

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2008

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2008

MAYOR

Virginia DuPuy

CITY COUNCIL

Randy Riggs, Mayor Pro Tem
Alice Rodriguez
Wilbert Austin
Jim Bush
Rick Allen

CITY MANAGER

Larry D. Groth, P.E.

ASSISTANT CITY MANAGERS

Wiley Stem, III
George Johnson, Jr.
Joe Mayfield, P.E.

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

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January 23, 2009

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

The Comprehensive Annual Financial Report (CAFR) of the City of Waco for the fiscal year ended September 30, 2008, 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, but not 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.

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, a glass container manufacturer, 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 or healthcare 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 146 fields, 76 masters degree programs and 25 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 three 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 4.2% from 105,310 in 2003 to 115,235 by the end of 2008. Total employment at the end of 2008 was 109,754 while the unemployment rate was 4.9%.

Long-term Financial Planning

The City's five-year Capital Improvement Program is a plan for both long 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.

To promote long-range and strategic planning, the City employs a biennial budgeting process. Although the City charter restricts the City to adoption of one-year budgets, City management initially balanced the fiscal year 2008-2009 budget concurrent with the preparation of the adopted 2007-2008 budget. The City subsequently updated and adopted the 2008-2009 budget.

Risk Management Services

The City of Waco Risk Management Services Department is committed to the logical, systematic and continuous identification of loss exposures and loss trends for and to the City of Waco, its employees, its citizens and taxpayers, to the evaluation of risk in terms of severity and frequency probability, to the application of sound loss control procedures and to the financing of risks consistent with the City's total financial resources. Additional information on the City of Waco's risk management activity is provided in the Notes to the Financial Statements.

Pension and Other Postemployment Benefits

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

The City funds on a pay-as-you-go basis and administers a one-half pay 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. At September 30, 2008, there were seven retired firemen and policemen receiving benefits.

The City provides postretirement life insurance benefits for certain eligible retirees. In accordance with City personnel policy, retirees who have retired with the City under the Texas Municipal Retirement System at age 60 or above with a minimum of 5 years of service, or at any age with a minimum of 20 years of service, are eligible for postretirement life insurance benefits. The City pays 100 percent of the premiums of life coverage for the eligible retirees. At September 30, 2008, there were 517 retired employees receiving benefits. The City finances the plan on a pay-as-you-go basis. Life insurance benefits amounted to \$19,322 for 2008.

Additional information on the City's pension arrangements and postemployment benefits is provided in the Notes to the Financial Statements.

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 (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waco for its CAFR for the fiscal year ended September 30, 2007. This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the current CAFR continues to meet the standards of the Certificate of Achievement program, and we are submitting it to the GFOA to determine our eligibility for another certificate.

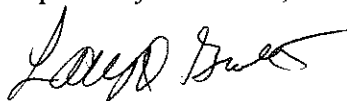
The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2007 and the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2007.

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



Mayor & City Council

Policy

Mayor Virginia DuPuy
Mayor Pro Tem Randy H. Riggs
Wilbert Austin, Alice Rodriguez,
Rick Allen, Jim Bush

City Attorney

Leah Hayes

City Manager

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

City Secretary

Patricia W. Ervin

**Municipal
Court Judge**

John Roberts

**Joe Mayfield, P.E.
Assistant City Manager
Responsibilities:**

Engineering/GIS
Traffic
Streets
Solid Waste
Planning
Building Inspection
Code Enforcement

**Wiley Stem, III
Assistant City Manager
Responsibilities:**

Utilities
• Water
• Wastewater
• WMARSS
General Services
• Fleet
• Purchasing
• Facilities
Human Resources
Risk Management
Parks & Recreation
Information Technology
Police
Fire

**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

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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R.", is written over the printed name.

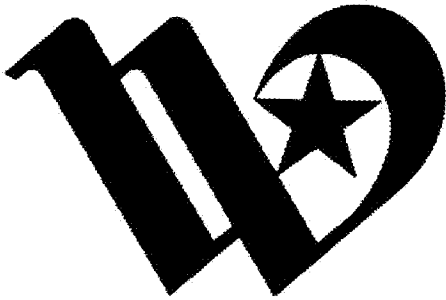
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer", is written over the printed name.

Executive Director



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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2008, 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 23, 2009, 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 18, 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 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.

James, Reitzmeier, Boyd & Threlk, P.C.

January 23, 2009, except for Note IV. U.,
which is as of February 6, 2009

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, 2008. 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, 2008 by \$434,307,790 (net assets). Of this amount \$62,740,975 (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 \$37,321,302.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$126,823,699. Of this amount, \$111,428,731 are unreserved fund balances available for use within the City's fund designation and fiscal policies.
- As of September 30, 2008, unreserved, undesignated fund balance for the General Fund was \$14,306,973 or 15.26% of the 2009 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 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 80 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 for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 85 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 \$434,307,790 as of September 30, 2008.

The largest portion of the City’s net assets (\$347,515,904) 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**

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 154,111,862	145,323,177	184,274,772	181,966,296	338,386,634	327,289,473
Capital assets	<u>209,404,603</u>	<u>200,300,296</u>	<u>316,185,624</u>	<u>297,464,839</u>	<u>525,590,227</u>	<u>497,765,135</u>
Total assets	<u>363,516,465</u>	<u>345,623,473</u>	<u>500,460,396</u>	<u>479,431,135</u>	<u>863,976,861</u>	<u>825,054,608</u>
Long-term liabilities	109,583,635	112,815,614	262,911,807	264,932,879	372,495,442	377,748,493
Other liabilities	<u>30,014,868</u>	<u>27,524,261</u>	<u>27,158,761</u>	<u>22,795,366</u>	<u>57,173,629</u>	<u>50,319,627</u>
Total liabilities	<u>139,598,503</u>	<u>140,339,875</u>	<u>290,070,568</u>	<u>287,728,245</u>	<u>429,669,071</u>	<u>428,068,120</u>
Net assets:						
Invested in capital assets, net of related debt	180,681,310	165,814,854	166,834,594	155,044,650	347,515,904	320,859,504
Restricted	22,371,142	20,477,262	1,679,769	339,184	24,050,911	20,816,446
Unrestricted	<u>20,865,510</u>	<u>18,991,482</u>	<u>41,875,465</u>	<u>36,319,056</u>	<u>62,740,975</u>	<u>55,310,538</u>
Total net assets	\$ <u>223,917,962</u>	<u>205,283,598</u>	<u>210,389,828</u>	<u>191,702,890</u>	<u>434,307,790</u>	<u>396,986,488</u>

A portion of the City's net assets (\$24,050,911) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$62,740,975) 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, 2008, 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 \$37,321,302 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, 2008. Governmental activities increased the City's net assets by \$18,634,364, accounting for 50% of the total growth in net assets. Business-type activities increased the City's net assets by \$18,686,938, accounting for 50% of the total growth in net assets. About 22% of this increase represents increases in charges for services reported in the business-type activities primarily due to base rate increases for water and wastewater. An increase in the property tax rate to fund debt service for the 2007 general obligation bonds and increased valuations for ad valorem taxes in the governmental activities accounted for 19%. Increases in capital grants and contributions reported in business-type activities accounted for 10% also primarily due to contributions for a major expansion at the zoo and new transit buses.

City of Waco
Changes in Net Assets

	Year Ended September 30,					
	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 7,064,576	79,511,205	86,575,781	5,895,675	71,199,066	77,094,741
Operating grants and contributions	9,497,125	3,226,837	12,723,962	9,388,780	3,175,897	12,564,677
Capital grants and contributions	7,276,849	8,716,987	15,993,836	5,795,816	4,927,582	10,723,398
General revenues:						
Ad valorem taxes	46,283,171	-	46,283,171	39,241,435	-	39,241,435
Sales taxes	28,077,887	-	28,077,887	27,328,996	-	27,328,996
Franchise taxes	13,997,454	-	13,997,454	12,985,974	-	12,985,974
Hotel/motel taxes	-	1,688,943	1,688,943	-	1,620,022	1,620,022
Other taxes	587,971	-	587,971	501,702	-	501,702
Investment earnings	10,319,788	1,528,629	11,848,417	8,964,710	1,972,261	10,936,971
Miscellaneous	<u>415,851</u>	<u>-</u>	<u>415,851</u>	<u>981,818</u>	<u>-</u>	<u>981,818</u>
Total revenues	<u>123,520,672</u>	<u>94,672,601</u>	<u>218,193,273</u>	<u>111,084,906</u>	<u>82,894,828</u>	<u>193,979,734</u>
Expenses:						
General government	12,108,481	-	12,108,481	9,494,996	-	9,494,996
Public works	11,695,922	-	11,695,922	13,483,166	-	13,483,166
Public safety	53,460,501	-	53,460,501	50,802,719	-	50,802,719
Culture and recreation	13,853,365	-	13,853,365	12,885,108	-	12,885,108
Public health	6,456,840	-	6,456,840	6,845,611	-	6,845,611
Housing and community development	2,890,693	-	2,890,693	2,784,529	-	2,784,529
Interest on long-term debt	4,863,843	-	4,863,843	2,625,964	-	2,625,964
Water	-	28,972,544	28,972,544	-	26,666,701	26,666,701
Wastewater	-	15,675,737	15,675,737	-	14,404,044	14,404,044
Solid waste	-	13,181,427	13,181,427	-	12,119,111	12,119,111
Airport	-	2,230,237	2,230,237	-	2,139,042	2,139,042
Convention services	-	2,779,599	2,779,599	-	2,837,948	2,837,948
Ranger Hall of Fame	-	1,363,820	1,363,820	-	1,120,949	1,120,949
Cameron Park Zoo	-	3,545,604	3,545,604	-	3,386,403	3,386,403
Transit services	-	5,980,396	5,980,396	-	5,309,125	5,309,125
Cottonwood Creek Golf Course	<u>-</u>	<u>1,812,962</u>	<u>1,812,962</u>	<u>-</u>	<u>1,553,125</u>	<u>1,553,125</u>
Total expenses	<u>105,329,645</u>	<u>75,542,326</u>	<u>180,871,971</u>	<u>98,922,093</u>	<u>69,536,448</u>	<u>168,458,541</u>
Increase in net assets before transfers	\$ 18,191,027	19,130,275	37,321,302	12,162,813	13,358,380	25,521,193
Transfers	<u>443,337</u>	<u>(443,337)</u>	<u>-</u>	<u>(1,290,822)</u>	<u>1,290,822</u>	<u>-</u>
Increase in net assets	18,634,364	18,686,938	37,321,302	10,871,991	14,649,202	25,521,193
Net assets, beginning of year	<u>205,283,598</u>	<u>191,702,890</u>	<u>396,986,488</u>	<u>194,411,607</u>	<u>177,0053,688</u>	<u>371,465,295</u>
Net assets, end of year	\$ <u>223,917,962</u>	<u>210,389,828</u>	<u>434,307,790</u>	<u>205,283,598</u>	<u>191,702,890</u>	<u>396,986,488</u>

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

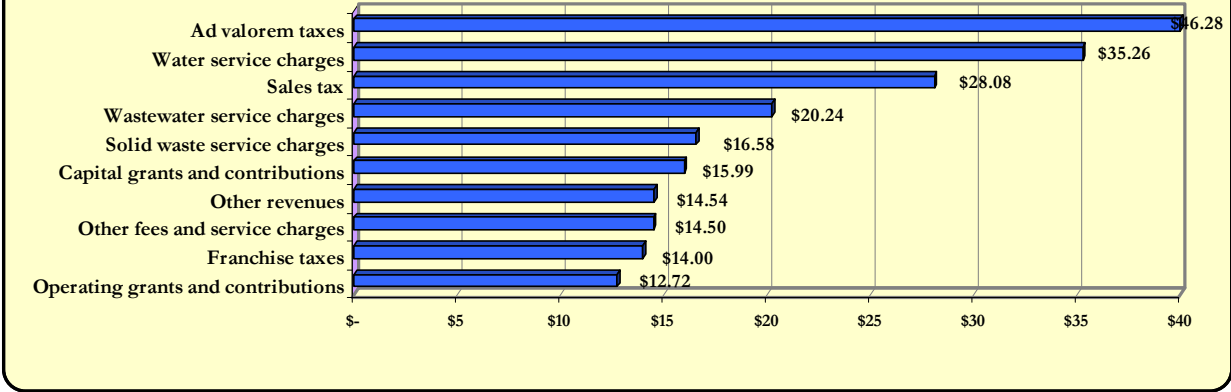
- Charges for services increased by \$1,168,901 (19.83%) during the year primarily due to increased court fine revenues as a result of the enforcement efforts of the police street crime unit and enhanced collection activities.
- Capital grants and contributions increased by \$1,481,033 (25.55%) due to donations for the new South Waco Library branch and the Mammoth project.
- Ad valorem taxes increased \$7,041,736 (17.94%), a result of a rate increase (from .699700 to .786232 per \$100 valuation) to fund the debt service requirements for the \$63 million general obligation bonds and a 5.4% growth in the property tax base.
- Investment earnings increased \$1,355,078 (15.12%) due to the \$63 million bond issue accounted for in a major capital projects fund. Without the additional \$2.5 million of investment earnings generated from the full year of investment activity from these bonds, investment earnings would have decreased \$1.1 million as a result of interest rates.
- Overall, governmental expenses increased \$6,407,552 (6.48%) primarily due to an across-the-board salary increase of 3.5% for all employees except upper management who received 2.5%. General government increased \$2,613,485 (27.52%). \$1,203,797 of this increase was due to increased project activities in the tax increment zones, \$806,759 was for professional archaeological services, and \$700,000 was to purchase complete interest in the Riverbend Softball/Baseball complex. Public safety, which reports the largest number of employees, reflects the across-the-board salary increase. Public safety expenses increased \$2,657,782 (5.23%). Interest on long-term debt increased \$2,237,879 (85.22%) due to the first year of debt service for the \$63 million general obligation bonds approved in the May 2007 bond election.

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

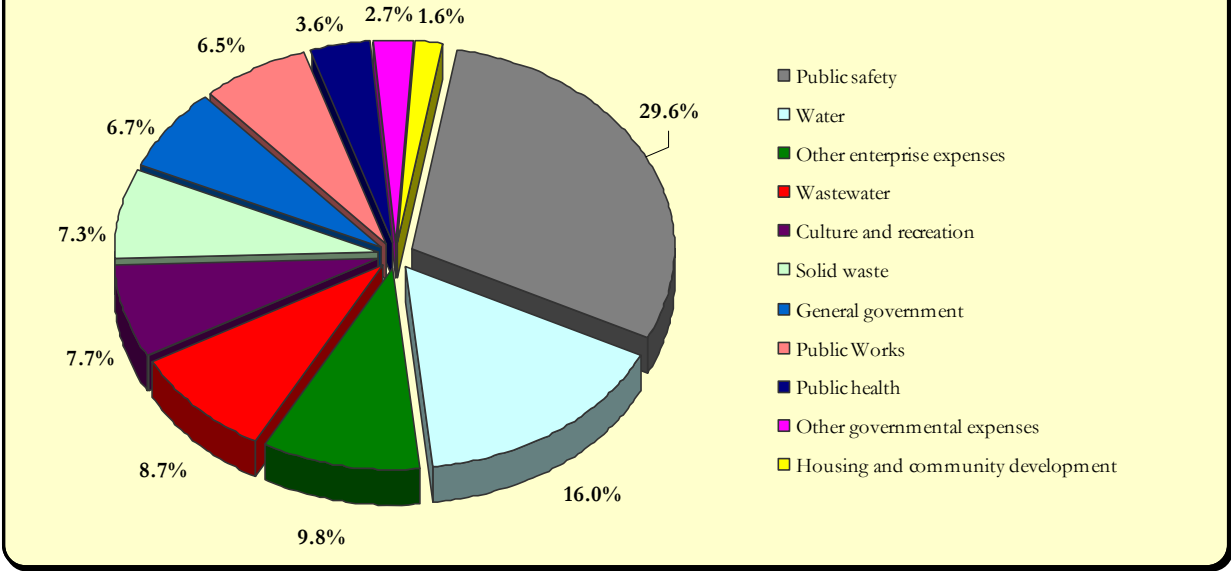
- Charges for services increased \$8,312,139 (11.7%) (primarily due to increases in the base rate for residential, commercial and industrial water and wastewater customers. In addition, residential rates were increased for solid waste customers during the fiscal year to provide enhanced brush collection services.
- Capital grants and contributions increased \$3,789,405 (76.90%) due primarily to contributions for a major exhibit at the zoo and capital grant funding for transit bus fleet replacements.
- For the most part, increases in expenses closely paralleled inflation and demand for services. The primary components of the increases were the across-the-board increase of 2.5% for upper management and 3.5% for all other employees, fuel costs, and water and wastewater interest expenses.

Government-wide activities – Total government-wide activities for 2008 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 \$126,823,699. Approximately 88% of this total amount

(\$111,428,731) constitutes unreserved fund balance. The remainder of the fund balance (\$15,394,968) 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 planned reduction of \$982,308 during the current fiscal year. The amount of undesignated, unreserved fund balance decreased by \$1,887,074. This was primarily due to \$1.8 million that is designated for capital improvements. The \$1.8 million was designated to provide funding for capital improvements projects included in the 2009 capital improvement plan budget. The 2009 debt issue has been postponed due to the uncertainty in the bond market. Total revenues in the general fund increased \$4,000,457 as compared to prior year and were \$1,769,482 greater than budgeted. Key factors in this growth are as follows:

- Sales tax revenue reported an increase of \$748,891. This revenue source represents almost 32% of total general fund revenues.
- Growth in net taxable assessed property valuation of 5.4% from new construction, annexations, and increased appraisal values is reflected in the \$1,873,317 increase in property taxes.
- Court fines collections accounted for \$549,134 of the increase.

The fund balance of the 2007 General Obligation Bonds decreased \$2,450,848. The citizens of Waco approved a \$63 million bond election in May 2007. The bonds were issued in July 2007 and will be 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 increased for this fund by \$2,472,477 primarily due to investment of the funds for the full fiscal year. Expenditures for capital outlay increased \$5,104,627 as project activities began.

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 - \$21,117,487, Wastewater - \$17,780,309, and Solid Waste - \$3,596,645. These funds experienced increases in total net assets during 2008 as follows: Water - \$5,172,479, Wastewater - \$4,654,228, and Solid Waste - \$2,342,074.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$4,597,041 and the primary items can be briefly summarized as follows:

- \$1,216,628 for increased capital outlay for the University Parks bridge over Barron's Branch project.
- \$739,159 for increases for funds allocated to professional archaeological services.

- \$700,000 increase to purchase complete interest in the Riverbend Softball/Baseball Complex.
- \$350,000 increase for capital outlay at the Texas Ranger Headquarters Office.
- \$330,000 increase for Municipal Information's cable channel studio.
- \$233,356 allocated increase for police department to provide funding for tasers and mobile data computers.
- \$190,000 increase for City's assistance with housing projects.
- \$185,000 in increases for City's assistance with economic development project.
- \$178,572 increase for capital outlay in Cameron Park.
- \$170,942 increase for the Monkey Run/Training Facility move.
- \$143,625 for increases allocated to relocating the City's antenna system.
- \$119,377 in increases allocated to information technology to provide funding for a document imaging solution.

Of this increase, \$1,037,000 was from fund balance designated for capital improvements, \$1,912,702 from fund balance reserved for encumbrances, \$682,659 from fund balance designated for contingencies, \$330,000 from increases in gross receipts taxes, \$233,356 from increases in court fines, \$190,000 from fund balance designated for housing, and \$170,942 from increases in miscellaneous revenue.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 27 to 34 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2008.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$525,590,227 (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 \$20.2 million on various water, wastewater, and solid waste systems projects;
- Capitalized \$5.5 million in street and drainage expenditures and contributions;

- Expended \$3.6 million on Airport Improvement Program projects;
- Capitalized \$4.2 million for library facilities;
- Expended \$2.8 million on various park facility improvements;
- Expended \$2.5 million to replace Waco Transit bus fleet;
- Expended \$1.6 million on convention facility improvements;
- Expended \$1.5 million on ongoing Asian Forest exhibit at Cameron Park Zoo.

**City of Waco
Capital Assets at Year-End**

	Governmental Activities		Business-type Activities		Totals	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 40,712,004	39,576,424	4,081,511	3,569,278	44,793,515	43,145,702
Buildings	27,890,410	20,833,872	53,338,354	47,890,972	81,228,764	68,724,844
Improvements other than buildings	30,033,571	27,907,765	270,422,332	241,480,061	300,455,903	269,387,826
Machinery and equipment	33,139,735	31,030,001	37,458,580	34,893,465	70,598,315	65,923,466
Museum collections	-	-	1,765,557	1,667,057	1,765,557	1,667,057
Infrastructure	240,222,357	234,291,138	-	-	240,222,357	234,291,138
Construction work in progress	5,547,442	4,815,395	68,690,491	77,304,929	74,237,933	82,120,324
Water rights	-	-	33,334,140	32,892,699	33,334,140	32,892,699
Less: accumulated depreciation	<u>(168,140,916)</u>	<u>(158,154,299)</u>	<u>(152,905,341)</u>	<u>(142,233,622)</u>	<u>(321,046,257)</u>	<u>(300,387,921)</u>
Total capital assets	<u>\$ 209,404,603</u>	<u>200,300,296</u>	<u>316,185,624</u>	<u>297,464,839</u>	<u>525,590,227</u>	<u>497,765,135</u>

Additional information on the City's capital assets can be found in Note IV on pages 59 - 61 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 \$374,288,698. Of this amount, \$356,545,836 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 \$469,757 pertain to purchases of telecommunications and computer equipment. The \$2,273,375 notes payable are for purchase of pump station and water transmission lines.

City of Waco
Bonds, Notes and Capitalized Obligations Payable

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation						
certificates \$	108,457,851	111,616,400,	248,087,985	249,410,055	356,545,836	361,026,455
State partici- pation loan	-	-	15,000,000	15,000,000	15,000,000	15,000,000
Capital lease obligations	469,757	547,669	-	-	469,757	547,669
Notes payable	<u>-</u>	<u>-</u>	<u>2,273,375</u>	<u>2,326,901</u>	<u>2,273,375</u>	<u>2,326,901</u>
	<u>\$ 108,927,608</u>	<u>112,164,069</u>	<u>265,361,360</u>	<u>266,736,956</u>	<u>374,288,968</u>	<u>378,901,025</u>

During the fiscal year, the City issued \$13,875,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements and improvements to the City's water and solid waste systems.

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

	<u>Moody's</u> <u>Investors Service</u>	<u>Standard</u> <u>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 65 to 69 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2009 is based on projected revenue growth of 5.5% compared to the original fiscal year 2008 budget. Taxes account for the majority of the increase. Property taxes, which are about 41% of general fund revenues, are budgeted at a 10% increase compared to the 2008 budget. This increase reflects the net effect of increased valuations, annexations, and new construction. Approximately 30% of general fund revenues are sales taxes. Sales taxes have been budgeted to increase only .6% over the original fiscal year 2008 budget and .71% less than actual for the 2008 fiscal year due to the volatility of this revenue source and continuing uncertainty regarding the global economic climate.

The 2009 budget includes a 5% salary increase for all employees. A total of ten new positions were added, but due to changes in other positions the net increase was 9.21 full-time equivalent positions. The Texas Municipal System made significant changes in the actuarial assumptions and funding methodology used in calculating cities' contribution rates for 2009. These changes resulted in an approximate additional \$1 million expense impact for next year.

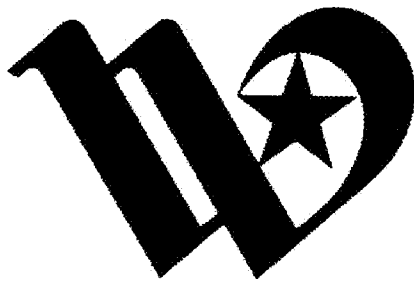
Fiscal year 2009 is the first years in several years that no rate increases were included for residential, commercial, and industrial water and wastewater customers. No changes in any water or wastewater fees were included. Solid waste residential fees were increased \$.50 per month effective March 1, 2008 due to the enhancement of the brush pickup program. All commercial, roll-off, and landfill rates remained unchanged for 2009.

Fiscal year 2009 represents the second year of the third biennial budget process. State law and the City Charter allow for operating with a biennial budget while adopting an annual budget.

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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets					
Cash and investments	\$ 132,157,616	46,027,398	178,185,014	6,549	29,583
Receivables (net of allowances for uncollectibles):					
Accounts	4,639,700	9,173,279	13,812,979	-	-
Special assessments	6,796	-	6,796	-	-
Taxes	6,510,101	-	6,510,101	-	-
Intergovernmental receivable	1,542,620	3,235,993	4,778,613	-	-
Accrued interest receivable	-	6,270	6,270	-	-
Internal balances	3,655,453	(3,655,453)	-	-	-
Inventories	240,998	761,181	1,002,179	-	-
Restricted cash and investments	-	125,759,621	125,759,621	-	-
Notes receivable	4,349,325	1,030,197	5,379,522	-	-
Real estate held for resale	53,174	-	53,174	-	-
Deferred charges	956,079	1,936,286	2,892,365	-	-
Capital assets not being depreciated:					
Land	40,712,004	4,081,511	44,793,515	-	-
Museum collections	-	1,765,557	1,765,557	-	-
Construction work in progress	5,547,442	68,690,491	74,237,933	-	-
Capital assets, net of accumulated depreciation:					
Buildings	19,442,925	33,132,656	52,575,581	-	-
Machinery and equipment	10,776,899	13,729,721	24,506,620	-	-
Improvements other than buildings	13,182,091	164,704,481	177,886,572	-	-
Infrastructure	119,743,242	-	119,743,242	-	-
Water rights	-	30,081,207	30,081,207	-	-
Total assets	363,516,465	500,460,396	863,976,861	6,549	29,583
Liabilities					
Accounts payable	3,018,283	1,507,314	4,525,597	-	-
Accrued liabilities	6,107,776	2,998,134	9,105,910	-	-
Accrued interest payable	866,919	2,331,203	3,198,122	-	-
Unearned revenue	546,066	268,617	814,683	-	-
Escrow funds	364,771	99,782	464,553	-	-
Customer deposits	238,582	-	238,582	-	-
Liabilities payable from restricted assets	-	5,222,603	5,222,603	-	-
Noncurrent liabilities:					
Due within one year	18,872,471	14,731,108	33,603,579	-	-
Due in more than one year	109,583,635	262,911,807	372,495,442	-	-
Total liabilities	139,598,503	290,070,568	429,669,071	-	-
Net Assets					
Invested in capital assets, net of related debt	180,681,310	166,834,594	347,515,904	-	-
Restricted for:					
Economic development incentives	7,267,233	-	7,267,233	-	-
Tax increment financing	8,098,660	-	8,098,660	-	-
Grant requirements	4,691,815	-	4,691,815	-	-
Forfeitures and abandoned motor vehicles	682,557	-	682,557	-	-
Court security and technology	816,870	-	816,870	-	-
Debt service	348,422	6,697	355,119	-	-
Parks and cemetery care - nonexpendable	465,585	-	465,585	-	-
Capital projects	-	1,673,072	1,673,072	-	-
Unrestricted	20,865,510	41,875,465	62,740,975	6,549	29,583
Total net assets	\$ 223,917,962	210,389,828	434,307,790	6,549	29,583

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2008

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (12,108,481)	267,127	317,363
Public works	(11,695,922)	13,152	-
Public safety	(53,460,501)	4,764,442	1,689,887
Culture and recreation	(13,853,365)	995,455	1,136,209
Public health	(6,456,840)	1,024,400	3,078,022
Housing and community development	(2,890,693)	-	3,275,644
Interest on long-term debt	(4,863,843)	-	-
Total governmental activities	<u>(105,329,645)</u>	<u>7,064,576</u>	<u>9,497,125</u>
Business-type activities:			
Water	(28,972,544)	35,261,343	74,725
Wastewater	(15,675,737)	20,235,392	93
Solid waste	(13,181,427)	16,577,658	88,746
Airport	(2,230,237)	1,097,882	161,580
Convention services	(2,779,599)	804,295	-
Ranger Hall of Fame	(1,363,820)	438,610	73,228
Cameron Park Zoo	(3,545,604)	1,294,486	-
Transit services	(5,980,396)	2,462,089	2,828,465
Cottonwood Creek Golf Course	(1,812,962)	1,339,450	-
Total business-type activities	<u>(75,542,326)</u>	<u>79,511,205</u>	<u>3,226,837</u>
Total primary government	<u>\$ (180,871,971)</u>	<u>86,575,781</u>	<u>12,723,962</u>
Component Units:			
Central Waco Development Corporation	\$ -	-	-
Waco Health Facilities Development Corporation	<u>(65)</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ (65)</u>	<u>-</u>	<u>-</u>

General revenues:

Taxes:

- Property taxes
- Tax increment financing tax
- Sales taxes
- Franchise taxes
- Hotel/motel taxes
- Other taxes

Unrestricted investment earnings

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
1,048,784	(10,475,207)	-	(10,475,207)		
3,384,335	(8,298,435)	-	(8,298,435)		
6,449	(46,999,723)	-	(46,999,723)		
2,837,281	(8,884,420)	-	(8,884,420)		
-	(2,354,418)	-	(2,354,418)		
-	384,951	-	384,951		
-	(4,863,843)	-	(4,863,843)		
<u>7,276,849</u>	<u>(81,491,095)</u>	<u>-</u>	<u>(81,491,095)</u>		
174,706	-	6,538,230	6,538,230		
77,550	-	4,637,298	4,637,298		
-	-	3,484,977	3,484,977		
2,951,555	-	1,980,780	1,980,780		
-	-	(1,975,304)	(1,975,304)		
232,333	-	(619,649)	(619,649)		
2,690,788	-	439,670	439,670		
2,590,055	-	1,900,213	1,900,213		
-	-	(473,512)	(473,512)		
<u>8,716,987</u>	<u>-</u>	<u>15,912,703</u>	<u>15,912,703</u>		
<u>15,993,836</u>	<u>(81,491,095)</u>	<u>15,912,703</u>	<u>(65,578,392)</u>		
-	-			-	-
-	-			-	(65)
-	-			-	(65)
43,222,439	-	-	43,222,439	-	-
3,060,732	-	-	3,060,732	-	-
28,077,887	-	-	28,077,887	-	-
13,997,454	-	-	13,997,454	-	-
-	1,688,943	-	1,688,943	-	-
587,971	-	-	587,971	-	-
10,319,788	1,528,629	-	11,848,417	215	975
415,851	-	-	415,851	-	-
443,337	(443,337)	-	-	-	-
<u>100,125,459</u>	<u>2,774,235</u>	<u>-</u>	<u>102,899,694</u>	<u>215</u>	<u>975</u>
18,634,364	18,686,938	-	37,321,302	215	910
<u>205,283,598</u>	<u>191,702,890</u>	<u>-</u>	<u>396,986,488</u>	<u>6,334</u>	<u>28,673</u>
<u>\$ 223,917,962</u>	<u>210,389,828</u>	<u>-</u>	<u>434,307,790</u>	<u>6,549</u>	<u>29,583</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2008

	General	2007 General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
Assets				
Assets:				
Cash and investments	\$ 19,348,546	61,521,093	41,361,505	122,231,144
Receivables, net of allowances:				
Accounts	4,282,677	-	356,949	4,639,626
Special assessments	-	-	6,796	6,796
Taxes	6,000,155	-	509,946	6,510,101
Notes receivable	-	-	4,349,325	4,349,325
Due from other funds	3,200,660	-	7,961,354	11,162,014
Advances to other funds	735,178	-	168,368	903,546
Intergovernmental receivable	-	-	1,542,620	1,542,620
Inventories	81,130	-	-	81,130
Real estate held for resale	12,465	-	40,709	53,174
	<u>\$ 33,660,811</u>	<u>61,521,093</u>	<u>56,297,572</u>	<u>151,479,476</u>
Liabilities				
Liabilities:				
Accounts payable	\$ 1,440,157	233,948	1,135,959	2,810,064
Accrued liabilities	4,940,170	398,541	553,254	5,891,965
Deferred revenue	2,117,353	-	5,002,075	7,119,428
Due to other funds	-	-	8,231,505	8,231,505
Deposits	238,582	-	-	238,582
Escrow funds	288,746	-	75,487	364,233
	<u>9,025,008</u>	<u>632,489</u>	<u>14,998,280</u>	<u>24,655,777</u>
Fund Balances				
Fund balances:				
Reserved for:				
Encumbrances	1,050,106	5,023,796	7,116,789	13,190,691
Real estate held for resale	12,465	-	40,709	53,174
Advances to other funds	735,178	-	168,368	903,546
Debt service	-	-	781,972	781,972
Purpose of trust	-	-	465,585	465,585
Unreserved, reported in:				
General fund:				
Designated for:				
2009 budget	4,087,059	-	-	4,087,059
Economic development	1,237,022	-	-	1,237,022
Housing	190,000	-	-	190,000
Capital improvements	2,017,000	-	-	2,017,000
Contingencies	1,000,000	-	-	1,000,000
Undesignated	14,306,973	-	-	14,306,973
Special revenue funds	-	-	15,176,240	15,176,240
Capital projects funds	-	55,864,808	17,549,629	73,414,437
	<u>24,635,803</u>	<u>60,888,604</u>	<u>41,299,292</u>	<u>126,823,699</u>
Total fund balances	<u>24,635,803</u>	<u>60,888,604</u>	<u>41,299,292</u>	<u>126,823,699</u>
Total liabilities and fund balances	<u>\$ 33,660,811</u>	<u>61,521,093</u>	<u>56,297,572</u>	<u>151,479,476</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.	208,982,988
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,608,010
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.	5,626,169
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(124,122,904)</u>

