

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2012

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2012

MAYOR

Malcolm Duncan, Jr.

CITY COUNCIL

Alice Rodriguez, Mayor Pro Tem
Toni Herbert
John Kinnaird
Kyle Deaver
Wilbert Austin

CITY MANAGER

Larry D. Groth, P.E.

DEPUTY CITY MANAGER

Dale Fisseler, P.E.

ASSISTANT CITY MANAGERS

Wiley Stem, III
George Johnson, Jr.

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

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CITY OF WACO

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January 15, 2013

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

The Comprehensive Annual Financial Report (CAFR) of the City of Waco (the City) for the fiscal year ended September 30, 2012, 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 and state 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 and manufacturing, according to 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 a couple of retail shopping centers, an electric utility, a food processing company and a couple of warehouses. Eight of the top ten 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 15,300. Baylor offers undergraduate degrees in 144 fields, 77 master's degree programs and 32 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 9,500 students. MCC offers a comprehensive range of educational programs including associates degree programs, workforce development training and continuing education courses. Additionally, several bachelor's and master's degree programs and one doctoral degree program are available on the MCC campus through partnerships with four-year state universities. With enrollment of over 5,200, Texas State Technical College offers nearly 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 5.1% from 110,085 in 2007 to 115,653 by September 2012. Total employment at the beginning of fiscal year 2012 - 2013 was 108,681 while the unemployment rate was 6.0%.

Long-term Financial Planning

Unassigned fund balance in the general fund (22.21 percent of fiscal year 2013 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) in fiscal year 2011, 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 adopted a policy in fiscal year 2011 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, 2012, for the water, wastewater and solid waste funds were 56.94%, 61.74% and 63.23%, 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, police headquarters, libraries, fire stations, park improvements and renovations at the Texas Ranger Museum, among others, among others, are all complete with the exception of the police project. The police headquarters building will be complete in June 2013.

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. 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 complete. Riverfront development has been greatly enhanced with the start of construction on the \$250 million Baylor Stadium located on the banks of the Brazos River. Efforts will continue on the development of available property in the downtown and river corridor.

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, 2011. This was the 30th 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.

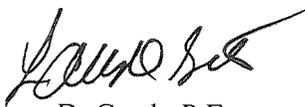
The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2011 and the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2011.

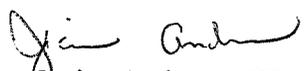
The preparation of the CAFR was made possible by the dedicated service of the City staff. Members of various City departments exhibited true team spirit, and each one has our sincere appreciation for the contributions made in the preparation of this report.

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.

