

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2010

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2010

MAYOR

Jim Bush

CITY COUNCIL

Toni Herbert, Mayor Pro Tem
Alice Rodriguez
Randy Riggs
Wilbert Austin
Malcolm Duncan, Jr.

CITY MANAGER

Larry D. Groth, P.E.

ASSISTANT CITY MANAGERS

Wiley Stem, III
George Johnson, Jr.

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

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January 18, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Waco (the City) for the fiscal year ended September 30, 2010, including the independent auditors' report, is hereby submitted. This CAFR is published to provide the Mayor and City Council, City staff, our citizens, our bond holders and other interested parties with detailed information concerning the financial condition and activities of the City government.

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

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

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

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

Organizations and the *Uniform Grant Management Standards* of the State of Texas. 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 23rd largest city in Texas and the county seat of McLennan County, which has an area of more than 1,000 square miles. Historically, the City has been a trade and agricultural center for the Central Texas region. Efforts by the community's leadership over the past several years have led to diversification in the regional economy, a major factor contributing to significant improvement in growth and development.

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

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

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

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

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

Waco's sources of basic income are primarily from educational and health services, government and manufacturing, according to the Bureau of Labor Statistics Current Employment Statistics (CES) Survey. Any fluctuations in Waco's historically stable economy have originated in the manufacturing base. Waco's top ten taxpayers include a candy manufacturer, a soft drink bottler, an aircraft components manufacturer, and an eye care products manufacturer. Additionally, there are an electric utility and food processing companies. The top five employers are education, government, healthcare or manufacturing related.

The educational sector contributes significantly to the City's economic stability. Waco is the home of Baylor University, a private university with an enrollment of approximately 14,900. Baylor offers undergraduate degrees in 150 fields, 76 masters degree programs and 22 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 9,900 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 four-year state universities. With enrollment of over 5,700, 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 5.6% from 112,471 in 2005 to 118,800

by September 2010. Total employment at the end of 2010 was 110,719 while the unemployment rate was 6.8%.

Long-term Financial Planning

Unreserved, undesignated fund balance in the general fund (15.74 percent of fiscal year 2011 budgeted expenditures) falls within the financial management policy guidelines set by the City Council. In anticipation of the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54), the City Council will determine a new target, using the fund balance categories under GASB No. 54, that will continue to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

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

Relevant Financial Policies

In addition to the general fund balance financial policy mentioned above, the City also strives to maintain a positive unrestricted net assets position in the City's water, wastewater and solid waste funds to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the minimum working capital shall be 30% of annual revenues. The working capital percentages at September 30, 2010, for the water, wastewater and solid waste funds were 41.3%, 45.7% and 55.6%, respectively.

Major initiatives

In 2007, voter's approved a \$63 million bond election to provide for improvements to many City facilities. These projects, which include the Convention Center and police headquarters, libraries and fire stations, among others, are in different stages of design and construction. The Convention Center is expected to be completed in summer 2011. A fire station that was relocated to the Texas State Technical College campus opened with the last year, with a second one, relocated to Ease Waco, opening shortly. Remodeling is slated to begin in early 2011 at Hillcrest Tower, the eventual police headquarters location. The new West Waco branch of the Waco-McLennan County Libraries opened in the fall of 2010, and renovation of the Central Branch will begin in early 2011. Cameron Park and Knox Hall (at the Texas Ranger Hall of Fame) improvements are also close to completion, while Brazos Park East is under construction. The City expects these and other projects to be completed in the next one to two years.

So the City can continue to meet industrial demands and service high growth residential areas, several water and sewer capital improvement projects are in process. These projects include: regional sewer system expansion, wastewater treatment plant expansion, a new water treatment plant and water distribution upgrades. The water treatment plant will increase water treatment capacity by 30%.

In an effort to revitalize the downtown area, community leaders and stakeholders have developed and completed the Greater Downtown Master Plan. As a result of this effort, the establishment of a downtown development corporation is underway.

Financial Information

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waco for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the 28th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2009 and the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2009.

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.

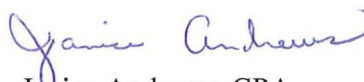
We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

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.

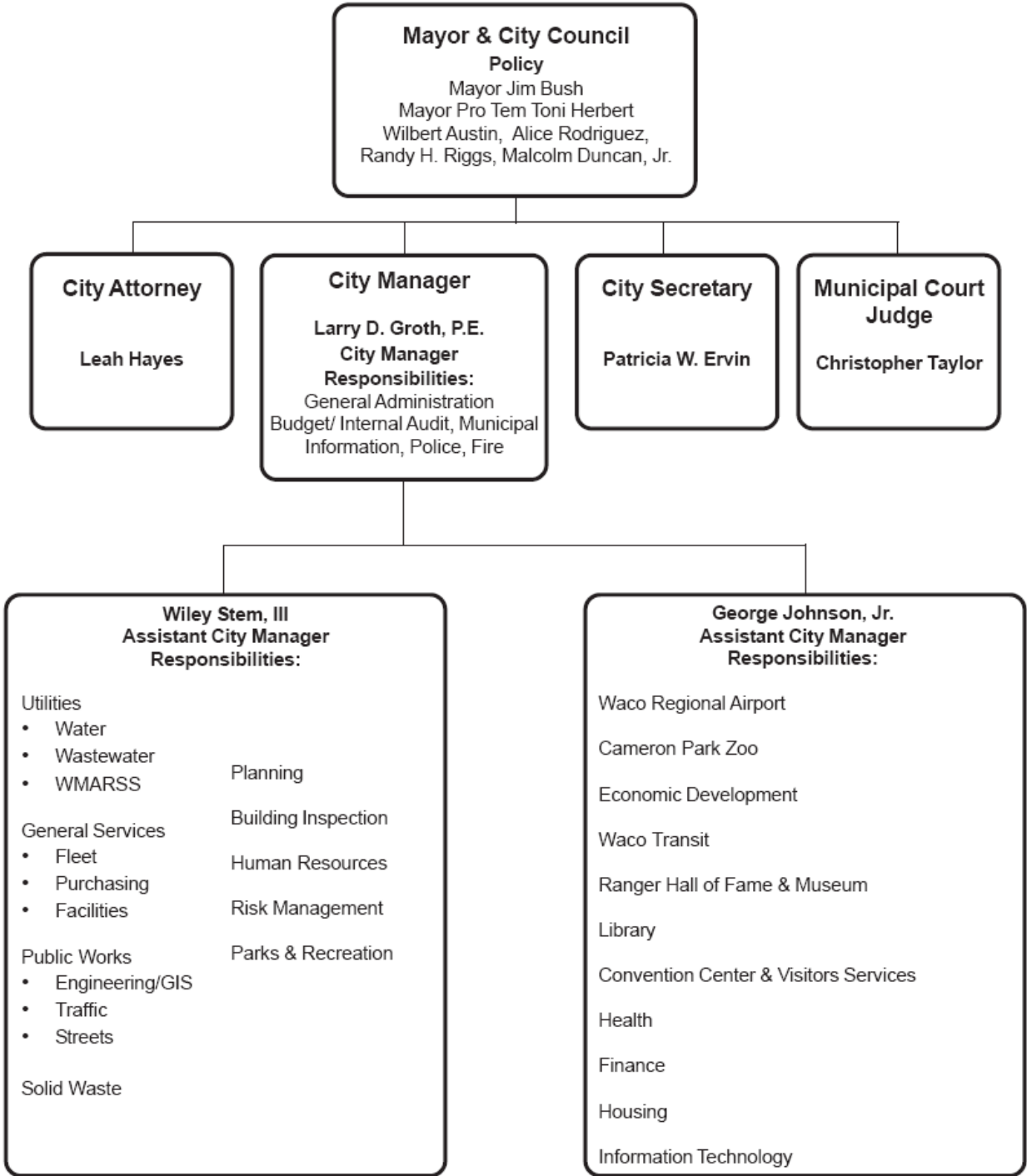
Respectfully submitted,



Larry D. Groth, P.E.
City Manager



Janice Andrews, CPA
Director of Finance



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, 2009

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



A stylized, handwritten signature in black ink.

President

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

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, 2010, 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, 2010, 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 18, 2011, 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 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waco, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jaynes, Reitzmeier, Boyd & Threlkell, P.C.

January 18, 2011

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, 2010. 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, 2010 by \$465,153,736 (net assets). Of this amount \$54,321,355 (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 \$12,590,004.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$93,770,801. Of this amount, \$69,792,574 are unreserved fund balances available for use within the City's fund designation and fiscal policies.
- As of September 30, 2010, unreserved, undesignated fund balance for the General Fund was \$15,044,587 or 15.74% of the 2011 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 23 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 23 – 25 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 26 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund and the 2007 general obligation bond issue fund, both of which are considered major funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report.

Proprietary funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, wastewater, solid waste, airport, convention services, Ranger Hall of Fame, Cameron Park Zoo, transit services,

and Cottonwood Creek Golf Course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 38 of this report provide separate information for the water, wastewater, solid waste, and convention services 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 43 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 45 through 85 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that further support the information in the financial statements. The combining and individual fund statements and schedules are presented immediately following the notes to the financial statements beginning on page 91 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 \$465,153,736 as of September 30, 2010.

The largest portion of the City's net assets (\$385,764,638) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, infrastructure and water rights), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Waco
Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 129,531,576	154,061,985	114,072,067	138,328,417	243,603,643	292,390,402
Capital assets	<u>233,215,652</u>	<u>214,969,322</u>	<u>408,833,348</u>	<u>364,362,736</u>	<u>642,049,000</u>	<u>579,332,058</u>
Total assets	<u>362,747,228</u>	<u>369,031,307</u>	<u>522,905,415</u>	<u>502,691,153</u>	<u>885,652,643</u>	<u>871,722,460</u>
Long-term liabilities	106,601,299	105,598,926	249,968,258	251,126,372	356,569,557	356,725,298
Other liabilities	<u>34,493,755</u>	<u>30,946,989</u>	<u>29,435,595</u>	<u>31,127,045</u>	<u>63,929,350</u>	<u>62,074,034</u>
Total liabilities	<u>141,095,054</u>	<u>136,545,915</u>	<u>279,403,853</u>	<u>282,253,417</u>	<u>420,498,907</u>	<u>418,799,332</u>
Net assets:						
Invested in capital assets, net of related debt	179,653,424	187,739,263	206,111,214	177,087,342	385,764,638	364,826,605
Restricted	24,521,716	23,909,145	546,027	541,912	25,067,743	24,451,057
Unrestricted	<u>17,477,034</u>	<u>20,836,984</u>	<u>36,844,321</u>	<u>42,808,482</u>	<u>54,321,355</u>	<u>63,645,466</u>
Total net assets	<u>\$ 221,652,174</u>	<u>232,485,392</u>	<u>243,501,562</u>	<u>220,437,736</u>	<u>465,153,736</u>	<u>452,923,128</u>

A portion of the City's net assets (\$25,067,743) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$54,321,355) 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, 2010, 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 \$12,590,004 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, 2010. Governmental activities decreased the City's net assets by \$10,833,218. This was primarily a result of capital investments of the 2007 general obligation bonds that were contributed to the convention center (\$10,170,259) and Ranger Hall of Fame (\$883,139) renovations. Business-type activities increased the City's net assets by \$23,423,222.

City of Waco
Changes in Net Assets

	Year Ended September 30,					
	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services \$	6,074,002	78,231,098	84,305,100	6,030,790	80,047,752	86,078,542
Operating grants and contributions	10,337,726	3,085,574	13,423,300	9,079,411	2,798,677	11,878,088
Capital grants and contributions	6,110,736	12,332,766	18,443,502	5,626,382	4,879,547	10,505,929
General revenues:						
Ad valorem taxes	51,981,214	-	51,981,214	50,108,146	-	50,108,146
Sales taxes	27,318,396	-	27,318,396	27,714,013	-	27,714,013
Franchise taxes	13,338,717	-	13,338,717	13,663,140	-	13,663,140
Hotel/motel taxes	-	1,662,308	1,662,308	-	1,703,650	1,703,650
Other taxes	655,031	-	655,031	622,254	-	622,254
Investment earnings	842,824	253,637	1,096,461	6,294,110	997,329	7,291,439
Gain on sale of capital assets	-	-	-	-	260,073	260,073
Miscellaneous	639,263	-	639,263	406,229	-	406,229
Total revenues	117,297,909	95,565,383	212,863,292	119,544,475	90,687,028	210,231,503
Expenses:						
General government	14,073,197	-	14,073,197	12,551,827	-	12,551,827
Public works	12,142,355	-	12,142,355	12,790,151	-	12,790,151
Public safety	60,429,663	-	60,429,663	57,560,461	-	57,560,461
Culture and recreation	15,484,146	-	15,484,146	14,919,136	-	14,919,136
Public health	7,364,755	-	7,364,755	6,901,123	-	6,901,123
Housing and community development	3,503,811	-	3,503,811	2,808,221	-	2,808,221
Interest on long-term debt	4,342,023	-	4,342,023	4,547,034	-	4,547,034
Water	-	30,875,837	30,875,837	-	30,491,638	30,491,638
Wastewater	-	18,134,874	18,134,874	-	17,437,188	17,437,188
Solid waste	-	14,160,048	14,160,048	-	13,267,207	13,267,207
Airport	-	2,360,727	2,360,727	-	2,402,041	2,402,041
Convention services	-	2,830,956	2,830,956	-	3,218,934	3,218,934
Ranger Hall of Fame	-	1,280,085	1,280,085	-	1,141,497	1,141,497
Cameron Park Zoo	-	4,357,007	4,357,007	-	3,968,217	3,968,217
Transit services	-	7,259,552	7,259,552	-	6,325,930	6,325,930
Cottonwood Creek Golf Course	-	1,674,252	1,674,252	-	1,919,438	1,919,438
Total expenses	117,339,950	82,933,338	200,273,288	112,077,953	80,172,090	192,250,043

City of Waco
Changes in Net Assets
(Continued)

	Year Ended September 30,					
	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Increase in net assets before transfers	\$ (42,041)	12,632,045	12,590,004	7,466,522	10,514,938	17,981,460
Transfers	(10,791,177)	10,791,177	-	826,426	(826,426)	-
Increase in net assets	(10,833,218)	23,423,222	12,590,004	8,292,948	9,688,512	17,981,460
Net assets, beginning of year	232,485,392	220,078,340	452,563,732	224,192,444	210,389,828	434,582,272
Net assets, end of year	\$ 221,652,174	243,501,562	465,153,736	232,485,392	220,078,340	452,563,732

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

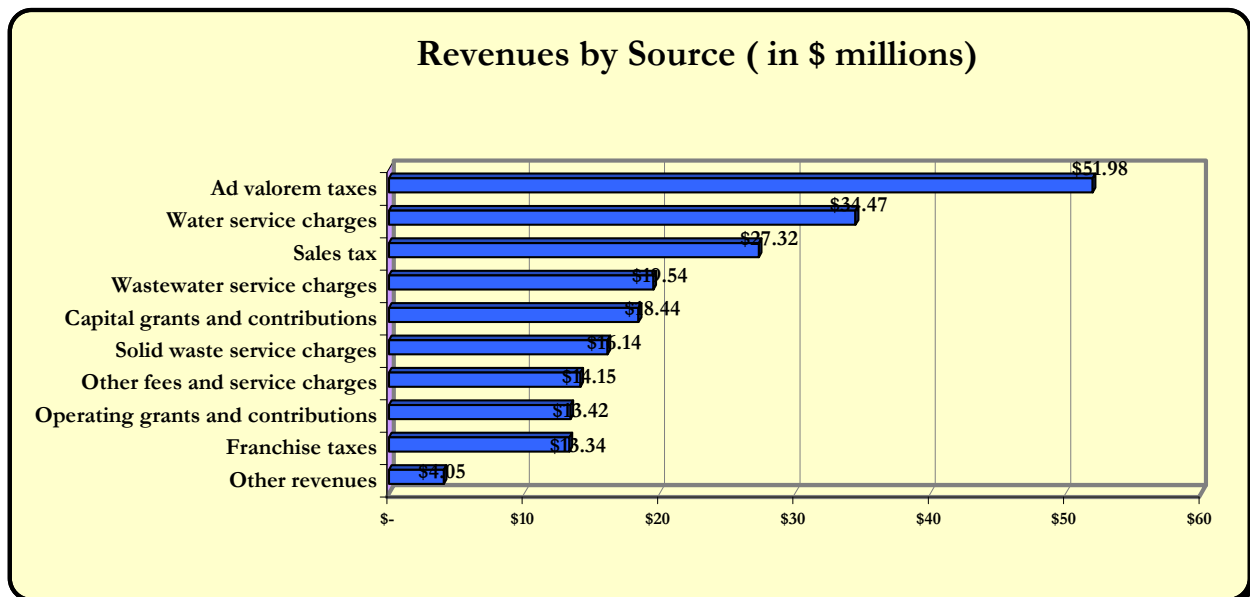
- Ad valorem taxes increased \$1,873,068 (3.74%), the result of a 2.96% growth in the property tax base.
- Operating grants and contributions increased \$1,258,316 (13.86%), primarily due to increased public safety (\$703,066) and public health (\$414,190) grant funding.
- Investment earnings decreased over \$5.4 million (86.6%) primarily as a result of interest rates. Also contributing to this was the net decrease of \$24.3 million in capital project funds available for investment. This decrease was the result of the continued expenditures on planned capital projects primarily from the 2007 general obligation bonds. Bond funds are reported in a major capital projects fund and nonmajor governmental funds.
- Overall, governmental expenses increased \$5,261,997 (4.69%) primarily due to an across-the-board salary increase of 2% for all employees and increased employee benefit costs for pension and health insurance. The City's retirement system, Texas Municipal Retirement System (TMRS) has made significant changes in actuarial assumptions and funding methodology used in calculating their member cities' contribution rates. This increase in the TMRS contribution rate and health insurance increased the City's fiscal year 2010 operating budget for governmental activities by approximately \$1 million. Public safety, which reports the largest number of employees, reflects the across-the-board salary increase and benefit cost increase. Public safety expenses increased \$2,869,202 (4.98%). In addition to the across-the-board raise, some public safety employees received step pay increases based on rank and service time.

- As discussed earlier, the contribution of capital assets to business type activities funded by governmental capital projects also greatly contributed to the decrease in net assets with almost \$11.6 million total.

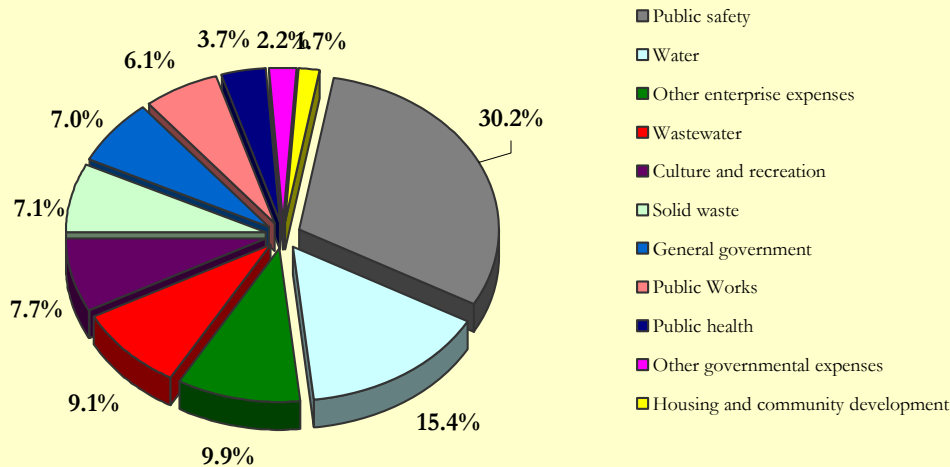
Business-type activities – Key elements of the increase in business-type net assets include:

- Charges for services decreased \$1,816,654 (2.27%). The water fund accounted for over \$1.6 million of this decrease due to lower than expected water sales due primarily to a wetter than normal year. There were also no rate increases in 2010 for residential, commercial and industrial water and wastewater customers were included in the budget.
- Capital grants and contributions increased \$7,453,219 (152.74%) due primarily to capital improvements (runway safety area improvements, runway overlay, and passenger boarding bridges) at the airport funded by grant contributions.
- For the most part, increases in expenses closely paralleled inflation and demand for services with total expenses increasing \$2,761,248 (3.44%). The primary components of the increases were the across-the-board salary increase of 2% for employees and increased benefit costs for TMRS and health insurance.

Government-wide activities – Total government-wide activities for 2010 are depicted in the graphs below:



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 \$93,770,801. Approximately 74.4% of this total amount (\$69,792,574) constitutes unreserved fund balance. The remainder of the fund balance (\$23,978,227) 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 26 of this report for a more detailed presentation of governmental fund balances.

The fund balance of the City's general fund reported a reduction of \$538,263 during the current fiscal year. This was primarily due to planned utilization of fund balance that had been designated for capital improvements. The amount of undesignated, unreserved fund balance increased by \$275,354. Total revenues in the general fund increased \$1,538,667 as compared to prior year and were \$1,402,318 less than budgeted. Key factors in general fund revenue are as follows:

- Growth in net taxable assessed property valuation of 2.96% from new construction, annexations, and increased appraisal values is reflected in over a \$1.3 million increase in property tax revenue. This revenue source represented over 39% of total general fund revenues.
- Sales tax revenue reported a \$395,617 decrease as compared to prior year, with actual amounts less than \$881,605 of the amount budgeted for the fiscal year. This revenue source represents almost 30% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, also reported a \$383,299 decrease as compared to fiscal year 2009 collections. Over 14% of total general fund revenues came from gross receipts fees.

The fund balance of the 2007 General Obligation Bond Issue Fund decreased \$28,675,420 as work on the bond projects continued to progress. The citizens of Waco approved a \$63 million bond election in May 2007. The bonds were issued in July 2007 and are being used to fund capital improvements for police, fire, parks, library, convention center, and the Texas Ranger museum. The capital project fund used to account for this bond issue met the criteria to be reported as a major governmental fund. Investment earnings decreased for this fund by \$2,392,583 due to the lower cash balances in the fund and interest rates. Expenditures of \$28,895,578 million for capital outlay were over \$23 million higher than the fiscal year 2009 level.

Proprietary funds - The City's proprietary fund statements beginning on page 38 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 - \$18,024,438, Wastewater - \$14,464,880, Solid Waste - \$5,932,405, and Convention Services - \$(45,314). These funds experienced increases in total net assets during 2010 as follows: Water - \$1,298,745, Wastewater - \$1,209,720, Solid Waste - \$1,676,138, and Convention Services - \$9,821,644.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$1,718,163. The primary differences can be briefly summarized as follows:

- \$650,886 increase for capital outlay for streets.
- \$462,521 for increases for funds allocated to the Texas Ranger Headquarters Office project.
- \$213,391 increase for Information Technology for a router configuration and a time and attendance system.
- \$117,193 increase for police to upgrade CAD system and supplies.

- \$103,000 increase for capital outlay in traffic.
- \$71,126 increase for City's assistance with housing projects.
- \$49,296 increase for Municipal Information's cable channel equipment.

Of this increase, \$839,843 was from fund balance designated for capital improvements, \$690,274 from fund balance reserved for encumbrances, \$60,000 from fund balance designated for housing, \$49,296 from increases in gross receipts taxes, and \$28,000 from increases in state grant funding.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 29 to 37 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2010.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$642,049,000 (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 \$34.3 million on various water, wastewater, and solid waste systems projects.
- Expended \$11.7 million on various park facility improvements.
- Expended \$10.2 million on convention center renovations.
- Expended \$9.7 million on Airport Improvement Program projects.
- Expended \$5.5 million for fire facilities and equipment.
- Expended \$4.6 million for police facilities and equipment.
- Expended \$2.6 million for library facilities.
- Capitalized \$2.5 million in street and drainage expenditures and contributions.
- Expended \$1.9 million to replace Waco Transit van fleet and to acquire bus scheduling software.
- Expended \$0.9 million for Ranger Hall of Fame facilities.

**City of Waco
Capital Assets**

		Governmental Activities		Business-type Activities		Totals	
		2010	2009	2010	2009	2010	2009
Land	\$	41,933,030	40,992,056	4,426,643	4,183,700	46,359,673	45,175,756
Buildings		37,979,624	30,757,428	57,902,505	58,064,156	95,882,129	88,821,584
Improvements other than buildings		34,895,599	30,824,007	332,578,578	310,745,551	367,474,177	341,569,558
Machinery and equipment		37,370,998	33,229,495	40,930,624	38,932,776	78,301,622	72,162,271
Museum collections		-	-	1,989,924	1,984,924	1,989,924	1,984,924
Infrastructure		243,936,180	242,306,913	-	-	243,936,180	242,306,913
Construction work in progress		25,532,306	14,555,071	112,680,889	79,594,029	138,213,195	94,149,100
Water rights		-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation		<u>(188,432,085)</u>	<u>(177,695,648)</u>	<u>(174,158,694)</u>	<u>(161,984,675)</u>	<u>(362,590,779)</u>	<u>(339,680,323)</u>
Total capital assets	\$	<u>233,215,652</u>	<u>214,969,322</u>	<u>408,833,348</u>	<u>364,003,340</u>	<u>642,049,000</u>	<u>578,972,662</u>

Additional information on the City's capital assets can be found in Note IV on pages 61 - 64 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 \$349,067,971. Of this amount, \$331,843,730 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 \$65,154 pertain to purchases of computer equipment. The \$2,159,087 notes payable are for purchase of pump station and water transmission lines.

**City of Waco
Bonds, Notes and Capitalized Obligations Payable**

		Governmental Activities		Business-type Activities		Totals	
		2010	2009	2010	2009	2010	2009
General obligation certificates	\$	98,909,462	101,254,641	232,934,268	235,015,348	331,843,730	336,269,989
State participation loan		-	-	15,000,000	15,000,000	15,000,000	15,000,000
Capital lease obligations		65,154	128,270	-	-	65,154	128,270
Notes payable		<u>-</u>	<u>-</u>	<u>2,159,087</u>	<u>2,217,472</u>	<u>2,159,087</u>	<u>2,217,472</u>
	\$	<u>98,974,616</u>	<u>101,382,911</u>	<u>250,093,355</u>	<u>252,232,820</u>	<u>349,067,971</u>	<u>353,615,731</u>

During the 2010 fiscal year, the City issued \$16,195,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements and improvements to the City's water and wastewater systems. The City also issued \$12,895,000 of general obligation refunding bonds. This advance refunding was undertaken to reduce total debt service payment over the next twenty years by \$1,317,332 and resulted in an economic gain of \$981,478.

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	Aa2	AA

Additional information on the City of Waco's long-term debt can be found in Note IV on pages 67 to 73 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2011 is based on a projected decline in revenues of 1.3% over last year's adopted budget, due primarily to decreases budgeted for sales taxes, franchise fees, and fines revenues. Property taxes which are about 43% of total general fund revenues are budgeted at a 2.2% increase as compared to the 2010 budget. This increase is due mainly to new construction. Some of the budgeted revenue decrease was offset by a reduction in some key expenditures that normally require significant increases. Approximately 28% of general fund revenues are sales taxes. Sales taxes have been budgeted to decrease 3.3% over the original fiscal year 2010 budget and .2% less than actual for the 2010 fiscal year due to the volatility of this revenue source and continuing uncertainty regarding the global economic climate.

The 2011 budget includes no salary increases except for certain civil service employees who are eligible for step pay increases. A total of 13 full-time equivalent positions were added; but due to changes in other positions, the net increase was 9.49 full-time equivalent positions. The Texas Municipal System made significant changes in the actuarial assumptions and funding methodology used in calculating cities' contribution rates. These changes resulted in an approximate additional \$870,000 funding impact for next year.

Fiscal year 2011 includes changes in water and wastewater base service rates. This is the first time in three years that residential, commercial and industrial water and wastewater customers have had rate increases. Some changes for water laboratory analyses and industrial pretreatment charges are also included. For 2011, the base rates for both water and wastewater will decrease and first 2000 gallons currently included in the base rate will be eliminated and charged at the regular volumetric rate for the first tier. Solid Waste residential, commercial, roll-off and landfill rates will remain the same for 2011.

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, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets					
Cash and investments	\$ 106,432,292	41,990,197	148,422,489	6,599	30,209
Receivables (net of allowances for uncollectibles):					
Accounts	4,368,235	9,801,787	14,170,022	-	-
Special assessments	22,521	-	22,521	-	-
Taxes	7,033,534	-	7,033,534	-	-
Intergovernmental receivable	1,668,027	6,000,829	7,668,856	-	-
Accrued interest receivable	-	4,398	4,398	-	-
Internal balances	4,923,094	(4,923,094)	-	-	-
Inventories	692,694	825,132	1,517,826	-	-
Restricted cash and investments	-	57,787,314	57,787,314	-	-
Notes receivable	3,449,366	722,666	4,172,032	-	-
Real estate held for resale	46,869	-	46,869	-	-
Deferred charges	894,944	1,862,838	2,757,782	-	-
Capital assets not being depreciated:					
Land	41,933,030	4,426,643	46,359,673	-	-
Museum collections	-	1,989,924	1,989,924	-	-
Construction in progress	25,532,306	112,680,889	138,213,195	-	-
Capital assets, net of accumulated depreciation:					
Buildings	27,426,941	34,992,712	62,419,653	-	-
Machinery and equipment	12,170,669	17,676,370	29,847,039	-	-
Improvements other than buildings	15,115,118	209,713,178	224,828,296	-	-
Infrastructure	111,037,588	-	111,037,588	-	-
Water rights	-	27,353,632	27,353,632	-	-
Total assets	<u>362,747,228</u>	<u>522,905,415</u>	<u>885,652,643</u>	<u>6,599</u>	<u>30,209</u>
Liabilities					
Accounts payable	4,505,811	2,900,697	7,406,508	70	70
Accrued liabilities	8,002,036	2,685,562	10,687,598	-	-
Accrued interest payable	785,278	2,351,435	3,136,713	-	-
Unearned revenue	514,765	404,010	918,775	-	-
Escrow funds	358,527	79,527	438,054	-	-
Customer deposits	225,400	-	225,400	-	-
Liabilities payable from restricted assets	-	6,185,784	6,185,784	-	-
Noncurrent liabilities:					
Due within one year	20,101,938	14,828,580	34,930,518	-	-
Due in more than one year	<u>106,601,299</u>	<u>249,968,258</u>	<u>356,569,557</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>141,095,054</u>	<u>279,403,853</u>	<u>420,498,907</u>	<u>70</u>	<u>70</u>
Net Assets					
Invested in capital assets, net of related debt	179,653,424	206,111,214	385,764,638	-	-
Restricted for:					
Economic development incentives	8,240,156	-	8,240,156	-	-
Tax increment financing	9,936,076	-	9,936,076	-	-
Grant requirements	4,128,948	-	4,128,948	-	-
Forfeitures and abandoned motor vehicles	608,608	-	608,608	-	-
Court security and technology	955,115	-	955,115	-	-
Debt service	179,451	3,920	183,371	-	-
Parks and cemetery care - nonexpendable	473,362	-	473,362	-	-
Capital projects	-	542,107	542,107	-	-
Unrestricted	<u>17,477,034</u>	<u>36,844,321</u>	<u>54,321,355</u>	<u>6,529</u>	<u>30,139</u>
Total net assets	<u>\$ 221,652,174</u>	<u>243,501,562</u>	<u>465,153,736</u>	<u>6,529</u>	<u>30,139</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (14,073,197)	285,471	621,706
Public works	(12,142,355)	1,366	-
Public safety	(60,429,663)	3,600,084	1,886,109
Culture and recreation	(15,484,146)	1,314,693	1,143,297
Public health	(7,364,755)	872,388	3,730,085
Housing and community development	(3,503,811)	-	2,956,529
Interest on long-term debt	(4,342,023)	-	-
Total governmental activities	(117,339,950)	6,074,002	10,337,726
Business-type activities:			
Water	(30,875,837)	34,472,657	-
Wastewater	(18,134,874)	19,543,166	-
Solid waste	(14,160,048)	16,135,566	-
Airport	(2,360,727)	1,058,480	124,709
Convention services	(2,830,956)	391,758	330
Ranger Hall of Fame	(1,280,085)	403,946	92,520
Cameron Park Zoo	(4,357,007)	1,599,467	58
Transit services	(7,259,552)	3,221,167	2,867,957
Cottonwood Creek Golf Course	(1,674,252)	1,404,891	-
Total business-type activities	(82,933,338)	78,231,098	3,085,574
Total primary government	\$ (200,273,288)	84,305,100	13,423,300
Component Units:			
Central Waco Development Corporation	\$ (130)	-	-
Waco Health Facilities Development Corporation	(120)	-	-
Total component units	\$ (250)	-	-
General revenues:			
Taxes:			
Property			
Property tax increment financing			
Sales			
Franchise			
Hotel/motel			
Other			
Unrestricted investment earnings			
Gain on sale of capital assets			
Miscellaneous			
Transfers			
		Total general revenues and transfers	
		Change in net assets	
		Net assets, beginning of year	
		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
	74,856	(13,091,164)	-	(13,091,164)	
1,633,105	(10,507,884)	-	(10,507,884)		
1,382,103	(53,561,367)	-	(53,561,367)		
2,684,355	(10,341,801)	-	(10,341,801)		
-	(2,762,282)	-	(2,762,282)		
336,317	(210,965)	-	(210,965)		
-	(4,342,023)	-	(4,342,023)		
<u>6,110,736</u>	<u>(94,817,486)</u>	<u>-</u>	<u>(94,817,486)</u>		
124,542	-	3,721,362	3,721,362		
449,340	-	1,857,632	1,857,632		
-	-	1,975,518	1,975,518		
9,381,315	-	8,203,777	8,203,777		
-	-	(2,438,868)	(2,438,868)		
40,000	-	(743,619)	(743,619)		
-	-	(2,757,482)	(2,757,482)		
2,337,569	-	1,167,141	1,167,141		
-	-	(269,361)	(269,361)		
<u>12,332,766</u>	<u>-</u>	<u>10,716,100</u>	<u>10,716,100</u>		
<u>18,443,502</u>	<u>(94,817,486)</u>	<u>10,716,100</u>	<u>(84,101,386)</u>		
-	-			(130)	-
<u>-</u>	<u>-</u>			<u>-</u>	<u>(120)</u>
<u>-</u>	<u>-</u>			<u>(130)</u>	<u>(120)</u>
\$	47,489,598	-	47,489,598	-	-
	4,491,616	-	4,491,616	-	-
	27,318,396	-	27,318,396	-	-
	13,338,717	-	13,338,717	-	-
	-	1,662,308	1,662,308	-	-
	655,031	-	655,031	-	-
	842,824	253,637	1,096,461	29	133
	-	-	-	-	-
	639,263	-	639,263	-	-
	(10,791,177)	10,791,177	-	-	-
	<u>83,984,268</u>	<u>12,707,122</u>	<u>96,691,390</u>	<u>29</u>	<u>133</u>
	(10,833,218)	23,423,222	12,590,004	(101)	13
	<u>232,485,392</u>	<u>220,078,340</u>	<u>452,563,732</u>	<u>6,630</u>	<u>30,126</u>
\$	<u>221,652,174</u>	<u>243,501,562</u>	<u>465,153,736</u>	<u>6,529</u>	<u>30,139</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2010

	General	2007 General Obligation Bond Issue	Other Governmental Funds	Total Governmental Funds
Assets				
Assets:				
Cash and investments	\$ 15,442,398	34,028,226	41,265,275	90,735,899
Receivables, net of allowances:				
Accounts	4,172,125	-	195,032	4,367,157
Special assessments	-	-	22,521	22,521
Taxes	6,423,251	-	610,283	7,033,534
Notes receivable	4,000	-	3,445,366	3,449,366
Due from other funds	4,134,663	-	7,474,466	11,609,129
Advances to other funds	625,559	-	168,368	793,927
Intergovernmental receivable	8,400	-	1,659,627	1,668,027
Inventories	548,182	-	-	548,182
Real estate held for resale	6,160	-	40,709	46,869
Total assets	\$ 31,364,738	34,028,226	54,881,647	120,274,611
Liabilities				
Liabilities:				
Accounts payable	\$ 1,365,165	1,897,895	1,086,113	4,349,173
Accrued liabilities	3,942,180	2,398,380	1,134,404	7,474,964
Deferred revenue	2,559,020	-	4,057,302	6,616,322
Due to other funds	-	188,039	7,291,923	7,479,962
Deposits	225,400	-	-	225,400
Escrow funds	271,379	-	86,610	357,989
Total liabilities	8,363,144	4,484,314	13,656,352	26,503,810
Fund Balances				
Fund balances:				
Reserved for:				
Encumbrances	708,471	10,400,201	11,095,396	22,204,068
Real estate held for resale	6,160	-	40,709	46,869
Advances to other funds	625,559	-	168,368	793,927
Debt service	-	-	460,001	460,001
Purpose of trust	-	-	473,362	473,362
Unreserved, reported in:				
General fund:				
Designated for:				
2011 budget	2,718,684	-	-	2,718,684
Economic development	1,381,690	-	-	1,381,690
Housing	77,241	-	-	77,241
Capital improvements	1,439,202	-	-	1,439,202
Contingencies	1,000,000	-	-	1,000,000
Undesignated	15,044,587	-	-	15,044,587
Special revenue funds	-	-	13,286,546	13,286,546
Capital projects funds	-	19,143,711	15,700,913	34,844,624
Total fund balances	23,001,594	29,543,912	41,225,295	93,770,801
Total liabilities and fund balances	\$ 31,364,738	34,028,226	54,881,647	
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.				232,733,478
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				6,101,557
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.				10,360,573
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(121,314,235)
				\$ 221,652,174

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, 2010

	General	2007 General Obligation Bond Issue	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 63,645,465	-	15,566,899	79,212,364
Business and occupation fees	13,338,717	-	-	13,338,717
Permits, licenses and fees	992,627	-	909,059	1,901,686
Fines	1,950,230	-	104,257	2,054,487
Charges for services	1,751,702	-	-	1,751,702
Investment earnings	122,464	234,178	417,097	773,739
Contributions	239,964	-	387,233	627,197
Intergovernmental	1,553,028	-	11,259,244	12,812,272
Program income	450,000	-	1,541,904	1,991,904
Other	7,746,923	-	640,783	8,387,706
Total revenues	<u>91,791,120</u>	<u>234,178</u>	<u>30,826,476</u>	<u>122,851,774</u>
Expenditures:				
Current:				
General government	14,842,682	-	4,852,863	19,695,545
Public works	2,235,645	-	-	2,235,645
Public safety	55,583,806	-	2,936,169	58,519,975
Culture and recreation	12,742,857	-	407,126	13,149,983
Housing and community development	139,921	-	4,003,803	4,143,724
Public health	-	-	7,240,481	7,240,481
Capital outlay	-	28,895,578	12,049,306	40,944,884
Debt service:				
Principal	-	-	7,270,310	7,270,310
Interest and fiscal charges	-	-	4,211,528	4,211,528
Bond issuance costs	-	-	70,242	70,242
Total expenditures	<u>85,544,911</u>	<u>28,895,578</u>	<u>43,041,828</u>	<u>157,482,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,246,209</u>	<u>(28,661,400)</u>	<u>(12,215,352)</u>	<u>(34,630,543)</u>
Other financing sources (uses):				
Refunding bonds issued	-	-	2,900,000	2,900,000
Payment to refunded bond escrow agent	-	-	(3,093,588)	(3,093,588)
Premium on refunding bonds	-	-	202,379	202,379
General obligation bonds issued	-	-	4,925,000	4,925,000
Premium on general obligation bonds	-	-	29,024	29,024
Transfers in	3,701,141	-	9,693,119	13,394,260
Transfers out	(10,485,613)	(14,020)	(2,093,599)	(12,593,232)
Total other financing sources (uses)	<u>(6,784,472)</u>	<u>(14,020)</u>	<u>12,562,335</u>	<u>5,763,843</u>
Net change in fund balances	(538,263)	(28,675,420)	346,983	(28,866,700)
Fund balances, beginning of year	<u>23,539,857</u>	<u>58,219,332</u>	<u>40,878,312</u>	<u>122,637,501</u>
Fund balances, end of year	<u>\$ 23,001,594</u>	<u>29,543,912</u>	<u>41,225,295</u>	<u>93,770,801</u>

See accompanying notes to financial statements.

