

## **Internal Service Funds**

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

*Insurance Fund* - This fund is used to account for insurance and risk management activities of the City, other than health insurance.

*Health Insurance Fund* - This fund is used to account for health insurance activities of the City.

*Engineering Fund* - This account is used to account for engineering services to other City departments.

*Fleet Services Fund* - This fund is used to account for the repair and maintenance of motor vehicles for other City departments.

**City of Waco, Texas**  
**Internal Service Funds**  
Combining Statement of Net Assets  
September 30, 2008  
(With Comparative Totals for September 30, 2007)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2008	2007
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 6,831,848	2,569,058	197,008	328,558	9,926,472	8,067,767
Accounts receivable, net of allowances	-	-	5	69	74	84
Inventories	-	-	-	159,868	159,868	142,130
Total current assets	<u>6,831,848</u>	<u>2,569,058</u>	<u>197,013</u>	<u>488,495</u>	<u>10,086,414</u>	<u>8,209,981</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	24,400	14,400	38,800	38,800
Buildings	48,308	-	-	415,755	464,063	464,063
Improvements other than buildings	-	-	-	118,289	118,289	118,289
Equipment	16,410	-	375,737	709,510	1,101,657	1,117,816
Less: accumulated depreciation	(42,174)	-	(320,590)	(938,430)	(1,301,194)	(1,218,522)
Total capital assets	<u>22,544</u>	<u>-</u>	<u>79,547</u>	<u>319,524</u>	<u>421,615</u>	<u>520,446</u>
Total noncurrent assets	<u>22,544</u>	<u>-</u>	<u>79,547</u>	<u>319,524</u>	<u>421,615</u>	<u>520,446</u>
Total assets	<u>6,854,392</u>	<u>2,569,058</u>	<u>276,560</u>	<u>808,019</u>	<u>10,508,029</u>	<u>8,730,427</u>
<b>Liabilities</b>						
Liabilities:						
Current liabilities:						
Accounts payable	87,635	2,281	5,919	112,384	208,219	153,630
Accrued liabilities	113,444	-	54,767	47,602	215,813	507,363
Unearned revenues	34,648	-	-	-	34,648	34,648
Compensated absences payable	27,665	-	110,994	62,857	201,516	223,208
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	2,582,183	1,379,000	-	-	3,961,183	3,226,436
Total current liabilities	<u>2,845,575</u>	<u>1,381,281</u>	<u>172,218</u>	<u>222,843</u>	<u>4,621,917</u>	<u>4,145,823</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	178,602	178,602	178,602
Compensated absences payable	32,894	-	48,447	-	81,341	154,591
Total noncurrent liabilities	<u>32,894</u>	<u>-</u>	<u>48,447</u>	<u>178,602</u>	<u>259,943</u>	<u>333,193</u>
Total liabilities	<u>2,878,469</u>	<u>1,381,281</u>	<u>220,665</u>	<u>401,445</u>	<u>4,881,860</u>	<u>4,479,016</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	22,544	-	79,547	319,524	421,615	520,446
Unrestricted	3,953,379	1,187,777	(23,652)	87,050	5,204,554	3,730,965
Total net assets	<u>\$ 3,975,923</u>	<u>1,187,777</u>	<u>55,895</u>	<u>406,574</u>	<u>5,626,169</u>	<u>4,251,411</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Internal Service Funds**  
Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Year Ended September 30, 2008  
(With Comparative Totals for Year Ended September 30, 2007)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2008	2007
Operating revenues:						
Charges for services	\$ 3,842,878	9,075,969	1,475,423	1,651,644	16,045,914	15,290,973
Other	-	-	5,667	4,779	10,446	8,719
Total operating revenues	<u>3,842,878</u>	<u>9,075,969</u>	<u>1,481,090</u>	<u>1,656,423</u>	<u>16,056,360</u>	<u>15,299,692</u>
Operating expenses:						
Salaries and wages	330,921	-	885,231	761,851	1,978,003	1,873,799
Employee benefits	113,725	-	340,590	311,789	766,104	716,166
Purchased professional/ technical services	97,211	780,061	996	15,984	894,252	1,115,152
Purchased property services	4,802	-	49,247	2,650	56,699	61,484
Maintenance	2,196	-	45,721	45,430	93,347	78,654
Other purchased services	702,665	-	90,112	48,024	840,801	882,366
