

City of Laredo, Texas



**Comprehensive Annual
Financial Report
For The Year Ended
September 30, 2016**

CITY OF LAREDO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016

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, 2016

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March 10, 2017

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, 2016. 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 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 (Generally Accepted Accounting Principles). Because the cost of internal controls should not outweigh the benefits, the City of Laredo's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Laredo's financial statements have been audited by Canales, Garza, & Baum Co., P.L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial

statements of the City of Laredo for the fiscal year ended September 30, 2016, 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, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The independent audit of the financial statements of the City of Laredo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state granting 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 the 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 owns, maintains and operates 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 with an estimated MSA population of 271,193 in 2016, according to the U.S. Census estimates.

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

The City of Laredo operates 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, public health and social services, municipal housing, animal care facility, 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 GAAP for local governments as prescribed by the Government Accounting Standards Board (GASB).

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

- Laredo Transit Management, Inc.
- Laredo Convention and Visitor's Bureau
- Laredo Fire Fighters' Retirement System
- Laredo Public Facilities Corporation - La Terraza, LLC
- Laredo Energy Arena
- Max Mandel Municipal Golf Course

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

The annual budget serves as the foundation for the City of Laredo's financial planning and control. The City Manager presents a proposed balanced budget to the City Council for review through council workshops. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no

later than September 30th, the close of the City of Laredo's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department Directors may make transfers of appropriations within a department through an insufficient appropriation notice that is reviewed by the Budget, Finance and City Manager's Office depending on the dollar value. Transfers of appropriations between funds require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds.

For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the non-major 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 and enterprise funds).

Factors Affecting Financial Condition

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

Local economy: Though the nation's economy is struggling with decreasing sales, mortgages, and increased unemployment, the City of Laredo has been very fortunate and experienced steady growth to our economy. Laredo is strategically positioned with a large transportation and warehousing industry. Trade between the United States and México is a vital part of our economy and continues to prosper. The Port of Laredo is the #1 inland port on the U.S. – México border. We have four (4) international bridges; two of which are commercial crossings and have over 2.0 million trucks cross annually. Laredo trades over \$284 billion imports and exports annually. Based on trade statistics by World City Magazine, Laredo set trade records for 6 consecutive years, something no other top 20 Customs district can claim. Laredo remains the 3rd largest U.S. Customs District in the country; up from its position as the 6th in 2012. Only Los Angeles and New York, (both water ports) are above Laredo.

The City of Laredo continues to undertake an aggressive marketing approach in bringing additional commerce to our City. We continue to visit as well as host producers of goods from Central and South America to our City in order to establish stronger economic growth. We have established healthy business opportunities where Laredo will be a route through the Ports of Lazaro Cardenas and Manzanillo to logistically import products into the United States. During the work week, more than 14,000 trucks cross daily into Laredo. On rail, more than 1,500 rail cars pass through Laredo daily, making it one of the top rail road

interchanges in the U.S. and the busiest on the Southern Border. Mexico, China, and Malaysia are Laredo's top importers / exporters.

Top imports totaled \$162.69 billion that crossed through Laredo were:

- Motor vehicle parts
- Commercial vehicles
- Engine parts
- Cellular, landline, phones, parts
- Insulated wire and cable
- Computers
- Tractors
- Seats
- Air Conditioners and Refrigerators

Top exports totaled \$121.64 billion that crossed through Laredo were:

- Motor vehicle parts
- Power supplies, transformers
- Cellular, landline, phones, parts
- Piston engines, including aircraft
- Gasoline, other fuels
- Motor vehicles for transporting people
- Electrical supplies and apparatus
- Plastics, niobium, tantalum, vanadium zirconium

In addition, two great catalysts that have enhanced the City's economic growth in international trade are the following:

- Two cold storage facilities were built on our commercial bridges. Producers from South and Central America that transport fresh fruits, vegetables and flowers are now crossing through our border more expediently while keeping its products safe from the external elements during inspections. Laredo is at a distribution advantage since our routes are shorter and more direct as compared to other border port entries.
- Laredo houses a federal inspection station (FIS) at our international airport which is used for federal inspections. This facility allows Mexican Customs to pre-clear American goods southbound for import into Mexico. This is the first and only international inspection in the United States where its purpose is to reduce delivery times and cost into a Mexican bonded facility. Some of the Mexican airports that are approved to participate in this endeavor are; Chihuahua, San Luis Potosi, Queretaro, Guanajuato, Toluca and Guadalajara. Eight companies have registered to participate in the pre-inspection program. Some of these companies include General Motors, Chrysler, Hitachi, and Honda de Mexico.

In addition to the FIS at the airport, the Laredo International Airport is currently ranked #7 among all cargo airports in Texas, ahead of Brownsville, Corpus Christi, Harlingen, Lubbock, and McAllen. In 2016, we handled approximately 495.6 pounds of cargo in landed weight.

Locally, investors continue to be very interested in Laredo and its market, especially in retail. Laredo continues to be the home of the Wal-Mart store ranked #1 in sales in the nation per square foot. Grocery store chains such as H.E.B. continue to invest with store expansions or remodeling. Electronic stores such as Best Buy and sporting goods stores such as Academy continue to be top nationwide retail sellers in Laredo. New businesses such as Longhorn Steakhouse, Cheddar's, San Telmo, Hooter's, Anise Kitchen, have made their home in Laredo. Our 1.2 million square foot mall holds over 150 stores which amongst them are many restaurants such as Luby's, Olive Garden, Red Lobster, Tony Romas, etc. It also has stores such as Dillard's, Bells, Macy's, J.C. Penny, Sears, Guess, Hollister, American Eagle, Aeropostale, Chucky Cheese, and many more.

In addition to the above mentioned retail growth, the City negotiated for a private developer to construct and complete a 350,800 sq. ft., \$80 million outlet mall known as The Outlet Shoppes at Laredo-Phase I, its doors will open in March 2017. The development is in downtown Laredo where 80 to 90 stores such as Coach, NIKE, Carter's, Guess, Gap, Michael Kors, Old Navy, Papaya, Puma, Sketchers, and more will open. With this development, approximately 1,200 new jobs and 1,600 seasonal jobs will be created. This is not to mention the additional sales tax and hotel/motel tax this project will generate therefore, enhancing our economy even more.

The City owns three state-of-the-art facilities for citizens to enjoy affordably priced entertainment; the Laredo Energy Arena, the Uni-trade Baseball Stadium and the Max Mandel Municipal Golf Course. These facilities have added diversity to Laredo's entertainment scene. A visit must be taken to the Laredo Energy Arena; a City owned facility that is operated by SMG. This beautiful facility hosts many family oriented events which include indoor football, exhibition basketball games, Rodeos, motor cross racing, wrestling, and major concert performers. It is now home to the Laredo Swarm basketball team. The Uni-trade Baseball Stadium is a \$20 million facility where it is home of the Laredo Lemurs, an American Association of Independent Professional Baseball League. The Max A. Mandel Municipal Golf Course is the first municipal golf course in Laredo. It is situated in 270 acres along the Rio Grande River with a Robert Trent Jones design. The course is rated as the #1 public golf course in Texas by TexasOutside.com. All three facilities were built for the community to enjoy premier entertainment in Laredo.

MAJOR INITIATIVES

For the Year 2015-2016

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 citizens with a better quality of life, economic prosperity and safety.

- Rehabilitation of 362 City blocks this fiscal year with a project cost of \$2.9 million. This work was done with in-house by Public Works crews.
- Completion of new disposal cell (Phase 3 – Cell 1) at the municipal landfill located at 6912 Hwy 359 for the Solid Waste Department with a cost of \$3 million.
- Completion of the extension of the Bartlett Avenue from Jacaman to Del Mar which will aid heavy congestion thru a public / private effort in order to travel to and from North Laredo to Central and South Laredo with a total project cost of \$8 million of which \$4.7 is from city funds.
- Replacement of Public Safety, Fire and Police radios totaling \$6 million. The City entered into a contract with Motorola Solutions in September 2016 for the purchase of 1,234 radios of which 830 were for Police and 404 for Fire.
- The Construction of the World Trade Bridge Offsite Hazardous Material Containment Facility which was completed April 2016 with the cost of \$1.3 million.
- Completion of Merida Hike and Bike Trail Phase 1. The walking trail will bring residents closer to enjoy the area's natural features and provide recreational activities including hiking, biking, fishing, and interaction with an existing ecosystem. In this project, 4900 linear feet of a 10 foot-wide hike and bike trails have been constructed within the 100-year floodplain. Project cost was \$485 thousand.
- The construction of Chacon Creek Hike and Bike Phase II, a \$1.2 million project which was completed in February 2016. Phase II of the Chacon Creek Hike and Bike trail consists of numerous creek crossings and the addition of approximately 8,764 linear feet of Hike and Bike trails that connect Eastwood Park to the Rio Grande.

- Completion of various street connectors totaling \$5.3 million in South Laredo located at Lomas Del Sur, Cielito Lindo, and Los Presidentes to intersect with State Loop 20 (SL 20-Cuatro Vientos Rd).
- Completion of various projects for the Airport Department include:
 - o Improvements to the exiting security system totaling \$1.8 million. The improvements include software, server expansion, emergency generator, cabling, access controls, and various gates;
 - o Noise Abatement improvements totaling \$5 million.
- Completion of various projects for the Parks & Leisure Department include:
 - o \$1.3 million for the Canizales Boxing Gym Expansion;
 - o \$1.2 million for the Bartlett community swimming pool;
 - o \$485 thousand for Merida Pond and Trail System Improvements;
 - o \$212 thousand for Maryland Toddler Park Improvements;
 - o \$174 thousand for the Bartlett Station Park;
 - o \$158 thousand for Dryden Park Soccer Field;
 - o \$156 thousand for a downtown senior citizen fitness center;
 - o \$150 thousand for K. Tarver Recreation Center Improvements;
 - o \$110 thousand for El Eden Multipurpose field.
- Completion of various projects for the Utilities Department include:
 - o Alta Vista Water Line Replacement Project with a cost of \$1.5 million;
 - o Lift Station, booster station and force main for the Max Mandel Golf Course with a cost of \$1.97 million;
 - o South Laredo WWTP 6 to 12 MGD Expansion with a cost of \$49 million;
 - o Water & Wastewater modeling and decommission of Colombia Treatment Plant and Re-chlorination with a cost of \$1 million;

Future Major Initiatives

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

- Parks and Leisure projects currently under construction are the following:
 - o \$1.3 million for a 4,936 sq. ft. long Lazy River in South Laredo and rehabilitation of an existing pool with many beautiful amenities such as water sprays, buckets, slides, etc.;
 - o \$354 thousand for the construction of the San Francisco Neighborhood Park with amenities such as a basketball court, benches, and tables;
 - o \$394 thousand for the various park improvements to the Seven Flags Park in Central Laredo;
 - o Aquatic Center in joint effort with U.I.S.D. with the City's match of \$4 million.

- The Utilities Department has various water and sewer capital improvement projects underway, they are the following:
 - o Waterline replacement project along Galveston from Cedar to Milmo from Arkansas to New York and from India to Smith with an estimated cost of \$2.3 million;
 - o \$1.6 million for water and wastewater line replacements;
 - o South Laredo Wastewater Admin Building with an estimated cost of \$1.3 million;
 - o South Laredo WWTP from 12 to 15 MGD expansion with an estimated cost of \$24.9 million;
 - o San Francisco Javier-River Drive Mall Water and Sanitary Replacement with an estimated cost of \$1.8 million;
 - o Manhole rehabilitation project with an estimated cost of \$280 thousand;
 - o Jefferson Water Treatment Plant Admin & Learning Center Building with an estimated cost of \$5.5 million.

- Other City Wide Projects include:
 - o The construction of a new Fire Station #8 located in north Laredo which is approximately 10,650 sq. ft. The estimated cost is \$3.25 million;
 - o Current design and renovations of the Old Federal Court House Building to be converted into a Historical museum. The estimated cost of this project of \$1.5 million;
 - o The upgrade of the International Bridges Electronic Toll Collection, Weigh-in-Motion and Customer Service Center Systems with an estimated cost of \$10 million and a completion date of May 2018.
 - o The construction of Upper Zacate Creek Hike and Bike Trail with an estimated cost of \$1.25 million. The Upper Zacate Creek Hike and Bike trail consists of approximately 10,000 linear feet of Hike and Bike trails that will connect Jacaman Road to Del Mar Blvd. The estimated time for completion is April 2018. \$1 Million of this funding is through a FHwy Grant administered by TXDOT, and awarded by the MPO.
 - o Airport Grant: \$6.8 million for Taxiway G extension; Air Cargo Apron Phase 9 reconstruction; and, Runway Re-Designation.

- The City of Laredo, in conjunction with the Laredo Metropolitan Planning Organization are working on alleviation of a transportation challenges which include:
 - o An interchange at IH35 and U.S.59/I-69 West. This project was originally estimated to cost over \$25 million and to begin construction in 2017 but has recently become part of a larger project to construct five additional direct connectors. A Fastlane Grant application was submitted on behalf of the City, TxDOT, Webb County and the Regional Mobility Authority requesting \$ 96 million in federal funds to construct the expanded project.

- o The construction of a \$27 million bridge over the Union Pacific Railroad track at Calton Road and Santa Maria. The construction of this bridge is highly anticipated to address the bottlenecks in the area.
- o The construction of a \$26 million road called Hachar-Reuthinger Road which will connect FM 1472 and IH35 for the critical movement of trucks in West Laredo. The project is under design and the scheduled let date is in 2018.
- The Texas Department of Transportation and the City of Laredo are working jointly on projects along Loop 20, they include:
 - o A \$6 million grade separation project at Clark and Loop 20 for the City with an overall project cost of \$34 million;
 - o An overpass interchange at Spur 400 to separate Loop 20 traffic from the Spur 400 intersection traffic;
 - o The widening of the Loop 20 bridge over the Kansas City Southern (KCS) rail tracks, a \$9.1 million project;
 - o Additional frontage road over the KCS bridge and the adjoining overpass with an estimated project cost of \$15.4 million.

Awards and Acknowledgements

The City has received the Government Finance Officers Association of the United States and Canada (GFOA) award a Certificate of Achievement for Excellence in Financial Reporting for twenty-seven years. 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 only a one year period. 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 a certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its twenty-fourth 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.

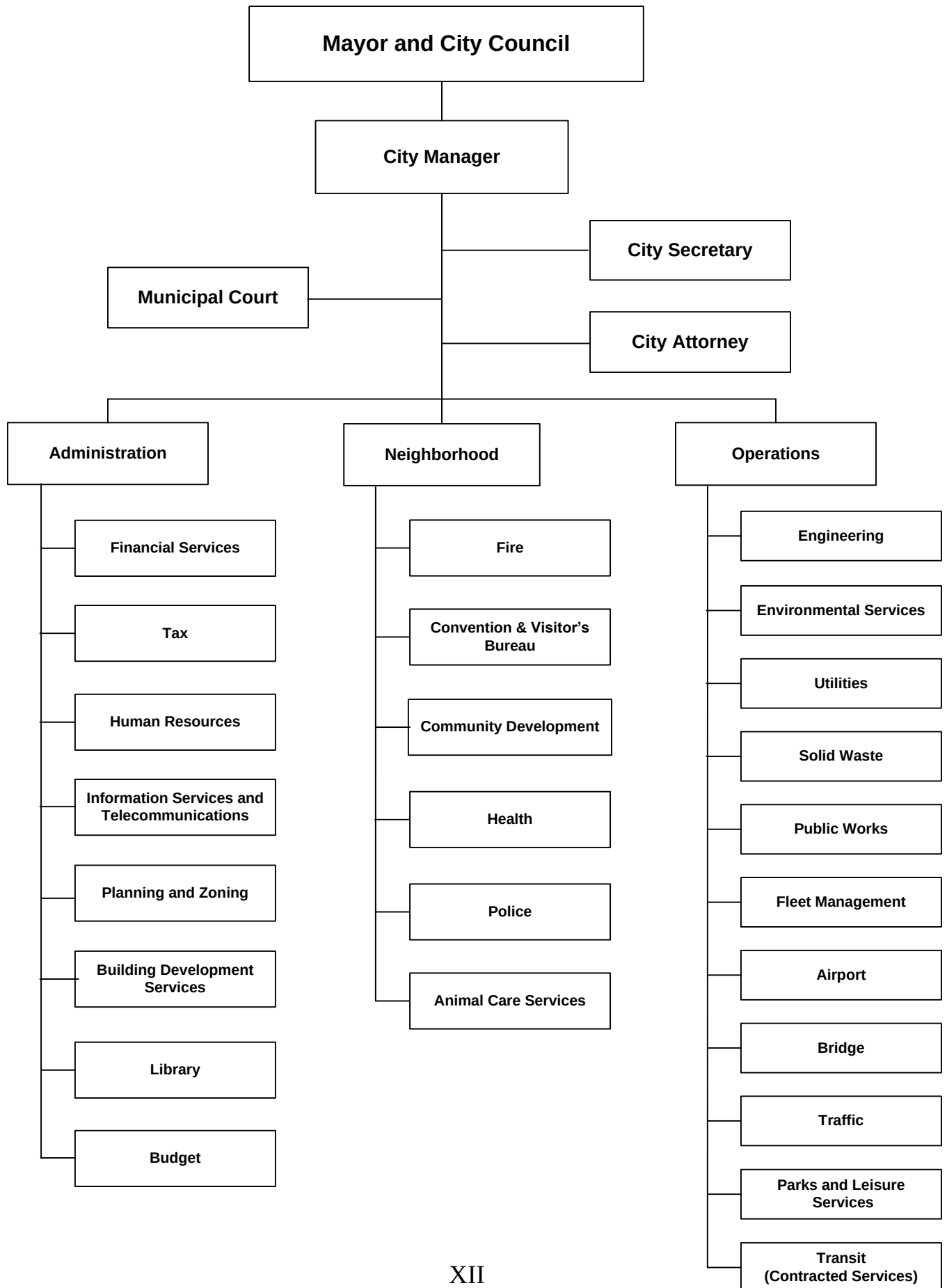
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

In closing, please accept our sincere gratitude to the Mayor, City Council, City Manager, Deputy City Manager, and Assistant City Managers for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Laredo's finances.

Respectfully,


Rosario Camarillo-Cabello,
Financial Services Director

CITY OF LAREDO, TEXAS



**CITY OF LAREDO, TEXAS
ADMINISTRATIVE OFFICIALS**

CITY COUNCIL

Pedro I. Saenz, Jr., Mayor

COUNCIL MEMBER	DISTRICT	COUNCIL MEMBER	DISTRICT
Rodolfo Gonzalez, Jr.	I	Nelly Vielma	V
Vidal Rodriguez	II	Charlie San Miguel	VI
Alejandro “Alex” Perez, Jr. Mayor Pro-Tempore	III	George J. Altgelt	VII
Alberto Torres, Jr.	IV	Roberto Balli	VIII

CITY STAFF

Jesus M. Olivares, City Manager

Cynthia Collazo, Deputy Manager

Horacio De Leon, Assistant City Manager

Robert A. Eads, Assistant City Manager

Kristina Laurel Hale, Interim City Attorney

Rosario Camarillo-Cabello, Financial Services Director

FINANCIAL SECTION

Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)
Guadalupe Garcia-Wright, CPA



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financials Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Laredo, Texas basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Laredo, Texas' basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures

of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Texas Water Code, Chapter 16, Section 16.356(a) Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Laredo, Texas failed to comply with the provisions of the Texas Water Code, Chapter 16, Section 16.356(a) insofar as they relate to accounting matters. However, our audit was not directed toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Laredo, Texas noncompliance with the above referenced provisions insofar as they relate to accounting matters.

Restricted Use Relating to the Other Matter Texas Water Code, Chapter 16, Section 16.356(a) Compliance

The communication related to compliance with the aforementioned provision described in the Other Matters paragraph relating to Texas Water Code, Chapter 16, Section 16.356(a) Compliance is intended solely for the information and use of the Mayor, City Council and management of the City of Laredo, Texas and the Texas Water Development Board and is not intended to be and should not be used by anyone other than those specified parties.

Report on Other Legal and Regulatory Requirements - Texas Water Code, Chapter 16, Section 16.356(a) Compliance

The City of Laredo, Texas did not use any revenue received from fees collected from a water supply or sewer service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes as stated on Texas Water Code, Chapter 16, Section 16.356(a) and as communicated in the Other Matters paragraph.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017, on our consideration of the City of Laredo, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Laredo, Texas' internal control over financial reporting and compliance.

Canales, Hargis & Baum, PLLC

Laredo, Texas
March 10, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2016. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows by \$672.21 million (net position). The negative ending balance of (\$195.92 million) in unrestricted net position is the result of the recognition of Net Pension Liability of \$259.65 million. The unrestricted net position would under normal circumstances, be used to meet the government's ongoing obligations to citizens and creditors.
- The City's governmental activities reported a combined ending net position of \$360.67 million. This represents a decrease of \$62.77 million due to a prior period adjustment of \$70.07 million for the recognition of a Net Pension Liability for the Laredo's Firefighter's Retirement System. The business type activities reported a combined ending net position of \$311.53 million, representing a decrease of \$559,423 as a result of operating for the year.
- The City's governmental funds reported a combined ending fund balances of \$175.46 million, an increase of \$14.01 million compared to the fiscal year 2015 fund balance. The total fund balances consist of \$101.66 million restricted, \$37.26 million is committed, \$38.99 million is assigned, \$135,665 is nonspendable and \$2.55 million is an unassigned deficit.
- At the end of the current fiscal year, total fund balance for the General Fund of \$44.44 million represented 27.14% of General Fund expenditures net of capital outlay.
- During the fiscal year, the city issued \$217.795 million in long term debt to finance capital projects (\$69.565 million) and refinance outstanding bond issues (\$148.23 million). Long term liabilities related to bond issuance net of current year principal payments increased by \$71.435 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplemental information, and an option section that presents combining statements for non-major Governmental Funds and Internal Service Funds. The basic financial statements include two different formats in viewing the information.

- The first two statements are Government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City Government, reporting the City's operations in more detail than the Governmental-wide statements.
- The Governmental funds tell how general government services such as 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 mentioned above, belong.

Figure A-1

FUND FINANCIAL STATEMENTS

	Government – Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	• 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-2 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-2

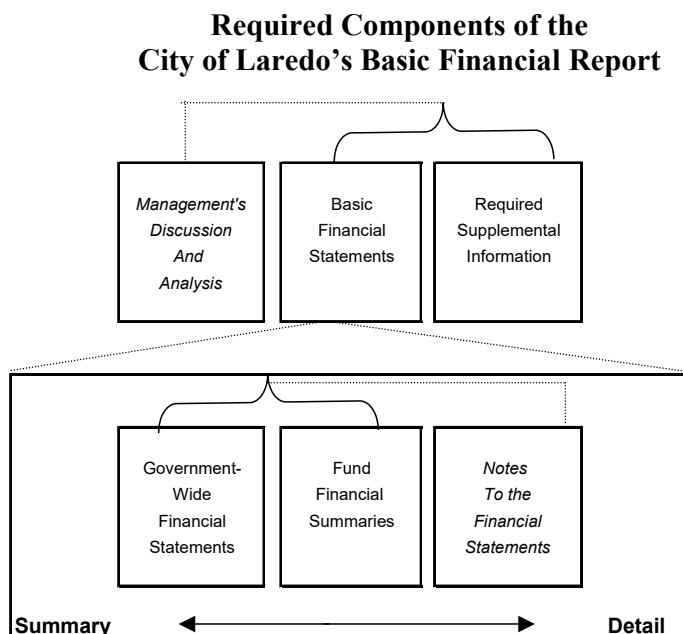


Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of 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 Utilities System operations and Bridge toll revenues are included here.

- Blended Component units – The City includes six other entities in its report. These entities are: Laredo Municipal Transit System, Laredo Convention and Visitors’ Bureau, Laredo Firefighters’ Retirement System, Laredo Public Facilities Corporation-La Terraza, LLC, Laredo Energy Arena and the Max Mandel Municipal Golf Course. 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 grouped by 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 Fund 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-term and short-term financial information. These funds are generally used to account for services for which the City charges customers either outside customers or internal cost centers of the City.
 - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Municipal Transit System, Bridge System, Municipal Housing, Waterworks, Sewer, and Solid Waste Funds.
 - Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses its internal service funds to account for its Risk Management, Health & Benefits, Fleet and Information Technology Funds.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for its employee’s pension plans. It is also responsible for other assets that – because of a trust arrangement can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City’s Government-wide financial statements because the City cannot use these assets to finance operations.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. The City’s combined net position totaled \$672.2 million as of September 30, 2016. The net position of the City is further breakdown between the governmental net position of \$360.7 million and the business-type net position is \$311.5 million. This analysis focuses on the net position (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 position 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 Position September 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 242,397,552	\$ 228,544,513	\$ 236,400,639	\$ 225,116,784	\$ 478,798,191	\$ 453,661,297
Capital assets	697,778,557	667,294,710	634,487,783	632,118,561	1,332,266,340	1,299,413,271
Other Assets	53,309,150	16,063,752	22,698,906	10,893,956	76,008,056	26,957,708
Total assets	993,485,259	911,902,975	893,587,328	868,129,301	1,887,072,587	1,780,032,276
Current liabilities	42,675,584	41,709,548	45,711,556	43,983,396	88,387,140	85,692,944
Non-current liabilities	590,134,690	446,747,321	536,343,127	512,053,837	1,126,477,817	958,801,158
Total liabilities	632,810,274	488,456,869	582,054,683	556,037,233	1,214,864,957	1,044,494,102
Net Position:						
Net investments in capital assets	497,557,400	487,452,144	254,793,229	266,890,409	752,350,629	754,342,553
Restricted	41,277,879	39,488,100	74,371,213	57,971,427	115,649,092	97,459,527
Unrestricted	(178,160,294)	(103,494,138)	(17,631,797)	(12,769,768)	(195,792,091)	(116,263,906)
Total net position	\$ 360,674,985	\$ 423,446,106	\$ 311,532,645	\$ 312,092,068	\$ 672,207,630	\$ 735,538,174

A portion of the City's net position or \$115.6 million represents resources that are subject to external restrictions on how they may be used. The City of Laredo has sufficient funds to meet requirements for cash outlays in the next fiscal year and has the financial capacity to meet its long-term obligations in the years to come. The City's policy has been to make reasonable and continuous efforts to fund all long-term liabilities. The City's restricted net assets increased by 18.66% over the prior year.

Generally, the net position generated by governmental activities are either externally restricted or invested in capital assets. Unrestricted governmental activities net position decreased by \$74.67 million to a negative balance of \$178.2 million for the year. The negative balance increased due to the recognition of net pension liability of \$70.07 million for the Laredo's Firefighter's Retirement System.

Unrestricted net assets in the business-type activities reflect a decreased of \$4.86 million to a negative balance of \$17.6 million as of September 30, 2016. The negative balance is due to the recognition of additional net pension liability of \$5.3million.

The table below provides a summary of the City's operations for the year ended September 30, 2016. Governmental activities increased the City's net position by \$7.3 million, while Business-Type activities decreased by \$2.8 million, before a positive prior period adjustment of \$2.2 million for a landfill closure and post closure cost and net pension liability for the Transit System. The City's Net Position decreased by \$63.3 million due to the recognition of prior period adjustments. Total revenues realized by the City total \$473.7 million for the year. (See Table A-2). The largest revenue category was charges for services, which are comprised for the most part of administrative fees from all departments, bridge tolls and utility charges.

Total operating cost of all programs increased by \$35.95 million from prior year to \$469.26 million. The most significant governmental expense for the City was in providing public safety, public works repairs and improvements and cultural and recreational activities as compared to prior year. These expenses were offset by revenues collected by a variety of sources such as property taxes, fines, and forfeitures. The most significant portion of the police activity is the cost of personnel, which is approximately \$62 million and the fire department with \$45.7 million (both areas including benefits and overtime expenditures).

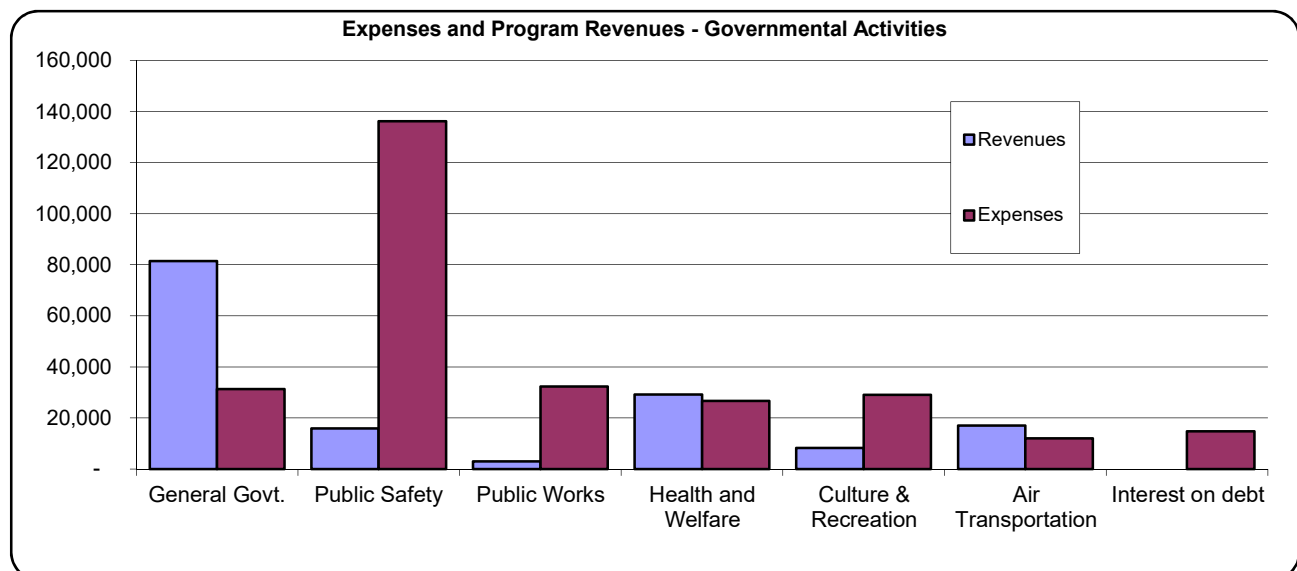
Table A-2

**City of Laredo's Changes in Net Position
September 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 92,597,013	\$ 90,201,317	\$167,570,667	\$ 154,635,975	\$ 260,167,680	\$ 244,837,292
Operating grants and contributions	21,731,076	22,967,325	3,837,360	3,914,991	25,568,436	26,882,316
Capital grants and contributions	40,400,218	35,294,592	9,332,615	6,313,419	49,732,833	41,608,011
General revenues:						
Sales tax	38,983,785	41,000,767	7,474,608	7,966,064	46,458,393	48,966,831
Property taxes	76,362,877	72,930,004	-	-	76,362,877	72,930,004
Other taxes	11,920,955	12,296,778	-	-	11,920,955	12,296,778
Other	1,292,558	631,737	2,208,421	1,418,702	3,500,979	2,050,439
Total revenue	<u>\$ 283,288,482</u>	<u>\$ 275,322,520</u>	<u>\$190,423,671</u>	<u>\$ 174,249,151</u>	<u>\$ 473,712,153</u>	<u>\$ 449,571,671</u>

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Expenses:						
General Government	\$ 31,282,913	\$ 30,754,775	\$ -	\$ -	\$ 31,282,913	\$ 30,754,775
Public Safety	136,161,243	123,569,785	-	-	136,161,243	123,569,785
Public Works	32,262,592	30,339,614	-	-	32,262,592	30,339,614
Health & Welfare	26,694,339	25,392,674	-	-	26,694,339	25,392,674
Culture & Recreation	29,029,634	27,531,357	-	-	29,029,634	27,531,357
Air Transportation	12,068,122	11,424,789	-	-	12,068,122	11,424,789
Interest & Other long - term debt	14,833,434	14,675,052	-	-	14,833,434	14,675,052
Transit System	-	-	18,193,506	17,111,337	18,193,506	17,111,337
Bridge System	-	-	50,002,193	47,492,006	50,002,193	47,492,006
Solid Waste	-	-	19,076,156	18,207,099	19,076,156	18,207,099
Water System	-	-	60,707,954	53,339,444	60,707,954	53,339,444
Sewer System	-	-	37,537,057	32,339,112	37,537,057	32,339,112
Municipal Housing	-	-	1,366,719	1,087,517	1,366,719	1,087,517
Other Business -Types	-	-	-	-	-	-
Total expenses	282,332,277	263,688,046	186,883,585	169,576,515	469,215,862	433,264,561
Inc (dec) in net position before transfers	956,205	11,634,474	3,540,086	4,672,636	4,496,291	16,307,110
Transfers	6,345,593	9,252,910	(6,345,593)	(9,252,910)	-	-
Change in Net Position	7,301,798	20,887,384	(2,805,507)	(4,580,274)	4,496,291	16,307,110
Net position, beginning	423,446,106	497,938,484	312,092,068	355,554,632	735,538,174	853,493,116
Prior Period Adj.	(70,072,919)	(95,379,762)	2,246,084	(38,882,290)	(67,826,835)	(134,262,052)
Net position, ending	\$ 360,674,985	\$ 423,446,106	\$ 311,532,645	\$ 312,092,068	\$ 672,207,630	\$ 735,538,174

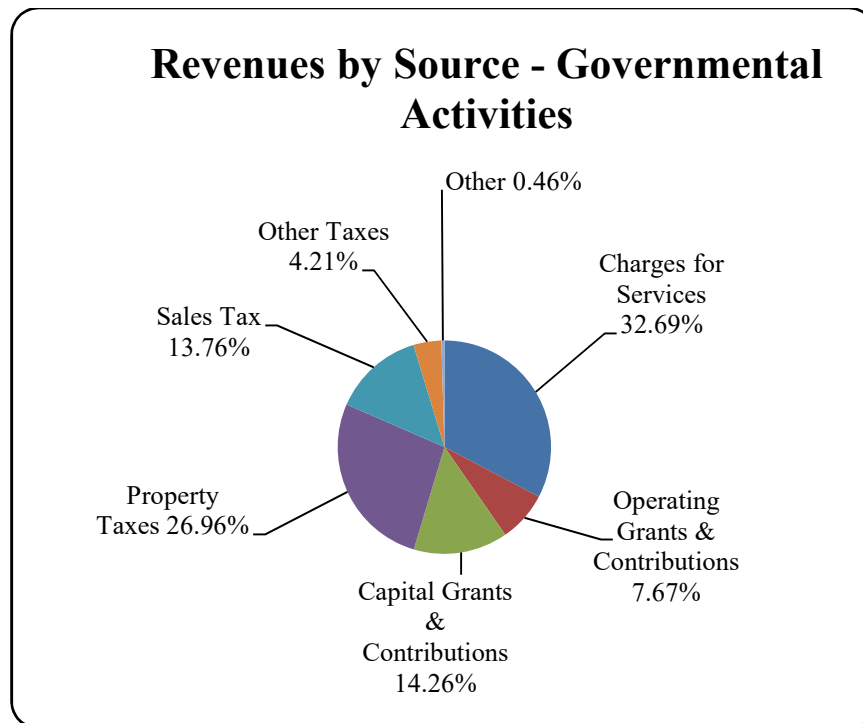
Graph 1



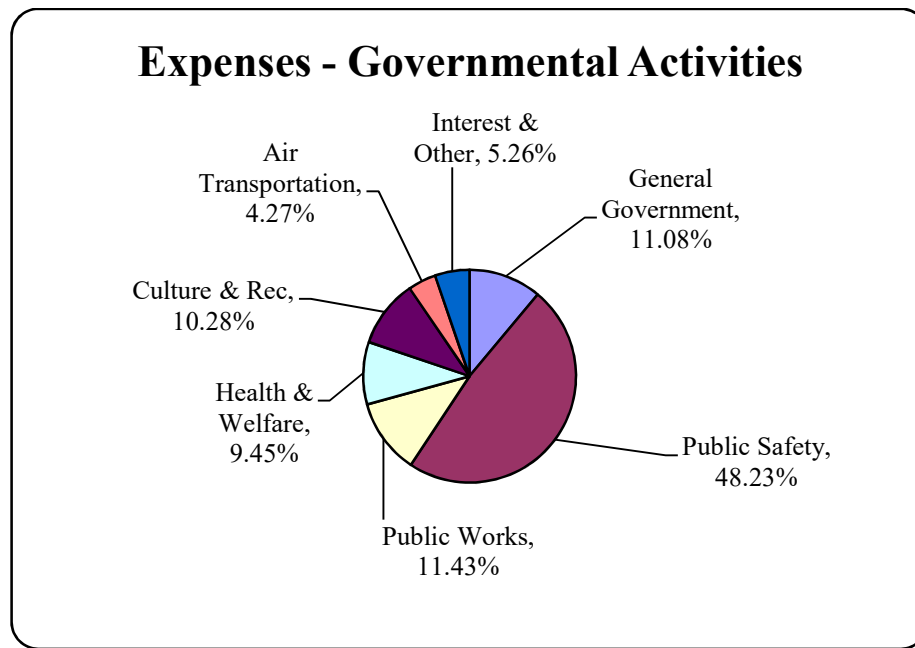
Graph 1 represents the cost of each of the City's seven largest programs as well as each of the programs revenue. The net cost is the financial burden that was placed on the City's taxpayers by each of these functions.

- The cost of all Governmental activities this year was \$282.33 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 \$283.29 million.
- General Government expenses (support services) comprised approximately 11.08% of the total expenses in Fiscal Year 2016; this represents a decrease of 0.58% or \$528 thousands from prior year.
- Expenses for Public Safety represent 48.23% of total expenditures with an increase of 1.375% or \$12.59 million as compared to the prior year.
- Public Works expenses represent 11.43% of total expenditures and an increase of \$1.9 million or a slight increase of .063% as compared to the prior year.
- Health and Welfare expenses represent 9.45% of total expenditures with a minimal increase of \$1.3 million or .051% as compared to the prior year.
- Cultural & Recreational expenses represent 10.28% of the total expenditures with an increase of \$1.498 thousands or 0.054% as compared to prior year.
- Air Transportation and Other expenditures represent 9.52% of total expenditures with an increase of only \$802 thousands or 3.07% from prior year.
- Business-Type Activities transferred to Governmental Activities a total of \$6.3 million; a decrease of \$2.91 million from prior year.
- Overall, there was an increase in the net position of \$4.5 million for the City before prior period adjustments. There was an increase of \$7.3 million in the governmental activities and a decrease of \$2.8 million in the business type activities before a negative prior period adjustment of \$67.83 million.
- Governmental Activity revenues were generated by charges for services 32.69%, property taxes 26.96%, sales tax and other taxes 18.42% and Capital and Operating Grants generated 21.93% (see Graph 2).

Graph 2



Graph 3



Business-type Activities

Revenues of the City's business-type activities were \$174.2 million for the fiscal year ending September 30, 2016, an increase of \$16.17 million from prior year. Charges for Services increased by \$12.93 million; Operating Grants and Contributions decreased by \$78 thousand; Capital Grants and Contributions increased by \$3.02 million; while all other revenues increased by \$298 thousand. Expenses for the City's business-type activities were \$186.9 million for the year, representing an increase of \$17.31 million from the prior fiscal year. (Refer to Table A-2). The areas where these increases and decreases occurred are as follows:

- Waterworks System expenses increased by \$7 million. Operating expenses increased by \$2.9 million and non-operating expenses increased by \$4.1 million.
- Sewer System expenses increased by \$5.0 million. Operating expenses increased by \$2.3 million and non-operating expenses increased by \$2.7 million.
- Bridge System expenses increased by \$2.5 million; operating expenses increased by \$3.2 million and non-operating expenses decreased by \$811 thousand.
- Other business-type activities increased by \$2.25 million in operating expenses for the Transit System, Solid Waste System and Municipal Housing Funds.

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, unassigned 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 \$175.5 million. The fund balance is categorized as follows: \$136 thousand for non-spendable funds which are used for inventory items and an endowment fund; \$101.65 million which are restricted for debt and grants; \$37.27 million are committed for specific purposes as it relates to reserves, public safety, etc.; \$38.99 million are assigned for a specific use for Governmental Funds other than General Fund and \$2.55 million in unassigned deficit.

The General Fund is the chief operating fund of the City of Laredo. At the end of the current fiscal year, fund balance of the General Fund was \$44.44 million of which \$31.05 million is committed, and \$885 thousand is unassigned, \$12.49 million is restricted and \$11 thousand is non-spendable. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenses. The ratio of total fund balance to operating expenses (total expenses less capital outlay) is 27.14%. The unassigned fund balance in General Fund represents 2.00% of the total fund balance category.

During the current fiscal year, the City's General Fund balance increased by \$291 thousand as compared to prior year. The City was able to match its revenues to its expenditures while using a conservative spending approach. Some of the key factors are as follows:

- As compared to prior year, property tax revenues increased by \$1.8 million. Assessed valuations increased by \$437 million from prior year. The City has not increased its tax rate for the twelfth consecutive year.
- Other tax revenues reflect a decrease of \$2.15 million. Sales tax decreased by \$2.14 million as compared to prior years.
- Charges for Services increased by \$1.8 million as compared to prior year due to administrative fee charges to various funds but mainly the Bridge System which increased by \$1.2 million.
- General Fund expenses increased by \$13.05 million from prior year. While most of the departments remained stable, growth (increases) occurred in categories such as: Public Safety by \$6.9 million and General Government and Public Works by \$974 thousands. Capital Outlay increased by \$5.1 million. The major increase for public safety was in personnel expenses by \$7.01 million due to contractual obligations with public safety personnel such as Fire and Police.

The Debt Service Fund has a total fund balance of \$4.3 million, all of which is reserved for the payment of debt. The fund balance increased by \$1.3 million due to combination of additional revenues and savings realized from a current refunding bond issue.

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.

Net position of the Business – Type Activities at the end of the year totaled \$311.5 million. The total net assets decreased by \$559 thousands as compared to prior year. The largest area of change was in the Waterworks System, with a decrease of \$6.3 million, the Bridge System with an increase of \$4.4 million, the Sewer System decreased by \$4.2 million and other enterprise funds increased by \$3.46 million. The decrease can be further broken down into operating income of \$21.8 million and other non-operating expenses, net of other revenues and transfers of \$24.41 million.

General Fund Budgetary Highlights

Overall, the City has not only maintained at least a 15% fund balance as required by City Charter, but has also been able to maintain a rate to 27.14% of operating expenditures (excluding capital outlay) in FY 2016. The City

has been able to maintain its fund balance for the General Fund with a modest increase of \$291 thousand while operating expenditures (excluding capital outlay) increased by \$7.9 million. With appropriate planning and careful financial spending, the City has been able to sustain its strong economic condition. The city experienced an overall increase of 4.02% in revenues. Property Tax revenues increased by \$1.87 million or 3.29% and Charges for Services increased by \$1.8 million or 4%.

Original Budget vs. Final Amended Budget:

Revenues and Other Financing Sources:

- The General Fund revenue and other financing sources remained the same throughout the year. No additional revenues were appropriated during the year.

Expenditures and Other Financing Uses:

- General Fund expenditures and other financing uses budget was amended by a net decrease of \$12 thousand. The operating budget was decreased by \$343 thousands while transfer outs increased by \$331 thousand.

Amended Budget as compared to Actual Revenues and other Sources:

Revenues and Other Financing Sources:

- The actual revenues reflect an overall favorable variance of \$21.15 million as compared to the amended budget. This variance had various attributes:
 - Charges for Services revenue exceeded projections by \$1.2 million; Miscellaneous Revenues exceeded projections by \$406 thousand. Sales and Use Tax revenues had a revenue shortfall of \$3.3 million as a result of a combination of factors such as increased estimated budget and slowdown of the economy. Intergovernmental Revenues had an unfavorable balance of \$600 thousand.
 - Contribution and Donations exceeded projection by \$27.48 million. The variance was due to recognizing the value of donations related to infrastructure assets by developers.
 - Transfers In of \$4.17 million did not materialize during the year.

Expenditures and Other Financing Uses:

- Expenditures and Other Financing Uses reflect a negative variance of \$21.10 million when comparing the amended budget to the actual expenditures. A large portion of this unfavorable variance was due to capital outlay of \$27.86 million.
 - General Government realized savings in the amount of \$2.75 million from various areas including the City Manager's Office, Municipal Court, Building Inspections, City Hall Maintenance, Planning Zoning, Drafting & Surveying and Economic Development Department.
 - Public Safety had a negative variance of \$685 thousand. The Fire Department exceeded its budget by \$129 thousand while the Police Department exceeded its budget by \$807 thousand. The Traffic Department realized savings of \$250 thousand.
 - Cultural and Recreation realized savings of \$2.63 million from various divisions from the Parks and Recreation divisions and the Public Library.
 - All other departments of General Fund played a proactive role in limiting and restricting expenses and ensuring that the City's fund balance remained strong and healthy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Laredo's investment in capital assets for its Governmental and Business-Type activities as of September 30, 2016 was \$1.33 billion (net of accumulated depreciation). The City's investment in capital assets

decreased by \$2 million for the current fiscal year. Additions, to capital assets such as land, infrastructure, buildings, equipment and construction in progress for the year totaled \$30.48 million for governmental activities and \$2.36 million for business type activities. Deletions or disposition of capital assets were immaterial for the year. (Table A-3) Additional information about the City's Capital Assets is presented in Note 8 to the financial statements.

Table A-3
City of Laredo – Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 96,569,983	\$ 90,608,986	\$ 39,454,770	\$ 34,101,375	\$ 136,024,753	\$ 124,710,361
Buildings	221,032,848	218,841,793	275,578,898	274,830,691	496,611,746	493,672,484
Machinery & Equipment	124,180,770	112,321,714	98,056,576	97,980,589	222,237,346	210,302,303
Water Rights	-	-	49,422,638	45,222,315	49,422,638	45,222,315
Improve'ts other than Bldg	704,252,261	654,774,196	422,700,422	415,585,327	1,126,952,683	1,070,359,523
Construction in Progress	5,664,956	9,067,147	87,193,583	80,750,226	92,858,539	89,817,373
Total	<u>\$ 1,151,700,818</u>	<u>\$ 1,085,613,836</u>	<u>\$ 972,406,887</u>	<u>\$ 948,470,523</u>	<u>\$ 2,124,107,705</u>	<u>\$ 2,034,084,359</u>

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

Governmental

- Various land acquisitions totaling \$5.96 million. Land acquisition of \$4.05 million for airport improvements and noise abatement program; \$1.91 million for various parking and drainage improvements projects.
- Assets for the Building category increased by \$2.91 million; mainly due to the completion of various projects including Canizales Boxing Gym among others and the acquisition of the Canseco Property.
- Infrastructure Improvements increased by \$49.48 million for various projects including Airport improvements of \$9.6 million; Parks improvements \$2.2; Street Improvements of \$17.8 million; and drainage improvements of \$15.5 million;
- Machinery, equipment, vehicles and heavy equipment acquired during the fiscal year amounted to \$11.86 million for all departments within the City.
- Construction in Progress decreased by \$3.4 million for various projects initiated during the year such as Canizales Boxing Gym, Securities System Improvements at the Laredo International Airport, El Eden Swimming Pool, and Parks Improvements among others.

Proprietary

- Land and Water rights assets increased by \$9.55 million for the proprietary funds. The majority of the increases were in the Waterworks System \$5.5 million and Sewer System \$4.03 million.
- Improvements other than building and construction in progress increased by \$7.12 million which include Water (\$3.44 million) and Sewer (\$3.67 million) plant improvements, collections and distribution systems.
- Construction in progress increased by \$6.44 million. The majority of the increases were in the Bridge System (\$3.28 million) and Waterworks System (\$2.6 million).

The Governmental activities consist of improvements to and / or construction of the City's streets, parks and recreational facilities, police substations, fire protection facility, and airport improvements. Contractual Obligation, Certificate of 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 \$1.2 billion in outstanding bonds and other long term debt; an increase of \$190.5 million over last year. A \$122.06 million increase was due to the recognition of Net Pension Liability and net other net pension obligations. (See Table A-4). The Governmental Activities recorded a net increase of \$153.98 million while the Business Type Activities recorded an increase of \$36.5 million. More detailed information about the City's long-term liabilities is presented in Note 11 and 12 of the financial statements.

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

New debt issues for Governmental activities were \$51.33 million as follows: \$5.2 million for Personal Property Finance Contractual Obligation; \$25.68 million for a Certificate of Obligations and \$20.45 million for General Obligation Refunding Bonds. Debt issued by Business Type activities totaled \$166.46 million. Debt includes \$35.8 million issued as revenue bonds for the Water and Sewer Systems; Personal Property Finance Contractual Obligation of \$2.88 for the Solid Waste Fund and \$127.78 million for revenue refunding bonds for the Water, Sewer and Bridge Systems. The issuance of long term debt is to finance various projects including constructing City buildings, land acquisition, equipment and vehicles for various city departments including bridge, water and sewer system.

Table A-4
City of Laredo's Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 103,951,365	\$ 74,583,210	\$ 56,735,044	\$ 19,206,791	\$ 160,686,409	\$ 93,790,001
Certificates of obligation	109,405,572	104,688,104	79,306,631	118,101,896	188,712,203	222,790,000
Revenue bonds	29,651,343	29,510,000	367,711,220	329,064,000	397,362,563	358,574,000
Capital lease obligations	4,333,835	4,420,308	-	-	4,333,835	4,420,308
Compensated Absences	31,414,283	28,286,145	2,408,820	2,232,740	33,823,103	30,518,885
Notes payable	255,000	340,000	-	-	255,000	340,000
Landfill Post Closure	-	-	7,047,406	13,342,508	7,047,406	13,342,508
Net Penion Ob. - OPEB	112,832,424	101,671,988	-	-	112,832,424	101,671,988
Net Penion Liability	211,309,719	105,674,029	48,341,863	43,080,236	259,651,582	148,754,265
Total	\$ 603,153,541	\$ 449,173,784	\$ 561,550,984	\$ 525,028,171	\$ 1,164,704,525	\$ 974,201,955

Economic Factors and Next Year's Budgets and Rates

The City Management and City Council considered many factors when setting the fiscal year 2017 budget. General Fund revenues for FY 2017 are proposed to be \$183.16 million; an increase of \$5.9 million or 3.34% over the prior year's original budget. Expenditures are proposed to be \$183.21 million; an increase of \$5.92 million or 3.34% over prior year budgeted expenditures. The City's unemployment rate increased by 0.40% to 4.60% as of September 30, 2016. This average, places it below the State average of 5.00%. Building permit revenues, sales tax revenues and bridge toll revenues are areas which we use to measure the local economy. These areas are showing slight growth and are good indicators of the local state of the economy.

The FY 2017 consolidated budget for revenue reflects an appropriation of \$597.9 million. This represents a decrease in revenues of \$20.78 million or 3.6% over the FY 2016 Original Budget. The property tax rate for FY 2017 is 0.6370 per \$100 valuation; the rate has remained the same for the thirteenth consecutive year. Assessed valuations for FY 2017 are \$12.5 billion which represents an increase of 5.3% over prior year with an estimated levy of \$79 million. Of the 0.6370 tax rate, 77.56% or .494066 cents are utilized for General Fund activities, the remaining 22.44% or .142934 cents are designated for Debt Service. The General Fund's portion of property tax revenue for FY 2017 is projected to be \$59.4 million. Sales tax revenues for the General Fund for FY 2017 are budgeted to be \$31.97 million, a decrease of \$2.28 million or 6.65% as compared to prior year's budgeted amounts.

A cost of living increase of 3% is included for all personnel beginning October 1st, for all civilian employees at an estimated cost of \$2.55 million. The budget includes a 3% salary increase for the police officers at an estimated cost of \$1.4 million and a 3% for Firefighters at an estimated cost of \$1.7 million as per contractual obligations. The FY 2017 budget includes a total of 2,864 full time equivalent positions with an estimated cost of \$205.4 million.

The City of Laredo will continue to work on various projects for continued economic growth in the area of international trade through our airport and four international bridges. We will continue to revitalize our downtown, alleviate traffic flows in North and West Laredo, protect our green spaces, continue to rehabilitate our water and sewer lines, increase water distribution and water treatment for the future growth of our community, and create new park spaces such as a baseball / softball complex and community partnerships such as the outlet mall, an \$80 million investment. 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, Laredo, Texas, 78040.

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BASIC FINANCIAL STATEMENTS

CITY OF LAREDO, TEXAS
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents: (Note 4)			
Cash	\$ 1,105,816	\$ 23,350	\$ 1,129,166
Equity in Investment Pool	925,973	601,469	1,527,442
Investments (Note 5)	197,254,556	120,039,975	317,294,531
Receivable, net of allowances: (Note 6)			
Accrued Interest	414,451	262,786	677,237
Property Taxes, Penalty and Interest	7,847,168	-	7,847,168
Hotel-Motel Tax, Penalty and Interest	358,496	-	358,496
Accounts	15,665,761	12,498,405	28,164,166
Notes	18,000,059	239,760	18,239,819
Paving Assessments	3,973	-	3,973
Internal Balances (Note 13)	(5,943,913)	5,943,913	-
Due From Other Governments	5,998,987	107,905	6,106,892
Inventory, at cost	557,465	2,686,217	3,243,682
Prepaid Items	208,760	-	208,760
Total Current Assets	<u>242,397,552</u>	<u>142,403,780</u>	<u>384,801,332</u>
Noncurrent Assets:			
Restricted Assets: (Note 7)			
Investments (Note 5)	-	93,990,835	93,990,835
Accrued Interest (Note 6)	-	5,992	5,992
Notes (Note 6)	-	32	32
Capital Assets: (Note 8)			
Nondepreciable Assets:			
Land and Improvements	96,569,983	88,877,408	185,447,391
Construction in Progress	5,664,956	87,193,583	92,858,539
Depreciable Assets:			
Buildings	221,032,848	275,578,898	496,611,746
Machinery and Equipment	124,180,770	98,056,576	222,237,346
Infrastructure	704,252,261	422,700,422	1,126,952,683
Accumulated Depreciation	(453,922,261)	(337,919,104)	(791,841,365)
Unamortized Bond Issuance Cost	-	157,285	157,285
Total Non Current Assets	<u>697,778,557</u>	<u>728,641,927</u>	<u>1,426,420,484</u>
TOTAL ASSETS	<u>940,176,109</u>	<u>871,045,707</u>	<u>1,811,221,816</u>
Deferred Outflows of Resources (Note 1)	<u>53,309,150</u>	<u>22,541,621</u>	<u>75,850,771</u>
TOTAL ASSETS AND DEFERRRED OUTFLOWS OF RESOURCES	\$ <u>993,485,259</u>	\$ <u>893,587,328</u>	\$ <u>1,887,072,587</u>

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET POSITION
September 30, 2016

(Continued)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 8,150,280	\$ 4,530,226	\$ 12,680,506
Claims and Judgments Payable (Note 18)	5,130,323	-	5,130,323
Retainage Payable	1,046,475	744,452	1,790,927
Accrued Wages and Employee Benefits	3,166,566	817,520	3,984,086
Accrued Interest Payable	1,054,014	1,911,304	2,965,318
Compensated Absences (Note 11 & 12)	3,074,634	868,550	3,943,184
Contracts Payable	1,037,279	3,049,860	4,087,139
Customer and Tenant Deposits	180,874	5,682,708	5,863,582
Due To Other Governments	101,490	-	101,490
Due to Developers	88,987	-	88,987
Unearned Revenue	3,735,403	2,598,263	6,333,666
General Obligation Bonds (Note 11 & 12)	2,834,662	2,575,338	5,410,000
Certificates of Obligation (Note 11 & 12)	10,060,665	6,899,335	16,960,000
Revenue Bond Payable (Note 11 & 12)	2,245,000	16,034,000	18,279,000
Notes Payable (Note 11 & 12)	85,000	-	85,000
Capital Lease Obligation (Note 11)	683,932	-	683,932
Total Current Liabilities	<u>42,675,584</u>	<u>45,711,556</u>	<u>88,387,140</u>
Noncurrent Liabilities:			
Noncurrent portion of long term liabilities:			
General Obligation Bonds (Note 11 & 12)	101,116,703	54,159,706	155,276,409
Certificates of Obligation (Note 11 & 12)	99,344,907	72,407,296	171,752,203
Revenue Bonds Payable (Note 11 & 12)	27,406,343	351,677,220	379,083,563
Notes Payable (Note 11 & 12)	170,000	-	170,000
Capital Lease Obligations (Note 11)	3,649,903	-	3,649,903
Compensated Absences (Note 11 & 12)	28,339,649	1,540,270	29,879,919
Net Pension Obligations - OPEB (Note 11)	112,832,424	-	112,832,424
Net Pension Liability (Note 9)	211,309,719	48,341,863	259,651,582
Landfill Closure & Postclosure Costs (Note 12)	-	7,047,406	7,047,406
Total Noncurrent Liabilities	<u>584,169,648</u>	<u>535,173,761</u>	<u>1,119,343,409</u>
TOTAL LIABILITIES	<u>626,845,232</u>	<u>580,885,317</u>	<u>1,207,730,549</u>
Deferred Inflows of Resources (Note 1)	<u>5,965,042</u>	<u>1,169,366</u>	<u>7,134,408</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>632,810,274</u>	<u>582,054,683</u>	<u>1,214,864,957</u>
NET POSITION			
Net Investments in Capital Assets	497,557,400	254,793,229	752,350,629
Restricted for:			
Debt Service	5,020,201	42,883,555	47,903,756
Capital Projects	36,257,678	-	36,257,678
Improvements	-	31,487,658	31,487,658
Canseco Endowment Fund			
Nonexpendable	124,468	-	124,468
Unrestricted	(178,284,762)	(17,631,797)	(195,916,559)
TOTAL NET POSITION	<u>\$ 360,674,985</u>	<u>\$ 311,532,645</u>	<u>\$ 672,207,630</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, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Primary Government		
	Expenses	Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 31,282,913	52,780,001	942,576	27,658,865	50,098,529	-	50,098,529
Public Safety	136,161,243	9,347,027	6,608,950	-	(120,205,266)	-	(120,205,266)
Public Works	32,262,592	1,057,448	-	1,945,431	(29,259,713)	-	(29,259,713)
Health and Welfare	26,694,339	16,664,531	12,462,936	-	2,433,128	-	2,433,128
Culture and Recreation	29,029,634	6,764,430	23,343	1,476,028	(20,765,833)	-	(20,765,833)
Air Transportation	12,068,122	5,983,576	1,693,271	9,319,894	4,928,619	-	4,928,619
Interest and Other on Long-Term Debt	14,833,434	-	-	-	(14,833,434)	-	(14,833,434)
Total Governmental Activities	282,332,277	92,597,013	21,731,076	40,400,218	(127,603,970)	-	(127,603,970)
Business-Type Activities:							
Transit System	18,193,506	3,875,368	3,837,360	1,023,829	-	(9,456,949)	(9,456,949)
Bridge System	50,002,193	60,192,764	-	-	-	10,190,571	10,190,571
Waterworks System	60,707,954	46,018,021	-	5,722,295	-	(8,967,638)	(8,967,638)
Sewer System	37,537,057	31,850,492	-	2,586,491	-	(3,100,074)	(3,100,074)
Solid Waste Management System	19,076,156	24,141,768	-	-	-	5,065,612	5,065,612
Municipal Housing	1,366,719	1,492,254	-	-	-	125,535	125,535
Total Business-Type Activities	186,883,585	167,570,667	3,837,360	9,332,615	-	(6,142,943)	(6,142,943)
Total Primary Government	\$ 469,215,862	260,167,680	25,568,436	49,732,833	(127,603,970)	(6,142,943)	(133,746,913)
General Revenues:							
Property Taxes					76,362,877	-	76,362,877
Sales Tax					38,983,785	7,474,608	46,458,393
Franchise Fees					7,656,015	-	7,656,015
Hotel Motel Tax					3,797,579	-	3,797,579
Alcoholic Beverage Tax					467,361	-	467,361
Unrestricted investment earnings					780,283	1,818,713	2,598,996
Gain on sale of capital assets					512,275	389,708	901,983
Transfers (Note 14)					6,345,593	(6,345,593)	-
Total general revenues and transfers					134,905,768	3,337,436	138,243,204
Change in net position							
Net position-beginning					423,446,106	312,092,068	735,538,174
Prior Period Adjustment (Note 23)					(70,072,919)	2,246,084	(67,826,835)
Net position-ending					\$ 360,674,985	311,532,645	672,207,630

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

**CITY OF LAREDO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents:				
Cash	\$ 24,081	-	1,081,335	1,105,416
Equity in Investment Pool	301,035	27,078	490,329	818,442
Investments (Note 5)	48,069,184	4,309,751	127,717,636	180,096,571
Receivable, net of allowances:				
Accrued Interest (Note 6)	131,376	11,779	224,400	367,555
Taxes, Penalty and Interest (Note 6)	6,676,461	1,100,869	74,249	7,851,579
Accounts (Note 6)	5,103,488	-	1,499,723	6,603,211
Notes (Note 6)	-	-	18,000,059	18,000,059
Paving Assessments (Note 6)	-	3,973	-	3,973
Due from Other Funds	1,411,066	-	117,994	1,529,060
Due from Other Governments	95,224	-	5,903,763	5,998,987
Inventory, at cost	11,197	-	113,341	124,538
TOTAL ASSETS	61,823,112	5,453,450	155,222,829	222,499,391
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	2,830,330	316	3,540,574	6,371,220
Retainage Payable	-	-	1,046,475	1,046,475
Accrued Wages and Employee Benefits	2,535,425	-	540,144	3,075,569
Contracts Payable	-	-	1,037,279	1,037,279
Customer and Tenant Deposits	2,155	-	178,719	180,874
Due to Other Funds	3	-	918,069	918,072
Due to Other Governments	2,130	-	99,360	101,490
Due to Developers	-	-	88,987	88,987
Unearned Revenue	12,012,846	1,105,068	21,100,679	34,218,593
TOTAL LIABILITIES	17,382,889	1,105,384	28,550,286	47,038,559
FUND BALANCES (Note 22)				
Nonspendable	11,197	-	124,468	135,665
Restricted	12,490,116	4,348,066	84,795,725	101,633,907
Committed	31,053,457	-	6,205,935	37,259,392
Assigned	-	-	38,986,497	38,986,497
Unassigned (Deficit)	885,453	-	(3,440,082)	(2,554,629)
TOTAL FUND BALANCES	44,440,223	4,348,066	126,672,543	175,460,832
TOTAL LIABILITIES AND FUND BALANCES	\$ 61,823,112	5,453,450	155,222,829	

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.	696,873,681
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	61,180,160
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.	5,931,637
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)	(578,771,325)
Net position of governmental activities	\$ 360,674,985

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, 2016

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Taxes:				
Property	\$ 58,829,919	16,996,081	-	75,826,000
Sales	30,948,457	-	7,737,114	38,685,571
Bingo Tax	67,340	-	-	67,340
Alcoholic Beverage	456,784	-	-	456,784
Hotel Motel	-	-	3,851,082	3,851,082
Franchise Fees	7,651,588	-	-	7,651,588
Licenses and Permits	9,229,632	-	766,710	9,996,342
Intergovernmental Revenues	595,857	-	33,897,189	34,493,046
Charges for Services	48,020,795	-	11,865,894	59,886,689
Fines	3,381,218	-	605,196	3,986,414
Fees and Collections	1,355,516	-	3,933,332	5,288,848
Rents	-	-	6,646,131	6,646,131
Interest and Other	1,420,305	38,685	543,091	2,002,081
Miscellaneous	623,544	279,613	1,273,038	2,176,195
Contributions & Donations	27,735,166	-	137,525	27,872,691
Reimbursements	-	10,875	1,501,967	1,512,842
TOTAL REVENUES	190,316,121	17,325,254	72,758,269	280,399,644
EXPENDITURES:				
Current:				
General Government	23,381,194	-	652,883	24,034,077
Public Safety	117,117,831	-	9,283,580	126,401,411
Public Works	6,198,320	-	2,882,705	9,081,025
Health and Welfare	583,255	-	24,376,851	24,960,106
Cultural and Recreational	16,043,063	-	12,045,899	28,088,962
Air Transportation Services	-	-	6,883,264	6,883,264
Capital Outlay	28,332,168	-	38,485,208	66,817,376
Debt Service:				
Bond Costs	-	245,278	724,035	969,313
Principal Retirement	311,089	23,007,029	77,024	23,395,142
Loss on Advance Refunding	-	-	584,424	584,424
Interest and Fiscal Expenditures	100,744	9,022,107	4,880	9,127,731
TOTAL EXPENDITURES	192,067,664	32,274,414	96,000,753	320,342,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,751,543)	(14,949,160)	(23,242,484)	(39,943,187)
OTHER FINANCING SOURCES (USES):				
Transfers In	7,684,137	16,049,567	20,447,195	44,180,899
Issuance of Debt (Note 11)	-	-	40,155,641	40,155,641
Issuance of Refunding Debt (Note 11)	-	20,450,000	-	20,450,000
Bond Premium (Note 11)	-	3,010,917	4,856,616	7,867,533
Transfers Out	(6,025,692)	-	(29,948,702)	(35,974,394)
Sale of Assets	384,527	-	127,748	512,275
Payment to Refunded Bond Escrow Agent	-	(23,238,405)	-	(23,238,405)
TOTAL OTHER FINANCING SOURCES (USES)	2,042,972	16,272,079	35,638,498	53,953,549
Net Change in Fund Balances	291,429	1,322,919	12,396,014	14,010,362
Fund Balances-Beginning	44,148,794	3,025,147	114,276,529	161,450,470
FUND BALANCES-ENDING	\$ 44,440,223	4,348,066	126,672,543	175,460,832

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, 2016

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

Net change in fund balances-total governmental funds	\$ 14,010,362
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)	30,520,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,281,613
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)	(21,255,202)
Accrued interest expense recorded for entity-wide statements.	(162,550)
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.	(15,832,369)
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.	(2,260,056)
Change in net position of governmental activities	\$ <u>7,301,798</u>

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

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CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2016

	<u>Budgeted Amounts</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Positive</u>
					<u>Basis</u>	<u>(Negative)</u>
REVENUES:						
Taxes						
Property Taxes	\$ 57,591,340	57,591,340	57,263,687	-	57,263,687	(327,653)
Penalty and Interest	1,784,519	1,784,519	1,566,232	-	1,566,232	(218,287)
Alcoholic Beverage	465,017	465,017	456,784	-	456,784	(8,233)
Bingo Tax	68,257	68,257	67,340	-	67,340	(917)
Sales and Use	34,240,585	34,240,585	30,948,457	-	30,948,457	(3,292,128)
Franchise Fees	7,595,441	7,595,441	7,651,588	-	7,651,588	56,147
Licenses and Permits	9,319,922	9,319,922	9,229,632	-	9,229,632	(90,290)
Intergovernmental Revenues	1,195,500	1,195,500	595,857	-	595,857	(599,643)
Charges for Services	46,864,791	46,864,791	48,020,795	-	48,020,795	1,156,004
Fines	3,257,336	3,257,336	3,381,218	-	3,381,218	123,882
Fees and Collections	1,195,192	1,195,192	1,355,516	-	1,355,516	160,324
Interest and Other	1,229,276	1,229,276	1,420,305	-	1,420,305	191,029
Miscellaneous	217,555	217,555	623,544	-	623,544	405,989
Contributions and Donations	250,940	250,940	27,735,166	-	27,735,166	27,484,226
TOTAL REVENUES	165,275,671	165,275,671	190,316,121	-	190,316,121	25,040,450
EXPENDITURES:						
General Government						
Mayor and City Council	685,914	713,188	674,266	40,190	714,456	(1,268)
City Manager	1,400,057	1,408,133	1,231,273	6,178	1,237,451	170,682
Internal Audit	280,358	280,358	283,688	28	283,716	(3,358)
Council Support	524,931	524,931	336,448	5,903	342,351	182,580
Public Information Office	106,936	116,436	112,119	782	112,901	3,535
City Hall Maintenance	637,208	637,208	517,603	37,821	555,424	81,784
City Hall Annex II	113,865	116,788	120,452	6,975	127,427	(10,639)
Municipal Court	1,673,431	1,659,021	1,181,963	5,502	1,187,465	471,556
Building Inspections	1,474,695	1,486,044	1,200,185	3,558	1,203,743	282,301
Development Review Engineering	522,965	519,175	443,926	-	443,926	75,249
Code Enforcement	277,674	277,774	195,074	100	195,174	82,600
Public Right of Way	229,825	227,954	227,917	-	227,917	37
Geographic Information Systems	203,895	198,107	75,771	-	75,771	122,336
City Attorney	1,089,909	1,089,909	963,181	8,659	971,840	118,069
City Secretary	470,602	494,782	482,199	1,058	483,257	11,525
Elections	1,316	167,336	148,832	15,843	164,675	2,661
Tax Office	1,305,594	1,305,594	1,284,046	10,765	1,294,811	10,783
Accounting	1,225,291	1,227,891	1,209,280	5,178	1,214,458	13,433
Purchasing	514,252	562,846	562,565	230	562,795	51
Payroll	250,230	255,123	250,654	4,631	255,285	(162)
Accounts Payable	400,432	400,432	398,663	1,150	399,813	619
Budget	389,981	385,941	367,446	679	368,125	17,816
Personnel and Civil Service	573,623	573,623	536,340	5,624	541,964	31,659
Training	304,090	304,090	222,866	229	223,095	80,995
Municipal Civil Service	3,730	3,730	1,988	142	2,130	1,600
Planning	932,428	932,428	707,145	4,794	711,939	220,489
Section 112	1,000,000	1,000,000	368,296	62,212	430,508	569,492
Engineering	641,302	641,302	647,065	467	647,532	(6,230)
Drafting & Surveying	1,264,417	1,263,117	1,205,106	1,070	1,206,176	56,941
Construction & Inspections	593,676	594,976	526,756	56	526,812	68,164
311 Program	386,991	386,991	322,966	14,578	337,544	49,447
Public Acces Center	510,445	518,995	512,785	7,944	520,729	(1,734)
Center for Non-Profit	101,477	101,477	29,745	183	29,928	71,549
Real Estate	238,497	248,807	270,156	3,872	274,028	(25,221)
Public Safety						
Police	4,164,520	4,166,858	4,059,340	77,290	4,136,630	30,228
Records/Property	1,557,315	1,551,372	1,350,673	9,791	1,360,464	190,908
Auto theft Grant Match	799,710	799,931	877,952	-	877,952	(78,021)
Detective	6,921,431	6,910,711	6,563,245	19,783	6,583,028	327,683
Narcotics/Pipeline/K-9	3,275,778	3,275,778	3,578,981	8,921	3,587,902	(312,124)
911 Communications	3,052,433	3,053,713	2,561,246	53	2,561,299	492,414
Criminal Int. Acquisition	651,332	659,832	488,966	349	489,315	170,517
Patrols	43,569,226	43,579,183	44,220,665	309,403	44,530,068	(950,885)
Fire	36,006,531	35,946,091	36,254,174	117,232	36,371,406	(425,315)
Fire - EMS Division	7,538,664	7,624,374	7,640,027	49,517	7,689,544	(65,170)
Fire - EMS Trauma (Webb Co.)	8,419	4,000	-	-	-	4,000
Fire Civilians	986,618	991,037	968,498	1,655	970,153	20,884
Fire - Prevention & Arson	1,709,294	1,710,104	1,998,704	270	1,998,974	(288,870)
Fire Airport	1,162,772	1,158,972	1,196,120	1,333	1,197,453	(38,481)
Fire - Training (In House)	825,280	829,270	824,117	19,605	843,722	(14,452)
Fire Emergency Management	29,395	10,395	3,948	5,772	9,720	675
Traffic	2,523,042	2,551,042	2,236,322	21,780	2,258,102	292,940
Street Lighting	\$ 2,268,903	2,265,903	2,294,853	13,079	2,307,932	(42,029)

