

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2009



CITY OF WACO

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January 27, 2010

Honorable Mayor and Members of the City Council
City of Waco, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Waco (the City) for the fiscal year ended September 30, 2009, including the independent auditors' report, is hereby submitted. This CAFR is published to provide the Mayor and City Council, City staff, our citizens, our bond holders and other interested parties with detailed information concerning the financial condition and activities of the City government.

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

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The City Charter requires an annual audit by independent certified public accountants. The Waco City Council selected the accounting firm of Jaynes, Reitmeier, Boyd & Therrell, P.C. In addition to meeting the requirements set forth in the City Charter, the audit also was designed to meet the requirements of the federal Single Audit Act and related OMB Circular A-133. The independent auditors' report is presented in the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit*

Organizations. As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal award programs, as well as to determine that the City has complied with applicable laws and regulations. The independent auditors' reports related specifically to the single audit are included in separate single audit reports.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF WACO

Today, the Waco area is rich in Texana. Waco is the 21st largest city in Texas and the county seat of McLennan County, which has an area of more than 1,000 square miles. Historically, the City has been a trade and agricultural center for the Central Texas region. Efforts by the community's leadership over the past several years have led to diversification in the regional economy, a major factor contributing to significant improvement in growth and development.

The City of Waco operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and five Council Members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing citizens to boards and committees and hiring the City Manager, City Attorney, Municipal Judge, and City Secretary. 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 government, and for hiring the heads of the various departments.

Council Members are elected by single-member districts on a non-partisan basis to serve two-year terms. The Mayor is elected at-large and serves no more than three two-year terms. Elections for position of Mayor and two Council Member positions are held in even-numbered years while elections for three Council Member positions are held in odd-numbered years.

The City provides the following services as authorized by its charter: public safety, highways and streets, health and social services, cultural and recreational services, public improvements, planning and zoning and general administrative services. In addition to general government activities, the City provides water, wastewater and solid waste services, a municipal airport, a public transit system and a convention center. The City also is financially accountable for two legally separate entities, both of which are reported separately within the City's financial statements. Additional information on these legally separate entities can be found in the notes to the financial statements. (See Note I.A.)

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual, appropriated budgets are adopted for the General Fund, Health Programs Fund and General Obligation Debt Fund. All annual appropriations lapse at fiscal year-end. Also, project-length financial plans are employed for all Capital Projects Funds and the Grant Fund.

Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed

expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of a resolution.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Waco is the approximate geographic center of Texas' population and is often referred to as the "Heart of Texas." At the confluence of the Bosque River and the 890-mile Brazos River, Waco lies between the three largest cities in the state: 90 miles south of Dallas, 200 miles northwest of Houston and 180 miles northeast of San Antonio. It is less than 100 miles from the State Capitol in Austin. The City sits on the rich southern agricultural Blackland Prairie on the east and cattle country of the rolling Grand Prairie on the west.

The central location in the state makes the City commercially attractive as a distribution center. Waco straddles the major north/south route of Interstate 35, "the Main Street of Texas," which stretches from Laredo at the Mexican border to Duluth, Minnesota. The "port-to-plains" route of State Highway 6 crosses Waco east to west, leading from the Gulf Coast to the West Texas High Plains.

Economic experts predict a bright future for Waco because of the diversification of the manufacturing industry, influx of high technology companies, stability in the financial sector, availability of diverse higher education opportunities and steady population growth. Waco will continue to attract new industry because the City provides a high quality labor force, attractive real estate opportunities, favorable tax treatment and abundant natural resources.

Waco's sources of basic income are primarily from manufacturing, educational services and tourism, according to Baylor University's Center for Economic Research. Any fluctuations in Waco's historically stable economy have originated in the manufacturing base. Waco's top ten taxpayers include a candy manufacturer, a soft drink bottler, an aircraft components manufacturer, and an eye care products manufacturer. Additionally, there are electric and telephone utility companies. The top five employers are education, government, healthcare or manufacturing related.

The educational sector contributes significantly to the City's economic stability. Waco is the home of Baylor University, a private university with an enrollment of approximately 14,500. Baylor offers undergraduate degrees in 151 fields, 76 masters degree programs and 30 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 8,000 students. MCC offers a comprehensive range of educational programs including associate's degree programs, workforce development training and continuing education courses. Additionally, several bachelor's and master's degree programs are available on the MCC campus through partnerships with six state universities. With enrollment of over 4,500, Texas State Technical College offers over 100 associate's degrees and certificates in a variety of engineering-related and emerging technology fields, preparing a workforce to meet the demands of industry and business.

The Waco Metropolitan Statistical Area (MSA) covers 1,000 square miles. The City encompasses 99 square miles, including 12 square miles of water, within the Waco corporate

limits. The average Waco MSA civilian labor force grew 2.1% from 111,171 in 2004 to 113,453 by the end of 2009. Total employment at the end of 2008 was 105,374 while the unemployment rate was 7.1%.

Long-term Financial Planning

Unreserved, undesignated fund balance in the general fund (15.26 percent of fiscal year 2010 budgeted expenditures) falls within the financial management policy guidelines set by the City Council. The City Council plans to continue using this target to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The City's five-year Capital Improvement Program is a plan for both long-term and short-term capital needs. Debt payments are structured to provide that capital assets funded by debt have a longer life than the debt associated with those assets. Regarding general obligation debt, the City has followed a policy of structuring new debt issue payment schedules to maintain declining debt payment structures to keep tax increases at a minimum. An objective, analytical approach is applied to determine whether the City can afford to assume new debt beyond the amount it retires each year.

Relevant Financial Policies

In addition to the general fund balance financial policy mentioned above, the City also strives to maintain a positive unrestricted net assets position in the City's water, wastewater and solid waste funds to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the minimum working capital shall be 30 percent of annual revenues. The working capital percentages at September 30, 2009, for the water, wastewater and solid waste funds were 47.0%, 52.5% and 45.5%, respectively.

Major initiatives

In 2007, voter's approved a \$63 million bond election to provide for improvements to many City facilities. These projects, which include the Convention Center and police headquarters, among others, are in different stages of design and construction. The City expects the projects to be completed in the next two to three years.

A zoo exhibit and a potential national monument opened within the last 18 months that the City expects will contribute significantly to its economic development. The Waco Mammoth Site (the Site), which contains the largest known collection of Columbian mammoths that died in a single event, opened to the public in December 2009. The Site is in the process of getting incorporated into the National Park Service with the legislation expected to go to the Senate for a vote in early 2010. The Asian Forest exhibit opened in August 2008. With a zoo admission fee increase and more visitors expected from the new exhibit, the City anticipates a \$300,000 reduction in general fund support.

In an effort to address water quality and the aesthetic components of the City's water, major components of the dissolved air flotation (DAF) treatment plant are expected to be operational by mid-summer 2010. The entire project of \$53 million is expected to be complete in early 2011.

Financial Information

Information on the City's general accounting policies and budgetary controls is provided in the Notes to the Financial Statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waco for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the 27th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine our eligibility for another certificate.

The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2008 and the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2008.

The preparation of the CAFR was made possible by the dedicated service of the City staff. Members of various City departments exhibited true team spirit, and each one has our sincere appreciation for the contributions made in the preparation of this report.

We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

In closing, without the leadership and support of the governing body of the City of Waco, preparation of this report would not have been possible.

Respectfully submitted,



Larry D. Groth, P.E.
City Manager



Janice Andrews, CPA
Director of Finance



CITY OF WACO

Mayor & City Council
Policy
Mayor Virginia DuPuy
Mayor Pro Tem Wilbert Austin,
Alice Rodriguez, Randy H. Riggs,
Toni Herbert, Jim Bush

City Attorney

Leah Hayes

City Manager

Larry D. Groth, P.E.
City Manager
Responsibilities:
General Administration
Budget/ Internal Audit, Municipal
Information, Police, Fire

City Secretary

Patricia W. Ervin

**Municipal Court
Judge**

John Roberts

Wiley Stem, III
Assistant City Manager
Responsibilities:

Utilities	
• Water	
• Wastewater	
• WMARSS	Planning
General Services	Building Inspection
• Fleet	Human Resources
• Purchasing	Risk Management
• Facilities	Parks & Recreation
Public Works	
• Engineering/GIS	
• Traffic	
• Streets	
Solid Waste	

George Johnson, Jr.
Assistant City Manager
Responsibilities:

- Waco Regional Airport
- Cameron Park Zoo
- Economic Development
- Waco Transit
- Ranger Hall of Fame & Museum
- Library
- Convention Center & Visitors Services
- Health
- Finance
- Housing
- Information Technology

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waco
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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 stylized, handwritten signature in black ink, appearing to be "J.R. Emer".

President

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

Executive Director



City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2009

MAYOR

Virginia DuPuy

CITY COUNCIL

Wilbert Austin, Mayor Pro Tem
Alice Rodriguez
Randy Riggs
Toni Herbert
Jim Bush

CITY MANAGER

Larry D. Groth, P.E.

ASSISTANT CITY MANAGERS

Wiley Stem, III
George Johnson, Jr.

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

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Financial Section





Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Waco, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of and for the year ended September 30, 2009, 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 Waco, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 January 27, 2010, on our consideration of the City of Waco, 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 7 through 17 is not a required part of the basic financial statements but is 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 Waco, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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 section and statistical section 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.

Jaynes, Reitmeyer, Boyd & Threlkoff, P.C.

January 27, 2010

Management's Discussion and Analysis



Management's Discussion and Analysis

As management of the City of Waco (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages xi through xv of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of September 30, 2009 by \$452,923,128 (net assets). Of this amount \$62,028,266 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$18,340,856.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$122,637,501. Of this amount, \$104,826,946 are unreserved fund balances available for use within the City's fund designation and fiscal policies.
- As of September 30, 2009, unreserved, undesignated fund balance for the General Fund was \$14,769,233 or 15.26% of the 2010 budgeted general fund expenditures and other financing uses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements, which begin on page 21 of this report, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety, culture and recreation, public health, and housing and community development. The business-type activities of the City include water, wastewater, solid waste, airport, convention services, Ranger Hall of Fame, Cameron Park Zoo, transit services, and Cottonwood Creek Golf Course.

The government-wide financial statements can be found on pages 21 – 23 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 24 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund and the 2007 general obligation bond issue fund, both of which are considered major funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report.

Proprietary funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, wastewater, solid waste, airport, convention services, Ranger Hall of Fame, Cameron Park Zoo, transit services, and Cottonwood Creek Golf Course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions.

The City uses its internal service funds to account for its risk management, health insurance, engineering, and fleet services. These internal service functions have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 36 of this report provide separate information for the water, wastewater, and solid waste enterprise funds since these are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resource of these funds is not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Statement of Fiduciary Net Assets can be found on page 41 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 83 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that further support the information in the financial statements. The combining and individual fund statements and schedules are presented immediately following the notes to the financial statements beginning on page 89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the government’s financial position. In the case of the City of Waco, assets exceeded liabilities by \$452,923,128 as of September 30, 2009.

The largest portion of the City’s net assets (\$366,443,805) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, infrastructure and water rights), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Waco
Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 154,061,985	154,386,344	138,328,417	184,274,772	292,390,402	338,661,116
Capital assets	<u>214,969,322</u>	<u>209,404,603</u>	<u>364,362,736</u>	<u>316,185,624</u>	<u>579,332,058</u>	<u>525,590,227</u>
Total assets	<u>369,031,307</u>	<u>363,790,947</u>	<u>502,691,153</u>	<u>500,460,396</u>	<u>871,722,460</u>	<u>864,251,343</u>
Long-term liabilities	105,598,926	109,583,635	251,126,372	262,911,807	356,725,298	372,495,442
Other liabilities	<u>30,946,989</u>	<u>30,014,868</u>	<u>31,127,045</u>	<u>27,158,761</u>	<u>62,074,034</u>	<u>57,173,629</u>
Total liabilities	<u>136,545,915</u>	<u>139,598,503</u>	<u>282,253,417</u>	<u>290,070,568</u>	<u>418,799,332</u>	<u>429,669,071</u>
Net assets:						
Invested in capital assets, net of related debt	189,356,463	180,681,310	177,087,342	166,834,594	366,443,805	347,515,904
Restricted	23,909,145	22,371,142	541,912	1,679,769	24,451,057	24,050,911
Unrestricted	<u>19,219,784</u>	<u>21,139,992</u>	<u>42,808,482</u>	<u>41,875,465</u>	<u>62,028,266</u>	<u>63,015,457</u>
Total net assets	<u>\$ 232,485,392</u>	<u>224,192,444</u>	<u>220,437,736</u>	<u>210,389,828</u>	<u>452,923,128</u>	<u>434,582,272</u>

A portion of the City's net assets (\$24,451,057) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$62,028,266) of unrestricted net assets may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fund designation and fiscal policies.

As of September 30, 2009, the City has positive balances in all three categories of net assets, both for the City as a whole, as well as for its governmental and business-type activities separately. The same situation held true for the prior fiscal year.

The government's net assets increased \$18,340,856 during the current fiscal year.

Analysis of the City's operations – The following table provides a summary of the City's operations for the year ended September 30, 2009. Governmental activities increased the City's net assets by \$8,292,948, accounting for 45% of the total growth in net assets. Business-type activities increased the City's net assets by \$10,047,908, accounting for 55% of the total growth in net assets.

City of Waco Changes in Net Assets

	Year Ended September 30,					
	2009			2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 6,030,790	80,047,752	86,078,542	7,064,576	79,511,205	86,575,781
Operating grants and contributions	9,079,411	2,798,677	11,878,088	9,497,125	3,226,837	12,723,962
Capital grants and contributions	5,626,382	4,879,547	10,505,929	7,276,849	8,716,987	15,993,836
General revenues:						
Ad valorem taxes	50,108,146	-	50,108,146	46,283,171	-	46,283,171
Sales taxes	27,714,013	-	27,714,013	28,077,887	-	28,077,887
Franchise taxes	13,663,140	-	13,663,140	13,997,454	-	13,997,454
Hotel/motel taxes	-	1,703,650	1,703,650	-	1,688,943	1,688,943
Other taxes	622,254	-	622,254	587,971	-	587,971
Investment earnings	6,294,110	997,329	7,291,439	10,319,788	1,528,629	11,848,417
Gain on sale of capital assets	-	260,073	260,073	-	-	-
Miscellaneous	406,229	-	406,229	415,851	-	415,851
Total revenues	119,544,475	90,687,028	210,231,503	123,520,672	94,672,601	218,193,273
Expenses:						
General government	12,551,827	-	12,551,827	12,108,481	-	12,108,481
Public works	12,790,151	-	12,790,151	11,695,922	-	11,695,922
Public safety	57,560,461	-	57,560,461	53,186,019	-	53,186,019
Culture and recreation	14,919,136	-	14,919,136	13,853,365	-	13,853,365
Public health	6,901,123	-	6,901,123	6,456,840	-	6,456,840
Housing and community development	2,808,221	-	2,808,221	2,890,693	-	2,890,693
Interest on long-term debt	4,547,034	-	4,547,034	4,863,843	-	4,863,843
Water	-	30,491,638	30,491,638	-	28,972,544	28,972,544
Wastewater	-	17,437,188	17,437,188	-	15,675,737	15,675,737
Solid waste	-	13,267,207	13,267,207	-	13,181,427	13,181,427
Airport	-	2,402,041	2,402,041	-	2,230,237	2,230,237
Convention services	-	2,859,538	2,859,538	-	2,779,599	2,779,599
Ranger Hall of Fame	-	1,141,497	1,141,497	-	1,363,820	1,363,820
Cameron Park Zoo	-	3,968,217	3,968,217	-	3,545,604	3,545,604
Transit services	-	6,325,930	6,325,930	-	5,980,396	5,980,396
Cottonwood Creek Golf Course	-	1,919,438	1,919,438	-	1,812,962	1,812,962
Total expenses	112,077,953	79,812,694	191,890,647	105,055,163	75,542,326	180,597,489
Increase in net assets before transfers	7,466,522	10,874,334	18,340,856	18,465,509	19,130,275	37,595,784
Transfers	826,426	(826,426)	-	443,337	(443,337)	-
Increase in net assets	8,292,948	10,047,908	18,340,856	18,908,846	18,686,938	37,595,784
Net assets, beginning of year	224,192,444	210,389,828	434,582,272	205,283,598	191,702,890	396,986,488
Net assets, end of year	\$ 232,485,392	220,437,736	452,923,128	224,192,444	210,389,828	434,582,272

Governmental activities – Key elements of the increase in governmental net assets include:

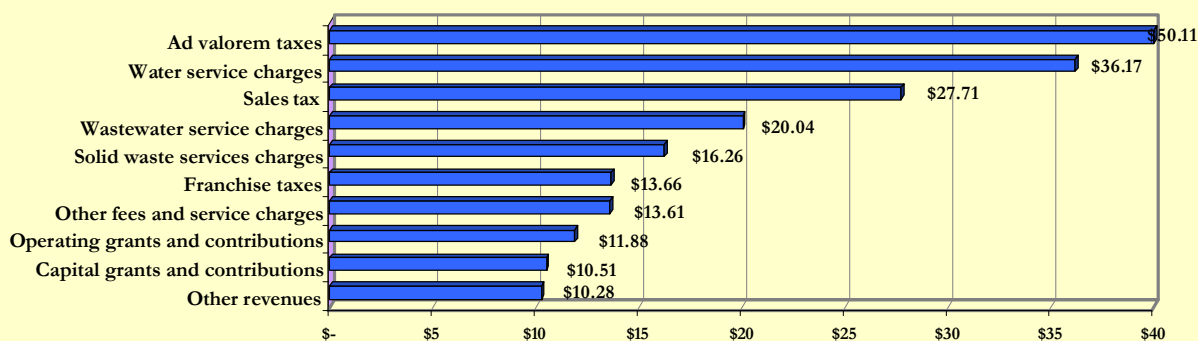
- Ad valorem taxes increased \$3,824,975 (8.26%), the result of a 7.14% growth in the property tax base.
- Investment earnings decreased over \$4 million (39.01%) primarily as a result of interest rates. Also contributing to this was the net decrease of \$6 million in capital project funds available for investment. This decrease was the result of no new bond proceeds received in fiscal year 2009 and the continued expenditures on planned capital projects. The City did not issue new bonds in fiscal year 2009 due to the uncertainty in the bond market. Bond funds are reported in a major capital projects fund and nonmajor governmental funds.
- Overall, governmental expenses increased \$7,022,790 (6.68%) primarily due to an across-the-board salary increase of 5% for all employees and increased employee benefit costs for pension and health insurance. The City's retirement system, Texas Municipal Retirement System (TMRS) made significant changes in actuarial assumptions and funding methodology used in calculating their member cities' contribution rates for 2009. This increase in the TMRS contribution rate and health insurance increased the City's fiscal year 2009 operating budget for governmental activities by approximately \$1.2 million. Public safety, which reports the largest number of employees, reflects the across-the-board salary increase and benefit cost increase. Public safety expenses increased \$4,374,442 (8.22%). In addition to the across-the-board raise, some public safety employees received step pay increases based on rank and service time.

Business-type activities – Key elements of the increase in business-type net assets include:

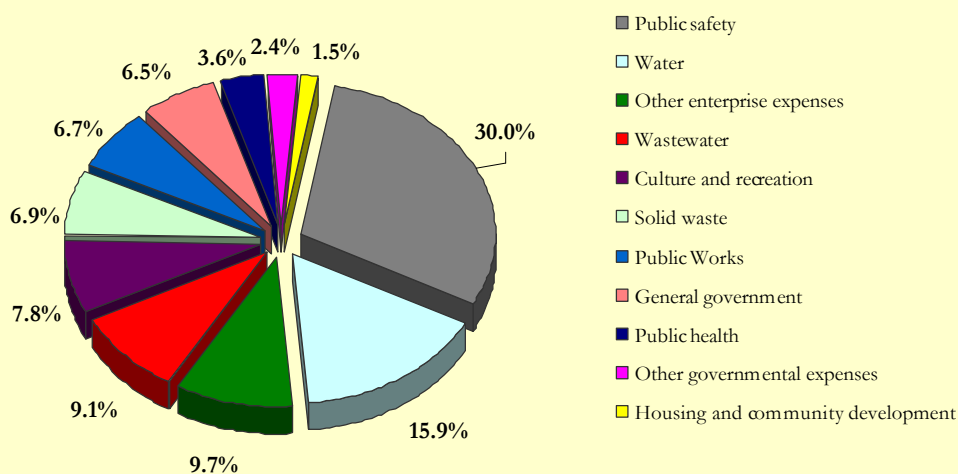
- Charges for services increased a modest \$536,547 (.7%). Fiscal year 2009 was the first year in several years that no rate increases for residential, commercial and industrial water and wastewater customers were included in the budget.
- Capital grants and contributions decreased \$3,837,440 (44%) due primarily to contributions that were reported in the prior year for a major exhibit at the zoo and capital grants for airport improvements reported in the prior year.
- For the most part, increases in expenses closely paralleled inflation and demand for services with total expenses increasing \$4,270,368 (5.65%). The primary components of the increases were the across-the-board salary increase of 5% for employees and increased benefit costs for TMRS and health insurance.

Government-wide activities – Total government-wide activities for 2009 are depicted in the graphs below:

Revenues by Source (in \$ millions)



Expenses by Activity (Percent of Total)



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Waco's governmental funds reported combined ending fund balances of \$122,637,501. Approximately 85% of this total amount (\$104,826,946) constitutes unreserved fund balance. The remainder of the fund balance (\$17,810,555) is

reserved to indicate that it is not available for new spending because it has already been committed to pay for encumbrances or debt service or to provide for other items. Refer to page 24 of this report for a more detailed presentation of governmental fund balances.

The fund balance of the City's general fund reported a reduction of \$1,370,428 during the current fiscal year. This was primarily due to planned utilization of fund balance that had been designated for capital improvements and the 2009 budget. The amount of undesignated, unreserved fund balance increased by \$462,260. Total revenues in the general fund increased \$2,070,347 as compared to prior year and were \$436,305 greater than budgeted. Key factors in general fund revenue are as follows:

- Growth in net taxable assessed property valuation of 7.14% from new construction, annexations, and increased appraisal values is reflected in the \$3.1 million increase in property tax revenue. This revenue source represented over 38% of total general fund revenues.
- Sales tax revenue reported a \$363,874 decrease as compared to prior year, but actual collections were very close to the amount budgeted for the fiscal year. This revenue source represents almost 31% of total general fund revenues.
- Gross receipts fees also reported a \$344,345 decrease as compared to fiscal year 2008 collections. Over 15% of total general fund revenues came from gross receipts fees which had been expected to decrease and had been budgeted very conservatively.

The fund balance of the 2007 General Obligation Bond Issue Fund decreased \$2,669,272 as work on the bond projects continued to progress. The citizens of Waco approved a \$63 million bond election in May 2007. The bonds were issued in July 2007 and are being used to fund capital improvements for police, fire, parks, library, convention center, and the Texas Ranger museum. The capital project fund used to account for this bond issue met the criteria to be reported as a major governmental fund. Investment earnings decreased for this fund by \$200,633 due to the lower cash balances in the fund and interest rates. Expenditures of \$5 million for capital outlay were comparable to the fiscal year 2008 level.

Proprietary funds - The City's proprietary fund statements beginning on page 36 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective major proprietary funds are Water - \$20,925,573, Wastewater - \$17,098,438, and Solid Waste - \$5,432,903. These funds experienced increases in total net assets during 2009 as follows: Water - \$2,388,127, Wastewater - \$2,837,790, and Solid Waste - \$2,589,284.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$4,197,481. The primary differences can be briefly summarized as follows:

- \$1,770,000 increase for adopted capital improvement program projects in lieu of issuing bonds.
- \$974,636 for increases for funds allocated to the Texas Ranger Headquarters Office project.
- \$600,879 increase for capital outlay in Cameron Park.
- \$450,000 increase for City's assistance with the Historic Lofts of Waco High low-income housing project.
- \$231,970 increase for Municipal Information's cable channel studio.
- \$140,000 increase for City's assistance with housing projects.

Of this increase, \$1,855,619 were from fund balance designated for capital improvements, \$776,895 from fund balance designed for 2009 budget, \$713,001 from fund balance reserved for encumbrances, \$450,000 from fund balance designated for economic development, \$231,970 from increases in gross receipts taxes, and \$140,000 from fund balance designated for housing.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 27 to 35 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2009.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounts to \$579,332,058 (net of accumulated depreciation). This investment in capital assets includes land, building, machinery and equipment, improvements other than buildings, infrastructure and construction work in progress. Major capital asset events occurring during the current fiscal year included the following:

- Expended approximately \$55.8 million on various water, wastewater, and solid waste systems projects.
- Expended \$9.7 million on various park facility improvements.
- Expended \$2.5 million to replace Waco Transit bus fleet.
- Expended \$1.8 million to complete the Asian Forest exhibit at Cameron Park Zoo.
- Capitalized \$1.8 million for facilities.
- Capitalized \$1.6 million in street and drainage expenditures and contributions.
- Expended \$1.4 million on Airport Improvement Program projects.
- Expended \$1.3 million for fire facilities.

City of Waco Capital Assets

		Governmental		Business-type		Totals	
		Activities		Activities			
		2009	2008	2009	2008	2009	2008
Land	\$	40,992,056	40,712,004	4,183,700	4,081,511	45,175,756	44,793,515
Buildings		30,757,428	27,890,410	58,064,156	53,338,354	88,821,584	81,228,764
Improvements other than buildings		30,824,007	30,033,571	311,388,108	270,422,332	342,212,115	300,455,903
Machinery and equipment		33,229,495	33,139,735	38,932,776	37,458,580	72,162,271	70,598,315
Museum collections		-	-	1,984,924	1,765,557	1,984,924	1,765,557
Infrastructure		242,306,913	240,222,357	-	-	242,306,913	240,222,357
Construction work in progress		14,555,071	5,547,442	79,594,029	68,690,491	94,149,100	74,237,933
Water rights		-	-	32,482,879	33,334,140	32,482,879	33,334,140
Less: accumulated depreciation		<u>(177,695,648)</u>	<u>(168,140,916)</u>	<u>(162,267,836)</u>	<u>(152,905,341)</u>	<u>(339,963,484)</u>	<u>(321,046,257)</u>
Total capital assets	\$	<u>214,969,322</u>	<u>209,404,603</u>	<u>364,362,736</u>	<u>316,185,624</u>	<u>579,332,058</u>	<u>525,590,227</u>

Additional information on the City's capital assets can be found in Note IV on pages 60 - 62 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Waco had total bonded debt, loans and notes payable, and capital lease obligations of \$353,615,731. Of this amount, \$336,269,989 represents bonded debt backed by the full faith and credit of the government, and \$15,000,000 represents a state participation loan secured by water revenues and an interest in water storage capacity. The City's capitalized lease obligations of \$128,270 pertain to purchases of computer equipment. The \$2,217,472 notes payable are for purchase of pump station and water transmission lines.

City of Waco Bonds, Notes and Capitalized Obligations Payable

		Governmental		Business-type		Totals	
		Activities		Activities			
		2009	2008	2009	2008	2009	2008
General obligation certificates	\$	101,254,641	108,457,851	235,015,348	248,087,985	336,269,989	356,545,836
State participation loan		-	-	15,000,000	15,000,000	15,000,000	15,000,000
Capital lease obligations		128,270	469,757	-	-	128,270	469,757
Notes payable		<u>-</u>	<u>-</u>	<u>2,217,472</u>	<u>2,273,375</u>	<u>2,217,472</u>	<u>2,273,375</u>
	\$	<u>101,382,911</u>	<u>108,927,608</u>	<u>252,232,820</u>	<u>265,361,360</u>	<u>353,615,731</u>	<u>374,288,968</u>

During the 2009 fiscal year, the City issued \$14,435,000 of general obligation refunding bonds. This advance refunding was undertaken to reduce total debt service payment over the next twenty years by \$816,320 and resulted in an economic gain of \$756,133.

The City's combination tax and revenue certificates of obligation bond rates are listed below:

	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>
General obligation bonds	Aa3	AA

Most of the City's bonds are insured, thus holding a AAA credit rating from both Moody's and Standard and Poor's. Additional information on the City of Waco's long-term debt can be found in Note IV on pages 66 to 71 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2010 is based on projected revenue growth of 3.2% compared to the original fiscal year 2009 budget. Taxes account for the majority of the increase. Property taxes, which are about 42% of general fund revenues, are budgeted at a 4.7% increase compared to the 2009 budget. This increase reflects the net effect of increased valuations, annexations, and new construction. Approximately 29% of general fund revenues are sales taxes. Sales taxes have been budgeted to increase only 1.2% over the original fiscal year 2009 budget and 1.75% more than actual for the 2009 fiscal year due to the volatility of this revenue source and continuing uncertainty regarding the global economic climate.

The 2010 budget includes a 2% salary increase for all employees. A total of 16.91 full-time equivalent positions were added; but due to changes in other positions, the net increase was 15.82 full-time equivalent positions. The Texas Municipal System made significant changes in the actuarial assumptions and funding methodology used in calculating cities' contribution rates. These changes resulted in an approximate additional \$850,000 funding impact for next year.

Fiscal year 2010 is the second year that no rate increases were included for residential, commercial, and industrial water and wastewater customers. No changes in any water or wastewater fees were included. Solid waste residential, commercial, roll-off, and landfill rates remained unchanged for 2010. A fee for solid waste carts left at the curb was added.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Janice Andrews, Finance Director, at P. O. Box 2570, Waco, Texas 76702-2570, or call (254) 750-5758.



Basic Financial Statements



City of Waco, Texas
Statement of Net Assets
September 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets					
Cash and investments	\$ 129,621,805	47,692,406	177,314,211	6,630	30,126
Receivables (net of allowances for uncollectibles):					
Accounts	4,387,370	9,233,295	13,620,665	-	-
Special assessments	10,019	-	10,019	-	-
Taxes	6,603,160	-	6,603,160	-	-
Intergovernmental receivable	1,543,490	2,994,518	4,538,008	-	-
Accrued interest receivable	-	5,352	5,352	-	-
Internal balances	5,581,276	(5,581,276)	-	-	-
Inventories	795,378	899,594	1,694,972	-	-
Restricted cash and investments	-	80,382,630	80,382,630	-	-
Notes receivable	4,556,707	879,296	5,436,003	-	-
Real estate held for resale	53,174	-	53,174	-	-
Deferred charges	909,606	1,822,602	2,732,208	-	-
Capital assets not being depreciated:					
Land	40,992,056	4,183,700	45,175,756	-	-
Museum collections	-	1,984,924	1,984,924	-	-
Construction work in progress	14,555,071	79,594,029	94,149,100	-	-
Capital assets, net of accumulated depreciation:					
Buildings	21,392,990	36,586,040	57,979,030	-	-
Machinery and equipment	9,828,243	16,266,413	26,094,656	-	-
Improvements other than buildings	12,559,513	197,467,178	210,026,691	-	-
Infrastructure	115,641,449	-	115,641,449	-	-
Water rights	-	28,280,452	28,280,452	-	-
Total assets	<u>369,031,307</u>	<u>502,691,153</u>	<u>871,722,460</u>	<u>6,630</u>	<u>30,126</u>
Liabilities					
Accounts payable	3,952,482	1,717,221	5,669,703	-	-
Accrued liabilities	5,997,048	2,615,987	8,613,035	-	-
Accrued interest payable	730,258	2,119,077	2,849,335	-	-
Unearned revenue	596,374	335,786	932,160	-	-
Escrow funds	368,342	105,910	474,252	-	-
Customer deposits	256,214	-	256,214	-	-
Liabilities payable from restricted assets	-	8,688,369	8,688,369	-	-
Noncurrent liabilities:					
Due within one year	19,046,271	15,544,695	34,590,966	-	-
Due in more than one year	105,598,926	251,126,372	356,725,298	-	-
Total liabilities	<u>136,545,915</u>	<u>282,253,417</u>	<u>418,799,332</u>	<u>-</u>	<u>-</u>
Net Assets					
Invested in capital assets, net of related debt	189,356,463	177,087,342	366,443,805	-	-
Restricted for:					
Economic development incentives	8,311,240	-	8,311,240	-	-
Tax increment financing	8,250,497	-	8,250,497	-	-
Grant requirements	4,912,834	-	4,912,834	-	-
Forfeitures and abandoned motor vehicles	654,704	-	654,704	-	-
Court security and technology	903,257	-	903,257	-	-
Debt service	403,845	-	403,845	-	-
Parks and cemetery care - nonexpendable	472,768	-	472,768	-	-
Capital projects	-	541,912	541,912	-	-
Unrestricted	19,219,784	42,808,482	62,028,266	6,630	30,126
Total net assets	<u>\$ 232,485,392</u>	<u>220,437,736</u>	<u>452,923,128</u>	<u>6,630</u>	<u>30,126</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (12,551,827)	239,046	569,529
Public works	(12,790,151)	-	-
Public safety	(57,560,461)	3,672,327	1,183,043
Culture and recreation	(14,919,136)	1,132,472	1,003,260
Public health	(6,901,123)	986,945	3,315,895
Housing and community development	(2,808,221)	-	3,007,684
Interest on long-term debt	(4,547,034)	-	-
Total governmental activities	(112,077,953)	6,030,790	9,079,411
Business-type activities:			
Water	(30,491,638)	36,167,550	-
Wastewater	(17,437,188)	20,041,341	-
Solid waste	(13,267,207)	16,259,578	-
Airport	(2,402,041)	1,086,601	130,177
Convention services	(2,859,538)	573,967	1,233
Ranger Hall of Fame	(1,141,497)	425,434	116,961
Cameron Park Zoo	(3,968,217)	1,354,164	217
Transit services	(6,325,930)	2,805,887	2,550,089
Cottonwood Creek Golf Course	(1,919,438)	1,333,230	-
Total business-type activities	(79,812,694)	80,047,752	2,798,677
Total primary government	\$ (191,890,647)	86,078,542	11,878,088
Component Units:			
Central Waco Development Corporation	\$ (50)	-	-
Waco Health Facilities Development Corporation	(50)	-	-
Total component units	\$ (100)	-	-
General revenues:			
Taxes:			
Property			
Property tax increment financing			
Sales			
Franchise			
Hotel/motel			
Other			
Unrestricted investment earnings			
Gain on sale of capital assets			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets, beginning of year, as restated			
Net assets, end of year			

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Assets

Capital Grants and Contributions	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health
					Facilities Development Corporation
1,658,900	(10,084,352)	-	(10,084,352)		
1,538,535	(11,251,616)	-	(11,251,616)		
109,830	(52,595,261)	-	(52,595,261)		
2,289,117	(10,494,287)	-	(10,494,287)		
30,000	(2,568,283)	-	(2,568,283)		
-	199,463	-	199,463		
-	(4,547,034)	-	(4,547,034)		
<u>5,626,382</u>	<u>(91,341,370)</u>	<u>-</u>	<u>(91,341,370)</u>		
409,109	-	6,085,021	6,085,021		
276,602	-	2,880,755	2,880,755		
-	-	2,992,371	2,992,371		
1,375,984	-	190,721	190,721		
-	-	(2,284,338)	(2,284,338)		
219,368	-	(379,734)	(379,734)		
116,419	-	(2,497,417)	(2,497,417)		
2,482,065	-	1,512,111	1,512,111		
-	-	(586,208)	(586,208)		
<u>4,879,547</u>	<u>-</u>	<u>7,913,282</u>	<u>7,913,282</u>		
<u>10,505,929</u>	<u>(91,341,370)</u>	<u>7,913,282</u>	<u>(83,428,088)</u>		
-	-			(50)	-
<u>-</u>	<u>-</u>			<u>-</u>	<u>(50)</u>
<u>-</u>	<u>-</u>			<u>(50)</u>	<u>(50)</u>
\$	46,366,310	-	46,366,310	-	-
	3,741,836	-	3,741,836	-	-
	27,714,013	-	27,714,013	-	-
	13,663,140	-	13,663,140	-	-
	-	1,703,650	1,703,650	-	-
	622,254	-	622,254	-	-
	6,294,110	997,329	7,291,439	131	593
	-	260,073	260,073	-	-
	406,229	-	406,229	-	-
	826,426	(826,426)	-	-	-
	<u>99,634,318</u>	<u>2,134,626</u>	<u>101,768,944</u>	<u>131</u>	<u>593</u>
	8,292,948	10,047,908	18,340,856	81	543
	<u>224,192,444</u>	<u>210,389,828</u>	<u>434,582,272</u>	<u>6,549</u>	<u>29,583</u>
\$	<u>232,485,392</u>	<u>220,437,736</u>	<u>452,923,128</u>	<u>6,630</u>	<u>30,126</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2009

	General	2007 General Obligation Bond Issue	Other Governmental Funds	Total Governmental Funds
Assets				
Assets:				
Cash and investments	\$ 18,474,369	59,547,454	38,908,527	116,930,350
Receivables, net of allowances:				
Accounts	3,923,040	-	268,257	4,191,297
Special assessments	-	-	10,019	10,019
Taxes	6,064,843	-	538,317	6,603,160
Notes receivable	455,000	-	4,101,707	4,556,707
Due from other funds	3,135,632	-	8,723,353	11,858,985
Advances to other funds	684,848	-	168,368	853,216
Intergovernmental receivable	-	-	1,543,490	1,543,490
Inventories	666,261	-	-	666,261
Real estate held for resale	12,465	-	40,709	53,174
	<u>\$ 33,416,458</u>	<u>59,547,454</u>	<u>54,302,747</u>	<u>147,266,659</u>
Liabilities				
Liabilities:				
Accounts payable	\$ 1,698,356	911,062	1,056,909	3,666,327
Accrued liabilities	4,893,783	160,904	603,861	5,658,548
Deferred revenue	2,752,129	-	4,797,211	7,549,340
Due to other funds	-	256,156	6,874,769	7,130,925
Deposits	256,214	-	-	256,214
Escrow funds	276,119	-	91,685	367,804
	<u>9,876,601</u>	<u>1,328,122</u>	<u>13,424,435</u>	<u>24,629,158</u>
Fund Balances				
Fund balances:				
Reserved for:				
Encumbrances	802,620	12,483,917	2,467,833	15,754,370
Real estate held for resale	12,465	-	40,709	53,174
Advances to other funds	684,848	-	168,368	853,216
Debt service	-	-	677,027	677,027
Purpose of trust	-	-	472,768	472,768
Unreserved, reported in:				
General fund:				
Designated for:				
2010 budget	3,031,328	-	-	3,031,328
Economic development	876,836	-	-	876,836
Housing	119,000	-	-	119,000
Capital improvements	1,006,843	-	-	1,006,843
Contingencies	2,236,684	-	-	2,236,684
Undesignated	14,769,233	-	-	14,769,233
Special revenue funds	-	-	18,236,909	18,236,909
Capital projects funds	-	45,735,415	18,814,698	64,550,113
	<u>23,539,857</u>	<u>58,219,332</u>	<u>40,878,312</u>	<u>122,637,501</u>
Total fund balances	<u>\$ 33,416,458</u>	<u>59,547,454</u>	<u>54,302,747</u>	<u>147,266,659</u>
Total liabilities and fund balances	<u>\$ 33,416,458</u>	<u>59,547,454</u>	<u>54,302,747</u>	<u>147,266,659</u>
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				214,621,868
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				6,987,614
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.				8,144,692
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(119,906,283)
				<u>\$ 232,485,392</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2009

	General	2007 General Obligation Bond Issue	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 62,618,808	-	15,191,036	77,809,844
Business and occupation fees	13,663,140	-	-	13,663,140
Permits, licenses and fees	963,705	-	1,060,214	2,023,919
Fines	2,079,910	-	108,664	2,188,574
Charges for services	1,545,120	-	-	1,545,120
Investment earnings	560,218	2,626,761	2,879,275	6,066,254
Contributions	126,215	-	2,021,757	2,147,972
Intergovernmental	1,519,830	-	8,275,481	9,795,311
Program income	-	-	244,575	244,575
Other	7,175,507	-	605,987	7,781,494
Total revenues	<u>90,252,453</u>	<u>2,626,761</u>	<u>30,386,989</u>	<u>123,266,203</u>
Expenditures:				
Current:				
General government	14,986,511	-	5,841,665	20,828,176
Public works	1,969,524	-	-	1,969,524
Public safety	53,435,407	-	824,949	54,260,356
Culture and recreation	13,019,382	-	153,701	13,173,083
Housing and community development	557,412	-	3,043,398	3,600,810
Public health	-	-	6,799,722	6,799,722
Capital outlay	-	5,029,033	12,563,857	17,592,890
Debt service:				
Principal	-	-	7,144,536	7,144,536
Interest and fiscal charges	-	-	4,604,103	4,604,103
Bond issuance costs	-	-	58,014	58,014
Total expenditures	<u>83,968,236</u>	<u>5,029,033</u>	<u>41,033,945</u>	<u>130,031,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,284,217</u>	<u>(2,402,272)</u>	<u>(10,646,956)</u>	<u>(6,765,011)</u>
Other financing sources (uses):				
Refunding bonds issued	-	-	5,802,122	5,802,122
Payment to refunded bond escrow agent	-	-	(5,950,970)	(5,950,970)
Premiums on general obligation bonds	-	-	115,070	115,070
Transfers in	3,565,822	-	12,540,458	16,106,280
Transfers out	(11,220,467)	(267,000)	(2,280,704)	(13,768,171)
Total other financing sources (uses)	<u>(7,654,645)</u>	<u>(267,000)</u>	<u>10,225,976</u>	<u>2,304,331</u>
Net change in fund balances	(1,370,428)	(2,669,272)	(420,980)	(4,460,680)
Fund balances, beginning of year, as restated	<u>24,910,285</u>	<u>60,888,604</u>	<u>41,299,292</u>	<u>127,098,181</u>
Fund balances, end of year	<u>\$ 23,539,857</u>	<u>58,219,332</u>	<u>40,878,312</u>	<u>122,637,501</u>

See accompanying notes to financial statements.

