,653	1,293,321	4,452	1,297,773	(30,120)
Autotheft Grant Match	353,220	428,001	389,444	-	389,444	38,557
Detective	5,083,589	5,474,708	5,267,708	35,329	5,303,037	171,671
LISD SRO Program	1,602,499	1,656,139	1,087,119	-	1,087,119	569,020
Narcotics/Pipeline/K-9	2,305,059	2,518,808	2,694,856	2,538	2,697,394	(178,586)
911 Communications	2,127,165	2,165,094	1,954,414	14,307	1,968,721	196,373
Criminal Int. Acquisition	606,088	626,926	689,036	-	689,036	(62,110)
Patrols	19,834,169	21,350,051	22,113,191	52,058	22,165,249	(815,198)
Fire	21,370,110	21,334,087	21,140,943	25,200	21,166,143	167,944
Fire - EMS Division	6,324,918	6,344,321	6,436,953	9,531	6,446,484	(102,163)
Fire - EMS Trauma (Webb Co.)	16,500	16,500	5,484	-	5,484	11,016
Fire Civilians	478,372	474,918	448,708	-	448,708	26,210
Fire - Prevention & Arson	1,361,858	1,367,185	1,444,659	782	1,445,441	(78,256)
Fire Airport	843,133	844,273	884,186	7	884,193	(39,920)
Fire - Training (In House)	348,199	343,129	375,847	-	375,847	(32,718)
Fire - Training	489,304	486,641	480,002	4,944	484,946	1,695
Fire Emergency Management	18,391	18,391	11,546	717	12,263	6,128
Disaster Mitigation Grant	-	97,640	5,942	430	6,372	91,268
Homeland Security Grant	-	720,305	636,205	4,250	640,455	79,850
Traffic	2,358,496	2,411,293	2,154,700	81,775	2,236,475	174,818
Street Lighting	\$ 2,264,000	2,258,889	2,208,550	2,015	2,210,565	48,324

(Continued)

(Continued)

CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2007

	Budgeted Amounts		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
Public Works						
Administration	\$ 812,863	813,613	733,837	1,456	735,293	78,320
Engineering	506,558	506,400	507,894	852	508,746	(2,348)
Street Maintenance	1,500,624	1,500,624	1,335,609	4,093	1,339,702	160,922
Drafting & Surveying	1,276,009	1,276,287	1,083,593	2,709	1,086,302	189,965
Street Construction	1,051,688	1,051,688	922,102	22,852	944,954	106,734
Construction & Inspections	690,813	690,713	653,905	564	654,469	36,244
Street Cleaning	947,360	944,936	917,760	39	917,799	27,137
Building Rehabilitation	720,219	721,807	633,656	2,997	636,653	85,154
Warehouse	101,608	102,444	54,602	1,248	55,850	46,594
Special Construction Projects	97,516	1,687,516	622,110	-	622,110	1,065,406
Health and Welfare						
Third-Party Funding	547,813	562,035	560,866	545	561,411	624
Cultural and Recreational						
Parks	580,749	688,474	614,295	47,572	661,867	26,607
Maintenance	4,300,441	4,313,541	4,126,064	33,556	4,159,620	153,921
Forestry Grant	-	16,200	7,673	-	7,673	8,527
Recreation	875,867	835,942	586,971	30,682	617,653	218,289
Recreation Centers	1,579,234	1,726,599	1,625,909	11,304	1,637,213	89,386
Cemetery	465,198	465,198	411,776	426	412,202	52,996
Library	3,565,251	3,529,743	3,057,919	94,200	3,152,119	377,624
Center for Non-Profit Management	171,027	174,027	120,965	583	121,548	52,479
Other	4,883,325	4,389,578	3,746,827	103,107	3,849,934	539,644
TOTAL EXPENDITURES	114,741,904	117,282,554	111,017,739	906,292	111,924,031	5,358,523
Excess (Deficiency) of Revenues Over Expenditures	4,728,206	3,357,679	8,224,038	(906,292)	7,317,746	3,960,067
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hotel Motel Fund	25,000	25,000	10,997	-	10,997	(14,003)
Recreation Fund	-	83,000	83,000	-	83,000	-
Contractual Obligations	-	640,000	640,000	-	640,000	-
Transfers Out:						
Community Development	(144,462)	(144,462)	(133,652)	-	(133,652)	10,810
Auto Theft Task Force	(240,984)	(240,984)	(240,984)	-	(240,984)	-
Health Fund	(3,329,909)	(3,329,909)	(2,749,123)	-	(2,749,123)	580,786
Special Police Program	(1,770,561)	(1,770,561)	(1,748,841)	-	(1,748,841)	21,720
Public Access Fund	(315,751)	(315,751)	(249,278)	-	(249,278)	66,473
Contractual Obligations	-	(640,000)	(640,000)	-	(640,000)	-
Capital Improvements	-	(14,500)	(14,500)	-	(14,500)	-
Bridge Fund	-	(910,000)	(910,000)	-	(910,000)	-
Information Technology Fund	-	-	(118,012)	-	(118,012)	(118,012)
Friends of the Library Fund	-	(32,508)	(32,508)	-	(32,508)	-
Capital Lease Proceeds	-	144,235	144,235	-	144,235	-
Capital Lease Payments	-	(400,000)	(400,000)	-	(400,000)	-
Sale of Assets	22,567	22,567	192,338	-	192,338	169,771
TOTAL OTHER FINANCING SOURCES (USES)	(5,754,100)	(6,883,873)	(6,166,328)	-	(6,166,328)	717,545
Net Change in Fund Balance	(1,025,894)	(3,526,194)	2,057,710	(906,292)	1,151,418	4,677,612
Fund Balances at Beginning of Year	16,044,751	21,089,204	21,089,204	(486)	21,088,718	(486)
FUND BALANCES AT END OF YEAR	\$ 15,018,857	17,563,010	23,146,914	(906,778)	22,240,136	4,677,126

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

This page intentionally left blank

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
ASSETS							
Current Assets:							
Cash and Cash Equivalents: (Note 4)							
Cash	9,366	(34,544)	(16,255)	(5,628)	(1,605)	(48,686)	(6,894)
Investments (Note 5)	7,894,275	21,484,491	8,967,595	6,993,221	2,224,684	47,564,266	7,220,537
Receivable:							
Accrued Interest	138,164	153,850	84,715	79,875	33,524	489,928	82,265
Accounts (Note 6)	1,737	2,699,509	1,667,442	1,220,865	30,626	5,620,579	265,530
Notes (Note 6)	-	21,160	27,717	-	-	48,877	-
Prepaid Items	-	-	-	-	-	-	218,895
Due From Other Governments	-	2,211	5,742	132,668	444,087	584,708	-
Due From Other Funds	58,033	63,515	70,938	-	52	192,538	-
Inventory, at Cost	-	665,421	63,019	1,755	491,538	1,221,733	322,340
Total Current Assets	8,101,575	25,056,013	10,870,913	8,422,556	3,222,906	55,673,963	8,103,273
Noncurrent Assets:							
Restricted Assets:							
Investments (Note 5)	13,025,745	35,662,065	25,343,033	5,887,239	5,038,798	84,956,900	-
Accrued Interest Receivable	-	267,657	104,804	-	-	372,461	-
Accounts Receivable (Note 6)	-	15,123	-	-	-	15,123	-
Notes Receivable (Note 6)	-	252	-	-	-	252	-
Due From Other Funds	-	-	-	730,870	-	730,870	-
Due From Other Governments	-	65,899	30,181	-	-	95,880	-
Total Restricted Assets (Note 7)	13,025,745	36,010,816	25,478,018	6,618,109	5,038,798	86,171,486	-
Capital Assets: (Note 8)							
Transportation Vehicles and Equipment	13,051,970	5,449,703	5,865,521	17,099,185	18,865,034	60,331,413	1,047,655
Buildings	11,518,216	13,245,692	18,308,734	1,036,763	17,583,421	61,692,826	656,136
Improvements	70,297,462	113,881,674	89,431,498	1,176,216	3,003,295	277,790,145	-
Land and Improvements	11,265,265	19,792,793	4,531,525	4,264,461	9,747,842	49,601,886	-
Construction in Progress	23,949,461	10,670,641	4,769,294	-	1,339,426	40,928,822	-
Less Accumulated Depreciation	(29,940,039)	(68,006,209)	(39,990,012)	(11,193,287)	(19,102,008)	(168,231,554)	(877,120)
Total Capital Assets (net of accumulated depreciation)	100,142,335	95,234,295	82,916,560	12,383,333	31,437,010	322,113,538	826,671
Other Assets:							
Unamortized Bond Issuance Costs	1,808,481	636,680	459,314	-	-	2,904,475	-
Total Noncurrent Assets	114,976,561	131,891,791	103,365,882	19,001,447	36,475,808	411,189,499	826,671
TOTAL ASSETS	\$ 123,078,136	\$ 156,937,804	\$ 119,724,805	\$ 27,424,003	\$ 39,698,714	\$ 466,863,462	\$ 8,929,944

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

(Continued)

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS						
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS
LIABILITIES						
Current Liabilities:						
Accounts Payable	293,916	1,149,835	914,326	276,062	321,593	2,955,332
Retainage Payable	137,848	111,768	-	-	35,857	285,473
Contracts Payable	80,281	1,105,389	80,913	10,812	152,347	1,429,742
Due To Other Funds (Note 13)	58,033	63,515	70,938	730,870	52	923,408
Accrued Interest	-	133,839	112,623	-	-	246,462
Accrued Wages & Employee Benefits	137,025	130,519	51,654	119,760	177,240	616,198
Claims and Judgments Payable	-	-	-	-	-	-
Compensated Absences	192,718	147,721	58,482	149,726	132,339	680,986
Due to Developers	-	18,717	20,212	-	-	38,929
Customer Deposits	467,760	3,905,560	-	-	81,257	4,454,577
Unearned Revenue	1,515,784	1,143,987	7,505	38,728	2,536	2,708,520
Revenue Bonds Payable (Note 12)	3,240,000	1,833,000	1,058,000	-	-	6,131,000
Notes Payable (Note 12)	760,070	-	-	-	-	760,070
Total Current Liabilities	6,883,435	9,743,830	2,374,653	1,325,958	903,321	21,231,197
Noncurrent Liabilities:						
Revenue Bonds Payable (Note 12)	63,002,356	26,959,697	20,440,000	-	-	110,402,053
Notes Payable (Note 12)	22,718,688	-	-	-	-	22,718,688
Compensated Absences	370,364	121,596	36,750	263,021	82,481	874,212
Closure and Postclosure Cost (Note 12)	-	-	-	6,618,109	-	6,618,109
Total Noncurrent Liabilities	86,091,408	27,081,293	20,476,750	6,881,130	82,481	140,613,062
TOTAL LIABILITIES	92,974,843	36,825,123	22,851,403	8,207,088	985,802	161,844,259
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	10,421,221	66,441,598	61,416,550	12,383,338	31,437,010	182,101,727
Restricted for Debt Service	5,793,234	3,478,674	2,338,942	-	-	11,615,850
Restricted for Improvements	8,793,182	33,690,473	17,676,236	5,887,239	4,321,008	70,368,138
Unrestricted (Deficit)	5,090,656	16,501,936	15,439,664	946,338	2,954,894	40,933,488
TOTAL NET ASSETS	30,103,293	120,112,681	96,872,402	19,216,915	38,712,912	305,019,203
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						902,266
Net assets of business-type activities						\$ 305,921,469

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, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Charges for Services	-	24,977,835	13,055,433	15,906,128	2,892,762	56,832,158	27,757,749
Rental of Facilities	2,120,862	40,128	-	-	-	2,160,990	-
Toll Receipts	38,051,562	-	-	-	1,731,798	39,783,360	-
Miscellaneous	14,811	483,192	587,121	30,373	203,492	1,236,596	2,332,277
TOTAL OPERATING REVENUES	40,187,235	25,481,155	13,642,554	15,936,506	4,828,052	100,075,502	30,100,026
OPERATING EXPENSES:							
Personnel Services	7,474,284	6,441,172	2,529,752	6,042,010	9,603,313	32,090,541	3,645,761
Materials and Supplies	677,734	2,172,439	893,803	1,450,895	2,250,092	7,444,763	261,927
Contractual Services	22,275,389	6,355,962	6,019,859	4,194,631	2,039,684	40,885,525	2,600,090
Other	18,268	128,707	89,879	1,070,421	90,497	1,397,972	22,108,510
Total Operating Expenses Before Depreciation	30,445,685	15,098,280	9,533,193	12,757,957	13,983,586	81,818,701	28,616,288
Depreciation Expense (Note 8)	3,322,593	5,541,755	4,047,527	2,101,798	1,736,816	16,750,489	87,643
TOTAL OPERATING EXPENSES	33,768,278	20,640,035	13,580,720	14,859,755	15,720,402	98,569,190	28,703,931
Operating Income (Loss)	6,418,957	4,841,120	61,834	1,076,751	(10,892,350)	1,506,312	1,396,095
NON-OPERATING REVENUES (EXPENSES):							
Intergovernmental	-	-	-	45,059	4,732,614	4,778,673	-
Sales Tax	-	-	-	-	5,881,063	5,881,063	-
Interest Earnings	1,374,100	2,559,169	1,422,913	671,918	-	6,384,314	217,951
Net Increase (Decrease) in Fair Value Of Investment	81,936	162,543	82,369	34,834	15,638	377,020	18,249
Discount Earnings	14	995	2,694	2,587	124	6,414	221
Premiums	-	-	-	-	-	-	-
Miscellaneous	-	13,570	6,876	-	(3,814)	16,632	-
Gain (Loss) On Sale of Assets	1,675	-	-	134,507	(2,424)	133,758	10,604
Interest Expense	(4,312,536)	(936,146)	(629,571)	-	-	(5,878,253)	-
Gain (Loss) on Advance Funding	56,402	(39,721)	-	-	-	16,681	-
Water Availability	-	(244,002)	-	-	-	(244,002)	-
Construction	(256,150)	(257,284)	(22,617)	(140,819)	(24,057)	(700,927)	-
Fiscal Agent Fees	(5,662)	(1,000)	(4,000)	-	-	(10,662)	-
Bond Issuance Cost Amortized	(133,513)	(45,478)	(15,089)	-	-	(194,080)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,195,434)	1,162,646	843,575	749,086	10,955,358	10,515,231	247,025
Income Before Contributions and Transfers	3,223,523	6,003,766	905,409	1,825,837	63,008	12,021,543	1,643,120
Capital Contributions-Grants	-	84,105	-	-	-	84,105	-
Capital Contributions-Waterights	-	2,051,815	18,721	-	168,988	2,091,815	-
Capital Contributions-Rain Enhancement	-	3,507	-	-	-	3,507	-
Capital Contributions-Developers	-	3,409,743	3,664,574	-	-	7,074,317	-
Transfers In	910,000	924,091	285,647	-	-	2,119,738	734,041
Transfers Out	(2,083,528)	(3,737,386)	(2,950,276)	(2,069,826)	(890,675)	(11,771,891)	(841,303)
Change in Net Assets	2,049,995	8,739,641	1,884,075	(243,989)	(658,679)	11,771,043	1,535,856
Total Net Assets-Beginning	28,053,298	111,373,040	94,989,327	19,460,904	35,371,591	275,268,159	2,750,766
Prior Period Adjustment	-	-	-	-	-	-	-
Total Net Assets-Ending	\$ 30,103,293	120,112,681	96,873,402	19,216,915	38,712,912	4,286,622	\$
						563,799	12,334,842

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

This page intentionally left blank

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2007

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
CASH FLOW FROM OPERATING ACTIVITIES:							
Receipts from customers and users	\$ 40,278,994	23,450,610	13,360,892	16,020,108	4,840,926	97,949,530	2,080,618
Receipts from interfund services provided	-	2,561,003	322,674	167,056	-	3,050,733	27,767,749
Payments to suppliers	(4,010,386)	(6,182,535)	(3,416,176)	(4,792,219)	(4,128,252)	(22,529,568)	(23,655,241)
Payments to employees	(7,402,826)	(6,368,057)	(2,480,534)	(5,992,737)	(9,593,004)	(31,837,158)	(3,476,955)
Payments for interfund services used	(20,424,153)	(1,770,479)	(3,361,227)	(1,521,434)	(287,813)	(27,365,106)	(1,003,577)
Net cash provided (used) by operating activities	8,439,629	11,690,542	4,425,629	3,880,774	(9,168,143)	19,268,431	1,712,594
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer to other funds	(2,083,528)	(3,737,386)	(2,990,276)	(2,069,826)	(890,675)	(11,771,691)	(841,308)
Transfer from other funds	910,000	924,091	285,647	-	-	2,119,738	734,041
Subsidy from federal and state grants	-	78,413	-	-	4,714,439	4,792,852	-
Sales Tax	-	-	-	-	5,881,063	5,881,063	-
Net cash provided (used) by noncapital and related financing activities	(1,173,528)	(2,734,882)	(2,704,629)	(2,069,826)	9,704,827	1,021,962	(107,265)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from capital debt	-	8,246,133	8,946,039	-	-	17,192,172	-
Capital contributions	-	2,055,322	-	-	-	2,055,322	-
Subsidy from federal and state grants	-	-	143,694	(86,809)	168,988	226,073	-
Purchases of capital assets	-	(1,183,048)	(249,475)	(2,087,028)	(626,002)	(4,145,553)	(307,938)
Acquisition and construction of capital assets	(4,122,350)	(7,652,694)	(1,786,757)	(434,791)	(27,871)	(14,024,463)	-
Principal paid on capital debt	(3,945,796)	(1,558,000)	(951,000)	-	-	(6,454,796)	-
Interest paid on capital debt	(4,513,536)	(1,030,413)	(620,372)	-	-	(5,964,321)	-
Proceeds from sales of capital assets	-	-	-	46,394	4,009	50,403	10,604
Net cash provided (used) by capital and related financing activities	(12,381,682)	(1,122,700)	5,482,129	(2,562,034)	(480,876)	(11,065,163)	(297,334)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	3,742,958	(10,360,699)	(8,690,784)	91,339	(428,644)	(15,645,830)	(1,530,345)
Interest and dividends received	1,304,212	2,335,579	1,334,770	626,744	337,804	5,939,109	186,316
Issuance of Notes Receivable	-	(7,264)	54,819	-	-	47,555	-
Net cash provided (used) by investing activities	5,047,170	(8,032,384)	(7,301,195)	718,083	(90,840)	(9,659,166)	(1,344,029)
Net increase (decrease) in cash and cash equivalents	(68,411)	(199,424)	(98,066)	(33,003)	(35,032)	(433,936)	(36,034)
Cash and cash equivalents, October 1	77,777	164,880	81,811	27,375	33,427	385,270	29,140
Cash and cash equivalents, September 30	\$ 9,366	(34,544)	(16,255)	(5,628)	(1,605)	(48,666)	(6,894)

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2007

(Continued)

	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ 6,418,957	4,841,120	61,834	1,076,751	(10,892,350)	1,506,312	1,396,095
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	3,322,593	5,541,755	4,047,527	2,101,798	1,736,816	16,750,489	87,843
(Increase) decrease in landfill closure and post closure cost	-	-	-	1,049,355	-	1,049,355	-
(Increase) decrease in accounts receivable	15,438	709,880	489,947	500,883	(8,192)	1,707,556	(248,521)
(Increase) decrease in allowance for uncollectible accounts	(16,680)	(285,970)	(394,117)	(288,213)	21,198	(963,782)	(3,139)
(Increase) decrease in inventories	-	(183,452)	15,805	411	(48,662)	(215,898)	(17,935)
(Increase) decrease in prepaid items	-	-	-	-	-	-	18,488
(Increase) decrease in customer deposits	91,440	239,348	-	-	2,100	332,888	-
(Increase) decrease in accounts payable	(1,463,148)	887,546	210,233	(647,472)	12,870	(99,971)	106,052
(Increase) decrease in unearned revenues	(439)	(132,600)	(34,818)	38,188	(2,232)	(151,901)	-
(Increase) decrease in compensated absences payable	60,927	61,284	40,921	37,717	10,104	210,953	147,342
(Increase) decrease in accrued wages and employee benefits	10,541	11,831	8,297	11,556	205	42,430	21,465
(Increase) decrease in claims & judgments payables	-	-	-	-	-	-	205,104
Total adjustments	2,020,872	6,849,422	4,363,795	2,804,023	1,724,207	17,762,119	316,499
Net cash provided (used) by operating activities	\$ 8,439,829	11,690,542	4,425,629	3,880,774	(9,168,143)	19,268,431	1,712,594
Noncash investing, capital, and financing activities:							
Gain on refunding issue	304,766	-	-	-	-	304,766	-
Bond issuance cost amortized	(133,913)	183,389	15,089	-	-	64,565	-
Contributions of capital assets from developers & others	-	3,409,743	3,664,574	-	-	7,074,317	-
Current Landfill Closure and Postclosure cost	-	-	-	1,049,355	-	1,049,355	-
Disposition of Assets	-	-	-	(86,113)	6,433	(81,680)	-
Loss on advance refunding	(248,364)	(39,721)	-	-	-	(288,085)	-
(Increase) decrease in fair value of investments	81,636	162,543	82,369	34,834	15,638	377,020	18,249
(Increase) decrease in Accrued Interest Payable	-	43,267	13,200	-	-	56,467	-

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, 2007**

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 129,946	(2,252)
Accrued Interest Receivable	84,582	24,999
Investments, at Fair Market Value (Note 5)	252,591	2,194,191
Investment with Fiscal Agent, at Fair Market Value (Note 5):		
Money Market Funds	1,923,090	-
Foreign Money Market Funds	13,804,931	-
Domestic Corporate Bonds	10,618,123	-
Domestic Stocks	43,047,117	-
Foreign Stocks	1,534,293	-
Notes Receivable (Note 6)	66,325	4,025
TOTAL ASSETS	71,460,998	2,220,963
LIABILITIES		
Accounts Payable	79,572	1,308,712
Accrued Wages and Employee Benefits	1,628	911,951
Due To Other Funds	131	300
TOTAL LIABILITIES	81,331	2,220,963
NET ASSETS		
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ <u>71,379,667</u>	<u>-</u>

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

**CITY OF LAREDO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**LAREDO
FIREFIGHTERS
RETIREMENT
SYSTEM
PENSION
TRUST FUND**

ADDITIONS:

Contributions:	
Employer contributions	\$ 3,779,090
Plan members	3,110,745
Other contributions	<u>5,044</u>
Total Contributions	<u>6,894,879</u>
Investment Earnings:	
Interest earnings and dividends	1,450,795
Net increase (decrease) in the fair value of investments	3,501,139
Gains (Loss) on sale of investment	<u>3,382,314</u>
Total investment earnings	8,334,248
Less: investment expense	<u>(339,026)</u>
Net Investment Earnings	<u>7,995,222</u>
TOTAL ADDITIONS	<u>14,890,101</u>

DEDUCTIONS:

Benefits	145,100
Administrative Expenses	<u>2,814,434</u>
TOTAL DEDUCTIONS	<u>2,959,534</u>
Change in Net Assets	11,930,567
Net Assets - Beginning	<u>59,449,100</u>
NET ASSETS - ENDING	\$ <u>71,379,667</u>

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

CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2007

1	Significant Accounting Policies	35
2	Reconciliation of Government-Wide and Fund Financial Statements	46
3	Fund Deficits	47
4	Cash and Cash Equivalents	48
5	Investments	49
6	Receivables	50
7	Restricted Assets for Enterprise Fund Types	51
8	Capital Assets	52
9	Retirement Plans	53
10	Post Employment Benefits Other Than Pension Benefits	58
11	General Long-Term Obligations	61
12	Proprietary Funds Long-Term Obligations	66
13	Interfund Receivable and Payables	70
14	Interfund Transfers	71
15	Debt Service Requirements	72
16	Construction and Improvement Commitments	73
17	Fund Expenditures Exceeding Appropriations	73
18	Risk Management	73
19	Contingencies	75
20	Prior Period Adjustment	75
21	Donor Restricted Endowments	75
22	Budget Basis Reporting	76

CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Laredo Municipal Housing Corporation The Laredo Municipal Housing Corporation (LMHC) was established in 1976 to acquire 74 duplexes from the Federal Government in an effort to alleviate the existing housing shortage and provide affordable rental housing to the citizens of Laredo. These units are known as the Jose A. Flores Apartments. In 1986 the LMHC had 64 additional rental units constructed, known as the Tomas Flores Apartments. The 210 rental properties (82 two-bedroom, 98 three-bedroom and 30 four-bedroom) must be maintained in a safe and habitable condition. In addition to the rental units, one duplex unit is being used as the Laredo Municipal Housing Corporation office. The Corporation provides the necessary materials and

labor required for the repairs of each rental unit. Beautification efforts are also rendered with consistent grass and tree trimming and exterior painting of the duplexes. Staff also provides a physical inspection of rental units and implements a preventive maintenance program to curtail deterioration of the units. The Laredo Municipal Housing Corporation operations are reported as an enterprise fund.

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

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

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

Laredo Transit Management, Inc. provides both a fixed-route and a demand response para-transit program (El Lift). Currently, the fixed-route system is comprised of 21 routes. The fixed route system has a total of 34 buses during a regular workday and Saturday peak period. The Laredo Transit Management, Inc. bus fleet is currently comprised of 47 buses and 2 trolleys. Thirty-eight buses operate using compressed natural gas. The El Lift program operates a total of 18 para-transit vans. Fifteen are utilized for a regular workday.

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

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

Laredo Water Corporation The Laredo Water Corporation was created under the Texas Transportation Code 431.101 with the approval of the Laredo City Council. The

corporation was organized for the purpose of acquiring and providing water for the use and benefit of the City including, without limitation, contracting for water use rights, constructing appropriate water storage, retention, distribution, and transportation facilities, and arranging and providing for the payment and financing of all of the foregoing, in the fulfillment of its public proposes and for carrying out its duties to provide such water as may be approved by the City from time to time.

The Laredo Water Corporation is reported as an enterprise fund.

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

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

B. Basis of Accounting

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

Government Wide and Fund Financial Statements

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business activities. Business-type activities rely to an extent on fees and charges for support. The primary government is reported separately for certain legally separate component units for which the primary government is financially accountable.

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

Fund Accounting

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

Governmental Funds

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

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted or designated for specific functions and activities.

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

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

Proprietary Funds

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

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

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

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

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Economic resources measurement focus reports all inflows, outflows, and balances affecting or reflecting an entity's net assets. Accrual basis accounting is the method that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied while the organization recognizes grant revenue as soon as all eligibility requirements obligatory have been met.

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

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

The City reports the following as major governmental funds:

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

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

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

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 58,890 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 55,625 customers.

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

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

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

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

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

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

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

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

C. Budgets and Budgetary Accounting

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

(1) Sixty (60) days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning October 1st. This budget is required to include expenditures by office, department, and agency and the

means of financing them. Proposed short and long range capital expenditures and bonded debt requirements must also be included.

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

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

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

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

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

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

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

D. Encumbrances

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

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

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

E. Equity in Investment Pool

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

F. Investments

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

G. Inventories

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

H. Restricted Assets

The International Toll Bridge System, Water System, and Sewer System revenue bond indentures require that, during the period the bonds are outstanding, the City must maintain certain separate accounts and funds to account for the proceeds from the issuance of the revenue bonds and the debt service deposits made from revenues. These restricted assets can be used only in accordance with the revenue bond indenture to pay the debt service payments on such bonds.

I. Property, Plant, Equipment, and Infrastructure

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

Utility Funds:

Plant	50 years
Transmission and distribution system	25-50 years
Other machinery and equipment	1 - 25 years

All Other Funds:

Buildings and improvements	45-50 years
Machinery and equipment	1 - 10 years
Vehicles	6 years
Streets	15-30 years
Bridges	20-35 years
Airport runways	10 years
Boat ramps	30 years
Storm Drainage	50 years
Landfill	5 years

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

J. Net Assets

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

K. Long-Term Obligations

The City has issued combination tax and special revenue (water, sewer, paving assessments, hotel-motel, airport revenues, mass transit, parking system, and public property finance contractual obligations) certificates of obligation, which it intends to repay from a combination of revenues and property taxes. The City identifies the debt service requirements for all general obligation bonds and all combination tax and special revenue certificates of obligation and reduces the property tax levy by surplus

revenues (if any) from the above-mentioned sources. GASB Statement 34 eliminates the presentation of the General Long Term Debt Account Group, but provides that these records to be maintained and incorporates the information into the Governmental Column in the government-wide Statement of Net Assets. General obligation and all combination tax and special revenue certificate of obligation debt is recorded exclusively in the General Long Term Debt, 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.

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities include bonds payable, which are not due and payable in the current period and therefore are not reported in the funds." The details of this \$246,003,772 difference are as follows:

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Bonds, notes payable, and capital leases	\$259,295,704
Accrued interest	1,628,215
Deferred revenue	(26,703,766)
Compensated absences	16,763,603
Elimination of Interfund activity	<u>(4,979,984)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$246,003,772</u>

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

An element of the reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this minus \$63,522,717 difference are as follows:

Debt issued:	
Bond & Capital lease proceeds	\$80,509,665
Repayments:	
General obligation bond	(15,195,000)
Capital lease	<u>(1,791,948)</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>\$(63,522,717)</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 \$17,231,675. The details of this are as follows:

Assets that were purchased and capitalized in the current year	\$37,933,228
Prior Period Adjustment	(93,336)
Current year depreciation	<u>(20,608,217)</u>
Amount by which capital outlays exceed depreciation	<u>\$17,231,675</u>

NOTE 3 - FUND DEFICITS

The following is a list of the undesignated deficit fund balances in the Special Revenue Funds: Block Grants \$1,453,214; Home Investment \$235,723; Emergency Shelter \$43,693; Health Fund \$113,246; International Airport \$559,301; 911 Emergency Comm. Fund \$1,037,215; and Capital Projects Funds: Webb County Colonias Project \$2,480,059; Airport Construction Fund \$6,238,407; Capital Grants Fund \$210,977. The deficit fund balances are equal to or less than the Reserve for Encumbrances balance that does not constitute expenditures or liabilities. The Reserve for Encumbrances constitutes purchase orders, contracts and other commitments entered into during fiscal

year ended September 30, 2007. The deficits will be recovered through grant cost reimbursements and other revenues.

International Airport Fund's deficit fund balance of \$559,301 was due to an increase in passenger facility charges designated for improvements. The deficit is expected to be recovered by next fiscal year.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

One group is described as "Cash and Cash Equivalents". This group is characterized as having high liquidity with little market risk and includes cash in bank accounts, petty cash and change funds. Another group is disclosed as Equity in Investment Pool and consists of cash in bank accounts. The third group of monetary assets is presented in the basic financial statements as "Investments". Cash balances of all City funds (except for the Laredo Firefighters Retirement System) are pooled and invested. All securities are reported at fair value in order to comply with GASB Statement 31 - *Accounting and Financial Reporting for External Investment Pools*. Investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The net increase in the fair value of the securities was \$761,472 for the City of Laredo and a net increase of \$3,501,139 for the Laredo Firefighters Retirement System.

As of September 30, 2007, cash and cash equivalents consisted of the following:

Petty Cash and Change Fund	\$	47,883
Equity in Investment Pool		-144,145
Cash in Other Bank Accounts		67,562
Cash with Fiscal Agent		763,883
	\$	<u>735,183</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, 2007, the book value of all the City's deposits was \$658,599. 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, 2007, were as follows:

		Investment Maturity in Years			
		Fair Value	Non Maturity Rated	Less Than 1	1-3
U. S. Agencies	\$	103,904,435	-	21,857,348	82,047,087
Mutual Funds		26,598,734	26,598,734	-	-
Equities		44,581,411	44,581,411	-	-
Managed Pools		196,742,887	196,742,887	-	-
Total Investments	\$	<u>371,827,467</u>	<u>267,923,032</u>	<u>21,857,348</u>	<u>82,047,087</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 match with projected cash flow requirements. As of September 30, 2007, Treasury coupon securities totaling \$103,904,435 had an average maturity of 1.86 years. All other investments had average maturity dates less than a year.

Credit Risk. Credit risk is the risk that the government will not be able to recover the value of its securities. As per the City's investment policy, all security dealers must be registered and certified with the Texas State Securities Board, National Association of Security Dealers, and Securities and Exchange Commission. It is the policy of the City to require full collateralization of all City funds on deposits with a depository bank. The

City's policy states that 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.

As of September 30, 2007, the City invested in U. S. Agencies and Managed Pools. The credit ratings for our Managed Pool accounts are as follows: Lone Star Investment Pool "AAAm", Municipal Investor Services Co. "Aaa", and TexPool "AAAm". The City also invested in Federal Agency Coupon Securities. The Federal Agency Coupon Securities were invested in Federal Home Loan Bank, Federal Home Loan Mortgage Company, and Federal National Mortgage Association.

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As per the City's investment policy, no more than 50% of the City's total investment portfolio will be invested in a single security type, with the exception of the U.S. Treasury securities. Of the City's total investments, 25% were invested in Federal Home Loan Bank notes, 4% were invested in Federal Home Loan Mortgage Company notes, and 6% in Federal National Mortgage Association notes. The other 65% were invested in Local Government Investment Pools. Of the Firefighters' Retirement System investments, 37% was invested in mutual funds and 63% 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, 2007, 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, 2007, upon which the 2007 levy was based, was \$8,408,036,926.

The appraisal of property within the City is the responsibility of the Webb County Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its market value. The value of property within the Appraisal District must be reviewed every three years; however, the City may, at its own expense, require more frequent reviews of appraised value. The Webb County Appraisal District has chosen to review the value

of property every year. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate exceeds the rate for the previous year by more than 8% qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

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

The tax rate to finance general governmental services including the payment and interest on long-term debt for the year ended September 30, 2007 was \$.637000 per \$100 of assessed valuation (\$.513745 for general government and \$.123255 for debt service). Thus, the City has a tax margin of approximately \$.863000 per \$100, and could levy approximately \$72,561,359 in additional taxes per year from the present assessed valuation of \$8,408,036,926 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 allowances for uncollectible accounts for taxes and other receivables as of September 30, 2007 are reflected in the following table:

	General	Other Governmental Types	Proprietary	Fiduciary	Total
Receivables:					
Property Taxes	\$ 6,007,030	1,015,104	-	-	7,022,134
Hotel/Motel Taxes	-	18,810	-	-	18,810
Accounts	9,379,354	3,987,128	7,249,116	4,025	20,619,623
Notes	-	13,745,696	723,864	66,325	14,535,885
Paving Assessments	-	362,585	-	-	362,585
Gross Receivables	15,386,384	19,129,323	7,972,980	70,350	42,559,037
Less Allowance For Uncollectible	<u>(4,707,452)</u>	<u>(2,534,554)</u>	<u>(2,022,619)</u>	<u>-</u>	<u>(9,264,625)</u>
Net Receivables	<u>\$ 10,678,932</u>	<u>16,594,769</u>	<u>5,950,361</u>	<u>70,350</u>	<u>33,294,412</u>

NOTE 7 - RESTRICTED ASSETS FOR ENTERPRISE FUND TYPES

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

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

The following table summarizes restricted assets by purpose as of September 30, 2007:

	Other Enterprise Fund	Bridge System	Waterworks System	Sewer System	Solid Waste Management	Total
Revenue Bond Retirement Reserve	\$ -	5,298,234	2,145,992	1,624,617	-	9,068,843
Revenue Bond Contingency	-	500,000	1,332,682	714,325	-	2,547,007
Construction Account	5,038,798	7,227,511	18,106,083	23,139,076	6,618,109	60,129,577
Water Rights	-	-	14,426,059	-	-	14,426,059
Total Restricted Assets	\$ 5,038,798	13,025,745	36,010,816	25,478,018	6,618,109	86,171,486

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

A – Governmental Activities:

	Balance as of September 30, 2006	Additions	Deletions and Transfers	Balance as of September 30, 2007
Capital Assets, Not Being Depreciated:				
Land	\$ 52,949,889	3,811,066	(93,223)	56,667,732
Construction in Progress	19,793,422	8,152,859	(16,678,082)	11,268,199
Total Capital Assets, Not Being Depreciated	72,743,311	11,963,925	(16,771,305)	67,935,931
Capital Assets Being Depreciated:				
Buildings	123,505,237	221,886	4,467,566	128,194,689
Improvements Other Than Buildings	345,875,681	13,866,240	12,210,515	371,952,436
Machinery and Equipment	58,603,427	12,189,115	(2,911,339)	67,881,203
Total Assets Being Depreciated	527,984,345	26,277,241	13,766,742	568,028,328
Less Accumulated Depreciation For:				
Buildings	(22,630,347)	(2,787,448)	-	(25,417,795)
Improvements Other Than Buildings	(141,708,207)	(11,451,275)	-	(153,159,482)
Machinery and Equipment	(38,117,578)	(6,161,175)	2,708,602	(41,570,151)
Total Accumulated Depreciation	(202,456,132)	(20,399,898)	2,708,602	(220,147,428)
Total Capital Assets, Being Depreciated, Net	325,528,213	5,877,343	16,475,344	347,880,900
Total Governmental Activities Capital Assets, Net	\$ 398,271,524	17,841,268	(295,961)	415,816,831

B – Business Type Activities:

	Balance as of September 30, 2006	Additions	Deletions and Transfers	Balance as of September 30, 2007
Capital Assets, Not Being Depreciated:				
Land	\$ 30,723,677	80,854	-	30,804,531
Construction in Progress	44,234,858	12,751,100	(16,057,136)	40,928,822
Watrerrights	17,045,672	-	1,751,684	18,797,356
Total Capital Assets, Not Being Depreciated	92,004,207	12,831,954	(14,305,452)	90,530,709
Capital Assets Being Depreciated:				
Buildings	61,118,275	25,028	549,523	61,692,826
Improvements Other Than Buildings	257,991,648	7,439,690	12,358,807	277,790,145
Machinery and Equipment	55,809,855	4,021,041	500,514	60,331,410
Total Assets Being Depreciated	374,919,778	11,485,759	13,408,844	399,814,381
Less Accumulated Depreciation For:				
Buildings	(17,851,213)	(1,342,028)	-	(19,193,241)
Improvements Other Than Buildings	(101,488,034)	(10,250,383)	-	(111,738,417)
Machinery and Equipment	(33,120,102)	(5,158,079)	978,287	(37,299,894)
Total Accumulated Depreciation	(152,459,349)	(16,750,490)	978,287	(168,231,552)
Total Capital Assets, Being Depreciated, Net	222,460,429	(5,264,731)	14,387,131	231,582,829
Business Type Activities Capital Assets, Net	\$ 314,464,636	7,567,223	81,679	322,113,538

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

Government Activities:		
General Government	\$	1,288,369
Public Health		395,166
Culture and Recreational		586,573
Public Works		13,141,341
Public Safety		3,142,647
Air Transportation		1,758,160
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		87,642
Total depreciation expense-governmental activities	\$	20,399,898
Business-Type Activities:		
Solid Waste Management	\$	2,101,798
Municipal Transit System		1,622,696
Bridge System		3,322,593
Waterworks System		5,541,755
Sewer System		4,047,528
Other Enterprise Funds		114,120
Total depreciation expense-business-type activities	\$	16,750,490

NOTE 9 - RETIREMENT PLANS

The City provides benefits for all of its full-time employees (except for firefighters) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 811 administered by TMRS, an agent multiple-employer public employee retirement system.

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

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

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

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (I.e. December 31, 2006 valuation is effective for rate beginning January 2008).

SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS

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

Actuarial Assumptions

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

The City of Laredo is one of 821 municipalities having the benefit plan administered by TMRS. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions of the December 31, 2006 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin TX 78714-9153.

Laredo Firefighters' Retirement System Required Supplemental Information **Disclosures in Accordance with GASB Statement No. 27** **Actuarial Update as of March 31, 2006**

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

The Board of Trustees of the Laredo Firefighters Retirement System is the administrator of a single-employer defined benefit pension plan. The Laredo Firefighters

Retirement System is considered part of the City of Laredo financial reporting entity and is included in the City's financial reports as a pension trust fund.

The Laredo Firefighters Retirement System covers the firefighters in the Laredo Fire Department. The table below summarizes the membership of the System reflected in the actuarial valuation as of March 31, 2006, which is performed every two years.

	03/31/06
a. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	98
b. Current Employees:	
i. Vested	75
ii. Non-vested	263
c. Total	436

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 1, 2005 (in effect on the March 31, 2006 valuation date) provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit for firefighters hired prior to January 1, 1988 is equal to 3.03% of Final Average Monthly Salary for each year of service. The monthly benefit for firefighters hired on or after January 1, 1988 is equal to 2.88% of Final Average Monthly Salary for each year of service.

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

Contributions Required and Contributions Made

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

The costs of administering the plan are financed from the trust. For the Plan effective July 1, 2005, (Plan effective March 31, 2006), the funding policy of the Laredo Firefighters Retirement System requires contributions equal to 14% of pay by the firefighters. Effective April 1, 2005, required contributions by the City of Laredo were

17.65% of pay for each firefighter hired before January 1, 1988 and 16.20% of pay for each firefighter hired on or after January 1, 1988. Effective October 1, 2006, required contributions by the City of Laredo were 17.65% of pay for each firefighter hired before January 1, 1988 and 16.56% of pay for each firefighter hired on or after January 1, 1988.

Annual Pension Cost

For the fiscal year ending September 30, 2007, the City of Laredo's annual pension cost of \$3,779,090 for the Laredo Firefighters Retirement System was equal to the City's required and actual contributions during the year. While the required contributions were not actuarially determined but were a fixed percentage, the plan benefits which was most recently amended effective as of August 1, 2005 has been approved by the Board's actuary as having an adequate financing arrangement. The fixed city contributions are 16.02% effective April 1, 2005, 17.02% effective April 1, 2004 and 17.65% effective April 1, 2005 for firefighters hired before January 1, 1988. For firefighters hired on or after January 1, 1988; the fixed percentage is 14.57%, effective April 1, 2004, 15.57%, effective April 1, 2004, and 16.2% effective April 1, 2005. The required contributions were reflected in the March 31, 2006 actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll. The actuarial value is equal to the expected actuarial value of assets adjusted by 40% of the difference between the actual market value and the expected actuarial value. The actuarial value is not more than 110% or less than 90% of the actual market value of assets. The actuarial assumptions included an investment return assumption of 8.0% per year (net of expenses), projected salary increases averaging 4.5% per year as a general salary increase and 1.9% per year as a promotion and longevity increase for a total averaging 4.5% per year based on 30-year career, and no postretirement cost-of-living adjustments. An inflation assumption of 4% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method; assuming that the payroll will increase 4.5% per year, and was 21 years as of March 31, 2006 actuarial valuation based on the plan provisions effective August 1, 2005.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/1998	\$ 1,273,426	100%	-
09/30/1999	1,417,590	100%	-
09/30/2000	1,584,805	100%	-
09/30/2001	1,714,980	100%	-
09/30/2002	2,000,411	100%	-
09/30/2003	2,420,048	100%	-
09/30/2004	2,787,027	100%	-
09/30/2005	3,235,074	100%	-
09/30/2006	3,576,070	100%	-
09/30/2007	\$ 3,779,090	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
09/30/92	\$ 15,117,781	19,384,831	4,267,050	77.99%	4,999,917	85%
07/31/94	18,694,506	27,137,437	8,442,931	68.89%	6,932,366	122%
09/30/95	19,843,996	27,545,436	7,701,440	72.04%	6,832,917	113%
07/31/96	21,565,365	30,936,694	9,371,329	69.71%	8,063,403	116%
09/30/97	23,768,183	32,196,210	8,428,027	73.82%	8,080,170	104%
06/30/98	27,925,724	38,685,191	10,759,467	72.19%	10,191,336	106%
03/31/00	32,040,945	48,944,733	16,903,788	65.50%	12,481,680	135%
03/31/02	35,064,847	66,941,016	31,876,169	52.40%	16,652,165	191%
03/31/04	43,720,097	82,210,204	38,490,107	53.18%	18,726,396	205%
03/31/06	\$ 57,228,050	95,649,924	38,421,874	59.8%	21,831,766	176%

Schedule of Employer Contributions

Plan Year Ended	Annual Contribution As a Percentage of Payroll	Annual Required Contribution	Percentage of Required Contribution Contributed
09/30/1996	14.02% & 12.57%	\$ 1,033,636	100%
09/30/1997	14.02% & 12.57%	1,132,840	100%
09/30/1998	14.02% & 12.57%	1,273,426	100%
09/30/1999	14.02% & 12.57%	1,417,590	100%
09/30/2000	14.02% & 12.57%	1,584,805	100%
09/30/2001	14.02% & 12.57%	1,714,980	100%
09/30/2002	15.02% & 13.57%	2,000,411	100%
09/30/2003	16.02% & 14.57%	2,420,048	100%
09/30/2004	17.02% & 15.57%	2,787,027	100%
09/30/2005	17.65% & 16.20%	3,235,074	100%
09/30/2006	17.65% & 16.20%	3,576,070	100%
09/30/2007	17.65% & 16.20%	\$ 3,779,090	100%

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

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description:

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

Currently, 96 retirees meet those eligibility requirements. The City reimburses 80% of the amount of validated claims for medical and hospitalization costs incurred by pre-Medicare retirees and their dependants. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the City.

Prior to age 65, retirees participate in the City's Medical Plan. At age 65, retirees are offered a Medicare Supplemental Plan (Monumental), but the full cost is borne by the retirees. However retirees can continue to participant in the City's prescription drug program after age 65. There is a \$250-\$1,000 deductible per person with an additional maximum out of pocket cost of \$1,000. The prescription co-pay is \$6 for generic and \$25 for brand name prescriptions.

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

Funding Policy:

During the year, expenditures of approximately \$430,891 were recognized for postretirement health benefits of which \$107,895 was received from the firemen's contribution.

Annual contribution rates for retirees not currently eligible for Medicare:

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

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

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

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

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

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

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

Funded Status and Funding Progress:

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

Schedule of Funding Progress*:

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

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

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

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

Actuarial Methods and Assumptions:

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

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

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

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

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of changes in the City's general long-term obligations for the year ended September 30, 2007.

	General Obligation Serial Bonds	Certificates of Obligation	Revenue Bonds	Compensated Absences	Capital Lease Obligations	Notes Payable
Long Term Liabilities:						
Beginning Balances	\$ 72,200,000	69,585,000	35,165,000	15,550,187	1,683,920	1,020,000
Additions	-	76,160,000	-	3,187,050	4,349,664	-
Retirements	(7,615,000)	(7,345,000)	(1,160,000)	(1,973,634)	(2,735,677)	(85,000)
Ending Balances	64,585,000	138,400,000	34,005,000	16,763,603	3,297,907	935,000
Current Liabilities:						
Due Within One Year	7,615,000	7,345,000	1,160,000	62,374	1,867,797	85,000
Total Liabilities	\$ 72,200,000	145,745,000	35,165,000	16,825,977	5,165,704	1,020,000

Compensated absences are generally liquidated by the General Fund.

Bonds payable as of September 30, 2007 are comprised of the following issues:

A - General Obligation Serial Bonds

\$5,830,000 General Obligation Bonds, Series 1997 issued for the purpose of constructing and permanently equipping three fire stations; constructing, and installing and equipping a fire training tower and training facility, and other matters relating thereto. Principal is due in varying amounts through 2017 with interest varying from 4.75% to 7.75% per annum.

\$ 290,000

\$43,050,000 1998 General Obligation Refunding Bonds issued for the purpose of refunding a portion of the City's outstanding tax supported debt in order to lower the overall debt service requirements of the City, and to pay cost of issuance of the Bonds. Principal is due in varying amounts through 2015 with interest varying from 4.00% to 5.125% per annum.

31,885,000

\$4,590,000 General Obligation Refunding Bonds, Series 2003 issued to reduce the overall debt service requirements of the city. Principal is due in varying amounts through 2010 with interest varying from 2.00% to 3.00% interest per annum.

1,040,000

\$24,455,000 General Obligation Refunding Bonds, Series 2005 issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay cost related to the issuance of the bonds. Principal is due in varying amounts through 2021 with interest varying from 3.50% to 5.00% interest per annum.

