

CITY OF WILLIS, TEXAS
FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

CITY OF WILLIS, TEXAS

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CITY OF WILLIS, TEXAS
List of Officials

Mayor	Leonard Reed
Councilwoman	Josey Billnoske
Councilwoman	Anna Ross
Councilman	Bill Van Alstyne
Councilman	John Lovelady
Councilman	Richard Matheson
City Administrator	Jim McAlister
City Secretary	Brenda Burns
City Attorney	Larry Foerster
Public Works Director	Jerry Humphreys
Police Chief	James Nowak
Community Development	Dawnel Rogers

CITY OF WILLIS, TEXAS
Management's Discussion and Analysis

Our discussion and analysis of the City of Willis, Texas' financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the City's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City's assets increased by \$2,318,045 mostly as a result of the issuance of \$1,675,000 of Series 2001 bonds. Long-term debt increased by \$1,621,123. New City projects included the HOME Program Grant and the Texas Capital Fund.

During the year, the City had governmental expenses that were \$748,788 more than the prior year. (not including interfund transfers) Total governmental revenues were \$533,067 higher than in fiscal 2006.

In the City's business-type activities, revenues, which included grant funds of \$169,429, decreased by \$95,357 (or 5.2 percent) and expenses decreased by 3 percent or \$43,123. (not including interfund transfers)

Governmental activities reported an increase in net assets this year of \$1,218,973 while the business-type activities (water & sewer utility fund) reported a decrease in net assets of \$507,299. Interfund transfers increased governmental funds and decreased business-type funds by \$897,233.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements are also presented. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City of Willis, Texas improved as a whole as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. After reading these financials, it becomes apparent that the answer is "Yes, the City has improved". In addition, one would have to look at some of the projects and accomplishments made. These include the HOME program, which is a grant that assists low income homeowners by making repairs to, or replacement of, their property. The Texas Capital Grant reflects funds received that will be used to complete the entrance and exit ramps on I-45 north of Long Street.

In addition, new businesses have been attracted to Willis such as Holiday World of Willis (RV sales and service), Bailiff Enterprises (manufacturing) and Love's Travel and Convenience Center (motorist's restaurant center).

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities we divide the City into two kinds of activities:

Governmental activities—Most of the City's basic services are reported here, including the police, parks departments, and general administration. Property taxes, sales taxes, franchise fees, and traffic fines finance most of these activities.

Business-type activities—The City charges a fee to customers to help it cover all or most of the cost of services it provides. The City's water and sewer system is reported here.

Reporting the City's Most Significant Funds

The fund financial statements begin on page 10 and provide detailed information about the most significant funds—not the City as a whole.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information 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. We describe the resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary Funds

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail.

THE CITY AS A WHOLE

The City's combined assets increased by \$2,318,045. General assets increased by \$2,747,647 and business-type assets decreased by \$429,602. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1 - Net Assets
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Current & Other Assets	\$2,262,475	\$3,864,283	\$1,823,357	\$2,061,438	\$4,085,832	\$5,925,721
Internal Balances	(1,093,215)	-	1,093,215	-	-	-
Capital Assets	867,615	920,239	5,874,989	6,300,521	6,742,604	7,220,760
Total Assets	2,036,875	4,784,522	8,791,561	8,361,959	10,828,436	13,146,481
Long-Term Debt	926,726	2,466,615	2,220,000	2,301,234	3,146,726	4,767,849
Other Liabilities	150,947	139,731	82,771	79,234	233,718	218,965
Total Liabilities	1,077,673	2,606,346	2,302,771	2,380,468	3,380,444	4,986,814
Net Assets:						
Invested in Capital						
Assets-Net of Debt	(59,111)	(1,546,376)	3,654,989	3,999,287	3,595,878	2,452,911
Restricted	1,751,318	3,164,745	-	-	1,751,318	3,164,745
Unrestricted	(733,005)	559,807	2,833,801	1,982,204	2,100,796	2,542,011
Total Net Assets	\$ 959,202	\$2,178,176	\$6,488,790	\$5,981,491	\$7,447,992	\$8,159,667

Net assets of the City's governmental activities increased by 127 percent. (\$2,178,176 compared to \$959,202). Unrestricted net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from a negative \$733,005 at September 2006 to a positive \$559,807 at the end of this year.

The net assets of our business-type activities decreased by 7.8 percent. (\$5,981,491 compared to \$6,488,790) Unrestricted net assets decreased from \$2,833,801 at September 2006 to \$1,982,204 in 2007.

Table 2 - Changes in Net Assets
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Revenues						
Program	\$ 485,474	\$ 504,978	\$1,495,620	\$1,505,147	\$1,981,094	\$2,010,125
Grants	14,530	260,797	302,483	169,429	317,013	430,226
Franchise tax	147,207	146,185	-	-	147,207	146,185
Sales tax	1,198,268	1,316,667	-	-	1,198,268	1,316,667
Fines	197,353	228,773	-	-	197,353	228,773
Ad valorem tax	588,514	604,546	-	-	588,514	604,546
Other	135,208	257,675	52,456	80,626	187,664	338,301
Total Revenues	2,766,554	3,319,621	1,850,559	1,755,202	4,617,113	5,074,823
Program Expenses						
Admin/Operations	320,668	325,254	1,305,013	1,267,283	1,625,681	1,592,537
Code enforcement	96,606	147,237	-	-	96,606	147,237
Garbage	383,980	406,929	-	-	383,980	406,929
Streets	186,594	440,335	-	-	186,594	440,335
Special revenue	110,592	163,970	-	-	110,592	163,970
Court	65,209	66,936	-	-	65,209	66,936
HOME Program	-	250,444	-	-	-	250,444
Texas Capital	-	17,350	-	-	-	17,350
Public safety	1,050,361	1,094,279	-	-	1,050,361	1,094,279
Bond interest	35,083	85,147	103,378	97,985	138,461	183,132
Transfers	63,582	(897,233)	(63,582)	897,233	-	-
Total Program Expenses	2,312,675	2,100,648	1,344,809	2,262,501	3,657,484	4,363,149
Change in Net Assets	\$ 453,879	\$1,218,973	\$ 505,750	\$ (507,299)	\$ 959,629	\$ 711,674

Governmental Activities

Revenues for the City's governmental activities increased by approximately 20 percent, while expenses, not including transfers, increased 33 percent. A majority of the expense increase was due to additional street spending and the new HOME Program Grant and the Texas Capital Fund.

Business-Type Activities

Water and sewer revenues of the City's business-type activities increased by less than one percent and expenses, not including interfund transfers, decreased by three percent. Depreciation expense, which is a non-cash outlay, was \$366,270 for fiscal year 2007.

THE CITY'S FUNDS

Governmental Funds - The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (as presented in the balance sheet on page 10) reported an combined fund balance of \$3,724,552. This is \$2,706,239 higher than last years balance of \$1,018,313. \$2,572,233 of the increase was due to bond proceeds and interfund transfers. The City had a reserved fund balance of \$3,164,745 and an unreserved fund balance of \$559,807.

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

Unrestricted net assets of the Utility Fund at year end were \$1,982,204. This represents a decrease of \$851,597. Interfund transfers out were \$897,233. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

General fund revenues and transfers were \$472,915 higher than budgeted. Expenses were \$554,147 above the budget amount. This resulted in a negative variance of \$81,232. Debt service revenues were \$968 under budget and expenses were exactly as budgeted. The result was a negative variance of \$968. Community Development revenues were \$10,429 higher than expected while its expenses were \$12,825 under budget. This resulted in a positive variance of \$23,254. Economic Development revenues were \$18,293 over budget and expenses were \$54,796 lower than budgeted. The result was a positive variance of \$73,089. The Hotel Tax Fund was \$3,653 above its revenue estimate and expenses were as budgeted. This resulted in a positive variance of \$3,653. The overall general fund budget showed a positive variance of \$17,796. None of the figures shown here include interfund transfers.

	Actual		Budget		Total
	Revenue	Expense	Revenue	Expense	Variance
General Fund	\$2,616,115	\$2,860,354	\$2,143,200	\$2,306,207	\$ (81,232)
Debt Service	74,132	74,172	75,100	74,172	(968)
Community Development	296,429	191,686	286,000	204,511	23,254
Economic Development	304,293	59,404	286,000	114,200	73,089
Hotel Tax Fund	28,653	-	25,000	-	3,653
	<u>\$3,319,622</u>	<u>\$3,185,616</u>	<u>\$2,815,300</u>	<u>\$2,699,090</u>	<u>\$ 17,796</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 2007, the City had \$7,220,760, net of accumulated depreciation, invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, and water and sewer facilities. This amount represents a net increase of \$478,153, or 7%, from last year. The current year depreciation expense was \$425,733.

