

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2011

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2011

MAYOR

Jim Bush

CITY COUNCIL

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

CITY MANAGER

Larry D. Groth, P.E.

ASSISTANT CITY MANAGERS

Wiley Stem, III
George Johnson, Jr.
Dale Fisseler, P.E.

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

Table of Contents

September 30, 2011

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	xi
Organizational Chart	xvi
Certificate of Achievement	xvii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	3 - 4
Management's Discussion and Analysis	7 - 19
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Assets	23
Statement of Activities	24 - 25
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	29 - 36
Statement of Net Assets – Proprietary Funds	37 - 38

City of Waco, Texas

Table of Contents
(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
<i>Fund Financial Statements</i> (continued)	
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40 - 41
Statement of Fiduciary Net Assets – Agency Funds	42
<i>Notes to Financial Statements</i>	43 - 84
Combining and Individual Fund Statements and Schedules	
<i>General Fund</i>	
Comparative Balance Sheets	89
Comparative Statements of Revenues, Expenditures Changes in Fund Balances	90
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheets	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94
<i>Nonmajor Special Revenue Funds</i>	
Combining Balance Sheet	96 - 97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98 - 99
Comparative Balance Sheets - Tax Increment Fund No. 1	102

City of Waco, Texas

Table of Contents
(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
<i>Nonmajor Special Revenue Funds</i> (continued)	
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Tax Increment Fund No. 1	103
Comparative Balance Sheets - Tax Increment Fund No. 2	106
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Tax Increment Fund No. 2	107
Comparative Balance Sheets - Tax Increment Fund No. 3	110
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Tax Increment Fund No. 3	111
Comparative Balance Sheets - Health Programs Fund	114
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Health Programs Fund	115
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Health Programs Fund	116 - 118
Sub-Combining Balance Sheet – Grant Fund	120 - 125
Sub-Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Grant Fund	126 - 131
Comparative Balance Sheets – Waco Public Improvement District No. 1	134
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Waco Public Improvement District No. 1	135
Comparative Balance Sheets - Abandoned Motor Vehicle Fund	138

City of Waco, Texas

Table of Contents
(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
<i>Nonmajor Special Revenue Funds</i> (continued)	
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Abandoned Motor Vehicle Fund	139
Comparative Balance Sheets – Police Forfeitures Fund	142
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Police Forfeitures Fund	143
Comparative Balance Sheets – Court Security Fund	146
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Court Security Fund	147
Comparative Balance Sheets – Court Technology Fund	150
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Court Technology Fund	151
Comparative Balance Sheets – Hamilton Memorial Fund	154
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Hamilton Memorial Fund	155
Comparative Balance Sheets – Miss Nellie’s Park Maintenance Fund	158
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – Miss Nellie’s Park Maintenance Fund	159
<i>Nonmajor Debt Service Funds</i>	
Combining Balance Sheet	162

City of Waco, Texas

Table of Contents
(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
<i>Nonmajor Debt Service Funds</i> (continued)	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	163
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Obligation Debt Fund	164
<i>Nonmajor Capital Projects Funds</i>	
Combining Balance Sheet	166 - 167
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	168 - 169
<i>Nonmajor Permanent Funds</i>	
Combining Balance Sheet	172
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	173
<i>Major Enterprise Funds</i>	
Comparative Statements of Net Assets – Water Fund	178 – 179
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Water Fund	180
Comparative Statements of Cash Flows – Water Fund	181
Comparative Statements of Net Assets – Wastewater Fund	184 - 185
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Wastewater Fund	186

City of Waco, Texas

Table of Contents
(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
<i>Major Enterprise Funds</i> (continued)	
Comparative Statements of Cash Flows – Wastewater Fund	187
Comparative Statements of Net Assets – Solid Waste Fund	190 - 191
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Solid Waste Fund	192
Comparative Statements of Cash Flows – Solid Waste Fund	193
<i>Nonmajor Enterprise Funds</i>	
Combining Statement of Net Assets	196 – 197
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	198 – 199
Combining Statement of Cash Flows	200 - 203
Comparative Statements of Net Assets – Airport Fund	206
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Airport Fund	207
Comparative Statements of Cash Flows – Airport Fund	208
Comparative Statements of Net Assets – Convention Services Fund	210
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Convention Services Fund	211
Comparative Statements of Cash Flows – Convention Services Fund	212

City of Waco, Texas

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
<i>Nonmajor Enterprise Funds</i> (continued)	
Comparative Statements of Net Assets – Ranger Hall of Fame Fund	214
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Ranger Hall of Fame Fund	215
Comparative Statements of Cash Flows – Ranger Hall of Fame Fund	216
Comparative Statements of Net Assets – Cameron Park Zoo Fund	218
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Cameron Park Zoo Fund	219
Comparative Statements of Cash Flows – Cameron Park Zoo Fund	220
Comparative Statements of Net Assets – Transit Services Fund	222
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Transit Services Fund	223
Comparative Statements of Cash Flows – Transit Services Fund	224
Comparative Statements of Net Assets – Cottonwood Creek Golf Course Fund	226
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Cottonwood Creek Golf Course Fund	227
Comparative Statements of Cash Flows – Cottonwood Creek Golf Course Fund	228
<i>Internal Service Funds</i>	
Combining Statement of Net Assets	230

City of Waco, Texas

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
<i>Internal Service Funds</i> (continued)	
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	231
Combining Statement of Cash Flows	232
Comparative Statements of Net Assets – Insurance Fund	234
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Insurance Fund	235
Comparative Statements of Cash Flows – Insurance Fund	236
Comparative Statements of Net Assets – Health Insurance Fund	238
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Health Insurance Fund	239
Comparative Statements of Cash Flows – Health Insurance Fund	240
Comparative Statements of Net Assets – Engineering Fund	242
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Engineering Fund	243
Comparative Statements of Cash Flows – Engineering Fund	244
Comparative Statements of Net Assets – Fleet Services Fund	246
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets – Fleet Services Fund	247
Comparative Statements of Cash Flows – Fleet Services Fund	248

City of Waco, Texas

Table of Contents
(Continued)

	<u>Table</u>	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)		
Combining and Individual Fund Statements and Schedules (continued)		
<i>Agency Funds</i>		
Combining Statement of Changes in Assets and Liabilities		250
<u>STATISTICAL SECTION</u>		
Net Assets by Component	I	252 - 253
Changes in Net Assets	II	254 - 257
Fund Balances of Governmental Funds	III	258 - 261
Changes in Fund Balances of Governmental Funds	IV	262 - 263
Assessed Value and Estimated Actual Value of Taxable Property	V	264 - 265
Property Tax Rates – Direct and Overlapping Governments	VI	266 - 267
Principal Property Taxpayers	VII	268 – 269
Property Tax Levies and Collections	VIII	270 – 271
Ratio of Outstanding Debt by Type	IX	272 - 273
Ratio of General Bonded Debt Outstanding	X	274
Direct and Overlapping Governmental Activities Debt	XI	275
Pledged-Revenue Coverage	XII	276 - 277
Demographic and Economic Statistics	XIII	279
Principal Employers	XIV	280 - 281

City of Waco, Texas

Table of Contents (Continued)

	<u>Table</u>	<u>Page</u>
<u>STATISTICAL SECTION</u> (continued)		
Full-Time Equivalent City Government Employees by Function	XV	282 - 283
Operating Indicators by Function	XVI	284 - 285
Capital Asset Statistics by Function	XVII	286 - 287



CITY OF WACO

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January 17, 2012

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, 2011, 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 22nd 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 in the north. 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 main sources of income are primarily from educational and health services, government and manufacturing, according to the Baylor University's Center for Economic Analysis. 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 six 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 151 fields, 76 master's degree programs and 33 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 associates 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 6.1% from 111,494 in 2006 to 118,273 by October 2011. Total employment at the beginning of fiscal year 2011 - 2012 was 119,294 while the unemployment rate was 7.6%.

Long-term Financial Planning

Unassigned fund balance in the general fund (18.50 percent of fiscal year 2012 budgeted revenues) falls within the financial management policy guidelines set by the City Council. In response to the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54), the City Council established a new guideline designed 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 adopted a new policy to strive each year to decrease the use of debt financing to meet the long-term goal of funding capital expenditures with non-debt sources.

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, 2011, for the water, wastewater and solid waste funds were 49.6%, 53.2% and 61.5%, respectively.

Major initiatives

In 2007, voters 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 spring 2012. A fire station that was relocated to the Texas State Technical College campus opened in September 2010. A second one, relocated to East Waco, opened in March 2011. The purchase of the former Hillcrest Medical Tower and parking garage, the eventual police headquarters location, was completed and the project is underway with an estimated completion date of late 2012. The new West Waco branch of the Waco-McLennan County Libraries opened in the fall of 2010, and renovation of the Central Branch began in 2011 and is expected to take 18 months to complete. Cameron Park and Knox Hall (at the Texas Ranger Hall of Fame) improvements are also completed while Brazos Park East is under construction. The City expects this project to be completed before the end of fiscal year 2011 - 2012.

The City is progressing on several capital improvements that increase water supply capability by 50% and extend regional service while adding capacity to the sewer system. The plant work on both the water and sewer side is 99% complete with all improvements to be online by February 2012. Other projects moving forward include a major interceptor evaluation and rehabilitation project geared to bolster interceptor integrity and miscellaneous water distribution improvements aimed at improving our capability of distributing our additional 50% of plant production capability. The City's water quality and quantity improvements along with the wastewater system upgrades position Waco and Central Texas extremely well for economic development and residential growth for coming generations.

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, 2010. This was the 29th 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, 2010 and the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2010.

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

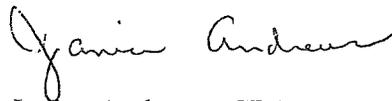
We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

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

Respectfully submitted,



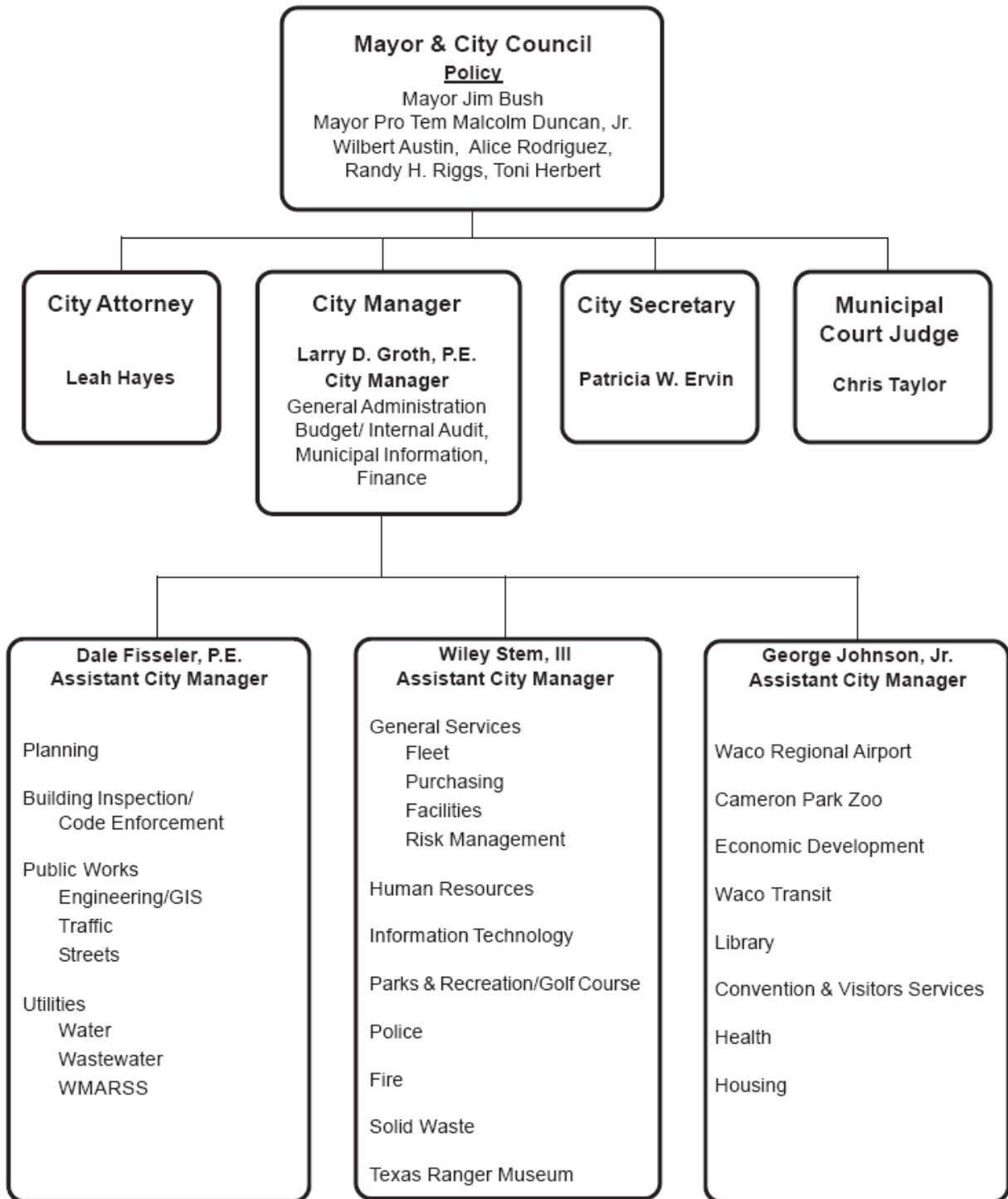
Larry D. Groth, P.E.
City Manager



Janice Andrews, CPA
Director of Finance



CITY OF WACO



As of September 30, 2011

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, 2010

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.



Linda C. Danison

President

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, 2011, 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, 2011, 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.

As discussed in Note IV. S to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2012, 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 considered in assessing 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.

January 17, 2012

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, 2011. 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, 2011 by \$476,595,274 (net assets). Of this amount, \$68,320,027 (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 \$11,441,538.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$91,038,895. The fund balance categories reflect the City's adoption of GASB Statement No. 54 and the components are nonspendable - \$1,902,225, restricted - \$54,871,986, committed - \$11,754,976, assigned - \$4,756,575, and unassigned - \$17,753,133. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2011, unassigned fund balance for the General Fund was \$17,850,409 or 18.50% of the 2012 budgeted general fund revenues.

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, which is considered a major fund. 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 nonmajor 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 37 of this report provide separate information for the water, wastewater, and solid waste enterprise funds since these are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 42 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 84 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 \$476,595,274 as of September 30, 2011.

The largest portion of the City's net assets (\$388,199,351) 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 121,695,315	129,531,576	99,967,912	114,072,067	221,663,227	243,603,643
Capital assets	<u>235,833,017</u>	<u>233,215,652</u>	<u>422,574,294</u>	<u>408,833,348</u>	<u>658,407,311</u>	<u>642,049,000</u>
Total assets	<u>357,528,332</u>	<u>362,747,228</u>	<u>522,542,206</u>	<u>522,905,415</u>	<u>880,070,538</u>	<u>885,652,643</u>
Long-term liabilities	110,676,933	106,601,299	238,571,417	249,968,258	349,248,350	356,569,557
Other liabilities	<u>29,968,107</u>	<u>34,493,755</u>	<u>24,258,807</u>	<u>29,435,595</u>	<u>54,226,914</u>	<u>63,929,350</u>
Total liabilities	<u>140,645,040</u>	<u>141,095,054</u>	<u>262,830,224</u>	<u>279,403,853</u>	<u>403,475,264</u>	<u>420,498,907</u>
Net assets:						
Invested in capital assets, net of related debt	174,645,915	179,653,424	213,553,436	206,111,214	388,199,351	385,764,638
Restricted	19,687,245	16,281,560	388,651	546,027	20,075,896	16,827,587
Unrestricted	<u>22,550,132</u>	<u>25,717,190</u>	<u>45,769,895</u>	<u>36,844,321</u>	<u>68,320,027</u>	<u>62,561,511</u>
Total net assets	<u>\$ 216,883,292</u>	<u>221,652,174</u>	<u>259,711,982</u>	<u>243,501,562</u>	<u>476,595,274</u>	<u>465,153,736</u>

A portion of the City's net assets (\$20,075,896) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$68,320,027) 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, 2011, 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 \$11,441,538 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, 2011. Governmental activities decreased the City's net assets by \$4,768,882. This was primarily a result of capital investments of the Capital Projects Funds that were contributed to the convention center (\$5,537,334) and Ranger Hall of Fame (\$764,968) renovations. Business-type activities increased the City's net assets by \$16,210,420.

City of Waco
Changes in Net Assets

	Year Ended September 30,					
	2011			2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services \$	6,424,471	89,273,791	95,698,262	6,074,002	78,231,098	84,305,100
Operating grants and contributions	9,720,348	3,514,732	13,235,080	10,337,726	3,085,574	13,423,300
Capital grants and contributions	6,061,358	4,014,798	10,076,156	6,110,736	12,332,766	18,443,502
General revenues:						
Ad valorem taxes	53,047,698	-	53,047,698	51,981,214	-	51,981,214
Sales taxes	28,003,416	-	28,003,416	27,318,396	-	27,318,396
Franchise taxes	13,587,114	-	13,587,114	13,338,717	-	13,338,717
Hotel/motel taxes	-	1,754,730	1,754,730	-	1,662,308	1,662,308
Other taxes	679,232	-	679,232	655,031	-	655,031
Investment earnings	481,791	183,254	665,045	842,824	253,637	1,096,461
Miscellaneous	678,741	-	678,741	639,263	-	639,263
Total revenues	118,684,169	98,741,305	217,425,474	117,297,909	95,565,383	212,863,292
Expenses:						
General government	12,378,019	-	12,378,019	14,073,197	-	14,073,197
Public works	13,227,404	-	13,227,404	12,142,355	-	12,142,355
Public safety	61,291,317	-	61,291,317	60,429,663	-	60,429,663
Culture and recreation	15,636,875	-	15,636,875	15,484,146	-	15,484,146
Public health	7,417,771	-	7,417,771	7,364,755	-	7,364,755
Housing and community development	3,339,613	-	3,339,613	3,503,811	-	3,503,811
Interest on long-term debt	4,313,467	-	4,313,467	4,342,023	-	4,342,023
Water	-	34,186,629	34,186,629	-	30,875,837	30,875,837
Wastewater	-	17,522,331	17,522,331	-	18,134,874	18,134,874
Solid waste	-	16,201,178	16,201,178	-	14,160,048	14,160,048
Airport	-	2,503,823	2,503,823	-	2,360,727	2,360,727
Convention services	-	2,861,523	2,861,523	-	2,830,956	2,830,956
Ranger Hall of Fame	-	1,193,004	1,193,004	-	1,280,085	1,280,085
Cameron Park Zoo	-	4,315,032	4,315,032	-	4,357,007	4,357,007
Transit services	-	7,904,160	7,904,160	-	7,259,552	7,259,552
Cottonwood Creek Golf Course	-	1,691,790	1,691,790	-	1,674,252	1,674,252
Total expenses	117,604,466	88,379,470	205,983,936	117,339,950	82,933,338	200,273,288

City of Waco
Changes in Net Assets
(Continued)

		Year Ended September 30,					
		2011			2010		
		Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Increase in net assets							
before transfers	\$	1,079,703	10,361,835	11,441,538	(42,041)	12,632,045	12,590,004
Transfers		(5,848,585)	5,848,585	-	(10,791,177)	10,791,177	-
Increase in net assets		(4,768,882)	16,210,420	11,441,538	(10,833,218)	23,423,222	12,590,004
Net assets,							
beginning of year		<u>221,652,174</u>	<u>243,501,562</u>	<u>465,153,736</u>	<u>232,485,392</u>	<u>220,078,340</u>	<u>452,563,732</u>
Net assets,							
end of year	\$	<u><u>216,883,292</u></u>	<u><u>259,711,982</u></u>	<u><u>476,595,274</u></u>	<u><u>221,652,174</u></u>	<u><u>243,501,562</u></u>	<u><u>465,153,736</u></u>

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

- Overall, governmental revenues increased \$1,386,260 (1.18%). Ad valorem taxes increased \$1,066,484 (2.05%), primarily as the result of \$144 million increase in appraised values from new construction assessments. Two other important tax revenues reflected increases: sales tax revenues increased \$685,020 (2.51%) and franchise taxes \$248,397 (1.86%).
- Overall, governmental expenses increased slightly \$264,516 (.23%). No salary adjustments were provided for employees other than job class step increases for some civil service employees based on rank and service time. 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 increased the City's fiscal year 2011 operating budget for governmental activities by approximately \$730,000. These additional pension costs were offset partly by decreases in electricity expenses. General government expenses reported a decrease of \$1,695,178 (12.05%) primarily due to reduced project expenses of \$1.1 million in the Tax Increment Fund (TIF) No. 1. These reduced project expenses were primarily a result of timing for project activities. Over \$5 million of remaining project commitments for TIF No. 1 are reported at year-end.
- 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 over \$6.5 million total.

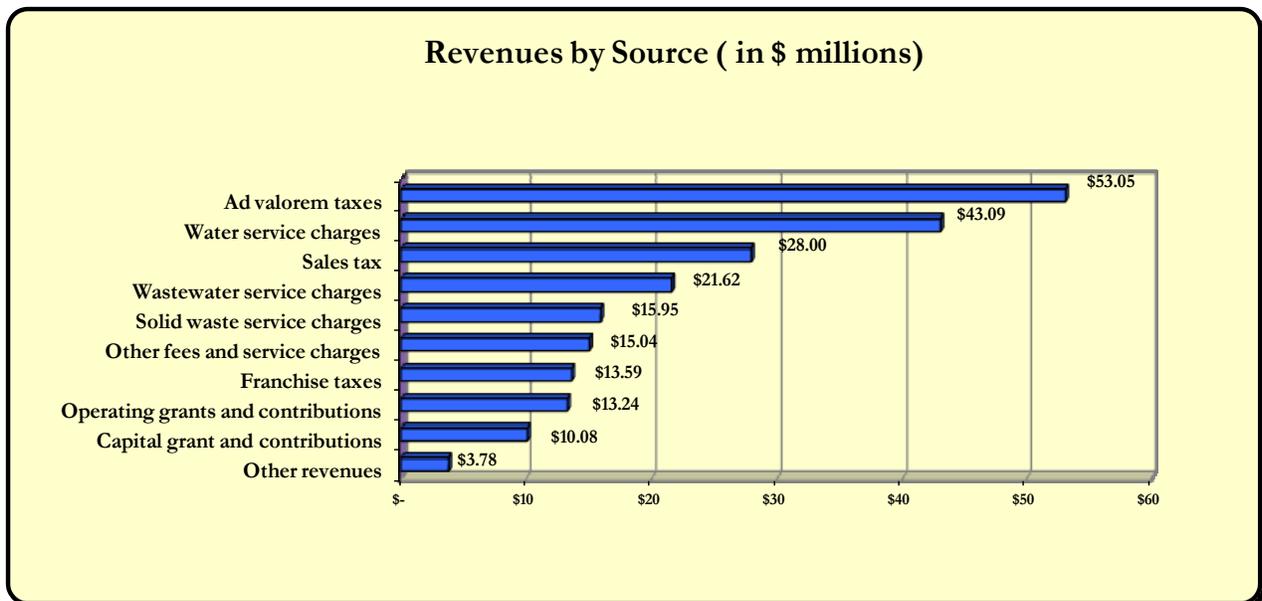
Business-type activities – Key elements of the increase in business-type net assets include:

- Charges for services increased \$11,042,693 (14.12%). The water fund accounted for over \$8.6 million of this increase and wastewater over \$2 million due primarily to the extreme drought. In addition to the very dry weather conditions, fiscal year

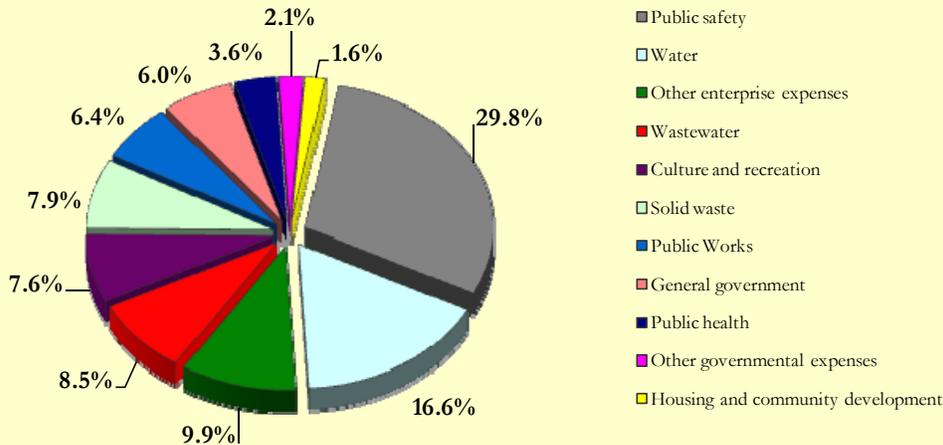
2010-2011 was the first time in three years that residential, commercial and industrial water and wastewater customers had rate increases. The base rates for both water and wastewater were decreased and the first two thousand gallons previously included in the base rate were eliminated.

- Capital grants and contributions decreased \$8,317,968 (67.45%) with \$5.6 million of the reduction reported in the Airport Fund due primarily to the prior year capital improvements (runway safety area improvements, runway overlay, and passenger boarding bridges) at the airport that were funded by grant contributions. The Transit Fund also reported a decrease of \$2.3 million due primarily to the van fleet replacement and acquisition of bus scheduling software that was reported in prior year.
- For the most part, increases in expenses closely paralleled inflation and demand for services. No salary increases were budgeted for fiscal year 2010-2011. Increased depreciation expense of \$3,301,356 accounted for over 60% of the total increase in business type expenses of \$5,446,132 (6.57%). The water fund reported an increase of \$1.1 million in depreciation expense primarily due to the completion of over \$68.8 million of projects that had previously been reported as construction work-in-progress. These completed projects include the DAF plant which provides a dissolved air flotation system pre-treatment process that has addressed taste and odor problems and added treatment capacity. The solid waste fund reported an increase of \$1.3 million in depreciation expense primarily due to additional depreciation for a landfill cell, landfill improvements and equipment.

Government-wide activities – Total government-wide activities for 2011 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City adopted Governmental Accounting Standards (GASB) Statement No. 54 during fiscal year 2010-2011 which required a change in reporting categories. At the end of the current fiscal year, the City of Waco's governmental funds reported combined ending fund balances of \$91,038,895. Approximately 2.1% (\$1,902,225) of this total amount constitutes nonspendable fund balance. Nonspendable fund balance represents net resources that cannot be spent because of their form or because they must remain intact. Included in this component are inventories, advances to other funds, and permanent funds. Approximately 60.3% (\$54,871,986) of the total fund balance is classified as restricted. Restricted fund balance reflects resources that are subject to externally enforceable legal restrictions. This classification includes debt service, capital projects, and special revenue funds such as tax increment zones. Approximately 12.9% (\$11,754,976) of the fund balance is reported as committed. Committed fund balances represent resources whose use has a self-imposed limitation imposed by the City Council and would require formal action to remove or modify the commitment. This classification includes resources that have been committed for economic development initiatives. Approximately 5.2% (\$4,756,575) of the fund balance is reported as assigned which reflects the City's intended use of resources. These intended uses are approved by the City Council. The remainder of the fund balance of \$17,753,133 is reported as unassigned. Only the general fund can report a positive amount of unassigned fund balance, but any governmental fund having a deficit position can report a negative amount of unassigned fund balance. For September 30, 2011, the General

Fund is reporting \$17,850,409 unassigned and the Health Programs Fund is reporting a deficit of \$97,276. Refer to page 26 of this report for a more detailed presentation of governmental fund balances.

Due to the adoption of GASB Statement No. 54, the prior year fund balance for general fund was restated from \$23,001,594 to \$31,241,750 to include two economic development funds that were previously reported as special revenue funds. The City Council adopted changes to the City's Financial Management Policy Statements to comply with the new fund balance reporting categories to provide for general fund unassigned fund balance to be maintained at 18% of current year revenues. The fund balance of the general fund at the end of the current year reported an increase of \$3,478,827. Total revenues in the general fund increased \$1,684,546 as compared to the prior year and were \$863,397 more than budgeted. Key factors in general fund revenue are as follows:

- Growth in net taxable assessed property valuation of approximately \$144 million from new construction is reflected in over a \$1.2 million increase in property tax revenue. This revenue source represented over 39% of total general fund revenues.
- Sales tax revenue reported a \$685,020 increase as compared to prior year, with actual amounts more than \$386,620 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 \$342,135 increase as compared to fiscal year 2010 collections. Over 14% of total general fund revenues came from gross receipts fees.

Proprietary funds - The City's proprietary fund statements beginning on page 37 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 - \$24,366,123, Wastewater - \$16,202,452, and Solid Waste - \$6,413,522. These funds experienced increases (decreases) in total net assets during 2011 as follows: Water - \$6,270,368, Wastewater - \$3,509,687, and Solid Waste - \$(504,455).

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$3,392,380. The primary differences can be briefly summarized as follows:

- \$42,816 increase for capital outlay in streets.
- \$84,900 increase for revision of the federal emergency management agency maps.
- \$732,721 for increases for funds allocated to the Texas Ranger Headquarters Office project.
- \$43,619 increase for Information Technology maintenance and licenses.
- \$161,211 increase for police firing range and mobile data computers.

- \$85,930 increase for capital outlay in traffic.
- \$300,000 for purchase of property from the Veterans of Foreign Wars.
- \$1,060,000 increase for City's assistance with housing projects.
- \$79,182 increase for Municipal Information's cable channel equipment.
- \$241,935 increase for capital outlay in parks and recreation.
- \$560,066 increase for City's assistance with health, golf course and zoo operations.

Of this increase, \$680,000 was from fund balance designated for capital improvements, \$609,986 from fund balance reserved for encumbrances, \$60,000 from fund balance designated for housing, \$1,000,000 from fund balance designated for contingencies, \$639,248 from increases in gross receipts taxes, \$49,987 from increases in miscellaneous revenues and \$353,159 from increases in sales tax.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 29 to 36 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2011.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$658,407,311 (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 \$17.7 million on various water, wastewater, and solid waste systems projects.
- Expended \$2.3 million on various park facility improvements.
- Expended \$5.5 million on convention center renovations.
- Expended \$3.8 million on Airport Improvement Program projects.
- Expended \$1.6 million for fire facilities and equipment.
- Expended \$1.6 million for police facilities and equipment.
- Capitalized \$5.0 million in street and drainage expenditures and contributions.

City of Waco Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 42,724,047	41,933,030	6,334,748	4,426,643	49,058,795	46,359,673
Buildings	48,686,606	37,979,624	62,063,534	57,902,505	110,750,140	95,882,129
Improvements other than buildings	43,818,853	34,895,599	426,378,338	332,578,578	470,197,191	367,474,177
Machinery and equipment	38,619,890	37,370,998	43,121,021	40,930,624	81,740,911	78,301,622
Museum collections	-	-	2,111,424	1,989,924	2,111,424	1,989,924
Infrastructure	246,847,024	243,936,180	-	-	246,847,024	243,936,180
Construction work in progress	14,352,989	25,532,306	40,864,392	112,680,889	55,217,381	138,213,195
Water rights	-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation	<u>(199,216,392)</u>	<u>(188,432,085)</u>	<u>(190,782,042)</u>	<u>(174,158,694)</u>	<u>(389,998,434)</u>	<u>(362,590,779)</u>
Total capital assets	<u>\$ 235,833,017</u>	<u>233,215,652</u>	<u>422,574,294</u>	<u>408,833,348</u>	<u>658,407,311</u>	<u>642,049,000</u>

Additional information on the City's capital assets can be found in Note IV on pages 60 - 63 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 \$337,063,410. Of this amount, \$319,965,302 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 \$2,098,108 note payable is for purchase of pump station and water transmission lines.

City of Waco Bonds, Notes and Capitalized Obligations Payable

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation certificates	\$ 99,243,653	98,909,462	220,721,649	232,934,268	319,965,302	331,843,730
State participation loan	-	-	15,000,000	15,000,000	15,000,000	15,000,000
Capital lease obligations	-	65,154	-	-	-	65,154
Note payable	-	-	2,098,108	2,159,087	2,098,108	2,159,087
	<u>\$ 99,243,653</u>	<u>98,974,616</u>	<u>237,819,757</u>	<u>250,093,355</u>	<u>337,063,410</u>	<u>349,067,971</u>

During the 2011 fiscal year, the City issued \$7,285,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including airport, equipment, parks, streets, and sidewalks.

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

	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>
General obligation bonds	Aa2	AA

Additional information on the City of Waco's long-term debt can be found in Note IV on pages 65 to 70 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2012 is based on a slight increase in revenues of .2% over last year's adopted budget, due mainly to the increase from ad valorem taxes which offsets a decline in some franchise fees, fines and admission charges. No ad valorem tax rate adjustment is included for 2012. Some of the revenue decreases and fuel cost increases were equalized by a reduction in some key expenses that normally require significant increases such as electricity.

Approximately 28% of general fund revenues come from sales taxes. Even though the City was expecting to end 2011 over budget for sales tax revenue, sales taxes for 2012 were budgeted at the same level as the fiscal year 2010 - 2011 adopted budget in anticipation of reductions in state and federal programs in the local economy, no significant change to our unemployment picture, and the price of fuel remaining at higher levels than the past few years.

The 2012 budget includes a 2.5% salary increase for all employees and increases for certain civil service employees who are eligible for step pay increases. Departments were asked to evaluate their staffing needs as positions became vacant during the year, review positions that had been vacant for a considerable amount of time, and assess operations for efficiencies in the workforce. This budget reflects a net decrease of 18.98 full-time equivalent positions over last year's budget due to the outcome of those evaluations.

The Texas Municipal Retirement System (TMRS), the City's pension plan, made significant changes in the actuarial assumptions and funding methodology used in calculating cities' contribution rates for 2009. For the past three years, the City's contribution rate had been based on an eight-year phase-in period to get to the full contribution rate. The phase-in rates necessary to fund current plan provisions were becoming a tremendous fiscal burden each year.

The TMRS benefit provisions of the City's plan were reviewed during the fiscal year 2012 budget process. The City Council approved a plan change to turn off annually repeating annuity increases. This plan change became effective January 1, 2012 and reduced the City's full contribution rate to 14.04% (as compared to an anticipated 2012 phase-in rate of 20.07% and full

rate of 22.24%). The City's budget for fiscal year 2012 includes approximately \$11.4 million for TMRS contributions as compared to actual contributions of \$12.9 million for fiscal year 2011. The City's plan change as well as TMRS' restructuring that was done under SB 350 legislation has increased the City's current funded ratio to 83.6%.

Fiscal year 2012 does not include any rate changes in water and wastewater rates for any class of customers. Solid waste residential, commercial, roll-off and landfill rates will also remain the same for 2012.

