

CITY OF WILLIS, TEXAS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

CITY OF WILLIS, TEXAS

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CITY OF WILLIS, TEXAS
List of Officials

Mayor	Leonard Reed
Councilwoman	Josey Billnoske
Councilwoman	Anna Ross
Councilman	Bill Van Alstyne
Councilman	John Lovelady
Councilman	Kenneth Vornsand
City Administrator	Jim McAlister
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, 2008. Please read it in conjunction with the City's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City's assets increased by \$2,004,082 as the utility fund added \$3,375,069 in fixed assets. Long-term debt increased by \$2,385,172. New City projects included the HOME Program Grant and the Texas Capital Fund.

During the year, the City had governmental expenses that were \$886,084 more than the prior year. (not including interfund transfers) Total governmental revenues were \$166,159 higher than in fiscal 2007.

In the City's business-type activities, revenues, which included grant funds of \$119,100, increased by \$14,682 (less than 1 percent) and expenses increased by 35 percent or \$474,998. (not including interfund transfers)

Governmental activities reported an decrease in net assets this year of \$284,570 and the business-type activities (water & sewer utility fund) reported a decrease in net assets of \$183,977. Interfund transfers increased governmental funds and decreased business-type funds by \$113,615.

USING THIS ANNUAL REPORT

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

Reporting the City as a Whole

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

Governmental Funds

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

Proprietary Funds

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

THE CITY AS A WHOLE

The City's combined assets increased by \$2,004,082. General assets decreased by \$332,634 and business-type assets increased by \$2,336,716. 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	
	2007	2008	2007	2008	2007	2008
Current & Other Assets	\$ 3,864,283	\$ 3,302,154	\$ 2,061,438	\$ 1,527,609	\$ 5,925,721	\$ 4,829,763
Internal Balances	-	-	-	-	-	-
Capital Assets	920,239	1,149,734	6,300,521	9,171,066	7,220,760	10,320,800
Total Assets	4,784,522	4,451,888	8,361,959	10,698,675	13,146,481	15,150,563
Long-Term Debt	2,466,615	2,409,680	2,301,234	4,743,341	4,767,849	7,153,021
Other Liabilities	139,731	148,602	79,234	157,840	218,965	306,442
Total Liabilities	2,606,346	2,558,282	2,380,468	4,901,181	4,986,814	7,459,463
Net Assets:						
Invested in Capital						
Assets-Net of Debt	(1,546,376)	(1,259,946)	3,999,287	4,427,725	2,452,911	3,167,779
Restricted	3,164,745	2,537,884	-	-	3,164,745	2,537,884
Unrestricted	559,807	615,668	1,982,204	1,369,769	2,542,011	1,985,437
Total Net Assets	\$ 2,178,176	\$ 1,893,606	\$ 5,981,491	\$ 5,797,494	\$ 8,159,667	\$ 7,691,100

Net assets of the City's governmental activities decreased by 13 percent. (\$1,893,606 compared to \$2,178,176). 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 increased from \$559,807 at September 2007 to \$615,668 at the end of this year.

The net assets of our business-type activities decreased by 3 percent. (\$5,797,494 compared to \$5,981,491) Unrestricted net assets decreased from \$1,982,204 at September 2007 to \$1,369,769 in 2008.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Revenues						
Program	\$ 504,978	\$ 584,712	\$ 1,505,147	\$ 1,596,586	\$ 2,010,125	\$ 2,181,298
Grants	260,797	107,829	169,429	119,100	430,226	226,929
Franchise tax	146,185	164,666	-	-	146,185	164,666
Sales tax	1,316,667	1,547,925	-	-	1,316,667	1,547,925
Fines	228,773	256,393	-	-	228,773	256,393
Ad valorem tax	604,546	631,049	-	-	604,546	631,049
Other	257,675	193,206	80,626	54,198	338,301	247,404
Total Revenues	3,319,621	3,485,780	1,755,202	1,769,884	5,074,823	5,255,664
Program Expenses						
Admin/Operations	325,254	390,130	1,267,283	1,687,428	1,592,537	2,077,558
Code enforcement	147,237	188,937			147,237	188,937
Garbage	406,929	436,807			406,929	436,807
Streets	440,335	1,211,586			440,335	1,211,586
Special revenue	163,970	131,079			163,970	131,079
Court	66,936	78,443			66,936	78,443
HOME Program	250,444	71,538	-	-	250,444	71,538
Texas Capital	17,350	-	-	-	17,350	-
Public safety	1,094,279	1,271,553			1,094,279	1,271,553
Bond interest	85,147	103,892	97,985	152,838	183,132	256,730
Transfers	(897,233)	(113,615)	897,233	113,615	-	-
Total Program Expenses	2,100,648	3,770,350	2,262,501	1,953,881	4,363,149	5,724,231
Change in Net Assets	\$ 1,218,973	\$ (284,570)	\$ (507,299)	\$ (183,997)	\$ 711,674	\$ (468,567)

Governmental Activities

Revenues for the City's governmental activities increased by approximately 5 percent, while expenses, not including transfers, increased 30 percent. A majority of the expense increase was due to additional street spending and public safety.

Business-Type Activities

Water and sewer revenues of the City's business-type activities increased by less than one percent and expenses, not including interfund transfers, increased by 35 percent. Depreciation expense, which is a non-cash outlay, was \$504,524 for fiscal year 2008.

THE CITY'S FUNDS

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

As the City completed the year, its governmental funds (as presented in the balance sheet on page 10) reported an combined fund balance of \$3,153,552. This is \$571,000 lower than last years balance of \$3,724,552. \$770,000 of the change was due to increase of street spending. The City had a reserved fund balance of \$2,459,702 and an unreserved fund balance of \$693,850.

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 \$1,369,769. This represents a increase of \$612,435. Interfund transfers out were \$113,615. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

General fund revenues and transfers were \$380,743 higher than budgeted. Expenses were \$1,433,785 above the budget amount. This resulted in a negative variance of \$1,053,042. Debt service revenues were \$5,173 under budget and expenses were exactly as budgeted. The result was a negative variance of \$5,173. Community Development revenues were \$39,682 higher than expected while its expenses were \$72,921 under budget. This resulted in a positive variance of \$112,603. Economic Development revenues were \$55,530 over budget and expenses were \$41,383 lower than budgeted. The result was a positive variance of \$96,913. The Hotel Tax Fund was \$4,305 under budget and expenses were \$5,929 over the budget amount. This resulted in a negative variance of \$10,234. The overall general fund budget showed a negative variance of \$858,933. None of the figures shown here include interfund transfers.

