

CITY OF WILLIS, TEXAS
FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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
Councilwoman	Tamara Young
City Manager	Hector Forestier
City Secretary	Brenda Burns
City Attorney	Larry Foerster
Public Works Director	Arthur Faiello
Police Chief	James Nowak
Community Development	Tim Ryan

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, 2010. Please read it in conjunction with the City's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City's assets increased by \$509,752 as the utility fund held \$1,276,907 in proceeds from the Series 2010 bond. Long-term debt increased by \$857,288.

During the year, the City had governmental expenses that were \$230,995 more than the prior year (not including interfund transfers). Total governmental revenues were \$90,481 lower than in fiscal 2009.

In the City's business-type activities, revenues, which included grant funds of \$17,561, decreased by \$26,379 (less than 2%) and expenses increased by 9% or \$157,333 (not including interfund transfers).

Governmental activities reported a decrease in net assets this year of \$313,694 and the business-type activities (water & sewer utility fund) reported a decrease in net assets of \$132,124. Interfund transfers decreased governmental funds and increased business-type funds by \$204,323.

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

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. Some of the projects and accomplishments made 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 \$509,752. General assets decreased by \$389,095 and business-type assets increased by \$898,847. 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	
	2009	2010	2009	2010	2009	2010
Current & Other Assets	\$ 3,166,932	\$ 2,795,464	\$ 738,248	\$ 2,093,243	\$ 3,905,180	\$ 4,888,707
Capital Assets	1,309,418	1,291,791	10,210,078	9,753,930	11,519,496	11,045,721
Total Assets	4,476,350	4,087,255	10,948,326	11,847,173	15,424,676	15,934,428
Long-Term Debt	2,347,674	2,171,820	5,048,944	6,082,086	7,396,618	8,253,906
Other Liabilities	186,041	355,409	91,547	118,857	277,588	474,266
Total Liabilities	2,533,715	2,527,229	5,140,491	6,200,943	7,674,206	8,728,172
Net Assets:						
Invested in Capital						
Assets-Net of Debt	(1,038,256)	(880,029)	5,161,134	3,671,844	4,122,878	2,791,815
Restricted	2,525,533	2,254,213	-	-	2,525,533	2,254,213
Unrestricted	455,358	185,842	646,701	1,974,386	1,102,059	2,160,228
Total Net Assets	\$ 1,942,635	\$ 1,560,026	\$ 5,807,835	\$ 5,646,230	\$ 7,750,470	\$ 7,206,256

Net assets of the City's governmental activities decreased by 20% (\$1,530,026 compared to \$1,942,635). 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 decreased from \$455,358 at September 2009 to \$185,842 at the end of this year.

The net assets of our business-type activities decreased by less than 3% (\$5,646,230 compared to \$5,807,835). Unrestricted net assets increased from \$646,701 at September 2009 to \$1,974,386 in 2010.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Revenues						
Program	\$ 564,037	\$ 575,952	\$ 1,605,086	\$ 1,673,768	\$ 2,169,123	\$ 2,249,720
Grants	76,137	97,062	92,257	17,561	168,394	114,623
Franchise tax	185,674	247,045	-	-	185,674	247,045
Sales tax	1,474,287	1,314,062	-	-	1,474,287	1,314,062
Fines	210,708	242,955	-	-	210,708	242,955
Ad valorem tax	676,673	680,116	-	-	676,673	680,116
Other	156,798	96,641	25,217	4,852	182,015	101,493
Total Revenues	<u>3,344,314</u>	<u>3,253,833</u>	<u>1,722,560</u>	<u>1,696,181</u>	<u>5,066,874</u>	<u>4,950,014</u>
Program Expenses						
Admin/Operations	440,113	472,769	1,670,903	1,829,898	2,111,016	2,302,667
Code enforcement	170,660	138,367	-	-	170,660	138,367
Garbage	500,968	513,542	-	-	500,968	513,542
Streets	422,303	550,661	-	-	422,303	550,661
Special revenue	233,425	247,045	-	-	233,425	247,045
Court	84,694	82,185	-	-	84,694	82,185
Public safety	1,179,813	1,262,304	-	-	1,179,813	1,262,304
Bond interest	100,233	96,331	204,392	202,730	304,625	299,061
Transfers	163,076	204,323	(163,076)	(204,323)	-	-
Total Program Expenses	<u>3,295,285</u>	<u>3,567,527</u>	<u>1,712,219</u>	<u>1,828,305</u>	<u>5,007,504</u>	<u>5,395,832</u>
Change in Net Assets	<u>\$ 49,029</u>	<u>\$ (313,694)</u>	<u>\$ 10,341</u>	<u>\$ (132,124)</u>	<u>\$ 59,370</u>	<u>\$ (445,818)</u>

Governmental Activities

Revenues for the City's governmental activities decreased by 2.7%, while expenses, not including transfers, increased 7%.

Business-Type Activities

Water and sewer revenues of the City's business-type activities decreased by 1.5% and expenses, not including interfund transfers, increased by 9%. Depreciation expense, which is a non-cash outlay, was \$560,659 for fiscal year 2010.

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 a combined fund balance of \$2,440,055. This is \$471,921 lower than last year's balance of \$2,911,976. The City had a reserved fund balance of \$2,254,213 and an unreserved fund balance of \$185,842.

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 \$1,974,386. This represents an increase of \$1,327,685. Interfund transfers in were \$204,323. 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 were \$340,125 lower than budgeted. Expenses were \$388,869 above the budget amount. This resulted in a negative variance of \$728,994. Debt service revenues were \$879 under budget and expenses the same as the budget amount. The result was a negative variance of \$879. Community Development revenues were \$30,055 lower than expected while its expenses were \$396,597 under budget. This resulted in a positive variance of \$366,542. Economic Development revenues were \$25,573 under budget and expenses were \$93,342 lower than budgeted. The result was a positive variance of \$67,769. The Hotel Tax Fund revenues were \$9,774 under budget and expenses were \$3,519 over the budget amount. This resulted in a negative variance of \$13,293. The overall general fund budget showed a negative variance of \$308,855. All of the figures shown here include interfund transfers.