CITY OF LAREDO, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2016

	<u>Budgeted Amounts</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Positive</u>
					<u>Basis</u>	<u>(Negative)</u>
Public Works						
Administration	\$ 712,454	710,904	651,832	2,445	654,277	56,627
Street Maintenance	1,152,012	1,111,712	969,310	572	969,882	141,830
Street Construction	1,240,095	1,241,645	1,065,679	4,979	1,070,658	170,987
Street Cleaning	1,679,031	1,719,331	1,576,612	2,344	1,578,956	140,375
Building Rehabilitation	1,052,788	1,052,788	800,668	2,969	803,637	249,151
Warehouse	160,456	160,456	121,997	2,964	124,961	35,495
Special Construction Projects	566,261	566,261	1,012,222	-	1,012,222	(445,961)
Health and Welfare						
Third-Party Funding	388,725	414,725	393,978	22,487	416,465	(1,740)
Non CDBG Code Enforcement	179,010	209,010	189,277	18,028	207,305	1,705
Cultural and Recreational						
Parks	426,271	431,151	414,505	889	415,394	15,757
Maintenance	6,702,604	6,517,604	5,504,694	347,330	5,852,024	665,580
Construction	1,264,798	1,255,118	1,057,601	17,958	1,075,559	179,559
Aquatics	1,353,049	1,353,049	898,002	120,821	1,018,823	334,226
Recreation Centers	4,833,667	4,783,230	3,815,786	144,009	3,959,795	823,435
Cemetery	380,802	380,802	284,188	3,881	288,069	92,733
Library	4,729,977	4,734,815	4,068,287	149,407	4,217,694	517,121
Other	8,680,121	7,834,989	5,762,429	372,539	6,134,968	1,700,021
Capital Outlay	224,255	573,694	28,332,168	101,736	28,433,904	(27,860,210)
Debt Service:						
Principal Retirement	311,090	311,090	311,089	-	311,089	1
Interest and Fiscal Expenditures	100,745	100,745	100,744	-	100,744	1
TOTAL EXPENDITURES	173,518,911	173,176,192	192,067,664	2,227,592	194,295,256	(21,119,064)
Excess (Deficiency) of Revenues Over Expenditures	(8,243,240)	(7,900,521)	(1,751,543)	(2,227,592)	(3,979,135)	3,921,386
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Hotel Motel Fund	160,818	160,818	142,049	-	142,049	(18,769)
Capital Improvements Fund	8,837,846	8,837,846	4,645,034	-	4,645,034	(4,192,812)
Laredo Public Facility Corp.	108,000	108,000	108,000	-	108,000	-
Parking Meters	500,000	500,000	500,000	-	500,000	-
Risk Management	1,500,000	1,500,000	1,500,000	-	1,500,000	-
Municipal Housing	350,000	350,000	350,000	-	350,000	-
Airport	78,141	78,141	78,141	-	78,141	-
Information Technology	360,913	360,913	360,913	-	360,913	-
Transfers Out:						
Auto Theft Task Force	(338,317)	(401,959)	(397,955)	-	(397,955)	4,004
Health Fund	(4,546,822)	(4,546,822)	(4,541,747)	-	(4,541,747)	5,075
Special Police Program	(824,478)	(1,091,478)	(1,085,990)	-	(1,085,990)	5,488
Sale of Assets	64,000	64,000	384,527	-	384,527	320,527
TOTAL OTHER FINANCING SOURCES (USES)	6,250,101	5,919,459	2,042,972	-	2,042,972	(3,876,487)
Net Change in Fund Balance	(1,993,139)	(1,981,062)	291,429	(2,227,592)	(1,936,163)	44,899
Fund Balances at Beginning of Year	44,070,190	44,148,794	44,148,794	(15,715)	44,133,079	(15,715)
FUND BALANCES AT END OF YEAR	\$ 42,077,051	42,167,732	44,440,223	(2,243,307)	42,196,916	29,184

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

CITY OF LAREDO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT
ASSETS				
Current Assets:				
Cash and Cash Equivalents: (Note 4)				
Cash	\$ 11,000	2,750	600	3,600
Equity in Investment Pool	31,470	206,077	184,328	134,674
Investments (Note 5)	10,574,452	39,377,151	34,915,255	28,031,123
Receivable:				
Accrued Interest (Note 6)	13,795	89,986	80,514	58,970
Accounts (Note 6)	-	5,881,613	5,009,275	1,584,034
Notes (Note 6)	-	227,625	12,135	-
Prepaid Items	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	49,242	105,800	-
Inventory, at Cost	-	2,201,508	168,430	2,557
Total Current Assets	10,630,717	48,035,952	40,476,337	29,814,958
Noncurrent Assets:				
Restricted Assets:				
Investments (Note 5)	6,268,560	32,832,181	44,598,093	10,292,001
Accrued Interest Receivable (Note 6)	130	3,123	2,086	653
Notes Receivable (Note 6)	-	32	-	-
Due from Other Funds	13,180	-	-	-
Total Restricted Assets (Note 7)	6,281,870	32,835,336	44,600,179	10,292,654
Capital Assets: (Note 8)				
Transportation Vehicles and Equipment	17,862,381	12,031,162	12,636,646	30,327,124
Buildings	31,540,605	180,552,155	43,985,694	1,348,365
Improvements	68,182,104	192,761,074	142,714,252	8,059,838
Land and Improvements	11,265,265	54,218,446	9,017,104	624,668
Land Easements	-	3,023,577	852,199	-
Construction in Progress	4,206,861	23,777,372	54,956,454	1,319,623
Less Accumulated Depreciation	(53,033,223)	(138,571,644)	(94,321,130)	(21,644,016)
Total Capital Assets (net of accumulated depreciation)	80,023,993	327,792,142	169,841,219	20,035,602
Other Assets:				
Unamortized Bond Issuance Costs	157,285	-	-	-
Total Noncurrent Assets	86,463,148	360,627,478	214,441,398	30,328,256
TOTAL ASSETS	97,093,865	408,663,430	254,917,735	60,143,214
Deferred Outflows of Resources	3,259,841	12,823,452	3,858,306	2,117,919
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 100,353,706	421,486,882	258,776,041	62,261,133

(Continued)

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

OTHER ENTERPRISE FUNDS	TOTALS	ADJUSTED TOTALS	INTERNAL SERVICE FUNDS
5,400	23,350	23,350	400
44,920	601,469	601,469	107,531
7,141,994	120,039,975	120,039,975	17,157,985
19,521	262,786	262,786	46,896
23,483	12,498,405	12,498,405	16,555
-	239,760	239,760	-
-	-	-	208,760
107,905	107,905	107,905	-
387,438	542,480	6,486,393	-
313,722	2,686,217	2,686,217	432,927
8,044,383	137,002,347	142,946,260	17,971,054
-	93,990,835	93,990,835	-
-	5,992	5,992	-
-	32	32	-
-	13,180	13,180	-
-	94,010,039	94,010,039	-
25,199,263	98,056,576	98,056,576	8,083,257
18,152,079	275,578,898	275,578,898	420,681
10,983,154	422,700,422	422,700,422	11,391
9,876,149	85,001,632	85,001,632	-
-	3,875,776	3,875,776	-
2,933,273	87,193,583	87,193,583	-
(30,349,091)	(337,919,104)	(337,919,104)	(7,610,453)
36,794,827	634,487,783	634,487,783	904,876
-	157,285	157,285	-
36,794,827	728,655,107	728,655,107	904,876
44,839,210	865,657,454	871,601,367	18,875,930
482,103	22,541,621		-
45,321,313	888,199,075		18,875,930

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

(Continued)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM	SOLID WASTE MANAGEMENT
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 173,922	1,506,963	1,617,492	447,640
Retainage Payable	58,112	589,567	34,397	43,563
Contracts Payable	15,646	1,898,714	511,229	524,329
Due to Other Funds (Note 13)	13,180	49,242	105,800	-
Accrued Interest	-	1,254,152	445,400	180,836
Accrued Wages & Employee Benefits	140,779	236,609	106,539	127,716
Claims and Judgments Payable	-	-	-	-
Compensated Absences	230,654	218,245	92,392	169,208
Customer Deposits	8,000	5,577,921	-	-
Unearned Revenue	1,106,904	1,451,679	29,093	-
General Obligation Bonds (Note 12)	-	932,795	844,713	419,737
Certificates of Obligation (Note 12)	-	928,203	1,056,628	4,214,504
Revenue Bonds Payable (Note 12)	6,815,000	4,967,900	4,251,100	-
Total Current Liabilities	8,562,197	19,611,990	9,094,783	6,127,533
Noncurrent Liabilities:				
General Obligation Bonds (Note 12)	-	24,148,480	19,893,709	7,137,252
Certificates of Obligation (Note 12)	-	46,310,824	4,229,454	18,845,803
Revenue Bonds Payable (Note 12)	51,127,426	175,440,744	125,109,050	-
Due to Other Funds	-	-	-	-
Closure and Postclosure Cost (Note 12)	-	-	-	7,047,406
Net Pension Liability	12,429,413	15,954,264	6,478,589	9,803,060
Compensated Absences	397,190	413,140	173,315	408,826
Total Noncurrent Liabilities	63,954,029	262,267,452	155,884,117	43,242,347
TOTAL LIABILITIES	72,516,226	281,879,442	164,978,900	49,369,880
Deferred Inflows of Resources	290,961	401,825	156,689	232,107
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	72,807,187	282,281,267	165,135,589	49,601,987
NET POSITION				
Net Investment in Capital Assets	31,462,829	123,807,737	67,547,328	1,927,781
Restricted for Debt Service	4,146,322	29,748,964	8,988,269	-
Restricted for Improvements	-	18,819,293	12,668,365	-
Unrestricted (Deficit)	(8,062,632)	(33,170,379)	4,436,490	10,731,365
TOTAL NET POSITION	\$ 27,546,519	139,205,615	93,640,452	12,659,146

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

Net position of business-type activities

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

(Continued)

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

OTHER ENTERPRISE FUNDS	TOTALS	ADJUSTED TOTALS	INTERNAL SERVICE FUNDS
784,209	4,530,226	4,530,226	1,779,060
18,813	744,452	744,452	-
99,942	3,049,860	3,049,860	-
-	168,222	168,222	-
30,916	1,911,304	1,911,304	-
205,877	817,520	817,520	90,997
-	-	-	5,130,323
158,051	868,550	868,550	102,219
96,787	5,682,708	5,682,708	-
10,587	2,598,263	2,598,263	-
378,093	2,575,338	2,575,338	-
700,000	6,899,335	6,899,335	-
-	16,034,000	16,034,000	-
2,483,275	45,879,778	45,879,778	7,102,599
2,980,265	54,159,706	54,159,706	-
3,021,215	72,407,296	72,407,296	-
-	351,677,220	351,677,220	-
387,438	387,438	387,438	-
-	7,047,406	7,047,406	-
3,676,537	48,341,863	-	-
147,799	1,540,270	1,540,270	246,299
10,213,254	535,561,199	487,219,336	246,299
12,696,529	581,440,977	533,099,114	7,348,898
87,784	1,169,366		-
12,784,313	582,610,343		7,348,898
30,047,554	254,793,229	254,793,229	904,876
-	42,883,555	42,883,555	-
-	31,487,658	31,487,658	-
2,489,446	(23,575,710)	(17,631,797)	10,622,156
32,537,000	305,588,732	311,532,645	11,527,032
	5,943,913		
\$	311,532,645		

CITY OF LAREDO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended September 30, 2016

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS		
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM
OPERATING REVENUES:			
Charges for Services	\$ -	39,459,935	31,509,797
Rental of Facilities	240,289	-	-
Toll Receipts	59,471,153	-	-
Miscellaneous	480,543	6,545,404	333,916
TOTAL OPERATING REVENUES	60,191,985	46,005,339	31,843,713
OPERATING EXPENSES:			
Costs of Services	-	-	-
Personnel Services	8,710,828	12,124,836	4,606,990
Materials and Supplies	595,027	3,184,917	1,164,287
Contractual Services	34,752,884	9,591,042	12,863,713
Other	5,025	188,536	129,437
Total Operating Expenses Before Depreciation	44,063,764	25,089,331	18,764,427
Depreciation Expense (Note 8)	3,027,505	10,857,250	6,908,273
TOTAL OPERATING EXPENSES	47,091,269	35,946,581	25,672,700
Operating Income (Loss)	13,100,716	10,058,758	6,171,013
NON-OPERATING REVENUES (EXPENSES):			
Sales Tax	-	-	-
Interest Earnings	35,368	143,573	156,096
Interest Earnings - Restricted	90,924	156,849	146,989
Discount Earnings	4	13,203	11,795
Interest Rebate	-	812,717	-
Miscellaneous	779	12,682	6,779
Closure/Post Closure	-	-	-
Water Availability Fees	-	1,153,584	-
Gain (Loss) on Sale of Assets	-	36,435	61,110
Interest Expense	(2,544,689)	(10,709,551)	(4,464,118)
Federal Operating Grant	-	-	-
Gain (Loss) on Advance Refunding	(168,625)	(175,202)	(168,954)
Water Rights Acq./Water Conservation	-	(128,621)	-
Other Non-Operating Expenses	-	-	-
Fiscal Agent Fees	(4,250)	(8,406)	(5,670)
Bond Issuance Cost/Premiums Amortized	166,670	(901,337)	(696,871)
State Operating Grant	-	-	-
Construction	(327,390)	(12,783,997)	(6,493,437)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,751,209)	(22,378,071)	(11,446,281)

(Continued)

**BUSINESS TYPE ACTIVITIES-
ENTERPRISE FUNDS**

SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
23,189,164	3,323,560	97,482,456	46,633,797
-	1,851,164	2,091,453	-
-	-	59,471,153	-
44,319	192,898	7,597,080	732,713
23,233,483	5,367,622	166,642,142	47,366,510
-	-	-	37,553,085
7,073,203	11,014,589	43,530,446	4,933,046
1,452,435	2,030,014	8,426,680	472,751
6,546,524	2,418,172	66,172,335	4,629,082
78,419	111,390	512,807	196,730
15,150,581	15,574,165	118,642,268	47,784,694
2,896,148	2,523,069	26,212,245	270,772
18,046,729	18,097,234	144,854,513	48,055,466
5,186,754	(12,729,612)	21,787,629	(688,956)
-	7,474,608	7,474,608	-
82,169	37,586	454,792	86,155
100,061	294	495,117	-
5,380	119	30,501	226
-	-	812,717	-
4,477	-	24,717	-
903,808	-	903,808	-
-	-	1,153,584	-
292,163	-	389,708	34,155
(1,143,602)	(260,799)	(19,122,759)	-
-	3,260,305	3,260,305	-
(99,869)	(47,289)	(659,939)	-
-	-	(128,621)	-
(9,976)	(1,176,851)	(1,186,827)	-
(2,122)	(1,042)	(21,490)	-
306,092	28,675	(1,096,771)	-
-	577,055	577,055	-
-	-	(19,604,824)	-
438,581	9,892,661	(26,244,319)	120,536

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended September 30, 2016

(Continued)

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS		
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM
Income Before Contributions and Transfers	10,349,507	(12,319,313)	(5,275,268)
Capital Contributions-Intergovernmental	-	-	-
Capital Contributions-Other	-	862,490	121,550
Capital Contributions-Developers	-	3,706,221	2,464,941
Transfers In	-	1,464,794	-
Transfers Out	(5,995,593)	-	(1,464,794)
Change in Net Position	4,353,914	(6,285,808)	(4,153,571)
Total Net Position-Beginning	23,192,605	145,491,423	97,794,023
Prior Period Adjustment (Note 23)	-	-	-
Total Net Position-Ending	\$ 27,546,519	139,205,615	93,640,452

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

Change in net position of business-type activities

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

(Continued)

**BUSINESS TYPE ACTIVITIES-
ENTERPRISE FUNDS**

SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
5,625,335	(2,836,951)	(4,456,690)	(568,420)
-	1,023,829	1,023,829	-
-	-	984,040	-
-	-	6,171,162	-
-	-	1,464,794	374,071
-	(350,000)	(7,810,387)	(2,234,984)
5,625,335	(2,163,122)	(2,623,252)	(2,429,333)
1,642,517	37,845,332		13,956,365
5,391,294	(3,145,210)		-
12,659,146	32,537,000		11,527,032
		(182,255)	
		\$ (2,805,507)	

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2016

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS		
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM
CASH FLOW FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 59,975,342	45,296,362	30,591,932
Receipts from interfund services provided	-	652,241	556,791
Payments to suppliers	(2,417,110)	(9,121,937)	(10,951,100)
Payments to employees	(8,162,185)	(11,512,641)	(4,341,763)
Payments for interfund services used	(32,940,791)	(4,086,024)	(3,004,597)
Net cash provided (used) by operating activities	16,455,256	21,228,001	12,851,263
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer to other funds	(5,995,593)	(17,541,915)	(13,862,625)
Transfer from other funds	-	19,006,709	12,397,831
Subsidy from federal and state grants	-	-	-
Sales Tax	-	-	-
Net cash provided (used) by noncapital and related financing activities	(5,995,593)	1,464,794	(1,464,794)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	8,769,169	95,897,267	52,601,933
Capital contributions	-	15,000	-
Subsidy from federal and state grants	-	-	-
Purchase of capital assets	-	(2,414,461)	-
Acquisition and construction of capital assets	(4,787,696)	(15,691,178)	(12,162,415)
Principal paid on capital debt	(15,625,000)	(90,042,886)	(37,791,291)
Interest paid on capital debt	(2,548,939)	(10,523,715)	(4,445,046)
Proceeds from sales of capital assets	779	36,435	-
Net cash provided (used) by capital and related financing activities	(14,191,687)	(22,723,538)	(1,796,819)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments	3,589,827	(940,092)	(10,127,182)
Interest and dividends received	141,814	1,162,717	352,704
Issuance of Notes Receivable	-	(145,336)	212,747
Net cash provided (used) by investing activities	3,731,641	77,289	(9,561,731)
Net increase (decrease) in cash and cash equivalents	(383)	46,546	27,919
Cash and cash equivalents, October 1	42,853	162,281	157,009
Cash and cash equivalents, September 30	\$ 42,470	208,827	184,928

(Continued)

**BUSINESS-TYPE ACTIVITIES-
ENTERPRISE FUNDS**

SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
28,114,947	5,263,627	169,242,210	896,967
302,258	118,654	1,629,944	46,541,099
(3,253,874)	(3,654,483)	(29,398,504)	(40,603,545)
(6,609,614)	(11,459,164)	(42,085,367)	(5,038,834)
(4,100,052)	(378,508)	(44,509,972)	(1,147,451)
14,453,665	(10,109,874)	54,878,311	648,236
-	(350,000)	(37,750,133)	(2,234,984)
-	-	31,404,540	374,071
-	4,437,798	4,437,798	-
-	7,474,608	7,474,608	-
-	11,562,406	5,566,813	(1,860,913)
3,376,018	-	160,644,387	-
-	-	15,000	-
-	1,023,829	1,023,829	-
-	-	(2,414,461)	(208,192)
(3,604,868)	(1,285,954)	(37,532,111)	-
(4,224,513)	(1,036,283)	(148,719,973)	-
(1,139,295)	(266,332)	(18,923,327)	-
33,052	-	70,266	6,252
(5,559,606)	(1,564,740)	(45,836,390)	(201,940)
(9,055,017)	73,602	(16,458,862)	185,915
217,624	46,025	1,920,884	1,231,186
-	-	67,411	-
(8,837,393)	119,627	(14,470,567)	1,417,101
56,666	7,419	138,167	2,484
81,608	42,901	486,652	105,447
138,274	50,320	624,819	107,931

(Continued)

CITY OF LAREDO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2016

(Continued)

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS		
	BRIDGE SYSTEM	WATERWORKS SYSTEM	SEWER SYSTEM
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 13,100,716	10,058,758	6,171,013
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,027,505	10,857,250	6,908,273
(Increase) decrease in accounts receivable	-	(413,011)	(610,748)
Increase (decrease) in allowance for uncollectible accounts	-	176,796	128,504
(Increase) decrease in inventories	-	(226,273)	(23,034)
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in customer deposits	-	167,627	-
Increase (decrease) in accounts payable	(4,965)	(17,193)	224,774
Increase (decrease) in retainage payable	-	-	-
Increase (decrease) in unearned revenues	(216,643)	11,852	(212,746)
Increase (decrease) in compensated absences payable	33,909	67,265	36,646
Increase (decrease) in deferred outflows-pension	(43,442)	(212,696)	(50,490)
Increase (decrease) in deferred inflows-pension	52,741	97,337	32,749
Increase (decrease) in net pension liability	654,721	904,185	352,580
Increase (decrease) in accrued wages and employee benefits	(149,286)	(243,896)	(106,258)
Increase (decrease) in claims & judgements payables	-	-	-
Total adjustments	3,354,540	11,169,243	6,680,250
Net cash provided (used) by operating activities	\$ 16,455,256	21,228,001	12,851,263
Noncash investing, capital, and financing activities:			
Premiums	484,071	12,220,503	4,400,257
Bond issuance cost amortized	(399,215)	(372,212)	188,724
Contributions of capital assets from developers & others	-	(3,706,221)	(2,586,491)
Current landfill closure and postclosure cost	-	-	-
Sale of assets	-	-	1,250
Loss on advance refunding	(13,732)	(9,375,311)	2,152,949
Increase (Decrease) in accrued interest payable	-	194,242	24,742

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

(Continued)

BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			
SOLID WASTE MANAGEMENT	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
5,186,754	(12,729,612)	21,787,629	(688,956)
2,896,148	2,523,069	26,212,245	270,772
5,105,310	(2,120)	4,079,431	71,556
78,412	7,643	391,355	-
(719)	119,032	(130,994)	34,035
-	-	-	104,485
-	2,654	170,281	-
724,171	408,835	1,335,622	294,115
-	(1,282)	(1,282)	-
-	6,482	(411,055)	-
27,258	11,002	176,080	(12,978)
(48,796)	(24,905)	(380,329)	-
44,341	70,613	297,781	-
522,285	(317,354)	2,116,417	-
(81,499)	(183,931)	(764,870)	(92,810)
-	-	-	668,017
9,266,911	2,619,738	33,090,682	1,337,192
14,453,665	(10,109,874)	54,878,311	648,236
495,018	-	17,599,849	-
(358,110)	(28,675)	(969,488)	-
-	-	(6,292,712)	-
(903,808)	-	(903,808)	-
4	-	1,254	(27,903)
99,869	47,289	(7,088,936)	-
6,429	(4,491)	220,922	-

**CITY OF LAREDO, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 208,760	-
Equity in Investment Pool (Note 4)	-	28,506
Accrued Interest Receivable (Note 6)	21,578	12,474
Investments, at Fair Market Value (Note 5)	-	4,563,997
Investment with Fiscal Agent, at Fair Market Value (Note 5):		
Money Market Funds	2,480,649	-
Domestic Corporate Bonds	25,065,836	-
Domestic Stocks	52,925,414	-
Foreign Stocks	45,688,461	-
Accounts Receivable (Note 6)	-	613,791
TOTAL ASSETS	126,390,698	5,218,768
LIABILITIES		
Accounts Payable	84,083	5,218,768
Accrued Wages and Employee Benefits	1,411	-
TOTAL LIABILITIES	85,494	5,218,768
NET POSITION		
Held in Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ 126,305,204	-

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

CITY OF LAREDO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	LAREDO FIREFIGHTERS RETIREMENT SYSTEM PENSION TRUST FUND	CITY ANNUITY PENSION TRUST FUND
ADDITIONS:		
Contributions:		
Employer Contributions	\$ 6,801,034	1,480,805
Plan Members	5,075,400	102,860
Other Contributions	11,587	10,994
Total Contributions	11,888,021	1,594,659
Investment Earnings:		
Interest Earnings and Dividends	1,571,877	-
Net Increase (decrease) in the Fair Value of Investments	4,005,575	-
Gains (Loss) on Sale of Investment	4,291,936	-
Total Investment Earnings	9,869,388	-
Less: Investment Expense	(340,343)	-
Net Investment Earnings	9,529,045	-
TOTAL ADDITIONS	21,417,066	1,594,659
DEDUCTIONS:		
Benefits	9,340,307	1,489,786
Administrative Expenses	209,946	104,873
TOTAL DEDUCTIONS	9,550,253	1,594,659
Change in Net Position	11,866,813	-
Net Position - Beginning	44,365,472	-
Prior Period Adjustment (Note 23)	70,072,919	-
NET POSITION - ENDING	\$ 126,305,204	-

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, 2016

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CITY OF LAREDO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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". 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 basis for blending the component units is discussed below:

For the *Laredo Convention and Visitor's Bureau*, *Laredo Transit Management, Inc.*, *Laredo Energy Arena*, *Max Mandel Golf Course*, and *Laredo Public Facilities Corporation-La Terraza, L.L.C.*, the component unit's governing body is substantively the same as the governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and the component unit. In addition, the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the resources of the primary government. The City Council is the governing board for these component units. 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.

For the *Laredo Firefighter's Retirement System*, the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The Laredo Firefighters' Retirement System administers the retirement system for the City of Laredo Firefighters employees.

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

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

Laredo Transit Management, Inc. provides both a fixed-route and Paratransit (El Lift) services within the city boundaries of Laredo. Currently, the fixed-route service is comprised of 22 bus routes. The fixed route bus service has a total of 35 buses operating during a regular workday, 30 buses on a Saturday and 18 buses on Sunday. The Laredo Transit Management, Inc. bus fleet consists of 48 buses and 1 rubber-tire trolley. The El Lift program has a total fleet of 21 Paratransit vans that are equipped with ADA bus lifts. Laredo Transit Management, Inc. is reported as an enterprise fund.

Laredo Convention and Visitors' Bureau The Laredo Convention and Visitors' Bureau was established in April 1993 to engage in visitor promotion and to solicit and service conventions and other related group businesses generating overnight stays in the City, thereby enhancing and developing the economy of the city. Laredo Convention and Visitors' Bureau operations are reported as special revenue funds.

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

Laredo Energy Arena. The Laredo Energy Arena was established in September 2002 to provide entertainment for the entire family, such as concerts, rodeos, basketball events to name a few. The 178,000 square foot multi-purpose state of the art facility has a maximum 10,000 seating capacity and is managed by SMG.

Max Mandel Golf Course. The Max Mandel Golf Course, a 270 acre signature golf course was built in 2012 to provide additional recreational activities for local and out of town golf enthusiasts. The 18 hole facility has a restaurant, club house, and pro shop. The course is open to the public 7 days a week and is managed by Landscapes Unlimited.

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

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

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

B. Basis of Accounting

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

Government Wide and Fund Financial Statements

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

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

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

Fund Accounting

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

Governmental Funds

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

General Fund - The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

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

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

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

Proprietary Funds

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

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.

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

Trust Funds - These funds are accounted for in the same manner as proprietary funds with the measurement focus on determination of net income and capital maintenance. The City is custodian to funds contributed into the fund; funds are used toward annuity payments. The City has two trust funds: Firefighters Retirement System, and City Annuity.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Economic resources measurement focus reports all inflows, outflows, and balances affecting or reflecting an entity's net position. 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 and report all financial resources not accounted for and reported in another fund.

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

The City reports the following as major proprietary funds:

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

Water Works System Fund is used to account for the operations, maintenance, and debt service from three water treatment plants and seventeen booster stations and the related revenue received from 70,545 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 65,291 customers.

Solid Waste Fund is used to account for the landfill and recycling center operations and revenues collected from garbage collections, landfill fees, and Federal and State Mandate fees.

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

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

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

Private sector standards of accounting and financial reporting issued after November 30, 1989, are followed in both business-type activities and enterprise funds fund financial statements to the degree that those standards do not conflict with or disagree with the guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow subsequent private-sector guidance. Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated funds are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales

and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Budgets and Budgetary Accounting

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

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

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

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

(4) Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Fund, Proprietary Funds, and certain Trust Funds. Annual budget for HUD Section 108 is not legally adopted. A comparison of budget to actual is presented in the Basic Financial Statements for the General Fund.

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

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

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

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

D. Encumbrances

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

Encumbrances outstanding at year-end are reported as part of the committed 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.

Please see Note 16 for significant encumbrances.

E. Equity in Investment Pool

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

F. Investments

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

G. Inventories

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

H. Restricted Assets

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

I. Property, Plant, Equipment, and Infrastructure

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

Utility Funds:	
Plant	50 years
Transmission and distribution system	25-50 years
Other machinery and equipment	1 - 25 years
All Other Funds:	
Buildings and improvements	45 years
Machinery and equipment	3 - 10 years
Vehicles	6 years
Streets	25 years
Bridges	25 years
Airport runways	25 years
Boat ramps	25 years
Storm Drainage	25 years
Landfill	25 years

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

J. Net Position

Net position represents the difference between assets and liabilities. Net investment in 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 position is 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. Deferred Inflows/Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The breakdowns of deferred inflows/outflows are as follows:

	Governmental Activities	Business Type Activities	Total
Deferred Outflows of Resources			
Deferred outflows from pension activities			
Difference in projected & actual earnings	\$ 28,807,895	\$ 3,170,499	\$ 31,978,394
Contributions after 12/31/15	21,072,614	2,641,883	23,714,497
Unamortized advance refunding loss from bonds	3,428,641	16,729,239	20,157,880
Total Deferred Outflows of Resources	<u>\$ 53,309,150</u>	<u>\$ 22,541,621</u>	<u>\$ 75,850,771</u>
Deferred Inflows of Resources			
Deferred inflows from pension activities			
Difference in expected and actual experience	\$ 5,965,042	\$ 1,169,366	\$ 7,134,408
Total Deferred Inflows of Resources	<u>\$ 5,965,042</u>	<u>\$ 1,169,366</u>	<u>\$ 7,134,408</u>

L. 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 Position. 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.

M. 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.

N. 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 Position for Proprietary Funds.

O. 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.

P. Unamortized Bond Issuance Costs

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

Q. 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.

R. Fund Equity

The City adopted GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions effective October 1, 2010. Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent because of legal or contractual requirements. Restricted fund balances have restrictions for specific purposes which are either imposed externally or by enabling legislation. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by City Council through ordinance. Committed funds cannot be used for other purpose unless it is removed or changed in the same manner by City Council. Assigned fund balances are amounts that are constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. This intent shall be expressed by the City Council. The Assigned fund balance also includes residual positive fund balances that are neither Restricted nor Committed in all governmental funds with the exception of General Fund. Unassigned fund balances include residual positive balance within General Fund or may also include negative balances for any governmental fund type.

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

Generally, the City would first use committed, followed by assigned before unassigned balances when expenditures are incurred for purposes for which more than one of the classification of fund balance is available.

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

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 position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. 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 \$578,771,325 difference are as follows:

Bonds, notes payable, and capital leases	\$ 247,597,115
Accrued interest	1,054,014
Deferred revenue	(30,483,190)
Compensated absences	31,414,283
Elimination of Interfund activity	(918,072)
Net Pension Liability	217,274,761
Net Pension Obligations-OPEB	<u>112,832,414</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ <u><u>578,771,325</u></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 position. 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 \$21,255,202 difference are as follows:

Debt issued:	
Bond & Capital lease proceeds	\$ (60,605,641)
Premiums	(7,867,533)
Repayments:	
Bond & Notes payments	46,839,934
Capital lease	<u>378,038</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>(21,255,202)</u></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 \$30,520,000. The details of this are as follows:

Assets that were purchased and capitalized in the current year	\$ 66,817,376
Assets that were disposed during the current fiscal year	(672,966)
Current year depreciation	<u>(35,624,410)</u>
Amount by which capital outlays exceed depreciation	\$ <u>30,520,000</u>

NOTE 3 - FUND DEFICITS

The following is a list of the unassigned deficit fund balances in the Non-Major Governmental Funds operating as grants: Block Grants \$1,516,504; Parks Capital Grants \$122,028; Capital Grants \$396,435; Home Investment \$58,113; Emergency Shelter \$268,861; Special Police Program \$284,968 and 911 Emergency Communications \$482,167. Deficits are due to grant operations and will be recovered through grant reimbursements in the following year.

The following is a list of the unassigned deficit fund balances in the Non-Major Governmental Funds not operating as grants: Laredo Energy Arena \$311,006. Deficits are a result of operations. The deficit balances will be covered by revenues received next fiscal year from events.

NOTE 4 - CASH AND CASH EQUIVALENTS

The monetary assets of the City are held in various forms and accounts. These assets are described and presented in the basic financial statements in three groups. One group is described as "Cash and Cash Equivalents". This group is characterized as having high liquidity with little market risk and includes cash in bank accounts, petty cash and change funds. Another group is disclosed as Equity in Investment Pool and consists of cash in bank accounts. The third group of monetary assets is presented in the basic financial statements as "Investments". Cash balances of all City funds (except for the Laredo Firefighters Retirement System) are pooled and invested. All securities are reported at fair value in order to comply with GASB Statement 31 - *Accounting and Financial Reporting for External Investment Pools*. Investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The net increase in the fair value of the securities was \$4,005,575 for the Laredo Firefighters Retirement System.

As of September 30, 2016, cash and cash equivalents consisted of the following:

Petty Cash and Change Fund	\$ 102,731
Cash in Other Bank Accounts	982
Cash with Fiscal Agent	1,235,195
Cash in Pooled Funds	<u>1,554,964</u>
	\$ <u>2,893,872</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 \$250,000 and collateralized with eligible securities in amounts of at least 102% of the book value of deposits. As of September 30, 2016, the book value of all the City's deposits was \$2,893,872. Deposits were properly secured during the fiscal year with the exception of September 30, 2016. Deposits exceeded collateral by \$8,137,580 (including

outstanding checks) and were uninsured and uncollateralized. Deposits were fully collateralized within one business day. 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, 2016, were as follows:

		Non Maturity	Investment Maturity in Years	
	Fair Value	Rated	Less Than 1	1-3
Mutual Funds	\$ 2,480,649	2,480,649	-	-
Equities	98,613,875	98,613,875	-	-
Corporate Bonds	25,065,836	25,065,836	-	-
Managed Pools	415,849,363	168,849,363	167,000,000	80,000,000
Total Investments	\$ 542,009,723	295,009,723	167,000,000	80,000,000

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy limits the maximum maturities exceeding two years to 25% of the total portfolio. The other 75% must, to the extent possible, be matched with projected cash flow requirements. As of September 30, 2016, all investments had average maturity dates of less than one year.

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

on deposits with a depository bank. The City's policy states that all purchased securities shall be held in safekeeping by either the City, the City's account in a third-party financial institution, or the City's safekeeping account at its designated depository bank.

As of September 30, 2016, the City invested in Bank Certificates of Deposit and Managed Pools. The credit ratings for our Managed Pool accounts are as follows: TexPool "AAAm", and TexasDaily "AAAm".

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As per the City's investment policy, no more than 50% of the City's total investment portfolio will be invested in a single security type, with the exception of U.S. Treasury securities. Of the City's total investments, 100% were invested in Local Government Investment Pools and Bank Certificates of Deposit. Of the Firefighters' Retirement System investments, 22% was invested in mutual funds and 78% 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, 2016, 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, 2015, upon which the 2016 levy was based, was \$11,857,665,347.

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.

The tax rate to finance general governmental services including the payment and interest on long-term debt for the year ended September 30, 2016 was \$.637000 per \$100 of assessed valuation (\$.493751 for general government and \$.143249 for debt service). Thus, the City has a tax margin of approximately \$.863000 per \$100, and could levy approximately \$102,331,652 in additional taxes per year from the present assessed valuation of \$11,857,665,347 before the limit is reached. Because of limitations imposed by state law, cases in which accumulated taxes exceed property value, other problems in tax collection and because of the possible uncollectibility of certain other

accounts receivable, allowances have been provided for uncollectible accounts resulting in only the net collectible amounts being reflected in the balance sheet.

The net receivables and allowances for uncollectible accounts for taxes and other receivables as of September 30, 2016 are reflected in the following table:

	Accounts	Property Taxes	Hotel/Motel Taxes	Notes	Accrued Interest	Paving Assessment	Total Net Receivables
Governmental Activities	\$ 15,665,761	7,847,168	358,496	18,000,059	414,451	3,973	42,289,908
Business-Type Funds							
Bridge	\$ -	-	-	-	13,925	-	13,925
Waterworks System	5,881,613	-	-	227,657	93,109	-	6,202,379
Sewer System	5,009,275	-	-	12,135	82,600	-	5,104,010
Solid Waste	1,584,034	-	-	-	59,623	-	1,643,657
Other Enterprise Funds	23,483	-	-	-	19,521	-	43,004
Total Business Type Funds	\$ 12,498,405	-	-	239,792	268,778	-	13,006,975
Allowance for Uncollectible	\$ 47,041,607	9,348	12,373	1,295,264	-	151,059	48,509,651

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, 2016:

	Other Enterprise Fund	Bridge System	Waterworks System	Sewer System	Solid Waste	Total
Revenue Bond Retirement Reserve \$	-	3,646,322	29,748,964	8,988,269	-	42,383,555
Revenue Bond Contingency	-	500,000	-	-	-	500,000
Construction Account	-	2,135,548	987,039	35,611,910	10,292,654	49,027,151
Water Rights	-	-	2,099,333	-	-	2,099,333
Total Restricted Assets	\$ -	6,281,870	32,835,336	44,600,179	10,292,654	94,010,039

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

A – Governmental Activities:

	Balance as of September 30, 2015	Additions	Deletions and Transfers	Balance as of September 30, 2016
Capital Assets, Not Being Depreciated:				
Land	\$ 90,608,986	6,083,596	(122,599)	96,569,983
Construction in Progress	9,067,147	723,852	(4,126,043)	5,664,956
Total Capital Assets, Not Being Depreciated	99,676,133	6,807,448	(4,248,642)	102,234,939
Capital Assets Being Depreciated				
Buildings	218,841,793	745,556	1,445,499	221,032,848
Improvements Other Than Buildings	654,774,196	46,807,255	2,670,810	704,252,261
Machinery and Equipment	112,321,714	12,665,309	(806,252)	124,180,771
Total Assets Being Depreciated	985,937,703	60,218,120	3,310,057	1,049,465,880
Less Accumulated Depreciation For:				
Buildings	(54,003,599)	(5,271,460)	(1,107)	(59,276,166)
Improvements Other Than Buildings	(279,197,279)	(22,510,238)	830	(301,706,687)
Machinery and Equipment	(85,118,248)	(8,113,484)	292,323	(92,939,409)
Total Accumulated Depreciation	(418,319,126)	(35,895,182)	292,046	(453,922,262)
Total Capital Assets, Being Depreciated, Net	567,618,577	24,322,938	3,602,103	595,543,618
Governmental Activities Capital Assets, Net	\$ 667,294,710	31,130,386	(646,539)	697,778,557

B - Business Type Activities:

	Balance as of September 30, 2015	Additions	Deletions and Transfers	Balance as of September 30, 2016
Capital Assets, Not Being Depreciated:				
Land	\$ 34,101,375	4,633,394	720,000	39,454,769
Construction in Progress	80,750,226	11,990,803	(5,547,445)	87,193,584
Water rights	45,222,316	4,200,323	-	49,422,639
Total Capital Assets, Not Being Depreciated	<u>160,073,917</u>	<u>20,824,520</u>	<u>(4,827,445)</u>	<u>176,070,992</u>
Capital Assets Being Depreciated:				
Buildings	274,830,691	38,638	709,569	275,578,898
Improvements Other Than Buildings	415,585,327	5,754,192	1,360,901	422,700,420
Machinery and Equipment	97,980,589	4,657,051	(4,581,064)	98,056,576
Total Assets Being Depreciated	<u>788,396,607</u>	<u>10,449,881</u>	<u>(2,510,594)</u>	<u>796,335,894</u>
Less Accumulated Depreciation For:				
Buildings	(41,734,040)	(6,001,860)	-	(47,735,900)
Improvements Other Than Buildings	(205,460,942)	(13,406,937)	-	(218,867,879)
Machinery and Equipment	(69,156,980)	(6,803,448)	4,645,104	(71,315,324)
Total Accumulated Depreciation	<u>(316,351,962)</u>	<u>(26,212,245)</u>	<u>4,645,104</u>	<u>(337,919,103)</u>
Total Capital Assets, Being Depreciated, Net	<u>472,044,645</u>	<u>(15,762,364)</u>	<u>2,134,510</u>	<u>458,416,791</u>
Business Type Activities Capital Assets, Net	<u>\$ 632,118,562</u>	<u>5,062,156</u>	<u>(2,692,935)</u>	<u>634,487,783</u>

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

Government Activities:	
General Government	\$ 1,802,459
Public Health	1,600,033
Culture and Recreational	832,861
Public Works	23,219,188
Public Safety	2,990,360
Air Transportation	5,179,509
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>270,772</u>
Total depreciation expense-governmental activities	<u>\$ 35,895,182</u>
Business-Type Activities:	
Solid Waste Management	\$ 2,896,148
Municipal Transit System	2,474,963
Bridge System	3,027,505
Waterworks System	10,857,250
Sewer System	6,908,273
Municipal Housing	<u>48,106</u>
Total depreciation expense-business-type activities	<u>\$ 26,212,245</u>

NOTE 9 - RETIREMENT PLANS

Texas Municipal Retirement System (TMRS)

General Information

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 866 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits

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.

Contributions

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

that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2015 valuation is effective for rates beginning January 2017).

As of actuarial valuation and measurement date of 12/31/15, membership data for the City's pension plan is as follows:

Number of:

Inactive employees or beneficiaries currently receiving benefits	814
Inactive employees entitled to but not yet receiving benefits	471
Active employees	<u>2058</u>
Total	<u>3,343</u>

Actuarial Assumptions

Actuarial Cost Method -	Projected Unit Credit
Amortization Method-	Level Percent of Payroll
Remaining Amortization Period-	20 Years – Closed Period
Asset Valuation Method-	10-year smoothed market
Investment Rate of Return-	6.75%
Projected Salary Increases	3.00% including inflation
Includes Inflation At	2.5%

The City of Laredo is one of 866 municipalities having the benefit plan administered by TMRS. Each of the 866 municipalities has an annual, individual actuarial valuation performed. All assumptions of the December 31, 2015 valuations are contained in the 2016 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin TX 78714-9153.

Net Pension Liability

Under GASB68, the City is required to recognize specific pension amounts, which include Net Pension Liability (NPL), deferred outflows and inflows of resources, and pension expense. The Total Pension Liability (TPL) (present value of actuarially determined pension benefits) less the value of the assets available in the plan to pay the pension benefits (Fiduciary Net Position or FNP) results in the NPL; this NPL will appear on the City's Statement of Net Position. The City's NPL was measured as of December 31, 2015 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Valuation and Measurement Date, December 31, 2015

Total Pension Liability	\$546,758,492
Plan Fiduciary Net Position	<u>\$382,097,015</u>
Net Pension Liability	<u>\$164,661,477</u>

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with 2014) and is presented in the Required Supplementary Information section.

Schedule of Changes in Net Pension Liability

Changes in the City's Net Pension Liability and Related Ratios as of 12/31/15 are presented below:

Total pension liability

Service cost	\$ 16,137,452
Interest (on the Total Pension Liability)	36,278,827
Changes of benefit terms	-
Difference between expected and actual experience	(6,889,003)
Changes of assumptions	(1,671,663)
Benefit payments, including refunds of employee contributions	<u>(14,594,700)</u>
Net change in total pension liability	29,260,913
Total pension liability-beginning	<u>517,497,579</u>
Total pension liability-ending	<u><u>\$ 546,758,492</u></u>

Plan fiduciary net position

Contributions-employer	\$ 20,857,055
Contributions-employee	6,894,937
Net investment income	544,191
Benefit payments, including refunds of employee contributions	(14,594,700)
Administrative Expense	(331,414)
Other	<u>(16,368)</u>
Net change in plan fiduciary net position	13,353,701
Plan fiduciary net position-beginning	<u>368,743,314</u>
Plan fiduciary net position-ending	<u><u>\$ 382,097,015</u></u>

Net Change	15,907,212
Net pension liability-beginning	<u>148,754,265</u>
Net pension liability-ending	<u><u>\$ 164,661,477</u></u>

Pension Expense

Below is the Schedule of Pension Expense as of 09/30/16:

Total Service Cost	\$ 16,137,452
Interest on the Total Pension Liability	36,278,827
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expenses)	(6,894,937)
Projected Earnings on Plan Investments (Reduction of Expense)	(25,812,032)
Administrative Expense	331,414
Other Changes in Fiduciary Net Position	16,369
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(1,491,405)
Recognition of Current Year Outflow (Inflow) of Resources-Assets	5,053,568
Amortization of Prior Year Outflow (Inflow) of Resources-Liabilities	(598,085)
Amortization of Prior Year Outflow (Inflow) of Resources-Assets	863,445
Total Pension Expense	<u>\$ 23,884,616</u>

Schedule of Deferred Outflow and Inflows of Resources

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2015 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience (actuarial (gains) or losses)	5.74	\$ (6,889,003)	\$ (1,200,175)	\$ (5,688,828)
Difference in assumption change (actuarial (gains) or losses)	5.74	(1,671,663)	(291,230)	(1,380,433)
			<u>\$ (1,491,405)</u>	<u>\$ (7,069,261)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments (actuarial (gains) or losses)	5.000	25,267,841	5,053,568	\$ 20,214,273
Contributions after 12/31/15	0.00	16,913,463	-	16,913,463
			<u>\$ 5,053,568</u>	<u>\$ 37,127,736</u>
Total:				<u>\$ 30,058,475</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows of resource)
2017 \$	20,475,626
2018	3,562,163
2019	3,562,163
2020	3,562,164
2021	(1,103,641)
Thereafter	-
Total \$	<u><u>30,058,475</u></u>

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of **6.75%**, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	5.75%	6.75%	7.75%
City's net pension liability \$	249,284,514	\$ 164,661,477	\$ 95,602,210

Laredo Firefighters' Retirement System

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 September 30, 2014, which is performed every two years. Subsequent biennial actuarial valuations will be as of September 30 in even-numbered years. Information from the latest valuation report dated September 30, 2014 is shown below.

	9/30/14
Retirees and beneficiaries currently receiving benefits	143
Inactive employees entitled to but not yet receiving benefits	0
Active employees	373
Total	<u>516</u>

The Laredo Firefighters Retirement System provides service retirement, death, disability, and withdrawal benefits. These benefits vest after 20 years of credited service. Employees may retire at age 50 with 20 years of service. As of the September 30, 2014 valuation date, the plan effective February 9, 2012 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit is equal to 3.03% of Final Average Monthly Salary for each year of service.

There is no provision for automatic postretirement benefit increases. The System has the authority to provide, and has periodically in the past provided for, ad hoc postretirement 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. The funding policy of the Laredo Firefighters Retirement System requires contributions equal to 15% of pay by the firefighters. Currently, the City contributes 20.10% of pay for each active firefighter. The actuarial valuation includes the assumption that the city contribution rate will be 20.10% over the UAAL amortization period.

Annual Pension Cost

For the fiscal year ending September 30, 2016, the City of Laredo's annual pension cost of \$10,390,181 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 February 9, 2012 has been approved by the Board's actuary as having an adequate financing arrangement. For the year ending September 30, 2015 the city contribution rate was 20.10% of pay for all firefighters. The required contributions were reflected in the September 30, 2014 actuarial valuation.

The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll. The actuarial value is equal to the expected actuarial value of assets adjusted by 40% of the difference between the actual market value and the expected actuarial value. The actuarial value is not more than 110% or less than 90% of the actual market value of assets. The actuarial assumptions included an investment return assumption of 8.0% per year (net of expenses), projected salary increases averaging 3.50% per year as a general salary increase. An inflation assumption of 3.50% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method; assuming that the payroll will increase 3.50% per year, and was 30 years as of September 30, 2014 actuarial valuation.

Trend Information

Fiscal Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2005	\$	3,235,074	100%	-
9/30/2006		3,576,070	100%	-
9/30/2007		3,779,090	100%	-
9/30/2008		4,136,418	100%	-
9/30/2009		4,392,773	100%	-
9/30/2010		4,616,573	100%	-
9/30/2011		4,644,823	100%	-
9/30/2012		5,311,893	100%	-
9/30/2013		5,625,179	100%	-
9/30/2014		6,044,620	100%	-
9/30/2015		6,221,242	100%	-
9/30/2016	\$	10,390,181	100%	-

Schedule of Employer Contributions

Plan Year Ended	Annual Contribution As a Percentage of Payroll	Annual Required Contribution	Percentage of Required Contribution Contributed
9/30/2006	17.65% & 16.20%	3,576,070	100%
9/30/2007	17.65% & 16.20%	3,779,090	100%
9/30/2008	17.65% & 16.20%	4,136,418	100%
9/30/2009	17.65% & 16.20%	4,392,773	100%
9/30/2010	17.65%	4,616,573	100%
9/30/2011	17.90%	4,644,823	100%
9/30/2012	18.15%	5,311,893	100%
9/30/2013	18.40%	5,625,179	100%
9/30/2014	20.10%	6,044,620	100%
9/30/2015	20.10%	6,221,242	100%
9/30/2016	20.10%	6,801,034	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.

Net Pension Liability

The System's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total Pension Liability	\$206,651,576
Plan Fiduciary Net Position	<u>\$114,438,391</u>
Net Pension Liability	<u>\$ 92,213,185</u>

Schedule of Changes in Net Pension Liability

Changes in the System's Net Pension Liability and Related Ratios as of 9/30/16 are presented below:

Total pension liability

Service cost	\$ 5,757,547
Interest (on the Total Pension Liability)	15,644,420
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(9,096,190)</u>
Net change in total pension liability	12,305,777
Total pension liability-beginning	<u>194,345,799</u>
Total pension liability-ending	<u>\$ 206,651,576</u>

Plan fiduciary net position

Contributions-employer	\$ 6,222,249
Contributions-employee	4,642,722
Net investment income	(5,430,523)
Benefit payments, including refunds of employee contributions	(9,096,190)
Administrative Expense	(239,505)
Other	<u>-</u>
Net change in plan fiduciary net position	(3,901,247)
Plan fiduciary net position-beginning	<u>118,339,638</u>
Plan fiduciary net position-ending	<u>\$ 114,438,391</u>

Net Change	\$ 16,207,024
Net pension liability-beginning	<u>76,006,161</u>
Net pension liability-ending	<u>\$ 92,213,185</u>

Pension Expense

Total Service Cost	\$ 5,757,547
Interest on the Total Pension Liability	15,644,420
Employee Contributions (Reduction of Expenses)	(4,642,722)
Projected Earnings on Plan Investments (Reduction of Expense)	(9,528,342)
Administrative Expense	239,505
Amortization of differences between projected and actual earnings on plan investments	<u>2,919,773</u>
Total Pension Expense	<u>\$ 10,390,181</u>

Schedule of Deferred Outflows and Inflows of Resources

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2015 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
Difference in projected and actual earnings on pension plan investments (actuarial (gains) or losses)	5.00	\$ 14,670,865	\$ 2,919,773	\$ 11,751,092
Contributions after 9/30/15	-	\$ 6,801,034	-	<u>6,801,034</u>
Total:				<u>\$ 18,552,126</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows of resource)
2017 \$	9,720,807
2018	2,919,773
2019	2,919,773
2020	2,991,773
2021	-
Thereafter	-
Total \$	<u>18,552,126</u>

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. No project of cash flows was used to determine the discount rate because the 9/30/14 actuarial valuation showed the expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years. That UAAL was based on an actuarial value of assets that was \$2,282,783 less than the plan fiduciary net position as of 9/30/14. Because of the 30-year amortization period of the UAAL with the lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 8.00% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City of Laredo, calculated using the discount rate of 8%, as well as what the city's net position liability would be if it were calculated using a discounted rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	7.00%	8.00%	9.00%
City's net pension liability	\$ 118,964,574	\$ 92,213,185	\$ 70,255,718

Laredo Transit Management, Inc. System

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

The Laredo Transit Management System (LTMI) defined benefit plan is a single-employer defined benefit plan. The Laredo Transit Management System is considered part of the City of Laredo financial reporting entity and is included in the City's financial reports as an Enterprise Fund. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. The Plan's assets are held by the Trustee of the Plan. Company contributions are held and managed by the Trustee, which invests cash received, interest, and dividend income and makes distributions to participants.

LTMI defined benefit plan provides retirement benefits to eligible employees in the El Metro system. The table below summarizes the membership of the System reflected in the actuarial valuation as of September 30, 2016.

	9/30/16
Active Participants	167
Inactive Participants with deferred benefits	58
Inactive Participants with benefits in pay status	<u>31</u>
Total	<u>256</u>

LTMI System provides service retirement, death, disability, and withdrawal benefits. These benefits vest after 5 years of vesting service. Employees may retire at age 50 and completion of 20 years of credited service. The benefit to each employee will equal \$52.08 multiplied by the total years of service before July 1, 2014 and \$57.08 multiplied by credit service earned on or after July 1, 2014. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. Employees may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or termination, or they may elect to receive their benefits as a life annuity payable monthly from retirement.

There are no automatic increases (COLAs) applied to the benefit formula; however, from time to time, there is an ad hoc increase.

The contribution provisions of the plan are authorized by LTMI. Annual contribution amounts are based on the amounts agreed on their Labor Union Contract negotiated every five years.

For the fiscal year ended September 30, 2016, LTMI's annual pension cost of \$600,000 was equal to the required and actual contributions during the year.

The funding method being used by plan is Entry Age Normal. The benefit is not related to compensation. Thus, the normal cost and accrued liability are determined based upon the level dollar not a level percentage of pay. The period over which the normal cost is spread is the plan year containing the participant's hire date and the period ending with the plan year containing the participant normal retirement date.

Schedule of Contributions

FY Ending 9/30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as % of Covered Valuation Payroll
2016	643,000	600,000	43,000	6,772,317	8.86%

Additional years will be built prospectively.

A copy of the financial and pension plan report may be obtained by writing: Laredo Transit Management, Inc., 1301 Farragut St, 3rd Floor, Laredo, Tx 78040.

Net Pension Liability

Actuarial Valuation and Measurement Date, September 30, 2016.

The system's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total Pension Liability	\$9,725,274
Plan Fiduciary Net Position	<u>\$6,948,354</u>
Net Pension Liability	<u>\$2,776,920</u>

A. Schedule of Changes in Net Pension Liability

Total pension liability

Service cost	\$	160,902
Interest (on the Total Pension Liability)		608,457
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions		(116,526)
Benefit payments, including refunds of employee contributions		-
Net change in total pension liability		<u>652,833</u>
Total pension liability-beginning		<u>9,072,441</u>
Total pension liability-ending	\$	<u>9,725,274</u>

Plan fiduciary net position

Contributions-employer	\$	600,000
Contributions-employee		54,264
Net investment income		483,385
Benefit payments, including refunds of employee contributions		-
Administrative Expense		-
Other		(116,526)
Net change in plan fiduciary net position	\$	<u>1,021,123</u>
Plan fiduciary net position-beginning		<u>5,927,231</u>
Plan fiduciary net position-ending	\$	<u>6,948,354</u>

Net Change	\$	(368,290)
Net pension liability-beginning		<u>3,145,210</u>
Net pension liability-ending	\$	<u>2,776,920</u>

B. Pension Expense

Total Service Cost	\$	160,902
Interest on the Total Pension Liability		608,457
Employee Contributions (Reduction of Expenses)		(54,264)
Projected Earnings on Plan Investments (Reduction of Expense)		(418,237)
Administrative Expense		-
Amortization of differences between projected and actual earnings on plan investments		(13,029)
Total Pension Expense	\$	<u>283,829</u>

C. Schedule of Deferred Outflows and Inflows of Resources

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2016 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
Difference in projected and actual earnings on pension plan investments (actuarial (gains) or losses)	5.00	\$ (65,147)	\$ (13,029)	\$ (52,118)

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resource
2017	\$ (13,029)
2018	(13,029)
2019	(13,029)
2020	(13,031)
2021	-
Thereafter	-
Total	\$ <u>(52,118)</u>

D. Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on

pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
LTMI's net pension liability	\$ 4,375,660	\$ 2,776,920	\$ 1,489,080

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description:

Police and City Employees who have twenty years of service or have attained age sixty with five years of service and Firefighters who have attained age forty-five with twenty years of service or have attained age fifty with twenty years of service with the City of Laredo are eligible for a service or early retirement, or qualified for a disability retirement under the Texas Municipal Retirement System, or the Fireman's Relief and Retirement Fund, may continue coverage in the City of Laredo

Medical Plan as a retiree, at the time service terminates with the City of Laredo. An eligible employee may elect coverage for his or her dependents.

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, 198 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 dependents. 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 (United American), but the full cost is borne by the retirees. However, retirees can continue to participant in the City's prescription drug program after age 65. There is a \$750-\$1,000 deductible per person with an additional maximum out of pocket cost of \$2,500. The prescription co-pay is \$10 for generic and \$35 for brand name prescriptions and \$55 for preferred brand.

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

The City is required to contribute at a rate that is based on an actuarial valuation that is prepared in accordance within certain parameters.

The following table shows the annual OPEB cost and net OPEB Obligation for the prior 4 years assuming the plan is not pre-funded (4% discount) Financial Statement Disclosures Current Plan (with four-year trend):

	2013	2014	2015	2016
Determination of Annual Required Contribution				
Normal Cost at year end	\$ 7,699,867	\$ 7,699,867	\$ 7,422,635	\$ 7,422,635
amortization of UAAL & Loss	6,970,549	7,634,504	7,817,233	8,432,853
Annual Required Contribution (ARC)	14,670,416	15,334,371	15,239,868	15,855,488
Determination of Net OPEB Obligation				
Annual Required Contribution	\$ 14,670,416	\$ 15,334,371	\$ 15,239,868	\$ 15,855,488
Interest on prior year Net OPEB Obligation	2,658,481	3,136,096	3,624,035	4,066,880
Adjustment to AC	(3,695,678)	(4,359,633)	(5,037,940)	(5,653,559)
Annual OPEB Cost	13,633,219	14,110,834	13,825,963	14,268,809
Contributions made	(1,692,843)	(1,912,370)	(2,754,832)	(3,108,383)
Estimated Increase in Net OPEB Obligation	11,940,376	12,198,464	11,071,131	11,160,426
Net OPEB Obligation- beginning of year	\$ 66,462,027	\$ 78,402,403	\$ 90,600,867	\$ 101,671,998
Estimated Net OPEB Obligation- end of year	\$ 78,402,403	\$ 90,600,867	\$ 101,671,998	\$ 112,832,424
Percentage of Annual OPEB Cost Contribution	12.42%	13.55%	19.93%	21.78%

Annual contribution rates for retirees not currently eligible for Medicare:

	Retiree Only	Retiree & Spouse	Retiree & Family
Police	\$ 6,737	\$ 14,735	\$ 14,735
Fire	\$ 6,737	\$ 8,886	\$ 8,886
City Employees	\$ 3,621	\$ 8,886	\$ 8,886

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

	Retiree Only	Retiree & Spouse	Retiree & Family
Police & Fire	\$ 5,023	\$ 9,451	N/A
Fire	\$ 4,428	\$ 8,856	N/A
City Employees	\$ 4,428	\$ 8,856	N/A

Funded Status and Funding Progress:

The funded status of the plan beginning as of October 1, 2015, was as follows:

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10-01-2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10-01-2014	0	4.00%	135,175,842	135,175,842	0.00%	114,592,890	117.96%
10-01-2015	0	4.00%	145,250,679 (3)	145,250,679	0.00%	114,592,890(4)	126.75%

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

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

(3) Actuarial accrued liability estimated based on roll-forward of prior year October 1st valuation results.

(4) Estimated covered payroll based on prior year October 1st valuation results.

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

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

October 1, 2015-September 30, 2016	
Unfunded Actuarial Liability (UAAL)	
Actuarial Accrued Liability	\$ 145,250,679
Assets	-
Unfunded Actuarial Accrued Liability	\$ 145,250,679
Fund Percentage	0.00%
Amortization of UAAL for ARC	
UAAL	\$ 145,250,679
Amortization Period	30 years
Amortization Amount-October 1, 2015	\$ 7,422,635
Interest to end of year	\$ 285,486
Amortization Amount- September 30, 2016	\$ 7,422,635

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in pension costs. These gains and losses result from the difference between the actual experience under the plan and the experience by the actuarial assumptions.

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

In the actuarial valuation beginning October 1, 2015, the Projected Unit Credit Actuarial Cost Method was used. This method includes the following components:

1. The normal cost is the actuarial present value of benefits allocated to the valuation year.
2. The actuarial liability is the actuarial present value of benefits accrued as of the valuation date.
3. Valuation assets are equal to the market value of assets of the valuation date, if any. The plan is unfunded and therefore no investment rate of return was used. An inflation rate of 2.5% was used for the actuarial study. Salary or benefit increases were not applicable to the study.
4. Unfunded Actuarial Accrued Liability is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over 30 year (the maximum permissible period under GASB 45 is 30 years).
5. Health Cost Trend used in the actuarial study is from 8.00% trending to 4.60% over seventy two years. The basis of the health cost trend is derived from the healthcare inflation rate schedule. Retiree premium rates are assumed to increase with the Health Cost Trend.
6. The City of Laredo does not have a separate, irrevocable trust fund to the annual OPEB cost; therefore a discount rate of 4.0% has been established on the long term expectations of returns on operating funds.

Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution to the TMRS SDBF for the years ended 2016, 2015, 2014 were \$200,750, \$173,700, and \$158,214, respectively, which equaled the required contributions each year.

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, 2016:

	General Obligation Serial Bonds	Certificates of Obligation	Revenue Bonds	Compensated Absences	Capital Lease Obligations	Notes Payable	Net Pension Obligations
Long Term Liabilities:							
Beginning Balances	\$ 80,874,243	106,952,980	31,473,764	28,286,145	4,420,308	340,000	101,671,988
Increases	22,973,078	35,740,616	8,385,576	3,128,138	-	-	11,160,436
Amort-Premiums/Loss	(691,099)	(250,670)	(246,820)	-	-	-	-
Decreases	(4,424,337)	(43,098,019)	(13,250,000)	(3,074,634)	(770,405)	(170,000)	-
Ending Long-Term Liabilities	98,731,885	99,344,907	26,362,520	28,339,649	3,649,903	170,000	112,832,424
Current Liabilities:							
Due Within One Year	2,834,662	10,060,665	2,245,000	3,074,634	683,932	85,000	-
Total Liabilities	\$ 101,566,547	109,405,572	28,607,520	31,414,283	4,333,835	255,000	112,832,424

Compensated absences are generally liquidated by the General Fund.

Bonds payable as of September 30, 2016 are comprised of the following issues:

A - General Obligation Serial Bonds

\$27,150,000 General Obligation Refunding Bonds, Series 2009 issued for the purpose of refunding outstanding obligations in order to restructure the City's debt service requirements and achieve a debt service savings. Principal is due in varying amounts through 2018 with interest varying from 2.75% to 5.00% per annum.	\$ 1,552,602
\$9,345,000 General Obligation Refunding Bonds, Series 2010 issued for the purpose of refunding outstanding obligations in order to restructure the City's debt service requirements and achieve a debt service savings. Principal is due in varying amounts through 2030 with interest varying from 2.99% to 5.00% per annum.	1,067,589
\$7,635,000 General Obligation Refunding Bonds, Series 2012 issued for the purpose of refunding outstanding obligations in order to restructure the City's debt service requirements and achieve a debt service savings. Principal is due in varying amounts through 2030 with interest at 3.00% per annum.	1,932,226
\$16,845,000 General Obligation refunding Bonds, Series 2013 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 2026 with interest at 3.00% per annum.	12,340,943
\$64,740,000 General Obligation refunding Bonds, Series 2015 issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay costs related to thie issuance of the bonds. Principal is due in varying amounts through 2026 with interest at 2.00% to 5.00% per annum.	56,100,175
\$54,545,000 General Obligation refunding Bonds, Series 2016 issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay costs related to thie issuance of the bonds. Principal is due in varying amounts through 2033 with interest at 2.00% to 5.00% per annum.	<u>20,290,000</u>
Subtotal	<u>93,283,535</u>
Deferred premiums/loss for various general obligation bonds	<u>8,283,012</u>
Total General Obligation Bonds	<u><u>101,566,547</u></u>
Due Within One Year	\$ <u><u>2,834,662</u></u>

B – Certificates of Obligation

\$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.	\$ 3,515,000
\$30,065,000 Combination Tax and Revenue Contractual Obligations, Series 2008A, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, developing various recreational facilities, improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2028 with interest from 3.5% to 5% per annum.	1,000,000
\$11,270,000 Combination Tax and Revenue Contractual Obligations, Series 2009A, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2012 with interest from 2% to 5% per annum.	6,310,000
\$13,465,000 Combination Tax and Revenue Contractual Obligations, Series 2009B (Build America Bonds), for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts from 2022 through 2029 with interest of 6.366% per annum.	13,465,000
\$5,080,000 Public Property Finance Contractual Obligations, Series 2010, for the purpose of acquiring and purchasing equipment for various City departments and the payment of issuance costs. Principal is due in varying amounts through 2018 with interest of 3.875% per annum.	\$ 142,750

\$4,095,000 Combination Tax and Airport Revenue Contractual Obligations, Series 2010, for the purpose of constructing, improving, and maintaining the City's Municipal Airport, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2029 with interest of 4.750% per annum	\$ 3,175,000
\$2,070,000 Combination Tax and Airport Revenue Refunding Contractual Obligations, Series 2010, for the purpose of refunding the Municipal Airport land indenture. Principal is due in varying amounts through 2029 with interest of 4.750% per annum.	1,600,000
\$2,040,000 Combination Tax and Airport Revenue Refunding Contractual Obligations, Series 2010B, for the purpose of constructing and equipping a Federal inspection station at the City's Municipal Airport, and the payment of legal, fiscal, and engineering fees related to the project. Principal is due in varying amounts through 2029 with interest of 5.200% per annum.	1,595,000
\$9,545,000 Combination Tax and Revenue Contractual Obligations, Series 2010, for the purpose of constructing City streets and sidewalks, traffic signals and lighting improvements, equipment and vehicles for various City departments, improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2030 with interest from 2.00% to 5.00% per annum.	7,315,000
\$7,690,000 Combination Tax and Revenue Contractual Obligations Series 2012, for the purpose of constructing City streets, sidewalks and drainage improvements, traffic signals and lighting improvements, equipment and vehicles for various City departments, repairs and improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2032 with interest from 2.00% to 3.50% per annum.	6,420,000
\$3,800,000 Public Property Finance Contractual Obligations, Series 2012, for the purpose of acquiring and purchasing equipment for various City departments and the payment of issuance costs. Principal is due in varying amounts through 2022 with interest from 1.50% to 2.25% per annum.	2,360,000
\$10,095,000 Public Property Finance Contractual Obligations, Series 2013, for the purpose of acquiring and purchasing equipment for various City departments and the payment of issuance costs. Principal is due in varying amounts through 2021 with interest from 2.00% to 5.00% per annum.	\$ 2,715,000

\$9,995,000 Combination Tax and Revenue Contractual Obligations Series 2013, for the purpose of constructing City streets, sidewalks and drainage improvements, traffic signals and lighting improvements, equipment and vehicles for various City departments, repairs and improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2025 with interest from 2.00% to 5.00% per annum.	\$ 710,000
\$6,780,000 2014 Public Property Finance Contractual Obligation for the purchase of personal property for various City departments. Principal is due in varying amounts through 2022 with interest from 3.0% to 5.0% per annum.	3,168,000
\$5,600,000 Combination Tax and Revenue Contractual Obligations Series 2014, for the purpose of constructing City streets, sidewalks and drainage improvements, traffic signals and lighting improvements, equipment and vehicles for various City departments, repairs and improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2034 with interest from 2.00% to 5.00% per annum.	5,165,000
\$19,765,000 Combination Tax and Revenue Contractual Obligations Series 2015, for the purpose of constructing City streets, sidewalks and drainage improvements, traffic signals and lighting improvements, equipment and vehicles for various City departments, repairs and improvements to various City facilities, land acquisition, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2020 with interest from 2.00% to 5.00% per annum.	12,995,000
\$22,610,000 Combination Tax and Revenue Certificates of Obligations Series 2016A, for the purpose of planning, constructing City streets, sidewalks, drainage, traffic signals and lighting improvements, constructing/renovating buildings, parking lots, and parks and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2036 with interest from 3.00% to 5.00% per annum.	\$ 22,610,000

\$3,075,000 Combination Tax and Revenue Certificates of Obligations Series 2016B, for the purpose of purchasing of land in the downtown area for parking and buildings, including a city-owned convention center, and the payment of legal, fiscal, and engineering fees related to the various projects. Principal is due in varying amounts through 2026 with interest from 0.90% to 2.62% per annum.