City of Waco, Texas
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2009

Amounts reported for governmental activities in the Statement of Activities (pages 22 - 23) are different because:

Net change in fund balances - total governmental funds (page 25)	\$ (4,460,680)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,710,025
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net assets.	1,928,854
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	379,604
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of insurance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,577,814
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,361,192)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue of activities of internal service funds is reported with governmental activities.	<u>2,518,523</u>
Change in net assets of governmental activities (pages 22 - 23)	<u>\$ 8,292,948</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
Year Ended September 30, 2009
(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 27,878,309	27,712,281	27,714,013	1,732	28,077,887
Property taxes	34,541,848	34,541,848	34,460,179	(81,669)	31,374,293
Interest and penalty on taxes	392,700	392,700	444,616	51,916	465,487
Total taxes	<u>62,812,857</u>	<u>62,646,829</u>	<u>62,618,808</u>	<u>(28,021)</u>	<u>59,917,667</u>
Business and occupation fees:					
Occupation fees	57,120	57,120	63,499	6,379	53,468
Gross receipts fees	13,650,532	13,602,502	13,599,641	(2,861)	13,943,986
Total business and occupation fees	<u>13,707,652</u>	<u>13,659,622</u>	<u>13,663,140</u>	<u>3,518</u>	<u>13,997,454</u>
Permits, licenses and fees:					
Building permits	406,000	406,000	480,363	74,363	591,221
Plumbing permits	145,071	145,071	138,311	(6,760)	181,533
Electrical permits	193,319	193,319	192,545	(774)	286,074
Heating and air conditioning licenses	74,294	74,294	96,991	22,697	93,903
Fire inspection fees	36,440	36,440	34,746	(1,694)	33,474
House moving permits	300	300	418	118	404
Subdivision fees	22,580	22,580	20,331	(2,249)	25,664
Total permits, licenses and fees	<u>878,004</u>	<u>878,004</u>	<u>963,705</u>	<u>85,701</u>	<u>1,212,273</u>
Fines:					
Court fines	2,022,096	2,022,096	2,028,693	6,597	2,143,924
Auto impound fees	66,234	66,234	51,217	(15,017)	53,148
Total fines	<u>2,088,330</u>	<u>2,088,330</u>	<u>2,079,910</u>	<u>(8,420)</u>	<u>2,197,072</u>
Charges for services:					
Recreation	592,681	592,681	815,782	223,101	670,800
Weed mowing	50,000	50,000	44,199	(5,801)	69,430
Library fees	75,716	75,716	84,653	8,937	81,801
Animal pick-up	18,258	18,258	11,975	(6,283)	15,595
Grounds maintenance	46,242	46,242	46,242	-	44,895
Graphics	70,000	70,000	73,882	3,882	76,630
Police security services	172,180	172,180	188,747	16,567	157,996
Airport security services	248,407	248,407	279,640	31,233	255,022
Total charges for services	<u>1,273,484</u>	<u>1,273,484</u>	<u>1,545,120</u>	<u>271,636</u>	<u>1,372,169</u>
Investment earnings	743,387	543,387	560,218	16,831	948,466
Contributions	92,300	140,840	126,215	(14,625)	166,668
Intergovernmental	1,421,884	1,421,884	1,519,830	97,946	1,393,156

(continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues (continued)					
Other:					
Indirect expense reimbursements	\$ 5,912,966	5,912,966	5,968,207	55,241	5,657,594
False alarm fines	9,747	9,747	7,780	(1,967)	12,725
BSC civil penalties	-	-	-	-	25,571
Rents from real estate	119,432	119,432	113,849	(5,583)	147,694
Miscellaneous revenue	477,117	477,117	417,622	(59,495)	484,168
Sale of other scrap	39,372	39,372	18,930	(20,442)	15,648
Zoning applications	9,120	9,120	9,935	815	10,075
Commission from sale of mixed drinks	394,691	394,691	396,597	1,906	381,149
Commission on municipal court fines	69,521	69,521	82,159	12,638	83,373
Commission on concessions	103,107	103,107	132,438	29,331	120,892
Garage sale permits	23,595	23,595	27,990	4,395	25,140
Special assessments	5,100	5,100	-	(5,100)	13,152
Total other	<u>7,163,768</u>	<u>7,163,768</u>	<u>7,175,507</u>	<u>11,739</u>	<u>6,977,181</u>
Total revenues	<u>90,181,666</u>	<u>89,816,148</u>	<u>90,252,453</u>	<u>436,305</u>	<u>88,182,106</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,140,735	1,140,735	1,071,369	69,366	1,048,249
Employee benefits	395,167	394,867	353,196	41,671	348,196
Purchased professional/technical services	34,744	42,744	42,365	379	31,021
Purchased property services	46,269	44,069	45,860	(1,791)	36,636
Maintenance	6,584	6,284	6,284	-	6,083
Other purchased service	92,064	97,564	98,708	(1,144)	120,559
Supplies	136,394	137,786	106,528	31,258	109,218
Other expenses	1,214,998	2,177,542	1,109,113	1,068,429	2,321,277
Total administrative services	<u>3,066,955</u>	<u>4,041,591</u>	<u>2,833,423</u>	<u>1,208,168</u>	<u>4,021,239</u>
City Secretary:					
Salaries and wages	241,765	241,765	247,059	(5,294)	230,158
Employee benefits	94,445	94,445	92,839	1,606	83,818
Purchased professional/technical services	67,532	70,912	63,164	7,748	83,102
Purchased property services	1,428	1,428	1,116	312	754
Maintenance	3,239	3,239	2,359	880	2,882
Other purchased service	32,701	32,701	26,676	6,025	32,215
Supplies	21,162	25,782	40,155	(14,373)	21,352
Total city secretary	<u>462,272</u>	<u>470,272</u>	<u>473,368</u>	<u>(3,096)</u>	<u>454,281</u>
Finance services:					
Salaries and wages	856,956	856,956	850,176	6,780	789,310
Employee benefits	300,383	300,383	290,565	9,818	259,020
Purchased professional/technical services	77,642	77,642	79,524	(1,882)	71,989
Maintenance	1,000	1,000	-	1,000	473
Other purchased service	31,574	31,574	29,739	1,835	33,164
Supplies	39,461	39,461	36,306	3,155	34,164
Other expenses	30,563	30,563	34,174	(3,611)	29,842
Total finance services	<u>1,337,579</u>	<u>1,337,579</u>	<u>1,320,484</u>	<u>17,095</u>	<u>1,217,962</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Legal services:					
Salaries and wages	\$ 751,662	751,662	746,758	4,904	713,968
Employee benefits	241,983	241,983	236,318	5,665	215,755
Purchased professional/technical services	135,800	135,800	70,890	64,910	208,692
Purchased property services	-	-	-	-	1,083
Maintenance	200	200	-	200	-
Other purchased service	29,488	29,488	34,747	(5,259)	37,529
Supplies	33,818	33,818	32,191	1,627	33,513
Capital expenditures	-	-	1,232	(1,232)	-
Total legal services	<u>1,192,951</u>	<u>1,192,951</u>	<u>1,122,136</u>	<u>70,815</u>	<u>1,210,540</u>
Planning services:					
Salaries and wages	404,481	404,481	402,759	1,722	386,147
Employee benefits	143,900	143,900	140,606	3,294	128,113
Purchased professional/technical services	44,198	44,198	21,837	22,361	33,825
Purchased property services	59,747	59,747	62,005	(2,258)	61,625
Maintenance	450	450	320	130	300
Other purchased service	22,208	22,208	15,419	6,789	20,921
Supplies	23,634	23,634	20,307	3,327	15,907
Total planning services	<u>698,618</u>	<u>698,618</u>	<u>663,253</u>	<u>35,365</u>	<u>646,838</u>
Human resources:					
Salaries and wages	492,569	483,069	479,189	3,880	474,786
Employee benefits	179,313	176,313	169,845	6,468	156,081
Purchased professional/technical services	1,539	14,039	13,845	194	2,144
Maintenance	2,841	2,541	-	2,541	2,474
Other purchased service	42,751	42,631	41,989	642	44,992
Supplies	23,250	23,670	22,038	1,632	25,809
Total human resources	<u>742,263</u>	<u>742,263</u>	<u>726,906</u>	<u>15,357</u>	<u>706,286</u>
Municipal information:					
Salaries and wages	386,061	386,061	405,265	(19,204)	309,522
Employee benefits	147,356	147,356	151,891	(4,535)	111,565
Purchased professional/technical services	1,000	1,000	1,883	(883)	500
Maintenance	11,631	11,631	3,052	8,579	4,980
Other purchased service	12,210	13,517	13,541	(24)	15,181
Supplies	38,571	127,367	107,383	19,984	71,509
Other expenses	51,833	51,833	64,295	(12,462)	50,241
Capital expenditures	-	141,867	193,331	(51,464)	210,187
Total municipal information	<u>648,662</u>	<u>880,632</u>	<u>940,641</u>	<u>(60,009)</u>	<u>773,685</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with Final Budget	2008
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (continued)					
General Government (continued)					
Information technology services:					
Salaries and wages	\$ 786,128	786,128	766,374	19,754	685,767
Employee benefits	284,597	284,597	274,664	9,933	227,544
Purchased professional/technical services	42,400	42,400	39,828	2,572	72,366
Maintenance	490,908	514,564	460,965	53,599	242,966
Other purchased service	447,285	447,285	401,741	45,544	417,460
Supplies	100,242	100,242	123,659	(23,417)	291,977
Capital expenditures	390,053	390,053	391,681	(1,628)	374,132
Total information technology services	<u>2,541,613</u>	<u>2,565,269</u>	<u>2,458,912</u>	<u>106,357</u>	<u>2,312,212</u>
Purchasing services:					
Salaries and wages	363,080	363,080	317,762	45,318	344,656
Employee benefits	130,646	130,646	114,951	15,695	116,522
Maintenance	2,982	2,982	153	2,829	3,938
Other purchased service	15,075	15,075	14,891	184	16,421
Supplies	12,891	12,891	12,177	714	11,924
Total purchasing services	<u>524,674</u>	<u>524,674</u>	<u>459,934</u>	<u>64,740</u>	<u>493,461</u>
Facilities:					
Salaries and wages	1,050,626	1,050,626	1,046,990	3,636	940,297
Employee benefits	493,775	493,775	487,111	6,664	413,150
Purchased professional/technical services	49,266	49,266	72,702	(23,436)	62,737
Purchased property services	10,809	10,809	16,089	(5,280)	12,880
Maintenance	633,018	633,018	872,336	(239,318)	906,456
Other purchased service	63,818	63,818	62,709	1,109	73,176
Supplies	197,761	197,761	219,479	(21,718)	210,623
Capital expenditures	-	253,800	-	253,800	-
Total facilities	<u>2,499,073</u>	<u>2,752,873</u>	<u>2,777,416</u>	<u>(24,543)</u>	<u>2,619,319</u>
Contributions:					
McLennan County	117,396	117,396	127,960	(10,564)	113,977
Greenwood Cemetery	1,500	1,500	1,500	-	1,500
McLennan County Appraisal District	637,499	637,499	604,406	33,093	612,979
Keep Waco Beautiful	9,000	9,000	9,000	-	7,500
YMCA Multi-Purpose Center	70,000	70,000	46,184	23,816	45,971
Senior Ministries	28,000	28,000	28,000	-	28,000
Total contributions	<u>863,395</u>	<u>863,395</u>	<u>817,050</u>	<u>46,345</u>	<u>809,927</u>
Miscellaneous:					
Salaries and wages	(664,838)	(664,838)	-	(664,838)	-
Employee benefits	(193,954)	(193,954)	40,483	(234,437)	41,023
Purchased professional/technical services	63,000	183,000	125,800	57,200	50,650

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Miscellaneous: (continued)					
Maintenance	\$ -	-	7,336	(7,336)	4,275
Other purchased service	-	-	280	(280)	2,878
Supplies	743	743	4,020	(3,277)	4,919
Capital expenditures	-	-	9,950	(9,950)	202,042
Other expenses	595,486	278,185	205,119	73,066	213,870
Total miscellaneous	<u>(199,563)</u>	<u>(396,864)</u>	<u>392,988</u>	<u>(789,852)</u>	<u>519,657</u>
Total General Government	<u>14,378,492</u>	<u>15,673,253</u>	<u>14,986,511</u>	<u>686,742</u>	<u>15,785,407</u>
Public Works					
Streets and drainage services:					
Salaries and wages	607,393	607,393	581,355	26,038	564,931
Employee benefits	336,241	336,241	320,497	15,744	308,431
Purchased professional/technical services	345,477	382,825	351,545	31,280	402,933
Purchased property services	6,632	6,632	6,938	(306)	12,201
Maintenance	449,886	449,886	549,931	(100,045)	577,370
Other purchased service	101,777	98,077	87,840	10,237	124,822
Supplies	284,454	268,654	171,062	97,592	234,517
Other expenses	(130,765)	(130,765)	(149,803)	19,038	(154,773)
Capital expenditures	-	659,343	50,159	609,184	1,224,460
Total streets and drainage services	<u>2,001,095</u>	<u>2,678,286</u>	<u>1,969,524</u>	<u>708,762</u>	<u>3,294,892</u>
Total Public Works	<u>2,001,095</u>	<u>2,678,286</u>	<u>1,969,524</u>	<u>708,762</u>	<u>3,294,892</u>
Public Safety					
Municipal court:					
Salaries and wages	643,027	643,027	633,483	9,544	571,649
Employee benefits	239,133	239,133	231,670	7,463	194,915
Purchased professional/technical services	23,184	23,184	16,120	7,064	20,723
Maintenance	3,205	3,205	1,284	1,921	834
Other purchased service	39,849	39,849	36,470	3,379	37,584
Supplies	127,524	127,524	119,435	8,089	101,572
Other expenses	7,746	7,746	9,857	(2,111)	9,066
Total municipal court	<u>1,083,668</u>	<u>1,083,668</u>	<u>1,048,319</u>	<u>35,349</u>	<u>936,343</u>
Inspection services:					
Salaries and wages	908,813	908,813	876,890	31,923	858,940
Employee benefits	369,797	369,797	353,044	16,753	325,154
Purchased professional/technical services	95,000	82,900	55,162	27,738	72,460
Purchased property services	79,263	79,263	65,235	14,028	64,521
Maintenance	31,016	31,016	24,346	6,670	24,721
Other purchased service	65,730	65,730	74,270	(8,540)	88,098
Supplies	115,297	127,397	101,304	26,093	101,424
Other expenses	3,439	3,439	3,130	309	3,922
Total inspection services	<u>1,668,355</u>	<u>1,668,355</u>	<u>1,553,381</u>	<u>114,974</u>	<u>1,539,240</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Emergency management services:					
Salaries and wages	\$ 121,950	121,950	119,972	1,978	117,072
Employee benefits	41,407	41,407	41,297	110	37,703
Purchased professional/technical services	8,288	8,288	3,564	4,724	3,227
Purchased property services	2,550	2,550	14,638	(12,088)	3,202
Maintenance	25,447	25,447	21,168	4,279	24,555
Other purchased service	11,207	11,207	14,771	(3,564)	10,348
Supplies	19,480	19,480	12,591	6,889	9,146
Other expenses	96,041	97,441	116,687	(19,246)	134,680
Total emergency management services	<u>326,370</u>	<u>327,770</u>	<u>344,688</u>	<u>(16,918)</u>	<u>339,933</u>
Fire services:					
Salaries and wages	12,429,498	12,429,498	12,284,108	145,390	11,478,630
Employee benefits	4,493,851	4,493,851	4,400,542	93,309	3,883,934
Purchased professional/technical services	54,477	55,615	42,704	12,911	28,638
Purchased property services	51,220	51,220	51,865	(645)	48,783
Maintenance	247,744	267,030	239,308	27,722	217,684
Other purchased service	283,146	283,146	287,454	(4,308)	371,265
Supplies	794,013	802,495	720,516	81,979	527,980
Capital expenditures	-	-	-	-	26,157
Total fire services	<u>18,353,949</u>	<u>18,382,855</u>	<u>18,026,497</u>	<u>356,358</u>	<u>16,583,071</u>
Police services:					
Salaries and wages	18,435,921	18,435,921	18,988,297	(552,376)	17,833,431
Employee benefits	6,879,222	6,879,222	6,912,419	(33,197)	6,222,692
Purchased professional/technical services	236,820	218,425	199,861	18,564	208,887
Purchased property services	96,882	96,882	96,828	54	91,308
Maintenance	732,903	734,333	622,322	112,011	669,998
Other purchased service	963,674	969,254	990,285	(21,031)	1,128,789
Supplies	1,633,463	1,645,112	1,259,812	385,300	1,580,865
Capital expenditures	143,230	142,966	127,206	15,760	22,076
Other expenses	459	459	427	32	417
Contracts with others	53,001	53,001	53,001	-	42,000
Total police services	<u>29,175,575</u>	<u>29,175,575</u>	<u>29,250,458</u>	<u>(74,883)</u>	<u>27,800,463</u>
Traffic services:					
Salaries and wages	868,770	868,587	919,248	(50,661)	788,897
Employee benefits	382,707	382,707	393,661	(10,954)	326,087
Purchased professional/technical services	-	-	-	-	2,482
Purchased property services	13,407	13,407	6,024	7,383	9,314
Maintenance	603,042	595,446	260,586	334,860	510,242
Other purchased service	50,006	50,256	50,997	(741)	63,588
Supplies	1,361,537	1,393,566	1,276,037	117,529	1,103,011
Capital expenditures	20,000	158,794	89,670	69,124	272,124
Total traffic services	<u>3,299,469</u>	<u>3,462,763</u>	<u>2,996,223</u>	<u>466,540</u>	<u>3,075,745</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Contributions:					
Animal shelter	\$ 332,866	332,866	215,841	117,025	248,823
Total contributions	<u>332,866</u>	<u>332,866</u>	<u>215,841</u>	<u>117,025</u>	<u>248,823</u>
Total Public Safety	<u>54,240,252</u>	<u>54,433,852</u>	<u>53,435,407</u>	<u>998,445</u>	<u>50,523,618</u>
Culture and Recreation					
Library services:					
Salaries and wages	1,623,117	1,623,117	1,649,568	(26,451)	1,550,484
Employee benefits	595,030	595,030	594,948	82	532,079
Purchased professional/technical services	91,879	91,879	92,207	(328)	83,354
Purchased property services	91,686	91,686	89,457	2,229	88,960
Maintenance	62,308	62,308	59,814	2,494	28,598
Other purchased service	142,721	142,721	145,397	(2,676)	157,072
Supplies	562,387	562,387	503,680	58,707	493,042
Capital expenditures	-	-	-	-	24,672
Other expenses	135,839	135,839	135,839	-	131,883
Total library services	<u>3,304,967</u>	<u>3,304,967</u>	<u>3,270,910</u>	<u>34,057</u>	<u>3,090,144</u>
Parks:					
Salaries and wages	3,095,183	3,095,183	3,055,118	40,065	2,861,709
Employee benefits	1,401,786	1,401,786	1,359,361	42,425	1,166,905
Purchased professional/technical services	154,333	154,333	251,198	(96,865)	452,217
Purchased property services	856,934	854,534	683,353	171,181	803,537
Maintenance	477,731	472,333	501,560	(29,227)	482,651
Other purchased service	197,755	202,755	199,380	3,375	242,050
Supplies	790,470	783,758	620,473	163,285	682,863
Capital expenditures	-	597,079	671,581	(74,502)	105,042
Other expenses	21,468	21,468	21,438	30	21,839
Total parks	<u>6,995,660</u>	<u>7,583,229</u>	<u>7,363,462</u>	<u>219,767</u>	<u>6,818,813</u>
Recreation services:					
Salaries and wages	956,242	956,242	976,240	(19,998)	911,814
Employee benefits	270,359	270,359	271,991	(1,632)	245,060
Purchased professional/technical services	284,060	296,060	419,407	(123,347)	360,362
Maintenance	12,142	117,642	120,010	(2,368)	36,397
Other purchased service	111,878	111,878	137,229	(25,351)	162,314
Supplies	421,849	439,444	401,496	37,948	390,315
Other expenses	59,384	61,139	58,637	2,502	62,273
Total recreation services	<u>2,115,914</u>	<u>2,252,764</u>	<u>2,385,010</u>	<u>(132,246)</u>	<u>2,168,535</u>
Total Culture and Recreation	<u>12,416,541</u>	<u>13,140,960</u>	<u>13,019,382</u>	<u>121,578</u>	<u>12,077,492</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (continued)					
Housing and Community Development					
Housing services:					
Salaries and wages	\$ 56,478	56,478	58,201	(1,723)	49,921
Employee benefits	21,659	21,659	21,939	(280)	18,341
Purchased professional/technical services	-	20,000	8,874	11,126	11,015
Other purchased service	10,822	10,822	10,875	(53)	15,455
Supplies	3,529	3,529	2,523	1,006	2,758
Other expenses	-	590,000	455,000	135,000	-
Total housing services	<u>92,488</u>	<u>702,488</u>	<u>557,412</u>	<u>145,076</u>	<u>97,490</u>
Total Housing and Community Development	<u>92,488</u>	<u>702,488</u>	<u>557,412</u>	<u>145,076</u>	<u>97,490</u>
Total expenditures	<u>83,128,868</u>	<u>86,628,839</u>	<u>83,968,236</u>	<u>2,660,603</u>	<u>81,778,899</u>
Excess of revenues over expenditures	<u>7,052,798</u>	<u>3,187,309</u>	<u>6,284,217</u>	<u>3,096,908</u>	<u>6,403,207</u>
Other financing sources (uses)					
Transfers in:					
Abandoned motor vehicles	50,000	50,000	50,000	-	50,000
Solid waste	127,371	127,371	127,371	-	127,176
Revenue in lieu of property taxes	3,388,451	3,388,451	3,388,451	-	2,892,264
Total transfers in	<u>3,565,822</u>	<u>3,565,822</u>	<u>3,565,822</u>	<u>-</u>	<u>3,069,440</u>
Transfers out:					
Cameron Park Zoo	(1,618,659)	(1,558,659)	(1,558,659)	-	(1,275,027)
Street improvement	(3,885,972)	(3,885,972)	(3,885,972)	-	(3,885,972)
Cottonwood Creek Golf Course	(77,436)	(96,436)	(96,436)	-	(180,246)
Transit	(87,387)	(87,387)	-	87,387	(80,111)
Airport services	(181,243)	(622,443)	(622,443)	-	(335,263)
Convention services	(312,685)	(312,685)	(312,685)	-	(110,637)
Health programs	(2,425,774)	(2,425,774)	(2,425,774)	-	(2,613,113)
Ranger Hall of Fame	(651,724)	(551,724)	(551,724)	-	(599,521)
Economic development incentive	(1,250,000)	(1,250,000)	(1,250,000)	-	(1,250,000)
Grant (housing demo - lot clearing)	(75,000)	(75,000)	(75,000)	-	(75,000)
Tax increment district	-	(397,310)	(370,732)	26,578	-
Grant (police)	(52,740)	(52,740)	(71,042)	(18,302)	(50,065)
Total transfers out	<u>(10,618,620)</u>	<u>(11,316,130)</u>	<u>(11,220,467)</u>	<u>95,663</u>	<u>(10,454,955)</u>
Total other financing sources and uses	<u>(7,052,798)</u>	<u>(7,750,308)</u>	<u>(7,654,645)</u>	<u>95,663</u>	<u>(7,385,515)</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual –
General Fund
(Continued)

Year Ended September 30, 2009

(With Comparative Actual Amounts for the Year Ended September 30, 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Net change in fund balances	\$ -	(4,562,999)	(1,370,428)	3,192,571	(982,308)
Fund balances, beginning of year	24,635,803	24,635,803	24,635,803	-	25,618,111
Prior period adjustment	-	-	274,482	274,482	-
Fund balances, beginning of year, as restated	24,635,803	24,635,803	24,910,285	274,482	25,618,111
Fund balances, end of year	\$ 24,635,803	20,072,804	23,539,857	3,467,053	24,635,803

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2009

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Current assets:						
Cash and investments	\$ 23,288,869	14,840,986	8,148,650	1,413,901	47,692,406	12,691,455
Accounts receivable, net of allowances	4,769,096	2,230,086	1,906,406	327,707	9,233,295	196,073
Due from other funds	-	-	-	2,813	2,813	-
Intergovernmental receivable	-	308,938	2,028	2,683,552	2,994,518	-
Current portion of notes receivable	-	156,630	-	-	156,630	-
Restricted cash and investments	9,248,922	1,180,039	677,181	-	11,106,142	-
Accrued interest on notes receivable	-	5,352	-	-	5,352	-
Inventories	177,944	15,385	-	706,265	899,594	129,117
Total current assets	37,484,831	18,737,416	10,734,265	5,134,238	72,090,750	13,016,645
Noncurrent assets:						
Restricted cash and investments	32,345,669	31,431,297	4,366,314	1,133,208	69,276,488	-
Noncurrent portion of notes receivable	-	722,666	-	-	722,666	-
Advances to other funds	525,336	-	-	-	525,336	-
Deferred charges	1,109,228	572,326	141,048	-	1,822,602	-
Capital assets:						
Land	578,832	2,343,665	595,935	665,268	4,183,700	38,800
Buildings	9,567,081	11,458,185	584,046	36,454,844	58,064,156	415,755
Improvements other than buildings	183,310,937	78,273,957	15,196,989	34,606,225	311,388,108	118,289
Machinery and equipment	6,585,201	5,354,502	14,304,188	12,688,885	38,932,776	1,095,173
Museum collections	-	-	-	1,984,924	1,984,924	-
Construction work in progress	54,618,635	17,089,149	4,763,037	3,123,208	79,594,029	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	(71,978,804)	(31,101,001)	(21,642,540)	(37,545,491)	(162,267,836)	(1,320,563)
Total capital assets	215,164,761	83,418,457	13,801,655	51,977,863	364,362,736	347,454
Total noncurrent assets	249,144,994	116,144,746	18,309,017	53,111,071	436,709,828	347,454
Total assets	286,629,825	134,882,162	29,043,282	58,245,309	508,800,578	13,364,099
Liabilities						
Liabilities:						
Current liabilities						
Accounts payable	690,665	246,222	189,917	590,417	1,717,221	286,155
Accrued liabilities	869,473	337,361	430,746	978,407	2,615,987	338,500
Unearned revenue	-	-	-	335,786	335,786	34,648
Due to other funds	-	-	-	2,313,100	2,313,100	-
Compensated absences payable	505,478	234,709	278,549	385,711	1,404,447	269,708
Refundable contracts	801,530	140,641	-	-	942,171	-
Notes payable	58,386	-	-	-	58,386	-
Escrow funds	-	-	-	105,910	105,910	538
Bonds payable	6,365,858	5,078,833	1,580,000	115,000	13,139,691	-
Accrued interest payable	1,521,112	520,426	74,040	3,499	2,119,077	-
Estimated claims and judgments	-	-	-	-	-	4,080,101
Total current liabilities	10,812,502	6,558,192	2,553,252	4,827,830	24,751,776	5,009,650

(Continued)

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other	Total	
				Funds		
Liabilities						
(Continued)						
Current liabilities payable from restricted assets:						
Accounts payable	\$ 5,709,526	1,180,039	14,372	-	6,903,937	-
Due to other funds	1,754,964	-	662,809	-	2,417,773	-
Customer deposits	1,784,432	-	-	-	1,784,432	-
	<u>9,248,922</u>	<u>1,180,039</u>	<u>677,181</u>	<u>-</u>	<u>11,106,142</u>	<u>-</u>
Total current liabilities	<u>20,061,424</u>	<u>7,738,231</u>	<u>3,230,433</u>	<u>4,827,830</u>	<u>35,857,918</u>	<u>5,009,650</u>
Noncurrent liabilities:						
Refundable contracts	2,069,714	173,969	-	-	2,243,683	-
Estimated landfill closure and post-closure care costs	-	-	3,421,462	-	3,421,462	-
Advances from other funds	-	-	-	1,378,552	1,378,552	-
Compensated absences payable	313,739	296,958	250,478	282,584	1,143,759	117,526
Net pension obligation	173,725	118,255	120,037	-	412,017	92,231
Bonds payable	145,586,858	67,175,845	8,862,954	250,000	221,875,657	-
Notes payable	17,159,086	-	-	-	17,159,086	-
Deferred interest payable	4,870,708	-	-	-	4,870,708	-
Total noncurrent liabilities	<u>170,173,830</u>	<u>67,765,027</u>	<u>12,654,931</u>	<u>1,911,136</u>	<u>252,504,924</u>	<u>209,757</u>
Total liabilities	<u>190,235,254</u>	<u>75,503,258</u>	<u>15,885,364</u>	<u>6,738,966</u>	<u>288,362,842</u>	<u>5,219,407</u>
Net Assets						
Net assets:						
Invested in capital assets, net of related debt	75,468,998	42,280,466	7,725,015	51,612,863	177,087,342	347,454
Restricted for capital projects	-	-	-	541,912	541,912	-
Unrestricted	<u>20,925,573</u>	<u>17,098,438</u>	<u>5,432,903</u>	<u>(648,432)</u>	<u>42,808,482</u>	<u>7,797,238</u>
Total net assets	<u>\$ 96,394,571</u>	<u>59,378,904</u>	<u>13,157,918</u>	<u>51,506,343</u>	<u>220,437,736</u>	<u>8,144,692</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Funds
Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Operating revenues:						
Charges for services	\$ 35,828,197	19,700,830	15,851,357	5,675,309	77,055,693	17,114,318
Net merchandise sales	-	-	-	743,215	743,215	-
Contributions	-	-	-	14,210	14,210	-
Other	323,081	340,511	408,221	873,900	1,945,713	71,640
Total operating revenues	<u>36,151,278</u>	<u>20,041,341</u>	<u>16,259,578</u>	<u>7,306,634</u>	<u>79,758,831</u>	<u>17,185,958</u>
Operating expenses:						
Salaries and wages	4,057,332	2,579,230	2,804,551	5,770,892	15,212,005	2,165,118
Employee benefits	1,896,424	1,165,644	1,523,784	2,121,459	6,707,311	962,784
Purchased professional/ technical services	1,446,701	887,486	1,071,787	1,604,533	5,010,507	1,213,189
Purchased property services	32,225	82,548	-	637,486	752,259	56,590
Maintenance	1,496,292	1,106,404	1,479,755	720,445	4,802,896	78,955
Other purchased services	1,108,429	228,371	198,807	972,814	2,508,421	818,522
Supplies	4,683,976	2,538,414	1,338,921	2,239,545	10,800,856	207,996
Other	3,530,514	3,156,240	2,070,681	923,333	9,680,768	9,223,593
Depreciation/amortization	5,825,644	2,808,837	2,344,773	3,439,383	14,418,637	93,704
Total operating expenses	<u>24,077,537</u>	<u>14,553,174</u>	<u>12,833,059</u>	<u>18,429,890</u>	<u>69,893,660</u>	<u>14,820,451</u>
Operating income (loss)	<u>12,073,741</u>	<u>5,488,167</u>	<u>3,426,519</u>	<u>(11,123,256)</u>	<u>9,865,171</u>	<u>2,365,507</u>
Nonoperating revenues (expenses):						
Investment earnings	478,324	346,193	138,240	34,572	997,329	219,358
Other income	16,272	-	-	272,649	288,921	-
Hotel/motel tax	-	-	-	1,703,650	1,703,650	-
Contributions	-	-	-	116,961	116,961	-
Intergovernmental revenue	-	-	59,718	2,681,716	2,741,434	979
Gain on sale of capital assets	-	260,073	-	-	260,073	-
Intergovernmental expenses	-	-	(59,718)	(150,000)	(209,718)	-
Interest expense and fiscal charges	(6,414,101)	(2,884,014)	(434,148)	(36,771)	(9,769,034)	-
Total nonoperating revenues (expenses)	<u>(5,919,505)</u>	<u>(2,277,748)</u>	<u>(295,908)</u>	<u>4,622,777</u>	<u>(3,870,384)</u>	<u>220,337</u>
Income (loss) before contributions and transfers	6,154,236	3,210,419	3,130,611	(6,500,479)	5,994,787	2,585,844
Capital contributions	409,109	291,850	41,826	5,591,239	6,334,024	-
Transfers in	34,324	22,882	-	3,141,947	3,199,153	-
Transfers out	(4,209,542)	(687,361)	(583,153)	-	(5,480,056)	(67,321)
Changes in net assets	2,388,127	2,837,790	2,589,284	2,232,707	10,047,908	2,518,523
Total net assets, beginning of year	<u>94,006,444</u>	<u>56,541,114</u>	<u>10,568,634</u>	<u>49,273,636</u>	<u>210,389,828</u>	<u>5,626,169</u>
Total net assets, end of year	<u>\$ 96,394,571</u>	<u>59,378,904</u>	<u>13,157,918</u>	<u>51,506,343</u>	<u>220,437,736</u>	<u>8,144,692</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash flows –
Proprietary Funds
Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	Funds
Cash flows from operating activities:						
Cash received from customers	\$ 36,119,358	20,016,042	16,314,250	7,245,677	79,695,327	16,989,959
Cash paid to suppliers for goods and services	(11,535,413)	(7,828,077)	(5,922,968)	(7,631,823)	(32,918,281)	(11,248,553)
Cash paid to employees for services	(5,762,081)	(3,385,629)	(4,164,892)	(7,843,070)	(21,155,672)	(2,931,294)
Net cash provided by (used for) operating activities	<u>18,821,864</u>	<u>8,802,336</u>	<u>6,226,390</u>	<u>(8,229,216)</u>	<u>25,621,374</u>	<u>2,810,112</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	1,714,867	1,714,867	-
Intergovernmental revenue	-	-	57,690	3,387,175	3,444,865	979
Intergovernmental expenses	-	-	(59,718)	(150,000)	(209,718)	-
Contributions	-	-	-	116,961	116,961	-
Passenger facility charges	-	-	-	272,649	272,649	-
Payments from other funds	-	-	183,314	-	183,314	-
Payments to other funds	-	-	-	(137,914)	(137,914)	-
Transfer from other funds	34,324	22,882	-	3,141,947	3,199,153	-
Transfer to other funds	(2,454,578)	(687,361)	(583,153)	-	(3,725,092)	(57,206)
Advances to other funds	(200,000)	-	-	-	(200,000)	-
Advances from other funds	-	-	-	373,090	373,090	-
Repayment of advances from other funds	-	-	-	(46,509)	(46,509)	(178,602)
Net cash provided by (used for) noncapital financing activities	<u>(2,620,254)</u>	<u>(664,479)</u>	<u>(401,867)</u>	<u>8,672,266</u>	<u>4,985,666</u>	<u>(234,829)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(35,323,196)	(9,665,143)	(5,215,464)	(5,822,959)	(56,026,762)	(29,658)
Capital contributions	-	-	-	4,465,367	4,465,367	-
Proceeds from sale of capital assets	-	306,267	-	-	306,267	-
Principal paid on debt	(6,291,056)	(4,889,408)	(1,470,000)	(110,000)	(12,760,464)	-
Interest paid on debt	(7,628,508)	(3,266,832)	(537,404)	(36,107)	(11,468,851)	-
Net cash used for capital and related financing activities	<u>(49,242,760)</u>	<u>(17,515,116)</u>	<u>(7,222,868)</u>	<u>(1,503,699)</u>	<u>(75,484,443)</u>	<u>(29,658)</u>
Cash flows from investing activities:						
Rental revenue	16,272	-	-	-	16,272	-
Investment earnings	478,324	347,111	138,240	34,572	998,247	219,358
Note payments from other entities	-	150,901	-	-	150,901	-
Net cash provided by investing activities	<u>494,596</u>	<u>498,012</u>	<u>138,240</u>	<u>34,572</u>	<u>1,165,420</u>	<u>219,358</u>
Net increase (decrease) in cash and cash equivalents	(32,546,554)	(8,879,247)	(1,260,105)	(1,026,077)	(43,711,983)	2,764,983
Cash and cash equivalents, beginning of year	<u>97,430,014</u>	<u>56,331,569</u>	<u>14,452,250</u>	<u>3,573,186</u>	<u>171,787,019</u>	<u>9,926,472</u>
Cash and cash equivalents, end of year	<u>\$ 64,883,460</u>	<u>47,452,322</u>	<u>13,192,145</u>	<u>2,547,109</u>	<u>128,075,036</u>	<u>12,691,455</u>

(Continued)

City of Waco, Texas
Statement of Cash flows –
Proprietary Funds
(Continued)
Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 12,073,741	5,488,167	3,426,519	(11,123,256)	9,865,171	2,365,507
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	125,300	101,163	30,413	-	256,876	-
Depreciation/amortization	5,825,644	2,808,837	2,344,773	3,439,383	14,418,637	93,704
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	(157,220)	(126,462)	24,259	(68,686)	(328,109)	(195,999)
Inventories	(29,987)	133	-	(108,559)	(138,413)	30,751
Increase (decrease) in liabilities:						
Accounts payable	181,846	67,422	(30,183)	(337,487)	(118,402)	77,936
Accrued liabilities	231,320	103,831	50,015	(73,964)	311,202	122,687
Unearned revenue	-	-	-	(12,056)	(12,056)	-
Estimated landfill closure and post-closure care costs	-	-	217,151	-	217,151	-
Compensated absences payable	17,950	240,990	43,406	49,281	351,627	104,377
Net pension obligation	173,725	118,255	120,037	-	412,017	92,231
Customer deposits	379,545	-	-	-	379,545	-
Estimated claims and judgments	-	-	-	-	-	118,918
Escrow funds	-	-	-	6,128	6,128	-
Net cash provided by (used for) operating activities	<u>\$ 18,821,864</u>	<u>8,802,336</u>	<u>6,226,390</u>	<u>(8,229,216)</u>	<u>25,621,374</u>	<u>2,810,112</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ 409,109	28,799	41,826	1,003,379	1,483,113	-
Transfer of capital assets to general government	\$ -	-	-	-	-	10,115

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Assets -
Agency Funds
September 30, 2009

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 2,104,592
Accounts receivable	442
Note receivable	<u>50,000</u>
Total assets	\$ <u><u>2,155,034</u></u>
Liabilities	
Due to other agencies and individuals	\$ <u>2,155,034</u>
Total liabilities	\$ <u><u>2,155,034</u></u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2009

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Waco, Texas (the City) is a municipal corporation governed by an elected mayor and a five-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component units - The component units' column in the government-wide financial statements includes the financial data of the City's two component units.