	Actual		Budget		Total Variance
	Revenue	Expense	Revenue	Expense	
General Fund	\$ 2,749,893	\$ 4,005,292	\$ 2,369,150	\$ 2,571,507	\$ (1,053,042)
Debt Service	72,477	73,053	77,650	73,053	(5,173)
Community Development	322,682	130,839	283,000	203,760	112,603
Economic Development	317,530	62,912	262,000	104,295	96,913
Hotel Tax Fund	23,195	5,929	27,500	-	(10,234)
	<u>\$ 3,485,777</u>	<u>\$ 4,278,025</u>	<u>\$ 3,019,300</u>	<u>\$ 2,952,615</u>	<u>\$ (858,933)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 2008, the City had \$10,320,800, 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 \$3,100,040, or 43%, from last year. The current year depreciation expense was \$587,577.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Land & buildings	\$ 1,093,210	\$ 1,316,919	\$ -	\$ -	\$ 1,093,210	\$ 1,316,919
Vehicles & equipment	346,849	378,158	102,292	102,292	449,141	480,450
Equipment	240,554	240,554	60,595	60,595	301,149	301,149
Water system	-	-	4,703,866	7,107,291	4,703,866	7,107,291
Sewer system	-	-	5,849,774	6,821,418	5,849,774	6,821,418
Construction in progress	-	-	-	-	-	-
Less depreciation	(760,374)	(785,897)	(4,416,006)	(4,920,530)	(5,176,380)	(5,706,427)
Total Assets	\$ 920,239	\$ 1,149,734	\$ 6,300,521	\$ 9,171,066	\$ 7,220,760	\$ 10,320,800

Debt

At September 2008, the City of Willis, Texas had \$7,153,021 in outstanding debt. This was an increase of \$2,285,172 from 2007. \$2,917,992 in debt was issued and \$532,820 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	
	2007	2008	2007	2008	2007	2008
Capital leases	\$ 31,615	\$ 69,680	\$ 31,234	\$ 16,094	\$ 62,849	\$ 85,774
Utility Meter Program	-	-	-	1,027,247	-	1,027,247
Bonds-Series 2001	2,435,000	2,340,000	-	-	2,435,000	2,340,000
Bonds-Series 1995-A	-	-	55,000	50,000	55,000	50,000
Bonds-Series 1995-B	-	-	790,000	715,000	790,000	715,000
Bonds-Series 2003-A	-	-	115,000	-	115,000	-
Bonds-Series 2003	-	-	440,000	2,095,000	440,000	2,095,000
Bonds-Series 2005	-	-	560,000	540,000	560,000	540,000
Bonds-Series 2007	-	-	310,000	300,000	310,000	300,000
	\$ 2,466,615	\$ 2,409,680	\$ 2,301,234	\$ 4,743,341	\$ 4,767,849	\$ 7,153,021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials and citizens considered many factors when setting the 2009 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 2008 actuals. The Utility Fund revenues are budgeted at a 20% increase. 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, 2008, 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, 2008, 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
January 12, 2009

CITY OF WILLIS, TEXAS
Statement of Net Assets
September 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,230,513	\$ 1,134,776	\$ 4,365,289
Receivables (net)	71,641	375,418	447,059
Inventory	-	17,415	17,415
Capital assets, net	1,149,734	9,171,066	10,320,800
Total assets	<u>4,451,888</u>	<u>10,698,675</u>	<u>15,150,563</u>
Liabilities			
Accounts payable	76,961	70,444	147,405
Customer deposits	-	87,396	87,396
Deferred revenue	71,641	-	71,641
Noncurrent liabilities:			
Due within one year	133,842	260,977	394,819
Due in more than one year	2,275,838	4,482,364	6,758,202
Total liabilities	<u>2,558,282</u>	<u>4,901,181</u>	<u>7,459,463</u>
Net Assets			
Invested in capital assets, net of related debt	(1,259,946)	4,427,725	3,167,779
Restricted for:			
Debt service	4,334	-	4,334
Economic development	765,231	-	765,231
Community development	910,652	-	910,652
Hotel tax fund	163,814	-	163,814
Street projects	693,853	-	693,853
Unrestricted	615,668	1,369,769	1,985,437
Total net assets	<u>\$ 1,893,606</u>	<u>\$ 5,797,494</u>	<u>\$ 7,691,100</u>

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

CITY OF WILLIS, TEXAS
Statement of Activities
For the Year Ended September 30, 2008

Function/programs	Expenses	Program Revenues	
		Charges for Services	Grant Revenues
Primary government:			
Governmental activities:			
Administration	\$ 390,130	\$ -	\$ -
Building dev. & code enforcement	188,937	-	-
Garbage collection	436,807	477,966	-
Streets	1,211,586	106,746	-
Police	1,271,553	-	19,112
Special revenue funds	131,079	-	-
Court	78,443	-	-
HOME Program Grant	71,538	-	71,367
Texas Capital Fund	-	-	17,350
Bond interest & fees	103,892	-	-
Total governmental activities	3,883,965	584,712	107,829
Business-type activities:			
Utility fund	1,687,428	1,596,586	119,100
Bond interest & fees	152,838	-	-
Total business-type activities	1,840,266	1,596,586	119,100
 Total primary government	 \$ 5,571,393	 \$ 2,181,298	 \$ 226,929