\$ 3,075,000

\$8,080,000 2016 Public Property Finance Contractual Obligation for the purchase of personal property for various City departments. Principal is due in varying amounts through 2026 with interest from 3.0% to 5.0% per annum.

5,199,000

Subtotal	102,534,750
Deferred Premiums for Various Certificate of Obligations	<u>6,870,822</u>
Total Certificates of Obligations	<u><u>109,405,572</u></u>

Due Within One Year	\$ <u><u>10,060,665</u></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.

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, 2016 consist of the following:

\$10,445,000 2011 Sports Venue Sales Tax Revenue Bonds issued for the purpose of financing a baseball stadium and related infrastructure as part of the enlarged Laredo Sports Venue Project for the multi-purpose entertainment arena and to pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2036 with interest from 1.088% to 5.85% per annum.	\$ 580,000
\$20,545,000 2014 Sports Venue Sales Tax Revenue Refunding Bonds issued for the purpose refunding a portion of the City's outstanding Sports Venue Sales Tax Revenue Bonds, Series 2005 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 2.00% to 5.00% per annum.	17,925,000
\$8,970,000 2016 Sports Venue Sales Tax Revenue Refunding Bonds issued for the purpose refunding a portion of the City's outstanding Sports Venue Sales Tax Revenue Bonds, Series 2011 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 2036 with interest from 1.13% to 3.88% per annum.	<u>8,970,000</u>
Subtotal	27,475,000
Deferred Premiums for Various Revenue Bonds	<u>1,132,520</u>
Total Sales Tax Revenue Bonds	<u><u>28,607,520</u></u>
Due Within One Year	\$ <u><u>2,245,000</u></u>

D - Capital Lease Obligations

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

\$370,152 Victory Motorcycles, LLC for the purchase of eight law enforcement motorcycles for the Police Department. Payments are due in annual installments of \$71,011.67 through 2017. Interest is at 2.683% per annum.	\$	68,950
\$4,588,000 Bank of America for the purchase and installation of energy-savings facility upgrades. Payments are due in semiannual installments in varying amounts through 2027. Interest is at 2.440% per annum.		3,973,321
\$285,061 Deere Credit Inc. for the purchase of heavy equipment for lawn maintenance. Payments are due in monthly installments in varying amounts through 2021. Interest is at 3.25% per annum.		275,535
\$16,580 Deere Credit Inc. for the purchase of lawn equipment. Payments are due in monthly installments in varying amounts through 2021. Interest is at 4.25% per annum.		<u>16,025</u>
Total Present Value of Future Minimum Lease Payments		4,333,835
Plus Amount Representing Interest	\$	<u>583,219</u>
Total Minimum Lease Payments	\$	<u><u>4,917,054</u></u>

The assets acquired through capital leases are as follows:

Governmental Activities	
Asset:	
Automotive Equipment	\$ 370,152
Machinery & Equipment	4,884,641
Less: Accumulated Depreciation	<u>(1,740,337)</u>
Total	\$ <u><u>3,514,456</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, are as follows:

Year Ending Sep. 30	Governmental Activities
2017	\$ 444,292
2018	385,114
2019	395,144
2020	405,440
2021	405,103
2022	360,138
2023	369,034
2024	378,149
2025	387,490
2026	397,062
2027	406,869
Total Minimum lease payments	4,333,835
Add: amount representing interest	583,219
Present value of minimum lease payments	\$ 4,917,054

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%.

\$ 255,000

Due Within One Year

\$ 85,000

F - Refunding and Early Extinguishment

Sports Venue Sales Tax Revenue Refunding Bonds, Series 2016

On September 20, 2016, the City of Laredo issued \$8,970,000 in Sports Venue Sales Tax Revenue Refunding Bonds, Series 2016 with an average interest rate of 3.49% to advance the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Sports Venue Sales Tax Revenue Bonds Series 2011	5.516%	\$ 8,535,000

The net proceeds of \$8,306,581 (after payment of \$228,419 in underwriting fees, insurance, and other issuance costs and a loss of \$206,581) plus an additional cash contribution of \$377,843 for the 2016 Sports Venue Sales Tax Revenue Refunding Bonds sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all of the future debt service payments on the 2011 Series Sports Venue Sales Tax Revenue Bonds. As a result, the 2011 Series Sports Venue Sales Tax Revenue Bonds are considered partially defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$14,365,683. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2036 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next nineteen years by \$1,746,060 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$1,245,685.

General Obligation Refunding Bonds, Series 2016

On March 30, 2016, the City of Laredo issued \$54,545,000 in General Obligation Refunding Bonds, Series 2016 with an average interest rate of 4.48% to advance the following:

Bond Issue	Interest Rate	Refunded
Comb. Tax & Rev. C.O. Series 2008A	4.564%	\$ 22,785,000
Comb. Tax & WW & SS C.O. Series 2008B	4.813%	36,780,000

The net proceeds of \$22,562,487 (after payment of \$222,513 in underwriting fees, insurance, and other issuance costs and a premium of \$3,010,917) for the 2016 General Obligation Refunding Bonds sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all of the future debt service payments on the 2008A Comb. Tax & Revenue C.O. and 2008B Comb. Tax & Water & Sewer C.O. As a result, the 2008A and 2008B C.O.'s are considered defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$32,565,880. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2033 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next seventeen years by \$2,693,094 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$2,531,597.

G – Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability of the defeased bonds are not included in the City's financial statements. As of September 30, 2016, \$106,029,650 in bonds outstanding are considered defeased.

H – OPEB

As per actuarial update issued on October 1, 2014, the latest actuarial valuation reflected a net obligation for Other Post-Employment Benefits in the amount of \$112,832,424. The unfunded actuarial liability is updated on a biannual basis and, as per the latest calculations dated September 30, 2016, stands at \$145,250,679.

NOTE 12 – PROPRIETARY 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, 2016:

		Revenue Bonds	Certificates of Obligation	General Oblig. Bond
Long Term Liabilities:				
Beginning Balances	\$	333,316,472	120,935,973	18,138,603
Increases		120,515,000	2,881,000	34,095,662
Decreases		2,632,001	82,304	3,147,276
Amortization of Deferred Charges/Premiums		(117,361,000)	(51,491,981)	(5,376,326)
Ending Long Term Liabilities		339,102,473	72,407,296	50,005,215
Current Liabilities:				
Due Within One Year		16,034,000	6,899,335	2,575,338
Total Liabilities	\$	355,136,473	79,306,631	52,580,553
		Landfill Costs	Compensated Absences	
Long Term Liabilities:				
Beginning Balances	\$	13,342,508	2,232,740	
Additions		-	465,420	
Retirements		(6,295,102)	(1,157,890)	
Ending Balances		7,047,406	1,540,270	
Current Liabilities:				
Due Within One Year		-	868,550	
Total Liabilities	\$	7,047,406	2,408,820	

A – Bonds

\$741,000 2002 Waterworks Systems Revenue Bond issued for the purpose of improving and extending the Water System with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9% per annum.	\$	347,000
\$710,000 2002 Sewer Systems Revenue Bond issued for the purpose of improving and extending the Sewer System with principal due in varying amounts through year 2024, including interest at 3.3% to 5.9% per annum.		333,000
\$3,070,000 2008 International Toll Bridge System Revenue Bond issued for the purpose of improving and constructing expansion of inspection station booths for Bridge No. IV with principal due in varying amounts through year 2028, including interest at 4.71% per annum.		145,000
\$915,000 2008 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 2028, including interest at 4.21% to 5.26% per annum.		608,000
\$7,500,000 2009 Waterworks and Sewer System Revenue Bond for the purpose of purchasing and acquiring additional water rights with principal due in varying amounts through year 2029 at .0001 per annum.		3,245,000
\$82,175,000 2010 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 2040, including interest at 2.00% per annum.		5,305,000
\$30,875,000 2011 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 2041, including interest at 5.00% per annum.	\$	26,915,000

\$48,750,000 2012 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 2042, including interest at 1.63% to 2.15% per annum.	\$	41,685,000
\$7,640,000 2012 International Toll Bridge System Revenue Refunding Bond issued for the purpose of refunding other Bridge Revenue Bonds issues with principal due in varying amounts through year 2022, including interest at 2.0% to 3.0% per annum.		4,195,000
\$41,120,000 2012 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 2042, including interest at 2.0% to 5.0% per annum.		36,825,000
\$17,260,000 2013 Waterworks & Sewer Systems Revenue Refunding Bond issued for the purpose of refunding water and sewer system revenue bonds with principal due in varying amounts through year 2026, including interest at 1.0% to 5.0% per annum.		14,600,000
\$18,255,000 2013 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 2043, including interest at 2.0% to 5.0% per annum.		16,800,000
\$17,365,000 2014 International Toll Bridge System Revenue Refunding Bond for the purpose of refunding a State Infrastructure Bank loan with the Texas Department of Transportation with principal due in varying amounts through year 2027, including interest at 3.0% to 5.0% per annum.		13,720,000
\$14,175,000 2014 International Toll Bridge System Revenue Refunding Bond for the purpose of refunding International Toll Bridge Revenue Bonds with principal due in varying amounts through year 2025, including interest at 3.0% to 5.0% per annum.		12,200,000
\$3,885,000 2014 International Toll Bridge System Revenue Refunding Bond for the purpose of refunding International Toll Bridge Revenue Bonds with principal due in varying amounts through year 2024, including interest at 2.0% to 4.0% per annum.		2,970,000
\$11,585,000 2014 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 2044, including interest at 2.0% to 5.0% per annum.	\$	8,860,000

\$15,045,000 2015 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 2045, including interest at 2.0% to 5.0% per annum.	\$ 14,650,000
\$5,500,000 2015 Subordinate 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 2030, including interest at .05% to 1.72% per annum.	5,175,000
\$9,585,000 2014 International Toll Bridge System Revenue Bond for the purpose of acquiring, purchasing, constructing, and improving the City's International Toll Bridge System with principal due in varying amounts through year 2022, including interest at 2.0% to 5.0% per annum.	8,105,000
\$4,600,000 2015A Subordinate 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 2045, including interest at 0.06% to 2.050% per annum.	4,315,000
\$22,075,000 2015B Subordinate 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 2045, including interest at 0.18% to 1.75% per annum.	20,695,000
\$75,395,000 2016 Waterworks & Sewer Systems Revenue Improvements and Refunding Bonds issued for the purpose of improving and extending the combined Water and Sewer System; refunding outstanding obligations of the City in order to achieve savings; and pay costs related to the issuance of bonds with principal due in varying amounts through year 2046, including interest at 3.125% to 5.00% per annum.	75,395,000
\$9,745,000 2016 Waterworks & Sewer Systems Revenue Refunding Bonds issued for the purpose of refunding water and sewer system revenue bonds with principal due in varying amounts through year 2027, including interest at 2.00% to 5.00% per annum.	9,675,000
\$8,700,000 2016 International Toll Bridge System Revenue Refunding Bond for the purpose of refunding currently outstanding obligations of the City in order to achieve debt service savings and pay costs associated the issuance of the bonds with principal due in varying amounts through year 2028, including interest at 2.00% to 4.0% per annum.	<u>5,455,000</u>
Subtotal	332,218,000
Deferred Charges/Premiums for Various Revenue Refunding Bonds	<u>6,884,473</u>
Total Revenue Bonds	<u><u>339,102,473</u></u>
Due Within One Year	\$ <u><u>16,034,000</u></u>

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

B – Certificates of Obligations

\$3,555,000 2008 Public Property Finance Contractual Obligations, for the purpose of purchasing municipal buses for the Mass Transit System with principal due in varying amounts through 2020 with interest at 3.399% per annum.	\$ 1,060,000
\$13,475,000 2009C Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation for the purpose of constructing and extending Waterworks and Sewer System with principal due in varying amounts through year 2021, including interest at 2.00% to 5.00% per annum.	5,130,000
\$37,945,000 2009D Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation for the purpose of constructing and extending Waterworks System and Sewer System with principal due in varying amount through year 2039, including interest at 6.566% per annum.	37,945,000
\$5,060,000 2010 Public Property Finance Contractual Obligations, for the purpose of personal property with principal due in varying amounts through 2018 with interest at 3.875% per annum.	652,117
\$10,345,000 2012A Combination Tax and Revenue Certificates of Obligation for the purpose of acquiring equipment and vehicles for Solid Waste and acquiring, designing, constructing, improving, and equipping landfill cells and building and for paying legal, fiscal, and engineering fees in construction with such projects. Principal is due in varying amounts through 2022 with interest from 2.0% to 5.0) per annum.	\$ 3,835,000

\$4,605,000 2012B Combination Tax and Revenue Certificates of Obligation for the purpose of acquiring equipment and vehicles for Solid Waste and acquiring, designing, constructing, improving, and equipping landfill cells and buildings, and for paying legal, fiscal, and engineering fees in construction with such projects. Principal is due in varying amounts through 2032 with interest from .50% to 4.0% per annum.	\$ 3,645,000
\$10,095,000 2013 Public Property Finance Contractual for the purchase of personal property for various City departments including Transit, Solid Waste, and other departments. Principal is due in varying amounts through 2021, with interest from 2.0% to 5.0% per annum.	3,220,000
\$9,995,000 2013 Combination Tax and Revenue Certificates of Obligation for the purpose of improving, and repairing City streets and for paying legal, fiscal, and engineering fees in construction with such projects. Principal is due in varying amounts through 2025 with interest from 2.0% to 5.0% per annum.	6,490,000
\$6,780,000 2014 Public Property Finance Contractual for the purchase of personal property for various City departments. Principal is due in varying amounts through 2022, with interest from 3.0% to 5.0% per annum.	1,762,000
\$19,765,000 2015 Combination Tax and Revenue Certificates of Obligation for the purpose of improving, and repairing City streets, improving City buildings, acquiring equipment and vehicles for various City departments, and for paying legal, fiscal, and engineering fees in construction with such projects. Principal is due in varying amounts through 2020 with interest from 2.0% to 5.0% per annum.	3,115,000
\$8,080,000 2016 Public Property Finance Contractual for the purchase of planning, constructing, improving City streets , drainage, traffic/street signalization, improvign City buildings, acquiring equipment and vehicles, constructing and improving parks, and for paying legal, fiscal and engineering fees in connection with such projects. Principal is due in varying amounts through 2026, with interest from 3.0% to 5.0% per annum.	<u>2,636,798</u>
Subtotal	69,490,915
Deferred Charges/Premiums for various Certificates of Obligations	<u>2,916,381</u>
Total Certificates of Obligations	<u><u>72,407,296</u></u>
Due Within One Year	\$ <u><u>6,899,335</u></u>

C - General Obligation Bonds

\$27,150,000 2009 General Obligation Refunding Bonds issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2018 with interest varying from 2.75% to 5.00% per annum.	\$ 416,492
\$9,345,000 2010 General Obligation Refunding Bond issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay costs related to the issuance of the bonds. Principal is due in varying amounts through 2022 with interest varying from 2.00% to 4.00% per annum.	3,052,143
\$7,635,000 2012 General Obligation Refunding Bond issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay cost related to the issuance of the bonds. Principal is due in varying amount through 2024 with interest at 3.00% per annum.	4,001,795
\$16,845,000 2013 General Obligation Refunding Bond issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay cost related to the issuance of the bonds. Principal is due in varying amount through 2026 with interest at 3.00% per annum.	480,826
\$64,740,000 2015 General Obligation Refunding Bond issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay cost related to the issuance of the bonds. Principal is due in varying amount through 2026 with interest varying from 2.00% to 3.00% per annum.	6,174,871
\$54,545,000 2016 General Obligation Refunding Bond issued for the purpose of refunding outstanding obligations in order to achieve a debt service savings and pay cost related to the issuance of the bonds. Principal is due in varying amount through 2033 with interest varying from 2.00% to 5.00% per annum.	<u>33,800,000</u>
Subtotal	47,926,127
Deferred Charges for Various General Obligation Bonds	<u>2,079,088</u>
Total General Obligation Bonds	<u><u>50,005,215</u></u>
Due Within One Year	\$ <u><u>2,575,338</u></u>

D - Compensated Absences

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

<u>Fund</u>		<u>Amount</u>
Transit System	\$	113,441
Bridge System		397,190
Municipal Housing		34,357
Waterworks System		413,140
Sewer System		173,315
Solid Waste Fund		408,826
Total Long Term	\$	<u>1,540,269</u>

E - Refunding and Early Extinguishment

General Obligation Refunding Bonds, Series 2016

On March 30, 2016, the City of Laredo issued \$54,545,000 in General Obligation Refunding Bonds, Series 2016 with an average interest rate of 4.48% to advance the following:

<u>Bond Issue</u>	<u>Average Interest Rate</u>	<u>Principal Amount Refunded</u>
Comb. Tax & Revenue CO, Series 2008A	4.546%	\$ 22,785,000
Comb. Tax & WW & SS CO, Series 2008B	4.831%	36,780,000

The net proceeds of \$36,409,019 (after payment of \$370,981 in underwriting fees, insurance, and other issuance costs and a premium of \$5,020,024) for the 2016 General Obligation Refunding Bonds sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all of the future debt service payments on the 2008A Comb. Tax & Revenue C.O. and 2008B Comb. Tax & Water & Sewer C.O. As a result, the 2008A and 2008B C.O.'s are considered defeased and the liability for those bonds have been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$15,792,288. This difference, reported in the accompanying financial statements as a deduction from certificates of obligations payable, is being charged to operations through the year 2033 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next seventeen years by \$4,346,675 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$4,086,957.

Water & Sewer Revenue Refunding Bonds, Series 2016

On September 15, 2016, the City of Laredo issued \$75,395,000 in Water & Sewer Revenue Refunding Bonds, Series 2016 with an average interest rate of 4.25% to advance the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Water & Sewer Revenue Bonds, Series 2010	5.18%	\$ 66,470,000

The net proceeds of \$65,641,090 (after payment of \$828,910 in underwriting fees, insurance, and other issuance costs and a premium of \$11,072,333) plus a cash contribution of \$312,781 for the 2016 Water & Sewer Revenue Refunding Bonds sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all of the future debt service payments on the 2010 Water & Sewer Revenue bonds. As a result, the 2010 Water & Sewer Revenue Bonds are considered defeased and the liability for those bonds have been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$120,515,369. This difference, reported in the accompanying financial statements as a deduction from certificates of obligations payable, is being charged to operations through the year 2040 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next twenty three years by \$8,681,029 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$7,575,614.

Water & Sewer Revenue Refunding Bonds, Series 2016

On March 30, 2016, the City of Laredo issued \$9,745,000 in Water & Sewer Revenue Refunding Bonds, Series 2016 with an average interest rate of 4.645% to advance the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Water & Sewer Revenue Bonds, Series 2007	4.638%	\$ 10,740,000

The net proceeds of \$10,522,105 (after payment of \$217,895 in underwriting fees, insurance, and other issuance costs and a premium of \$1,502,118) plus a cash contribution of \$137,946 for the 2016 Water & Sewer Revenue Refunding Bonds sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all of the future debt service payments on the 2007 Water & Sewer Revenue bonds. As a result, the 2007 Water & Sewer Revenue Bonds are considered defeased and the liability for those bonds have been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$14,164,975. This difference, reported in the accompanying financial statements as a deduction from certificates of obligations payable, is being charged to operations through the year 2027 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next twelve years by \$1,247,782 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$1,150,559.

International Toll Bridge System Revenue Refunding Bonds, Series 2016

On September 15, 2016, the City of Laredo issued \$8,700,000 in Toll Bridge Revenue Refunding Bonds, Series 2016 with an average interest rate of 3.50% to advance the following:

Bond Issue	Average Interest Rate	Principal Amount Refunded
Intl Toll Bridge Rev Ref Bonds Series 2005B	4.92%	\$ 7,225,000
Intl Toll Bridge Revenue Bonds Series 2008	4.71%	1,885,000

The net proceeds of \$8,877,456 (after payment of \$232,544 in underwriting fees, insurance, and other issuance costs and a premium of \$484,071) plus a cash contribution of \$543,180 for the 2016 Toll Bridge Revenue Refunding Bonds sinking funds monies were used to purchase governmental securities. Those securities were deposited in an irrevocable trust within an escrow agent to provide for all of the future debt service payments on the 2005B and 2008 Toll Bridge Revenue bonds. As a result, the 2005B and 2008 Toll Bridge Revenue Bonds are considered defeased and the liability for those bonds have been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$10,609,198. This difference, reported in the accompanying financial statements as a deduction from certificates of obligations payable, is being charged to operations through the year 2029 using the effective-interest method. The agency completed the advance refunding and its total debt service payments decrease over the next fourteen years by \$881,314 and resulted in an economic gain (difference between the present value of the old and the new debt service payments) of \$803,066.

F - 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, 2016 \$193,002,879 in bonds outstanding are considered defeased.

G - 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, 2016 is \$10,528,873 of which \$7,047,406 has been recognized and recorded as a liability based on the Municipal Solid Waste Landfill use.

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

The liability for landfill closure and post closure care costs of \$7,047,406 as of September 30, 2016 represents the cumulative amount for 123.9 acres of the landfill filled with solid waste for closure and 200 acres for post-closure care. The percentage of the landfill capacity for solid waste used as of September 30, 2016 is 66.93%. With Landfill receiving a permit for vertical expansion the estimated remaining life of the landfill is 10 years. Based on the remaining life, the landfill will be filled to capacity by the year 2026. The estimated total current cost of the landfill closure and post closure care (\$10,528,873) 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, 2016. 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, 2016 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activity		
Due to Business Type Activities for Internal Service		
Funds Allocation	\$ -	\$ 5,943,913
Total Governmental Activity	<u>\$ -</u>	<u>\$ 5,943,913</u>
Business Type Activity		
Due from Governmental Activities for Internal Service		
Funds Allocation	\$ 5,943,913	\$ -
Total Business Type Activity	<u>\$ 5,943,913</u>	<u>\$ -</u>

NOTE 14 - INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
GOVERNMENTAL FUND:			
GENERAL FUND			
Municipal Housing	350,000	-	350,000
DEBT SERVICE			
Bridge	773,772	-	773,772
CAPITAL IMPROVEMENTS			
Bridge	5,221,821	-	5,221,821
TOTAL - GOVERNMENT TYPE	<u>6,345,593</u>	<u>-</u>	<u>6,345,593</u>
BUSINESS TYPE:			
BRIDGE			
Capital Improvements	-	5,221,821	5,221,821
Debt Service	-	773,772	773,772
MUNICIPAL HOUSING			
General Fund	-	350,000	350,000
TOTAL - BUSINESS TYPE	<u>\$ -</u>	<u>6,345,593</u>	<u>6,345,593</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, 2016

Business-Type and Governmental Activities															
Year	Revenue Bonds			Notes / Lease Payables			Certificates of Obligation			General Obligation Bonds			Debt Service to Maturity		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	18,279,000	13,043,227	31,322,227	529,293	111,837	641,130	16,960,000	8,368,283	25,328,283	5,410,000	6,308,104	11,718,104	41,178,293	27,831,451	69,009,744
2018	18,690,000	12,635,080	31,325,080	470,114	97,530	567,644	12,240,001	7,898,575	20,138,576	10,310,001	6,051,385	16,361,386	41,710,116	26,682,570	68,392,686
2019	17,046,000	12,020,600	29,066,600	480,144	84,847	564,991	11,570,000	7,409,657	18,979,657	11,299,999	5,554,652	16,854,651	40,396,143	25,069,756	65,465,899
2020	16,989,000	11,422,366	28,411,366	405,439	71,746	477,185	10,775,000	6,928,678	17,703,678	11,794,999	5,062,155	16,857,154	39,964,438	23,484,945	63,449,383
2021	17,065,001	10,834,473	27,899,474	405,102	61,193	466,295	9,745,000	6,475,244	16,220,244	12,310,001	4,538,448	16,848,449	39,525,104	21,909,358	61,434,462
2022	17,694,000	10,207,968	27,901,968	360,138	51,696	411,834	8,735,000	6,039,516	14,774,516	12,615,000	3,989,596	16,604,596	39,404,138	20,288,776	59,692,914
2023	17,697,000	9,522,366	27,219,366	369,034	42,800	411,834	8,430,000	5,609,128	14,039,128	12,319,999	3,416,866	15,736,865	38,816,033	18,591,160	57,407,193
2024	18,391,000	8,806,730	27,197,730	378,149	33,684	411,833	9,115,000	5,156,730	14,271,730	12,519,999	2,838,230	15,358,229	40,404,148	16,835,374	57,239,522
2025	15,100,000	8,136,799	23,236,799	387,490	24,343	411,833	9,565,000	4,667,595	14,232,595	12,515,001	2,244,033	14,759,034	37,567,491	15,072,770	52,640,261
2026	14,402,999	7,595,419	21,998,418	397,062	14,772	411,834	9,155,000	4,174,812	13,329,812	12,330,000	1,643,926	13,973,926	36,285,061	13,428,929	49,713,990
2027	13,687,000	7,072,961	20,759,961	406,870	4,964	411,834	7,855,000	3,727,778	11,582,778	11,179,999	1,064,049	12,244,048	33,128,869	11,869,752	44,998,621
2028	11,116,000	6,585,228	17,701,228	-	-	-	8,215,000	3,306,031	11,521,031	5,045,001	682,101	5,727,102	24,376,001	10,573,360	34,949,361
2029	11,265,000	6,181,761	17,446,761	-	-	-	8,590,000	2,852,599	11,442,599	2,615,000	527,350	3,142,350	22,470,000	9,561,710	32,031,710
2030	10,775,000	5,761,765	16,536,765	-	-	-	6,285,000	2,457,751	8,742,751	2,710,000	429,050	3,139,050	19,770,000	8,648,566	28,418,566
2031	11,185,000	5,362,939	16,547,939	-	-	-	5,830,000	2,133,791	7,963,791	2,815,000	326,749	3,141,749	19,830,000	7,823,479	27,653,479
2032	11,580,000	4,958,438	16,538,438	-	-	-	6,080,000	1,831,940	7,911,940	2,930,001	211,849	3,141,850	20,590,001	7,002,227	27,592,228
2033	11,989,999	4,549,521	16,539,520	-	-	-	5,504,999	1,541,997	7,046,996	3,065,000	76,625	3,141,625	20,559,998	6,168,143	26,728,141
2034	12,420,000	4,122,372	16,542,372	-	-	-	5,735,000	1,254,653	6,989,653	-	-	-	18,155,000	5,377,025	23,532,025
2035	12,870,001	3,675,152	16,545,153	-	-	-	5,570,000	953,615	6,523,615	-	-	-	18,440,001	4,628,767	23,068,768
2036	13,330,000	3,205,277	16,535,277	-	-	-	4,465,000	681,096	5,146,096	-	-	-	17,795,000	3,886,373	21,681,373
2037	13,160,000	2,726,643	15,886,643	-	-	-	2,715,000	469,304	3,184,304	-	-	-	15,875,000	3,195,947	19,070,947
2038	13,640,000	2,238,676	15,878,676	-	-	-	2,835,000	287,098	3,122,098	-	-	-	16,475,000	2,525,774	19,000,774
2039	14,150,000	1,729,114	15,879,114	-	-	-	2,955,000	97,012	3,052,012	-	-	-	17,105,000	1,826,126	18,931,126
2040	14,690,000	1,198,158	15,888,158	-	-	-	-	-	-	-	-	-	14,690,000	1,198,158	15,888,158
2041	9,775,000	808,573	10,583,573	-	-	-	-	-	-	-	-	-	9,775,000	808,573	10,583,573
2042	8,235,000	440,032	8,675,032	-	-	-	-	-	-	-	-	-	8,235,000	440,032	8,675,032
2043	4,160,000	239,326	4,399,326	-	-	-	-	-	-	-	-	-	4,160,000	239,326	4,399,326
2044	3,120,000	122,124	3,242,124	-	-	-	-	-	-	-	-	-	3,120,000	122,124	3,242,124
2045	2,680,000	46,614	2,726,614	-	-	-	-	-	-	-	-	-	2,680,000	46,614	2,726,614
2046	545,000	8,516	553,516	-	-	-	-	-	-	-	-	-	545,000	8,516	553,516
Total	375,727,000	165,258,218	540,985,218	4,588,835	599,412	5,188,247	178,925,000	84,322,883	263,247,883	143,785,000	44,965,168	188,750,168	703,025,835	295,145,681	998,171,516

NOTE 16 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

As of September 30, 2016, the City had contractual commitments of \$15,027,877 for various construction and improvement projects. The commitments are summarized as follows:

Community Development	\$ 770,190	Grant Proceeds
Environmental Services	1,235,685	Bond Proceeds
Airport Construction	252,264	Grant Proceeds
Health	53,500	Grant Proceeds
2008 C.O. Issue	5,662	Bond Proceeds
2014 C.O. Issue	349,178	Bond Proceeds
2015 C.O. Issue	349,953	Bond Proceeds
2016 C.O. Issue	72,617	Bond Proceeds
Transit	573,524	Grant Proceeds
Bridge System	44,830	Fund Revenue/Bond Proceeds
Solid Waste System	3,995,839	Fund Revenue/Bond Proceeds
Waterworks System	4,815,583	Bond Proceeds
Wastewater System	2,509,052	Bond Proceeds
Total Commitments	\$ <u>15,027,877</u>	

NOTE 17 – FUND EXPENDITURES EXCEEDING APPROPRIATIONS

During the fiscal year ended September 30, 2016, expenses in General Fund exceeded appropriations in the amount of \$21,119,064, expenses in Housing Rehabilitation exceeded appropriations in the amount of \$607, and expenses in Laredo Energy Arena exceeded appropriations in the amount of \$271,848.

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 \$250,000.00 per employee, with no maximum lifetime benefit. There is a maximum medical aggregate liability of \$28,187,829.00 and projected net claims of \$25,053,240.00. Claims exceeding \$250,000.00 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 \$3,473,156 reported in the Fund as of September 30, 2016 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 position. Changes in the Fund's claims liability amount in fiscal year 2014, 2015, and 2016 were:

<u>Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Current year Claims & Payments</u>	<u>Balance at Fiscal Year end ¹</u>
2013-2014	\$2,434,523	18,298,301	18,028,543	2,704,281
2014-2015	\$2,704,281	20,090,551	19,821,593	2,973,239
2015-2016	\$2,973,239	23,654,286	23,154,369	3,473,156

There were no changes or reductions in insurance coverage from 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 position.

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 \$2,500,000.00 aggregated for FY13-14 and \$2,500,000.00 aggregated for FY14-15 and \$2,500,000.00 aggregated for FY15-16. 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, 2016, a liability was recorded based on fiscal year 2016 outstanding claims, which is due within one year of the date of the statement of net position. Changes in this claims liability amount in fiscal years 2014, 2015 and 2016 were:

<u>Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Current year Claims & Payments</u>	<u>Balance at Fiscal Year end ²</u>
2013-2014	\$2,406,118	1,231,281	1,415,840	2,221,559
2014-2015	\$2,221,559	694,879	1,427,371	1,489,067
2015-2016	\$1,489,067	1,782,902	1,614,801	1,657,168

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 grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations. As of September 30, 2016, 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 party to various lawsuits and claims arising in the ordinary course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney, the resolution of these matters will not have a material, adverse effect on the financial condition of the City.

NOTE 20 – DONOR-RESTRICTED ENDOWMENTS

The Canseco Foundation Children's Endowment Trust Fund was established on January of 1998, when the City accepted the endowment for the Canseco Foundation in the amount of \$50,000. The program would have the City seek all opportunities to augment children's programming resources provided through the Laredo Public Library. Funding of children's programming from the fund each year will be based on interest accrued on the endowment. Interest distributions will be from the Canseco Foundation Children's Endowment Fund. For September 30, 2016, the amount of unspent interest to date was \$23,753. This amount is reported in the government-wide financial statements under Net Position-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 21- BUDGET BASIS REPORTING

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

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

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

	General Fund
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses (GAAP Basis)-	\$ 291,429
Adjustments:	
Timing Differences-Encumbrances	(2,243,307)
Basic Differences:	
Non Budgeted-Allowance for Doubtful Accounts	<u>15,715</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)-budgetary classifications	(1,936,163)
Other adjustments-Excess of revenues and other financing Sources over expenditures and other uses for non-budgeted Funds-(Entity Differences)	<u>44,133,079</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other uses – Budget Basis	<u>\$ 42,196,916</u>

NOTE 22 – FUND EQUITY

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

	General Fund	Debt Service	Other Governmental Funds
Fund Balances:			
Nonspendable:			
Inventory	11,197	-	74,468
Permanent Fund Principal	-	-	50,000
Restricted for:			
Debt Service	-	4,348,066	1,995,054
Police	614,831	-	4,082,305
Fire	4,251,909	-	-
Municipal Court	477,270	-	-
911 Regional Fund	-	-	671
Urban Redevelopment and Housing	-	-	179,634
Health Services	-	-	988,382
Welfare	7,046,449	-	-
Environmental Services	-	-	6,732,804
Noise Abatement	-	-	563,109
Convention and Tourism	-	-	5,283,885
Parks and Recreation	12,399	-	20,806,637
Education	87,258	-	729,190
Permanent Fund Revenues	-	-	23,753
Capital Projects (Parks, Infrastructure, Municipal Improvements)	-	-	43,410,301
Transportation	-	-	-
Committed to:			
Cash Reserves	28,810,150	-	-
General Government	180,335	-	-
Police	425,590	-	284,968
Fire	195,384	-	-
Municipal Court	5,502	-	-
Traffic Safety	34,859	-	-
911 Emergency	-	-	482,167
Parking Meters	-	-	46,065
Public Works	16,273	-	-
Urban Redevelopment and Housing	-	-	1,843,478
Health Services	-	-	464,256
Welfare	111,079	-	-
Environmental Services	-	-	1,730,152
Parks and Recreation	784,295	-	8,367
Education	-	-	2,261
Other	388,254	-	-
Transportation	-	-	436,931
Capital Purchases (Equipment)	101,736	-	194,678
Capital Projects	-	-	712,612
Assigned to:			
Parking Meters	-	-	1,923,644
Health Services	-	-	253,074
Environmental Services	-	-	1,187,707
Parks and Recreation	-	-	868,762
Education	-	-	391
Transportation	-	-	1,348,117
Capital Projects	-	-	33,404,802
Unassigned	885,453	-	(3,440,082)
Total Fund Balances	<u>44,440,223</u>	<u>4,348,066</u>	<u>126,672,543</u>

NOTE 23 – PRIOR YEAR ADJUSTMENT

The FY 2015 net pension liability and its corresponding deferred inflows and outflows of the Laredo's Firefighter's Retirement System were not reported under the City's financial statements. As a result, a prior period adjustment to the Governmental Activities in the Statement of Activities for \$70,072,919 is being reflected to report the Laredo's Firefighter's Retirement System net pension activity.

The Business Type Activities in the Statement of Activities is reflecting two prior period adjustments. There is a prior period adjustment for the Solid Waste Management Fund for \$5,391,294. This adjustment is the result of an amendment to the original closure and post closure costs by the Texas Commission on Environmental Quality agency. The City was unable to obtain the revised adjustments prior to the submittal of the FY 2015 CAFR. The prior period adjustment in Municipal Transit System for \$(3,145,210) is the result of the FY 2015 net pension liability for the Transit System's Defined Benefit Plan in order to comply with GASB Statement No. 68.

**CITY OF LAREDO, TEXAS
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (1)**

City Of Laredo (TMRS)

	2015	2016
Total pension liability		
Service Cost	\$ 14,954,531	16,137,452
Interest (on the Total Pension Liability)	34,062,490	36,278,827
Changes of benefit terms	-	-
Difference between expected and actual experience	(3,571,761)	(6,889,003)
Change of assumptions	-	(1,671,663)
Benefit payments, including refunds of employee contributions	(14,154,831)	(14,594,700)
Net Change in Total Pension Liability	31,290,429	29,260,913
Total Pension Liability-Beginning	486,207,150	517,497,579
Total Pension Liability-Ending	<u>\$ 517,497,579</u>	<u>546,758,492</u>

Plan Fiduciary Net Position

Contributions-Employer	\$ 19,414,300	20,857,055
Contributions-Employee	6,639,377	6,894,937
Net Investment Income	19,324,455	544,191
Benefit payments, including refunds of employee contributions	(14,154,831)	(14,594,700)
Administrative Expense	(201,717)	(331,414)
Other	(16,584)	(16,368)
Net Change in Plan Fiduciary Net Position	31,005,000	13,353,701
Plan Fiduciary Net Position-Beginning	337,738,314	368,743,314
Plan Fiduciary Net Position-Ending	<u>\$ 368,743,314</u>	<u>382,097,015</u>
Net Pension Liability-Ending	<u>\$ 148,754,265</u>	<u>164,661,477</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.26%	69.88%

Covered Employee Payroll	\$ 94,769,773	98,459,134
Net Pension Liability as a Percentage of Covered Employee Payroll	156.96%	167.24%

(1) This schedule was implemented by GASB starting in fiscal year 2015.

**CITY OF LAREDO, TEXAS
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (1)**

Laredo Firefighters Retirement System

	2015	2016
Total pension liability		
Service Cost	\$ 5,562,847	5,757,547
Interest (on the Total Pension Liability)	14,710,813	15,644,420
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(8,500,340)	(9,096,190)
Net Change in Total Pension Liability	11,773,320	12,305,777
Total Pension Liability-Beginning	182,572,479	194,345,799
Total Pension Liability-Ending	<u>\$ 194,345,799</u>	<u>206,651,576</u>
Plan Fiduciary Net Position		
Contributions-Employer	\$ 6,044,620	6,222,249
Contributions-Employee	4,521,220	4,642,722
Net Investment Income	9,030,933	(5,430,523)
Benefit payments, including refunds of employee contributions	(8,500,340)	(9,096,190)
Administrative Expense	(221,416)	(239,505)
Other	-	-
Net Change in Plan Fiduciary Net Position	10,875,017	(3,901,247)
Plan Fiduciary Net Position-Beginning	107,464,621	118,339,638
Plan Fiduciary Net Position-Ending	<u>\$ 118,339,638</u>	<u>114,438,391</u>
Net Pension Liability-Ending	<u>\$ 76,006,161</u>	<u>92,213,185</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 60.89%	 55.38%
 Covered Employee Payroll	 \$ 31,185,860	 30,951,453
Net Pension Liability as a Percentage of Covered Employee Payroll	243.72%	297.93%

(1) This schedule was implemented by GASB starting in fiscal year 2015.

**CITY OF LAREDO, TEXAS
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (1)**

LTMI Defined Benefit Plan

	2016
Total pension liability	
Service Cost	\$ 160,902
Interest (on the Total Pension Liability)	608,457
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(116,526)
Net Change in Total Pension Liability	652,833
Total Pension Liability-Beginning	9,072,441
Total Pension Liability-Ending	<u>\$ 9,725,274</u>
Plan Fiduciary Net Position	
Contributions-Employer	\$ 600,000
Contributions-Employee	54,264
Net Investment Income	483,385
Benefit payments, including refunds of employee contributions	(116,526)
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net Position	1,021,123
Plan Fiduciary Net Position-Beginning	5,927,231
Plan Fiduciary Net Position-Ending	<u>\$ 6,948,354</u>
Net Pension Liability-Ending	<u>\$ 2,776,920</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.45%
Covered Employee Payroll	\$ 6,772,317
Net Pension Liability as a Percentage of Covered Employee Payroll	41.00%

(1) This schedule was implemented by GASB starting in fiscal year 2015. Fiscal Year 2016 is the first year information provided.

**CITY OF LAREDO, TEXAS
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (1)**

City of Laredo (TMRS)

Measurement	Annual Required	Contributions	Contribution (Deficiency)	Covered Employee	Contributions as a Percentage of	Employee
<u>Date</u>	<u>Contributions (ARC)</u>	<u>Made</u>	<u>Excess</u>	<u>Payroll</u>	<u>Covered Payroll</u>	<u>Contributions</u>
12/31/2014	\$ 19,414,300	\$ 19,414,300	\$ -	\$ 94,769,773	20.49%	\$ 6,639,377
12/31/2015	\$ 20,857,055	\$ 20,857,055	\$ -	\$ 98,459,134	21.18%	\$ 6,894,937

Laredo Firefighters Retirement System

Measurement	Annual Required	Contributions	Contribution (Deficiency)	Covered Employee	Contributions as a Percentage of	Employee
<u>Date</u>	<u>Contributions (ARC)</u>	<u>Made</u>	<u>Excess</u>	<u>Payroll</u>	<u>Covered Payroll</u>	<u>Contributions</u>
9/30/2014	\$ 6,044,620	\$ 6,044,620	\$ -	\$ 30,072,736	20.10%	\$ 4,521,220
9/30/2015	\$ 6,221,242	\$ 6,221,242	\$ -	\$ 30,951,453	20.10%	\$ 4,642,722

LTMI Defined Benefit Plan

Measurement	Annual Required	Contributions	Contribution (Deficiency)	Covered Employee	Contributions as a Percentage of	Employee
<u>Date</u>	<u>Contributions (ARC)</u>	<u>Made</u>	<u>Excess</u>	<u>Payroll</u>	<u>Covered Payroll</u>	<u>Contributions</u>
9/30/2016	\$ 643,000	\$ 600,000	\$ (43,000)	\$ 6,772,317	8.86%	\$ 54,264

(1) This schedule was implemented by GASB starting in fiscal year 2015. Fiscal Year 2016 is the first year information provided.

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DEBT SERVICE

**CITY OF LAREDO, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
Year Ended September 30, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes:				
Current	\$ 16,380,505	16,380,505	16,726,495	345,990
Delinquent - Prior	288,651	288,651	269,586	(19,065)
Total Taxes	16,669,156	16,669,156	16,996,081	326,925
Investment Income:				
Interest Earnings	33,100	33,100	38,685	5,585
Total Investment Income	33,100	33,100	38,685	5,585
Special Assessments:				
Paving Assessments	-	-	10,875	10,875
Total Special Assessments	-	-	10,875	10,875
Miscellaneous:				
Interest Rebates	278,112	278,112	279,613	1,501
Total Miscellaneous	278,112	278,112	279,613	1,501
TOTAL REVENUES	16,980,368	16,980,368	17,325,254	344,886
EXPENDITURES:				
Principal Retirement:				
General Obligations Debt	1,589,679	1,589,679	1,749,675	(159,996)
Revenue Bonds Debt	2,470,000	11,005,000	11,005,000	-
Contractual Obligations Debt	8,457,356	10,252,356	10,252,354	2
Total Principal Retirement	12,517,035	22,847,035	23,007,029	(159,994)
Interest:				
General Obligations Debt	3,331,090	3,331,090	3,682,463	(351,373)
Revenue Bonds Debt	1,391,627	1,391,627	1,391,627	-
Contractual Obligations Debt	3,992,384	4,461,291	3,948,017	513,274
Total Interest	8,715,101	9,184,008	9,022,107	161,901
Other:				
Contractual Services	18,000	18,000	12,943	5,057
Other	2,515,268	251,361	-	251,361
Fiscal Agent Fees	12,000	12,000	10,911	1,089
Bond Costs	-	222,513	221,424	1,089
Total Other	2,545,268	503,874	245,278	258,596
TOTAL EXPENDITURES	23,777,404	32,534,917	32,274,414	260,503
Excess (Deficiencies) of Revenues Over (Under) Expenditures	\$ (6,797,036)	(15,554,549)	(14,949,160)	605,389 (Continued)

CITY OF LAREDO, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
Year Ended September 30, 2016

(Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Airport	\$ 495,000	495,000	495,000	-
Environmental Services	2,197,238	2,197,238	2,197,238	-
Parking Meters	186,901	186,901	186,901	-
Sports and Community Venue	3,861,627	12,396,627	12,396,627	-
Contractual Obligations Fund	-	-	29	29
Bridge System	773,772	773,772	773,772	-
Refunding Bonds Issued	-	20,450,000	20,450,000	-
Bond Premium	-	3,010,918	3,010,917	(1)
Payment to Refunded Bond Escrow Agent	-	(23,238,405)	(23,238,405)	-
TOTAL OTHER FINANCING SOURCES (USES):	7,514,538	16,272,051	16,272,079	28
Net Change in Fund Balances	717,502	717,502	1,322,919	605,417
Fund Balances-Beginning	3,008,412	3,025,147	3,025,147	-
Fund Balances-Ending	\$ 3,725,914	3,742,649	4,348,066	605,417

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 GRANT - 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.

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

MAX MANDEL GOLF COURSE - to account for the golf course's operation. Its function is to provide a public golf course.

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

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

CAPITAL PROJECTS FUNDS

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

Capital Projects Funds include:

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

CAPITAL GRANTS - to account for various State and Federal grants. Major funding sources include intergovernmental revenues from the Texas Department of Transportation and the U.S. Department of Housing and Urban Development.

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

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

CERTIFICATE OF OBLIGATION 2008 ISSUE - to account for \$30,065,000 in bond proceeds for the purpose of paying all or a portion of the City's contractual obligations for the purpose of constructing and equipping various departments, street and drainage improvements, and traffic equipment.

CERTIFICATE OF OBLIGATION 2009 ISSUE - to account for \$24,735,000 in bond proceeds for the purpose of paying all or a portion of the City's contractual obligations for the purpose of constructing and equipping various departments, street and drainage improvements, and traffic equipment.

CERTIFICATE OF OBLIGATION 2010 ISSUE - to account for \$9,545,000 in bond proceeds for the purpose of paying all or a portion of the City's contractual obligations for the purpose of constructing and equipping various departments, street and drainage improvements, and traffic equipment.

CERTIFICATE OF OBLIGATION 2012 ISSUE - to account for \$7,690,000 in bond proceeds for the 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 2014 ISSUE - to account for \$5,600,000 in bond proceeds for the 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.

CERTIFICATE OF OBLIGATION 2015 ISSUE - to account for \$19,765,000 in bond proceeds for the 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.

CERTIFICATE OF OBLIGATION 2016 ISSUE - to account for \$24,584,481 in bond proceeds for the 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.

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

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

PERMANENT FUND

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

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016

(Continued)

	SPECIAL REVENUE				
	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	HOME INV. AFFORDABLE HOUSING
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ 100	-	-	-	-
Equity in Investment Pool	-	141	298	-	-
Cash with Fiscal Agent	-	-	-	-	-
Investments	-	17,894	35,043	-	-
Receivables, net of allowances:					
Accrued Interest	-	49	96	-	-
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-
Accounts	23	-	-	-	-
Notes	-	1,510,255	13,693,424	-	1,083,369
Due from Other Funds	-	-	-	-	-
Due from Other Governments	427,478	-	49,249	16,531	-
Inventory	-	-	-	-	-
TOTAL ASSETS	427,601	1,528,339	13,778,110	16,531	1,083,369
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	192,281	7	15,028	16,078	-
Retainage Payable	22,839	-	-	-	-
Accrued Wages and Employee Benefits	18,991	164	1,295	122	-
Contracts Payable	120,363	-	-	-	-
Customer Deposits	-	-	-	-	-
Due to Other Funds	73,127	-	-	331	-
Due to Other Governments	-	-	-	-	-
Due to Developers	-	-	-	-	-
Deferred Revenue	-	1,510,255	13,693,424	-	1,083,369
TOTAL LIABILITIES	427,601	1,510,426	13,709,747	16,531	1,083,369
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	17,913	68,363	-	-
Committed	1,516,504	-	58,113	268,861	-
Assigned	-	-	-	-	-
Unassigned	(1,516,504)	-	(58,113)	(268,861)	-
TOTAL FUND BALANCES	-	17,913	68,363	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 427,601	1,528,339	13,778,110	16,531	1,083,369

(Continued)

(Continued)

SPECIAL REVENUE

H.U.D. SEC. 108	AUTO THEFT TASK FORCE	FINANCIAL TASK FORCE	SPECIAL POLICE PROGRAM	911 EMERGENCY COMM. FUND	HEALTH FUND
-	-	5,000	-	200	4,075
-	840	13,968	-	3,542	7,376
-	-	-	-	-	-
-	122,525	2,227,074	-	574,352	1,164,858
-	335	6,087	-	1,570	3,184
-	-	-	-	-	-
-	-	297	-	163	30,018
1,699,901	-	-	-	-	-
-	-	-	-	-	-
-	207,641	215,564	310,065	282,599	2,296,626
-	-	-	-	-	4,268
1,699,901	331,341	2,467,990	310,065	862,426	3,510,405
-	149	3,190	-	380,755	337,672
-	-	-	-	-	13,092
-	17,205	9,086	38,972	8,397	214,653
-	-	-	-	-	37,500
-	-	-	-	-	-
-	-	-	260,049	-	-
-	-	85,073	1,087	-	7,967
-	-	-	-	-	-
1,699,901	-	-	-	472,603	1,189,541
1,699,901	17,354	97,349	300,108	861,755	1,800,425
-	-	-	-	-	4,268
-	313,987	2,370,641	9,957	671	988,382
-	-	-	284,968	482,167	464,256
-	-	-	-	-	253,074
-	-	-	(284,968)	(482,167)	-
-	313,987	2,370,641	9,957	671	1,709,980
1,699,901	331,341	2,467,990	310,065	862,426	3,510,405

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016

(Continued)

	SPECIAL REVENUE				
	INT'L. AIRPORT	HOTEL/MOTEL OCCUPANCY TAX	PUBLIC ACCESS CHANNEL	LAREDO CONVENT. & VISITORS	RECREATION FUND
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ 1,700	-	-	850	-
Equity in Investment Pool	15,277	32,074	4,005	1,740	3,270
Cash with Fiscal Agent	-	-	-	-	-
Investments	2,443,543	5,109,519	648,911	281,584	537,818
Receivables, net of allowances:					
Accrued Interest	6,679	13,965	1,774	770	1,470
Hotel-Motel Tax, Penalty and Interest	-	74,249	-	-	-
Accounts	66,841	-	77,194	948	-
Notes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	21,659	-	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	2,555,699	5,229,807	731,884	285,892	542,558
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	173,905	69,564	42	74,599	13,188
Retainage Payable	9,623	-	-	-	-
Accrued Wages and Employee Benefits	53,122	-	-	13,211	960
Contracts Payable	-	-	-	-	-
Customer Deposits	60,952	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	118	-
Due to Developers	-	-	-	-	-
Deferred Revenue	473,049	74,322	-	-	-
TOTAL LIABILITIES	770,651	143,886	42	87,928	14,148
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	5,085,921	729,190	197,964	-
Committed	436,931	-	2,261	-	6,267
Assigned	1,348,117	-	391	-	522,143
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	1,785,048	5,085,921	731,842	197,964	528,410
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,555,699	5,229,807	731,884	285,892	542,558

(Continued)

(Continued)

SPECIAL REVENUE

PARKING METERS	ENVIRONMENTAL SERVICES	KEEP LAREDO BEAUTIFUL	NOISE ABATE. LEASE PROGRAM	SPORTS & COMMUNITY VENUE	LAREDO ENERGY ARENA
925	350	-	-	-	41,700
12,647	25,501	-	4,407	127,082	598
-	-	-	-	-	969,918
2,009,113	9,459,792	11,146	709,055	22,319,305	111,093
5,491	12,036	31	1,938	55,594	304
-	-	-	-	-	-
507,325	317,479	-	41,576	-	394,526
-	13,110	-	-	-	-
-	-	-	-	117,991	-
-	-	-	-	-	-
-	-	-	-	-	70,200
2,535,501	9,828,268	11,177	756,976	22,619,972	1,588,339
34,228	52,318	1,026	61,198	57,235	1,163,088
-	18,783	-	-	-	-
19,128	36,473	1,563	5,971	1,852	66,454
-	65,393	-	-	-	-
-	-	-	109,619	-	-
-	-	-	-	-	117,991
-	-	-	-	-	-
-	-	-	-	-	-
512,436	13,226	-	17,079	-	240,806
565,792	186,193	2,589	193,867	59,087	1,588,339
-	-	-	-	-	70,200
-	6,732,804	-	563,109	22,560,885	240,806
46,065	1,721,564	8,588	-	-	-
1,923,644	1,187,707	-	-	-	-
-	-	-	-	-	(311,006)
1,969,709	9,642,075	8,588	563,109	22,560,885	-
2,535,501	9,828,268	11,177	756,976	22,619,972	1,588,339

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016

	SPECIAL REVENUE				(Continued) CAPITAL PROJECTS
	LDO PUBLIC FACILITY CORP.	MAX MANDEL GOLF COURSE	POLICE TRUST FUND	SUBDIVISION TRUST FUND	PARKS CAPITAL GRANTS
ASSETS					
Cash and Cash Equivalents:					
Cash	\$ -	-	-	-	-
Equity in Investment Pool	658	2,440	8,799	520	-
Cash with Fiscal Agent	-	56,517	-	-	-
Investments	92,453	373,043	1,423,329	88,228	-
Receivables, net of allowances:					
Accrued Interest	253	1,020	3,890	241	-
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-
Accounts	-	13,333	-	-	-
Notes	-	-	-	-	-
Due from Other Funds	-	-	-	3	-
Due from Other Governments	-	-	-	-	138,825
Inventory	-	38,873	-	-	-
TOTAL ASSETS	93,364	485,226	1,436,018	88,992	138,825
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	6	60,886	48,298	5	39,676
Retainage Payable	-	-	-	-	57,800
Accrued Wages and Employee Benefits	-	-	-	-	-
Contracts Payable	-	-	-	-	-
Customer Deposits	-	8,148	-	-	-
Due to Other Funds	-	-	-	-	41,337
Due to Other Governments	-	5,115	-	-	-
Due to Developers	-	-	-	88,987	-
Deferred Revenue	-	62,358	-	-	-
TOTAL LIABILITIES	6	136,507	48,298	88,992	138,813
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	93,358	-	1,387,720	-	12
Committed	-	2,100	-	-	122,028
Assigned	-	346,619	-	-	-
Unassigned	-	-	-	-	(122,028)
TOTAL FUND BALANCES	93,358	348,719	1,387,720	-	12
TOTAL LIABILITIES AND FUND BALANCES	\$ 93,364	485,226	1,436,018	88,992	138,825

(Continued)

(Continued)

CAPITAL PROJECTS					
CAPITAL GRANTS	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 07 ISSUE	CERTIFICATE OF OBLIGATION 08 ISSUE	CERTIFICATE OF OBLIGATION 09 ISSUE	CERTIFICATE OF OBLIGATION 10 ISSUE
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,475,317	12,355	623,283	973,217	68,283
-	9	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,375	-	-	-	-	-
-	-	-	-	-	-
14,375	2,475,326	12,355	623,283	973,217	68,283
-	115	4,802	199,864	43	44,600
-	-	-	-	49,525	3,024
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,375	1	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,375	116	4,802	199,864	49,568	47,624
-	-	-	-	-	-
-	-	7,553	423,419	923,649	20,659
396,435	81,870	-	-	-	-
-	2,393,340	-	-	-	-
(396,435)	-	-	-	-	-
-	2,475,210	7,553	423,419	923,649	20,659
14,375	2,475,326	12,355	623,283	973,217	68,283

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016

(Continued)

	CAPITAL PROJECTS					
	CERTIFICATE OF OBLIGATION 12 ISSUE	CERTIFICATE OF OBLIGATION 14 ISSUE	CERTIFICATE OF OBLIGATION 15 ISSUE	CERTIFICATE OF OBLIGATION 16 ISSUE	AIRPORT CONSTRUCTION FUND	CAPITAL IMPROVEMENT
ASSETS						
Cash and Cash Equivalents:						
Cash	\$ -	-	-	-	-	-
Equity in Investment Pool	-	-	213	-	24,984	199,460
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	853,754	2,053,791	10,692,166	24,230,795	4,016,082	31,885,847
Receivables, net of allowances:						
Accrued Interest	-	36	2,320	7,019	10,889	87,150
Hotel-Motel Tax, Penalty and Interest	-	-	-	-	-	-
Accounts	-	-	-	-	-	50,000
Notes	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	1,911,631	11,520
Inventory	-	-	-	-	-	-
TOTAL ASSETS	853,754	2,053,827	10,694,699	24,237,814	5,963,586	32,233,977
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	33	89,161	215,589	1,668	23,880	166,393
Retainage Payable	-	363,368	25,361	-	482,769	291
Accrued Wages and Employee Benefits	-	1,417	26,832	-	4,276	-
Contracts Payable	-	485,964	54,150	99,617	174,292	-
Customer Deposits	-	-	-	-	-	-
Due to Other Funds	3,670	-	-	-	-	407,188
Due to Other Governments	-	-	-	-	-	-
Due to Developers	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	58,310
TOTAL LIABILITIES	3,703	939,910	321,932	101,285	685,217	632,182
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	850,051	1,113,917	10,372,767	24,136,529	5,278,369	283,376
Committed	-	-	-	-	-	306,957
Assigned	-	-	-	-	-	31,011,462
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	850,051	1,113,917	10,372,767	24,136,529	5,278,369	31,601,795
TOTAL LIABILITIES AND FUND BALANCES	\$ 853,754	2,053,827	10,694,699	24,237,814	5,963,586	32,233,977

(Continued)

PERMANENT FUND	
CANSECO ENDOWMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
-	54,900
489	490,329
-	1,026,435
73,068	127,717,636
200	224,400
-	74,249
-	1,499,723
-	18,000,059
-	117,994
-	5,903,763
-	113,341
73,757	155,222,829
4	3,540,574
-	1,046,475
-	540,144
-	1,037,279
-	178,719
-	918,069
-	99,360
-	88,987
-	21,100,679
4	28,550,286
50,000	124,468
23,753	84,795,725
-	6,205,935
-	38,986,497
-	(3,440,082)
73,753	126,672,543
73,757	155,222,829

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2016

(Continued)

	SPECIAL REVENUE				
	BLOCK GRANTS	HOUSING REHAB	HOME INVESTMENT	EMERGENCY SHELTER	HOME INV. AFFORDABLE HOUSING
REVENUES:					
Taxes	\$ -	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	3,488,162	-	676,752	271,776	-
State	-	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Fees and Collections	-	-	-	-	-
Investment Income:					
Interest Earnings	-	126	14	-	20
Rents and Royalties	-	-	-	-	-
Discount Earnings	-	-	-	-	-
Miscellaneous:					
Local Contributions	-	-	-	-	-
Reimbursements	104,439	74,444	140,985	-	52,412
Other	-	-	-	-	-
TOTAL REVENUES	3,592,601	74,570	817,751	271,776	52,432
EXPENDITURES:					
Public Safety	425,109	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	1,025,377	57,943	803,507	271,776	1
Cultural and Recreational	15,000	-	-	-	-
General Government	644,219	8,664	-	-	-
Air Transportation Services	-	-	-	-	-
Total Operating Expenditures	2,109,705	66,607	803,507	271,776	1
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Loss on Advance Refunding	-	-	-	-	-
Capital Outlay	1,482,896	-	-	-	-
TOTAL EXPENDITURES	3,592,601	66,607	803,507	271,776	1
Excess (Deficiency) of Revenues Over Expenditures	-	7,963	14,244	-	52,431
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	52,431	-	-
Proceeds - Long Term Debt	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Transfers Out	-	-	-	-	(52,431)
Sale of Assets	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	52,431	-	(52,431)
Net Change in Fund Balance	-	7,963	66,675	-	-
Fund Balances at Beginning of Year	-	9,950	1,688	-	-
FUND BALANCE AT END OF YEAR	\$ -	17,913	68,363	-	-

(Continued)

(Continued)

SPECIAL REVENUE				
AUTO THEFT TASK FORCE	FINANCIAL TASK FORCE	SPECIAL POLICE PROGRAM	911 REGIONAL COMM. FUND	HEALTH FUND
-	-	-	-	-
-	-	-	-	448,201
-	959,192	1,583,037	-	1,743,983
640,611	-	312,421	2,503,862	8,473,243
-	-	-	-	210,805
-	-	-	-	-
-	-	-	-	-
-	-	-	-	831,610
135	12,126	-	1,558	5,156
-	-	-	-	481
-	-	-	-	590
-	-	-	-	-
-	94,161	-	6	418,548
-	-	-	-	409,339
640,746	1,065,479	1,895,458	2,505,426	12,541,956
956,991	818,710	2,598,834	2,370,854	-
-	-	-	-	-
-	-	-	-	16,552,298
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
956,991	818,710	2,598,834	2,370,854	16,552,298
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
31,660	179,808	388,248	135,770	461,236
988,651	998,518	2,987,082	2,506,624	17,013,534
(347,905)	66,961	(1,091,624)	(1,198)	(4,471,578)
397,955	-	1,085,990	-	4,541,747
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	14,830
-	-	-	-	-
397,955	-	1,085,990	-	4,556,577
50,050	66,961	(5,634)	(1,198)	84,999
263,937	2,303,680	15,591	1,869	1,624,981
313,987	2,370,641	9,957	671	1,709,980

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2016

(Continued)

	SPECIAL REVENUE				
	INT'L. AIRPORT	HOTEL/MOTEL OCCUPANCY TAX	PUBLIC ACCESS CHANNEL	LAREDO CONVENT. & VISITORS	RECREATION FUND
REVENUES:					
Taxes	\$ -	3,851,082	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	215,013	-	-	-	-
State	245	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Fees and Collections	491,738	-	306,820	30,476	332,219
Investment Income:					
Interest Earnings	23,029	31,771	3,862	40	2,795
Rents and Royalties	5,067,020	-	-	-	-
Discount Earnings	159	-	-	-	-
Miscellaneous:					
Local Contributions	-	-	-	107,600	-
Reimbursements	424,639	25	-	7,448	-
Other	-	-	-	-	-
TOTAL REVENUES	6,221,843	3,882,878	310,682	145,564	335,014
EXPENDITURES:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Cultural and Recreational	-	655,416	32,513	3,091,794	264,548
General Government	-	-	-	-	-
Air Transportation Services	6,883,264	-	-	-	-
Total Operating Expenditures	6,883,264	655,416	32,513	3,091,794	264,548
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Loss on Advance Refunding	-	-	-	-	-
Capital Outlay	104,041	-	225,601	-	-
TOTAL EXPENDITURES	6,987,305	655,416	258,114	3,091,794	264,548
Excess (Deficiency) of Revenues Over Expenditures	(765,462)	3,227,462	52,568	(2,946,230)	70,466
OTHER FINANCING SOURCES (USES):					
Transfers In	600,000	-	-	2,896,536	61,913
Proceeds - Long Term Debt	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Transfers Out	(3,023,141)	(3,100,499)	-	-	-
Sale of Assets	-	-	6,000	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,423,141)	(3,100,499)	6,000	2,896,536	61,913
Net Change in Fund Balance	(3,188,603)	126,963	58,568	(49,694)	132,379
Fund Balances at Beginning of Year	4,973,651	4,958,958	673,274	247,658	396,031
FUND BALANCE AT END OF YEAR	\$ 1,785,048	5,085,921	731,842	197,964	528,410

(Continued)

(Continued)

SPECIAL REVENUE				
PARKING METERS	ENVIRO. SERVICES	KEEP LAREDO BEAUTIFUL, INC. FUND	NOISE ABATE. LEASE PROGRAM	SPORTS & COMMUNITY VENUE
-	-	-	-	7,737,114
8,309	310,200	-	-	-
-	-	-	-	-
-	44,000	-	-	-
300	17,000	-	-	-
-	6,654,720	-	-	-
605,196	-	-	-	-
1,903,203	-	-	37,266	-
11,668	27,149	8	4,399	128,769
-	-	-	1,578,630	-
787	11,272	-	-	-
-	-	5,000	-	-
140	36,733	-	3,332	-
-	-	-	-	-
2,529,603	7,101,074	5,008	1,623,627	7,865,883
1,606,776	-	-	-	-
-	-	-	-	-
-	4,523,884	116,725	1,004,308	-
-	-	-	-	749,549
-	-	-	-	-
-	-	-	-	-
1,606,776	4,523,884	116,725	1,004,308	749,549
-	-	-	-	-
-	-	-	-	-
-	62,241	-	-	228,419
-	-	-	-	584,424
36,939	917,452	-	-	507,568
1,643,715	5,503,577	116,725	1,004,308	2,069,960
885,888	1,597,497	(111,717)	619,319	5,795,923
-	613,878	111,298	-	-
-	4,307,000	-	-	8,970,000
-	755,241	-	-	-
(686,901)	(2,308,536)	-	(600,000)	(13,820,103)
1,627	1,807	-	396	-
-	-	-	-	-
(685,274)	3,369,390	111,298	(599,604)	(4,850,103)
200,614	4,966,887	(419)	19,715	945,820
1,769,095	4,675,188	9,007	543,394	21,615,065
1,969,709	9,642,075	8,588	563,109	22,560,885

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2016

(Continued)

	SPECIAL REVENUE			
	LAREDO ENERGY ARENA	LDO PUBLIC FACILITY CORP.	MAX MANDEL GOLF COURSE	POLICE TRUST FUND
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Charges for Services	4,172,644	-	1,038,530	-
Fines	-	-	-	-
Fees and Collections	-	-	-	-
Investment Income:				
Interest Earnings	-	799	-	8,661
Rents and Royalties	-	-	-	-
Discount Earnings	-	-	-	-
Miscellaneous:				
Local Contributions	-	-	-	-
Reimbursements	-	23,182	-	22,086
Other	-	-	-	426,346
TOTAL REVENUES	4,172,644	23,981	1,038,530	457,093
EXPENDITURES:				
Public Safety	-	-	-	506,306
Public Works	-	-	-	-
Health and Welfare	-	21,032	-	-
Cultural and Recreational	5,596,120	-	1,640,959	-
General Government	-	-	-	-
Air Transportation Services	-	-	-	-
Total Operating Expenditures	5,596,120	21,032	1,640,959	506,306
Debt Service:				
Principal	-	-	10,076	66,948
Interest	-	-	816	4,064
Bond Costs	-	-	-	-
Loss on Advance Refunding	-	-	-	-
Capital Outlay	-	-	294,707	195,593
TOTAL EXPENDITURES	5,596,120	21,032	1,946,558	772,911
Excess (Deficiency) of Revenues Over Expenditures	(1,423,476)	2,949	(908,028)	(315,818)
OTHER FINANCING SOURCES (USES):				
Transfers In	1,423,476	-	-	-
Proceeds - Long Term Debt	-	-	301,641	-
Bond Premiums	-	-	-	-
Transfers Out	-	(108,000)	-	-
Sale of Assets	-	-	-	83,923
Payment to Refunded Bond Escrow Agent	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,423,476	(108,000)	301,641	83,923
Net Change in Fund Balance	-	(105,051)	(606,387)	(231,895)
Fund Balances at Beginning of Year	-	198,409	955,106	1,619,615
FUND BALANCE AT END OF YEAR	\$ -	93,358	348,719	1,387,720

(Continued)

(Continued)

CAPITAL PROJECTS				
PARKS CAPITAL GRANTS	CAPITAL GRANTS	CONTRACTUAL OBLIGATIONS	CERTIFICATE OF OBLIGATION 07 ISSUE	CERTIFICATE OF OBLIGATION 08 ISSUE
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
485,692	10,514	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12	10	8,815	549	7,167
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,385
485,704	10,524	8,815	549	9,552
-	-	-	-	-
-	87,163	13,717	2,821	402,635
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	87,163	13,717	2,821	402,635
-	-	-	-	-
-	-	-	-	-
-	-	93,894	-	-
-	-	-	-	-
556,399	37,041	6,189,058	274,019	1,410,595
556,399	124,204	6,296,669	276,840	1,813,230
(70,695)	(113,680)	(6,287,854)	(276,291)	(1,803,678)
70,707	113,680	-	-	-
-	-	5,199,000	-	-
-	-	894,894	-	-
-	-	(29)	-	(5,172)
-	-	-	13,930	-
-	-	-	-	-
70,707	113,680	6,093,865	13,930	(5,172)
12	-	(193,989)	(262,361)	(1,808,850)
-	-	2,669,199	269,914	2,232,269
12	-	2,475,210	7,553	423,419

(Continued)

CITY OF LAREDO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year ended September 30, 2016

(Continued)