Table 3 - Capital Assets at Year-end
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Land & buildings	\$1,006,090	\$1,093,210	\$ -	\$ -	\$1,006,090	\$1,093,210
Vehicles & equipment	321,882	346,849	53,950	102,292	375,832	449,141
Equipment	240,554	240,554	60,595	60,595	301,149	301,149
Water system	-	-	4,278,756	4,703,866	4,278,756	4,703,866
Sewer system	-	-	5,531,424	5,849,774	5,531,424	5,849,774
Construction in progress	-	-	-	-	-	-
Less depreciation	(700,911)	(760,374)	(4,049,736)	(4,416,006)	(4,750,647)	(5,176,380)
Total Assets	\$ 867,615	\$ 920,239	\$5,874,989	\$6,300,521	\$6,742,604	\$7,220,760

Debt

At September 2007, the City of Willis, Texas had \$4,767,849 in bonds outstanding. This was a increase of \$1,621,123 from 2006. \$2,073,342 in debt was issued and \$452,219 was paid. All regularly scheduled payments were made. Current debt schedules call for payments through 2026.

Table 4 - Outstanding Debt at Year-end
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Capital leases	\$ 61,726	\$ 31,615	\$ -	\$ 31,234	\$ 61,726	\$ 62,849
Bonds-Series 2001	865,000	2,435,000	-	-	865,000	2,435,000
Bonds-Series 1995-A	-	-	60,000	55,000	60,000	55,000
Bonds-Series 1995-B	-	-	855,000	790,000	855,000	790,000
Bonds-Series 2003-A	-	-	215,000	115,000	215,000	115,000
Bonds-Series 2003	-	-	510,000	440,000	510,000	440,000
Bonds-Series 2005	-	-	580,000	560,000	580,000	560,000
Bonds-Series 2007	-	-	-	310,000	-	310,000
Total	\$ 926,726	\$2,466,615	\$2,220,000	\$2,301,234	\$3,146,726	\$4,767,849

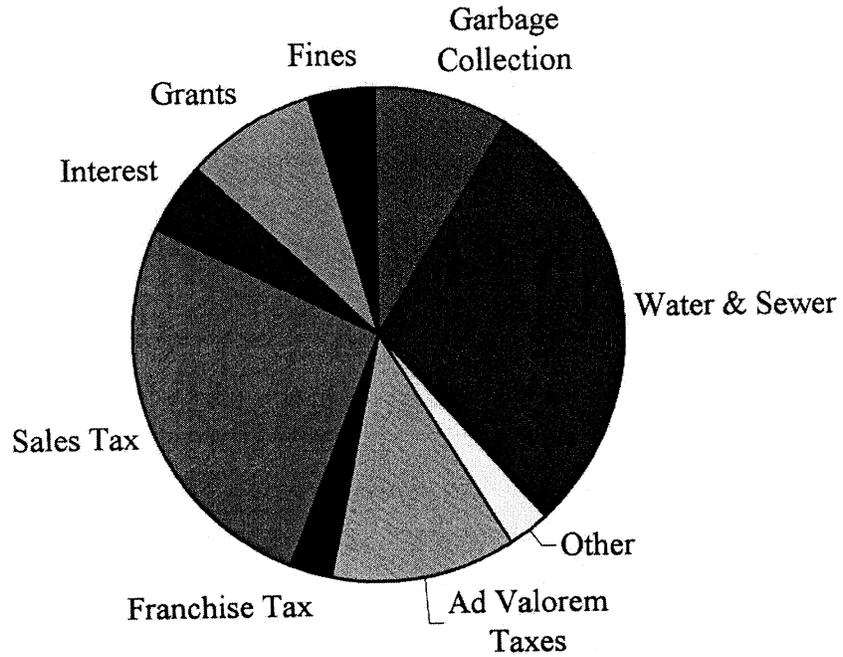
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials and citizens considered many factors when setting the 2008 fiscal year budget. The economy, employment growth, traffic patterns and other factors were all a part of the factors used. The general fund revenues were budgeted at a 9% decrease from 2007 actuals. The Utility Fund revenues are budgeted at a 10% decrease. Neither fund has made provisions for grant revenues, which are unpredictable.

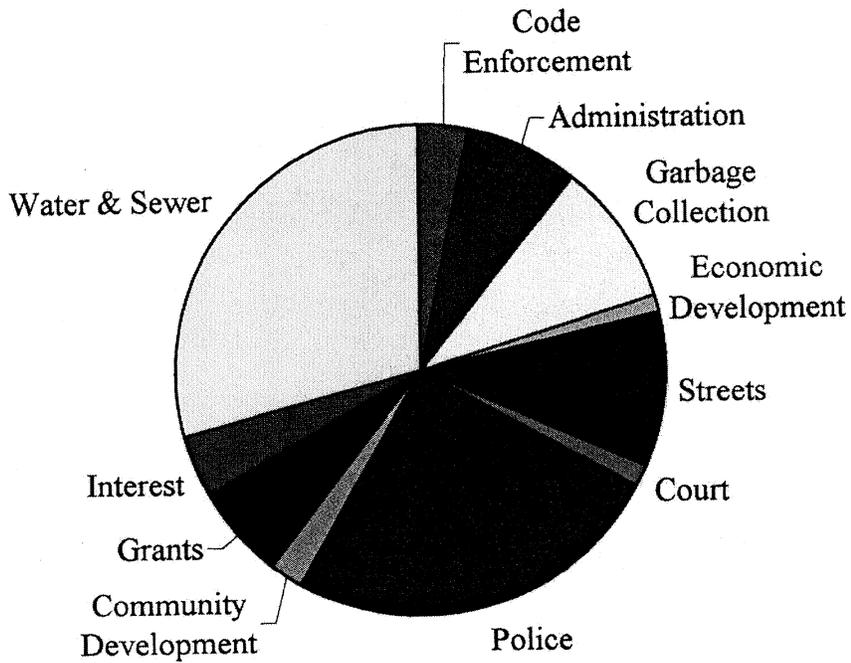
CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at 200 N. Bell, Willis, Texas or visit the City's website at www.ci.willis.tx.us.

2007 Revenues



2007 Expenses





VANWASSEHNOVA AND ASSOCIATES
Certified Public Accountants

Independent Auditor's Report

The Honorable Leonard Reed, Mayor
Members of City Council
City of Willis, Texas

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VanWassehnova & Associates

VanWassehnova & Associates
November 27, 2007

CITY OF WILLIS, TEXAS
Statement of Net Assets
September 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,794,151	\$ 1,699,351	\$ 5,493,502
Receivables (net)	70,132	344,672	414,804
Inventory	-	17,415	17,415
Capital assets, net	920,239	6,300,521	7,220,760
Total assets	<u>4,784,522</u>	<u>8,361,959</u>	<u>13,146,481</u>
Liabilities			
Accounts payable	69,599	-	69,599
Customer deposits	-	79,234	79,234
Deferred revenue	70,132	-	70,132
Noncurrent liabilities:			
Due within one year	125,111	320,140	445,251
Due in more than one year	2,341,504	1,981,094	4,322,598
Total liabilities	<u>2,606,346</u>	<u>2,380,468</u>	<u>4,986,814</u>
Net Assets			
Invested in capital assets, net of related debt	(1,546,376)	3,999,287	2,452,911
Restricted for:			
Debt service	5,373	-	5,373
Economic development	743,475	-	743,475
Community development	758,490	-	758,490
Hotel tax fund	146,548	-	146,548
Street projects	1,510,859	-	1,510,859
Unrestricted	559,807	1,982,204	2,542,011
Total net assets	<u>\$ 2,178,176</u>	<u>\$ 5,981,491</u>	<u>\$ 8,159,667</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Statement of Activities
For the Year Ended September 30, 2007

Function/programs	Program Revenues		
	Expenses	Charges for Services	Grant Revenues
Primary government:			
Governmental activities:			
Administration	\$ 325,254	\$ -	\$ -
Building dev. & code enforcement	147,237	-	-
Garbage collection	406,929	446,499	-
Streets	440,335	58,479	-
Police	1,094,279	-	12,876
Special revenue funds	163,970	-	-
Court	66,936	-	-
HOME Program Grant	250,444	-	247,921
Texas Capital Fund	17,350	-	-
Bond interest & fees	85,147	-	-
Total governmental activities	2,997,881	504,978	260,797
Business-type activities:			
Utility fund	1,267,283	1,505,147	169,429
Bond interest & fees	97,985	-	-
Total business-type activities	1,365,268	1,505,147	169,429
Total primary government	\$ 4,265,164	\$ 2,010,125	\$ 430,226

