



Contact

Anne Burger Entrekin

*Managing Director*

70 Northeast Loop 410, Suite 710

San Antonio, Texas 78216

Direct: 210.308.2200

Fax: 210.349.7585

Anne.Entrekin@firstsw.com

Cris Vela

*Vice President*

400 North McColl, Suite C

McAllen, Texas 78501

Direct: 956.686.0991

Fax: 956.618.4791

Cris.Vela@firstsw.com

Lizzeth Gamboa

*Analyst*

70 Northeast Loop 410, Suite 710

San Antonio, Texas 78216

Direct: 210.308.2219

Fax: 210.349.7585

Lizzeth.Gamboa@firstsw.com



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City of Weslaco, Texas

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# TAB A - DEBT PROFILE

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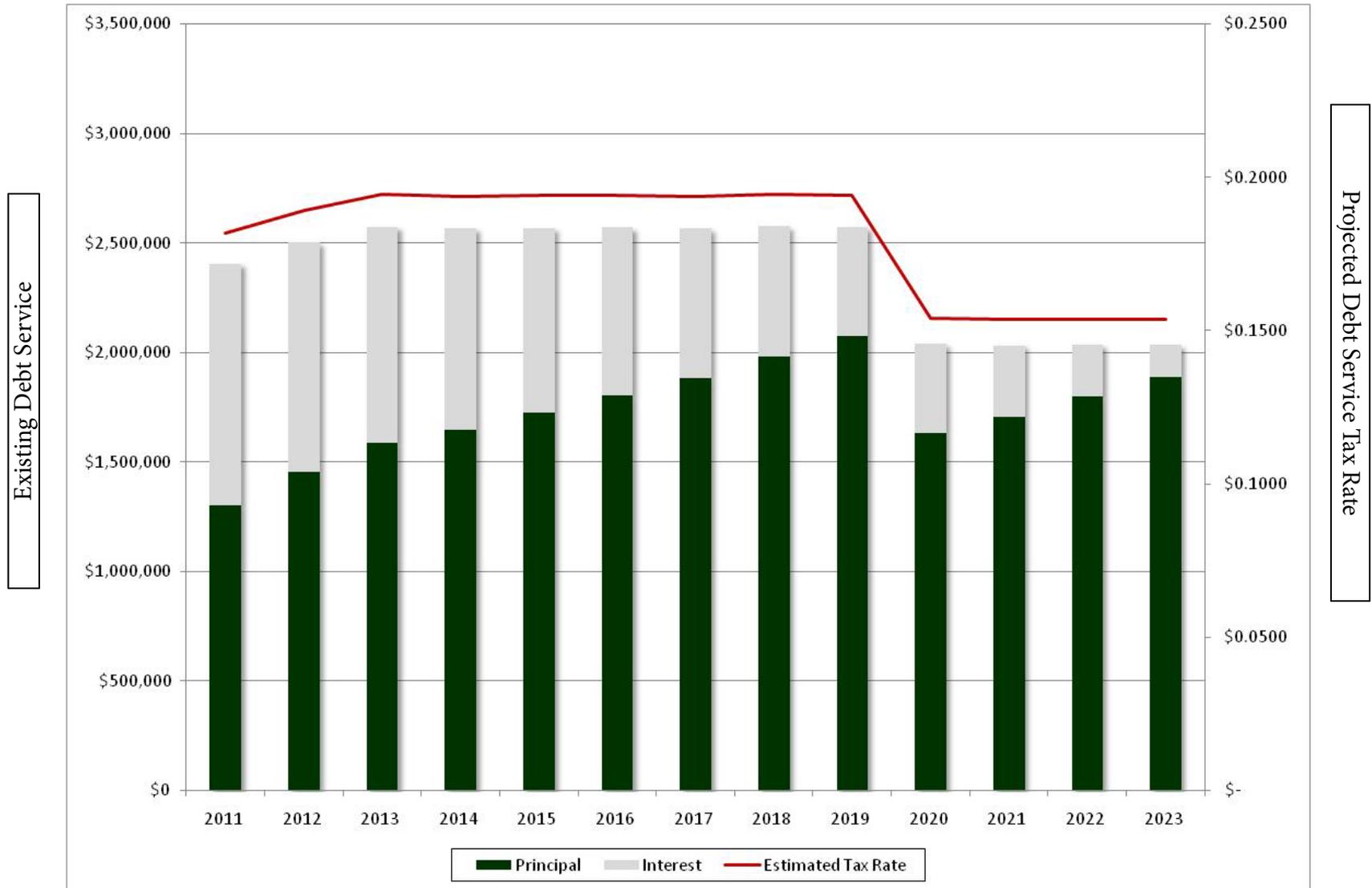


# DEBT PROFILE TAX SUPPORTED DEBT

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# Tax Supported Debt



CITY OF WESLACO, TEXAS

\*Assumes no growth in Assessed Valuation for purposes of illustration.

# Tax Supported Debt - Summary

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# Tax Supported Debt – Aggregate Debt Service

| FYE 9/30 | Assessed Valuation <sup>(1)</sup> | Est. AV Growth <sup>(2)</sup> | Principal     | Interest     | Existing Tax-Supported D/S | Est. I&S Tax Rate <sup>(3)</sup> | Change    |
|----------|-----------------------------------|-------------------------------|---------------|--------------|----------------------------|----------------------------------|-----------|
| 2010     | \$ 1,331,533,783                  |                               |               |              |                            | \$ 0.1815                        | N/A       |
| 2011     | 1,325,105,086                     | -0.48%                        | \$ 1,303,980  | \$ 1,104,208 | \$ 2,408,188               | 0.1845                           | \$ 0.0030 |
| 2012     | 1,325,105,086                     | 0.00%                         | 1,455,820     | 1,049,609    | 2,505,429                  | 0.1920                           | 0.0075    |
| 2013     | 1,325,105,086                     | 0.00%                         | 1,590,600     | 986,365      | 2,576,965                  | 0.1974                           |           |
| 2014     | 1,325,105,086                     | 0.00%                         | 1,651,424     | 917,635      | 2,569,059                  | 0.1968                           |           |
| 2015     | 1,325,105,086                     | 0.00%                         | 1,726,204     | 844,404      | 2,570,608                  | 0.1969                           |           |
| 2016     | 1,325,105,086                     | 0.00%                         | 1,805,984     | 766,397      | 2,572,381                  | 0.1971                           |           |
| 2017     | 1,325,105,086                     | 0.00%                         | 1,884,720     | 683,785      | 2,568,505                  | 0.1968                           |           |
| 2018     | 1,325,105,086                     | 0.00%                         | 1,983,456     | 594,063      | 2,577,519                  | 0.1975                           |           |
| 2019     | 1,325,105,086                     | 0.00%                         | 2,077,192     | 496,601      | 2,573,793                  | 0.1972                           |           |
| 2020     | 1,325,105,086                     | 0.00%                         | 1,635,000     | 406,855      | 2,041,855                  | 0.1564                           |           |
| 2021     | 1,325,105,086                     | 0.00%                         | 1,710,000     | 325,165      | 2,035,165                  | 0.1559                           |           |
| 2022     | 1,325,105,086                     | 0.00%                         | 1,800,000     | 238,000      | 2,038,000                  | 0.1561                           |           |
| 2023     | 1,325,105,086                     | 0.00%                         | 1,890,000     | 145,750      | 2,035,750                  | 0.1560                           |           |
| 2024     | 1,325,105,086                     | 0.00%                         | 455,000       | 87,125       | 542,125                    | 0.0415                           |           |
| 2025     | 1,325,105,086                     | 0.00%                         | 480,000       | 63,750       | 543,750                    | 0.0417                           |           |
| 2026     | 1,325,105,086                     | 0.00%                         | 505,000       | 39,125       | 544,125                    | 0.0417                           |           |
| 2027     | 1,325,105,086                     | 0.00%                         | 530,000       | 13,250       | 543,250                    | 0.0416                           |           |
| 2028     | 1,325,105,086                     | 0.00%                         |               |              |                            |                                  |           |
| 2029     | 1,325,105,086                     | 0.00%                         |               |              |                            |                                  |           |
| 2030     | 1,325,105,086                     | 0.00%                         |               |              |                            |                                  |           |
| 2031     | 1,325,105,086                     | 0.00%                         |               |              |                            |                                  |           |
|          |                                   |                               | \$ 24,484,380 | \$ 8,762,086 | \$ 33,246,466              |                                  | \$ 0.0105 |

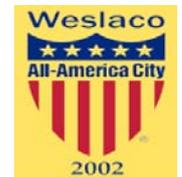
Footnotes:

- (1) FY 2010 assessed valuation and I&S tax rate provided by the Hidalgo County Appraisal District. Value is before the freeze
- (2) Estimated assessed valuation growth provided by the City.
- (3) Est. tax collections rate: 98.50%

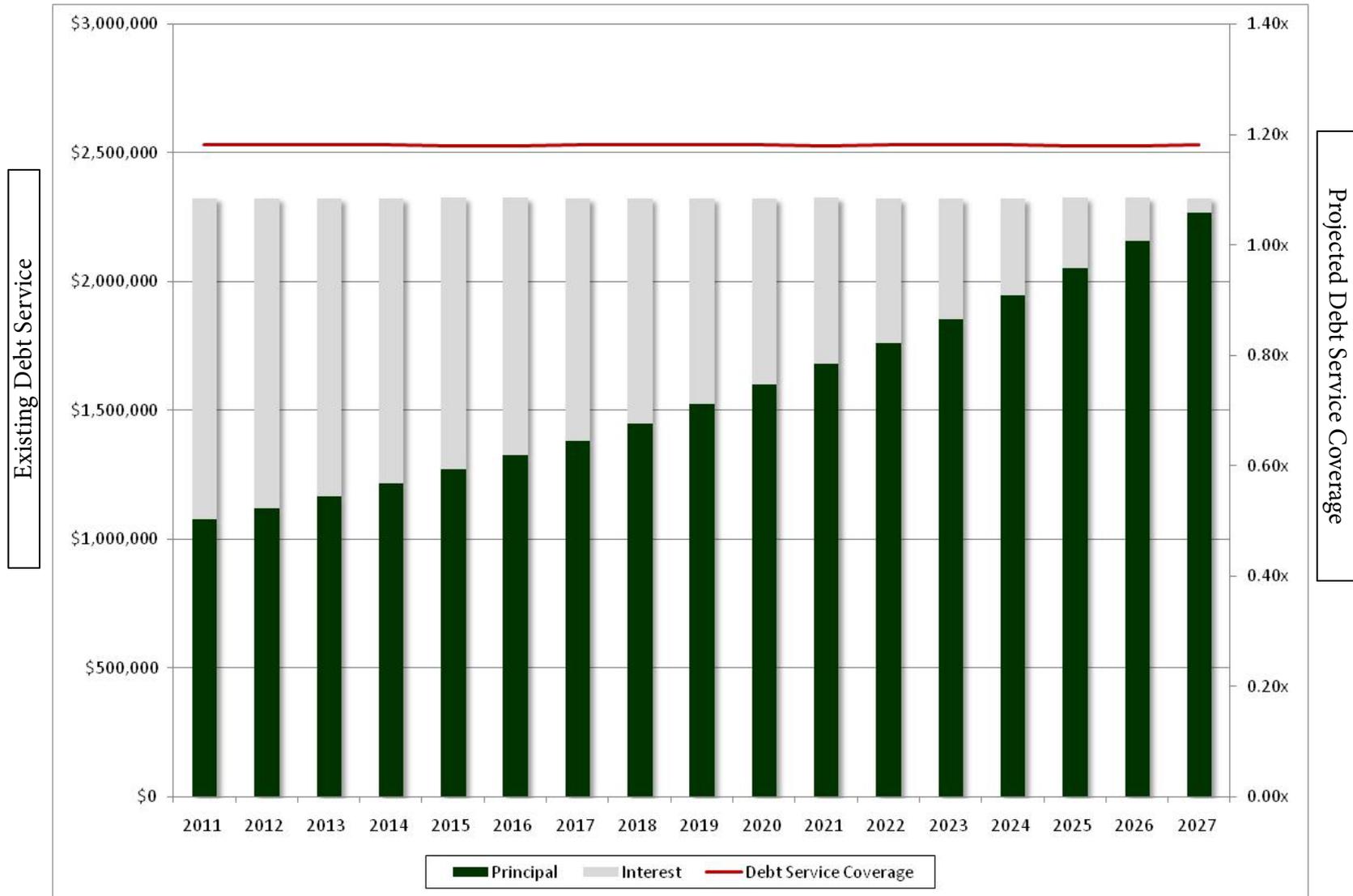
| Par Amount of Issues Outstanding                            |              |
|---|--------------|
| Tax & WW&SS Revenue Certificates of Obligation, Series 1999 | \$ 3,920,396 |
| General Obligation Refunding, Series 2002                   | 728,984      |
| Tax & WW&SS Revenue Certificates of Obligation, Series 2003 | 13,790,000   |
| Tax & WW&SS Revenue Certificates of Obligation, Series 2007 | 6,045,000    |

