

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF DEL RIO, TEXAS Del Rio, Texas

Year Ended September 30, 2008

Prepared by the Finance Department

Manuel B. Chavez	Finance Director
Gilbert Sanchez	Assistant Finance Director
Jose Rivera, Jr., CPA	Chief Accountant
Lorinda Castillo	Risk Manager
Maria Lopez	Special Grants Accountant
Ana Wilson	Senior Accounting Clerk
Estela Hernandez	Accounting Clerk
Dora Garcia	Accounts Receivable Clerk
Cecilia Zapata	Accounts Payable Clerk
Maria D. Martinez	Payroll Clerk
Sylvia Y. Castillo	Finance Clerk

CITY OF DEL RIO, TEXAS

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL MEMBERS

Efrain V. Valdez
Mayor

Mary Ann Zepeda	Councilperson-At-Large	Place A
Mike Wrob	Councilperson-At-Large	Place B
Claudio Sotelo	Councilperson-At-Large	Place C
Lisa Cadena Craig	Councilperson	District 1
Pat Cole	Councilperson	District 2
Ernestina Martinez	Councilperson	District 3

CITY STAFF

Frances F. Rodriguez	City Manager
David Sorola	City Attorney
Susan Corp	City Secretary
Filemon Ortiz, Jr.	Municipal Court Judge
Monique Vernon	Assistant City Manager
Waylon Bullard	Police Chief
Harold Bean	Fire Chief
Manuel B. Chavez	Finance Director
Robert C. Parker	Public Works/Engineering Director
Mary Rodriguez	Human Resources Director

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INTRODUCTORY SECTION

CITY OF DEL RIO, TEXAS

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL MEMBERS

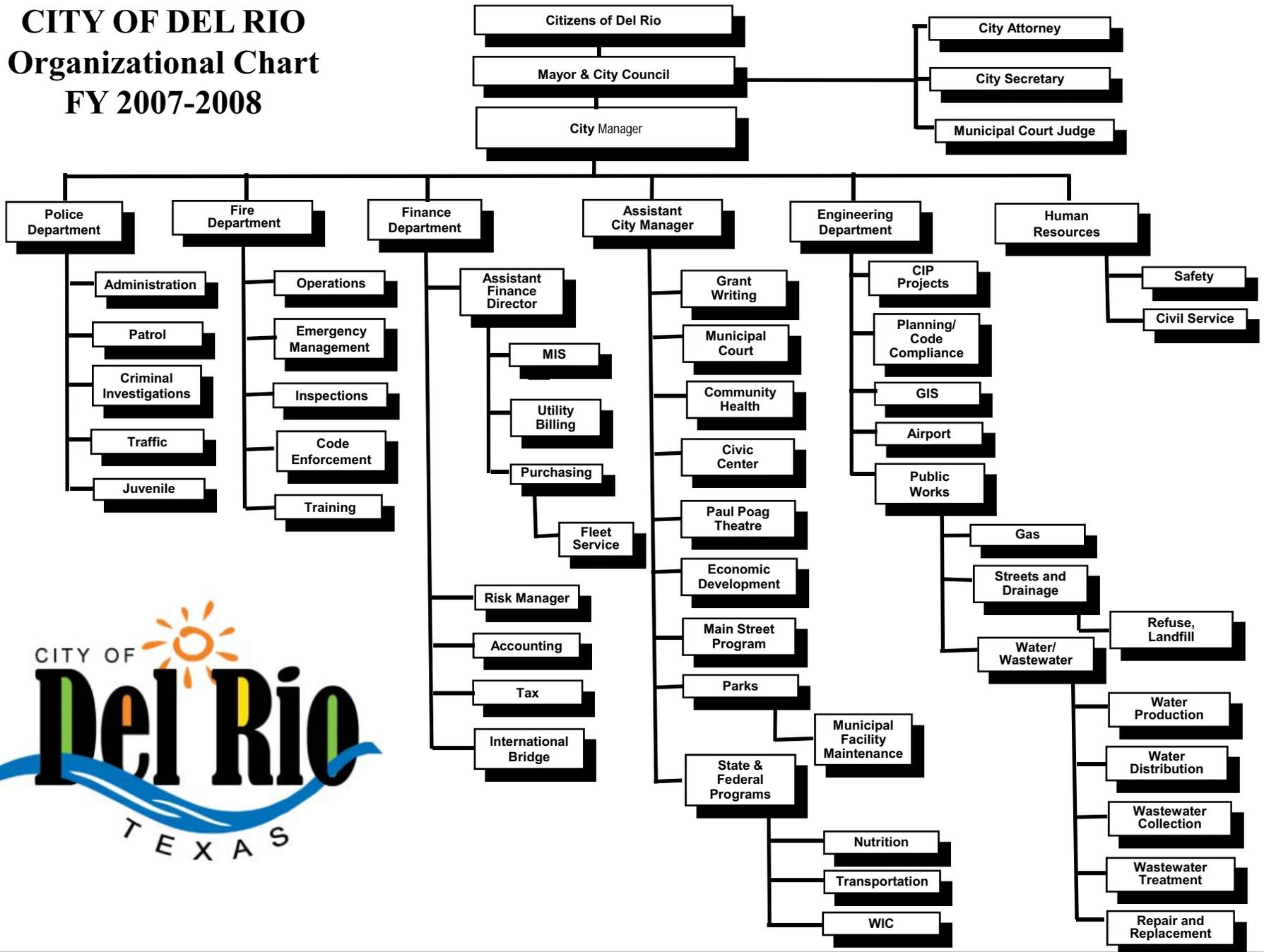
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Harold Bean	Fire Chief
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Robert C. Parker	Public Works/Engineering Director
Mary Rodriguez	Human Resources Director

CITY OF DEL RIO Organizational Chart FY 2007-2008





March 20, 2009

Honorable Mayor and Council Members
Citizens of the City of Del Rio, Texas

The Comprehensive Annual Financial Report of the City of Del Rio for the fiscal year ended September 30, 2008, is hereby submitted. This report has been prepared pursuant to, and to demonstrate compliance with, Article II, Section 31, of the City Charter.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's management has established and maintained an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Del Rio's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Del Rio's financial statements have been audited by Pattillo, Brown & Hill, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Del Rio for the fiscal year ended September 30, 2008, are free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Del Rio's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Del Rio is also required to undergo a mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and legal requirements involving the administration of federal awards. These reports are included in this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Del Rio’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Del Rio was originally incorporated as a municipality in 1905, but was reincorporated in 1911. The City of Del Rio is located on the Rio Grande Plains of Southwest Texas, 150 miles due west of San Antonio, Texas. The most southern perimeter borders the Rio Grande River, one of the natural boundaries separating the United States and Mexico. The City of Del Rio incorporated area encompasses 16.09 square miles of the Val Verde County’s 3,240.04 square miles of total area. The City of Del Rio serves a population of approximately 36,500. The City of Del Rio is empowered to levy tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs occasionally when deemed appropriate by the governing council.

The City of Del Rio is a home-rule town with a “*Council-Manager*” form of government. The first version of its present charter was initially adopted in 1967, and was subsequently revised in 1981 and 1998. Policy-making and legislative authority are vested in its City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing citizens to serve on advisory boards, and hiring the city manager, attorney, city secretary and municipal court judge. The city manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments subject to the approval of council. The Council is elected on a non-partisan basis. The mayor’s term of office is for two years. The Council members serve four years staggered terms, with three Council members elected every two years. The mayor and three council members are elected at large. The other three Council members are residents of and elected from one of the three numbered districts. The mayor can serve no more than four consecutive terms and the Council members no more than two consecutive terms.

The City of Del Rio provides a full range of services, including police and fire protection; the construction and maintenance of streets, and other infrastructure; and recreational activities and cultural events. The City of Del Rio provides water and natural gas through its water and gas system. It also provides sanitation services through a sanitary sewer

system. The City of Del Rio has its own landfill and provides for handling and disposition of garbage, trash and rubbish through a private contract and through its health department. These systems are included as integral parts of the City of Del Rio's financial statements.

The annual budget serves as the foundation for the City of Del Rio's financial planning and control. All departments of the City of Del Rio are required to submit requests for appropriations to the city manager as specified on the budget process time-line. The city manager uses the requests, historical data and trends information as a starting point for developing a proposed budget. The city manager then presents this proposed budget to the Council at least 45 days prior to the beginning of each budget year. The City Council is required to hold a public hearing on the budget and to adopt a final budget no later than September 30, which is the close of the City of Del Rio's fiscal year. The appropriated budget is prepared by fund, department/division (e.g., personnel costs, supplies, contractual, capital outlay). The city manager may at any time transfer up to ten thousand dollars in budget allocations between one-line item and another among departments and divisions within the same fund. The authority may be delegated by the city manager in the interest of efficiency. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For non-major governmental funds with appropriated annual budgets, this comparison is presented in the non-major governmental fund subsection of this report. For proprietary funds with appropriated annual budgets, this comparison is presented in the proprietary funds subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is condensed from the broader perspective of the specific environment within which the City of Del Rio operates.

Local Economy. The City of Del Rio's economy is in a good stable state. Bridge toll activity trended downward during the fiscal year 2007-2008. However, sales tax revenues continued to have a slight increase. In general, the national economic slowdown did not have a significant impact on the local economy during the fiscal year 2007-2008.

At the end of the fiscal year 2007-2008 Del Rio's unemployment rate was 5.3% with an employed labor force of 15,699 as of September 30, 2008. The top employers are the federal agencies with 2,132 employees, San Felipe Del Rio CISD with 1,407 employees and Laughlin Air Force base with 1,574 military personnel and 1,297 civilian employees. Laughlin Air Force Base (LAFB) located six miles east of Del Rio on U. S. Highway 90 has a significant positive impact on the local economy. It represents the largest flying training operation in the U. S. Air Force. The base is the largest employer in Val Verde County where the City of Del Rio is located with about 2,871 employees.

Val Verde County (which includes the City of Del Rio) had as of September 30, 2008, an employed labor force of approximately 19,917. The City's business district continues to grow slightly. The low unemployment rate combined with an increase of business indicates that the City of Del Rio is in a good stable condition.

The City continues to build and strengthen its economy not only by expanding existing businesses, but also by working to attract new businesses and industries to the City. The primary goal is to assist businesses both small and large in developing and enhancing working relationships among economic development practitioners throughout the city. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City will continue to modernize its economy.

Long-term financial planning. The City of Del Rio's General fund balance had increases in six of the last seven fiscal years. In fiscal year 2002-2003 the fund balance had a small decrease due to the defeasance of bonds. At the end of fiscal year 2003-2004 the General Fund balance represented 59.89% of expenditures. In fiscal year 2004 -2005 the City invested some of the funds for the purchase of capital equipment for fire, parks, health, airport, and nutrition departments and new seating for the Paul Poag Theater. In fiscal year 2005-2006 the City invested in the purchase of a new records management system for the Police Department, purchase of new police vehicles, improvements at the Water Treatment Plant, a new wastewater collection trunk line from the north side of the City to the Silverlake Wastewater Treatment Plant and the purchase of rolling stock for various departments. In fiscal year 2006-2007, the City invested in improvements to park systems and the purchase of rolling stock for various departments. In fiscal year 2007-2008, the City invested in upgrades and repairs to wastewater lift stations, the purchase of hardware/software packages for Tax and Code Compliance departments, the purchase of police and fire vehicles and equipment, and the purchase of rolling stock for various departments.

The City of Del Rio has a Five-Year Capital Improvement Plan which is updated annually and approved by City Council. Future projects include water distribution line improvements, the purchase of new water equipment, the purchase of police vehicles and communication equipment, street paving improvements, park improvements, and the purchase of rolling stock for various departments.

The City of Del Rio has contracted with the firm, A&E Engineering, to revise City ordinances. The job is estimated to be completed in 2009.

Cash Management Policies and Practices

The City of Del Rio's investment policy is to strive to earn the highest rate of return on invested funds without sacrificing either safety or liquidity. All deposits and investments with the official City of Del Rio depository are secured by the Federal Deposit Insurance Corporation and/or pledged securities. Cash temporarily idle during the year was invested in certificates of deposits purchased at the local depository bank and Texas Local Government Investment Pool (TEXPOOL and TexasDAILY).

Debt Management

The primary goal of the City's debt management practices is to access capital markets at the lowest possible cost (interest rate) without endangering its ability to finance essential services. The City's conservative financial practices have earned its general obligation debt the ratings available from national bond rating services as follows:

Moody's Investor Services – A3
Fitch Rating – A

Risk Management

The City is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Del Rio has insurance coverage through the Texas Municipal League Intergovernmental Risk Pool for claims in excess of the deductible. Under this pool the City of Del Rio provides coverage for up to a maximum of \$25,000 for each workers' compensation claim, \$1,000 for each general liability claim, \$2,500 for law enforcement liability, \$2,500 for errors and omissions liability, \$10,000 for each property damage claim, \$500 for automobile physical damage, \$1,000 for each automobile liability claim, \$1,000 for boiler and machinery loss, and \$500 for mobile equipment loss. Costs related to workers' compensation claims are accounted for in the fund under which the affected employee is classified. Other claims are accounted for in the fund related to the property or liability claim.

The Health Claims Self-Insurance Fund (an Internal Service Fund) accounts for and finances its uninsured risk of loss from health and dental claims of eligible City of Del Rio employees, their spouses and dependents. Under this program, the Fund provides coverage for up to a maximum of \$85,000 per claimant per year. The City of Del Rio purchase health stop loss insurance from a private carrier for claims in excess of coverage provided by the fund.

All City of Del Rio employees participate in these programs and pay their share of insurance premiums for dependents.

Pension and Other Post Employment Benefits

The City of Del Rio entered into a defined contribution plan on August 1, 1970 with the ING Life Insurance and Annuity Company, the Plan Administrator (formally Aetna Life Insurance Annuity Company and the Participating Annuity Life Insurance Company), to provide pension benefits for all full-time employees with six months continuous service. The plan was restated effective October 1, 1989. The City Council on September 13, 2005, by Resolution No. R:2005-134 resolved that the City of Del Rio Employees Retirement Plan (as restated effective October 1, 1989) be frozen effective October 1, 2005, and that all Employer and Employee contributions to the Plan shall continue for compensation earned through September 30, 2005, and shall then cease, and that all

Employer Contribution Accounts under the Plan held for participants (other than those whose last date of termination was more than five years prior to September 30, 2005) shall be fully vested as of that date.

The City Council on August 23, 2005, passed an ordinance to participate in the Texas Municipal Retirement System and the supplemental death benefits fund by the City of Del Rio, Texas; and to make current service and prior service contributions to the City's account in the Municipal Accumulation Fund of the Texas Municipal Retirement System (TMRS) at the actuarially determined rate of total employee compensation; and allowing certain employees of the City, who performed or hereafter perform active service in the armed forces (or their reserves or auxiliaries) of the United States under honorable conditions, to apply and receive special credit with the Texas Municipal Retirement System for limited portions of such military service.

Under the plan, all eligible employees are required to participate and contribute at the rate of five percent of the full earnings and the City of Del Rio is required to match participating employee current contributions and prior service contributions.

Each employee of the City who is a member of the TMRS is eligible to retire and receive a service retirement annuity if the member has at least 20 years of credited service in the System performed for one or more municipalities that have adopted a like provision under Section 854.202(g) of the TMRS Act.

The City of Del Rio elected to provide post-retirement group medical insurance coverage for eligible retirees. This coverage became available for individuals who retired on or after February 14, 2001. The City of Del Rio will be responsible for the entire cost of these post-retirement benefits.

Expenditures for the post-retirement health care benefits are recognized as retirees' incur claims through the City's health insurance program.

Awards and Acknowledgements

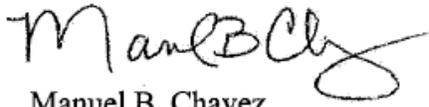
The City of Del Rio was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Governments Finance Officers Association for 11 consecutive years up to 1996. For the fiscal years ending in 1997 and 1998, the City did not participate in this program. For the fiscal year ending in 1999, the City applied for the Certificate of Achievement for the City's Comprehensive Annual Financial report but was not successful. For the fiscal years ending 2000 through 2007 (8 consecutive years) the City applied for the Certificate of Achievement for the City's Comprehensive Annual Financial Report and was awarded the Certificate. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. A certificate of Achievement is valid for a period of one year only. This report satisfies both generally accepted accounting principles and applicable legal requirements. We believe that the City of Del Rio

September 30, 2008, Comprehensive Annual Financial Report meets the Certificate of Achievement program requirements.

The preparation of the Comprehensive Annual Financial Report involves the entire staff. The discipline of the budget and other financial plans of the various funds involve management and the departmental supervisors. We are grateful for their participation in making this system work smoothly and efficiently.

Without the interest and support of the members of the City Council in planning and conducting the affairs of the City of Del Rio in a responsible and progressive manner, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink that reads "Manuel B. Chavez". The signature is written in a cursive style with a large, sweeping flourish at the end.

Manuel B. Chavez
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Del Rio
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Member of the City of Council
City of Del Rio, 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 Del Rio, Texas, 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 of Del Rio, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Del Rio, Texas, as of September 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2009, on our consideration of the City of Del Rio, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 59 through 60 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 of Del Rio, Texas' basic financial statements. The introductory section, combining fund financial statements, supplementary schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the City of Del Rio, Texas. The combining fund financial statements, supplementary schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

March 20, 2009

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Del Rio's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on September 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- The net assets of the City of Del Rio exceeded its liabilities by \$116.5 million, an increase of \$2.4 million from last year. Governmental activities contributed \$0.1 million and the business-type activities contributed \$2.3 million to the overall increase.

Fund Level

- The Governmental Funds report a combined deficiency of revenues over expenditures of \$8.9 million of which \$5.3 million is in the General Fund, \$1.5 million is in the Debt Service Fund and \$2.1 million is in other governmental funds. The deficiencies in the General Fund and Debt Service Funds are financed through proprietary fund transfers. The deficiency in the other governmental funds is financed by transfers from the General Fund, bond proceeds and available beginning fund balances.
- The City's governmental funds reported a combined fund balance of \$23.9 million, an increase of \$0.1 million from last fiscal year. Within the combined fund balance total, \$22.7 million is unreserved and the remainder is reserved for specific purposes.
- The General Fund reported a fund balance of \$9.4 million, which represents a \$0.5 million decrease from last year. The unreserved balance is \$8.4 million of which \$5.5 million was designated for streets/drainage projects, public safety capital equipment, international bridge construction/improvements, General Fund reserve and for future personnel costs. The total fund balance represents 44% of General Fund expenditures and other financing uses for the fiscal year.

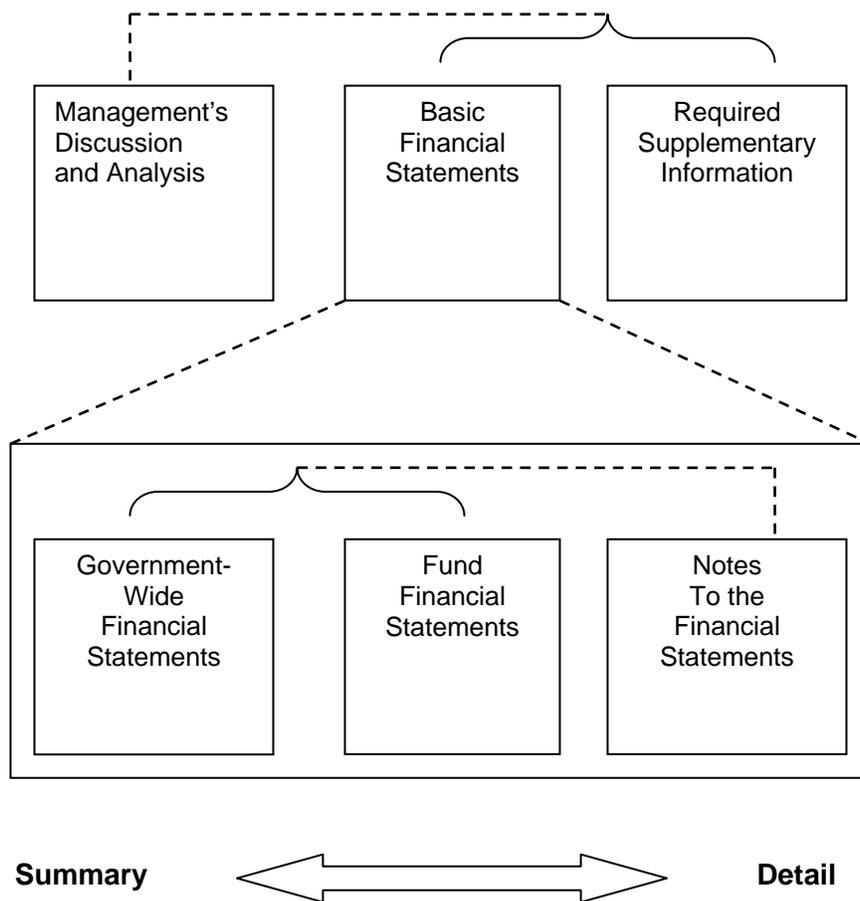
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor Enterprise Funds and Internal Service Funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required statements, we have included a section with combining statements that provide details about our nonmajor Enterprise Funds and Internal Service Funds, each of which are added together and presented in single columns in the basic financial statements.

**Figure A-1
Required Components of
City of Del Rio’s Annual Financial Report**



Below is a summary of the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City one needs to consider additional non-financial factors such as changes in the City's property tax base, level of economy and international bridge crossings.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* – Most of the City's basic services are included here, such as the general government, health and welfare, public safety, highways and streets, culture and recreation, and economic development and assistance. Property taxes, sales taxes, franchise taxes, state grants and transfers from business-type activities and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's gas, water and sewer system, landfill, international bridge, international airport, and municipal facilities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by City Charter, state law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or show that it is properly using certain taxes and grants (like aid from the Texas Department of Transportation).

The City has three kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the governmental funds statement, there is a reconciliation on the subsequent page that explains the relationship (of differences) between the governmental fund statements and the government-wide statements
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - In fact, the City’s Enterprise Funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - The City uses Internal Service Funds (the other kind of proprietary fund) to report activities that provide supplies and services for the City’s other programs and activities – such as the Utility Billing fund.
- *Fiduciary funds* – The City’s fiduciary funds consist of various Agency Funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The City's combined net assets were \$116,480,689 at year-end.

CITY OF DEL RIO'S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 29,321,447	\$ 28,838,316	\$ 30,503,966	\$ 29,432,727	\$ 59,825,413	\$ 58,271,043
Capital assets	<u>36,473,455</u>	<u>34,447,790</u>	<u>103,551,798</u>	<u>104,749,852</u>	<u>140,025,253</u>	<u>139,197,642</u>
Total assets	<u>65,794,902</u>	<u>63,286,106</u>	<u>134,055,764</u>	<u>134,182,579</u>	<u>199,850,666</u>	<u>197,468,685</u>
Current liabilities	5,185,986	4,681,428	5,844,165	5,853,255	11,030,151	10,534,683
Long-term liabilities	<u>28,000,054</u>	<u>26,094,712</u>	<u>44,339,772</u>	<u>46,745,276</u>	<u>72,339,826</u>	<u>72,839,988</u>
Total liabilities	<u>33,186,040</u>	<u>30,776,140</u>	<u>50,183,937</u>	<u>52,598,531</u>	<u>83,369,977</u>	<u>83,374,671</u>
Net assets:						
Invested in capital assets, net of related debt	26,004,429	23,019,074	72,313,297	70,638,087	98,317,726	93,657,161
Restricted	1,528,280	1,484,209	5,181,784	5,118,297	6,710,064	6,602,506
Unrestricted	<u>5,076,153</u>	<u>8,006,683</u>	<u>6,376,746</u>	<u>5,827,664</u>	<u>11,452,899</u>	<u>13,834,347</u>
Total net assets	<u>\$ 32,608,862</u>	<u>\$ 32,509,966</u>	<u>\$ 83,871,827</u>	<u>\$ 81,584,048</u>	<u>\$ 116,480,689</u>	<u>\$ 114,094,014</u>

The City's combined change in net assets was \$2,386,675.

CITY OF DEL RIO'S CHANGES IN NET ASSETS

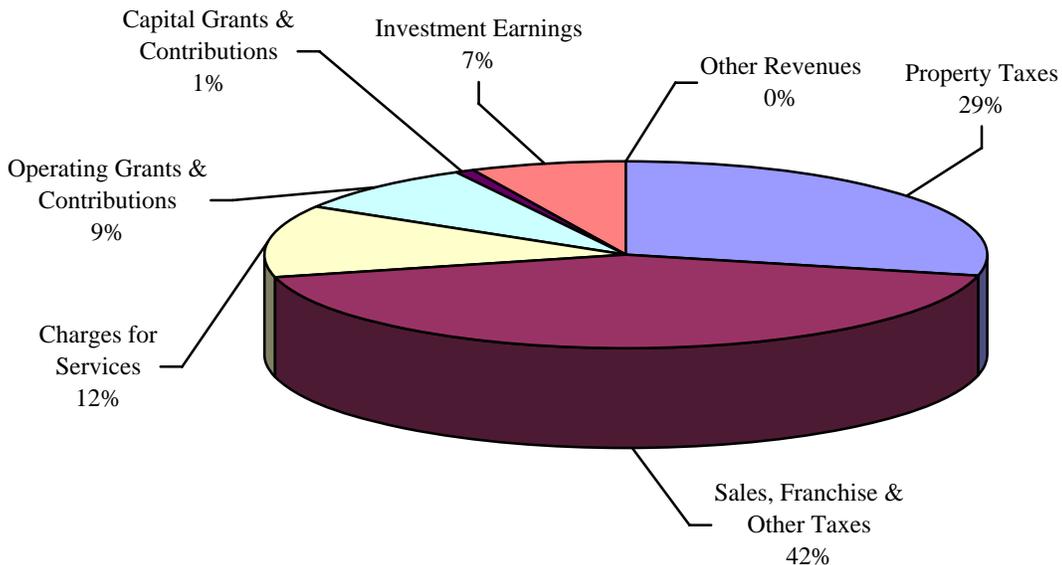
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Net (expenses) revenue	\$(19,611,050)	\$(17,545,310)	\$ 7,180,487	\$ 5,404,290	\$(12,430,563)	\$(12,141,020)
General revenues	13,940,845	13,521,125	876,393	1,295,463	14,817,238	14,816,588
Transfers	<u>5,769,101</u>	<u>5,034,899</u>	<u>(5,769,101)</u>	<u>(5,034,899)</u>	-	-
Change in net assets	98,896	1,010,714	2,287,779	1,664,854	2,386,675	2,675,568
Net assets, beginning	32,509,966	19,492,890	81,584,048	64,813,564	114,094,014	84,306,454
Prior period adjustment	-	12,006,362	-	15,105,630	-	27,111,992
Net assets, ending	<u>\$ 32,608,862</u>	<u>\$ 32,509,966</u>	<u>\$ 83,871,827</u>	<u>\$ 81,584,048</u>	<u>\$ 116,480,689</u>	<u>\$ 114,094,014</u>

The combined net assets of the City for the primary government increased \$2.4 million compared to last fiscal year. Governmental activities contributed \$0.1 million of this increase while the business-type activities contributed \$2.3 million of the increase. The largest component of net assets represents the City's investment in capital assets, net of related debt. The second largest component of net assets represents unrestricted net assets, while the final component of net assets is restricted.

Governmental Funds

Revenues for the City’s governmental activities were \$18,193,440. The revenue was derived from seven major sources as listed below and as reflected on Figure A-2.

	2008	2007	Variance
Property taxes	\$ 5,550,083	\$ 4,957,331	\$ 592,752
Sales, franchise and other taxes	7,491,604	7,366,814	124,790
Charges for services	2,181,324	2,153,438	27,886
Operating grants and contributions	1,942,606	1,493,750	448,856
Capital grants and contributions	128,665	171,039	(42,374)
Investment earning	821,417	1,172,883	(351,466)
Other revenues	34,137	24,097	10,040
Gain on sale of capital assets	43,604	-	43,604
	<u>\$ 18,193,440</u>	<u>\$ 17,339,352</u>	<u>\$ 854,088</u>



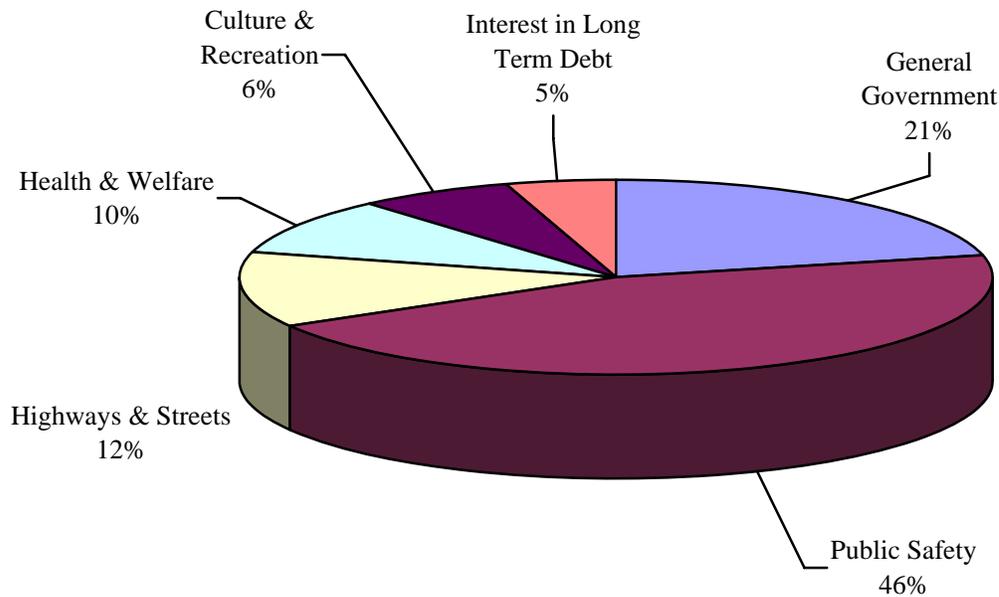
- The City’s adopted property tax rate for fiscal year 2007-2008 remained the same as that of the previous at \$0.52055 per \$100 of valuation.
- Property value increased \$80,970,083 to \$990,455,008 from the prior year’s valuation of \$909,484,925.
- Sales tax revenues were \$4,990,064. This represents an increase of \$22,299 from prior year of \$4,967,765.
- In addition to the revenue, the City transferred \$5,769,101 from propriety funds to fund its governmental operations.

Expenses for the City’s governmental activities were \$23,863,645. Expenses were incurred in seven major categories as listed below and as reflected on Figure A-3.