Central Waco Development Corporation: The Central Waco Development Corporation is an industrial development corporation authorized to act on behalf of the City to promote and develop commercial, industrial and manufacturing enterprises. The Corporation is prohibited from issuing bonded debt without the approval of the City Council.

Waco Health Facilities Development Corporation: Waco Health Facilities Development Corporation is a public, nonprofit corporation organized as a result of the Health Facilities Development Act. Specifically, the corporation was formed to issue obligations in order to finance all or part of the cost of one or more health facilities to assist the maintenance of public health. The Corporation is prohibited from issuing bonded debt without the approval of the City Council.

Complete financial statements for each of the individual component units may be obtained from the City's finance department offices.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenue* includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (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 revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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*, as are the proprietary fund financial statements. The government-wide, proprietary fund and fiduciary agency fund financial statements are reported using the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue 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.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. **Summary of Significant Accounting Policies** (continued)

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

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

The government 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 **2007 general obligation bond issue fund** is used to account for capital projects funded by the 2007 series general obligation bonds.

The government reports the following major proprietary funds:

The **water fund** accounts for the activities of the City's water services.

The **wastewater fund** accounts for the activities of the City's sewer services.

The **solid waste fund** accounts for the activities of the City's sanitation services.

Additionally, the government reports the following fund types:

Internal service funds account for insurance/risk management services, fleet services, and engineering services provided to other departments or agencies of the government on a cost reimbursement basis.

Agency funds account for receipts and disbursements for the Urban Renewal Agency, the Heart of Texas Housing Finance Corporation, and Waco Public Improvement District No. 2.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board

City of Waco, Texas

Notes to Financial Statements (Continued)

I. **Summary of Significant Accounting Policies** (continued)

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

(GASB). Governments also have the option of following subsequent private-sector guidance for their business-like activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers 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 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. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for 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.

D. **Assets, Liabilities and Net Assets or Equity**

Deposits and Investments

The City's cash and cash equivalents for purposes of reporting cash flows of proprietary funds consist of cash on hand, demand deposits, and deposits in the City's internal cash and investment pool.

State statutes authorize the City to invest in U. S. Treasury and agency securities, commercial paper, money market mutual funds, repurchase agreements, and government investment pools.

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Deposits and Investments (continued)

Investments for the City, as well as for its component units, are reported at fair value. The City invests in local government investment pools (LGIPs) that were created to function as money market mutual funds within the meaning of Rule 2a-7 of the Investment Company Act of 1940. Each of these LGIPs seeks to maintain a constant \$1.00 net asset value per share.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 8.55 percent of outstanding property taxes at September 30, 2009.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Inventories

All inventories are valued using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. **Summary of Significant Accounting Policies** (continued)

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

Restricted Assets

Certain proceeds of the enterprise fund bonds and certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, and similar items), and water rights are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$11,367,089 for business-type activities. Of this amount, \$1,598,055 were included as part of the cost of capital assets under construction in connection with water and wastewater fund construction projects.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Landfill improvements	3 – 5
Buildings	20 – 50
Water rights	35
Improvements	5 – 50
Equipment	5 – 20
Infrastructure	35 – 125

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported for a portion of accumulating sick leave when it is probable that the government will make termination payments.

Long-term Obligations

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds 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

In the government-wide and proprietary fund financial statements, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

Net Assets (continued)

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

II. Reconciliation of Government-wide and Fund Financial Statements

A. 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 \$119,906,283 difference are as follows:

Serial bonds and certificates of obligation	\$ 100,937,947
Less: deferred charge on refunding (to be amortized as interest expense)	(589,156)
Less: deferred charge for issuance costs (to be amortized over life of debt)	(909,606)
Plus: issuance premium	905,850
Accrued interest payable	730,258
Capitalized lease obligations	128,270
Compensated absences	15,306,610
Net pension obligation	2,365,687
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	<u>120,416</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 119,906,283</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

II. **Reconciliation of Government-wide
and Fund Financial Statements** (continued)

B. **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 revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,710,025 difference are as follows:

Capital outlay	\$ 15,285,196
Depreciation expense	<u>(11,575,171)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>3,710,025</u></u>

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net assets.” The details of this \$1,928,854 difference are as follows:

Donations and transfers of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ <u>1,928,854</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>1,928,854</u></u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$379,604 difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

**II. Reconciliation of Government-wide
and Fund Financial Statements** (continued)

***B. Explanation of Certain Differences Between the Governmental
Fund Statement of Revenues, Expenditures and Changes in Fund
Balances and the Government-wide Statement of Activities*** (continued)

Housing program revenue	\$	624,382
Court fines		(65,751)
Property taxes		237,973
Note receivable allowance		<u>(417,000)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u><u>379,604</u></u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$7,577,814 difference are as follows:

Debt issued or incurred:		
Issuance of general obligation debt	\$	(5,802,122)
Plus: premium on issuance		(115,070)
Less: deferred charge on issuance costs		58,014
Principal repayments:		
General obligation debt		7,144,536
Capital lease		341,486
Payment to escrow agent for refunding		<u>5,950,970</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u><u>7,577,814</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(3,361,192) difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

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

Net other post-employment benefit obligation	\$ (60,986)
Compensated absences	(991,591)
Net pension obligation	(2,365,687)
Accrued interest	136,661
Amortization of deferred charge on refunding	(80,751)
Amortization of issuance costs	(104,484)
Amortization of bond premiums	<u>105,646</u>
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (3,361,192)</u>

III. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual, appropriated budgets are adopted for the general fund, health fund and general obligation debt fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds and the grant fund.

Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of a resolution.

Expenditures may not legally exceed appropriations at the fund level for each legally adopted annual budget. The City Council made supplemental budgetary appropriation changes during the fiscal year. In addition, transfer of appropriations between funds requires the approval of the City Council. The reported budgetary data has been revised for these amendments legally authorized during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability (continued)

B. Deficit Fund Equity

Deficit net assets in individual nonmajor funds at September 30, 2009 consist of the following:

		Invested in Capital Assets, Net of <u>Related Debt</u>	Unrestricted <u>Net Assets</u>	Total <u>Net Assets</u>
Nonmajor Enterprise Fund:				
Cottonwood Creek Golf Course	\$	1,029,569	(1,468,751)	(439,182)

The Cottonwood Creek Golf Course Fund is used to account for the City's golf course facility. Increases to almost all operating fees have been approved for the fiscal year 2010 budget. These changes to fees will increase revenues for the fund. The City is also considering additional cost-saving measures for operating expenses.

		Invested in Capital Assets, Net of <u>Related Debt</u>	Unrestricted <u>Net Assets</u>	Total <u>Net Assets</u>
Nonmajor Internal Service Fund:				
Engineering	\$	62,047	(66,249)	(4,202)

The Engineering Fund is used to account for engineering services to other City departments. Billing rate increases to user departments that were implemented by the City for the last quarter of fiscal year 2009 will be continued for the fiscal year 2010 budget.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2009, the City had the following investments:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>	<u>Weighted Average Maturity (in years)</u>
Texas Local Government Investment Pool (TexPool)	\$ 31,465,062	15.83%	-
Texas Short-Term Asset Reserve (TexSTAR)	<u>6,985,759</u>	<u>3.52%</u>	-
Total local government investment pools	38,450,821	19.35%	-
U. S. Treasury securities	5,572,813	2.80%	0.8
U. S. Federal agency securities	<u>154,695,300</u>	<u>77.85%</u>	0.6
Total investments	<u>\$ 198,718,934</u>	<u>100.00%</u>	0.5

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the maturities of its investments as follows: maturities of U. S. Treasury obligations, U. S. Federal agency securities and repurchase agreements cannot exceed three years. Further, the weighted average maturity of the City’s investment portfolio shall at no time exceed one year.

Credit Risk

For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations. Texas Government Code Chapter 2256, Public Funds Investment Act, restricts the types of investments in which the City may invest. The City’s investment policy addresses credit quality by further restricting authorized investments to the following:

- U. S. Treasury obligations
- U. S. Federal agency securities

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

- Repurchase agreements and flexible repurchase agreements, collateralized by U. S. Treasury obligations or U. S. federal agency securities
- Money market mutual funds rated not less than AAAM by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch
- Local Government investment pools rated not less than AAAM by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch

The City's investments in TexPool and TexSTAR are rated AAAM by Standard & Poor's; and U. S. Federal agency securities are rated AAA by Standard & Poor's and Aaa by Moody's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk. More than 5% of the City's investments at September 30, 2009 were in securities of the following issuers:

<u>U. S. Agency Issuer</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Federal Home Loan Bank	\$ 73,280,470	36.88%
Federal Home Loan Mortgage Corporation	21,878,061	11.01%
Federal National Mortgage Association	40,148,643	20.20%
Federal Farm Credit Bank	19,388,126	9.76%

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be fully secured in accordance with the Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

For an investment, custodial credit risk is the risk that in the event of the failure of the counter-party, the City would not be able to recover the value of its investment or collateralized securities that are in the possession of an outside third party. The City's investment policy requires that the purchase of investment securities be settled on a delivery basis and that ownership of all securities be perfected in the name of the City.

Reconciliation of Cash and Investments

Cash on hand	\$ 56,200
Carrying amount of deposits	62,131,169
Carrying amount of investments	<u>198,718,934</u>
Total	<u>\$ 260,906,303</u>

Cash and investments - governmental activities	\$ 129,621,805
Cash and investments - business-type activities	47,692,406
Restricted cash and investments - business-type activities	80,382,630
Component units	36,756
Agency funds	2,104,592
Other participants' undivided interest in the cash and investments of the Waco Metropolitan Area Regional Sewer System	<u>1,068,114</u>
Total	<u>\$ 260,906,303</u>

The City issues certificates of obligation to fund capital projects for governmental and business-type activities. Interest earnings on the unspent proceeds of all certificates of obligation are accounted for in the capital projects fund.

Local Government Investment Pools

TexPool. The Comptroller of Public Accounts (the Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the Trust Company) which is authorized to operate TexPool. Additionally, the

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. TexPool uses amortized cost rather than market value to report net assets to compute share prices.

TexSTAR. TexSTAR is a Texas public funds investment pool that is co-administered by J.P. Morgan Chase and First Southwest Asset Management, Inc. TexSTAR is managed by a five-member board comprised of three representatives of eligible governmental entities and one member designated by each of the co-administrators. The pool uses amortized cost rather than the market value to report net assets to compute share prices.

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 6,235,894	-	-	-	538,317	6,774,211
Accounts	10,776,043	6,316,376	3,277,764	3,115,059	817,524	24,302,766
Special assessments	-	-	-	-	10,019	10,019
Intergovernmental	-	-	308,938	2,028	4,227,042	4,538,008
Notes	455,000	-	879,296	-	7,041,499	8,375,795
Gross receivables	<u>17,466,937</u>	<u>6,316,376</u>	<u>4,465,998</u>	<u>3,117,087</u>	<u>12,634,401</u>	<u>44,000,799</u>
Less: allowance for uncollectibles	<u>7,024,054</u>	<u>1,547,280</u>	<u>1,047,678</u>	<u>1,208,653</u>	<u>2,965,279</u>	<u>13,792,944</u>
Net total receivables \$	<u><u>10,442,883</u></u>	<u><u>4,769,096</u></u>	<u><u>3,418,320</u></u>	<u><u>1,908,434</u></u>	<u><u>9,669,122</u></u>	<u><u>30,207,855</u></u>

Revenues of the water, wastewater, and solid waste funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Uncollectibles related to water sales	\$ 125,300
Uncollectibles related to wastewater charges	101,163
Uncollectibles related to solid waste charges	<u>30,413</u>
Total uncollectibles of the current fiscal year	<u>\$ 256,876</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Street improvement fund:			
Grant drawdowns	\$ -	121,001	121,001
General fund:			
Delinquent property taxes receivable	1,193,912	-	1,193,912
Notes receivable	455,000	-	455,000
Other	718,472	384,745	1,103,217
General obligation debt fund:			
Delinquent property taxes receivable	457,076	-	457,076
Grant fund:			
Notes receivable	4,101,707	-	4,101,707
Grant drawdowns	-	7,517	7,517
Tax increment fund No. 1:			
Delinquent property taxes receivable	61,447	-	61,447
Other	-	38,444	38,444
Waco Public Improvement District No. 1 fund:			
Special assessments	<u>-</u>	<u>10,019</u>	<u>10,019</u>
	<u>\$ 6,987,614</u>	<u>561,726</u>	<u>7,549,340</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

	Primary Government			Balance September 30, 2009
	Balance October 1, 2008	Increases	Decreases	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 40,712,004	280,052	-	40,992,056
Construction work in progress	5,547,442	10,329,419	(1,321,790)	14,555,071
Total capital assets not being depreciated	<u>46,259,446</u>	<u>10,609,471</u>	<u>(1,321,790)</u>	<u>55,547,127</u>
Capital assets, being depreciated:				
Buildings	27,890,410	3,027,349	(160,331)	30,757,428
Machinery and equipment	33,139,735	2,371,634	(2,281,874)	33,229,495
Improvements other than buildings	30,033,571	851,121	(60,685)	30,824,007
Infrastructure	240,222,357	2,084,556	-	242,306,913
Total capital assets being depreciated	<u>331,286,073</u>	<u>8,334,660</u>	<u>(2,502,890)</u>	<u>337,117,843</u>
Less accumulated depreciation:				
Buildings	8,447,485	1,008,882	(91,929)	9,364,438
Machinery and equipment	22,362,836	3,056,859	(2,018,443)	23,401,252
Improvements other than buildings	16,851,480	1,416,785	(3,771)	18,264,494
Infrastructure	120,479,115	6,186,349	-	126,665,464
Total accumulated depreciation	<u>168,140,916</u>	<u>11,668,875</u>	<u>(2,114,143)</u>	<u>177,695,648</u>
Total capital assets, being depreciated, net	<u>163,145,157</u>	<u>(3,334,215)</u>	<u>(388,747)</u>	<u>159,422,195</u>
Total capital assets, net	<u>\$ 209,404,603</u>	<u>7,275,256</u>	<u>(1,710,537)</u>	<u>214,969,322</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 4,081,511	102,347	(158)	4,183,700
Construction work in progress	68,690,491	54,928,663	(44,025,125)	79,594,029
Museum collections	1,765,557	253,367	(34,000)	1,984,924
Total assets not being depreciated/amortized	<u>74,537,559</u>	<u>55,284,377</u>	<u>(44,059,283)</u>	<u>85,762,653</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

	Primary Government			Balance September 30, 2009
	Balance October 1, 2008	Increases	Decreases	
<u>Business-type activities: (continued)</u>				
Capital assets, being depreciated/ amortized:				
Buildings	\$ 53,338,354	5,375,756	(649,954)	58,064,156
Machinery and equipment	37,458,580	5,894,226	(4,420,030)	38,932,776
Improvements other than buildings	270,422,332	40,990,394	(24,618)	311,388,108
Water rights - impound fee	<u>33,334,140</u>	<u>-</u>	<u>(851,261)</u>	<u>32,482,879</u>
Total capital assets, being depreciated/amortized	<u>394,553,406</u>	<u>52,260,376</u>	<u>(5,945,863)</u>	<u>440,867,919</u>
Less accumulated depreciation/ amortization:				
Buildings	20,205,698	1,908,502	(636,084)	21,478,116
Machinery and equipment	23,728,859	3,336,164	(4,398,660)	22,666,363
Improvements other than buildings	105,717,851	8,224,477	(21,398)	113,920,930
Water rights - impound fee	<u>3,252,933</u>	<u>949,494</u>	<u>-</u>	<u>4,202,427</u>
Total accumulated depreciation/ amortization	<u>152,905,341</u>	<u>14,418,637</u>	<u>(5,056,142)</u>	<u>162,267,836</u>
Total capital assets being depreciated/amortized, net	<u>241,648,065</u>	<u>37,841,739</u>	<u>(889,721)</u>	<u>278,600,083</u>
Total capital assets, net	<u>\$ 316,185,624</u>	<u>93,126,116</u>	<u>(44,949,004)</u>	<u>364,362,736</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 729,061
Public works	6,598,403
Public safety	1,952,753
Culture and recreation	2,304,834
Public health	82,124
Housing and community development	<u>1,700</u>
Total depreciation expense - governmental activities	<u>\$ 11,668,875</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Business-type activities:

Water	\$ 5,825,644
Wastewater	2,808,837
Solid waste	2,344,773
Airport	1,010,051
Convention services	235,380
Ranger Hall of Fame	38,393
Cameron Park Zoo	1,045,602
Transit services	969,913
Cottonwood Creek Golf Course	<u>140,044</u>
Total depreciation/amortization expense - business-type activities	\$ <u><u>14,418,637</u></u>

Construction commitments

The City has active construction projects as of September 30, 2009. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Parks projects	\$ 10,895,266	2,690,006
Water projects	54,618,635	17,300,355
Wastewater projects	17,089,149	12,819,504
Solid waste projects	4,763,037	816,640
Other projects	<u>6,783,013</u>	<u>27,720,019</u>
Total	\$ <u><u>94,149,100</u></u>	<u><u>61,346,524</u></u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2009 is as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor business-type	Nonmajor governmental	\$ 2,813
General	Nonmajor governmental	822,532
General	Nonmajor business-type	2,313,100
Nonmajor governmental	Solid waste	662,809
Nonmajor governmental	Nonmajor governmental	6,049,424
Nonmajor governmental	2007 General obligation bonds	256,156
Nonmajor governmental	Water	1,754,964
		<u>\$ 11,861,798</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor business-type	\$ 684,848
Water	Nonmajor business-type	525,336
Nonmajor governmental	Nonmajor business-type	168,368
		<u>\$ 1,378,552</u>

A balance of \$200,885 included in the \$684,848 due to the general fund from the airport fund, a nonmajor business-type fund, resulted from a loan for capital improvements. All remaining balances resulted from loans to Cottonwood Creek Golf Course fund made for operating and capital improvements since the City took over management responsibilities. Amounts are not expected to be paid within the next fiscal year.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Interfund transfers

	Transfer in					Total
	General	Water	Wastewater	Nonmajor Governmental	Nonmajor Enterprise	
Transfers out:						
General	\$ -	-	-	8,078,520	3,141,947	11,220,467
2007 General obligation bond issue	-	-	-	267,000	-	267,000
Water	2,454,578	-	-	1,754,964	-	4,209,542
Wastewater	687,361	-	-	-	-	687,361
Solid waste	373,883	-	-	209,270	-	583,153
Nonmajor governmental	50,000	-	-	2,230,704	-	2,280,704
Internal service	-	34,324	22,882	-	-	57,206
Total transfers	\$ 3,565,822	34,324	22,882	12,540,458	3,141,947	19,305,433

Transfers are used to (1) move revenues from the fund responsible for collecting them to the fund responsible for expending them as required by statute or budget, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Included in transfers out on the accompanying statement of revenues, expenses and changes in fund net assets of the internal service funds is a transfer of \$10,115, which represents a capital asset transfer to the general government.

In the year ended September 30, 2009, the City made payments from various funds to the general fund in lieu of taxes. The City reported these payments as transfers. Transfers were made from the following funds in the following amounts.

Water	\$ 2,454,578
Wastewater	687,361
Solid waste	246,512

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$604,052 for the year ended September 30, 2009. The future minimum lease payments for these leases are as follows:

Year Ending September 30,		
2010	\$	381,743
2011		129,340
Total	\$	511,083

Capital leases

The government has acquired certain capital assets for governmental activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Asset	Accumulated Depreciation	Total
Governmental activities:			
Telephone system	\$ 1,956,025	1,815,474	140,551
Computer equipment	189,395	94,698	94,697
Total	\$ 2,145,420	1,910,172	235,248

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases (continued)

Year Ending September 30,	Governmental Activities
2010	\$ 66,145
2011	65,827
Total minimum lease payments	131,972
Less: amount representing interest	3,702
Present value of minimum lease payments	\$ 128,270

F. Long-term Debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. The original amount of general obligation bonds issued in prior years was \$359,355,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as twenty-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2.00% - 6.08%	\$ 84,455,000
Governmental activities - refunding	2.00% - 4.50%	16,482,947
Business-type activities	2.00% - 6.80%	205,945,000
Business-type activities - refunding	2.00% - 4.50%	28,077,054
		\$ 334,960,001

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 7,270,310	4,244,894	13,139,691	9,998,181
2011	6,842,665	3,979,176	11,632,337	9,513,787
2012	6,755,342	3,720,783	11,514,658	9,046,672
2013	5,367,415	3,487,413	11,422,584	8,590,851
2014	4,690,143	3,287,443	10,984,857	8,145,302
2015 - 2019	25,837,072	13,315,835	54,892,927	33,714,122
2020 - 2024	27,490,000	7,361,949	54,200,000	21,292,316
2025 - 2029	16,685,000	949,751	31,155,000	11,750,791
2030 - 2034	-	-	26,390,000	5,023,314
2035- 2037	-	-	8,690,000	541,250
Total	\$ <u>100,937,947</u>	<u>40,347,244</u>	<u>234,022,054</u>	<u>117,616,586</u>

Advance refunding

The government issued \$14,435,000 of general obligation refunding bonds to provide resources to purchase U. S. government state and local government services securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$14,630,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$170,711. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty years by \$816,320 and resulted in an economic gain of \$756,133.

Prior year defeasance of bonds

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2009, \$17,950,000 of bonds considered defeased are still outstanding.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

State participation loan

The City has borrowed \$15,000,000 with interest rates from 5.8% to 5.9% under the Texas Water Development Board state participation loan program. The proceeds from this loan were being used to increase the conservation storage space in Lake Waco in order to increase the dependable water supply yield of the lake.

Annual debt service requirements to maturity for the state participation loan are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2010	\$ -	614,323
2011	-	745,964
2012	-	877,605
2013	-	877,605
2014	-	877,605
2015 - 2019	-	8,023,817
2020 - 2024	2,075,000	5,726,742
2025 - 2029	4,345,000	3,308,757
2030 - 2034	5,770,000	1,882,557
2035 - 2036	2,810,000	250,194
	\$ 15,000,000	23,185,169

Note payable

The City has entered into an agreement with the City of West, Texas to supply water for 40 years pursuant to an agreed-upon rate structure. As part of the agreement, the City purchased a pump station and water transmission line for \$12,814 monthly for 18 years and \$6,632 monthly for 22 years. Interest is imputed at 4.35% over the term of the agreement.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 58,386	95,377
2011	60,979	92,784
2012	63,687	90,076
2013	66,515	87,247
2014	69,469	84,293
2015 - 2019	396,459	372,353
2020 - 2024	410,536	277,913
2025 - 2029	178,771	219,139
2030 - 2034	222,155	175,755
2035 - 2039	276,067	121,843
2040 - 2044	343,063	54,847
2045	71,385	1,564
Total	<u>\$ 2,217,472</u>	<u>1,673,191</u>

Other long-term debt information

Proceeds from general obligation bonds are subject to arbitrage rebate regulations. Estimated rebatable arbitrage has been recorded as a reduction to interest on investments.

During 1985, the City entered into a development agreement which provided that the City repay \$830,000 for public improvements at an interest rate not to exceed 8%. Repayment of principal and accrual of interest will not begin until revenue is received from the area designated in the development agreement. Annual requirements will be based on the revenue generated from future developments, which cannot be reasonably estimated at September 30, 2009.

There is no specific maximum debt limit established by law for the City; therefore, the limit is governed by the City's ability to levy and collect taxes. The City's maximum legal rate is \$1.85 per \$100 valuation; the current tax rate is \$0.786232 per \$100 valuation.

The various bond obligations contain certain financial limitations and restrictions. The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (general debt service fund). The ordinances require the City

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

to ascertain a rate and amount of tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City is in compliance with all such significant financial restrictions.

Refundable contracts

The City maintains a policy of refunding to subdivision developers certain costs for the construction of water and wastewater improvements and streets and drainage facilities, applicable to single family housing developments. The policy was created to encourage the construction of single family residences within the corporate limits of the City. Amounts under contract which have not yet been refunded of \$3,265,861 have been recorded as a liability in the accompanying statement of net assets.

Changes in long-term liabilities

Long-term liability activity (shown in thousands of dollars) for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 108,200	5,802	13,064	100,938	7,270
Plus: premium on bonds	896	115	105	906	-
Less: deferred amount on refundings	<u>(638)</u>	<u>(32)</u>	<u>(81)</u>	<u>(589)</u>	<u>-</u>
Total bonds payable	<u>108,458</u>	<u>5,885</u>	<u>13,088</u>	<u>101,255</u>	<u>7,270</u>
Capital leases	470	-	342	128	63
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	3,961	9,611	9,492	4,080	4,080
Compensated absences	14,598	8,521	7,425	15,694	7,633
Net pension obligation	-	11,702	9,244	2,458	-
Net OPEB obligation	<u>59</u>	<u>81</u>	<u>20</u>	<u>120</u>	<u>-</u>
Total long-term liabilities	<u>19,998</u>	<u>29,915</u>	<u>26,523</u>	<u>23,390</u>	<u>11,776</u>
Governmental activity long-term liabilities	<u>\$ 128,456</u>	<u>35,800</u>	<u>39,611</u>	<u>124,645</u>	<u>19,046</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 246,860	8,633	21,471	234,022	13,140
Plus: premium on bonds	2,175	177	386	1,966	-
Less: deferred amount on refundings	<u>(947)</u>	<u>(138)</u>	<u>(113)</u>	<u>(972)</u>	<u>-</u>
Total bonds payable	<u>248,088</u>	<u>8,672</u>	<u>21,744</u>	<u>235,016</u>	<u>13,140</u>
State participation loan	15,000	-	-	15,000	-
Note payable	2,273	-	56	2,217	58
Compensated absences	2,197	1,515	1,164	2,548	1,404
Net pension obligation	-	1,961	1,549	412	-
Refundable contracts	2,317	1,856	987	3,186	942
Deferred interest payable	4,564	307	-	4,871	-
Estimated landfill closure and post-closure care costs	<u>3,204</u>	<u>217</u>	<u>-</u>	<u>3,421</u>	<u>-</u>
Total long-term liabilities	<u>29,555</u>	<u>5,856</u>	<u>3,756</u>	<u>31,655</u>	<u>2,404</u>
Business-type activity long-term liabilities	<u>\$ 277,643</u>	<u>14,528</u>	<u>25,500</u>	<u>266,671</u>	<u>15,544</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$387,234, \$92,231, and \$4,080,101 of internal service funds compensated absences, net pension obligations and estimated claims and judgments, respectively, are included in the above governmental amounts. Also, for the governmental activities, compensated absences, net pension obligation, and capital leases are generally liquidated by the general fund. Refundable contracts are liquidated by the street and drainage refundable contracts debt service fund.

G. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

G. Restricted Assets (continued)

Customer deposits	\$ 1,784,432
Bond construction account	77,464,990
Capital grants and contributions	<u>1,133,208</u>
Total restricted assets	<u>\$ 80,382,630</u>

H. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City has established the insurance fund and health insurance fund (internal services funds) to account for and finance its risk management activities. All funds participate in these programs and make payments to these funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish reserves for catastrophe losses. The reserves for catastrophic losses were approximately \$7,741,000 at September 30, 2009.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, damage awards (including frequency and amount of payouts), and economic and social trends. Accordingly, claims are reevaluated periodically to consider the effects of such factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The insurance fund provides coverage for up to a maximum of \$400,000 for each workers' compensation claim. The City purchases commercial insurance for workers' compensation claims in excess of coverage provided by the fund. For general liability claims prior to fiscal year 2002, the insurance fund provided coverage for up to \$250,000 for each individual and \$500,000 aggregate for general liability claims and up to \$100,000 for each property damage claim. Beginning with fiscal year 2002, the insurance fund provides commercial insurance for each general liability

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

or property damage claim. The City purchases commercial insurance for claims in excess of \$50,000. The commercial liability insurance limits are \$1,000,000 per occurrence for general liability with a \$2,000,000 annual aggregate, except for law enforcement liability for which the limits are \$5,000,000 per occurrence and \$10,000,000 annual aggregate. The commercial insurance limits for the City's property coverages are: \$10,000,000 aggregate for automobile catastrophe, \$222,741,480 aggregate for real and personal property, \$11,892,428 aggregate for mobile equipment and \$5,000,000 per accident for boiler and machinery.

Effective January 1, 2006, the City began to self-insure for health insurance claims. The City's health insurance fund provides lifetime maximum benefits of \$1,000,000 per participant. Commercial insurance is purchased for total annual claims per individual in excess of \$150,000 up to \$850,000 and for the first \$1,000,000 of annual aggregate claims in excess of expected claims.

There have been no claim settlements in excess of the insurance coverages that have been procured in 2009, 2008, or 2007. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of fiscal year	\$ 3,961	3,226
Incurred claims (including IBNRs)	9,611	10,242
Claim payments	<u>(9,492)</u>	<u>(9,507)</u>
Unpaid claims, end of fiscal year	<u>\$ 4,080</u>	<u>3,961</u>

I. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

I. Contingent Liabilities (continued)

There are currently several claims and lawsuits pending against the City. It is the opinion of the City Attorney and management that there is not pending litigation against the City that, if decided against the City, would have a material adverse effect upon the operations of the City or that would exceed the contingency amounts set aside for such purpose.

J. Commitments

Water storage rights in Lake Waco were acquired by contract with Brazos River Authority in 1965. Total consideration for the water storage rights over the fifty-year term is \$9,416,500 with payments of \$188,330 due annually. Such payments are reported as operating deductions of the water fund in the year the payments are made.

K. Other Post-employment Benefits

Plan Description - The City administers a single-employer defined benefit life insurance plan. The plan provides \$2,500 of life insurance to each qualified retiree. According to the City's personnel policy, retirees who have retired under the Texas Municipal Retirement System at age sixty or above with a minimum of five years of service or at any age with a minimum of twenty years of service are eligible for postretirement life insurance benefits.

Funding Policy - The City provides on a pay-as-you-go basis. The City's annual funding for these benefits is equal to the actual disbursement for insurance premiums made during the year for qualified retired employees. For 2009, the City paid insurance premiums of \$20,129.

Annual OPEB cost and net OPEB obligation - The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board (GASB) Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For 2009, the ARC of \$81,115 is comprised of employer normal costs of \$20,907 and amortization of unfunded actuarial liabilities of \$60,208. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

	<u>2009</u>	<u>2008</u>
Net OPEB obligation, beginning of year	\$ 59,430	-
OPEB cost	81,115	78,752
Premiums actually paid	<u>(20,129)</u>	<u>(19,322)</u>
Net OPEB obligation, end of year	<u>\$ 120,416</u>	<u>59,430</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2008 were as follows (2008 was the first year an actuarial valuation was performed):

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>% of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 81,115	24.8%	\$ 120,416
2008	78,752	24.5%	59,430

Funded Status and Funding Progress – As of December 31, 2007, the most recent actuarial valuation date, the plan was zero percent funded (i.e., the ratio of plan assets to actuarial accrued liabilities.) The actuarial accrued liability for benefits was \$973,424 with no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$973,242. The covered payroll (annual payroll of active employees covered by the plan) was \$64,258,478, and the ratio of the UAAL to the covered payroll was 1.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. **Detailed Notes on All Funds** (continued)

K. **Other Post-employment Benefits** (continued)

In the December 31, 2007 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a (a) 4.5% investment rate of return (net of investment expenses), which is a rate of the expected long-term investment returns on the City's own investments calculated based on the funded level of the plan at the valuation date, (b) rate of salary increase of 6.75% to 15.00% based on age and years of service, and (c) mortality rates (probabilities of dying) of .19 to 8.70% based on sex and attained age. The UAAL is being amortized as a level percentage of projected payroll on an open basis over thirty years.

L. **Pension Plans – Primary Government**

Deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Defined benefit plan – Texas Municipal Retirement System

Plan Description – The City provides pension benefits for all of its full-time, eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5 years

Members can retire at certain ages, based on the years of service with the City. The service retirement eligibilities for the City (expressed as years of service/age) are:

5 years/age 60
20 years/any age

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.

Funding Policy - Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

The City generally contributes to the TMRS Plan at an actuarially determined 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.

Prior to December 31, 2007, TMRS used the Unit Credit actuarial cost method. This method accounts for the liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. For the December 31, 2007 valuation, TMRS determined that the Projected Unit Credit actuarial cost method should be used which facilitates advance funding for future updated service credits and annuity increases. These changes generally resulted initially in higher required contributions and lower funded ratios. To assist in this transition to higher rates, TMRS approved an optional eight-year phase in period beginning in 2009, which allows the City the opportunity to increase their contributions gradually (approximately 12.5% each year) to their required contribution rate. The City's actual contribution, annual pension cost (consisting solely of the annual required contribution), and net pension obligation for 2009 was \$10,793,237, \$13,662,872, and \$2,869,635, respectively.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Annual Required Contribution Rate</u>
2009	\$ 13,662,872	80%	\$ 2,869,635	22.55%
2008	9,513,354	100%	-	15.47%
2007	8,967,114	100%	-	14.91%

The required contribution rate for fiscal year 2009 was determined as part of the December 31, 2006 and 2007 actuarial valuations. The actuarial assumptions at December 31, 2006 and 2007 follow, along with additional information as of the latest actuarial valuation, December 31, 2008:

<u>Valuation Date</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

<u>Valuation Date</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>
Remaining Amortization Period	25 years; open period	30 years; open period	29 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.00%	3.00%	3.00%
Cost-of-living adjustments	N/A	2.1%	2.1%

Funded Status and Funding Progress – As of December 31, 2008, the most recent actuarial valuation, the plan was 55.4% funded. The actuarial accrued liability for benefits was \$282,593,563, and the actuarial value of assets was \$156,574,429, resulting in an unfunded actuarial accrued liability (UAAL) of \$126,019,134. The covered payroll (annual payroll of active employees covered by the plan) was \$64,258,478, and the ratio of the UAAL to the covered payroll was 196.1%.

The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12-31-2006	\$ 144,619,109	218,136,486	66.3%	\$ 73,317,377	56,922,403	129.2%
12-31-2007	150,189,783	269,788,557	55.7%	119,598,774	59,180,990	202.1%
12-31-2008	156,574,429	282,593,563	55.4%	126,019,134	64,258,478	196.1%

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

M. Fire and Police One-half Pay Pension

The City funded on a pay-as-you-go basis and administered a one-half single-employer defined benefit pension plan for employees who were not eligible to participate when TMRS was adopted. Any policeman, fireman or fire alarm operator employed by the City prior to September 12, 1950, and their named dependents are entitled to benefits under this plan. Employees were able to retire after 25 years of service. The City Council passed an ordinance for pension pay equal to one-half of the salary for each employee at the time of retirement.

There are seven retired firemen and policemen under this plan with no eligible active employees.

An actuarial valuation has not been performed on this plan due to its small relative size. The estimated unfunded liability based on the present value of future benefits with a 7.5 percent interest rate assumption is \$268,526 at September 30, 2009.

These benefits are budgeted and recorded in the general fund as expenditures in the year paid. Total costs of these paid benefits for the three years ended September 30, are as follows:

2009	\$ 70,164
2008	75,530
2007	103,476

N. Solid Waste Landfill Closure and Post-closure Care Cost

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of usage of the landfill to date. The estimated liability for landfill closure and post-closure care costs included in accrued liabilities is \$3,421,462 as of September 30, 2009, which is based on 56.72% usage (filled) of the landfill. It is estimated that an additional \$2,610,766 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2026). The estimated total current cost of the landfill closure and post-closure care (\$6,032,228) is based on the amount that would be paid if all equipment, facilities,

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

N. Solid Waste Landfill Closure and Post-closure Care Cost (continued)

and services required to close, monitor and maintain the landfill were acquired as of September 30, 2009. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

O. Conduit Debt Obligations

From time to time, Central Waco Development Corporation and Waco Health Facilities Development Corporation have issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial and health facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage debt. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issue. Neither Central Waco Development Corporation, Waco Health Facilities Development Corporation, the City, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements of Central Waco Development Corporation, Waco Health Facilities Development Corporation, or the City.

As of September 30, 2009, there are sixteen series of industrial revenue bonds outstanding. The aggregate principal amount payable for the seven series issued after July 1, 1995 was \$296,575,000. The aggregate principal amount payable for the nine series issued prior to July 1, 1995 could not be readily determined; however, their original issue amounts totaled \$115,131,180.

P. Waco Public Improvement District #2

Waco Public Improvement District #2 transactions are recorded in an agency fund as the City acts as an agent for the property owner in collecting assessments and forwarding the collections to the bondholders. However, the City is not obligated in any manner for repayment of these special assessments. As of September 30, 2009, such special assessment debt outstanding totaled \$1,759,000.