# DEBT PROFILE WATERWORKS AND SEWER SYSTEM REVENUE SUPPORTED DEBT

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# Waterworks and Sewer System Revenue Supported Debt



\*Assumes no growth Net Revenue for purposes of illustration.

# Waterworks and Sewer System Revenue Supported Debt - Summary

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CITY OF WESLACO, TEXAS

# Waterworks and Sewer System – Aggregate Debt Service

| FYE 9/30 | Net Available Revenues <sup>(1)(2)(3)</sup> | Plus: CIP Fees <sup>(1)(2)</sup> | Net Available Revenues plus CIP Fees <sup>(4)</sup> | Principal    | Interest     | Total Debt Service | Debt Service Coverage | Funds Available after D/S |
|----------|---|----------------------------------|---|--------------|--------------|--------------------|-----------------------|---------------------------|
| 2010     | \$ 2,101,639                                | \$ 645,067                       | \$ 2,746,706  | \$ -         | \$ -         | \$ -               | \$ -                  | \$ -                      |
| 2011     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,081,020    | 1,245,606    | 2,326,626          | 1.18x                 | 420,080                   |
| 2012     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,124,180    | 1,201,596    | 2,325,776          | 1.18x                 | 420,930                   |
| 2013     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,169,400    | 1,155,097    | 2,324,497          | 1.18x                 | 422,209                   |
| 2014     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,218,576    | 1,105,994    | 2,324,570          | 1.18x                 | 422,136                   |
| 2015     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,273,796    | 1,053,575    | 2,327,371          | 1.18x                 | 419,335                   |
| 2016     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,329,016    | 997,985      | 2,327,001          | 1.18x                 | 419,705                   |
| 2017     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,385,280    | 939,331      | 2,324,611          | 1.18x                 | 422,095                   |
| 2018     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,451,544    | 872,988      | 2,324,532          | 1.18x                 | 422,174                   |
| 2019     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,527,808    | 797,140      | 2,324,948          | 1.18x                 | 421,758                   |
| 2020     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,605,000    | 719,663      | 2,324,663          | 1.18x                 | 422,044                   |
| 2021     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,685,000    | 642,348      | 2,327,348          | 1.18x                 | 419,359                   |
| 2022     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,765,000    | 558,625      | 2,323,625          | 1.18x                 | 423,081                   |
| 2023     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,855,000    | 468,125      | 2,323,125          | 1.18x                 | 423,581                   |
| 2024     | 2,101,639                                   | 645,067                          | 2,746,706   | 1,950,000    | 373,000      | 2,323,000          | 1.18x                 | 423,706                   |
| 2025     | 2,101,639                                   | 645,067                          | 2,746,706   | 2,055,000    | 272,875      | 2,327,875          | 1.18x                 | 418,831                   |
| 2026     | 2,101,639                                   | 645,067                          | 2,746,706   | 2,160,000    | 167,500      | 2,327,500          | 1.18x                 | 419,206                   |
| 2027     | 2,101,639                                   | 645,067                          | 2,746,706   | 2,270,000    | 56,750       | 2,326,750          | 1.18x                 | 419,956                   |
|          |   |                                  | \$ 49,440,708                                       | \$26,905,620 | \$12,628,197 | \$39,533,817       |                       |                           |

Footnotes:

- (1) FY 2009 audited figures used for purposes of illustration.
- (2) Assumes no growth for purposes of illustration.
- (3) Operating Revenues minus operating expenses plus investment income. Excludes capital grants.
- (4) Analysis excludes transfer to general fund.

Par Amount of Issues Outstanding

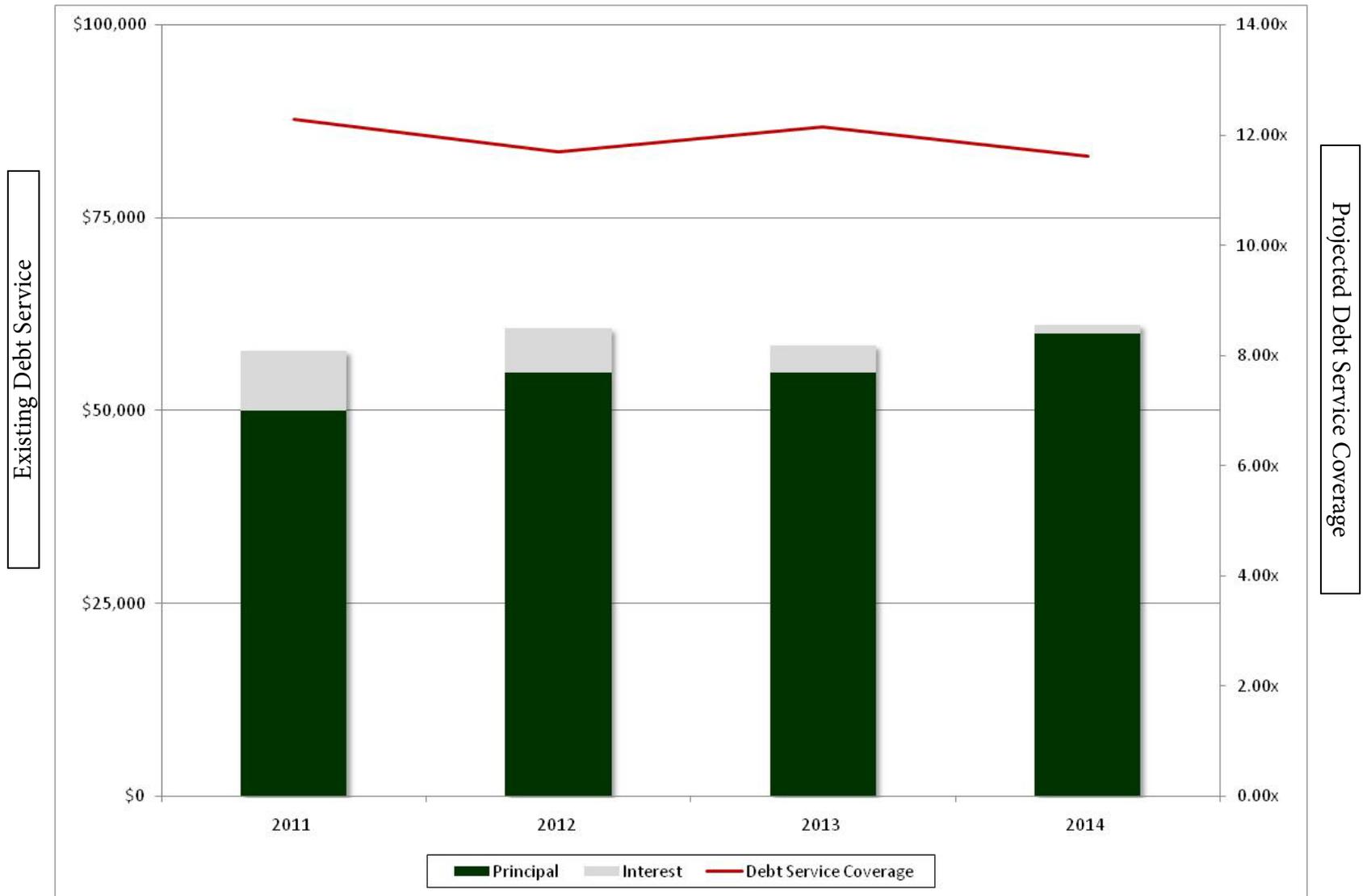
|   |              |
|---|--------------|
| Waterworks and Sewer System Revenue Bonds, S1998            | \$ 3,135,000 |
| Tax & WW&SS Revenue Certificates of Obligation, Series 1999 | 1,034,604    |
| General Obligation Refunding Bonds, Series 2002             | 1,266,016    |
| Tax & WW&SS Revenue Certificates of Obligation, Series 2007 | 21,470,000   |

# DEBT PROFILE SANITATION SUPPORTED DEBT

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# Sanitation System Debt



CITY OF WESLACO, TEXAS

\*Assumes no growth Net Revenue for purposes of illustration.

# Sanitation System - Summary

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# Sanitation System – Aggregate Debt Service



| FYE  | Net Available Revenues <sup>(1)(2)(3)</sup> | Principal  | Interest  | Total Debt Service | Debt Service Coverage | Funds Available after D/S |
|------|---|------------|-----------|--------------------|-----------------------|---------------------------|
| 2010 | \$ 710,535                                  | \$ -       | \$ -      | \$ -               | \$ -                  | \$ -                      |
| 2011 | 710,535                                     | 50,000     | 7,800     | 57,800             | 12.29x                | 652,735                   |
| 2012 | 710,535                                     | 55,000     | 5,700     | 60,700             | 11.71x                | 649,835                   |
| 2013 | 710,535                                     | 55,000     | 3,500     | 58,500             | 12.15x                | 652,035                   |
| 2014 | 710,535                                     | 60,000     | 1,200     | 61,200             | 11.61x                | 649,335                   |
|      |   | \$ 220,000 | \$ 18,200 | \$ 238,200         |                       |                           |

Footnotes:

- (1) FY 2009 audited figures used for purposes of illustration.
- (2) Assumes no growth for purposes of illustration.
- (3) Operating Revenues minus operating expenses plus Investment income. Excludes capital grants

Par Amount of Issues Outstanding

|   |            |
|---|------------|
| Tax & WW&SS Revenue                     |            |
| Certificates of Obligation, Series 2007 | \$ 220,000 |

