

CITY OF WILLIS, TEXAS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

CITY OF WILLIS, TEXAS

**Table of Contents
September 30, 2009**

	<u>Page</u>
List of Officials	-
Management's Discussion and Analysis	1-7
Independent Auditors' Report	-
Basic Financial Statements:	
Government Wide Financial Statements	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet - Governmental Funds	10
Reconciliation of Total Fund Balance to Net Assets of Governmental Activities	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	13
Statement of Net Assets - Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Notes to the Financial Statements	17-27
Required Supplemental Information Section	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	28-32
Pension Plan Schedule of Actuarial Liabilities and Funding Progress	33
Other Supplemental Information	
Statement of Expenses - General Fund	34
Statement of Expenses - Special Revenue Funds	35
Statement of Expenses - Utility Fund	36
Statistical Information	
Ad Valorem Tax Data	37
Schedule of Water Usage and Customers	38
Schedule of Capital Leases	39
Combination Tax & Revenue Bond - General Fund	40-41
Waterworks & Sewer System Revenue Bonds - Proprietary Fund	42-43
Combination Tax & Revenue Bonds - Proprietary Fund	44-46
Utility Meter Replacement Program, 2008 - Proprietary Fund	47

CITY OF WILLIS, TEXAS
List of Officials

Mayor	Leonard Reed
Councilwoman	Josey Billnoske
Councilwoman	Anna Ross
Councilman	Bill Van Alstyne
Councilman	John Lovelady
Councilman	Tamara Young
City Administrator	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, 2009. Please read it in conjunction with the City's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City's assets increased by \$274,113 as the utility fund added \$1,600,722 in fixed assets. Long-term debt increased by \$243,597.

During the year, the City had governmental expenses that were \$751,756 less than the prior year (not including interfund transfers). Total governmental revenues were \$141,466 lower than in fiscal 2008.

In the City's business-type activities, revenues, which included grant funds of \$92,257, decreased by \$47,324 (less than 3 percent) and expenses increased by 2 percent or \$35,029 (not including interfund transfers).

Governmental activities reported an increase in net assets this year of \$49,029 and the business-type activities (water & sewer utility fund) reported an increase in net assets of \$10,341. Interfund transfers decreased governmental funds and decreased business-type funds by \$163,076.

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 \$274,113. General assets increased by \$24,462 and business-type assets increased by \$249,651. 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	
	2008	2009	2008	2009	2008	2009
Current & Other Assets	\$ 3,302,154	\$ 3,166,932	\$ 1,527,609	\$ 738,248	\$ 4,829,763	\$ 3,905,180
Capital Assets	1,149,734	1,309,418	9,171,066	10,210,078	10,320,800	11,519,496
Total Assets	4,451,888	4,476,350	10,698,675	10,948,326	15,150,563	15,424,676
Long-Term Debt	2,409,680	2,347,674	4,743,341	5,048,944	7,153,021	7,396,618
Other Liabilities	148,602	186,041	157,840	91,547	306,442	277,588
Total Liabilities	2,558,282	2,533,715	4,901,181	5,140,491	7,459,463	7,674,206
Net Assets:						
Invested in Capital						
Assets-Net of Debt	(1,259,946)	(1,038,256)	4,427,725	5,161,134	3,167,779	4,122,878
Restricted	2,537,884	2,525,533	-	-	2,537,884	2,525,533
Unrestricted	615,668	455,358	1,369,769	646,701	1,985,437	1,102,059
Total Net Assets	\$ 1,893,606	\$ 1,942,635	\$ 5,797,494	\$ 5,807,835	\$ 7,691,100	\$ 7,750,470

Net assets of the City's governmental activities increased by 2.6 percent (\$1,942,635 compared to \$1,893,606). 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 \$615,668 at September 2008 to \$455,358 at the end of this year.

The net assets of our business-type activities increased by less than 1 percent (\$5,807,835 compared to \$5,797,494). Unrestricted net assets decreased from \$1,369,769 at September 2008 to \$646,701 in 2009.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Revenues						
Program	\$ 584,712	\$ 564,037	\$ 1,596,586	\$ 1,605,086	\$ 2,181,298	\$ 2,169,123
Grants	107,829	76,137	119,100	92,257	226,929	168,394
Franchise tax	164,666	185,674	-	-	164,666	185,674
Sales tax	1,547,925	1,474,287	-	-	1,547,925	1,474,287
Fines	256,393	210,708	-	-	256,393	210,708
Ad valorem tax	631,049	676,673	-	-	631,049	676,673
Other	193,206	156,798	54,198	25,217	247,404	182,015
Total Revenues	3,485,780	3,344,314	1,769,884	1,722,560	5,255,664	5,066,874
Program Expenses						
Admin/Operations	390,130	440,113	1,687,428	1,670,903	2,077,558	2,111,016
Code enforcement	188,937	170,660			188,937	170,660
Garbage	436,807	500,968			436,807	500,968
Streets	1,211,586	422,303			1,211,586	422,303
Special revenue	131,079	233,425			131,079	233,425
Court	78,443	84,694			78,443	84,694
HOME Program	71,538	-	-	-	71,538	-
Public safety	1,271,553	1,179,813			1,271,553	1,179,813
Bond interest	103,892	100,233	152,838	204,392	256,730	304,625
Transfers	(113,615)	163,076	113,615	(163,076)	-	-
Total Program Expenses	3,770,350	3,295,285	1,953,881	1,712,219	5,724,231	5,007,504
Change in Net Assets	\$ (284,570)	\$ 49,029	\$ (183,997)	\$ 10,341	\$ (468,567)	\$ 59,370

Governmental Activities

Revenues for the City's governmental activities decreased by approximately 4 percent, while expenses, not including transfers, decreased 20 percent.