Q. Undivided Interest in Waco Metropolitan Area Regional Sewer System

During 2004, the City entered into an agreement with four other participating cities to acquire the facilities and operations of the Waco Metropolitan Area Regional Sewer System (the System) from Brazos River Authority (the Authority). Prior to the

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

***Q. Undivided Interest in Waco
Metropolitan Area Regional Sewer System*** (continued)

acquisition, the cities were "tenants in common" of the System owned by the Authority, and funded the System through payments to the Authority based on the amount of wastewater treated. The cities believe that their purchase and operation of the System will increase the efficiency and effectiveness of providing wastewater treatment services to their citizens.

The City's initial purchase included an 84.47% undivided interest in the System; however, the City subsequently sold portions of its undivided interest to other cities leaving it with a 79.234% undivided interest in the System.

The City assisted four of the participating cities in financing their initial investments. During 2004, the City's wastewater fund advanced \$1,849,058 to the four participating cities at an interest rate of 3.65% to be repaid in annual installments through February 2024. As of September 30, 2009, \$879,296 of principal remained outstanding on these loans.

Under the interlocal agreement for the System, a board was created consisting of the city managers from each of the seven participating cities. The operation and administration of the System is subject to joint control by the cities through the board; however, a separate legal entity was not created. The agreement allows the cities to pool resources and share the costs, risks, and rewards of providing services. Further, each city retains an ongoing financial interest and ongoing financial responsibility in the operations of the System. The City has reported its share of assets, liabilities, equity, revenues and expenses that are associated with this joint activity in its wastewater fund as follows:

Current assets	\$ 5,643,545
Capital assets	17,339,591
Current liabilities	<u>(1,700,136)</u>
Net assets	<u>\$ 21,283,000</u>
Operating revenue	\$ 327,259
Operating expenses	(4,903,945)
Non-perating revenue	<u>351,868</u>
Change in net assets	<u>\$ (4,224,818)</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

R. Related Organization

Waco Education Finance Corporation is a related organization to which the City appoints board members but for which the City has no significant financial accountability.

S. Authoritative Pronouncements Not Yet Effective

A summary of pronouncements issued by the Governmental Accounting Standards Board (GASB) which may impact the City but are not yet effective follows. The City has not yet determined the effects of the adoption of these pronouncements on the financial statements.

GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets (issued June 2007) – The objective of this statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies in accounting and financial reporting, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of the new statement become effective for periods beginning after June 15, 2009.

GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments (issued June 2008) – This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (issued February 2009) – The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

T. Prior Period Adjustments

Net assets for governmental activities in the government-wide financial statements and fund balance in the general fund have been increased by \$274,482 as of October 1, 2008 for adjustments to inventory.



**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	2009	2008
Assets		
Cash and investments	\$ 18,474,369	19,348,546
Accounts receivable, net of allowance	3,923,040	4,282,677
Taxes receivable, net of allowance	6,064,843	6,000,155
Notes receivable	455,000	-
Due from other funds	3,135,632	3,200,660
Advances to other funds	684,848	735,178
Inventory	666,261	81,130
Real estate held for resale	12,465	12,465
	\$ 33,416,458	33,660,811
Liabilities		
Liabilities:		
Accounts payable	\$ 1,698,356	1,440,157
Accrued liabilities	4,893,783	4,940,170
Deferred revenue	2,752,129	2,117,353
Deposits	256,214	238,582
Escrow funds	276,119	288,746
Total liabilities	9,876,601	9,025,008
Fund Balances		
Reserved for:		
Encumbrances	802,620	1,050,106
Real estate held for resale	12,465	12,465
Advances to other funds	684,848	735,178
Unreserved:		
Designated for:		
2010 budget	3,031,328	-
2009 budget	-	4,087,059
Economic development	876,836	1,237,022
Housing	119,000	190,000
Capital improvements	1,006,843	2,017,000
Contingencies	2,236,684	1,000,000
Undesignated	14,769,233	14,306,973
Total fund balances	23,539,857	24,635,803
Total liabilities and fund balances	\$ 33,416,458	33,660,811

See accompanying independent auditors' report.

City of Waco, Texas
General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Taxes	\$ 62,618,808	59,917,667
Business and occupation fees	13,663,140	13,997,454
Permits, licenses and fees	963,705	1,212,273
Fines	2,079,910	2,197,072
Charges for services	1,545,120	1,372,169
Investment earnings	560,218	948,466
Contributions	126,215	166,668
Intergovernmental	1,519,830	1,393,156
Other	7,175,507	6,977,181
Total revenues	<u>90,252,453</u>	<u>88,182,106</u>
Expenditures:		
General government	14,986,511	15,785,407
Public works	1,969,524	3,294,892
Public safety	53,435,407	50,523,618
Culture and recreation	13,019,382	12,077,492
Housing and community development	557,412	97,490
Total expenditures	<u>83,968,236</u>	<u>81,778,899</u>
Excess of revenues over expenditures	<u>6,284,217</u>	<u>6,403,207</u>
Other financing sources (uses):		
Transfers in	3,565,822	3,069,440
Transfers out	(11,220,467)	(10,454,955)
Total other financing sources (uses)	<u>(7,654,645)</u>	<u>(7,385,515)</u>
Net change in fund balances	<u>(1,370,428)</u>	<u>(982,308)</u>
Fund balances, beginning of year,		
as previously stated	24,635,803	25,618,111
Prior period adjustment	274,482	-
Fund balances, beginning of year, as restated	<u>24,910,285</u>	<u>25,618,111</u>
Fund balances, end of year	<u>\$ 23,539,857</u>	<u>24,635,803</u>

See accompanying independent auditors' report.

2007 General Obligation Bond Issue Fund



City of Waco, Texas
2007 General Obligation Bond Issue Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>59,547,454</u>	<u>61,521,093</u>
Total assets	<u>\$ <u>59,547,454</u></u>	<u><u>61,521,093</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 911,062	233,948
Accrued liabilities	160,904	398,541
Due to other funds	<u>256,156</u>	<u>-</u>
Total liabilities	<u>1,328,122</u>	<u>632,489</u>
Fund Balances		
Reserved for encumbrances	12,483,917	5,023,796
Unreserved, undesignated	<u>45,735,415</u>	<u>55,864,808</u>
Total fund balances	<u>58,219,332</u>	<u>60,888,604</u>
Total liabilities and fund balances	<u>\$ <u>59,547,454</u></u>	<u><u>61,521,093</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
2007 General Obligation Bond Issue Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment earnings	\$ <u>2,626,761</u>	<u>2,827,394</u>
Total revenues	<u>2,626,761</u>	<u>2,827,394</u>
Expenditures:		
Capital outlay	<u>5,029,033</u>	<u>5,278,242</u>
Total expenditures	<u>5,029,033</u>	<u>5,278,242</u>
Deficiency of revenues under expenditures	<u>(2,402,272)</u>	<u>(2,450,848)</u>
Other financing uses:		
Transfers out	<u>(267,000)</u>	<u>-</u>
Total other financing uses	<u>(267,000)</u>	<u>-</u>
Net change in fund balances	(2,669,272)	(2,450,848)
Fund balances, beginning of year	<u>60,888,604</u>	<u>63,339,452</u>
Fund balances, end of year	<u>\$ <u>58,219,332</u></u>	<u><u>60,888,604</u></u>

See accompanying independent auditors' report.

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Funds are used to account for the accumulation of resources and payment of debt for governmental funds.

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.



City of Waco, Texas
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2009
(With Comparative Totals for September 30, 2008)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2009	2008
Assets						
Cash and investments	\$ 19,786,925	657,233	17,991,601	472,768	38,908,527	41,361,505
Accounts receivable, net of allowances	240,732	-	27,525	-	268,257	356,949
Special assessments receivable	10,019	-	-	-	10,019	6,796
Taxes receivable	61,447	476,870	-	-	538,317	509,946
Notes receivable	4,101,707	-	-	-	4,101,707	4,349,325
Due from other funds	156,156	-	8,567,197	-	8,723,353	7,961,354
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	1,543,490	-	-	-	1,543,490	1,542,620
Real estate held for resale	40,709	-	-	-	40,709	40,709
Total assets	\$ 25,941,185	1,134,103	26,754,691	472,768	54,302,747	56,297,572
Liabilities						
Accounts payable	\$ 783,223	-	273,686	-	1,056,909	1,135,959
Accrued liabilities	332,313	-	271,548	-	603,861	553,254
Deferred revenue	4,219,134	457,076	121,001	-	4,797,211	5,002,075
Due to other funds	796,046	-	6,078,723	-	6,874,769	8,231,505
Escrow funds	91,685	-	-	-	91,685	75,487
Total liabilities	6,222,401	457,076	6,744,958	-	13,424,435	14,998,280
Fund Balances						
Reserved for encumbrances	1,441,166	-	1,026,667	-	2,467,833	7,116,789
Reserved for real estate held for resale	40,709	-	-	-	40,709	40,709
Reserved for advances to other funds	-	-	168,368	-	168,368	168,368
Reserved for debt service	-	677,027	-	-	677,027	781,972
Reserved for purpose of trust	-	-	-	472,768	472,768	465,585
Unreserved:						
Designated for grant purposes	756,106	-	-	-	756,106	660,255
Undesignated	17,480,803	-	18,814,698	-	36,295,501	32,065,614
Total fund balances	19,718,784	677,027	20,009,733	472,768	40,878,312	41,299,292
Total liabilities and fund balances	\$ 25,941,185	1,134,103	26,754,691	472,768	54,302,747	56,297,572

See accompanying independent auditors' report.

City of Waco, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2009	2008
Revenues:						
Taxes	\$ 3,951,865	11,239,171	-	-	15,191,036	14,491,419
Permits, licenses and fees	1,060,214	-	-	-	1,060,214	1,153,184
Fines	108,664	-	-	-	108,664	128,948
Investment earnings	343,434	29,536	2,499,122	7,183	2,879,275	6,244,010
Contributions	127,757	-	1,894,000	-	2,021,757	1,146,978
Intergovernmental	8,211,854	-	63,627	-	8,275,481	8,234,584
Program income	244,575	-	-	-	244,575	540,969
Other	605,987	-	-	-	605,987	753,876
Total revenues	<u>14,654,350</u>	<u>11,268,707</u>	<u>4,456,749</u>	<u>7,183</u>	<u>30,386,989</u>	<u>32,693,968</u>
Expenditures:						
Current:						
General government	5,841,665	-	-	-	5,841,665	4,612,705
Public safety	824,949	-	-	-	824,949	1,391,210
Culture and recreation	153,701	-	-	-	153,701	163,180
Housing and community development	3,043,398	-	-	-	3,043,398	3,710,635
Public health	6,799,722	-	-	-	6,799,722	6,494,336
Capital outlay	-	-	12,563,857	-	12,563,857	9,447,904
Debt service:						
Principal	-	7,144,536	-	-	7,144,536	6,963,545
Interest and fiscal charges	-	4,604,103	-	-	4,604,103	4,725,942
Bond issuance costs	-	58,014	-	-	58,014	27,237
Total expenditures	<u>16,663,435</u>	<u>11,806,653</u>	<u>12,563,857</u>	<u>-</u>	<u>41,033,945</u>	<u>37,536,694</u>
Deficiency of revenues under expenditures	<u>(2,009,085)</u>	<u>(537,946)</u>	<u>(8,107,108)</u>	<u>7,183</u>	<u>(10,646,956)</u>	<u>(4,842,726)</u>
Other financing sources (uses):						
Refunding bonds issued	-	5,802,122	-	-	5,802,122	-
Payment to refunded bond escrow agent	-	(5,950,970)	-	-	(5,950,970)	-
General obligation bonds issued	-	-	-	-	-	3,775,000
Capital leases	-	-	-	-	-	189,395
Premium on general obligation bonds	-	115,070	-	-	115,070	27,104
Transfers in	4,359,548	466,779	7,714,131	-	12,540,458	17,237,905
Transfers out	(516,779)	-	(1,763,925)	-	(2,280,704)	(8,466,615)
Total other financing sources (uses)	<u>3,842,769</u>	<u>433,001</u>	<u>5,950,206</u>	<u>-</u>	<u>10,225,976</u>	<u>12,762,789</u>
Net change in fund balances	1,833,684	(104,945)	(2,156,902)	7,183	(420,980)	7,920,063
Fund balances, beginning of year	<u>17,885,100</u>	<u>781,972</u>	<u>22,166,635</u>	<u>465,585</u>	<u>41,299,292</u>	<u>33,379,229</u>
Fund balances, end of year	<u>\$ 19,718,784</u>	<u>677,027</u>	<u>20,009,733</u>	<u>472,768</u>	<u>40,878,312</u>	<u>41,299,292</u>

See accompanying independent auditors' report.

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Economic Development Fund - This fund is used to account for activities incurred through enhancing and/or inducing special economic development initiatives and projects.

Economic Development Incentive Fund - This fund is used to account for incentive projects for local economic development in collaboration with McLennan County.

Tax Increment Funds - These funds are used to account for the governmental activities of three tax increment districts - Reinvestment Zone Number One, Reinvestment Zone Number Two, and Reinvestment Zone Number Three.

Health Programs Fund - This fund is used to account for the activities of the City's share of health programs operated within McLennan County. Financing is provided from the general fund to the extent patients' fees, assessments from other governments, and other miscellaneous revenues are not sufficient to provide such financings. Also included in this fund are contributions to Heart of Texas Community Health Center, Inc.

Grant Fund - This fund is used to account for the activities of all grants not accounted for elsewhere.

Waco Public Improvement District No. 1 - This fund was created by the government as a means of authorizing the City to undertake improvements and services to a designated geographic area in the central business district/central city.

Abandoned Motor Vehicle Fund - This fund is used to account for the activities of the City for handling abandoned motor vehicles picked up by the Police Department and sold at public auction. Article 1436-3, Section 5 of the Penal Code and Ordinance Number 2858, Section 28-42 control the handling of abandoned motor vehicles. Financing is provided from the sale of abandoned motor vehicles at public auction.

Police Forfeiture Fund - This fund is used to account for the receipt and expenditure of revenues derived from crime seizures that are for police purposes.

Court Security Fund - This fund is used to account for the receipt and expenditure of revenues from court fines restricted for court security.

Court Technology Fund - This fund is used to account for the receipt and expenditure of revenues from court fines restricted for court technology.

Hamilton Memorial Fund - This fund is used to account for earnings from principal used for improvements to Cameron Park.

Miss Nellie's Park Maintenance Fund - This fund is used to account for earnings from principal used to maintain Miss Nellie's Pretty Place.

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2009
(With Comparative Totals for September 30, 2008)

	Economic Development Fund	Economic Development Incentive Fund	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund
Assets						
Cash and investments	\$ 169,388	8,137,763	7,452,744	847,676	62,410	790,914
Accounts receivable, net of allowances	-	4,089	44,658	-	-	77,008
Special assessments receivable	-	-	-	-	-	-
Taxes receivable	-	-	61,447	-	-	-
Notes receivable	-	-	-	-	-	-
Intergovernmental receivable	-	-	292,331	-	-	-
Due from other funds	-	-	-	-	-	-
Real estate held for resale	-	-	-	-	-	-
Total assets	\$ 169,388	8,141,852	7,851,180	847,676	62,410	867,922
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ -	-	510,769	-	-	76,729
Accrued liabilities	-	-	-	-	-	132,866
Deferred revenue	-	-	99,891	-	-	-
Due to other funds	-	-	-	-	-	-
Escrow funds	-	-	-	-	-	91,685
Total liabilities	-	-	610,660	-	-	301,280
Fund Balances						
Reserved for encumbrances	-	1,400,421	21,298	-	-	985
Reserved for real estate held for resale	-	-	-	-	-	-
Unreserved:						
Designated for grant purposes	-	-	-	-	-	-
Undesignated	169,388	6,741,431	7,219,222	847,676	62,410	565,657
Total fund balances	169,388	8,141,852	7,240,520	847,676	62,410	566,642
Total liabilities and fund balances	\$ 169,388	8,141,852	7,851,180	847,676	62,410	867,922

See accompanying independent auditors' report.

Grant Fund	Waco Public Improvement District No. 1 Fund	Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
								2009	2008
423,439	288,374	257,964	399,020	426,963	479,894	8,606	41,770	19,786,925	18,124,679
114,977	-	-	-	-	-	-	-	240,732	355,724
-	10,019	-	-	-	-	-	-	10,019	6,796
-	-	-	-	-	-	-	-	61,447	45,818
4,101,707	-	-	-	-	-	-	-	4,101,707	4,349,325
1,251,159	-	-	-	-	-	-	-	1,543,490	1,452,674
156,156	-	-	-	-	-	-	-	156,156	-
40,709	-	-	-	-	-	-	-	40,709	40,709
<u>6,088,147</u>	<u>298,393</u>	<u>257,964</u>	<u>399,020</u>	<u>426,963</u>	<u>479,894</u>	<u>8,606</u>	<u>41,770</u>	<u>25,941,185</u>	<u>24,375,725</u>
179,820	9,616	-	2,280	-	3,600	-	409	783,223	945,026
199,447	-	-	-	-	-	-	-	332,313	272,761
4,109,224	10,019	-	-	-	-	-	-	4,219,134	4,447,705
796,046	-	-	-	-	-	-	-	796,046	749,646
-	-	-	-	-	-	-	-	91,685	75,487
<u>5,284,537</u>	<u>19,635</u>	<u>-</u>	<u>2,280</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>409</u>	<u>6,222,401</u>	<u>6,490,625</u>
6,772	-	11,690	-	-	-	-	-	1,441,166	2,668,151
40,709	-	-	-	-	-	-	-	40,709	40,709
756,106	-	-	-	-	-	-	-	756,106	660,255
23	278,758	246,274	396,740	426,963	476,294	8,606	41,361	17,480,803	14,515,985
<u>803,610</u>	<u>278,758</u>	<u>257,964</u>	<u>396,740</u>	<u>426,963</u>	<u>476,294</u>	<u>8,606</u>	<u>41,361</u>	<u>19,718,784</u>	<u>17,885,100</u>
<u>6,088,147</u>	<u>298,393</u>	<u>257,964</u>	<u>399,020</u>	<u>426,963</u>	<u>479,894</u>	<u>8,606</u>	<u>41,770</u>	<u>25,941,185</u>	<u>24,375,725</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	Economic Development Fund	Economic Development Incentive Fund	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund
Revenues:						
Taxes	\$ -	-	3,619,724	78,078	28,406	-
Permits, licenses and fees	-	-	-	-	-	967,353
Fines	-	-	-	-	-	-
Investment earnings	3,375	161,404	134,214	15,881	692	12,228
Contributions	-	-	93,338	-	-	-
Intergovernmental	-	-	1,792,239	5,795	2,108	162,105
Program income	-	-	-	-	-	-
Other	500	-	-	-	-	372,048
Total revenues	3,875	161,404	5,639,515	99,754	31,206	1,513,734
Expenditures:						
Current:						
General government	4,772	366,500	5,159,664	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-
Public health	-	-	-	-	-	3,923,478
Total expenditures	4,772	366,500	5,159,664	-	-	3,923,478
Excess (deficiency) of revenues over (under) expenditures	(897)	(205,096)	479,851	99,754	31,206	(2,409,744)
Other financing sources (uses):						
Transfers in	-	1,250,000	370,732	-	-	2,425,774
Transfers out	-	-	(466,779)	-	-	-
Total other financing sources (uses)	-	1,250,000	(96,047)	-	-	2,425,774
Net change in fund balances	(897)	1,044,904	383,804	99,754	31,206	16,030
Fund balances, beginning of year	170,285	7,096,948	6,856,716	747,922	31,204	550,612
Fund balances, end of year	\$ 169,388	8,141,852	7,240,520	847,676	62,410	566,642

See accompanying independent auditors' report.

Grant Fund	Waco Public Improvement District No. 1 Fund	Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
								2009	2008
-	225,657	-	-	-	-	-	-	3,951,865	3,267,554
-	-	92,861	-	-	-	-	-	1,060,214	1,153,184
-	-	-	-	46,665	61,999	-	-	108,664	128,948
-	5,747	-	6,720	-	-	366	2,807	343,434	534,031
-	34,419	-	-	-	-	-	-	127,757	61,978
6,249,607	-	-	-	-	-	-	-	8,211,854	8,075,879
244,575	-	-	-	-	-	-	-	244,575	540,969
108,396	-	-	125,043	-	-	-	-	605,987	753,876
<u>6,602,578</u>	<u>265,823</u>	<u>92,861</u>	<u>131,763</u>	<u>46,665</u>	<u>61,999</u>	<u>366</u>	<u>2,807</u>	<u>14,654,350</u>	<u>14,516,419</u>
154,398	156,331	-	-	-	-	-	-	5,841,665	4,596,818
600,195	-	8,678	193,799	-	22,277	-	-	824,949	1,391,210
151,499	-	-	-	-	-	-	2,202	153,701	163,180
3,043,398	-	-	-	-	-	-	-	3,043,398	3,710,635
2,876,244	-	-	-	-	-	-	-	6,799,722	6,494,336
<u>6,825,734</u>	<u>156,331</u>	<u>8,678</u>	<u>193,799</u>	<u>-</u>	<u>22,277</u>	<u>-</u>	<u>2,202</u>	<u>16,663,435</u>	<u>16,356,179</u>
<u>(223,156)</u>	<u>109,492</u>	<u>84,183</u>	<u>(62,036)</u>	<u>46,665</u>	<u>39,722</u>	<u>366</u>	<u>605</u>	<u>(2,009,085)</u>	<u>(1,839,760)</u>
313,042	-	-	-	-	-	-	-	4,359,548	3,988,178
-	-	(50,000)	-	-	-	-	-	(516,779)	(525,912)
<u>313,042</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,842,769</u>	<u>3,462,266</u>
89,886	109,492	34,183	(62,036)	46,665	39,722	366	605	1,833,684	1,622,506
713,724	169,266	223,781	458,776	380,298	436,572	8,240	40,756	17,885,100	16,262,594
<u>803,610</u>	<u>278,758</u>	<u>257,964</u>	<u>396,740</u>	<u>426,963</u>	<u>476,294</u>	<u>8,606</u>	<u>41,361</u>	<u>19,718,784</u>	<u>17,885,100</u>



Economic Development Fund

City of Waco, Texas
Economic Development Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>169,388</u>	<u>170,635</u>
Total assets	\$ <u><u>169,388</u></u>	<u><u>170,635</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>-</u>	<u>350</u>
Total liabilities	<u>-</u>	<u>350</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>169,388</u>	<u>170,285</u>
Total fund balances	<u>169,388</u>	<u>170,285</u>
Total liabilities and fund balances	\$ <u><u>169,388</u></u>	<u><u>170,635</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Economic Development Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment earnings	\$ 3,375	5,564
Other	<u>500</u>	<u>6,000</u>
Total revenues	<u>3,875</u>	<u>11,564</u>
Expenditures:		
Other purchased services	572	-
Supplies	<u>4,200</u>	<u>3,270</u>
Total expenditures	<u>4,772</u>	<u>3,270</u>
Net change in fund balances	(897)	8,294
Fund balances, beginning of year	<u>170,285</u>	<u>161,991</u>
Fund balances, end of year	<u><u>\$ 169,388</u></u>	<u><u>170,285</u></u>

See accompanying independent auditors' report.



Economic Development Incentive Fund

City of Waco, Texas
Economic Development Incentive Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 8,137,763	7,093,267
Accounts receivable, net of allowance	<u>4,089</u>	<u>4,098</u>
Total assets	<u>\$ 8,141,852</u>	<u>7,097,365</u>
Liabilities		
Accrued liabilities	\$ <u>-</u>	<u>417</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	1,400,421	841,971
Unreserved, undesignated	<u>6,741,431</u>	<u>6,254,977</u>
Total fund balances	<u>8,141,852</u>	<u>7,096,948</u>
Total liabilities and fund balances	<u>\$ 8,141,852</u>	<u>7,097,365</u>

See accompanying independent auditors' report.

City of Waco, Texas
Economic Development Incentive Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment earnings	\$ <u>161,404</u>	<u>248,352</u>
Total revenues	<u>161,404</u>	<u>248,352</u>
Expenditures:		
Purchased professional/technical services	<u>366,500</u>	<u>784,583</u>
Total expenditures	<u>366,500</u>	<u>784,583</u>
Deficiency of revenues under expenditures	<u>(205,096)</u>	<u>(536,231)</u>
Other financing sources:		
Transfers in	<u>1,250,000</u>	<u>1,250,000</u>
Total other financing sources	<u>1,250,000</u>	<u>1,250,000</u>
Net change in fund balances	1,044,904	713,769
Fund balances, beginning of year	<u>7,096,948</u>	<u>6,383,179</u>
Fund balances, end of year	<u>\$ <u>8,141,852</u></u>	<u><u>7,096,948</u></u>

See accompanying independent auditors' report.



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 7,452,744	7,012,856
Accounts receivable, net of allowance	44,658	1,177
Intergovernmental receivable	292,331	450,855
Taxes receivable	<u>61,447</u>	<u>45,818</u>
Total assets	<u>\$ 7,851,180</u>	<u>7,510,706</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 510,769	608,172
Deferred revenue	<u>99,891</u>	<u>45,818</u>
Total liabilities	<u>610,660</u>	<u>653,990</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	21,298	1,813,420
Unreserved, undesignated	<u>7,219,222</u>	<u>5,043,296</u>
Total fund balances	<u>7,240,520</u>	<u>6,856,716</u>
Total liabilities and fund balances	<u>\$ 7,851,180</u>	<u>7,510,706</u>

See accompanying independent auditors' report.

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Property taxes	\$ 3,596,319	2,943,631
Interest and penalty on taxes	23,405	10,690
Investment earnings	134,214	212,332
Contributions	93,338	61,978
Intergovernmental	1,792,239	969,980
Total revenues	<u>5,639,515</u>	<u>4,198,611</u>
 Expenditures:		
Purchased professional/technical services	2,398,101	1,488,011
Capital outlay	2,761,563	1,650,279
Total expenditures	<u>5,159,664</u>	<u>3,138,290</u>
 Excess of revenues over expenditures	<u>479,851</u>	<u>1,060,321</u>
 Other financing uses:		
Transfers in	370,732	-
Transfers out	(466,779)	(475,912)
Total other financing uses	<u>(96,047)</u>	<u>(475,912)</u>
 Net change in fund balances	383,804	584,409
 Fund balances, beginning of year	<u>6,856,716</u>	<u>6,272,307</u>
 Fund balances, end of year	<u>\$ 7,240,520</u>	<u>6,856,716</u>

See accompanying independent auditors' report.



Tax Increment Fund No. 2

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 847,676	747,922
Notes receivable	<u>-</u>	<u>417,000</u>
Total assets	<u>\$ 847,676</u>	<u>1,164,922</u>
Liabilities		
Liabilities:		
Deferred revenue	\$ <u>-</u>	<u>417,000</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>847,676</u>	<u>747,922</u>
Total fund balances	<u>847,676</u>	<u>747,922</u>
Total liabilities and fund balances	<u>\$ 847,676</u>	<u>1,164,922</u>

See accompanying independent auditors' report.

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Property taxes	\$ 78,078	80,008
Investment earnings	15,881	31,844
Intergovernmental	5,795	12,689
Total revenues	<u>99,754</u>	<u>124,541</u>
Expenditures:		
Purchased professional/technical services	<u>-</u>	<u>417,000</u>
Total expenditures	<u>-</u>	<u>417,000</u>
Net change in fund balances	99,754	(292,459)
Fund balances, beginning of year	<u>747,922</u>	<u>1,040,381</u>
Fund balances, end of year	<u>\$ 847,676</u>	<u>747,922</u>

See accompanying independent auditors' report.



Tax Increment Fund No. 3

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>62,410</u>	<u>31,204</u>
Total assets	\$ <u><u>62,410</u></u>	<u><u>31,204</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>62,410</u>	<u>31,204</u>
Total liabilities and fund balances	\$ <u><u>62,410</u></u>	<u><u>31,204</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Property taxes	\$ 28,406	26,403
Investment earnings	692	24
Intergovernmental	<u>2,108</u>	<u>4,136</u>
Total revenues	<u>31,206</u>	<u>30,563</u>
Expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	31,206	30,563
Fund balances, beginning of year	<u>31,204</u>	<u>641</u>
Fund balances, end of year	<u><u>\$ 62,410</u></u>	<u><u>31,204</u></u>

See accompanying independent auditors' report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 790,914	779,871
Accounts receivable, net of allowance	<u>77,008</u>	<u>22,732</u>
 Total assets	 <u>\$ 867,922</u>	 <u>802,603</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 76,729	81,551
Accrued liabilities	132,866	94,953
Escrow funds	<u>91,685</u>	<u>75,487</u>
 Total liabilities	 <u>301,280</u>	 <u>251,991</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	985	-
Unreserved, Undesignated	<u>565,657</u>	<u>550,612</u>
 Total fund balances	 <u>566,642</u>	 <u>550,612</u>
 Total liabilities and fund balances	 <u>\$ 867,922</u>	 <u>802,603</u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Programs Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Permits, licenses and fees	\$ 967,353	1,012,842
Intergovernmental	162,105	84,151
Investment earnings	12,228	14,096
Other	372,048	335,099
Total revenues	<u>1,513,734</u>	<u>1,446,188</u>
Expenditures:		
Health and administrative services	2,538,502	2,439,336
Environmental health services	616,292	626,498
Dental health services	58,081	63,409
Public health nursing services	222,971	263,293
Sexually transmitted disease	325,417	288,960
HIV/AIDS services	162,215	161,394
Total expenditures	<u>3,923,478</u>	<u>3,842,890</u>
Deficiency of revenues under expenditures	(2,409,744)	(2,396,702)
Other financing sources:		
Transfers in	<u>2,425,774</u>	<u>2,613,113</u>
Net change in fund balances	16,030	216,411
Fund balances, beginning of year	<u>550,612</u>	<u>334,201</u>
Fund balances, end of year	<u>\$ 566,642</u>	<u>550,612</u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
Year Ended September 30, 2009
(With Comparative Actual Amounts for Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 361,258	361,258	331,848	(29,410)	340,839
Investment earnings	13,989	13,989	12,228	(1,761)	14,096
Other	371,888	384,369	372,048	(12,321)	335,099
Total	<u>747,135</u>	<u>759,616</u>	<u>716,124</u>	<u>(43,492)</u>	<u>690,034</u>
Environmental Health Services:					
Health and welfare fees	556,551	515,491	445,785	(69,706)	514,687
Intergovernmental	121,090	162,150	162,105	(45)	84,151
Total	<u>677,641</u>	<u>677,641</u>	<u>607,890</u>	<u>(69,751)</u>	<u>598,838</u>
Public Health Nursing Services:					
Health and welfare fees	159,983	159,983	170,500	10,517	141,399
Total	<u>159,983</u>	<u>159,983</u>	<u>170,500</u>	<u>10,517</u>	<u>141,399</u>
Sexually Transmitted Diseases:					
Health and welfare fees	16,409	16,409	19,220	2,811	15,917
Total	<u>16,409</u>	<u>16,409</u>	<u>19,220</u>	<u>2,811</u>	<u>15,917</u>
Total revenues	<u>1,601,168</u>	<u>1,613,649</u>	<u>1,513,734</u>	<u>(99,915)</u>	<u>1,446,188</u>
Expenditures:					
Health Administrative Services:					
Salaries and wages	789,932	776,315	777,848	(1,533)	740,833
Employee benefits	302,881	294,942	293,701	1,241	268,216
Purchased professional/technical services	88,776	73,841	59,022	14,819	37,690
Purchased property services	6,334	6,334	5,857	477	6,020
Maintenance	1,527	1,681	1,080	601	900
Other purchased services	58,833	65,184	61,588	3,596	70,235
Supplies	87,854	98,183	80,620	17,563	84,933
Contracts with others	933,264	933,264	933,264	-	900,834
Other	325,522	325,522	325,522	-	329,675
Total health administrative services	<u>2,594,923</u>	<u>2,575,266</u>	<u>2,538,502</u>	<u>36,764</u>	<u>2,439,336</u>

(continued)

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
(Continued)
Year Ended September 30, 2009
(With Comparative Actual Amounts for Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 409,183	409,183	384,469	24,714	380,932
Employee benefits	158,692	158,692	142,892	15,800	138,762
Purchased professional/technical services	1,400	1,400	3,619	(2,219)	2,612
Purchased property services	306	306	-	306	-
Maintenance	13,319	13,319	12,220	1,099	7,815
Other purchased services	23,261	24,261	21,939	2,322	27,444
Supplies	76,190	75,190	37,411	37,779	55,191
Other	13,742	13,742	13,742	-	13,742
Total environmental health services	<u>696,093</u>	<u>696,093</u>	<u>616,292</u>	<u>79,801</u>	<u>626,498</u>
Dental Health Services:					
Employee benefits	-	-	-	-	20
Purchased professional/technical services	490	490	587	(97)	480
Other purchased services	336	336	320	16	6,501
Supplies	8,190	8,190	7,174	1,016	6,408
Contracts with others	50,000	50,000	50,000	-	50,000
Total dental health services	<u>59,016</u>	<u>59,016</u>	<u>58,081</u>	<u>935</u>	<u>63,409</u>
Public Health Nursing Services:					
Salaries and wages	117,438	140,799	106,595	34,204	80,747
Employee benefits	31,898	40,675	30,297	10,378	32,062
Purchased professional/technical services	330	330	356	(26)	10,109
Other purchased services	14,805	14,805	12,427	2,378	13,786
Supplies	156,917	156,917	73,296	83,621	126,589
Total public health nursing services	<u>321,388</u>	<u>353,526</u>	<u>222,971</u>	<u>130,555</u>	<u>263,293</u>
Sexually Transmitted Disease:					
Salaries and wages	215,621	215,621	210,614	5,007	186,804
Employee benefits	85,152	85,152	82,553	2,599	68,694
Purchased professional/technical services	3,410	3,410	3,034	376	3,376
Maintenance	618	618	-	618	215
Other purchased services	13,079	13,079	10,568	2,511	10,417
Supplies	21,124	21,124	18,648	2,476	19,454
Total sexually transmitted disease	<u>339,004</u>	<u>339,004</u>	<u>325,417</u>	<u>13,587</u>	<u>288,960</u>

(continued)

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
(Continued)
Year Ended September 30, 2009
(With Comparative Actual Amounts for Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
HIV/AIDS Services:					
Salaries and wages	\$ 108,634	108,634	106,663	1,971	103,056
Employee benefits	40,099	40,099	39,392	707	35,897
Purchased professional/technical services	357	357	363	(6)	240
Other purchased services	12,293	12,293	12,072	221	15,865
Supplies	5,135	5,135	3,725	1,410	6,336
Total HIV/AIDS services	<u>166,518</u>	<u>166,518</u>	<u>162,215</u>	<u>4,303</u>	<u>161,394</u>
Total expenditures	<u>4,176,942</u>	<u>4,189,423</u>	<u>3,923,478</u>	<u>265,945</u>	<u>3,842,890</u>
Deficiency of revenues under expenditures	(2,575,774)	(2,575,774)	(2,409,744)	166,030	(2,396,702)
Other financing sources:					
Transfers in	<u>2,425,774</u>	<u>2,425,774</u>	<u>2,425,774</u>	-	<u>2,613,113</u>
Total other financing sources	<u>2,425,774</u>	<u>2,425,774</u>	<u>2,425,774</u>	-	<u>2,613,113</u>
Net change in fund balances	(150,000)	(150,000)	16,030	166,030	216,411
Fund balances, beginning of year	<u>550,612</u>	<u>550,612</u>	<u>550,612</u>	-	<u>334,201</u>
Fund balances, end of year	<u>\$ 400,612</u>	<u>400,612</u>	<u>566,642</u>	<u>166,030</u>	<u>550,612</u>

See accompanying independent auditors' report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2009
(With Comparative Totals for September 30, 2008)

	HUD Community Development Block Grant	HUD Home Program	HUD Enterprise Community	HUD EDI	HUD Shelter Plus Care	HPRP ARRA	CDBG-R ARRA	TxDOT MPO FHWA
Assets								
Assets:								
Cash and investments	\$ 35,118	-	-	492	-	-	-	-
Accounts receivable, net of allowances	28,402	1,268	84,707	-	-	-	-	-
Notes receivable	1,674,641	2,413,650	-	13,416	-	-	-	-
Intergovernmental receivable	227,102	244,115	-	-	9,555	9,545	1,400	33,286
Due from other funds	-	-	-	-	-	-	-	-
Real estate held for resale	40,709	-	-	-	-	-	-	-
Total assets	\$ 2,005,972	2,659,033	84,707	13,908	9,555	9,545	1,400	33,286
Liabilities								
Liabilities:								
Accounts payable	\$ 96,183	34,122	-	-	9,555	2,342	-	270
Accrued liabilities	47,791	4,847	-	-	-	-	-	6,398
Deferred revenue	1,677,247	2,413,650	-	13,416	-	-	-	-
Due to other funds	-	206,414	-	-	-	7,203	1,400	26,618
Contracts payable	2,229	-	-	-	-	-	-	-
Total liabilities	1,823,450	2,659,033	-	13,416	9,555	9,545	1,400	33,286
Fund Balances								
Fund balances:								
Reserved for real estate held for resale	40,709	-	-	-	-	-	-	-
Reserved for encumbrances	6,740	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
Designated for grant purposes	135,073	-	84,707	492	-	-	-	-
Total fund balances	182,522	-	84,707	492	-	-	-	-
Total liabilities and fund balances	\$ 2,005,972	2,659,033	84,707	13,908	9,555	9,545	1,400	33,286

11CJD Family Violence	ICD Phase II	Click it or Ticket	Bulletproof Vest	2007 SHSP	STEP DWI	TABC08	12CJD Family Violence	Victim Services #7	Victim Services #6
-	247	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
17,308	-	-	2,787	22,365	-	-	9,739	3,967	5,666
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>17,308</u>	<u>247</u>	<u>-</u>	<u>2,787</u>	<u>22,365</u>	<u>-</u>	<u>-</u>	<u>9,739</u>	<u>3,967</u>	<u>5,666</u>
-	-	-	-	7,089	-	-	-	-	-
-	-	-	-	-	-	-	9,245	2,358	-
-	247	-	-	-	-	-	-	-	-
17,308	-	-	2,787	15,276	-	-	494	1,609	5,666
-	-	-	-	-	-	-	-	-	-
<u>17,308</u>	<u>247</u>	<u>-</u>	<u>2,787</u>	<u>22,365</u>	<u>-</u>	<u>-</u>	<u>9,739</u>	<u>3,967</u>	<u>5,666</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>17,308</u>	<u>247</u>	<u>-</u>	<u>2,787</u>	<u>22,365</u>	<u>-</u>	<u>-</u>	<u>9,739</u>	<u>3,967</u>	<u>5,666</u>

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2009
(With Comparative Totals for September 30, 2008)

	Police LEOSE	Fire LEOSE	Health Grants	Lone Star Libraries	Library Memorial	Shapley Ross Library	Vision 2020 Compreh. Plan	2007 JAG
Assets								
Assets:								
Cash and investments	\$ -	2,935	-	-	192,731	97,340	6,955	-
Accounts receivable, net of allowances	-	-	600	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	574,470	-	-	-	-	3,779
Due from other funds	-	-	-	-	-	-	-	-
Real estate held for resale	-	-	-	-	-	-	-	-
Total assets	\$ -	2,935	575,070	-	192,731	97,340	6,955	3,779
Liabilities								
Liabilities:								
Accounts payable	\$ -	-	20,467	-	977	-	-	-
Accrued liabilities	-	-	128,090	-	-	-	-	-
Deferred revenue	-	-	-	-	-	4,648	-	-
Due to other funds	-	-	426,490	-	-	-	-	3,779
Contracts payable	-	-	-	-	-	-	-	-
Total liabilities	-	-	575,047	-	977	-	4,648	3,779
Fund Balances								
Fund balances:								
Reserved for real estate held for resale	-	-	-	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	32	-	-	-
Unreserved:								
Undesignated	-	-	23	-	-	-	-	-
Designated for grant purposes	-	2,935	-	-	191,722	97,340	2,307	-
Total fund balances	-	2,935	23	-	191,754	97,340	2,307	-
Total liabilities and fund balances	\$ -	2,935	575,070	-	192,731	97,340	6,955	3,779

See accompanying independent auditors' report.