	CAPITAL PROJECTS				
	CERTIFICATE OF OBLIGATION 09 ISSUE	CERTIFICATE OF OBLIGATION 10 ISSUE	CERTIFICATE OF OBLIGATION 12 ISSUE	CERTIFICATE OF OBLIGATION 14 ISSUE	CERTIFICATE OF OBLIGATION 15 ISSUE
REVENUES:	\$				
Taxes	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Other	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Fees and Collections	-	-	-	-	-
Investment Income:					
Interest Earnings	6,788	773	3,645	15,758	36,938
Rents and Royalties	-	-	-	-	-
Discount Earnings	-	-	-	-	-
Miscellaneous:					
Local Contributions	-	-	-	-	-
Reimbursements	-	-	-	-	86,579
Other	-	-	-	-	-
TOTAL REVENUES	<u>6,788</u>	<u>773</u>	<u>3,645</u>	<u>15,758</u>	<u>123,517</u>
EXPENDITURES:					
Public Safety	-	-	-	-	-
Public Works	28,032	45,235	1,450	2,971	286,590
Health and Welfare	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
General Government	-	-	-	-	-
Air Transportation Services	-	-	-	-	-
Total Operating Expenditures	<u>28,032</u>	<u>45,235</u>	<u>1,450</u>	<u>2,971</u>	<u>286,590</u>
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Costs	-	-	-	-	-
Loss on Advance Refunding	-	-	-	-	-
Capital Outlay	<u>1,600,874</u>	<u>217,881</u>	<u>42,208</u>	<u>4,680,576</u>	<u>4,194,262</u>
TOTAL EXPENDITURES	<u>1,628,906</u>	<u>263,116</u>	<u>43,658</u>	<u>4,683,547</u>	<u>4,480,852</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,622,118)</u>	<u>(262,343)</u>	<u>(40,013)</u>	<u>(4,667,789)</u>	<u>(4,357,335)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	-
Proceeds - Long Term Debt	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Transfers Out	-	-	(709,134)	-	(809,187)
Sale of Assets	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(709,134)</u>	<u>-</u>	<u>(809,187)</u>
Net Change in Fund Balance	(1,622,118)	(262,343)	(749,147)	(4,667,789)	(5,166,522)
Fund Balances at Beginning of Year	<u>2,545,767</u>	<u>283,002</u>	<u>1,599,198</u>	<u>5,781,706</u>	<u>15,539,289</u>
FUND BALANCE AT END OF YEAR	<u>\$ 923,649</u>	<u>20,659</u>	<u>850,051</u>	<u>1,113,917</u>	<u>10,372,767</u>

(Continued)

CERTIFICATE OF OBLIGATION 16 ISSUE	CAPITAL PROJECTS		PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	AIRPORT CONSTRUCTION FUND	CAPITAL IMPROVEMENT	CANSECO ENDOWMENT FUND	
-	-	-	-	11,588,196
-	-	-	-	766,710
-	10,748,345	1,453,272	-	21,139,532
-	49,562	9,402	-	12,529,552
-	-	-	-	228,105
-	-	-	-	11,865,894
-	-	-	-	605,196
-	-	-	-	3,933,332
7,814	29,447	162,885	405	543,091
-	-	-	-	6,646,131
-	-	-	-	12,808
-	-	24,925	-	137,525
-	-	-	-	1,489,159
-	-	434,968	-	1,273,038
7,814	10,827,354	2,085,452	405	72,758,269
-	-	-	-	9,283,580
258	1,478,014	533,819	-	2,882,705
-	-	-	-	24,376,851
-	-	-	-	12,045,899
-	-	-	-	652,883
-	-	-	-	6,883,264
258	1,478,014	533,819	-	56,125,182
-	-	-	-	77,024
-	-	-	-	4,880
339,481	-	-	-	724,035
-	-	-	-	584,424
101,027	13,214,246	1,005,503	-	38,485,208
440,766	14,692,260	1,539,322	-	96,000,753
(432,952)	(3,864,906)	546,130	405	(23,242,484)
-	2,450,000	6,027,584	-	20,447,195
21,378,000	-	-	-	40,155,641
3,206,481	-	-	-	4,856,616
(15,000)	-	(4,710,569)	-	(29,948,702)
-	5,235	-	-	127,748
-	-	-	-	-
24,569,481	2,455,235	1,317,015	-	35,638,498
24,136,529	(1,409,671)	1,863,145	405	12,396,014
-	6,688,040	29,738,650	73,348	114,276,529
24,136,529	5,278,369	31,601,795	73,753	126,672,543

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, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
CDBG Grants	\$ 22,850,667	3,488,162	26,338,829	29,914,550
Miscellaneous:				
Reimbursements	<u>752,344</u>	<u>104,439</u>	<u>856,783</u>	<u>855,831</u>
TOTAL REVENUES	<u>23,603,011</u>	<u>3,592,601</u>	<u>27,195,612</u>	<u>30,770,381</u>
EXPENDITURES:				
Public Safety	3,008,606	425,109	3,433,715	3,483,394
Health and Welfare	4,542,996	1,025,377	5,568,373	6,446,750
Cultural and Recreational	620,119	15,000	635,119	832,679
General Government	4,937,740	644,219	5,581,959	5,819,616
Capital Outlay	<u>10,493,550</u>	<u>1,482,896</u>	<u>11,976,446</u>	<u>14,187,942</u>
TOTAL EXPENDITURES	<u>23,603,011</u>	<u>3,592,601</u>	<u>27,195,612</u>	<u>30,770,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ -</u>		

CITY OF LAREDO, TEXAS
HOUSING REHABILITATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	-	-	126	-	126	126
Miscellaneous:						
Reimbursements	\$ 66,000	66,000	74,444	-	74,444	8,444
TOTAL REVENUES	66,000	66,000	74,570	-	74,570	8,570
EXPENDITURES:						
Administration:						
Personnel Services	8,286	8,286	8,664	-	8,664	(378)
Contractual Services	1,060	1,060	1,289	-	1,289	(229)
Total Administration	9,346	9,346	9,953	-	9,953	(607)
Housing Rehabilitation Loans:						
Contractual Services	56,654	56,654	56,654	-	56,654	-
Total Housing Rehabilitation Loans	56,654	56,654	56,654	-	56,654	-
TOTAL EXPENDITURES	66,000	66,000	66,607	-	66,607	(607)
Excess (Deficiency) of Revenues Over Expenditures	-	-	7,963	-	7,963	7,963
Fund Balances at Beginning of Year	-	9,950	9,950	-	9,950	-
FUND BALANCE AT END OF YEAR	\$ -	9,950	17,913	-	17,913	7,963

**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, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
HOME Grants	\$ 1,809,069	676,752	2,485,821	3,506,573
Investment Income:				
Interest Earnings	2,911	14	2,925	2,886
Miscellaneous:				
Reimbursements	912,766	140,985	1,053,751	1,055,020
TOTAL REVENUES	<u>2,724,746</u>	<u>817,751</u>	<u>3,542,497</u>	<u>4,564,479</u>
EXPENDITURES:				
Personnel Services	176,739	69,576	246,315	248,243
Materials and Supplies	2,005	2,987	4,992	5,191
Contractual Services	2,704,057	730,944	3,435,001	4,986,607
Capital Outlay	463,407	-	463,407	-
TOTAL EXPENDITURES	<u>3,346,208</u>	<u>803,507</u>	<u>4,149,715</u>	<u>5,240,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(621,462)</u>	<u>14,244</u>	<u>(607,218)</u>	<u>(675,562)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
Home Inv. Afford. Housing	627,623	52,431	680,054	680,035
Transfer Out:				
Home Inv. Afford. Housing	(4,473)	-	(4,473)	(4,473)
TOTAL OTHER FINANCING SOURCES:	<u>623,150</u>	<u>52,431</u>	<u>675,581</u>	<u>675,562</u>
Net Change in Fund Balances	\$ <u>1,688</u>	<u>66,675</u>	<u>68,363</u>	<u>-</u>
Fund Balances-Beginning		1,688		
Fund Balances-Ending		\$ <u>68,363</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, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Emergency Shelter Grants	\$ <u>57,472</u>	<u>271,776</u>	<u>329,248</u>	<u>609,604</u>
TOTAL REVENUES	<u>57,472</u>	<u>271,776</u>	<u>329,248</u>	<u>609,604</u>
EXPENDITURES:				
Personnel Services	20,606	11,144	31,750	42,543
Materials and Supplies	-	832	832	969
Contractual Services	<u>36,866</u>	<u>259,800</u>	<u>296,666</u>	<u>566,092</u>
TOTAL EXPENDITURES	<u>57,472</u>	<u>271,776</u>	<u>329,248</u>	<u>609,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		\$ <u><u>-</u></u>		

**CITY OF LAREDO, TEXAS
HOME INVESTMENT AFFORDABLE HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Las Terrazas Project	\$ 470,623	-	470,623	515,190
Investment Income:				
Interest Earnings	1,759	20	1,779	1,770
Miscellaneous:				
Reimbursements	<u>1,359,404</u>	<u>52,412</u>	<u>1,411,816</u>	<u>1,411,827</u>
TOTAL REVENUES	<u>1,831,786</u>	<u>52,432</u>	<u>1,884,218</u>	<u>1,928,787</u>
EXPENDITURES:				
Contractual Services	169	1	170	43,157
Other	8,467	-	8,467	10,068
Capital Outlay	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>1,200,000</u>
TOTAL EXPENDITURES	<u>1,208,636</u>	<u>1</u>	<u>1,208,637</u>	<u>1,253,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>623,150</u>	<u>52,431</u>	<u>675,581</u>	<u>675,562</u>
OTHER FINANCING SOURCES (USES):				
Transfer In:				
Home Investment Partnership	4,473	-	4,473	4,473
Transfer Out:				
Home Investment Fund	<u>(627,623)</u>	<u>(52,431)</u>	<u>(680,054)</u>	<u>(680,035)</u>
TOTAL OTHER FINANCING SOURCES:	<u>(623,150)</u>	<u>(52,431)</u>	<u>(675,581)</u>	<u>(675,562)</u>
Net Change in Fund Balances	\$ <u>-</u>	-	<u>-</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		\$ <u>-</u>		

CITY OF LAREDO, TEXAS
 AUTO THEFT TASK FORCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 Year ended September 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
REVENUES:						
Intergovernmental:						
State	\$ 1,038,413	1,226,520	640,611	-	640,611	(585,909)
Investment Income:						
Interest Earnings	300	300	135	-	135	(165)
Miscellaneous:						
Reimbursements	-	397,003	-	-	-	(397,003)
TOTAL REVENUES	1,038,713	1,623,823	640,746	-	640,746	(983,077)
EXPENDITURES:						
Personnel Services	675,561	1,590,099	826,821	-	826,821	763,278
Materials and Supplies	5,000	-	-	-	-	-
Contractual Services	167,660	266,791	130,170	110,460	240,630	26,161
Other	528,809	397,703	-	-	-	397,703
Total Operating Expenditures	1,377,030	2,254,593	956,991	110,460	1,067,451	1,187,142
Capital Outlay	-	31,660	31,660	-	31,660	-
TOTAL EXPENDITURES	1,377,030	2,286,253	988,651	110,460	1,099,111	1,187,142
Excess (Deficiency) of Revenues Over Expenditures	(338,317)	(662,430)	(347,905)	(110,460)	(458,365)	204,065
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	338,317	341,959	397,955	-	397,955	55,996
TOTAL OTHER FINANCING SOURCES (USES)	338,317	341,959	397,955	-	397,955	55,996
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(320,471)	50,050	(110,460)	(60,410)	260,061
Fund Balances at Beginning of Year	-	263,937	263,937	-	263,937	-
FUND BALANCES AT END OF YEAR	\$ -	(56,534)	313,987	(110,460)	203,527	260,061

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, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
REVENUES:						
Intergovernmental:						
Federal	\$ 799,889	1,600,727	959,192	-	959,192	(641,535)
Investment Income:						
Interest Earnings	6,200	6,200	12,126	-	12,126	5,926
Miscellaneous:						
Forfeitures	320,000	309,094	94,161	-	94,161	(214,933)
TOTAL REVENUES	1,126,089	1,916,021	1,065,479	-	1,065,479	(850,542)
EXPENDITURES:						
Personnel Services	511,916	1,188,928	772,300	-	772,300	416,628
Material and Supplies	33,903	47,318	12,678	2,545	15,223	32,095
Contractual Services	59,280	94,116	33,732	-	33,732	60,384
Other	394,790	123,094	-	-	-	123,094
Total Operating Expenditures	999,889	1,453,456	818,710	2,545	821,255	632,201
Capital Outlay	-	336,365	179,808	118,877	298,685	37,680
TOTAL EXPENDITURES	999,889	1,789,821	998,518	121,422	1,119,940	669,881
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	126,200	126,200	66,961	(121,422)	(54,461)	(180,661)
Fund Balances at Beginning of Year	2,377,126	2,303,680	2,303,680	-	2,303,680	-
FUND BALANCES AT END OF YEAR	\$ 2,503,326	2,429,880	2,370,641	(121,422)	2,249,219	(180,661)

**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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Intergovernmental:						
Federal	\$ 1,855,433	2,449,475	1,583,037	-	1,583,037	(866,438)
State	518,429	342,870	312,421	-	312,421	(30,449)
Miscellaneous:						
Reimbursements	-	524,709	-	-	-	(524,709)
TOTAL REVENUES	2,373,862	3,317,054	1,895,458	-	1,895,458	(1,421,596)
EXPENDITURES:						
Police Grants:						
Click It or Ticket	27,867	9,001	7,808	-	7,808	1,193
Impaired Driving Mobilization	65,000	33,264	33,264	-	33,264	-
Alcohol Tobacco Firearms	99,144	110,919	103,883	-	103,883	7,036
Comprehensive Comm. Vehicle STEP	77,000	84,739	68,152	-	68,152	16,587
Comprehensive STEP	130,000	128,906	105,368	-	105,368	23,538
Customs Narcotics	119,788	119,790	56,840	-	56,840	62,950
Bulletproof Vest Partnership	77,250	-	-	-	-	-
Justice Assistance Grant	119,786	166,239	151,915	-	151,915	14,324
Fugitive Apprehension	19,830	18,800	18,623	-	18,623	177
Ldo. Joint Terrorism TF	22,644	23,044	12,337	-	12,337	10,707
Cops Program	841,640	786,766	1,133,498	-	1,133,498	(346,732)
OCDETF	33,273	56,893	39,393	-	39,393	17,500
FBI-Safe Streets	45,288	46,585	38,488	-	38,488	8,097
Stonegarden Grant	1,200,000	1,412,947	672,544	294,925	967,469	445,478
CBP Task Force	19,830	105,600	46,782	-	46,782	58,818
GDEM Border Security	300,000	110,000	109,939	-	109,939	61
Other	-	548,904	-	-	-	548,904
Total Operating Expenditures	3,198,340	3,762,397	2,598,834	294,925	2,893,759	868,638
Capital Outlay	-	388,249	388,248	-	388,248	1
TOTAL EXPENDITURES	3,198,340	4,150,646	2,987,082	294,925	3,282,007	868,639
Excess (Deficiency) of Revenues Over Expenditures	(824,478)	(833,592)	(1,091,624)	(294,925)	(1,386,549)	(552,957)
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	824,478	824,478	1,085,990	-	1,085,990	261,512
TOTAL OTHER FINANCING SOURCES (USES)	824,478	824,478	1,085,990	-	1,085,990	261,512
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(9,114)	(5,634)	(294,925)	(300,559)	(291,445)
Fund Balances at Beginning of Year	17,182	15,591	15,591	-	15,591	-
FUND BALANCES AT END OF YEAR	\$ 17,182	6,477	9,957	(294,925)	(284,968)	(291,445)

CITY OF LAREDO, TEXAS
911 EMERGENCY COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
REVENUES:						
Intergovernmental:						
State Emergency Commission	\$ 2,480,630	6,305,726	2,503,862	-	2,503,862	(3,801,864)
Investment Income:						
Interest Earnings	20	340	1,558	-	1,558	1,218
Miscellaneous:						
Reimbursements	-	-	6	-	6	6
TOTAL REVENUES	2,480,650	6,306,066	2,505,426	-	2,505,426	(3,800,640)
EXPENDITURES:						
Personnel Services	476,085	1,017,708	379,569	-	379,569	638,139
Materials and Supplies	835,107	923,560	409,308	18,644	427,952	495,608
Contractual Services	1,084,438	3,479,341	1,581,977	464,194	2,046,171	1,433,170
Other	445	16,875	-	-	-	16,875
Total Operating Expenditures	2,396,075	5,437,484	2,370,854	482,838	2,853,692	2,583,792
Capital Outlay	85,000	869,007	135,770	-	135,770	733,237
TOTAL EXPENDITURES	2,481,075	6,306,491	2,506,624	482,838	2,989,462	3,317,029
Excess (Deficiency) of Revenues Over Expenditures	(425)	(425)	(1,198)	(482,838)	(484,036)	(483,611)
Fund Balances at Beginning of Year	425	1,869	1,869	-	1,869	-
FUND BALANCES AT END OF YEAR	\$ -	1,444	671	(482,838)	(482,167)	(483,611)

CITY OF LAREDO, TEXAS
HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	<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	\$ 1,879,083	4,390,718	1,743,983	-	1,743,983	(2,646,735)
State Grants	8,935,571	11,989,804	8,473,243	-	8,473,243	(3,516,561)
Other	133,634	1,175,151	210,805	-	210,805	(964,346)
Licenses and Permits	389,950	389,950	448,201	-	448,201	58,251
Fees and Collections	839,881	904,563	831,610	-	831,610	(72,953)
Investment Income:						
Interest Earnings	950	950	5,156	-	5,156	4,206
Rents and Royalties	928	928	481	-	481	(447)
Discount Earnings	-	-	590	-	590	590
Miscellaneous:						
Contributions	350,000	492,467	-	-	-	(492,467)
Reimbursements	530,223	1,204,094	418,548	-	418,548	(785,546)
Other	411,035	766,944	409,339	-	409,339	(357,605)
TOTAL REVENUES	13,471,255	21,315,569	12,541,956	-	12,541,956	(8,773,613)
EXPENDITURES:						
Administrative Divisions:						
Administration	1,512,272	1,528,232	1,495,167	(22,392)	1,472,775	55,457
Health Education	104,687	97,442	62,203	386	62,589	34,853
Vital Statistics	243,841	243,841	237,916	-	237,916	5,925
E.M.S. Billing	238,129	245,374	196,387	557	196,944	48,430
STD Clinic	76,011	76,011	70,300	3,700	74,000	2,011
Maternity	53,314	53,314	22,437	13,719	36,156	17,158
Immunization	259,926	259,926	225,972	2,377	228,349	31,577
Tuberculosis	148,446	135,461	131,593	135	131,728	3,733
Adult Health	51,709	51,709	48,397	1,157	49,554	2,155
Laboratory	830,452	827,477	688,070	42,761	730,831	96,646
Personal Health Services	67,323	67,323	69,812	-	69,812	(2,489)
Budget and Grant Management	389,246	389,246	387,071	700	387,771	1,475
Environmental	752,099	752,099	694,901	727	695,628	56,471
Animal Control	901,131	905,277	894,941	6,876	901,817	3,460
Animal Shelter	899,087	894,941	710,816	94,447	805,263	89,678
Total Administrative Divisions	6,527,673	6,527,673	5,935,983	145,150	6,081,133	446,540
State Grants:						
H.I.V. - Prevention	300,600	684,524	248,678	3,063	251,741	432,783
T.B. Federal - Tuberculosis	122,324	303,060	143,840	-	143,840	159,220
Primary Care	179,209	354,810	181,648	-	181,648	173,162
Tuberculosis Elimination	238,159	427,112	218,154	-	218,154	208,958
Immunization Action Plan	406,111	657,572	339,283	-	339,283	318,289
Bureau of Regional/Local Health Operations	935,445	1,773,906	608,312	42,541	650,853	1,123,053
Women Infant and Children (W.I.C.)	4,573,325	4,261,763	3,910,041	20,379	3,930,420	331,343
W.I.C. Counties Expansion	984,399	1,161,749	1,054,674	2,840	1,057,514	104,235
Bio- Terrorism Preparedness	327,117	679,926	351,555	-	351,555	328,371
Office of Border Health - Surveillance	4,400	75,690	46,572	-	46,572	29,118
Associateship for Community Health and Resource Development - Dental	75,000	144,750	67,012	-	67,012	77,738
Associateship for Community Health and Resource Development - Prenatal	\$ 37,986	79,810	38,142	-	38,142	41,668

(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, 2016**

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
State Grants (Continued)						
H.I.V. - Housing Project (H.O.P.W.A.)	\$ 81,652	109,362	61,940	9,440	71,380	37,982
H.I.V. - Consortia (Ryan White)	378,321	677,842	455,777	67,839	523,616	154,226
HIV Social Services	133,700	265,926	122,829	-	122,829	143,097
Community Diabetes Program	80,000	-	-	-	-	-
Hospital Preparedness Program	159,889	279,938	145,573	332	145,905	134,033
Influenza Surveillance	10,000	20,000	6,685	-	6,685	13,315
Texas Healthy Communities	50,000	51,579	51,579	-	51,579	-
Ebola Preparedness	-	27,642	10,678	14,898	25,576	2,066
Ebola Surveillance	-	165,000	59,704	-	59,704	105,296
HPP Ebola Supplemental	-	13,828	6,985	-	6,985	6,843
Texas Adolescent Initiative	-	400,000	191,079	-	191,079	208,921
Nurse-Family Partnership	560,423	1,121,599	498,366	-	498,366	623,233
1115 Wavie Program	700,400	1,485,331	639,980	53,793	693,773	791,558
HIV and Mental Health Project	500,000	1,014,319	502,108	1,128	503,236	511,083
Healthy Disparities Initiative	-	140,000	20,855	-	20,855	119,145
Healthy Texas Women	-	405,010	-	-	-	405,010
Family Planning Open Enrollment	-	85,500	-	-	-	85,500
Women's Health and Family Planning	100,260	237,247	129,426	1,115	130,541	106,706
WHFPT - Health Information Technology	15,000	-	-	-	-	-
WHFPT - Client Transportation	3,000	3,000	-	-	-	3,000
TAMIU Si Texas	-	962,837	79,170	-	79,170	883,667
CHIP Perinate	22,065	22,065	-	-	-	22,065
Ventanilla de Salud Program	34,000	52,703	35,457	7,744	43,201	9,502
Fernando Salinas Trust	40,000	45,315	5,109	-	5,109	40,206
Ryan White Part D	-	54,662	30,325	-	30,325	24,337
Hepatitis B Program	15,750	15,750	1,144	-	1,144	14,606
Women and Children Health Program	385,830	385,830	353,635	9,105	362,740	23,090
Special Projects	350,370	490,200	-	-	-	490,200
Total State Grant Expenses	11,804,735	19,137,157	10,616,315	234,217	10,850,532	8,286,625
Total Operating Expenses	18,332,408	25,664,830	16,552,298	379,367	16,931,665	8,733,165
Capital Outlay	-	511,892	461,236	50,656	511,892	-
TOTAL EXPENDITURES	18,332,408	26,176,722	17,013,534	430,023	17,443,557	8,733,165
Excess (Deficiency) of Revenues Over Expenditures	(4,861,153)	(4,861,153)	(4,471,578)	(430,023)	(4,901,601)	(40,448)
OTHER FINANCING SOURCES (USES):						
Transfer In:						
General Fund	4,546,822	4,546,822	4,541,747	-	4,541,747	(5,075)
Sale of Assets	-	-	14,830	-	14,830	14,830
TOTAL OTHER FINANCING SOURCES (USES)	4,546,822	4,546,822	4,556,577	-	4,556,577	9,755
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(314,331)	(314,331)	84,999	(430,023)	(345,024)	(30,693)
Fund Balances at Beginning of Year	98,543	1,624,981	1,624,981	(34,233)	1,590,748	(34,233)
FUND BALANCE AT END OF YEAR	\$ (215,788)	1,310,650	1,709,980	(464,256)	1,245,724	(64,926)

CITY OF LAREDO, TEXAS
INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
REVENUES:						
Intergovernmental:						
Federal	\$ 41,400	56,400	215,013	-	215,013	158,613
State	2,500	2,500	245	-	245	(2,255)
Fees and Collections	568,000	568,000	491,738	-	491,738	(76,262)
Investment Income:						
Interest Earnings	26,200	26,200	23,029	-	23,029	(3,171)
Discount Earnings	-	-	159	-	159	159
Rents and Royalties	5,454,237	5,454,237	5,067,020	-	5,067,020	(387,217)
Miscellaneous:						
Reimbursements	1,465,127	1,465,127	424,639	-	424,639	(1,040,488)
TOTAL REVENUES	7,557,464	7,572,464	6,221,843	-	6,221,843	(1,350,621)
EXPENDITURES:						
Administration:						
Personnel Services	735,408	767,425	785,840	-	785,840	(18,415)
Materials and Supplies	37,794	59,267	44,265	2,472	46,737	12,530
Contractual Services	2,505,368	2,610,972	2,494,166	88,287	2,582,453	28,519
Other	58,126	24,016	17,872	-	17,872	6,144
Total Administration	3,336,696	3,461,680	3,342,143	90,759	3,432,902	28,778
Building Maintenance:						
Personnel Services	706,900	655,514	659,289	-	659,289	(3,775)
Materials and Supplies	153,370	205,672	150,340	37,807	188,147	17,525
Contractual Services	741,905	689,695	334,159	211,112	545,271	144,424
Total Building Maintenance	1,602,175	1,550,881	1,143,788	248,919	1,392,707	158,174
Ground Maintenance:						
Personnel Services	368,251	371,351	384,522	-	384,522	(13,171)
Materials and Supplies	42,788	45,588	32,310	73	32,383	13,205
Contractual Services	185,903	183,468	157,252	18,396	175,648	7,820
Total Ground Maintenance	\$ 596,942	600,407	574,084	18,469	592,553	7,854

(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, 2016

(Continued)

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
EXPENDITURES (Continued)						
Airport Security:						
Personnel Services	\$ 1,118,161	1,118,161	1,149,546	-	1,149,546	(31,385)
Materials and Supplies	62,557	87,115	42,577	38,524	81,101	6,014
Contractual Services	163,289	145,540	138,825	6,026	144,851	689
Other	-	20,000	196,236	-	196,236	(176,236)
Total Airport Security	1,344,007	1,370,816	1,527,184	44,550	1,571,734	(200,918)
Foreign Trade Zone:						
Personnel Services	36,536	26,516	23,490	-	23,490	3,026
Materials and Supplies	500	500	489	-	489	11
Contractual Services	5,000	500	500	-	500	-
Total Foreign Trade Zone	42,036	27,516	24,479	-	24,479	3,037
Federal Inspection Services:						
Personnel Services	220,203	227,203	204,265	-	204,265	22,938
Materials and Supplies	14,342	12,426	6,756	703	7,459	4,967
Contractual Services	151,338	65,106	60,565	4,134	64,699	407
Total Federal Inspection Services	385,883	304,735	271,586	4,837	276,423	28,312
Operation Stonegarden:						
Personnel Services	-	15,000	-	-	-	15,000
Total Operation Stonegarden	-	15,000	-	-	-	15,000
Total Operating Expenditures	7,307,739	7,331,035	6,883,264	407,534	7,290,798	40,237
Capital Outlay	156,942	148,646	104,041	29,397	133,438	15,208
TOTAL EXPENDITURES	7,464,681	7,479,681	6,987,305	436,931	7,424,236	55,445
Excess (Deficiency) of Revenues Over Expenditures	92,783	92,783	(765,462)	(436,931)	(1,202,393)	(1,295,176)
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Noise Abatement Fund	600,000	600,000	600,000	-	600,000	-
Transfers Out:						
General Fund	(78,141)	(78,141)	(78,141)	-	(78,141)	-
Debt Service	(495,000)	(495,000)	(495,000)	-	(495,000)	-
Airport Construction Fund	(50,000)	(2,450,000)	(2,450,000)	-	(2,450,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(23,141)	(2,423,141)	(2,423,141)	-	(2,423,141)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	69,642	(2,330,358)	(3,188,603)	(436,931)	(3,625,534)	(1,295,176)
Fund Balances at Beginning of Year	4,088,516	4,973,651	4,973,651	-	4,973,651	-
FUND BALANCE AT END OF YEAR	\$ 4,158,158	2,643,293	1,785,048	(436,931)	1,348,117	(1,295,176)

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustment</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Taxes:						
Hotel-Motel Occupancy Tax	\$ 4,462,059	4,462,059	3,842,683	-	3,842,683	(619,376)
Penalty and Interest	-	-	8,399	-	8,399	8,399
Investment Income:						
Interest Earnings	13,700	13,700	31,771	-	31,771	18,071
Miscellaneous:						
Reimbursements	-	-	25	-	25	25
TOTAL REVENUES	4,475,759	4,475,759	3,882,878	-	3,882,878	(592,881)
EXPENDITURES:						
Contractual Services:						
Administration	-	607	1,234	-	1,234	(627)
Tourism and Promotion	280,750	273,035	262,516	2,734	265,250	7,785
Historical and Arts	1,251,460	1,078,077	388,116	100,674	488,790	589,287
Other	-	7,108	3,550	(3,557)	(7)	7,115
TOTAL EXPENDITURES	1,532,210	1,358,827	655,416	99,851	755,267	603,560
Excess (Deficiency) of Revenues Over Expenditures	2,943,549	3,116,932	3,227,462	(99,851)	3,127,611	10,679
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
General Fund	(160,818)	(160,818)	(142,049)	-	(142,049)	18,769
Convention and Visitors Bureau	(3,305,855)	(3,500,855)	(2,896,536)	-	(2,896,536)	604,319
Recreation Fund	(225,000)	(225,000)	(61,914)	-	(61,914)	163,086
TOTAL OTHER FINANCING SOURCES (USES)	(3,691,673)	(3,886,673)	(3,100,499)	-	(3,100,499)	786,174
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(748,124)	(769,741)	126,963	(99,851)	27,112	796,853
Fund Balances at Beginning of Year	5,021,509	4,958,958	4,958,958	-	4,958,958	-
FUND BALANCES AT END OF YEAR	\$ 4,273,385	4,189,217	5,085,921	(99,851)	4,986,070	796,853

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, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Peg Funds	\$ 298,000	298,000	306,820	-	306,820	8,820
Investment Income:						
Interest Earnings	-	-	3,862	-	3,862	3,862
TOTAL REVENUES	298,000	298,000	310,682	-	310,682	12,682
EXPENDITURES:						
Materials and Supplies	4,260	17,424	16,398	-	16,398	1,026
Contractual Services	75,000	16,115	16,115	-	16,115	-
Other	566,658	566,658	-	-	-	566,658
Total Operating Expenditures	645,918	600,197	32,513	-	32,513	567,684
Capital Outlay	195,113	240,834	225,601	2,261	227,862	12,972
TOTAL EXPENDITURES	841,031	841,031	258,114	2,261	260,375	580,656
Excess (Deficiency) of Revenues Over Expenditures	(543,031)	(543,031)	52,568	(2,261)	50,307	593,338
OTHER FINANCING SOURCES (USES):						
Sale of Assets	-	-	6,000	-	6,000	6,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	6,000	-	6,000	6,000
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(543,031)	(543,031)	58,568	(2,261)	56,307	599,338
Fund Balances at Beginning of Year	538,658	673,274	673,274	-	673,274	-
FUND BALANCE AT END OF YEAR	\$ (4,373)	130,243	731,842	(2,261)	729,581	599,338

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, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
REVENUES:						
Fees and Collections	\$ 32,500	32,500	30,476	-	30,476	(2,024)
Investment Income:						
Interest Earnings	-	-	40	-	40	40
Miscellaneous:						
Contributions	104,000	104,000	107,600	-	107,600	3,600
Reimbursements	51,010	51,010	7,448	-	7,448	(43,562)
TOTAL REVENUES	187,510	187,510	145,564	-	145,564	(41,946)
EXPENDITURES:						
Personnel Services	717,703	718,003	717,296	-	717,296	707
Materials and Supplies	201,349	242,009	208,064	4,112	212,176	29,833
Contractual Services	2,606,530	2,884,622	2,166,434	193,852	2,360,286	524,336
Other	215,445	91,393	-	-	-	91,393
TOTAL EXPENDITURES	3,741,027	3,936,027	3,091,794	197,964	3,289,758	646,269
Excess (Deficiency) of Revenues Over Expenditures	(3,553,517)	(3,748,517)	(2,946,230)	(197,964)	(3,144,194)	604,323
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel-Motel Occupancy Tax	3,305,855	3,500,855	2,896,536	-	2,896,536	(604,319)
TOTAL OTHER FINANCING SOURCES (USES)	3,305,855	3,500,855	2,896,536	-	2,896,536	(604,319)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(247,662)	(247,662)	(49,694)	(197,964)	(247,658)	4
Fund Balances at Beginning of Year	-	247,658	247,658	-	247,658	-
FUND BALANCE AT END OF YEAR	\$ (247,662)	(4)	197,964	(197,964)	-	4

**CITY OF LAREDO, TEXAS
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016**

	<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	\$ 1,500	1,500	2,795	-	2,795	1,295
Fees and Collections	311,100	311,100	332,219	-	332,219	21,119
TOTAL REVENUES	312,600	312,600	335,014	-	335,014	22,414
EXPENDITURES:						
Personnel Services	102,533	102,533	109,196	-	109,196	(6,663)
Materials and Supplies	120,448	121,148	18,327	5,127	23,454	97,694
Contractual Services	147,092	146,392	137,015	1,140	138,155	8,237
Other	206,809	206,809	10	-	10	206,799
TOTAL EXPENDITURES	576,882	576,882	264,548	6,267	270,815	306,067
Excess (Deficiency) of Revenues Over Expenditures	(264,282)	(264,282)	70,466	(6,267)	64,199	328,481
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Hotel-Motel Occupancy Tax	225,000	225,000	61,913	-	61,913	(163,087)
TOTAL OTHER FINANCING SOURCES (USES)	225,000	225,000	61,913	-	61,913	(163,087)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(39,282)	(39,282)	132,379	(6,267)	126,112	165,394
Fund Balances at Beginning of Year	527,731	396,031	396,031	-	396,031	-
FUND BALANCES AT END OF YEAR	\$ 488,449	356,749	528,410	(6,267)	522,143	165,394

**CITY OF LAREDO, TEXAS
PARKING METERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016**

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Intergovernmental:						
Webb County	\$ 300	300	300	-	300	-
License and Permits	4,000	4,000	8,309	-	8,309	4,309
Fines	655,000	655,000	605,196	-	605,196	(49,804)
Fees and Collections	1,928,050	1,928,050	1,903,203	-	1,903,203	(24,847)
Investment Income:						
Interest Earnings	5,100	5,100	11,668	-	11,668	6,568
Discount Earnings	-	-	787	-	787	787
Miscellaneous:						
Reimbursements	-	-	140	-	140	140
TOTAL REVENUES	2,592,450	2,592,450	2,529,603	-	2,529,603	(62,847)
EXPENDITURES:						
Personnel Services	1,288,666	1,288,666	1,089,597	-	1,089,597	199,069
Materials and Supplies	140,362	159,428	72,236	13,875	86,111	73,317
Contractual Services	467,678	505,044	444,782	19,338	464,120	40,924
Other	124,256	45,406	161	-	161	45,245
Total Operating Expenditures	2,020,962	1,998,544	1,606,776	33,213	1,639,989	358,555
Capital Outlay	-	22,418	36,939	12,852	49,791	(27,373)
TOTAL EXPENDITURES	2,020,962	2,020,962	1,643,715	46,065	1,689,780	331,182
Excess (Deficiency) of Revenues Over Expenditures	571,488	571,488	885,888	(46,065)	839,823	268,335
OTHER FINANCING SOURCES (USES):						
Transfers Out:						
Debt Service Fund	(186,901)	(186,901)	(186,901)	-	(186,901)	-
General Fund	(500,000)	(500,000)	(500,000)	-	(500,000)	-
Sale of Assets	-	-	1,627	-	1,627	1,627
TOTAL OTHER FINANCING SOURCES (USES)	(686,901)	(686,901)	(685,274)	-	(685,274)	1,627
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(115,413)	(115,413)	200,614	(46,065)	154,549	269,962
Fund Balances at Beginning of Year	1,650,089	1,769,095	1,769,095	-	1,769,095	-
FUND BALANCE AT END OF YEAR	\$ 1,534,676	1,653,682	1,969,709	(46,065)	1,923,644	269,962

CITY OF LAREDO, TEXAS
ENVIRONMENTAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Storm Water Fees	\$ 6,542,640	6,542,640	6,654,720	-	6,654,720	112,080
Hazardous Materials Fees	305,000	305,000	310,200	-	310,200	5,200
Intergovernmental:						
Economic Development Agency	-	80,147	-	-	-	(80,147)
State Energy Conservation Office	100,000	100,000	-	-	-	(100,000)
BECC	50,000	50,000	-	-	-	(50,000)
Texas Department of Transportation	44,000	44,000	44,000	-	44,000	-
Universities and Colleges	17,000	17,000	17,000	-	17,000	-
Investment Income:						
Interest Earnings	22,650	22,650	24,843	-	24,843	2,193
Discount Earnings	-	-	11,272	-	11,272	11,272
Miscellaneous:						
Contributions	-	-	-	-	-	-
Reimbursements	-	-	36,733	-	36,733	36,733
TOTAL REVENUES	7,081,290	7,161,437	7,098,768	-	7,098,768	(62,669)
EXPENDITURES:						
Administration:						
Personnel Services	288,996	288,996	254,888	-	254,888	34,108
Contractual Services	60,593	60,593	51,945	368	52,313	8,280
Other	-	-	27,908	(27,908)	-	-
Total Administration	349,589	349,589	334,741	(27,540)	307,201	42,388
Creek Cleaning:						
Personnel Services	1,004,097	836,111	777,293	-	777,293	58,818
Materials and Supplies	132,714	132,714	89,382	1,584	90,966	41,748
Contractual Services	207,908	375,894	387,324	3,515	390,839	(14,945)
Total Creek Cleaning	1,344,719	1,344,719	1,253,999	5,099	1,259,098	85,621
Stormwater:						
Personnel	841,861	841,861	720,551	-	720,551	121,310
Materials and Supplies	128,006	123,494	76,262	7,507	83,769	39,725
Contractual Services	1,632,625	1,593,687	1,348,882	125,002	1,473,884	119,803
Other	17,508	17,508	-	-	-	17,508
Total Stormwater	2,620,000	2,576,550	2,145,695	132,509	2,278,204	298,346
CD Code Enforcement:						
Personnel Services	49,895	49,895	51,150	-	51,150	(1,255)
Materials and Supplies	620	620	609	-	609	11
Contractual Services	750	750	261	-	261	489
Total CD Code Enforcement	51,265	51,265	52,020	-	52,020	(755)
Hazardous Materials:						
Personnel Services	203,609	203,609	196,481	-	196,481	7,128
Materials and Supplies	4,692	4,692	5,056	-	5,056	(364)
Contractual Services	20,614	20,614	12,262	-	12,262	8,352
Total Hazardous Materials	228,915	228,915	213,799	-	213,799	15,116
BECC-Border Environment						
Reserve Appropriation	50,000	50,000	-	-	-	50,000
Total BECC-Border Environment	\$ 50,000	50,000	-	-	-	50,000

(Continued)

**CITY OF LAREDO, TEXAS
ENVIRONMENTAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016**

(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)						
Storm Water Improvements:						
Contractual Services	\$ 790,491	833,941	521,597	281,504	803,101	30,840
Reserve Appropriation	1,547,596	1,297,596	-	-	-	1,297,596
Total Storm Water Improvements	2,338,087	2,131,537	521,597	281,504	803,101	1,328,436
State Energy Conservation:						
Reserve Appropriation	100,000	100,000	-	-	-	100,000
Total State Energy Conservation	100,000	100,000	-	-	-	100,000
2007 C.O. Issue:						
Reserve Appropriation	10,000	-	-	-	-	-
Total 2007 C.O. Issue	10,000	-	-	-	-	-
2013 C.O. Issue:						
Contractual Services	-	1,300	558	-	558	742
Reserve Appropriation	941	5,705	-	-	-	5,705
Total 2013 C.O. Issue	941	7,005	558	-	558	6,447
2016 C.O. Issue:						
Contractual Services	-	1,475	1,475	-	1,475	-
Total 2016 C.O. Issue	-	1,475	1,475	-	1,475	-
Total Operating Expenditures	7,093,516	6,841,055	4,523,884	391,572	4,915,456	1,925,599
Bond Costs	-	78,029	62,241	-	62,241	(15,788)
Capital Outlay	245,312	7,823,984	917,452	1,302,084	2,219,536	5,604,448
TOTAL EXPENDITURES	7,338,828	14,743,068	5,503,577	1,693,656	7,197,233	7,514,259
Excess (Deficiency) of Revenues Over Expenditures	(257,538)	(7,581,631)	1,595,191	(1,693,656)	(98,465)	7,451,590
OTHER FINANCING SOURCES (USES):						
Transfers In:						
Storm Water Improvements	-	-	-	250,000	250,000	250,000
2007 C.O. Issue	10,000	-	-	-	-	-
2012 C.O. Issue	-	1,500,000	613,878	-	613,878	(886,122)
Sale of Assets	4,000	4,000	1,807	-	1,807	(2,193)
Miscellaneous	-	1,035	-	-	-	(1,035)
Bond Proceeds	-	5,217,000	4,307,000	-	4,307,000	(910,000)
Bond Premium	-	862,529	755,241	-	755,241	(107,288)
Bond Interest Earnings	941	4,470	2,306	-	2,306	(2,164)
Transfers Out:						
Environmental Services	-	(250,000)	-	(250,000)	(250,000)	-
Debt Service	(2,197,238)	(2,197,238)	(2,197,238)	-	(2,197,238)	-
Keep Laredo Beautiful	(114,000)	(114,000)	(111,298)	-	(111,298)	2,702
TOTAL OTHER FINANCING SOURCES (USES)	(2,296,297)	5,027,796	3,371,696	-	3,371,696	(1,656,100)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(2,553,835)	(2,553,835)	4,966,887	(1,693,656)	3,273,231	5,795,490
Fund Balances at Beginning of Year	3,629,307	4,675,188	4,675,188	(27,908)	4,647,280	(27,908)
FUND BALANCE AT END OF YEAR	\$ 1,075,472	2,121,353	9,642,075	(1,721,564)	7,920,511	5,767,582

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, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Negative
REVENUES:						
Investment Income:						
Interest Earnings	\$ -	-	8	-	8	8
Miscellaneous:						
Contributions	25,000	25,000	5,000	-	5,000	(20,000)
TOTAL REVENUES	25,000	25,000	5,008	-	5,008	(19,992)
EXPENDITURES:						
Personnel Services	80,198	80,198	82,053	-	82,053	(1,855)
Materials and Supplies	32,401	38,228	28,737	8,013	36,750	1,478
Contractual Services	10,408	9,581	5,935	575	6,510	3,071
Other	25,000	20,000	-	-	-	20,000
TOTAL EXPENDITURES	148,007	148,007	116,725	8,588	125,313	22,694
Excess (Deficiency) of Revenues Over Expenditures	(123,007)	(123,007)	(111,717)	(8,588)	(120,305)	2,702
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Environmental Services	114,000	114,000	111,298	-	111,298	(2,702)
TOTAL OTHER FINANCING SOURCES (USES)	114,000	114,000	111,298	-	111,298	(2,702)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(9,007)	(9,007)	(419)	(8,588)	(9,007)	-
Fund Balances at Beginning of Year	-	9,007	9,007	-	9,007	-
FUND BALANCE AT END OF YEAR	\$ (9,007)	-	8,588	(8,588)	-	-

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, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive Positive (Negative)
REVENUES:						
Investment Income:						
Interest Earnings	\$ 2,600	2,600	4,399	-	4,399	1,799
Fees and Collections	40,025	40,025	37,266	-	37,266	(2,759)
Rents and Royalties	1,407,000	1,407,000	1,578,630	-	1,578,630	171,630
Miscellaneous:						
Reimbursements	125	125	3,332	-	3,332	3,207
TOTAL REVENUES	1,449,750	1,449,750	1,623,627	-	1,623,627	173,877
EXPENDITURES:						
Personnel Services	349,416	349,416	318,670	-	318,670	30,746
Materials and Supplies	146,288	158,788	157,635	2,395	160,030	(1,242)
Contractual Services	574,991	585,491	502,380	52,439	554,819	30,672
Other	23,000	-	25,623	(25,623)	-	-
Total Operating Expenditures	1,093,695	1,093,695	1,004,308	29,211	1,033,519	60,176
Capital Outlay	23,874	23,874	-	23,874	23,874	-
TOTAL EXPENDITURES	1,117,569	1,117,569	1,004,308	53,085	1,057,393	60,176
Excess (Deficiency) of Revenues Over Expenditures	332,181	332,181	619,319	(53,085)	566,234	234,053
OTHER FINANCING SOURCES (USES):						
Transfer Out:						
Airport Fund	(600,000)	(600,000)	(600,000)	-	(600,000)	-
Airport Construction Fund	-	-	-	-	-	-
Sale of Assets	-	-	396	-	396	396
TOTAL OTHER FINANCING SOURCES (USES)	(600,000)	(600,000)	(599,604)	-	(599,604)	396
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(267,819)	(267,819)	19,715	(53,085)	(33,370)	234,449
Fund Balances at Beginning of Year	511,443	543,394	543,394	(25,623)	517,771	(25,623)
FUND BALANCES AT END OF YEAR	\$ 243,624	275,575	563,109	(78,708)	484,401	208,826

**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, 2016**

	<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	\$ 8,562,124	8,562,124	7,737,114	-	7,737,114	(825,010)
Investment Income:						
Interest Earnings	69,000	69,000	128,769	-	128,769	59,769
TOTAL REVENUES	8,631,124	8,631,124	7,865,883	-	7,865,883	(765,241)
EXPENDITURES:						
Personnel	177,865	176,746	138,325	-	138,325	38,421
Materials and Supplies	77,261	137,163	107,676	15,476	123,152	14,011
Contractual Services	565,963	655,415	503,548	49,820	553,368	102,047
Other	1,518,147	1,122,162	-	-	-	1,122,162
Total Operating Expenditures	2,339,236	2,091,486	749,549	65,296	814,845	1,276,641
Bond Costs	-	228,419	228,419	-	228,419	-
Loss on Advance Refunding	-	584,424	584,424	-	584,424	-
Capital Outlay	4,565,865	4,813,615	507,568	4,173,574	4,681,142	132,473
TOTAL EXPENDITURES	6,905,101	7,717,944	2,069,960	4,238,870	6,308,830	1,409,114
Excess (Deficiency) of Revenues Over Expenditures	1,726,023	913,180	5,795,923	(4,238,870)	1,557,053	643,873
OTHER FINANCING SOURCES (USES):						
Transfer In:						
Sports & Community Operations	3,761,293	3,761,293	-	3,852,733	3,852,733	91,440
Proceeds - Long Term Debt	-	8,970,000	8,970,000	-	8,970,000	-
Transfers Out:						
Sports & Community Debt Service	(3,761,293)	(3,761,293)	-	(3,852,733)	(3,852,733)	(91,440)
Laredo Energy Arena Operations	(1,541,466)	(1,541,466)	(1,423,476)	-	(1,423,476)	117,990
Debt Service	(3,861,627)	(12,396,627)	(12,396,627)	-	(12,396,627)	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,403,093)	(4,968,093)	(4,850,103)	-	(4,850,103)	117,990
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(3,677,070)	(4,054,913)	945,820	(4,238,870)	(3,293,050)	761,863
Fund Balances at Beginning of Year	21,245,467	21,615,065	21,615,065	-	21,615,065	-
FUND BALANCES AT END OF YEAR	\$ 17,568,397	17,560,152	22,560,885	(4,238,870)	18,322,015	761,863

CITY OF LAREDO, TEXAS
LAREDO ENERGY ARENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Charges for Services	\$ 3,782,806	3,782,806	4,172,644	-	4,172,644	389,838
TOTAL REVENUES	3,782,806	3,782,806	4,172,644	-	4,172,644	389,838
EXPENDITURES:						
Contractual Services	5,324,272	5,324,272	5,596,120	-	5,596,120	(271,848)
TOTAL EXPENDITURES	5,324,272	5,324,272	5,596,120	-	5,596,120	(271,848)
Excess (Deficiency) of Revenues Over Expenditures	(1,541,466)	(1,541,466)	(1,423,476)	-	(1,423,476)	117,990
OTHER FINANCING SOURCES (USES):						
Transfer In: Sports & Community Venue Fund	1,541,466	1,541,466	1,423,476	-	1,423,476	(117,990)
TOTAL OTHER FINANCING SOURCES (USES)	1,541,466	1,541,466	1,423,476	-	1,423,476	(117,990)
FUND BALANCES AT END OF YEAR	\$ -	-	-	-	-	-

**CITY OF LAREDO, TEXAS
LAREDO PUBLIC FACILITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 2,178	799	2,977	2,601
Miscellaneous:				
Reimbursements	<u>633,646</u>	<u>23,182</u>	<u>656,828</u>	<u>597,500</u>
TOTAL REVENUES	<u>635,824</u>	<u>23,981</u>	<u>659,805</u>	<u>600,101</u>
EXPENDITURES:				
Contractual Services	3,620	21,032	24,652	57,101
Other	<u>58,795</u>	<u>-</u>	<u>58,795</u>	<u>60,000</u>
TOTAL EXPENDITURES	<u>62,415</u>	<u>21,032</u>	<u>83,447</u>	<u>117,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>573,409</u>	<u>2,949</u>	<u>576,358</u>	<u>483,000</u>
OTHER FINANCING SOURCES (USES):				
Transfer Out:				
General Fund	<u>(375,000)</u>	<u>(108,000)</u>	<u>(483,000)</u>	<u>(483,000)</u>
TOTAL OTHER FINANCING SOURCES:	<u>(375,000)</u>	<u>(108,000)</u>	<u>(483,000)</u>	<u>(483,000)</u>
Net Change in Fund Balances	<u><u>\$ 198,409</u></u>	<u><u>(105,051)</u></u>	<u><u>93,358</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		<u>198,409</u>		
Fund Balances-Ending		<u><u>\$ 93,358</u></u>		

CITY OF LAREDO, TEXAS
MAX MANDEL GOLF COURSE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
Year ended September 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
REVENUES:						
Charges for Services	\$ 1,172,184	1,172,184	1,038,530	-	1,038,530	(133,654)
TOTAL REVENUES	1,172,184	1,172,184	1,038,530	-	1,038,530	(133,654)
EXPENDITURES:						
Materials and Supplies	-	6,935	6,934	-	6,934	1
Contractual Services	1,790,926	1,790,926	1,634,025	2,100	1,636,125	154,801
Other	163,303	163,303	-	-	-	163,303
Total Operating Expenditures	1,954,229	1,961,164	1,640,959	2,100	1,643,059	318,105
Debt Service:						
Principal	-	-	10,076	-	10,076	(10,076)
Interest	-	-	816	-	816	(816)
Capital Outlay	-	294,706	294,707	-	294,707	(1)
TOTAL EXPENDITURES	1,954,229	2,255,870	1,946,558	2,100	1,948,658	307,212
Excess (Deficiency) of Revenues Over Expenditures	(782,045)	(1,083,686)	(908,028)	(2,100)	(910,128)	173,558
OTHER FINANCING SOURCES (USES):						
Proceeds- Long Term Debt	-	301,641	301,641		301,641	-
TOTAL OTHER FINANCING SOURCES (USES)	-	301,641	301,641	-	301,641	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(782,045)	(782,045)	(606,387)	(2,100)	(608,487)	173,558
Fund Balances at Beginning of Year	782,045	955,106	955,106	-	955,106	-
FUND BALANCE AT END OF YEAR	\$ -	173,061	348,719	(2,100)	346,619	173,558

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, 2016

	<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	\$ 10,100	10,100	8,661	-	8,661	(1,439)
Miscellaneous:						
Forfeitures	750,000	750,000	426,346	-	426,346	(323,654)
Reimbursements	-	-	22,086	-	22,086	22,086
TOTAL REVENUES	760,100	760,100	457,093	-	457,093	(303,007)
EXPENDITURES:						
Materials and Supplies	815,740	504,246	360,931	136,177	497,108	7,138
Contractual Services	161,308	192,569	145,375	15,078	160,453	32,116
Total Operating Expenditures	977,048	696,815	506,306	151,255	657,561	39,254
Debt Service:						
Principal	66,949	66,949	66,948	-	66,948	1
Interest	4,064	4,064	4,064	-	4,064	-
Capital Outlay	17,575	297,808	195,593	102,165	297,758	50
TOTAL EXPENDITURES	1,065,636	1,065,636	772,911	253,420	1,026,331	39,305
Excess (Deficiency) of Revenues Over Expenditures	(305,536)	(305,536)	(315,818)	(253,420)	(569,238)	(263,702)
OTHER FINANCING SOURCES (USES):						
Sale of Assets	-	-	83,923	-	83,923	83,923
TOTAL OTHER FINANCING SOURCES (USES)	-	-	83,923	-	83,923	83,923
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(305,536)	(305,536)	(231,895)	(253,420)	(485,315)	(179,779)
Fund Balances at Beginning of Year	971,030	1,619,615	1,619,615	-	1,619,615	-
FUND BALANCES AT END OF YEAR	\$ 665,494	1,314,079	1,387,720	(253,420)	1,134,300	(179,779)

**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, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
State	\$ 1,595,785	485,692	2,081,477	3,437,398
Investment Income:				
Interest Earnings	12,942	12	12,954	12,934
Miscellaneous:				
Contributions and Donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,030,189</u>
TOTAL REVENUES	<u>1,608,727</u>	<u>485,704</u>	<u>2,094,431</u>	<u>7,480,521</u>
EXPENDITURES:				
Other	-	-	-	1,890,765
Capital Outlay	<u>1,802,672</u>	<u>556,399</u>	<u>2,359,071</u>	<u>5,927,390</u>
TOTAL EXPENDITURES	<u>1,802,672</u>	<u>556,399</u>	<u>2,359,071</u>	<u>7,818,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(193,945)</u>	<u>(70,695)</u>	<u>(264,640)</u>	<u>(337,634)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
2008 C.O. Bond	188,724	5,172	193,896	193,926
Capital Improvements	-	65,535	65,535	138,487
General Fund	<u>5,221</u>	<u>-</u>	<u>5,221</u>	<u>5,221</u>
TOTAL OTHER FINANCING SOURCES:	<u>193,945</u>	<u>70,707</u>	<u>264,652</u>	<u>337,634</u>
Net Change in Fund Balances	<u><u>\$ -</u></u>	<u><u>12</u></u>	<u><u>12</u></u>	<u><u>-</u></u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u><u>\$ 12</u></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, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 199,990	-	199,990	200,000
State	6,608,747	10,514	6,619,261	24,504,603
Investment Income:				
Interest Earnings	-	10	10	-
TOTAL REVENUES	6,808,737	10,524	6,819,261	24,704,603
EXPENDITURES:				
Contractual Services	131,297	87,163	218,460	325,623
Other	-	-	-	832,745
Capital Outlay	7,273,491	37,041	7,310,532	27,855,353
TOTAL EXPENDITURES	7,404,788	124,204	7,528,992	29,013,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(596,051)	(113,680)	(709,731)	(4,309,118)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Capital Improvements Fund	-	-	-	1,427,224
2007 C.O. Bond	38,237	-	38,237	38,237
2008 C.O. Bond	397	-	397	650,397
2012 C.O. Bond	557,417	95,256	652,673	1,000,000
2015 C.O. Bond	-	3,424	3,424	1,193,260
2016 C.O. Bond	-	15,000	15,000	-
TOTAL OTHER FINANCING SOURCES:	596,051	113,680	709,731	4,309,118
Net Change in Fund Balances	\$ -	-	-	-
Fund Balances-Beginning		-		
Fund Balances-Ending		\$ -		

**CITY OF LAREDO, TEXAS
CONTRACTUAL OBLIGATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 17,272	8,815	26,087	23,731
Miscellaneous:				
Other	39,734	-	39,734	8,632
TOTAL REVENUES	57,006	8,815	65,821	32,363
EXPENDITURES:				
Materials and Supplies	562,103	2,933	565,036	565,038
Contractual Services	7,851	10,784	18,635	10,114
Other	-	-	-	43,186
Bond Costs	250,062	93,894	343,956	349,273
Capital Outlay	10,107,731	6,189,058	16,296,789	18,687,586
TOTAL EXPENDITURES	10,927,747	6,296,669	17,224,416	19,655,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,870,741)	(6,287,854)	(17,158,595)	(19,622,834)
OTHER FINANCING SOURCES (USES):				
Bond Issues	12,518,629	5,199,000	17,717,629	17,717,629
Bond Premium	1,010,311	894,894	1,905,205	1,905,205
Transfers Out:				
Debt Service Fund	-	(29)	(29)	-
Sale of Assets	11,000	-	11,000	-
TOTAL OTHER FINANCING SOURCES:	13,539,940	6,093,865	19,633,805	19,622,834
Net Change in Fund Balances	\$ 2,669,199	(193,989)	2,475,210	-
Fund Balances-Beginning		2,669,199		
Fund Balances-Ending		\$ 2,475,210		

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, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
School Districts	\$ 27,200	-	27,200	27,200
Investment Income:				
Interest Earnings	4,362,806	549	4,363,355	4,366,276
Miscellaneous:				
Contributions and Donations	1,000,000	-	1,000,000	1,000,000
Other	904,782	-	904,782	904,782
TOTAL REVENUES	6,294,788	549	6,295,337	6,298,258
EXPENDITURES:				
Materials and Supplies	888,785	-	888,785	879,400
Contractual Services	250,802	2,821	253,623	253,623
Other	27,200	-	27,200	30,517
Bond Costs	938,978	-	938,978	938,978
Capital Outlay	53,076,008	274,019	53,350,027	53,365,441
TOTAL EXPENDITURES	55,181,773	276,840	55,458,613	55,467,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,886,985)	(276,291)	(49,163,276)	(49,169,701)
OTHER FINANCING SOURCES (USES):				
Bond Issues	72,480,000	-	72,480,000	72,480,000
Bond Premium	2,207,551	-	2,207,551	2,207,551
Payment to Refunded Bond Escrow Agent	(939,467)	-	(939,467)	(926,665)
Transfer In:				
2010 C.O. Bond Issue	750,000	-	750,000	750,000
Transfers Out:				
Environmental Services Fund	(16,742,074)	-	(16,742,074)	(16,742,074)
Capital Grants Fund	(1,193,542)	-	(1,193,542)	(1,193,541)
Solid Waste Fund	(7,460,586)	-	(7,460,586)	(7,460,586)
Capital Improvements Fund	(62,088)	-	(62,088)	(62,089)
Sale of Assets	117,105	13,930	131,035	117,105
TOTAL OTHER FINANCING SOURCES:	49,156,899	13,930	49,170,829	49,169,701
Net Change in Fund Balances	\$ 269,914	(262,361)	7,553	-
Fund Balances-Beginning		269,914		
Fund Balances-Ending		\$ 7,553		

CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2008 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 1,329,215	7,167	1,336,382	1,331,789
Other	332,095	2,385	334,480	332,004
TOTAL REVENUES	1,661,310	9,552	1,670,862	1,663,793
EXPENDITURES:				
Materials and Supplies	96,653	-	96,653	96,654
Contractual Services	310,808	402,635	713,443	36,992
Bond Costs	520,293	-	520,293	520,293
Capital Outlay	30,332,458	1,410,595	31,743,053	32,835,854
TOTAL EXPENDITURES	31,260,212	1,813,230	33,073,442	33,489,793
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,598,902)	(1,803,678)	(31,402,580)	(31,826,000)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	30,065,000	-	30,065,000	30,065,000
Bond Premium	455,293	-	455,293	455,293
Transfer In:				
2010 C.O. Bond Issue	1,500,000	-	1,500,000	1,500,000
Transfers Out:				
Parks Capital Grant	(188,725)	(5,172)	(193,897)	(193,896)
Capital Grants Fund	(397)	-	(397)	(397)
TOTAL OTHER FINANCING SOURCES:	31,831,171	(5,172)	31,825,999	31,826,000
Net Change in Fund Balances	\$ 2,232,269	(1,808,850)	423,419	-
Fund Balances-Beginning		2,232,269		
Fund Balances-Ending		\$ 423,419		

**CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2009 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 237,663	6,788	244,451	240,944
Other	71,944	-	71,944	71,943
TOTAL REVENUES	309,607	6,788	316,395	312,887
EXPENDITURES:				
Materials and Supplies	49,149	-	49,149	49,150
Contractual Services	76,566	28,032	104,598	22,454
Other	-	-	-	43,215
Debt Service	480,247	-	480,247	480,248
Capital Outlay	24,650,625	1,600,874	26,251,499	27,210,567
TOTAL EXPENDITURES	25,256,587	1,628,906	26,885,493	27,805,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,946,980)	(1,622,118)	(26,569,098)	(27,492,747)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	24,735,000	-	24,735,000	24,735,000
Bond Premium	745,247	-	745,247	745,247
Transfers In:				
General Fund	12,500	-	12,500	12,500
2010 C.O. Bond Issue	2,000,000	-	2,000,000	2,000,000
TOTAL OTHER FINANCING SOURCES:	27,492,747	-	27,492,747	27,492,747
Net Change in Fund Balances	\$ 2,545,767	(1,622,118)	923,649	-
Fund Balances-Beginning		2,545,767		
Fund Balances-Ending		\$ 923,649		

CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2010 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 72,355	773	73,128	72,580
Miscellaneous:				
Reimbursements	15,803	-	15,803	15,803
TOTAL REVENUES	88,158	773	88,931	88,383
EXPENDITURES:				
Materials and Supplies	5,592	-	5,592	5,592
Contractual Services	22,231	45,235	67,466	68,280
Other	-	-	-	7,293
Bond Costs	195,403	-	195,403	195,403
Capital Outlay	4,777,333	217,881	4,995,214	5,007,218
TOTAL EXPENDITURES	5,000,559	263,116	5,263,675	5,283,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,912,401)	(262,343)	(5,174,744)	(5,195,403)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	9,545,000	-	9,545,000	9,545,000
Bond Premium	650,403	-	650,403	650,403
Transfers Out:				
Capital Improvements Fund	(750,000)	-	(750,000)	(750,000)
2007 C.O. Bond Fund	(750,000)	-	(750,000)	(750,000)
2008 C.O. Bond Fund	(1,500,000)	-	(1,500,000)	(1,500,000)
2009 C.O. Bond Fund	(2,000,000)	-	(2,000,000)	(2,000,000)
TOTAL OTHER FINANCING SOURCES:	5,195,403	-	5,195,403	5,195,403
Net Change in Fund Balances	\$ 283,002	(262,343)	20,659	-
Fund Balances-Beginning		283,002		
Fund Balances-Ending		\$ 20,659		

**CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2012 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 45,226	3,645	48,871	46,093
TOTAL REVENUES	45,226	3,645	48,871	46,093
EXPENDITURES:				
Materials and Supplies	86,422	-	86,422	86,423
Contractual Services	143,041	1,450	144,491	6,461
Other	-	-	-	5,111
Bond Cost	166,174	-	166,174	166,175
Capital Outlay	2,976,211	42,208	3,018,419	3,467,540
TOTAL EXPENDITURES	3,371,848	43,658	3,415,506	3,731,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,326,622)	(40,013)	(3,366,635)	(3,685,617)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	7,690,000	-	7,690,000	7,690,000
Bond Discount	(4,383)	-	(4,383)	(4,383)
Transfers Out:				
Environmental Services	(702,380)	(613,878)	(1,316,258)	(1,500,000)
Capital Improvements Fund	(1,500,000)	-	(1,500,000)	(1,500,000)
Capital Grants	(557,417)	(95,256)	(652,673)	(1,000,000)
TOTAL OTHER FINANCING SOURCES:	4,925,820	(709,134)	4,216,686	3,685,617
Net Change in Fund Balances	\$ 1,599,198	(749,147)	850,051	-
Fund Balances-Beginning		1,599,198		
Fund Balances-Ending		\$ 850,051		

**CITY OF LAREDO, TEXAS
 CERTIFICATE OF OBLIGATION 2014 ISSUE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ 4,762	15,758	20,520	9,612
TOTAL REVENUES	4,762	15,758	20,520	9,612
EXPENDITURES:				
Contractual Services	16,656	2,971	19,627	4,863
Other	-	-	-	16,867
Bond Cost	128,366	-	128,366	135,366
Capital Outlay	214,763	4,680,576	4,895,339	5,989,245
TOTAL EXPENDITURES	359,785	4,683,547	5,043,332	6,146,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(355,023)	(4,667,789)	(5,022,812)	(6,136,729)
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	5,600,000	-	5,600,000	5,600,000
Bond Premium	536,729	-	536,729	536,729
TOTAL OTHER FINANCING SOURCES:	6,136,729	-	6,136,729	6,136,729
Net Change in Fund Balances	\$ 5,781,706	(4,667,789)	1,113,917	-
Fund Balances-Beginning		5,781,706		
Fund Balances-Ending		\$ 1,113,917		

**CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2015 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	-	36,938	36,938	-
Miscellaneous:				
Reimbursements	-	86,579	86,579	-
TOTAL REVENUES	<u>-</u>	<u>123,517</u>	<u>123,517</u>	<u>-</u>
EXPENDITURES:				
Materials and Supplies	-	-	-	88,901
Contractual Services	-	286,590	286,590	1,887,715
Other	-	-	-	285
Bond Cost	\$ 219,742	-	219,742	219,742
Capital Outlay	-	4,194,262	4,194,262	11,205,634
TOTAL EXPENDITURES	<u>219,742</u>	<u>4,480,852</u>	<u>4,700,594</u>	<u>13,402,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(219,742)</u>	<u>(4,357,335)</u>	<u>(4,577,077)</u>	<u>(13,402,277)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	14,790,000	-	14,790,000	14,790,000
Bond Premium	969,031	-	969,031	969,031
Transfers Out:				
Capital Improvements Fund	-	(805,763)	(805,763)	(1,163,494)
Capital Grants	-	(3,424)	(3,424)	(1,193,260)
TOTAL OTHER FINANCING SOURCES:	<u>15,759,031</u>	<u>(809,187)</u>	<u>14,949,844</u>	<u>13,402,277</u>
Net Change in Fund Balances	<u>\$ 15,539,289</u>	<u>(5,166,522)</u>	<u>10,372,767</u>	<u>-</u>
Fund Balances-Beginning		15,539,289		
Fund Balances-Ending		<u>\$ 10,372,767</u>		

**CITY OF LAREDO, TEXAS
CERTIFICATE OF OBLIGATION 2016 ISSUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Investment Income:				
Interest Earnings	\$ -	7,814	7,814	-
TOTAL REVENUES	<u>-</u>	<u>7,814</u>	<u>7,814</u>	<u>-</u>
EXPENDITURES:				
Contractual Services	-	258	258	-
Other	-	-	-	230,000
Bond Cost	-	339,481	339,481	339,481
Capital Outlay	-	101,027	101,027	23,880,000
TOTAL EXPENDITURES	<u>-</u>	<u>440,766</u>	<u>440,766</u>	<u>24,449,481</u>
OTHER FINANCING SOURCES (USES):				
Proceeds - Long Term Debt	-	21,378,000	21,378,000	21,378,000
Bond Premium	-	3,206,481	3,206,481	3,206,481
Transfers Out:				
Capital Grants	-	(15,000)	(15,000)	(135,000)
TOTAL OTHER FINANCING SOURCES:	<u>-</u>	<u>24,569,481</u>	<u>24,569,481</u>	<u>24,449,481</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>24,136,529</u>	<u>24,136,529</u>	<u>-</u>
Fund Balances-Beginning		<u>-</u>		
Fund Balances-Ending		<u>\$ 24,136,529</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, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
FAA Grants	\$ 15,437,379	10,748,345	26,185,724	35,391,031
Texas Department of Transportation	49,995	49,562	99,557	100,000
Investment Income:				
Interest Earnings	51,481	29,447	80,928	47,138
Miscellaneous:				
Other	376,463	-	376,463	373,610
TOTAL REVENUES	15,915,318	10,827,354	26,742,672	35,911,779
EXPENDITURES:				
Personnel	568,821	258,790	827,611	1,327,680
Materials and Supplies	129,168	315,485	444,653	456,861
Contractual Services	4,901,745	903,739	5,805,484	8,872,684
Other	(2)	-	(2)	6,926,266
Bond Cost	95,000	-	95,000	95,000
Capital Outlay	15,414,021	13,214,246	28,628,267	32,536,195
TOTAL EXPENDITURES	21,108,753	14,692,260	35,801,013	50,214,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,193,435)	(3,864,906)	(9,058,341)	(14,302,907)
OTHER FINANCING SOURCES (USES):				
Proceeds - Bond Issues	4,095,000	-	4,095,000	4,095,000
Sale of Assets	1,230,332	5,235	1,235,567	1,230,332
Transfers In:				
General Fund	787,986	-	787,986	787,985
International Airport	7,842,309	2,450,000	10,292,309	10,292,290
Noise Abatement Lease Program	91,008	-	91,008	91,007
Airport Construction	\$ 511,680	-	511,680	1,781,321

(Continued)

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, 2016

(Continued)

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
Transfers Out:				
Airport Construction	\$ (2,676,840)	-	(2,676,840)	(3,975,028)
TOTAL OTHER FINANCING SOURCES:	<u>11,881,475</u>	<u>2,455,235</u>	<u>14,336,710</u>	<u>14,302,907</u>
Net Change in Fund Balances	\$ <u>6,688,040</u>	(1,409,671)	<u>5,278,369</u>	<u>-</u>
Fund Balances-Beginning		<u>6,688,040</u>		
Fund Balances-Ending		\$ <u>5,278,369</u>		