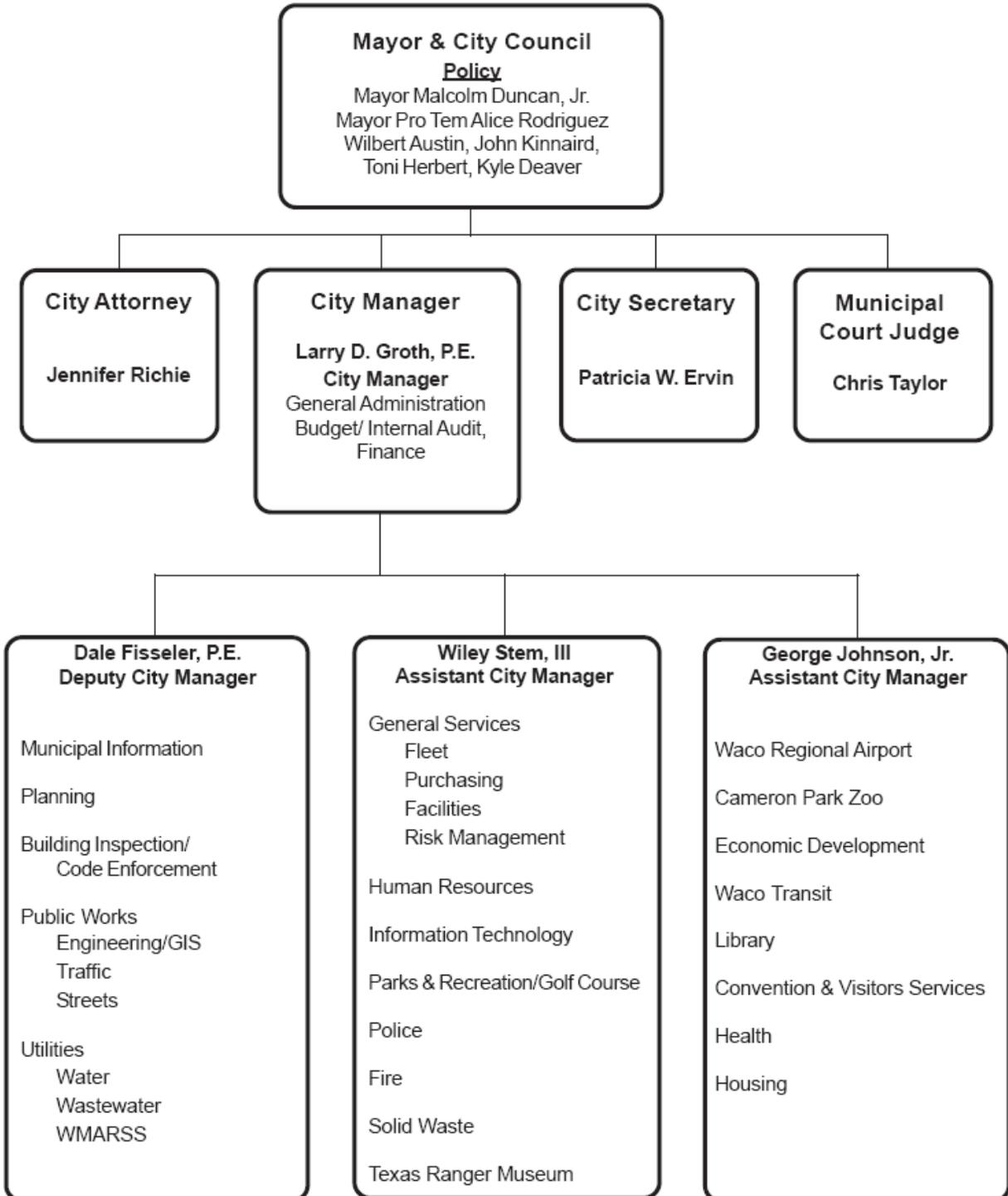
Respectfully submitted,


Larry D. Groth, P.E.
City Manager


Janice Andrews, CPA
Director of Finance



CITY OF WACO



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, 2011

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.



Christopher P. Mouill

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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waco, Texas' financial statements as a whole. 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

January 15, 2013

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, 2012. 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, 2012 by \$493,562,247 (net assets). Of this amount, \$73,304,841 (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 \$16,966,973.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$81,997,668. The fund balance components are nonspendable - \$1,243,144, restricted - \$42,735,116, committed - \$8,894,786, assigned - \$7,140,115 and unassigned - \$21,984,507. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2012, unassigned fund balance for the General Fund was \$21,984,507 or 22.21% of the 2013 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 38 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 43 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 through 87 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 93 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 \$493,562,247 as of September 30, 2012.

The largest portion of the City’s net assets (\$397,959,316) 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 110,826,952	121,695,315	97,157,716	99,967,912	207,984,668	221,663,227
Capital assets	<u>251,552,599</u>	<u>235,833,017</u>	<u>421,095,974</u>	<u>422,574,294</u>	<u>672,648,573</u>	<u>658,407,311</u>
Total assets	<u>362,379,551</u>	<u>357,528,332</u>	<u>518,253,690</u>	<u>522,542,206</u>	<u>880,633,241</u>	<u>880,070,538</u>
Long-term liabilities	107,061,038	110,676,933	225,314,139	238,571,417	332,375,177	349,248,350
Other liabilities	<u>30,301,018</u>	<u>29,968,107</u>	<u>24,394,799</u>	<u>24,258,807</u>	<u>54,695,817</u>	<u>54,226,914</u>
Total liabilities	<u>137,362,056</u>	<u>140,645,040</u>	<u>249,708,938</u>	<u>262,830,224</u>	<u>387,070,994</u>	<u>403,475,264</u>
Net assets:						
Invested in capital assets, net of related debt	178,295,347	174,645,915	219,663,969	213,553,436	397,959,316	388,199,351
Restricted	22,291,256	19,687,245	6,834	388,651	22,298,090	20,075,896
Unrestricted	<u>24,430,892</u>	<u>22,550,132</u>	<u>48,873,949</u>	<u>45,769,895</u>	<u>73,304,841</u>	<u>68,320,027</u>
Total net assets	<u>\$ 225,017,495</u>	<u>216,883,292</u>	<u>268,544,752</u>	<u>259,711,982</u>	<u>493,562,247</u>	<u>476,595,274</u>

A portion of the City's net assets (\$22,298,090) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$73,304,841) 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, 2012, 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 \$16,966,973 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, 2012. Governmental activities increased the City's net assets by \$8,134,203 and represented 47.9% of the total. Business-type activities increased the City's net assets by \$8,832,770 and represented 52.1% of the total increase.