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	\$ (390,130)	\$ -	\$ (390,130)
Code enforcement	(188,937)	-	(188,937)
Garbage collection	41,159	-	41,159
Streets	(1,104,840)	-	(1,104,840)
Police	(1,252,441)	-	(1,252,441)
Special revenue funds	(131,079)	-	(131,079)
Court	(78,443)	-	(78,443)
HOME Program Grant	(171)	-	(171)
Texas Capital Fund	17,350	-	17,350
Bond interest & fees	(103,892)	-	(103,892)
Total governmental activities	<u>(3,191,424)</u>	-	<u>(3,191,424)</u>
Business-type activities:			
Utility fund	-	28,258	28,258
Bond interest & fees	-	(152,838)	(152,838)
Total business-type activities	<u>-</u>	<u>(124,580)</u>	<u>(124,580)</u>
Total primary government	<u>(3,191,424)</u>	<u>(124,580)</u>	<u>(3,316,004)</u>
General revenues:			
Ad valorem tax	631,049	-	631,049
Sales tax	1,547,925	-	1,547,925
Franchise tax	164,666	-	164,666
Fines & warrant fees	256,393	-	256,393
Penalties & interest	8,693	-	8,693
Investment earnings	124,553	54,198	178,751
Miscellaneous	59,960	-	59,960
Transfers	113,615	(113,615)	-
Total general revenues and transfers	<u>2,906,854</u>	<u>(59,417)</u>	<u>2,847,437</u>
Change in net assets	(284,570)	(183,997)	(468,567)
Net assets-beginning	<u>2,178,176</u>	<u>5,981,491</u>	<u>8,159,667</u>
Net assets-ending	<u>\$ 1,893,606</u>	<u>\$ 5,797,494</u>	<u>\$ 7,691,100</u>

CITY OF WILLIS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2008

	Governmental Fund Types		
	General	Debt Service	Economic Development
Assets			
Cash on hand and in bank	\$ 261,139	\$ 4,334	\$ 122,084
Certificates of deposit/investments	1,125,343	-	643,147
Receivables, net of uncollectibles:			
Delinquent taxes	63,204	8,437	-
Total assets	\$ 1,449,686	\$ 12,771	\$ 765,231
Liabilities			
Accounts payable	\$ 76,961	\$ -	\$ -
Deferred revenues	63,204	8,437	-
Total liabilities	140,165	8,437	-
Fund balances			
Fund balance - reserved	615,671	4,334	765,231
Fund balance - unreserved	693,850	-	-
Total fund balance	1,309,521	4,334	765,231
Total liabilities and fund balances	\$ 1,449,686	\$ 12,771	\$ 765,231

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

Governmental Fund Types

	Community Development	Hotel Tax Fund	Total
Assets			
Cash on hand and in bank	\$ 85,895	\$ 55,297	\$ 528,749
Certificates of deposit/investments	824,757	108,517	2,701,764
Receivables, net of uncollectibles:			
Delinquent taxes	-	-	71,641
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 910,652</u>	<u>\$ 163,814</u>	<u>\$ 3,302,154</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 76,961
Deferred revenues	-	-	71,641
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>148,602</u>
Fund balances			
Fund balance - reserved	910,652	163,814	2,459,702
Fund balance - unreserved	-	-	693,850
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>910,652</u>	<u>163,814</u>	<u>3,153,552</u>
Total liabilities and fund balances	<u>\$ 910,652</u>	<u>\$ 163,814</u>	<u>\$ 3,302,154</u>

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CITY OF WILLIS, TEXAS
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
September 30, 2008

Total governmental fund balances	\$ 3,153,552
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore not reported in governmental funds	1,149,734
Long-term liabilities are not reported as liabilities in the governmental funds	<u>(2,409,680)</u>
Net assets of governmental activities	<u>\$ 1,893,606</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, 2008

	General Fund	Debt Service	Economic Development
Revenues			
Ad valorem taxes	\$ 559,740	\$ 71,309	\$ -
Building permits	75,523	-	-
Fines & warrant fees	256,393	-	-
Franchise taxes	146,143	-	-
Garbage collection	477,966	-	-
Investment earnings	59,982	159	27,294
Grants	107,829	-	-
Code enforcement	31,223	-	-
Miscellaneous	59,957	-	-
Penalty & interest	7,684	1,009	-
Sales taxes	967,453	-	290,236
Total revenues	<u>2,749,893</u>	<u>72,477</u>	<u>317,530</u>
Expenditures			
Administration	337,872	1,000	-
Building dev. & code enforcement	188,937	-	-
Garbage collection	436,807	-	-
Streets	1,216,589	-	-
Police	1,549,267	-	-
Special revenue funds	-	-	62,912
Court	78,443	-	-
HOME Program Grant	71,538	-	-
Bond interest	70,839	32,053	-
Bond principal	55,000	40,000	-
Total expenditures	<u>4,005,292</u>	<u>73,053</u>	<u>62,912</u>
Excess (deficiency) of revenues over expenditures	<u>(1,255,399)</u>	<u>(576)</u>	<u>254,618</u>
Other financing sources (uses)			
Bond & loan proceeds	107,633	-	-
Transfers in (out)	386,621	(463)	(232,862)
Net other financing sources (uses)	<u>494,254</u>	<u>(463)</u>	<u>(232,862)</u>
Net change in fund balances	(761,145)	(1,039)	21,756
Fund balances-beginning	<u>2,070,666</u>	<u>5,373</u>	<u>743,475</u>
Fund balances-ending	<u>\$ 1,309,521</u>	<u>\$ 4,334</u>	<u>\$ 765,231</u>

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

	Community Development	Hotel Tax Fund	Total
Revenues			
Ad valorem taxes	\$ -	\$ -	\$ 631,049
Building permits	-	-	75,523
Fines & warrant fees	-	-	256,393
Franchise taxes	-	18,523	164,666
Garbage collection	-	-	477,966
Investment earnings	32,446	4,672	124,553
Grants	-	-	107,829
Code enforcement	-	-	31,223
Miscellaneous	-	-	59,957
Penalty & interest	-	-	8,693
Sales taxes	290,236	-	1,547,925
	<u>322,682</u>	<u>23,195</u>	<u>3,485,777</u>
Expenditures			
Administration	-	-	338,872
Building dev. & code enforcement	-	-	188,937
Garbage collection	-	-	436,807
Streets	-	-	1,216,589
Police	-	-	1,549,267
Special revenue funds	130,839	5,929	199,680
Court	-	-	78,443
Home Program Grant	-	-	71,538
Bond interest	-	-	102,892
Bond principal	-	-	95,000
	<u>130,839</u>	<u>5,929</u>	<u>4,278,025</u>
Excess (deficiency) of revenues over expenditures	191,843	17,266	(792,248)
Other financing sources (uses)			
Bond & loan proceeds	-	-	107,633
Transfers in (out)	(39,681)	-	113,615
Net other financing sources (uses)			
Net change in fund balances	152,162	17,266	(571,000)
Fund balances-beginning	758,490	146,548	3,724,552
Fund balances-ending	<u>\$ 910,652</u>	<u>\$ 163,814</u>	<u>\$ 3,153,552</u>

CITY OF WILLIS, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balances-total governmental funds	\$ (571,000)
--	--------------

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.	(83,053)
--	----------

This is the amount of capital expenditures for the year.	331,342
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This is the net book value of assets disposed of.	(18,797)
---	----------

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.

