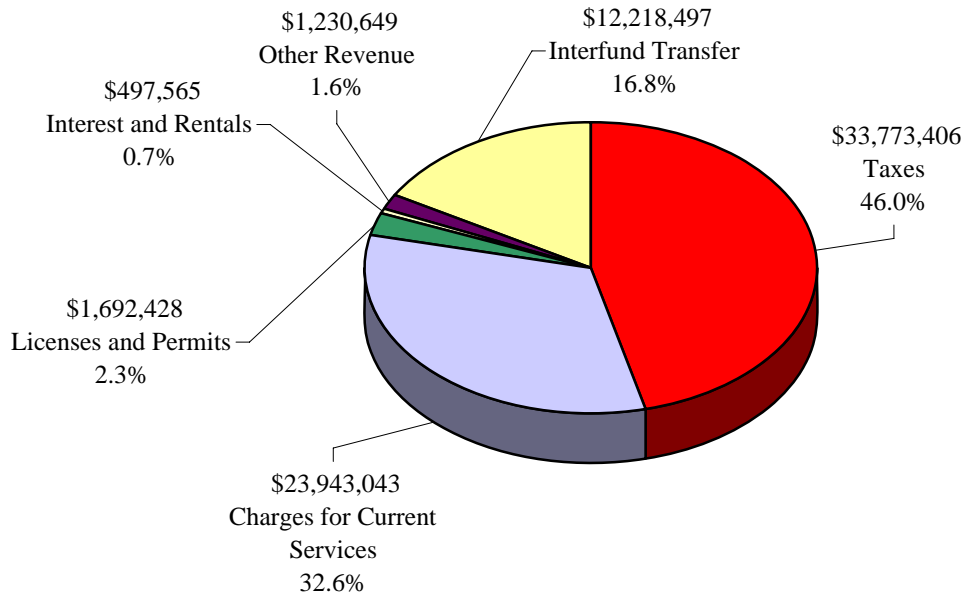


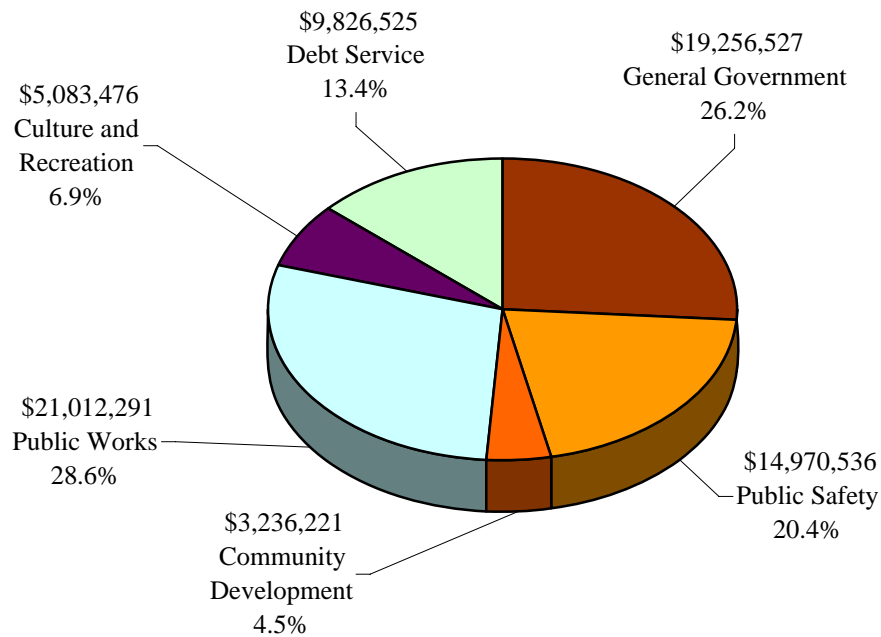
Consolidated Budget Summary by Fund Fiscal Year 2005-2006

	General Fund	Enterprise Funds	Internal Service Funds	Special Revenue Funds	General Debt Service	Utility Debt Service	Grand Total
Revenues:							
Property Taxes	\$ 18,449,816	\$ -	\$ -	\$ -	\$ 5,754,089	\$ -	\$ 24,203,905
Utility Franchise Taxes	3,393,772	-	-	-	-	-	3,393,772
Sales Tax Collections	6,090,729	-	-	-	-	-	6,090,729
Other Taxes	85,000	-	-	-	-	-	85,000
Charges for Current Services	158,525	21,876,240	-	285,600	-	-	22,320,365
Licenses and Permits	1,461,017	170,000	-	61,411	-	-	1,692,428
Fines and Forfeitures	1,485,540	-	-	137,138	-	-	1,622,678
Interest and Rentals	380,440	35,000	-	125	57,000	25,000	497,565
Intergovernmental Revenue	291,424	-	-	260,014	-	-	551,438
Other Revenue	531,849	76,296	-	71,066	-	-	679,211
Interfund Transfer	-	-	7,664,552	451,295	296,465	3,806,185	12,218,497
Total Revenues	\$ 32,328,112	\$ 22,157,536	\$ 7,664,552	\$ 1,266,649	\$ 6,107,554	\$ 3,831,185	\$ 73,355,588
Beginning Fund Balances	6,974,652	2,721,185	2,325,068	2,951,357	229,529	2,883,493	18,085,284
Total Available Resources	\$ 39,302,764	\$ 24,878,721	\$ 9,989,620	\$ 4,218,006	\$ 6,337,083	\$ 6,714,678	\$ 91,440,872
Expenditures:							
General Government	\$ 7,510,284	\$ 3,473,131	\$ 7,551,995	\$ 721,117	\$ -	\$ -	\$ 19,256,527
Public Safety	14,967,036	-	-	3,500	-	-	14,970,536
Community Development	2,994,707	-	-	241,514	-	-	3,236,221
Public Works	2,456,591	18,555,700	-	-	-	-	21,012,291
Culture and Recreation	4,644,554	-	-	438,922	-	-	5,083,476
Debt Service:							
Principal	-	-	-	-	3,046,846	1,848,400	4,895,246
Interest	-	-	-	-	2,999,457	1,883,869	4,883,326
Administrative Fees	-	-	-	-	32,037	15,916	47,953
Total Expenditures	\$ 32,573,172	\$ 22,028,831	\$ 7,551,995	\$ 1,405,053	\$ 6,078,340	\$ 3,748,185	\$ 73,385,576
Ending Fund Balances	6,729,592	2,849,890	2,437,625	2,812,953	258,743	2,966,493	18,055,296
Total Fund Commitments/ Fund Balance	\$ 39,302,764	\$ 24,878,721	\$ 9,989,620	\$ 4,218,006	\$ 6,337,083	\$ 6,714,678	\$ 91,440,872