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, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets					
Cash and investments	\$ 98,704,254	50,371,580	149,075,834	6,483	30,161
Receivables (net of allowances for uncollectibles):					
Accounts	4,607,165	11,137,894	15,745,059	-	-
Special assessments	30,947	-	30,947	-	-
Taxes	7,364,677	-	7,364,677	-	-
Intergovernmental receivable	2,368,771	3,386,998	5,755,769	-	-
Accrued interest receivable	-	4,153	4,153	-	-
Internal balances	3,651,748	(3,651,748)	-	-	-
Inventories	666,445	1,030,042	1,696,487	-	-
Restricted cash and investments	-	35,344,423	35,344,423	-	-
Notes receivable	3,353,552	682,454	4,036,006	-	-
Real estate held for resale	46,221	-	46,221	-	-
Deferred charges	901,535	1,662,116	2,563,651	-	-
Capital assets not being depreciated:					
Land	42,724,047	6,334,748	49,058,795	-	-
Museum collections	-	2,111,424	2,111,424	-	-
Construction in progress	14,352,989	40,864,392	55,217,381	-	-
Capital assets, net of accumulated depreciation:					
Buildings	37,018,987	37,162,673	74,181,660	-	-
Machinery and equipment	11,920,870	18,115,546	30,036,416	-	-
Improvements other than buildings	22,156,393	291,558,699	313,715,092	-	-
Infrastructure	107,659,731	-	107,659,731	-	-
Water rights	-	26,426,812	26,426,812	-	-
Total assets	<u>357,528,332</u>	<u>522,542,206</u>	<u>880,070,538</u>	<u>6,483</u>	<u>30,161</u>
Liabilities					
Accounts payable	2,201,710	1,255,552	3,457,262	-	-
Accrued liabilities	6,261,695	2,190,071	8,451,766	-	-
Accrued interest payable	830,005	2,178,295	3,008,300	-	-
Unearned revenue	900,616	532,195	1,432,811	-	-
Escrow funds	266,866	105,486	372,352	-	-
Customer deposits	270,467	-	270,467	-	-
Liabilities payable from restricted assets	-	3,799,523	3,799,523	-	-
Noncurrent liabilities:					
Due within one year	19,236,748	14,197,685	33,434,433	-	-
Due in more than one year	110,676,933	238,571,417	349,248,350	-	-
Total liabilities	<u>140,645,040</u>	<u>262,830,224</u>	<u>403,475,264</u>	<u>-</u>	<u>-</u>
Net Assets					
Invested in capital assets, net of related debt	174,645,915	213,553,436	388,199,351	-	-
Restricted for:					
Tax increment financing/public improvement district	13,011,621	-	13,011,621	-	-
Grant requirements	4,726,792	-	4,726,792	-	-
Forfeitures and abandoned motor vehicles	533,195	-	533,195	-	-
Court security and technology	891,527	-	891,527	-	-
Debt service	49,695	-	49,695	-	-
Parks and cemetery care - nonexpendable	474,415	-	474,415	-	-
Capital projects	-	388,651	388,651	-	-
Unrestricted	<u>22,550,132</u>	<u>45,769,895</u>	<u>68,320,027</u>	<u>6,483</u>	<u>30,161</u>
Total net assets	<u>\$ 216,883,292</u>	<u>259,711,982</u>	<u>476,595,274</u>	<u>6,483</u>	<u>30,161</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (12,378,019)	342,830	914,578
Public works	(13,227,404)	2,550	-
Public safety	(61,291,317)	3,478,363	1,097,904
Culture and recreation	(15,636,875)	1,415,791	1,193,524
Public health	(7,417,771)	1,184,937	3,411,045
Housing and community development	(3,339,613)	-	3,103,297
Interest on long-term debt	(4,313,467)	-	-
Total governmental activities	(117,604,466)	6,424,471	9,720,348
Business-type activities:			
Water	(34,186,629)	43,094,944	117,249
Wastewater	(17,522,331)	21,619,018	-
Solid waste	(16,201,178)	15,948,286	-
Airport	(2,503,823)	1,054,550	123,301
Convention services	(2,861,523)	523,983	-
Ranger Hall of Fame	(1,193,004)	465,324	63,692
Cameron Park Zoo	(4,315,032)	1,575,223	-
Transit services	(7,904,160)	3,414,289	3,210,490
Cottonwood Creek Golf Course	(1,691,790)	1,578,174	-
Total business-type activities	(88,379,470)	89,273,791	3,514,732
Total primary government	\$ (205,983,936)	95,698,262	13,235,080
Component Units:			
Central Waco Development Corporation	\$ (65)	-	-
Waco Health Facilities Development Corporation	(65)	-	-
Total component units	\$ (130)	-	-
General revenues:			
Taxes:			
Property			
Property tax increment financing			
Sales			
Franchise			
Hotel/motel			
Other			
Unrestricted investment earnings			
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	Business-type	Total	Central Waco	Waco Health
	Activities	Activities		Development Corporation	Facilities Development Corporation
962,126	(10,158,485)	-	(10,158,485)		
3,881,104	(9,343,750)	-	(9,343,750)		
747,059	(55,967,991)	-	(55,967,991)		
373,661	(12,653,899)	-	(12,653,899)		
-	(2,821,789)	-	(2,821,789)		
97,408	(138,908)	-	(138,908)		
-	(4,313,467)	-	(4,313,467)		
<u>6,061,358</u>	<u>(95,398,289)</u>	<u>-</u>	<u>(95,398,289)</u>		
36,402	-	9,061,966	9,061,966		
92,381	-	4,189,068	4,189,068		
-	-	(252,892)	(252,892)		
3,648,776	-	2,322,804	2,322,804		
-	-	(2,337,540)	(2,337,540)		
173,378	-	(490,610)	(490,610)		
-	-	(2,739,809)	(2,739,809)		
63,861	-	(1,215,520)	(1,215,520)		
-	-	(113,616)	(113,616)		
<u>4,014,798</u>	<u>-</u>	<u>8,423,851</u>	<u>8,423,851</u>		
<u>10,076,156</u>	<u>(95,398,289)</u>	<u>8,423,851</u>	<u>(86,974,438)</u>		
-	-			(65)	-
<u>-</u>	<u>-</u>			<u>-</u>	<u>(65)</u>
<u>-</u>	<u>-</u>			<u>(65)</u>	<u>(65)</u>
\$ 48,387,467	-	-	48,387,467	-	-
4,660,231	-	-	4,660,231	-	-
28,003,416	-	-	28,003,416	-	-
13,587,114	-	-	13,587,114	-	-
-	1,754,730	-	1,754,730	-	-
679,232	-	-	679,232	-	-
481,791	183,254	-	665,045	19	87
678,741	-	-	678,741	-	-
(5,848,585)	5,848,585	-	-	-	-
<u>90,629,407</u>	<u>7,786,569</u>	<u>-</u>	<u>98,415,976</u>	<u>19</u>	<u>87</u>
(4,768,882)	16,210,420	-	11,441,538	(46)	22
<u>221,652,174</u>	<u>243,501,562</u>	<u>-</u>	<u>465,153,736</u>	<u>6,529</u>	<u>30,139</u>
<u>\$ 216,883,292</u>	<u>259,711,982</u>	<u>-</u>	<u>476,595,274</u>	<u>6,483</u>	<u>30,161</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 27,254,715	57,361,141	84,615,856
Receivables, net of allowances:			
Accounts	4,381,016	225,925	4,606,941
Special assessments	-	30,947	30,947
Taxes	6,644,943	719,734	7,364,677
Notes receivable	3,000	3,350,552	3,353,552
Due from other funds	4,026,440	6,906,990	10,933,430
Advances to other funds	683,391	168,368	851,759
Intergovernmental receivable	6,003	2,362,768	2,368,771
Inventories	529,830	-	529,830
Real estate held for resale	6,160	40,061	46,221
	<u>\$ 43,535,498</u>	<u>71,166,486</u>	<u>114,701,984</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 1,149,787	872,964	2,022,751
Accrued liabilities	4,058,962	1,696,156	5,755,118
Deferred revenue	3,146,975	4,080,149	7,227,124
Due to other funds	-	8,121,301	8,121,301
Deposits	270,467	-	270,467
Escrow funds	188,730	77,598	266,328
	<u>8,814,921</u>	<u>14,848,168</u>	<u>23,663,089</u>
Fund Balances			
Fund balances:			
Nonspendable	1,219,381	682,844	1,902,225
Restricted	-	54,871,986	54,871,986
Committed	10,894,212	860,764	11,754,976
Assigned	4,756,575	-	4,756,575
Unassigned	17,850,409	(97,276)	17,753,133
	<u>34,720,577</u>	<u>56,318,318</u>	<u>91,038,895</u>
Total liabilities and fund balances	<u>\$ 43,535,498</u>	<u>71,166,486</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	235,323,279
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.	6,326,508
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.	9,721,653
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(125,527,043)</u>
	<u>\$ 216,883,292</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 65,587,020	15,548,508	81,135,528
Business and occupation fees	13,587,115	-	13,587,115
Permits, licenses and fees	789,302	892,851	1,682,153
Fines	1,729,398	86,020	1,815,418
Charges for services	1,779,213	-	1,779,213
Investment earnings	119,659	320,570	440,229
Contributions	310,827	40,000	350,827
Intergovernmental	1,390,686	9,610,675	11,001,361
Program income	-	521,371	521,371
Other	8,222,979	609,962	8,832,941
Total revenues	<u>93,516,199</u>	<u>27,629,957</u>	<u>121,146,156</u>
Expenditures:			
Current:			
General government	15,550,216	2,517,349	18,067,565
Public works	1,791,523	962,126	2,753,649
Public safety	54,524,611	1,838,415	56,363,026
Culture and recreation	12,438,048	494,219	12,932,267
Housing and community development	128,659	3,192,714	3,321,373
Public health	-	7,155,606	7,155,606
Capital outlay	-	20,198,033	20,198,033
Debt service:			
Principal	-	6,967,663	6,967,663
Interest and fiscal charges	-	4,192,140	4,192,140
Bond issuance costs	-	500	500
Total expenditures	<u>84,433,057</u>	<u>47,518,765</u>	<u>131,951,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,083,142</u>	<u>(19,888,808)</u>	<u>(10,805,666)</u>
Other financing sources (uses):			
General obligation bonds issued	-	7,285,000	7,285,000
Premium on general obligation bonds	-	54,583	54,583
Transfers in	3,951,595	8,830,083	12,781,678
Transfers out	(9,555,910)	(2,491,591)	(12,047,501)
Total other financing sources (uses)	<u>(5,604,315)</u>	<u>13,678,075</u>	<u>8,073,760</u>
Net change in fund balances	3,478,827	(6,210,733)	(2,731,906)
Fund balances, beginning of year	<u>31,241,750</u>	<u>62,529,051</u>	<u>93,770,801</u>
Fund balances, end of year	<u>\$ 34,720,577</u>	<u>56,318,318</u>	<u>91,038,895</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, 2011

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)	\$	(2,731,906)
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 depreciation exceeded capital outlays in the current period.		(1,075,056)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net assets.		3,664,857
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		224,951
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.		(185,846)
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.		(4,026,962)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net loss of activities of internal service funds is reported with governmental activities.		<u>(638,920)</u>
Change in net assets of governmental activities (pages 24 - 25)	\$	<u><u>(4,768,882)</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, 2011

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

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual	Final Budget	Actual
Revenues					
Taxes:					
Sales tax income	\$ 27,263,637	27,616,796	28,003,416	386,620	27,318,396
Property taxes	36,929,676	36,929,676	37,057,738	128,062	35,831,281
Interest and penalty on taxes	450,000	450,000	525,866	75,866	495,788
Total taxes	<u>64,643,313</u>	<u>64,996,472</u>	<u>65,587,020</u>	<u>590,548</u>	<u>63,645,465</u>
Business and occupation fees:					
Occupation fees	76,512	76,512	28,638	(47,874)	122,375
Gross receipts fees	12,585,459	13,224,707	13,558,477	333,770	13,216,342
Total business and occupation fees	<u>12,661,971</u>	<u>13,301,219</u>	<u>13,587,115</u>	<u>285,896</u>	<u>13,338,717</u>
Permits, licenses and fees:					
Building permits	500,000	500,000	353,243	(146,757)	479,941
Plumbing permits	137,634	137,634	137,828	194	153,694
Electrical permits	192,384	192,384	164,457	(27,927)	212,520
Electrical licenses	-	-	50	50	-
Heating and air conditioning licenses	95,101	95,101	76,357	(18,744)	92,297
Fire inspection fees	35,133	35,133	25,010	(10,123)	33,960
House moving permits	100	100	55	(45)	55
Open air/street vending	-	-	325	325	-
Sign permits	-	-	15,215	15,215	685
Subdivision fees	20,200	20,200	16,762	(3,438)	19,475
Total permits, licenses and fees	<u>980,552</u>	<u>980,552</u>	<u>789,302</u>	<u>(191,250)</u>	<u>992,627</u>
Fines:					
Court fines	1,887,355	1,887,355	1,662,989	(224,366)	1,902,149
Auto impound fees	54,091	54,091	66,409	12,318	48,081
Total fines	<u>1,941,446</u>	<u>1,941,446</u>	<u>1,729,398</u>	<u>(212,048)</u>	<u>1,950,230</u>
Charges for services:					
Recreation	1,155,369	1,155,369	1,037,651	(117,718)	974,151
Weed mowing	51,193	51,193	90,451	39,258	60,147
Library fees	86,549	86,549	92,600	6,051	100,903
Animal pick up	12,735	12,735	13,587	852	14,224
Grounds maintenance	48,582	48,582	48,582	-	47,629
Graphics	91,665	91,665	63,328	(28,337)	110,186
Police security services	176,121	176,121	158,828	(17,293)	162,774
Airport security services	281,163	281,163	274,186	(6,977)	281,688
Total charges for services	<u>1,903,377</u>	<u>1,903,377</u>	<u>1,779,213</u>	<u>(124,164)</u>	<u>1,751,702</u>
Investment earnings	<u>100,000</u>	<u>100,000</u>	<u>119,659</u>	<u>19,659</u>	<u>161,497</u>
Contributions	<u>119,209</u>	<u>119,209</u>	<u>310,827</u>	<u>191,618</u>	<u>239,964</u>
Intergovernmental	<u>1,521,209</u>	<u>1,521,209</u>	<u>1,390,686</u>	<u>(130,523)</u>	<u>1,553,028</u>
Program income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</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, 2011

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

	Budgeted Amounts		2011	Variance with Final Budget	2010
	Original	Final	Actual Amounts		Actual Amounts
Revenues (continued)					
Other:					
Indirect expense reimbursements	\$ 6,354,049	6,354,049	6,392,552	38,503	6,233,666
False alarm fines	12,827	12,827	9,550	(3,277)	13,000
Rents from real estate	117,151	117,151	260,847	143,696	104,932
Miscellaneous revenue	572,769	622,756	871,113	248,357	671,326
Sale of other scrap	17,101	17,101	34,335	17,234	18,444
Zoning applications	11,190	11,190	17,000	5,810	25,640
Commission from sale of mixed drinks	410,624	410,624	399,910	(10,714)	410,544
Commission on municipal court fines	60,000	60,000	59,966	(34)	90,587
Commission on concessions	157,590	157,590	144,206	(13,384)	150,248
Garage sale permits	26,030	26,030	30,950	4,920	28,670
Special assessments	-	-	2,550	2,550	1,366
Total other	<u>7,739,331</u>	<u>7,789,318</u>	<u>8,222,979</u>	<u>433,661</u>	<u>7,748,423</u>
Total revenues	<u>91,610,408</u>	<u>92,652,802</u>	<u>93,516,199</u>	<u>863,397</u>	<u>91,831,653</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,107,391	1,107,391	1,075,017	32,374	1,010,531
Employee benefits	412,260	412,260	384,304	27,956	368,795
Purchased professional/technical services	35,202	120,102	65,062	55,040	37,485
Purchased property services	28,895	29,601	867	28,734	15,119
Maintenance	2,000	1,294	68	1,226	-
Other purchased service	296,175	296,175	240,639	55,536	96,163
Supplies	112,410	112,410	89,012	23,398	113,424
Other expenses	1,202,034	1,934,755	866,018	1,068,737	1,175,490
Total administrative services	<u>3,196,367</u>	<u>4,013,988</u>	<u>2,720,987</u>	<u>1,293,001</u>	<u>2,817,007</u>
City Secretary:					
Salaries and wages	247,977	248,777	243,733	5,044	246,776
Employee benefits	101,597	101,597	96,310	5,287	96,942
Purchased professional/technical services	49,992	45,012	18,105	26,907	53,792
Purchased property services	2,725	2,725	503	2,222	1,142
Maintenance	2,763	3,163	2,815	348	2,822
Other purchased services	24,884	24,084	21,171	2,913	22,027
Supplies	23,242	27,822	23,241	4,581	28,978
Other expenses	-	-	-	-	11,317
Total city secretary	<u>453,180</u>	<u>453,180</u>	<u>405,878</u>	<u>47,302</u>	<u>463,796</u>
Finance services:					
Salaries and wages	871,131	871,131	846,543	24,588	864,407
Employee benefits	325,514	325,514	310,697	14,817	311,811
Purchased professional/technical services	76,750	76,750	69,332	7,418	76,266
Maintenance	500	500	77	423	576
Other purchased service	28,198	28,198	16,175	12,023	31,813
Supplies	34,699	34,699	23,638	11,061	35,958
Other expenses	35,964	35,964	8,859	27,105	33,395
Total finance services	<u>1,372,756</u>	<u>1,372,756</u>	<u>1,275,321</u>	<u>97,435</u>	<u>1,354,226</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, 2011
(With Comparative Actual Amounts for the Year Ended September 30, 2010)

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Legal services:					
Salaries and wages	\$ 814,130	814,130	815,343	(1,213)	766,548
Employee benefits	284,462	284,462	280,083	4,379	254,512
Purchased professional/technical services	66,300	66,300	47,313	18,987	16,285
Maintenance	290	290	-	290	290
Other purchased service	26,436	26,436	30,279	(3,843)	37,067
Supplies	32,588	32,588	28,920	3,668	33,559
Capital expenditures	-	-	-	-	-
Total legal services	<u>1,224,206</u>	<u>1,224,206</u>	<u>1,201,938</u>	<u>22,268</u>	<u>1,108,261</u>
Planning services:					
Salaries and wages	344,514	344,514	336,524	7,990	337,113
Employee benefits	129,663	129,663	122,240	7,423	120,080
Purchased professional/technical services	-	-	1,408	(1,408)	21,153
Purchased property services	65,451	65,326	57,703	7,623	58,624
Maintenance	300	425	668	(243)	300
Other purchased service	16,561	16,561	10,740	5,821	15,123
Supplies	21,467	21,467	16,783	4,684	19,367
Total planning services	<u>577,956</u>	<u>577,956</u>	<u>546,066</u>	<u>31,890</u>	<u>571,760</u>
Human resources:					
Salaries and wages	512,403	512,403	451,821	60,582	514,079
Employee benefits	194,011	194,011	169,450	24,561	188,529
Purchased professional/technical services	4,994	4,994	3,633	1,361	1,941
Maintenance	1,595	2,060	2,013	47	1,549
Other purchased service	41,536	35,936	31,116	4,820	33,299
Supplies	16,329	21,464	20,472	992	13,195
Total human resources	<u>770,868</u>	<u>770,868</u>	<u>678,505</u>	<u>92,363</u>	<u>752,592</u>
Municipal information:					
Salaries and wages	396,717	396,717	397,174	(457)	396,475
Employee benefits	159,677	159,677	158,791	886	155,986
Purchased professional/technical services	2,149	17,149	14,073	3,076	4,229
Maintenance	11,197	11,197	1,528	9,669	6,136
Other purchased service	23,321	23,321	21,803	1,518	27,402
Supplies	39,453	37,524	75,036	(37,512)	83,913
Other expenses	55,895	55,895	42,476	13,419	56,082
Capital expenditures	-	66,111	124,029	(57,918)	51,867
Total municipal information	<u>688,409</u>	<u>767,591</u>	<u>834,910</u>	<u>(67,319)</u>	<u>782,090</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, 2011

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (continued)					
General Government (continued)					
Information technology services:					
Salaries and wages	\$ 802,040	802,040	787,849	14,191	795,955
Employee benefits	306,751	306,751	299,746	7,005	294,613
Purchased professional/technical services	45,000	45,000	45,543	(543)	56,509
Maintenance	547,701	570,137	452,520	117,617	433,605
Other purchased service	435,429	456,612	405,361	51,251	400,556
Supplies	108,127	108,127	131,353	(23,226)	233,048
Capital expenditures	159,577	159,577	223,358	(63,781)	143,902
Total information technology services	<u>2,404,625</u>	<u>2,448,244</u>	<u>2,345,730</u>	<u>102,514</u>	<u>2,358,188</u>
Purchasing services:					
Salaries and wages	380,763	377,138	279,000	98,138	347,384
Employee benefits	144,448	144,448	109,462	34,986	129,211
Maintenance	400	400	-	400	-
Other purchased service	14,826	18,451	15,546	2,905	15,847
Supplies	13,086	13,086	8,906	4,180	16,010
Total purchasing services	<u>553,523</u>	<u>553,523</u>	<u>412,914</u>	<u>140,609</u>	<u>508,452</u>
Facilities:					
Salaries and wages	1,059,522	1,056,522	949,363	107,159	1,046,344
Employee benefits	519,627	519,627	471,267	48,360	514,966
Purchased professional/technical services	72,000	72,000	91,274	(19,274)	73,334
Purchased property services	10,982	10,982	8,643	2,339	9,913
Maintenance	816,350	836,205	874,274	(38,069)	941,350
Other purchased service	54,858	45,003	49,367	(4,364)	69,057
Supplies	229,586	234,586	223,739	10,847	218,320
Capital expenditures	12,000	-	-	-	-
Total facilities	<u>2,774,925</u>	<u>2,774,925</u>	<u>2,667,927</u>	<u>106,998</u>	<u>2,873,284</u>
Economic development:					
Supplies	-	-	4,200	(4,200)	4,200
Total economic development	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>(4,200)</u>	<u>4,200</u>
Economic development incentive:					
Purchased professional/technical services	-	1,250,000	954,524	295,476	1,357,417
Total facilities	<u>-</u>	<u>1,250,000</u>	<u>954,524</u>	<u>295,476</u>	<u>1,357,417</u>
Contributions:					
McLennan County	145,031	145,031	135,960	9,071	136,822
Greenwood Cemetery	1,500	1,500	1,500	-	1,500
McLennan County Appraisal District	608,591	608,591	561,498	47,093	590,865
Keep Waco Beautiful	9,000	9,000	9,000	-	9,000
YMCA Multi-Purpose Center	55,000	55,000	53,182	1,818	56,441
Senior Ministries	28,000	28,000	28,000	-	28,000
Rosemound Cemetery	-	-	-	-	10,283
Total contributions	<u>847,122</u>	<u>847,122</u>	<u>789,140</u>	<u>57,982</u>	<u>832,911</u>
Miscellaneous:					
Salaries and wages	(586,921)	(586,921)	-	(586,921)	-
Employee benefits	(170,107)	(170,107)	96,505	(266,612)	92,663

(Continued)

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

Year Ended September 30, 2011

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

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Miscellaneous: (continued)					
Purchased professional/technical services	\$ 178,000	178,000	156,516	21,484	159,808
Maintenance	-	-	2,571	(2,571)	7,725
Other purchased service	-	-	374	(374)	-
Supplies	-	-	2,904	(2,904)	3,011
Capital expenditures	-	300,000	310,605	(10,605)	-
Other expenses	150,000	165,410	142,701	22,709	156,908
Total miscellaneous	<u>(429,028)</u>	<u>(113,618)</u>	<u>712,176</u>	<u>(825,794)</u>	<u>420,115</u>
Total General Government	<u>14,434,909</u>	<u>16,940,741</u>	<u>15,550,216</u>	<u>1,390,525</u>	<u>16,204,299</u>
Public Works					
Streets and drainage services:					
Salaries and wages	559,475	559,475	473,852	85,623	507,485
Employee benefits	331,752	331,752	284,723	47,029	301,733
Purchased professional/technical services	340,876	351,919	301,451	50,468	309,566
Purchased property services	8,015	8,015	7,517	498	9,257
Maintenance	506,708	482,360	497,553	(15,193)	467,174
Other purchased service	70,934	70,334	56,496	13,838	92,017
Supplies	255,528	280,476	238,687	41,789	201,601
Other expenses	(127,174)	(127,174)	(104,934)	(22,240)	(95,031)
Capital expenditures	6,000	37,773	36,178	1,595	441,843
Total streets and drainage services	<u>1,952,114</u>	<u>1,994,930</u>	<u>1,791,523</u>	<u>203,407</u>	<u>2,235,645</u>
Total Public Works	<u>1,952,114</u>	<u>1,994,930</u>	<u>1,791,523</u>	<u>203,407</u>	<u>2,235,645</u>
Public Safety					
Municipal court:					
Salaries and wages	680,362	680,362	638,689	41,673	680,310
Employee benefits	268,592	268,592	247,399	21,193	251,945
Purchased professional/technical services	19,720	19,720	17,079	2,641	18,139
Maintenance	1,805	1,805	1,010	795	1,832
Other purchased service	31,156	31,156	23,927	7,229	34,156
Supplies	117,296	117,296	85,069	32,227	111,695
Other expenses	10,597	10,597	10,496	101	11,046
Total municipal court	<u>1,129,528</u>	<u>1,129,528</u>	<u>1,023,669</u>	<u>105,859</u>	<u>1,109,123</u>
Inspection services:					
Salaries and wages	939,789	939,789	845,158	94,631	897,974
Employee benefits	392,054	392,054	350,324	41,730	373,704
Purchased professional/technical services	94,400	94,400	61,603	32,797	99,129
Purchased property services	68,899	68,899	64,234	4,665	73,932
Maintenance	29,374	29,374	22,540	6,834	28,153
Other purchased service	67,030	67,030	53,997	13,033	73,765
Supplies	104,757	104,757	75,432	29,325	80,044
Other expenses	4,547	4,547	4,812	(265)	3,801
Total inspection services	<u>1,700,850</u>	<u>1,700,850</u>	<u>1,478,100</u>	<u>222,750</u>	<u>1,630,502</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, 2011
(With Comparative Actual Amounts for the Year Ended September 30, 2010)

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Emergency management services:					
Salaries and wages	\$ 124,476	124,476	112,862	11,614	124,456
Employee benefits	45,077	45,077	40,015	5,062	43,743
Purchased professional/technical services	12,650	12,650	(521)	13,171	6,917
Purchased property services	2,601	2,601	702	1,899	-
Maintenance	37,218	35,945	6,633	29,312	23,259
Other purchased service	10,483	10,483	8,318	2,165	10,819
Supplies	16,519	17,792	24,070	(6,278)	10,418
Other expenses	99,643	99,643	89,213	10,430	111,546
Total emergency management services	<u>348,667</u>	<u>348,667</u>	<u>281,292</u>	<u>67,375</u>	<u>331,158</u>
Fire services:					
Salaries and wages	12,788,103	12,694,383	12,555,965	138,418	12,487,393
Employee benefits	4,870,474	4,870,474	4,724,484	145,990	4,661,431
Purchased professional/technical services	63,235	65,400	41,064	24,336	47,810
Purchased property services	55,944	55,944	55,790	154	45,820
Maintenance	248,695	249,030	210,513	38,517	203,200
Other purchased service	219,675	219,675	231,512	(11,837)	345,887
Supplies	702,433	698,431	599,429	99,002	548,200
Capital expenditures	-	-	7,326	(7,326)	-
Total fire services	<u>18,948,559</u>	<u>18,853,337</u>	<u>18,426,083</u>	<u>427,254</u>	<u>18,339,741</u>
Police services:					
Salaries and wages	19,101,855	19,101,855	19,328,288	(226,433)	19,532,168
Employee benefits	7,454,690	7,454,690	7,383,025	71,665	7,358,169
Purchased professional/technical services	224,875	210,025	257,790	(47,765)	202,026
Purchased property services	83,576	83,576	85,739	(2,163)	79,699
Maintenance	769,799	817,228	733,999	83,229	675,596
Other purchased service	777,864	779,454	804,971	(25,517)	1,078,287
Supplies	1,430,166	1,475,461	1,284,683	190,778	1,373,952
Capital expenditures	-	66,337	90,701	(24,364)	-
Other expenses	500	500	581	(81)	484
Contracts with others	56,229	56,229	56,229	-	54,591
Total police services	<u>29,899,554</u>	<u>30,045,355</u>	<u>30,026,006</u>	<u>19,349</u>	<u>30,354,972</u>
Traffic services:					
Salaries and wages	958,562	958,562	913,645	44,917	939,420
Employee benefits	424,549	424,549	400,244	24,305	415,717
Purchased professional/technical services	-	-	5,037	(5,037)	28,200
Purchased property services	3,778	3,778	3,720	58	3,777
Maintenance	606,500	574,293	596,403	(22,110)	547,797
Other purchased service	39,912	43,996	37,182	6,814	53,646
Supplies	1,275,647	1,276,097	897,191	378,906	1,317,085
Capital expenditures	100,000	213,603	135,792	77,811	212,421
Total traffic services	<u>3,408,948</u>	<u>3,494,878</u>	<u>2,989,214</u>	<u>505,664</u>	<u>3,518,063</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, 2011
(With Comparative Actual Amounts for the Year Ended September 30, 2010)

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Contributions:					
Animal shelter	\$ 300,247	300,247	300,247	-	300,247
Total contributions	<u>300,247</u>	<u>300,247</u>	<u>300,247</u>	<u>-</u>	<u>300,247</u>
Total Public Safety	<u>55,736,353</u>	<u>55,872,862</u>	<u>54,524,611</u>	<u>1,348,251</u>	<u>55,583,806</u>
Culture and Recreation					
Library services:					
Salaries and wages	1,678,267	1,678,267	1,671,418	6,849	1,689,242
Employee benefits	653,912	653,912	634,987	18,925	632,364
Purchased professional/technical services	96,546	96,546	94,636	1,910	94,841
Purchased property services	27,932	27,932	13,639	14,293	74,577
Maintenance	83,060	83,060	62,687	20,373	63,006
Other purchased service	175,423	175,423	162,090	13,333	162,447
Supplies	575,588	575,588	524,505	51,083	545,355
Other expenses	144,111	144,111	144,673	(562)	139,954
Total library services	<u>3,434,839</u>	<u>3,434,839</u>	<u>3,308,635</u>	<u>126,204</u>	<u>3,401,786</u>
Parks:					
Salaries and wages	3,387,288	3,380,738	3,127,910	252,828	3,244,670
Employee benefits	1,587,339	1,587,339	1,462,230	125,109	1,491,469
Purchased professional/technical services	299,196	298,848	336,315	(37,467)	340,972
Purchased property services	799,508	804,008	713,185	90,823	604,120
Maintenance	537,643	533,620	388,915	144,705	523,349
Other purchased service	226,533	221,959	204,026	17,933	286,229
Supplies	828,812	838,607	674,547	164,060	721,730
Capital expenditures	-	241,935	284,281	(42,346)	17,494
Other expenses	(58,301)	(58,301)	(71,918)	13,617	(65,448)
Total parks	<u>7,608,018</u>	<u>7,848,753</u>	<u>7,119,491</u>	<u>729,262</u>	<u>7,164,585</u>
Recreation services:					
Salaries and wages	916,302	916,302	881,997	34,305	923,593
Employee benefits	284,955	284,955	270,144	14,811	270,211
Purchased professional/technical services	425,062	425,062	422,011	3,051	408,179
Maintenance	8,926	10,126	8,775	1,351	11,114
Other purchased service	105,279	105,279	93,557	11,722	120,759
Supplies	369,981	369,981	321,070	48,911	353,372
Capital expenditures	-	-	-	-	44,600
Other expenses	17,499	17,499	12,368	5,131	44,658
Total recreation services	<u>2,128,004</u>	<u>2,129,204</u>	<u>2,009,922</u>	<u>119,282</u>	<u>2,176,486</u>
Total Culture and Recreation	<u>13,170,861</u>	<u>13,412,796</u>	<u>12,438,048</u>	<u>974,748</u>	<u>12,742,857</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, 2011

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

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Housing and Community Development					
Housing services:					
Salaries and wages	\$ 55,446	55,446	59,446	(4,000)	52,827
Employee benefits	22,355	22,355	23,561	(1,206)	20,735
Purchased professional/technical services	-	1,000,000	-	1,000,000	11,126
Other purchased service	7,753	7,753	8,067	(314)	11,241
Supplies	3,300	3,300	2,597	703	2,040
Other expenses	16,000	76,000	34,988	41,012	41,952
Total housing services	<u>104,854</u>	<u>1,164,854</u>	<u>128,659</u>	<u>1,036,195</u>	<u>139,921</u>
Total Housing and Community Development	<u>104,854</u>	<u>1,164,854</u>	<u>128,659</u>	<u>1,036,195</u>	<u>139,921</u>
Total expenditures	<u>85,399,091</u>	<u>89,386,183</u>	<u>84,433,057</u>	<u>4,953,126</u>	<u>86,906,528</u>
Excess of revenues over expenditures	<u>6,211,317</u>	<u>3,266,619</u>	<u>9,083,142</u>	<u>5,816,523</u>	<u>4,925,125</u>
Other financing sources (uses)					
Transfers in:					
Abandoned motor vehicles	50,000	50,000	50,000	-	50,000
Solid waste	-	-	-	-	78,565
Tax Increment Fund No. 1	-	-	-	-	33,317
Revenue in lieu of property taxes	3,901,595	3,901,595	3,901,595	-	3,539,259
Total transfers in	<u>3,951,595</u>	<u>3,951,595</u>	<u>3,951,595</u>	<u>-</u>	<u>3,701,141</u>
Transfers out:					
Cameron Park Zoo	(1,398,503)	(1,726,725)	(1,726,725)	-	(1,276,218)
Street improvement	(3,885,972)	(3,885,972)	(3,885,972)	-	(3,879,659)
Cottonwood Creek Golf Course	-	(143,202)	(143,202)	-	-
Airport services	(308,452)	(308,452)	(308,452)	-	(437,528)
Convention services	(362,139)	(362,139)	(362,139)	-	(411,957)
Health programs	(2,141,360)	(2,230,002)	(2,230,002)	-	(2,302,212)
Ranger Hall of Fame	(666,900)	(666,900)	(666,900)	-	(691,093)
Economic development incentive	(1,250,000)	-	-	-	-
Grant (housing demo - lot clearing)	(75,000)	(75,000)	(75,000)	-	(75,000)
Grant (fire)	-	(95,222)	(93,720)	1,502	(93,100)
Grant (police)	(74,586)	(74,586)	(63,798)	10,788	(68,846)
Total transfers out	<u>(10,162,912)</u>	<u>(9,568,200)</u>	<u>(9,555,910)</u>	<u>12,290</u>	<u>(9,235,613)</u>
Total other financing sources (uses)	<u>(6,211,317)</u>	<u>(5,616,605)</u>	<u>(5,604,315)</u>	<u>12,290</u>	<u>(5,534,472)</u>
Net change in fund balances	-	(2,349,986)	3,478,827	5,828,813	(609,347)
Fund balances, beginning of year	<u>31,241,750</u>	<u>31,241,750</u>	<u>31,241,750</u>	<u>-</u>	<u>31,851,097</u>
Fund balances, end of year	<u>\$ 31,241,750</u>	<u>28,891,764</u>	<u>34,720,577</u>	<u>5,828,813</u>	<u>31,241,750</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2011