\$ 223,917,962

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, 2008

	General	2007 General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 59,917,667	-	14,491,419	74,409,086
Business and occupation fees	13,997,454	-	-	13,997,454
Permits, licenses and fees	1,212,273	-	1,153,184	2,365,457
Fines	2,197,072	-	128,948	2,326,020
Charges for services	1,372,169	-	-	1,372,169
Investment earnings	948,466	2,827,394	6,244,010	10,019,870
Contributions	166,668	-	1,146,978	1,313,646
Intergovernmental	1,393,156	-	8,234,584	9,627,740
Program income	-	-	540,969	540,969
Other	6,977,181	-	753,876	7,731,057
Total revenues	88,182,106	2,827,394	32,693,968	123,703,468
Expenditures:				
Current:				
General government	15,785,407	-	4,612,705	20,398,112
Public works	3,294,892	-	-	3,294,892
Public safety	50,523,618	-	1,391,210	51,914,828
Culture and recreation	12,077,492	-	163,180	12,240,672
Housing and community development	97,490	-	3,710,635	3,808,125
Public health	-	-	6,494,336	6,494,336
Capital outlay	-	5,278,242	9,447,904	14,726,146
Debt service:				
Principal	-	-	6,963,545	6,963,545
Interest and fiscal charges	-	-	4,725,942	4,725,942
Bond issuance costs	-	-	27,237	27,237
Total expenditures	81,778,899	5,278,242	37,536,694	124,593,835
Excess (deficiency) of revenues over (under) expenditures	6,403,207	(2,450,848)	(4,842,726)	(890,367)
Other financing sources (uses):				
General obligation bonds issued	-	-	3,775,000	3,775,000
Capital leases	-	-	189,395	189,395
Premiums on general obligation bonds	-	-	27,104	27,104
Transfers in	3,069,440	-	17,237,905	20,307,345
Transfers out	(10,454,955)	-	(8,466,615)	(18,921,570)
Total other financing sources (uses)	(7,385,515)	-	12,762,789	5,377,274
Net change in fund balances	(982,308)	(2,450,848)	7,920,063	4,486,907
Fund balances, beginning of year	25,618,111	63,339,452	33,379,229	122,336,792
Fund balances, end of year	\$ 24,635,803	60,888,604	41,299,292	126,823,699

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, 2008

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)	\$	4,486,907
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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.		3,850,834
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net assets.		5,352,305
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,211,209
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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.		3,289,187
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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.		(930,836)
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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>1,374,758</u>
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Change in net assets of governmental activities (pages 22 - 23)	\$	<u><u>18,634,364</u></u>
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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, 2008
(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 27,722,523	27,722,523	28,077,887	355,364	27,328,996
Property taxes	31,585,364	31,585,364	31,374,293	(211,071)	29,500,976
Interest and penalty on taxes	372,300	372,300	465,487	93,187	441,176
Total taxes	<u>59,680,187</u>	<u>59,680,187</u>	<u>59,917,667</u>	<u>237,480</u>	<u>57,271,148</u>
Business and occupation fees:					
Occupation fees	56,100	56,100	53,468	(2,632)	55,916
Gross receipts fees	13,180,409	13,510,409	13,943,986	433,577	12,930,058
Total business and occupation fees	<u>13,236,509</u>	<u>13,566,509</u>	<u>13,997,454</u>	<u>430,945</u>	<u>12,985,974</u>
Permits, licenses and fees:					
Building permits	422,771	422,771	591,221	168,450	589,934
Plumbing permits	153,962	153,962	181,533	27,571	172,915
Electrical permits	244,666	244,666	286,074	41,408	259,532
Heating and air conditioning licenses	116,186	116,186	93,903	(22,283)	115,031
Fire inspection fees	33,171	33,171	33,474	303	32,600
House moving permits	255	255	404	149	252
Subdivision fees	32,155	32,155	25,664	(6,491)	37,634
Total permits, licenses and fees	<u>1,003,166</u>	<u>1,003,166</u>	<u>1,212,273</u>	<u>209,107</u>	<u>1,207,898</u>
Fines:					
Court fines	1,727,291	1,960,647	2,143,924	183,277	1,594,790
Auto impound fees	54,994	54,994	53,148	(1,846)	64,202
Total fines	<u>1,782,285</u>	<u>2,015,641</u>	<u>2,197,072</u>	<u>181,431</u>	<u>1,658,992</u>
Charges for services:					
Recreation	584,024	584,024	670,800	86,776	532,178
Weed mowing	38,982	38,982	69,430	30,448	46,421
Library fees	65,730	65,730	81,801	16,071	75,888
Animal pick-up	8,420	8,420	15,595	7,175	7,860
Grounds maintenance	44,895	44,895	44,895	-	43,587
Graphics	87,538	87,538	76,630	(10,908)	76,870
Police security services	159,446	159,446	157,996	(1,450)	69,976
Airport security services	257,500	257,500	255,022	(2,478)	252,738
Total charges for services	<u>1,246,535</u>	<u>1,246,535</u>	<u>1,372,169</u>	<u>125,634</u>	<u>1,105,518</u>
Investment earnings	1,107,945	967,945	948,466	(19,479)	1,476,926
Contributions	127,958	150,458	166,668	16,210	170,685
Intergovernmental	1,322,047	1,322,047	1,393,156	71,109	1,355,477

(continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
General Fund

(Continued)

Year Ended September 30, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues (continued)					
Other:					
Indirect expense reimbursements	\$ 5,278,727	5,278,727	5,657,594	378,867	5,129,477
False alarm fines	9,469	9,469	12,725	3,256	9,890
BSC civil penalties	-	-	25,571	25,571	19
Rents from real estate	109,016	109,016	147,694	38,678	127,519
Miscellaneous revenue	320,799	491,741	484,168	(7,573)	1,107,789
Sale of other scrap	39,236	39,236	15,648	(23,588)	37,520
Zoning applications	12,547	12,547	10,075	(2,472)	15,200
Commission from sale of mixed drinks	337,314	337,314	381,149	43,835	358,289
Commission on municipal court fines	61,200	61,200	83,373	22,173	61,962
Commission on concessions	96,722	96,722	120,892	24,170	74,452
Garage sale permits	21,308	21,308	25,140	3,832	22,030
Special assessments	2,856	2,856	13,152	10,296	4,884
Total other	<u>6,289,194</u>	<u>6,460,136</u>	<u>6,977,181</u>	<u>517,045</u>	<u>6,949,031</u>
Total revenues	<u>85,795,826</u>	<u>86,412,624</u>	<u>88,182,106</u>	<u>1,769,482</u>	<u>84,181,649</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,037,951	1,037,951	1,048,249	(10,298)	984,486
Employee benefits	350,277	350,277	348,196	2,081	337,129
Purchased professional/technical services	12,930	25,530	31,021	(5,491)	22,663
Purchased property services	43,777	43,777	36,636	7,141	43,742
Maintenance	6,284	6,284	6,083	201	6,168
Other purchased service	192,054	192,054	120,559	71,495	103,440
Supplies	147,501	147,501	109,218	38,283	114,835
Other expenses	1,649,140	3,425,699	2,321,277	1,104,422	1,150,318
Total administrative services	<u>3,439,914</u>	<u>5,229,073</u>	<u>4,021,239</u>	<u>1,207,834</u>	<u>2,762,781</u>
City Secretary:					
Salaries and wages	222,418	222,418	230,158	(7,740)	214,153
Employee benefits	83,546	83,546	83,818	(272)	77,014
Purchased professional/technical services	108,504	104,734	83,102	21,632	63,447
Purchased property services	1,416	1,416	754	662	1,064
Maintenance	3,149	3,149	2,882	267	2,746
Other purchased service	33,245	34,935	32,215	2,720	32,004
Supplies	20,297	22,377	21,352	1,025	19,821
Total city secretary	<u>472,575</u>	<u>472,575</u>	<u>454,281</u>	<u>18,294</u>	<u>410,249</u>
Finance services:					
Salaries and wages	822,742	822,742	789,310	33,432	771,585
Employee benefits	273,190	273,190	259,020	14,170	262,818
Purchased professional/technical services	74,225	74,225	71,989	2,236	73,138
Purchased property services	-	-	-	-	300
Maintenance	1,500	1,500	473	1,027	-
Other purchased service	38,427	38,427	33,164	5,263	31,172
Supplies	40,135	40,135	34,164	5,971	40,805
Other expenses	28,021	28,021	29,842	(1,821)	21,812
Total finance services	<u>1,278,240</u>	<u>1,278,240</u>	<u>1,217,962</u>	<u>60,278</u>	<u>1,201,630</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, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Legal services:					
Salaries and wages	\$ 741,360	741,360	713,968	27,392	658,310
Employee benefits	228,708	228,708	215,755	12,953	204,319
Purchased professional/technical services	131,428	130,128	208,692	(78,564)	163,911
Purchased property services	-	-	1,083	(1,083)	-
Maintenance	224	224	-	224	-
Other purchased service	33,150	33,150	37,529	(4,379)	29,849
Supplies	35,731	37,031	33,513	3,518	25,253
Total legal services	<u>1,170,601</u>	<u>1,170,601</u>	<u>1,210,540</u>	<u>(39,939)</u>	<u>1,081,642</u>
Planning services:					
Salaries and wages	387,438	387,438	386,147	1,291	383,849
Employee benefits	131,147	131,147	128,113	3,034	124,634
Purchased professional/technical services	44,198	44,198	33,825	10,373	13,449
Purchased property services	58,652	58,652	61,625	(2,973)	56,856
Maintenance	610	610	300	310	300
Other purchased service	27,297	27,297	20,921	6,376	23,355
Supplies	24,009	24,009	15,907	8,102	20,506
Total planning services	<u>673,351</u>	<u>673,351</u>	<u>646,838</u>	<u>26,513</u>	<u>622,949</u>
Human resources:					
Salaries and wages	513,022	508,322	474,786	33,536	482,614
Employee benefits	172,545	173,040	156,081	16,959	150,247
Purchased professional/technical services	1,281	2,194	2,144	50	1,940
Maintenance	1,457	2,452	2,474	(22)	915
Other purchased service	48,255	46,233	44,992	1,241	40,273
Supplies	26,292	30,611	25,809	4,802	21,574
Total human resources	<u>762,852</u>	<u>762,852</u>	<u>706,286</u>	<u>56,566</u>	<u>697,563</u>
Municipal information:					
Salaries and wages	337,437	327,437	309,522	17,915	301,460
Employee benefits	123,355	123,355	111,565	11,790	108,933
Purchased professional/technical services	1,020	1,020	500	520	455
Maintenance	11,909	11,909	4,980	6,929	9,238
Other purchased service	16,851	16,851	15,181	1,670	16,428
Supplies	38,410	115,835	71,509	44,326	35,497
Other expenses	58,079	58,079	50,241	7,838	50,055
Capital expenditures	-	262,575	210,187	52,388	-
Total municipal information	<u>587,061</u>	<u>917,061</u>	<u>773,685</u>	<u>143,376</u>	<u>522,066</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, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Information technology services:					
Salaries and wages	\$ 756,290	704,523	685,767	18,756	669,375
Employee benefits	261,440	246,247	227,544	18,703	209,285
Purchased professional/technical services	41,351	99,033	72,366	26,667	61,953
Purchased property services	-	-	-	-	100
Maintenance	414,109	360,579	242,966	117,613	409,225
Other purchased service	446,438	463,938	417,460	46,478	405,636
Supplies	181,828	302,248	291,977	10,271	303,580
Capital expenditures	342,053	386,318	374,132	12,186	376,731
Total information technology services	<u>2,443,509</u>	<u>2,562,886</u>	<u>2,312,212</u>	<u>250,674</u>	<u>2,435,885</u>
Purchasing services:					
Salaries and wages	343,251	343,251	344,656	(1,405)	314,283
Employee benefits	117,719	117,719	116,522	1,197	99,904
Maintenance	1,300	1,880	3,938	(2,058)	3,520
Other purchased service	18,329	19,229	16,421	2,808	19,084
Supplies	15,760	14,280	11,924	2,356	14,600
Total purchasing services	<u>496,359</u>	<u>496,359</u>	<u>493,461</u>	<u>2,898</u>	<u>451,391</u>
Facilities:					
Salaries and wages	981,186	981,186	940,297	40,889	959,352
Employee benefits	434,570	434,570	413,150	21,420	397,289
Purchased professional/technical services	48,333	48,333	62,737	(14,404)	36,684
Purchased property services	12,014	12,014	12,880	(866)	6,284
Maintenance	809,523	827,467	906,456	(78,989)	704,434
Other purchased service	79,403	80,948	73,176	7,772	75,729
Supplies	175,793	175,793	210,623	(34,830)	190,525
Capital expenditures	-	-	-	-	19,178
Total facilities	<u>2,540,822</u>	<u>2,560,311</u>	<u>2,619,319</u>	<u>(59,008)</u>	<u>2,389,475</u>
Contributions:					
McLennan County	119,092	114,092	113,977	115	108,265
Greenwood Cemetery	1,500	1,500	1,500	-	1,500
Peoples Cemetery Association	-	-	-	-	1,500
McLennan County Appraisal District	570,666	595,666	612,979	(17,313)	517,507
Keep Waco Beautiful	7,500	7,500	7,500	-	7,500
YMCA Multi-Purpose Center	70,000	55,000	45,971	9,029	52,026
Senior Ministries	28,000	28,000	28,000	-	28,000
Total contributions	<u>796,758</u>	<u>801,758</u>	<u>809,927</u>	<u>(8,169)</u>	<u>716,298</u>
Miscellaneous:					
Salaries and wages	(632,071)	(632,071)	-	(632,071)	-
Employee benefits	(165,640)	(170,640)	41,023	(211,663)	50,650
Purchased professional/technical services	61,215	61,215	50,650	10,565	49,415

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
General Fund

(Continued)

Year Ended September 30, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Miscellaneous: (continued)					
Maintenance	\$ -	-	4,275	(4,275)	12,365
Other purchased service	-	-	2,878	(2,878)	17
Supplies	-	250	4,919	(4,669)	3,399
Capital expenditures	-	202,042	202,042	-	339,539
Other expenses	374,842	374,842	213,870	160,972	150,498
Total miscellaneous	<u>(361,654)</u>	<u>(164,362)</u>	<u>519,657</u>	<u>(684,019)</u>	<u>605,883</u>
Total General Government	<u>14,300,388</u>	<u>16,760,705</u>	<u>15,785,407</u>	<u>975,298</u>	<u>13,897,812</u>
Public Works					
Streets and drainage services:					
Salaries and wages	578,927	578,927	564,931	13,996	570,096
Employee benefits	308,860	308,860	308,431	429	330,391
Purchased professional/technical services	332,580	431,744	402,933	28,811	315,499
Purchased property services	6,366	7,160	12,201	(5,041)	5,055
Maintenance	460,590	478,773	577,370	(98,597)	412,531
Other purchased service	113,884	129,904	124,822	5,082	83,609
Supplies	218,302	218,302	234,517	(16,215)	208,753
Other expenses	(125,145)	(125,145)	(154,773)	29,628	(119,763)
Capital expenditures	-	1,216,628	1,224,460	(7,832)	220,947
Total streets and drainage services	<u>1,894,364</u>	<u>3,245,153</u>	<u>3,294,892</u>	<u>(49,739)</u>	<u>2,027,118</u>
Total Public Works	<u>1,894,364</u>	<u>3,245,153</u>	<u>3,294,892</u>	<u>(49,739)</u>	<u>2,027,118</u>
Public Safety					
Municipal court:					
Salaries and wages	584,192	584,192	571,649	12,543	539,264
Employee benefits	203,637	203,637	194,915	8,722	181,615
Purchased professional/technical services	18,646	26,646	20,723	5,923	9,102
Maintenance	3,187	2,822	834	1,988	1,333
Other purchased service	44,162	43,642	37,584	6,058	37,319
Supplies	119,055	111,940	101,572	10,368	103,325
Other expenses	8,151	8,151	9,066	(915)	5,790
Total municipal court	<u>981,030</u>	<u>981,030</u>	<u>936,343</u>	<u>44,687</u>	<u>877,748</u>
Inspection services:					
Salaries and wages	879,638	861,958	858,940	3,018	780,030
Employee benefits	335,613	335,613	325,154	10,459	288,828
Purchased professional/technical services	90,000	90,000	72,460	17,540	92,348
Purchased property services	77,495	77,495	64,521	12,974	67,829
Maintenance	27,617	27,617	24,721	2,896	23,340
Other purchased service	71,744	81,944	88,098	(6,154)	75,448
Supplies	100,996	108,476	101,424	7,052	99,655
Other expenses	2,375	2,375	3,922	(1,547)	2
Total inspection services	<u>1,585,478</u>	<u>1,585,478</u>	<u>1,539,240</u>	<u>46,238</u>	<u>1,427,480</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, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Emergency management services:					
Salaries and wages	\$ 116,559	116,559	117,072	(513)	97,457
Employee benefits	39,450	39,450	37,703	1,747	30,913
Purchased professional/technical services	3,322	3,322	3,227	95	3,100
Purchased property services	2,963	2,963	3,202	(239)	1,784
Maintenance	25,709	25,709	24,555	1,154	23,369
Other purchased service	12,183	12,183	10,348	1,835	10,102
Supplies	16,497	16,497	9,146	7,351	8,347
Capital expenditures	-	-	-	-	86,517
Other expenses	80,847	80,847	134,680	(53,833)	83,990
Total emergency management services	<u>297,530</u>	<u>297,530</u>	<u>339,933</u>	<u>(42,403)</u>	<u>345,579</u>
Fire services:					
Salaries and wages	11,198,361	11,198,361	11,478,630	(280,269)	11,057,928
Employee benefits	3,794,248	3,794,248	3,883,934	(89,686)	3,657,111
Purchased professional/technical services	70,545	76,545	28,638	47,907	64,921
Purchased property services	57,021	57,021	48,783	8,238	39,070
Maintenance	236,227	230,227	217,684	12,543	186,527
Other purchased service	363,914	363,914	371,265	(7,351)	342,825
Supplies	541,030	543,424	527,980	15,444	575,251
Capital expenditures	-	-	26,157	(26,157)	34,590
Total fire services	<u>16,261,346</u>	<u>16,263,740</u>	<u>16,583,071</u>	<u>(319,331)</u>	<u>15,958,223</u>
Police services:					
Salaries and wages	17,692,427	17,695,970	17,833,431	(137,461)	16,974,599
Employee benefits	6,338,078	6,338,078	6,222,692	115,386	5,832,723
Purchased professional/technical services	235,986	226,090	208,887	17,203	206,641
Purchased property services	92,226	92,226	91,308	918	93,727
Maintenance	632,826	632,826	669,998	(37,172)	592,653
Other purchased service	1,167,031	1,160,261	1,128,789	31,472	1,033,310
Supplies	1,227,456	1,502,155	1,580,865	(78,710)	1,300,019
Capital expenditures	-	17,800	22,076	(4,276)	67,081
Other expenses	12,408	12,408	417	11,991	12,343
Contracts with others	42,000	42,000	42,000	-	51,104
Total police services	<u>27,440,438</u>	<u>27,719,814</u>	<u>27,800,463</u>	<u>(80,649)</u>	<u>26,164,200</u>
Traffic services:					
Salaries and wages	829,953	825,352	788,897	36,455	754,353
Employee benefits	359,979	359,979	326,087	33,892	287,268
Purchased professional/technical services	-	-	2,482	(2,482)	105,043
Purchased property services	10,616	10,616	9,314	1,302	9,090
Maintenance	601,349	591,950	510,242	81,708	484,013
Other purchased service	58,371	58,371	63,588	(5,217)	53,494
Supplies	1,183,691	1,208,191	1,103,011	105,180	1,249,344
Capital expenditures	200,000	333,125	272,124	61,001	205,961
Total traffic services	<u>3,243,959</u>	<u>3,387,584</u>	<u>3,075,745</u>	<u>311,839</u>	<u>3,148,566</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, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Contributions:					
Animal shelter	\$ 228,814	228,814	248,823	(20,009)	190,154
Total contributions	<u>228,814</u>	<u>228,814</u>	<u>248,823</u>	<u>(20,009)</u>	<u>190,154</u>
Total Public Safety	<u>50,038,595</u>	<u>50,463,990</u>	<u>50,523,618</u>	<u>(59,628)</u>	<u>48,111,950</u>
Culture and Recreation					
Library services:					
Salaries and wages	1,558,712	1,558,712	1,550,484	8,228	1,481,160
Employee benefits	540,091	540,091	532,079	8,012	498,546
Purchased professional/technical services	84,041	84,041	83,354	687	80,239
Purchased property services	92,926	92,926	88,960	3,966	82,181
Maintenance	59,643	59,643	28,598	31,045	56,058
Other purchased service	164,808	164,808	157,072	7,736	142,506
Supplies	538,884	538,884	493,042	45,842	475,319
Capital expenditures	5,468	24,691	24,672	19	18,388
Other expenses	131,883	131,883	131,883	-	128,042
Total library services	<u>3,176,456</u>	<u>3,195,679</u>	<u>3,090,144</u>	<u>105,535</u>	<u>2,962,439</u>
Parks:					
Salaries and wages	2,986,848	2,986,848	2,861,709	125,139	2,728,046
Employee benefits	1,261,614	1,261,614	1,166,905	94,709	1,108,270
Purchased professional/technical services	154,125	314,137	452,217	(138,080)	302,169
Purchased property services	851,726	851,726	803,537	48,189	572,174
Maintenance	447,197	447,197	482,651	(35,454)	450,478
Other purchased service	239,908	239,908	242,050	(2,142)	275,352
Supplies	661,633	670,436	682,863	(12,427)	635,661
Capital expenditures	-	93,788	105,042	(11,254)	33,119
Other expenses	21,517	21,517	21,839	(322)	21,036
Total parks	<u>6,624,568</u>	<u>6,887,171</u>	<u>6,818,813</u>	<u>68,358</u>	<u>6,126,305</u>
Recreation services:					
Salaries and wages	920,506	920,506	911,814	8,692	854,444
Employee benefits	246,942	246,942	245,060	1,882	209,855
Purchased professional/technical services	312,752	321,548	360,362	(38,814)	275,200
Maintenance	13,450	41,260	36,397	4,863	8,322
Other purchased service	127,659	127,659	162,314	(34,655)	125,516
Supplies	468,720	464,371	390,315	74,056	475,086
Other expenses	55,796	55,796	62,273	(6,477)	49,718
Total recreation services	<u>2,145,825</u>	<u>2,178,082</u>	<u>2,168,535</u>	<u>9,547</u>	<u>1,998,141</u>
Total Culture and Recreation	<u>11,946,849</u>	<u>12,260,932</u>	<u>12,077,492</u>	<u>183,440</u>	<u>11,086,885</u>

(Continued)

City of Waco, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
General Fund

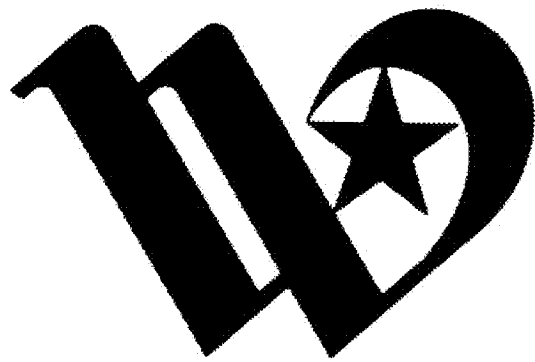
(Continued)

Year Ended September 30, 2008

(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Housing and Community Development					
Housing services:					
Salaries and wages	\$ 49,289	49,289	49,921	(632)	48,486
Employee benefits	18,117	18,117	18,341	(224)	19,675
Purchased professional/technical services	-	48,500	11,015	37,485	10,740
Other purchased service	13,633	15,133	15,455	(322)	13,943
Supplies	3,446	3,446	2,758	688	2,938
Other expenses	-	140,000	-	140,000	12,000
Total housing services	<u>84,485</u>	<u>274,485</u>	<u>97,490</u>	<u>176,995</u>	<u>107,782</u>
Total Housing and Community Development	<u>84,485</u>	<u>274,485</u>	<u>97,490</u>	<u>176,995</u>	<u>107,782</u>
Total expenditures	<u>78,264,681</u>	<u>83,005,265</u>	<u>81,778,899</u>	<u>1,226,366</u>	<u>75,231,547</u>
Excess of revenues over expenditures	<u>7,531,145</u>	<u>3,407,359</u>	<u>6,403,207</u>	<u>2,995,848</u>	<u>8,950,102</u>
Other financing sources (uses)					
Transfers in:					
Abandoned motor vehicles	50,000	50,000	50,000	-	50,000
Solid waste	127,176	127,176	127,176	-	294,957
Revenue in lieu of property taxes	2,892,264	2,892,264	2,892,264	-	2,704,116
Risk management	-	-	-	-	640,857
Total transfers in	<u>3,069,440</u>	<u>3,069,440</u>	<u>3,069,440</u>	<u>-</u>	<u>3,689,930</u>
Transfers out:					
Cameron Park Zoo	(1,525,027)	(1,275,027)	(1,275,027)	-	(1,412,699)
Street improvement	(3,885,972)	(3,885,972)	(3,885,972)	-	(3,885,972)
Cottonwood Creek Golf Course	(70,246)	(180,246)	(180,246)	-	(67,250)
Transit	(80,114)	(80,114)	(80,111)	3	(264,276)
Airport services	(335,263)	(335,263)	(335,263)	-	(227,191)
Convention services	(110,637)	(110,637)	(110,637)	-	(230,641)
Health programs	(2,613,113)	(2,613,113)	(2,613,113)	-	(2,396,636)
Ranger Hall of Fame	(599,521)	(599,521)	(599,521)	-	(514,033)
Health insurance	-	-	-	-	(967,401)
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)
Mammoth	-	-	-	-	(100,000)
Grant (police)	(55,692)	(52,149)	(50,065)	2,084	(24,271)
Grant (MPO)	-	-	-	-	(24,771)
Total transfers out	<u>(10,600,585)</u>	<u>(10,457,042)</u>	<u>(10,454,955)</u>	<u>2,087</u>	<u>(11,440,141)</u>
Total other financing sources and uses	<u>(7,531,145)</u>	<u>(7,387,602)</u>	<u>(7,385,515)</u>	<u>2,087</u>	<u>(7,750,211)</u>
Net change in fund balances	-	(3,980,243)	(982,308)	2,997,935	1,199,891
Fund balances, beginning of year	<u>25,618,111</u>	<u>25,618,111</u>	<u>25,618,111</u>	<u>-</u>	<u>24,418,220</u>
Fund balances, end of year	<u>\$ 25,618,111</u>	<u>21,637,868</u>	<u>24,635,803</u>	<u>2,997,935</u>	<u>25,618,111</u>

See accompanying notes to financial statements.