Functional Expenses by Category:

	<u>2008</u>	<u>2007</u>	<u>Variance</u>
General government	\$ 4,874,568	\$ 4,641,023	\$ 233,545
Public safety	11,358,661	9,608,589	1,750,072
Highways and streets	2,831,743	2,669,845	161,898
Health and welfare	56,997	104,242	(47,245)
Culture and recreation	2,153,804	1,896,712	257,092
Economic development and assistance	1,469,681	1,393,745	75,936
Interest in long-term debt	<u>1,118,191</u>	<u>1,049,381</u>	<u>68,810</u>
	<u>\$ 23,863,645</u>	<u>\$ 21,363,537</u>	<u>\$ 2,500,108</u>

Figure A-3



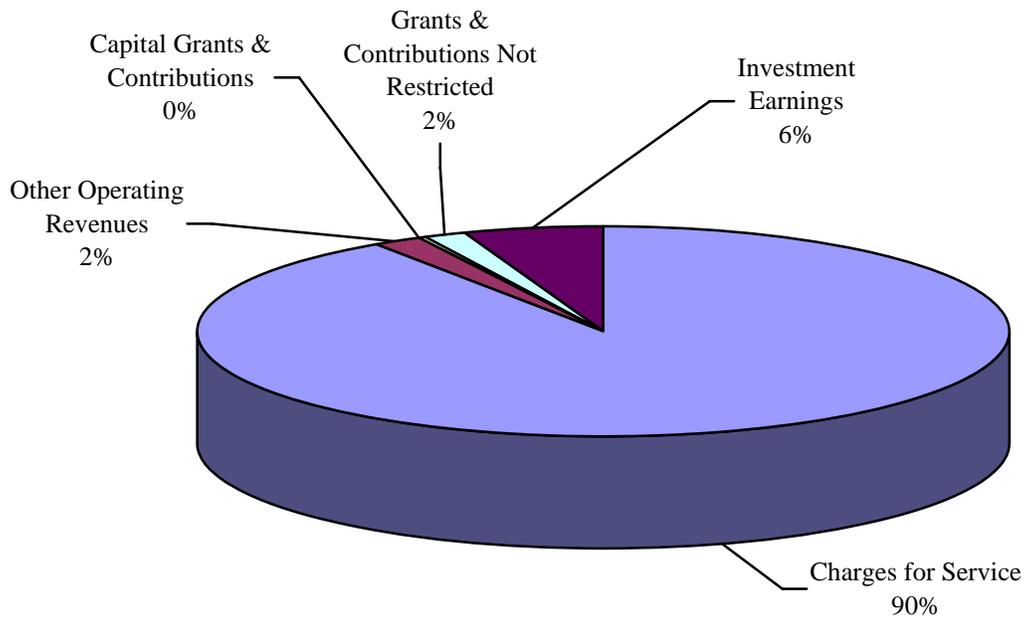
The City monitored its budget very closely during the year in order to ensure that expenses were within budgeted amounts.

Business-type Activities

Revenues of the City's business-type activities totaled \$24,988,914 as shown on Figure A-4.

	2008	2007	Variance
Charges for services	\$ 22,291,718	\$ 21,160,059	\$ 1,131,659
Other operating revenues	617,377	486,347	131,030
Capital grants and contributions	292,441	59,400	233,041
Grants and contributions not restricted to specific programs	910,985	481,121	429,864
Investment earnings	876,393	1,295,463	(419,070)
	<u>\$ 24,988,914</u>	<u>\$ 23,482,390</u>	<u>\$ 1,506,524</u>

Figure A-4



The amount realized from charges for services for the gas fund was \$4,328,011. The gas rates fluctuated during the year due to the increase in price of natural gas purchased for resale.

The amount realized for charges for services for the water fund was \$7,276,688 which is a decrease of \$1,253,506 from the prior year charges for service of \$6,023,182.

The amount realized for international bridge tolls was \$4,986,693, a decrease of \$282,192 from the prior year. As expected, Bridge crossings declined from the prior year attributable, in part, to the increased security requirements at all ports of entry and a slow-down in maquiladora-related traffic.

The amount realized for international airport charges for services is \$52,773 and is for fees for fuel sold at the airport by a commercial vendor.

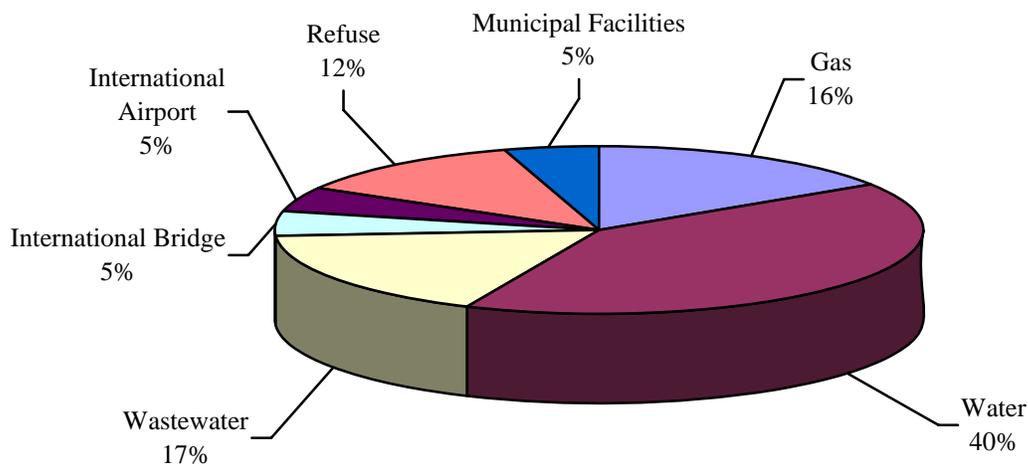
The amount realized for charges for services for the refuse fund was \$2,157,991. This includes \$1,703,563 for residential accounts, and \$464,306 for commercial accounts less \$9,883 for bad debts.

The amount realized for charges for services for the wastewater (sewer) fund was \$3,489,562, an increase of \$17,812 from the prior year charges for service of \$3,471,750. Rates for collection of wastewater are based on the customer's average monthly water usage for the months of December, January and February with three thousand gallons per month maximum. Although there was an increase in the water consumption during the year, the stability in wastewater revenues is attributable to stability in wastewater rates computed during the averaging period both in fiscal years ending in 2008 and 2007.

The expenses for the business type activities totaled \$16,932,034 as shown on figure A-5:

	<u>2008</u>	<u>2007</u>	<u>Variance</u>
Gas	\$ 3,158,365	\$ 2,656,139	\$ 502,226
Water	6,659,671	6,845,309	(185,638)
Wastewater	2,648,891	2,906,194	(257,303)
International Bridge	807,081	792,628	14,453
International Airport	938,345	763,646	174,699
Refuse	1,930,453	2,033,810	(103,357)
Municipal facilities	<u>789,228</u>	<u>784,911</u>	<u>4,317</u>
	<u>\$ 16,932,034</u>	<u>\$ 16,782,637</u>	<u>\$ 149,397</u>

Figure A-5



The difference between revenues, other revenue sources and expenses was \$8,190,598. The City transferred from its Enterprise Funds \$6,290,629 to subsidize governmental activities. The City also transferred \$541,528 into the Airport and Municipal Facilities Funds to subsidize their operations. The net transfers from the Enterprise Funds amounted to \$5,749,101. The City staff monitors all Proprietary Funds to ensure that operating expenses are maintained within budget. All revenue sources are checked monthly to ensure that the budget is realized or to adjust the budget as necessary.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Significant Changes in Fund Balances/Net Assets

Overall, the governmental funds increased their fund balances by \$51 thousand. The General Fund decreased its fund balance by \$458 thousand during the year. The change resulted from several factors. First, expenditures in the public safety category increased \$1.2 million from the prior year in part because the City increased wages for both Fire and Police personnel to keep up with the demand for these services. Second, the City purchased almost \$250,000 more in equipment and other capital outlay during the year compared to the prior year. Third, the City transferred out \$454 thousand more during this year compared to the prior year attributable primarily to the General Fund's transfer to fund the construction of the City's new police station. Overall, these increases in expenditures and transfers out were offset against \$1.6 million realized in proceeds from bonds for which the related expenditures will not be incurred until the subsequent year.

All other governmental funds, including the Debt Service Fund, contributed a net increase in fund balances of \$509 thousand. The increase resulted primarily from bond proceeds for street and drainage projects to be constructed in subsequent years offset against current year costs for street and drainage construction and costs for the construction of the City's new police station.

The business-type funds realized an overall increase in net assets of \$2.4 million. In part, the business-type funds increased their net assets by \$875 thousand because of investment earnings resulting from the careful and prudent investment strategies employed by the City. In addition, the business-type funds contributed to other City operations by transferring out \$6.3 million overall. The Gas Fund transferred out \$1.2 million, the International Bridge transferred out \$4.3 million and other business-type funds transferred out a total of \$809 thousand. The business-type funds also received assistance from the other funds. Combined, the International Airport and the Municipal Facilities Funds received \$542 thousand during the year.

Individually, the Gas Fund contributed \$233 thousand, the Water Fund \$762 thousand, the International Airport Fund \$666 thousand, the Refuse Fund \$5 thousand and the Wastewater \$843 thousand of the increase. The International Bridge Fund had decrease for the year of \$14 thousand.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City's budget several times. These amendments fall into six categories:

- Supplemental appropriations revising the budget adopted in September 2007.
- Amendments to appropriate funds maintained in reserve at the beginning of the year.
- Changes in appropriations for grant matching funds and other contracted services.
- Increases in appropriations to cover anticipated budget overruns.
- Decrease in appropriations because of budget unexpended balances.
- Changes in the amount budgeted for transfer of funds to General Fund from other funds.

The City monitors its budget to ensure that anticipated revenues are realized and to ensure that expenditures remain within budgeted amounts. For the year, the General Fund experienced a negative variance of \$20 thousand in the overall budgeted change in net assets. In total revenues, the City experienced a negative variance of \$231 thousand which was largely offset by a positive variance in total expenditures of \$210 thousand for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City’s combined capital assets at the end of fiscal year September 30, 2008, amounted to \$140,025,253. It is the City’s policy to capitalize only purchases of \$5,000 or over and some high-risk items such as data processing equipment, audiovisual equipment, small motorized items and other items on the “hot items list”. Additional information related to the City’s capital assets is included in Note 9 to financial statements.

CITY OF DEL RIO’S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 5,178,385	\$ 5,178,385	\$ 2,232,015	\$ 2,232,016	\$ 7,410,400	\$ 7,410,401
Buildings	3,262,584	3,262,404	4,277,513	4,138,685	7,540,097	7,401,089
Improvements other than buildings	397,523	267,522	107,405,837	106,348,002	107,803,360	106,615,524
Equipment	10,731,999	9,315,130	4,176,824	4,045,163	14,908,823	13,360,293
Infrastructure	50,793,873	50,793,873	-	-	50,793,873	50,793,873
Construction in progress	12,497,286	9,737,286	20,987,004	20,536,436	33,484,290	30,273,722
	82,861,650	78,554,600	139,079,193	137,300,302	221,940,843	215,854,902
Total accumulated depreciation	46,388,195	44,106,810	35,527,395	32,550,450	81,915,590	76,657,260
Total capital assets	\$ 36,473,455	\$ 34,447,790	\$ 103,551,798	\$ 104,749,852	\$ 140,025,253	\$ 139,197,642

Long-term Debt

At year-end the City had \$72,578,977 in bonds and notes payable, a decrease of \$1,128,023 from last year as shown in Table A-6. More detail information about the City’s long-term debt is presented in Note 10 to the financial statements.

Figure A-6

**CITY OF DEL RIO'S OUTSTANDING DEBT AT YEAR-END
(in million dollars)**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligations bonds (backed by the City)	\$ 25.04	\$ 23.34	\$ -	\$ -	\$ 25.04	\$ 23.34
Revenue bonds, certificates of obligation and note (backed by specific tax and fee revenues)	<u>2.96</u>	<u>3.25</u>	<u>44.58</u>	<u>47.12</u>	<u>47.54</u>	<u>50.37</u>
	<u>\$ 28.00</u>	<u>\$ 26.59</u>	<u>\$ 44.58</u>	<u>\$ 47.12</u>	<u>\$ 72.58</u>	<u>\$ 73.71</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's economy during the fiscal year remained stable as reflected by some key indicators.

Sales tax revenues had an increase of \$22,299 from the prior year revenues of \$4,967,765.

Employment at the three major employers of City residents remains at approximately the same level. The major employers are federal government agencies such as the border patrol, the school district and Laughlin Air Force Base. These three major employers employ approximately 6,410 persons of an approximate 19,917 work force for Val Verde County.

Unemployment had an increase from a rate of 4.9 % in fiscal year ending September 30, 2007, compared to 5.3% in the fiscal year ended in September 30, 2008.

The management of the City considered the local and state economy in preparing the City's budget of fiscal year 2008-2009.

The City's property tax rate increased to \$0.56555 per \$100 value for tax year 2009. The City expects to realize \$4.0 million in property tax revenues to operate its General Fund and realize \$1.5 million for its Debt Service Fund.

The City expects to transfer approximately \$6.0 million from proprietary funds in order to finance the cost of its governmental activities.

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 demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Del Rio Finance Department Office at 830-774-8555 Del Rio, Texas 78840.

**BASIC
FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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CITY OF DEL RIO, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 24,342,550	\$ 9,602,333	\$ 33,944,883
Receivables, net	2,889,814	1,762,714	4,652,528
Intergovernmental receivables	698,308	250,186	948,494
Internal balances	610,658	(610,658)	-
Inventory	35,281	353,412	388,693
Prepaid items	56,724	125	56,849
Deferred charges	688,112	1,775,670	2,463,782
Restricted cash and investments	-	17,370,184	17,370,184
Capital assets, net:			
Land	5,178,385	2,232,015	7,410,400
Construction in progress	12,497,286	20,987,004	33,484,290
Buildings	1,520,890	1,568,035	3,088,925
Improvements other than buildings	284,113	77,456,273	77,740,386
Machinery and equipment	4,294,099	1,308,471	5,602,570
Infrastructure	<u>12,698,682</u>	<u>-</u>	<u>12,698,682</u>
Total capital assets, net of accumulated depreciation	<u>36,473,455</u>	<u>103,551,798</u>	<u>140,025,253</u>
Total assets	<u>65,794,902</u>	<u>134,055,764</u>	<u>199,850,666</u>
LIABILITIES			
Accounts payable and other current liabilities	2,439,489	965,935	3,405,424
Accrued interest payable	350,511	492,618	843,129
Due to other governments	1,815	34,515	36,330
Deposits	58,662	421,468	480,130
Noncurrent liabilities due within one year	2,757,324	3,929,629	6,686,953
Noncurrent liabilities due in more than one year	<u>27,578,239</u>	<u>44,339,772</u>	<u>71,918,011</u>
Total liabilities	<u>33,186,040</u>	<u>50,183,937</u>	<u>83,369,977</u>
NET ASSETS			
Invested in capital assets, net of related debt	26,004,429	72,313,297	98,317,726
Restricted for:			
Debt service	1,343,016	3,596,094	4,939,110
Public grants	185,264	116,700	301,964
Construction	-	1,468,990	1,468,990
Unrestricted	<u>5,076,153</u>	<u>6,376,746</u>	<u>11,452,899</u>
Total net assets	<u>\$ 32,608,862</u>	<u>\$ 83,871,827</u>	<u>\$ 116,480,689</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DEL RIO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,874,568	\$ 1,006,547	\$ -	\$ -
Public safety	11,358,661	759,940	187,908	-
Highways and streets	2,831,743	5,498	-	-
Economic development	56,997	-	-	-
Health and welfare	2,153,804	323,077	1,750,459	128,665
Culture and recreation	1,469,681	86,262	4,239	-
Interest on long-term debt	1,118,191	-	-	-
Total governmental activities	<u>23,863,645</u>	<u>2,181,324</u>	<u>1,942,606</u>	<u>128,665</u>
Business-type activities:				
Gas	3,158,365	4,353,881	-	-
Water	6,659,671	7,276,695	-	-
Wastewater	2,648,891	3,489,562	-	-
International bridge	807,081	5,027,137	-	-
International airport	938,345	226,912	910,985	292,441
Refuse	1,930,453	2,195,603	-	-
Municipal facilities	789,228	339,305	-	-
Total business-type activities	<u>16,932,034</u>	<u>22,909,095</u>	<u>910,985</u>	<u>292,441</u>
Total	<u>\$ 40,795,679</u>	<u>\$ 25,090,419</u>	<u>\$ 2,853,591</u>	<u>\$ 421,106</u>

General revenues:
Taxes:
Property
Sales
Franchise
Other
Investment earnings
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets, beginning
Net assets, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$(3,868,021)	\$ -	\$(3,868,021)
(10,410,813)	-	(10,410,813)
(2,826,245)	-	(2,826,245)
(56,997)	-	(56,997)
48,397	-	48,397
(1,379,180)	-	(1,379,180)
(1,118,191)	-	(1,118,191)
<u>(19,611,050)</u>	<u>-</u>	<u>(19,611,050)</u>
-	1,195,517	1,195,517
-	617,024	617,024
-	840,671	840,671
-	4,220,056	4,220,056
-	491,993	491,993
-	265,150	265,150
-	<u>(449,923)</u>	<u>(449,923)</u>
-	<u>7,180,487</u>	<u>7,180,487</u>
<u>(19,611,050)</u>	<u>7,180,487</u>	<u>(12,430,563)</u>
5,550,083	-	5,550,083
4,990,064	-	4,990,064
1,794,502	-	1,794,502
707,038	-	707,038
821,417	876,393	1,697,810
34,137	-	34,137
43,604	-	43,604
<u>5,769,101</u>	<u>(5,769,101)</u>	<u>-</u>
<u>19,709,946</u>	<u>(4,892,708)</u>	<u>14,817,238</u>
98,896	2,287,779	2,386,675
<u>32,509,966</u>	<u>81,584,048</u>	<u>114,094,014</u>
<u>\$ 32,608,862</u>	<u>\$ 83,871,827</u>	<u>\$ 116,480,689</u>

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

CITY OF DEL RIO, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 9,453,222	\$ 1,426,046	\$ 13,225,495	\$ 24,104,763
Receivables, net	2,582,750	295,427	9,801	2,887,978
Due from other funds	696,838	28,734	567,139	1,292,711
Intergovernmental receivables	98,575	-	599,733	698,308
Inventory	35,281	-	-	35,281
Prepaid items	<u>56,724</u>	<u>-</u>	<u>-</u>	<u>56,724</u>
 Total assets	 <u>\$ 12,923,390</u>	 <u>\$ 1,750,207</u>	 <u>\$ 14,402,168</u>	 <u>\$ 29,075,765</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 943,484	\$ 202	\$ 718,709	\$ 1,662,395
Accrued payroll	522,040	-	41,880	563,920
Due to other governments	163	-	1,652	1,815
Due to other funds	355,227	6,703	618,523	980,453
Deposits	58,162	-	500	58,662
Deferred revenue	<u>1,634,129</u>	<u>295,413</u>	<u>-</u>	<u>1,929,542</u>
Total liabilities	<u>3,513,205</u>	<u>302,318</u>	<u>1,381,264</u>	<u>5,196,787</u>
Fund balances:				
Reserved for:				
Encumbrances	775,090	-	165,266	940,356
Improvements	50,108	-	-	50,108
Insurance	199,969	-	-	199,969
Unreserved, designated, reported in:				
General fund	5,450,210	-	-	5,450,210
Unreserved, undesignated, reported in:				
General fund	2,934,808	-	-	2,934,808
Special revenue funds	-	-	284,996	284,996
Capital projects funds	-	-	12,570,642	12,570,642
Debt service fund	<u>-</u>	<u>1,447,889</u>	<u>-</u>	<u>1,447,889</u>
Total fund balances	<u>9,410,185</u>	<u>1,447,889</u>	<u>13,020,904</u>	<u>23,878,978</u>
 Total liabilities and fund balances	 <u>\$ 12,923,390</u>	 <u>\$ 1,750,207</u>	 <u>\$ 14,402,168</u>	 <u>\$ 29,075,765</u>

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

CITY OF DEL RIO, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2008

Total fund balance, governmental funds	\$ 23,878,978
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 are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	36,141,218
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	1,929,542
The assets and liabilities of certain Internal Service Funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	337,859
Long-term liabilities, (such as claims payable, compensated absences, accrued interest payable, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	(29,678,735)
Net assets of governmental activities in the Statement of Net Assets	\$ <u>32,608,862</u>

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

CITY OF DEL RIO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General	Debt Service	Other Governmental	Total Governmental Funds
REVENUES				
Taxes	\$ 10,754,856	\$ 1,491,507	\$ 654,741	\$ 12,901,104
Intergovernmental	182,129	-	1,884,135	2,066,264
Charges for services	863,057	-	302,845	1,165,902
Fines and forfeitures	720,678	-	-	720,678
Licenses and permits	500,120	-	-	500,120
Investment earnings	322,963	43,530	424,498	790,991
Rental	33,690	-	19,446	53,136
Miscellaneous	39,256	-	32,886	72,142
Total revenues	13,416,749	1,535,037	3,318,551	18,270,337
EXPENDITURES				
Current:				
General government	4,114,759	-	412,742	4,527,501
Public safety	10,280,753	-	5,000	10,285,753
Highways and streets	1,683,606	-	-	1,683,606
Culture and recreation	1,363,903	-	-	1,363,903
Economic development	-	-	56,350	56,350
Health and welfare	-	-	1,875,811	1,875,811
Debt service:				
Principal	-	2,016,487	-	2,016,487
Interest and fiscal charges	-	1,058,150	-	1,058,150
Bond issuance costs	35,949	-	24,576	60,525
Capital outlay	1,199,787	-	3,087,305	4,287,092
Total expenditures	18,678,757	3,074,637	5,461,784	27,215,178
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,262,008)	(1,539,600)	(2,143,233)	(8,944,841)
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	1,570,000	-	1,915,000	3,485,000
Proceeds from sale of capital assets	135,298	-	-	135,298
Insurance proceeds	11,389	-	-	11,389
Transfers in	5,911,553	1,698,705	823,667	8,433,925
Transfers out	(2,824,296)	-	(245,528)	(3,069,824)
Total other financing sources (uses)	4,803,944	1,698,705	2,493,139	8,995,788
NET CHANGE IN FUND BALANCES	(458,064)	159,105	349,906	50,947
FUND BALANCES, BEGINNING	9,868,249	1,288,784	12,670,998	23,828,031
FUND BALANCES, ENDING	\$ 9,410,185	\$ 1,447,889	\$ 13,020,904	\$ 23,878,978

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

CITY OF DEL RIO, 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: \$ 50,947

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$4,291,407) exceeded depreciation (\$2,355,062) in the current period. 1,936,345

In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (103,083)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 162,411

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 2,016,487

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds. However, this transaction has no effect on net assets. (3,485,000)

Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. 9,451

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. (79,075)

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain Internal Service Funds is reported with governmental activities. (409,587)

Change in net assets of governmental activities \$ 98,896

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

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**PROPRIETARY FUND
FINANCIAL STATEMENTS**

CITY OF DEL RIO, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

	Enterprise Funds			
	Gas System	Water System	International Bridge	International Airport
ASSETS				
Current assets:				
Cash and investment:	\$ 3,387,555	\$ 4,049,053	\$ 214,552	\$ 19,935
Restricted cash and investment	414,934	7,682,105	2,309,836	504,092
Accounts receivable, net	327,830	765,403	3,401	14,187
Due from other funds:	3,270	184,509	206,497	16,669
Due from other government	-	-	-	250,186
Inventory	93,562	259,850	-	-
Prepaid items	-	125	-	-
Total current assets	4,227,151	12,941,045	2,734,286	805,069
Non-current assets				
Deferred charges:	20,783	1,244,235	25,106	-
Capital assets:				
Land	7,800	109,600	476,399	1,080,827
Construction in progress:	826,262	6,374,151	-	10,203,247
Buildings and improvement	733,242	68,275,915	4,744,722	7,307,981
Equipment	704,344	1,324,344	178,339	157,667
Less accumulated depreciation	(880,900)	(14,652,010)	(2,469,725)	(3,175,746)
Total capital assets	1,390,748	61,432,000	2,929,735	15,573,976
Total non-current assets	1,411,531	62,676,235	2,954,841	15,573,976
Total assets	5,638,682	75,617,280	5,689,127	16,379,045
LIABILITIES				
Current liabilities:				
Accounts payable	227,631	156,153	9,149	80,721
Accrued payroll	21,338	49,018	14,616	11,857
Due to other funds:	32,881	82,583	151,485	7,326
Due to other government:	-	16,840	-	-
Other liabilities:	41,134	21,901	-	22,912
Claims payable	-	-	-	-
Deposits	95,975	325,493	-	-
Accrued interest payable	9,850	284,738	30,994	-
Compensated absence:	21,317	53,471	17,548	8,904
Bonds payable	60,000	1,959,277	430,000	-
Total current liabilities	510,126	2,949,474	653,792	131,720
Non-current liabilities				
Compensated absence:	47,349	99,268	41,411	19,960
Landfill closure and postclosure care cost	-	-	-	-
Bonds payable	710,000	26,734,010	1,400,000	-
Total non-current liabilities	757,349	26,833,278	1,441,411	19,960
Total liabilities	1,267,475	29,782,752	2,095,203	151,680
NET ASSETS				
Invested in capital assets, net of related debt	916,852	41,480,607	1,124,841	15,573,976
Restricted for public grants	-	-	-	-
Restricted for debt service:	29,850	1,449,959	831,152	-
Restricted for construction	-	930,506	538,484	-
Unrestricted	3,424,505	1,973,456	1,099,447	653,389
Total net assets	\$ 4,371,207	\$ 45,834,528	\$ 3,593,924	\$ 16,227,365

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

Enterprise Funds

Refuse	Wastewater	Nonmajor Fund		Total	Internal Service
		Municipal Facilities			
\$ 167,664	\$ 1,130,253	\$ 437,290		\$ 9,406,302	\$ 433,818
2,733,527	3,672,974	52,716		17,370,184	-
209,152	439,683	2,978		1,762,634	1,850
83	4,815	53		415,896	78,453
-	-	-		250,186	-
-	-	-		353,412	-
-	-	-		125	-
<u>3,110,426</u>	<u>5,247,725</u>	<u>493,037</u>		<u>29,558,739</u>	<u>514,121</u>
93,682	380,856	11,008		1,775,670	7,778
391,903	76,286	89,200		2,232,015	-
-	3,583,344	-		20,987,004	-
3,513,711	24,444,826	2,652,736		111,673,133	61,199
741,345	578,023	229,807		3,913,869	1,226,219
(3,197,903)	(8,907,401)	(2,057,838)		(35,341,523)	(867,882)
<u>1,449,056</u>	<u>19,775,078</u>	<u>913,905</u>		<u>103,464,498</u>	<u>419,536</u>
<u>1,542,738</u>	<u>20,155,934</u>	<u>924,913</u>		<u>105,240,168</u>	<u>427,314</u>
<u>4,653,164</u>	<u>25,403,659</u>	<u>1,417,950</u>		<u>134,798,907</u>	<u>941,435</u>
102,595	55,585	36,655		668,489	52,845
3,020	11,172	11,016		122,037	29,583
7,347	503,045	15,120		799,787	8,293
-	17,675	-		34,515	-
17,533	48,097	-		151,577	-
-	-	-		-	153,039
-	-	-		421,468	-
31,493	128,633	6,910		492,618	3,400
2,396	11,712	9,891		125,239	40,979
<u>403,462</u>	<u>884,760</u>	<u>45,486</u>		<u>3,782,985</u>	<u>60,000</u>
<u>567,846</u>	<u>1,660,679</u>	<u>125,078</u>		<u>6,598,715</u>	<u>348,139</u>
9,659	35,920	8,447		262,014	112,855
3,219,619	-	-		3,219,619	-
<u>1,806,300</u>	<u>9,645,953</u>	<u>498,052</u>		<u>40,794,315</u>	<u>195,000</u>
<u>5,035,578</u>	<u>9,681,873</u>	<u>506,499</u>		<u>44,275,948</u>	<u>307,855</u>
<u>5,603,424</u>	<u>11,342,552</u>	<u>631,577</u>		<u>50,874,663</u>	<u>655,994</u>
903,853	11,844,493	381,375		72,225,997	205,172
-	-	116,700		116,700	-
215,354	1,048,540	21,239		3,596,094	23,400
-	-	-		1,468,990	-
(2,069,467)	1,168,074	267,059		6,516,463	56,869
<u>\$ (950,260)</u>	<u>\$ 14,061,107</u>	<u>\$ 786,373</u>		<u>83,924,244</u>	<u>\$ 285,441</u>

Adjustment to reflect the consolidation of internal service

fund activities related to enterprise funds

(52,417)

Net assets of business-type activities

\$ 83,871,827

CITY OF DEL RIO, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds			
	Gas System	Water System	International Bridge	International Airport
OPERATING REVENUES				
Charges for services	\$ 4,328,011	\$ 7,276,688	\$ 4,986,693	\$ 52,773
Rental revenues	-	-	12,000	173,693
Miscellaneous	<u>25,870</u>	<u>7</u>	<u>28,444</u>	<u>446</u>
Total operating revenues	<u>4,353,881</u>	<u>7,276,695</u>	<u>5,027,137</u>	<u>226,912</u>
OPERATING EXPENSES				
Personnel	575,599	1,268,908	389,883	308,160
Contractual services	329,438	2,211,533	134,296	291,699
Purchases for resale	1,944,219	-	-	-
Supplies	161,823	439,819	20,577	24,485
Depreciation	<u>75,419</u>	<u>1,750,321</u>	<u>144,865</u>	<u>314,001</u>
Total operating expenses	<u>3,086,498</u>	<u>5,670,581</u>	<u>689,621</u>	<u>938,345</u>
OPERATING INCOME (LOSS)	<u>1,267,383</u>	<u>1,606,114</u>	<u>4,337,516</u>	<u>(711,433)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	148,116	373,347	97,173	14,566
Gain (loss) on disposal of assets	-	-	(31,770)	-
Intergovernmental	-	-	-	910,985
Interest and amortization expense	<u>(32,993)</u>	<u>(923,120)</u>	<u>(85,690)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>115,123</u>	<u>(549,773)</u>	<u>(20,287)</u>	<u>925,551</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,382,506	1,056,341	4,317,229	214,118
Capital contributions	-	-	-	292,441
Transfers in	-	-	-	169,694
Transfers out	<u>(1,150,000)</u>	<u>(294,576)</u>	<u>(4,331,553)</u>	<u>(10,000)</u>
CHANGE IN NET ASSETS	232,506	761,765	(14,324)	666,253
TOTAL NET ASSETS, BEGINNING	<u>4,138,701</u>	<u>45,072,763</u>	<u>3,608,248</u>	<u>15,561,112</u>
TOTAL NET ASSETS, ENDING	<u>\$ 4,371,207</u>	<u>\$ 45,834,528</u>	<u>\$ 3,593,924</u>	<u>\$ 16,227,365</u>

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

Enterprise Funds				
Refuse	Wastewater	Nonmajor Fund Municipal Facilities	Total	Internal Service
\$ 2,157,991	\$ 3,489,562	\$ -	\$ 22,291,718	\$ 3,157,352
-	-	309,707	495,400	-
<u>37,612</u>	<u>-</u>	<u>29,598</u>	<u>121,977</u>	<u>-</u>
<u>2,195,603</u>	<u>3,489,562</u>	<u>339,305</u>	<u>22,909,095</u>	<u>3,157,352</u>
80,127	363,041	287,934	3,273,652	838,137
1,599,389	1,190,999	328,399	6,085,753	2,813,356
-	-	99	1,944,318	-
18,315	75,206	37,015	777,240	348,428
<u>127,327</u>	<u>528,664</u>	<u>102,047</u>	<u>3,042,644</u>	<u>124,394</u>
<u>1,825,158</u>	<u>2,157,910</u>	<u>755,494</u>	<u>15,123,607</u>	<u>4,124,315</u>
<u>370,445</u>	<u>1,331,652</u>	<u>(416,189)</u>	<u>7,785,488</u>	<u>(966,963)</u>
97,966	127,853	15,613	874,634	32,185
-	-	(320)	(32,090)	-
-	-	-	910,985	-
<u>(108,557)</u>	<u>(467,748)</u>	<u>(22,752)</u>	<u>(1,640,860)</u>	<u>(13,528)</u>
<u>(10,591)</u>	<u>(339,895)</u>	<u>(7,459)</u>	<u>112,669</u>	<u>18,657</u>
359,854	991,757	(423,648)	7,898,157	(948,306)
-	-	-	292,441	-
-	-	371,834	541,528	405,000
<u>(355,000)</u>	<u>(149,500)</u>	<u>-</u>	<u>(6,290,629)</u>	<u>(20,000)</u>
4,854	842,257	(51,814)	2,441,497	(563,306)
<u>(955,114)</u>	<u>13,218,850</u>	<u>838,187</u>	<u>848,747</u>	<u>848,747</u>
<u>\$ (950,260)</u>	<u>\$ 14,061,107</u>	<u>\$ 786,373</u>	<u>\$ 285,441</u>	<u>\$ 285,441</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(153,718)	
Change in net assets of business-type activities			<u>\$ 2,287,779</u>	

CITY OF DEL RIO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds			
	Gas System	Water System	International Bridge	International Airport
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,290,991	\$ 7,367,827	\$ 5,025,978	\$ 279,384
Payments to suppliers for goods and services	(2,323,773)	(2,786,297)	(158,770)	(296,968)
Payments to employees	(571,408)	(1,274,164)	(376,814)	(294,988)
Net cash provided (used) by operating activities	<u>1,395,810</u>	<u>3,307,366</u>	<u>4,490,394</u>	<u>(312,572)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from interfund borrowings	26,552	7,527	14,522	1,048
Payments for interfund borrowings	-	(18,513)	(9,216)	(15,368)
Receipts from noncapital grants	-	-	-	660,799
Transfers from other funds	-	-	-	169,694
Transfers to other funds	(1,150,000)	(294,576)	(4,331,553)	-
Net cash provided (used) by noncapital financing activities	<u>(1,123,448)</u>	<u>(305,562)</u>	<u>(4,326,247)</u>	<u>816,173</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(103,946)	(275,299)	(7,201)	(1,001,424)
Proceeds from debt	-	507,500	-	-
Principal paid on debt	(60,000)	(1,840,344)	(400,000)	-
Interest and fiscal charges paid on debt	(32,298)	(930,189)	(76,749)	-
Net cash used by capital and related financing activities	<u>(196,244)</u>	<u>(2,538,332)</u>	<u>(483,950)</u>	<u>(1,001,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from earnings on investments	<u>148,116</u>	<u>373,347</u>	<u>97,173</u>	<u>14,566</u>
Net cash provided by investing activities	<u>148,116</u>	<u>373,347</u>	<u>97,173</u>	<u>14,566</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	224,234	836,819	(222,630)	(483,257)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,578,255</u>	<u>10,894,339</u>	<u>2,747,018</u>	<u>1,007,284</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,802,489</u>	<u>\$ 11,731,158</u>	<u>\$ 2,524,388</u>	<u>\$ 524,027</u>

The notes to the financial statements are an integral part of this statement.