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	Funds
Current assets:						
Cash and investments	\$ 25,715,058	13,815,910	9,723,454	1,117,158	50,371,580	14,088,398
Accounts receivable, net of allowances	6,269,640	2,586,881	1,849,923	431,450	11,137,894	224
Due from other funds	-	-	-	149,064	149,064	-
Intergovernmental receivable	-	489,286	-	2,897,712	3,386,998	-
Current portion of notes receivable	-	42,272	-	-	42,272	-
Restricted cash and investments	2,685,617	1,402,213	160,619	47,326	4,295,775	-
Accrued interest on notes receivable	-	4,153	-	-	4,153	-
Inventories	331,916	10,371	-	687,755	1,030,042	136,615
Total current assets	35,002,231	18,351,086	11,733,996	5,330,465	70,417,778	14,225,237
Noncurrent assets:						
Restricted cash and investments	16,029,167	13,627,304	951,322	440,855	31,048,648	-
Noncurrent portion of notes receivable	-	640,182	-	-	640,182	-
Advances to other funds	525,336	-	-	-	525,336	-
Deferred charges	1,052,042	515,425	94,649	-	1,662,116	-
Capital assets:						
Land	1,279,185	2,431,739	1,753,641	870,183	6,334,748	38,800
Buildings	9,526,184	11,481,380	1,370,137	39,685,833	62,063,534	535,145
Improvements other than buildings	260,977,797	98,881,378	19,437,340	47,081,823	426,378,338	118,289
Machinery and equipment	6,888,854	7,131,598	15,522,387	13,578,182	43,121,021	1,053,459
Museum collections	-	-	-	2,111,424	2,111,424	-
Construction work in progress	3,663,205	17,364,327	1,642,138	18,194,722	40,864,392	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	(85,592,252)	(37,111,230)	(24,830,330)	(43,248,230)	(190,782,042)	(1,235,955)
Total capital assets	229,225,852	100,179,192	14,895,313	78,273,937	422,574,294	509,738
Total noncurrent assets	246,832,397	114,962,103	15,941,284	78,714,792	456,450,576	509,738
Total assets	281,834,628	133,313,189	27,675,280	84,045,257	526,868,354	14,734,975
Liabilities						
Liabilities:						
Current liabilities						
Accounts payable	538,854	197,641	103,309	415,748	1,255,552	178,959
Accrued liabilities	739,457	220,075	331,311	899,228	2,190,071	506,577
Unearned revenue	-	-	-	532,195	532,195	-
Due to other funds	-	-	-	2,452,801	2,452,801	12,140
Compensated absences payable	647,558	369,541	387,938	402,280	1,807,317	274,089
Refundable contracts	260,989	61,034	-	-	322,023	-
Notes payable	63,687	-	-	-	63,687	-
Escrow funds	-	-	-	105,486	105,486	538
Bonds payable	6,943,752	4,055,906	875,000	130,000	12,004,658	-
Accrued interest payable	1,647,796	472,714	56,528	1,257	2,178,295	-
Estimated claims and judgments	-	-	-	-	-	3,607,041
Total liabilities	10,842,093	5,376,911	1,754,086	4,938,995	22,912,085	4,579,344

(Continued)

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
(Continued)
September 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Liabilities						
(Continued)						
Current liabilities payable from restricted assets:						
Accounts payable	\$ 33,424	1,402,213	160,619	305	1,596,561	-
Accrued liabilities	-	-	-	47,021	47,021	-
Due to other funds	496,252	-	-	-	496,252	-
Customer deposits	2,155,941	-	-	-	2,155,941	-
	<u>2,685,617</u>	<u>1,402,213</u>	<u>160,619</u>	<u>47,326</u>	<u>4,295,775</u>	<u>-</u>
Total current liabilities	<u>13,527,710</u>	<u>6,779,124</u>	<u>1,914,705</u>	<u>4,986,321</u>	<u>27,207,860</u>	<u>4,579,344</u>
Noncurrent liabilities:						
Refundable contracts	1,355,363	131,508	-	-	1,486,871	-
Estimated landfill closure and post-closure care costs	-	-	3,799,205	-	3,799,205	-
Advances from other funds	-	-	-	1,377,095	1,377,095	-
Compensated absences payable	198,143	203,668	139,439	361,455	902,705	97,257
Net pension obligation	665,952	438,389	436,774	-	1,541,115	336,721
Bonds payable	139,999,246	61,662,189	7,055,556	-	208,716,991	-
Notes payable	17,034,421	-	-	-	17,034,421	-
Deferred interest payable	5,090,109	-	-	-	5,090,109	-
Total noncurrent liabilities	<u>164,343,234</u>	<u>62,435,754</u>	<u>11,430,974</u>	<u>1,738,550</u>	<u>239,948,512</u>	<u>433,978</u>
Total liabilities	<u>177,870,944</u>	<u>69,214,878</u>	<u>13,345,679</u>	<u>6,724,871</u>	<u>267,156,372</u>	<u>5,013,322</u>
Net Assets						
Net assets:						
Invested in capital assets, net of related debt	79,597,561	47,895,859	7,916,079	78,143,937	213,553,436	509,738
Restricted for capital projects	-	-	-	388,651	388,651	-
Unrestricted	24,366,123	16,202,452	6,413,522	(1,212,202)	45,769,895	9,211,915
Total net assets	<u>\$ 103,963,684</u>	<u>64,098,311</u>	<u>14,329,601</u>	<u>77,320,386</u>	<u>259,711,982</u>	<u>9,721,653</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, 2011

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Operating revenues:						
Charges for services	\$ 42,597,855	21,319,763	15,547,130	6,482,899	85,947,647	16,197,117
Net merchandise sales	-	-	-	747,075	747,075	-
Contributions	-	-	-	6,127	6,127	-
Other	491,809	299,255	401,156	999,173	2,191,393	13,303
Total operating revenues	<u>43,089,664</u>	<u>21,619,018</u>	<u>15,948,286</u>	<u>8,235,274</u>	<u>88,892,242</u>	<u>16,210,420</u>
Operating expenses:						
Salaries and wages	4,402,349	2,503,272	2,706,516	6,352,752	15,964,889	2,196,794
Employee benefits	2,174,665	1,206,304	1,515,723	2,305,745	7,202,437	1,044,027
Purchased professional/ technical services	1,260,610	535,851	1,383,186	1,674,372	4,854,019	1,355,271
Purchased property services	141,231	82,876	-	559,936	784,043	55,314
Maintenance	1,688,656	1,444,706	1,623,203	832,647	5,589,212	83,061
Other purchased services	857,272	228,403	134,313	946,291	2,166,279	860,407
Supplies	5,038,487	2,127,617	2,063,201	2,516,855	11,746,160	194,584
Other	3,753,980	2,961,134	2,629,800	966,565	10,311,479	10,982,756
Depreciation/amortization	7,699,439	3,589,818	3,826,759	4,178,845	19,294,861	86,951
Total operating expenses	<u>27,016,689</u>	<u>14,679,981</u>	<u>15,882,701</u>	<u>20,334,008</u>	<u>77,913,379</u>	<u>16,859,165</u>
Operating income (loss)	<u>16,072,975</u>	<u>6,939,037</u>	<u>65,585</u>	<u>(12,098,734)</u>	<u>10,978,863</u>	<u>(648,745)</u>
Nonoperating revenues (expenses):						
Investment earnings	91,178	60,764	27,111	4,201	183,254	40,654
Other income	5,280	-	-	376,269	381,549	-
Hotel/motel tax	-	-	-	1,754,730	1,754,730	-
Contributions	116,918	-	-	63,692	180,610	-
Intergovernmental revenue	331	-	-	3,216,791	3,217,122	9,171
Interest expense and fiscal charges	(7,169,940)	(2,842,350)	(318,477)	(18,324)	(10,349,091)	-
Total nonoperating revenues (expenses)	<u>(6,956,233)</u>	<u>(2,781,586)</u>	<u>(291,366)</u>	<u>5,397,359</u>	<u>(4,631,826)</u>	<u>49,825</u>
Income (loss) before contributions and transfers	9,116,742	4,157,451	(225,781)	(6,701,375)	6,347,037	(598,920)
Capital contributions	36,402	92,381	-	10,428,777	10,557,560	-
Transfers in	-	-	-	3,207,418	3,207,418	-
Transfers out	(2,882,776)	(740,145)	(278,674)	-	(3,901,595)	(40,000)
Changes in net assets	6,270,368	3,509,687	(504,455)	6,934,820	16,210,420	(638,920)
Total net assets, beginning of year	<u>97,693,316</u>	<u>60,588,624</u>	<u>14,834,056</u>	<u>70,385,566</u>	<u>243,501,562</u>	<u>10,360,573</u>
Total net assets, end of year	<u>\$ 103,963,684</u>	<u>64,098,311</u>	<u>14,329,601</u>	<u>77,320,386</u>	<u>259,711,982</u>	<u>9,721,653</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, 2011

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		Total
Cash flows from operating activities:						
Cash received from customers	\$ 42,077,625	21,318,876	16,003,354	8,184,091	87,583,946	16,211,274
Cash paid to suppliers for goods and services	(13,151,279)	(7,750,551)	(7,717,737)	(8,075,627)	(36,695,194)	(14,668,240)
Cash paid to employees for services	(6,281,167)	(3,474,978)	(4,046,084)	(8,691,778)	(22,494,007)	(3,058,479)
Net cash provided by (used for) operating activities	<u>22,645,179</u>	<u>10,093,347</u>	<u>4,239,533</u>	<u>(8,583,314)</u>	<u>28,394,745</u>	<u>(1,515,445)</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	1,754,730	1,754,730	-
Intergovernmental revenue	331	-	-	2,748,115	2,748,446	9,171
Contributions	116,918	-	-	63,692	180,610	-
Passenger facility charges	-	-	-	261,249	261,249	-
Payments from other funds	-	-	-	132,756	132,756	-
Transfer from other funds	-	-	-	3,207,418	3,207,418	-
Transfer to other funds	(3,565,618)	(740,145)	(278,674)	-	(4,584,437)	(27,860)
Advances from other funds	-	-	-	107,890	107,890	-
Repayment of advances from other funds	-	-	-	(50,800)	(50,800)	-
Net cash provided by (used for) noncapital financing activities	<u>(3,448,369)</u>	<u>(740,145)</u>	<u>(278,674)</u>	<u>8,225,050</u>	<u>3,757,862</u>	<u>(18,689)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(8,519,670)	(12,234,004)	(4,471,876)	(5,594,435)	(30,819,985)	(114,515)
Capital contributions	-	318,188	-	6,700,878	7,019,066	-
Principal paid on debt	(6,586,252)	(4,411,085)	(835,000)	(120,000)	(11,952,337)	-
Interest paid on debt	(7,465,301)	(2,966,034)	(354,803)	(18,732)	(10,804,870)	-
Net cash provided by (used for) capital and related financing activities	<u>(22,571,223)</u>	<u>(19,292,935)</u>	<u>(5,661,679)</u>	<u>967,711</u>	<u>(46,558,126)</u>	<u>(114,515)</u>
Cash flows from investing activities:						
Rental revenue	5,280	-	-	-	5,280	-
Investment earnings	91,178	61,009	27,111	4,201	183,499	40,654
Raw water sales	-	-	-	115,020	115,020	-
Note payments from other entities	-	40,212	-	-	40,212	-
Net cash provided by investing activities	<u>96,458</u>	<u>101,221</u>	<u>27,111</u>	<u>119,221</u>	<u>344,011</u>	<u>40,654</u>
Net increase (decrease) in cash and cash equivalents	(3,277,955)	(9,838,512)	(1,673,709)	728,668	(14,061,508)	(1,607,995)
Cash and cash equivalents, beginning of year	<u>47,707,797</u>	<u>38,683,939</u>	<u>12,509,104</u>	<u>876,671</u>	<u>99,777,511</u>	<u>15,696,393</u>
Cash and cash equivalents, end of year	<u>\$ 44,429,842</u>	<u>28,845,427</u>	<u>10,835,395</u>	<u>1,605,339</u>	<u>85,716,003</u>	<u>14,088,398</u>

(Continued)

City of Waco, Texas
Statement of Cash flows –
Proprietary Funds
Statement of Cash Flows
(Continued)
Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 16,072,975	6,939,037	65,585	(12,098,734)	10,978,863	(648,745)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	(3,200)	28,376	23,014	-	48,190	-
Depreciation/amortization	7,699,439	3,589,818	3,826,759	4,178,845	19,294,861	86,951
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	(1,008,839)	(328,518)	32,054	(78,994)	(1,384,297)	854
Inventories	(126,761)	5,915	-	(84,064)	(204,910)	7,897
Increase (decrease) in liabilities:						
Accounts payable	(216,369)	(15,559)	(92,341)	38,271	(285,998)	22,321
Accrued liabilities	(183,886)	(327,965)	42,950	20,431	(448,470)	(20,495)
Unearned revenue	-	-	-	27,811	27,811	-
Estimated landfill closure and post-closure care costs	-	-	179,529	-	179,529	-
Compensated absences payable	38,682	59,179	18,692	45,057	161,610	51,630
Net pension obligation	232,086	143,064	143,291	-	518,441	114,384
Customer deposits	141,052	-	-	-	141,052	-
Estimated claims and judgments	-	-	-	-	-	(1,130,242)
Due to other funds	-	-	-	(657,896)	(657,896)	-
Escrow funds	-	-	-	25,959	25,959	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,959</u>	<u>25,959</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 22,645,179</u>	<u>10,093,347</u>	<u>4,239,533</u>	<u>(8,583,314)</u>	<u>28,394,745</u>	<u>(1,515,445)</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	<u>\$ 36,402</u>	<u>-</u>	<u>-</u>	<u>6,526,783</u>	<u>6,563,185</u>	<u>-</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Assets -
Agency Funds
September 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 1,513,346
Note receivable	<u>366,236</u>
Total assets	<u>\$ 1,879,582</u>
Liabilities	
Due to other agencies and individuals	\$ <u>1,879,582</u>
Total liabilities	<u>\$ 1,879,582</u>

See accompanying notes to financial statements.

City of Waco, Texas

Notes to Financial Statements

September 30, 2011

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 government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

Internal service funds account for insurance/risk management services, 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 (GASB). Governments also have the option of following subsequent private-sector guidance for their business-like activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Waco, Texas

Notes to Financial Statements (Continued)

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

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

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

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

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

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

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

Deposits and Investments

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

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

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 6.63 percent of outstanding property taxes at September 30, 2011.

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 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 \$10,616,792 for business-type activities. Of this amount, \$267,701 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 fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are also approved by the City Council through a resolution.

For the classification of governmental fund balances, the City considers expenditures to be made from the most restrictive first when more than one classification is available.

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)

Fund Equity (continued)

The City Council has adopted Financial Management Policy Statements that include the policy to strive to maintain the general fund unassigned fund balance at 18% of budgeted revenues. General fund unassigned fund balance at September 30, 2011 was 18.5% of fiscal year 2012 budgeted revenues.

The following detail of fund balances by classification is shown for governmental major and nonmajor funds:

	General Fund	Other Funds	Total
Fund balances:			
Nonspendable:			
Inventory	\$ 529,830	-	529,830
Real estate held for resale	6,160	40,061	46,221
Advances to other funds	683,391	168,368	851,759
Parks and cemetery care	-	474,415	474,415
Restricted for:			-
Debt service	-	373,263	373,263
Capital projects	-	38,873,017	38,873,017
Tax increment zone activities	-	12,411,165	12,411,165
Housing and community development	-	175,114	175,114
Public safety	-	1,439,842	1,439,842
Culture and recreation	-	1,186,432	1,186,432
Waco Public Improvement District	-	413,153	413,153
Committed to:			-
Economic development	8,394,212	-	8,394,212
Culture and recreation	2,500,000	-	2,500,000
Capital projects	-	860,764	860,764
Assigned to:			-
Capital improvements	2,061,231	-	2,061,231
Economic development	1,137,659	-	1,137,659
Housing and community development	1,040,666	-	1,040,666
Public safety	297,238	-	297,238
Culture and recreation	151,913	-	151,913
Other	67,868	-	67,868
Unassigned	17,850,409	(97,276)	17,753,133
	\$ 34,720,577	56,318,318	91,038,895

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

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 consist 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.

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 \$125,527,043 difference are as follows:

Serial bonds and certificates of obligation	\$ 98,924,973
Less: deferred charge on refunding (to be amortized as interest expense)	(589,654)
Less: deferred charge for issuance costs (to be amortized over life of debt)	(901,535)
Plus: issuance premium	908,334
Accrued interest payable	830,005
Compensated absences	16,456,722
Net pension obligation	8,814,096
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	<u>174,095</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 125,527,043</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 \$(1,075,056) difference are as follows:

Capital outlay	\$ 11,650,526
Depreciation expense	<u>(12,725,582)</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>(1,075,056)</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 \$3,664,857 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>3,664,857</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>3,664,857</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 \$224,951 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	\$	(95,814)
Court fines		125,857
Property taxes		<u>194,908</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>224,951</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 \$(185,846) difference are as follows:

Debt issued or incurred:		
Issuance of general obligation and refunding debt	\$	(7,285,000)
Plus: premium on issuance		(54,583)
Less: deferred charge on issuance costs		120,920
Principal repayments:		
General obligation debt		6,967,663
Capital lease		<u>65,154</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>(185,846)</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 \$(4,026,962) 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	\$ 19,897
Compensated absences	(961,830)
Net pension obligation	(2,963,702)
Accrued interest	(44,727)
Amortization of deferred charge on refunding	(106,670)
Amortization of issuance costs	(114,328)
Amortization of bond premiums	<u>144,398</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>\$ (4,026,962)</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 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)

A. Budgetary Information (continued)

Outstanding encumbrances for governmental funds as of September 30, 2011 are \$3,105,962 for the general fund and \$18,243,318 for other nonmajor funds.

B. Deficit Fund Equity

Deficit fund balance/net assets in individual nonmajor funds at September 30, 2011 consist of the following:

	Unassigned Deficit
Nonmajor Governmental Fund:	
Health Programs Fund	\$ (97,276)

The Health Programs Fund is used to account for the City's share of health programs operated within McLennan County. Federal and state grant funding provided for health programs is also reported in this fund. Operations continue to be reviewed for the health programs to reduce the deficit. Fiscal year 2012 expenditures are budgeted to be 6.7% (\$249,146) less than the 2011 budget for expenditures.

	Invested in Capital Assets, Net of <u>Related Debt</u>	<u>Unrestricted Net Assets</u>	<u>Total Net Assets</u>
Nonmajor Enterprise Fund:			
Cottonwood Creek Golf Course	\$ 1,002,874	(1,681,814)	(678,940)

The Cottonwood Creek Golf Course Fund is used to account for the City's golf course facility. Continued emphasis is being placed 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, 2011, the City had the following investments:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>	<u>Weighted Average Maturity (in years)</u>
Texas Local Government Investment Pool (TexPool)	\$ 11,556,791	15.31%	-
Texas Short-Term Asset Reserve (TexSTAR)	<u>1,303,151</u>	<u>1.73%</u>	-
Total local government investment pools	12,859,942	17.04%	-
U. S. Treasury securities	12,045,600	15.96%	0.84
U. S. Federal agency securities	<u>50,569,004</u>	<u>67.00%</u>	0.91
Total investments	<u>\$ 75,474,546</u>	<u>100.00%</u>	0.75

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, or by pass-through mortgage-backed securities issued by the U. S. federal agencies.

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)

- 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 Fitch, Aaa by Moody's, and AA+ by Standard and Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk. More than 5% of the City's investments at September 30, 2011 were in securities of the following issuers:

<u>U. S. Agency Issuer</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Federal Home Loan Bank	\$ 15,053,400	19.95%
Federal Home Loan Mortgage Corporation	18,322,604	24.28%
Federal National Mortgage Association	13,203,800	17.49%
Federal Farm Credit Bank	3,989,200	5.29%

Custodial Credit Risk

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

Reconciliation of Cash and Investments

Carrying amount of deposits and cash on hand	\$ 111,026,992
Carrying amount of investments	75,474,546
Total	\$ <u>186,501,538</u>
Cash and investments - governmental activities	\$ 98,704,254
Cash and investments - business-type activities	50,371,580
Restricted cash and investments - business-type activities	35,344,423
Component units	36,644
Agency funds	1,513,346
Other participants' undivided interest in WMARSS cash and investments	531,291
Total	\$ <u>186,501,538</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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The advisory board members review the investment policy and management fee structure. TexPool uses amortized cost rather than fair 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 governing 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 fair value to report net assets to compute share prices.

B. Receivables

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

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 6,815,994	-	-	-	719,734	7,535,728
Accounts	13,808,884	7,840,700	3,623,974	3,167,903	683,086	29,124,547
Special assessments	-	-	-	-	30,947	30,947
Intergovernmental	6,003	-	489,286	-	5,260,480	5,755,769
Notes	3,000	-	682,454	-	6,795,088	7,480,542
Gross receivables	<u>20,633,881</u>	<u>7,840,700</u>	<u>4,795,714</u>	<u>3,167,903</u>	<u>13,489,335</u>	<u>49,927,533</u>
Less: allowance for uncollectibles	<u>9,598,919</u>	<u>1,571,060</u>	<u>1,037,093</u>	<u>1,317,980</u>	<u>3,470,023</u>	<u>16,995,075</u>
Net total receivables \$	<u><u>11,034,962</u></u>	<u><u>6,269,640</u></u>	<u><u>3,758,621</u></u>	<u><u>1,849,923</u></u>	<u><u>10,019,312</u></u>	<u><u>32,932,458</u></u>

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

Uncollectibles related to water sales	\$ (3,200)
Uncollectibles related to wastewater charges	28,376
Uncollectibles related to solid waste charges	<u>23,014</u>
Total uncollectibles of the current fiscal year	<u><u>\$ 48,190</u></u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund:			
Delinquent property taxes receivable	\$ 1,545,336	-	1,545,336
Notes receivable	3,000	-	3,000
Other	733,881	864,758	1,598,639
General obligation debt fund:			
Delinquent property taxes receivable	506,436	-	506,436
Grant fund:			
Notes receivable	3,350,552	-	3,350,552
Grant drawdowns	-	4,911	4,911
Tax increment fund No. 1:			
Delinquent property taxes receivable	187,303	-	187,303
Waco Public Improvement District No. 1 fund:			
Special assessments	-	30,947	30,947
	<u>\$ 6,326,508</u>	<u>900,616</u>	<u>7,227,124</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2011 was as follows:

	Primary Government			
	Balance October 1, 2010	Increases	Decreases	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 41,933,030	791,017	-	42,724,047
Construction in progress	25,532,306	8,148,351	(19,327,668)	14,352,989
Total capital assets not being depreciated	67,465,336	8,939,368	(19,327,668)	57,077,036

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, 2011
	Balance October 1, 2010	Increases	Decreases	
<u>Governmental activities: (continued)</u>				
Capital assets, being depreciated:				
Buildings	\$ 37,979,624	11,109,277	(402,295)	48,686,606
Machinery and equipment	37,370,998	2,902,483	(1,653,591)	38,619,890
Improvements other than buildings	34,895,599	8,925,550	(2,296)	43,818,853
Infrastructure	243,936,180	2,910,844	-	246,847,024
Total capital assets being depreciated	<u>354,182,401</u>	<u>25,848,154</u>	<u>(2,058,182)</u>	<u>377,972,373</u>
Less accumulated depreciation:				
Buildings	10,552,683	1,517,231	(402,295)	11,667,619
Machinery and equipment	25,200,329	3,122,326	(1,623,635)	26,699,020
Improvements other than buildings	19,780,481	1,884,275	(2,296)	21,662,460
Infrastructure	132,898,592	6,288,701	-	139,187,293
Total accumulated depreciation	<u>188,432,085</u>	<u>12,812,533</u>	<u>(2,028,226)</u>	<u>199,216,392</u>
 Total capital assets, being depreciated, net	 <u>165,750,316</u>	 <u>13,035,621</u>	 <u>(29,956)</u>	 <u>178,755,981</u>
 Total capital assets, net	 <u>\$ 233,215,652</u>	 <u>21,974,989</u>	 <u>(19,357,624)</u>	 <u>235,833,017</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 4,426,643	1,908,512	(407)	6,334,748
Construction work in progress	112,680,889	29,553,223	(101,369,720)	40,864,392
Museum collections	1,989,924	121,500	-	2,111,424
Total assets not being depreciated/amortized	<u>119,097,456</u>	<u>31,583,235</u>	<u>(101,370,127)</u>	<u>49,310,564</u>
Capital assets, being depreciated/ amortized:				
Buildings	57,902,505	4,174,048	(13,019)	62,063,534
Machinery and equipment	40,930,624	4,554,469	(2,364,072)	43,121,021
Improvements other than buildings	332,578,578	94,557,773	(758,013)	426,378,338
Water rights - impound fee	32,482,879	-	-	32,482,879
Total capital assets, being depreciated/amortized	<u>463,894,586</u>	<u>103,286,290</u>	<u>(3,135,104)</u>	<u>564,045,772</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, 2011
	Balance October 1, 2010	Increases	Decreases	
<u>Business-type activities: (continued)</u>				
Less accumulated depreciation/ amortization:				
Buildings	\$ 22,909,793	2,004,087	(13,019)	24,900,861
Machinery and equipment	23,254,254	4,082,014	(2,330,793)	25,005,475
Improvements other than buildings	122,865,400	12,281,940	(327,701)	134,819,639
Water rights - impound fee	5,129,247	926,820	-	6,056,067
Total accumulated deprecation/ amortization	174,158,694	19,294,861	(2,671,513)	190,782,042
Total capital assets being depreciated/amortized, net	289,735,892	83,991,429	(463,591)	373,263,730
Total capital assets, net	\$ 408,833,348	115,574,664	(101,833,718)	422,574,294

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

Governmental activities:	
General government	\$ 528,812
Public works	6,671,004
Public safety	2,584,525
Culture and recreation	2,948,795
Public health	75,997
Housing and community development	3,400
Total depreciation expense - governmental activities	\$ 12,812,533
Business-type activities:	
Water	\$ 7,699,439
Wastewater	3,589,818
Solid waste	3,826,759
Airport	1,285,438
Convention services	194,289
Ranger Hall of Fame	59,260
Cameron Park Zoo	1,206,511
Transit services	1,279,377
Cottonwood Creek Golf Course	153,970
Total depreciation/amortization expense - business-type activities	\$ 19,294,861

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, 2011. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Parks projects	\$ 7,510,831	3,708,620
Street projects	2,345,814	3,911,474
Water projects	3,663,205	2,072,798
Wastewater projects	17,364,327	3,453,084
Solid waste projects	1,642,138	2,333,514
Airport	638,696	3,060,698
Convention Center	16,791,808	1,624,717
Other projects	<u>5,260,562</u>	<u>5,789,319</u>
Total	\$ <u>55,217,381</u>	<u>25,954,224</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2011 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor business-type	Nonmajor governmental	\$ 149,064
General	Nonmajor governmental	1,573,639
General	Nonmajor business-type	2,452,801
Nonmajor governmental	Nonmajor governmental	6,398,598
Nonmajor governmental	Water	496,252
Nonmajor governmental	Internal service	<u>12,140</u>
		\$ <u>11,082,494</u>

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor business-type	\$ 683,391
Water	Nonmajor business-type	525,336
Nonmajor governmental	Nonmajor business-type	<u>168,368</u>
		<u>\$ 1,377,095</u>

A balance of \$101,478 included in the \$683,391 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

	<u>Transfer in</u>			<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
Transfers out:				
General	\$ -	6,348,492	3,207,418	9,555,910
Water	2,882,776	-	-	2,882,776
Wastewater	740,145	-	-	740,145
Solid waste	278,674	-	-	278,674
Nonmajor governmental	50,000	2,441,591	-	2,491,591
Internal service	-	40,000	-	40,000
Total transfers	<u>\$ 3,951,595</u>	<u>8,830,083</u>	<u>3,207,418</u>	<u>15,989,096</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, 2011, 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	\$ 2,882,776
Wastewater	740,145
Solid waste	278,674

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$619,985 for the year ended September 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 488,241
2013	191,896
2014	102,000
2015	<u>59,500</u>
Total	<u>\$ 841,637</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 \$360,110,000.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00% - 6.00%	\$ 86,753,033
Governmental activities - refunding	2.00% - 4.50%	12,171,940
Business-type activities	2.00% - 6.80%	188,250,000
Business-type activities - refunding	2.00% - 4.50%	<u>31,980,027</u>
		<u>\$ 319,155,000</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>
2012	\$ 7,090,342	4,232,197	12,004,658	9,315,869
2013	5,837,416	3,872,377	11,917,584	8,855,533
2014	5,175,143	3,663,610	11,479,858	8,404,773
2015	5,345,000	3,459,139	10,930,000	7,945,944
2016	5,549,662	3,245,675	11,185,338	7,485,235
2017 - 2021	29,832,410	12,657,636	59,997,589	29,898,970
2022 - 2026	30,550,000	5,858,449	47,225,000	17,611,356
2027 - 2031	9,545,000	524,323	32,690,000	9,252,272
2032 - 2036	-	-	21,105,000	2,712,138
2037	-	-	<u>1,695,000</u>	<u>42,375</u>
Total	<u>\$ 98,924,973</u>	<u>37,513,406</u>	<u>220,230,027</u>	<u>101,524,465</u>

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City’s financial statements. On September 30, 2011, \$5,805,000 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
2012	\$ -	877,605
2013	-	877,605
2014	-	877,605
2015	-	1,604,763
2016	-	1,604,763
2017 - 2021	-	8,023,818
2022 - 2026	3,665,000	3,986,643
2027 - 2031	4,865,000	2,787,554
2032 - 2036	6,470,000	1,184,526
	\$ 15,000,000	21,824,882

Note payable

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2012	\$ 63,687	90,076
2013	66,515	87,247
2014	69,469	84,293
2015	72,555	81,208
2016	75,777	77,986
2017 - 2021	432,455	336,355
2022 - 2026	293,093	246,996
2027- 2031	195,003	202,907
2032 - 2036	242,326	155,584
2037 - 2041	301,133	96,777
2042 - 2045	286,094	25,601
Total	<u>\$ 2,098,107</u>	<u>1,485,030</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, 2011.

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

The various bond obligations contain certain financial limitations and restrictions. The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (general debt service fund). The ordinances require the City to ascertain a rate and amount of tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City is in compliance with all such significant financial restrictions.

Refundable contracts

The City maintains a policy of refunding to subdivision developers certain costs for the construction of water and wastewater improvements and streets and drainage facilities, applicable to single family housing developments. The policy was created to encourage the construction of single family residences within the corporate limits of the City. Amounts under contract which have not yet been refunded of \$1,888,901 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, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 98,607	7,285	6,968	98,924	7,090
Plus: premium on bonds	998	54	144	908	-
Less: deferred amount on refundings	(696)	-	(106)	(590)	-
Total bonds payable	<u>98,909</u>	<u>7,339</u>	<u>7,006</u>	<u>99,242</u>	<u>7,090</u>
Capital leases	\$ 65	-	65	-	-
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	4,737	11,483	12,613	3,607	3,607
Compensated absences	15,815	9,345	8,332	16,828	8,539
Net pension obligation	6,073	3,455	377	9,151	-
Net OPEB obligation	194	93	113	174	-
Total long-term liabilities	<u>27,794</u>	<u>24,376</u>	<u>21,500</u>	<u>30,670</u>	<u>12,146</u>
Governmental activity long-term liabilities	<u>\$ 126,703</u>	<u>31,715</u>	<u>28,506</u>	<u>129,912</u>	<u>19,236</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 232,182	-	11,952	220,230	12,005
Plus: premium on bonds	2,153	-	444	1,709	-
Less: deferred amount on refundings	<u>(1,401)</u>	<u>-</u>	<u>(183)</u>	<u>(1,218)</u>	<u>-</u>
Total bonds payable	<u>232,934</u>	<u>-</u>	<u>12,213</u>	<u>220,721</u>	<u>12,005</u>
State participation loan	15,000	-	-	15,000	-
Note payable	2,159	-	61	2,098	64
Compensated absences	2,548	1,966	1,804	2,710	1,807
Net pension obligation	1,023	582	64	1,541	-
Refundable contracts	2,466	188	845	1,809	322
Deferred interest payable	5,046	44	-	5,090	-
Estimated landfill closure and post-closure care costs	<u>3,620</u>	<u>179</u>	<u>-</u>	<u>3,799</u>	<u>-</u>
Total long-term liabilities	<u>31,862</u>	<u>2,959</u>	<u>2,774</u>	<u>32,047</u>	<u>2,193</u>
Business-type activity long-term liabilities	<u>\$ 264,796</u>	<u>2,959</u>	<u>14,987</u>	<u>252,768</u>	<u>14,198</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$371,346, \$336,721, and \$3,607,041 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	\$ 2,155,941
Bond construction account	32,700,301
Capital grants and contributions	<u>488,181</u>
 Total restricted assets	 <u>\$ 35,344,423</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City has established the insurance fund and health insurance fund (internal services funds) to account for and finance its risk management activities. All funds participate in these programs and make payments to these funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish reserves for catastrophe losses. The reserves for catastrophic losses were approximately \$8,900,000 at September 30, 2011.

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, federal and state mandated programs, changes in legal doctrines, damage awards (including frequency and amount of payouts), and economic and social trends. Accordingly, claims are reevaluated periodically to consider the effects of such factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The insurance fund provides coverage for up to a maximum of \$400,000 for each workers' compensation claim. The City purchases commercial insurance for workers' compensation claims in excess of coverage provided by the fund. For general liability claims prior to fiscal year 2002, the insurance fund provided coverage for up to \$250,000 for each individual and \$500,000 aggregate for general liability claims and up to \$100,000 for each property damage claim. Beginning with fiscal year 2002, the insurance fund provides commercial insurance for each general liability or property damage claim. The City purchases commercial insurance for claims in excess of \$50,000. The commercial liability insurance limits are \$1,000,000 per occurrence for general liability with a \$2,000,000 annual aggregate, except for law enforcement liability for which the limits are \$5,000,000 per occurrence and \$10,000,000 annual aggregate. The commercial insurance limits for the City's property coverages are: \$10,000,000 aggregate for automobile catastrophe, \$354,954,254 aggregate for real and personal property, \$12,866,014 aggregate for mobile equipment and \$5,000,000 per accident for boiler and machinery.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

Effective January 1, 2006, the City began to self-insure for health insurance claims. Beginning October 1, 2010, the lifetime maximum per participant was removed, and there is now an annual maximum of \$1,250,000 per participant. Commercial insurance is purchased for total annual claims per individual in excess of \$150,000 up to \$2,000,000 and for the first \$2,000,000 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 2011, 2010, or 2009. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of fiscal year	\$ 4,737	4,080
Incurred claims (including IBNRs)	11,483	11,200
Claim payments	<u>(12,613)</u>	<u>(10,543)</u>
Unpaid claims, end of fiscal year	<u>\$ 3,607</u>	<u>4,737</u>

I. Contingent Liabilities

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

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

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Commitments

Additionally, the City Council has approved \$1,800,653 to be refunded to subdivision developers for certain costs for the construction of water and wastewater improvements once applicable contract requirements are met.

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.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB annual required contribution (ARC) for the City's retiree life insurance plan. Using the plan benefits, the present life insurance premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of life insurance benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	3.0% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level Dollar
Amortization period	30-year open amortization

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree life insurance plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year is as follows:

Reconciliation of Net Other Post-employment Benefit Obligation

	2011	2010	2009
Annual Required Contribution (ARC)	\$ 92,976	92,976	78,752
Interest on OPEB obligation	5,754	3,545	1,822
Adjustment to the ARC (amortization)	(7,679)	(4,731)	(2,431)
Annual OPEB cost	91,051	91,790	78,143
Contributions made	(44,832)	(42,701)	(39,844)
Increase in net OPEB obligation	46,219	49,089	38,299
Net OPEB obligation, beginning of year	127,876	78,787	40,488
Net OPEB obligation, end of year	\$ 174,095	127,876	78,787

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2011 and the preceding two fiscal years were as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2011	\$ 91,051	44,832	49.2%	\$ 174,095
September 30, 2010	91,790	42,701	46.5%	127,876
September 30, 2009	78,143	39,844	51.0%	78,787

Funding status and funding progress

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. The actuarial valuation is performed on a bi-annual basis.