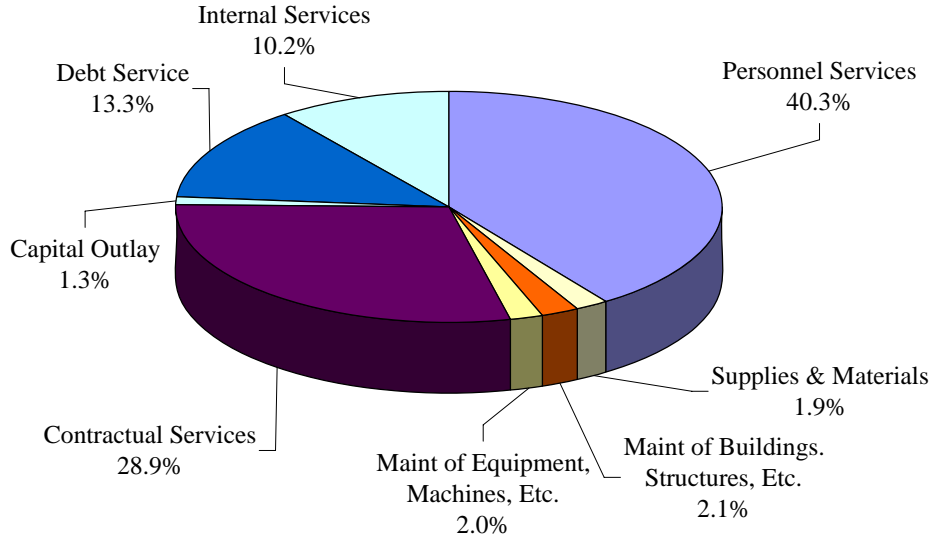
Consolidated Summary of Revenues by Source



Consolidated Summary of Expenditures by Function



Consolidated Budget Summary Expenditures by Object Code Category



	Personnel Services	Supplies & Materials	Maint of Buildings, Structures, Etc.	Maint of Equipment, Machines, Etc.	Contractual Services	Capital Outlay	Debt Service	Internal Services	Totals
Administrative Services	\$ 1,198,423	\$ 51,054	\$ -	\$ 250	\$ 243,302	\$ -	\$ -	\$ 122,266	\$ 1,615,295
Legislative Services	231,178	20,654	-	-	169,805	-	-	55,635	477,272
Development Services	1,317,154	33,406	4,828	273,029	-	-	-	138,470	1,766,887
Community Services	2,700,579	145,389	32,800	66,228	992,385	80,000	-	627,173	4,644,554
Police Services	7,428,285	219,004	198,770	160,543	-	-	-	613,087	8,619,689
Financial Services	1,889,120	111,532	212,098	642,455	64,868	-	-	333,499	3,253,572
Fire & Emergency Services	5,443,775	159,352	-	95,112	96,112	38,276	-	514,720	6,347,347
Environmental Services	1,021,555	44,943	1,100	2,789	105,742	-	-	110,506	1,286,635
Non-Departmental	1,124,973	-	-	-	3,894,162	-	-	-	5,019,135
Infrastructure Services	5,015,910	372,204	982,664	160,219	13,822,798	44,500	-	613,996	21,012,291
Human Resources	405,330	40,981	-	-	68,016	-	-	44,999	559,326
Internal Services Funds	1,595,815	227,266	126,000	41,924	1,194,551	46,170	-	4,320,269	7,551,995
Library Development Fund	-	-	-	-	-	25,000	-	-	25,000
Library Grants	-	5,000	-	-	-	2,500	-	-	7,500
Loan Star Libraries Grant	-	4,000	-	-	4,000	-	-	-	8,000
Park Development Fund	-	-	-	-	60,000	40,000	-	-	100,000
Tree Preservation Fund	10,983	2,400	-	-	6,617	-	-	-	20,000
Special Events	-	14,050	-	-	45,950	-	-	-	60,000
Summer Day Camp	73,423	16,400	-	500	40,599	-	-	-	130,922
Sports Leagues	-	16,800	-	500	66,700	-	-	-	84,000
Concessions	-	500	250	-	750	-	-	-	1,500
Tennis	-	750	-	-	1,250	-	-	-	2,000
Police Seizures Fund	-	500	-	-	-	-	-	-	500
S.T.E.P. Grant	1,500	-	-	-	1,500	-	-	-	3,000
Community Development Block Grant	36,227	-	-	-	205,287	-	-	-	241,514
Municipal Court Security Fund	52,561	-	-	-	6,815	-	-	-	59,376
Municipal Court Tech Fund	-	-	-	-	5,938	-	-	-	5,938
Vehicle & Equipment Replacement Fund	-	-	-	-	-	655,803	-	-	655,803
Debt Service	-	-	-	-	95,246	-	9,731,279	-	9,826,525
TOTAL ALL FUNDS	\$ 29,546,791	\$ 1,486,185	\$ 1,558,510	\$ 1,443,549	\$ 21,192,393	\$ 932,249	\$ 9,731,279	\$ 7,494,620	\$ 73,385,576



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Statistical Analysis of the FY 2005-2006 Adopted Budget By Fund Type

This executive summary recaps the most significant factors included in the annual budget: revenue assumptions; major initiatives; a reserve analysis; and a fund-by-fund and category synopsis of expenditures. Please note that any references to comparative increases or decreases are based on projections for FY 2004-2005.