Enterprise Funds

Refuse	Wastewater	Nonmajor Fund Municipal Facilities	Total	Internal Service
\$ 2,220,134	\$ 3,531,059	\$ 338,589	\$ 23,053,962	\$ 3,162,291
(1,296,965)	(1,345,749)	(388,120)	(8,596,642)	(3,068,782)
(78,379)	(372,056)	(279,454)	(3,247,263)	(819,800)
<u>844,790</u>	<u>1,813,254</u>	<u>(328,985)</u>	<u>11,210,057</u>	<u>(726,291)</u>
2,419	34,161	15,370	101,599	135,043
-	-	-	(43,097)	(199,756)
-	-	-	660,799	-
-	-	371,834	541,528	405,000
<u>(355,000)</u>	<u>(149,500)</u>	<u>-</u>	<u>(6,280,629)</u>	<u>(20,000)</u>
<u>(352,581)</u>	<u>(115,339)</u>	<u>387,204</u>	<u>(5,019,800)</u>	<u>320,287</u>
(62,762)	(72,112)	(93,994)	(1,616,738)	(294,297)
-	507,500	-	1,015,000	-
(385,731)	(830,052)	(40,386)	(3,556,513)	(55,000)
<u>(105,741)</u>	<u>(430,146)</u>	<u>(23,553)</u>	<u>(1,598,676)</u>	<u>(12,952)</u>
<u>(554,234)</u>	<u>(824,810)</u>	<u>(157,933)</u>	<u>(5,756,927)</u>	<u>(362,249)</u>
<u>97,966</u>	<u>127,853</u>	<u>15,613</u>	<u>874,634</u>	<u>32,348</u>
<u>97,966</u>	<u>127,853</u>	<u>15,613</u>	<u>874,634</u>	<u>32,348</u>
35,941	1,000,958	(84,101)	1,307,964	(735,905)
<u>2,865,250</u>	<u>3,802,269</u>	<u>574,107</u>	<u>25,468,522</u>	<u>1,169,723</u>
<u>\$ 2,901,191</u>	<u>\$ 4,803,227</u>	<u>\$ 490,006</u>	<u>\$ 26,776,486</u>	<u>\$ 433,818</u>

(continued)

CITY OF DEL RIO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds			
	Gas System	Water System	International Bridge	International Airport
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,267,383	\$ 1,606,114	\$ 4,337,516	\$(711,433)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	75,419	1,750,321	144,865	314,001
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(55,030)	110,436	(1,159)	52,472
Inventory	(33,315)	(30,666)	-	-
Increase (decrease) in liabilities:				
Accounts payable	131,991	(104,279)	(3,897)	(3,696)
Accrued liabilities	5,564	9,417	2,749	5,692
Compensated absences payable	(1,373)	(14,673)	10,320	7,480
Customer deposits	(7,860)	(21,640)	-	-
Other payables	13,031	2,336	-	22,912
Net cash provided (used) by operating activities	<u>\$ 1,395,810</u>	<u>\$ 3,307,366</u>	<u>\$ 4,490,394</u>	<u>\$(312,572)</u>

The notes to the financial statements are an integral part of this statement.

Enterprise Funds				
Refuse	Wastewater	Nonmajor Fund	Total	Internal Service
		Municipal Facilities		
\$ 370,445	\$ 1,331,652	\$ (416,189)	\$ 7,785,488	\$ (966,963)
127,327	528,664	102,047	3,042,644	124,394
24,282	38,499	(617)	168,883	-
-	-	-	(63,981)	-
(42,844)	(80,294)	(22,706)	(125,725)	6,666
364,661	(1,094)	3,894	390,883	99,621
670	(7,921)	4,586	(911)	9,991
249	750	-	(28,501)	-
-	2,998	-	41,277	-
<u>\$ 844,790</u>	<u>\$ 1,813,254</u>	<u>\$ (328,985)</u>	<u>\$ 11,210,057</u>	<u>\$ (726,291)</u>

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**FIDUCIARY FUNDS
FINANCIAL STATEMENT**

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CITY OF DEL RIO, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
SEPTEMBER 30, 2008

	Total
ASSETS	
Cash and investments	\$ 12,312
Due from other funds	1,539
Total assets	\$ 13,851
LIABILITIES	
Accounts payable	\$ 213
Due to other governments	1,102
Due to other funds	66
Other liabilities	12,470
Total liabilities	\$ 13,851

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

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**NOTES TO
FINANCIAL STATEMENTS**

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CITY OF DEL RIO, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Del Rio, Texas, operates under a council-manager form of City government, with all powers of the City vested in an elective City Council, and provides the following services as authorized by its charter: general administrative services, public safety, public works (streets, bridge, airport and utilities), cultural and educational, planning and zoning, and health and social services.

B. Basic Financial Statements – Government-wide Statements and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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 function or segment are offset by program revenues. *Direct expenses* are those that are clearly identified with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). “Available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, fines, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period when determined to be both measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for the repayment of general long-term debt.

The City reports the following major proprietary funds:

The Gas Fund accounts for the activities of the natural gas distribution system.

The Water Fund accounts for the activities of the water distribution system.

The International Bridge Fund accounts for the activities of the Toll Bridge between the City and Mexico.

The International Airport Fund accounts for the activities of the airport.

The Refuse Fund accounts for the activities for collection of solid waste and landfill use.

The Wastewater Fund accounts for the activities of the sewer system.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

Internal Service Funds account for utility billings, computer services, fleet management services, and self-insurance provided to other departments on a cost reimbursement basis.

Agency Funds are used to report taxes and federal program funds held in a custodial capacity for certain nonprofit organizations and funds held in a custodial capacity for the City's pension plan.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and Enterprise Funds, the City has chosen not to do so.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Gas System, Water System, Wastewater System, and Refuse Collection Services and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customer or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish between *operating* revenues and expenses from *nonoperating* 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 from enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agents, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value, based on publicly quoted market prices or the best available estimate.

Inventories

Inventories consist of expendable supplies held for the City's use and are carried at cost using the weighted average method.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. In addition, items with a cost below \$5,000 included in a "hot items" list (computer, software, etc.) are also capitalized. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred since these amounts do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	25-40
Improvements	20-50
Park and other improvements	5-10
Equipment	2-20

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination in the government-wide financial statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity

Governmental Funds

In the fund financial statements, governmental fund types report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets Invested in Capital Assets, Net of Related Debt

In accordance with GASB Statement No. 34, the unspent proceeds of capital debt are not considered to be a capital asset until they are actually spent. Accordingly, only the portion of debt equal to the amount spent is included in the calculation of *net assets invested in capital assets, net of related debt*. Upon completion of the project, all of the remaining debt will be considered to be capital-related and included as part of future calculations of *net assets invested in capital assets, net of related debt*.

Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Assets or Equity** (Continued)

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used as an extension of formal budgetary integration in the budgeted funds.

Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed commitments are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and, therefore, are presented in the financial statements as reservations of fund balances as of the end of the fiscal year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accumulated Unpaid Vacation and Sick Pay

The personnel policies allow employees to accrue sick leave and vacation leave at various rates during the fiscal year. Accumulated leave vested with the employee is leave which is allowed to be used by the employee or may be paid to the employee upon termination. Vested sick leave for all employees, with the exception of public safety employees, is limited to 90 days and vested vacation leave is limited to 15 days. Public safety employees, with the exception of certain public safety positions which accumulate leave as other civilian employees do, accumulate leave as stated under the Civil Service laws. Vested sick leave for the public safety employees is limited to 90 days and vested personal leave is limited to 45 days.

A liability for these amounts has been accrued in the government-wide and proprietary fund financial statements.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$29,678,735 difference are as follows:

(continued)

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**
Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the
Government-wide Statement of Net Assets (Continued)

Bonds payable	\$ 27,746,697
Deferred charges for issuance costs (to be amortized over life of debt)	(680,332)
Deferred gain on refunding	236,988
Claims payable	21,792
Accrued interest payable	347,111
Compensated absences	<u>2,006,479</u>
 Net adjustment to reduce <i>fund balance - total</i> <i>governmental funds</i> to arrive at <i>net assets -</i> <i>governmental activities</i>	 <u>\$ 29,678,735</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation states that “Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.” The details of this \$(79,075) difference are as follows:

Claims and judgments	\$ 90,498
Compensated absences	(174,134)
Accrued interest	<u>4,561</u>
 Net adjustment to increase <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net</i> <i>assets of governmental activities</i>	 <u>\$(79,075)</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget and Budgetary Accounting

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City department or agency cannot legally exceed the final departmental budget as amended and legally enacted.

The City follows these procedures in establishing the budgetary date reflected in the financial statements.

1. At least 45 days prior to the beginning of the fiscal year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance or alternatively the budget submitted by the City Manager on or before the 20th day of September if no final ordinance is enacted.
4. The City Manager may, with City Council approval, transfer any unencumbered appropriation between classifications of expenditures (object class) within an office, department or agency except for transfers of \$10,000 or less. The legal level of budgetary control is the department level. The City Council may authorize the transfer of any unencumbered appropriation balance or portion thereof from one office, department or agency to another.
5. The City can appropriate an amount of not more than three percent of the total general and utility funds expenditure appropriations for contingent use by the City Manager with the approval of the City Council. These contingent appropriations are distributed to other departmental appropriations and can only be transferred on an established emergency basis.
6. Formal budgetary integration is required by the City Charter as a management control device for all funds. Capital projects are budgeted on a project-length basis or remaining project-length basis. Annual budgets are adopted on a basis consistent with generally accepted accounting principles plus encumbrances except for certain transfer outs classified as expenditures.

Annual budgets for certain proprietary funds are adopted on a basis consistent with generally accepted accounting principles except that the City includes bond proceeds, bond principal payments, and capital asset acquisitions in its annual budget and does not include depreciation expenses. Since comparative budget and actual data is not required in the basic financial statements for proprietary funds, comparative data is not presented in the City's basic financial statements.

7. All appropriations lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. Supplemental budgetary appropriations were necessary during the year, and were approved through resolution by the City Council.

4. CASH AND INVESTMENTS

The City's cash and investments as of September 30, 2008, consist of the following:

Cash on hand	\$	7,157
Deposits with financial institutions		9,595,642
Certificates of deposit		18,555,000
Cash held by others		400,866
TexPool		20,482,162
Texas Term		<u>2,286,551</u>
	\$	<u>51,327,378</u>

A. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. Under Texas State law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities with the City or independent third party agent, an amount equal to the highest daily balance of all deposits the City may have during the term of the depository contract, less an applicable federal depository insurance (FDIC). Cash held by others is subject to custodial credit risk since the amounts are not held by the City's financial institutions and are not collateralized or secured.

At September 30, 2008, the carrying amount of the City's deposits (including certificates of deposit) was \$28,150,642 and the bank balance was \$21,177,169. The City's deposits at September 30, 2008, and during the year then ended were fully insured by FDIC insurance or collateralized with securities pledged to the City and/or by a depository bond pledged to the City's agent in the City's name.

B. Investments

The City's investments are reported at cost, amortized cost, or fair value. Money market investments may be reported at amortized cost if the remaining maturity at time of purchase is one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Accordingly, the City's money market investments are reported at amortized cost and do not include any unrealized gains and losses. The fair value of the position in the government investment pools is the same as the value of the pool shares. With the exception of the funds held in governmental investment pools, the City's investments are insured, registered or held by the City or its agent in the City's name.

(continued)

4. CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

The City is required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA) to adopt and implement an investment policy. That policy must address the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investments staff quality and capabilities and bid solicitation preferences for certificates of deposit. State statutes and Board policy authorize the City to invest in the following investment types meeting criteria and eligibility requirements established by Texas Government Code 2256: obligations of, or guaranteed by, governmental entities, certificates of deposit and share certificates, fully collateralized repurchase agreements, a securities lending program, banker's acceptances, commercial paper, no-load money market mutual funds and no-load mutual funds, guaranteed investment contracts as an investment vehicle for bond proceeds and public funds investment pools.

The PFIA also requires the City to have independent auditors perform procedures related to investment practices as provided by the PFIA. The City is in substantial compliance with the requirements of the PFIA and with local policies.

The investment pools used by the City are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The public fund investment pools were created to provide a safe environment for the placement of local government funds in authorized short-term investments. The City's investments in investment pools are exempt from regulation by the Securities and Exchange Commission.

Texas Local Government Investment Pool (TexPool) operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's investment policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise Texpool. Financial information on Texpool can be obtained from the Internet website, www.texpool.com. TexPool uses amortized cost rather than market value to report assets to compute share prices. Accordingly, the fair value of the position in the Pool is the same as the value of the shares in each pool.

(continued)

4. CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Credit Risk. In accordance with state law and the City's investment policy, investments in investment pools must be rated at least AAA or AAA-m or have an equivalent rating by at least one nationally recognized rating service while the mutual fund must have a minimum rating of A. As of September 30, 2008, TexPool was rated AAAM by Standard & Poor's. The U. S. Government Money Market Mutual Fund was rated A-1+ by Standard & Poor's.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer, rather investments are governed by the objectives of preservation and safety principal and liquidity. In addition, the City mitigates risk by limiting investments to those allowed by the Public Funds Investment Act, avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds to one year, avoidance of over-concentration of assets in other than U. S. Treasury securities or collateralized certificates of deposit, and the liquidity risk shall be controlled by the selection of securities dealers.

Interest Rate Risk. State law does not permit investments with maturities greater than five (5) years. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the average maturity of investments to one (1) year from the time of purchase. City policy limits the maximum stated maturity of any investment to three (3) years. As of September 30, 2008, all investments held by the City have maturities of less than one (1) year.

5. PROPERTY TAX

Property taxes are assessed on the appraised value of taxable property on January 1 and levied on October 1 of the tax year. Property taxes are payable on or before January 31 following the levy date. Unpaid property taxes attach as an enforceable lien on property as of January 1. The appraisal of property values is performed by the Val Verde County Appraisal District jointly for the City and other local taxing entities. The billing and collecting of tax levies are the responsibility of the City and the other taxing entities individually.

6. CUSTOMER AND OTHER RECEIVABLE BALANCES

A. Governmental Funds

	<u>Gross</u>	<u>Estimated Uncollectible</u>	<u>Net</u>
General fund - fines and forfeitures	\$ 1,555,277	\$ 1,244,221	\$ 311,056
General fund - delinquent property taxes	824,934	15,076	809,858
General fund - taxes, penalties and interest	471,256	8,615	462,641
General fund - sales taxes	817,230	-	817,230
General fund - lot clearing	482,639	434,374	48,265
General fund - miscellaneous	113,086	32	113,054
General fund - paving lien assessments	7,654	6,888	766
General fund - returned checks	8,842	-	8,842
Debt service - delinquent taxes	214,221	3,916	210,305
Debt service - taxes, penalties and interest	86,693	1,585	85,108
Other non-major governmental funds - miscellaneous	1,671	-	1,671
Interest receivable	<u>19,182</u>	<u>-</u>	<u>19,182</u>
Net receivables	<u>\$ 4,602,685</u>	<u>\$ 1,714,707</u>	<u>\$ 2,887,978</u>

B. Enterprise Funds

	<u>Gas System</u>	<u>Water System</u>	<u>Refuse</u>	<u>Wastewater</u>	<u>International Bridge</u>	<u>International Airport</u>	<u>Nonmajor</u>	<u>Total</u>
Customer charges	\$ 242,449	\$ 534,582	\$ 145,320	\$ 286,138	\$ -	\$ -	\$ -	\$ 1,208,489
Interest	1,131	8,382	331	3,894	2,351	-	-	16,089
Connections and repairs	-	127,487	-	22,549	-	-	-	150,036
Unbilled charges	123,273	272,946	87,084	167,694	-	-	-	650,997
Rental	-	-	-	-	-	-	3,478	3,478
Miscellaneous	245	-	8	1,069	1,050	264,373	-	266,745
Estimated uncollectibles	<u>(39,268)</u>	<u>(177,994)</u>	<u>(23,591)</u>	<u>(41,661)</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(283,014)</u>
Net receivables	<u>\$ 327,830</u>	<u>\$ 765,403</u>	<u>\$ 209,152</u>	<u>\$ 439,683</u>	<u>\$ 3,401</u>	<u>\$ 264,373</u>	<u>\$ 2,978</u>	<u>\$ 2,012,820</u>

7. INTERFUND RECEIVABLES AND PAYABLES

	<u>Receivables</u>	<u>Payables</u>
Governmental funds		
Major funds:		
General	\$ 696,838	\$ 355,227
Debt service fund	28,734	6,703
Nonmajor funds:		
Special revenue funds:		
MIT-5311-Grant	72,181	448,796
Women, Infants and Children	75,743	12,470
Nutrition/Social Services	49,023	20,017
Law Enforcement Employee Continuing Education	6,892	-
Economic Development Administration	105,182	545
TxDot Section 5310	50	12,158
JARC Colonias Grant	-	11,735
Total special revenue funds	<u>309,071</u>	<u>505,721</u>
Capital projects fund:		
Streets and drainage	<u>258,068</u>	<u>112,802</u>
Total governmental funds	<u>1,292,711</u>	<u>980,453</u>
Enterprise funds:		
Major funds		
Gas system	3,270	32,881
Water	184,509	82,583
International bridge	206,497	151,485
Refuse	83	7,347
Wastewater	4,815	503,045
International airport	16,669	7,326
Nonmajor fund:		
Municipal facilities	<u>53</u>	<u>15,120</u>
Total enterprise funds	<u>415,896</u>	<u>799,787</u>
Internal service funds:		
Utility billing	136	2,184
Fleet maintenance	13,673	1,077
Computer services	-	5,032
Health claims self-insurance	<u>64,644</u>	<u>-</u>
Total internal service funds	<u>78,453</u>	<u>8,293</u>
Agency funds:		
Brown Plaza Association	<u>1,539</u>	<u>66</u>
Total	<u>\$ 1,788,599</u>	<u>\$ 1,788,599</u>

The outstanding balances as of September 30, 2008, result mainly from short-term loans between funds which are caused by differences between the date that transactions are recorded in the accounting system and the payment between funds are made.

8. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments include:

Governmental funds:	
General fund	
Texas Department of Transportation	\$ <u>98,575</u>
Total general fund	<u>98,575</u>
Nonmajor funds:	
Special revenue funds	
Texas Department of Transportation	463,811
Texas Department of State Health Services	<u>135,922</u>
Total nonmajor funds	<u>599,733</u>
Total governmental funds	\$ <u><u>698,308</u></u>
Proprietary funds:	
International Bridge	\$ <u>250,186</u>
Total proprietary funds	\$ <u><u>250,186</u></u>

9. CAPITAL ASSETS

Capital assets activity of the year ended September 30, 2008, was as follows:

	Capital Assets 09/30/07	Additions	Deletions	Capital Assets 09/30/08
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,178,385	\$ -	\$ -	\$ 5,178,385
Construction in progress	<u>9,737,286</u>	<u>2,813,649</u>	<u>(53,649)</u>	<u>12,497,286</u>
Total capital assets not being depreciated	<u>14,915,671</u>	<u>2,813,649</u>	<u>(53,649)</u>	<u>17,675,671</u>
Capital assets, being depreciated:				
Buildings and building improvements	3,262,404	180	-	3,262,584
Improvements other than buildings	267,522	130,001	-	397,523
Machinery and equipment	9,315,130	1,641,874	<u>(225,005)</u>	10,731,999
Infrastructure	<u>50,793,873</u>	<u>-</u>	<u>-</u>	<u>50,793,873</u>
Total capital assets being depreciated	<u>63,638,929</u>	<u>1,772,055</u>	<u>(225,005)</u>	<u>65,185,979</u>
Less accumulated depreciation:				
Buildings and building improvements	1,637,110	104,584	-	1,741,694
Improvements other than buildings	22,377	1,210,890	-	1,233,267
Machinery and equipment	5,563,022	1,050,449	<u>(175,571)</u>	6,437,900
Infrastructure	<u>36,884,301</u>	<u>91,033</u>	<u>-</u>	<u>36,975,334</u>
Total accumulated depreciation	<u>44,106,810</u>	<u>2,456,956</u>	<u>(175,571)</u>	<u>46,388,195</u>
Total capital assets being depreciated, net	<u>19,532,119</u>	<u>(684,901)</u>	<u>(49,434)</u>	<u>18,797,784</u>
Total governmental activities capital assets, net	\$ <u><u>34,447,790</u></u>	\$ <u><u>2,128,748</u></u>	\$(<u><u>103,083</u></u>)	\$ <u><u>36,473,455</u></u>

(continued)

9. CAPITAL ASSETS (Continued)

	Capital Assets 09/30/07	Additions	Deletions	Capital Assets 09/30/08
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,232,015	\$ -	\$ -	\$ 2,232,015
Construction in progress	<u>20,536,437</u>	<u>1,308,110</u>	<u>(857,543)</u>	<u>20,987,004</u>
Total capital assets not being depreciated	<u>22,768,452</u>	<u>1,308,110</u>	<u>(857,543)</u>	<u>23,219,019</u>
Capital assets, being depreciated:				
Buildings	4,138,685	138,828	-	4,277,513
Improvements other than buildings	106,348,002	1,057,835	-	107,405,837
Machinery and equipment	<u>4,045,163</u>	<u>251,950</u>	<u>(120,289)</u>	<u>4,176,824</u>
Total capital assets being depreciated	<u>114,531,850</u>	<u>1,448,613</u>	<u>(120,289)</u>	<u>115,860,174</u>
Less accumulated depreciation:				
Buildings	2,520,947	188,531	-	2,709,478
Improvements other than buildings	27,426,424	2,523,140	-	29,949,564
Machinery and equipment	<u>2,603,079</u>	<u>353,472</u>	<u>(88,198)</u>	<u>2,868,353</u>
Total accumulated depreciation	<u>32,550,450</u>	<u>3,065,143</u>	<u>(88,198)</u>	<u>35,527,395</u>
Total capital assets being depreciated, net	<u>81,981,400</u>	<u>(1,616,530)</u>	<u>(32,091)</u>	<u>80,332,779</u>
Total business-type activities capital assets, net	<u>\$ 104,749,852</u>	<u>\$ (308,420)</u>	<u>\$ (889,634)</u>	<u>\$ 103,551,798</u>

(continued)

9. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental activities:	
General government	\$ 48,233
Public safety	673,782
Highway and streets	1,371,571
Health and welfare	209,767
Culture and recreation	51,709
Capital assets held by the City's internal service fund are charged to the various functions based on their usage	<u>101,894</u>
Total depreciation expense - governmental activities	<u>\$ 2,456,956</u>
Business-type activities:	
Gas	\$ 75,420
Water	1,750,322
Wastewater	528,664
International bridge	144,865
International airport	314,000
Refuse	127,327
Municipal facilities	102,046
Capital assets held by the City's internal service fund are charged to the various functions based on their usage	<u>22,499</u>
Total depreciation expense - business-type activities	<u>\$ 3,065,143</u>

10. LONG-TERM DEBT

A. Changes in Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
Certificates of obligation	\$ 23,342,801	\$ 3,485,000	\$ 1,787,487	\$ 25,040,314	\$ 1,805,005
Refunding bonds	3,245,385	-	284,000	2,961,385	286,009
Add: deferred gain on refunding	257,981	-	20,993	236,988	20,993
Compensated absences	1,900,277	1,325,222	1,150,415	2,075,084	623,525
Claims and judgments	<u>112,290</u>	<u>36,173</u>	<u>126,671</u>	<u>21,792</u>	<u>21,792</u>
Governmental activities long-term liabilities	<u>\$ 28,858,734</u>	<u>\$ 4,846,395</u>	<u>\$ 3,369,566</u>	<u>\$ 30,335,563</u>	<u>\$ 2,757,324</u>
Business-type activities					
Bonds payable:					
Certificates of obligation	\$ 19,671,198	\$ 1,015,000	\$ 1,993,513	\$ 18,692,685	\$ 1,635,994
Revenue bonds	988,000	-	327,000	661,000	48,000
Refunding bonds	<u>26,459,616</u>	<u>-</u>	<u>1,236,001</u>	<u>25,223,615</u>	<u>2,098,991</u>
	47,118,814	1,015,000	3,556,514	44,577,300	3,782,985
Compensated absences	463,883	192,965	184,366	472,482	146,644
Landfill closure	<u>2,856,036</u>	<u>363,583</u>	<u>-</u>	<u>3,219,619</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 50,438,733</u>	<u>\$ 1,571,548</u>	<u>\$ 3,740,880</u>	<u>\$ 48,269,401</u>	<u>\$ 3,929,629</u>

(continued)

10. LONG-TERM DEBT (Continued)

B. Certificates of Obligation and Revenue Bonds

The City has issued certificates of obligation to provide funds for the acquisition and construction of major capital facilities. Certificates of obligation have been issued for both general government and proprietary activities. These certificates therefore are reported in both business-type activities and the governmental activities long-term debt.

Description	Interest Rate	Original Issue	Amounts Outstanding 09/30/07	Issued Current Year	Retired	Amounts Outstanding 09/30/08	Amounts Due Within One Year
Certificates of obligation:							
Series 1997	5.22%	\$ 2,000,000	\$ 550,000	\$ -	\$ 95,000	\$ 455,000	\$ 105,000
Series 1998	6.15%	10,000,000	450,000	-	450,000	-	-
Series 2000A	.41%	6,173,000	3,789,000	-	316,000	3,473,000	316,000
Series 2001B	4.625-5.50%	1,100,000	885,000	-	45,000	840,000	50,000
Series 2001	3.5-5.25%	6,630,000	2,220,000	-	275,000	1,945,000	290,000
Series 2002A	3.810-5.810%	4,970,000	1,050,000	-	130,000	920,000	135,000
Series 2002B	3.5-4.635%	5,335,000	3,880,000	-	325,000	3,555,000	335,000
Series 2002C (1)	1.15-3.95%	6,435,000	5,130,000	-	285,000	4,845,000	290,000
Series 2003A	2-5%	1,825,000	960,000	-	130,000	830,000	135,000
Series 2003B	2-4.25%	1,320,000	600,000	-	195,023	404,977	200,000
Series 2003C	0.85-4.45%	2,190,000	1,935,000	-	85,000	1,850,000	90,000
Series 2004	3.4-4.25%	4,870,000	3,975,000	-	280,000	3,695,000	300,000
Series 2005	3-4.25%	5,885,000	5,255,000	-	325,000	4,930,000	335,000
Series 2006	4%-4.125%	8,000,000	7,520,000	-	415,000	7,105,000	420,000
Series 2007	4%-4.5%	4,815,000	4,815,000	-	430,000	4,385,000	455,000
Series 2008	4.15%	4,500,000	-	4,500,000	-	4,500,000	330,000
Revenue bonds:							
Series 1990	7.79%	6,150,000	280,000	-	280,000	-	-
Series 1995	8.06%	502,000	297,000	-	25,000	272,000	25,000
Series 2000	5.58%	533,000	411,000	-	22,000	389,000	23,000
Refunding bonds:							
Series 1994	3-5.6%	2,980,000	345,000	-	345,000	-	-
Advance refunding:							
Series 2001	6.25%	5,400,000	3,780,000	-	270,000	3,510,000	270,000
Series 2002	3-4.125%	7,795,000	5,435,000	-	675,000	4,760,000	705,000
Series 2002	3-3.75%	1,885,000	1,885,000	-	55,000	1,830,000	430,000
Series 2003	3-4%	4,190,000	3,865,000	-	95,000	3,770,000	400,000
Series 2005	3-4.25%	6,780,000	6,700,000	-	80,000	6,620,000	580,000
Series 2007	4%-4.45%	7,695,000	7,695,000	-	-	7,695,000	-
Total			\$ 73,707,000	\$ 4,500,000	\$ 5,628,023	\$ 72,578,977	\$ 6,219,000

- (1) There is a difference of \$512,255 between the Certificate of Obligation Amortization schedule and this schedule representing bond proceeds not yet drawn down from TWDB.