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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 from the 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

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 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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.

Reconciliation of Net Pension Obligation

	2011	2010	2009
Annual Required Contribution (ARC)	\$ 16,443,862	16,643,571	13,662,872
Interest on net pension obligation	532,155	215,223	-
Adjustment to the ARC	(440,298)	(175,223)	-
Annual pension cost	16,535,719	16,683,571	13,662,872
Contributions made	(12,939,192)	(12,457,801)	(10,793,237)
Increase in net pension obligation	3,596,527	4,225,770	2,869,635
Net pension obligation, beginning of year	7,095,405	2,869,635	-
Net pension obligation, end of year	\$ 10,691,932	7,095,405	2,869,635

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Annual Required Contribution Rate
2011	\$ 16,535,719	78%	\$ 10,691,932	24.47%
2010	16,683,571	75%	7,095,405	24.05%
2009	13,662,872	80%	2,869,635	22.55%

The required contribution rate for fiscal year 2011 was determined as part of the December 31, 2008 and 2009 actuarial valuations. The actuarial assumptions at December 31, 2008 and 2009 follow, along with additional information as of the latest actuarial valuation, December 31, 2010:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Valuation Date	12/31/2008	12/31/2009	12/31/2010 - prior to restructuring	12/31/2010 - restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	29.0 years; closed period	28.1 years; closed period	27.1 years; closed period	27.2 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return*	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.00%	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%	2.1%

Funded Status and Funding Progress – In June 2011, SB 350 was enacted by the Texas Legislature resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010 and the preceding two years is presented as follows:

City of Waco, Texas

Notes to Financial Statements (Continued)

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

L. **Pension Plans – Primary Government** (continued)

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
12-31-2008	\$ 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%
12-31-2010*	172,363,904	310,133,189	55.6%	\$ 137,769,285	67,622,089	203.7%
12-31-2010**	286,038,376	403,665,385	70.9%	117,627,009	67,622,089	173.9%

* Actuarial valuation performed under the original fund structure.

** Actuarial valuation performed under the new fund structure.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

M. **Fire and Police One-half Pay Pension**

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

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

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)

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 \$201,110 at September 30, 2011.

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:

2011	\$ 52,164
2010	70,164
2009	70,164

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 \$3,799,205 as of September 30, 2011, which is based on 61.7% usage (filled) of the landfill. It is estimated that an additional \$2,360,351 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 (2023). The estimated total current cost of the landfill closure and post-closure care (\$6,159,556) 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, 2011. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

O. Conduit Debt Obligations

From time to time, Central Waco Development Corporation and Waco Health Facilities Development Corporation have issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of

City of Waco, Texas

Notes to Financial Statements (Continued)

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

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

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, 2011, there are twelve series of industrial revenue bonds outstanding. The aggregate principal amount payable for the seven series issued after July 1, 1995 was \$278,075,000. The aggregate principal amount payable for the five series issued prior to July 1, 1995 could not be readily determined; however, their original issue amounts totaled \$13,390,000.

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, 2011, such special assessment debt outstanding totaled \$1,567,000.

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.

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.

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 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, 2011, \$682,454 of principal remained outstanding on these loans.

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

Current assets	\$ 5,573,109
Capital assets	34,409,858
Current liabilities	(1,699,692)
Noncurrent liabilities	<u>(146,895)</u>
Net assets	<u>\$ 38,136,380</u>
Operating revenue	\$ 277,728
Operating expenses	(4,993,535)
Non-operating revenue	<u>32,494</u>
Change in net assets	<u>\$ (4,683,313)</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. **Adoption of Pronouncement**

In connection with the adoption of Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of October 1, 2010, certain funds previously reported as special revenue funds are now considered part of the general fund. As of October 1, 2010, fund balance for the general fund increased by \$8,240,156. Additionally, the classifications of fund balances for governmental funds changed in accordance with GASB Statement No. 54, as more fully described in Note I. D.

T. **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. 61, *The Financial Reporting Entity: Omnibus – An amendment to GASB 14 and 34* (issued November 2010) – The objective of this statement is to improve financial reporting by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The statement allows users of the financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedures issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

T. Authoritative Pronouncement Not Yet Effective (continued)

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (issued June 2011) – the objective of this statement is to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position by providing guidance where none previously existed. Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	2011	2010
Assets		
Cash and investments	\$ 27,254,715	23,678,502
Accounts receivable, net of allowance	4,381,016	4,176,177
Taxes receivable, net of allowance	6,644,943	6,423,251
Notes receivable	3,000	4,000
Due from other funds	4,026,440	4,134,663
Intergovernmental receivable	6,003	8,400
Advances to other funds	683,391	625,559
Inventory	529,830	548,182
Real estate held for resale	6,160	6,160
	\$ 43,535,498	39,604,894
Liabilities		
Liabilities:		
Accounts payable	\$ 1,149,787	1,365,165
Accrued liabilities	4,058,962	3,942,180
Deferred revenue	3,146,975	2,559,020
Deposits	270,467	225,400
Escrow funds	188,730	271,379
Total liabilities	8,814,921	8,363,144
Fund Balances		
Nonspendable:		
Advances to other funds	683,391	625,559
Inventory	529,830	548,182
Real estate held for resale	6,160	6,160
Restricted for:		
Municipal information equipment	-	11,956
Committed to:		
Economic development	8,394,212	8,072,729
Culture and recreation	2,500,000	-
Assigned to:		
Capital improvements	2,061,231	1,439,202
Economic development	1,137,659	1,549,117
Housing and community development	1,040,666	77,241
Public works	-	31,773
Public safety	297,238	119,502
Culture and recreation	151,913	476,209
Other	67,868	69,031
Unassigned	17,850,409	18,215,089
Total fund balances	34,720,577	31,241,750
Total liabilities and fund balances	\$ 43,535,498	39,604,894

City of Waco, Texas
General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes	\$ 65,587,020	63,645,465
Business and occupation fees	13,587,115	13,338,717
Permits, licenses and fees	789,302	992,627
Fines	1,729,398	1,950,230
Charges for services	1,779,213	1,751,702
Investment earnings	119,659	161,497
Contributions	310,827	239,964
Intergovernmental	1,390,686	1,553,028
Program income	-	450,000
Other	8,222,979	7,748,423
Total revenues	<u>93,516,199</u>	<u>91,831,653</u>
Expenditures:		
General government	15,550,216	16,204,299
Public works	1,791,523	2,235,645
Public safety	54,524,611	55,583,806
Culture and recreation	12,438,048	12,742,857
Housing and community development	128,659	139,921
Total expenditures	<u>84,433,057</u>	<u>86,906,528</u>
Excess of revenues over expenditures	<u>9,083,142</u>	<u>4,925,125</u>
Other financing sources (uses):		
Transfers in	3,951,595	3,701,141
Transfers out	(9,555,910)	(9,235,613)
Total other financing sources (uses)	<u>(5,604,315)</u>	<u>(5,534,472)</u>
Net change in fund balances	3,478,827	(609,347)
Fund balances, beginning of year	<u>31,241,750</u>	<u>31,851,097</u>
Fund balances, end of year	<u>\$ 34,720,577</u>	<u>31,241,750</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, 2011
(With Comparative Totals for September 30, 2010)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2011	2010
Assets						
Cash and investments	\$ 14,877,304	347,268	41,662,154	474,415	57,361,141	67,057,397
Accounts receivable, net of allowances	223,800	-	2,125	-	225,925	190,980
Special assessments receivable	30,947	-	-	-	30,947	22,521
Taxes receivable	187,303	532,431	-	-	719,734	610,283
Notes receivable	3,350,552	-	-	-	3,350,552	3,445,366
Due from other funds	759,564	-	6,147,426	-	6,906,990	7,474,466
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	2,077,827	-	284,941	-	2,362,768	1,659,627
Real estate held for resale	40,061	-	-	-	40,061	40,709
Total assets	\$ 21,547,358	879,699	48,265,014	474,415	71,166,486	80,669,717
Liabilities						
Accounts payable	\$ 662,257	-	210,707	-	872,964	2,984,008
Accrued liabilities	154,461	-	1,541,695	-	1,696,156	3,532,784
Deferred revenue	3,573,713	506,436	-	-	4,080,149	4,057,302
Due to other funds	1,510,838	-	6,610,463	-	8,121,301	7,479,962
Escrow funds	77,598	-	-	-	77,598	86,610
Total liabilities	5,978,867	506,436	8,362,865	-	14,848,168	18,140,666
Fund Balances						
Nonspendable:						
Parks and cemetery care	-	-	-	474,415	474,415	473,362
Real estate held for resale	40,061	-	-	-	40,061	40,709
Advances to other funds	-	-	168,368	-	168,368	168,368
Restricted for:						
Debt service	-	373,263	-	-	373,263	460,001
Capital projects	-	-	38,873,017	-	38,873,017	47,889,104
Tax increment zone activities	12,411,165	-	-	-	12,411,165	9,856,300
Housing and community development	175,114	-	-	-	175,114	161,094
Public safety	1,439,842	-	-	-	1,439,842	1,565,589
Culture and recreation	1,186,432	-	-	-	1,186,432	524,529
Waco Public Improvement District	413,153	-	-	-	413,153	347,093
Committed to:						
Capital projects	-	-	860,764	-	860,764	810,525
Public health	-	-	-	-	-	232,377
Unassigned	(97,276)	-	-	-	(97,276)	-
Total fund balances	15,568,491	373,263	39,902,149	474,415	56,318,318	62,529,051
Total liabilities and fund balances	\$ 21,547,358	879,699	48,265,014	474,415	71,166,486	80,669,717

City of Waco, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2011	2010
Revenues:						
Taxes	\$ 4,939,553	10,608,955	-	-	15,548,508	15,566,899
Permits, licenses and fees	892,851	-	-	-	892,851	909,059
Fines	86,020	-	-	-	86,020	104,257
Investment earnings	36,178	4,893	278,446	1,053	320,570	612,242
Contributions	-	-	40,000	-	40,000	387,233
Intergovernmental	9,151,666	-	459,009	-	9,610,675	11,259,244
Program income	521,371	-	-	-	521,371	1,541,904
Other	609,962	-	-	-	609,962	639,283
Total revenues	16,237,601	10,613,848	777,455	1,053	27,629,957	31,020,121
Expenditures:						
Current:						
General government	2,517,349	-	-	-	2,517,349	3,491,246
Public works	962,126	-	-	-	962,126	-
Public safety	1,838,415	-	-	-	1,838,415	2,936,169
Culture and recreation	494,219	-	-	-	494,219	407,126
Housing and community development	3,192,714	-	-	-	3,192,714	4,003,803
Public health	7,155,606	-	-	-	7,155,606	7,240,481
Capital outlay	-	-	20,198,033	-	20,198,033	40,944,884
Debt service:						
Principal	-	6,967,663	-	-	6,967,663	7,270,310
Interest and fiscal charges	-	4,192,140	-	-	4,192,140	4,211,528
Bond issuance costs	-	500	-	-	500	70,242
Total expenditures	16,160,429	11,160,303	20,198,033	-	47,518,765	70,575,789
Deficiency of revenues under expenditures	77,172	(546,455)	(19,420,578)	1,053	(19,888,808)	(39,555,668)
Other financing sources (uses):						
Refunding bonds issued	-	-	-	-	-	2,900,000
Payment to refunded bond escrow agent	-	-	-	-	-	(3,093,588)
Premium on refunding bonds	-	-	-	-	-	202,379
General obligation bonds issued	-	496	7,284,504	-	7,285,000	4,925,000
Premium on general obligation bonds	-	4	54,579	-	54,583	29,024
Transfers in	3,272,845	459,217	5,098,021	-	8,830,083	8,443,119
Transfers out	(509,217)	-	(1,982,374)	-	(2,491,591)	(2,107,619)
Total other financing sources (uses)	2,763,628	459,717	10,454,730	-	13,678,075	11,298,315
Net change in fund balances	2,840,800	(86,738)	(8,965,848)	1,053	(6,210,733)	(28,257,353)
Fund balances, beginning of year	12,727,691	460,001	48,867,997	473,362	62,529,051	90,786,404
Fund balances, end of year	\$ 15,568,491	373,263	39,902,149	474,415	56,318,318	62,529,051

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.

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 health programs operated within McLennan County. Financing is provided from patients' fees, assessments from other governments, and other miscellaneous revenues and federal and state awards. 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, 2011
(With Comparative Totals for September 30, 2010)

	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund	Grant Fund	Waco Public Improvement District No. 1 Fund
Assets						
Cash and investments	\$ 11,054,542	1,443,064	63,532	-	-	434,692
Accounts receivable, net of allowances	21,539	-	-	45,888	406,215	-
Special assessments receivable	-	-	-	-	-	30,947
Taxes receivable	187,303	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	581,012	156,373	-
Due from other funds	-	-	-	-	1,496,815	-
Real estate held for resale	-	-	-	-	3,350,552	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>11,263,384</u>	<u>1,443,064</u>	<u>63,532</u>	<u>626,900</u>	<u>5,409,955</u>	<u>465,639</u>
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ 171,512	-	-	73,432	390,635	21,539
Accrued liabilities	-	-	-	84,638	69,823	-
Deferred revenue	187,303	-	-	-	3,355,463	30,947
Due to other funds	-	-	-	488,508	1,022,330	-
Escrow funds	-	-	-	77,598	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>358,815</u>	<u>-</u>	<u>-</u>	<u>724,176</u>	<u>4,838,251</u>	<u>52,486</u>
Fund Balances						
Nonspendable:						
Real estate held for resale	-	-	-	-	40,061	-
Restricted for:						
Tax increment zone activities	10,904,569	1,443,064	63,532	-	-	-
Housing and community development	-	-	-	-	175,114	-
Public safety	-	-	-	-	15,120	-
Culture and recreation	-	-	-	-	1,141,034	-
Waco Public Improvement District	-	-	-	-	-	413,153
Committed to:						
Public health	-	-	-	-	-	-
Unassigned deficit	-	-	-	(97,276)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>10,904,569</u>	<u>1,443,064</u>	<u>63,532</u>	<u>(97,276)</u>	<u>1,371,329</u>	<u>413,153</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>11,263,384</u>	<u>1,443,064</u>	<u>63,532</u>	<u>626,900</u>	<u>6,209,580</u>	<u>465,639</u>

See accompanying independent auditors' report.

Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
						2011	2010
319,277	217,493	465,308	427,783	8,742	36,656	14,471,089	12,912,059
-	-	-	-	-	-	473,642	189,155
-	-	-	-	-	-	30,947	22,521
-	-	-	-	-	-	187,303	79,776
-	-	-	-	-	-	-	3,445,366
-	-	-	-	-	-	737,385	1,484,321
-	-	-	-	-	-	1,496,815	88,039
-	-	-	-	-	-	3,350,552	40,709
<u>319,277</u>	<u>217,493</u>	<u>465,308</u>	<u>427,783</u>	<u>8,742</u>	<u>36,656</u>	<u>20,747,733</u>	<u>18,261,946</u>
1,295	2,280	846	718	-	-	662,257	655,695
-	-	-	-	-	-	154,461	145,455
-	-	-	-	-	-	3,573,713	3,552,574
-	-	-	-	-	-	1,510,838	1,093,921
-	-	-	-	-	-	77,598	86,610
<u>1,295</u>	<u>2,280</u>	<u>846</u>	<u>718</u>	<u>-</u>	<u>-</u>	<u>5,978,867</u>	<u>5,534,255</u>
-	-	-	-	-	-	40,061	40,709
-	-	-	-	-	-	12,411,165	9,856,300
-	-	-	-	-	-	175,114	161,094
317,982	215,213	464,462	427,065	-	-	1,439,842	1,565,589
-	-	-	-	8,742	36,656	1,186,432	524,529
-	-	-	-	-	-	413,153	347,093
-	-	-	-	-	-	-	232,377
-	-	-	-	-	-	(97,276)	-
<u>317,982</u>	<u>215,213</u>	<u>464,462</u>	<u>427,065</u>	<u>8,742</u>	<u>36,656</u>	<u>15,568,491</u>	<u>12,727,691</u>
<u>319,277</u>	<u>217,493</u>	<u>465,308</u>	<u>427,783</u>	<u>8,742</u>	<u>36,656</u>	<u>21,547,358</u>	<u>18,261,946</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund	Grant Fund	Waco Public Improvement District No. 1 Fund
Revenues:						
Taxes	\$ 4,581,953	77,963	315	-	-	279,322
Permits, licenses and fees	-	-	-	744,074	-	-
Fines	-	-	-	-	-	-
Investment earnings	29,561	4,141	169	-	-	1,321
Contributions	-	-	-	-	-	-
Intergovernmental	317,640	5,607	23	3,079,532	5,748,864	-
Program income	-	-	-	384,327	175,729	-
Other	-	-	-	388,018	94,900	-
Total revenues	<u>4,929,154</u>	<u>87,711</u>	<u>507</u>	<u>4,595,951</u>	<u>6,019,493</u>	<u>280,643</u>
Expenditures:						
Current:						
General government	2,003,290	-	-	-	299,476	214,583
Public works	-	-	-	-	962,126	-
Public safety	-	-	-	-	1,425,721	-
Culture and recreation	-	-	-	-	489,618	-
Housing and community development	-	-	-	-	3,192,714	-
Public health	-	-	-	7,155,606	-	-
Total expenditures	<u>2,003,290</u>	<u>-</u>	<u>-</u>	<u>7,155,606</u>	<u>6,369,655</u>	<u>214,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,925,864</u>	<u>87,711</u>	<u>507</u>	<u>(2,559,655)</u>	<u>(350,162)</u>	<u>66,060</u>
Other financing sources (uses):						
Transfers in	-	-	-	2,230,002	1,042,843	-
Transfers out	(459,217)	-	-	-	-	-
Total other financing sources (uses)	<u>(459,217)</u>	<u>-</u>	<u>-</u>	<u>2,230,002</u>	<u>1,042,843</u>	<u>-</u>
Net change in fund balances	2,466,647	87,711	507	(329,653)	692,681	66,060
Fund balances, beginning of year	<u>8,437,922</u>	<u>1,355,353</u>	<u>63,025</u>	<u>232,377</u>	<u>678,648</u>	<u>347,093</u>
Fund balances, end of year	<u>\$ 10,904,569</u>	<u>1,443,064</u>	<u>63,532</u>	<u>(97,276)</u>	<u>1,371,329</u>	<u>413,153</u>

See accompanying independent auditors' report.

Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
						2011	2010
-	-	-	-	-	-	4,939,553	4,736,103
110,092	-	-	-	-	-	854,166	909,059
-	-	36,874	49,146	-	-	86,020	104,257
-	537	-	-	54	395	36,178	53,646
-	-	-	-	-	-	-	38,444
-	-	-	-	-	-	9,151,666	9,363,631
-	-	-	-	-	-	560,056	1,541,904
-	127,044	-	-	-	-	609,962	639,283
<u>110,092</u>	<u>127,581</u>	<u>36,874</u>	<u>49,146</u>	<u>54</u>	<u>395</u>	<u>16,237,601</u>	<u>17,386,327</u>
-	-	-	-	-	-	2,517,349	3,490,245
-	-	-	-	-	-	962,126	-
9,121	253,965	6,574	143,034	-	-	1,838,415	2,936,169
-	-	-	-	-	4,601	494,219	407,126
-	-	-	-	-	-	3,192,714	4,003,803
-	-	-	-	-	-	7,155,606	7,240,481
<u>9,121</u>	<u>253,965</u>	<u>6,574</u>	<u>143,034</u>	<u>-</u>	<u>4,601</u>	<u>16,160,429</u>	<u>18,077,824</u>
<u>100,971</u>	<u>(126,384)</u>	<u>30,300</u>	<u>(93,888)</u>	<u>54</u>	<u>(4,206)</u>	<u>77,172</u>	<u>(691,497)</u>
-	-	-	-	-	-	3,272,845	2,553,178
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(509,217)</u>	<u>(541,534)</u>
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,763,628</u>	<u>2,011,644</u>
50,971	(126,384)	30,300	(93,888)	54	(4,206)	2,840,800	1,320,147
<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>12,727,691</u>	<u>11,407,544</u>
<u>317,982</u>	<u>215,213</u>	<u>464,462</u>	<u>427,065</u>	<u>8,742</u>	<u>36,656</u>	<u>15,568,491</u>	<u>12,727,691</u>



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ 11,054,542	8,724,223
Accounts receivable, net of allowance	21,539	3,768
Taxes receivable	<u>187,303</u>	<u>79,776</u>
 Total assets	 \$ <u><u>11,263,384</u></u>	 <u><u>8,807,767</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 171,512	290,069
Deferred revenue	<u>187,303</u>	<u>79,776</u>
 Total liabilities	 <u>358,815</u>	 <u>369,845</u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	<u>10,904,569</u>	<u>8,437,922</u>
 Total fund balances	 <u>10,904,569</u>	 <u>8,437,922</u>
 Total liabilities and fund balances	 \$ <u><u>11,263,384</u></u>	 <u><u>8,807,767</u></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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Property taxes	\$ 4,562,760	4,367,983
Interest and penalty on taxes	19,193	43,878
Investment earnings	29,561	42,779
Contributions	-	38,444
Intergovernmental	317,640	311,112
Total revenues	<u>4,929,154</u>	<u>4,804,196</u>
Expenditures:		
General government:		
Purchased professional/technical services	1,925,900	2,992,453
Capital outlay	77,390	122,807
Total expenditures	<u>2,003,290</u>	<u>3,115,260</u>
Excess of revenues over expenditures	<u>2,925,864</u>	<u>1,688,936</u>
Other financing uses:		
Transfers out	<u>(459,217)</u>	<u>(491,534)</u>
Total other financing uses	<u>(459,217)</u>	<u>(491,534)</u>
Net change in fund balances	2,466,647	1,197,402
Fund balances, beginning of year	<u>8,437,922</u>	<u>7,240,520</u>
Fund balances, end of year	<u>\$ 10,904,569</u>	<u>8,437,922</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>1,443,064</u>	<u>1,355,353</u>
Total assets	\$ <u><u>1,443,064</u></u>	<u><u>1,355,353</u></u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	\$ <u>1,443,064</u>	<u>1,355,353</u>
Total fund balances	\$ <u><u>1,443,064</u></u>	<u><u>1,355,353</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Property taxes	\$ 77,963	79,440
Investment earnings	4,141	5,573
Intergovernmental	5,607	5,664
Program income	-	417,000
Total revenues	<u>87,711</u>	<u>507,677</u>
Expenditures:		
General government:		
Purchased professional/technical services	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	87,711	507,677
Fund balances, beginning of year	<u>1,355,353</u>	<u>847,676</u>
Fund balances, end of year	<u>\$ 1,443,064</u>	<u>1,355,353</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>63,532</u>	<u>63,025</u>
Total assets	\$ <u><u>63,532</u></u>	<u><u>63,025</u></u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	\$ <u>63,532</u>	<u>63,025</u>
Total fund balances	\$ <u><u>63,532</u></u>	<u><u>63,025</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Property taxes	\$ 315	316
Investment earnings	169	277
Intergovernmental	<u>23</u>	<u>22</u>
Total revenues	<u>507</u>	<u>615</u>
Expenditures:		
General government	<u>-</u>	<u>-</u>
Net change in fund balances	507	615
Fund balances, beginning of year	<u>63,025</u>	<u>62,410</u>
Fund balances, end of year	<u><u>\$ 63,532</u></u>	<u><u>63,025</u></u>

See accompanying independent auditors' report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ -	395,565
Accounts receivable, net of allowance	45,888	37,163
Intergovernmental receivable	<u>581,012</u>	<u>603,152</u>
 Total assets	 <u>\$ 626,900</u>	 <u>1,035,880</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 73,432	87,027
Accrued liabilities	84,638	67,962
Escrow funds	77,598	86,610
Due to other funds	<u>488,508</u>	<u>561,904</u>
 Total liabilities	 <u>724,176</u>	 <u>803,503</u>
Fund Balance (Deficit)		
Fund balance (deficit):		
Restricted for:		
Public health	-	23
Committed to:		
Public health	-	232,354
Unassigned deficit	<u>(97,276)</u>	<u>-</u>
 Total fund balance (deficit)	 <u>(97,276)</u>	 <u>232,377</u>
 Total liabilities and fund balance (deficit)	 <u>\$ 626,900</u>	 <u>1,035,880</u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Programs Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	2011	2010
Revenues:		
Permits, licenses and fees	\$ 744,074	831,389
Intergovernmental	3,079,532	3,082,856
Program income	384,327	318,180
Investment earnings	-	1,508
Other	388,018	370,048
Total revenues	4,595,951	4,603,981
Expenditures:		
Public health:		
Health and administrative services	1,977,164	1,996,968
Environmental health services	407,399	560,259
Dental health services	9,532	64,266
Public health nursing services	846,136	805,881
Sexually transmitted disease	363,992	394,047
HIV/AIDS services	162,557	170,958
Public health services	3,388,826	3,248,102
Total expenditures	7,155,606	7,240,481
Deficiency of revenues under expenditures	(2,559,655)	(2,636,500)
Other financing sources:		
Transfers in	2,230,002	2,302,212
Net change in fund balances	(329,653)	(334,288)
Fund balance, beginning of year	232,377	566,665
Fund balance (deficit), end of year	\$ (97,276)	232,377

See accompanying independent auditors' report.

City of Waco, Texas
Health Programs Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Year Ended September 30, 2011
(With Comparative Actual Amounts for Year Ended September 30, 2010)

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 317,219	317,219	279,169	(38,050)	305,868
Investment earnings	1,600	1,600	-	(1,600)	1,508
Other	392,313	386,807	380,060	(6,747)	369,913
Total	<u>711,132</u>	<u>705,626</u>	<u>659,229</u>	<u>(46,397)</u>	<u>677,289</u>
Environmental Health Services:					
Health and welfare fees	378,614	378,614	377,906	(708)	387,163
Intergovernmental	171,073	87,937	87,937	-	153,069
Total	<u>549,687</u>	<u>466,551</u>	<u>465,843</u>	<u>(708)</u>	<u>540,232</u>
Public Health Nursing Services:					
Health and welfare fees	143,907	143,907	63,165	(80,742)	113,654
Other	-	-	7,745	7,745	-
Total	<u>143,907</u>	<u>143,907</u>	<u>70,910</u>	<u>(72,997)</u>	<u>113,654</u>
Sexually Transmitted Diseases:					
Health and welfare fees	23,954	23,954	23,834	(120)	24,704
Total	<u>23,954</u>	<u>23,954</u>	<u>23,834</u>	<u>(120)</u>	<u>24,704</u>
Public Health Services:					
Program income	-	359,000	384,327	25,327	318,180
Intergovernmental	-	2,992,500	2,991,595	(905)	2,929,787
Other	-	-	213	213	135
Total	<u>-</u>	<u>3,351,500</u>	<u>3,376,135</u>	<u>24,635</u>	<u>3,248,102</u>
Total revenues	<u>1,428,680</u>	<u>4,691,538</u>	<u>4,595,951</u>	<u>(95,587)</u>	<u>4,603,981</u>
Expenditures:					
Health Administrative Services:					
Salaries and wages	450,554	448,034	420,757	27,277	451,429
Employee benefits	171,506	170,776	166,470	4,306	173,471
Purchased professional/technical services	37,477	37,477	37,248	229	38,518
Purchased property services	6,093	4,959	4,549	410	5,722
Other purchased services	24,252	27,292	26,281	1,011	32,914
Supplies	43,088	38,829	35,093	3,736	42,410
Contracts with others	961,262	961,262	961,262	-	933,264
Other	325,504	337,850	325,504	12,346	319,240
Total health administrative services	<u>2,019,736</u>	<u>2,026,479</u>	<u>1,977,164</u>	<u>49,315</u>	<u>1,996,968</u>

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
(Continued)
Year Ended September 30, 2011
(With Comparative Actual Amounts for Year Ended September 30, 2010)

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 288,829	288,829	249,249	39,580	342,725
Employee benefits	117,427	117,427	101,728	15,699	133,726
Purchased professional/technical services	1,650	1,650	3,513	(1,863)	433
Maintenance	10,290	10,290	9,648	642	14,514
Other purchased services	9,810	9,810	10,595	(785)	26,058
Supplies	45,259	39,908	28,710	11,198	31,961
Other	3,956	3,956	3,956	-	10,842
Total environmental health services	<u>477,221</u>	<u>471,870</u>	<u>407,399</u>	<u>64,471</u>	<u>560,259</u>
Dental Health Services:					
Purchased professional/technical services	744	744	899	(155)	934
Other purchased services	2,184	2,184	2,322	(138)	5,401
Supplies	6,767	6,767	6,311	456	7,931
Contracts with others	-	-	-	-	50,000
Total dental health services	<u>9,695</u>	<u>9,695</u>	<u>9,532</u>	<u>163</u>	<u>64,266</u>
Health Nursing Services:					
Salaries and wages	514,224	514,224	471,876	42,348	445,814
Employee benefits	200,059	200,059	182,844	17,215	167,722
Purchased professional/technical services	7,312	5,725	5,374	351	13,924
Purchased property services	-	750	750	-	-
Maintenance	5,675	6,675	6,644	31	3,595
Other purchased services	33,352	32,102	29,481	2,621	39,613
Supplies	140,023	158,102	149,167	8,935	135,213
Total public health nursing services	<u>900,645</u>	<u>917,637</u>	<u>846,136</u>	<u>71,501</u>	<u>805,881</u>
Sexually Transmitted Disease:					
Salaries and wages	238,351	238,351	222,441	15,910	240,102
Employee benefits	98,821	98,821	92,475	6,346	97,758
Purchased professional/technical services	9,457	9,457	9,188	269	9,288
Maintenance	300	300	65	235	200
Other purchased services	16,841	16,141	12,728	3,413	18,448
Supplies	28,787	28,787	27,095	1,692	28,251
Total sexually transmitted disease	<u>392,557</u>	<u>391,857</u>	<u>363,992</u>	<u>27,865</u>	<u>394,047</u>

City of Waco, Texas
Health Programs Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
(Continued)

Year Ended September 30, 2011

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

	Budgeted Amounts		2011	Variance with	2010
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
HIV/AIDS Services:					
Salaries and wages	\$ 111,149	111,149	107,356	3,793	107,833
Employee benefits	43,234	43,234	41,707	1,527	41,255
Purchased professional/technical services	420	420	566	(146)	470
Other purchased services	10,112	10,112	7,744	2,368	15,967
Supplies	5,271	5,271	5,184	87	5,433
Total HIV/AIDS services	<u>170,186</u>	<u>170,186</u>	<u>162,557</u>	<u>7,629</u>	<u>170,958</u>
Public Health Services:					
Salaries and wages	-	1,633,000	1,660,616	(27,616)	1,529,594
Employee benefits	-	692,600	703,548	(10,948)	632,577
Purchased professional/technical services	-	395,000	394,241	759	373,202
Purchased property services	-	100,300	100,229	71	115,400
Maintenance	-	100	94	6	4,032
Other purchased services	-	117,000	116,942	58	140,706
Supplies	-	221,650	221,544	106	300,726
Other	-	185,000	184,802	198	115,540
Capital expenditures	-	6,850	6,810	40	36,325
Total public health services	<u>-</u>	<u>3,351,500</u>	<u>3,388,826</u>	<u>(37,326)</u>	<u>3,248,102</u>
Total expenditures	<u>3,970,040</u>	<u>7,339,224</u>	<u>7,155,606</u>	<u>183,618</u>	<u>7,240,481</u>
Deficiency of revenues under expenditures	(2,541,360)	(2,647,686)	(2,559,655)	88,031	(2,636,500)
Other financing sources:					
Transfers in	2,141,360	2,230,002	2,230,002	-	2,302,212
Total other financing sources	<u>2,141,360</u>	<u>2,230,002</u>	<u>2,230,002</u>	<u>-</u>	<u>2,302,212</u>
Net change in fund balance	(400,000)	(417,684)	(329,653)	88,031	(334,288)
Fund balance, beginning of year	<u>232,377</u>	<u>232,377</u>	<u>232,377</u>	<u>-</u>	<u>566,665</u>
Fund balance (deficit), end of year	<u>\$ (167,623)</u>	<u>(185,307)</u>	<u>(97,276)</u>	<u>88,031</u>	<u>232,377</u>

See accompanying independent auditors' report.