	Actual		Budget		Total Variance
	Revenue	Expense	Revenue	Expense	
General Fund	\$2,647,734	\$ 3,305,094	\$ 2,987,859	\$ 2,916,225	\$ (728,994)
Debt Service	77,294	75,573	78,173	75,573	(879)
Community Development	256,945	140,003	287,000	536,600	366,542
Economic Development	254,427	203,258	280,000	296,600	67,769
Hotel Tax Fund	20,226	4,619	30,000	1,100	(13,293)
	<u>\$3,256,626</u>	<u>\$ 3,728,547</u>	<u>\$ 3,663,032</u>	<u>\$ 3,826,098</u>	<u>\$ (308,855)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 2010, the City had \$11,045,721, 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 decrease of \$473,775, or 4%, from last year. The current year depreciation expense was \$706,168.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Land & buildings	\$ 1,321,897	\$ 1,321,897	\$ -	\$ -	\$ 1,321,897	\$ 1,321,897
Vehicles & equipment	504,892	504,892	119,045	119,045	623,937	623,937
Equipment	398,715	526,597	81,048	169,156	479,763	695,753
Water system	-	-	8,670,807	8,687,210	8,670,807	8,687,210
Sewer system	-	-	6,821,418	6,790,658	6,821,418	6,790,658
Less depreciation	(916,086)	(1,061,595)	(5,482,240)	(6,012,139)	(6,398,326)	(7,073,734)
Total Assets	\$ 1,309,418	\$ 1,291,791	\$ 10,210,078	\$ 9,753,930	\$ 11,519,496	\$ 11,045,721

Debt

At September 2010, the City of Willis, Texas had \$8,253,906 in outstanding debt. This was an increase of \$857,288 from 2009. \$1,355,000 in debt was issued and \$497,712 was paid. All regularly scheduled payments were made. Current debt schedules call for payments through 2031.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Capital leases	\$ 107,674	\$ 36,820	\$ -	\$ -	\$ 107,674	\$ 36,820
Utility Meter Program	-	-	924,864	818,006	924,864	818,006
Bonds-Series 2001	2,240,000	2,135,000	-	-	2,240,000	2,135,000
Bonds-Series 1995-A	-	-	45,000	40,000	45,000	40,000
Bonds-Series 1995-B	-	-	640,000	560,000	640,000	560,000
Bonds-Series 2003	-	-	2,705,000	2,605,000	2,705,000	2,605,000
Bonds-Series 2005	-	-	520,000	500,000	520,000	500,000
Bonds-Series 2007	-	-	214,080	204,080	214,080	204,080
Bonds-Series 2010	-	-	-	1,355,000	-	1,355,000
	\$ 2,347,674	\$ 2,171,820	\$ 5,048,944	\$ 6,082,086	\$ 7,396,618	\$ 8,253,906

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials and citizens considered many factors when setting the 2011 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 5% decrease from 2010 actuals. The Utility Fund revenues have been budgeted at a 10% increase.

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.

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, 2010, 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, 2010, 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
December 23, 2010

CITY OF WILLIS, TEXAS

Statement of Net Assets

September 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,719,189	\$ 1,655,562	\$ 4,374,751
Receivables (net)	76,275	420,266	496,541
Inventory	-	17,415	17,415
Capital assets, net	1,291,791	9,753,930	11,045,721
Total assets	4,087,255	11,847,173	15,934,428
Liabilities			
Accounts payable	210,219	-	210,219
Accrued wages	68,915	29,481	98,396
Customer deposits	-	89,376	89,376
Deferred revenue	76,275	-	76,275
Noncurrent liabilities:			
Due within one year	146,820	341,528	488,348
Due in more than one year	2,025,000	5,740,558	7,765,558
Total liabilities	2,527,229	6,200,943	8,728,172
Net Assets			
Invested in capital assets, net of related debt	(880,029)	3,671,844	2,791,815
Restricted for:			
Debt service	4,819	-	4,819
Economic development	799,724	-	799,724
Community development	1,260,285	-	1,260,285
Hotel tax fund	189,385	-	189,385
Unrestricted	185,842	1,974,386	2,160,228
Total net assets	\$ 1,560,026	\$ 5,646,230	\$ 7,206,256

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

CITY OF WILLIS, TEXAS
Statement of Activities
For the Year Ended September 30, 2010

Function/programs	Program Revenues		
	Expenses	Charges for Services	Grant Revenues
Primary government:			
Governmental activities:			
Administration	\$ 472,769	\$ -	\$ 37,827
Building dev. & code enforcement	138,367	59,162	-
Garbage collection	513,542	516,790	-
Streets	550,661	-	-
Police	1,262,304	-	59,235
Special revenue funds	247,045	-	-
Court	82,185	-	-
Bond interest & fees	96,331	-	-
Total governmental activities	3,363,204	575,952	97,062
Business-type activities:			
Utility fund	1,829,898	1,673,768	17,561
Bond interest & fees	202,730	-	-
Total business-type activities	2,032,628	1,673,768	17,561
Total primary government	\$ 5,193,102	\$ 2,249,720	\$ 114,623