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and
Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
Administration	\$ (325,254)	\$ -	\$ (325,254)
Code enforcement	(147,237)	-	(147,237)
Garbage collection	39,570	-	39,570
Streets	(381,856)	-	(381,856)
Police	(1,081,403)	-	(1,081,403)
Special revenue funds	(163,970)	-	(163,970)
Court	(66,936)	-	(66,936)
HOME Program Grant	(2,523)	-	(2,523)
Texas Capital Fund	(17,350)	-	(17,350)
Bond interest & fees	(85,147)	-	(85,147)
Total governmental activities	(2,232,106)	-	(2,232,106)
Business-type activities:			
Utility fund	-	407,293	407,293
Bond interest & fees	-	(97,985)	(97,985)
Total business-type activities	-	309,308	309,308
Total primary government	(2,232,106)	309,308	(1,922,798)
General revenues:			
Ad valorem tax	604,546	-	604,546
Sales tax	1,316,667	-	1,316,667
Franchise tax	146,185	-	146,185
Fines & warrant fees	228,773	-	228,773
Penalties & interest	13,311	-	13,311
Investment earnings	167,673	80,626	248,299
Miscellaneous	76,691	-	76,691
Transfers	897,233	(897,233)	-
Total general revenues and transfers	3,451,079	(816,607)	2,634,472
Change in net assets	1,218,973	(507,299)	711,674
Net assets-beginning	959,203	6,488,790	7,447,993
Net assets-ending	\$ 2,178,176	\$ 5,981,491	\$ 8,159,667

CITY OF WILLIS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2007

	Governmental Fund Types		
	General	Debt Service	Economic Development
Assets			
Cash on hand and in bank	\$ -	\$ 5,373	\$ 22,053
Certificates of deposit/investments	2,140,265	-	721,422
Receivables, net of uncollectibles:			
Delinquent taxes	61,229	8,903	-
Total assets	\$ 2,201,494	\$ 14,276	\$ 743,475
 Liabilities			
Accounts payable	\$ 69,599	\$ -	\$ -
Deferred revenues	61,229	8,903	-
Total liabilities	130,828	8,903	-
 Fund balances			
Fund balance - reserved	1,510,859	5,373	743,475
Fund balance - unreserved	559,807	-	-
Total fund balance	2,070,666	5,373	743,475
 Total liabilities and fund balances	\$ 2,201,494	\$ 14,276	\$ 743,475

The accompanying notes are an integral part of the financial statements.

	<u>Governmental Fund Types</u>		
	<u>Community Development</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Assets			
Cash on hand and in bank	\$ 40,783	\$ -	\$ 68,209
Certificates of deposit/investments	717,707	146,548	3,725,942
Receivables, net of uncollectibles:			
Delinquent taxes	-	-	70,132
	<u>-</u>	<u>-</u>	<u>70,132</u>
Total assets	<u>\$ 758,490</u>	<u>\$ 146,548</u>	<u>\$ 3,864,283</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 69,599
Deferred revenues	-	-	70,132
	<u>-</u>	<u>-</u>	<u>70,132</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>139,731</u>
Fund balances			
Fund balance - reserved	758,490	146,548	3,164,745
Fund balance - unreserved	-	-	559,807
	<u>-</u>	<u>-</u>	<u>559,807</u>
Total fund balance	<u>758,490</u>	<u>146,548</u>	<u>3,724,552</u>
Total liabilities and fund balances	<u>\$ 758,490</u>	<u>\$ 146,548</u>	<u>\$ 3,864,283</u>

CITY OF WILLIS, TEXAS
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
September 30, 2007

Total governmental fund balances	\$ 3,724,552
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore not reported in governmental funds	920,239
Long-term liabilities are not reported as liabilities in the governmental funds	<u>(2,466,615)</u>
Net assets of governmental activities	<u><u>\$ 2,178,176</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2007

	General Fund	Debt Service	Economic Development
Revenues			
Ad valorem taxes	\$ 532,471	\$ 72,075	\$ -
Building permits	41,085	-	-
Fines & warrant fees	228,773	-	-
Franchise taxes	122,481	-	-
Garbage collection	446,499	-	-
Investment earnings	88,578	185	41,821
Grants	260,797	-	-
Code enforcement	17,394	-	-
Miscellaneous	74,609	-	133
Penalty & interest	11,439	1,872	-
Sales taxes	791,989	-	262,339
Total revenues	<u>2,616,115</u>	<u>74,132</u>	<u>304,293</u>
Expenditures			
Administration	293,396	1,000	-
Building dev. & code enforcement	147,237	-	-
Garbage collection	406,929	-	-
Streets	440,335	-	-
Police	1,121,752	-	-
Special revenue funds	-	-	59,404
Court	66,936	-	-
HOME Program Grant	250,444	-	-
Texas Capital Fund	17,350	-	-
Bond interest	50,975	33,172	-
Bond principal	65,000	40,000	-
Total expenditures	<u>2,860,354</u>	<u>74,172</u>	<u>59,404</u>
Excess (deficiency) of revenues over expenditures	<u>(244,239)</u>	<u>(40)</u>	<u>244,889</u>
Other financing sources (uses)			
Bond & loan proceeds	1,675,000	-	-
Transfers in (out)	1,372,910	(62,250)	(350,974)
Net other financing sources (uses)	<u>3,047,910</u>	<u>(62,250)</u>	<u>(350,974)</u>
Net change in fund balances	2,803,671	(62,290)	(106,085)
Fund balances-beginning	(733,005)	67,663	849,560
Fund balances-ending	<u>\$ 2,070,666</u>	<u>\$ 5,373</u>	<u>\$ 743,475</u>

The accompanying notes are an integral part of the financial statements.

	<u>Community Development</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Revenues			
Ad valorem taxes	\$ -	\$ -	\$ 604,546
Building permits	-	-	41,085
Fines & warrant fees	-	-	228,773
Franchise taxes	-	23,704	146,185
Garbage collection	-	-	446,499
Investment earnings	32,140	4,949	167,673
Grants	-	-	260,797
Code enforcement	-	-	17,394
Miscellaneous	1,950	-	76,692
Penalty & interest	-	-	13,311
Sales taxes	262,339	-	1,316,667
	<u>296,429</u>	<u>28,653</u>	<u>3,319,622</u>
Expenditures			
Administration	-	-	294,396
Building dev. & code enforcement	-	-	147,237
Garbage collection	-	-	406,929
Streets	-	-	440,335
Police	-	-	1,121,752
Special revenue funds	191,686	-	251,090
Court	-	-	66,936
Home Program Grant	-	-	250,444
Texas Capital Fund	-	-	17,350
Bond interest	-	-	84,147
Bond principal	-	-	105,000
	<u>191,686</u>	<u>-</u>	<u>3,185,616</u>
Excess (deficiency) of revenues over expenditures	104,743	28,653	134,006
Other financing sources (uses)			
Bond & loan proceeds	-	-	1,675,000
Transfers in (out)	(68,050)	5,597	897,233
Net other financing sources (uses)	<u>-</u>	<u>5,597</u>	<u>1,675,000</u>
Net change in fund balances	36,693	34,250	2,706,239
Fund balances-beginning	<u>721,797</u>	<u>112,298</u>	<u>1,018,313</u>
Fund balances-ending	<u>\$ 758,490</u>	<u>\$ 146,548</u>	<u>\$ 3,724,552</u>

CITY OF WILLIS, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2007

Net change in fund balances-total governmental funds \$ 2,706,239

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

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 as depreciation expense. This is the amount of depreciation for the year.

(59,463)

This is the amount of capital expenditures for the year.

112,087

Bond proceeds provide current financial resources to

governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of current year repayments.

135,111

This is the amount of current borrowing.