This is the amount of current borrowing.	164,568
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Rounding	(107,633)
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Change in net assets of governmental activities	\$ (284,570)
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The accompanying notes are an integral part of the financial statements.

CITY OF WILLIS, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2008

Assets	<u>Utility Fund</u>
Current assets	
Cash on hand and in bank	\$ 247,854
Certificates of deposit/investments	886,922
Inventory	17,415
Receivables, net of uncollectibles:	
Accounts & other	<u>375,418</u>
Total current assets	1,527,609
Noncurrent assets	
Fixed assets, net of accumulated depreciation	<u>9,171,066</u>
Total assets	<u><u>\$ 10,698,675</u></u>
 Liabilities	
Current liabilities	
Accounts payable	\$ 70,444
Customer deposits	87,396
Bonds payable	<u>260,977</u>
Total current liabilities	<u>418,817</u>
Noncurrent liabilities	
Bonds payable	<u>4,482,364</u>
Total liabilities	4,901,181
 Net Assets	
Invested in capital assets, net	4,427,725
Unrestricted net assets	<u>1,369,769</u>
Total net assets	<u>5,797,494</u>
 Total Net Assets and Liabilities	<u><u>\$ 10,698,675</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, 2008

	Utility Fund
Operating revenues	
Charges for services-water	\$ 775,164
Charges for services-sewer	695,839
Penalties & service charges	68,736
Tap fees	20,360
Other	36,487
Total operating revenues	1,596,586
Operating expenses	1,687,428
Operating income (loss)	(90,842)
Nonoperating revenue (expense)	
Grant revenues	119,100
Interest expense	(152,838)
Interest and investment revenue	54,198
Total nonoperating revenue	20,460
Net income (loss) before transfers	(70,382)
Transfers out	(113,615)
Change in net assets	(183,997)
Total net assets-beginning	5,981,491
Total net assets-ending	\$ 5,797,494

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, 2008

	<u>Utility Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,537,515
Payments to suppliers	(344,532)
Payments to employees	(268,772)
Other receipts (payments)	(462,669)
Net cash provided by operating activities	461,542
Cash flows from noncapital financing activities	
Transfers between funds	(113,615)
Grants received	119,100
Net cash provided by noncapital financing activities	5,485
Cash flows from capital and related financing activities	
Purchases of capital assets	(3,375,069)
Cash flows from investing activities	
Proceeds of debt	2,810,359
Payment on debt	(368,252)
Interest received	54,198
Interest paid	(152,838)
Net cash provided by investing activities	2,343,467
Net decrease in cash and cash equivalents	(564,575)
Cash & cash equivalents-beginning of the year	1,699,351
Cash & cash equivalents-end of the year	\$ 1,134,776
Reconciliation of operating income to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (90,842)
Adjustments to reconcile operating income to net cash provided	
(used) by operating activities:	
Depreciation expense	504,524
Change in net assets and liabilities:	
Receivables, net	(30,746)
Customer deposits	8,162
Accounts payable	70,444
Net cash provided by operating activities	\$ 461,542

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

CITY OF WILLIS, TEXAS
Notes to Financial Statements
September 30, 2008

Note 1 - Summary of Significant Accounting Policies

A. History & General Statement

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

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

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

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

B. Financial Reporting Entity

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

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

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

C. Basic Financial Statements – Government-Wide Statements

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

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

D. Basic Financial Statements – Fund Financial Statements

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

Governmental Funds:

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

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

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

Proprietary Funds:

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

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

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

E. Property Taxes

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

F. Measurement Focus/Basis of Accounting

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

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

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

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

G. Budgetary Control

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

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

The City of Willis, Texas prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual to provide a meaningful comparison of actual results with the budget. The major difference between budget and GAAP basis in the General Fund is that depreciation, since it is not a cash expense, is not budgeted. Depreciation for the general fund for the year ending September 30, 2008 was \$83,053.

H. Cash and Cash Equivalents

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

I. Estimates

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

J. Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances". As of September 30, 2008, all interfund balances were zero.

K. Capital Assets

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

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

Estimated useful lives are as follows:

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

L. Compensated Absences

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

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

Employees may carryover 180 hours of vacation to the next year. Upon termination with the City, employees will be paid for unused vacation time for that year. At September 30, 2008, management believes that the total liability is not material to the financial statements.

M. Net Assets

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

Note 2 - Employees Pension Plan

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions.

In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

The contribution rate for the employees is 6%, and the City's contribution rate is currently 5.78%, 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, 2007 valuation is effective for rates beginning January, 2008). See "Schedule of Actuarial Liabilities and Funding Progress" in the required supplemental information section.

Note 3 - Deposits & Investments

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

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

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

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

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

Category 3 – Deposits and investments which are not collateralized.