24,455,000

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

\$ 14,530,000

Total General Obligation Bonds

\$ 72,200,000

B – Certificates of Obligation

\$1,000,000 1992 Combination Tax and Airport Revenue Certificate of Obligation issued for the purpose of making airport improvements. Principal is due in varying amounts through 2013, with interest varying from 4.85% to 6.60% per annum.	\$ 425,000
\$2,040,000 1996 Combination Tax and Airport Revenues Certificates of Obligation issued for the purpose of acquiring land for the Laredo Municipal Airport. Principal is due on varying amounts through year 2011, with interest rates varying from 4.4% to 6% per annum.	710,000
\$2,860,000 Combination Tax and Waterworks System Revenue Certificates of Obligation, Series 1997-A, issued for the purpose of paying all or a portion of the City's contractual obligations for improvements and extension to the City's Waterworks system, and for the payment of legal, fiscal, and engineering fees in connection with this project. Principal is due in varying amounts through 2017 with interest varying from 4.75% to 6.75% per annum.	140,000
\$1,430,000 1998 Combination Tax and Airport Revenue Certificates of Obligation, for the purpose of paying all or a portion of the City's Contractual Obligations for the purpose of acquiring land at the municipal airport in connection with the settlement of a lawsuit in reference to noise abatement at the City's Airport and for the payment of legal and fiscal fees in connection with this project. Principal is due in varying amounts through 2018 with interest from 4.60% to 7.00% per annum.	965,000
\$6,415,000 1998-A Combination Tax and Sewer Revenue Certificates of Obligations issued for the purpose of paying all or a portion of the City's Contractual Obligations for improvements and extensions to the City's Sewer System, and acquisition of land in connection therewith, and for the payment of legal, fiscal, and engineering fees in connection with these projects. Principal is due in varying amounts through 2018 with interest from 4.400% to 7.375% per annum.	1,480,000
\$16,160,000 1998-B Combination Tax and Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's Contractual Obligations for the construction of drainage improvements; construction of street improvements and repairs; construction of a new Public Works Building, repairing and remodeling the Canizalez Gym, Old Library Building, and Municipal Court Building; acquisition of municipal vehicles and equipment for municipal departments, together with a Landfill Collection System, and the acquisition of land for a municipal landfill, and for the payment of legal, fiscal, architectural and engineering fees in connection with such projects. Principal is due in varying amounts through 2018 with interest from 4.40% to 7.25% per annum.	2,565,000
\$1,050,000 1999 Combination Tax and Parking System Certificates of Obligation issued for the purpose of purchasing land for a parking lot and to pay costs of issuance. Principal is due in varying amounts through 2014, with interest varying between 3.75% through 5.20% per annum.	305,000
\$3,850,000 1999 Combination Tax and Waterworks System Certificates of Obligation issued for the purpose of expanding and improving the Waterworks System and to pay costs of issuance. Principal is due in varying amounts through 2019 with interest varying between 3.70% through 5.35% per annum.	\$ 740,000

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

\$2,830,000 1999 Combination Tax and Airport Revenue Refunding Bonds issued for the purpose of refunding a portion of the City's current outstanding indebtedness. Principal is due in varying amounts through 2014 with interest varying between 4.25% through 5.40% per annum.	\$ 1,040,000
\$2,060,000 2000 Combination Tax and Airport Revenue Refunding Bond issued for the purpose of refunding the Airport Indenture Obligation for release of land from indenture, and ordaining other matters relating thereto. Principal is due in varying amounts through 2020 with interest from 5.10% to 7.00% per annum.	1,625,000
\$1,820,000 2000 Combination Tax and Sewer System Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's Contractual Obligations for the purposes of improving and extending the City's Sewer System, and the payment of legal and fiscal fees in connection with this project. Principal is due in varying amounts through 2020 with interest from 5.10% to 7.00% per annum.	435,000
\$2,485,000 2000 Combination Tax and Waterworks System Revenue Certificates of Obligation for the purpose of paying all or a portion of the City's Contractual Obligations for the purpose of improving and extending the City's Waterworks System, and for the payment of legal and fiscal fees in connection with this project, and other matters relating thereto in connection with this project. Principal is due in varying amounts through 2020 with interest from 5.00% to 7.00% per annum.	595,000
\$9,365,000 2000 Combination Tax and Revenue Certificates of Obligation issued for the purpose of constructing a new Municipal Court, constructing and improving the City's streets, the acquisition, design, and construction of the Inner City Park, and issuance expenses. Principal is due in varying amounts through 2021 with interest varying from 5.25% to 5.375% per annum.	3,085,000
\$9,925,000 2002 Combination Tax and Revenue Certificates of Obligation issued for the purpose of acquiring downtown properties, a property known as Slaughter Farm, acquisition of land in northeast Laredo and land for the Fire Training and Law Enforcement Facility. Principal is due in varying amounts through 2022 with interest varying from 3.25% to 5.00% per annum.	8,140,000
\$3,620,000 Combination Tax and Sewer System Revenue Certificates of Obligation, Series 2003 issued for the purpose of paying all or portion of the City's Contractual obligations for constructing, improving, and extending the City's Sewer System, and for the payment of legal, fiscal, and engineering fees in connection with this project. Principal is due in varying amounts through 2023, with interest varying from 3.40% to 4.50% per annum.	3,155,000
\$2,795,000 Public Property Finance Contractual Obligations, Series 2003 issued for the purpose of purchasing vehicle equipment, trucks, cars, trailers, fire department equipment, EMS equipment, boat ramps, sweepers, mowers, projector, studio lights, generators, testing equipment for toll system, street equipment, computers, related hardware and software, paint remover equipment, statement sorter, power sweepers, and issuance costs. Principal is due in varying amounts through 2008 with interest varying from 1.70% to 3.00% per annum.	595,000
\$3,510,000 Combination Tax and Waterworks System Revenue Certificates of Obligation, Series 2003 for the purpose of paying all or a portion of the City's contractual obligations for the purpose of constructing drainage improvements, including pilot channel, constructing and equipping a fire station, for the payment of legal, fiscal, architectural and engineering fees in connection with this. Principal is due in varying amounts through 2023 with interest from 3.40% to 4.50% per annum.	\$ 3,120,000

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

\$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. \$ 9,345,000

\$15,625,000 Combination Tax and Revenue Certificates of Obligation, Series 2005 for the purpose of purchasing vehicles, and equipment for the Fire Department, purchasing vehicles for the Planning, Building and Public Works Department, acquiring and constructing a City communication system, making improvements to the City Health Clinic, acquiring land and equipment for and making improvements to municipal parks, acquiring land and preliminary design for various drainage projects, and for the payment of legal, fiscal, and engineering fees in connection with such projects; and paying the costs related to the issuance of the certificates. Principal is due in varying amounts through 2025 with interest from 3% to 5% per annum. 14,625,000

\$17,320,000 Combination Tax and Revenue Certificate of Obligation, Series 2006 for paying all or a portion of the City's Contractual Obligations for the purpose of constructing and equipping Police and Fire department improvements for substations, a training center and headquarters building, constructing, improving, repairing, and extending City streets, and providing for road improvements for Texas Department of Transportation projects together with drainage improvements and traffic and signal equipment and improvements, constructing and equipping improvements to City's Health complex, branch Library, and municipal parks, and for the payment of legal, fiscal, and engineering fees in connection with such projects. Principal is due in varying amounts through 2026 with interest from 4% to 4.5% per annum. 16,495,000

\$3,680,000 Public Property Finance Contractual Obligations, Series 2006 issued for the purpose of purchasing police vehicles, equipment and enhancements for the police dispatch/radio facility, as well as vehicles and safety equipment for the fire department, and vehicles, heavy equipment, and office enhancements for Public Works and other City departments. Principal is due in varying amounts through 2012 with interest at 3.586% per annum. 3,680,000

\$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. \$ 72,480,000

Total Certificates of Obligation \$ 145,745,000

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

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

C - Sales Tax Revenue Bonds

The City's Sales Tax Revenue Bonds are special obligations of the City and are collateralized by revenue from a ¼ of 1% sales and use tax collected within the City's boundaries. Sales Tax Revenue Bonds as of September 30, 2007 consist of the following:

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

\$39,315,000 2001 Sports Venue Sales Tax Revenue Bonds issued for the purpose of financing a multipurpose sports and entertainment arena and related infrastructure, and issuance costs. Principal is due in varying amounts through 2018 with interest from 3.95% to 5.75% per annum. \$ 2,020,000

\$33,550,000 2005 Sports Venue Sales Tax Revenue Improvement and Refunding Bonds issued for the purpose of acquiring and constructing additional parking for the multipurpose entertainment arena and refunding a portion of the City's outstanding Sports Venue Sales Tax Revenue Bonds, Series 2001 in order to achieve a debt service savings and to pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2024 with interest from 3.00% to 5.00% per annum. 33,350,000

Total Sales Tax Revenue Bonds \$ 35,165,000

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.

\$1,123,300 Philpott Motors for the purchase of forty seven law enforcement for the Police Department. Payments are due in annual installments of \$325,000 for the first year and \$284,940.56 for the remaining years including principal and interest through November 2007. Interest is at 3.5% per annum. \$ 275,305

\$401,677 Motorola Corporation and Portable Computer Systems for the purchase of forty seven Mobile Data Terminals for the Police Department. Payments are due in annual installments of \$110,527.81 including principal and interest through January 2009. Interest is at 3.950% per annum. 208,616

\$1,600,000 Motorola Corporation for the purchase of 800 Mhz radio communication system for the public safety and public service departments. Payments are due in annual installments of \$400,000.00 through November 2009. Interest is at 0.00% per annum. 1,200,000

\$1,453,266 Government Capital Corporation for the purchase of H T E digital information system for the Police Department. Payments are due in annual installments of \$528,041, including principal and interest through December, 2009. Interest is at 4.5% per annum. 1,453,266

\$1,501,830 Kansas State Bank for the purchase of fifty four law enforcement vehicles for the Police Department. Payments are due in annual installments of \$549,212.92, including principal and interest, through January 2010. Interest is at 4.78% per annum. 1,501,830

\$144,235 Municipal Asset Corporation for the purchase of cardio-weight lifting equipment for the City's recreation centers. Payments are due in biannual installments of \$27,290.97 through November, 2009. Interest is at 3.75% per annum. 122,353

\$404,334 Kansas State Bank for the purchase of twenty five law enforcement vehicles for the Police Department. Payments are due in annual installments of \$112,758.28 through June 2011. Interest is at 4.52% per annum. \$ 404,334

Total Present Value of Future Minimum Lease Payments \$ 5,165,704

Plus Amount Representing Interest 348,343

Total Minimum Lease Payments \$ 5,514,047

The assets acquired through capital leases are as follows:

Governmental Activities		
Asset:		
Automotive Equipment	\$	3,787,663
Machinery & Equipment		<u>3,743,500</u>
Less: Accumulated Depreciation		<u>(3,073,541)</u>
Total	\$	<u>4,457,622</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007, are as follows:

Year Ending Sep. 30	Governmental Activities	
2008	\$	2,028,863
2009		1,755,122
2010		1,617,303
2011		<u>112,759</u>
Total minimum lease payments		5,514,047
Less: amount representing interest		<u>(348,343)</u>
Present value of minimum lease payments	\$	<u>5,165,704</u>

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

E - Notes Payable

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

\$ 1,020,000

F – Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability of the defeased bonds are not included in the City's financial statements. As of September 30, 2007, \$19.820 million in bonds outstanding are considered defeased.

NOTE 12 - PROPRIETARY FUNDS LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the City's Proprietary Funds for the year ended September 30, 2007:

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

	Revenue <u>Bonds</u>	Note <u>Payable</u>	Landfill <u>Cost</u>	Compensated <u>Absences</u>
Long Term Liabilities:				
Beginning Balances	\$ 98,574,969	23,783,524	5,568,754	736,385
Additions	17,670,000	-	-	343,157
Amortization of Deferred Charges	288,084	(304,766)	1,049,355	-
Retirements	(6,131,000)	(760,070)	-	(205,330)
Ending Balances	110,402,053	22,718,688	6,618,109	874,212
Current Liabilities:				
Due Within One Year	6,131,000	760,070	-	680,986
Total Liabilities	\$ 116,533,053	23,478,758	6,618,109	1,555,198

A - Bonds

\$1,700,000 1991 Subordinate Sewer Revenue Bonds issued for the purpose of constructing and extending the utilities system with principal due in varying amounts through 2011, including interest at 5.5% per annum.	\$ 385,000
\$17,995,000 1996 International Toll Bridge System Revenue Refunding Bonds issued for the purpose of refunding other Bridge Revenue Bond issues with principal due in varying amounts through year 2010, including interest at 4.00% to 5.70% per annum.	2,580,000
\$9,000,000 1999 International Toll Bridge System Revenue Bond issued for the purpose to acquire, purchase, construct, improve, enlarge and equip the international bridge with principal due in varying amounts through year 2019, including interest at 3.7% to 5.4% per annum.	425,000
\$12,105,000 2002 International Toll Bridge System Revenue Bond issued for the purpose to acquire, purchase, construct, improve, enlarge and equip the international bridge with principal due in varying amounts through year 2022, including interest at 4.0% to 5.0%.	9,420,000
\$2,095,000 2002A Sewer System Revenue Refunding Bond issued for the purpose of refunding other Sewer System Revenue Bond issues with principal due in varying amounts through year 2011, including interest at 2.0% to 3.75%.	470,000
\$2,620,000 2002B Sewer System Revenue Refunding Bond issued for the purpose of refunding other Sewer System Revenue Bond issues with principal due in varying amounts through year 2011, including interest at 1.85% to 4.95%.	635,000
\$741,000 2002 Waterworks System Revenue Bond issued for the purpose of making improvements and extension of the Waterworks System with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9 %	643,000
\$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%.	616,000
\$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%	\$ 5,190,000

CITY OF LAREDO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

\$7,480,000 2004 Waterworks and Sewer Systems Revenue issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2024, including interest at 3.0% to 5.0%	\$ 6,490,000
\$6,215,000 2004B Waterworks and Sewer Revenue Refunding Bonds issued for the purpose of refunding other Waterworks Revenue Bonds with principal due in varying amounts through year 2010, including interest at 2.0% to 4.65%	2,235,000
\$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%	21,385,000
\$24,565,000 2005B International Toll Bridge System Revenue Refunding Bond issued for the purpose of refunding other Bridge Revenue Bond issues with principal due in varying amounts through year 2019, including interest at 4.0% to 5.0%	24,565,000
\$6,420,000 2005 Waterworks & Sewer Systems Revenue issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2025, including interest at 3.0% to 4.4%	5,775,000
\$8,950,000 2006 Waterworks & Sewer Systems Revenue Bond Revenue issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2026, including interest at 4.0% to 4.5%	12,750,000
\$17,670,000 2007 Waterworks & Sewer Systems Revenue Bond issued for the purpose of improving and extending the combined Water and Sewer System with principal due in varying amounts through year 2027, including interest at 4.0% to 4.75%	<u>17,500,000</u>
Subtotal	\$ 111,064,000
Deferred Charges for Various Revenue Refunding Bonds	<u>(661,947)</u>
Total Revenue Bonds	<u>110,402,053</u>
Due Within One Year	\$ <u>6,131,000</u>

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

B - Notes Payable

Texas Department of Transportation - State Infrastructure Bank loan for \$27,000,000 for the design and construction of bridge facilities and a portion of the costs of constructing the highway improvements. The City of Laredo received \$19,500,000 of the loan proceeds in fiscal year 1998 and \$9,806,858 in fiscal year 1999. Interest rate on the note is 4.10% simple interest per annum. Interest is deferred for seven years and added to the principal outstanding balance. The note has a final maturity date of October 1, 2027.

	\$ 22,109,156
Deferred Gain on Refunding Note	<u>609,532</u>
Total	<u>22,718,688</u>
Due Within One Year	\$ <u>760,070</u>

C - Compensated Absences

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

Fund	Amount
Transit System	\$ 76,631
Bridge System	370,364
Municipal Housing	5,850
Waterworks System	121,596
Sewer System	36,750
Solid Waste Fund	263,021
Total	\$ 874,212

D - Prior-year defeasance of debt.

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

As of September 30, 2007, \$24.855 million in bonds outstanding are considered defeased.

E - Landfill Closure and Post Closure Costs

During fiscal year 1994, the City adopted the provisions of GASB Statement No.18 "Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs." The landfill closure and post closure costs and the liability for landfill closure and post closure costs in Solid Waste Fund as of September 30, 2007 is \$13,576,625 of which \$6,618,109 has been recognized and recorded as a liability based on the Municipal Solid Waste Landfill use.

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

The liability for landfill closure and post closure care costs of \$6,618,109 as of September 30, 2007 represents the cumulative amount for 109.3 acres of the landfill filled with solid waste for closure and 200 acres for post-closure care. The percentage of the landfill capacity for solid waste used as of September 30, 2007 is 47.59%. With Landfill receiving a permit for vertical expansion the estimated remaining life of the landfill is 9 years. Based on the remaining life, the landfill will be filled to capacity by the year 2016. The estimated total current cost of the landfill closure and post closure care (\$13,576,625) 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, 2007. 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, 2007 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 4,980,115	\$ -
Major Governmental Funds:		
2007 Cert of Obligation	-	47,121
Nonmajor Governmental Funds	-	4,932,563
Nonmajor Business Type Funds	52	52
Major Business Type Funds:		
Bridge System	58,033	58,033
Waterworks System	63,515	63,515
Sewer System	70,938	70,938
Solid Waste Management	730,870	730,870
Fiduciary Funds:		
Police Health and Benefits	-	300
Firefighters Retirement System Pension Trust Fund	-	131
Total	\$ <u>5,903,523</u>	\$ <u>5,903,523</u>

NOTE 14 - INTERFUND TRANSFERS

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

	Transfers In	Transfers Out
General Fund:		
Nonmajor Governmental Funds	\$ 733,997	5,808,886
Major Business Type Fund		
Bridge System	-	910,000
Internal Service Funds	-	118,012
Nonmajor Governmental Funds:		
General Fund	5,808,886	733,997
Nonmajor Governmental Funds	3,534,794	3,534,794
Major Governmental Funds:		
2007 Cert of Obligation	201,494	-
Debt Service	-	3,799,854
Major Business Type Funds:		
Bridge System	1,524,958	-
Waterworks System	95,131	-
Sewer	43,376	-
Internal Service Funds	352,874	146,236
Major Governmental Funds:		
Nonmajor Governmental Funds	-	201,494
Debt Service Fund:		
Nonmajor Governmental Funds	3,799,854	-
Nonmajor Business Type Funds	890,675	-
Major Business Type Funds		
Bridge	558,570	-
Solid Waste	2,069,826	-
Waterworks	3,642,255	924,091
Sewer	2,946,900	285,647
Internal Service Funds	18,638	-
Nonmajor Business Type		
Debt Service	-	890,675
Major Business Type Funds:		
General Fund	910,000	-
Nonmajor Governmental Funds	-	1,663,465
Debt Service Fund	1,209,738	9,217,551
Internal Service Funds:		
General Fund	118,012	-
Debt Service Fund	-	18,638
Nonmajor Governmental Funds	146,236	352,874
Internal Service Funds	469,793	469,793
Total	\$ <u>29,076,007</u>	<u>29,076,007</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, 2007

Business Type Activities										Governmental Activities									
Revenue Bonds				Notes Payable				Certificates of Obligation				General Obligation Bonds				Debt Service to Maturity			
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total				
2008	7,291,000	7,166,439	14,457,439	2,712,868	1,188,057	3,900,925	7,345,000	6,844,540	14,189,540	7,615,000	3,419,905	11,033,905	24,963,868	18,617,941	43,581,809				
2009	8,058,000	6,774,012	14,832,012	2,509,893	1,099,956	3,609,849	7,200,000	6,409,868	13,609,868	7,545,000	3,089,990	10,633,990	25,312,893	17,372,826	42,685,719				
2010	9,005,000	6,407,669	15,412,669	2,465,036	1,000,877	3,465,913	6,400,000	6,120,060	12,520,060	7,530,000	2,782,500	10,312,500	25,401,036	18,311,105	41,711,142				
2011	7,823,000	6,019,125	13,842,125	1,050,326	904,710	1,955,036	6,050,000	5,851,117	11,901,117	8,195,000	2,433,000	10,630,000	23,118,326	15,209,952	38,328,278				
2012	7,821,000	5,679,004	13,500,004	977,599	858,305	1,835,904	5,960,000	5,581,311	11,541,311	8,585,000	2,025,062	10,610,062	23,343,599	14,143,682	37,487,281				
2013	8,198,000	5,339,503	13,537,503	1,014,196	815,209	1,829,405	5,180,000	5,337,374	10,517,374	8,615,000	1,808,838	10,223,838	23,007,196	13,100,924	36,108,120				
2014	8,577,000	4,956,393	13,533,393	1,052,293	770,551	1,822,844	5,760,000	5,090,972	10,850,972	7,655,000	1,205,312	8,860,312	23,044,293	12,023,228	35,067,521				
2015	8,965,000	4,557,096	13,542,096	1,091,952	724,298	1,816,250	6,525,000	4,789,870	11,314,870	3,935,000	816,088	4,751,088	20,536,952	10,887,352	31,424,304				
2016	9,434,000	4,120,769	13,554,769	1,133,237	676,376	1,809,613	6,830,000	4,477,842	11,307,842	3,950,000	620,700	4,570,700	21,347,237	9,866,687	31,242,924				
2017	9,893,000	3,660,622	13,553,622	1,176,214	626,719	1,802,933	7,160,000	4,149,601	11,309,601	4,215,000	423,200	4,638,200	22,444,214	8,860,142	31,304,356				
2018	10,392,000	3,175,743	13,567,743	1,220,954	575,256	1,796,210	9,700,000	3,754,398	13,454,398	1,245,000	212,450	1,457,450	22,557,954	7,717,847	30,275,801				
2019	8,001,000	2,661,665	10,662,665	1,267,528	521,944	1,789,472	7,755,000	3,340,010	11,095,010	1,310,000	150,200	1,460,200	18,333,528	6,673,819	25,007,347				
2020	7,737,000	2,267,013	10,004,013	1,231,012	466,696	1,697,708	8,145,000	2,961,472	11,106,472	1,065,000	84,700	1,149,700	18,178,012	5,779,881	23,957,893				
2021	8,126,000	1,880,314	10,006,314	1,281,484	416,225	1,697,709	8,360,000	2,561,491	10,921,491	740,000	31,450	771,450	18,507,484	4,869,480	23,396,964				
2022	8,532,000	1,475,393	10,007,393	1,334,024	363,684	1,697,708	8,770,000	2,150,297	10,920,297	-	-	-	18,636,024	3,969,374	22,625,398				
2023	8,043,000	1,047,613	9,090,613	1,388,719	308,989	1,697,708	8,440,000	1,736,137	10,176,137	-	-	-	17,871,719	3,092,739	20,964,458				
2024	8,439,000	644,192	9,083,192	1,445,657	252,051	1,697,708	8,310,000	1,319,019	9,629,019	-	-	-	18,194,657	2,215,262	20,409,919				
2025	4,430,000	317,248	4,747,248	1,504,929	192,779	1,697,708	8,140,000	908,212	9,048,212	-	-	-	14,074,929	1,418,239	15,493,168				
2026	2,260,000	114,875	2,374,875	1,566,631	131,077	1,697,708	7,350,000	498,775	7,848,775	-	-	-	11,176,631	744,727	11,921,358				
2027	1,315,000	31,232	1,346,232	1,630,377	66,845	1,697,222	6,365,000	159,125	6,524,125	-	-	-	9,310,377	257,202	9,567,579				
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total	152,360,000	68,295,920	220,655,920	29,054,929	11,960,604	41,015,533	145,745,000	74,041,491	219,786,491	72,200,000	18,903,395	91,103,395	399,359,929	173,201,410	572,561,339				

NOTE 16 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

As of September 30, 2007, the City had contractual commitments of \$19,467,964 for various construction and improvement projects. The commitments are summarized as follows:

Project Description	Commitment	Financing Sources
Community Development	\$ 1,013,783	Grant Proceeds
Airport	461	Fund Revenues
Environmental Services	393,222	Bond Proceeds
Airport Construction Fund	5,355,787	Grant Proceeds
Colonias Project	2,371,227	Grant Proceeds
2005 C.O. Issue	264,172	Bond Proceeds
2006 C. O. Issue	22,652	Grant Proceeds
Transit System	285,022	Bond Proceeds
Bridge System	4,308,440	Bond Proceeds
Housing Corporation	3,523	Fund Revenues
Waterworks System	5,449,675	Fund Revenues/C.O. Bond
Total Commitments	\$ 19,467,964	

NOTE 17 – FUND EXPENDITURES EXCEEDING APPROPRIATIONS

During the fiscal year ended September 30, 2007, expenditures in Internal Service Funds and Nonmajor Governmental Funds – Health and Benefits System and International Airport exceeded appropriations by \$1,494,823 and \$89,368, respectively.

NOTE 18 - RISK MANAGEMENT

A. HEALTH AND BENEFITS FUND

In January 1990, the City established a partial self-insured plan for medical coverage for its employees and an internal service fund called Risk Management. On October 1, 1995, the fund name was changed to Health and Benefits Fund. Under this plan, the City will pay for medical claims up to the amount of \$100,000 per employee, with a maximum lifetime benefit of \$1,000,000 per employee. There is a maximum medical aggregate liability of \$12,611,401 and a projected net claims of \$11,231,826. Claims exceeding \$100,000 per employee are paid by the City and reimbursed by the City's stop/loss insurance carrier. The City has accrued for claims that have been incurred but not reported.

The incurred claims liability of \$1,643,111 reported in the Fund as of September 30, 2007 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 2005, 2006, and 2007 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
2004-2005	\$1,712,334	13,163,333	12,935,363	1,940,304
2005-2006	1,940,304	10,359,362	10,747,425	1,552,241
2006-2007	\$1,522,241	11,245,965	11,155,095	1,643,111 ¹

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

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

B. RISK MANAGEMENT FUND

On October 1, 1996, the City established a self-insured retention program for the worker's compensation liability within the Risk Management Fund which also accounts for the following policies: (a) General Liability (b) Law Enforcement Liability (c) Errors and Omission (d) Auto Liability (e) Auto Physical Damage - ACV. The self-insured retention program for worker's compensation was implemented with \$300,000 retention per occurrence and a \$2,400,000 aggregate for FY 04-05, \$2,700,000 aggregate for FY 05-06 and \$2,600,000 aggregated for FY06-07. 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, 2007, a liability was recorded based on fiscal year 2007 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 2005, 2006 and 2007 were:

Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Current year Claims & Payments	Balance of Fiscal Year end
2004-2005	\$1,063,780	1,422,985	1,533,459	953,306
2005-2006	953,306	1,818,492	1,399,529	1,372,269
2006-2007	\$1,372,269	1,718,562	1,604,328	1,486,503 ²

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

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

NOTE 19 – CONTINGENCIES

The City participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2007, significant amounts of grant expenditures have not been audited by the grantor agencies; however, the City believes it has substantially complied with applicable laws and regulations and that the results of subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

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

NOTE 20 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments were recorded to account for a change in the reporting of General Fixed Assets. One equipment item for \$160,004 was entered twice in fiscal year 2006 for Community Development in General Fixed Assets. In fiscal year 2007, the equipment item was reduced as well as the accumulated depreciation that totaled \$66,668. This adjustment is noted in the Beginning Balance in the Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity.

NOTE 21 – DONOR-RESTRICTED ENDOWMENTS

The Canseco Foundation Children's Endowment Trust Fund was established on January of 1998, when the City accepted the endowment for the Canseco Foundation in the amount of \$50,000. The program would have the City seek all opportunities to augment children's programming resources provided through the Laredo Public Library. Funding of children's programming from the fund each year will be based on interest accrued on the endowment. Interest distributions will be from the Canseco Foundation Children's Endowment Fund. For September 30, 2007, the amount of unspent interest to date was \$17,669. This amount is reported in the government-wide financial statements under Net Assets-Restricted for other purposes.

Texas State Law:

- (a) Except as provided by Subsection (e), the governing board may appropriate for expenditure, for the uses and purposes for which the fund is established, the net appreciation, realized and unrealized, in the fair market value of the assets of an endowment fund over the historic dollar value of the fund to the extent prudent under the standard provided by Section 163.007.

- (b) A determination of the historic dollar value made in good faith by the governing board is conclusive.
- (c) Subsection (a) does not limit the authority of the governing board to expend funds as permitted under other law, the terms of the applicable gift instrument, or the charter or articles of incorporation of the institution.
- (d) Subsection (a) does not apply if the applicable gift instrument indicates the donor's intention that the net appreciation not be extended. A restriction on the expenditure of net appreciation may not be implied from a designation of a gift as an endowment or from a direction or authorization in the applicable gift instrument to use only "income" This rule of construction applies to gift instruments executed or in effect before, on, or after the effective date of this chapter.

NOTE 22- BUDGET BASIS REPORTING

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

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

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

	General Fund
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses (GAAP Basis)-	\$ 2,057,710
Adjustments:	
Timing Differences-Encumbrances	(906,778)
Basic Differences:	
Non Budgeted-Compensated Absences	17,142
Non Budgeted-Allowance for Doubtful Accounts	17,628
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)-budgetary classifications	1,151,418
Other adjustments-Excess of revenues and other financing Sources over expenditures and other uses for non-budgeted Funds-(Entity Differences)	21,088,718
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses – Budget Basis	\$ 22,240,136

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds include:

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

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

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

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

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

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

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

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

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

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

911 EMERGENCY COMMUNICATIONS FUND – to account for Commission on State Emergency Communications grant funds to administer and operate emergency service communications programs for Jim Hogg, Starr, Webb and Zapata Counties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

Capital Projects Funds include:

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

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

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

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

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

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

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

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

CERTIFICATE OF OBLIGATION SERIES 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 SERIES 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 SERIES 2007 ISSUE – to account for \$72,480,000 in bond proceeds for purpose of paying all or a portion of the City’s contractual obligations for the purpose of constructing and equipping various departments, street and drainage improvements, park Improvements

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

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

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

PERMANENT FUND

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

This page intentionally left blank

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2007

SPECIAL REVENUE

	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	NOISE ABATEMENT	FINANCIAL TASK FORCE
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ 100	-	(69)	-	(162)	4,926
Equity in Investment Pool	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	-	64,304	57,482	-	209,897	49,789
Receivables, net of allowances:						
Accrued Interest	-	733	655	-	2,391	567
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	98,103	-	-	-	389	1,433
Notes	-	1,867,252	9,764,592	-	-	-
Due From Other Governments	498,104	-	140,724	76,485	15,751	564,628
Inventory	-	-	-	-	-	-
TOTAL ASSETS	596,307	1,932,289	9,963,384	76,485	228,266	621,343
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	23,932	675	30,822	22,736	7,620	7,733
Retainage Payable	53,898	-	-	-	-	-
Accrued Wages and Employee Benefits	17,670	684	1,430	-	2,998	6,606
Compensated Absences	-	-	-	-	-	-
Contracts Payable	104,387	15,418	-	-	-	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	287,178	-	-	53,749	-	-
Due To Other Governments	-	310	-	-	-	178,624
Deferred Revenue	98,087	1,867,252	9,764,590	-	-	-
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	585,152	1,884,339	9,796,842	76,485	10,618	192,963
Fund Balances:						
Reserved:						
Reserved for Encumbrances	1,464,369	165	402,265	43,693	19	14,550
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	47,785	-	-	-	-
Undesignated (Deficit)	(1,453,214)	-	(235,723)	(43,693)	217,629	413,830
TOTAL FUND BALANCES	11,155	47,950	166,542	-	217,648	428,380
TOTAL LIABILITIES AND FUND BALANCES	\$ 596,307	1,932,289	9,963,384	76,485	228,266	621,343

(Continued)

(Continued)

SPECIAL REVENUE

AUTO THEFT TASK FORCE	SPECIAL POLICE PROGRAM	ENVIRONMENTAL SERVICES	HEALTH FUND	911 EMERGENCY COMM. FUND	INT'L. AIRPORT	HAZARDOUS MATERIALS
(276)	-	(1,692)	2,550	(346)	450	(107)
-	-	-	-	-	-	-
259,105	-	2,002,439	-	382,488	-	92,320
2,952	-	22,814	-	4,358	-	1,052
600	2,747	156,970	12,381	-	278,486	520
97,521	148,630	35,355	2,039,402	5,216	16,681	-
-	-	-	639	-	-	-
<u>359,902</u>	<u>151,377</u>	<u>2,215,886</u>	<u>2,054,972</u>	<u>391,716</u>	<u>295,617</u>	<u>93,785</u>
16,384	4,000	49,897	501,739	182,926	182,958	1,874
-	-	6,467	-	-	-	-
8,334	21,485	18,929	153,273	5,241	194,256	2,682
-	-	-	-	-	58,095	-
-	-	10,200	-	-	140,516	-
-	-	-	-	-	63,288	-
-	39,011	-	962,347	-	127,789	-
8,543	8,596	-	-	-	29	-
-	-	-	1,692	184,537	43,194	-
-	-	-	-	-	-	-
<u>33,261</u>	<u>73,092</u>	<u>85,493</u>	<u>1,619,051</u>	<u>372,704</u>	<u>810,125</u>	<u>4,556</u>
30,613	3,691	913,643	549,167	1,056,227	44,793	169
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
296,028	74,594	1,216,750	(113,246)	(1,037,215)	(559,301)	89,060
<u>326,641</u>	<u>78,285</u>	<u>2,130,393</u>	<u>435,921</u>	<u>19,012</u>	<u>(514,508)</u>	<u>89,229</u>
<u>359,902</u>	<u>151,377</u>	<u>2,215,886</u>	<u>2,054,972</u>	<u>391,716</u>	<u>295,617</u>	<u>93,785</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2007

(Continued)

SPECIAL REVENUE

	PARKING METERS	KEEP LAREDO BEAUTIFUL	RECREATION FUND	VETERANS FIELD	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ (225)	(3)	(201)	(71)	337	(922)
Equity in Investment Pool	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	899,827	2,323	164,753	114,674	110,610	895,327
Receivables, net of allowances:						
Accrued Interest	10,252	26	1,877	1,307	1,260	10,201
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	18,810
Accounts	1,346,190	-	-	12,303	2,000	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	2,256,044	2,346	166,429	128,213	114,207	923,416
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	15,046	426	2,961	4,983	54,326	66,354
Retainage Payable	4,261	-	-	-	-	-
Accrued Wages and Employee Benefits	17,748	1,161	-	-	6,790	-
Compensated Absences	-	-	-	-	-	-
Contracts Payable	16,028	-	-	-	-	-
Customer Deposits	-	-	-	-	33,057	-
Due To Other Funds	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	1,345,985	-	-	15,019	-	18,810
Due To Developers	-	-	-	-	-	-
TOTAL LIABILITIES	1,399,068	1,587	2,961	20,002	94,173	85,164
Fund Balances:						
Reserved:						
Reserved for Encumbrances	31,352	759	1,302	68,349	20,034	-
Reserved for Capital Acquisition	-	-	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	-	-
Undesignated (Deficit)	825,624	-	162,166	39,862	-	838,252
TOTAL FUND BALANCES	856,976	759	163,468	108,211	20,034	838,252
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,256,044	2,346	166,429	128,213	114,207	923,416

(Continued)

(Continued)

SPECIAL REVENUE

PUBLIC ACCESS CHANNEL	MERCADO MGMT.	LAREDO CONVENT. & VISITORS	H.U.D. SEC. 108	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	FRIENDS OF THE LIBRARY
(248)	(141)	545	-	(14,187)	(2,092)	-
-	-	-	-	-	-	13
-	-	-	-	701,262	-	-
317,458	100,013	92,610	-	15,706,378	2,347,331	51,240
3,617	1,139	1,055	963,016	163,103	26,744	584
-	-	-	-	-	-	-
66,308	1,630	3,988	-	65,903	32,546	98
-	-	-	1,700,000	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>387,135</u>	<u>102,641</u>	<u>98,198</u>	<u>2,663,016</u>	<u>16,622,459</u>	<u>2,404,529</u>	<u>51,935</u>
43,810	6,395	25,245	-	-	13,147	-
-	-	-	-	-	-	-
6,547	-	9,152	-	-	2,256	-
-	-	-	-	-	-	-
-	-	-	-	-	63,289	-
-	-	-	-	-	-	-
-	-	82	-	-	-	-
-	-	-	2,663,016	-	4,692	-
-	-	-	-	-	-	-
<u>50,357</u>	<u>6,395</u>	<u>34,479</u>	<u>2,663,016</u>	<u>-</u>	<u>83,384</u>	<u>-</u>
96,892	348	63,719	-	-	28,896	-
239,886	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,283,639	-	-
-	-	-	-	-	-	-
-	95,898	-	-	13,338,820	2,292,249	51,935
<u>336,778</u>	<u>96,246</u>	<u>63,719</u>	<u>-</u>	<u>16,622,459</u>	<u>2,321,145</u>	<u>51,935</u>
<u>387,135</u>	<u>102,641</u>	<u>98,198</u>	<u>2,663,016</u>	<u>16,622,459</u>	<u>2,404,529</u>	<u>51,935</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2007

(Continued)

	SPECIAL REVENUE			CAPITAL PROJECTS		
	SUBDIVISION TRUST FUND	POLICE TRUST FUND	SPECIAL FIRE GRANTS	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ (940)	(2,855)	-	-	-	(44)
Equity in Investment Pool	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	1,020,162	2,910,830	-	-	-	1,308,454
Receivables, net of allowances:						
Accrued Interest	11,623	33,164	-	-	-	372
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	-	5,511	-	239	-	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	25,787	4,648,107	3,275,116	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	1,030,845	2,946,650	25,787	4,648,346	3,275,116	1,308,782
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	2,132	8,621	-	-	187,368	4,650
Retainage Payable	-	-	-	344,505	320,596	-
Accrued Wages and Employee Benefits	-	-	-	52	-	-
Compensated Absences	-	-	-	-	-	-
Contracts Payable	-	-	-	1,268,759	1,845,692	-
Customer Deposits	-	-	-	-	-	-
Due To Other Funds	-	-	25,787	2,684,985	582,808	-
Due To Other Governments	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due To Developers	1,024,941	-	-	-	-	-
TOTAL LIABILITIES	1,027,073	8,621	25,787	4,298,301	2,936,464	4,650
Fund Balances:						
Reserved:						
Reserved for Encumbrances	-	492,069	-	2,830,104	6,577,059	601,445
Reserved for Capital Acquisition	-	2,445,960	-	-	-	-
Reserved for Children's Programming	-	-	-	-	-	-
Reserved for Endowment Corpus	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Improvements	-	-	-	-	-	702,687
Undesignated (Deficit)	3,772	-	-	(2,480,059)	(6,238,407)	-
TOTAL FUND BALANCES	3,772	2,938,029	-	350,045	338,652	1,304,132
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,030,845	2,946,650	25,787	4,648,346	3,275,116	1,308,782

(Continued)

(Continued)

CAPITAL PROJECTS

CERTIFICATE OF OBLIGATION 98 ISSUE	CERTIFICATE OF OBLIGATION 00 ISSUE	CAPITAL IMPROVEMENT	CERTIFICATE OF OBLIGATION 02 ISSUE	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	CERTIFICATE OF OBLIGATION 06 ISSUE
(460)	-	(6,595)	-	(120)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
441,567	364,222	6,647,312	767,821	177,382	4,752,676	16,007,425
5,031	-	75,734	-	2,021	-	-
-	-	-	-	-	-	-
-	-	129,818	-	-	-	-
-	-	-	-	-	-	-
-	-	128,422	-	-	-	-
-	-	-	-	-	-	-
<u>446,138</u>	<u>364,222</u>	<u>6,974,691</u>	<u>767,821</u>	<u>179,283</u>	<u>4,752,676</u>	<u>16,007,425</u>
20,919	66,400	95,695	-	-	5,718	10,582
9,896	9,887	18,389	-	-	45,763	37,018
-	-	18,852	-	-	316	-
-	-	-	-	-	-	-
4,346	-	160,445	-	-	165,310	44,990
-	-	-	-	-	-	-
-	-	-	-	-	249	315
-	-	-	-	-	-	-
-	-	108,000	-	-	-	-
-	-	-	-	-	-	-
<u>35,161</u>	<u>76,287</u>	<u>401,381</u>	<u>-</u>	<u>-</u>	<u>217,356</u>	<u>92,905</u>
40,853	141,788	1,063,477	6,049	62,451	760,589	550,075
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
370,124	146,147	5,509,833	761,772	116,832	3,774,731	15,364,445
-	-	-	-	-	-	-
<u>410,977</u>	<u>287,935</u>	<u>6,573,310</u>	<u>767,821</u>	<u>179,283</u>	<u>4,535,320</u>	<u>15,914,520</u>
<u>446,138</u>	<u>364,222</u>	<u>6,974,691</u>	<u>767,821</u>	<u>179,283</u>	<u>4,752,676</u>	<u>16,007,425</u>

(Continued)

**CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2007**

(Continued)

	CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PARKS CAPITAL GRANTS	CAPITAL GRANTS	COMM. SYSTEM FUND	CANSECO ENDOWMENT FUND	
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ (172)	-	-	(10)	(23,030)
Equity in Investment Pool	-	-	-	-	13
Cash with Fiscal Agent	-	-	-	-	701,262
Investments	143,996	-	-	66,917	58,529,132
Receivables, net of allowances:					
Accrued Interest	1,641	-	-	762	1,350,051
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	18,810
Accounts	-	-	-	-	2,218,163
Notes	-	-	-	-	13,331,844
Due From Other Governments	823	198,400	-	-	11,915,152
Inventory	-	-	-	-	639
TOTAL ASSETS	146,288	198,400	-	67,669	88,042,036
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	74	-	-	-	1,668,148
Retainage Payable	-	30,055	-	-	880,735
Accrued Wages and Employee Benefits	-	-	-	-	496,462
Compensated Absences	-	-	-	-	58,095
Contracts Payable	-	-	-	-	3,776,091
Customer Deposits	-	-	-	-	159,634
Due To Other Funds	-	168,345	-	-	4,932,563
Due To Other Governments	-	-	-	-	196,184
Deferred Revenue	-	-	-	-	16,114,874
Due To Developers	-	-	-	-	1,024,941
TOTAL LIABILITIES	74	198,400	-	-	29,307,727
Fund Balances:					
Reserved:					
Reserved for Encumbrances	5,528	210,977	-	-	18,177,479
Reserved for Capital Acquisition	-	-	-	-	2,685,846
Reserved for Children's Programming	-	-	-	17,669	17,669
Reserved for Endowment Corpus	-	-	-	50,000	50,000
Reserved for Debt Service	-	-	-	-	3,283,639
Unreserved:					
Designated for Improvements	-	-	-	-	26,794,356
Undesignated (Deficit)	140,686	(210,977)	-	-	7,725,320
TOTAL FUND BALANCES	146,214	-	-	67,669	58,734,309
TOTAL LIABILITIES AND FUND BALANCES	\$ 146,288	198,400	-	67,669	88,042,036

This page intentionally left blank

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2007

(Continued)

	SPECIAL REVENUE					
	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	NOISE ABATEMENT	FINANCIAL TASK FORCE
REVENUES:						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	3,908,870	-	1,396,149	186,728	1,214,538	723,290
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	-	-	-	-	-
Investment Income:						
Interest Earnings	-	-	853	-	11,876	7,024
Net increase (decrease) in the fair value of Investments	-	194	-	-	1,208	800
Rents and Royalties	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	79,036	146,219	152,207	-	-	-
Other	-	-	-	-	-	1,077
TOTAL REVENUES	3,987,906	146,413	1,549,209	186,728	1,227,622	732,191
EXPENDITURES:						
Public Safety	468,247	-	-	-	-	724,200
Public Works	580,446	-	-	-	148,205	-
Health and Welfare	656,855	78,127	1,474,150	186,728	-	-
Cultural and Recreational	1,105,380	-	-	-	-	-
General Government	805,066	29,162	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	3,615,994	107,289	1,474,150	186,728	148,205	724,200
Debt Service	-	-	-	-	-	-
Capital Outlay	494,578	-	-	-	1,130,634	19,694
TOTAL EXPENDITURES	4,110,572	107,289	1,474,150	186,728	1,278,839	743,894
Excess (Deficiency) of Revenues Over Expenditures	(122,666)	39,124	75,059	-	(51,217)	(11,703)
OTHER FINANCING SOURCES (USES):						
Transfers In	133,652	-	-	-	-	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	891
TOTAL OTHER FINANCING SOURCES (USES)	133,652	-	-	-	-	891
Net Change in Fund Balance	10,986	39,124	75,059	-	(51,217)	(10,812)
Fund Balances at Beginning of Year	169	8,826	91,483	-	268,865	439,192
FUND BALANCE AT END OF YEAR	\$ 11,155	47,950	166,542	-	217,648	428,380

(Continued)

(Continued)

SPECIAL REVENUE						
AUTO THEFT TASK FORCE	SPECIAL POLICE PROGRAM	ENVIRONMENTAL SERVICES	HEALTH FUND	911 REGIONAL COMM. FUND	INT'L. AIRPORT	HAZARDOUS MATERIALS
-	-	-	-	-	-	-
-	-	-	287,302	-	-	288,710
-	9,000	28,806	23,839	-	388,321	-
404,375	999,328	80,535	6,790,839	1,245,724	100,235	-
33,383	71,133	15,296	450,761	-	-	-
-	-	3,010,528	-	-	-	-
-	-	-	-	-	-	-
-	-	-	951,814	-	4,185	-
7,600	-	95,894	-	11,502	6,726	4,138
646	-	8,521	-	981	2,293	649
-	-	-	2,322	-	4,399,983	-
-	-	1,837	-	-	28	-
-	-	-	166,568	-	-	-
-	92	32,820	250,946	-	400,529	65
-	-	-	122,661	-	-	-
<u>446,004</u>	<u>1,079,553</u>	<u>3,274,237</u>	<u>9,047,052</u>	<u>1,258,207</u>	<u>5,302,300</u>	<u>293,562</u>
615,159	2,821,311	-	-	989,954	-	171,197
-	-	2,073,060	11,224,695	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,160,618	-
<u>615,159</u>	<u>2,821,311</u>	<u>2,073,060</u>	<u>11,224,695</u>	<u>989,954</u>	<u>5,160,618</u>	<u>171,197</u>
-	-	-	-	-	-	-
28,451	32,606	482,185	453,655	264,647	302,285	-
643,610	2,853,917	2,555,245	11,678,350	1,254,601	5,462,903	171,197
<u>(197,606)</u>	<u>(1,774,364)</u>	<u>718,992</u>	<u>(2,631,298)</u>	<u>3,606</u>	<u>(160,603)</u>	<u>122,365</u>
240,984	1,748,841	303,692	2,749,123	-	306,641	-
-	-	-	-	-	-	-
-	-	(654,813)	-	-	(677,640)	(111,018)
-	-	-	-	-	-	-
-	-	40,000	-	-	4,800	-
<u>240,984</u>	<u>1,748,841</u>	<u>(311,121)</u>	<u>2,749,123</u>	<u>-</u>	<u>(366,199)</u>	<u>(111,018)</u>
43,378	(25,523)	407,871	117,825	3,606	(526,802)	11,347
283,263	103,808	1,722,522	318,096	15,406	12,294	77,882
<u>326,641</u>	<u>78,285</u>	<u>2,130,393</u>	<u>435,921</u>	<u>19,012</u>	<u>(514,508)</u>	<u>89,229</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2007

(Continued)

	SPECIAL REVENUE					
	PARKING METERS	KEEP LAREDO BEAUTIFUL, INC. FUND	RECREATION FUND	VETERANS FIELD	CIVIC CENTER	HOTEL/MOTEL OCCUPANCY TAX
REVENUES:						
Taxes	\$ -	-	-	-	-	3,330,740
Licenses and Permits	12,176	-	-	-	-	-
Intergovernmental:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	517,853	-	-	-	-	-
Fees and Collections	1,229,948	-	114,102	-	-	-
Investment Income:						
Interest Earnings	35,507	138	6,914	4,769	2,268	52,077
Net increase (decrease) in the fair value of Investments	3,355	22	791	389	244	4,987
Rents and Royalties	-	-	-	50,000	254,956	-
Discount Earnings	512	-	-	-	39	-
Miscellaneous:						
Local Contributions	-	115	-	-	-	-
Reimbursements	3,105	-	-	29,661	1,270	25
Other	-	-	-	-	-	-
TOTAL REVENUES	1,802,456	275	121,807	84,819	258,777	3,387,829
EXPENDITURES:						
Public Safety	1,247,296	-	-	-	-	-
Public Works	-	99,878	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	37,581	71,598	645,375	486,674
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	1,247,296	99,878	37,581	71,598	645,375	486,674
Debt Service	-	-	-	-	-	-
Capital Outlay	308,523	-	22,738	7,300	49,797	-
TOTAL EXPENDITURES	1,555,819	99,878	60,319	78,898	695,172	486,674
Excess (Deficiency) of Revenues Over Expenditures	246,637	(99,603)	61,488	5,921	(436,395)	2,901,155
OTHER FINANCING SOURCES (USES):						
Transfers In	-	83,668	-	-	441,874	-
Proceeds - Long Term Debt	-	-	-	-	-	-
Transfers Out	(3,518)	-	(83,000)	-	-	(2,747,287)
Capital Leases	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,518)	83,668	(83,000)	-	441,874	(2,747,287)
Net Change in Fund Balance	243,119	(15,935)	(21,512)	5,921	5,479	153,868
Fund Balances at Beginning of Year	613,857	16,694	184,980	102,290	14,555	684,384
FUND BALANCE AT END OF YEAR	\$ 856,976	759	163,468	108,211	20,034	838,252

(Continued)

(Continued)

SPECIAL REVENUE						
PUBLIC ACCESS CHANNEL	MERCADO MGMT.	LAREDO CONVENT. & VISITORS	SPORTS & COMMUNITY VENUE	NOISE ABATE. LEASE PROGRAM	FRIENDS OF THE LIBRARY	SUBDIVISION TRUST FUND
-	-	-	6,356,559	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	240,829	-
-	-	-	-	-	14,736	-
24,291	-	-	-	-	-	-
-	-	-	-	-	-	-
263,309	-	9,992	-	21,103	-	-
12,072	4,042	346	726,947	107,292	2,470	-
689	364	59	53,843	9,472	406	7,534
-	123,507	-	81,742	817,620	-	-
8	-	-	-	124	-	-
-	-	-	125,000	-	-	-
526	-	45,596	-	15,710	-	-
-	-	-	-	-	7,543	-
<u>300,894</u>	<u>127,913</u>	<u>55,993</u>	<u>7,344,091</u>	<u>971,321</u>	<u>265,984</u>	<u>7,534</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
392,212	76,695	2,209,143	240,967	448,887	93,099	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>392,212</u>	<u>76,695</u>	<u>2,209,143</u>	<u>240,967</u>	<u>448,887</u>	<u>93,099</u>	<u>-</u>
-	-	-	-	-	-	-
114,802	-	-	-	29,535	197,573	-
507,014	76,695	2,209,143	240,967	478,422	290,672	-
<u>(206,120)</u>	<u>51,218</u>	<u>(2,153,150)</u>	<u>7,103,124</u>	<u>492,899</u>	<u>(24,688)</u>	<u>7,534</u>
354,618	-	2,139,076	-	-	32,508	-
-	-	-	-	-	-	-
-	-	-	(2,817,551)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>354,618</u>	<u>-</u>	<u>2,139,076</u>	<u>(2,817,551)</u>	<u>-</u>	<u>32,508</u>	<u>-</u>
148,498	51,218	(14,074)	4,285,573	492,899	7,820	7,534
188,280	45,028	77,793	12,336,886	1,828,246	44,115	(3,762)
<u>336,778</u>	<u>96,246</u>	<u>63,719</u>	<u>16,622,459</u>	<u>2,321,145</u>	<u>51,935</u>	<u>3,772</u>

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2007

(Continued)

	SPECIAL REVENUE		CAPITAL PROJECTS			
	POLICE TRUST FUND	SPECIAL FIRE GRANTS	WEBB COUNTY COLONIAS PROJECT	AIRPORT CONSTRUCTION FUND	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 98 ISSUE
REVENUES:						
Taxes	\$ -	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental:						
Federal	-	14,700	-	7,468,341	-	-
State	-	25,787	5,503,288	49,969	-	-
Other	-	-	377,057	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Fees and Collections	-	-	62,821	-	-	-
Investment Income:						
Interest Earnings	121,409	-	23,410	21,891	117,158	30,503
Net increase (decrease) in the fair value of Investments	9,964	-	-	2,744	1,079	3,444
Rents and Royalties	-	-	-	-	-	-
Discount Earnings	-	-	-	-	-	-
Miscellaneous:						
Local Contributions	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Other	1,854,263	-	-	87,600	-	-
TOTAL REVENUES	1,985,636	40,487	5,966,576	7,630,545	118,237	33,947
EXPENDITURES:						
Public Safety	297,178	19,700	-	-	-	-
Public Works	-	-	652,457	1,688,041	235,404	-
Health and Welfare	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Air Transportation Services	-	-	-	-	-	-
Total Operating Expenditures	297,178	19,700	652,457	1,688,041	235,404	-
Debt Service	1,430,936	-	-	-	-	-
Capital Outlay	3,781,341	20,787	5,670,957	6,069,626	2,385,674	217,062
TOTAL EXPENDITURES	5,509,455	40,487	6,323,414	7,757,667	2,621,078	217,062
Excess (Deficiency) of Revenues Over Expenditures	(3,523,819)	-	(356,838)	(127,122)	(2,502,841)	(183,115)
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	138,507	270,000	640,000	-
Proceeds - Long Term Debt	-	-	-	-	3,680,000	-
Transfers Out	-	-	-	(306,641)	(640,000)	(27,177)
Capital Leases	4,205,430	-	-	-	-	-
Sale of Assets	66,325	-	-	-	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	4,271,755	-	138,507	(36,641)	3,710,000	(27,177)
Net Change in Fund Balance	747,936	-	(218,331)	(163,763)	1,207,159	(210,292)
Fund Balances at Beginning of Year	2,190,093	-	568,376	502,415	96,973	621,269
FUND BALANCE AT END OF YEAR	\$ 2,938,029	-	350,045	338,652	1,304,132	410,977

(Continued)

(Continued)

CAPITAL PROJECTS					
CERTIFICATE OF OBLIGATION 00 ISSUE	CAPITAL IMPROVEMENT	CERTIFICATE OF OBLIGATION 02 ISSUE	CERTIFICATE OF OBLIGATION 03 ISSUE	CERTIFICATE OF OBLIGATION 05 ISSUE	CERTIFICATE OF OBLIGATION 06 ISSUE
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	314,432	-	-	-	-
-	-	-	-	-	29,778
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,061	309,595	39,273	10,383	313,266	845,673
-	33,374	-	2,592	-	-
-	-	-	-	-	-
-	18	-	-	-	-
-	522,890	-	-	-	-
-	-	3,637	-	-	-
-	189,264	-	-	-	-
22,061	1,369,573	42,910	12,975	313,266	875,451
-	-	-	-	-	-
-	465,853	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	465,853	-	-	-	-
-	-	-	-	-	-
244,879	4,781,341	-	94,189	3,828,848	881,910
244,879	5,247,194	-	94,189	3,828,848	881,910
(222,818)	(3,877,621)	42,910	(81,214)	(3,515,582)	(6,459)
-	1,625,455	-	-	352,874	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,625,455	-	-	352,874	-
(222,818)	(2,252,166)	42,910	(81,214)	(3,162,708)	(6,459)
510,753	8,825,476	724,911	260,497	7,698,028	15,920,979
287,935	6,573,310	767,821	179,283	4,535,320	15,914,520