City of Waco, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2008

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Current assets:						
Cash and investments	\$ 22,885,700	15,145,864	6,652,759	1,343,075	46,027,398	9,926,472
Accounts receivable, net of allowances	4,737,176	2,204,787	1,961,078	270,238	9,173,279	74
Intergovernmental receivable	-	45,887	-	3,190,106	3,235,993	-
Current portion of notes receivable	-	150,901	-	-	150,901	-
Restricted cash and investments	3,470,849	1,361,843	479,495	389,911	5,702,098	-
Accrued interest on notes receivable	-	6,270	-	-	6,270	-
Inventories	147,957	15,518	-	597,706	761,181	159,868
Total current assets	31,241,682	18,931,070	9,093,332	5,791,036	65,057,120	10,086,414
Noncurrent assets:						
Restricted cash and investments	71,073,465	39,823,862	7,319,996	1,840,200	120,057,523	-
Noncurrent portion of notes receivable	-	879,296	-	-	879,296	-
Advances to other funds	325,336	-	-	-	325,336	-
Deferred charges	1,154,843	593,896	187,547	-	1,936,286	-
Capital assets:						
Land	555,232	2,265,076	595,935	665,268	4,081,511	38,800
Buildings	8,814,985	10,552,910	556,944	33,413,515	53,338,354	464,063
Improvements other than buildings	157,832,612	64,448,934	15,188,719	32,952,067	270,422,332	118,289
Machinery and equipment	6,440,412	5,102,559	13,780,629	12,134,980	37,458,580	1,101,657
Museum collections	-	-	-	1,765,557	1,765,557	-
Construction work in progress	39,044,882	22,615,804	3,030,829	3,998,976	68,690,491	-
Intangible water rights	33,334,140	-	-	-	33,334,140	-
Less: accumulated depreciation and amortization	(66,608,212)	(28,434,335)	(21,510,148)	(36,352,646)	(152,905,341)	(1,301,194)
Total capital assets	179,414,051	76,550,948	11,642,908	48,577,717	316,185,624	421,615
Total noncurrent assets	251,967,695	117,848,002	19,150,451	50,417,917	439,384,065	421,615
Total assets	283,209,377	136,779,072	28,243,783	56,208,953	504,441,185	10,508,029
Liabilities						
Liabilities:						
Current liabilities						
Accounts payable	508,819	178,800	220,100	599,595	1,507,314	208,219
Accrued liabilities	638,153	233,530	1,148,873	977,578	2,998,134	215,813
Unearned revenue	-	-	-	268,617	268,617	34,648
Due to other funds	-	-	-	2,451,014	2,451,014	-
Compensated absences payable	438,277	197,131	250,036	278,401	1,163,845	201,516
Refundable contracts	689,579	61,317	-	-	750,896	-
Notes payable	55,903	-	-	-	55,903	-
Escrow funds	-	-	-	99,782	99,782	538
Bonds payable	6,291,056	4,889,408	1,470,000	110,000	12,760,464	-
Accrued interest payable	1,621,740	559,103	145,834	4,526	2,331,203	-
Estimated claims and judgments	-	-	-	-	-	3,961,183
Total current liabilities	10,243,527	6,119,289	3,234,843	4,789,513	24,387,172	4,621,917

(Continued)

City of Waco, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business-type Activities - Enterprise Funds					Governmental
					Total	Activities -
	Water	Wastewater	Solid Waste	Other Funds		Internal Service Funds
Liabilities						
(Continued)						
Current liabilities payable from restricted assets:						
Accounts payable	\$ 2,065,962	1,361,843	-	315,118	3,742,923	-
Accrued liabilities	-	-	-	74,793	74,793	-
Due to other funds	-	-	479,495	-	479,495	-
Customer deposits	1,404,887	-	-	-	1,404,887	-
	<u>3,470,849</u>	<u>1,361,843</u>	<u>479,495</u>	<u>389,911</u>	<u>5,702,098</u>	<u>-</u>
 Total current liabilities	 <u>13,714,376</u>	 <u>7,481,132</u>	 <u>3,714,338</u>	 <u>5,179,424</u>	 <u>30,089,270</u>	 <u>4,621,917</u>
Noncurrent liabilities:						
Refundable contracts	1,209,278	356,945	-	-	1,566,223	-
Estimated landfill closure and post-closure care costs	-	-	3,204,311	-	3,204,311	-
Advances from other funds	-	-	-	1,050,280	1,050,280	178,602
Compensated absences payable	362,990	93,546	235,585	340,613	1,032,734	81,341
Bonds payable	152,135,271	72,306,335	10,520,915	365,000	235,327,521	-
Notes payable	17,217,472	-	-	-	17,217,472	-
Deferred interest payable	4,563,546	-	-	-	4,563,546	-
Total noncurrent liabilities	<u>175,488,557</u>	<u>72,756,826</u>	<u>13,960,811</u>	<u>1,755,893</u>	<u>263,962,087</u>	<u>259,943</u>
 Total liabilities	 <u>189,202,933</u>	 <u>80,237,958</u>	 <u>17,675,149</u>	 <u>6,935,317</u>	 <u>294,051,357</u>	 <u>4,881,860</u>
Net Assets						
Net assets:						
Invested in capital assets, net of related debt	72,884,385	38,760,805	6,969,864	48,219,540	166,834,594	421,615
Restricted for debt service	4,572	-	2,125	-	6,697	-
Restricted for capital projects	-	-	-	1,673,072	1,673,072	-
Unrestricted	21,117,487	17,780,309	3,596,645	(618,976)	41,875,465	5,204,554
 Total net assets	 <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>

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, 2008

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Operating revenues:						
Charges for services	\$ 34,851,405	19,912,261	16,211,947	5,540,937	76,516,550	16,045,914
Net merchandise sales	-	-	-	713,583	713,583	-
Contributions	-	-	-	9,335	9,335	-
Other	391,048	323,131	365,711	897,499	1,977,389	10,446
Total operating revenues	<u>35,242,453</u>	<u>20,235,392</u>	<u>16,577,658</u>	<u>7,161,354</u>	<u>79,216,857</u>	<u>16,056,360</u>
Operating expenses:						
Salaries and wages	3,923,369	2,096,503	2,829,626	5,415,735	14,265,233	1,978,003
Employee benefits	1,549,797	817,014	1,195,363	1,869,389	5,431,563	766,104
Purchased professional/ technical services	1,336,770	877,048	1,005,661	1,752,747	4,972,226	894,252
Purchased property services	25,648	67,935	-	495,780	589,363	56,699
Maintenance	1,487,080	938,420	1,439,038	576,916	4,441,454	93,347
Other purchased services	801,187	266,665	231,105	1,039,002	2,337,959	840,801
Supplies	4,347,508	2,373,556	1,890,859	2,513,594	11,125,517	198,992
Other	3,407,903	2,771,317	2,146,539	914,723	9,240,482	9,766,022
Depreciation/amortization	5,407,181	2,625,005	2,005,978	2,949,475	12,987,639	104,733
Total operating expenses	<u>22,286,443</u>	<u>12,833,463</u>	<u>12,744,169</u>	<u>17,527,361</u>	<u>65,391,436</u>	<u>14,698,953</u>
Operating income (loss)	<u>12,956,010</u>	<u>7,401,929</u>	<u>3,833,489</u>	<u>(10,366,007)</u>	<u>13,825,421</u>	<u>1,357,407</u>
Nonoperating revenues (expenses):						
Investment earnings	758,519	529,507	178,048	62,555	1,528,629	295,448
Other income	18,890	-	-	275,458	294,348	-
Hotel/motel tax	-	-	-	1,688,943	1,688,943	-
Contributions	-	-	-	55,183	55,183	-
Intergovernmental revenue	74,725	93	127,494	3,008,090	3,210,402	-
Intergovernmental expenses	-	-	(38,748)	(150,000)	(188,748)	-
Interest expense and fiscal charges	(6,686,101)	(2,842,274)	(437,258)	(35,257)	(10,000,890)	-
Total nonoperating revenues (expenses)	<u>(5,833,967)</u>	<u>(2,312,674)</u>	<u>(170,464)</u>	<u>4,904,972</u>	<u>(3,412,133)</u>	<u>295,448</u>
Income (loss) before contributions and transfers	7,122,043	5,089,255	3,663,025	(5,461,035)	10,413,288	1,652,855
Capital contributions	174,706	176,726	-	9,398,387	9,749,819	5,903
Transfers in	-	-	-	2,580,805	2,580,805	-
Transfers out	(2,124,270)	(611,753)	(1,320,951)	-	(4,056,974)	(284,000)
Changes in net assets	5,172,479	4,654,228	2,342,074	6,518,157	18,686,938	1,374,758
Total net assets, beginning of year	<u>88,833,965</u>	<u>51,886,886</u>	<u>8,226,560</u>	<u>42,755,479</u>	<u>191,702,890</u>	<u>4,251,411</u>
Total net assets, end 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>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Cash flows from operating activities:						
Cash received from customers	\$ 35,558,033	20,521,044	16,628,660	7,142,774	79,850,511	16,056,370
Cash paid to suppliers for goods and services	(10,948,208)	(7,246,904)	(5,437,212)	(6,774,410)	(30,406,734)	(11,370,064)
Cash paid to employees for services	(5,396,204)	(2,898,504)	(3,990,222)	(7,245,054)	(19,529,984)	(2,839,049)
Net cash provided by (used for) operating activities	<u>19,213,621</u>	<u>10,375,636</u>	<u>7,201,226</u>	<u>(6,876,690)</u>	<u>29,913,793</u>	<u>1,847,257</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	1,666,261	1,666,261	-
Intergovernmental revenue	74,725	18,480	153,744	1,082,918	1,329,867	-
Intergovernmental expenses	-	-	(38,748)	(150,000)	(188,748)	-
Contributions	-	-	-	55,183	55,183	-
Passenger facility charges	-	-	-	275,458	275,458	-
Payments from other funds	-	-	479,495	2,093,398	2,572,893	-
Transfer from other funds	-	-	-	2,580,805	2,580,805	-
Transfer to other funds	(2,124,270)	(611,753)	(946,557)	-	(3,682,580)	(284,000)
Advances to other funds	(200,000)	-	-	-	(200,000)	-
Advances from other funds	-	-	-	210,281	210,281	-
Repayment of advances from other funds	-	-	-	(15,274)	(15,274)	-
Net cash provided by (used for) noncapital financing activities	<u>(2,249,545)</u>	<u>(593,273)</u>	<u>(352,066)</u>	<u>7,799,030</u>	<u>4,604,146</u>	<u>(284,000)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(10,549,279)	(5,311,247)	(3,576,547)	(8,209,382)	(27,646,455)	-
Capital contributions	-	-	10,376	8,758,480	8,768,856	-
Proceeds from debt	6,870,000	-	3,229,867	-	10,099,867	-
Principal paid on debt	(5,853,569)	(3,925,570)	(1,542,798)	(100,000)	(11,421,937)	-
Interest paid on debt	(7,821,715)	(4,090,724)	(411,709)	(34,728)	(12,358,876)	-
Net cash provided by (used for) capital and related financing activities	<u>(17,354,563)</u>	<u>(13,327,541)</u>	<u>(2,290,811)</u>	<u>414,370</u>	<u>(32,558,545)</u>	<u>-</u>
Cash flows from investing activities:						
Rental revenue	18,890	-	-	-	18,890	-
Investment earnings	758,519	530,392	178,048	62,555	1,529,514	295,448
Note payments from other entities	-	145,410	-	-	145,410	-
Net cash provided by investing activities	<u>777,409</u>	<u>675,802</u>	<u>178,048</u>	<u>62,555</u>	<u>1,693,814</u>	<u>295,448</u>
Net increase (decrease) in cash and cash equivalents	386,922	(2,869,376)	4,736,397	1,399,265	3,653,208	1,858,705
Cash and cash equivalents, beginning of year	<u>97,043,092</u>	<u>59,200,945</u>	<u>9,715,853</u>	<u>2,173,921</u>	<u>168,133,811</u>	<u>8,067,767</u>
Cash and cash equivalents, end 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>

(Continued)

City of Waco, Texas
Statement of Cash Flows
Proprietary Funds

(Continued)

Year Ended September 30, 2008

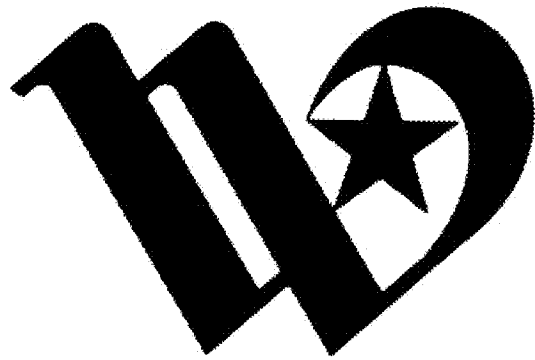
	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 12,956,010	7,401,929	3,833,489	(10,366,007)	13,825,421	1,357,407
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	70,941	44,417	34,754	-	150,112	-
Depreciation/amortization	5,407,181	2,625,005	2,005,978	2,949,476	12,987,640	104,734
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	244,639	241,235	16,248	29,636	531,758	10
Inventories	(4,971)	3,078	-	(85,134)	(87,027)	(17,738)
Increase (decrease) in liabilities:						
Accounts payable	279,211	34,172	115,337	445,871	874,591	54,589
Accrued liabilities	(37,626)	10,787	920,748	143,613	1,037,522	(291,550)
Unearned revenue	-	-	-	(55,238)	(55,238)	-
Estimated landfill closure and post-closure care costs	-	-	239,905	-	239,905	-
Compensated absences payable	76,962	15,013	34,767	40,069	166,811	(94,942)
Customer deposits	221,274	-	-	-	221,274	-
Estimated claims and judgments	-	-	-	-	-	734,747
Escrow funds	-	-	-	21,024	21,024	-
Net cash provided by (used for) operating activities	<u>\$ 19,213,621</u>	<u>10,375,636</u>	<u>7,201,226</u>	<u>(6,876,690)</u>	<u>29,913,793</u>	<u>1,847,257</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	<u>\$ 174,706</u>	<u>176,726</u>	<u>-</u>	<u>1,032,157</u>	<u>1,383,589</u>	<u>5,903</u>
Transfer of capital assets to general government	<u>\$ -</u>	<u>-</u>	<u>(374,394)</u>	<u>-</u>	<u>(374,394)</u>	<u>-</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Assets
Agency Funds
September 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 1,849,125
Note receivable	<u>100,000</u>
Total assets	\$ <u><u>1,949,125</u></u>
Liabilities	
Due to other agencies and individuals	\$ <u>1,949,125</u>
Total liabilities	\$ <u><u>1,949,125</u></u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2008

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 bonds* are 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 (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.

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)

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.

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

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)

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 9.45 percent of outstanding property taxes at September 30, 2008.

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 \$11,810,428 for business-type activities. Of this amount, \$1,809,538 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,

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)

reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. 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 \$124,122,904 difference are as follows:

Serial bonds and certificates of obligation	\$ 108,199,613
Less: deferred charge on refunding (to be amortized as interest expense)	(638,191)
Less: deferred charge for issuance costs (to be amortized over life of debt)	(956,079)
Plus: issuance premium	896,429
Accrued interest payable	866,919
Capitalized lease obligations	469,757
Compensated absences	14,315,019
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefits (OPEB) obligations	<u>59,430</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ <u>124,122,904</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 \$3,850,834 difference are as follows:

Capital outlay	\$ 14,800,534
Depreciation expense	<u>(10,949,700)</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>3,850,834</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 \$5,352,305 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.	\$ 5,352,305
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>5,352,305</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 \$1,211,209 difference are as follows:

Grant program income	\$ 209,823
Court fines	425,593
Property taxes	158,793
Tax Increment Fund program income	<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>1,211,209</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 (continued)

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 \$3,289,187 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt	\$ (3,775,000)
Plus: premium on issuance	(27,104)
Less: deferred charge on issuance costs	49,834
Capital lease financing	(189,395)
Principal repayments:	
General obligation debt	6,960,985
Refundable contracts	2,560
Capital lease	<u>267,307</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>3,289,187</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 \$(930,836) difference are as follows:

Net other post-employment benefit obligation	\$ (59,430)
Compensated absences	(733,505)
Accrued interest	(47,576)
Amortization of deferred charge on refunding	(72,683)
Amortization of issuance costs	(89,993)
Amortization of bond premiums	<u>72,351</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>(930,836)</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

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.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2008, the City had the following investments:

<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)	\$ 45,304,114	19.09%	-
Texas Short-Term Asset Reserve (TexSTAR)	<u>47,537,467</u>	<u>20.04%</u>	-
Total local government investment pools	92,841,581	39.13%	-

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail 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>
Money market mutual funds	\$ 29,566	.02%	-
U. S. Federal agency securities	<u>144,397,618</u>	<u>60.85%</u>	0.63
Total investments	\$ <u>237,268,764</u>	<u>100.00%</u>	

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; and commercial paper cannot exceed 180 days. 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
- Repurchase agreements and flexible repurchase agreements, collateralized by U. S. Treasury obligations or 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)

- Commercial paper rated not less than A-1 by Standard & Poor's, P-1 by Moody's Investors Service (Moody's) or F1 by Fitch Ratings (Fitch). Additionally, if the commercial paper issuer has senior debt outstanding, that senior debt must be rated not less than A by Standard & Poor's, A2 by Moody's or A by Fitch
- 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; MBIA – CLASS is rated AAA by Standard & Poor's; the money market mutual fund is rated AAAM by Standard & Poor's; and U. S. Federal agency securities are rated AAA by Standard & Poor'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, 2008 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	\$ 73,205,159	30.85%
Federal Home Loan Mortgage Corporation	25,899,951	10.92%
Federal National Mortgage Association	42,274,070	17.82%

The City's investment policy also specifies that no more than 15% of the City's portfolio shall be invested in commercial paper. The City held no commercial paper at September 30, 2008.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Custodian 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.

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	\$ 54,326
Carrying amount of deposits	70,432,265
Carrying amount of investments	<u>237,268,764</u>
Total	\$ <u>307,755,355</u>
Cash and investments – governmental activities	\$ 132,157,616
Cash and investments – business-type activities	46,027,398
Restricted cash and investments – business-type activities	125,759,621
Component units	36,132
Agency funds	1,849,125
Other participants' undivided interest in the cash and investments of the Waco Metropolitan Area Regional Sewer System	<u>1,925,463</u>
Total	\$ <u>307,755,355</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.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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 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	\$ 6,171,206	-	-	-	509,946	6,681,152
Accounts	9,855,831	6,159,156	3,151,302	3,089,545	652,748	22,908,582
Special assessments	-	-	-	-	6,796	6,796
Intergovernmental	-	-	45,887	-	4,732,726	4,778,613
Notes	-	-	<u>1,030,197</u>	-	<u>6,614,026</u>	<u>7,644,223</u>
Gross receivables	<u>16,027,037</u>	<u>6,159,156</u>	<u>4,227,386</u>	<u>3,089,545</u>	<u>12,516,242</u>	<u>42,019,366</u>
Less: allowance for uncollectibles	<u>5,744,205</u>	<u>1,421,980</u>	<u>946,515</u>	<u>1,128,467</u>	<u>2,190,188</u>	<u>11,431,355</u>
Net total receivables	\$ <u>10,282,832</u>	<u>4,737,176</u>	<u>3,280,871</u>	<u>1,961,078</u>	<u>10,326,054</u>	<u>30,588,011</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

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:

Uncollectibles related to water sales	\$ 70,941
Uncollectibles related to wastewater charges	44,417
Uncollectibles related to solid waste charges	<u>34,754</u>
Total uncollectibles of the current fiscal year	\$ <u>150,112</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>
Capital projects fund:			
Grant drawdowns	\$ -	121,001	121,001
General fund:			
Delinquent property taxes receivable	995,275	-	995,275
Other	784,223	337,855	1,122,078
Debt service fund:			
Delinquent property taxes receivable	433,369	-	433,369
Grant fund:			
Loan receivable	3,932,325	-	3,932,325
Grant drawdowns	-	45,766	45,766
Tax Increment Fund No. 1:			
Delinquent property taxes receivable	45,818	-	45,818
Tax Increment Fund No. 2:			
Note receivable	417,000	-	417,000
Waco Public Improvement District No. 1 Fund:			
Special assessments	<u>-</u>	<u>6,796</u>	<u>6,796</u>
	<u>\$ 6,608,010</u>	<u>511,418</u>	<u>7,119,428</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, 2008 was as follows:

	Primary Government			Balance September 30, 2008
	Balance October 1, 2007	Increases	Decreases	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 39,576,424	1,135,580	-	40,712,004
Construction work in progress	4,815,395	7,914,048	(7,182,001)	5,547,442
Total capital assets not being depreciated	<u>44,391,819</u>	<u>9,049,628</u>	<u>(7,182,001)</u>	<u>46,259,446</u>
Capital assets, being depreciated:				
Buildings	20,833,872	7,056,538	-	27,890,410
Machinery and equipment	31,030,001	3,213,079	(1,103,345)	33,139,735
Improvements other than buildings	27,907,765	2,125,806	-	30,033,571
Infrastructure	234,291,138	5,931,219	-	240,222,357
Total capital assets being depreciated	<u>314,062,776</u>	<u>18,326,642</u>	<u>(1,103,345)</u>	<u>331,286,073</u>
Less accumulated depreciation:				
Buildings	7,629,296	818,189	-	8,447,485
Machinery and equipment	20,597,420	2,833,232	(1,067,816)	22,362,836
Improvements other than buildings	15,537,088	1,314,392	-	16,851,480
Infrastructure	114,390,495	6,088,620	-	120,479,115
Total accumulated depreciation	<u>158,154,299</u>	<u>11,054,433</u>	<u>(1,067,816)</u>	<u>168,140,916</u>
Total capital assets, being depreciated, net	<u>155,908,477</u>	<u>7,272,209</u>	<u>(35,529)</u>	<u>163,145,157</u>
Total capital assets, net	<u>\$ 200,300,296</u>	<u>16,321,837</u>	<u>(7,217,530)</u>	<u>209,404,603</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, 2008
	Balance October 1, 2007	Increases	Decreases	
<u>Business-type activities:</u>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 3,569,278	695,858	(183,625)	4,081,511
Construction work in progress	77,304,929	25,234,559	(33,848,997)	68,690,491
Museum collections	1,667,057	98,500	-	1,765,557
Total assets not being depreciated/amortized	<u>82,541,264</u>	<u>26,028,917</u>	<u>(34,032,622)</u>	<u>74,537,559</u>
Capital assets, being depreciated/ amortized:				
Buildings	47,890,972	5,447,382	-	53,338,354
Machinery and equipment	34,893,465	4,837,886	(2,272,771)	37,458,580
Improvements other than buildings	241,480,061	28,985,718	(43,447)	270,422,332
Water rights - impound fee	32,892,699	441,441	-	33,334,140
Total capital assets, being depreciated/amortized	<u>357,157,197</u>	<u>39,712,427</u>	<u>(2,316,218)</u>	<u>394,553,406</u>
Less accumulated depreciation/ amortization:				
Buildings	18,447,026	1,758,672	-	20,205,698
Machinery and equipment	23,312,613	2,688,986	(2,272,740)	23,728,859
Improvements other than buildings	98,169,089	7,591,942	(43,180)	105,717,851
Water rights - impound fee	2,304,894	948,039	-	3,252,933
Total accumulated deprecation/ amortization	<u>142,233,622</u>	<u>12,987,639</u>	<u>(2,315,920)</u>	<u>152,905,341</u>
Total capital assets being depreciated/amortized, net	<u>214,923,575</u>	<u>26,724,788</u>	<u>(298)</u>	<u>241,648,065</u>
Total capital assets, net	<u>\$ 297,464,839</u>	<u>52,753,705</u>	<u>(34,032,920)</u>	<u>316,185,624</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 583,437
Public works	6,525,056
Public safety	1,824,905
Culture and recreation	2,035,974
Public health	<u>85,061</u>
Total depreciation expense – governmental activities	\$ <u>11,054,433</u>
Business-type activities:	
Water	\$ 5,407,181
Wastewater	2,625,005
Solid waste	2,005,978
Airport	938,273
Convention services	241,734
Ranger Hall of Fame	38,023
Cameron Park Zoo	982,928
Transit services	613,901
Cottonwood Creek Golf Course	<u>134,616</u>
Total depreciation/amortization expense - business-type activities	\$ <u>12,987,639</u>

Construction Commitments

The City has active construction projects as of September 30, 2008. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Street projects	\$ 784,835	1,192,225
Water projects	39,044,882	9,003,936
Wastewater projects	22,615,804	9,522,132
Solid waste projects	3,030,829	2,388,672
Other projects	<u>8,761,583</u>	<u>13,977,443</u>
Total	\$ <u>74,237,933</u>	<u>36,084,408</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2008 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 749,646
General	Nonmajor business-type	2,451,014
Nonmajor governmental	Solid waste	479,495
Nonmajor governmental	Nonmajor governmental	<u>7,481,859</u>
Total		\$ <u>11,162,014</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	Fleet services	\$ 178,602
General	Nonmajor business-type	556,576
Water	Nonmajor business-type	325,336
Nonmajor governmental	Nonmajor business-type	<u>168,368</u>
Total		\$ <u>1,228,882</u>

The balance of \$178,602 due to the general fund from the fleet services fund, an internal service fund, resulted from loans made to establish working capital when the fund was first created. A balance of \$247,394 included in the \$556,576 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			<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
Transfer out:				
General	\$ -	7,874,150	2,580,805	10,454,955
Water	2,089,092	35,178	-	2,124,270
Wastewater	583,791	27,962	-	611,753
Solid waste	346,557	600,000	-	946,557
Nonmajor				
governmental	50,000	8,416,615	-	8,466,615
Internal service	<u>-</u>	<u>284,000</u>	<u>-</u>	<u>284,000</u>
Total transfers	\$ <u>3,069,440</u>	<u>17,237,905</u>	<u>2,580,805</u>	<u>22,888,150</u>

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.

In the year ended September 30, 2008, the City made a one-time transfer of capital assets of \$374,394 from the solid waste fund, a major business-type fund, to the general government.

In the year ended September 30, 2008, 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	\$ 2,089,092
Wastewater	583,791
Solid waste	219,381

E. Leases

Operating Leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$648,951 for the year ended September 30, 2008. The future minimum lease payments for these leases are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases (continued)

<u>Year Ending September 30,</u>	<u>Amount</u>
2009	\$ 437,455
2010	206,857
2011	<u>18,290</u>
Total	\$ <u>662,602</u>

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:

	<u>Asset</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Governmental activities:			
Telephone system	\$ 1,956,025	1,536,170	419,855
Computer equipment	<u>189,395</u>	<u>31,566</u>	<u>157,829</u>
Total	\$ <u>2,145,420</u>	<u>1,567,736</u>	<u>577,684</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2009	\$ 359,880
2010	65,827
2011	<u>65,826</u>
Total minimum lease payments	491,533
Less: amount representing interest	<u>21,776</u>
Present value of minimum lease payments	\$ <u>469,757</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

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 \$395,063,600. During the year, general obligation bonds totaling \$13,875,000 were issued to fund both general obligation and revenue projects.

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% – 6.750%	\$ 91,135,000
Governmental activities – refunding	2.00% – 4.669%	17,064,615
Business-type activities	2.00% – 6.800%	225,890,000
Business-type activities – refunding	2.00% – 4.669%	<u>20,970,386</u>
		<u>\$ 355,060,001</u>

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
2009	\$ 7,144,536	4,701,263	12,760,464	10,844,800
2010	7,281,736	4,340,456	13,058,265	10,138,323
2011	6,853,281	4,046,852	11,601,720	9,630,616
2012	6,793,529	3,758,391	11,516,471	9,130,899
2013	5,399,461	3,501,272	11,490,539	8,638,778
2014 – 2018	25,367,072	14,386,614	54,442,927	36,099,610
2019 – 2023	27,240,000	8,633,232	55,455,000	23,752,040
2024 – 2028	22,120,000	2,198,127	35,740,000	13,252,274
2029 – 2033	-	-	28,215,000	6,308,479
2034 – 2037	-	-	<u>12,580,000</u>	<u>1,069,187</u>
Total	<u>\$ 108,199,615</u>	<u>45,566,207</u>	<u>246,860,386</u>	<u>128,865,006</u>

City of Waco, Texas
Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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, 2008, \$20,890,000 of bonds considered defeased are still outstanding.

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:

<u>Year Ending</u> <u>September 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ -	482,683
2010	-	614,323
2011	-	745,964
2012	-	877,605
2013	-	877,605
2014 – 2018	-	7,296,659
2019 – 2023	1,345,000	6,531,641
2024 – 2028	4,105,000	3,548,078
2029 – 2033	5,450,000	2,202,020
2034 – 2036	<u>4,100,000</u>	<u>491,274</u>
Total	\$ <u>15,000,000</u>	<u>23,667,852</u>

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)

Year Ending September 30,	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 55,903	97,860
2010	58,386	95,377
2011	60,979	92,784
2012	63,687	90,076
2013	66,515	87,247
2014 – 2018	379,600	389,212
2019 – 2023	465,539	297,090
2024 – 2028	171,169	226,741
2029 – 2033	212,708	185,202
2034 – 2038	264,328	133,582
2039 – 2043	328,475	69,435
2044 – 2045	<u>146,086</u>	<u>6,445</u>
Total	\$ <u>2,273,375</u>	<u>1,771,051</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, 2008.

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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 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 \$2,397,126 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, 2008 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 \$	111,386	3,775	6,961	108,200	7,145
Plus: premium on bonds	941	27	72	896	-
Less: deferred amount on refundings	<u>(711)</u>	<u>-</u>	<u>(73)</u>	<u>(638)</u>	<u>-</u>
Total bonds payable	<u>111,616</u>	<u>3,802</u>	<u>6,960</u>	<u>108,458</u>	<u>7,145</u>
Capital leases	548	189	267	470	342
Contracts payable	830	-	-	830	-
Refundable contracts	83	-	3	80	-
Estimated claims and judgments	3,226	10,242	9,507	3,961	3,961
Compensated absences	13,959	7,631	6,992	14,598	7,425
Net OPEB obligation	<u>-</u>	<u>78</u>	<u>19</u>	<u>59</u>	<u>-</u>
Total long-term liabilities	<u>18,646</u>	<u>18,140</u>	<u>16,788</u>	<u>19,998</u>	<u>11,728</u>
Governmental activity long-term liabilities \$	<u>130,262</u>	<u>21,942</u>	<u>23,748</u>	<u>128,456</u>	<u>18,873</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	\$ 248,030	10,100	11,270	246,860	12,760
Plus: premium on bonds	2,415	135	375	2,175	-
Less: deferred amount on refundings	<u>(1,034)</u>	<u>-</u>	<u>(87)</u>	<u>(947)</u>	<u>-</u>
Total bonds payable	<u>249,411</u>	<u>10,235</u>	<u>11,558</u>	<u>248,088</u>	<u>12,760</u>
State participation loan	15,000	-	-	15,000	-
Note payable	2,327	-	54	2,273	56
Compensated absences	2,030	1,410	1,243	2,197	1,164
Refundable contracts	2,541	527	751	2,317	751
Deferred interest payable	4,125	439	-	4,564	-
Estimated landfill closure and post-closure care costs	<u>2,964</u>	<u>240</u>	<u>-</u>	<u>3,204</u>	<u>-</u>
Total long-term liabilities	<u>28,987</u>	<u>2,616</u>	<u>2,048</u>	<u>29,555</u>	<u>1,971</u>
Business-type activity long-term liabilities	\$ <u>278,398</u>	<u>12,851</u>	<u>13,606</u>	<u>277,643</u>	<u>14,731</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, \$282,857 and \$3,961,183 of internal service funds compensated absences and estimated claims and judgments, respectively, are included in the above governmental amounts. Also, for the governmental activities, compensated absences 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:

Customer deposits	\$ 1,404,887
Bond construction account	122,117,926
Bond debt service account	6,697
Capital grants and contributions	<u>2,230,111</u>
Total restricted assets	\$ <u>125,759,621</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

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 \$5,141,000 at September 30, 2008.

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 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

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 \$1,000,000 and for the first \$1,000,000 of annual aggregate claims in excess of \$11,291,536.

There have been no claim settlements in excess of the insurance coverages that have been procured in 2008, 2007, or 2006. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	Year Ended September 30, 2008	Year Ended September 30, 2007
Unpaid claims, beginning of fiscal year	\$ 3,226	3,411
Incurred claims (including IBNRs)	10,242	9,425
Claim payments	<u>(9,507)</u>	<u>(9,610)</u>
Unpaid claims, end of fiscal year	\$ <u>3,961</u>	<u>3,226</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.

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.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

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 2008, the City paid insurance premiums of \$19,322.

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 2008, the ARC of \$78,752 is comprised of employer normal costs of \$20,298 and amortization of unfunded actuarial liabilities of \$58,454. The net OPEB obligation is \$-0- as of October 1, 2007 (the beginning of the fiscal year that GASB 45 is implemented) as allowed by GASB. 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:

Net OPEB obligation, October 1, 2007	\$ -
OPEB cost for the year	78,752
Premiums actually paid	<u>(19,322)</u>
Net OPEB obligation, September 30, 2008	\$ <u>59,430</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

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 \$973,424. The covered payroll (annual payroll of active employees covered by the plan) was \$59,180,990, and the ratio of the UAAL to the covered payroll was 1.6%

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.

In the December 31, 2007 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included 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. 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 (TMRS)

Plan Description – The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 currently administered by TMRS, an agent multiple-employer public employee retirement system.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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.

Deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years

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

5 years/age 60
20 years/any age

Funding Policy - Cities are required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of the actuarial valuation. Note that there is a time delay in the valuation and when the rate becomes effective – for example, the January 1, 2007 contribution rate is based on the December 31, 2005 valuation results; if a change in plan provisions is elected by the City, this rate can change. The actuary determines contribution rates on a calendar-year basis; the City discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the City's fiscal year.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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

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

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City’s unfunded actuarial accrued liability would have been \$79,761,161 and the funded ratio would have been 65.3%.

Actuarial Assumptions

		<u>Prior to</u> <u>2007</u>	<u>2007</u>
Actuarial cost method	-	Unit credit	Projected unit credit
Amortization method	-	Level percent of payroll	Level percent of payroll
Remaining amortization period	-	25 years – open period	30 years - closed period

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Actuarial Assumptions
(continued)

		<u>Prior to</u> <u>2007</u>	<u>2007</u>
Asset valuation method	-	Amortized cost	Amortized cost
Investment rate of return		7.0%	7.0%
Projected salary increases	-	None	Varies by age and services
Inflation	-	3.5%	3.0%
Cost-of-living adjustments	-	None	2.1%
Payroll growth	-	5.0%	3.0%

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2008	\$ 9,513,354	100%	-
2007	8,967,114	100%	-
2006	8,395,858	100%	-

Schedule of Funding Progress

		<u>12/31/05</u>	<u>12/31/06</u>	<u>12/31/07</u>
Actuarial valuation date				
Actuarial value of assets	\$	136,792,383	144,619,109	150,189,783
Actuarial accrued liability		204,260,360	218,136,486	269,788,557
Percent funded		67.0%	66.3%	55.7%
Unfunded actuarial accrued liability (UAAL)	\$	67,467,977	73,517,377	119,598,774
Covered payroll		55,514,535	56,922,403	59,180,990
UAAL as a percentage of covered payroll		121.5%	129.2%	202.1%

Each of the municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

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 7 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 \$276,988 at September 30, 2008.

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:

2008	\$ 75,530
2007	103,476
2006	136,545

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 \$3,204,311 as of September 30, 2008, which is based on 54.29% usage (filled) of the landfill. It is estimated that an additional \$2,698,065 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 (2025). The estimated total current cost of the landfill closure and post-closure care (\$5,902,376) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of

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)

September 30, 2008. 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, 2008, there are eighteen series of industrial revenue bonds outstanding. The aggregate principal amount payable for the seven series issued after July 1, 1995 was \$297,250,000. The aggregate principal amount payable for the ten series issued prior to July 1, 1995 could not be readily determined; however, their original issue amounts totaled \$119,731,180.

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, 2008, such special assessment debt outstanding totaled \$1,850,000.

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 acquisition, the cities were "tenants in common" of the System owned by 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)

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 a 4.92% undivided interest to another city leaving it with a 79.55% 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, 2008, \$1,030,197 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 six 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	\$ 8,815,159
Capital assets	10,230,104
Current liabilities	<u>(558,963)</u>
Net assets	\$ <u>18,486,300</u>
Operating revenue	\$ 413,043
Operating expenses	<u>(4,427,690)</u>
Change in net assets	\$ <u>(4,014,647)</u>

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.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

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. 49, Accounting and Financial Reporting for Pollution Remediation Obligations (issued November 2006) – This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for periods beginning after December 15, 2007.

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.

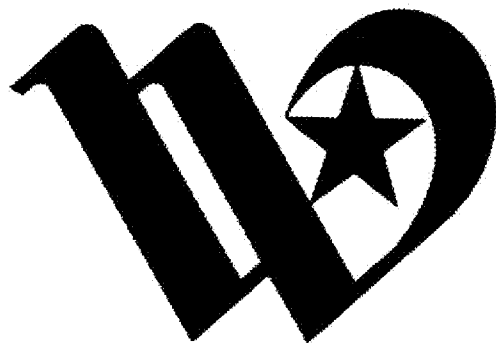
T. Prior Period Adjustments

Net assets for governmental activities in the government-wide financial statements as of October 1, 2007 have been decreased by \$574,649 for adjustments to capital asset additions recorded in prior years.