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	\$ (434,942)	\$ -	\$ (434,942)
Code enforcement	(79,205)	-	(79,205)
Garbage collection	3,248	-	3,248
Streets	(550,661)	-	(550,661)
Police	(1,203,069)	-	(1,203,069)
Special revenue funds	(247,045)	-	(247,045)
Court	(82,185)	-	(82,185)
Bond interest & fees	(96,331)	-	(96,331)
Total governmental activities	<u>(2,690,190)</u>	<u>-</u>	<u>(2,690,190)</u>
Business-type activities:			
Utility fund	-	(138,569)	(138,569)
Bond interest & fees	-	(202,730)	(202,730)
Total business-type activities	<u>-</u>	<u>(341,299)</u>	<u>(341,299)</u>
Total primary government	<u>(2,690,190)</u>	<u>(341,299)</u>	<u>(3,031,489)</u>
General revenues:			
Ad valorem tax	680,116	-	680,116
Sales tax	1,314,062	-	1,314,062
Franchise tax	247,045	-	247,045
Fines & warrant fees	242,955	-	242,955
Penalties & interest	10,810	-	10,810
Investment earnings	26,165	4,852	31,017
Miscellaneous	59,666	-	59,666
Transfers	(204,323)	204,323	-
Total general revenues and transfers	<u>2,376,496</u>	<u>209,175</u>	<u>2,585,671</u>
Change in net assets	(313,694)	(132,124)	(445,818)
Net assets-beginning	<u>1,873,720</u>	<u>5,778,354</u>	<u>7,652,074</u>
Net assets-ending	<u>\$ 1,560,026</u>	<u>\$ 5,646,230</u>	<u>\$ 7,206,256</u>

CITY OF WILLIS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2010

	Governmental Fund Types		
	General	Debt Service	Economic Development
Assets			
Cash on hand and in bank	\$ 68,836	\$ 4,819	\$ 96,520
Certificates of deposit/investments	363,564	-	719,492
Receivables, net of uncollectibles:			
Delinquent taxes	68,465	7,810	-
Total assets	\$ 500,865	\$ 12,629	\$ 816,012
 Liabilities			
Accounts payable	\$ 177,643	\$ -	\$ 16,288
Accrued wages	68,915	-	-
Deferred revenues	68,465	7,810	-
Total liabilities	315,023	7,810	16,288
 Fund balances			
Fund balance - reserved	-	4,819	799,724
Fund balance - unreserved	185,842	-	-
Total fund balance	185,842	4,819	799,724
 Total liabilities and fund balances	 \$ 500,865	 \$ 12,629	 \$ 816,012

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

Governmental Fund Types

	<u>Community Development</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Assets			
Cash on hand and in bank	\$ 116,336	\$ 73,285	\$ 359,796
Certificates of deposit/investments	1,160,237	116,100	2,359,393
Receivables, net of uncollectibles:			
Delinquent taxes	-	-	76,275
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,276,573</u>	<u>\$ 189,385</u>	<u>\$ 2,795,464</u>
Liabilities			
Accounts payable	\$ 16,288	\$ -	\$ 210,219
Accrued wages	-	-	68,915
Deferred revenues	-	-	76,275
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>16,288</u>	<u>-</u>	<u>355,409</u>
Fund balances			
Fund balance - reserved	1,260,285	189,385	2,254,213
Fund balance - unreserved	-	-	185,842
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,260,285</u>	<u>189,385</u>	<u>2,440,055</u>
Total liabilities and fund balances	<u>\$ 1,276,573</u>	<u>\$ 189,385</u>	<u>\$ 2,795,464</u>

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CITY OF WILLIS, TEXAS
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
September 30, 2010

Total governmental fund balances	\$ 2,440,055
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	1,291,791
Long-term liabilities are not reported as liabilities in the governmental funds	<u>(2,171,820)</u>
Net assets of governmental activities	<u><u>\$ 1,560,026</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, 2010

	General Fund	Debt Service	Economic Development
Revenues			
Sales taxes	\$ 821,292	\$ -	\$ 246,385
Ad valorem taxes	606,790	73,326	-
Garbage collection	516,790	-	-
Fines & warrant fees	242,955	-	-
Franchise taxes	228,628	-	-
Grants	97,062	-	-
Investment earnings	5,919	30	7,847
Miscellaneous	59,471	-	195
Penalty & interest	9,665	1,145	-
Building permits	44,012	-	-
Code enforcement	15,150	-	-
Total revenues	<u>2,647,734</u>	<u>74,501</u>	<u>254,427</u>
Expenditures			
Administration	468,672	1,000	-
Building dev. & code enforcement	142,439	-	-
Garbage collection	513,542	-	-
Streets	565,093	-	-
Police	1,261,461	-	-
Special revenue funds	-	-	120,262
Court	121,848	-	-
Bond interest	65,758	29,573	-
Bond principal	60,000	45,000	-
Total expenditures	<u>3,198,813</u>	<u>75,573</u>	<u>120,262</u>
Excess (deficiency) of revenues over expenditures	(551,079)	(1,072)	134,165
Other financing sources (uses)			
Transfers in (out)	<u>(106,281)</u>	<u>2,793</u>	<u>(82,996)</u>
Net change in fund balances	(657,360)	1,721	51,169
Fund balances-beginning	<u>843,202</u>	<u>3,098</u>	<u>748,555</u>
Fund balances-ending	<u>\$ 185,842</u>	<u>\$ 4,819</u>	<u>\$ 799,724</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			
Sales taxes	\$ 246,385	\$ -	\$ 1,314,062
Ad valorem taxes	-	-	680,116
Garbage collection	-	-	516,790
Fines & warrant fees	-	-	242,955
Franchise taxes	-	18,417	247,045
Grants	-	-	97,062
Investment earnings	10,560	1,809	26,165
Miscellaneous	-	-	59,666
Penalty & interest	-	-	10,810
Building permits	-	-	44,012
Code enforcement	-	-	15,150
	<u>256,945</u>	<u>20,226</u>	<u>3,253,833</u>
Expenditures			
Administration	-	-	469,672
Building dev. & code enforcement	-	-	142,439
Garbage collection	-	-	513,542
Streets	-	-	565,093
Police	-	-	1,261,461
Special revenue funds	124,015	2,768	247,045
Court	-	-	121,848
Bond interest	-	-	95,331
Bond principal	-	-	105,000
	<u>124,015</u>	<u>2,768</u>	<u>3,521,431</u>
Excess (deficiency) of revenues over expenditures	132,930	17,458	(267,598)
Other financing sources (uses)			
Transfers in (out)	<u>(15,988)</u>	<u>(1,851)</u>	<u>(204,323)</u>
Net change in fund balances	116,942	15,607	(471,921)
Fund balances-beginning	<u>1,143,343</u>	<u>173,778</u>	<u>2,911,976</u>
Fund balances-ending	<u>\$ 1,260,285</u>	<u>\$ 189,385</u>	<u>\$ 2,440,055</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, 2010