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2007

(Continued)

	CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PARKS CAPITAL GRANTS	CAPITAL GRANTS	COMM. SYSTEM FUND	CANSECO ENDOWMENT FUND	
REVENUES:					
Taxes	-	-	-	-	9,687,299
Licenses and Permits	-	-	-	-	588,188
Intergovernmental:					
Federal	-	191,297	-	-	15,794,708
State	9,951	-	-	-	15,539,199
Other	215,409	-	-	-	1,192,817
Charges for Services	-	-	-	-	3,034,819
Fines	-	-	-	-	517,853
Fees and Collections	-	-	-	-	2,657,274
Investment Income:					
Interest Earnings	5,393	-	-	3,331	2,963,801
Net increase (decrease) in the fair value of Investments	295	-	-	325	151,264
Rents and Royalties	-	-	-	-	5,730,130
Discount Earnings	-	-	-	-	2,566
Miscellaneous:					
Local Contributions	-	-	-	-	814,573
Reimbursements	-	-	-	-	1,161,443
Other	-	-	-	-	2,262,408
TOTAL REVENUES	231,048	191,297	-	3,656	62,098,342
EXPENDITURES:					
Public Safety	-	-	-	-	7,354,242
Public Works	-	-	-	-	3,870,284
Health and Welfare	-	-	-	-	16,142,502
Cultural and Recreational	9,951	-	-	1,200	5,369,875
General Government	-	-	-	-	834,228
Air Transportation Services	-	-	-	-	5,160,618
Total Operating Expenditures	9,951	-	-	1,200	38,731,749
Debt Service	-	-	-	-	1,430,936
Capital Outlay	215,484	191,297	-	-	32,322,398
TOTAL EXPENDITURES	225,435	191,297	-	1,200	72,485,083
Excess (Deficiency) of Revenues Over Expenditures	5,613	-	-	2,456	(10,386,741)
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	11,561,513
Proceeds - Long Term Debt	-	-	-	-	3,680,000
Transfers Out	-	-	(146,236)	-	(8,214,881)
Capital Leases	-	-	-	-	4,205,430
Sale of Assets	-	-	-	-	142,016
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(146,236)	-	11,374,078
Net Change in Fund Balance	5,613	-	(146,236)	2,456	987,337
Fund Balances at Beginning of Year	140,601	-	146,236	65,213	57,746,972
FUND BALANCE AT END OF YEAR	\$ 146,214	-	-	67,669	58,734,309

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, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
CDBG Grants	\$ 22,248,175	3,908,870	26,157,045	29,966,029
Miscellaneous:				
Reimbursements	<u>459,506</u>	<u>79,036</u>	<u>538,542</u>	<u>514,026</u>
TOTAL REVENUES	<u>22,707,681</u>	<u>3,987,906</u>	<u>26,695,587</u>	<u>30,480,055</u>
EXPENDITURES:				
Public Safety	1,734,256	468,247	2,202,503	2,262,469
Public Works	5,339,034	580,446	5,919,480	6,962,180
Health and Welfare	2,825,023	656,855	3,481,878	3,657,296
Cultural and Recreational	5,652,264	1,105,380	6,757,644	8,548,903
General Government	4,808,926	805,066	5,613,992	5,745,621
Capital Outlay	<u>2,348,070</u>	<u>494,578</u>	<u>2,842,648</u>	<u>3,448,109</u>
TOTAL EXPENDITURES	<u>22,707,573</u>	<u>4,110,572</u>	<u>26,818,145</u>	<u>30,624,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>108</u>	<u>(122,666)</u>	<u>(122,558)</u>	<u>(144,523)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	<u>61</u>	<u>133,652</u>	<u>133,713</u>	<u>144,523</u>
TOTAL OTHER FINANCING SOURCES:	<u>61</u>	<u>133,652</u>	<u>133,713</u>	<u>144,523</u>
Net Change in Fund Balances	\$ <u><u>169</u></u>	<u>10,986</u>	<u><u>11,155</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		<u>169</u>		
Fund Balances-Ending		\$ <u><u>11,155</u></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, 2007

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Net increase (decrease) in the fair value of Investments	\$ -	-	194	-	194	194
Miscellaneous:						
Reimbursements	132,000	132,000	146,219	-	146,219	14,219
TOTAL REVENUES	132,000	132,000	146,413	-	146,413	14,413
EXPENDITURES:						
Administration:						
Personnel Services	41,257	41,257	29,162	-	29,162	12,095
Contractual Services	5,942	5,942	2,377	165	2,542	3,400
Total Administration	47,199	47,199	31,539	165	31,704	15,495
Housing Rehabilitation Loans:						
Contractual Services	114,191	114,191	75,750	-	75,750	38,441
Total Housing Rehabilitation Loans	114,191	114,191	75,750	-	75,750	38,441
TOTAL EXPENDITURES	161,390	161,390	107,289	165	107,454	53,936
Excess (Deficiency) of Revenues Over Expenditures	(29,390)	(29,390)	39,124	(165)	38,959	68,349
Fund Balances at Beginning of Year	29,225	8,826	8,826	-	8,826	-
FUND BALANCE AT END OF YEAR	\$ (165)	(20,564)	47,950	(165)	47,785	68,349

**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, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HOME Grants	\$ 4,917,585	1,396,149	6,313,734	7,125,624
Investment Income:				
Interest Earnings	954	853	1,807	1,105
Miscellaneous:				
Reimbursements	<u>271,744</u>	<u>152,207</u>	<u>423,951</u>	<u>282,699</u>
TOTAL REVENUES	<u>5,190,283</u>	<u>1,549,209</u>	<u>6,739,492</u>	<u>7,409,428</u>
EXPENDITURES:				
Personnel Services	444,362	98,751	543,113	557,925
Materials and Supplies	4,226	2,410	6,636	7,076
Contractual Services	<u>4,650,212</u>	<u>1,372,989</u>	<u>6,023,201</u>	<u>6,844,427</u>
TOTAL EXPENDITURES	<u>5,098,800</u>	<u>1,474,150</u>	<u>6,572,950</u>	<u>7,409,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>91,483</u>	75,059	<u>166,542</u>	<u>-</u>
Fund Balances - Beginning		<u>91,483</u>		
Fund Balances - Ending		\$ <u>166,542</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, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Emergency Shelter Grants	\$ <u>85,363</u>	<u>186,728</u>	<u>272,091</u>	<u>317,461</u>
TOTAL REVENUES	<u>85,363</u>	<u>186,728</u>	<u>272,091</u>	<u>317,461</u>
EXPENDITURES:				
Materials and Supplies	98	1,778	1,876	2,376
Contractual Services	<u>85,265</u>	<u>184,950</u>	<u>270,215</u>	<u>315,085</u>
TOTAL EXPENDITURES	<u>85,363</u>	<u>186,728</u>	<u>272,091</u>	<u>317,461</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		\$ <u>-</u>		

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

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 2,322,850	1,214,538	3,537,388	6,000,000
Investment Income:				
Interest Earnings	76,433	11,876	88,309	94,824
Net increase (decrease) in the fair value of Investments	<u>(607)</u>	<u>1,208</u>	<u>601</u>	<u>-</u>
TOTAL REVENUES	<u>2,398,676</u>	<u>1,227,622</u>	<u>3,626,298</u>	<u>6,094,824</u>
EXPENDITURES:				
Personnel Services	20,435	43,480	63,915	135,200
Materials and Supplies	312	1,843	2,155	11,775
Contractual Services	170,446	102,882	273,328	1,114,702
Other	-	-	-	92,873
Capital Outlay	<u>2,258,257</u>	<u>1,130,634</u>	<u>3,388,891</u>	<u>5,011,363</u>
TOTAL EXPENDITURES	<u>2,449,450</u>	<u>1,278,839</u>	<u>3,728,289</u>	<u>6,365,913</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,774)</u>	<u>(51,217)</u>	<u>(101,991)</u>	<u>(271,089)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
International Airport	315,790	-	315,790	315,790
Airport Construction	<u>3,849</u>	<u>-</u>	<u>3,849</u>	<u>3,849</u>
TOTAL OTHER FINANCING SOURCES:	<u>319,639</u>	<u>-</u>	<u>319,639</u>	<u>319,639</u>
Net Change in Fund Balances	\$ <u>268,865</u>	<u>(51,217)</u>	<u>217,648</u>	<u>48,550</u>
Fund Balances-Beginning		<u>268,865</u>		
Fund Balances-Ending		\$ <u><u>217,648</u></u>		

CITY OF LAREDO, TEXAS
FINANCIAL TASK FORCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<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	\$ 724,601	1,056,789	723,290	-	723,290	(333,499)
Investment Income:						
Interest Earnings	10,000	10,000	7,024	-	7,024	(2,976)
Net increase (decrease) in the fair value of investments	-	-	800	-	800	800
Miscellaneous:						
Forfeitures	70,000	70,000	1,077	-	1,077	(68,923)
TOTAL REVENUES	804,601	1,136,789	732,191	-	732,191	(404,598)
EXPENDITURES:						
Personnel Services	546,677	812,515	595,288	-	595,288	217,227
Material and Supplies	22,200	50,501	24,377	84	24,461	26,040
Contractual Services	92,732	207,790	104,308	14,466	118,774	89,016
Other	80,000	46,245	227	-	227	46,018
Total Operating Expenditures	741,609	1,117,051	724,200	14,550	738,750	378,301
Capital Outlay	-	19,738	19,694	-	19,694	44
TOTAL EXPENDITURES	741,609	1,136,789	743,894	14,550	758,444	378,345
Excess (Deficiency) of Revenues Over Expenditures	62,992	-	(11,703)	(14,550)	(26,253)	(26,253)
OTHER FINANCING SOURCES (USES):						
Sale of Assets	-	-	891	-	891	891
TOTAL OTHER FINANCING SOURCES (USES)	-	-	891	-	891	891
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	62,992	-	(10,812)	(14,550)	(25,362)	(25,362)
Fund Balances at Beginning of Year	436,358	439,192	439,192	-	439,192	-
FUND BALANCES AT END OF YEAR	\$ 499,350	439,192	428,380	(14,550)	413,830	(25,362)

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, 2007

	<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	\$ 346,000	729,047	404,375	-	404,375	(324,672)
Other	40,000	68,607	33,383	-	33,383	(35,224)
Investment Income:						
Interest Earnings	-	-	7,600	-	7,600	7,600
Net increase (decrease) in the fair value of investments	-	-	646	-	646	646
TOTAL REVENUES	386,000	797,654	446,004	-	446,004	(351,650)
EXPENDITURES:						
Personnel Services	544,728	1,020,415	510,663	-	510,663	509,752
Materials and Supplies	10,727	31,100	13,806	-	13,806	17,294
Contractual Services	99,500	193,294	90,690	-	90,690	102,604
Total Operating Expenditures	657,255	1,244,809	615,159	-	615,159	629,650
Capital Outlay	-	63,500	28,451	30,613	59,064	4,436
TOTAL EXPENDITURES	657,255	1,308,309	643,610	30,613	674,223	634,086
Excess (Deficiency) of Revenues Over Expenditures	(271,255)	(510,655)	(197,606)	(30,613)	(228,219)	282,436
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	240,984	240,984	240,984	-	240,984	-
TOTAL OTHER FINANCING SOURCES (USES)	240,984	240,984	240,984	-	240,984	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(30,271)	(269,671)	43,378	(30,613)	12,765	282,436
Fund Balances at Beginning of Year	30,271	283,263	283,263	-	283,263	-
FUND BALANCES AT END OF YEAR	\$ -	13,592	326,641	(30,613)	296,028	282,436

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, 2007

	<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	\$ 998,878	189,000	9,000	-	9,000	(180,000)
State	160,000	1,224,695	999,328	-	999,328	(225,367)
Other	58,600	130,211	71,133	-	71,133	(59,078)
Miscellaneous:						
Reimbursements	-	-	92	-	92	92
TOTAL REVENUES	1,217,478	1,543,906	1,079,553	-	1,079,553	(464,353)
EXPENDITURES:						
Police Grants:						
Universal Hiring	1,450,006	1,450,006	1,489,499	-	1,489,499	(39,493)
Violence Vs Woman Act	177,376	305,154	135,104	-	135,104	170,050
South Texas Drug Related Task Force	-	2,497	-	-	-	2,497
Click It or Ticket	25,490	25,490	18,196	-	18,196	7,294
DWI-Incentive Grant	-	4,000	4,000	-	4,000	-
Alcohol Tobacco Firearms	-	28,500	17,595	-	17,595	10,905
Comprehensive Comm. Vehicle STEP	50,897	50,538	50,172	-	50,172	366
Comprehensive Vehicle STEP	63,725	126,350	128,037	-	128,037	(1,687)
STEP Wave	-	135	135	-	135	-
DWI Enforcement	63,725	38,725	22,372	-	22,372	16,353
Customs Narcotics	122,987	122,987	62,398	-	62,398	60,589
Bulletproof Vest Partnership	100,000	184,856	81,191	3,292	84,483	100,373
Justice Assistance Grant	40,488	104,274	61,018	-	61,018	43,256
Ldo. Joint Terrorism TF	20,467	20,467	20,113	-	20,113	354
Weed and Seed Program	83,533	157,319	74,976	-	74,976	82,343
Cops-in School - SRO	703,389	703,389	642,635	-	642,635	60,754
OCDETF	20,467	36,469	13,870	-	13,870	22,599
Other	25,000	12,599	-	-	-	12,599
Total Operating Expenditures	2,947,550	3,373,755	2,821,311	3,292	2,824,603	549,152
Capital Outlay	40,489	33,093	32,606	399	33,005	88
TOTAL EXPENDITURES	2,988,039	3,406,848	2,853,917	3,691	2,857,608	549,240
Excess (Deficiency) of Revenues Over Expenditures	(1,770,561)	(1,862,942)	(1,774,364)	(3,691)	(1,778,055)	84,887
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	1,770,561	1,770,561	1,748,841	-	1,748,841	(21,720)
TOTAL OTHER FINANCING SOURCES (USES)	1,770,561	1,770,561	1,748,841	-	1,748,841	(21,720)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(92,381)	(25,523)	(3,691)	(29,214)	63,167
Fund Balances at Beginning of Year	-	103,808	103,808	-	103,808	-
FUND BALANCES AT END OF YEAR	\$ -	11,427	78,285	(3,691)	74,594	63,167

This page intentionally left blank

**CITY OF LAREDO, TEXAS
ENVIRONMENTAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007**

	<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	\$ 3,063,316	3,063,316	3,010,528	-	3,010,528	(52,788)
Intergovernmental:						
Environmental Protective Agency	-	192,644	28,806	-	28,806	(163,838)
STDC-Regional Solid Waste Mgmt	35,000	71,535	36,535	-	36,535	(35,000)
Texas Department of Transportation	44,000	44,000	44,000	-	44,000	-
Universities and Colleges	10,000	33,377	15,296	-	15,296	(18,081)
Investment Income:						
Interest Earnings	45,100	45,100	95,894	-	95,894	50,794
Net increase (decrease) in the fair value of Investments	-	-	8,521	-	8,521	8,521
Discount Earnings	-	-	1,837	-	1,837	1,837
Miscellaneous:						
Reimbursements	2,000	12,000	32,820	-	32,820	20,820
TOTAL REVENUES	3,199,416	3,461,972	3,274,237	-	3,274,237	(187,735)
EXPENDITURES:						
Administration:						
Personnel Services	210,275	210,275	208,709	-	208,709	1,566
Materials and Supplies	1,000	1,000	610	-	610	390
Contractual Services	12,740	12,740	10,826	-	10,826	1,914
Other	-	-	1,892	(1,892)	-	-
Total Administration	224,015	224,015	222,037	(1,892)	220,145	3,870
Environmental Engineering:						
Personnel Services	817,396	817,396	770,617	-	770,617	46,779
Materials and Supplies	97,182	101,182	58,413	10,485	68,898	32,284
Contractual Services	1,777,187	1,673,187	938,479	349,809	1,288,288	384,899
Other	100,000	209,015	325	-	325	208,690
Total Environmental Engineering	2,791,765	2,800,780	1,767,834	360,294	2,128,128	672,652
Dos Laredos-TSU:						
Personnel	-	21,295	4,789	-	4,789	16,506
Materials and Supplies	-	510	507	-	507	3
Contractual Services	-	2,720	-	162	162	2,558
Total Dos Laredos-TSU	-	24,525	5,296	162	5,458	19,067
Chacon Creek:						
Contractual Services	-	16,524	-	-	-	16,524
Total Chacon Creek	-	16,524	-	-	-	16,524
STDC-Regional Solid Waste Mgmt:						
Materials and Supplies	-	19,535	19,535	-	19,535	-
Contractual Services	-	17,000	17,000	-	17,000	-
Total STDC-Regional Solid Waste Mgmt	\$ -	36,535	36,535	-	36,535	-

(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, 2007

(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)						
Chacon Creek Phase II:						
Materials and Supplies	\$ -	63,200	2,245	-	2,245	60,955
Contractual Services	-	53,800	27,773	-	27,773	26,027
Total Chacon Creek Phase II	-	117,000	30,018	-	30,018	86,982
Brownsfield:						
Materials and Supplies	-	5,000	4,723	-	4,723	277
Contractual Services	-	105,000	6,617	-	6,617	98,383
Other	-	10,000	-	-	-	10,000
Total Brownsfield	-	120,000	11,340	-	11,340	108,660
Storm Water Improvements:						
Reserve Appropriation	116,928	116,928	-	-	-	116,928
Total Storm Water Improvements	116,928	116,928	-	-	-	116,928
2007 C.O. Issue:						
Reserve Appropriation	-	787,075	-	-	-	787,075
Total 2007 C.O. Issue	-	787,075	-	-	-	787,075
Total Operating Expenditures	3,132,708	4,243,382	2,073,060	358,564	2,431,624	1,811,758
Debt Service	110,163	-	-	-	-	-
Capital Outlay	500,000	17,264,000	482,185	553,187	1,035,372	16,228,628
TOTAL EXPENDITURES	3,742,871	21,507,382	2,555,245	911,751	3,466,996	18,040,386
Excess (Deficiency) of Revenues Over Expenditures	(543,455)	(18,045,410)	718,992	(911,751)	(192,759)	17,852,651
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hazardous Materials	109,905	109,905	111,018	-	111,018	1,113
2007 C.O. Issue	-	17,441,075	192,674	-	192,674	(17,248,401)
Transfers Out:						
Debt Service	(571,145)	(571,145)	(571,145)	-	(571,145)	-
Keep Laredo Beautiful	(100,000)	(100,000)	(83,668)	-	(83,668)	16,332
Bond / Capital Leases Proceeds	300,000	300,000	-	-	-	(300,000)
Sale of Assets	-	-	40,000	-	40,000	40,000
TOTAL OTHER FINANCING SOURCES (USES)	(261,240)	17,179,835	(311,121)	-	(311,121)	(17,490,956)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(804,695)	(865,575)	407,871	(911,751)	(503,880)	361,695
Fund Balances at Beginning of Year	1,175,349	1,722,522	1,722,522	(1,892)	1,720,630	(1,892)
FUND BALANCE AT END OF YEAR	\$ 370,654	856,947	2,130,393	(913,643)	1,216,750	359,803

CITY OF LAREDO, TEXAS
HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<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	\$ 75,000	63,798	23,839	-	23,839	(39,959)
State Grants	6,372,419	10,629,869	6,790,839	-	6,790,839	(3,839,030)
Other	505,727	723,535	450,761	-	450,761	(272,774)
Licenses and Permits	251,397	251,397	287,302	-	287,302	35,905
Fees and Collections	793,487	911,420	951,814	-	951,814	40,394
Rents and Royalties	2,612	2,612	2,322	-	2,322	(290)
Miscellaneous:						
Contributions	328,947	310,616	166,568	-	166,568	(144,048)
Reimbursements	241,678	389,971	250,946	-	250,946	(139,025)
Other	158,113	222,484	122,661	-	122,661	(99,823)
TOTAL REVENUES	8,729,380	13,505,702	9,047,052	-	9,047,052	(4,458,650)
EXPENDITURES:						
Administrative Divisions:						
Administration	1,245,746	1,210,135	1,134,192	21,637	1,155,829	54,306
Health Education	221,222	162,399	148,967	178	149,145	13,254
Vital Statistics	334,303	391,820	215,442	171,134	386,576	5,244
E.M.S. Billing	263,886	273,357	270,807	(420)	270,387	2,970
Maternity	114,007	119,097	104,330	8,658	112,988	6,109
Immunization	206,207	258,377	254,995	15	255,010	3,367
Tuberculosis	140,130	128,797	115,596	1,030	116,626	12,171
Adult Health	52,397	50,466	41,409	1	41,410	9,056
Dental	95,971	95,504	95,444	-	95,444	60
Laboratory	423,117	454,984	411,184	1,244	412,428	42,556
Personal Health Services	115,323	112,056	62,965	43,142	106,107	5,949
Budget and Grant Management	294,260	292,520	293,651	-	293,651	(1,131)
Health Protective Services	599,551	598,216	547,927	1,293	549,220	48,996
Animal Control	745,804	744,263	642,654	11,298	653,952	90,311
Total Administrative Divisions	4,851,924	4,891,991	4,339,563	259,210	4,598,773	293,218
State Grants:						
T.N.R.C.C. - Continuous Air Monitoring Station	70,000	136,877	71,523	-	71,523	65,354
H.I.V. - Prevention	199,854	617,194	225,114	-	225,114	392,080
Immunization Action Plan	186,365	531,743	258,026	150	258,176	273,567
Environmental Protection Agency	78,947	67,745	23,839	226	24,065	43,680
T.B. Federal - Tuberculosis	167,600	233,814	168,016	5,229	173,245	60,569
H.I.V. - Consortia (Ryan White)	306,063	498,231	365,525	38,141	403,666	94,565
H.I.V. - Housing Project (H.O.P.W.A.)	87,800	136,717	93,021	26,099	119,120	17,597
Associateship for Community Health and Resource Development - Title V	307,956	340,670	205,026	-	205,026	135,644
Associateship for Community Health and Resource Development - Family Planning	52,017	137,829	53,829	-	53,829	84,000
Associateship for Community Health and Resource Development - Prenatal	-	315,751	14,316	-	14,316	301,435
Children Health Insurance Project - Outreach Program	\$ 56,776	56,776	(220)	-	(220)	56,996

(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, 2007

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
State Grants (Continued)						
Primary Care	\$ 157,314	303,340	148,239	-	148,239	155,101
HIV Social Services	100,897	223,991	99,609	-	99,609	124,382
Bureau of Regional/Local Health Operations	384,157	864,035	388,655	143	388,798	475,237
Associateship for Community Health and Resource Development - Dental	40,000	63,240	39,100	-	39,100	24,140
Tuberculosis	155,290	301,129	151,578	-	151,578	149,551
Women Infant and Children (W.I.C.)	3,513,476	3,710,945	3,371,876	12,582	3,384,458	326,487
W.I.C. Counties Expansion	-	93,958	44,960	5,443	50,403	43,555
Abstinence Education Program	162,910	205,212	269,323	16,601	285,924	(80,712)
HIV Positive Clients Projects	114,005	96,206	97,946	-	97,946	(1,740)
Bio-Terrorism Preparedness	403,831	976,836	339,123	34,505	373,628	603,208
Bio-Terrorism Pandemic Influenza	-	156,391	100,450	-	100,450	55,941
Border Health Conference	49,000	69,471	29,865	-	29,865	39,606
Border Health - Buena Vida Lab	-	3,568	1,006	-	1,006	2,562
CPS/Bio-Terrorism	-	5,000	557	-	557	4,443
Border Health - Surveillance	3,500	3,500	-	-	-	3,500
Women and Children Health Program	128,951	132,447	68,337	1,564	69,901	62,546
Special Projects	225,000	225,000	-	-	-	225,000
Hepatitis B Program	40,750	52,398	11,155	73	11,228	41,170
S.T.C.A.D.A.	30,000	6,718	6,718	-	6,718	-
Mercy Ministries	1,000	1,000	-	-	-	1,000
UTHSCSA - Bienestar	252,906	448,535	210,128	184	210,312	238,223
UTHSCSA - STX Family Aids Network	-	25,000	28,492	-	28,492	(3,492)
Total State Grant Expenses	7,276,365	11,041,267	6,885,132	140,940	7,026,072	4,015,195
Total Operating Expenses	12,128,289	15,933,258	11,224,695	400,150	11,624,845	4,308,413
Capital Outlay	-	1,127,318	453,655	148,074	601,729	525,589
TOTAL EXPENDITURES	12,128,289	17,060,576	11,678,350	548,224	12,226,574	4,834,002
Excess (Deficiency) of Revenues Over Expenditures	(3,398,909)	(3,554,874)	(2,631,298)	(548,224)	(3,179,522)	375,352
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	3,329,909	3,329,909	2,749,123	-	2,749,123	(580,786)
TOTAL OTHER FINANCING SOURCES (USES)	3,329,909	3,329,909	2,749,123	-	2,749,123	(580,786)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(69,000)	(224,965)	117,825	(548,224)	(430,399)	(205,434)
Fund Balances at Beginning of Year	69,000	318,096	318,096	(943)	317,153	(943)
FUND BALANCE AT END OF YEAR	\$ -	93,131	435,921	(549,167)	(113,246)	(206,377)

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, 2007

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
State Emergency Commission	\$ 1,281,937	3,339,355	1,245,724	-	1,245,724	(2,093,631)
Investment Income:						
Interest Earnings	1,400	1,400	11,502	-	11,502	10,102
Net increase (decrease) in the fair value of Investments	-	-	981	-	981	981
TOTAL REVENUES	1,283,337	3,340,755	1,258,207	-	1,258,207	(2,082,548)
EXPENDITURES:						
Personnel Services	252,814	516,382	248,492	-	248,492	267,890
Materials and Supplies	14,671	38,207	13,004	553	13,557	24,650
Contractual Services	885,527	2,221,181	713,037	1,055,674	1,768,711	452,470
Other	67,593	88,997	15,421	-	15,421	73,576
Total Operating Expenditures	1,220,605	2,864,767	989,954	1,056,227	2,046,181	818,586
Capital Outlay	62,973	476,702	264,647	-	264,647	212,055
TOTAL EXPENDITURES	1,283,578	3,341,469	1,254,601	1,056,227	2,310,828	1,030,641
Excess (Deficiency) of Revenues Over Expenditures	(241)	(714)	3,606	(1,056,227)	(1,052,621)	(1,051,907)
Fund Balances at Beginning of Year	241	15,406	15,406	-	15,406	-
FUND BALANCES AT END OF YEAR	\$ -	14,692	19,012	(1,056,227)	(1,037,215)	(1,051,907)

This page intentionally left blank

**CITY OF LAREDO, TEXAS
INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental:						
Federal Aviation Administration -						
Control Tower	\$ 403,644	403,644	388,321	-	388,321	(15,323)
State Operating Grants	104,311	104,311	100,235	-	100,235	(4,076)
Fees and Collections	8,000	8,000	4,185	-	4,185	(3,815)
Investment Income:						
Interest Earnings	55,200	55,200	6,726	-	6,726	(48,474)
Net increase (decrease) in the fair value of Investments	-	-	2,293	-	2,293	2,293
Discount Earnings	-	-	28	-	28	28
Rents and Royalties	4,791,886	4,791,886	4,399,983	-	4,399,983	(391,903)
Miscellaneous:						
Reimbursements	435,003	435,003	400,529	-	400,529	(34,474)
TOTAL REVENUES	5,798,044	5,798,044	5,302,300	-	5,302,300	(495,744)
EXPENDITURES:						
Administration:						
Personnel Services	530,687	530,687	537,980	-	537,980	(7,293)
Materials and Supplies	39,735	42,506	39,912	318	40,230	2,276
Contractual Services	1,588,715	1,673,807	1,737,998	13,736	1,751,734	(77,927)
Other	124,750	156,733	2,376	(2,057)	319	156,414
Total Administration	2,283,887	2,403,733	2,318,266	11,997	2,330,263	73,470
Building Maintenance:						
Personnel Services	392,981	421,301	379,843	-	379,843	41,458
Materials and Supplies	70,760	92,287	88,939	487	89,426	2,861
Contractual Services	194,330	174,884	169,527	1,307	170,834	4,050
Other	15,880	15,880	15,879	-	15,879	1
Total Building Maintenance	673,951	704,352	654,188	1,794	655,982	48,370
Ground Maintenance:						
Personnel Services	346,982	319,522	363,636	-	363,636	(44,114)
Materials and Supplies	34,410	39,008	38,959	30	38,989	19
Contractual Services	56,637	54,186	52,382	-	52,382	1,804
Total Ground Maintenance	438,029	412,716	454,977	30	455,007	(42,291)
Control Tower:						
Personnel Services	498,013	498,482	680,911	-	680,911	(182,429)
Materials and Supplies	1,850	1,381	1,029	-	1,029	352
Contractual Services	4,380	4,380	2,984	-	2,984	1,396
Total Control Tower	\$ 504,243	504,243	684,924	-	684,924	(180,681)

(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, 2007

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
EXPENDITURES (Continued)						
Airport Police:						
Personnel Services	\$ 630,583	693,594	751,104	-	751,104	(57,510)
Materials and Supplies	7,002	28,211	28,188	-	28,188	23
Contractual Services	293,899	275,899	254,019	11,729	265,748	10,151
Total Airport Police	931,484	997,704	1,033,311	11,729	1,045,040	(47,336)
Foreign Trade Zone:						
Personnel Services	12,680	12,680	11,577	-	11,577	1,103
Materials and Supplies	1,547	1,547	509	-	509	1,038
Contractual Services	3,327	3,327	2,866	-	2,866	461
Total Foreign Trade Zone	17,554	17,554	14,952	-	14,952	2,602
Total Operating Expenditures	4,849,148	5,040,302	5,160,618	25,550	5,186,168	(145,866)
Capital Outlay	654,630	375,970	302,285	17,187	319,472	56,498
TOTAL EXPENDITURES	5,503,778	5,416,272	5,462,903	42,737	5,505,640	(89,368)
Excess (Deficiency) of Revenues Over Expenditures	294,266	381,772	(160,603)	(42,737)	(203,340)	(585,112)
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Airport Construction Fund	108,870	306,641	306,641	-	306,641	-
Transfers Out:						
Airport Construction Fund	-	(270,000)	(270,000)	-	(270,000)	-
Debt Service	(407,640)	(407,640)	(407,640)	-	(407,640)	-
Sale of Assets	-	-	4,800	-	4,800	4,800
TOTAL OTHER FINANCING SOURCES (USES)	(298,770)	(370,999)	(366,199)	-	(366,199)	4,800
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(4,504)	10,773	(526,802)	(42,737)	(569,539)	(580,312)
Fund Balances at Beginning of Year	341,976	12,294	12,294	(2,057)	10,237	(2,057)
FUND BALANCE AT END OF YEAR	\$ 337,472	23,067	(514,508)	(44,794)	(559,302)	(582,369)

CITY OF LAREDO, TEXAS
HAZARDOUS MATERIALS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Licenses and Permits	\$ 277,000	277,000	288,710	-	288,710	11,710
Investment Income:						
Interest Earnings	10,300	10,300	4,138	-	4,138	(6,162)
Net increase (decrease) in the fair value of Investments	-	-	649	-	649	649
Miscellaneous:						
Reimbursements	-	-	65	-	65	65
TOTAL REVENUES	<u>287,300</u>	<u>287,300</u>	<u>293,562</u>	<u>-</u>	<u>293,562</u>	<u>6,262</u>
EXPENDITURES:						
Personnel Services	158,019	158,019	140,349	-	140,349	17,670
Materials and Supplies	12,160	14,660	8,883	119	9,002	5,658
Contractual Services	42,102	45,602	21,465	50	21,515	24,087
Other	13,805	7,805	500	-	500	7,305
TOTAL EXPENDITURES	<u>226,086</u>	<u>226,086</u>	<u>171,197</u>	<u>169</u>	<u>171,366</u>	<u>54,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>61,214</u>	<u>61,214</u>	<u>122,365</u>	<u>(169)</u>	<u>122,196</u>	<u>60,982</u>
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Environmental Services	(109,905)	(109,905)	(111,018)	-	(111,018)	(1,113)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(109,905)</u>	<u>(109,905)</u>	<u>(111,018)</u>	<u>-</u>	<u>(111,018)</u>	<u>(1,113)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	<u>(48,691)</u>	<u>(48,691)</u>	<u>11,347</u>	<u>(169)</u>	<u>11,178</u>	<u>59,869</u>
Fund Balances at Beginning of Year	<u>48,603</u>	<u>77,882</u>	<u>77,882</u>	<u>-</u>	<u>77,882</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (88)</u>	<u>29,191</u>	<u>89,229</u>	<u>(169)</u>	<u>89,060</u>	<u>59,869</u>

CITY OF LAREDO, TEXAS
PARKING METERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Licenses and Permits	\$ 12,300	12,300	12,176	-	12,176	(124)
Fines	433,804	433,804	517,853	-	517,853	84,049
Fees and Collections	1,217,570	1,217,570	1,229,948	-	1,229,948	12,378
Investment Income:						
Interest Earnings	13,800	13,800	35,507	-	35,507	21,707
Net increase (decrease) in the fair value of Investments	-	-	3,355	-	3,355	3,355
Discount Earnings	-	-	512	-	512	512
Miscellaneous:						
Reimbursements	-	-	3,105	-	3,105	3,105
TOTAL REVENUES	1,677,474	1,677,474	1,802,456	-	1,802,456	124,982
EXPENDITURES:						
Personnel Services	1,111,861	1,111,861	969,666	-	969,666	142,195
Materials and Supplies	90,437	94,437	59,841	3,813	63,654	30,783
Contractual Services	273,153	285,126	220,153	12,241	232,394	52,732
Other	25,000	8,874	(2,364)	(437)	(2,801)	11,675
Total Operating Expenditures	1,500,451	1,500,298	1,247,296	15,617	1,262,913	237,385
Capital Outlay	555,969	556,122	308,523	15,298	323,821	232,301
TOTAL EXPENDITURES	2,056,420	2,056,420	1,555,819	30,915	1,586,734	469,686
Excess (Deficiency) of Revenues Over Expenditures	(378,946)	(378,946)	246,637	(30,915)	215,722	594,668
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Debt Service Fund	(3,518)	(3,518)	(3,518)	-	(3,518)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,518)	(3,518)	(3,518)	-	(3,518)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(382,464)	(382,464)	243,119	(30,915)	212,204	594,668
Fund Balances at Beginning of Year	384,433	613,857	613,857	(437)	613,420	(437)
FUND BALANCE AT END OF YEAR	\$ 1,969	231,393	856,976	(31,352)	825,624	594,231

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, 2007

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	138	-	138	138
Net increase (decrease) in the fair value of Investments	-	-	22	-	22	22
Miscellaneous:						
Contributions	4,000	4,000	115	-	115	(3,885)
TOTAL REVENUES	4,000	4,000	275	-	275	(3,725)
EXPENDITURES:						
Administration:						
Personnel Services	60,751	60,751	59,645	-	59,645	1,106
Materials and Supplies	38,392	38,292	32,985	219	33,204	5,088
Contractual Services	17,681	17,781	7,248	540	7,788	9,993
Other	3,180	3,180	-	-	-	3,180
Total Administration	120,004	120,004	99,878	759	100,637	19,367
Total Operating Expenditures	120,004	120,004	99,878	759	100,637	19,367
TOTAL EXPENDITURES	120,004	120,004	99,878	759	100,637	19,367
Excess (Deficiency) of Revenues Over Expenditures	(116,004)	(116,004)	(99,603)	(759)	(100,362)	15,642
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Environmental Services	100,000	100,000	83,668	-	83,668	(16,332)
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	83,668	-	83,668	(16,332)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(16,004)	(16,004)	(15,935)	(759)	(16,694)	(690)
Fund Balances at Beginning of Year	-	16,694	16,694	-	16,694	-
FUND BALANCE AT END OF YEAR	\$ (16,004)	690	759	(759)	-	(690)

CITY OF LAREDO, TEXAS
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<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	\$ 4,600	4,600	6,914	-	6,914	2,314
Net increase (decrease) in the fair value of Investments	-	-	791	-	791	791
Fees and Collections	110,000	110,000	114,102	-	114,102	4,102
TOTAL REVENUES	114,600	114,600	121,807	-	121,807	7,207
EXPENDITURES:						
Materials and Supplies	34,450	15,250	13,231	1,302	14,533	717
Contractual Services	35,836	32,298	24,349	-	24,349	7,949
Other	-	-	1	-	1	(1)
Total Operating Expenditures	70,286	47,548	37,581	1,302	38,883	8,665
Capital Outlay	-	22,738	22,738	-	22,738	-
TOTAL EXPENDITURES	70,286	70,286	60,319	1,302	61,621	8,665
Excess (Deficiency) of Revenues Over Expenditures	44,314	44,314	61,488	(1,302)	60,186	15,872
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
General Fund	-	(83,000)	(83,000)	-	(83,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(83,000)	(83,000)	-	(83,000)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	44,314	(38,686)	(21,512)	(1,302)	(22,814)	15,872
Fund Balances at Beginning of Year	32,675	184,980	184,980	-	184,980	-
FUND BALANCES AT END OF YEAR	\$ 76,989	146,294	163,468	(1,302)	162,166	15,872

CITY OF LAREDO, TEXAS
VETERANS FIELD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<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	\$ -	-	4,769	-	4,769	4,769
Net increase (decrease) in the fair value of Investments	-	-	389	-	389	389
Rents and Royalties	100,000	100,000	50,000	-	50,000	(50,000)
Miscellaneous:						
Reimbursements	-	-	29,661	-	29,661	29,661
TOTAL REVENUES	100,000	100,000	84,819	-	84,819	(15,181)
EXPENDITURES:						
Personnel Services	8,000	8,000	6,431	-	6,431	1,569
Materials and Supplies	49,186	49,186	11,751	232	11,983	37,203
Contractual Services	22,928	22,928	53,416	-	53,416	(30,488)
Total Operating Expenditures	80,114	80,114	71,598	232	71,830	8,284
Capital Outlay	25,000	80,000	7,300	68,117	75,417	4,583
TOTAL EXPENDITURES	105,114	160,114	78,898	68,349	147,247	12,867
Excess (Deficiency) of Revenues Over Expenditures	(5,114)	(60,114)	5,921	(68,349)	(62,428)	(2,314)
Fund Balances at Beginning of Year	-	102,290	102,290	-	102,290	-
FUND BALANCES AT END OF YEAR	\$ (5,114)	42,176	108,211	(68,349)	39,862	(2,314)

CITY OF LAREDO, TEXAS
CIVIC CENTER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 2,300	2,300	2,268	-	2,268	(32)
Net increase (decrease) in the fair value of Investments	-	-	244	-	244	244
Discount Earnings	50	50	39	-	39	(11)
Rents and Royalties	313,797	313,797	254,956	-	254,956	(58,841)
Miscellaneous:						
Reimbursements	11,240	11,240	1,270	-	1,270	(9,970)
TOTAL REVENUES	327,387	327,387	258,777	-	258,777	(68,610)
EXPENDITURES:						
Personnel Services	436,940	421,940	374,413	-	374,413	47,527
Materials and Supplies	107,006	140,032	48,572	6,824	55,396	84,636
Contractual Services	308,723	304,384	210,838	13,210	224,048	80,336
Other	49,157	33,025	11,552	-	11,552	21,473
Total Operating Expenditures	901,826	899,381	645,375	20,034	665,409	233,972
Capital Outlay	35,377	52,377	49,797	-	49,797	2,580
TOTAL EXPENDITURES	937,203	951,758	695,172	20,034	715,206	236,552
Excess (Deficiency) of Revenues Over Expenditures	(609,816)	(624,371)	(436,395)	(20,034)	(456,429)	167,942
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel - Motel Occupancy Tax	609,816	609,816	441,874	-	441,874	(167,942)
TOTAL OTHER FINANCING SOURCES (USES)	609,816	609,816	441,874	-	441,874	(167,942)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(14,555)	5,479	(20,034)	(14,555)	-
Fund Balances at Beginning of Year	-	14,555	14,555	-	14,555	-
FUND BALANCE AT END OF YEAR	\$ -	-	20,034	(20,034)	-	-

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Taxes:						
Hotel-Motel Occupancy Tax	\$ 3,068,072	3,068,072	3,319,191	-	3,319,191	251,119
Penalty and Interest	8,350	8,350	11,549	-	11,549	3,199
Investment Income:						
Interest Earnings	32,200	32,200	52,077	-	52,077	19,877
Net increase (decrease) in the fair value of Investments	-	-	4,987	-	4,987	4,987
Miscellaneous:						
Reimbursements	-	-	25	-	25	25
TOTAL REVENUES	3,108,622	3,108,622	3,387,829	-	3,387,829	279,207
EXPENDITURES:						
Contractual Services:						
Tourism and Promotion	142,200	142,200	142,131	-	142,131	69
Historical and Arts	332,317	344,800	344,543	-	344,543	257
Other	-	2,517	-	-	-	2,517
TOTAL EXPENDITURES	474,517	489,517	486,674	-	486,674	2,843
Excess (Deficiency) of Revenues Over Expenditures	<u>2,634,105</u>	<u>2,619,105</u>	<u>2,901,155</u>	<u>-</u>	<u>2,901,155</u>	<u>282,050</u>
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Civic Center	(609,816)	(594,816)	(441,874)	-	(441,874)	152,942
General Fund	(25,000)	(25,000)	(10,997)	-	(10,997)	14,003
Convention and Visitors Bureau	(2,414,544)	(2,414,544)	(2,139,076)	-	(2,139,076)	275,468
Capital Improvements Fund	(50,000)	(50,000)	(50,000)	-	(50,000)	-
Public Access Channel	(117,910)	(117,910)	(105,340)	-	(105,340)	12,570
TOTAL OTHER FINANCING SOURCES (USES)	(3,217,270)	(3,202,270)	(2,747,287)	-	(2,747,287)	454,983
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	<u>(583,165)</u>	<u>(583,165)</u>	<u>153,868</u>	<u>-</u>	<u>153,868</u>	<u>737,033</u>
Fund Balances at Beginning of Year	<u>610,460</u>	<u>684,384</u>	<u>684,384</u>	<u>-</u>	<u>684,384</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	\$ 27,295	101,219	838,252	-	838,252	737,033

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, 2007

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Production and Transmission	\$ 24,538	24,538	24,291	-	24,291	(247)
Peg Funds	240,000	240,000	263,309	-	263,309	23,309
Investment Income:						
Interest Earnings	200	200	12,072	-	12,072	11,872
Net increase (decrease) in the fair value of Investments	-	-	689	-	689	689
Discount Earnings	1	1	8	-	8	7
Miscellaneous:						
Reimbursements	61	61	525	-	525	464
TOTAL REVENUES	264,800	264,800	300,894	-	300,894	36,094
EXPENDITURES:						
Personnel Services	376,670	376,670	323,872	-	323,872	52,798
Materials and Supplies	24,681	22,331	21,165	27	21,192	1,139
Contractual Services	57,147	59,497	47,147	-	47,147	12,350
Other	43,646	-	28	(30)	(2)	2
Total Operating Expenditures	502,144	458,498	392,212	(3)	392,209	66,289
Capital Outlay	316,324	359,970	114,802	96,865	211,667	148,303
TOTAL EXPENDITURES	818,468	818,468	507,014	96,862	603,876	214,592
Excess (Deficiency) of Revenues Over Expenditures	(553,668)	(553,668)	(206,120)	(96,862)	(302,982)	250,686
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	315,751	315,751	249,278	-	249,278	(66,473)
Hotel-Motel Occupancy Tax	117,910	117,910	105,340	-	105,340	(12,570)
TOTAL OTHER FINANCING SOURCES (USES)	433,661	433,661	354,618	-	354,618	(79,043)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(120,007)	(120,007)	148,498	(96,862)	51,636	171,643
Fund Balances at Beginning of Year	119,970	188,280	188,280	(30)	188,250	(30)
FUND BALANCE AT END OF YEAR	\$ (37)	68,273	336,778	(96,892)	239,886	171,613

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 1,800	1,800	4,042	-	4,042	2,242
Net increase (decrease) in the fair value of Investments	-	-	364	-	364	364
Rents and Royalties	<u>119,617</u>	<u>119,617</u>	<u>123,507</u>	<u>-</u>	<u>123,507</u>	<u>3,890</u>
TOTAL REVENUES	<u>121,417</u>	<u>121,417</u>	<u>127,913</u>	<u>-</u>	<u>127,913</u>	<u>6,496</u>
EXPENDITURES:						
Personnel Services	6,758	6,758	-	-	-	6,758
Materials and Supplies	23,800	31,009	28,049	348	28,397	2,612
Contractual Services	<u>87,828</u>	<u>77,750</u>	<u>48,646</u>	<u>-</u>	<u>48,646</u>	<u>29,104</u>
Total Operating Expenditures	118,386	115,517	76,695	348	77,043	38,474
Capital Outlay	<u>-</u>	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,100</u>
TOTAL EXPENDITURES	<u>118,386</u>	<u>120,617</u>	<u>76,695</u>	<u>348</u>	<u>77,043</u>	<u>43,574</u>
Excess (Deficiency) of Revenues Over Expenditures	3,031	800	51,218	(348)	50,870	50,070
Fund Balances at Beginning of Year	<u>15,957</u>	<u>45,028</u>	<u>45,028</u>	<u>-</u>	<u>45,028</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 18,988</u>	<u>45,828</u>	<u>96,246</u>	<u>(348)</u>	<u>95,898</u>	<u>50,070</u>

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, 2007

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Fees and Collections	\$ 7,926	7,926	9,992	-	9,992	2,066
Investment Income:						
Interest Earnings	500	500	346	-	346	(154)
Net increase (decrease) in the fair value of Investments	-	-	59	-	59	59
Miscellaneous:						
Reimbursements	66,000	120,000	45,596	-	45,596	(74,404)
TOTAL REVENUES	74,426	128,426	55,993	-	55,993	(72,433)
EXPENDITURES:						
Personnel Services	538,131	560,325	527,474	-	527,474	32,851
Materials and Supplies	54,219	42,667	34,246	990	35,236	7,431
Contractual Services	1,831,020	2,015,964	1,646,688	62,729	1,709,417	306,547
Other	142,359	773	735	(125)	610	163
TOTAL EXPENDITURES	2,565,729	2,619,729	2,209,143	63,594	2,272,737	346,992
Excess (Deficiency) of Revenues Over Expenditures	(2,491,303)	(2,491,303)	(2,153,150)	(63,594)	(2,216,744)	274,559
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel-Motel Occupancy Tax	2,414,544	2,414,544	2,139,076	-	2,139,076	(275,468)
TOTAL OTHER FINANCING SOURCES (USES)	2,414,544	2,414,544	2,139,076	-	2,139,076	(275,468)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(76,759)	(76,759)	(14,074)	(63,594)	(77,668)	(909)
Fund Balances at Beginning of Year	-	77,793	77,793	(125)	77,668	(125)
FUND BALANCE AT END OF YEAR	\$ (76,759)	1,034	63,719	(63,719)	-	(1,034)

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Taxes:						
General Sales & Use Tax	\$ 6,636,996	6,636,996	6,356,559	-	6,356,559	(280,437)
Investment Income:						
Interest Earnings	459,828	508,197	726,947	-	726,947	218,750
Net increase (decrease) in the fair value of investments	-	-	53,843	-	53,843	53,843
Rents and Royalties	-	95,000	81,742	-	81,742	(13,258)
Miscellaneous:						
Contributions	-	-	125,000	-	125,000	125,000
TOTAL REVENUES	<u>7,096,824</u>	<u>7,240,193</u>	<u>7,344,091</u>	<u>-</u>	<u>7,344,091</u>	<u>103,898</u>
EXPENDITURES:						
Materials and Supplies	4,692	126,100	142,076	-	142,076	(15,976)
Contractual Services	69,295	97,728	98,891	-	98,891	(1,163)
Other	-	104,159	-	-	-	104,159
Total Operating Expenditures	73,987	327,987	240,967	-	240,967	87,020
Capital Outlay	129,607	607	-	-	-	607
TOTAL EXPENDITURES	<u>203,594</u>	<u>328,594</u>	<u>240,967</u>	<u>-</u>	<u>240,967</u>	<u>87,627</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,893,230</u>	<u>6,911,599</u>	<u>7,103,124</u>	<u>-</u>	<u>7,103,124</u>	<u>191,525</u>
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Sports & Community Operations	-	2,695,491	-	-	-	(2,695,491)
Transfers Out:						
Sports & Community Debt Service	(2,695,491)	(2,695,491)	-	-	-	2,695,491
Debt Service	-	(2,817,551)	(2,817,551)	-	(2,817,551)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,695,491)</u>	<u>(2,817,551)</u>	<u>(2,817,551)</u>	<u>-</u>	<u>(2,817,551)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	4,197,739	4,094,048	4,285,573	-	4,285,573	191,525
Fund Balances at Beginning of Year	9,078,174	12,336,886	12,336,886	-	12,336,886	-
FUND BALANCES AT END OF YEAR	<u>\$ 13,275,913</u>	<u>16,430,934</u>	<u>16,622,459</u>	<u>-</u>	<u>16,622,459</u>	<u>191,525</u>

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, 2007

	<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	\$ 49,300	49,300	107,292	-	107,292	57,992
Net increase (decrease) in the fair value of Investments	-	-	9,472	-	9,472	9,472
Fees and Collections	6,000	6,000	21,103	-	21,103	15,103
Rents and Royalties	889,725	889,725	817,620	-	817,620	(72,105)
Discount Earnings	-	-	124	-	124	124
Miscellaneous:						
Reimbursements	614	614	15,710	-	15,710	15,096
TOTAL REVENUES	945,639	945,639	971,321	-	971,321	25,682
EXPENDITURES:						
Personnel Services	118,615	123,615	108,210	-	108,210	15,405
Materials and Supplies	55,942	52,242	52,155	1,787	53,942	(1,700)
Contractual Services	321,048	342,748	271,320	27,109	298,429	44,319
Other	23,000	-	17,202	(17,202)	-	-
Total Operating Expenditures	518,605	518,605	448,887	11,694	460,581	58,024
Capital Outlay	31,062	31,062	29,535	-	29,535	1,527
TOTAL EXPENDITURES	549,667	549,667	478,422	11,694	490,116	59,551
Excess (Deficiency) of Revenues Over Expenditures	395,972	395,972	492,899	(11,694)	481,205	85,233
Fund Balances at Beginning of Year	1,743,023	1,828,246	1,828,246	(17,202)	1,811,044	(17,202)
FUND BALANCES AT END OF YEAR	\$ 2,138,995	2,224,218	2,321,145	(28,896)	2,292,249	68,031