2009 Police Officer Memorial	2009	2009	Grande Clear Source Cable Ordinance	2009	PSIC	Texas Historical Commission	Totals	
	Homeland Security GDEM/ SHSP	Homeland Security SHSP/ LETPP		TPW Boating Access			2009	2008
16	-	718	85,374	-	-	1,513	423,439	549,646
-	-	-	-	-	-	-	114,977	327,717
-	-	-	-	-	-	-	4,101,707	3,932,325
-	-	-	-	32,532	48,470	5,073	1,251,159	1,001,819
-	-	-	-	156,156	-	-	156,156	-
-	-	-	-	-	-	-	40,709	40,709
16	-	718	85,374	188,688	48,470	6,586	6,088,147	5,852,216
-	-	-	-	-	-	6,586	177,591	231,135
-	-	718	-	-	-	-	199,447	177,391
16	-	-	-	-	-	-	4,109,224	3,978,091
-	-	-	-	32,532	48,470	-	796,046	749,646
-	-	-	-	-	-	-	2,229	2,229
16	-	718	-	32,532	48,470	6,586	5,284,537	5,138,492
-	-	-	-	-	-	-	40,709	40,709
-	-	-	-	-	-	-	6,772	12,760
-	-	-	-	-	-	-	23	-
-	-	-	85,374	156,156	-	-	756,106	660,255
-	-	-	85,374	156,156	-	-	803,610	713,724
16	-	718	85,374	188,688	48,470	6,586	6,088,147	5,852,216

City of Waco, Texas

Grant Fund

Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

Year Ended September 30, 2009

(With Comparative Totals for the Year Ended September 30, 2008)

	HUD Community Development Block Grant	HUD Home Program	HUD Enterprise Community	HUD EDI	HUD Shelter Plus Care	HPRP ARRA	CDBG-R ARRA	TxDOT MPO FHWA
Revenues:								
Intergovernmental	\$ 1,799,746	999,819	-	-	60,665	9,545	1,400	154,398
Program income	45,255	71,335	-	-	-	-	-	-
Other	28,636	15,442	-	-	-	-	-	-
Total revenues	1,873,637	1,086,596	-	-	60,665	9,545	1,400	154,398
Expenditures:								
General government	-	-	-	-	-	-	-	154,398
Public safety	133,666	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Housing and community development	1,844,798	1,126,990	-	-	60,665	9,545	1,400	-
Public health	-	-	-	-	-	-	-	-
Total expenditures	1,978,464	1,126,990	-	-	60,665	9,545	1,400	154,398
Excess (deficiency) of revenues over (under) expenditures	(104,827)	(40,394)	-	-	-	-	-	-
Other financing sources:								
Transfers in	75,000	-	-	-	-	-	-	-
Total other financing sources	75,000	-	-	-	-	-	-	-
Net change in fund balances	(29,827)	(40,394)	-	-	-	-	-	-
Fund balances, beginning of year	212,349	40,394	84,707	492	-	-	-	-
Fund balances, end of year	\$ 182,522	-	84,707	492	-	-	-	-

11CJD Family Violence	ICD Phase II	Click it or Ticket	Bulletproof Vest	2007 SHSP	STEP DWI	TABC08	12CJD Family Violence	Victim Services #7	Victim Services #6
100,503	-	6,535	2,787	72,806	2,320	35,000	9,739	3,967	30,497
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
100,503	-	6,535	2,787	72,806	2,320	35,000	9,739	3,967	30,497
-	-	-	-	-	-	-	-	-	-
154,620	-	6,535	2,787	72,806	2,320	46,681	14,983	3,967	30,497
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
154,620	-	6,535	2,787	72,806	2,320	46,681	14,983	3,967	30,497
(54,117)	-	-	-	-	-	(11,681)	(5,244)	-	-
54,117	-	-	-	-	-	11,681	5,244	-	-
54,117	-	-	-	-	-	11,681	5,244	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2009
(With Comparative Totals for the Year Ended September 30, 2008)

	Police LEOSE	Fire LEOSE	Health Grants	Lone Star Libraries	Library Memorial	Shapley Ross Library	Vision 2020 Compreh. Plan	2007 JAG
Revenues:								
Intergovernmental	\$ 17,709	1,361	2,748,147	35,825	-	-	-	26,041
Program income	-	-	127,985	-	-	-	-	-
Other	-	-	135	100	62,031	1,915	137	-
Total revenues	17,709	1,361	2,876,267	35,925	62,031	1,915	137	26,041
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	17,709	295	-	-	-	-	-	26,041
Culture and recreation	-	-	-	35,925	61,221	-	-	-
Housing and community development	-	-	-	-	-	-	-	-
Public health	-	-	2,876,244	-	-	-	-	-
Total expenditures	17,709	295	2,876,244	35,925	61,221	-	-	26,041
Excess (deficiency) of revenues over (under) expenditures	-	1,066	23	-	810	1,915	137	-
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	-	1,066	23	-	810	1,915	137	-
Fund balances, beginning of year	-	1,869	-	-	190,944	95,425	2,170	-
Fund balances, end of year	\$ -	2,935	23	-	191,754	97,340	2,307	-

See accompanying independent auditors' report.

2009 Police Officer Memorial	2009	2009	Grande Clear Source Cable Ordinance	2009	PSIC	Texas Historical Commission	Totals	
	Homeland Security GDEM/ SHSP	Homeland Security SHSP/ LETPP		TPW Boating Access			2009	2008
-	38,818	-	-	32,532	48,470	10,977	6,249,607	7,004,923
-	-	-	-	-	-	-	244,575	540,969
-	-	-	-	-	-	-	108,396	225,024
-	38,818	-	-	32,532	48,470	10,977	6,602,578	7,770,916
-	-	-	-	-	-	-	154,398	153,532
-	38,818	-	-	-	48,470	-	600,195	1,171,235
-	-	-	-	43,376	-	10,977	151,499	160,511
-	-	-	-	-	-	-	3,043,398	3,710,635
-	-	-	-	-	-	-	2,876,244	2,651,446
-	38,818	-	-	43,376	48,470	10,977	6,825,734	7,847,359
-	-	-	-	(10,844)	-	-	(223,156)	(76,443)
-	-	-	-	167,000	-	-	313,042	125,065
-	-	-	-	167,000	-	-	313,042	125,065
-	-	-	-	156,156	-	-	89,886	48,622
-	-	-	85,374	-	-	-	713,724	665,102
-	-	-	85,374	156,156	-	-	803,610	713,724



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 288,374	183,190
Special assessments receivable	<u>10,019</u>	<u>6,796</u>
Total assets	<u>\$ 298,393</u>	<u>189,986</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 9,616	13,924
Deferred revenue	<u>10,019</u>	<u>6,796</u>
Total liabilities	<u>19,635</u>	<u>20,720</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>278,758</u>	<u>169,266</u>
Total fund balances	<u>278,758</u>	<u>169,266</u>
Total liabilities and fund balances	<u>\$ 298,393</u>	<u>189,986</u>

See accompanying independent auditors' report.

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Special assessments taxes	\$ 225,657	206,822
Contributions	34,419	-
Investment earnings	<u>5,747</u>	<u>5,273</u>
Total revenues	<u>265,823</u>	<u>212,095</u>
Expenditures:		
Salaries and wages	27,340	2,671
Employee benefits	2,190	210
Purchased professional/technical services	118,003	83,086
Maintenance	-	30
Other purchased services	1,657	11,730
Supplies	2,253	919
Other	<u>4,888</u>	<u>1,497</u>
Total expenditures	<u>156,331</u>	<u>100,143</u>
Net change in fund balances	109,492	111,952
Fund balances, beginning of year	<u>169,266</u>	<u>57,314</u>
Fund balances, end of year	<u>\$ 278,758</u>	<u>169,266</u>

See accompanying independent auditors' report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>257,964</u>	<u>224,563</u>
Total assets	\$ <u><u>257,964</u></u>	<u><u>224,563</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>-</u>	<u>782</u>
Total liabilities	<u>-</u>	<u>782</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	11,690	-
Unreserved, undesignated	<u>246,274</u>	<u>223,781</u>
Total fund balances	<u>257,964</u>	<u>223,781</u>
Total liabilities and fund balances	\$ <u><u>257,964</u></u>	<u><u>224,563</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Auto impound fees	\$ 92,861	140,342
Total revenues	<u>92,861</u>	<u>140,342</u>
Expenditures:		
Purchased professional/technical services	1,162	984
Maintenance	2,606	-
Other purchased services	4,910	4,743
Total expenditures	<u>8,678</u>	<u>5,727</u>
Excess of revenues over expenditures	<u>84,183</u>	<u>134,615</u>
Other financing uses:		
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>
Other financing uses	<u>(50,000)</u>	<u>(50,000)</u>
Net change in fund balances	34,183	84,615
Fund balances, beginning of year	<u>223,781</u>	<u>139,166</u>
Fund balances, end of year	<u>\$ 257,964</u>	<u>223,781</u>

See accompanying independent auditors' report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>399,020</u>	<u>461,056</u>
Total assets	\$ <u><u>399,020</u></u>	<u><u>461,056</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>2,280</u>	<u>2,280</u>
Total liabilities	<u>2,280</u>	<u>2,280</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>396,740</u>	<u>458,776</u>
Total fund balances	<u>396,740</u>	<u>458,776</u>
Total liabilities and fund balances	\$ <u><u>399,020</u></u>	<u><u>461,056</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Police Forfeitures Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment earnings	\$ 6,720	11,270
Other	<u>125,043</u>	<u>187,753</u>
Total revenues	<u>131,763</u>	<u>199,023</u>
Expenditures:		
Maintenance	570	12,536
Other purchased services	40,311	44,831
Supplies	8,194	11,370
Capital outlay	144,665	123,206
Other	<u>59</u>	<u>14</u>
Total expenditures	<u>193,799</u>	<u>191,957</u>
Net change in fund balances	(62,036)	7,066
Fund balances, beginning of year	<u>458,776</u>	<u>451,710</u>
Fund balances, end of year	<u>\$ 396,740</u>	<u>458,776</u>

See accompanying independent auditors' report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>426,963</u>	<u>380,298</u>
Total assets	\$ <u><u>426,963</u></u>	<u><u>380,298</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>426,963</u>	<u>380,298</u>
Total fund balances	<u>426,963</u>	<u>380,298</u>
Total liabilities and fund balances	\$ <u><u>426,963</u></u>	<u><u>380,298</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Court Security Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Fines	\$ <u>46,665</u>	<u>55,362</u>
Total revenues	<u>46,665</u>	<u>55,362</u>
Expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	46,665	55,362
Fund balances, beginning of year	<u>380,298</u>	<u>324,936</u>
Fund balances, end of year	<u><u>\$ 426,963</u></u>	<u><u>380,298</u></u>

See accompanying independent auditors' report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>479,894</u>	<u>441,175</u>
Total assets	<u>\$ 479,894</u>	<u>441,175</u>
Liabilities		
Accounts payable	\$ <u>3,600</u>	<u>4,603</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>476,294</u>	<u>436,572</u>
Total fund balances	<u>476,294</u>	<u>436,572</u>
Total liabilities and fund balances	<u>\$ 479,894</u>	<u>441,175</u>

See accompanying independent auditors' report.

City of Waco, Texas
Court Technology Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balances
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Fines	\$ <u>61,999</u>	<u>73,586</u>
Total revenues	<u>61,999</u>	<u>73,586</u>
Expenditures:		
Public safety	<u>22,277</u>	<u>22,291</u>
Total expenditures	<u>22,277</u>	<u>22,291</u>
Net change in fund balances	39,722	51,295
Fund balances, beginning of year	<u>436,572</u>	<u>385,277</u>
Fund balances, end of year	<u><u>\$ 476,294</u></u>	<u><u>436,572</u></u>

See accompanying independent auditors' report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>8,606</u>	<u>8,240</u>
Total assets	\$ <u><u>8,606</u></u>	<u><u>8,240</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>8,606</u>	<u>8,240</u>
Total fund balances	<u>8,606</u>	<u>8,240</u>
Total liabilities and fund balances	\$ <u><u>8,606</u></u>	<u><u>8,240</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Hamilton Memorial Fund
Comparative Statements of Revenue, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment earnings	\$ <u>366</u>	<u>600</u>
Total revenues	<u>366</u>	<u>600</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	366	600
Fund balances, beginning of year	<u>8,240</u>	<u>7,640</u>
Fund balances, end of year	<u>\$ 8,606</u>	<u>8,240</u>

See accompanying independent auditors' report.



Miss Nellie's Park Maintenance Fund

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
Comparative Balance Sheets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ <u>41,770</u>	<u>40,756</u>
Total assets	\$ <u><u>41,770</u></u>	<u><u>40,756</u></u>
Liabilities		
Accounts payable	\$ <u>409</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>41,361</u>	<u>40,756</u>
Total fund balances	<u>41,361</u>	<u>40,756</u>
Total liabilities and fund balances	\$ <u><u>41,770</u></u>	<u><u>40,756</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment earnings	\$ <u>2,807</u>	<u>4,676</u>
Total revenues	<u>2,807</u>	<u>4,676</u>
Expenditures:		
Culture and recreation	<u>2,202</u>	<u>2,669</u>
Total expenditures	<u>2,202</u>	<u>2,669</u>
Net change in fund balances	605	2,007
Fund balances, beginning of year	<u>40,756</u>	<u>38,749</u>
Fund balances, end of year	<u><u>\$ 41,361</u></u>	<u><u>40,756</u></u>

See accompanying independent auditors' report.



Nonmajor Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources and payment of debt for governmental funds.

Street and Drainage Refundable Contracts Fund - This fund is used to account for the accumulation of resources and payment of street and drainage refundable contracts.

General Obligation Debt Fund - This fund is used to account for the accumulation of resources and payment of general obligation principal and interest from governmental resources.

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2009
(With Comparative Totals for September 30, 2008)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2009	2008
Assets				
Cash and investments	\$ 4,114	653,119	657,233	753,725
Taxes receivable	<u>-</u>	<u>476,870</u>	<u>476,870</u>	<u>464,128</u>
Total assets	<u>\$ 4,114</u>	<u>1,129,989</u>	<u>1,134,103</u>	<u>1,217,853</u>
Liabilities				
Liabilities:				
Accrued interest	\$ -	-	-	2,512
Deferred revenue	<u>-</u>	<u>457,076</u>	<u>457,076</u>	<u>433,369</u>
Total liabilities	<u>-</u>	<u>457,076</u>	<u>457,076</u>	<u>435,881</u>
Fund Balances				
Fund balances:				
Reserved for debt service	<u>4,114</u>	<u>672,913</u>	<u>677,027</u>	<u>781,972</u>
Total fund balances	<u>4,114</u>	<u>672,913</u>	<u>677,027</u>	<u>781,972</u>
Total liabilities and and fund balances	<u>\$ 4,114</u>	<u>1,129,989</u>	<u>1,134,103</u>	<u>1,217,853</u>

See accompanying independent auditors' report.

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2009
(With Comparative Totals for the Year Ended September 30, 2008)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Revenues:				
Property taxes	\$ -	11,239,171	11,239,171	11,223,865
Investment earnings	<u>77</u>	<u>29,459</u>	<u>29,536</u>	<u>58,305</u>
Total revenues	<u>77</u>	<u>11,268,630</u>	<u>11,268,707</u>	<u>11,282,170</u>
Expenditures:				
Principal	-	7,144,536	7,144,536	6,963,545
Interest and fiscal charges	-	4,604,103	4,604,103	4,725,942
Bond issuance costs	-	58,014	58,014	27,237
Total expenditures	<u>-</u>	<u>11,806,653</u>	<u>11,806,653</u>	<u>11,716,724</u>
Deficiency of revenues under expenditures	<u>77</u>	<u>(538,023)</u>	<u>(537,946)</u>	<u>(434,554)</u>
Other financing sources (uses):				
Refunding bonds issued	-	5,802,122	5,802,122	-
Payment to refunded bond escrow agent	-	(5,950,970)	(5,950,970)	-
General obligation bonds issued	-	-	-	27,042
Premium on general obligation bonds	-	115,070	115,070	195
Transfers in	<u>-</u>	<u>466,779</u>	<u>466,779</u>	<u>480,912</u>
Total other financing sources (uses)	<u>-</u>	<u>433,001</u>	<u>433,001</u>	<u>508,149</u>
Net change in fund balances	77	(105,022)	(104,945)	73,595
Fund balances, beginning of year	<u>4,037</u>	<u>777,935</u>	<u>781,972</u>	<u>708,377</u>
Fund balances, end of year	<u>\$ 4,114</u>	<u>672,913</u>	<u>677,027</u>	<u>781,972</u>

See accompanying independent auditors' report.

City of Waco, Texas
General Obligation Debt Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Year Ended September 30, 2009
(With Comparative Totals for the Year Ended September 30, 2008)

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Property taxes	\$ 11,272,343	11,272,343	11,239,171	(33,172)	11,223,865
Investment earnings	70,883	70,883	29,459	(41,424)	58,305
Total revenues	<u>11,343,226</u>	<u>11,343,226</u>	<u>11,268,630</u>	<u>(74,596)</u>	<u>11,282,170</u>
Expenditures:					
Principal	7,144,536	7,144,536	7,144,536	-	6,960,985
Interest and fiscal charges	4,703,928	4,609,928	4,604,103	5,825	4,725,942
Bond issuance costs	-	59,000	58,014	986	27,237
Total expenditures	<u>11,848,464</u>	<u>11,813,464</u>	<u>11,806,653</u>	<u>6,811</u>	<u>11,714,164</u>
Deficiency of revenues under expenditures	<u>(505,238)</u>	<u>(470,238)</u>	<u>(538,023)</u>	<u>(67,785)</u>	<u>(431,994)</u>
Other financing sources:					
Refunding bonds issued	-	5,925,000	5,802,122	(122,878)	-
Payment to refunded bond escrow agent	-	(5,960,000)	(5,950,970)	9,030	-
General obligation bonds issued	-	-	-	-	27,042
Premium on general obligation bonds	-	-	115,070	115,070	195
Transfers in	467,605	467,605	466,779	(826)	475,912
Total other financing sources	<u>467,605</u>	<u>432,605</u>	<u>433,001</u>	<u>396</u>	<u>503,149</u>
Net change in fund balances	(37,633)	(37,633)	(105,022)	(67,389)	71,155
Fund balances, beginning of year	<u>777,935</u>	<u>777,935</u>	<u>777,935</u>	<u>-</u>	<u>706,780</u>
Fund balances, end of year	<u>\$ 740,302</u>	<u>740,302</u>	<u>672,913</u>	<u>(67,389)</u>	<u>777,935</u>

See accompanying independent auditors' report.

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Improvement Fund - This fund is used to account for the acquisition of buildings, rolling stock and computer equipment.

Mammoth Fund - This fund is used to account for the development of the Waco Mammoth site.

Street Improvement Fund - This fund is used to account for the maintenance and reconstruction of City streets.

1998 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2003 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2004 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2005 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2006 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2007 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2008 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Balance Sheet
September 30, 2009
(With Comparative Totals for September 30, 2008)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2008 Bond Issue Fund
Assets				
Cash and investments	\$ 37,248	-	3,678,524	1,377,277
Accounts receivable, net of allowances	-	26,000	1,525	-
Due from other funds	8,567,197	-	-	-
Advances to other funds	168,368	-	-	-
Intergovernmental receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,772,813</u>	<u>26,000</u>	<u>3,680,049</u>	<u>1,377,277</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 37,047	11,376	98,309	60,061
Accrued liabilities	37,199	11,364	115,927	9,550
Deferred revenue	-	-	121,001	-
Due to other funds	23,616	2,870	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>97,862</u>	<u>25,610</u>	<u>335,237</u>	<u>69,611</u>
Fund balances:				
Reserved for:				
Encumbrances	247,702	-	778,965	-
Advances to other funds	168,368	-	-	-
Unreserved, undesignated	8,258,881	390	2,565,847	1,307,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,674,951</u>	<u>390</u>	<u>3,344,812</u>	<u>1,307,666</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 8,772,813</u>	<u>26,000</u>	<u>3,680,049</u>	<u>1,377,277</u>

See accompanying independent auditors' report.

2007 Bond Issue Fund	2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	2003 Bond Issue Fund	1998 Bond Issue Fund	Totals	
						2009	2008
6,044,189	2,836,957	3,592,850	295,619	-	128,937	17,991,601	22,017,469
-	-	-	-	-	-	27,525	1,225
-	-	-	-	-	-	8,567,197	7,961,354
-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	89,946
<u>6,044,189</u>	<u>2,836,957</u>	<u>3,592,850</u>	<u>295,619</u>	<u>-</u>	<u>128,937</u>	<u>26,754,691</u>	<u>30,238,362</u>
66,893	-	-	-	-	-	273,686	190,933
97,508	-	-	-	-	-	271,548	277,934
-	-	-	-	-	-	121,001	121,001
1,491,884	1,416,189	3,143,514	650	-	-	6,078,723	7,481,859
<u>1,656,285</u>	<u>1,416,189</u>	<u>3,143,514</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>6,744,958</u>	<u>8,071,727</u>
-	-	-	-	-	-	1,026,667	4,448,638
-	-	-	-	-	-	168,368	168,368
4,387,904	1,420,768	449,336	294,969	-	128,937	18,814,698	17,549,629
<u>4,387,904</u>	<u>1,420,768</u>	<u>449,336</u>	<u>294,969</u>	<u>-</u>	<u>128,937</u>	<u>20,009,733</u>	<u>22,166,635</u>
<u>6,044,189</u>	<u>2,836,957</u>	<u>3,592,850</u>	<u>295,619</u>	<u>-</u>	<u>128,937</u>	<u>26,754,691</u>	<u>30,238,362</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2008 Bond Issue Fund	2007 Bond Issue Fund
Revenues:					
Investment earnings	\$ 1,575	6,664	22,335	167,889	1,525,081
Contributions	-	1,894,000	-	-	-
Intergovernmental	-	63,586	41	-	-
Total revenues	<u>1,575</u>	<u>1,964,250</u>	<u>22,376</u>	<u>167,889</u>	<u>1,525,081</u>
Expenditures:					
Capital outlay	<u>3,597,265</u>	<u>3,132,676</u>	<u>5,090,147</u>	<u>123,407</u>	<u>532,185</u>
Total expenditures	<u>3,597,265</u>	<u>3,132,676</u>	<u>5,090,147</u>	<u>123,407</u>	<u>532,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,595,690)</u>	<u>(1,168,426)</u>	<u>(5,067,771)</u>	<u>44,482</u>	<u>992,896</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	-	-	-
Capital leases	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-
Transfers in	3,804,234	-	3,909,897	-	-
Transfers out	-	-	-	-	(1,223,925)
Total other financing sources (uses)	<u>3,804,234</u>	<u>-</u>	<u>3,909,897</u>	<u>-</u>	<u>(1,223,925)</u>
Net change in fund balances	208,544	(1,168,426)	(1,157,874)	44,482	(231,029)
Fund balances, beginning of year	<u>8,466,407</u>	<u>1,168,816</u>	<u>4,502,686</u>	<u>1,263,184</u>	<u>4,618,933</u>
Fund balances, end of year	<u>\$ 8,674,951</u>	<u>390</u>	<u>3,344,812</u>	<u>1,307,666</u>	<u>4,387,904</u>

See accompanying independent auditors' report.

2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	2003 Bond Issue Fund	1998 Bond Issue Fund	Totals	
					2009	2008
444,418	253,691	76,226	90	1,153	2,499,122	5,639,683
-	-	-	-	-	1,894,000	1,085,000
-	-	-	-	-	63,627	158,705
<u>444,418</u>	<u>253,691</u>	<u>76,226</u>	<u>90</u>	<u>1,153</u>	<u>4,456,749</u>	<u>6,883,388</u>
79,123	3,175	5,636	-	243	12,563,857	9,447,904
<u>79,123</u>	<u>3,175</u>	<u>5,636</u>	<u>-</u>	<u>243</u>	<u>12,563,857</u>	<u>9,447,904</u>
365,295	250,516	70,590	90	910	(8,107,108)	(2,564,516)
-	-	-	-	-	-	3,747,958
-	-	-	-	-	-	189,395
-	-	-	-	-	-	26,909
-	-	-	-	-	7,714,131	12,768,815
-	-	(511,267)	(28,733)	-	(1,763,925)	(7,940,703)
-	-	(511,267)	(28,733)	-	5,950,206	8,792,374
365,295	250,516	(440,677)	(28,643)	910	(2,156,902)	6,227,858
1,055,473	198,820	735,646	28,643	128,027	22,166,635	15,938,777
<u>1,420,768</u>	<u>449,336</u>	<u>294,969</u>	<u>-</u>	<u>128,937</u>	<u>20,009,733</u>	<u>22,166,635</u>



Nonmajor Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Rosemound Cemetery Perpetual Fund - This fund is used to account for funds provided by the sale of cemetery lots. Interest earnings are paid to the Cemetery Association to maintain the City-owned cemetery.

Hamilton Memorial Fund - This fund is used to account for funds provided by a private donor. Income from this fund is to be used for improvements to Cameron Park.

Miss Nellie's Park Endowment Fund - This fund is used to account for funds provided by a private donor. Income from this fund is to be used to maintain Miss Nellie's Pretty Place.

City of Waco, Texas
Nonmajor Permanent Funds
Combining Balance Sheet
September 30, 2009
(With Comparative Totals for September 30, 2008)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	<u>Totals</u>	
				2009	2008
Assets					
Cash and investments	\$ 362,768	10,000	100,000	472,768	465,632
Total assets	<u>\$ 362,768</u>	<u>10,000</u>	<u>100,000</u>	<u>472,768</u>	<u>465,632</u>
Liabilities					
Liabilities:					
Accrued liabilities	\$ -	-	-	-	47
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>
Fund Balances					
Fund balances:					
Reserved for purpose of trust	362,768	10,000	100,000	472,768	465,585
Total fund balances	<u>362,768</u>	<u>10,000</u>	<u>100,000</u>	<u>472,768</u>	<u>465,585</u>
Total liabilities and fund balances	<u>\$ 362,768</u>	<u>10,000</u>	<u>100,000</u>	<u>472,768</u>	<u>465,632</u>

See accompanying independent auditors' report.

City of Waco, Texas
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2009
(With Comparative Totals for the Year Ended September 30, 2008)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	<u>Totals</u>	
				2009	2008
Revenues:					
Investment earnings	\$ 7,183	-	-	7,183	11,991
Total revenues	<u>7,183</u>	<u>-</u>	<u>-</u>	<u>7,183</u>	<u>11,991</u>
Expenditures:					
General government	-	-	-	-	15,887
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,887</u>
Net change in fund balances	7,183	-	-	7,183	(3,896)
Fund balances, beginning of year	<u>355,585</u>	<u>10,000</u>	<u>100,000</u>	<u>465,585</u>	<u>469,481</u>
Fund balances, end of year	<u>\$ 362,768</u>	<u>10,000</u>	<u>100,000</u>	<u>472,768</u>	<u>465,585</u>

See accompanying independent auditors' report.



Major Enterprise Funds

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenue earned, costs incurred and/or net income is necessary for management accountability.

Water Fund - This fund is used to account for the activities necessary for the provision of water services.

Wastewater Fund - This fund is used to account for the activities necessary for the provision of sewer services.

Solid Waste Fund - This fund is used to account for the activities necessary for the provision of sanitation services.



Water Fund

City of Waco, Texas
Water Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and investments	\$ 23,288,869	22,885,700
Accounts receivable, net of allowance	4,769,096	4,737,176
Restricted cash and investments	9,248,922	3,470,849
Inventory	<u>177,944</u>	<u>147,957</u>
Total current assets	<u>37,484,831</u>	<u>31,241,682</u>
Noncurrent assets:		
Restricted cash and investments	32,345,669	71,073,465
Advances to other funds	525,336	325,336
Deferred charges	1,109,228	1,154,843
Capital assets:		
Land	578,832	555,232
Buildings	9,567,081	8,814,985
Improvements other than buildings	183,310,937	157,832,612
Equipment	6,585,201	6,440,412
Construction work in progress	54,618,635	39,044,882
Intangible water rights	32,482,879	33,334,140
Less: accumulated depreciation and amortization	<u>(71,978,804)</u>	<u>(66,608,212)</u>
Total capital assets	<u>215,164,761</u>	<u>179,414,051</u>
Total noncurrent assets	<u>249,144,994</u>	<u>251,967,695</u>
Total assets	<u>286,629,825</u>	<u>283,209,377</u>

See accompanying independent auditors' report.

	<u>2009</u>	<u>2008</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 690,665	508,819
Accrued liabilities	869,473	638,153
Compensated absences payable	505,478	438,277
Refundable contracts	801,530	689,579
Notes payable	58,386	55,903
Bonds payable	6,365,858	6,291,056
Accrued interest payable	<u>1,521,112</u>	<u>1,621,740</u>
	<u>10,812,502</u>	<u>10,243,527</u>
Current liabilities payable from restricted assets:		
Accounts payable	5,709,526	2,065,962
Due to other funds	1,754,964	-
Customer deposits	<u>1,784,432</u>	<u>1,404,887</u>
	<u>9,248,922</u>	<u>3,470,849</u>
Total current liabilities	<u>20,061,424</u>	<u>13,714,376</u>
Noncurrent liabilities:		
Refundable contracts	2,069,714	1,209,278
Compensated absences payable	313,739	362,990
Net pension obligation	173,725	-
Bonds payable	145,586,858	152,135,271
Notes payable	17,159,086	17,217,472
Deferred interest payable	<u>4,870,708</u>	<u>4,563,546</u>
Total noncurrent liabilities	<u>170,173,830</u>	<u>175,488,557</u>
Total liabilities	<u>190,235,254</u>	<u>189,202,933</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	75,468,998	72,884,385
Restricted for debt service	-	4,572
Unrestricted	<u>20,925,573</u>	<u>21,117,487</u>
Total net assets	<u>\$ 96,394,571</u>	<u>94,006,444</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 35,828,197	34,851,405
Other	323,081	391,048
Total operating revenues	<u>36,151,278</u>	<u>35,242,453</u>
Operating expenses:		
Salaries and wages	4,057,332	3,923,369
Employee benefits	1,896,424	1,549,797
Purchased professional/technical services	1,446,701	1,336,770
Purchased property services	32,225	25,648
Maintenance	1,496,292	1,487,080
Other purchased services	1,108,429	801,187
Supplies	4,683,976	4,347,508
Other	3,530,514	3,407,903
Depreciation/amortization	5,825,644	5,407,181
Total operating expenses	<u>24,077,537</u>	<u>22,286,443</u>
Operating income	<u>12,073,741</u>	<u>12,956,010</u>
Nonoperating revenues (expenses):		
Investment earnings	478,324	758,519
Rental income	16,272	18,890
Intergovernmental revenue	-	74,725
Interest expense and fiscal charges	(6,414,101)	(6,686,101)
Total nonoperating revenues (expenses)	<u>(5,919,505)</u>	<u>(5,833,967)</u>
Income before contributions and transfers	6,154,236	7,122,043
Capital contributions	409,109	174,706
Transfers in	34,324	-
Transfers out	<u>(4,209,542)</u>	<u>(2,124,270)</u>
Change in net assets	2,388,127	5,172,479
Total net assets, beginning of year	<u>94,006,444</u>	<u>88,833,965</u>
Total net assets, end of year	<u>\$ 96,394,571</u>	<u>94,006,444</u>

See accompanying independent auditors' report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 36,119,358	35,558,033
Cash paid to suppliers for goods and services	(11,535,413)	(10,948,208)
Cash paid to employees for services	<u>(5,762,081)</u>	<u>(5,396,204)</u>
Net cash provided by operating activities	<u>18,821,864</u>	<u>19,213,621</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	74,725
Transfer from other funds	34,324	-
Transfer to other funds	(2,454,578)	(2,124,270)
Advances to other funds	<u>(200,000)</u>	<u>(200,000)</u>
Net cash used for noncapital financing activities	<u>(2,620,254)</u>	<u>(2,049,545)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(35,323,196)	(10,549,279)
Proceeds from debt	-	6,870,000
Principal paid on debt	(6,291,056)	(5,853,569)
Interest paid on debt	<u>(7,628,508)</u>	<u>(7,821,715)</u>
Net cash used for capital and related financing activities	<u>(49,242,760)</u>	<u>(17,354,563)</u>
Cash flows from investing activities:		
Rental revenue	16,272	18,890
Investment earnings	<u>478,324</u>	<u>758,519</u>
Net cash provided by investing activities	<u>494,596</u>	<u>777,409</u>
Net increase (decrease) in cash and cash equivalents	(32,546,554)	586,922
Cash and cash equivalents, beginning of year	<u>97,430,014</u>	<u>97,043,092</u>
Cash and cash equivalents, end of year	<u>\$ 64,883,460</u>	<u>97,630,014</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,073,741	12,956,010
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	125,300	70,941
Depreciation/amortization	5,825,644	5,407,181
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(157,220)	244,639
Inventory	(29,987)	(4,971)
Increase (decrease) in liabilities:		
Accounts payable	181,846	279,211
Accrued liabilities	231,320	(37,626)
Compensated absences payable	17,950	76,962
Net pension obligation	173,725	-
Customer deposits	<u>379,545</u>	<u>221,274</u>
Net cash provided by operating activities	<u>\$ 18,821,864</u>	<u>19,213,621</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 409,109</u>	<u>174,706</u>

See accompanying independent auditors' report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund

Comparative Statements of Net Assets
September 30, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and investments	\$ 14,840,986	15,145,864
Accounts receivable, net of allowance	2,230,086	2,204,787
Intergovernmental receivable	308,938	45,887
Current portion of notes receivable	156,630	150,901
Restricted cash and investments	1,180,039	1,361,843
Accrued interest on notes receivable	5,352	6,270
Inventory	15,385	15,518
Total current assets	18,737,416	18,931,070
Noncurrent assets:		
Restricted cash and investments	31,431,297	39,823,862
Noncurrent portion of notes receivable	722,666	879,296
Deferred charges	572,326	593,896
Capital assets:		
Land	2,343,665	2,265,076
Buildings	11,458,185	10,552,910
Improvements other than buildings	78,273,957	64,448,934
Equipment	5,354,502	5,102,559
Construction work in progress	17,089,149	22,615,804
Less: accumulated depreciation and amortization	(31,101,001)	(28,434,335)
Total capital assets	83,418,457	76,550,948
Total noncurrent assets	116,144,746	117,848,002
Total assets	134,882,162	136,779,072

See accompanying independent auditors' report.

	<u>2009</u>	<u>2008</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 246,222	178,800
Accrued liabilities	337,361	233,530
Compensated absences payable	234,709	197,131
Bonds payable	5,078,833	4,889,408
Refundable contracts	140,641	61,317
Accrued interest payable	520,426	559,103
	<u>6,558,192</u>	<u>6,119,289</u>
Current liabilities payable from restricted assets:		
Accounts payable	1,180,039	1,361,843
	<u>1,180,039</u>	<u>1,361,843</u>
Total current liabilities	<u>7,738,231</u>	<u>7,481,132</u>
Noncurrent liabilities:		
Refundable contracts	173,969	356,945
Compensated absences payable	296,958	93,546
Net pension obligation	118,255	-
Bonds payable	67,175,845	72,306,335
Total noncurrent liabilities	<u>67,765,027</u>	<u>72,756,826</u>
Total liabilities	<u>75,503,258</u>	<u>80,237,958</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	42,280,466	38,760,805
Unrestricted	17,098,438	17,780,309
Total net assets	<u>\$ 59,378,904</u>	<u>56,541,114</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 19,700,830	19,912,261
Other	340,511	323,131
Total operating revenues	<u>20,041,341</u>	<u>20,235,392</u>
Operating expenses:		
Salaries and wages	2,579,230	2,096,503
Employee benefits	1,165,644	817,014
Purchased professional/technical services	887,486	877,048
Purchased property services	82,548	67,935
Maintenance	1,106,404	938,420
Other purchased services	228,371	266,665
Supplies	2,538,414	2,373,556
Other	3,156,240	2,771,317
Depreciation/amortization	2,808,837	2,625,005
Total operating expenses	<u>14,553,174</u>	<u>12,833,463</u>
Operating income	<u>5,488,167</u>	<u>7,401,929</u>
Nonoperating revenues (expenses):		
Investment earnings	346,193	529,507
Intergovernmental revenue	-	93
Gain on sale of capital assets	260,073	-
Interest expense and fiscal charges	(2,884,014)	(2,842,274)
Total nonoperating revenues (expenses)	<u>(2,277,748)</u>	<u>(2,312,674)</u>
Income before contributions and transfers	3,210,419	5,089,255
Capital contributions	291,850	176,726
Transfers in	22,882	-
Transfers out	<u>(687,361)</u>	<u>(611,753)</u>
Change in net assets	2,837,790	4,654,228
Total net assets, beginning of year	<u>56,541,114</u>	<u>51,886,886</u>
Total net assets, end of year	<u>\$ 59,378,904</u>	<u>56,541,114</u>

See accompanying independent auditors' report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 20,016,042	20,521,044
Cash paid to suppliers for goods and services	(7,828,077)	(7,246,904)
Cash paid to employees for services	(3,385,629)	(2,898,504)
Net cash provided by operating activities	<u>8,802,336</u>	<u>10,375,636</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	18,480
Transfer from other funds	22,882	-
Transfer to other funds	(687,361)	(611,753)
Net cash used for noncapital financing activities	<u>(664,479)</u>	<u>(593,273)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(9,665,143)	(5,311,247)
Proceeds from sale of capital assets	306,267	-
Principal paid on debt	(4,889,408)	(3,925,570)
Interest paid on debt	(3,266,832)	(4,090,724)
Net cash used for capital and related financing activities	<u>(17,515,116)</u>	<u>(13,327,541)</u>
Cash flows from investing activities:		
Investment earnings	347,111	530,392
Note payments from other entities	150,901	145,410
Net cash provided by investing activities	<u>498,012</u>	<u>675,802</u>
Net decrease in cash and cash equivalents	(8,879,247)	(2,869,376)
Cash and cash equivalents, beginning of year	<u>56,331,569</u>	<u>59,200,945</u>
Cash and cash equivalents, end of year	<u>\$ 47,452,322</u>	<u>56,331,569</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,488,167	7,401,929
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	101,163	44,417
Depreciation/amortization	2,808,837	2,625,005
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(126,462)	241,235
Inventory	133	3,078
Increase (decrease) in liabilities:		
Accounts payable	67,422	34,172
Accrued liabilities	103,831	10,787
Compensated absences payable	240,990	15,013
Net pension obligation	118,255	-
Net cash provided by operating activities	<u>\$ 8,802,336</u>	<u>10,375,636</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 28,799</u>	<u>176,726</u>

See accompanying independent auditors' report.