Net change in fund balances-total governmental funds \$ (471,921)

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. (145,509)

This is the amount of capital expenditures for the year. 127,882

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. 175,854

Change in net assets of governmental activities \$ (313,694)

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

CITY OF WILLIS, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2010

Assets	<u>Utility Fund</u>
Current assets	
Cash on hand and in bank	\$ 21,048
Certificates of deposit/investments	1,634,514
Inventory	17,415
Receivables, net of uncollectibles:	
Accounts & other	<u>420,266</u>
Total current assets	2,093,243
Noncurrent assets	
Fixed assets, net of accumulated depreciation	<u>9,753,930</u>
Total assets	<u><u>\$ 11,847,173</u></u>
Liabilities	
Current liabilities	
Customer deposits	\$ 89,376
Accrued wages	29,481
Bonds payable	<u>341,528</u>
Total current liabilities	460,385
Noncurrent liabilities	
Bonds payable	<u>5,740,558</u>
Total liabilities	<u>6,200,943</u>
Net Assets	
Invested in capital assets, net	3,671,844
Unrestricted net assets	<u>1,974,386</u>
Total net assets	<u>5,646,230</u>
Total Net Assets and Liabilities	<u><u>\$ 11,847,173</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, 2010

	Utility Fund
Operating revenues	
Charges for services-water	\$ 787,117
Charges for services-sewer	728,117
Penalties & service charges	55,746
Lone Star Conservation & SJRA	35,481
Tap fees	38,350
Other	28,957
Total operating revenues	1,673,768
Operating expenses	1,829,898
Operating income (loss)	(156,130)
Nonoperating revenue (expense)	
Grant revenues	17,561
Interest expense	(202,730)
Interest and investment revenue	4,852
Total nonoperating revenue	(180,317)
Net income (loss) before transfers	(336,447)
Transfers in	204,323
Change in net assets	(132,124)
Total net assets-beginning	5,778,354
Total net assets-ending	\$ 5,646,230

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, 2010

	Utility Fund
Cash flows from operating activities	
Receipts from customers	\$ 1,590,297
Payments to suppliers	(574,067)
Payments to employees	(286,535)
Other receipts (payments)	(379,738)
Net cash provided by operating activities	349,957
Cash flows from noncapital financing activities	
Transfers between funds	204,323
Grants received	17,561
Net cash provided by noncapital financing activities	221,884
Cash flows from capital and related financing activities	
Purchases of capital assets	(104,511)
Cash flows from investing activities	
Proceeds of debt	1,355,000
Payment on debt	(321,858)
Interest received	4,852
Interest paid	(202,730)
Net cash provided by investing activities	835,264
Net increase in cash and cash equivalents	1,302,594
Cash & cash equivalents-beginning of the year	352,968
Cash & cash equivalents-end of the year	\$ 1,655,562
Reconciliation of operating income to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (156,130)
Adjustments to reconcile operating income to net cash provided	
(used) by operating activities:	
Depreciation expense	560,659
Change in net assets and liabilities:	
Receivables, net	(52,401)
Customer deposits	(2,113)
Accounts payable	(58)
Net cash provided by operating activities	\$ 349,957

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

CITY OF WILLIS, TEXAS
Notes to Financial Statements
September 30, 2010

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 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 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, 2010 was \$145,509.

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 a maturity of 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, 2010, 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 cost 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, 2010 the total liability is \$98,396. \$68,915 is for the general fund and \$29,481 is for the utility fund.

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 7.49%, 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, 2008 valuation is effective for rates beginning January, 2009). 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 \$4,374,751 and the bank balance was \$4,465,375. Of the bank balance, \$429,569 was insured by the Federal Deposit Insurance Corporation (FDIC) insurance and \$4,035,806 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	\$ 73,656	
	Savings	27,001	
	CD's-Investments	<u>331,743</u>	\$ 432,400
Economic Development	Checking	96,520	
	CD's-Investments	<u>719,492</u>	816,012
Community Development	Checking	116,336	
	CD's-Investments	<u>1,160,237</u>	1,276,573
Hotel Tax Fund	Savings	73,285	
	CD's-Investments	<u>116,100</u>	189,385
Debt Services	Savings	<u>4,819</u>	4,819
Utility Fund	TWDB Series 2003 Savings	170	
	TWDB Series 2010 Checking	29,106	
	TWDB Series 2010 Escrow	1,276,907	
	Waste water/sewer bond funds	135,817	
	Savings	2,574	
	CD's-Investments	186,041	
	Meter deposits	<u>24,947</u>	<u>1,655,562</u>
			<u>\$ 4,374,751</u>

Note 4 - Long-Term Debt

The following is a summary of notes payable transactions for the year ended September 30, 2010:

	Balance 9-30-09	Additions	Reductions	Balance 9-30-10
Governmental Activities				
Capital Leases-Ford Motor Credit	\$ 71,836	\$ -	\$ 35,016	\$ 36,820
Capital Leases-Ford Motor Credit	35,838		35,838	-
Tax & Revenue Bonds-Series 2001	745,000	-	45,000	700,000
Tax & Revenue Bonds-Series 2006	1,495,000	-	60,000	1,435,000
Total Governmental Activities	<u>2,347,674</u>	<u>-</u>	<u>175,854</u>	<u>2,171,820</u>
Business-Type Activities				
Utility Meter Replacement Program	924,864	-	106,858	818,006
Revenue Bonds-Series 1995-A	45,000	-	5,000	40,000
Revenue Bonds-Series 1995-B	640,000	-	80,000	560,000
Certificates of Obligation-Series 2003	2,705,000	-	100,000	2,605,000
Certificates of Obligation-Series 2005	520,000	-	20,000	500,000
Certificates of Obligation-Series 2007	214,080	-	10,000	204,080
Certificates of Obligation-Series 2010	-	1,355,000	-	1,355,000
Total Business-Type Activities	<u>5,048,944</u>	<u>1,355,000</u>	<u>321,858</u>	<u>6,082,086</u>
Total	<u>\$ 7,396,618</u>	<u>\$ 1,355,000</u>	<u>\$ 497,712</u>	<u>\$ 8,253,906</u>