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, 2007

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Federal Operating Grant	\$ -	350,979	240,829	-	240,829	(110,150)
State Operating Grants	13,776	14,736	14,736	-	14,736	-
Investment Income:						
Interest Earnings	1,200	1,200	2,470	-	2,470	1,270
Net increase (decrease) in the fair value of Investments	-	-	406	-	406	406
Miscellaneous:						
Other	6,000	6,000	7,543	-	7,543	1,543
TOTAL REVENUES	20,976	372,915	265,984	-	265,984	(106,931)
EXPENDITURES:						
Library:						
Materials and Supplies	19,240	19,240	3,125	-	3,125	16,115
Total Library	19,240	19,240	3,125	-	3,125	16,115
FCC-Universal Service Program:						
Contractual Services	-	215,490	89,974	-	89,974	125,516
Total FCC-Universal Service Program	-	215,490	89,974	-	89,974	125,516
Total Operating Expenditures	19,240	234,730	93,099	-	93,099	141,631
Capital Outlay	12,500	207,329	197,573	-	197,573	9,756
TOTAL EXPENDITURES	31,740	442,059	290,672	-	290,672	151,387
Excess (Deficiency) of Revenues Over Expenditures	(10,764)	(69,144)	(24,688)	-	(24,688)	44,456
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	-	20,861	32,508	-	32,508	(11,647)
TOTAL OTHER FINANCING SOURCES (USES)	-	20,861	32,508	-	32,508	(11,647)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(10,764)	(48,283)	7,820	-	7,820	32,809
Fund Balances at Beginning of Year	26,350	44,115	44,115	-	44,115	-
FUND BALANCES AT END OF YEAR	\$ 15,586	(4,168)	51,935	-	51,935	32,809

CITY OF LAREDO, TEXAS
SUBDIVISION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Net increase (decrease) in the fair value of Investments	\$ -	-	7,534	-	7,534	7,534
TOTAL REVENUES	-	-	7,534	-	7,534	7,534
Excess (Deficiency) of Revenues Over Expenditures	-	-	7,534	-	7,534	7,534
Fund Balances at Beginning of Year	-	(3,762)	(3,762)	-	(3,762)	-
FUND BALANCES AT END OF YEAR	\$ -	(3,762)	3,772	-	3,772	7,534

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, 2007

	<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	\$ 46,000	46,000	121,409	-	121,409	75,409
Net increase (decrease) in the fair value of Investments	-	-	9,964	-	9,964	9,964
Miscellaneous:						
Forfeitures	500,000	500,000	1,854,263	-	1,854,263	1,354,263
TOTAL REVENUES	546,000	546,000	1,985,636	-	1,985,636	1,439,636
EXPENDITURES:						
Materials and Supplies	154,888	352,288	233,806	1,731	235,537	116,751
Contractual Services	69,010	117,310	63,372	10,360	73,732	43,578
Total Operating Expenditures	223,898	469,598	297,178	12,091	309,269	160,329
Debt Service	584,937	1,430,937	1,430,936	-	1,430,936	1
Capital Outlay	697,159	4,610,212	3,781,341	479,978	4,261,319	348,893
TOTAL EXPENDITURES	1,505,994	6,510,747	5,509,455	492,069	6,001,524	509,223
Excess (Deficiency) of Revenues Over Expenditures	(959,994)	(5,964,747)	(3,523,819)	(492,069)	(4,015,888)	1,948,859
OTHER FINANCING SOURCES (USES):						
Bond / Capital Lease Proceeds	-	4,206,164	4,205,430	-	4,205,430	(734)
Sale of Assets	-	-	66,325	-	66,325	66,325
TOTAL OTHER FINANCING SOURCES (USES)	-	4,206,164	4,271,755	-	4,271,755	65,591
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(959,994)	(1,758,583)	747,936	(492,069)	255,867	2,014,450
Fund Balances at Beginning of Year	1,391,237	2,190,093	2,190,093	-	2,190,093	-
FUND BALANCES AT END OF YEAR	\$ 431,243	431,510	2,938,029	(492,069)	2,445,960	2,014,450

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, 2007

	<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	\$ -	28,500	14,700	-	14,700	(13,800)
State	-	345,548	25,787	-	25,787	(319,761)
TOTAL REVENUES	<u>-</u>	<u>374,048</u>	<u>40,487</u>	<u>-</u>	<u>40,487</u>	<u>(333,561)</u>
EXPENDITURES:						
Joint Hazardous Grant	-	28,500	14,700	-	14,700	13,800
Homeland Security '06	-	133,085	-	-	-	133,085
DSHS/EMS Program	-	5,000	5,000	-	5,000	-
Total Operating Expenditures	-	166,585	19,700	-	19,700	146,885
Capital Outlay	-	207,463	20,787	-	20,787	186,676
TOTAL EXPENDITURES	<u>-</u>	<u>374,048</u>	<u>40,487</u>	<u>-</u>	<u>40,487</u>	<u>333,561</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-
Fund Balances at Beginning of Year	-	-	-	-	-	-
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF LAREDO, TEXAS
WEBB COUNTY COLONIAS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 8,974,049	5,503,288	14,477,337	21,934,620
Webb County	162,693	377,057	539,750	539,750
Fees and Collections	19,461	62,821	82,282	-
Investment Income:				
Interest Earnings	60,669	23,410	84,079	80,161
TOTAL REVENUES	<u>9,216,872</u>	<u>5,966,576</u>	<u>15,183,448</u>	<u>22,554,531</u>
EXPENDITURES:				
Contractual Services	4,073,168	652,457	4,725,625	6,459,037
Debt Service	124,036	-	124,036	124,037
Capital Outlay	6,613,760	5,670,957	12,284,717	18,411,282
TOTAL EXPENDITURES	<u>10,810,964</u>	<u>6,323,414</u>	<u>17,134,378</u>	<u>24,994,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,594,092)</u>	<u>(356,838)</u>	<u>(1,950,930)</u>	<u>(2,439,825)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Waterworks System	1,198,280	95,131	1,293,411	1,299,350
Sewer System	964,188	43,376	1,007,564	1,140,475
TOTAL OTHER FINANCING SOURCES:	<u>2,162,468</u>	<u>138,507</u>	<u>2,300,975</u>	<u>2,439,825</u>
Net Change in Fund Balances	\$ <u>568,376</u>	(218,331)	<u>350,045</u>	<u>-</u>
Fund Balances-Beginning		568,376		
Fund Balances-Ending		\$ <u>350,045</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, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 15,527,193	7,218,163	22,745,356	33,750,705
U.S. Department of Transportation	149,758	250,178	399,936	400,000
Texas Department of Transportation	-	49,969	49,969	50,000
Investment Income:				
Interest Earnings	119,740	21,891	141,631	121,839
Net increase (decrease) in the fair value of Investments	(1,624)	2,744	1,120	-
Miscellaneous:				
Other	192,316	87,600	279,916	-
TOTAL REVENUES	15,987,383	7,630,545	23,617,928	34,322,544
EXPENDITURES:				
Materials and Supplies	47,449	112,934	160,383	160,716
Contractual Services	1,741,337	1,575,107	3,316,444	5,249,042
Other	3	-	3	2,315,360
Capital Outlay	15,172,745	6,069,626	21,242,371	28,037,353
TOTAL EXPENDITURES	16,961,534	7,757,667	24,719,201	35,762,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	(974,151)	(127,122)	(1,101,273)	(1,439,927)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
International Airport	1,692,939	270,000	1,962,939	1,962,941
Laredo Convention and Visitors Bureau	100,000	-	100,000	100,000
Transfers Out:				
International Airport	(316,373)	(306,641)	(623,014)	(623,014)
TOTAL OTHER FINANCING SOURCES:	1,476,566	(36,641)	1,439,925	1,439,927
Net Change in Fund Balances	\$ 502,415	(163,763)	338,652	-
Fund Balances-Beginning		502,415		
Fund Balances-Ending		\$ 338,652		

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, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 40,693	117,158	157,851	40,717
Net increase (decrease) in the fair value of Investments	(413)	1,079	666	-
Miscellaneous:				
Other	35,073	-	35,073	65,072
TOTAL REVENUES	<u>75,353</u>	<u>118,237</u>	<u>193,590</u>	<u>105,789</u>
EXPENDITURES:				
Materials and Supplies	351,757	164,375	516,132	526,366
Contractual Services	780	-	780	780
Other	61,150	71,029	132,179	132,179
Capital Outlay	2,359,693	2,385,674	4,745,367	5,921,464
TOTAL EXPENDITURES	<u>2,773,380</u>	<u>2,621,078</u>	<u>5,394,458</u>	<u>6,580,789</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,698,027)</u>	<u>(2,502,841)</u>	<u>(5,200,868)</u>	<u>(6,475,000)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	2,795,000	3,680,000	6,475,000	6,475,000
Transfer In:				
General Fund	-	640,000	640,000	640,000
Transfers Out:				
General Fund	-	(640,000)	(640,000)	(640,000)
Sale of Assets	-	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES:	<u>2,795,000</u>	<u>3,710,000</u>	<u>6,505,000</u>	<u>6,475,000</u>
Net Change in Fund Balances	\$ <u>96,973</u>	<u>1,207,159</u>	<u>1,304,132</u>	<u>-</u>
Fund Balances-Beginning		<u>96,973</u>		
Fund Balances-Ending		\$ <u>1,304,132</u>		

CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 1998 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
School Districts	\$ 155,825	-	155,825	155,825
Investment Income:				
Interest Earnings	2,293,703	30,503	2,324,206	2,309,868
Net increase (decrease) in the fair value of Investments	(1,851)	3,444	1,593	-
Miscellaneous:				
Local Contributions	645,451	-	645,451	645,451
Other	43,152	-	43,152	43,151
TOTAL REVENUES	3,136,280	33,947	3,170,227	3,154,295
EXPENDITURES:				
Materials and Supplies	49,073	-	49,073	49,073
Contractual Services	238,083	-	238,083	238,083
Other	96,748	-	96,748	123,368
Capital Outlay	15,970,045	217,062	16,187,107	16,331,424
TOTAL EXPENDITURES	16,353,949	217,062	16,571,011	16,741,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,217,669)	(183,115)	(13,400,784)	(13,587,653)
OTHER FINANCING SOURCES (USES):				
Bond Issues	16,160,000	-	16,160,000	16,160,000
Transfers In:				
General Fund	259,000	-	259,000	259,000
EDA-EPA Infrastructure	19,127	-	19,127	19,127
Transfers Out:				
Capital Improvements Fund	(349,189)	(27,177)	(376,366)	(600,474)
DPW Infrastructure	(2,500,000)	-	(2,500,000)	(2,500,000)
Sale of Assets	250,000	-	250,000	250,000
TOTAL OTHER FINANCING SOURCES:	13,838,938	(27,177)	13,811,761	13,587,653
Net Change in Fund Balances	\$ 621,269	(210,292)	410,977	-
Fund Balances-Beginning		621,269		
Fund Balances-Ending		\$ 410,977		

CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2000 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 619,025	22,061	641,086	645,282
Miscellaneous:				
Local Contributions	2,000,000	-	2,000,000	2,000,000
Reimbursements	<u>12,918</u>	<u>-</u>	<u>12,918</u>	<u>12,918</u>
TOTAL REVENUES	<u>2,631,943</u>	<u>22,061</u>	<u>2,654,004</u>	<u>2,658,200</u>
EXPENDITURES:				
Contractual Services	6,255	-	6,255	6,255
Other	68,890	-	68,890	90,745
Capital Outlay	<u>11,744,392</u>	<u>244,879</u>	<u>11,989,271</u>	<u>12,259,547</u>
TOTAL EXPENDITURES	<u>11,819,537</u>	<u>244,879</u>	<u>12,064,416</u>	<u>12,356,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,187,594)</u>	<u>(222,818)</u>	<u>(9,410,412)</u>	<u>(9,698,347)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	9,365,000	-	9,365,000	9,365,000
Transfers In:				
General Fund	2,298,347	-	2,298,347	2,298,347
Capital Improvements Fund	200,000	-	200,000	200,000
Transfer Out:				
General Fund	<u>(2,165,000)</u>	<u>-</u>	<u>(2,165,000)</u>	<u>(2,165,000)</u>
TOTAL OTHER FINANCING SOURCES:	<u>9,698,347</u>	<u>-</u>	<u>9,698,347</u>	<u>9,698,347</u>
Net Change in Fund Balances	\$ <u>510,753</u>	<u>(222,818)</u>	<u>287,935</u>	<u>-</u>
Fund Balances-Beginning		<u>510,753</u>		
Fund Balances-Ending		\$ <u>287,935</u>		

This page intentionally left blank

**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, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 385,200	-	385,200	385,200
State	1,121,004	314,432	1,435,436	6,555,795
Other	553,793	-	553,793	678,730
Investment Income:				
Interest Earnings	4,145,379	309,595	4,454,974	4,396,724
Net increase (decrease) in the fair value of Investments	(16,936)	33,374	16,438	-
Discount Earnings	372	18	390	360
Miscellaneous:				
Local Contributions	1,119,980	522,890	1,642,870	1,309,198
Other	466,568	189,264	655,832	641,386
TOTAL REVENUES	7,775,360	1,369,573	9,144,933	13,967,393
EXPENDITURES:				
Materials and Supplies	-	201,406	201,406	250,000
Contractual Services	2,770,941	264,447	3,035,388	3,344,506
Capital Outlay	10,089,703	4,781,341	14,871,044	25,113,609
TOTAL EXPENDITURES	12,860,644	5,247,194	18,107,838	28,708,115
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,085,284)	(3,877,621)	(8,962,905)	(14,740,722)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	3,343,955	14,500	3,358,455	3,358,455
Mineral Leases	115,080	-	115,080	115,080
Civic Center	3,000,000	-	3,000,000	3,000,000
Hotel-Motel Occupancy Tax	300,000	50,000	350,000	350,000
Contractual Obligations	58,300	-	58,300	58,300
EDA-DPW Infrastructure	21,905	-	21,905	21,905
1998 C.O. Issue	349,189	27,177	376,366	600,474
2006 C.O. Issue	83,840	-	83,840	326,572
2007 C.O. Issue	-	8,820	8,820	-
Transit System	100,000	-	100,000	100,000
Bridge System	6,322,862	1,524,958	7,847,820	6,594,307
Municipal Housing Corporation	\$ 2,992,000	-	2,992,000	2,992,000

(Continued)

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

(Continued)

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
Transfers Out:				
General Fund	\$ (280,000)	-	(280,000)	(280,000)
Infrastructure Maintenance	(1,822,270)	-	(1,822,270)	(1,822,270)
Civic Center	(54,101)	-	(54,101)	(54,101)
Fire Training Facility	(20,000)	-	(20,000)	(20,000)
2000 C.O. Issue	(200,000)	-	(200,000)	(200,000)
Bridge System	(400,000)	-	(400,000)	(400,000)
TOTAL OTHER FINANCING SOURCES:	<u>13,910,760</u>	<u>1,625,455</u>	<u>15,536,215</u>	<u>14,740,722</u>
Net Change in Fund Balances	\$ <u>8,825,476</u>	(2,252,166)	<u>6,573,310</u>	<u>-</u>
Fund Balances-Beginning		<u>8,825,476</u>		
Fund Balances-Ending		\$ <u>6,573,310</u>		

CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2002 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 201,083	39,273	240,356	232,816
Miscellaneous:				
Reimbursements	15,796	3,637	19,433	15,795
TOTAL REVENUES	216,879	42,910	259,789	248,611
EXPENDITURES:				
Contractual Services	2,425	-	2,425	2,425
Debt Service	225,000	-	225,000	225,000
Other	-	-	-	1,186,513
Capital Outlay	4,567,114	-	4,567,114	5,228,463
TOTAL EXPENDITURES	4,794,539	-	4,794,539	6,642,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,577,660)	42,910	(4,534,750)	(6,393,790)
OTHER FINANCING SOURCES (USES):				
Bond Issues	9,925,000	-	9,925,000	9,925,000
Transfers Out:				
Fire Training Facility	(982,636)	-	(982,636)	(982,636)
Solid Waste Fund	(3,639,793)	-	(3,639,793)	(3,639,793)
Sale of Assets	-	-	-	1,091,219
TOTAL OTHER FINANCING SOURCES:	5,302,571	-	5,302,571	6,393,790
Net Change in Fund Balances	\$ 724,911	42,910	767,821	-
Fund Balances-Beginning		724,911		
Fund Balances-Ending		\$ 767,821		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2003 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 162,735	10,383	173,118	221,447
Net increase (decrease) in the fair value of Investments	(2,046)	2,592	546	-
Miscellaneous:				
Local Contributions	31,023	-	31,023	31,023
Reimbursements	16,146	-	16,146	16,146
TOTAL REVENUES	<u>207,858</u>	<u>12,975</u>	<u>220,833</u>	<u>268,616</u>
EXPENDITURES:				
Contractual Services	780	-	780	780
Other	70,000	-	70,000	140,991
Capital Outlay	3,444,581	94,189	3,538,770	3,694,845
TOTAL EXPENDITURES	<u>3,515,361</u>	<u>94,189</u>	<u>3,609,550</u>	<u>3,836,616</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,307,503)</u>	<u>(81,214)</u>	<u>(3,388,717)</u>	<u>(3,568,000)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	3,510,000	-	3,510,000	3,510,000
Transfer In:				
Fire Training Facility	58,000	-	58,000	58,000
TOTAL OTHER FINANCING SOURCES:	<u>3,568,000</u>	<u>-</u>	<u>3,568,000</u>	<u>3,568,000</u>
Net Change in Fund Balances	<u>\$ 260,497</u>	<u>(81,214)</u>	<u>179,283</u>	<u>-</u>
Fund Balances-Beginning		260,497		
Fund Balances-Ending		<u>\$ 179,283</u>		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2005 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Interest Earnings	\$ 976,792	313,266	1,290,058	915,771
Other	<u>10,626</u>	<u>-</u>	<u>10,626</u>	<u>285,525</u>
TOTAL REVENUES	<u>987,418</u>	<u>313,266</u>	<u>1,300,684</u>	<u>1,201,296</u>
EXPENDITURES:				
Materials and Supplies	83,842	-	83,842	85,465
Other	256,525	-	256,525	697,831
Capital Outlay	<u>5,574,023</u>	<u>3,828,848</u>	<u>9,402,871</u>	<u>13,395,874</u>
TOTAL EXPENDITURES	<u>5,914,390</u>	<u>3,828,848</u>	<u>9,743,238</u>	<u>14,179,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,926,972)</u>	<u>(3,515,582)</u>	<u>(8,442,554)</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	<u>(3,000,000)</u>	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
TOTAL OTHER FINANCING SOURCES:	<u>12,625,000</u>	<u>352,874</u>	<u>12,977,874</u>	<u>12,977,874</u>
Net Change in Fund Balances	\$ <u>7,698,028</u>	<u>(3,162,708)</u>	<u>4,535,320</u>	<u>-</u>
Fund Balances-Beginning		<u>7,698,028</u>		
Fund Balances-Ending		\$ <u>4,535,320</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, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 300,258	845,673	1,145,931	875,675
Other	-	29,778	29,778	3,000
TOTAL REVENUES	<u>300,258</u>	<u>875,451</u>	<u>1,175,709</u>	<u>878,675</u>
Other	327,891	-	327,891	931,137
Capital Outlay	1,287,548	881,910	2,169,458	16,955,357
TOTAL EXPENDITURES	<u>1,615,439</u>	<u>881,910</u>	<u>2,497,349</u>	<u>17,886,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,315,181)</u>	<u>(6,459)</u>	<u>(1,321,640)</u>	<u>(17,007,819)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	17,320,000	-	17,320,000	17,334,391
Transfer Out:				
Capital Improvements Fund	(83,840)	-	(83,840)	(326,572)
TOTAL OTHER FINANCING SOURCES:	<u>17,236,160</u>	<u>-</u>	<u>17,236,160</u>	<u>17,007,819</u>
Net Change in Fund Balances	<u>\$ 15,920,979</u>	<u>(6,459)</u>	<u>15,914,520</u>	<u>-</u>
Fund Balances-Beginning		<u>15,920,979</u>		
Fund Balances-Ending		<u>\$ 15,914,520</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, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ -	2,812,135	2,812,135	2,672,137
TOTAL REVENUES	<u>-</u>	<u>2,812,135</u>	<u>2,812,135</u>	<u>2,672,137</u>
EXPENDITURES:				
Materials & Supplies	-	-	-	35,905
Other	-	938,978	938,978	1,250,476
Capital Outlay	-	1,711,088	1,711,088	48,914,095
TOTAL EXPENDITURES	<u>-</u>	<u>2,650,066</u>	<u>2,650,066</u>	<u>50,200,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>162,069</u>	<u>162,069</u>	<u>(47,528,339)</u>
OTHER FINANCING SOURCES (USES):				
Bond Issues	-	72,480,000	72,480,000	72,480,000
Transfers Out:				
Environmental Services Fund	-	(192,674)	(192,674)	(17,441,075)
Solid Waste Fund	-	-	-	(7,460,586)
Capital Improvements Fund	-	(8,820)	(8,820)	(50,000)
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>72,278,506</u>	<u>72,278,506</u>	<u>47,528,339</u>
Net Change in Fund Balances	\$ <u>-</u>	<u>72,440,575</u>	<u>72,440,575</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		\$ <u>72,440,575</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, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 10,210	9,951	20,161	4,385,073
Webb County	104,800	215,409	320,209	375,000
Investment Income:				
Interest Earnings	-	5,393	5,393	-
Net increase (decrease) in the fair value of Investments	-	295	295	-
Miscellaneous:				
Contributions and Donations	-	-	-	5,000,000
TOTAL REVENUES	<u>115,010</u>	<u>231,048</u>	<u>346,058</u>	<u>9,760,073</u>
EXPENDITURES:				
Contractual Services	18,150	9,951	28,101	30,614
Capital Outlay	104,800	215,484	320,284	9,878,000
TOTAL EXPENDITURES	<u>122,950</u>	<u>225,435</u>	<u>348,385</u>	<u>9,908,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,940)</u>	<u>5,613</u>	<u>(2,327)</u>	<u>(148,541)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
General Fund	148,541	-	148,541	148,541
TOTAL OTHER FINANCING SOURCES:	<u>148,541</u>	<u>-</u>	<u>148,541</u>	<u>148,541</u>
Net Change in Fund Balances	<u>\$ 140,601</u>	<u>5,613</u>	<u>146,214</u>	<u>-</u>
Fund Balances-Beginning		<u>140,601</u>		
Fund Balances-Ending		<u>\$ 146,214</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, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HUD Grant	\$ 7,103	191,297	198,400	198,400
TxDot Grant	-	-	-	1,750,000
TOTAL REVENUES	<u>7,103</u>	<u>191,297</u>	<u>198,400</u>	<u>1,948,400</u>
EXPENDITURES:				
Other	-	-	-	1,750,000
Capital Outlay	7,103	191,297	198,400	198,400
TOTAL EXPENDITURES	<u>7,103</u>	<u>191,297</u>	<u>198,400</u>	<u>1,948,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>-</u>	-	<u>-</u>	<u>-</u>
Fund Balances-Beginning		-		
Fund Balances-Ending		\$ <u>-</u>		

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

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
South TX Interoperability Project	\$ 1,200,000	-	1,200,000	-
TOTAL REVENUES	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>
EXPENDITURES:				
Personnel Services	18,433	-	18,433	-
Contractual Services	66,798	-	66,798	-
Capital Outlay	6,879,563	-	6,879,563	-
TOTAL EXPENDITURES	<u>6,964,794</u>	<u>-</u>	<u>6,964,794</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,764,794)</u>	<u>-</u>	<u>(5,764,794)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	93,933	-	93,933	-
Community Development	17,171	-	17,171	-
Airport	81,411	-	81,411	-
Environmental Services	51,526	-	51,526	-
Parking Meters	39,163	-	39,163	-
Transit System	369,969	-	369,969	-
Bridge System	227,400	-	227,400	-
Municipal Housing Corporation	17,489	-	17,489	-
Solid Waste Fund	156,079	-	156,079	-
Waterworks System	100,552	-	100,552	-
Sewer System	100,552	-	100,552	-
Fleet Management	49,467	-	49,467	-
Risk Management	6,318	-	6,318	-
2005 C.O. Issue	3,000,000	-	3,000,000	-
Transfer Out:				
Information Technology Fund	-	(146,236)	(146,236)	-
Capital Leases	1,600,000	-	1,600,000	-
TOTAL OTHER FINANCING SOURCES:	<u>5,911,030</u>	<u>(146,236)</u>	<u>5,764,794</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 146,236</u>	<u>(146,236)</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>146,236</u>		
Fund Balances-Ending		<u>\$ -</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Investment Income:						
Interest Earnings	\$ 2,800	2,800	3,331	-	3,331	531
Net increase (decrease) in the fair value of Investments	-	-	325	-	325	325
TOTAL REVENUES	2,800	2,800	3,656	-	3,656	856
EXPENDITURES:						
Materials and Supplies	500	500	-	-	-	500
Contractual Services	2,000	2,000	1,200	-	1,200	800
TOTAL EXPENDITURES	2,500	2,500	1,200	-	1,200	1,300
Excess (Deficiency) of Revenues Over Expenditures	300	300	2,456	-	2,456	2,156
Fund Balances at Beginning of Year	65,392	65,213	65,213	-	65,213	-
FUND BALANCES AT END OF YEAR	\$ 65,692	65,513	67,669	-	67,669	2,156

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, 2007

	<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	\$ (3,789)	(1,995)	(559)	(551)	(6,894)
Investments	3,790,045	1,963,391	980,680	486,421	7,220,537
Accounts Receivable	66	249,018	14,949	1,497	265,530
Accrued Interest Receivable	43,181	22,369	11,173	5,542	82,265
Inventory	-	-	322,940	-	322,940
Prepaid items	188,000	30,895	-	-	218,895
Total Current Assets	<u>4,017,503</u>	<u>2,263,678</u>	<u>1,329,183</u>	<u>492,909</u>	<u>8,103,273</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	1,188	-	654,948	-	656,136
Transportation Vehicles and Equipment	62,713	17,217	743,598	224,127	1,047,655
Less Accumulated Depreciation	<u>(35,938)</u>	<u>(15,613)</u>	<u>(804,601)</u>	<u>(20,968)</u>	<u>(877,120)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>27,963</u>	<u>1,604</u>	<u>593,945</u>	<u>203,159</u>	<u>826,671</u>
TOTAL ASSETS	<u>4,045,466</u>	<u>2,265,282</u>	<u>1,923,128</u>	<u>696,068</u>	<u>8,929,944</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	272,240	417,748	439,012	17,998	1,146,998
Claims and Judgments Payable	1,486,503	1,643,111	-	-	3,129,614
Accrued Wages and Employee Benefits	11,935	3,342	35,734	17,026	68,037
Compensated Absences	<u>15,686</u>	<u>-</u>	<u>54,750</u>	<u>32,678</u>	<u>103,114</u>
Total Current Liabilities	<u>1,786,364</u>	<u>2,064,201</u>	<u>529,496</u>	<u>67,702</u>	<u>4,447,763</u>
Noncurrent Liabilities:					
Compensated Absences	<u>14,161</u>	<u>-</u>	<u>104,425</u>	<u>76,973</u>	<u>195,559</u>
Total Noncurrent Liabilities	<u>14,161</u>	<u>-</u>	<u>104,425</u>	<u>76,973</u>	<u>195,559</u>
TOTAL LIABILITIES	<u>1,800,525</u>	<u>2,064,201</u>	<u>633,921</u>	<u>144,675</u>	<u>4,643,322</u>
NET ASSETS					
Invested in Capital Assets	27,963	1,604	593,945	203,159	826,671
Unrestricted	<u>2,216,978</u>	<u>199,477</u>	<u>695,262</u>	<u>348,234</u>	<u>3,459,951</u>
TOTAL NET ASSETS	<u>\$ 2,244,941</u>	<u>201,081</u>	<u>1,289,207</u>	<u>551,393</u>	<u>4,286,622</u>

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2007

	<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	\$ (3,789)	(1,995)	(559)	(551)	(6,894)
Investments	3,790,045	1,963,391	980,680	486,421	7,220,537
Accounts Receivable	66	249,018	14,949	1,497	265,530
Accrued Interest Receivable	43,181	22,369	11,173	5,542	82,265
Inventory	-	-	322,940	-	322,940
Prepaid items	188,000	30,895	-	-	218,895
Total Current Assets	<u>4,017,503</u>	<u>2,263,678</u>	<u>1,329,183</u>	<u>492,909</u>	<u>8,103,273</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	1,188	-	654,948	-	656,136
Transportation Vehicles and Equipment	62,713	17,217	743,598	224,127	1,047,655
Less Accumulated Depreciation	<u>(35,938)</u>	<u>(15,613)</u>	<u>(804,601)</u>	<u>(20,968)</u>	<u>(877,120)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>27,963</u>	<u>1,604</u>	<u>593,945</u>	<u>203,159</u>	<u>826,671</u>
TOTAL ASSETS	<u>4,045,466</u>	<u>2,265,282</u>	<u>1,923,128</u>	<u>696,068</u>	<u>8,929,944</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	272,240	417,748	439,012	17,998	1,146,998
Claims and Judgments Payable	1,486,503	1,643,111	-	-	3,129,614
Accrued Wages and Employee Benefits	11,935	3,342	35,734	17,026	68,037
Compensated Absences	<u>15,686</u>	<u>-</u>	<u>54,750</u>	<u>32,678</u>	<u>103,114</u>
Total Current Liabilities	<u>1,786,364</u>	<u>2,064,201</u>	<u>529,496</u>	<u>67,702</u>	<u>4,447,763</u>
Noncurrent Liabilities:					
Compensated Absences	<u>14,161</u>	<u>-</u>	<u>104,425</u>	<u>76,973</u>	<u>195,559</u>
Total Noncurrent Liabilities	<u>14,161</u>	<u>-</u>	<u>104,425</u>	<u>76,973</u>	<u>195,559</u>
TOTAL LIABILITIES	<u>1,800,525</u>	<u>2,064,201</u>	<u>633,921</u>	<u>144,675</u>	<u>4,643,322</u>
NET ASSETS					
Invested in Capital Assets	27,963	1,604	593,945	203,159	826,671
Unrestricted	<u>2,216,978</u>	<u>199,477</u>	<u>695,262</u>	<u>348,234</u>	<u>3,459,951</u>
TOTAL NET ASSETS	<u>\$ 2,244,941</u>	<u>201,081</u>	<u>1,289,207</u>	<u>551,393</u>	<u>4,286,622</u>

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

	RISK MANAGEMENT	HEALTH & BENEFITS	FLEET MANAGEMENT	INFORMATION TECHNOLOGY	TOTAL
OPERATING REVENUES:					
Charges for Services	\$ 4,621,047	13,945,533	7,283,380	1,917,789	27,767,749
Reimbursements	1,118,853	1,169,825	32,417	11,182	2,332,277
TOTAL OPERATING REVENUES	5,739,900	15,115,358	7,315,797	1,928,971	30,100,026
OPERATING EXPENSES:					
Cost of Services	4,049,450	13,075,203	4,613,594	367,646	22,105,893
Personnel Services	687,587	150,012	1,776,298	1,031,864	3,645,761
Materials and Supplies	75,671	3,074	98,663	84,519	261,927
Contractual Services	382,839	1,654,067	414,048	149,136	2,600,090
Other	-	288	1,950	379	2,617
Depreciation	10,831	642	55,202	20,968	87,643
TOTAL OPERATING EXPENSES	5,206,378	14,883,286	6,959,755	1,654,512	28,703,931
Operating Income (Loss)	533,522	232,072	356,042	274,459	1,396,095
NON-OPERATING REVENUES (EXPENSES):					
Investment Income:					
Interest Earnings	112,894	66,186	27,179	11,692	217,951
Net Increase (Decrease) in the Fair Value of Investments	8,207	7,459	1,810	773	18,249
Discount Earnings	-	-	-	221	221
Gain/(Loss) on Sale of Assets	-	-	10,604	-	10,604
TOTAL NON-OPERATING REVENUES (EXPENSES)	121,101	73,645	39,593	12,686	247,025
Income Before Contributions and Transfers	654,623	305,717	395,635	287,145	1,643,120
OPERATING TRANSFERS IN/(OUT):					
Transfers In	469,793	-	-	264,248	734,041
Transfers Out	(371,512)	(469,793)	-	-	(841,305)
Change in Net Assets	752,904	(164,076)	395,635	551,393	1,535,856
Total Net Assets - Beginning	1,492,037	365,157	893,572	-	2,750,766
TOTAL NET ASSETS- ENDING	\$ 2,244,941	201,081	1,289,207	551,393	4,286,622

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2007

	RISK MANAGEMENT	HEALTH & BENEFITS	FLEET MANAGEMENT	INFORMATION TECHNOLOGY	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 1,119,073	920,807	31,053	9,685	2,080,618
Receipts from interfund services provided	4,621,047	13,945,533	7,283,380	1,917,789	27,767,749
Payment to suppliers	(4,193,406)	(14,203,587)	(4,680,764)	(577,484)	(23,655,241)
Payment to employees	(673,266)	(159,473)	(1,739,029)	(905,187)	(3,476,955)
Payment for interfund services used	(179,115)	(469,112)	(349,152)	(6,198)	(1,003,577)
Net cash provided (used) by operating activities	694,333	34,168	545,488	438,605	1,712,594
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from Other Funds	469,793	-	-	264,248	734,041
Transfer to Other Funds	(371,513)	(469,793)	-	-	(841,306)
Net cash provided (used) by noncapital and related financing activities	98,280	(469,793)	-	264,248	(107,265)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(29,474)	-	(54,337)	(224,127)	(307,938)
Proceeds from sales of capital assets	-	-	10,604	-	10,604
Net cash provided (used) by capital and related financing activities	(29,474)	-	(43,733)	(224,127)	(297,334)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturity of investments	(869,198)	348,250	(523,749)	(485,648)	(1,530,345)
Interest and dividends received	87,513	73,645	18,787	6,371	186,316
Net cash provided (used) by investing activities	(781,685)	421,895	(504,962)	(479,277)	(1,344,029)
Net increase (decrease) in cash and cash equivalents	(18,546)	(13,730)	(3,207)	(551)	(36,034)
Cash and cash equivalents - October 1, 2006	14,757	11,735	2,648	-	29,140
Cash and cash equivalents - September 30, 2007	\$ (3,789)	(1,995)	(559)	(551)	(6,894)
Reconciliation of Operating income to net cash provided (used) by operating activities:					
Operating income	\$ 533,522	232,072	356,042	274,459	1,396,095
Adjustments to reconcile operating income to net cash provided (used)					
Depreciation expense	10,831	642	55,202	20,968	87,643
(Increase) decrease in accounts receivable	220	(249,018)	1,774	(1,497)	(248,521)
Increase (decrease) in allowance for uncollectible accounts	-	-	(3,139)	-	(3,139)
(Increase) decrease in inventories	-	-	(17,935)	-	(17,935)
(Increase) decrease in prepaid items	21,000	(2,512)	-	-	18,488
Increase (decrease) in accounts payable	205	(28,425)	116,274	17,998	106,052
Increase (decrease) in compensated absences payable	10,673	(5,083)	32,101	109,651	147,342
Increase (decrease) in accrued wages and employee benefits	3,648	(4,378)	5,169	17,026	21,465
Increase (decrease) in claims and judgements payable	114,234	90,870	-	-	205,104
Total adjustments	160,811	(197,904)	189,446	164,146	316,499
Net cash provided by operating activities	\$ 694,333	34,168	545,488	438,605	1,712,594
Noncash investing, capital, and financing activities:					
Increase (decrease) in the fair value of investments	8,207	7,459	1,810	773	18,249

CITY OF LAREDO, TEXAS
RISK MANAGEMENT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Budget				
OPERATING REVENUES:						
Charges for Services	\$ 4,916,265	4,916,265	4,621,047	-	4,621,047	(295,218)
Reimbursements	-	325,182	1,118,853	-	1,118,853	793,671
TOTAL OPERATING REVENUES	4,916,265	5,241,447	5,739,900	-	5,739,900	498,453
OPERATING EXPENSES:						
Cost of Services	4,617,060	4,617,060	4,049,450	-	4,049,450	567,610
Personnel Services	712,548	712,548	687,587	(5,590)	681,997	30,551
Materials and Supplies	141,153	142,153	75,671	3,768	79,439	62,714
Contractual Services	544,530	549,493	382,839	15,794	398,633	150,860
Other	247,647	213,438	-	-	-	213,438
Capital Outlay	30,000	30,554	-	130	130	30,424
Depreciation	-	-	10,831	(10,831)	-	-
TOTAL OPERATING EXPENSES	6,292,938	6,265,246	5,206,378	3,271	5,209,649	1,055,597
Operating Income (Loss)	(1,376,673)	(1,023,799)	533,522	(3,271)	530,251	1,554,050
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	34,500	34,500	112,894	-	112,894	78,394
Net Increase (Decrease) in the Fair Value of Investments	-	-	8,207	-	8,207	8,207
TOTAL NON-OPERATING REVENUES (EXPENSES)	34,500	34,500	121,101	-	121,101	86,601
Income (Loss) Before Contributions and Transfers	(1,342,173)	(989,299)	654,623	(3,271)	651,352	1,640,651
OPERATING TRANSFERS IN/(OUT):						
Transfers In:						
Health and Benefits Fund	649,851	649,851	469,793	-	469,793	(180,058)
Transfers Out:						
Debt Service	(18,638)	(18,638)	(18,638)	-	(18,638)	-
2005 C.O. Bond Fund	-	(352,874)	(352,874)	-	(352,874)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	631,213	278,339	98,281	-	98,281	(180,058)
Change in Net Assets	(710,960)	(710,960)	752,904	(3,271)	749,633	1,460,593
Total Net Assets - Beginning	1,492,037	1,492,037	1,492,037	-	1,492,037	-
TOTAL NET ASSETS - ENDING	\$ 781,077	781,077	2,244,941	(3,271)	2,241,670	1,460,593

**CITY OF LAREDO, TEXAS
RISK MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,119,073
Receipts from interfund services provided	4,621,047
Payment to suppliers	(4,193,406)
Payment to employees	(673,266)
Payment for interfund services used	<u>(179,115)</u>
Net cash provided (used) by operating activities	<u>694,333</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	469,793
Transfer to other funds	<u>(371,513)</u>
Net cash provided (used) by noncapital and related financing activities	<u>98,280</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(29,474)</u>
Net cash provided (used) by capital and related financing activities	<u>(29,474)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(869,198)
Interest and dividends received	<u>87,513</u>
Net cash provided (used) by investing activities	<u>(781,685)</u>

Net increase (decrease) in cash and cash equivalents	(18,546)
Cash and cash equivalents - October 1, 2006	<u>14,757</u>

Cash and cash equivalents - September 30, 2007	\$ <u><u>(3,789)</u></u>

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

Operating income	\$ <u>533,522</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	10,831
(Increase) decrease in accounts receivable	220
(Increase) decrease in prepaid items	21,000
Increase (decrease) in accounts payable	205
Increase (decrease) in compensated absences payable	10,673
Increase (decrease) in accrued wages and employee benefits	3,648
Increase (decrease) in claims and judgments payable	<u>114,234</u>
Total adjustments	<u>160,811</u>

Net cash provided by operating activities	\$ <u><u>694,333</u></u>

Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	8,207

CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 13,895,649	13,895,649	13,945,533	-	13,945,533	49,884
Reimbursements	250,000	250,000	1,169,825	-	1,169,825	919,825
TOTAL OPERATING REVENUES	14,145,649	14,145,649	15,115,358	-	15,115,358	969,709
OPERATING EXPENSES:						
Cost of Services	11,228,339	11,228,339	13,075,203	-	13,075,203	(1,846,864)
Personnel Services	153,765	153,765	150,012	-	150,012	3,753
Materials and Supplies	7,685	7,685	3,074	-	3,074	4,611
Contractual Services	1,671,662	1,671,662	1,654,067	-	1,654,067	17,595
Other	326,370	326,370	288	-	288	326,082
Depreciation	-	-	642	(642)	-	-
TOTAL OPERATING EXPENSES	13,387,821	13,387,821	14,883,286	(642)	14,882,644	(1,494,823)
Operating Income (Loss)	757,828	757,828	232,072	642	232,714	(525,114)
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	34,500	34,500	66,186	-	66,186	31,686
Net Increase (Decrease) in the Fair Value of Investments	-	-	7,459	-	7,459	7,459
TOTAL NON-OPERATING REVENUES (EXPENSES)	34,500	34,500	73,645	-	73,645	39,145
Income Before Contributions and Transfers	792,328	792,328	305,717	642	306,359	(485,969)
OPERATING TRANSFERS IN/(OUT):						
Transfer Out:						
Solid Waste Fund	(310,000)	(310,000)	-	-	-	(310,000)
Risk Management Fund	(649,851)	(649,851)	(469,793)	-	(469,793)	(180,058)
TOTAL OPERATING TRANSFERS IN/(OUT)	(959,851)	(959,851)	(469,793)	-	(469,793)	(490,058)
Change in Net Assets	(167,523)	(167,523)	(164,076)	642	(163,434)	(666,027)
Total Net Assets - Beginning	365,157	365,157	365,157	-	365,157	-
TOTAL NET ASSETS-ENDING	\$ 197,634	197,634	201,081	642	201,723	(666,027)

**CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 920,807
Receipts from interfund services provided	13,945,533
Payment to suppliers	(14,203,587)
Payment to employees	(159,473)
Payment for interfund services used	<u>(469,112)</u>
Net cash provided (used) by operating activities	<u>34,168</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	<u>(469,793)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(469,793)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	348,250
Interest and dividends received	<u>73,645</u>
Net cash provided (used) by investing activities	<u>421,895</u>
Net increase (decrease) in cash and cash equivalents	(13,730)
Cash and cash equivalents - October 1, 2006	<u>11,735</u>
Cash and cash equivalents - September 30, 2007	\$ <u><u>(1,995)</u></u>

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

Operating income	\$ <u>232,072</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	642
(Increase) decrease in accounts receivable	(249,018)
(Increase) decrease in prepaid items	(2,512)
Increase (decrease) in accounts payable	(28,425)
Increase (decrease) in compensated absences payable	(5,083)
Increase (decrease) in accrued wages and employee benefits	(4,378)
Increase (decrease) in claims and judgements payable	<u>90,870</u>
Total adjustments	<u>(197,904)</u>

Net cash provided by operating activities	\$ <u><u>34,168</u></u>

Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	7,459

CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 7,862,472	7,862,472	7,283,380	-	7,283,380	(579,092)
Reimbursements	18,345	18,345	32,417	-	32,417	14,072
TOTAL OPERATING REVENUES	7,880,817	7,880,817	7,315,797	-	7,315,797	(565,020)
OPERATING EXPENSES:						
Cost of Services	5,232,505	5,334,505	4,613,594	-	4,613,594	720,911
Personnel Services	1,974,635	1,974,635	1,776,298	(32,101)	1,744,197	230,438
Materials and Supplies	89,320	110,466	98,663	-	98,663	11,803
Contractual Services	450,176	430,176	414,048	-	414,048	16,128
Other	85,000	-	1,950	(1,950)	-	-
Capital Outlay	72,500	54,354	-	54,337	54,337	17
Depreciation	-	-	55,202	(55,202)	-	-
TOTAL OPERATING EXPENSES	7,904,136	7,904,136	6,959,755	(34,916)	6,924,839	979,297
Operating Income (Loss)	(23,319)	(23,319)	356,042	34,916	390,958	414,277
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	3,000	3,000	27,179	-	27,179	24,179
Net Increase (Decrease) in the Fair Value of Investments	-	-	1,810	-	1,810	1,810
Gain/(Loss) on Sale of Assets	1,076	1,076	10,604	-	10,604	9,528
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,076	4,076	39,593	-	39,593	35,517
Change in Net Assets	(19,243)	(19,243)	395,635	34,916	430,551	449,794
Total Net Assets - Beginning	893,572	893,572	893,572	-	893,572	-
TOTAL NET ASSETS- ENDING	\$ 874,329	874,329	1,289,207	34,916	1,324,123	449,794

**CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 31,053
Receipts from interfund services provided	7,283,380
Payment to suppliers	(4,680,764)
Payment to employees	(1,739,029)
Payment for interfund services used	<u>(349,152)</u>
Net cash provided (used) by operating activities	<u>545,488</u>

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

Purchase of capital assets	(54,337)
Proceeds from sales of capital assets	<u>10,604</u>
Net cash provided (used) by capital and related financing activities	<u>(43,733)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(523,749)
Interest and dividends received	<u>18,787</u>
Net cash provided (used) by investing activities	<u>(504,962)</u>
Net increase (decrease) in cash and cash equivalents	(3,207)
Cash and cash equivalents - October 1, 2006	<u>2,648</u>
Cash and cash equivalents - September 30, 2007	\$ <u><u>(559)</u></u>

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

Operating income	\$ <u>356,042</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	55,202
(Increase) decrease in accounts receivable	1,774
Increase (decrease) in allowable for uncollectible accounts	(3,139)
(Increase) decrease in inventories	(17,935)
Increase (decrease) in accounts payable	116,274
Increase (decrease) in compensated absences payable	32,101
Increase (decrease) in accrued wages and employee benefits	<u>5,169</u>
Total adjustments	<u>189,446</u>

Net cash provided by operating activities	\$ <u><u>545,488</u></u>

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

Increase (decrease) in the fair value of investments	1,810

CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive Negative
	Original	Budget				
OPERATING REVENUES:						
Charges for Services	\$ 1,912,587	1,912,587	1,917,789	-	1,917,789	5,202
Reimbursements	-	-	11,182	-	11,182	11,182
TOTAL OPERATING REVENUES	1,912,587	1,912,587	1,928,971	-	1,928,971	16,384
OPERATING EXPENSES:						
Cost of Services	520,318	516,695	367,646	-	367,646	149,049
Personnel Services	942,823	930,634	1,031,864	(105,783)	926,081	4,553
Materials and Supplies	101,964	115,612	84,519	-	84,519	31,093
Contractual Services	383,968	370,677	149,136	-	149,136	221,541
Other	-	379	379	-	379	-
Capital Outlay	227,327	242,403	-	224,127	224,127	18,276
Depreciation	-	-	20,968	(20,968)	-	-
TOTAL OPERATING EXPENSES	2,176,400	2,176,400	1,654,512	97,376	1,751,888	424,512
Operating Income (Loss)	(263,813)	(263,813)	274,459	(97,376)	177,083	440,896
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	-	-	11,692	-	11,692	11,692
Net Increase (Decrease) in the Fair Value of Investments	-	-	773	-	773	773
Discount Earnings	-	-	221	-	221	221
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	12,686	-	12,686	12,686
Income (Loss) Before Contributions and Transfers	(263,813)	(263,813)	287,145	(97,376)	189,769	453,582
OPERATING TRANSFERS IN/(OUT):						
Transfers In						
General Fund	-	-	118,012	-	118,012	118,012
Communication System Fund	-	-	146,236	-	146,236	146,236
TOTAL OPERATING TRANSFERS IN/(OUT)	-	-	264,248	-	264,248	264,248
Change in Net Assets	(263,813)	(263,813)	551,393	(97,376)	454,017	717,830
Total Net Assets - Beginning	-	-	-	-	-	-
TOTAL NET ASSETS - ENDING	\$ (263,813)	(263,813)	551,393	(97,376)	454,017	717,830

CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2007

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 9,685
Receipts from interfund services provided	1,917,789
Payment to suppliers	(577,484)
Payment to employees	(905,187)
Payment for interfund services used	<u>(6,198)</u>

Net cash provided (used) by operating activities	<u>438,605</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	<u>264,248</u>

Net cash provided (used) by noncapital and related financing activities	<u>264,248</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(224,127)</u>

Net cash provided (used) by capital and related financing activities	<u>(224,127)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(485,648)
Interest and dividends received	<u>6,371</u>

Net cash provided (used) by investing activities	<u>(479,277)</u>

Net increase (decrease) in cash and cash equivalents	(551)

Cash and cash equivalents - October 1, 2006	<u>-</u>

Cash and cash equivalents - September 30, 2007	\$ <u>(551)</u>

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

Operating income	\$ <u>274,459</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	20,968
(Increase) decrease in accounts receivable	(1,497)
Increase (decrease) in accounts payable	17,998
Increase (decrease) in compensated absences payable	109,651
Increase (decrease) in accrued wages and employee benefits	<u>17,026</u>

Total adjustments	<u>164,146</u>

Net cash provided by operating activities	\$ <u>438,605</u>

Noncash investing, capital, and financing activities:

Increase (decrease) in the fair value of investments	773

This page intentionally left blank

CAPITAL ASSETS

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source (1)
September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets:		
Land	\$ 56,667,732	52,949,889
Buildings	127,538,554	122,849,101
Improvements Other Than Buildings	371,952,436	345,875,681
Vehicles	42,166,308	37,557,117
Machinery & Equipment	24,667,239	20,405,224
Construction in Progress	11,268,199	19,793,422
Total Governmental Funds Capital Assets	<u>634,260,468</u>	<u>599,430,434</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund	265,232,368	264,675,062
Special Revenue Funds	159,925,915	151,725,119
Capital Projects Funds	209,102,185	183,030,253
Total Investments in Governmental Funds	<u>\$ 634,260,468</u>	<u>599,430,434</u>

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

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
For The Year Ended September 30, 2007

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
General Government:				
Mayor and City Council	\$ 9,908	-	-	9,908
City Manager	5,003	-	-	5,003
Municipal Court	294,167	-	-	294,167
Building Inspections	194,227	-	(40,209)	154,018
City Attorney	125	-	-	125
City Secretary	37,441	-	14,643	52,084
Tax Office	79,269	-	-	79,269
Personnel	8,867	-	-	8,867
City Planning	92,442	-	-	92,442
Finance	254,479	-	-	254,479
Real Estate	234,600	-	-	234,600
City Hall Maintenance	3,180,744	-	(24,983)	3,155,761
Engineering	369,268	90,541	252	460,061
Information Technology	528,274	51,513	-	579,787
Communications and Support	-	13,968	-	13,968
Community Development	11,445,578	823,639	3,973,594	16,242,811
Telecommunications	310,354	-	-	310,354
General Government	17,044,746	978,661	3,923,317	21,947,724
Public Safety:				
Police	8,827,812	57,545	(211,730)	8,673,627
Police Trust Fund	10,803,121	3,752,744	(804,263)	13,951,602
Auto Theft Task Force	125,288	28,451	-	153,747
Narcotics	691,234	-	-	691,234
Financial Task Force	183,236	19,968	-	203,204
Special Police	1,602,353	32,331	-	1,634,684
Laredo Border Violence	267,877	-	-	267,877
Homeland Security Grant	282,634	635,611	-	918,245
Fire	9,243,548	6,183	(428,987)	8,820,744
Hazardous Materials	62,690	-	-	62,690
Parking Meters	3,048,762	308,522	-	3,357,284
911 Administration	509,210	264,647	-	773,857
911 - General Fund	33,590	18,466	-	52,056
Communications	6,879,563	-	-	6,879,563
Special Fire Grants	-	20,787	-	20,787
Traffic Safety	7,985,066	-	(61,880)	7,923,186
Public Safety	50,545,992	5,145,255	(1,306,860)	54,384,387
Public Works:				
Capital Improvements Project	59,927,956	2,064,409	3,290,436	65,282,801
1998 CO Issue	1,424,242	217,063	5,324	1,646,629
Infrastructure Maint.	183,733	-	(18,546)	165,187
DPW	7,956,450	-	-	7,956,450
Keep Laredo Beautiful	20,500	-	-	20,500
New Fire Stations	2,741,302	-	-	2,741,302
Fire Training Facility	1,780,723	-	-	1,780,723
2000 CO Issue	7,211,192	244,879	(32,937)	7,423,134
Colonias Project	1,196,245	5,670,957	5,417,514	12,284,716
LEC Construction Project	33,348,399	-	-	33,348,399
2002 CO Issue	4,548,595	-	-	4,548,595
2003 CO Issue	31,023	94,189	3,153,670	3,278,882
2005 CO Issue	1,762,565	362,548	(10,547)	2,114,566
2006 CO Issue	522,000	488,161	-	1,010,161
2007 CO Issue	-	1,683,438	-	1,683,438
FAA-Noise Abatement	16,529,706	1,130,634	-	17,660,340
Airport Construction Fund	28,511,213	6,069,626	506,623	35,087,462
Ryan Street Railroad Bridge	668,019	-	-	668,019
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524
Contractual Obligation	7,367,032	2,381,238	(14,643)	9,733,627
Parks Capital Grants	-	215,483	104,800	320,283
Public Works	219,401,266	131,455	(1,047,096)	218,485,625
Public Works	\$ 396,290,685	20,754,080	11,354,598	428,399,363

(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, 2007

(Continued)

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
Health & Welfare:				
Health	\$ 4,474,030	453,853	(137,614)	4,790,069
Noise Abatement Lease	21,280	29,535	-	50,815
Environmental Services	6,399,811	482,185	(171,153)	6,710,843
Health & Welfare	10,895,121	965,573	(308,767)	11,551,927
Cultural & Recreational:				
Parks & Recreation	6,315,169	1,225,378	110,489	7,651,036
Library	6,877,338	16,127	-	6,893,465
New Public Library	56,167	-	-	56,167
Cemetery	109,471	-	-	109,471
Friends of the Library	545,244	197,573	-	742,817
Civic Center	1,587,397	49,796	-	1,637,193
Public Access Channel	1,665,443	114,802	(15,208)	1,765,037
Mercado	1,166,850	-	-	1,166,850
Convention & Visitors Bureau	77,238	-	-	77,238
Sports & Community Venue	4,643,905	-	-	4,643,905
Recreation Fund	-	22,738	-	22,738
Veterans Field	371,541	7,300	-	378,841
Cultural & Recreational	23,415,763	1,633,714	95,281	25,144,758
Air Transportation Services:				
Airport	81,284,701	302,286	(22,677)	81,564,310
Air Transportation Services	81,284,701	302,286	(22,677)	81,564,310
Total Assets In Service	579,477,008	29,780,369	13,734,892	622,992,269
Construction in Progress	19,793,422	8,152,859	(16,678,082)	11,268,199
Total Governmental Funds				
Capital Assets	\$ 599,270,430	37,933,228	(2,943,190)	634,260,468

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

NOTE:

For Construction in Progress, the additions and deletions is obtained from the account itself. When projects are completed, they are not disposed, but rather the asset type is just changed to Buildings and the date is also just changed to the completion date. This is why the project is not really disposed, but transferred into another type (Buildings). Since it is not disposed, it will not appear in the disposal balance on the Balance Report.