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and investments	\$ 8,148,650	6,652,759
Accounts receivable, net of allowance	1,906,406	1,961,078
Intergovernmental receivable	2,028	-
Restricted cash and investments	<u>677,181</u>	<u>1,247,637</u>
 Total current assets	 <u>10,734,265</u>	 <u>9,861,474</u>
Noncurrent assets:		
Restricted cash and investments	4,366,314	6,551,854
Deferred charges	141,048	187,547
Capital assets:		
Land	595,935	595,935
Buildings	584,046	556,944
Improvements other than buildings	15,196,989	15,188,719
Equipment	14,304,188	13,780,629
Construction work in progress	4,763,037	3,030,829
Less: accumulated depreciation and amortization	<u>(21,642,540)</u>	<u>(21,510,148)</u>
 Total capital assets	 <u>13,801,655</u>	 <u>11,642,908</u>
 Total noncurrent assets	 <u>18,309,017</u>	 <u>18,382,309</u>
 Total assets	 <u>29,043,282</u>	 <u>28,243,783</u>

See accompanying independent auditors' report.

	<u>2009</u>	<u>2008</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 189,917	220,100
Accrued liabilities	430,746	380,731
Compensated absences payable	278,549	250,036
Bonds payable	1,580,000	1,470,000
Accrued interest payable	74,040	145,834
	<u>2,553,252</u>	<u>2,466,701</u>
Current liabilities payable from restricted assets:		
Accounts payable	14,372	768,142
Due to other funds	662,809	479,495
	<u>677,181</u>	<u>1,247,637</u>
Total current liabilities	<u>3,230,433</u>	<u>3,714,338</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	3,421,462	3,204,311
Compensated absences payable	250,478	235,585
Net pension obligation	120,037	-
Bonds payable	8,862,954	10,520,915
Total noncurrent liabilities	<u>12,654,931</u>	<u>13,960,811</u>
Total liabilities	<u>15,885,364</u>	<u>17,675,149</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	7,725,015	6,969,864
Restricted for debt service	-	2,125
Unrestricted	<u>5,432,903</u>	<u>3,596,645</u>
Total net assets	<u>\$ 13,157,918</u>	<u>10,568,634</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 15,851,357	16,211,947
Other	408,221	365,711
Total operating revenues	<u>16,259,578</u>	<u>16,577,658</u>
 Operating expenses:		
Salaries and wages	2,804,551	2,829,626
Employee benefits	1,523,784	1,195,363
Purchased professional/technical services	1,071,787	1,005,661
Maintenance	1,479,755	1,439,038
Other purchased services	198,807	231,105
Supplies	1,338,921	1,890,859
Other	2,070,681	2,146,539
Depreciation/amortization	2,344,773	2,005,978
Total operating expenses	<u>12,833,059</u>	<u>12,744,169</u>
 Operating income	<u>3,426,519</u>	<u>3,833,489</u>
 Nonoperating revenues (expenses):		
Investment earnings	138,240	178,048
Intergovernmental revenue	59,718	127,494
Intergovernmental expense	(59,718)	(38,748)
Interest expense and fiscal charges	(434,148)	(437,258)
Total nonoperating revenues (expenses)	<u>(295,908)</u>	<u>(170,464)</u>
 Income before contributions and transfers	3,130,611	3,663,025
 Capital contributions	41,826	-
Transfers out	<u>(583,153)</u>	<u>(1,320,951)</u>
 Change in net assets	2,589,284	2,342,074
 Total net assets, beginning of year	<u>10,568,634</u>	<u>8,226,560</u>
 Total net assets, end of year	<u>\$ 13,157,918</u>	<u>10,568,634</u>

See accompanying independent auditors' report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,314,250	16,628,660
Cash paid to suppliers for goods and services	(5,922,968)	(5,437,212)
Cash paid to employees for services	<u>(4,164,892)</u>	<u>(3,990,222)</u>
Net cash provided by operating activities	<u>6,226,390</u>	<u>7,201,226</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	57,690	153,744
Intergovernmental expense	(59,718)	(38,748)
Payments from other funds	183,314	479,495
Transfer to other funds	<u>(583,153)</u>	<u>(946,557)</u>
Net cash used for noncapital financing activities	<u>(401,867)</u>	<u>(352,066)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(5,215,464)	(3,576,547)
Capital contributions	-	10,376
Proceeds from debt	-	3,229,867
Principal paid on debt	(1,470,000)	(1,542,798)
Interest paid on debt	<u>(537,404)</u>	<u>(411,709)</u>
Net cash used for capital and related financing activities	<u>(7,222,868)</u>	<u>(2,290,811)</u>
Cash flows from investing activities:		
Investment earnings	<u>138,240</u>	<u>178,048</u>
Net cash provided by investing activities	<u>138,240</u>	<u>178,048</u>
Net increase (decrease) in cash and cash equivalents	(1,260,105)	4,736,397
Cash and cash equivalents, beginning of year	<u>14,452,250</u>	<u>9,715,853</u>
Cash and cash equivalents, end of year	<u>\$ 13,192,145</u>	<u>14,452,250</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,426,519	3,833,489
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	30,413	34,754
Depreciation/amortization	2,344,773	2,005,978
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	24,259	16,248
Increase (decrease) in liabilities:		
Accounts payable	(30,183)	115,337
Accrued liabilities	50,015	920,748
Estimated landfill closure and post-closure care costs	217,151	239,905
Compensated absences payable	43,406	34,767
Net pension obligation	<u>120,037</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 6,226,390</u>	<u>7,201,226</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 41,826</u>	<u>-</u>
Transfer of capital assets to general government	<u>\$ -</u>	<u>(374,394)</u>

See accompanying independent auditors' report.



Nonmajor Enterprise Funds

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenue earned, costs incurred and/or net income is necessary for management accountability.

Airport Fund - This fund is used to account for the provision of passenger and freight air services to the residents of the City and surrounding areas.

Convention Services Fund - This fund is used to account for the provision of convention facilities.

Ranger Hall of Fame Fund - This fund is used to account for the provision of this facility to the public.

Cameron Park Zoo Fund - This fund is used to account for the provision of this facility to the public.

Transit Services Fund - This fund is used to account for the provision of public transit services to the residents of the City.

Cottonwood Creek Golf Course Fund - This fund is used to account for the provision of this facility to the public.

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2009
(With Comparative Totals for September 30, 2008)

Assets	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Current assets:			
Cash and investments	\$ 607,710	244,489	170,188
Restricted cash and investments	-	-	-
Accounts receivable, net of allowances	65,470	178,411	3,720
Due from other funds	2,813	-	-
Intergovernmental receivable	67,302	-	2,005
Inventories	3,852	34,130	94,658
Total current assets	<u>747,147</u>	<u>457,030</u>	<u>270,571</u>
Noncurrent assets:			
Restricted cash and investments	<u>523,945</u>	-	<u>609,263</u>
Capital assets:			
Land	241,984	-	-
Buildings	12,926,783	6,816,938	796,772
Improvements other than buildings	13,419,478	731,793	48,391
Equipment	1,337,559	578,124	302,920
Museum collections	-	-	1,984,924
Construction work in progress	1,681,433	1,084,215	183,910
Less: accumulated depreciation	<u>(14,570,055)</u>	<u>(6,055,793)</u>	<u>(761,554)</u>
Total capital assets	<u>15,037,182</u>	<u>3,155,277</u>	<u>2,555,363</u>
Total noncurrent assets	<u>15,561,127</u>	<u>3,155,277</u>	<u>3,164,626</u>
Total assets	<u>16,308,274</u>	<u>3,612,307</u>	<u>3,435,197</u>
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	106,759	104,894	26,708
Accrued liabilities	43,600	101,697	47,731
Unearned revenue	301,432	23,488	-
Due to other funds	-	-	-
Compensated absences payable	32,825	139,642	61,379
Escrow funds	-	-	105,910
Bonds payable	115,000	-	-
Accrued interest payable	3,499	-	-
Total current liabilities	<u>603,115</u>	<u>369,721</u>	<u>241,728</u>
Current liabilities payable from restricted assets:			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Total current liabilities	<u>603,115</u>	<u>369,721</u>	<u>241,728</u>
Noncurrent liabilities:			
Advances from other funds	200,885	-	-
Compensated absences payable	-	56,416	38,942
Bonds payable	<u>250,000</u>	-	-
Total noncurrent liabilities	<u>450,885</u>	<u>56,416</u>	<u>38,942</u>
Total liabilities	<u>1,054,000</u>	<u>426,137</u>	<u>280,670</u>
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	14,672,182	3,155,277	2,555,363
Restricted for Asian Forest	-	-	-
Restricted for Texas Ranger Research Center improvements	-	-	541,912
Unrestricted	<u>582,092</u>	<u>30,893</u>	<u>57,252</u>
Total net assets	<u>\$ 15,254,274</u>	<u>3,186,170</u>	<u>3,154,527</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2009	2008
267,723	-	123,791	1,413,901	1,343,075
-	-	-	-	389,911
1,441	78,637	28	327,707	270,238
-	-	-	2,813	-
-	2,614,245	-	2,683,552	3,190,106
4,830	259,668	309,127	706,265	597,706
<u>273,994</u>	<u>2,952,550</u>	<u>432,946</u>	<u>5,134,238</u>	<u>5,791,036</u>
-	-	-	1,133,208	1,840,200
-	423,284	-	665,268	665,268
8,290,594	6,910,368	713,389	36,454,844	33,413,515
18,357,741	244,951	1,803,871	34,606,225	32,952,067
318,318	9,621,581	530,383	12,688,885	12,134,980
-	-	-	1,984,924	1,765,557
111,289	43,183	19,178	3,123,208	3,998,976
<u>(9,057,093)</u>	<u>(5,063,744)</u>	<u>(2,037,252)</u>	<u>(37,545,491)</u>	<u>(36,352,646)</u>
<u>18,020,849</u>	<u>12,179,623</u>	<u>1,029,569</u>	<u>51,977,863</u>	<u>48,577,717</u>
18,020,849	12,179,623	1,029,569	53,111,071	50,417,917
<u>18,294,843</u>	<u>15,132,173</u>	<u>1,462,515</u>	<u>58,245,309</u>	<u>56,208,953</u>
131,093	128,867	92,096	590,417	599,595
105,704	220,144	459,531	978,407	977,578
10,866	-	-	335,786	268,617
-	2,313,100	-	2,313,100	2,451,014
102,178	-	49,687	385,711	278,401
-	-	-	105,910	99,782
-	-	-	115,000	110,000
-	-	-	3,499	4,526
<u>349,841</u>	<u>2,662,111</u>	<u>601,314</u>	<u>4,827,830</u>	<u>4,789,513</u>
-	-	-	-	315,118
-	-	-	-	74,793
<u>349,841</u>	<u>2,662,111</u>	<u>601,314</u>	<u>4,827,830</u>	<u>5,179,424</u>
-	-	1,177,667	1,378,552	1,050,280
64,510	-	122,716	282,584	340,613
-	-	-	250,000	365,000
<u>64,510</u>	<u>-</u>	<u>1,300,383</u>	<u>1,911,136</u>	<u>1,755,893</u>
<u>414,351</u>	<u>2,662,111</u>	<u>1,901,697</u>	<u>6,738,966</u>	<u>6,935,317</u>
18,020,849	12,179,623	1,029,569	51,612,863	48,219,540
-	-	-	-	1,194,935
-	-	-	541,912	478,137
<u>(140,357)</u>	<u>290,439</u>	<u>(1,468,751)</u>	<u>(648,432)</u>	<u>(618,976)</u>
<u>17,880,492</u>	<u>12,470,062</u>	<u>(439,182)</u>	<u>51,506,343</u>	<u>49,273,636</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Operating revenues:			
Charges for services	\$ 521,708	438,133	242,834
Net merchandise sales	67,260	135,484	165,086
Contributions	-	-	-
Other	224,984	350	17,514
Total operating revenues	<u>813,952</u>	<u>573,967</u>	<u>425,434</u>
Operating expenses:			
Salaries and wages	411,842	1,056,536	549,179
Employee benefits	197,734	454,854	205,259
Purchased professional/technical services	42,040	49,606	12,330
Purchased property services	26,070	27,246	4,297
Maintenance	86,754	96,589	9,306
Other purchased services	70,374	503,600	48,882
Supplies	232,936	271,229	121,022
Other	289,160	14,498	152,829
Depreciation	1,010,051	235,380	38,393
Total operating expenses	<u>2,366,961</u>	<u>2,709,538</u>	<u>1,141,497</u>
Operating loss	<u>(1,553,009)</u>	<u>(2,135,571)</u>	<u>(716,063)</u>
Nonoperating revenues (expenses):			
Investment earnings	12,471	3,622	15,856
Other income	272,649	-	-
Hotel/motel tax	-	1,703,650	-
Contributions	-	-	116,961
Intergovernmental revenue	130,177	1,233	-
Intergovernmental expenses	-	(150,000)	-
Interest expense and fiscal charges	(35,080)	-	-
Total nonoperating revenues (expenses)	<u>380,217</u>	<u>1,558,505</u>	<u>132,817</u>
Loss before contributions and transfers	(1,172,792)	(577,066)	(583,246)
Capital contributions	1,384,433	672,722	312,568
Transfers in	622,443	312,685	551,724
Change in net assets	834,084	408,341	281,046
Total net assets, beginning of year	<u>14,420,190</u>	<u>2,777,829</u>	<u>2,873,481</u>
Total net assets, end of year	<u>\$ 15,254,274</u>	<u>3,186,170</u>	<u>3,154,527</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2009	2008
1,131,745	2,193,441	1,147,448	5,675,309	5,540,937
202,140	-	173,245	743,215	713,583
14,210	-	-	14,210	9,335
6,069	612,446	12,537	873,900	897,499
<u>1,354,164</u>	<u>2,805,887</u>	<u>1,333,230</u>	<u>7,306,634</u>	<u>7,161,354</u>
1,100,503	2,164,701	488,131	5,770,892	5,415,735
535,868	524,117	203,627	2,121,459	1,869,389
43,884	1,125,518	331,155	1,604,533	1,752,747
307,107	18,260	254,506	637,486	495,780
55,886	394,909	77,001	720,445	576,916
72,981	139,390	137,587	972,814	1,039,002
667,242	700,971	246,145	2,239,545	2,513,594
139,144	288,151	39,551	923,333	914,723
1,045,602	969,913	140,044	3,439,383	2,949,475
<u>3,968,217</u>	<u>6,325,930</u>	<u>1,917,747</u>	<u>18,429,890</u>	<u>17,527,361</u>
<u>(2,614,053)</u>	<u>(3,520,043)</u>	<u>(584,517)</u>	<u>(11,123,256)</u>	<u>(10,366,007)</u>
2,275	40	308	34,572	62,555
-	-	-	272,649	275,458
-	-	-	1,703,650	1,688,943
-	-	-	116,961	55,183
217	2,550,089	-	2,681,716	3,008,090
-	-	-	(150,000)	(150,000)
-	-	(1,691)	(36,771)	(35,257)
<u>2,492</u>	<u>2,550,129</u>	<u>(1,383)</u>	<u>4,622,777</u>	<u>4,904,972</u>
(2,611,561)	(969,914)	(585,900)	(6,500,479)	(5,461,035)
733,815	2,487,701	-	5,591,239	9,398,387
<u>1,558,659</u>	<u>-</u>	<u>96,436</u>	<u>3,141,947</u>	<u>2,580,805</u>
(319,087)	1,517,787	(489,464)	2,232,707	6,518,157
<u>18,199,579</u>	<u>10,952,275</u>	<u>50,282</u>	<u>49,273,636</u>	<u>42,755,479</u>
<u>17,880,492</u>	<u>12,470,062</u>	<u>(439,182)</u>	<u>51,506,343</u>	<u>49,273,636</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 792,968	594,107
Cash paid to suppliers for goods and services	(765,506)	(922,512)
Cash paid to employees for services	(601,113)	(1,509,040)
Net cash used for operating activities	<u>(573,651)</u>	<u>(1,837,445)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	-	1,714,867
Intergovernmental revenue	147,193	1,233
Intergovernmental expenses	-	(150,000)
Contributions	-	-
Passenger facility charges	272,649	-
Payments from other funds	-	-
Payments to other funds	-	-
Transfer from other funds	622,443	312,685
Advances from other funds	-	-
Repayments of advances from other funds	(46,509)	-
Net cash provided by noncapital financing activities	<u>995,776</u>	<u>1,878,785</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,397,562)	-
Capital contributions	1,545,727	-
Principal paid on debt	(110,000)	-
Interest paid on debt	(36,107)	-
Net cash provided by (used for) capital and related financing activities	<u>2,058</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>12,471</u>	<u>3,622</u>
Net cash provided by investing activities	<u>12,471</u>	<u>3,622</u>
Net increase (decrease) in cash and cash equivalents	436,654	44,962
Cash and cash equivalents, beginning of year	<u>695,001</u>	<u>199,527</u>
Cash and cash equivalents, end of year	<u>\$ 1,131,655</u>	<u>244,489</u>

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2009	2008
422,484	1,353,735	2,748,358	1,334,025	7,245,677	7,142,774
(344,920)	(1,581,300)	(2,876,412)	(1,141,173)	(7,631,823)	(6,774,410)
(757,064)	(1,618,543)	(2,688,818)	(668,492)	(7,843,070)	(7,245,054)
<u>(679,500)</u>	<u>(1,846,108)</u>	<u>(2,816,872)</u>	<u>(475,640)</u>	<u>(8,229,216)</u>	<u>(6,876,690)</u>
-	-	-	-	1,714,867	1,666,261
-	217	3,238,532	-	3,387,175	1,082,918
-	-	-	-	(150,000)	(150,000)
116,961	-	-	-	116,961	55,183
-	-	-	-	272,649	275,458
-	-	-	-	-	2,093,398
-	-	(137,914)	-	(137,914)	-
551,724	1,558,659	-	96,436	3,141,947	2,580,805
-	-	-	373,090	373,090	210,281
-	-	-	-	(46,509)	(15,274)
<u>668,685</u>	<u>1,558,876</u>	<u>3,100,618</u>	<u>469,526</u>	<u>8,672,266</u>	<u>7,799,030</u>
(93,199)	(1,817,463)	(2,487,700)	(27,035)	(5,822,959)	(8,209,382)
93,200	622,526	2,203,914	-	4,465,367	8,758,480
-	-	-	-	(110,000)	(100,000)
-	-	-	-	(36,107)	(34,728)
<u>1</u>	<u>(1,194,937)</u>	<u>(283,786)</u>	<u>(27,035)</u>	<u>(1,503,699)</u>	<u>414,370</u>
15,856	2,275	40	308	34,572	62,555
<u>15,856</u>	<u>2,275</u>	<u>40</u>	<u>308</u>	<u>34,572</u>	<u>62,555</u>
5,042	(1,479,894)	-	(32,841)	(1,026,077)	1,399,265
<u>774,409</u>	<u>1,747,617</u>	<u>-</u>	<u>156,632</u>	<u>3,573,186</u>	<u>2,173,921</u>
<u>779,451</u>	<u>267,723</u>	<u>-</u>	<u>123,791</u>	<u>2,547,109</u>	<u>3,573,186</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	Airport Fund	Convention Services Fund
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,553,009)	(2,135,571)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,010,051	235,380
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(20,984)	12,411
Inventories	1,500	(8,277)
Increase (decrease) in liabilities:		
Accounts payable	35,677	33,116
Accrued liabilities	(55,349)	15,417
Unearned revenue	-	7,729
Compensated absences payable	8,463	2,350
Escrow funds	-	-
	<u>(573,651)</u>	<u>(1,837,445)</u>
Net cash used for operating activities	\$ <u>(573,651)</u>	<u>(1,837,445)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	<u>672,722</u>

See accompanying independent auditors' report.

<u>Ranger Hall of Fame Fund</u>	<u>Cameron Park Zoo Fund</u>	<u>Transit Services Fund</u>	<u>Cottonwood Creek Golf Course Fund</u>	<u>Totals</u>	
				<u>2009</u>	<u>2008</u>
(716,063)	(2,614,053)	(3,520,043)	(584,517)	(11,123,256)	(10,366,007)
38,393	1,045,602	969,913	140,044	3,439,383	2,949,476
(2,950)	(429)	(57,529)	795	(68,686)	29,636
(2,606)	1,827	(3,200)	(97,803)	(108,559)	(85,134)
(9,133)	(225,330)	(184,107)	12,290	(337,487)	445,871
9,357	(51,768)	(21,906)	30,285	(73,964)	143,613
-	(19,785)	-	-	(12,056)	(55,238)
(2,626)	17,828	-	23,266	49,281	40,069
6,128	-	-	-	6,128	21,024
<u>(679,500)</u>	<u>(1,846,108)</u>	<u>(2,816,872)</u>	<u>(475,640)</u>	<u>(8,229,216)</u>	<u>(6,876,690)</u>
<u>219,368</u>	<u>111,289</u>	<u>-</u>	<u>-</u>	<u>1,003,379</u>	<u>1,032,157</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and investments	\$ 607,710	578,178
Accounts receivable, net of allowance	65,470	44,486
Due from other funds	2,813	-
Intergovernmental receivable	67,302	169,200
Inventory	3,852	5,352
Total current assets	<u>747,147</u>	<u>797,216</u>
Noncurrent assets:		
Restricted cash and investments	<u>523,945</u>	<u>116,823</u>
Capital assets:		
Land	241,984	241,984
Buildings	12,926,783	11,313,267
Improvements other than buildings	13,419,478	13,419,478
Equipment	1,337,559	1,337,559
Construction in progress	1,681,433	1,884,195
Less: accumulated depreciation	<u>(14,570,055)</u>	<u>(13,560,003)</u>
Total capital assets	<u>15,037,182</u>	<u>14,636,480</u>
Total noncurrent assets	<u>15,561,127</u>	<u>14,753,303</u>
Total assets	<u>16,308,274</u>	<u>15,550,519</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	106,759	57,891
Accrued liabilities	43,600	98,949
Unearned revenue	301,432	222,207
Compensated absences payable	32,825	24,362
Bonds payable	115,000	110,000
Accrued interest payable	3,499	4,526
Total current liabilities	<u>603,115</u>	<u>517,935</u>
Noncurrent liabilities:		
Advances from other funds	200,885	247,394
Bonds payable	250,000	365,000
Total noncurrent liabilities	<u>450,885</u>	<u>612,394</u>
Total liabilities	<u>1,054,000</u>	<u>1,130,329</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	14,672,182	14,278,303
Unrestricted	<u>582,092</u>	<u>141,887</u>
Total net assets	<u>\$ 15,254,274</u>	<u>14,420,190</u>

See accompanying independent auditors' report.

City of Waco, Texas
Airport Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 521,708	491,314
Net merchandise sales	67,260	24,748
Other	224,984	306,362
Total operating revenues	<u>813,952</u>	<u>822,424</u>
Operating expenses:		
Salaries and wages	411,842	411,491
Employee benefits	197,734	170,703
Purchased professional/technical services	42,040	10,110
Purchased property services	26,070	34,929
Maintenance	86,754	75,573
Other purchased services	70,374	89,618
Supplies	232,936	239,192
Other	289,160	226,536
Depreciation	1,010,051	938,273
Total operating expenses	<u>2,366,961</u>	<u>2,196,425</u>
Operating loss	<u>(1,553,009)</u>	<u>(1,374,001)</u>
Nonoperating revenues (expenses):		
Investment earnings	12,471	30,101
Intergovernmental revenue	130,177	161,580
Interest expense and fiscal charges	(35,080)	(33,812)
Other income	272,649	275,458
Total nonoperating revenues (expenses)	<u>380,217</u>	<u>433,327</u>
Loss before contributions and transfers	(1,172,792)	(940,674)
Capital contributions	1,384,433	3,079,261
Transfers in	622,443	335,263
Change in net assets	834,084	2,473,850
Total net assets, beginning of year	<u>14,420,190</u>	<u>11,946,340</u>
Total net assets, end of year	<u>\$ 15,254,274</u>	<u>14,420,190</u>

See accompanying independent auditors' report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 792,968	846,668
Cash paid to suppliers for goods and services	(765,506)	(768,427)
Cash paid to employees for services	(601,113)	(610,976)
Net cash used for operating activities	<u>(573,651)</u>	<u>(532,735)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	147,193	168,492
Passenger facility charges	272,649	275,458
Transfer from other funds	622,443	335,263
Repayments of advances from other funds	(46,509)	(15,274)
Net cash provided by noncapital financing activities	<u>995,776</u>	<u>763,939</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,397,562)	(4,055,023)
Capital contributions	1,545,727	3,662,197
Principal paid on capital debt	(110,000)	(100,000)
Interest paid on capital debt	(36,107)	(34,728)
Net cash provided by (used for) capital and related financing activities	<u>2,058</u>	<u>(527,554)</u>
Cash flows from investing activities:		
Investment earnings	12,471	30,101
Net cash provided by investing activities	<u>12,471</u>	<u>30,101</u>
Net increase (decrease) in cash and cash equivalents	436,654	(266,249)
Cash and cash equivalents, beginning of year	<u>695,001</u>	<u>961,250</u>
Cash and cash equivalents, end of year	<u>\$ 1,131,655</u>	<u>695,001</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,553,009)	(1,374,001)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,010,051	938,273
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(20,984)	24,244
Inventory	1,500	(5,352)
Increase (decrease) in liabilities:		
Accounts payable	35,677	(27,060)
Accrued liabilities	(55,349)	(60,057)
Compensated absences payable	8,463	(28,782)
Net cash used for operating activities	<u>\$ (573,651)</u>	<u>(532,735)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ -</u>	<u>127,707</u>

See accompanying independent auditors' report.

Convention Services Fund

City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and investments	\$ 244,489	199,527
Accounts receivable, net of allowance	178,411	202,039
Inventory	34,130	25,853
Total current assets	457,030	427,419
Noncurrent assets:		
Capital assets:		
Buildings	6,816,938	7,034,112
Improvements other than buildings	731,793	731,793
Equipment	578,124	578,124
Construction work in progress	1,084,215	411,494
Less: accumulated depreciation	(6,055,793)	(6,037,588)
Total capital assets	3,155,277	2,717,935
Total noncurrent assets	3,155,277	2,717,935
Total assets	3,612,307	3,145,354
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	104,894	71,778
Accrued liabilities	101,697	86,280
Unearned revenue	23,488	15,759
Compensated absences payable	139,642	89,548
Total current liabilities	369,721	263,365
Noncurrent liabilities:		
Compensated absences payable	56,416	104,160
Total noncurrent liabilities	56,416	104,160
Total liabilities	426,137	367,525
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	3,155,277	2,717,935
Unrestricted	30,893	59,894
Total net assets	\$ 3,186,170	2,777,829

See accompanying independent auditors' report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 438,133	622,617
Net merchandise sales	135,484	174,278
Other	350	7,400
Total operating revenues	<u>573,967</u>	<u>804,295</u>
Operating expenses:		
Salaries and wages	1,056,536	987,172
Employee benefits	454,854	404,031
Purchased professional/technical services	49,606	28,192
Purchased property services	27,246	29,259
Maintenance	96,589	74,507
Other purchased services	503,600	499,525
Supplies	271,229	324,957
Other	14,498	40,222
Depreciation	235,380	241,734
Total operating expenses	<u>2,709,538</u>	<u>2,629,599</u>
Operating loss	<u>(2,135,571)</u>	<u>(1,825,304)</u>
Nonoperating revenues (expenses):		
Hotel/motel tax	1,703,650	1,688,943
Investment earnings	3,622	1,792
Intergovernmental revenue	1,233	-
Intergovernmental expenses	(150,000)	(150,000)
Total nonoperating revenues (expenses)	<u>1,558,505</u>	<u>1,540,735</u>
Loss before contributions and transfers	(577,066)	(284,569)
Capital contributions	672,722	411,494
Transfers in	<u>312,685</u>	<u>110,637</u>
Change in net assets	408,341	237,562
Total net assets, beginning of year	<u>2,777,829</u>	<u>2,540,267</u>
Total net assets, end of year	<u>\$ 3,186,170</u>	<u>2,777,829</u>

See accompanying independent auditors' report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash received from customers	\$ 594,107	772,155
Cash paid to suppliers for goods and services	(922,512)	(1,016,446)
Cash paid to employees for services	(1,509,040)	(1,370,334)
Net cash used for operating activities	(1,837,445)	(1,614,625)
Cash flows from noncapital financing activities:		
Hotel/motel tax	1,714,867	1,666,261
Intergovernmental revenue	1,233	-
Intergovernmental expenses	(150,000)	(150,000)
Transfer from other funds	312,685	110,637
Net cash provided by noncapital financing activities	1,878,785	1,626,898
Cash flows from investing activities:		
Investment earnings	3,622	1,792
Net cash provided by investing activities	3,622	1,792
Net increase in cash and cash equivalents	44,962	14,065
Cash and cash equivalents, beginning of year	199,527	185,462
Cash and cash equivalents, end of year	\$ 244,489	199,527
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,135,571)	(1,825,304)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	235,380	241,735
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	12,411	16,076
Inventory	(8,277)	(13,955)
Increase (decrease) in liabilities:		
Accounts payable	33,116	(27,939)
Accrued liabilities	15,417	22,110
Unearned revenue	7,729	(48,216)
Compensated absences payable	2,350	20,868
Net cash used for operating activities	\$ (1,837,445)	(1,614,625)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 672,722	411,494

See accompanying independent auditors' report.

Ranger Hall of Fame Fund

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and investments	\$ 170,188	243,962
Restricted cash and investments	-	2,005
Accounts receivable, net of allowance	3,720	770
Intergovernmental receivable	2,005	2,005
Inventory	<u>94,658</u>	<u>92,052</u>
Total current assets	<u>270,571</u>	<u>340,794</u>
Noncurrent assets:		
Restricted cash and investments	<u>609,263</u>	<u>528,442</u>
Capital assets:		
Buildings	796,772	786,657
Improvements other than buildings	48,391	48,391
Equipment	302,920	302,920
Museum collections	1,984,924	1,765,557
Construction in progress	183,910	100,824
Less: accumulated depreciation	<u>(761,554)</u>	<u>(723,160)</u>
Total capital assets	<u>2,555,363</u>	<u>2,281,189</u>
Total noncurrent assets	<u>3,164,626</u>	<u>2,809,631</u>
Total assets	<u>3,435,197</u>	<u>3,150,425</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	26,708	33,836
Accrued liabilities	47,731	38,374
Compensated absences payable	61,379	39,380
Escrow funds	<u>105,910</u>	<u>99,782</u>
	<u>241,728</u>	<u>211,372</u>
Current liabilities payable from restricted assets:		
Accounts payable	<u>-</u>	<u>2,005</u>
Total current liabilities	<u>241,728</u>	<u>213,377</u>
Noncurrent liabilities:		
Compensated absences payable	<u>38,942</u>	<u>63,567</u>
Total noncurrent liabilities	<u>38,942</u>	<u>63,567</u>
Total liabilities	<u>280,670</u>	<u>276,944</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	2,555,363	2,281,189
Restricted for Texas Ranger Research Center improvements	541,912	478,137
Unrestricted	<u>57,252</u>	<u>114,155</u>
Total net assets	<u>\$ 3,154,527</u>	<u>2,873,481</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 242,834	249,284
Net merchandise sales	165,086	155,350
Other	<u>17,514</u>	<u>33,976</u>
Total operating revenues	<u>425,434</u>	<u>438,610</u>
Operating expenses:		
Salaries and wages	549,179	488,623
Employee benefits	205,259	173,105
Purchased professional/technical services	12,330	289,323
Purchased property services	4,297	5,146
Maintenance	9,306	13,359
Other purchased services	48,882	55,566
Supplies	121,022	113,700
Other	152,829	186,975
Depreciation	<u>38,393</u>	<u>38,023</u>
Total operating expenses	<u>1,141,497</u>	<u>1,363,820</u>
Operating loss	<u>(716,063)</u>	<u>(925,210)</u>
Nonoperating revenues:		
Investment earnings	15,856	28,001
Contributions	116,961	55,183
Intergovernmental revenue	<u>-</u>	<u>18,045</u>
Total nonoperating revenues	<u>132,817</u>	<u>101,229</u>
Loss before contributions and transfers	(583,246)	(823,981)
Capital contributions	312,568	395,680
Transfers in	<u>551,724</u>	<u>599,521</u>
Change in net assets	281,046	171,220
Total net assets, beginning of year	<u>2,873,481</u>	<u>2,702,261</u>
Total net assets, end of year	<u>\$ 3,154,527</u>	<u>2,873,481</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 422,484	438,919
Cash paid to suppliers for goods and services	(344,920)	(610,130)
Cash paid to employees for services	(757,064)	(644,011)
Net cash used for operating activities	<u>(679,500)</u>	<u>(815,222)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	49,730
Contributions	116,961	55,183
Transfer from other funds	551,724	599,521
Net cash provided by noncapital financing activities	<u>668,685</u>	<u>704,434</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(93,199)	(8,999)
Capital contributions	93,200	133,833
Net cash provided by capital and related financing activities	<u>1</u>	<u>124,834</u>
Cash flows from investing activities:		
Investment earnings	15,856	28,001
Net cash provided by investing activities	<u>15,856</u>	<u>28,001</u>
Net increase in cash and cash equivalents	5,042	42,047
Cash and cash equivalents, beginning of year	<u>774,409</u>	<u>732,362</u>
Cash and cash equivalents, end of year	<u>\$ 779,451</u>	<u>774,409</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (716,063)	(925,210)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	38,393	38,023
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(2,950)	309
Inventory	(2,606)	(7,095)
Increase (decrease) in liabilities:		
Accounts payable	(9,133)	30,349
Accrued liabilities	9,357	9,661
Compensated absences payable	(2,626)	17,717
Escrow funds	6,128	21,024
Net cash used for operating activities	<u>\$ (679,500)</u>	<u>(815,222)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 219,368</u>	<u>261,847</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and investments	\$ 267,723	164,776
Restricted cash and investments	-	387,906
Accounts receivable, net of allowance	1,441	1,012
Inventory	4,830	6,657
Total current assets	<u>273,994</u>	<u>560,351</u>
Noncurrent assets:		
Restricted cash and investments	-	1,194,935
Capital assets:		
Buildings	8,290,594	6,636,437
Improvements other than buildings	18,357,741	16,703,583
Equipment	318,318	312,547
Construction in progress	111,289	1,495,852
Less: accumulated depreciation	<u>(9,057,093)</u>	<u>(8,010,720)</u>
Total capital assets	<u>18,020,849</u>	<u>17,137,699</u>
Total noncurrent assets	<u>18,020,849</u>	<u>18,332,634</u>
Total assets	<u>18,294,843</u>	<u>18,892,985</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	131,093	43,310
Accrued liabilities	105,704	82,679
Unearned revenue	10,866	30,651
Compensated absences payable	102,178	85,071
	<u>349,841</u>	<u>241,711</u>
Current liabilities payable from restricted assets:		
Accounts payable	-	313,113
Accrued liabilities	-	74,793
	<u>-</u>	<u>387,906</u>
Total current liabilities	<u>349,841</u>	<u>629,617</u>
Noncurrent liabilities:		
Compensated absences payable	64,510	63,789
Total noncurrent liabilities	<u>64,510</u>	<u>63,789</u>
Total liabilities	<u>414,351</u>	<u>693,406</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	18,020,849	17,137,699
Restricted for Asian Forest	-	1,194,935
Unrestricted	<u>(140,357)</u>	<u>(133,055)</u>
Total net assets	<u>\$ 17,880,492</u>	<u>18,199,579</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 1,131,745	1,081,963
Net merchandise sales	202,140	199,841
Contributions	14,210	9,335
Other	6,069	3,347
Total operating revenues	<u>1,354,164</u>	<u>1,294,486</u>
Operating expenses:		
Salaries and wages	1,100,503	1,028,546
Employee benefits	535,868	466,267
Purchased professional/technical services	43,884	32,937
Purchased property services	307,107	179,880
Maintenance	55,886	34,848
Other purchased services	72,981	95,830
Supplies	667,242	589,374
Other	139,144	134,994
Depreciation	1,045,602	982,928
Total operating expenses	<u>3,968,217</u>	<u>3,545,604</u>
Operating loss	<u>(2,614,053)</u>	<u>(2,251,118)</u>
Nonoperating revenues:		
Investment earnings	2,275	2,180
Intergovernmental revenue	217	-
Total nonoperating revenues	<u>2,492</u>	<u>2,180</u>
Loss before contributions and transfers	(2,611,561)	(2,248,938)
Capital contributions	733,815	2,852,916
Transfers in	<u>1,558,659</u>	<u>1,275,027</u>
Change in net assets	(319,087)	1,879,005
Total net assets, beginning of year	<u>18,199,579</u>	<u>16,320,574</u>
Total net assets, end of year	<u>\$ 17,880,492</u>	<u>18,199,579</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,353,735	1,293,474
Cash paid to suppliers for goods and services	(1,581,300)	(643,589)
Cash paid to employees for services	(1,618,543)	(1,475,664)
Net cash used for operating activities	<u>(1,846,108)</u>	<u>(825,779)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	217	-
Transfer from other funds	1,558,659	1,275,027
Net cash provided by noncapital financing activities	<u>1,558,876</u>	<u>1,275,027</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,817,463)	(1,510,174)
Capital contributions	622,526	2,690,788
Net cash provided by (used for) capital and related financing activities	<u>(1,194,937)</u>	<u>1,180,614</u>
Cash flows from investing activities:		
Investment earnings	2,275	2,180
Net cash provided by investing activities	<u>2,275</u>	<u>2,180</u>
Net increase (decrease) in cash and cash equivalents	(1,479,894)	1,632,042
Cash and cash equivalents, beginning of year	<u>1,747,617</u>	<u>115,575</u>
Cash and cash equivalents, end of year	<u>\$ 267,723</u>	<u>1,747,617</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,614,053)	(2,251,118)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,045,602	982,928
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(429)	(1,012)
Inventory	1,827	(1,078)
Increase (decrease) in liabilities:		
Accounts payable	(225,330)	339,395
Accrued liabilities	(51,768)	92,979
Unearned revenue	(19,785)	(7,022)
Compensated absences payable	17,828	19,149
Net cash used for operating activities	<u>\$ (1,846,108)</u>	<u>(825,779)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 111,289</u>	<u>162,128</u>

See accompanying independent auditors' report.