Supplies	59,088	-	44,841	95,063	198,992	268,735
Other	2,288,305	7,254,896	186,787	36,034	9,766,022	8,827,191
Depreciation	4,252	-	25,443	75,038	104,733	107,438
Total operating expenses	<u>3,603,165</u>	<u>8,034,957</u>	<u>1,668,968</u>	<u>1,391,863</u>	<u>14,698,953</u>	<u>13,930,985</u>
Operating income (loss)	239,713	1,041,012	(187,878)	264,560	1,357,407	1,368,707
Nonoperating revenues:						
Investment earnings	<u>226,286</u>	<u>63,496</u>	<u>5,408</u>	<u>258</u>	<u>295,448</u>	<u>376,443</u>
Income (loss) before contributions and transfers	465,999	1,104,508	(182,470)	264,818	1,652,855	1,745,150
Capital contributions	-	-	-	5,903	5,903	110,719
Transfers in	-	-	-	-	-	1,001,576
Transfers out	<u>(284,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(284,000)</u>	<u>(995,406)</u>
Change in net assets	181,999	1,104,508	(182,470)	270,721	1,374,758	1,862,039
Total net assets, beginning of year	<u>3,793,924</u>	<u>83,269</u>	<u>238,365</u>	<u>135,853</u>	<u>4,251,411</u>	<u>2,389,372</u>
Total net assets, end of year	<u>\$ 3,975,923</u>	<u>1,187,777</u>	<u>55,895</u>	<u>406,574</u>	<u>5,626,169</u>	<u>4,251,411</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Internal Service Funds**  
Combining Statement of Cash Flows  
Year Ended September 30, 2008  
(With Comparative Totals for Year Ended September 30, 2007)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2008	2007
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 3,842,959	9,075,969	1,481,088	1,656,354	16,056,370	15,301,058
Cash paid to suppliers for goods and services	(2,591,205)	(8,149,063)	(403,564)	(226,232)	(11,370,064)	(11,056,061)
Cash paid to employees for services	(425,206)	-	(1,215,408)	(1,198,435)	(2,839,049)	(2,590,295)
Net cash provided by (used for) operating activities	<u>826,548</u>	<u>926,906</u>	<u>(137,884)</u>	<u>231,687</u>	<u>1,847,257</u>	<u>1,654,702</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfer from other funds	-	-	-	-	-	1,001,576
Transfer to other funds	(284,000)	-	-	-	(284,000)	(995,406)
Payments to other funds	-	-	-	-	-	(585,175)
Net cash used for noncapital financing activities	<u>(284,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(284,000)</u>	<u>(579,005)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets	-	-	-	-	-	(66,048)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,048)</u>
<b>Cash flows from investing activities:</b>						
Investment earnings	226,286	63,496	5,408	258	295,448	376,443
Net cash provided by investing activities	<u>226,286</u>	<u>63,496</u>	<u>5,408</u>	<u>258</u>	<u>295,448</u>	<u>376,443</u>
Net increase (decrease) in cash and cash equivalents	768,834	990,402	(132,476)	231,945	1,858,705	1,386,092
Cash and cash equivalents, beginning of year	6,063,014	1,578,656	329,484	96,613	8,067,767	6,681,675
Cash and cash equivalents, end of year	<u>\$ 6,831,848</u>	<u>2,569,058</u>	<u>197,008</u>	<u>328,558</u>	<u>9,926,472</u>	<u>8,067,767</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>						
Operating income (loss)	\$ 239,713	1,041,012	(187,878)	264,560	1,357,407	1,368,707
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	4,252	-	25,443	75,039	104,734	107,438
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	81	-	(2)	(69)	10	1,366
Inventories	-	-	-	(17,738)	(17,738)	(53,812)
Increase (decrease) in liabilities:						
Accounts payable	23,123	2,281	3,253	25,932	54,589	70,290
Accrued liabilities	(41,252)	(269,943)	10,887	8,758	(291,550)	345,275
Compensated absences payable	19,440	-	10,413	(124,795)	(94,942)	(330)
Estimated claims and judgments	581,191	153,556	-	-	734,747	(184,232)
Net cash provided by (used for) operating activities	<u>\$ 826,548</u>	<u>926,906</u>	<u>(137,884)</u>	<u>231,687</u>	<u>1,847,257</u>	<u>1,654,702</u>
<b>Noncash investing, capital, and financing activities:</b>						
Contributions of capital assets	\$ -	-	-	5,903	5,903	110,719

See accompanying independent auditors' report.