# TAB B – FINANCIAL ANALYSIS OF GENERAL FUND AND UTILITY FUND TRENDS

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# General Fund Revenues and Expenditures – Year to Year Comparison

|   | Fiscal Year Ended September 30, |                |                      |                |                      |                 |                      |                 |                      |                |
|---|---------------------------------|----------------|----------------------|----------------|----------------------|-----------------|----------------------|-----------------|----------------------|----------------|
|   | 2006                            | % Change       | 2007                 | % Change       | 2008                 | % Change        | Audited<br>2009      | % Change        | Budget<br>2010       | % Change       |
| <b>Revenues:</b>  |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| Taxes   |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| Ad Valorem  | \$ 4,715,761                    | 4.71%          | \$ 5,155,619         | 9.33%          | \$ 5,699,524         | 10.55%          | \$ 6,981,142         | 22.49%          | \$ 6,445,000         | -7.68%         |
| Penalty and Interest  | 217,700                         | 21.69%         | 205,130              | -5.77%         | 192,844              | -5.99%          | 285,796              | 48.20%          | 320,000              | 11.97%         |
| Sales   | 5,104,666                       | 12.83%         | 5,611,117            | 9.92%          | 6,556,949            | 16.86%          | 6,881,590            | 4.95%           | 7,128,804            | 3.59%          |
| Other   | 42,150                          | -24.05%        | 32,908               | -21.93%        | 47,353               | 43.90%          | 57,047               | 20.47%          | 48,000               | -15.86%        |
| Franchise fees  | 1,316,235                       | 7.15%          | 1,314,100            | -0.16%         | 1,878,604            | 42.96%          | 1,418,405            | -24.50%         | 1,950,775            | 37.53%         |
| Charges for Services  | 1,116,148                       | 26.92%         | 930,261              | -16.65%        | 1,276,121            | 37.18%          | 1,563,794            | 22.54%          | 1,417,500            | -9.36%         |
| Intergovernmental   | 1,062,403                       | 1.18%          | 403,434              | -62.03%        | 1,186,021            | 193.98%         | 705,035              | -40.55%         | 776,817              | 10.18%         |
| Licenses and permits  | 391,624                         | 6.65%          | 490,788              | 25.32%         | 489,883              | -0.18%          | 406,099              | -17.10%         | 408,860              | 0.68%          |
| Investment income   | 75,290                          | 77.20%         | 133,796              | 77.71%         | 56,054               | -               | 12,912               | -76.97%         | 11,000               | (0.15)         |
| Fines and Forfeitures   | 504,840                         | 42.03%         | 757,695              | 50.09%         | 727,506              | -3.98%          | 690,602              | -5.07%          | 653,700              | -5.34%         |
| Miscellaneous   | 245,051                         | -8.81%         | 665,428              | 171.55%        | 345,924              | -48.01%         | 390,965              | 13.02%          | 320,800              | -17.95%        |
| Administrative Charge   | 1,585,495                       | 2.62%          | 1,927,290            | 21.56%         | 2,195,735            | 13.93%          | 2,188,335            | -0.34%          | 1,521,790            | -30.46%        |
| <b>Total Revenue</b>  | <b>\$ 16,377,363</b>            | <b>9.19%</b>   | <b>\$ 17,627,566</b> | <b>7.63%</b>   | <b>\$ 20,652,518</b> | <b>17.16%</b>   | <b>\$ 21,581,722</b> | <b>4.50%</b>    | <b>\$ 21,003,046</b> | <b>-2.68%</b>  |
| <b>Expenditures:</b>  |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| General Government  | \$ 2,937,547                    | 14.91%         | \$ 3,276,336         | 11.53%         | \$ 3,696,477         | 12.82%          | \$ 3,481,440         | -5.82%          | \$ 3,360,501         | -3.47%         |
| Public Safety   | 9,528,930                       | 5.22%          | 10,752,116           | 12.84%         | 12,929,870           | 20.25%          | 12,486,212           | -3.43%          | 12,392,017           | -0.75%         |
| Public Works  | 1,601,099                       | 12.69%         | 1,748,968            | 9.24%          | 1,567,815            | -10.36%         | 1,468,756            | -6.32%          | 1,765,867            | 20.23%         |
| Health  | 114,363                         | 13.62%         | 126,393              | 10.52%         | 135,502              | 7.21%           | 123,307              | -9.00%          | 134,872              | 9.38%          |
| Culture and Recreation  | 1,231,995                       | -5.85%         | 1,286,936            | 4.46%          | 1,376,845            | 6.99%           | 2,231,748            | 62.09%          | 2,447,584            | 9.67%          |
| Economic Development  | -                               | -              | -                    | -              | -                    | -               | -                    | -               | -                    | -              |
| Nondepartmental   | 602,784                         | 3.68%          | 544,839.00           | -9.61%         | 1,435,242            | 163.42%         | 541,759              | -62.25%         | 909,835              | 67.94%         |
| Capital Outlay  | 520,048                         | -1.83%         | 1,834,637            | 252.78%        | 243,288              | -86.74%         | 308,217              | 26.69%          | -                    | -              |
| Debt Service:   | -                               | -              | -                    | -              | -                    | -               | -                    | -               | -                    | -              |
| <b>Total Expenditures</b>   | <b>\$ 16,536,766</b>            | <b>6.32%</b>   | <b>\$ 19,570,225</b> | <b>18.34%</b>  | <b>\$ 21,385,039</b> | <b>9.27%</b>    | <b>\$ 20,641,439</b> | <b>-3.48%</b>   | <b>\$ 21,010,676</b> | <b>1.79%</b>   |
| Revenues Over Expenses  |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| Before Other Financing Sources  | \$ (159,403)                    | -71.28%        | \$ (1,942,659)       | 1118.71%       | \$ (732,521)         | -62.29%         | \$ 940,283           | -28.36%         | \$ (7,630)           | -100.81%       |
| <i>Other Financing Sources (Uses)</i>                                       |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| Loan Proceeds   | -                               | -              | -                    | -              | -                    | -               | -                    | -               | -                    | -              |
| Other Financial Resources   | -                               | -              | -                    | -              | -                    | -               | -                    | -               | -                    | -              |
| Operating Transfers-In  | \$ 1,015,555                    | 224.28%        | \$ 1,036,037         | 2.02%          | \$ -                 | -               | \$ 525,775           | -               | \$ 354,501           | -              |
| Operating Transfers-Out   | (217,000)                       | 6.37%          | (250,000)            | 15.21%         | (218,000)            | -12.80%         | (287,000)            | 31.65%          | (293,850)            | 2.39%          |
| <b>Total Other Sources (Uses)</b>   | <b>798,555</b>                  | <b>631.44%</b> | <b>786,037</b>       | <b>-1.57%</b>  | <b>(218,000)</b>     | <b>-127.73%</b> | <b>238,775</b>       | <b>-209.53%</b> | <b>60,651</b>        | <b>-74.60%</b> |
| <i>Excess (Deficiency) of</i>   |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| Revenues Over Expenditures  |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| Other Sources (Uses)  | \$ 639,152                      | 243.37%        | \$ (1,156,622)       | -280.96%       | \$ (950,521)         | -17.82%         | \$ 1,179,058         | -24.04%         | \$ 53,021            | -95.50%        |
| Beginning Fund Balance  | 1,095,981                       | -61.79%        | 1,735,133            | 58.32%         | 737,441              | -57.50%         | (217,488)            | -129.49%        | 961,570              | -542.13%       |
| Prior Period Adjustment   |                                 |                |                      |                | (4,408)              |                 |                      |                 |                      |                |
| <b>Ending Fund Balance</b>  | <b>1,735,133</b>                | <b>-28.38%</b> | <b>\$ 578,511</b>    | <b>-66.66%</b> | <b>\$ (217,488)</b>  | <b>-137.59%</b> | <b>\$ 961,570</b>    | <b>-342.13%</b> | <b>\$ 1,014,591</b>  | <b>5.51%</b>   |
| Notes:  |                                 |                |                      |                |                      |                 |                      |                 |                      |                |
| In 2007 \$1,537,827 of the \$1,834,637 Capital Outlay was for Public Works. |                                 |                |                      |                |                      |                 |                      |                 |                      |                |