Grant Fund

City of Waco, Texas

Grant Fund

Sub-Combining Balance Sheet

September 30, 2011

(With Comparative Totals for September 30, 2010)

	<u>HUD Community Development Block Grant</u>	<u>HUD Home Program</u>	<u>HUD Supportive Housing Program</u>	<u>HUD Enterprise Community</u>	<u>HUD EDI</u>	<u>HUD Shelter Plus Care</u>
Assets						
Assets:						
Cash and investments	\$ -	-	-	-	2,492	-
Accounts receivable, net of allowances	69,369	1,897	-	84,707	-	-
Notes receivable	1,098,014	2,238,848	-	-	13,690	-
Intergovernmental receivable	436,552	423,786	5,655	-	-	17,814
Real estate held for resale	40,061	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 1,643,996</u>	<u>2,664,531</u>	<u>5,655</u>	<u>84,707</u>	<u>16,182</u>	<u>17,814</u>
Liabilities						
Liabilities:						
Accounts payable	\$ 203,461	138,532	-	-	-	8,693
Accrued liabilities	8,147	1,460	980	-	-	-
Deferred revenue	1,098,014	2,238,848	-	-	13,690	-
Due to other funds	212,188	279,901	4,675	-	-	9,121
Total liabilities	<u>1,521,810</u>	<u>2,658,741</u>	<u>5,655</u>	<u>-</u>	<u>13,690</u>	<u>17,814</u>
Fund Balances						
Fund balances:						
Nonspendable:						
Real estate held for resale	40,061	-	-	-	-	-
Restricted for:						
Housing and community development	82,125	5,790	-	84,707	2,492	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total fund balances	<u>122,186</u>	<u>5,790</u>	<u>-</u>	<u>84,707</u>	<u>2,492</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,643,996</u>	<u>2,664,531</u>	<u>5,655</u>	<u>84,707</u>	<u>16,182</u>	<u>17,814</u>

<u>HPRP ARRA</u>	<u>DOE- EECBG ARRA</u>	<u>CDBG-R ARRA</u>	<u>2009 JAG ARRA</u>	<u>TxDOT MPO FHWA</u>	<u>Brownfields</u>	<u>13 CJD Family Violence</u>	<u>ICD PHASE II</u>
-	-	-	-	-	-	-	247
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,306	42,699	83,451	249	75,823	61,981	24,081	-
-	-	-	-	-	-	-	-
-	-	-	-	-	12,140	-	-
<u>72,306</u>	<u>42,699</u>	<u>83,451</u>	<u>249</u>	<u>75,823</u>	<u>74,121</u>	<u>24,081</u>	<u>247</u>
9,314	15	-	-	14,946	13,046	-	-
2,427	-	330	-	4,131	44,223	-	-
-	-	-	-	-	-	-	247
60,565	42,684	83,121	249	56,746	4,712	24,081	-
<u>72,306</u>	<u>42,699</u>	<u>83,451</u>	<u>249</u>	<u>75,823</u>	<u>61,981</u>	<u>24,081</u>	<u>247</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	12,140	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	12,140	-	-
<u>72,306</u>	<u>42,699</u>	<u>83,451</u>	<u>249</u>	<u>75,823</u>	<u>74,121</u>	<u>24,081</u>	<u>247</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2011
(With Comparative Totals for September 30, 2010)

	Click It or Ticket	SAFER 2008	2010 SHSP	2008 SHSP	12 CJD Family Violence	Victim Services #8
Assets						
Assets:						
Cash and investments	\$ -	-	-	-	-	-
Accounts receivable, net of allowances	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Intergovernmental receivable	-	23,839	6,851	-	9,352	2,346
Real estate held for resale	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ -	23,839	6,851	-	9,352	2,346
Liabilities						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Accrued liabilities	-	3,826	-	-	3,371	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	20,013	6,851	-	5,981	2,346
Total liabilities	-	23,839	6,851	-	9,352	2,346
Fund Balances						
Fund balances:						
Nonspendable:	-	-	-	-	-	-
Real estate held for resale	-	-	-	-	-	-
Restricted for:	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	23,839	6,851	-	9,352	2,346

Police LEOSE	Fire LEOSE	Lone Star Libraries	Library Memorial Fund	Shapley Ross Library	Vision 2020 Comprehensive Plan	JAG	2006 JAG COMP
-	2,574	544	209,910	98,052	7,006	-	-
400	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>400</u>	<u>2,574</u>	<u>544</u>	<u>209,910</u>	<u>98,052</u>	<u>7,006</u>	<u>-</u>	<u>-</u>
-	-	544	2,084	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	4,648	-	-
-	-	-	-	-	-	-	-
-	-	<u>544</u>	<u>2,084</u>	-	<u>4,648</u>	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
400	2,574	-	-	-	-	-	-
-	-	-	207,826	98,052	2,358	-	-
<u>400</u>	<u>2,574</u>	<u>-</u>	<u>207,826</u>	<u>98,052</u>	<u>2,358</u>	<u>-</u>	<u>-</u>
<u>400</u>	<u>2,574</u>	<u>544</u>	<u>209,910</u>	<u>98,052</u>	<u>7,006</u>	<u>-</u>	<u>-</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2011
(With Comparative Totals for September 30, 2010)

	2007 JAG	2009 JAG	2008 JAG	Police Officer Memorial	2009 SHSP
Assets					
Assets:					
Cash and investments	\$ -	-	-	16	-
Accounts receivable, net of allowances	-	-	-	-	-
Notes receivable	-	-	-	-	-
Intergovernmental receivable	-	13,731	-	-	9,183
Real estate held for resale	-	-	-	-	-
Due from other funds	-	-	-	-	-
	-	-	-	-	-
Total assets	\$ -	13,731	-	16	9,183
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Accrued liabilities	-	928	-	-	-
Deferred revenue	-	-	-	16	-
Due to other funds	-	12,803	-	-	9,177
	-	12,803	-	-	9,177
Total liabilities	-	13,731	-	16	9,177
Fund Balances					
Fund balances:					
Nonspendable:					
Real estate held for resale	-	-	-	-	-
Restricted for:					
Housing and community development	-	-	-	-	-
Public safety	-	-	-	-	6
Culture and recreation	-	-	-	-	-
	-	-	-	-	-
Total fund balances	-	-	-	-	6
Total liabilities and fund balances	\$ -	13,731	-	16	9,183

See accompanying independent auditors' report.

Grande Clear Source Cable Ordinance	TPW Boating Access	FEMA AFG	Totals	
			2011	2010
85,374	-	-	406,215	402,921
-	-	-	156,373	148,224
-	-	-	3,350,552	3,445,366
-	187,116	-	1,496,815	881,169
-	-	-	40,061	40,709
-	747,424	-	759,564	88,039
<u>85,374</u>	<u>934,540</u>	<u>-</u>	<u>6,209,580</u>	<u>5,006,428</u>
-	-	-	390,635	267,993
-	-	-	69,823	77,493
-	-	-	3,355,463	3,450,277
-	187,116	-	1,022,330	532,017
<u>-</u>	<u>187,116</u>	<u>-</u>	<u>4,838,251</u>	<u>4,327,780</u>
-	-	-	40,061	40,709
-	-	-	175,114	161,094
-	-	-	15,120	1,866
<u>85,374</u>	<u>747,424</u>	<u>-</u>	<u>1,141,034</u>	<u>474,979</u>
<u>85,374</u>	<u>747,424</u>	<u>-</u>	<u>1,371,329</u>	<u>678,648</u>
<u>85,374</u>	<u>934,540</u>	<u>-</u>	<u>6,209,580</u>	<u>5,006,428</u>

City of Waco, Texas

Grant Fund

Sub-Combining Schedule of Revenues, Expenditures and

Changes in Fund Balances

Year Ended September 30, 2011

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

	HUD Community Development Block Grant	HUD Home Program	HUD Supportive Housing Program	HUD Enterprise Community	HUD EDI
Revenues:					
Intergovernmental	\$ 1,802,596	657,259	49,578	-	-
Program income	53,256	122,418	-	-	-
Other	23,561	-	-	-	-
Total revenues	1,879,413	779,677	49,578	-	-
Expenditures:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	108,483	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and community development	1,838,348	773,887	49,578	-	-
Total expenditures	1,946,831	773,887	49,578	-	-
Excess (deficiency) of revenues over (under) expenditures	(67,418)	5,790	-	-	-
Other financing sources:					
Transfers in	75,000	-	-	-	-
Total other financing sources	75,000	-	-	-	-
Net change in fund balances	7,582	5,790	-	-	-
Fund balances, beginning of year	114,604	-	-	84,707	2,492
Fund balances, end of year	\$ 122,186	5,790	-	84,707	2,492

HUD Shelter Plus Care	HPRP ARRA	DOE- EECBG ARRA	CDBG-R ARRA	2009 JAG ARRA	TxDOT MPO FHWA	Brownfields	13 CJD Family Violence	ICD PHASE II
68,724	364,769	962,126	97,408	43,978	299,476	139,156	109,129	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
68,724	364,769	962,126	97,408	43,978	299,476	139,156	109,129	-
-	-	-	-	-	299,476	-	-	-
-	-	962,126	-	-	-	-	-	-
-	-	-	-	43,978	-	167,016	167,891	-
-	-	-	-	-	-	-	-	-
68,724	364,769	-	97,408	-	-	-	-	-
68,724	364,769	962,126	97,408	43,978	299,476	167,016	167,891	-
-	-	-	-	-	-	(27,860)	(58,762)	-
-	-	-	-	-	-	40,000	58,762	-
-	-	-	-	-	-	40,000	58,762	-
-	-	-	-	-	-	12,140	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,140	-	-

(Continued)

City of Waco, Texas
Grant Fund

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

Year Ended September 30, 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	Click It or Ticket	SAFER 2008	2010 SHSP	2008 SHSP	12 CJD Family Violence
Revenues:					
Intergovernmental	\$ 6,342	106,734	25,233	12,471	9,352
Program income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	6,342	106,734	25,233	12,471	9,352
Expenditures:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	6,342	200,454	25,233	12,471	14,388
Culture and recreation	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total expenditures	6,342	200,454	25,233	12,471	14,388
Excess (deficiency) of revenues over (under) expenditures	-	(93,720)	-	-	(5,036)
Other financing sources:					
Transfers in	-	93,720	-	-	5,036
Total other financing sources	-	93,720	-	-	5,036
Net change in fund balances	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	-

Victim Services #8	Police LEOSE	Fire LEOSE	Lone Star Libraries	Library Memorial Fund	Shapley Ross Library	Vision 2020 Comprehensive Plan	JAG	2006 JAG COMP
41,615	16,284	1,373	37,917	-	-	-	57,513	34,611
-	-	-	55	-	-	-	-	-
-	-	-	-	71,036	283	20	-	-
41,615	16,284	1,373	37,972	71,036	283	20	57,513	34,611
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
41,615	15,884	665	-	-	-	-	57,513	34,611
-	-	-	37,972	64,669	-	-	-	-
-	-	-	-	-	-	-	-	-
41,615	15,884	665	37,972	64,669	-	-	57,513	34,611
-	400	708	-	6,367	283	20	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	400	708	-	6,367	283	20	-	-
-	-	1,866	-	201,459	97,769	2,338	-	-
-	400	2,574	-	207,826	98,052	2,358	-	-

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	2007 JAG	2009 JAG	2008 JAG	Police Officer Memorial	2009 SHSP
Revenues:					
Intergovernmental	\$ 1,224	52,707	615	-	468,966
Program income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	1,224	52,707	615	-	468,966
Expenditures:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	1,224	52,707	615	-	468,960
Culture and recreation	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total expenditures	1,224	52,707	615	-	468,960
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	6
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	-	-	-	-	6
Fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	6

See accompanying independent auditors' report.

Grande Clear Source Cable Ordinance	TPW Boating Access	FEMA AFG	Totals	
			2011	2010
-	276,037	5,671	5,748,864	5,963,977
-	-	-	175,729	806,724
-	-	-	94,900	100,636
-	276,037	5,671	6,019,493	6,871,337
-	-	-	299,476	197,098
-	-	-	962,126	-
-	-	5,671	1,425,721	2,640,334
-	386,977	-	489,618	406,007
-	-	-	3,192,714	4,003,803
-	386,977	5,671	6,369,655	7,247,242
-	(110,940)	-	(350,162)	(375,905)
-	770,325	-	1,042,843	250,966
-	770,325	-	1,042,843	250,966
-	659,385	-	692,681	(124,939)
85,374	88,039	-	678,648	803,587
85,374	747,424	-	1,371,329	678,648



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ 434,692	353,205
Special assessments receivable	<u>30,947</u>	<u>22,521</u>
Total assets	<u>\$ 465,639</u>	<u>375,726</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 21,539	6,112
Deferred revenue	<u>30,947</u>	<u>22,521</u>
Total liabilities	<u>52,486</u>	<u>28,633</u>
Fund Balance		
Fund balance:		
Restricted for:		
Waco Public Improvement District	<u>413,153</u>	<u>347,093</u>
Total fund balance	<u>413,153</u>	<u>347,093</u>
Total liabilities and fund balance	<u>\$ 465,639</u>	<u>375,726</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 Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Special assessments taxes	\$ 279,322	244,486
Investment earnings	<u>1,321</u>	<u>1,736</u>
Total revenues	<u>280,643</u>	<u>246,222</u>
Expenditures:		
General government:		
Salaries and wages	20,867	24,691
Employee benefits	1,658	1,977
Purchased professional/technical services	176,726	129,578
Other purchased services	2,871	7,156
Supplies	10,714	13,585
Other	<u>1,747</u>	<u>900</u>
Total expenditures	<u>214,583</u>	<u>177,887</u>
Net change in fund balance	66,060	68,335
Fund balance, beginning of year	<u>347,093</u>	<u>278,758</u>
Fund balance, end of year	<u><u>\$ 413,153</u></u>	<u><u>347,093</u></u>

See accompanying independent auditors' report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>319,277</u>	<u>267,824</u>
Total assets	\$ <u><u>319,277</u></u>	<u><u>267,824</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>1,295</u>	<u>813</u>
Total liabilities	<u>1,295</u>	<u>813</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>317,982</u>	<u>267,011</u>
Total fund balance	<u>317,982</u>	<u>267,011</u>
Total liabilities and fund balance	\$ <u><u>319,277</u></u>	<u><u>267,824</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Auto impound fees	\$ <u>110,092</u>	<u>77,670</u>
Total revenues	<u>110,092</u>	<u>77,670</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	1,507	592
Maintenance	2,950	10,830
Other purchased services	4,664	5,211
Supplies	<u>-</u>	<u>1,990</u>
Total expenditures	<u>9,121</u>	<u>18,623</u>
Excess of revenues over expenditures	<u>100,971</u>	<u>59,047</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 balance	50,971	9,047
Fund balance, beginning of year	<u>267,011</u>	<u>257,964</u>
Fund balance, end of year	<u>\$ <u>317,982</u></u>	<u><u>267,011</u></u>

See accompanying independent auditors' report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>217,493</u>	<u>343,877</u>
Total assets	\$ <u><u>217,493</u></u>	<u><u>343,877</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 Balance		
Fund balance:		
Restricted for:		
Public safety	<u>215,213</u>	<u>341,597</u>
Total fund balance	<u>215,213</u>	<u>341,597</u>
Total liabilities and fund balance	\$ <u><u>217,493</u></u>	<u><u>343,877</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Police Forfeitures Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Investment earnings	\$ 537	1,071
Other	<u>127,044</u>	<u>168,599</u>
Total revenues	<u>127,581</u>	<u>169,670</u>
Expenditures:		
Public safety:		
Maintenance	1,634	-
Other purchased services	42,001	41,618
Supplies	78,762	-
Capital outlay	124,270	183,195
Other	<u>7,298</u>	<u>-</u>
Total expenditures	<u>253,965</u>	<u>224,813</u>
Net change in fund balance	(126,384)	(55,143)
Fund balance, beginning of year	<u>341,597</u>	<u>396,740</u>
Fund balance, end of year	<u><u>\$ 215,213</u></u>	<u><u>341,597</u></u>

See accompanying independent auditors' report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>465,308</u>	<u>434,162</u>
Total assets	\$ <u><u>465,308</u></u>	<u><u>434,162</u></u>
Liabilities		
Accounts payable	\$ <u>846</u>	<u>-</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>464,462</u>	<u>434,162</u>
Total fund balance	\$ <u><u>465,308</u></u>	<u><u>434,162</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Court Security Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Fines	\$ <u>36,874</u>	<u>44,760</u>
Total revenues	<u>36,874</u>	<u>44,760</u>
Expenditures:		
Public safety	<u>6,574</u>	<u>37,561</u>
Net change in fund balance	30,300	7,199
Fund balance, beginning of year	<u>434,162</u>	<u>426,963</u>
Fund balance, end of year	<u>\$ 464,462</u>	<u>434,162</u>

See accompanying independent auditors' report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>427,783</u>	<u>522,354</u>
Total assets	\$ <u><u>427,783</u></u>	<u><u>522,354</u></u>
Liabilities		
Accounts payable	\$ <u>718</u>	<u>1,401</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>427,065</u>	<u>520,953</u>
Total fund balance	<u>427,065</u>	<u>520,953</u>
Total liabilities and fund balance	\$ <u><u>427,783</u></u>	<u><u>522,354</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Court Technology Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Fines	\$ 49,146	59,497
Total revenues	<u>49,146</u>	<u>59,497</u>
Expenditures:		
Public safety	143,034	14,838
Total expenditures	<u>143,034</u>	<u>14,838</u>
Net change in fund balance	(93,888)	44,659
Fund balance, beginning of year	<u>520,953</u>	<u>476,294</u>
Fund balance, end of year	<u>\$ 427,065</u>	<u>520,953</u>

See accompanying independent auditors' report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>8,742</u>	<u>8,688</u>
Total assets	\$ <u><u>8,742</u></u>	<u><u>8,688</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>8,742</u>	<u>8,688</u>
Total fund balance	\$ <u><u>8,742</u></u>	<u><u>8,688</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Hamilton Memorial Fund
Comparative Statements of Revenue, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Investment earnings	\$ <u>54</u>	<u>82</u>
Total revenues	<u>54</u>	<u>82</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	54	82
Fund balance, beginning of year	<u>8,688</u>	<u>8,606</u>
Fund balance, end of year	<u><u>\$ 8,742</u></u>	<u><u>8,688</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and investments	\$ <u>36,656</u>	<u>40,862</u>
Total assets	\$ <u><u>36,656</u></u>	<u><u>40,862</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>36,656</u>	<u>40,862</u>
Total fund balance	\$ <u><u>36,656</u></u>	<u><u>40,862</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 Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Investment earnings	\$ <u>395</u>	<u>620</u>
Total revenues	<u>395</u>	<u>620</u>
Expenditures:		
Culture and recreation	<u>4,601</u>	<u>1,119</u>
Total expenditures	<u>4,601</u>	<u>1,119</u>
Net change in fund balance	(4,206)	(499)
Fund balance, beginning of year	<u>40,862</u>	<u>41,361</u>
Fund balance, end of year	<u>\$ 36,656</u>	<u>40,862</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, 2011
(With Comparative Totals for September 30, 2010)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2011	2010
Assets				
Cash and investments	\$ 4,144	343,124	347,268	434,222
Taxes receivable	<u>-</u>	<u>532,431</u>	<u>532,431</u>	<u>530,507</u>
Total assets	<u>\$ 4,144</u>	<u>875,555</u>	<u>879,699</u>	<u>964,729</u>
Liabilities				
Liabilities:				
Deferred revenue	\$ <u>-</u>	<u>506,436</u>	<u>506,436</u>	<u>504,728</u>
Total liabilities	<u>-</u>	<u>506,436</u>	<u>506,436</u>	<u>504,728</u>
Fund Balances				
Fund balances:				
Restricted for debt service	<u>4,144</u>	<u>369,119</u>	<u>373,263</u>	<u>460,001</u>
Total fund balances	<u>4,144</u>	<u>369,119</u>	<u>373,263</u>	<u>460,001</u>
Total liabilities and and fund balances	<u>\$ 4,144</u>	<u>875,555</u>	<u>879,699</u>	<u>964,729</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, 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2011	2010
Revenues:				
Property taxes	\$ -	10,608,955	10,608,955	10,830,796
Investment earnings	12	4,881	4,893	7,533
Total revenues	12	10,613,836	10,613,848	10,838,329
Expenditures:				
Debt service:				
Principal	-	6,967,663	6,967,663	7,270,310
Interest and fiscal charges	-	4,192,140	4,192,140	4,211,528
Bond issuance costs	-	500	500	70,242
Total expenditures	-	11,160,303	11,160,303	11,552,080
Deficiency of revenues under expenditures	12	(546,467)	(546,455)	(713,751)
Other financing sources (uses):				
Refunding bonds issued	-	-	-	2,900,000
Payment to refunded bond escrow agent	-	-	-	(3,093,588)
Premium on refunding bonds	-	-	-	202,379
General obligation bonds issued	-	496	496	29,543
Premium on general obligation bonds	-	4	4	174
Transfers in	-	459,217	459,217	458,217
Total other financing sources (uses)	-	459,717	459,717	496,725
Net change in fund balances	12	(86,750)	(86,738)	(217,026)
Fund balances, beginning of year	4,132	455,869	460,001	677,027
Fund balances, end of year	\$ 4,144	369,119	373,263	460,001

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, 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	Budgeted Amounts		2011	Variance with Final Budget	2010
	Original	Final	Actual Amounts		Actual Amounts
Revenues:					
Property taxes	\$ 10,586,702	10,586,702	10,608,955	22,253	10,830,796
Investment earnings	1,810	1,810	4,881	3,071	7,515
Total revenues	<u>10,588,512</u>	<u>10,588,512</u>	<u>10,613,836</u>	<u>25,324</u>	<u>10,838,311</u>
Expenditures:					
Debt service:					
Principal	6,967,665	6,967,665	6,967,663	2	7,270,310
Interest and fiscal charges	4,192,361	4,192,361	4,192,140	221	4,211,528
Bond issuance costs	-	500	500	-	70,242
Total expenditures	<u>11,160,026</u>	<u>11,160,526</u>	<u>11,160,303</u>	<u>223</u>	<u>11,552,080</u>
Deficiency of revenues under expenditures	<u>(571,514)</u>	<u>(572,014)</u>	<u>(546,467)</u>	<u>25,547</u>	<u>(713,769)</u>
Other financing sources (uses):					
Refunding bonds issued	-	-	-	-	2,900,000
Payment to refunded bond escrow agent	-	-	-	-	(3,093,588)
Premium on refunding bonds	-	-	-	-	202,379
General obligation bonds issued	-	496	496	-	29,543
Premium on general obligation bonds	-	4	4	-	174
Transfers in	459,208	459,208	459,217	9	458,217
Total other financing sources (uses)	<u>459,208</u>	<u>459,708</u>	<u>459,717</u>	<u>9</u>	<u>496,725</u>
Net change in fund balances	(112,306)	(112,306)	(86,750)	25,556	(217,044)
Fund balances, beginning of year	<u>455,869</u>	<u>455,869</u>	<u>455,869</u>	-	<u>672,913</u>
Fund balances, end of year	<u>\$ 343,563</u>	<u>343,563</u>	<u>369,119</u>	<u>25,556</u>	<u>455,869</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.

2007 General Obligation Bond Issue Fund - This fund is used to account for projects funded by the \$63 million 2007 general obligation bond issue.

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.

2011 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, 2011
(With Comparative Totals for September 30, 2010)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2011 Bond Issue Fund	2010 Bond Issue Fund
Assets					
Cash and investments	\$ -	132,257	9,154,544	1,040,144	1,202,256
Accounts receivable, net of allowances	-	-	2,125	-	-
Due from other funds	6,147,426	-	-	-	-
Advances to other funds	168,368	-	-	-	-
Intergovernmental receivable	100,000	-	184,941	-	-
Total assets	\$ 6,415,794	132,257	9,341,610	1,040,144	1,202,256
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,228	-	156,500	3,097	-
Accrued liabilities	37,198	-	109,624	17,598	-
Due to other funds	62,801	-	-	-	747,424
Total liabilities	102,227	-	266,124	20,695	747,424
Fund balances:					
Nonspendable:					
Advances to other funds	168,368	-	-	-	-
Restricted for:					
Capital projects	6,145,199	132,257	8,214,722	1,019,449	454,832
Committed for:					
Capital projects	-	-	860,764	-	-
Total fund balances	6,313,567	132,257	9,075,486	1,019,449	454,832
Total liabilities and fund balances	\$ 6,415,794	132,257	9,341,610	1,040,144	1,202,256

2008 Bond Issue Fund	2007 Bond Issue Fund	2007 General Obligation Bonds Fund	2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	1998 Bond Issue Fund	Totals	
							2011	2010
502,819	4,264,979	20,455,294	2,040,712	2,724,999	14,796	129,354	41,662,154	53,237,754
-	-	-	-	-	-	-	2,125	1,825
-	-	-	-	-	-	-	6,147,426	7,386,427
-	-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	284,941	175,306
<u>502,819</u>	<u>4,264,979</u>	<u>20,455,294</u>	<u>2,040,712</u>	<u>2,724,999</u>	<u>14,796</u>	<u>129,354</u>	<u>48,265,014</u>	<u>60,969,680</u>
-	1,600	47,282	-	-	-	-	210,707	2,328,313
-	69,402	1,307,873	-	-	-	-	1,541,695	3,387,329
35,744	940,242	100,000	2,010,383	2,713,869	-	-	6,610,463	6,386,041
<u>35,744</u>	<u>1,011,244</u>	<u>1,455,155</u>	<u>2,010,383</u>	<u>2,713,869</u>	<u>-</u>	<u>-</u>	<u>8,362,865</u>	<u>12,101,683</u>
-	-	-	-	-	-	-	168,368	168,368
467,075	3,253,735	19,000,139	30,329	11,130	14,796	129,354	38,873,017	47,889,104
-	-	-	-	-	-	-	860,764	810,525
<u>467,075</u>	<u>3,253,735</u>	<u>19,000,139</u>	<u>30,329</u>	<u>11,130</u>	<u>14,796</u>	<u>129,354</u>	<u>39,902,149</u>	<u>48,867,997</u>
<u>502,819</u>	<u>4,264,979</u>	<u>20,455,294</u>	<u>2,040,712</u>	<u>2,724,999</u>	<u>14,796</u>	<u>129,354</u>	<u>48,265,014</u>	<u>60,969,680</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2011 Bond Issue Fund	2010 Bond Issue Fund	2008 Bond Issue Fund
Revenues:						
Investment earnings	\$ -	219	1,519	17,361	42,590	26,164
Contributions	-	40,000	-	-	-	-
Intergovernmental	-	-	459,009	-	-	-
Total revenues	<u>-</u>	<u>40,219</u>	<u>460,528</u>	<u>17,361</u>	<u>42,590</u>	<u>26,164</u>
Expenditures:						
Capital outlay	<u>2,044,865</u>	<u>31,219</u>	<u>5,568,794</u>	<u>1,514,065</u>	<u>223,550</u>	<u>83,090</u>
Total expenditures	<u>2,044,865</u>	<u>31,219</u>	<u>5,568,794</u>	<u>1,514,065</u>	<u>223,550</u>	<u>83,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,044,865)</u>	<u>9,000</u>	<u>(5,108,266)</u>	<u>(1,496,704)</u>	<u>(180,960)</u>	<u>(56,926)</u>
Other financing sources (uses):						
General obligation bonds issued	-	-	4,768,351	2,516,153	-	-
Premium on general obligation bonds	-	-	54,579	-	-	-
Transfers in	1,208,211	-	3,889,810	-	-	-
Transfers out	-	-	-	-	(769,625)	(8,211)
Total other financing sources (uses)	<u>1,208,211</u>	<u>-</u>	<u>8,712,740</u>	<u>2,516,153</u>	<u>(769,625)</u>	<u>(8,211)</u>
Net change in fund balances	(836,654)	9,000	3,604,474	1,019,449	(950,585)	(65,137)
Fund balances, beginning of year	<u>7,150,221</u>	<u>123,257</u>	<u>5,471,012</u>	<u>-</u>	<u>1,405,417</u>	<u>532,212</u>
Fund balances, end of year	<u>\$ 6,313,567</u>	<u>132,257</u>	<u>9,075,486</u>	<u>1,019,449</u>	<u>454,832</u>	<u>467,075</u>

See accompanying independent auditors' report.

2007 Bond Issue Fund	2007 General Obligation Bond Issue Fund	2006 Bond Issue Fund	2005 Bond Issue Fund	2004 Bond Issue Fund	1998 Bond Issue Fund	Totals	
						2011	2010
83,079	76,362	10,823	13,326	6,838	165	278,446	549,468
-	-	-	-	-	-	40,000	348,789
-	-	-	-	-	-	459,009	1,895,613
<u>83,079</u>	<u>76,362</u>	<u>10,823</u>	<u>13,326</u>	<u>6,838</u>	<u>165</u>	<u>777,455</u>	<u>2,793,870</u>
<u>58,382</u>	<u>10,619,435</u>	<u>28,529</u>	<u>26,104</u>	-	-	<u>20,198,033</u>	<u>40,944,884</u>
<u>58,382</u>	<u>10,619,435</u>	<u>28,529</u>	<u>26,104</u>	-	-	<u>20,198,033</u>	<u>40,944,884</u>
<u>24,697</u>	<u>(10,543,073)</u>	<u>(17,706)</u>	<u>(12,778)</u>	<u>6,838</u>	<u>165</u>	<u>(19,420,578)</u>	<u>(38,151,014)</u>
-	-	-	-	-	-	7,284,504	4,895,457
-	-	-	-	-	-	54,579	28,850
-	-	-	-	-	-	5,098,021	5,431,724
<u>(903,838)</u>	<u>(700)</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(1,982,374)</u>	<u>(1,566,085)</u>
<u>(903,838)</u>	<u>(700)</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>10,454,730</u>	<u>8,789,946</u>
<u>(879,141)</u>	<u>(10,543,773)</u>	<u>(17,706)</u>	<u>(312,778)</u>	<u>6,838</u>	<u>165</u>	<u>(8,965,848)</u>	<u>(29,361,068)</u>
<u>4,132,876</u>	<u>29,543,912</u>	<u>48,035</u>	<u>323,908</u>	<u>7,958</u>	<u>129,189</u>	<u>48,867,997</u>	<u>78,229,065</u>
<u>3,253,735</u>	<u>19,000,139</u>	<u>30,329</u>	<u>11,130</u>	<u>14,796</u>	<u>129,354</u>	<u>39,902,149</u>	<u>48,867,997</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, 2011
(With Comparative Totals for September 30, 2010)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2011	2010
Assets					
Cash and investments	\$ 364,415	10,000	100,000	474,415	473,362
Total assets	\$ 364,415	10,000	100,000	474,415	473,362
Fund Balances					
Fund balances:					
Nonspendable:					
Parks and cemetery care	\$ 364,415	10,000	100,000	474,415	473,362
Total fund balances	\$ 364,415	10,000	100,000	474,415	473,362

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, 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2011	2010
Revenues:					
Investment earnings	\$ 1,053	-	-	1,053	1,595
Total revenues	<u>1,053</u>	<u>-</u>	<u>-</u>	<u>1,053</u>	<u>1,595</u>
Expenditures:					
General government	-	-	-	-	1,001
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001</u>
Net change in fund balances	1,053	-	-	1,053	594
Fund balances, beginning of year	<u>363,362</u>	<u>10,000</u>	<u>100,000</u>	<u>473,362</u>	<u>472,768</u>
Fund balances, end of year	<u>\$ 364,415</u>	<u>10,000</u>	<u>100,000</u>	<u>474,415</u>	<u>473,362</u>

See accompanying independent auditors' report.



Major Enterprise Funds

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

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

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

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



Water Fund

City of Waco, Texas
Water Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and investments	\$ 25,715,058	20,570,273
Accounts receivable, net of allowance	6,269,640	5,257,601
Restricted cash and investments	2,685,617	5,806,902
Inventory	<u>331,916</u>	<u>205,155</u>
Total current assets	<u>35,002,231</u>	<u>31,839,931</u>
Noncurrent assets:		
Restricted cash and investments	16,029,167	21,330,622
Advances to other funds	525,336	525,336
Deferred charges	1,052,042	1,167,165
Capital assets:		
Land	1,279,185	578,832
Buildings	9,526,184	9,515,372
Improvements other than buildings	260,977,797	193,302,245
Equipment	6,888,854	6,927,487
Construction work in progress	3,663,205	67,024,125
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	<u>(85,592,252)</u>	<u>(78,421,706)</u>
Total capital assets	<u>229,225,852</u>	<u>231,409,234</u>
Total noncurrent assets	<u>246,832,397</u>	<u>254,432,357</u>
Total assets	<u>281,834,628</u>	<u>286,272,288</u>

See accompanying independent auditors' report.

	<u>2011</u>	<u>2010</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 538,854	755,223
Accrued liabilities	739,457	923,343
Compensated absences payable	647,558	601,678
Refundable contracts	260,989	950,290
Notes payable	63,687	60,979
Bonds payable	6,943,752	6,586,252
Accrued interest payable	1,647,796	1,731,492
	<u>10,842,093</u>	<u>11,609,257</u>
Current liabilities payable from restricted assets:		
Accounts payable	33,424	2,612,919
Due to other funds	496,252	1,179,094
Customer deposits	2,155,941	2,014,889
	<u>2,685,617</u>	<u>5,806,902</u>
Total current liabilities	<u>13,527,710</u>	<u>17,416,159</u>
Noncurrent liabilities:		
Refundable contracts	1,355,363	1,262,627
Compensated absences payable	198,143	205,341
Net pension obligation	665,952	433,866
Bonds payable	139,999,246	147,116,642
Notes payable	17,034,421	17,098,108
Deferred interest payable	5,090,109	5,046,229
Total noncurrent liabilities	<u>164,343,234</u>	<u>171,162,813</u>
Total liabilities	<u>177,870,944</u>	<u>188,578,972</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	79,597,561	79,664,958
Restricted for debt service	-	3,920
Unrestricted	24,366,123	18,024,438
Total net assets	<u>\$ 103,963,684</u>	<u>97,693,316</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 42,597,855	34,034,601
Other	491,809	426,356
Total operating revenues	<u>43,089,664</u>	<u>34,460,957</u>
 Operating expenses:		
Salaries and wages	4,402,349	4,233,170
Employee benefits	2,174,665	2,126,547
Purchased professional/technical services	1,260,610	1,481,087
Purchased property services	141,231	172,767
Maintenance	1,688,656	1,778,061
Other purchased services	857,272	945,847
Supplies	5,038,487	5,129,495
Other	3,753,980	3,410,042
Depreciation/amortization	7,699,439	6,595,898
Total operating expenses	<u>27,016,689</u>	<u>25,872,914</u>
 Operating income	<u>16,072,975</u>	<u>8,588,043</u>
 Nonoperating revenues (expenses):		
Investment earnings	91,178	130,157
Rental income	5,280	11,700
Contributions	116,918	-
Intergovernmental revenue	331	-
Interest expense and fiscal charges	(7,169,940)	(5,002,923)
Total nonoperating revenues (expenses)	<u>(6,956,233)</u>	<u>(4,861,066)</u>
 Income before contributions and transfers	9,116,742	3,726,977
 Capital contributions	36,402	124,542
Transfers out	<u>(2,882,776)</u>	<u>(2,552,774)</u>
 Change in net assets	6,270,368	1,298,745
 Total net assets, beginning of year	<u>97,693,316</u>	<u>96,394,571</u>
 Total net assets, end of year	<u>\$ 103,963,684</u>	<u>97,693,316</u>

See accompanying independent auditors' report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 42,077,625	33,972,452
Cash paid to suppliers for goods and services	(13,151,279)	(12,595,625)
Cash paid to employees for services	<u>(6,281,167)</u>	<u>(6,111,774)</u>
Net cash provided by operating activities	<u>22,645,179</u>	<u>15,265,053</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	331	-
Contributions	116,918	-
Transfer to other funds	<u>(3,565,618)</u>	<u>(3,128,644)</u>
Net cash used for noncapital financing activities	<u>(3,448,369)</u>	<u>(3,128,644)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,519,670)	(24,000,117)
Proceeds from capital debt	-	8,293,701
Principal paid on capital debt	(6,586,252)	(6,365,858)
Interest paid on capital debt	<u>(7,465,301)</u>	<u>(7,381,655)</u>
Net cash used for capital and related financing activities	<u>(22,571,223)</u>	<u>(29,453,929)</u>
Cash flows from investing activities:		
Rental revenue	5,280	11,700
Investment earnings	<u>91,178</u>	<u>130,157</u>
Net cash provided by investing activities	<u>96,458</u>	<u>141,857</u>
Net decrease in cash and cash equivalents	(3,277,955)	(17,175,663)
Cash and cash equivalents, beginning of year	<u>47,707,797</u>	<u>64,883,460</u>
Cash and cash equivalents, end of year	<u>\$ 44,429,842</u>	<u>47,707,797</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 16,072,975	8,588,043
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	(3,200)	26,980
Depreciation/amortization	7,699,439	6,595,898
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(1,008,839)	(515,485)
Inventory	(126,761)	(27,211)
Increase (decrease) in liabilities:		
Accounts payable	(216,369)	64,558
Accrued liabilities	(183,886)	53,870
Compensated absences payable	38,682	(12,198)
Net pension obligation	232,086	260,141
Customer deposits	<u>141,052</u>	<u>230,457</u>
Net cash provided by operating activities	<u>\$ 22,645,179</u>	<u>15,265,053</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 36,402</u>	<u>124,542</u>
Payment to refunded bond escrow agent	<u>\$ -</u>	<u>7,181,899</u>

See accompanying independent auditors' report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund

Comparative Statements of Net Assets
September 30, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and investments	\$ 13,815,910	12,256,919
Accounts receivable, net of allowance	2,586,881	2,286,739
Intergovernmental receivable	489,286	715,093
Current portion of notes receivable	42,272	40,212
Restricted cash and investments	1,402,213	1,459,525
Accrued interest on notes receivable	4,153	4,398
Inventory	10,371	16,286
Total current assets	<u>18,351,086</u>	<u>16,779,172</u>
Noncurrent assets:		
Restricted cash and investments	13,627,304	24,967,495
Noncurrent portion of notes receivable	640,182	682,454
Deferred charges	515,425	581,491
Capital assets:		
Land	2,431,739	2,386,244
Buildings	11,481,380	11,458,185
Improvements other than buildings	98,881,378	87,183,426
Equipment	7,131,598	5,632,661
Construction work in progress	17,364,327	18,842,938
Less: accumulated depreciation and amortization	<u>(37,111,230)</u>	<u>(33,920,780)</u>
Total capital assets	<u>100,179,192</u>	<u>91,582,674</u>
Total noncurrent assets	<u>114,962,103</u>	<u>117,814,114</u>
Total assets	<u>133,313,189</u>	<u>134,593,286</u>

See accompanying independent auditors' report.