## **Insurance Fund**

**City of Waco, Texas**  
**Insurance Fund**  
Comparative Statements of Net Assets  
September 30, 2008 and 2007

	2008	2007
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 6,831,848	6,063,014
Accounts receivable, net of allowance	-	81
Total current assets	6,831,848	6,063,095
Noncurrent assets:		
Capital assets:		
Buildings	48,308	48,308
Equipment	16,410	16,410
Less: accumulated depreciation	(42,174)	(37,922)
Total capital assets	22,544	26,796
Total assets	6,854,392	6,089,891
<b>Liabilities</b>		
Liabilities:		
Current liabilities:		
Accounts payable	87,635	64,512
Accrued liabilities	113,444	154,696
Unearned revenue	34,648	34,648
Compensated absences payable	27,665	28,814
Estimated claims and judgments	2,582,183	2,000,992
Total current liabilities	2,845,575	2,283,662
Noncurrent liabilities:		
Compensated absences payable	32,894	12,305
Total noncurrent liabilities	32,894	12,305
Total liabilities	2,878,469	2,295,967
<b>Net Assets</b>		
Invested in capital assets, net of related debt	22,544	26,796
Unrestricted	3,953,379	3,767,128
Total net assets	\$ 3,975,923	3,793,924

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Insurance Fund**  
Comparative Statements of Revenues, Expenses and  
Changes in Fund Net Assets  
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 3,842,878	3,640,130
Total operating revenues	<u>3,842,878</u>	<u>3,640,130</u>
Operating expenses:		
Salaries and wages	330,921	301,160
Employee benefits	113,725	104,163
Purchased professional/technical services	97,211	106,440
Purchased property services	4,802	8,025
Maintenance	2,196	2,204
Other purchased services	702,665	749,873
Supplies	59,088	135,002
Other	2,288,305	1,672,091
Depreciation	4,252	4,252
Total operating expenses	<u>3,603,165</u>	<u>3,083,210</u>
Operating income	<u>239,713</u>	<u>556,920</u>
Nonoperating revenues:		
Investment earnings	226,286	332,518
Total nonoperating revenues	<u>226,286</u>	<u>332,518</u>
Income before transfers	465,999	889,438
Transfers out	<u>(284,000)</u>	<u>(995,406)</u>
Change in net assets	181,999	(105,968)
Total net assets, beginning of year	<u>3,793,924</u>	<u>3,899,892</u>
Total net assets, end of year	<u>\$ 3,975,923</u>	<u>3,793,924</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Insurance Fund**  
Comparative Statements of Cash Flows  
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,842,959	3,640,130
Cash paid to suppliers for goods and services	(2,591,205)	(2,600,701)
Cash paid to employees for services	(425,206)	(383,334)
Net cash provided by operating activities	<u>826,548</u>	<u>656,095</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	(284,000)	(995,406)
Net cash used for noncapital financing activities	<u>(284,000)</u>	<u>(995,406)</u>
Cash flows from investing activities:		
Investment earnings	226,286	332,518
Net cash provided by investing activities	<u>226,286</u>	<u>332,518</u>
Net increase (decrease) in cash and cash equivalents	768,834	(6,793)
Cash and cash equivalents, beginning of year	<u>6,063,014</u>	<u>6,069,807</u>
Cash and cash equivalents, end of year	<u>\$ 6,831,848</u>	<u>6,063,014</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 239,713	556,920
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,252	4,252
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	81	-
Increase (decrease) in liabilities:		
Accounts payable	23,123	25,833
Accrued liabilities	(41,252)	74,777
Compensated absences payable	19,440	21,989
Estimated claims and judgments	581,191	(27,676)
Net cash provided by operating activities	<u>\$ 826,548</u>	<u>656,095</u>

See accompanying independent auditors' report.