GENERAL FUND

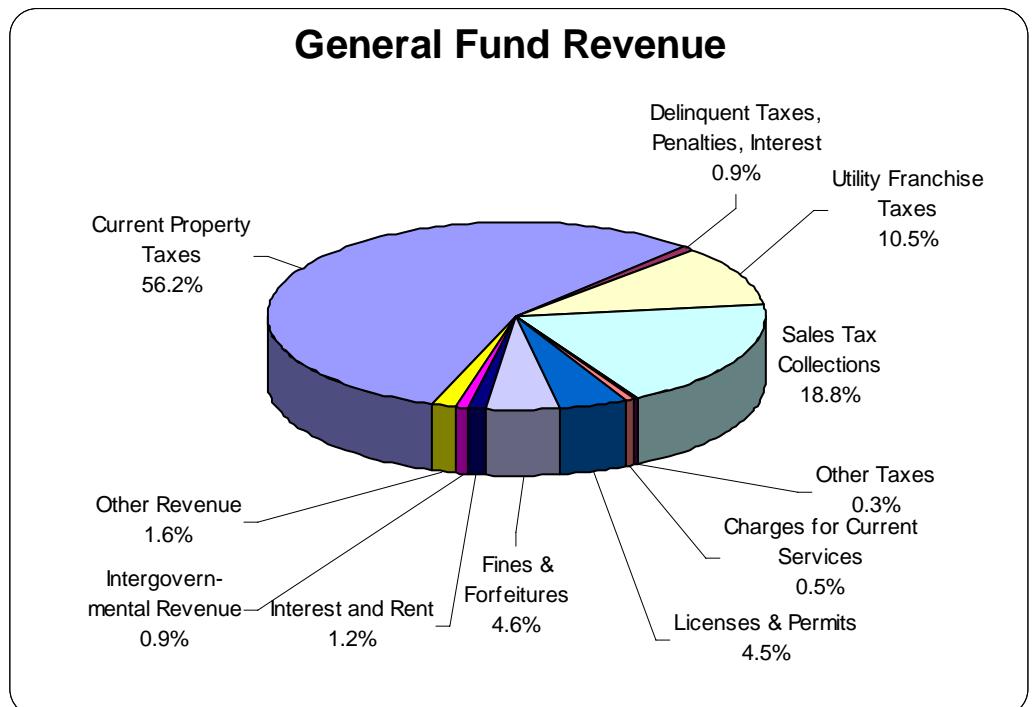
The General Fund is the general operating fund of the Town and is used to account for all transactions and operations of governmental units which are not accounted for in another fund and/or which are financed from taxes or other general revenues.

Revenue Assumptions:

The budget document assumes a cautious approach in dealing with revenues, especially growth-oriented revenues. Proposed revenues for FY 2005-2006 assume an overall decrease of 0.63 percent over FY 2004-2005 projections. The revenue projections are net of changes in certain revenue categories. Funding of the Town's General Fund operations is derived from 11 major revenue categories. Each of these categories is detailed below with a brief description of how internal and external factors affect revenue amounts and how amounts differ from the prior year.

Current Property Taxes: \$18,151,563 (up \$403,159 or 2.27 percent)

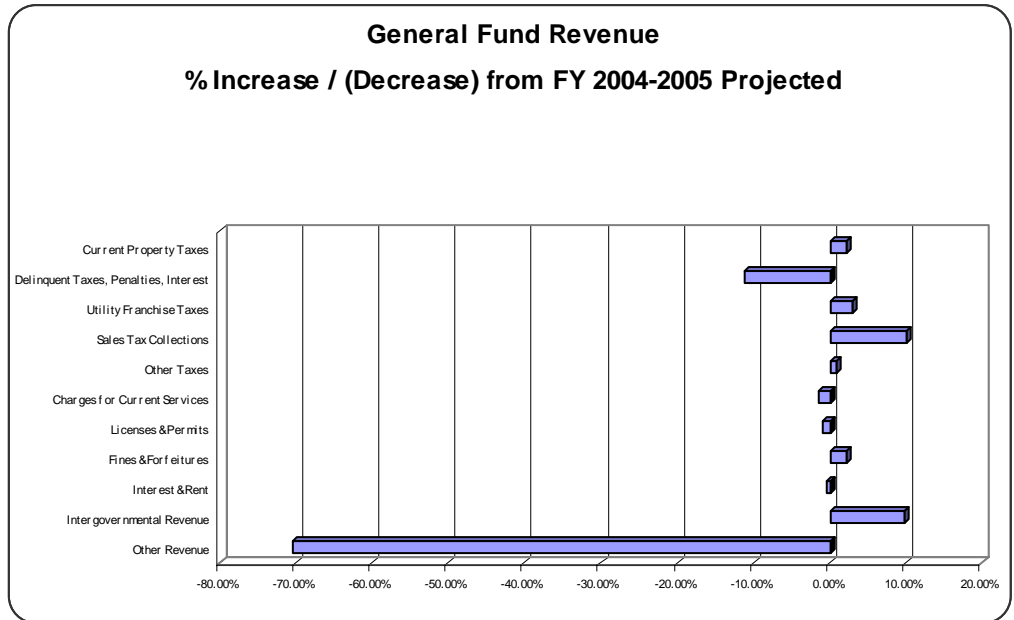
The largest revenue source of the General Fund is the ad valorem tax (property tax). Property taxes are levied each October 1 on the assessed value listed as of the prior January 1, for all real and personal property located within the Town. Assessed values represent the appraised value less applicable exemptions authorized by the Town Council. Appraised values are established by the Denton Central Appraisal District at 100 percent of estimated market values. Current