Business-Type Activities

Water and sewer revenues of the City's business-type activities decreased by three percent and expenses, not including interfund transfers, increased by 2 percent. Depreciation expense, which is a non-cash outlay, was \$561,710 for fiscal year 2009.

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 \$2,980,891. This is \$172,661 lower than last years balance of \$3,153,552. The City had a reserved fund balance of \$2,525,533 and an unreserved fund balance of \$455,358.

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 \$646,701. This represents a decrease of \$723,068. Interfund transfers in were \$163,076. 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 \$152,512 higher than budgeted. Expenses were \$457,693 above the budget amount. This resulted in a negative variance of \$305,181. Debt service revenues were \$1,595 under budget and expenses were 2,841 above the budget amount. The result was a negative variance of \$4,436. Community Development revenues were \$10,789 higher than expected while its expenses were \$144,062 under budget. This resulted in a positive variance of \$154,851. Economic Development revenues were \$1,671 over budget and expenses were \$207,528 lower than budgeted. The result was a positive variance of \$209,199. The Hotel Tax Fund was \$8,326 over budget and expenses were \$1,638 under the budget amount. This resulted in a positive variance of \$9,964. The overall general fund budget showed a positive variance of \$64,397. All of the figures shown here include interfund transfers.

	Actual		Budget		Total Variance
	Revenue	Expense	Revenue	Expense	
General Fund	\$ 2,756,812	\$ 3,154,216	\$ 2,604,300	\$ 2,696,523	\$ (305,181)
Debt Service	73,438	74,674	75,033	71,833	(4,436)
Community Development	303,789	71,098	293,000	215,160	154,851
Economic Development	296,671	313,347	295,000	520,875	209,199
Hotel Tax Fund	30,326	20,362	22,000	22,000	9,964
	<u>\$ 3,461,036</u>	<u>\$ 3,633,697</u>	<u>\$ 3,289,333</u>	<u>\$ 3,526,391</u>	<u>\$ 64,397</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 2009, the City had \$11,519,496, 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 \$1,198,696, or 12%, from last year. The current year depreciation expense was \$691,899.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Land & buildings	\$ 1,316,919	\$ 1,321,897	\$ -	\$ -	\$ 1,316,919	\$ 1,321,897
Vehicles & equipment	378,158	504,892	102,292	119,045	480,450	623,937
Equipment	240,554	398,715	60,595	81,048	301,149	479,763
Water system	-	-	7,107,291	8,670,807	7,107,291	8,670,807
Sewer system	-	-	6,821,418	6,821,418	6,821,418	6,821,418
Construction in progress	-	-	-	-	-	-
Less depreciation	(785,897)	(916,086)	(4,920,530)	(5,482,240)	(5,706,427)	(6,398,326)
Total Assets	\$ 1,149,734	\$ 1,309,418	\$ 9,171,066	\$ 10,210,078	\$ 10,320,800	\$ 11,519,496

Debt

At September 2009, the City of Willis, Texas had \$7,396,618 in outstanding debt. This was a increase of \$243,597 from 2008. \$820,552 in debt was issued and \$576,955 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	
	2008	2009	2008	2009	2008	2009
Capital leases	\$ 69,680	\$ 107,674	\$ 16,094	\$ -	\$ 85,774	\$ 107,674
Utility Meter Program	-	-	1,027,247	924,864	1,027,247	924,864
Bonds-Series 2001	2,340,000	2,240,000	-	-	2,340,000	2,240,000
Bonds-Series 1995-A	-	-	50,000	45,000	50,000	45,000
Bonds-Series 1995-B	-	-	715,000	640,000	715,000	640,000
Bonds-Series 2003-A	-	-	-	-	-	-
Bonds-Series 2003	-	-	2,095,000	2,705,000	2,095,000	2,705,000
Bonds-Series 2005	-	-	540,000	520,000	540,000	520,000
Bonds-Series 2007	-	-	300,000	214,080	300,000	214,080
	\$ 2,409,680	\$ 2,347,674	\$ 4,743,341	\$ 5,048,944	\$ 7,153,021	\$ 7,396,618

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials and citizens considered many factors when setting the 2010 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 2009 actuals. The Utility Fund revenues are expected to remain stable. 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.

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, 2009, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

VanWassehnova & Associates

VanWassehnova & Associates
January 11, 2010

CITY OF WILLIS, TEXAS

Statement of Net Assets

September 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,110,551	\$ 352,968	\$ 3,463,519
Receivables (net)	56,381	367,865	424,246
Inventory	-	17,415	17,415
Capital assets, net	1,309,418	10,210,078	11,519,496
Total assets	4,476,350	10,948,326	15,424,676
Liabilities			
Accounts payable	129,660	58	129,718
Customer deposits	-	91,489	91,489
Deferred revenue	56,381	-	56,381
Noncurrent liabilities:			
Due within one year	175,854	321,858	497,712
Due in more than one year	2,171,820	4,727,086	6,898,906
Total liabilities	2,533,715	5,140,491	7,674,206
Net Assets			
Invested in capital assets, net of related debt	(1,038,256)	5,161,134	4,122,878
Restricted for:			
Debt service	3,098	-	3,098
Economic development	748,555	-	748,555
Community development	1,143,343	-	1,143,343
Hotel tax fund	173,778	-	173,778
Street projects	456,759	-	456,759
Unrestricted	455,358	646,701	1,102,059
Total net assets	\$ 1,942,635	\$ 5,807,835	\$ 7,750,470

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

CITY OF WILLIS, TEXAS
Statement of Activities
For the Year Ended September 30, 2009