## **Health Insurance Fund**

**City of Waco, Texas**  
**Health Insurance Fund**  
Comparative Statements of Net Assets  
September 30, 2008 and 2007

	2008	2007
<b>Assets</b>		
Assets:		
Current assets:		
Cash and investments	\$ 2,569,058	1,578,656
Total current assets	2,569,058	1,578,656
Total assets	2,569,058	1,578,656
<b>Liabilities</b>		
Liabilities:		
Current liabilities:		
Accounts payable	2,281	-
Accrued liabilities	-	269,943
Estimated claims	1,379,000	1,225,444
Total current liabilities	1,381,281	1,495,387
Total liabilities	1,381,281	1,495,387
<b>Net Assets</b>		
Unrestricted	1,187,777	83,269
Total net assets	\$ 1,187,777	83,269

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Health Insurance Fund**  
Comparative Statements of Revenues, Expenses and  
Changes in Fund Net Assets  
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 9,075,969	8,890,933
Total operating revenues	<u>9,075,969</u>	<u>8,890,933</u>
Operating expenses:		
Purchased professional/technical services	780,061	953,542
Other	7,254,896	6,882,607
Total operating expenses	<u>8,034,957</u>	<u>7,836,149</u>
Operating income	<u>1,041,012</u>	<u>1,054,784</u>
Nonoperating revenues:		
Investment earnings	63,496	28,485
Total nonoperating revenues	<u>63,496</u>	<u>28,485</u>
Income before transfers	1,104,508	1,083,269
Transfers in	<u>-</u>	<u>967,401</u>
Change in net assets	1,104,508	2,050,670
Total net assets, beginning of year	<u>83,269</u>	<u>(1,967,401)</u>
Total net assets, end of year	<u>\$ 1,187,777</u>	<u>83,269</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Health Insurance Fund**  
Comparative Statements of Cash Flows  
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 9,075,969	8,890,933
Cash paid to suppliers for goods and services	(8,149,063)	(7,722,988)
Net cash provided by operating activities	926,906	1,167,945
Cash flows from noncapital financing activities:		
Transfer from other funds	-	967,401
Payments to other funds	-	(585,175)
Net cash provided by noncapital financing activities	-	382,226
Cash flows from investing activities:		
Investment earnings	63,496	28,485
Net cash provided by investing activities	63,496	28,485
Net increase in cash and cash equivalents	990,402	1,578,656
Cash and cash equivalents, beginning of year	1,578,656	-
Cash and cash equivalents, end of year	\$ 2,569,058	1,578,656
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,041,012	1,054,784
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in liabilities:		
Increase (decrease) in liabilities:		
Accounts payable	2,281	(226)
Accrued liabilities	(269,943)	269,943
Estimated claims	153,556	(156,556)
Net cash provided by operating activities	\$ 926,906	1,167,945

See accompanying independent auditors' report.