(1,675,000)

Rounding

(1)

Change in net assets of governmental activities

\$ 1,218,973

The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2007

Assets	<u>Utility Fund</u>
Current assets	
Cash on hand and in bank	\$ 550,932
Certificates of deposit/investments	1,148,419
Inventory	17,415
Receivables, net of uncollectibles:	
Accounts & other	<u>344,672</u>
Total current assets	2,061,438
Noncurrent assets	
Fixed assets, net of accumulated depreciation	<u>6,300,521</u>
Total assets	<u><u>\$ 8,361,959</u></u>
Liabilities	
Current liabilities	
Customer deposits	\$ 79,234
Bonds payable	<u>320,140</u>
Total current liabilities	<u>399,374</u>
Noncurrent liabilities	
Bonds payable	<u>1,981,094</u>
Total liabilities	2,380,468
Net Assets	
Invested in capital assets, net	3,999,287
Unrestricted net assets	<u>1,982,204</u>
Total net assets	<u>5,981,491</u>
Total Net Assets and Liabilities	<u><u>\$ 8,361,959</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2007

	<u>Utility Fund</u>
Operating revenues	
Charges for services-water	\$ 748,429
Charges for services-sewer	653,894
Penalties & service charges	69,950
Tap fees	12,038
Other	20,836
	<u>1,505,147</u>
Operating expenses	<u>1,267,283</u>
Operating income	<u>237,864</u>
Nonoperating revenue (expense)	
Grant revenues	169,429
Interest expense	(97,985)
Interest and investment revenue	80,626
	<u>152,070</u>
Total nonoperating revenue	<u>152,070</u>
Net income before transfers	389,934
Transfers out	<u>(897,233)</u>
Change in net assets	(507,299)
Total net assets-beginning	<u>6,488,790</u>
Total net assets-ending	<u>\$ 5,981,491</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2007

	<u>Utility Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,427,834
Payments to suppliers	(349,962)
Payments to employees	(299,312)
Other receipts (payments)	(231,601)
Net cash provided by operating activities	<u>546,959</u>
Cash flows from noncapital financing activities	
Transfers between funds	195,982
Grants received	169,429
Net cash used by noncapital financing activities	<u>365,411</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	<u>(791,802)</u>
Cash flows from investing activities	
Proceeds of debt	398,342
Payment on debt	(317,108)
Interest received	80,626
Interest paid	(97,985)
Net cash provided by investing activities	<u>63,875</u>
Net increase in cash and cash equivalents	184,443
Cash & cash equivalents-beginning of the year	<u>1,514,908</u>
Cash & cash equivalents-end of the year	<u><u>\$ 1,699,351</u></u>
Reconciliation of operating income to net cash provided	
(used) by operating activities:	
Operating income	\$ 237,864
Adjustments to reconcile operating income to net cash provided	
(used) by operating activities:	
Depreciation expense	366,270
Change in net assets and liabilities:	
Receivables, net	(53,638)
Customer deposits	(2,839)
Accounts payable	(698)
Net cash provided by operating activities	<u><u>\$ 546,959</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Notes to Financial Statements
September 30, 2007

Note 1 - Summary of Significant Accounting Policies

A. History & General Statement

Willis became a community when the Great Northern Railroad decided to run a track from Houston to Chicago, and the Willis brothers donated their land in 1870 to the railroad. Willis grew in population after the trains began to travel through the town. There were hotels, dry good stores, and many other successful businesses in the 1870's and 1880's. The tobacco industry played a vital role in Willis' growth and development during that time. Other cash crops of cotton, watermelons, and tomatoes were an important part of the economy through the years. The timber industry, which still plays a role in Willis' economic growth, has been its most stable economic engine for over one hundred years.

Since the 1980's, Willis has seen its economic base change from agriculture to services, retail, and manufacturing. It is the gateway to Lake Conroe. Interstate 45 bisects the community. One mile east, U.S. Highway 75 and the Atchison, Topeka and Santa Fe rail services run parallel to Interstate 45. The George Bush Intercontinental Airport is 35 miles south of Willis. The Montgomery County Airport is 10 miles east of Willis.

The City operates under a Mayor-Alderman-City Administrator form of government and provides the following services as authorized by its charter: public safety (police), streets & roads, sanitation, water & sewer, culture-recreation, public improvements and administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth by the GASB, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on this criteria, the City of Willis, Texas has no component units.

C. Basic Financial Statements – Government-Wide Statements

The government-wide financial statements report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

D. Basic Financial Statements – Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental Funds:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

1. General Fund – The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
2. Debt Service Fund – The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
3. Special Revenue Funds – The Special Revenue Funds are used to account for financial transactions and resources received from specific sources. The City has three special revenue funds:
 - a. Willis Community Development Corporation - The Willis Community Development Corporation receives a one half of one percent sales tax. The mission of the Willis Community Development Corporation is to provide leadership in developing and maintaining a quality living and working environment for residents of the local area, which is defined as land within the City limits and within one mile outside the City limits. Its goals are to:
 - Develop and maintain an aesthetically pleasing living environment.

- Provide opportunities for community activities by developing appropriately related public facilities.
 - Promote or develop new or expanded business enterprises.
 - Assemble and maintain a marketing package for the local area.
 - Provide park improvements to neighborhood parks throughout the area inside the City limits of Willis.
- b. Willis Economic Development Corporation – The Willis Economic Development Corporation also receives a one half of one percent sales tax. The mission of the Willis Economic Development Corporation is to enhance and strengthen the local economy of Willis through the support and expansion of local businesses and the attraction of new businesses that will increase the tax basis of the local area, which is defined as land within the City limits and within one mile outside the City limits. This mission will be accomplished through (a) providing financial assistance as may be required, and permissible, to promote business opportunities and to provide expeditious assistance for expansion and entry into the Willis economy and (b) providing and supporting programs that enhance the quality of life for all Willis citizens. Its goals are to:
- Seek to retain and expand existing employers.
 - Communicate educational needs of local employees to local educational institutions.
 - Work with the Greater Conroe Economic Development Council for the mutual economic benefit of North Montgomery County.
 - Assemble and maintain a marketing package for the local area.
 - Assist existing and potential employers with site acquisition and development.
 - Assist existing and potential employers with employee training.
 - Maintain a list of key suppliers to industry in Montgomery County located outside the local area with the goal of relocating them in the local area.
- c. Hotel Tax Fund – The Hotel Tax fund receives taxes from hotels in the City limits. Expenditures from this fund provide publicity for the City in general.

Proprietary Funds:

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net assets, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Utility Fund - The Utility Fund is used to account for the provision of water & sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Property Taxes

Property taxes are levied on October 1 and are payable on or before January 31. They attach as an enforceable lien on January 1.

F. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (30 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

G. Budgetary Control

The City of Willis, Texas has established its fiscal year as the twelve-month period beginning October 1. The departments submit to the Mayor a budget of estimated expenditures for the ensuing fiscal year after which the Mayor subsequently submits a budget of estimated expenditures and revenues to the City Council.

The budget is then legally enacted through passage of an ordinance. The Mayor is authorized to transfer budgeted amounts between line items and departments within any fund, however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original adopted appropriations.

The City of Willis, Texas prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual to provide a meaningful comparison of actual results with the budget. The major difference between budget and GAAP basis in the General Fund is that depreciation, since it is not a cash expense, is not budgeted. Depreciation for the general fund for the year ending September 30, 2007 was \$59,463.

H. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Utility Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Statement No. 9 of the Governmental Accounting Standards Board Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting requires that investments having maturity a date over three months, not be defined as cash equivalents.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances". As of September 30, 2007, all interfund balances were zero.

K. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Depreciation has been calculated on each class of depreciable property using the straight-line method.

Estimated useful lives are as follows:

Buildings	30 Years
Water System	30 Years
Machinery and Equipment	5-10 Years

L. Compensated Absences

The City's policy provides employees with 8 hours of sick leave for each full month employed. A maximum amount of 360 hours of sick leave may be carried over from the previous year. Upon termination with the City, employees will not be paid for accumulated sick leave. Vacation time is accrued as follows:

Less than 10 years of service	6.67 hours per month
11 to 15 years of service	10.00 hours per month
16 to 20 years of service	13.34 hours per month
More than 20 years of service	16.67 hours per month

Employees may carryover 180 hours of vacation to the next year. Upon termination with the City, employees will be paid for unused vacation time for that year. At September 30, 2007, management believes that the total liability is not material to the financial statements.

M. Net Assets

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

Note 2 - Employees Pension Plan

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined contribution plan in the statewide Texas Municipal Retirement System (TMRS). It is one of 794 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of 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 percent (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.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

The contribution rate for the employees is 6%, and the City's contribution rate is currently 5.67%, both as adopted by the governing body of the City. 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 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 actuarial liability 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 to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2006 valuation is effective for rates beginning January, 2007). See "Schedule of Actuarial Liabilities and Funding Progress" in the required supplemental information section.

Note 3 - Deposits & Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the city's agent bank approved pledged securities in an amount sufficient to protect City funds on a day to day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. City funds and taxes collected were adequately secured at all times during the year.

At the year-end, the carrying amount of the City's deposits was \$5,493,502 and the bank balance was \$5,767,583. Of the bank balance, \$200,000 was insured by the Federal Deposit Insurance Corporation (FDIC) insurance and \$5,567,583 was covered by pledged securities.