Function/programs	Program Revenues		
	Expenses	Charges for Services	Grant Revenues
Primary government:			
Governmental activities:			
Administration	\$ 440,113	\$ -	\$ 34,523
Building dev. & code enforcement	170,660	24,856	-
Garbage collection	500,968	539,181	-
Streets	422,303	-	-
Police	1,179,813	-	41,614
Special revenue funds	233,425	-	-
Court	84,694	-	-
Bond interest & fees	100,233	-	-
Total governmental activities	3,132,209	564,037	76,137
Business-type activities:			
Utility fund	1,670,903	1,605,086	92,257
Bond interest & fees	204,392	-	-
Total business-type activities	1,875,295	1,605,086	92,257
Total primary government	\$ 4,803,112	\$ 2,169,123	\$ 168,394

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	\$ (405,590)	\$ -	\$ (405,590)
Code enforcement	(145,804)	-	(145,804)
Garbage collection	38,213	-	38,213
Streets	(422,303)	-	(422,303)
Police	(1,138,199)	-	(1,138,199)
Special revenue funds	(233,425)	-	(233,425)
Court	(84,694)	-	(84,694)
Bond interest & fees	(100,233)	-	(100,233)
Total governmental activities	<u>(2,492,035)</u>	<u>-</u>	<u>(2,492,035)</u>
Business-type activities:			
Utility fund	-	26,440	26,440
Bond interest & fees	-	(204,392)	(204,392)
Total business-type activities	<u>-</u>	<u>(177,952)</u>	<u>(177,952)</u>
Total primary government	<u>(2,492,035)</u>	<u>(177,952)</u>	<u>(2,669,987)</u>
General revenues:			
Ad valorem tax	676,673	-	676,673
Sales tax	1,474,287	-	1,474,287
Franchise tax	185,674	-	185,674
Fines & warrant fees	210,708	-	210,708
Penalties & interest	22,434	-	22,434
Investment earnings	74,789	25,217	100,006
Miscellaneous	59,575	-	59,575
Transfers	(163,076)	163,076	-
Total general revenues and transfers	<u>2,541,064</u>	<u>188,293</u>	<u>2,729,357</u>
Change in net assets	49,029	10,341	59,370
Net assets-beginning	<u>1,893,606</u>	<u>5,797,494</u>	<u>7,691,100</u>
Net assets-ending	<u>\$ 1,942,635</u>	<u>\$ 5,807,835</u>	<u>\$ 7,750,470</u>

CITY OF WILLIS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2009

	Governmental Fund Types		
	General	Debt Service	Economic Development
Assets			
Cash on hand and in bank	\$ 73,566	\$ 3,098	\$ 60,352
Certificates of deposit/investments	968,211	-	688,203
Receivables, net of uncollectibles:			
Delinquent taxes	49,881	6,500	-
Total assets	\$ 1,091,658	\$ 9,598	\$ 748,555
Liabilities			
Accounts payable	\$ 129,660	\$ -	\$ -
Deferred revenues	49,881	6,500	-
Total liabilities	179,541	6,500	-
Fund balances			
Fund balance - reserved	456,759	3,098	748,555
Fund balance - unreserved	455,358	-	-
Total fund balance	912,117	3,098	748,555
Total liabilities and fund balances	\$ 1,091,658	\$ 9,598	\$ 748,555

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	\$ 141,482	\$ 59,065	\$ 337,563
Certificates of deposit/investments	1,001,861	114,713	2,772,988
Receivables, net of uncollectibles:			
Delinquent taxes	-	-	56,381
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,143,343</u>	<u>\$ 173,778</u>	<u>\$ 3,166,932</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 129,660
Deferred revenues	-	-	56,381
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>186,041</u>
Fund balances			
Fund balance - reserved	1,143,343	173,778	2,525,533
Fund balance - unreserved	-	-	455,358
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,143,343</u>	<u>173,778</u>	<u>2,980,891</u>
Total liabilities and fund balances	<u>\$ 1,143,343</u>	<u>\$ 173,778</u>	<u>\$ 3,166,932</u>

This page intentionally left blank.

CITY OF WILLIS, TEXAS
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
September 30, 2009

Total governmental fund balances	\$ 2,980,891
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	1,309,418
Long-term liabilities are not reported as liabilities in the governmental funds	<u>(2,347,674)</u>
Net assets of governmental activities	<u><u>\$ 1,942,635</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, 2009

	General Fund	Debt Service	Economic Development
Revenues			
Sales taxes	\$ 921,429	\$ -	\$ 276,429
Ad valorem taxes	604,655	72,018	-
Garbage collection	539,181	-	-
Fines & warrant fees	210,708	-	-
Franchise taxes	161,875	-	-
Grants	76,137	-	-
Investment earnings	23,194	119	20,186
Miscellaneous	59,520	-	56
Penalty & interest	21,133	1,301	-
Building permits	21,001	-	-
Code enforcement	3,855	-	-
Total revenues	<u>2,642,688</u>	<u>73,438</u>	<u>296,671</u>
Expenditures			
Administration	357,922	1,000	-
Building dev. & code enforcement	186,842	-	-
Garbage collection	500,968	-	-
Streets	520,174	-	-
Police	1,375,216	-	-
Special revenue funds	-	-	150,070
Court	84,694	-	-
Bond interest	68,400	30,833	-
Bond principal	60,000	40,000	-
Total expenditures	<u>3,154,216</u>	<u>71,833</u>	<u>150,070</u>
Excess (deficiency) of revenues over expenditures	<u>(511,528)</u>	<u>1,605</u>	<u>146,601</u>
Other financing sources (uses)			
Bond & loan proceeds	110,552	-	-
Transfers in (out)	3,572	(2,841)	(163,277)
Net other financing sources (uses)	<u>114,124</u>	<u>(2,841)</u>	<u>(163,277)</u>
Net change in fund balances	(397,404)	(1,236)	(16,676)
Fund balances-beginning	1,309,521	4,334	765,231
Fund balances-ending	<u>\$ 912,117</u>	<u>\$ 3,098</u>	<u>\$ 748,555</u>