(continued)

10. LONG-TERM DEBT (Continued)

C. Advance Refundings

In prior years, the City defeased certain certificates of obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2008, \$16,875,000 of bonds defeased in prior years remained outstanding.

D. There are a number of limitations and restrictions contained in the bond indentures for the Certificates of Obligation, Revenue, and Refunding Bonds and City ordinances authorizing the bond indentures. The City is in compliance with all significant debt limitations and restrictions.

E. The annual requirements to amortize the bonds outstanding as of September 30, 2008, are as follows:

Certificates of Obligation:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,805,005	\$ 993,115	\$ 1,695,995	\$ 597,770
2010	1,928,047	958,122	1,737,953	551,914
2011	1,682,725	883,246	1,554,275	495,592
2012	1,606,221	817,393	1,590,779	446,933
2013	1,612,970	730,127	1,560,447	426,562
2014-2018	8,075,275	2,829,893	5,112,706	1,505,942
2019-2023	5,399,577	1,407,736	4,049,678	798,537
2023-2027	<u>3,442,727</u>	<u>351,354</u>	<u>1,390,852</u>	<u>168,460</u>
Total	<u>\$ 25,552,547</u>	<u>\$ 8,970,986</u>	<u>\$ 18,692,685</u>	<u>\$ 4,991,710</u>

(continued)

10. LONG-TERM DEBT (Continued)

Revenue Bonds:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2009	\$ 48,000	\$ 41,138
2010	55,000	38,239
2011	61,000	34,877
2012	62,000	31,102
2013	64,000	27,239
2014-2018	286,000	71,678
2019-2020	<u>85,000</u>	<u>7,978</u>
Total	<u>\$ 661,000</u>	<u>\$ 252,251</u>

Refunding Bonds:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 286,009	\$ 114,077	\$ 2,098,991	\$ 817,999
2010	306,009	102,971	2,153,991	760,443
2011	346,009	89,952	2,323,991	698,049
2012	371,009	74,802	2,403,991	625,605
2013	485,512	57,540	1,934,488	559,537
2014-2018	910,454	118,945	9,569,546	1,678,819
2019-2027	<u>256,383</u>	<u>22,279</u>	<u>4,738,617</u>	<u>744,890</u>
Total	<u>\$ 2,961,385</u>	<u>\$ 580,566</u>	<u>\$ 25,223,615</u>	<u>\$ 5,885,342</u>

F. Accrued Compensated Absences

For the governmental activities, claims and judgments are generally liquidated by the General Fund. Compensated absences are generally liquidated by the General Fund, the MIT-5311 Grant Fund, the Women, Infants and Children Fund, the Nutrition/Social Services Fund and the Economic Development Administration Fund.

(continued)

10. LONG-TERM DEBT (Continued)

G. Landfill Closure and Postclosure Care Costs

The City currently operates one active landfill site. State and federal laws and regulations require the City to place a final cover on its operating landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at landfill sites closed after 1991, for thirty years after closure. Although the majority of closure and postclosure care costs will be paid only near or after the date that a landfill site stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$3,219,619 reported as landfill closure and postclosure liabilities at September 30, 2008, represents the cumulative amount reported to that date based on the use of 63 percent of the estimated capacity of the operating landfill. The City will recognize the remaining estimated cost of closure and postclosure care of approximately \$2,104,420 for the operating landfill as the remaining estimated capacity is filled. The remaining life of the landfill is 12 years. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Based on current demographic information and engineering estimates of landfill consumption, the City expects to close the landfill in approximately 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

11. PENSION PLAN

A. Plan Description

The City provides pension benefits for all of its fulltime employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 827 currently administered by TMRS, an agent multiple-employer public employee retirement system.

B. Benefits

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 at least 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.

(continued)

11. PENSION PLAN (Continued)

B. Benefits (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Deposit Rate: **5%**
 Matching Ratio (City to Employee): **1 to 1**
 A member is vested after **5 years**
 Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: **5 yrs/age 60, 20 yrs/any age**

C. Contributions

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 cost 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 the 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 (overfunded) actuarial liability (asset) 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 for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006 valuation is effective for rates beginning January 2008).

Schedule of Actuarial Liabilities and Funding Progress

Actual Valuation Date	12/31/07	12/31/06
Actuarial value of assets	\$ 3,320,679	\$ 1,862,626
Actuarial accrued liability	11,317,704	10,284,435
Unfunded (overfunded) actuarial accrued liability (UAAL)	7,997,025	8,421,809
Funded ratio	29.34%	18.11%
Annual covered payroll	13,289,525	12,459,374
UAAL as a percentage of covered payroll	60.18%	67.59%

Annual Pension Cost

Fiscal year ending	09/30/07	09/30/06
Annual pension cost (APC)	\$ 979,967	\$ 898,633
Percentage of APC contributed	100.00%	100.00%
Net pension obligation	-	-

(continued)

11. PENSION PLAN (Continued)

C. Contributions (Continued)

General System-wide Actuarial Assumptions

Actuarial Cost Method	-	Projected Unit Credit
Amortization Method	-	Level Percent of Payroll
Remaining Amortization Period	-	30 Years - Closed Period
Asset Valuation Method	-	Amortized Cost (to accurately reflect the requirements of GASB Statement No. 25, paragraphs 36e and 138)
Investment Rate of Return	-	7%
Projected Salary Increases	-	Varies by age and service
Includes Inflation at	-	3.0%
Cost-of-living Adjustments	-	None

In addition to the general system-wide assumptions stated above, the following actuarial assumptions were used for the City:

Payroll growth assumption	=	3%
Withdrawal rates (low, mid or high) for Male/Female	=	Mid-Low/Mid-Low

Del Rio is one of 827 municipalities having their benefit plan administered by TMRS. Each of the 827 municipalities has an accrual, individual actuarial valuation performed. All assumptions for the December 31, 2007, valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

(continued)

11. PENSION PLAN (Continued)

C. Contributions (Continued)

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$7,792,678 and the funded ratio would have been 29.9%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in City contribution rates, following the December 31, 2009 actuarial valuation.

12. POST-EMPLOYMENT BENEFITS

The City provides post-retirement group medical insurance coverage for eligible retirees. The City will be responsible for the entire cost of these post-retirement benefits. The original eligibility requirements were:

- Retired on or after February 14, 2002;
- Must be at least 62 years of age and have 25 years of service with the City at the time of retirement, or any combination of age and years of service that equal the benchmark figure of 87; and
- Retirees will only be eligible for group coverage until the age of 65 or when the retiree becomes eligible for Medicare, Medicaid, or becomes a Social Security recipient.

On April 12, 2005, the City revised the requirements to allow employees retiring prior to December 31, 2005, at least 55 years of age and 25 years of service with the City at the time of retirement, or any combination of age and years of service that equal the benchmark figure of 80, to be eligible for post-employment benefits.

Currently, 9 retirees meet the eligibility requirements. Expenditures for the post-retirement health care benefits are recognized as retirees report claims. During the year, expenditures of \$82,732 were incurred for post-retirement health care.

13. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Departmental expenditures exceeded appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
General fund			
General government			
City council	\$ 152,391	\$ 155,336	\$(2,945)
City attorney	534,947	580,352	(45,405)
Grant writing	-	462	(462)
Central purchasing	221,532	227,203	(5,671)
Culture and recreation			
Parks and recreation	1,184,729	1,215,706	(30,977)
Public safety			
Police	6,176,998	6,284,157	(107,159)
Fire	3,771,621	3,776,532	(4,911)
Highways and streets			
Traffic control	556,274	595,207	(38,933)
Communication systems	-	1,256	(1,256)
Economic development			
Mainstreet project	35,692	36,630	(938)

14. TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 5,911,553	\$ 2,824,296
Debt service fund	<u>1,698,705</u>	<u>-</u>
Nonmajor funds		
Special revenue funds		
Nutrition/social services	11,367	-
Loan repayment	-	245,528
EDA	<u>76,917</u>	<u>-</u>
Total special revenue funds	<u>88,284</u>	<u>245,528</u>
Capital projects funds		
Qualia Relief Route	94,076	-
Animal shelter	38,161	-
Police station	<u>603,146</u>	<u>-</u>
Total capital projects funds	<u>735,383</u>	<u>-</u>
Total nonmajor funds	<u>823,667</u>	<u>245,528</u>
Total governmental funds	<u>8,433,925</u>	<u>3,069,824</u>
Enterprise funds		
Gas system	-	1,150,000
International bridge	-	4,331,553
International airport	169,694	10,000
Refuse	-	355,000
Water system	-	294,576
Municipal facilities	371,834	-
Wastewater	<u>-</u>	<u>149,500</u>
Total enterprise funds	<u>541,528</u>	<u>6,290,629</u>
Internal service funds		
Fleet maintenance	405,000	-
Utility billing fund	<u>-</u>	<u>20,000</u>
Total internal service funds	<u>405,000</u>	<u>20,000</u>
Total transfers	<u>\$ 9,380,453</u>	<u>\$ 9,380,453</u>

The City of Del Rio made significant transfers from the Enterprise Funds to the General Fund to subsidize the operations of general government functions. Conversely, the General Fund contributed to the operations of various programs accounted for as Special Revenue Funds and transfers to subsidize the Airport Fund and Municipal Facilities Fund.

15. DEFICIT NET ASSETS AND DEFICIT FUND BALANCES

The following funds have deficit net assets or fund balances:

Enterprise fund	
Refuse fund	\$(950,260)
Internal service fund	
Health claims	(46,407)

The Refuse Fund deficit net assets results from estimated costs related to the landfill closure and post closure costs. All deficits will be reduced in future years by subsidies from the General Fund and/or increases in rates to meet budgeted expenditures for landfill improvements.

16. GENERAL FUND – DESIGNATED FUND BALANCE

The City has designated a portion of its General Fund fund balance in accordance with Ordinance 2001-02 and various other ordinances. These ordinances require that certain toll bridge increases be transferred to the General Fund. The designated net assets at September 30, 2008, are as follows:

Designated net assets from bridge toll increases:	
Streets and drainage	\$ 3,054,906
General fund	695,394
Public safety	336,272
Bridge	<u>1,363,638</u>
Total designated net assets	
from bridge toll increases	<u>\$ 5,450,210</u>

17. COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The total contractual commitment for construction in progress by project at September 30, 2008, is as follows:

<u>Fund and Project Description</u>	<u>Commitments</u>
General government	
Police station	<u>\$ 6,400,000</u>
Total general government	<u>\$ 6,400,000</u>

(continued)

17. COMMITMENTS AND CONTINGENCIES (Continued)

B. Contingent Liabilities

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material adverse effect on the City's financial position at September 30, 2008.

C. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

18. RISK MANAGEMENT

A. Workers' Compensation, Tort Claims and Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for these risk management operations in its General Fund.

The City participates in the Texas Municipal League Intergovernmental Risk Pool Insurance Program. The City is a member of the Texas Municipal League (TML), an unincorporated association of political subdivisions of the State of Texas. The TML is not intended to operate as an insurance company, but rather is intended to be a contracting mechanism, which the City, as a member, utilizes to administer its self-insurance program. Under this program, the City retains risk for up to a maximum of \$25,000 for each workers' compensation claim, \$1,000 for each general liability claim, \$5,000 for each property damage claim, \$2,500 for law enforcement liability, \$2,500 for errors and omissions liability, \$10,000 for each property damage claim, \$500 for automobile physical damage, \$1,000 for each automobile liability claim, \$5,000 for public employee dishonesty loss, and \$500 for mobile equipment loss. The City purchases TML insurance for claims in excess of coverage provided by the City and for all other risks of loss. Settled claims have not exceeded this TML coverage in any of the past five (5) fiscal years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At September 30, 2008, the amount of these liabilities was \$21,792. This liability, which is recorded as long-term debt, is the City's best estimate based on available information. Changes in the reported liability since October 1, 2005, resulted from the following:

(continued)

18. RISK MANAGEMENT

A. Workers' Compensation, Tort Claims and Insurance (Continued)

	Workers' Compensation Claims			
	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-end</u>
2005 - 2006	\$ 102,169	\$ 204,854	\$ (184,628)	\$ 122,395
2006 - 2007	122,395	171,112	(181,217)	112,290
2007 - 2008	112,290	36,173	(126,671)	21,792

B. Health Insurance

The City has established the Health Claims Self-insurance Fund, an internal service fund, to account for and finance its uninsured risk of loss from health claims of eligible City employees, their spouses and dependents. Under this program, the City provides coverage for up to a maximum of \$45,000 per claimant per year. The City purchases health insurance from a private carrier for claims in excess of coverage provided by the Fund.

All funds of the City participate in these programs and make payments to the Self-insurance Fund based on management's estimates of the amounts needed to pay current year claims. The claims liabilities of \$153,039 for the Health Claims Self-insurance Fund are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Health insurance claims are not considered long-term liabilities and, accordingly, are not included in the changes in long-term debt disclosure in Note 10.

Change in claims payable for the last two years were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-end</u>	<u>Amount Due Within One Year</u>
2006 - 2007	\$ 39,810	\$ 1,180,189	\$ 1,159,091	\$ 60,908	\$ 60,908
2007 - 2008	60,908	1,928,403	1,836,272	153,039	153,039

**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,708,456	\$ 10,754,616	\$ 10,754,856	\$ 240
Fines and forfeitures	781,095	817,995	720,678	(97,317)
Charges for services	788,195	884,155	863,057	(21,098)
Licenses and permits	506,450	547,850	500,120	(47,730)
Intergovernmental	90,535	211,460	182,129	(29,331)
Investment income	450,000	350,000	322,963	(27,037)
Rental	27,000	33,800	33,690	(110)
Miscellaneous	23,500	48,170	39,256	(8,914)
Total revenues	<u>13,375,231</u>	<u>13,648,046</u>	<u>13,416,749</u>	<u>(231,297)</u>
EXPENDITURES				
Current expenditures:				
General government	4,161,768	4,350,999	4,158,572	192,427
Public safety	9,990,201	10,127,498	10,264,122	(136,624)
Highways and streets	1,672,550	1,728,382	1,689,565	38,817
Culture and recreation	1,359,600	1,350,063	1,379,469	(29,406)
Economic development	48,975	35,542	36,480	(938)
Debt service:				
Bond issuance costs	-	-	35,949	(35,949)
Capital outlay	907,318	1,033,757	850,938	182,819
Total expenditures	<u>18,140,412</u>	<u>18,626,241</u>	<u>18,415,095</u>	<u>211,146</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,765,181)	(4,978,195)	(4,998,346)	(20,151)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	914,694	1,534,051	1,570,000	35,949
Insurance proceeds	-	11,389	11,389	-
Transfers in	5,974,885	5,974,885	5,911,553	(63,332)
Transfers out	(2,189,398)	(2,852,211)	(2,824,296)	27,915
Proceeds from sale of capital assets	65,000	135,298	135,298	-
Total other financing sources (uses)	<u>4,765,181</u>	<u>4,803,412</u>	<u>4,803,944</u>	<u>532</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	\$ <u>-</u>	\$ <u>(174,783)</u>	(194,402)	\$ <u>(19,619)</u>
ADD CURRENT YEAR ENCUMBRANCES			758,533	
LESS PRIOR YEAR ENCUMBRANCES			(1,022,195)	
CHANGE IN NET ASSETS (GAAP BASIS)			(458,064)	
FUND BALANCE, BEGINNING			<u>9,868,249</u>	
FUND BALANCE, ENDING			\$ <u>9,410,185</u>	

CITY OF DEL RIO, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2008

SUMMARY OF BUDGET AND BUDGETARY BASIS OF ACCOUNTING

Budgets and Budgetary Accounting

Formal budgetary integration is required by the City Charter as a management control device. An annual budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles except for the recognition of encumbrances as expenditures.

All appropriations lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. Supplemental budgetary appropriations were necessary during the year, and were approved through resolution by the City Council. Amounts budgeted for other financing uses are included in budget amounts.

GENERAL FUND

The *General Fund* is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund and its resources finance a wider range of activities. The resources of the General Fund are generally expended and replenished on an annual basis.

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 3,692,457	\$ 3,699,429	\$ 6,972
Sales	5,005,244	4,990,064	(15,180)
Franchise	1,790,218	1,794,502	4,284
Attorneys fees	77,800	83,052	5,252
Penalty and interest	136,600	135,512	(1,088)
Mixed beverage	52,297	52,297	-
Total taxes	10,754,616	10,754,856	240
Fines and forfeitures:			
Municipal court	392,390	350,988	(41,402)
Dog pound	10,000	6,788	(3,212)
State violation fines	383,205	327,554	(55,651)
Time payment fee	32,400	35,348	2,948
Total fines and forfeitures	817,995	720,678	(97,317)
Charges for services:			
Xerox use fees	2,500	2,271	(229)
Sale of maps and documents	11,500	10,740	(760)
Sale of plastic protectors	2,275	2,004	(271)
Police services and fees	28,900	23,571	(5,329)
Street cut repairs	5,000	4,734	(266)
Street sign and striping	2,000	764	(1,236)
Street heavy equipment	300,000	313,338	13,338
New paving	1,000	-	(1,000)
Demolition and lot clearing	30,000	34,138	4,138
Vital statistics	146,000	147,551	1,551
Buena Vista Pool	25,000	15,973	(9,027)
Moore Park Pool	30,000	23,214	(6,786)
Recreational uses	8,500	3,125	(5,375)
Field light usage	2,400	4,522	2,122
Adopt A Pet program fee	3,000	2,976	(24)
Miscellaneous park and recreation	19,660	19,982	322
Inter-administration services	51,074	47,400	(3,674)
Inter-service charges	29,396	-	(29,396)
Indirect cost - WIC	16,250	15,343	(907)
Inter-administration purchasing	165,000	187,680	22,680
No nuisance ordinance fee	3,700	3,731	31
Fingerprint cards	1,000	-	(1,000)
Total charges for services	884,155	863,057	(21,098)

(continued)

CITY OF DEL RIO, TEXAS

SCHEDULE OF REVENUES COMPARED TO BUDGET

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
REVENUES (Continued)			
Licenses and permits:			
Building permits	\$ 230,000	\$ 200,507	\$(29,493)
Electrical permits	45,000	43,405	(1,595)
Plumbing permits	47,700	50,441	2,741
Other permits	55,000	43,726	(11,274)
Health permits	66,400	69,569	3,169
Garage sale permits	19,800	21,400	1,600
Mechanical permits	20,000	17,760	(2,240)
Professional and occupation licenses	23,450	16,377	(7,073)
Zoning permits	12,000	10,850	(1,150)
Plan and specification	12,500	13,000	500
Gas permits	5,000	2,460	(2,540)
Burglary alarm permit	<u>11,000</u>	<u>10,625</u>	<u>-</u>
Total licenses and permits	<u>547,850</u>	<u>500,120</u>	<u>(47,730)</u>
Intergovernmental:			
Auto theft grant	74,026	68,364	(5,662)
STEP Wave grant	-	6,478	6,478
Other	24,509	10,642	(13,867)
Border Star Grant	80,000	63,720	(16,280)
Operation Wrangler	<u>32,925</u>	<u>32,925</u>	<u>-</u>
Total intergovernmental	<u>211,460</u>	<u>182,129</u>	<u>(29,331)</u>
Investment income	<u>350,000</u>	<u>322,963</u>	<u>(27,037)</u>
Rental income			
Pavilion rentals	8,800	9,310	510
Other rentals	<u>25,000</u>	<u>24,380</u>	<u>(620)</u>
Total rentals	<u>33,800</u>	<u>33,690</u>	<u>(110)</u>
Miscellaneous revenue			
Miscellaneous donations	26,170	21,081	(5,089)
Cash over and short	-	1,018	1,018
Property tax overpayments	-	1,170	1,170
Vending machine income	500	202	(298)
Return check fee	2,000	1,482	(518)
Other miscellaneous income	<u>19,500</u>	<u>14,303</u>	<u>(5,197)</u>
Total miscellaneous	<u>48,170</u>	<u>39,256</u>	<u>(8,914)</u>
 Total revenues	 <u>\$ 13,648,046</u>	 <u>\$ 13,416,749</u>	 <u>\$(231,297)</u>

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Budget Basis Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES			
GENERAL GOVERNMENT			
City council:			
Personnel services	\$ 21,311	\$ 20,051	\$ 1,260
Supplies	11,635	11,387	248
Contractual services and other costs	83,895	84,600	(705)
Intergovernmental	<u>35,550</u>	<u>39,298</u>	<u>(3,748)</u>
Total City council	<u>152,391</u>	<u>155,336</u>	<u>(2,945)</u>
City attorney:			
Personnel services	180,482	179,546	936
Supplies	3,279	2,852	427
Contractual services and other costs	350,041	396,809	(46,768)
Capital outlay	<u>1,145</u>	<u>1,145</u>	<u>-</u>
Total City attorney	<u>534,947</u>	<u>580,352</u>	<u>(45,405)</u>
City manager:			
City manager:			
Personnel services	338,908	321,363	17,545
Supplies	28,096	25,602	2,494
Contractual services and other costs	158,379	74,010	84,369
Capital outlay	<u>16,600</u>	<u>15,328</u>	<u>1,272</u>
Total City manager	<u>541,983</u>	<u>436,303</u>	<u>105,680</u>
Marketing/promo:			
Contractual services and other costs	<u>8,400</u>	<u>8,031</u>	<u>369</u>
Total marketing/promo	<u>8,400</u>	<u>8,031</u>	<u>369</u>
City hall maintenance:			
Supplies	8,779	6,215	2,564
Contractual services and other costs	<u>26,623</u>	<u>25,089</u>	<u>1,534</u>
Total City hall maintenance	<u>35,402</u>	<u>31,304</u>	<u>4,098</u>
Total City manager	<u>585,785</u>	<u>475,638</u>	<u>110,147</u>
City secretary:			
Personnel services	123,040	112,494	10,546
Supplies	14,806	12,168	2,638
Contractual services and other costs	<u>46,242</u>	<u>47,713</u>	<u>(1,471)</u>
Total City secretary	<u>184,088</u>	<u>172,375</u>	<u>11,713</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

**GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (Continued)			
GENERAL GOVERNMENT (Continued)			
Municipal court:			
Personnel services	\$ 173,388	\$ 171,754	\$ 1,634
Supplies	4,960	1,813	3,147
Contractual services and other costs	<u>275,957</u>	<u>205,478</u>	<u>70,479</u>
Total municipal court	<u>454,305</u>	<u>379,045</u>	<u>75,260</u>
Code compliance:			
Personnel services	403,201	377,381	25,820
Supplies	10,805	10,114	691
Contractual services and other costs	130,786	132,948	(2,162)
Capital outlay	<u>52,100</u>	<u>46,160</u>	<u>5,940</u>
Total code compliance	<u>596,892</u>	<u>566,603</u>	<u>30,289</u>
Grant writing:			
Contractual services and other costs	<u>-</u>	<u>462</u>	<u>(462)</u>
Total grant writing	<u>-</u>	<u>462</u>	<u>(462)</u>
Total code compliance	<u>596,892</u>	<u>567,065</u>	<u>29,827</u>
Engineering:			
Engineering:			
Personnel services	230,482	228,531	1,951
Supplies	13,448	12,095	1,353
Contractual services and other costs	50,940	40,860	10,080
Capital outlay	<u>8,533</u>	<u>8,482</u>	<u>51</u>
Total engineering	<u>303,403</u>	<u>289,968</u>	<u>13,435</u>
GIS:			
Personnel services	33,739	33,545	194
Supplies	5,212	2,033	3,179
Contractual services and other costs	27,021	25,715	1,306
Capital outlay	<u>74,000</u>	<u>73,035</u>	<u>965</u>
Total GIS	<u>139,972</u>	<u>134,328</u>	<u>5,644</u>
Total engineering	<u>443,375</u>	<u>424,296</u>	<u>19,079</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

**GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)			
GENERAL GOVERNMENT (Continued)			
Personnel:			
Personnel:			
Personnel services	\$ 141,761	\$ 141,466	\$ 295
Supplies	22,266	20,911	1,355
Contractual services and other costs	99,920	87,774	12,146
Capital outlay	<u>180</u>	<u>180</u>	<u>-</u>
Total personnel	<u>264,127</u>	<u>250,331</u>	<u>13,796</u>
Civil service:			
Personnel services	20,104	20,472	(368)
Supplies	10,700	2,749	7,951
Contractual services and other costs	<u>4,600</u>	<u>3,283</u>	<u>1,317</u>
Total civil service	<u>35,404</u>	<u>26,504</u>	<u>8,900</u>
Total personnel	<u>299,531</u>	<u>276,835</u>	<u>22,696</u>
Finance department:			
Finance:			
Personnel services	210,066	202,553	7,513
Supplies	11,029	8,139	2,890
Contractual services and other costs	53,743	51,045	2,698
Capital outlay	<u>600</u>	<u>599</u>	<u>1</u>
Total finance	<u>275,438</u>	<u>262,336</u>	<u>13,102</u>
Accounting:			
Personnel services	256,147	256,942	(795)
Supplies	5,556	5,744	(188)
Contractual services and other costs	<u>22,215</u>	<u>18,426</u>	<u>3,789</u>
Total accounting	<u>283,918</u>	<u>281,112</u>	<u>2,806</u>
Tax:			
Personnel services	127,887	126,875	1,012
Supplies	13,107	12,614	493
Contractual services and other costs	279,673	316,793	(37,120)
Capital outlay	<u>175,165</u>	<u>73,768</u>	<u>101,397</u>
Total tax	<u>595,832</u>	<u>530,050</u>	<u>65,782</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

**GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)			
GENERAL GOVERNMENT (Continued)			
Operations:			
Personnel services	\$ 40,898	\$ 40,090	\$ 808
Supplies	965	365	600
Contractual services and other costs	9,425	5,171	4,254
Capital outlay	<u>34</u>	<u>34</u>	<u>-</u>
Total operations	<u>51,322</u>	<u>45,660</u>	<u>5,662</u>
Central purchasing:			
Personnel services	171,615	172,765	(1,150)
Supplies	5,391	8,068	(2,677)
Contractual services and other costs	<u>44,526</u>	<u>46,370</u>	<u>(1,844)</u>
Total central purchasing	<u>221,532</u>	<u>227,203</u>	<u>(5,671)</u>
Total finance	<u>1,428,042</u>	<u>1,346,361</u>	<u>81,681</u>
Total general government	<u>4,679,356</u>	<u>4,377,303</u>	<u>302,053</u>
CULTURE AND RECREATION			
Parks and recreation:			
Parks:			
Personnel services	519,964	531,521	(11,557)
Supplies	89,373	111,300	(21,927)
Contractual services and other costs	348,002	383,705	(35,703)
Capital outlay	<u>227,390</u>	<u>189,180</u>	<u>38,210</u>
Total parks	<u>1,184,729</u>	<u>1,215,706</u>	<u>(30,977)</u>
Recreation:			
Personnel services	110,841	93,753	17,088
Supplies	19,858	18,936	922
Contractual services and other costs	<u>18,940</u>	<u>18,128</u>	<u>812</u>
Total recreation	<u>149,639</u>	<u>130,817</u>	<u>18,822</u>
Facility maintenance:			
Personnel services	214,419	194,586	19,833
Supplies	16,054	16,804	(750)
Contractual services and other costs	12,612	10,736	1,876
Capital outlay	<u>17,000</u>	<u>16,930</u>	<u>70</u>
Total facility maintenance	<u>260,085</u>	<u>239,056</u>	<u>21,029</u>
Total parks and recreation	<u>1,594,453</u>	<u>1,585,579</u>	<u>8,874</u>
Total culture and recreation	<u>1,594,453</u>	<u>1,585,579</u>	<u>8,874</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)			
PUBLIC SAFETY			
Police:			
Patrol:			
Personnel services	\$ 4,895,502	\$ 5,023,071	\$(127,569)
Supplies	266,204	262,404	3,800
Contractual services and other costs	357,171	386,105	(28,934)
Capital outlay	<u>279,885</u>	<u>251,151</u>	<u>28,734</u>
Total patrol	<u>5,798,762</u>	<u>5,922,731</u>	<u>(123,969)</u>
Local border security:			
Personnel services	70,387	80,803	(10,416)
Supplies	4,545	-	4,545
Contractual services and other costs	<u>5,068</u>	<u>-</u>	<u>5,068</u>
Total local border security	<u>80,000</u>	<u>80,803</u>	<u>(803)</u>
Auto theft:			
Personnel services	60,620	60,963	(343)
Supplies	3,651	3,624	27
Contractual services and other costs	13,602	13,077	525
Capital outlay	<u>7,050</u>	<u>7,029</u>	<u>21</u>
Total auto theft	<u>84,923</u>	<u>84,693</u>	<u>230</u>
Bullet-proof vest program:			
Supplies	<u>13,018</u>	<u>12,775</u>	<u>243</u>
Total bullet-proof vest program	<u>13,018</u>	<u>12,775</u>	<u>243</u>
STEP Wave program:			
Personnel services	<u>6,892</u>	<u>6,892</u>	<u>-</u>
Total STEP Wave program	<u>6,892</u>	<u>6,892</u>	<u>-</u>
Click It or Ticket:			
Personnel services	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total Click It or Ticket	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Police training academy:			
Personnel services	134,842	132,367	2,475
Supplies	13,104	5,948	7,156
Contractual services and other costs	<u>37,457</u>	<u>37,948</u>	<u>(491)</u>
Total police training academy	<u>185,403</u>	<u>176,263</u>	<u>9,140</u>
Total police	<u>6,176,998</u>	<u>6,284,157</u>	<u>(107,159)</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

**GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)			
PUBLIC SAFETY (Continued)			
Fire:			
Fire:			
Personnel services	\$ 3,311,887	\$ 3,312,593	\$(706)
Supplies	97,772	96,552	1,220
Contractual services and other costs	270,064	287,822	(17,758)
Capital outlay	<u>2,754</u>	<u>2,741</u>	<u>13</u>
Total fire	<u>3,682,477</u>	<u>3,699,708</u>	<u>(17,231)</u>
Emergency management:			
Supplies	3,553	1,993	1,560
Contractual services and other costs	24,255	17,892	6,363
Capital outlay	<u>30,156</u>	<u>29,786</u>	<u>370</u>
Total emergency management	<u>57,964</u>	<u>49,671</u>	<u>8,293</u>
Fire station - airport:			
Contractual services and other costs	<u>31,180</u>	<u>27,153</u>	<u>4,027</u>
Total fire station - airport	<u>31,180</u>	<u>27,153</u>	<u>4,027</u>
Total fire	<u>3,771,621</u>	<u>3,776,532</u>	<u>(4,911)</u>
Community health:			
Personnel services	365,864	358,637	7,227
Supplies	61,852	57,259	4,593
Contractual services and other costs	71,008	78,244	(7,236)
Capital outlay	<u>63,082</u>	<u>62,086</u>	<u>996</u>
Total community health	<u>561,806</u>	<u>556,226</u>	<u>5,580</u>
Total public safety	<u>10,510,425</u>	<u>10,616,915</u>	<u>(106,490)</u>
HIGHWAYS AND STREETS			
Streets and drainage:			
Streets and drainage:			
Personnel services	627,477	628,401	(924)
Supplies	241,125	173,755	67,370
Contractual services and other costs	207,324	217,549	(10,225)
Capital outlay	<u>77,933</u>	<u>73,154</u>	<u>4,779</u>
Total streets and drainage	<u>1,153,859</u>	<u>1,092,859</u>	<u>61,000</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

**GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)			
HIGHWAYS AND STREETS (Continued)			
Streets reclaiming:			
Personnel services	\$ 94,435	\$ 72,412	\$ 22,023
Contractual services and other costs	<u>1,747</u>	<u>985</u>	<u>762</u>
Total streets reclaiming	<u>96,182</u>	<u>73,397</u>	<u>22,785</u>
Traffic control:			
Personnel services	151,956	144,371	7,585
Supplies	76,238	58,297	17,941
Contractual services and other costs	<u>328,080</u>	<u>392,539</u>	<u>(64,459)</u>
Total traffic control	<u>556,274</u>	<u>595,207</u>	<u>(38,933)</u>
Communication systems:			
Personnel services	-	465	(465)
Contractual services and other costs	<u>-</u>	<u>791</u>	<u>(791)</u>
Total communication systems	<u>-</u>	<u>1,256</u>	<u>(1,256)</u>
Total streets and drainage	<u>1,806,315</u>	<u>1,762,719</u>	<u>43,596</u>
Total highways and streets	<u>1,806,315</u>	<u>1,762,719</u>	<u>43,596</u>
ECONOMIC DEVELOPMENT			
Mainstreet project:			
Personnel services	28,862	30,831	(1,969)
Supplies	1,717	1,520	197
Contractual services and other costs	4,963	4,129	834
Capital outlay	<u>150</u>	<u>150</u>	<u>-</u>
Total mainstreet project	<u>35,692</u>	<u>36,630</u>	<u>(938)</u>
Total economic development	<u>35,692</u>	<u>36,630</u>	<u>(938)</u>
DEBT SERVICE			
Bond issuance costs	<u>-</u>	<u>35,949</u>	<u>(35,949)</u>
Total debt service	<u>-</u>	<u>35,949</u>	<u>(35,949)</u>
Total expenditures	<u>18,626,241</u>	<u>18,415,095</u>	<u>211,146</u>

(continued)

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)**

**GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
OTHER FINANCING SOURCES AND USES			
OTHER FINANCING SOURCES			
Proceeds from sale of general capital assets	\$ 21,998	\$ 21,998	\$ -
Proceeds from sale of real estate	113,300	113,300	-
Insurance proceeds	11,389	11,389	-
Proceeds from bonds	1,534,051	1,570,000	35,949
Transfer in:			
Gas system	1,100,000	1,100,000	-
Water system	100,500	100,500	-
International bridge	4,394,885	4,331,553	(63,332)
Refuse	330,000	330,000	-
Wastewater	49,500	49,500	-
Total transfers in	<u>5,974,885</u>	<u>5,911,553</u>	<u>(63,332)</u>
Total other financing sources	<u>7,655,623</u>	<u>7,628,240</u>	<u>(27,383)</u>
OTHER FINANCING USES			
Transfers out:			
Nutrition and social services	11,367	11,367	-
Economic development	76,917	76,917	-
Debt service	1,481,092	1,453,177	27,915
International airport	169,694	169,694	-
Animal shelter	38,161	38,161	-
Facilities	371,834	371,834	-
Police station	603,146	603,146	-
Fleet	100,000	100,000	-
Total transfers out	<u>2,852,211</u>	<u>2,824,296</u>	<u>27,915</u>
Total other financing uses	<u>2,852,211</u>	<u>2,824,296</u>	<u>27,915</u>
Total other financing sources and uses	<u>\$ 4,803,412</u>	<u>\$ 4,803,944</u>	<u>\$ 532</u>

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**NONMAJOR
GOVERNMENTAL FUNDS**

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CITY OF DEL RIO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 172,240	\$ 13,053,255	\$ 13,225,495
Receivables, net of allowance	1,665	8,136	9,801
Due from other funds	309,071	258,068	567,139
Intergovernmental receivables	<u>599,733</u>	<u>-</u>	<u>599,733</u>
Total assets	<u>\$ 1,082,709</u>	<u>\$ 13,319,459</u>	<u>\$ 14,402,168</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 82,694	\$ 636,015	\$ 718,709
Accrued payroll	41,880	-	41,880
Due to other governments	1,652	-	1,652
Due to other funds	505,721	112,802	618,523
Deposits	<u>500</u>	<u>-</u>	<u>500</u>
Total liabilities	<u>632,447</u>	<u>748,817</u>	<u>1,381,264</u>
Fund balances:			
Reserved for:			
Encumbrances	165,266	-	165,266
Unreserved, reported in:			
Capital projects funds	-	12,570,642	12,570,642
Special revenue funds	<u>284,996</u>	<u>-</u>	<u>284,996</u>
Total fund balances	<u>450,262</u>	<u>12,570,642</u>	<u>13,020,904</u>
Total liabilities and fund balances	<u>\$ 1,082,709</u>	<u>\$ 13,319,459</u>	<u>\$ 14,402,168</u>

CITY OF DEL RIO, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
Taxes	\$ 654,741	\$ -	\$ 654,741
Intergovernmental	1,836,947	47,188	1,884,135
Charges for services	302,845	-	302,845
Investment earnings	5,441	419,057	424,498
Rental	19,446	-	19,446
Miscellaneous	<u>32,886</u>	<u>-</u>	<u>32,886</u>
Total revenues	<u>2,852,306</u>	<u>466,245</u>	<u>3,318,551</u>
EXPENDITURES			
Current:			
General government	409,213	3,529	412,742
Public safety	5,000	-	5,000
Economic development	56,350	-	56,350
Health and welfare	1,875,811	-	1,875,811
Debt service:			
Bond issuance costs	-	24,576	24,576
Capital outlay	<u>228,852</u>	<u>2,858,453</u>	<u>3,087,305</u>
Total expenditures	<u>2,575,226</u>	<u>2,886,558</u>	<u>5,461,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>277,080</u>	<u>(2,420,313)</u>	<u>(2,143,233)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	1,915,000	1,915,000
Transfers in	88,284	735,383	823,667
Transfers out	<u>(245,528)</u>	<u>-</u>	<u>(245,528)</u>
Total other financing sources (uses)	<u>(157,244)</u>	<u>2,650,383</u>	<u>2,493,139</u>
NET CHANGE IN FUND BALANCES	119,836	230,070	349,906
FUND BALANCES, BEGINNING	<u>330,426</u>	<u>12,340,572</u>	<u>12,670,998</u>
FUND BALANCES, ENDING	<u>\$ 450,262</u>	<u>\$ 12,570,642</u>	<u>\$ 13,020,904</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specified purposes.

The ***MIT-5311 Grant Fund*** is used to account for funds received from the Texas Department of Transportation through the Section 5311 Grant Program. The City of Del Rio operates and maintains a public transportation center by utilizing grant funds. These funds originally provided for the renovation and expansion of the existing Southern Pacific Depot in order to create a multi-modal transportation center. The current center (which opened in November 1994) presently houses Kerrville Bus Lines, Amtrak Services, and the City of Del Rio Transportation Department. Presently, the City of Del Rio Transportation Department provided transportation services to individuals of the community that are generally categorized as being physically impaired, minority, elderly, or low income.

The ***Women, Infants and Children Fund*** is used to account for the cost reimbursement program funded by the U. S. D. A. and the Texas Department of State Health Services and the City of Del Rio through the Val Verde County Health Department. Under the program, the City provides special supplemental food and nutrition education to qualified recipients.

The ***Nutrition and Social Services Fund*** is used to account for a 90% federal – 10% local matching grant program. The program provides nutritious meals in a group and home setting, encourages social interaction and makes needed supportive services available to participants. Qualifying participants are over age 60 and low income.

The ***Room Tax Fund*** is used to account to account for revenues received from the City's hotels and motels occupancy tax. This tax is at the rate of 7% of gross receipts and is restricted in use by state law and by City ordinance. Ordinance 83-48 specifies how revenues will be expended.

The ***Loan Repayment Fund*** is currently being used to account for funds for contract #705512 funded by the Office of Rural Community Affairs. Revolving loan funds are utilized to provide first time water and sewer services, streets and electricity for the Villarreal sub-division and infrastructure improvements in support of new economic development in the City.

The ***Property and Forfeiture Fund*** is used to account for property seized during police operations against illegal activities. Seized property is held by and accounted for in this fund, pending final determination of related alleged illegal acts.

The ***Law Enforcement Employee Continuing Education Fund*** is used to account for funds received from Texas State Comptroller as per Senate Bill 1135 passed in 1991. The funds are used to augment training and acquisition of equipment for police officers' training.

The ***TxDot VCR Grant Fund*** is used to account for funds received to purchase capital assets for the provisions of transportation services. This grant enhances funds provided through other Texas Department of Transportation grants.

The ***TxDot Section 5310 Fund*** is used to account for certain funds received from the Texas Department of Transportation. The purpose of the grant is to provide funds for preventive maintenance cost associated with Elderly and Disabled Transportation in Val Verde County. The Section 5310 Grant provides this funding for the vehicles utilized in the Section 5311 Grant, which provides elderly and disabled transportation to the citizens of Val Verde County.

The ***EDA Fund*** is used to account for funds received from the U. S. Department of Commerce Economic Development Administration. The funds were used for consultant services. The consultant was to develop an economic strategies plan for the City.

The ***JARC Colonias Grant Fund*** is used to account for funds received to provide job access transportation to Colonias areas in Val Verde County.

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CITY OF DEL RIO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2008

	<u>MIT-5311 Grant</u>	<u>Women, Infants and Children</u>	<u>Nutrition/ Social Services</u>	<u>Room Tax</u>	<u>Loan Repayment</u>
ASSETS					
Cash and investments	\$ -	\$ -	\$ 49	\$ 4,955	\$ 147,010
Due from other funds	72,181	75,743	49,023	-	-
Receivables, net	1,500	-	165	-	-
Intergovernmental receivables	<u>436,760</u>	<u>81,377</u>	<u>54,545</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 510,441</u>	<u>\$ 157,120</u>	<u>\$ 103,782</u>	<u>\$ 4,955</u>	<u>\$ 147,010</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 33,974	\$ 11,233	\$ 26,241	\$ 1,818	\$ -
Accrued payroll	19,584	12,547	7,609	-	-
Due to other funds	448,796	12,470	20,017	-	-
Due to other governments	-	-	-	-	-
Deposits	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>502,854</u>	<u>36,250</u>	<u>53,867</u>	<u>1,818</u>	<u>-</u>
Fund balances:					
Reserved for:					
Encumbrances	99,671	18,940	4,062	-	-
Unreserved	<u>(92,084)</u>	<u>101,930</u>	<u>45,853</u>	<u>3,137</u>	<u>147,010</u>
Total fund balances	<u>7,587</u>	<u>120,870</u>	<u>49,915</u>	<u>3,137</u>	<u>147,010</u>
Total liabilities and fund balances	<u>\$ 510,441</u>	<u>\$ 157,120</u>	<u>\$ 103,782</u>	<u>\$ 4,955</u>	<u>\$ 147,010</u>

<u>Property and Forfeiture</u>	<u>Law Enforcement Employee Continuing Education</u>	<u>TxDOT VCR Grant</u>	<u>TxDOT - Section 5310</u>	<u>Economic Development Administration</u>	<u>JARC Colonias Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 20,225	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 172,240
-	6,892	-	50	105,182	-	309,071
-	-	-	-	-	-	1,665
-	-	-	13,760	-	13,291	599,733
<u>\$ 20,225</u>	<u>\$ 6,892</u>	<u>\$ -</u>	<u>\$ 13,810</u>	<u>\$ 105,183</u>	<u>\$ 13,291</u>	<u>\$ 1,082,709</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,156	\$ 272	\$ 82,694
-	-	-	-	856	1,284	41,880
-	-	-	12,158	545	11,735	505,721
-	-	-	1,652	-	-	1,652
-	-	-	-	-	-	500
-	-	-	13,810	10,557	13,291	632,447
-	-	-	-	42,593	-	165,266
<u>20,225</u>	<u>6,892</u>	<u>-</u>	<u>-</u>	<u>52,033</u>	<u>-</u>	<u>284,996</u>
<u>20,225</u>	<u>6,892</u>	<u>-</u>	<u>-</u>	<u>94,626</u>	<u>-</u>	<u>450,262</u>
<u>\$ 20,225</u>	<u>\$ 6,892</u>	<u>\$ -</u>	<u>\$ 13,810</u>	<u>\$ 105,183</u>	<u>\$ 13,291</u>	<u>\$ 1,082,709</u>

CITY OF DEL RIO, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>MIT-5311 Grant</u>	<u>Women, Infants and Children</u>	<u>Nutrition/ Social Services</u>	<u>Room Tax</u>	<u>Loan Repayment</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 654,741	\$ -
Intergovernmental	762,177	467,235	455,478	-	-
Charges for services	289,515	-	1,637	-	-
Investment earnings	-	-	-	195	4,537
Rental	-	-	19,446	-	-
Miscellaneous	<u>20,998</u>	<u>-</u>	<u>11,888</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,072,690</u>	<u>467,235</u>	<u>488,449</u>	<u>654,936</u>	<u>4,537</u>
EXPENDITURES					
Current:					
General government	-	-	-	409,213	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Health and welfare	862,130	438,833	521,069	-	-
Capital outlay	<u>76,163</u>	<u>17,066</u>	<u>20,875</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>938,293</u>	<u>455,899</u>	<u>541,944</u>	<u>409,213</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>134,397</u>	<u>11,336</u>	<u>(53,495)</u>	<u>245,723</u>	<u>4,537</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	11,367	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,528)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,367</u>	<u>(245,528)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	134,397	11,336	(42,128)	195	4,537
FUND BALANCES, BEGINNING	<u>(126,810)</u>	<u>109,534</u>	<u>92,043</u>	<u>2,942</u>	<u>142,473</u>
FUND BALANCES, ENDING	<u>\$ 7,587</u>	<u>\$ 120,870</u>	<u>\$ 49,915</u>	<u>\$ 3,137</u>	<u>\$ 147,010</u>

<u>Property and Forfeiture</u>	<u>Law Enforcement Employee Continuing Education</u>	<u>TxDOT VCR Grant</u>	<u>TxDOT Section 5310</u>	<u>Economic Development Administration</u>	<u>JARC Colonias Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,741
-	5,779	46,852	33,857	-	65,569	1,836,947
-	-	-	3,655	-	8,038	302,845
709	-	-	-	-	-	5,441
-	-	-	-	-	-	19,446
-	-	-	-	-	-	32,886
<u>709</u>	<u>5,779</u>	<u>46,852</u>	<u>37,512</u>	<u>-</u>	<u>73,607</u>	<u>2,852,306</u>
-	-	-	-	-	-	409,213
-	5,000	-	-	-	-	5,000
-	-	-	-	56,350	-	56,350
1,570	-	-	41,409	-	10,800	1,875,811
-	-	<u>57,373</u>	<u>-</u>	<u>-</u>	<u>57,375</u>	<u>228,852</u>
<u>1,570</u>	<u>5,000</u>	<u>57,373</u>	<u>41,409</u>	<u>56,350</u>	<u>68,175</u>	<u>2,575,226</u>
<u>(861)</u>	<u>779</u>	<u>(10,521)</u>	<u>(3,897)</u>	<u>(56,350)</u>	<u>5,432</u>	<u>277,080</u>
-	-	-	-	76,917	-	88,284
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,528)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,917</u>	<u>-</u>	<u>(157,244)</u>
(861)	779	(10,521)	(3,897)	20,567	5,432	119,836
<u>21,086</u>	<u>6,113</u>	<u>10,521</u>	<u>3,897</u>	<u>74,059</u>	<u>(5,432)</u>	<u>330,426</u>
<u>\$ 20,225</u>	<u>\$ 6,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,626</u>	<u>\$ -</u>	<u>\$ 450,262</u>

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - MIT 5311 GRANT

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Transit service	\$ 276,000	289,515	\$ 13,515
Special grants	983,252	762,177	(221,075)
Miscellaneous	<u>33,000</u>	<u>20,998</u>	<u>(12,002)</u>
Total revenues	<u>1,292,252</u>	<u>1,072,690</u>	<u>(219,562)</u>
EXPENDITURES			
Welfare:			
Transportation:			
Personnel services	523,929	414,524	109,405
Supplies	163,230	143,873	19,357
Contractual and other costs	126,442	111,987	14,455
Capital outlay	137,465	115,274	22,191
Administration:			
Personnel services	187,492	151,135	36,357
Supplies	17,685	1,945	15,740
Contractual and other costs	<u>51,191</u>	<u>39,519</u>	<u>11,672</u>
Total expenditures	<u>1,207,434</u>	<u>978,257</u>	<u>229,177</u>
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	\$ <u>84,818</u>	94,433	\$ <u>9,615</u>
CURRENT YEAR ENCUMBRANCES		98,881	
PRIOR YEAR ENCUMBRANCES		<u>(58,917)</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		134,397	
FUND BALANCE, BEGINNING		<u>(126,810)</u>	
FUND BALANCE, ENDING		\$ <u>7,587</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - WOMEN, INFANTS AND CHILDREN

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Budget basis Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Special grants	\$ 508,643	\$ 467,235	\$(41,408)
Total revenues	<u>508,643</u>	<u>467,235</u>	<u>(41,408)</u>
EXPENDITURES			
Welfare:			
WIC			
Personnel services	331,774	322,762	9,012
Supplies	33,347	29,191	4,156
Contractual and other costs	86,733	72,887	13,846
Capital outlay	<u>9,270</u>	<u>7,772</u>	<u>1,498</u>
Total expenditures	<u>461,124</u>	<u>432,612</u>	<u>28,512</u>
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	<u>47,519</u>	34,623	\$(<u>12,896</u>)
CURRENT YEAR ENCUMBRANCES		18,940	
PRIOR YEAR ENCUMBRANCES		<u>(42,227)</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		11,336	
FUND BALANCE, BEGINNING		<u>109,534</u>	
FUND BALANCE, ENDING		<u>\$ 120,870</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - NUTRITION AND SOCIAL SERVICES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special grants	\$ 480,110	\$ 455,478	\$(24,632)
Fees/service charges	-	1,637	1,637
Miscellaneous	<u>30,000</u>	<u>31,334</u>	<u>1,334</u>
Total revenues	<u>510,110</u>	<u>488,449</u>	<u>(21,661)</u>
EXPENDITURES			
Welfare:			
Nutrition and social services			
Personnel services	222,986	209,836	13,150
Supplies	248,492	253,492	(5,000)
Contractual and other costs	53,671	59,374	(5,703)
Capital outlay	<u>21,064</u>	<u>20,875</u>	<u>189</u>
Total expenditures	<u>546,213</u>	<u>543,577</u>	<u>2,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,103)</u>	<u>(55,128)</u>	<u>(19,025)</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>11,367</u>	<u>11,367</u>	<u>-</u>
Total other financing sources	<u>11,367</u>	<u>11,367</u>	<u>-</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	<u>\$(24,736)</u>	<u>(43,761)</u>	<u>\$(19,025)</u>
CURRENT YEAR ENCUMBRANCES		1,702	
PRIOR YEAR ENCUMBRANCES		<u>(69)</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES (GAAP BASIS)		<u>(42,128)</u>	
FUND BALANCE, BEGINNING		<u>92,043</u>	
FUND BALANCE, ENDING		<u>\$ 49,915</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - ROOM TAX

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 668,650	\$ 654,741	\$(13,909)
Miscellaneous income	<u>100</u>	<u>195</u>	<u>95</u>
Total revenues	<u>668,750</u>	<u>654,936</u>	<u>(13,814)</u>
EXPENDITURES			
General government:			
Room tax			
Contractual and other costs	284,176	278,265	5,911
Intergovernmental	<u>133,730</u>	<u>130,948</u>	<u>2,782</u>
Total expenditures	<u>417,906</u>	<u>409,213</u>	<u>8,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>250,844</u>	<u>245,723</u>	<u>(5,121)</u>
OTHER FINANCING USES			
Operating transfers out	<u>(250,744)</u>	<u>(245,528)</u>	<u>(5,216)</u>
Total other financing uses	<u>(250,744)</u>	<u>(245,528)</u>	<u>5,216</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	\$ <u>100</u>	195	\$ <u>95</u>
ENCUMBRANCES		<u>-</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		195	
FUND BALANCE, BEGINNING		<u>2,942</u>	
FUND BALANCE, ENDING		\$ <u><u>3,137</u></u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - LOAN REPAYMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Investment Earnings	\$ 4,000	\$ 4,537	\$ 537
Total revenues	<u>4,000</u>	<u>4,537</u>	<u>537</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	<u>4,000</u>	<u>4,537</u>	<u>537</u>
ENCUMBRANCES		<u>-</u>	
EXCESS OF REVENUES OVER EXPENDITURES (GAAP BASIS)		4,537	
FUND BALANCE, BEGINNING		<u>142,473</u>	
FUND BALANCE, ENDING		<u>\$ 147,010</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - PROPERTY AND FORFEITURE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Special grants	\$ 4,000	\$ -	\$(4,000)
Investment earnings	<u>-</u>	<u>709</u>	<u>709</u>
Total revenues	<u>4,000</u>	<u>709</u>	<u>(3,291)</u>
EXPENDITURES			
Supplies	1,777	1,769	8
Capital outlay	<u>5,343</u>	<u>3,570</u>	<u>1,773</u>
Total expenditures	<u>7,120</u>	<u>5,339</u>	<u>1,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>\$(3,120)</u>	(4,630)	<u>\$(1,510)</u>
ENCUMBRANCES		<u>3,769</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		(861)	
FUND BALANCE, BEGINNING		<u>21,086</u>	
FUND BALANCE, ENDING		<u>\$ 20,225</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - LAW ENFORCEMENT EMPLOYEE CONTINUING EDUCATION

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Special grants	\$ 6,500	\$ 5,779	\$(721)
Total revenues	<u>6,500</u>	<u>5,779</u>	<u>(721)</u>
EXPENDITURES			
Supplies	5,000	-	5,000
Contractual and other costs	<u>1,500</u>	<u>5,000</u>	<u>(3,500)</u>
Total expenditures	<u>6,500</u>	<u>5,000</u>	<u>1,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	\$ <u>-</u>	779	\$ <u>779</u>
ENCUMBRANCES		<u>-</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		779	
FUND BALANCE, BEGINNING		<u>6,113</u>	
FUND BALANCE, ENDING		\$ <u>6,892</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - TEXAS DEPARTMENT OF TRANSPORTATION VCR GRANT

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special grants	\$ 47,620	\$ 46,852	\$(768)
Total revenues	<u>47,620</u>	<u>46,852</u>	<u>(768)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	\$ <u>47,620</u>	46,852	\$ <u>(768)</u>
CURRENT YEAR ENCUMBRANCES		-	
PRIOR YEAR ENCUMBRANCES		(57,373)	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		(10,521)	
FUND BALANCE, BEGINNING		<u>10,521</u>	
FUND BALANCE, ENDING		\$ <u>-</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - TXDOT SECTION 5310

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Transit service - local	\$ 15,667	\$ 3,655	\$(12,012)
Special grants	<u>62,669</u>	<u>33,857</u>	<u>(28,812)</u>
Total revenues	<u>78,336</u>	<u>37,512</u>	<u>(40,824)</u>
EXPENDITURES			
Welfare:			
Contractual and other costs	20,056	41,409	(21,353)
Capital outlay	<u>58,280</u>	<u>-</u>	<u>58,280</u>
Total expenditures	<u>78,336</u>	<u>41,409</u>	<u>36,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	\$ <u>-</u>	(3,897)	\$(<u>3,897</u>)
ENCUMBRANCES		<u>-</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		(3,897)	
FUND BALANCE, BEGINNING		<u>3,897</u>	
FUND BALANCE, ENDING		\$ <u>-</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT ADMINISTRATION

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
EXPENDITURES			
Economic Community and Housing Development:			
Personnel services	\$ 25,798	\$ 22,634	3,164
Supplies	16,222	11,855	4,367
Contractual and other costs	<u>63,458</u>	<u>61,520</u>	<u>1,938</u>
Total expenditures	<u>105,478</u>	<u>96,009</u>	<u>9,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>(105,478)</u>	<u>(96,009)</u>	<u>9,469</u>
OTHER FINANCING SOURCES			
Transfers in	<u>76,917</u>	<u>76,917</u>	<u>-</u>
Total other financing sources	<u>76,917</u>	<u>76,917</u>	<u>-</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	\$ <u>(28,561)</u>	(19,092)	\$ <u>9,469</u>
PRIOR YEAR ENCUMBRANCES		(2,934)	
CURRENT YEAR ENCUMBRANCES		42,593	
CHANGE IN NET ASSETS (GAAP BASIS)		20,567	
FUND BALANCE, BEGINNING		<u>74,059</u>	
FUND BALANCE, ENDING		\$ <u>94,626</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

SPECIAL REVENUE FUND - JARC COLONIAS GRANT

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Service fees	\$ 46,091	\$ 8,038	\$(38,053)
Special grants	<u>46,091</u>	<u>65,569</u>	<u>19,478</u>
Total revenues	<u>92,182</u>	<u>73,607</u>	<u>(18,575)</u>
EXPENDITURES			
Transportation services:			
Personnel	51,783	10,800	40,983
Supplies	3,975	-	3,975
Contractual and other costs	4,376	-	4,376
Capital outlay	<u>2,276</u>	<u>-</u>	<u>2,276</u>
Total staff expenditures	<u>62,410</u>	<u>10,800</u>	<u>51,610</u>
Administration:			
Supplies	4,500	-	4,500
Contractual and other costs	<u>25,272</u>	<u>-</u>	<u>25,272</u>
Total administration expenditures	<u>29,772</u>	<u>-</u>	<u>29,772</u>
Total expenditures	<u>92,182</u>	<u>10,800</u>	<u>81,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>\$ -</u>	62,807	<u>\$ 62,807</u>
PRIOR YEAR ENCUMBRANCES		(57,375)	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (GAAP BASIS)		5,432	
FUND BALANCE, BEGINNING		<u>(5,432)</u>	
FUND BALANCE, ENDING		<u>\$ -</u>	

DEBT SERVICE FUND

The *Debt Service Fund* is used to account for the accumulation of resources for the repayment of general long-term debt.

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CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)**

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,484,972	\$ 1,491,507	\$ 6,535
Investment Income	40,000	43,530	3,530
Total revenues	<u>1,524,972</u>	<u>1,535,037</u>	<u>10,065</u>
EXPENDITURES			
Debt service	<u>3,167,754</u>	<u>3,074,637</u>	<u>93,117</u>
Total expenditures	<u>3,167,754</u>	<u>3,074,637</u>	<u>93,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,642,782)</u>	<u>(1,539,600)</u>	<u>103,182</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,731,836</u>	<u>1,698,705</u>	<u>(33,131)</u>
Total other financing sources	<u>1,731,836</u>	<u>1,698,705</u>	<u>(33,131)</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	\$ <u>89,054</u>	159,105	\$ <u>70,051</u>
ENCUMBRANCES		-	
CHANGE IN NET ASSETS (GAAP BASIS)		159,105	
FUND BALANCE, BEGINNING		<u>1,288,784</u>	
FUND BALANCE, ENDING		\$ <u>1,447,889</u>	

CAPITAL PROJECTS FUNDS

The ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The ***Streets and Drainage Fund*** is the City's Capital Projects Fund that accounts for the construction and improvement of the City's streets and drainage projects.

The ***Animal Shelter Fund*** is for donations and other financial resources to be used for capital improvements to the animal shelter at the Health Department for the City of Del Rio.

The ***Bicycle and Walking Trail Fund*** is the construction of a trail from a point near (1/4 mile) Brown Plaza to the Regional Transportation Center located at the intersection of South Main and Ogden Avenue in Del Rio. This project is funded by the Texas Department of Transportation and the City of Del Rio.

The ***Police Station Fund*** is for the improvements and repairs to the City's new Police Department building. The project is funded with the Combination Tax and Revenue Certificates of Obligation, Series 2003A.

The ***Fire Station Fund*** is to construct a fire station and City-wide emergency communications center with required communications equipment to be located near the City's international airport. Funding for this project is to be through the Texas Community Development Program administered by the Office of Rural Community Affairs and by cost sharing by the City of Del Rio.

The ***Qualia Relief Route Fund*** is for the construction of an alternative relief route from Qualia Road to Spur 239 in Del Rio and Val Verde County necessitated because of the closing of Rio Grande Road to accommodate relocation of the port of entry on spur 239. The project is to be funded by federal grants, state grants and the City of Del Rio.