## **Engineering Fund**

**City of Waco, Texas**  
**Engineering Fund**  
Comparative Statements of Net Assets  
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 197,008	329,484
Accounts receivable, net of allowance	<u>5</u>	<u>3</u>
Total current assets	<u>197,013</u>	<u>329,487</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	375,737	375,737
Less: accumulated depreciation	<u>(320,590)</u>	<u>(295,147)</u>
Total capital assets	<u>79,547</u>	<u>104,990</u>
Total assets	<u>276,560</u>	<u>434,477</u>
<b>Liabilities</b>		
Liabilities:		
Current liabilities:		
Accounts payable	5,919	2,666
Accrued liabilities	54,767	43,880
Compensated absences payable	110,994	97,942
Escrow funds	<u>538</u>	<u>538</u>
Total current liabilities	<u>172,218</u>	<u>145,026</u>
Noncurrent liabilities:		
Compensated absences payable	<u>48,447</u>	<u>51,086</u>
Total noncurrent liabilities	<u>48,447</u>	<u>51,086</u>
Total liabilities	<u>220,665</u>	<u>196,112</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	79,547	104,990
Unrestricted	<u>(23,652)</u>	<u>133,375</u>
Total net assets	<u>\$ 55,895</u>	<u>238,365</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Engineering Fund**  
Comparative Statements of Revenues, Expenses  
and Changes in Fund Net Assets  
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 1,475,423	1,354,493
Other	5,667	7,452
Total operating revenues	<u>1,481,090</u>	<u>1,361,945</u>
Operating expenses:		
Salaries and wages	885,231	822,046
Employee benefits	340,590	315,323
Purchased professional/technical services	996	41,084
Purchased property services	49,247	48,281
Maintenance	45,721	40,758
Other purchased services	90,112	80,931
Supplies	44,841	46,239
Other	186,787	127,056
Depreciation	25,443	32,957
Total operating expenses	<u>1,668,968</u>	<u>1,554,675</u>
Operating loss	<u>(187,878)</u>	<u>(192,730)</u>
Nonoperating revenues:		
Investment earnings	5,408	15,381
Total nonoperating revenues	<u>5,408</u>	<u>15,381</u>
Loss before capital contributions and transfers	(182,470)	(177,349)
Transfers in	-	20,035
Capital contributions	-	27,906
Change in net assets	(182,470)	(129,408)
Total net assets, beginning of year	<u>238,365</u>	<u>367,773</u>
Total net assets, end of year	<u>\$ 55,895</u>	<u>238,365</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Engineering Fund**  
Comparative Statements of Cash Flows  
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,481,088	1,361,942
Cash paid to suppliers for goods and services	(403,564)	(383,424)
Cash paid to employees for services	<u>(1,215,408)</u>	<u>(1,161,541)</u>
Net cash used for operating activities	<u>(137,884)</u>	<u>(183,023)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	<u>-</u>	<u>20,035</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>20,035</u>
Cash flows from investing activities:		
Investment earnings	<u>5,408</u>	<u>15,381</u>
Net cash provided by investing activities	<u>5,408</u>	<u>15,381</u>
Net decrease in cash and cash equivalents	(132,476)	(147,607)
Cash and cash equivalents, beginning of year	<u>329,484</u>	<u>477,091</u>
Cash and cash equivalents, end of year	<u>\$ 197,008</u>	<u>329,484</u>
<b>Reconciliation of operating loss to net cash used for operating activities:</b>		
Operating loss	\$ (187,878)	(192,730)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	25,443	32,957
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(2)	(3)
Increase (decrease) in liabilities:		
Accounts payable	3,253	31
Accrued liabilities	10,887	894
Compensated absences payable	<u>10,413</u>	<u>(24,172)</u>
Net cash used for operating activities	<u>\$ (137,884)</u>	<u>(183,023)</u>
<b>Noncash investing, capital, and financing activities:</b>		
Contributions of capital assets	<u>\$ -</u>	<u>27,906</u>

See accompanying independent auditors' report.

## **Fleet Services Fund**

**City of Waco, Texas**  
**Fleet Services Fund**  
Comparative Statements of Net Assets  
September 30, 2008 and 2007

	2008	2007
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 328,558	96,613
Accounts receivable, net of allowance	69	-
Inventory	159,868	142,130
Total current assets	488,495	238,743
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	415,755	415,755
Improvements other than buildings	118,289	118,289
Equipment	709,510	725,669
Less: accumulated depreciation	(938,430)	(885,453)
Total capital assets	319,524	388,660
Total assets	808,019	627,403
<b>Liabilities</b>		
Liabilities:		
Current liabilities:		
Accounts payable	112,384	86,452
Accrued liabilities	47,602	38,844
Compensated absences payable	62,857	96,452
Total current liabilities	222,843	221,748
Noncurrent liabilities:		
Advances from other funds	178,602	178,602
Compensated absences payable	-	91,200
Total noncurrent liabilities	178,602	269,802
Total liabilities	401,445	491,550
<b>Net Assets</b>		
Invested in capital assets, net of related debt	319,524	388,660
Unrestricted	87,050	(252,807)
Total net assets	\$ 406,574	135,853

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Fleet Services Fund**  
Comparative Statements of Revenues, Expenses  
and Changes in Fund Net Assets  
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 1,651,644	1,405,417
Other	<u>4,779</u>	<u>1,267</u>
Total operating revenues	<u>1,656,423</u>	<u>1,406,684</u>
 Operating expenses:		
Salaries and wages	761,851	750,593
Employee benefits	311,789	296,680
Purchased professional/technical services	15,984	14,086
Purchased property services	2,650	5,178
Maintenance	45,430	35,692
Other purchased services	48,024	51,562
Supplies	95,063	87,494
Other	36,034	145,437
Depreciation	<u>75,038</u>	<u>70,229</u>
Total operating expenses	<u>1,391,863</u>	<u>1,456,951</u>
 Operating income (loss)	<u>264,560</u>	<u>(50,267)</u>
 Nonoperating revenues:		
Investment earnings	<u>258</u>	<u>59</u>
Total nonoperating revenues	<u>258</u>	<u>59</u>
 Income (loss) before contributions and transfers	264,818	(50,208)
 Capital contributions	5,903	82,813
Transfers in	<u>-</u>	<u>14,140</u>
 Change in net assets	270,721	46,745
 Total net assets, beginning of year	<u>135,853</u>	<u>89,108</u>
 Total net assets, end of year	<u>\$ 406,574</u>	<u>135,853</u>