The City's deposits held at financial institutions can be categorized according to three levels of risk. All of the City's deposits are classified as Category 1 and the three levels of risk are:

Category 1 – Deposits and investments that are insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Deposits and investments which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 – Deposits and investments which are not collateralized.

A schedule of cash, savings and CD's follows:

General Fund	Checking	\$ -	
	Savings	46,179	
	CD's/Investments	<u>2,094,086</u>	\$ 2,140,265
Economic Development	Checking	22,053	
	CD's/Investments	<u>721,422</u>	743,475
Community Development	Checking	40,783	
	CD's/Investments	<u>717,707</u>	758,490
Hotel Tax Fund	Savings	42,394	
	CD's	<u>104,154</u>	146,548
Debt Service	Checking	<u>5,373</u>	5,373
Utility Fund	Comb Tax-Series 2007		
	Checking	14,416	
	Investments	304,802	
	TWDB-Series 2003		
	Checking	59,561	
	Escrow	4,718	
	CDW-Series 2003-A		
	Savings	18,612	
	EDC Hwy 75-Series 2005		
	Checking	452,756	
	Waste water/sewer bond funds	126,927	
	Savings	51,767	
	CD's/Investments	643,036	
	Meter deposits	<u>22,756</u>	<u>1,699,351</u>
Total cash, savings and CD's			<u>\$ 5,493,502</u>

Note 4 - Long-Term Debt

The following is a summary of notes payable transactions for the year ended September 30, 2007:

	Balance 9-30-06	Additions	Reductions	Balance 9-30-07
Governmental Activities				
Capital Leases-Ford Motor Credit	\$ 61,726	\$ -	\$ 30,111	\$ 31,615
Tax & Revenue Bonds-Series 2001	865,000	-	40,000	825,000
Tax & Revenue Bonds-Series 2001	-	1,675,000	65,000	1,610,000
Total Governmental Activities	<u>926,726</u>	<u>1,675,000</u>	<u>135,111</u>	<u>2,466,615</u>
Business-Type Activities				
Capital Leases-Ford Motor Credit	-	48,342	17,108	31,234
Revenue Bonds-Series 1995-A	60,000	-	5,000	55,000
Revenue Bonds-Series 1995-B	855,000	-	65,000	790,000
Certificates of Obligation-Series 2003-A	215,000	-	100,000	115,000
Certificates of Obligation-Series 2003	510,000	25,000	95,000	440,000
Certificates of Obligation-Series 2005	580,000	-	20,000	560,000
Certificates of Obligation-Series 2007	-	325,000	15,000	310,000
Total Business-Type Activities	<u>2,220,000</u>	<u>398,342</u>	<u>317,108</u>	<u>2,301,234</u>
Total	<u>\$3,146,726</u>	<u>\$2,073,342</u>	<u>\$ 452,219</u>	<u>\$4,767,849</u>

Total Long-Term Debt requirements are as follows:

Year Ending	Principal Payment	Interest	Total
September 2008	\$ 445,251	\$ 213,659	\$ 658,910
September 2009	357,709	197,306	555,015
September 2010	315,000	183,286	498,286
September 2011	330,000	171,277	501,277
September 2012	295,000	158,208	453,208
September 2013 & Thereafter	<u>3,024,889</u>	<u>938,077</u>	<u>3,962,966</u>
	<u>\$4,767,849</u>	<u>\$1,861,813</u>	<u>\$6,629,662</u>

Note 5 - Operating Leases

The City has entered into a lease arrangement for property used as the police station. Payments of \$5,000 per month are due through January 2008. Minimum lease payments due in the year ending September 2008 are \$20,000.

Note 6 - Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance 9-30-06	Increases	Decreases	Balance 9-30-07
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 399,416	\$ -	\$ -	\$ 399,416
Capital assets being depreciated:				
Buildings	495,475	-	-	495,475
Vehicles & equipment	321,882	24,967	-	346,849
Equipment	240,554	-	-	240,554
Park improvements	111,199	87,120	-	198,319
Total capital assets being depreciated	1,169,110	112,087	-	1,281,197
Less accumulated depreciation				
Buildings	(241,765)	(17,655)	-	(259,420)
Vehicles & equipment	(231,243)	(27,690)	-	(258,933)
Equipment	(222,211)	(7,507)	-	(229,718)
Park improvements	(5,692)	(6,611)	-	(12,303)
Total accumulated depreciation	(700,911)	(59,463)	-	(760,374)
Total capital assets being depreciated, net	468,199	52,624	-	520,823
Governmental Activities Capital Assets, net	<u>\$ 867,615</u>	<u>\$ 52,624</u>	<u>\$ -</u>	<u>\$ 920,239</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 31,858
Police	27,605
Total governmental activities depreciation expense	<u>\$ 59,463</u>

Note 6 - Changes in Capital Assets, Continued

	Balance 9-30-06	Increases	Decreases	Balance 9-30-07
Business-Type Activities				
Capital assets being depreciated:				
Water system	\$4,278,756	\$ 425,110	\$ -	\$4,703,866
Sewer system	5,531,424	318,350	-	5,849,774
Equipment	60,595	-	-	60,595
Vehicles	53,950	48,342	-	102,292
	<u>9,924,725</u>	<u>791,802</u>	<u>-</u>	<u>10,716,527</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Water system	(1,809,145)	(175,797)	-	(1,984,942)
Sewer system	(2,211,730)	(167,400)	-	(2,379,130)
Equipment	(5,758)	(2,615)	-	(8,373)
Vehicles	(23,103)	(20,458)	-	(43,561)
	<u>(4,049,736)</u>	<u>(366,270)</u>	<u>-</u>	<u>(4,416,006)</u>
Total accumulated depreciation				
Business-Type Activities Capital Assets, net	<u>\$5,874,989</u>	<u>\$ 425,532</u>	<u>\$ -</u>	<u>\$6,300,521</u>

All depreciation was charged to the utility fund.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WILLIS, TEXAS
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Ad valorem taxes	\$ 567,500	\$ 567,500	\$ 532,471	\$ (35,029)
Building permits	33,000	33,000	41,085	8,085
Fines and warrant fees	199,000	199,000	228,773	29,773
Franchise taxes	125,000	125,000	122,481	(2,519)
Garbage collection	425,000	425,000	446,499	21,499
Investment earnings	15,000	15,000	88,578	73,578
Code enforcement	15,000	15,000	17,394	2,394
Grants	-	-	260,797	260,797
Miscellaneous	36,700	36,700	74,609	37,909
Penalty & interest	14,000	14,000	11,439	(2,561)
Sales taxes	713,000	713,000	791,989	78,989
Total revenues	<u>2,143,200</u>	<u>2,143,200</u>	<u>2,616,115</u>	<u>472,915</u>
Expenditures				
Administration	330,995	330,995	293,396	37,599
Code enforcement	167,485	167,485	147,237	20,248
Garbage collection	395,000	395,000	406,929	(11,929)
Streets	185,398	185,398	440,335	(254,937)
Police	1,038,878	1,038,878	1,121,752	(82,874)
Court	72,476	72,476	66,936	5,540
HOME Program Grant	-	-	250,444	(250,444)
Texas Capital Fund	-	-	17,350	(17,350)
Bond interest	50,975	50,975	50,975	-
Bond principal	65,000	65,000	65,000	-
Total expenditures	<u>2,306,207</u>	<u>2,306,207</u>	<u>2,860,354</u>	<u>(554,147)</u>
Excess of revenues over (under) expenditures	<u>(163,007)</u>	<u>(163,007)</u>	<u>(244,239)</u>	<u>(81,232)</u>
Other sources				
Bond & loan proceeds	-	-	1,675,000	1,675,000
Transfers	-	-	1,372,910	1,372,910
Net other sources	<u>-</u>	<u>-</u>	<u>3,047,910</u>	<u>3,047,910</u>
Net change in fund balance	(163,007)	(163,007)	2,803,671	<u>\$ 2,966,678</u>
Fund balance-beginning	<u>(733,005)</u>	<u>(733,005)</u>	<u>(733,005)</u>	
Fund balance-ending	<u>\$ (896,012)</u>	<u>\$ (896,012)</u>	<u>\$ 2,070,666</u>	