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

	Community Development	Hotel Tax Fund	Total
Revenues			
Sales taxes	\$ 276,429	\$ -	\$ 1,474,287
Ad valorem taxes	-	-	676,673
Garbage collection	-	-	539,181
Fines & warrant fees	-	-	210,708
Franchise taxes	-	23,799	185,674
Grants	-	-	76,137
Investment earnings	27,360	3,930	74,789
Miscellaneous	-	-	59,576
Penalty & interest	-	-	22,434
Building permits	-	-	21,001
Code enforcement	-	-	3,855
	<u>303,789</u>	<u>27,729</u>	<u>3,344,315</u>
Expenditures			
Administration	-	-	358,922
Building dev. & code enforcement	-	-	186,842
Garbage collection	-	-	500,968
Streets	-	-	520,174
Police	-	-	1,375,216
Special revenue funds	67,971	20,362	238,403
Court	-	-	84,694
Bond interest	-	-	99,233
Bond principal	-	-	100,000
	<u>67,971</u>	<u>20,362</u>	<u>3,464,452</u>
Excess (deficiency) of revenues over expenditures	235,818	7,367	(120,137)
Other financing sources (uses)			
Bond & loan proceeds	-	-	110,552
Transfers in (out)	(3,127)	2,597	(163,076)
Net other financing sources (uses)			
Net change in fund balances	232,691	9,964	(172,661)
Fund balances-beginning	<u>910,652</u>	<u>163,814</u>	<u>3,153,552</u>
Fund balances-ending	<u>\$ 1,143,343</u>	<u>\$ 173,778</u>	<u>\$ 2,980,891</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, 2009

Net change in fund balances-total governmental funds \$ (172,661)

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. (130,189)

This is the amount of capital expenditures for the year. 289,873

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. 172,558

This is the amount of current borrowing. (110,552)

Change in net assets of governmental activities \$ 49,029

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

CITY OF WILLIS, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2009

Assets	<u>Utility Fund</u>
Current assets	
Cash on hand and in bank	\$ 42,806
Certificates of deposit/investments	310,162
Inventory	17,415
Receivables, net of uncollectibles:	
Accounts & other	<u>367,865</u>
Total current assets	738,248
Noncurrent assets	
Fixed assets, net of accumulated depreciation	<u>10,210,078</u>
Total assets	<u><u>\$ 10,948,326</u></u>
 Liabilities	
Current liabilities	
Accounts payable	\$ 58
Customer deposits	91,489
Bonds payable	<u>321,858</u>
Total current liabilities	413,405
Noncurrent liabilities	
Bonds payable	<u>4,727,086</u>
Total liabilities	<u>5,140,491</u>
 Net Assets	
Invested in capital assets, net	5,161,134
Unrestricted net assets	<u>646,701</u>
Total net assets	<u>5,807,835</u>
 Total Net Assets and Liabilities	<u><u>\$ 10,948,326</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, 2009

	Utility Fund
Operating revenues	
Charges for services-water	\$ 804,595
Charges for services-sewer	681,433
Penalties & service charges	71,395
Tap fees	34,023
Other	13,640
Total operating revenues	1,605,086
Operating expenses	1,670,903
Operating income (loss)	(65,817)
Nonoperating revenue (expense)	
Grant revenues	92,257
Interest expense	(204,392)
Interest and investment revenue	25,217
Total nonoperating revenue	(86,918)
Net income (loss) before transfers	(152,735)
Transfers out	163,076
Change in net assets	10,341
Total net assets-beginning	5,797,494
Total net assets-ending	\$ 5,807,835

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, 2009

	<u>Utility Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,587,986
Payments to suppliers	(605,224)
Payments to employees	(266,454)
Other receipts (payments)	(279,155)
Net cash provided by operating activities	<u>437,153</u>
Cash flows from noncapital financing activities	
Transfers between funds	163,076
Grants received	92,257
Net cash provided by noncapital financing activities	<u>255,333</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	<u>(1,600,722)</u>
Cash flows from investing activities	
Proceeds of debt	710,000
Payment on debt	(404,397)
Interest received	25,217
Interest paid	(204,392)
Net cash provided by investing activities	<u>126,428</u>
Net decrease in cash and cash equivalents	(781,808)
Cash & cash equivalents-beginning of the year	<u>1,134,776</u>
Cash & cash equivalents-end of the year	<u>\$ 352,968</u>
Reconciliation of operating income to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (65,817)
Adjustments to reconcile operating income to net cash provided	
(used) by operating activities:	
Depreciation expense	561,710
Change in net assets and liabilities:	
Receivables, net	7,553
Customer deposits	4,093
Accounts payable	(70,386)
Net cash provided by operating activities	<u>\$ 437,153</u>

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

CITY OF WILLIS, TEXAS
Notes to Financial Statements
September 30, 2009

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, 2009 was \$130,189.