City of Waco, Texas
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2010

Amounts reported for governmental activities in the Statement of Activities (pages 24 - 25) are different because:

Net change in fund balances - total governmental funds (page 27)	\$ (28,866,700)
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.	16,118,678
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net assets.	1,992,933
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(886,057)
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.	2,469,118
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,877,071)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue of activities of internal service funds is reported with governmental activities.	<u>2,215,881</u>
Change in net assets of governmental activities (pages 24 - 25)	\$ <u><u>(10,833,218)</u></u>

See accompanying notes to financial statements.

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

Year Ended September 30, 2010

(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 28,200,001	28,200,001	27,318,396	(881,605)	27,714,013
Property taxes	36,148,869	36,148,869	35,831,281	(317,588)	34,460,179
Interest and penalty on taxes	450,000	450,000	495,788	45,788	444,616
Total taxes	<u>64,798,870</u>	<u>64,798,870</u>	<u>63,645,465</u>	<u>(1,153,405)</u>	<u>62,618,808</u>
Business and occupation fees:					
Occupation fees	59,160	59,160	122,375	63,215	63,499
Gross receipts fees	13,646,712	13,696,008	13,216,342	(479,666)	13,599,641
Total business and occupation fees	<u>13,705,872</u>	<u>13,755,168</u>	<u>13,338,717</u>	<u>(416,451)</u>	<u>13,663,140</u>
Permits, licenses and fees:					
Building permits	467,977	467,977	479,941	11,964	480,363
Plumbing permits	129,573	129,573	153,694	24,121	138,311
Electrical permits	159,840	159,840	212,520	52,680	192,545
Heating and air conditioning licenses	94,409	94,409	92,297	(2,112)	96,991
Fire inspection fees	34,854	34,854	33,960	(894)	34,746
House moving permits	200	200	55	(145)	418
Sign permits	-	-	685	685	-
Subdivision fees	20,500	20,500	19,475	(1,025)	20,331
Total permits, licenses and fees	<u>907,353</u>	<u>907,353</u>	<u>992,627</u>	<u>85,274</u>	<u>963,705</u>
Fines:					
Court fines	2,240,728	2,240,728	1,902,149	(338,579)	2,028,693
Auto impound fees	56,299	56,299	48,081	(8,218)	51,217
Total fines	<u>2,297,027</u>	<u>2,297,027</u>	<u>1,950,230</u>	<u>(346,797)</u>	<u>2,079,910</u>
Charges for services:					
Recreation	1,095,237	1,095,237	974,151	(121,086)	815,782
Weed mowing	38,430	38,430	60,147	21,717	44,199
Library fees	81,728	81,728	100,903	19,175	84,653
Animal pick up	13,162	13,162	14,224	1,062	11,975
Grounds maintenance	47,629	47,629	47,629	-	46,242
Graphics	67,822	67,822	110,186	42,364	73,882
Police security services	190,149	190,149	162,774	(27,375)	188,747
Airport security services	277,469	277,469	281,688	4,219	279,640
Total charges for services	<u>1,811,626</u>	<u>1,811,626</u>	<u>1,751,702</u>	<u>(59,924)</u>	<u>1,545,120</u>
Investment earnings	<u>290,000</u>	<u>290,000</u>	<u>122,464</u>	<u>(167,536)</u>	<u>560,218</u>
Contributions	<u>111,071</u>	<u>111,071</u>	<u>239,964</u>	<u>128,893</u>	<u>126,215</u>
Intergovernmental	<u>1,454,814</u>	<u>1,482,814</u>	<u>1,553,028</u>	<u>70,214</u>	<u>1,519,830</u>
Program income	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>	<u>-</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, 2010

(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues (continued)					
Other:					
Indirect expense reimbursements	\$ 6,282,246	6,282,246	6,233,666	(48,580)	5,968,207
False alarm fines	11,003	11,003	13,000	1,997	7,780
Rents from real estate	128,499	128,499	104,932	(23,567)	113,849
Miscellaneous revenue	601,068	601,068	669,826	68,758	417,622
Sale of other scrap	16,218	16,218	18,444	2,226	18,930
Zoning applications	9,654	9,654	25,640	15,986	9,935
Commission from sale of mixed drinks	414,749	414,749	410,544	(4,205)	396,597
Commission on municipal court fines	93,451	93,451	90,587	(2,864)	82,159
Commission on concessions	150,334	150,334	150,248	(86)	132,438
Garage sale permits	27,187	27,187	28,670	1,483	27,990
Special assessments	5,100	5,100	1,366	(3,734)	-
Total other	<u>7,739,509</u>	<u>7,739,509</u>	<u>7,746,923</u>	<u>7,414</u>	<u>7,175,507</u>
Total revenues	<u>93,116,142</u>	<u>93,193,438</u>	<u>91,791,120</u>	<u>(1,402,318)</u>	<u>90,252,453</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,052,615	1,052,615	1,010,531	42,084	1,071,369
Employee benefits	389,063	389,063	368,795	20,268	353,196
Purchased professional/technical services	35,175	40,175	37,485	2,690	42,365
Purchased property services	43,145	43,145	15,119	28,026	45,860
Maintenance	6,284	1,284	-	1,284	6,284
Other purchased service	349,972	349,972	96,163	253,809	98,708
Supplies	127,889	127,889	113,424	14,465	106,528
Other expenses	1,199,061	1,680,755	1,175,490	505,265	1,109,113
Total administrative services	<u>3,203,204</u>	<u>3,684,898</u>	<u>2,817,007</u>	<u>867,891</u>	<u>2,833,423</u>
City Secretary:					
Salaries and wages	248,129	249,639	246,776	2,863	247,059
Employee benefits	101,520	101,520	96,942	4,578	92,839
Purchased professional/technical services	88,896	71,896	53,792	18,104	63,164
Purchased property services	1,653	1,653	1,142	511	1,116
Maintenance	3,139	3,139	2,822	317	2,359
Other purchased service	33,716	32,206	22,027	10,179	26,676
Supplies	21,390	27,560	28,978	(1,418)	40,155
Other expenses	-	12,000	11,317	683	-
Total city secretary	<u>498,443</u>	<u>499,613</u>	<u>463,796</u>	<u>35,817</u>	<u>473,368</u>
Finance services:					
Salaries and wages	874,251	874,251	864,407	9,844	850,176
Employee benefits	321,988	321,988	311,811	10,177	290,565
Purchased professional/technical services	87,220	87,220	76,266	10,954	79,524
Maintenance	728	728	576	152	-
Other purchased service	37,088	37,088	31,813	5,275	29,739
Supplies	41,752	41,752	35,958	5,794	36,306
Other expenses	35,554	35,554	33,395	2,159	34,174
Total finance services	<u>1,398,581</u>	<u>1,398,581</u>	<u>1,354,226</u>	<u>44,355</u>	<u>1,320,484</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, 2010
(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Legal services:					
Salaries and wages	\$ 747,447	747,447	766,548	(19,101)	746,758
Employee benefits	254,594	254,594	254,512	82	236,318
Purchased professional/technical services	63,000	53,000	16,285	36,715	70,890
Maintenance	200	200	290	(90)	-
Other purchased service	29,510	37,510	37,067	443	34,747
Supplies	33,019	35,019	33,559	1,460	32,191
Capital expenditures	-	-	-	-	1,232
Total legal services	<u>1,127,770</u>	<u>1,127,770</u>	<u>1,108,261</u>	<u>19,509</u>	<u>1,122,136</u>
Planning services:					
Salaries and wages	410,719	410,719	337,113	73,606	402,759
Employee benefits	152,743	152,743	120,080	32,663	140,606
Purchased professional/technical services	44,198	44,198	21,153	23,045	21,837
Purchased property services	62,642	62,642	58,624	4,018	62,005
Maintenance	450	450	300	150	320
Other purchased service	23,189	23,189	15,123	8,066	15,419
Supplies	22,700	22,700	19,367	3,333	20,307
Total planning services	<u>716,641</u>	<u>716,641</u>	<u>571,760</u>	<u>144,881</u>	<u>663,253</u>
Human resources:					
Salaries and wages	512,533	512,533	514,079	(1,546)	479,189
Employee benefits	192,630	192,630	188,529	4,101	169,845
Purchased professional/technical services	2,175	2,175	1,941	234	13,845
Maintenance	1,900	1,900	1,549	351	-
Other purchased service	47,171	47,171	33,299	13,872	41,989
Supplies	18,370	20,490	13,195	7,295	22,038
Total human resources	<u>774,779</u>	<u>776,899</u>	<u>752,592</u>	<u>24,307</u>	<u>726,906</u>
Municipal information:					
Salaries and wages	400,893	400,893	396,475	4,418	405,265
Employee benefits	160,305	160,305	155,986	4,319	151,891
Purchased professional/technical services	2,660	2,660	4,229	(1,569)	1,883
Maintenance	12,658	12,658	6,136	6,522	3,052
Other purchased service	15,821	27,113	27,402	(289)	13,541
Supplies	38,128	38,964	83,913	(44,949)	107,383
Other expenses	66,492	55,200	56,082	(882)	64,295
Capital expenditures	-	48,460	51,867	(3,407)	193,331
Total municipal information	<u>696,957</u>	<u>746,253</u>	<u>782,090</u>	<u>(35,837)</u>	<u>940,641</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, 2010
(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Information technology services:					
Salaries and wages	\$ 801,894	801,894	795,955	5,939	766,374
Employee benefits	305,069	305,069	294,613	10,456	274,664
Purchased professional/technical services	68,748	71,346	56,509	14,837	39,828
Maintenance	538,723	546,441	433,605	112,836	460,965
Other purchased service	441,989	441,989	400,556	41,433	401,741
Supplies	95,093	220,093	233,048	(12,955)	123,659
Capital expenditures	65,827	143,902	143,902	-	391,681
Total information technology services	<u>2,317,343</u>	<u>2,530,734</u>	<u>2,358,188</u>	<u>172,546</u>	<u>2,458,912</u>
Purchasing services:					
Salaries and wages	348,888	344,828	347,384	(2,556)	317,762
Employee benefits	134,814	134,814	129,211	5,603	114,951
Maintenance	2,760	2,760	-	2,760	153
Other purchased service	16,198	18,598	15,847	2,751	14,891
Supplies	10,109	11,769	16,010	(4,241)	12,177
Total purchasing services	<u>512,769</u>	<u>512,769</u>	<u>508,452</u>	<u>4,317</u>	<u>459,934</u>
Facilities:					
Salaries and wages	1,037,937	1,037,937	1,046,344	(8,407)	1,046,990
Employee benefits	520,175	520,175	514,966	5,209	487,111
Purchased professional/technical services	60,419	60,419	73,334	(12,915)	72,702
Purchased property services	13,496	13,496	9,913	3,583	16,089
Maintenance	757,469	757,469	941,350	(183,881)	872,336
Other purchased service	69,951	69,951	69,057	894	62,709
Supplies	221,974	221,974	218,320	3,654	219,479
Total facilities	<u>2,681,421</u>	<u>2,681,421</u>	<u>2,873,284</u>	<u>(191,863)</u>	<u>2,777,416</u>
Contributions:					
McLennan County	140,000	140,000	136,822	3,178	127,960
Greenwood Cemetery	1,500	1,500	1,500	-	1,500
McLennan County Appraisal District	650,000	650,000	590,865	59,135	604,406
Keep Waco Beautiful	9,000	9,000	9,000	-	9,000
YMCA Multi-Purpose Center	55,000	55,000	56,441	(1,441)	46,184
Senior Ministries	28,000	28,000	28,000	-	28,000
Rosemound Cemetery	30,000	30,000	10,283	19,717	-
Total contributions	<u>913,500</u>	<u>913,500</u>	<u>832,911</u>	<u>80,589</u>	<u>817,050</u>
Miscellaneous:					
Salaries and wages	(577,576)	(577,576)	-	(577,576)	-
Employee benefits	(200,804)	(200,804)	92,663	(293,467)	40,483
Purchased professional/technical services	65,000	185,000	159,808	25,192	125,800

(Continued)

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

Year Ended September 30, 2010

(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Miscellaneous: (continued)					
Maintenance	\$ -	-	7,725	(7,725)	7,336
Other purchased service	-	-	-	-	280
Supplies	-	-	3,011	(3,011)	4,020
Capital expenditures	25,975	25,975	-	25,975	9,950
Other expenses	423,184	331,471	156,908	174,563	205,119
Total miscellaneous	<u>(264,221)</u>	<u>(235,934)</u>	<u>420,115</u>	<u>(656,049)</u>	<u>392,988</u>
Total General Government	<u>14,577,187</u>	<u>15,353,145</u>	<u>14,842,682</u>	<u>510,463</u>	<u>14,986,511</u>
Public Works					
Streets and drainage services:					
Salaries and wages	597,546	597,546	507,485	90,061	581,355
Employee benefits	356,512	356,512	301,733	54,779	320,497
Purchased professional/technical services	390,482	401,525	309,566	91,959	351,545
Purchased property services	9,817	9,817	9,257	560	6,938
Maintenance	496,332	495,332	467,174	28,158	549,931
Other purchased service	84,820	84,820	92,017	(7,197)	87,840
Supplies	232,923	233,923	201,601	32,322	171,062
Other expenses	(124,098)	(124,098)	(95,031)	(29,067)	(149,803)
Capital expenditures	-	639,843	441,843	198,000	50,159
Total streets and drainage services	<u>2,044,334</u>	<u>2,695,220</u>	<u>2,235,645</u>	<u>459,575</u>	<u>1,969,524</u>
Total Public Works	<u>2,044,334</u>	<u>2,695,220</u>	<u>2,235,645</u>	<u>459,575</u>	<u>1,969,524</u>
Public Safety					
Municipal court:					
Salaries and wages	723,081	723,081	680,310	42,771	633,483
Employee benefits	279,176	279,176	251,945	27,231	231,670
Purchased professional/technical services	22,497	23,985	18,139	5,846	16,120
Maintenance	3,100	3,100	1,832	1,268	1,284
Other purchased service	44,295	41,632	34,156	7,476	36,470
Supplies	132,998	134,713	111,695	23,018	119,435
Other expenses	12,785	12,245	11,046	1,199	9,857
Total municipal court	<u>1,217,932</u>	<u>1,217,932</u>	<u>1,109,123</u>	<u>108,809</u>	<u>1,048,319</u>
Inspection services:					
Salaries and wages	920,700	920,700	897,974	22,726	876,890
Employee benefits	395,888	395,888	373,704	22,184	353,044
Purchased professional/technical services	99,400	99,400	99,129	271	55,162
Purchased property services	76,372	76,372	73,932	2,440	65,235
Maintenance	26,457	26,457	28,153	(1,696)	24,346
Other purchased service	77,432	77,432	73,765	3,667	74,270
Supplies	111,293	111,293	80,044	31,249	101,304
Other expenses	3,162	3,162	3,801	(639)	3,130
Total inspection services	<u>1,710,704</u>	<u>1,710,704</u>	<u>1,630,502</u>	<u>80,202</u>	<u>1,553,381</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, 2010
(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Emergency management services:					
Salaries and wages	\$ 124,428	124,428	124,456	(28)	119,972
Employee benefits	44,428	44,428	43,743	685	41,297
Purchased professional/technical services	11,200	11,200	6,917	4,283	3,564
Purchased property services	2,601	1,701	-	1,701	14,638
Maintenance	29,277	29,277	23,259	6,018	21,168
Other purchased service	10,693	10,693	10,819	(126)	14,771
Supplies	12,665	13,565	10,418	3,147	12,591
Other expenses	111,898	111,898	111,546	352	116,687
Total emergency management services	<u>347,190</u>	<u>347,190</u>	<u>331,158</u>	<u>16,032</u>	<u>344,688</u>
Fire services:					
Salaries and wages	12,712,921	12,712,921	12,487,393	225,528	12,284,108
Employee benefits	4,837,115	4,837,115	4,661,431	175,684	4,400,542
Purchased professional/technical services	63,235	63,235	47,810	15,425	42,704
Purchased property services	48,262	48,262	45,820	2,442	51,865
Maintenance	243,171	244,871	203,200	41,671	239,308
Other purchased service	329,550	329,550	345,887	(16,337)	287,454
Supplies	716,324	684,424	548,200	136,224	720,516
Total fire services	<u>18,950,578</u>	<u>18,920,378</u>	<u>18,339,741</u>	<u>580,637</u>	<u>18,026,497</u>
Police services:					
Salaries and wages	19,009,981	19,001,681	19,532,168	(530,487)	18,988,297
Employee benefits	7,451,903	7,451,903	7,358,169	93,734	6,912,419
Purchased professional/technical services	235,792	224,638	202,026	22,612	199,861
Purchased property services	99,360	99,360	79,699	19,661	96,828
Maintenance	705,879	709,487	675,596	33,891	622,322
Other purchased service	1,043,083	1,060,428	1,078,287	(17,859)	990,285
Supplies	1,543,303	1,650,697	1,373,952	276,745	1,259,812
Capital expenditures	-	-	-	-	127,206
Other expenses	450	450	484	(34)	427
Contracts with others	54,591	54,591	54,591	-	53,001
Total police services	<u>30,144,342</u>	<u>30,253,235</u>	<u>30,354,972</u>	<u>(101,737)</u>	<u>29,250,458</u>
Traffic services:					
Salaries and wages	926,983	931,982	939,420	(7,438)	919,248
Employee benefits	422,260	424,141	415,717	8,424	393,661
Purchased professional/technical services	-	31,000	28,200	2,800	-
Purchased property services	9,324	9,324	3,777	5,547	6,024
Maintenance	626,180	593,366	547,797	45,569	260,586
Other purchased service	60,700	60,320	53,646	6,674	50,997
Supplies	1,413,578	1,416,122	1,317,085	99,037	1,276,037
Capital expenditures	200,000	295,770	212,421	83,349	89,670
Total traffic services	<u>3,659,025</u>	<u>3,762,025</u>	<u>3,518,063</u>	<u>243,962</u>	<u>2,996,223</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, 2010
(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Contributions:					
Animal shelter	\$ 300,247	300,247	300,247	-	215,841
Total contributions	<u>300,247</u>	<u>300,247</u>	<u>300,247</u>	<u>-</u>	<u>215,841</u>
Total Public Safety	<u>56,330,018</u>	<u>56,511,711</u>	<u>55,583,806</u>	<u>927,905</u>	<u>53,435,407</u>
Culture and Recreation					
Library services:					
Salaries and wages	1,681,327	1,681,327	1,689,242	(7,915)	1,649,568
Employee benefits	650,700	650,700	632,364	18,336	594,948
Purchased professional/technical services	98,939	98,939	94,841	4,098	92,207
Purchased property services	64,558	64,558	74,577	(10,019)	89,457
Maintenance	63,426	63,426	63,006	420	59,814
Other purchased service	171,136	171,136	162,447	8,689	145,397
Supplies	620,298	620,298	545,355	74,943	503,680
Other expenses	139,914	139,914	139,954	(40)	135,839
Total library services	<u>3,490,298</u>	<u>3,490,298</u>	<u>3,401,786</u>	<u>88,512</u>	<u>3,270,910</u>
Parks:					
Salaries and wages	3,377,931	3,377,931	3,244,670	133,261	3,055,118
Employee benefits	1,582,040	1,582,040	1,491,469	90,571	1,359,361
Purchased professional/technical services	246,125	241,125	340,972	(99,847)	251,198
Purchased property services	776,711	776,711	604,120	172,591	683,353
Maintenance	528,691	527,091	523,349	3,742	501,560
Other purchased service	294,395	295,642	286,229	9,413	199,380
Supplies	874,245	866,218	721,730	144,488	620,473
Capital expenditures	68,287	60,655	17,494	43,161	671,581
Other expenses	(82,041)	(64,394)	(65,448)	1,054	21,438
Total parks	<u>7,666,384</u>	<u>7,663,019</u>	<u>7,164,585</u>	<u>498,434</u>	<u>7,363,462</u>
Recreation services:					
Salaries and wages	931,133	905,354	923,593	(18,239)	976,240
Employee benefits	283,259	266,147	270,211	(4,064)	271,991
Purchased professional/technical services	363,812	363,812	408,179	(44,367)	419,407
Maintenance	9,533	8,533	11,114	(2,581)	120,010
Other purchased service	131,849	131,849	120,759	11,090	137,229
Supplies	396,555	399,211	353,372	45,839	401,496
Capital expenditures	-	44,600	44,600	-	-
Other expenses	68,049	68,049	44,658	23,391	58,637
Total recreation services	<u>2,184,190</u>	<u>2,187,555</u>	<u>2,176,486</u>	<u>11,069</u>	<u>2,385,010</u>
Total Culture and Recreation	<u>13,340,872</u>	<u>13,340,872</u>	<u>12,742,857</u>	<u>598,015</u>	<u>13,019,382</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, 2010

(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Housing and Community Development					
Housing services:					
Salaries and wages	\$ 57,621	57,621	52,827	4,794	58,201
Employee benefits	23,147	23,147	20,735	2,412	21,939
Purchased professional/technical services	-	11,126	11,126	-	8,874
Other purchased service	14,834	14,834	11,241	3,593	10,875
Supplies	3,546	3,546	2,040	1,506	2,523
Other expenses	16,000	76,000	41,952	34,048	455,000
Total housing services	115,148	186,274	139,921	46,353	557,412
Total Housing and Community Development	115,148	186,274	139,921	46,353	557,412
Total expenditures	86,407,559	88,087,222	85,544,911	2,542,311	83,968,236
Excess of revenues over expenditures	6,708,583	5,106,216	6,246,209	1,139,993	6,284,217
Other financing sources (uses)					
Transfers in:					
Abandoned motor vehicles	50,000	50,000	50,000	-	50,000
Solid waste	78,565	78,565	78,565	-	127,371
Tax Increment Fund No. 1	-	-	33,317	33,317	-
Revenue in lieu of property taxes	3,539,259	3,539,259	3,539,259	-	3,388,451
Total transfers in	3,667,824	3,667,824	3,701,141	33,317	3,565,822
Transfers out:					
Cameron Park Zoo	(1,276,218)	(1,276,218)	(1,276,218)	-	(1,558,659)
Street improvement	(3,879,659)	(3,879,659)	(3,879,659)	-	(3,885,972)
Cottonwood Creek Golf Course	-	-	-	-	(96,436)
Airport services	(437,528)	(437,528)	(437,528)	-	(622,443)
Convention services	(411,957)	(411,957)	(411,957)	-	(312,685)
Health programs	(2,302,212)	(2,302,212)	(2,302,212)	-	(2,425,774)
Ranger Hall of Fame	(691,093)	(691,093)	(691,093)	-	(551,724)
Economic development incentive	(1,250,000)	(1,250,000)	(1,250,000)	-	(1,250,000)
Grant (housing demo - lot clearing)	(75,000)	(75,000)	(75,000)	-	(75,000)
Tax increment district	-	-	-	-	(370,732)
Grant (fire)	-	(30,200)	(93,100)	(62,900)	-
Grant (police)	(52,740)	(61,040)	(68,846)	(7,806)	(71,042)
Total transfers out	(10,376,407)	(10,414,907)	(10,485,613)	(70,706)	(11,220,467)
Total other financing sources and uses	(6,708,583)	(6,747,083)	(6,784,472)	(37,389)	(7,654,645)

(Continued)

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

Year Ended September 30, 2010
(With Comparative Actual Amounts for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with Final Budget	2009
	Original	Final	Actual Amounts		Actual Amounts
Net change in fund balances	\$ -	(1,640,867)	(538,263)	1,102,604	(1,370,428)
Fund balances, beginning of year	23,539,857	23,539,857	23,539,857	-	24,635,803
Prior period adjustment	-	-	-	-	274,482
Fund balances, beginning of year, as restated	23,539,857	23,539,857	23,539,857	-	24,910,285
Fund balances, end of year	\$ 23,539,857	21,898,990	23,001,594	1,102,604	23,539,857

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2010

Assets	Business-type Activities - Enterprise Funds					Total	Governmental
	Water	Wastewater	Solid Waste	Convention	Other		Internal
				Services	Funds		
							Funds
Current assets:							
Cash and investments	\$ 20,570,273	12,256,919	8,888,506	125,378	149,121	41,990,197	15,696,393
Accounts receivable, net of allowances	5,257,601	2,286,739	1,904,991	184,027	168,429	9,801,787	1,078
Due from other funds	-	-	-	-	27,868	27,868	-
Intergovernmental receivable	-	715,093	-	-	5,285,736	6,000,829	-
Current portion of notes receivable	-	40,212	-	-	-	40,212	-
Restricted cash and investments	5,806,902	1,459,525	81,002	-	17,449	7,364,878	-
Accrued interest on notes receivable	-	4,398	-	-	-	4,398	-
Inventories	205,155	16,286	-	27,749	575,942	825,132	144,512
Total current assets	31,839,931	16,779,172	10,874,499	337,154	6,224,545	66,055,301	15,841,983
Noncurrent assets:							
Restricted cash and investments	21,330,622	24,967,495	3,539,596	-	584,723	50,422,436	-
Noncurrent portion of notes receivable	-	682,454	-	-	-	682,454	-
Advances to other funds	525,336	-	-	-	-	525,336	-
Deferred charges	1,167,165	581,491	114,182	-	-	1,862,838	-
Capital assets:							
Land	578,832	2,386,244	595,935	-	865,632	4,426,643	38,800
Buildings	9,515,372	11,458,185	597,258	6,289,950	30,041,740	57,902,505	535,145
Improvements other than buildings	193,302,245	87,183,426	18,025,298	67,388	34,000,221	332,578,578	118,289
Machinery and equipment	6,927,487	5,632,661	14,912,953	544,628	12,912,895	40,930,624	1,134,921
Museum collections	-	-	-	-	1,989,924	1,989,924	-
Construction work in progress	67,024,125	18,842,938	2,747,785	11,254,474	12,811,567	112,680,889	-
Intangible water rights	32,482,879	-	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	(78,421,706)	(33,920,780)	(22,708,650)	(5,462,708)	(33,644,850)	(174,158,694)	(1,344,981)
Total capital assets	231,409,234	91,582,674	14,170,579	12,693,732	58,977,129	408,833,348	482,174
Total noncurrent assets	254,432,357	117,814,114	17,824,357	12,693,732	59,561,852	462,326,412	482,174
Total assets	286,272,288	134,593,286	28,698,856	13,030,886	65,786,397	528,381,713	16,324,157
Liabilities							
Liabilities:							
Current liabilities							
Accounts payable	755,223	213,200	195,650	104,887	1,631,737	2,900,697	156,638
Accrued liabilities	923,343	548,040	288,361	53,654	872,164	2,685,562	527,072
Unearned revenue	-	-	-	30,476	373,534	404,010	-
Due to other funds	-	-	-	-	2,977,941	2,977,941	-
Compensated absences payable	601,678	360,166	389,067	160,399	292,631	1,803,941	232,473
Refundable contracts	950,290	61,033	-	-	-	1,011,323	-
Notes payable	60,979	-	-	-	-	60,979	-
Escrow funds	-	-	-	-	79,527	79,527	538
Bonds payable	6,586,252	4,411,085	835,000	-	120,000	11,952,337	-
Accrued interest payable	1,731,492	548,117	69,419	-	2,407	2,351,435	-
Estimated claims and judgments	-	-	-	-	-	-	4,737,283
Total current liabilities	11,609,257	6,141,641	1,777,497	349,416	6,349,941	26,227,752	5,654,004

(Continued)

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
(Continued)
September 30, 2010