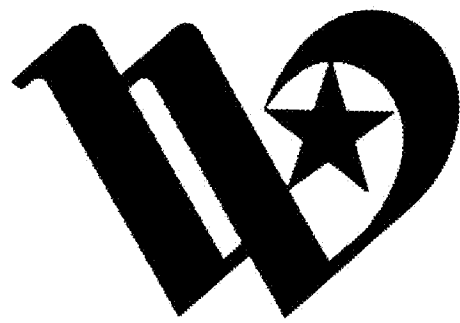
U. Subsequent Event

In February 2009, City management decided to recommend to the City Council that a planned project to re-open a previously inactive solid waste landfill be abandoned. As a result of this decision and the condition of certain portions of the landfill, remediation expense will be incurred in 2009 to stabilize slopes at the landfill. Several slope stabilization alternatives are being considered with estimated costs between \$783,000 and \$2,064,000.

**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	2008	2007
Assets		
Cash and investments	\$ 19,348,546	22,562,824
Accounts receivable, net of allowance	4,282,677	3,503,725
Taxes receivable, net of allowance	6,000,155	5,929,047
Due from other funds	3,200,660	991,505
Intergovernmental receivable	-	8,003
Advances to other funds	735,178	738,726
Inventory	81,130	74,518
Real estate held for resale	12,465	13,385
	\$ 33,660,811	33,821,733
Liabilities		
Liabilities:		
Accounts payable	\$ 1,440,157	1,125,427
Accrued liabilities	4,940,170	4,617,647
Deferred revenue	2,117,353	1,701,649
Due to other funds	-	202,162
Deposits	238,582	198,327
Escrow funds	288,746	358,410
Total liabilities	9,025,008	8,203,622
Fund Balances		
Reserved for:		
Encumbrances	1,050,106	2,097,704
Real estate held for resale	12,465	13,385
Advances to other funds	735,178	738,726
Unreserved:		
Designated for:		
2009 budget	4,087,059	-
2008 budget	-	3,634,967
Economic development	1,237,022	977,282
Housing	190,000	190,000
Capital improvements	2,017,000	772,000
Contingencies	1,000,000	1,000,000
Undesignated	14,306,973	16,194,047
Total fund balances	24,635,803	25,618,111
Total liabilities and fund balances	\$ 33,660,811	33,821,733

See accompanying independent auditors' report.

City of Waco, Texas

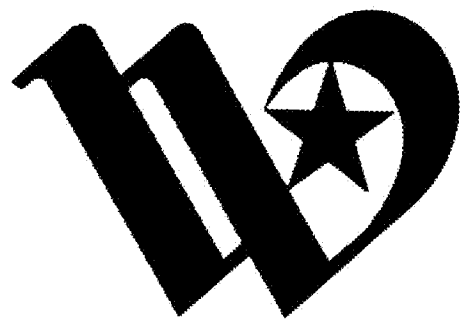
General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Taxes	\$ 59,917,667	57,271,148
Business and occupation fees	13,997,454	12,985,974
Permits, licenses and fees	1,212,273	1,207,898
Fines	2,197,072	1,658,992
Charges for services	1,372,169	1,105,518
Investment earnings	948,466	1,476,926
Contributions	166,668	170,685
Intergovernmental	1,393,156	1,355,477
Other	6,977,181	6,949,031
Total revenues	<u>88,182,106</u>	<u>84,181,649</u>
Expenditures:		
General government	15,785,407	13,897,812
Public works	3,294,892	2,027,118
Public safety	50,523,618	48,111,950
Culture and recreation	12,077,492	11,086,885
Housing and community development	97,490	107,782
Total expenditures	<u>81,778,899</u>	<u>75,231,547</u>
Excess of revenues over expenditures	<u>6,403,207</u>	<u>8,950,102</u>
Other financing sources (uses):		
Transfers in	3,069,440	3,689,930
Transfers out	<u>(10,454,955)</u>	<u>(11,440,141)</u>
Total other financing sources (uses)	<u>(7,385,515)</u>	<u>(7,750,211)</u>
Net change in fund balances	(982,308)	1,199,891
Fund balances, beginning of year	<u>25,618,111</u>	<u>24,418,220</u>
Fund balances, end of year	<u>\$ 24,635,803</u>	<u>25,618,111</u>

See accompanying independent auditors' report.

2007 General Obligation Bonds



City of Waco, Texas
2007 General Obligation Bonds
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>61,521,093</u>	<u>63,378,768</u>
Total assets	\$ <u><u>61,521,093</u></u>	<u><u>63,378,768</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 233,948	14,800
Accrued liabilities	<u>398,541</u>	<u>24,516</u>
Total liabilities	<u>632,489</u>	<u>39,316</u>
Fund Balances		
Reserved for encumbrances	5,023,796	3,000,000
Unreserved, undesignated	<u>55,864,808</u>	<u>60,339,452</u>
Total fund balances	<u>60,888,604</u>	<u>63,339,452</u>
Total liabilities and fund balances	\$ <u><u>61,521,093</u></u>	<u><u>63,378,768</u></u>

See accompanying independent auditors' report.

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

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment earnings	\$ <u>2,827,394</u>	<u>354,917</u>
Total revenues	<u>2,827,394</u>	<u>354,917</u>
Expenditures:		
Capital outlay	<u>5,278,242</u>	<u>173,615</u>
Total expenditures	<u>5,278,242</u>	<u>173,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,450,848)</u>	<u>181,302</u>
Other financing sources:		
General obligation bonds issued	-	62,421,507
Premium on general obligation bonds	<u>-</u>	<u>736,643</u>
Total other financing sources	<u>-</u>	<u>63,158,150</u>
Net change in fund balances	(2,450,848)	63,339,452
Fund balances, beginning of year	<u>63,339,452</u>	<u>-</u>
Fund balances, end of year	<u>\$ <u>60,888,604</u></u>	<u><u>63,339,452</u></u>

See accompanying independent auditors' report.

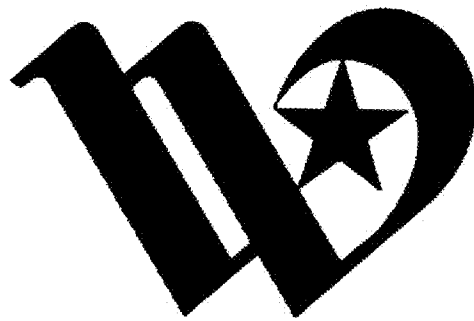
Nonmajor Governmental Funds

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, 2008
(With Comparative Totals for September 30, 2007)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2008	2007
Assets						
Cash and investments	\$ 18,124,679	753,725	22,017,469	465,632	41,361,505	33,858,213
Accounts receivable, net of allowances	355,724	-	1,225	-	356,949	207,582
Special assessments receivable	6,796	-	-	-	6,796	14,920
Taxes receivable	45,818	464,128	-	-	509,946	349,128
Notes receivable	4,349,325	-	-	-	4,349,325	3,722,502
Due from other funds	-	-	7,961,354	-	7,961,354	1,980,907
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	1,452,674	-	89,946	-	1,542,620	1,446,357
Real estate held for resale	40,709	-	-	-	40,709	40,709
Total assets	\$ 24,375,725	1,217,853	30,238,362	465,632	56,297,572	41,788,686
Liabilities						
Accounts payable	\$ 945,026	-	190,933	-	1,135,959	524,051
Accrued liabilities	272,761	2,512	277,934	47	553,254	1,235,364
Deferred revenue	4,447,705	433,369	121,001	-	5,002,075	4,110,394
Due to other funds	749,646	-	7,481,859	-	8,231,505	2,491,464
Escrow funds	75,487	-	-	-	75,487	48,184
Total liabilities	6,490,625	435,881	8,071,727	47	14,998,280	8,409,457
Fund Balances						
Reserved for encumbrances	2,668,151	-	4,448,638	-	7,116,789	4,363,374
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	-	781,972	-	-	781,972	708,377
Reserved for purpose of trust	-	-	-	465,585	465,585	469,481
Unreserved, undesignated	15,176,240	-	17,549,629	-	32,725,869	27,628,920
Total fund balances	17,885,100	781,972	22,166,635	465,585	41,299,292	33,379,229
Total liabilities and fund balances	\$ 24,375,725	1,217,853	30,238,362	465,632	56,297,572	41,788,686

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, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2008	2007
Revenues:						
Taxes	\$ 3,267,554	11,223,865	-	-	14,491,419	9,525,509
Permits, licenses and fees	1,153,184	-	-	-	1,153,184	1,402,695
Fines	128,948	-	-	-	128,948	89,890
Investment earnings	534,031	58,305	5,639,683	11,991	6,244,010	6,749,254
Contributions	61,978	-	1,085,000	-	1,146,978	1,050,985
Intergovernmental	8,075,879	-	158,705	-	8,234,584	7,474,376
Program income	540,969	-	-	-	540,969	574,447
Other	753,876	-	-	-	753,876	421,048
Total revenues	14,516,419	11,282,170	6,883,388	11,991	32,693,968	27,288,204
Expenditures:						
Current:						
General government	4,596,818	-	-	15,887	4,612,705	1,562,477
Public safety	1,391,210	-	-	-	1,391,210	1,159,245
Culture and recreation	163,180	-	-	-	163,180	271,493
Housing and community development	3,710,635	-	-	-	3,710,635	3,802,257
Public health	6,494,336	-	-	-	6,494,336	6,826,015
Capital outlay	-	-	9,447,904	-	9,447,904	13,109,593
Debt service:						
Principal	-	6,963,545	-	-	6,963,545	5,101,924
Interest and fiscal charges	-	4,725,942	-	-	4,725,942	2,139,412
Bond issuance costs	-	27,237	-	-	27,237	595,706
Total expenditures	16,356,179	11,716,724	9,447,904	15,887	37,536,694	34,568,122
Deficiency of revenues under expenditures	(1,839,760)	(434,554)	(2,564,516)	(3,896)	(4,842,726)	(7,279,918)
Other financing sources (uses):						
Refunding bonds issued	-	-	-	-	-	5,220,000
Payment to refunded bond escrow agent	-	-	-	-	-	(5,207,616)
General obligation bonds issued	-	27,042	3,747,958	-	3,775,000	3,958,493
Capital leases	-	-	189,395	-	189,395	-
Premium on general obligation bonds	-	195	26,909	-	27,104	19,477
Transfers in	3,988,178	480,912	12,768,815	-	17,237,905	12,832,095
Transfers out	(525,912)	-	(7,940,703)	-	(8,466,615)	(5,045,543)
Total other financing sources (uses)	3,462,266	508,149	8,792,374	-	12,762,789	11,776,906
Net change in fund balances	1,622,506	73,595	6,227,858	(3,896)	7,920,063	4,496,988
Fund balances, beginning of year	16,262,594	708,377	15,938,777	469,481	33,379,229	28,882,241
Fund balances, end of year	\$ 17,885,100	781,972	22,166,635	465,585	41,299,292	33,379,229

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, 2008
(With Comparative Totals for September 30, 2007)

	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	\$ 170,635	7,093,267	7,012,856	747,922	31,204	779,871
Accounts receivable, net of allowances	-	4,098	1,177	-	-	22,732
Special assessments receivable	-	-	-	-	-	-
Taxes receivable	-	-	45,818	-	-	-
Notes receivable	-	-	-	417,000	-	-
Intergovernmental receivable	-	-	450,855	-	-	-
Real estate held for resale	-	-	-	-	-	-
Total assets	\$ 170,635	7,097,365	7,510,706	1,164,922	31,204	802,603
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ 350	-	608,172	-	-	81,551
Accrued liabilities	-	417	-	-	-	94,953
Deferred revenue	-	-	45,818	417,000	-	-
Due to other funds	-	-	-	-	-	-
Escrow funds	-	-	-	-	-	75,487
Total liabilities	350	417	653,990	417,000	-	251,991
Fund Balances						
Reserved for encumbrances	-	841,971	1,813,420	-	-	-
Reserved for real estate held for resale	-	-	-	-	-	-
Unreserved:						
Undesignated	170,285	6,254,977	5,043,296	747,922	31,204	550,612
Total fund balances	170,285	7,096,948	6,856,716	747,922	31,204	550,612
Total liabilities and fund balances	\$ 170,635	7,097,365	7,510,706	1,164,922	31,204	802,603

See accompanying independent auditors' report.

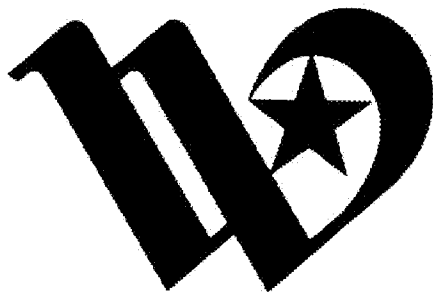
Grant Fund	Waco Public Improvement District No. 1 Fund	Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
								2008	2007
549,646	183,190	224,563	461,056	380,298	441,175	8,240	40,756	18,124,679	16,154,220
327,717	-	-	-	-	-	-	-	355,724	206,657
-	6,796	-	-	-	-	-	-	6,796	14,920
-	-	-	-	-	-	-	-	45,818	49,495
3,932,325	-	-	-	-	-	-	-	4,349,325	3,722,502
1,001,819	-	-	-	-	-	-	-	1,452,674	1,446,357
40,709	-	-	-	-	-	-	-	40,709	40,709
<u>5,852,216</u>	<u>189,986</u>	<u>224,563</u>	<u>461,056</u>	<u>380,298</u>	<u>441,175</u>	<u>8,240</u>	<u>40,756</u>	<u>24,375,725</u>	<u>21,634,860</u>
233,364	13,924	782	2,280	-	4,603	-	-	945,026	380,289
177,391	-	-	-	-	-	-	-	272,761	465,491
3,978,091	6,796	-	-	-	-	-	-	4,447,705	3,844,413
749,646	-	-	-	-	-	-	-	749,646	633,889
-	-	-	-	-	-	-	-	75,487	48,184
<u>5,138,492</u>	<u>20,720</u>	<u>782</u>	<u>2,280</u>	<u>-</u>	<u>4,603</u>	<u>-</u>	<u>-</u>	<u>6,490,625</u>	<u>5,372,266</u>
12,760	-	-	-	-	-	-	-	2,668,151	1,624,054
40,709	-	-	-	-	-	-	-	40,709	40,709
<u>660,255</u>	<u>169,266</u>	<u>223,781</u>	<u>458,776</u>	<u>380,298</u>	<u>436,572</u>	<u>8,240</u>	<u>40,756</u>	<u>15,176,240</u>	<u>14,597,831</u>
<u>713,724</u>	<u>169,266</u>	<u>223,781</u>	<u>458,776</u>	<u>380,298</u>	<u>436,572</u>	<u>8,240</u>	<u>40,756</u>	<u>17,885,100</u>	<u>16,262,594</u>
<u>5,852,216</u>	<u>189,986</u>	<u>224,563</u>	<u>461,056</u>	<u>380,298</u>	<u>441,175</u>	<u>8,240</u>	<u>40,756</u>	<u>24,375,725</u>	<u>21,634,860</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	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	\$ -	-	2,954,321	80,008	26,403	-
Permits, licenses and fees	-	-	-	-	-	1,012,842
Fines	-	-	-	-	-	-
Investment earnings	5,564	248,352	212,332	31,844	24	14,096
Contributions	-	-	61,978	-	-	-
Intergovernmental	-	-	969,980	12,689	4,136	84,151
Program income	-	-	-	-	-	-
Other	6,000	-	-	-	-	335,099
Total revenues	11,564	248,352	4,198,611	124,541	30,563	1,446,188
Expenditures:						
Current:						
General government	3,270	784,583	3,138,290	417,000	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-
Public health	-	-	-	-	-	3,842,890
Total expenditures	3,270	784,583	3,138,290	417,000	-	3,842,890
Excess (deficiency) of revenues over (under) expenditures	8,294	(536,231)	1,060,321	(292,459)	30,563	(2,396,702)
Other financing sources (uses):						
Transfers in	-	1,250,000	-	-	-	2,613,113
Transfers out	-	-	(475,912)	-	-	-
Total other financing sources (uses)	-	1,250,000	(475,912)	-	-	2,613,113
Net change in fund balances	8,294	713,769	584,409	(292,459)	30,563	216,411
Fund balances, beginning of year	161,991	6,383,179	6,272,307	1,040,381	641	334,201
Fund balances, end of year	\$ 170,285	7,096,948	6,856,716	747,922	31,204	550,612

See accompanying independent auditors' report.

Grant Fund	Waco Public Improvement District No. 1	Abandoned Motor Vehicle	Police Forfeitures	Court Security	Court Technology	Hamilton Memorial	Miss Nellie's Park Maintenance	Totals	
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	2008	2007
-	206,822	-	-	-	-	-	-	3,267,554	2,801,161
-	-	140,342	-	-	-	-	-	1,153,184	1,402,695
-	-	-	-	55,362	73,586	-	-	128,948	89,890
-	5,273	-	11,270	-	-	600	4,676	534,031	647,422
-	-	-	-	-	-	-	-	61,978	63,499
7,004,923	-	-	-	-	-	-	-	8,075,879	7,284,376
540,969	-	-	-	-	-	-	-	540,969	574,447
225,024	-	-	187,753	-	-	-	-	753,876	421,048
<u>7,770,916</u>	<u>212,095</u>	<u>140,342</u>	<u>199,023</u>	<u>55,362</u>	<u>73,586</u>	<u>600</u>	<u>4,676</u>	<u>14,516,419</u>	<u>13,284,538</u>
153,532	100,143	-	-	-	-	-	-	4,596,818	1,539,774
1,171,235	-	5,727	191,957	-	22,291	-	-	1,391,210	1,159,245
160,511	-	-	-	-	-	-	2,669	163,180	55,091
3,710,635	-	-	-	-	-	-	-	3,710,635	3,802,257
2,651,446	-	-	-	-	-	-	-	6,494,336	6,826,015
<u>7,847,359</u>	<u>100,143</u>	<u>5,727</u>	<u>191,957</u>	<u>-</u>	<u>22,291</u>	<u>-</u>	<u>2,669</u>	<u>16,356,179</u>	<u>13,382,382</u>
(76,443)	111,952	134,615	7,066	55,362	51,295	600	2,007	(1,839,760)	(97,844)
125,065	-	-	-	-	-	-	-	3,988,178	3,832,316
-	-	(50,000)	-	-	-	-	-	(525,912)	(523,175)
125,065	-	(50,000)	-	-	-	-	-	3,462,266	3,309,141
48,622	111,952	84,615	7,066	55,362	51,295	600	2,007	1,622,506	3,211,297
665,102	57,314	139,166	451,710	324,936	385,277	7,640	38,749	16,262,594	13,051,297
<u>713,724</u>	<u>169,266</u>	<u>223,781</u>	<u>458,776</u>	<u>380,298</u>	<u>436,572</u>	<u>8,240</u>	<u>40,756</u>	<u>17,885,100</u>	<u>16,262,594</u>



Economic Development Fund

City of Waco, Texas
Economic Development Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>170,635</u>	<u>162,196</u>
Total assets	\$ <u><u>170,635</u></u>	<u><u>162,196</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>350</u>	<u>205</u>
Total liabilities	<u>350</u>	<u>205</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	-	4,824
Unreserved, undesignated	<u>170,285</u>	<u>157,167</u>
Total fund balances	<u>170,285</u>	<u>161,991</u>
Total liabilities and fund balances	\$ <u><u>170,635</u></u>	<u><u>162,196</u></u>

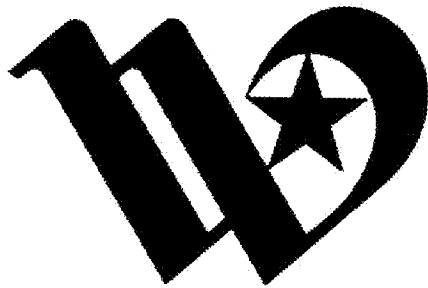
See accompanying independent auditors' report.

City of Waco, Texas
Economic Development Fund

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment earnings	\$ 5,564	7,915
Other	<u>6,000</u>	<u>3,500</u>
Total revenues	<u>11,564</u>	<u>11,415</u>
Expenditures:		
Supplies	<u>3,270</u>	<u>2,100</u>
Total expenditures	<u>3,270</u>	<u>2,100</u>
Net change in fund balances	8,294	9,315
Fund balances, beginning of year	<u>161,991</u>	<u>152,676</u>
Fund balances, end of year	<u><u>\$ 170,285</u></u>	<u><u>161,991</u></u>

See accompanying independent auditors' report.



Economic Development Incentive Fund

City of Waco, Texas
Economic Development Incentive Fund
Comparative Balance Sheets
September 30, 2008 and 2007

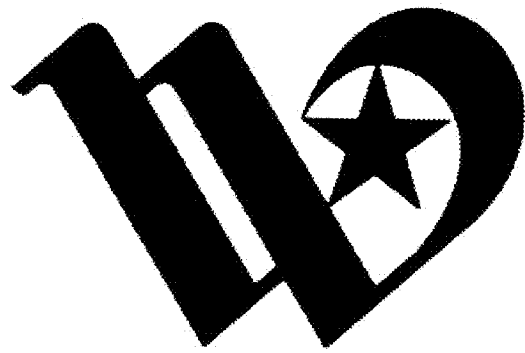
	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ 7,093,267	6,379,203
Accounts receivable, net of allowance	<u>4,098</u>	<u>3,976</u>
Total assets	<u>\$ 7,097,365</u>	<u>6,383,179</u>
Liabilities		
Accrued liabilities	\$ <u>417</u>	<u>-</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	841,971	481,078
Unreserved, undesignated	<u>6,254,977</u>	<u>5,902,101</u>
Total fund balances	<u>7,096,948</u>	<u>6,383,179</u>
Total liabilities and fund balances	<u>\$ 7,097,365</u>	<u>6,383,179</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment earnings	\$ <u>248,352</u>	<u>318,355</u>
Total revenues	<u>248,352</u>	<u>318,355</u>
Expenditures:		
Purchased professional/technical services	<u>784,583</u>	<u>488,190</u>
Total expenditures	<u>784,583</u>	<u>488,190</u>
Deficiency of revenues under expenditures	<u>(536,231)</u>	<u>(169,835)</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	713,769	1,080,165
Fund balances, beginning of year	<u>6,383,179</u>	<u>5,303,014</u>
Fund balances, end of year	<u><u>\$ 7,096,948</u></u>	<u><u>6,383,179</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, 2008 and 2007

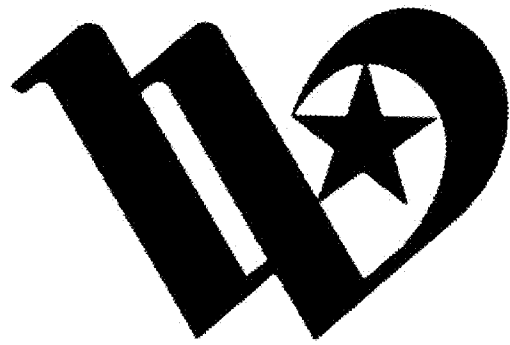
	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ 7,012,856	6,291,872
Accounts receivable, net of allowance	1,177	16,646
Intergovernmental receivable	450,855	42,272
Taxes receivable	<u>45,818</u>	<u>32,849</u>
 Total assets	 <u>\$ 7,510,706</u>	 <u>6,383,639</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 608,172	78,483
Deferred revenue	<u>45,818</u>	<u>32,849</u>
 Total liabilities	 <u>653,990</u>	 <u>111,332</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	1,813,420	1,056,580
Unreserved, undesignated	<u>5,043,296</u>	<u>5,215,727</u>
 Total fund balances	 <u>6,856,716</u>	 <u>6,272,307</u>
 Total liabilities and fund balances	 <u>\$ 7,510,706</u>	 <u>6,383,639</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Property taxes	\$ 2,943,631	2,559,759
Interest and penalty on taxes	10,690	12,846
Investment earnings	212,332	227,485
Contributions	61,978	52,840
Intergovernmental	969,980	155,182
Total revenues	<u>4,198,611</u>	<u>3,008,112</u>
Expenditures:		
Purchased professional/technical services	1,488,011	637,437
Capital outlay	<u>1,650,279</u>	<u>8,505</u>
Total expenditures	<u>3,138,290</u>	<u>645,942</u>
Excess of revenues over expenditures	<u>1,060,321</u>	<u>2,362,170</u>
Other financing uses:		
Transfers out	<u>(475,912)</u>	<u>(473,175)</u>
Total other financing uses	<u>(475,912)</u>	<u>(473,175)</u>
Net change in fund balances	584,409	1,888,995
Fund balances, beginning of year	<u>6,272,307</u>	<u>4,383,312</u>
Fund balances, end of year	<u>\$ 6,856,716</u>	<u>6,272,307</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, 2008 and 2007

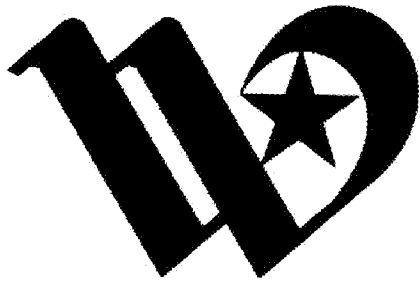
	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ 747,922	1,040,381
Notes receivable	<u>417,000</u>	<u>-</u>
Total assets	<u>\$ 1,164,922</u>	<u>1,040,381</u>
Liabilities		
Liabilities:		
Deferred revenue	\$ <u>417,000</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>747,922</u>	<u>1,040,381</u>
Total fund balances	<u>747,922</u>	<u>1,040,381</u>
Total liabilities and fund balances	<u>\$ 1,164,922</u>	<u>1,040,381</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Property taxes	\$ 80,008	84,318
Interest and penalty on taxes	-	714
Investment earnings	31,844	47,117
Intergovernmental	12,689	1,645
Total revenues	<u>124,541</u>	<u>133,794</u>
Expenditures:		
Purchased professional/technical services	<u>417,000</u>	<u>35,825</u>
Total expenditures	<u>417,000</u>	<u>35,825</u>
Net change in fund balances	(292,459)	97,969
Fund balances, beginning of year	<u>1,040,381</u>	<u>942,412</u>
Fund balances, end of year	<u>\$ 747,922</u>	<u>1,040,381</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, 2008 and 2007

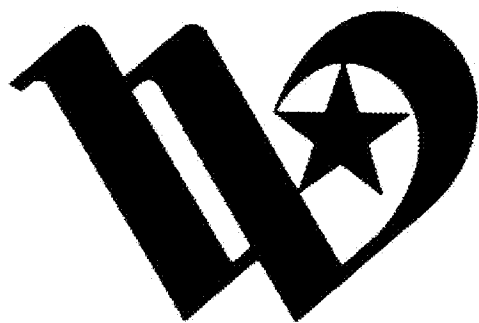
	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>31,204</u>	<u>641</u>
Total assets	\$ <u><u>31,204</u></u>	<u><u>641</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>31,204</u>	<u>641</u>
Total liabilities and fund balances	\$ <u><u>31,204</u></u>	<u><u>641</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Property taxes	\$ 26,403	111
Investment earnings	24	29
Intergovernmental	<u>4,136</u>	<u>5</u>
Total revenues	<u>30,563</u>	<u>145</u>
Expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	30,563	145
Fund balances, beginning of year	<u>641</u>	<u>496</u>
Fund balances, end of year	<u><u>\$ 31,204</u></u>	<u><u>641</u></u>

See accompanying independent auditors' report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ 779,871	454,056
Accounts receivable, net of allowance	<u>22,732</u>	<u>30,456</u>
 Total assets	 <u>\$ 802,603</u>	 <u>484,512</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 81,551	18,902
Accrued liabilities	94,953	83,225
Escrow funds	<u>75,487</u>	<u>48,184</u>
 Total liabilities	 <u>251,991</u>	 <u>150,311</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	-	19,568
Unreserved, Undesignated	<u>550,612</u>	<u>314,633</u>
 Total fund balances	 <u>550,612</u>	 <u>334,201</u>
 Total liabilities and fund balances	 <u>\$ 802,603</u>	 <u>484,512</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Permits, licenses and fees	\$ 1,012,842	1,286,469
Intergovernmental	84,151	172,420
Investment earnings	14,096	19,049
Other	335,099	191,230
Total revenues	<u>1,446,188</u>	<u>1,669,168</u>
Expenditures:		
Health and administrative services	2,439,336	2,506,193
Environmental health services	626,498	652,481
Dental health services	63,409	388,050
Public health nursing services	263,293	255,543
Sexually transmitted disease	288,960	275,300
HIV/AIDS services	161,394	177,051
Total expenditures	<u>3,842,890</u>	<u>4,254,618</u>
Deficiency of revenues under expenditures	(2,396,702)	(2,585,450)
Other financing sources:		
Transfers in	<u>2,613,113</u>	<u>2,458,274</u>
Net change in fund balances	216,411	(127,176)
Fund balances, beginning of year	<u>334,201</u>	<u>461,377</u>
Fund balances, end of year	<u>\$ 550,612</u>	<u>334,201</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, 2008
(With Comparative Actual Amounts for Year Ended September 30, 2007)

	2008		Actual Amounts	Variance with Final Budget	2007
	Budgeted Amounts	Actual			Actual
	Original	Final			Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 370,992	370,992	340,839	(30,153)	339,750
Investment earnings	19,467	19,467	14,096	(5,371)	19,049
Other	265,942	265,942	335,099	69,157	191,230
Total	656,401	656,401	690,034	33,633	550,029
Environmental Health Services:					
Health and welfare fees	555,905	555,905	514,687	(41,218)	456,167
Intergovernmental	91,844	91,844	84,151	(7,693)	172,420
Total	647,749	647,749	598,838	(48,911)	628,587
Dental Health Services:					
Health and welfare fees	-	-	-	-	223,521
Total	-	-	-	-	223,521
Public Health Nursing Services:					
Health and welfare fees	163,685	163,685	141,399	(22,286)	250,263
Total	163,685	163,685	141,399	(22,286)	250,263
Sexually Transmitted Diseases:					
Health and welfare fees	15,602	15,602	15,917	315	16,768
Total	15,602	15,602	15,917	315	16,768
Total revenues	1,483,437	1,483,437	1,446,188	(37,249)	1,669,168
Expenditures:					
Health Administrative Services:					
Salaries and wages	729,271	727,271	740,833	(13,562)	766,137
Employee benefits	266,761	266,761	268,216	(1,455)	312,422
Purchased professional/technical services	79,794	78,089	37,690	40,399	47,945
Purchased property services	6,634	6,634	6,020	614	5,790
Maintenance	1,503	1,203	900	303	312
Other purchased services	70,192	70,457	70,235	222	54,767
Supplies	115,177	124,133	84,933	39,200	80,622
Capital outlay	10,000	10,000	-	10,000	-
Contracts with others	900,834	900,834	900,834	-	876,298
Other	329,675	329,675	329,675	-	361,900
Total health administrative services	2,509,841	2,515,057	2,439,336	75,721	2,506,193