Total Long-Term Debt requirements are as follows:

<u>Year Ending</u>	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>
September 2011	\$ 488,348	\$ 298,041	\$ 786,389
September 2012	471,399	275,606	747,005
September 2013	496,491	256,142	752,633
September 2014	511,801	235,426	747,227
September 2015	542,344	213,915	756,259
September 2016 & Thereafter	<u>5,743,523</u>	<u>1,072,949</u>	<u>6,816,472</u>
	<u>\$ 8,253,906</u>	<u>\$ 2,352,079</u>	<u>\$10,605,985</u>

Note 5 - Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance 9-30-09	Increases	Decreases	Balance 9-30-10
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 399,416	\$ -	\$ -	\$ 399,416
Capital assets being depreciated:				
Buildings	698,975	-	-	698,975
Vehicles & equipment	504,892	-	-	504,892
Equipment	398,715	127,882	-	526,597
Park improvements	223,506	-	-	223,506
Total capital assets being depreciated	1,826,088	127,882	-	1,953,970
Less accumulated depreciation				
Buildings	(311,854)	(26,219)	-	(338,073)
Vehicles & equipment	(352,156)	(68,298)	-	(420,454)
Equipment	(224,210)	(42,711)	-	(266,921)
Park improvements	(27,866)	(8,281)	-	(36,147)
Total accumulated depreciation	(916,086)	(145,509)	-	(1,061,595)
Total capital assets being depreciated, net	910,002	(17,627)	-	892,375
Governmental Activities				
Capital Assets, net	<u>\$ 1,309,418</u>	<u>\$ (17,627)</u>	<u>\$ -</u>	<u>\$ 1,291,791</u>

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government		\$ 54,510
Police		90,999
Total governmental activities depreciation expense		<u>\$ 145,509</u>

Note 5 - Changes in Capital Assets, Continued

	Balance 9-30-09	Increases	Decreases	Balance 9-30-10
Business-Type Activities				
Capital assets being depreciated:				
Water system	\$ 8,670,807	\$ 16,403	\$ -	\$ 8,687,210
Sewer system	6,821,418	-	(30,760)	6,790,658
Equipment	81,048	88,108	-	169,156
Vehicles	119,045	-	-	119,045
Total capital assets being depreciated	<u>15,692,318</u>	<u>104,511</u>	<u>(30,760)</u>	<u>15,766,069</u>
Less accumulated depreciation:				
Water system	(2,708,543)	(448,949)	-	(3,157,492)
Sewer system	(2,665,338)	(81,429)	30,760	(2,716,007)
Equipment	(22,054)	(17,262)	-	(39,316)
Vehicles	(86,305)	(13,019)	-	(99,324)
Total accumulated depreciation	<u>(5,482,240)</u>	<u>(560,659)</u>	<u>30,760</u>	<u>(6,012,139)</u>
Business-Type Activities				
Capital Assets, net	<u>\$10,210,078</u>	<u>\$ (456,148)</u>	<u>\$ -</u>	<u>\$ 9,753,930</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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Ad valorem taxes	\$ 625,000	\$ 625,000	\$ 606,790	\$ (18,210)
Building permits	27,500	27,500	44,012	16,512
Fines and warrant fees	174,300	174,300	242,955	68,655
Franchise taxes	160,000	160,000	228,628	68,628
Garbage collection	520,000	520,000	516,790	(3,210)
Investment earnings	20,000	20,000	5,919	(14,081)
Code enforcement	5,000	5,000	15,150	10,150
Grants	-	-	97,062	97,062
Miscellaneous	55,650	55,650	59,471	3,821
Penalty & interest	7,500	7,500	9,665	2,165
Sales taxes	962,000	962,000	821,292	(140,708)
Total revenues	<u>2,556,950</u>	<u>2,556,950</u>	<u>2,647,734</u>	<u>90,784</u>
Expenditures				
Administration	363,574	363,574	468,672	(105,098)
Code enforcement	223,561	223,561	142,439	81,122
Garbage collection	505,586	505,586	513,542	(7,956)
Streets	320,575	320,575	565,093	(244,518)
Police	1,272,924	1,272,924	1,261,461	11,463
Court	104,225	104,225	121,848	(17,623)
Bond interest	65,780	65,780	65,758	22
Bond principal	60,000	60,000	60,000	-
Total expenditures	<u>2,916,225</u>	<u>2,916,225</u>	<u>3,198,813</u>	<u>(282,588)</u>
Excess of revenues over (under) expenditures	(359,275)	(359,275)	(551,079)	(191,804)
Other sources				
Transfers	430,909	430,909	(106,281)	(537,190)
Net change in fund balance	71,634	71,634	(657,360)	<u>\$ (728,994)</u>
Fund balance-beginning	843,202	843,202	843,202	
Fund balance-ending	<u>\$ 914,836</u>	<u>\$ 914,836</u>	<u>\$ 185,842</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 77,073	\$ 77,073	\$ 73,326	\$ (3,747)
Investment earnings	100	100	30	(70)
Penalty & interest	1,000	1,000	1,145	145
Total revenues	78,173	78,173	74,501	(3,672)
Expenditures				
City general	1,000	1,000	1,000	-
Bond interest	29,573	29,573	29,573	-
Bond principal	45,000	45,000	45,000	-
Total expenditures	75,573	75,573	75,573	-
Excess of revenues over (under) expenditures before transfers	2,600	2,600	(1,072)	(3,672)
Other financing uses				
Transfers	-	-	2,793	2,793
Net change in fund balance	2,600	2,600	1,721	\$ (879)
Fund balance-beginning	3,098	3,098	3,098	
Fund balance-ending	\$ 5,698	\$ 5,698	\$ 4,819	