In the Additions column, do not include acquisitions for Construction in Progress in the individual funds. The acquisitions for Construction in Progress will be included in the Construction in Progress line.

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, 2007

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
General Government:						
Mayor and City Council	\$ 9,908	-	-	-	9,908	-
City Manager	5,003	-	-	-	-	5,003
Municipal Court	294,167	39,981	31,900	-	-	222,286
Building	154,018	-	-	-	132,018	22,000
City Attorney	125	-	-	125	-	-
City Secretary	52,084	-	-	-	14,643	37,441
Tax Office	79,269	-	-	-	-	79,269
Personnel	8,867	-	-	-	-	8,867
City Planning	92,442	-	-	-	15,125	77,317
Finance	254,479	18,575	-	-	-	235,904
Real Estate	234,600	234,600	-	-	-	-
City Hall Maintenance	3,155,781	2,958,283	112,093	-	-	85,405
Engineering	460,061	-	-	-	350,795	109,266
Information Technology	579,787	-	-	-	-	579,787
Communications and Support	13,968	-	-	-	13,968	-
Community Development	16,242,811	4,559,634	2,317,556	8,017,799	1,217,683	130,139
Telecommunications	310,364	-	-	-	15,740	294,614
General Government	21,947,724	7,811,073	2,461,549	8,017,924	1,769,880	1,887,298
Public Safety:						
Police	8,673,627	-	6,133,671	-	2,006,648	533,308
Police Trust Fund	13,951,602	-	685,834	-	10,489,183	2,776,585
Auto Theft Task Force	153,747	-	-	-	59,380	94,367
Narcotics	691,234	-	-	-	483,454	207,780
Financial Task Force	203,204	-	-	-	27,782	175,422
Special Police	1,634,684	-	-	-	7,134	1,627,550
Laredo Border Violence	267,877	-	-	-	240,947	26,930
Homeland Security Grant	918,245	-	-	-	283,978	634,267
Fire	8,820,744	767,503	1,268,158	-	5,045,967	839,116
Hazardous Materials	62,690	-	9,085	-	53,605	-
Parking Meters	3,357,284	1,247,536	60,342	1,806,934	127,060	115,412
911 Administration	773,857	-	-	-	-	773,857
911 - General Fund	52,056	-	-	-	33,590	18,466
Communications	6,879,563	-	-	-	-	6,879,563
Special Fire Grants	20,787	-	-	-	-	20,787
Traffic Safety	7,923,186	-	38,724	7,461,925	316,939	105,598
Public Safety	54,384,387	2,015,039	8,195,814	9,268,859	20,055,667	14,849,008
Public Works:						
Capital Improvements Projects	65,282,801	1,903,833	2,815,654	59,679,430	738,455	145,429
1998 C.O. Issue	1,646,629	108,232	864,429	413,184	260,784	-
Infrastructure Maint.	165,187	-	-	105,983	44,214	14,980
DPW	7,956,450	-	7,956,450	-	-	-
Keep Laredo Beautiful	20,500	-	-	-	20,500	-
New Fire Stations	2,741,302	-	2,148,486	-	592,816	-
Fire Training Facility	1,780,723	455,769	1,129,117	-	28,287	167,550
2000 CO Issue	7,423,134	933,792	3,278,920	3,210,422	-	-
Colonias Project	12,284,716	-	-	12,284,716	-	-
LEC Construction Project	33,348,399	258,500	33,089,899	-	-	-
2002 CO Issue	4,548,595	4,548,595	-	-	-	-
2003 CO Issue	3,276,882	31,023	1,584,659	1,663,200	-	-
2005 CO Issue	2,114,566	721,256	-	-	1,393,310	-
2006 CO Issue	1,010,161	-	-	1,010,161	-	-
2007 CO Issue	1,683,438	-	-	1,848	1,667,311	14,279
FAA-Noise Abatement	17,660,340	16,321,445	1,338,895	-	-	-
Airport Const. Fund.	35,087,462	1,138,564	1,049,636	29,949,191	779,609	2,172,462
Ryan Street Railroad Bridge	668,019	-	-	668,019	-	-
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524	-	-
Contractual Obligations	9,733,627	-	776,528	-	7,237,838	1,719,261
Parks Capital Grants	320,283	-	-	320,283	-	-
Public Works	218,485,625	3,930,255	3,769,003	205,724,126	4,980,814	81,427
Public Works	\$ 428,399,363	30,349,264	59,801,676	318,189,097	17,743,938	4,315,388

(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, 2007

(Continued)

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLOS	TRANSPORTATION	MACHINERY & EQUIPMENT
Health & Welfare:						
Health	\$ 4,790,069	421,278	2,739,672	.	289,883	1,339,236
Noise Abtm. Lease	50,815	.	.	.	50,815	.
Environmental Services	6,710,843	1,062,239	107,853	4,852,487	584,865	103,419
Health & Welfare	11,551,727	1,483,517	2,847,525	4,852,467	925,563	1,442,655
Cultural & Recreational:						
Parks & Recreation	7,651,036	4,078,991	2,548,793	2,000	797,754	223,498
Library	6,893,485	.	6,288,902	33,000	89,770	521,793
New Public Library	58,167	.	22,346	.	.	33,821
Cemetery	109,471	.	7,900	.	84,839	16,732
Friends of the Library	742,817	.	.	.	.	742,817
Civic Center	1,637,193	.	1,407,124	8,118	68,810	157,141
Public Access Channel	1,765,037	.	1,401,518	.	31,259	332,260
Mercado	1,166,850	.	1,162,235	.	4,615	.
Convention & Visitor's Bureau	77,238	.	17,300	.	59,938	.
Sports & Community Venue	4,643,905	4,604,851	39,054	.	.	.
Recreation Fund	22,738	.	.	.	22,738	.
West Martin Stadium	378,841	.	340,396	.	.	38,445
Cultural & Recreational	25,144,758	8,683,842	13,215,568	41,118	1,137,723	2,066,507
Air Transportation Services:						
Airport	81,584,310	6,324,997	41,016,422	33,582,971	533,537	106,383
Air Transportation Services	81,584,310	6,324,997	41,016,422	33,582,971	533,537	106,383
Total Assets in service	622,982,269	58,887,732	127,538,554	371,952,436	42,168,308	24,667,239
Construction in Progress	11,268,199					
Total Governmental Funds Capital Assets	\$ 634,280,468					

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

This page intentionally left blank

ENTERPRISE FUNDS

ENTERPRISE FUNDS

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

Enterprise Funds include:

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

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

MUNICIPAL HOUSING CORPORATION - to account for proceeds derived from 210 dwelling units of which 7% is received from Housing Urban Development Section 8 for rental assistance for low income housing and the related operational and maintenance disbursements.

WATERWORKS SYSTEM - to account for the operations, maintenance and debt service from three water treatment plants and seventeen booster stations and the related revenue received from 59,409 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 56,065 customers.

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

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

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET ASSETS
September 30, 2007

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	LAREDO WATER CORPORATION	TOTALS
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash	\$ (883)	(722)	-	(1,605)
Investments	1,523,576	701,108	-	2,224,684
Receivable:				
Accrued Interest	25,536	7,988	-	33,524
Accounts	2,630	27,996	-	30,626
Due From Other Funds	52	-	-	52
Due From Other Governments	443,256	831	-	444,087
Inventory, at cost	491,538	-	-	491,538
Total Current Assets	2,485,705	737,201	-	3,222,906
Noncurrent Assets:				
Restricted Assets:				
Investments	5,038,798	-	-	5,038,798
Total Restricted Assets	5,038,798	-	-	5,038,798
Capital Assets:				
Transportation Vehicles and Equipment	18,732,596	132,438	-	18,865,034
Buildings	13,959,990	3,623,431	-	17,583,421
Improvements	2,871,933	131,362	-	3,003,295
Land and Improvements	9,468,957	278,885	-	9,747,842
Construction in Progress	1,339,426	-	-	1,339,426
Less Accumulated Depreciation	(16,086,157)	(3,015,851)	-	(19,102,008)
Total Capital Assets (net of accumulated depreciation)	30,286,745	1,150,265	-	31,437,010
Total Noncurrent Assets	35,325,543	1,150,265	-	36,475,808
TOTAL ASSETS	\$ 37,811,248	1,887,466	-	39,698,714
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 305,505	16,188	-	321,693
Retainage Payable	25,734	10,123	-	35,857
Contracts Payable	152,347	-	-	152,347
Due to Other Funds	52	-	-	52
Accrued Wages and Employee Benefits	168,111	9,129	-	177,240
Compensated Absences	118,763	13,576	-	132,339
Customer Deposits	6,225	75,032	-	81,257
Deferred Revenue	-	2,536	-	2,536
Total Current Liabilities	776,737	126,584	-	903,321
Noncurrent Liabilities:				
Compensated Absences	76,631	5,850	-	82,481
Total Noncurrent Liabilities	76,631	5,850	-	82,481
TOTAL LIABILITIES	853,368	132,434	-	985,802
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	30,286,745	1,150,265	-	31,437,010
Restricted for Improvements	4,321,008	-	-	4,321,008
Unrestricted	2,350,127	604,767	-	2,954,894
TOTAL NET ASSETS	\$ 36,957,880	1,755,032	-	38,712,912

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
Year ended September 30, 2007

	<u>MUNICIPAL TRANSIT SYSTEM</u>	<u>MUNICIPAL HOUSING CORPORATION</u>	<u>LAREDO WATER CORPORATION</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for Services	\$ 2,812,221	80,541	-	2,892,762
Rental of Facilities	513,230	1,218,568	-	1,731,798
Miscellaneous	168,460	35,032	-	203,492
TOTAL OPERATING REVENUES	3,493,911	1,334,141	-	4,828,052
OPERATING EXPENSES:				
Personnel Services	9,107,717	495,596	-	9,603,313
Materials and Supplies	2,165,255	84,837	-	2,250,092
Contractual Services	1,574,787	464,897	-	2,039,684
Other	30,233	60,264	-	90,497
Total Operating Expenses Before Depreciation	12,877,992	1,105,594	-	13,983,586
Depreciation Expense	1,622,696	114,120	-	1,736,816
TOTAL OPERATING EXPENSES	14,500,688	1,219,714	-	15,720,402
Operating Income (Loss)	(11,006,777)	114,427	-	(10,892,350)
NONOPERATING REVENUES (EXPENSES):				
Investment Income:				
Interest Earnings	91,634	31,905	-	123,539
Interest Earnings - Restricted	232,675	-	-	232,675
Net Increase (Decrease) in Fair Value of Investment	11,050	4,588	-	15,638
Discount Earnings	124	-	-	124
Sales Tax	5,881,063	-	-	5,881,063
Gain (Loss) on Sale of Assets	(4,649)	2,225	-	(2,424)
FTA Operating Grant	4,097,680	-	-	4,097,680
State Dept. of Highways	634,934	-	-	634,934
Construction	(24,057)	-	-	(24,057)
Other	(3,814)	-	-	(3,814)
TOTAL NONOPERATING REVENUES (EXPENSES)	10,916,640	38,718	-	10,955,358
Income (Loss) Before Contributions and Transfers	(90,137)	153,145	-	63,008
Capital Contributions-Grants	168,988	-	-	168,988
Transfers Out:				
Debt Service	(890,675)	-	-	(890,675)
Change in Net Assets	(811,824)	153,145	-	(658,679)
Total Net Assets-Beginning	37,769,704	1,601,887	-	39,371,591
Total Net Assets-Ending	\$ 36,957,880	1,755,032	-	38,712,912

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2007

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	LAREDO WATER CORPORATION	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 3,503,403	1,337,523	-	4,840,926
Payments to suppliers	(3,788,841)	(339,411)	-	(4,128,252)
Payments to employees	(9,100,264)	(492,740)	-	(9,593,004)
Payments for interfund services used	(31,767)	(256,046)	-	(287,813)
Net cash provided (used) by operating activities	<u>(9,417,469)</u>	<u>249,326</u>	<u>-</u>	<u>(9,168,143)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer to other funds	(890,675)	-	-	(890,675)
Subsidy from federal and state grants	4,714,439	-	-	4,714,439
Sales Tax	5,881,063	-	-	5,881,063
Net cash provided (used) by noncapital and related financing activities	<u>9,704,827</u>	<u>-</u>	<u>-</u>	<u>9,704,827</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Subsidy from federal and state grants	168,988	-	-	168,988
Purchases of capital assets	(626,002)	-	-	(626,002)
Acquisition and construction of capital assets	(27,871)	-	-	(27,871)
Proceeds from sales of capital assets	1,784	2,225	-	4,009
Net cash provided (used) by capital and related financing activities	<u>(483,101)</u>	<u>2,225</u>	<u>-</u>	<u>(480,876)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	(147,616)	(281,028)	-	(428,644)
Interest and dividends received	311,348	26,456	-	337,804
Net cash provided (used) by investing activities	<u>163,732</u>	<u>(254,572)</u>	<u>-</u>	<u>(90,840)</u>
Net increase (decrease) in cash and cash equivalents	<u>(32,011)</u>	<u>(3,021)</u>	<u>-</u>	<u>(35,032)</u>
Cash and cash equivalents, October 1	<u>31,128</u>	<u>2,299</u>	<u>-</u>	<u>33,427</u>
Cash and cash equivalents, September 30	\$ <u>(883)</u>	<u>(722)</u>	<u>-</u>	<u>(1,605)</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (11,006,777)	114,427	-	(10,892,350)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,622,696	114,120	-	1,736,816
(Increase) decrease in accounts receivable	5,500	(13,692)	-	(8,192)
Increase in allowance for uncollectible accounts	3,992	17,206	-	21,198
(Increase) decrease in inventories	(48,662)	-	-	(48,662)
Increase in customer deposits	-	2,100	-	2,100
Increase (decrease) in accounts payable	(1,671)	14,541	-	12,870
Increase (decrease) in deferred revenues	-	(2,232)	-	(2,232)
Increase (decrease) in compensated absences payable	7,589	2,515	-	10,104
Increase (decrease) in accrued wages and employee benefits	(136)	341	-	205
Total adjustments	<u>1,589,308</u>	<u>134,899</u>	<u>-</u>	<u>1,724,207</u>
Net cash provided (used) by operating activities	\$ <u>(9,417,469)</u>	<u>249,326</u>	<u>-</u>	<u>(9,168,143)</u>
Noncash investing, capital, and financing activities:				
Disposition of assets	6,433	-	-	6,433
Increase (Decrease) in fair value of investments	11,050	4,588	-	15,638

This page intentionally left blank

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007**

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Charges for Services	\$ 2,646,385	2,646,385	2,812,221	-	2,812,221	165,836
Miscellaneous	110,868	110,868	168,460	-	168,460	57,592
Rental of Facilities	512,194	512,194	513,230	-	513,230	1,036
TOTAL OPERATING REVENUES	3,269,447	3,269,447	3,493,911	-	3,493,911	224,464
OPERATING EXPENSES:						
Opt-Fixed Route:						
Personnel Services	5,436,362	5,349,873	5,295,535	(8,465)	5,287,070	62,803
Materials and Supplies	1,182,077	988,930	933,869	-	933,869	55,061
Contractual Services	370,440	313,003	307,223	-	307,223	5,780
Other	35,301	35,301	17,771	-	17,771	17,530
Total Opt-Fixed Route	7,024,180	6,687,107	6,554,398	(8,465)	6,545,933	141,174
Opt-Para Transit:						
Personnel Services	908,080	1,047,220	1,079,152	(16,346)	1,062,806	(15,586)
Materials and Supplies	131,472	136,472	89,087	-	89,087	47,385
Contractual Services	95,996	72,469	69,790	-	69,790	2,679
Other	11,200	11,230	7,220	-	7,220	4,010
Total Opt-Para Transit	1,146,748	1,267,391	1,245,249	(16,346)	1,228,903	38,488
Maint-Fixed Route:						
Personnel Services	1,461,359	1,409,702	1,392,937	(3,338)	1,389,599	20,103
Materials and Supplies	688,231	966,365	951,734	-	951,734	14,631
Contractual Services	159,901	181,937	140,997	-	140,997	40,940
Total Maint-Fixed Route	2,309,491	2,558,004	2,485,668	(3,338)	2,482,330	76,674
Maint-Para Transit:						
Personnel Services	221,982	227,591	222,859	(675)	222,184	5,407
Materials and Supplies	60,265	110,560	81,847	-	81,847	28,713
Contractual Services	62,860	50,750	30,946	-	30,946	19,804
Total Maint-Para Transit	345,107	388,901	335,652	(675)	334,977	53,924
Training and Safety:						
Personnel Services	62,902	64,077	53,713	8,425	62,138	1,939
Materials and Supplies	8,548	8,548	4,398	-	4,398	4,150
Contractual Services	2,190	2,190	983	-	983	1,207
Total Training and Safety	73,640	74,815	59,094	8,425	67,519	7,296
Building/Grounds:						
Personnel Services	253,087	190,792	184,888	(3,929)	180,959	9,833
Materials and Supplies	37,326	56,717	33,778	-	33,778	22,939
Contractual Services	230,307	238,303	169,362	-	169,362	68,941
Total Building/Grounds	\$ 520,720	485,812	388,028	(3,929)	384,099	101,713

(Continued)

(Continued)

CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

(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	\$ 95,042	97,566	95,542	-	95,542	2,024
Materials and Supplies	3,000	3,000	1,045	-	1,045	1,955
Contractual Services	5,803	5,803	3,951	-	3,951	1,852
Total Bus Stop/Shelters	103,845	106,369	100,538	-	100,538	5,831
General Administration:						
Personnel Services	204,609	238,894	223,665	5,509	229,174	9,720
Materials and Supplies	5,350	5,950	3,374	-	3,374	2,576
Contractual Services	495,162	522,462	545,024	-	545,024	(22,562)
Other	-	1,710	4,323	(3,096)	1,227	483
Total General Administration	705,121	769,016	776,386	2,413	778,799	(9,783)
Planning:						
Personnel Services	66,357	65,904	62,081	514	62,595	3,309
Materials and Supplies	1,082	1,082	568	-	568	514
Contractual Services	5,905	4,634	3,576	-	3,576	1,058
Total Planning	73,344	71,620	66,225	514	66,739	4,881
Marketing:						
Personnel Services	56,809	52,609	52,063	53	52,116	493
Materials and Supplies	10,384	10,884	3,584	-	3,584	7,300
Contractual Services	40,536	37,036	18,319	-	18,319	18,717
Total Marketing	107,729	100,529	73,966	53	74,019	26,510
Customer Service:						
Personnel Services	361,214	261,575	249,703	10,311	260,014	1,561
Materials and Supplies	10,441	10,441	8,612	-	8,612	1,829
Contractual Services	40,455	40,455	35,435	-	35,435	5,020
Total Customer Service	412,110	312,471	293,750	10,311	304,061	8,410
Transit Center Building:						
Personnel Services	220,319	220,319	170,041	925	170,966	49,353
Materials and Supplies	40,786	54,245	51,601	-	51,601	2,644
Contractual Services	231,858	241,422	198,080	-	198,080	43,342
Total General Administration	492,963	515,986	419,722	925	420,647	95,339
Transit Center Facility:						
Personnel Services	33,248	33,248	25,538	457	25,995	7,253
Materials and Supplies	3,600	1,902	1,758	-	1,758	144
Contractual Services	78,222	56,897	51,101	-	51,101	5,796
Other	-	-	919	(995)	(76)	76
Total Transit Center Facility	115,070	92,047	79,316	(538)	78,778	13,269
Total Operating Expenses Before Depreciation	13,430,068	13,430,068	12,877,992	(10,650)	12,867,342	562,726
Depreciation	-	-	1,622,696	(1,622,696)	-	-
TOTAL OPERATING EXPENSES	13,430,068	13,430,068	14,500,688	(1,633,346)	12,867,342	562,726
Operating Income (Loss)	\$ (10,160,621)	(10,160,621)	(11,006,777)	1,633,346	(9,373,431)	787,190

(Continued)

CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 105,800	105,800	91,634	-	91,634	(14,166)
Interest Earnings-Restricted	157,311	157,311	232,675	-	232,675	75,364
Net Increase (Decrease) in Fair Value of Investments	-	-	11,050	-	11,050	11,050
Discount Earnings	-	-	124	-	124	124
Sales Tax	5,990,985	5,990,985	5,881,063	-	5,881,063	(109,922)
Loss on Sale of Equipment	-	-	(4,649)	6,433	1,784	1,784
FTA Operating Grant	3,700,000	4,185,166	4,097,680	-	4,097,680	(87,486)
State Dept. of Highways	634,934	634,934	634,934	-	634,934	-
Capital Contributions	-	-	-	-	-	-
Construction	(344,971)	(4,537,597)	(24,057)	(418,581)	(442,638)	4,094,959
Capital Outlay	(2,431,826)	(4,211,426)	-	(207,421)	(207,421)	4,004,005
Other	(364,932)	(850,098)	(3,814)	-	(3,814)	846,284
TOTAL NONOPERATING REVENUES AND (EXPENSES)	7,447,301	1,475,075	10,916,640	(619,569)	10,297,071	8,821,996
Income (Loss) Before Contributions and Transfers	(2,713,320)	(8,685,546)	(90,137)	1,013,777	923,640	9,609,186
Capital Contributions:						
Federal Capital Grant	1,943,557	3,369,141	168,988	-	168,988	(3,200,153)
Transfer In:						
Transit Sales Tax	6,179,329	5,694,163	-	5,178,030	5,178,030	(516,133)
Transfers Out:						
Debt Service	(890,675)	(890,675)	(890,675)	-	(890,675)	-
Transit Operations	(5,693,440)	(5,208,274)	-	(4,610,971)	(4,610,971)	597,303
Capital and Planning	(485,889)	(485,889)	-	(485,889)	(485,889)	-
Change in Net Assets	(1,660,438)	(6,207,080)	(811,824)	1,094,947	283,123	6,490,203
Total Net Assets-Beginning	37,769,704	37,769,704	37,769,704	-	37,769,704	-
Total Net Assets-Ending	\$ 36,109,266	31,562,624	36,957,880	1,094,947	38,052,827	6,490,203

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 3,503,403
Payments to suppliers	(3,788,841)
Payments to employees	(9,100,264)
Payments for interfund services used	(31,767)
Net cash provided (used) by operating activities	(9,417,469)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(890,675)
Subsidy from federal and state grants	4,714,439
Sales Tax	5,881,063
Net cash provided (used) by noncapital and related financing activities	9,704,827

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants	168,988
Purchases of capital assets	(626,002)
Acquisition and construction of capital assets	(27,871)
Proceeds from sales of capital assets	1,784
Net cash provided (used) by capital and related financing activities	(483,101)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(147,616)
Interest and dividends received	311,348
Net cash provided (used) by investing activities	163,732

Net increase (decrease) in cash and cash equivalents	(32,011)
Cash and cash equivalents, October 1	31,128

Cash and cash equivalents, September 30	\$ (883)

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

(Continued)

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

\$ (11,006,777)

Operating income

Adjustments to reconcile operating
income to net cash provided (used)

by operating activities:

Depreciation expense

1,622,696

(Increase) decrease in accounts receivable

5,500

Increase in allowance for uncollectible accounts

3,992

(Increase) decrease in inventories

(48,662)

Increase (decrease) in accounts payable

(1,671)

Increase (decrease) in compensated absences payable

7,589

Increase (decrease) in accrued wages and employee benefits

(136)

Total adjustments

1,589,308

Net cash provided (used) by operating activities

\$ **(9,417,469)**

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

Disposition of assets

6,433

Increase (Decrease) in fair value of investments

11,050

This page intentionally left blank

CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Rental of Facilities	\$ 2,088,921	2,088,921	2,120,862	-	2,120,862	31,941
Toll Receipts	40,151,225	40,151,225	38,051,562	-	38,051,562	(2,099,663)
Miscellaneous	1,884	1,884	14,811	-	14,811	12,927
TOTAL OPERATING REVENUES	42,242,030	42,242,030	40,187,235	-	40,187,235	(2,054,795)
OPERATING EXPENSES:						
Laredo Bridge Operations:						
Personnel Services	2,346,419	2,346,419	2,059,506	(14,538)	2,044,968	301,451
Materials and Supplies	282,883	284,864	199,538	-	199,538	85,326
Contractual Services	22,227,695	22,214,335	20,929,846	-	20,929,846	1,284,489
Other	29,364	25,210	18,268	(10)	18,258	6,952
Total Laredo Bridge Operations	24,886,361	24,870,828	23,207,158	(14,548)	23,192,610	1,678,218
Bridge II Operations:						
Personnel Services	2,119,002	2,119,002	2,092,466	(16,979)	2,075,487	43,515
Materials and Supplies	235,530	212,780	160,449	-	160,449	52,331
Contractual Services	804,887	810,249	665,131	-	665,131	145,118
Total Bridge II Operations	3,159,419	3,142,031	2,918,046	(16,979)	2,901,067	240,964
Colombia Bridge Operations:						
Personnel Services	1,142,319	1,142,319	1,158,651	(14,161)	1,144,490	(2,171)
Materials and Supplies	45,473	39,473	28,113	-	28,113	11,360
Contractual Services	242,966	222,134	134,266	-	134,266	87,868
Total Colombia Bridge Operations	1,430,758	1,403,926	1,321,030	(14,161)	1,306,869	97,057
Fourth Bridge Operations:						
Personnel Services	2,293,530	2,293,530	2,163,671	(15,249)	2,148,422	145,108
Materials and Supplies	398,847	344,407	289,634	-	289,634	54,773
Contractual Services	351,998	414,364	388,917	-	388,917	25,447
Total Fourth Bridge Operations	3,044,375	3,052,301	2,842,222	(15,249)	2,826,973	225,328
Fifth Bridge:						
Contractual Services	530,274	530,274	157,229	-	157,229	373,045
Total Fifth Bridge	530,274	530,274	157,229	-	157,229	373,045
Total Operating Expenses Before Depreciation	33,051,187	32,999,360	30,445,685	(60,937)	30,384,748	2,614,612
Depreciation	-	-	3,322,593	(3,322,593)	-	-
TOTAL OPERATING EXPENSES	33,051,187	32,999,360	33,768,278	(3,383,530)	30,384,748	2,614,612
Operating Income (Loss)	\$ 9,190,843	9,242,670	6,418,957	3,383,530	9,802,487	559,817

(Continued)

(Continued)

CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

(Continued)

	<u>Budgeted Amount</u>				<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 180,000	180,000	259,386	-	259,386	79,386
Interest Earnings - Restricted	231,142	231,142	1,114,714	-	1,114,714	883,572
Net Increase (Decrease) in Fair Value of Investments	-	-	81,636	-	81,636	81,636
Discount Earnings	-	-	14	-	14	14
Gain/(Loss) On Sale of Assets	-	-	1,675	-	1,675	1,675
Refunding Gain	-	-	304,766	(304,766)	-	-
Interest Expense	(4,313,537)	(4,313,537)	(4,313,536)	-	(4,313,536)	1
Principal Paid Revenue Bonds	(3,940,134)	(3,940,134)	-	(3,940,134)	(3,940,134)	-
Fiscal Agent Fees	(3,500)	(3,500)	(5,662)	-	(5,662)	(2,162)
Bond Issuance Cost Amortized	-	-	(133,913)	133,913	-	-
Loss on Advance Refunding	-	-	(248,364)	248,364	-	-
Construction	(1,307,185)	(11,248,962)	(256,150)	(3,867,875)	(4,124,025)	7,124,937
Other	-	(165,000)	-	-	-	165,000
TOTAL NONOPERATING REVENUES (EXPENSES)	(9,153,214)	(19,259,991)	(3,195,434)	(7,730,498)	(10,925,932)	8,334,059
Income Before Contributions and Transfers	37,629	(10,017,321)	3,223,523	(4,346,968)	(1,123,445)	8,893,876
Transfers In:						
Bridge Operating Fund	7,021,024	6,714,239	-	6,463,285	6,463,285	(250,954)
General Fund	-	910,000	910,000	-	910,000	-
Bridge Bonds	-	306,785	-	306,785	306,785	-
Transfers Out:						
Capital Improvments Fund	(271,558)	(271,558)	(1,524,958)	-	(1,524,958)	(1,253,400)
Debt Service	(558,570)	(558,570)	(558,570)	-	(558,570)	-
Bridge Construction Projects	(924,995)	(1,431,733)	-	(1,431,733)	(1,431,733)	-
Bridge Debt Service	(6,096,029)	(5,282,506)	-	(5,338,337)	(5,338,337)	(55,831)
Change in Net Assets	(792,499)	(9,630,664)	2,049,995	(4,346,968)	(2,296,973)	7,333,691
Total Net Assets-Beginning	28,053,298	28,053,298	28,053,298	-	28,053,298	-
Total Net Assets-Ending	\$ 27,260,799	18,422,634	30,103,293	(4,346,968)	25,756,325	7,333,691

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 40,276,994
Payments to suppliers	(4,010,386)
Payments to employees	(7,402,826)
Payments for interfund services used	(20,424,153)
Net cash provided by operating activities	8,439,629

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(2,083,528)
Transfer from other funds	910,000
Net cash provided (used) by noncapital and related financing activities	(1,173,528)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(4,122,350)
Principal paid on capital debt	(3,945,796)
Interest paid on capital debt	(4,313,536)
Net cash provided (used) by capital and related financing activities	(12,381,682)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	3,742,958
Interest and dividends received	1,304,212
Net cash provided (used) by investing activities	5,047,170

Net increase (decrease) in cash and cash equivalents	(68,411)
Cash and cash equivalents, October 1	77,777
Cash and cash equivalents, September 30	\$ 9,366

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

(Continued)

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

Operating income	\$ 6,418,957
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,322,593
(Increase) decrease in accounts receivable	15,438
Increase (decrease) in allowance for uncollectible accounts	(16,680)
Increase in customer deposits	91,440
Increase (decrease) in accounts payable	(1,463,148)
Increase (decrease) in deferred revenues	(439)
Increase (decrease) in compensated absences payable	60,927
Increase (decrease) in accrued wages and employee benefits	10,541
Total adjustments	2,020,672

Net cash provided by operating activities	\$ 8,439,629

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

Gain on Refunding Issue	304,766
Bond issuance cost amortized	(133,913)
Increase (Decrease) in fair value of investments	81,636
Loss on Advance Refunding	(248,364)

CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Rental of Facilities	\$ 1,224,435	1,224,435	1,218,568	-	1,218,568	(5,867)
Charges for Services	89,874	89,874	80,541	-	80,541	(9,333)
Miscellaneous	15,288	15,288	35,032	-	35,032	19,744
TOTAL OPERATING REVENUES	1,329,597	1,329,597	1,334,141	-	1,334,141	4,544
OPERATING EXPENSES:						
Airport Housing:						
Personnel Services	421,812	423,312	405,184	(1,636)	403,548	19,764
Materials and Supplies	96,026	97,542	64,035	-	64,035	33,507
Contractual Services	369,683	385,592	371,742	-	371,742	13,850
Other	29,400	29,400	47,664	(18,264)	29,400	-
Total Airport Housing	916,921	935,846	888,625	(19,900)	868,725	67,121
West Laredo Housing:						
Personnel Services	91,266	93,266	90,412	(880)	89,532	3,734
Materials and Supplies	59,414	35,136	20,802	-	20,802	14,334
Contractual Services	99,550	102,903	93,155	-	93,155	9,748
Other	12,600	12,600	12,600	-	12,600	-
Total West Laredo Housing	262,830	243,905	216,969	(880)	216,089	27,816
Total Operating Expenses Before Depreciation	1,179,751	1,179,751	1,105,594	(20,780)	1,084,814	94,937
Depreciation Expense	-	-	114,120	(114,120)	-	-
TOTAL OPERATING EXPENSES	1,179,751	1,179,751	1,219,714	(134,900)	1,084,814	94,937
Operating Income (Loss)	149,846	149,846	114,427	134,900	249,327	99,481
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	46,000	46,000	31,905	-	31,905	(14,095)
Net Increase (Decrease) in Fair Value of Investments	-	-	4,588	-	4,588	4,588
Gain on Sale of Assets	-	-	2,225	-	2,225	2,225
TOTAL NONOPERATING REVENUES (EXPENSES)	46,000	46,000	38,718	-	38,718	(7,282)
Change in Net Assets	195,846	195,846	153,145	134,900	288,045	92,199
Total Net Assets-Beginning	1,601,887	1,601,887	1,601,887	-	1,601,887	-
Total Net Assets-Ending	\$ 1,797,733	1,797,733	1,755,032	134,900	1,889,932	92,199

This page intentionally left blank

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,337,523
Payments to suppliers	(339,411)
Payments to employees	(492,740)
Payments for interfund services used	(256,046)
Net cash provided by operating activities	249,326

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

Proceeds from sales of capital assets	2,225
Net cash provided (used) by capital and related financing activities	2,225

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(281,028)
Interest and dividends received	26,456
Net cash provided (used) by investing activities	(254,572)

Net increase (decrease) in cash and cash equivalents (3,021)
Cash and cash equivalents, October 1 2,299

Cash and cash equivalents, September 30

\$ (722)
(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

(Continued)

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

Operating income	\$ 114,427
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	114,120
(Increase) decrease in accounts receivable	(13,692)
Increase in allowance for uncollectible accounts	17,206
Increase in customer deposits	2,100
Increase (decrease) in accounts payable	14,541
Increase (decrease) in deferred revenues	(2,232)
Increase (decrease) in compensated absences payable	2,515
Increase (decrease) in accrued wages and employee benefits	341
Total adjustments	134,899
Net cash provided by operating activities	\$ 249,326

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

Increase (Decrease) in fair value of investments	4,588

CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Charges for Services	\$ 26,829,475	27,050,765	24,977,835	-	24,977,835	(2,072,930)
Rental of Facilities and Equipment	40,128	40,128	40,128	-	40,128	-
Miscellaneous	174,027	275,097	463,192	-	463,192	188,095
TOTAL OPERATING REVENUES	27,043,630	27,365,990	25,481,155	-	25,481,155	(1,884,835)
OPERATING EXPENSES:						
General and Administrative:						
Personnel Services	840,356	828,156	798,013	(20,981)	777,032	51,124
Materials and Supplies	46,961	44,640	41,807	-	41,807	2,833
Contractual Services	1,237,022	1,180,896	1,119,849	-	1,119,849	61,047
Other	158,764	29,002	116,957	(112,712)	4,245	24,757
Capital Outlay	-	-	-	28,938	28,938	(28,938)
Total General and Administrative	2,283,103	2,082,694	2,076,826	(104,755)	1,971,871	110,823
Utility Engineering:						
Personnel Services	815,177	815,182	684,591	(2,543)	682,048	133,134
Materials and Supplies	41,352	37,458	31,519	-	31,519	5,939
Contractual Services	36,982	43,073	36,331	-	36,331	6,742
Capital Outlay	-	28,498	-	11,354	11,354	17,144
Total Utility Engineering	893,511	924,211	752,441	8,811	761,252	162,959
Utility Billing:						
Personnel Services	1,526,061	1,526,061	1,462,954	(17,748)	1,445,206	80,855
Materials and Supplies	358,426	326,316	330,904	-	330,904	(4,588)
Contractual Services	466,678	624,989	574,927	-	574,927	50,062
Capital Outlay	-	118,573	-	71,607	71,607	46,966
Total Utility Billing	2,351,165	2,595,939	2,368,785	53,859	2,422,644	173,295
Asset Management:						
Personnel Services	246,539	261,872	259,277	946	260,223	1,649
Materials and Supplies	5,247	3,864	3,740	-	3,740	124
Contractual Services	11,220	7,545	7,431	-	7,431	114
Total Asset Management	263,006	273,281	270,448	946	271,394	1,887
Water Treatment:						
Personnel Services	1,337,182	1,355,058	1,350,342	-	1,350,342	4,716
Materials and Supplies	1,073,409	1,110,391	1,003,110	-	1,003,110	107,281
Contractual Services	3,588,979	3,865,549	3,603,228	-	3,603,228	262,321
Capital Outlay	-	227,151	-	178,247	178,247	48,904
Total Water Treatment	5,999,570	6,558,149	5,956,680	-	5,956,680	374,318
Transmission and Distribution:						
Personnel Services	1,810,895	1,808,824	1,519,413	-	1,519,413	289,411
Materials and Supplies	640,782	844,909	735,312	-	735,312	109,597
Contractual Services	1,087,440	957,844	878,026	-	878,026	79,818
Other	-	12,000	11,750	-	11,750	250
Capital Outlay	133,392	893,402	-	892,902	892,902	500
Total Transmission and Distribution	\$ 3,539,117	4,516,979	3,144,501	892,902	3,132,751	478,826

(Continued)

(Continued)

CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

(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	\$ 382,157	382,156	366,582	(952)	365,630	16,526
Materials and Supplies	35,353	38,258	26,047	-	26,047	12,211
Contractual Services	155,818	152,914	136,170	-	136,170	16,744
Total Water Pollution Control	573,328	573,328	528,799	(952)	527,847	45,481
Total Operating Expenses Before Depreciation	15,902,800	17,524,581	15,098,280	850,811	15,044,439	2,480,142
Depreciation Expense	-	-	5,541,755	(5,541,755)	-	-
TOTAL OPERATING EXPENSES	15,902,800	17,524,581	20,640,035	(4,690,944)	15,044,439	2,480,142
Operating Income (Loss)	11,140,830	9,841,409	4,841,120	4,690,944	10,436,716	595,307
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	533,500	533,500	838,339	-	838,339	304,839
Interest Earnings Restricted	656,800	705,155	1,720,830	-	1,720,830	1,015,675
Net Increase (Decrease) in Fair Value of Investments	-	-	162,543	-	162,543	162,543
Discount Earnings	-	-	995	-	995	995
Miscellaneous	-	-	13,570	-	13,570	13,570
Bond Issues	-	8,475,000	-	8,475,000	8,475,000	-
Interest Expense	(1,029,413)	(1,029,413)	(986,146)	(43,267)	(1,029,413)	-
Principal Paid Revenue Bond / Capital Leases	(1,558,000)	(1,558,000)	-	(1,558,000)	(1,558,000)	-
Fiscal Agent Fees	(4,000)	(4,000)	(1,000)	-	(1,000)	3,000
Bond Issuance Cost Amortized	-	-	(45,478)	(183,389)	(228,867)	(228,867)
Loss on Advance Funding	-	-	(39,721)	39,721	-	-
Water Availability	(8,335,974)	(13,635,974)	(244,002)	(1,751,685)	(1,995,687)	11,640,287
Construction	(30,674,680)	(38,754,202)	(257,284)	(5,413,292)	(5,670,576)	33,083,626
TOTAL NONOPERATING REVENUES (EXPENSES)	(40,411,767)	(45,267,934)	1,162,646	(434,912)	727,734	45,995,668
Income Before Contributions and Transfers	(29,270,937)	(35,426,525)	6,003,766	4,256,032	11,164,450	46,590,975
Capital Contributions:						
State Capital Grant	-	-	84,105	-	84,105	84,105
Contributions - Waterrights	2,189,182	2,189,182	2,051,815	-	2,051,815	(137,367)
Contributions - Rain Enhancement	23,000	23,000	3,507	-	3,507	(19,493)
Contributions - Developers	-	-	3,409,743	(3,409,743)	-	-
Transfer In:						
Waterworks System	3,692,182	3,692,182	-	3,936,101	3,936,101	243,919
Debt Service Fund	-	1,167,200	924,091	-	924,091	(243,109)
Transfers Out:						
Colonias Fund	-	(101,070)	(95,131)	-	(95,131)	5,939
Debt Service Fund	(3,642,255)	(3,642,255)	(3,642,255)	-	(3,642,255)	-
Water Construction Fund	(867,750)	(867,750)	-	(846,888)	(846,888)	20,862
Water Bond	-	(443,833)	-	(443,833)	(443,833)	-
Water Debt Service	(2,824,432)	(2,824,433)	-	(2,645,380)	(2,645,380)	179,053
Change in Net Assets	(30,701,010)	(36,234,302)	8,739,641	846,289	10,490,582	46,724,884
Total Net Assets-Beginning	111,373,040	111,373,040	111,373,040	-	111,373,040	-
Total Net Assets-Ending	\$ 80,672,030	75,138,738	120,112,681	846,289	121,863,622	46,724,884

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 23,450,610
Receipts from interfund services provided	2,561,003
Payments to suppliers	(6,182,535)
Payments to employees	(6,368,057)
Payments for interfund services used	(1,770,479)
Net cash provided by operating activities	11,690,542

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(3,737,386)
Transfer from other funds	924,091
Subsidiary from federal and state grants	78,413
Net cash provided (used) by noncapital and related financing activities	(2,734,882)

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

Proceeds from capital debt	8,246,133
Capital contributions	2,055,322
Purchases of capital assets	(1,183,048)
Acquisition and construction of capital assets	(7,652,694)
Principal paid on capital debt	(1,558,000)
Interest paid on capital debt	(1,030,413)
Net cash provided (used) by capital and related financing activities	(1,122,700)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(10,360,699)
Interest and dividends received	2,335,579
Issuance of Notes Receivable	(7,264)
Net cash provided (used) by investing activities	(8,032,384)

Net increase (decrease) in cash and cash equivalents	(199,424)
Cash and cash equivalents, October 1	164,880
Cash and cash equivalents, September 30	\$ (34,544)

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

(Continued)

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

Operating income	\$ 4,841,120
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	5,541,755
(Increase) decrease in accounts receivable	709,680
Increase (decrease) in allowance for uncollectible accounts	(285,970)
(Increase) decrease in inventories	(183,452)
Increase (decrease) in customer deposits	239,348
Increase (decrease) in accounts payable	887,546
Increase (decrease) in deferred revenues	(132,600)
Increase (decrease) in compensated absences payable	61,284
Increase (decrease) in accrued wages and employee benefits	11,831
Total adjustments	6,849,422
Net cash provided by operating activities	\$ 11,690,542

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

Bond issuance cost amortized	183,389
Contributions of capital assets from developers	3,409,743
Increase (Decrease) in fair value of investments	162,543
Increase (Decrease) in Accrued Interest Payable	43,267
Loss on Advance Refunds	(39,721)

CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Charges for Services	\$ 13,854,878	13,854,878	13,055,433	-	13,055,433	(799,445)
Miscellaneous	300,000	476,287	587,121	-	587,121	110,834
TOTAL OPERATING REVENUES	14,154,878	14,331,165	13,642,554	-	13,642,554	(688,611)
OPERATING EXPENSES:						
Administrative:						
Contractual Services	2,990,918	2,985,024	2,853,920	-	2,853,920	131,104
Other	-	5,240	18,679	(12,283)	6,396	(1,156)
Total Administrative	2,990,918	2,990,264	2,872,599	(12,283)	2,860,316	129,948
Wastewater Treatment:						
Personnel Services	2,030,898	1,400,240	1,379,163	(14,526)	1,364,637	35,603
Materials and Supplies	696,443	648,546	517,879	-	517,879	130,667
Contractual Services	2,120,132	2,331,229	2,236,820	-	2,236,820	94,409
Capital Outlay	-	121,785	-	115,904	115,904	5,881
Total Wastewater Treatment	4,847,473	4,501,800	4,133,862	101,378	4,235,240	266,560
Wastewater Collection:						
Personnel Services	564,073	1,159,640	1,150,589	(23,396)	1,127,193	32,447
Materials and Supplies	449,665	394,942	375,724	-	375,724	19,218
Contractual Services	1,000,257	1,052,823	929,119	-	929,119	123,704
Other	-	31,300	71,300	-	71,300	(40,000)
Capital Outlay	-	212,617	-	133,571	133,571	79,046
Total Wastewater Collection	2,013,995	2,851,322	2,526,732	110,175	2,636,907	214,415
Total Operating Expenses Before Depreciation	9,852,386	10,343,386	9,533,193	199,270	9,732,463	610,923
Depreciation Expense	-	-	4,047,527	(4,047,527)	-	-
TOTAL OPERATING EXPENSES	9,852,386	10,343,386	13,580,720	(3,848,257)	9,732,463	610,923
Operating Income (Loss)	\$ 4,302,492	3,987,779	61,834	3,848,257	3,910,091	(77,688)

(Continued)

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007**

(Continued)

	<u>Budgeted Amount</u>				<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 416,000	416,000	421,871	-	421,871	5,871
Interest Earnings Restricted	503,909	556,375	1,001,042	-	1,001,042	444,667
Net Increase (Decrease) in Fair Value of Investments	-	-	82,369	-	82,369	82,369
Discounts	-	-	2,694	-	2,694	2,694
Bond Issues	-	9,195,000	-	9,195,000	9,195,000	-
Miscellaneous	-	-	6,876	-	6,876	6,876
Interest Expense	(616,372)	(616,372)	(629,571)	13,199	(616,372)	-
Principal Paid Revenue Bond / Capital Leases	(951,000)	(951,000)	-	(951,000)	(951,000)	-
Fiscal Agent Fees	(3,000)	(3,000)	(4,000)	-	(4,000)	(1,000)
Bond Issuance Cost Amortized	-	-	(15,089)	(233,872)	(248,961)	(248,961)
Construction	<u>(28,139,625)</u>	<u>(36,986,862)</u>	<u>(22,617)</u>	<u>(1,771,018)</u>	<u>(1,793,635)</u>	<u>35,193,227</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(28,790,088)</u>	<u>(28,389,859)</u>	<u>843,575</u>	<u>6,252,309</u>	<u>7,095,884</u>	<u>35,485,743</u>
 Income Before Contributions and Transfers	 (24,487,596)	 (24,402,080)	 905,409	 10,100,566	 11,005,975	 35,408,055
Capital Contributions:						
State Capital Grant	-	81,310	18,721	-	18,721	(62,589)
Contributions - Developers & Others	-	-	3,664,574	(3,664,574)	-	-
Transfers In:						
Sewer Operating Fund	2,363,276	2,363,276	-	2,898,050	2,898,050	534,774
Debt Service Fund	-	491,000	285,647	-	285,647	(205,353)
Transfers Outs:						
Colonias Fund	-	(176,287)	(43,376)	-	(43,376)	132,911
Debt Service Fund	(2,946,900)	(2,946,900)	(2,946,900)	-	(2,946,900)	-
Sewer Debt Service	(1,524,646)	(1,524,646)	-	(1,644,352)	(1,644,352)	(119,706)
Sewer Construction Fund	(838,630)	(838,630)	-	(772,159)	(772,159)	66,471
Sewer Bond Funds	<u>-</u>	<u>(481,539)</u>	<u>-</u>	<u>(481,539)</u>	<u>(481,539)</u>	<u>-</u>
 Change in Net Assets	 (27,434,496)	 (27,434,496)	 1,884,075	 6,435,992	 8,320,067	 35,754,563
Total Net Assets-Beginning	<u>94,989,327</u>	<u>94,989,327</u>	<u>94,989,327</u>	<u>-</u>	<u>94,989,327</u>	<u>-</u>
Total Net Assets-Ending	\$ <u>67,554,831</u>	<u>67,554,831</u>	<u>96,873,402</u>	<u>6,435,992</u>	<u>103,309,394</u>	<u>35,754,563</u>

CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 13,360,892
Receipts from interfund services provided	322,674
Payments to suppliers	(3,416,176)
Payments to employees	(2,480,534)
Payments for interfund services used	(3,361,227)
Net cash provided by operating activities	4,425,629

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	285,647
Transfer to other funds	(2,990,276)
Net cash provided (used) by noncapital and related financing activities	(2,704,629)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants	143,694
Proceeds from capital debt	8,946,039
Purchases of capital assets	(249,475)
Acquisition and construction of capital assets	(1,786,757)
Principal paid on capital debt	(951,000)
Interest paid on capital debt	(620,372)
Net cash provided (used) by capital and related financing activities	5,482,129

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(8,690,784)
Interest and dividends received	1,334,770
Issuance of Notes Receivable	54,819
Net cash provided (used) by investing activities	(7,301,195)

Net increase (decrease) in cash and cash equivalents	(98,066)
Cash and cash equivalents, October 1	81,811

Cash and cash equivalents, September 30	\$ (16,255)

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

(Continued)

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

Operating income	\$ 61,834
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	4,047,527
(Increase) decrease in accounts receivable	489,947
Increase (decrease) in allowance for uncollectible accounts	(394,117)
(Increase) decrease in inventories	15,805
Increase (decrease) in accounts payable	210,233
Increase (decrease) in deferred revenues	(54,818)
Increase (decrease) in compensated absences payable	40,921
Increase (decrease) in accrued wages and employee benefits	8,297
Total adjustments	4,363,795
Net cash provided by operating activities	\$ 4,425,629

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

Contributions of capital assets from developers & others	3,664,574
Bond issuance cost amortized	15,089
Increase (Decrease) in fair value of investments	82,369
Increase (Decrease) in Accrued Interest Payable	13,200