General Fund	Checking	\$ 172,323	
	Savings	55,376	
	CD's/Investments	<u>1,158,783</u>	\$ 1,386,482
Economic Development	Checking	122,084	
	CD's/Investments	<u>643,147</u>	765,231
Community Development	Checking	85,895	
	CD's/Investments	<u>824,757</u>	910,652
Hotel Tax Fund	Savings	55,297	
	CD's	<u>108,517</u>	163,814
Debt Service	Savings	<u>4,334</u>	4,334
Utility Fund	Comb Tax-Series 2007		
	Checking	9,946	
	Investments	314,719	
	TWDB-Series 2003		
	Savings	2,731	
	Escrow	13,552	
	EDC Hwy 75-Series 2005		
	Checking	16,368	
	Waste water/sewer bond funds	129,374	
	Savings	52,168	
CD's/Investments	572,202		
Meter deposits	<u>23,716</u>	<u>1,134,776</u>	
Total cash, savings and CD's			<u>\$ 4,365,289</u>

Note 4 - Long-Term Debt

The following is a summary of notes payable transactions for the year ended September 30, 2008:

	Balance 9-30-07	Additions	Reductions	Balance 9-30-08
Governmental Activities				
Capital Leases-Ford Motor Credit	\$ 31,615	\$ -	\$ 31,615	\$ -
Capital Leases-Ford Motor Credit	-	107,633	37,953	69,680
Tax & Revenue Bonds-Series 2001	825,000	-	40,000	785,000
Tax & Revenue Bonds-Series 2001	1,610,000	-	55,000	1,555,000
Total Governmental Activities	<u>2,466,615</u>	<u>107,633</u>	<u>164,568</u>	<u>2,409,680</u>
Business-Type Activities				
Capital Leases-Ford Motor Credit	31,234	-	15,140	16,094
Utility Meter Replacement Program	-	1,065,359	38,112	1,027,247
Revenue Bonds-Series 1995-A	55,000	-	5,000	50,000
Revenue Bonds-Series 1995-B	790,000	-	75,000	715,000
Certificates of Obligation-Series 2003-A	115,000	-	115,000	-
Certificates of Obligation-Series 2003	440,000	1,745,000	90,000	2,095,000
Certificates of Obligation-Series 2005	560,000	-	20,000	540,000
Certificates of Obligation-Series 2007	310,000	-	10,000	300,000
Total Business-Type Activities	<u>2,301,234</u>	<u>2,810,359</u>	<u>368,252</u>	<u>4,743,341</u>
Total	<u>\$4,767,849</u>	<u>\$2,917,992</u>	<u>\$ 532,820</u>	<u>\$7,153,021</u>

Total Long-Term Debt requirements are as follows:

Year Ending	Principal Payment	Interest	Total
September 2009	\$ 428,477	\$ 292,848	\$ 721,325
September 2010	426,858	277,158	704,016
September 2011	451,528	260,143	711,671
September 2012	466,399	241,601	708,000
September 2013	491,491	222,187	713,678
September 2014 & Thereafter	<u>4,888,268</u>	<u>1,150,199</u>	<u>6,038,467</u>
	<u>\$7,153,021</u>	<u>\$2,444,135</u>	<u>\$9,597,156</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 \$27,164, \$28,230, \$29,337, \$30,489, \$31,685, \$33,221, \$34,524, \$36,203 and \$2,660 in fiscal years 2009 through 2017 respectively.

Note 6 - Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance 9-30-07	Increases	Decreases	Balance 9-30-08
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 399,416	\$ -	\$ -	\$ 399,416
Capital assets being depreciated:				
Buildings	495,475	203,500	-	698,975
Vehicles & equipment	346,849	107,633	(76,324)	378,158
Equipment	240,554	-	-	240,554
Park improvements	198,319	20,209	-	218,528
Total capital assets being depreciated	<u>1,281,197</u>	<u>331,342</u>	<u>(76,324)</u>	<u>1,536,215</u>
Less accumulated depreciation				
Buildings	(259,420)	(26,218)	-	(285,638)
Vehicles & equipment	(258,933)	(43,793)	57,530	(245,196)
Equipment	(229,718)	(5,758)	-	(235,476)
Park improvements	(12,303)	(7,284)	-	(19,587)
Total accumulated depreciation	<u>(760,374)</u>	<u>(83,053)</u>	<u>57,530</u>	<u>(785,897)</u>
Total capital assets being depreciated, net	<u>520,823</u>	<u>248,289</u>	<u>(18,794)</u>	<u>750,318</u>
Governmental Activities Capital Assets, net	<u>\$ 920,239</u>	<u>\$ 248,289</u>	<u>\$ (18,794)</u>	<u>\$1,149,734</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 52,258
Police	<u>30,794</u>
Total governmental activities depreciation expense	<u>\$ 83,053</u>