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Water	Wastewater	Solid Waste	Convention		Other		Total
				Services	Funds			
Liabilities								
(Continued)								
Current liabilities payable from restricted assets:								
Accounts payable	\$ 2,612,919	1,459,525	81,002	-	17,449	4,170,895	-	
Due to other funds	1,179,094	-	-	-	-	1,179,094	-	
Customer deposits	2,014,889	-	-	-	-	2,014,889	-	
	<u>5,806,902</u>	<u>1,459,525</u>	<u>81,002</u>	<u>-</u>	<u>17,449</u>	<u>7,364,878</u>	<u>-</u>	
Total current liabilities	<u>17,416,159</u>	<u>7,601,166</u>	<u>1,858,499</u>	<u>349,416</u>	<u>6,367,390</u>	<u>33,592,630</u>	<u>5,654,004</u>	
Noncurrent liabilities:								
Refundable contracts	1,262,627	192,542	-	-	-	1,455,169	-	
Estimated landfill closure and post-closure care costs	-	-	3,619,676	-	-	3,619,676	-	
Advances from other funds	-	-	-	-	1,319,263	1,319,263	-	
Compensated absences payable	205,341	153,864	119,618	33,052	232,596	744,471	87,243	
Net pension obligation	433,866	295,325	293,483	-	-	1,022,674	222,337	
Bonds payable	147,116,642	65,761,765	7,973,524	-	130,000	220,981,931	-	
Notes payable	17,098,108	-	-	-	-	17,098,108	-	
Deferred interest payable	5,046,229	-	-	-	-	5,046,229	-	
Total noncurrent liabilities	<u>171,162,813</u>	<u>66,403,496</u>	<u>12,006,301</u>	<u>33,052</u>	<u>1,681,859</u>	<u>251,287,521</u>	<u>309,580</u>	
Total liabilities	<u>188,578,972</u>	<u>74,004,662</u>	<u>13,864,800</u>	<u>382,468</u>	<u>8,049,249</u>	<u>284,880,151</u>	<u>5,963,584</u>	
Net Assets								
Net assets:								
Invested in capital assets, net of related debt	79,664,958	46,123,744	8,901,651	12,693,732	58,727,129	206,111,214	482,174	
Restricted	3,920	-	-	-	542,107	546,027	-	
Unrestricted	<u>18,024,438</u>	<u>14,464,880</u>	<u>5,932,405</u>	<u>(45,314)</u>	<u>(1,532,088)</u>	<u>36,844,321</u>	<u>9,878,399</u>	
Total net assets	<u>\$ 97,693,316</u>	<u>60,588,624</u>	<u>14,834,056</u>	<u>12,648,418</u>	<u>57,737,148</u>	<u>243,501,562</u>	<u>10,360,573</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, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Convention Services	Other Funds		
Operating revenues:							
Charges for services	\$ 34,034,601	19,219,810	15,850,357	286,512	5,687,699	75,078,979	18,404,395
Net merchandise sales	-	-	-	96,173	610,698	706,871	-
Contributions	-	-	-	-	3,318	3,318	-
Other	426,356	323,356	285,209	9,073	981,399	2,025,393	11,641
Total operating revenues	<u>34,460,957</u>	<u>19,543,166</u>	<u>16,135,566</u>	<u>391,758</u>	<u>7,283,114</u>	<u>77,814,561</u>	<u>18,416,036</u>
Operating expenses:							
Salaries and wages	4,233,170	2,704,197	2,817,060	1,029,996	5,112,283	15,896,706	2,122,944
Employee benefits	2,126,547	1,307,818	1,622,751	452,924	1,845,235	7,355,275	1,015,549
Purchased professional/ technical services	1,481,087	906,879	1,360,477	44,888	1,594,539	5,387,870	1,122,888
Purchased property services	172,767	93,431	-	19,405	497,973	783,576	54,494
Maintenance	1,778,061	1,148,636	1,548,964	79,456	657,755	5,212,872	106,042
Other purchased services	945,847	269,147	203,752	475,587	554,515	2,448,848	884,887
Supplies	5,129,495	2,890,866	1,639,234	301,811	2,164,436	12,125,842	209,262
Other	3,410,042	2,726,204	2,081,535	6,889	1,037,035	9,261,705	10,799,369
Depreciation/amortization	6,595,898	3,158,119	2,511,048	288,375	3,440,065	15,993,505	87,550
Total operating expenses	<u>25,872,914</u>	<u>15,205,297</u>	<u>13,784,821</u>	<u>2,699,331</u>	<u>16,903,836</u>	<u>74,466,199</u>	<u>16,402,985</u>
Operating income (loss)	<u>8,588,043</u>	<u>4,337,869</u>	<u>2,350,745</u>	<u>(2,307,573)</u>	<u>(9,620,722)</u>	<u>3,348,362</u>	<u>2,013,051</u>
Nonoperating revenues (expenses):							
Investment earnings	130,157	77,913	39,845	21	5,701	253,637	67,211
Other income	11,700	-	-	-	404,837	416,537	-
Hotel/motel tax	-	-	-	1,662,308	-	1,662,308	-
Contributions	-	-	-	-	92,520	92,520	-
Intergovernmental revenue	-	-	54,552	330	2,992,724	3,047,606	262
Gain on sale of capital assets	-	-	-	-	-	-	-
Intergovernmental expenses	-	-	(54,552)	(131,625)	-	(186,177)	-
Interest expense and fiscal charges	(5,002,923)	(2,929,577)	(375,227)	-	(27,787)	(8,335,514)	-
Total nonoperating revenues (expenses)	<u>(4,861,066)</u>	<u>(2,851,664)</u>	<u>(335,382)</u>	<u>1,531,034</u>	<u>3,467,995</u>	<u>(3,049,083)</u>	<u>67,473</u>
Income (loss) before contributions and transfers	3,726,977	1,486,205	2,015,363	(776,539)	(6,152,727)	299,279	2,080,524
Capital contributions	124,542	449,340	-	10,186,226	13,164,863	23,924,971	135,357
Transfers in	-	-	-	411,957	2,404,839	2,816,796	-
Transfers out	(2,552,774)	(725,825)	(339,225)	-	-	(3,617,824)	-
Changes in net assets	<u>1,298,745</u>	<u>1,209,720</u>	<u>1,676,138</u>	<u>9,821,644</u>	<u>9,416,975</u>	<u>23,423,222</u>	<u>2,215,881</u>
Total net assets, beginning of year, as previously stated	96,394,571	59,378,904	13,157,918	3,186,170	48,320,173	220,437,736	8,144,692
Prior period adjustment	-	-	-	(359,396)	-	(359,396)	-
Total net assets, beginning of year, as restated	<u>96,394,571</u>	<u>59,378,904</u>	<u>13,157,918</u>	<u>2,826,774</u>	<u>48,320,173</u>	<u>220,078,340</u>	<u>8,144,692</u>
Total net assets, end of year	<u>\$ 97,693,316</u>	<u>60,588,624</u>	<u>14,834,056</u>	<u>12,648,418</u>	<u>57,737,148</u>	<u>243,501,562</u>	<u>10,360,573</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash flows –
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Convention Services	Other Funds		
Cash flows from operating activities:							
Cash received from customers	\$ 33,972,452	19,486,513	16,136,981	404,347	7,261,033	77,261,326	18,576,383
Cash paid to suppliers for goods and services	(12,595,625)	(7,858,407)	(6,772,400)	(969,705)	(5,943,439)	(34,139,576)	(12,476,100)
Cash paid to employees for services	(6,111,774)	(3,852,582)	(4,286,707)	(1,485,527)	(6,904,528)	(22,641,118)	(3,075,905)
Net cash provided by (used for) operating activities	<u>15,265,053</u>	<u>7,775,524</u>	<u>5,077,874</u>	<u>(2,050,885)</u>	<u>(5,586,934)</u>	<u>20,480,632</u>	<u>3,024,378</u>
Cash flows from noncapital financing activities:							
Hotel/motel tax	-	-	-	1,651,091	-	1,651,091	-
Intergovernmental revenue	-	-	56,580	330	2,669,029	2,725,939	262
Intergovernmental expenses	-	-	(54,552)	(131,625)	-	(186,177)	-
Contributions	-	-	-	-	92,520	92,520	-
Passenger facility charges	-	-	-	-	251,706	251,706	-
Payments to other funds	-	-	(662,809)	-	-	(662,809)	-
Transfer from other funds	-	-	-	411,957	2,411,784	2,823,741	-
Transfer to other funds	(3,128,644)	(725,825)	(339,225)	-	-	(4,193,694)	-
Repayment of advances from other funds	-	-	-	-	(60,516)	(60,516)	-
Net cash provided by (used for) noncapital financing activities	<u>(3,128,644)</u>	<u>(725,825)</u>	<u>(1,000,006)</u>	<u>1,931,753</u>	<u>5,364,523</u>	<u>2,441,801</u>	<u>262</u>
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(24,000,117)	(10,972,891)	(2,813,342)	-	(10,932,697)	(48,719,047)	(86,913)
Capital contributions	-	43,185	-	-	9,587,601	9,630,786	-
Proceeds from debt	8,293,701	3,042,493	-	-	-	11,336,194	-
Principal paid on debt	(6,365,858)	(5,078,833)	(1,580,000)	-	(115,000)	(13,139,691)	-
Interest paid on debt	(7,381,655)	(3,087,533)	(407,412)	-	(27,652)	(10,904,252)	-
Net cash used for capital and related financing activities	<u>(29,453,929)</u>	<u>(16,053,579)</u>	<u>(4,800,754)</u>	<u>-</u>	<u>(1,487,748)</u>	<u>(51,796,010)</u>	<u>(86,913)</u>
Cash flows from investing activities:							
Rental revenue	11,700	-	-	-	-	11,700	-
Investment earnings	130,157	78,867	39,845	21	5,701	254,591	67,211
Raw water sales	-	-	-	-	153,131	153,131	-
Note payments from other entities	-	156,630	-	-	-	156,630	-
Net cash provided by investing activities	<u>141,857</u>	<u>235,497</u>	<u>39,845</u>	<u>21</u>	<u>158,832</u>	<u>576,052</u>	<u>67,211</u>
Net increase (decrease) in cash and cash equivalents	(17,175,663)	(8,768,383)	(683,041)	(119,111)	(1,551,327)	(28,297,525)	3,004,938
Cash and cash equivalents, beginning of year	<u>64,883,460</u>	<u>47,452,322</u>	<u>13,192,145</u>	<u>244,489</u>	<u>2,302,620</u>	<u>128,075,036</u>	<u>12,691,455</u>
Cash and cash equivalents, end of year	<u>\$ 47,707,797</u>	<u>38,683,939</u>	<u>12,509,104</u>	<u>125,378</u>	<u>751,293</u>	<u>99,777,511</u>	<u>15,696,393</u>

(Continued)

City of Waco, Texas
Statement of Cash flows –
Proprietary Funds
Statement of Cash Flows
(Continued)
Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Convention Services	Other Funds		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 8,588,043	4,337,869	2,350,745	(2,307,573)	(9,620,722)	3,348,362	2,013,051
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Provision for uncollectible accounts receivable	26,980	(38,961)	15,950	-	-	3,969	-
Depreciation/amortization	6,595,898	3,158,119	2,511,048	288,375	3,440,065	15,993,505	87,550
Changes in assets and liabilities:							
Decrease (increase) in assets:							
Accounts receivable	(515,485)	(17,692)	(14,535)	5,601	(19,133)	(561,244)	194,995
Inventories	(27,211)	(901)	-	6,381	96,193	74,462	(15,395)
Increase (decrease) in liabilities:							
Accounts payable	64,558	(33,022)	5,733	(7)	(160,346)	(123,084)	(129,517)
Accrued liabilities	53,870	210,679	(142,385)	(48,043)	(4,546)	69,575	188,572
Unearned revenue	-	-	-	6,988	(2,948)	4,040	(34,648)
Estimated landfill closure and post-closure care costs	-	-	198,214	-	-	198,214	-
Compensated absences payable	(12,198)	(17,637)	(20,342)	(2,607)	52,990	206	(67,518)
Net pension obligation	260,141	177,070	173,446	-	-	610,657	130,106
Customer deposits	230,457	-	-	-	-	230,457	-
Estimated claims and judgments	-	-	-	-	-	-	657,182
Due to other funds	-	-	-	-	657,896	657,896	-
Escrow funds	-	-	-	-	(26,383)	(26,383)	-
Net cash provided by (used for) operating activities	<u>\$ 15,265,053</u>	<u>7,775,524</u>	<u>5,077,874</u>	<u>(2,050,885)</u>	<u>(5,586,934)</u>	<u>20,480,632</u>	<u>3,024,378</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets	\$ 124,542	-	-	10,186,226	1,337,902	11,648,670	135,357
Payment to refunded bond escrow agent	\$ 7,181,899	3,381,535	-	-	-	10,563,434	-

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Assets -
Agency Funds
September 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 1,802,315
Accounts receivable	224
Note receivable	<u>155,000</u>
Total assets	<u>\$ 1,957,539</u>
Liabilities	
Due to other agencies and individuals	<u>\$ 1,957,539</u>
Total liabilities	<u>\$ 1,957,539</u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2010

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

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

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Deposits and Investments

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Deposits and Investments (continued)

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

Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.23 percent of outstanding property taxes at September 30, 2010.

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 \$10,995,536 for business-type activities. Of this amount, \$2,660,022 were included as part of the cost of capital assets under construction in connection with water and wastewater fund construction projects.

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Compensated Absences

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

Long-term Obligations

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

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

Fund Equity

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

Net Assets

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

Net Assets (continued)

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$121,314,215 difference are as follows:

Serial bonds and certificates of obligation	\$ 98,607,637
Less: deferred charge on refunding (to be amortized as interest expense)	(696,325)
Less: deferred charge for issuance costs (to be amortized over life of debt)	(894,944)
Plus: issuance premium	998,150
Accrued interest payable	785,278
Capitalized lease obligations	65,154
Compensated absences	15,494,892
Net pension obligation	5,850,394
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	<u>193,992</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 121,314,235</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 \$16,118,678 difference are as follows:

Capital outlay	\$ 28,072,881
Depreciation expense	<u>(11,954,203)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>16,118,678</u></u>

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net assets.” The details of this \$1,992,933 difference are as follows:

Donations and transfers of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ <u>1,992,933</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>1,992,933</u></u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(886,057) difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

Loan programs	\$	(1,107,341)
Court fines		(110,448)
Property taxes		<u>331,732</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><u>(886,057)</u></u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,469,118 difference are as follows:

Debt issued or incurred:		
Issuance of general obligation and refunding debt	\$	(7,825,000)
Plus: premium on issuance		(231,403)
Less: deferred charge on issuance costs		98,507
Principal repayments:		
General obligation debt		7,270,310
Capital lease		63,116
Payment to escrow agent for refunding		<u>3,093,588</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>		
	\$	<u><u>2,469,118</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(3,877,071) difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

Net other post-employment benefit obligation	\$ (73,576)
Compensated absences	(188,282)
Net pension obligation	(3,484,707)
Accrued interest	(55,022)
Amortization of deferred charge on refunding	(101,420)
Amortization of issuance costs	(113,155)
Amortization of bond premiums	<u>139,091</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (3,877,071)</u>

III. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability (continued)

B. Deficit Fund Equity

Deficit net assets in individual nonmajor funds at September 30, 2010 consist of the following:

	Invested in Capital Assets, Net of <u>Related Debt</u>	Unrestricted <u>Net Assets</u>	<u>Total Net Assets</u>
Nonmajor Enterprise Fund:			
Cottonwood Creek Golf Course	\$ 1,040,852	(1,749,378)	(708,526)

The Cottonwood Creek Golf Course Fund is used to account for the City's golf course facility. Membership fees are being revised for 2011, as well as continued emphasis on improving pro shop and concession operations to reduce the deficit.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2010, 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)	\$ 8,681,977	6.39%	-
Texas Short-Term Asset			
Reserve (TexSTAR)	<u>1,301,462</u>	<u>0.96%</u>	-
Total local government investment pools	9,983,439	7.35%	-
U. S. Treasury securities	3,003,000	2.21%	0.08
U. S. Federal agency securities	<u>122,855,684</u>	<u>90.44%</u>	0.46
Total investments	<u>\$ 135,842,123</u>	<u>100.00%</u>	0.42

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk

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

Credit Risk

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

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

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk (continued)

policy includes an investment objective of seeking diversification to avoid unreasonable risk. More than 5% of the City's investments at September 30, 2010 were in securities of the following issuers:

U. S. Agency Issuer	Fair Value	Percent of Portfolio
Federal Home Loan Bank	\$ 39,136,625	28.81%
Federal Home Loan Mortgage Corporation	18,587,159	13.68%
Federal National Mortgage Association	46,996,500	34.60%
Federal Farm Credit Bank	18,135,400	13.35%

Custodial Credit Risk

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

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	\$ 259,557
Carrying amount of deposits	72,081,534
Carrying amount of investments	<u>135,842,123</u>
Total	<u><u>\$ 208,183,214</u></u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Cash and investments - governmental activities	\$ 106,432,292
Cash and investments - business-type activities	41,990,197
Restricted cash and investments - business- type activities	57,787,314
Component units	36,808
Agency funds	1,802,315
Other participants' undivided interest in WMARSS cash and investments	<u>134,288</u>
Total	<u>\$ 208,183,214</u>

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

Local Government Investment Pools

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

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:

	General	Water	Wastewater	Solid Waste	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 6,594,302	-	-	-	610,283	7,204,585
Accounts	12,342,665	6,831,861	3,295,456	3,208,429	574,053	26,252,464
Special assessments	-	-	-	-	22,521	22,521
Intergovernmental	8,400	-	715,093	-	6,945,363	7,668,856
Notes	4,000	-	722,666	-	6,537,931	7,264,597
Gross receivables	<u>18,949,367</u>	<u>6,831,861</u>	<u>4,733,215</u>	<u>3,208,429</u>	<u>14,690,151</u>	<u>48,413,023</u>
Less: allowance for uncollectibles	<u>8,341,591</u>	<u>1,574,260</u>	<u>1,008,717</u>	<u>1,303,438</u>	<u>3,118,052</u>	<u>15,346,058</u>
Net total receivables	<u>\$ 10,607,776</u>	<u>5,257,601</u>	<u>3,724,498</u>	<u>1,904,991</u>	<u>11,572,099</u>	<u>33,066,965</u>

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

Uncollectibles related to water sales	\$ 26,980
Uncollectibles related to wastewater charges	(38,961)
Uncollectibles related to solid waste charges	<u>15,950</u>
Total uncollectibles of the current fiscal year	<u>\$ 3,969</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:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund:			
Delinquent property taxes receivable	\$ 1,459,663	-	1,459,663
Notes receivable	4,000	-	4,000
Other	608,024	487,333	1,095,357
General obligation debt fund:			
Delinquent property taxes receivable	504,728	-	504,728
Grant fund:			
Notes receivable	3,445,366	-	3,445,366
Grant drawdowns	-	4,911	4,911
Tax increment fund No. 1:			
Delinquent property taxes receivable	79,776	-	79,776
Waco Public Improvement District No. 1 fund:			
Special assessments	-	22,521	22,521
	<u>\$ 6,101,557</u>	<u>514,765</u>	<u>6,616,322</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

	<u>Primary Government</u>			<u>Balance September 30, 2010</u>
	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 40,992,056	940,974	-	41,933,030
Construction in progress	14,555,071	18,732,339	(7,755,104)	25,532,306
Total capital assets not being depreciated	<u>55,547,127</u>	<u>19,673,313</u>	<u>(7,755,104)</u>	<u>67,465,336</u>
Capital assets, being depreciated:				
Buildings	30,757,428	7,222,196	-	37,979,624
Machinery and equipment	33,229,495	5,543,488	(1,401,985)	37,370,998
Improvements other than buildings	30,824,007	4,111,817	(40,225)	34,895,599
Infrastructure	242,306,913	1,629,267	-	243,936,180
Total capital assets being depreciated	<u>337,117,843</u>	<u>18,506,768</u>	<u>(1,442,210)</u>	<u>354,182,401</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, 2010
	Balance October 1, 2009	Increases	Decreases	
<u>Governmental activities:</u> (continued)				
Less accumulated depreciation:				
Buildings	\$ 9,364,438	1,188,245	-	10,552,683
Machinery and equipment	23,401,252	3,064,169	(1,265,092)	25,200,329
Improvements other than buildings	18,264,494	1,556,211	(40,224)	19,780,481
Infrastructure	126,665,464	6,233,128	-	132,898,592
Total accumulated depreciation	<u>177,695,648</u>	<u>12,041,753</u>	<u>(1,305,316)</u>	<u>188,432,085</u>
 Total capital assets, being depreciated, net	 <u>159,422,195</u>	 <u>6,465,015</u>	 <u>(136,894)</u>	 <u>165,750,316</u>
 Total capital assets, net	 <u>\$ 214,969,322</u>	 <u>26,138,328</u>	 <u>(7,891,998)</u>	 <u>233,215,652</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 4,183,700	242,943	-	4,426,643
Construction work in progress	79,594,029	53,867,935	(20,781,075)	112,680,889
Museum collections	1,984,924	5,000	-	1,989,924
Total assets not being depreciated/amortized	<u>85,762,653</u>	<u>54,115,878</u>	<u>(20,781,075)</u>	<u>119,097,456</u>
 Capital assets, being depreciated/ amortized:				
Buildings	58,064,156	417,046	(578,697)	57,902,505
Machinery and equipment	38,932,776	5,033,258	(3,035,410)	40,930,624
Improvements other than buildings	310,745,551	22,112,722	(279,695)	332,578,578
Water rights - impound fee	32,482,879	-	-	32,482,879
Total capital assets, being depreciated/amortized	<u>440,225,362</u>	<u>27,563,026</u>	<u>(3,893,802)</u>	<u>463,894,586</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, 2010
	Balance October 1, 2009	Increases	Decreases	
	<u>Business-type activities: (continued)</u>			
Less accumulated depreciation/ amortization:				
Buildings	\$ 21,478,116	2,010,374	(578,697)	22,909,793
Machinery and equipment	22,666,363	3,600,230	(3,012,339)	23,254,254
Improvements other than buildings	113,637,769	9,456,081	(228,450)	122,865,400
Water rights - impound fee	4,202,427	926,820	-	5,129,247
Total accumulated depreciation/ amortization	<u>161,984,675</u>	<u>15,993,505</u>	<u>(3,819,486)</u>	<u>174,158,694</u>
Total capital assets being depreciated/amortized, net	<u>278,240,687</u>	<u>11,569,521</u>	<u>(74,316)</u>	<u>289,735,892</u>
Total capital assets, net	<u>\$ 364,003,340</u>	<u>65,685,399</u>	<u>(20,855,391)</u>	<u>408,833,348</u>

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

Governmental activities:	
General government	\$ 654,896
Public works	6,573,812
Public safety	2,196,305
Culture and recreation	2,528,784
Public health	84,556
Housing and community development	3,400
Total depreciation expense - governmental activities	<u>\$ 12,041,753</u>
Business-type activities:	
Water	\$ 6,595,898
Wastewater	3,158,119
Solid waste	2,511,048
Airport	983,051
Convention services	288,375
Ranger Hall of Fame	30,482
Cameron Park Zoo	1,127,170
Transit services	1,159,702
Cottonwood Creek Golf Course	139,660
Total depreciation/amortization expense - business-type activities	<u>\$ 15,993,505</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)
Construction commitments

The City has active construction projects as of September 30, 2010. At year-end, the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitments
Parks projects	\$ 14,521,510	3,500,484
Water projects	67,024,125	1,429,374
Wastewater projects	18,842,938	15,074,101
Solid waste projects	2,747,785	2,028,264
Convention projects	11,254,474	8,446,058
Other projects	23,822,363	6,114,325
Total	\$ 138,213,195	36,592,606

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2010 is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
Nonmajor business-type	Nonmajor governmental	\$ 27,868
General	Nonmajor governmental	1,156,722
General	Nonmajor business-type	2,977,941
Nonmajor governmental	Nonmajor governmental	6,107,333
Nonmajor governmental	2007 General obligation bonds	188,039
Nonmajor governmental	Water	1,179,094
		\$ 11,636,997

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Advances to/from other funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor business-type	\$ 625,559
Water	Nonmajor business-type	525,336
Nonmajor governmental	Nonmajor business-type	168,368
		<u>\$ 1,319,263</u>

A balance of \$152,278 included in the \$625,559 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.

Interfund transfers

	General	Transfer in			Total
		Convention Services	Nonmajor Governmental	Nonmajor Enterprise	
Transfers out:					
General	\$ -	411,957	7,668,817	2,404,839	10,485,613
2007 General obligation bond issue	-	-	14,020	-	14,020
Water	2,552,774	-	-	-	2,552,774
Wastewater	725,825	-	-	-	725,825
Solid waste	339,225	-	-	-	339,225
Nonmajor governmental	83,317	-	2,010,282	-	2,093,599
Internal service	-	-	-	-	-
Total transfers	<u>\$ 3,701,141</u>	<u>411,957</u>	<u>9,693,119</u>	<u>2,404,839</u>	<u>16,211,056</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.

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 (continued)

In the year ended September 30, 2010, 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	\$ 2,552,774
Wastewater	725,825
Solid waste	260,660

E. **Leases**

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$854,686 for the year ended September 30, 2010. The future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2011	\$ 577,229
2012	256,653
2013	<u>47,051</u>
Total	<u>\$ 880,933</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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases (continued)

The assets acquired through capital leases are as follows:

	Asset	Accumulated Depreciation	Total
Governmental activities:			
Computer equipment	\$ <u>189,395</u>	<u>157,829</u>	<u>31,566</u>
Total	\$ <u><u>189,395</u></u>	<u><u>157,829</u></u>	<u><u>31,566</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010, are as follows:

Year Ending September 30,	Governmental Activities
2011	\$ <u>66,145</u>
Total minimum lease payments	<u>66,145</u>
Less: amount representing interest	<u>991</u>
Present value of minimum lease payments	\$ <u><u>65,154</u></u>

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 \$370,620,000.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00% - 6.08%	\$ 83,479,006
Governmental activities - refunding	2.00% - 4.50%	15,128,631
Business-type activities	2.00% - 6.80%	197,020,000
Business-type activities - refunding	2.00% - 4.50%	35,162,364
		<u>\$ 330,790,001</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,967,665	4,190,144	11,952,337	9,954,293
2012	6,960,342	3,856,488	12,004,658	9,315,869
2013	5,567,415	3,620,753	11,917,584	8,855,533
2014	4,895,143	3,418,859	11,479,858	8,404,773
2015	5,060,000	3,221,450	10,930,000	7,945,944
2016 - 2020	27,512,072	12,814,773	59,127,927	32,457,402
2021 - 2025	28,805,000	6,505,532	52,990,000	19,827,649
2026 - 2030	12,840,000	735,641	32,690,000	10,699,000
2031 - 2035	-	-	24,305,000	3,813,920
2036- 2040	-	-	4,785,000	204,375
Total	<u>\$ 98,607,637</u>	<u>38,363,640</u>	<u>232,182,364</u>	<u>111,478,758</u>

Advance refunding

The government issued \$12,895,000 of general obligation refunding bonds to provide resources to purchase U. S. government state and local government services securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$12,850,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns of the statement of net assets. The reacquisition price exceeded the net carrying amount of

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

the old debt by \$807,022. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty years by \$1,317,332 and resulted in an economic gain of \$981,478.

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, 2010, \$20,740,000 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:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2011	\$ -	745,964
2012	-	877,605
2013	-	877,605
2014	-	877,605
2015	-	1,604,763
2016 - 2020	-	8,023,817
2021 - 2025	2,850,000	4,879,284
2026 - 2030	4,595,000	3,055,443
2031 - 2035	6,110,000	1,543,794
2036	1,445,000	84,966
	\$ 15,000,000	22,570,846

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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.

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 60,979	92,784
2012	63,687	90,076
2013	66,515	87,247
2014	69,469	84,293
2015	72,555	81,208
2016 - 2020	414,066	354,745
2021 - 2025	353,090	261,179
2026 - 2030	186,711	211,199
2031 - 2035	232,021	165,889
2036 - 2040	288,328	109,582
2041 - 2045	<u>351,665</u>	<u>39,612</u>
Total	<u>\$ 2,159,086</u>	<u>1,577,814</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, 2010.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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

The various bond obligations contain certain financial limitations and restrictions. The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (general debt service fund). The ordinances require the City 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 \$2,546,499 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, 2010 was as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 100,938	7,825	10,156	98,607	6,968
Plus: premium on bonds	906	231	139	998	-
Less: deferred amount on refundings	(589)	(208)	(101)	(696)	-
Total bonds payable	<u>101,255</u>	<u>7,848</u>	<u>10,194</u>	<u>98,909</u>	<u>6,968</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>Governmental activities</u> (continued)					
Capital leases	\$ 128	-	63	65	65
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	4,080	11,200	10,543	4,737	4,737
Compensated absences	15,694	7,754	7,633	15,815	8,332
Net pension obligation	2,458	3,765	150	6,073	-
Net OPEB obligation	120	93	19	194	-
Total long-term liabilities	<u>23,390</u>	<u>22,812</u>	<u>18,408</u>	<u>27,794</u>	<u>13,134</u>
Governmental activity long-term liabilities	<u>\$ 124,645</u>	<u>30,660</u>	<u>28,602</u>	<u>126,703</u>	<u>20,102</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 234,022	21,265	23,105	232,182	11,952
Plus: premium on bonds	1,966	635	448	2,153	-
Less: deferred amount on refundings	<u>(972)</u>	<u>(599)</u>	<u>(170)</u>	<u>(1,401)</u>	<u>-</u>
Total bonds payable	<u>235,016</u>	<u>21,301</u>	<u>23,383</u>	<u>232,934</u>	<u>11,952</u>
State participation loan	15,000	-	-	15,000	-
Note payable	2,217	-	58	2,159	61
Compensated absences	2,548	1,404	1,404	2,548	1,804
Net pension obligation	412	636	25	1,023	-
Refundable contracts	3,186	299	1,019	2,466	1,011
Deferred interest payable	4,871	175	-	5,046	-
Estimated landfill closure and post-closure care costs	<u>3,421</u>	<u>199</u>	<u>-</u>	<u>3,620</u>	<u>-</u>
Total long-term liabilities	<u>31,655</u>	<u>2,713</u>	<u>2,506</u>	<u>31,862</u>	<u>2,876</u>
Business-type activity long-term liabilities	<u>\$ 266,671</u>	<u>24,014</u>	<u>25,889</u>	<u>264,796</u>	<u>14,828</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

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

F. **Long-term Debt** (continued)

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, \$319,716, \$222,337, and \$4,737,283 of internal service funds compensated absences, net pension obligations and estimated claims and judgments, respectively, are included in the above governmental amounts. Also, for the governmental activities, compensated absences, net pension obligation, and capital leases are generally liquidated by the general fund. Refundable contracts are liquidated by the street and drainage refundable contracts debt service fund.

G. **Restricted Assets**

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

Customer deposits	\$ 2,014,889
Bond construction account	55,170,253
Capital grants and contributions	<u>602,172</u>
Total restricted assets	<u>\$ 57,787,314</u>

H. **Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City has established the insurance fund and health insurance fund (internal services funds) to account for and finance its risk management activities. All funds participate in these programs and make payments to these funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish reserves for catastrophe losses. The reserves for catastrophic losses were approximately \$9,629,000 at September 30, 2010.

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

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, \$283,899,657 aggregate for real and personal property, \$12,165,484 aggregate for mobile equipment and \$5,000,000 per accident for boiler and machinery.

Effective January 1, 2006, the City began to self-insure for health insurance claims. Beginning October 1, 2010, the lifetime maximum per participant was removed, and there is now an annual maximum of \$1,000,000 per participant. Commercial insurance is purchased for total annual claims per individual in excess of \$150,000 up to \$1,850,000 and for the first \$1,000,000 of annual aggregate claims in excess of expected claims.

There have been no claim settlements in excess of the insurance coverages that have been procured in 2010, 2009, or 2008. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	2010	2009
Unpaid claims, beginning of fiscal year	\$ 4,080	3,961
Incurred claims (including IBNRs)	11,200	9,611
Claim payments	(10,543)	(9,492)
Unpaid claims, end of fiscal year	\$ 4,737	4,080

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

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.

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 2010, the City paid insurance premiums of \$19,400.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

(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 2010, the ARC of \$92,976 is comprised of employer normal costs of \$25,737 and amortization of unfunded actuarial liabilities of \$67,239. The following table shows the components of the City's annual net OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation:

Reconciliation of Net Other Postemployment Benefit Obligation

	2010	2009	2008
Annual Required Contribution (ARC)	\$ 92,976	81,115	78,752
Interest on obligation	3,685	1,822	-
Adjustment to the ARC (amortization)	3,414	1,688	-
Annual OPEB cost	<u>100,075</u>	<u>84,625</u>	<u>78,752</u>
Contributions made	<u>(26,499)</u>	<u>(23,639)</u>	<u>(19,322)</u>
Increase in net OPEB obligation	73,576	60,986	59,430
Net OPEB obligation, beginning of year	<u>120,416</u>	<u>59,430</u>	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 193,992</u>	<u>120,416</u>	<u>59,430</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009, and 2008 were as follows:

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 92,976	20.9%	\$ 193,992
2009	81,115	24.8%	120,416
2008	78,752	24.5%	59,430

Funded Status and Funding Progress – As of December 31, 2009, 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 \$1,119,718 with no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,119,718. The covered payroll (annual payroll of active employees covered by the plan) was \$66,925,539, and the ratio of the UAAL to the covered payroll was 1.7%.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The actuarial valuation is performed on a bi-annual basis.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ -	1,119,718	0%	\$ 1,119,718	66,925,539	1.7%
12/31/2007	-	973,424	0%	973,424	64,258,478	1.5%

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

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

In the December 31, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a (a) 4.5% investment rate of return (net of investment expenses), which is a rate of the expected long-term investment returns on the City’s own investments calculated based on the funded level of the plan at the valuation date, (b) rate of salary increase of 6.75% to 15.00% based on age and years of service, and (c) mortality rates (probabilities of dying) of .19 to 8.70% based on sex and attained age. The UAAL is being amortized as a level percentage of projected payroll on an open basis over thirty years.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government

Deferred compensation plan

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

Defined benefit plan – Texas Municipal Retirement System

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

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

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

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

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

5 years/age 60
20 years/any age

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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.

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

The City generally contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Reconciliation of Net Pension Obligation

	2010	2009
Annual Required Contribution (ARC)	\$ 16,643,571	13,662,872
Interest on net pension obligation	215,223	-
Adjustment to the ARC	<u>(175,223)</u>	-
Annual pension cost	16,683,571	13,662,872
Contributions made	<u>(12,457,801)</u>	<u>(10,793,237)</u>
Increase in net pension obligation	4,225,770	2,869,635
Net pension obligation, beginning of year	<u>2,869,635</u>	-
Net pension obligation, end of year	<u>\$ 7,095,405</u>	<u>2,869,635</u>

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Net Pension</u>	<u>Annual Required</u>
<u>Ending</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>	<u>Contribution Rate</u>
2010	\$ 16,683,571	75%	\$ 7,095,405	24.05%
2009	13,662,872	80%	2,869,635	22.55%
2008	9,513,354	100%	-	15.47%

The required contribution rate for fiscal year 2010 was determined as part of the December 31, 2007 and 2008 actuarial valuations. The actuarial assumptions at December 31, 2007 and 2008 follow, along with additional information as of the latest actuarial valuation, December 31, 2009:

<u>Valuation Date</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	30 years; closed period	29 years; closed period	28 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year smoothed market

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

<u>Valuation Date</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.5%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.00%	3.00%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress – As of December 31, 2009, the most recent actuarial valuation, the plan was 54.8% funded. The actuarial accrued liability for benefits was \$298,082,660, and the actuarial value of assets was \$163,485,757, resulting in an unfunded actuarial accrued liability (UAAL) of \$134,596,903. The covered payroll (annual payroll of active employees covered by the plan) was \$66,925,539, and the ratio of the UAAL to the covered payroll was 201.1%.

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12-31-2007	\$ 150,189,783	269,788,557	55.7%	119,598,774	59,180,990	202.1%
12-31-2008	156,574,429	282,593,563	55.4%	126,019,134	64,258,478	196.1%
12-31-2009	163,485,757	298,082,660	54.8%	134,596,903	66,925,539	201.1%

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

M. Fire and Police One-half Pay Pension (continued)

dependents are entitled to benefits under this plan. Employees were able to retire after 25 years of service. The City Council passed an ordinance for pension pay equal to one-half of the salary for each employee at the time of retirement.

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

An actuarial valuation has not been performed on this plan due to its small relative size. The estimated unfunded liability based on the present value of future benefits with a 7.5 percent interest rate assumption is \$260,219 at September 30, 2010.

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:

2010	\$ 70,164
2009	70,164
2008	75,530

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 \$3,619,676 as of September 30, 2010, which is based on 59.29% usage (filled) of the landfill. It is estimated that an additional \$2,484,938 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2026). The estimated total current cost of the landfill closure and post-closure care (\$6,104,614) 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 September 30, 2010. 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.

City of Waco, Texas

Notes to Financial Statements (Continued)

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

O. **Conduit Debt Obligations** (continued)

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, 2010, there are fifteen series of industrial revenue bonds outstanding. The aggregate principal amount payable for the seven series issued after July 1, 1995 was \$295,865,000. The aggregate principal amount payable for the eight series issued prior to July 1, 1995 could not be readily determined; however, their original issue amounts totaled \$112,131,180.

P. **Waco Public Improvement District #2**

Waco Public Improvement District #2 transactions are recorded in an agency fund as the City acts as an agent for the property owner in collecting assessments and forwarding the collections to the bondholders. However, the City is not obligated in any manner for repayment of these special assessments. As of September 30, 2010, such special assessment debt outstanding totaled \$1,666,000.

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 Authority, and funded the System through payments to the Authority based on the amount of wastewater treated.

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)

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

The City assisted four of the participating cities in financing their initial investments. During 2004, the City's wastewater fund advanced \$1,849,058 to the four participating cities at an interest rate of 3.65% to be repaid in annual installments through February 2024. As of September 30, 2010, \$722,666 of principal remained outstanding on these loans.

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

Current assets	\$ 4,799,611
Capital assets	25,088,583
Current liabilities	(1,732,012)
Noncurrent liabilities	<u>(120,024)</u>
Net assets	<u>\$ 28,036,158</u>
Operating revenue	\$ 264,513
Operating expenses	(5,300,380)
Non-perating revenue	<u>140,185</u>
Change in net assets	<u>\$ (4,895,682)</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 Pronouncement Not Yet Effective

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

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

T. Prior Period Adjustments

During the prior year, the City determined that capital assets in business activities were overstated due to the omission of a capital asset retirement. Accordingly, net assets for business activities at October 1, 2009 were decreased by \$359,396.