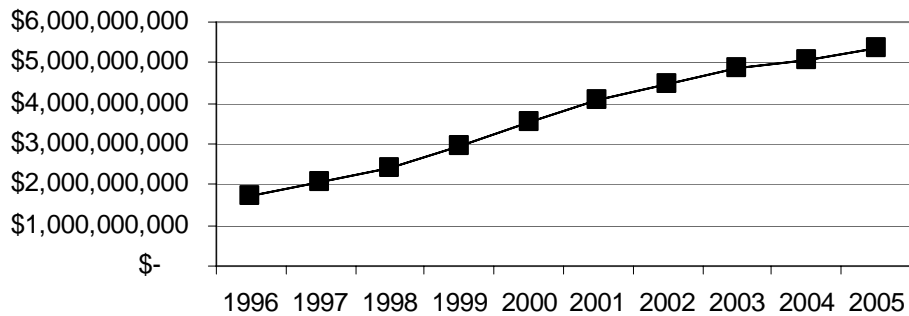
Property Taxes account for 56.2 percent of all General Fund revenues.

Taxes are levied October 1, immediately following the January 1 lien date, and are delinquent after the following January 31.

The certified property valuations, which are provided by the Denton Central Appraisal District totaled \$5,341,955,026 for 2005, an increase of \$265,804,888 over the 2004 certified tax roll. The certified tax roll is reflective of all taxable property in the Town as of January 1, 2005.



Taxable Assessed Value



Delinquent Property Taxes, Penalties and Interest: \$298,253 (down \$37,796 or -11.25 percent)

Delinquent taxes may be subject to a 12.0 percent penalty and 12.0 percent interest rate per annum according to Texas State law. Taxes are due on receipt and delinquent on February 1 of the year following the year in which imposed. Delinquent taxes incur a penalty and accrue interest for each month the taxes remain unpaid. Delinquent Taxes, Penalties, and Interest account for 0.9 percent of all General Fund revenues.

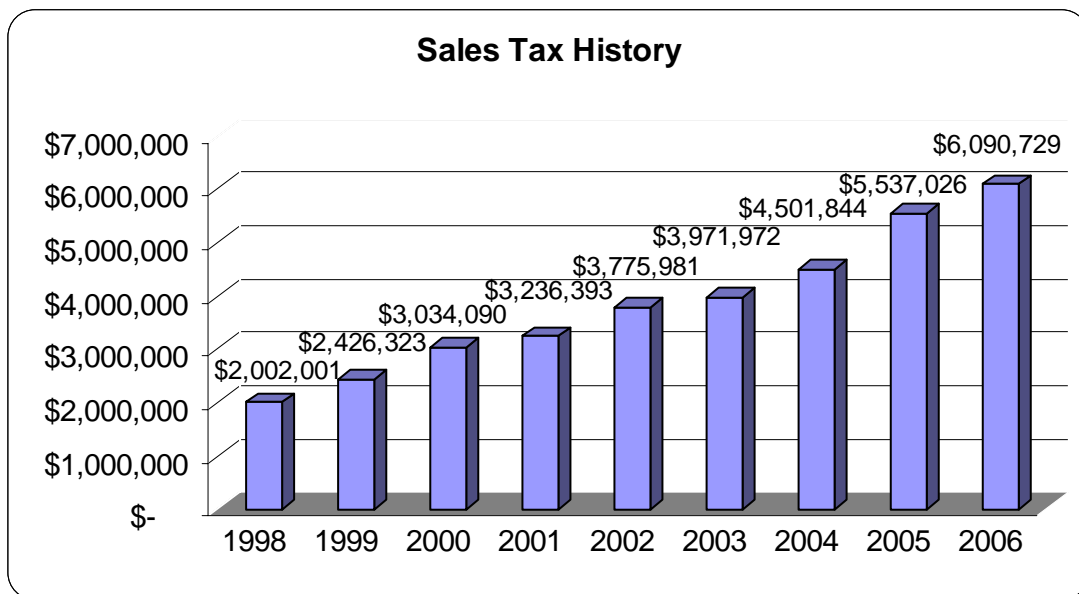
Over the last 20 years, the attorney representing the Town of Flower Mound in the legal enforcement of delinquent property tax collections has consistently maintained the highest levels of collection in this County and the North Texas region. The Town's current delinquent tax collection rate is predicted to remain at relatively the same level as the previous year. Within the past five years, the ratio of accumulated delinquent taxes to current levy has decreased significantly.

Utility Franchise Taxes: \$3,393,772 (up \$97,609 or 2.96 percent)

Franchise taxes represent those revenues collected from utilities operating within the Town's right-of-way to conduct their business (i.e., Allied Waste Services, ATMOS Gas, TXU Electric Delivery, CoServ {electric and gas}, Comcast Cable, Advantex/Grande Communication, Verizon, and Southwestern Bell). Utility Franchise Taxes are anticipated to increase 2.96 percent, which is primarily from CoServ's franchise fee rates increasing to 4%. Over the past several years, franchise taxes have experienced steady growth in some areas, while in others deregulation has diminished local revenues. The FY 2005-2006 projections for each franchise fee are based on varying methodologies, according to the type of utility. Utility Franchise Taxes account for 10.5 percent of all General Fund revenues.