City of Waco Changes in Net Assets

Year Ended September 30,						
2012			2011			
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 5,624,765	85,531,254	91,156,019	6,424,471	89,273,791	95,698,262
Operating grants and contributions	11,640,290	3,415,770	15,056,060	9,720,348	3,514,732	13,235,080
Capital grants and contributions	6,883,729	3,786,143	10,669,872	6,061,358	4,014,798	10,076,156
General revenues:						
Ad valorem taxes	54,377,202	-	54,377,202	53,047,698	-	53,047,698
Sales taxes	29,186,254	-	29,186,254	28,003,416	-	28,003,416
Franchise taxes	13,682,123	-	13,682,123	13,587,114	-	13,587,114
Hotel/motel taxes	-	1,897,865	1,897,865	-	1,754,730	1,754,730
Other taxes	650,815	-	650,815	679,232	-	679,232
Investment earnings	360,561	196,566	557,127	481,791	183,254	665,045
Miscellaneous	882,450	-	882,450	678,741	-	678,741
Gain on sale of land	1,730,200	-	1,730,200	-	-	-
Total revenues	125,018,389	94,827,598	219,845,987	118,684,169	98,741,305	217,425,474
Expenses:						
General government	14,177,640	-	14,177,640	12,378,019	-	12,378,019
Public works	11,844,356	-	11,844,356	13,227,404	-	13,227,404
Public safety	57,664,131	-	57,664,131	61,291,317	-	61,291,317
Culture and recreation	15,694,840	-	15,694,840	15,636,875	-	15,636,875
Public health	7,184,384	-	7,184,384	7,417,771	-	7,417,771
Housing and community development	3,664,525	-	3,664,525	3,339,613	-	3,339,613
Interest on long-term debt	4,098,714	-	4,098,714	4,313,467	-	4,313,467
Water	-	33,311,059	33,311,059	-	34,186,629	34,186,629
Wastewater	-	17,634,339	17,634,339	-	17,522,331	17,522,331
Solid waste	-	15,854,254	15,854,254	-	16,201,178	16,201,178
Airport	-	2,937,967	2,937,967	-	2,503,823	2,503,823
Convention services	-	3,372,280	3,372,280	-	2,861,523	2,861,523
Ranger Hall of Fame	-	1,209,145	1,209,145	-	1,193,004	1,193,004
Cameron Park Zoo	-	4,396,640	4,396,640	-	4,315,032	4,315,032
Transit services	-	7,970,314	7,970,314	-	7,904,160	7,904,160
Cottonwood Creek Golf Course	-	1,864,426	1,864,426	-	1,691,790	1,691,790
Total expenses	114,328,590	88,550,424	202,879,014	117,604,466	88,379,470	205,983,936
Increase in net assets before transfers	\$ 10,689,799	6,277,174	16,966,973	1,079,703	10,361,835	11,441,538
Transfers	(2,555,596)	2,555,596	-	(5,848,585)	5,848,585	-
Increase in net assets	8,134,203	8,832,770	16,966,973	(4,768,882)	16,210,420	11,441,538
Net assets, beginning of year	216,883,292	259,711,982	476,595,274	221,652,174	243,501,562	465,153,736
Net assets, end of year	\$ 225,017,495	268,544,752	493,562,247	216,883,292	259,711,982	476,595,274

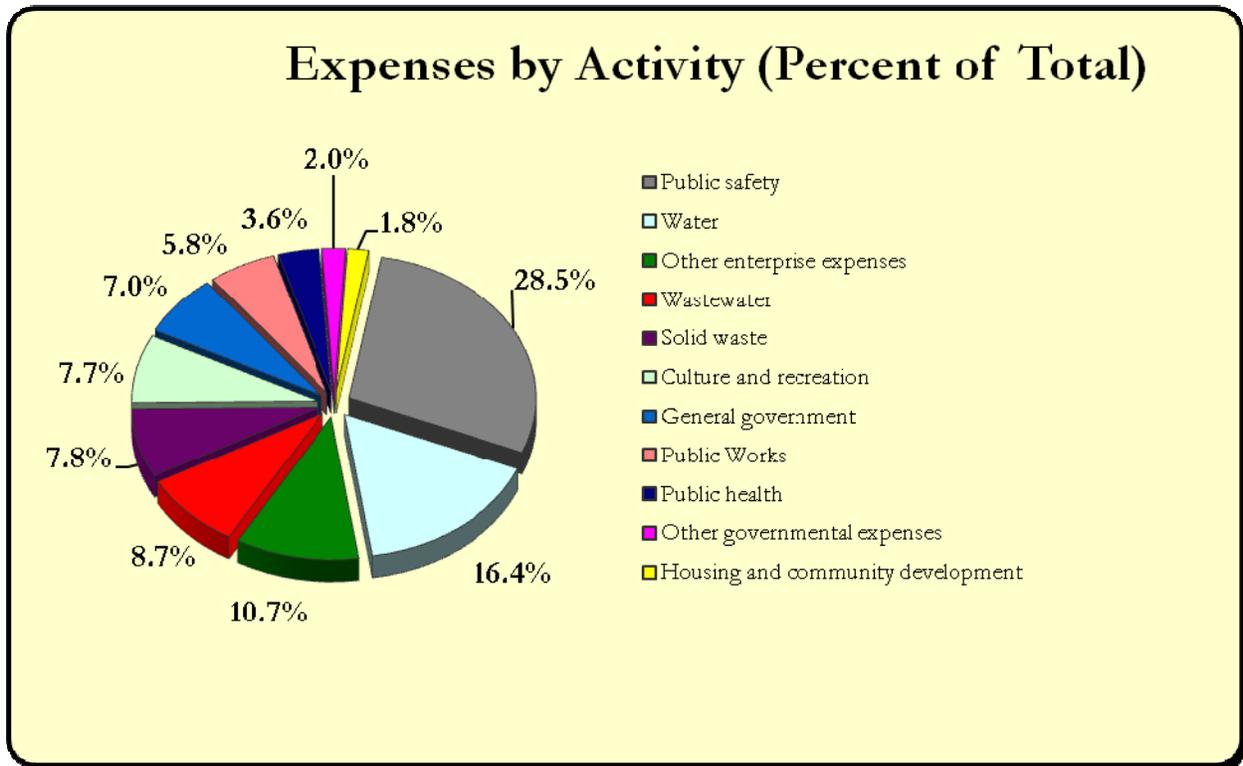
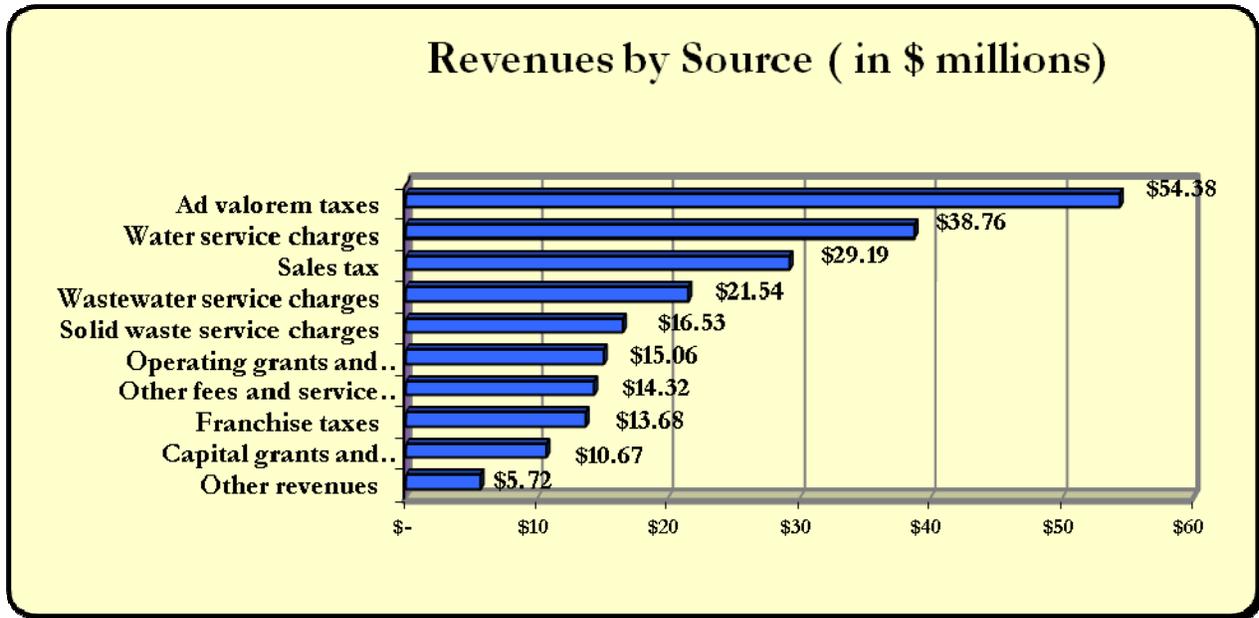
Governmental activities – Key elements of the change in governmental net assets include:

- Overall, governmental revenues increased \$6,334,220 (5.34%). Ad valorem taxes increased \$1,329,504 (2.51%), primarily as the result of \$115 million increase in appraised values from new construction assessments. Sales taxes reflected an increase of \$1,182,838 (4.22%). A gain on sale on land of \$1,730,200 was also reported. This represented a sale of City-owned property to the state highway department in connection with the construction of frontage road bridges on interstate highway I 35.
- Overall, governmental expenses decreased \$3,275,876 (2.79%). The City Council approved a 2.5% percent salary increase as well as job class step increases for some civil service employees based on rank and service time. But these increases were more than offset by savings resulting from changes to the City's retirement system, fuel, and electricity. Texas Municipal Retirement System (TMRS) has made significant changes in actuarial assumptions and funding methodology used in calculating their member cities' contribution rates starting in 2009. For the past four 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 the plan provisions were continuing to increase each year. The TMRS benefit provisions were reviewed during the fiscal year 2012 budget process. The City Council approved a plan change to turn off annually repeating annuity increases for retirees. 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%). This resulted in savings for pension expense for current salaries and net pension obligation of over \$4.4 million. General government expenses did report an increase of \$1,799,621 (14.54%) primarily due to a \$1.1 increase in economic development incentive projects funded in collaboration with McLennan County.
- The contribution of capital assets to business type activities funded by governmental capital projects decreased net assets by \$2.3 million primarily due to \$2.2 million contributed to the convention center major renovation project.

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

- Total revenues decreased \$3,913,707 (3.96%) primarily due to charges for services which reported a decrease of \$3,742,537 (4.19%). The large decrease in the water fund of \$4.3 million (due to the milder summer as compared to the severe drought experienced in 2011) was partially offset by the \$583,448 increase reported in the solid waste fund (due to increased commercial accounts and landfill operations).
- Total expenses only reported a net increase of \$170,954 (.19%). Increased depreciation expense of \$2,547,935 related to capital improvement projects was offset with savings in other expenses. Savings were reported for employee benefits (\$757,153) primarily due to the decreases in pension expenses as discussed earlier, supplies (\$383,019) due to fuel and electricity savings, and interest expense (\$847,042) due to bond refunding issues and no new certificate of obligation issues in 2011 or 2012.

Government-wide activities – Total government-wide activities for 2012 are depicted in the graphs below:



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.

At the end of the current fiscal year, the City of Waco's governmental funds reported combined ending fund balances of \$81,997,668. Approximately 1.5% (\$1,243,144) 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 52.2% (\$42,735,116) 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 10.8% (\$8,894,786) 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 8.7% (\$7,140,115) 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 \$21,984,507 (26.8%) is reported as unassigned. Only the general fund can report a positive amount of unassigned fund balance. Refer to page 52 of this report for a more detailed presentation of governmental fund balances.