Note 6 - Changes in Capital Assets, Continued

	Balance 9-30-07	Increases	Decreases	Balance 9-30-08
Business-Type Activities				
Capital assets being depreciated:				
Water system	\$4,703,866	\$2,403,425	\$ -	\$7,107,291
Sewer system	5,849,774	971,644	-	6,821,418
Equipment	60,595	-	-	60,595
Vehicles	102,292	-	-	102,292
Total capital assets being depreciated	<u>10,716,527</u>	<u>3,375,069</u>	<u>-</u>	<u>14,091,596</u>
Less accumulated depreciation:				
Water system	(1,984,942)	(274,652)	-	(2,259,594)
Sewer system	(2,379,130)	(204,779)	-	(2,583,909)
Equipment	(8,373)	(4,635)	-	(13,008)
Vehicles	(43,561)	(20,458)	-	(64,019)
Total accumulated depreciation	<u>(4,416,006)</u>	<u>(504,524)</u>	<u>-</u>	<u>(4,920,530)</u>
Business-Type Activities Capital Assets, net	<u>\$6,300,521</u>	<u>\$2,870,545</u>	<u>\$ -</u>	<u>\$9,171,066</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, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Ad valorem taxes	\$ 557,000	\$ 557,000	\$ 559,740	\$ 2,740
Building permits	43,900	43,900	75,523	31,623
Fines and warrant fees	197,600	197,600	256,393	58,793
Franchise taxes	130,000	130,000	146,143	16,143
Garbage collection	440,150	440,150	477,966	37,816
Investment earnings	30,000	30,000	59,982	29,982
Code enforcement	17,500	17,500	31,223	13,723
Grants	-	-	107,829	107,829
Miscellaneous	53,000	53,000	59,957	6,957
Penalty & interest	12,000	12,000	7,684	(4,316)
Sales taxes	888,000	888,000	967,453	79,453
Total revenues	<u>2,369,150</u>	<u>2,369,150</u>	<u>2,749,893</u>	<u>380,743</u>
Expenditures				
Administration	347,171	347,171	337,872	9,299
Code enforcement	203,794	203,794	188,937	14,857
Garbage collection	427,310	427,310	436,807	(9,497)
Streets	207,896	207,896	1,216,589	(1,008,693)
Police	1,178,406	1,178,406	1,549,267	(370,861)
Court	81,091	81,091	78,443	2,648
HOME Program Grant	-	-	71,538	(71,538)
Bond interest	70,839	70,839	70,839	-
Bond principal	55,000	55,000	55,000	-
Total expenditures	<u>2,571,507</u>	<u>2,571,507</u>	<u>4,005,292</u>	<u>(1,433,785)</u>
Excess of revenues over (under) expenditures	<u>(202,357)</u>	<u>(202,357)</u>	<u>(1,255,399)</u>	<u>(1,053,042)</u>
Other sources				
Bond & loan proceeds	107,633	107,633	107,633	-
Transfers	94,724	94,724	386,621	291,897
Net other sources	<u>202,357</u>	<u>202,357</u>	<u>494,254</u>	<u>291,897</u>
Net change in fund balance	-	-	(761,145)	<u>\$ (761,145)</u>
Fund balance-beginning	<u>2,070,666</u>	<u>2,070,666</u>	<u>2,070,666</u>	
Fund balance-ending	<u>\$ 2,070,666</u>	<u>\$ 2,070,666</u>	<u>\$ 1,309,521</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 75,400	\$ 75,400	\$ 71,309	\$ (4,091)
Investment earnings	250	250	159	(91)
Penalty & interest	2,000	2,000	1,009	(991)
Total revenues	<u>77,650</u>	<u>77,650</u>	<u>72,477</u>	<u>(5,173)</u>
Expenditures				
City general	1,000	1,000	1,000	-
Bond interest	32,053	32,053	32,053	-
Bond principal	40,000	40,000	40,000	-
Total expenditures	<u>73,053</u>	<u>73,053</u>	<u>73,053</u>	<u>-</u>
Excess of revenues over (under) expenditures before transfers	4,597	4,597	(576)	(5,173)
Other financing uses				
Transfers	-	-	(463)	(463)
Net change in fund balance	4,597	4,597	(1,039)	<u>\$ (5,636)</u>
Fund balance-beginning	<u>5,373</u>	<u>5,373</u>	<u>5,373</u>	
Fund balance-ending	<u>\$ 9,970</u>	<u>\$ 9,970</u>	<u>\$ 4,334</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 258,000	\$ 258,000	\$ 290,236	\$ 32,236
Investment earnings	25,000	25,000	32,446	7,446
Total revenues	283,000	283,000	322,682	39,682
Expenditures				
Special revenue funds	203,760	203,760	130,839	72,921
Excess of revenues over expenditures before transfers	79,240	79,240	191,843	112,603
Other financing uses				
Transfers	(240,000)	(240,000)	(39,681)	200,319
Net change in fund balance	(160,760)	(160,760)	152,162	\$ 312,922
Fund balance-beginning	758,490	758,490	758,490	
Fund balance-ending	597,730	\$ 597,730	\$ 910,652	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Sales taxes	\$ 258,000	\$ 258,000	\$ 290,236	\$ 32,236
Investment earnings	4,000	4,000	27,294	23,294
Total revenues	<u>262,000</u>	<u>262,000</u>	<u>317,530</u>	<u>55,530</u>
Expenditures				
Special revenue funds	<u>104,295</u>	<u>104,295</u>	<u>62,912</u>	<u>41,383</u>
Excess of revenues over expenditures before transfers	157,705	157,705	254,618	96,913
Other financing uses				
Transfers	<u>(198,000)</u>	<u>(198,000)</u>	<u>(232,862)</u>	<u>(34,862)</u>
Net change in fund balance	(40,295)	(40,295)	21,756	<u>\$ 62,051</u>
Fund balance-beginning	<u>743,475</u>	<u>743,475</u>	<u>743,475</u>	
Fund balance-ending	<u>\$ 703,180</u>	<u>\$ 703,180</u>	<u>\$ 765,231</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Franchise taxes	\$ 27,500	\$ 27,500	\$ 18,523	\$ (8,977)
Investment earnings	-	-	4,672	4,672
Total revenues	<u>27,500</u>	<u>27,500</u>	<u>23,195</u>	<u>(4,305)</u>
Expenditures				
Hotel tax fund	-	-	<u>5,929</u>	<u>(5,929)</u>
Excess of revenues over (under) expenditures before transfers	27,500	27,500	17,266	(10,234)
Other financing sources				
Transfers	-	-	-	<u>5,597</u>
Net change in fund balance	27,500	27,500	17,266	<u>\$ (4,637)</u>
Fund balance-beginning	<u>146,548</u>	<u>146,548</u>	<u>146,548</u>	
Fund balance-ending	<u>\$ 174,048</u>	<u>\$ 174,048</u>	<u>\$ 163,814</u>	

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

Fiscal Year End - September	2003	2004	2005
Actuarial Valuation Date	12-31-02	12-31-03	12-31-04
Actuarial Value of Assets	\$ 1,164,230	\$ 1,342,666	1,258,626
Actuarial Accrued Liability	1,174,112	1,376,634	1,267,486
Percentage Funded	99.2%	97.5%	99.3%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	9,882	33,698	38,860
Annual Covered Payroll	926,616	983,320	976,210
UAAL as a Percentage of Covered Payroll	1.1%	3.4%	4.0%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	55,087	55,938	59,010
Total Pension Cost	55,087	55,938	59,010
Contributions Made	55,087	55,938	59,010
Increase in NPO	-	-	-
NPO at End of Period	\$ -	\$ -	\$ -

Fiscal Year End - September	2006	2007	2008
Actuarial Valuation Date	12-31-05	12-31-06	12-31-07
Actuarial Value of Assets	1,258,626	1,338,970	1,346,408
Actuarial Accrued Liability	1,297,486	1,430,845	1,736,554
Percentage Funded	97.0%	93.6%	77.5%
Under (Over) Funded Actuarial Accrued Liability (UAAL)	38,860	91,875	390,146
Annual Covered Payroll	976,210	1,121,762	1,181,404
UAAL as a Percentage of Covered Payroll	4.0%	8.2%	33.0%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Annual Pension Cost - Annual Required Contribution (ARC)	59,892	56,130	73,577
Total Pension Cost	59,892	56,130	73,577
Contributions Made	59,892	56,130	73,577
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, 2008