Sales Tax Collections: \$6,090,729 (up \$553,703 or 10.00 percent)

The sales tax increase is consistent with the Town's past experience of steady and strong growth every year. As economic development initiatives produce a greater diversification in the Town's tax base (new commercial retail sales), it is anticipated that sales and use taxes will continue to increase. Sales tax receipts are the result of a tax levy on the sale of goods and services within the Town as authorized by the State of Texas. The maximum sales tax allowed in the Town of Flower Mound is seven and one-quarter cents per dollar (\$0.0725) on all goods and services deemed taxable. Sales and use taxes constitute the second largest revenue source for the General Fund. This revenue source accounts for 18.8 percent of all General Fund revenues.



Other Taxes: \$85,000 (up \$773 or 0.92 percent)

In previous years, two different revenue sources made up the Other Taxes category: Payment-in-Lieu of Taxes (PILOT) and Liquor Taxes; however, the Town's Utility Fund is being excluded from paying PILOT, therefore, only Liquor Taxes are included for FY 2005-2006.

Alcoholic beverage taxes are the result of mixed beverage sales and private club registrations. The state statutes levy a tax of 14.0 percent on the gross receipts from the sale of mixed beverages in Texas. Each city and county is entitled to receive an allocation of 10.7143 percent. The FY 2005-2006 projections are based on three-year trend analysis of collections. Other Taxes accounts for 0.3 percent of all General Fund revenues.

Charges for Current Services: \$158,525 (down \$2,454 or -1.52 percent)

This revenue category accounts for funds earned by the Town in exchange for specific types of services provided. Examples of services include zoning and platting fees, and inspection fees. FY 2005-2006 revenues are anticipated to be slightly lower, due to decreased zoning and platting activity. Charges for Current Services account for 0.5 percent of General Fund revenues.

Licenses and Permits: \$1,461,017 (down \$15,555 or -1.05 percent)

This revenue category includes license and permit revenue fees charged by the Town for certain types of operator licenses and permits for construction and other items regulated by Town ordinances. Building activity is expected to decrease slightly throughout FY 2005-2006. Licenses and Permits account for 4.5 percent of all General Fund revenues.

Fines and Forfeitures: \$1,485,540 (up \$33,624 or 2.32 percent)

Fines and forfeitures represent revenue generated from the municipal court and other punitive actions such as animal control fees and library fines. Fines and forfeitures are anticipated to be slightly above the prior year. The Town has maintained a high level of operating efficiency and an aggressive traffic enforcement program. This revenue source accounts for 4.6 percent of General Fund revenues.

Interest and Rent: \$380,440 (down \$1,724 or -0.45 percent)

This source of revenue is conservatively budgeted, due to the current interest rate environment. The overall increase in this revenue category is attributed to additional wireless communications companies leasing Town property. Interest and Rent revenues for next year are conservatively budgeted and account for 1.2 percent of General Fund revenues.

Intergovernmental Revenue: \$291,424 (up \$26,118 or 9.89 percent)

Intergovernmental revenues are the result of contracts with Denton County for the provision of library, fire, and ambulance services to the unincorporated areas of the county, with Lewisville ISD for one-half of the cost for three School Resource Officers, and with the U.S. Army Corp of Engineers for the provision of security for Corp property adjacent to Lake Grapevine. Revenues in this category are anticipated to increase due to a new vehicle registration fee for child safety that was effective on January 1, 2005. Intergovernmental Revenues account for 0.9 percent of General Fund revenues.

Other Revenue: \$531,849 (down \$1,261,802 or -70.35 percent)

The remaining revenue sources in the General Fund include Allied Waste Services' contribution to the Town's Customer Relations program, contractual-based income, interfund transfers, and other miscellaneous revenues. The projected decrease for FY 2005-2006 is related to a one-time payment to the Town by a developer as a part of a Chapter 380 economic development agreement in FY 2004-2005. Other Revenue accounts for 1.6 percent of General Fund revenues.

Expenditure Synopsis:

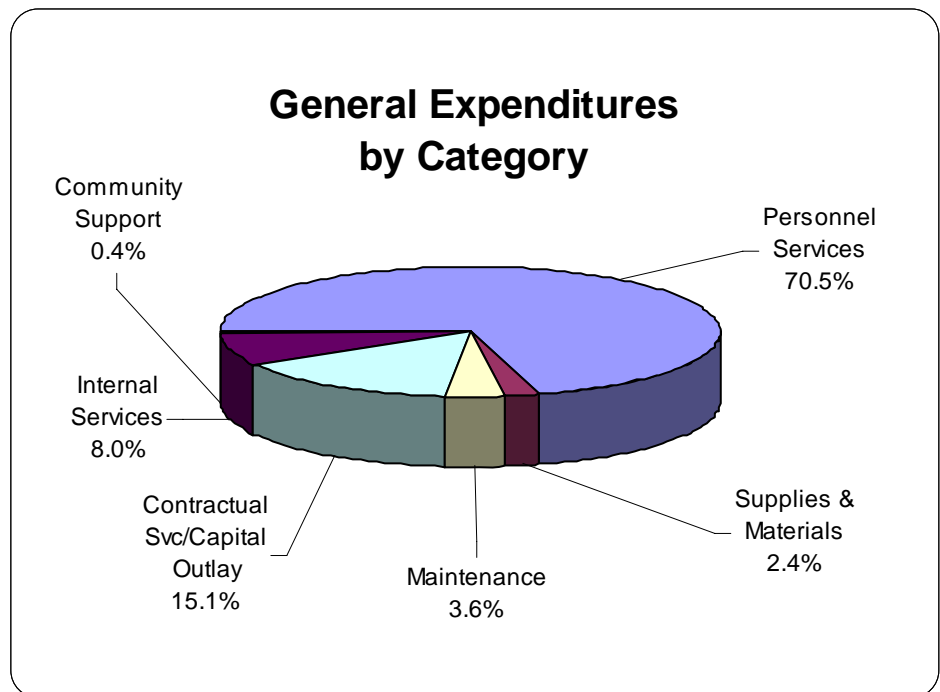
Personnel Services: \$22,966,736 (up \$1,576,237 or 7.37 percent)