# General Fund – Composition of Revenues and Expenditures

|   | Significant Positive Changes |        | Significant Negative Changes |        |                |         |               |         |               |        |
|---|------------------------------|--------|------------------------------|--------|----------------|---------|---------------|---------|---------------|--------|
| Fiscal Year Ended September 30,   |                              |        |                              |        |                |         |               |         |               |        |
|   | 2005                         |        | 2006                         |        | 2007           |         | 2008          |         | Audited 2009  |        |
| <b>Revenues:</b>  |                              |        |                              |        |                |         |               |         |               |        |
| Taxes   |                              |        |                              |        |                |         |               |         |               |        |
| Ad Valorem  | \$ 4,503,441                 | 30.03% | \$ 4,715,761                 | 28.79% | \$ 5,155,619   | 29.25%  | \$ 5,699,524  | 27.60%  | \$ 6,981,142  | 32.35% |
| Penalty and Interest  | 178,901                      | 1.19%  | 217,700                      | 1.33%  | 205,130        | 1.16%   | 192,844       | 0.93%   | 285,796       | 1.32%  |
| Sales   | 4,524,301                    | 30.16% | 5,104,666                    | 31.17% | 5,611,117      | 31.83%  | 6,556,949     | 31.75%  | 6,881,590     | 31.89% |
| Other   | 55,494                       | 0.37%  | 42,150                       | 0.26%  | 32,908         | 0.19%   | 47,353        | 0.23%   | 57,047        | 0.26%  |
| Franchise fees  | 1,228,381                    | 8.19%  | 1,316,235                    | 8.04%  | 1,314,100      | 7.45%   | 1,878,604     | 9.10%   | 1,418,405     | 6.57%  |
| Charges for Services  | 879,402                      | 5.86%  | 1,116,148                    | 6.82%  | 930,261        | 5.28%   | 1,276,121     | 6.18%   | 1,563,794     | 7.25%  |
| Intergovernmental   | 1,049,980                    | 7.00%  | 1,062,403                    | 6.49%  | 403,434        | 2.29%   | 1,186,021     | 5.74%   | 705,035       | 3.27%  |
| Licenses and permits  | 367,205                      | 2.45%  | 391,624                      | 2.39%  | 490,788        | 2.78%   | 489,883       | 2.37%   | 406,099       | 1.88%  |
| Investment income   | 42,489                       | 0.28%  | 75,290                       | 0.46%  | 133,796        | 0.76%   | 56,054        | 0.27%   | 12,912        | 0.06%  |
| Fines and Forfeitures   | 355,437                      | 2.37%  | 504,840                      | 3.08%  | 757,695        | 4.30%   | 727,506       | 3.52%   | 690,602       | 3.20%  |
| Miscellaneous   | 268,715                      | 1.79%  | 245,051                      | 1.50%  | 665,428        | 3.77%   | 345,924       | 1.67%   | 390,965       | 1.81%  |
| Administrative Charge   | 1,544,952                    | 10.30% | 1,585,495                    | 9.68%  | 1,927,290      | 10.93%  | 2,195,735     | 10.63%  | 2,188,335     | 10.14% |
| Total Revenue   | \$ 14,998,698                |        | \$ 16,377,363                |        | \$ 17,627,566  |         | \$ 20,652,518 |         | \$ 21,581,722 |        |
| <b>Expenditures:</b>  |                              |        |                              |        |                |         |               |         |               |        |
| General Government  | \$ 2,556,380                 | 16.44% | \$ 2,937,547                 | 17.76% | \$ 3,276,336   | 16.74%  | \$ 3,696,477  | 17.29%  | \$ 3,481,440  | 16.87% |
| Public Safety   | 9,056,062                    | 58.22% | 9,528,930                    | 57.62% | 10,752,116     | 54.94%  | 12,929,870    | 60.46%  | 12,486,212    | 60.49% |
| Public Works  | 1,420,839                    | 9.14%  | 1,601,099                    | 9.68%  | 1,748,968      | 8.94%   | 1,567,815     | 7.33%   | 1,468,756     | 7.12%  |
| Health  | 100,650                      | 0.65%  | 114,363                      | 0.69%  | 126,393        | 0.65%   | 135,502       | 0.63%   | 123,307       | 0.60%  |
| Culture and Recreation  | 1,308,604                    | 8.41%  | 1,231,995                    | 7.45%  | 1,286,936      | 6.58%   | 1,376,845     | 6.44%   | 2,231,748     | 10.81% |
| Nondepartmental   | 581,387.00                   | 3.74%  | 602,784                      | 3.65%  | 544,839.00     | 2.78%   | 1,435,242     | 6.71%   | -             | 0.00%  |
| Capital Outlay  | 529,759                      | 3.41%  | 520,048                      | 3.14%  | 1,834,637      | 9.37%   | 243,288       | 1.14%   | 541,759       | 2.62%  |
| Debt Service  | -                            | 0.00%  | -                            | 0.00%  | -              | 0.00%   | -             | 0.00%   | 308,217       | 1.49%  |
| Total Expenditures  | \$ 15,553,681                |        | \$ 16,536,766                |        | \$ 19,570,225  |         | \$ 21,385,039 |         | \$ 20,641,439 |        |
| Revenues Over Expenses  |                              |        |                              |        |                |         |               |         |               |        |
| Before Other Financing Sources  | \$ (554,983)                 |        | \$ (159,403)                 |        | \$ (1,942,659) |         | \$ (732,521)  |         | \$ 940,283    |        |
| <b>Other Financing Sources (Uses)</b>                                       |                              |        |                              |        |                |         |               |         |               |        |
| Loan Proceeds   | -                            |        | -                            |        | -              |         | -             |         | -             |        |
| Other Financial Resources   | -                            |        | -                            |        | -              |         | -             |         | -             |        |
| Operating Transfers-In  | \$ 313,175                   |        | \$ 1,015,555                 |        | \$ 1,036,037   |         | \$ -          |         | \$ 525,775    |        |
| Operating Transfers-Out   | (204,000)                    |        | (217,000)                    |        | (250,000)      |         | (218,000)     |         | (287,000)     |        |
| Total Other Sources (Uses)  | 109,175                      |        | 798,555                      |        | 786,037        |         | (218,000)     |         | 238,775       |        |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>                    |                              |        |                              |        |                |         |               |         |               |        |
| Other Sources (Uses)  | \$ (445,808)                 |        | \$ 639,152                   |        | \$ (1,156,622) |         | \$ (950,521)  |         | \$ 1,179,058  |        |
| Beginning Fund Balance  | 2,868,515                    |        | 1,095,981                    |        | 1,735,133      |         | 737,441       |         | (217,488)     |        |
| Prior Period Adjustment   |                              |        |                              |        |                |         |               |         |               |        |
| Ending Fund Balance   | 2,422,707                    |        | 1,735,133                    |        | 578,511        |         | (213,080)     |         | 961,570       |        |
| Notes:  |                              |        |                              |        | \$ 737,441     | Revised | \$ (217,488)  | Revised |               |        |
| In 2007 \$1,537,827 of the \$1,834,637 Capital Outlay was for Public Works. |                              |        |                              |        |                |         |               |         |               |        |

# General Fund – Budget vs. Actual

|  | 2005                 |                      |                 | 2006                 |                      |              | 2007                 |                      |                 |
|--|----------------------|----------------------|-----------------|----------------------|----------------------|--------------|----------------------|----------------------|-----------------|
|  | Budget               | Actual               | Change          | Budget               | Actual               | Change       | Budget               | Actual               | Change          |
| <i>Fiscal Year Ended September 30,</i> |                      |                      |                 |                      |                      |              |                      |                      |                 |
| <b>Revenues:</b>                       |                      |                      |                 |                      |                      |              |                      |                      |                 |
| Taxes                                  | \$ 10,750,450        | \$ 10,490,518        | -2.42%          | \$ 11,152,734        | \$ 11,396,512        | 2.19%        | \$ 12,413,550        | \$ 12,318,874        | -0.76%          |
| Licenses and Permits                   | 418,800              | 367,205              | -12.32%         | 425,800              | 391,624              | -8.03%       | 456,250              | 490,788              | 7.57%           |
| Intergovernmental                      | 556,302              | 1,049,980            | 88.74%          | 995,349              | 1,062,403            | 6.74%        | 426,062              | 403,434              | -5.31%          |
| Charges for Services                   | 498,500              | 879,402              | 76.41%          | 759,000              | 1,116,148            | 47.06%       | 759,000              | 1,314,100            | 73.14%          |
| Fines and Forfeitures                  | 326,700              | 355,437              | 8.80%           | 290,300              | 504,840              | 73.90%       | 919,500              | 757,695              | -17.60%         |
| Interest                               | 37,000               | 42,489               | 14.84%          | 39,000               | 75,290               | 93.05%       | 40,000               | 133,796              | 234.49%         |
| Miscellaneous                          | 314,505              | 268,715              | -14.56%         | 288,400              | 245,051              | -15.03%      | 324,000              | 665,428              | 105.38%         |
| Administrative Charge                  | 1,544,952            | 1,544,952            | 0.00%           | 1,585,495            | 1,585,495            | 0.00%        | 1,927,290            | 1,927,290            | 0.00%           |
| <b>Total Revenue</b>                   | <b>\$ 14,447,209</b> | <b>\$ 14,998,698</b> | <b>3.82%</b>    | <b>\$ 15,536,078</b> | <b>\$ 16,377,363</b> | <b>5.42%</b> | <b>\$ 17,265,652</b> | <b>\$ 18,011,405</b> | <b>-4.32%</b>   |
| <b>Expenditures:</b>                   |                      |                      |                 |                      |                      |              |                      |                      |                 |
| General Government                     | \$ 2,553,353         | \$ 2,556,380         | 0.12%           | \$ 2,967,234         | \$ 2,937,547         | -1.00%       | \$ 3,404,389         | \$ 3,276,336         | -3.76%          |
| Public Safety                          | 9,153,027            | 9,056,062            | -1.06%          | 10,040,680           | 9,528,930            | -5.10%       | 10,844,192           | 10,752,116           | -0.85%          |
| Public Works                           | 1,354,954            | 1,420,839            | 4.86%           | 1,478,206            | 1,601,099            | 8.31%        | 1,824,898            | 1,748,968            | -4.16%          |
| Health                                 | 104,402              | 100,650              | -3.59%          | 112,244              | 114,363              | 1.89%        | 125,678              | 126,393              | 0.57%           |
| Culture and Recreation                 | 1,151,621            | 1,308,604            | 13.63%          | 1,120,418            | 1,231,995            | 9.96%        | 1,313,245            | 1,286,936            | -2.00%          |
| Nondepartmental expenses               | 498,656              | 581,387              | 16.59%          | 428,800              | 602,784              | 40.57%       | 673,695              | 544,839              | -19.13%         |
| Capital Outlay                         | 12,003               | 529,759              | 4313.55%        | 315,190              | 520,048              | 65.00%       | 596,274              | 1,834,637            | 207.68%         |
| Debt Service                           | 71,141               | -                    | -               | -                    | -                    | -            | -                    | -                    | -               |
| <b>Total Expenditures</b>              | <b>\$ 14,899,157</b> | <b>\$ 15,553,681</b> | <b>4.39%</b>    | <b>\$ 16,462,772</b> | <b>\$ 16,536,766</b> | <b>0.45%</b> | <b>\$ 18,782,371</b> | <b>\$ 19,570,225</b> | <b>-4.19%</b>   |
| <b>Other Financing Sources (Uses)</b>  |                      |                      |                 |                      |                      |              |                      |                      |                 |
| Loan Proceeds                          | -                    | -                    | -               | -                    | -                    | -            | -                    | -                    | -               |
| Other Financial Resources              | -                    | -                    | -               | -                    | -                    | -            | -                    | -                    | -               |
| Operating Transfers-In                 | \$ 191,775           | \$ 313,715           | 63.58%          | \$ 1,005,555         | \$ 1,015,555         | 0.99%        | \$ 471,000           | \$ 1,036,037         | -119.97%        |
| Operating Transfers-Out                | (204,000)            | (204,000)            | -               | (207,000)            | (217,000)            | 4.83%        | (272,000)            | (250,000)            | 8.09%           |
| <b>Total Other Sources (Uses)</b>      | <b>(12,225)</b>      | <b>109,715</b>       | <b>-997.46%</b> | <b>798,555</b>       | <b>798,555</b>       | <b>-</b>     | <b>199,000</b>       | <b>786,037</b>       | <b>-294.99%</b> |
| <b>Excess (Deficiency) of</b>          |                      |                      |                 |                      |                      |              |                      |                      |                 |
| Revenues Over                          |                      |                      |                 |                      |                      |              |                      |                      |                 |
| Expenditures and Other Sources (Uses)  | \$ (464,175)         | \$ (445,808)         | -3.96%          | \$ 128,139           | \$ 639,152           | 398.80%      | \$ (937,719)         | \$ (1,156,622)       | -23.34%         |
| Beginning Fund Balance                 | -                    | 2,868,515            | -               | -                    | 1,095,981            | -            | -                    | 1,735,133            | -               |
| Prior Period Adjustment                |                      |                      |                 |                      |                      |              |                      |                      |                 |
| Ending Fund Balance Actual vs. Actual  |                      | 2,422,707            |                 |                      | 1,735,133            | -28.38%      | \$ 578,511           |                      | -66.66%         |
|  |                      |                      |                 |                      |                      |              | \$ 737,441           |                      | Revised         |