	Admin	Building Development & Code Enforcement	Streets
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Campbell Street Project	-	-	997,586
Salaries	136,217	65,345	86,161
Capital asset purchase	-	-	5,003
Health insurance	16,060	17,739	12,209
Miscellaneous	15,720	118	3,001
Professional services	41,527	4,219	13,208
Utilities & phone	8,940	2,636	38,555
Fuel	8,732	6,524	5,052
Payroll taxes	9,544	4,991	6,626
Capital lease principal	-	-	-
Plan review/inspection	-	58,795	-
Employees retirement fund	7,839	4,112	5,027
Equipment	-	-	7,142
Insurance	5,832	1,815	5,613
Buildings & structures	12,082	-	713
Operations/office equipment	17,186	2,021	5,026
Dues, fees & training	4,688	6,452	1,366
Vehicle	25	1,466	1,529
Meetings & conferences	19,670	2,569	-
Office & supplies	11,708	1,919	-
Paving materials & chemicals	-	327	16,978
Interlocal government	5,766	7,172	-
Elections	9,026	-	-
Uniforms	-	717	1,969
Maintenance & repairs	-	-	-
Postage	3,440	-	-
Public notices	3,870	-	-
Signs	-	-	3,825
Capital lease interest	-	-	-
	<u>337,872</u>	<u>188,937</u>	<u>1,216,589</u>
Adjustments to the Statement of Activities:			
Depreciation	52,258	-	-
Disposition of assets	-	-	-
Capital lease principal	-	-	-
Capitalized assets	-	-	(5,003)
	<u>390,130</u>	<u>188,937</u>	<u>1,211,586</u>
Total Primary Government Expenses	<u>\$ 390,130</u>	<u>\$ 188,937</u>	<u>\$ 1,211,586</u>

	Police	Court	Total
Campbell Street Project	\$ -	\$ -	\$ 997,586
Salaries	650,186	35,710	973,619
Capital asset purchase	257,738	-	262,741
Health insurance	98,701	10,152	154,861
Miscellaneous	76,711	-	95,550
Professional services	12,407	21,120	92,481
Utilities & phone	39,171	84	89,386
Fuel	62,652	-	82,960
Payroll taxes	50,213	2,544	73,918
Capital lease principal	69,568	-	69,568
Plan review/inspection	-	-	58,795
Employees retirement fund	38,422	2,154	57,554
Equipment	50,300	-	57,442
Insurance	25,269	60	38,589
Buildings & structures	25,765	-	38,560
Operations/office equipment	12,707	-	36,940
Dues, fees & training	18,049	1,921	32,476
Vehicle	29,391	-	32,411
Meetings & conferences	7,855	1,482	31,576
Office & supplies	8,539	3,216	25,382
Paving materials & chemicals	124	-	17,429
Interlocal government	450	-	13,388
Elections	-	-	9,026
Uniforms	4,802	-	7,488
Maintenance & repairs	6,821	-	6,821
Postage	1,845	-	5,285
Public notices	-	-	3,870
Signs	-	-	3,825
Capital lease interest	1,581	-	1,581
Total General Fund Expenses	1,549,267	78,443	3,371,108
Adjustments to the Statement of Activities:			
Depreciation	30,795	-	83,053
Disposition of assets	18,797	-	18,797
Capital lease principal	(69,568)	-	(69,568)
Capitalized assets	(257,738)	-	(262,741)
Total Primary Government Expenses	\$ 1,271,553	\$ 78,443	\$3,140,649

CITY OF WILLIS, TEXAS
Statement of Expenses
Special Revenue Funds
For the Year Ended September 30, 2008

	Economic Development	Community Development	Hotel Tax Fund	Total
Capital outlay-Community Center	\$ -	\$ 53,395	\$ -	\$ 53,395
Professional services	26,256	26,726	-	52,982
Publicity	1,025	28,448	5,929	35,402
Incentives	20,998	2,728	-	23,726
Park improvements	-	15,206	-	15,206
Recycling	10,248	-	-	10,248
Contract services	3,840	3,840	-	7,680
Dues, fees & training	375	75	-	450
Supplies	170	170	-	340
Public notices	-	251	-	251
Total General Fund Expenses	62,912	130,839	5,929	199,680
Adjustments to the Statement of Activities:				
Capital outlay	-	(68,601)	-	(68,601)
Total Primary Government Expenses	\$ 62,912	\$ 62,238	\$ 5,929	\$ 131,079

CITY OF WILLIS, TEXAS
Statement of Expenses
Utility Fund
For the Year Ended September 30, 2008

Operating Expenses

Depreciation	\$ 504,524
Salaries	268,772
Utilities	201,673
Construction	103,673
Interlocal government	103,668
Professional fees	63,224
Health insurance	54,751
Equipment	52,759
Building and structures	50,770
Utility lines	44,004
Miscellaneous	42,768
Fuel	32,486
Pumps and motors	25,773
Solid waste	24,573
Payroll tax	20,592
Insurance	19,928
Employees retirement fund	16,023
Chemicals	15,513
Operations	11,084
Training & education	7,596
Samples & supplies	7,111
Travel, meetings and conferences	5,748
Uniforms	4,718
Vehicle	3,675
Office expense	2,022
	<hr/>
Total Operating Expenses	<u><u>\$ 1,687,428</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

Analysis of Changes in Property Taxes Receivable

Receivable, Beginning of Year	\$ 76,416
2007 Adjusted Tax Roll	635,122
Changes and Corrections	<u>(2,564)</u>
Total to be Accounted For	708,974
Tax Collections	<u>(631,049)</u>
Receivable, End of Year	<u><u>\$ 77,925</u></u>

Receivables, by years:

1998 and prior	\$ 5,620
1999	5,893
2000	6,728
2001	4,376
2002	6,095
2003	9,063
2004	5,987
2005	6,299
2006	9,301
2007	<u>18,563</u>
Total	77,925
Less Allowance	<u>(6,284)</u>
Net Receivable	<u><u>\$ 71,641</u></u>

CITY OF WILLIS, TEXAS
Schedule of Water Usage and Customers
For the Year Ended September 30, 2008