(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, 2008

(With Comparative Actual Amounts for Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 413,524	413,524	380,932	32,592	398,910
Employee benefits	157,258	157,258	138,762	18,496	135,972
Purchased professional/technical services	3,260	3,780	2,612	1,168	1,174
Purchased property services	300	300	-	300	300
Maintenance	11,194	11,194	7,815	3,379	9,099
Other purchased services	30,885	30,365	27,444	2,921	34,361
Supplies	87,365	87,365	55,191	32,174	63,459
Other	13,921	13,921	13,742	179	9,206
Total environmental health services	<u>717,707</u>	<u>717,707</u>	<u>626,498</u>	<u>91,209</u>	<u>652,481</u>
Dental Health Services:					
Salaries and wages	-	-	-	-	253,971
Employee benefits	-	-	20	(20)	77,381
Purchased professional/technical services	480	480	480	-	16,220
Maintenance	-	-	-	-	3,022
Other purchased services	6,515	6,515	6,501	14	14,260
Supplies	9,384	9,384	6,408	2,976	23,196
Contracts with others	50,000	50,000	50,000	-	-
Total dental health services	<u>66,379</u>	<u>66,379</u>	<u>63,409</u>	<u>2,970</u>	<u>388,050</u>
Public Health Nursing Services:					
Salaries and wages	133,649	133,649	80,747	52,902	74,704
Employee benefits	37,583	59,835	32,062	27,773	17,681
Purchased professional/technical services	275	10,651	10,109	542	149
Other purchased services	7,710	14,710	13,786	924	8,564
Supplies	128,466	151,662	126,589	25,073	154,445
Total public health nursing services	<u>307,683</u>	<u>370,507</u>	<u>263,293</u>	<u>107,214</u>	<u>255,543</u>
Sexually Transmitted Disease:					
Salaries and wages	176,214	176,214	186,804	(10,590)	179,147
Employee benefits	66,403	66,403	68,694	(2,291)	60,784
Purchased professional/technical services	3,456	3,456	3,376	80	3,184
Maintenance	850	850	215	635	123
Other purchased services	13,972	13,972	10,417	3,555	14,498
Supplies	25,523	25,523	19,454	6,069	17,564
Total sexually transmitted disease	<u>286,418</u>	<u>286,418</u>	<u>288,960</u>	<u>(2,542)</u>	<u>275,300</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, 2008
(With Comparative Actual Amounts for Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
HIV/AIDS Services:					
Salaries and wages	\$ 133,411	133,411	103,056	30,355	122,636
Employee benefits	47,577	47,577	35,897	11,680	37,156
Purchased professional/technical services	367	367	240	127	240
Other purchased services	19,080	19,080	15,865	3,215	13,315
Supplies	8,087	8,087	6,336	1,751	3,704
Total HIV/AIDS services	<u>208,522</u>	<u>208,522</u>	<u>161,394</u>	<u>47,128</u>	<u>177,051</u>
Total expenditures	<u>4,096,550</u>	<u>4,164,590</u>	<u>3,842,890</u>	<u>321,700</u>	<u>4,254,618</u>
Deficiency of revenues under expenditures	(2,613,113)	(2,681,153)	(2,396,702)	284,451	(2,585,450)
Other financing sources:					
Transfers in	<u>2,613,113</u>	<u>2,613,113</u>	<u>2,613,113</u>	-	<u>2,458,274</u>
Total other financing sources	<u>2,613,113</u>	<u>2,613,113</u>	<u>2,613,113</u>	-	<u>2,458,274</u>
Net change in fund balances	-	(68,040)	216,411	284,451	(127,176)
Fund balances, beginning of year	<u>334,201</u>	<u>334,201</u>	<u>334,201</u>	-	<u>461,377</u>
Fund balances, end of year	<u>\$ 334,201</u>	<u>266,161</u>	<u>550,612</u>	<u>284,451</u>	<u>334,201</u>

See accompanying independent auditors' report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2008
(With Comparative Totals for September 30, 2007)

	HUD Community Development Block Grant	HUD Home Program	HUD Enterprise Community	HUD EDI	HUD Shelter Plus Care	TX DOT MPO FHWA	CJD/11 Family Violence	ICD Phase II
Assets								
Assets:								
Cash and investments	\$ 114,520	-	-	492	-	-	-	247
Accounts receivable, net of allowances	191,963	47,710	84,707	-	-	-	280	-
Notes receivable	1,465,017	2,453,627	-	13,681	-	-	-	-
Intergovernmental receivable	14,694	208,641	-	-	12,862	29,921	5,709	-
Real estate held for resale	40,709	-	-	-	-	-	-	-
Total assets	\$ 1,826,903	2,709,978	84,707	14,173	12,862	29,921	5,989	247
Liabilities								
Liabilities:								
Accounts payable	\$ 119,333	66,439	-	-	12,862	1,945	-	-
Accrued liabilities	25,369	36,085	-	-	-	5,613	5,017	-
Deferred revenue	1,467,623	2,453,627	-	13,681	-	-	-	247
Due to other funds	-	113,433	-	-	-	22,363	972	-
Contracts payable	2,229	-	-	-	-	-	-	-
Total liabilities	1,614,554	2,669,584	-	13,681	12,862	29,921	5,989	247
Fund Balances								
Fund balances:								
Reserved for real estate held for resale	40,709	-	-	-	-	-	-	-
Reserved for encumbrances	12,760	-	-	-	-	-	-	-
Unreserved:								
Designated for grant purposes	158,880	40,394	84,707	492	-	-	-	-
Total fund balances	212,349	40,394	84,707	492	-	-	-	-
Total liabilities and fund balances	\$ 1,826,903	2,709,978	84,707	14,173	12,862	29,921	5,989	247

STEP CMV	STEP DWI	STEP Comprehensive	TABC07	CJD/10 Family Violence	Victim Services #5	Victim Services #6	Police LEOSE	Fire LEOSE	Health Grants
-	-	-	-	-	-	-	-	1,869	-
-	-	-	-	-	-	-	3,057	-	-
-	-	-	-	-	-	-	-	-	-
362	-	16,472	-	11,041	5,553	3,478	-	-	544,379
-	-	-	-	-	-	-	-	-	-
<u>362</u>	<u>-</u>	<u>16,472</u>	<u>-</u>	<u>11,041</u>	<u>5,553</u>	<u>3,478</u>	<u>3,057</u>	<u>1,869</u>	<u>544,379</u>

-	-	-	-	-	15	-	-	-	19,613
-	-	-	-	-	-	1,910	-	-	88,855
-	-	-	-	-	-	-	-	-	-
362	-	16,472	-	11,041	5,538	1,568	3,057	-	435,911
-	-	-	-	-	-	-	-	-	-
<u>362</u>	<u>-</u>	<u>16,472</u>	<u>-</u>	<u>11,041</u>	<u>5,553</u>	<u>3,478</u>	<u>3,057</u>	<u>-</u>	<u>544,379</u>

-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,869	-
-	-	-	-	-	-	-	-	1,869	-
<u>362</u>	<u>-</u>	<u>16,472</u>	<u>-</u>	<u>11,041</u>	<u>5,553</u>	<u>3,478</u>	<u>3,057</u>	<u>1,869</u>	<u>544,379</u>

**City of Waco, Texas
Grant Fund**

Sub-Combining Balance Sheet
(Continued)

September 30, 2008

(With Comparative Totals for September 30, 2007)

	Gates Public Access Upgrade	Lone Star Libraries	Library Memorial Fund	Shapley Ross Library	Vision 20/20 Comprehensive Plan	2005 JAG	2006 JAG	2007 JAG
Assets								
Assets:								
Cash and investments	\$ 38,249	-	192,836	95,425	6,818	13,082	-	-
Accounts receivable, net of allowances	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	10,937
Real estate held for resale	-	-	-	-	-	-	-	-
Total assets	\$ 38,249	-	192,836	95,425	6,818	13,082	-	10,937
Liabilities								
Liabilities:								
Accounts payable	\$ -	-	1,892	-	-	-	-	44
Accrued liabilities	-	-	-	-	-	13,082	-	742
Deferred revenue	38,249	-	-	-	4,648	-	-	-
Due to other funds	-	-	-	-	-	-	-	10,151
Contracts payable	-	-	-	-	-	-	-	-
Total liabilities	38,249	-	1,892	-	4,648	13,082	-	10,937
Fund Balances								
Fund balances:								
Reserved for real estate held for resale	-	-	-	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-	-	-	-
Unreserved:								
Designated for grant purposes	-	-	190,944	95,425	2,170	-	-	-
Total fund balances	-	-	190,944	95,425	2,170	-	-	-
Total liabilities and fund balances	\$ 38,249	-	192,836	95,425	6,818	13,082	-	10,937

See accompanying independent auditors' report.

COPS/MDC Technology	Police Officer Memorial	2006	2005	Grande	Texas	Totals	
		Homeland Security GDEM/SHSP	Homeland Security SHSP/LETTP	Clear Source Cable Ordinance	Historical Commission	2008	2007
-	16	-	718	85,374	-	549,646	392,932
-	-	-	-	-	-	327,717	129,953
-	-	-	-	-	-	3,932,325	3,722,502
-	-	127,779	-	-	9,991	1,001,819	1,446,357
-	-	-	-	-	-	40,709	40,709
<u>-</u>	<u>16</u>	<u>127,779</u>	<u>718</u>	<u>85,374</u>	<u>9,991</u>	<u>5,852,216</u>	<u>5,732,453</u>
-	-	-	-	-	8,992	231,135	252,323
-	-	-	718	-	-	177,391	382,266
-	16	-	-	-	-	3,978,091	3,796,644
-	-	127,779	-	-	999	749,646	633,889
-	-	-	-	-	-	2,229	2,229
<u>-</u>	<u>16</u>	<u>127,779</u>	<u>718</u>	<u>-</u>	<u>9,991</u>	<u>5,138,492</u>	<u>5,067,351</u>
-	-	-	-	-	-	40,709	40,709
-	-	-	-	-	-	12,760	12,695
-	-	-	-	85,374	-	660,255	611,698
-	-	-	-	85,374	-	713,724	665,102
<u>-</u>	<u>16</u>	<u>127,779</u>	<u>718</u>	<u>85,374</u>	<u>9,991</u>	<u>5,852,216</u>	<u>5,732,453</u>

City of Waco, Texas

Grant Fund

Sub-Combining Schedule of Revenues, Expenditures and

Changes in Fund Balances

Year Ended September 30, 2008

(With Comparative Totals for the Year Ended September 30, 2007)

	HUD Community Development Block Grant	HUD HOME Program	HUD Enterprise Community	HUD EDI	HUD Shelter Plus Care	TX DOT MPO FHWA	CJD/11 Family Violence	ICD Phase II
Revenues:								
Intergovernmental	\$ 1,797,008	1,399,615	-	-	23,739	153,532	5,709	18,195
Program income	170,005	291,473	-	492	-	-	-	-
Other	22,152	-	-	-	-	-	-	-
Total revenues	1,989,165	1,691,088	-	492	23,739	153,532	5,709	18,195
Expenditures:								
General government	-	-	-	-	-	153,532	-	-
Public safety	103,904	-	-	-	-	-	8,783	18,195
Culture and recreation	-	-	-	-	-	-	-	-
Housing and community development	1,954,892	1,722,013	-	-	23,739	-	-	-
Public health	-	-	-	-	-	-	-	-
Total expenditures	2,058,796	1,722,013	-	-	23,739	153,532	8,783	18,195
Excess (deficiency) of revenues over (under) expenditures	(69,631)	(30,925)	-	492	-	-	(3,074)	-
Other financing sources:								
Transfers in	75,000	-	-	-	-	-	3,074	-
Total other financing sources	75,000	-	-	-	-	-	3,074	-
Net change in fund balances	5,369	(30,925)	-	492	-	-	-	-
Fund balances, beginning of year	206,980	71,319	84,707	-	-	-	-	-
Fund balances, end of year	\$ 212,349	40,394	84,707	492	-	-	-	-

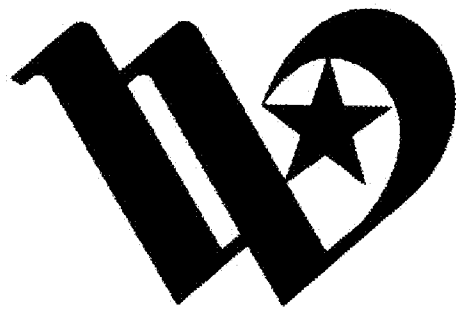
Step CMV	Step DWI	Step Comprehensive	TABC07	CJD/10 Family Violence	Victim Services #5	Victim Services #6	Police LEOSE	Fire LEOSE	Health Grants
362	1,002	61,901	37,330	70,420	38,995	3,478	18,230	1,101	2,575,332
-	-	-	-	-	-	-	-	-	75,998
-	-	-	-	-	-	-	-	-	-
362	1,002	61,901	37,330	70,420	38,995	3,478	18,230	1,101	2,651,330
-	-	-	-	-	-	-	-	-	-
396	1,002	71,441	38,388	107,837	38,995	3,478	19,708	280	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,651,446
396	1,002	71,441	38,388	107,837	38,995	3,478	19,708	280	2,651,446
(34)	-	(9,540)	(1,058)	(37,417)	-	-	(1,478)	821	(116)
34	-	9,540	-	37,417	-	-	-	-	-
34	-	9,540	-	37,417	-	-	-	-	-
-	-	-	(1,058)	-	-	-	(1,478)	821	(116)
-	-	-	1,058	-	-	-	1,478	1,048	116
-	-	-	-	-	-	-	-	1,869	-

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2008
(With Comparative Totals for the Year Ended September 30, 2007)

	Gates Public Access Upgrade	Lone Star Libraries	Library Memorial	Shapley Ross Library	Vision 20/20 Comprehensive Plan	2005 JAG	2006 JAG	2007 JAG
Revenues:								
Intergovernmental	\$ -	36,604	-	-	-	7,174	30,457	28,510
Program income	3,001	-	-	-	-	-	-	-
Other	1,349	100	191,612	3,138	224	-	-	-
Total revenues	4,350	36,704	191,612	3,138	224	7,174	30,457	28,510
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	7,174	30,457	28,510
Culture and recreation	4,474	36,704	119,333	-	-	-	-	-
Housing and community development	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Total expenditures	4,474	36,704	119,333	-	-	7,174	30,457	28,510
Excess (deficiency) of revenues over (under) expenditures	(124)	-	72,279	3,138	224	-	-	-
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	(124)	-	72,279	3,138	224	-	-	-
Fund balances, beginning of year	124	-	118,665	92,287	1,946	-	-	-
Fund balances, end of year	\$ -	-	190,944	95,425	2,170	-	-	-

See accompanying independent auditors' report.

COPS/MDC Technology	Police Officer Memorial	2006	2005	Grande	Texas	Totals	
		Homeland Security SHSP	Homeland Security SHSP/LETPP	Clear Source Cable Ordinance	Historical Commission	2008	2007
218,424	-	51,298	416,516	-	9,991	7,004,923	6,955,124
-	-	-	-	-	-	540,969	574,447
-	6,449	-	-	-	-	225,024	188,307
<u>218,424</u>	<u>6,449</u>	<u>51,298</u>	<u>416,516</u>	<u>-</u>	<u>9,991</u>	<u>7,770,916</u>	<u>7,717,878</u>
-	-	-	-	-	-	153,532	250,533
218,424	6,449	51,298	416,516	-	-	1,171,235	1,021,986
-	-	-	-	-	-	160,511	47,604
-	-	-	-	-	9,991	3,710,635	3,802,257
-	-	-	-	-	-	2,651,446	2,571,397
<u>218,424</u>	<u>6,449</u>	<u>51,298</u>	<u>416,516</u>	<u>-</u>	<u>9,991</u>	<u>7,847,359</u>	<u>7,693,777</u>
-	-	-	-	-	-	(76,443)	24,101
-	-	-	-	-	-	125,065	124,042
-	-	-	-	-	-	125,065	124,042
-	-	-	-	-	-	48,622	148,143
-	-	-	-	85,374	-	665,102	516,959
-	-	-	-	85,374	-	713,724	665,102



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2008 and 2007

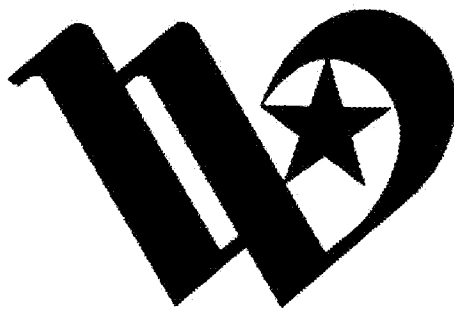
	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ 183,190	67,583
Special assessments receivable	<u>6,796</u>	<u>14,920</u>
Total assets	<u>\$ 189,986</u>	<u>82,503</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 13,924	10,269
Deferred revenue	<u>6,796</u>	<u>14,920</u>
Total liabilities	<u>20,720</u>	<u>25,189</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>169,266</u>	<u>57,314</u>
Total fund balances	<u>169,266</u>	<u>57,314</u>
Total liabilities and fund balances	<u>\$ 189,986</u>	<u>82,503</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Special assessments taxes	\$ 206,822	143,413
Contributions	-	10,659
Investment earnings	<u>5,273</u>	<u>5,717</u>
Total revenues	<u>212,095</u>	<u>159,789</u>
Expenditures:		
Salaries and wages	2,671	-
Employee benefits	210	-
Purchased professional/technical services	83,086	101,614
Maintenance	30	600
Other purchased services	11,730	10,799
Supplies	919	3,010
Other	<u>1,497</u>	<u>1,161</u>
Total expenditures	<u>100,143</u>	<u>117,184</u>
Net change in fund balances	111,952	42,605
Fund balances, beginning of year	<u>57,314</u>	<u>14,709</u>
Fund balances, end of year	<u>\$ 169,266</u>	<u>57,314</u>

See accompanying independent auditors' report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>224,563</u>	<u>153,811</u>
Total assets	\$ <u><u>224,563</u></u>	<u><u>153,811</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>782</u>	<u>14,645</u>
Total liabilities	<u>782</u>	<u>14,645</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	-	14,309
Unreserved, undesignated	<u>223,781</u>	<u>124,857</u>
Total fund balances	<u>223,781</u>	<u>139,166</u>
Total liabilities and fund balances	\$ <u><u>224,563</u></u>	<u><u>153,811</u></u>

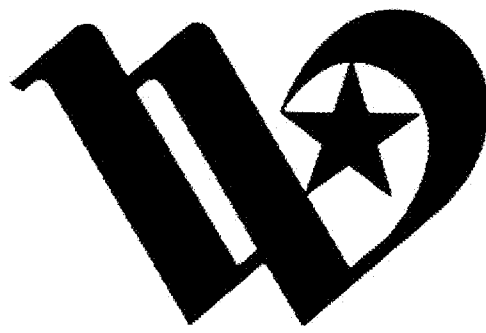
See accompanying independent auditors' report.

City of Waco, Texas
Abandoned Motor Vehicle Fund

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Auto impound fees	\$ 140,342	116,226
Total revenues	<u>140,342</u>	<u>116,226</u>
Expenditures:		
Purchased professional/technical services	984	549
Maintenance	-	14,548
Other purchased services	4,743	3,371
Supplies	-	358
Capital outlay	-	69,135
Total expenditures	<u>5,727</u>	<u>87,961</u>
Excess of revenues over expenditures	<u>134,615</u>	<u>28,265</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	84,615	(21,735)
Fund balances, beginning of year	<u>139,166</u>	<u>160,901</u>
Fund balances, end of year	<u>\$ 223,781</u>	<u>139,166</u>

See accompanying independent auditors' report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>461,056</u>	<u>453,990</u>
Total assets	\$ <u><u>461,056</u></u>	<u><u>453,990</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>458,776</u>	<u>451,710</u>
Total fund balances	<u>458,776</u>	<u>451,710</u>
Total liabilities and fund balances	\$ <u><u>461,056</u></u>	<u><u>453,990</u></u>

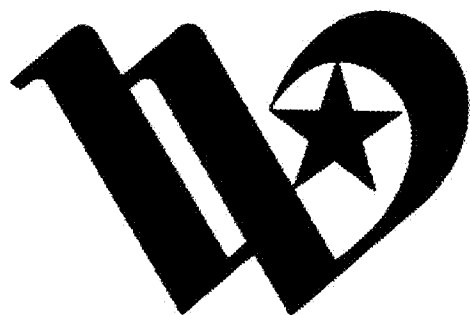
See accompanying independent auditors' report.

City of Waco, Texas
Police Forfeitures Fund

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment earnings	\$ 11,270	14,004
Other	<u>187,753</u>	<u>38,011</u>
Total revenues	<u>199,023</u>	<u>52,015</u>
Expenditures:		
Maintenance	12,536	2,565
Other purchased services	44,831	24,326
Supplies	11,370	4,153
Capital outlay	123,206	-
Other	<u>14</u>	<u>-</u>
Total expenditures	<u>191,957</u>	<u>31,044</u>
Net change in fund balances	7,066	20,971
Fund balances, beginning of year	<u>451,710</u>	<u>430,739</u>
Fund balances, end of year	<u><u>\$ 458,776</u></u>	<u><u>451,710</u></u>

See accompanying independent auditors' report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>380,298</u>	<u>324,936</u>
Total assets	\$ <u><u>380,298</u></u>	<u><u>324,936</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>380,298</u>	<u>324,936</u>
Total fund balances	<u>380,298</u>	<u>324,936</u>
Total liabilities and fund balances	\$ <u><u>380,298</u></u>	<u><u>324,936</u></u>

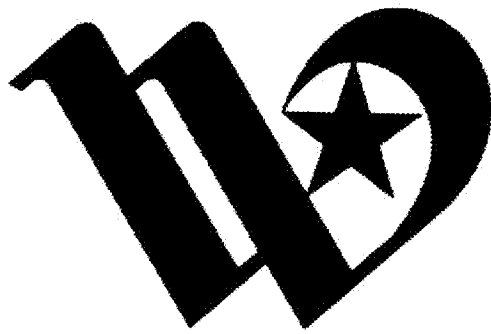
See accompanying independent auditors' report.

City of Waco, Texas
Court Security Fund

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Fines	\$ <u>55,362</u>	<u>38,788</u>
Total revenues	<u>55,362</u>	<u>38,788</u>
Expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	55,362	38,788
Fund balances, beginning of year	<u>324,936</u>	<u>286,148</u>
Fund balances, end of year	<u><u>\$ 380,298</u></u>	<u><u>324,936</u></u>

See accompanying independent auditors' report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>441,175</u>	<u>386,230</u>
Total assets	\$ <u><u>441,175</u></u>	<u><u>386,230</u></u>
Liabilities		
Accounts payable	\$ <u>4,603</u>	<u>953</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	-	35,000
Unreserved, undesignated	<u>436,572</u>	<u>350,277</u>
Total fund balances	<u>436,572</u>	<u>385,277</u>
Total liabilities and fund balances	\$ <u><u>441,175</u></u>	<u><u>386,230</u></u>

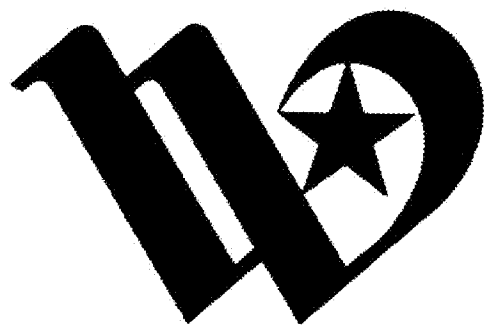
See accompanying independent auditors' report.

City of Waco, Texas
Court Technology Fund

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Fines	\$ <u>73,586</u>	<u>51,102</u>
Total revenues	<u>73,586</u>	<u>51,102</u>
Expenditures:		
Public safety	<u>22,291</u>	<u>18,254</u>
Total expenditures	<u>22,291</u>	<u>18,254</u>
Net change in fund balances	51,295	32,848
Fund balances, beginning of year	<u>385,277</u>	<u>352,429</u>
Fund balances, end of year	<u><u>\$ 436,572</u></u>	<u><u>385,277</u></u>

See accompanying independent auditors' report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>8,240</u>	<u>7,640</u>
Total assets	\$ <u><u>8,240</u></u>	<u><u>7,640</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>8,240</u>	<u>7,640</u>
Total fund balances	<u>8,240</u>	<u>7,640</u>
Total liabilities and fund balances	\$ <u><u>8,240</u></u>	<u><u>7,640</u></u>

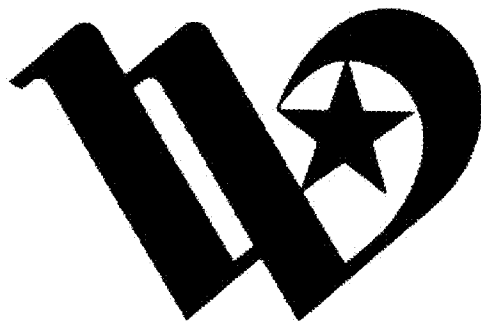
See accompanying independent auditors' report.

City of Waco, Texas
Hamilton Memorial Fund

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment earnings	\$ <u>600</u>	<u>864</u>
Total revenues	<u>600</u>	<u>864</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	600	864
Fund balances, beginning of year	<u>7,640</u>	<u>6,776</u>
Fund balances, end of year	<u><u>\$ 8,240</u></u>	<u><u>7,640</u></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, 2008 and 2007

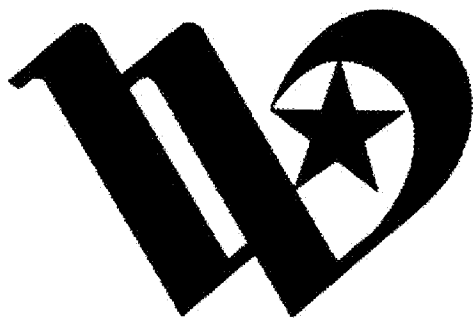
	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ <u>40,756</u>	<u>38,749</u>
Total assets	\$ <u><u>40,756</u></u>	<u><u>38,749</u></u>
Liabilities		
Liabilities	\$ <u>-</u>	<u>-</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>40,756</u>	<u>38,749</u>
Total fund balances	<u>40,756</u>	<u>38,749</u>
Total liabilities and fund balances	\$ <u><u>40,756</u></u>	<u><u>38,749</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment earnings	\$ 4,676	6,887
Total revenues	<u>4,676</u>	<u>6,887</u>
Expenditures:		
Culture and recreation	<u>2,669</u>	<u>7,487</u>
Total expenditures	<u>2,669</u>	<u>7,487</u>
Net change in fund balances	2,007	(600)
Fund balances, beginning of year	<u>38,749</u>	<u>39,349</u>
Fund balances, end of year	<u><u>\$ 40,756</u></u>	<u><u>38,749</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, 2008
(With Comparative Totals for September 30, 2007)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2008	2007
Assets				
Cash and investments	\$ 4,037	749,688	753,725	779,362
Taxes receivable	<u>-</u>	<u>464,128</u>	<u>464,128</u>	<u>299,633</u>
Total assets	<u>\$ 4,037</u>	<u>1,213,816</u>	<u>1,217,853</u>	<u>1,078,995</u>
Liabilities				
Liabilities:				
Accrued interest	\$ -	2,512	2,512	104,637
Deferred revenue	<u>-</u>	<u>433,369</u>	<u>433,369</u>	<u>265,981</u>
Total liabilities	<u>-</u>	<u>435,881</u>	<u>435,881</u>	<u>370,618</u>
Fund Balances				
Fund balances:				
Reserved for debt service	<u>4,037</u>	<u>777,935</u>	<u>781,972</u>	<u>708,377</u>
Total fund balances	<u>4,037</u>	<u>777,935</u>	<u>781,972</u>	<u>708,377</u>
Total liabilities and and fund balances	<u>\$ 4,037</u>	<u>1,213,816</u>	<u>1,217,853</u>	<u>1,078,995</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, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2008	2007
Revenues:				
Property taxes	\$ -	11,223,865	11,223,865	6,724,348
Investment earnings	-	58,305	58,305	51,782
Total revenues	-	11,282,170	11,282,170	6,776,130
Expenditures:				
Principal	2,560	6,960,985	6,963,545	5,101,924
Interest and fiscal charges	-	4,725,942	4,725,942	2,139,412
Bond issuance costs	-	27,237	27,237	595,706
Total expenditures	2,560	11,714,164	11,716,724	7,837,042
Deficiency of revenues under expenditures	(2,560)	(431,994)	(434,554)	(1,060,912)
Other financing sources (uses):				
Refunding bonds issued	-	-	-	5,220,000
Payment to refunded bond escrow agent	-	-	-	(5,207,616)
General obligation bonds issued	-	27,042	27,042	620,829
Premium on general obligation bonds	-	195	195	19,477
Transfers in	5,000	475,912	480,912	513,175
Total other financing sources (uses)	5,000	503,149	508,149	1,165,865
Net change in fund balances	2,440	71,155	73,595	104,953
Fund balances, beginning of year	1,597	706,780	708,377	603,424
Fund balances, end of year	\$ 4,037	777,935	781,972	708,377

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, 2008
(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Budgeted Amounts		2008	Variance with Final Budget	2007
	Original	Final	Actual Amounts		Actual Amounts
Revenues:					
Property taxes	\$ 11,174,771	11,174,771	11,223,865	49,094	6,724,348
Investment earnings	54,100	54,100	58,305	4,205	51,734
Total revenues	<u>11,228,871</u>	<u>11,228,871</u>	<u>11,282,170</u>	<u>53,299</u>	<u>6,776,082</u>
Expenditures:					
Principal	6,960,985	6,960,985	6,960,985	-	5,057,889
Interest and fiscal charges	4,831,502	4,831,502	4,725,942	105,560	2,139,412
Bond issuance costs	-	28,000	27,237	763	595,706
Total expenditures	<u>11,792,487</u>	<u>11,820,487</u>	<u>11,714,164</u>	<u>106,323</u>	<u>7,793,007</u>
Deficiency of revenues under expenditures	<u>(563,616)</u>	<u>(591,616)</u>	<u>(431,994)</u>	<u>159,622</u>	<u>(1,016,925)</u>
Other financing sources:					
Refunding bonds issued	-	-	-	-	5,220,000
Payment to refunded bond escrow agent	-	-	-	-	(5,207,616)
General obligation bonds issued	-	28,000	27,042	(958)	620,829
Premium on general obligation bonds	-	-	195	195	19,477
Transfers in	476,396	476,396	475,912	(484)	473,175
Total other financing sources	<u>476,396</u>	<u>504,396</u>	<u>503,149</u>	<u>(1,247)</u>	<u>1,125,865</u>
Net change in fund balances	(87,220)	(87,220)	71,155	158,375	108,940
Fund balances, beginning of year	<u>706,780</u>	<u>706,780</u>	<u>706,780</u>	<u>-</u>	<u>597,840</u>
Fund balances, end of year	<u>\$ 619,560</u>	<u>619,560</u>	<u>777,935</u>	<u>158,375</u>	<u>706,780</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, 2008
(With Comparative Totals for September 30, 2007)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2008 Bond Issue Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and investments	\$ 516,938	1,198,857	4,689,730	1,265,846
Accounts receivable, net of allowances	-	-	1,225	-
Due from other funds	7,961,354	-	-	-
Advances to other funds	168,368	-	-	-
Intergovernmental receivable	-	89,946	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,646,660</u>	<u>1,288,803</u>	<u>4,690,955</u>	<u>1,265,846</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 51,202	89,513	18,261	2,662
Accrued liabilities	129,051	30,474	49,007	-
Deferred revenue	-	-	121,001	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>180,253</u>	<u>119,987</u>	<u>188,269</u>	<u>2,662</u>
Fund balances:				
Reserved for:				
Encumbrances	1,974,797	1,168,816	1,192,225	-
Advances to other funds	168,368	-	-	-
Unreserved, undesignated	<u>6,323,242</u>	<u> </u>	<u>3,310,461</u>	<u>1,263,184</u>
Total fund balances	<u>8,466,407</u>	<u>1,168,816</u>	<u>4,502,686</u>	<u>1,263,184</u>
Total liabilities and fund balances	<u>\$ 8,646,660</u>	<u>1,288,803</u>	<u>4,690,955</u>	<u>1,265,846</u>

See accompanying independent auditors' report.