**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	2010	2009
Assets		
Cash and investments	\$ 15,442,398	18,474,369
Accounts receivable, net of allowance	4,172,125	3,923,040
Taxes receivable, net of allowance	6,423,251	6,064,843
Notes receivable	4,000	455,000
Due from other funds	4,134,663	3,135,632
Intergovernmental receivable	8,400	-
Advances to other funds	625,559	684,848
Inventory	548,182	666,261
Real estate held for resale	6,160	12,465
Total assets	\$ 31,364,738	33,416,458
Liabilities		
Liabilities:		
Accounts payable	\$ 1,365,165	1,698,356
Accrued liabilities	3,942,180	4,893,783
Deferred revenue	2,559,020	2,752,129
Deposits	225,400	256,214
Escrow funds	271,379	276,119
Total liabilities	8,363,144	9,876,601
Fund Balances		
Reserved for:		
Encumbrances	708,471	802,620
Real estate held for resale	6,160	12,465
Advances to other funds	625,559	684,848
Unreserved:		
Designated for:		
2011 budget	2,718,684	-
2010 budget	-	3,031,328
Economic development	1,381,690	876,836
Housing	77,241	119,000
Capital improvements	1,439,202	1,006,843
Contingencies	1,000,000	2,236,684
Undesignated	15,044,587	14,769,233
Total fund balances	23,001,594	23,539,857
Total liabilities and fund balances	\$ 31,364,738	33,416,458

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Taxes	\$ 63,645,465	62,618,808
Business and occupation fees	13,338,717	13,663,140
Permits, licenses and fees	992,627	963,705
Fines	1,950,230	2,079,910
Charges for services	1,751,702	1,545,120
Investment earnings	122,464	560,218
Contributions	239,964	126,215
Intergovernmental	1,553,028	1,519,830
Program income	450,000	-
Other	7,746,923	7,175,507
Total revenues	<u>91,791,120</u>	<u>90,252,453</u>
Expenditures:		
General government	14,842,682	14,986,511
Public works	2,235,645	1,969,524
Public safety	55,583,806	53,435,407
Culture and recreation	12,742,857	13,019,382
Housing and community development	139,921	557,412
Total expenditures	<u>85,544,911</u>	<u>83,968,236</u>
Excess of revenues over expenditures	<u>6,246,209</u>	<u>6,284,217</u>
Other financing sources (uses):		
Transfers in	3,701,141	3,565,822
Transfers out	(10,485,613)	(11,220,467)
Total other financing sources (uses)	<u>(6,784,472)</u>	<u>(7,654,645)</u>
Net change in fund balances	(538,263)	(1,370,428)
Fund balances, beginning of year	<u>23,539,857</u>	<u>24,910,285</u>
Fund balances, end of year	<u>\$ 23,001,594</u>	<u>23,539,857</u>

See accompanying independent auditors' report.

2007 General Obligation Bond Issue Fund



City of Waco, Texas
2007 General Obligation Bond Issue Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>34,028,226</u>	<u>59,547,454</u>
Total assets	\$ <u><u>34,028,226</u></u>	<u><u>59,547,454</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 1,897,895	911,062
Accrued liabilities	2,398,380	160,904
Due to other funds	<u>188,039</u>	<u>256,156</u>
Total liabilities	<u>4,484,314</u>	<u>1,328,122</u>
Fund Balances		
Reserved for encumbrances	10,400,201	12,483,917
Unreserved, undesignated	<u>19,143,711</u>	<u>45,735,415</u>
Total fund balances	<u>29,543,912</u>	<u>58,219,332</u>
Total liabilities and fund balances	\$ <u><u>34,028,226</u></u>	<u><u>59,547,454</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
2007 General Obligation Bond Issue Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Investment earnings	\$ <u>234,178</u>	<u>2,626,761</u>
Total revenues	<u>234,178</u>	<u>2,626,761</u>
Expenditures:		
Capital outlay	<u>28,895,578</u>	<u>5,029,033</u>
Total expenditures	<u>28,895,578</u>	<u>5,029,033</u>
Deficiency of revenues under expenditures	<u>(28,661,400)</u>	<u>(2,402,272)</u>
Other financing uses:		
Transfers out	<u>(14,020)</u>	<u>(267,000)</u>
Total other financing uses	<u>(14,020)</u>	<u>(267,000)</u>
Net change in fund balances	(28,675,420)	(2,669,272)
Fund balances, beginning of year	<u>58,219,332</u>	<u>60,888,604</u>
Fund balances, end of year	<u>\$ <u>29,543,912</u></u>	<u><u>58,219,332</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, 2010
(With Comparative Totals for September 30, 2009)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2010	2009
Assets						
Cash and investments	\$ 21,148,163	434,222	19,209,528	473,362	41,265,275	38,908,527
Accounts receivable, net of allowances	193,207	-	1,825	-	195,032	268,257
Special assessments receivable	22,521	-	-	-	22,521	10,019
Taxes receivable	79,776	530,507	-	-	610,283	538,317
Notes receivable	3,445,366	-	-	-	3,445,366	4,101,707
Due from other funds	88,039	-	7,386,427	-	7,474,466	8,723,353
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	1,484,321	-	175,306	-	1,659,627	1,543,490
Real estate held for resale	40,709	-	-	-	40,709	40,709
Total assets	\$ 26,502,102	964,729	26,941,454	473,362	54,881,647	54,302,747
Liabilities						
Accounts payable	\$ 655,695	-	430,418	-	1,086,113	1,056,909
Accrued liabilities	145,455	-	988,949	-	1,134,404	603,861
Deferred revenue	3,552,574	504,728	-	-	4,057,302	4,797,211
Due to other funds	1,093,921	-	6,198,002	-	7,291,923	6,874,769
Escrow funds	86,610	-	-	-	86,610	91,685
Total liabilities	5,534,255	504,728	7,617,369	-	13,656,352	13,424,435
Fund Balances						
Reserved for encumbrances	7,640,592	-	3,454,804	-	11,095,396	2,467,833
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	-	460,001	-	-	460,001	677,027
Reserved for purpose of trust	-	-	-	473,362	473,362	472,768
Unreserved:						
Designated for grant purposes	540,866	-	-	-	540,866	756,106
Undesignated	12,745,680	-	15,700,913	-	28,446,593	36,295,501
Total fund balances	20,967,847	460,001	19,324,085	473,362	41,225,295	40,878,312
Total liabilities and fund balances	\$ 26,502,102	964,729	26,941,454	473,362	54,881,647	54,302,747

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, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2010	2009
Revenues:						
Taxes	\$ 4,736,103	10,830,796	-	-	15,566,899	15,191,036
Permits, licenses and fees	909,059	-	-	-	909,059	1,060,214
Fines	104,257	-	-	-	104,257	108,664
Investment earnings	92,679	7,533	315,290	1,595	417,097	2,879,275
Contributions	38,444	-	348,789	-	387,233	2,021,757
Intergovernmental	9,363,631	-	1,895,613	-	11,259,244	8,275,481
Program income	1,541,904	-	-	-	1,541,904	244,575
Other	640,783	-	-	-	640,783	605,987
Total revenues	<u>17,426,860</u>	<u>10,838,329</u>	<u>2,559,692</u>	<u>1,595</u>	<u>30,826,476</u>	<u>30,386,989</u>
Expenditures:						
Current:						
General government	4,851,862	-	-	1,001	4,852,863	5,841,665
Public safety	2,936,169	-	-	-	2,936,169	824,949
Culture and recreation	407,126	-	-	-	407,126	153,701
Housing and community development	4,003,803	-	-	-	4,003,803	3,043,398
Public health	7,240,481	-	-	-	7,240,481	6,799,722
Capital outlay	-	-	12,049,306	-	12,049,306	12,563,857
Debt service:						
Principal	-	7,270,310	-	-	7,270,310	7,144,536
Interest and fiscal charges	-	4,211,528	-	-	4,211,528	4,604,103
Bond issuance costs	-	70,242	-	-	70,242	58,014
Total expenditures	<u>19,439,441</u>	<u>11,552,080</u>	<u>12,049,306</u>	<u>1,001</u>	<u>43,041,828</u>	<u>41,033,945</u>
Deficiency of revenues under expenditures	<u>(2,012,581)</u>	<u>(713,751)</u>	<u>(9,489,614)</u>	<u>594</u>	<u>(12,215,352)</u>	<u>(10,646,956)</u>
Other financing sources (uses):						
Refunding bonds issued	-	2,900,000	-	-	2,900,000	5,802,122
Payment to refunded bond escrow agent	-	(3,093,588)	-	-	(3,093,588)	(5,950,970)
Premium on refunding bonds	-	202,379	-	-	202,379	-
General obligation bonds issued	-	29,543	4,895,457	-	4,925,000	-
Premium on general obligation bonds	-	174	28,850	-	29,024	115,070
Transfers in	3,803,178	458,217	5,431,724	-	9,693,119	12,540,458
Transfers out	(541,534)	-	(1,552,065)	-	(2,093,599)	(2,280,704)
Total other financing sources (uses)	<u>3,261,644</u>	<u>496,725</u>	<u>8,803,966</u>	<u>-</u>	<u>12,562,335</u>	<u>10,225,976</u>
Net change in fund balances	1,249,063	(217,026)	(685,648)	594	346,983	(420,980)
Fund balances, beginning of year	<u>19,718,784</u>	<u>677,027</u>	<u>20,009,733</u>	<u>472,768</u>	<u>40,878,312</u>	<u>41,299,292</u>
Fund balances, end of year	<u>\$ 20,967,847</u>	<u>460,001</u>	<u>19,324,085</u>	<u>473,362</u>	<u>41,225,295</u>	<u>40,878,312</u>

See accompanying independent auditors' report.

Nonmajor Special Revenue Funds

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

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

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

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

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

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

Waco Public Improvement District No. 1 Fund - 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, 2010
(With Comparative Totals for September 30, 2009)

	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	\$ 167,427	8,068,677	8,724,223	1,355,353	63,025	395,565
Accounts receivable, net of allowances	-	4,052	3,768	-	-	36,240
Special assessments receivable	-	-	-	-	-	-
Taxes receivable	-	-	79,776	-	-	-
Notes receivable	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Real estate held for resale	-	-	-	-	-	-
Total assets	\$ 167,427	8,072,729	8,807,767	1,355,353	63,025	431,805
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ -	-	290,069	-	-	75,475
Accrued liabilities	-	-	-	-	-	37,366
Deferred revenue	-	-	79,776	-	-	-
Due to other funds	-	-	-	-	-	-
Escrow funds	-	-	-	-	-	86,610
Total liabilities	-	-	369,845	-	-	199,451
Fund Balances						
Reserved for encumbrances	-	2,763,054	4,641,286	-	-	18,089
Reserved for real estate held for resale	-	-	-	-	-	-
Unreserved:						
Designated for grant purposes	-	-	-	-	-	-
Undesignated	167,427	5,309,675	3,796,636	1,355,353	63,025	214,265
Total fund balances	167,427	8,072,729	8,437,922	1,355,353	63,025	232,354
Total liabilities and fund balances	\$ 167,427	8,072,729	8,807,767	1,355,353	63,025	431,805

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	
								2010	2009
402,921	353,205	267,824	343,877	434,162	522,354	8,688	40,862	21,148,163	19,786,925
149,147	-	-	-	-	-	-	-	193,207	240,732
-	22,521	-	-	-	-	-	-	22,521	10,019
-	-	-	-	-	-	-	-	79,776	61,447
3,445,366	-	-	-	-	-	-	-	3,445,366	4,101,707
1,484,321	-	-	-	-	-	-	-	1,484,321	1,543,490
88,039	-	-	-	-	-	-	-	88,039	156,156
40,709	-	-	-	-	-	-	-	40,709	40,709
<u>5,610,503</u>	<u>375,726</u>	<u>267,824</u>	<u>343,877</u>	<u>434,162</u>	<u>522,354</u>	<u>8,688</u>	<u>40,862</u>	<u>26,502,102</u>	<u>25,941,185</u>
279,545	6,112	813	2,280	-	1,401	-	-	655,695	783,223
108,089	-	-	-	-	-	-	-	145,455	332,313
3,450,277	22,521	-	-	-	-	-	-	3,552,574	4,219,134
1,093,921	-	-	-	-	-	-	-	1,093,921	796,046
-	-	-	-	-	-	-	-	86,610	91,685
<u>4,931,832</u>	<u>28,633</u>	<u>813</u>	<u>2,280</u>	<u>-</u>	<u>1,401</u>	<u>-</u>	<u>-</u>	<u>5,534,255</u>	<u>6,222,401</u>
97,096	-	-	-	-	121,067	-	-	7,640,592	1,441,166
40,709	-	-	-	-	-	-	-	40,709	40,709
540,866	-	-	-	-	-	-	-	540,866	756,106
-	347,093	267,011	341,597	434,162	399,886	8,688	40,862	12,745,680	17,480,803
<u>678,671</u>	<u>347,093</u>	<u>267,011</u>	<u>341,597</u>	<u>434,162</u>	<u>520,953</u>	<u>8,688</u>	<u>40,862</u>	<u>20,967,847</u>	<u>19,718,784</u>
<u>5,610,503</u>	<u>375,726</u>	<u>267,824</u>	<u>343,877</u>	<u>434,162</u>	<u>522,354</u>	<u>8,688</u>	<u>40,862</u>	<u>26,502,102</u>	<u>25,941,185</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	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	\$ -	-	4,411,861	79,440	316	-
Permits, licenses and fees	-	-	-	-	-	831,389
Fines	-	-	-	-	-	-
Investment earnings	739	38,294	42,779	5,573	277	1,508
Contributions	-	-	38,444	-	-	-
Intergovernmental	-	-	311,112	5,664	22	153,069
Program income	-	-	-	417,000	-	-
Other	1,500	-	-	-	-	369,913
Total revenues	<u>2,239</u>	<u>38,294</u>	<u>4,804,196</u>	<u>507,677</u>	<u>615</u>	<u>1,355,879</u>
Expenditures:						
Current:						
General government	4,200	1,357,417	3,115,260	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-
Public health	-	-	-	-	-	3,992,379
Total expenditures	<u>4,200</u>	<u>1,357,417</u>	<u>3,115,260</u>	<u>-</u>	<u>-</u>	<u>3,992,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,961)</u>	<u>(1,319,123)</u>	<u>1,688,936</u>	<u>507,677</u>	<u>615</u>	<u>(2,636,500)</u>
Other financing sources (uses):						
Transfers in	-	1,250,000	-	-	-	2,302,212
Transfers out	-	-	(491,534)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,250,000</u>	<u>(491,534)</u>	<u>-</u>	<u>-</u>	<u>2,302,212</u>
Net change in fund balances	<u>(1,961)</u>	<u>(69,123)</u>	<u>1,197,402</u>	<u>507,677</u>	<u>615</u>	<u>(334,288)</u>
Fund balances, beginning of year	<u>169,388</u>	<u>8,141,852</u>	<u>7,240,520</u>	<u>847,676</u>	<u>62,410</u>	<u>566,642</u>
Fund balances, end of year	<u>\$ 167,427</u>	<u>8,072,729</u>	<u>8,437,922</u>	<u>1,355,353</u>	<u>63,025</u>	<u>232,354</u>

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	
								2010	2009
-	244,486	-	-	-	-	-	-	4,736,103	3,951,865
-	-	77,670	-	-	-	-	-	909,059	1,060,214
-	-	-	-	44,760	59,497	-	-	104,257	108,664
-	1,736	-	1,071	-	-	82	620	92,679	343,434
-	-	-	-	-	-	-	-	38,444	127,757
8,893,764	-	-	-	-	-	-	-	9,363,631	8,211,854
1,124,904	-	-	-	-	-	-	-	1,541,904	244,575
100,771	-	-	168,599	-	-	-	-	640,783	605,987
<u>10,119,439</u>	<u>246,222</u>	<u>77,670</u>	<u>169,670</u>	<u>44,760</u>	<u>59,497</u>	<u>82</u>	<u>620</u>	<u>17,426,860</u>	<u>14,654,350</u>
197,098	177,887	-	-	-	-	-	-	4,851,862	5,841,665
2,640,334	-	18,623	224,813	37,561	14,838	-	-	2,936,169	824,949
406,007	-	-	-	-	-	-	1,119	407,126	153,701
4,003,803	-	-	-	-	-	-	-	4,003,803	3,043,398
3,248,102	-	-	-	-	-	-	-	7,240,481	6,799,722
<u>10,495,344</u>	<u>177,887</u>	<u>18,623</u>	<u>224,813</u>	<u>37,561</u>	<u>14,838</u>	<u>-</u>	<u>1,119</u>	<u>19,439,441</u>	<u>16,663,435</u>
<u>(375,905)</u>	<u>68,335</u>	<u>59,047</u>	<u>(55,143)</u>	<u>7,199</u>	<u>44,659</u>	<u>82</u>	<u>(499)</u>	<u>(2,012,581)</u>	<u>(2,009,085)</u>
250,966	-	-	-	-	-	-	-	3,803,178	4,359,548
-	-	(50,000)	-	-	-	-	-	(541,534)	(516,779)
<u>250,966</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,261,644</u>	<u>3,842,769</u>
(124,939)	68,335	9,047	(55,143)	7,199	44,659	82	(499)	1,249,063	1,833,684
803,610	278,758	257,964	396,740	426,963	476,294	8,606	41,361	19,718,784	17,885,100
<u>678,671</u>	<u>347,093</u>	<u>267,011</u>	<u>341,597</u>	<u>434,162</u>	<u>520,953</u>	<u>8,688</u>	<u>40,862</u>	<u>20,967,847</u>	<u>19,718,784</u>



Economic Development Fund

City of Waco, Texas
Economic Development Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>167,427</u>	<u>169,388</u>
Total assets	\$ <u><u>167,427</u></u>	<u><u>169,388</u></u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	\$ <u>167,427</u>	<u>169,388</u>
Total fund balances	\$ <u><u>167,427</u></u>	<u><u>169,388</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Investment earnings	\$ 739	3,375
Other	<u>1,500</u>	<u>500</u>
Total revenues	<u>2,239</u>	<u>3,875</u>
Expenditures:		
General government:		
Other purchased services	-	572
Supplies	<u>4,200</u>	<u>4,200</u>
Total expenditures	<u>4,200</u>	<u>4,772</u>
Net change in fund balances	(1,961)	(897)
Fund balances, beginning of year	<u>169,388</u>	<u>170,285</u>
Fund balances, end of year	<u><u>\$ 167,427</u></u>	<u><u>169,388</u></u>

See accompanying independent auditors' report.



Economic Development Incentive Fund

City of Waco, Texas
Economic Development Incentive Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ 8,068,677	8,137,763
Accounts receivable, net of allowance	<u>4,052</u>	<u>4,089</u>
 Total assets	 <u>\$ 8,072,729</u>	 <u>8,141,852</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	\$ 2,763,054	1,400,421
Unreserved, undesignated	<u>5,309,675</u>	<u>6,741,431</u>
 Total fund balances	 <u>\$ 8,072,729</u>	 <u>8,141,852</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Investment earnings	\$ <u>38,294</u>	<u>161,404</u>
Total revenues	<u>38,294</u>	<u>161,404</u>
Expenditures:		
General government:		
Purchased professional/technical services	<u>1,357,417</u>	<u>366,500</u>
Total expenditures	<u>1,357,417</u>	<u>366,500</u>
Deficiency of revenues under expenditures	<u>(1,319,123)</u>	<u>(205,096)</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	(69,123)	1,044,904
Fund balances, beginning of year	<u>8,141,852</u>	<u>7,096,948</u>
Fund balances, end of year	<u>\$ <u>8,072,729</u></u>	<u><u>8,141,852</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ 8,724,223	7,452,744
Accounts receivable, net of allowance	3,768	44,658
Intergovernmental receivable	-	292,331
Taxes receivable	<u>79,776</u>	<u>61,447</u>
 Total assets	 <u>\$ 8,807,767</u>	 <u>7,851,180</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 290,069	510,769
Deferred revenue	<u>79,776</u>	<u>99,891</u>
 Total liabilities	 <u>369,845</u>	 <u>610,660</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	4,641,286	3,489,095
Unreserved, undesignated	<u>3,796,636</u>	<u>3,751,425</u>
 Total fund balances	 <u>8,437,922</u>	 <u>7,240,520</u>
 Total liabilities and fund balances	 <u>\$ 8,807,767</u>	 <u>7,851,180</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Property taxes	\$ 4,367,983	3,596,319
Interest and penalty on taxes	43,878	23,405
Investment earnings	42,779	134,214
Contributions	38,444	93,338
Intergovernmental	311,112	1,792,239
Total revenues	<u>4,804,196</u>	<u>5,639,515</u>
Expenditures:		
General government:		
Purchased professional/technical services	2,992,453	2,398,101
Capital outlay	122,807	2,761,563
Total expenditures	<u>3,115,260</u>	<u>5,159,664</u>
Excess of revenues over expenditures	<u>1,688,936</u>	<u>479,851</u>
Other financing uses:		
Transfers in	-	370,732
Transfers out	(491,534)	(466,779)
Total other financing uses	<u>(491,534)</u>	<u>(96,047)</u>
Net change in fund balances	1,197,402	383,804
Fund balances, beginning of year	<u>7,240,520</u>	<u>6,856,716</u>
Fund balances, end of year	<u>\$ 8,437,922</u>	<u>7,240,520</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>1,355,353</u>	<u>847,676</u>
Total assets	\$ <u><u>1,355,353</u></u>	<u><u>847,676</u></u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	\$ <u>1,355,353</u>	<u>847,676</u>
Total fund balances	\$ <u><u>1,355,353</u></u>	<u><u>847,676</u></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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Property taxes	\$ 79,440	78,078
Investment earnings	5,573	15,881
Intergovernmental	5,664	-
Program income	417,000	-
Other	-	5,795
Total revenues	<u>507,677</u>	<u>99,754</u>
Expenditures:		
General government:		
Purchased professional/technical services	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	507,677	99,754
Fund balances, beginning of year	<u>847,676</u>	<u>747,922</u>
Fund balances, end of year	<u><u>\$ 1,355,353</u></u>	<u><u>847,676</u></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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>63,025</u>	<u>62,410</u>
Total assets	\$ <u><u>63,025</u></u>	<u><u>62,410</u></u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	\$ <u>63,025</u>	<u>62,410</u>
Total fund balances	\$ <u><u>63,025</u></u>	<u><u>62,410</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Property taxes	\$ 316	28,406
Investment earnings	277	692
Intergovernmental	<u>22</u>	<u>2,108</u>
Total revenues	<u>615</u>	<u>31,206</u>
Expenditures:		
General government	<u>-</u>	<u>-</u>
Net change in fund balances	615	31,206
Fund balances, beginning of year	<u>62,410</u>	<u>31,204</u>
Fund balances, end of year	<u>\$ 63,025</u>	<u>62,410</u>

See accompanying independent auditors' report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ 395,565	790,914
Accounts receivable, net of allowance	<u>36,240</u>	<u>77,008</u>
 Total assets	 <u>\$ 431,805</u>	 <u>867,922</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 75,475	76,729
Accrued liabilities	37,366	132,866
Escrow funds	<u>86,610</u>	<u>91,685</u>
 Total liabilities	 <u>199,451</u>	 <u>301,280</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	18,089	985
Unreserved, Undesignated	<u>214,265</u>	<u>565,657</u>
 Total fund balances	 <u>232,354</u>	 <u>566,642</u>
 Total liabilities and fund balances	 <u>\$ 431,805</u>	 <u>867,922</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Permits, licenses and fees	\$ 831,389	967,418
Intergovernmental	153,069	162,105
Investment earnings	1,508	12,228
Other	369,913	371,983
Total revenues	<u>1,355,879</u>	<u>1,513,734</u>
Expenditures:		
Public health:		
Health and administrative services	1,996,968	1,983,088
Environmental health services	560,259	616,292
Dental health services	64,266	58,081
Public health nursing services	805,881	778,385
Sexually transmitted disease	394,047	325,417
HIV/AIDS services	170,958	162,215
Total expenditures	<u>3,992,379</u>	<u>3,923,478</u>
Deficiency of revenues under expenditures	(2,636,500)	(2,409,744)
Other financing sources:		
Transfers in	<u>2,302,212</u>	<u>2,425,774</u>
Net change in fund balances	(334,288)	16,030
Fund balances, beginning of year	<u>566,642</u>	<u>550,612</u>
Fund balances, end of year	<u><u>\$ 232,354</u></u>	<u><u>566,642</u></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, 2010
(With Comparative Actual Amounts for Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 352,686	352,686	305,868	(46,818)	331,848
Investment earnings	6,500	6,500	1,508	(4,992)	12,228
Other	369,088	369,088	369,913	825	346,983
Total	<u>728,274</u>	<u>728,274</u>	<u>677,289</u>	<u>(50,985)</u>	<u>691,059</u>
Environmental Health Services:					
Health and welfare fees	406,490	406,490	387,163	(19,327)	445,785
Intergovernmental	149,316	149,316	153,069	3,753	162,105
Total	<u>555,806</u>	<u>555,806</u>	<u>540,232</u>	<u>(15,574)</u>	<u>607,890</u>
Public Health Nursing Services:					
Health and welfare fees	56,077	56,077	113,654	57,577	170,565
Other	42,000	42,000	-	(42,000)	25,000
Total	<u>98,077</u>	<u>98,077</u>	<u>113,654</u>	<u>15,577</u>	<u>195,565</u>
Sexually Transmitted Diseases:					
Health and welfare fees	14,985	14,985	24,704	9,719	19,220
Total	<u>14,985</u>	<u>14,985</u>	<u>24,704</u>	<u>9,719</u>	<u>19,220</u>
Total revenues	<u>1,397,142</u>	<u>1,397,142</u>	<u>1,355,879</u>	<u>(41,263)</u>	<u>1,513,734</u>
Expenditures:					
Health Administrative Services:					
Salaries and wages	419,718	447,116	451,429	(4,313)	436,863
Employee benefits	169,633	171,729	173,471	(1,742)	165,059
Purchased professional/technical services	77,220	40,136	38,518	1,618	33,275
Purchased property services	6,260	6,260	5,722	538	5,857
Maintenance	200	200	-	200	-
Other purchased services	28,266	31,266	32,914	(1,648)	38,134
Supplies	50,407	54,997	42,410	12,587	45,114
Contracts with others	933,264	933,264	933,264	-	933,264
Other	319,240	319,240	319,240	-	325,522
Total health administrative services	<u>2,004,208</u>	<u>2,004,208</u>	<u>1,996,968</u>	<u>7,240</u>	<u>1,983,088</u>

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
(Continued)
Year Ended September 30, 2010
(With Comparative Actual Amounts for Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 355,236	355,236	342,725	12,511	384,469
Employee benefits	141,432	141,432	133,726	7,706	142,892
Purchased professional/technical services	2,600	2,140	433	1,707	3,619
Maintenance	10,460	10,460	14,514	(4,054)	12,220
Other purchased services	25,961	26,821	26,058	763	21,939
Supplies	38,570	38,170	31,961	6,209	37,411
Other	10,842	10,842	10,842	-	13,742
Total environmental health services	585,101	585,101	560,259	24,842	616,292
Dental Health Services:					
Purchased professional/technical services	623	623	934	(311)	587
Other purchased services	5,420	5,420	5,401	19	320
Supplies	8,076	8,076	7,931	145	7,174
Contracts with others	50,000	50,000	50,000	-	50,000
Total dental health services	64,119	64,119	64,266	(147)	58,081
Public Health Nursing Services:					
Salaries and wages	479,563	478,318	445,814	32,504	447,581
Employee benefits	184,430	185,675	167,722	17,953	158,939
Purchased professional/technical services	47,064	17,064	13,924	3,140	26,102
Maintenance	1,181	1,181	600	581	1,080
Other purchased services	38,251	40,751	39,613	1,138	35,881
Supplies	139,928	167,428	138,208	29,220	108,802
Total public health nursing services	890,417	890,417	805,881	84,536	778,385
Sexually Transmitted Disease:					
Salaries and wages	230,595	230,595	240,102	(9,507)	210,614
Employee benefits	95,568	95,568	97,758	(2,190)	82,553
Purchased professional/technical services	11,114	11,114	9,288	1,826	3,034
Maintenance	500	500	200	300	-
Other purchased services	20,787	20,787	18,448	2,339	10,568
Supplies	30,275	30,275	28,251	2,024	18,648
Total sexually transmitted disease	388,839	388,839	394,047	(5,208)	325,417

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
(Continued)
Year Ended September 30, 2010
(With Comparative Actual Amounts for Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
HIV/AIDS Services:					
Salaries and wages	\$ 111,089	111,089	107,833	3,256	106,663
Employee benefits	43,055	43,055	41,255	1,800	39,392
Purchased professional/technical services	300	300	470	(170)	363
Other purchased services	15,532	15,532	15,967	(435)	12,072
Supplies	4,694	4,694	5,433	(739)	3,725
Total HIV/AIDS services	<u>174,670</u>	<u>174,670</u>	<u>170,958</u>	<u>3,712</u>	<u>162,215</u>
 Total expenditures	 <u>4,107,354</u>	 <u>4,107,354</u>	 <u>3,992,379</u>	 <u>114,975</u>	 <u>3,923,478</u>
 Deficiency of revenues under expenditures	 (2,710,212)	 (2,710,212)	 (2,636,500)	 73,712	 (2,409,744)
Other financing sources:					
Transfers in	2,302,212	2,302,212	2,302,212	-	2,425,774
Total other financing sources	<u>2,302,212</u>	<u>2,302,212</u>	<u>2,302,212</u>	<u>-</u>	<u>2,425,774</u>
 Net change in fund balances	 (408,000)	 (408,000)	 (334,288)	 73,712	 16,030
 Fund balances, beginning of year	 <u>566,642</u>	 <u>566,642</u>	 <u>566,642</u>	 <u>-</u>	 <u>550,612</u>
 Fund balances, end of year	 <u>\$ 158,642</u>	 <u>158,642</u>	 <u>232,354</u>	 <u>73,712</u>	 <u>566,642</u>

See accompanying independent auditors' report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2010
(With Comparative Totals for September 30, 2009)

	HUD Community Development Block Grant	HUD Home Program	HUD Enterprise Community	HUD EDI	HUD Shelter Plus Care
Assets					
Assets:					
Cash and investments	\$ -	-	-	2,492	-
Accounts receivable, net of allowances	52,736	4,954	84,707	-	-
Notes receivable	1,249,938	2,181,864	-	13,564	-
Intergovernmental receivable	178,447	48,508	-	-	6,652
Real estate held for resale	40,709	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 1,521,830	2,235,326	84,707	16,056	6,652
Liabilities					
Liabilities:					
Accounts payable	\$ 114,092	23,628	-	-	3,329
Accrued liabilities	17,238	1,407	-	-	-
Deferred revenue	1,249,938	2,181,864	-	13,564	-
Due to other funds	25,958	28,427	-	-	3,323
Contracts payable	-	-	-	-	-
Total liabilities	1,407,226	2,235,326	-	13,564	6,652
Fund Balances					
Fund balances:					
Reserved for real estate held for resale	40,709	-	-	-	-
Reserved for encumbrances	9,025	-	-	-	-
Unreserved:					
Undesignated	-	-	-	-	-
Designated for grant purposes	64,870	-	84,707	2,492	-
Total fund balances	114,604	-	84,707	2,492	-
Total liabilities and fund balances	\$ 1,521,830	2,235,326	84,707	16,056	6,652

HPRP ARRA	DOE- EECBG ARRA	CDBG-R ARRA	2009 JAG ARRA	TxDOT MPO FHWA	Brownfields	FPSG	13 CJD Family Violence	ICD PHASE II
-	-	-	-	-	-	-	-	247
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
24,286	6,280	83,885	45,898	36,020	110	-	9,411	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
24,286	6,280	83,885	45,898	36,020	110	-	9,411	247
118	6,280	-	26,676	372	-	-	-	-
1,224	-	49,474	-	1,799	-	-	2,727	-
-	-	-	-	-	-	-	-	247
22,944	-	34,411	19,222	33,849	110	-	6,684	-
-	-	-	-	-	-	-	-	-
24,286	6,280	83,885	45,898	36,020	110	-	9,411	247
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
24,286	6,280	83,885	45,898	36,020	110	-	9,411	247

(Continued)

City of Waco, Texas
Grant Fund

Sub-Combining Balance Sheet
(Continued)

September 30, 2010

(With Comparative Totals for September 30, 2009)

	Click It or Ticket	SAFER 2008	Bulletproof Vest	2007 SHSP	2008 SHSP
Assets					
Assets:					
Cash and investments	\$ -	-	-	-	-
Accounts receivable, net of allowances	-	-	-	-	-
Notes receivable	-	-	-	-	-
Intergovernmental receivable	-	24,384	-	-	55,428
Real estate held for resale	-	-	-	-	-
Due from other funds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ -	24,384	-	-	55,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Accrued liabilities	-	2,752	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	21,632	-	-	55,428
Contracts payable	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	24,384	-	-	55,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund Balances					
Fund balances:					
Reserved for real estate held for resale	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Unreserved:					
Undesignated	-	-	-	-	-
Designated for grant purposes	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	-	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund balances	\$ -	24,384	-	-	55,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

STEP Comprehensive	12CJD Family Violence	Victim Services #7	Victim Services #8	Police LEOSE	Fire LEOSE	Health Grants Fund	Lone Star Libraries	Library Memorial Fund
-	-	-	-	-	1,866	-	-	208,171
-	-	-	-	5,827	-	923	-	-
-	-	-	-	-	-	-	-	-
37,117	18,113	2,136	3,604	-	-	603,152	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>37,117</u>	<u>18,113</u>	<u>2,136</u>	<u>3,604</u>	<u>5,827</u>	<u>1,866</u>	<u>604,075</u>	<u>-</u>	<u>208,171</u>
-	-	-	-	-	-	11,552	-	6,712
167	-	-	705	-	-	30,596	-	-
-	-	-	-	-	-	-	-	-
36,950	18,113	2,136	2,899	5,827	-	561,904	-	-
-	-	-	-	-	-	-	-	-
<u>37,117</u>	<u>18,113</u>	<u>2,136</u>	<u>3,604</u>	<u>5,827</u>	<u>-</u>	<u>604,052</u>	<u>-</u>	<u>6,712</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	32
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,866	23	-	201,427
-	-	-	-	-	1,866	23	-	201,459
<u>37,117</u>	<u>18,113</u>	<u>2,136</u>	<u>3,604</u>	<u>5,827</u>	<u>1,866</u>	<u>604,075</u>	<u>-</u>	<u>208,171</u>

(Continued)

City of Waco, Texas
Grant Fund

Sub-Combining Balance Sheet
(Continued)

September 30, 2010

(With Comparative Totals for September 30, 2009)

	Shapley Ross Library	Vision 2020 Comprehensive Plan	2007 JAG	2009 JAG	2008 JAG
Assets					
Assets:					
Cash and investments	\$ 97,769	6,986	-	-	-
Accounts receivable, net of allowances	-	-	-	-	-
Notes receivable	-	-	-	-	-
Intergovernmental receivable	-	-	61,572	5,645	16,324
Real estate held for resale	-	-	-	-	-
Due from other funds	-	-	-	-	-
	-	-	-	-	-
Total assets	\$ 97,769	6,986	61,572	5,645	16,324
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	51,579	-	16,324
Accrued liabilities	-	-	-	-	-
Deferred revenue	-	4,648	-	-	-
Due to other funds	-	-	9,993	5,645	-
Contracts payable	-	-	-	-	-
	-	-	-	-	-
Total liabilities	-	4,648	61,572	5,645	16,324
Fund Balances					
Fund balances:					
Reserved for real estate held for resale	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Unreserved:					
Undesignated	-	-	-	-	-
Designated for grant purposes	97,769	2,338	-	-	-
	-	-	-	-	-
Total fund balances	97,769	2,338	-	-	-
Total liabilities and fund balances	\$ 97,769	6,986	61,572	5,645	16,324

See accompanying independent auditors' report.