CITY OF WILLIS, TEXAS
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
Debt Service Fund
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 73,000	\$ 73,000	\$ 72,075	\$ (925)
Investment earnings	100	100	185	85
Penalty & interest	2,000	2,000	1,872	(128)
Total revenues	<u>75,100</u>	<u>75,100</u>	<u>74,132</u>	<u>(968)</u>
Expenditures				
City general	1,000	1,000	1,000	-
Bond interest	33,172	33,172	33,172	-
Bond principal	40,000	40,000	40,000	-
Total expenditures	<u>74,172</u>	<u>74,172</u>	<u>74,172</u>	<u>-</u>
Excess of revenues over (under) expenditures before transfers	928	928	(40)	(968)
Other financing uses				
Transfers	-	-	(62,250)	(62,250)
Net change in fund balance	928	928	(62,290)	<u>\$ (63,218)</u>
Fund balance-beginning	<u>67,633</u>	<u>67,633</u>	<u>67,633</u>	
Fund balance-ending	<u>\$ 68,561</u>	<u>\$ 68,561</u>	<u>\$ 67,593</u>	

CITY OF WILLIS, TEXAS
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
Special Revenue Funds - Community Development
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 270,000	\$ 270,000	\$ 262,339	\$ (7,661)
Investment earnings	16,000	16,000	32,140	16,140
Miscellaneous	-	-	1,950	1,950
Total revenues	<u>286,000</u>	<u>286,000</u>	<u>296,429</u>	<u>10,429</u>
Expenditures				
Special revenue funds	<u>204,511</u>	<u>204,511</u>	<u>191,686</u>	<u>12,825</u>
Excess of revenues over expenditures before transfers	81,489	81,489	104,743	23,254
Other financing uses				
Transfers	<u>-</u>	<u>-</u>	<u>(68,050)</u>	<u>(68,050)</u>
Net change in fund balance	81,489	81,489	36,693	<u>\$ (44,796)</u>
Fund balance-beginning	<u>721,797</u>	<u>721,797</u>	<u>721,797</u>	
Fund balance-ending	<u><u>803,286</u></u>	<u><u>\$ 803,286</u></u>	<u><u>\$ 758,490</u></u>	

CITY OF WILLIS, TEXAS
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
Special Revenue Funds - Economic Development
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 270,000	\$ 270,000	\$ 262,339	\$ (7,661)
Investment earnings	16,000	16,000	41,821	25,821
Miscellaneous	-	-	133	133
Total revenues	<u>286,000</u>	<u>286,000</u>	<u>304,293</u>	<u>18,293</u>
Expenditures				
Special revenue funds	<u>114,200</u>	<u>114,200</u>	<u>59,404</u>	<u>54,796</u>
Excess of revenues over expenditures before transfers	171,800	171,800	244,889	73,089
Other financing uses				
Transfers	<u>-</u>	<u>-</u>	<u>(350,974)</u>	<u>(350,974)</u>
Net change in fund balance	171,800	171,800	(106,085)	<u>\$ (277,885)</u>
Fund balance-beginning	<u>849,560</u>	<u>849,560</u>	<u>849,560</u>	
Fund balance-ending	<u>\$ 1,021,360</u>	<u>\$ 1,021,360</u>	<u>\$ 743,475</u>	

CITY OF WILLIS, TEXAS
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
Special Revenue Funds - Hotel Tax Fund
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Franchise taxes	\$ 25,000	\$ 25,000	\$ 23,704	\$ (1,296)
Investment earnings	-	-	4,949	4,949
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>28,653</u>	<u>3,653</u>
Expenditures				
Hotel tax fund	-	-	-	-
Excess of revenues over expenditures before transfers	25,000	25,000	28,653	3,653
Other financing sources				
Transfers	-	-	5,597	5,597
Net change in fund balance	25,000	25,000	34,250	<u>\$ 9,250</u>
Fund balance-beginning	<u>112,298</u>	<u>112,298</u>	<u>112,298</u>	
Fund balance-ending	<u>\$ 137,298</u>	<u>\$ 137,298</u>	<u>\$ 146,548</u>	

CITY OF WILLIS, TEXAS
Pension Plan
Schedule of Actuarial Liabilities and Funding Progress

Fiscal Year End - September	2002	2003	2004
Actuarial Valuation Date	12-31-01	12-31-02	12-31-03
Actuarial Value of Assets	\$ 1,016,541	\$ 1,164,230	\$ 1,342,666
Actuarial Accrued Liability	1,065,606	1,174,112	1,376,634
Percentage Funded	95.4%	99.2%	97.5%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	49,065	9,882	33,698
Annual Covered Payroll	922,824	926,616	983,320
UAAL as a Percentage of Covered Payroll	5.3%	1.1%	3.4%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	48,929	55,087	55,938
Total Pension Cost	48,929	55,087	55,938
Contributions Made	48,929	55,087	55,938
Increase in NPO	-	-	-
NPO at End of Period	\$ -	\$ -	\$ -

Fiscal Year End - September	2005	2006	2007
Actuarial Valuation Date	12-31-04	12-31-05	12-31-06
Actuarial Value of Assets	\$ 1,258,626	\$ 1,258,626	\$ 1,338,970
Actuarial Accrued Liability	1,267,486	1,297,486	1,430,845
Percentage Funded	99.3%	97.0%	93.6%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	38,860	38,860	91,875
Annual Covered Payroll	976,210	976,210	1,121,762
UAAL as a Percentage of Covered Payroll	4.0%	4.0%	8.2%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	59,010	59,892	56,130
Total Pension Cost	59,010	59,892	56,130
Contributions Made	59,010	59,892	56,130
Increase in NPO	-	-	-
NPO at End of Period	\$ -	\$ -	\$ -

OTHER SUPPLEMENTAL INFORMATION

CITY OF WILLIS, TEXAS
Statement of Expenses
General Fund
For the Year Ended September 30, 2007

	Admin	Building Development & Code Enforcement	Streets
Salaries	\$ 125,014	\$ 47,739	\$ 81,042
Campbell Street project	-	-	254,292
Miscellaneous	9,979	18,295	586
Health insurance	-	12,919	11,678
Utilities & phone	7,785	2,769	33,708
Professional services	40,546	3,115	9,897
Payroll taxes	9,212	3,270	6,122
Fuel	9,180	6,225	2,215
Insurance	20,237	462	4,777
Vehicle	360	17,562	6,638
Employees retirement fund	7,135	2,753	4,541
Buildings & structures	8,605	-	475
Capital lease principal	-	-	-
Dues, fees & training	7,556	1,740	773
Meetings & conferences	14,862	3,209	-
Capital asset purchase	-	-	-
Office & supplies	13,814	1,299	118
Paving materials & chemicals	-	-	15,232
Interlocal government	4,922	6,698	-
Capital Improvements	-	5,528	6,771
Uniforms	-	463	1,470
Demolition & clearance	-	13,191	-
Postage	2,704	-	-
Elections	5,779	-	-
Public notices	5,706	-	-
Signs	-	-	-
Capital lease interest	-	-	-
Total General Fund Expenses	293,396	147,237	440,335
Adjustments to the Statement of Activities:			
Depreciation	31,858	-	-
Capital lease principal	-	-	-
Capitalized assets	-	-	-
Total Primary Government Expenses	\$ 325,254	\$ 147,237	\$ 440,335

	Police	Court	Total
Salaries	\$ 579,815	\$ 34,679	\$ 868,289
Campbell Street project	-	-	254,292
Miscellaneous	83,103	10,558	122,521
Health insurance	86,250	5,026	115,873
Utilities & phone	32,837	-	77,099
Professional services	16,593	5,100	75,251
Payroll taxes	43,122	2,731	64,457
Fuel	44,175	-	61,795
Insurance	34,809	106	60,391
Vehicle	28,130	-	52,690
Employees retirement fund	31,829	1,975	48,233
Buildings & structures	21,493	-	30,573
Capital lease principal	30,111	-	30,111
Dues, fees & training	18,084	1,346	29,499
Meetings & conferences	9,275	486	27,832
Capital asset purchase	24,967	-	24,967
Office & supplies	8,661	-	23,892
Paving materials & chemicals	-	2,092	17,324
Interlocal government	3,566	-	15,186
Capital Improvements	2,853	-	15,152
Uniforms	12,948	-	14,881
Demolition & clearance	-	-	13,191
Postage	1,955	2,837	7,496
Elections	-	-	5,779
Public notices	-	-	5,706
Signs	4,091	-	4,091
Capital lease interest	3,085	-	3,085
Total General Fund Expenses	1,121,752	66,936	2,069,656
Adjustments to the Statement of Activities:			
Depreciation	27,605	-	59,463
Capital lease principal	(30,111)	-	(30,111)
Capitalized assets	(24,967)	-	(24,967)
Total Primary Government Expenses	\$ 1,094,279	\$ 66,936	\$2,074,041