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
OPERATING REVENUES:						
Charges for Services	\$ 16,026,613	16,026,613	15,906,128	-	15,906,128	(120,485)
Rental of Facilities	5,400	5,400	-	-	-	(5,400)
Miscellaneous	540	540	30,378	-	30,378	29,838
TOTAL OPERATING REVENUES	16,032,553	16,032,553	15,936,506	-	15,936,506	(96,047)
OPERATING EXPENSES:						
Administration:						
Personnel Services	346,715	346,715	313,470	12,815	326,285	20,430
Materials and Supplies	23,109	23,109	14,807	-	14,807	8,302
Contractual Services	73,671	78,109	63,407	-	63,407	14,702
Other	-	-	3,587	-	3,587	(3,587)
Total Administration	443,495	447,933	395,271	12,815	408,086	39,847
Recycling:						
Personnel Services	782,668	823,956	812,111	(38,201)	773,910	50,046
Materials and Supplies	222,573	215,542	182,208	-	182,208	33,334
Contractual Services	475,240	571,840	544,018	-	544,018	27,822
Capital Outlay	165,000	189,731	-	170,531	170,531	19,200
Total Recycling	1,645,481	1,801,069	1,538,337	132,330	1,670,667	130,402
STDC-Solid Waste Management						
Contractual Services	-	23,605	23,605	-	23,605	-
Capital Outlay	-	22,995	-	22,995	22,995	-
Total Recycling	-	46,600	23,605	22,995	46,600	-
Creek Cleaning						
Personnel Services	1,003,412	829,474	698,172	(9,786)	688,386	141,088
Materials and Supplies	137,363	137,363	126,066	-	126,066	11,297
Contractual Services	189,197	209,162	199,806	-	199,806	9,356
Capital Outlay	821,831	821,831	-	750,525	750,525	71,306
Total Creek Cleaning	2,151,803	1,997,830	1,024,044	740,739	1,764,783	233,047
Sanitation						
Personnel Services	3,416,401	3,548,548	3,489,898	(2,041)	3,487,857	60,691
Materials and Supplies	914,199	872,958	732,802	-	732,802	140,156
Contractual Services	976,564	982,330	843,776	-	843,776	138,554
Other	-	-	13,146	-	13,146	(13,146)
Capital Outlay	82,000	129,944	-	56,268	56,268	73,676
Total Sanitation	5,389,164	5,533,780	5,079,622	54,227	5,133,849	399,931
Landfill:						
Personnel Services	867,056	867,559	728,359	(503)	727,856	139,703
Materials and Supplies	610,900	918,617	395,012	-	395,012	523,605
Contractual Services	3,252,620	3,484,387	2,520,019	-	2,520,019	964,368
Other	2,390,362	591,725	1,053,688	(1,049,355)	4,333	587,392
Capital Outlay	876,305	3,592,780	-	1,086,709	1,086,709	2,506,071
Total Landfill	7,997,243	9,455,068	4,697,078	36,851	4,733,929	4,721,139
Total Operating Expenses Before Depreciation	17,627,186	19,282,280	12,757,957	999,957	13,757,914	5,524,366
Depreciation Expense	-	-	2,101,798	(2,101,798)	-	-
TOTAL OPERATING EXPENSES	17,627,186	19,282,280	14,859,755	(1,101,841)	13,757,914	5,524,366
Operating Income (Loss)	\$ (1,594,633)	(3,249,727)	1,076,751	1,101,841	2,178,592	5,428,319
						(Continued)

(Continued)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 368,000	368,000	346,074	-	346,074	(21,926)
Interest Earnings-Restricted	-	-	325,844	-	325,844	325,844
Net Increase (Decrease) in Fair Value of Investments	-	-	34,834	-	34,834	34,834
Discount Earnings	-	-	2,587	-	2,587	2,587
Gain From Sale of Assets	547,500	547,500	134,507	(88,113)	46,394	(501,106)
State Grant	-	46,059	46,059	-	46,059	-
Construction	(6,195,673)	(13,656,259)	(140,819)	(293,972)	(434,791)	13,221,468
TOTAL NONOPERATING REVENUES (EXPENSES)	(5,280,173)	(12,694,700)	749,086	(382,085)	367,001	13,081,701
Income Before Contributions and Transfers	(6,874,806)	(15,944,427)	1,825,837	719,756	2,545,593	18,490,020
Transfers In:						
Solid Waste Fund	-	-	-	179	179	179
Health And Benefits Fund	310,000	310,000	-	-	-	(310,000)
2007 C.O. Bond	-	7,460,586	-	-	-	(7,460,586)
Transfers Out:						
Debt Service Fund	(2,069,826)	(2,069,826)	(2,069,826)	-	(2,069,826)	-
Solid Waste Fund	-	(2,814,720)	-	(179)	(179)	2,814,541
Change in Net Assets	(8,634,632)	(13,058,387)	(243,989)	719,756	475,767	13,534,154
Total Net Assets-Beginning	19,460,904	19,460,904	19,460,904	-	19,460,904	-
Total Net Assets-Ending	\$ 10,826,272	6,402,517	19,216,915	719,756	19,936,671	13,534,154

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 16,020,108
Receipts from interfund services provided	167,056
Payments to suppliers	(4,792,219)
Payments to employees	(5,992,737)
Payments for interfund services used	(1,521,434)
Net cash provided by operating activities	3,880,774

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(2,069,826)
Net cash provided (used) by noncapital and related financing activities	(2,069,826)

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

Subsidy from federal and state grants	(86,609)
Purchases of capital assets	(2,087,028)
Acquisition and construction of capital assets	(434,791)
Proceeds from sales of capital assets	46,394
Net cash provided (used) by capital and related financing activities	(2,562,034)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	91,339
Interest and dividends received	626,744
Net cash provided (used) by investing activities	718,083
Net increase (decrease) in cash and cash equivalents	(33,003)
Cash and cash equivalents, October 1	27,375
Cash and cash equivalents, September 30	\$ (5,628)

(Continued)

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

(Continued)

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

Operating income	\$ 1,076,751
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	2,101,798
(Increase) decrease in landfill closure and post closure costs	1,049,355
(Increase) decrease in accounts receivable	500,683
Increase (decrease) in allowance for uncollectible accounts	(288,213)
(Increase) decrease in inventories	411
Increase (decrease) in accounts payable	(647,472)
Increase (decrease) in deferred revenues	38,188
Increase (decrease) in compensated absences payable	37,717
Increase (decrease) in accrued wages and employee benefits	11,556

Total adjustments

2,804,023

Net cash provided by operating activities

\$ 3,880,774

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

Current closure and post closure costs	1,049,355
Loss on sale of equipment	(88,113)
Increase (Decrease) in fair value of investments	34,834

CITY OF LAREDO, TEXAS
LAREDO WATER CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year ended September 30, 2007

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

**CITY OF LAREDO, TEXAS
LAREDO WATER CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2007**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

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

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

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

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

This page intentionally left blank

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:

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

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

**CITY OF LAREDO, TEXAS
STATEMENT OF NET ASSETS
AGENCY FUNDS
SEPTEMBER 30, 2007**

	PAYROLL CLEARING FUND	POLICE HEALTH & BENEFIT FUND	TOTAL AGENCY FUNDS
ASSETS			
Cash	\$ (2,252)	-	(2,252)
Accrued Interest Receivable	24,999	-	24,999
Investments, at Fair Market Value	2,194,191	-	2,194,191
Accounts Receivable	3,725	300	4,025
TOTAL ASSETS	2,220,663	300	2,220,963
LIABILITIES			
Accounts Payable	1,308,712	-	1,308,712
Accrued Wages and Employee Benefits	911,951	-	911,951
Due To Other Funds	-	300	300
TOTAL LIABILITIES	2,220,663	300	2,220,963
NET ASSETS			
Held In Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ -	-	-

This page intentionally left blank

CITY OF LAREDO, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended September 30, 2007

PAYROLL CLEARING 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	\$ -	-	2,252	(2,252)
Equity in Investment Pool	12,997	76,219,771	76,232,768	-
Accrued Interest Receivable	15,728	24,999	15,728	24,999
Investments, at Fair Market Value	2,573,565	2,194,191	2,573,565	2,194,191
Accounts Receivable	2,485	9,870	8,630	3,725
TOTAL ASSETS	<u>2,604,775</u>	<u>78,448,831</u>	<u>78,832,943</u>	<u>2,220,663</u>
LIABILITIES				
Accounts Payable	2,397,829	57,108,194	58,197,311	1,308,712
Accrued Wages and Employee Benefits	206,946	35,040,374	34,335,369	911,951
TOTAL LIABILITIES	<u>\$ 2,604,775</u>	<u>92,148,568</u>	<u>92,532,680</u>	<u>2,220,663</u>

POLICE HEALTH AND BENEFIT FUND

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

(Continued)

CITY OF LAREDO, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended September 30, 2007

(Continued)

TOTALS-ALL AGENCY FUNDS

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ -	-	2,252	(2,252)
Equity in Investment Pool	12,997	76,219,771	76,232,768	-
Accrued Interest Receivable	15,728	24,999	15,728	24,999
Accounts Receivable	37,200	9,870	43,045	4,025
Investments, at Fair Market Value	<u>2,573,565</u>	<u>2,194,191</u>	<u>2,573,565</u>	<u>2,194,191</u>
TOTAL ASSETS	<u><u>2,639,490</u></u>	<u><u>78,448,831</u></u>	<u><u>78,867,358</u></u>	<u><u>2,220,963</u></u>
LIABILITIES				
Accounts Payable	2,397,829	57,108,194	58,197,311	1,308,712
Accrued Wages and Benefits	206,946	35,040,374	34,335,369	911,951
Due To Other Funds	<u>34,715</u>	<u>-</u>	<u>34,415</u>	<u>300</u>
TOTAL LIABILITIES	<u><u>\$ 2,639,490</u></u>	<u><u>92,148,568</u></u>	<u><u>92,567,095</u></u>	<u><u>2,220,963</u></u>

This page intentionally left blank

STATISTICAL SECTION

**CITY OF LAREDO, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2007**

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.

<u>Table</u>	<u>Name of Table</u>	<u>Page</u>
Financial Trends		
	<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
1	Net Assets By Component	210
2	Changes in Net Assets	211
3	Changes in Fund Balance, Governmental Funds	213
4	Fund Balance, Governmental Funds	214
5	General Governmental Tax Revenues by Source	215
Revenue Capacity		
	<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
6	Property Tax Levies and Collections	216
7	Assessed and Estimated Actual Value of Taxable Property	217
8	Property Tax Rates - Direct and Overlapping Governments	218
9	Special Assessments Billings and Collections	219
Debt Capacity		
	<i>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.</i>	
10	Computation of Legal Debt Margin	220
11	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	221
12	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures	222
13	Computation of Direct and Overlapping Debt	223
14	Revenue Bond Coverage - Bridge, Water, Sewer System, and Sports Venue	
15	Ratios of Outstanding Debt by Type	226
Demographic and Economic Information		
	<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
16	Demographics Statistics	227
17	Property Value, Construction and Bank Deposits	230
18	Principal Taxpayers	231
19	Principal Employers	232
20	Principal Water Consumers	233
Operating Information		
	<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report.</i>	
21	Miscellaneous Statistics	234
22	Insurance in Force	246
23	Full-Time Equivalent City Government Employees by Function	247
24	Operating Indicators by Function	248
25	Capital Assets by Function	249

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

CITY OF LAREDO, TEXAS

TABLE 1

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

NOTES:

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

SOURCE:

City of Laredo, Texas

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
General Government	\$ 15,557,179	\$ 16,693,444	\$ 32,457,409	\$ 16,356,901	\$ 17,637,852	\$ 18,314,193
Public Safety	58,387,980	61,576,788	73,213,859	76,682,946	81,993,355	86,550,055
Public Works	36,409,755	7,018,369	18,914,550	27,601,104	22,544,287	22,524,297
Health and Welfare	14,783,388	15,095,426	16,146,114	16,076,928	15,734,517	17,053,474
Culture and Recreation	12,244,217	12,631,869	14,283,487	19,304,006	14,770,220	14,838,677
Air Transportation	5,135,446	4,399,578	7,476,744	6,827,442	6,487,313	7,157,616
Interest on Long Term Debt	10,116,381	10,021,002	9,583,425	12,003,612	9,337,731	9,809,368
Total Governmental Activities Expenses	152,634,346	127,436,476	172,075,588	174,852,939	168,505,275	176,247,680
Business-Type Activities						
Bridge System	30,677,776	32,848,606	33,328,290	34,643,592	38,315,376	38,421,137
Solid Waste Management System	9,402,560	11,215,440	12,620,242	14,685,053	13,559,190	15,000,574
Water System	15,645,483	14,878,004	15,729,159	16,888,416	20,607,390	22,213,666
Sewer System	10,158,939	11,285,160	10,840,161	10,903,372	12,733,207	14,251,997
Other Business-Type Activities	12,699,704	13,157,048	14,304,763	15,428,595	15,077,621	15,744,459
Total Business-Type Activities Expenses	78,584,462	83,384,258	86,822,615	92,549,028	100,292,784	105,631,833
Total Primary Government Expenses	231,218,808	210,820,734	258,898,203	267,401,967	268,798,059	281,879,513
Program Revenues						
Governmental Activities:						
Charges for Services						
General Government	\$ 26,402,564	\$ 27,747,717	\$ 29,034,241	\$ 30,349,336	\$ 34,295,011	\$ 32,910,354
Public Safety	5,625,697	5,121,972	7,207,564	5,786,216	6,638,370	8,172,180
Public Works	1,677,516	3,030,954	1,011,853	1,429,722	2,535,760	5,465,043
Health and Welfare	5,875,532	5,977,562	5,029,827	9,739,625	8,564,712	9,392,593
Culture and Recreation	965,379	1,341,474	1,445,751	1,245,478	1,784,371	1,775,372
Air Transportation	3,530,883	4,261,466	3,741,185	3,851,003	4,066,353	4,838,526
Operating Grants and Contributions	9,960,418	13,576,179	13,072,709	14,751,179	11,946,958	12,987,606
Capital Grants and Contributions	7,013,550	29,903,003	13,094,915	14,271,496	16,859,762	18,236,216
Total Governmental Activities Program Revenues	61,051,539	90,960,327	73,638,045	81,424,055	86,691,297	93,777,890
Business-Type Activities:						
Charges for Services						
Bridge System	34,408,912	34,836,756	35,574,197	39,308,141	42,757,164	41,642,985
Solid Waste Management System	13,009,371	13,894,945	14,531,305	15,000,859	15,802,217	16,645,845
Water System	16,773,484	15,429,092	15,902,648	18,736,507	25,215,914	28,217,432
Sewer System	13,158,360	12,969,437	13,296,851	14,409,247	15,606,262	15,157,406
Other Business-Type Activities	4,461,353	4,031,725	4,414,719	4,768,926	5,382,835	5,760,012
Operating Grants and Contributions	12,153,814	13,296,318	12,514,706	7,244,365	4,564,435	4,732,614
Capital Grants and Contributions	1,710,991	1,344,286	13,011,433	7,463,200	13,062,195	9,447,512
Total Business-Type Activities Program Revenues	95,676,285	95,802,559	109,245,859	106,931,245	122,391,022	121,603,806
Total Primary Government Program Revenues	156,727,824	186,762,886	182,883,904	188,355,300	209,082,319	215,381,696
Net (Expense)/Revenue						
Governmental Activities	\$ (91,582,807)	\$ (36,476,149)	\$ (98,437,543)	\$ (93,428,884)	\$ (81,813,978)	\$ (82,469,790)
Business-Type Activities	17,091,823	12,418,301	22,423,244	14,382,217	22,098,238	15,971,973
Total Primary Government Net Expense	\$ (74,490,984)	\$ (24,057,848)	\$ (76,014,299)	\$ (79,046,667)	\$ (59,715,740)	\$ (66,497,817)

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

CITY OF LAREDO, TEXAS

TABLE 2
Continued

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes						
Property Taxes	\$ 30,707,246	\$ 36,551,380	\$ 41,518,421	\$ 45,019,642	\$ 49,472,071	\$ 55,844,667
Sales Tax	21,384,306	22,807,995	24,553,316	26,628,764	30,151,183	31,476,528
Franchise Taxes	6,562,834	5,580,351	5,726,701	6,197,623	6,595,084	6,528,053
Hotel Motel Tax	2,643,862	2,965,282	2,849,026	2,718,679	3,054,454	3,392,027
Alcoholic Beverage Taxes	216,212	233,288	266,345	279,198	318,415	341,440
Grants and Contributions Not Restricted to Specific Programs	4,546,517	4,602,769	5,027,736	4,497,007	5,235,856	4,095,598
Investment Earnings	1,874,481	1,147,142	800,882	5,489,823	3,324,727	3,866,276
Gain on Sale of Capital Assets	63,430	3,340,946	4,444,005	755,759	54,052	344,958
Transfers	7,272,667	14,694,355	11,253,312	17,978,754	15,406,004	9,651,953
Total Governmental Activities	75,271,555	91,923,508	96,439,744	109,565,249	113,611,846	115,541,500
Business-Type Activities:						
Sales Tax	4,092,648	4,331,368	4,690,014	5,026,869	5,658,730	5,881,063
Investment Earnings	-	-	-	-	53,537	0
Gain/(Loss) on Sale of Capital Assets	256,064	430,777	(103,221)	12,500	143,756	133,758
Transfers	(7,272,667)	(14,694,355)	(11,253,312)	(17,978,754)	(15,406,004)	(9,651,953)
Total Business-Type Activities	(2,923,955)	(9,932,210)	(6,666,519)	(12,939,385)	(9,549,981)	(3,637,132)
Total Primary Government	\$ 72,347,600	\$ 81,991,298	\$ 89,773,225	\$ 96,625,864	\$ 104,061,865	\$ 111,904,368
Change in Net Assets						
Governmental Activities	\$ (16,311,252)	\$ 55,447,359	\$ (1,997,799)	\$ 16,136,365	\$ 31,797,868	\$ 33,071,710
Business-Type Activities	14,167,868	2,486,091	15,756,725	1,442,832	12,548,257	12,334,841
Total Primary Government	\$ (2,143,384)	\$ 57,933,450	\$ 13,758,926	\$ 17,579,197	\$ 44,346,125	\$ 45,406,551

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 3

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

NOTES:

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

SOURCE:

City of Laredo, Texas

FUND BALANCE, GOVERNMENTAL FUNDS

LAST SIX YEARS (1)

(Modified Accrual Basis of Accounting)

CITY OF LAREDO, TEXAS

TABLE 4

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

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 5

FISCAL PERIODS	AD VALOREM TAXES (1)	SALES TAX	BEVERAGE TAX	BINGO TAX	OCCUPANCY TAX	FRANCHISE TAX	TOTAL
1998	\$ 20,560,595	\$ 12,863,422	\$ 117,128	\$ 48,470	\$ 2,128,085	\$ 5,067,426	40,785,126
1999	21,821,366	13,665,869	135,552	47,892	2,228,873	6,522,613	44,422,165
2000	24,545,937	15,230,665	157,698	48,492	2,369,286	5,805,626	48,157,704
2001	26,605,213	18,461,783	176,675	48,011	2,934,480	7,046,343	55,272,505
2002	30,147,195	21,447,813	215,022	48,056	2,672,236	6,542,640	61,072,962
2003	35,876,444	22,547,235	231,114	48,058	2,692,876	5,539,242	66,934,969
2004	40,705,401	24,111,061	260,277	49,852	3,298,899	5,700,834	74,126,324
2005	45,239,189	26,433,198	272,500	51,516	2,959,077	6,173,160	81,128,640
2006	49,303,836	29,894,463	307,270	63,010	3,024,062	6,569,349	89,161,990
2007	\$ 55,681,122	\$ 31,384,048	\$ 341,130	\$ 65,524	\$ 3,330,740	\$ 6,506,014	97,308,578

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 6

FISCAL PERIODS	TOTAL TAX LEVY (1)	CURRENT TAX COLLECTIONS	TAX RATE	PERCENT OF CURRENT TAXES COLLECTED	DELINQUENT TAX COLLECTIONS	PENALTY & INTEREST COLLECTED	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TOTAL TAX LEVY
1998	\$ 20,550,143	\$ 19,641,952	0.5399	95.58%	\$ 918,643	\$ 1,066,164	\$ 20,900,139	101.70%	\$ 2,400,113	11.68%
1999	21,995,249	21,043,353	0.5399	95.67%	710,641	911,902	22,665,896	103.05%	2,531,904	11.51%
2000	24,784,224	23,706,162	0.5692	95.65%	743,860	968,980	25,419,002	102.56%	2,697,782	10.89%
2001	27,165,182	25,821,461	0.5764	95.05%	783,752	985,442	27,590,655	101.57%	3,037,683	11.18%
2002	29,221,694	28,028,927	0.5764	95.92%	926,267	1,174,015	30,129,209	103.11%	3,487,860	11.94%
2003	33,435,345	33,426,302	0.6305	99.97%	1,126,888	1,318,725	35,871,915	107.29%	4,069,391	12.17%
2004	38,455,159	37,461,655	0.6418	97.42%	1,620,366	1,519,809	40,601,830	105.58%	4,381,458	11.39%
2005	43,209,681	41,693,911	0.637	96.49%	1,827,010	1,718,268	45,239,189	104.70%	4,201,328	9.72%
2006	47,451,046	45,951,954	0.637	96.84%	1,568,546	1,698,767	49,219,267	103.73%	4,248,409	8.95%
2007	\$ 53,559,195	\$ 52,024,898	0.637	97.14%	\$ 1,765,255	\$ 1,805,922	\$ 55,596,075	103.80%	\$ 4,457,502	8.32%

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 8

FISCAL PERIODS	CITY OF LAREDO	WEBB COUNTY	LAREDO INDEPENDENT SCHOOL DISTRICT	UNITED INDEPENDENT SCHOOL DISTRICT	LAREDO COMMUNITY COLLEGE
TAX RATES (per \$100 of assessed value)					
1998	0.53993	0.38438	1.18500	1.37909	0.15660
1999	0.53993	0.38438	1.22500	1.41409	0.15800
2000	0.56922	0.41822	1.32600	1.43848	0.16420
2001	0.57636	0.44578	1.38600	1.42687	0.17000
2002	0.57636	0.43634	1.42600	1.42687	0.21665
2003	0.63053	0.44446	1.50271	1.47687	0.22650
2004	0.64176	0.45792	1.50271	1.47687	0.23600
2005	0.63700	0.43792	1.47411	1.52687	0.23600
2006	0.63700	0.43792	1.55411	1.60687	0.23371
2007	0.63700	0.42006	1.49551	1.47436	0.23050
TAX LEVIES					
1998	\$ 20,550,142	\$ 19,133,916	\$ 14,295,066	\$ 41,025,925	\$ 6,085,735
1999	21,995,250	20,194,005	15,224,088	44,271,136	6,568,987
2000	24,784,224	22,862,131	16,697,681	47,253,707	7,329,142
2001	27,165,182	26,098,416	17,854,904	51,042,026	8,185,875
2002	29,221,694	28,877,392	18,828,678	57,959,460	11,215,837
2003	33,435,345	33,424,545	20,378,959	66,951,115	12,892,422
2004	38,455,159	35,073,016	21,344,510	72,156,593	14,540,002
2005	43,209,681	38,284,553	24,426,783	83,821,422	16,320,700
2006	47,466,862	42,351,341	26,644,992	100,665,114	17,727,308
2007	\$ 53,559,195	\$ 50,623,052	\$ 27,671,836	\$ 113,168,711	\$ 19,720,017

SOURCES:

City of Laredo, Texas
Webb County Appraisal District Office

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

CITY OF LAREDO, TEXAS

TABLE 9

FISCAL PERIODS	BEGINNING BALANCE(2)	ASSESSMENTS BILLED	ASSESSMENTS COLLECTED	PERCENT OF COLLECTIONS OF AMOUNT DUE	TOTAL OUTSTANDING CURRENT AND DELINQUENT ASSESSMENTS
1998	\$ 1,651,526	\$ 136,000	\$ 566,297	31.68%	\$ 1,221,229
1999	1,221,229	141,208	525,055	38.54%	837,382
2000	837,382	156,379	371,158	37.35%	622,603
2001	622,603	67,929	263,451	38.15%	427,081
2002	427,081	38,836	194,697	41.79%	271,220
2003	271,220	46,992	135,058	42.44%	183,154
2004	183,154	142,202	170,888	52.52%	154,468
2005	154,468	359,276	441,257	85.89%	72,487
2006	72,487	528,851	574,196	95.49%	27,142
2007	\$ 27,142	\$ 165,224	\$ 178,014	92.54%	\$ 14,352

NOTES:

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

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 10

The Constitution of Texas in Article 11, Section 5, limits the maximum amount that a home rule city can tax to \$2.50 per \$100.00 of valuation and the same Article provides that no debt shall ever be created by any city unless at the same a time provision is made to assess and collect annually a sufficient sum to pay the interest thereon and create a sinking fund of at least two percent thereon. The Attorney General of Texas, in connection with the quoted provision, has created a rule for the guidance of home rule cities which states that the bond allowable under this constitutional provision shall be on the basis of no greater than \$1.50 per \$100.00 of valuation unless the city charter provides for less than the maximum specified in the Attorney General's rule. City Charter Section 6.13, as amended in November 1995, limits the total overall outstanding debt to 10% of the total assessed valuation of the City. At this time, the City has allocated approximately \$.123255 of the total tax rate.

Assessed value based on 2006 tax roll	\$8,408,036,926
Maximum amount of bonded indebtedness based on such assessed value (10%).....	\$840,803,693
Amount of debt applicable to said maximum debt limit:	
Total General Obligation Bonds and Certificates of Obligations ...	\$217,945,000
(Percentage of G. O. and C. O. debt to assessed value)	2.59%
Less: Debt Service Fund Balance as of September 30, 2007.....	\$5,946,381
Total Amount of debt applicable to debt limit	\$211,998,619
The Debt Margin between current indebtedness and maximum allowable indebtedness	\$628,805,074

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

CITY OF LAREDO, TEXAS

TABLE 11

FISCAL PERIODS	POPULATION (A)	ASSESSED VALUE FOR OPERATIONS & DEBT SERVICE	GROSS BONDED DEBT (1)	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1998	182,000	\$ 4,073,722,461	\$ 152,655,000	\$ 5,506,755	\$ 147,148,245	3.6121%	808.51
1999	187,000	4,354,083,033	150,940,000	5,443,650	145,496,350	3.3416%	778.06
2000	193,180	4,713,792,517	150,630,000	5,587,901	145,042,099	3.0770%	750.81
2001	193,117	5,070,586,594	152,185,000	6,080,964	146,104,036	2.8814%	756.56
2002	201,292	5,558,982,217	153,675,000	5,455,502	148,219,498	2.6663%	736.34
2003	207,611	6,018,438,664	151,940,000	5,537,538	146,402,462	2.4326%	705.18
2004	214,000	5,992,130,874	152,500,000	4,592,744	147,907,256	2.4684%	691.16
2005	215,375	6,783,309,499	153,725,000	5,634,547	148,090,453	2.1832%	687.59
2006	224,695	7,449,143,814	158,972,282	6,508,489	152,463,793	2.0467%	678.54
2007	231,470	\$ 8,408,036,926	\$ 221,132,050	\$ 5,946,381	\$ 215,185,669	2.5593%	929.65

NOTES:

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

SOURCES:

City of Laredo, Texas

(A) Information was obtained from Laredo Development Foundation

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

CITY OF LAREDO, TEXAS

TABLE 12

FISCAL PERIODS	PRINCIPAL	INTEREST & FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1998	8,430,000	8,242,034	16,672,034	112,974,730	14.76%
1999	7,945,001	9,439,370	17,384,371	124,951,870	13.91%
2000	8,725,000	8,095,218	16,820,218	150,249,689	11.19%
2001	9,360,000	9,277,581	18,637,581	146,243,890	12.74%
2002	10,700,000	10,027,116	20,727,116	183,342,422	11.31%
2003	12,255,000	9,857,015	22,112,015	174,087,134	12.70%
2004	13,500,000	9,412,153	22,912,153	188,026,176	12.19%
2005	14,395,000	9,138,859	23,533,859	184,891,173	12.73%
2006	15,685,000	8,663,891	24,348,891	201,201,456	12.10%
2007	15,195,000	9,242,752	24,437,752	210,990,264	11.58%

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, 2007**

CITY OF LAREDO, TEXAS

TABLE 13

TAXING AUTHORITY	NET DEBT OUTSTANDING (A)	ESTIMATED % APPLICABLE TO CITY (B)	AMOUNT APPLICABLE TO CITY
Direct:			
City of Laredo	\$217,945,000	100.00%	\$217,945,000
Overlapping:			
Webb County	71,623,192	72.70%	52,069,344
Laredo Independent School District	259,575,540	100.00%	259,575,540
United Independent School District	316,991,163	72.38%	229,441,374
Laredo Community College	130,127,548	100.00%	130,127,548
Total Overlapping	778,317,443		671,213,806
Total	\$996,262,443		\$889,158,806

SOURCES:

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

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

CITY OF LAREDO, TEXAS

TABLE 14

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	-----DEBT SERVICE REQUIREMENTS-----			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	22,569,846	15,056,724	7,513,122	1,055,000	896,180	1,951,180	3.85
Water	13,985,646	7,946,922	6,038,724	500,000	559,952	1,059,952	5.70
Sewer	12,048,460	5,241,404	6,807,056	500,000	426,041	926,041	7.35
Total 1998	48,603,952	28,245,050	20,358,902	2,055,000	1,882,173	3,937,173	5.17
Bridge	28,671,610	17,385,806	11,285,804	2,675,000	2,449,904	5,124,904	2.20
Water	13,738,018	7,856,511	5,881,507	535,000	526,696	1,061,696	5.54
Sewer	11,996,306	5,522,559	6,473,747	560,000	394,735	954,735	6.78
Total 1999	54,405,934	30,764,876	23,641,058	3,770,000	3,371,335	7,141,335	3.31
Bridge	32,789,832	19,533,598	13,256,234	3,030,000	2,774,346	5,804,346	2.28
Water	16,360,173	9,413,042	6,947,131	605,000	494,210	1,099,210	6.32
Sewer	13,498,696	6,049,102	7,449,594	635,000	362,084	997,084	7.47
Total 2000	62,648,701	34,995,742	27,652,959	4,270,000	3,630,640	7,900,640	3.50
Bridge	31,705,719	21,186,065	10,519,654	3,350,000	2,510,790	5,860,790	1.79
Water	17,102,442	10,074,813	7,027,629	690,000	456,915	1,146,915	6.13
Sewer	13,499,699	6,609,398	6,890,301	680,000	326,839	1,006,839	6.84
Sports Venue	2,387,246	268,005	2,119,241	-	683,088	683,088	3.10
Total 2001	64,695,106	38,138,281	26,556,825	4,720,000	3,977,632	8,697,632	3.05
Bridge	34,408,912	24,093,889	10,315,023	12,105,000	3,697,409	15,802,409	0.65
Water	16,773,484	9,363,511	7,409,973	705,000	416,018	1,121,018	6.61
Sewer	13,158,360	6,389,656	6,768,704	4,905,000	295,135	5,200,135	1.30
Sports Venue	4,524,646	80,244	4,444,402	-	2,049,266	2,049,266	2.17
Total 2002	68,865,402	39,927,300	28,938,102	17,715,000	6,457,828	24,172,828	1.20
Bridge	34,836,756	24,944,447	9,892,309	1,408,433	31,865	1,440,298	6.87
Water	15,427,690	9,122,153	6,305,537	725,000	408,121	1,133,121	5.56
Sewer	12,969,437	7,399,556	5,569,881	870,000	216,629	1,086,629	5.13
Sports Venue	4,737,203	46,281	4,690,922	430,000	2,039,591	2,469,591	1.90
Total 2003	67,971,086	41,512,437	26,458,649	3,433,433	2,696,206	6,129,639	4.32

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

CITY OF LAREDO, TEXAS

TABLE 14

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	-----DEBT SERVICE REQUIREMENTS-----			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	35,574,012	25,785,422	9,788,590	4,320,000	4,058,000	8,378,000	1.17
Water	15,902,648	9,801,112	6,101,536	6,645,000	427,893	7,072,893	0.86
Sewer	13,296,851	6,648,103	6,648,748	885,000	252,868	1,137,868	5.84
Sports Venue	5,188,849	68,889	5,119,960	525,000	2,018,104	2,543,104	2.01
Total 2004	69,962,360	42,303,526	27,658,834	12,375,000	6,756,865	19,131,865	1.45
Bridge	39,231,949	26,552,846	12,679,103	39,002,257	4,351,239	43,353,496	0.29
Water	18,736,504	10,991,334	7,745,170	943,000	467,131	1,410,131	5.49
Sewer	14,409,247	6,811,361	7,597,886	727,000	355,530	1,082,530	7.02
Sports Venue	6,169,250	39,752	6,129,498	625,000	1,922,269	2,547,269	2.41
Total 2005	78,546,950	44,395,293	34,151,657	41,297,257	7,096,169	48,393,426	0.71
Bridge	42,757,164	30,396,800	12,360,364	3,866,378	4,482,527	8,348,905	1.48
Water	25,205,737	14,010,809	11,194,928	1,263,000	704,275	1,967,275	5.69
Sewer	15,601,163	8,486,409	7,114,754	839,000	458,565	1,297,565	5.48
Sports Venue	6,614,948	173,785	6,441,163	930,000	1,818,838	2,748,838	2.34
Total 2006	90,179,012	53,067,803	37,111,209	6,898,378	7,464,205	14,362,583	2.58
Bridge	41,642,971	30,445,685	11,197,286	3,940,134	4,313,536	8,253,670	1.36
Water	28,202,867	15,098,280	13,104,587	1,558,000	986,146	2,544,146	5.15
Sewer	15,147,836	9,533,193	5,614,643	951,000	629,571	1,580,571	3.55
Sports Venue	7,344,091	240,967	7,103,124	1,040,000	1,777,551	2,817,551	2.52
Total 2007	92,337,765	55,318,125	37,019,640	7,489,134	7,706,804	15,195,938	2.44

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 15

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES				TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	REVENUE BONDS	CAPITAL LEASE OBLIGATIONS	NOTES PAYABLE	REVENUE BONDS	NOTES PAYABLE	CAPITAL LEASE OBLIGATIONS			
1998	\$ 70,635,000	\$ 82,020,000	\$ -	\$ 589,323	- \$	58,005,762	\$ 20,239,600	\$ 167,356	\$ 231,657,041	9.14%	\$ 1,273
1999	95,185,000	55,670,000	-	420,750	730,000	62,957,330	32,991,754	135,765	248,090,599	8.87%	1,259
2000	91,710,000	58,920,000	-	2,571,705	1,615,000	58,458,898	34,800,149	101,612	248,177,364	8.53%	1,285
2001	87,910,000	64,275,000	39,315,000	1,755,866	1,530,000	53,740,466	35,265,098	64,688	283,856,118	9.14%	1,470
2002	83,630,000	70,045,000	39,315,000	1,302,201	1,445,000	60,733,150	35,435,119	24,767	291,930,237	8.75%	1,450
2003	87,705,000	77,210,000	39,410,000	2,023,643	1,445,000	60,471,080	35,760,468	-	304,025,191	8.57%	1,464
2004	74,435,000	78,065,000	38,360,000	1,482,916	1,275,000	70,500,273	37,233,251	-	301,351,440	7.98%	1,408
2005	88,040,000	65,685,000	37,135,000	1,960,619	1,190,000	95,751,703	25,519,803	-	315,282,125	7.78%	1,464
2006 (1)	79,690,000	76,250,000	36,205,000	2,629,868	1,105,000	104,293,969	24,513,658	-	324,687,495	7.37%	1,445
2007 (2)	\$ 72,200,000	\$ 145,745,000	\$ 35,165,000	\$ 5,165,702	\$ 1,020,000	\$ 116,533,053	\$ 23,478,758	\$ -	\$ 399,307,513	not available	\$ 1,725

NOTES:

(1) Percentage of Personal Income calculation for 2006 fiscal year is based on an estimated personal income figure.

(2) Median income data for calculation of Percentage of Personal Income calculation for 2007 fiscal year was 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 16

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

SOURCE:

(Continued)

TABLE 16

(Continued)

FISCAL PERIODS	CIVILIAN LABOR FORCE	UNEMPLOYMENT	UNEMPLOYMENT RATE	EMPLOYMENT
1998	67,727	6,199	9.20%	61,528
1999	66,939	5,034	7.50%	61,905
2000	69,595	4,303	6.20%	65,292
2001	71,508	4,551	6.40%	66,957
2002	75,639	5,028	6.60%	70,611
2003	76,985	4,998	6.50%	71,987
2004	81,839	4,655	6.52%	77,184
2005	81,721	4,103	5.00%	77,618
2006	86,447	3,938	4.60%	82,509
2007	84,800	3,680	4.30%	81,120

SOURCE:

Texas Labor Market Information

Numbers as of September 30 for each year

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

CITY OF LAREDO, TEXAS

TABLE 16

(Continued)

FISCAL PERIODS	GROWTH INDICATORS (1)					POSTAL RECEIPTS (2)
	ELECTRIC (4)	GAS	TELEPHONE (3)	WATER	SEWER	
1998	53,558	23,339	83,231	42,053	40,753	\$ 8,550,000
1999	56,968	20,003	-	43,183	41,940	7,667,601
2000	59,122	23,474	-	45,700	44,802	8,270,103
2001	61,487	23,366	-	47,402	46,508	8,795,525
2002	63,946	23,543	-	49,158	47,041	8,955,000
2003	66,504	23,717	-	50,997	48,715	13,850,000
2004	69,164	23,414	-	52,754	50,282	14,680,000
2005	72,604	27,617	-	55,252	52,565	15,510,000
2006	70,083	31,733	-	57,489	54,568	16,420,000
2007	72,624	32,123	-	59,409	56,065	\$ 17,120,000

NOTES:

(1) Amount represents number of active customer accounts.

(2) Represents total revenue collected.

(3) Legislation prohibits disclosure of telephone accounts information.

(4) Electric increase was estimated by 4.00% for 2001 - 2004

SOURCES:

Finance Department of respective entities

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

CITY OF LAREDO, TEXAS

TABLE 17

FISCAL PERIODS	COMMERCIAL CONSTRUCTION (A)		RESIDENTIAL CONSTRUCTION (A)		PROPERTY VALUE (A)			
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	COMMERCIAL	RESIDENTIAL	VACANT PROPERTY	EXEMPTIONS (2)
1998	136 \$	51,684,355	1,389 \$	74,891,810 \$	\$ 1,541,702,498	\$ 2,117,144,387	\$ 213,623,170	\$ 247,072,879
1999	94	40,112,188	1,309	83,116,085	1,591,014,231	2,292,083,266	214,259,070	291,281,333
2000	87	68,818,362	1,407	89,886,823	1,655,695,070	2,437,626,399	209,197,540	325,224,426
2001	143	122,363,666	1,293	90,029,908	2,283,642,411	2,691,339,590	236,351,860	417,619,788
2002	698	182,767,445	1,424	123,932,146	2,049,091,128	2,851,889,227	258,396,087	896,821,868
2003	860	71,199,808	1,495	128,619,147	2,216,703,462	3,075,832,429	297,613,702	519,598,749
2004	1,020	150,716,661	1,342	126,225,481	2,665,287,322	3,214,021,140	298,947,650	623,203,260
2005	1,132	178,001,202	1,847	198,367,334	3,003,777,851	3,643,413,881	284,434,270	575,505,390
2006	721	166,713,553	2,281	221,625,892	3,251,967,681	4,022,266,136	307,462,870	605,370,550
2007	520 \$	180,125,787	2,024 \$	198,450,164	\$ 3,538,252,162	\$ 4,689,485,109	\$ 342,911,010	\$ 670,387,610

NOTES:

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

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

SOURCES:

(A) City of Laredo, Texas

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

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2007**

City Of Laredo , Texas

Table 18

TAXPAYER	TYPE OF BUSINESS	2007 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Laredo Texas Hospital Co. LP	Medical	\$99,841,700	1.19%
AEP Texas Central Company	Electricity	83,521,630	0.99%
Laredo/MDN Limited Partnership	Mall	49,160,130	0.58%
Laredo Regional Medical Center	Medical	46,150,740	0.55%
International Bank of Commerce	Banking	33,832,690	0.40%
Killam Ind. Dev. Partnership LTD	Development	29,349,980	0.35%
Southwestern Bell Telephone Co.	Telephone Co.	28,712,860	0.34%
H.E. Butt Grocery Co.	Grocery	26,514,530	0.32%
WRI Trautmann LP	Development	26,410,750	0.31%
Walmart Real Estate Business Trust	Retail	21,355,170	0.25%
TOTAL		\$444,850,180	5.29%

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 1998**

TAXPAYER	TYPE OF BUSINESS	1998 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Central Power & Light Company	Utility	\$57,190,420	1.50%
Southwestern Bell	Telephone Co.	28,931,510	0.76%
Lone Star Mall Assoc.	Mall	27,063,580	0.71%
H E Butt Grocery Co.	Grocer	23,991,643	0.63%
Laredo National Bank	Banking	22,891,281	0.60%
Killam Ind. Dev. Partnership Ltd.	Development	22,435,780	0.59%
United States Cold Storage	Cold Storage	19,648,019	0.52%
International Bank of Commerce	Banking	18,762,554	0.49%
Southwestern Motor Transport Inc.	Freight	15,479,061	0.41%
Hareco/Vimosa	Development	13,680,650	0.36%
Total		\$250,074,498	6.57%

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

SOURCE:

Webb County Appraisal District

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2007**

CITY OF LAREDO, TEXAS

TABLE 19

EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
United Independent School District	5,341	6.58%
Laredo Independent School District	4,649	5.73%
City of Laredo	2,254	2.78%
U.S. Dept of Customs and Border	1,730	2.13%
McDonald's	1,500	1.85%
Laredo Medical Center	1,406	1.73%
HEB Grocery Store	1,360	1.68%
Webb County	1,297	1.60%
Wal-Mart (3 locations)	1,234	1.52%
The Laredo National Bank	1,229	1.52%

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 1998**

Laredo Independent School District	3,645	5.67%
United Independent School District	3,000	4.67%
Texas Gas Corp.	2,211	3.44%
City of Laredo	1,800	2.80%
Mercy Regional Medical Center	1,800	2.80%
H.E.B. Grocery Store	1,500	2.33%
Webb County	1,050	1.63%
McDonald's	800	1.24%
Texas A&M International University	555	0.86%
Laredo National Bank	540	0.84%

Principal Employers numbers as of September 2007 and 10 years ago.

SOURCE:

Laredo Development Foundation
Data compiled as of February 2007.

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2007**

CITY OF LAREDO, TEXAS

TABLE 20

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Laredo Medical Center	Hospital	111,627,700
Texas A&M International University	Education	55,108,200
Webb County Jail	County Jail	22,415,000
C.P.L. Power Plant	Utility	21,826,000
Laredo Municipal Housing Corp.	Housing	15,292,400
Texas Energy Services, LP	Energy	11,590,200
Corrections Corp. of America	Jail	11,573,000
Retama Manor Nursing Center	Nursing Home	11,333,300
Broad Acres Apt.	Housing	10,581,900
Webb County (Irrigation)	Water Point	10,083,000

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 1998**

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Mercy Regional Medical Center	Hospital	40,790,400
Laredo Housing Authority-Colonia Guadalupe	Housing	38,073,000
Texas A&M International University	School	28,594,000
Veterans Field	Park	25,828,700
Webb County Jail	County	20,425,600
Holiday Inn-Laredo	Hotel	13,734,200
Cigarroa Recreation Center	Recreation	13,437,400
Cigarroa High School	School	13,434,000
Ldo. Municipal Housing-Poplar & Cherry	Housing	13,096,300
Landa Property Management	Housing	12,890,400

(1) Total consumption by gallon.

Numbers show total comparison for principal water consumers as of fiscal year 2007 and 10 years ago.

SOURCE:

City of Laredo, Texas

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007**

CITY OF LAREDO, TEXAS

TABLE 21

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, 2007:	2,254
Number of City Departments as of September 30, 2007:	26

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

YEAR	LAND AREA	INCREASE	TOTAL
1971	20.24	-	20.24
1981	20.24	-	20.24
1991	20.24	17.00	37.24
1992	37.24	5.03	42.27
1993	42.27	1.73	44.00
1994	44.00	6.81	50.81
1995	50.81	4.18	54.99
1996	54.99	1.49	56.48
1997	56.48	1.49	57.97
1998	57.97	2.74	60.71
1999	60.71	12.07	72.78
2000	72.78	5.52	78.30
2001	78.30	1.12	79.42
2002	79.42	0.34	79.76
2003	80.84	0.34	81.18
2004	81.18	2.26	83.44
2005	83.44	1.11	84.55
2006	84.55	1.38	85.93
2007	85.93	0.36	86.29

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007**

CITY OF LAREDO, TEXAS

TABLE 21

continued

Elections

Number of Registered Voters: 94,149

Number of Votes cast in

Last Municipal Election: Nov 06 18,142

% of Registered Voter voting in

Last Municipal Election: 18.65%

TRANSPORTATION

AIRPORTS

Number of Airports: 1

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

Scheduled Airplane Flights
Per Day Departing: Monday - Friday 8 to 9 flights per day
Saturday - Sunday 6 to 7 flights per day

Scheduled Airplane Flights
Per Day Arriving: Monday - Friday 8 to 9 flights per day
Saturday - Sunday 6 to 7 flights per day

Passengers Enplaning: 111,432 per year

Passengers Deplaned: 112,206 per year

BRIDGES

Number of Bridges: 4

Name of Bridges: Gateway to the Americas Bridge
Juarez - Lincoln International Bridge
Colombia Solidarity Bridge
World Trade Bridge

Number of crossing Pick-ups,
Motorcycles, Autos & 2 Axle
Vehicles: 5,718,799

Number of crossing Commercial
Vehicles: 1,662,549

Number of crossing Passenger
(includes bicycles): 4,161,523

Total Tolls \$38,051,562

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

TABLE 21

continued

RAILROADS

Number of Railroads: 4
Names of Railroads: Texas-Mexican Railroad
Union Pacific Railroad
American President Lines
Pacer Stacktrain

HIGHWAYS

Number of Highways: 6
Name of Major Highways IH 35, US HWY 59, US HWY 81
US HWY 83, TX HWY 359, Bob Bullock Loop
IH 35 connects in Mexico with
National HWY 85. The Pan Am
HWY connects Mexico to
Central & South America.

BUS LINES

Name of Local Bus line: Laredo Municipal Transit
System
Number of Adult Passengers: 2,542,808
Number of Elderly & Handicapped Paid: 256,871
Number of Elderly & Handicapped Free: 600,159
Number of Students: 264,618
Number of Children Paid: 120,382
Number of Children Free: 144,282
Number of Transfers: 395,080
Number of I.D. cards for elderly 3,462
Number of Medical Cards 616
Number of Service Miles: 1,946,970
Number of Charter Miles: 0
Number of Employees: 179
Name of Interstate Bus Lines: Greyhound Lines
Autobuses Latinos de Greyhound,
El Conejo,
Americanos USA,
El Expreso Bus Co.,
Autobuses Adame,
Cougar Buslines,
Tornado Bus Company,
Turimex,
Ybarra Brothers

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

TABLE 21

continued

FIRE PROTECTION

Number of Stations:	14	
Number of Hydrants:	10,000	
Number of Fire Pumps:	14	Reserve: 4
Number of Aerial Trucks:	3	Reserve: 0
Number of Ambulances:	9	Reserve: 3
Number of Crash Trucks:	1	Reserve: 1
Number of Brush Trucks:	3	Reserve: 1
Number of Haz-Mat Trucks:	1	
Number of Firefighters:	164	
Number of EMS Paramedics:	169	
Employees per 1,000 population:	1.61	

POLICE PROTECTION

Number of Stations:	1	Police Headquarters
Number of Neighborhood Policing Stations:	17	
Number of Sworn Officers:	416	
Number of Vehicular Patrol Units:	346	
Employees per 1,000 Population:	1.9	
Number of Law Violations:	45,004	
Number of Physical Arrests:	9,379	
Number of Traffic Violations:	72,891	
Number of 911 Calls:	159,374	
Number of Non-911 Calls:	290,866	

MEDICAL FACILITIES

Number of Hospitals:	4
Number of Clinics:	73
Number of Nursing Homes:	3
Number of Ambulance Services:	10

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

PUBLIC WORKS

WATERWORKS SYSTEM

Miles of Water Mains:	660
Daily Average Consumption:	33.58 M.G.D.
Plant Capacity:	65 M.G.D.
Storage Capacity:	39.85 M.G.D.
Water Rights Owned:	50.954 A.C./ F.T.
Source of Water:	Rio Grande
Number of Service Connections:	59,409

SEWER SYSTEM

Mile of Sanitary Sewer:	426
Number of Lift Stations:	76
Daily Average Treatment:	18.095 MGD
Maximum Capacity of Treatment Plants:	21.051 MGD
Number of Disposal Plants:	5
Number of Service Connections:	56,065
Number of Garbage Connections:	53,947
Solid Waste Disposal Type:	Landfill

STREETS

Number of Paved Streets:	10,087 Blocks
Number of Unpaved Streets:	16 Blocks
Miles of Paved Streets:	631 Miles
Miles of Unpaved Streets:	1 Mile

CITY OF LAREDO, TEXAS

TABLE 21
continued

EDUCATIONAL

LAREDO INDEPENDENT SCHOOL DISTRICT

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

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007**

CITY OF LAREDO, TEXAS

TABLE 21

continued

UNITED INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	4
Number Of Magnet Schools:	4
Number of Classrooms:	540
Number of Administrative Personnel:	96
Number of Teachers:	669
Number of Students:	10,129
Annual Budget:	\$118,050,498
Number of Middle Schools:	10
Number of Classrooms:	521
Number of Administrative Personnel:	81
Number of Teachers:	549
Number of Students:	8,652
Annual Budget:	\$57,722,542
Number of Elementary Schools:	26
Number of Classrooms:	1,300
Number of Administrative Personnel:	164
Number of Teachers:	1,220
Number of Students:	20,143
Annual Budget:	\$162,099,316

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

TABLE 21

continued

LIBRARIES

Number of Public Libraries:	1
Number of Volumes:	249,433
Circulation transactions:	452,252
Circulation per Capita:	1.95
New Library Cards Issued:	22,215
Library Cards in Force:	121,064
Number of Subscriptions:	394
Number of Titles:	203,058
Number of Library Visits:	303,429
Number of Materials Used:	106,535
Library Programs Presented:	1,352
Number Attending Library Programs:	55,648
Bookmobiles:	1
Branches and Outlets:	2

PRIVATE SCHOOLS

Number of Parochial Schools:	24
Vocational Training Centers:	9

COMMUNICATIONS

Number of Daily Newspapers	2
Major Newspaper:	Laredo Morning Times
Number of Radio Stations:	13
Number of TV Stations:	4
Number of Cable Television Companies:	1
Number of Satellite Companies:	2

TEXAS A&M INTERNATIONAL UNIVERSITY

Date Established:	Established in 1970 as a division of Texas A & I, and as a separate University in 1977 as a division of the University System of South Texas. The University became a member of the Texas A&M U. System on September 1, 1989.
Programs Offered:	Undergraduate & Graduate, and Doctoral degrees are offered by the Colleges of Business Administration, Education, Arts & Humanities & Science & Tech.
Population served:	Undergraduate/Graduate level college students seeking liberal arts/education/psychology & business/international trade & Science & Technology degrees.
Region Served:	South Texas Region
Number of Classrooms/Labs:	113
Number of Administrators:	118
Number of Full-Time Faculty:	179
Number of Part-Time Faculty:	74
Number of Full-Time Students:	2,906
Number of Part-Time Students:	2,282

LAREDO COMMUNITY COLLEGE

Date Founded:	1947
Programs Offered:	2 Years of Pre-Professional Courses in the Fields of Art, Business, Computer, Education, Engineering, Law, Medical, Nursing, Pre-Professional, Science & Vocational leading to an Associates of Arts Diploma Dentistry
Number of Classrooms (Inc. labs):	253
Total Gross Square Footage:	1,056,256 Sq. Ft.
Number of Administrative Personnel:	111
Number of Full Time Faculty:	203
Number of Part Time Faculty:	140
Number of Full Time Students:	2,982
Number of Part Time Students:	4,849
Counties Served:	Webb, Jim Hogg, Zapata
Total Annual Budget:	\$37,655,135

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

TABLE 21

continued

RECREATIONAL

PARKS

Number of Acres Maintained:	340.21
Number of Parks:	70
Number of Plazas:	5
Baseball & Softball Fields:	34
Number of Swimming Pools:	6
Number of Soccer Fields:	24
Number of Tennis Court Facilities:	20 courts in 5 facilities
Number of Raquetball Facilities:	2
Number of Recreational Centers:	6
Number of Splash Parks	5
Number of Skate Parks	7

CEMETERY

City:	1
Catholic:	1
Private:	1
Burials Served:	269
Cemetery Lots Sold:	171

LODGING/MEETING FACILITIES

Number of Hotels/Motels:	44 with 4,068 rooms
Meeting Facilities:	68

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

TABLE 21

continued

MAJOR ATTRACTIONS

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

CIVIC CENTER

Auditorium:	1 with 1,979 Seats
Banquet & Exhibit Hall:	24,470 sq ft (1,500 seats)
Meeting Rooms:	4 Meeting Rooms with capacity of 70 to 80 Per Room or 1 Room of 250 persons. (4,140 square footage)
Parking Spaces:	1,000

CHURCHES

Number of Catholic Churches:	18, including 3 Missions
Number of Synagogues:	1
Other Churches:	66

MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2007

SPORTS ARENA

Square Feet:	176,000	
Seat Capacity:	10,000	
Luxury Suites:	14	
Meeting Rooms:	6	
Food Courts:	2	
Team Stores:	1	
Parking Spaces	2,000	
Major Attraction	CFL Hockey Team: The Laredo Bucks	

SOURCES:

Finance Department, City of Laredo
Laredo Chamber of Commerce
Laredo Community College
Laredo Independent School District
Texas A&M International University
United Independent School District
Laredo Entertainment Center

CITY OF LAREDO, TEXAS

TABLE 21

continued

**INSURANCE IN FORCE FOR THE CITY OF LAREDO
INCLUDING THE INTERNATIONAL TOLL BRIDGE SYSTEM
LAREDO WATERWORKS SYSTEM, AND THE LAREDO SEWER SYSTEM
SEPTEMBER 30, 2007**

CITY OF LAREDO, TEXAS

TABLE 22

DESCRIPTION	TYPE OF COVERAGE	POLICY LIMIT
BUILDINGS	Fire and Extended Coverage (1)	\$245,796,443
ALL PREMISES	General Liability	1,000,000
VEHICLES	Automobile Liability Auto Physical Damage	1,000,000 PER SCHEDULE, ACTUAL CASH VALUE
LIABILITY	Errors & Omissions Public Employee Dishonesty	1,000,000 1,000,000
PROPERTY	Mobile Equipment Boiler & Machinery	11,463,054 5,000,000
AIRPORT LIABILITY	Comprehensive General Liability, Personal Injury Liability Coverage Airport Control Tower Operations	Primary Policy 20,000,000 Excess Policy 50,000,000 PER OCCURANCE
LAW ENFORCEMENT	Law Enforcement Liability	1,000,000
PUBLIC OFFICIALS	Personal Injury and errors and omissions	1,000,000
WORKER'S COMPENSATION	All City employees for all funds- Employer's Liability (2)	STANDARD POLICY/ STATUTORY LIMITS
AIRPORT - FEDERAL TRADE ZONE	Federal Trade Zone Operator's Bond	\$50,000

NOTES:

(1) The property Fire and Extended Coverage Policy includes all Buildings owned by the City of Laredo and the contents of particular buildings. It also provides coverage for use occupancy and business interruptions for the four International Bridges operated by the City's International Toll Bridge System.