Police Officer Memorial	2009 SHSP	Grande Clear Source Cable Ordinance	NPS Grant	TPW Boating Access	FEMA AFG	PSIC Grant	Totals	
							2010	2009
16	-	85,374	-	-	-	-	402,921	423,439
-	-	-	-	-	-	-	149,147	114,977
-	-	-	-	-	-	-	3,445,366	4,101,707
-	3,098	-	9,900	204,351	-	-	1,484,321	1,251,159
-	-	-	-	-	-	-	40,709	40,709
-	-	-	-	88,039	-	-	88,039	156,156
<u>16</u>	<u>3,098</u>	<u>85,374</u>	<u>9,900</u>	<u>292,390</u>	<u>-</u>	<u>-</u>	<u>5,610,503</u>	<u>6,088,147</u>
-	-	-	-	18,883	-	-	279,545	177,591
-	-	-	-	-	-	-	108,089	199,447
16	-	-	-	-	-	-	3,450,277	4,109,224
-	3,098	-	9,900	185,468	-	-	1,093,921	796,046
-	-	-	-	-	-	-	-	2,229
<u>16</u>	<u>3,098</u>	<u>-</u>	<u>9,900</u>	<u>204,351</u>	<u>-</u>	<u>-</u>	<u>4,931,832</u>	<u>5,284,537</u>
-	-	-	-	-	-	-	40,709	40,709
-	-	-	-	88,039	-	-	97,096	6,772
-	-	-	-	-	-	-	-	23
-	-	85,374	-	-	-	-	540,866	756,106
-	-	85,374	-	88,039	-	-	678,671	803,610
<u>16</u>	<u>3,098</u>	<u>85,374</u>	<u>9,900</u>	<u>292,390</u>	<u>-</u>	<u>-</u>	<u>5,610,503</u>	<u>6,088,147</u>

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2010
(With Comparative Totals for the Year Ended September 30, 2009)

	HUD Community Development Block Grant	HUD Home Program	HUD Enterprise Community	HUD EDI	HUD Shelter Plus Care
Revenues:					
Intergovernmental	\$ 1,602,994	1,044,076	-	-	53,090
Program income	416,212	388,420	-	2,000	-
Other	26,401	-	-	-	-
Total revenues	2,045,607	1,432,496	-	2,000	53,090
Expenditures:					
General government	-	-	-	-	-
Public safety	188,932	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and community development	1,999,593	1,432,496	-	-	53,090
Public health	-	-	-	-	-
Total expenditures	2,188,525	1,432,496	-	-	53,090
Excess (deficiency) of revenues over (under) expenditures	(142,918)	-	-	2,000	-
Other financing sources:					
Transfers in	75,000	-	-	-	-
Total other financing sources	75,000	-	-	-	-
Net change in fund balances	(67,918)	-	-	2,000	-
Fund balances, beginning of year	182,522	-	84,707	492	-
Fund balances, end of year	\$ 114,604	-	84,707	2,492	-

HPRP ARRA	DOE- EECBG ARRA	CDBG-R ARRA	2009 JAG ARRA	TxDOT MPO FHWA	Brownfields	FPSG	13 CJD Family Violence	ICD PHASE II
182,197	36,413	336,317	362,617	160,685	110	32,704	9,411	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
182,197	36,413	336,317	362,617	160,685	110	32,704	9,411	-
-	36,413	-	-	160,685	-	-	-	-
-	-	-	362,617	-	-	40,880	14,478	-
-	-	-	-	-	-	-	-	-
182,197	-	336,317	-	-	110	-	-	-
-	-	-	-	-	-	-	-	-
182,197	36,413	336,317	362,617	160,685	110	40,880	14,478	-
-	-	-	-	-	-	(8,176)	(5,067)	-
-	-	-	-	-	-	8,176	5,067	-
-	-	-	-	-	-	8,176	5,067	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

(Continued)

City of Waco, Texas
Grant Fund

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

Year Ended September 30, 2010

(With Comparative Totals for the Year Ended September 30, 2009)

	Click It or Ticket	SAFER 2008	Bulletproof Vest	2007 SHSP	2008 SHSP
Revenues:					
Intergovernmental	\$ 4,147	112,168	4,576	216,695	105,153
Program income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>4,147</u>	<u>112,168</u>	<u>4,576</u>	<u>216,695</u>	<u>105,153</u>
Expenditures:					
General government	-	-	-	-	-
Public safety	4,147	166,892	4,576	216,695	105,153
Culture and recreation	-	-	-	-	-
Housing and community development	-	-	-	-	-
Public health	-	-	-	-	-
Total expenditures	<u>4,147</u>	<u>166,892</u>	<u>4,576</u>	<u>216,695</u>	<u>105,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(54,724)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Transfers in	<u>-</u>	<u>54,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>54,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

STEP Comprehensive	12CJD Family Violence	Victim Services #7	Victim Services #8	Police LEOSE	Fire LEOSE	Health Grants Fund	Lone Star Libraries	Library Memorial Fund
62,598	101,633	26,137	3,604	17,252	1,321	2,929,787	45,457	-
-	-	-	-	-	-	318,180	92	-
-	-	-	-	-	-	135	-	68,575
62,598	101,633	26,137	3,604	17,252	1,321	3,248,102	45,549	68,575
-	-	-	-	-	-	-	-	-
71,652	156,358	26,137	3,604	17,252	2,390	-	-	-
-	-	-	-	-	-	-	45,549	58,870
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,248,102	-	-
71,652	156,358	26,137	3,604	17,252	2,390	3,248,102	45,549	58,870
(9,054)	(54,725)	-	-	-	(1,069)	-	-	9,705
9,054	54,725	-	-	-	-	-	-	-
9,054	54,725	-	-	-	-	-	-	-
-	-	-	-	-	(1,069)	-	-	9,705
-	-	-	-	-	2,935	23	-	191,754
-	-	-	-	-	1,866	23	-	201,459

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2010
(With Comparative Totals for the Year Ended September 30, 2009)

	Shapley Ross Library	Vision 2020 Comprehensive Plan	2007 JAG	2009 JAG	2008 JAG
Revenues:					
Intergovernmental	\$ -	-	63,589	87,920	32,034
Program income	-	-	-	-	-
Other	429	31	-	-	-
Total revenues	429	31	63,589	87,920	32,034
Expenditures:					
General government	-	-	-	-	-
Public safety	-	-	63,589	87,920	32,034
Culture and recreation	-	-	-	-	-
Housing and community development	-	-	-	-	-
Public health	-	-	-	-	-
Total expenditures	-	-	63,589	87,920	32,034
Excess (deficiency) of revenues over (under) expenditures	429	31	-	-	-
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	429	31	-	-	-
Fund balances, beginning of year	97,340	2,307	-	-	-
Fund balances, end of year	\$ 97,769	2,338	-	-	-

See accompanying independent auditors' report.

Police Officer Memorial	2009 SHSP	Clear Source Cable Ordinance	NPS Grant	TPW Boating Access	FEMA AFG	PSIC Grant	Totals	
							2010	2009
-	3,098	-	9,900	204,351	120,800	920,930	8,893,764	6,249,607
-	-	-	-	-	-	-	1,124,904	244,575
-	-	-	5,200	-	-	-	100,771	108,396
-	3,098	-	15,100	204,351	120,800	920,930	10,119,439	6,602,578
-	-	-	-	-	-	-	197,098	154,398
-	3,098	-	-	-	151,000	920,930	2,640,334	600,195
-	-	-	29,120	272,468	-	-	406,007	151,499
-	-	-	-	-	-	-	4,003,803	3,043,398
-	-	-	-	-	-	-	3,248,102	2,876,244
-	3,098	-	29,120	272,468	151,000	920,930	10,495,344	6,825,734
-	-	-	(14,020)	(68,117)	(30,200)	-	(375,905)	(223,156)
-	-	-	14,020	-	30,200	-	250,966	313,042
-	-	-	14,020	-	30,200	-	250,966	313,042
-	-	-	-	(68,117)	-	-	(124,939)	89,886
-	-	85,374	-	156,156	-	-	803,610	713,724
-	-	85,374	-	88,039	-	-	678,671	803,610



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ 353,205	288,374
Special assessments receivable	<u>22,521</u>	<u>10,019</u>
Total assets	<u>\$ 375,726</u>	<u>298,393</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 6,112	9,616
Deferred revenue	<u>22,521</u>	<u>10,019</u>
Total liabilities	<u>28,633</u>	<u>19,635</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>347,093</u>	<u>278,758</u>
Total fund balances	<u>347,093</u>	<u>278,758</u>
Total liabilities and fund balances	<u>\$ 375,726</u>	<u>298,393</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Special assessments taxes	\$ 244,486	225,657
Contributions	-	34,419
Investment earnings	<u>1,736</u>	<u>5,747</u>
Total revenues	<u>246,222</u>	<u>265,823</u>
Expenditures:		
General government:		
Salaries and wages	24,691	27,340
Employee benefits	1,977	2,190
Purchased professional/technical services	129,578	118,003
Other purchased services	7,156	1,657
Supplies	13,585	2,253
Other	<u>900</u>	<u>4,888</u>
Total expenditures	<u>177,887</u>	<u>156,331</u>
Net change in fund balances	68,335	109,492
Fund balances, beginning of year	<u>278,758</u>	<u>169,266</u>
Fund balances, end of year	<u>\$ 347,093</u>	<u>278,758</u>

See accompanying independent auditors' report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>267,824</u>	<u>257,964</u>
Total assets	\$ <u><u>267,824</u></u>	<u><u>257,964</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>813</u>	<u>-</u>
Total liabilities	<u>813</u>	<u>-</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	-	11,690
Unreserved, undesignated	<u>267,011</u>	<u>246,274</u>
Total fund balances	<u>267,011</u>	<u>257,964</u>
Total liabilities and fund balances	\$ <u><u>267,824</u></u>	<u><u>257,964</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Auto impound fees	\$ <u>77,670</u>	<u>92,861</u>
Total revenues	<u>77,670</u>	<u>92,861</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	592	1,162
Maintenance	10,830	2,606
Other purchased services	5,211	4,910
Supplies	<u>1,990</u>	<u>-</u>
Total expenditures	<u>18,623</u>	<u>8,678</u>
Excess of revenues over expenditures	<u>59,047</u>	<u>84,183</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	9,047	34,183
Fund balances, beginning of year	<u>257,964</u>	<u>223,781</u>
Fund balances, end of year	<u>\$ <u>267,011</u></u>	<u><u>257,964</u></u>

See accompanying independent auditors' report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>343,877</u>	<u>399,020</u>
Total assets	\$ <u><u>343,877</u></u>	<u><u>399,020</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>341,597</u>	<u>396,740</u>
Total fund balances	<u>341,597</u>	<u>396,740</u>
Total liabilities and fund balances	\$ <u><u>343,877</u></u>	<u><u>399,020</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Investment earnings	\$ 1,071	6,720
Other	<u>168,599</u>	<u>125,043</u>
Total revenues	<u>169,670</u>	<u>131,763</u>
Expenditures:		
Public safety:		
Maintenance	-	570
Other purchased services	41,618	40,311
Supplies	-	8,194
Capital outlay	183,195	144,665
Other	<u>-</u>	<u>59</u>
Total expenditures	<u>224,813</u>	<u>193,799</u>
Net change in fund balances	(55,143)	(62,036)
Fund balances, beginning of year	<u>396,740</u>	<u>458,776</u>
Fund balances, end of year	<u><u>\$ 341,597</u></u>	<u><u>396,740</u></u>

See accompanying independent auditors' report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>434,162</u>	<u>426,963</u>
Total assets	\$ <u><u>434,162</u></u>	<u><u>426,963</u></u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	\$ <u>434,162</u>	<u>426,963</u>
Total fund balances	\$ <u><u>434,162</u></u>	<u><u>426,963</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Fines	\$ <u>44,760</u>	<u>46,665</u>
Total revenues	<u>44,760</u>	<u>46,665</u>
Expenditures:		
Public safety	<u>37,561</u>	<u>-</u>
Net change in fund balances	7,199	46,665
Fund balances, beginning of year	<u>426,963</u>	<u>380,298</u>
Fund balances, end of year	<u><u>\$ 434,162</u></u>	<u><u>426,963</u></u>

See accompanying independent auditors' report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>522,354</u>	<u>479,894</u>
Total assets	\$ <u><u>522,354</u></u>	<u><u>479,894</u></u>
Liabilities		
Accounts payable	\$ <u>1,401</u>	<u>3,600</u>
Fund Balances		
Fund balances:		
Reserved for encumbrances	121,067	-
Unreserved, undesignated	<u>399,886</u>	<u>476,294</u>
Total fund balances	<u>520,953</u>	<u>476,294</u>
Total liabilities and fund balances	\$ <u><u>522,354</u></u>	<u><u>479,894</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Fines	\$ 59,497	61,999
Total revenues	<u>59,497</u>	<u>61,999</u>
Expenditures:		
Public safety	<u>14,838</u>	<u>22,277</u>
Total expenditures	<u>14,838</u>	<u>22,277</u>
Net change in fund balances	44,659	39,722
Fund balances, beginning of year	<u>476,294</u>	<u>436,572</u>
Fund balances, end of year	<u>\$ 520,953</u>	<u>476,294</u>

See accompanying independent auditors' report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
 Comparative Balance Sheets
 September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>8,688</u>	<u>8,606</u>
Total assets	\$ <u><u>8,688</u></u>	<u><u>8,606</u></u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	\$ <u>8,688</u>	<u>8,606</u>
Total fund balances	\$ <u><u>8,688</u></u>	<u><u>8,606</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Hamilton Memorial Fund
Comparative Statements of Revenue, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Investment earnings	\$ <u>82</u>	<u>366</u>
Total revenues	<u>82</u>	<u>366</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	82	366
Fund balances, beginning of year	<u>8,606</u>	<u>8,240</u>
Fund balances, end of year	<u><u>\$ 8,688</u></u>	<u><u>8,606</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ <u>40,862</u>	<u>41,770</u>
Total assets	\$ <u><u>40,862</u></u>	<u><u>41,770</u></u>
Liabilities		
Accounts payable	\$ <u>-</u>	<u>409</u>
Fund Balances		
Fund balances:		
Unreserved, undesignated	<u>40,862</u>	<u>41,361</u>
Total fund balances	<u>40,862</u>	<u>41,361</u>
Total liabilities and fund balances	\$ <u><u>40,862</u></u>	<u><u>41,770</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Investment earnings	\$ <u>620</u>	<u>2,807</u>
Total revenues	<u>620</u>	<u>2,807</u>
Expenditures:		
Culture and recreation	<u>1,119</u>	<u>2,202</u>
Total expenditures	<u>1,119</u>	<u>2,202</u>
Net change in fund balances	(499)	605
Fund balances, beginning of year	<u>41,361</u>	<u>40,756</u>
Fund balances, end of year	<u><u>\$ 40,862</u></u>	<u><u>41,361</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, 2010
(With Comparative Totals for September 30, 2009)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Assets				
Cash and investments	\$ 4,132	430,090	434,222	657,233
Taxes receivable	<u>-</u>	<u>530,507</u>	<u>530,507</u>	<u>476,870</u>
Total assets	<u>\$ 4,132</u>	<u>960,597</u>	<u>964,729</u>	<u>1,134,103</u>
Liabilities				
Liabilities:				
Deferred revenue	\$ <u>-</u>	<u>504,728</u>	<u>504,728</u>	<u>457,076</u>
Total liabilities	<u>-</u>	<u>504,728</u>	<u>504,728</u>	<u>457,076</u>
Fund Balances				
Fund balances:				
Reserved for debt service	<u>4,132</u>	<u>455,869</u>	<u>460,001</u>	<u>677,027</u>
Total fund balances	<u>4,132</u>	<u>455,869</u>	<u>460,001</u>	<u>677,027</u>
Total liabilities and and fund balances	<u>\$ 4,132</u>	<u>960,597</u>	<u>964,729</u>	<u>1,134,103</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, 2010
(With Comparative Totals for the Year Ended September 30, 2009)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Revenues:				
Property taxes	\$ -	10,830,796	10,830,796	11,239,171
Investment earnings	18	7,515	7,533	29,536
Total revenues	<u>18</u>	<u>10,838,311</u>	<u>10,838,329</u>	<u>11,268,707</u>
Expenditures:				
Debt service:				
Principal	-	7,270,310	7,270,310	7,144,536
Interest and fiscal charges	-	4,211,528	4,211,528	4,604,103
Bond issuance costs	-	70,242	70,242	58,014
Total expenditures	<u>-</u>	<u>11,552,080</u>	<u>11,552,080</u>	<u>11,806,653</u>
Deficiency of revenues under expenditures	<u>18</u>	<u>(713,769)</u>	<u>(713,751)</u>	<u>(537,946)</u>
Other financing sources (uses):				
Refunding bonds issued	-	2,900,000	2,900,000	5,802,122
Payment to refunded bond escrow agent	-	(3,093,588)	(3,093,588)	(5,950,970)
Premium on refunding bonds	-	202,379	202,379	-
General obligation bonds issued	-	29,543	29,543	-
Premium on general obligation bonds	-	174	174	115,070
Transfers in	-	458,217	458,217	466,779
Total other financing sources (uses)	<u>-</u>	<u>496,725</u>	<u>496,725</u>	<u>433,001</u>
Net change in fund balances	18	(217,044)	(217,026)	(104,945)
Fund balances, beginning of year	<u>4,114</u>	<u>672,913</u>	<u>677,027</u>	<u>781,972</u>
Fund balances, end of year	<u>\$ 4,132</u>	<u>455,869</u>	<u>460,001</u>	<u>677,027</u>

See accompanying independent auditors' report.

City of Waco, Texas
General Obligation Debt Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Year Ended September 30, 2010
(With Comparative Totals for the Year Ended September 30, 2009)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Property taxes	\$ 10,937,606	10,937,606	10,830,796	(106,810)	11,239,171
Investment earnings	23,410	23,410	7,515	(15,895)	29,459
Total revenues	<u>10,961,016</u>	<u>10,961,016</u>	<u>10,838,311</u>	<u>(122,705)</u>	<u>11,268,630</u>
Expenditures:					
Debt service:					
Principal	7,270,310	7,270,310	7,270,310	-	7,144,536
Interest and fiscal charges	4,246,704	4,211,554	4,211,528	26	4,604,103
Bond issuance costs	-	72,880	70,242	2,638	58,014
Total expenditures	<u>11,517,014</u>	<u>11,554,744</u>	<u>11,552,080</u>	<u>2,664</u>	<u>11,806,653</u>
Deficiency of revenues under expenditures	<u>(555,998)</u>	<u>(593,728)</u>	<u>(713,769)</u>	<u>(120,041)</u>	<u>(538,023)</u>
Other financing sources (uses):					
Refunding bonds issued	-	3,100,318	2,900,000	(200,318)	5,802,122
Payment to refunded bond escrow agent	-	(3,093,588)	(3,093,588)	-	(5,950,970)
Premium on refunding bonds	-	-	202,379	202,379	-
General obligation bonds issued	-	31,000	29,543	(1,457)	-
Premium on general obligation bonds	-	-	174	174	115,070
Transfers in	<u>458,232</u>	<u>458,232</u>	<u>458,217</u>	<u>(15)</u>	<u>466,779</u>
Total other financing sources (uses)	<u>458,232</u>	<u>495,962</u>	<u>496,725</u>	<u>763</u>	<u>433,001</u>
Net change in fund balances	(97,766)	(97,766)	(217,044)	(119,278)	(105,022)
Fund balances, beginning of year	<u>672,913</u>	<u>672,913</u>	<u>672,913</u>	<u>-</u>	<u>777,935</u>
Fund balances, end of year	<u>\$ 575,147</u>	<u>575,147</u>	<u>455,869</u>	<u>(119,278)</u>	<u>672,913</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.

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.

2010 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, 2010
(With Comparative Totals for September 30, 2009)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2010 Bond Issue Fund
Assets				
Cash and investments	\$ -	126,257	6,012,972	1,671,048
Accounts receivable, net of allowances	-	-	1,825	-
Due from other funds	7,386,427	-	-	-
Advances to other funds	168,368	-	-	-
Intergovernmental receivable	100,000	-	75,306	-
	<u>7,654,795</u>	<u>126,257</u>	<u>6,090,103</u>	<u>1,671,048</u>
Total assets	\$ <u>7,654,795</u>	<u>126,257</u>	<u>6,090,103</u>	<u>1,671,048</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 140,048	3,000	223,733	60,619
Accrued liabilities	301,725	-	395,358	205,012
Deferred revenue	-	-	-	-
Due to other funds	62,801	-	-	-
	<u>504,574</u>	<u>3,000</u>	<u>619,091</u>	<u>265,631</u>
Total liabilities	<u>504,574</u>	<u>3,000</u>	<u>619,091</u>	<u>265,631</u>
Fund balances:				
Reserved for:				
Encumbrances	2,172,331	15,164	1,087,097	93,952
Advances to other funds	168,368	-	-	-
Unreserved, undesignated	4,809,522	108,093	4,383,915	1,311,465
	<u>7,150,221</u>	<u>123,257</u>	<u>5,471,012</u>	<u>1,405,417</u>
Total fund balances	<u>7,150,221</u>	<u>123,257</u>	<u>5,471,012</u>	<u>1,405,417</u>
Total liabilities and fund balances	\$ <u>7,654,795</u>	<u>126,257</u>	<u>6,090,103</u>	<u>1,671,048</u>

See accompanying independent auditors' report.

2008 Bond Issue Fund	2007 Bond Issue Fund	2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	1998 Bond Issue Fund	Totals	
						2010	2009
552,682	4,849,879	2,678,138	3,181,405	7,958	129,189	19,209,528	17,991,601
-	-	-	-	-	-	1,825	27,525
-	-	-	-	-	-	7,386,427	8,567,197
-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	175,306	-
<u>552,682</u>	<u>4,849,879</u>	<u>2,678,138</u>	<u>3,181,405</u>	<u>7,958</u>	<u>129,189</u>	<u>26,941,454</u>	<u>26,754,691</u>
3,018	-	-	-	-	-	430,418	273,686
17,452	69,402	-	-	-	-	988,949	271,548
-	-	-	-	-	-	-	121,001
-	647,601	2,630,103	2,857,497	-	-	6,198,002	6,078,723
<u>20,470</u>	<u>717,003</u>	<u>2,630,103</u>	<u>2,857,497</u>	<u>-</u>	<u>-</u>	<u>7,617,369</u>	<u>6,744,958</u>
86,260	-	-	-	-	-	3,454,804	1,026,667
-	-	-	-	-	-	168,368	168,368
<u>445,952</u>	<u>4,132,876</u>	<u>48,035</u>	<u>323,908</u>	<u>7,958</u>	<u>129,189</u>	<u>15,700,913</u>	<u>18,814,698</u>
<u>532,212</u>	<u>4,132,876</u>	<u>48,035</u>	<u>323,908</u>	<u>7,958</u>	<u>129,189</u>	<u>19,324,085</u>	<u>20,009,733</u>
<u>552,682</u>	<u>4,849,879</u>	<u>2,678,138</u>	<u>3,181,405</u>	<u>7,958</u>	<u>129,189</u>	<u>26,941,454</u>	<u>26,754,691</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2010 Bond Issue Fund	2008 Bond Issue Fund
Revenues:					
Investment earnings	\$ -	263	4,489	48,506	26,455
Contributions	-	320,000	28,789	-	-
Intergovernmental	1,699,295	-	196,318	-	-
Total revenues	<u>1,699,295</u>	<u>320,263</u>	<u>229,596</u>	<u>48,506</u>	<u>26,455</u>
Expenditures:					
Capital outlay	4,644,025	197,396	4,700,469	982,047	801,909
Total expenditures	<u>4,644,025</u>	<u>197,396</u>	<u>4,700,469</u>	<u>982,047</u>	<u>801,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,944,730)</u>	<u>122,867</u>	<u>(4,470,873)</u>	<u>(933,541)</u>	<u>(775,454)</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	2,570,203	2,325,254	-
Premium on general obligation bonds	-	-	15,146	13,704	-
Transfers in	1,420,000	-	4,011,724	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,420,000</u>	<u>-</u>	<u>6,597,073</u>	<u>2,338,958</u>	<u>-</u>
Net change in fund balances	<u>(1,524,730)</u>	<u>122,867</u>	<u>2,126,200</u>	<u>1,405,417</u>	<u>(775,454)</u>
Fund balances, beginning of year	<u>8,674,951</u>	<u>390</u>	<u>3,344,812</u>	<u>-</u>	<u>1,307,666</u>
Fund balances, end of year	<u>\$ 7,150,221</u>	<u>123,257</u>	<u>5,471,012</u>	<u>1,405,417</u>	<u>532,212</u>

See accompanying independent auditors' report.

2007 Bond Issue Fund	2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	1998 Bond Issue Fund	Totals	
					2010	2009
188,611	25,709	11,658	9,347	252	315,290	2,499,122
-	-	-	-	-	348,789	1,894,000
-	-	-	-	-	1,895,613	63,627
<u>188,611</u>	<u>25,709</u>	<u>11,658</u>	<u>9,347</u>	<u>252</u>	<u>2,559,692</u>	<u>4,456,749</u>
443,639	108,442	137,086	34,293	-	12,049,306	12,563,857
<u>443,639</u>	<u>108,442</u>	<u>137,086</u>	<u>34,293</u>	<u>-</u>	<u>12,049,306</u>	<u>12,563,857</u>
(255,028)	(82,733)	(125,428)	(24,946)	252	(9,489,614)	(8,107,108)
-	-	-	-	-	4,895,457	-
-	-	-	-	-	28,850	-
-	-	-	-	-	5,431,724	7,714,131
-	(1,290,000)	-	(262,065)	-	(1,552,065)	(1,763,925)
-	(1,290,000)	-	(262,065)	-	8,803,966	5,950,206
(255,028)	(1,372,733)	(125,428)	(287,011)	252	(685,648)	(2,156,902)
4,387,904	1,420,768	449,336	294,969	128,937	20,009,733	22,166,635
<u>4,132,876</u>	<u>48,035</u>	<u>323,908</u>	<u>7,958</u>	<u>129,189</u>	<u>19,324,085</u>	<u>20,009,733</u>



Nonmajor Permanent Funds

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

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

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

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

City of Waco, Texas
Nonmajor Permanent Funds
Combining Balance Sheet
September 30, 2010
(With Comparative Totals for September 30, 2009)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2010	2009
Assets					
Cash and investments	\$ 363,362	10,000	100,000	473,362	472,768
Total assets	\$ 363,362	10,000	100,000	473,362	472,768
Fund Balances					
Fund balances:					
Reserved for purpose of trust	\$ 363,362	10,000	100,000	473,362	472,768
Total fund balances	\$ 363,362	10,000	100,000	473,362	472,768

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, 2010
(With Comparative Totals for the Year Ended September 30, 2009)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	<u>Totals</u>	
				2010	2009
Revenues:					
Investment earnings	\$ 1,595	-	-	1,595	7,183
Total revenues	<u>1,595</u>	<u>-</u>	<u>-</u>	<u>1,595</u>	<u>7,183</u>
Expenditures:					
General government	1,001	-	-	1,001	-
Total expenditures	<u>1,001</u>	<u>-</u>	<u>-</u>	<u>1,001</u>	<u>-</u>
Net change in fund balances	594	-	-	594	7,183
Fund balances, beginning of year	<u>362,768</u>	<u>10,000</u>	<u>100,000</u>	<u>472,768</u>	<u>465,585</u>
Fund balances, end of year	<u>\$ 363,362</u>	<u>10,000</u>	<u>100,000</u>	<u>473,362</u>	<u>472,768</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.

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



Water Fund

City of Waco, Texas

Water Fund

Comparative Statements of Net Assets

September 30, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and investments	\$ 20,570,273	23,288,869
Accounts receivable, net of allowance	5,257,601	4,769,096
Restricted cash and investments	5,806,902	9,248,922
Inventory	<u>205,155</u>	<u>177,944</u>
Total current assets	<u>31,839,931</u>	<u>37,484,831</u>
Noncurrent assets:		
Restricted cash and investments	21,330,622	32,345,669
Advances to other funds	525,336	525,336
Deferred charges	1,167,165	1,109,228
Capital assets:		
Land	578,832	578,832
Buildings	9,515,372	9,567,081
Improvements other than buildings	193,302,245	183,310,937
Equipment	6,927,487	6,585,201
Construction work in progress	67,024,125	54,618,635
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	<u>(78,421,706)</u>	<u>(71,978,804)</u>
Total capital assets	<u>231,409,234</u>	<u>215,164,761</u>
Total noncurrent assets	<u>254,432,357</u>	<u>249,144,994</u>
Total assets	<u>286,272,288</u>	<u>286,629,825</u>

See accompanying independent auditors' report.

	<u>2010</u>	<u>2009</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 755,223	690,665
Accrued liabilities	923,343	869,473
Compensated absences payable	601,678	505,478
Refundable contracts	950,290	801,530
Notes payable	60,979	58,386
Bonds payable	6,586,252	6,365,858
Accrued interest payable	1,731,492	1,521,112
	<u>11,609,257</u>	<u>10,812,502</u>
Current liabilities payable from restricted assets:		
Accounts payable	2,612,919	5,709,526
Due to other funds	1,179,094	1,754,964
Customer deposits	2,014,889	1,784,432
	<u>5,806,902</u>	<u>9,248,922</u>
Total current liabilities	<u>17,416,159</u>	<u>20,061,424</u>
Noncurrent liabilities:		
Refundable contracts	1,262,627	2,069,714
Compensated absences payable	205,341	313,739
Net pension obligation	433,866	173,725
Bonds payable	147,116,642	145,586,858
Notes payable	17,098,108	17,159,086
Deferred interest payable	5,046,229	4,870,708
Total noncurrent liabilities	<u>171,162,813</u>	<u>170,173,830</u>
Total liabilities	<u>188,578,972</u>	<u>190,235,254</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	79,664,958	75,468,998
Restricted for debt service	3,920	-
Unrestricted	18,024,438	20,925,573
Total net assets	<u>\$ 97,693,316</u>	<u>96,394,571</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 34,034,601	35,828,197
Other	426,356	323,081
Total operating revenues	<u>34,460,957</u>	<u>36,151,278</u>
Operating expenses:		
Salaries and wages	4,233,170	4,057,332
Employee benefits	2,126,547	1,896,424
Purchased professional/technical services	1,481,087	1,446,701
Purchased property services	172,767	32,225
Maintenance	1,778,061	1,496,292
Other purchased services	945,847	1,108,429
Supplies	5,129,495	4,683,976
Other	3,410,042	3,530,514
Depreciation/amortization	6,595,898	5,825,644
Total operating expenses	<u>25,872,914</u>	<u>24,077,537</u>
Operating income	<u>8,588,043</u>	<u>12,073,741</u>
Nonoperating revenues (expenses):		
Investment earnings	130,157	478,324
Rental income	11,700	16,272
Interest expense and fiscal charges	(5,002,923)	(6,414,101)
Total nonoperating revenues (expenses)	<u>(4,861,066)</u>	<u>(5,919,505)</u>
Income before contributions and transfers	3,726,977	6,154,236
Capital contributions	124,542	409,109
Transfers in	-	34,324
Transfers out	(2,552,774)	(4,209,542)
Change in net assets	1,298,745	2,388,127
Total net assets, beginning of year	<u>96,394,571</u>	<u>94,006,444</u>
Total net assets, end of year	<u>\$ 97,693,316</u>	<u>96,394,571</u>

See accompanying independent auditors' report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 33,972,452	36,119,358
Cash paid to suppliers for goods and services	(12,595,625)	(11,535,413)
Cash paid to employees for services	(6,111,774)	(5,762,081)
Net cash provided by operating activities	<u>15,265,053</u>	<u>18,821,864</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	-	34,324
Transfer to other funds	(3,128,644)	(2,454,578)
Advances to other funds	-	(200,000)
Net cash used for noncapital financing activities	<u>(3,128,644)</u>	<u>(2,620,254)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(24,000,117)	(35,323,196)
Proceeds from capital debt	8,293,701	-
Principal paid on capital debt	(6,365,858)	(6,291,056)
Interest paid on capital debt	(7,381,655)	(7,628,508)
Net cash used for capital and related financing activities	<u>(29,453,929)</u>	<u>(49,242,760)</u>
Cash flows from investing activities:		
Rental revenue	11,700	16,272
Investment earnings	130,157	478,324
Net cash provided by investing activities	<u>141,857</u>	<u>494,596</u>
Net decrease in cash and cash equivalents	(17,175,663)	(32,546,554)
Cash and cash equivalents, beginning of year	<u>64,883,460</u>	<u>97,430,014</u>
Cash and cash equivalents, end of year	<u>\$ 47,707,797</u>	<u>64,883,460</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 8,588,043	12,073,741
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	26,980	125,300
Depreciation/amortization	6,595,898	5,825,644
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(515,485)	(157,220)
Inventory	(27,211)	(29,987)
Increase (decrease) in liabilities:		
Accounts payable	64,558	181,846
Accrued liabilities	53,870	231,320
Compensated absences payable	(12,198)	17,950
Net pension obligation	260,141	173,725
Customer deposits	230,457	379,545
Net cash provided by operating activities	<u>\$ 15,265,053</u>	<u>18,821,864</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 124,542</u>	<u>409,109</u>
Payment to refunded bond escrow agent	<u>\$ 7,181,899</u>	<u>5,403,737</u>

See accompanying independent auditors' report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund

Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and investments	\$ 12,256,919	14,840,986
Accounts receivable, net of allowance	2,286,739	2,230,086
Intergovernmental receivable	715,093	308,938
Current portion of notes receivable	40,212	156,630
Restricted cash and investments	1,459,525	1,180,039
Accrued interest on notes receivable	4,398	5,352
Inventory	16,286	15,385
Total current assets	16,779,172	18,737,416
Noncurrent assets:		
Restricted cash and investments	24,967,495	31,431,297
Noncurrent portion of notes receivable	682,454	722,666
Deferred charges	581,491	572,326
Capital assets:		
Land	2,386,244	2,343,665
Buildings	11,458,185	11,458,185
Improvements other than buildings	87,183,426	78,273,957
Equipment	5,632,661	5,354,502
Construction work in progress	18,842,938	17,089,149
Less: accumulated depreciation and amortization	(33,920,780)	(31,101,001)
Total capital assets	91,582,674	83,418,457
Total noncurrent assets	117,814,114	116,144,746
Total assets	134,593,286	134,882,162

See accompanying independent auditors' report.