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Accounts receivable, net of allowance	\$ 78,637	21,108
Intergovernmental receivable	2,614,245	3,018,901
Inventory	<u>259,668</u>	<u>256,468</u>
Total current assets	<u>2,952,550</u>	<u>3,296,477</u>
Noncurrent assets:		
Capital assets:		
Land	423,284	423,284
Buildings	6,910,368	6,929,653
Improvements other than buildings	244,951	244,951
Equipment	9,621,581	9,046,310
Construction work in progress	43,183	87,433
Less: accumulated depreciation	<u>(5,063,744)</u>	<u>(6,069,795)</u>
Total capital assets	<u>12,179,623</u>	<u>10,661,836</u>
Total noncurrent assets	<u>12,179,623</u>	<u>10,661,836</u>
Total assets	<u>15,132,173</u>	<u>13,958,313</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	128,867	312,974
Accrued liabilities	220,144	242,050
Due to other funds	<u>2,313,100</u>	<u>2,451,014</u>
Total current liabilities	<u>2,662,111</u>	<u>3,006,038</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	12,179,623	10,661,836
Unrestricted	<u>290,439</u>	<u>290,439</u>
Total net assets	<u>\$ 12,470,062</u>	<u>10,952,275</u>

See accompanying independent auditors' report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 2,193,441	1,942,643
Other	612,446	519,446
Total operating revenues	<u>2,805,887</u>	<u>2,462,089</u>
Operating expenses:		
Salaries and wages	2,164,701	2,032,833
Employee benefits	524,117	470,900
Purchased professional/technical services	1,125,518	1,069,581
Purchased property services	18,260	20,233
Maintenance	394,909	310,105
Other purchased services	139,390	158,794
Supplies	700,971	1,006,209
Other	288,151	297,840
Depreciation	969,913	613,901
Total operating expenses	<u>6,325,930</u>	<u>5,980,396</u>
Operating loss	<u>(3,520,043)</u>	<u>(3,518,307)</u>
Nonoperating revenues:		
Investment earnings	40	67
Intergovernmental revenue	2,550,089	2,828,465
Total nonoperating revenues	<u>2,550,129</u>	<u>2,828,532</u>
Loss before capital contributions and transfers	(969,914)	(689,775)
Capital contributions	2,487,701	2,659,036
Transfers in	<u>-</u>	<u>80,111</u>
Change in net assets	1,517,787	2,049,372
Total net assets, beginning of year	<u>10,952,275</u>	<u>8,902,903</u>
Total net assets, end of year	<u>\$ 12,470,062</u>	<u>10,952,275</u>

See accompanying independent auditors' report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,748,358	2,452,901
Cash paid to suppliers for goods and services	(2,876,412)	(2,669,043)
Cash paid to employees for services	(2,688,818)	(2,503,733)
Net cash used for operating activities	<u>(2,816,872)</u>	<u>(2,719,875)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	3,238,532	864,696
Transfer from other funds	-	80,111
Payments from other funds	-	2,093,398
Payments to other funds	(137,914)	-
Net cash provided by noncapital financing activities	<u>3,100,618</u>	<u>3,038,205</u>
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(2,487,700)	(2,590,059)
Capital contributions	2,203,914	2,271,662
Net cash used for capital and related financing activities	<u>(283,786)</u>	<u>(318,397)</u>
Cash flows from investing activities:		
Investment earnings	40	67
Net cash provided by investing activities	<u>40</u>	<u>67</u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (3,520,043)	(3,518,307)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	969,913	613,901
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(57,529)	(9,188)
Inventory	(3,200)	(29,665)
Increase (decrease) in liabilities:		
Accounts payable	(184,107)	151,359
Accrued liabilities	(21,906)	72,025
Net cash used for operating activities	<u>\$ (2,816,872)</u>	<u>(2,719,875)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ -</u>	<u>68,981</u>

See accompanying independent auditors' report.

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash	\$ 123,791	156,632
Accounts receivable, net of allowance	28	823
Inventory	309,127	211,324
Total current assets	<u>432,946</u>	<u>368,779</u>
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	1,803,871	1,803,871
Equipment	530,383	557,520
Construction work in progress	19,178	19,178
Less: accumulated depreciation	<u>(2,037,252)</u>	<u>(1,951,380)</u>
Total capital assets	<u>1,029,569</u>	<u>1,142,578</u>
Total noncurrent assets	<u>1,029,569</u>	<u>1,142,578</u>
Total assets	<u>1,462,515</u>	<u>1,511,357</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	92,096	79,806
Accrued liabilities	459,531	429,246
Compensated absences payable	49,687	40,040
Total current liabilities	<u>601,314</u>	<u>549,092</u>
Noncurrent liabilities:		
Advances from other funds	1,177,667	802,886
Compensated absences payable	122,716	109,097
Total noncurrent liabilities	<u>1,300,383</u>	<u>911,983</u>
Total liabilities	<u>1,901,697</u>	<u>1,461,075</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	1,029,569	1,142,578
Unrestricted	<u>(1,468,751)</u>	<u>(1,092,296)</u>
Total net assets	<u>\$ (439,182)</u>	<u>50,282</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 1,147,448	1,153,116
Net merchandise sales	173,245	159,366
Other	12,537	26,968
Total operating revenues	<u>1,333,230</u>	<u>1,339,450</u>
Operating expenses:		
Salaries and wages	488,131	467,070
Employee benefits	203,627	184,383
Purchased professional/technical services	331,155	322,604
Purchased property services	254,506	226,333
Maintenance	77,001	68,524
Other purchased services	137,587	139,669
Supplies	246,145	240,162
Other	39,551	28,156
Depreciation	140,044	134,616
Total operating expenses	<u>1,917,747</u>	<u>1,811,517</u>
Operating loss	<u>(584,517)</u>	<u>(472,067)</u>
Nonoperating revenues (expenses):		
Investment earnings	308	414
Interest expense	(1,691)	(1,445)
Total nonoperating revenues (expenses)	<u>(1,383)</u>	<u>(1,031)</u>
Loss before transfers	(585,900)	(473,098)
Transfers in	<u>96,436</u>	<u>180,246</u>
Change in net assets	(489,464)	(292,852)
Total net assets, beginning of year	<u>50,282</u>	<u>343,134</u>
Total net assets, end of year	<u>\$ (439,182)</u>	<u>50,282</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash received from customers	\$ 1,334,025	1,338,657
Cash paid to suppliers for goods and services	(1,141,173)	(1,066,775)
Cash paid to employees for services	(668,492)	(640,336)
Net cash used for operating activities	(475,640)	(368,454)
Cash flows from noncapital financing activities:		
Transfer from other funds	96,436	180,246
Advances from other funds	373,090	210,281
Net cash provided by noncapital financing activities	469,526	390,527
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(27,035)	(45,127)
Net cash used for capital and related financing activities	(27,035)	(45,127)
Cash flows from investing activities:		
Investment earnings	308	414
Net cash provided by investing activities	308	414
Net decrease in cash and cash equivalents	(32,841)	(22,640)
Cash and cash equivalents, beginning of year	156,632	179,272
Cash and cash equivalents, end of year	\$ 123,791	156,632
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (584,517)	(472,067)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	140,044	134,616
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	795	(793)
Inventory	(97,803)	(27,989)
Increase (decrease) in liabilities:		
Accounts payable	12,290	(20,233)
Accrued liabilities	30,285	6,895
Compensated absences payable	23,266	11,117
Net cash provided by (used for) operating activities	\$ (475,640)	(368,454)

See accompanying independent auditors' report.

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, 2009
(With Comparative Totals for September 30, 2008)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2009	2008
Assets						
Current assets:						
Cash and investments	\$ 7,304,582	4,806,959	263,020	316,894	12,691,455	9,926,472
Accounts receivable, net of allowances	-	178,730	17,166	177	196,073	74
Inventories	-	-	-	129,117	129,117	159,868
Total current assets	<u>7,304,582</u>	<u>4,985,689</u>	<u>280,186</u>	<u>446,188</u>	<u>13,016,645</u>	<u>10,086,414</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	24,400	14,400	38,800	38,800
Buildings	-	-	-	415,755	415,755	464,063
Improvements other than buildings	-	-	-	118,289	118,289	118,289
Equipment	26,260	-	375,737	693,176	1,095,173	1,101,657
Less: accumulated depreciation	(10,216)	-	(338,090)	(972,257)	(1,320,563)	(1,301,194)
Total capital assets	<u>16,044</u>	<u>-</u>	<u>62,047</u>	<u>269,363</u>	<u>347,454</u>	<u>421,615</u>
Total noncurrent assets	<u>16,044</u>	<u>-</u>	<u>62,047</u>	<u>269,363</u>	<u>347,454</u>	<u>421,615</u>
Total assets	<u>7,320,626</u>	<u>4,985,689</u>	<u>342,233</u>	<u>715,551</u>	<u>13,364,099</u>	<u>10,508,029</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	128,164	4,878	50,801	102,312	286,155	208,219
Accrued liabilities	109,316	104,558	69,158	55,468	338,500	215,813
Unearned revenues	34,648	-	-	-	34,648	34,648
Compensated absences payable	34,090	-	104,025	131,593	269,708	201,516
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	2,570,101	1,510,000	-	-	4,080,101	3,961,183
Total current liabilities	<u>2,876,319</u>	<u>1,619,436</u>	<u>224,522</u>	<u>289,373</u>	<u>5,009,650</u>	<u>4,621,917</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	-	178,602
Compensated absences payable	38,339	-	79,187	-	117,526	81,341
Net pension obligation	14,848	-	42,726	34,657	92,231	-
Total noncurrent liabilities	<u>53,187</u>	<u>-</u>	<u>121,913</u>	<u>34,657</u>	<u>209,757</u>	<u>259,943</u>
Total liabilities	<u>2,929,506</u>	<u>1,619,436</u>	<u>346,435</u>	<u>324,030</u>	<u>5,219,407</u>	<u>4,881,860</u>
Net Assets						
Invested in capital assets, net of related debt	16,044	-	62,047	269,363	347,454	421,615
Unrestricted	<u>4,375,076</u>	<u>3,366,253</u>	<u>(66,249)</u>	<u>122,158</u>	<u>7,797,238</u>	<u>5,204,554</u>
Total net assets	<u>\$ 4,391,120</u>	<u>3,366,253</u>	<u>(4,202)</u>	<u>391,521</u>	<u>8,144,692</u>	<u>5,626,169</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, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2009	2008
Operating revenues:						
Charges for services	\$ 3,537,422	10,052,286	1,846,374	1,678,236	17,114,318	16,045,914
Other	-	-	69,066	2,574	71,640	10,446
Total operating revenues	<u>3,537,422</u>	<u>10,052,286</u>	<u>1,915,440</u>	<u>1,680,810</u>	<u>17,185,958</u>	<u>16,056,360</u>
Operating expenses:						
Salaries and wages	350,927	-	1,004,406	809,785	2,165,118	1,978,003
Employee benefits	142,855	-	432,895	387,034	962,784	766,104
Purchased professional/ technical services	137,773	945,770	112,390	17,256	1,213,189	894,252
Purchased property services	2,605	-	50,936	3,049	56,590	56,699
Maintenance	2,004	-	35,004	41,947	78,955	93,347
Other purchased services	703,045	-	78,799	36,678	818,522	840,801
Supplies	81,564	-	45,243	81,189	207,996	198,992
Other	1,767,959	7,002,131	199,706	253,797	9,223,593	9,766,022
Depreciation	16,349	-	17,500	59,855	93,704	104,733
Total operating expenses	<u>3,205,081</u>	<u>7,947,901</u>	<u>1,976,879</u>	<u>1,690,590</u>	<u>14,820,451</u>	<u>14,698,953</u>
Operating income (loss)	<u>332,341</u>	<u>2,104,385</u>	<u>(61,439)</u>	<u>(9,780)</u>	<u>2,365,507</u>	<u>1,357,407</u>
Nonoperating revenues:						
Investment earnings	140,062	74,091	1,342	3,863	219,358	295,448
Intergovernmental revenue	-	-	-	979	979	-
	<u>140,062</u>	<u>74,091</u>	<u>1,342</u>	<u>4,842</u>	<u>220,337</u>	<u>295,448</u>
Income (loss) before contributions and transfers	472,403	2,178,476	(60,097)	(4,938)	2,585,844	1,652,855
Capital contributions	-	-	-	-	-	5,903
Transfers out	(57,206)	-	-	(10,115)	(67,321)	(284,000)
Change in net assets	415,197	2,178,476	(60,097)	(15,053)	2,518,523	1,374,758
Total net assets, beginning 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>
Total net assets, end of year	<u>\$ 4,391,120</u>	<u>3,366,253</u>	<u>(4,202)</u>	<u>391,521</u>	<u>8,144,692</u>	<u>5,626,169</u>

See accompanying independent auditors' report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2009
(With Comparative Totals for Year Ended September 30, 2008)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2009	2008
Cash flows from operating activities:						
Cash received from customers	\$ 3,537,422	9,873,556	1,898,279	1,680,702	16,989,959	16,056,370
Cash paid to suppliers for goods and services	(2,670,631)	(7,709,746)	(462,805)	(405,371)	(11,248,553)	(11,370,064)
Cash paid to employees for services	(467,064)	-	(1,370,804)	(1,093,426)	(2,931,294)	(2,839,049)
Net cash provided by (used for) operating activities	<u>399,727</u>	<u>2,163,810</u>	<u>64,670</u>	<u>181,905</u>	<u>2,810,112</u>	<u>1,847,257</u>
Cash flows from noncapital financing activities:						
Intergovernmental revenue	-	-	-	979	979	-
Transfer to other funds	(57,206)	-	-	-	(57,206)	(284,000)
Repayment of advances to other funds	-	-	-	(178,602)	(178,602)	-
Net cash used for noncapital financing activities	<u>(57,206)</u>	<u>-</u>	<u>-</u>	<u>(177,623)</u>	<u>(234,829)</u>	<u>(284,000)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(9,849)	-	-	(19,809)	(29,658)	-
Net cash used for capital and related financing activities	<u>(9,849)</u>	<u>-</u>	<u>-</u>	<u>(19,809)</u>	<u>(29,658)</u>	<u>-</u>
Cash flows from investing activities:						
Investment earnings	140,062	74,091	1,342	3,863	219,358	295,448
Net cash provided by investing activities	<u>140,062</u>	<u>74,091</u>	<u>1,342</u>	<u>3,863</u>	<u>219,358</u>	<u>295,448</u>
Net increase (decrease) in cash and cash equivalents	472,734	2,237,901	66,012	(11,664)	2,764,983	1,858,705
Cash and cash equivalents, beginning of year	6,831,848	2,569,058	197,008	328,558	9,926,472	8,067,767
Cash and cash equivalents, end of year	<u>\$ 7,304,582</u>	<u>4,806,959</u>	<u>263,020</u>	<u>316,894</u>	<u>12,691,455</u>	<u>9,926,472</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 332,341	2,104,385	(61,439)	(9,780)	2,365,507	1,357,407
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	16,349	-	17,500	59,855	93,704	104,734
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	-	(178,730)	(17,161)	(108)	(195,999)	10
Inventories	-	-	-	30,751	30,751	(17,738)
Increase (decrease) in liabilities:						
Accounts payable	40,529	2,597	44,882	(10,072)	77,936	54,589
Accrued liabilities	(4,128)	104,558	14,391	7,866	122,687	(291,550)
Compensated absences payable	11,870	-	23,771	68,736	104,377	(94,942)
Estimated claims and judgments	(12,082)	131,000	-	-	118,918	734,747
Net pension obligation	14,848	-	42,726	34,657	92,231	-
Net cash provided by (used for) operating activities	<u>\$ 399,727</u>	<u>2,163,810</u>	<u>64,670</u>	<u>181,905</u>	<u>2,810,112</u>	<u>1,847,257</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ -	-	-	-	-	5,903
Transfer of capital assets to general government	-	-	-	10,115	10,115	-

See accompanying independent auditors' report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and investments	\$ 7,304,582	6,831,848
Total current assets	<u>7,304,582</u>	<u>6,831,848</u>
Noncurrent assets:		
Capital assets:		
Buildings	-	48,308
Equipment	26,260	16,410
Less: accumulated depreciation	<u>(10,216)</u>	<u>(42,174)</u>
Total capital assets	<u>16,044</u>	<u>22,544</u>
Total assets	<u>7,320,626</u>	<u>6,854,392</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	128,164	87,635
Accrued liabilities	109,316	113,444
Unearned revenue	34,648	34,648
Compensated absences payable	34,090	27,665
Estimated claims and judgments	<u>2,570,101</u>	<u>2,582,183</u>
Total current liabilities	<u>2,876,319</u>	<u>2,845,575</u>
Noncurrent liabilities:		
Compensated absences payable	38,339	32,894
Net pension obligation	<u>14,848</u>	<u>-</u>
Total noncurrent liabilities	<u>53,187</u>	<u>32,894</u>
Total liabilities	<u>2,929,506</u>	<u>2,878,469</u>
Net Assets		
Invested in capital assets, net of related debt	16,044	22,544
Unrestricted	<u>4,375,076</u>	<u>3,953,379</u>
Total net assets	<u>\$ 4,391,120</u>	<u>3,975,923</u>

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 3,537,422	3,842,878
Total operating revenues	<u>3,537,422</u>	<u>3,842,878</u>
Operating expenses:		
Salaries and wages	350,927	330,921
Employee benefits	142,855	113,725
Purchased professional/technical services	137,773	97,211
Purchased property services	2,605	4,802
Maintenance	2,004	2,196
Other purchased services	703,045	702,665
Supplies	81,564	59,088
Other	1,767,959	2,288,305
Depreciation	16,349	4,252
Total operating expenses	<u>3,205,081</u>	<u>3,603,165</u>
Operating income	<u>332,341</u>	<u>239,713</u>
Nonoperating revenues:		
Investment earnings	140,062	226,286
Total nonoperating revenues	<u>140,062</u>	<u>226,286</u>
Income before transfers	472,403	465,999
Transfers out	<u>(57,206)</u>	<u>(284,000)</u>
Change in net assets	415,197	181,999
Total net assets, beginning of year	<u>3,975,923</u>	<u>3,793,924</u>
Total net assets, end of year	<u>\$ 4,391,120</u>	<u>3,975,923</u>

See accompanying independent auditors' report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,537,422	3,842,959
Cash paid to suppliers for goods and services	(2,670,631)	(2,591,205)
Cash paid to employees for services	(467,064)	(425,206)
Net cash provided by operating activities	<u>399,727</u>	<u>826,548</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	(57,206)	(284,000)
Net cash used for noncapital financing activities	<u>(57,206)</u>	<u>(284,000)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(9,849)	-
Net cash used for capital and related financing activities	<u>(9,849)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	140,062	226,286
Net cash provided by investing activities	<u>140,062</u>	<u>226,286</u>
Net increase (decrease) in cash and cash equivalents	472,734	768,834
Cash and cash equivalents, beginning of year	<u>6,831,848</u>	<u>6,063,014</u>
Cash and cash equivalents, end of year	<u>\$ 7,304,582</u>	<u>6,831,848</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 332,341	239,713
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	16,349	4,252
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	81
Increase (decrease) in liabilities:		
Accounts payable	40,529	23,123
Accrued liabilities	(4,128)	(41,252)
Compensated absences payable	11,870	19,440
Net pension obligation	14,848	-
Estimated claims and judgments	(12,082)	581,191
Net cash provided by operating activities	<u>\$ 399,727</u>	<u>826,548</u>

See accompanying independent auditors' report.

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 4,806,959	2,569,058
Accounts receivable	<u>178,730</u>	<u>-</u>
Total current assets	<u>4,985,689</u>	<u>2,569,058</u>
Total assets	<u>4,985,689</u>	<u>2,569,058</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	4,878	2,281
Accrued liabilities	104,558	-
Estimated claims	<u>1,510,000</u>	<u>1,379,000</u>
Total current liabilities	<u>1,619,436</u>	<u>1,381,281</u>
Total liabilities	<u>1,619,436</u>	<u>1,381,281</u>
Net Assets		
Unrestricted	<u>3,366,253</u>	<u>1,187,777</u>
Total net assets	<u>\$ 3,366,253</u>	<u>1,187,777</u>

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 10,052,286	9,075,969
Total operating revenues	<u>10,052,286</u>	<u>9,075,969</u>
Operating expenses:		
Purchased professional/technical services	945,770	780,061
Other	<u>7,002,131</u>	<u>7,254,896</u>
Total operating expenses	<u>7,947,901</u>	<u>8,034,957</u>
Operating income	<u>2,104,385</u>	<u>1,041,012</u>
Nonoperating revenues:		
Investment earnings	<u>74,091</u>	<u>63,496</u>
Total nonoperating revenues	<u>74,091</u>	<u>63,496</u>
Change in net assets	2,178,476	1,104,508
Total net assets, beginning of year	<u>1,187,777</u>	<u>83,269</u>
Total net assets, end of year	<u>\$ 3,366,253</u>	<u>1,187,777</u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 9,873,556	9,075,969
Cash paid to suppliers for goods and services	<u>(7,709,746)</u>	<u>(8,149,063)</u>
Net cash provided by operating activities	<u>2,163,810</u>	<u>926,906</u>
Cash flows from investing activities:		
Investment earnings	<u>74,091</u>	<u>63,496</u>
Net cash provided by investing activities	<u>74,091</u>	<u>63,496</u>
Net increase in cash and cash equivalents	2,237,901	990,402
Cash and cash equivalents, beginning of year	<u>2,569,058</u>	<u>1,578,656</u>
Cash and cash equivalents, end of year	<u>\$ 4,806,959</u>	<u>2,569,058</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,104,385	1,041,012
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(178,730)	-
Increase (decrease) in liabilities:		
Accounts payable	2,597	2,281
Accrued liabilities	104,558	(269,943)
Estimated claims	<u>131,000</u>	<u>153,556</u>
Net cash provided by operating activities	<u>\$ 2,163,810</u>	<u>926,906</u>

See accompanying independent auditors' report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and investments	\$ 263,020	197,008
Accounts receivable, net of allowance	17,166	5
Total current assets	280,186	197,013
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	375,737	375,737
Less: accumulated depreciation	(338,090)	(320,590)
Total capital assets	62,047	79,547
Total assets	342,233	276,560
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	50,801	5,919
Accrued liabilities	69,158	54,767
Compensated absences payable	104,025	110,994
Escrow funds	538	538
Total current liabilities	224,522	172,218
Noncurrent liabilities:		
Compensated absences payable	79,187	48,447
Net pension obligation	42,726	-
Total noncurrent liabilities	121,913	48,447
Total liabilities	346,435	220,665
Net Assets		
Invested in capital assets, net of related debt	62,047	79,547
Unrestricted	(66,249)	(23,652)
Total net assets	\$ (4,202)	55,895

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 1,846,374	1,475,423
Other	69,066	5,667
Total operating revenues	<u>1,915,440</u>	<u>1,481,090</u>
Operating expenses:		
Salaries and wages	1,004,406	885,231
Employee benefits	432,895	340,590
Purchased professional/technical services	112,390	996
Purchased property services	50,936	49,247
Maintenance	35,004	45,721
Other purchased services	78,799	90,112
Supplies	45,243	44,841
Other	199,706	186,787
Depreciation	17,500	25,443
Total operating expenses	<u>1,976,879</u>	<u>1,668,968</u>
Operating loss	<u>(61,439)</u>	<u>(187,878)</u>
Nonoperating revenues:		
Investment earnings	1,342	5,408
Total nonoperating revenues	<u>1,342</u>	<u>5,408</u>
Change in net assets	(60,097)	(182,470)
Total net assets, beginning of year	<u>55,895</u>	<u>238,365</u>
Total net assets, end of year	<u>\$ (4,202)</u>	<u>55,895</u>

See accompanying independent auditors' report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,898,279	1,481,088
Cash paid to suppliers for goods and services	(462,805)	(403,564)
Cash paid to employees for services	<u>(1,370,804)</u>	<u>(1,215,408)</u>
Net cash provided by (used for) operating activities	<u>64,670</u>	<u>(137,884)</u>
Cash flows from investing activities:		
Investment earnings	<u>1,342</u>	<u>5,408</u>
Net cash provided by investing activities	<u>1,342</u>	<u>5,408</u>
Net increase (decrease) in cash and cash equivalents	66,012	(132,476)
Cash and cash equivalents, beginning of year	<u>197,008</u>	<u>329,484</u>
Cash and cash equivalents, end of year	<u>\$ 263,020</u>	<u>197,008</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (61,439)	(187,878)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	17,500	25,443
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(17,161)	(2)
Increase (decrease) in liabilities:		
Accounts payable	44,882	3,253
Accrued liabilities	14,391	10,887
Compensated absences payable	23,771	10,413
Net pension obligation	<u>42,726</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 64,670</u>	<u>(137,884)</u>

See accompanying independent auditors' report.

Fleet Services Fund

City of Waco
Fleet Services Fund
Comparative Statements of Net Assets
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and investments	\$ 316,894	328,558
Accounts receivable, net of allowance	177	69
Inventory	<u>129,117</u>	<u>159,868</u>
Total current assets	<u>446,188</u>	<u>488,495</u>
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	415,755	415,755
Improvements other than buildings	118,289	118,289
Equipment	693,176	709,510
Less: accumulated depreciation	<u>(972,257)</u>	<u>(938,430)</u>
Total capital assets	<u>269,363</u>	<u>319,524</u>
Total assets	<u>715,551</u>	<u>808,019</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	102,312	112,384
Accrued liabilities	55,468	47,602
Compensated absences payable	<u>131,593</u>	<u>62,857</u>
Total current liabilities	<u>289,373</u>	<u>222,843</u>
Noncurrent liabilities:		
Net pension obligation	34,657	-
Advances from other funds	<u>-</u>	<u>178,602</u>
Total noncurrent liabilities	<u>34,657</u>	<u>178,602</u>
Total liabilities	<u>324,030</u>	<u>401,445</u>
Net Assets		
Invested in capital assets, net of related debt	269,363	319,524
Unrestricted	<u>122,158</u>	<u>87,050</u>
Total net assets	<u>\$ 391,521</u>	<u>406,574</u>

See accompanying independent auditors' report.

City of Waco
Fleet Services Fund
Comparative Statements of Revenues, Expenses
and Changes in Fund Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 1,678,236	1,651,644
Other	<u>2,574</u>	<u>4,779</u>
Total operating revenues	<u>1,680,810</u>	<u>1,656,423</u>
 Operating expenses:		
Salaries and wages	809,785	761,851
Employee benefits	387,034	311,789
Purchased professional/technical services	17,256	15,984
Purchased property services	3,049	2,650
Maintenance	41,947	45,430
Other purchased services	36,678	48,024
Supplies	81,189	95,063
Other	253,797	36,034
Depreciation	<u>59,855</u>	<u>75,038</u>
Total operating expenses	<u>1,690,590</u>	<u>1,391,863</u>
 Operating income (loss)	<u>(9,780)</u>	<u>264,560</u>
 Nonoperating revenues:		
Investment earnings	3,863	258
Intergovernmental revenue	<u>979</u>	<u>-</u>
Total nonoperating revenues	<u>4,842</u>	<u>258</u>
 Income (loss) before contributions and transfers	(4,938)	264,818
 Capital contributions	-	5,903
Transfers out	<u>(10,115)</u>	<u>-</u>
 Change in net assets	(15,053)	270,721
 Total net assets, beginning of year	<u>406,574</u>	<u>135,853</u>
 Total net assets, end of year	<u>\$ 391,521</u>	<u>406,574</u>

See accompanying independent auditors' report.

City of Waco
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,680,702	1,656,354
Cash paid to suppliers for goods and services	(405,371)	(226,232)
Cash paid to employees for services	(1,093,426)	(1,198,435)
Net cash provided by operating activities	<u>181,905</u>	<u>231,687</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	979	-
Repayment of advances to other funds	(178,602)	-
Net cash used for noncapital financing activities	<u>(177,623)</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(19,809)	-
Net cash used for capital and related financing activities	<u>(19,809)</u>	<u>-</u>
Cash flows from investing activities		
Investment earnings	3,863	258
Net cash provided by investing activities	<u>3,863</u>	<u>258</u>
Net increase (decrease) in cash and cash equivalents	(11,664)	231,945
Cash and cash equivalents, beginning of year	<u>328,558</u>	<u>96,613</u>
Cash and cash equivalents, end of year	<u>\$ 316,894</u>	<u>328,558</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (9,780)	264,560
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	59,855	75,039
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(108)	(69)
Inventory	30,751	(17,738)
Increase (decrease) in liabilities:		
Accounts payable	(10,072)	25,932
Accrued liabilities	7,866	8,758
Compensated absences payable	68,736	(124,795)
Net pension obligation	34,657	-
Net cash provided by operating activities	<u>\$ 181,905</u>	<u>231,687</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	5,903
Transfer of capital assets to general government	<u>\$ 10,115</u>	<u>-</u>

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, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>Urban Renewal Agency Fund</u>				
Assets:				
Cash and investments	\$ <u>56,159</u>	<u>1,127</u>	<u>-</u>	<u>57,286</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>56,159</u>	<u>1,127</u>	<u>-</u>	<u>57,286</u>
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 1,782,730	355,509	99,488	2,038,751
Accounts receivable	-	442	-	442
Note receivable	<u>100,000</u>	<u>95,000</u>	<u>145,000</u>	<u>50,000</u>
Total assets	\$ <u>1,882,730</u>	<u>450,951</u>	<u>244,488</u>	<u>2,089,193</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>1,882,730</u>	<u>450,951</u>	<u>244,488</u>	<u>2,089,193</u>
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ <u>10,236</u>	<u>371,965</u>	<u>373,646</u>	<u>8,555</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>10,236</u>	<u>371,965</u>	<u>373,646</u>	<u>8,555</u>
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,849,125	728,601	473,134	2,104,592
Accounts receivable	-	442	-	442
Note receivable	<u>100,000</u>	<u>95,000</u>	<u>145,000</u>	<u>50,000</u>
Total assets	\$ <u>1,949,125</u>	<u>824,043</u>	<u>618,134</u>	<u>2,155,034</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>1,949,125</u>	<u>824,043</u>	<u>618,134</u>	<u>2,155,034</u>

See accompanying independent auditors' report.

Statistical Section

The *Statistical Section* presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

Financial Trends (Tables I through IV) - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables V through VIII) - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (Tables IX through XII) - These schedules present 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.

Demographic and Economic Information (Tables XIII through XIV) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables XV through XVII) - 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.

City of Waco, Texas
Net Assets by Component
(Unaudited)
Last Eight Fiscal Years (1)
(Accrual Basis of Accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 124,263,711	\$ 132,208,249	\$ 138,406,813
Restricted	10,182,956	11,154,667	14,052,486
Unrestricted	<u>13,740,078</u>	<u>10,087,836</u>	<u>14,697,201</u>
Total governmental activities net assets	<u>\$ 148,186,745</u>	<u>\$ 153,450,752</u>	<u>\$ 167,156,500</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 108,379,784	\$ 115,878,060	\$ 126,498,486
Restricted	2,093,889	1,007,402	195,554
Unrestricted	<u>20,351,305</u>	<u>19,941,435</u>	<u>22,680,668</u>
Total business-type activities net assets	<u>\$ 130,824,978</u>	<u>\$ 136,826,897</u>	<u>\$ 149,374,708</u>
Primary government			
Invested in capital assets, net of related debt	\$ 232,643,495	\$ 248,086,309	\$ 264,905,299
Restricted	12,276,845	12,162,069	14,248,040
Unrestricted	<u>34,091,383</u>	<u>30,029,271</u>	<u>37,377,869</u>
Total primary government net assets	<u>\$ 279,011,723</u>	<u>\$ 290,277,649</u>	<u>\$ 316,531,208</u>

(1) Information not available before fiscal year 2002.

Source: Comprehensive Annual Financial Reports

Table I

Fiscal Year				
2005	2006	2007	2008	2009
\$ 141,586,678	\$ 160,613,844	\$ 165,814,854	\$ 180,681,310	\$ 189,356,463
15,212,866	18,537,167	20,477,262	22,371,142	23,909,145
<u>13,133,751</u>	<u>15,260,596</u>	<u>18,991,482</u>	<u>21,139,992</u>	<u>19,219,784</u>
<u>\$ 169,933,295</u>	<u>\$ 194,411,607</u>	<u>\$ 205,283,598</u>	<u>\$ 224,192,444</u>	<u>\$ 232,485,392</u>
\$ 136,805,235	\$ 144,070,096	\$ 155,044,650	\$ 166,834,594	\$ 177,087,342
96,221	51,468	339,184	1,679,769	541,912
<u>25,122,807</u>	<u>32,932,124</u>	<u>36,319,056</u>	<u>41,875,465</u>	<u>42,808,482</u>
<u>\$ 162,024,263</u>	<u>\$ 177,053,688</u>	<u>\$ 191,702,890</u>	<u>\$ 210,389,828</u>	<u>\$ 220,437,736</u>
\$ 278,391,913	\$ 304,683,940	\$ 320,859,504	\$ 347,515,904	\$ 366,443,805
15,309,087	18,588,635	20,816,446	24,050,911	24,451,057
<u>38,256,558</u>	<u>48,192,720</u>	<u>55,310,538</u>	<u>63,015,457</u>	<u>62,028,266</u>
<u>\$ 331,957,558</u>	<u>\$ 371,465,295</u>	<u>\$ 396,986,488</u>	<u>\$ 434,582,272</u>	<u>\$ 452,923,128</u>

City of Waco, Texas
Changes in Net Assets
(Unaudited)
Last Eight Fiscal Years (1)
(Accrual Basis of Accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Expenses			
Governmental activities:			
General government	\$ 8,563,367	\$ 8,764,575	\$ 7,236,708
Public works	8,464,023	9,758,047	11,565,320
Public safety	39,228,284	40,178,556	41,357,558
Culture and recreation	9,726,010	10,460,464	11,111,082
Public health	5,005,133	5,648,528	5,644,418
Housing and community development	3,364,752	2,895,419	3,494,182
Interest on long-term debt	2,578,876	2,439,534	2,256,128
Total governmental activities expenses	<u>76,930,445</u>	<u>80,145,123</u>	<u>82,665,396</u>
Business-type activities:			
Water	19,307,477	19,868,244	20,185,091
Wastewater	13,837,373	14,115,287	12,382,096
Solid waste	11,297,869	11,249,990	12,613,733
Airport	2,537,837	2,091,263	1,906,726
Convention services	2,516,341	2,544,573	2,670,791
Ranger Hall of Fame	863,959	896,659	917,143
Cameron Park Zoo	1,946,697	2,005,052	2,008,625
Transit services	2,789,656	2,868,956	3,058,308
Cottonwood Creek Golf Course	1,367,201	1,379,369	1,456,901
Total business-type activities expenses	<u>56,464,410</u>	<u>57,019,393</u>	<u>57,199,414</u>
Total primary government expenses	<u>133,394,855</u>	<u>137,164,516</u>	<u>139,864,810</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	403,653	392,249	346,101
Public works	10,142	6,917	4,863
Public safety	3,548,674	3,048,618	4,257,260
Culture and recreation	698,304	502,810	640,433
Public health	1,074,694	1,146,368	1,073,523
Operating grants and contributions	7,663,487	7,251,239	9,722,464
Capital grants and contributions	3,673,337	6,032,069	8,694,840
Total governmental activities program revenues	<u>17,072,291</u>	<u>18,380,270</u>	<u>24,739,484</u>

Table II

Fiscal Year									
2005		2006		2007		2008		2009	
\$	7,754,960	\$	8,785,895	\$	9,494,996	\$	12,108,481	\$	12,551,827
	12,517,278		11,627,179		13,483,166		11,695,922		12,790,151
	45,174,223		48,361,556		50,802,719		53,186,019		57,560,461
	11,534,373		12,652,376		12,885,108		13,853,365		14,919,136
	5,910,874		6,403,273		6,845,611		6,456,840		6,901,123
	4,154,058		1,798,456		2,784,529		2,890,693		2,808,221
	2,232,216		2,177,508		2,625,964		4,863,843		4,547,034
	<u>89,277,982</u>		<u>91,806,243</u>		<u>98,922,093</u>		<u>105,055,163</u>		<u>112,077,953</u>
	23,616,684		25,474,612		26,666,701		28,972,544		30,491,638
	11,735,138		12,442,358		14,404,044		15,675,737		17,437,188
	13,318,015		12,703,814		12,119,111		13,181,427		13,267,207
	1,942,336		2,045,628		2,139,042		2,230,237		2,402,041
	2,646,720		2,640,037		2,837,948		2,779,599		2,859,538
	1,019,997		1,068,297		1,120,949		1,363,820		1,141,497
	2,349,341		2,977,741		3,386,403		3,545,604		3,968,217
	3,356,058		4,176,869		5,309,125		5,980,396		6,325,930
	1,429,212		1,510,761		1,553,125		1,812,962		1,919,438
	<u>61,413,501</u>		<u>65,040,117</u>		<u>69,536,448</u>		<u>75,542,326</u>		<u>79,812,694</u>
	<u>150,691,483</u>		<u>156,846,360</u>		<u>168,458,541</u>		<u>180,597,489</u>		<u>191,890,647</u>
	333,849		317,824		271,852		267,127		239,046
	8,765		4,613		4,884		13,152		-
	3,080,489		3,739,677		3,456,532		4,764,442		3,672,327
	778,548		916,453		811,698		995,455		1,132,472
	1,210,776		1,303,186		1,350,709		1,024,400		986,945
	8,973,292		8,330,987		9,388,780		9,497,125		9,079,411
	5,351,228		18,612,315		5,795,816		7,276,849		5,626,382
	<u>19,736,947</u>		<u>33,225,055</u>		<u>21,080,271</u>		<u>23,838,550</u>		<u>20,736,583</u>

(Continued)

City of Waco, Texas
Changes in Net Assets
(Unaudited)
(Continued)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Business-type activities:			
Charges for services:			
Water	\$ 21,588,586	\$ 22,262,698	\$ 22,260,484
Wastewater	15,096,526	14,784,865	14,585,854
Solid waste	12,400,204	12,692,136	13,307,072
Airport	781,101	744,940	963,999
Convention services	607,945	572,876	592,134
Ranger Hall of Fame	522,133	491,068	486,342
Cameron Park Zoo	472,876	449,748	495,606
Transit services	729,062	754,353	837,841
Cottonwood Creek Golf Course	974,481	1,040,474	1,167,133
Operating grants and contributions	2,686,535	2,213,782	2,243,708
Capital grants and contributions	2,090,512	3,073,681	9,081,547
Total business-type activities program revenues	<u>57,949,961</u>	<u>59,080,621</u>	<u>66,021,720</u>
Total primary government program revenues	<u>75,022,252</u>	<u>77,460,891</u>	<u>90,761,204</u>
Net (Expense)/Revenue			
Governmental activities	(59,858,154)	(61,764,853)	(57,925,912)
Business-type activities	1,485,551	2,061,228	8,822,306
Total primary government net expense	<u>(58,372,603)</u>	<u>(59,703,625)</u>	<u>(49,103,606)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	25,746,420	27,226,167	30,195,612
Tax increment financing tax	1,331,035	1,583,844	1,880,978
Sales taxes	23,313,374	23,102,781	24,175,546
Franchise taxes	10,348,255	11,303,428	12,311,332
Other taxes	364,887	427,511	390,659
Unrestricted investment earnings	3,043,199	2,298,694	1,469,946
Miscellaneous	159,146	249,890	184,124
Gain on disposal of capital assets	-	717,427	-
Transfers	405,677	(212,036)	(1,356,576)
Total governmental activities	<u>64,711,993</u>	<u>66,697,706</u>	<u>69,251,621</u>

Table II
(Continued)

Fiscal Year									
2005		2006		2007		2008		2009	
\$	26,602,138	\$	33,230,464		30,258,196		35,261,343		36,167,550
	14,864,933		16,766,635		18,441,480		20,235,392		20,041,341
	14,386,619		15,781,304		15,768,035		16,577,658		16,259,578
	912,426		1,006,662		1,107,084		1,097,882		1,086,601
	730,059		706,938		805,276		804,295		573,967
	457,800		557,580		440,742		438,610		425,434
	617,481		884,139		977,546		1,294,486		1,354,164
	845,184		1,080,322		1,971,924		2,462,089		2,805,887
	1,296,313		1,348,046		1,428,783		1,339,450		1,333,230
	2,580,250		2,700,564		3,175,897		3,226,837		2,798,677
	4,839,238		2,094,356		4,927,582		8,716,987		4,879,547
	<u>68,132,441</u>		<u>76,157,010</u>		<u>79,302,545</u>		<u>91,455,029</u>		<u>87,725,976</u>
	<u>87,869,388</u>		<u>109,382,065</u>		<u>100,382,816</u>		<u>115,293,579</u>		<u>108,462,559</u>
	(69,541,035)		(58,581,188)		(77,841,822)		(81,216,613)		(91,341,370)
	6,718,940		11,116,893		9,766,097		15,912,703		7,913,282
	<u>(62,822,095)</u>		<u>(47,464,295)</u>		<u>(68,075,725)</u>		<u>(65,303,910)</u>		<u>(83,428,088)</u>
	33,026,403		34,187,973		36,583,688		43,222,439		46,366,310
	2,106,593		2,260,075		2,657,747		3,060,732		3,741,836
	24,749,413		26,694,323		27,328,996		28,077,887		27,714,013
	12,128,817		13,484,568		12,985,974		13,997,454		13,663,140
	436,561		426,180		501,702		587,971		622,254
	3,123,231		6,141,959		8,964,710		10,319,788		6,294,110
	152,196		714,862		981,818		415,851		406,229
	-		-		-		-		-
	<u>(3,405,384)</u>		<u>(850,440)</u>		<u>(1,290,822)</u>		<u>443,337</u>		<u>826,426</u>
	<u>72,317,830</u>		<u>83,059,500</u>		<u>88,713,813</u>		<u>100,125,459</u>		<u>99,634,318</u>

(Continued)

City of Waco, Texas
Changes in Net Assets
(Unaudited)
(Continued)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Business-type activities:			
Hotel/motel taxes	\$ 1,491,844	\$ 1,504,375	\$ 1,506,984
Unrestricted investment earnings	1,019,764	704,308	342,137
Gain on disposal of capital assets	-	-	519,808
Transfers	<u>(405,677)</u>	<u>212,036</u>	<u>1,356,576</u>
Total business-type activities	<u>2,105,931</u>	<u>2,420,719</u>	<u>3,725,505</u>
 Total primary government	 <u>66,817,924</u>	 <u>69,118,425</u>	 <u>72,977,126</u>
 Change in Net Assets			
Governmental activities	4,853,839	4,932,853	11,325,709
Business-type activities	<u>3,591,482</u>	<u>4,481,947</u>	<u>12,547,811</u>
 Total primary government	 <u>\$ 8,445,321</u>	 <u>\$ 9,414,800</u>	 <u>\$ 23,873,520</u>

(1) Information not available before fiscal year 2002.