(2) Includes Volunteers and Elected Officials.

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 23

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

SOURCE:

City of Laredo Budget Department

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

SOURCE:

City of Laredo, Texas

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

SOURCE:

City of Laredo, Texas

This page intentionally left blank

CONTINUING DISCLOSURE INFORMATION

The following tables are hereby submitted in order to comply with the requirements of the Securities and Exchange Commission Rule 15c2-12 for Continuing Disclosures of Information related to the new bonds issued during fiscal years 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, and 2007. The tables apply to the following issues:

International Toll Bridge System Revenue Refunding Bond, Series 1996	\$17,995,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 1996	2,040,000
General Obligation Bond, Series 1997	5,830,000
Combination Tax and Waterworks System Revenue Certificate of Obligation, Series 1997-A	2,860,000
Combination Tax and Revenue Certificate of Obligation, Series 1997-B	3,660,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 1998	1,430,000
Combination Tax and Sewer Revenue Certificate of Obligation, Series 1998-A	6,415,000
Combination Tax and Revenue Certificate of Obligation Series, 1998-B	16,160,000
General Obligation Refunding Bond, Series 1998	43,050,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 1999	2,830,000
Combination Tax and Waterworks Revenue System Certificate of Obligation, Series 1999	3,850,000
Combination Tax and Parking System Certificate of Obligation, Series 1999	1,050,000
International Toll Bridge System Revenue Bond, Series 1999	9,000,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 2000	2,060,000
Combination Tax and Sewer System Revenue Certificate of Obligation, Series 2000	1,820,000
Combination Tax and Waterworks System Revenue Certificate of Obligation, Series 2000	2,485,000
Combination Tax and Revenue (CIF-Bridge) Certificate of Obligation, Series 2000	9,365,000
Sports Venue Sales Tax Revenue Bond, Series 2001	39,315,000
Tax and Revenue Certificate of Obligation, Series 2002	9,925,000
Public Property Finance Contractual Obligation, Series 2002	2,265,000
International Toll Bridge System Revenue Bond, Series 2002	12,105,000
Sewer System Revenue Bond, Series 2002A	2,095,000
Sewer System Revenue Bond, Series 2002B	2,620,000
Waterworks System Revenue Bond, Series 2002	741,000
Sewer System Revenue Bond, Series 2002	710,000
General Obligation Refunding Bond, Series 2003	4,590,000
Combination Tax and Sewer System Revenue Certificate of Obligation, Series 2003	3,620,000
Public Property Finance Contractual Obligations, Series 2003	2,795,000
Combination Tax and Waterworks System Revenue Certificate of Obligation, Series 2003	3,510,000
Combination Tax and Revenue Certificate of Obligation, Series 2004	13,535,000
International Toll Bridge System Revenue Bond, Series 2004	5,935,000
Waterworks & Sewer System Revenue Refunding Bonds, Series 2004	6,215,000
Waterworks & Sewer System Revenue Bonds, Series 2004	7,480,000
General Obligation Refunding Bonds, Series 2005	24,455,000
Sports Venue Sales Tax Revenue Improvement and Refunding Bond, Series 2005	33,550,000
International Toll Bridge System Rev. Improvement and Refunding Bond, Series 2005	23,760,000
International Toll Bridge System Revenue Refunding Bond, Series 2005	24,565,000
Waterworks & Sewer Systems Revenue Bond, Series 2005	6,420,000
Combination Tax and Revenue Certificate of Obligation, Series 2005	15,625,000
General Obligation Refunding Bond, Series 2006	17,865,000
Combination Tax and Revenue Certificate of Obligation, Series 2006	17,320,000
Waterworks & Sewer Systems Revenue Bond, Series 2006	13,485,000
Waterworks & Sewer Systems Revenue Bond, Series 2007	17,670,000
Combination Tax and Revenue Certificate of Obligation, Series 2007	\$72,480,000

GENERAL OBLIGATION BONDS

TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2006 Market Valuation Established by Webb County Appraisal District (as of August 2006)		8,993,179,609
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	234,481,951	
Disabled Veterans Exemptions	5,553,790	
Agricultural and Open Space Land Use Reductions	161,410,575	
Free port Exemptions	172,481,930	
Property Redevelopment and Tax Abatement	7,877,415	
Pollution Control	21,900	
Solar and Wind Power Exemptions	3,128,662	
Historical Exemption	<u>186,460</u>	<u>585,142,683</u>
2006 Taxable Assessed Valuation		8,408,036,926
General Obligation Debt Payable from Ad Valorem Taxes (1)		
General Obligation Bonds	72,200,000	
Certificates of Obligation	<u>145,745,000</u>	
Funded Debt Payable from Ad Valorem Taxes		217,945,000
Less: Self-supporting Debt		
Sewer System General Obligation Debt	14,438,234	
Sewer System Certificates of Obligation	5,070,000	
Waterworks System General Obligation Debt	20,940,410	
Waterworks System Certificates of Obligation	1,415,000	
Bridge System General Obligation Debt	4,602,194	
Bridge System Certificate of Obligation	3,085,000	
Risk Management Certificate of Obligation	60,000	
Airport System Certificates of Obligation	3,140,000	
Paving Assessments General Obligations Debt	10,032	
Hotel-Motel General Obligation Debt	310,452	
Landfill General Obligation Debt	398,833	
Landfill Certificates of Obligation	9,990,954	
Mass Transit General Obligation Debt	2,311,941	
Mass Transit Certificates of Obligation	5,505,000	
Capital Improvement Fund Certificates of Obligation	595,000	
Environmental Services Certificates of Obligation	7,015,000	
Parking System General Obligation Debt	272,186	
Parking System Certificates of Obligation	<u>2,430,000</u>	<u>81,590,236</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		136,354,764
Interest and Sinking Fund		5,946,381
Ratio Funded Debt to Taxable Assessed Valuation		2.59%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.62%
2007 Estimated Population-	231,470	
Per Capita Taxable Assessed Valuation-	\$36,325	
Per Capita Funded Debt-	\$942	
Per Capita General Purposes Funded Debt-	\$589	

- (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: \$27,059,000 Waterworks System Revenue Bonds; \$20,440,000 Sewer System Revenue Bonds; and \$63,565,000 International Toll Bridge System Revenue Bonds; \$35,165,000 Sports Venue Sales Tax Revenue Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2007	% of	2006	% of	2005	% of
	Amount		Amount		Amount	
Real, Residential, Single Family	4,405,051,162	48.98%	3,783,773,978	42.07%	3,418,436,623	42.73%
Real, Residential, Multifamily	284,433,947	3.16%	238,492,158	2.65%	224,977,258	2.81%
Real, Vacant Lots/Tracts	342,911,010	3.81%	307,462,870	3.42%	284,434,270	3.56%
Real, Acreage (Land Only)	293,240,703	3.26%	295,301,820	3.28%	250,847,690	3.14%
Real, Farm and Ranch Improvements	1,125,845	0.01%	1,172,000	0.01%	1,478,870	0.02%
Real, Commercial/Industrial	2,357,953,648	26.22%	2,170,073,381	24.13%	1,947,911,091	24.35%
Real, Oil, Gas, and Other Mineral Reserves	29,016,290	0.32%	23,701,090	0.26%	30,917,840	0.39%
Real and Tangible Personal, Utilities	165,448,100	1.84%	148,055,620	1.65%	136,386,070	1.70%
Tangible Personal, Commercial/Industrial	985,834,124	10.96%	910,137,590	10.12%	888,562,850	11.11%
Tangible Personal, Other	84,319,470	0.94%	87,551,570	0.97%	90,439,390	1.13%
Real Property, Inventory (1)	13,407,900	0.15%	6,290,910	0.07%	13,134,920	0.16%
Special Inventory	<u>30,437,410</u>	<u>0.34%</u>	<u>27,674,220</u>	<u>0.31%</u>	<u>23,116,200</u>	<u>0.29%</u>
Total Appraised Value Before Exemptions	8,993,179,609	100.00%	7,999,687,207	88.95%	7,310,643,072	91.39%
Less: Total Exemptions/Reductions	<u>585,142,683</u>		<u>550,543,393</u>		<u>537,507,869</u>	
Taxable Assessed Value	<u>8,408,036,926</u>		<u>7,449,143,814</u>		<u>6,773,135,203</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2004	% of	2003	% of
	Amount		Amount	
Real, Residential, Single Family	3,012,653,092	33.50%	2,794,996,391	31.08%
Real, Residential, Multifamily	201,368,048	2.24%	160,508,170	1.78%
Real, Vacant Lots/Tracts	298,947,650	3.32%	299,026,670	3.33%
Real, Acreage (Land Only)	237,544,790	2.64%	226,133,290	2.51%
Real, Farm and Ranch Improvements	1,391,730	0.02%	2,076,540	0.02%
Real, Commercial/Industrial	1,662,181,632	18.48%	1,516,963,566	16.87%
Real, Oil, Gas, and Other Mineral Reserves	25,864,910	0.29%	27,848,440	0.31%
Real and Tangible Personal, Utilities	152,566,130	1.70%	139,266,140	1.55%
Tangible Personal, Commercial/Industrial	824,674,650	9.17%	784,570,110	8.72%
Tangible Personal, Other	93,587,850	1.04%	94,760,880	1.05%
Real Property, Inventory (1)	12,634,900	0.14%	15,573,120	0.17%
Special Inventory	<u>24,740,100</u>	<u>0.28%</u>	<u>23,996,700</u>	<u>0.27%</u>
Total Appraised Value Before Exemptions	6,548,155,482	72.81%	6,085,720,017	67.67%
Less: Total Exemptions/Reductions	<u>529,716,818</u>		<u>526,737,800</u>	
Taxable Assessed Value	<u>6,018,438,664</u>		<u>5,558,982,217</u>	

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

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

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

<u>Fiscal Year Ended 9-30</u>	<u>Estimated Population (1)</u>	<u>Taxable Assessed Valuations (2)</u>	<u>Taxable Assessed Valuation Per Capita</u>	<u>G.O. Tax Debt Outstanding at End of Year</u>	<u>Ratio of G.O. Tax Debt to Taxable Assessed Valuation</u>	<u>G.O. Tax Debt Per Capita</u>
1998	182,000	3,625,397,176	20,599	152,655,000	4.21%	839
1999	197,000	3,806,075,234	19,320	150,855,000	3.96%	766
2000	193,180	4,073,722,461	21,088	150,630,000	3.70%	780
2001	193,117	4,354,083,033	22,546	152,185,000	3.50%	788
2002	201,292	4,713,792,517	23,418	153,675,000	3.26%	763
2003	207,611	5,070,586,594	24,423	151,940,000	3.00%	732
2004	214,000	6,018,438,664	28,124	152,500,000	2.53%	713
2005	215,375	6,773,135,203	31,448	153,725,000	2.27%	714
2006	224,695	7,449,143,814	33,152	155,940,000	2.09%	694
2007	231,470	8,408,036,926	36,325	217,945,000	2.59%	942

(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

<u>Fiscal Year Ended 9-30</u>	<u>Tax Rate</u>	<u>Distribution General Fund</u>	<u>Interest and Sinking Fund</u>	<u>Tax Levy</u>	<u>% Current Collections</u>	<u>% Total Collections</u>
1998	0.539930	0.336790	0.203140	20,550,143	95.58%	105.24%
1999	0.539930	0.351860	0.188070	21,995,250	95.67%	103.05%
2000	0.569218	0.393256	0.175962	24,784,224	95.65%	102.56%
2001	0.576358	0.417750	0.158603	27,168,694	95.05%	101.57%
2002	0.576358	0.435878	0.140480	32,039,639	95.92%	103.11%
2003	0.630534	0.484758	0.145776	33,435,345	99.97%	107.29%
2004	0.641761	0.500648	0.141113	38,455,159	97.42%	105.58%
2005	0.637000	0.508677	0.128323	43,209,681	96.49%	104.70%
2006	0.637000	0.512019	0.124981	47,451,046	96.84%	103.73%
2007	0.637000	0.513745	0.123255	53,559,195	87.31%	93.31%

Tax collections as of September 30, 2007

TABLE 5 – TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2006 Assessed Valuation Real & Personal Property</u>	<u>Percentage of Total Assessed Valuation</u>
Laredo Texas Hospital Co. LP.	Medical	99,841,700	1.19%
AEP Texas Central Company	Electricity	83,521,630	0.99%
Laredo/MDN Limited Partnership	Retail	49,160,130	0.58%
Laredo Regional Medical Center, LP.	Medical	46,150,740	0.55%
International Bank of Commerce	Bank	33,832,690	0.40%
Killam Ind. Dev. Partnership LTD.	Development	29,349,980	0.35%
Southwestern Bell Telephone, LP.	Telephone Co.	28,712,860	0.34%
H E Butt Grocery Company	Grocery Store	26,514,530	0.32%
Wri Trautman LP.	Development	26,410,750	0.31%
Wal-Mart Real Estate Business Trust	Retail	21,355,170	0.25%
		<u>444,850,180</u>	5.29%

NOTE: These taxpayers are current on all taxes.

GENERAL OBLIGATION DEBT LIMITATION...The City held a charter election on November 7, 1995. The voters approved Proposition 24 (2,093 in favor, 522 against), which stated that the total overall outstanding debt shall be limited to 10% of the total assessed value.

TABLE 6 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities may have issued additional debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>2006 Taxable Assessed Valuation</u>	<u>2006 Tax Rate</u>	<u>Total Funded Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Funded Debt As of 09-30-07</u>
City of Laredo	8,408,036,926	0.637000	217,945,000	100.00%	217,945,000
Laredo Independent School District	1,976,065,552	1.495510	259,575,540	100.00%	259,575,540
Laredo Community College District	8,453,603,846	0.230500	130,127,548	100.00%	130,127,548
United Independent School District	7,648,570,115	1.474360	316,991,163	72.38%	229,441,374
Webb County	11,947,334,224	0.420060	71,623,192	72.70%	<u>52,069,344</u>
Total Direct and Overlapping G.O. Tax Debt					<u>889,158,806</u>
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					2.31%
Per Capita Overlapping G. O. Tax Debt					3,841.36

Source: Finance Departments of respective entities.

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-2008.....	\$	29,281,563
Interest and Sinking Fund, 9-30-2007.....	5,946,381	
Property Taxes for Interest and Sinking Fund.....	11,736,991	
Paving Assessments.....	130,001	
Budgeted Transfers.....	16,830,369	
Estimated Investment Income.....	<u>450,000</u>	<u>35,093,742</u>
Estimated Balance, 9-30-2007.....	\$	<u><u>5,812,179</u></u>

TABLE 8A – GENERAL OBLIGATION DEBT SERVICE

Fiscal Year Ended 09-30	Total Outstanding GO Debt	2006 GO Refunding Issue	Fund Debt Requirements	Less: Self Supporting GO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2008	7,470,106	3,563,799	11,033,905	6,198,556	4,835,349	13.43%
2009	7,160,190	3,473,800	10,633,990	6,165,802	4,468,188	
2010	7,170,000	3,142,500	10,312,500	6,191,217	4,121,283	
2011	8,096,126	2,533,874	10,630,000	6,443,646	4,186,354	48.91%
2012	8,401,062	2,209,000	10,610,062	6,407,871	4,202,191	
2013	8,855,462	1,368,376	10,223,838	6,673,058	3,550,780	
2014	8,860,312	-	8,860,312	5,292,244	3,568,068	
2015	4,751,088	-	4,751,088	2,274,840	2,476,248	
2016	4,570,700	-	4,570,700	2,304,741	2,265,959	93.53%
2017	4,638,200	-	4,638,200	2,308,841	2,329,359	
2018	1,457,450	-	1,457,450	1,457,450	-	
2019	1,460,200	-	1,460,200	1,460,200	-	
2020	1,149,700	-	1,149,700	1,149,700	-	
2021	<u>771,450</u>	<u>-</u>	<u>771,450</u>	<u>771,450</u>	<u>-</u>	100.00%
Total	<u><u>74,812,046</u></u>	<u><u>16,291,349</u></u>	<u><u>91,103,395</u></u>	<u><u>55,099,616</u></u>	<u><u>36,003,779</u></u>	

TABLE 8B – CERTIFICATES OF OBLIGATION DEBT SERVICE

Fiscal Year 9-30	Outstanding Certificates of Obligation Debt	Certificate of Oblig, Series 2007	Fund Debt Requirements	Less: Self Supporting CO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2008	9,502,814	4,686,725	14,189,539	6,406,286	7,783,253	4.61%
2009	9,195,032	4,414,838	13,609,870	5,669,357	7,940,513	
2010	7,852,722	4,667,338	12,520,060	4,168,539	8,351,521	
2011	7,081,281	4,819,837	11,901,118	3,815,240	8,085,878	
2012	6,562,472	4,978,838	11,541,310	3,295,649	8,245,661	23.95%
2013	5,510,838	5,006,537	10,517,375	3,052,320	7,465,055	
2014	5,410,406	5,440,562	10,850,968	2,947,079	7,903,889	
2015	4,787,811	6,527,063	11,314,874	2,322,722	8,992,152	
2016	4,779,528	6,528,312	11,307,840	2,320,872	8,986,968	
2017	4,779,291	6,530,312	11,309,603	2,319,973	8,989,630	49.05%
2018	6,931,585	6,522,813	13,454,398	2,905,737	10,548,661	
2019	4,564,821	6,530,188	11,095,009	2,172,350	8,922,659	
2020	4,574,787	6,531,687	11,106,474	2,183,242	8,923,232	
2021	4,394,428	6,527,063	10,921,491	2,183,465	8,738,026	
2022	4,394,485	6,525,812	10,920,297	2,178,053	8,742,244	76.25%
2023	3,644,074	6,532,062	10,176,136	1,431,212	8,744,924	
2024	3,100,800	6,528,219	9,629,019	1,157,625	8,471,394	
2025	2,517,837	6,530,375	9,048,212	572,249	8,475,963	
2026	1,319,024	6,529,751	7,848,775	-	7,848,775	
2027	-	6,524,124	6,524,124	-	6,524,124	100.00%
Total	<u>100,904,036</u>	<u>118,882,456</u>	<u>219,786,492</u>	<u>51,101,970</u>	<u>168,684,522</u>	

TABLE 9 – COMPUTATION OF SELF-SUPPORTING DEBT

Computation of Self-supporting Debt-Airport	
Net Airport Revenue from Fiscal Year Ended 9-30-07	(160,603)
Less: Airport Revenue Bond Requirements, 2008 Fiscal Year Ended	-
Balance Available for Other Purposes	(160,603)
Airport General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>734,444</u>
Balance	<u>(895,047)</u>
Percentage of Airport General Obligation Bonds Self-supporting	62%
Computation of Self-supporting Debt-Sewer System	
Net Revenue from Fiscal Year Ended 9-30-07	905,409
Less: Sewer System Revenue Bond Requirements, 2008 Fiscal Year Ended	<u>2,014,245</u>
Balance Available for Other Purposes	(1,108,836)
Sewer System General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>2,921,015</u>
Balance	<u>(4,029,851)</u>
Percentage of Sewer System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Waterworks System	
Net Revenues from Fiscal Year Ended 9-30-07	6,003,766
Less: Waterworks Revenue Bond Requirements, 2008 Fiscal Year Ended	<u>3,104,988</u>
Balance Available for Other Purposes	2,898,778
Waterworks System General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>3,657,363</u>
Balance Available for Other Purposes	<u>(758,585)</u>
Percentage of Waterworks System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Paving Assessments	
Net Revenue from Fiscal Year Ended 9-30-07	552,167
Less: Paving Assessment Revenue Bond Requirements, 2008 Fiscal Year Ended	-
Balance Available for Other Purposes	552,167
Paving Assessments General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>10,258</u>
Balance	<u>541,909</u>
Percentage of Paving Assessment General Obligation Bonds Self-supporting	100%

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

Computation of Self-supporting Debt-Hotel Occupancy Tax	
Net Revenues from Fiscal Year Ended 9-30-07	2,901,155
Less: Hotel Revenue Bond Requirements, 2008 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	2,901,155
Hotel General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>118,282</u>
Balance	<u><u>2,782,873</u></u>
Percentage of Hotel General Obligation Bonds Self-supporting	
	100%
Computation of Self-supporting Debt-Mass Transit	
Net Revenue from Fiscal Year Ended 9-30-07	(90,137)
Less: Mass Transit Revenue Bond Requirements, 2008 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(90,137)
Mass Transit General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>897,570</u>
Balance	<u><u>(987,707)</u></u>
Percentage of Mass Transit General Obligation Bonds Self -supporting	
	100%
Computation of Self-supporting Debt-Solid Waste Fund (Landfill Fund)	
Net Revenue from Fiscal Year Ended 9-30-07	1,825,837
Less: Solid Waste Revenue Bond Requirements, 2008 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	1,825,837
Solid Waste General Obligation Bond Requirements, 2008 Fiscal Year Ended	<u>2,018,317</u>
Balance	<u><u>(192,480)</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>
2008	2,028,862
2009	1,755,122
2010	1,617,303
2011	<u>112,758</u>
Total Minimum Lease Payments	<u><u>5,514,045</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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:					
Taxes	70,690,523	64,247,927	57,900,377	51,922,395	45,792,946
Franchises	6,506,014	6,569,349	6,173,160	5,700,834	5,539,242
Licenses & Permits	6,148,720	6,042,780	5,539,664	5,300,012	4,932,961
Intergovernmental	1,351,157	671,140	1,379,562	1,007,702	825,502
Charges for Services	28,275,249	28,527,167	24,873,733	24,027,157	22,738,802
Fine and Special Assessment	2,629,702	2,574,351	2,649,032	2,476,015	2,075,063
Interest and Other	1,889,840	1,438,940	598,745	246,074	382,482
Other	<u>1,750,572</u>	<u>1,628,421</u>	<u>2,134,048</u>	<u>2,254,319</u>	<u>2,741,755</u>
Total Revenues	<u>119,241,777</u>	<u>111,700,075</u>	<u>101,248,321</u>	<u>92,934,508</u>	<u>85,028,753</u>
Expenditures:					
General Government	16,548,260	16,245,198	11,532,732	14,654,701	11,602,491
Public Safety	75,891,973	69,093,638	64,300,403	60,906,326	56,025,310
Public Works	7,465,068	6,098,378	5,695,047	5,268,489	3,608,986
Health and Welfare	560,866	438,132	527,562	721,376	961,834
Culture and Recreation	10,551,572	10,025,521	9,466,373	8,443,408	8,361,917
Capital Outlay	-	-	-	-	-
Miscellaneous	<u>400,000</u>	<u>-</u>	<u>3,616,381</u>	<u>11,914,519</u>	<u>3,405,561</u>
Total Expenditures	<u>111,417,739</u>	<u>101,900,867</u>	<u>95,138,498</u>	<u>101,908,819</u>	<u>83,966,099</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,824,038</u>	<u>9,799,208</u>	<u>6,109,823</u>	<u>(8,974,311)</u>	<u>1,062,654</u>
Transfers In	733,997	490,317	2,663,967	937,661	8,273,349
Bond/Capital Lease Proceeds	144,235	-	-	12,115,000	-
Transfers Out	(6,836,898)	(6,111,145)	(4,779,376)	(3,771,269)	(11,098,086)
Sale of Assets	<u>192,338</u>	<u>52,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers In/(Out)	<u>(5,766,328)</u>	<u>(5,568,378)</u>	<u>(2,115,409)</u>	<u>9,281,392</u>	<u>(2,824,737)</u>
Net Increase (Decrease)	2,057,710	4,230,830	3,994,414	307,081	(1,762,083)
Prior Period Adjustment	-	2,536,853	-	-	-
Beginning Fund Balance	<u>21,089,204</u>	<u>14,321,521</u>	<u>10,327,107</u>	<u>10,020,026</u>	<u>11,782,109</u>
Ending Fund Balance	<u>23,146,914</u>	<u>21,089,204</u>	<u>14,321,521</u>	<u>10,327,107</u>	<u>10,020,026</u>

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)
1998	12,863,422	63%	0.3380	70.68
1999	13,665,869	62%	0.3355	69.37
2000	15,230,665	61%	0.3498	78.84
2001	18,461,983	68%	0.3917	95.60
2002	21,447,813	67%	0.3858	106.55
2003	22,547,235	67%	0.4252	108.60
2004	24,374,768	63%	0.4050	113.90
2005	26,433,198	61%	0.3902	122.73
2006	29,894,463	63%	0.4013	133.04
2007	31,384,048	59%	0.3733	135.59

(1) Based on estimated population for all years.

(2) The City has also collected a 1/4 of 1% Local Sales and Use Tax since September, 1991 for funding of its Mass Transit System and a 1/4 of 1% since January 2001 for the Sports & Community Venue Project. The total collected column includes only amount collected for the City and Sports & Community Venue.

The sales tax breakdown for the City is as follows:

Webb County	0.50%
Mass Transit Sales & Use Tax	0.25%
Sports Venue Tax	0.25%
City Sales & Use Tax	1.00%
State Sales & Use Tax	<u>6.25%</u>
Total	<u>8.25%</u>

TABLE 13 - CURRENT INVESTMENTS

As of September 30, 2007, all of the City's investments were guaranteed obligations of the US Government or its agencies and government investment pool. The City's investment portfolio had a weighted average maturity of 178 days to the call date and a weighted average maturity of 235 days to its final maturity. The market value of the investment portfolio was approximately 100.14% of its face value. The City's funds are invested as follows:

Investment Pools	\$ 196,742,887
Agency Securities	<u>103,943,683</u>
Total	\$ <u>300,686,570</u>

LAREDO ENTERTAINMENT CENTER

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

The bonds constitute special and limited obligations of the City and are payable solely from, and secured solely by a first lien on and pledge of the Sales Tax Revenues, as approved by the citizens on a special election on August 12, 2000. The Sales Tax Revenues consist of the gross receipts from a $\frac{1}{4}$ of 1% sales and use tax collected within the boundaries of the City. The bonds were issued pursuant to the provisions of (i) Chapter 334 of the Texas Local Government code, as amended (the "Act"), and (ii) an authorizing ordinance (the "Ordinance") adopted by the City Council of the City on May 23, 2001.

The bonds are payable solely from, and secured solely by, a first lien on and pledge of the Sales Tax Revenues as provided in the Ordinance and not from any other revenues, properties or income of the City. Neither the State of Texas nor any political corporation, subdivision, or agency of the State other than the City will be obligated to pay the bonds or the interest thereon, and neither the faith and credit nor the taxing power of the State or any political corporation, subdivision, or agency thereof is pledged to the payment of principal of or interest on the bonds.

The construction of Laredo Entertainment Center was completed by September 2002. This enormous entertainment center will introduce inexpensive, family-oriented entertainment services, such as concerts, rodeos, circuses, civic events, sporting events, and more. Its major attraction will be the Laredo Bucks hockey team, who will participate in the Central Hockey League.

The Arena itself will count with a diverse mixture of world-class entertainment, a 10,000 seating capacity, over 2,000 parking spaces, and a team store. The 178,000 square foot, \$36.5 million facility opened in October 2002. In the first year, the Laredo Entertainment Center hosted more than 100 events, among them concert performances by Shakira and Carlos Santana.

After the construction of the Arena was completed, approximately 170 new full-time jobs were created for the operation of the facility. Furthermore, contracts were awarded to local businesses whose products are required for the Laredo Entertainment Center's daily operations. This will bring many new businesses to the City of Laredo, which will provide more job opportunities and city growth.

TABLE 1 – SALES TAX RECEIPTS

Fiscal Year Ending 9/30		Actual 1% Sales & Use Tax Receipts		1/4 of 1% Sales Tax Receipts	Maximum Annual Debt Service	Estimated Coverage
1996	\$	10,423,709	*	2,605,927	3,121,125	0.83
1997		11,665,798	*	2,916,450	3,121,125	0.93
1998		12,863,423	*	3,215,856	3,121,125	1.03
1999		13,665,870	*	3,416,468	3,121,125	1.09
2000		15,230,665	*	3,807,666	3,121,125	1.22
2001		16,512,506		4,128,126	3,121,125	1.32
2002		17,158,252		4,289,561	3,121,125	1.37
2003		18,037,788		4,509,447	3,121,125	1.44
2004		19,288,849		4,822,212	3,121,125	1.55
2005		21,075,124		5,268,781	3,121,125	1.69
2006		23,862,993		5,965,748	3,121,125	1.91
2007		25,426,235		6,356,559	3,121,125	2.04

(*) 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, 2007-2024	2,905,004
Fiscal Year 2007 Sales Tax Revenues	6,356,559
Coverage of Average Requirements by Fiscal Year 2007	2.19
Maximum Principal and Interest Requirements 2024	3,121,125
Fiscal Year 2007 Sales Tax Revenues	6,356,559
Coverage of Maximum Requirements by Fiscal 2007	2.04

TABLE 3 – DEBT SERVICE REQUIREMENTS

<u>Ended 9-30</u>	<u>Requirement</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Debt</u>	<u>Retired</u>
2007	944,688	205,000	1,667,862	1,872,862	2,817,550	5.09%
2008	1,019,525	210,000	1,661,638	1,871,638	2,891,163	
2009	1,094,075	215,000	1,655,262	1,870,262	2,964,337	
2010	-	1,430,000	1,616,287	3,046,287	3,046,287	
2011	-	1,575,000	1,539,194	3,114,194	3,114,194	
2012	-	1,660,000	1,456,350	3,116,350	3,116,350	32.43%
2013	-	1,745,000	1,371,225	3,116,225	3,116,225	
2014	-	1,835,000	1,281,725	3,116,725	3,116,725	
2015	-	1,930,000	1,187,600	3,117,600	3,117,600	
2016	-	2,030,000	1,088,600	3,118,600	3,118,600	
2017	-	2,130,000	984,600	3,114,600	3,114,600	60.59%
2018	-	2,240,000	875,350	3,115,350	3,115,350	
2019	-	2,355,000	757,531	3,112,531	3,112,531	
2020	-	2,485,000	630,481	3,115,481	3,115,481	
2021	-	2,615,000	499,875	3,114,875	3,114,875	
2022	-	2,750,000	365,750	3,115,750	3,115,750	88.72%
2023	-	2,895,000	224,625	3,119,625	3,119,625	
2024	-	3,045,000	76,125	3,121,125	3,121,125	100.00%
	<u>\$ 3,058,288</u>	<u>\$ 33,350,000</u>	<u>\$ 18,940,080</u>	<u>\$ 52,290,080</u>	<u>\$ 55,348,368</u>	

LAREDO INTERNATIONAL AIRPORT

The City of Laredo International Airport encompasses approximately 1,892 acres of which 900 acres are dedicated to aviation for passenger and air cargo terminals, runways, taxiways and aprons, and 982 acres are dedicated for industrial, commercial, retail, institutional, and recreational.

The Airport is currently being served by the following scheduled airlines: American Eagle to Dallas/Fort Worth, Express Jet and Chautaugua Airlines d/b/a Continental Express to Houston Bush Intercontinental and Allegiant Air to Las Vegas, Nevada. On average, the airlines have nine daily scheduled flights. A top priority for the Airport is the re-instatement of direct air service to Mexico City and Guadalajara, Mexico. Furthermore, our passenger terminal also houses a full service restaurant, gift shop & duty free concession, ATM, five car rental companies, and Federal Inspection Facility and Transportation Security Administration.

In the area of commercial passenger activity, it is anticipated that during 2008, boardings will increase by approximately ten (10) percent compared to 2007. Fueling the increase is Allegiant Air's low fare direct service to Las Vegas, Nevada, which was initiated during June 2006. For 2007, Allegiant Air is considering adding frequency of service to Las Vegas as well as adding direct summer time service to Orlando, Florida. Allegiant Air operates the 150-passenger MD-80 mainline jet aircraft

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

Twenty (20) air cargo companies are currently serving the Airport along with several unscheduled cargo carriers. Major air cargo operators at the Laredo International Airport include: Federal Express, UPS Supply Chain Solutions, Air Transport Inc., Airborne Express / DHL, Kaillita Charters, USA Jet, AmeriJet, USA/TSM, Cherry Air, AmeriStar, IFL Group, Air Cargo Carriers, Inc., and Contract Air. During September 2007 UPS Supply Chain Solutions added daily Boeing 757 cargo service to Chihuahua, Mexico from Laredo, Texas.

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 \$56.0 million of which the Federal Aviation Administration, under the current program, would fund 95% of the program cost.

The following three major airport infrastructure projects, with an approximate cost of \$7.6 million, were completed during 2007:

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

During the later part of 2007 construction commenced regarding the rehabilitation of General Aviation Apron Phase 3. And plans and specifications are ready to bid the rehabilitation of Runway 14/32.

The City has contracted for an Environmental Assessment Study and for a Benefit/Cost Analysis regarding the proposed extension of Runway 17L. It is possible that the actual construction to extend the runway, its parallel taxiway, and the addition of an Instrument Landing System could commence as early as 2009.

During the past thirteen (13) years, the City and the Federal Aviation Administration have invested over \$110 million in Laredo International Airport infrastructure and noise abatement program. This trend we anticipate will continue in 2008.

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

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

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

Calendar Year	Enplaned Passengers	Deplaned Passengers	Gross Landed Weight (lbs.)
1997	70,445	67,149	392,601,348
1998	78,223	75,135	460,763,819
1999	89,306	87,017	374,202,303
2000	89,905	87,807	420,000,000
(1)2001	69,049	67,835	226,136,780
2002	74,286	73,719	261,473,820
2003	73,638	72,345	272,367,959
2004	81,342	81,924	366,161,425
2005	90,653	92,932	374,434,576
2006	92,783	93,979	360,000,000
2007	112,940	111,464	341,198,304

- (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.

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

	Fiscal Years Ended September 30,					
	2007	2006	2005	2004	2003	2002
Revenues:						
FAA	\$ 388,321	\$ 391,895	\$ 349,076	\$ 287,124	\$ 287,124	\$ 279,240
State Operating Grants	100,235	102,045	98,363	94,710	135,344	80,354
Rents	4,399,983	3,844,104	3,525,829	3,489,304	3,777,292	3,291,239
Interest Earnings	9,019	47,672	87,095	34,837	759	-
Discount Earnings	28					
Proceeds from Asset Disposition	-	-	329,689	3,898,840	3,400,077	-
Miscellaneous	404,714	202,542	325,174	251,881	484,174	239,644
Total Revenues	5,302,300	4,588,258	4,715,226	8,056,696	8,084,770	3,890,477
Expenditures:						
Administration	2,318,266	2,389,787	2,686,745	3,655,870	1,888,911	2,662,541
Building Maintenance	654,188	389,809	427,045	370,364	373,133	382,214
Ground Maintenance	454,977	436,528	498,610	418,625	390,865	364,801
Control Tower	684,924	491,684	461,614	392,096	358,495	336,383
Airport Police	1,033,311	766,494	584,732	586,887	494,967	66,808
Foreign Trade Zone	14,952	14,552	14,558	13,769	13,362	11,661
Total Expenditures	5,160,618	4,488,854	4,673,304	5,437,611	3,519,733	3,824,408
Net Operating Revenues	141,682	99,404	41,922	2,619,085	4,565,037	66,069
Other Sources (Uses):						
Debt Service	(407,640)	(645,942)	(786,131)	(790,914)	(785,744)	(793,684)
Capital Outlay	(302,265)	(1,872,588)	(115,980)	-	-	(17,331)
Communication System Fund	(270,000)	(81,411)	-	-	-	-
General Fund	4,800	-	-	25,000	25,000	25,000
Noise Abatement	-	-	-	(315,790)	-	-
New Airport Terminal	306,641	316,373	(1,500,000)	(511,889)	-	663,130
Total Other Sources (Uses)	(668,484)	(2,283,568)	(2,402,111)	(1,593,593)	(760,744)	(122,885)
Excess (Deficiency) of						
Revenues Over Expenditures	(526,802)	(2,184,164)	(2,360,189)	1,025,492	3,804,293	(56,816)
Beginning Fund Balance	12,294	2,131,789	4,491,978	3,466,486	(337,807)	(280,991)
Prior Period Adjustment	-	64,669	-	-	-	-
Ending Fund Balance	\$ (514,508)	\$ 12,294	\$ 2,131,789	\$ 4,491,978	\$ 3,466,486	\$ (337,807)

TABLE 2- DEBT SERVICE REQUIREMENT

Fiscal Year Ended 9-30	Debt Requirement	99 Airport Refunding Issue			Total Outstanding Debt	% of Principal Retired
		Principal	Interest	Total		
2008	415,894	265,000	53,550	318,550	734,444	19.05%
2009	408,805	280,000	40,300	320,300	729,105	
2010	411,050	105,000	26,160	131,160	542,210	
2011	416,948	105,000	20,753	125,753	542,701	
2012	206,098	100,000	15,240	115,240	321,338	
2013	201,685	100,000	9,940	109,940	311,625	82.54%
2014	116,857	85,000	4,590	89,590	206,447	
2015	117,042	-	-	-	117,042	
2016	116,960	-	-	-	116,960	
2017	116,610	-	-	-	116,610	
2018	115,940	-	-	-	115,940	100.00%
Total	\$ 2,643,889	1,040,000	170,533	1,210,533	3,854,422	

TABLE 3- COVERAGE

Average Annual Principal and Interest Requirements, 2007-2018	\$ 350,402
Coverage of Average Requirements by 9-30-07 Net Income	.40
Maximum Annual Principal and Interest Requirements, after FYE 2007 through 2018	\$ 734,444
Coverage of Maximum Requirements by 9-30-07 Net Income	.19

LAREDO BRIDGE SYSTEM

The system presently consists of the Gateway to the Americas Bridge (Bridge No. 1), the Juarez/Lincoln International Bridge (Bridge No. 2), the Columbia Solidarity Bridge (Bridge No. 3), and the World Trade Bridge (Bridge No. 4). Bridge No. 1 was built in 1956 and was enlarged to a 40-foot width. It has four vehicular traffic lanes with 8-foot pedestrian walks on each side and aluminum outside railings. Bridge No. 2 was built in 1976. Total width of Bridge No. 2 is 98.4 feet and accommodates up to eight vehicular traffic lanes with a sidewalk and includes protective barriers and high curbs to separate the sidewalk from the roadway. Bridge No. 3 was built in 1991. This bridge structure is a simple plan structure consisting of six 12' wide vehicular lanes. Bridge No. 4 was built in 2000 and has eight vehicle lanes.

The system presently has 23 toll lanes, all of which are equipped with an automated toll collection system which counts truck axles and charges accordingly. The toll collection process was recently restructured and upgraded to include a weight-in-motion system for truck toll collections for the Laredo Bridge System. The bridge system employs a staff of 212 employees, approximately 79 of which are directly involved in toll collection operations. Another 133 employees are involved in various aspects of administration, including maintenance, engineering, accounting, customer service, traffic control, and general administration.

LAREDO BRIDGE SYSTEM CURRENT AND HISTORICAL INFORMATION

TABLE 1 - ANALYSIS OF SYSTEM TRAFFIC

<u>CALENDAR YEAR</u>	<u>NON- COMMERCIAL VEHICLES</u>	<u>COMMERCIAL VEHICLES</u>	<u>TOTAL VEHICLES</u>	<u>PEDESTRIANS</u>
2000	7,543,793	1,407,239	8,951,032	4,303,717
2001	7,744,421	1,398,064	9,142,485	4,281,313
2002	7,023,501	1,454,517	8,478,018	4,101,208
2003	7,020,005	1,397,421	8,417,426	4,028,299
2004	7,025,709	1,453,807	8,479,516	4,133,170
2005	6,655,426	1,485,435	8,140,861	3,993,263
2006	6,056,829	1,704,727	7,761,556	4,148,359
2007	5,718,799	1,662,549	7,381,348	4,161,523

TABLE 2 - TOLL RATES FOR THE SYSTEM

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

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

Old Rate Schedule (Southbound only) Effective
February 5, 2005:

Pedestrians, Bicycle including Rider	\$0.50
Non-commercial vehicles (per axle)	1.00
Commercial vehicles (per axle)	2.75
Swipe Card Administrative Fee (per card)	1.00

Old Rate Schedule (Southbound only) Effective
December 1, 2002:

Pedestrians	\$0.50
Motorcycle or Scooter, including Driver	1.50
Auto	1.50
Auto and Pickup Truck with Cargo	2.00
Pickup or Two-Axle Campers	1.50
Pickup Truck with Trailer	1.75
Bicycle, including Rider	0.35
Motor Bus, Local, empty or with normal occupancy	1.50
Pickup Truck or Auto with freight	2.00
Two-Axle Truck with freight	4.00
Commercial Rate (per axle)	2.75

TABLE 3 - HISTORICAL REVENUES OF THE SYSTEM

<u>MONTH</u>	<u>FISCAL YEAR</u> <u>2007</u>	<u>FISCAL YEAR</u> <u>2006</u>	<u>FISCAL YEAR</u> <u>2005</u>	<u>FISCAL YEAR</u> <u>2004</u>	<u>FISCAL YEAR</u> <u>2003</u>
OCT	3,260,281	3,055,601	2,800,813	2,858,532	2,876,062
NOV	3,294,600	3,335,389	2,810,202	2,673,349	2,757,597
DEC	3,420,517	3,604,785	2,949,343	3,002,443	2,883,428
JAN	2,960,412	3,088,928	2,561,825	2,505,939	2,617,782
FEB	2,904,326	2,984,542	2,526,743	2,542,821	2,361,630
MAR	3,289,547	3,452,262	2,812,851	2,889,866	2,632,044
APR	3,076,696	3,080,672	2,818,596	2,737,786	2,650,137
MAY	3,209,794	3,305,073	2,821,433	2,782,254	2,754,437
JUN	3,244,151	3,293,072	2,813,522	2,827,330	2,682,476
JUL	3,161,768	3,245,281	2,714,569	2,845,423	2,841,483
AUG	3,251,761	3,314,186	2,796,893	2,792,864	2,714,605
SEP	<u>2,977,709</u>	<u>3,341,970</u>	<u>2,642,241</u>	<u>2,698,809</u>	<u>2,665,824</u>
TOTAL	<u>38,051,562</u>	<u>39,101,761</u>	<u>33,069,032</u>	<u>33,157,416</u>	<u>32,437,505</u>

TABLE 4 - DEBT SERVICE REQUIREMENTS OF THE SYSTEM

Fiscal Year Ended 9-30	Series 1996 Bonds Total	Bond			SIB Loan Total	Total Outstanding Debt	% of Total Debt Service Retired
		Principal	Interest	Total			
2008	1,554,180	1,905,000	2,987,863	4,892,863	1,697,708	8,144,751	6.30%
2009	1,450,755	1,980,000	2,915,739	4,895,739	1,697,708	8,044,202	
2010	1,347,675	2,665,000	2,836,807	5,501,807	1,697,709	8,547,191	
2011	-	4,125,000	2,721,485	6,846,485	1,697,708	8,544,193	
2012	-	4,280,000	2,548,665	6,828,665	1,697,709	8,526,374	
2013	-	4,490,000	2,374,665	6,864,665	1,697,708	8,562,373	38.95%
2014	-	4,695,000	2,165,095	6,860,095	1,697,709	8,557,804	
2015	-	4,930,000	1,948,010	6,878,010	1,697,708	8,575,718	
2016	-	5,180,000	1,703,460	6,883,460	1,697,708	8,581,168	
2017	-	5,445,000	1,445,734	6,890,734	1,697,708	8,588,442	
2018	-	5,725,000	1,174,130	6,899,130	1,697,708	8,596,838	72.12%
2019	-	3,120,000	887,760	4,007,760	1,697,708	5,705,468	
2020	-	2,610,000	736,680	3,346,680	1,697,709	5,044,389	
2021	-	2,740,000	603,950	3,343,950	1,697,708	5,041,658	
2022	-	2,880,000	463,750	3,343,750	1,697,708	5,041,458	
2023	-	2,100,000	315,450	2,415,450	1,697,708	4,113,158	91.41%
2024	-	2,210,000	205,850	2,415,850	1,697,708	4,113,558	
2025	-	1,810,000	90,500	1,900,500	1,697,708	3,598,208	
2026	-	-	-	-	1,697,708	1,697,708	
2027	-	-	-	-	1,697,222	1,697,222	100.00%
TOTAL	4,352,610	62,890,000	28,125,593	91,015,593	33,953,678	129,321,881	

TABLE 5 – INTERNATIONAL TOLL BRIDGE SYSTEM CONDENSED STATEMENT OF OPERATIONS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>					
Toll Receipts	38,051,562	39,101,761	33,069,032	33,157,416	32,437,505
Rental of Facilities	2,120,862	2,001,395	2,032,072	1,973,600	1,971,204
Miscellaneous	<u>14,811</u>	<u>20,091</u>	<u>12,517</u>	<u>28,966</u>	<u>18,837</u>
Total	<u>40,187,235</u>	<u>41,123,247</u>	<u>35,113,621</u>	<u>35,159,982</u>	<u>34,427,546</u>
<u>EXPENSES</u>					
Personnel Services	7,474,294	6,801,387	6,437,754	6,039,437	5,432,493
Materials and Supplies	677,734	908,535	417,238	404,667	296,066
Contractual Services (1)	3,250,808	3,095,352	3,137,229	2,740,480	2,965,969
Other	<u>18,268</u>	<u>41,395</u>	<u>26,109</u>	<u>22,130</u>	<u>31,166</u>
Total	<u>11,420,904</u>	<u>10,846,669</u>	<u>10,018,330</u>	<u>9,206,714</u>	<u>8,725,694</u>
<u>NON-OPERATING REVENUE</u>					
Interest Earnings-Restricted	1,114,714	1,369,477	3,989,068	349,320	361,736
Interest Earnings-Unrestricted	259,386	252,161	172,257	68,567	79,339
Unrealized Gain/(Loss) on Investments	<u>81,636</u>	<u>12,279</u>	<u>(42,997)</u>	<u>(3,672)</u>	<u>(31,865)</u>
Net Revenues Available for for Debt Service	30,222,067	31,910,495	29,213,619	26,367,483	26,111,062
Debt Service	<u>8,259,332</u>	<u>8,353,498</u>	<u>5,281,103</u>	<u>6,800,179</u>	<u>6,881,277</u>
Surplus Revenues	<u>21,962,735</u>	<u>23,556,997</u>	<u>23,932,516</u>	<u>19,567,304</u>	<u>19,229,785</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, 2008 through 2027	\$	5,298,234
Coverage of Average Requirements by 9-30-07 Net Income		5.70
Maximum Annual Principal and Interest Requirements, after FYE 2008 through 2027	\$	6,899,130
Coverage of Maximum Requirements by 9-30-07 Net Income		4.38
Reserve Fund	\$	5,298,234
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, 2008 through 2027	\$	6,466,094
Coverage of Average Requirements by 9-30-07 Net Income		4.67
Maximum Annual Principal and Interest Requirements, after FYE 2008 through 2027	\$	8,596,838
Coverage of Maximum Requirements by 9-30-07 Net Income		3.52

TABLE 7 – HISTORICAL DEBT SERVICE COVERAGE ANALYSIS

Fiscal Year	Operating and Non-Operating Revenues	Direct Operating Expenses(1)	Net Revenue Available For Debt Service	Total Debt Service Requirements	Coverage
2001	31,705,719	6,912,094	24,793,625	5,860,790	4
2002	34,408,912	8,412,238	25,996,674	5,869,449	4
2003	34,836,756	8,725,694	26,111,062	6,881,277	4
2004	35,574,197	9,206,714	26,367,483	6,800,179	4
2005	39,231,949	10,018,330	29,213,619	5,281,103	6
2006	42,757,164	10,846,669	31,910,495	8,353,498	4
2007	41,642,971	11,420,904	30,222,067	8,259,332	4

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

THE UTILITY SYSTEM

WATER SUPPLY

The City of Laredo uses surface water from the Rio Grande as its source of raw water. Water is diverted directly from the river to the immediately adjacent water treatment plant facilities by two separate river intakes, two separate river pump structures and related multiple pump units. The City of Laredo's water allotment is approximately 50.954 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 2007 was approximately 33.58 million gallons per day and peak demand for 2007 was 49 million gallons per day. Connections to the water system as of September 30, 2007 were 59,409.

WASTEWATER SYSTEM

The City of Laredo owns and operates five wastewater treatment plants, which have a combined total design capacity of 21.051 million gallons per day ("MGD"). The Sewer System includes approximately 426 miles of sewer lines and 76 lift stations. The average daily treatment is 18.095 MGD with 56,065 connections as of September 30, 2007.