	<u>2010</u>	<u>2009</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 213,200	246,222
Accrued liabilities	548,040	337,361
Compensated absences payable	360,166	234,709
Bonds payable	4,411,085	5,078,833
Refundable contracts	61,033	140,641
Accrued interest payable	548,117	520,426
	<u>6,141,641</u>	<u>6,558,192</u>
Current liabilities payable from restricted assets:		
Accounts payable	1,459,525	1,180,039
	<u>1,459,525</u>	<u>1,180,039</u>
Total current liabilities	<u>7,601,166</u>	<u>7,738,231</u>
Noncurrent liabilities:		
Refundable contracts	192,542	173,969
Compensated absences payable	153,864	296,958
Net pension obligation	295,325	118,255
Bonds payable	65,761,765	67,175,845
Total noncurrent liabilities	<u>66,403,496</u>	<u>67,765,027</u>
Total liabilities	<u>74,004,662</u>	<u>75,503,258</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	46,123,744	42,280,466
Unrestricted	14,464,880	17,098,438
Total net assets	<u>\$ 60,588,624</u>	<u>59,378,904</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 19,219,810	19,700,830
Other	323,356	340,511
Total operating revenues	<u>19,543,166</u>	<u>20,041,341</u>
Operating expenses:		
Salaries and wages	2,704,197	2,579,230
Employee benefits	1,307,818	1,165,644
Purchased professional/technical services	906,879	887,486
Purchased property services	93,431	82,548
Maintenance	1,148,636	1,106,404
Other purchased services	269,147	228,371
Supplies	2,890,866	2,538,414
Other	2,726,204	3,156,240
Depreciation/amortization	3,158,119	2,808,837
Total operating expenses	<u>15,205,297</u>	<u>14,553,174</u>
Operating income	<u>4,337,869</u>	<u>5,488,167</u>
Nonoperating revenues (expenses):		
Investment earnings	77,913	346,193
Gain on sale of capital assets	-	260,073
Interest expense and fiscal charges	(2,929,577)	(2,884,014)
Total nonoperating revenues (expenses)	<u>(2,851,664)</u>	<u>(2,277,748)</u>
Income before contributions and transfers	1,486,205	3,210,419
Capital contributions	449,340	291,850
Transfers in	-	22,882
Transfers out	(725,825)	(687,361)
Change in net assets	1,209,720	2,837,790
Total net assets, beginning of year	<u>59,378,904</u>	<u>56,541,114</u>
Total net assets, end of year	<u>\$ 60,588,624</u>	<u>59,378,904</u>

See accompanying independent auditors' report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 19,486,513	20,016,042
Cash paid to suppliers for goods and services	(7,858,407)	(7,828,077)
Cash paid to employees for services	(3,852,582)	(3,385,629)
Net cash provided by operating activities	<u>7,775,524</u>	<u>8,802,336</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	-	22,882
Transfer to other funds	(725,825)	(687,361)
Net cash used for noncapital financing activities	<u>(725,825)</u>	<u>(664,479)</u>
Cash flows from capital and related financing activities:		
Proceeds from capital debt	3,042,493	-
Capital contributions	43,185	-
Acquisition and construction of capital assets	(10,972,891)	(9,665,143)
Proceeds from sale of capital assets	-	306,267
Principal paid on capital debt	(5,078,833)	(4,889,408)
Interest paid on capital debt	(3,087,533)	(3,266,832)
Net cash used for capital and related financing activities	<u>(16,053,579)</u>	<u>(17,515,116)</u>
Cash flows from investing activities:		
Investment earnings	78,867	347,111
Note payments from other entities	156,630	150,901
Net cash provided by investing activities	<u>235,497</u>	<u>498,012</u>
Net decrease in cash and cash equivalents	(8,768,383)	(8,879,247)
Cash and cash equivalents, beginning of year	<u>47,452,322</u>	<u>56,331,569</u>
Cash and cash equivalents, end of year	<u>\$ 38,683,939</u>	<u>47,452,322</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,337,869	5,488,167
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	(38,961)	101,163
Depreciation/amortization	3,158,119	2,808,837
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(17,692)	(126,462)
Inventory	(901)	133
Increase (decrease) in liabilities:		
Accounts payable	(33,022)	67,422
Accrued liabilities	210,679	103,831
Compensated absences payable	(17,637)	240,990
Net pension obligation	177,070	118,255
Net cash provided by operating activities	<u>\$ 7,775,524</u>	<u>8,802,336</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	28,799
Payment to refunded bond escrow agent	<u>\$ 3,381,535</u>	<u>3,446,004</u>



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund

Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and investments	\$ 8,888,506	8,148,650
Accounts receivable, net of allowance	1,904,991	1,906,406
Intergovernmental receivable	-	2,028
Restricted cash and investments	81,002	677,181
Total current assets	10,874,499	10,734,265
Noncurrent assets:		
Restricted cash and investments	3,539,596	4,366,314
Deferred charges	114,182	141,048
Capital assets:		
Land	595,935	595,935
Buildings	597,258	584,046
Improvements other than buildings	18,025,298	15,196,989
Equipment	14,912,953	14,304,188
Construction in progress	2,747,785	4,763,037
Less: accumulated depreciation and amortization	(22,708,650)	(21,642,540)
Total capital assets	14,170,579	13,801,655
Total noncurrent assets	17,824,357	18,309,017
Total assets	28,698,856	29,043,282

See accompanying independent auditors' report.

	<u>2010</u>	<u>2009</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 195,650	189,917
Accrued liabilities	288,361	430,746
Compensated absences payable	389,067	278,549
Bonds payable	835,000	1,580,000
Accrued interest payable	69,419	74,040
	<u>1,777,497</u>	<u>2,553,252</u>
Current liabilities payable from restricted assets:		
Accounts payable	81,002	14,372
Due to other funds	-	662,809
	<u>81,002</u>	<u>677,181</u>
Total current liabilities	<u>1,858,499</u>	<u>3,230,433</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	3,619,676	3,421,462
Compensated absences payable	119,618	250,478
Net pension obligation	293,483	120,037
Bonds payable	7,973,524	8,862,954
Total noncurrent liabilities	<u>12,006,301</u>	<u>12,654,931</u>
Total liabilities	<u>13,864,800</u>	<u>15,885,364</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	8,901,651	7,725,015
Unrestricted	5,932,405	5,432,903
Total net assets	<u>\$ 14,834,056</u>	<u>13,157,918</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 15,850,357	15,851,357
Other	285,209	408,221
Total operating revenues	<u>16,135,566</u>	<u>16,259,578</u>
Operating expenses:		
Salaries and wages	2,817,060	2,804,551
Employee benefits	1,622,751	1,523,784
Purchased professional/technical services	1,360,477	1,071,787
Maintenance	1,548,964	1,479,755
Other purchased services	203,752	198,807
Supplies	1,639,234	1,338,921
Other	2,081,535	2,070,681
Depreciation/amortization	2,511,048	2,344,773
Total operating expenses	<u>13,784,821</u>	<u>12,833,059</u>
Operating income	<u>2,350,745</u>	<u>3,426,519</u>
Nonoperating revenues (expenses):		
Investment earnings	39,845	138,240
Intergovernmental revenue	54,552	59,718
Intergovernmental expense	(54,552)	(59,718)
Interest expense and fiscal charges	(375,227)	(434,148)
Total nonoperating revenues (expenses)	<u>(335,382)</u>	<u>(295,908)</u>
Income before contributions and transfers	2,015,363	3,130,611
Capital contributions	-	41,826
Transfers out	<u>(339,225)</u>	<u>(583,153)</u>
Change in net assets	1,676,138	2,589,284
Total net assets, beginning of year	<u>13,157,918</u>	<u>10,568,634</u>
Total net assets, end of year	<u>\$ 14,834,056</u>	<u>13,157,918</u>

See accompanying independent auditors' report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,136,981	16,314,250
Cash paid to suppliers for goods and services	(6,772,400)	(5,922,968)
Cash paid to employees for services	<u>(4,286,707)</u>	<u>(4,164,892)</u>
Net cash provided by operating activities	<u>5,077,874</u>	<u>6,226,390</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	56,580	57,690
Intergovernmental expense	(54,552)	(59,718)
Payments from other funds	-	183,314
Payments to other funds	(662,809)	-
Transfer to other funds	<u>(339,225)</u>	<u>(583,153)</u>
Net cash used for noncapital financing activities	<u>(1,000,006)</u>	<u>(401,867)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,813,342)	(5,215,464)
Principal paid on capital debt	(1,580,000)	(1,470,000)
Interest paid on capital debt	<u>(407,412)</u>	<u>(537,404)</u>
Net cash used for capital and related financing activities	<u>(4,800,754)</u>	<u>(7,222,868)</u>
Cash flows from investing activities:		
Investment earnings	<u>39,845</u>	<u>138,240</u>
Net cash provided by investing activities	<u>39,845</u>	<u>138,240</u>
Net decrease in cash and cash equivalents	(683,041)	(1,260,105)
Cash and cash equivalents, beginning of year	<u>13,192,145</u>	<u>14,452,250</u>
Cash and cash equivalents, end of year	<u>\$ 12,509,104</u>	<u>13,192,145</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,350,745	3,426,519
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	15,950	30,413
Depreciation/amortization	2,511,048	2,344,773
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(14,535)	24,259
Increase (decrease) in liabilities:		
Accounts payable	5,733	(30,183)
Accrued liabilities	(142,385)	50,015
Estimated landfill closure and post-closure care costs	198,214	217,151
Compensated absences payable	(20,342)	43,406
Net pension obligation	<u>173,446</u>	<u>120,037</u>
Net cash provided by operating activities	<u>\$ 5,077,874</u>	<u>6,226,390</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ -</u>	<u>41,826</u>

See accompanying independent auditors' report.



Convention Services Fund



City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and investments	\$ 125,378	244,489
Accounts receivable, net of allowance	184,027	178,411
Inventory	27,749	34,130
Total current assets	337,154	457,030
Noncurrent assets:		
Capital assets:		
Buildings	6,289,950	6,816,938
Improvements other than buildings	67,388	731,793
Equipment	544,628	578,124
Construction in progress	11,254,474	1,084,215
Less: accumulated depreciation	(5,462,708)	(6,055,793)
Total capital assets	12,693,732	3,155,277
Total noncurrent assets	12,693,732	3,155,277
Total assets	13,030,886	3,612,307
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	104,887	104,894
Accrued liabilities	53,654	101,697
Unearned revenue	30,476	23,488
Compensated absences payable	160,399	139,642
Total current liabilities	349,416	369,721
Noncurrent liabilities:		
Compensated absences payable	33,052	56,416
Total noncurrent liabilities	33,052	56,416
Total liabilities	382,468	426,137
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	12,693,732	3,155,277
Unrestricted	(45,314)	30,893
Total net assets	\$ 12,648,418	3,186,170

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, 2010 and 2009

	2010	2009
Operating revenues:		
Charges for services	\$ 286,512	438,133
Net merchandise sales	96,173	135,484
Other	9,073	350
Total operating revenues	391,758	573,967
Operating expenses:		
Salaries and wages	1,029,996	1,056,536
Employee benefits	452,924	454,854
Purchased professional/technical services	44,888	49,606
Purchased property services	19,405	27,246
Maintenance	79,456	96,589
Other purchased services	475,587	503,600
Supplies	301,811	271,229
Other	6,889	14,498
Depreciation	288,375	235,380
Total operating expenses	2,699,331	2,709,538
Operating loss	(2,307,573)	(2,135,571)
Nonoperating revenues (expenses):		
Hotel/motel tax	1,662,308	1,703,650
Investment earnings	21	3,622
Intergovernmental revenue	330	1,233
Intergovernmental expenses	(131,625)	(150,000)
Total nonoperating revenues (expenses)	1,531,034	1,558,505
Loss before contributions and transfers	(776,539)	(577,066)
Capital contributions	10,186,226	672,722
Transfers in	411,957	312,685
Change in net assets	9,821,644	408,341
Total net assets, beginning of year, as previously stated	3,186,170	2,777,829
Prior period adjustment	(359,396)	-
Total net assets, beginning of year, as restated	2,826,774	2,777,829
Total net assets, end of year	\$ 12,648,418	3,186,170

See accompanying independent auditors' report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 404,347	594,107
Cash paid to suppliers for goods and services	(969,705)	(922,512)
Cash paid to employees for services	(1,485,527)	(1,509,040)
Net cash used for operating activities	<u>(2,050,885)</u>	<u>(1,837,445)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	1,651,091	1,714,867
Intergovernmental revenue	330	1,233
Intergovernmental expenses	(131,625)	(150,000)
Transfer from other funds	411,957	312,685
Net cash provided by noncapital financing activities	<u>1,931,753</u>	<u>1,878,785</u>
Cash flows from investing activities:		
Investment earnings	<u>21</u>	<u>3,622</u>
Net cash provided by investing activities	<u>21</u>	<u>3,622</u>
Net increase (decrease) in cash and cash equivalents	(119,111)	44,962
Cash and cash equivalents, beginning of year	<u>244,489</u>	<u>199,527</u>
Cash and cash equivalents, end of year	<u>\$ 125,378</u>	<u>244,489</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,307,573)	(2,135,571)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	288,375	235,380
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	5,601	12,411
Inventory	6,381	(8,277)
Increase (decrease) in liabilities:		
Accounts payable	(7)	33,116
Accrued liabilities	(48,043)	15,417
Unearned revenue	6,988	7,729
Compensated absences payable	<u>(2,607)</u>	<u>2,350</u>
Net cash used for operating activities	<u>\$ (2,050,885)</u>	<u>(1,837,445)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 10,186,226</u>	<u>672,722</u>

See accompanying independent auditors' report.



Nonmajor Enterprise Funds

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

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

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, 2010
(With Comparative Totals for September 30, 2009)

	Airport Fund	Ranger Hall of Fame Fund	Cameron Park Zoo Fund
Assets			
Current assets:			
Cash and investments	\$ -	149,121	-
Restricted cash and investments	-	17,449	-
Accounts receivable, net of allowances	49,829	600	1,442
Due from other funds	27,868	-	-
Intergovernmental receivable	2,553,463	2,005	-
Inventories	3,878	65,341	4,778
Total current assets	2,635,038	234,516	6,220
Noncurrent assets:			
Restricted cash and investments	-	584,723	-
Capital assets:			
Land	442,348	-	-
Buildings	12,926,783	796,772	8,685,188
Improvements other than buildings	13,419,478	48,391	18,483,530
Equipment	1,337,559	302,920	318,318
Museum collections	-	1,989,924	-
Construction in progress	11,214,770	1,067,861	39,858
Less: accumulated depreciation	(15,553,105)	(792,036)	(10,184,264)
Total capital assets	23,787,833	3,413,832	17,342,630
Total noncurrent assets	23,787,833	3,998,555	17,342,630
Total assets	26,422,871	4,233,071	17,348,850
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	1,408,496	16,758	79,732
Accrued liabilities	21,799	21,881	48,450
Unearned revenue	365,616	-	7,918
Due to other funds	259,300	-	165,475
Compensated absences payable	36,756	58,860	138,716
Escrow funds	-	79,527	-
Bonds payable	120,000	-	-
Accrued interest payable	2,407	-	-
Total current liabilities	2,214,374	177,026	440,291
Current liabilities payable from restricted assets:			
Accounts payable	-	17,449	-
Total current liabilities	2,214,374	194,475	440,291
Noncurrent liabilities:			
Advances from other funds	152,278	-	-
Compensated absences payable	-	49,741	60,380
Bonds payable	130,000	-	-
Total noncurrent liabilities	282,278	49,741	60,380
Total liabilities	2,496,652	244,216	500,671
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	23,537,833	3,413,832	17,342,630
Restricted for Texas Ranger Research Center improvements	-	542,107	-
Unrestricted	388,386	32,916	(494,451)
Total net assets	\$ 23,926,219	3,988,855	16,848,179

See accompanying independent auditors' report.

Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
		2010	2009
-	-	149,121	1,169,412
-	-	17,449	-
113,789	2,769	168,429	149,296
-	-	27,868	2,813
2,730,268	-	5,285,736	2,683,552
211,981	289,964	575,942	672,135
<u>3,056,038</u>	<u>292,733</u>	<u>6,224,545</u>	<u>4,677,208</u>
-	-	584,723	1,133,208
423,284	-	865,632	665,268
6,919,608	713,389	30,041,740	29,637,906
244,951	1,803,871	34,000,221	33,874,432
10,350,401	603,697	12,912,895	12,110,761
-	-	1,989,924	1,984,924
469,900	19,178	12,811,567	2,038,993
(5,016,162)	(2,099,283)	(33,644,850)	(31,489,698)
<u>13,391,982</u>	<u>1,040,852</u>	<u>58,977,129</u>	<u>48,822,586</u>
13,391,982	1,040,852	59,561,852	49,955,794
<u>16,448,020</u>	<u>1,333,585</u>	<u>65,786,397</u>	<u>54,633,002</u>
73,553	53,198	1,631,737	485,523
372,001	408,033	872,164	876,710
-	-	373,534	312,298
2,320,045	233,121	2,977,941	2,313,100
-	58,299	292,631	246,069
-	-	79,527	105,910
-	-	120,000	115,000
-	-	2,407	3,499
<u>2,765,599</u>	<u>752,651</u>	<u>6,349,941</u>	<u>4,458,109</u>
-	-	17,449	-
<u>2,765,599</u>	<u>752,651</u>	<u>6,367,390</u>	<u>4,458,109</u>
-	1,166,985	1,319,263	1,378,552
-	122,475	232,596	226,168
-	-	130,000	250,000
-	1,289,460	1,681,859	1,854,720
<u>2,765,599</u>	<u>2,042,111</u>	<u>8,049,249</u>	<u>6,312,829</u>
13,391,982	1,040,852	58,727,129	48,457,586
-	-	542,107	541,912
290,439	(1,749,378)	(1,532,088)	(679,325)
<u>13,682,421</u>	<u>(708,526)</u>	<u>57,737,148</u>	<u>48,320,173</u>

City of Waco, Texas
Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended September 30, 2010

(With Comparative Totals for Year Ended September 30, 2009)

	<u>Airport Fund</u>	<u>Ranger Hall of Fame Fund</u>	<u>Cameron Park Zoo Fund</u>
Operating revenues:			
Charges for services	\$ 512,851	238,029	1,386,613
Net merchandise sales	74,918	137,690	206,452
Contributions	-	-	3,318
Other	219,005	28,227	3,084
Total operating revenues	<u>806,774</u>	<u>403,946</u>	<u>1,599,467</u>
Operating expenses:			
Salaries and wages	430,764	553,349	1,189,787
Employee benefits	202,246	214,757	604,306
Purchased professional/technical services	8,622	68,285	39,271
Purchased property services	18,857	6,029	402,598
Maintenance	72,230	13,327	55,738
Other purchased services	86,940	51,887	94,588
Supplies	244,640	157,307	682,181
Other	286,817	184,662	161,368
Depreciation	983,051	30,482	1,127,170
Total operating expenses	<u>2,334,167</u>	<u>1,280,085</u>	<u>4,357,007</u>
Operating loss	<u>(1,527,393)</u>	<u>(876,139)</u>	<u>(2,757,540)</u>
Nonoperating revenues (expenses):			
Investment earnings	2,772	2,903	-
Other income	251,706	-	-
Contributions	-	92,520	-
Intergovernmental revenue	124,709	-	58
Interest expense and fiscal charges	(26,560)	-	-
Total nonoperating revenues (expenses)	<u>352,627</u>	<u>95,423</u>	<u>58</u>
Loss before contributions and transfers	(1,174,766)	(780,716)	(2,757,482)
Capital contributions	9,409,183	923,951	448,951
Transfers in	437,528	691,093	1,276,218
Change in net assets	8,671,945	834,328	(1,032,313)
Total net assets, beginning of year	<u>15,254,274</u>	<u>3,154,527</u>	<u>17,880,492</u>
Total net assets, end of year	<u>\$ 23,926,219</u>	<u>3,988,855</u>	<u>16,848,179</u>

See accompanying independent auditors' report.

Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
		2010	2009
2,501,980	1,048,226	5,687,699	5,237,176
-	191,638	610,698	607,731
-	-	3,318	14,210
719,187	11,896	981,399	873,550
<u>3,221,167</u>	<u>1,251,760</u>	<u>7,283,114</u>	<u>6,732,667</u>
2,458,166	480,217	5,112,283	4,714,356
612,573	211,353	1,845,235	1,666,605
1,167,945	310,416	1,594,539	1,554,927
17,446	53,043	497,973	610,240
442,340	74,120	657,755	623,856
169,437	151,663	554,515	469,214
852,573	227,735	2,164,436	1,968,316
379,370	24,818	1,037,035	908,835
1,159,702	139,660	3,440,065	3,204,003
<u>7,259,552</u>	<u>1,673,025</u>	<u>16,903,836</u>	<u>15,720,352</u>
(4,038,385)	(421,265)	(9,620,722)	(8,987,685)
9	17	5,701	30,950
-	153,131	404,837	272,649
-	-	92,520	116,961
2,867,957	-	2,992,724	2,680,483
-	(1,227)	(27,787)	(36,771)
<u>2,867,966</u>	<u>151,921</u>	<u>3,467,995</u>	<u>3,064,272</u>
(1,170,419)	(269,344)	(6,152,727)	(5,923,413)
2,382,778	-	13,164,863	4,918,517
-	-	2,404,839	2,829,262
1,212,359	(269,344)	9,416,975	1,824,366
<u>12,470,062</u>	<u>(439,182)</u>	<u>48,320,173</u>	<u>46,495,807</u>
<u>13,682,421</u>	<u>(708,526)</u>	<u>57,737,148</u>	<u>48,320,173</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	<u>Airport Fund</u>	<u>Ranger Hall of Fame Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 822,415	407,066
Cash paid to suppliers for goods and services	(502,905)	(496,914)
Cash paid to employees for services	(629,079)	(759,826)
Net cash used for operating activities	<u>(309,569)</u>	<u>(849,674)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	114,389	-
Contributions	-	92,520
Passenger facility charges	251,706	-
Payments to other funds	-	-
Transfer from other funds	437,528	691,093
Advances from other funds	-	-
Repayments of advances from other funds	(48,607)	-
Net cash provided by noncapital financing activities	<u>755,016</u>	<u>783,613</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,409,693)	-
Capital contributions	6,972,471	35,000
Principal paid on capital debt	(115,000)	-
Interest paid on capital debt	(27,652)	-
Net cash provided by (used for) capital and related financing activities	<u>(1,579,874)</u>	<u>35,000</u>
Cash flows from investing activities:		
Investment earnings	2,772	2,903
Raw water sales	-	-
Net cash provided by investing activities	<u>2,772</u>	<u>2,903</u>
Net increase (decrease) in cash and cash equivalents	(1,131,655)	(28,158)
Cash and cash equivalents, beginning of year	<u>1,131,655</u>	<u>779,451</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>751,293</u>

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2010	2009
1,596,518	3,186,015	1,249,019	7,261,033	6,651,570
(1,378,832)	(2,884,881)	(679,907)	(5,943,439)	(6,709,311)
<u>(1,761,685)</u>	<u>(3,070,739)</u>	<u>(683,199)</u>	<u>(6,904,528)</u>	<u>(6,334,030)</u>
<u>(1,543,999)</u>	<u>(2,769,605)</u>	<u>(114,087)</u>	<u>(5,586,934)</u>	<u>(6,391,771)</u>
58	2,554,582	-	2,669,029	3,385,942
-	-	-	92,520	116,961
-	-	-	251,706	272,649
-	-	-	-	(137,914)
1,276,218	6,945	-	2,411,784	2,829,262
-	-	-	-	373,090
-	-	(11,909)	(60,516)	(46,509)
<u>1,276,276</u>	<u>2,561,527</u>	<u>(11,909)</u>	<u>5,364,523</u>	<u>6,793,481</u>
-	(2,372,061)	(150,943)	(10,932,697)	(5,822,959)
-	2,580,130	-	9,587,601	4,465,367
-	-	-	(115,000)	(110,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,652)</u>	<u>(36,107)</u>
<u>-</u>	<u>208,069</u>	<u>(150,943)</u>	<u>(1,487,748)</u>	<u>(1,503,699)</u>
-	9	17	5,701	30,950
<u>-</u>	<u>-</u>	<u>153,131</u>	<u>153,131</u>	<u>-</u>
<u>-</u>	<u>9</u>	<u>153,148</u>	<u>158,832</u>	<u>30,950</u>
(267,723)	-	(123,791)	(1,551,327)	(1,071,039)
<u>267,723</u>	<u>-</u>	<u>123,791</u>	<u>2,302,620</u>	<u>3,373,659</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>751,293</u>	<u>2,302,620</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	<u>Airport Fund</u>	<u>Ranger Hall of Fame Fund</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,527,393)	(876,139)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	983,051	30,482
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	15,641	3,120
Inventories	(26)	29,317
Increase (decrease) in liabilities:		
Accounts payable	(22,272)	7,499
Accrued liabilities	(21,801)	(25,850)
Unearned revenue	-	-
Due to other funds	259,300	-
Compensated absences payable	3,931	8,280
Escrow funds	-	(26,383)
	<u> </u>	<u> </u>
Net cash used for operating activities	\$ <u>(309,569)</u>	<u>(849,674)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ <u> -</u>	<u>888,951</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2010	2009
(2,757,540)	(4,038,385)	(421,265)	(9,620,722)	(8,987,685)
1,127,170	1,159,702	139,660	3,440,065	3,204,003
(1)	(35,152)	(2,741)	(19,133)	(81,097)
52	47,687	19,163	96,193	(100,282)
(51,361)	(55,314)	(38,898)	(160,346)	(370,603)
(57,254)	151,857	(51,498)	(4,546)	(89,381)
(2,948)	-	-	(2,948)	(19,785)
165,475	-	233,121	657,896	-
32,408	-	8,371	52,990	46,931
-	-	-	(26,383)	6,128
<u>(1,543,999)</u>	<u>(2,769,605)</u>	<u>(114,087)</u>	<u>(5,586,934)</u>	<u>(6,391,771)</u>
<u>448,951</u>	<u>-</u>	<u>-</u>	<u>1,337,902</u>	<u>330,657</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash and investments	\$ -	607,710
Accounts receivable, net of allowance	49,829	65,470
Due from other funds	27,868	2,813
Intergovernmental receivable	2,553,463	67,302
Inventory	3,878	3,852
Total current assets	<u>2,635,038</u>	<u>747,147</u>
Noncurrent assets:		
Restricted cash and investments	<u>-</u>	<u>523,945</u>
Capital assets:		
Land	442,348	241,984
Buildings	12,926,783	12,926,783
Improvements other than buildings	13,419,478	13,419,478
Equipment	1,337,559	1,337,559
Construction in progress	11,214,770	1,681,433
Less: accumulated depreciation	<u>(15,553,105)</u>	<u>(14,570,055)</u>
Total capital assets	<u>23,787,833</u>	<u>15,037,182</u>
Total noncurrent assets	<u>23,787,833</u>	<u>15,561,127</u>
Total assets	<u>26,422,871</u>	<u>16,308,274</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	1,408,496	106,759
Accrued liabilities	21,799	43,600
Unearned revenue	365,616	301,432
Due to other funds	259,300	-
Compensated absences payable	36,756	32,825
Bonds payable	120,000	115,000
Accrued interest payable	2,407	3,499
Total current liabilities	<u>2,214,374</u>	<u>603,115</u>
Noncurrent liabilities:		
Advances from other funds	152,278	200,885
Bonds payable	<u>130,000</u>	<u>250,000</u>
Total noncurrent liabilities	<u>282,278</u>	<u>450,885</u>
Total liabilities	<u>2,496,652</u>	<u>1,054,000</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	23,537,833	14,672,182
Unrestricted	<u>388,386</u>	<u>582,092</u>
Total net assets	<u>\$ 23,926,219</u>	<u>15,254,274</u>

See accompanying independent auditors' report.

City of Waco, Texas
Airport Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2010 and 2009

	2010	2009
Operating revenues:		
Charges for services	\$ 512,851	521,708
Net merchandise sales	74,918	67,260
Other	219,005	224,984
Total operating revenues	806,774	813,952
Operating expenses:		
Salaries and wages	430,764	411,842
Employee benefits	202,246	197,734
Purchased professional/technical services	8,622	42,040
Purchased property services	18,857	26,070
Maintenance	72,230	86,754
Other purchased services	86,940	70,374
Supplies	244,640	232,936
Other	286,817	289,160
Depreciation	983,051	1,010,051
Total operating expenses	2,334,167	2,366,961
Operating loss	(1,527,393)	(1,553,009)
Nonoperating revenues (expenses):		
Investment earnings	2,772	12,471
Intergovernmental revenue	124,709	130,177
Interest expense and fiscal charges	(26,560)	(35,080)
Other income	251,706	272,649
Total nonoperating revenues (expenses)	352,627	380,217
Loss before contributions and transfers	(1,174,766)	(1,172,792)
Capital contributions	9,409,183	1,384,433
Transfers in	437,528	622,443
Change in net assets	8,671,945	834,084
Total net assets, beginning of year	15,254,274	14,420,190
Total net assets, end of year	\$ 23,926,219	15,254,274

See accompanying independent auditors' report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 822,415	792,968
Cash paid to suppliers for goods and services	(502,905)	(765,506)
Cash paid to employees for services	<u>(629,079)</u>	<u>(601,113)</u>
Net cash used for operating activities	<u>(309,569)</u>	<u>(573,651)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	114,389	147,193
Passenger facility charges	251,706	272,649
Transfer from other funds	437,528	622,443
Repayments of advances from other funds	<u>(48,607)</u>	<u>(46,509)</u>
Net cash provided by noncapital financing activities	<u>755,016</u>	<u>995,776</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,409,693)	(1,397,562)
Capital contributions	6,972,471	1,545,727
Principal paid on capital debt	(115,000)	(110,000)
Interest paid on capital debt	<u>(27,652)</u>	<u>(36,107)</u>
Net cash provided by (used for) capital and related financing activities	<u>(1,579,874)</u>	<u>2,058</u>
Cash flows from investing activities:		
Investment earnings	<u>2,772</u>	<u>12,471</u>
Net cash provided by investing activities	<u>2,772</u>	<u>12,471</u>
Net increase (decrease) in cash and cash equivalents	(1,131,655)	436,654
Cash and cash equivalents, beginning of year	<u>1,131,655</u>	<u>695,001</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>1,131,655</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,527,393)	(1,553,009)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	983,051	1,010,051
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	15,641	(20,984)
Inventory	(26)	1,500
Increase (decrease) in liabilities:		
Accounts payable	(22,272)	35,677
Accrued liabilities	(21,801)	(55,349)
Due to other funds	259,300	-
Compensated absences payable	<u>3,931</u>	<u>8,463</u>
Net cash used for operating activities	<u>\$ (309,569)</u>	<u>(573,651)</u>

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash and investments	\$ 149,121	170,188
Restricted cash and investments	17,449	-
Accounts receivable, net of allowance	600	3,720
Intergovernmental receivable	2,005	2,005
Inventory	<u>65,341</u>	<u>94,658</u>
Total current assets	<u>234,516</u>	<u>270,571</u>
Noncurrent assets:		
Restricted cash and investments	<u>584,723</u>	<u>609,263</u>
Capital assets:		
Buildings	796,772	796,772
Improvements other than buildings	48,391	48,391
Equipment	302,920	302,920
Museum collections	1,989,924	1,984,924
Construction in progress	1,067,861	183,910
Less: accumulated depreciation	<u>(792,036)</u>	<u>(761,554)</u>
Total capital assets	<u>3,413,832</u>	<u>2,555,363</u>
Total noncurrent assets	<u>3,998,555</u>	<u>3,164,626</u>
Total assets	<u>4,233,071</u>	<u>3,435,197</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	16,758	26,708
Accrued liabilities	21,881	47,731
Compensated absences payable	58,860	61,379
Escrow funds	<u>79,527</u>	<u>105,910</u>
	<u>177,026</u>	<u>241,728</u>
Current liabilities payable from restricted assets:		
Accounts payable	<u>17,449</u>	<u>-</u>
Total current liabilities	<u>194,475</u>	<u>241,728</u>
Noncurrent liabilities:		
Compensated absences payable	<u>49,741</u>	<u>38,942</u>
Total noncurrent liabilities	<u>49,741</u>	<u>38,942</u>
Total liabilities	<u>244,216</u>	<u>280,670</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	3,413,832	2,555,363
Restricted for Texas Ranger Research Center improvements	542,107	541,912
Unrestricted	<u>32,916</u>	<u>57,252</u>
Total net assets	<u>\$ 3,988,855</u>	<u>3,154,527</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 238,029	242,834
Net merchandise sales	137,690	165,086
Other	<u>28,227</u>	<u>17,514</u>
Total operating revenues	<u>403,946</u>	<u>425,434</u>
Operating expenses:		
Salaries and wages	553,349	549,179
Employee benefits	214,757	205,259
Purchased professional/technical services	68,285	12,330
Purchased property services	6,029	4,297
Maintenance	13,327	9,306
Other purchased services	51,887	48,882
Supplies	157,307	121,022
Other	184,662	152,829
Depreciation	<u>30,482</u>	<u>38,393</u>
Total operating expenses	<u>1,280,085</u>	<u>1,141,497</u>
Operating loss	<u>(876,139)</u>	<u>(716,063)</u>
Nonoperating revenues:		
Investment earnings	2,903	15,856
Contributions	<u>92,520</u>	<u>63,466</u>
Total nonoperating revenues	<u>95,423</u>	<u>79,322</u>
Loss before contributions and transfers	(780,716)	(636,741)
Capital contributions	923,951	366,063
Transfers in	<u>691,093</u>	<u>551,724</u>
Change in net assets	834,328	281,046
Total net assets, beginning of year	<u>3,154,527</u>	<u>2,873,481</u>
Total net assets, end of year	<u>\$ 3,988,855</u>	<u>3,154,527</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 407,066	422,484
Cash paid to suppliers for goods and services	(496,914)	(344,920)
Cash paid to employees for services	<u>(759,826)</u>	<u>(757,064)</u>
Net cash used for operating activities	<u>(849,674)</u>	<u>(679,500)</u>
Cash flows from noncapital financing activities:		
Contributions	92,520	116,961
Transfer from other funds	<u>691,093</u>	<u>551,724</u>
Net cash provided by noncapital financing activities	<u>783,613</u>	<u>668,685</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(93,199)
Capital contributions	<u>35,000</u>	<u>93,200</u>
Net cash provided by capital and related financing activities	<u>35,000</u>	<u>1</u>
Cash flows from investing activities:		
Investment earnings	<u>2,903</u>	<u>15,856</u>
Net cash provided by investing activities	<u>2,903</u>	<u>15,856</u>
Net increase (decrease) in cash and cash equivalents	(28,158)	5,042
Cash and cash equivalents, beginning of year	<u>779,451</u>	<u>774,409</u>
Cash and cash equivalents, end of year	<u>\$ 751,293</u>	<u>779,451</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (876,139)	(716,063)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	30,482	38,393
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	3,120	(2,950)
Inventory	29,317	(2,606)
Increase (decrease) in liabilities:		
Accounts payable	7,499	(9,133)
Accrued liabilities	(25,850)	9,357
Compensated absences payable	8,280	(2,626)
Escrow funds	<u>(26,383)</u>	<u>6,128</u>
Net cash used for operating activities	<u>\$ (849,674)</u>	<u>(679,500)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 888,951</u>	<u>219,368</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and investments	\$ -	267,723
Accounts receivable, net of allowance	1,442	1,441
Inventory	4,778	4,830
Total current assets	6,220	273,994
Noncurrent assets:		
Capital assets:		
Buildings	8,685,188	8,290,594
Improvements other than buildings	18,483,530	18,357,741
Equipment	318,318	318,318
Construction in progress	39,858	111,289
Less: accumulated depreciation	(10,184,264)	(9,057,093)
Total capital assets	17,342,630	18,020,849
Total noncurrent assets	17,342,630	18,020,849
Total assets	17,348,850	18,294,843
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	79,732	131,093
Accrued liabilities	48,450	105,704
Unearned revenue	7,918	10,866
Due to other funds	165,475	-
Compensated absences payable	138,716	102,178
Total current liabilities	440,291	349,841
Noncurrent liabilities:		
Compensated absences payable	60,380	64,510
Total noncurrent liabilities	60,380	64,510
Total liabilities	500,671	414,351
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	17,342,630	18,020,849
Unrestricted	(494,451)	(140,357)
Total net assets	\$ 16,848,179	17,880,492