As the single largest expenditure category, personnel expenses account for 70.5 percent of General Fund expenditures. Increases in FY 2005-2006 are due to increases in Step Pay for public safety and market adjustments for Pay Plan B, and Public Safety.

Supplies and Materials: \$776,698 (up \$18,539 or 2.45 percent)

These object classifications are for expendable materials and operating supplies

necessary to conduct departmental activities. The anticipated increase for FY 2005-2006 is primarily related to the increased cost of fuel. Expenditures within this classification account for 2.4 percent of all General Fund expenditures.



Maintenance of Buildings, Structures, Land, and Improvements; Equipment and Machinery:
\$1,185,944 (up \$74,730 or 6.73 percent)

These object classifications are for expendable upkeep of physical properties in condition for use or occupancy and tangible property of a more or less permanent nature which is used in carrying out operations. Increases in these areas are attributable to increases for radio communication for Police and automotive maintenance. Expenditures within these classifications account for 3.6 percent of all General Fund expenditures.

Contractual Services and Capital Outlay: \$4,910,511 (up \$565,319 or 13.01 percent)

These object classifications are for obligations resulting in services rendered to Town activities by either private firms or other Town departments, along with large expenditures which result in either the acquisition of fixed assets or property with a life expectancy of longer than three years. The expected increase in these costs is due to a Master Plan update and increases in the property and liability insurance costs. Expenditures within these classifications account for 15.1 percent of all General Fund expenditures.

Internal Services: \$2,603,771 (up \$180,253 or 7.44 percent)

These object classifications are for costs associated with services provided by the Internal Services Department (i.e. Information Technology, Facilities Management, and Purchasing and General Services Divisions) to all other divisions within the Town. Expenditures within these classifications account for 8.0 percent of all General Fund expenditures.

Community Support: \$129,512 (down \$7 or -0.01%)

The Community Support Division accounts for all activities, programs, and services provided by various community organizations to the citizens of Flower Mound. The Town Council approved a total of \$129,512 for these programs in FY 2005-2006. One additional agency sought funding this year. Expenditures within these classifications account for 0.4 percent of all General Fund expenditures.

The following is a list of agencies funded in previous years:

- Animal Rescue League
- Camp Summit, Inc.
- CASA of Denton County
- Children's Advocacy Center of Denton County
- Chisholm Trail Retired and Senior Volunteer
- Denton County Friends of the Family, Inc.
- Expressions Theater
- Flower Mound Community Orchestra
- Flower Mound Humane Society
- Greater Lewisville YMCA
- Lewisville Lake Symphony Orchestra
- Pedi Place
- SPAN
- Youth and Family Counseling

ENTERPRISE FUNDS

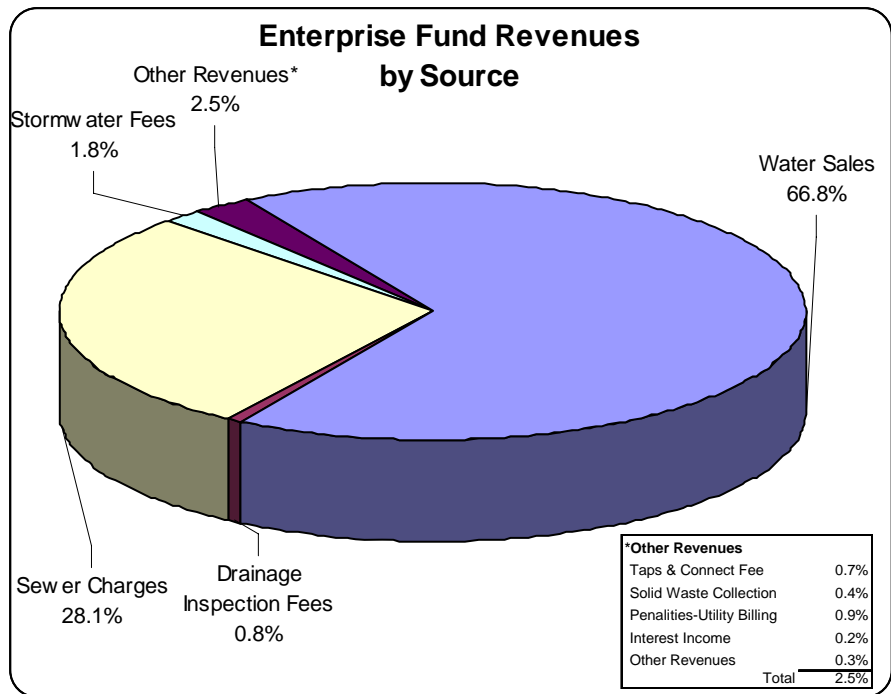
Enterprise Funds are those that fully support their own administration, acquisition of facilities, operation, and maintenance through the collection of user charges such as the sale of water and sewer fees. The Town of Flower Mound operates two enterprise funds: the Utility Fund and the Stormwater Utility Fund.