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CITY OF DEL RIO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2008

	Capital Projects Streets and Drainage	Animal Shelter	Bicycle and Walking Trail	Police Station	Fire Station	Qualia Relief Route	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and investments	\$ 6,109,891	\$ 244,874	\$ 121,871	\$ 6,172,179	\$ 129,980	\$ 274,460	\$ 13,053,255
Receivables, net	2,686	-	-	5,450	-	-	8,136
Due from other funds	<u>258,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,068</u>
Total assets	<u>\$ 6,370,645</u>	<u>\$ 244,874</u>	<u>\$ 121,871</u>	<u>\$ 6,177,629</u>	<u>\$ 129,980</u>	<u>\$ 274,460</u>	<u>\$ 13,319,459</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	160,698	-	-	475,317	-	-	636,015
Due to other funds	<u>112,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,802</u>
Total liabilities	<u>273,500</u>	<u>-</u>	<u>-</u>	<u>475,317</u>	<u>-</u>	<u>-</u>	<u>748,817</u>
Fund balances:							
Unreserved	<u>6,097,145</u>	<u>244,874</u>	<u>121,871</u>	<u>5,702,312</u>	<u>129,980</u>	<u>274,460</u>	<u>12,570,642</u>
Total fund balances	<u>6,097,145</u>	<u>244,874</u>	<u>121,871</u>	<u>5,702,312</u>	<u>129,980</u>	<u>274,460</u>	<u>12,570,642</u>
Total liabilities and fund balances	<u>\$ 6,370,645</u>	<u>\$ 244,874</u>	<u>\$ 121,871</u>	<u>\$ 6,177,629</u>	<u>\$ 129,980</u>	<u>\$ 274,460</u>	<u>\$ 13,319,459</u>

CITY OF DEL RIO, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Capital Projects Streets and Drainage</u>	<u>Animal Shelter</u>	<u>Bicycle and Walking Trail</u>	<u>Police Station</u>	<u>Fire Station</u>	<u>Qualia Relief Route</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 47,188	\$ -	\$ -	\$ -	\$ 47,188
Investment earnings	<u>191,147</u>	<u>6,335</u>	<u>4,976</u>	<u>207,036</u>	<u>9,003</u>	<u>560</u>	<u>419,057</u>
Total revenues	<u>191,147</u>	<u>6,335</u>	<u>52,164</u>	<u>207,036</u>	<u>9,003</u>	<u>560</u>	<u>466,245</u>
EXPENDITURES							
General government	-	-	-	3,529	-	-	3,529
Debt service:							
Bond issuance costs	21,783	-	-	-	-	2,793	24,576
Capital outlay	<u>1,571,212</u>	<u>-</u>	<u>25,325</u>	<u>1,211,145</u>	<u>15,771</u>	<u>35,000</u>	<u>2,858,453</u>
Total expenditures	<u>1,592,995</u>	<u>-</u>	<u>25,325</u>	<u>1,214,674</u>	<u>15,771</u>	<u>37,793</u>	<u>2,886,558</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,401,848)</u>	<u>6,335</u>	<u>26,839</u>	<u>(1,007,638)</u>	<u>(6,768)</u>	<u>(37,233)</u>	<u>(2,420,313)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	1,697,383	-	-	-	-	217,617	1,915,000
Transfers in	<u>-</u>	<u>38,161</u>	<u>-</u>	<u>603,146</u>	<u>-</u>	<u>94,076</u>	<u>735,383</u>
Total other financing sources (uses)	<u>1,697,383</u>	<u>38,161</u>	<u>-</u>	<u>603,146</u>	<u>-</u>	<u>311,693</u>	<u>2,650,383</u>
NET CHANGE IN FUND BALANCES	295,535	44,496	26,839	(404,492)	(6,768)	274,460	230,070
FUND BALANCES, BEGINNING	<u>5,801,610</u>	<u>200,378</u>	<u>95,032</u>	<u>6,106,804</u>	<u>136,748</u>	<u>-</u>	<u>12,340,572</u>
FUND BALANCES, ENDING	<u>\$ 6,097,145</u>	<u>\$ 244,874</u>	<u>\$ 121,871</u>	<u>\$ 5,702,312</u>	<u>\$ 129,980</u>	<u>\$ 274,460</u>	<u>\$ 12,570,642</u>

PROPRIETARY FUNDS

ENTERPRISE FUNDS

The *Enterprise Funds* are used to account for the provision of specified services to the residents of the City and in some cases to residents of the County. All activities necessary to provide such services are accounted for in the respective funds including administration, maintenance, financing and related debt service, billing and collection.

The major Enterprise Funds and the related services are as follows:

<u>Fund</u>	<u>Service</u>
Gas system	Gas service
Water system	Water service
International bridge	Operation of toll bridge
International airport	Operation of airport
Refuse/landfill	Refuse collection service
Wastewater	Sewer service

The nonmajor Enterprise Fund operated by the City and the related services are as follows:

<u>Fund</u>	<u>Service</u>
Municipal facilities	Rental of City facilities

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CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

ENTERPRISE FUND - GAS SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Charges for services:			
Utility charges	\$ 4,342,463	\$ 4,328,011	\$(14,452)
Miscellaneous:			
Interest	135,000	148,116	13,116
Other	<u>11,000</u>	<u>25,870</u>	<u>14,870</u>
Total revenues	<u>4,488,463</u>	<u>4,501,997</u>	<u>13,534</u>
 EXPENSES			
Personnel	582,252	575,599	6,653
Supplies	167,129	159,884	7,245
Contractual services and other costs	331,485	329,717	1,768
Purchases for resale	2,022,442	1,968,274	54,168
Debt charges	92,790	92,993	(203)
Capital outlay	<u>207,308</u>	<u>148,159</u>	<u>59,149</u>
Total expenses	<u>3,403,406</u>	<u>3,274,626</u>	<u>128,780</u>
 EXCESS OF REVENUES OVER EXPENSES	<u>1,085,057</u>	<u>1,227,371</u>	<u>142,314</u>
 OTHER FINANCING USES			
Transfers out	<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>-</u>
Total other financing uses	<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES AND OTHER FINANCING USES (BUDGETARY BASIS)	<u>\$(64,943)</u>	77,371	<u>\$ 142,314</u>
 RECONCILIATION TO CHANGE IN NET ASSETS			
Add:			
Capital outlay		103,947	
Bond principal		60,000	
Current year encumbrances		69,329	
Less:			
Prior year encumbrances		(2,722)	
Depreciation		<u>(75,419)</u>	
 CHANGE IN NET ASSETS (GAAP BASIS)		<u>\$ 232,506</u>	

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND - WATER SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services:			
Metered water sales	\$ 7,324,658	\$ 7,276,688	\$(47,970)
Interest income	358,000	373,347	15,347
Miscellaneous	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total revenues	<u>7,684,158</u>	<u>7,650,035</u>	<u>(34,123)</u>
EXPENSES			
Water production:			
Personnel	380,927	385,979	(5,052)
Supplies	259,007	190,434	68,573
Contractual services and other costs	2,303,372	1,729,684	573,688
Debt charges	2,058,658	1,915,605	143,053
Capital outlay	109,800	22,200	87,600
Water distribution:			
Personnel	915,277	882,929	32,348
Supplies	268,500	233,813	34,687
Contractual services and other costs	506,524	472,650	33,874
Debt charges	727,725	847,859	(120,134)
Capital outlay	186,371	178,983	7,388
Repairs and replacement:			
Supplies	<u>208,000</u>	<u>187,971</u>	<u>20,029</u>
Total expenses	<u>7,924,161</u>	<u>7,048,107</u>	<u>876,054</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>(240,003)</u>	<u>601,928</u>	<u>841,931</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(294,576)	(294,576)	-
Proceeds from the issuance of bonds	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources	<u>205,424</u>	<u>205,424</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENSES (BUDGETARY BASIS)	<u>\$(34,579)</u>	807,352	<u>\$ 841,931</u>
RECONCILIATION TO CHANGE IN NET ASSETS			
Add:			
Capital outlay		275,297	
Bond principal		1,840,344	
Current year encumbrances		118,888	
Less:			
Proceeds from issuance of bonds		(500,000)	
Prior year encumbrances		(29,795)	
Depreciation		<u>(1,750,321)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		<u>\$ 761,765</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

ENTERPRISE FUND - INTERNATIONAL BRIDGE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Charges for services:			
Bridge tolls	\$ 5,028,769	\$ 4,986,693	\$(42,076)
Miscellaneous:			
Interest income	106,400	97,173	(9,227)
Rental income	12,000	12,000	-
Other	<u>21,000</u>	<u>28,444</u>	<u>7,444</u>
Total revenues	<u>5,168,169</u>	<u>5,124,310</u>	<u>(43,859)</u>
EXPENSES			
Personnel	373,082	389,883	(16,801)
Supplies	22,647	21,431	1,216
Contractual services and other costs	133,203	132,306	897
Debt charges	473,073	485,690	(12,617)
Capital outlay	<u>33,600</u>	<u>4,002</u>	<u>29,598</u>
Total expenses	<u>1,035,605</u>	<u>1,033,312</u>	<u>2,293</u>
EXCESS OF REVENUES OVER EXPENSES	<u>4,132,564</u>	<u>4,090,998</u>	<u>(41,566)</u>
OTHER FINANCING USES			
Transfers out	<u>(4,394,885)</u>	<u>(4,331,553)</u>	<u>63,332</u>
Total other financing uses	<u>(4,394,885)</u>	<u>(4,331,553)</u>	<u>63,332</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES AND OTHER FINANCING USES (BUDGETARY BASIS)	<u>\$(262,321)</u>	<u>(240,555)</u>	<u>\$ 21,766</u>
RECONCILIATION TO CHANGE IN NET ASSETS			
Add:			
Principal on revenue bonds		400,000	
Current year encumbrances		6,120	
Capital outlay		7,200	
Less:			
Loss on disposal of assets		(31,770)	
Prior year encumbrances		(10,453)	
Depreciation		<u>(144,866)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		<u>\$(14,324)</u>	

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND - INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services:			
Aviation fuel fees	\$ 55,000	\$ 52,773	\$(2,227)
Special grants	907,585	1,203,426	295,841
Rental	174,341	173,693	(648)
Miscellaneous	5,271	446	(4,825)
Interest income	17,000	14,566	(2,434)
Total revenues	1,159,197	1,444,904	285,707
EXPENSES			
International Airport:			
Personnel	221,280	232,866	(11,586)
Supplies	25,644	24,524	1,120
Contractual services and other costs	100,211	113,111	(12,900)
Capital outlay			
Airport marketing:			
Personnel	21,683	22,097	(414)
Contractual services and other costs	56,536	54,792	1,744
CO Series 2004:			
Contractual services and other costs	97,852	3,826	94,026
Capital outlay	241,337	-	241,337
JLUS study			
Personnel	55,270	53,197	2,073
Contractual services and other costs	112,822	112,822	-
FFA grant:			
Contractual services and other costs	62,404	10,351	52,053
Capital outlay	728,738	958,931	(230,193)
Total expenses	1,723,777	1,586,517	137,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	(564,580)	(141,613)	422,967
OTHER FINANCING SOURCES			
Transfers out	(10,000)	(10,000)	-
Transfers in	169,694	169,694	-
Total other financing sources	159,694	159,694	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENSES	\$(404,886)	18,081	\$ 422,967
RECONCILIATION TO CHANGE IN NET ASSETS			
Add:			
Capital outlay		958,931	
Current year encumbrances		5,876	
Less:			
Prior year encumbrances		(2,634)	
Depreciation		(314,001)	
CHANGE IN NET ASSETS (GAAP BASIS)		\$ 666,253	

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND - REFUSE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services:			
Refuse collections	\$ 2,152,420	\$ 2,157,991	\$ 5,571
Miscellaneous:			
Special grants	14,402	-	(14,402)
Other income	200	198	(2)
Interest	<u>125,000</u>	<u>97,966</u>	<u>(27,034)</u>
Total revenues	<u>2,292,022</u>	<u>2,256,155</u>	<u>(35,867)</u>
EXPENSES			
Refuse:			
Personnel	87,871	80,127	7,744
Supplies	24,730	22,053	2,677
Contractual services and other costs	1,230,383	1,603,745	(373,362)
Debt service	512,708	494,288	18,420
Capital outlay	<u>162,170</u>	<u>62,762</u>	<u>99,408</u>
Total expenses	<u>2,017,862</u>	<u>2,262,975</u>	<u>(245,113)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>274,160</u>	<u>(6,820)</u>	<u>(280,980)</u>
OTHER FINANCING SOURCES AND USES			
Transfers out	(355,000)	(355,000)	-
Reserve for capital improvements	(161,840)	-	161,840
Insurance proceeds	<u>37,414</u>	<u>37,414</u>	<u>-</u>
Total other financing sources and uses	<u>(479,426)</u>	<u>(317,586)</u>	<u>161,840</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	<u>\$ (205,266)</u>	<u>(324,406)</u>	<u>\$ (119,140)</u>
RECONCILIATION TO CHANGE IN NET ASSETS (GAAP BASIS)			
Add:			
Bond principal payment		385,731	
Capital outlay		62,762	
Current year encumbrances		10,018	
Less:			
Prior year encumbrances		(1,924)	
Depreciation		<u>(127,327)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		<u>\$ 4,854</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**

ENTERPRISE FUND - WASTEWATER FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 3,475,845	\$ 3,489,562	\$ 13,717
Interest	<u>128,000</u>	<u>127,853</u>	<u>(147)</u>
Total revenues	<u>3,603,845</u>	<u>3,617,415</u>	<u>13,570</u>
EXPENSES			
Wastewater collections:			
Personnel services	381,469	363,041	18,428
Supplies	121,460	75,427	46,033
Contractual services and other costs	851,069	263,783	587,286
Debt charges	221,426	222,629	(1,203)
Capital outlay	332,929	287,972	44,957
Wastewater treatment:			
Contractual services and other costs	906,916	927,532	(20,616)
Debt charges	1,250,304	1,075,171	175,133
Wastewater repairs and replacement:			
Capital outlay	<u>49,500</u>	<u>22,187</u>	<u>27,313</u>
Total expenses	<u>4,115,073</u>	<u>3,237,742</u>	<u>877,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>(511,228)</u>	<u>379,673</u>	<u>890,901</u>
OTHER FINANCING SOURCES			
Transfers out	(149,500)	(149,500)	-
Proceeds from issuance of bonds	<u>500,000</u>	<u>507,500</u>	<u>7,500</u>
Total other financing sources	<u>350,500</u>	<u>358,000</u>	<u>7,500</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	<u>\$(160,728)</u>	737,673	<u>\$ 898,401</u>
RECONCILIATION TO CHANGE IN NET ASSETS (GAAP BASIS)			
Add:			
Capital outlay		72,377	
Bond principal payments		830,052	
Current year encumbrances		249,661	
Less:			
Prior year encumbrances		(11,342)	
Depreciation		(528,664)	
Proceeds from issuance of bonds		<u>(507,500)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		<u>\$ 842,257</u>	

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND - MUNICIPAL FACILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Facility rentals	\$ 308,085	\$ 309,707	\$ 1,622
Miscellaneous:			
Interest income	20,000	15,613	(4,387)
Miscellaneous	<u>23,120</u>	<u>29,598</u>	<u>6,478</u>
Total revenues	<u>351,205</u>	<u>354,918</u>	<u>3,713</u>
EXPENSES			
Civic Center:			
Personnel	187,083	195,585	(8,502)
Supplies	31,365	31,169	196
Contractual services and other costs	182,075	178,791	3,284
Debt charges	48,243	63,138	(14,895)
Capital outlay	-	3,287	(3,287)
San Felipe Center:			
Contractual services and other costs	300	5	295
Chihuahua Center:			
Personnel	7,750	5,149	2,601
Supplies	3,479	1,075	2,404
Contractual services and other costs	28,805	18,246	10,559
Capital outlay	78,840	78,840	-
Joe Ramos Center:			
Supplies	525	-	525
Contractual services and other costs	15,100	16,495	(1,395)
Paul Poag facility:			
Personnel	89,999	87,146	2,853
Supplies	9,276	7,984	1,292
Contractual services and other costs	38,410	40,151	(1,741)
Capital outlay	13,618	11,867	1,751
DRCA - fire station:			
Contractual services and other costs	20,980	21,857	(877)
SER - fire station:			
Contractual services and other costs	6,891	7,556	(665)
Casa De La Cultura:			
Personnel	-	54	(54)
Supplies	60	60	-
Contractual services and other costs	7,714	8,365	(651)
Brown Plaza:			
Contractual services and other costs	393	391	2
Whitehead Museum:			
Contractual services and other costs	23,007	26,969	(3,962)

(continued)

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND - MUNICIPAL FACILITIES
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENSES (Continued)			
VV Shelter - fire station:			
Contractual services and other costs	\$ 8,016	\$ 9,359	\$(1,343)
AARP building:			
Contractual services and other costs	180	213	(33)
Legal aid:			
Supplies	100	3	97
Contractual services and other costs	200	6	194
Total expenses	802,409	813,761	(11,352)
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENSES	(451,204)	(458,843)	(7,639)
OTHER FINANCING SOURCES			
Transfers in	371,834	371,834	-
Total other financing sources	371,834	371,834	-
CHANGE IN NET ASSETS (BUDGETARY BASIS)	\$(79,370)	(87,009)	\$(7,639)
RECONCILIATION TO CHANGE IN NET ASSETS			
(GAAP BASIS)			
Add:			
Capital outlay		93,994	
Bond principal payments		40,386	
Current year encumbrances		5,230	
Less:			
Loss on disposition of assets		(321)	
Prior year encumbrances		(2,048)	
Depreciation		(102,046)	
CHANGE IN NET ASSETS (GAAP BASIS)		\$(51,814)	

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INTERNAL SERVICE FUNDS

The *Internal Service Funds* are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

The Internal Service Funds operated by the City and their related services are as follows:

<u>Fund</u>	<u>Service</u>
Utility billing	Operations of the utility billing office
Computer services	Operation of in-house data processing system
Fleet maintenance	Operation of the maintenance shop
Health claims self-insurance	Operation of the health claims self-insurance program

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CITY OF DEL RIO, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2008

	Utility Billing	Computer Services	Fleet Maintenance	Health Claims Self-insurance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 196,031	\$ 86,854	\$ 108,945	\$ 41,988	\$ 433,818
Accounts receivable, net	80	1,770	-	-	1,850
Due from other funds	<u>136</u>	<u>-</u>	<u>13,673</u>	<u>64,644</u>	<u>78,453</u>
Total current assets	<u>196,247</u>	<u>88,624</u>	<u>122,618</u>	<u>106,632</u>	<u>514,121</u>
Non-current assets:					
Deferred charges	-	7,778	-	-	7,778
Capital assets:					
Buildings and improvements	10,478	-	50,721	-	61,199
Equipment	262,956	887,030	76,233	-	1,226,219
Less accumulated depreciation	<u>(186,134)</u>	<u>(565,672)</u>	<u>(116,076)</u>	<u>-</u>	<u>(867,882)</u>
Total capital assets, net	<u>87,300</u>	<u>321,358</u>	<u>10,878</u>	<u>-</u>	<u>419,536</u>
Total noncurrent assets	<u>87,300</u>	<u>329,136</u>	<u>10,878</u>	<u>-</u>	<u>427,314</u>
Total assets	<u>283,547</u>	<u>417,760</u>	<u>133,496</u>	<u>106,632</u>	<u>941,435</u>
LIABILITIES					
Current liabilities:					
Accounts payable	8,359	13,814	30,672	-	52,845
Accrued payroll	15,473	5,582	8,528	-	29,583
Claims payable	-	-	-	153,039	153,039
Due to other funds	2,184	5,032	1,077	-	8,293
Compensated absences	21,405	7,233	12,341	-	40,979
Accrued interest payable	-	3,400	-	-	3,400
Bonds payable	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Total current liabilities	<u>47,421</u>	<u>95,061</u>	<u>52,618</u>	<u>153,039</u>	<u>348,139</u>
Non-current liabilities:					
Compensated absences	63,824	23,285	25,746	-	112,855
Bonds payable	<u>-</u>	<u>195,000</u>	<u>-</u>	<u>-</u>	<u>195,000</u>
Total non-current liabilities	<u>63,824</u>	<u>218,285</u>	<u>25,746</u>	<u>-</u>	<u>307,855</u>
Total liabilities	<u>111,245</u>	<u>313,346</u>	<u>78,364</u>	<u>153,039</u>	<u>655,994</u>
NET ASSETS					
Invested in capital assets, net of related debt	87,300	106,994	10,878	-	205,172
Restricted for debt service	-	23,400	-	-	23,400
Unrestricted	<u>85,002</u>	<u>(25,980)</u>	<u>44,254</u>	<u>(46,407)</u>	<u>56,869</u>
Total net assets	<u>\$ 172,302</u>	<u>\$ 104,414</u>	<u>\$ 55,132</u>	<u>\$(46,407)</u>	<u>\$ 285,441</u>

CITY OF DEL RIO, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Utility Billing</u>	<u>Computer Services</u>	<u>Fleet Maintenance</u>	<u>Health Claims Self-Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ 636,049	\$ 381,065	\$ 510,054	\$ 1,630,184	\$ 3,157,352
Total operating revenues	<u>636,049</u>	<u>381,065</u>	<u>510,054</u>	<u>1,630,184</u>	<u>3,157,352</u>
OPERATING EXPENSES					
Personnel	462,373	153,415	222,349	-	838,137
Contractual services	114,600	193,221	146,781	2,358,754	2,813,356
Supplies	27,495	12,485	308,448	-	348,428
Depreciation	<u>22,499</u>	<u>98,961</u>	<u>2,934</u>	<u>-</u>	<u>124,394</u>
Total operating expenses	<u>626,967</u>	<u>458,082</u>	<u>680,512</u>	<u>2,358,754</u>	<u>4,124,315</u>
OPERATING INCOME (LOSS)	9,082	(77,017)	(170,458)	(728,570)	(966,963)
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	1,759	14,173	29	16,224	32,185
Interest expense	<u>-</u>	<u>(13,528)</u>	<u>-</u>	<u>-</u>	<u>(13,528)</u>
Total non-operating revenues (expenses)	<u>1,759</u>	<u>645</u>	<u>29</u>	<u>16,224</u>	<u>18,657</u>
INCOME (LOSS) BEFORE TRANSFERS	10,841	(76,372)	(170,429)	(712,346)	(948,306)
Transfers in	-	-	405,000	-	405,000
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
CHANGE IN NET ASSETS	(9,159)	(76,372)	234,571	(712,346)	(563,306)
TOTAL NET ASSETS, BEGINNING	<u>181,461</u>	<u>180,786</u>	<u>(179,439)</u>	<u>665,939</u>	<u>848,747</u>
TOTAL NET ASSETS, ENDING	<u>\$ 172,302</u>	<u>\$ 104,414</u>	<u>\$ 55,132</u>	<u>\$ (46,407)</u>	<u>\$ 285,441</u>

CITY OF DEL RIO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Utility Billing	Computer Services	Fleet Maintenance	Health Claims Self-insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from users	\$ 636,049	\$ 384,148	\$ 511,910	\$ 1,630,184	\$ 3,162,291
Payments to suppliers for goods and services	(141,223)	(205,706)	(455,229)	(2,266,624)	(3,068,782)
Payments to employees	(448,364)	(145,751)	(225,685)	-	(819,800)
Net cash provided (used) by operating activities	<u>46,462</u>	<u>32,691</u>	<u>(169,004)</u>	<u>(636,440)</u>	<u>(726,291)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from interfund borrowings	134,075	968	-	-	135,043
Payments for interfund borrowings	(757)	(7,304)	(127,051)	(64,644)	(199,756)
Transfers in	-	-	405,000	-	405,000
Transfers out	(20,000)	-	-	-	(20,000)
Net cash provided (used) by noncapital financing activities	<u>113,318</u>	<u>(6,336)</u>	<u>277,949</u>	<u>(64,644)</u>	<u>320,287</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(294,297)	-	-	(294,297)
Principal payments on debt	-	(55,000)	-	-	(55,000)
Interest and fiscal charges paid on debt	-	(12,952)	-	-	(12,952)
Net cash used by capital and related financing activities	<u>-</u>	<u>(362,249)</u>	<u>-</u>	<u>-</u>	<u>(362,249)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from earnings on investments	<u>1,951</u>	<u>14,173</u>	<u>-</u>	<u>16,224</u>	<u>32,348</u>
Net cash provided by investing activities	<u>1,951</u>	<u>14,173</u>	<u>-</u>	<u>16,224</u>	<u>32,348</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	161,731	(321,721)	108,945	(684,860)	(735,905)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>34,300</u>	<u>408,575</u>	<u>-</u>	<u>726,848</u>	<u>1,169,723</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 196,031</u>	<u>\$ 86,854</u>	<u>\$ 108,945</u>	<u>\$ 41,988</u>	<u>\$ 433,818</u>

(continued)

CITY OF DEL RIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Utility Billing</u>	<u>Computer Services</u>	<u>Fleet Maintenance</u>	<u>Health Claims Self-insurance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 9,082	\$(77,017)	\$(170,458)	\$(728,570)	\$(966,963)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	22,499	98,961	2,934	-	124,394
Changes in assets and liabilities:					
Increase (decrease) in liabilities:					
Accounts payable	872	7,664	(1,870)	-	6,666
Accrued liabilities	4,691	973	1,827	92,130	99,621
Compensated absences	<u>9,318</u>	<u>2,110</u>	<u>(1,437)</u>	<u>-</u>	<u>9,991</u>
Net cash provided (used) by operations	<u>\$ 46,462</u>	<u>\$ 32,691</u>	<u>\$(169,004)</u>	<u>\$(636,440)</u>	<u>\$(726,291)</u>

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**

INTERNAL SERVICE FUND - UTILITY BILLING

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 640,666	\$ 636,049	\$(4,617)
Interest	<u>1,500</u>	<u>1,759</u>	<u>259</u>
Total revenues	<u>642,166</u>	<u>637,808</u>	<u>(4,358)</u>
EXPENSES			
Billing:			
Personnel services	473,941	462,373	11,568
Supplies	32,177	31,532	645
Contractual and other costs	117,453	115,430	2,023
Capital outlay	<u>11,232</u>	<u>7,357</u>	<u>3,875</u>
Total expenses	<u>634,803</u>	<u>616,692</u>	<u>18,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>7,363</u>	<u>21,116</u>	<u>13,753</u>
OTHER FINANCING USES			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing uses	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES (BUDGETARY BASIS)	<u>\$(12,637)</u>	1,116	<u>\$ 13,753</u>
RECONCILIATION TO CHANGE IN NET ASSETS (GAAP BASIS)			
Add:			
Current year encumbrances		14,195	
Less:			
Depreciation		<u>(22,499)</u>	
Prior year encumbrances		<u>(1,971)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		<u>\$(9,159)</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**

INTERNAL SERVICE FUND - COMPUTER SERVICES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 381,065	\$ 381,065	\$ -
Interest	<u>13,000</u>	<u>14,173</u>	<u>1,173</u>
Total revenues	<u>394,065</u>	<u>395,238</u>	<u>1,173</u>
EXPENSES			
M.I.S.			
Personnel services	149,865	153,415	(3,550)
Supplies	11,840	10,238	1,602
Contractual and other costs	185,085	193,405	(8,320)
Debt charges	67,951	68,528	(577)
Capital outlay	<u>48,988</u>	<u>27,155</u>	<u>21,833</u>
Total expenses	<u>463,729</u>	<u>452,741</u>	<u>10,988</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES (BUDGETARY BASIS)	<u><u>\$ (69,664)</u></u>	<u>(57,503)</u>	<u><u>\$ 12,161</u></u>
RECONCILIATION TO CHANGE IN NET ASSETS (GAAP BASIS)			
Add:			
Capital outlay		294,297	
Bond principal payments		55,000	
Current year encumbrances		15,208	
Less:			
Prior year encumbrances		(284,413)	
Depreciation		<u>(98,961)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		<u><u>\$ (76,372)</u></u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**

INTERNAL SERVICE FUND - FLEET MAINTENANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$ 699,999	\$ 510,054	\$(189,945)
Interest	<u>-</u>	<u>29</u>	<u>29</u>
Total revenues	<u>699,999</u>	<u>510,083</u>	<u>(189,916)</u>
EXPENSES			
Maintenance shop			
Personnel services	231,833	222,349	9,484
Supplies	311,422	308,594	2,828
Contractual and other costs	155,038	146,889	8,149
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>698,293</u>	<u>677,832</u>	<u>20,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>1,706</u>	<u>(167,749)</u>	<u>(169,455)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>405,000</u>	<u>405,000</u>	<u>-</u>
Total other financing sources	<u>405,000</u>	<u>405,000</u>	<u>-</u>
CHANGE IN NET ASSETS (BUDGETARY BASIS)	\$ <u>406,706</u>	237,251	\$ <u>(169,455)</u>
RECONCILIATION TO CHANGE IN NET ASSETS (GAAP BASIS)			
Add:			
Current year encumbrances		1,835	
Less:			
Prior year encumbrances		(1,581)	
Depreciation		<u>(2,934)</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		\$ <u>234,571</u>	

CITY OF DEL RIO, TEXAS

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**

INTERNAL SERVICE FUND - HEALTH CLAIMS SELF-INSURANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 1,595,933	\$ 1,630,184	\$ 34,251
Interest	<u>32,000</u>	<u>16,224</u>	<u>(15,776)</u>
Total revenues	<u>1,627,933</u>	<u>1,646,408</u>	<u>18,475</u>
EXPENSES			
Contractual and other costs	<u>2,218,075</u>	<u>2,358,754</u>	<u>(140,679)</u>
Total expenses	<u>2,218,075</u>	<u>2,358,754</u>	<u>(140,679)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES (BUDGETARY BASIS)	\$ <u>(590,142)</u>	(712,346)	\$ <u>(122,204)</u>
RECONCILIATION TO CHANGE IN NET ASSETS (GAAP BASIS)		<u>-</u>	
CHANGE IN NET ASSETS (GAAP BASIS)		\$ <u>(712,346)</u>	

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FIDUCIARY FUNDS

AGENCY FUNDS

The *Val Verde Migratory Fund* is used to retain funds of a federal program that was completed in preceding periods but is awaiting final distribution of funds.

The *Brown Plaza Association Fund* is used to account for Hotels Occupancy Taxes allocated to the Brown Plaza Association for the purpose of historical preservation and restoration.

The *Familias Unidas Fund* is used to account for funds provided by the City of Del Rio to Familias Unidas of Val Verde County, Inc., a Texas nonprofit corporation, to develop a self-help home ownership project.