The City's Financial Management Policy Statements provide for general fund unassigned fund balance to be maintained at 18% of current year revenues. Unassigned general fund balance at the end of the current fiscal year is 22.21% of 2013 budgeted revenues. The fund balance of the general fund at the end of the current year reported an increase of \$2,927,611. Total revenues in the general fund increased \$2,372,999 as compared to the prior year and were \$2,368,283 more than budgeted. Key factors in general fund revenue are as follows:

- Growth in net taxable assessed property valuation of approximately \$115 million from new construction is reflected in the \$982,073 increase in property tax revenue. This revenue source represented over 39% of total general fund revenues.
- Sales tax revenue reported almost a \$1.2 million increase as compared to prior year, with actual amounts exceeding the amount budgeted for the fiscal year by \$958,951. This revenue source represents over 30% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, also reported a \$20,568 increase as compared to fiscal year 2011 collections with actual amounts exceeding the amount budgeted for the fiscal year by \$860,961. Over 14% of total general fund revenues came from gross receipts fees.

Proprietary funds - The City's proprietary fund statements beginning on page 38 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective major proprietary funds are Water - \$25,370,694, Wastewater - \$17,616,986, and Solid Waste - \$6,734,301. These funds experienced increases in total net assets during 2012 as follows: Water - \$2,753,578, Wastewater - \$3,213,091, and Solid Waste - \$419,818.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$7,057,072. The primary differences can be briefly summarized as follows:

- \$260,000 increase for purchasing ROW for the FM 1637 project.
- \$46,695 increase for revision of the federal emergency management agency maps.
- \$407,564 increase for funds allocated to the Texas Ranger Headquarters Office project.
- \$934,943 increase for expenses related to the Parkside Village Apartment project.
- \$40,638 increase for information technology hardware upgrades.
- \$7,277 increase for regional marketing expenses.
- \$232,070 increase for police equipment in various divisions.
- \$77,811 increase for capital outlay in traffic.
- \$2,500,000 increase for Hawaiian Falls Water Park project.
- \$118,635 for City's forgiving debt owed by Waco Lion's Park.
- \$12,378 increase for municipal information's cable channel equipment.
- \$30,000 increase for security equipment in parks and recreation.
- \$42,000 increase for housing projects.
- \$80,098 increase in election expenses.

- \$1,446,487 increase for assistance with convention center, golf course and zoo operations.
- \$820,476 increase for economic development projects.

Of this increase, \$646,495 was from fund balance assigned for capital improvements, \$118,635 from fund balance assigned for economic development, \$976,943 from fund balance assigned for housing and community development, \$127,563 from fund balance assigned for culture and recreation, \$47,915 from fund balance assigned for other, \$216,082 from fund balance assigned for public safety, \$2,500,000 from fund balance committed for culture and recreation, \$820,476 from fund balance committed for economic development, \$546,821 from a nonspendable fund balance for advances to other funds, \$24,927 from increases in gross receipts taxes, \$67,549 from increases in contributions and \$963,666 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 37 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2012.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$672,648,573 (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 \$13.3 million on various water, wastewater, and solid waste systems projects.
- Capitalized \$7.3 million on various park facility improvements expenditures and contributions.
- Expended \$2.2 million on convention center renovations.
- Expended \$3.3 million on Airport Improvement Program projects.
- Expended \$5.1 million for library renovations and equipment..
- Expended \$7.4 million for police facilities and equipment.
- Capitalized \$7.0 million in street and drainage expenditures and contributions.

City of Waco Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 43,243,517	42,724,047	6,311,458	6,334,748	49,554,975	49,058,795
Buildings	55,614,972	48,686,606	81,753,761	62,063,534	137,368,733	110,750,140
Improvements other than buildings	50,667,577	43,818,853	457,101,862	426,378,338	507,769,439	470,197,191
Machinery and equipment	41,068,918	38,619,890	45,060,741	43,121,021	86,129,659	81,740,911
Museum collections	-	-	2,116,424	2,111,424	2,116,424	2,111,424
Infrastructure	250,834,919	246,847,024	-	-	250,834,919	246,847,024
Construction work in progress	18,481,817	14,352,989	7,635,810	40,864,392	26,117,627	55,217,381
Water rights	-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation	<u>(208,359,121)</u>	<u>(199,216,392)</u>	<u>(211,366,961)</u>	<u>(190,782,042)</u>	<u>(419,726,082)</u>	<u>(389,998,434)</u>
Total capital assets	<u>\$ 251,552,599</u>	<u>235,833,017</u>	<u>421,095,974</u>	<u>422,574,294</u>	<u>672,648,573</u>	<u>658,407,311</u>

Additional information on the City's capital assets can be found in Note IV on pages 62 - 64 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Waco had total bonded debt, loans and notes payable, and capital lease obligations of \$319,820,425. Of this amount, \$302,676,190 represents bonded debt backed by the full faith and credit of the government, and \$15,000,000 represents a state participation loan secured by water revenues and an interest in water storage capacity. The City's capitalized lease obligation of \$109,814 pertains to purchases of computer equipment. The \$2,034,421 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	
	2012	2011	2012	2011	2012	2010
General obligation certificates	\$ 95,470,683	99,243,653	207,205,507	220,721,649	302,676,190	319,965,302
State participation loan	-	-	15,000,000	15,000,000	15,000,000	15,000,000
Capital lease obligations	109,814	-	-	-	109,814	-
Note payable	-	-	2,034,421	2,098,108	2,034,421	2,098,108
	<u>\$ 95,580,497</u>	<u>99,243,653</u>	<u>224,239,928</u>	<u>237,819,757</u>	<u>319,820,425</u>	<u>337,063,410</u>

During the 2012 fiscal year, the City issued \$3,480,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including fire services, airport, traffic control systems, equipment, parks, streets, and sidewalks. The City also issued \$54,555,000 of general obligation refunding bonds. This advance refunding was undertaken to reduce total debt service payments over the next twenty years by \$8,822,571 and resulted in an economic gain of \$7,167,472.