Revenue Assumptions:

Enterprise Fund revenues are anticipated to increase as a result of the continuing growth of the Town. Proposed revenues for FY 2005-2006 assume an overall growth of 10.94 percent over FY 2004-2005 Projections. The Enterprise Funds derive their revenue from nine major sources: Water Sales; Sewer Charges; Taps and Connect Fees; Solid Waste Collections Administrative Fees; Penalties-Utility Billing; Stormwater Fees; Drainage Inspection Fees; Interest Income; and Other Revenues. The following is a brief description of how internal and external factors affect these revenue sources and how the estimated amounts differ from the previous year.

Water Sales: \$14,808,289 (up \$2,075,761 or 16.30 percent)

Residential growth is expected to average approximately 33 new households per month in FY 2005-2006. This represents a similar growth rate to FY 2004-2005. Actual revenue in this category can vary substantially based on weather conditions, and this revenue source has not exhibited expected growth over the past few years, due to mild and wet weather. A 12.3% increase in water rates is needed because of the stagnant growth of the revenue category and increased cost of water. Water Sales account for 66.8 percent of all Enterprise Fund revenues.



Sewer Charges: \$6,230,068 (up \$247,554 or 4.14 percent)

The anticipated increase in this category is due to additional residential and commercial growth, causing greater demand for sewer services. Sewer revenues are, however, also derived from commercial usage, which is expected to increase significantly. Sewer Charges account for 28.1 percent of all Enterprise Fund revenues.

Taps and Connect Fees: \$157,371 (up \$29,236 or 22.81 percent)

Increased revenues in FY 2005-2006 will be attributable to new residential and commercial accounts. Taps and Connect Fees account for 0.7 percent of all Enterprise Fund revenues.

Solid Waste Collection: \$83,883 (up \$6,221 or 8.01 percent)

This revenue source is the 4.0 percent administrative fee charged by the Town for billing and collecting from solid waste customers on behalf of Allied Waste Services and is projected to increase slightly in FY 2005-2006 due to a rate increase. Solid Waste Collections account for 0.4 percent of all Enterprise Fund revenues.

Penalties-Utility Billing: \$204,529 (up \$823 or 0.40 percent)

The implementation of a sixth utility billing cycle in FY 1999-2000 has worked to minimize the number of late payments, in addition to the Town's historically low rate of bad debt. Penalties-Utility Billing revenues account for 0.9 percent of all Enterprise Fund revenues.

Stormwater Fees: \$392,100 (up \$2,152 or 0.55 percent)

In FY 2002-2003, in order to meet the new Environmental Protection Agency (EPA) National Pollutant Discharge Elimination System (NPDES) Phase II Stormwater requirements, the Town created a Stormwater Utility Fund. Property Owners in the Town are assessed a per lot fee ranging from \$1.50 for those less than one acre to \$1.00 for those greater than five acres. Commercial properties are charged a flat fee of \$10.00. Stormwater fee revenues account for 1.8 percent of all Enterprise Funds revenues.

Drainage Inspection Fees: \$170,000 (no change)

Drainage Inspection Fees are also a part of the stormwater program, and are charged for drainage-related inspections conducted during the development process. This revenue will account for 0.8 percent of all Enterprise Fund revenues.

Interest and Rent Income: \$35,000 (up \$2,260 or 6.90 percent)

This source of revenue is conservatively budgeted, due to the current interest rate environment; however, due to decreasing interest rates and a lower working capital balance, interest income in the Enterprise Funds is projected to decrease. Interest and Rent revenues for next year account for 0.2 percent of Enterprise Fund revenues.

Other Revenue: \$76,296 (down \$178,232 or -70.02 percent)

This revenue category includes sales of equipment and other miscellaneous revenues, including copies of maps, videos, newcomers' lists, plats, street signs, and interfund transfers from CIP funds for services performed by various Town personnel. Other Revenue accounts for 0.3 percent of all Enterprise Fund revenues.

Expenditure Synopsis:

Personnel Services: \$4,809,546 (up \$269,798 or 5.94 percent)

Personnel Services is the second largest expenditure category in the Enterprise Funds, and it accounts for 21.8 percent of the total Enterprise Funds' budgets. Increases in FY 2005-2006 are due to the expected filling of four positions put on hold in FY 2004-2005 and two new full time equivalent (FTE) positions.

Supplies and Materials: \$421,820 (up \$15,187 or 3.73 percent)

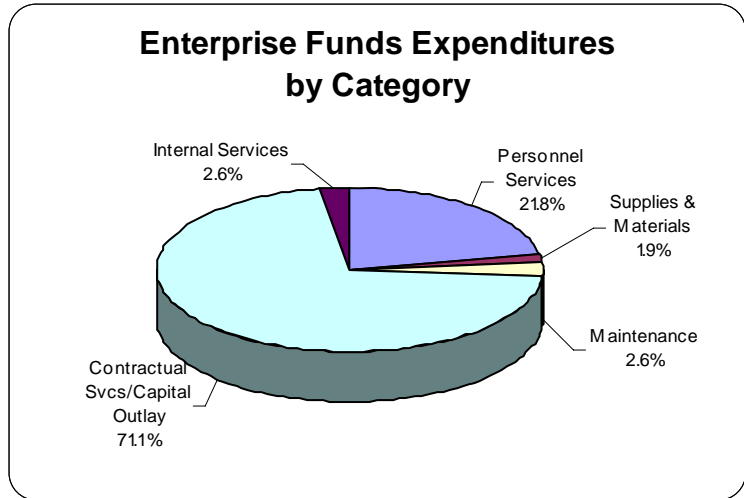
These object classifications are for expendable materials and operating supplies necessary to conduct departmental activities. The purchase of supplies and materials constitutes 1.9 percent of all Enterprise Fund's expenditures.