	<u>2011</u>	<u>2010</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 197,641	213,200
Accrued liabilities	220,075	548,040
Compensated absences payable	369,541	360,166
Bonds payable	4,055,906	4,411,085
Refundable contracts	61,034	61,033
Accrued interest payable	472,714	548,117
	<u>5,376,911</u>	<u>6,141,641</u>
Current liabilities payable from restricted assets:		
Accounts payable	1,402,213	1,459,525
	<u>1,402,213</u>	<u>1,459,525</u>
Total current liabilities	<u>6,779,124</u>	<u>7,601,166</u>
Noncurrent liabilities:		
Refundable contracts	131,508	192,542
Compensated absences payable	203,668	153,864
Net pension obligation	438,389	295,325
Bonds payable	61,662,189	65,761,765
Total noncurrent liabilities	<u>62,435,754</u>	<u>66,403,496</u>
Total liabilities	<u>69,214,878</u>	<u>74,004,662</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	47,895,859	46,123,744
Unrestricted	16,202,452	14,464,880
Total net assets	<u>\$ 64,098,311</u>	<u>60,588,624</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2011 and 2010

	2011	2010
Operating revenues:		
Charges for services	\$ 21,319,763	19,219,810
Other	299,255	323,356
Total operating revenues	21,619,018	19,543,166
Operating expenses:		
Salaries and wages	2,503,272	2,704,197
Employee benefits	1,206,304	1,307,818
Purchased professional/technical services	535,851	906,879
Purchased property services	82,876	93,431
Maintenance	1,444,706	1,148,636
Other purchased services	228,403	269,147
Supplies	2,127,617	2,890,866
Other	2,961,134	2,726,204
Depreciation/amortization	3,589,818	3,158,119
Total operating expenses	14,679,981	15,205,297
Operating income	6,939,037	4,337,869
Nonoperating revenues (expenses):		
Investment earnings	60,764	77,913
Interest expense and fiscal charges	(2,842,350)	(2,929,577)
Total nonoperating revenues (expenses)	(2,781,586)	(2,851,664)
Income before contributions and transfers	4,157,451	1,486,205
Capital contributions	92,381	449,340
Transfers out	(740,145)	(725,825)
Change in net assets	3,509,687	1,209,720
Total net assets, beginning of year	60,588,624	59,378,904
Total net assets, end of year	\$ 64,098,311	60,588,624

See accompanying independent auditors' report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$ 21,318,876	19,486,513
Cash paid to suppliers for goods and services	(7,750,551)	(7,858,407)
Cash paid to employees for services	(3,474,978)	(3,852,582)
Net cash provided by operating activities	10,093,347	7,775,524
Cash flows from noncapital financing activities:		
Transfer to other funds	(740,145)	(725,825)
Net cash used for noncapital financing activities	(740,145)	(725,825)
Cash flows from capital and related financing activities:		
Proceeds from capital debt	-	3,042,493
Capital contributions	318,188	43,185
Acquisition and construction of capital assets	(12,234,004)	(10,972,891)
Principal paid on capital debt	(4,411,085)	(5,078,833)
Interest paid on capital debt	(2,966,034)	(3,087,533)
Net cash used for capital and related financing activities	(19,292,935)	(16,053,579)
Cash flows from investing activities:		
Investment earnings	61,009	78,867
Note payments from other entities	40,212	156,630
Net cash provided by investing activities	101,221	235,497
Net decrease in cash and cash equivalents	(9,838,512)	(8,768,383)
Cash and cash equivalents, beginning of year	38,683,939	47,452,322
Cash and cash equivalents, end of year	\$ 28,845,427	38,683,939
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,939,037	4,337,869
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	28,376	(38,961)
Depreciation/amortization	3,589,818	3,158,119
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(328,518)	(17,692)
Inventory	5,915	(901)
Increase (decrease) in liabilities:		
Accounts payable	(15,559)	(33,022)
Accrued liabilities	(327,965)	210,679
Compensated absences payable	59,179	(17,637)
Net pension obligation	143,064	177,070
Net cash provided by operating activities	\$ 10,093,347	7,775,524

See accompanying independent auditors' report.



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund

Comparative Statements of Net Assets
September 30, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and investments	\$ 9,723,454	8,888,506
Accounts receivable, net of allowance	1,849,923	1,904,991
Restricted cash and investments	160,619	81,002
Total current assets	11,733,996	10,874,499
Noncurrent assets:		
Restricted cash and investments	951,322	3,539,596
Deferred charges	94,649	114,182
Capital assets:		
Land	1,753,641	595,935
Buildings	1,370,137	597,258
Improvements other than buildings	19,437,340	18,025,299
Equipment	15,522,387	14,912,953
Construction in progress	1,642,138	2,747,784
Less: accumulated depreciation and amortization	(24,830,330)	(22,708,650)
Total capital assets	14,895,313	14,170,579
Total noncurrent assets	15,941,284	17,824,357
Total assets	27,675,280	28,698,856

See accompanying independent auditors' report.

	<u>2011</u>	<u>2010</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 103,309	195,650
Accrued liabilities	331,311	288,361
Compensated absences payable	387,938	389,067
Bonds payable	875,000	835,000
Accrued interest payable	56,528	69,419
	<u>1,754,086</u>	<u>1,777,497</u>
Current liabilities payable from restricted assets:		
Accounts payable	160,619	81,002
	<u>160,619</u>	<u>81,002</u>
Total current liabilities	<u>1,914,705</u>	<u>1,858,499</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	3,799,205	3,619,676
Compensated absences payable	139,439	119,618
Net pension obligation	436,774	293,483
Bonds payable	7,055,556	7,973,524
Total noncurrent liabilities	<u>11,430,974</u>	<u>12,006,301</u>
Total liabilities	<u>13,345,679</u>	<u>13,864,800</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	7,916,079	8,901,651
Unrestricted	<u>6,413,522</u>	<u>5,932,405</u>
Total net assets	<u>\$ 14,329,601</u>	<u>14,834,056</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 15,547,130	15,850,357
Other	401,156	285,209
Total operating revenues	<u>15,948,286</u>	<u>16,135,566</u>
Operating expenses:		
Salaries and wages	2,706,516	2,817,060
Employee benefits	1,515,723	1,622,751
Purchased professional/technical services	1,383,186	1,360,477
Maintenance	1,623,203	1,548,964
Other purchased services	134,313	203,752
Supplies	2,063,201	1,639,234
Other	2,629,800	2,081,535
Depreciation/amortization	3,826,759	2,511,048
Total operating expenses	<u>15,882,701</u>	<u>13,784,821</u>
Operating income	<u>65,585</u>	<u>2,350,745</u>
Nonoperating revenues (expenses):		
Investment earnings	27,111	39,845
Intergovernmental revenue	-	54,552
Intergovernmental expense	-	(54,552)
Interest expense and fiscal charges	(318,477)	(375,227)
Total nonoperating revenues (expenses)	<u>(291,366)</u>	<u>(335,382)</u>
Income (loss) before contributions and transfers	(225,781)	2,015,363
Transfers out	<u>(278,674)</u>	<u>(339,225)</u>
Change in net assets	(504,455)	1,676,138
Total net assets, beginning of year	<u>14,834,056</u>	<u>13,157,918</u>
Total net assets, end of year	<u>\$ 14,329,601</u>	<u>14,834,056</u>

See accompanying independent auditors' report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,003,354	16,136,981
Cash paid to suppliers for goods and services	(7,717,737)	(6,772,400)
Cash paid to employees for services	(4,046,084)	(4,286,707)
Net cash provided by operating activities	<u>4,239,533</u>	<u>5,077,874</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	56,580
Intergovernmental expense	-	(54,552)
Payments to other funds	-	(662,809)
Transfer to other funds	(278,674)	(339,225)
Net cash used for noncapital financing activities	<u>(278,674)</u>	<u>(1,000,006)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,471,876)	(2,813,342)
Principal paid on capital debt	(835,000)	(1,580,000)
Interest paid on capital debt	(354,803)	(407,412)
Net cash used for capital and related financing activities	<u>(5,661,679)</u>	<u>(4,800,754)</u>
Cash flows from investing activities:		
Investment earnings	27,111	39,845
Net cash provided by investing activities	<u>27,111</u>	<u>39,845</u>
Net decrease in cash and cash equivalents	(1,673,709)	(683,041)
Cash and cash equivalents, beginning of year	<u>12,509,104</u>	<u>13,192,145</u>
Cash and cash equivalents, end of year	<u>\$ 10,835,395</u>	<u>12,509,104</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 65,585	2,350,745
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	23,014	15,950
Depreciation/amortization	3,826,759	2,511,048
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	32,054	(14,535)
Increase (decrease) in liabilities:		
Accounts payable	(92,341)	5,733
Accrued liabilities	42,950	(142,385)
Estimated landfill closure and post-closure care costs	179,529	198,214
Compensated absences payable	18,692	(20,342)
Net pension obligation	143,291	173,446
Net cash provided by operating activities	<u>\$ 4,239,533</u>	<u>5,077,874</u>

See accompanying independent auditors' report.



Nonmajor Enterprise Funds

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

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

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

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

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

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

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

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2011
(With Comparative Totals for September 30, 2010)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Assets			
Current assets:			
Cash and investments	\$ 790,781	79,344	239,563
Restricted cash and investments	-	-	47,326
Accounts receivable, net of allowances	50,163	254,226	600
Due from other funds	149,064	-	-
Intergovernmental receivable	155,374	-	2,005
Inventories	12,472	37,428	69,590
Total current assets	1,157,854	370,998	359,084
Noncurrent assets:			
Restricted cash and investments	-	-	440,855
Capital assets:			
Land	446,899	-	-
Buildings	14,340,067	6,276,931	2,623,812
Improvements other than buildings	26,417,692	67,388	48,391
Equipment	1,337,559	531,665	308,709
Museum collections	-	-	2,111,424
Construction in progress	638,696	16,791,808	206,836
Less: accumulated depreciation	(16,838,137)	(5,619,230)	(851,296)
Total capital assets	26,342,776	18,048,562	4,447,876
Total noncurrent assets	26,342,776	18,048,562	4,888,731
Total assets	27,500,630	18,419,560	5,247,815
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	35,431	131,509	18,809
Accrued liabilities	46,111	63,587	24,189
Unearned revenue	465,990	64,262	-
Due to other funds	-	-	-
Compensated absences payable	39,676	137,437	51,603
Escrow funds	-	-	105,486
Bonds payable	130,000	-	-
Accrued interest payable	1,257	-	-
Total current liabilities	718,465	396,795	200,087
Current liabilities payable from restricted assets:			
Accounts payable	-	-	305
Accrued liabilities	-	-	47,021
Total current liabilities	718,465	396,795	247,413
Noncurrent liabilities:			
Advances from other funds	101,478	-	-
Compensated absences payable	-	57,568	68,226
Bonds payable	-	-	-
Total noncurrent liabilities	101,478	57,568	68,226
Total liabilities	819,943	454,363	315,639
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	26,212,776	18,048,562	4,447,876
Restricted for Texas Ranger Research Center improvements	-	-	388,651
Unrestricted	467,911	(83,365)	95,649
Total net assets	\$ 26,680,687	17,965,197	4,932,176

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2011	2010
1,945	-	5,525	1,117,158	274,499
-	-	-	47,326	17,449
392	126,039	30	431,450	352,456
-	-	-	149,064	27,868
-	2,740,333	-	2,897,712	5,285,736
14,676	326,428	227,161	687,755	603,691
<u>17,013</u>	<u>3,192,800</u>	<u>232,716</u>	<u>5,330,465</u>	<u>6,561,699</u>
-	-	-	440,855	584,723
-	423,284	-	870,183	865,632
8,812,026	6,919,608	713,389	39,685,833	36,331,690
18,499,530	244,951	1,803,871	47,081,823	34,067,609
318,318	10,362,241	719,690	13,578,182	13,457,523
-	-	-	2,111,424	1,989,924
-	538,204	19,178	18,194,722	24,066,041
(11,390,774)	(6,295,539)	(2,253,254)	(43,248,230)	(39,107,558)
<u>16,239,100</u>	<u>12,192,749</u>	<u>1,002,874</u>	<u>78,273,937</u>	<u>71,670,861</u>
<u>16,239,100</u>	<u>12,192,749</u>	<u>1,002,874</u>	<u>78,714,792</u>	<u>72,255,584</u>
<u>16,256,113</u>	<u>15,385,549</u>	<u>1,235,590</u>	<u>84,045,257</u>	<u>78,817,283</u>
45,224	144,667	40,108	415,748	1,736,624
47,644	304,891	412,806	899,228	925,818
1,943	-	-	532,195	404,010
-	2,452,801	-	2,452,801	2,977,941
104,236	-	69,328	402,280	453,030
-	-	-	105,486	79,527
-	-	-	130,000	120,000
-	-	-	1,257	2,407
<u>199,047</u>	<u>2,902,359</u>	<u>522,242</u>	<u>4,938,995</u>	<u>6,699,357</u>
-	-	-	305	17,449
-	-	-	47,021	-
<u>199,047</u>	<u>2,902,359</u>	<u>522,242</u>	<u>4,986,321</u>	<u>6,716,806</u>
-	-	1,275,617	1,377,095	1,319,263
118,990	-	116,671	361,455	265,648
-	-	-	-	130,000
<u>118,990</u>	<u>-</u>	<u>1,392,288</u>	<u>1,738,550</u>	<u>1,714,911</u>
<u>318,037</u>	<u>2,902,359</u>	<u>1,914,530</u>	<u>6,724,871</u>	<u>8,431,717</u>
16,239,100	12,192,749	1,002,874	78,143,937	71,420,861
-	-	-	388,651	542,107
(301,024)	290,441	(1,681,814)	(1,212,202)	(1,577,402)
<u>15,938,076</u>	<u>12,483,190</u>	<u>(678,940)</u>	<u>77,320,386</u>	<u>70,385,566</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Operating revenues:			
Charges for services	\$ 540,727	414,234	290,100
Net merchandise sales	59,913	109,706	152,545
Contributions	-	-	-
Other	192,661	43	22,679
Total operating revenues	<u>793,301</u>	<u>523,983</u>	<u>465,324</u>
Operating expenses:			
Salaries and wages	395,614	986,084	547,145
Employee benefits	181,600	445,887	218,336
Purchased professional/technical services	10,438	148,953	35,177
Purchased property services	22,332	21,858	7,683
Maintenance	55,813	85,384	12,958
Other purchased services	62,823	438,178	37,131
Supplies	193,517	412,463	104,809
Other	278,666	11,427	170,505
Depreciation	1,285,438	194,289	59,260
Total operating expenses	<u>2,486,241</u>	<u>2,744,523</u>	<u>1,193,004</u>
Operating loss	<u>(1,692,940)</u>	<u>(2,220,540)</u>	<u>(727,680)</u>
Nonoperating revenues (expenses):			
Investment earnings	2,016	116	2,063
Other income	261,249	-	-
Hotel/motel tax	-	1,754,730	-
Contributions	-	-	63,692
Intergovernmental revenue (expense)	123,301	(117,000)	-
Interest expense and fiscal charges	(17,582)	-	-
Total nonoperating revenues (expenses)	<u>368,984</u>	<u>1,637,846</u>	<u>65,755</u>
Loss before contributions and transfers	<u>(1,323,956)</u>	<u>(582,694)</u>	<u>(661,925)</u>
Capital contributions	3,769,972	5,537,334	938,346
Transfers in	308,452	362,139	666,900
Change in net assets	<u>2,754,468</u>	<u>5,316,779</u>	<u>943,321</u>
Total net assets, beginning of year	<u>23,926,219</u>	<u>12,648,418</u>	<u>3,988,855</u>
Total net assets, end of year	<u>\$ 26,680,687</u>	<u>17,965,197</u>	<u>4,932,176</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2011	2010
1,359,643	2,638,877	1,239,318	6,482,899	5,974,211
205,575	-	219,336	747,075	706,871
6,127	-	-	6,127	3,318
3,878	775,412	4,500	999,173	990,472
<u>1,575,223</u>	<u>3,414,289</u>	<u>1,463,154</u>	<u>8,235,274</u>	<u>7,674,872</u>
1,198,563	2,735,399	489,947	6,352,752	6,142,279
605,475	640,551	213,896	2,305,745	2,298,159
44,723	1,166,617	268,464	1,674,372	1,639,427
355,092	31,574	121,397	559,936	517,378
67,141	535,663	75,688	832,647	737,211
66,528	210,652	130,979	946,291	1,030,102
613,404	979,274	213,388	2,516,855	2,466,247
157,595	325,053	23,319	966,565	1,043,924
<u>1,206,511</u>	<u>1,279,377</u>	<u>153,970</u>	<u>4,178,845</u>	<u>3,728,440</u>
<u>4,315,032</u>	<u>7,904,160</u>	<u>1,691,048</u>	<u>20,334,008</u>	<u>19,603,167</u>
<u>(2,739,809)</u>	<u>(4,489,871)</u>	<u>(227,894)</u>	<u>(12,098,734)</u>	<u>(11,928,295)</u>
-	6	-	4,201	5,722
-	-	115,020	376,269	404,837
-	-	-	1,754,730	1,662,308
-	-	-	63,692	92,520
-	3,210,490	-	3,216,791	2,861,429
-	-	(742)	(18,324)	(27,787)
<u>-</u>	<u>3,210,496</u>	<u>114,278</u>	<u>5,397,359</u>	<u>4,999,029</u>
(2,739,809)	(1,279,375)	(113,616)	(6,701,375)	(6,929,266)
102,981	80,144	-	10,428,777	23,351,089
<u>1,726,725</u>	<u>-</u>	<u>143,202</u>	<u>3,207,418</u>	<u>2,816,796</u>
(910,103)	(1,199,231)	29,586	6,934,820	19,238,619
<u>16,848,179</u>	<u>13,682,421</u>	<u>(708,526)</u>	<u>70,385,566</u>	<u>51,146,947</u>
<u>15,938,076</u>	<u>12,483,190</u>	<u>(678,940)</u>	<u>77,320,386</u>	<u>70,385,566</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Airport Fund	Convention Services Fund
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Cash received from customers	\$ 792,967	487,570
Cash paid to suppliers for goods and services	(864,789)	(1,096,330)
Cash paid to employees for services	<u>(573,450)</u>	<u>(1,425,474)</u>
Net cash used for operating activities	<u>(645,272)</u>	<u>(2,034,234)</u>
 Cash flows from noncapital financing activities:		
Intergovernmental revenue (expense)	72,084	(117,000)
Contributions	-	-
Hotel/motel tax	-	1,754,730
Passenger facility charges	261,249	-
Payments from other funds	-	-
Transfer from other funds	308,452	362,139
Advances from other funds	-	-
Repayments of advances from other funds	<u>(50,800)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>590,985</u>	<u>1,999,869</u>
 Cash flows from capital and related financing activities:		
Acquisition of capital assets	(5,216,672)	(11,785)
Capital contributions	6,198,456	-
Principal paid on capital debt	(120,000)	-
Interest paid on capital debt	<u>(18,732)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>843,052</u>	<u>(11,785)</u>
 Cash flows from investing activities:		
Investment earnings	2,016	116
Raw water sales	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>2,016</u>	<u>116</u>
 Net increase (decrease) in cash and cash equivalents	790,781	(46,034)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>125,378</u>
 Cash and cash equivalents, end of year	<u>\$ 790,781</u>	<u>79,344</u>

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2011	2010
465,324	1,570,298	3,402,039	1,465,893	8,184,091	7,665,380
(315,793)	(1,521,248)	(3,263,371)	(1,014,096)	(8,075,627)	(6,913,144)
(750,777)	(1,773,830)	(3,471,855)	(696,392)	(8,691,778)	(8,390,055)
<u>(601,246)</u>	<u>(1,724,780)</u>	<u>(3,333,187)</u>	<u>(244,595)</u>	<u>(8,583,314)</u>	<u>(7,637,819)</u>
-	-	2,793,031	-	2,748,115	2,537,734
63,692	-	-	-	63,692	92,520
-	-	-	-	1,754,730	1,651,091
-	-	-	-	261,249	251,706
-	-	132,756	-	132,756	-
666,900	1,726,725	-	143,202	3,207,418	2,823,741
-	-	-	107,890	107,890	-
-	-	-	-	(50,800)	(60,516)
<u>730,592</u>	<u>1,726,725</u>	<u>2,925,787</u>	<u>251,092</u>	<u>8,225,050</u>	<u>7,296,276</u>
(169,842)	-	(80,144)	(115,992)	(5,594,435)	(10,932,697)
14,884	-	487,538	-	6,700,878	9,587,601
-	-	-	-	(120,000)	(115,000)
-	-	-	-	(18,732)	(27,652)
<u>(154,958)</u>	<u>-</u>	<u>407,394</u>	<u>(115,992)</u>	<u>967,711</u>	<u>(1,487,748)</u>
2,063	-	6	-	4,201	5,722
-	-	-	115,020	115,020	153,131
<u>2,063</u>	<u>-</u>	<u>6</u>	<u>115,020</u>	<u>119,221</u>	<u>158,853</u>
(23,549)	1,945	-	5,525	728,668	(1,670,438)
<u>751,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876,671</u>	<u>2,547,109</u>
<u>727,744</u>	<u>1,945</u>	<u>-</u>	<u>5,525</u>	<u>1,605,339</u>	<u>876,671</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Airport Fund	Convention Services Fund
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,692,940)	(2,220,540)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,285,438	194,289
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(334)	(70,199)
Inventories	(8,594)	(9,679)
Increase (decrease) in liabilities:		
Accounts payable	3,226	26,622
Accrued liabilities	24,312	9,933
Unearned revenue	-	33,786
Due to other funds	(259,300)	-
Compensated absences payable	2,920	1,554
Escrow funds	-	-
	<u>(645,272)</u>	<u>(2,034,234)</u>
Net cash used for operating activities	\$ (645,272)	(2,034,234)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	5,537,334
	<u>-</u>	<u>5,537,334</u>

See accompanying independent auditors' report.

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2011	2010
(727,680)	(2,739,809)	(4,489,871)	(227,894)	(12,098,734)	(11,928,295)
59,260	1,206,511	1,279,377	153,970	4,178,845	3,728,440
-	1,050	(12,250)	2,739	(78,994)	(13,532)
(4,249)	(9,898)	(114,447)	62,803	(84,064)	102,574
(15,093)	(34,508)	71,114	(13,090)	38,271	(160,353)
49,329	(806)	(67,110)	4,773	20,431	(52,589)
-	(5,975)	-	-	27,811	4,040
-	(165,475)	-	(233,121)	(657,896)	657,896
11,228	24,130	-	5,225	45,057	50,383
25,959	-	-	-	25,959	(26,383)
<u>(601,246)</u>	<u>(1,724,780)</u>	<u>(3,333,187)</u>	<u>(244,595)</u>	<u>(8,583,314)</u>	<u>(7,637,819)</u>
<u>886,468</u>	<u>102,981</u>	<u>-</u>	<u>-</u>	<u>6,526,783</u>	<u>11,524,128</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and investments	\$ 790,781	-
Accounts receivable, net of allowance	50,163	49,829
Due from other funds	149,064	27,868
Intergovernmental receivable	155,374	2,553,463
Inventory	12,472	3,878
Total current assets	1,157,854	2,635,038
Noncurrent assets:		
Capital assets:		
Land	446,899	442,348
Buildings	14,340,067	12,926,783
Improvements other than buildings	26,417,692	13,419,478
Equipment	1,337,559	1,337,559
Construction in progress	638,696	11,214,770
Less: accumulated depreciation	(16,838,137)	(15,553,105)
Total capital assets	26,342,776	23,787,833
Total noncurrent assets	26,342,776	23,787,833
Total assets	27,500,630	26,422,871
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	35,431	1,408,496
Accrued liabilities	46,111	21,799
Unearned revenue	465,990	365,616
Due to other funds	-	259,300
Compensated absences payable	39,676	36,756
Bonds payable	130,000	120,000
Accrued interest payable	1,257	2,407
Total current liabilities	718,465	2,214,374
Noncurrent liabilities:		
Advances from other funds	101,478	152,278
Bonds payable	-	130,000
Total noncurrent liabilities	101,478	282,278
Total liabilities	819,943	2,496,652
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	26,212,776	23,537,833
Unrestricted	467,911	388,386
Total net assets	\$ 26,680,687	23,926,219

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 540,727	512,851
Net merchandise sales	59,913	74,918
Other	192,661	219,005
Total operating revenues	<u>793,301</u>	<u>806,774</u>
Operating expenses:		
Salaries and wages	395,614	430,764
Employee benefits	181,600	202,246
Purchased professional/technical services	10,438	8,622
Purchased property services	22,332	18,857
Maintenance	55,813	72,230
Other purchased services	62,823	86,940
Supplies	193,517	244,640
Other	278,666	286,817
Depreciation	1,285,438	983,051
Total operating expenses	<u>2,486,241</u>	<u>2,334,167</u>
Operating loss	<u>(1,692,940)</u>	<u>(1,527,393)</u>
Nonoperating revenues (expenses):		
Investment earnings	2,016	2,772
Intergovernmental revenue	123,301	124,709
Interest expense and fiscal charges	(17,582)	(26,560)
Other income	261,249	251,706
Total nonoperating revenues (expenses)	<u>368,984</u>	<u>352,627</u>
Loss before contributions and transfers	(1,323,956)	(1,174,766)
Capital contributions	3,769,972	9,409,183
Transfers in	<u>308,452</u>	<u>437,528</u>
Change in net assets	2,754,468	8,671,945
Total net assets, beginning of year	<u>23,926,219</u>	<u>15,254,274</u>
Total net assets, end of year	<u>\$ 26,680,687</u>	<u>23,926,219</u>

See accompanying independent auditors' report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$ 792,967	822,415
Cash paid to suppliers for goods and services	(864,789)	(502,905)
Cash paid to employees for services	(573,450)	(629,079)
Net cash used for operating activities	(645,272)	(309,569)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	72,084	114,389
Passenger facility charges	261,249	251,706
Transfer from other funds	308,452	437,528
Repayments of advances from other funds	(50,800)	(48,607)
Net cash provided by noncapital financing activities	590,985	755,016
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(5,216,672)	(8,409,693)
Capital contributions	6,198,456	6,972,471
Principal paid on capital debt	(120,000)	(115,000)
Interest paid on capital debt	(18,732)	(27,652)
Net cash provided by (used for) capital and related financing activities	843,052	(1,579,874)
Cash flows from investing activities:		
Investment earnings	2,016	2,772
Net cash provided by investing activities	2,016	2,772
Net increase (decrease) in cash and cash equivalents	790,781	(1,131,655)
Cash and cash equivalents, beginning of year	-	1,131,655
Cash and cash equivalents, end of year	\$ 790,781	-
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,692,940)	(1,527,393)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,285,438	983,051
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(334)	15,641
Inventory	(8,594)	(26)
Increase (decrease) in liabilities:		
Accounts payable	3,226	(22,272)
Accrued liabilities	24,312	(21,801)
Due to other funds	(259,300)	259,300
Compensated absences payable	2,920	3,931
Net cash used for operating activities	\$ (645,272)	(309,569)

See accompanying independent auditors' report.

Convention Services Fund

City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and investments	\$ 79,344	125,378
Accounts receivable, net of allowance	254,226	184,027
Inventory	37,428	27,749
Total current assets	370,998	337,154
Noncurrent assets:		
Capital assets:		
Buildings	6,276,931	6,289,950
Improvements other than buildings	67,388	67,388
Equipment	531,665	544,628
Construction in progress	16,791,808	11,254,474
Less: accumulated depreciation	(5,619,230)	(5,462,708)
Total capital assets	18,048,562	12,693,732
Total noncurrent assets	18,048,562	12,693,732
Total assets	18,419,560	13,030,886
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	131,509	104,887
Accrued liabilities	63,587	53,654
Unearned revenue	64,262	30,476
Compensated absences payable	137,437	160,399
Total current liabilities	396,795	349,416
Noncurrent liabilities:		
Compensated absences payable	57,568	33,052
Total noncurrent liabilities	57,568	33,052
Total liabilities	454,363	382,468
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	18,048,562	12,693,732
Unrestricted	(83,365)	(45,314)
Total net assets	\$ 17,965,197	12,648,418

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 414,234	286,512
Net merchandise sales	109,706	96,173
Other	43	9,073
Total operating revenues	<u>523,983</u>	<u>391,758</u>
Operating expenses:		
Salaries and wages	986,084	1,029,996
Employee benefits	445,887	452,924
Purchased professional/technical services	148,953	44,888
Purchased property services	21,858	19,405
Maintenance	85,384	79,456
Other purchased services	438,178	475,587
Supplies	412,463	301,811
Other	11,427	6,889
Depreciation	194,289	288,075
Total operating expenses	<u>2,744,523</u>	<u>2,699,031</u>
Operating loss	<u>(2,220,540)</u>	<u>(2,307,273)</u>
Nonoperating revenues (expenses):		
Hotel/motel tax	1,754,730	1,662,308
Investment earnings	116	21
Intergovernmental revenue	-	330
Intergovernmental expenses	(117,000)	(131,625)
Total nonoperating revenues (expenses)	<u>1,637,846</u>	<u>1,531,034</u>
Loss before contributions and transfers	(582,694)	(776,239)
Capital contributions	5,537,334	10,186,226
Transfers in	<u>362,139</u>	<u>411,957</u>
Change in net assets	5,316,779	9,821,944
Total net assets, beginning of year	<u>12,648,418</u>	<u>2,826,474</u>
Total net assets, end of year	<u>\$ 17,965,197</u>	<u>12,648,418</u>

See accompanying independent auditors' report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 487,570	404,347
Cash paid to suppliers for goods and services	(1,096,330)	(969,705)
Cash paid to employees for services	<u>(1,425,474)</u>	<u>(1,485,527)</u>
Net cash used for operating activities	<u>(2,034,234)</u>	<u>(2,050,885)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	1,754,730	1,651,091
Intergovernmental revenue	-	330
Intergovernmental expenses	(117,000)	(131,625)
Transfer from other funds	<u>362,139</u>	<u>411,957</u>
Net cash provided by noncapital financing activities	<u>1,999,869</u>	<u>1,931,753</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(11,785)</u>	-
Net cash used for capital and related financing activities	<u>(11,785)</u>	-
Cash flows from investing activities:		
Investment earnings	<u>116</u>	<u>21</u>
Net cash provided by investing activities	<u>116</u>	<u>21</u>
Net decrease in cash and cash equivalents	(46,034)	(119,111)
Cash and cash equivalents, beginning of year	<u>125,378</u>	<u>244,489</u>
Cash and cash equivalents, end of year	<u>\$ 79,344</u>	<u>125,378</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,220,540)	(2,307,573)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	194,289	288,375
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(70,199)	5,601
Inventory	(9,679)	6,381
Increase (decrease) in liabilities:		
Accounts payable	26,622	(7)
Accrued liabilities	9,933	(48,043)
Unearned revenue	33,786	6,988
Compensated absences payable	<u>1,554</u>	<u>(2,607)</u>
Net cash used for operating activities	<u>\$ (2,034,234)</u>	<u>(2,050,885)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 5,537,334</u>	<u>10,186,226</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and investments	\$ 239,563	149,121
Restricted cash and investments	47,326	17,449
Accounts receivable, net of allowance	600	600
Intergovernmental receivable	2,005	2,005
Inventory	69,590	65,341
Total current assets	<u>359,084</u>	<u>234,516</u>
Noncurrent assets:		
Restricted cash and investments	<u>440,855</u>	<u>584,723</u>
Capital assets:		
Buildings	2,623,812	796,772
Improvements other than buildings	48,391	48,391
Equipment	308,709	302,920
Museum collections	2,111,424	1,989,924
Construction in progress	206,836	1,067,861
Less: accumulated depreciation	<u>(851,296)</u>	<u>(792,036)</u>
Total capital assets	<u>4,447,876</u>	<u>3,413,832</u>
Total noncurrent assets	<u>4,888,731</u>	<u>3,998,555</u>
Total assets	<u>5,247,815</u>	<u>4,233,071</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	18,809	16,758
Accrued liabilities	24,189	21,881
Compensated absences payable	51,603	58,860
Escrow funds	105,486	79,527
	<u>200,087</u>	<u>177,026</u>
Current liabilities payable from restricted assets:		
Accounts payable	305	17,449
Accrued liabilities	47,021	-
	<u>47,326</u>	<u>17,449</u>
Total current liabilities	<u>247,413</u>	<u>194,475</u>
Noncurrent liabilities:		
Compensated absences payable	<u>68,226</u>	<u>49,741</u>
Total noncurrent liabilities	<u>68,226</u>	<u>49,741</u>
Total liabilities	<u>315,639</u>	<u>244,216</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	4,447,876	3,413,832
Restricted for Texas Ranger Research Center improvements	388,651	542,107
Unrestricted	<u>95,649</u>	<u>32,916</u>
Total net assets	<u>\$ 4,932,176</u>	<u>3,988,855</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 290,100	238,029
Net merchandise sales	152,545	137,690
Other	<u>22,679</u>	<u>28,227</u>
Total operating revenues	<u>465,324</u>	<u>403,946</u>
Operating expenses:		
Salaries and wages	547,145	553,349
Employee benefits	218,336	214,757
Purchased professional/technical services	35,177	68,285
Purchased property services	7,683	6,029
Maintenance	12,958	13,327
Other purchased services	37,131	51,887
Supplies	104,809	157,307
Other	170,505	184,662
Depreciation	<u>59,260</u>	<u>30,482</u>
Total operating expenses	<u>1,193,004</u>	<u>1,280,085</u>
Operating loss	<u>(727,680)</u>	<u>(876,139)</u>
Nonoperating revenues:		
Investment earnings	2,063	2,903
Contributions	<u>63,692</u>	<u>92,520</u>
Total nonoperating revenues	<u>65,755</u>	<u>95,423</u>
Loss before contributions and transfers	(661,925)	(780,716)
Capital contributions	938,346	923,951
Transfers in	<u>666,900</u>	<u>691,093</u>
Change in net assets	943,321	834,328
Total net assets, beginning of year	<u>3,988,855</u>	<u>3,154,527</u>
Total net assets, end of year	<u>\$ 4,932,176</u>	<u>3,988,855</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 465,324	407,066
Cash paid to suppliers for goods and services	(315,793)	(496,914)
Cash paid to employees for services	(750,777)	(759,826)
Net cash used for operating activities	<u>(601,246)</u>	<u>(849,674)</u>
Cash flows from noncapital financing activities:		
Contributions	63,692	92,520
Transfer from other funds	666,900	691,093
Net cash provided by noncapital financing activities	<u>730,592</u>	<u>783,613</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(169,842)	-
Capital contributions	14,884	35,000
Net cash provided by (used for) capital and related financing activities	<u>(154,958)</u>	<u>35,000</u>
Cash flows from investing activities:		
Investment earnings	2,063	2,903
Net cash provided by investing activities	<u>2,063</u>	<u>2,903</u>
Net decrease in cash and cash equivalents	(23,549)	(28,158)
Cash and cash equivalents, beginning of year	<u>751,293</u>	<u>779,451</u>
Cash and cash equivalents, end of year	<u>\$ 727,744</u>	<u>751,293</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (727,680)	(876,139)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	59,260	30,482
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	3,120
Inventory	(4,249)	29,317
Increase (decrease) in liabilities:		
Accounts payable	(15,093)	7,499
Accrued liabilities	49,329	(25,850)
Compensated absences payable	11,228	8,280
Escrow funds	25,959	(26,383)
Net cash used for operating activities	<u>\$ (601,246)</u>	<u>(849,674)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 886,468</u>	<u>888,951</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and investments	\$ 1,945	-
Accounts receivable, net of allowance	392	1,442
Inventory	<u>14,676</u>	<u>4,778</u>
Total current assets	<u>17,013</u>	<u>6,220</u>
Noncurrent assets:		
Capital assets:		
Buildings	8,812,026	8,685,188
Improvements other than buildings	18,499,530	18,483,530
Equipment	318,318	318,318
Construction in progress	-	39,858
Less: accumulated depreciation	<u>(11,390,774)</u>	<u>(10,184,264)</u>
Total capital assets	<u>16,239,100</u>	<u>17,342,630</u>
Total noncurrent assets	<u>16,239,100</u>	<u>17,342,630</u>
Total assets	<u>16,256,113</u>	<u>17,348,850</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	45,224	79,732
Accrued liabilities	47,644	48,450
Unearned revenue	1,943	7,918
Due to other funds	-	165,475
Compensated absences payable	<u>104,236</u>	<u>138,716</u>
Total current liabilities	<u>199,047</u>	<u>440,291</u>
Noncurrent liabilities:		
Compensated absences payable	<u>118,990</u>	<u>60,380</u>
Total noncurrent liabilities	<u>118,990</u>	<u>60,380</u>
Total liabilities	<u>318,037</u>	<u>500,671</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	16,239,100	17,342,630
Unrestricted	<u>(301,024)</u>	<u>(494,451)</u>
Total net assets	<u>\$ 15,938,076</u>	<u>16,848,179</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 1,359,643	1,386,613
Net merchandise sales	205,575	206,452
Contributions	6,127	3,318
Other	<u>3,878</u>	<u>3,084</u>
Total operating revenues	<u>1,575,223</u>	<u>1,599,467</u>
Operating expenses:		
Salaries and wages	1,198,563	1,189,787
Employee benefits	605,475	604,306
Purchased professional/technical services	44,723	39,271
Purchased property services	355,092	402,598
Maintenance	67,141	55,738
Other purchased services	66,528	94,588
Supplies	613,404	682,181
Other	157,595	161,368
Depreciation	<u>1,206,511</u>	<u>1,127,170</u>
Total operating expenses	<u>4,315,032</u>	<u>4,357,007</u>
Operating loss	<u>(2,739,809)</u>	<u>(2,757,540)</u>
Nonoperating revenues:		
Intergovernmental revenue	<u>-</u>	<u>58</u>
Total nonoperating revenues	<u>-</u>	<u>58</u>
Loss before contributions and transfers	(2,739,809)	(2,757,482)
Capital contributions	102,981	448,951
Transfers in	<u>1,726,725</u>	<u>1,276,218</u>
Change in net assets	(910,103)	(1,032,313)
Total net assets, beginning of year	<u>16,848,179</u>	<u>17,880,492</u>
Total net assets, end of year	<u>\$ 15,938,076</u>	<u>16,848,179</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,570,298	1,596,518
Cash paid to suppliers for goods and services	(1,521,248)	(1,378,832)
Cash paid to employees for services	(1,773,830)	(1,761,685)
Net cash used for operating activities	<u>(1,724,780)</u>	<u>(1,543,999)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	58
Transfer from other funds	1,726,725	1,276,218
Net cash provided by noncapital financing activities	<u>1,726,725</u>	<u>1,276,276</u>
Net increase (decrease) in cash and cash equivalents	1,945	(267,723)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>267,723</u>
Cash and cash equivalents, end of year	<u>\$ 1,945</u>	<u>-</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,739,809)	(2,757,540)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,206,511	1,127,170
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	1,050	(1)
Inventory	(9,898)	52
Increase (decrease) in liabilities:		
Accounts payable	(34,508)	(51,361)
Accrued liabilities	(806)	(57,254)
Unearned revenue	(5,975)	(2,948)
Compensated absences payable	24,130	32,408
Due to other funds	(165,475)	165,475
Net cash used for operating activities	<u>\$ (1,724,780)</u>	<u>(1,543,999)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 102,981</u>	<u>448,951</u>

See accompanying independent auditors' report.