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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Sales taxes	\$ 260,000	\$ 260,000	\$ 246,385	\$ (13,615)
Investment earnings	20,000	20,000	8,042	(11,958)
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>254,427</u>	<u>(25,573)</u>
Expenditures				
Special revenue funds	<u>296,600</u>	<u>296,600</u>	<u>120,262</u>	<u>176,338</u>
Excess of revenues over (under) expenditures before transfers	(16,600)	(16,600)	134,165	150,765
Other financing uses				
Transfers	<u>-</u>	<u>-</u>	<u>(82,996)</u>	<u>(82,996)</u>
Net change in fund balance	(16,600)	(16,600)	51,169	<u>\$ 67,769</u>
Fund balance-beginning	<u>748,555</u>	<u>748,555</u>	<u>748,555</u>	
Fund balance-ending	<u>\$ 731,955</u>	<u>\$ 731,955</u>	<u>\$ 799,724</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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Sales taxes	\$ 260,000	\$ 260,000	\$ 246,385	\$ (13,615)
Investment earnings	27,000	27,000	10,560	(16,440)
Total revenues	<u>287,000</u>	<u>287,000</u>	<u>256,945</u>	<u>(30,055)</u>
Expenditures				
Special revenue funds	<u>536,600</u>	<u>536,600</u>	<u>124,015</u>	<u>412,585</u>
Excess of revenues over (under) expenditures before transfers	(249,600)	(249,600)	132,930	382,530
Other financing uses				
Transfers	<u>-</u>	<u>-</u>	<u>(15,988)</u>	<u>(15,988)</u>
Net change in fund balance	(249,600)	(249,600)	116,942	<u>\$ 366,542</u>
Fund balance-beginning	<u>1,143,343</u>	<u>1,143,343</u>	<u>1,143,343</u>	
Fund balance-ending	<u><u>893,743</u></u>	<u><u>\$ 893,743</u></u>	<u><u>\$ 1,260,285</u></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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Franchise taxes	\$ 30,000	\$ 30,000	\$ 18,417	\$ (11,583)
Investment earnings	-	-	1,809	1,809
Total revenues	30,000	30,000	20,226	(9,774)
Expenditures				
Hotel tax fund	1,100	1,100	2,768	(1,668)
Excess of revenues over (under) expenditures before transfers	28,900	28,900	17,458	(11,442)
Other financing sources				
Transfers	-	-	(1,851)	\$ (1,851)
Net change in fund balance	28,900	28,900	15,607	\$ (13,293)
Fund balance-beginning	173,778	173,778	173,778	
Fund balance-ending	\$ 202,678	\$ 202,678	\$ 189,385	

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

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	\$ -	\$ -	\$ -

Fiscal Year End - September	2008	2009	2010
Actuarial Valuation Date	12-31-07	12-31-08	12-31-09
Actuarial Value of Assets	1,346,408	1,257,849	1,383,009
Actuarial Accrued Liability	1,736,554	1,734,397	1,924,470
Percentage Funded	77.5%	72.5%	71.9%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	390,146	476,548	541,461
Annual Covered Payroll	1,181,404	1,306,961	1,389,851
UAAL as a Percentage of Covered Payroll	33.0%	36.5%	39.0%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	70,865	80,611	80,333
Total Pension Cost	70,865	80,611	80,333
Contributions Made	70,865	80,611	80,333
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, 2010

	Admin	Building Development & Code Enforcement	Streets
Salaries	\$ 141,191	\$ 67,120	\$ 136,348
Campbell Street Project	-	-	254,670
Health insurance	16,048	15,105	19,972
Capital lease principal	-	-	-
Professional services	84,131	9,620	13,335
Capital asset purchase	50,413	4,072	14,432
Utilities & phone	11,446	2,305	45,815
Payroll taxes	12,536	5,260	10,600
Employees retirement fund	11,110	5,045	10,136
Capital lease interest	-	-	-
Insurance	9,218	2,336	5,502
Miscellaneous	7,700	6,136	717
Buildings & structures	22,884	700	559
Fuel	642	4,188	3,509
Meetings & conferences	25,343	1,616	145
Vehicle	9,900	661	2,589
Office & supplies	12,108	6,098	304
Paving materials & chemicals	-	-	25,623
Operations/office equipment	9,942	476	-
Public notices	16,726	721	-
Elections	11,334	-	-
Dues, fees & training	8,221	252	106
Uniforms	-	171	2,054
Plan review/inspection	-	9,232	-
Interlocal government	4,170	466	1,102
Signs	-	-	7,324
Postage	2,362	859	-
Equipment	1,247	-	3,952
Park improvements	-	-	6,299
Narcotics funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total General Fund Expenses	468,672	142,439	565,093
Adjustments to the Statement of Activities:			
Depreciation	54,510	-	-
Capital lease principal	-	-	-
Capitalized assets	(50,413)	(4,072)	(14,432)
	<hr/>	<hr/>	<hr/>
Total Primary Government Expenses	\$ 472,769	\$ 138,367	\$ 550,661