Maintenance of Buildings, Structures, Land, and Improvements; Equipment and Machinery: \$576,892 (up \$1,295 or 0.22 percent)

These object classifications are for expendable upkeep of physical properties in condition for use or occupancy and tangible property of a more or less permanent nature, which is useful in carrying out operations. Expenditures within these classifications account for 2.6 percent of all Enterprise Funds expenditures.

Contractual Service and Capital Outlay: \$15,649,992 (up \$2,737,619 or 21.20 percent)

The largest expenditure category in the Enterprise Funds is Contractual Services, which accounts for 71.1 percent of the total Enterprise Funds' budgets. Conversely, Capital Outlay makes up 0.28 percent and is the smallest category. The single largest budgeted expenditure is for water, which the Town purchases from Dallas Water Utilities and the Upper Trinity Regional Water District. The amount of water the Town will purchase in FY 2005-2006 is directly related to demand, contractual agreements with the above entities, and projected population growth. Expenditures for water are expected to increase, as a result of proposed rate increases by the Town's water suppliers; however, this amount will be offset by limiting Vehicle and Equipment Replacement Fund transfers to 50% and a proposed water rate increase.



Internal Services: \$570,581 (up \$54,192 or 10.49 percent)

These object classifications are for costs associated with services provided by the Internal Services Department (i.e. Information Technology, Facilities Management, and Purchasing and General Services Divisions) to all other divisions within the Town. Expenditures within these classifications account for 2.6 percent of all Enterprise Fund expenditures.

INTERNAL SERVICE FUNDS

Internal Service Funds are utilized to support the Information Technology, Facilities Management, and Purchasing and General Services Divisions, as well as the Health Insurance/Flex Fund. All divisions in the Town are charged for services they receive from these divisions, and these funds are fully supported by internal charges, with the exception of the Health Insurance/Flex Fund, which is supported by internal charges and employee contributions.

Expenditure Synopsis:

Personnel Services: \$1,595,815 (up \$148,402 or 10.25 percent)

As the largest expenditure category, personnel expenses account for 21.1 percent of Internal Service Funds expenditures. An increase in FY 2005-2006 is anticipated with the filling of one new full time equivalent (FTE) position and Pay Plan B market adjustments.

Supplies and Materials: \$227,266 (up \$3,131 or 1.40 percent)

These object classifications are for expendable materials and operating supplies necessary to conduct departmental activities. In FY 2005-2006, additional funding is included in the budget for a one-time expenditures for updating the Nortel telephone system expansion to the Service Center. Expenditures within this classification account for 3.0 percent of all Internal Service Funds expenditures.

Maintenance of Buildings, Structures, Land, and Improvements; Equipment and Machinery: \$167,924 (down \$42,435 or -20.17 percent)

These object classifications are for expendable upkeep of physical properties in condition for use or occupancy and tangible property of a more or less permanent nature which is used in carrying out operations. The expected decrease in this category is due to one-time funding for various projects in FY 2004-2005. Expenditures within these classifications account for 2.2 percent of all Internal Service Funds expenditures.

Contractual Services and Capital Outlay: \$5,560,990 (up \$182,722 or 3.40 percent)

These object classifications are for obligations resulting in services rendered to Town activities by either private firms or other Town departments, along with large expenditures which result in either the acquisition of fixed assets or property with a life expectancy of longer than three years. The overwhelming majority of expenses in these categories are for the Health Insurance and Flex Benefit expenditures. Expenditures within these classifications account for 78.7 percent of all Internal Service Funds expenditures.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of special revenue sources other than expendable trusts or major capital projects. The Special Revenue Funds include, but are not limited to, the Town's Library Development Fund, Park Development Fund, Parks and Recreation Special Activities Fund, Community Development Block Grant Fund (CDBG), Municipal Court Security Fund, Municipal Court Technology Fund, and other grant funds.

GENERAL DEBT SERVICE FUND

The General Debt Service Fund provides the funds necessary to retire the outstanding tax-supported bonded indebtedness of the Town. Debt in this category primarily consists of general obligation bonds (GOs) and certificates of obligation (COs) that are used to pay the cost of various public improvements such as streets, land acquisitions, and the construction of facilities. Revenues are generated for the repayment of the bonds and certificates primarily through ad valorem property taxes.

The Town issued new General Fund supported debt during the 2005-2006 fiscal year, which includes the following: \$805,000 in COs for the construction and improvement of streets within the Town and \$7,975,000 in GOs for street and park improvement projects.

2005-2006 General Debt Service Revenues:

Property Taxes	\$6,050,554
Interest Revenue	<u>57,000</u>
Total Revenues	\$6,107,554

2005-2006 General Debt Service Expenditures:

\$6,078,340

UTILITY DEBT SERVICE FUND

The Utility Debt Service Fund provides the funds necessary to retire the outstanding revenue-supported debt of the Town. Debt in this category consists of revenue-supported bonds that are used to pay the cost of improvements to the Town's water and wastewater system, and is repaid with revenues collected from utility customers.

The Town issued new Utility Fund supported debt during the 2005-2006 fiscal year in the amount of \$1,385,000 for improvements and extensions to the Town's waterworks and sewer system.

2005-2006 Utility Debt Service Revenues:

Utility Revenues	\$3,748,185
Interest Revenue	<u>25,000</u>
Total Revenues	\$3,773,185

2005-2006 Utility Debt Service Expenditures:

\$3,748,185