**CITY OF LAREDO, TEXAS
CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 241,616	1,453,272	1,694,888	241,616
State	1,719,552	9,402	1,728,954	2,845,747
Other	107,743	-	107,743	115,000
Investment Income:				
Interest Earnings	5,395,741	162,885	5,558,626	5,437,499
Discount Earnings	1,223	-	1,223	1,222
Miscellaneous:				
Contribution	4,209,891	24,925	4,234,816	4,379,139
Other	13,624,112	434,968	14,059,080	13,970,412
TOTAL REVENUES	25,299,878	2,085,452	27,385,330	26,990,635
EXPENDITURES:				
Materials and Supplies	1,157,134	18,575	1,175,709	2,162,791
Contractual Services	2,679,686	503,244	3,182,930	3,402,307
Other	450,307	12,000	462,307	14,440,611
Capital Outlay	15,788,416	1,005,503	16,793,919	20,627,877
TOTAL EXPENDITURES	20,075,543	1,539,322	21,614,865	40,633,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,224,335	546,130	5,770,465	(13,642,951)
OTHER FINANCING SOURCES (USES):				
Transfers In:				
General Fund	6,341,545	-	6,341,545	9,917,443
Civic Center	3,000,000	-	3,000,000	3,000,000
Hotel-Motel Occupancy Tax	368,000	-	368,000	368,000
1998 C.O. Issue	324,498	-	324,498	324,498
2006 C.O. Issue	326,572	-	326,572	326,572
2007 C.O. Issue	62,088	-	62,088	62,088
2008 C.O. Issue	-	-	-	-
2010 C.O. Issue	750,000	-	750,000	750,000
2012 C.O. Issue	1,500,000	-	1,500,000	1,500,000
2015 C.O. Issue	-	805,763	805,763	1,163,494
Bridge System	16,461,378	5,221,821	21,683,199	17,424,370
Waterworks System	1,375,144	-	1,375,144	1,375,144
Information Technology	\$ 750,000	-	750,000	750,000

(Continued)

**CITY OF LAREDO, TEXAS
CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016**

(Continued)

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
Transfers Out:				
General Fund	\$ (6,133,584)	(4,645,034)	(10,778,618)	(21,141,620)
Civic Center	(54,101)	-	(54,101)	(54,101)
Parks Capital Grants	-	(65,535)	(65,535)	(138,487)
Capital Grants Fund	<u>(557,225)</u>	<u>-</u>	<u>(557,225)</u>	<u>(1,984,450)</u>
TOTAL OTHER FINANCING SOURCES:	<u>24,514,315</u>	<u>1,317,015</u>	<u>25,831,330</u>	<u>13,642,951</u>
Net Change in Fund Balances	\$ <u>29,738,650</u>	1,863,145	<u>31,601,795</u>	<u>-</u>
Fund Balances-Beginning		<u>29,738,650</u>		
Fund Balances-Ending		\$ <u><u>31,601,795</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Interest Earnings	\$ 300	300	405	-	405	105
TOTAL REVENUES	300	300	405	-	405	105
Excess (Deficiency) of Revenues Over Expenditures	300	300	405	-	405	105
Fund Balances at Beginning of Year	23,244	73,348	73,348	-	73,348	-
FUND BALANCES AT END OF YEAR	\$ 23,544	73,648	73,753	-	73,753	105

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 Service 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 POSITION
September 30, 2016

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>INFORMATION TECH.</u>	<u>TOTAL</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash	\$ -	-	400	-	400
Equity in Investment Pool	39,295	58,937	5,730	3,569	107,531
Investments	6,273,632	9,418,525	910,861	554,967	17,157,985
Accounts Receivable	2,139	-	3,666	10,750	16,555
Accrued Interest Receivable	17,147	25,742	2,490	1,517	46,896
Inventory	-	-	432,927	-	432,927
Prepaid items	199,000	9,760	-	-	208,760
Total Current Assets	<u>6,531,213</u>	<u>9,512,964</u>	<u>1,356,074</u>	<u>570,803</u>	<u>17,971,054</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	1,188	-	419,493	-	420,681
Improvements	-	-	11,391	-	11,391
Transportation Vehicles and Equipment	109,561	17,217	6,814,986	1,141,493	8,083,257
Less Accumulated Depreciation	<u>(84,282)</u>	<u>(17,217)</u>	<u>(6,541,489)</u>	<u>(967,465)</u>	<u>(7,610,453)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>26,467</u>	<u>-</u>	<u>704,381</u>	<u>174,028</u>	<u>904,876</u>
TOTAL ASSETS	<u>6,557,680</u>	<u>9,512,964</u>	<u>2,060,455</u>	<u>744,831</u>	<u>18,875,930</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	330,389	785,972	548,190	114,509	1,779,060
Claims and Judgments Payable	1,657,168	3,473,155	-	-	5,130,323
Accrued Wages and Employee Benefits	18,128	6,755	39,883	26,231	90,997
Compensated Absences	18,939	2,404	37,776	43,100	102,219
Total Current Liabilities	<u>2,024,624</u>	<u>4,268,286</u>	<u>625,849</u>	<u>183,840</u>	<u>7,102,599</u>
Noncurrent Liabilities:					
Compensated Absences	<u>38,069</u>	<u>3,436</u>	<u>80,988</u>	<u>123,806</u>	<u>246,299</u>
Total Noncurrent Liabilities	<u>38,069</u>	<u>3,436</u>	<u>80,988</u>	<u>123,806</u>	<u>246,299</u>
TOTAL LIABILITIES	<u>2,062,693</u>	<u>4,271,722</u>	<u>706,837</u>	<u>307,646</u>	<u>7,348,898</u>
NET POSITION					
Net Investment in Capital Assets	26,467	-	704,381	174,028	904,876
Unrestricted	<u>4,468,520</u>	<u>5,241,242</u>	<u>649,237</u>	<u>263,157</u>	<u>10,622,156</u>
TOTAL NET POSITION	<u>\$ 4,494,987</u>	<u>5,241,242</u>	<u>1,353,618</u>	<u>437,185</u>	<u>11,527,032</u>

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
Year ended September 30, 2016

	RISK MANAGEMENT	HEALTH & BENEFITS	FLEET MANAGEMENT	INFORMATION TECHNOLOGY	TOTAL
OPERATING REVENUES:					
Charges for Services	\$ 6,993,242	27,184,670	9,286,339	3,169,546	46,633,797
Reimbursements	<u>3,993</u>	<u>679,232</u>	<u>49,420</u>	<u>68</u>	<u>732,713</u>
TOTAL OPERATING REVENUES	<u>6,997,235</u>	<u>27,863,902</u>	<u>9,335,759</u>	<u>3,169,614</u>	<u>47,366,510</u>
OPERATING EXPENSES:					
Cost of Services	4,206,321	27,363,318	5,295,339	688,107	37,553,085
Personnel Services	959,638	307,942	2,191,303	1,474,163	4,933,046
Materials and Supplies	160,499	5,677	89,863	216,712	472,751
Contractual Services	406,797	2,019,945	1,536,952	665,388	4,629,082
Other	-	196,727	-	3	196,730
Depreciation	<u>4,696</u>	<u>-</u>	<u>139,597</u>	<u>126,479</u>	<u>270,772</u>
TOTAL OPERATING EXPENSES	<u>5,737,951</u>	<u>29,893,609</u>	<u>9,253,054</u>	<u>3,170,852</u>	<u>48,055,466</u>
Operating Income (Loss)	<u>1,259,284</u>	<u>(2,029,707)</u>	<u>82,705</u>	<u>(1,238)</u>	<u>(688,956)</u>
NON-OPERATING REVENUES (EXPENSES):					
Investment Income:					
Interest Earnings	30,249	49,508	3,197	3,201	86,155
Discount Earnings	226	-	-	-	226
Gain/(Loss) on Sale of Assets	<u>-</u>	<u>-</u>	<u>34,155</u>	<u>-</u>	<u>34,155</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>30,475</u>	<u>49,508</u>	<u>37,352</u>	<u>3,201</u>	<u>120,536</u>
Income Before Contributions and Transfers	1,289,759	(1,980,199)	120,057	1,963	(568,420)
OPERATING TRANSFERS IN/(OUT):					
Transfers In	374,071	-	-	-	374,071
Transfers Out	<u>(1,500,000)</u>	<u>(374,071)</u>	<u>-</u>	<u>(360,913)</u>	<u>(2,234,984)</u>
TOTAL OPERATING TRANSFERS IN/(OUT)	<u>(1,125,929)</u>	<u>(374,071)</u>	<u>-</u>	<u>(360,913)</u>	<u>(1,860,913)</u>
Change in Net Position	163,830	(2,354,270)	120,057	(358,950)	(2,429,333)
Total Net Position - Beginning	<u>4,331,157</u>	<u>7,595,512</u>	<u>1,233,561</u>	<u>796,135</u>	<u>13,956,365</u>
TOTAL NET POSITION- ENDING	<u>\$ 4,494,987</u>	<u>5,241,242</u>	<u>1,353,618</u>	<u>437,185</u>	<u>11,527,032</u>

CITY OF LAREDO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2016

	<u>RISK MANAGEMENT</u>	<u>HEALTH & BENEFITS</u>	<u>FLEET MANAGEMENT</u>	<u>INFORMATION TECHNOLOGY</u>	<u>TOTAL</u>
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 1,814	741,854	49,743	103,556	896,967
Receipts from interfund services provided	6,993,282	27,184,670	9,286,339	3,076,808	46,541,099
Payment to suppliers	(4,212,870)	(28,804,567)	(6,232,130)	(1,353,978)	(40,603,545)
Payment to employees	(986,245)	(311,277)	(2,243,759)	(1,497,553)	(5,038,834)
Payment for interfund services used	(322,607)	(3,821)	(622,697)	(198,326)	(1,147,451)
Net cash provided (used) by operating activities	<u>1,473,374</u>	<u>(1,193,141)</u>	<u>237,496</u>	<u>130,507</u>	<u>648,236</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from Other Funds	374,071	-	-	-	374,071
Transfer to Other Funds	(1,500,000)	(374,071)	-	(360,913)	(2,234,984)
Net cash provided (used) by noncapital and related financing activities	<u>(1,125,929)</u>	<u>(374,071)</u>	<u>-</u>	<u>(360,913)</u>	<u>(1,860,913)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	-	-	(95,594)	(112,598)	(208,192)
Proceeds from sales of capital assets	-	-	6,252	-	6,252
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(89,342)</u>	<u>(112,598)</u>	<u>(201,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturity of investments	-	-	(150,328)	336,243	185,915
Interest and dividends received	(341,642)	1,564,037	3,653	5,138	1,231,186
Net cash provided (used) by investing activities	<u>(341,642)</u>	<u>1,564,037</u>	<u>(146,675)</u>	<u>341,381</u>	<u>1,417,101</u>
Net increase (decrease) in cash and cash equivalents	<u>5,803</u>	<u>(3,175)</u>	<u>1,479</u>	<u>(1,623)</u>	<u>2,484</u>
Cash and cash equivalents - October 1	<u>33,492</u>	<u>62,112</u>	<u>4,651</u>	<u>5,192</u>	<u>105,447</u>
Cash and cash equivalents - September 30	<u>\$ 39,295</u>	<u>58,937</u>	<u>6,130</u>	<u>3,569</u>	<u>107,931</u>
Reconciliation of Operating income to net cash provided (used) by operating activities:					
Operating income	\$ 1,259,284	(2,029,707)	82,705	(1,238)	(688,956)
Adjustments to reconcile operating income to net cash provided (used)					
Depreciation expense	4,696	-	139,597	126,479	270,772
(Increase) decrease in accounts receivable	(2,139)	62,622	323	10,750	71,556
(Increase) decrease in inventories	-	-	34,035	-	34,035
(Increase) decrease in prepaid items	20,000	84,485	-	-	104,485
Increase (decrease) in accounts payable	50,039	192,878	33,292	17,906	294,115
Increase (decrease) in compensated absences payable	(7,280)	1,158	(10,862)	4,006	(12,978)
Increase (decrease) in accrued wages and employee benefits	(19,327)	(4,493)	(41,594)	(27,396)	(92,810)
Increase (decrease) in claims and judgements payable	168,101	499,916	-	-	668,017
Total adjustments	<u>214,090</u>	<u>836,566</u>	<u>154,791</u>	<u>131,745</u>	<u>1,337,192</u>
Net cash provided by operating activities	<u>\$ 1,473,374</u>	<u>(1,193,141)</u>	<u>237,496</u>	<u>130,507</u>	<u>648,236</u>
Noncash investing, capital, and financing activities:					
Disposition of Assets	-	-	(27,903)	-	(27,903)

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CITY OF LAREDO, TEXAS
RISK MANAGEMENT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
Year ended September 30, 2016

	<u>Budgeted Amount</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	<u>Adjustment</u>	<u>Budget</u>	<u>Positive</u>
					<u>Basis</u>	<u>(Negative)</u>
OPERATING REVENUES:						
Charges for Services	\$ 7,006,855	7,006,855	6,993,242	-	6,993,242	(13,613)
Reimbursements	-	-	3,993	-	3,993	3,993
TOTAL OPERATING REVENUES	7,006,855	7,006,855	6,997,235	-	6,997,235	(9,620)
OPERATING EXPENSES:						
Cost of Services	4,649,509	4,640,909	4,206,321	-	4,206,321	434,588
Personnel Services	1,055,803	1,055,803	959,638	(13,788)	945,850	109,953
Materials and Supplies	170,224	197,134	160,499	-	160,499	36,635
Contractual Services	810,563	803,353	406,797	-	406,797	396,556
Other	406,308	395,208	-	-	-	395,208
Depreciation	-	-	4,696	(4,696)	-	-
TOTAL OPERATING EXPENSES	7,092,407	7,092,407	5,737,951	(18,484)	5,719,467	1,372,940
Operating Income (Loss)	(85,552)	(85,552)	1,259,284	18,484	1,277,768	1,363,320
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	13,200	13,200	30,249	-	30,249	17,049
Discount Earnings	-	-	226	-	226	226
TOTAL NON-OPERATING REVENUES (EXPENSES)	13,200	13,200	30,475	-	30,475	17,275
Income (Loss) Before Contributions and Transfers	(72,352)	(72,352)	1,289,759	18,484	1,308,243	1,380,595
OPERATING TRANSFERS IN/(OUT):						
Transfers In:						
Health and Benefits Fund	374,071	374,071	374,071	-	374,071	-
Transfers Out:						
General Fund	(1,500,000)	(1,500,000)	(1,500,000)	-	(1,500,000)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(1,125,929)	(1,125,929)	(1,125,929)	-	(1,125,929)	-
Change in Net Position	(1,198,281)	(1,198,281)	163,830	18,484	182,314	1,380,595
Total Net Position - Beginning	4,331,157	4,331,157	4,331,157	-	4,331,157	-
TOTAL NET POSITION - ENDING	\$ 3,132,876	3,132,876	4,494,987	18,484	4,513,471	1,380,595

**CITY OF LAREDO, TEXAS
RISK MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,814
Receipts from interfund services provided	6,993,282
Payment to suppliers	(4,212,870)
Payment to employees	(986,245)
Payment for interfund services used	<u>(322,607)</u>
Net cash provided (used) by operating activities	<u>1,473,374</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	374,071
Transfer to other funds	<u>(1,500,000)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(1,125,929)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and dividends received	<u>(341,642)</u>
Net cash provided (used) by investing activities	<u>(341,642)</u>
Net increase (decrease) in cash and cash equivalents	5,803
Cash and cash equivalents - October 1	<u>33,492</u>
Cash and cash equivalents - September 30	<u><u>\$ 39,295</u></u>

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

Operating income	\$ <u>1,259,284</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	4,696
(Increase) decrease in accounts receivable	(2,139)
(Increase) decrease in prepaid items	20,000
Increase (decrease) in accounts payable	50,039
Increase (decrease) in compensated absences payable	(7,280)
Increase (decrease) in accrued wages and employee benefits	(19,327)
Increase (decrease) in claims and judgments payable	<u>168,101</u>
Total adjustments	<u>214,090</u>
Net cash provided by operating activities	<u><u>\$ 1,473,374</u></u>

CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
Year ended September 30, 2016

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 26,802,883	26,802,883	27,184,670	-	27,184,670	381,787
Reimbursements	547,124	547,124	679,232	-	679,232	132,108
TOTAL OPERATING REVENUES	27,350,007	27,350,007	27,863,902	-	27,863,902	513,895
OPERATING EXPENSES:						
Cost of Services	23,421,821	24,804,957	27,363,318	-	27,363,318	(2,558,361)
Personnel Services	309,616	309,616	307,942	-	307,942	1,674
Materials and Supplies	7,522	7,522	5,677	614	6,291	1,231
Contractual Services	1,870,149	2,036,304	2,019,945	-	2,019,945	16,359
Other	1,745,897	196,606	196,727	-	196,727	(121)
TOTAL OPERATING EXPENSES	27,355,005	27,355,005	29,893,609	614	29,894,223	(2,539,218)
Operating Income (Loss)	(4,998)	(4,998)	(2,029,707)	(614)	(2,030,321)	(2,025,323)
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	22,800	22,800	49,508	-	49,508	26,708
TOTAL NON-OPERATING REVENUES (EXPENSES)	22,800	22,800	49,508	-	49,508	26,708
Income Before Contributions and Transfers	17,802	17,802	(1,980,199)	(614)	(1,980,813)	(1,998,615)
OPERATING TRANSFERS IN/(OUT):						
Transfers Out:						
Risk Management Fund	(374,071)	(374,071)	(374,071)	-	(374,071)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(374,071)	(374,071)	(374,071)	-	(374,071)	-
Change in Net Position	(356,269)	(356,269)	(2,354,270)	(614)	(2,354,884)	(1,998,615)
Total Net Position - Beginning	7,595,512	7,595,512	7,595,512	-	7,595,512	-
TOTAL NET POSITION-ENDING	\$ 7,239,243	7,239,243	5,241,242	(614)	5,240,628	(1,998,615)

**CITY OF LAREDO, TEXAS
HEALTH AND BENEFITS
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 741,854
Receipts from interfund services provided	27,184,670
Payment to suppliers	(28,804,567)
Payment to employees	(311,277)
Payment for interfund services used	<u>(3,821)</u>
Net cash provided (used) by operating activities	<u>(1,193,141)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	<u>(374,071)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(374,071)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and dividends received	<u>1,564,037</u>
Net cash provided (used) by investing activities	<u>1,564,037</u>

Net increase (decrease) in cash and cash equivalents	(3,175)
Cash and cash equivalents - October 1	<u>62,112</u>

Cash and cash equivalents - September 30	\$ <u><u>58,937</u></u>

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

Operating income	\$ <u>(2,029,707)</u>
Adjustments to reconcile operating income to net cash provided (used)	
(Increase) decrease in accounts receivable	62,622
(Increase) decrease in prepaid items	84,485
Increase (decrease) in accounts payable	192,878
Increase (decrease) in compensated absences payable	1,158
Increase (decrease) in accrued wages and employee benefits	(4,493)
Increase (decrease) in claims and judgements payable	<u>499,916</u>
Total adjustments	<u>836,566</u>
Net cash provided by operating activities	\$ <u><u>(1,193,141)</u></u>

CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
Year ended September 30, 2016

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 11,843,797	11,843,797	9,286,339	-	9,286,339	(2,557,458)
Reimbursements	225,000	225,000	49,420	-	49,420	(175,580)
TOTAL OPERATING REVENUES	12,068,797	12,068,797	9,335,759	-	9,335,759	(2,733,038)
OPERATING EXPENSES:						
Cost of Services	8,123,018	8,130,518	5,295,339	-	5,295,339	2,835,179
Personnel Services	2,523,822	2,523,822	2,191,303	10,861	2,202,164	321,658
Materials and Supplies	121,204	133,204	89,863	-	89,863	43,341
Contractual Services	1,664,022	1,709,522	1,536,952	-	1,536,952	172,570
Other	67,180	3,680	-	-	-	3,680
Capital Outlay	98,326	96,826	-	95,594	95,594	1,232
Depreciation	-	-	139,597	(139,597)	-	-
TOTAL OPERATING EXPENSES	12,597,572	12,597,572	9,253,054	(33,142)	9,219,912	3,377,660
Operating Income (Loss)	(528,775)	(528,775)	82,705	33,142	115,847	644,622
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	4,700	4,700	3,197	-	3,197	(1,503)
Gain/(Loss) on Sale of Assets	-	-	34,155	(27,903)	6,252	34,155
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,700	4,700	37,352	(27,903)	9,449	32,652
Change in Net Position	(524,075)	(524,075)	120,057	5,239	125,296	677,274
Total Net Position - Beginning	1,233,561	1,233,561	1,233,561	-	1,233,561	-
TOTAL NET POSITION- ENDING	\$ 709,486	709,486	1,353,618	5,239	1,358,857	677,274

**CITY OF LAREDO, TEXAS
FLEET MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 49,743
Receipts from interfund services provided	9,286,339
Payment to suppliers	(6,232,130)
Payment to employees	(2,243,759)
Payment for interfund services used	<u>(622,697)</u>
Net cash provided (used) by operating activities	<u>237,496</u>

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

Purchase of capital assets	(95,594)
Proceeds from sales of capital assets	<u>6,252</u>
Net cash provided (used) by capital and related financing activities	<u>(89,342)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	(150,328)
Interest and dividends received	<u>3,653</u>
Net cash provided (used) by investing activities	<u>(146,675)</u>

Net increase (decrease) in cash and cash equivalents	1,479
Cash and cash equivalents - October 1	<u>4,651</u>
Cash and cash equivalents - September 30	\$ <u><u>6,130</u></u>

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

Operating income	\$ <u>82,705</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	139,597
(Increase) decrease in accounts receivable	323
(Increase) decrease in inventories	34,035
Increase (decrease) in accounts payable	33,292
Increase (decrease) in compensated absences payable	(10,862)
Increase (decrease) in accrued wages and employee benefits	<u>(41,594)</u>
Total adjustments	<u>154,791</u>

Net cash provided by operating activities	\$ <u><u>237,496</u></u>

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

Dispositions of assets	(27,903)

CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
Year ended September 30, 2016

	Budgeted Amount		Actual	Adjustment	Actual Budget Basis	Variance Positive (Negative)
	Original	Budget				
OPERATING REVENUES:						
Charges for Services	\$ 3,063,108	3,063,108	3,169,546	-	3,169,546	106,438
Reimbursements	-	-	68	-	68	68
TOTAL OPERATING REVENUES	3,063,108	3,063,108	3,169,614	-	3,169,614	106,506
OPERATING EXPENSES:						
Cost of Services	896,133	717,129	688,107	-	688,107	29,022
Personnel Services	1,451,145	1,455,005	1,474,163	(4,005)	1,470,158	(15,153)
Materials and Supplies	328,026	265,496	216,712	-	216,712	48,784
Contractual Services	766,837	932,901	665,388	-	665,388	267,513
Other	29,973	29,977	3	-	3	29,974
Capital Outlay	56,400	140,083	-	(112,598)	(112,598)	252,681
Depreciation	-	-	126,479	(126,479)	-	-
TOTAL OPERATING EXPENSES	3,528,514	3,540,591	3,170,852	(243,082)	2,927,770	612,821
Operating Income (Loss)	(465,406)	(477,483)	(1,238)	243,082	241,844	719,327
NON-OPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	1,100	1,100	3,201	-	3,201	2,101
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,100	1,100	3,201	-	3,201	2,101
Income (Loss) Before Contributions and Transfers	(464,306)	(476,383)	1,963	243,082	245,045	721,428
OPERATING TRANSFERS IN/(OUT):						
Transfers Out:						
General Fund	(360,913)	(360,913)	(360,913)	-	(360,913)	-
TOTAL OPERATING TRANSFERS IN/(OUT)	(360,913)	(360,913)	(360,913)	-	(360,913)	-
Change in Net Position	(825,219)	(837,296)	(358,950)	243,082	(115,868)	721,428
Total Net Position - Beginning	796,135	796,135	796,135	-	796,135	-
TOTAL NET POSITION - ENDING	\$ (29,084)	(41,161)	437,185	243,082	680,267	721,428

CITY OF LAREDO, TEXAS
INFORMATION TECHNOLOGY FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 2016

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 103,556
Receipts from interfund services provided	3,076,808
Payment to suppliers	(1,353,978)
Payment to employees	(1,497,553)
Payment for interfund services used	<u>(198,326)</u>
Net cash provided (used) by operating activities	<u>130,507</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	<u>(360,913)</u>
Net cash provided (used) by noncapital and related financing activities	<u>(360,913)</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(112,598)</u>
Net cash provided (used) by capital and related financing activities	<u>(112,598)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturity of investments	336,243
Interest and dividends received	<u>5,138</u>
Net cash provided (used) by investing activities	<u>341,381</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,623)</u>
Cash and cash equivalents - October 1	<u>5,192</u>

Cash and cash equivalents - September 30	\$ <u><u>3,569</u></u>

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

Operating income	\$ <u>(1,238)</u>
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation expense	126,479
(Increase) decrease in accounts receivable	10,750
Increase (decrease) in accounts payable	17,906
Increase (decrease) in compensated absences payable	4,006
Increase (decrease) in accrued wages and employee benefits	<u>(27,396)</u>
Total adjustments	<u>131,745</u>

Net cash provided by operating activities	\$ <u><u>130,507</u></u>

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CAPITAL ASSETS

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source (1)
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental Funds Capital Assets:		
Land	\$ 96,569,983	90,608,986
Buildings	220,612,167	218,421,112
Improvements Other Than Buildings	704,240,870	654,762,805
Vehicles	71,089,058	69,123,153
Machinery & Equipment	45,008,455	39,374,358
Construction in Progress	<u>5,664,956</u>	<u>9,067,147</u>
Total Governmental Funds Capital Assets	<u>1,143,185,489</u>	<u>1,081,357,561</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	393,434,593	365,557,530
Special Revenue Funds	217,829,133	216,412,156
Capital Projects Funds	<u>531,921,763</u>	<u>499,387,875</u>
Total Investments in Governmental Funds \$	<u>1,143,185,489</u>	<u>1,081,357,561</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, 2016

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	26,459	-	-	26,459
Municipal Court	415,973	12,874	(39,555)	389,292
Human Resources	26,292	-	-	26,292
Building Inspections	211,108	-	(10,639)	200,469
City Secretary	45,754	-	(18,161)	27,593
Tax Office	61,837	33,100	-	94,937
City Planning	42,625	-	-	42,625
Finance	24,587	2,750	-	27,337
Real Estate	7,813,114	301,546	(122,600)	7,992,060
City Hall Maintenance	7,333,145	-	-	7,333,145
City Hall Annex	24,537	-	-	24,537
Engineering	73,636	-	(20,515)	53,121
Information Technology	573,999	-	-	573,999
Communications and Support	48,432	-	-	48,432
Community Development	29,872,111	1,383,573	(68,674)	31,187,010
Telecommunications	300,205	-	(7,815)	292,390
General Government	46,903,722	1,733,843	(297,867)	48,339,698
Public Safety:				
Police	8,062,432	280,395	(150,646)	8,192,181
Police Trust Fund	15,282,310	195,593	(1,155,031)	14,322,872
Auto Theft Task Force	198,083	31,660	(6,136)	223,607
Narcotics	607,165	-	(607,165)	-
Financial Task Force	673,493	179,808	-	853,301
Special Police	2,785,700	388,248	(71,218)	3,102,730
Laredo Border Violence	93,687	-	-	93,687
Homeland Security Grant	2,453,096	-	(122,260)	2,330,836
Fire	6,504,725	157,104	(100,339)	6,561,490
Hazardous Materials	9,085	-	-	9,085
Parking Meters	4,143,216	36,939	(1)	4,180,154
911 Administration	1,201,236	135,770	(492,576)	844,430
911 - General Fund	52,056	-	-	52,056
Communication System	6,879,563	-	-	6,879,563
Special Fire Grants	1,192,736	-	(13,381)	1,179,355
Traffic Safety	8,025,161	-	(26,246)	7,998,915
Public Safety	58,163,744	1,405,517	(2,744,999)	56,824,262
Public Works:				
Capital Improvements Project	78,881,938	975,301	(21,872)	79,835,367
1998 CO Issue	1,789,903	-	-	1,789,903
Infrastructure Maint.	131,017	-	-	131,017
DPW Infrastructure	7,956,450	-	-	7,956,450
Keep Laredo Beautiful	20,500	-	-	20,500
New Fire Stations	2,741,302	-	-	2,741,302
Fire Training Facility	1,835,790	-	-	1,835,790
2000 CO Issue	7,980,197	-	-	7,980,197
LEC Construction Project	33,348,399	-	-	33,348,399
2002 CO Issue	5,361,405	-	-	5,361,405
2003 CO Issue	3,725,268	-	-	3,725,268
2005 CO Issue	14,263,138	-	-	14,263,138
2006 CO Issue	18,552,783	-	-	18,552,783
2007 CO Issue	51,647,814	274,019	(142,348)	51,779,485
2008 CO Issue	28,835,069	1,408,170	322,393	30,565,632
2009 CO Issue	23,161,179	1,573,255	1,122,290	25,856,724
2010 CO Issue	4,698,585	217,881	51,699	4,968,165
2012 CO Issue	2,976,210	42,208	-	3,018,418
2014 CO Issue	169,800	4,680,576	44,963	4,895,339
2015 CO Issue	-	4,046,061	-	4,046,061
2016 CO Issue	-	1,410	-	1,410
FAA-Noise Abatement	\$ 18,944,149	-	-	18,944,149

(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, 2016

FUNCTION AND ACTIVITY	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE AT END OF YEAR
Public Works: (Cont.)				
Airport Construction Fund	\$ 120,505,435	13,214,246	1,692,357	135,412,038
Ryan Street Railroad Bridge	668,019	-	-	668,019
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524
Contractual Obligation	21,968,825	6,189,058	(368,241)	27,789,642
Parks Capital Grants	2,468,250	556,399	-	3,024,649
Capital Grants	29,686,826	19,920	-	29,706,746
Public Works	298,832,564	27,337,002	95,936	326,265,502
Public Works	782,309,339	60,535,506	2,797,177	845,642,022
Health & Welfare:				
Health	8,213,113	161,891	(592,956)	7,782,048
Noise Abatement Lease	157,729	-	(38,175)	119,554
Home Investment Partnership	463,407	-	-	463,407
Emergency Shelter Grant	416	-	(416)	-
A.R.R.A.- C.D.	975,026	-	-	975,026
Environmental Services	34,430,942	917,452	(53,811)	35,294,583
Health & Welfare	44,240,633	1,079,343	(685,358)	44,634,618
Cultural & Recreational:				
Parks & Recreation	16,513,442	200,425	77,642	16,791,509
Library	7,901,852	6,973	-	7,908,825
New Public Library	56,167	-	-	56,167
Cemetery	180,591	-	-	180,591
Friends of the Library	1,017,154	-	-	1,017,154
Public Access Channel	3,563,662	225,601	-	3,789,263
Mercado	1,162,235	-	-	1,162,235
Convention & Visitors Bureau	120,632	-	-	120,632
Sports & Community Venue	8,763,546	507,568	-	9,271,114
Recreation Fund	185,786	-	-	185,786
Baseball Stadium	19,447,094	-	-	19,447,094
Max Mandel Golf Course	-	294,707	24,342	319,049
Cultural & Recreational	58,912,161	1,235,274	101,984	60,249,419
Air Transportation Services:				
Airport	81,760,815	104,041	(34,342)	81,830,514
Air Transportation Services	81,760,815	104,041	(34,342)	81,830,514
Total Assets In Service	1,072,290,414	66,093,524	(863,405)	1,137,520,533
Construction in Progress	9,067,147	723,852	(4,126,043)	5,664,956
Total Governmental Funds				
Capital Assets	\$ 1,081,357,561	66,817,376	(4,989,448)	1,143,185,489

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

CITY OF LAREDO, TEXAS
Capital Assets Used in the Operations of Governmental Funds
Schedule by Function and Activity (1)
For The Year Ended September 30, 2016

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
General Government:						
City Manager	\$ 26,459	-	-	-	-	26,459
Municipal Court	389,292	39,981	63,911	-	-	285,400
Human Resources	26,292	-	-	-	26,292	-
Building	200,469	-	62,782	-	115,687	22,000
City Secretary	27,593	-	-	-	14,643	12,950
Tax Office	94,937	-	-	-	-	94,937
City Planning	42,625	-	-	-	15,125	27,500
Finance	27,337	-	-	-	-	27,337
Real Estate	7,992,060	6,453,060	1,539,000	-	-	-
City Hall Maintenance	7,333,145	3,066,074	4,181,666	-	-	85,405
City Hall Annex	24,537	-	-	-	24,537	-
Engineering	53,121	-	-	-	18,528	34,593
Information Technology	573,999	-	-	-	-	573,999
Communications and Support	48,432	-	-	-	13,968	34,464
Community Development	31,187,010	6,329,121	4,003,135	19,517,013	1,233,655	104,086
Telecommunications	292,390	-	18,683	27,808	-	245,899
General Government	48,339,698	15,888,236	9,869,177	19,544,821	1,462,435	1,575,029
Public Safety:						
Police	8,192,181	-	6,252,732	11,425	969,117	958,907
Police Trust Fund	14,322,872	-	920,960	-	10,219,161	3,182,751
Auto Theft Task Force	223,607	-	-	-	187,267	36,340
Financial Task Force	853,301	-	-	-	285,202	568,099
Special Police	3,102,730	-	-	-	1,304,270	1,798,460
Laredo Border Violence	93,687	-	-	-	69,615	24,072
Homeland Security Grant	2,330,836	-	-	-	427,219	1,903,617
Fire	6,561,490	767,503	1,439,105	-	3,712,782	642,100
Hazardous Materials	9,085	-	9,085	-	-	-
Parking Meters	4,180,154	1,247,536	60,342	2,309,718	231,356	331,202
911 Administration	844,430	-	-	-	12,562	831,868
911 - General Fund	52,056	-	-	-	33,590	18,466
Communications	6,879,563	-	-	-	-	6,879,563
Special Fire Grants	1,179,355	-	47,015	-	850,000	282,340
Traffic Safety	7,998,915	-	13,524	7,461,924	112,972	410,495
Public Safety	56,824,262	2,015,039	8,742,763	9,783,067	18,415,113	17,868,280
Public Works:						
Capital Improvements Projects	79,835,367	1,690,875	8,532,301	65,363,044	1,797,699	2,451,448
1998 C.O. Issue	1,789,903	108,232	864,429	626,445	190,797	-
Infrastructure Maint.	131,017	-	-	105,993	25,024	-
DPW	7,956,450	-	7,956,450	-	-	-
Keep Laredo Beautiful	20,500	-	-	-	20,500	-
New Fire Stations	2,741,302	-	2,148,486	-	592,816	-
Fire Training Facility	1,835,790	455,769	1,184,184	-	28,287	167,550
2000 CO Issue	7,980,197	933,003	3,278,920	3,768,274	-	-
LEC Construction Project	33,348,399	258,500	33,089,899	-	-	-
2002 CO Issue	5,361,405	4,548,595	812,810	-	-	-
2003 CO Issue	3,725,268	31,022	1,584,737	2,109,509	-	-
2005 CO Issue	14,263,138	1,493,130	1,097,864	10,278,613	1,246,899	146,632
2006 CO Issue	18,552,783	-	8,053,796	10,054,327	444,660	-
2007 CO Issue	51,779,485	638,763	10,741,662	28,675,343	10,745,309	978,408
2008 CO Issue	30,565,632	521,679	15,098,007	11,460,822	3,136,045	349,079
2009 CO Issue	25,856,724	222,365	11,710,327	12,800,335	1,085,527	38,170
2010 CO Issue	4,968,165	92,264	218,104	4,596,603	13,167	48,027
2012 CO Issue	3,018,418	56,331	886,402	1,600,255	383,670	91,760
2014 CO Issue	4,895,339	-	-	4,847,482	-	47,857
2015 CO Issue	4,046,061	988,167	18,490	786,361	2,253,043	-
2016 CO Issue	1,410	-	-	1,410	-	-
FAA-Noise Abatement	18,944,149	17,605,254	1,338,895	-	-	-
Airport Const. Fund.	135,412,038	17,669,790	8,992,048	104,760,179	1,605,247	2,384,774
Ryan Street Railroad Bridge	668,019	-	-	668,019	-	-
Streets of Laredo Urban Mall	1,158,524	-	-	1,158,524	-	-
Contractual Obligations	27,789,642	-	61,528	13,158	17,961,752	9,753,204
Parks Capital Grants	3,024,649	498,762	-	2,408,193	111,223	6,471
Capital Grants	29,706,746	4,601	398,390	29,303,755	-	-
Public Works	326,265,502	3,930,255	3,877,909	314,724,322	3,649,943	83,073
Public Works	\$ 845,642,022	51,747,357	121,945,638	610,110,966	45,291,608	16,546,453

(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, 2016

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS O/T BLDGS	TRANSPORTATION	MACHINERY & EQUIPMENT
Health & Welfare:						
Health	\$ 7,782,048	421,278	4,541,733	171,500	347,928	2,299,609
Noise Abtm. Lease	119,554	-	-	-	119,554	-
Home Investment Partnership	463,407	-	463,407	-	-	-
A.R.R.A.-CD	975,026	-	-	975,026	-	-
Environmental Services	35,294,583	4,023,970	1,623,807	27,419,166	1,834,052	393,588
Health & Welfare	44,634,618	4,445,248	6,628,947	28,565,692	2,301,534	2,693,197
Cultural & Recreational:						
Parks & Recreation	16,791,509	11,017,735	3,406,584	165,321	1,409,720	792,149
Library	7,908,825	-	7,124,408	33,000	89,755	661,662
New Public Library	56,167	-	22,347	-	-	33,820
Cemetery	180,591	-	7,900	-	145,441	27,250
Friends of the Library	1,017,154	-	261,792	-	-	755,362
Public Access Channel	3,789,263	-	1,406,518	178,730	77,804	2,126,211
Mercado	1,162,235	-	1,162,235	-	-	-
Convention & Visitor's Bureau	120,632	-	17,300	-	103,332	-
Sports & Community Venue	9,271,114	6,663,649	968,751	796,218	78,667	763,829
Recreation Fund	185,786	-	-	-	185,786	-
Baseball Stadium	19,447,094	-	17,975,174	541,760	-	930,160
Max Mandel Golf Course	319,049	-	-	-	253,896	65,153
Cultural & Recreational	60,249,419	17,681,384	32,353,009	1,715,029	2,344,401	6,155,596
Air Transportation Services:						
Airport	81,830,514	4,792,719	41,072,633	34,521,295	1,273,967	169,900
Air Transportation Services	81,830,514	4,792,719	41,072,633	34,521,295	1,273,967	169,900
Total Assets in service	1,137,520,533	96,569,983	220,612,167	704,240,870	71,089,058	45,008,455
Construction in Progress	5,664,956					
Total Governmental Funds Capital Assets	\$ 1,143,185,489					

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

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ENTERPRISE FUNDS

ENTERPRISE FUNDS

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

Enterprise Funds include:

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

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

MUNICIPAL HOUSING FUND- to account for proceeds from low income housing units partially funded from HUD Section 8 and the related operational and maintenance disbursements.

WATERWORKS SYSTEM - to account for the operations, maintenance and debt service from two water treatment plants and twenty-four booster stations and the related revenue received from customers.

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

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

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET POSITION
September 30, 2016

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	TOTALS
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash	\$ 5,200	200	5,400
Equity in Investment Pool	36,942	7,978	44,920
Investments	5,886,423	1,255,571	7,141,994
Receivables, net of allowances:			
Accrued Interest	16,089	3,432	19,521
Accounts	1,974	21,509	23,483
Due from Other Funds	387,438	-	387,438
Due from Other Governments	107,905	-	107,905
Inventory, at cost	313,722	-	313,722
Total Current Assets	6,755,693	1,288,690	8,044,383
Capital Assets:			
Transportation Vehicles and Equipment	24,950,026	249,237	25,199,263
Buildings	14,496,455	3,655,624	18,152,079
Improvements	10,851,792	131,362	10,983,154
Land and Improvements	9,521,557	354,592	9,876,149
Construction in Progress	2,933,273	-	2,933,273
Less Accumulated Depreciation	(26,608,057)	(3,741,034)	(30,349,091)
Total Capital Assets (net of accumulated depreciation)	36,145,046	649,781	36,794,827
Total Noncurrent Assets	36,145,046	649,781	36,794,827
TOTAL ASSETS	42,900,739	1,938,471	44,839,210
Deferred Outflows of Resources	363,216	118,887	482,103
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 43,263,955	2,057,358	45,321,313

**CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET POSITION
September 30, 2016**

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	TOTALS
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 578,068	206,141	784,209
Retainage Payable	18,813	-	18,813
Contracts Payable	99,942	-	99,942
Accrued Interest Payable	30,916	-	30,916
Accrued Wages and Employee Benefits	194,241	11,636	205,877
Compensated Absences	140,516	17,535	158,051
Customer Deposits	12,510	84,277	96,787
Unearned Revenue	-	10,587	10,587
General Obligation Bonds	378,093	-	378,093
Certificates of Obligation	700,000	-	700,000
Total Current Liabilities	<u>2,153,099</u>	<u>330,176</u>	<u>2,483,275</u>
Noncurrent Liabilities:			
General Obligation Bonds	2,980,265	-	2,980,265
Certificates of Obligation	3,021,215	-	3,021,215
Due to Other Funds	387,438	-	387,438
Net Pension Liability	2,776,920	899,617	3,676,537
Compensated Absences	113,442	34,357	147,799
Total Noncurrent Liabilities	<u>9,279,280</u>	<u>933,974</u>	<u>10,213,254</u>
TOTAL LIABILITIES	<u>11,432,379</u>	<u>1,264,150</u>	<u>12,696,529</u>
Deferred Inflows of Resources	<u>65,147</u>	<u>22,637</u>	<u>87,784</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>11,497,526</u>	<u>1,286,787</u>	<u>12,784,313</u>
NET POSITION			
Net Investment in Capital Assets	29,397,773	649,781	30,047,554
Unrestricted	<u>2,368,656</u>	<u>120,790</u>	<u>2,489,446</u>
TOTAL NET POSITION	\$ <u>31,766,429</u>	<u>770,571</u>	<u>32,537,000</u>

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year ended September 30, 2016

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	TOTALS
OPERATING REVENUES:			
Charges for Services	\$ 3,166,609	156,951	3,323,560
Rental of Facilities	543,209	1,307,955	1,851,164
Miscellaneous	165,550	27,348	192,898
TOTAL OPERATING REVENUES	3,875,368	1,492,254	5,367,622
OPERATING EXPENSES:			
Personnel Services	10,340,513	674,076	11,014,589
Materials and Supplies	1,844,139	185,875	2,030,014
Contractual Services	1,991,574	426,598	2,418,172
Other	82,344	29,046	111,390
Total Operating Expenses Before Depreciation	14,258,570	1,315,595	15,574,165
Depreciation Expense	2,474,963	48,106	2,523,069
TOTAL OPERATING EXPENSES	16,733,533	1,363,701	18,097,234
Operating Income (Loss)	(12,858,165)	128,553	(12,729,612)
NONOPERATING REVENUES (EXPENSES):			
Investment Income:			
Interest Earnings	30,575	7,011	37,586
Interest Earnings - Restricted	294	-	294
Discount Earnings	119	-	119
Sales Tax	7,474,608	-	7,474,608
Interest Expense	(260,799)	-	(260,799)
Gain (Loss) on Advance Refunding	(47,289)	-	(47,289)
Federal Operating Grant	3,260,305	-	3,260,305
Fiscal Agent Fees	(1,042)	-	(1,042)
Bond Issuance Cost/Premiums Amortized	28,675	-	28,675
Other Non-Operating Expenses	(1,176,851)	-	(1,176,851)
State Operating Grant	577,055	-	577,055
TOTAL NONOPERATING REVENUES (EXPENSES)	9,885,650	7,011	9,892,661
Income (Loss) Before Contributions and Transfers	(2,972,515)	135,564	(2,836,951)
Capital Contributions-Grants	1,023,829	-	1,023,829
Transfers Out:			
General Fund	-	(350,000)	(350,000)
Change in Net Position	(1,948,686)	(214,436)	(2,163,122)
Total Net Position-Beginning	36,860,325	985,007	37,845,332
Prior Period Adjustment	(3,145,210)	-	(3,145,210)
Total Net Position-Ending	\$ 31,766,429	770,571	32,537,000

**CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 3,756,662	1,506,965	5,263,627
Receipts from interfund services provided	118,654	-	118,654
Payments to suppliers	(3,382,681)	(271,802)	(3,654,483)
Payments to employees	(10,829,551)	(629,613)	(11,459,164)
Payments for interfund services used	(190,442)	(188,066)	(378,508)
Net cash provided (used) by operating activities	(10,527,358)	417,484	(10,109,874)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer to other funds	-	(350,000)	(350,000)
Subsidy from federal and state grants	4,437,798	-	4,437,798
Sales Tax	7,474,608	-	7,474,608
Net cash provided (used) by noncapital and related financing activities	11,912,406	(350,000)	11,562,406
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Subsidy from federal and state grants	1,023,829	-	1,023,829
Principal paid on capital debt	(1,036,283)	-	(1,036,283)
Interest paid on capital debt	(266,332)	-	(266,332)
Acquisition and construction of capital assets	(1,285,954)	-	(1,285,954)
Net cash provided (used) by capital and related financing activities	(1,564,740)	-	(1,564,740)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments	147,959	(74,357)	73,602
Interest and dividends received	37,869	8,156	46,025
Net cash provided (used) by investing activities	185,828	(66,201)	119,627
Net increase (decrease) in cash and cash equivalents	6,136	1,283	7,419
Cash and cash equivalents, October 1	36,006	6,895	42,901
Cash and cash equivalents, September 30	\$ 42,142	8,178	50,320

CITY OF LAREDO, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2016

	MUNICIPAL TRANSIT SYSTEM	MUNICIPAL HOUSING CORPORATION	TOTALS
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ (12,858,165)	128,553	(12,729,612)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,474,963	48,106	2,523,069
(Increase) decrease in accounts receivable	(727)	(1,393)	(2,120)
Increase in allowance for uncollectible accounts	-	7,643	7,643
(Increase) decrease in inventories	119,032	-	119,032
Increase in customer deposits	675	1,979	2,654
Increase (decrease) in accounts payable	225,902	182,933	408,835
Increase (decrease) in retainage payable	-	(1,282)	(1,282)
Increase (decrease) in deferred revenues	-	6,482	6,482
Increase (decrease) in compensated absences payable	3,147	7,855	11,002
Increase (decrease) in deferred outflows-pension	(13,029)	(11,876)	(24,905)
Increase (decrease) in deferred inflows-pension	65,147	5,466	70,613
Increase (decrease) in net pension liability	(368,290)	50,936	(317,354)
Increase (decrease) in accrued wages and employee benefits	(176,013)	(7,918)	(183,931)
Total adjustments	2,330,807	288,931	2,619,738
Net cash provided (used) by operating activities	\$ (10,527,358)	417,484	(10,109,874)
Noncash investing, capital, and financing activities:			
Bond issuance cost amortized	(28,675)	-	(28,675)
Loss on advance refunding	47,289	-	47,289
Accrued interest payable	(4,491)	-	(4,491)

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CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016

	<u>Budgeted Amount</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget Basis</u>	<u>Positive (Negative)</u>
OPERATING REVENUES:						
Charges for Services	\$ 3,357,250	3,357,250	3,166,609	-	3,166,609	(190,641)
Miscellaneous	156,150	194,935	165,550	-	165,550	(29,385)
Rental of Facilities	533,000	533,000	543,209	-	543,209	10,209
TOTAL OPERATING REVENUES	4,046,400	4,085,185	3,875,368	-	3,875,368	(209,817)
OPERATING EXPENSES:						
Opt-Fixed Route:						
Personnel Services	6,494,462	6,359,670	5,994,806	313,437	6,308,243	51,427
Materials and Supplies	1,214,298	790,220	670,703	-	670,703	119,517
Contractual Services	372,532	371,225	457,175	-	457,175	(85,950)
Other	442,408	423,504	72,031	-	72,031	351,473
Total Opt-Fixed Route	8,523,700	7,944,619	7,194,715	313,437	7,508,152	436,467
Opt-Para Transit:						
Personnel Services	1,275,856	1,410,908	1,440,633	(7,112)	1,433,521	(22,613)
Materials and Supplies	174,158	122,426	87,731	-	87,731	34,695
Contractual Services	124,599	101,919	141,420	-	141,420	(39,501)
Other	11,611	11,611	9,569	-	9,569	2,042
Total Opt-Para Transit	1,586,224	1,646,864	1,679,353	(7,112)	1,672,241	(25,377)
Maint-Fixed Route:						
Personnel Services	1,364,113	1,596,502	1,651,013	9,167	1,660,180	(63,678)
Materials and Supplies	772,464	910,364	844,967	-	844,967	65,397
Contractual Services	200,228	224,077	203,342	-	203,342	20,735
Total Maint-Fixed Route	2,336,805	2,730,943	2,699,322	9,167	2,708,489	22,454
Maint-Para Transit:						
Personnel Services	193,451	244,895	253,968	(794)	253,174	(8,279)
Materials and Supplies	102,860	105,100	95,916	-	95,916	9,184
Contractual Services	50,105	55,312	41,988	-	41,988	13,324
Total Maint-Para Transit	346,416	405,307	391,872	(794)	391,078	14,229
Training and Safety:						
Personnel Services	71,958	66,138	66,160	1,466	67,626	(1,488)
Materials and Supplies	21,512	17,567	17,057	-	17,057	510
Contractual Services	2,050	3,550	1,828	-	1,828	1,722
Total Training and Safety	95,520	87,255	85,045	1,466	86,511	744
Building/Grounds:						
Personnel Services	235,251	285,598	286,087	-	286,087	(489)
Materials and Supplies	58,202	64,427	48,817	-	48,817	15,610
Contractual Services	374,000	407,218	250,661	-	250,661	156,557
Total Building/Grounds	\$ 667,453	757,243	585,565	-	585,565	171,678

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016**

(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	\$ 83,110	88,555	84,478	-	84,478	4,077
Materials and Supplies	-	6,987	1,840	-	1,840	5,147
Contractual Services	8,500	18,025	20,351	-	20,351	(2,326)
Total Bus Stop/Shelters	91,610	113,567	106,669	-	106,669	6,898
General Administration:						
Personnel Services	351,592	315,592	317,641	(1,629)	316,012	(420)
Materials and Supplies	30,088	24,813	23,040	-	23,040	1,773
Contractual Services	638,096	643,956	616,325	-	616,325	27,631
Other	5,270	2,615	592	-	592	2,023
Total General Administration	1,025,046	986,976	957,598	(1,629)	955,969	31,007
Transit Center Building:						
Personnel Services	203,678	215,268	187,479	(668)	186,811	28,457
Materials and Supplies	58,871	60,181	52,137	-	52,137	8,044
Contractual Services	307,801	309,401	244,017	-	244,017	65,384
Total Transit Center Building	570,350	584,850	483,633	(668)	482,965	101,885
Transit Center Facility:						
Personnel Services	62,676	56,196	58,248	(839)	57,409	(1,213)
Materials and Supplies	7,000	2,500	1,931	-	1,931	569
Contractual Services	18,152	14,432	14,467	-	14,467	(35)
Other	350	550	152	-	152	398
Total Transit Center Facility	88,178	73,678	74,798	(839)	73,959	(281)
Total Operating Expenses Before Depreciation	15,331,302	15,331,302	14,258,570	313,028	14,571,598	759,704
Depreciation	-	-	2,474,963	(2,474,963)	-	-
TOTAL OPERATING EXPENSES	15,331,302	15,331,302	16,733,533	(2,161,935)	14,571,598	759,704
Operating Income (Loss)	\$ (11,284,902)	(11,246,117)	(12,858,165)	2,161,935	(10,696,230)	549,887

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016**

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 17,800	17,800	30,575	-	30,575	12,775
Interest Earnings-Restricted	2,700	2,700	294	-	294	(2,406)
Discount Earnings	-	-	119	-	119	119
Sales Tax	7,938,776	7,938,776	7,474,608	-	7,474,608	(464,168)
Interest Expense	(265,290)	(265,290)	(260,799)	(4,491)	(265,290)	-
Principal Paid	(1,036,283)	(1,036,283)	-	(1,036,283)	(1,036,283)	-
Loss on Advanced Refunding	-	-	(47,289)	-	47,289	-
Bond Issuance Costs/Premiums Amortized	-	-	28,675	(28,675)	-	-
FTA Operating Grant	3,304,105	3,304,105	3,260,305	-	3,260,305	(43,800)
Fiscal Agent Fees	-	-	(1,042)	-	(1,042)	(1,042)
State Operating Grant	679,663	679,663	577,055	-	577,055	(102,608)
Construction	(456,592)	(4,524,268)	-	(109,103)	(109,103)	4,415,165
Other Non-Operating Expenses	(1,369,327)	(2,538,029)	(1,176,851)	-	(1,176,851)	1,361,178
TOTAL NONOPERATING REVENUES AND (EXPENSES)	8,815,552	3,579,174	9,885,650	(1,131,263)	8,754,387	5,175,213
Income (Loss) Before Contributions and Transfers	(2,469,350)	(7,666,943)	(2,972,515)	1,030,672	(1,941,843)	5,725,100
Capital Contributions:						
Federal Capital Grant	351,397	4,621,583	1,023,829	-	1,023,829	(3,597,754)
Transfers In:						
Transit Sales Tax	7,207,750	7,315,928	-	7,062,802	7,062,802	(253,126)
2004 Transit CO Issue	-	-	-	106,003	106,003	106,003
Transfers Out:						
Transit Operations	(7,119,901)	(7,119,901)	-	(6,867,718)	(6,867,718)	252,183
Transit Sales Tax	-	-	-	(106,003)	(106,003)	(106,003)
Capital and Planning	(87,849)	(196,027)	-	(195,084)	(195,084)	943
Change in Net Position	(2,117,953)	(3,045,360)	(1,948,686)	1,030,672	(918,014)	2,127,346
Total Net Position-Beginning	36,860,325	36,860,325	36,860,325	-	36,860,325	-
Prior Period Adjustment	-	-	(3,145,210)	-	(3,145,210)	3,145,210
Total Net Position-Ending	\$ 34,742,372	33,814,965	31,766,429	1,030,672	32,797,101	5,272,556

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**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 3,756,662
Receipts from interfund services provided	118,654
Payments to suppliers	(3,382,681)
Payments to employees	(10,829,551)
Payments for interfund services used	(190,442)
Net cash provided (used) by operating activities	(10,527,358)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Subsidy from federal and state grants	4,437,798
Sales Tax	7,474,608
Net cash provided (used) by noncapital and related financing activities	11,912,406

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Subsidy from federal and state grants	1,023,829
Acquisition and construction of capital assets	(1,285,954)
Principal paid on capital debt	(1,036,283)
Interest paid on capital debt	(266,332)
Net cash provided (used) by capital and related financing activities	(1,564,740)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	147,959
Interest and dividends received	37,869
Net cash provided (used) by investing activities	185,828

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

6,136
36,006

Cash and cash equivalents, September 30

\$ 42,142
(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL TRANSIT SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

(Continued)

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

Operating income	\$	(12,858,165)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		2,474,963
(Increase) decrease in accounts receivable		(727)
(Increase) decrease in inventories		119,032
Increase in customer deposits		675
Increase (decrease) in accounts payable		225,902
Increase (decrease) in compensated absences payable		3,147
Increase (decrease) in net pension liability		(368,290)
Increase (decrease) in deferred outflows-pension		(13,029)
Increase (decrease) in deferred inflows-pension		65,147
Increase (decrease) in accrued wages and employee benefits		(176,013)

Total adjustments		2,330,807

Net cash provided (used) by operating activities	\$	(10,527,358)

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

Bond issuance cost amortized	(28,675)
Accrued interest payable	(4,491)
Loss on Advance Refunding	47,289

CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016

	Budgeted Amount				Actual	Variance
	Original	Final	Actual	Adjustments	Budget Basis	Positive (Negative)
OPERATING REVENUES:						
Rental of Facilities	\$ 776,411	776,411	240,289	-	240,289	(536,122)
Toll Receipts	57,868,164	57,868,164	59,471,153	-	59,471,153	1,602,989
Miscellaneous	417,013	417,013	480,543	-	480,543	63,530
TOTAL OPERATING REVENUES	59,061,588	59,061,588	60,191,985	-	60,191,985	1,130,397
OPERATING EXPENSES:						
Laredo Bridge Operations:						
Personnel Services	2,348,516	2,348,516	2,866,558	(676,536)	2,190,022	158,494
Materials and Supplies	257,354	212,954	152,448	-	152,448	60,506
Contractual Services	32,948,699	32,900,958	33,482,833	-	33,482,833	(581,875)
Other	26,745	26,745	5,025	-	5,025	21,720
Capital Outlay	-	20,841	-	18,961	18,961	1,880
Total Laredo Bridge Operations	35,581,314	35,510,014	36,506,864	(657,575)	35,849,289	(339,275)
Bridge II Operations:						
Personnel Services	2,381,873	2,381,873	2,293,829	(3,669)	2,290,160	91,713
Materials and Supplies	191,025	224,255	188,104	-	188,104	36,151
Contractual Services	372,440	367,140	277,061	-	277,061	90,079
Capital Outlay	-	11,970	-	11,970	11,970	-
Total Bridge II Operations	2,945,338	2,985,238	2,758,994	8,301	2,767,295	217,943
Colombia Bridge Operations:						
Personnel Services	1,320,803	1,320,803	1,244,555	(1,000)	1,243,555	77,248
Materials and Supplies	32,929	33,929	23,539	-	23,539	10,390
Contractual Services	250,849	269,849	217,557	-	217,557	52,292
Total Colombia Bridge Operations	1,604,581	1,624,581	1,485,651	(1,000)	1,484,651	139,930
Refrigerated Facility:						
Contractual Services	30,000	116,875	-	-	-	116,875
Total Refrigerated Facility	30,000	116,875	-	-	-	116,875
Fourth Bridge Operations:						
Personnel Services	2,331,114	2,331,114	2,305,886	(16,724)	2,289,162	41,952
Materials and Supplies	286,012	281,012	230,936	-	230,936	50,076
Contractual Services	862,337	878,737	775,433	-	775,433	103,304
Total Fourth Bridge Operations	3,479,463	3,490,863	3,312,255	(16,724)	3,295,531	195,332
Total Operating Expenses Before Depreciation	43,640,696	43,727,571	44,063,764	(666,998)	43,396,766	330,805
Depreciation	-	-	3,027,505	(3,027,505)	-	-
TOTAL OPERATING EXPENSES	43,640,696	43,727,571	47,091,269	(3,694,503)	43,396,766	330,805
Operating Income (Loss)	\$ 15,420,892	15,334,017	13,100,716	3,694,503	16,795,219	1,461,202

(Continued)

CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 19,075	19,075	35,368	-	35,368	16,293
Interest Earnings - Restricted	45,621	32,752	90,924	-	90,924	58,172
Discount Earnings	-	-	4	-	4	4
Premiums	-	484,071	-	484,071	484,071	-
Miscellaneous	-	-	779	-	779	779
Bond Issues	-	8,700,000	-	8,700,000	8,700,000	-
Interest Expense	(2,564,430)	(2,564,430)	(2,544,689)	-	(2,544,689)	19,741
Principal Paid	(6,515,000)	(15,625,000)	-	(15,625,000)	(15,625,000)	-
Fiscal Agent Fees	-	-	(4,250)	-	(4,250)	(4,250)
Bond Issuance Cost/Premiums Amortized	-	(232,543)	166,670	(399,215)	(232,545)	(2)
Loss on Advance Refunding	-	(182,358)	(168,625)	(13,732)	(182,357)	1
Other Non-Operating Expenses	(1,424,621)	(278,501)	-	-	-	278,501
Construction	(757,652)	(12,679,716)	(327,390)	(4,429,375)	(4,756,765)	7,922,951
TOTAL NONOPERATING REVENUES (EXPENSES)	(11,197,007)	(22,326,650)	(2,751,209)	(11,283,251)	(14,034,460)	8,292,190
Income (Loss) Before Contributions and Transfers	4,223,885	(6,992,633)	10,349,507	(7,588,748)	2,760,759	9,753,392
Transfers In:						
Bridge Operating Fund	10,114,496	10,114,496	-	10,627,725	10,627,725	513,229
Transfers Out:						
Capital Improvements Fund	(4,579,470)	(4,579,470)	(5,221,821)	-	(5,221,821)	(642,351)
Debt Service	(773,772)	(773,772)	(773,772)	-	(773,772)	-
Bridge Construction	(1,000,000)	(1,000,000)	-	(1,600,000)	(1,600,000)	(600,000)
Bridge Refrigerated Facility	(15,000)	(15,000)	-	(15,075)	(15,075)	(75)
Bridge Debt Service	(9,099,496)	(9,099,496)	-	(9,012,650)	(9,012,650)	86,846
Change in Net Position	(1,129,357)	(12,345,875)	4,353,914	(7,588,748)	(3,234,834)	9,111,041
Total Net Position-Beginning	23,192,605	23,192,605	23,192,605	-	23,192,605	-
Total Net Position-Ending	\$ 22,063,248	10,846,730	27,546,519	(7,588,748)	19,957,771	9,111,041

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 59,975,342
Payments to suppliers	(2,417,110)
Payments to employees	(8,162,185)
Payments for interfund services used	(32,940,791)
Net cash provided by operating activities	16,455,256

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(5,995,593)
Net cash provided (used) by noncapital and related financing activities	(5,995,593)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	8,769,169
Acquisition and construction of capital assets	(4,787,696)
Principal paid on capital debt	(15,625,000)
Interest paid on capital debt	(2,548,939)
Proceeds from sales of capital assets	779
Net cash provided (used) by capital and related financing activities	(14,191,687)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	3,589,827
Interest and dividends received	141,814
Net cash provided (used) by investing activities	3,731,641

Net increase (decrease) in cash and cash equivalents	(383)
Cash and cash equivalents, October 1	42,853
Cash and cash equivalents, September 30	\$ 42,470

(Continued)

**CITY OF LAREDO, TEXAS
BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

(Continued)

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

Operating income	\$ 13,100,716
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,027,505
Increase (decrease) in accounts payable	(4,965)
Increase (decrease) in deferred revenues	(216,643)
Increase (decrease) in compensated absences payable	33,909
Increase (decrease) in net pension liability	654,721
Increase (decrease) in deferred outflows-pension	(43,442)
Increase (decrease) in deferred inflows-pension	52,741
Increase (decrease) in accrued wages and employee benefits	(149,286)
Total adjustments	3,354,540
Net cash provided by operating activities	\$ 16,455,256

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

Premium on Refunding Issue	484,071
Bond issuance cost amortized	(399,215)
Loss on advance refunding	(13,732)

CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016

	Budgeted Amount				Actual	Variance
	Original	Final	Actual	Adjustments	Budget Basis	Positive (Negative)
OPERATING REVENUES:						
Rental of Facilities	\$ 1,256,194	1,271,150	1,307,955	-	1,307,955	36,805
Charges for Services	140,000	140,000	156,951	-	156,951	16,951
Miscellaneous	25,812	25,812	27,348	-	27,348	1,536
TOTAL OPERATING REVENUES	1,422,006	1,436,962	1,492,254	-	1,492,254	55,292
OPERATING EXPENSES:						
Airport Housing:						
Personnel Services	576,033	579,567	584,391	(49,350)	535,041	44,526
Materials and Supplies	152,872	156,372	145,998	-	145,998	10,374
Contractual Services	336,649	304,711	265,666	-	265,666	39,045
Other	-	21,404	29,046	(7,643)	21,403	1
Total Airport Housing	1,065,554	1,062,054	1,025,101	(56,993)	968,108	93,946
West Laredo Housing:						
Personnel Services	101,634	101,634	89,685	(3,032)	86,653	14,981
Materials and Supplies	44,240	44,740	39,093	-	39,093	5,647
Contractual Services	163,814	166,814	156,836	-	156,836	9,978
Total West Laredo Housing	309,688	313,188	285,614	(3,032)	282,582	30,606
Weatherization Grant						
Contractual Services	-	220,000	-	-	-	220,000
Total Weatherization Grant	-	220,000	-	-	-	220,000
St. Peters Housing Project:						
Personnel Services	-	925	-	-	-	925
Materials and Supplies	-	2,900	784	-	784	2,116
Contractual Services	1,550	12,681	4,096	-	4,096	8,585
Total St. Peters Housing Project	1,550	16,506	4,880	-	4,880	11,626
Total Operating Expenses Before Depreciation	1,376,792	1,611,748	1,315,595	(60,025)	1,255,570	356,178
Depreciation Expense	-	-	48,106	(48,106)	-	-
TOTAL OPERATING EXPENSES	1,376,792	1,611,748	1,363,701	(108,131)	1,255,570	356,178
Operating Income (Loss)	45,214	(174,786)	128,553	108,131	236,684	411,470
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	8,800	8,800	7,011	-	7,011	(1,789)
Federal Operating Grant	-	220,000	-	-	-	(220,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	8,800	228,800	7,011	-	7,011	(221,789)
Income (Loss) Before Contributions and Transfers	54,014	54,014	135,564	108,131	243,695	189,681
Transfer Out:						
General Fund	(350,000)	(350,000)	(350,000)	-	(350,000)	-
Change in Net Assets	(295,986)	(295,986)	(214,436)	108,131	(106,305)	189,681
Total Net Assets-Beginning	985,007	985,007	985,007	-	985,007	-
Total Net Position-Ending	\$ 689,021	689,021	770,571	108,131	878,702	189,681

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**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,506,965
Payments to suppliers	(271,802)
Payments to employees	(629,613)
Payments for interfund services used	(188,066)
Net cash provided by operating activities	417,484

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(350,000)
Net cash provided (used) by noncapital and related financing activities	(350,000)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(74,357)
Interest and dividends received	8,156
Net cash provided (used) by investing activities	(66,201)

Net increase (decrease) in cash and cash equivalents	1,283
Cash and cash equivalents, October 1	6,895
Cash and cash equivalents, September 30	\$ 8,178

(Continued)

**CITY OF LAREDO, TEXAS
MUNICIPAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

(Continued)

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

Operating income	\$ 128,553
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	48,106
(Increase) decrease in accounts receivable	(1,393)
Increase in allowance for uncollectible accounts	7,643
Increase (decrease) in customer deposits	1,979
Increase (decrease) in accounts payable	182,933
Increase (decrease) in retainage payable	(1,282)
Increase (decrease) in deferred revenues	6,482
Increase (decrease) in compensated absences payable	7,855
Increase (decrease) in deferred outflows-pension	(11,876)
Increase (decrease) in deferred inflows-pension	5,466
Increase (decrease) in net pension liability	50,936
Increase (decrease) in accrued wages and employee benefits	(7,918)
Total adjustments	288,931
Net cash provided by operating activities	\$ 417,484

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 38,755,709	38,755,709	39,459,935	-	39,459,935	704,226
Miscellaneous	6,263,752	6,957,762	6,545,404	-	6,545,404	(412,358)
TOTAL OPERATING REVENUES	45,019,461	45,713,471	46,005,339	-	46,005,339	291,868
OPERATING EXPENSES:						
General and Administrative:						
Personnel Services	1,636,086	1,636,086	2,368,569	(791,973)	1,576,596	59,490
Materials and Supplies	70,901	70,901	34,276	-	34,276	36,625
Contractual Services	3,307,919	3,330,223	3,177,592	-	3,177,592	152,631
Other	75,086	113,592	183,854	(176,796)	7,058	106,534
Capital Outlay	-	30,000	-	-	-	30,000
Total General and Administrative	5,089,992	5,180,802	5,764,291	(968,769)	4,795,522	385,280
Utility Engineering:						
Personnel Services	1,317,695	1,295,294	1,207,834	(30,840)	1,176,994	118,300
Materials and Supplies	102,825	105,825	70,065	-	70,065	35,760
Contractual Services	161,426	158,426	123,422	-	123,422	35,004
Total Utility Engineering	1,581,946	1,559,545	1,401,321	(30,840)	1,370,481	189,064
Utility Billing:						
Personnel Services	2,436,851	2,436,851	2,393,858	(978)	2,392,880	43,971
Materials and Supplies	1,219,459	817,759	666,496	-	666,496	151,263
Contractual Services	1,197,408	1,216,509	964,747	-	964,747	251,762
Other	4,000	409,000	4,682	-	4,682	404,318
Total Utility Billing	4,857,718	4,880,119	4,029,783	(978)	4,028,805	851,314
Asset Management:						
Personnel Services	322,274	322,274	318,588	(2,096)	316,492	5,782
Materials and Supplies	32,783	28,483	4,525	-	4,525	23,958
Contractual Services	60,483	64,783	47,468	-	47,468	17,315
Total Asset Management	415,540	415,540	370,581	(2,096)	368,485	47,055
Water Treatment:						
Personnel Services	2,824,899	3,016,099	3,100,326	(21,224)	3,079,102	(63,003)
Materials and Supplies	1,677,784	1,779,084	1,518,919	-	1,518,919	260,165
Contractual Services	5,298,222	4,405,542	4,306,374	-	4,306,374	99,168
Other	-	665,180	-	-	-	665,180
Capital Outlay	66,711	66,711	-	66,199	66,199	512
Total Water Treatment	9,867,616	9,932,616	8,925,619	44,975	8,970,594	962,022
Transmission and Distribution:						
Personnel Services	2,282,517	2,282,517	2,351,988	(9,196)	2,342,792	(60,275)
Materials and Supplies	845,035	869,735	877,117	-	877,117	(7,382)
Contractual Services	896,509	886,703	926,805	-	926,805	(40,102)
Other	-	306	-	-	-	306
Capital Outlay	-	523,000	-	159,300	159,300	363,700
Total Transmission and Distribution	\$ 4,024,061	4,562,261	4,155,910	150,104	4,306,014	256,247
						(Continued)