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 1,386,613	1,131,745
Net merchandise sales	206,452	202,140
Contributions	3,318	14,210
Other	3,084	6,069
Total operating revenues	<u>1,599,467</u>	<u>1,354,164</u>
Operating expenses:		
Salaries and wages	1,189,787	1,100,503
Employee benefits	604,306	535,868
Purchased professional/technical services	39,271	43,884
Purchased property services	402,598	307,107
Maintenance	55,738	55,886
Other purchased services	94,588	72,981
Supplies	682,181	667,242
Other	161,368	139,144
Depreciation	1,127,170	1,045,602
Total operating expenses	<u>4,357,007</u>	<u>3,968,217</u>
Operating loss	<u>(2,757,540)</u>	<u>(2,614,053)</u>
Nonoperating revenues:		
Investment earnings	-	2,275
Intergovernmental revenue	58	217
Total nonoperating revenues	<u>58</u>	<u>2,492</u>
Loss before contributions and transfers	(2,757,482)	(2,611,561)
Capital contributions	448,951	733,815
Transfers in	<u>1,276,218</u>	<u>1,558,659</u>
Change in net assets	(1,032,313)	(319,087)
Total net assets, beginning of year	<u>17,880,492</u>	<u>18,199,579</u>
Total net assets, end of year	<u>\$ 16,848,179</u>	<u>17,880,492</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,596,518	1,353,735
Cash paid to suppliers for goods and services	(1,378,832)	(1,581,300)
Cash paid to employees for services	(1,761,685)	(1,618,543)
Net cash used for operating activities	<u>(1,543,999)</u>	<u>(1,846,108)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	58	217
Transfer from other funds	1,276,218	1,558,659
Net cash provided by noncapital financing activities	<u>1,276,276</u>	<u>1,558,876</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,817,463)
Capital contributions	-	622,526
Net cash used for capital and related financing activities	<u>-</u>	<u>(1,194,937)</u>
Cash flows from investing activities:		
Investment earnings	-	2,275
Net cash provided by investing activities	<u>-</u>	<u>2,275</u>
Net decrease in cash and cash equivalents	(267,723)	(1,479,894)
Cash and cash equivalents, beginning of year	<u>267,723</u>	<u>1,747,617</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>267,723</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,757,540)	(2,614,053)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,127,170	1,045,602
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(1)	(429)
Inventory	52	1,827
Increase (decrease) in liabilities:		
Accounts payable	(51,361)	(225,330)
Accrued liabilities	(57,254)	(51,768)
Unearned revenue	(2,948)	(19,785)
Compensated absences payable	32,408	17,828
Due to other funds	165,475	-
Net cash used for operating activities	<u>\$ (1,543,999)</u>	<u>(1,846,108)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 448,951</u>	<u>111,289</u>

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Accounts receivable, net of allowance	\$ 113,789	78,637
Intergovernmental receivable	2,730,268	2,614,245
Inventory	211,981	259,668
Total current assets	3,056,038	2,952,550
Noncurrent assets:		
Capital assets:		
Land	423,284	423,284
Buildings	6,919,608	6,910,368
Improvements other than buildings	244,951	244,951
Equipment	10,350,401	9,621,581
Construction in progress	469,900	43,183
Less: accumulated depreciation	(5,016,162)	(5,063,744)
Total capital assets	13,391,982	12,179,623
Total noncurrent assets	13,391,982	12,179,623
Total assets	16,448,020	15,132,173
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	73,553	128,867
Accrued liabilities	372,001	220,144
Due to other funds	2,320,045	2,313,100
Total current liabilities	2,765,599	2,662,111
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	13,391,982	12,179,623
Unrestricted	290,439	290,439
Total net assets	\$ 13,682,421	12,470,062

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 2,501,980	2,193,441
Other	719,187	612,446
Total operating revenues	<u>3,221,167</u>	<u>2,805,887</u>
Operating expenses:		
Salaries and wages	2,458,166	2,164,701
Employee benefits	612,573	524,117
Purchased professional/technical services	1,167,945	1,125,518
Purchased property services	17,446	18,260
Maintenance	442,340	394,909
Other purchased services	169,437	139,390
Supplies	852,573	700,971
Other	379,370	288,151
Depreciation	1,159,702	969,913
Total operating expenses	<u>7,259,552</u>	<u>6,325,930</u>
Operating loss	<u>(4,038,385)</u>	<u>(3,520,043)</u>
Nonoperating revenues:		
Investment earnings	9	40
Intergovernmental revenue	2,867,957	2,550,089
Total nonoperating revenues	<u>2,867,966</u>	<u>2,550,129</u>
Loss before capital contributions	(1,170,419)	(969,914)
Capital contributions	<u>2,382,778</u>	<u>2,487,701</u>
Change in net assets	1,212,359	1,517,787
Total net assets, beginning of year	<u>12,470,062</u>	<u>10,952,275</u>
Total net assets, end of year	<u>\$ 13,682,421</u>	<u>12,470,062</u>

See accompanying independent auditors' report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 3,186,015	2,748,358
Cash paid to suppliers for goods and services	(2,884,881)	(2,876,412)
Cash paid to employees for services	(3,070,739)	(2,688,818)
Net cash used for operating activities	(2,769,605)	(2,816,872)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	2,554,582	3,238,532
Transfer from other funds	6,945	-
Payments to other funds	-	(137,914)
Net cash provided by noncapital financing activities	2,561,527	3,100,618
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(2,372,061)	(2,487,700)
Capital contributions	2,580,130	2,203,914
Net cash provided by (used for) capital and related financing activities	208,069	(283,786)
Cash flows from investing activities:		
Investment earnings	9	40
Net cash provided by investing activities	9	40
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	-
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (4,038,385)	(3,520,043)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,159,702	969,913
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(35,152)	(57,529)
Inventory	47,687	(3,200)
Increase (decrease) in liabilities:		
Accounts payable	(55,314)	(184,107)
Accrued liabilities	151,857	(21,906)
Net cash used for operating activities	\$ (2,769,605)	(2,816,872)

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, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ -	123,791
Accounts receivable, net of allowance	2,769	28
Inventory	289,964	309,127
Total current assets	292,733	432,946
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	1,803,871	1,803,871
Equipment	603,697	530,383
Construction in progress	19,178	19,178
Less: accumulated depreciation	(2,099,283)	(2,037,252)
Total capital assets	1,040,852	1,029,569
Total noncurrent assets	1,040,852	1,029,569
Total assets	1,333,585	1,462,515
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	53,198	92,096
Accrued liabilities	408,033	459,531
Due to other funds	233,121	-
Compensated absences payable	58,299	49,687
Total current liabilities	752,651	601,314
Noncurrent liabilities:		
Advances from other funds	1,166,985	1,177,667
Compensated absences payable	122,475	122,716
Total noncurrent liabilities	1,289,460	1,300,383
Total liabilities	2,042,111	1,901,697
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	1,040,852	1,029,569
Unrestricted	(1,749,378)	(1,468,751)
Total net assets	\$ (708,526)	(439,182)

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 1,048,226	1,147,448
Net merchandise sales	191,638	173,245
Other	11,896	12,537
Total operating revenues	<u>1,251,760</u>	<u>1,333,230</u>
Operating expenses:		
Salaries and wages	480,217	488,131
Employee benefits	211,353	203,627
Purchased professional/technical services	310,416	331,155
Purchased property services	53,043	254,506
Maintenance	74,120	77,001
Other purchased services	151,663	137,587
Supplies	227,735	246,145
Other	24,818	39,551
Depreciation	139,660	140,044
Total operating expenses	<u>1,673,025</u>	<u>1,917,747</u>
Operating loss	<u>(421,265)</u>	<u>(584,517)</u>
Nonoperating revenues (expenses):		
Investment earnings	17	308
Raw water sales	153,131	-
Interest expense	(1,227)	(1,691)
Total nonoperating revenues (expenses)	<u>151,921</u>	<u>(1,383)</u>
Loss before transfers	(269,344)	(585,900)
Transfers in	<u>-</u>	<u>96,436</u>
Change in net assets	(269,344)	(489,464)
Total net assets, beginning of year	<u>(439,182)</u>	<u>50,282</u>
Total net assets, end of year	<u>\$ (708,526)</u>	<u>(439,182)</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,249,019	1,334,025
Cash paid to suppliers for goods and services	(679,907)	(1,141,173)
Cash paid to employees for services	(683,199)	(668,492)
Net cash used for operating activities	<u>(114,087)</u>	<u>(475,640)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	-	96,436
Advances from other funds	-	373,090
Repayment of advances from other funds	(11,909)	-
Net cash provided by (used for) noncapital financing activities	<u>(11,909)</u>	<u>469,526</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(150,943)	(27,035)
Net cash used for capital and related financing activities	<u>(150,943)</u>	<u>(27,035)</u>
Cash flows from investing activities:		
Investment earnings	17	308
Raw water sales	153,131	-
Net cash provided by investing activities	<u>153,148</u>	<u>308</u>
Net decrease in cash and cash equivalents	(123,791)	(32,841)
Cash and cash equivalents, beginning of year	<u>123,791</u>	<u>156,632</u>
Cash and cash equivalents, end of year	\$ <u>-</u>	<u>123,791</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (421,265)	(584,517)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	139,660	140,044
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(2,741)	795
Inventory	19,163	(97,803)
Increase (decrease) in liabilities:		
Accounts payable	(38,898)	12,290
Accrued liabilities	(51,498)	30,285
Due to other funds	233,121	-
Compensated absences payable	8,371	23,266
Net cash used for operating activities	<u>\$ (114,087)</u>	<u>(475,640)</u>

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, 2010
(With Comparative Totals for September 30, 2009)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2010	2009
Assets						
Current assets:						
Cash and investments	\$ 7,802,743	7,198,137	350,732	344,781	15,696,393	12,691,455
Accounts receivable, net of allowances	-	-	989	89	1,078	196,073
Inventories	-	-	-	144,512	144,512	129,117
Total current assets	<u>7,802,743</u>	<u>7,198,137</u>	<u>351,721</u>	<u>489,382</u>	<u>15,841,983</u>	<u>13,016,645</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	24,400	14,400	38,800	38,800
Buildings	-	-	-	535,145	535,145	415,755
Improvements other than buildings	-	-	-	118,289	118,289	118,289
Equipment	16,410	-	379,305	739,206	1,134,921	1,095,173
Less: accumulated depreciation	(11,282)	-	(344,718)	(988,981)	(1,344,981)	(1,320,563)
Total capital assets	<u>5,128</u>	<u>-</u>	<u>58,987</u>	<u>418,059</u>	<u>482,174</u>	<u>347,454</u>
Total noncurrent assets	<u>5,128</u>	<u>-</u>	<u>58,987</u>	<u>418,059</u>	<u>482,174</u>	<u>347,454</u>
Total assets	<u>7,807,871</u>	<u>7,198,137</u>	<u>410,708</u>	<u>907,441</u>	<u>16,324,157</u>	<u>13,364,099</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	85,860	3,715	3,646	63,417	156,638	286,155
Accrued liabilities	257,939	227,089	24,112	17,932	527,072	338,500
Unearned revenues	-	-	-	-	-	34,648
Compensated absences payable	26,524	-	120,742	85,207	232,473	269,708
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	3,499,283	1,238,000	-	-	4,737,283	4,080,101
Total current liabilities	<u>3,869,606</u>	<u>1,468,804</u>	<u>149,038</u>	<u>166,556</u>	<u>5,654,004</u>	<u>5,009,650</u>
Noncurrent liabilities:						
Compensated absences payable	-	-	87,243	-	87,243	117,526
Net pension obligation	33,654	-	107,913	80,770	222,337	92,231
Total noncurrent liabilities	<u>33,654</u>	<u>-</u>	<u>195,156</u>	<u>80,770</u>	<u>309,580</u>	<u>209,757</u>
Total liabilities	<u>3,903,260</u>	<u>1,468,804</u>	<u>344,194</u>	<u>247,326</u>	<u>5,963,584</u>	<u>5,219,407</u>
Net Assets						
Invested in capital assets, net of related debt	5,128	-	58,987	418,059	482,174	347,454
Unrestricted	3,899,483	5,729,333	7,527	242,056	9,878,399	7,797,238
Total net assets	<u>\$ 3,904,611</u>	<u>5,729,333</u>	<u>66,514</u>	<u>660,115</u>	<u>10,360,573</u>	<u>8,144,692</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, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2010	2009
Operating revenues:						
Charges for services	\$ 4,067,013	10,596,498	2,044,475	1,696,409	18,404,395	17,114,318
Other	-	-	8,999	2,642	11,641	71,640
Total operating revenues	4,067,013	10,596,498	2,053,474	1,699,051	18,416,036	17,185,958
Operating expenses:						
Salaries and wages	309,009	-	1,059,659	754,276	2,122,944	2,165,118
Employee benefits	136,833	-	489,960	388,756	1,015,549	962,784
Purchased professional/ technical services	174,670	925,014	3,815	19,389	1,122,888	1,213,189
Purchased property services	189	-	51,237	3,068	54,494	56,590
Maintenance	824	-	47,732	57,486	106,042	78,955
Other purchased services	769,977	-	74,570	40,340	884,887	818,522
Supplies	94,015	-	38,273	76,974	209,262	207,996
Other	3,091,682	7,339,941	215,187	152,559	10,799,369	9,223,593
Depreciation	10,916	-	19,027	57,607	87,550	93,704
Total operating expenses	4,588,115	8,264,955	1,999,460	1,550,455	16,402,985	14,820,451
Operating income (loss)	(521,102)	2,331,543	54,014	148,596	2,013,051	2,365,507
Nonoperating revenues:						
Investment earnings	34,593	31,537	735	346	67,211	219,358
Intergovernmental revenue	-	-	-	262	262	979
	34,593	31,537	735	608	67,473	220,337
Income (loss) before contributions and transfers	(486,509)	2,363,080	54,749	149,204	2,080,524	2,585,844
Capital contributions	-	-	15,967	119,390	135,357	-
Transfers out	-	-	-	-	-	(67,321)
Change in net assets	(486,509)	2,363,080	70,716	268,594	2,215,881	2,518,523
Total net assets, beginning of year	4,391,120	3,366,253	(4,202)	391,521	8,144,692	5,626,169
Total net assets, end of year	\$ 3,904,611	5,729,333	66,514	660,115	10,360,573	8,144,692

See accompanying independent auditors' report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2010
(With Comparative Totals for Year Ended September 30, 2009)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2010	2009
Cash flows from operating activities:						
Cash received from customers	\$ 4,032,365	10,775,228	2,069,651	1,699,139	18,576,383	16,989,959
Cash paid to suppliers for goods and services	(3,095,856)	(8,415,587)	(523,015)	(441,642)	(12,476,100)	(11,248,553)
Cash paid to employees for services	(472,941)	-	(1,459,659)	(1,143,305)	(3,075,905)	(2,931,294)
Net cash provided by operating activities	<u>463,568</u>	<u>2,359,641</u>	<u>86,977</u>	<u>114,192</u>	<u>3,024,378</u>	<u>2,810,112</u>
Cash flows from noncapital financing activities:						
Intergovernmental revenue	-	-	-	262	262	979
Transfer to other funds	-	-	-	-	-	(57,206)
Repayment of advances to other funds	-	-	-	-	-	(178,602)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>262</u>	<u>262</u>	<u>(234,829)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	-	(86,913)	(86,913)	(29,658)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,913)</u>	<u>(86,913)</u>	<u>(29,658)</u>
Cash flows from investing activities:						
Investment earnings	<u>34,593</u>	<u>31,537</u>	<u>735</u>	<u>346</u>	<u>67,211</u>	<u>219,358</u>
Net cash provided by investing activities	<u>34,593</u>	<u>31,537</u>	<u>735</u>	<u>346</u>	<u>67,211</u>	<u>219,358</u>
Net increase in cash and cash equivalents	498,161	2,391,178	87,712	27,887	3,004,938	2,764,983
Cash and cash equivalents, beginning of year	<u>7,304,582</u>	<u>4,806,959</u>	<u>263,020</u>	<u>316,894</u>	<u>12,691,455</u>	<u>9,926,472</u>
Cash and cash equivalents, end of year	<u>\$ 7,802,743</u>	<u>7,198,137</u>	<u>350,732</u>	<u>344,781</u>	<u>15,696,393</u>	<u>12,691,455</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (521,102)	2,331,543	54,014	148,596	2,013,051	2,365,507
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	10,916	-	19,027	57,607	87,550	93,704
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	-	178,730	16,177	88	194,995	(195,999)
Inventories	-	-	-	(15,395)	(15,395)	30,751
Increase (decrease) in liabilities:						
Accounts payable	(42,304)	(1,163)	(47,155)	(38,895)	(129,517)	77,936
Accrued liabilities	148,623	122,531	(45,046)	(37,536)	188,572	122,687
Unearned revenue	(34,648)	-	-	-	(34,648)	-
Compensated absences payable	(45,905)	-	24,773	(46,386)	(67,518)	104,377
Estimated claims and judgments	929,182	(272,000)	-	-	657,182	118,918
Net pension obligation	18,806	-	65,187	46,113	130,106	92,231
Net cash provided by operating activities	<u>\$ 463,568</u>	<u>2,359,641</u>	<u>86,977</u>	<u>114,192</u>	<u>3,024,378</u>	<u>2,810,112</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ -	-	15,967	119,390	135,357	-
Transfer of capital assets to general government	-	-	-	-	-	10,115

See accompanying independent auditors' report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash and investments	\$ 7,802,743	7,304,582
Total current assets	<u>7,802,743</u>	<u>7,304,582</u>
Noncurrent assets:		
Capital assets:		
Equipment	16,410	26,260
Less: accumulated depreciation	<u>(11,282)</u>	<u>(10,216)</u>
Total capital assets	<u>5,128</u>	<u>16,044</u>
Total assets	<u>7,807,871</u>	<u>7,320,626</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	85,860	128,164
Accrued liabilities	257,939	109,316
Unearned revenue	-	34,648
Compensated absences payable	26,524	34,090
Estimated claims and judgments	<u>3,499,283</u>	<u>2,570,101</u>
Total current liabilities	<u>3,869,606</u>	<u>2,876,319</u>
Noncurrent liabilities:		
Compensated absences payable	-	38,339
Net pension obligation	<u>33,654</u>	<u>14,848</u>
Total noncurrent liabilities	<u>33,654</u>	<u>53,187</u>
Total liabilities	<u>3,903,260</u>	<u>2,929,506</u>
Net Assets		
Invested in capital assets, net of related debt	5,128	16,044
Unrestricted	<u>3,899,483</u>	<u>4,375,076</u>
Total net assets	<u>\$ 3,904,611</u>	<u>4,391,120</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ <u>4,067,013</u>	<u>3,537,422</u>
Total operating revenues	<u>4,067,013</u>	<u>3,537,422</u>
Operating expenses:		
Salaries and wages	309,009	350,927
Employee benefits	136,833	142,855
Purchased professional/technical services	174,670	137,773
Purchased property services	189	2,605
Maintenance	824	2,004
Other purchased services	769,977	703,045
Supplies	94,015	81,564
Other	3,091,682	1,767,959
Depreciation	<u>10,916</u>	<u>16,349</u>
Total operating expenses	<u>4,588,115</u>	<u>3,205,081</u>
Operating income (loss)	<u>(521,102)</u>	<u>332,341</u>
Nonoperating revenues:		
Investment earnings	<u>34,593</u>	<u>140,062</u>
Total nonoperating revenues	<u>34,593</u>	<u>140,062</u>
Income (loss) before transfers	(486,509)	472,403
Transfers out	<u>-</u>	<u>(57,206)</u>
Change in net assets	(486,509)	415,197
Total net assets, beginning of year	<u>4,391,120</u>	<u>3,975,923</u>
Total net assets, end of year	<u>\$ <u>3,904,611</u></u>	<u><u>4,391,120</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 4,032,365	3,537,422
Cash paid to suppliers for goods and services	(3,095,856)	(2,670,631)
Cash paid to employees for services	(472,941)	(467,064)
Net cash provided by operating activities	<u>463,568</u>	<u>399,727</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	-	(57,206)
Net cash used for noncapital financing activities	<u>-</u>	<u>(57,206)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	-	(9,849)
Net cash used for capital and related financing activities	<u>-</u>	<u>(9,849)</u>
Cash flows from investing activities:		
Investment earnings	34,593	140,062
Net cash provided by investing activities	<u>34,593</u>	<u>140,062</u>
Net increase in cash and cash equivalents	498,161	472,734
Cash and cash equivalents, beginning of year	<u>7,304,582</u>	<u>6,831,848</u>
Cash and cash equivalents, end of year	<u>\$ 7,802,743</u>	<u>7,304,582</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (521,102)	332,341
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	10,916	16,349
Increase (decrease) in liabilities:		
Accounts payable	(42,304)	40,529
Accrued liabilities	148,623	(4,128)
Unearned revenue	(34,648)	-
Compensated absences payable	(45,905)	11,870
Net pension obligation	18,806	14,848
Estimated claims and judgments	929,182	(12,082)
Net cash provided by operating activities	<u>\$ 463,568</u>	<u>399,727</u>

See accompanying independent auditors' report.

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 7,198,137	4,806,959
Accounts receivable	-	178,730
Total current assets	7,198,137	4,985,689
Total assets	7,198,137	4,985,689
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	3,715	4,878
Accrued liabilities	227,089	104,558
Estimated claims	1,238,000	1,510,000
Total current liabilities	1,468,804	1,619,436
Total liabilities	1,468,804	1,619,436
Net Assets		
Unrestricted	5,729,333	3,366,253
Total net assets	\$ 5,729,333	3,366,253

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 10,596,498	10,052,286
Total operating revenues	<u>10,596,498</u>	<u>10,052,286</u>
Operating expenses:		
Purchased professional/technical services	925,014	945,770
Other	<u>7,339,941</u>	<u>7,002,131</u>
Total operating expenses	<u>8,264,955</u>	<u>7,947,901</u>
Operating income	<u>2,331,543</u>	<u>2,104,385</u>
Nonoperating revenues:		
Investment earnings	<u>31,537</u>	<u>74,091</u>
Total nonoperating revenues	<u>31,537</u>	<u>74,091</u>
Change in net assets	2,363,080	2,178,476
Total net assets, beginning of year	<u>3,366,253</u>	<u>1,187,777</u>
Total net assets, end of year	<u><u>\$ 5,729,333</u></u>	<u><u>3,366,253</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 10,775,228	9,873,556
Cash paid to suppliers for goods and services	<u>(8,415,587)</u>	<u>(7,709,746)</u>
Net cash provided by operating activities	<u>2,359,641</u>	<u>2,163,810</u>
Cash flows from investing activities:		
Investment earnings	<u>31,537</u>	<u>74,091</u>
Net cash provided by investing activities	<u>31,537</u>	<u>74,091</u>
Net increase in cash and cash equivalents	2,391,178	2,237,901
Cash and cash equivalents, beginning of year	<u>4,806,959</u>	<u>2,569,058</u>
Cash and cash equivalents, end of year	<u>\$ 7,198,137</u>	<u>4,806,959</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,331,543	2,104,385
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	178,730	(178,730)
Increase (decrease) in liabilities:		
Accounts payable	(1,163)	2,597
Accrued liabilities	122,531	104,558
Estimated claims	<u>(272,000)</u>	<u>131,000</u>
Net cash provided by operating activities	<u>\$ 2,359,641</u>	<u>2,163,810</u>

See accompanying independent auditors' report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash and investments	\$ 350,732	263,020
Accounts receivable, net of allowance	989	17,166
Total current assets	<u>351,721</u>	<u>280,186</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	379,305	375,737
Less: accumulated depreciation	(344,718)	(338,090)
Total capital assets	<u>58,987</u>	<u>62,047</u>
Total assets	<u>410,708</u>	<u>342,233</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	3,646	50,801
Accrued liabilities	24,112	69,158
Compensated absences payable	120,742	104,025
Escrow funds	538	538
Total current liabilities	<u>149,038</u>	<u>224,522</u>
Noncurrent liabilities:		
Compensated absences payable	87,243	79,187
Net pension obligation	107,913	42,726
Total noncurrent liabilities	<u>195,156</u>	<u>121,913</u>
Total liabilities	<u>344,194</u>	<u>346,435</u>
Net Assets		
Invested in capital assets, net of related debt	58,987	62,047
Unrestricted	<u>7,527</u>	<u>(66,249)</u>
Total net assets	<u>\$ 66,514</u>	<u>(4,202)</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 2,044,475	1,846,374
Other	8,999	69,066
Total operating revenues	<u>2,053,474</u>	<u>1,915,440</u>
Operating expenses:		
Salaries and wages	1,059,659	1,004,406
Employee benefits	489,960	432,895
Purchased professional/technical services	3,815	112,390
Purchased property services	51,237	50,936
Maintenance	47,732	35,004
Other purchased services	74,570	78,799
Supplies	38,273	45,243
Other	215,187	199,706
Depreciation	19,027	17,500
Total operating expenses	<u>1,999,460</u>	<u>1,976,879</u>
Operating income (loss)	<u>54,014</u>	<u>(61,439)</u>
Nonoperating revenues:		
Investment earnings	735	1,342
Total nonoperating revenues	<u>735</u>	<u>1,342</u>
Income (loss) before capital contributions	54,749	(60,097)
Capital contributions	<u>15,967</u>	<u>-</u>
Change in net assets	70,716	(60,097)
Total net assets, beginning of year	<u>(4,202)</u>	<u>55,895</u>
Total net assets, end of year	<u>\$ 66,514</u>	<u>(4,202)</u>

See accompanying independent auditors' report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 2,069,651	1,898,279
Cash paid to suppliers for goods and services	(523,015)	(462,805)
Cash paid to employees for services	(1,459,659)	(1,370,804)
Net cash provided by operating activities	86,977	64,670
Cash flows from investing activities:		
Investment earnings	735	1,342
Net cash provided by investing activities	735	1,342
Net increase in cash and cash equivalents	87,712	66,012
Cash and cash equivalents, beginning of year	263,020	197,008
Cash and cash equivalents, end of year	\$ 350,732	263,020
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 54,014	(61,439)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	19,027	17,500
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	16,177	(17,161)
Increase (decrease) in liabilities:		
Accounts payable	(47,155)	44,882
Accrued liabilities	(45,046)	14,391
Compensated absences payable	24,773	23,771
Net pension obligation	65,187	42,726
Net cash provided by operating activities	\$ 86,977	64,670
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 15,967	-

See accompanying independent auditors' report.

Fleet Services Fund

City of Waco
Fleet Services Fund
Comparative Statements of Net Assets
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and investments	\$ 344,781	316,894
Accounts receivable, net of allowance	89	177
Inventory	144,512	129,117
Total current assets	489,382	446,188
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	535,145	415,755
Improvements other than buildings	118,289	118,289
Equipment	739,206	693,176
Less: accumulated depreciation	(988,981)	(972,257)
Total capital assets	418,059	269,363
Total assets	907,441	715,551
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	63,417	102,312
Accrued liabilities	17,932	55,468
Compensated absences payable	85,207	131,593
Total current liabilities	166,556	289,373
Noncurrent liabilities:		
Net pension obligation	80,770	34,657
Total noncurrent liabilities	80,770	34,657
Total liabilities	247,326	324,030
Net Assets		
Invested in capital assets, net of related debt	418,059	269,363
Unrestricted	242,056	122,158
Total net assets	\$ 660,115	391,521

See accompanying independent auditors' report.

City of Waco
Fleet Services Fund
Comparative Statements of Revenues, Expenses
and Changes in Fund Net Assets
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 1,696,409	1,678,236
Other	<u>2,642</u>	<u>2,574</u>
Total operating revenues	<u>1,699,051</u>	<u>1,680,810</u>
Operating expenses:		
Salaries and wages	754,276	809,785
Employee benefits	388,756	387,034
Purchased professional/technical services	19,389	17,256
Purchased property services	3,068	3,049
Maintenance	57,486	41,947
Other purchased services	40,340	36,678
Supplies	76,974	81,189
Other	152,559	253,797
Depreciation	<u>57,607</u>	<u>59,855</u>
Total operating expenses	<u>1,550,455</u>	<u>1,690,590</u>
Operating income (loss)	<u>148,596</u>	<u>(9,780)</u>
Nonoperating revenues:		
Investment earnings	346	3,863
Intergovernmental revenue	<u>262</u>	<u>979</u>
Total nonoperating revenues	<u>608</u>	<u>4,842</u>
Income (loss) before contributions and transfers	149,204	(4,938)
Capital contributions	119,390	-
Transfers out	<u>-</u>	<u>(10,115)</u>
Change in net assets	268,594	(15,053)
Total net assets, beginning of year	<u>391,521</u>	<u>406,574</u>
Total net assets, end of year	<u>\$ 660,115</u>	<u>391,521</u>

See accompanying independent auditors' report.

City of Waco
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,699,139	1,680,702
Cash paid to suppliers for goods and services	(441,642)	(405,371)
Cash paid to employees for services	<u>(1,143,305)</u>	<u>(1,093,426)</u>
Net cash provided by operating activities	<u>114,192</u>	<u>181,905</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	262	979
Repayment of advances to other funds	-	(178,602)
Net cash provided by (used for) noncapital financing activities	<u>262</u>	<u>(177,623)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(86,913)</u>	<u>(19,809)</u>
Net cash used for capital and related financing activities	<u>(86,913)</u>	<u>(19,809)</u>
Cash flows from investing activities		
Investment earnings	<u>346</u>	<u>3,863</u>
Net cash provided by investing activities	<u>346</u>	<u>3,863</u>
Net increase (decrease) in cash and cash equivalents	27,887	(11,664)
Cash and cash equivalents, beginning of year	<u>316,894</u>	<u>328,558</u>
Cash and cash equivalents, end of year	<u>\$ 344,781</u>	<u>316,894</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 148,596	(9,780)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	57,607	59,855
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	88	(108)
Inventory	(15,395)	30,751
Increase (decrease) in liabilities:		
Accounts payable	(38,895)	(10,072)
Accrued liabilities	(37,536)	7,866
Compensated absences payable	(46,386)	68,736
Net pension obligation	<u>46,113</u>	<u>34,657</u>
Net cash provided by operating activities	<u>\$ 114,192</u>	<u>181,905</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 119,390</u>	<u>-</u>
Transfer of capital assets to general government	<u>\$ -</u>	<u>10,115</u>

See accompanying independent auditors' report.

Agency Funds

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

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

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

City of Waco, Texas
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2010

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>Urban Renewal Agency Fund</u>				
Assets:				
Cash and investments	\$ 57,286	253	-	57,539
Liabilities:				
Due to other agencies and individuals	\$ 57,286	253	-	57,539
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 2,038,751	74,307	380,246	1,732,812
Accounts receivable	442	-	218	224
Note receivable	50,000	155,000	50,000	155,000
Total assets	\$ 2,089,193	229,307	430,464	1,888,036
Liabilities:				
Due to other agencies and individuals	\$ 2,089,193	229,307	430,464	1,888,036
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ 8,555	368,065	364,656	11,964
Liabilities:				
Due to other agencies and individuals	\$ 8,555	368,065	364,656	11,964
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,104,592	442,625	744,902	1,802,315
Accounts receivable	442	-	218	224
Note receivable	50,000	155,000	50,000	155,000
Total assets	\$ 2,155,034	597,625	795,120	1,957,539
Liabilities:				
Due to other agencies and individuals	\$ 2,155,034	597,625	795,120	1,957,539

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

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

(1) Information not available before fiscal year 2002.

Source: Comprehensive Annual Financial Reports

Table I

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	141,586,678	\$	160,613,844	\$	165,541,237	\$	179,579,954	\$	187,739,263	\$	179,653,424
	15,212,866		18,537,167		20,477,262		22,371,142		23,909,145		24,521,716
	13,133,751		15,260,596		19,265,099		22,241,348		20,836,984		17,477,034
\$	<u>169,933,295</u>	\$	<u>194,411,607</u>	\$	<u>205,283,598</u>	\$	<u>224,192,444</u>	\$	<u>232,485,392</u>	\$	<u>221,652,174</u>
\$	136,805,235	\$	144,070,096	\$	155,044,650	\$	166,834,594	\$	177,087,342	\$	206,111,214
	96,221		51,468		339,184		1,679,769		541,912		546,027
	25,122,807		32,932,124		36,319,056		41,875,465		42,808,482		36,844,321
\$	<u>162,024,263</u>	\$	<u>177,053,688</u>	\$	<u>191,702,890</u>	\$	<u>210,389,828</u>	\$	<u>220,437,736</u>	\$	<u>243,501,562</u>
\$	278,391,913	\$	304,683,940	\$	320,585,887	\$	346,414,548	\$	364,826,605	\$	385,764,638
	15,309,087		18,588,635		20,816,446		24,050,911		24,451,057		25,067,743
	38,256,558		48,192,720		55,584,155		64,116,813		63,645,466		54,321,355
\$	<u>331,957,558</u>	\$	<u>371,465,295</u>	\$	<u>396,986,488</u>	\$	<u>434,582,272</u>	\$	<u>452,923,128</u>	\$	<u>465,153,736</u>

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

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

Table II

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	7,754,960	\$	8,785,895	\$	9,494,996	\$	12,108,481	\$	12,551,827	\$	14,073,197
	12,517,278		11,627,179		13,483,166		11,695,922		12,790,151		12,142,355
	45,174,223		48,361,556		50,802,719		53,186,019		57,560,461		60,429,663
	11,534,373		12,652,376		12,885,108		13,853,365		14,919,136		15,484,146
	5,910,874		6,403,273		6,845,611		6,456,840		6,901,123		7,364,755
	4,154,058		1,798,456		2,784,529		2,890,693		2,808,221		3,503,811
	2,232,216		2,177,508		2,625,964		4,863,843		4,547,034		4,342,023
	<u>89,277,982</u>		<u>91,806,243</u>		<u>98,922,093</u>		<u>105,055,163</u>		<u>112,077,953</u>		<u>117,339,950</u>
	23,616,684		25,474,612		26,666,701		28,972,544		30,491,638		30,875,837
	11,735,138		12,442,358		14,404,044		15,675,737		17,437,188		18,134,874
	13,318,015		12,703,814		12,119,111		13,181,427		13,267,207		14,160,048
	1,942,336		2,045,628		2,139,042		2,230,237		2,402,041		2,360,727
	2,646,720		2,640,037		2,837,948		2,779,599		3,218,934		2,830,956
	1,019,997		1,068,297		1,120,949		1,363,820		1,141,497		1,280,085
	2,349,341		2,977,741		3,386,403		3,545,604		3,968,217		4,357,007
	3,356,058		4,176,869		5,309,125		5,980,396		6,325,930		7,259,552
	1,429,212		1,510,761		1,553,125		1,812,962		1,919,438		1,674,252
	<u>61,413,501</u>		<u>65,040,117</u>		<u>69,536,448</u>		<u>75,542,326</u>		<u>80,172,090</u>		<u>82,933,338</u>
	<u>150,691,483</u>		<u>156,846,360</u>		<u>168,458,541</u>		<u>180,597,489</u>		<u>192,250,043</u>		<u>200,273,288</u>
	333,849		317,824		271,852		267,127		239,046		285,471
	8,765		4,613		4,884		13,152		-		1,366
	3,080,489		3,739,677		3,456,532		4,764,442		3,672,327		3,600,084
	778,548		916,453		811,698		995,455		1,132,472		1,314,693
	1,210,776		1,303,186		1,350,709		1,024,400		986,945		872,388
	8,973,292		8,330,987		9,388,780		9,497,125		9,079,411		10,337,726
	5,351,228		18,612,315		5,795,816		7,276,849		5,626,382		6,110,736
	<u>19,736,947</u>		<u>33,225,055</u>		<u>21,080,271</u>		<u>23,838,550</u>		<u>20,736,583</u>		<u>22,522,464</u>

(Continued)

City of Waco, Texas
Changes in Net Assets

(Unaudited)

(Continued)

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

Table II
(Continued)

		Fiscal Year					
		2005	2006	2007	2008	2009	2010
\$	26,602,138	\$	33,230,464	30,258,196	35,261,343	36,167,550	34,472,657
	14,864,933		16,766,635	18,441,480	20,235,392	20,041,341	19,543,166
	14,386,619		15,781,304	15,768,035	16,577,658	16,259,578	16,135,566
	912,426		1,006,662	1,107,084	1,097,882	1,086,601	1,058,480
	730,059		706,938	805,276	804,295	573,967	391,758
	457,800		557,580	440,742	438,610	425,434	403,946
	617,481		884,139	977,546	1,294,486	1,354,164	1,599,467
	845,184		1,080,322	1,971,924	2,462,089	2,805,887	3,221,167
	1,296,313		1,348,046	1,428,783	1,339,450	1,333,230	1,404,891
	2,580,250		2,700,564	3,175,897	3,226,837	2,798,677	3,085,574
	4,839,238		2,094,356	4,927,582	8,716,987	4,879,547	12,332,766
	<u>68,132,441</u>		<u>76,157,010</u>	<u>79,302,545</u>	<u>91,455,029</u>	<u>87,725,976</u>	<u>93,649,438</u>
	<u>87,869,388</u>		<u>109,382,065</u>	<u>100,382,816</u>	<u>115,293,579</u>	<u>108,462,559</u>	<u>116,171,902</u>
	(69,541,035)		(58,581,188)	(77,841,822)	(81,216,613)	(91,341,370)	(94,817,486)
	<u>6,718,940</u>		<u>11,116,893</u>	<u>9,766,097</u>	<u>15,912,703</u>	<u>7,553,886</u>	<u>10,716,100</u>
	<u>(62,822,095)</u>		<u>(47,464,295)</u>	<u>(68,075,725)</u>	<u>(65,303,910)</u>	<u>(83,787,484)</u>	<u>(84,101,386)</u>
	33,026,403		34,187,973	36,583,688	43,222,439	46,366,310	47,489,598
	2,106,593		2,260,075	2,657,747	3,060,732	3,741,836	4,491,616
	24,749,413		26,694,323	27,328,996	28,077,887	27,714,013	27,318,396
	12,128,817		13,484,568	12,985,974	13,997,454	13,663,140	13,338,717
	436,561		426,180	501,702	587,971	622,254	655,031
	3,123,231		6,141,959	8,964,710	10,319,788	6,294,110	842,824
	152,196		714,862	981,818	415,851	406,229	639,263
	-		-	-	-	-	-
	<u>(3,405,384)</u>		<u>(850,440)</u>	<u>(1,290,822)</u>	<u>443,337</u>	<u>826,426</u>	<u>(10,791,177)</u>
	<u>72,317,830</u>		<u>83,059,500</u>	<u>88,713,813</u>	<u>100,125,459</u>	<u>99,634,318</u>	<u>83,984,268</u>

(Continued)

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

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

(1) Information not available before fiscal year 2002.