TABLE 1 - WATER STORAGE AND DISTRIBUTION

At the present time the system incorporates the following treated water storage facilities:

<u>Location</u>	<u>No. Tanks</u>	<u>No. Clear Wells</u>	<u>Storage Capacity</u>
"Old" Water Treatment Plant		1	1,000,000 gallons
"New" Water Treatment Plant		1	2,500,000 gallons
Hendricks Avenue and Main Street	2		2,000,000 gallons
Lyon Street and Meadow Avenue	2		11,000,000 gallons
Texas Street and Milmo	1		1,000,000 gallons
Mines Road	1 (elevated)		500,000 gallons
Airbase Storage	1 (elevated)		500,000 gallons
Del Mar Plant	1 (elevated)		250,000 gallons
Station H	1		170,000 gallons
East Corridor	1		250,000 gallons
Larga Vista	1		33,000 gallons
Unitec Highway 35 North	2		170,000 gallons
South Laredo	1 (elevated)		1,000,000 gallons
North Laredo	1 (elevated)		1,000,000 gallons
Northwest Laredo	1 (elevated)		1,000,000 gallons
MHOC	2		10,000,000 gallons
Laredo-Columbia	1		200,000 gallons
Sierra Vista	1		5,000,000 gallons
Union Pacific	1		88,000 gallons
Pinto Valle	2		200,000 gallons
San Isidro	1		280,000 gallons
Millennium	1		280,000 gallons
Hwy 359	1		200,000 gallons
Las Blancas	1 (elevated)		500,000 gallons
Santa Isabel	1		212,000 gallons
TAMIU Tank	1		2,000,000 gallons
Total Treated Water Storage			<u>41,333,000 gallons</u>

In conjunction with the existing storage, automatic booster or pumping stations serve the system. These stations are located at the tanks listed above. Two pumping stations are served by two clear wells. Currently, the system consists of approximately 664 miles of transmission and distribution lines.

In 1957, the City of Laredo entered into an agreement with Webb County to use Lake Casa Blanca Reservoir as off-channel storage for emergency use. This reservoir has a storage capacity of 6,516 million gallons of water or 20,000 acre-feet. This agreement is still in effect.

TABLE 2 - WATER PUMPAGE (GALLONS)

Historical water usage for the City is as follows:

Fiscal Year Ended 9/30	Average Day Pumpage (000 Gallons)	Peak Day Pumpage (000 Gallons)	Total Pumpage (000 Gallons)
1998	28,455	48,566	10,303,788
1999	31,030	49,429	11,325,950
2000	36,534	66,000	13,335,000
2001	36,467	61,003	13,198,319
2002	37,254	61,120	13,654,310
2003	31,288	59,754	11,420,232
2004	32,231	50,231	11,764,315
2005	34,675	55,034	12,820,865
2006	40,918	58,940	14,086,761
2007	33,550	49,000	12,245,329

TABLE 3 - SEWAGE FLOW (THOUSAND GALLONS)

Fiscal Year Ended 9-30	Average Sewage Flow	Total Daily Flow
1998	13.999	4,971
1999	14.557	5,313
2000	15.419	5,628
2001	15.515	5,663
2002	15.435	5,634
2003	16.767	6,120
2004	17.015	6,211
2005	16.776	6,123
2006	16.796	6,130
2007	18.095	6,604

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

<u>User</u>	<u>2007 Water/Sewer Consumption</u>
Laredo Medical Center	111,627,700
Texas A&M International University	55,108,200
Webb County Jail	22,415,000
C.P.L. Power Plant	21,826,000
Laredo Municipal Housing Corp.	15,292,400
Texas Energy Services, LP	11,590,200
Corrections Corp. Of America	11,573,000
Retama Manor Nursing Center	11,333,300
Broad Acres Apartments	10,581,900
Webb County (Irrigation)	<u>10,083,000</u>
(1) Total gallons consumed	<u>281,430,700</u>

(1) Source: City of Laredo, Texas.

TABLE 5 - MONTHLY WATER RATES

Water Rates
(Effective January 1, 2007)

Inside City Limits	
Residential:	
Monthly minimum, including use of 2,000 gallons per month	7.50
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.21
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.29
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	1.35
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	1.43
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	1.51
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	1.58
Per 1,000 gallons per month in excess of 50,000 gallons per month	3.16
Multi-Family and Commercial:	
Monthly minimum, including use of 2,000 gallons per month	23.38
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.29
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.31
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	1.53
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	1.75
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	1.97
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	2.41
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	2.99
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	3.06
Outside City Limits:	
The rates for water outside the City limits shall be two times those established for commercial rates.	

TABLE 5 - MONTHLY WATER RATES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

TABLE 7

VALUE OF SYSTEM-CITY OF LAREDO UTILITIES

	2007			2006			2005		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	113,881,674	89,431,498	203,313,172	110,303,883	74,321,403	184,625,286	105,821,499	70,625,996	176,447,495
Vehicles and Equipment	5,449,703	5,865,521	11,315,224	4,464,891	5,443,216	9,908,107	4,276,234	5,102,033	9,378,267
Buildings	13,245,692	18,308,734	31,554,426	13,245,692	17,759,212	31,004,904	12,881,428	13,912,873	26,794,301
Land and Improvements	19,792,793	4,531,525	24,324,318	18,012,171	4,531,252	22,543,696	15,448,728	4,531,525	19,980,253
Construction In Progress	10,870,641	4,769,294	15,639,935	5,782,543	15,180,078	20,962,621	2,744,578	16,281,855	19,026,433
Less: Total Depreciation	(68,006,208)	(39,990,212)	(107,996,220)	(62,790,899)	(35,956,413)	(98,747,312)	(57,592,086)	(32,291,468)	(89,883,554)
Value After Depreciation	95,124,295	82,916,560	178,040,855	89,018,281	81,279,021	170,297,302	83,580,381	78,162,814	161,743,195
	2004			2003					
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities			
System Improvements	95,818,825	62,327,972	158,146,797	95,818,825	62,327,972	158,146,797			
Vehicles and Equipment	4,575,726	5,288,549	9,864,275	4,575,726	5,288,549	9,864,275			
Buildings	12,881,428	13,912,873	26,794,301	12,881,428	13,912,873	26,794,301			
Land and Improvements	15,108,728	4,289,508	19,398,236	15,108,728	4,289,508	19,398,236			
Construction In Progress	4,372,449	12,818,359	17,190,808	4,372,449	12,818,359	17,190,808			
Less: Total Depreciation	(48,137,783)	(25,667,258)	(73,805,041)	(48,137,783)	(25,667,258)	(73,805,041)			
Value After Depreciation	84,619,373	72,970,003	157,589,376	84,619,373	72,970,003	157,589,376			

TABLE 8: CITY'S EQUITY IN UTILITY SYSTEM

Fiscal Year Ended Sept. 30,	2007			2006			2005		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Resources:</u>									
Net System Value	\$ 95,124,295	82,916,560	178,040,855	89,018,281	81,279,021	170,297,302	83,580,381	78,162,814	161,743,195
Cash and Investments	57,112,032	34,294,373	91,406,405	46,788,214	25,619,286	72,407,500	37,432,457	22,306,240	59,738,697
Other Sources	4,701,477	2,513,872	7,215,349	4,380,439	2,420,388	6,800,827	3,444,306	2,369,981	5,814,287
Total Resources	156,937,804	119,724,805	276,662,609	140,186,934	109,318,695	249,505,629	124,457,144	102,839,035	227,296,179
<u>Obligations:</u>									
Revenue Bonds Payable	28,792,697	21,498,000	50,290,697	21,835,977	13,254,000	35,089,977	14,106,623	9,524,453	23,631,076
Less: Bond Funds	(2,145,992)	(1,624,617)	(3,770,609)	(1,612,118)	(980,733)	(2,592,851)	(999,731)	(680,773)	(1,680,504)
Other Obligations	26,646,705	19,873,383	46,520,088	20,223,859	12,273,267	32,497,126	13,106,892	8,843,680	21,950,572
Total Obligations	10,178,418	2,978,020	13,156,438	8,590,035	2,056,101	10,646,136	7,040,361	1,946,258	8,986,619
	36,825,123	22,851,403	59,676,526	28,813,894	14,329,368	43,143,262	20,147,253	10,789,938	30,937,191
City's Equity In System	\$ 120,112,681	96,873,402	216,986,083	111,373,040	94,989,327	206,362,367	104,309,891	92,049,097	196,358,988
Percentage City's Equity In System	76.54%	80.91%	78.43%	79.45%	86.89%	82.71%	83.81%	89.51%	86.39%
Fiscal Year Ended Sept. 30,									
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities			
<u>Resources:</u>									
Net System Value	\$ 85,042,304	75,288,741	160,331,045	84,619,373	72,970,003	157,589,376			
Cash and Investments	28,203,259	22,610,065	50,813,324	22,261,933	19,509,701	41,771,634			
Other Sources	2,395,876	1,868,029	4,263,905	3,040,128	2,007,627	5,047,755			
Total Resources	115,641,439	99,766,835	215,408,274	109,921,434	94,487,331	204,408,765			
<u>Obligations:</u>									
Revenue Bonds Payable	10,589,636	8,165,753	18,755,389	7,126,679	5,350,053	12,476,732			
Less: Bond Funds	(1,676,417)	(1,049,022)	(2,725,439)	(1,222,640)	(704,316)	(1,926,956)			
Other Obligations	8,913,219	7,116,731	16,029,950	5,904,039	4,645,737	10,549,776			
Total Obligations	8,431,833	2,684,236	11,116,069	7,430,658	2,086,025	9,516,683			
	17,345,052	9,800,967	27,146,019	13,334,697	6,731,762	20,066,459			
City's Equity In System	\$ 98,296,387	89,965,868	188,262,255	96,586,737	87,755,569	184,342,306			
Percentage City's Equity In System	85.00%	90.18%	87.40%	87.87%	92.88%	90.18%			

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 1

For Fiscal Year Ended
September 30,

	2007			2006			2005		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
Revenues									
Charges for Services	\$ 24,977,835	13,055,433	38,033,268	23,129,654	14,108,373	37,238,027	16,894,576	13,389,474	30,284,050
Rental Of Facilities	40,128	-	40,128	38,122	-	38,122	34,109	-	34,109
Interest	2,721,712	1,505,282	4,226,994	1,743,571	1,062,886	2,806,457	764,273	554,940	1,319,213
Miscellaneous	463,192	587,121	1,050,313	294,506	429,905	724,411	1,043,549	464,833	1,508,382
Total Revenues	28,202,867	15,147,836	43,350,703	25,205,853	15,601,164	40,807,017	18,736,507	14,409,247	33,145,754
Expenses									
Administrative	2,076,626	2,872,599	4,949,225	1,779,174	2,543,621	4,322,795	1,278,137	1,846,066	3,124,203
Utility Engineering	752,441	-	752,441	638,979	-	638,979	580,413	-	580,413
Utility Compliance	-	-	-	-	-	-	4,763,429	3,019,560	7,782,989
City Managed Employees	-	-	-	-	-	-	137,414	79,466	216,880
Utility Billing	2,368,785	-	2,368,785	1,950,102	-	1,950,102	707,008	-	707,008
Asset Management	270,448	-	270,448	246,510	-	246,510	121,035	-	121,035
Water Treatment Plant	5,956,680	-	5,956,680	6,090,084	-	6,090,084	1,956,422	-	1,956,422
Transmission and Distribution	3,144,501	-	3,144,501	2,803,090	-	2,803,090	1,262,552	-	1,262,552
Water Pollution Control	528,799	-	528,799	502,870	-	502,870	171,841	-	171,841
Wastewater Treatment	-	4,133,862	4,133,862	-	3,662,090	6,662,090	-	1,064,536	1,064,536
Wastewater Collection	-	2,526,732	2,526,732	-	2,280,698	2,280,698	-	769,719	769,719
Corrective Maintenance	-	-	-	-	-	-	13,083	32,014	45,097
Total Expenses	15,098,280	9,533,193	24,631,473	14,010,809	8,486,409	22,497,218	10,991,334	6,811,361	17,802,695
Net Available for Debt Service	\$ 13,104,587	5,614,643	18,719,230	11,195,044	7,114,755	18,309,799	7,745,173	7,597,886	15,343,059
Number of Customers	59,409	56,065		57,489	54,568		55,252	52,585	

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 2

For Fiscal Year Ended
September 30,

	2004			2003		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>						
Charges for Services	\$ 14,826,763	12,340,387	27,167,150	14,444,856	12,104,460	26,549,316
Rental Of Facilities	30,096	-	30,096	20,982	-	20,982
Interest	347,172	271,390	618,562	356,138	299,547	655,685
Miscellaneous	698,617	685,074	1,383,691	605,714	565,430	1,171,144
Total Revenues	15,902,648	13,296,851	29,199,499	15,427,690	12,969,437	28,397,127
<u>Expenses</u>						
Administrative	1,237,314	1,406,152	2,643,466	1,163,450	1,277,567	2,441,017
Utility Engineering	529,185	-	529,185	517,235	-	517,235
Utility Compliance	7,656,492	4,682,958	12,339,450	6,870,017	5,499,484	12,369,501
City Managed Employees	342,582	262,052	604,634	365,098	405,422	770,520
Utility Billing	-	-	-	26,165	-	26,165
Asset Management	-	-	-	-	-	-
Water Treatment Plant	-	-	-	68,810	-	68,810
Transmission and Distribution	-	-	-	52,081	-	52,081
Water Pollution Control	-	-	-	22,848	-	22,848
Wastewater Treatment	-	-	-	-	157,016	157,016
Wastewater Collection	-	-	-	-	48,352	48,352
Corrective Maintenance	35,539	296,941	332,480	36,449	11,715	48,164
Total Expenses	9,801,112	6,648,103	16,449,215	9,122,153	7,399,556	16,521,709
Net Available for Debt Service	\$ 6,101,536	6,648,748	12,750,284	6,305,537	5,569,881	11,875,418
Number of Customers	52,754	50,282		50,997	48,715	

TABLE 10 Debt Service Requirements

Fiscal Year Ended 9-30	Water Revenue Debt After Refunding Issue Debt Requirement	2004 WATER SYSTEM REVENUE REFUNDING ISSUE				Plus General				Sewer				2002 SEWER SYSTEM REVENUE REFUNDING ISSUE				Plus General				% of Grand Total Retired
		REFUNDING ISSUE				Obligation Water System Debt Service Requirements				Revenue Debt After Refunding Issue Debt Requirements				Obligation Sewer System Debt Service Requirements				Total Sewer Outstanding Debt				
		Principal	Interest	Total	Total Water Outstanding Debt	Principal	Interest	Total	Water Total	Debt Requirements	Principal	Interest	Total	Principal	Interest	Total	Total Sewer Outstanding Debt	Sewer Total	Utility Grand Total			
2008	1,855,748	1,125,000	124,240	1,249,240	3,104,988	3,657,363	6,762,351	1,493,985	465,000	55,260	520,260	2,014,245	2,921,015	4,935,260	11,697,611							
2009	2,093,144	1,100,000	76,978	1,176,978	3,270,122	3,655,248	6,925,370	1,758,694	455,000	37,363	492,363	2,251,057	2,771,682	5,022,739	11,948,109							
2010	2,104,850	1,135,000	26,389	1,161,389	3,266,239	3,664,001	6,930,240	1,772,361	460,000	18,298	478,298	2,250,659	2,781,947	5,032,606	11,962,846							
2011	2,014,210	-	-	-	2,014,210	3,663,412	5,677,622	1,673,013	190,000	4,223	194,223	1,967,236	2,759,665	4,626,901	10,304,523							
2012	2,022,741	-	-	-	2,022,741	3,314,672	5,337,413	1,532,248	-	-	-	1,532,248	2,792,226	4,324,474	9,661,887			44.42%				
2013	2,019,618	-	-	-	2,019,618	3,331,757	5,351,375	1,536,995	-	-	-	1,536,995	2,792,735	4,329,730	9,681,105							
2014	2,019,864	-	-	-	2,019,864	2,761,052	4,780,916	1,536,709	-	-	-	1,536,709	2,427,195	3,963,904	8,744,820							
2015	2,015,395	-	-	-	2,015,395	779,685	2,794,080	1,531,091	-	-	-	1,531,091	941,478	2,472,569	5,266,649							
2016	2,021,003	-	-	-	2,021,003	780,929	2,801,932	1,531,706	-	-	-	1,531,706	942,553	2,474,259	5,276,191							
2017	2,015,518	-	-	-	2,015,518	785,964	2,801,482	1,532,769	-	-	-	1,532,769	941,701	2,474,470	5,275,952			71.78%				
2018	2,017,374	-	-	-	2,017,374	528,694	2,546,068	1,535,889	-	-	-	1,535,889	948,946	2,484,835	5,030,903							
2019	2,006,284	-	-	-	2,006,284	528,539	2,534,823	1,536,090	-	-	-	1,536,090	430,913	1,967,003	4,501,826							
2020	2,013,243	-	-	-	2,013,243	216,788	2,230,031	1,528,609	-	-	-	1,528,609	432,916	1,961,525	4,191,556							
2021	2,014,077	-	-	-	2,014,077	-	2,014,077	1,533,412	-	-	-	1,533,412	273,790	1,807,202	3,821,279							
2022	2,016,106	-	-	-	2,016,106	-	2,016,106	1,531,787	-	-	-	1,531,787	272,663	1,804,450	3,820,556			88.86%				
2023	2,014,489	-	-	-	2,014,489	-	2,014,489	1,541,049	-	-	-	1,541,049	270,962	1,812,011	3,826,500							
2024	2,013,365	-	-	-	2,013,365	-	2,013,365	1,532,852	-	-	-	1,532,852	-	1,532,852	3,546,217							
2025	1,653,981	-	-	-	1,653,981	-	1,653,981	1,192,767	-	-	-	1,192,767	-	1,192,767	2,846,748							
2026	1,328,806	-	-	-	1,328,806	-	1,328,806	1,046,069	-	-	-	1,046,069	-	1,046,069	2,374,875							
2027	645,689	-	-	-	645,689	-	645,689	700,543	-	-	-	700,543	-	700,543	1,346,232			100.00%				
total	37,905,505	3,360,000	227,607	3,587,607	41,493,112	27,667,104	69,160,216	29,578,638	1,570,000	115,144	1,685,144	31,263,782	24,702,387	55,966,169	125,126,385							

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

Average Annual Principal and Interest Requirements	\$	2,145,992
Coverage of Average Requirements by 2007 Net Income		6.11
Maximum Principal and Interest Revenue Bond Requirements	\$	
After Fiscal Year Ended September 30, 2007		3,270,122
Coverage of Maximum Requirements by 2007 Net Income		4.62
Outstanding New Series Water Revenue Bonds	\$	37,905,505
Outstanding Refunding Water Revenue Bonds	\$	3,587,607
Interest and Sinking Fund as of September 30, 2007	\$	1,067,083
Reserve Fund as of September 30, 2007	\$	2,145,992
Contingency Fund as of September 30, 2007	\$	1,332,682

Sewer:

Average Annual Principal and Interest Requirements	\$	1,624,617
Coverage of Average Requirements by 2007 Net Income		3.46
Maximum Principal and Interest Revenue Bond Requirements	\$	
After Fiscal Year Ended September 30, 2007		2,251,057
Coverage of Maximum Requirements by 2007 Net Income		2.50
Outstanding New Series Sewer Revenue Bonds	\$	29,578,638
Outstanding Refunding Sewer Revenue Bonds	\$	1,685,144
Interest and Sinking Fund as of September 30, 2007	\$	617,167
Reserve Fund as of September 30, 2007	\$	1,624,617
Contingency Fund as of September 30, 2007	\$	714,325

TABLE 12: COVERAGE AND FUND BALANCES – UTILITY SYSTEM

Utility System			
	Waterworks	Sewer	Total
Net Funds Available for Debt Service	\$ 13,104,587	5,614,643	18,719,230
Average Annual Principal and Interest Requirements	2,145,992	1,624,617	3,770,609
Coverage of Average Annual Requirements by Funds Available for Debt Service	6.11	3.46	4.97
Maximum Principal and Interest Revenue Bond Requirements	3,270,122	2,251,057	5,521,179
Coverage of Maximum Requirement by Funds Available for Debt Service	4.62	2.50	3.39
Outstanding Bonds as of 09/30/2007	37,905,505	29,578,638	67,484,143
Interest & Sinking Fund as of 09/30/2007	1,067,083	617,167	1,684,250
Reserve Funds as of 09/30/2007	2,145,992	1,624,617	3,770,609
Contingency Fund as of 09/30/2007	\$ 1,332,682	714,325	2,047,007

This page intentionally left blank

SINGLE AUDIT

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

CERTIFIED PUBLIC ACCOUNTANTS
107 CALLE DEL NORTE, SUITE 15A
P.O. BOX 2664
LAREDO, TEXAS 78044-2664

RAUL GARZA, CPA, MPA, CGFM, DABFA
JORGE R. MARTINEZ, CPA
ANGELICA P. CANTU, CPA
LINDA V. MARTINEZ, CPA, MPA
MARISA G. GONZALEZ, MPA
OMAR SALCEDO
RAMIRO R. MORENO, JR.
SANTIAGO JASSO JR.
AMANDA L. MARTINEZ



The CPA. Never Underestimate The Value.®

TEL:(956) 727-4122
FAX:(956) 727-5262
E Mail: cpafirm@gmc-cpa.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE OF TEXAS
UNIFORM GRANT MANAGEMENT STANDARDS**

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

Compliance

We have audited the compliance of the City of Laredo, Texas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Uniform Grant Management Standards (UGMS)* issued by the Office of the Governor of the State that are applicable to each of its major federal and state programs for the year ended September 30, 2007. The City of Laredo, Texas', major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City of Laredo, Texas', management. Our responsibility is to express an opinion on the City of Laredo, Texas', compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *UGMS*. Those standards, OMB Circular A-133 and UGMS, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and

material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Laredo, Texas', compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Laredo, Texas', compliance with those requirements.

In our opinion, the City of Laredo, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the City of Laredo, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Laredo, Texas', internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Laredo, Texas' internal control over compliance.

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

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

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laredo, Texas, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 12, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Laredo, Texas', basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Gauger, Martiny & Co, L.L.P.

March 12, 2008

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2007**

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, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
U.S. Department of Health and Human Services							
Passed Through Texas Department of State Health Services:							
Center for Disease Control and Prevention, Public Health Services:							
Control Program - CPS-BIOCHEM	93.003	N/A	\$ 3,500	-	3,750	-	3,750 (1,250)
Control Program - CPS-BIOCHEM	93.003	N/A	-	-	-	1,250	896
Control Program - TB Federal '00	93.116	N/A	183,186	30,873	-	-	29,977
Control Program - TB Federal '06	93.116	N/A	169,293	24,340	63,220	87,560	87,560
Control Program - TB Federal '07	93.116	N/A	165,085	-	104,796	86,279	18,517
Health Resources and Services Administration:							
Abstinence Education Program 04-05	93.235	N/A	92,910	23,053	-	23,053	-
Abstinence Education Program 06-07	93.235	N/A	92,910	-	76,309	70,486	5,823
Occupational Safety and Health Research Projects:							
Lead Poisoning Prevention 04-05	93.262	N/A	15,000	622	-	-	622
Lead Poisoning Prevention 05-06	93.262	N/A	15,000	621	-	621	-
Center for Disease Control and Prevention, Public Health Services:							
Immunization Grants:							
Immunization Locals 06	93.268	N/A	128,651	7,444	-	7,444	-
Immunization Locals 07	93.268	N/A	128,651	14,472	199,218	167,303	46,387
Immunization Locals 08	93.268	N/A	223,188	-	17,624	-	17,624
Center for Disease Control and Prevention							
Investigations and Technical Assistance - Bureau of Clinical and Nutrition Services -							
Community Preparedness Section - Lab	93.283	N/A	750,000	-	211,757	-	211,757
Bioterrorism Preparedness - 03-04	93.283	N/A	449,067	48,071	-	-	48,071
Bioterrorism Preparedness - 05-07	93.283	N/A	549,678	64,700	366,780	284,664	146,816
Bioterrorism Preparedness - 07-08	93.283	2008-022827-001	172,082	-	18,382	-	18,382
Bioterrorism Pandemic - 06-07	93.283	N/A	119,065	-	112,787	61,154	51,633
Bioterrorism Pandemic - 07-08	93.283	2008-022827-001	59,527	-	9,486	-	9,486
Preventive Health & Health Services '02-03 - NTD	93.283	N/A	155,289	11,022	-	-	11,022
Health Resources and Services Administration:							
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 01-02	93.917	N/A	285,938	42,194	-	42,194	-
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 06-07	93.917	019-03-06	306,063	89,862	151,258	251,120	-
H.I.V. Care Formula Grant - H.I.V. Consortia and Insurance 07-08	93.917	019-03-07	332,717	-	229,600	95,418	134,182
H.I.V. Prevention Activities - Health Department Based							
H.I.V. Prevention Counseling Partner Elicitation Education 06	93.940	N/A	199,854	43,427	71,829	93,869	21,387
H.I.V. Prevention Counseling Partner Elicitation Education 07	93.940	N/A	133,236	-	131,927	128,149	3,778
H.I.V. Prevention Counseling Partner Elicitation Education 08	93.940	2008-023782-001	411,171	-	21,359	-	21,359
Prevention Services for H.I.V. Infected Persons '06	93.940	N/A	104,989	23,037	26,088	49,125	-
Prevention Services for H.I.V. Infected Persons '07	93.940	N/A	69,993	-	71,336	69,994	1,342
Prevention Services for H.I.V. Infected Persons '08	93.940	N/A	-	-	522	-	522
Centers for Disease Control and Prevention:							
Preventive Health & Health Services Block Grant							
Office of Border Health - Laboratory	93.991	N/A	145,540	-	119,311	119,311	-
Office of Border Health - Buena Vista 05-06	93.991	N/A	49,000	24,966	-	24,966	-
Office of Border Health - NTD	93.991	N/A	28,053	265	-	-	265
Office of Regional Administrative Services - 05-06 / O.P.H.P.	93.991	N/A	21,500	-	10,900	-	10,900
Office of Regional Administrative Services - 06-07 / O.P.H.P.	93.991	N/A	306,835	27,607	-	27,607	-
Office of Regional Administrative Services - 07-08 / O.P.H.P.	93.991	N/A	306,835	21,430	284,300	177,009	128,721
Office of Regional Administrative Services - 07-08 / O.P.H.P.	93.991	N/A	306,835	-	15,282	-	15,282
Preventive Health & Health Services '01-02 - Border Health	93.991	2008-024502-001	5,000	892	-	-	892
Total U. S. Department of Health and Human Services			\$ 6,485,631	508,898	2,318,821	1,898,553	929,166

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2007**

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

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
U.S. Department of Housing and Urban Development (HUD)							
Direct Programs:							
Community Planning and Development:							
Community Development Block Grant / Entitlement Grants 04	14.218	N/A	\$ 4,336,000	1,021,802	1,848,013	2,869,815	-
Community Development Block Grant / Entitlement Grants 05	14.218	N/A	4,162,388	-	2,080,900	1,562,796	498,104
Community Development Block Grant / Entitlement Grants 06	14.218	N/A	3,711,628	-	-	-	-
Emergency Shelter Grant Program 2005	14.231	N/A	158,593	20,561	73,229	93,790	-
Emergency Shelter Grant Program 2006	14.231	N/A	158,888	-	113,500	37,015	76,485
Housing Opportunities for Persons with Aids - H.O.P.W.A. II 06-07	14.241	019-02-05	87,800	20,299	50,405	70,864	-
Housing Opportunities for Persons with Aids - H.O.P.W.A. II 07-08	14.241	019-02-05	78,674	-	42,616	17,391	25,225
HOME Investment Partnership Program 2005 GRANT	14.239	N/A	1,381,138	197,398	487,930	685,328	-
ADDI Program 2006 Grant	14.239	N/A	12,841	-	-	-	-
HOME Investment Partnership Program 2006 GRANT	14.239	N/A	1,299,879	-	908,220	767,496	140,724
EDI Special Project (Plaza Sign Restoration)	14.246	B-05-SP-TX-0301	198,400	7,103	191,297	-	198,400
Total U. S. Department of HUD			15,586,209	1,267,123	5,776,110	6,104,295	938,938

U. S. Department of Transportation

Direct Programs:							
Federal Transit Administration:							
Capital Improvement Grant	20.500	TX90X438	1,427,252	36,069	123,456	159,525	-
Capital Improvement Grant	20.500	TX90X456	1,179,494	4,266	-	10	4,266
Capital Improvement Grant	20.500	TX90X499	688,015	36,000	4,000	40,000	-
Capital Improvement Grant	20.500	TX03X274	2,546,681	-	41,532	41,532	-
Federal Transit Formula Grants - Urbanized Area Formula Program							
Federal Transportation and Operating Assistance	20.507	TX904706	3,778,375	348,746	526,487	875,233	-
Federal Transportation and Operating Assistance	20.507	TX904758	3,658,679	-	3,571,193	3,132,193	439,000
Federal Aviation Administration:							
Airport Improvement Program (ARFF Station/Cargo Apron Pads)	20.106	3-48-0136-38-03	1,314,480	1,900	-	1,900	-
Airport Improvement Program (Noise Abatement/65-69 DNL)	20.106	3-48-0136-40-04	6,000,000	9,680	1,214,536	1,208,467	15,749
Airport Improvement Program (EMAS, Taxiway, Cargo Pads)	20.106	3-48-0136-41-04	4,276,134	131,326	(112,976)	18,350	-
Airport Improvement Program (Taxiways, Apron)	20.106	3-48-0136-42-04	5,449,747	119,867	188,589	73,681	214,775
Airport Improvement Program (Runway 17R/35L)	20.106	3-48-0136-44-05	4,271,932	153,529	(3,675)	40,207	109,647
Airport Improvement Program (Runway 17R/35L, RPZ)	20.106	3-48-0136-46-05	1,000,000	-	818	818	-
Airport Improvement Program (Noise Abatement)	20.106	3-48-0136-47-06	2,000,000	-	648,502	454,060	194,442
Airport Improvement Program (Runway 17L, Noise Study)	20.106	3-48-0136-48-06	1,424,968	206,886	604,037	588,342	222,581
Airport Improvement Program (G.A. Apron, N.E. Cargo Apron)	20.106	3-48-0136-49-07	7,500,000	1,428	5,867,188	3,567,374	2,301,242
Airport Improvement Program (Noise Mitigation)	20.106	3-48-0136-50-07	2,000,000	-	-	-	-
Airport Improvement Program (Rehab Apron, Rehab Runway 1432)	20.106	3-48-0136-51-07	4,513,444	-	146,099	57,403	88,696

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

PERIOD ENDED SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

(Continued)

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
U. S. Department of Transportation							
Direct Programs:							
Federal Aviation Administration:							
Airport Traffic Control Services	20.106	DTFASW-04-C-00022	\$ 341,330	28,223	400,495	395,713	33,005
Transportation Security Administration	20.512	DTSAA20-03-P-01648	102,711	16,665	99,718	99,702	16,681
Pass Through Texas Department of Transportation:							
Federal Transit Administration:							
Formula Grants for Other Than Urbanized Areas:	20.509	5172ZF7052	634,934	-	634,934	634,934	-
Urban Public Transportation - Operating							
National Highway Traffic Safety - State & Community Highway Safety							
Texas Department of Transportation							
Comprehensive Commercial Vehicle STEP	20.604	586XF6051	40,000	14,864	-	14,864	-
Comprehensive Commercial Vehicle STEP	20.600	587XF6065	40,000	-	39,828	26,435	13,393
Comprehensive STEP	20.600	586XF6037	84,442	8,944	-	8,944	-
Comprehensive STEP	20.600	587XF6040	99,806	-	99,806	61,928	37,878
Impaired Driving Mobilization	20.605	585XF6179	49,989	8,257	-	8,257	-
Step - CLOT	20.601	587XF6129	24,960	-	22,372	8,650	13,722
Step - CLOT	20.600	586XF6174	20,000	16,448	-	16,448	-
Step - IDI	20.609	587XF6199	20,000	-	18,196	18,196	-
Incentive Grant	20.600	586XF6201	10,000	10,000	-	10,000	-
Small Community Air Service Development Pilot Program	20.601	587XF6247	4,000	-	4,000	-	4,000
FHWA-PL - Metropolitan Planning	20.930	OST-2003-15065-96	400,000	75,094	148,759	81,120	143,733
FHWA-PL - Metropolitan Planning	20.205	50-2-06-1113-70	241,702	46,345	10,311	56,856	-
FTA SECTION 5303 - Metropolitan Planning	20.205	50-2-07-1113-70	412,620	-	417,628	219,915	197,713
	20.205	51-108.0122-07	67,419	-	67,419	67,419	-
Total U. S. Department of Transportation			55,933,114	1,274,537	14,764,252	11,988,276	4,050,513

U. S. Department of Agriculture

Passed Through Texas Department of State Health Services:							
Food & Nutrition Service - Special Supplemental Nutrition Program							
Women, Infants and Children 05-06	10.557	N/A	3,465,491	666,202	68,495	734,697	-
Women, Infants and Children 06-07	10.557	N/A	3,761,058	-	3,341,155	2,965,269	775,896
Women, Infants and Children Counties 06-07	10.557	N/A	50,000	-	44,960	-	44,960
Passed Through Texas Forest Service:							
Urban Forestry Partnership Grant Program	10.664	04-09-03	8,100	-	3,508	3,508	-
Total U. S. Department of Agriculture			7,284,649	666,202	3,458,128	3,303,474	820,856

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2007**

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

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
U. S. Department of Justice							
Office of Justice Program - Bureau of Justice Assistance -							
Byrne Formula Grant Program:							
Passed Through State Department of Criminal Justice:							
Criminal Justice Discretionary Grant Program							
Financial Task Force	16.579	12PSSP571	\$ 677,337	1,789	9,181	10,970	-
Interdiction Project	16.579	14PSSP571	80,000	6,492	-	-	6,492
Financial Task Force	16.579	15PSSP571Z	630,685	48,984	-	41,144	7,840
Financial Task Force	16.579	16PSSP571Z	630,685	421,278	202,335	546,777	76,836
Financial Task Force	16.579	17PSSP571Z	679,130	-	411,814	-	411,814
South Texas Public Corruption Task Force 06	16.579	18PSSP571Z	99,916	51,208	46,584	89,521	8,271
South Texas Public Corruption Task Force 07	16.579	17PSSP571Z	99,916	-	53,375	-	53,375
Passed Through South Texas Development Board:							
South Texas Interoperability Project			1,200,000	-	-	-	-
Office of Justice Program - Bureau of Justice Assistance -							
Byrne Formula Grant Program:							
Passed Through State Department of Criminal Justice:							
Criminal Justice Discretionary Grant Program							
Office of Justice Program - Bureau of Justice Assistance -							
Local Law Enforcement Block Grants Program:							
South Texas Public Corruption Task Force 02	16.592	12PSSP602	47,208	16,101	9,000	25,101	-
South Texas Public Corruption Task Force 03	16.592	13PSSP602	49,868	3,331	-	3,331	-
South Texas Public Corruption Task Force 05	16.592	15PSSP571Z	101,225	15,917	-	15,829	88
City of Laredo Justice Assistance Grant	16.738	2005-DJ-BX-0288	124,624	51,920	45,612	88,936	8,596
Byrne Memorial Justice Assistance Grant	16.579	2006-DJ-BX-1051	80,977	-	39,012	39,012	-
Office of Community Oriented Policing Services - Public Safety							
Partnership & Community Policing Grants:							
Universal Hiring 02-05	16.710	2002-UL-WX-0020	3,000,000	-	-	-	-
Universal Hiring 04-07	16.710	2202-UL-WX-0047	1,125,000	17,567	192,779	204,260	6,086
Cops in School SRO 01-04	16.710	2001-SH-WX-0638	1,750,000	6,945	47,256	54,201	-
Cops in School SRO 02-05	16.710	2002-SH-WX-0726	1,250,000	31,250	367,739	398,989	-
Total U. S. Department of Justice			\$ 11,626,591	672,782	1,424,687	1,518,071	579,388

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

PERIOD ENDED SEPTEMBER 30, 2007

CITY OF LAREDO, TEXAS

(Continued)

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
U.S. Department of Homeland Security							
Federal Emergency Management Agency	97.088	1709-DR	\$	-	514,512	-	514,512
FEIMA-Public Assistance Grant	97.017	PDM05-004	73,230	-	4,457	-	4,457
Pre-disaster Mitigation Planning Grant							
Passed Through GDEM:							
State Homeland Security Program (SHSGP)	97.067	2004 HSGP-41464	1,462,934	25,873	-	13,751	12,122
State Homeland Security Program (SHSGP)	97.067	2005 HSGP-41464	459,818	-	471,145	-	471,145
Law Enforcement Terrorism Prevention Program (LETPP)	97.067	2005 HSGP-41464	195,918	10,000	134,060	144,060	-
State Homeland Security Program (SHSGP)	97.067	2006 GE-T6-0068	82,384	-	36,363	15,577	20,786
Law Enforcement Terrorism Prevention Program (LETPP)	97.067	2006 GE-T6-0068	139,099	-	-	-	-
Buffer Zone Protection Plan	97.078	2005 BZPP-41464	49,979	18,579	31,000	49,579	-
Total U. S. Department of Homeland Security			2,463,342	54,452	1,191,537	222,967	1,023,022
U. S. Department of Environmental Protection Agency							
Survey, Studies, Investigations & Special Purpose Grants	66.606	C-481961-01-0	8,200,000	38,645	-	-	38,645
EPA - Jefferson & Chacon Water and Wastewater Improvements	66.818	BF-96638301-0	100,000	-	6,293	1,876	4,417
EPA - Brownfields	66.461	CD-96601101-0	87,750	-	22,513	20,430	2,083
EPA - Regional Wetlands Program Development Grants	66.931	X4-96623101-0	28,500	-	14,700	14,700	-
Joint Hazardous Material Educational Initiative							
Passed Through Texas State University - San Marcos:							
EPA - Dos Laredos: Integrating Monitoring/Watershed Education	66.931	X4-96606301-0	23,377	-	5,296	4,027	1,269
EPA - Health	66.931	X4-96602701-0	75,000	5,061	23,839	26,570	2,330
Air Pollution Control Program Support:							
Passed Through Texas Commission on Environmental Quality							
Continuous Air Monitoring Station - Air Pollution Control Prog 03-05	66.001	582-4-55848	210,000	19,688	-	19,688	-
Continuous Air Monitoring Station - Air Pollution Control Prog 06-07	66.001	582-7-72662	70,000	3,123	65,244	41,190	27,177
Continuous Air Monitoring Station - Air Pollution Control Prog 06-07	66.001	582-7-72662	70,000	-	6,279	-	6,279
Passed Through Texas Water Development Board:							
NADB - Colonia Water & Wastewater Treatment	66.606	BEIF23-4800	6,231,450	-	1,343,235	783,054	560,181
Colonia Water & Waste Water Treatment	66.606	G13500013600	15,319,920	418,584	4,160,052	490,709	4,037,927
Total U. S. of Environmental Protection Agency			30,415,997	485,101	5,647,451	1,402,244	4,730,308
Total Federal Assistance			129,495,533	4,929,095	34,590,986	26,437,880	13,072,201
STATE AWARDS							
Texas Department of State Health Services:							
Primary Health Care Program 05-06	N/A	74-60015732-0607	134,342	39,564	-	39,564	-
Primary Health Care Program 06-07	N/A	2007-020365-001	134,342	18,915	127,269	118,816	27,368
Primary Health Care Program 07-08	N/A	2008-024332-001	134,342	-	5,155	-	5,155
Tuberculosis Prevention and Control 05-06	N/A	74-60015732-0608	195,567	10,963	-	10,963	-
Tuberculosis Prevention and Control 06-07	N/A	74-60015732807-01	140,125	13,362	126,796	114,553	25,565
Tuberculosis Prevention and Control 07-08	N/A	2008-023216-001	140,125	-	10,053	-	10,053
Bureau of Clinical and Nutrition Services - Population-Based							
Public Health - Title V - CORE - 04	N/A	74-60015732-0407	21,657	353	-	-	353
Bureau of Clinical and Nutrition Services - Prenatal, Preventive &							
Primary Child Health, Genetics and Dental Serv. - 06	N/A	74-60015732A06-01	347,956	94,073	-	94,073	-
Bureau of Clinical and Nutrition Services - Prenatal, Preventive &							
Primary Child Health, Genetics and Dental Serv. - 07	N/A	2007-024335-001	347,956	23,295	200,284	222,779	800
Bureau of Clinical and Nutrition Services - Prenatal, Preventive &							
Primary Child Health, Genetics and Dental Serv. - 08	N/A	2008-024154-001	23,240	-	1,442	-	1,442
Family Planning - 03	N/A	74-60015732802-01	63,550	10,881	-	10,881	-
Family Planning - 04	N/A	74-60015732A04-03	101,751	32,017	-	32,017	-
Family Planning - 07	N/A	2007-023655-002	61,068	10,957	91,467	39,204	63,220
Family Planning - 08	N/A	2008-024154-001	34,883	-	9,077	-	9,077
Child Health Services Prenatal - 08	N/A	2008-024095-001	292,937	-	945	-	945
EMS-Local Projects	N/A	2007-021798	10,000	-	5,000	-	5,000

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2007**

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

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
STATE AWARDS							
Passed Through South Texas Development Council:							
H. I. V. Social Services 05-06	N/A	019-01-06	\$ 100,929	29,346	12	29,358	-
H. I. V. Social Services 06-07	N/A	019-01-07	56,917	7,031	94,041	83,519	17,553
H. I. V. Social Services 07-08	N/A	19-2-2008	123,042	-	5,587	-	5,587
Total - Texas Department of State Health Services			2,494,729	290,757	677,068	795,727	172,098
Commission on Law Enforcement Officers Standards and Education							
Law Enforcement Officer Standards and Education	N/A	N/A	31,666	-	31,666	31,666	-
Law Enforcement Officer Standards and Education	N/A	N/A	1,467	-	1,467	1,467	-
Total - Commission on Law Enforcement Officers Standards and Education			33,133	-	33,133	33,133	-
Texas Parks and Wildlife:							
Seven Flags Regional Advisory Council	N/A	N/A	5,484	-	5,484	5,484	-
Zacate Creek Linear Park	N/A	50-000333	489,793	22,641	1,849	24,490	-
Community Outdoor Outreach Program	N/A	52-000358	22,673	10,210	9,951	20,161	-
Total - Texas Parks and Wildlife			517,950	32,851	17,284	50,135	-
Texas State Library and Archives Commission							
Loan Star Libraries Grant	N/A	442-07282	14,736	-	14,736	14,736	-
Total-Texas State Library and Archives Commission			14,736	-	14,736	14,736	-
State Department of Transportation:							
Auto Theft Task Force	N/A	SA-T01-10057-06	346,000	1,609	-	1,609	-
Auto Theft Task Force	N/A	SA-T01-10057-07	346,000	29,953	378,925	336,907	72,071
Auto Theft Task Force	N/A	SA-T01-10057-08	346,000	-	25,450	-	25,450
TXDOT-Interlocal Agreement for TPDES Permit Program	N/A	N/A	44,000	33,000	44,000	66,000	11,000
TXDOT-Laredo Railroad Bridge Conversion & Zacate Bridge	N/A	CSJ-0922-33-903	571,200	-	-	-	-
TXDOT-Laredo Signal Integration Project	N/A	CSJ-0922-33-094	1,750,000	-	-	-	-
TX Dept. of Transportation-Routine Airport Maint. Prog. '07	N/A	CSJ-M722LREDO	50,000	-	49,969	49,969	-
TX Dept. of Transportation-SH359/US 83	N/A	CSJ-0086-01-055	250,000	223,115	-	178,492	44,623
TX Dept. of Transportation-SH359	N/A	CSJ-0086-01-046	102,826	-	102,826	82,261	20,565
TX Dept. of Transportation-Wastewater Line at Loop 20(Spur 400 to US 59)	N/A	CSJ-0086-14-022	81,310	-	-	-	-
TX Dept. of Transportation- West Laredo CPL Road	N/A	CSJ-0922-33-071	3,250,000	1,600	31,600	30,400	2,800
TX Dept. of Transportation- West Laredo CPL Road Phase II	N/A	CSJ-0922-33-076	2,597,272	176,538	280,860	372,855	84,543
Total - State Department of Transportation			9,734,608	465,815	913,630	1,118,393	261,052
Texas Commission on Environmental Quality							
Passed Through STDC:							
T.C.E.Q.-Regional Solid Waste Management	N/A	07-19-G02	37,737	-	46,059	-	46,059
T.C.E.Q.-Regional Solid Waste Management	N/A	06-19-G02	28,213	-	36,535	8,950	27,585
Total - Texas Commission on Environmental Quality			65,950	-	82,594	8,950	73,644
Total State Assistance			\$ 12,861,106	789,423	1,738,445	2,021,074	506,794

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2007**

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

GRANT NAME

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue at September 30, 2006	Revenue Recognized	Receipts & Disbursement	Accrued (Deferred) Revenue at September 30, 2007
OTHER ASSISTANCE							
Webb County Interlocal Agreement - Tanquetos	N/A	N/A	\$ 500,000	122,943	377,057	500,000	-
United States Customs Service 04	N/A	N/A	116,580	243	-	-	243
Custom-Narcotics 2003	N/A	N/A	91,000	2,561	-	-	2,561
Custom-Narcotics 2006	N/A	N/A	91,000	1,898	-	1,898	-
Custom-Narcotics 2007	N/A	N/A	91,000	-	49,426	38,612	10,814
OCEDET - DEA 2006	N/A	N/A	15,144	6,995	-	6,995	-
OCEDET - DEA 2007	N/A	N/A	15,573	-	8,422	8,422	-
OCEDET - FBI 2007	N/A	N/A	10,000	-	3,286	2,690	546
Laredo Joint Terrorism TF 2006	N/A	N/A	15,144	778	-	778	-
Laredo Joint Terrorism TF 2007	N/A	N/A	15,144	-	15,110	13,967	1,143
Weed and Seed	N/A	N/A	58,600	13,084	-	13,084	-
Weed and Seed 07	N/A	N/A	74,068	-	2,747	-	2,747
Bulletproof Vest Partnership	N/A	N/A	42,428	-	40,596	-	40,596
Bulletproof Vest Partnership 2007	N/A	N/A	42,428	-	-	-	-
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	N/A	N/A	18,000	11,411	-	11,411	-
Bureau of Alcohol and Tobacco 07	N/A	N/A	28,500	-	17,595	8,632	8,963
Weed and Seed 06/07	N/A	N/A	56,143	-	56,728	56,728	-
Webb County - Auto Theft Task Force 06/07	N/A	N/A	32,924	-	30,180	30,180	-
Webb County - Auto Theft Task Force 07/08	N/A	N/A	38,427	-	3,202	3,202	-
911 Regional Communications Grant - FY2005	N/A	N/A	1,435,787	71,733	20,829	92,562	-
911 Regional Communications Grant - FY2006	N/A	N/A	1,460,915	(2,643)	370,136	362,277	5,216
911 Regional Communications Grant - FY2007	N/A	N/A	1,281,937	(255,056)	816,371	578,177	(16,862)
911 Regional Communications Grant - FY2008	N/A	N/A	1,212,139	-	38,388	206,064	(167,676)
Pratt Foundation	N/A	N/A	10,950	(4,130)	3,565	-	(565)
Conference of Mayors	N/A	N/A	63,244	1,629	-	1,629	-
UTHCSA - Projecto Bienestar	N/A	N/A	252,906	47,544	210,002	209,487	48,059
UTHCSA - South Texas AIDS Network	N/A	N/A	25,000	-	28,492	23,647	4,845
Laredo Community College-Interlocal Agreement for TPDES Permit Prgm.	N/A	N/A	10,000	-	10,000	10,000	-
Webb County-Interlocal Agreement-Health	N/A	N/A	200,000	100,000	205,150	305,150	-
Mercy Hospital - CHIP Perinate	N/A	N/A	-	-	7,117	-	7,117
Webb County - Father McNaboe Splash Park	N/A	N/A	275,000	18,441	214,470	232,088	823
Webb County - Father McNaboe Park & Noon Lions Parks	N/A	N/A	100,000	977	939	1,916	-
Universal Service Fund (USF)-E-Rate Program (Round 8)	N/A	N/A	586,170	-	198,516	198,516	-
Universal Service Fund (USF)-E-Rate Program (Round 9)	N/A	N/A	105,885	-	42,313	42,240	73
U.I.S.D.-SRO Program	N/A	N/A	-	-	5,076	5,076	-
911 Regional Communications Grant - FY2004 Use of Revenue	N/A	N/A	4,400	4,400	-	4,400	-
911 Regional Communications Grant - FY2005 Use of Revenue	N/A	N/A	120,000	120,000	-	120,000	-
911 Regional Communications Grant - FY2006 Use of Revenue	N/A	N/A	-	-	10,710	10,710	-
Total - Other Assistance			8,476,436	262,808	2,786,373	3,100,538	(51,357)
Total Federal, State and Other Assistance			\$ 150,833,075	5,981,326	39,105,804	31,559,492	13,527,638

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.

This page intentionally left blank

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

CERTIFIED PUBLIC ACCOUNTANTS
107 CALLE DEL NORTE, SUITE 15A
P.O. BOX 2664
LAREDO, TEXAS 78044-2664

RAUL GARZA, CPA, MPA, CGFM, DABFA
JORGE R. MARTINEZ, CPA
ANGELICA P. CANTU, CPA
LINDA V. MARTINEZ, CPA, MPA
MARISA G. GONZALEZ, MPA
OMAR SALCEDO
RAMIRO R. MORENO, JR.
SANTIAGO JASSO JR.
AMANDA L. MARTINEZ



The CPA. Never Underestimate The Value.®

TEL:(956) 727-4122
FAX:(956) 727-5262
E Mail:cpafirm@gmc-cpa.com

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laredo, Texas, as of and for the year ended September 30, 2007, which collectively comprise the City of Laredo, Texas' basic financial statements and have issued our report thereon dated March 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Laredo, Texas', financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Laredo, Texas, in a separate letter dated March 12, 2008.

This report is intended solely for the information and use of management, City Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Ganga, Martinez & Co, L.L.P.

March 12, 2008

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

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:

CFDA Number(s)

Name of Federal Program or Cluster

14.218

U.S. Department of Housing and Urban Development –
Community Development Block Grant/Entitlement Grants

20.507

U.S. Department of Transportation – Federal
Transportation and Operating Assistance

66.606

U.S. Department of Environmental Protection Agency –
Colonia Water & Waste Water Treatment

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

Section I - Summary of Auditors' Results (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 1,037,430

Auditee qualified as low-risk auditee? X yes no

Section II – Financial Statements Findings

No matters were reported

Section III – Federal Awards Findings and Questioned Costs

No matters were reported

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

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 the State of
Texas Single Audit Circular Section .510(a)?

_____ yes X no

Identification of major programs:

Name of State Program or Cluster

- State Department of Transportation
 - Texas Department of State Health Services
 - Bureau of Clinical and Nutrition Services
Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv.
 - Auto Theft Task Force

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

Section I - Summary of Auditors' Results (Continued)

State Awards (Continued)

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

No matters were reported

Section III – State Award Findings and Questioned Costs

No matters were reported

City of Laredo, Texas
Federal Summary Schedule of Prior Audit Findings
Year Ended September 30, 2007

Federal Award Findings and Questioned Costs

There were no audit findings reported in the prior audit's schedule of findings and questioned costs.

City of Laredo, Texas
State Summary Schedule of Prior Audit Findings
Year Ended September 30, 2007

State Award Findings and Questioned Costs

There were no audit findings reported in the prior audit's schedule of findings and questioned costs.

This page intentionally left blank