	Police	Court	Total
Salaries	\$ 701,217	\$ 40,527	\$1,086,403
Campbell Street Project	-	-	254,670
Health insurance	105,748	9,089	165,962
Capital lease principal	70,854	-	70,854
Professional services	3,111	20,500	130,697
Capital asset purchase	19,302	39,663	127,882
Utilities & phone	30,138	-	89,704
Payroll taxes	56,233	3,064	87,693
Employees retirement fund	54,216	3,058	83,565
Capital lease interest	5,815	-	5,815
Insurance	38,182	119	55,357
Miscellaneous	39,641	460	54,654
Buildings & structures	29,885	190	54,218
Fuel	33,930	-	42,269
Meetings & conferences	9,896	913	37,913
Vehicle	21,561	-	34,711
Office & supplies	8,409	1,053	27,972
Paving materials & chemicals	-	-	25,623
Operations/office equipment	12,459	1,205	24,082
Public notices	-	-	17,447
Elections	-	-	11,334
Dues, fees & training	1,696	200	10,475
Uniforms	7,406	-	9,631
Plan review/inspection	-	-	9,232
Interlocal government	3,356	-	9,094
Signs	-	-	7,324
Postage	2,016	1,807	7,044
Equipment	1,390	-	6,589
Park improvements	-	-	6,299
Narcotics funds	5,000	-	5,000
	<hr/>	<hr/>	<hr/>
Total General Fund Expenses	1,261,461	121,848	2,559,513
Adjustments to the Statement of Activities:			
Depreciation	90,999	-	145,509
Capital lease principal	(70,854)	-	(70,854)
Capitalized assets	(19,302)	(39,663)	(127,882)
	<hr/>	<hr/>	<hr/>
Total Primary Government Expenses	\$ 1,262,304	\$ 82,185	\$2,506,286

CITY OF WILLIS, TEXAS
Statement of Expenses
Special Revenue Funds
For the Year Ended September 30, 2010

	<u>Economic Development</u>	<u>Community Development</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Professional services	\$ 72,097	\$ 31,512	\$ -	\$ 103,609
Affordable housing	-	45,813	-	45,813
Capital improvements	31,954	4,511	-	36,465
Publicity	4,246	21,894	2,768	28,908
Park improvements	-	8,777	-	8,777
Contract services	3,996	3,996	-	7,992
Recycling	7,521	-	-	7,521
Community Center	-	3,773	-	3,773
Clearance & demolition	-	2,874	-	2,874
Dues, fees & training	448	569	-	1,017
Public notices	-	296	-	296
	<hr/>	<hr/>	<hr/>	<hr/>
Total Primary Government Expenses	<u>\$ 120,262</u>	<u>\$ 124,015</u>	<u>\$ 2,768</u>	<u>\$ 247,045</u>

CITY OF WILLIS, TEXAS
Statement of Expenses
Utility Fund
For the Year Ended September 30, 2010

Operating Expenses

Depreciation	\$ 560,659
Salaries	286,535
Equipment	167,620
Utilities	165,663
Interlocal government	96,713
Utility lines	72,912
Health insurance	65,674
Engineering	58,294
Operations	39,812
Planning & management	37,808
Solid waste	33,579
Pumps and motors	29,125
Utility billing	28,764
Chemicals	25,174
Fuel	22,262
Employees retirement fund	21,453
Miscellaneous	20,344
Samples & supplies	17,862
Insurance	17,724
Building and structures	16,632
Professional fees	13,372
Telephone	9,501
Vehicle	7,470
Uniforms	6,754
Travel, meetings and conferences	6,270
Payroll tax	1,486
Office expense	436
	<hr/>
Total Operating Expenses	<u><u>\$ 1,829,898</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>
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
2007	.4838	.0613	.5451	116,943,677	635,122
2008	.4806	.0570	.5376	125,117,868	672,634
2009	.5182	.0626	.5808	119,272,012	692,732
2010	.5286	.0607	.5583		

Analysis of Changes in Property Taxes Receivable

Receivable, Beginning of Year	\$ 72,405
2009 Adjusted Tax Roll	692,732
Changes and Corrections	<u>(8,746)</u>
Total to be Accounted For	756,391
Tax Collections	<u>(680,116)</u>
Receivable, End of Year	<u><u>\$ 76,275</u></u>

Receivables, by years:

2000 and prior	\$ 9,483
2001	3,307
2002	4,603
2003	4,799
2004	3,582
2005	4,002
2006	5,076
2007	6,223
2008	8,847
2009	<u>32,637</u>
Total	82,559
Less Allowance	<u>(6,284)</u>
Net Receivable	<u><u>\$ 76,275</u></u>

CITY OF WILLIS, TEXAS
Schedule of Water Usage and Customers
For the Year Ended September 30, 2010

<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 2009	18,875,000	16,404,300	2,053	1,817
November 2009	16,998,000	16,876,000	2,051	1,815
December 2009	19,280,000	14,189,000	2,036	1,794
January 2010	18,889,000	16,524,900	2,038	1,796
February 2010	15,592,000	15,268,700	2,046	1,801
March, 2010	16,500,000	15,363,300	2,048	1,803
April 2010	17,371,000	15,324,200	2,046	1,801
May 2010	21,539,000	19,044,200	2,033	1,792
June 2010	19,328,000	15,266,400	2,051	1,815
July 2010	21,722,000	20,947,500	2,070	1,829
August 2010	24,738,000	22,107,200	2,062	1,821
September 2010	<u>19,302,000</u>	<u>11,945,000</u>	<u>2,058</u>	<u>1,817</u>
Total for Year	<u>230,134,000</u>	<u>199,260,700</u>		
Average for Year	<u>19,177,833</u>	<u>16,605,058</u>	<u>2,049</u>	<u>1,808</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2001
Governmental 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>		
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 2010		133,178	133,178	300,000	566,356
Balance September 2010		<u>\$ 102,132</u>	<u>\$ 102,132</u>	<u>\$ 700,000</u>	<u>\$ 904,264</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 2010		116,646	139,370	240,000	496,016
Balance September 2010		<u>\$ 296,650</u>	<u>\$ 296,650</u>	<u>\$ 1,435,000</u>	<u>\$ 2,028,300</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>December 1</u>	<u>Principal</u> <u>December 1</u>	<u>Total</u>
2009		-	38,716	38,716
2010		3,700	35,016	38,716
2011		1,896	36,820	38,716
Total Due		5,596	110,552	116,148
Retired through 2010		3,700	73,732	77,432
Balance September 2010		<u>\$ 1,896</u>	<u>\$ 36,820</u>	<u>\$ 38,716</u>