Source: Comprehensive Annual Financial Reports

Table II
(Continued)

		Fiscal Year					
		2005	2006	2007	2008	2009	2010
\$	1,544,162	\$	1,650,054	1,620,022	1,688,943	1,703,650	1,662,308
	658,869		1,412,038	1,972,261	1,528,629	997,329	253,637
	-		-	-	-	260,073	-
	3,405,384		850,440	1,290,822	(443,337)	(826,426)	10,791,177
	<u>5,608,415</u>		<u>3,912,532</u>	<u>4,883,105</u>	<u>2,774,235</u>	<u>2,134,626</u>	<u>12,707,122</u>
	<u>77,926,245</u>		<u>86,972,032</u>	<u>93,596,918</u>	<u>102,899,694</u>	<u>101,768,944</u>	<u>96,691,390</u>
	2,776,795		24,478,312	10,871,991	18,908,846	8,292,948	(10,833,218)
	<u>12,327,355</u>		<u>15,029,425</u>	<u>14,649,202</u>	<u>18,686,938</u>	<u>9,688,512</u>	<u>23,423,222</u>
\$	<u><u>15,104,150</u></u>	\$	<u><u>39,507,737</u></u>	<u><u>25,521,193</u></u>	<u><u>37,595,784</u></u>	<u><u>17,981,460</u></u>	<u><u>12,590,004</u></u>

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

	2001	2002	2003	2004
General Fund				
Reserved:				
Encumbrances	\$ 251,800	\$ 227,366	\$ 160,026	\$ 1,731,962
Real estate held for sale	48,470	48,470	53,998	59,194
Notes receivable	101,741	84,093	65,187	44,934
Advances to other funds	-	270,093	270,093	270,093
Court security/technology	-	292,969	-	-
Unreserved	<u>22,342,634</u>	<u>21,037,525</u>	<u>18,827,345</u>	<u>20,253,636</u>
 Total general fund	 <u>\$ 22,744,645</u>	 <u>\$ 21,960,516</u>	 <u>\$ 19,376,649</u>	 <u>\$ 22,359,819</u>
 All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 5,174,981	\$ 2,739,291	\$ 2,684,565	\$ 5,198,967
Real estate held for sale	58,850	58,850	55,736	55,736
Advances to other funds	-	168,368	168,368	168,368
Debt service	512,991	525,460	676,916	719,304
Purpose of trust	469,833	455,729	456,315	473,889
Unreserved, reported in:				
Special revenue funds	6,250,783	6,829,089	7,173,582	9,058,631
Capital projects funds	8,525,659	9,764,231	11,638,448	8,568,905
Permanent funds	<u>48,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total all other governmental funds	 <u>\$ 21,041,484</u>	 <u>\$ 20,541,018</u>	 <u>\$ 22,853,930</u>	 <u>\$ 24,243,800</u>

Source: Comprehensive Annual Financial Reports

Table III

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	757,815	\$	1,279,527	\$	2,097,704	\$	1,050,106	\$	802,620	\$	708,471
	13,530		13,385		13,385		12,465		12,465		6,160
	23,239		-		-		-		-		-
	320,408		448,695		738,726		735,178		684,848		625,559
	-		-		-		-		-		-
	<u>19,757,074</u>		<u>22,676,613</u>		<u>22,768,296</u>		<u>22,838,054</u>		<u>22,039,924</u>		<u>21,661,404</u>
\$	<u>20,872,066</u>	\$	<u>24,418,220</u>	\$	<u>25,618,111</u>	\$	<u>24,635,803</u>	\$	<u>23,539,857</u>	\$	<u>23,001,594</u>
\$	3,043,461	\$	7,982,460	\$	7,363,374	\$	12,140,585	\$	14,951,750	\$	21,495,597
	55,382		45,854		40,709		40,709		40,709		40,709
	168,368		168,368		168,368		168,368		168,368		168,368
	637,719		603,424		708,377		781,972		677,027		460,001
	474,042		474,054		469,481		465,585		472,768		473,362
	10,036,529		10,774,251		14,609,945		15,176,240		18,236,909		13,286,546
	9,267,574		8,833,830		73,358,427		73,414,437		64,550,113		34,844,624
	-		-		-		-		-		-
\$	<u>23,683,075</u>	\$	<u>28,882,241</u>	\$	<u>96,718,681</u>	\$	<u>102,187,896</u>	\$	<u>99,097,644</u>	\$	<u>70,769,207</u>

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

	2001	2002	2003	2004
Revenues:				
Taxes:				
Sales	\$ 22,724,810	\$ 23,313,374	\$ 23,102,781	\$ 24,175,546
Property	25,510,581	26,749,077	28,610,391	31,900,579
Interest and penalty	286,980	316,601	303,035	324,858
Business and occupation fees	11,035,734	10,348,255	11,089,520	12,525,241
Permits, licenses and fees	1,814,455	1,954,283	2,209,932	2,184,700
Fines	1,814,008	1,645,423	1,433,363	2,236,891
Charges for services	362,377	1,408,528	937,380	988,332
Investment earnings	3,647,694	2,978,872	2,244,423	1,424,318
Contributions	1,069,761	380,621	2,534,189	621,621
Intergovernmental	7,933,220	7,457,797	6,852,197	9,680,990
Program income	523,934	980,762	498,240	786,459
Other	3,421,402	5,442,689	5,356,529	5,735,909
Total revenues	<u>80,144,956</u>	<u>82,976,282</u>	<u>85,171,980</u>	<u>92,585,444</u>
Expenditures:				
General government	10,636,971	11,508,657	13,761,156	14,313,811
Public works	1,162,607	2,090,975	1,704,769	1,477,419
Public safety	34,153,516	37,427,473	38,412,844	39,639,049
Culture and recreation	7,375,244	8,866,644	9,079,706	9,231,463
Housing and community development	5,039,203	4,204,445	3,800,497	4,895,199
Public health	4,799,808	4,902,684	5,689,682	5,625,163
Capital outlay	10,432,840	14,130,037	10,720,421	9,007,699
Debt service:				
Principal	4,437,038	4,433,838	4,584,803	4,702,900
Interest and fiscal charges	2,510,509	2,727,386	2,393,650	2,167,877
Bond issuance costs	-	-	-	27,067
Total expenditures	<u>80,547,736</u>	<u>90,292,139</u>	<u>90,147,528</u>	<u>91,087,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(402,780)</u>	<u>(7,315,857)</u>	<u>(4,975,548)</u>	<u>1,497,797</u>
Other financing sources (uses):				
General obligation bonds issued	6,235,000	3,950,000	3,328,344	3,085,000
Refunding bonds issued	-	-	-	-
Capital leases	237,042	1,803,025	15,460,342	-
Premiums on general obligation bonds	-	-	-	180,912
Premiums on refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	-	-	(15,271,245)	-
Transfers in	11,347,992	10,725,748	11,926,090	10,354,037
Transfer out	(10,740,188)	(10,715,753)	(11,365,526)	(10,744,706)
Sale of capital assets	-	-	311,171	-
Total other financing sources (uses)	<u>7,079,846</u>	<u>5,763,020</u>	<u>4,389,176</u>	<u>2,875,243</u>
Net change in fund balances	<u>\$ 6,677,066</u>	<u>\$ (1,552,837)</u>	<u>\$ (586,372)</u>	<u>\$ 4,373,040</u>
Debt service as a percentage of noncapital expenditures	9.91%	9.24%	8.48%	8.03%

Source: Comprehensive Annual Financial Reports

Table IV

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	24,749,413	\$	26,694,323	\$	27,328,996	\$	28,077,887	\$	27,714,013	\$	27,318,396
	34,801,939		36,020,999		39,012,926		45,855,023		49,627,810		51,354,302
	369,530		395,788		454,735		476,176		468,021		539,666
	12,128,817		13,484,567		12,985,974		13,997,454		13,663,140		13,338,717
	1,994,804		2,405,632		2,610,593		2,365,457		2,023,919		1,901,686
	1,950,357		1,923,506		1,748,882		2,326,020		2,188,574		2,054,487
	1,152,478		1,217,784		1,105,518		1,372,169		1,545,120		1,751,702
	3,014,075		5,862,173		8,581,097		10,019,870		6,066,254		773,739
	504,467		315,636		1,221,670		1,313,646		2,147,972		627,197
	9,601,175		8,088,056		8,829,853		9,627,740		9,795,311		12,812,272
	396,608		203,156		574,447		540,969		244,575		1,991,904
	5,659,249		6,961,060		7,370,079		7,731,057		7,781,494		8,387,706
	<u>96,322,912</u>		<u>103,572,680</u>		<u>111,824,770</u>		<u>123,703,468</u>		<u>123,266,203</u>		<u>122,851,774</u>
	15,170,622		16,093,920		15,460,289		20,398,112		20,828,176		19,695,545
	1,636,867		2,172,354		2,027,118		3,294,892		1,969,524		2,235,645
	44,030,608		45,855,051		49,271,195		51,914,828		54,260,356		58,519,975
	9,927,788		10,765,662		11,358,378		12,240,672		13,173,083		13,149,983
	4,586,655		2,722,490		3,910,039		3,808,125		3,600,810		4,143,724
	5,799,035		6,169,752		6,826,015		6,494,336		6,799,722		7,240,481
	11,939,278		9,007,008		13,283,208		14,726,146		17,592,890		40,944,884
	4,713,219		4,840,973		5,101,924		6,963,545		7,144,536		7,270,310
	2,176,840		2,127,921		2,139,412		4,725,942		4,604,103		4,211,528
	27,347		50,768		595,706		27,237		58,014		70,242
	<u>100,008,259</u>		<u>99,805,899</u>		<u>109,973,284</u>		<u>124,593,835</u>		<u>130,031,214</u>		<u>157,482,317</u>
	(3,685,347)		3,766,781		1,851,486		(890,367)		(6,765,011)		(34,630,543)
	3,515,000		4,705,000		66,380,000		3,775,000		-		4,925,000
	-		-		5,220,000		-		5,802,122		2,900,000
	219,811		-		-		189,395		-		-
	28,905		46,452		756,120		27,104		115,070		29,024
	-		-		-		-		-		202,379
	-		-		(5,207,616)		-		(5,950,970)		(3,093,588)
	11,447,928		12,326,533		16,522,025		20,307,345		16,106,280		13,394,260
	(13,574,775)		(12,099,446)		(16,485,684)		(18,921,570)		(13,768,171)		(12,593,232)
	-		-		-		-		-		-
	<u>1,636,869</u>		<u>4,978,539</u>		<u>67,184,845</u>		<u>5,377,274</u>		<u>2,304,331</u>		<u>5,763,843</u>
\$	<u>(2,048,478)</u>	\$	<u>8,745,320</u>	\$	<u>69,036,331</u>	\$	<u>4,486,907</u>	\$	<u>(4,460,680)</u>	\$	<u>(28,866,700)</u>
	7.54%		7.51%		7.17%		10.65%		10.24%		9.76%

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

Category	Fiscal Year			
	2010	2009	2008	2007
Real - residential single family	\$ 2,833,266,054	\$ 2,786,526,338	\$ 2,525,731,582	\$ 2,371,733,450
Real - residential multi-family	507,021,646	481,461,020	450,937,111	414,909,141
Real - platted lots & residential inventory	166,941,394	159,010,177	140,742,891	121,598,228
Real - acreage, land only	61,542,989	52,701,391	47,734,843	46,911,329
Real - improved farm & ranch	18,251,255	16,724,697	16,424,746	15,467,787
Real - commercial & industrial	1,715,746,695	1,590,177,832	1,465,906,212	1,352,880,299
Real and tangible personal - utilities	147,985,807	138,718,155	157,931,476	159,458,452
Tangible personal - business	1,459,066,801	1,393,542,226	1,318,022,800	1,339,092,276
Tangible personal - other	<u>2,329,066</u>	<u>2,488,121</u>	<u>2,423,748</u>	<u>2,353,642</u>
Total market value	6,912,151,707	6,621,349,957	6,125,855,409	5,824,404,604
Less total exemptions	<u>732,167,475</u>	<u>611,165,570</u>	<u>519,979,729</u>	<u>519,150,265</u>
Taxable assessed value	<u>\$ 6,179,984,232</u>	<u>\$ 6,010,184,387</u>	<u>\$ 5,605,875,680</u>	<u>\$ 5,305,254,339</u>
Total direct tax rate per \$100 of taxable assessed value	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.699700</u>
Estimated actual taxable value	<u>\$ 6,912,151,707</u>	<u>\$ 6,621,349,957</u>	<u>\$ 6,125,855,409</u>	<u>\$ 5,824,404,604</u>
Taxable assessed value as a percentage of actual taxable value	89.4%	90.8%	91.5%	91.1%

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

Table V

Fiscal Year						
	2006	2005	2004	2003	2002	2001
\$	2,186,456,501	\$ 2,086,818,247	\$ 1,889,395,909	\$ 1,799,627,193	\$ 1,312,500,634	\$ 1,276,231,738
	369,875,756	361,093,107	330,120,479	299,344,575	229,431,030	212,843,519
	125,387,077	103,260,164	80,033,992	64,409,816	58,050,696	44,494,504
	44,640,849	42,225,809	41,223,409	44,353,615	31,640,094	32,671,241
	14,578,466	10,706,413	9,170,659	8,522,439	5,740,911	5,271,512
	1,281,485,269	1,238,569,331	1,111,605,884	953,641,887	831,010,171	820,683,173
	172,733,873	178,806,710	171,640,661	105,573,695	151,970,838	142,770,131
	1,250,564,002	1,273,477,380	1,159,528,451	1,261,835,349	1,224,170,048	1,160,570,756
	<u>2,404,672</u>	<u>2,450,748</u>	<u>2,565,949</u>	<u>2,703,522</u>	<u>2,733,527</u>	<u>2,546,755</u>
	5,448,126,465	5,297,407,909	4,795,285,393	4,540,012,091	3,847,247,949	3,698,083,329
	<u>500,998,434</u>	<u>519,431,733</u>	<u>480,898,395</u>	<u>514,904,940</u>	<u>207,024,406</u>	<u>223,744,942</u>
\$	<u><u>4,947,128,031</u></u>	<u><u>4,777,976,176</u></u>	<u><u>4,314,386,998</u></u>	<u><u>4,025,107,151</u></u>	<u><u>3,640,223,543</u></u>	<u><u>3,474,338,387</u></u>
\$	<u><u>0.699700</u></u>	<u><u>0.699700</u></u>	<u><u>0.699700</u></u>	<u><u>0.692503</u></u>	<u><u>0.714840</u></u>	<u><u>0.714840</u></u>
\$	<u><u>5,448,126,465</u></u>	<u><u>5,297,407,909</u></u>	<u><u>4,795,285,393</u></u>	<u><u>4,540,012,091</u></u>	<u><u>3,847,247,949</u></u>	<u><u>3,698,083,329</u></u>
	90.8%	90.2%	90.0%	88.7%	94.6%	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 Independent School District	China Spring Independent School District	LaVega Independent School District	McLennan Community College
	Operating/General	Debt Service	Total Direct				
2001	\$ 0.528962	\$ 0.185878	\$ 0.714840	\$ 1.581200	\$ 1.500000	\$ 1.536000	\$ 0.117355
2002	0.531460	0.183380	0.714840	1.592000	1.500000	1.536000	0.119709
2003	0.527743	0.164760	0.692503	1.485000	1.560000	1.508000	0.116527
2004	0.550528	0.149172	0.699700	1.524200	1.572545	1.540000	0.126046
2005	0.563385	0.136315	0.699700	1.538329	1.537990	1.720000	0.126046
2006	0.566294	0.133406	0.699700	1.564000	1.590000	1.692500	0.121076
2007	0.570007	0.129693	0.699700	1.443810	1.459534	1.536607	0.120362
2008	0.580229	0.206003	0.786232	1.162050	1.450000	1.205920	0.153002
2009	0.592848	0.193384	0.786232	1.359149	1.429637	1.182827	0.151134
2010	0.603720	0.182512	0.786232	1.366350	1.437240	1.238915	0.156332

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

Source: McLennan County Appraisal District

Table VI

Overlapping Rates							
McLennan County	Connally Independent School District	Midway Independent School District	Bosqueville Independent School District	Lorena Independent School District	Robinson Independent School District	McGregor Independent School District	
\$ 0.456600	\$ 1.510474	\$ 1.640000	\$ 1.494700	\$ 1.571000	\$ 1.661500	\$ 1.510000	
0.469600	1.649631	1.640000	1.498900	1.591000	1.661500	1.650000	
0.428600	1.498462	1.602000	1.590900	1.689351	1.640335	1.650000	
0.440700	1.624300	1.622000	1.589816	1.689351	1.657052	1.650000	
0.444900	1.646961	1.622000	1.492075	1.754570	1.651000	1.650000	
0.459900	1.652470	1.622000	1.530088	1.700000	1.627499	1.650000	
0.440000	1.511801	1.506500	1.419765	1.581534	1.510902	1.521100	
0.452900	1.280000	1.290000	1.274290	1.248406	1.175132	1.190000	
0.450500	1.230000	1.320000	1.561346	1.247370	1.180000	1.210000	
0.443100	1.270000	1.320000	1.555070	1.247450	1.316000	1.190000	

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

Fiscal year 2010

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 99,685,656	1.61 %
Coca Cola Company	71,366,216	1.15 %
L-3 Communications Corp.	63,436,046	1.03 %
Inland Western Waco Central, L.P.	57,641,480	0.93 %
Oncor Electric Delivery Co.	50,976,436	0.82 %
Allergan, Inc.	47,932,331	0.78 %
CBL/Richland Mall, L.P.	40,075,097	0.65 %
Pilgrim's Pride Corp.	35,512,349	0.57 %
Cargill Meat Solutions Corp.	30,825,028	0.50 %
Sherwin Williams Co. Inc.	<u>30,719,023</u>	<u>0.50 %</u>
Total	\$ <u><u>528,169,662</u></u>	<u><u>8.55 %</u></u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2001		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 100,955,432	2.91 %
Raytheon E-Systems Inc.	54,157,671	1.56 %
Owens-Illinois Glass Container	50,127,441	1.44 %
Coca Cola Company	42,863,646	1.23 %
Texas Utilities Electric Company	39,648,590	1.14 %
Huck Manufacturing Co., Inc.	39,308,583	1.13 %
Southwestern Bell Telephone Co.	37,748,460	1.09 %
Paragon Trade Brands Inc.	37,284,253	1.07 %
Vision Pharmaceuticals LP	25,274,529	0.73 %
Sherwin Williams Co. Inc.	<u>18,171,450</u>	<u>0.52 %</u>
Total	\$ <u><u>445,540,055</u></u>	<u><u>12.82 %</u></u>

City of Waco, Texas
Property Tax Levies and Collections
(Unaudited)
Last Five 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	(315,855)
2006		34,093,010	522,047	34,615,057	(178,344)
2007		36,481,122	640,192	37,121,314	(215,142)
2008		43,188,911	886,276	44,075,187	(124,876)
2009		46,270,500	1,268,052	47,538,552	(419,344)
2010		47,639,260	1,261,899	48,901,159	(502,475)

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
32,917,933	32,451,150	98.58	382,953	32,834,103	99.75
34,436,713	33,876,118	98.37	455,226	34,331,344	99.69
36,906,172	36,345,526	98.48	416,965	36,762,491	99.61
43,950,311	43,320,216	98.57	408,756	43,728,972	99.50
47,119,208	46,373,974	98.42	380,432	46,754,406	99.23
48,398,684	47,367,935	97.87	-	47,367,935	97.87

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
2001	\$ 49,666,702	\$ 911,251	\$ 3,250,000	\$ 86,483,298
2002	49,506,586	2,386,245	3,040,000	93,663,414
2003	49,547,946	1,749,045	2,892,323	93,129,734
2004	48,333,460	1,277,204	2,641,809	135,344,733
2005	47,512,896	1,194,166	2,381,013	175,611,092
2006	46,763,478	877,926	3,105,010	195,496,513
2007	108,612,054	547,669	2,773,546	248,029,402
2008	105,793,796	469,757	2,405,819	246,860,386
2009	98,915,555	128,270	2,022,392	234,022,055
2010	96,976,625	65,154	1,631,012	232,182,364

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

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

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

(2) See Table V for property value data.

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

Table IX

<u>Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Population of City</u>	<u>Per Capita</u>
<u>Other Obligations</u>					
\$	1,159,176	\$ 141,470,427	4.07%	113,726	\$ 1,244
	15,518,023	164,114,268	4.51%	114,934	1,428
	15,000,000	162,319,048	4.03%	115,948	1,400
	15,000,000	202,597,206	4.70%	119,526	1,695
	17,431,215	244,130,382	5.11%	120,721	2,022
	17,378,150	263,621,077	5.33%	121,928	2,162
	17,326,901	377,289,572	7.11%	123,147	3,064
	17,273,375	372,803,133	6.65%	124,378	2,997
	17,217,472	352,305,744	5.86%	125,621	2,805
	17,159,087	348,014,242	5.63%	126,222	2,757

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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Population of City (3)</u>	<u>Per Capita</u>
2001	\$ 49,666,702	1.43%	113,726	437
2002	49,506,586	1.36%	114,934	431
2003	49,547,946	1.23%	115,948	427
2004	48,333,460	1.12%	119,526	404
2005	47,512,896	0.99%	120,721	394
2006	46,763,478	0.95%	121,928	384
2007	108,612,054	2.05%	123,147	882
2008	105,793,796	1.89%	124,378	851
2009	98,915,555	1.65%	125,621	787
2010	96,976,625	1.57%	126,222	768

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, 2010

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Debt Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 206,929,993	95.65%	\$ 197,928,538
Bosqueville Independent School District	10,248,524	77.53%	7,945,681
McLennan Community College	83,295,000	58.46%	48,694,257
McLennan County	30,020,000	58.46%	17,549,692
Midway Independent School District	104,794,964	49.00%	51,349,532
LaVega Independent School District	46,409,578	34.84%	16,169,097
China Spring Independent School District	35,208,466	34.83%	12,263,109
Connally Independent School District	20,574,912	21.27%	4,376,284
Lorena Independent School District	11,689,995	0.72%	84,168
McGregor Independent School District	6,797,640	0.09%	6,118
Subtotal, overlapping debt	<u>\$ 555,969,072</u>		<u>\$ 356,366,476</u>
City direct debt:			
City of Waco direct debt	\$ 97,041,779	100.00%	\$ 97,041,779
Tax increment financing	<u>1,631,012</u>	100.00%	<u>1,631,012</u>
Subtotal, direct debt	<u>\$ 98,672,791</u>		<u>\$ 98,672,791</u>
Total direct and overlapping debt	<u>\$ 654,641,863</u>		<u>\$ 455,039,267</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>
2001	36,969,855	23,110,037	13,859,818
2002	38,246,542	23,680,158	14,566,384
2003 (4)	38,416,017	24,770,141	13,645,876
2004 (4)	37,754,411	25,843,055	11,911,356
2005 (4)	42,124,066	25,542,969	16,581,097
2006 (4)	51,317,327	26,451,840	24,865,487
2007 (4)	50,713,887	28,314,942	22,398,945
2008 (4)	56,859,579	29,823,743	27,035,836
2009 (4)	57,350,687	33,138,169	24,212,518
2010 (4)	54,797,775	34,602,793	20,194,982

(1) Total revenue including interest.

(2) Total operating expenses exclusive of depreciation.

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

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

Source: Comprehensive Annual Financial Reports

Table XII

Wastewater Funds

Debt Service Requirements (3)			
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
3,624,591	4,914,996	8,539,587	1.62 %
4,058,138	6,145,248	10,203,386	1.43 %
4,163,717	6,483,420	10,647,137	1.28 %
5,072,551	3,839,933	8,912,484	1.34 %
7,562,502	6,358,383	13,920,885	1.19 %
8,677,542	8,270,663	16,948,205	1.47 %
8,679,361	9,399,337	18,078,698	1.24 %
9,779,139	11,912,439	21,691,578	1.25 %
11,180,464	10,895,340	22,075,804	1.10 %
11,444,691	10,469,188	21,913,879	0.92 %



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
2001	215,561	4,982,863	23,116	N/A	5.1%
2002	217,272	5,155,300	23,727	N/A	6.1%
2003	219,485	5,468,723	24,916	N/A	6.1%
2004	222,335	5,643,255	25,382	N/A	5.4%
2005	223,819	6,104,813	27,276	29.0	5.0%
2006	225,559	6,449,495	28,593	26.8	4.8%
2007	228,241	6,808,541	29,830	28.0	4.3%
2008	230,849	7,098,114	30,748	27.6	4.6%
2009	233,378	7,172,056	30,731	31.0	6.7%
2010	N/A	N/A	N/A	N/A	6.8%

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 2008 American Community Surveys. Unemployment rates provided by the Texas Workforce Commission. 2009 rate is as of September.

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

2010		
Employer	Employees	Percentage of Total City Employment
Providence Healthcare Network	2,464	2.07 %
Baylor University	2,200	1.85 %
Waco Independent School District	2,191	1.84 %
Hillcrest Health System	1,825	1.54 %
L-3 Platform Integration	1,800	1.52 %
City of Waco	1,658	1.40 %
Wal-Mart Stores	1,500	1.26 %
H.E.B. Stores	1,400	1.18 %
Sanderson Farms, Inc.	1,099	0.93 %
Midway Independent School District	1,046	0.88 %
Total	17,183	14.46 %

N/A Not available

Source: Greater Waco Chamber of Commerce

Table XIV

2001		
Employer	Employees	Percentage of Total City Employment
Baylor University	over 1,000	N/A
City of Waco	over 1,000	N/A
Hillcrest Baptist Medical Center	over 1,000	N/A
Cargill Foods, Inc.	over 1,000	N/A
Providence Health Systems	over 1,000	N/A
Raytheon/E-Systems	over 1,000	N/A
Veterans Administration Hospital	over 1,000	N/A
Waco Independent School District	over 1,000	N/A
M&M Mars	over 700	N/A
PMSI LP	over 700	N/A
Total	N/A	

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

Function:	2001	2002	2003	2004
General Government	123.48	124.48	145.53	126.53
Public Works	68.00	59.00	59.00	57.44
Public Safety	534.86	549.64	548.16	551.03
Culture and Recreation	183.49	185.05	186.39	182.16
Housing and Community Development	36.44	35.53	25.95	33.56
Public Health	79.86	80.47	83.70	83.22
Water	116.50	117.00	117.50	116.00
Wastewater/WMARSS	38.41	41.75	41.25	65.25
Solid Waste	103.90	95.00	94.00	97.00
Airport	15.64	14.81	13.75	13.76
Convention Services	38.90	38.50	37.96	37.07
Ranger Hall of Fame	13.40	12.40	12.38	12.38
Cameron Park Zoo	33.64	33.01	32.99	34.99
Transit Services	50.00	50.00	-	-
Cottonwood Creek Golf Course	25.00	24.00	22.32	22.34
Insurance/Risk Management	6.00	5.00	6.00	6.00
Engineering	30.38	29.38	27.38	27.38
Fleet Services	23.00	23.00	23.00	24.00
Total	<u>1,520.90</u>	<u>1,518.02</u>	<u>1,477.26</u>	<u>1,490.11</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					
2005	2006	2007	2008	2009	2010
127.58	128.58	129.68	132.36	132.46	131.23
57.44	59.00	59.00	59.00	60.00	60.00
564.08	580.40	603.48	602.13	601.98	608.01
186.95	183.12	187.38	186.65	184.11	197.73
22.36	23.04	18.60	18.75	18.90	19.50
84.42	86.54	90.60	82.93	83.93	83.60
116.25	114.00	114.00	117.00	120.25	124.25
65.25	67.50	68.50	68.75	68.75	68.75
96.50	97.00	99.00	98.00	101.50	101.50
13.76	11.90	12.52	16.40	16.40	15.02
33.95	35.45	36.13	36.13	34.88	35.88
12.70	12.88	13.50	14.50	15.50	15.50
39.99	45.85	45.85	51.29	52.28	51.41
-	-	-	-	-	-
22.34	22.34	15.96	15.96	15.96	15.96
6.00	6.75	7.00	7.00	7.00	7.00
27.38	27.38	26.38	26.00	26.00	25.00
24.00	24.00	24.00	25.00	25.00	25.00
<u>1,500.95</u>	<u>1,525.73</u>	<u>1,551.58</u>	<u>1,557.85</u>	<u>1,564.90</u>	<u>1,585.34</u>

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

Function:	2001	2002	2003
Public Safety			
Police			
Number of Sworn Employees - Budgeted	218	219	219
Number of Traffic Citations	11,814	9,185	8,346
Number of Class "C" Citations	1,947	1,746	1,776
Calls Dispatched	116,939	117,702	121,284
Fire			
Number of Sworn Employees - Budgeted	180	180	180
Number of Fire Responses	11,166	10,950	10,357
Public Works			
Street Resurfacing (miles)	12.04	42.29	8.69
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	2,219	2,252	2,281
Library			
Volumes in Collection	276,252	286,649	292,050
E-books Available to Public	N/A	N/A	N/A
Water			
Number of Water Connections	40,466	40,891	41,891
Average Daily Water Consumption (gallons)	24,235,128	23,702,110	27,588,000
Maximum Storage Capacity (gallons)	33,490,000	33,490,000	35,490,000
Solid Waste (Residential)			
Refuse Collected (tons)	N/A	27,831	25,225
Bulky/Brush Pickups (tons)	N/A	3,919	5,227
Recyclables Collected (tons)	N/A	1,060	1,164
Golf Course			
Number of Paid Rounds Played	42,101	42,333	43,820

N/A Not available

Source: City of Waco Departments

Table XVI

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
220	232	238	245	245	245	245
11,762	9,650	9,712	13,289	23,212	17,804	16,556
2,004	2,041	2,195	2,558	3,404	3,790	2,805
124,374	126,805	122,450	121,633	116,442	111,717	107,825
180	180	186	192	192	192	192
8,802	9,364	9,452	10,140	10,089	9,537	9,383
31.36	13.62	40.30	33.61	7.25	9.82	7.98
466	464	479	424	440	383	365
197	283	309	350	247	258	262
2,293	2,295	2,348	2,292	2,671	3,560	3,478
290,873	301,329	300,252	305,652	319,754	331,791	338,316
N/A	N/A	28,290	30,319	30,899	31,245	30,962
42,532	42,957	44,928	41,623	41,752	42,391	42,722
24,656,151	23,330,910	26,590,842	22,681,919	28,009,000	28,671,000	26,221,000
36,990,000	36,990,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000
27,286	26,270	23,799	25,812	45,572	45,138	47,658
6,631	6,339	5,703	6,496	5,162	5,614	6,452
1,239	1,473	1,599	1,685	2,415	2,898	2,859
51,432	49,245	50,025	46,949	45,581	44,306	36,838

City of Waco, Texas
Capital Asset Statistics by Function

(Unaudited)

Last Ten Fiscal Years

	2001	2002	2003
Function:			
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	56	56	56
Fire stations	13	13	13
Highways and streets			
Streets - paved (miles)	594	535	542
Streetlights - City-owned	2,098	2,163	2,193
Streetlights - Leased	5,729	5,896	5,973
Traffic control signals	183	185	190
Traffic beacons and flashers	90	91	92
Culture and recreation			
Parks acreage	1,068.70	1,202.07	1,202.07
Parks	40	41	41
Swimming pools	1	2	2
Tennis courts	44	44	44
Community centers	3	3	3
Water			
Water mains (miles)	735	692	737
Fire hydrants	3,071	3,146	3,233
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	700	625	740
Storm sewers (miles)	294	294	301
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						
2004	2005	2006	2007	2008	2009	2010
1	1	1	1	1	1	1
3	3	3	3	3	4	4
59	65	65	65	71	71	71
12	12	14	14	14	14	14
547	559	569	587	588	593	595
2,280	2,339	2,350	2,198	2,194	2,197	2,282
6,030	6,157	6,236	6,743	6,849	6,910	6,059
196	195	196	195	198	198	198
92	95	98	101	101	100	102
1,202.07	1,202.07	1,234.99	1,234.99	1,234.99	1,234.99	1,234.99
42	43	44	44	44	44	46
2	2	2	2	2	2	1
44	44	44	44	36	36	36
3	3	3	3	3	3	5
820	847	847	775	927	954	864
3,269	3,331	3,486	4,650	4,739	4,935	5,032
66,000	66,000	66,000	66,000	66,000	66,000	75,000
748	766	766	728	818	831	737
331	325	348	357	353	350	343
37,800	37,800	37,800	37,800	37,800	37,800	37,800