See accompanying independent auditors' report.

**City of Waco, Texas**  
**Fleet Services Fund**  
Comparative Statements of Cash Flows  
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 1,656,354	1,408,053
Cash paid to suppliers for goods and services	(226,232)	(348,948)
Cash paid to employees for services	(1,198,435)	(1,045,420)
Net cash provided by operating activities	231,687	13,685
Cash flows from noncapital financing activities:		
Transfer from other funds	-	14,140
Net cash provided by noncapital financing activities	-	14,140
Cash flows from capital and related financing activities		
Acquisition of capital assets	-	(66,048)
Net cash used for capital and related financing activities	-	(66,048)
Cash flows from investing activities		
Investment earnings	258	59
Net cash provided by investing activities	258	59
Net increase (decrease) in cash and cash equivalents	231,945	(38,164)
Cash and cash equivalents, beginning of year	96,613	134,777
Cash and cash equivalents, end of year	\$ 328,558	96,613
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 264,560	(50,267)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	75,039	70,229
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(69)	1,369
Inventory	(17,738)	(53,812)
Increase (decrease) in liabilities:		
Accounts payable	25,932	44,652
Accrued liabilities	8,758	(339)
Compensated absences payable	(124,795)	1,853
Net cash provided by operating activities	\$ 231,687	13,685
<b>Noncash investing, capital, and financing activities:</b>		
Contributions of capital assets	\$ 5,903	82,813

See accompanying independent auditors' report.

## **Agency Funds**

***Urban Renewal Agency Fund*** - This fund is used to account for receipts and disbursements related to land sales for the Urban Renewal Agency.

***Heart of Texas Housing Finance Corporation Fund*** - This fund is used to account for receipts and disbursements for the Heart of Texas Housing Finance Corporation established as a mechanism to issue tax-exempt debt.

***Waco Public Improvement District No. 2 Fund*** - This fund is used to account for receipts and disbursements of funds on behalf of property owners related to drainage infrastructure improvements in the District.

**City of Waco, Texas**  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended September 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>Urban Renewal Agency Fund</u></b>				
Assets:				
Cash and investments	\$ <u>54,313</u>	<u>1,846</u>	<u>-</u>	<u>56,159</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>54,313</u>	<u>1,846</u>	<u>-</u>	<u>56,159</u>
<b><u>Heart of Texas Housing Finance Corporation Fund</u></b>				
Assets:				
Cash and investments	\$ 1,819,228	43,092	79,590	1,782,730
Note receivable	<u>25,000</u>	<u>75,000</u>	<u>-</u>	<u>100,000</u>
Total assets	\$ <u>1,844,228</u>	<u>118,092</u>	<u>79,590</u>	<u>1,882,730</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>1,844,228</u>	<u>118,092</u>	<u>79,590</u>	<u>1,882,730</u>
<b><u>Waco Public Improvement District No. 2 Fund</u></b>				
Assets:				
Cash and investments	\$ <u>7,778</u>	<u>368,007</u>	<u>365,549</u>	<u>10,236</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>7,778</u>	<u>368,007</u>	<u>365,549</u>	<u>10,236</u>
<b><u>All Agency Funds</u></b>				
Assets:				
Cash and investments	\$ 1,881,319	412,945	445,139	1,849,125
Note receivable	<u>25,000</u>	<u>75,000</u>	<u>-</u>	<u>100,000</u>
Total assets	\$ <u>1,906,319</u>	<u>487,945</u>	<u>445,139</u>	<u>1,949,125</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>1,906,319</u>	<u>487,945</u>	<u>445,139</u>	<u>1,949,125</u>

See accompanying independent auditors' report.