Source: Comprehensive Annual Financial Reports

Table II
(Continued)

Fiscal Year									
2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
\$ 1,544,162	\$ 1,650,054	1,620,022	1,688,943	1,703,650					
658,869	1,412,038	1,972,261	1,528,629	997,329					
-	-	-	-	260,073					
3,405,384	850,440	1,290,822	(443,337)	(826,426)					
<u>5,608,415</u>	<u>3,912,532</u>	<u>4,883,105</u>	<u>2,774,235</u>	<u>2,134,626</u>					
<u>77,926,245</u>	<u>86,972,032</u>	<u>93,596,918</u>	<u>102,899,694</u>	<u>101,768,944</u>					
2,776,795	24,478,312	10,871,991	18,908,846	8,292,948					
<u>12,327,355</u>	<u>15,029,425</u>	<u>14,649,202</u>	<u>18,686,938</u>	<u>10,047,908</u>					
\$ <u>15,104,150</u>	\$ <u>39,507,737</u>	<u>25,521,193</u>	<u>37,595,784</u>	<u>18,340,856</u>					

City of Waco, Texas
Fund Balances of Governmental Funds
(Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund				
Reserved:				
Encumbrances	\$ 161,464	\$ 251,800	\$ 227,366	\$ 160,026
Real estate held for sale	48,470	48,470	48,470	53,998
Notes receivable	118,217	101,741	84,093	65,187
Advances to other funds	-	-	270,093	270,093
Court security/technology	-	-	292,969	-
Unreserved	<u>15,186,103</u>	<u>22,342,634</u>	<u>21,037,525</u>	<u>18,827,345</u>
Total general fund	<u>\$ 15,514,254</u>	<u>\$ 22,744,645</u>	<u>\$ 21,960,516</u>	<u>\$ 19,376,649</u>
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 3,227,953	\$ 5,174,981	\$ 2,739,291	\$ 2,684,565
Real estate held for sale	75,316	58,850	58,850	55,736
Advances to other funds	-	-	168,368	168,368
Debt service	398,221	512,991	525,460	676,916
Purpose of trust	458,671	469,833	455,729	456,315
Unreserved, reported in:				
Special revenue funds	5,599,060	6,250,783	6,829,089	7,173,582
Capital projects funds	6,789,441	8,525,659	9,764,231	11,638,448
Permanent funds	<u>44,298</u>	<u>48,387</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 16,592,960</u>	<u>\$ 21,041,484</u>	<u>\$ 20,541,018</u>	<u>\$ 22,853,930</u>

Source: Comprehensive Annual Financial Reports

Table III

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 1,731,962	\$ 757,815	\$ 1,279,527	\$ 2,097,704	\$ 1,050,106	\$ 802,620
59,194	13,530	13,385	13,385	12,465	12,465
44,934	23,239	-	-	-	-
270,093	320,408	448,695	738,726	735,178	684,848
-	-	-	-	-	-
<u>20,253,636</u>	<u>19,757,074</u>	<u>22,676,613</u>	<u>22,768,296</u>	<u>22,838,054</u>	<u>22,039,924</u>
<u>\$ 22,359,819</u>	<u>\$ 20,872,066</u>	<u>\$ 24,418,220</u>	<u>\$ 25,618,111</u>	<u>\$ 24,635,803</u>	<u>\$ 23,539,857</u>
\$ 5,198,967	\$ 3,043,461	\$ 7,982,460	\$ 7,363,374	\$ 12,140,585	\$ 14,951,750
55,736	55,382	45,854	40,709	40,709	40,709
168,368	168,368	168,368	168,368	168,368	168,368
719,304	637,719	603,424	708,377	781,972	677,027
473,889	474,042	474,054	469,481	465,585	472,768
9,058,631	10,036,529	10,774,251	14,609,945	15,176,240	18,236,909
8,568,905	9,267,574	8,833,830	73,358,427	73,414,437	64,550,113
-	-	-	-	-	-
<u>\$ 24,243,800</u>	<u>\$ 23,683,075</u>	<u>\$ 28,882,241</u>	<u>\$ 96,718,681</u>	<u>\$ 102,187,896</u>	<u>\$ 99,097,644</u>

City of Waco, Texas
Changes in Fund Balances of Governmental Funds

(Unaudited)
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2000	2001	2002	2003
Revenues:				
Taxes:				
Sales	\$ 22,929,036	\$ 22,724,810	\$ 23,313,374	\$ 23,102,781
Property	24,353,795	25,510,581	26,749,077	28,610,391
Interest and penalty	337,318	286,980	316,601	303,035
Business and occupation fees	9,607,260	11,035,734	10,348,255	11,089,520
Permits, licenses and fees	1,670,204	1,814,455	1,954,283	2,209,932
Fines	1,832,242	1,814,008	1,645,423	1,433,363
Charges for services	378,343	362,377	1,408,528	937,380
Investment earnings	3,058,224	3,647,694	2,978,872	2,244,423
Contributions	386,750	1,069,761	380,621	2,534,189
Intergovernmental	7,181,195	7,933,220	7,457,797	6,852,197
Program income	-	523,934	980,762	498,240
Other	3,892,686	3,421,402	5,442,689	5,356,529
Total revenues	<u>75,627,053</u>	<u>80,144,956</u>	<u>82,976,282</u>	<u>85,171,980</u>
Expenditures:				
General government	10,298,222	10,636,971	11,508,657	13,761,156
Public works	1,151,123	1,162,607	2,090,975	1,704,769
Public safety	32,471,369	34,153,516	37,427,473	38,412,844
Culture and recreation	6,573,898	7,375,244	8,866,644	9,079,706
Housing and community development	2,701,827	5,039,203	4,204,445	3,800,497
Public health	4,801,034	4,799,808	4,902,684	5,689,682
Capital outlay	11,914,875	10,432,840	14,130,037	10,720,421
Debt service:				
Principal	4,535,115	4,437,038	4,433,838	4,584,803
Interest and fiscal charges	2,648,920	2,510,509	2,727,386	2,393,650
Bond issuance costs	-	-	-	-
Total expenditures	<u>77,096,383</u>	<u>80,547,736</u>	<u>90,292,139</u>	<u>90,147,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,469,330)</u>	<u>(402,780)</u>	<u>(7,315,857)</u>	<u>(4,975,548)</u>
Other financing sources (uses):				
General obligation bonds issued	3,930,000	6,235,000	3,950,000	3,328,344
Refunding bonds issued	-	-	-	-
Capital leases	835,789	237,042	1,803,025	15,460,342
Premiums on general obligation bonds	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(15,271,245)
Transfers in	13,215,831	11,347,992	10,725,748	11,926,090
Transfer out	(12,142,932)	(10,740,188)	(10,715,753)	(11,365,526)
Sale of capital assets	-	-	-	311,171
Total other financing sources (uses)	<u>5,838,688</u>	<u>7,079,846</u>	<u>5,763,020</u>	<u>4,389,176</u>
Net change in fund balances	<u>\$ 4,369,358</u>	<u>\$ 6,677,066</u>	<u>\$ (1,552,837)</u>	<u>\$ (586,372)</u>
Debt service as a percentage of noncapital expenditures	11.02%	9.91%	9.24%	8.48%

Source: Comprehensive Annual Financial Reports

Table IV

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	24,175,546	\$	24,749,413	\$	26,694,323	\$	27,328,996	\$	28,077,887	\$	27,714,013
	31,900,579		34,801,939		36,020,999		39,012,926		45,855,023		49,627,810
	324,858		369,530		395,788		454,735		476,176		468,021
	12,525,241		12,128,817		13,484,567		12,985,974		13,997,454		13,663,140
	2,184,700		1,994,804		2,405,632		2,610,593		2,365,457		2,023,919
	2,236,891		1,950,357		1,923,506		1,748,882		2,326,020		2,188,574
	988,332		1,152,478		1,217,784		1,105,518		1,372,169		1,545,120
	1,424,318		3,014,075		5,862,173		8,581,097		10,019,870		6,066,254
	621,621		504,467		315,636		1,221,670		1,313,646		2,147,972
	9,680,990		9,601,175		8,088,056		8,829,853		9,627,740		9,795,311
	786,459		396,608		203,156		574,447		540,969		244,575
	5,735,909		5,659,249		6,961,060		7,370,079		7,731,057		7,781,494
	<u>92,585,444</u>		<u>96,322,912</u>		<u>103,572,680</u>		<u>111,824,770</u>		<u>123,703,468</u>		<u>123,266,203</u>
	14,313,811		15,170,622		16,093,920		15,460,289		20,398,112		20,828,176
	1,477,419		1,636,867		2,172,354		2,027,118		3,294,892		1,969,524
	39,639,049		44,030,608		45,855,051		49,271,195		51,914,828		54,260,356
	9,231,463		9,927,788		10,765,662		11,358,378		12,240,672		13,173,083
	4,895,199		4,586,655		2,722,490		3,910,039		3,808,125		3,600,810
	5,625,163		5,799,035		6,169,752		6,826,015		6,494,336		6,799,722
	9,007,699		11,939,278		9,007,008		13,283,208		14,726,146		17,592,890
	4,702,900		4,713,219		4,840,973		5,101,924		6,963,545		7,144,536
	2,167,877		2,176,840		2,127,921		2,139,412		4,725,942		4,604,103
	27,067		27,347		50,768		595,706		27,237		58,014
	<u>91,087,647</u>		<u>100,008,259</u>		<u>99,805,899</u>		<u>109,973,284</u>		<u>124,593,835</u>		<u>130,031,214</u>
	<u>1,497,797</u>		<u>(3,685,347)</u>		<u>3,766,781</u>		<u>1,851,486</u>		<u>(890,367)</u>		<u>(6,765,011)</u>
	3,085,000		3,515,000		4,705,000		66,380,000		3,775,000		-
	-		-		-		5,220,000		-		5,802,122
	-		219,811		-		-		189,395		-
	180,912		28,905		46,452		756,120		27,104		115,070
	-		-		-		(5,207,616)		-		(5,950,970)
	10,354,037		11,447,928		12,326,533		16,522,025		20,307,345		16,106,280
	(10,744,706)		(13,574,775)		(12,099,446)		(16,485,684)		(18,921,570)		(13,768,171)
	-		-		-		-		-		-
	<u>2,875,243</u>		<u>1,636,869</u>		<u>4,978,539</u>		<u>67,184,845</u>		<u>5,377,274</u>		<u>2,304,331</u>
\$	<u>4,373,040</u>	\$	<u>(2,048,478)</u>	\$	<u>8,745,320</u>	\$	<u>69,036,331</u>	\$	<u>4,486,907</u>	\$	<u>(4,460,680)</u>
	8.06%		7.57%		7.56%		7.76%		10.67%		10.29%

City of Waco, Texas
Assessed Value and Estimated Actual Value of Taxable Property
(Unaudited)
Last Ten Fiscal Years

Category	Fiscal Year			
	2009	2008	2007	2006
Real - residential single family	\$ 2,786,526,338	\$ 2,525,731,582	\$ 2,371,733,450	\$ 2,186,456,501
Real - residential multi-family	481,461,020	450,937,111	414,909,141	369,875,756
Real - platted lots & residential inventory	159,010,177	140,742,891	121,598,228	125,387,077
Real - acreage, land only	52,701,391	47,734,843	46,911,329	44,640,849
Real - improved farm & ranch	16,724,697	16,424,746	15,467,787	14,578,466
Real - commercial & industrial	1,590,177,832	1,465,906,212	1,352,880,299	1,281,485,269
Real and tangible personal - utilities	138,718,155	157,931,476	159,458,452	172,733,873
Tangible personal - business	1,393,542,226	1,318,022,800	1,339,092,276	1,250,564,002
Tangible personal - other	<u>2,488,121</u>	<u>2,423,748</u>	<u>2,353,642</u>	<u>2,404,672</u>
Total market value	6,621,349,957	6,125,855,409	5,824,404,604	5,448,126,465
Less total exemptions	<u>611,165,570</u>	<u>519,979,729</u>	<u>519,150,265</u>	<u>500,998,434</u>
Taxable assessed value	<u>\$ 6,010,184,387</u>	<u>\$ 5,605,875,680</u>	<u>\$ 5,305,254,339</u>	<u>\$ 4,947,128,031</u>
Total direct tax rate per \$100 of taxable assessed value	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.699700</u>	<u>\$ 0.699700</u>
Estimated actual taxable value	<u>\$ 6,621,349,957</u>	<u>\$ 6,125,855,409</u>	<u>\$ 5,824,404,604</u>	<u>\$ 5,448,126,465</u>
Taxable assessed value as a percentage of actual taxable value	90.8%	91.5%	91.1%	90.8%

Source: McLennan County Appraisal District, except total direct tax rates which were obtained from the City of Waco Budget Office.

Table V

Fiscal Year						
	2005	2004	2003	2002	2001	2000
\$	2,086,818,247	\$ 1,889,395,909	\$ 1,799,627,193	\$ 1,312,500,634	\$ 1,276,231,738	\$ 1,212,823,210
	361,093,107	330,120,479	299,344,575	229,431,030	212,843,519	208,727,554
	103,260,164	80,033,992	64,409,816	58,050,696	44,494,504	46,786,688
	42,225,809	41,223,409	44,353,615	31,640,094	32,671,241	32,351,498
	10,706,413	9,170,659	8,522,439	5,740,911	5,271,512	4,784,669
	1,238,569,331	1,111,605,884	953,641,887	831,010,171	820,683,173	768,177,396
	178,806,710	171,640,661	105,573,695	151,970,838	142,770,131	131,640,906
	1,273,477,380	1,159,528,451	1,261,835,349	1,224,170,048	1,160,570,756	1,082,907,320
	<u>2,450,748</u>	<u>2,565,949</u>	<u>2,703,522</u>	<u>2,733,527</u>	<u>2,546,755</u>	<u>2,689,008</u>
	5,297,407,909	4,795,285,393	4,540,012,091	3,847,247,949	3,698,083,329	3,490,888,249
	<u>519,431,733</u>	<u>480,898,395</u>	<u>514,904,940</u>	<u>207,024,406</u>	<u>223,744,942</u>	<u>201,467,458</u>
\$	<u>4,777,976,176</u>	<u>4,314,386,998</u>	<u>4,025,107,151</u>	<u>3,640,223,543</u>	<u>3,474,338,387</u>	<u>3,289,420,791</u>
\$	<u>0.699700</u>	<u>0.699700</u>	<u>0.692503</u>	<u>0.714840</u>	<u>0.714840</u>	<u>0.714840</u>
\$	<u>5,297,407,909</u>	<u>4,795,285,393</u>	<u>4,540,012,091</u>	<u>3,847,247,949</u>	<u>3,698,083,329</u>	<u>3,490,888,249</u>
	90.2%	90.0%	88.7%	94.6%	93.9%	94.2%

City of Waco, Texas
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Waco Independent School District	China Spring Independent School District	LaVega Independent School District	McLennan Community College
	Operating/General	Debt Service	Total Direct				
2000	\$ 0.515395	\$ 0.199445	\$ 0.714840	\$ 1.513000	\$ 1.477724	\$ 1.536000	0.113553
2001	0.528962	0.185878	0.714840	1.581200	1.500000	1.536000	0.117355
2002	0.531460	0.183380	0.714840	1.592000	1.500000	1.536000	0.119709
2003	0.527743	0.164760	0.692503	1.485000	1.560000	1.508000	0.116527
2004	0.550528	0.149172	0.699700	1.524200	1.572545	1.540000	0.126046
2005	0.563385	0.136315	0.699700	1.538329	1.537990	1.720000	0.126046
2006	0.566294	0.133406	0.699700	1.564000	1.590000	1.692500	0.121076
2007	0.570007	0.129693	0.699700	1.443810	1.459534	1.536607	0.120362
2008	0.580229	0.206003	0.786232	1.162050	1.450000	1.205920	0.153002
2009	0.592848	0.193384	0.786232	1.359149	1.429637	1.182827	0.151134

Note: A typical property tax bill would consist of City, school district, community college, and county taxes.

Source: McLennan County Appraisal District

Table VI

Overlapping Rates							
McLennan County	Connally Independent School District	Midway Independent School District	Bosqueville Independent School District	Lorena Independent School District	Robinson Independent School District	McGregor Independent School District	
\$ 0.436200	\$ 1.526900	\$ 1.500000	\$ 1.418504	\$ 1.507000	\$ 1.610210	\$ 1.520000	
0.456600	1.510474	1.640000	1.494700	1.571000	1.661500	1.510000	
0.469600	1.649631	1.640000	1.498900	1.591000	1.661500	1.650000	
0.428600	1.498462	1.602000	1.590900	1.689351	1.640335	1.650000	
0.440700	1.624300	1.622000	1.589816	1.689351	1.657052	1.650000	
0.444900	1.646961	1.622000	1.492075	1.754570	1.651000	1.650000	
0.459900	1.652470	1.622000	1.530088	1.700000	1.627499	1.650000	
0.440000	1.511801	1.506500	1.419765	1.581534	1.510902	1.521100	
0.452900	1.280000	1.290000	1.274290	1.248406	1.175132	1.190000	
0.450500	1.230000	1.320000	1.561346	1.247370	1.180000	1.210000	

City of Waco, Texas
Principal Property Taxpayers
(Unaudited)
Current Year and Nine Years Ago

Fiscal year 2009

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 96,286,104	1.60 %
Coca Cola Company	66,654,450	1.11 %
L-3 Communications Corp.	56,816,721	0.95 %
Inland Western Waco Central, L.P.	55,961,213	0.93 %
Oncor Electric Delivery Co.	53,890,216	0.90 %
Allergan, Inc.	42,122,331	0.70 %
Pilgrim's Pride Corp.	41,021,154	0.68 %
CBL/Richland Mall, L.P.	39,167,456	0.65 %
Southwestern Bell Telephone Co.	29,233,563	0.49 %
Cargill Meat Solutions Corp.	<u>27,942,365</u>	<u>0.46 %</u>
Total	\$ <u><u>509,095,573</u></u>	<u><u>8.47 %</u></u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2000		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 97,283,165	2.96 %
Owens-Illinois Glass Container	56,711,126	1.72 %
Raytheon E-Systems Inc.	54,743,303	1.66 %
Coca Cola Company	43,169,864	1.31 %
Huck Manufacturing Co., Inc.	42,991,340	1.31 %
Texas Utilities Electric Company	41,684,986	1.27 %
Paragon Trade Brands Inc.	39,284,917	1.19 %
Southwestern Bell Telephone Co.	38,799,220	1.18 %
Packaging Corp. of America	27,691,113	0.84 %
Vision Pharmaceuticals LP	<u>26,487,080</u>	<u>0.81 %</u>
Total	\$ <u><u>468,846,114</u></u>	<u><u>14.25 %</u></u>

City of Waco, Texas
Property Tax Levies and Collections
(Unaudited)
Last Five Fiscal Years (1)

<u>Fiscal Year</u>		<u>Tax Levy for City Operations and Debt</u>	<u>City Tax Levy for Tax Increment Financing</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Adjustments to Levy in Subsequent Years</u>
2005	\$	32,868,830	364,958	33,233,788	(314,635)
2006		34,093,010	522,047	34,615,057	(173,770)
2007		36,481,122	640,192	37,121,314	(215,409)
2008		43,188,911	886,276	44,075,187	(104,556)
2009		46,270,500	1,268,052	47,538,552	(356,723)

(1) Information not available before fiscal year 2005.

Source: McLennan County Tax Office

Table VIII

Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
	Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
32,919,153	32,451,150	98.58	377,110	32,828,260	99.72
34,441,287	33,876,118	98.36	446,185	34,322,303	99.65
36,905,905	36,345,526	98.48	384,074	36,729,600	99.52
43,970,631	43,320,216	98.52	324,537	43,644,753	99.26
47,181,829	46,373,974	98.29	-	46,373,974	98.29

City of Waco, Texas
Ratio of Outstanding Debt by Type
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-
	General Obligation Bonds	Other Obligations	General Obligation Bonds (1)	General Obligation Bonds
2000	\$ 47,551,237	\$ 962,711	\$ 3,445,000	\$ 72,848,766
2001	49,666,702	911,251	3,250,000	86,483,298
2002	49,506,586	2,386,245	3,040,000	93,663,414
2003	49,547,946	1,749,045	2,892,323	93,129,734
2004	48,333,460	1,277,204	2,641,809	135,344,733
2005	47,512,896	1,194,166	2,381,013	175,611,092
2006	46,763,478	877,926	3,105,010	195,496,513
2007	108,612,054	547,669	2,773,546	248,029,402
2008	105,793,796	469,757	2,405,819	246,860,386
2009	98,915,555	128,270	2,022,392	234,022,055

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: Personal income information is not available at the City level. In lieu of this ratio, the percentage of total debt to actual taxable value of property is provided.

(1) General obligation bonds payable from tax increment financing sources.

(2) See Table V for property value data.

Source: Estimated population provided by the City of Waco Planning Office.

Table IX

<u>Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Population of City</u>	<u>Per Capita</u>
<u>Other Obligations</u>					
\$ 1,738,763	\$ 126,546,477	\$ 3.85%	111,650	\$ 1,133	
1,159,176	141,470,427	4.07%	113,726	1,244	
15,518,023	164,114,268	4.51%	114,934	1,428	
15,000,000	162,319,048	4.03%	115,948	1,400	
15,000,000	202,597,206	4.70%	119,526	1,695	
17,431,215	244,130,382	5.11%	120,721	2,022	
17,378,150	263,621,077	5.33%	121,928	2,162	
17,326,901	377,289,572	7.11%	123,147	3,064	
17,273,375	372,803,133	6.65%	124,378	2,997	
17,217,472	352,305,744	5.86%	125,621	2,805	

City of Waco, Texas
Ratio of General Bonded Debt Outstanding
(Unaudited)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Population of City (3)</u>	<u>Per Capita</u>
2000	\$ 47,551,237	1.45%	111,650	426
2001	49,666,702	1.43%	113,726	437
2002	49,506,586	1.36%	114,934	431
2003	49,547,946	1.23%	115,948	427
2004	48,333,460	1.12%	119,526	404
2005	47,512,896	0.99%	120,721	394
2006	46,763,478	0.95%	121,928	384
2007	108,612,054	2.05%	123,147	882
2008	105,793,796	1.89%	124,378	851
2009	98,915,555	1.76%	125,621	787

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

(1) General bonded debt paid from property tax levy.

(2) See Table V for property value data.

(3) See Table IX for population data.

City of Waco, Texas
Direct and Overlapping Governmental Activities Debt
(Unaudited)
September 30, 2009

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Debt Overlapping Debt</u>
Debt repaid with property taxes:			
Waco Independent School District	\$ 213,344,993	95.53%	\$ 203,808,472
Bosqueville Independent School District	10,653,524	77.53%	8,259,677
McLennan Community College	84,470,000	58.79%	49,659,913
McLennan County	33,245,000	58.79%	19,544,736
Midway Independent School District	111,459,964	49.00%	54,615,382
LaVega Independent School District	23,141,576	34.84%	8,062,525
China Spring Independent School District	36,077,655	34.83%	12,565,847
Connally Independent School District	20,962,854	25.86%	5,420,994
Lorena Independent School District	12,314,995	0.72%	88,668
McGregor Independent School District	<u>7,154,248</u>	0.09%	<u>6,439</u>
Subtotal, overlapping debt	<u>\$ 552,824,809</u>		<u>\$ 362,032,653</u>
City direct debt:			
City of Waco direct debt	\$ 99,043,825	100.00%	\$ 99,043,825
Tax increment financing	<u>2,022,392</u>	100.00%	<u>2,022,392</u>
Subtotal, direct debt	<u>\$ 101,066,217</u>		<u>\$ 101,066,217</u>
Total direct and overlapping debt	<u>\$ 653,891,026</u>		<u>\$ 463,098,870</u>

(1) The percentage of overlapping debt applicable was obtained from the McLennan County Appraisal District using taxable assessed values.

Source: McLennan County Appraisal District

City of Waco, Texas
Pledged-Revenue Coverage
(Unaudited)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Less: Operating Expenses (2)</u>	<u>Water and Net Revenue Available for Debt Service</u>
2000	37,479,949	21,717,022	15,762,927
2001	36,969,855	23,110,037	13,859,818
2002	38,246,542	23,680,158	14,566,384
2003 (4)	38,416,017	24,770,141	13,645,876
2004 (4)	37,754,411	25,843,055	11,911,356
2005 (4)	42,124,066	25,542,969	16,581,097
2006 (4)	51,317,327	26,451,840	24,865,487
2007 (4)	50,713,887	28,314,942	22,398,945
2008 (4)	56,859,579	29,823,743	27,035,836
2009 (4)	57,350,687	33,138,169	24,212,518

(1) Total revenue including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of general obligation bonds reported in the water and wastewater funds.

(4) Although City has no outstanding revenue bonds, a limited pledge (not to exceed \$1,000) of surplus revenues of the City's water and wastewater system is used for security for certificates of obligation.

Source: Comprehensive Annual Financial Reports

Table XII

Wastewater Funds

Debt Service Requirements (3)			
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
5,190,712	2,721,877	7,912,589	1.99 %
3,624,591	4,914,996	8,539,587	1.62 %
4,058,138	6,145,248	10,203,386	1.43 %
4,163,717	6,483,420	10,647,137	1.28 %
5,072,551	3,839,933	8,912,484	1.34 %
7,562,502	6,358,383	13,920,885	1.19 %
8,677,542	8,270,663	16,948,205	1.47 %
8,679,361	9,399,337	18,078,698	1.24 %
9,779,139	11,912,439	21,691,578	1.25 %
11,180,464	10,895,340	22,075,804	1.10 %



City of Waco, Texas
Demographic and Economic Statistics
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Waco Metropolitan Statistical Area (MSA) Population	Waco MSA Personal Income (thousands of dollars)	Waco MSA Per Capita Personal Income	Median Age	Unemployment Rate
2000	214,085	4,861,964	22,710	27.9	4.3%
2001	215,569	4,983,256	23,117	N/A	5.1%
2002	217,292	5,174,553	23,814	N/A	6.1%
2003	219,591	5,466,279	24,893	N/A	6.7%
2004	222,474	5,641,507	25,358	N/A	5.8%
2005	224,011	6,112,543	27,287	29.0	5.6%
2006	225,715	6,410,581	28,401	26.8	5.4%
2007	227,806	6,772,688	29,730	28.0	4.8%
2008	230,213	7,153,670	31,074	27.6	5.1%
2009	N/A	N/A	N/A	N/A	7.7%

N/A Not available

Sources: Estimated population and personal income information provided by the Bureau of Economic Analysis. Personal income information not available at the City level. Median age provided by the 2000 U.S. Census and the 2005 through 2008 American Community Surveys. Unemployment rates provided by the Texas Workforce Commission. The 2009 rate is as of September.

City of Waco, Texas
Principal Employers
(Unaudited)
Current Year and Nine Years Ago

2009		
Employer	Employees	Percentage of Total City Employment
Waco Independent School District	2,525	2.22 %
Baylor University	2,497	2.20 %
Providence Health Center	2,495	2.20 %
L-3 Platform Integration	1,750	1.54 %
City of Waco	1,515	1.33 %
Hillcrest Health System	1,513	1.33 %
Wal-Mart Stores	1,455	1.28 %
H.E.B. Stores	1,350	1.19 %
Sanderson Farms, Inc.	1,234	1.09 %
Midway Independent School District	1,011	0.89 %
Total	17,345	15.26 %

N/A Not available

Source: Greater Waco Chamber of Commerce

Table XIV

2000		
Employer	Employees	Percentage of Total City Employment
Baylor University	over 1,000	N/A
City of Waco	over 1,000	N/A
Hillcrest Baptist Medical Center	over 1,000	N/A
Cargill Foods, Inc.	over 1,000	N/A
Providence Health Systems	over 1,000	N/A
Raytheon/E-Systems	over 1,000	N/A
Veterans Administration Hospital	over 1,000	N/A
Waco Independent School District	over 1,000	N/A
M&M Mars	over 700	N/A
PMSI LP	over 700	N/A
Total	N/A	

City of Waco, Texas
Full-Time Equivalent City Government Employees by Function
(Unaudited)
Last Ten Fiscal Years

Function:	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government	118.42	123.48	124.48	145.53
Public Works	67.33	68.00	59.00	59.00
Public Safety	525.27	534.86	549.64	548.16
Culture and Recreation	182.89	183.49	185.05	186.39
Housing and Community Development	25.19	36.44	35.53	25.95
Public Health	82.36	79.86	80.47	83.70
Water	115.00	116.50	117.00	117.50
Wastewater/WMARSS	37.91	38.41	41.75	41.25
Solid Waste	106.57	103.90	95.00	94.00
Airport	6.51	15.64	14.81	13.75
Convention Services	37.25	38.90	38.50	37.96
Ranger Hall of Fame	12.50	13.40	12.40	12.38
Cameron Park Zoo	33.64	33.64	33.01	32.99
Transit Services	43.00	50.00	50.00	-
Cottonwood Creek Golf Course	25.00	25.00	24.00	22.32
Insurance/Risk Management	7.00	6.00	5.00	6.00
Engineering	30.38	30.38	29.38	27.38
Fleet Services	24.00	23.00	23.00	23.00
Total	<u>1,480.22</u>	<u>1,520.90</u>	<u>1,518.02</u>	<u>1,477.26</u>

General Government:

City Manager's Office, City Secretary, Finance, Legal, Planning, Human Resources, Municipal Information, Information Technology, Purchasing, Facilities, Contributions, Miscellaneous

Public Works

Streets and Street Reconstruction

Public Safety

Municipal Court, Inspections, Emergency Management, Fire, Police, Traffic

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Neighborhoods, Community Development

Source: City of Waco Budget Office

Table XV

Fiscal Year					
2004	2005	2006	2007	2008	2009
126.53	127.58	128.58	129.68	132.36	132.46
57.44	57.44	59.00	59.00	59.00	60.00
551.03	564.08	580.40	603.48	602.13	601.98
182.16	186.95	183.12	187.38	186.65	184.11
33.56	22.36	23.04	18.60	18.75	18.90
83.22	84.42	86.54	90.60	82.93	83.93
116.00	116.25	114.00	114.00	117.00	120.25
65.25	65.25	67.50	68.50	68.75	68.75
97.00	96.50	97.00	99.00	98.00	101.50
13.76	13.76	11.90	12.52	16.40	16.40
37.07	33.95	35.45	36.13	36.13	34.88
12.38	12.70	12.88	13.50	14.50	15.50
34.99	39.99	45.85	45.85	51.29	52.28
-	-	-	-	-	-
22.34	22.34	22.34	15.96	15.96	15.96
6.00	6.00	6.75	7.00	7.00	7.00
27.38	27.38	27.38	26.38	26.00	26.00
24.00	24.00	24.00	24.00	25.00	25.00
<u>1,490.11</u>	<u>1,500.95</u>	<u>1,525.73</u>	<u>1,551.58</u>	<u>1,557.85</u>	<u>1,564.90</u>

City of Waco, Texas
Operating Indicators by Function
(Unaudited)
Last Ten Fiscal Years

Function:	2000	2001	2002
Public Safety			
Police			
Number of sworn employees - budgeted	216	218	219
Number of traffic citations	16,126	11,814	9,185
Number of Class "C" citations	2,041	1,947	1,746
Calls dispatched	107,963	116,939	117,702
Fire			
Number of sworn employees - budgeted	180	180	180
Number of Fire responses	10,174	11,166	10,950
Public Works			
Street resurfacing (miles)	22.53	12.04	42.29
Culture and Recreation			
Parks and Recreation			
Number of teams in athletic leagues	N/A	N/A	N/A
Number of participants in track/field events	N/A	N/A	N/A
Number of participants in after-school programs	2,248	2,219	2,252
Library			
Volumes in collection	270,780	276,252	286,649
E-books available to public	N/A	N/A	N/A
Water			
Number of water connections	40,066	40,466	40,891
Average daily water consumption (gallons)	23,711,552	24,235,128	23,702,110
Maximum storage capacity (gallons)	33,490,000	33,490,000	33,490,000
Solid Waste (residential)			
Refuse collected (tons)	N/A	N/A	27,831
Bulky/brush pickups (tons)	N/A	N/A	3,919
Recyclables collected (tons)	N/A	N/A	1,060
Golf Course			
Number of paid rounds played	43,702	42,101	42,333

N/A Not available

Source: City of Waco Departments

Table XVI

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
219	220	232	238	245	245	245
8,346	11,762	9,650	9,712	13,289	23,212	17,804
1,776	2,004	2,041	2,195	2,558	3,404	3,790
121,284	124,374	126,805	122,450	121,633	116,442	111,717
180	180	180	186	192	192	192
10,357	8,802	9,364	9,452	10,140	10,089	9,537
8.69	31.36	13.62	40.30	33.61	7.25	9.82
N/A	466	464	479	424	440	383
N/A	197	283	309	350	247	258
2,281	2,293	2,295	2,348	2,292	2,671	3,560
292,050	290,873	301,329	300,252	305,652	319,754	331,791
N/A	N/A	N/A	28,290	30,319	30,899	31,245
41,891	42,532	42,957	44,928	41,623	41,752	42,391
27,588,000	24,656,151	23,330,910	26,590,842	22,681,919	28,009,000	28,671,000
35,490,000	36,990,000	36,990,000	42,143,000	42,143,000	42,143,000	42,143,000
25,225	27,286	26,270	23,799	25,812	45,572	45,138
5,227	6,631	6,339	5,703	6,496	5,162	5,614
1,164	1,239	1,473	1,599	1,685	2,415	2,898
43,820	51,432	49,245	50,025	46,949	45,581	44,306

City of Waco, Texas
Capital Asset Statistics by Function
(Unaudited)
Last Ten Fiscal Years

Function:	2000	2001	2002
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	56	56	56
Fire stations	13	13	13
Highways and streets			
Streets - paved (miles)	530	594	535
Streetlights - City-owned	2,025	2,098	2,163
Streetlights - Leased	5,627	5,729	5,896
Traffic control signals	180	183	185
Traffic beacons and flashers	88	90	91
Culture and recreation			
Parks acreage	1,068.70	1,068.70	1,202.07
Parks	40	40	41
Swimming pools	1	1	2
Tennis courts	25	44	44
Recreation centers	3	3	3
Water			
Water mains (miles)	719	735	692
Fire hydrants	2,931	3,071	3,146
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	700	700	625
Storm sewers (miles)	294	294	294
Maximum daily capacity (thousands of gallons)	37,800	37,800	37,800

N/A Not available

Source: City of Waco Departments

Table XVII

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
1	1	1	1	1	1	1
3	3	3	3	3	3	4
56	59	65	65	65	71	71
13	12	12	14	14	14	14
542	547	559	569	587	588	593
2,193	2,280	2,339	2,350	2,198	2,194	2,197
5,973	6,030	6,157	6,236	6,743	6,849	6,910
190	196	195	196	195	198	198
92	92	95	98	101	101	100
1,202.07	1,202.07	1,202.07	1,234.99	1,234.99	1,234.99	1,234.99
41	42	43	44	44	44	44
2	2	2	2	2	2	2
44	44	44	44	44	36	36
3	3	3	3	3	3	3
737	820	847	847	775	927	954
3,233	3,269	3,331	3,486	4,650	4,739	4,935
66,000	66,000	66,000	66,000	66,000	66,000	66,000
740	748	766	766	728	818	831
301	331	325	348	357	353	350
37,800	37,800	37,800	37,800	37,800	37,800	37,800