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 68 to 73 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2013 is based on a modest increase in revenues of 2.6% over last year's adopted budget, due mainly to the increase from ad valorem taxes primarily from new construction, a significant refunding bond issue this year and the City's debt reduction initiative started last year. No ad valorem tax rate adjustment is included for 2013.

Approximately 28% of general fund revenues come from sales taxes. Even though the City was expecting to end 2012 considerably over budget for sales tax revenue, sales taxes for 2013 were budgeted with only a 1.7% increase over the fiscal year 2011-2012 adopted budget. The City's preference is to be conservative in this area of the budget because this revenue is so volatile and is effected by so many factors that the City has no control over.

The 2013 budget includes a 3% 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 3.87 full-time equivalent positions over last year's budget due to the outcome of those evaluations.

The TMRS benefit provisions of the City's plan were reviewed during the fiscal year 2012 budget process and as a result, the City Council approved a plan change to turn off annually repeating annuity increases and significantly reduced pension expense. Effective January 1, 2013 the City's full contribution rate will be 13.87% (includes a 50% ad hoc annuity increase). The City's budget for fiscal year 2013 includes approximately \$10 million for TMRS contributions and the City's funded ratio has increased to 86.6%.

Fiscal year 2013 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 2013.

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, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets					
Cash and investments	\$ 89,063,714	54,963,680	144,027,394	6,436	30,180
Receivables (net of allowances for uncollectibles):					
Accounts	3,910,171	10,839,425	14,749,596	-	-
Special assessments	30,359	-	30,359	-	-
Taxes	7,750,095	-	7,750,095	-	-
Intergovernmental receivable	2,902,564	3,020,615	5,923,179	-	-
Accrued interest receivable	-	3,896	3,896	-	-
Internal balances	2,890,457	(2,890,457)	-	-	-
Inventories	695,313	1,119,171	1,814,484	-	-
Restricted cash and investments	-	28,056,130	28,056,130	-	-
Notes receivable	2,750,561	640,182	3,390,743	-	-
Real estate held for resale	46,221	-	46,221	-	-
Deferred charges	787,497	1,405,074	2,192,571	-	-
Capital assets not being depreciated:					
Land	43,243,517	6,311,458	49,554,975	-	-
Museum collections	-	2,116,424	2,116,424	-	-
Construction in progress	18,481,817	7,635,810	26,117,627	-	-
Capital assets, net of accumulated depreciation:					
Buildings	42,268,967	54,474,580	96,743,547	-	-
Machinery and equipment	12,699,696	16,936,219	29,635,915	-	-
Improvements other than buildings	29,598,626	308,121,491	337,720,117	-	-
Infrastructure	105,259,976	-	105,259,976	-	-
Water rights	-	25,499,992	25,499,992	-	-
Total assets	<u>362,379,551</u>	<u>518,253,690</u>	<u>880,633,241</u>	<u>6,436</u>	<u>30,180</u>
Liabilities					
Accounts payable	3,262,730	1,200,243	4,462,973	-	-
Accrued liabilities	5,508,394	2,407,972	7,916,366	-	-
Accrued interest payable	709,932	2,018,057	2,727,989	-	-
Unearned revenue	1,092,704	1,060,496	2,153,200	-	-
Escrow funds	266,620	176,460	443,080	-	-
Customer deposits	237,270	-	237,270	-	-
Liabilities payable from restricted assets	-	3,114,023	3,114,023	-	-
Noncurrent liabilities:					
Due within one year	19,223,368	14,417,548	33,640,916	-	-
Due in more than one year	107,061,038	225,314,139	332,375,177	-	-
Total liabilities	<u>137,362,056</u>	<u>249,708,938</u>	<u>387,070,994</u>	<u>-</u>	<u>-</u>
Net Assets					
Invested in capital assets, net of related debt	178,295,347	219,663,969	397,959,316	-	-
Restricted for:					
Tax increment financing/public improvement district	15,329,811	-	15,329,811	-	-
Grant requirements	4,795,801	-	4,795,801	-	-
Forfeitures and abandoned motor vehicles	741,460	-	741,460	-	-
Court security and technology	914,840	-	914,840	-	-
Debt service	33,913	-	33,913	-	-
Parks and cemetery care - nonexpendable	475,431	-	475,431	-	-
Capital projects	-	6,834	6,834	-	-
Unrestricted	24,430,892	48,873,949	73,304,841	6,436	30,180
Total net assets	<u>\$ 225,017,495</u>	<u>268,544,752</u>	<u>493,562,247</u>	<u>6,436</u>	<u>30,180</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2012

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (14,177,640)	243,137	2,373,845
Public works	(11,844,356)	385	-
Public safety	(57,664,131)	3,050,804	1,297,218
Culture and recreation	(15,694,840)	1,078,390	1,113,337
Public health	(7,184,384)	1,252,049	3,535,775
Housing and community development	(3,664,525)	-	3,320,115
Interest on long-term debt	(4,098,714)	-	-
Total governmental activities	(114,328,590)	5,624,765	11,640,290
Business-type activities:			
Water	(33,311,059)	38,759,662	104,430
Wastewater	(17,634,339)	21,542,770	-
Solid waste	(15,854,254)	16,531,734	3,760
Airport	(2,937,967)	1,065,157	99,162
Convention services	(3,372,280)	771,773	-
Ranger Hall of Fame	(1,209,145)	448,449	112,813
Cameron Park Zoo	(4,396,640)	1,602,554	-
Transit services	(7,970,314)	3,582,781	3,095,605
Cottonwood Creek Golf Course	(1,864,426)	1,226,374	-
Total business-type activities	(88,550,424)	85,531,254	3,415,770
Total primary government	\$ (202,879,014)	91,156,019	15,056,060
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