CITY OF WILLIS, TEXAS
Statement of Expenses
Special Revenue Funds
For the Year Ended September 30, 2007

	<u>Economic Development</u>	<u>Community Development</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Park improvements	\$ -	\$ 87,120	\$ -	\$ 87,120
Professional services	26,476	24,446	-	50,922
Other	-	45,563	-	45,563
Publicity	13,515	27,154	-	40,669
Recycling	9,422	-	-	9,422
Capital outlay	5,578	2,172	-	7,750
Contract services	3,600	3,600	-	7,200
Dues, fees & training	325	1,203	-	1,528
Public notices	195	317	-	512
Supplies	293	111	-	404
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fund Expenses	59,404	191,686	-	251,090
Adjustments to the Statement of Activities:				
Capital outlay	-	(87,120)	-	(87,120)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Primary Government Expenses	<u>\$ 59,404</u>	<u>\$ 104,566</u>	<u>\$ -</u>	<u>\$ 163,970</u>

CITY OF WILLIS, TEXAS
Statement of Expenses
Utility Fund
For the Year Ended September 30, 2007

Operating Expenses

Depreciation	\$ 366,270
Salaries	299,312
Utilities	184,267
Interlocal government	72,906
Health insurance	56,776
Utility lines	47,156
Pumps and motors	35,145
Miscellaneous	23,356
Payroll tax	22,067
Fuel	21,897
Insurance	21,017
Operations	18,511
Professional fees	18,111
Solid waste	17,127
Employees retirement fund	16,820
Chemicals	10,838
Samples & supplies	7,855
Equipment	6,468
Uniforms	4,623
Vehicle	4,545
Training & education	4,027
Building and structures	3,502
Travel, meetings and conferences	3,173
Postage	1,040
Office expense	474
	<hr/>
Total Operating Expenses	<u><u>\$ 1,267,283</u></u>

STATISTICAL INFORMATION

CITY OF WILLIS, TEXAS
Ad Valorem Tax Data

<u>Year</u> <u>September</u>	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>	<u>Valuation</u>	<u>Levy</u>
1998	.4641	.1808	.6449	62,204,151	401,194
1999	.4641	.1808	.6449	66,950,842	420,451
2000	.4742	.0501	.5243	74,911,024	392,758
2001	.4840	.047	.5310	77,685,534	412,510
2002	.4931	.0716	.5647	93,648,498	528,754
2003	.5048	.0736	.5784	97,246,449	562,473
2004	.5171	.0732	.5903	96,638,210	570,455
2005	.5221	.0713	.5934	98,075,178	581,979
2006	.4796	.0646	.5442	111,665,980	607,686

Analysis of Changes in Property Taxes Receivable

Receivable, Beginning of Year	\$ 85,657
2006 Adjusted Tax Roll	607,686
Changes and Corrections	<u>(12,381)</u>
 Total to be Accounted For	 680,962
Tax Collections	<u>(604,546)</u>
 Receivable, End of Year	 <u><u>\$ 76,416</u></u>
 Receivables, by years:	
1997 and prior	\$ 5,217
1998	2,873
1999	5,909
2000	6,793
2001	4,520
2002	6,237
2003	9,480
2004	6,773
2005	9,093
2006	<u>19,521</u>
 Total	 76,416
Less Allowance	<u>(6,284)</u>
 Net Receivable	 <u><u>\$ 70,132</u></u>

CITY OF WILLIS, TEXAS
Schedule of Water Usage and Customers
For the Year Ended September 30, 2007

<u>Month</u>	<u>Water Usage in Gallons</u>		<u>Number of Customers Served</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Water</u>	<u>Sewer</u>
October 2006	17,339,300	15,577,700	1,998	1,758
November 2006	16,096,900	15,108,700	1,984	1,746
December 2006	15,552,200	13,905,400	1,991	1,752
January 2007	15,996,300	15,372,100	1,992	1,753
February 2007	15,913,200	15,121,300	1,999	1,759
March 2007	17,978,400	15,790,300	2,012	1,771
April 2007	16,083,600	16,083,100	2,006	1,765
May 2007	18,802,700	15,339,400	2,029	1,786
June 2007	19,821,200	16,766,300	2,022	1,779
July 2007	18,223,300	17,372,600	2,018	1,776
August 2007	21,201,500	17,480,700	2,013	1,771
September 2007	<u>20,411,000</u>	<u>19,876,300</u>	<u>1,993</u>	<u>1,754</u>
Total for Year	<u><u>213,419,600</u></u>	<u><u>193,793,900</u></u>		
Average for Year	<u><u>17,784,967</u></u>	<u><u>16,149,492</u></u>	<u><u>2,005</u></u>	<u><u>1,764</u></u>

CITY OF WILLIS, TEXAS
Capital Leases

General Fund

<u>FYE</u> <u>September</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>January 9</u>	<u>Principal</u> <u>January 9</u>	<u>Total</u>
2006	5.00	\$ -	\$ 33,196	\$ 33,196
2007	5.00	3,085	30,111	33,196
2008	5.00	<u>1,581</u>	<u>31,615</u>	<u>33,196</u>
Total Due		4,666	94,922	99,588
Retired through 2007		<u>3,085</u>	<u>63,307</u>	<u>66,392</u>
Balance September 2007		<u>\$ 1,581</u>	<u>\$ 31,615</u>	<u>\$ 33,196</u>

Business-Type Activities

<u>FYE</u> <u>September</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>January 11</u>	<u>Principal</u> <u>January 9</u>	<u>Total</u>
2007	6.30	\$ -	\$ 17,108	\$ 17,108
2008	6.30	1,968	15,140	17,108
2009	6.30	<u>1,014</u>	<u>16,094</u>	<u>17,108</u>
Total Due		2,982	48,342	51,324
Retired through 2007		<u>-</u>	<u>17,108</u>	<u>17,108</u>
Balance September 2007		<u>\$ 2,982</u>	<u>\$ 31,234</u>	<u>\$ 34,216</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2001
Governmental Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2003	1.65	\$ 18,059	\$ 18,059	\$ 30,000	\$ 66,118
2004	2.05	17,811	17,811	35,000	70,622
2005	2.35	17,453	17,453	35,000	69,906
2006	2.60	17,041	17,041	35,000	69,082
2007	2.80	16,586	16,586	40,000	73,172
2008	3.05	16,026	16,026	40,000	72,052
2009	3.15	15,416	15,416	40,000	70,832
2010	3.25	14,786	14,786	45,000	74,572
2011	3.35	14,055	14,055	45,000	73,110
2012	3.55	13,301	13,301	50,000	76,602
2013	3.65	12,414	12,414	50,000	74,828
2014	3.75	11,501	11,501	50,000	73,002
2015	3.90	10,564	10,564	55,000	76,128
2016	4.00	9,492	9,492	55,000	73,984
2017	4.10	8,392	8,392	60,000	76,784
2018	4.15	7,161	7,161	60,000	74,322
2019	4.20	5,916	5,916	65,000	76,832
2020	4.30	4,551	4,551	65,000	74,102
2021	4.35	3,154	3,154	70,000	76,308
2022	4.35	1,631	1,631	75,000	78,262
Total Due		235,310	235,310	1,000,000	1,470,620
Retired through 2007		86,950	86,950	175,000	348,900
Balance September 2007		<u>\$ 148,360</u>	<u>\$ 148,360</u>	<u>\$ 825,000</u>	<u>\$ 1,121,720</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2006
Governmental Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2007	4.40	\$ 14,126	\$ 36,850	\$ 65,000	\$ 115,976
2008	4.40	35,420	35,420	55,000	125,840
2009	4.40	34,210	34,210	60,000	128,420
2010	4.40	32,890	32,890	60,000	125,780
2011	4.40	31,570	31,570	65,000	128,140
2012	4.40	30,140	30,140	65,000	125,280
2013	4.40	28,710	28,710	70,000	127,420
2014	4.40	27,170	27,170	70,000	124,340
2015	4.40	25,630	25,630	75,000	126,260
2016	4.40	23,980	23,980	80,000	127,960
2017	4.40	22,200	22,200	85,000	129,400
2018	4.40	20,350	20,350	85,000	125,700
2019	4.40	18,480	18,480	90,000	126,960
2020	4.40	16,500	16,500	95,000	128,000
2021	4.40	14,410	14,410	100,000	128,820
2022	4.40	12,210	12,210	105,000	129,420
2023	4.40	9,900	9,900	105,000	124,800
2024	4.40	7,590	7,590	110,000	125,180
2025	4.40	5,170	5,170	115,000	125,340
2026	4.40	2,640	2,640	120,000	125,280
Total Due		413,296	436,020	1,675,000	2,524,316
Retired through 2007		14,126	36,850	65,000	115,976
Balance September 2007		<u>\$ 399,170</u>	<u>\$ 399,170</u>	<u>\$ 1,610,000</u>	<u>\$ 2,408,340</u>