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016**

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
Water Pollution Control:						
Personnel Services	\$ 424,364	424,364	383,673	217	383,890	40,474
Materials and Supplies	49,584	47,084	13,519	-	13,519	33,565
Contractual Services	79,485	81,985	44,634	-	44,634	37,351
Total Water Pollution Control	553,433	553,433	441,826	217	442,043	111,390
Total Operating Expenses Before Depreciation	26,390,306	27,084,316	25,089,331	(807,387)	24,281,944	2,802,372
Depreciation Expense	-	-	10,857,250	(10,857,250)	-	-
TOTAL OPERATING EXPENSES	26,390,306	27,084,316	35,946,581	(11,664,637)	24,281,944	2,802,372
Operating Income (Loss)	18,629,155	18,629,155	10,058,758	11,664,637	21,723,395	3,094,240
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	111,076	111,076	143,573	-	143,573	32,497
Interest Earnings Restricted	70,032	70,032	156,849	-	156,849	86,817
Discount Earnings	7,795	7,795	13,203	-	13,203	5,408
Interest Rebate	-	-	812,717	-	812,717	812,717
Premiums	-	12,220,503	-	13,194,219	13,194,219	973,716
Miscellaneous	808,357	1,782,073	12,682	-	12,682	(1,769,391)
Water Availability Fees	900,060	900,060	1,153,584	-	1,153,584	253,524
Gain on Sale of Assets	-	-	36,435	-	36,435	36,435
Bond Issues	-	94,500,826	-	94,500,826	94,500,826	-
Interest Expense	(10,884,340)	(10,884,340)	(10,709,551)	194,242	(10,515,309)	369,031
Principal Paid	(6,997,469)	(89,842,469)	-	(90,042,885)	(90,042,885)	(200,416)
Fiscal Agent Fees	-	-	(8,406)	-	(8,406)	(8,406)
Bond Issuance Cost/Premiums Amortized	-	(1,178,845)	(901,337)	(372,212)	(1,273,549)	(94,704)
Loss on Advance Funding	-	(9,210,922)	(175,202)	(9,375,311)	(9,550,513)	(339,591)
Water Rights Acq./Water Conservation	(2,834,380)	(6,334,380)	(128,621)	(4,200,323)	(4,328,944)	2,005,436
Other Non-Operating Expenses	(808,357)	(769,857)	-	-	-	769,857
Construction	(1,306,231)	(16,840,195)	(12,783,997)	(2,907,181)	(15,691,178)	1,149,017
TOTAL NONOPERATING REVENUES (EXPENSES)	(20,933,457)	(25,468,643)	(22,378,071)	991,375	(21,386,696)	4,081,947
Income (Loss) Before Contributions and Transfers	(2,304,302)	(6,839,488)	(12,319,313)	12,656,012	336,699	7,176,187
Capital Contributions:						
Contributions - Developers	-	-	3,706,221	(3,706,221)	-	-
Contributions - Other	-	1,234,943	862,490	(847,490)	15,000	(1,219,943)
Transfer In:						
Waterworks Operations to Construction	1,167,703	1,167,703	-	288,784	288,784	(878,919)
Water Availability to Debt Service	380,000	380,000	-	380,000	380,000	-
Waterworks Bond Funds	-	199,757	-	-	-	(199,757)
Waterworks Operations to Debt Service	17,696,197	17,696,197	-	16,873,131	16,873,131	(823,066)
Sewer Fund	-	3,500,000	1,464,794	-	1,464,794	(2,035,206)
Transfers Out:						
Water Construction Fund	(1,167,703)	(1,167,703)	-	(288,784)	(288,784)	878,919
Water Debt Service-Water Availability	(380,000)	(380,000)	-	(380,000)	(380,000)	-
Water Debt Service-Operations	(17,696,197)	(17,895,954)	-	(16,873,131)	(16,873,131)	1,022,823
Change in Net Position	(2,304,302)	(2,104,545)	(6,285,808)	8,102,301	1,816,493	3,921,038
Total Net Position-Beginning	145,491,423	145,491,423	145,491,423	-	145,491,423	-
Total Net Position-Ending	\$ 143,187,121	143,386,878	139,205,615	8,102,301	147,307,916	3,921,038

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 45,296,362
Receipts from interfund services provided	652,241
Payments to suppliers	(9,121,937)
Payments to employees	(11,512,641)
Payments for interfund services used	(4,086,024)
Net cash provided by operating activities	21,228,001

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to other funds	(17,541,915)
Transfer from other funds	19,006,709
Net cash provided (used) by noncapital and related financing activities	1,464,794

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	95,897,267
Capital contributions	15,000
Purchases of capital assets	(2,414,461)
Acquisition and construction of capital assets	(15,691,178)
Principal paid on capital debt	(90,042,886)
Interest paid on capital debt	(10,523,715)
Proceeds from sales of capital assets	36,435
Net cash provided (used) by capital and related financing activities	(22,723,538)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(940,092)
Interest and dividends received	1,162,717
Issuance of notes receivable	(145,336)
Net cash provided (used) by investing activities	77,289

Net increase (decrease) in cash and cash equivalents	46,546
Cash and cash equivalents, October 1	162,281

Cash and cash equivalents, September 30	\$ 208,827

(Continued)

**CITY OF LAREDO, TEXAS
WATERWORKS SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

(Continued)

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

Operating income	\$ 10,058,758
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	10,857,250
(Increase) decrease in accounts receivable	(413,011)
Increase (decrease) in allowance for uncollectible accounts	176,796
(Increase) decrease in inventories	(226,273)
Increase (decrease) in customer deposits	167,627
Increase (decrease) in accounts payable	(17,193)
Increase (decrease) in deferred revenues	11,852
Increase (decrease) in compensated absences payable	67,265
Increase (decrease) in net pension liability	904,185
Increase (decrease) in deferred inflows-pension	97,337
Increase (decrease) in deferred outflows-pension	(212,696)
Increase (decrease) in accrued wages and employee benefits	(243,896)
Total adjustments	11,169,243
Net cash provided by operating activities	\$ 21,228,001

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

Bond issuance cost amortized	(372,212)
Premiums	12,220,503
Contributions of capital assets from developers	(3,706,221)
Contributions of capital assets from other	(847,490)
Accrued interest payable	194,242
Loss on advance refunding	(9,375,311)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016**

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
OPERATING REVENUES:						
Charges for Services	\$ 33,913,610	33,913,610	31,509,797	-	31,509,797	(2,403,813)
Miscellaneous	153,144	153,144	333,916	-	333,916	180,772
TOTAL OPERATING REVENUES	34,066,754	34,066,754	31,843,713	-	31,843,713	(2,223,041)
OPERATING EXPENSES:						
Administrative:						
Contractual Services	7,795,865	7,937,975	7,922,666	-	7,922,666	15,309
Other	162,483	119,450	128,504	(128,504)	-	119,450
Total Administrative	7,958,348	8,057,425	8,051,170	(128,504)	7,922,666	134,759
Wastewater Treatment:						
Personnel Services	2,871,929	2,771,744	2,949,252	(357,563)	2,591,689	180,055
Materials and Supplies	820,502	758,841	630,681	-	630,681	128,160
Contractual Services	4,145,315	4,229,426	3,797,601	-	3,797,601	431,825
Other	-	61,735	-	-	-	61,735
Capital Outlay	152,906	168,906	-	168,739	168,739	167
Total Wastewater Treatment	7,990,652	7,990,652	7,377,534	(188,824)	7,188,710	801,942
Wastewater Collection:						
Personnel Services	2,306,382	2,306,382	1,657,738	(13,922)	1,643,816	662,566
Materials and Supplies	848,038	623,938	533,606	-	533,606	90,332
Contractual Services	1,603,496	1,415,596	1,143,446	-	1,143,446	272,150
Other	-	308,923	933	-	933	307,990
Capital Outlay	-	4,000	-	-	-	4,000
Total Wastewater Collection	4,757,916	4,658,839	3,335,723	(13,922)	3,321,801	1,337,038
Total Operating Expenses Before Depreciation						
Depreciation	20,706,916	20,706,916	18,764,427	(331,250)	18,433,177	2,273,739
Depreciation Expense	-	-	6,908,273	(6,908,273)	-	-
TOTAL OPERATING EXPENSES	20,706,916	20,706,916	25,672,700	(7,239,523)	18,433,177	2,273,739
Operating Income (Loss)	\$ 13,359,838	13,359,838	6,171,013	7,239,523	13,410,536	50,698
(Continued)						

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016**

(Continued)

	Budgeted Amount				Actual Budget Basis	Variance Positive (Negative)
	Original	Final	Actual	Adjustments		
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 110,569	110,569	156,096	-	156,096	45,527
Interest Earnings Restricted	53,647	70,468	146,989	-	146,989	76,521
Discount Earnings	6,000	6,000	11,795	-	11,795	5,795
Premium	-	4,400,257	-	4,400,257	4,400,257	-
Gain/Loss On Sale of Equipment	16,821	-	61,110	1,250	62,360	62,360
Bond Issues	-	51,409,174	-	51,409,174	51,409,174	-
Miscellaneous	-	-	6,779	-	6,779	6,779
Interest Expense	(5,085,871)	(5,085,871)	(4,464,118)	24,742	(4,439,376)	646,495
Principal Paid	(7,006,711)	(38,151,711)	-	(37,791,291)	(37,791,291)	360,420
Fiscal Agent Fees	-	-	(5,670)	-	(5,670)	(5,670)
Bond Issuance Cost/Premiums Amortized	-	(779,633)	(696,871)	(188,724)	(885,595)	(105,962)
Loss on Advance Refunding	-	(2,210,768)	(168,954)	(2,152,949)	(2,321,903)	(111,135)
Other Non-Operating Expenses	(50,000)	(50,000)	-	-	-	50,000
Construction	(890,362)	(22,224,049)	(6,493,437)	(5,569,377)	(12,062,814)	10,161,235
TOTAL NONOPERATING REVENUES (EXPENSES)	(12,845,907)	(12,505,564)	(11,446,281)	10,133,082	(1,313,199)	11,192,365
Income (Loss) Before Contributions and Transfers	513,931	854,274	(5,275,268)	17,372,605	12,097,337	11,243,063
Capital Contributions:						
Contributions - Others	-	581,115	121,550	(121,550)	-	(581,115)
Contributions - Developers	-	-	2,464,941	(2,464,941)	-	-
Transfers In:						
Sewer Operations to Debt Service	12,205,915	12,205,915	-	11,367,301	11,367,301	(838,614)
Sewer Bond Funds	-	921,458	-	921,458	921,458	-
Sewer Operations to Construction	763,465	763,465	-	109,072	109,072	(654,393)
Transfers Out:						
Water Fund	-	(3,500,000)	(1,464,794)	-	(1,464,794)	2,035,206
Sewer Debt Service-Bonds	-	(921,458)	-	-	-	921,458
Sewer Debt Service	(12,205,915)	(12,205,915)	-	(12,288,759)	(12,288,759)	(82,844)
Sewer Construction Fund	(763,465)	(763,465)	-	(109,072)	(109,072)	654,393
Change in Net Position	513,931	(2,064,611)	(4,153,571)	14,786,114	10,632,543	12,697,154
Total Net Position-Beginning	97,794,023	97,794,023	97,794,023	-	97,794,023	-
Total Net Position-Ending	\$ 98,307,954	95,729,412	93,640,452	14,786,114	108,426,566	12,697,154

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 30,591,932
Receipts from interfund services provided	556,791
Payments to suppliers	(10,951,100)
Payments to employees	(4,341,763)
Payments for interfund services used	(3,004,597)
Net cash provided by operating activities	12,851,263

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer from other funds	12,397,831
Transfer to other funds	(13,862,625)
Net cash provided (used) by noncapital and related financing activities	(1,464,794)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	52,601,933
Acquisition and construction of capital assets	(12,162,415)
Principal paid on capital debt	(37,791,291)
Interest paid on capital debt	(4,445,046)
Net cash provided (used) by capital and related financing activities	(1,796,819)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(10,127,182)
Interest and dividends received	352,704
Issuance of notes receivable	212,747
Net cash provided (used) by investing activities	(9,561,731)

Net increase (decrease) in cash and cash equivalents	27,919
Cash and cash equivalents, October 1	157,009
Cash and cash equivalents, September 30	\$ 184,928

(Continued)

**CITY OF LAREDO, TEXAS
SEWER SYSTEM
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

(Continued)

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

Operating income	\$ 6,171,013
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	6,908,273
(Increase) decrease in accounts receivable	(610,748)
Increase (decrease) in allowance for uncollectible accounts	128,504
(Increase) decrease in inventories	(23,034)
Increase (decrease) in accounts payable	224,774
Increase (decrease) in deferred revenues	(212,746)
Increase (decrease) in compensated absences payable	36,646
Increase (decrease) in net pension liability	352,580
Increase (decrease) in deferred inflows-pension	32,749
Increase (decrease) in deferred outflows-pension	(50,490)
Increase (decrease) in accrued wages and employee benefits	(106,258)
Total adjustments	6,680,250
Net cash provided by operating activities	\$ 12,851,263

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

Contributions of capital assets from developers & others	(2,586,491)
Bond issuance cost amortized	188,724
Premiums	4,400,257
Accrued interest payable	24,742
Disposition of Assets	1,250
Loss on advance refunding	2,152,949

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016

	<u>Budgeted Amount</u>				<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Positive</u>
					<u>Basis</u>	<u>(Negative)</u>
OPERATING REVENUES:						
Charges for Services	\$ 22,291,269	22,291,269	23,189,164	-	23,189,164	897,895
Miscellaneous	34,388	34,388	44,319	-	44,319	9,931
TOTAL OPERATING REVENUES	22,325,657	22,325,657	23,233,483	-	23,233,483	907,826
OPERATING EXPENSES:						
Administration:						
Personnel Services	344,602	344,602	871,330	(520,797)	350,533	(5,931)
Materials and Supplies	14,983	14,483	9,199	-	9,199	5,284
Contractual Services	67,027	67,527	80,936	-	80,936	(13,409)
Total Administration	426,612	426,612	961,465	(520,797)	440,668	(14,056)
Branch Division:						
Personnel Services	453,595	453,595	416,940	6,991	423,931	29,664
Materials and Supplies	73,716	73,517	39,354	-	39,354	34,163
Contractual Services	150,659	76,613	74,283	-	74,283	2,330
Total Branch Division	677,970	603,725	530,577	6,991	537,568	66,157
Recycling:						
Personnel Services	858,589	858,589	811,282	252	811,534	47,055
Materials and Supplies	185,491	223,690	96,074	-	96,074	127,616
Contractual Services	429,342	502,388	356,282	-	356,282	146,106
Capital Outlay	-	27,500	-	24,313	24,313	3,187
Total Recycling	1,473,422	1,612,167	1,263,638	24,565	1,288,203	323,964
Sanitation:						
Personnel Services	3,814,372	3,814,372	3,720,594	(17,699)	3,702,895	111,477
Materials and Supplies	1,318,338	1,385,938	893,252	-	893,252	492,686
Contractual Services	2,955,047	2,889,297	2,930,134	-	2,930,134	(40,837)
Other	191,068	191,068	78,122	(78,122)	-	191,068
Total Sanitation	8,278,825	8,280,675	7,622,102	(95,821)	7,526,281	754,394
Landfill:						
Personnel Services	1,223,862	1,223,862	1,253,057	(13,837)	1,239,220	(15,358)
Materials and Supplies	666,291	689,291	414,556	-	414,556	274,735
Contractual Services	4,373,014	4,249,714	3,104,889	-	3,104,889	1,144,825
Other	700,000	700,000	297	(289)	8	699,992
Capital Outlay	401,844	435,794	-	170,854	170,854	264,940
Total Landfill	7,365,011	7,298,661	4,772,799	156,728	4,929,527	2,369,134
Total Operating Expenses Before						
Depreciation	18,221,840	18,221,840	15,150,581	(428,334)	14,722,247	3,499,593
Depreciation Expense	-	-	2,896,148	(2,896,148)	-	-
TOTAL OPERATING EXPENSES	18,221,840	18,221,840	18,046,729	(3,324,482)	14,722,247	3,499,593
Operating Income (Loss)	\$ 4,103,817	4,103,817	5,186,754	3,324,482	8,511,236	4,407,419

(Continued)

CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year ended September 30, 2016

(Continued)

	Budgeted Amount		Actual	Adjustments	Actual Budget Basis	Variance Positive (Negative)
	Original	Final				
NONOPERATING REVENUES (EXPENSES):						
Investment Income:						
Interest Earnings	\$ 48,300	48,300	82,169	-	82,169	33,869
Interest Earnings-Restricted	13,898	14,856	100,061	-	100,061	85,205
Premiums	-	495,018	-	495,018	495,018	-
Discount Earnings	4,220	4,220	5,380	-	5,380	1,160
Miscellaneous	-	-	4,477	-	4,477	4,477
Closure/Post Closure	-	-	903,808	(903,808)	-	-
Gain (Loss) From Sale of Assets	28,000	28,000	292,163	(259,111)	33,052	5,052
Bond Issues	-	2,881,000	-	2,881,000	2,881,000	-
Interest Expense	(977,740)	(977,740)	(1,143,602)	6,429	(1,137,173)	(159,433)
Gain (Loss) on Advance Refunding	-	-	(99,869)	99,869	-	-
Principal Paid	(3,314,514)	(3,934,514)	-	(4,224,513)	(4,224,513)	(289,999)
Fiscal Agent Fees	(2,467)	(2,467)	(2,122)	-	(2,122)	345
Bond Issuance Cost/Premiums Amortized	-	(52,018)	306,092	(358,110)	(52,018)	-
Other Non-Operating Expenses	(620,000)	(3,659)	(9,976)	-	(9,976)	(6,317)
Construction	(2,701)	(3,324,000)	-	(3,347,707)	(3,347,707)	(23,707)
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,823,004)	(4,823,004)	438,581	(5,610,933)	(5,172,352)	(349,348)
Income (Loss) Before Contributions and Transfers	(719,187)	(719,187)	5,625,335	(2,286,451)	3,338,884	4,058,071
Transfers In:						
Solid Waste Fund	4,914,721	4,914,721	-	5,363,808	5,363,808	449,087
Transfers Out:						
Solid Waste Fund	(4,914,721)	(4,914,721)	-	(5,363,808)	(5,363,808)	(449,087)
Change in Net Position	(719,187)	(719,187)	5,625,335	(2,286,451)	3,338,884	4,058,071
Total Net Position-Beginning	1,642,517	1,642,517	1,642,517	-	1,642,517	-
Prior Period Adjustment	-	-	5,391,294	-	5,391,294	5,391,294
Total Net Position-Ending	\$ 923,330	923,330	12,659,146	(2,286,451)	10,372,695	9,449,365

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 28,114,947
Receipts from interfund services provided	302,258
Payments to suppliers	(3,253,874)
Payments to employees	(6,609,614)
Payments for interfund services used	(4,100,052)
Net cash provided by operating activities	14,453,665

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

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

Proceeds from capital debt	3,376,018
Principal paid on capital debt	(4,224,513)
Interest paid on capital debt	(1,139,295)
Acquisition and construction of capital assets	(3,604,868)
Proceeds from sales of capital assets	33,052
Net cash provided (used) by capital and related financing activities	(5,559,606)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	(9,055,017)
Interest and dividends received	217,624
Net cash provided (used) by investing activities	(8,837,393)

Net increase (decrease) in cash and cash equivalents	56,666
Cash and cash equivalents, October 1	81,608
Cash and cash equivalents, September 30	\$ 138,274

(Continued)

**CITY OF LAREDO, TEXAS
SOLID WASTE MANAGEMENT
STATEMENT OF CASH FLOWS
Year ended September 30, 2016**

(Continued)

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

Operating income	\$ 5,186,754
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	2,896,148
(Increase) decrease in accounts receivable	5,105,310
Increase (decrease) in allowance for uncollectible accounts	78,412
(Increase) decrease in inventories	(719)
Increase (decrease) in accounts payable	724,171
Increase (decrease) in compensated absences payable	27,258
Increase (decrease) in deferred outflows-pension	(48,796)
Increase (decrease) in deferred inflows-pension	44,341
Increase (decrease) in net pension liability	522,285
Increase (decrease) in accrued wages and employee benefits	(81,499)

Total adjustments	9,266,911

Net cash provided by operating activities	\$ 14,453,665

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

Current closure and post closure costs	(903,808)
Premiums	495,018
Bond issuance cost amortized	(358,110)
Loss on advance refunding	99,869
Accrued interest payable	6,429
Disposition of assets	4

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

Agency Funds include:

POLICE RETIREE DEPENDENTS - to account for contributions made by city police officers and the City for expenses associated with health benefits premiums for retired police officers' dependents.

FIRE RETIREE DEPENDENTS - to account for contributions made by city fire fighters and the City for expenses associated with health benefits premiums for retired fire fighters' dependents.

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

Pension Trust Funds include:

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

**CITY OF LAREDO, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	AGENCY FUNDS			PENSION TRUST FUND	
	POLICE RETIREE DEPENDENTS FUND	FIRE RETIREE DEPENDENTS FUND	PAYROLL CLEARING FUND	TOTAL AGENCY FUNDS	CITY ANNUITY FUND
ASSETS					
Equity in Investment Pool	\$ -	-	28,506	28,506	-
Accounts Receivable	476,330	134,657	2,804	613,791	-
Accrued Interest Receivable	-	-	12,474	12,474	-
Investments, at Fair Market Value	-	-	4,563,997	4,563,997	-
TOTAL ASSETS	476,330	134,657	4,607,781	5,218,768	-
LIABILITIES					
Accounts Payable	476,330	134,657	4,607,781	5,218,768	-
TOTAL LIABILITIES	476,330	134,657	4,607,781	5,218,768	-
NET POSITION					
Held in Trust for Pension Benefits, Plan Participants, and Other Purposes	\$ -	-	-	-	-

CITY OF LAREDO, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended September 30, 2016

POLICE RETIREES DEPENDENTS FUND

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash and Cash Equivalents:				
Equity in Investment Pool	\$ -	1,099,501	1,099,501	-
Accounts Receivable	457,527	476,330	457,527	476,330
TOTAL ASSETS	<u>457,527</u>	<u>1,575,831</u>	<u>1,557,028</u>	<u>476,330</u>
LIABILITIES				
Accounts Payable	457,527	476,330	457,527	476,330
TOTAL LIABILITIES	<u>\$ 457,527</u>	<u>476,330</u>	<u>457,527</u>	<u>476,330</u>

FIRE RETIREES DEPENDENTS FUND

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash and Cash Equivalents:				
Equity in Investment Pool	\$ -	800,922	800,922	-
Accounts Receivable	288,064	134,657	288,064	134,657
TOTAL ASSETS	<u>288,064</u>	<u>935,579</u>	<u>1,088,986</u>	<u>134,657</u>
LIABILITIES				
Accounts Payable	288,064	134,657	288,064	134,657
TOTAL LIABILITIES	<u>\$ 288,064</u>	<u>134,657</u>	<u>288,064</u>	<u>134,657</u>

(Continued)

CITY OF LAREDO, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended September 30, 2016

(Continued)

PAYROLL CLEARING FUND

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents:				
Equity in Investment Pool	\$ 11,943	119,409,238	119,392,675	28,506
Accounts Receivable	2,804	247	247	2,804
Accrued Interest Receivable	8,120	12,474	8,120	12,474
Investments, at Fair Market Value	2,095,950	4,563,997	2,095,950	4,563,997
Prepaid Items	-	27,819	27,819	-
TOTAL ASSETS	<u>2,118,817</u>	<u>124,013,775</u>	<u>121,524,811</u>	<u>4,607,781</u>
LIABILITIES				
Accounts Payable	2,118,817	103,604,405	101,115,441	4,607,781
Accrued Wages and Benefits	-	61,257,288	61,257,288	-
TOTAL LIABILITIES	<u>\$ 2,118,817</u>	<u>164,861,693</u>	<u>162,372,729</u>	<u>4,607,781</u>

TOTALS-ALL AGENCY FUNDS

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and Cash Equivalents:				
Equity in Investment Pool	\$ 11,943	121,309,661	121,293,098	28,506
Accounts Receivable	748,395	611,234	745,838	613,791
Accrued Interest Receivable	8,120	12,474	8,120	12,474
Investments, at Fair Market Value	2,095,950	4,563,997	2,095,950	4,563,997
Prepaid Items	-	27,819	27,819	-
TOTAL ASSETS	<u>2,864,408</u>	<u>126,525,185</u>	<u>124,170,825</u>	<u>5,218,768</u>
LIABILITIES				
Accounts Payable	2,864,408	104,215,392	101,861,032	5,218,768
Accrued Wages and Benefits	-	61,257,288	61,257,288	-
TOTAL LIABILITIES	<u>\$ 2,864,408</u>	<u>165,472,680</u>	<u>163,118,320</u>	<u>5,218,768</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

(Tables 11-16)

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

CITY OF LAREDO, TEXAS

TABLE 1

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 241,151,427	\$ 226,128,108	\$ 327,113,377	\$ 371,030,290	\$ 404,332,329	\$ 426,071,062	\$ 435,213,156	\$ 454,275,907	\$ 487,452,144	\$ 497,557,400
Restricted	13,422,271	18,974,742	21,193,295	23,051,240	24,098,965	22,027,504	32,487,338	52,746,758	39,488,100	41,402,347
Unrestricted	<u>81,277,357</u>	<u>72,424,497</u>	<u>71,981,867</u>	<u>36,509,233</u>	<u>26,981,198</u>	<u>15,921,760</u>	<u>24,657,948</u>	<u>(9,084,181)</u>	<u>(103,494,138)</u>	<u>(178,284,762)</u>
Total governmental activities net position	<u>\$ 335,851,055</u>	<u>\$ 317,527,347</u>	<u>\$ 420,288,539</u>	<u>\$ 430,590,763</u>	<u>\$ 455,412,492</u>	<u>\$ 464,020,326</u>	<u>\$ 492,358,442</u>	<u>\$ 497,938,484</u>	<u>\$ 423,446,106</u>	<u>\$ 360,674,985</u>
Business-type activities										
Net investment in capital assets	\$ 182,101,727	\$ 289,915,339	\$ 241,824,056	\$ 251,995,464	\$ 273,496,354	\$ 235,628,019	\$ 308,880,051	\$ 279,700,006	\$ 266,890,409	\$ 254,793,229
Restricted	11,615,850	24,336,104	17,621,503	16,695,175	25,879,932	29,616,876	32,833,893	31,079,396	57,971,427	74,371,213
Unrestricted	<u>112,203,891</u>	<u>40,616,292</u>	<u>38,022,700</u>	<u>36,287,912</u>	<u>44,344,017</u>	<u>91,031,789</u>	<u>21,798,947</u>	<u>44,775,230</u>	<u>(12,769,768)</u>	<u>(17,631,797)</u>
Total business-type activities net position	<u>\$ 305,921,468</u>	<u>\$ 354,867,735</u>	<u>\$ 297,468,259</u>	<u>\$ 304,978,551</u>	<u>\$ 343,720,303</u>	<u>\$ 356,276,684</u>	<u>\$ 363,512,891</u>	<u>\$ 355,554,632</u>	<u>\$ 312,092,068</u>	<u>\$ 311,532,645</u>
Primary government										
Net investment in capital assets	\$ 423,253,154	\$ 516,043,447	\$ 568,937,433	\$ 623,025,754	\$ 677,828,683	\$ 661,699,081	\$ 744,093,207	\$ 733,975,913	\$ 754,342,553	\$ 752,350,629
Restricted	25,038,121	43,310,846	38,814,798	39,746,415	49,978,897	51,644,380	65,321,231	83,826,154	97,459,527	115,773,560
Unrestricted	<u>193,481,248</u>	<u>113,040,789</u>	<u>110,004,567</u>	<u>72,797,145</u>	<u>71,325,215</u>	<u>106,953,549</u>	<u>46,456,895</u>	<u>35,691,049</u>	<u>(116,263,906)</u>	<u>(195,916,559)</u>
Total primary government net position	<u>\$ 641,772,523</u>	<u>\$ 672,395,082</u>	<u>\$ 717,756,798</u>	<u>\$ 735,569,314</u>	<u>\$ 799,132,795</u>	<u>\$ 820,297,010</u>	<u>\$ 855,871,333</u>	<u>\$ 853,493,116</u>	<u>\$ 735,538,174</u>	<u>\$ 672,207,630</u>

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 2

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 18,314,193	\$ 19,219,026	\$ 20,403,447	\$ 33,057,032	\$ 33,212,469	\$ 31,034,892	\$ 36,517,099	\$ 31,483,857	\$ 30,754,775	\$ 31,282,913
Public Safety	86,550,055	95,322,249	101,317,492	96,731,529	108,220,849	109,306,566	114,298,448	116,740,217	123,569,785	136,161,243
Public Works	22,524,297	26,609,686	33,983,968	31,945,598	28,971,676	35,937,652	29,742,584	29,275,673	30,339,614	32,262,592
Health and Welfare	17,053,474	18,974,496	19,374,716	21,408,808	21,559,624	23,663,834	25,149,324	25,049,024	25,392,674	26,694,339
Culture and Recreation	14,838,677	16,311,284	19,137,914	21,989,636	24,351,217	25,468,060	25,636,585	28,166,961	27,531,357	29,029,634
Air Transportation	7,157,616	5,709,233	6,014,102	5,592,799	8,337,337	5,896,045	10,379,579	10,866,517	11,424,789	12,068,122
Interest on Long Term Debt	9,809,368	60,052,703	29,610,058	11,170,771	11,330,317	11,215,644	11,253,582	15,939,639	14,675,052	14,833,434
Total Governmental Activities Expenses	<u>176,247,680</u>	<u>242,198,677</u>	<u>229,841,697</u>	<u>221,896,173</u>	<u>235,983,489</u>	<u>242,522,693</u>	<u>252,977,201</u>	<u>257,521,888</u>	<u>263,688,046</u>	<u>282,332,277</u>
Business-Type Activities										
Bridge System	38,421,137	42,734,185	39,335,750	40,917,048	41,558,090	41,674,262	40,886,900	53,740,997	47,492,006	50,002,193
Solid Waste Management System	15,000,574	17,157,717	18,828,910	14,516,888	15,794,014	16,279,971	19,527,143	17,714,332	18,207,099	19,076,156
Water System	22,213,666	28,212,391	28,536,428	40,110,255	42,840,185	43,022,231	43,113,971	46,627,133	53,339,444	60,707,954
Sewer System	14,251,997	16,765,662	18,235,772	25,526,830	24,269,283	28,980,517	31,051,237	32,680,138	32,339,112	37,537,057
Other Business-Type Activities	15,744,459	15,893,623	15,734,541	17,278,725	16,439,140	17,238,383	17,817,971	18,016,163	18,198,854	19,560,225
Total Business-Type Activities Expenses	<u>105,631,833</u>	<u>120,763,578</u>	<u>120,671,401</u>	<u>138,349,746</u>	<u>140,900,712</u>	<u>147,195,364</u>	<u>152,397,222</u>	<u>168,778,763</u>	<u>169,576,515</u>	<u>186,883,585</u>
Total Primary Government Expenses	<u>\$ 281,879,513</u>	<u>\$ 362,962,255</u>	<u>\$ 350,513,098</u>	<u>\$ 360,245,919</u>	<u>\$ 376,884,201</u>	<u>\$ 389,718,057</u>	<u>\$ 405,374,423</u>	<u>\$ 426,300,651</u>	<u>\$ 433,264,561</u>	<u>\$ 469,215,862</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 32,910,354	\$ 37,689,581	\$ 33,923,642	\$ 36,183,314	\$ 40,374,802	\$ 37,543,445	\$ 40,285,380	\$ 48,476,887	\$ 49,951,513	\$ 52,780,001
Public Safety	8,172,180	5,778,145	10,016,804	12,060,974	8,589,950	7,515,182	10,135,563	9,689,452	10,161,855	9,347,027
Public Works	5,465,043	5,397,891	3,675,472	4,528,772	2,158,284	5,556,032	13,359,717	681,523	570,033	1,057,448
Health and Welfare	9,392,593	12,351,506	10,452,002	9,832,614	11,998,683	13,793,256	15,564,387	16,082,560	15,328,529	16,664,531
Culture and Recreation	1,775,372	1,570,822	4,029,673	5,157,950	5,412,318	7,116,481	5,874,092	6,700,618	5,760,979	6,764,430
Air Transportation	4,838,526	4,828,695	4,624,053	5,516,704	4,586,437	4,966,208	7,105,179	6,213,731	8,428,408	5,983,576
Operating Grants and Contributions	12,987,606	13,930,222	18,369,080	21,833,031	23,499,860	22,085,334	25,228,899	21,012,892	22,967,325	21,731,076
Capital Grants and Contributions	18,236,216	15,342,851	30,660,626	48,006,390	36,020,500	29,325,040	22,102,012	29,152,539	35,294,592	40,400,218
Total Governmental Activities Program Revenues	<u>93,777,890</u>	<u>96,889,713</u>	<u>115,751,352</u>	<u>143,119,749</u>	<u>132,640,834</u>	<u>127,900,978</u>	<u>139,655,229</u>	<u>138,010,202</u>	<u>148,463,234</u>	<u>154,728,307</u>
Business-Type Activities:										
Charges for Services										
Bridge System	41,642,985	48,757,093	43,736,439	45,913,716	46,433,396	47,365,449	47,628,417	55,703,827	58,289,089	60,192,764
Solid Waste Management System	16,645,845	15,987,984	15,570,572	16,014,354	16,657,612	16,625,595	18,773,794	19,938,264	21,422,714	24,141,768
Water System	28,217,432	28,832,337	30,032,089	29,859,060	36,301,316	38,825,686	41,279,848	42,744,943	40,933,158	46,018,021
Sewer System	15,157,406	15,820,522	21,401,432	22,884,626	27,711,393	28,734,011	28,941,911	30,383,531	28,409,350	31,850,492
Other Business-Type Activities	5,760,012	6,234,125	5,393,258	5,447,624	5,384,915	5,453,483	5,583,161	5,516,063	5,581,664	5,367,622
Operating Grants and Contributions	4,732,614	4,519,591	4,433,244	5,439,854	4,279,722	4,473,530	5,504,473	4,425,506	3,914,991	3,837,360
Capital Grants and Contributions	9,447,512	57,024,886	41,035,105	26,282,072	36,609,025	12,928,054	6,365,385	5,746,419	6,313,419	9,332,615
Total Business-Type Activities Program Revenues	<u>121,603,806</u>	<u>177,176,538</u>	<u>161,602,139</u>	<u>151,841,306</u>	<u>173,377,379</u>	<u>154,405,808</u>	<u>154,076,989</u>	<u>164,458,553</u>	<u>164,864,385</u>	<u>180,740,642</u>
Total Primary Government Program Revenues	<u>\$ 215,381,696</u>	<u>\$ 274,066,251</u>	<u>\$ 277,353,491</u>	<u>\$ 294,961,055</u>	<u>\$ 306,018,213</u>	<u>\$ 282,306,786</u>	<u>\$ 293,732,218</u>	<u>\$ 302,468,755</u>	<u>\$ 313,327,619</u>	<u>\$ 335,468,949</u>

(Continued)

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

CITY OF LAREDO, TEXAS

TABLE 2

(Continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental Activities	\$ (82,469,790)	\$ (145,308,964)	\$ (114,090,345)	\$ (78,776,424)	\$ (103,342,655)	\$ (114,621,715)	\$ (113,321,972)	\$ (119,511,686)	\$ (115,224,812)	\$ (127,603,970)
Business-Type Activities	15,971,973	56,412,960	40,930,738	13,491,560	32,476,667	7,210,444	1,679,767	(4,320,210)	(4,712,130)	(6,142,943)
Total Primary Government Net Expense	<u>\$ (66,497,817)</u>	<u>\$ (88,896,004)</u>	<u>\$ (73,159,607)</u>	<u>\$ (65,284,864)</u>	<u>\$ (70,865,988)</u>	<u>\$ (107,411,271)</u>	<u>\$ (111,642,205)</u>	<u>\$ (123,831,896)</u>	<u>\$ (119,936,942)</u>	<u>\$ (133,746,913)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 55,844,667	\$ 62,332,204	\$ 68,693,562	\$ 69,155,582	\$ 69,142,902	\$ 68,704,058	\$ 69,563,546	\$ 68,900,077	\$ 72,930,004	\$ 76,362,877
Sales Tax	31,476,528	32,648,289	29,801,861	29,790,610	39,050,113	38,152,946	40,383,050	39,842,711	41,000,767	38,983,785
Franchise Taxes	6,528,053	6,835,933	6,714,232	6,681,712	7,018,602	7,085,923	7,089,931	7,434,775	7,613,857	7,656,015
Hotel Motel Tax	3,392,027	3,331,021	2,718,253	3,087,561	4,117,956	4,228,417	4,218,974	4,322,485	4,219,474	3,797,579
Alcoholic Beverage Taxes	341,440	334,273	323,349	308,966	329,521	298,772	345,476	436,204	463,447	467,361
Grants and Contributions Not Restricted to Specific Programs	4,095,598	4,845,731	-	-	-	-	-	-	-	-
Investment Earnings	3,866,276	3,478,262	1,980,307	703,433	505,944	399,151	379,330	428,693	581,016	780,283
Gain on Sale of Capital Assets	344,958	409,102	122,890	36,680	1,327,296	314,627	15,898,197	177,320	50,721	512,275
Bond Premium	-	1,227,777	1,893,419	-	829,086	84,484	-	-	-	-
Transfers	9,651,953	13,622,444	8,108,009	4,683,701	5,842,964	3,961,171	3,781,584	7,585,617	9,252,910	6,345,593
Total Governmental Activities	<u>115,541,500</u>	<u>129,065,036</u>	<u>120,355,882</u>	<u>114,448,245</u>	<u>128,164,384</u>	<u>123,229,549</u>	<u>141,660,088</u>	<u>129,127,882</u>	<u>136,112,196</u>	<u>134,905,768</u>
Business-Type Activities:										
Sales Tax	5,881,063	6,122,978	5,760,681	5,512,908	6,311,745	7,082,464	7,666,150	7,716,898	7,966,064	7,474,608
Investment Earnings	-	-	-	288,222	203,743	1,811,816	1,651,558	1,409,876	1,445,291	1,818,713
Gain/(Loss) on Sale of Capital Assets	133,758	393,328	512,769	(533,697)	152,893	23,254	20,316	352,807	(26,589)	389,708
Bond Premium	-	-	-	-	5,439,668	389,574	-	-	-	-
Transfers	(9,651,953)	(13,622,444)	(8,108,009)	(4,683,701)	(5,842,964)	(3,961,171)	(3,781,584)	(7,585,617)	(9,252,910)	(6,345,593)
Total Business-Type Activities	<u>(3,637,132)</u>	<u>(7,106,138)</u>	<u>(1,834,559)</u>	<u>583,732</u>	<u>6,265,085</u>	<u>5,345,937</u>	<u>5,556,440</u>	<u>1,893,964</u>	<u>131,856</u>	<u>3,337,436</u>
Total Primary Government	<u>\$ 111,904,368</u>	<u>\$ 121,958,898</u>	<u>\$ 118,521,323</u>	<u>\$ 115,031,977</u>	<u>\$ 134,429,469</u>	<u>\$ 128,575,486</u>	<u>\$ 147,216,528</u>	<u>\$ 131,021,846</u>	<u>\$ 136,244,052</u>	<u>\$ 138,243,204</u>
Change in Net Position										
Governmental Activities	\$ 33,071,710	\$ (16,243,928)	\$ 6,265,537	\$ 35,671,821	\$ 24,821,729	\$ 8,607,834	\$ 28,338,116	\$ 9,616,196	\$ 20,887,384	\$ 7,301,798
Business-Type Activities	12,334,841	49,306,822	39,096,179	14,075,292	38,741,752	12,556,381	7,236,207	(2,426,246)	(4,580,274)	(2,805,507)
Total Primary Government	<u>\$ 45,406,551</u>	<u>\$ 33,062,894</u>	<u>\$ 45,361,716</u>	<u>\$ 49,747,113</u>	<u>\$ 63,563,481</u>	<u>\$ 21,164,215</u>	<u>\$ 35,574,323</u>	<u>\$ 7,189,950</u>	<u>\$ 16,307,110</u>	<u>\$ 4,496,291</u>

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 3

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Taxes:										
Property	\$ 55,681,122	\$ 61,553,183	\$ 67,284,934	\$ 68,870,491	\$ 68,998,291	\$ 67,838,288	\$ 69,063,708	\$ 71,560,518	\$ 73,314,227	\$ 75,826,000
Sales	31,384,048	32,518,723	30,308,403	29,339,115	33,669,024	37,481,815	39,921,718	40,024,574	41,364,145	38,685,571
Franchise Fees	6,506,014	6,793,268	6,788,837	6,668,731	6,995,838	7,080,430	7,049,443	7,408,310	68,575	7,651,588
Bingo Tax	65,524	68,268	68,274	68,235	74,345	92,942	71,581	70,037	463,398	67,340
Alcoholic Beverage	341,130	337,545	325,611	304,894	341,545	289,303	320,504	429,823	4,204,569	456,784
Hotel Motel	3,330,740	3,327,146	2,775,027	3,077,683	4,055,510	4,227,796	4,236,295	4,321,690	7,588,828	3,851,082
Licenses and Permits	6,736,908	6,029,355	6,370,472	6,496,534	6,487,718	7,037,889	8,200,676	9,176,782	9,789,518	9,996,342
Intergovernmental	33,877,881	35,693,757	39,882,049	52,709,235	49,801,150	37,425,328	38,974,973	31,999,133	35,599,823	34,493,046
Charges for Services	31,310,068	37,045,771	37,636,101	41,954,138	41,728,421	46,032,265	47,094,098	54,978,231	56,761,356	59,886,689
Fines	3,147,555	3,646,728	3,392,829	3,734,101	3,762,977	3,631,708	3,355,374	3,781,433	3,750,121	3,986,414
Fees and Collections	3,386,329	3,492,841	3,837,470	3,592,488	3,547,545	3,916,479	4,815,100	5,266,624	5,453,663	5,288,848
Rents	6,314,430	6,545,628	5,714,968	6,482,548	5,731,032	6,012,866	9,050,040	7,309,197	8,506,613	6,646,131
Interest and Other	8,370,527	7,238,944	4,843,786	1,933,321	1,511,880	1,268,514	464,348	513,966	1,426,394	2,002,081
Miscellaneous	2,264,974	643,499	4,923,082	8,441,665	4,722,829	2,611,818	3,571,941	2,902,821	2,873,122	2,176,195
Contributions & Donations	1,008,606	988,331	95,240	18,271,618	10,951,450	18,780,987	21,818,513	200,222	22,950,634	27,872,691
Reimbursements	1,585,062	1,729,311	1,913,607	1,322,816	2,280,613	1,038,430	1,780,401	1,544,995	1,847,804	1,512,842
TOTAL REVENUES	195,310,918	207,652,298	216,160,690	253,267,613	244,660,168	244,766,858	259,788,713	241,488,356	275,962,790	280,399,644
EXPENDITURES:										
General Government	17,413,287	17,894,512	18,892,213	18,688,270	19,098,129	18,681,665	19,339,843	19,730,538	23,618,033	24,034,077
Public Safety	83,246,215	91,511,415	93,373,168	97,621,453	101,057,294	108,305,984	112,682,130	114,898,390	119,758,393	126,401,411
Public Works	12,274,330	11,967,902	18,923,375	13,683,613	10,185,108	12,957,347	9,836,004	10,707,599	9,257,819	9,081,025
Health and Welfare	16,703,368	18,507,725	18,734,227	20,447,413	20,160,803	22,578,990	24,015,886	24,139,800	24,139,800	24,960,106
Cultural and Recreational	15,921,447	15,658,222	18,337,167	21,478,230	23,640,666	24,675,468	25,336,135	27,762,404	27,056,235	28,088,962
Air Transportation Services	5,160,618	4,109,813	4,317,786	4,439,025	4,651,685	4,989,131	6,006,842	6,158,489	6,467,036	6,883,264
Capital Outlay	34,033,486	44,092,402	56,947,674	82,767,916	85,712,034	71,468,161	51,861,368	50,975,719	52,394,194	66,817,376
Debt Service:										
Bond Costs	-	766,853	27,799,429	235,629	704,855	211,726	188,314	209,549	1,373,264	969,313
Principal Retirement	16,986,948	17,398,209	18,626,220	12,945,169	10,246,364	13,058,227	14,365,645	16,127,013	39,178,502	23,395,142
Loss on Advance Refunding	-	-	-	-	-	-	-	-	258,062	584,424
Interest and Fiscal Expenditures	9,250,941	12,691,697	15,621,180	10,711,226	10,866,914	11,071,614	10,772,155	9,987,587	9,097,392	9,127,731
TOTAL EXPENDITURES	210,990,640	234,598,750	291,572,439	283,017,944	286,323,852	287,998,313	274,728,003	280,573,174	312,598,730	320,342,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,679,722)	(26,946,452)	(75,411,749)	(29,750,331)	(41,663,684)	(43,231,455)	(14,939,290)	(39,084,818)	(36,635,940)	(39,943,187)
OTHER FINANCING SOURCES (USES):										
Transfers In	26,222,228	37,533,557	40,622,386	29,605,450	46,699,942	41,973,360	37,256,256	45,447,751	56,141,691	44,180,899
Issuance of Debt	76,160,000	79,855,000	56,980,000	8,715,629	23,189,078	9,764,975	3,800,000	20,795,730	45,028,000	40,155,641
Bond Premium	-	1,227,777	1,860,783	-	829,086	88,867	58,279	565,390	14,136,687	7,867,533
Bond Discounts	-	-	-	-	-	(4,383)	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(9,230)	(3,317,933)	(2,112,731)	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	15,005	-	-
Transfers Out	(16,463,011)	(23,493,174)	(31,697,149)	(24,521,749)	(39,073,000)	(37,198,426)	(31,974,672)	(37,121,060)	(45,138,782)	(35,974,394)
Contributions	-	(46,471,173)	9,340,787	-	-	-	-	19,667,880	-	-
Issuance of Refunding Debt	-	-	-	-	-	-	-	-	55,606,967	20,450,000
Capital Leases	4,349,665	(102,232)	(102,232)	1,330,425	807,653	-	4,852,652	-	-	-
Sale of Assets	334,354	194,959	121,669	33,461	1,375,078	318,617	15,888,705	177,320	50,721	512,275
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(15,668,558)	(65,313,880)	(23,238,405)
TOTAL OTHER FINANCING SOURCES (USES)	90,603,236	48,744,714	77,126,244	15,153,986	30,509,904	12,830,279	29,881,220	33,879,458	60,511,404	53,953,549
Net Change in Fund Balances	\$ 74,923,514	\$ 21,798,262	\$ 1,714,495	\$ (14,596,345)	\$ (11,153,780)	\$ (30,401,176)	\$ 14,941,930	\$ (5,205,360)	\$ 23,875,464	\$ 14,010,362
Debt Service as a Percentage of non-capital expenditures	14.83%	16.20%	26.45%	11.93%	10.88%	11.24%	11.36%	11.47%	19.08%	13.21%

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 4

	Fiscal Year									
	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 14,937	\$ 4,349	\$ 19,335	\$ 5,960	\$ 7,920	\$ 11,197
Restricted	-	-	-	-	786,681	1,641,354	3,644,122	11,981,702	11,445,903	12,490,116
Committed	-	-	-	-	22,393,198	22,988,878	27,564,635	27,842,577	29,091,945	31,053,457
Assigned	-	-	-	-	1,613,435	-	-	-	-	-
Unassigned	-	-	-	-	10,712,189	12,230,458	10,343,359	2,781,899	3,603,026	885,453
Reserved	1,376,988	1,297,655	1,516,661	2,122,655	-	-	-	-	-	-
Unreserved	21,769,926	25,322,950	29,175,762	32,823,677	-	-	-	-	-	-
Total General Fund	\$ 23,146,914	\$ 26,620,605	\$ 30,692,423	\$ 34,946,332	\$ 35,520,440	\$ 36,865,039	\$ 41,571,451	\$ 42,612,138	\$ 44,148,794	\$ 44,440,223
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 119,161	\$ 106,717	\$ 95,436	\$ 95,310	\$ 143,068	\$ 124,468
Restricted	-	-	-	-	104,259,849	72,008,350	57,826,607	60,868,607	75,004,683	89,143,791
Committed	-	-	-	-	6,756,570	7,729,123	5,263,091	3,559,782	6,018,039	6,205,935
Assigned	-	-	-	-	11,709,333	13,515,966	39,401,130	33,525,417	41,356,354	38,986,497
Unassigned (Deficit)	-	-	-	-	(125,741)	(2,386,759)	(1,377,349)	(3,086,248)	(5,220,468)	(3,440,082)
Reserved	29,244,789	26,694,766	36,478,312	81,538,217	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	7,725,320	12,831,254	25,473,486	27,153,981	-	-	-	-	-	-
Debt Service Funds	5,946,381	9,293,964	6,636,000	-	-	-	-	-	-	-
Capital Project Funds	94,204,775	106,834,652	84,709,516	25,754,862	-	-	-	-	-	-
Total all other governmental funds	\$ 137,121,265	\$ 155,654,636	\$ 153,297,314	\$ 134,447,060	\$ 122,719,172	\$ 90,973,397	\$ 101,208,915	\$ 94,962,868	\$ 117,301,676	\$ 131,020,609

NOTES:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 5

FISCAL PERIODS	AD VALOREM TAXES	SALES TAX	BEVERAGE TAX	BINGO TAX	OCCUPANCY TAX	FRANCHISE TAX	TOTAL
2007	\$ 55,681,122	\$ 31,384,048	\$ 341,130	\$ 65,524	\$ 3,330,740	\$ 6,506,014	\$ 97,308,578
2008	61,553,183	32,518,723	337,545	68,268	3,327,146	6,793,268	104,598,133
2009	67,284,934	30,308,403	325,611	68,274	2,775,027	6,788,837	107,551,086
2010	68,870,491	29,339,115	304,894	68,235	3,077,683	6,668,731	108,329,149
2011	68,998,291	33,669,024	341,545	74,345	4,055,510	6,995,838	114,134,553
2012	67,838,288	37,481,815	289,303	92,942	4,227,796	7,080,430	117,010,574
2013	69,063,708	39,921,718	320,504	71,581	4,236,295	7,049,443	120,663,249
2014	71,560,518	40,024,574	429,823	70,037	4,321,690	7,408,310	123,814,952
2015	73,314,227	41,364,145	463,398	68,575	4,204,569	7,588,858	127,003,772
2016	\$ 75,826,000	\$ 38,685,571	\$ 456,784	\$ 67,340	\$ 3,851,082	\$ 7,651,588	\$ 126,538,365

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 6

FISCAL PERIOD	TOTAL TAX LEVY FOR FISCAL YEAR		COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		
			AMOUNT COLLECTED	PERCENTAGE OF LEVY		AMOUNT COLLECTED	PERCENTAGE OF LEVY	
2007	\$	53,847,576	\$	52,024,898	96.62	\$	53,637,601	99.61
2008		59,690,336		57,843,306	96.91		59,453,717	99.60
2009		65,419,993		63,194,853	96.60		65,133,297	99.56
2010		66,652,507		64,379,305	96.59		66,354,786	99.55
2011		67,016,086		65,241,316	97.35		66,730,756	99.57
2012		66,842,112		64,818,395	96.97		66,508,865	99.50
2013		67,621,015		65,858,772	97.39		67,264,785	99.47
2014		69,529,157		68,117,096	97.97		69,129,419	99.43
2015		71,691,453		70,277,149	98.03		71,024,194	99.07
2016	\$	75,020,129	\$	73,312,814	97.72	\$	73,312,814	97.72

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 7

		-----RESIDENTIAL PROPERTY-----		-----COMMERCIAL PROPERTY-----		-----TOTALS-----				
FISCAL PERIODS	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	EXEMPTIONS (2)	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	TOTAL DIRECT TAX RATE	RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	
2007	\$ 5,411,082,137	\$ 5,411,082,137	\$ 3,582,097,472	\$ 3,582,097,472	\$ 585,142,683	\$ 8,408,036,926	\$ 8,408,036,926	0.637000	100%	
2008	6,069,242,179	6,069,242,179	3,971,864,502	3,971,864,502	647,577,934	9,393,528,747	9,393,528,747	0.637000	100%	
2009	6,654,553,665	6,654,553,665	4,402,760,384	4,402,760,384	671,339,004	10,385,975,045	10,385,975,045	0.637000	100%	
2010	6,825,803,972	6,825,803,972	4,571,159,052	4,571,159,052	773,831,223	10,623,131,801	10,623,131,810	0.637000	100%	
2011	6,938,223,832	6,938,223,832	4,460,292,962	4,460,292,962	761,010,658	10,637,506,136	10,637,506,136	0.637000	100%	
2012	6,909,967,001	6,909,967,001	4,454,071,509	4,454,071,509	779,291,720	10,584,746,790	10,584,746,790	0.637000	100%	
2013	6,361,188,581	6,361,188,581	4,329,884,664	4,329,884,664	807,321,080	10,691,073,245	10,691,073,245	0.637000	100%	
2014	6,467,306,659	6,467,306,659	4,531,514,190	4,531,514,190	800,231,949	10,998,820,849	10,998,820,849	0.637000	100%	
2015	6,765,571,005	6,765,571,005	4,605,136,567	4,605,136,567	793,760,615	11,370,707,572	11,370,707,572	0.637000	100%	
2016	\$ 6,996,535,128	\$ 6,996,535,128	\$ 5,184,897,773	\$ 5,184,897,773	\$ 872,562,927	\$ 11,857,665,347	\$ 11,857,665,347	0.637000	100%	

NOTES:

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

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

Does not reflect appeal adjustments after July assessment date.

SOURCE:

July Certified Tax Rolls received from Webb County Appraisal District.

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

CITY OF LAREDO, TEXAS

TABLE 8

FISCAL PERIODS	CITY OF LAREDO	WEBB COUNTY	LAREDO INDEPENDENT SCHOOL DISTRICT	UNITED INDEPENDENT SCHOOL DISTRICT	LAREDO COMMUNITY COLLEGE

TAX RATES (per \$100 of assessed value)

2007	0.63700	0.42006	1.49551	1.47436	0.23050
2008	0.63700	0.42006	1.27400	1.18487	0.22220
2009	0.63700	0.42006	1.27400	1.18487	0.22110
2010	0.63700	0.42006	1.27400	1.19486	0.22720
2011	0.63700	0.42005	1.27400	1.19486	0.23812
2012	0.63700	0.42005	1.27400	1.19486	0.25854
2013	0.63700	0.42005	1.27400	1.19486	0.25776
2014	0.63700	0.42005	1.27400	1.19486	0.25522
2015	0.63700	0.41470	1.41080	1.21486	0.29716
2016	0.63700	0.41470	1.39550	1.22486	0.33024

TAX LEVIES

2007	\$	53,559,195	\$	50,623,052	\$	27,671,836	\$	113,168,711	\$	19,720,017
2008		59,584,704		51,752,884		25,966,124		95,866,850		21,192,705
2009		65,642,009		55,559,866		27,408,723		108,147,626		23,297,634
2010		66,926,927		56,069,370		27,210,755		111,038,081		24,304,862
2011		67,184,974		57,474,928		27,078,969		112,407,770		25,422,145
2012		66,842,112		59,565,434		27,100,362		122,310,106		27,353,531
2013		67,621,015		63,960,211		27,193,890		138,858,407		27,592,527
2014		69,529,157		69,227,883		26,774,619		154,451,096		28,113,009
2015		71,691,453		76,580,966		29,450,271		180,574,086		33,605,043
2016	\$	75,020,129	\$	79,217,751	\$	28,362,620	\$	196,450,033	\$	37,132,750

SOURCES:

City of Laredo, Texas
Webb County Appraisal District Office

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

CITY OF LAREDO, TEXAS

TABLE 9

FISCAL PERIODS	BEGINNING BALANCE (2)	ASSESSMENTS BILLED	ASSESSMENTS COLLECTED	PERCENT OF COLLECTIONS OF AMOUNT DUE	TOTAL OUTSTANDING CURRENT AND DELINQUENT ASSESSMENTS
2007	\$ 27,142	\$ 165,224	\$ 178,014	92.54%	\$ 14,352
2008	14,352	99,592	106,800	93.73%	7,144
2009	7,144	41,084	38,462	79.75%	9,766
2010	9,766	16,420	17,142	65.46%	9,044
2011	9,044	37,404	38,578	83.06%	7,870
2012	7,870	29,593	30,976	82.68%	6,487
2013	6,487	16,518	16,235	70.57%	6,770
2014	6,770	18,782	17,841	69.82%	7,711
2015	7,711	6,214	9,150	65.71%	4,775
2016	\$ 4,775	\$ 10,072	\$ 10,875	73.25%	\$ 3,972

(1) The Charter of the City of Laredo allows the City Council to assess the costs of street paving and sidewalk construction to the adjacent owners. Normally, this is collected in equal principal installments over a five year period with interest computed at eight percent.

This assessment constitutes a lien against the property which may be foreclosed upon default.

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

SOURCE:

City of Laredo, Texas

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2016**

CITY OF LAREDO, TEXAS

TABLE 10

TAXPAYER	TYPE OF BUSINESS	2016 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
AEP Texas Central Company	Utility	116,063,880	0.98%
Laredo Texas Hospital Co. LP	Hospital	\$96,292,920	0.81%
Mall Del Norte, LLC	Retail	55,889,620	0.47%
The GEO Group, INC	Correctional	50,979,760	0.43%
AEP Electric Transmission of Texas LLC	Utility	48,062,880	0.40%
Laredo Regional Medical CTR LP	Medical	43,105,900	0.36%
Farias Development LTD	Real Estate	40,924,261	0.34%
Killam Development Partnership LTD	Developers	35,540,750	0.30%
International Bank of Commerce	Financial	34,633,243	0.29%
H E Butt Grocery Company	Grocery	31,669,100	0.27%
TOTAL		\$553,162,314	4.66%

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2006**

TAXPAYER	TYPE OF BUSINESS	2006 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
Conoco Philips Company	Petroleum	\$982,283,590	13.19%
Lewis Petroleum Properties Inc.	Petroleum	194,917,501	2.62%
EOG Resources Inc.	Petroleum	189,812,080	2.55%
Rosetta Resources	Petroleum	131,908,152	1.77%
Houston Exploration Company	Petroleum	123,539,790	1.66%
Chevron USA, Inc.	Petroleum	109,806,232	1.47%
AEP Texas Central Company	Electricity	109,086,750	1.46%
Laredo Texas Hospital Co Lp	Medical	99,841,700	1.34%
Killam Oil Company Ltd.	Petroleum	84,598,600	1.14%
Bruni Mineral Trust #2	Petroleum	81,825,820	1.10%
Total		\$2,107,620,215	28.30%

Numbers show total comparison for principal taxpayers as of 2016 and 10 years ago.

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 11

The Constitution of Texas in Article 11, Section 5, limits the maximum amount that a home rule city can tax to \$2.50 per \$100.00 of valuation and the same Article provides that no debt shall ever be created by any city unless at the same a time provision is made to assess and collect annually a sufficient sum to pay the interest thereon and create a sinking fund of at least two percent thereon. The Attorney General of Texas, in connection with the quoted provision, has created a rule for the guidance of home rule cities which states that the bond allowable under this constitutional provision shall be on the basis of no greater than \$1.50 per \$100.00 of valuation unless the city charter provides for less than the maximum specified in the Attorney General's rule. City Charter Section 6.13, as amended in November 1995, limits the total overall outstanding debt to 10% of the total assessed valuation of the City. At this time, the City has allocated approximately \$.145280 of the total tax rate.

Assessed value based on 2015 tax roll	\$11,857,665,347
Maximum amount of bonded indebtedness based on such assessed value (10%).....	\$1,185,766,535
Amount of debt applicable to said maximum debt limit:	
Total General Obligation Bonds and Certificates of Obligations ...	\$213,356,937
(Percentage of G. O. and C. O. debt to assessed value)	1.80%
Less: Debt Service Fund Balance as of September 30, 2016.....	\$4,348,066
Total Amount of debt applicable to debt limit	\$209,008,871
The Debt Margin between current indebtedness and maximum allowable indebtedness	\$976,757,664

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

CITY OF LAREDO, TEXAS

TABLE 12

FISCAL PERIODS	POPULATION (A)	ASSESSED VALUE FOR OPERATIONS DEBT SERVICE	GROSS BONDED DEBT (1)	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2007	231,470	\$ 7,449,143,814	\$ 221,132,050	\$ 5,946,381	\$ 215,185,669	2.8887%	\$ 929.65
2008	237,396	8,408,036,926	286,235,467	5,990,320	280,245,147	3.3331%	1,180.50
2009	233,152	9,393,528,747	358,833,263	6,636,000	352,197,263	3.7494%	1,510.59
2010	237,032	10,385,975,045	342,955,001	6,529,078	336,425,923	3.2392%	1,419.33
2011	241,188 (2)	10,634,156,096	334,374,769	8,272,028	326,102,741	3.0666%	1,352.07
2012	245,461 (2)	10,576,729,269	321,438,433	6,102,576	315,335,857	2.9814%	1,284.67
2013	249,297 (2)	10,691,073,245	318,130,275	4,653,312	313,476,963	2.9321%	1,257.44
2014	252,309 (2)	10,998,820,849	315,056,642	3,775,973	311,280,669	2.8301%	1,233.73
2015	253,747 (2)	11,370,707,572	316,580,001	3,025,147	313,554,854	2.7576%	1,235.70
2016	255,789 (2)	\$ 11,857,665,347	\$ 349,398,612	\$ 4,348,066	\$ 345,050,546	2.9099%	\$ 1,348.97

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

(2) Estimated

SOURCES:

City of Laredo, Texas

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

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

CITY OF LAREDO, TEXAS

TABLE 13

FISCAL PERIODS		PRINCIPAL		INTEREST & FISCAL CHARGES		TOTAL DEBT SERVICE		TOTAL GENERAL GOVERNMENTAL EXPENDITURES		RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
2007	\$	15,195,000	\$	9,242,752	\$	24,437,752	\$	210,990,264		11.58%
2008		16,024,319		12,558,327		28,582,646		233,623,097		12.23%
2009		17,490,000		15,990,496		33,480,496		263,773,010		12.69%
2010		11,228,852		10,717,973		21,946,825		282,782,315		7.76%
2011		10,246,364		10,866,914		21,113,278		286,323,852		7.37%
2012		13,058,227		11,071,614		24,129,841		287,998,313		8.38%
2013		14,365,645		10,772,155		25,137,800		274,728,003		9.15%
2014		16,127,013		9,987,587		26,114,600		280,573,174		9.31%
2015		39,178,502		9,097,392		48,275,894		312,340,668		15.46%
2016	\$	23,395,142	\$	9,127,731	\$	32,522,873	\$	320,342,831		10.15%

(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, 2016**

CITY OF LAREDO, TEXAS

TABLE 14

TAXING AUTHORITY	NET DEBT OUTSTANDING (A)	ESTIMATED % APPLICABLE TO CITY (B)	AMOUNT APPLICABLE TO CITY
Direct:			
City of Laredo	\$213,356,937	100.00%	\$213,356,937
Overlapping:			
Webb County	63,283,000	67.21%	42,533,770
Laredo Independent School District	235,999,337	100.00%	235,999,337
United Independent School District	370,509,505	78.31%	290,131,173
Laredo Community College	232,848,355	100.00%	232,848,355
Total Overlapping	902,640,197		801,512,635
Total	\$1,115,997,134		\$1,014,869,572

COMMENT:

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

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

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

SOURCES:

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

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

CITY OF LAREDO, TEXAS

TABLE 15

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	----DEBT SERVICE REQUIREMENTS----			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	\$ 41,642,971	\$ 11,426,566	\$ 30,216,405	\$ 3,940,134	\$ 4,313,536	\$ 8,253,670	3.66
Water	26,483,082	15,098,280	11,384,802	1,558,000	986,146	2,544,146	4.47
Sewer	14,149,488	9,533,193	4,616,295	951,000	629,571	1,580,571	2.92
Sports Venue	7,344,091	240,967	7,103,124	1,040,000	1,777,551	2,817,551	2.52
Total 2007	\$ 89,619,632	\$ 36,299,006	\$ 53,320,626	\$ 7,489,134	\$ 7,706,804	\$ 15,195,938	3.51
Bridge	\$ 48,757,080	\$ 12,003,151	\$ 36,753,929	\$ 4,000,070	\$ 4,144,681	\$ 8,144,751	4.51
Water	27,357,618	17,030,252	10,327,366	1,833,000	1,279,557	3,112,557	3.32
Sewer	14,641,635	9,510,247	5,131,388	1,058,000	925,800	1,983,800	2.59
Sports Venue	7,246,612	292,815	6,953,797	1,160,000	1,731,163	2,891,163	2.41
Total 2008	\$ 98,002,945	\$ 38,836,465	\$ 59,166,480	\$ 8,051,070	\$ 8,081,201	\$ 16,132,271	3.67
Bridge	\$ 43,724,135	\$ 11,499,210	\$ 32,224,925	\$ 4,171,233	\$ 4,151,127	\$ 8,322,360	3.87
Water	28,883,564	17,782,323	11,101,241	2,158,000	1,121,489	3,279,489	3.39
Sewer	20,362,272	9,431,314	10,930,958	1,364,000	890,814	2,254,814	4.85
Sports Venue	6,509,630	469,113	6,040,517	1,285,000	1,679,338	2,964,338	2.04
Total 2009	99,479,601	\$ 39,181,960	\$ 60,297,641	\$ 8,978,233	\$ 7,842,768	\$ 16,821,001	3.58
Bridge	\$ 46,097,657	\$ 11,365,703	\$ 34,731,954	\$ 4,863,665	\$ 3,923,865	\$ 8,787,530	3.95
Water	29,152,173	17,217,851	11,934,322	6,505,300	6,019,456	12,524,756	0.95
Sewer	22,808,510	12,091,058	10,717,452	4,944,669	2,958,338	7,903,007	1.36
Sports Venue	6,193,405	541,473	5,651,932	1,430,000	1,616,288	3,046,288	1.86
Total 2010	\$ 104,251,745	\$ 41,216,085	\$ 63,035,660	\$ 17,743,634	\$ 14,517,947	\$ 32,261,581	1.95
Bridge	\$ 46,511,403	\$ 11,577,331	\$ 34,934,072	\$ 5,087,435	\$ 3,697,171	\$ 8,784,606	3.98
Water	35,136,866	17,237,107	17,899,759	9,544,541	8,737,268	18,281,809	0.98
Sewer	27,603,852	12,615,092	14,988,760	5,176,563	3,083,142	8,259,705	1.81
Sports Venue	6,993,484	285,418	6,708,066	1,575,000	1,539,194	3,114,194	2.15
Total 2011	\$ 116,245,605	\$ 41,714,948	\$ 74,530,657	\$ 21,383,539	\$ 17,056,775	\$ 38,440,314	1.94
Bridge	\$ 47,442,168	\$ 11,558,034	\$ 35,884,134	\$ 5,297,642	\$ 3,411,251	\$ 8,708,893	4.12
Water	37,406,533	19,443,290	17,963,243	6,935,076	9,243,574	16,178,650	1.11
Sewer	28,575,312	14,050,528	14,524,784	6,628,809	3,460,200	10,089,009	1.44
Sports Venue	7,716,848	575,086	7,141,762	1,900,000	1,963,443	3,863,443	1.85
Total 2012	\$ 121,140,861	\$ 45,626,938	\$ 75,513,923	\$ 20,761,527	\$ 18,078,468	\$ 38,839,995	1.94

(Continued)

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

CITY OF LAREDO, TEXAS

TABLE 15

(Continued)

FISCAL PERIODS	TOTAL REVENUE (1)	OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	-----DEBT SERVICE REQUIREMENTS-----			REVENUE BOND COVERAGE (3)
				PRINCIPAL	INTEREST	TOTAL	
Bridge	\$ 47,685,185	\$ 11,669,362	\$ 36,015,823	\$ 5,605,786	\$ 3,122,473	\$ 8,728,259	4.13
Water	40,294,251	20,092,010	20,202,241	20,326,347	10,020,234	30,346,581	0.67
Sewer	28,992,116	15,807,855	13,184,261	13,334,883	4,229,316	17,564,199	0.75
Sports Venue	8,205,434	3,757,874	4,447,560	2,010,000	1,856,275	3,866,275	1.15
Total 2013	\$ 125,176,986	\$ 51,327,101	\$ 73,849,885	\$ 41,277,016	\$ 19,228,298	\$ 60,505,314	1.22
Bridge	\$ 55,275,228	\$ 12,363,469	\$ 42,911,759	\$ 5,916,910	\$ 1,992,962	\$ 7,909,872	5.43
Water	41,926,736	21,678,964	20,247,772	8,109,433	10,552,363	18,661,796	1.08
Sewer	30,473,660	16,414,535	14,059,125	7,382,105	4,367,911	11,750,016	1.20
Sports Venue	8,067,526	962,205	7,105,321	2,105,000	1,762,826	3,867,826	1.84
Total 2014	\$ 135,743,150	\$ 51,419,173	\$ 84,323,977	\$ 23,513,448	\$ 18,676,062	\$ 42,189,510	2.00
Bridge	\$ 58,361,560	\$ 12,408,494	\$ 45,953,066	\$ 6,663,629	\$ 2,786,624	\$ 9,450,253	4.86
Water	39,691,665	22,232,943	17,458,722	9,986,379	10,574,298	20,560,677	0.85
Sewer	28,523,438	16,518,110	12,005,328	7,997,154	4,362,748	12,359,902	0.97
Sports Venue	8,359,484	1,536,555	6,822,929	2,635,000	1,228,804	3,863,804	1.77
Total 2015	\$ 134,936,147	\$ 52,696,102	\$ 82,240,045	\$ 27,282,162	\$ 18,952,474	\$ 46,234,636	1.78
Bridge	\$ 60,191,985	\$ 44,063,764	\$ 16,128,221	\$ 6,515,000	\$ 2,544,689	\$ 9,059,689	1.78
Water	46,005,339	25,089,331	20,916,008	4,460,137	6,671,362	11,131,499	1.88
Sewer	31,843,713	18,764,427	13,079,286	4,031,863	3,424,431	7,456,294	1.75
Sports Venue	7,865,883	2,069,960	5,795,923	2,470,000	1,391,627	3,861,627	1.50
Total 2016	\$ 145,906,920	\$ 89,987,482	\$ 55,919,438	\$ 17,477,000	\$ 14,032,109	\$ 31,509,109	1.77

NOTE:

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

SOURCE:

City of Laredo, Texas

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

CITY OF LAREDO, TEXAS

TABLE 16

Fiscal Periods	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES				
	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Capital Lease Obligations	Notes Payable	General Obligation Bonds	Certificates of Obligations	Revenue Bonds	Capital Lease Obligations	Notes Payable
2007	72,200,000	145,745,000	35,165,000	5,165,702	1,020,000	-	-	116,533,053	-	23,478,758
2008	64,585,000	218,255,000	34,005,000	3,297,905	935,000	-	-	114,675,138	-	22,413,922
2009	27,989,344	172,020,000	32,720,000	1,730,061	850,000	32,100,655	115,815,000	108,065,223	-	21,317,923
2010	24,945,491	167,815,685	31,290,000	938,307	765,000	26,894,509	123,299,316	107,656,600	-	20,494,474
2011	25,154,037	168,839,892	40,160,000	1,175,951	680,000	26,835,731	113,545,109	181,297,000	-	19,637,040
2012	23,701,636	167,062,087	38,260,000	702,875	595,000	26,171,798	104,502,912	252,437,961	-	18,744,450
2013	19,990,050	162,712,273	36,250,000	5,061,282	510,000	20,811,436	114,616,516	282,021,367	-	17,815,264
2014	26,653,474	148,499,945	34,145,000	4,788,903	425,000	15,825,996	124,077,227	306,151,197	-	-
2015	74,583,210	104,688,104	29,510,000	4,420,308	340,000	19,206,791	118,101,896	329,064,000	-	-
2016	\$ 103,951,365	\$ 109,405,572	\$ 29,651,343	\$ 4,333,835	\$ 255,000	\$ 56,735,044	\$ 79,306,631	\$ 367,711,220	\$ -	\$ -
	Total Primary Government	Personal Income	Per Capita	Percentage of Personal Income						
2007	399,307,513	5,077,310,000	1,725	7.86%						
2008	458,166,965	5,567,524,000	1,930	8.23%						
2009	512,608,206	5,624,141,000	2,199	9.11%						
2010	504,099,382	5,977,993,000	2,061	8.43%						
2011	577,324,760	6,408,612,000	2,445	9.01%						
2012	632,178,719	6,769,544,000	2,439	9.34%						
2013	659,788,188	7,114,194,000	2,514	9.27%						
2014	660,566,742	7,561,382,000	2,639	8.74%						
2015	679,914,309	7,939,451,100	2,679	8.56%						
2016	\$ 751,350,010	\$ 8,031,782,000	\$ 2,786	9.35%						

SOURCE:

City of Laredo, Texas

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

**DEMOGRAPHICS STATISTICS
LAST THREE CENSUS REPORTS**

CITY OF LAREDO, TEXAS

TABLE 17

	1990 Census	2000 Census	2010 Census
TOTAL POPULATION BY RACE:			
WHITE	87,048	145,267	207,067
AFRICAN AMERICAN	144	652	1,110
OTHER	35,707	31,524	27,914
HISPANIC PERCENTAGE	93.86%	94.10%	95.62%
TOTAL HOUSEHOLDS	33,998	46,852	68,610
HOUSEHOLD POPULATION	122,899	173,532	214,484
AVERAGE HOUSEHOLD SIZE	3.61	3.70	3.64

TOTAL POPULATION BY AGE:

0-5	17,081	18,516	24,424
6-13	20,316	18,620	49,273
14-17	10,093	16,054	14,461
18-24	17,987	29,608	27,275
25-34	20,316	28,489	35,156
35-44	14,752	23,657	34,332
45-54	9,964	17,104	27,235
55-64	8,541	10,746	18,641
65+	10,223	13,782	19,507
MEDIAN AGE TOTAL POPULATION	27.7	26.9	27.8
MEDIAN AGE ADULT POPULATION	36.8	36.8	N/A

HOUSEHOLD INCOME:

\$ 0 -	\$ 7,499	7,639	5,398	N/A
\$ 7,500 -	\$ 9,999	3,074	1,799	N/A
\$ 10,000 -	\$ 14,999	4,169	4,996	10,504
\$ 15,000 -	\$ 24,999	5,600	8,208	7,332
\$ 25,000 -	\$ 34,999	3,865	6,814	7,628
\$ 35,000 -	\$ 49,999	3,226	7,078	9,130
\$ 50,000 -	\$ 74,999	1,765	6,780	9,947
\$ 75,000 +		1,096	5,835	14,036
MEDIAN HOUSEHOLD INCOME		15,610	29,108	36,784
AVERAGE HOUSEHOLD INCOME		N/A	N/A	57,545
MEDIAN FAMILY INCOME		17,532	30,449	38,029
AGGREGATE HOUSEHOLD INCOME		708,920	N/A	2,247,434
PERSONAL INCOME		1,260,121	2,990,748	6,055,155

SOURCE:

(Continued)

Laredo Chamber of Commerce
Bureau of Economic Analysis

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL PERIODS**

CITY OF LAREDO, TEXAS

TABLE 17

(Continued)

FISCAL PERIODS	CIVILIAN LABOR FORCE	UNEMPLOYMENT	UNEMPLOYMENT RATE	EMPLOYMENT
2007	84,800	3,680	4.34%	81,120
2008	86,187	4,647	5.39%	81,540
2009	91,457	7,756	8.48%	83,701
2010	90,396	6,776	7.50%	83,620
2011	93,034	7,230	7.77%	85,804
2012	96,330	5,840	6.06%	90,490
2013	97,063	5,990	6.20%	91,073
2014	97,446	4,934	5.10%	92,512
2015	105,983	4,441	4.20%	101,542
2016	110,626	5,060	4.60%	105,566

SOURCE:

Bureau of Labor Statistics

Numbers as of September 30 each year.