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, 2009, 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, 2009, 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 7.30%, 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 \$3,463,519 and the bank balance was \$3,545,101. Of the bank balance, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) insurance and \$3,295,101 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	\$ 51,723	
	Savings	21,843	
	CD's/Investments	<u>968,211</u>	\$ 1,041,777
Economic Development	Checking	60,352	
	CD's/Investments	<u>688,203</u>	748,555
Community Development	Checking	141,482	
	CD's/Investments	<u>1,001,861</u>	1,143,343
Hotel Tax Fund	Savings	59,065	
	CD's	<u>114,713</u>	173,778
Debt Service	Savings	<u>3,098</u>	3,098
Utility Fund	TWDB-Series 2003		
	Savings	157	
	Waste water/sewer bond funds	133,980	
	Savings	9,569	
	CD's/Investments	184,625	
	Meter deposits	<u>24,637</u>	<u>352,968</u>
Total cash, savings and CD's			<u>\$ 3,463,519</u>

Note 4 - Long-Term Debt

The following is a summary of notes payable transactions for the year ended September 30, 2009:

	Balance 9-30-08	Additions	Reductions	Balance 9-30-09
Governmental Activities				
Capital Leases-Ford Motor Credit	\$ -	\$ 110,552	\$ 38,716	\$ 71,836
Capital Leases-Ford Motor Credit	69,680	-	33,842	35,838
Tax & Revenue Bonds-Series 2001	785,000	-	40,000	745,000
Tax & Revenue Bonds-Series 2001	1,555,000	-	60,000	1,495,000
Total Governmental Activities	<u>2,409,680</u>	<u>110,552</u>	<u>172,558</u>	<u>2,347,674</u>
Business-Type Activities				
Capital Leases-Ford Motor Credit	16,094	-	16,094	-
Utility Meter Replacement Program	1,027,247	-	102,383	924,864
Revenue Bonds-Series 1995-A	50,000	-	5,000	45,000
Revenue Bonds-Series 1995-B	715,000	-	75,000	640,000
Certificates of Obligation-Series 2003	2,095,000	710,000	100,000	2,705,000
Certificates of Obligation-Series 2005	540,000	-	20,000	520,000
Certificates of Obligation-Series 2007	300,000	-	85,920	214,080
Total Business-Type Activities	<u>4,743,341</u>	<u>710,000</u>	<u>404,397</u>	<u>5,048,944</u>
Total	<u>\$7,153,021</u>	<u>\$ 820,552</u>	<u>\$ 576,955</u>	<u>\$ 7,396,618</u>

Total Long-Term Debt requirements are as follows:

Year Ending	Principal Payment	Interest	Total
September 2010	\$ 497,712	\$ 297,612	\$ 795,324
September 2011	488,348	280,599	768,947
September 2012	466,399	262,057	728,456
September 2013	491,491	246,343	737,834
September 2014	506,801	225,986	732,787
September 2015 & Thereafter	<u>4,945,867</u>	<u>1,104,065</u>	<u>6,049,932</u>
	<u>\$7,396,618</u>	<u>\$2,416,662</u>	<u>\$9,813,280</u>

Note 5 - Commitments

The City has entered into a maintenance agreement for the new water meters installed in 2008. Payments are due in July of each year. Minimum annual payments are \$28,230, \$29,337, \$30,489, \$31,685, \$33,221, \$34,524, \$36,203 and \$2,660 in fiscal years 2010 through 2017 respectively.

Note 6 - Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance 9-30-08	Increases	Decreases	Balance 9-30-09
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 399,416	\$ -	\$ -	\$ 399,416
Capital assets being depreciated:				
Buildings	698,975	-	-	698,975
Vehicles & equipment	378,158	126,734	-	504,892
Equipment	240,554	158,161	-	398,715
Park improvements	218,528	4,978	-	223,506
Total capital assets being depreciated	1,536,215	289,873	-	1,826,088
Less accumulated depreciation				
Buildings	(285,638)	(26,216)	-	(311,854)
Vehicles & equipment	(245,196)	(106,960)	-	(352,156)
Equipment	(235,476)	11,266	-	(224,210)
Park improvements	(19,587)	(8,279)	-	(27,866)
Total accumulated depreciation	(785,897)	(130,189)	-	(916,086)
Total capital assets being depreciated, net	750,318	159,684	-	910,002
Governmental Activities Capital Assets, net	<u>\$1,149,734</u>	<u>\$ 159,684</u>	<u>\$ -</u>	<u>\$ 1,309,418</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 89,746
Police	40,443
Total governmental activities depreciation expense	<u>\$ 130,189</u>