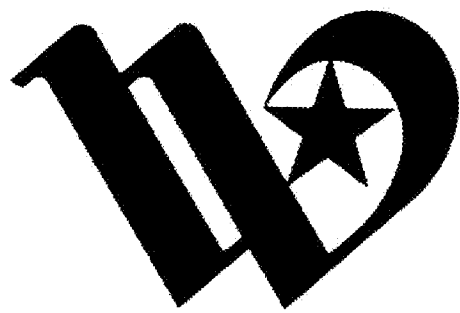
2007 Bond Issue Fund	2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	2003 Bond Issue Fund	1998 Bond Issue Fund	Totals	
						2008	2007
6,158,115	3,086,559	4,011,999	903,460	28,643	157,322	22,017,469	16,455,102
-	-	-	-	-	-	1,225	925
-	-	-	-	-	-	7,961,354	1,980,907
-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	89,946	-
<u>6,158,115</u>	<u>3,086,559</u>	<u>4,011,999</u>	<u>903,460</u>	<u>28,643</u>	<u>157,322</u>	<u>30,238,362</u>	<u>18,605,302</u>
-	-	-	-	-	29,295	190,933	143,762
69,402	-	-	-	-	-	277,934	665,188
-	-	-	-	-	-	121,001	-
<u>1,469,780</u>	<u>2,031,086</u>	<u>3,813,179</u>	<u>167,814</u>	<u>-</u>	<u>-</u>	<u>7,481,859</u>	<u>1,857,575</u>
<u>1,539,182</u>	<u>2,031,086</u>	<u>3,813,179</u>	<u>167,814</u>	<u>-</u>	<u>29,295</u>	<u>8,071,727</u>	<u>2,666,525</u>
-	18,325	-	-	-	94,475	4,448,638	2,739,320
-	-	-	-	-	-	168,368	168,368
<u>4,618,933</u>	<u>1,037,148</u>	<u>198,820</u>	<u>735,646</u>	<u>28,643</u>	<u>33,552</u>	<u>17,549,629</u>	<u>13,031,089</u>
<u>4,618,933</u>	<u>1,055,473</u>	<u>198,820</u>	<u>735,646</u>	<u>28,643</u>	<u>128,027</u>	<u>22,166,635</u>	<u>15,938,777</u>
<u>6,158,115</u>	<u>3,086,559</u>	<u>4,011,999</u>	<u>903,460</u>	<u>28,643</u>	<u>157,322</u>	<u>30,238,362</u>	<u>18,605,302</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2008 Bond Issue Fund	2007 Bond Issue Fund
Revenues:					
Investment earnings	\$ 4,621	11,033	32,542	202,312	2,868,305
Contributions	-	1,085,000	-	-	-
Intergovernmental	9,231	133,472	16,002	-	-
Total revenues	<u>13,852</u>	<u>1,229,505</u>	<u>48,544</u>	<u>202,312</u>	<u>2,868,305</u>
Expenditures:					
Capital outlay	2,715,792	144,287	4,086,037	787,818	312,725
Total expenditures	<u>2,715,792</u>	<u>144,287</u>	<u>4,086,037</u>	<u>787,818</u>	<u>312,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,701,940)</u>	<u>1,085,218</u>	<u>(4,037,493)</u>	<u>(585,506)</u>	<u>2,555,580</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	1,912,454	1,835,504	-
Capital leases	189,395	-	-	-	-
Premium on general obligation bonds	-	-	13,723	13,186	-
Transfers in	8,882,843	-	3,885,972	-	-
Transfers out	-	-	(5,000)	-	(1,469,780)
Total other financing sources (uses)	<u>9,072,238</u>	<u>-</u>	<u>5,807,149</u>	<u>1,848,690</u>	<u>(1,469,780)</u>
Net change in fund balances	6,370,298	1,085,218	1,769,656	1,263,184	1,085,800
Fund balances, beginning of year	<u>2,096,109</u>	<u>83,598</u>	<u>2,733,030</u>	<u>-</u>	<u>3,533,133</u>
Fund balances, end 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>

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	
					2008	2007
1,206,069	894,473	402,969	958	16,401	5,639,683	6,031,920
-	-	-	-	-	1,085,000	987,486
-	-	-	-	-	158,705	190,000
<u>1,206,069</u>	<u>894,473</u>	<u>402,969</u>	<u>958</u>	<u>16,401</u>	<u>6,883,388</u>	<u>7,209,406</u>
831,237	-	23,464	3,767	542,777	9,447,904	13,325,995
<u>831,237</u>	<u>-</u>	<u>23,464</u>	<u>3,767</u>	<u>542,777</u>	<u>9,447,904</u>	<u>13,325,995</u>
374,832	894,473	379,505	(2,809)	(526,376)	(2,564,516)	(6,116,589)
-	-	-	-	-	3,747,958	3,337,664
-	-	-	-	-	189,395	-
-	-	-	-	-	26,909	-
-	-	-	-	-	12,768,815	8,486,604
<u>(2,699,293)</u>	<u>(3,650,000)</u>	<u>(110,090)</u>	<u>(6,540)</u>	<u>-</u>	<u>(7,940,703)</u>	<u>(4,522,368)</u>
<u>(2,699,293)</u>	<u>(3,650,000)</u>	<u>(110,090)</u>	<u>(6,540)</u>	<u>-</u>	<u>8,792,374</u>	<u>7,301,900</u>
(2,324,461)	(2,755,527)	269,415	(9,349)	(526,376)	6,227,858	1,185,311
3,379,934	2,954,347	466,231	37,992	654,403	15,938,777	14,753,466
<u>1,055,473</u>	<u>198,820</u>	<u>735,646</u>	<u>28,643</u>	<u>128,027</u>	<u>22,166,635</u>	<u>15,938,777</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 for operating expenses.

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, 2008
(With Comparative Totals for September 30, 2007)

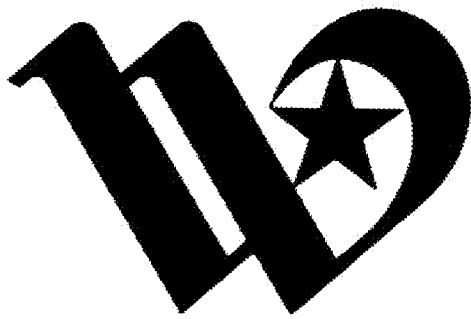
	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2008	2007
Assets					
Cash and investments	\$ 355,632	10,000	100,000	465,632	469,529
Total assets	<u>\$ 355,632</u>	<u>10,000</u>	<u>100,000</u>	<u>465,632</u>	<u>469,529</u>
Liabilities					
Liabilities:					
Accrued liabilities	\$ 47	-	-	47	48
Total liabilities	<u>47</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>48</u>
Fund Balances					
Fund balances:					
Reserved for purpose of trust	355,585	10,000	100,000	465,585	469,481
Total fund balances	<u>355,585</u>	<u>10,000</u>	<u>100,000</u>	<u>465,585</u>	<u>469,481</u>
Total liabilities and fund balances	<u>\$ 355,632</u>	<u>10,000</u>	<u>100,000</u>	<u>465,632</u>	<u>469,529</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, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2008	2007
Revenues:					
Investment earnings	\$ 11,991	-	-	11,991	18,130
Total revenues	<u>11,991</u>	<u>-</u>	<u>-</u>	<u>11,991</u>	<u>18,130</u>
Expenditures:					
General government	15,887	-	-	15,887	22,703
Total expenditures	<u>15,887</u>	<u>-</u>	<u>-</u>	<u>15,887</u>	<u>22,703</u>
Net change in fund balances	(3,896)	-	-	(3,896)	(4,573)
Fund balances, beginning of year	<u>359,481</u>	<u>10,000</u>	<u>100,000</u>	<u>469,481</u>	<u>474,054</u>
Fund balances, end of year	<u>\$ 355,585</u>	<u>10,000</u>	<u>100,000</u>	<u>465,585</u>	<u>469,481</u>

See accompanying independent auditors' report.



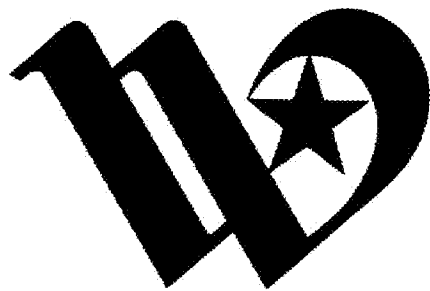
Major Enterprise Funds

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, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash and investments	\$ 22,885,700	20,056,582
Accounts receivable, net of allowance	4,737,176	5,052,756
Restricted cash and investments	3,470,849	1,936,638
Inventory	147,957	142,986
Total current assets	31,241,682	27,188,962
Noncurrent assets:		
Restricted cash and investments	71,073,465	75,049,872
Advances to other funds	325,336	125,336
Deferred charges	1,154,843	1,151,686
Capital assets:		
Land	555,232	555,232
Buildings	8,814,985	8,502,686
Improvements other than buildings	157,832,612	135,710,128
Equipment	6,440,412	6,429,584
Construction work in progress	39,044,882	49,000,993
Intangible water rights	33,334,140	32,892,699
Less: accumulated depreciation and amortization	(66,608,212)	(61,295,332)
Total capital assets	179,414,051	171,795,990
Total noncurrent assets	251,967,695	248,122,884
Total assets	283,209,377	275,311,846

See accompanying independent auditors' report.

	<u>2008</u>	<u>2007</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 508,819	229,608
Accrued liabilities	638,153	675,779
Compensated absences payable	438,277	445,998
Refundable contracts	689,579	814,604
Notes payable	55,903	53,526
Bonds payable	6,291,056	5,747,929
Accrued interest payable	1,621,740	1,988,228
	<u>10,243,527</u>	<u>9,955,672</u>
Current liabilities payable from restricted assets:		
Accounts payable	2,065,962	753,025
Customer deposits	1,404,887	1,183,613
	<u>3,470,849</u>	<u>1,936,638</u>
Total current liabilities	<u>13,714,376</u>	<u>11,892,310</u>
Noncurrent liabilities:		
Refundable contracts	1,209,278	1,247,178
Compensated absences payable	362,990	278,307
Bonds payable	152,135,271	151,661,967
Notes payable	17,217,472	17,273,375
Deferred interest payable	4,563,546	4,124,744
Total noncurrent liabilities	<u>175,488,557</u>	<u>174,585,571</u>
Total liabilities	<u>189,202,933</u>	<u>186,477,881</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	72,884,385	70,020,462
Restricted for debt service	4,572	26,821
Unrestricted	21,117,487	18,786,682
Total net assets	<u>\$ 94,006,444</u>	<u>88,833,965</u>

City of Waco, Texas

Water Fund

Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets
Years Ended September 30, 2008 and 2007

	2008	2007
Operating revenues:		
Charges for services	\$ 34,851,405	29,867,684
Other	391,048	446,690
Total operating revenues	35,242,453	30,314,374
Operating expenses:		
Salaries and wages	3,923,369	3,882,681
Employee benefits	1,549,797	1,519,752
Purchased professional/technical services	1,336,770	1,268,218
Purchased property services	25,648	24,288
Maintenance	1,487,080	1,368,050
Other purchased services	801,187	763,462
Supplies	4,347,508	4,098,990
Other	3,407,903	3,052,914
Depreciation/amortization	5,407,181	5,186,872
Total operating expenses	22,286,443	21,165,227
Operating income	12,956,010	9,149,147
Nonoperating revenues (expenses):		
Investment earnings	758,519	1,087,356
Rental income	18,890	16,632
Contributions	-	283,710
Intergovernmental revenue	74,725	20,508
Interest expense and fiscal charges	(6,686,101)	(5,501,474)
Total nonoperating revenues (expenses)	(5,833,967)	(4,093,268)
Income before contributions and transfers	7,122,043	5,055,879
Capital contributions	174,706	659,536
Transfers in	-	81,068
Transfers out	(2,124,270)	(1,950,854)
Change in net assets	5,172,479	3,845,629
Total net assets, beginning of year	88,833,965	84,988,336
Total net assets, end of year	\$ 94,006,444	88,833,965

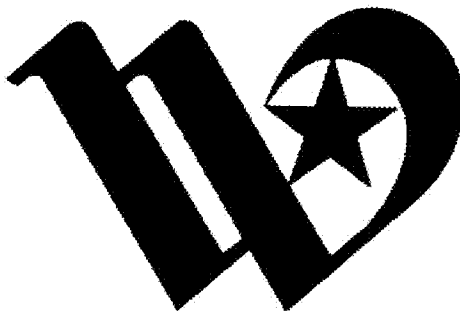
See accompanying independent auditors' report.

City of Waco, Texas
Water Fund

Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 35,558,033	30,466,052
Cash paid to suppliers for goods and services	(10,948,208)	(10,423,427)
Cash paid to employees for services	(5,396,204)	(5,329,987)
Net cash provided by operating activities	19,213,621	14,712,638
Cash flows from noncapital financing activities:		
Intergovernmental revenue	74,725	20,508
Contributions	-	283,710
Advances to other funds	(200,000)	-
Transfer from other funds	-	81,068
Transfer to other funds	(2,124,270)	(1,950,854)
Net cash used in noncapital financing activities	(2,249,545)	(1,565,568)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(10,549,279)	(14,271,429)
Capital contributions	-	474,712
Proceeds from debt	6,870,000	27,871,960
Principal paid on debt	(5,853,569)	(4,991,018)
Interest paid on debt	(7,821,715)	(6,993,274)
Net cash provided by (used in) capital and related financing activities	(17,354,563)	2,090,951
Cash flows from investing activities:		
Rental revenue	18,890	16,632
Investment earnings	758,519	1,087,356
Net cash provided by investing activities	777,409	1,103,988
Net increase in cash and cash equivalents	386,922	16,342,009
Cash and cash equivalents, beginning of year	97,043,092	80,701,083
Cash and cash equivalents, end of year	\$ 97,430,014	97,043,092
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,956,010	9,149,147
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	70,941	111,582
Depreciation/amortization	5,407,181	5,186,872
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	244,639	40,096
Inventory	(4,971)	(5,371)
Increase (decrease) in liabilities:		
Accounts payable	279,211	(256,722)
Accrued liabilities	(37,626)	135,275
Compensated absences payable	76,962	72,446
Customer deposits	221,274	279,313
Net cash provided by operating activities	\$ 19,213,621	14,712,638
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 174,706	184,824

See accompanying independent auditors' report.



Wastewater Fund

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

	2008	2007
Assets		
Current assets:		
Cash and investments	\$ 15,145,864	12,777,328
Accounts receivable, net of allowance	2,204,787	2,490,439
Intergovernmental receivable	45,887	64,274
Current portion of notes receivable	150,901	145,409
Restricted cash and investments	1,361,843	478,399
Accrued interest on notes receivable	6,270	7,155
Inventory	15,518	18,596
Total current assets	18,931,070	15,981,600
Noncurrent assets:		
Restricted cash and investments	39,823,862	45,945,218
Noncurrent portion of notes receivable	879,296	1,030,198
Deferred charges	593,896	645,964
Capital assets:		
Land	2,265,076	1,663,266
Buildings	10,552,910	10,537,082
Improvements other than buildings	64,448,934	60,000,328
Equipment	5,102,559	4,849,278
Construction work in progress	22,615,804	21,168,647
Less: accumulated depreciation and amortization	(28,434,335)	(25,901,831)
Total capital assets	76,550,948	72,316,770
Total noncurrent assets	117,848,002	119,938,150
Total assets	136,779,072	135,919,750

See accompanying independent auditors' report.

	<u>2008</u>	<u>2007</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 178,800	144,628
Accrued liabilities	233,530	222,743
Compensated absences payable	197,131	196,919
Bonds payable	4,889,408	3,884,031
Refundable contracts	61,317	84,554
Accrued interest payable	559,103	1,310,539
	<u>6,119,289</u>	<u>5,843,414</u>
Current liabilities payable from restricted assets:		
Accounts payable	1,361,843	478,399
	<u>1,361,843</u>	<u>478,399</u>
Total current liabilities	<u>7,481,132</u>	<u>6,321,813</u>
Noncurrent liabilities:		
Refundable contracts	356,945	395,024
Compensated absences payable	93,546	78,745
Bonds payable	72,306,335	77,237,282
Total noncurrent liabilities	<u>72,756,826</u>	<u>77,711,051</u>
Total liabilities	<u>80,237,958</u>	<u>84,032,864</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	38,760,805	36,629,597
Restricted for debt service	-	31,500
Unrestricted	<u>17,780,309</u>	<u>15,225,789</u>
Total net assets	<u>\$ 56,541,114</u>	<u>51,886,886</u>

City of Waco, Texas
Wastewater Fund

Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 19,912,261	18,301,818
Other	323,131	139,662
Total operating revenues	<u>20,235,392</u>	<u>18,441,480</u>
Operating expenses:		
Salaries and wages	2,096,503	2,103,453
Employee benefits	817,014	787,495
Purchased professional/technical services	877,048	762,989
Purchased property services	67,935	58,063
Maintenance	938,420	1,033,509
Other purchased services	266,665	250,303
Supplies	2,373,556	2,286,537
Other	2,771,317	2,560,746
Depreciation/amortization	2,625,005	2,481,945
Total operating expenses	<u>12,833,463</u>	<u>12,325,040</u>
Operating income	<u>7,401,929</u>	<u>6,116,440</u>
Nonoperating revenues (expenses):		
Investment earnings	529,507	665,277
Intergovernmental revenue	93	64,274
Interest expense and fiscal charges	(2,842,274)	(2,079,004)
Total nonoperating revenues (expenses)	<u>(2,312,674)</u>	<u>(1,349,453)</u>
Income before contributions and transfers	5,089,255	4,766,987
Capital contributions	176,726	265,896
Transfers in	-	22,918
Transfers out	<u>(611,753)</u>	<u>(542,638)</u>
Change in net assets	4,654,228	4,513,163
Total net assets, beginning of year	<u>51,886,886</u>	<u>47,373,723</u>
Total net assets, end of year	<u>\$ 56,541,114</u>	<u>51,886,886</u>

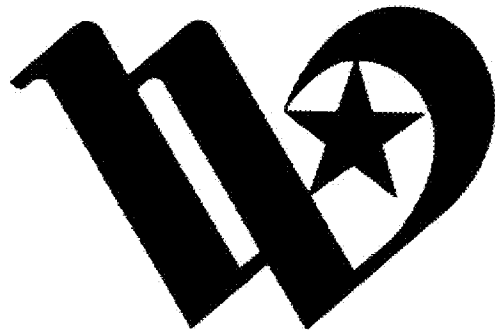
See accompanying independent auditors' report.

City of Waco, Texas
Wastewater Fund

Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 20,521,044	18,248,985
Cash paid to suppliers for goods and services	(7,246,904)	(6,987,537)
Cash paid to employees for services	(2,898,504)	(2,892,254)
Net cash provided by operating activities	10,375,636	8,369,194
Cash flows from noncapital financing activities:		
Intergovernmental revenue	18,480	-
Payment from other funds	-	104,867
Transfer from other funds	-	22,918
Transfer to other funds	(611,753)	(542,638)
Net cash used for noncapital financing activities	(593,273)	(414,853)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(5,311,247)	(4,471,539)
Proceeds from debt	-	35,559,913
Principal paid on debt	(3,925,570)	(3,688,343)
Interest paid on debt	(4,090,724)	(2,406,063)
Net cash provided by (used for) capital and related financing activities	(13,327,541)	24,993,968
Cash flows from investing activities:		
Investment earnings	530,392	666,123
Note payments from other entities	145,410	139,015
Net cash provided by investing activities	675,802	805,138
Net increase (decrease) in cash and cash equivalents	(2,869,376)	33,753,447
Cash and cash equivalents, beginning of year	59,200,945	25,447,498
Cash and cash equivalents, end of year	\$ 56,331,569	59,200,945
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,401,929	6,116,440
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	44,417	64,784
Depreciation/amortization	2,625,005	2,481,945
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	241,235	(257,279)
Inventory	3,078	859
Increase (decrease) in liabilities:		
Accounts payable	34,172	(63,963)
Accrued liabilities	10,787	27,714
Compensated absences payable	15,013	(1,306)
Net cash provided by operating activities	\$ 10,375,636	8,369,194
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 176,726	265,896

See accompanying independent auditors' report.



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Net Assets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current assets:		
Cash and investments	\$ 6,652,759	3,973,394
Accounts receivable, net of allowance	1,961,078	2,012,080
Intergovernmental receivable	-	36,626
Restricted cash and investments	<u>479,495</u>	<u>42,219</u>
 Total current assets	 <u>9,093,332</u>	 <u>6,064,319</u>
Noncurrent assets:		
Restricted cash and investments	7,319,996	5,700,240
Deferred charges	187,547	142,887
Capital assets:		
Land	595,935	685,512
Buildings	556,944	556,944
Improvements other than buildings	15,188,719	15,188,719
Equipment	13,780,629	14,073,539
Construction work in progress	3,030,829	1,552,025
Less: accumulated depreciation and amortization	<u>(21,510,148)</u>	<u>(21,567,787)</u>
 Total capital assets	 <u>11,642,908</u>	 <u>10,488,952</u>
 Total noncurrent assets	 <u>19,150,451</u>	 <u>16,332,079</u>
 Total assets	 <u>28,243,783</u>	 <u>22,396,398</u>

See accompanying independent auditors' report.

	<u>2008</u>	<u>2007</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 220,100	104,763
Accrued liabilities	1,148,873	228,125
Compensated absences payable	250,036	275,526
Bonds payable	1,470,000	1,537,056
Accrued interest payable	145,834	75,625
	<u>3,234,843</u>	<u>2,221,095</u>
Current liabilities payable from restricted assets:		
Accounts payable	-	42,219
Due to other funds	479,495	-
	<u>479,495</u>	<u>42,219</u>
Total current liabilities	<u>3,714,338</u>	<u>2,263,314</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	3,204,311	2,964,406
Compensated absences payable	235,585	175,328
Bonds payable	10,520,915	8,766,790
Total noncurrent liabilities	<u>13,960,811</u>	<u>11,906,524</u>
Total liabilities	<u>17,675,149</u>	<u>14,169,838</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	6,969,864	5,885,346
Restricted for debt service	2,125	-
Unrestricted	3,596,645	2,341,214
Total net assets	<u>\$ 10,568,634</u>	<u>8,226,560</u>

City of Waco, Texas

Solid Waste Fund

Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets
Years Ended September 30, 2008 and 2007

	2008	2007
Operating revenues:		
Charges for services	\$ 16,211,947	15,484,986
Other	365,711	283,049
Total operating revenues	16,577,658	15,768,035
Operating expenses:		
Salaries and wages	2,829,626	2,657,095
Employee benefits	1,195,363	1,044,372
Purchased professional/technical services	1,005,661	755,207
Maintenance	1,439,038	1,739,997
Other purchased services	231,105	232,731
Supplies	1,890,859	1,255,732
Other	2,146,539	1,827,623
Depreciation/amortization	2,005,978	2,140,498
Total operating expenses	12,744,169	11,653,255
Operating income	3,833,489	4,114,780
Nonoperating revenues (expenses):		
Investment earnings	178,048	155,042
Intergovernmental revenue	127,494	39,474
Intergovernmental expense	(38,748)	(39,474)
Interest expense and fiscal charges	(437,258)	(465,856)
Total nonoperating revenues (expenses)	(170,464)	(310,814)
Income before contributions and transfers	3,663,025	3,803,966
Capital contributions	-	424,575
Transfers in	-	62,215
Transfers out	(1,320,951)	(505,581)
Change in net assets	2,342,074	3,785,175
Total net assets, beginning of year	8,226,560	4,441,385
Total net assets, end of year	\$ 10,568,634	8,226,560

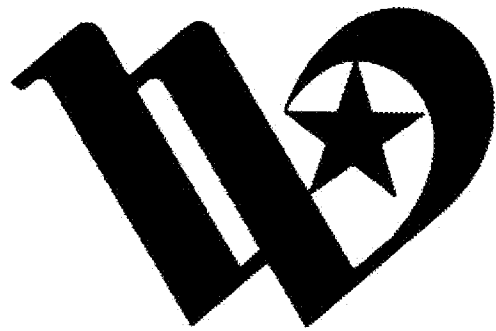
See accompanying independent auditors' report.

City of Waco, Texas
Solid Waste Fund

Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 16,628,660	15,664,559
Cash paid to suppliers for goods and services	(5,437,212)	(6,479,295)
Cash paid to employees for services	(3,990,222)	(3,688,706)
Net cash provided by operating activities	7,201,226	5,496,558
Cash flows from noncapital financing activities:		
Intergovernmental revenue	153,744	46,224
Intergovernmental expense	(38,748)	(39,474)
Payments from other funds	479,495	-
Payments to other funds	-	(155,182)
Transfer to other funds	(946,557)	(505,581)
Transfer from other funds	-	62,215
Net cash used for noncapital financing activities	(352,066)	(591,798)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,576,547)	(1,380,697)
Capital contributions	10,376	180,394
Proceeds from debt	3,229,867	-
Principal paid on debt	(1,542,798)	(2,331,722)
Interest paid on debt	(411,709)	(489,307)
Net cash used for capital and related financing activities	(2,290,811)	(4,021,332)
Cash flows from investing activities:		
Investment earnings	178,048	155,042
Net cash provided by investing activities	178,048	155,042
Net increase in cash and cash equivalents	4,736,397	1,038,470
Cash and cash equivalents, beginning of year	9,715,853	8,677,383
Cash and cash equivalents, end of year	\$ 14,452,250	9,715,853
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,833,489	4,114,780
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	34,754	47,911
Depreciation/amortization	2,005,978	2,140,498
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	16,248	(151,387)
Increase (decrease) in liabilities:		
Accounts payable	115,337	(315,707)
Accrued liabilities	920,748	(376,639)
Estimated landfill closure and post-closure care costs	239,905	24,341
Compensated absences payable	34,767	12,761
Net cash provided by operating activities	\$ 7,201,226	5,496,558
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	258,174
Transfer of capital assets to general government	\$ (374,394)	-

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, 2008
(With Comparative Totals for September 30, 2007)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>
Assets		
Current assets:		
Cash and investments	\$ 578,178	199,527
Restricted cash and investments	-	-
Accounts receivable, net of allowances	44,486	202,039
Due from other funds	-	-
Intergovernmental receivable	169,200	-
Inventories	5,352	25,853
Total current assets	<u>797,216</u>	<u>427,419</u>
Noncurrent assets:		
Restricted cash and investments	116,823	-
Capital assets:		
Land	241,984	-
Buildings	11,313,267	7,034,112
Improvements other than buildings	13,419,478	731,793
Equipment	1,337,559	578,124
Museum collections	-	-
Construction work in progress	1,884,195	411,494
Less: accumulated depreciation	(13,560,003)	(6,037,588)
Total capital assets	<u>14,636,480</u>	<u>2,717,935</u>
Total noncurrent assets	<u>14,753,303</u>	<u>2,717,935</u>
Total assets	<u>15,550,519</u>	<u>3,145,354</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	57,891	71,778
Accrued liabilities	98,949	86,280
Unearned revenue	222,207	15,759
Due to other funds	-	-
Compensated absences payable	24,362	89,548
Escrow funds	-	-
Bonds payable	110,000	-
Accrued interest payable	4,526	-
	<u>517,935</u>	<u>263,365</u>
Current liabilities payable from restricted assets:		
Accounts payable	-	-
Accrued liabilities	-	-
Total current liabilities	<u>517,935</u>	<u>263,365</u>
Noncurrent liabilities:		
Advances from other funds	247,394	-
Compensated absences payable	-	104,160
Bonds payable	365,000	-
Total noncurrent liabilities	<u>612,394</u>	<u>104,160</u>
Total liabilities	<u>1,130,329</u>	<u>367,525</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	14,278,303	2,717,935
Restricted for Asian Forest	-	-
Restricted for Texas Ranger Research Center improvements	-	-
Unrestricted	141,887	59,894
Total net assets	<u>\$ 14,420,190</u>	<u>2,777,829</u>

See accompanying independent auditors' report.

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2008	2007
243,962	164,776	-	156,632	1,343,075	1,398,917
2,005	387,906	-	-	389,911	375
770	1,012	21,108	823	270,238	277,192
-	-	-	-	-	78,830
2,005	-	3,018,901	-	3,190,106	1,490,883
92,052	6,657	256,468	211,324	597,706	512,572
<u>340,794</u>	<u>560,351</u>	<u>3,296,477</u>	<u>368,779</u>	<u>5,791,036</u>	<u>3,758,769</u>
528,442	1,194,935	-	-	1,840,200	774,629
-	-	423,284	-	665,268	665,268
786,657	6,636,437	6,929,653	713,389	33,413,515	28,294,260
48,391	16,703,583	244,951	1,803,871	32,952,067	30,580,886
302,920	312,547	9,046,310	557,520	12,134,980	9,541,064
1,765,557	-	-	-	1,765,557	1,667,057
100,824	1,495,852	87,433	19,178	3,998,976	5,583,264
(723,160)	(8,010,720)	(6,069,795)	(1,951,380)	(36,352,646)	(33,468,672)
<u>2,281,189</u>	<u>17,137,699</u>	<u>10,661,836</u>	<u>1,142,578</u>	<u>48,577,717</u>	<u>42,863,127</u>
2,809,631	18,332,634	10,661,836	1,142,578	50,417,917	43,637,756
<u>3,150,425</u>	<u>18,892,985</u>	<u>13,958,313</u>	<u>1,511,357</u>	<u>56,208,953</u>	<u>47,396,525</u>
33,836	43,310	312,974	79,806	599,595	1,045,940
38,374	82,679	242,050	429,246	977,578	908,758
-	30,651	-	-	268,617	236,384
-	-	2,451,014	-	2,451,014	357,616
39,380	85,071	-	40,040	278,401	324,212
99,782	-	-	-	99,782	78,758
-	-	-	-	110,000	100,000
-	-	-	-	4,526	5,442
<u>211,372</u>	<u>241,711</u>	<u>3,006,038</u>	<u>549,092</u>	<u>4,789,513</u>	<u>3,057,110</u>
2,005	313,113	-	-	315,118	375
-	74,793	-	-	74,793	-
<u>213,377</u>	<u>629,617</u>	<u>3,006,038</u>	<u>549,092</u>	<u>5,179,424</u>	<u>3,057,485</u>
-	-	-	802,886	1,050,280	853,828
63,567	63,789	-	109,097	340,613	254,733
-	-	-	-	365,000	475,000
<u>63,567</u>	<u>63,789</u>	<u>-</u>	<u>911,983</u>	<u>1,755,893</u>	<u>1,583,561</u>
276,944	693,406	3,006,038	1,461,075	6,935,317	4,641,046
2,281,189	17,137,699	10,661,836	1,142,578	48,219,540	42,509,245
-	1,194,935	-	-	1,194,935	-
478,137	-	-	-	478,137	280,863
114,155	(133,055)	290,439	(1,092,296)	(618,976)	(34,629)
<u>2,873,481</u>	<u>18,199,579</u>	<u>10,952,275</u>	<u>50,282</u>	<u>49,273,636</u>	<u>42,755,479</u>

City of Waco, Texas
Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended September 30, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	Airport Fund	Convention Services Fund
Operating revenues:		
Charges for services	\$ 491,314	622,617
Net merchandise sales	24,748	174,278
Contributions	-	-
Other	306,362	7,400
Total operating revenues	822,424	804,295
Operating expenses:		
Salaries and wages	411,491	987,172
Employee benefits	170,703	404,031
Purchased professional/technical services	10,110	28,192
Purchased property services	34,929	29,259
Maintenance	75,573	74,507
Other purchased services	89,618	499,525
Supplies	239,192	324,957
Other	226,536	40,222
Depreciation	938,273	241,734
Total operating expenses	2,196,425	2,629,599
Operating loss	(1,374,001)	(1,825,304)
Nonoperating revenues (expenses):		
Investment earnings	30,101	1,792
Other income	275,458	-
Hotel/motel tax	-	1,688,943
Contributions	-	-
Intergovernmental revenue	161,580	-
Intergovernmental expenses	-	(150,000)
Interest expense and fiscal charges	(33,812)	-
Total nonoperating revenues (expenses)	433,327	1,540,735
Loss before contributions and transfers	(940,674)	(284,569)
Capital contributions	3,079,261	411,494
Transfers in	335,263	110,637
Change in net assets	2,473,850	237,562
Total net assets, beginning of year	11,946,340	2,540,267
Total net assets, end of year	\$ 14,420,190	2,777,829

See accompanying independent auditors' report.