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Accounts receivable, net of allowance	\$ 126,039	113,789
Intergovernmental receivable	2,740,333	2,730,268
Inventory	<u>326,428</u>	<u>211,981</u>
Total current assets	<u>3,192,800</u>	<u>3,056,038</u>
Noncurrent assets:		
Capital assets:		
Land	423,284	423,284
Buildings	6,919,608	6,919,608
Improvements other than buildings	244,951	244,951
Equipment	10,362,241	10,350,401
Construction in progress	538,204	469,900
Less: accumulated depreciation	<u>(6,295,539)</u>	<u>(5,016,162)</u>
Total capital assets	<u>12,192,749</u>	<u>13,391,982</u>
 Total noncurrent assets	 <u>12,192,749</u>	 <u>13,391,982</u>
 Total assets	 <u>15,385,549</u>	 <u>16,448,020</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	144,667	73,553
Accrued liabilities	304,891	372,001
Due to other funds	<u>2,452,801</u>	<u>2,320,045</u>
Total current liabilities	<u>2,902,359</u>	<u>2,765,599</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	12,192,749	13,391,982
Unrestricted	<u>290,441</u>	<u>290,439</u>
 Total net assets	 <u>\$ 12,483,190</u>	 <u>13,682,421</u>

See accompanying independent auditors' report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 2,638,877	2,501,980
Other	775,412	719,187
Total operating revenues	<u>3,414,289</u>	<u>3,221,167</u>
Operating expenses:		
Salaries and wages	2,735,399	2,458,166
Employee benefits	640,551	612,573
Purchased professional/technical services	1,166,617	1,167,945
Purchased property services	31,574	17,446
Maintenance	535,663	442,340
Other purchased services	210,652	169,437
Supplies	979,274	852,573
Other	325,053	379,370
Depreciation	1,279,377	1,159,702
Total operating expenses	<u>7,904,160</u>	<u>7,259,552</u>
Operating loss	<u>(4,489,871)</u>	<u>(4,038,385)</u>
Nonoperating revenues:		
Investment earnings	6	9
Intergovernmental revenue	3,210,490	2,867,957
Total nonoperating revenues	<u>3,210,496</u>	<u>2,867,966</u>
Loss before capital contributions	(1,279,375)	(1,170,419)
Capital contributions	<u>80,144</u>	<u>2,382,778</u>
Change in net assets	(1,199,231)	1,212,359
Total net assets, beginning of year	<u>13,682,421</u>	<u>12,470,062</u>
Total net assets, end of year	<u>\$ 12,483,190</u>	<u>13,682,421</u>

See accompanying independent auditors' report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,402,039	3,186,015
Cash paid to suppliers for goods and services	(3,263,371)	(2,884,881)
Cash paid to employees for services	(3,471,855)	(3,070,739)
Net cash used for operating activities	<u>(3,333,187)</u>	<u>(2,769,605)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	2,793,031	2,554,582
Payments from other funds	132,756	6,945
Net cash provided by noncapital financing activities	<u>2,925,787</u>	<u>2,561,527</u>
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(80,144)	(2,372,061)
Capital contributions	487,538	2,580,130
Net cash provided by capital and related financing activities	<u>407,394</u>	<u>208,069</u>
Cash flows from investing activities:		
Investment earnings	<u>6</u>	<u>9</u>
Net cash provided by investing activities	<u>6</u>	<u>9</u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (4,489,871)	(4,038,385)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,279,377	1,159,702
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(12,250)	(35,152)
Inventory	(114,447)	47,687
Increase (decrease) in liabilities:		
Accounts payable	71,114	(55,314)
Accrued liabilities	(67,110)	151,857
Net cash used for operating activities	<u>\$ (3,333,187)</u>	<u>(2,769,605)</u>

See accompanying independent auditors' report.

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 5,525	-
Accounts receivable, net of allowance	30	2,769
Inventory	227,161	289,964
Total current assets	232,716	292,733
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	1,803,871	1,803,871
Equipment	719,690	603,697
Construction in progress	19,178	19,178
Less: accumulated depreciation	(2,253,254)	(2,099,283)
Total capital assets	1,002,874	1,040,852
Total noncurrent assets	1,002,874	1,040,852
Total assets	1,235,590	1,333,585
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	40,108	53,198
Accrued liabilities	412,806	408,033
Due to other funds	-	233,121
Compensated absences payable	69,328	58,299
Total current liabilities	522,242	752,651
Noncurrent liabilities:		
Advances from other funds	1,275,617	1,166,985
Compensated absences payable	116,671	122,475
Total noncurrent liabilities	1,392,288	1,289,460
Total liabilities	1,914,530	2,042,111
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	1,002,874	1,040,852
Unrestricted	(1,681,814)	(1,749,378)
Total net assets	\$ (678,940)	(708,526)

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 1,239,318	1,048,226
Net merchandise sales	219,336	191,638
Other	4,500	11,896
Total operating revenues	<u>1,463,154</u>	<u>1,251,760</u>
Operating expenses:		
Salaries and wages	489,947	480,217
Employee benefits	213,896	211,353
Purchased professional/technical services	268,464	310,416
Purchased property services	121,397	53,043
Maintenance	75,688	74,120
Other purchased services	130,979	151,663
Supplies	213,388	227,735
Other	23,319	24,818
Depreciation	153,970	139,660
Total operating expenses	<u>1,691,048</u>	<u>1,673,025</u>
Operating loss	<u>(227,894)</u>	<u>(421,265)</u>
Nonoperating revenues (expenses):		
Investment earnings	-	17
Raw water sales	115,020	153,131
Interest expense	(742)	(1,227)
Total nonoperating revenues (expenses)	<u>114,278</u>	<u>151,921</u>
Loss before transfers	(113,616)	(269,344)
Transfers in	<u>143,202</u>	<u>-</u>
Change in net assets	29,586	(269,344)
Total net assets, beginning of year	<u>(708,526)</u>	<u>(439,182)</u>
Total net assets, end of year	<u>\$ (678,940)</u>	<u>(708,526)</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$ 1,465,893	1,249,019
Cash paid to suppliers for goods and services	(1,014,096)	(679,907)
Cash paid to employees for services	(696,392)	(683,199)
Net cash used for operating activities	(244,595)	(114,087)
Cash flows from noncapital financing activities:		
Transfer from other funds	143,202	-
Advances from other funds	107,890	-
Repayment of advances from other funds	-	(11,909)
Net cash provided by (used for) noncapital financing activities	251,092	(11,909)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(115,992)	(150,943)
Net cash used for capital and related financing activities	(115,992)	(150,943)
Cash flows from investing activities:		
Investment earnings	-	17
Raw water sales	115,020	153,131
Net cash provided by investing activities	115,020	153,148
Net increase (decrease) in cash and cash equivalents	5,525	(123,791)
Cash and cash equivalents, beginning of year	-	123,791
Cash and cash equivalents, end of year	\$ 5,525	-
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (227,894)	(421,265)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	153,970	139,660
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	2,739	(2,741)
Inventory	62,803	19,163
Increase (decrease) in liabilities:		
Accounts payable	(13,090)	(38,898)
Accrued liabilities	4,773	(51,498)
Due to other funds	(233,121)	233,121
Compensated absences payable	5,225	8,371
Net cash used for operating activities	\$ (244,595)	(114,087)

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, 2011
(With Comparative Totals for September 30, 2010)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2011	2010
Assets						
Current assets:						
Cash and investments	\$ 6,758,188	6,403,792	443,224	483,194	14,088,398	15,696,393
Accounts receivable, net of allowances	224	-	-	-	224	1,078
Inventories	-	-	-	136,615	136,615	144,512
Total current assets	<u>6,758,412</u>	<u>6,403,792</u>	<u>443,224</u>	<u>619,809</u>	<u>14,225,237</u>	<u>15,841,983</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	24,400	14,400	38,800	38,800
Buildings	-	-	-	535,145	535,145	535,145
Improvements other than buildings	-	-	-	118,289	118,289	118,289
Equipment	21,595	-	303,674	728,190	1,053,459	1,134,921
Less: accumulated depreciation	(13,852)	-	(246,440)	(975,663)	(1,235,955)	(1,344,981)
Total capital assets	<u>7,743</u>	<u>-</u>	<u>81,634</u>	<u>420,361</u>	<u>509,738</u>	<u>482,174</u>
Total noncurrent assets	<u>7,743</u>	<u>-</u>	<u>81,634</u>	<u>420,361</u>	<u>509,738</u>	<u>482,174</u>
Total assets	<u>6,766,155</u>	<u>6,403,792</u>	<u>524,858</u>	<u>1,040,170</u>	<u>14,734,975</u>	<u>16,324,157</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	55,430	-	4,920	118,609	178,959	156,638
Accrued liabilities	202,168	253,290	28,335	22,784	506,577	527,072
Due to other funds	12,140	-	-	-	12,140	-
Compensated absences payable	43,537	-	142,274	88,278	274,089	232,473
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	2,426,041	1,181,000	-	-	3,607,041	4,737,283
Total current liabilities	<u>2,739,316</u>	<u>1,434,290</u>	<u>176,067</u>	<u>229,671</u>	<u>4,579,344</u>	<u>5,654,004</u>
Noncurrent liabilities:						
Compensated absences payable	35,935	-	61,322	-	97,257	87,243
Net pension obligation	51,767	-	164,021	120,933	336,721	222,337
Total noncurrent liabilities	<u>87,702</u>	<u>-</u>	<u>225,343</u>	<u>120,933</u>	<u>433,978</u>	<u>309,580</u>
Total liabilities	<u>2,827,018</u>	<u>1,434,290</u>	<u>401,410</u>	<u>350,604</u>	<u>5,013,322</u>	<u>5,963,584</u>
Net Assets						
Invested in capital assets, net of related debt	7,743	-	81,634	420,361	509,738	482,174
Unrestricted	3,931,394	4,969,502	41,814	269,205	9,211,915	9,878,399
Total net assets	<u>\$ 3,939,137</u>	<u>4,969,502</u>	<u>123,448</u>	<u>689,566</u>	<u>9,721,653</u>	<u>10,360,573</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, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2011	2010
Operating revenues:						
Charges for services	\$ 2,651,153	9,919,848	2,006,096	1,620,020	16,197,117	18,404,395
Other	-	-	6,016	7,287	13,303	11,641
Total operating revenues	<u>2,651,153</u>	<u>9,919,848</u>	<u>2,012,112</u>	<u>1,627,307</u>	<u>16,210,420</u>	<u>18,416,036</u>
Operating expenses:						
Salaries and wages	341,835	36,017	1,059,982	758,960	2,196,794	2,122,944
Employee benefits	151,357	13,629	487,225	391,816	1,044,027	1,015,549
Purchased professional/ technical services	271,370	1,065,393	70	18,438	1,355,271	1,122,888
Purchased property services	-	-	52,262	3,052	55,314	54,494
Maintenance	1,674	-	36,851	44,536	83,061	106,042
Other purchased services	773,653	20	62,272	24,462	860,407	884,887
Supplies	57,279	-	50,085	87,220	194,584	209,262
Other	996,973	9,593,022	187,338	205,423	10,982,756	10,799,369
Depreciation	2,570	-	19,544	64,837	86,951	87,550
Total operating expenses	<u>2,596,711</u>	<u>10,708,081</u>	<u>1,955,629</u>	<u>1,598,744</u>	<u>16,859,165</u>	<u>16,402,985</u>
Operating income (loss)	<u>54,442</u>	<u>(788,233)</u>	<u>56,483</u>	<u>28,563</u>	<u>(648,745)</u>	<u>2,013,051</u>
Nonoperating revenues:						
Investment earnings	20,084	19,231	451	888	40,654	67,211
Intergovernmental revenue	-	9,171	-	-	9,171	262
	<u>20,084</u>	<u>28,402</u>	<u>451</u>	<u>888</u>	<u>49,825</u>	<u>67,473</u>
Income (loss) before contributions and transfers	74,526	(759,831)	56,934	29,451	(598,920)	2,080,524
Capital contributions	-	-	-	-	-	135,357
Transfers out	(40,000)	-	-	-	(40,000)	-
Change in net assets	34,526	(759,831)	56,934	29,451	(638,920)	2,215,881
Total net assets, beginning of year	<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>
Total net assets, end of year	<u>\$ 3,939,137</u>	<u>4,969,502</u>	<u>123,448</u>	<u>689,566</u>	<u>9,721,653</u>	<u>10,360,573</u>

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2011
(With Comparative Totals for Year Ended September 30, 2010)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2011	2010
Cash flows from operating activities:						
Cash received from customers	\$ 2,650,929	9,919,848	2,013,101	1,627,396	16,211,274	18,576,383
Cash paid to suppliers for goods and services	(3,265,542)	(10,694,233)	(387,973)	(320,492)	(14,668,240)	(12,476,100)
Cash paid to employees for services	(416,981)	(48,362)	(1,490,896)	(1,102,240)	(3,058,479)	(3,075,905)
Net cash provided by (used for) operating activities	(1,031,594)	(822,747)	134,232	204,664	(1,515,445)	3,024,378
Cash flows from noncapital financing activities:						
Intergovernmental revenue	-	9,171	-	-	9,171	262
Transfer to other funds	(27,860)	-	-	-	(27,860)	-
Net cash provided by (used for) noncapital financing activities	(27,860)	9,171	-	-	(18,689)	262
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(5,185)	-	(42,191)	(67,139)	(114,515)	(86,913)
Net cash used for capital and related financing activities	(5,185)	-	(42,191)	(67,139)	(114,515)	(86,913)
Cash flows from investing activities:						
Investment earnings	20,084	19,231	451	888	40,654	67,211
Net cash provided by investing activities	20,084	19,231	451	888	40,654	67,211
Net increase (decrease) in cash and cash equivalents	(1,044,555)	(794,345)	92,492	138,413	(1,607,995)	3,004,938
Cash and cash equivalents, beginning of year	7,802,743	7,198,137	350,732	344,781	15,696,393	12,691,455
Cash and cash equivalents, end of year	\$ 6,758,188	6,403,792	443,224	483,194	14,088,398	15,696,393
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 54,442	(788,233)	56,483	28,563	(648,745)	2,013,051
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	2,570	-	19,544	64,837	86,951	87,550
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(224)	-	989	89	854	194,995
Inventories	-	-	-	7,897	7,897	(15,395)
Increase (decrease) in liabilities:						
Accounts payable	(30,430)	(3,715)	1,274	55,192	22,321	(129,517)
Accrued liabilities	(55,771)	26,201	4,223	4,852	(20,495)	188,572
Unearned revenue	-	-	-	-	-	(34,648)
Compensated absences payable	52,948	-	(4,389)	3,071	51,630	(67,518)
Estimated claims and judgments	(1,073,242)	(57,000)	-	-	(1,130,242)	657,182
Net pension obligation	18,113	-	56,108	40,163	114,384	130,106
Net cash provided by (used for) operating activities	\$ (1,031,594)	(822,747)	134,232	204,664	(1,515,445)	3,024,378
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ -	-	-	-	-	135,357

See accompanying independent auditors' report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and investments	\$ 6,758,188	7,802,743
Accounts receivable	224	-
Total current assets	<u>6,758,412</u>	<u>7,802,743</u>
Noncurrent assets:		
Capital assets:		
Equipment	21,595	16,410
Less: accumulated depreciation	<u>(13,852)</u>	<u>(11,282)</u>
Total capital assets	<u>7,743</u>	<u>5,128</u>
Total assets	<u>6,766,155</u>	<u>7,807,871</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	55,430	85,860
Accrued liabilities	202,168	257,939
Due to other funds	12,140	-
Compensated absences payable	43,537	26,524
Estimated claims and judgments	<u>2,426,041</u>	<u>3,499,283</u>
Total current liabilities	<u>2,739,316</u>	<u>3,869,606</u>
Noncurrent liabilities:		
Compensated absences payable	35,935	-
Net pension obligation	<u>51,767</u>	<u>33,654</u>
Total noncurrent liabilities	<u>87,702</u>	<u>33,654</u>
Total liabilities	<u>2,827,018</u>	<u>3,903,260</u>
Net Assets		
Invested in capital assets, net of related debt	7,743	5,128
Unrestricted	<u>3,931,394</u>	<u>3,899,483</u>
Total net assets	<u>\$ 3,939,137</u>	<u>3,904,611</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ <u>2,651,153</u>	<u>4,067,013</u>
Total operating revenues	<u>2,651,153</u>	<u>4,067,013</u>
Operating expenses:		
Salaries and wages	341,835	309,009
Employee benefits	151,357	136,833
Purchased professional/technical services	271,370	174,670
Purchased property services	-	189
Maintenance	1,674	824
Other purchased services	773,653	769,977
Supplies	57,279	94,015
Other	996,973	3,091,682
Depreciation	<u>2,570</u>	<u>10,916</u>
Total operating expenses	<u>2,596,711</u>	<u>4,588,115</u>
Operating income (loss)	<u>54,442</u>	<u>(521,102)</u>
Nonoperating revenues:		
Investment earnings	<u>20,084</u>	<u>34,593</u>
Total nonoperating revenues	<u>20,084</u>	<u>34,593</u>
Income (loss) before transfers	74,526	(486,509)
Transfers out	<u>(40,000)</u>	<u>-</u>
Change in net assets	34,526	(486,509)
Total net assets, beginning of year	<u>3,904,611</u>	<u>4,391,120</u>
Total net assets, end of year	<u>\$ <u>3,939,137</u></u>	<u><u>3,904,611</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,650,929	4,032,365
Cash paid to suppliers for goods and services	(3,265,542)	(3,095,856)
Cash paid to employees for services	(416,981)	(472,941)
Net cash provided by (used for) operating activities	<u>(1,031,594)</u>	<u>463,568</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	(27,860)	-
Net cash used for noncapital financing activities	<u>(27,860)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(5,185)	-
Net cash used for capital and related financing activities	<u>(5,185)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	20,084	34,593
Net cash provided by investing activities	<u>20,084</u>	<u>34,593</u>
Net increase (decrease) in cash and cash equivalents	(1,044,555)	498,161
Cash and cash equivalents, beginning of year	<u>7,802,743</u>	<u>7,304,582</u>
Cash and cash equivalents, end of year	<u>\$ 6,758,188</u>	<u>7,802,743</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 54,442	(521,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	2,570	10,916
(Increase) decrease in assets:		
Accounts receivable	(224)	-
Increase (decrease) in liabilities:		
Accounts payable	(30,430)	(42,304)
Accrued liabilities	(55,771)	148,623
Unearned revenue	-	(34,648)
Compensated absences payable	52,948	(45,905)
Net pension obligation	18,113	18,806
Estimated claims and judgments	<u>(1,073,242)</u>	<u>929,182</u>
Net cash provided by (used for) operating activities	<u>\$ (1,031,594)</u>	<u>463,568</u>

See accompanying independent auditors' report.

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	2011	2010
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 6,403,792	7,198,137
Total current assets	6,403,792	7,198,137
Total assets	6,403,792	7,198,137
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	-	3,715
Accrued liabilities	253,290	227,089
Estimated claims	1,181,000	1,238,000
Total current liabilities	1,434,290	1,468,804
Total liabilities	1,434,290	1,468,804
Net Assets		
Unrestricted	4,969,502	5,729,333
Total net assets	\$ 4,969,502	5,729,333

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 9,919,848	10,596,498
Total operating revenues	<u>9,919,848</u>	<u>10,596,498</u>
Operating expenses:		
Salaries and wages	36,017	-
Employee benefits	13,629	-
Purchased professional/technical services	1,065,393	925,014
Other purchased services	20	-
Other	9,593,022	7,339,941
Total operating expenses	<u>10,708,081</u>	<u>8,264,955</u>
Operating income (loss)	<u>(788,233)</u>	<u>2,331,543</u>
Nonoperating revenues:		
Investment earnings	19,231	31,537
Intergovernmental revenue	9,171	-
Total nonoperating revenues	<u>28,402</u>	<u>31,537</u>
Change in net assets	(759,831)	2,363,080
Total net assets, beginning of year	<u>5,729,333</u>	<u>3,366,253</u>
Total net assets, end of year	<u>\$ 4,969,502</u>	<u>5,729,333</u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$ 9,919,848	10,775,228
Cash paid to suppliers for goods and services	(10,694,233)	(8,415,587)
Cash paid to employees for services	(48,362)	-
Net cash provided by (used for) operating activities	(822,747)	2,359,641
Cash flows from noncapital financing activities:		
Intergovernmental revenue	9,171	-
Net cash provided by noncapital financing activities	9,171	-
Cash flows from investing activities:		
Investment earnings	19,231	31,537
Net cash provided by investing activities	19,231	31,537
Net increase (decrease) in cash and cash equivalents	(794,345)	2,391,178
Cash and cash equivalents, beginning of year	7,198,137	4,806,959
Cash and cash equivalents, end of year	\$ 6,403,792	7,198,137
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (788,233)	2,331,543
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	-	178,730
Increase (decrease) in liabilities:		
Accounts payable	(3,715)	(1,163)
Accrued liabilities	26,201	122,531
Estimated claims	(57,000)	(272,000)
Net cash provided by (used for) operating activities	\$ (822,747)	2,359,641

See accompanying independent auditors' report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and investments	\$ 443,224	350,732
Accounts receivable, net of allowance	-	989
Total current assets	<u>443,224</u>	<u>351,721</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	303,674	379,305
Less: accumulated depreciation	<u>(246,440)</u>	<u>(344,718)</u>
Total capital assets	<u>81,634</u>	<u>58,987</u>
Total assets	<u>524,858</u>	<u>410,708</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	4,920	3,646
Accrued liabilities	28,335	24,112
Compensated absences payable	142,274	120,742
Escrow funds	<u>538</u>	<u>538</u>
Total current liabilities	<u>176,067</u>	<u>149,038</u>
Noncurrent liabilities:		
Compensated absences payable	61,322	87,243
Net pension obligation	<u>164,021</u>	<u>107,913</u>
Total noncurrent liabilities	<u>225,343</u>	<u>195,156</u>
Total liabilities	<u>401,410</u>	<u>344,194</u>
Net Assets		
Invested in capital assets, net of related debt	81,634	58,987
Unrestricted	<u>41,814</u>	<u>7,527</u>
Total net assets	<u>\$ 123,448</u>	<u>66,514</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 2,006,096	2,044,475
Other	<u>6,016</u>	<u>8,999</u>
Total operating revenues	<u>2,012,112</u>	<u>2,053,474</u>
Operating expenses:		
Salaries and wages	1,059,982	1,059,659
Employee benefits	487,225	489,960
Purchased professional/technical services	70	3,815
Purchased property services	52,262	51,237
Maintenance	36,851	47,732
Other purchased services	62,272	74,570
Supplies	50,085	38,273
Other	187,338	215,187
Depreciation	<u>19,544</u>	<u>19,027</u>
Total operating expenses	<u>1,955,629</u>	<u>1,999,460</u>
Operating income	<u>56,483</u>	<u>54,014</u>
Nonoperating revenues:		
Investment earnings	<u>451</u>	<u>735</u>
Total nonoperating revenues	<u>451</u>	<u>735</u>
Income before capital contributions	56,934	54,749
Capital contributions	<u>-</u>	<u>15,967</u>
Change in net assets	56,934	70,716
Total net assets, beginning of year	<u>66,514</u>	<u>(4,202)</u>
Total net assets, end of year	<u>\$ 123,448</u>	<u>66,514</u>

See accompanying independent auditors' report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,013,101	2,069,651
Cash paid to suppliers for goods and services	(387,973)	(523,015)
Cash paid to employees for services	<u>(1,490,896)</u>	<u>(1,459,659)</u>
Net cash provided by operating activities	<u>134,232</u>	<u>86,977</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(42,191)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(42,191)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>451</u>	<u>735</u>
Net cash provided by investing activities	<u>451</u>	<u>735</u>
Net increase in cash and cash equivalents	92,492	87,712
Cash and cash equivalents, beginning of year	<u>350,732</u>	<u>263,020</u>
Cash and cash equivalents, end of year	<u>\$ 443,224</u>	<u>350,732</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 56,483	54,014
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	19,544	19,027
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	989	16,177
Increase (decrease) in liabilities:		
Accounts payable	1,274	(47,155)
Accrued liabilities	4,223	(45,046)
Compensated absences payable	(4,389)	24,773
Net pension obligation	<u>56,108</u>	<u>65,187</u>
Net cash provided by operating activities	<u>\$ 134,232</u>	<u>86,977</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ -</u>	<u>15,967</u>

See accompanying independent auditors' report.

Fleet Services Fund

City of Waco
Fleet Services Fund
Comparative Statements of Net Assets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and investments	\$ 483,194	344,781
Accounts receivable, net of allowance	-	89
Inventory	<u>136,615</u>	<u>144,512</u>
Total current assets	<u>619,809</u>	<u>489,382</u>
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	535,145	535,145
Improvements other than buildings	118,289	118,289
Equipment	728,190	739,206
Less: accumulated depreciation	<u>(975,663)</u>	<u>(988,981)</u>
Total capital assets	<u>420,361</u>	<u>418,059</u>
Total assets	<u>1,040,170</u>	<u>907,441</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	118,609	63,417
Accrued liabilities	22,784	17,932
Compensated absences payable	<u>88,278</u>	<u>85,207</u>
Total current liabilities	<u>229,671</u>	<u>166,556</u>
Noncurrent liabilities:		
Net pension obligation	<u>120,933</u>	<u>80,770</u>
Total noncurrent liabilities	<u>120,933</u>	<u>80,770</u>
Total liabilities	<u>350,604</u>	<u>247,326</u>
Net Assets		
Invested in capital assets, net of related debt	420,361	418,059
Unrestricted	<u>269,205</u>	<u>242,056</u>
Total net assets	<u>\$ 689,566</u>	<u>660,115</u>

See accompanying independent auditors' report.

City of Waco
Fleet Services Fund
Comparative Statements of Revenues, Expenses
and Changes in Fund Net Assets
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 1,620,020	1,696,409
Other	<u>7,287</u>	<u>2,642</u>
Total operating revenues	<u>1,627,307</u>	<u>1,699,051</u>
Operating expenses:		
Salaries and wages	758,960	754,276
Employee benefits	391,816	388,756
Purchased professional/technical services	18,438	19,389
Purchased property services	3,052	3,068
Maintenance	44,536	57,486
Other purchased services	24,462	40,340
Supplies	87,220	76,974
Other	205,423	152,559
Depreciation	<u>64,837</u>	<u>57,607</u>
Total operating expenses	<u>1,598,744</u>	<u>1,550,455</u>
Operating income	<u>28,563</u>	<u>148,596</u>
Nonoperating revenues:		
Investment earnings	888	346
Intergovernmental revenue	<u>-</u>	<u>262</u>
Total nonoperating revenues	<u>888</u>	<u>608</u>
Income before contributions	29,451	149,204
Capital contributions	<u>-</u>	<u>119,390</u>
Change in net assets	29,451	268,594
Total net assets, beginning of year	<u>660,115</u>	<u>391,521</u>
Total net assets, end of year	<u>\$ 689,566</u>	<u>660,115</u>

See accompanying independent auditors' report.