Note 6 - Changes in Capital Assets, Continued

	Balance 9-30-08	Increases	Decreases	Balance 9-30-09
Business-Type Activities				
Capital assets being depreciated:				
Water system	\$7,107,291	\$1,563,516	\$ -	\$ 8,670,807
Sewer system	6,821,418	-	-	6,821,418
Equipment	60,595	20,453	-	81,048
Vehicles	102,292	16,753	-	119,045
Total capital assets being depreciated	<u>14,091,596</u>	<u>1,600,722</u>	<u>-</u>	<u>15,692,318</u>
Less accumulated depreciation:				
Water system	(2,259,594)	(448,949)	-	(2,708,543)
Sewer system	(2,583,909)	(81,429)	-	(2,665,338)
Equipment	(13,008)	(9,046)	-	(22,054)
Vehicles	(64,019)	(22,286)	-	(86,305)
Total accumulated depreciation	<u>(4,920,530)</u>	<u>(561,710)</u>	<u>-</u>	<u>(5,482,240)</u>
Business-Type Activities Capital Assets, net	<u>\$9,171,066</u>	<u>\$1,039,012</u>	<u>\$ -</u>	<u>\$10,210,078</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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Ad valorem taxes	\$ 565,000	\$ 565,000	\$ 604,655	\$ 39,655
Building permits	35,000	35,000	21,001	(13,999)
Fines and warrant fees	188,100	188,100	210,708	22,608
Franchise taxes	135,000	135,000	161,875	26,875
Garbage collection	516,200	516,200	539,181	22,981
Investment earnings	10,000	10,000	23,194	13,194
Code enforcement	20,000	20,000	3,855	(16,145)
Grants	-	-	76,137	76,137
Miscellaneous	69,500	69,500	59,520	(9,980)
Penalty & interest	7,500	7,500	21,133	13,633
Sales taxes	1,058,000	1,058,000	921,429	(136,571)
Total revenues	<u>2,604,300</u>	<u>2,604,300</u>	<u>2,642,688</u>	<u>38,388</u>
Expenditures				
Administration	364,743	364,743	357,922	6,821
Code enforcement	234,197	234,197	186,842	47,355
Garbage collection	477,530	477,530	500,968	(23,438)
Streets	267,869	267,869	520,174	(252,305)
Police	1,264,334	1,264,334	1,375,216	(110,882)
Court	87,850	87,850	84,694	3,156
Bond interest	-	-	68,400	(68,400)
Bond principal	-	-	60,000	(60,000)
Total expenditures	<u>2,696,523</u>	<u>2,696,523</u>	<u>3,154,216</u>	<u>(457,693)</u>
Excess of revenues over (under) expenditures	<u>(92,223)</u>	<u>(92,223)</u>	<u>(511,528)</u>	<u>(419,305)</u>
Other sources				
Bond & loan proceeds	-	-	110,552	110,552
Transfers	-	-	3,572	3,572
Net other sources	<u>-</u>	<u>-</u>	<u>114,124</u>	<u>114,124</u>
Net change in fund balance	(92,223)	(92,223)	(397,404)	<u>\$ (305,181)</u>
Fund balance-beginning	<u>1,309,521</u>	<u>1,309,521</u>	<u>1,309,521</u>	
Fund balance-ending	<u>\$ 1,217,298</u>	<u>\$ 1,217,298</u>	<u>\$ 912,117</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Ad valorem taxes	\$ 73,833	\$ 73,833	\$ 72,018	\$ (1,815)
Investment earnings	200	200	119	(81)
Penalty & interest	1,000	1,000	1,301	301
Total revenues	<u>75,033</u>	<u>75,033</u>	<u>73,438</u>	<u>(1,595)</u>
Expenditures				
City general	1,000	1,000	1,000	-
Bond interest	30,833	30,833	30,833	-
Bond principal	40,000	40,000	40,000	-
Total expenditures	<u>71,833</u>	<u>71,833</u>	<u>71,833</u>	<u>-</u>
Excess of revenues over (under) expenditures before transfers	3,200	3,200	1,605	(1,595)
Other financing uses				
Transfers	-	-	(2,841)	(2,841)
Net change in fund balance	3,200	3,200	(1,236)	<u>\$ (4,436)</u>
Fund balance-beginning	4,334	4,334	4,334	
Fund balance-ending	<u>\$ 7,534</u>	<u>\$ 7,534</u>	<u>\$ 3,098</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 270,000	\$ 270,000	\$ 276,429	\$ 6,429
Investment earnings	25,000	25,000	20,242	(4,758)
Total revenues	<u>295,000</u>	<u>295,000</u>	<u>296,671</u>	<u>1,671</u>
Expenditures				
Special revenue funds	<u>520,875</u>	<u>520,875</u>	<u>150,070</u>	<u>370,805</u>
Excess of revenues over expenditures before transfers	(225,875)	(225,875)	146,601	372,476
Other financing uses				
Transfers	<u>-</u>	<u>-</u>	<u>(163,277)</u>	<u>(163,277)</u>
Net change in fund balance	(225,875)	(225,875)	(16,676)	<u>\$ 209,199</u>
Fund balance-beginning	<u>765,231</u>	<u>765,231</u>	<u>765,231</u>	
Fund balance-ending	<u>\$ 539,356</u>	<u>\$ 539,356</u>	<u>\$ 748,555</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 265,000	\$ 265,000	\$ 276,429	\$ 11,429
Investment earnings	28,000	28,000	27,360	(640)
Total revenues	<u>293,000</u>	<u>293,000</u>	<u>303,789</u>	<u>10,789</u>
Expenditures				
Special revenue funds	<u>215,160</u>	<u>215,160</u>	<u>67,971</u>	<u>147,189</u>
Excess of revenues over expenditures before transfers	77,840	77,840	235,818	157,978
Other financing uses				
Transfers	<u>-</u>	<u>-</u>	<u>(3,127)</u>	<u>(3,127)</u>
Net change in fund balance	77,840	77,840	232,691	<u>\$ 154,851</u>
Fund balance-beginning	<u>910,652</u>	<u>910,652</u>	<u>910,652</u>	
Fund balance-ending	<u><u>988,492</u></u>	<u><u>\$ 988,492</u></u>	<u><u>\$ 1,143,343</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Franchise taxes	\$ 22,000	\$ 22,000	\$ 23,799	\$ 1,799
Investment earnings	-	-	3,930	3,930
Total revenues	22,000	22,000	27,729	5,729
Expenditures				
Hotel tax fund	22,000	22,000	20,362	1,638
Excess of revenues over (under) expenditures before transfers	-	-	7,367	7,367
Other financing sources				
Transfers	-	-	2,597	\$ 2,597
Net change in fund balance	-	-	9,964	\$ 9,964
Fund balance-beginning	163,814	163,814	163,814	
Fund balance-ending	\$ 163,814	\$ 163,814	\$ 173,778	