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CITY OF DEL RIO, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

SEPTEMBER 30, 2008

	<u>Val Verde Migratory</u>	<u>Brown Plaza Association</u>	<u>Familias Unidas</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,102	\$ 8,346	\$ 2,864	\$ 12,312
Due from other funds	<u>-</u>	<u>1,539</u>	<u>-</u>	<u>1,539</u>
Total assets	<u>\$ 1,102</u>	<u>\$ 9,885</u>	<u>\$ 2,864</u>	<u>\$ 13,851</u>
LIABILITIES				
Accounts payable	\$ -	\$ 213	\$ -	\$ 213
Due to other governments	1,102	-	-	1,102
Due to other funds	-	66	-	66
Other liabilities	<u>-</u>	<u>9,606</u>	<u>2,864</u>	<u>12,470</u>
Total liabilities	<u>\$ 1,102</u>	<u>\$ 9,885</u>	<u>\$ 2,864</u>	<u>\$ 13,851</u>

CITY OF DEL RIO, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2008

	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<u>VAL VERDE MIGRATORY</u>				
Assets:				
Cash and investments	\$ 1,102	\$ -	\$ -	\$ 1,102
Liabilities:				
Due to other governments	\$ 1,102	\$ -	\$ -	\$ 1,102
<u>BROWN PLAZA ASSOCIATION</u>				
Assets:				
Cash and investments	\$ 5,791	\$ 21,051	\$ 18,496	\$ 8,346
Due from other funds	-	1,539	-	1,539
Total assets	<u>\$ 5,791</u>	<u>\$ 22,590</u>	<u>\$ 18,496</u>	<u>\$ 9,885</u>
Liabilities:				
Accounts payable	162	51	-	213
Due to other funds	66	-	-	66
Other liabilities	5,563	21,000	16,957	9,606
Total liabilities	<u>\$ 5,791</u>	<u>\$ 21,051</u>	<u>\$ 16,957</u>	<u>\$ 9,885</u>
<u>FAMILIAS UNIDAS FUND</u>				
Assets:				
Cash and investments	\$ 2,822	\$ 42	\$ -	\$ 2,864
Liabilities:				
Other liabilities	\$ 2,822	\$ 42	\$ -	\$ 2,864
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 9,715	\$ 21,093	\$ 18,496	\$ 12,312
Due from other funds	-	1,539	-	1,539
Total assets	<u>\$ 9,715</u>	<u>\$ 22,632</u>	<u>\$ 18,496</u>	<u>\$ 13,851</u>
Liabilities:				
Accounts payable	\$ 162	\$ 51	\$ -	\$ 213
Due to other governments	1,102	-	-	1,102
Due to other funds	66	-	-	66
Other liabilities	8,385	21,042	16,957	12,470
Total liabilities	<u>\$ 9,715</u>	<u>\$ 21,093</u>	<u>\$ 16,957</u>	<u>\$ 13,851</u>

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This portion of the City of Del Rio, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	109
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant own-source revenues. Water revenues are the City's most significant own-source revenue. Additionally, information about another significant own-source revenue, the property tax, is provided.	115
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124
Demographic and Economic Information These schedules contain demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	133
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	136

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TABLE 1

CITY OF DEL RIO, TEXAS

NET ASSETS BY COMPONENT

LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 814,849	\$ 846,131	\$ 7,509,898	\$ 8,199,922	\$ 23,019,074	\$ 26,004,429
Restricted	6,092,470	7,973,654	917,303	4,637,793	1,484,209	1,528,280
Unrestricted	<u>9,683,684</u>	<u>7,078,583</u>	<u>7,454,168</u>	<u>6,655,175</u>	<u>8,006,683</u>	<u>5,076,153</u>
Total governmental activities net assets	<u>\$ 16,591,003</u>	<u>\$ 15,898,368</u>	<u>\$ 15,881,369</u>	<u>\$ 19,492,890</u>	<u>\$ 32,509,966</u>	<u>\$ 32,608,862</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 37,679,248	\$ 34,360,833	\$ 42,390,269	\$ 52,695,228	\$ 70,638,087	\$ 72,313,297
Restricted	4,045,051	4,045,051	4,976,141	5,012,557	5,118,297	5,181,784
Unrestricted	<u>13,348,353</u>	<u>16,017,827</u>	<u>12,415,787</u>	<u>7,105,779</u>	<u>5,827,664</u>	<u>6,376,746</u>
Total business-type activities net assets	<u>\$ 55,072,652</u>	<u>\$ 54,423,711</u>	<u>\$ 59,782,197</u>	<u>\$ 64,813,564</u>	<u>\$ 81,584,048</u>	<u>\$ 83,871,827</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 38,494,097	\$ 35,206,964	\$ 49,900,167	\$ 60,895,150	\$ 93,657,161	\$ 98,317,726
Restricted	10,137,521	12,018,705	5,893,444	9,650,350	6,602,506	6,710,064
Unrestricted	<u>23,032,037</u>	<u>23,096,410</u>	<u>19,869,955</u>	<u>13,760,954</u>	<u>13,834,347</u>	<u>11,452,899</u>
Total primary government net assets	<u>\$ 71,663,655</u>	<u>\$ 70,322,079</u>	<u>\$ 75,663,566</u>	<u>\$ 84,306,454</u>	<u>\$ 114,094,014</u>	<u>\$ 116,480,689</u>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF DEL RIO, TEXAS
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
EXPENSES						
Governmental activities:						
General government	\$ 3,363,001	\$ 3,695,073	\$ 3,839,470	\$ 4,435,554	\$ 4,641,023	\$ 4,874,568
Public safety	8,773,534	8,502,128	8,802,378	9,249,477	9,608,589	11,358,661
Highways and streets	1,160,942	1,054,279	1,133,554	1,044,844	2,669,845	2,831,743
Health and welfare	1,379,786	1,746,705	1,983,877	2,193,550	1,896,712	2,153,804
Culture and recreation	1,225,644	1,141,002	1,217,415	1,333,113	1,393,745	1,469,681
Economic development and assistance	43,097	52,936	53,652	3,763	104,242	56,997
Debt service	797,172	582,151	725,282	848,916	1,049,381	1,118,191
Total governmental activities expenses	<u>16,743,176</u>	<u>16,774,274</u>	<u>17,755,628</u>	<u>19,109,217</u>	<u>21,363,537</u>	<u>23,863,645</u>
Business-type activities:						
Gas system	2,663,044	2,563,779	2,904,210	3,323,198	2,656,139	3,158,365
Water	5,137,591	6,323,336	6,152,730	6,492,167	6,845,309	6,659,671
Wastewater	2,812,963	3,115,354	3,151,744	3,160,761	2,906,194	2,648,891
International bridge	777,383	865,131	867,836	762,408	792,628	807,081
International airport	759,307	690,262	1,310,428	1,196,736	763,646	938,345
Refuse	1,585,337	2,133,973	1,909,430	2,310,023	2,033,810	1,930,453
Municipal facility	712,395	653,039	684,440	757,395	784,911	789,228
Total business-type activities expenses	<u>14,448,020</u>	<u>16,344,874</u>	<u>16,980,818</u>	<u>18,002,688</u>	<u>16,782,637</u>	<u>16,932,034</u>
Total primary government expenses	<u>\$ 31,191,196</u>	<u>\$ 33,119,148</u>	<u>\$ 34,736,446</u>	<u>\$ 37,111,905</u>	<u>\$ 38,146,174</u>	<u>\$ 40,795,679</u>
PROGRAM REVENUES						
Governmental activities:						
Charges for services	\$ 2,407,278	\$ 2,401,322	\$ 2,278,866	\$ 1,936,095	\$ 2,153,438	\$ 2,181,324
Operating grants and contributions	1,093,675	1,477,708	1,762,712	1,727,117	1,493,750	1,942,606
Capital grants and contributions	68,671	54,265	232,837	950,024	171,039	128,665
Total governmental activities program revenues	<u>3,569,624</u>	<u>3,933,295</u>	<u>4,274,415</u>	<u>4,613,236</u>	<u>3,818,227</u>	<u>4,252,595</u>
Business-type activities:						
Charges for services	19,340,725	19,387,372	20,383,105	22,565,786	21,646,406	22,909,095
Operating grants and contributions	-	-	213,320	111,320	481,121	910,985
Capital grants and contributions	1,271,531	442,313	4,318,020	3,562,130	59,400	292,441
Total business-type activities program revenues	<u>20,612,256</u>	<u>19,829,685</u>	<u>24,914,445</u>	<u>26,239,236</u>	<u>22,186,927</u>	<u>24,112,521</u>
Total primary government program revenues	<u>\$ 24,181,880</u>	<u>\$ 23,762,980</u>	<u>\$ 29,188,860</u>	<u>\$ 30,852,472</u>	<u>\$ 26,005,154</u>	<u>\$ 28,365,116</u>

(continued)

CITY OF DEL RIO, TEXAS

CHANGES IN NET ASSETS
(Continued)
LAST SIX FISCAL YEARS

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
NET (EXPENSE) REVENUES						
Governmental activities	\$(13,173,552)	\$(12,840,979)	\$(13,481,213)	\$(14,495,981)	\$(17,545,310)	\$(19,611,050)
Business-type activities	<u>6,164,236</u>	<u>3,484,811</u>	<u>7,933,627</u>	<u>8,236,548</u>	<u>5,404,290</u>	<u>7,180,487</u>
Total primary government net expense	<u>(7,009,316)</u>	<u>(9,356,168)</u>	<u>(5,547,586)</u>	<u>(6,259,433)</u>	<u>(12,141,020)</u>	<u>(12,430,563)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
Governmental activities:						
Property taxes	3,508,992	3,769,546	4,157,226	4,561,255	4,957,331	5,550,083
Sales taxes	3,997,270	4,152,974	4,296,541	4,732,125	4,967,765	4,990,064
Franchise taxes	1,578,781	1,516,110	1,585,572	1,705,967	1,712,242	1,794,502
Other	527,087	522,182	549,139	605,502	686,807	707,038
Miscellaneous revenue	16,602	22,615	31,562	45,061	24,097	821,417
Investment earnings	209,428	168,034	497,534	864,698	1,172,883	34,137
Gain (loss) on sale of capital assets	82,994	47,069	2,317	77,493	-	43,604
Transfers	<u>3,981,392</u>	<u>4,475,174</u>	<u>3,443,668</u>	<u>4,196,113</u>	<u>5,034,899</u>	<u>5,769,101</u>
Total governmental activities	<u>13,902,546</u>	<u>14,673,704</u>	<u>14,563,559</u>	<u>16,788,214</u>	<u>18,556,024</u>	<u>19,709,946</u>
Business-type activities:						
Grants and contributions not restricted						
to specific programs	22,250	269,534	-	-	-	-
Investment earnings	230,088	199,620	468,527	990,932	1,295,463	876,393
Transfers	<u>(3,981,392)</u>	<u>(4,475,174)</u>	<u>(3,443,668)</u>	<u>(4,196,113)</u>	<u>(5,034,899)</u>	<u>(5,769,101)</u>
Total business-type activities	<u>(3,729,054)</u>	<u>(4,006,020)</u>	<u>(2,975,141)</u>	<u>(3,205,181)</u>	<u>(3,739,436)</u>	<u>(4,892,708)</u>
Total primary government	<u>10,173,492</u>	<u>10,667,684</u>	<u>11,588,418</u>	<u>13,583,033</u>	<u>14,816,588</u>	<u>14,817,238</u>
CHANGE IN NET ASSETS						
Governmental activities	728,994	1,832,725	1,082,346	2,292,233	1,010,714	98,896
Business-type activities	<u>2,435,182</u>	<u>(521,209)</u>	<u>4,958,486</u>	<u>5,031,367</u>	<u>1,664,854</u>	<u>2,287,779</u>
Total primary government	<u>\$ 3,164,176</u>	<u>\$ 1,311,516</u>	<u>\$ 6,040,832</u>	<u>\$ 7,323,600</u>	<u>\$ 2,675,568</u>	<u>\$ 2,386,675</u>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE 3

CITY OF DEL RIO, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 117,242	\$ 2,138,458	\$ 382,871	\$ 825,575	\$ 423,742	\$ 629,074	\$ 823,506	\$ 571,575	\$ 1,319,600	\$ 1,025,167
Unreserved	<u>2,256,055</u>	<u>3,187,411</u>	<u>5,671,722</u>	<u>6,539,395</u>	<u>6,745,503</u>	<u>7,579,802</u>	<u>7,080,607</u>	<u>7,770,946</u>	<u>8,548,649</u>	<u>8,385,018</u>
Total general fund	<u>\$ 2,373,297</u>	<u>\$ 5,325,869</u>	<u>\$ 6,054,593</u>	<u>\$ 7,364,970</u>	<u>\$ 7,169,245</u>	<u>\$ 8,208,876</u>	<u>\$ 7,904,113</u>	<u>\$ 8,342,521</u>	<u>\$ 9,868,249</u>	<u>\$ 9,410,185</u>
All other governmental funds										
Reserved	\$ 2,613	\$ 46,448	\$ 87,086	\$ 111,472	\$ 285,210	\$ 154,492	\$ 182,647	\$ 79,395	\$ 263,639	\$ 165,266
Unreserved, reported in:										
Special revenue funds	937,114	946,362	899,477	654,254	206,406	292,095	343,537	468,235	93,097	284,996
Capital projects funds	140,986	226,554	1,388,828	5,873,234	4,778,263	6,887,134	8,379,656	6,277,655	12,314,262	12,570,642
Debt service funds	<u>452,620</u>	<u>460,725</u>	<u>455,392</u>	<u>523,747</u>	<u>650,285</u>	<u>639,916</u>	<u>827,240</u>	<u>948,496</u>	<u>1,288,784</u>	<u>1,447,889</u>
Total all other governmental funds	<u>\$ 1,533,333</u>	<u>\$ 1,680,089</u>	<u>\$ 2,830,783</u>	<u>\$ 7,162,707</u>	<u>\$ 5,920,164</u>	<u>\$ 7,973,637</u>	<u>\$ 9,733,080</u>	<u>\$ 7,773,781</u>	<u>\$ 13,959,782</u>	<u>\$ 14,468,793</u>

CITY OF DEL RIO, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes	\$ 7,832,919	\$ 8,071,092	\$ 8,585,224	\$ 9,126,219	\$ 9,473,258	\$ 9,869,525	\$ 10,457,768	\$ 11,420,528	\$ 12,234,421	\$ 12,901,104
Intergovernmental	2,524,633	8,020,599	4,418,097	3,100,178	1,162,345	1,492,433	2,086,291	2,677,141	1,660,319	2,066,264
Charges for services	1,060,440	496,541	369,032	361,398	585,024	1,159,618	1,297,217	1,335,327	1,182,562	1,165,902
Fines and forfeitures	380,371	475,098	552,888	547,182	592,495	712,666	731,120	669,961	708,683	720,678
Licenses, fees and permits	251,907	344,828	384,400	524,800	402,271	363,476	438,592	397,350	512,538	500,120
Investment earnings	-	-	-	-	193,846	155,764	464,321	814,467	1,115,628	790,991
Rental revenues	-	-	-	-	41,814	35,219	55,333	48,014	77,021	53,136
Miscellaneous	240,453	872,389	506,527	529,040	61,672	256,037	98,524	69,863	73,850	72,142
Total revenues	<u>12,290,723</u>	<u>18,280,547</u>	<u>14,816,168</u>	<u>14,188,817</u>	<u>12,512,725</u>	<u>14,044,738</u>	<u>15,629,166</u>	<u>17,432,651</u>	<u>17,565,022</u>	<u>18,270,337</u>
EXPENDITURES										
General government	1,863,589	2,298,665	3,043,733	3,437,811	3,335,825	3,579,351	3,794,923	4,160,811	4,489,078	4,527,501
Public safety	5,592,803	6,749,241	7,158,590	7,672,647	7,717,481	7,909,777	8,200,423	8,453,094	9,118,216	10,285,753
Highway and streets	2,251,731	2,795,385	1,669,011	1,983,542	1,138,831	1,372,482	1,439,312	1,495,074	1,668,361	1,683,606
Culture and recreation	206,138	189,416	1,136,461	1,096,966	1,129,729	1,066,098	1,147,504	1,245,095	1,303,430	1,363,903
Economic development and assistance	-	-	-	-	42,880	49,838	50,044	3,738	104,242	56,350
Health and welfare	1,409,553	5,137,764	1,930,905	1,266,333	1,232,157	1,561,777	1,698,972	1,940,665	1,752,965	1,875,811
Debt service	579,449	687,443	859,526	1,025,715	-	-	-	-	-	-
Principal	-	-	-	-	1,077,414	1,209,916	1,530,066	1,592,347	1,860,695	2,016,487
Interest	-	-	-	-	594,711	561,848	611,333	754,716	879,729	1,058,150
Administrative charges	-	-	-	-	701	699	2,999	-	265,588	60,525
Capital outlay	426,798	3,086,871	2,561,113	2,451,803	3,350,279	1,439,996	4,574,866	4,799,256	2,832,441	4,287,092
Total expenditures	<u>12,330,061</u>	<u>20,944,785</u>	<u>18,359,339</u>	<u>18,934,817</u>	<u>19,620,008</u>	<u>18,751,782</u>	<u>23,050,442</u>	<u>24,444,796</u>	<u>24,274,745</u>	<u>27,215,178</u>

Note: Detailed information on debt service expenditures not available in this format prior to 2003.

(continued)

CITY OF DEL RIO, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (39,338)</u>	<u>\$ (2,664,238)</u>	<u>\$ (3,543,171)</u>	<u>\$ (4,746,000)</u>	<u>\$ (7,107,283)</u>	<u>\$ (4,707,044)</u>	<u>\$ (7,421,276)</u>	<u>\$ (7,012,145)</u>	<u>\$ (6,709,723)</u>	<u>\$ (8,944,841)</u>
OTHER FINANCING SOURCES (USES)										
Bonds issued	-	772,992	1,273,217	5,150,000	5,768,058	3,217,000	5,333,171	-	9,750,385	3,485,000
Sale of capital assets	-	70,612	27,106	56,391	96,044	107,974	99,119	73,494	56,191	135,298
Insurance proceeds	154,445	-	-	1,154,446	-	-	-	-	-	11,389
Transfer in	3,649,944	4,781,946	5,290,066	5,165,648	6,069,139	5,925,088	6,437,302	6,843,542	7,813,430	8,433,925
Transfer out	(804,387)	(750,432)	(1,059,877)	(917,099)	(2,087,748)	(1,449,914)	(2,993,634)	(2,745,070)	(2,778,531)	(3,069,824)
Payments of refunded debt	-	-	-	-	(4,155,000)	-	-	-	(422,055)	-
Discount on issuance of debt	-	-	-	-	-	-	-	-	(18,479)	-
Premium on issuance of debt	-	-	-	-	-	-	-	-	20,511	-
Total other financing sources (uses)	<u>3,000,002</u>	<u>4,875,118</u>	<u>5,530,512</u>	<u>10,609,386</u>	<u>5,690,493</u>	<u>7,800,148</u>	<u>8,875,958</u>	<u>4,171,966</u>	<u>14,421,452</u>	<u>8,995,788</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,960,664</u>	<u>\$ 2,210,880</u>	<u>\$ 1,987,341</u>	<u>\$ 5,863,386</u>	<u>\$ (1,416,790)</u>	<u>\$ 3,093,104</u>	<u>\$ 1,454,682</u>	<u>\$ (2,840,179)</u>	<u>\$ 7,711,729</u>	<u>\$ 50,947</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>5.1%</u>	<u>4.0%</u>	<u>5.8%</u>	<u>6.6%</u>	<u>7.4%</u>	<u>7.8%</u>	<u>9.4%</u>	<u>9.2%</u>	<u>12.8%</u>	<u>13.7%</u>

CITY OF DEL RIO, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Tax Year	Real Property			Personal Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Agricultural Property	Commercial Property						
1999	1998	\$ 265,320,388	\$ 1,776,710	\$ 258,557,408	\$ 80,228,497	\$ 40,519,925	\$ 565,363,078	0.00000	\$ 605,883,003	93.31%
2000	1999	289,916,470	1,880,810	241,389,699	77,292,682	23,513,532	586,966,129	0.00000	610,479,661	96.15%
2001	2000	437,486,823	7,724,565	113,692,709	80,308,711	39,437,570	599,775,238	0.00000	639,212,808	93.83%
2002	2001	494,677,590	6,225,310	114,867,710	114,319,620	61,557,365	668,532,865	0.00000	730,090,230	91.57%
2003	2002	520,270,610	5,952,840	115,048,430	129,977,430	59,858,480	711,390,830	0.00000	771,249,310	92.24%
2004	2003	548,864,500	8,043,420	125,146,000	162,376,740	76,347,445	768,083,215	0.00000	844,430,700	90.96%
2005	2004	576,958,680	8,246,980	125,606,450	149,825,670	64,182,156	796,455,624	0.00000	860,637,780	92.54%
2006	2005	587,341,790	8,210,570	142,805,070	167,547,740	62,313,097	843,592,073	0.52055	905,905,170	93.12%
2007	2006	656,285,904	9,645,230	160,516,430	158,049,890	75,012,529	909,484,925	0.52055	984,497,454	92.38%
2008	2007	694,787,175	9,720,500	199,147,015	163,950,590	77,150,272	990,455,008	0.54055	1,067,605,280	92.77%

Source: Val Verde County Appraisal District certified totals for the year indicated

Note: Property in Val Verde County is reassessed once every three years on average. Tax rates are per \$100 of assessed value.

TABLE 6

CITY OF DEL RIO, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Tax Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Debt
		Maintenance and Operations	General Obligation Debt Service	Total Direct Rate	San Felipe Del Rio School District	Val Verde County	Val Verde Regional Hospital	
1999	1998	0.42284	0.04264	0.46548	1.30500	0.38200	0.21790	2.37038
2000	1999	0.42312	0.04236	0.46548	1.34220	0.37560	0.20910	2.39238
2001	2000	0.42519	0.04029	0.46548	1.44860	0.97000	0.19010	3.07418
2002	2001	0.41942	0.05058	0.47000	1.44860	0.38970	0.14450	2.45280
2003	2002	0.41900	0.05100	0.47000	1.45500	0.46900	0.15200	2.54600
2004	2003	0.39659	0.07341	0.47000	1.44550	0.46600	0.15020	2.53170
2005	2004	0.42466	0.08089	0.50555	1.51268	0.46600	0.14630	2.63053
2006	2005	0.41238	0.10817	0.52055	1.51200	0.46600	0.13800	2.63655
2007	2006	0.38904	0.13151	0.52055	1.43185	0.46600	0.13420	2.55260
2008	2007	0.38613	0.15442	0.54055	1.13905	0.46600	0.13420	2.27980

Sources: San Felipe Del Rio Consolidated Independent School District
Val Verde County Appraisal District

TABLE 7

CITY OF DEL RIO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2008			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WAL MART REAL ESTATE	\$ 13,365,540	1	1.23%	\$ -		- %
AEP	8,793,040	2	0.81%	-		- %
WAL-MART STORES #01-0447	7,979,050	3	0.74%	3,952,499	5	0.73%
HOME DEPOT USA, INC.	7,812,250	4	0.72%	-		- %
MALL SHOPPING CTR, INC.	7,472,110	5	0.69%	7,288,237	2	1.35%
VERIZON SOUTHWEST	7,306,950	6	0.67%	2,623,030		0.49%
HOME DEPOT USA, INC.	5,267,460	7	0.49%	-		- %
ALCOA, INC.	4,934,350	8	0.46%	-		- %
MAX & MAX INC.	4,834,060	9	0.45%	2,244,845		0.42%
H E BUTT GROCERY CO	4,764,700	10	0.44%	5,162,369	4	0.96%
GENERAL TEL CO OF SW	-		- %	8,466,440	1	1.57%
CENTRAL POWER & LIGHT	-		- %	6,873,670	3	1.27%
H E BUTT GROCERY CO	-		- %	3,784,985	6	0.70%
NSC ELETRONICS, INC.	-		- %	3,544,490	7	0.66%
MAX & MAX INC.	-		- %	2,358,898	8	0.44%
DL DEL RIO ILP	-		- %	2,097,480	9	0.39%
OLSON DAVID C	-		- %	2,050,000	10	0.38%
Total	\$ <u>72,529,510</u>		<u>6.70%</u>	\$ <u>50,446,943</u>		<u>9.35%</u>
Total taxable assessed value	\$ <u>1,082,825,712</u>			\$ <u>539,482,566</u>		

Source: Val Verde County Appraisal District

CITY OF DEL RIO, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Adjustments	Total Collections to Date	
			Amount	Percentage of Levy			Amount	Percentage of Levy
1999	1998	\$ 2,661	\$ 2,485	93.39%	\$ 147	\$(1)	\$ 2,632	98.91%
2000	1999	2,653	2,485	93.67%	147	(1)	2,632	99.21%
2001	2000	2,792	2,601	93.16%	154	(7)	2,755	98.67%
2002	2001	3,142	2,911	92.65%	163	(3)	3,074	97.84%
2003	2002	3,344	3,073	91.90%	176	(7)	3,249	97.16%
2004	2003	3,610	3,309	91.66%	170	(18)	3,479	96.37%
2005	2004	4,008	3,695	92.19%	128	-	3,823	95.38%
2006	2005	4,391	3,984	90.73%	139	(87)	3,984	90.73%
2007	2006	4,736	4,399	92.88%	115	(31)	4,399	92.88%
2008	2007	5,244	4,937	94.15%	-	5	4,937	94.15%

Source: City of Del Rio Tax Division

CITY OF DEL RIO, TEXAS
WATER PUMPED AND WATER BILLED
LAST THREE FISCAL YEARS

Fiscal Year Ended Sept. 30	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Total Direct Rate	
					Base Rate (1)	Usage Rate (2)
2006	3,089,820,000	2,419,552,100	670,267,900	21.69%	\$ 8.90	\$ 2.62
2007	2,398,180,000	1,897,272,400	500,907,600	20.89%	8.90	2.77
2008	2,785,720,000	2,335,020,300	450,699,700	16.18%	8.90	2.77

- Note:
- (1) Base rate shown is for 5/8" and 3/4" meters.
 - (2) The usage rate shown is for residential customers.
 - (3) Information prior to 2006 is not available.

TABLE 10

CITY OF DEL RIO, TEXAS
NEW WATER AND SEWER CONNECTIONS
LAST THREE FISCAL YEARS

<u>Fiscal Year Ended Sept. 30</u>	<u>New Water Connections</u>	<u>New Sewer Connections</u>	<u>Total New Connections</u>
2006	242	-	242
2007	348	97	445
2008	220	82	302

Note: Information prior to 2006 is not available.

CITY OF DEL RIO, TEXAS

NUMBER OF WATER AND SEWER CUSTOMERS

Fiscal Year Ended Sept. 30	Water						Total	Sewer
	Residential		Commercial (1)		Cemeteries			
	Inside City	Outside City	Inside City	Outside City				
2007 (2)	11,474	1,197	1,317	75	9	14,072	12,269	
2008	11,622	1,220	1,348	79	9	14,278	12,469	

Note: (1) Commercial meter counts include governments.

(2) Information prior to 2007 is not available.

CITY OF DEL RIO, TEXAS
WATER AND SEWER RATES
LAST THREE FISCAL YEARS

Water Rates (per meter size)	Fiscal Year Ended September 30,		
	2006	2007	2008
5/8"	\$ 8.90	\$ 8.90	\$ 8.90
3/4"	8.90	8.90	8.90
1"	13.28	13.28	13.28
1.5"	22.28	22.28	22.28
2"	34.88	34.88	34.88
3"	70.86	70.86	70.86
4"	121.25	121.25	121.25
6"	276.22	276.22	276.22
8"	466.70	466.70	466.70
10"	725.81	725.81	725.81
12"	1,042.48	1,042.48	1,042.48
Water Usage Rates (per 1,000 gallons)			
Residences	2.62	2.77	2.77
Business House	2.62	2.77	2.77
Cemeteries	2.62	2.77	2.77
Governments			
Inside City	3.02	3.17	3.17
Outside City	3.62	3.62	3.62
Laughlin AFB	1.89	1.89	1.89
Sprinkler	3.61	3.76	3.76
Sewer Rates			
Minimum (3,00 gallons)	8.19	8.19	8.19
Per 1,000 gallons over minimum			
Residential	1.98	2.49	2.49
Duplexes	1.98	2.49	2.49
All other	1.98	2.49	2.49
High-strength	As computed	As computed	As computed

Note: Information prior to 2006 is not available.

TABLE 13

CITY OF DEL RIO, TEXAS

WATER BILLED BY USER

LAST THREE FISCAL YEARS

Fiscal Year Ended Sept. 30	Residential	Commercial	Industrial	Cemeteries	Governments						Gallons of Water Billed
					City of Del Rio	Laughlin AFB	School District	Val Verde County	State of Texas	Federal	
2006	1,584,569,300	365,581,100	11,259,600	12,439,700	70,453,900	233,504,000	87,640,800	39,034,200	4,062,500	11,007,000	2,419,552,100
2007	1,195,748,000	326,046,800	12,645,100	9,142,300	46,022,300	216,207,000	48,941,100	33,460,400	3,882,500	5,176,900	1,897,272,400
2008	1,538,905,700	318,902,000	6,917,300	12,194,400	53,544,800	296,672,000	65,584,200	31,853,100	3,391,800	5,469,500	2,333,434,800

Note: Information prior to 2006 is not available.

CITY OF DEL RIO, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended September 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less Debt Service	Total		
1999	\$ 5,620	\$ 306	\$ 5,314	0.93%	\$ 135
2000	5,380	234	5,146	0.90%	123
2001	7,241	392	6,849	1.14%	202
2002	12,255	498	11,757	1.76%	347
2003	13,381	674	12,707	1.79%	375
2004	16,077	664	15,413	2.01%	453
2005	20,762	859	19,903	2.51%	569
2006	19,068	948	18,120	2.00%	510
2007	26,588	1,289	25,299	2.78%	693
2008	28,002	1,448	26,554	2.45%	727

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table 5 for property value data.

Population data can be found in Table 23.

CITY OF DEL RIO, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2008

(amounts expressed in thousands)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Del Rio	\$ 72,816	100.00%	\$ 72,816
San Felipe Del Rio Independent School District	46,317	85.37%	39,541
Val Verde County	865	70.59%	<u>611</u>
Total direct and overlapping debt			<u>\$ 112,968</u>

Sources: San Felipe Del Rio Consolidated Independent School District
Val Verde County Auditor's Office

CITY OF DEL RIO, TEXAS
DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

		Debt Margin Calculation for Fiscal Year 2008										
		Assessed value										\$ 990,455
		Debt limit (10% of assessed value)										99,046
		Debt applicable to limit:										
		General obligation bonds										28,514
		Less: Amount set aside for repayment of general obligation debt										(1,448)
		Total net debt applicable to limit										<u>27,066</u>
		Debt margin										<u>\$ 71,980</u>
		Fiscal Year Ended September 30,										
		<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
Debt limit		\$ 82,943	\$ 81,511	\$ 85,685	\$ 91,785	\$ 77,125	\$ 84,443	\$ 85,743	\$ 84,359	\$ 90,949	\$ 99,046	
Total net debt applicable to limit		<u>5,314</u>	<u>5,146</u>	<u>6,849</u>	<u>11,756</u>	<u>13,381</u>	<u>16,077</u>	<u>20,762</u>	<u>18,120</u>	<u>26,278</u>	<u>27,066</u>	
Debt margin		<u>\$ 77,629</u>	<u>\$ 76,365</u>	<u>\$ 78,836</u>	<u>\$ 80,029</u>	<u>\$ 63,744</u>	<u>\$ 68,366</u>	<u>\$ 64,981</u>	<u>\$ 66,239</u>	<u>\$ 64,671</u>	<u>\$ 71,980</u>	
Total net debt applicable to the limit as a percentage of debt limit		6.0%	6.0%	8.0%	13.0%	17.0%	19.0%	24.0%	21.0%	29.0%	27.0%	

Notes: (1) Starting in the fiscal year ended in 2003, the City computes its debt limit as 10% of assessed valuation as a guide for itself. The City operates under a home-rule charter as authorized by the Constitution of the State of Texas. The Constitution and the City Charter provide that taxes levied for general purposes and for paying debt cannot exceed \$2.50 of assessed valuation. There is no constitutional or statutory limitation within the \$2.50 for interest and sinking fund purposes. However, the Texas Attorney General adopted an administrative policy prohibiting issuance of debt if the issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the \$2.50 tax rate calculated at 90% collection.

(2) For the fiscal year ended 1998, the City did not compute a debt limit.

CITY OF DEL RIO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended September 30,	Governmental Activities			Business-type Activities				Total Primary Government	Per Capita Income	Percentage of Personal Income	Population	Per Capita
	Certificates of Obligation	Refunding Bonds Note (1)	Capital Leases	Certificates of Obligation	Revenue Bonds Note (1)	Refunding Bonds Note (1)	Capital Leases					
1999	\$ 1,160	\$ 4,460	\$ 252	\$ 2,710	\$ 24,512	\$ -	\$ 451	\$ 33,545	\$ 10,633	8.02%	39,323	\$ 853
2000	1,025	4,355	874	8,165	24,035	-	681	39,135	11,277	8.33%	41,637	940
2001	3,021	4,220	862	10,254	28,034	-	529	46,920	11,919	11.62%	33,865	1,386
2002	8,710	4,075	1,262	26,383	6,883	10,985	202	58,500	12,039	14.35%	33,865	1,727
2003	9,512	4,255	813	27,191	2,286	15,960	64	60,081	13,053	13.59%	33,865	1,774
2004	12,477	4,010	425	30,735	1,948	15,275	19	64,889	13,234	14.48%	33,865	1,916
2005	17,042	3,720	25	25,984	1,579	21,295	-	69,645	13,378	14.66%	35,500	1,962
2006	15,773	3,295	-	24,982	1,294	20,295	-	65,639	13,255	13.95%	35,500	1,849
2007	23,343	3,245	-	19,671	988	26,460	-	73,707	13,306	15.18%	36,491	2,020
2008	25,040	3,198	-	18,693	661	25,224	-	72,816	13,306	15.00%	36,491	1,995

Notes: (1) Prior to the fiscal year ending in 2002, the City did not separate its bond outstanding into revenue or refunding type bonds.