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2008	2007
249,284	1,081,963	1,942,643	1,153,116	5,540,937	4,907,082
155,350	199,841	-	159,366	713,583	719,238
-	9,335	-	-	9,335	8,183
33,976	3,347	519,446	26,968	897,499	747,309
<u>438,610</u>	<u>1,294,486</u>	<u>2,462,089</u>	<u>1,339,450</u>	<u>7,161,354</u>	<u>6,381,812</u>
488,623	1,028,546	2,032,833	467,070	5,415,735	5,003,597
173,105	466,267	470,900	184,383	1,869,389	1,737,785
289,323	32,937	1,069,581	322,604	1,752,747	1,556,269
5,146	179,880	20,233	226,333	495,780	259,808
13,359	34,848	310,105	68,524	576,916	694,969
55,566	95,830	158,794	139,669	1,039,002	1,023,770
113,700	589,374	1,006,209	240,162	2,513,594	2,276,274
186,975	134,994	297,840	28,156	914,723	864,787
38,023	982,928	613,901	134,616	2,949,475	2,816,093
<u>1,363,820</u>	<u>3,545,604</u>	<u>5,980,396</u>	<u>1,811,517</u>	<u>17,527,361</u>	<u>16,233,352</u>
<u>(925,210)</u>	<u>(2,251,118)</u>	<u>(3,518,307)</u>	<u>(472,067)</u>	<u>(10,366,007)</u>	<u>(9,851,540)</u>
28,001	2,180	67	414	62,555	64,586
-	-	-	-	275,458	349,543
-	-	-	-	1,688,943	1,620,022
55,183	-	-	-	55,183	78,797
18,045	-	2,828,465	-	3,008,090	2,728,608
-	-	-	-	(150,000)	(150,000)
-	-	-	(1,445)	(35,257)	(36,050)
<u>101,229</u>	<u>2,180</u>	<u>2,828,532</u>	<u>(1,031)</u>	<u>4,904,972</u>	<u>4,655,506</u>
<u>(823,981)</u>	<u>(2,248,938)</u>	<u>(689,775)</u>	<u>(473,098)</u>	<u>(5,461,035)</u>	<u>(5,196,034)</u>
395,680	2,852,916	2,659,036	-	9,398,387	4,910,908
599,521	1,275,027	80,111	180,246	2,580,805	2,790,361
171,220	1,879,005	2,049,372	(292,852)	6,518,157	2,505,235
<u>2,702,261</u>	<u>16,320,574</u>	<u>8,902,903</u>	<u>343,134</u>	<u>42,755,479</u>	<u>40,250,244</u>
<u>2,873,481</u>	<u>18,199,579</u>	<u>10,952,275</u>	<u>50,282</u>	<u>49,273,636</u>	<u>42,755,479</u>

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

	<u>Airport Fund</u>	<u>Convention Services Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 846,668	772,155
Cash paid to suppliers for goods and services	(768,427)	(1,016,446)
Cash paid to employees for services	(610,976)	(1,370,334)
Net cash used for operating activities	<u>(532,735)</u>	<u>(1,614,625)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	-	1,666,261
Intergovernmental revenue	168,492	-
Intergovernmental expenses	-	(150,000)
Contributions	-	-
Passenger facility charges	275,458	-
Payments from other funds	-	-
Payments to other funds	-	-
Transfer from other funds	335,263	110,637
Advances from other funds	-	-
Repayments of advances from other funds	(15,274)	-
Net cash provided by noncapital financing activities	<u>763,939</u>	<u>1,626,898</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,055,023)	-
Capital contributions	3,662,197	-
Principal paid on debt	(100,000)	-
Interest paid on debt	(34,728)	-
Net cash provided by (used for) capital and related financing activities	<u>(527,554)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>30,101</u>	<u>1,792</u>
Net cash provided by investing activities	<u>30,101</u>	<u>1,792</u>
Net increase (decrease) in cash and cash equivalents	(266,249)	14,065
Cash and cash equivalents, beginning of year	<u>961,250</u>	<u>185,462</u>
Cash and cash equivalents, end of year	<u>\$ 695,001</u>	<u>199,527</u>

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2008	2007
438,919	1,293,474	2,452,901	1,338,657	7,142,774	6,421,410
(610,130)	(643,589)	(2,669,043)	(1,066,775)	(6,774,410)	(6,448,728)
<u>(644,011)</u>	<u>(1,475,664)</u>	<u>(2,503,733)</u>	<u>(640,336)</u>	<u>(7,245,054)</u>	<u>(6,645,635)</u>
<u>(815,222)</u>	<u>(825,779)</u>	<u>(2,719,875)</u>	<u>(368,454)</u>	<u>(6,876,690)</u>	<u>(6,672,953)</u>
-	-	-	-	1,666,261	1,635,770
49,730	-	864,696	-	1,082,918	3,870,053
-	-	-	-	(150,000)	(150,000)
55,183	-	-	-	55,183	78,797
-	-	-	-	275,458	349,543
-	-	2,093,398	-	2,093,398	-
-	-	-	-	-	(1,157,470)
599,521	1,275,027	80,111	180,246	2,580,805	2,790,361
-	-	-	210,281	210,281	290,031
-	-	-	-	(15,274)	-
<u>704,434</u>	<u>1,275,027</u>	<u>3,038,205</u>	<u>390,527</u>	<u>7,799,030</u>	<u>7,707,085</u>
(8,999)	(1,510,174)	(2,590,059)	(45,127)	(8,209,382)	(4,105,553)
133,833	2,690,788	2,271,662	-	8,758,480	4,324,931
-	-	-	-	(100,000)	(95,000)
-	-	-	-	(34,728)	(36,095)
<u>124,834</u>	<u>1,180,614</u>	<u>(318,397)</u>	<u>(45,127)</u>	<u>414,370</u>	<u>88,283</u>
<u>28,001</u>	<u>2,180</u>	<u>67</u>	<u>414</u>	<u>62,555</u>	<u>64,586</u>
<u>28,001</u>	<u>2,180</u>	<u>67</u>	<u>414</u>	<u>62,555</u>	<u>64,586</u>
42,047	1,632,042	-	(22,640)	1,399,265	1,187,001
<u>732,362</u>	<u>115,575</u>	<u>-</u>	<u>179,272</u>	<u>2,173,921</u>	<u>986,920</u>
<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>

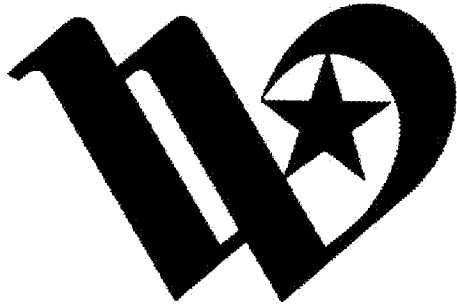
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City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2008
(With Comparative Totals for Year Ended September 30, 2007)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,374,001)	(1,825,304)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	938,273	241,735
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	24,244	16,076
Inventories	(5,352)	(13,955)
Increase (decrease) in liabilities:		
Accounts payable	(27,060)	(27,939)
Accrued liabilities	(60,057)	22,110
Unearned revenue	-	(48,216)
Compensated absences payable	(28,782)	20,868
Escrow funds	-	-
	<u> </u>	<u> </u>
Net cash used for operating activities	\$ <u>(532,735)</u>	<u>(1,614,625)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ <u>127,707</u>	<u>411,494</u>

See accompanying independent auditors' report.

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2008	2007
(925,210)	(2,251,118)	(3,518,307)	(472,067)	(10,366,007)	(9,851,540)
38,023	982,928	613,901	134,616	2,949,476	2,816,093
309	(1,012)	(9,188)	(793)	29,636	26,628
(7,095)	(1,078)	(29,665)	(27,989)	(85,134)	(38,991)
30,349	339,395	151,359	(20,233)	445,871	141,897
9,661	92,979	72,025	6,895	143,613	135,292
-	(7,022)	-	-	(55,238)	7,638
17,717	19,149	-	11,117	40,069	95,747
21,024	-	-	-	21,024	(5,717)
<u>(815,222)</u>	<u>(825,779)</u>	<u>(2,719,875)</u>	<u>(368,454)</u>	<u>(6,876,690)</u>	<u>(6,672,953)</u>
<u>261,847</u>	<u>162,128</u>	<u>68,981</u>	<u>-</u>	<u>1,032,157</u>	<u>781,145</u>



Airport Fund

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

	2008	2007
Assets		
Current assets:		
Cash and investments	\$ 578,178	740,132
Accounts receivable, net of allowance	44,486	68,730
Due from other funds	-	78,830
Intergovernmental receivable	169,200	720,454
Inventory	5,352	-
Total current assets	797,216	1,608,146
Noncurrent assets:		
Restricted cash and investments	116,823	221,118
Capital assets:		
Land	241,984	241,984
Buildings	11,313,267	6,421,246
Improvements other than buildings	13,419,478	11,055,469
Equipment	1,337,559	1,337,559
Construction in progress	1,884,195	5,534,969
Less: accumulated depreciation	(13,560,003)	(12,621,731)
Total capital assets	14,636,480	11,969,496
Total noncurrent assets	14,753,303	12,190,614
Total assets	15,550,519	13,798,760
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	57,891	662,424
Accrued liabilities	98,949	159,006
Unearned revenue	222,207	134,736
Compensated absences payable	24,362	36,761
Bonds payable	110,000	100,000
Accrued interest payable	4,526	5,442
Total current liabilities	517,935	1,098,369
Noncurrent liabilities:		
Advances from other funds	247,394	262,668
Compensated absences payable	-	16,383
Bonds payable	365,000	475,000
Total noncurrent liabilities	612,394	754,051
Total liabilities	1,130,329	1,852,420
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	14,278,303	11,615,614
Unrestricted	141,887	330,726
Total net assets	\$ 14,420,190	11,946,340

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 491,314	504,107
Net merchandise sales	24,748	-
Other	306,362	253,434
Total operating revenues	<u>822,424</u>	<u>757,541</u>
Operating expenses:		
Salaries and wages	411,491	374,426
Employee benefits	170,703	143,562
Purchased professional/technical services	10,110	42,332
Purchased property services	34,929	20,715
Maintenance	75,573	83,933
Other purchased services	89,618	80,763
Supplies	239,192	219,998
Other	226,536	256,438
Depreciation	938,273	880,825
Total operating expenses	<u>2,196,425</u>	<u>2,102,992</u>
Operating loss	<u>(1,374,001)</u>	<u>(1,345,451)</u>
Nonoperating revenues (expenses):		
Investment earnings	30,101	37,827
Intergovernmental revenue	161,580	135,555
Interest expense and fiscal charges	(33,812)	(36,050)
Other income	275,458	349,543
Total nonoperating revenues (expenses)	<u>433,327</u>	<u>486,875</u>
Loss before contributions and transfers	(940,674)	(858,576)
Capital contributions	3,079,261	4,298,674
Transfers in	<u>335,263</u>	<u>234,849</u>
Change in net assets	2,473,850	3,674,947
Total net assets, beginning of year	<u>11,946,340</u>	<u>8,271,393</u>
Total net assets, end of year	<u>\$ 14,420,190</u>	<u>11,946,340</u>

See accompanying independent auditors' report.

City of Waco, Texas

Airport Fund

Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 846,668	732,737
Cash paid to suppliers for goods and services	(768,427)	(611,047)
Cash paid to employees for services	(610,976)	(493,686)
Net cash used for operating activities	(532,735)	(371,996)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	168,492	125,079
Passenger facility charges	275,458	349,543
Transfer from other funds	335,263	234,849
Advances from other funds	-	262,668
Repayments of advances from other funds	(15,274)	-
Net cash provided by noncapital financing activities	763,939	972,139
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,055,023)	(3,965,774)
Capital contributions	3,662,197	4,026,321
Principal paid on capital debt	(100,000)	(95,000)
Interest paid on capital debt	(34,728)	(36,095)
Net cash used for capital and related financing activities	(527,554)	(70,548)
Cash flows from investing activities:		
Investment earnings	30,101	37,827
Net cash provided by investing activities	30,101	37,827
Net increase (decrease) in cash and cash equivalents	(266,249)	567,422
Cash and cash equivalents, beginning of year	961,250	393,828
Cash and cash equivalents, end of year	\$ 695,001	961,250
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,374,001)	(1,345,451)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	938,273	880,825
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	24,244	(24,804)
Inventory	(5,352)	-
Increase (decrease) in liabilities:		
Accounts payable	(27,060)	17,981
Accrued liabilities	(60,057)	75,151
Compensated absences payable	(28,782)	24,302
Net cash used for operating activities	\$ (532,735)	(371,996)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 127,707	467,521

See accompanying independent auditors' report.

Convention Services Fund

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

	2008	2007
Assets		
Current assets:		
Cash and investments	\$ 199,527	185,462
Accounts receivable, net of allowance	202,039	195,433
Inventory	25,853	11,898
Total current assets	427,419	392,793
Noncurrent assets:		
Capital assets:		
Buildings	7,034,112	7,034,112
Improvements other than buildings	731,793	731,793
Equipment	578,124	578,124
Construction work in progress	411,494	-
Less: accumulated depreciation	(6,037,588)	(5,795,853)
Total capital assets	2,717,935	2,548,176
Total noncurrent assets	2,717,935	2,548,176
Total assets	3,145,354	2,940,969
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	71,778	99,717
Accrued liabilities	86,280	64,170
Unearned revenue	15,759	63,975
Compensated absences payable	89,548	114,231
Total current liabilities	263,365	342,093
Noncurrent liabilities:		
Compensated absences payable	104,160	58,609
Total noncurrent liabilities	104,160	58,609
Total liabilities	367,525	400,702
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	2,717,935	2,548,176
Unrestricted	59,894	(7,909)
Total net assets	\$ 2,777,829	2,540,267

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, 2008 and 2007

	2008	2007
Operating revenues:		
Charges for services	\$ 622,617	618,125
Net merchandise sales	174,278	183,661
Other	7,400	3,490
Total operating revenues	804,295	805,276
Operating expenses:		
Salaries and wages	987,172	972,465
Employee benefits	404,031	387,496
Purchased professional/technical services	28,192	42,961
Purchased property services	29,259	21,653
Maintenance	74,507	80,180
Other purchased services	499,525	520,432
Supplies	324,957	430,360
Other	40,222	6,458
Depreciation	241,734	225,943
Total operating expenses	2,629,599	2,687,948
Operating loss	(1,825,304)	(1,882,672)
Nonoperating revenues (expenses):		
Hotel/motel tax	1,688,943	1,620,022
Investment earnings	1,792	2,523
Intergovernmental expenses	(150,000)	(150,000)
Total nonoperating revenues (expenses)	1,540,735	1,472,545
Loss before contributions and transfers	(284,569)	(410,127)
Capital contributions	411,494	232,118
Transfers in	110,637	253,685
Change in net assets	237,562	75,676
Total net assets, beginning of year	2,540,267	2,464,591
Total net assets, end of year	\$ 2,777,829	2,540,267

See accompanying independent auditors' report.

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

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 772,155	836,254
Cash paid to suppliers for goods and services	(1,016,446)	(1,040,102)
Cash paid to employees for services	(1,370,334)	(1,355,472)
Net cash used for operating activities	(1,614,625)	(1,559,320)
Cash flows from noncapital financing activities:		
Hotel/motel tax	1,666,261	1,635,770
Intergovernmental expenses	(150,000)	(150,000)
Transfer from other funds	110,637	253,685
Net cash provided by noncapital financing activities	1,626,898	1,739,455
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(20,712)
Net cash used for capital and related financing activities	-	(20,712)
Cash flows from investing activities:		
Investment earnings	1,792	2,523
Net cash provided by investing activities	1,792	2,523
Net increase in cash and cash equivalents	14,065	161,946
Cash and cash equivalents, beginning of year	185,462	23,516
Cash and cash equivalents, end of year	\$ 199,527	185,462
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,825,304)	(1,882,672)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	241,735	225,943
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	16,076	18,008
Inventory	(13,955)	14,808
Increase (decrease) in liabilities:		
Accounts payable	(27,939)	51,778
Accrued liabilities	22,110	(4,644)
Unearned revenue	(48,216)	12,970
Compensated absences payable	20,868	4,489
Net cash used for operating activities	\$ (1,614,625)	(1,559,320)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 411,494	232,118

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, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash and investments	\$ 243,962	178,476
Restricted cash and investments	2,005	375
Accounts receivable, net of allowance	770	1,079
Intergovernmental receivable	2,005	33,690
Inventory	92,052	84,957
Total current assets	340,794	298,577
Noncurrent assets:		
Restricted cash and investments	528,442	553,511
Capital assets:		
Buildings	786,657	705,637
Improvements other than buildings	48,391	48,391
Equipment	302,920	283,301
Museum collections	1,765,557	1,667,057
Construction in progress	100,824	29,117
Less: accumulated depreciation	(723,160)	(685,137)
Total capital assets	2,281,189	2,048,366
Total noncurrent assets	2,809,631	2,601,877
Total assets	3,150,425	2,900,454
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	33,836	5,117
Accrued liabilities	38,374	28,713
Compensated absences payable	39,380	38,750
Escrow funds	99,782	78,758
	211,372	151,338
Current liabilities payable from restricted assets:		
Accounts payable	2,005	375
Total current liabilities	213,377	151,713
Noncurrent liabilities:		
Compensated absences payable	63,567	46,480
Total noncurrent liabilities	63,567	46,480
Total liabilities	276,944	198,193
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	2,281,189	2,048,366
Restricted for Texas Ranger Research Center improvements	478,137	280,863
Unrestricted	114,155	373,032
Total net assets	\$ 2,873,481	2,702,261

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 249,284	233,913
Net merchandise sales	155,350	165,112
Other	33,976	41,717
Total operating revenues	<u>438,610</u>	<u>440,742</u>
Operating expenses:		
Salaries and wages	488,623	445,578
Employee benefits	173,105	153,290
Purchased professional/technical services	289,323	124,960
Purchased property services	5,146	5,396
Maintenance	13,359	15,867
Other purchased services	55,566	51,847
Supplies	113,700	108,042
Other	186,975	175,067
Depreciation	38,023	40,902
Total operating expenses	<u>1,363,820</u>	<u>1,120,949</u>
Operating loss	<u>(925,210)</u>	<u>(680,207)</u>
Nonoperating revenues:		
Investment earnings	28,001	23,499
Contributions	55,183	78,797
Intergovernmental revenue	18,045	80,286
Total nonoperating revenues	<u>101,229</u>	<u>182,582</u>
Loss before contributions and transfers	(823,981)	(497,625)
Capital contributions	395,680	293,459
Transfers in	<u>599,521</u>	<u>523,054</u>
Change in net assets	171,220	318,888
Total net assets, beginning of year	<u>2,702,261</u>	<u>2,383,373</u>
Total net assets, end of year	<u>\$ 2,873,481</u>	<u>2,702,261</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 438,919	440,743
Cash paid to suppliers for goods and services	(610,130)	(534,600)
Cash paid to employees for services	(644,011)	(587,759)
Net cash used for operating activities	(815,222)	(681,616)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	49,730	137,725
Contributions	55,183	78,797
Transfer from other funds	599,521	523,054
Net cash provided by noncapital financing activities	704,434	739,576
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,999)	-
Capital contributions	133,833	275,959
Net cash provided by capital and related financing activities	124,834	275,959
Cash flows from investing activities:		
Investment earnings	28,001	23,499
Net cash provided by investing activities	28,001	23,499
Net increase in cash and cash equivalents	42,047	357,418
Cash and cash equivalents, beginning of year	732,362	374,944
Cash and cash equivalents, end of year	\$ 774,409	732,362
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (925,210)	(680,207)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	38,023	40,902
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	309	1
Inventory	(7,095)	10,408
Increase (decrease) in liabilities:		
Accounts payable	30,349	(11,315)
Accrued liabilities	9,661	(46,797)
Compensated absences payable	17,717	11,109
Escrow funds	21,024	(5,717)
Net cash used for operating activities	\$ (815,222)	(681,616)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 261,847	17,500

See accompanying independent auditors' report.

Cameron Park Zoo Fund

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Net Assets
September 30, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash and investments	\$ 164,776	115,575
Restricted cash and investments	387,906	-
Accounts receivable, net of allowance	1,012	-
Inventory	6,657	5,579
Total current assets	560,351	121,154
Noncurrent assets:		
Restricted cash and investments	1,194,935	-
Capital assets:		
Buildings	6,636,437	6,490,223
Improvements other than buildings	16,703,583	16,696,411
Equipment	312,547	294,856
Construction in progress	1,495,852	-
Less: accumulated depreciation	(8,010,720)	(7,033,165)
Total capital assets	17,137,699	16,448,325
Total noncurrent assets	18,332,634	16,448,325
Total assets	18,892,985	16,569,479
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	43,310	17,028
Accrued liabilities	82,679	64,493
Unearned revenue	30,651	37,673
Compensated absences payable	85,071	99,079
	241,711	218,273
Current liabilities payable from restricted assets:		
Accounts payable	313,113	-
Accrued liabilities	74,793	-
	387,906	-
Total current liabilities	629,617	218,273
Noncurrent liabilities:		
Compensated absences payable	63,789	30,632
Total noncurrent liabilities	63,789	30,632
Total liabilities	693,406	248,905
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	17,137,699	16,448,325
Restricted for Asian Forest	1,194,935	-
Unrestricted	(133,055)	(127,751)
Total net assets	\$ 18,199,579	16,320,574

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, 2008 and 2007

	2008	2007
Operating revenues:		
Charges for services	\$ 1,081,963	802,838
Net merchandise sales	199,841	158,036
Contributions	9,335	8,183
Other	3,347	8,489
Total operating revenues	1,294,486	977,546
Operating expenses:		
Salaries and wages	1,028,546	995,467
Employee benefits	466,267	426,165
Purchased professional/technical services	32,937	44,024
Purchased property services	179,880	109,620
Maintenance	34,848	29,491
Other purchased services	95,830	99,174
Supplies	589,374	573,956
Other	134,994	129,474
Depreciation	982,928	979,032
Total operating expenses	3,545,604	3,386,403
Operating loss	(2,251,118)	(2,408,857)
Nonoperating revenues:		
Investment earnings	2,180	75
Total nonoperating revenues	2,180	75
Loss before contributions and transfers	(2,248,938)	(2,408,782)
Capital contributions	2,852,916	34,094
Transfers in	1,275,027	1,432,518
Change in net assets	1,879,005	(942,170)
Total net assets, beginning of year	16,320,574	17,262,744
Total net assets, end of year	\$ 18,199,579	16,320,574

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,293,474	977,546
Cash paid to suppliers for goods and services	(643,589)	(1,008,227)
Cash paid to employees for services	(1,475,664)	(1,401,206)
Net cash used for operating activities	<u>(825,779)</u>	<u>(1,431,887)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	<u>1,275,027</u>	<u>1,432,518</u>
Net cash provided by noncapital financing activities	<u>1,275,027</u>	<u>1,432,518</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,510,174)	(20,588)
Capital contributions	<u>2,690,788</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>1,180,614</u>	<u>(20,588)</u>
Cash flows from investing activities:		
Investment earnings	<u>2,180</u>	<u>75</u>
Net cash provided by investing activities	<u>2,180</u>	<u>75</u>
Net increase (decrease) in cash and cash equivalents	1,632,042	(19,882)
Cash and cash equivalents, beginning of year	<u>115,575</u>	<u>135,457</u>
Cash and cash equivalents, end of year	<u>\$ 1,747,617</u>	<u>115,575</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,251,118)	(2,408,857)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	982,928	979,032
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(1,012)	-
Inventory	(1,078)	(1,257)
Increase (decrease) in liabilities:		
Accounts payable	339,395	(11,403)
Accrued liabilities	92,979	(4,496)
Unearned revenue	(7,022)	(5,332)
Compensated absences payable	<u>19,149</u>	<u>20,426</u>
Net cash used for operating activities	<u>\$ (825,779)</u>	<u>(1,431,887)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 162,128</u>	<u>34,094</u>

See accompanying independent auditors' report.

Transit Services Fund

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

	2008	2007
Assets		
Current assets:		
Accounts receivable, net of allowance	\$ 21,108	11,920
Intergovernmental receivable	3,018,901	736,739
Inventory	256,468	226,803
Total current assets	3,296,477	975,462
Noncurrent assets:		
Capital assets:		
Land	423,284	423,284
Buildings	6,929,653	6,929,653
Improvements other than buildings	244,951	244,951
Equipment	9,046,310	6,474,704
Construction work in progress	87,433	-
Less: accumulated depreciation	(6,069,795)	(5,455,895)
Total capital assets	10,661,836	8,616,697
Total noncurrent assets	10,661,836	8,616,697
Total assets	13,958,313	9,592,159
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	312,974	161,615
Accrued liabilities	242,050	170,025
Due to other funds	2,451,014	357,616
Total current liabilities	3,006,038	689,256
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	10,661,836	8,616,697
Unrestricted	290,439	286,206
Total net assets	\$ 10,952,275	8,902,903

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 1,942,643	1,540,662
Other	519,446	431,262
Total operating revenues	<u>2,462,089</u>	<u>1,971,924</u>
Operating expenses:		
Salaries and wages	2,032,833	1,770,868
Employee benefits	470,900	444,271
Purchased professional/technical services	1,069,581	1,008,024
Purchased property services	20,233	13,743
Maintenance	310,105	404,914
Other purchased services	158,794	140,616
Supplies	1,006,209	725,135
Other	297,840	246,569
Depreciation	613,901	554,985
Total operating expenses	<u>5,980,396</u>	<u>5,309,125</u>
Operating loss	<u>(3,518,307)</u>	<u>(3,337,201)</u>
Nonoperating revenues:		
Investment earnings	67	101
Intergovernmental revenue	2,828,465	2,512,767
Total nonoperating revenues	<u>2,828,532</u>	<u>2,512,868</u>
Loss before capital contributions and transfers	(689,775)	(824,333)
Capital contributions	2,659,036	33,385
Transfers in	80,111	264,276
Change in net assets	2,049,372	(526,672)
Total net assets, beginning of year	<u>8,902,903</u>	<u>9,429,575</u>
Total net assets, end of year	<u>\$ 10,952,275</u>	<u>8,902,903</u>

See accompanying independent auditors' report.

City of Waco, Texas

Transit Services Fund

Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,452,901	2,005,347
Cash paid to suppliers for goods and services	(2,669,043)	(2,509,436)
Cash paid to employees for services	(2,503,733)	(2,215,139)
Net cash used for operating activities	<u>(2,719,875)</u>	<u>(2,719,228)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	864,696	3,607,249
Transfer from other funds	80,111	264,276
Payments from other funds	2,093,398	-
Payments to other funds	-	(1,157,470)
Net cash provided by noncapital financing activities	<u>3,038,205</u>	<u>2,714,055</u>
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(2,590,059)	(17,579)
Capital contributions	2,271,662	22,651
Net cash provided by (used for) capital and related financing activities	<u>(318,397)</u>	<u>5,072</u>
Cash flows from investing activities:		
Investment earnings	67	101
Net cash provided by investing activities	<u>67</u>	<u>101</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	\$ (3,518,307)	(3,337,201)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	613,901	554,985
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(9,188)	33,423
Inventory	(29,665)	(62,080)
Increase (decrease) in liabilities:		
Accounts payable	151,359	58,701
Accrued liabilities	72,025	32,944
Net cash used for operating activities	<u>\$ (2,719,875)</u>	<u>(2,719,228)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 68,981</u>	<u>10,734</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, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash	\$ 156,632	179,272
Accounts receivable, net of allowance	823	30
Inventory	211,324	183,335
Total current assets	368,779	362,637
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	1,803,871	1,803,871
Equipment	557,520	572,520
Construction work in progress	19,178	19,178
Less: accumulated depreciation	(1,951,380)	(1,876,891)
Total capital assets	1,142,578	1,232,067
Total noncurrent assets	1,142,578	1,232,067
Total assets	1,511,357	1,594,704
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	79,806	100,039
Accrued liabilities	429,246	422,351
Compensated absences payable	40,040	35,391
Total current liabilities	549,092	557,781
Noncurrent liabilities:		
Advances from other funds	802,886	591,160
Compensated absences payable	109,097	102,629
Total noncurrent liabilities	911,983	693,789
Total liabilities	1,461,075	1,251,570
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	1,142,578	1,232,067
Unrestricted	(1,092,296)	(888,933)
Total net assets	\$ 50,282	343,134

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 1,153,116	1,207,437
Net merchandise sales	159,366	212,429
Other	26,968	8,917
Total operating revenues	<u>1,339,450</u>	<u>1,428,783</u>
Operating expenses:		
Salaries and wages	467,070	444,793
Employee benefits	184,383	183,001
Purchased professional/technical services	322,604	293,968
Purchased property services	226,333	88,681
Maintenance	68,524	80,584
Other purchased services	139,669	130,938
Supplies	240,162	218,783
Other	28,156	50,781
Depreciation	134,616	134,406
Total operating expenses	<u>1,811,517</u>	<u>1,625,935</u>
Operating loss	<u>(472,067)</u>	<u>(197,152)</u>
Nonoperating revenues (expenses):		
Investment earnings	414	561
Interest expense	(1,445)	-
Total nonoperating revenues (expenses)	<u>(1,031)</u>	<u>561</u>
Loss before contributions and transfers	(473,098)	(196,591)
Capital contributions	-	19,178
Transfers in	180,246	81,979
Change in net assets	(292,852)	(95,434)
Total net assets, beginning of year	<u>343,134</u>	<u>438,568</u>
Total net assets, end of year	<u>\$ 50,282</u>	<u>343,134</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 1,338,657	1,428,783
Cash paid to suppliers for goods and services	(1,066,775)	(745,316)
Cash paid to employees for services	(640,336)	(592,373)
Net cash provided by (used for) operating activities	(368,454)	91,094
Cash flows from noncapital financing activities:		
Transfer from other funds	180,246	81,979
Advances from other funds	210,281	27,363
Net cash provided by noncapital financing activities	390,527	109,342
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(45,127)	(80,900)
Net cash used for capital and related financing activities	(45,127)	(80,900)
Cash flows from investing activities:		
Investment earnings	414	561
Net cash provided by investing activities	414	561
Net increase (decrease) in cash and cash equivalents	(22,640)	120,097
Cash and cash equivalents, beginning of year	179,272	59,175
Cash and cash equivalents, end of year	\$ 156,632	179,272
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (472,067)	(197,152)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	134,616	134,406
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(793)	-
Inventory	(27,989)	(870)
Increase (decrease) in liabilities:		
Accounts payable	(20,233)	36,155
Accrued liabilities	6,895	83,134
Compensated absences payable	11,117	35,421
Net cash provided by (used for) operating activities	\$ (368,454)	91,094
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	19,178

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, 2008
(With Comparative Totals for September 30, 2007)

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

Insurance Fund

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

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

Health Insurance Fund

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

Engineering Fund

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

Fleet Services Fund

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

Agency Funds

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

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

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

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

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

See accompanying independent auditors' report.

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 Seven Fiscal Years (1)
(Accrual Basis of Accounting)

	2002	2003
Governmental activities		
Invested in capital assets, net of related debt	\$ 124,263,711	\$ 132,208,249
Restricted	10,182,956	11,154,667
Unrestricted	13,740,078	10,087,836
Total governmental activities net assets	\$ 148,186,745	\$ 153,450,752
Business-type activities		
Invested in capital assets, net of related debt	\$ 108,379,784	\$ 115,878,060
Restricted	2,093,889	1,007,402
Unrestricted	20,351,305	19,941,435
Total business-type activities net assets	\$ 130,824,978	\$ 136,826,897
Primary government		
Invested in capital assets, net of related debt	\$ 232,643,495	\$ 248,086,309
Restricted	12,276,845	12,162,069
Unrestricted	34,091,383	30,029,271
Total primary government net assets	\$ 279,011,723	\$ 290,277,649

(1) Information not available before fiscal year 2002.