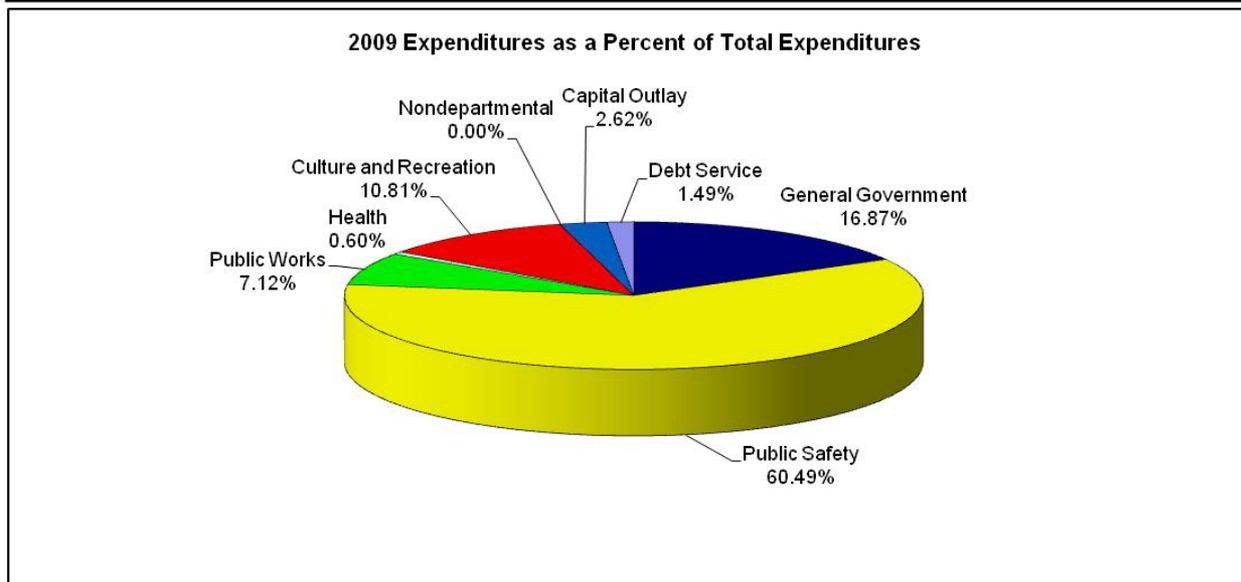
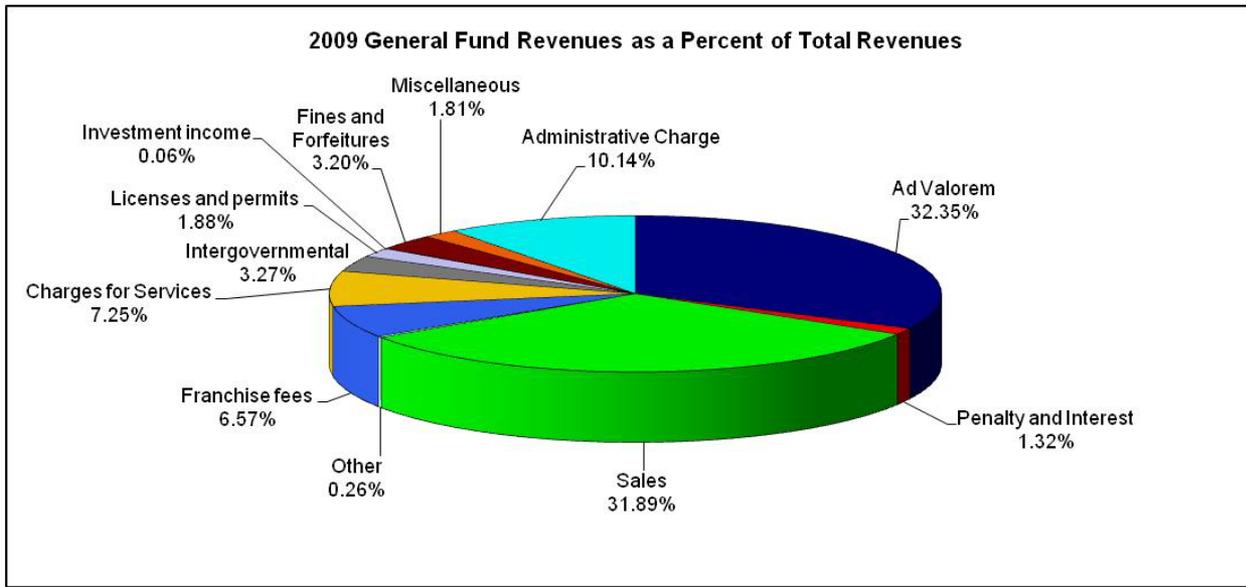


# General Fund – Analysis by Category

| Fiscal Year Ended September 30, 2009 |                      |                          |                       |   |                        |                      |
|--------------------------------------|----------------------|--------------------------|-----------------------|---|------------------------|----------------------|
|                                      | Personal Services    | Other Services & Charges | Supplies              | Assessment & Collection of Taxes & Capital Outlay | Total Expenditures     |                      |
| <b>General Government</b>            |                      |                          |                       |   |                        |                      |
| Legislative - City Commission        | \$ 11,969            | \$ 154,469               | \$ 7,111              | \$ -  | \$ 173,549             |                      |
| Executive - City Manager's Office    | 279,196              | 9,956                    | 2,998                 |   | 292,150                |                      |
| City Secretary's Office              | 271,882              | 19,982                   | 9,626                 |   | 301,490                |                      |
| Municipal Court                      | 123,319              | 93,942                   | 3,779                 |   | 221,040                |                      |
| Staff Agencies Elections             | 99                   | 6,135                    | 2,638                 |   | 8,872                  |                      |
| Staff Agencies Finance               | 381,032              | 40,781                   | 6,629                 | 265,464   | 693,906                |                      |
| Personnel Director                   | 159,812              | 29,190                   | 9,225                 |   | 198,227                |                      |
| Purchasing                           | 210,807              | 7,883                    | 2,334                 |   | 221,024                |                      |
| Law - City Attorney                  |                      | 241,126 <sup>(1)</sup>   | -                     |   | 241,126                |                      |
| Building Maintenance                 | 399,127              | 137,704                  | 41,756                |   | 578,587                |                      |
| Data Processing                      | 107,193              | 103,457                  | 1,051                 |   | 211,701                |                      |
| Planning                             | 309,045              | 18,208                   | 12,515                |   | 339,768                |                      |
|                                      | <u>\$ 2,253,481</u>  | <u>65% \$ 862,833</u>    | <u>25% \$ 99,662</u>  | <u>3% \$ 265,464</u>                              | <u>8% \$ 3,481,440</u> |                      |
| <b>Public Safety</b>                 |                      |                          |                       |   |                        |                      |
| Police Department                    | \$ 5,794,201         | \$ 215,876               | \$ 199,250            |   | \$ 6,209,327           |                      |
| Parking Control                      |                      |                          |                       |   |                        |                      |
| Traffic Safety                       | 62,036               | 53,548                   | 10,854                |   | 126,438                |                      |
| Fire Suppression                     | 4,807,962            | 156,581                  | 158,992               |   | 5,123,535              |                      |
| Emergency Medical Services           |                      | 279,018                  | 103,673               |   | 382,691                |                      |
| Code Enforcement                     | 481,532              | 99,850                   | 21,180                |   | 602,562                |                      |
| Emergency Management                 |                      | 22,726                   | 18,933                |   | 41,659                 |                      |
|                                      | <u>\$ 11,145,731</u> | <u>89% \$ 827,599</u>    | <u>7% \$ 512,882</u>  | <u>4%</u>   | <u>\$ 12,486,212</u>   |                      |
| <b>Public Works</b>                  |                      |                          |                       |   |                        |                      |
| Administration                       | \$ 86,221            | \$ 7,899                 | \$ 3,337              |   | \$ 97,457              |                      |
| Urban Development                    | -                    | 125,905                  | -                     |   | 125,905                |                      |
| Drain Ditch Maintenance              | 30,805               | 23,326                   | 16,441                |   | 70,572                 |                      |
| Streets and Highways                 | 528,586              | 53,739                   | 40,848                |   | 623,173                |                      |
| Street Cleaning                      | 90,315               | 7,689                    | 7,215                 |   | 105,219                |                      |
| Street Lighting                      |                      | 446,430                  |                       |   | 446,430                |                      |
|                                      | <u>\$ 735,927</u>    | <u>50% \$ 664,988</u>    | <u>45% \$ 67,841</u>  | <u>5%</u>   | <u>\$ 1,468,756</u>    |                      |
| <b>Health</b>                        |                      |                          |                       |   |                        |                      |
| Vital Statistics                     | \$ 103,520           | 84% \$ 10,017            | 8% \$ 9,770           | 8%  | \$ 123,307             |                      |
| <b>Culture and Recreation</b>        |                      |                          |                       |   |                        |                      |
| Municipal Parks                      | \$ 814,036           | \$ 397,261               | \$ 49,706             |   | \$ 1,261,003           |                      |
| Swimming Pool                        | 44,531               | 2,932                    | 11,869                |   | 59,332                 |                      |
| Library                              | 673,981              | 151,386                  | 86,046                |   | 911,413                |                      |
|                                      | <u>\$ 1,532,548</u>  | <u>69% \$ 551,579</u>    | <u>25% \$ 147,621</u> | <u>7%</u>   | <u>\$ 2,231,748</u>    |                      |
| <b>Non-Departmental</b>              |                      |                          |                       |   |                        |                      |
| General Expenditures                 | \$ 63,939            | 12% \$ 416,276           | 77% \$ 61,544         | 11%   | \$ 541,759             |                      |
| <b>Capital Outlay</b>                |                      |                          |                       |   |                        |                      |
|                                      |                      |                          |                       | \$ 664,538  | 100%                   | \$ 664,538           |
| <b>Total</b>                         | <u>\$ 15,835,146</u> | <u>75% \$ 3,333,292</u>  | <u>16% \$ 899,320</u> | <u>4% \$ 930,002</u>                              | <u>4%</u>              | <u>\$ 20,997,760</u> |

(1) In 2008 Law - City Attorney was \$515,082, in 2007 was \$288,389, and in 2006 was \$277,069. Per respective audits.

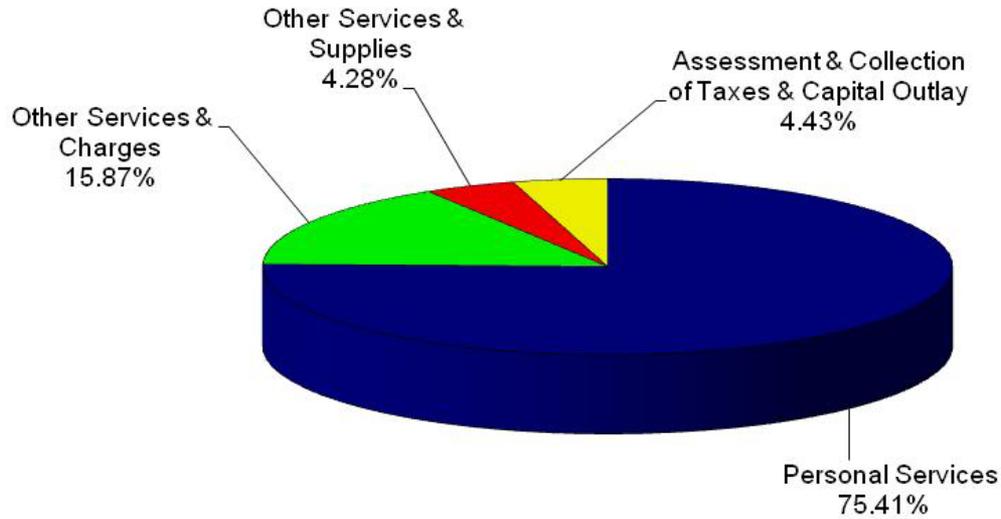
# General Fund – Composition of Revenues and Expenditures Chart