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

Fiscal Year End - September	2004	2005	2006
Actuarial Valuation Date	12-31-03	12-31-04	12-31-05
Actuarial Value of Assets	\$ 1,342,666	1,258,626	1,258,626
Actuarial Accrued Liability	1,376,634	1,267,486	1,297,486
Percentage Funded	97.5%	99.3%	97.0%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	33,698	38,860	38,860
Annual Covered Payroll	983,320	976,210	976,210
UAAL as a Percentage of Covered Payroll	3.4%	4.0%	4.0%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	55,938	59,010	59,892
Total Pension Cost	55,938	59,010	59,892
Contributions Made	55,938	59,010	59,892
Increase in NPO	-	-	-
NPO at End of Period	\$ -	\$ -	\$ -

Fiscal Year End - September	2007	2008	2009
Actuarial Valuation Date	12-31-06	12-31-07	12-31-08
Actuarial Value of Assets	1,338,970	1,346,408	1,257,849
Actuarial Accrued Liability	1,430,845	1,736,554	1,734,397
Percentage Funded	93.6%	77.5%	72.5%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	91,875	390,146	476,548
Annual Covered Payroll	1,121,762	1,181,404	1,306,961
UAAL as a Percentage of Covered Payroll	8.2%	33.0%	36.5%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	56,130	70,865	80,611
Total Pension Cost	56,130	70,865	80,611
Contributions Made	56,130	70,865	80,611
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, 2009

	Admin	Building Development & Code Enforcement	Streets
Salaries	\$ 135,070	\$ 54,700	\$ 135,703
Capital asset purchase	7,555	16,182	97,871
Health insurance	16,839	10,413	21,148
Campbell Street Project	-	-	122,358
Professional services	43,892	23,892	3,697
Utilities & phone	11,771	2,505	41,158
Payroll taxes	10,198	4,402	10,158
Capital lease principal	-	-	-
Employees retirement fund	9,812	4,061	9,359
Vehicle	10,700	1,318	21,924
Insurance	9,520	1,481	8,649
Miscellaneous	4,876	1,985	987
Fuel	-	10,923	1,714
Buildings & structures	11,167	-	142
Meetings & conferences	24,000	3,159	159
Plan review/inspection	-	34,876	-
Office & supplies	11,178	2,304	174
Dues, fees & training	14,969	4,207	65
Paving materials & chemicals	-	-	17,407
Operations/office equipment	7,469	878	286
Interlocal government	5,870	7,575	831
Elections	13,940	-	-
Signs	-	-	11,998
Postage	3,726	549	-
Equipment	-	-	5,423
Uniforms	-	1,432	2,016
Park improvements	-	-	6,947
Narcotics funds	-	-	-
Public notices	5,370	-	-
Capital lease interest	-	-	-
Total General Fund Expenses	357,922	186,842	520,174
Adjustments to the Statement of Activities:			
Depreciation	89,746	-	-
Capital lease principal	-	-	-
Capitalized assets	(7,555)	(16,182)	(97,871)
Total Primary Government Expenses	\$ 440,113	\$ 170,660	\$ 422,303

	<u>Police</u>	<u>Court</u>	<u>Total</u>
Salaries	\$ 655,321	\$ 39,939	\$1,020,733
Capital asset purchase	163,288	-	284,896
Health insurance	102,311	11,814	162,525
Campbell Street Project	-	-	122,358
Professional services	6,484	19,700	97,665
Utilities & phone	37,668	-	93,102
Payroll taxes	49,213	2,650	76,621
Capital lease principal	72,558	-	72,558
Employees retirement fund	46,217	2,752	72,201
Vehicle	34,281	-	68,223
Insurance	36,661	99	56,410
Miscellaneous	38,942	650	47,440
Fuel	29,101	-	41,738
Buildings & structures	30,193	45	41,547
Meetings & conferences	9,832	1,704	38,854
Plan review/inspection	-	-	34,876
Office & supplies	19,338	1,149	34,143
Dues, fees & training	12,436	170	31,847
Paving materials & chemicals	-	-	17,407
Operations/office equipment	6,648	1,168	16,449
Interlocal government	-	-	14,276
Elections	-	-	13,940
Signs	485	-	12,483
Postage	3,854	2,854	10,983
Equipment	4,919	-	10,342
Uniforms	5,355	-	8,803
Park improvements	-	-	6,947
Narcotics funds	6,000	-	6,000
Public notices	-	-	5,370
Capital lease interest	4,111	-	4,111
	<u>1,375,216</u>	<u>84,694</u>	<u>2,524,848</u>
Adjustments to the Statement of Activities:			
Depreciation	40,443	-	130,189
Capital lease principal	(72,558)	-	(72,558)
Capitalized assets	(163,288)	-	(284,896)
	<u>\$ 1,179,813</u>	<u>\$ 84,694</u>	<u>\$2,297,583</u>

CITY OF WILLIS, TEXAS
Statement of Expenses
Special Revenue Funds
For the Year Ended September 30, 2009

	<u>Economic Development</u>	<u>Community Development</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Incentives	\$ 64,863	\$ -	\$ -	\$ 64,863
Capital outlay-streets	36,985	15,764	-	52,749
Professional services	30,305	22,056	-	52,361
Publicity	-	20,410	20,362	40,772
Recycling	13,092	-	-	13,092
Contract services	3,996	3,996	-	7,992
Capital assets	-	4,978	-	4,978
Dues, fees & training	829	225	-	1,054
Public notices	-	542	-	542
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fund Expenses	150,070	67,971	20,362	238,403
Adjustments to the Statement of Activities:				
Capital outlay	-	(4,978)	-	(4,978)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Primary Government Expenses	<u>\$ 150,070</u>	<u>\$ 62,993</u>	<u>\$ 20,362</u>	<u>\$ 233,425</u>