Source: Comprehensive Annual Financial Reports

Table I

Fiscal Year				
2004	2005	2006	2007	2008
\$ 138,406,813	\$ 141,586,678	\$ 160,613,844	\$ 165,814,854	\$ 180,681,310
14,052,486	15,212,866	18,537,167	20,477,262	22,371,142
<u>14,697,201</u>	<u>13,133,751</u>	<u>15,260,596</u>	<u>18,991,482</u>	<u>20,865,510</u>
<u>\$ 167,156,500</u>	<u>\$ 169,933,295</u>	<u>\$ 194,411,607</u>	<u>\$ 205,283,598</u>	<u>\$ 223,917,962</u>
\$ 126,498,486	\$ 136,805,235	\$ 144,070,096	\$ 155,044,650	\$ 166,834,594
195,554	96,221	51,468	339,184	1,679,769
<u>22,680,668</u>	<u>25,122,807</u>	<u>32,932,124</u>	<u>36,319,056</u>	<u>41,875,465</u>
<u>\$ 149,374,708</u>	<u>\$ 162,024,263</u>	<u>\$ 177,053,688</u>	<u>\$ 191,702,890</u>	<u>\$ 210,389,828</u>
\$ 264,905,299	\$ 278,391,913	\$ 304,683,940	\$ 320,859,504	\$ 347,515,904
14,248,040	15,309,087	18,588,635	20,816,446	24,050,911
<u>37,377,869</u>	<u>38,256,558</u>	<u>48,192,720</u>	<u>55,310,538</u>	<u>62,740,975</u>
<u>\$ 316,531,208</u>	<u>\$ 331,957,558</u>	<u>\$ 371,465,295</u>	<u>\$ 396,986,488</u>	<u>\$ 434,307,790</u>

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

	2002	2003
Expenses		
Governmental activities:		
General government	\$ 8,563,367	\$ 8,764,575
Public works	8,464,023	9,758,047
Public safety	39,228,284	40,178,556
Culture and recreation	9,726,010	10,460,464
Public health	5,005,133	5,648,528
Housing and community development	3,364,752	2,895,419
Interest on long-term debt	2,578,876	2,439,534
Total governmental activities expenses	76,930,445	80,145,123
Business-type activities:		
Water	19,307,477	19,868,244
Wastewater	13,837,373	14,115,287
Solid waste	11,297,869	11,249,990
Airport	2,537,837	2,091,263
Convention services	2,516,341	2,544,573
Ranger Hall of Fame	863,959	896,659
Cameron Park Zoo	1,946,697	2,005,052
Transit services	2,789,656	2,868,956
Cottonwood Creek Golf Course	1,367,201	1,379,369
Total business-type activities expenses	56,464,410	57,019,393
Total primary government expenses	133,394,855	137,164,516
Program Revenues		
Governmental activities:		
Charges for services:		
General government	403,653	392,249
Public works	10,142	6,917
Public safety	3,548,674	3,048,618
Culture and recreation	698,304	502,810
Public health	1,074,694	1,146,368
Operating grants and contributions	7,663,487	7,251,239
Capital grants and contributions	3,673,337	6,032,069
Total governmental activities program revenues	17,072,291	18,380,270

Table II

		Fiscal Year							
		2004	2005	2006	2007	2008			
\$	7,236,708	\$	7,754,960	\$	8,785,895	\$	9,494,996	\$	12,108,481
	11,565,320		12,517,278		11,627,179		13,483,166		11,695,922
	41,357,558		45,174,223		48,361,556		50,802,719		53,460,501
	11,111,082		11,534,373		12,652,376		12,885,108		13,853,365
	5,644,418		5,910,874		6,403,273		6,845,611		6,456,840
	3,494,182		4,154,058		1,798,456		2,784,529		2,890,693
	2,256,128		2,232,216		2,177,508		2,625,964		4,863,843
	<u>82,665,396</u>		<u>89,277,982</u>		<u>91,806,243</u>		<u>98,922,093</u>		<u>105,329,645</u>
	20,185,091		23,616,684		25,474,612		26,666,701		28,972,544
	12,382,096		11,735,138		12,442,358		14,404,044		15,675,737
	12,613,733		13,318,015		12,703,814		12,119,111		13,181,427
	1,906,726		1,942,336		2,045,628		2,139,042		2,230,237
	2,670,791		2,646,720		2,640,037		2,837,948		2,779,599
	917,143		1,019,997		1,068,297		1,120,949		1,363,820
	2,008,625		2,349,341		2,977,741		3,386,403		3,545,604
	3,058,308		3,356,058		4,176,869		5,309,125		5,980,396
	1,456,901		1,429,212		1,510,761		1,553,125		1,812,962
	<u>57,199,414</u>		<u>61,413,501</u>		<u>65,040,117</u>		<u>69,536,448</u>		<u>75,542,326</u>
	139,864,810		150,691,483		156,846,360		168,458,541		180,871,971
	346,101		333,849		317,824		271,852		267,127
	4,863		8,765		4,613		4,884		13,152
	4,257,260		3,080,489		3,739,677		3,456,532		4,764,442
	640,433		778,548		916,453		811,698		995,455
	1,073,523		1,210,776		1,303,186		1,350,709		1,024,400
	9,722,464		8,973,292		8,330,987		9,388,780		9,497,125
	8,694,840		5,351,228		18,612,315		5,795,816		7,276,849
	<u>24,739,484</u>		<u>19,736,947</u>		<u>33,225,055</u>		<u>21,080,271</u>		<u>23,838,550</u>

(Continued)

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

	2002	2003
Business-type activities:		
Charges for services:		
Water	\$ 21,588,586	\$ 22,262,698
Wastewater	15,096,526	14,784,865
Solid waste	12,400,204	12,692,136
Airport	781,101	744,940
Convention services	607,945	572,876
Ranger Hall of Fame	522,133	491,068
Cameron Park Zoo	472,876	449,748
Transit services	729,062	754,353
Cottonwood Creek Golf Course	974,481	1,040,474
Operating grants and contributions	2,686,535	2,213,782
Capital grants and contributions	2,090,512	3,073,681
Total business-type activities program revenues	57,949,961	59,080,621
Total primary government program revenues	75,022,252	77,460,891
Net (Expense)/Revenue		
Governmental activities	(59,858,154)	(61,764,853)
Business-type activities	1,485,551	2,061,228
Total primary government net expense	(58,372,603)	(59,703,625)
General Revenues and Other Changes in Net Assets		
Governmental activities:		
Taxes:		
Property taxes	25,746,420	27,226,167
Tax increment financing tax	1,331,035	1,583,844
Sales taxes	23,313,374	23,102,781
Franchise taxes	10,348,255	11,303,428
Other taxes	364,887	427,511
Unrestricted investment earnings	3,043,199	2,298,694
Miscellaneous	159,146	249,890
Gain on disposal of capital assets	-	717,427
Transfers	405,677	(212,036)
Total governmental activities	64,711,993	66,697,706

Table II
(Continued)

		Fiscal Year					
		2004	2005	2006	2007	2008	
\$	22,260,484	\$	26,602,138	\$	33,230,464	30,258,196	35,261,343
	14,585,854		14,864,933		16,766,635	18,441,480	20,235,392
	13,307,072		14,386,619		15,781,304	15,768,035	16,577,658
	963,999		912,426		1,006,662	1,107,084	1,097,882
	592,134		730,059		706,938	805,276	804,295
	486,342		457,800		557,580	440,742	438,610
	495,606		617,481		884,139	977,546	1,294,486
	837,841		845,184		1,080,322	1,971,924	2,462,089
	1,167,133		1,296,313		1,348,046	1,428,783	1,339,450
	2,243,708		2,580,250		2,700,564	3,175,897	3,226,837
	9,081,547		4,839,238		2,094,356	4,927,582	8,716,987
	<u>66,021,720</u>		<u>68,132,441</u>		<u>76,157,010</u>	<u>79,302,545</u>	<u>91,455,029</u>
	<u>90,761,204</u>		<u>87,869,388</u>		<u>109,382,065</u>	<u>100,382,816</u>	<u>115,293,579</u>
	(57,925,912)		(69,541,035)		(58,581,188)	(77,841,822)	(81,491,095)
	<u>8,822,306</u>		<u>6,718,940</u>		<u>11,116,893</u>	<u>9,766,097</u>	<u>15,912,703</u>
	<u>(49,103,606)</u>		<u>(62,822,095)</u>		<u>(47,464,295)</u>	<u>(68,075,725)</u>	<u>(65,578,392)</u>
	30,195,612		33,026,403		34,187,973	36,583,688	43,222,439
	1,880,978		2,106,593		2,260,075	2,657,747	3,060,732
	24,175,546		24,749,413		26,694,323	27,328,996	28,077,887
	12,311,332		12,128,817		13,484,568	12,985,974	13,997,454
	390,659		436,561		426,180	501,702	587,971
	1,469,946		3,123,231		6,141,959	8,964,710	10,319,788
	184,124		152,196		714,862	981,818	415,851
	-		-		-	-	-
	<u>(1,356,576)</u>		<u>(3,405,384)</u>		<u>(850,440)</u>	<u>(1,290,822)</u>	<u>443,337</u>
	<u>69,251,621</u>		<u>72,317,830</u>		<u>83,059,500</u>	<u>88,713,813</u>	<u>100,125,459</u>

(Continued)

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

	<u>2002</u>	<u>2003</u>
Business-type activities:		
Hotel/motel taxes	\$ 1,491,844	\$ 1,504,375
Unrestricted investment earnings	1,019,764	704,308
Gain on disposal of capital assets	-	-
Transfers	<u>(405,677)</u>	<u>212,036</u>
Total business-type activities	<u>2,105,931</u>	<u>2,420,719</u>
Total primary government	<u>66,817,924</u>	<u>69,118,425</u>
Change in Net Assets		
Governmental activities	4,853,839	4,932,853
Business-type activities	<u>3,591,482</u>	<u>4,481,947</u>
Total primary government	<u>\$ 8,445,321</u>	<u>\$ 9,414,800</u>

(1) Information not available before fiscal year 2002.

Source: Comprehensive Annual Financial Reports

Table II
(Continued)

		Fiscal Year					
		2004	2005	2006	2007	2008	
\$	1,506,984	\$	1,544,162	\$	1,650,054	1,620,022	1,688,943
	342,137		658,869		1,412,038	1,972,261	1,528,629
	519,808		-		-	-	-
	<u>1,356,576</u>		<u>3,405,384</u>		<u>850,440</u>	<u>1,290,822</u>	<u>(443,337)</u>
	<u>3,725,505</u>		<u>5,608,415</u>		<u>3,912,532</u>	<u>4,883,105</u>	<u>2,774,235</u>
	<u>72,977,126</u>		<u>77,926,245</u>		<u>86,972,032</u>	<u>93,596,918</u>	<u>102,899,694</u>
	11,325,709		2,776,795		24,478,312	10,871,991	18,634,364
	<u>12,547,811</u>		<u>12,327,355</u>		<u>15,029,425</u>	<u>14,649,202</u>	<u>18,686,938</u>
\$	<u><u>23,873,520</u></u>	\$	<u><u>15,104,150</u></u>	\$	<u><u>39,507,737</u></u>	<u><u>25,521,193</u></u>	<u><u>37,321,302</u></u>

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

	1999	2000	2001	2002
General Fund				
Reserved:				
Encumbrances	\$ 234,718	\$ 161,464	\$ 251,800	\$ 227,366
Real estate held for sale	48,470	48,470	48,470	48,470
Notes receivable	133,597	118,217	101,741	84,093
Advances to other funds	-	-	-	270,093
Court security/technology	-	-	-	292,969
Unreserved	<u>11,530,766</u>	<u>15,186,103</u>	<u>22,342,634</u>	<u>21,037,525</u>
 Total general fund	 <u>\$ 11,947,551</u>	 <u>\$ 15,514,254</u>	 <u>\$ 22,744,645</u>	 <u>\$ 21,960,516</u>
 All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 2,035,481	\$ 3,227,953	\$ 5,174,981	\$ 2,739,291
Real estate held for sale	90,640	75,316	58,850	58,850
Advances to other funds	-	-	-	168,368
Debt service	393,708	398,221	512,991	525,460
Purpose of trust	444,187	458,671	469,833	455,729
Unreserved, reported in:				
Special revenue funds	4,784,684	5,599,060	6,250,783	6,829,089
Capital projects funds	7,104,878	6,789,441	8,525,659	9,764,231
Permanent funds	<u>39,014</u>	<u>44,298</u>	<u>48,387</u>	<u>-</u>
 Total all other governmental funds	 <u>\$ 14,892,592</u>	 <u>\$ 16,592,960</u>	 <u>\$ 21,041,484</u>	 <u>\$ 20,541,018</u>

Source: Comprehensive Annual Financial Reports

Table III

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 160,026	\$ 1,731,962	\$ 757,815	\$ 1,279,527	\$ 2,097,704	\$ 1,050,106
53,998	59,194	13,530	13,385	13,385	12,465
65,187	44,934	23,239	-	-	-
270,093	270,093	320,408	448,695	738,726	735,178
-	-	-	-	-	-
<u>18,827,345</u>	<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>\$ 19,376,649</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>
\$ 2,684,565	\$ 5,198,967	\$ 3,043,461	\$ 7,982,460	\$ 7,363,374	\$ 12,140,585
55,736	55,736	55,382	45,854	40,709	40,709
168,368	168,368	168,368	168,368	168,368	168,368
676,916	719,304	637,719	603,424	708,377	781,972
456,315	473,889	474,042	474,054	469,481	465,585
7,173,582	9,058,631	10,036,529	10,774,251	14,609,945	15,176,240
11,638,448	8,568,905	9,267,574	8,833,830	73,358,427	73,414,437
-	-	-	-	-	-
<u>\$ 22,853,930</u>	<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>

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

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

	1999	2000	2001	2002
Revenues:				
Taxes:				
Sales	\$ 20,931,446	\$ 22,929,036	\$ 22,724,810	\$ 23,313,374
Property	21,363,606	24,353,795	25,510,581	26,749,077
Interest and penalty	320,104	337,318	286,980	316,601
Business and occupation fees	8,962,395	9,607,260	11,035,734	10,348,255
Permits, licenses and fees	1,588,954	1,670,204	1,814,455	1,954,283
Fines	1,819,191	1,832,242	1,814,008	1,645,423
Charges for services	400,624	378,343	362,377	1,408,528
Investment earnings	2,175,109	3,058,224	3,647,694	2,978,872
Contributions	294,442	386,750	1,069,761	380,621
Intergovernmental	11,152,610	7,181,195	7,933,220	7,457,797
Program income	-	-	523,934	980,762
Other	2,940,958	3,892,686	3,421,402	5,442,689
Total revenues	<u>71,949,439</u>	<u>75,627,053</u>	<u>80,144,956</u>	<u>82,976,282</u>
Expenditures:				
General government	9,709,941	10,298,222	10,636,971	11,508,657
Public works	1,284,670	1,151,123	1,162,607	2,090,975
Public safety	30,062,821	32,471,369	34,153,516	37,427,473
Culture and recreation	6,079,164	6,573,898	7,375,244	8,866,644
Housing and community development	2,681,884	2,701,827	5,039,203	4,204,445
Public health	4,613,720	4,801,034	4,799,808	4,902,684
Capital outlay	9,009,201	11,914,875	10,432,840	14,130,037
Debt service:				
Principal	4,427,780	4,535,115	4,437,038	4,433,838
Interest and fiscal charges	2,694,965	2,648,920	2,510,509	2,727,386
Bond issuance costs	-	-	-	-
Total expenditures	<u>70,564,146</u>	<u>77,096,383</u>	<u>80,547,736</u>	<u>90,292,139</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,385,293</u>	<u>(1,469,330)</u>	<u>(402,780)</u>	<u>(7,315,857)</u>
Other financing sources (uses):				
General obligation bonds issued	3,993,800	3,930,000	6,235,000	3,950,000
Refunding bonds issued	-	-	-	-
Capital leases	-	835,789	237,042	1,803,025
Premiums on general obligation bonds	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	12,595,076	13,215,831	11,347,992	10,725,748
Transfer out	(10,745,893)	(12,142,932)	(10,740,188)	(10,715,753)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>5,842,983</u>	<u>5,838,688</u>	<u>7,079,846</u>	<u>5,763,020</u>
Net change in fund balances	<u>\$ 7,228,276</u>	<u>\$ 4,369,358</u>	<u>\$ 6,677,066</u>	<u>\$ (1,552,837)</u>
Debt service as a percentage of noncapital expenditures	11.57%	11.02%	9.91%	9.24%

Source: Comprehensive Annual Financial Reports

Table IV

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 23,102,781	\$ 24,175,546	\$ 24,749,413	\$ 26,694,323	\$ 27,328,996	\$ 28,077,887
28,610,391	31,900,579	34,801,939	36,020,999	39,012,926	45,855,023
303,035	324,858	369,530	395,788	454,735	476,176
11,089,520	12,525,241	12,128,817	13,484,567	12,985,974	13,997,454
2,209,932	2,184,700	1,994,804	2,405,632	2,610,593	2,365,457
1,433,363	2,236,891	1,950,357	1,923,506	1,748,882	2,326,020
937,380	988,332	1,152,478	1,217,784	1,105,518	1,372,169
2,244,423	1,424,318	3,014,075	5,862,173	8,581,097	10,019,870
2,534,189	621,621	504,467	315,636	1,221,670	1,313,646
6,852,197	9,680,990	9,601,175	8,088,056	8,829,853	9,627,740
498,240	786,459	396,608	203,156	574,447	540,969
5,356,529	5,735,909	5,659,249	6,961,060	7,370,079	7,731,057
<u>85,171,980</u>	<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>
13,761,156	14,313,811	15,170,622	16,093,920	15,460,289	20,398,112
1,704,769	1,477,419	1,636,867	2,172,354	2,027,118	3,294,892
38,412,844	39,639,049	44,030,608	45,855,051	49,271,195	51,914,828
9,079,706	9,231,463	9,927,788	10,765,662	11,358,378	12,240,672
3,800,497	4,895,199	4,586,655	2,722,490	3,910,039	3,808,125
5,689,682	5,625,163	5,799,035	6,169,752	6,826,015	6,494,336
10,720,421	9,007,699	11,939,278	9,007,008	13,283,208	14,726,146
4,584,803	4,702,900	4,713,219	4,840,973	5,101,924	6,963,545
2,393,650	2,167,877	2,176,840	2,127,921	2,139,412	4,725,942
-	27,067	27,347	50,768	595,706	27,237
<u>90,147,528</u>	<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>
(4,975,548)	1,497,797	(3,685,347)	3,766,781	1,851,486	(890,367)
3,328,344	3,085,000	3,515,000	4,705,000	66,380,000	3,775,000
-	-	-	-	5,220,000	-
15,460,342	-	219,811	-	-	189,395
-	180,912	28,905	46,452	756,120	27,104
(15,271,245)	-	-	-	(5,207,616)	-
11,926,090	10,354,037	11,447,928	12,326,533	16,522,025	20,307,345
(11,365,526)	(10,744,706)	(13,574,775)	(12,099,446)	(16,485,684)	(18,921,570)
311,171	-	-	-	-	-
<u>4,389,176</u>	<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>(586,372)</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>
8.48%	8.06%	7.57%	7.56%	7.76%	10.67%

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

Category	Fiscal Year			
	2008	2007	2006	2005
Real - residential single family	\$ 2,525,731,582	\$ 2,371,733,450	\$ 2,186,456,501	\$ 2,086,818,247
Real - residential multi-family	450,937,111	414,909,141	369,875,756	361,093,107
Real - platted lots & residential inventory	140,742,891	121,598,228	125,387,077	103,260,164
Real - acreage, land only	47,734,843	46,911,329	44,640,849	42,225,809
Real - improved farm & ranch	16,424,746	15,467,787	14,578,466	10,706,413
Real - commercial & industrial	1,465,906,212	1,352,880,299	1,281,485,269	1,238,569,331
Real and tangible personal - utilities	157,931,476	159,458,452	172,733,873	178,806,710
Tangible personal - business	1,318,022,800	1,339,092,276	1,250,564,002	1,273,477,380
Tangible personal - other	<u>2,423,748</u>	<u>2,353,642</u>	<u>2,404,672</u>	<u>2,450,748</u>
Total market value	6,125,855,409	5,824,404,604	5,448,126,465	5,297,407,909
Less total exemptions	<u>519,979,729</u>	<u>519,150,265</u>	<u>500,998,434</u>	<u>519,431,733</u>
Taxable assessed value	<u>\$ 5,605,875,680</u>	<u>\$ 5,305,254,339</u>	<u>\$ 4,947,128,031</u>	<u>\$ 4,777,976,176</u>
Total direct tax rate per \$100 of taxable assessed value	<u>\$ 0.786232</u>	<u>\$ 0.699700</u>	<u>\$ 0.699700</u>	<u>\$ 0.699700</u>
Estimated actual taxable value	<u>\$ 6,125,855,409</u>	<u>\$ 5,824,404,604</u>	<u>\$ 5,448,126,465</u>	<u>\$ 5,297,407,909</u>
Taxable assessed value as a percentage of actual taxable value	91.5%	91.1%	90.8%	90.2%

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

Table V

		Fiscal Year									
		2004	2003	2002	2001	2000	1999				
\$	1,889,395,909	\$	1,799,627,193	\$	1,312,500,634	\$	1,276,231,738	\$	1,212,823,210	\$	1,062,276,280
	330,120,479		299,344,575		229,431,030		212,843,519		208,727,554		190,990,486
	80,033,992		64,409,816		58,050,696		44,494,504		46,786,688		46,866,604
	41,223,409		44,353,615		31,640,094		32,671,241		32,351,498		26,396,697
	9,170,659		8,522,439		5,740,911		5,271,512		4,784,669		2,832,118
	1,111,605,884		953,641,887		831,010,171		820,683,173		768,177,396		753,627,333
	171,640,661		105,573,695		151,970,838		142,770,131		131,640,906		132,129,793
	1,159,528,451		1,261,835,349		1,224,170,048		1,160,570,756		1,082,907,320		1,012,704,413
	<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>		<u>284,540</u>
	4,795,285,393		4,540,012,091		3,847,247,949		3,698,083,329		3,490,888,249		3,228,108,264
	<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>197,369,326</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>3,030,738,938</u>
\$	<u>0.699700</u>	\$	<u>0.692503</u>	\$	<u>0.714840</u>	\$	<u>0.714840</u>	\$	<u>0.714840</u>	\$	<u>0.687640</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>	\$	<u>3,228,108,264</u>
	90.0%		88.7%		94.6%		93.9%		94.2%		93.9%

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	China Spring	LaVega	McLennan
	Operating/ General	Debt Service	Total Direct	Independent School District	Independent School District	Independent School District	Community College
1999	\$ 0.470830	\$ 0.216810	\$ 0.687640	\$ 1.513000	\$ 1.587508	\$ 1.506000	\$ 0.089210
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

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

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	
\$ 0.419100	\$ 1.466418	\$ 1.500000	\$ 1.500000	\$ 1.570191	\$ 1.481400	\$ 1.430000	
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	

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

Fiscal year 2008

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 81,740,561	1.46 %
Coca Cola Company	56,516,289	1.01 %
TXU Electric Delivery Co.	52,339,570	0.93 %
Inland Western Waco Central, L.P.	51,125,409	0.91 %
CBL/Richland Mall, L.P.	37,870,429	0.68 %
Pilgrim's Pride Corp.	37,130,402	0.66 %
Southwestern Bell Telephone Co.	34,780,412	0.62 %
L-3 Communications Corp.	32,498,471	0.58 %
Allergan, Inc.	31,984,676	0.57 %
Owens-Illinois Glass Container, Inc.	<u>27,539,007</u>	<u>0.49 %</u>
Total	\$ <u><u>443,525,226</u></u>	<u><u>7.91 %</u></u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 1999		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 87,185,495	2.88 %
Southwestern Bell Telephone	41,290,130	1.36 %
Texas Utilities Electric Company	38,565,395	1.27 %
Paragon Trade Brands	37,376,876	1.23 %
Owens-Illinois Glass Container	33,308,886	1.10 %
Huck Manufacturing Co., Inc.	32,109,250	1.06 %
Raytheon/E-Systems, Inc.	29,527,599	0.97 %
Packaging Corp. of America	28,441,358	0.94 %
Vision Pharmaceuticals	22,510,450	0.74 %
Sherwin Williams Co., Inc.	<u>17,326,750</u>	<u>0.57 %</u>
Total	\$ <u><u>367,642,189</u></u>	<u><u>12.13 %</u></u>

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

<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	(299,206)
2006		34,093,010	522,047	34,615,057	(154,006)
2007		36,481,122	640,192	37,121,314	(189,759)
2008		43,188,911	886,276	44,075,187	(36,379)

Note: 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
32,934,582	32,451,150	98.53	376,782	32,827,932	99.68
34,461,051	33,876,118	98.30	432,029	34,308,147	99.56
36,931,555	36,345,526	98.41	313,370	36,658,896	99.26
44,038,808	43,320,216	98.37	-	43,320,216	98.37

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
1999	\$ 47,837,126	\$ 625,992	\$ 3,630,000	\$ 62,297,876
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

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>Other Obligations</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>	
\$ 4,263,763	\$ 118,654,757	\$ 3.92%	111,124	\$ 1,068	
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	

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

Fiscal Year	General Bonded Debt Outstanding (1)	Percentage of Actual Taxable Value of Property (2)	Population of City (3)	Per Capita
1999	\$ 47,837,126	1.58%	111,124	430
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

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, 2008

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Debt Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 168,749,993	95.53%	\$ 161,206,868
Bosqueville Independent School District	10,443,524	77.53%	8,096,864
McLennan Community College	85,845,000	60.34%	51,798,873
McLennan County	36,720,000	60.34%	22,156,848
Midway Independent School District	117,114,964	49.00%	57,386,332
LaVega Independent School District	22,614,993	33.05%	7,474,255
China Spring Independent School District	36,541,566	27.66%	10,107,397
Connally Independent School District	21,249,957	25.86%	5,495,239
Lorena Independent School District	13,228,478	2.45%	324,098
McGregor Independent School District	6,938,249	0.09%	6,244
Robinson Independent School District	17,233,718	0.02%	3,447
Subtotal, overlapping debt	<u>\$ 536,680,442</u>		<u>\$ 324,056,465</u>
City direct debt:			
City of Waco direct debt	\$ 106,263,553	100.00%	\$ 106,263,553
Tax increment financing	<u>2,405,819</u>	100.00%	<u>2,405,819</u>
Subtotal, direct debt	<u>\$ 108,669,372</u>		<u>\$ 108,669,372</u>
Total direct and overlapping debt	<u>\$ 645,349,814</u>		<u>\$ 432,725,837</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>
1999	\$ 31,801,463	\$ 20,050,205	\$ 11,751,258
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

(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)			
Principal	Interest	Total	Coverage
\$ 4,611,621	\$ 2,272,159	\$ 6,883,780	1.71 %
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 %

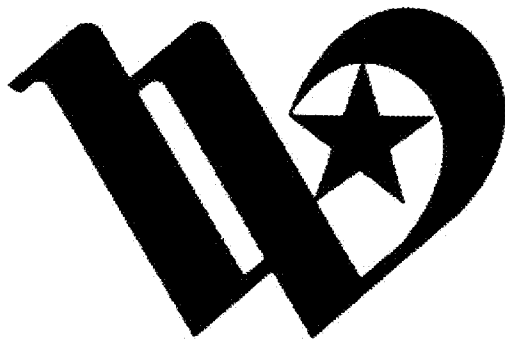


Table XIII

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
1999	211,548	4,651,189	21,986	N/A	4.3%
2000	214,096	4,861,964	22,709	27.9	4.3%
2001	215,640	4,983,256	23,109	N/A	5.1%
2002	217,463	5,174,553	23,795	N/A	6.1%
2003	219,874	5,466,279	24,861	N/A	6.7%
2004	222,850	5,641,507	25,315	N/A	5.8%
2005	224,451	6,080,640	27,091	29.0	5.4%
2006	226,206	6,410,614	28,340	26.8	5.4%
2007	228,123	6,839,950	29,984	28.0	4.2%
2008	N/A	N/A	N/A	N/A	4.8%

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 2007 American Community Surveys. Unemployment rates provided by the Texas Workforce Commission. 2008 rate is as of September.

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

2008		
Employer	Employees	Percentage of Total City Employment
Providence Health Center	2,434	2.11 %
Baylor University	2,360	2.05 %
Waco Independent School District	2,350	2.04 %
City of Waco	1,729	1.50 %
Hillcrest Health System	1,700	1.47 %
L-3 Communications Integrated Systems	1,619	1.40 %
H.E.B. Stores	1,350	1.17 %
Wal-Mart Stores	1,290	1.12 %
Sanderson Farms, Inc.	1,170	1.01 %
Midway Independent School District	955	0.83 %
Total	16,957	14.71 %

Note: The ten principal employers and the number of employees could not be obtained for 1999. The information available included ranges for the number of employees, and eight companies were listed in the top stratum. The second stratum contained more than two employers, so the ninth and tenth principal employers could not be identified.

N/A Not available

Source: Greater Waco Chamber of Commerce

Table XIV

1999		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
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/Plantation 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
Total	<u>N/A</u>	

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

Function:	1999	2000	2001	2002
General Government	120.33	118.42	123.48	124.48
Public Works	69.33	68.33	68.00	59.00
Public Safety	521.90	529.27	534.86	549.64
Culture and Recreation	183.09	181.61	183.49	185.05
Housing and Community Development	26.90	25.19	36.44	35.53
Public Health	84.36	82.36	79.86	80.47
Water	115.00	115.00	116.50	117.00
Wastewater/WMARSS	37.91	37.91	38.41	41.75
Solid Waste	107.77	106.57	103.90	95.00
Airport	3.51	6.51	15.64	14.81
Convention Services	40.25	38.65	38.90	38.50
Ranger Hall of Fame	12.50	12.50	13.40	12.40
Cameron Park Zoo	33.64	33.64	33.64	33.01
Transit Services	42.00	43.00	50.00	50.00
Cottonwood Creek Golf Course	18.20	25.00	25.00	24.00
Insurance/Risk Management	8.00	7.00	6.00	5.00
Engineering	29.38	30.38	30.38	29.38
Fleet Services	24.00	24.00	23.00	23.00
Total	<u>1,478.07</u>	<u>1,485.34</u>	<u>1,520.90</u>	<u>1,518.02</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					
2003	2004	2005	2006	2007	2008
124.53	126.53	127.58	128.58	129.68	132.46
59.00	57.44	57.44	59.00	59.00	60.00
548.16	551.03	564.08	580.40	603.48	602.88
186.08	182.16	186.95	183.12	187.38	186.65
34.95	33.56	22.36	23.04	18.60	18.90
83.70	83.22	84.42	86.54	90.60	82.93
117.50	116.00	116.25	114.00	114.00	123.00
41.25	65.25	65.25	67.50	68.50	69.75
94.00	97.00	96.50	97.00	99.00	98.00
13.75	13.76	13.76	11.90	12.52	16.40
37.95	37.07	33.95	35.45	36.13	36.13
12.38	12.38	12.70	12.88	13.50	15.50
31.99	34.99	39.99	45.85	45.85	51.29
-	-	-	-	-	-
22.34	22.34	22.34	22.34	15.96	15.96
6.00	6.00	6.00	6.75	7.00	7.00
27.38	27.38	27.38	27.38	26.38	26.00
23.00	24.00	24.00	24.00	24.00	25.00
<u>1,463.96</u>	<u>1,490.11</u>	<u>1,500.95</u>	<u>1,525.73</u>	<u>1,551.58</u>	<u>1,567.85</u>

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

Function:	1999	2000	2001
Public Safety			
Police			
Number of Sworn Employees - Budgeted	216	216	218
Number of Traffic Citations	16,455	16,126	11,814
Number of Class "C" Citations	2,435	2,041	1,947
Calls Dispatched	105,006	107,963	116,939
Fire			
Number of Sworn Employees - Budgeted	180	180	180
Number of Fire Responses	9,256	10,174	11,166
Public Works			
Street Resurfacing (miles)	25.68	22.53	12.04
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	2,264	2,248	2,219
Library			
Volumes in Collection	265,819	270,780	276,252
E-books Available to Public	N/A	N/A	N/A
Water			
Number of Water Connections	40,012	40,066	40,466
Average Daily Water Consumption (gallons)	22,292,770	23,711,552	24,235,128
Maximum Storage Capacity (gallons)	33,490,000	33,490,000	33,490,000
Solid Waste (Residential)			
Refuse Collected (tons)	N/A	N/A	N/A
Bulky/Brush Pickups (tons)	N/A	N/A	N/A
Recyclables Collected (tons)	N/A	N/A	N/A
Golf Course			
Number of Paid Rounds Played	41,958	43,702	42,101

N/A Not available

Source: City of Waco Departments

Fiscal Year						
2002	2003	2004	2005	2006	2007	2008
219	219	220	232	238	245	245
9,185	8,346	11,762	9,650	9,712	13,289	23,212
1,746	1,776	2,004	2,041	2,195	2,558	3,404
117,702	121,284	124,374	126,805	122,450	121,633	116,442
180	180	180	180	186	192	192
10,950	10,357	8,802	9,364	9,452	10,140	10,089
42.29	8.69	31.36	13.62	40.30	33.61	7.25
N/A	N/A	466	464	479	424	440
N/A	N/A	197	283	309	350	247
2,252	2,281	2,293	2,295	2,348	2,292	2,671
286,649	292,050	290,873	301,329	300,252	305,652	319,754
N/A	N/A	N/A	N/A	28,290	30,319	30,899
40,891	41,891	42,532	42,957	44,928	41,623	41,752
23,702,110	27,588,000	24,656,151	23,330,910	26,590,842	22,681,919	28,009,000
33,490,000	35,490,000	36,990,000	36,990,000	42,143,000	42,143,000	42,143,000
27,831	25,225	27,286	26,270	23,799	25,812	45,572
3,919	5,227	6,631	6,339	5,703	6,496	5,162
1,060	1,164	1,239	1,473	1,599	1,685	2,415
42,333	43,820	51,432	49,245	50,025	46,949	45,581

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

Function:	1999	2000	2001
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	56	56	56
Fire stations	12	13	13
Highways and streets			
Streets - paved (miles)	507	530	594
Streetlights - City-owned	1,934	2,025	2,098
Streetlights - Leased	5,545	5,627	5,729
Traffic control signals	177	180	183
Traffic beacons and flashers	84	88	90
Culture and recreation			
Parks acreage	1,068.70	1,068.70	1,068.70
Parks	40	40	40
Swimming pools	1	1	1
Tennis courts	25	25	44
Recreation centers	3	3	3
Water			
Water mains (miles)	658	719	735
Fire hydrants	2,857	2,931	3,071
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	629	700	700
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						
2002	2003	2004	2005	2006	2007	2008
1	1	1	1	1	1	1
3	3	3	3	3	3	3
56	56	59	65	65	65	71
13	13	12	12	14	14	14
535	542	547	559	569	587	588
2,163	2,193	2,280	2,339	2,350	2,198	2,194
5,896	5,973	6,030	6,157	6,236	6,743	6,849
185	190	196	195	196	195	198
91	92	92	95	98	101	101
1,202.07	1,202.07	1,202.07	1,202.07	1,234.99	1,234.99	1,234.99
41	41	42	43	44	44	44
2	2	2	2	2	2	2
44	44	44	44	44	44	36
3	3	3	3	3	3	3
692	737	820	847	847	775	927
3,146	3,233	3,269	3,331	3,486	4,650	4,739
66,000	66,000	66,000	66,000	66,000	66,000	66,000
625	740	748	766	766	728	818
294	301	331	325	348	357	353
37,800	37,800	37,800	37,800	37,800	37,800	37,800