<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 2007	19,846,200	17,710,200	2,012	1,771
November 2007	18,849,300	16,376,500	2,012	1,771
December 2007	18,350,400	17,551,900	2,008	1,769
January 2008	19,053,400	23,417,300	2,022	1,787
February 2008	17,977,800	20,537,400	2,000	1,764
March 2008	19,034,100	16,132,400	1,990	1,757
April 2008	19,677,000	12,506,100	1,999	1,760
May 2008	20,396,000	20,889,300	2,007	1,768
June 2008	20,332,700	23,098,000	2,025	1,790
July 2008	22,919,200	17,924,400	2,032	1,797
August 2008	23,237,840	20,755,600	2,026	1,791
September 2008	<u>21,838,000</u>	<u>20,616,600</u>	<u>2,004</u>	<u>1,790</u>
Total for Year	<u><u>241,511,940</u></u>	<u><u>227,515,700</u></u>		
Average for Year	<u><u>20,125,995</u></u>	<u><u>18,959,642</u></u>	<u><u>2,011</u></u>	<u><u>1,776</u></u>

CITY OF WILLIS, TEXAS
Capital Leases

General Fund

<u>FYE September</u>	<u>Interest Rate</u>	<u>Interest March 3</u>	<u>Principal 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 2008		-	37,953	37,953
Balance September 2008		\$ 6,226	\$ 69,680	\$ 75,906

Business-Type Activities

<u>FYE September</u>	<u>Interest Rate</u>	<u>Interest January 11</u>	<u>Principal January 9</u>	<u>Total</u>
2007	6.30	\$ -	\$ 17,108	\$ 17,108
2008	6.30	1,968	15,140	17,108
2009	6.30	1,014	16,094	17,108
Total Due		2,982	48,342	51,324
Retired through 2008		1,968	32,248	34,216
Balance September 2008		<u>\$ 1,014</u>	<u>\$ 16,094</u>	<u>\$ 17,108</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 2008		102,976	102,976	215,000	420,952
Balance September 2008		<u>\$ 132,334</u>	<u>\$ 132,334</u>	<u>\$ 785,000</u>	<u>\$ 1,049,668</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 2008		49,546	72,270	120,000	241,816
Balance September 2008		<u>\$ 363,750</u>	<u>\$ 363,750</u>	<u>\$ 1,555,000</u>	<u>\$ 2,282,500</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 2008		27,513	27,513	60,000	115,026
Balance September 2008		<u>\$ 7,506</u>	<u>\$ 7,506</u>	<u>\$ 50,000</u>	<u>\$ 65,012</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 2008		321,296	321,296	455,000	1,097,592
Balance September 2008		<u>\$ 88,785</u>	<u>\$ 88,785</u>	<u>\$ 715,000</u>	<u>\$ 892,570</u>

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

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2004	0.15	\$ 315	\$ 499	\$ 80,000	\$ 80,814
2005	0.40	495	1,294	85,000	86,789
2006	0.75	4,412	5,401	90,000	99,813
2007	1.20	5,159	5,365	95,000	105,524
2008	1.60	6,392	17,300	90,000	113,692
2009	2.00	32,574	33,873	100,000	166,447
2010	2.30	32,873	32,872	100,000	165,745
2011	2.50	31,723	31,722	100,000	163,445
2012	2.70	30,473	30,472	105,000	165,945
2013	2.80	29,055	29,055	110,000	168,110
2014	2.95	27,515	27,515	120,000	175,030
2015	3.05	25,745	25,745	125,000	176,490
2016	3.15	23,839	23,838	135,000	182,677
2017	3.25	21,713	21,712	250,000	293,425
2018	3.35	17,650	17,650	255,000	290,300
2019	3.45	13,379	13,378	265,000	291,757
2020	3.55	8,808	8,807	270,000	287,615
2021	3.65	4,015	4,015	160,000	168,030
2022	3.70	-	-	-	-
2023	3.80	-	-	-	-
Total Due		316,135	330,513	2,535,000	3,181,648
Retired through 2008		16,773	29,859	440,000	486,632
Balance September 2008		<u>\$ 299,362</u>	<u>\$ 300,654</u>	<u>\$ 2,095,000</u>	<u>\$ 2,695,016</u>
Total authorized		<u>\$ 3,245,000</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 2008		44,588	44,588	60,000	149,175
Balance September 2008		<u>\$ 140,553</u>	<u>\$ 140,553</u>	<u>\$ 540,000</u>	<u>\$ 821,106</u>

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

FYE September	Interest Rate	Interest Due		Principal August 1	Total
		February 1	August 1		
2007	5.09	\$ -	\$ 2,573	\$ 15,000	\$ 17,573
2008	5.09	7,890	7,890	10,000	25,780
2009	5.09	7,635	7,635	10,000	25,270
2010	5.09	7,381	7,381	10,000	24,762
2011	5.09	7,126	7,126	10,000	24,252
2012	5.09	6,872	6,872	10,000	23,744
2013	5.09	6,617	6,617	15,000	28,234
2014	5.09	6,235	6,235	15,000	27,470
2015	5.09	5,853	5,853	15,000	26,706
2016	5.09	5,472	5,472	15,000	25,944
2017	5.09	5,090	5,090	15,000	25,180
2018	5.09	4,708	4,708	15,000	24,416
2019	5.09	4,326	4,326	20,000	28,652
2020	5.09	3,817	3,817	20,000	27,634
2021	5.09	3,309	3,309	20,000	26,618
2022	5.09	2,799	2,799	20,000	25,598
2023	5.09	2,291	2,291	20,000	24,582
2024	5.09	1,781	1,781	20,000	23,562
2025	5.09	1,273	1,273	25,000	27,546
2026	5.09	636	636	25,000	26,272
Total Due		91,111	93,684	325,000	509,795
Retired through 2008		7,890	10,463	25,000	43,353
Balance September 2008		<u>\$ 83,221</u>	<u>\$ 83,221</u>	<u>\$ 300,000</u>	<u>\$ 466,442</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 2008			34,348	38,112	72,460
Balance September 2008			<u>\$ 204,581</u>	<u>\$ 1,027,247</u>	<u>\$ 1,231,828</u>