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Assets

Capital Grants and Contributions	Primary Government			Component Units	
	Governmental	Business-type	Total	Central Waco	Waco Health
	Activities	Activities		Development Corporation	Facilities Development Corporation
187,983	(11,372,675)	-	(11,372,675)		
2,587,297	(9,256,674)	-	(9,256,674)		
159,668	(53,156,441)	-	(53,156,441)		
3,948,781	(9,554,332)	-	(9,554,332)		
-	(2,396,560)	-	(2,396,560)		
-	(344,410)	-	(344,410)		
-	(4,098,714)	-	(4,098,714)		
<u>6,883,729</u>	<u>(90,179,806)</u>	<u>-</u>	<u>(90,179,806)</u>		
162,096	-	5,715,129	5,715,129		
-	-	3,908,431	3,908,431		
-	-	681,240	681,240		
3,064,766	-	1,291,118	1,291,118		
-	-	(2,600,507)	(2,600,507)		
8,460	-	(639,423)	(639,423)		
550,821	-	(2,243,265)	(2,243,265)		
-	-	(1,291,928)	(1,291,928)		
-	-	(638,052)	(638,052)		
<u>3,786,143</u>	<u>-</u>	<u>4,182,743</u>	<u>4,182,743</u>		
<u>10,669,872</u>	<u>(90,179,806)</u>	<u>4,182,743</u>	<u>(85,997,063)</u>		
-	-			(65)	-
<u>-</u>	<u>-</u>			<u>-</u>	<u>(65)</u>
<u>-</u>	<u>-</u>			<u>(65)</u>	<u>(65)</u>
\$	49,373,010	-	49,373,010	-	-
	5,004,192	-	5,004,192	-	-
	29,186,254	-	29,186,254	-	-
	13,682,123	-	13,682,123	-	-
	-	1,897,865	1,897,865	-	-
	650,815	-	650,815	-	-
	360,561	196,566	557,127	18	84
	1,730,200	-	1,730,200	-	-
	882,450	-	882,450	-	-
	(2,555,596)	2,555,596	-	-	-
	<u>98,314,009</u>	<u>4,650,027</u>	<u>102,964,036</u>	<u>18</u>	<u>84</u>
	8,134,203	8,832,770	16,966,973	(47)	19
	<u>216,883,292</u>	<u>259,711,982</u>	<u>476,595,274</u>	<u>6,483</u>	<u>30,161</u>
\$	<u>225,017,495</u>	<u>268,544,752</u>	<u>493,562,247</u>	<u>6,436</u>	<u>30,180</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 31,799,675	45,125,378	76,925,053
Receivables, net of allowances:			
Accounts	3,707,607	199,979	3,907,586
Special assessments	-	30,359	30,359
Taxes	6,975,069	775,026	7,750,095
Notes receivable	2,000	2,748,561	2,750,561
Due from other funds	3,439,688	8,097,645	11,537,333
Advances to other funds	48,388	168,368	216,756
Intergovernmental receivable	883,592	2,018,972	2,902,564
Inventories	504,736	-	504,736
Real estate held for resale	6,160	40,061	46,221
 Total assets	 \$ 47,366,915	 59,204,349	 106,571,264
Liabilities			
Liabilities:			
Accounts payable	\$ 1,201,031	1,830,067	3,031,098
Accrued liabilities	2,951,461	2,252,077	5,203,538
Deferred revenue	4,133,194	3,541,359	7,674,553
Due to other funds	974,471	7,186,584	8,161,055
Deposits	237,270	-	237,270
Escrow funds	221,300	44,782	266,082
 Total liabilities	 9,718,727	 14,854,869	 24,573,596
Fund Balances			
Fund balances:			
Nonspendable	559,284	683,860	1,243,144
Restricted	367,250	42,367,866	42,735,116
Committed	7,597,032	1,297,754	8,894,786
Assigned	7,140,115	-	7,140,115
Unassigned	21,984,507	-	21,984,507
 Total fund balances	 37,648,188	 44,349,480	 81,997,668
 Total liabilities and fund balances	 \$ 47,366,915	 59,204,349	

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.		251,057,906
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.		6,581,849
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.		7,768,667
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(122,388,595)
		\$ 225,017,495