CITY OF WILLIS, TEXAS
Waterworks & Sewer System Revenue Bonds, Series 1995-A
Business-Type Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
1997	4.25	\$ 2,936	\$ 2,936	\$ 5,000	\$ 10,872
1998	4.40	2,830	2,830	5,000	10,660
1999	4.55	2,720	2,720	5,000	10,440
2000	4.65	2,606	2,606	5,000	10,212
2001	4.80	2,490	2,490	5,000	9,980
2002	4.90	2,370	2,370	5,000	9,740
2003	5.00	2,248	2,248	5,000	9,496
2004	5.10	2,123	2,123	5,000	9,246
2005	5.20	1,995	1,995	5,000	8,990
2006	5.30	1,865	1,865	5,000	8,730
2007	5.40	1,733	1,733	5,000	8,466
2008	5.50	1,597	1,597	5,000	8,194
2009	5.60	1,460	1,460	5,000	7,920
2010	5.70	1,320	1,320	5,000	7,640
2011	5.80	1,177	1,177	5,000	7,354
2012	5.85	1,032	1,032	5,000	7,064
2013	5.85	886	886	5,000	6,772
2014	5.90	740	740	5,000	6,480
2015	5.90	593	593	10,000	11,186
2016	5.95	298	298	10,000	10,596
Total Due		35,019	35,019	110,000	180,038
Retired through 2007		25,916	25,916	55,000	106,832
Balance September 2007		\$ 9,103	\$ 9,103	\$ 55,000	\$ 73,206

CITY OF WILLIS, TEXAS
Waterworks & Sewer System Revenue Bonds, Series 1995-B
Business-Type Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
1997	3.70	\$ 29,406	\$ 29,406	\$ 5,000	\$ 63,812
1998	3.85	29,314	29,314	5,000	63,628
1999	4.00	29,218	29,218	5,000	63,436
2000	4.10	29,118	29,118	5,000	63,236
2001	4.25	29,015	29,015	15,000	73,030
2002	4.35	28,696	28,696	40,000	97,392
2003	4.45	27,826	27,826	55,000	110,652
2004	4.55	26,603	26,603	60,000	113,206
2005	4.65	25,237	25,237	60,000	110,474
2006	4.75	23,842	23,842	65,000	112,684
2007	4.85	22,299	22,299	65,000	109,598
2008	4.95	20,722	20,722	75,000	116,444
2009	5.05	18,866	18,866	75,000	112,732
2010	5.15	16,973	16,973	80,000	113,946
2011	5.25	14,912	14,912	90,000	119,824
2012	5.30	12,550	12,550	90,000	115,100
2013	5.30	10,165	10,165	95,000	115,330
2014	5.35	7,648	7,648	95,000	110,296
2015	5.35	5,106	5,106	95,000	105,212
2016	5.40	2,565	2,565	95,000	100,130
Total Due		410,081	410,081	1,170,000	1,990,162
Retired through 2007		300,574	300,574	380,000	981,148
Balance September 2007		\$ 109,507	\$ 109,507	\$ 790,000	\$ 1,009,014

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2003-A
Business-Type Activities

<u>FYE</u> <u>September</u>	<u>Interest</u> <u>Rate</u>	<u>Interest Due</u>		<u>Principal</u> <u>August 1</u>	<u>Total</u>
		<u>February 1</u>	<u>August 1</u>		
2004	3.35	\$ 4,033	\$ 8,961	\$ 105,000	\$ 117,994
2005	3.35	7,202	7,203	105,000	119,405
2006	3.35	5,444	5,444	110,000	120,888
2007	3.35	3,601	3,601	100,000	107,202
2008	3.35	<u>1,926</u>	<u>1,926</u>	<u>115,000</u>	<u>118,852</u>
Total Due		22,206	27,135	535,000	584,341
Retired through 2007		<u>20,280</u>	<u>25,209</u>	<u>420,000</u>	<u>465,489</u>
Balance September 2007		<u>\$ 1,926</u>	<u>\$ 1,926</u>	<u>\$ 115,000</u>	<u>\$ 118,852</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2003
Business-Type Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2004	0.15	\$ 315	\$ 499	\$ 80,000	\$ 80,814
2005	0.40	495	1,294	85,000	86,789
2006	0.75	4,412	5,401	90,000	99,813
2007	1.20	5,159	5,365	95,000	105,524
2008	1.60	4,795	4,795	90,000	99,590
2009	2.00	4,075	4,075	100,000	108,150
2010	2.30	3,075	3,075	100,000	106,150
2011	2.50	1,925	1,925	100,000	103,850
2012	2.70	675	675	50,000	51,350
2013	2.80	-	-	-	-
2014	2.95	-	-	-	-
2015	3.05	-	-	-	-
2016	3.15	-	-	-	-
2017	3.25	-	-	-	-
2018	3.35	-	-	-	-
2019	3.45	-	-	-	-
2020	3.55	-	-	-	-
2021	3.65	-	-	-	-
2022	3.70	-	-	-	-
2023	3.80	-	-	-	-
Total Due		24,926	27,104	790,000	842,030
Retired through 2007		10,381	12,559	350,000	372,940
Balance September 2007		<u>\$ 14,545</u>	<u>\$ 14,545</u>	<u>\$ 440,000</u>	<u>\$ 469,090</u>
Total authorized		<u>\$ 3,245,000</u>			

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2005
Business-Type Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2006	5.125	\$ 15,375	\$ 15,375	\$ 20,000	\$ 50,750
2007	5.125	14,863	14,863	20,000	49,725
2008	5.125	14,350	14,350	20,000	48,700
2009	5.125	13,838	13,838	20,000	47,675
2010	5.125	13,325	13,325	20,000	46,650
2011	5.125	12,813	12,813	25,000	50,625
2012	5.125	12,172	12,172	25,000	49,344
2013	5.125	11,531	11,531	25,000	48,063
2014	5.125	10,891	10,891	25,000	46,781
2015	5.125	10,250	10,250	30,000	50,500
2016	5.125	9,481	9,481	30,000	48,963
2017	5.125	8,713	8,713	30,000	47,425
2018	5.125	7,944	7,944	35,000	50,888
2019	5.125	7,047	7,047	35,000	49,094
2020	5.125	6,150	6,150	35,000	47,300
2021	5.125	5,253	5,253	35,000	45,506
2022	5.125	4,356	4,356	40,000	48,713
2023	5.125	3,331	3,331	40,000	46,663
2024	5.125	2,306	2,306	45,000	49,613
2025	5.125	1,153	1,153	45,000	47,306
Total Due		185,141	185,141	600,000	970,281
Retired through 2007		30,238	30,238	40,000	100,475
Balance September 2007		<u>\$ 154,903</u>	<u>\$ 154,903</u>	<u>\$ 560,000</u>	<u>\$ 869,806</u>

CITY OF WILLIS, TEXAS
Combination Tax and Revenue Certificates of Obligation -Series 2007
Business-Type Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2007	5.09	\$ -	\$ 2,573	\$ 15,000	\$ 17,573
2008	5.09	7,890	7,890	10,000	25,780
2009	5.09	7,635	7,635	10,000	25,270
2010	5.09	7,381	7,381	10,000	24,762
2011	5.09	7,126	7,126	10,000	24,252
2012	5.09	6,872	6,872	10,000	23,744
2013	5.09	6,617	6,617	15,000	28,234
2014	5.09	6,235	6,235	15,000	27,470
2015	5.09	5,853	5,853	15,000	26,706
2016	5.09	5,472	5,472	15,000	25,944
2017	5.09	5,090	5,090	15,000	25,180
2018	5.09	4,708	4,708	15,000	24,416
2019	5.09	4,326	4,326	20,000	28,652
2020	5.09	3,817	3,817	20,000	27,634
2021	5.09	3,309	3,309	20,000	26,618
2022	5.09	2,799	2,799	20,000	25,598
2023	5.09	2,291	2,291	20,000	24,582
2024	5.09	1,781	1,781	20,000	23,562
2025	5.09	1,273	1,273	25,000	27,546
2026	5.09	636	636	25,000	26,272
Total Due		91,111	93,684	325,000	509,795
Retired through 2007		-	2,573	15,000	17,573
Balance September 2007		<u>\$ 91,111</u>	<u>\$ 91,111</u>	<u>\$ 310,000</u>	<u>\$ 492,222</u>