# General Fund – Analysis by Category Chart



2009 General Fund Composition of Expenditures by Category



CITY OF WESLACO, TEXAS



# Water and Sewer Fund Revenues and Expenditures

|  | Fiscal Year Ended September 30, |               |                     |                |                     |               |                     |              |                     |                |
|--|---------------------------------|---------------|---------------------|----------------|---------------------|---------------|---------------------|--------------|---------------------|----------------|
|  | 2006                            | Change        | 2007                | Change         | 2008                | Change        | Audited<br>2009     | Change       | Budget<br>2010      | Change         |
| <b>Revenues:</b>                                   |                                 |               |                     |                |                     |               |                     |              |                     |                |
| Water Service                                      | \$ 4,071,305                    | 7.74%         | \$ 3,733,413        | -8.30%         | \$ 4,159,964        | 11.43%        | \$ 4,293,548        | 3.21%        | \$ 4,170,405        | -2.87%         |
| Sewer Service                                      | 3,171,673                       | 10.79%        | 3,112,706           | -1.86%         | 3,375,730           | 8.45%         | 3,374,207           | -0.05%       | 3,489,763           | 3.42%          |
| Interest Earnings                                  | 93,408                          | 38.27%        | 154,418             | 65.32%         | 907,122             | 487.45%       | 852,465             | -6.03%       | 5,800               | -99.32%        |
| Miscellaneous                                      | 311,157                         | 4.84%         | 243,914             | -21.61%        | 463,602             | 90.07%        | 680,637             | 46.81%       | 269,360             | -60.43%        |
| <b>Total Revenue</b>                               | <b>\$ 7,647,543</b>             | <b>9.16%</b>  | <b>\$ 7,244,451</b> | <b>-5.27%</b>  | <b>\$ 8,906,418</b> | <b>22.94%</b> | <b>\$ 9,200,857</b> | <b>3.31%</b> | <b>\$ 7,935,328</b> | <b>-13.75%</b> |
| <b>Expenses:</b>                                   |                                 |               |                     |                |                     |               |                     |              |                     |                |
| Personal Services                                  | \$ 999,869                      | -1.47%        | \$ 1,078,515        | 7.87%          | \$ 1,291,413        | 19.74%        | \$ 1,325,256        | 2.62%        | \$ 1,238,119        | -6.58%         |
| Other Services and Charges                         | 1,094,427                       | 21.37%        | 989,099             | -9.62%         | 1,005,956           | 1.70%         | 1,134,186           | 12.75%       | 1,088,626           | -4.02%         |
| Supplies and Capital Outlay                        | 234,763                         | -4.29%        | 297,729             | 26.82%         | 373,062             | 25.30%        | 280,560             | -24.80%      | 554,159             | 97.52%         |
| Contractual Services - Operations                  | 1,808,759                       | 11.32%        | 2,060,957           | 13.94%         | 2,153,486           | 4.49%         | 2,224,814           | 3.31%        | 2,204,733           | -0.90%         |
| Contractual Services - Administrative              | 1,352,561                       | 1.69%         | 1,625,689           | 20.19%         | 1,872,435           | 15.18%        | 1,859,304           | -0.70%       | 1,020,390           | -45.12%        |
| <b>Total Expenses</b>                              | <b>\$ 5,490,379</b>             | <b>-2.77%</b> | <b>\$ 6,051,989</b> | <b>10.23%</b>  | <b>\$ 6,696,352</b> | <b>10.65%</b> | <b>\$ 6,824,120</b> | <b>1.91%</b> | <b>\$ 6,106,027</b> | <b>-10.52%</b> |
| <b>Net Available for Debt Service</b>              | <b>\$ 2,157,164</b>             | <b>14.19%</b> | <b>\$ 1,192,462</b> | <b>-44.72%</b> | <b>\$ 2,210,066</b> | <b>85.34%</b> | <b>\$ 2,376,737</b> | <b>7.54%</b> | <b>\$ 1,829,301</b> | <b>-23.03%</b> |
| <i>CIP Fees<sup>(1)</sup></i>                      | \$ 591,140                      | 5.06%         | \$ 603,306          | 2.06%          | \$ 631,599          | 4.69%         | \$ 645,067          | 2.13%        | \$ 630,000          | -2.34%         |
| <b>Net Available for Debt Service with CIP Fee</b> | <b>\$ 2,748,304</b>             | <b>12.10%</b> | <b>\$ 1,795,768</b> | <b>-53.04%</b> | <b>\$ 2,841,665</b> | <b>36.81%</b> | <b>\$ 3,021,804</b> | <b>5.96%</b> | <b>\$ 2,459,301</b> | <b>-22.87%</b> |
| Debt Service - Per Debt Service Schedules          | \$ 1,260,218                    |               | \$ 970,931          |                | \$ 1,988,424        |               | \$ 2,042,557        |              | \$ 2,202,981        |                |
| Debt Service - Per Audit                           | 1,345,877                       |               | 782,100             | Page 113       | 3,100,742           | Page 108      | 2,089,171           | page 106     |                     |                |
|  |                                 |               | 1,022,956           | Page 114       |                     |               |                     |              |                     |                |
| Water Transfer of General Fund                     | \$ 859,702                      |               | \$ 195,000          |                | \$ -                |               | \$ 197,701          |              | \$ -                |                |
| Sewer Transfer of General Fund                     | 47,850                          |               | 152,000             |                | -                   |               | 156,800             |              | 156,800             |                |
|  | \$ 907,552                      |               | \$ 347,000          |                | \$ -                |               | 354,501             |              | 156,800             |                |
| Beginning Cash and Investments                     | \$ 2,193,973                    |               | \$ 2,160,159        |                | \$ -                |               |                     |              |                     |                |
| Ending Cash and Investments                        | \$ 2,160,159                    |               | \$ 1,663,444        |                | \$ 1,984            |               |                     |              |                     |                |

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000.

These Bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue. This table has been modified to reflect this source of funds.

# Water and Sewer Fund – Composition of Revenues and Expenditures

|   | Fiscal Year Ended September 30, |        |                     |        |                     |          |                     |          |                     |          |
|---|---------------------------------|--------|---------------------|--------|---------------------|----------|---------------------|----------|---------------------|----------|
|   | 2005                            |        | 2006                |        | 2007                |          | 2008                |          | Audited 2009        |          |
| <b>Revenues:</b>                          |                                 |        |                     |        |                     |          |                     |          |                     |          |
| Water Service                             | \$ 3,778,748                    | 53.94% | \$ 4,071,305        | 53.24% | \$ 3,733,413        | 51.53%   | \$ 4,159,964        | 46.71%   | \$ 4,293,548        | 46.66%   |
| Sewer Service                             | 2,862,655                       | 40.86% | 3,171,673           | 41.47% | 3,112,706           | 42.97%   | 3,375,730           | 37.90%   | 3,374,207           | 36.67%   |
| Interest Earnings                         | 67,556                          | 0.96%  | 93,408              | 1.22%  | 154,418             | 2.13%    | 907,122             | 10.19%   | 852,465             | 9.27%    |
| Miscellaneous                             | 296,783                         | 4.24%  | 311,157             | 4.07%  | 243,914             | 3.37%    | 463,602             | 5.21%    | 680,637             | 7.40%    |
| <b>Total Revenue</b>                      | <b>\$ 7,005,742</b>             |        | <b>\$ 7,647,543</b> |        | <b>\$ 7,244,451</b> |          | <b>\$ 8,906,418</b> |          | <b>\$ 9,200,857</b> |          |
| <b>Expenses:</b>                          |                                 |        |                     |        |                     |          |                     |          |                     |          |
| Personal Services                         | \$ 1,014,761                    | 19.83% | \$ 999,869          | 18.21% | \$ 1,078,515        | 17.82%   | \$ 1,291,413        | 19.29%   | \$ 1,325,256        | 19.42%   |
| Other Services and Charges                | 901,704                         | 17.62% | 1,094,427           | 19.93% | 989,099             | 16.34%   | 1,005,956           | 15.02%   | 1,134,186           | 16.62%   |
| Supplies                                  | 245,296                         | 4.79%  | 234,763             | 4.28%  | 297,729             | 4.92%    | 373,062             | 5.57%    | 280,560             | 4.11%    |
| Contractual Services - Operations         | 1,624,863                       | 31.76% | 1,808,759           | 32.94% | 2,060,957           | 34.05%   | 2,153,486           | 32.16%   | 2,224,814           | 32.60%   |
| Contractual Services - Administrative     | 1,330,084                       | 25.99% | 1,352,561           | 24.64% | 1,625,689           | 26.86%   | 1,872,435           | 27.96%   | 1,859,304           | 27.25%   |
| <b>Total Expenses</b>                     | <b>\$ 5,116,708</b>             |        | <b>\$ 5,490,379</b> |        | <b>\$ 6,051,989</b> |          | <b>\$ 6,696,352</b> |          | <b>\$ 6,824,120</b> |          |
| <b>Net Available for Debt Service</b>     | <b>\$ 1,889,034</b>             |        | <b>\$ 2,157,164</b> |        | <b>\$ 1,192,462</b> |          | <b>\$ 2,210,066</b> |          | <b>\$ 2,376,737</b> |          |
| CIP Fees <sup>(1)</sup>                   | \$ 562,677                      |        | \$ 591,140          |        | \$ 603,306          |          | \$ 631,599          |          | \$ 630,000          |          |
| Net Available for Debt Service            |                                 |        |                     |        |                     |          |                     |          |                     |          |
| Adjusted CIP Fees                         | \$ 2,451,711                    |        | \$ 2,748,304        |        | \$ 1,795,768        |          | \$ 2,841,665        |          | \$ 3,006,737        |          |
| Debt Service - Per Debt Service Schedules |                                 |        | \$ 1,260,218        |        | \$ 970,931          |          | \$ 1,988,424        |          | \$ 2,042,557        |          |
| Debt Service - Per Audit                  |                                 |        | 1,345,877           |        | 782,100             | Page 113 | 3,100,742           | Page 108 | 2,089,171           | page 106 |
|   |                                 |        |                     |        | 1,022,956           | Page 114 |                     |          |                     |          |
| Water Transfer to General Fund            | \$ 117,150                      |        | \$ 859,702          |        | \$ 195,000          |          | \$ -                |          | \$ 197,701          |          |
| Sewer Transfer to General Fund            | 47,850                          |        | 47,850              |        | 152,000             |          | -                   |          | 156,800             |          |
|   | \$ 165,000                      |        | \$ 907,552          |        | \$ 347,000          |          | \$ -                |          | \$ 354,501          |          |
| Beginning Cash and Investments            | \$ 2,835,148                    |        | \$ 2,193,973        |        | \$ 2,160,159        |          | \$ -                |          |                     |          |
| Ending Cash and Investments               | \$ 2,193,973                    |        | \$ 2,160,159        |        | \$ 1,663,444        |          | \$ 1,984            |          |                     |          |