CITY OF WILLIS, TEXAS
Statement of Expenses
Utility Fund
For the Year Ended September 30, 2009

Operating Expenses	
Depreciation	\$ 561,710
Salaries	266,454
Utilities	218,313
Pumps and motors	121,152
Interlocal government	74,401
Health insurance	63,665
Operations	43,463
Equipment	43,053
Vehicle	37,312
Utility lines	33,067
Construction-repairs	31,262
Miscellaneous	23,962
Solid waste	23,928
Chemicals	23,108
Payroll tax	19,491
Employees retirement fund	18,393
Fuel	17,316
Insurance	14,916
Samples & supplies	11,438
Uniforms	6,671
Travel, meetings and conferences	5,721
Professional fees	5,500
Office expense	4,264
Building and structures	2,343
	<hr/>
Total Operating Expenses	<u><u>\$ 1,670,903</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
2007	.4838	.0613	.5451	116,943,677	635,122
2008	.4806	.0570	.5376	125,117,868	672,634

Analysis of Changes in Property Taxes Receivable

Receivable, Beginning of Year	\$ 77,925
2007 Adjusted Tax Roll	672,634
Changes and Corrections	<u>(1,481)</u>
Total to be Accounted For	749,078
Tax Collections	<u>(676,673)</u>
Receivable, End of Year	<u><u>\$ 72,405</u></u>
Receivables, by years:	
1999 and prior	\$ 13,309
2000	4,885
2001	3,470
2002	4,774
2003	4,881
2004	3,772
2005	4,191
2006	6,028
2007	6,157
2008	<u>20,938</u>
Total	72,405
Less Allowance	<u>(16,024)</u>
Net Receivable	<u><u>\$ 56,381</u></u>

CITY OF WILLIS, TEXAS
Schedule of Water Usage and Customers
For the Year Ended September 30, 2009

<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 2008	21,368,000	20,491,100	2,018	1,796
November 2008	17,707,000	16,830,100	2,024	1,799
December 2008	18,174,000	16,868,500	2,023	1,800
January 2009	17,715,000	14,722,600	2,029	1,802
February 2009	17,782,000	15,694,700	2,031	1,804
March, 2009	19,744,000	17,878,500	2,031	1,804
April 2009	18,576,000	15,091,200	2,031	1,804
May 2009	21,182,000	17,639,600	2,043	1,810
June 2009	27,486,000	24,351,600	2,062	1,815
July 2009	25,921,000	22,447,300	2,057	1,814
August 2009	23,094,000	25,881,600	2,047	1,814
September 2009	<u>18,906,000</u>	<u>15,902,800</u>	<u>2,051</u>	<u>1,815</u>
Total for Year	<u>247,655,000</u>	<u>223,799,600</u>		
Average for Year	<u>20,637,917</u>	<u>18,649,967</u>	<u>2,037</u>	<u>1,806</u>

CITY OF WILLIS, TEXAS
Capital Leases

General Fund-Vehicles

<u>FYE</u> <u>September</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>March 3</u>	<u>Principal</u> <u>March 3</u>	<u>Total</u>
2008	5.90	\$ -	\$ 37,953	\$ 37,953
2009	5.90	4,111	33,842	37,953
2010	5.90	2,115	35,838	37,953
Total Due		6,226	107,633	113,859
Retired through 2009		4,111	71,795	75,906
Balance September 2009		<u>\$ 2,115</u>	<u>\$ 35,838</u>	<u>\$ 37,953</u>
<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	5.15	\$ -	\$ 38,716	\$ 38,716
2010	5.15	3,700	35,016	38,716
2011	5.15	1,896	36,820	38,716
Total Due		5,596	110,552	116,148
Retired through 2009		-	38,716	38,716
Balance September 2009		<u>\$ 5,596</u>	<u>\$ 71,836</u>	<u>\$ 77,432</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 2009		118,392	118,392	255,000	491,784
Balance September 2009		<u>\$ 116,918</u>	<u>\$ 116,918</u>	<u>\$ 745,000</u>	<u>\$ 978,836</u>

CITY OF WILLIS, TEXAS
Combination Tax & Revenue Certificates of Obligation, Series 2006
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>		
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 2009		83,756	106,480	180,000	370,236
Balance September 2009		<u>\$ 329,540</u>	<u>\$ 329,540</u>	<u>\$ 1,495,000</u>	<u>\$ 2,154,080</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 2009		28,973	28,973	65,000	122,946
Balance September 2009		<u>\$ 6,046</u>	<u>\$ 6,046</u>	<u>\$ 45,000</u>	<u>\$ 57,092</u>

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 2009		340,162	340,162	530,000	1,210,324
Balance September 2009		\$ 69,919	\$ 69,919	\$ 640,000	\$ 779,838

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	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 2009		49,347	73,437	540,000	662,784
Balance September 2009		<u>\$ 429,469</u>	<u>\$ 429,470</u>	<u>\$ 2,705,000</u>	<u>\$ 3,563,939</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 2009		58,425	58,425	80,000	196,850
Balance September 2009		<u>\$ 126,716</u>	<u>\$ 126,716</u>	<u>\$ 520,000</u>	<u>\$ 773,431</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 2009		15,525	18,098	110,920	144,543
Balance September 2009		<u>\$ 44,846</u>	<u>\$ 44,846</u>	<u>\$ 214,080</u>	<u>\$ 303,772</u>

CITY OF WILLIS, TEXAS
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 2009			76,886	140,495	217,381
Balance September 2009			<u>\$ 162,043</u>	<u>\$ 924,864</u>	<u>\$ 1,086,907</u>