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

CITY OF LAREDO, TEXAS

TABLE 17

(Continued)

GROWTH INDICATORS (1)					
FISCAL PERIODS	ELECTRIC	GAS	WATER	SEWER	POSTAL RECEIPTS (2)
2007	72,624	28,486	59,409	56,065	\$ 17,120,000
2008	78,080	28,477	60,519	57,851	18,142,000
2009	75,042	28,680	61,171	57,903	19,132,000
2010	75,497	28,862	62,195	58,726	18,500,644
2011	77,141	28,942	63,703	59,955	18,186,133
2012	78,585	29,483	65,288	61,191	17,276,826
2013	79,973	29,738	67,033	62,426	17,121,335
2014	84,494	29,904	68,213	63,410	16,813,171
2015	86,146	30,069	69,343	64,286	16,661,852
2016	87,797	30,144	70,545	65,291	\$ 15,362,228

NOTES:

(1) Amount represents number of active customer accounts.

(2) Represents estimated total revenue collected.

* Legislation prohibits disclosure of telephone accounts information.

SOURCES:

Finance Department of respective entity

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

CITY OF LAREDO, TEXAS

TABLE 18

FISCAL PERIODS	COMMERCIAL CONSTRUCTION (A)		RESIDENTIAL CONSTRUCTION (A)		BANK (B) DEPOSITS	PROPERTY VALUE (A)			
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE		COMMERCIAL	RESIDENTIAL	VACANT PROPERTY	EXEMPTIONS (1)
2007	520	\$ 180,125,787	2024	\$ 198,450,164	\$ 10,830,093,000	\$ 3,538,252,162	\$ 4,689,485,109	\$ 342,911,010	\$ 670,387,610
2008	278	152,367,779	1250	132,572,308	7,606,202,000	3,971,864,502	5,699,588,209	369,653,970	647,577,934
2009	148	52,017,727	709	96,056,087	7,592,090,000	4,402,760,384	6,257,490,215	397,063,450	671,339,004
2010	110	70,266,920	622	96,580,902	8,183,979,000	4,571,159,052	6,448,188,579	377,615,393	773,831,223
2011	85	94,785,851	641	108,466,180	8,478,675,000	4,460,292,962	6,488,371,519	374,194,726	761,010,658
2012	126	172,267,390	935	150,077,555	8,638,444,000	4,454,071,509	6,557,864,234	352,102,767	779,291,720
2013	231	186,626,982	943	137,643,461	12,365,894,000	4,329,884,664	5,963,993,048	397,195,533	807,321,080
2014	237	154,084,458	1034	207,923,276	12,512,568,000	4,863,861,131	6,554,541,075	387,782,150	800,231,949
2015	231	207,112,512	1096	156,254,633	12,629,167,000	4,975,763,549	6,846,769,974	356,633,107	793,760,615
2016	258	\$ 271,214,041	1202	\$ 157,224,474	\$ 12,639,632,000	\$ 5,184,897,773	\$ 6,996,535,128	\$ 560,503,540	\$ 872,562,927

(1) Total exemptions include Homestead, Veteran, and Agricultural exemptions.

Veteran valuations range from \$1,500 to \$3,000 based on disability percentage. Agriculture valuates represent land used for ranching and farming.

SOURCES:

(A) City of Laredo, Texas

(B) Limited to locally-owned banks:
Commerce Bank, N.A.
Falcon International Bank
International Bank of Commerce
Texas Community Bank, N.A.

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2016**

CITY OF LAREDO, TEXAS

TABLE 19

EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
United Independent School District	7,174	7.75%
Laredo Independent School District	4,346	4.70%
City of Laredo	2,523	2.73%
U.S. Border Patrol	1,770	1.91%
U.S. CBP - Customs Field Officers	1,950	2.11%
H.E.B Grocery	1,800	1.95%
McDonald's Restaurant	1,540	1.66%
Webb County	1,500	1.62%
Laredo Medical Center	1,503	1.62%
Texas A&M International University	1,392	1.50%

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2006**

United Independent School District	4,876	6.25%
Laredo Independent School District	3,990	5.14%
City of Laredo	2,238	2.88%
Laredo Medical Center	1,337	1.72%
H.E.B Grocery Company	1,245	1.60%
Webb County	1,400	1.80%
Wal-Mart (2 locations)	917	1.18%
McDonald's Restaurants	1,425	1.84%
Laredo National Bank	1,275	1.30%
Texas A&M International University	969	1.25%

Principal Employers numbers as of September 2016 and 10 years ago.

Source:

Laredo Development Foundation
Texas Workforce Commission

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2016**

CITY OF LAREDO, TEXAS

TABLE 20

TYPE OF BUSINESS	PRODUCT OR SERVICE	CONSUMPTION (1)
Laredo Medical Center	Hospital	89,239,400
Texas A&M University System	Education	77,409,800
United Independent School District	Education	68,959,400
Webb County Jail	County Jail	25,202,400
Laredo Regional Medical Center	Hospital	20,399,500
CPL Power Plant	Electricity	16,944,800
Clark Crossing Apartments	Housing	15,314,200
Laredo Community College	Education	11,799,500
Broad Acres Apartments	Housing	11,498,000
Parks & Recreation	Parks	11,058,500

**PRINCIPAL WATER CONSUMERS
SEPTEMBER 30, 2006**

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

NOTES:

(1) Total consumption in gallons

Numbers show total comparison for principal water consumers as of fiscal year 2016 and 10 years ago.

SOURCE:

City of Laredo, Texas

GENERAL

Form of Government:	City Manager & City Council
Terms of Office:	Mayor - 4 Year Term (2 Terms Maximum) City Council - 4 Year Staggered Terms (2 Terms Maximum) City Manager - Appointed by City Council
Date of First Charter Adoption:	1848
Date of Original Public Sale Of Town Lots:	1880
Second Charter:	February 23, 1911
Home Rule Amendment to Charter:	January 29, 1921
Amendments to Charter:	July 8, 1941, January 8, 1946, October 9, 1951, April 3, 1962, November 30, 1965, January 14, 1981, January 16, 1988, November 7, 1995, November 7, 2006, and November 2, 2010
Number of City Employees as of September 30, 2016:	2,514
Number of City Departments as of September 30, 2016:	28

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

YEAR	LAND AREA	INCREASE	TOTAL*
1960	13.12	-	13.12
1970	13.12	7.12	20.24
1980	20.24	13.26	33.50
1990	33.50	4.57	38.07
2000	78.82	1.13	79.95
2004	83.97	0.43	84.40
2005	84.40	1.35	85.75
2006	85.75	0.26	86.01
2007	86.01	2.95	88.96
2008	88.96	0.57	89.53
2009	89.53	-	89.53
2010	89.53	0.87	90.40
2011	90.40	1.66	92.06
2012	92.06	0.77	92.83
2013	92.83	0.03	92.86
2014	92.86	9.04	101.90
2015	101.90	N/A	101.90
2016	101.90	N/A	N/A

*Annexations are effective December 31st of the respective year.

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2016****CITY OF LAREDO, TEXAS****TABLE 21****ELECTIONS**

(continued)

Number of Registered Voters: 115,866

NUMBER OF VOTES CAST IN

Last Municipal Election: Nov 8, 2016 56,168

% OF REGISTERED VOTERS VOTING IN

Last Municipal Election: Nov 8, 2016 48.50%

TRANSPORTATION**AIRPORTS**

Number of Airports: 1

Name of Airport: Laredo International Airport
Flights Daily to/from
Houston, Dallas, Las Vegas,
& OrlandoScheduled Airplane Flights
Per Day Departing: 8.4Scheduled Airplane Flights
Per Day Arriving: 8.4

Passengers Enplaning: 92,775 per year

Passengers Deplaned: 94,975 per year

BRIDGES

Number of Bridges: 4

Name of Bridges: Gateway to the Americas Bridge
Juarez - Lincoln International Bridge
Colombia Solidarity Bridge
World Trade BridgeNumber of Crossing Pick-ups,
Motorcycles, Autos & 2 Axle
Vehicles: 5,212,091Number of Crossing Commercial
Vehicles: 2,087,586Number of Crossing Pedestrians
(includes bicycles): 3,074,538

Total Tolls: \$ 59,471,153

RAILROADS

(continued)

Number of Railroads: 2

Names of Railroads: Union Pacific Railroad
Kansas City Southern Railroad

HIGHWAYS

Number of Highways: 6

Name of Major Highways: IH 35 - to San Antonio, Dallas & North to the
Canadian Border
Hwy. 59 - to Houston, New Orleans & East
Hwy. 359 - to Corpus Christi
Hwy. 83 - to Brownsville (East) & El Paso (West)
Hwy 255 - Columbia Bridge to IH 35
FM1472 (Mines Rd)

BUS LINES

Name of Local Bus Lines: Laredo Transportation Management Inc. (El Metro)
El Aguila Rural Transportation (Webb County)

Number of Adult Passengers: 1,716,662

Number of Elderly & Handicapped - Paid: 234,645

Number of Elderly & Handicapped - Free: 507,609

Number of Students: 179,601

Number of Children - Paid: 85,103

Number of Children - Free: 39,371

Number of I.D. Cards for Elderly: 2,918

Number of Medicaid Cards: 3,042

Number of Service Miles: 1,721,527

Number of Charter Miles: 0

Number of Employees: 177

Name of Interstate Bus Lines: Americanos USA
Cougar Bus Lines
Greyhound
Tornado
Omnibus Express
El Expreso Bus Co.
Turimex

FIRE PROTECTION

(continued)

Number of Stations:	15
Number of Hydrants:	7,271
Number of Fire Pumpers:	14
Number of Aerial Trucks:	3
Number of Ambulances:	9
Number of Crash Trucks:	1
Number of Brush Trucks:	5
Number of Haz-Mat Trucks:	1
Number of Firefighters / EMT's / Paramedics:	626
Employees per 1,000 Population:	1.27

POLICE PROTECTION

Number of Stations:	2 Police Headquarters
Number of Neighborhood Policing Stations:	10
Number of Sworn Officers:	473
Number of Vehicular Patrol Units:	301
Employees per 1,000 Population:	1.8
Number of Law Violations:	27,285
Number of Physical Arrests:	9,113
Number of Traffic Violations:	27,032
Number of 911 Calls:	223,292
Number of Non-911 Calls:	225,137

PUBLIC WORKS

(continued)

WATERWORKS SYSTEM

Miles of Water Mains:	785
Daily Average Consumption:	36.291 MGD
Plant Capacity:	85 MGD
Storage Capacity:	38.48 MGD
Water Rights Owned:	62,008.84 Acre / Feet
Source of Water:	Rio Grande River
Number of Service Connections:	70,545

SEWER SYSTEM

Miles of Sanitary Sewer:	537
Number of Lift Stations:	70
Daily Average Treatment:	20.637 MGD
Maximum Capacity of Treatment Plants:	29.251 MGD
Number of Disposal Plants:	6
Number of Service Connections:	65,291

SOLID WASTE

Number of Garbage Clients:	60,102
Solid Waste Disposal Type:	Type I Landfill

STREETS

Number of Paved Streets:	11,077 Blocks
Number of Unpaved Streets:	16 Blocks
Miles of Paved Streets:	673 Miles
Miles of Unpaved Streets:	1 mile

EDUCATIONAL

(continued)

LAREDO INDEPENDENT SCHOOL DISTRICT

Number of Senior High Schools:	4
Number of Magnet Schools:	3
Number of Alternative Education Schools:	2
Number of Classrooms:	329
Number of Administrative Personnel:	70
Number of Teachers:	403
Number of Students:	6,026
Annual Budget:	\$46,977,153
Number of Middle Schools:	4
Number of Classrooms:	183
Number of Administrative Personnel:	44
Number of Teachers:	307
Number of Students:	4,707
Annual Budget:	\$29,285,889
Number of Elementary Schools:	20
Number of Classrooms:	691
Number of Administrative Personnel:	111
Number of Teachers:	819
Number of Students:	13,521
Annual Budget:	\$82,781,922

UNITED INDEPENDENT SCHOOL DISTRICT

(continued)

Number of Senior High Schools:	5
Number of Magnet Schools:	3
Number Alternative Education Schools:	1
Number of Classrooms:	637
Number of Administrative Personnel:	120
Number of Teachers:	796
Number of Students:	13,504
Annual Budget:	\$75,429,188
Number of Middle Schools:	9
Number of Classrooms:	431
Number of Administrative Personnel:	88
Number of Teachers:	576
Number of Students:	9,868
Annual Budget:	\$52,423,344
Number of Elementary Schools:	27
Number of Classrooms:	1,255
Number of Administrative Personnel:	154
Number of Teachers:	1,196
Number of Students:	20,264
Annual Budget:	\$108,586,415

LIBRARIES

(continued)

Number of Public Libraries:	6
Number of Volumes:	341,229
Circulation Transactions:	1,609,971
Circulation Per Capita:	5.97
New Library Cards Issued:	17,791
Library Cards in Force:	195,968
Number of Subscriptions:	495
Number of Titles:	293,862
Number of Library Visits:	455,897
Number of Materials Used:	155,269
Library Programs Presented:	3,631
Number Attending Library Programs:	86,430
Bookmobiles:	1
Branches and Outlets:	7

PRIVATE SCHOOLS

Number of Parochial/Private Schools:	38
Vocational Training Centers:	14

COMMUNICATIONS

Number of Daily Newspapers:	2
Major Newspaper:	Laredo Morning Times
Number of Radio Stations:	20
Number of Television Stations:	8
Number of Cable Television Companies:	1
Number of Satellite Companies:	2

TEXAS A&M INTERNATIONAL UNIVERSITY

(continued)

Date Established:	Established in 1970 as a division of Texas A&I, and as a separate University in 1977 as a division of the University System of South Texas. The University became a member of the Texas A&M University System on September 1, 1989.
Programs Offered:	Undergraduate, Graduate and Doctoral degrees are offered by the Colleges of Business Administration, Education, Humanities, Technology and Arts & Sciences.
Population Served:	Undergraduate and Graduate level college students seeking Liberal Arts, Education, Psychology, Business, International Trade, Science and Technology Degrees.
Region served:	South Texas Region
Number of Classrooms/Labs:	108
Number of Administrators:	176
Number of Full-Time Faculty:	224
Number of Part-Time Faculty:	113
Number of Full-Time Students:	4,803
Number of Part-Time Students:	2,408

LAREDO COMMUNITY COLLEGE

Date Founded:	1947
Programs Offered:	Associates of Art, Degrees in Engineering, Education, Medicine, Dentistry, Nursing, Law, Business Administration, Computer Science and Vocational Education.
Number of Classrooms/Labs:	257
Total Gross Square Footage:	1,286,792 Sq. Ft.
Number of Administrative Personnel:	87
Number of Full-Time Faculty:	181
Number of Part-Time Faculty:	165
Number of Full-Time Students:	2,592
Number of Part-Time Students:	6,582
Counties Served:	Webb, Jim Hogg, Zapata
Total Annual Budget:	\$54,343,870

RECREATIONAL

(continued)

PARKS

Number of Acres Maintained:	830
Number of Parks:	83
Number of Plazas:	4
Baseball and Softball Fields:	54
Number of Swimming Pools:	8
Number of Soccer Fields:	27
Number of Tennis Court Facilities:	4
Number of Racquetball Facilities:	3
Number of Recreational Centers:	9
Number of Splash Parks:	9
Number of Skate Parks:	8

CEMETERY

City:	1
Catholic:	1
Private:	3
Burials Served:	227
Cemetery Lots Sold:	122

LODGING/MEETING FACILITIES

Number of Hotels/Motels:	41 with 3,921 Rooms
Meeting Facilities:	35

MAJOR ATTRACTIONS

(continued)

Number of Rodeo Arenas:	2
Number of Museums:	9
Number of Golf Courses:	3
Number of Tennis Courts:	21
Number of Tennis Court Facilities:	4
Number of Malls:	1
Number of Bowling Alleys:	1
Number of Movie Theaters:	3
Number of Country Clubs:	1
Annual Festivities:	Washington's Birthday Celebration 16 de Septiembre Laredo International Fair & Exposition Laredo Birding Festival Memorial Day Pow Wow 4th of July Celebration Laredo Sister Cities Festival Urban Fest Autmus Fest Navidad Fest Jalapeno Festival Jamboozie Farmers Market City Kite Festival Cycling Race Laredo Big Bad BBQ Cook-off

CHURCHES

Number of Catholic Churches:	26
Other Churches:	71

SPORTS ARENA

(continued)

Facility Area:	178,000 Square Feet
Seat Capacity:	10,000
Luxury Suites:	14
Meeting Rooms:	3
Food Courts:	8
Parking Spaces:	2,000
Major Attractions:	Concerts, Sporting Events, Conventions, Family Entertainment, Community & Charity Events, WBCA Carnival, Graduations, and Special Events

BASEBALL STADIUM

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

SOURCES:

Finance Department, City of Laredo
Laredo Chamber of Commerce
Laredo Community College
Laredo Independent School District
Texas A&M International University
United Independent School District
Laredo Energy Arena
Laredo Lemurs

**INSURANCE IN FORCE FOR THE CITY OF LAREDO
INCLUDING THE INTERNATIONAL TOLL BRIDGE SYSTEM,
LAREDO WATERWORKS SYSTEM, AND THE LAREDO
SEWER SYSTEM
SEPTEMBER 30, 2016**

CITY OF LAREDO, TEXAS

TABLE 22

DESCRIPTION	TYPE OF COVERAGE	POLICY LIMIT
BUILDINGS	Fire and Extended Coverage (1)	\$ 630,009,392
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	21,584,263 Per Accident 5,000,000
AIRPORT LIABILITY	Comprehensive General Liability Personal Injury Liability Coverage Airport Control Tower Operations	Primary Policy 20,000,000 Excess Policy 50,000,000 PER OCCURRENCE
LAW ENFORCEMENT	Law Enforcement Liability	1,000,000
PUBLIC OFFICIALS	Personal Injury and Errors & Omissions	1,000,000
WORKER'S COMPENSATION	All City Employees for All Funds- Employer's Liability (2): Total Annual Contribution Per Occurrence Retention Annual Aggregate Retention Aggregate Limit Of Liability Loss Deposit Fund	424,621 300,000 2,500,000 1,000,000 199,000
AIRPORT - FOREIGN TRADE ZONE	Foreign 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 EIGHT FISCAL YEARS (1)**

CITY OF LAREDO, TEXAS

Table 23

FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30								
FUNCTION	2016	2015	2014	2013	2012	2011	2010	2009
General Government	295.18	309.66	300.70	340.75	338.25	349.10	347.10	339.10
Public Safety:								
Police:								
Officers	486.00	482.00	482.00	482.00	482.00	482.00	455.00	455.00
Civilians	88.00	89.00	90.00	90.00	89.00	89.00	89.00	89.00
Fire:								
Firefighters and Officers	383.00	383.00	362.00	362.00	357.00	357.00	357.00	357.00
Civilians	19.00	19.00	14.00	14.00	10.00	10.00	10.00	10.00
Other Civilians	62.00	63.00	62.00	62.00	62.00	62.00	62.00	62.00
Public Works	164.00	164.00	159.00	112.00	113.00	118.00	118.00	118.00
Health and Welfare	309.96	280.48	302.50	304.88	291.38	289.88	279.88	251.88
Culture and Recreation	297.83	296.83	274.09	246.24	243.97	245.93	245.93	245.93
Air Transportation	63.00	63.00	60.00	54.00	48.00	48.00	47.00	42.00
Bridge System	189.00	189.00	189.00	190.00	190.00	207.00	207.00	218.00
Solid Waste Management System	136.00	136.00	131.00	128.00	128.00	128.00	132.00	168.00
Water System	224.00	224.00	207.00	190.00	195.00	188.00	188.00	179.00
Sewer System	120.00	120.00	102.00	81.00	75.00	72.00	72.00	69.00
Transit System	181.10	171.00	171.00	181.00	162.00	185.10	184.70	184.70
Municipal Housing	13.00	13.00	13.00	12.00	12.00	11.00	11.00	11.00
Total	<u>3,031.07</u>	<u>3,002.97</u>	<u>2,919.29</u>	<u>2,849.87</u>	<u>2,796.60</u>	<u>2,842.01</u>	<u>2,805.61</u>	<u>2,799.61</u>

NOTES:

(1) This table was implemented by GASB beginning in fiscal year 2009.

SOURCE:

City of Laredo Budget Division

OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS (1)

CITY OF LAREDO, TEXAS

TABLE 24

FUNCTION	FISCAL YEAR 2009	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012	FISCAL YEAR 2013	FISCAL YEAR 2014	FISCAL YEAR 2015	FISCAL YEAR 2016
Police								
Physical Arrests	8,319	7,832	7,827	8,613	9,576	9,603	9,076	9,113
Vehicle Inspections (used dealerships)	818	29	34	40	36	42	330	429
Bridge Operations Conducted	134	115	63	151	177	81	36	19
Emergency Calls	189,312	158,922	120,567	196,802	180,305	184,987	198,856	223,292
Non-Emergency Calls	288,998	222,698	271,832	264,904	250,351	239,532	202,602	225,137
Dispatched Calls	478,310	381,620	392,399	461,706	430,656	424,519	401,458	448,429
Public Awareness/Training/Education	65	63	108	112	54	75	49	84
Fire								
Fire Department Responses	8,002	9,333	9,092	26,733	24,559	19,470	6,216	9,763
Inspections	3,067	1,873	1,712	4,610	4,600	5,860	5,397	5,530
Arson Cases Investigated	84	80	87	94	95	64	49	48
Public Education Presentations	65	77	81	107	150	150	139	174
Public Works								
Street Resurfaced	600	490	462	388	244	346	426	363
Potholes Repaired	23,733	23,967	22,247	24,490	24,694	24,816	23,975	21,750
Bridge								
Pedestrian Crossings	4,124,272	3,746,170	3,161,627	2,946,244	2,973,056	3,032,333	3,029,608	3,074,538
Gateway Passes Sold	4,010,461	3,638,851	3,110,189	2,923,079	2,934,065	2,913,971	2,614,406	2,582,783
Non-Commercial Vehicle Crossings	3,644,695	4,669,024	4,401,849	4,418,558	4,551,845	6,732,956	5,060,633	5,212,091
Commercial Vehicle Crossings	1,400,969	1,575,893	1,725,335	1,784,104	1,835,110	1,924,842	2,005,177	2,087,586
Non-Commercial AVI Accounts	13,000	14,033	10,448	10,406	10,632	11,476	12,433	13,418
Commercial AVI Accounts	2,150	2,819	3,388	3,721	3,931	4,374	4,852	5,243
Culture and Recreation								
Community Center Admissions	294,342	265,265	345,442	382,769	523,699	466,400	447,269	506,177
Community Service Special Events	74	63	71	70	93	90	217	90
After School Programs	11	14	7	6	9	8	8	8
Transit System								
Passenger Ridership	3,369,008	3,365,661	2,858,252	2,884,245	2,998,121	2,898,000	2,816,479	2,762,991
Miles Driven	1,980,520	1,968,004	1,953,600	1,961,651	1,961,745	1,941,131	1,684,067	1,721,527

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

CITY OF LAREDO, TEXAS

TABLE 24

(Continued)

FUNCTION	FISCAL YEAR 2009	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012	FISCAL YEAR 2013	FISCAL YEAR 2014	FISCAL YEAR 2015	FISCAL YEAR 2016
Sanitation								
Household Customers	54,588	54,850	55,839	56,797	56,936	58,427	59,118	60,102
Refuse Collected (tons)	100,083	95,384	104,680	94,549	99,613	87,406	103,049	109,346
Recyclables Collected (tons)	3,385	4,200	3,684	3,378	3,128	11,506	11,940	7,661
Water								
Average Consumption (MGD)	37.96	32.60	40.00	28.40	35.00	26.00	31.90	36.29
Meters Read (per month)	60,880	61,675	63,031	64,561	66,512	67,662	68,897	70,072
Service Calls (per month)	6,973	6,943	7,561	8,415	9,030	9,785	11,301	12,890
Wastewater								
Average Sewage Treatment (MGD)	17.45	18.00	17.90	18.90	18.90	18.80	19.70	20.64
Airport								
Commercial Service Airlines	3	3	3	3	3	3	3	3
Land/Building Leases	90	89	83	86	86	90	95	94
Inbound/Outbound Passengers	203,854	221,558	208,173	192,869	200,803	204,496	206,332	187,750
Scheduled Flights Per Day	8	8	8	8	9	8	8	8

NOTES:

(1) This table was implemented by GASB beginning in fiscal year 2009.

SOURCE:

City of Laredo, Texas

CAPITAL ASSETS STATISTICS BY FUNCTION
LAST EIGHT FISCAL YEARS (1)

CITY OF LAREDO, TEXAS

TABLE 25

FUNCTION	FISCAL YEAR 2016	FISCAL YEAR 2015	FISCAL YEAR 2014	FISCAL YEAR 2013	FISCAL YEAR 2012	FISCAL YEAR 2011	FISCAL YEAR 2010	FISCAL YEAR 2009
Public Safety								
Police:								
Stations	12	10	18	18	18	18	18	18
Patrol Units	301	292	294	261	297	381	468	413
Fire:								
Stations	15	15	15	14	14	14	14	14
EMS Units	9	9	9	9	9	10	9	13
Ladder Trucks	3	3	3	3	3	3	3	3
Pumper Trucks	14	14	14	14	14	14	14	17
Highways and Streets								
Public Works:								
Streets - Lane Miles	673	685	676	670	664	663	660	656
Traffic:								
Traffic Signals	248	248	246	248	242	243	246	243
Street Lights	13,032	12,850	12,761	12,480	12,400	13,649	13,261	13,087
Other Traffic Control Signs	36,360	36,000	35,331	34,862	34,624	34,209	33,775	33,475
Bridge System								
International Bridges	4	4	4	4	4	4	4	4
Cultural and Recreation								
Parks Acreage	830	735	886	860	863	882	878	838
Parks	83	83	74	74	73	72	71	70
Swimming Pools	8	8	8	7	7	6	6	6
Community Centers	9	10	9	9	10	8	10	8
Convention Centers	0	0	0	1	1	1	1	1
Stadiums	2	2	2	1	1	0	0	0
Transit System								
Buses	48	48	48	48	47	47	48	47
Trolleys	1	1	1	1	2	2	3	2

CAPITAL ASSETS STATISTICS BY FUNCTION
LAST EIGHT FISCAL YEARS (1)

CITY OF LAREDO, TEXAS

TABLE 25
(Continued)

FUNCTION	FISCAL YEAR 2016	FISCAL YEAR 2015	FISCAL YEAR 2014	FISCAL YEAR 2013	FISCAL YEAR 2012	FISCAL YEAR 2011	FISCAL YEAR 2010	FISCAL YEAR 2009
Sanitation								
Collection Trucks - Rear Loaders	20	21	25	24	23	23	20	21
Collection Trucks - Automated	30	39	43	38	40	41	41	31
Collection Trucks - Dump Trucks	3	0	0	2	0	0	3	3
Collection Trucks - Grapplers	7	7	8	8	5	5	6	6
Collection Trucks - F.Loaders/Recycle	3	3	3	3	4	0	0	0
Collection Trucks - Roll-off Trucks	3	2	2					
Water								
Water Mains (miles)	785	765	721	721	716	711	702	702
Fire Hydrants	7,271	6,380	6,208	3,381	3,316	3,257	3,221	3,155
Maximum Capacity (MGD)	85	85	65	65	65	65	65	65
Wastewater								
Sanitary Sewer (miles)	537	513	513	504	500	498	450	491
Maximum Capacity (MGD)	29.25	29.20	24.70	25.10	25.10	24.70	22.70	21.10
Environmental Services								
Storm Drainage (miles)	212	201	201	198	187	183	230	202
Air Transportation								
Airports	1	1	1	1	1	1	1	1

NOTES:

(1) This table was implemented by GASB starting in fiscal year 2009.

SOURCE:

City of Laredo, Texas

CONTINUING DISCLOSURES

The following table is hereby submitted in order to comply with the requirements of the Securities and Exchange Commission Rule 15c2-12 for Continuing Disclosures of Information related to the new bonds issued during fiscal years 2002-2016. The table applies to the following issues:

Sewer System Revenue Bond, Series 2002	\$ 710,000
Waterworks & Sewer System Revenue Bond, Series 2007	17,670,000
Combination Tax and Revenue Certificate of Obligation, Series 2007	72,480,000
International Toll Bridge System Revenue Bond, Series 2008	3,070,000
Tax and Revenue Certificate of Obligation, Series 2008	30,065,000
Public Property Finance Contractual Obligations, Series 2008	3,555,000
Waterworks & Sewer System Revenue Bond, Series 2008	915,000
General Obligation Refunding Bond, Series 2009	27,150,000
Combination Tax and Revenue Certificate of Obligation, Series 2009A	11,270,000
Combination Tax and Revenue Certificate of Obligation, Series 2009B (BAB)	13,465,000
Waterworks & Sewer System Revenue Bond, Series 2009C	13,475,000
Waterworks & Sewer System Subordinated Revenue Bond, Series 2009	7,500,000
Combination Tax and Revenue Certificate of Obligation, Series 2009D (BAB)	37,945,000
Public Property Finance Contractual Obligations, Series 2010	5,080,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 2010	4,095,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 2010	2,070,000
Combination Tax and Airport Refunding Certificate of Obligation, Series 2010B	2,040,000
General Obligation Refunding Bond, Series 2010	9,345,000
Combination Tax and Revenue Certificate of Obligation, Series 2010	9,545,000
Waterworks & Sewer System Revenue Bond, Series 2010	82,175,000
Sports Venue Sales Tax Revenue Bonds, Series 2011	10,445,000
Waterworks & Sewer System Revenue Bond, Series 2011	30,875,000
General Obligation Refunding Bonds, Series 2012	7,635,000
International Toll Bridge System Revenue Bond, Series 2012	7,640,000
Waterworks & Sewer System Subordinated Revenue Bond, Series 2012	48,750,000
Combination Tax and Revenue Certificate of Obligation, Series 2012	7,690,000
Public Property Finance Contractual Obligations, Series 2012	3,800,000
Solid Waste Certificate of Obligation Revenue Bond, Series 2012A	10,345,000
Solid Waste Certificate of Obligation Revenue Bond, Series 2012B	4,605,000
Waterworks & Sewer System Revenue Bond, Series 2012	41,120,000
Waterworks & Sewer System Refunding Bond, Series 2013	17,260,000
Public Property Finance Contractual Obligations, Series 2013	10,095,000
General Obligation Refunding Bonds, Series 2013	16,845,000
Tax and Revenue Certificate of Obligation, Series 2013	9,995,000
Waterworks & Sewer System Revenue Bond, Series 2013	18,255,000
Combination Tax and Airport Revenue Certificate of Obligation, Series 2014	5,600,000
International Toll Bridge System Refunding Bond, Series 2014	14,175,000
International Toll Bridge System Revenue Bond, Series 2014	9,585,000
International Toll Bridge System Taxable Refunding Bond, Series 2014	3,885,000
International Toll Bridge System Subordinated Refunding Bond, Series 2014	17,365,000
Public Property Finance Contractual Obligations, Series 2014	6,780,000
Sports Venue Sales Tax Revenue Bonds, Series 2014	20,545,000
Waterworks & Sewer System Revenue Bond, Series 2014	11,585,000
General Obligation Refunding Bonds, Series 2015	64,740,000
Tax and Revenue Certificate of Obligation, Series 2015	19,765,000
Waterworks & Sewer System Revenue Bond, Series 2015	15,045,000
Waterworks & Sewer System Subordinated Revenue Bond, Series 2015	5,500,000
Waterworks & Sewer System Subordinated Revenue Bond, Series 2015A	4,600,000
Waterworks & Sewer System Subordinated Revenue Bond, Series 2015B	22,075,000
Waterworks & Sewer System Revenue Bond, Series 2016	75,395,000

Waterworks & Sewer System Revenue Bond, Series 2016	9,745,000
Waterworks & Sewer System Revenue Bond, Series 2016	66,470,000
Sports Venue Sales Tax Revenue Bonds, Series 2016	8,970,000
Tax and Revenue Certificate of Obligation, Series 2016 T/E	22,610,000
Tax and Revenue Certificate of Obligation, Series 2016	3,075,000
Public Property Finance Contractual Obligations, Series 2016	8,080,000
General Obligation Refunding Bonds, Series 2016	54,545,000
International Toll Bridge System Refunding Bond, Series 2016	\$ 8,700,000

GENERAL OBLIGATION BONDS

TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2015 Market Valuation Established by Webb County Appraisal District (as of September 2015)		12,741,936,441
Less Supplemental Tax Levy Adjustment	11,708,167	
Total Adjusted Levy		12,730,228,274
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	261,359,206	
Disabled Veterans Exemptions	47,521,654	
Agricultural and Open Space Land Use Reductions	214,089,417	
Free Port Exemptions	257,339,720	
Property Redevelopment and Tax Abatement	69,938,700	
Pollution Control	9,684,890	
Other Exemptions	<u>12,629,340</u>	<u>872,562,927</u>
2015 Taxable Assessed Valuation		<u><u>11,857,665,347</u></u>
General Obligation Debt Payable from Ad Valorem Taxes (1)		
General Obligation Bonds	103,951,365	
Certificates of Obligation	<u>109,405,572</u>	
Funded Debt Payable from Ad Valorem Taxes		213,356,937
Less: Self-supporting Debt		
Bridge System General Obligation Debt	3,474,921	
Airport System Certificates of Obligation	4,770,000	
Environmental Services General Obligation Debt	15,153,256	
Environmental Services Certificates of Obligation	7,350,420	
Parking System General Obligation Debt	<u>1,195,771</u>	<u>31,944,368</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		<u><u>181,412,569</u></u>
Interest and Sinking Fund		4,348,066
Ratio Funded Debt to Taxable Assessed Valuation		1.80%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.53%
2016 Estimated Population-		255,789
Per Capita Taxable Assessed Valuation-		\$46,357
Per Capita Funded Debt-		\$834
Per Capita General Purpose Funded Debt-		\$709

- (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: \$236,619,712 Waterworks System Revenue Bonds; \$150,049,290 Sewer System Revenue Bonds; \$53,605,000 International Toll Bridge System Revenue Bonds; \$6,808,358 Transit System Revenue Bonds; \$28,061,084 Solid Waste Revenue Bonds; and \$27,475,000 Sports Venue Sales Tax Revenue Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Taxable Appraised Value for Fiscal Year Ended September 30,						
	2016		2015		2014	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	6,309,253,390	49.56%	5,975,815,013	49.13%	5,702,411,868	48.33%
Real, Residential, Multifamily	467,837,808	3.68%	434,278,245	3.57%	406,542,266	3.45%
Real, Vacant Lots/Tracts	345,104,220	2.71%	356,203,470	2.93%	387,547,909	3.28%
Real, Acreage (Land Only)	215,123,781	1.69%	212,511,779	1.75%	221,567,102	1.88%
Real, Farm and Ranch Improvements	139,950,625	1.10%	140,504,891	1.16%	143,009,485	1.21%
Real, Commercial/Industrial	3,346,191,171	26.29%	3,219,551,034	26.47%	3,100,899,447	26.28%
Real, Oil, Gas, and Other Mineral Reserves	4,250,366	0.03%	7,517,248	0.06%	6,432,922	0.05%
Goods In-Transit	1,670,134	0.01%	1,250,322	0.01%	1,787,779	0.02%
Real and Tangible Personal, Utilities	290,518,596	2.28%	250,433,728	2.06%	248,901,579	2.11%
Tangible Personal, Commercial/Industrial	1,465,292,959	11.51%	1,433,730,338	11.79%	1,437,850,956	12.19%
Tangible Personal, Other	72,824,917	0.57%	75,411,725	0.62%	77,050,967	0.65%
Real Property, Inventory (1)	31,820,015	0.25%	17,430,686	0.14%	32,287,021	0.27%
Special Inventory	40,390,292	0.32%	39,829,708	0.33%	32,763,497	0.28%
Total Appraised Value Before Exemptions	12,730,228,274	100.00%	12,164,468,187	95.56%	11,799,052,798	100.00%
Less: Total Exemptions/Reductions	872,562,927		793,760,615		800,231,949	
Taxable Assessed Value	11,857,665,347		11,370,707,572		10,998,820,849	
Taxable Appraised Value for Fiscal Year Ended September 30,						
	2013		2012			
Category	Amount	% of Total	Amount	% of Total		
Real, Residential, Single Family	5,640,577,811	49.06%	5,743,367,125	50.54%		
Real, Residential, Multifamily	375,691,113	3.27%	371,601,626	3.27%		
Real, Vacant Lots/Tracts	396,528,886	3.45%	352,102,767	3.10%		
Real, Acreage (Land Only)	355,696,350	3.09%	365,843,683	3.22%		
Real, Farm and Ranch Improvements	1,611,188	0.01%	1,339,140	0.01%		
Real, Commercial/Industrial	3,050,782,350	26.53%	2,980,783,465	26.23%		
Real, Oil, Gas, and Other Mineral Reserves	7,805,378	0.07%	10,887,358	0.10%		
Goods In-Transit	1,655,666	0.01%	0	0.00%		
Real and Tangible Personal, Utilities	229,889,347	2.00%	211,669,018	1.86%		
Tangible Personal, Commercial/Industrial	1,292,946,066	11.24%	1,181,912,878	10.40%		
Tangible Personal, Other	76,391,179	0.66%	75,712,660	0.67%		
Real Property, Inventory (1)	41,995,477	0.37%	47,172,340	0.42%		
Special Inventory	26,823,514	0.23%	21,646,450	0.19%		
Total Appraised Value Before Exemptions	11,498,394,325	100.00%	11,364,038,510	100.00%		
Less: Total Exemptions/Reductions	807,321,080		779,291,720			
Taxable Assessed Value	10,691,073,245		10,584,746,790			

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>
2007	231,470	8,408,036,926	36,325	217,945,000	2.59%	942
2008	237,396	9,393,528,747	39,569	282,840,000	3.01%	1,191
2009	233,152	10,385,975,045	44,546	200,009,344	1.93%	858
2010	244,580	10,623,131,801	43,434	192,761,176	1.81%	788
2011	240,135	10,637,506,136	44,298	193,993,899	1.82%	808
2012	241,935	10,584,746,790	43,750	190,763,722	1.80%	788
2013	247,543	10,691,073,245	43,189	182,702,323	1.71%	738
2014	251,552	10,998,820,849	43,724	175,153,419	1.59%	696
2015	253,747	11,370,707,572	44,811	179,271,315	1.58%	706
2016	255,789	11,857,665,347	46,357	213,356,937	1.80%	834

(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>
2007	0.637000	0.513745	0.123255	53,847,576	96.62%	99.61%
2008	0.637000	0.511426	0.125574	59,690,336	96.91%	99.60%
2009	0.637000	0.512737	0.124263	65,419,993	96.60%	99.56%
2010	0.637000	0.512772	0.124228	66,652,507	96.59%	99.55%
2011	0.637000	0.512304	0.124696	67,016,086	97.35%	99.57%
2012	0.637000	0.512326	0.124674	66,842,112	96.97%	99.50%
2013	0.637000	0.498866	0.138134	67,621,015	97.39%	99.47%
2014	0.637000	0.488257	0.148743	69,529,157	97.97%	99.43%
2015	0.637000	0.491720	0.145280	71,691,453	98.03%	99.07%
2016	0.637000	0.493751	0.143249	75,020,129	97.72%	97.72%

Tax collections as of September 30, 2016

TABLE 5 – TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type of Business</u>	2015 Assessed Valuation Real & Personal <u>Property</u>	Percentage of Total Assessed <u>Valuation</u>
AEP Texas Central Company	Electricity	116,063,880	0.87%
Laredo Texas Hospital Co., LP	Medical	96,292,920	0.72%
Mall Del Norte, LLC	Retail	55,889,620	0.42%
The Geo Group, INC.	Corrections	50,979,760	0.38%
AEP Electric Transmission of Texas, LLC	Electricity	48,062,880	0.36%
Laredo Regional Medical Center, LP	Medical	43,105,900	0.32%
Farias Development, LTD.	Development	40,924,261	0.31%
Killam Development Partnership LTD	Developers	35,540,750	0.27%
International Bank of Commerce	Banking	34,633,243	0.26%
H.E Butt Grocery Company	Grocery	31,669,100	0.24%
		<u>553,162,314</u>	4.13%

NOTE: As of February 7, 2017, the following taxpayers are not current on their taxes: The GEO Group, International Bank of Commerce.

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>2015 Taxable Assessed Valuation</u>	<u>2015 Tax Rate</u>	<u>Total Funded Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Funded Debt As of 09-30-16</u>
City of Laredo	11,857,665,347	0.637000	213,356,937	100.00%	213,356,937
Laredo Independent School District	2,143,041,612	1.395500	235,999,337	100.00%	235,999,337
Laredo Community College District	12,461,008,783	0.330240	232,848,355	100.00%	232,848,355
United Independent School District	13,967,875,446	1.224860	370,509,505	78.31%	290,131,173
Webb County	17,546,311,884	0.414700	63,283,000	67.21%	42,533,770
Total Direct and Overlapping G.O. Tax Debt					<u>1,014,869,572</u>
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					1.75%
Per Capita Overlapping G. O. Tax Debt					3,967.60

Source: Finance Departments of respective entities.

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-2017.....	\$	24,183,338
Interest and Sinking Fund, 9-30-2016.....	4,348,066	
Property Taxes for Interest and Sinking Fund.....	17,442,181	
Paving Assessments.....	5,114	
Budgeted Transfers.....	7,117,247	
Estimated Investment Income.....	<u>54,300</u>	<u>28,966,908</u>
Estimated Balance, 9-30-2017.....	\$	<u>4,783,570</u>

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TABLE 8A – GENERAL OBLIGATION DEBT SERVICE

Fiscal Year Ended 09-30	Total Outstanding GO Debt	2013 GO Refunding Issue	Fund Debt Requirements	Less: Self Supporting GO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2017	11,631,834	86,270	11,718,104	4,697,383	7,020,721	5.85%
2018	16,272,918	88,468	16,361,386	5,032,989	11,328,397	
2019	16,769,159	85,492	16,854,651	5,127,554	11,727,097	
2020	16,769,798	87,356	16,857,154	5,130,521	11,726,633	
2021	16,764,374	84,075	16,848,449	5,117,465	11,730,984	
2022	16,518,971	85,625	16,604,596	5,116,602	11,487,994	54.19%
2023	15,649,952	86,913	15,736,865	4,312,900	11,423,965	
2024	15,358,229	-	15,358,229	4,212,131	11,146,098	
2025	14,759,034	-	14,759,034	3,719,351	11,039,683	
2026	13,973,926	-	13,973,926	3,721,850	10,252,076	
2027	12,244,048	-	12,244,048	3,717,348	8,526,700	
2028	5,727,102	-	5,727,102	3,146,501	2,580,601	100.00%
2029	3,142,350	-	3,142,350	3,142,350	-	
2030	3,139,050	-	3,139,050	3,139,050	-	
2031	3,141,749	-	3,141,749	3,141,749	-	
2032	3,141,850	-	3,141,850	3,141,850	-	
2033	3,141,625	-	3,141,625	3,141,625	-	100.00%
Total	<u>188,145,969</u>	<u>604,199</u>	<u>188,750,168</u>	<u>68,759,219</u>	<u>119,990,949</u>	

TABLE 8B – CERTIFICATES OF OBLIGATION DEBT SERVICE

Fiscal Year 9-30	Outstanding Certificates of Obligation Debt	Certificate of Oblig, Series 2013	Fund Debt Requirements	Less: Self Supporting CO Debt Service Requirements	General Purpose Funded Debt	% of Debt Retired
2017	24,247,333	1,080,950	25,328,283	10,923,882	14,404,401	10.08%
2018	19,057,226	1,081,350	20,138,576	10,582,791	9,555,785	
2019	17,908,907	1,070,750	18,979,657	9,912,833	9,066,824	
2020	16,623,928	1,079,750	17,703,678	8,619,590	9,084,088	29.46%
2021	15,137,619	1,082,625	16,220,244	7,136,849	9,083,395	
2022	13,691,266	1,083,250	14,774,516	6,227,552	8,546,964	
2023	12,957,503	1,081,625	14,039,128	5,508,094	8,531,034	
2024	13,193,980	1,077,750	14,271,730	5,470,823	8,800,907	
2025	13,151,220	1,081,375	14,232,595	5,430,972	8,801,623	60.08%
2026	13,329,812	-	13,329,812	4,410,277	8,919,535	
2027	11,582,778	-	11,582,778	4,008,064	7,574,714	
2028	11,521,031	-	11,521,031	3,969,139	7,551,892	
2029	11,442,599	-	11,442,599	3,924,241	7,518,358	
2030	8,742,751	-	8,742,751	3,878,527	4,864,224	85.56%
2031	7,963,791	-	7,963,791	3,831,731	4,132,060	
2032	7,911,940	-	7,911,940	3,783,527	4,128,413	
2033	7,046,996	-	7,046,996	3,415,083	3,631,913	
2034	6,989,653	-	6,989,653	3,361,440	3,628,213	
2035	6,523,615	-	6,523,615	3,306,065	3,217,550	98.67%
2036	5,146,096	-	5,146,096	3,243,796	1,902,300	
2037	3,184,304	-	3,184,304	3,184,304	-	
2038	3,122,098	-	3,122,098	3,122,098	-	
2039	3,052,012	-	3,052,012	3,052,012	-	100.00%
Total	<u>253,528,458</u>	<u>9,719,425</u>	<u>263,247,883</u>	<u>120,303,690</u>	<u>142,944,193</u>	

TABLE 9 – COMPUTATION OF SELF-SUPPORTING DEBT

Computation of Self-supporting Debt-Airport	
Net Revenue from Fiscal Year Ended 9-30-16	(661,421)
Less: Airport Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	(661,421)
Airport General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>497,138</u>
Balance	<u><u>(1,158,559)</u></u>
Percentage of Airport General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Sewer System	
Net Revenue from Fiscal Year Ended 9-30-16	13,235,382
Less: Sewer System Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>7,624,384</u>
Balance Available for Other Purposes	5,610,998
Sewer System General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>2,878,152</u>
Balance	<u><u>2,732,846</u></u>
Percentage of Sewer System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Waterworks System	
Net Revenue from Fiscal Year Ended 9-30-16	21,059,581
Less: Waterworks Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>11,314,310</u>
Balance Available for Other Purposes	9,745,271
Waterworks System General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>5,669,592</u>
Balance	<u><u>4,075,679</u></u>
Percentage of Waterworks System General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Mass Transit	
Net Revenue from Fiscal Year Ended 9-30-16	643,288
Less: Mass Transit Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	643,288
Mass Transit General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>1,306,727</u>
Balance	<u><u>(663,439)</u></u>
Percentage of Mass Transit General Obligation Bonds Self-supporting	100%

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

Computation of Self-supporting Debt-Solid Waste Fund (Landfill Fund)	
Net Revenue from Fiscal Year Ended 9-30-16	8,552,699
Less: Solid Waste Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	8,552,699
Solid Waste General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>5,403,199</u>
Balance	<u><u>3,149,500</u></u>
Percentage of Solid Waste General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Bridge Fund	
Net Revenue from Fiscal Year Ended 9-30-16	45,990,094
Less: Bridge Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>9,007,120</u>
Balance Available for Other Purposes	36,982,974
Bridge General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>-</u>
Balance	<u><u>36,982,974</u></u>
Percentage of Bridge General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Environmental Fund	
Net Revenue from Fiscal Year Ended 9-30-16	2,574,884
Less: Environmental Fund Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	2,574,884
Environmental Fund General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>2,196,754</u>
Balance	<u><u>378,130</u></u>
Percentage of Environmental Fund General Obligation Bonds Self-supporting	100%
Computation of Self-supporting Debt-Parking Meters Fund	
Net Revenue from Fiscal Year Ended 9-30-16	922,827
Less: Parking Meters Fund Revenue Bond Requirements, 2017 Fiscal Year Ended	<u>-</u>
Balance Available for Other Purposes	922,827
Parking Meters Fund General Obligation Bond Requirements, 2017 Fiscal Year Ended	<u>186,032</u>
Balance	<u><u>736,795</u></u>
Percentage of Parking Meters Fund General Obligation Bonds Self-supporting	100%

TABLE 10 - OTHER OBLIGATIONS

<u>Fiscal Year Ended September 30</u>	<u>Lease Payments</u>
2017	\$ 548,199
2018	477,187
2019	477,186
2020	477,185
2021	466,295
2022	411,834
2023	411,834
2024	411,833
2025	411,833
2026	411,834
2027	<u>411,834</u>
Total Minimum Lease Payments	\$ <u>4,917,054</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:					
Taxes	90,302,500	90,579,673	87,841,771	86,407,756	84,863,744
Franchises	7,651,588	7,588,828	7,408,310	7,049,443	7,080,430
Licenses & Permits	9,229,632	9,047,461	8,475,493	7,461,360	6,365,903
Intergovernmental	595,857	963,076	623,605	1,075,132	397,278
Charges for Services	48,020,795	46,174,319	44,017,007	37,320,387	34,908,091
Fine and Special Assessments	4,736,734	4,446,428	4,405,309	2,741,190	3,085,225
Interest and Other	1,420,305	1,043,228	208,691	194,996	913,152
Other	28,358,710	23,114,966	1,165,668	2,505,651	1,817,439
Total Revenues	<u>190,316,121</u>	<u>182,957,979</u>	<u>154,145,854</u>	<u>144,755,915</u>	<u>139,431,262</u>
Expenditures:					
General Government	23,381,194	22,935,953	19,086,641	18,640,156	18,035,867
Public Safety	117,117,831	110,182,155	106,976,068	102,151,843	97,701,526
Public Works	6,198,320	5,669,633	7,516,367	7,552,358	7,213,771
Health and Welfare	583,255	510,518	472,667	462,769	653,374
Culture and Recreation	16,043,063	16,116,735	16,702,160	14,776,847	13,077,790
Capital Outlay	28,332,168	23,188,472	22,378,959	11,460,293	14,348,689
Interest and Fiscal Expenditures	<u>411,833</u>	<u>411,834</u>	<u>111,947</u>	<u>129,640</u>	<u>-</u>
Total Expenditures	<u>192,067,664</u>	<u>179,015,300</u>	<u>173,244,809</u>	<u>155,173,906</u>	<u>151,031,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,751,543)</u>	<u>3,942,679</u>	<u>(19,098,955)</u>	<u>(10,417,991)</u>	<u>(11,599,755)</u>
Other Financing Sources (Uses):					
Transfers In	7,684,137	4,252,000	8,056,943	6,200,000	6,271,512
Bond/Capital Lease Proceeds	-	-	-	4,588,000	-
Contributions	-	-	19,667,880	8,430,999	13,991,368
Transfers Out	(6,025,692)	(6,693,630)	(7,740,352)	(8,102,019)	(7,335,197)
Sale of Assets	<u>384,527</u>	<u>35,607</u>	<u>155,171</u>	<u>4,007,423</u>	<u>16,671</u>
Total Other Financing Sources (Uses):	<u>2,042,972</u>	<u>(2,406,023)</u>	<u>20,139,642</u>	<u>15,124,403</u>	<u>12,944,354</u>
Net Increase (Decrease)	291,429	1,536,656	1,040,687	4,706,412	1,344,599
Beginning Fund Balance	<u>44,148,794</u>	<u>42,612,138</u>	<u>41,571,451</u>	<u>36,865,039</u>	<u>35,520,440</u>
Ending Fund Balance	<u><u>44,440,223</u></u>	<u><u>44,148,794</u></u>	<u><u>42,612,138</u></u>	<u><u>41,571,451</u></u>	<u><u>36,865,039</u></u>

TABLE 12 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code Chapter 321, which grants the City the power to impose and levy a 1% Local Sales Tax within the City proceeds of which are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcement are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

<u>Total Collected (2)</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita (1)</u>
31,384,048	59%	0.3733	135.59
32,518,723	55%	0.3476	136.98
30,308,403	46%	0.2941	129.99
29,339,115	44%	0.2792	119.96
33,669,024	50%	0.3192	140.21
37,481,815	56%	0.3572	154.93
39,921,718	59%	0.3759	161.27
40,024,574	57%	0.3660	159.11
41,364,145	57%	0.3659	163.01
38,685,571	52%	0.3283	151.24

(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 amounts collected for the City and Sports & Community Venue.

The sales tax breakdown for the City is as follows:

Webb County	0.50%
Mass Transit Sales & Use Tax	0.25%
Sports Venue Tax	0.25%
City Sales & Use Tax	1.00%
State Sales & Use Tax	<u>6.25%</u>
Total	<u><u>8.25%</u></u>

TABLE 13 - CURRENT INVESTMENTS

As of September 30, 2016, all of the City's investments consisted of secured certificates of deposits and government investment pools. The City's certificate of deposit portfolio had a weighted average maturity of 270 days to its final maturity. The City's funds are invested as follows:

Investment Pools	\$ 168,849,363
Certificates of Deposit	<u>247,000,000</u>
Total	<u>\$ 415,849,363</u>

LAREDO BRIDGE SYSTEM

The system presently consists of the Gateway to the Americas Bridge (Bridge No. 1), the Juarez/Lincoln International Bridge (Bridge No. 2), the Columbia Solidarity Bridge (Bridge No. 3), and the World Trade Bridge (Bridge No. 4). Bridge No. 1 was built in 1956 and was enlarged to a 40-foot width. It has four vehicular traffic lanes with 8-foot covered pedestrian sidewalks on each side and aluminum outside railings. Bridge No. 2 was built in 1976. Total width of Bridge No. 2 is 98.4 feet and accommodates up to eight vehicular traffic lanes with a sidewalk and includes protective barriers and high curbs to separate the sidewalk from the roadway. Bridge No. 3 was built in 1991. This bridge structure is a simple plan structure consisting of six 12' wide vehicular lanes. Bridge No. 4 was built in 2000 and has eight vehicle lanes.

The system presently has 25 toll lanes, all of which are equipped with an automated toll collection system which counts truck axles and charges accordingly. The toll collection process was recently restructured and upgraded to include a weight-in-motion system for truck toll collections for the Laredo Bridge System. The bridge system employs a staff of 189 employees, approximately 75 of which are directly involved in toll collection operations. Another 114 employees are involved in various aspects of administration, including maintenance, toll technicians, accounting, customer service, traffic control, and general administration.

LAREDO BRIDGE SYSTEM CURRENT AND HISTORICAL INFORMATION

TABLE 1 - ANALYSIS OF SYSTEM TRAFFIC

CALENDAR YEAR	NON- COMMERCIAL VEHICLES	COMMERCIAL VEHICLES	TOTAL VEHICLES	PEDESTRIANS
2007	5,718,799	1,662,549	7,381,348	4,161,523
2008	5,539,281	1,608,566	7,147,847	4,362,476
2009	5,045,664	1,400,969	6,446,633	4,124,272
2010	4,669,024	1,575,893	6,244,917	3,746,170
2011	4,401,849	1,725,335	6,127,184	3,161,627
2012	4,418,558	1,784,104	6,202,662	2,946,244
2013	4,551,845	1,835,110	6,386,955	2,973,056
2014	4,808,114	1,924,842	6,732,956	3,032,333
2015	5,060,633	2,005,177	7,065,810	3,029,608
2016	5,212,091	2,087,586	7,299,677	3,074,538

TABLE 2 - TOLL RATES FOR THE SYSTEM

New Rate Schedule (Southbound only) Effective
October 18, 2013:

Pedestrians	\$0.75
Children under 6 years of age	Free
Bicycle and Rider	\$0.75
Non-commercial vehicles not utilizing the Automated Vehicle Identification System (AVI) (per axle)	\$1.75
Emergency vehicles, fire engines, ambulances, police cars, etc., answering or returning from an emergency call	Free
Non-commercial vehicles utilizing the AVI (per axle)	\$1.65
Commercial Vehicles (per axle)	\$4.25
Swipe Card Administrative Fee (per card)	\$1.00
Sticker Tag Cost	\$15.00

Old Rate Schedule (Southbound only) Effective
October 24, 2008:

Pedestrians	\$0.75
Children under 6 years of age	Free
Bicycle and Rider	\$0.75
All non-commercial vehicles not utilizing the Automated Vehicle Identification System (AVI) or Colombia Solidarity Bridge (per axle)	\$1.50
Emergency vehicles, fire engines, ambulances, police cars, etc., answering or returning from an emergency call	Free
All non-commercial vehicles utilizing the AVI or Colombia Solidarity Bridge (per axle)	\$1.40
Commercial Vehicles (per axle)	\$3.75
Swipe Card Administrative Fee (per card)	\$1.00

TABLE 3 - HISTORICAL REVENUES OF THE SYSTEM

<u>MONTH</u>	<u>FISCAL YEAR</u> <u>2016</u>	<u>FISCAL YEAR</u> <u>2015</u>	<u>FISCAL YEAR</u> <u>2014</u>	<u>FISCAL YEAR</u> <u>2013</u>	<u>FISCAL YEAR</u> <u>2012</u>
OCT	4,955,045	4,968,175	4,364,888	3,846,856	3,623,798
NOV	4,872,898	4,500,124	4,396,270	3,691,331	3,594,343
DEC	4,772,885	4,713,485	4,456,362	3,698,769	3,766,094
JAN	4,798,046	4,508,842	4,323,100	3,690,675	3,570,567
FEB	4,830,374	4,340,487	4,131,500	3,469,806	3,563,175
MAR	5,411,377	4,787,194	4,579,634	3,765,810	3,915,306
APR	5,105,546	4,851,498	4,530,638	3,940,556	3,617,722
MAY	4,921,404	4,844,978	4,756,878	3,992,604	3,871,228
JUN	4,999,924	4,854,814	4,574,275	3,778,921	3,730,995
JUL	4,818,895	5,027,472	4,775,062	3,984,295	3,727,710
AUG	5,078,869	4,895,665	4,693,004	4,007,307	3,958,967
SEP	<u>4,905,890</u>	<u>4,798,090</u>	<u>4,499,933</u>	<u>3,715,872</u>	<u>3,528,057</u>
TOTAL	<u>59,471,153</u>	<u>57,090,824</u>	<u>54,081,544</u>	<u>45,582,802</u>	<u>44,467,962</u>

TABLE 4 - DEBT SERVICE REQUIREMENTS OF THE SYSTEM

<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>9-30</u>	<u>Revenue Bond</u>			<u>Subordinate</u> <u>Lien</u> <u>Total</u>	<u>Total</u> <u>Outstanding</u> <u>Debt</u>	<u>% of</u> <u>Total</u> <u>Debt</u> <u>Service</u> <u>Retired</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>			
2017	5,920,000	1,570,920	7,490,920	1,516,200	9,007,120	13.65%
2018	6,125,000	1,387,592	7,512,592	1,519,350	9,031,942	
2019	3,900,000	1,164,713	5,064,713	1,722,350	6,787,063	
2020	3,395,000	1,007,313	4,402,313	1,724,100	6,126,413	
2021	3,540,000	872,513	4,412,513	1,727,850	6,140,363	56.23%
2022	3,695,000	720,013	4,415,013	1,728,350	6,143,363	
2023	2,930,000	559,213	3,489,213	1,730,600	5,219,813	
2024	3,065,000	418,863	3,483,863	1,734,350	5,218,213	
2025	2,690,000	271,913	2,961,913	1,719,350	4,681,263	
2026	910,000	175,413	1,085,413	1,720,600	2,806,013	92.71%
2027	955,000	131,513	1,086,513	1,723,275	2,809,788	
2028	995,000	88,713	1,083,713	-	1,083,713	
2029	870,000	43,500	913,500	-	913,500	100%
TOTAL	<u>38,990,000</u>	<u>8,412,192</u>	<u>47,402,192</u>	<u>18,566,375</u>	<u>65,968,567</u>	

TABLE 5 – INTERNATIONAL TOLL BRIDGE SYSTEM CONDENSED STATEMENT OF OPERATIONS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>REVENUES</u>					
Toll Receipts	59,471,153	57,090,824	54,081,544	45,582,802	44,467,962
Rental of Facilities	240,289	759,911	804,762	1,798,954	2,653,682
Miscellaneous	480,543	434,646	339,775	246,661	243,805
Total	<u>60,191,985</u>	<u>58,285,381</u>	<u>55,226,081</u>	<u>47,628,417</u>	<u>47,365,449</u>
<u>EXPENSES</u>					
Personnel Services	8,710,828	7,465,971	7,439,512	7,392,123	7,373,053
Materials and Supplies	595,027	441,607	539,943	418,075	513,620
Contractual Services (1)	5,017,307	4,499,331	4,381,050	3,835,380	3,649,625
Other	5,025	1,585	2,964	23,784	21,736
Total	<u>14,328,187</u>	<u>12,408,494</u>	<u>12,363,469</u>	<u>11,669,362</u>	<u>11,558,034</u>
<u>NON-OPERATING REVENUE</u>					
Interest Earnings-Restricted	90,924	52,309	18,975	39,751	58,055
Interest Earnings-Unrestricted	<u>35,372</u>	<u>23,870</u>	<u>30,172</u>	<u>17,017</u>	<u>18,664</u>
Net Revenues Available for for Debt Service	45,990,094	45,953,066	42,911,759	36,015,823	35,884,134
Debt Service	<u>9,403,991</u>	<u>9,450,253</u>	<u>7,909,872</u>	<u>8,728,259</u>	<u>8,708,893</u>
Surplus Revenues	<u>36,586,103</u>	<u>36,502,813</u>	<u>35,001,887</u>	<u>27,287,564</u>	<u>27,175,241</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, 2017 through 2029	\$ 3,646,322
Coverage of Average Requirements by 9-30-16 Net Income	10.03
Maximum Annual Principal and Interest Requirements, after FY 2017 through 2029	
	\$ 7,512,592
Coverage of Maximum Requirements by 9-30-16 Net Income	4.87
Reserve Fund	\$ 3,646,322
Contingency Fund	\$ 500,000
DEBT SERVICE COVERAGE-FIRST LIEN REVENUE BONDS AND SUBORDINATE LIEN BOND	
Average Annual Principal and Interest Requirements on First Lien Revenue Bonds plus Sub., Lien Bond, 2017 through 2029	\$ 5,074,505
Coverage of Average Requirements by 9-30-16 Net Income	7.21
Maximum Annual Principal and Interest Requirements, after FYE 2017 through 2029	\$ 9,031,942
Coverage of Maximum Requirements by 9-30-16 Net Income	4.05

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
2007	41,642,971	11,426,566	30,216,405	8,253,670	4
2008	48,757,080	12,003,151	36,753,929	8,144,751	5
2009	43,724,135	11,499,210	32,224,925	8,322,360	4
2010	46,097,657	11,365,703	34,731,954	8,787,530	4
2011	46,511,403	11,577,331	34,934,072	8,784,606	4
2012	47,442,168	11,558,034	35,884,134	8,708,893	4
2013	47,685,185	11,669,362	36,015,823	8,728,259	4
2014	55,275,228	12,363,469	42,911,759	7,909,872	5
2015	58,361,560	12,408,494	45,953,066	9,450,253	5
2016	60,318,281	14,328,187	45,990,094	9,403,991	5

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

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LAREDO INTERNATIONAL AIRPORT DISCLOSURES

The City of Laredo International Airport (LRD) encompasses approximately 1,700 acres of which 900 acres are dedicated to aviation for passenger and air cargo terminals, runways, taxiways and aprons, and 800 acres are dedicated for industrial, commercial, retail, institutional, and recreational.

The Airport is currently being served by the following scheduled airlines: American Airlines to Dallas/Fort Worth, United Express to Houston Bush Intercontinental, Allegiant Air to Las Vegas, Nevada and seasonally to Orlando, Florida, on average, and the airlines have in total ten (10) daily scheduled round trip flights. A top priority for the Airport is the re-instatement of direct air service to Mexico City and Guadalajara, Mexico.