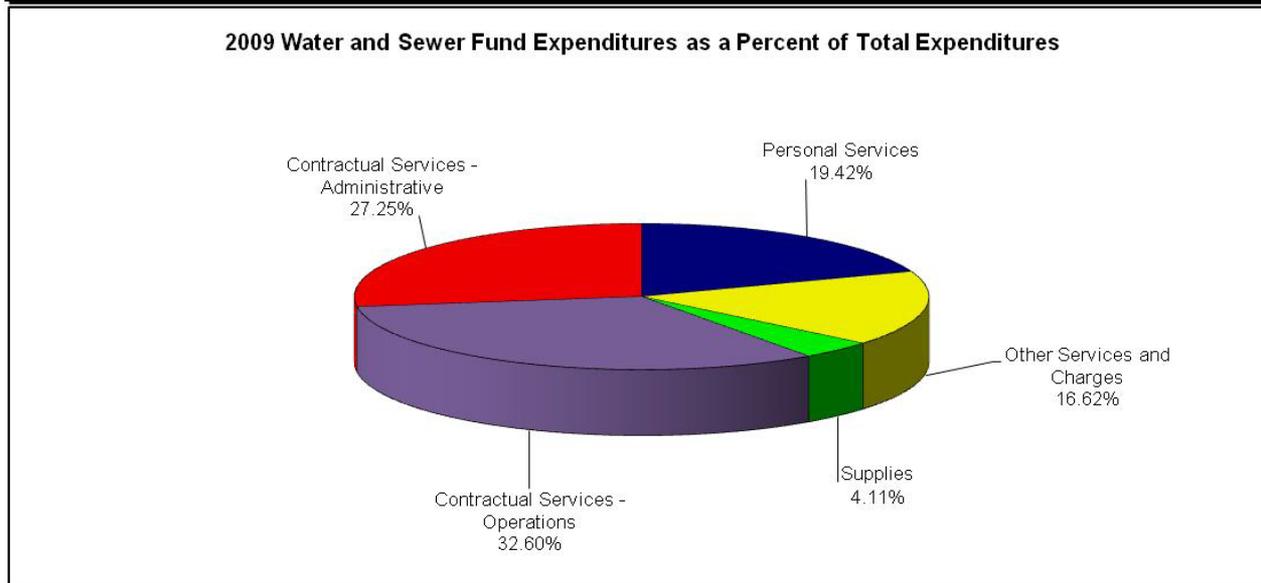
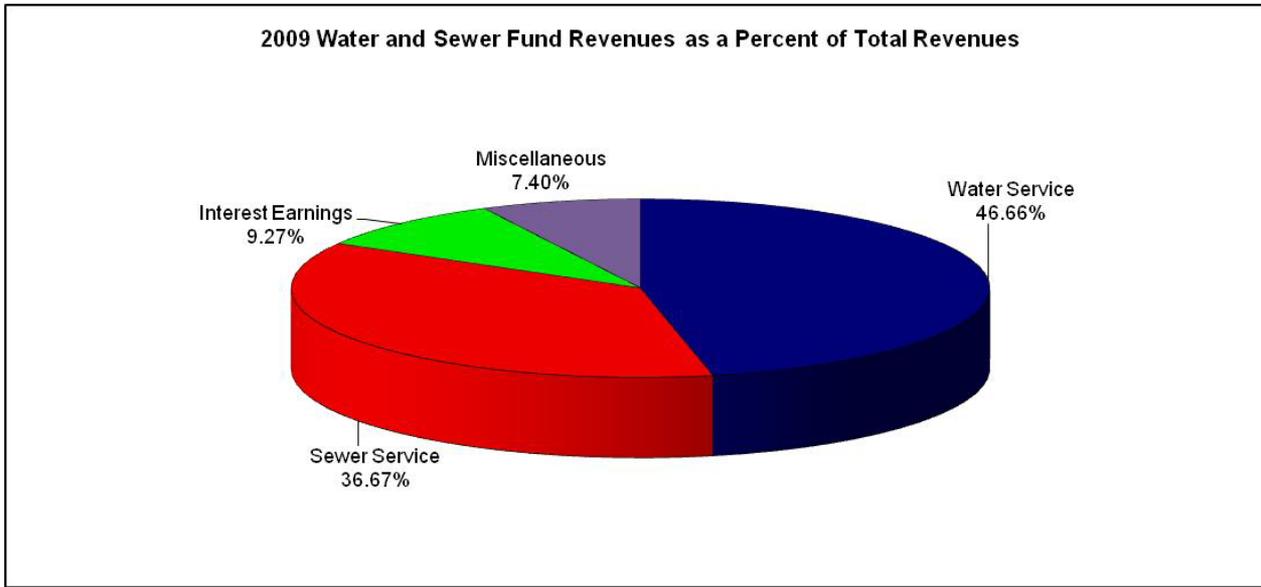
(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000.

These Bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue. This table has been modified to reflect this source of funds.

# Water and Sewer Fund – Budget vs. Actual

|   |              |              | Significant Positive Changes |              |              |             |
|---|--------------|--------------|------------------------------|--------------|--------------|-------------|
|   |              |              | Significant Negative Changes |              |              |             |
| Fiscal Year Ended September 30,   |              |              |                              |              |              |             |
|   | 2008         | 2008         |                              | 2009         | 2009         |             |
|   | Budget       | Actual       | Change                       | Budget       | Audited      | % of Budget |
| <b>Revenues:<sup>(1)</sup></b>  |              |              |                              |              |              |             |
| Water Service   | \$ 4,159,964 | \$ 4,159,964 | -                            | \$ 4,590,800 | \$ 4,293,548 | 6.92%       |
| Sewer Service   | 3,375,730    | 3,375,730    | -                            | 4,202,105    | 3,374,207    | 24.54%      |
| Interest Earnings   | 907,122      | 907,122      | -                            | 38,360       | 852,465      | -95.50%     |
| Miscellaneous   | 463,602      | 463,602      | -                            | 493,898      | 680,637      | -27.44%     |
| Total Revenue   | \$ 8,906,418 | \$ 8,906,418 | -                            | \$ 9,325,163 | \$ 9,200,857 | 1.35%       |
| <b>Expenses:</b>  |              |              |                              |              |              |             |
| Personal Services   | \$ 1,171,846 | \$ 1,291,413 | 10.20%                       | \$ 1,323,258 | \$ 1,325,256 | -0.15%      |
| Other Services and Charges  | 926,281      | 1,005,956    | 8.60%                        | 994,311      | 1,134,186    | -12.33%     |
| Supplies  | 440,766      | 373,062      | -15.36%                      | 305,856      | 280,560      | 9.02%       |
| Contractual Services - Operations   | 2,193,684    | 2,153,486    | -1.83%                       | 2,137,591    | 2,224,814    | -3.92%      |
| Contractual Services - Administrative   | 1,859,293    | 1,872,435    | 0.71%                        | 1,859,293    | 1,859,304    | 0.00%       |
| Total Expenses  | \$ 6,591,870 | \$ 6,696,352 | -1.56%                       | \$ 6,620,309 | \$ 6,824,120 | -2.99%      |
| Net Available for Debt Service  | \$ 2,314,548 | \$ 2,210,066 | -4.51%                       | \$ 2,704,854 | \$ 2,376,737 | 13.81%      |
| CIP Fees <sup>(1)(2)</sup>  | \$ 631,599   | \$ 631,599   | 0.00%                        | \$ 610,000   | \$ 645,067   | -5.44%      |
| Net Available for Debt Service  |              |              |                              |              |              |             |
| Adjusted CIP Fees   | \$ 2,946,147 | \$ 2,841,665 | -3.55%                       | \$ 3,314,854 | \$ 3,021,804 | 9.70%       |
| Debt Service - Per Debt Service Schedules   |              |              |                              |              |              |             |
| Debt Service - Per Audit  |              |              |                              |              |              |             |
| Water Transfer to General Fund  | \$ -         | \$ -         |                              | \$ 197,701   | \$ 197,701   | 0.00%       |
| Sewer Transfer to General Fund  | -            | -            |                              | 156,800      | 156,800      | 0.00%       |
|   | \$ -         | \$ -         |                              | \$ 354,501   | \$ 354,501   | 0.00%       |
| Beginning Cash and Investments  | \$ -         | \$ -         |                              | \$ 1,984     |              |             |
| Ending Cash and Investments   | \$ -         | \$ 1,984     |                              | \$ 1,663,444 |              |             |
| (1) Budget vs. Actual Revenues were not provided in 2008 CAFR. Actual amounts were used for purposes of illustration.   |              |              |                              |              |              |             |
| (2) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These Bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue. This table has been modified to reflect this source of funds. |              |              |                              |              |              |             |

# Water and Sewer – Composition of Revenues and Expenditures Chart



TAB C – REFUNDING OPPORTUNITY  
*AS OF AUGUST 3, 2010*

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# Proposed Refunding Opportunity



## The Refunded Bonds

- *Tax Waterworks and Sewer System Revenue Certificates of Obligation, Series 1999*
- Original Principal Amount  
**\$8,290,000**
- Proposed Principal Refunded  
**\$4,955,000**
- Proposed Refunded Maturities  
*2011 – 2019*
- Coupons – *4.35% - 4.75%*
- **Currently Callable**

## Debt Service Comparison

| Date         | Net New D/S           | Old Net D/S           | Savings             |
|--------------|-----------------------|-----------------------|---------------------|
| 09/30/2010   | -                     | -                     | -                   |
| 09/30/2011   | 651,398.47            | 673,006.25            | 21,607.78           |
| 09/30/2012   | 653,500.00            | 672,660.00            | 19,160.00           |
| 09/30/2013   | 656,725.00            | 675,960.00            | 19,235.00           |
| 09/30/2014   | 653,350.00            | 672,880.00            | 19,530.00           |
| 09/30/2015   | 653,275.00            | 673,515.00            | 20,240.00           |
| 09/30/2016   | 650,687.50            | 672,727.50            | 22,040.00           |
| 09/30/2017   | 656,012.50            | 675,375.00            | 19,362.50           |
| 09/30/2018   | 658,200.00            | 676,312.50            | 18,112.50           |
| 09/30/2019   | 657,900.00            | 675,675.00            | 17,775.00           |
| <b>Total</b> | <b>\$5,891,048.47</b> | <b>\$6,068,111.25</b> | <b>\$177,062.78</b> |

### PV Analysis Summary (Net to Net)

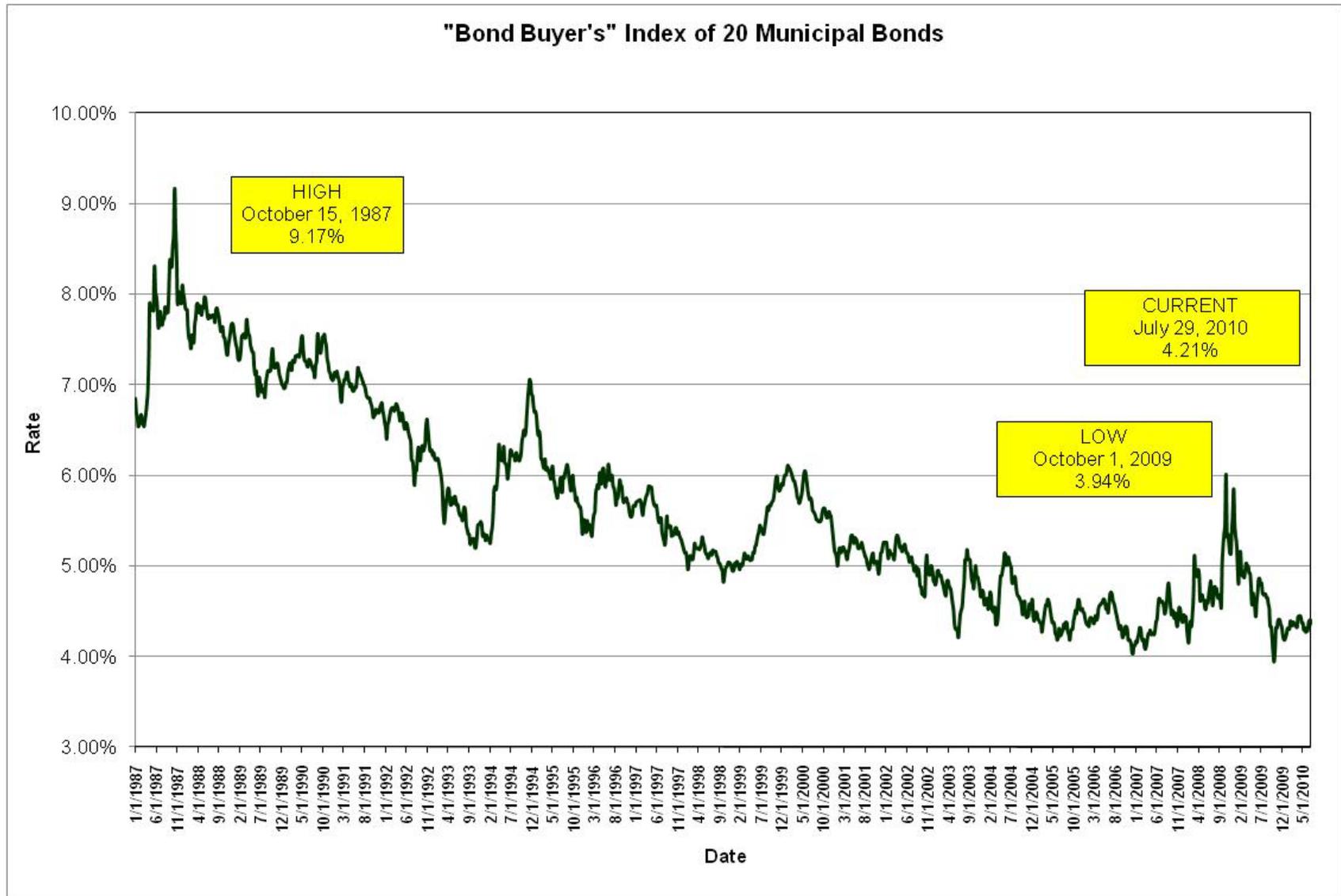
|  |                     |
|--|---------------------|
| Gross PV Debt Service Savings                          | 156,076.35          |
| Net PV Cashflow Savings @ 3.884%(AIC)                  | 156,076.35          |
| Contingency or Rounding Amount                         | 1,815.70            |
| <b>Net Present Value Benefit</b>                       | <b>\$157,892.05</b> |
| <b>Net PV Benefit / \$4,955,000 Refunded Principal</b> | <b>3.187%</b>       |