City of Waco
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$ 1,627,396	1,699,139
Cash paid to suppliers for goods and services	(320,492)	(441,642)
Cash paid to employees for services	(1,102,240)	(1,143,305)
Net cash provided by operating activities	204,664	114,192
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	262
Net cash provided by noncapital financing activities	-	262
Cash flows from capital and related financing activities		
Acquisition of capital assets	(67,139)	(86,913)
Net cash used for capital and related financing activities	(67,139)	(86,913)
Cash flows from investing activities		
Investment earnings	888	346
Net cash provided by investing activities	888	346
Net increase in cash and cash equivalents	138,413	27,887
Cash and cash equivalents, beginning of year	344,781	316,894
Cash and cash equivalents, end of year	\$ 483,194	344,781
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 28,563	148,596
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	64,837	57,607
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	89	88
Inventory	7,897	(15,395)
Increase (decrease) in liabilities:		
Accounts payable	55,192	(38,895)
Accrued liabilities	4,852	(37,536)
Compensated absences payable	3,071	(46,386)
Net pension obligation	40,163	46,113
Net cash provided by operating activities	\$ 204,664	114,192
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	119,390

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, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>Urban Renewal Agency Fund</u>				
Assets:				
Cash and investments	\$ 57,539	167	-	57,706
Liabilities:				
Due to other agencies and individuals	\$ 57,539	167	-	57,706
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 1,732,812	469,734	759,316	1,443,230
Accounts receivable	224	168	392	-
Note receivable	155,000	426,236	215,000	366,236
Total assets	\$ 1,888,036	896,138	974,708	1,809,466
Liabilities:				
Due to other agencies and individuals	\$ 1,888,036	896,138	974,708	1,809,466
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ 11,964	368,110	367,664	12,410
Liabilities:				
Due to other agencies and individuals	\$ 11,964	368,110	367,664	12,410
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,802,315	838,011	1,126,980	1,513,346
Accounts receivable	224	168	392	-
Note receivable	155,000	426,236	215,000	366,236
Total assets	\$ 1,957,539	1,264,415	1,342,372	1,879,582
Liabilities:				
Due to other agencies and individuals	\$ 1,957,539	1,264,415	1,342,372	1,879,582

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 Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 124,263,711	\$ 132,421,022	\$ 138,640,843	\$ 141,836,379
Restricted	6,649,608	7,621,319	9,735,082	10,181,262
Unrestricted	<u>17,273,426</u>	<u>13,408,411</u>	<u>18,780,575</u>	<u>17,915,654</u>
Total governmental activities net assets	<u>\$ 148,186,745</u>	<u>\$ 153,450,752</u>	<u>\$ 167,156,500</u>	<u>\$ 169,933,295</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 108,379,784	\$ 116,108,629	\$ 127,262,818	\$ 137,978,308
Restricted	2,093,889	1,007,402	195,554	96,221
Unrestricted	<u>20,351,305</u>	<u>19,710,866</u>	<u>21,916,336</u>	<u>23,949,734</u>
Total business-type activities net assets	<u>\$ 130,824,978</u>	<u>\$ 136,826,897</u>	<u>\$ 149,374,708</u>	<u>\$ 162,024,263</u>
Primary government				
Invested in capital assets, net of related debt	\$ 232,643,495	\$ 248,529,651	\$ 265,903,661	\$ 279,814,687
Restricted	8,743,497	8,628,721	9,930,636	10,277,483
Unrestricted	<u>37,624,731</u>	<u>33,119,277</u>	<u>40,696,911</u>	<u>41,865,388</u>
Total primary government net assets	<u>\$ 279,011,723</u>	<u>\$ 290,277,649</u>	<u>\$ 316,531,208</u>	<u>\$ 331,957,558</u>

Source: Comprehensive Annual Financial Reports

Table I

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 160,613,844	\$ 165,814,854	\$ 180,681,310	\$ 187,739,263	\$ 179,653,424	\$ 174,645,915
11,081,477	12,662,092	15,103,909	15,597,905	16,281,560	19,687,245
<u>22,716,286</u>	<u>26,806,652</u>	<u>28,407,225</u>	<u>29,148,224</u>	<u>25,717,190</u>	<u>22,550,132</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>	<u>\$ 216,883,292</u>
\$ 144,070,096	\$ 155,044,650	\$ 166,834,594	\$ 177,087,342	\$ 206,111,214	\$ 213,553,436
51,468	339,184	1,679,769	541,912	546,027	388,651
<u>32,932,124</u>	<u>36,319,056</u>	<u>41,875,465</u>	<u>42,808,482</u>	<u>36,844,321</u>	<u>45,769,895</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>	<u>\$ 259,711,982</u>
\$ 304,683,940	\$ 320,859,504	\$ 347,515,904	\$ 364,826,605	\$ 385,764,638	\$ 388,199,351
11,132,945	13,001,276	16,783,678	16,139,817	16,827,587	20,075,896
<u>55,648,410</u>	<u>63,125,708</u>	<u>70,282,690</u>	<u>71,956,706</u>	<u>62,561,511</u>	<u>68,320,027</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>	<u>\$ 476,595,274</u>

City of Waco, Texas
Changes in Net Assets
(Unaudited)
Last Ten Fiscal Years
(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	2011
\$ 7,754,960	\$ 8,785,895	\$ 9,494,996	\$ 12,108,481	\$ 12,551,827	\$ 14,073,197	\$ 12,378,019
12,517,278	11,627,179	13,483,166	11,695,922	12,790,151	12,142,355	13,227,404
45,174,223	48,361,556	50,802,719	53,186,019	57,560,461	60,429,663	61,291,317
11,534,373	12,652,376	12,885,108	13,853,365	14,919,136	15,484,146	15,636,875
5,910,874	6,403,273	6,845,611	6,456,840	6,901,123	7,364,755	7,417,771
4,154,058	1,798,456	2,784,529	2,890,693	2,808,221	3,503,811	3,339,613
2,232,216	2,177,508	2,625,964	4,863,843	4,547,034	4,342,023	4,313,467
<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>	<u>117,604,466</u>
23,616,684	25,474,612	26,666,701	28,972,544	30,491,638	30,875,837	34,186,629
11,735,138	12,442,358	14,404,044	15,675,737	17,437,188	18,134,874	17,522,331
13,318,015	12,703,814	12,119,111	13,181,427	13,267,207	14,160,048	16,201,178
1,942,336	2,045,628	2,139,042	2,230,237	2,402,041	2,360,727	2,503,823
2,646,720	2,640,037	2,837,948	2,779,599	3,218,934	2,830,956	2,861,523
1,019,997	1,068,297	1,120,949	1,363,820	1,141,497	1,280,085	1,193,004
2,349,341	2,977,741	3,386,403	3,545,604	3,968,217	4,357,007	4,315,032
3,356,058	4,176,869	5,309,125	5,980,396	6,325,930	7,259,552	7,904,160
1,429,212	1,510,761	1,553,125	1,812,962	1,919,438	1,674,252	1,691,790
<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>88,379,470</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>	<u>205,983,936</u>
333,849	317,824	271,852	267,127	239,046	285,471	342,830
8,765	4,613	4,884	13,152	-	1,366	2,550
3,080,489	3,739,677	3,456,532	4,764,442	3,672,327	3,600,084	3,478,363
778,548	916,453	811,698	995,455	1,132,472	1,314,693	1,415,791
1,210,776	1,303,186	1,350,709	1,024,400	986,945	872,388	1,184,937
8,973,292	8,330,987	9,388,780	9,497,125	9,079,411	10,337,726	9,720,348
5,351,228	18,612,315	5,795,816	7,276,849	5,626,382	6,110,736	6,061,358
<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>	<u>22,206,177</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>
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	(405,677)	212,036	1,356,576
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	3,591,482	4,481,947	12,547,811
Total primary government	<u>\$ 8,445,321</u>	<u>\$ 9,414,800</u>	<u>\$ 23,873,520</u>

Table II
(Continued)

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
26,602,138	\$ 33,230,464	\$ 30,258,196	\$ 35,261,343	\$ 36,167,550	\$ 34,472,657	\$ 43,094,944
14,864,933	16,766,635	18,441,480	20,235,392	20,041,341	19,543,166	21,619,018
14,386,619	15,781,304	15,768,035	16,577,658	16,259,578	16,135,566	15,948,286
912,426	1,006,662	1,107,084	1,097,882	1,086,601	1,058,480	1,054,550
730,059	706,938	805,276	804,295	573,967	391,758	523,983
457,800	557,580	440,742	438,610	425,434	403,946	465,324
617,481	884,139	977,546	1,294,486	1,354,164	1,599,467	1,575,223
845,184	1,080,322	1,971,924	2,462,089	2,805,887	3,221,167	3,414,289
1,296,313	1,348,046	1,428,783	1,339,450	1,333,230	1,404,891	1,578,174
2,580,250	2,700,564	3,175,897	3,226,837	2,798,677	3,085,574	3,514,732
4,839,238	2,094,356	4,927,582	8,716,987	4,879,547	12,332,766	4,014,798
<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>96,803,321</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>	<u>119,009,498</u>
(69,541,035)	(58,581,188)	(77,841,822)	(81,216,613)	(91,341,370)	(94,817,486)	(95,398,289)
<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>8,423,851</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>	<u>(86,974,438)</u>
33,026,403	34,187,973	36,583,688	43,222,439	46,366,310	47,489,598	48,387,467
2,106,593	2,260,075	2,657,747	3,060,732	3,741,836	4,491,616	4,660,231
24,749,413	26,694,323	27,328,996	28,077,887	27,714,013	27,318,396	28,003,416
12,128,817	13,484,568	12,985,974	13,997,454	13,663,140	13,338,717	13,587,114
436,561	426,180	501,702	587,971	622,254	655,031	679,232
3,123,231	6,141,959	8,964,710	10,319,788	6,294,110	842,824	481,791
152,196	714,862	981,818	415,851	406,229	639,263	678,741
-	-	-	-	-	-	-
<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>(5,848,585)</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>	<u>90,629,407</u>
1,544,162	\$ 1,650,054	\$ 1,620,022	\$ 1,688,943	\$ 1,703,650	\$ 1,662,308	\$ 1,754,730
658,869	1,412,038	1,972,261	1,528,629	997,329	253,637	183,254
-	-	-	-	260,073	-	-
<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>5,848,585</u>
<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>7,786,569</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>	<u>98,415,976</u>
2,776,795	24,478,312	10,871,991	18,908,846	8,292,948	(10,833,218)	(4,768,882)
<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>16,210,420</u>
<u>15,104,150</u>	<u>\$ 39,507,737</u>	<u>\$ 25,521,193</u>	<u>\$ 37,595,784</u>	<u>\$ 17,981,460</u>	<u>\$ 12,590,004</u>	<u>\$ 11,441,538</u>

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

	2002	2003	2004	2005
General Fund				
Reserved:				
Encumbrances	\$ 227,366	\$ 160,026	\$ 1,731,962	\$ 757,815
Real estate held for sale	48,470	53,998	59,194	13,530
Notes receivable	84,093	65,187	44,934	23,239
Advances to other funds	270,093	270,093	270,093	320,408
Court security/technology	292,969	-	-	-
Nonspendable:				
Advances to other funds	-	-	-	-
Inventory	-	-	-	-
Real estate held for sale	-	-	-	-
Restricted for:				
Municipal information equipment	-	-	-	-
Committed to:				
Economic development	-	-	-	-
Culture and recreation				
Assigned to:				
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Housing and community development	-	-	-	-
Public works	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Unreserved/Unassigned	<u>21,037,525</u>	<u>18,827,345</u>	<u>20,253,636</u>	<u>19,757,074</u>
Total general fund	<u>\$ 21,960,516</u>	<u>\$ 19,376,649</u>	<u>\$ 22,359,819</u>	<u>\$ 20,872,066</u>

Table III

Fiscal Year									
2006	2007	2008	2009	2010	2011				
\$ 1,279,527	\$ 2,097,704	\$ 1,050,106	\$ 802,620	\$ -	\$ -				
13,385	13,385	12,465	12,465	-	-				
-	-	-	-	-	-				
448,695	738,726	735,178	684,848	-	-				
-	-	-	-	-	-				
-	-	-	-	625,559	683,391				
-	-	-	-	548,182	529,830				
-	-	-	-	6,160	6,160				
-	-	-	-	11,956	-				
-	-	-	-	8,072,729	8,394,212				
-	-	-	-	-	2,500,000				
-	-	-	-	1,439,202	2,061,231				
-	-	-	-	1,549,117	1,137,659				
-	-	-	-	77,241	1,040,666				
-	-	-	-	31,773	-				
-	-	-	-	119,502	297,238				
-	-	-	-	476,209	151,913				
-	-	-	-	69,031	67,868				
<u>22,676,613</u>	<u>22,768,296</u>	<u>22,838,054</u>	<u>22,039,924</u>	<u>18,215,089</u>	<u>17,850,409</u>				
<u>\$ 24,418,220</u>	<u>\$ 25,618,111</u>	<u>\$ 24,635,803</u>	<u>\$ 23,539,857</u>	<u>\$ 31,241,750</u>	<u>\$ 34,720,577</u>				

(Continued)

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

	2002	2003	2004	2005
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 2,739,291	\$ 2,684,565	\$ 5,198,967	\$ 3,043,461
Real estate held for sale	58,850	55,736	55,736	55,382
Advances to other funds	168,368	168,368	168,368	168,368
Debt service	525,460	676,916	719,304	637,719
Purpose of trust	455,729	456,315	473,889	474,042
Unreserved, reported in:				
Special revenue funds	6,829,089	7,173,582	9,058,631	10,036,529
Capital projects funds	9,764,231	11,638,448	8,568,905	9,267,574
Nonspendable:				
Parks and cemetery care	-	-	-	-
Real estate held for sale	-	-	-	-
Advances to other funds	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Tax increment zone activities	-	-	-	-
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Waco Public Improvement District	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Public health	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 20,541,018	\$ 22,853,930	\$ 24,243,800	\$ 23,683,075

Source: Comprehensive Annual Financial Reports

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal year 2010 amounts restated to conform to the new statement requirements.

Table III
(Continued)

Fiscal Year							
2006	2007	2008	2009	2010	2011		
\$ 7,982,460	\$ 7,363,374	\$ 12,140,585	\$ 14,951,750	\$ -	\$ -		
45,854	40,709	40,709	40,709	-	-		
168,368	168,368	168,368	168,368	-	-		
603,424	708,377	781,972	677,027	-	-		
474,054	469,481	465,585	472,768	-	-		
10,774,251	14,609,945	15,176,240	18,236,909	-	-		
8,833,830	73,358,427	73,414,437	64,550,113	-	-		
-	-	-	-	473,362	474,415		
-	-	-	-	40,709	40,061		
-	-	-	-	168,368	168,368		
-	-	-	-	460,001	373,263		
-	-	-	-	47,889,104	38,873,017		
-	-	-	-	9,856,300	12,411,165		
-	-	-	-	161,094	175,114		
-	-	-	-	1,565,589	1,439,842		
-	-	-	-	524,529	1,186,432		
-	-	-	-	347,093	413,153		
-	-	-	-	-	-		
-	-	-	-	810,525	860,764		
-	-	-	-	232,377	-		
-	-	-	-	-	(97,276)		
<u>\$ 28,882,241</u>	<u>\$ 96,718,681</u>	<u>\$ 102,187,896</u>	<u>\$ 99,097,644</u>	<u>\$ 62,529,051</u>	<u>\$ 56,318,318</u>		

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

	2002	2003	2004	2005
Revenues:				
Taxes:				
Sales	\$ 23,313,374	\$ 23,102,781	\$ 24,175,546	\$ 24,749,413
Property	26,749,077	28,610,391	31,900,579	34,801,939
Interest and penalty	316,601	303,035	324,858	369,530
Business and occupation fees	10,348,255	11,089,520	12,525,241	12,128,817
Permits, licenses and fees	1,954,283	2,209,932	2,184,700	1,994,804
Fines	1,645,423	1,433,363	2,236,891	1,950,357
Charges for services	1,408,528	937,380	988,332	1,152,478
Investment earnings	2,978,872	2,244,423	1,424,318	3,014,075
Contributions	380,621	2,534,189	621,621	504,467
Intergovernmental	7,457,797	6,852,197	9,680,990	9,601,175
Program income	980,762	498,240	786,459	396,608
Other	5,442,689	5,356,529	5,735,909	5,659,249
Total revenues	<u>82,976,282</u>	<u>85,171,980</u>	<u>92,585,444</u>	<u>96,322,912</u>
Expenditures:				
General government	11,508,657	13,761,156	14,313,811	15,170,622
Public works	2,090,975	1,704,769	1,477,419	1,636,867
Public safety	37,427,473	38,412,844	39,639,049	44,030,608
Culture and recreation	8,866,644	9,079,706	9,231,463	9,927,788
Housing and community development	4,204,445	3,800,497	4,895,199	4,586,655
Public health	4,902,684	5,689,682	5,625,163	5,799,035
Capital outlay	14,130,037	10,720,421	9,007,699	11,939,278
Debt service:				
Principal	4,433,838	4,584,803	4,702,900	4,713,219
Interest and fiscal charges	2,727,386	2,393,650	2,167,877	2,176,840
Bond issuance costs	-	-	27,067	27,347
Total expenditures	<u>90,292,139</u>	<u>90,147,528</u>	<u>91,087,647</u>	<u>100,008,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,315,857)</u>	<u>(4,975,548)</u>	<u>1,497,797</u>	<u>(3,685,347)</u>
Other financing sources (uses):				
General obligation bonds issued	3,950,000	3,328,344	3,085,000	3,515,000
Refunding bonds issued	-	-	-	-
Capital leases	1,803,025	15,460,342	-	219,811
Premiums on general obligation bonds	-	-	180,912	28,905
Premiums on refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	-	(15,271,245)	-	-
Transfers in	10,725,748	11,926,090	10,354,037	11,447,928
Transfer out	(10,715,753)	(11,365,526)	(10,744,706)	(13,574,775)
Sale of capital assets	-	311,171	-	-
Total other financing sources (uses)	<u>5,763,020</u>	<u>4,389,176</u>	<u>2,875,243</u>	<u>1,636,869</u>
Net change in fund balances	<u>\$ (1,552,837)</u>	<u>\$ (586,372)</u>	<u>\$ 4,373,040</u>	<u>\$ (2,048,478)</u>
Debt service as a percentage of noncapital expenditures	9.24%	8.48%	8.03%	7.54%

Source: Comprehensive Annual Financial Reports

Table IV

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	26,694,323	\$	27,328,996	\$	28,077,887	\$	27,714,013	\$	27,318,396	\$	28,003,416
	36,020,999		39,012,926		45,855,023		49,627,810		51,354,302		52,587,053
	395,788		454,735		476,176		468,021		539,666		545,059
	13,484,567		12,985,974		13,997,454		13,663,140		13,338,717		13,587,115
	2,405,632		2,610,593		2,365,457		2,023,919		1,901,686		1,682,153
	1,923,506		1,748,882		2,326,020		2,188,574		2,054,487		1,815,418
	1,217,784		1,105,518		1,372,169		1,545,120		1,751,702		1,779,213
	5,862,173		8,581,097		10,019,870		6,066,254		773,739		440,229
	315,636		1,221,670		1,313,646		2,147,972		627,197		350,827
	8,088,056		8,829,853		9,627,740		9,795,311		12,812,272		11,001,361
	203,156		574,447		540,969		244,575		1,991,904		521,371
	6,961,060		7,370,079		7,731,057		7,781,494		8,387,706		8,832,941
	<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>		<u>121,146,156</u>
	16,093,920		15,460,289		20,398,112		20,828,176		19,695,545		18,067,565
	2,172,354		2,027,118		3,294,892		1,969,524		2,235,645		2,753,649
	45,855,051		49,271,195		51,914,828		54,260,356		58,519,975		56,363,026
	10,765,662		11,358,378		12,240,672		13,173,083		13,149,983		12,932,267
	2,722,490		3,910,039		3,808,125		3,600,810		4,143,724		3,321,373
	6,169,752		6,826,015		6,494,336		6,799,722		7,240,481		7,155,606
	9,007,008		13,283,208		14,726,146		17,592,890		40,944,884		20,198,033
	4,840,973		5,101,924		6,963,545		7,144,536		7,270,310		6,967,663
	2,127,921		2,139,412		4,725,942		4,604,103		4,211,528		4,192,140
	50,768		595,706		27,237		58,014		70,242		500
	<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>		<u>131,951,822</u>
	<u>3,766,781</u>		<u>1,851,486</u>		<u>(890,367)</u>		<u>(6,765,011)</u>		<u>(34,630,543)</u>		<u>(10,805,666)</u>
	4,705,000		66,380,000		3,775,000		-		4,925,000		7,285,000
	-		5,220,000		-		5,802,122		2,900,000		-
	-		-		189,395		-		-		-
	46,452		756,120		27,104		115,070		29,024		54,583
	-		-		-		-		202,379		-
	-		(5,207,616)		-		(5,950,970)		(3,093,588)		-
	12,326,533		16,522,025		20,307,345		16,106,280		13,394,260		12,781,678
	(12,099,446)		(16,485,684)		(18,921,570)		(13,768,171)		(12,593,232)		(12,047,501)
	-		-		-		-		-		-
	<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>8,073,760</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>	\$	<u>(2,731,906)</u>
	7.51%		7.17%		10.65%		10.24%		8.87%		9.28%

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

Category	Fiscal Year			
	2011	2010	2009	2008
Real - residential single family	\$ 2,899,061,978	\$ 2,831,728,139	\$ 2,786,526,338	\$ 2,525,731,582
Real - residential multi-family	527,542,939	506,927,890	481,461,020	450,937,111
Real - platted lots & residential inventory	158,194,756	166,731,693	159,010,177	140,742,891
Real - acreage, land only	72,134,192	61,537,818	52,701,391	47,734,843
Real - improved farm & ranch	19,050,487	18,251,255	16,724,697	16,424,746
Real - commercial & industrial	1,769,330,218	1,712,740,259	1,590,177,832	1,465,906,212
Real and tangible personal - utilities	142,912,428	147,985,807	138,718,155	157,931,476
Tangible personal - business	1,473,384,230	1,458,577,289	1,393,542,226	1,318,022,800
Tangible personal - other	<u>2,054,003</u>	<u>2,329,066</u>	<u>2,488,121</u>	<u>2,423,748</u>
Total market value	7,063,665,231	6,906,809,216	6,621,349,957	6,125,855,409
Less total exemptions	<u>783,127,564</u>	<u>732,167,475</u>	<u>611,165,570</u>	<u>519,979,729</u>
Taxable assessed value	<u>\$ 6,280,537,667</u>	<u>\$ 6,174,641,741</u>	<u>\$ 6,010,184,387</u>	<u>\$ 5,605,875,680</u>
Total direct tax rate per \$100 of taxable assessed value	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>
Estimated actual taxable value	<u>\$ 7,063,665,231</u>	<u>\$ 6,906,809,216</u>	<u>\$ 6,621,349,957</u>	<u>\$ 6,125,855,409</u>
Taxable assessed value as a percentage of actual taxable value	88.9%	89.4%	90.8%	91.5%

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

Table V

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 2,371,733,450	\$ 2,186,456,501	\$ 2,086,818,247	\$ 1,889,395,909	\$ 1,799,627,193	\$ 1,312,500,634
414,909,141	369,875,756	361,093,107	330,120,479	299,344,575	229,431,030
121,598,228	125,387,077	103,260,164	80,033,992	64,409,816	58,050,696
46,911,329	44,640,849	42,225,809	41,223,409	44,353,615	31,640,094
15,467,787	14,578,466	10,706,413	9,170,659	8,522,439	5,740,911
1,352,880,299	1,281,485,269	1,238,569,331	1,111,605,884	953,641,887	831,010,171
159,458,452	172,733,873	178,806,710	171,640,661	105,573,695	151,970,838
1,339,092,276	1,250,564,002	1,273,477,380	1,159,528,451	1,261,835,349	1,224,170,048
<u>2,353,642</u>	<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>
5,824,404,604	5,448,126,465	5,297,407,909	4,795,285,393	4,540,012,091	3,847,247,949
<u>519,150,265</u>	<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>\$ 5,305,254,339</u>	<u>\$ 4,947,128,031</u>	<u>\$ 4,777,976,176</u>	<u>\$ 4,314,386,998</u>	<u>\$ 4,025,107,151</u>	<u>\$ 3,640,223,543</u>
<u>0.699700</u>	<u>0.699700</u>	<u>0.699700</u>	<u>0.699700</u>	<u>0.692503</u>	<u>0.714840</u>
<u>\$ 5,824,404,604</u>	<u>\$ 5,448,126,465</u>	<u>\$ 5,297,407,909</u>	<u>\$ 4,795,285,393</u>	<u>\$ 4,540,012,091</u>	<u>\$ 3,847,247,949</u>
91.1%	90.8%	90.2%	90.0%	88.7%	94.6%

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

Fiscal Year	City Direct Rates			Waco	China Spring	LaVega	McLennan
	Operating/ General	Debt Service	Total Direct	Independent School District	Independent School District	Independent School District	Community College
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
2011	0.611239	0.174993	0.786232	1.364750	1.407000	1.365000	0.156306

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	
\$ 0.469600	\$ 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	
0.442710	1.288824	1.320000	1.545259	1.270000	1.315000	1.190000	

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

Fiscal year 2011

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 105,022,239	1.67 %
Coca Cola Company	99,996,861	1.59 %
L-3 Communications Corp.	72,485,013	1.15 %
Allergan, Inc.	53,164,216	0.85 %
Inland Western Waco Central, L.P.	51,745,953	0.82 %
Oncor Electric Delivery Co.	49,154,540	0.78 %
CBL/Richland Mall, L.P.	40,200,878	0.64 %
Pilgrim's Pride Corp.	32,253,826	0.51 %
Cargill Meat Solutions Corp.	28,789,268	0.46 %
Sherwin Williams Co. Inc.	<u>27,916,184</u>	<u>0.44 %</u>
Total	<u>\$ 560,728,978</u>	<u>8.93 %</u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2002		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 104,009,330	2.86 %
Raytheon E-Systems Inc.	54,896,357	1.51 %
Coca Cola Company	51,768,553	1.42 %
Owens-Illinois Glass Container	50,571,570	1.39 %
TXU Electric Co.	43,087,400	1.18 %
Southwestern Bell Telephone Co.	41,539,830	1.14 %
Huck Manufacturing Co., Inc.	33,922,980	0.93 %
Paragon Trade Brands Inc.	32,702,540	0.90 %
Packaging Corporation of America	26,805,173	0.74 %
Allergan, Inc.	26,485,716	0.73 %
Total	\$ 465,789,449	12.80 %

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	(318,055)
2006		34,093,010	522,047	34,615,057	(168,948)
2007		36,481,122	640,192	37,121,314	(205,857)
2008		43,188,911	886,276	44,075,187	(115,223)
2009		46,270,500	1,268,052	47,538,552	(415,652)
2010		47,639,260	1,261,899	48,901,159	(608,617)
2011		48,078,029	1,247,577	49,325,606	(23,261)

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
32,915,733	32,451,150	98.59	388,483	32,839,633	99.77
34,446,109	33,876,118	98.35	466,764	34,342,882	99.70
36,915,457	36,345,526	98.46	435,478	36,781,004	99.64
43,959,964	43,320,216	98.54	448,842	43,769,058	99.57
47,122,900	46,373,974	98.41	480,937	46,854,911	99.43
48,292,542	47,367,935	98.09	466,757	47,834,692	99.05
49,302,345	48,312,012	97.99	-	48,312,012	97.99

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
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
2011	97,700,518	-	1,224,455	220,230,027

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>					
\$	15,518,023	\$ 164,114,268	4.51%	115,860	\$ 1,416
	15,000,000	162,319,048	4.03%	116,942	1,388
	15,000,000	202,597,206	4.70%	118,034	1,716
	17,431,215	244,130,382	5.11%	119,136	2,049
	17,378,150	263,621,077	5.33%	120,249	2,192
	17,326,901	377,289,572	7.11%	121,372	3,109
	17,273,375	372,803,133	6.65%	122,506	3,043
	17,217,472	352,305,744	5.86%	123,650	2,849
	17,159,087	348,014,242	5.64%	124,805	2,788
	17,098,108	336,253,108	5.35%	125,971	2,669

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>
2002	\$ 49,506,586	1.36%	115,860	427
2003	49,547,946	1.23%	116,942	424
2004	48,333,460	1.12%	118,034	409
2005	47,512,896	0.99%	119,136	399
2006	46,763,478	0.95%	120,249	389
2007	108,612,054	2.05%	121,372	895
2008	105,793,796	1.89%	122,506	864
2009	98,915,555	1.65%	123,650	800
2010	96,976,625	1.57%	124,805	777
2011	97,700,518	1.56%	125,971	776

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, 2011

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Debt Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 201,504,917	95.65%	\$ 192,739,453
Bosqueville Independent School District	9,833,524	76.75%	7,547,230
McLennan Community College	81,270,000	58.02%	47,152,854
McLennan County	26,985,000	58.02%	15,656,697
Midway Independent School District	99,234,964	52.09%	51,691,493
LaVega Independent School District	45,691,843	37.48%	17,125,303
China Spring Independent School District	34,161,000	35.62%	12,168,148
Connally Independent School District	20,057,374	20.29%	4,069,641
Lorena Independent School District	11,029,995	2.15%	237,145
McGregor Independent School District	6,451,036	0.03%	1,935
Subtotal, overlapping debt	<u>\$ 536,219,653</u>		<u>\$ 348,389,899</u>
City direct debt:			
City of Waco direct debt	\$ 97,700,518	100.00%	\$ 97,700,518
Tax increment financing	1,224,455	100.00%	1,224,455
Subtotal, direct debt	<u>\$ 98,924,973</u>		<u>\$ 98,924,973</u>
Total direct and overlapping debt	<u>\$ 635,144,626</u>		<u>\$ 447,314,872</u>

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed values that were obtained from the McLennan County Appraisal District. Applicable percentages were estimated by determining the portion of the taxing authorities' taxable assessed values that are within the City's boundaries and dividing it by the taxing authorities' total 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>
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
2011	(4)	65,111,936	34,030,334	31,081,602

(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>
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 %
10,997,337	10,431,335	21,428,672	1.45 %



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
2002	217,272	5,155,296	23,727	N/A	6.1%
2003	219,485	5,468,729	24,916	N/A	6.1%
2004	222,335	5,643,256	25,382	N/A	5.4%
2005	223,819	6,104,812	27,276	29.0	5.0%
2006	225,559	6,449,509	28,593	26.8	4.8%
2007	228,241	6,873,794	30,116	28.0	4.3%
2008	230,849	7,369,406	31,923	27.6	4.6%
2009	233,378	7,529,992	32,265	25.3	6.7%
2010	234,906	7,888,000	33,579	27.6	7.4%
2011	N/A	N/A	N/A	N/A	7.1%

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 2010 U.S. Census and the 2005 through 2009 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2011 rate is as of November.

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

2011		
Employer	Employees	Percentage of Total City Employment
Providence Healthcare Network	2,618	2.24 %
Baylor University	2,583	2.21 %
Wal-Mart Stores	2,561	2.19 %
Waco Independent School District	2,276	1.94 %
L-3 Platform Integration	2,079	1.78 %
Hillcrest Baptist Medical Center	1,793	1.53 %
City of Waco	1,506	1.29 %
H.E.B. Stores	1,500	1.28 %
Midway Independent School District	1,067	0.91 %
Sanderson Farms, Inc.	1,041	0.89 %
Total	19,024	16.25 %

N/A Not available

Source: Greater Waco Chamber of Commerce and the Bureau of Labor Statistics

Table XIV

2002		
Employer	Employees	Percentage of Total City Employment
Baylor University	over 1,000	N/A
Cargill Foods, Inc.	over 1,000	N/A
City of Waco	over 1,000	N/A
HEB Food Stores	over 1,000	N/A
Hillcrest Baptist Medical Center	over 1,000	N/A
Providence Health Systems	over 1,000	N/A
Raytheon AIS	over 1,000	N/A
Waco Independent School District	over 1,000	N/A
Central Texas Veterans Healthcare System/Waco Facility	over 700	N/A
Examination Management Services, Inc. (EMSI)	over 700	N/A
Total	<u>N/A</u>	

City of Waco, Texas
Full-Time Equivalent City Government Employees by Function

(Unaudited)

Last Ten Fiscal Years

Function:	2002	2003	2004	2005
General Government	124.48	145.53	126.53	127.58
Public Works	59.00	59.00	57.44	57.44
Public Safety	549.64	548.16	551.03	564.08
Culture and Recreation	185.05	186.39	182.16	186.95
Housing and Community Development	35.53	25.95	33.56	22.36
Public Health	80.47	83.70	83.22	84.42
Water	117.00	117.50	116.00	116.25
Wastewater/WMARSS	41.75	41.25	65.25	65.25
Solid Waste	95.00	94.00	97.00	96.50
Airport	14.81	13.75	13.76	13.76
Convention Services	38.50	37.96	37.07	33.95
Ranger Hall of Fame	12.40	12.38	12.38	12.70
Cameron Park Zoo	33.01	32.99	34.99	39.99
Transit Services	50.00	-	-	-
Cottonwood Creek Golf Course	24.00	22.32	22.34	22.34
Insurance/Risk Management	5.00	6.00	6.00	6.00
Engineering	29.38	27.38	27.38	27.38
Fleet Services	23.00	23.00	24.00	24.00
Total	1,518.02	1,477.26	1,490.11	1,500.95

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					
2006	2007	2008	2009	2010	2011
128.58	129.68	132.36	132.46	132.23	128.73
59.00	59.00	59.00	60.00	60.00	58.00
580.40	603.48	602.13	601.98	608.01	605.93
183.12	187.38	186.65	184.11	197.73	196.31
23.04	18.60	18.75	18.90	19.50	22.45
86.54	90.60	82.93	83.93	83.60	86.75
114.00	114.00	117.00	120.25	124.25	122.75
67.50	68.50	68.75	68.75	68.75	69.25
97.00	99.00	98.00	101.50	101.50	103.00
11.90	12.52	16.40	16.40	15.02	13.77
35.45	36.13	36.13	34.88	35.88	34.38
12.88	13.50	14.50	15.50	15.50	15.50
45.85	45.85	51.29	52.28	51.41	51.16
-	-	-	-	-	-
22.34	15.96	15.96	15.96	15.96	15.96
6.75	7.00	7.00	7.00	7.00	8.00
27.38	26.38	26.00	26.00	25.00	24.00
24.00	24.00	25.00	25.00	25.00	25.00
<u>1,525.73</u>	<u>1,551.58</u>	<u>1,557.85</u>	<u>1,564.90</u>	<u>1,586.34</u>	<u>1,580.94</u>

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

Function:	2002	2003	2004
Public Safety			
Police			
Number of Sworn Employees - Budgeted	219	219	220
Number of Traffic Citations	9,185	8,346	11,762
Number of Class "C" Citations	1,746	1,776	2,004
Calls Dispatched	117,702	121,284	124,374
Fire			
Number of Sworn Employees - Budgeted	180	180	180
Number of Fire Responses	10,950	10,357	8,802
Public Works			
Street Resurfacing (miles)	42.29	8.69	31.36
Culture and Recreation			
Parks and Recreation			
Number of Teams in Athletic Leagues	N/A	N/A	466
Number of Participants in Track/Field Events	N/A	N/A	197
Number of Participants in After School	2,252	2,281	2,293
Library			
Volumes in Collection	286,649	292,050	290,873
E-books Available to Public	N/A	N/A	N/A
Water			
Number of Water Connections	40,891	41,891	42,532
Average Daily Water Consumption (gallons)	23,702,110	27,588,000	24,656,151
Maximum Storage Capacity (gallons)	33,490,000	35,490,000	36,990,000
Solid Waste (Residential)			
Refuse Collected (tons)	27,831	25,225	27,286
Bulky/Brush Pickups (tons)	3,919	5,227	6,631
Recyclables Collected (tons)	1,060	1,164	1,239
Golf Course			
Number of Paid Rounds Played	42,333	43,820	51,432

N/A Not available

Source: City of Waco Departments

Table XVI

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
232	238	245	245	245	245	245
9,650	9,712	13,289	23,212	17,804	16,556	9,676
2,041	2,195	2,558	3,404	3,790	2,805	2,413
126,805	122,450	121,633	116,442	111,717	107,825	106,233
180	186	192	192	192	195	195
9,364	9,452	10,140	10,089	9,537	9,383	9,257
13.62	40.30	33.61	7.25	9.82	7.98	9.60
464	479	424	440	383	365	353
283	309	350	247	258	262	292
2,295	2,348	2,292	2,671	3,560	3,478	3,586
301,329	300,252	305,652	319,754	331,791	338,316	309,439
N/A	28,290	30,319	30,899	31,245	30,962	28,321
42,957	44,928	41,623	41,752	42,391	42,722	43,078
23,330,910	26,590,842	22,681,919	28,009,000	28,671,000	26,221,000	32,351,000
36,990,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000
26,270	23,799	25,812	45,572	45,138	47,658	47,512
6,339	5,703	6,496	5,162	5,614	6,452	6,956
1,473	1,599	1,685	2,415	2,898	2,859	2,580
49,245	50,025	46,949	45,581	44,306	36,838	42,824

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

Function:	2002	2003	2004
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	56	56	59
Fire stations	13	13	12
Highways and streets			
Streets - paved (miles)	535	542	547
Streetlights - City-owned	2,163	2,193	2,280
Streetlights - Leased	5,896	5,973	6,030
Traffic control signals	185	190	196
Traffic beacons and flashers	91	92	92
Culture and recreation			
Parks acreage	1,202.07	1,202.07	1,202.07
Parks	41	41	42
Swimming pools	2	2	2
Tennis courts	44	44	44
Community centers	3	3	3
Water			
Water mains (miles)	692	737	820
Fire hydrants	3,146	3,233	3,269
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	625	740	748
Storm sewers (miles)	294	301	331
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						
2005	2006	2007	2008	2009	2010	2011
1	1	1	1	1	1	1
3	3	3	3	4	4	4
65	65	65	71	71	71	71
12	14	14	14	14	14	14
559	569	587	588	593	595	600
2,339	2,350	2,198	2,194	2,197	2,282	2,295
6,157	6,236	6,743	6,849	6,910	6,059	6,084
195	196	195	198	198	198	194
95	98	101	101	100	102	102
1,202.07	1,234.99	1,234.99	1,234.99	1,234.99	1,234.99	1,234.99
43	44	44	44	44	46	46
2	2	2	2	2	1	1
44	44	44	36	36	36	36
3	3	3	3	3	5	5
847	847	775	927	954	864	885
3,331	3,486	4,650	4,739	4,935	5,032	5,165
66,000	66,000	66,000	66,000	66,000	75,000	75,000
766	766	728	818	831	737	747
325	348	357	353	350	343	345
37,800	37,800	37,800	37,800	37,800	37,800	37,800