(2) See Schedule 23 for personal income and population data.

CITY OF DEL RIO, TEXAS

PLEDGED REVENUE COVERAGE - WASTEWATER FUND BONDED DEBT
 (amounts expressed in thousands)

Fiscal Year Ended September 30,	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 2,794	\$ 1,458	\$ 1,336	\$ 436	\$ 405	\$ 841	\$ 1.59
2004	2,556	1,619	937	447	462	909	1.12
2005	2,898	1,666	1,232	568	468	1,036	1.19
2006	3,123	1,706	1,417	662	625	1,287	1.10
2007	3,472	1,857	1,615	803	535	1,338	1.21
2008	3,490	1,629	1,861	830	465	1,295	1.44

Notes: Prior to the fiscal year ended September 30, 2003, the City combined the Water and Wastewater funds into one bond coverage statistical data table. Starting with fiscal year ended September 30, 2003, the City separated it into two statistical data tables, the bond coverage for the Water Fund and the Wastewater Fund.

CITY OF DEL RIO, TEXAS

PLEDGED REVENUE COVERAGE - UTILITY COMMISSION/WATER FUND BONDED DEBT
(amounts expressed in thousands)

Fiscal Year Ended September 30,		Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1999	(1)	\$ 6,182	\$ 2,911	\$ 3,271	\$ -	\$ -	\$ 2,041	\$ 1.60
2000	(1)	7,032	3,231	3,801	-	-	2,050	1.85
2001	(1)	7,493	3,803	3,690	-	-	2,776	1.33
2002	(1)	8,780	3,620	5,160	-	-	2,975	1.73
2003		6,407	3,150	3,257	1,145	1,233	2,378	1.37
2004		5,941	3,265	2,676	1,447	1,215	2,662	1.01
2005		6,704	3,015	3,689	1,501	1,154	2,655	1.39
2006		8,047	3,316	4,731	1,558	984	2,542	1.86
2007		6,025	3,947	2,078	1,798	1,185	2,983	0.70
2008		7,277	3,920	3,357	1,840	917	2,757	1.22

Notes: (1) Prior to the fiscal year ended September 30, 2003, the City combined the Water and Wastewater funds into one bond coverage statistical table. Starting with fiscal year ended September 30, 2003, the City separated it into two statistical data tables, the bond coverage for the Water Fund and the Wastewater Fund.

CITY OF DEL RIO, TEXAS

PLEDGED REVENUE COVERAGE - INTERNATIONAL BRIDGE FUND BONDED DEBT

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 3,769	\$ 551	\$ 3,218	\$ 230	\$ 255	\$ 2,041	\$ 6.63
2000	4,780	418	4,362	240	244	2,050	9.01
2001	4,684	479	4,205	255	232	2,776	8.63
2002	4,960	462	4,498	270	220	2,975	9.19
2003	4,746	448	4,298	270	206	476	9.04
2004	4,567	552	4,015	285	141	426	9.43
2005	4,610	566	4,044	295	126	421	9.61
2006	4,631	474	4,157	315	110	425	9.79
2007	5,300	532	4,768	330	105	435	10.95
2008	5,300	532	4,768	330	105	435	10.95

CITY OF DEL RIO, TEXAS

PLEGDED COVERAGE - REFUSE FUND BONDED DEBT
 (amounts expressed in thousands)

Fiscal Year Ended September 30,	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 1,466	\$ 1,037	\$ 429	\$ 70	\$ 126	\$ 2,041	\$ 2.20
2000	1,495	1,168	327	75	120	2,050	1.67
2001	1,698	879	819	80	115	2,776	4.20
2002	1,897	1,156	741	96	174	2,975	2.75
2003	2,207	1,148	1,059	113	130	243	4.35
2004	2,503	1,584	919	283	168	451	2.04
2005	2,154	1,349	805	296	145	441	1.83
2006	2,189	1,763	426	367	137	504	0.85
2007	2,142	1,531	611	370	149	519	1.18
2008	2,196	1,698	498	386	107	493	1.01

CITY OF DEL RIO, TEXAS

PLEDGED REVENUE COVERAGE - GAS FUND BONDED DEBT
(amounts expressed in thousands)

Fiscal Year Ended September 30,	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 3,947	\$ 2,694	\$ 1,253	\$ 35	\$ 22	\$ 1,104	\$ 21.98
2006	4,136	3,093	1,043	55	39	2,023	11.06
2007	4,235	2,562	1,673	55	34	89	18.69
2008	4,354	3,011	1,343	60	32	92	14.52

CITY OF DEL RIO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1999	39,323	\$ 10,633	29	11.4	10,656	7.3%
2000	41,637	11,277	31	11.4	10,046	5.9%
2001	33,865	11,919	30	11.4	10,171	5.0%
2002	33,865	12,039	31	11.4	10,296	7.0%
2003	33,865	13,053	32	11.4	10,501	7.4%
2004	33,865	13,234	33	11.4	10,304	6.4%
2005	35,500	13,378	33	11.4	10,376	5.5%
2006	35,500	13,255	33	11.4	10,461	5.3%
2007	36,491	13,306	34	11.4	10,162	4.9%
2008	36,491	13,306	34	11.4	10,162	5.3%

Sources: Population, per capita personal income and median age information provided by the CBL & Associates Properties, Inc. report. Education level information and school enrollment provided by the San Felipe Del Rio Consolidated Independent School District. Unemployment rate provided by the Texas Workforce Commission.

CITY OF DEL RIO, TEXAS

PRINCIPAL EMPLOYERS

PRINCIPAL EMPLOYERS

Employer	2006		2008	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Laughlin Airforce Base	2,782	13.81%	2,871	14.25%
Federal Agencies	1,955	9.70%	2,132	10.58%
San Felipe Del Rio CISD	1,567	7.78%	1,407	6.98%
City of Del Rio	485	2.41%	469	2.33%
Plaza Del Sol Mall	445	2.21%	445	2.21%
Wal-Mart Supercenter	473	2.35%	473	2.35%
Val Verde Regional Medical Center	500	2.48%	379	1.88%
The GEO Group Correctional Facility	198	0.98%	299	1.48%
HEB Grocery	256	1.27%	256	1.27%
Texas State Agencies	222	1.10%	222	1.10%
Val Verde County	206	1.02%	203	1.01%
Union Pacific Railroad	150	0.74%	150	0.74%
Home Depot	79	0.39%	79	0.39%
Total	<u>9,318</u>	<u>46.25%</u>	<u>9,385</u>	<u>46.58%</u>

Source: Del Rio Chamber of Commerce Website

Note: Information for nine years ago is not available; 2006 is the first year principal employer information is available.

CITY OF DEL RIO, TEXAS

SCHEDULE OF INTERNATIONAL BRIDGE FUND TRAFFIC AND REVENUE

LAST TEN FISCAL YEARS

Fiscal Year Ended	Trucks		Automobiles		Pedestrians/Bicycles	
	Number	Revenue	Number	Revenue	Number	Revenue
1999	33,682	373,831	1,988,045	3,287,853	50,626	12,657
2000	63,329	705,915	1,956,335	3,912,670	59,738	14,934
2001	62,373	687,084	1,922,537	3,845,074	59,105	14,776
2002	71,413	796,830	2,025,881	4,051,762	66,468	16,617
2003	70,431	791,853	1,935,818	3,871,636	68,202	17,051
2004	65,381	760,458	1,871,726	3,743,452	88,867	22,217
2005	65,957	766,977	1,708,646	3,713,675	66,912	43,910
2006	70,955	816,192	1,709,980	3,729,188	55,205	35,593
2007	70,071	799,455	1,739,030	4,403,178	57,767	43,325
2008	64,159	852,786	1,600,006	4,048,616	65,890	49,418

Fiscal Year Ended	Recreational Vehicles		Buses/Trucks		Motorcycles & Carts	
	Number	Revenue	Number	Revenue	Number	Revenue
1999	39	156	168	683	5,044	1,261
2000	44	176	7,370	33,165	- (1)	- (1)
2001	71	284	7,336	33,012	- (1)	- (1)
2002	88	352	6,576	29,592	- (1)	- (1)
2003	50	200	4,341	19,535	- (1)	- (1)
2004	41	164	182	819	- (1)	- (1)
2005	42	168	2,494	11,223	- (1)	- (1)
2006	49	196	3,512	15,804	- (1)	- (1)
2007	41	164	3,495	15,728	- (1)	- (1)
2008	40	280	1,731	12,117	- (1)	- (1)

Fiscal Year Ended	Total		
	Number of Vehicles	Number of People	Revenue
1999	2,026,978	50,626	3,676,441
2000	2,027,078	59,738	4,666,860
2001	1,992,317	59,105	4,580,230
2002	2,103,958	66,468	4,895,153
2003	2,010,640	68,202	4,700,274
2004	1,937,330	88,867	4,527,110
2005	1,777,139	66,912	4,535,953
2006	1,784,496	55,205	4,596,973
2007	1,812,637	57,767	5,261,850
2008	1,665,936	65,890	4,963,217

Note: (1) Motorcycles & Carts are now included with the figures for automobiles.

CITY OF DEL RIO, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

FISCAL YEARS ENDED SEPTEMBER 30,

Function/Program	2008	2007	2006
General government	84	78	77
Public safety	175	165	169
Highway and streets	26	28	27
Health and welfare	39	38	37
Culture and recreation	34	35	34
Economic development	1	-	-
Gas	20	19	20
Water	43	43	44
Bridge	14	14	13
Airport	7	6	8
Refuse	2	2	2
Municipal facilities	8	9	9
Wastewater	13	16	17
Total	466	453	457

Notes: Generally, fulltime employees are scheduled to work 80 hours bi-weekly. Fulltime equivalents were computed by dividing the total hours paid for the year by 2,080 hours for those positions. Firefighters other than administrative personnel are scheduled to work 106 hours bi-weekly. Fulltime equivalents for those firefighters are computed by dividing the total hours paid for the year by 2,756 hours.

Information prior to 2006 is not available.

CITY OF DEL RIO, TEXAS

OPERATING INDICATORS
BY FUNCTION/PROGRAM

FISCAL YEARS ENDED SEPTEMBER 30,

Function/Program	2008	2007	2006
General government			
Building permits issued	654	710	710
Police			
Physical arrests	2,396	1,970	1,970
Parking violations	10	12	12
Traffic violations	14,308	4,639	4,639
Fire			
Emergency responses	1,032	1,046	1,046
Fires extinguished	110	78	78
Inspections	408	515	515
Refuse collection			
Refuse collected (tons per day)	204	159	159
Other public works			
Street resurfacing (miles)	3	3	3
Potholes repaired	2,208	4,003	4,003
Water			
New connections	220	348	348
Water main breaks	935	998	998
Average daily consumption (thousands of gallons)	8,484	12,280	12,280
Peak daily consumption (thousands of gallons)	14,920	14,520	14,520
Wastewater			
Average daily sewage treatment (thousands of gallons)	3,638	3,810	3,810

Note: Information prior to 2006 is not available.

Source: Various City departments

CITY OF DEL RIO, TEXAS

CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM

FISCAL YEARS ENDED SEPTEMBER 30,

Function/Program	2008	2007	2006
Police			
Stations	1	1	1
Patrol units	45	47	32
Fire			
Stations	4	4	3
Other public works			
Streets (miles)	218	225	224
Streetlights	1,800	1,900	1,750
Traffic signals	16	15	15
Parks and recreation			
Acreage	276	276	163
Swimming pools	2	2	2
Tennis courts	2	2	2
Community centers	1	1	1
Water			
Water mains (miles)	245	250	235
Fire hydrants	1,100	1,115	1,137
Wastewater			
Sanitary sewers (miles)	181	210	196
Storm sewers (miles)	1	1	1

Note: Information prior to 2006 is not available.

Source: Various City departments

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SINGLE AUDIT SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City of Council
City of Del Rio, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Rio, Texas, (the “City”) as of and for the year ended September 30, 2008, which collectively comprise the City’s basic financial statements and have issued our report thereon dated March 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, and federal and state awarding agencies and pass-through entities and is not included to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

March 20, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

The Honorable Mayor and
Members of the City Council
City of Del Rio, Texas

Compliance

We have audited the compliance of the City of Del Rio, Texas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2008. The City of Del Rio, Texas' major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Del Rio, Texas' management. Our responsibility is to express an opinion on the City of Del Rio, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Del Rio, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Del Rio, Texas' compliance with those requirements.

In our opinion, the City of Del Rio, Texas complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

March 20, 2009

CITY OF DEL RIO, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed through Texas Department of State Health Services:			
Women, Infants and Children	10.557	C4000543	\$ <u>481,012</u>
Total Passed through Texas Department of State Health Services			<u>481,012</u>
Total U. S. Department of Agriculture			<u>481,012</u>
<u>U. S. Department of Transportation</u>			
Direct Program:			
Airport Improvement	20.106	3-48-0066-006-2008	250,185
Airport Improvement	20.106	3-48-0066-006-2007	<u>660,799</u>
Total Direct Program			<u>910,984</u>
Passed through Texas Department of Transportation:			
Airport Expansion Project	20.106	0422DLRIO	292,441
Del Rio San Felipe Bicycle and Walking Trail	20.205	CSJ-0922-11-018 and 0922-11-022	20,348
Section 5311 U. S. Dept of Transportation-Transit	20.500	RPT705(22)51722F7241	224,865
Section 5311 U. S. Dept of Transportation-Transit	20.500	RPT801(22)51822F7016	223,915
Section 5311 U. S. Dept of Transportation-Transit	20.500	RPT901(22)51922F7016	112,809
Section 5311 U. S. Dept of Transportation-Transit	20.500	RPT703(22)51722F7096	57,373
Section 5311 U. S. Dept of Transportation-VCR	20.500	VCR602(22)51622F7237	47,620
Section 5310 Elderly Disabled Transportation	20.500	ED-803(22)51822F180	20,666
Section 5310 Elderly Disabled Transportation	20.500	ED-702(22)51622F144	16,845
Section 5316 JARC Colonias	20.500	JAC701(22)51722F7088	68,017
Section 5311 U. S. Dept of Transportation-Transit	20.501	RPT803(22)51822F7095	235,940
Texas Traffic Safety Program - Click it or Ticket	20.600	587XXF75760	<u>6,478</u>
Total Passed through Texas Department of Transportation			<u>1,327,317</u>
Total U. S. Department of Transportation			<u>2,238,301</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through Middle Rio Grande Development Council:			
Transportation IIIB	93.044	AAA-2005-024-01	9,191
Part CI, CII and Participant Assessment	93.045	AAA-2005-024-01	<u>130,137</u>
Total Passed through Middle Rio Grande Development Council			<u>139,328</u>
Passed through Texas Department of Aging and Disability Services:			
Title XX - Social Services Block Grant	93.044	AAA-2005-024-01	213,058
Title XIX - Medical Assistance Program	93.045	AAA-2005-024-01	<u>103,091</u>
Total Passed through Texas Department of Aging and Disability Services			<u>316,149</u>
Total U. S. Department of Health and Human Services			<u>455,477</u>
Total Expenditures of Federal Awards			<u>\$ 3,174,790</u>

CITY OF DEL RIO, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR YEAR ENDED SEPTEMBER 30, 2008

1. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *“Audits of States, Local Governments and Nonprofit Organization.”* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

For programs which require a local match, the amount reported as expenditures does not include expenditures paid with local matching funds.

2. Expenditures reported for the Section 5311 Grant are reported to the extent they match federal grant receipts since the projects are financed by multiple sources.

CITY OF DEL RIO, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133 disclosed	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The City was classified as a low-risk auditee in the context of OMB Circular A-133.
Major federal program	Airport Improvement Program, CFDA #20.106

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

CITY OF DEL RIO, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2008

None

**SCHEDULES OF
GRANT RECEIPTS AND EXPENDITURES**

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Special Supplemental Food Program for W.I.C.
CFDA 10.557
FUND SOURCE U.S.D.A. - Texas Department of State Health Services
GRANT NO. C4000543
PERIOD October 1, 2007 - September 30, 2008

	<u>Actual</u>
RECEIPTS	
TDH contract	\$ 346,548
TDH contract - dietician	9,029
TDH contract - vendor liaison	<u>237</u>
Total receipts	<u>355,814</u>
EXPENDITURES	
Personnel	247,601
Fringe benefits	71,348
Travel	5,235
Supplies	16,783
Other	67,302
Indirect	<u>28,926</u>
Total expenditures	<u>437,195</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u><u>\$ (81,381)</u></u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Special Supplemental Food Program for W.I.C.
CFDA 10.557
FUND SOURCE U.S.D.A. - Texas Department of State Health Services
GRANT NO. C4000543
PERIOD October 1, 2006 - September 30, 2007

	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
TDH contract	\$ 342,217	\$ 125,910
TDH contract - dietician	4,777	-
TDH contract - lactation	-	-
TDH contract - vendor liaison	297	-
Total receipts	<u>347,291</u>	<u>125,910</u>
EXPENDITURES		
Personnel	246,263	-
Fringe benefits	77,415	-
Travel	4,534	-
Equipment	-	-
Supplies	15,003	25,632
Other	62,765	18,186
Indirect	23,404	-
Encumbrances	-	-
Total expenditures	<u>429,384</u>	<u>43,818</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ (82,093)</u>	<u>\$ 82,092</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Airport Expansion Project
CFDA 20.106
FUND SOURCE Texas Department of Transportation
GRANT NO. 0422DLRIO

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
Federal	\$ 7,870,000	\$ 7,800,800	\$ 292,442	\$ 8,093,242
Local	<u>1,230,000</u>	<u>866,756</u>	<u>32,494</u>	<u>899,250</u> (a)
Total receipts	<u>9,100,000</u>	<u>8,667,556</u>	<u>324,936</u>	<u>8,992,492</u>
EXPENDITURES				
Capital outlay	<u>9,100,000</u>	<u>8,667,556</u>	<u>324,935</u>	<u>8,992,491</u>
Total expenditures	<u>9,100,000</u>	<u>8,667,556</u>	<u>324,935</u>	<u>8,992,491</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

(a) The City has sent in \$1,259,660 in local contributions.

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Airport Improvement
CFDA 20.106
FUND SOURCE Texas Department of Transportation
GRANT NO. 3-48-0066-006-2008
PERIOD June 1, 2008 to November 1, 2008

	Budget	Actual
RECEIPTS		
Federal	\$ 1,000,000	\$ -
Local	52,632	13,168 (a)
Total receipts	1,052,632	13,168
EXPENDITURES		
Capital outlay	1,052,632	263,353
Total expenditures	1,052,632	263,353
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	\$ -	\$(250,185)

(a) Five percent of capital outlay

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Airport Improvement
CFDA 20.106
FUND SOURCE Texas Department of Transportation
GRANT NO. 3-48-0066-006-2007
PERIOD August 1, 2007 - February 1, 2008

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
Federal	\$ 1,000,000	\$ 96,877	\$ 660,799	\$ 757,676
Local	<u>52,632</u>	<u>5,099</u>	<u>34,779</u>	<u>39,878</u>
Total receipts	<u>1,052,632</u>	<u>101,976</u>	<u>695,578</u>	<u>797,554</u>
EXPENDITURES				
Capital outlay	<u>1,052,632</u>	<u>101,977</u>	<u>695,577</u>	<u>797,554</u>
Total expenditures	<u>1,052,632</u>	<u>101,977</u>	<u>695,577</u>	<u>797,554</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ -</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Del Rio San Felipe Bicycle and Walking Trail
CFDA 20.205
FUND SOURCE Texas Department of Transportation
GRANT NO. CSJ-0922-11-018 and 0922-11-022
PERIOD September 30, 2001 -

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
TxDot	\$ 519,648	\$ 357,982	\$ 47,188	\$ 405,170
Local	129,912	287,633	-	287,633
Interest income	-	9,916	4,976	14,892
Total receipts	<u>649,560</u>	<u>655,531</u>	<u>52,164</u>	<u>707,695</u>
EXPENDITURES				
Administrative	108,260	31,944	-	31,944
Engineering	40,000	17,056	-	17,056
Construction	<u>501,300</u>	<u>511,501</u>	<u>25,324</u>	<u>536,825</u>
Total expenditures	<u>649,560</u>	<u>560,501</u>	<u>25,324</u>	<u>585,825</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES				
	<u>\$ -</u>	<u>\$ 95,030</u>	<u>\$ 26,840</u>	<u>\$ 121,870</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5310 Elderly & Disabled Transportation Program
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51622F7197
PROJECT NO. 602 (22)
PERIOD March 15, 2006 - August 31, 2007

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
Federal (TxDot)	\$ 64,344	\$ 31,710	\$ 24,499	\$ 56,209
Local match	<u>16,086</u>	<u>14,052</u>	<u>-</u>	<u>14,052</u>
Total receipts	<u>80,430</u>	<u>45,762</u>	<u>24,499</u>	<u>70,261</u>
EXPENDITURES				
Capital	<u>80,430</u>	<u>70,261</u>	<u>-</u>	<u>70,261</u>
Total expenditures	<u>80,430</u>	<u>70,261</u>	<u>-</u>	<u>70,261</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (24,499)</u>	<u>\$ 24,499</u>	<u>\$ -</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5310 Elderly & Disabled Transportation Program
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
CONTRACT NO. 51822F7180
PROJECT NO. ED 0803 (22) 03
PERIOD

	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
Federal (TxDot)	\$ 63,152	\$ 6,907
Local match	<u>15,788</u>	<u>686</u>
Total receipts	<u>78,940</u>	<u>7,593</u>
EXPENDITURES		
Preventive maintenance	<u>78,940</u>	<u>21,352</u>
Total expenditures	<u>78,940</u>	<u>21,352</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (13,759)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5310 Elderly & Disabled Transportatio Program
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51722F7144
PROJECT NO. ED 0702 (22) 02
PERIOD April 11, 2007 - August 31, 2008

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
Federal (TxDot)	\$ 65,824	\$ -	\$ 20,000	\$ 20,000
Local match	<u>16,456</u>	<u>789</u>	<u>3,211</u>	<u>4,000</u>
Total receipts	<u>82,280</u>	<u>789</u>	<u>23,211</u>	<u>24,000</u>
EXPENDITURES				
Capital	58,280	-	-	-
Preventive maintenance	<u>24,000</u>	<u>3,944</u>	<u>20,056</u>	<u>24,000</u>
Total expenditures	<u>82,280</u>	<u>3,944</u>	<u>20,056</u>	<u>24,000</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$(3,155)</u>	<u>\$ 3,155</u>	<u>\$ -</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5311 Grant
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51722F7241
PROJECT NO. RPT 705 (22) 30
PERIOD March 1, 2007 - August 31, 2008

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
Federal (TxDot Contract)	\$ 257,211	\$ 45,517	\$ 224,865	\$ 270,382
City match	-	16,697	(2,749)	13,948
State (TDSHS contract)	-	68,905	95,538	164,443
Building rental	-	9,000	7,500	16,500
Total receipts	<u>257,211</u>	<u>140,119</u>	<u>325,154</u>	<u>465,273</u>
EXPENDITURES				
Administrative	71,442	25,189	46,253	71,442
Operations	185,769	103,299	95,641	198,940
Local - capital	-	1,249	(1,249)	-
Local - operations	-	146,018	101,538	247,556
Total expenditures	<u>257,211</u>	<u>275,755</u>	<u>242,183</u>	<u>517,938</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (135,636)</u>	<u>\$ 82,971</u>	<u>\$ (52,665)</u>

Note: In subsequent year, \$5,651 in CCSW collections should be considered collections for this contract in addition to the \$47,104 for December 2007 to February 2008.

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5311 Grant
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51822F7016
PROJECT NO. RPT 801 (22)
PERIOD September 27, 2007 - August 31, 2008

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>
RECEIPTS				
Federal (TxDot)	\$ 234,887	\$ -	\$ 234,887	\$ 234,887
Total receipts	<u>234,887</u>	<u>-</u>	<u>234,887</u>	<u>234,887</u>
EXPENDITURES				
Federal - administrative	62,267	7,782	54,485	62,267
Federal - operations	<u>172,620</u>	<u>3,190</u>	<u>169,430</u>	<u>172,620</u>
Total expenditures	<u>234,887</u>	<u>10,972</u>	<u>223,915</u>	<u>234,887</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (10,972)</u>	<u>\$ 10,972</u>	<u>\$ -</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5311 Grant
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51922F7016
PROJECT NO. RPT 901 (22)
PERIOD September 1, 2008 - August 31, 2009

	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
Federal (TxDot)	\$ <u>256,414</u>	\$ <u>-</u>
Total receipts	<u>256,414</u>	<u>-</u>
EXPENDITURES		
Administrative	70,005	16,670
Operations	<u>186,409</u>	<u>96,139</u>
Total expenditures	<u>256,414</u>	<u>112,809</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (112,809)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5311 Grant
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51822F7095
PROJECT NO. RPT 803 (22)
PERIOD February 5, 2008 - August 31, 2009

	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
Federal (TxDot)	\$ <u> -</u>	\$ <u> 57,859</u>
Total receipts	<u> -</u>	<u> 57,859</u>
EXPENDITURES		
Capital	15,000	18,791
Administrative	44,430	84,149
Operations	<u>172,719</u>	<u>133,000</u>
Total expenditures	<u>232,149</u>	<u>235,940</u>
EXCESS (DEFICIT) RECEIPTS		
OVER EXPENDITURES	<u>\$ (232,149)</u>	<u>\$ (178,081)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5311 Grant
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51722F7206
PROJECT NO. RPT 703 (22) 29
PERIOD April 1, 2007 - August 31, 2008

	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
Federal (TxDot)	\$ 66,000	\$ 57,373
T.D.C.	<u>13,518</u>	<u>9,753</u>
Total receipts	<u>79,518</u>	<u>67,126</u>
EXPENDITURES		
Capital	<u>79,518</u>	<u>57,373</u>
Total expenditures	<u>79,518</u>	<u>57,373</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 9,753</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Section 5311 Grant
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51722F7088
PROJECT NO. JAC 701 (22) 47
PERIOD January 15, 2007 - January 31, 2009

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>
		<u>Prior Year</u>	<u>Current Year</u>	
RECEIPTS				
Federal (TxDot)	\$ 83,676	\$ -	\$ 60,316	\$ 60,316
Local match	<u>25,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>108,829</u>	<u>-</u>	<u>60,316</u>	<u>60,316</u>
EXPENDITURES				
Federal - capital vehicle purchase	58,522	-	57,373	57,373
Federal - other capital	2,638	-	-	-
Federal - administrative	14,886	368	-	368
Federal - operation	32,783	2,348	5,322	7,670
Local match - administrative	-	368	-	368
Local match - operation	<u>-</u>	<u>2,348</u>	<u>5,322</u>	<u>7,670</u>
Total expenditures	<u>108,829</u>	<u>5,432</u>	<u>68,017</u>	<u>73,449</u>
EXCESS (DEFICIT) RECEIPTS				
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (5,432)</u>	<u>\$ (7,701)</u>	<u>\$ (13,133)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Nutrition/Social Services
CFDA Various (93.044, 93.045 and 93.667)
FUND SOURCE Texas Department of Aging and Disability Services
GRANT NO. AAA-2005-024-01
PERIOD October 1, 2007 - September 30, 2008

	<u>Actual</u>
REVENUES	
Middle Rio Grande Development Council:	\$ 139,329
Title XIX	103,091
Title XX	<u>213,058</u>
Total grant revenues	455,478
Transit service	1,637
Joe Ramos Center Rental	19,446
Donations	11,888
Transfers from the City of Del Rio General Fund	11,367
In-kind contributions	<u>30,000</u>
Total revenues	<u>529,816</u>
EXPENDITURES	
Personnel	214,469
Travel	461
Utilities	22,333
Raw food	235,533
Supplies and materials	1,887
Gas and oil	13,991
Repair and maintenance	17,088
Other	36,183
In-kind contributions	<u>30,000</u>
Total expenditures	<u>571,945</u>
EXCESS (DEFICIT) REVENUES	
OVER (UNDER) EXPENDITURES	<u>\$ (42,129)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Auto Theft Prevention and Recovery Unit
CFDA N/A
FUND SOURCE Texas Department of Transportation
GRANT NO. SA-T01-10048-09
PERIOD September 1, 2008 - August 31, 2009

	Budget	Actual
RECEIPTS		
Grant contract	\$ 102,904	\$ -
Local	<u>26,054</u>	<u>1,752</u>
Total receipts	<u>128,958</u>	<u>1,752</u>
EXPENDITURES		
Personnel	90,000	8,019
Prof. and cont.	800	-
Travel	2,184	-
Supplies and DOE	<u>9,920</u>	<u>740</u>
Total expenditures	<u>102,904</u>	<u>8,759</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ 26,054</u>	<u>\$ (7,007)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Auto Theft Prevention and Recovery Unit
CFDA N/A
FUND SOURCE Texas Department of Transportation
GRANT NO. SA-T01-10048-08
PERIOD September 1, 2007 - August 31, 2008

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>
		<u>Prior Year</u>	<u>Current Year</u>	
RECEIPTS				
Grant contract	\$ 74,026	\$ -	\$ 48,755	\$ 48,755
Local	<u>18,528</u>	<u>973</u>	<u>15,340</u>	<u>16,313</u>
Total receipts	<u>92,554</u>	<u>973</u>	<u>64,095</u>	<u>65,068</u>
EXPENDITURES				
Personnel	49,583	4,354	53,214	57,568
Prof. and cont	2,400	-	-	-
Travel	3,320	-	1,791	1,791
Equipment	-	-	7,301	7,301
Construction	-	-	-	-
Supplies and DOE	<u>18,723</u>	<u>511</u>	<u>14,391</u>	<u>14,902</u>
Total expenditures	<u>74,026</u>	<u>4,865</u>	<u>76,697</u>	<u>81,562</u>
EXCESS (DEFICIT) RECEIPTS				
OVER EXPENDITURES	<u>\$ 18,528</u>	<u>\$ (3,892)</u>	<u>\$ (12,602)</u>	<u>\$ (16,494)</u>

CITY OF DEL RIO, TEXAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM Vehicle Capital Replacement Grant (VCR)
CFDA 20.500
FUND SOURCE U. S. Department of Transportation - Transit - TxDot
GRANT NO. 51622F7237
PROJECT NO. VCR 602 (22)
PERIOD April 30, 2007 - December 31, 2007

	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
Federal (TxDot)	\$ 51,367	\$ 47,620
City match - T.D.C.	<u>10,521</u>	<u>9,753</u>
Total receipts	<u>61,888</u>	<u>57,373</u>
EXPENDITURES		
Capital	<u>61,888</u>	<u>57,373</u>
Total expenditures	<u>61,888</u>	<u>57,373</u>
EXCESS (DEFICIT) RECEIPTS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>