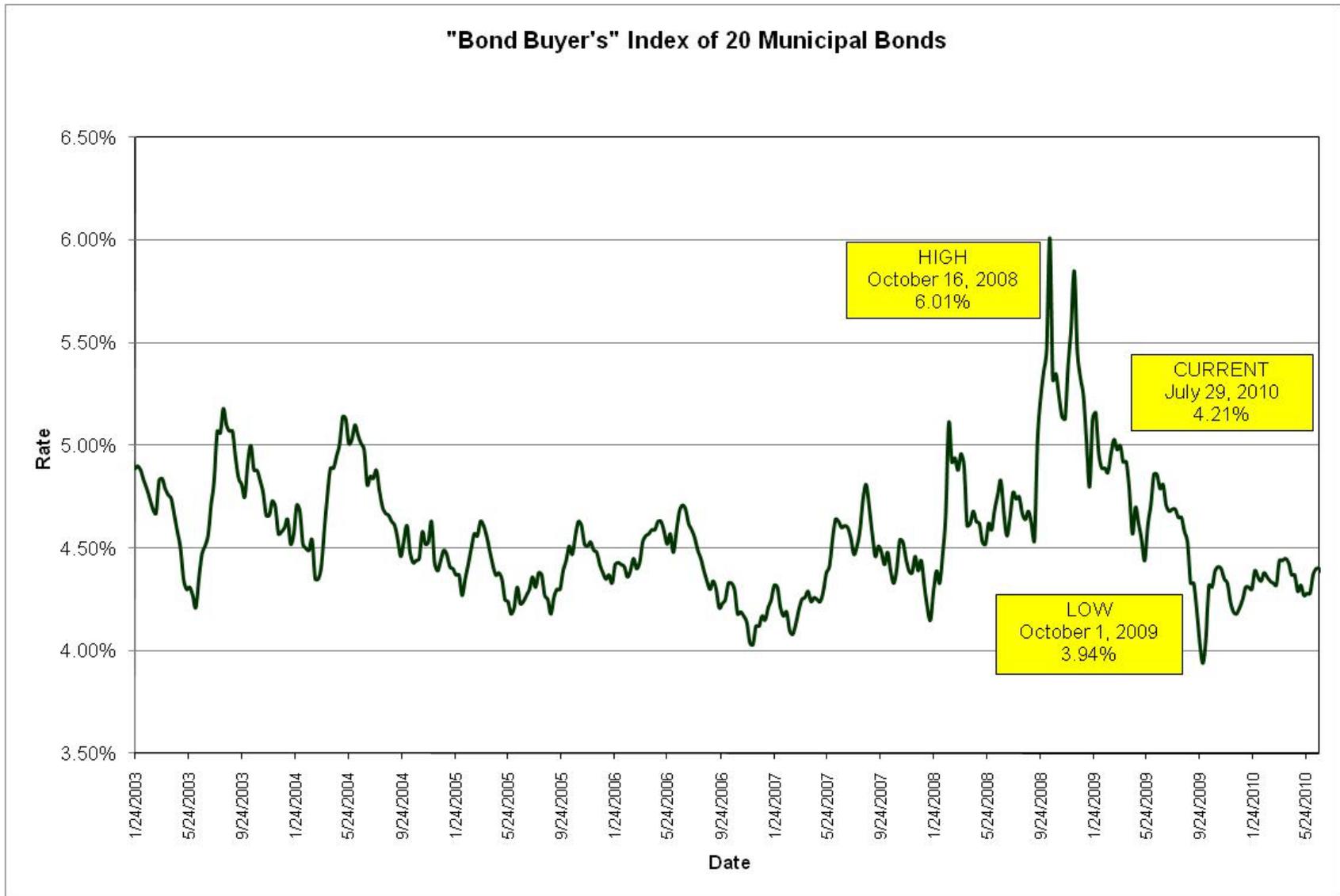
*\*Market Rates as of August 30, 2010, Uninsured BBB+ scale. Preliminary; subject to change.*

TAB D - MARKET UPDATE  
*AS OF JULY 30, 2010*

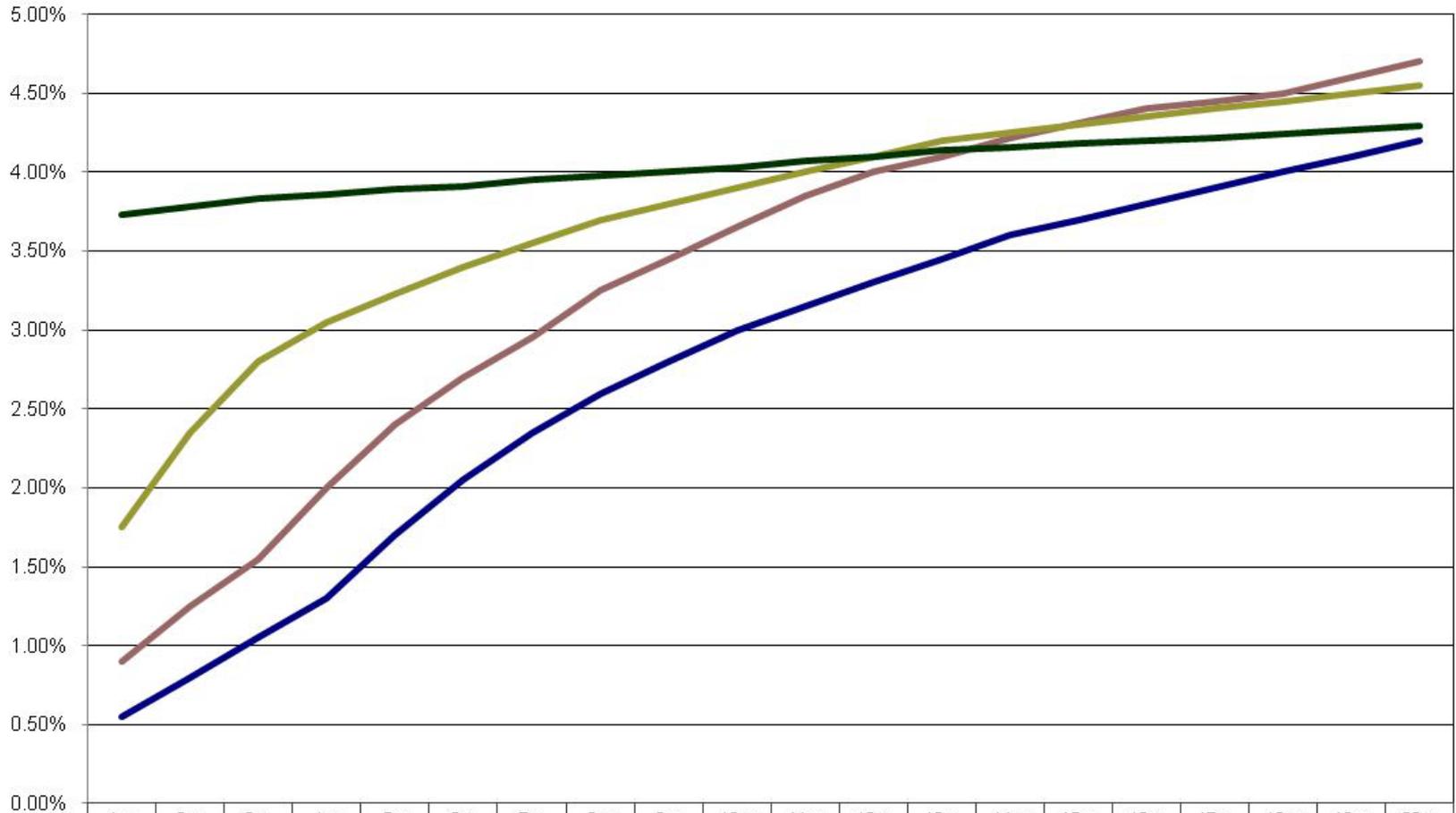
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### AAA Insured Municipal Yield Curve



|           | 1yr   | 2yr   | 3yr   | 4yr   | 5yr   | 6yr   | 7yr   | 8yr   | 9yr   | 10yr  | 11yr  | 12yr  | 13yr  | 14yr  | 15yr  | 16yr  | 17yr  | 18yr  | 19yr  | 20yr  |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 7/30/2010 | 0.55% | 0.80% | 1.05% | 1.30% | 1.70% | 2.05% | 2.35% | 2.60% | 2.80% | 3.00% | 3.15% | 3.30% | 3.45% | 3.60% | 3.70% | 3.80% | 3.90% | 4.00% | 4.10% | 4.20% |
| 7/31/2009 | 0.90% | 1.25% | 1.55% | 2.00% | 2.40% | 2.70% | 2.95% | 3.25% | 3.45% | 3.65% | 3.85% | 4.00% | 4.10% | 4.22% | 4.31% | 4.40% | 4.45% | 4.50% | 4.60% | 4.70% |
| 8/1/2008  | 1.75% | 2.35% | 2.80% | 3.05% | 3.23% | 3.40% | 3.55% | 3.70% | 3.80% | 3.90% | 4.00% | 4.10% | 4.20% | 4.25% | 4.30% | 4.35% | 4.40% | 4.45% | 4.50% | 4.55% |
| 7/27/2007 | 3.73% | 3.78% | 3.83% | 3.86% | 3.89% | 3.91% | 3.95% | 3.98% | 4.00% | 4.03% | 4.07% | 4.10% | 4.14% | 4.16% | 4.18% | 4.20% | 4.22% | 4.24% | 4.27% | 4.29% |