Utility Meter Replacement Program, 2008
Business-Type Activities

<u>FYE</u> <u>September</u>	<u>Interest</u> <u>Rate</u>	<u>Optional</u> <u>Payoff</u>	<u>Paid Quarterly</u>		<u>Total</u>
			<u>Interest</u>	<u>Principal</u>	
2008	4.40	\$ 1,047,792	\$ 34,348	\$ 38,112	\$ 72,460
2009	4.40	943,362	42,538	102,383	144,921
2010	4.40	834,367	38,063	106,858	144,921
2011	4.40	720,607	33,393	111,528	144,921
2012	4.40	601,880	28,522	116,399	144,921
2013	4.40	477,959	23,430	121,491	144,921
2014	4.40	348,621	18,120	126,801	144,921
2015	4.40	213,630	12,577	132,344	144,921
2016	4.40	72,743	6,527	138,394	144,921
2017	4.40	-	1,411	71,049	72,460
Total Due			238,929	1,065,359	1,304,288
Retired through 2010			114,949	247,353	362,302
Balance September 2010			<u>\$ 123,980</u>	<u>\$ 818,006</u>	<u>\$ 941,986</u>

CITY OF WILLIS, TEXAS
Waterworks & Sewer System Revenue Bonds, Series 1995-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>		
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 2010		30,293	30,293	70,000	130,586
Balance September 2010		<u>\$ 4,726</u>	<u>\$ 4,726</u>	<u>\$ 40,000</u>	<u>\$ 49,452</u>

CITY OF WILLIS, TEXAS
Waterworks & Sewer System Revenue Bonds, Series 1995-B
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>		
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 2010		357,135	357,135	610,000	1,324,270
Balance September 2010		<u>\$ 52,946</u>	<u>\$ 52,946</u>	<u>\$ 560,000</u>	<u>\$ 665,892</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2003
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	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	6,392	17,300	90,000	113,692
2009	2.00	32,574	43,578	100,000	176,152
2010	2.30	45,033	45,032	100,000	190,065
2011	2.50	43,883	43,882	100,000	187,765
2012	2.70	42,632	42,633	105,000	190,265
2013	2.80	41,215	41,215	110,000	192,430
2014	2.95	39,675	39,675	120,000	199,350
2015	3.05	37,905	37,905	125,000	200,810
2016	3.15	35,998	35,999	135,000	206,997
2017	3.25	33,872	33,872	250,000	317,744
2018	3.35	29,810	29,810	255,000	314,620
2019	3.45	25,539	25,539	265,000	316,078
2020	3.55	20,967	20,967	270,000	311,934
2021	3.65	16,175	16,175	280,000	312,350
2022	3.70	11,065	11,066	290,000	312,131
2023	3.80	5,700	5,700	300,000	311,400
Total Due		478,816	502,907	3,245,000	4,226,723
Retired through 2010		94,380	118,469	640,000	852,849
Balance September 2010		<u>\$ 384,436</u>	<u>\$ 384,438</u>	<u>\$ 2,605,000</u>	<u>\$ 3,373,874</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2005
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>		
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 2010		71,750	71,750	100,000	243,500
Balance September 2010		<u>\$ 113,391</u>	<u>\$ 113,391</u>	<u>\$ 500,000</u>	<u>\$ 726,781</u>

CITY OF WILLIS, TEXAS
Combination Tax and Revenue Certificates of Obligation -Series 2007
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>		
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	85,920	101,190
2010	5.09	5,448	5,448	10,000	20,896
2011	5.09	5,194	5,194	10,000	20,388
2012	5.09	4,940	4,940	10,000	19,880
2013	5.09	4,685	4,685	15,000	24,370
2014	5.09	4,303	4,303	15,000	23,606
2015	5.09	3,921	3,921	15,000	22,842
2016	5.09	3,540	3,540	15,000	22,080
2017	5.09	3,158	3,158	15,000	21,316
2018	5.09	2,776	2,776	15,000	20,552
2019	5.09	2,394	2,394	20,000	24,788
2020	5.09	1,885	1,885	20,000	23,770
2021	5.09	1,376	1,376	20,000	22,752
2022	5.09	867	867	20,000	21,734
2023	5.09	359	359	14,080	14,798
Total Due		60,371	62,944	325,000	448,315
Retired through 2010		20,973	23,546	120,920	165,439
Balance September 2010		<u>\$ 39,398</u>	<u>\$ 39,398</u>	<u>\$ 204,080</u>	<u>\$ 282,876</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2010
Business-Type Activities

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2011	1.000	\$ 8,769	\$ 6,775	\$ -	\$ 15,544
2012	1.000	6,775	6,775	5,000	18,550
2013	1.000	6,750	6,750	5,000	18,500
2014	1.000	6,725	6,725	5,000	18,450
2015	1.000	6,700	6,700	5,000	18,400
2016	1.000	6,675	6,675	5,000	18,350
2017	1.000	6,650	6,650	5,000	18,300
2018	1.000	6,625	6,625	5,000	18,250
2019	1.000	6,600	6,600	5,000	18,200
2020	1.000	6,575	6,575	5,000	18,150
2021	1.000	6,550	6,550	5,000	18,100
2022	1.000	6,525	6,525	5,000	18,050
2023	1.000	6,500	6,500	5,000	18,000
2024	1.000	6,475	6,475	100,000	112,950
2025	1.000	5,975	5,975	105,000	116,950
2026	1.000	5,450	5,450	155,000	165,900
2027	1.000	4,675	4,675	185,000	194,350
2028	1.000	3,750	3,750	185,000	192,500
2029	1.000	2,825	2,825	185,000	190,650
2030	1.000	1,900	1,900	190,000	193,800
2031	1.000	950	950	190,000	191,900
Total Due		120,419	118,425	1,355,000	1,593,844
Retired through 2010		-	-	-	-
Balance September 2010		<u>\$ 120,419</u>	<u>\$ 118,425</u>	<u>\$ 1,355,000</u>	<u>\$ 1,593,844</u>