Furthermore, our passenger terminal also houses a full service restaurant, gift shop & duty free concession, ATM, four car rental companies, Federal Inspection Facility with 24/7 services, and Transportation Security Administration.

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

Two (2) scheduled cargo operators and twenty-two (22) charter air cargo companies are currently serving the Airport. Major scheduled service air cargo operators include Federal Express and UPS Supply Chain Solutions. In terms of all-air cargo activity in 2008 LRD ranked 78th nationally and in 2015 LRD's ranking improved to 52nd.

The Laredo International Airport is unique in that it is the only place outside the Republic of Mexico to have an operation of Mexican Customs to pre-inspection Mexico bound air cargo. Whereas, other countries may have passenger pre-clearance, LRD is the only airport worldwide with a cargo pre-inspection. Air cargo shipments to Mexico are expedited, this being an attraction to the Auto Manufacturing, Auto Parts, Electronics / Electrical and Aerospace industries who rely on "just-in-time" delivery of inventory.

In April 2014, LRD completed an update of Laredo's Airport Noise Compatibility Study. Residents within the approved Airport Noise Contours are eligible to participate in the City's voluntary noise abatement program. This program consists of the following options:

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

The estimated cost of the airport noise abatement program for the next eight to ten years is \$48.0 million of which the Federal Aviation Administration, under the current program, would fund 90% of the program cost.

Projects completed during 2016 included Airport Master Plan, Rehabilitate GA Apron Phase 8, Taxiway G Reconstruction, and FAR Part 150 Noise Abatement Program. The Federal Aviation Administration paid 90% of the costs.

Projects for 2017 include, but not limited to, Taxiway G Extension, Rehabilitate GA Apron Phase 9, Runway Signage and Markings Re-designation and FAR Part 150 Noise Abatement Program.

During the past twenty-four (24) years, the City and the Federal Aviation Administration have invested over \$236 million in Laredo International Airport infrastructure including noise abatement. This trend we anticipate will continue in 2017 and into the future.

The airport leases facilities and land to non-aviation and 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. A new Veteran's Administration Clinic partnered with the UT Health and Science Center opened in 2013.

Calendar Year	Passengers Enplaned	Passengers Deplaned	Air Cargo Gross Landed Weight (lbs.)
1998	78,223	75,135	460,763,819
1999	89,306	87,017	374,202,303
2000	89,905	87,807	420,000,000
(1)2001	69,049	67,835	226,136,780
2002	74,286	73,719	261,473,820
2003	73,638	72,345	272,367,959
2004	81,342	81,924	366,161,425
2005	90,653	92,932	374,434,576
2006	92,783	93,979	360,000,000
2007	113,004	111,464	341,198,304
(2)2008	107,553	109,912	272,960,000
2009	102,065	105,107	265,480,642
(3)2010	110,615	113,219	419,323,814
2011	99,893	98,213	458,595,636
2012	96,523	94,544	454,254,623
2013	103,035	102,218	398,752,468
2014	101,505	103,909	447,352,556
2015	98,854	104,087	426,405,000
2016	93,483	94,308	450,164,591

-
- (1) Because of the terrorist attacks of September 11, 2001, the airport experienced an 8.0 percent decline in passenger activity for CY 2001. As a result of a weak national economy during all of CY 2001, air cargo declined by approximately 46 percent.
- (2) Global economic conditions during 2008 negatively affected both passenger and cargo activity.
- (3) An improved global economy is reason for the significant increase in both passenger and air cargo activity.

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

	Fiscal Years Ended September 30						
	2016	2015	2014	2013	2012	2011	2010
Revenues:							
FAA	\$ 215,013	\$ 43,023	\$ 41,400	\$ 53,680	\$ 1,603	\$ 69,880	\$ -
State Operating Grants	245	924	1,020	-	61,869	2,924	106,939
Rents	5,067,020	6,981,197	5,048,768	6,487,377	4,257,227	4,129,984	5,002,207
Interest Earnings	23,029	29,763	39,846	16,517	1,201	2,775	2,354
Discount Earnings	159	-	-	-	-	-	-
Fees & Collections	491,738	-	-	-	-	-	-
Miscellaneous	424,639	1,224,973	1,064,719	890,543	436,240	456,453	514,497
Total Revenues	6,221,843	8,279,880	6,195,753	7,448,117	4,758,140	4,662,016	5,625,997
Expenditures:							
Administration	3,342,143	3,149,108	3,022,377	3,267,114	2,584,797	2,460,491	2,530,733
Building Maintenance	1,143,788	1,254,836	1,052,504	972,596	811,348	723,818	638,191
Ground Maintenance	574,084	538,429	589,807	512,992	473,698	409,318	340,024
Airport Security	1,527,184	1,239,920	1,192,452	1,060,180	1,029,474	1,034,819	910,926
Foreign Trade Zone	24,479	15,092	19,236	15,924	28,603	23,239	19,151
Federal Inspection Services	271,586	269,651	282,113	178,036	61,211	-	-
Total Expenditures	6,883,264	6,467,036	6,158,489	6,006,842	4,989,131	4,651,685	4,439,025
Net Operating Revenues	(661,421)	1,812,844	37,264	1,441,275	(230,991)	10,331	1,186,972
Other Sources (Uses):							
Debt Service	(495,000)	(497,247)	(493,877)	(494,890)	(500,537)	(495,697)	(542,210)
Capital Outlay	(104,041)	(780,077)	(620,141)	(300,763)	(124,372)	(70,491)	(81,556)
Airport Construction Fund	(2,450,000)	(2,549,996)	(4,728,815)	(493,572)	(52,714)	(47,286)	(49,993)
General Fund	(78,141)	(78,141)	(828,141)	-	-	-	-
Noise Abatement	600,000	600,000	400,000	600,000	704,971	-	403,071
Sale of Assets	-	-	1,249	11,679,674	301,946	18,314	-
Total Other Sources (Uses)	(2,527,182)	(3,305,461)	(6,269,725)	10,990,449	329,294	(595,160)	(270,688)
Excess (Deficiency) of							
Revenues Over Expenditures	(3,188,603)	(1,492,617)	(6,232,461)	12,431,724	98,303	(584,829)	916,284
Beginning Fund Balance	4,973,651	6,466,268	12,698,729	267,005	168,702	753,531	(162,753)
Ending Fund Balance	\$ 1,785,048	\$ 4,973,651	\$ 6,466,268	\$ 12,698,729	\$ 267,005	\$ 168,702	\$ 753,531

TABLE 2 - DEBT SERVICE REQUIREMENT

Fiscal Year Ended 9-30	Certificates of Obligation		Total Outstanding Debt	% of Principal Retired
	Principal	Interest		
2017	270,000	227,138	497,138	
2018	285,000	213,540	498,540	
2019	295,000	199,338	494,338	
2020	310,000	184,530	494,530	
2021	330,000	168,857	498,857	38.51%
2022	345,000	152,320	497,320	
2023	360,000	135,047	495,047	
2024	375,000	117,040	492,040	
2025	400,000	98,049	498,049	69.26%
2026	415,000	78,074	493,074	
2027	440,000	57,115	497,115	
2028	460,000	35,054	495,054	
2029	485,000	11,890	496,890	100.00%
	<u>\$ 4,770,000</u>	<u>1,677,992</u>	<u>6,447,992</u>	

TABLE 3 - DEBT SERVICE COVERAGE

Average Annual Principal and Interest Requirements, 2017-2029	495,999
Coverage of Average Requirements by 9-30-16 Net Income	(1.33)
Maximum Annual Principal and Interest Requirements, after FYE 2017 through 2029	498,857
Coverage of Maximum Requirements by 9-30-16 Net Income	(1.33)

THE 2016 UTILITY SYSTEM

WATER SUPPLY

The City of Laredo uses surface water from the Rio Grande River as its source of raw water. The two plants in the City of Laredo are the Jefferson Water Treatment Plant 65 MGD and El Pico Water Treatment Plant 20 MGD for a combined capacity of 85 MGD. The average daily consumption during fiscal year 2016 was approximately 36.291 million gallons per day and peak demand for fiscal year 2016 was 58.51 million gallons per day. Connections to the water system as of September 30, 2016 were 70,072. The average number of service calls per month is 12,890 for a FY 2015-2016 total of 154,683. Currently, the system consists of approximately 1,048 miles of transmission and distribution lines and 7,271 fire hydrants.

The City of Laredo owns approximately 62,009 acre-feet of municipal water rights.

The Jefferson Water Treatment Plant has two separate river intakes, two separate river pump structures and related multiple pump units. The lower treatment plant has been closed down permanently since 2013. The electrical system includes an underground electrical power distribution system, including three electrical buildings housing motor control centers. The Supervisory Control and Data Acquisition (SCADA) system combined with magnetic flow meters and motors operated valves allow increased precision in chemical addition for reduced operating costs. The traveling water screens, flocculators, re-lift pumps and five clarifiers provide more reliable hydraulic capacity. Twelve gravity filters allow the facility to respond to wide variations in river water turbidity. The two high service pump stations and three clear wells provide a uniform water system pressure. The actual process and electrical system enhance the reliability of the treatment process.

El Pico Water Treatment Plant was put into operation on April 2015. El Pico Water Treatment Plant consists of a forebay for the raw water intake followed by the raw water pump station, rapid mix, flocculation, sedimentation, filtration, filter building, backwash pumping, backwash equalization, backwash clarifier, intermediate pumping, clearwell, high service pump station, sludge thickener, sludge holding tank, sludge dewatering, dewatering building, chemical building, chemical feed and bulk storage, administration building, effluent transmission main, electrical and instrumentation, including the SCADA control.

In 1957, the City of Laredo entered into an agreement with Webb County to use Lake Casa Blanca Reservoir as off-channel storage for emergency use. This reservoir has an impoundment capacity of 77,800 acre feet at top of the dam, 58,600 acre feet at maximum pool, (PMF – Probable Maximum Feet) of which 20,000 acre feet are reserved for emergency use. This agreement is still in effect.

WASTEWATER SYSTEM

The City of Laredo owns and operates six wastewater treatment plants, which have a combined total design capacity of 29.251 million gallons per day ("MGD"). The pounds of Biochemical Oxygen demand (BOD) treated is 12,488,619 by all six wastewater treatment plants and a Total Bio-Solids cost of \$635,219. The Sewer System includes approximately 754 miles of sewer lines and 70 lift stations. The average daily treatment is 20.637 MGD with 65,291 connections as of September 30, 2016.

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>
Jefferson St Water Treatment Plant		3	3,500,000 gallons
El Pico Water Treatment Plant		1	5,000,000 gallons
Lyon Street and Meadow Avenue	1		5,000,000 gallons
Milmo and Texas Avenue	2		2,000,000 gallons
Pinto Valle #1	1		200,000 gallons
MHOC	2		10,000,000 gallons
Sierra Vista	1		5,000,000 gallons
San Isidro NE	1		310,000 gallons
359 Hwy Booster	1		200,000 gallons
Northwest Laredo	1 (elevated)		1,000,000 gallons
South Laredo	1 (elevated)		1,000,000 gallons
North Laredo (Highlands)	1 (elevated)		1,000,000 gallons
Las Blancas	1 (elevated)		500,000 gallons
Killam (TAMIU) Tank	1 (elevated)		2,000,000 gallons
Cuatro Vientos	1 (elevated)		2,000,000 gallons
Nixon Bartlett and Price	1 (elevated)		3,000,000 gallons
Total Treated Water Storage			41,710,000 gallons

TABLE 2 - WATER PUMPAGE (THOUSAND GALLONS)

Historical water usage for the City is as follows:

<u>Fiscal Year Ended 9/30</u>	<u>Average Day Pumpage (1,000 Gallons)</u>	<u>Peak Day Pumpage (1,000 Gallons)</u>	<u>Total Yearly Pumpage (1,000 Gallons)</u>
2006	40,918	58,940	14,086,761
2007	33,550	49,000	12,245,329
2008	36,720	53,640	13,345,812
2009	35,900	51,810	13,047,594
2010	32,565	47,470	11,900,196
2011	32,600	47,470	11,726,000
2012	28,386	52,312	10,427,878
2013	35,528	48,000	11,883,850
2014	25,936	47,594	9,465,347
2015	31,900	54,389	11,654,700
2016	36,291	58,506	12,520,848

TABLE 3 - SEWAGE FLOW (THOUSAND GALLONS)

Fiscal Year Ended <u>9/30</u>	Average Day Pumpage <u>(1,000 Gallons)</u>	Peak Day Pumpage <u>(1,000 Gallons)</u>	Total Yearly Pumpage <u>(1,000 Gallons)</u>
2006	16,796	24,617	6,130,409
2007	18,215	28,656	6,648,535
2008	17,948	23,337	6,551,082
2009	17,572	24,057	6,413,631
2010	18,256	33,196	6,663,368
2011	18,783	24,234	6,855,795
2012	18,900	30,896	6,780,000
2013	19,300	33,356	6,849,845
2014	18,800	33,900	6,874,400
2015	19,701	29,824	7,190,787
2016	20,637	30,400	7,241,500

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

TYPE OF BUSINESS	WATER CONSUMPTION (1)
Laredo Medical Center	89,239,400
Texas A&M University System	77,409,800
United Independent School District	68,959,400
New Webb County Jail	25,202,400
Laredo Regional Medical Center	20,399,500
CPL Power Plant	16,944,800
Clark's Crossing Apartments	15,314,200
Laredo Community College	11,799,500
Broad Acres Apartments	11,498,000
Parks and Recreation	11,058,500

TYPE OF BUSINESS	SEWER BILLED (1)
Laredo Medical Center	89,239,400
New Webb County Jail	25,202,400
Laredo Regional Medical Center	20,399,500
Texas A&M University System	18,435,600
CPL Power Plant	16,944,800
Clark Crossing Apartments	15,314,200
Broad Crest Apartments	11,498,000
International Bank of Commerce	10,370,700
Howard Johnson Hotel	10,242,200
Flying J	9,531,800

(1) Source: City of Laredo, Texas

TABLE 5 - MONTHLY WATER RATES (BASED ON WATER CONSUMPTION)

**Water Rates
(Effective October 1, 2015)**

Inside City Limits	
Residential:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	9.44
1" meter	20.55
1 1/2" meter	29.07
2" meter	45.14
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.80
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.93
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	2.00
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	2.13
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000	2.25

gallons per month	
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	2.36
Per 1,000 gallons per month in excess of 50,000 gallons per month	4.71
Multi-Family and Commercial:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	35.55
1" meter	38.62
1 1/2" meter	42.95
2" meter	59.27
3" meter	117.92
4" meter	178.10
6" meter	320.75
8" meter	472.78
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.93
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	2.37
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	2.99
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	3.16
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	3.41
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	3.76
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	4.45
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	4.56
Outside City Limits:	
The rates for water outside the City limits shall be two times those established for commercial rates.	

**Old Water Rates
(Effective October 1, 2014)**

Inside City Limits	
Residential:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	9.25
1" meter	20.15
1 1/2" meter	28.50
2" meter	44.25

Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.80
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	1.93
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	2.00
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	2.13
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	2.25
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 40,000 gallons per month	2.36
Per 1,000 gallons per month in excess of 50,000 gallons per month	4.71
Multi-Family and Commercial:	
Meter sized based minimum monthly water charges for metered consumption from zero to 2,000 gallons:	
5/8" & 3/4" meter	34.85
1" meter	37.86
1 1/2" meter	42.11
2" meter	58.11
3" meter	115.61
4" meter	174.61
6" meter	314.46
8" meter	463.51
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	1.93
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	2.37
Per 1,000 gallons (for the next 30,000 gallons) per month in excess of 10,000 gallons per month	2.99
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	3.16
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	3.41
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	3.76
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	4.45
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	4.56
Outside City Limits:	
The rates for water outside the City limits shall be two times those established for commercial rates.	

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

**Sewer Rates
(Effective October 1, 2015)**

Inside City Limits	
Residential:	
Monthly minimum, including the use of 2,000 gallons per month	9.29
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons	3.18
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	3.23
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	3.40
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	3.65
The maximum charge will be up to 30,000 gallons and the equivalent of \$101.43.	3.65
Commercial:	
Monthly minimum, including use of 2,000 gallons per month	24.87
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	2.37
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	2.41
Per 1,000 gallons (for the next 20,000 gallons) per month in excess of 10,000 gallons per month	2.76
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	2.86
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	3.19
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	3.51
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	4.17
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	5.06

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 Sewer Rates
(Effective October 1, 2014)**

Inside City Limits	
Residential:	
Monthly minimum, including the use of 2,000 gallons per month	8.90
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons	3.11
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	3.17
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 10,000 gallons per month	3.33
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 20,000 gallons per month	3.58
The maximum charge will be up to 30,000 gallons and the equivalent of \$92.36.	
Commercial:	
Monthly minimum, including use of 2,000 gallons per month	24.38
Per 1,000 gallons (for the next 2,000 gallons) per month in excess of 2,000 gallons per month	2.32
Per 1,000 gallons (for the next 6,000 gallons) per month in excess of 4,000 gallons per month	2.37
Per 1,000 gallons (for the next 20,000 gallons) per month in excess of 10,000 gallons per month	2.48
Per 1,000 gallons (for the next 10,000 gallons) per month in excess of 30,000 gallons per month	2.71
Per 1,000 gallons (for the next 110,000 gallons) per month in excess of 40,000 gallons per month	2.80
Per 1,000 gallons (for the next 150,000 gallons) per month in excess of 150,000 gallons per month	3.12
Per 1,000 gallons (for the next 300,000 gallons) per month in excess of 300,000 gallons per month	3.44
Per 1,000 gallons (for the next 400,000 gallons) per month in excess of 600,000 gallons per month	4.09
Per 1,000 gallons per month in excess of 1,000,000 gallons per month	4.96

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.

WATER CONSERVATION PROGRAM

The Utilities Department Water Conservation Program is designed to provide practices, techniques, and technologies that help reduce the consumption of water, reduce the loss or waste of water, improve efficiency in the use of water, and increase the recycling and reuse of water for the ultimate purpose of making available a water supply for future or alternative uses. The Water Conservation Program operates to implement and enforce the Water Conservation and Drought Contingency Ordinance. The program is divided into two sections; enforcement and public education. For enforcement, there were a total of 601 warnings issued and 20 citations. For public education, there were 8 events that included hosting proclamations, groundbreaking ceremonies, ribbon cutting ceremonies, career day events, and other City/civic events.

As part of the City's water conservation efforts, the Utilities Department manages the WaterSense High Efficiency Toilet (HET) Rebate Program, which is designed to encourage water customers to replace old water wasting toilets with new high efficiency toilets that carry the WaterSense label. For each toilet replaced (maximum 2 per household per year, if more than two toilets in home), the City of Laredo Utilities Department provides the water customer with a standard one-hundred dollar (\$100) rebate, which is applied as a credit to the participant water account. Each installation of toilet is verified by water conservation inspectors as a condition of the rebate approval, and the old water wasting toilet(s) are destroyed (tank only) by the participating customer. The old water wasting toilets are reported to the Solid Waste Department and are scheduled for collection at each participant's address to be transported to the City of Laredo Landfill. During fiscal year 2015-2016, there were a total of 103 approved toilet rebates applied to customer accounts. A total of 3 vehicle car wash permits were issued during this fiscal year.

TABLE 7: VALUE OF SYSTEM - CITY OF LAREDO UTILITIESFor Fiscal Year Ended
September 30,

		2016			2015			2014		
		Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	\$	192,761,074	142,714,252	335,475,326	189,316,812	139,046,539	328,363,351	179,983,483	126,911,984	306,895,467
Vehicles and Equipment		12,031,162	12,636,646	24,667,808	11,771,180	12,258,403	24,029,583	10,775,057	11,803,394	22,578,451
Buildings		180,552,155	43,985,694	224,537,849	180,537,830	43,276,125	223,813,955	179,552,009	43,266,210	222,818,219
Land and Improvements		54,218,446	9,017,104	63,235,550	49,857,546	5,270,559	55,128,105	48,077,778	5,240,513	53,318,291
Easements		3,023,577	852,199	3,875,776	1,856,984	572,519	2,429,503	658,929	253,880	912,809
Construction in Progress		23,777,372	54,956,454	78,733,826	21,180,364	55,425,994	76,606,358	23,280,822	58,682,600	81,963,422
Less: Total Depreciation		(138,571,644)	(94,321,130)	(232,892,774)	(127,758,039)	(87,424,004)	(215,182,043)	(116,947,749)	(80,933,880)	(197,881,629)
Value After Depreciation	\$	<u>327,792,142</u>	<u>169,841,219</u>	<u>497,633,361</u>	<u>326,762,677</u>	<u>168,426,135</u>	<u>495,188,812</u>	<u>325,380,329</u>	<u>165,224,701</u>	<u>490,605,030</u>
		2013			2012			2011		
		Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
System Improvements	\$	166,862,379	124,466,870	291,329,249	163,411,485	123,014,206	286,425,691	154,422,056	121,178,164	275,600,220
Vehicles and Equipment		9,352,381	10,915,689	20,268,070	8,672,475	9,829,214	18,501,689	8,417,463	8,090,771	16,508,234
Buildings		69,332,750	43,267,510	112,600,260	31,840,411	39,025,959	70,866,370	23,917,848	27,403,618	51,321,466
Land and Improvements		45,386,814	4,648,513	50,035,327	45,198,415	4,648,513	49,846,928	44,686,054	4,531,525	49,217,579
Easements		602,622	251,880	854,502	187,489	188,603	376,092	170,534	201,395	371,929
Construction in Progress		108,379,921	26,657,118	135,037,039	86,539,667	10,136,376	96,676,043	60,961,884	19,498,038	80,459,922
Less: Total Depreciation		(107,727,213)	(74,303,349)	(182,030,562)	(100,248,715)	(67,568,891)	(167,817,606)	(92,880,401)	(61,020,411)	(153,900,812)
Value After Depreciation	\$	<u>292,189,654</u>	<u>135,904,231</u>	<u>428,093,885</u>	<u>235,601,227</u>	<u>119,273,980</u>	<u>354,875,207</u>	<u>199,695,438</u>	<u>119,883,100</u>	<u>319,578,538</u>

TABLE 8: CITY'S EQUITY IN UTILITY SYSTEM

For Fiscal Year Ended
September 30,

	2016			2015			2014		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
Resources:									
Net System Value	\$ 327,792,142	169,841,219	497,633,361	326,762,677	168,426,135	495,188,812	325,380,329	165,224,701	490,605,030
Cash and Investments	72,421,282	79,700,362	152,121,644	71,561,005	69,663,599	141,224,604	71,965,756	71,424,687	143,390,443
Other Sources	21,273,458	9,234,460	30,507,918	11,178,167	6,895,648	18,073,815	8,170,889	5,278,605	13,449,494
Total Resources	421,486,882	258,776,041	680,262,923	409,501,849	244,985,382	654,487,231	405,516,974	241,927,993	647,444,967
Obligations:									
Bonds Payable	252,728,946	155,384,654	408,113,600	232,162,040	136,431,409	368,593,449	221,870,994	130,825,233	352,696,227
Less: Bond Funds	(29,748,964)	(8,988,269)	(38,737,233)	(12,187,063)	(7,953,603)	(20,140,666)	(13,886,950)	(8,924,685)	(22,811,635)
	222,979,982	146,396,385	369,376,367	219,974,977	128,477,806	348,452,783	207,984,044	121,900,548	329,884,592
Other Obligations	59,301,285	18,739,204	78,040,489	44,035,449	18,713,553	62,749,002	30,236,743	14,810,857	45,047,600
Total Obligations	282,281,267	165,135,589	447,416,856	264,010,426	147,191,359	411,201,785	238,220,787	136,711,405	374,932,192
City's Equity in System	\$ 139,205,615	93,640,452	232,846,067	145,491,423	97,794,023	243,285,446	167,296,187	105,216,588	272,512,775
Percentage City's Equity In System	33.03%	36.19%	34.23%	35.53%	39.92%	37.17%	41.26%	43.49%	42.09%

For Fiscal Year Ended
September 30,

	2013			2012			2011		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
Resources:									
Net System Value	\$ 292,189,654	135,904,231	428,093,885	235,601,227	119,273,980	354,875,207	199,695,438	119,883,100	319,578,538
Cash and Investments	118,326,865	94,097,469	212,424,334	133,115,463	110,677,751	243,793,214	140,604,318	51,560,635	192,164,953
Other Sources	8,405,047	5,589,881	13,994,928	9,785,688	5,848,079	15,633,767	12,143,781	4,514,104	16,657,885
Total Resources	418,921,566	235,591,581	654,513,147	378,502,378	235,799,810	614,302,188	352,443,537	175,957,839	528,401,376
Obligations:									
Bonds Payable	210,973,680	128,543,954	339,517,634	186,705,299	126,265,152	312,970,451	176,603,068	68,790,522	245,393,590
Less: Bond Funds	(11,211,241)	(6,826,501)	(18,037,742)	(9,009,639)	(6,150,316)	(15,159,955)	(6,236,122)	(1,568,062)	(7,804,184)
	199,762,439	121,717,453	321,479,892	177,695,660	120,114,836	297,810,496	170,366,946	67,222,460	237,589,406
Other Obligations	42,150,001	14,394,389	56,544,390	33,326,162	8,470,548	41,796,710	21,425,167	3,847,482	25,272,649
Total Obligations	241,912,440	136,111,842	378,024,282	211,021,822	128,585,384	339,607,206	191,792,113	71,069,942	262,862,055
City's Equity in System	\$ 177,009,126	99,479,739	276,488,865	167,480,556	107,214,426	274,694,982	160,651,424	104,887,897	265,539,321
Percentage City's Equity In System	42.25%	42.23%	42.24%	44.25%	45.47%	44.72%	45.58%	59.61%	50.25%

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TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 1

For Fiscal Year Ended

September 30,

	2016			2015			2014		
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities
<u>Revenues</u>									
Charges for Services	\$ 39,459,935	31,509,797	70,969,732	34,643,695	27,994,808	62,638,503	36,738,275	30,178,398	66,916,673
Interest	143,573	156,096	299,669	93,307	114,088	207,395	66,707	77,484	144,191
Miscellaneous	6,545,404	333,916	6,879,320	4,954,663	414,542	5,369,205	5,121,754	217,778	5,339,532
Total Revenues	46,148,912	31,999,809	78,148,721	39,691,665	28,523,438	68,215,103	41,926,736	30,473,660	72,400,396
<u>Expenses</u>									
Administrative	5,764,291	8,051,170	13,815,461	4,521,549	6,361,486	10,883,035	4,380,112	6,353,152	10,733,264
Utility Engineering	1,401,321	-	1,401,321	1,005,318	-	1,005,318	1,239,415	-	1,239,415
Utility Billing	4,029,783	-	4,029,783	3,813,221	-	3,813,221	3,594,252	-	3,594,252
Asset Management	370,581	-	370,581	351,625	-	351,625	345,740	-	345,740
Water Treatment Plant	8,925,619	-	8,925,619	8,618,483	-	8,618,483	8,602,608	-	8,602,608
Transmission and Distribution	4,155,910	-	4,155,910	3,566,371	-	3,566,371	3,175,360	-	3,175,360
Water Pollution Control	441,826	-	441,826	356,376	-	356,376	341,477	-	341,477
Wastewater Treatment	-	7,377,534	7,377,534	-	6,938,751	6,938,751	-	6,496,735	6,496,735
Wastewater Collection	-	3,335,723	3,335,723	-	3,217,873	3,217,873	-	3,564,648	3,564,648
Total Expenses	25,089,331	18,764,427	43,853,758	22,232,943	16,518,110	38,751,053	21,678,964	16,414,535	38,093,499
Net Available for Debt Service	\$ 21,059,581	13,235,382	34,294,963	17,458,722	12,005,328	29,464,050	20,247,772	14,059,125	34,306,897
Number of Customers	70,545	65,291		69,343	64,286		68,213	63,410	

TABLE 9: UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS PART 2

For Fiscal Year Ended

September 30,

	2013			2012			2011	
	Water	Sewer	Total Utilities	Water	Sewer	Total Utilities	Water	Sewer
<u>Revenues</u>								
Charges for Services	\$ 35,457,341	28,757,673	64,215,014	33,674,811	28,428,037	62,102,848	31,391,552	27,438,365
Rental Of Facilities	-	-	-	-	-	-	40,128	-
Interest	78,506	78,638	157,144	74,014	80,595	154,609	79,399	64,847
Miscellaneous	4,758,404	155,805	4,914,209	3,657,708	66,680	3,724,388	3,625,787	100,640
Total Revenues	40,294,251	28,992,116	69,286,367	37,406,533	28,575,312	65,981,845	35,136,866	27,603,852
<u>Expenses</u>								
Administrative	3,835,991	5,942,302	9,778,293	3,192,316	4,449,791	7,642,107	2,850,418	4,260,760
Utility Engineering	1,203,525	-	1,203,525	1,039,716	-	1,039,716	876,627	-
Utility Billing	3,696,993	-	3,696,993	3,244,021	-	3,244,021	3,030,774	-
Asset Management	331,829	-	331,829	301,512	-	301,512	277,917	-
Water Treatment Plant	7,796,657	-	7,796,657	7,630,318	-	7,630,318	7,073,309	-
Transmission and Distribution	2,866,383	-	2,866,383	3,693,340	-	3,693,340	2,700,232	-
Water Pollution Control	360,632	-	360,632	342,067	-	342,067	427,830	-
Wastewater Treatment	-	6,462,672	6,462,672	-	6,248,182	6,248,182	-	5,351,976
Wastewater Collection	-	3,402,881	3,402,881	-	3,352,555	3,352,555	-	2,733,149
Total Expenses	20,092,010	15,807,855	35,899,865	19,443,290	14,050,528	33,493,818	17,237,107	12,345,885
Net Available for Debt Service	\$ 20,202,241	13,184,261	33,386,502	17,963,243	14,524,784	32,488,027	17,899,759	15,257,967
Number of Customers	67,033	62,426		65,288	61,191		63,703	59,995

TABLE 10 Debt Service Requirements

Fiscal Year Ended <u>9-30</u>	Water Revenue Debt <u>Requirement</u>	Plus Contractual & General Obligation Water System Debt Service <u>Requirements</u>	Water <u>Total</u>	Sewer Revenue Debt	Plus Contractual & General Obligation Sewer System Debt Service <u>Requirements</u>	Sewer <u>Total</u>	Utility Grand <u>Total</u>	% of Grand Total <u>Retired</u>
2017	11,314,310	5,669,592	16,983,902	7,624,384	2,878,152	10,502,536	27,486,438	
2018	11,340,560	5,650,568	16,991,128	7,573,413	2,896,994	10,470,407	27,461,535	
2019	11,340,719	5,900,814	17,241,533	7,563,486	2,655,420	10,218,906	27,460,439	
2020	11,338,640	5,760,266	17,098,906	7,568,301	2,797,916	10,366,217	27,465,123	
2021	10,839,869	5,746,962	16,586,831	7,545,079	2,800,095	10,345,174	26,932,005	23.25%
2022	10,884,667	6,846,724	17,731,391	7,500,275	1,685,256	9,185,531	26,916,922	
2023	10,997,195	6,469,883	17,467,078	7,621,397	1,620,548	9,241,945	26,709,023	
2024	10,980,826	6,525,706	17,506,532	7,613,031	1,426,467	9,039,498	26,546,030	
2025	10,558,201	6,475,567	17,033,768	7,334,799	1,418,919	8,753,718	25,787,486	
2026	11,244,262	5,454,277	16,698,539	7,288,068	1,420,837	8,708,905	25,407,444	45.58%
2027	10,375,110	5,418,963	15,794,073	6,913,493	1,415,268	8,328,761	24,122,834	
2028	9,742,180	5,378,677	15,120,857	6,214,495	1,419,862	7,634,357	22,755,214	
2029	9,684,600	5,334,161	15,018,761	6,185,461	1,416,130	7,601,591	22,620,352	
2030	9,690,335	5,286,477	14,976,812	6,186,500	1,416,000	7,602,500	22,579,312	
2031	9,696,602	5,238,205	14,934,807	6,190,307	1,416,875	7,607,182	22,541,989	65.06%
2032	9,692,361	5,193,453	14,885,814	6,185,444	1,415,724	7,601,168	22,486,982	
2033	9,688,733	5,138,459	14,827,192	6,192,076	1,418,250	7,610,326	22,437,518	
2034	9,689,169	3,361,440	13,050,609	6,192,287	-	6,192,287	19,242,896	
2035	9,698,121	3,306,065	13,004,186	6,184,881	-	6,184,881	19,189,067	
2036	9,730,978	3,243,796	12,974,774	6,146,786	-	6,146,786	19,121,560	82.48%
2037	9,737,636	3,184,304	12,921,940	6,149,007	-	6,149,007	19,070,947	
2038	9,729,913	3,122,098	12,852,011	6,148,763	-	6,148,763	19,000,774	
2039	9,718,121	3,052,012	12,770,133	6,160,993	-	6,160,993	18,931,126	
2040	9,732,196	-	9,732,196	6,155,962	-	6,155,962	15,888,158	
2041	5,050,734	-	5,050,734	5,532,839	-	5,532,839	10,583,573	96.67%
2042	4,035,412	-	4,035,412	4,639,620	-	4,639,620	8,675,032	
2043	2,308,456	-	2,308,456	2,090,870	-	2,090,870	4,399,326	
2044	1,728,162	-	1,728,162	1,513,962	-	1,513,962	3,242,124	
2045	1,469,414	-	1,469,414	1,257,200	-	1,257,200	2,726,614	
2046	553,516	-	553,516	-	-	-	553,516	100.00%
Total	262,590,998	116,758,469	379,349,467	177,473,179	31,518,713	208,991,892	588,341,359	

TABLE 11: COVERAGE AND FUND BALANCES

Waterworks:

Average Annual Principal and Interest Requirements	\$	8,946,237
Coverage of Average Requirements by 2016 Net Income		2.35
<i>Maximum Principal and Interest Revenue Bond Requirements</i>		
After Fiscal Year Ended September 30, 2016	\$	11,340,719
Coverage of Maximum Requirements by 2016 Net Income		1.86
Outstanding New Series Water Revenue Bonds	\$	262,590,998
Interest and Sinking Fund as of September 30, 2016	\$	3,197,156
Reserve Fund as of September 30, 2016	\$	8,946,237

Sewer:

Average Annual Principal and Interest Requirements	\$	6,244,658
Coverage of Average Requirements by 2016 Net Income		2.12
<i>Maximum Principal and Interest Revenue Bond Requirements</i>		
After Fiscal Year Ended September 30, 2016	\$	7,624,384
Coverage of Maximum Requirements by 2016 Net Income		1.74
Outstanding New Series Sewer Revenue Bonds	\$	177,473,179
Interest and Sinking Fund as of September 30, 2016	\$	2,743,611
Reserve Fund as of September 30, 2016	\$	6,244,658

TABLE 12: COVERAGE AND FUND BALANCES – UTILITY SYSTEM

	Utility System		
	Waterworks	Sewer	Total
Net Funds Available for Debt Service	\$ 21,059,581	13,235,382	34,294,963
Average Annual Principal and Interest Requirements	8,946,237	6,244,658	15,190,895
Coverage of Average Annual Requirements by Funds Available for Debt Service	2.35	2.12	2.26
Maximum Principal and Interest Revenue Bond Requirements	11,340,719	7,624,384	18,965,103
Coverage of Maximum Requirement by Funds Available for Debt Service	1.86	1.74	1.81
Outstanding Revenue Bonds as of 09/30/2016	262,590,998	177,473,179	440,064,177
Interest & Sinking Fund as of 09/30/2016	3,197,156	2,743,611	5,940,767
Reserve Funds as of 09/30/2016	\$ 8,946,237	6,244,658	15,190,895

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SPORTS VENUE SALES TAX REVENUE BONDS

LAREDO ENERGY ARENA

The City of Laredo, Texas issued the Sports Venue Sales Tax Revenue Improvement and Refunding Bonds, Series 2005, to acquire and construct additional parking facilities for the Laredo Energy Arena, to achieve a debt service savings by partially refunding outstanding Sports Venue Tax Revenue Bonds, Series 2001, used to construct a sports venue project for a multipurpose entertainment arena and related infrastructure, and to pay for the issuance costs of the Bonds. The principal and interest due on the Sports Venue Tax Revenue Bonds, Series 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 $\frac{1}{4}$ 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 the Laredo Entertainment Center was completed by September 2002. This enormous entertainment center provides inexpensive world class entertainment for the whole family such as concerts, rodeos, circuses, civic events, sporting events, and more. After the construction of the Arena was completed, approximately 220 new jobs were created for the operation of the facility. Furthermore, contracts were awarded to local businesses whose products are required for the Laredo Energy Arena's daily operations.

The 178,000 square foot, \$36.5 million facility opened in October 2002. It has a 10,000 seating capacity, over 2,000 parking spaces and a team store. On March 18, 2010 the City of Laredo changed the Laredo Entertainment Center name to Laredo Energy Arena after signing a four year naming rights agreement with Laredo Energy, with options for extension.

In 2016, the Laredo Energy Arena hosted more than 130 events including major concerts by top artists and events such as Mana, Pitbull, Disney On Ice, Gabriel Iglesias, International Sister City Festival, Holiday Family Skating and WWE Smackdown, among others.

BASEBALL STADIUM

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

TABLE 1 – SALES TAX RECEIPTS

<u>Fiscal Year Ending 9/30</u>	<u>Actual 1% Sales & Use Tax Receipts</u>	<u>1/4 of 1% Sales Tax Receipts</u>	<u>Maximum Annual Debt Service</u>	<u>Estimated Coverage</u>
2007	25,426,235	6,356,559	3,121,125	2.04
2008	25,962,164	6,490,541	3,121,125	2.08
2009	24,315,518	6,078,880	3,121,125	1.95
2010	23,471,292	5,867,823	3,121,125	1.88
2011	26,935,219	6,733,805	3,871,463	1.74
2012	29,985,452	7,496,363	3,871,463	1.94
2013	31,937,374	7,984,344	3,871,463	2.06
2014	32,019,659	8,004,915	3,871,463	2.07
2015	33,091,316	8,272,829	3,867,826	2.14
2016	30,948,457	7,737,114	3,385,660	2.29

(*) 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.

TABLE 2 - COVERAGE

Average Annual Principal and Interest Requirements, 2017-2036	1,893,843
Fiscal Year 2016 Sales Tax Revenues	7,737,114
Coverage of Average Requirements for Fiscal Year 2016	4.09
Maximum Principal and Interest Requirements, 2017-2036	3,385,660
Fiscal Year 2016 Sales Tax Revenues	7,737,114
Coverage of Maximum Requirements for Fiscal 2016	2.29

TABLE 3 – DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9-30	Outstanding Debt	Sports Venue Sales Tax Revenue Bonds, Taxable Series		Total Outstanding Debt	% of Debt Service Retired
		Principal	Interest		
2017	3,013,192	85,000	278,221	3,376,413	
2018	3,018,039	80,000	281,126	3,379,165	
2019	2,712,750	385,000	277,583	3,375,333	
2020	2,717,000	390,000	271,012	3,378,012	
2021	3,034,625	395,000	263,414	3,693,039	49.22%
2022	2,590,875	405,000	254,788	3,250,663	
2023	2,591,375	415,000	245,087	3,251,462	
2024	2,655,000	430,000	234,285	3,319,285	
2025	-	440,000	222,537	662,537	
2026	-	450,000	210,075	660,075	81.10%
2027	-	465,000	196,571	661,571	
2028	-	480,000	180,840	660,840	
2029	-	500,000	163,200	663,200	
2030	-	515,000	144,930	659,930	
2031	-	535,000	126,030	661,030	90.56%
2032	-	555,000	105,633	660,633	
2033	-	575,000	83,711	658,711	
2034	-	600,000	60,916	660,916	
2035	-	625,000	37,151	662,151	
2036	-	645,000	12,513	657,513	100.00%
	<u>\$ 22,332,856</u>	<u>8,970,000</u>	<u>\$ 3,649,623</u>	<u>\$ 34,952,479</u>	

SINGLE AUDIT

Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)

Guadalupe Garcia-Wright, CPA



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major Federal Program

We have audited City of Laredo, Texas, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the City of Laredo, Texas' major federal and state programs for the year ended September 30, 2016. The City of Laredo, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Laredo, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Laredo, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Laredo, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Laredo, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the City of Laredo, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Laredo, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Laredo, Texas', internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of the testing based on the requirements of the Uniform Guidance and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Canales, Hargis & Baum, PLLC

Laredo, Texas
March 10, 2017

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2016**

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, 2015	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2016
U.S. Department of Health and Human Services							
Center for Disease Control and Prevention							
Passed Through Texas Department of State Health Services:							
Center for Disease Control and Prevention:							
Project Grants and Cooperative Assistance for							
Tuberculosis Control							
Tuberculosis Control Programs - '15	93.116	2015-001424-001	\$ 146,789	22,839	35,921	58,760	-
Tuberculosis Control Programs - '16	93.116	2016-001424-00	112,533	-	83,005	59,346	23,659
Center for Disease Control and Prevention, Public Health Services:							
Immunization Cooperative Agreements:							
Immunization Cooperative Agreements 15	93.268	2015-001135-001	205,307	69,176	-	69,176	-
Immunization Cooperative Agreements 16	93.268	2016-001135-001	230,491	13,139	208,965	180,039	42,065
Immunization Cooperative Agreements 17	93.268	2016-001135-01	230,491	-	16,535	-	16,535
Center for Disease Control and Prevention							
Public Health Emergency Preparedness:							
Public Health Emergency Preparedness - 15-16	93.069	2016-001232-00	331,135	67,985	241,402	309,387	-
Public Health Emergency Preparedness - 16-17	93.069	2016-001232-02	331,135	-	49,536	15,070	34,466
Public Health Emergency Preparedness - 16-17	93.069	2016-004036-00	43,402	-	21,560	20,328	1,232
Public Health Emergency Preparedness - One Time Discretionary 15-16	93.074	2015-003643-00	27,642	-	10,678	10,351	327
Hospital Preparedness Program - 15-16							
Department of Health and Human Services, Office of the Secretary							
National Bioterrorism Hospital Preparedness Program 14-15	93.889	2014-045746-001	250,000	10,701	-	10,701	-
National Bioterrorism Hospital Preparedness Program 15-16	93.889	2015-003703-001	159,889	44,619	113,665	158,284	-
National Bioterrorism Hospital Preparedness Program 16-17	93.889	2015-003703-01	164,669	-	31,909	11,556	20,353
HPP Ebola Preparedness & Response Activities 15-17	93.817	2015-003728-00	13,828	-	6,985	6,985	-
State Partnership Initiative to Address Health Disparities 15-20	93.296	529-16-0131-00001	20,000	-	15,159	4,799	10,360
State Partnership Initiative to Address Health Disparities 15-20	93.296	529-16-0131-00001	140,000	-	5,696	-	5,696
Health Resources and Services Administration:							
HIV Care Formula Grants:							
H.I.V. Care Formula Grant - 14-15	93.917	019-01-14 (15)	378,321	96,650	-	96,650	-
H.I.V. Care Formula Grant - 15-16	93.917	019-01-15 (16)	245,185	26,105	208,383	234,488	-
H.I.V. Care Formula Grant - 16-17	93.917	019-01-16 (17)	419,041	-	207,673	51,752	155,921
H.I.V. Care Formula Grant (Supplemental) - 14-15	93.917	019-01-14 (15)	37,088	21,921	-	21,921	-
H.I.V. Care Formula Grant (Supplemental) - 16-16	93.917	019-01-16 (16)	39,721	-	39,721	16,332	23,389
H. I. V. Prevention Activities - Health Department Based							
Epidemiologic Research Studies of AIDS & HIV in Selected Population Groups							
Epidemiologic Research Studies of AIDS & HIV '15	93.943	2015-001325-001	310,600	5,061	-	5,061	-
Epidemiologic Research Studies of AIDS & HIV '16	93.943	2016-001325-001	400,800	16,875	248,679	215,609	49,945
Centers for Disease Control and Prevention:							
Preventive Health & Health Services Block Grant							
Preventive Health and Health Service Block Grant - 14-15 / O.P.H.P.	93.991	2015-001192-001	248,536	52,364	-	52,364	-
Preventive Health and Health Service Block Grant - 15-16 / O.P.H.P.	93.991	2016-001192-001	497,072	11,598	233,932	149,134	96,396
Preventive Health and Health Service Block Grant - 16-17 / O.P.H.P.	93.991	2017-001192-001	497,072	-	9,309	-	9,309
Center for Disease Control and Prevention							
Investigations and Technical Assistance							
The Affordable Care Act: Community Diabetes Project - 14-15	93.283	2015-001276-001	80,000	13,051	-	13,051	-
Women's Health and Family Planning Association of Texas	93.217	N/A	-	(39,054)	129,425	126,926	(36,555)
Substance Abuse and Mental Health Administration							
Center for Substance Abuse Treatment							
Erasing Barriers / Partners in HIV & Mental Health Project - 14-15	93.243	1H79TI025893-01	500,000	136,416	9,953	146,369	-
Erasing Barriers / Partners in HIV & Mental Health Project - 15-16	93.243	1H79TI025893-02	500,000	-	486,989	389,327	97,662
Erasing Barriers / Partners in HIV & Mental Health Project - 16-17	93.243	1H79TI025893-03	500,000	-	800	-	800
Center for Disease Control and Prevention							
Health Promotions & Chronic Disease Prevention							
Preventive Health & Health Svs Block Grant - Texas Healthy Communities	93.991	2015-047236-001	50,000	6,515	638	7,153	-
Preventive Health & Health Svs Block Grant - Texas Healthy Communities	93.991	2016-003854-00	50,000	-	50,000	33,258	16,742
Total U. S. Department of Health and Human Services			\$ 7,160,747	575,961	2,466,518	2,474,177	568,302

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2016**

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, 2015	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2016
U.S. Department of Housing and Urban Development (HUD)							
Direct Programs:							
Community Planning and Development:							
Community Development Block Grants / Entitlement Grants 10	*	14.218	N/A	\$ 3,678,968	-	15,000	-
Community Development Block Grants / Entitlement Grants 11	*	14.218	N/A	\$ 3,290,569	90,849	906	91,755
Community Development Block Grants / Entitlement Grants 12	*	14.218	N/A	3,347,669	95,498	92,497	179,456
Community Development Block Grants / Entitlement Grants 13	*	14.218	N/A	3,605,219	119,501	439,329	482,915
Community Development Block Grants / Entitlement Grants 14	*	14.218	N/A	3,553,204	220,873	1,202,771	1,423,644
Community Development Block Grants / Entitlement Grants 15	*	14.218	N/A	3,459,923	-	1,737,659	1,409,635
Emergency Solutions Grant Program 2014		14.231	N/A	292,883	3,708	235,411	235,856
Emergency Solutions Grant Program 2015		14.231	N/A	316,721	-	36,365	23,097
Housing Opportunities for Persons with AIDS:							
Housing Opportunities for Persons with Aids - 15-16		14.241	019-3-15 (16)	70,407	10,239	27,214	37,453
Housing Opportunities for Persons with Aids - 16-17		14.241	019-3-16 (17)	76,507	-	34,725	25,767
HOME Investment Partnerships Program 2012 GRANT		14.239	N/A	879,662	22,757	127,244	120,003
HOME Investment Partnerships Program 2013 GRANT		14.239	N/A	631,123	16,348	76,616	92,964
HOME Investment Partnerships Program 2014 GRANT		14.239	N/A	685,083	2,576	356,421	358,997
HOME Investment Partnerships Program 2015 GRANT		14.239	N/A	810,705	-	116,471	97,220
Total U. S. Department of HUD				\$ 24,698,643	582,349	4,498,629	4,578,762
							502,216
U. S. Department of Transportation							
Direct Programs:							
Federal Transit Administration:							
Federal Transit Capital Investment Grants:							
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.500	TX030274	\$ 2,546,681	214	238,495	226,785
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.500	TX030299	1,943,557	-	22,365	17,421
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.500	TX040047	714,000	10,530	120,360	122,778
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.500	TX040055	2,549,000	5,362	558,214	483,622
Federal Transit Formula Grants:							
Urbanized Area Formula Program	*	20.507	TX90Y124	3,304,105	-	22,800	19,829
Urbanized Area Formula Program	*	20.507	TX90Y080	3,268,008	540,699	-	540,699
Urbanized Area Formula Program	*	20.507	TX2016011	3,260,305	-	3,260,305	3,260,305
Enhanced Mobility of Seniors and Individuals with Disabilities		20.513	TX2016052	247,845	-	4,497	4,497
Bus and Bus Facilities Formula Program:							
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.526	TX340005	346,697	11,259	57,098	68,357
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.526	TX340021	347,622	-	-	-
Fixed Guideway Modernization Bus & Bus Facility New Starts	*	20.526	TX2016009	312,710	-	-	-
Federal Aviation Administration:							
Airport Improvement Program		20.106	3-48-0136-69-11	3,000,000	-	84,862	84,862
Airport Improvement Program (Noise Mitigation)		20.106	3-48-0136-72-12	4,000,000	235,933	1,814,637	1,873,961
Airport Improvement Program (Airport Master Plan Update)		20.106	3-48-0136-75-13	2,703,707	132,685	63,403	178,105
Airport Improvement Program (Security Fence)		20.106	3-48-0136-76-14	2,890,905	88,669	129,577	218,246
Airport Improvement Program (Airport Improv)		21.106	3-48-0136-78-15	4,000,000	-	622,684	488,541
Airport Improvement Program		20.106	3-48-0136-79-15	8,611,432	435,355	7,012,150	6,885,641
Airport Improvement Program		20.106	3-48-0136-82-16	7,819,990	-	1,021,032	-
Transportation Security Administration-Law Enf. Officer Reimb. Program							
FY 15 Law Enforcement Officer Reimbursement Program		97.090	HSTS0213HSLR266	41,400	14,795	-	14,795
FY 16 Law Enforcement Officer Reimbursement Program		97.090	HSTS0216HSLR878	65,760	-	40,400	18,741
Pass Through Texas Department of Transportation:							
New Freedom Program		20.521	512XXF7078	156,590	140,279	-	140,279
National Highway Traffic Safety - State and Community Highway Safety							
STEP - 2015 CMV		20.600	2015-LAREDOPD-S-1YG-0028	52,499	19,220	6,675	25,895
STEP - 2016 CMV		20.600	2016-LAREDOPD-S-1YG-0040	53,308	-	41,042	27,045
STEP - 2015 Comprehensive		20.600	2015-LAREDOPD-S-1YG-0026	94,000	28,330	-	28,330
STEP - 2016 Comprehensive		20.600	2016-LAREDOPD-S-1YG-0027	90,970	-	74,039	44,782
STEP - Click It Or Ticket		20.600	2016-LAREDOPD-CIOT-00022	\$ 9,001	-	7,808	7,808

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2016**

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, 2015	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2016
National Highway Traffic Safety -Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants							
Step - Impaired Driving Mobilization	20.601	2015-LAREDOPD-IDM-00081	\$ 23,400	9,143	-	9,143	-
Step - Impaired Driving Mobilization 2016	20.601	2016-LAREDOPD-IDM-00031	25,200	-	25,200	14,688	10,512
Highway Planning & Const.-Federal Aid Hwy Pgm, Fed Lands Hwy Pgm	20.205	50-72-2-15-1113-70-806	1,038,411	108,297	-	108,297	-
Highway Planning & Const.-Federal Aid Hwy Pgm, Fed Lands Hwy Pgm	20.205	50216111370	475,682	-	368,296	273,072	95,224
Highway Planning and Construction- West Laredo Multimodal Trade Corridor	20.205	CSJ-0922-33-093	18,899,751	3,800	13,697	3,122	14,375
Highway Planning and Construction-Scott Sanchez RR Grade Separation	20.205	CSJ-0922-33-105	393,873	-	-	-	-
Highway Planning and Construction-Cielito Lindo Ave/ SL 20 Intersection	20.205	CSJ-0922-33-133	1,777,818	154,110	-	154,110	-
Highway Planning and Construction-Los Presidentes Blvd/ SL 20 Intersection	20.205	CSJ-0922-33-134	266,768	32,302	488	32,790	-
Highway Planning and Construction-Southgate Blvd/ SL 20 Intersection	20.205	CSJ-0922-33-135	1,992,867	433,322	-	433,322	-
Highway Planning and Construction- Chacon Creek Hike & Bike Phase II	20.205	CSJ-0922-33-142	1,482,244	225,651	329,479	453,521	101,609
Highway Planning and Construction- Chacon Creek Hike & Bike Phase III	20.205	CSJ-0922-33-149/150	1,243,767	-	156,213	118,997	37,216
Total U. S. Department of Transportation			\$ 80,039,873	2,629,955	16,095,816	16,382,386	2,343,385
U. S. Department of Agriculture							
Passed Through Texas Department of State Health Services:							
Food & Nutrition Service - Special Supplemental Nutrition Program for WIC:							
Women, Infants and Children 13-14	10.557	2014-045074-001	\$ 4,862,437	779,551	208,701	988,252	-
Women, Infants and Children 14-15	10.557	2015-047370-001	4,228,002	-	4,160,068	3,222,309	937,759
Women, Infants and Children Registered Dietician 14-15	10.557	2015-047370-001	50,000	36,959	1,583	38,542	-
Women, Infants and Children Lactation Services 14-15	10.557	2015-047370-001	72,636	14,342	925	15,267	-
Women, Infants and Children Counties 13-14	10.557	2014-045074-001	406,878	179,933	11,877	191,810	-
Women, Infants and Children Counties 14-15	10.557	2015-047370-001	984,339	-	1,042,762	810,943	231,819
Total U. S. Department of Agriculture			\$ 10,604,292	1,010,785	5,425,916	5,267,123	1,169,578
U. S. Department of Justice							
Passed Through State Department of Criminal Justice:							
Criminal Justice Discretionary Grant Program							
Office of Justice Program - Bureau of Justice Assistance -							
Edward Byrne Memorial Justice Assistance Grant Program:							
Laredo City & Webb County FY 2012 JAG Project	16.738	2012-DJ-BX0538	\$ 96,591	-	5,243	5,243	-
Laredo City & Webb County FY 2013 JAG Program	16.738	2013-DJ-BX-0847	90,054	-	3,376	3,376	-
City of Laredo & Webb County FY 2014 JAG Project	16.738	2014-DJ-BX-0303	90,982	5,308	13,914	19,222	-
FY15 JAG Program	16.738	2015-DJ-BX-0581	79,329	-	67,548	61,076	6,472
Passed Through Office of the Governor:							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2878301	47,713	-	47,716	44,432	3,284
Total U. S. Department of Justice			\$ 404,669	5,308	137,797	133,349	9,756
Executive Office of the President							
High Intensity Drug Trafficking Areas Program							
Financial Task Force 14	95.001	G14SS0001A	\$ 810,795	57,288	65,098	122,386	-
Financial Task Force 15	95.001	G15SS0001A	810,795	97,083	547,428	618,377	26,134
Financial Task Force 16	95.001	G16SS0001A	810,795	-	346,665	157,236	189,429
Total Executive of the President			\$ 2,432,385	154,371	959,191	897,999	215,563

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2016**

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, 2015	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2016
U.S. Department of Homeland Security							
Federal Emergency Management Agency							
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1931-DR-PA	\$ -	(99,134)	-	-	(99,134)
Passed Through Webb County:							
2014 Stone Garden Grant	* 97.067	EMW-2014-SS-00029	1,019,730	230,819	662,677	893,496	-
Passed Through Jim Hogg:							
2014 Stone Garden Grant	* 97.067	15-LRTLRT-10-004	205,625	-	205,625	205,625	-
Passed Through Office of the Governor:							
2015 Stone Garden Grant	* 97.067	3075301	912,000	-	181,878	37,657	144,221
Total U. S. Department of Homeland Security			\$ 2,137,355	131,685	1,050,180	1,136,778	45,087
Institute of Museum and Library Services							
Passed Through Texas State Library & Archives Commission							
InterLibrary Loan Reimbursement Funds	45.310	LS-00-13-0044-13	\$ 5,147	11,346	-	11,346	-
Family Place Libraries Project	45.31	N/A	6,000	-	6,000	6,000	-
Total Institute of Museum and Library Services			\$ 11,147	11,346	6,000	17,346	-
U.S. General Services Administration							
Donation of Federal Surplus Personal Property	39.003	N/A	\$ -	-	174,613	174,613	-
Total U. S. General Services Administration			\$ -	-	174,613	174,613	-
U.S. Department of the Interior							
Passed Through Texas Historical Commission							
Certified Local Government Program	15.904	TX-16-037	\$ 2,343	-	2,343	2,343	-
Total U. S. Department of Interior			\$ 2,343	-	2,343	2,343	-
U. S. Department of Environmental Protection Agency							
Survey, Studies, Investigations & Special Purpose Grants							
Air Pollution Control Program Support:							
Clean Water State Revolving Loan	66.458	L120019	\$ 48,750,000	(2,101,585)	273,344	8,006	(1,836,247)
Clean Water State Revolving Loan	66.458	L1000357	22,075,000	-	1,323,178	22,076,569	(20,753,391)
Drinking Water State Revolving Loan	66.468	L1000358	4,600,000	-	301,729	4,600,325	(4,298,596)
Drinking Water State Revolving Loan	66.468	L1000339	5,500,000	-	367,074	5,500,433	(5,133,359)
Total U. S. of Environmental Protection Agency			\$ 80,925,000	(2,101,585)	2,265,325	32,185,333	(32,021,593)
American Recovery and Reinvestment Act							
ARRA- Public Safety Partnership and Community Policing Grants							
2010 COPS Hiring Program	16.710	2010ULWX0025	\$ 4,369,266	126,153	202,508	328,661	-
ARRA-Investmts. for Public Works and Eco. Develop. Facilities-River Vega	11.300	08-01-04443	1,000,000	101,760	-	101,760	-
Total American Recovery and Reinvestment Act			5,369,266	227,913	202,508	430,421	-
Total Federal Assistance			\$ 213,785,720	3,228,088	33,284,836	63,680,630	(27,167,706)

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2016**

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, 2015	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2016
STATE AWARDS							
Texas Department of State Health Services:							
Primary Health Care Program 14-15	N/A	2015-046178-001	\$ 159,171	29,447	-	29,447	-
Primary Health Care Program 15-16	N/A	2016-048591-001	159,171	11,746	143,657	122,215	33,188
Primary Health Care Program 16-17	N/A	2016-048591-002	159,171	-	8,577	-	8,577
Tuberculosis Prevention and Control 14-15	N/A	2015-001448-001	230,491	17,823	-	17,823	-
Tuberculosis Prevention and Control 15-16	N/A	2016-001448-001	156,757	8,499	139,481	113,182	34,798
Tuberculosis Prevention and Control 16-17	N/A	2016-001448-001	156,757	-	10,110	-	10,110
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 15	N/A	2015-046152-001	75,000	4,121	-	4,121	-
Bureau of Clinical and Nutrition Services - Prenatal, Preventive & Primary Child Health, Genetics and Dental Serv. - 16	N/A	2016-003934-001	75,000	7,773	66,464	62,983	11,254
Primary Child Health, Genetics and Dental Serv. - 17	N/A	2016-003934-001	69,750	-	8,204	-	8,204
Maternal and Child Health Svs. Block Grant to the States: Prenatal - 15	N/A	2015-046007-001	37,986	16,077	-	16,077	-
Maternal and Child Health Svs. Block Grant to the States: Prenatal - 16	N/A	2015-003885-001	43,490	4,125	32,581	32,794	3,912
Maternal and Child Health Svs. Block Grant to the States: Prenatal - 17	N/A	2016-003885-00	40,446	-	2,948	-	2,948
Influenza Surveillance - '16	N/A	2016-003751-00	10,000	-	6,685	1,502	5,183
Infectious Disease Control Unit/Surveillance & Epidemiology Ebola Activities	N/A	2016-003828-00	165,000	-	59,704	45,737	13,967
Texas Healthy Adolescent Initiative Clinic Based Program - '16	N/A	2016-048897-001	200,000	-	182,119	59,026	123,093
Texas Healthy Adolescent Initiative Clinic Based Program - '17	N/A	2016-048897-002	200,000	-	8,960	-	8,960
Border Binational Health Week	N/A	1X408TXUSMEXBRD	12,550	(1,197)	-	-	(1,197)
Office of Border Health - Border Health	N/A	53700-5-0000-415384	4,000	4,000	-	4,000	-
Office of Border Health - Border Health	N/A	53700-6-0000-419730	8,500	-	4,296	-	507
Office of Border Health - Border Health	N/A	53700-6-0000-425303	60,000	-	38,721	2,589	36,132
Office of Border Health - Border Health	N/A	53700-6-0000-427806	1,600	-	-	-	-
Laredo Healthy Living Walking Club	N/A	53700-4-0000-405403	6,000	(20)	-	-	(20)
Passed Through South Texas Development Council:							
H. I. V. Social Services 14-15	N/A	19-1-14 (15)	133,700	14,787	-	14,787	-
H. I. V. Social Services 14-15	N/A	19-2-15 (16)	140,110	3,942	114,937	96,104	22,775
H. I. V. Social Services 16-17	N/A	19-2-16 (17)	140,110	-	7,892	-	7,892
Seven Flags Regional Advisory Council	N/A	N/A	3,500	-	3,500	3,500	-
Total - Texas Department of State Health Services			\$ 2,448,260	121,123	838,836	629,676	330,283
Commission on Law Enforcement Officers Standards and Education							
Law Enforcement Officer Standards and Education	N/A	N/A	\$ 32,844	-	33,991	37,633	(3,642)
Law Enforcement Officer Standards and Education	N/A	N/A	1,744	(1,532)	245	1,707	(2,994)
Total - Commission on Law Enforcement Officers Standards and Education			\$ 34,588	(1,532)	34,236	39,340	(6,636)
State Department of Motor Vehicles:							
Auto Theft Task Force	N/A	608-17-2400100	\$ 637,768	-	51,859	-	51,859
Auto Theft Task Force	N/A	608-16-2400100	637,768	49,016	588,752	481,985	155,783
Auto Theft Task Force	N/A	2015-T01-CITY OF-00003	433,514	10,800	-	10,800	-
Total - State Department of Motor Vehicles			\$ 1,709,050	59,816	640,611	492,785	207,642
State Department of Transportation:							
TX Dept. of Transportation-Routine Airport Maintenance Program '15	N/A	CSJ-M1522LRED	\$ 50,000	438	37	475	-
TX Dept. of Transportation-Routine Airport Maintenance Program '16	N/A	CSJ-42M1622LRED	50,000	-	49,525	49,525	-
TX. Dept of Transportation- West Laredo CPL Road Phase II	N/A	CSJ-0922-33-076	2,597,272	41,013	9,401	38,894	11,520
Formula Grants for Other Than Urbanized Areas	N/A	512XXF7078	577,055	-	577,055	577,055	-
Total - State Department of Transportation			\$ 3,274,327	41,451	636,018	665,949	11,520
Texas Commission on Environmental Quality							
Passed Through STDC:							
T.C.E.Q.-Regional Solid Waste Management	N/A	15-19-G02	\$ 45,000	6,200	-	6,200	-
Total - Texas Commission on Environmental Quality			\$ 45,000	6,200	-	6,200	-
State Department of Public Safety							
Local Border Security Program FY -2015	N/A	LBSP-15-0025	\$ 152,445	101,551	-	101,551	-
Passed Through Office of the Governor:							
Local Border Security Program FY -2016	N/A	2995401	11,000	-	109,940	108,042	1,898
Total - State Department of Public Safety			\$ 163,445	101,551	109,940	209,593	1,898

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
PERIOD ENDED SEPTEMBER 30, 2016**

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, 2015	Revenue Recognized	Receipts	Accrued (Deferred) Revenue at September 30, 2016
Texas Health and Human Services Commission:							
Passed Through Texas Nurse-Family Partnership Program:							
Nurse-Family Partnership Program - '14-15	N/A	52900-5-000081115	\$ 472,358	26,573	-	26,573	-
Nurse-Family Partnership Program - '15-16	N/A	52900-6-000088566	415,000	22,005	415,293	366,019	71,279
Nurse-Family Partnership Program - '16-17	N/A	529-16-0069-00001	521,159	-	40,687	-	40,687
Nurse-Family Partnership Program - Additional Registered Nurse '14-15	N/A	52900-5-000081115	88,065	9,626	-	9,626	-
Passed Through Webb County:							
Regional Healthcare Partnership (1115 Xavier)	N/A	N/A	-	(784,931)	639,979	775,800	(920,752)
Texas Ambulance Supplemental Payment Program	**	N/A	-	-	1,600,499	1,600,499	-
Total - Texas Health and Human Services Commission			\$ 1,496,582	(726,727)	2,696,458	2,778,517	(808,786)
Total State Assistance			\$ 9,171,252	(398,118)	4,956,099	4,822,060	(264,079)
OTHER ASSISTANCE							
ICE- Custom-Narcotics 2015	N/A	N/A	\$ 91,000	3,881	-	3,881	-
ICE- Custom-Narcotics 2016	N/A	N/A	91,000	-	46,477	19,216	27,261
OCEDETF-DEA0851 Zahhak	N/A	SW-TXS-0851	8,600	2,719	-	2,719	-
OCEDETF-DEA0851 Zahhak	N/A	SW-TXS-0851	8,774	598	4,751	5,349	-
OCEDETF-DEA0982 Sand Castle	N/A	SW-TXS-0982	8,774	-	6,621	5,885	736
OCEDETF-DEA0997 Knife Hands	N/A	SW-TXS-0997	17,374	-	16,817	12,399	4,418
OCEDETF-DEA1039 King's Riches	N/A	SW-TXS-1039	3,057	-	1,441	368	1,073
Laredo Joint Terrorism TF 2016	N/A	N/A	17,548	-	9,226	6,827	2,399
Safe Streets Task Force 2015	N/A	N/A	34,404	6,501	-	6,501	-
Safe Streets Task Force 2016	N/A	N/A	35,096	-	28,181	19,894	8,287
Fugitive Apprehension Task Force 2015	N/A	M-15-D79-O-000157	14,000	215	-	215	-
Fugitive Apprehension Task Force 2016	N/A	JLEOTFS4	14,000	-	13,455	13,125	330
Bureau of Alcohol and Tobacco 2015	N/A	N/A	92,569	19,566	-	19,566	-
Bureau of Alcohol and Tobacco 2016	N/A	N/A	70,297	-	78,209	57,380	20,829
TEOAF- CBP Task Force	N/A	N/A	114,500	25,358	-	25,358	-
TEOAF- CBP Task Force 2016	N/A	N/A	80,000	-	35,091	-	35,091
OTHER ASSISTANCE							
911 Regional Communications Grant - FY2015	N/A	N/A	2,329,870	(196,951)	781,854	302,305	282,598
911 Regional Communications Grant - FY2015 Equipment Replacement	N/A	N/A	1,093,977	40,736	206,406	247,142	-
911 Regional Communications Grant - FY2016	N/A	N/A	2,395,630	71,695	1,378,128	1,568,443	(118,620)
911 Regional Communications Grant - FY2016 Equipment Replacement	N/A	N/A	85,000	-	38,505	38,505	-
911 Regional Communications Grant - FY2017	N/A	N/A	1,811,809	-	98,969	452,952	(353,983)
911 Regional Communications Grant - FY2017 Equipment Replacement	N/A	N/A	652,711	-	-	-	-
Mexican Consulate - Ventanilla de Salud Program	N/A	N/A	28,180	(9,184)	26,732	17,548	-
Mexican Consulate - Ventanilla de Salud Program	N/A	N/A	34,000	(9,519)	8,725	16,453	(17,247)
Fernando Salinas Trust	N/A	N/A	40,000	(14,147)	5,109	-	(9,038)
Paso del Norte Foundation	N/A	N/A	2,500	(2,500)	-	-	(2,500)
Valley Aids - Ryan White Part D	N/A	N/A	54,662	-	30,325	30,325	-
TAMIU - SI	N/A	N/A	479,656	-	9,404	9,404	-
TAMIU - SI	N/A	N/A	483,181	-	69,766	-	69,766
Frontier Associates - Weatherization Program	N/A	N/A	220,000	-	-	-	-
Total - Other Assistance			10,412,169	(61,032)	2,894,192	2,881,760	(48,600)
Total Federal, State and Other Assistance			\$ 233,369,141	2,768,938	41,135,127	71,384,450	(27,480,385)

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.

Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)
Guadalupe Garcia-Wright, CPA



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Laredo, Texas' basic financial statements and have issued our report thereon dated March 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Laredo, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Laredo, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Laredo, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Canabal, Garza & Baum, PLLC

Laredo, Texas
March 10, 2017

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

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 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
	Federal Transit Cluster
20.500	Fixed Guideway Modernization Bus & Bus Facility
20.507	Urbanized Area Formula Program
20.526	Fixed Guideway Modernization Bus & Bus Facility
97.067	Stone Garden Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$ 998,545

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

City of Laredo, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

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? _____ yes X no

Identification of major programs:

<u>Number(s)</u>	<u>Name of State Program or Cluster</u>
None	Texas Health and Human Services Commission Texas Ambulance Supplemental Payment Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

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

City of Laredo, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Section II - Financial Statement Findings

None.

Section III - State Award Findings and Questioned Costs

None.

City of Laredo, Texas
Federal Summary Schedule of Prior Audit Findings
Year Ended September 30, 2016

Summary of Prior Audit Findings

Federal Award Findings and Questioned Costs

None.

City of Laredo, Texas
State Summary Schedule of Prior Audit Findings
Year Ended September 30, 2016

Summary of Prior Audit Findings

State Award Findings and Questioned Costs

None.