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, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 67,712,642	16,027,351	83,739,993
Business and occupation fees	13,682,123	-	13,682,123
Permits, licenses and fees	930,770	1,138,595	2,069,365
Fines	1,565,721	81,640	1,647,361
Charges for services	1,501,983	-	1,501,983
Investment earnings	121,240	204,633	325,873
Contributions	219,577	50,000	269,577
Intergovernmental	1,497,372	8,127,825	9,625,197
Program income	-	608,810	608,810
Other	8,533,937	632,681	9,166,618
Total revenues	<u>95,765,365</u>	<u>26,871,535</u>	<u>122,636,900</u>
Expenditures:			
Current:			
General government	16,953,813	2,927,357	19,881,170
Public works	1,863,173	187,983	2,051,156
Public safety	53,938,989	1,204,294	55,143,283
Culture and recreation	14,503,772	270,009	14,773,781
Housing and community development	133,033	3,336,270	3,469,303
Public health	-	6,993,107	6,993,107
Capital outlay	-	23,954,367	23,954,367
Debt service:			
Principal	-	7,090,342	7,090,342
Interest and fiscal charges	-	4,194,170	4,194,170
Bond issuance costs	-	68,981	68,981
Total expenditures	<u>87,392,780</u>	<u>50,226,880</u>	<u>137,619,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,372,585</u>	<u>(23,355,345)</u>	<u>(14,982,760)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	1,790,086	-	1,790,086
Refunding bonds issued	-	6,465,000	6,465,000
Prepayment to refunded bond escrow agent	-	(7,243,886)	(7,243,886)
Premium on refunding bonds	-	792,695	792,695
General obligation bonds issued	-	3,480,000	3,480,000
Premium on general obligation bonds	-	10,594	10,594
Capital lease	-	145,351	145,351
Transfers in	4,161,057	10,854,550	15,015,607
Transfers out	(11,396,117)	(3,117,797)	(14,513,914)
Total other financing sources (uses)	<u>(5,444,974)</u>	<u>11,386,507</u>	<u>5,941,533</u>
Net change in fund balances	2,927,611	(11,968,838)	(9,041,227)
Fund balances, beginning of year	<u>34,720,577</u>	<u>56,318,318</u>	<u>91,038,895</u>
Fund balances, end of year	<u>\$ 37,648,188</u>	<u>44,349,480</u>	<u>81,997,668</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, 2012

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)	\$ (9,041,227)
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.	9,438,358
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net assets.	6,296,270
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	255,341
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of insurance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,574,186
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.	(435,739)
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>(1,952,986)</u>
Change in net assets of governmental activities (pages 24 - 25)	<u>\$ 8,134,203</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, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 27,263,637	28,227,303	29,186,254	958,951	28,003,416
Property taxes	38,082,298	38,082,298	38,039,811	(42,487)	37,057,738
Interest and penalty on taxes	450,000	450,000	486,577	36,577	525,866
Total taxes	<u>65,795,935</u>	<u>66,759,601</u>	<u>67,712,642</u>	<u>953,041</u>	<u>65,587,020</u>
Business and occupation fees:					
Occupation fees	75,000	75,000	103,078	28,078	28,638
Gross receipts fees	12,693,157	12,718,084	13,579,045	860,961	13,558,477
Total business and occupation fees	<u>12,768,157</u>	<u>12,793,084</u>	<u>13,682,123</u>	<u>889,039</u>	<u>13,587,115</u>
Permits, licenses and fees:					
Building permits	335,000	335,000	453,494	118,494	353,243
Plumbing permits	144,645	144,645	144,622	(23)	137,828
Electrical permits	159,390	159,390	199,131	39,741	164,457
Electrical licenses	-	-	-	-	50
Heating and air conditioning licenses	94,796	94,796	70,375	(24,421)	76,357
Fire inspection fees	27,698	27,698	32,246	4,548	25,010
House moving permits	100	100	385	285	55
Open air/street vending	-	-	5,765	5,765	325
Sign permits	9,190	9,190	4,245	(4,945)	15,215
Subdivision fees	17,500	17,500	20,507	3,007	16,762
Total permits, licenses and fees	<u>788,319</u>	<u>788,319</u>	<u>930,770</u>	<u>142,451</u>	<u>789,302</u>
Fines:					
Court fines	1,879,776	1,879,776	1,451,347	(428,429)	1,662,989
Auto impound fees	49,681	49,681	114,374	64,693	66,409
Total fines	<u>1,929,457</u>	<u>1,929,457</u>	<u>1,565,721</u>	<u>(363,736)</u>	<u>1,729,398</u>
Charges for services:					
Recreation	955,532	955,532	766,050	(189,482)	1,037,651
Weed mowing	55,000	55,000	55,495	495	90,451
Library fees	106,022	106,022	100,264	(5,758)	92,600
Animal pick up	13,108	13,108	18,224	5,116	13,587
Grounds maintenance	48,582	48,582	48,582	-	48,582
Graphics	55,000	55,000	74,703	19,703	63,328
Police security services	155,587	155,587	154,474	(1,113)	158,828
Airport security services	281,163	281,163	284,191	3,028	274,186
Total charges for services	<u>1,669,994</u>	<u>1,669,994</u>	<u>1,501,983</u>	<u>(168,011)</u>	<u>1,779,213</u>
Investment earnings	90,000	90,000	121,240	31,240	119,659
Contributions	101,959	169,508	219,577	50,069	310,827
Intergovernmental	1,469,776	1,469,776	1,497,372	27,596	1,390,686

(continued)

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

Year Ended September 30, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues (continued)					
Other:					
Indirect expense reimbursements	\$ 6,421,411	6,421,411	6,399,365	(22,046)	6,392,552
False alarm fines	9,242	9,242	8,200	(1,042)	9,550
Rents from real estate	116,626	116,626	125,866	9,240	260,847
Miscellaneous revenue	536,960	536,960	1,416,565	879,605	747,280
Sale of other scrap	18,340	18,340	17,721	(619)	34,335
Zoning applications	13,600	13,600	10,655	(2,945)	17,000
Commission from sale of mixed drinks	396,661	396,661	353,980	(42,681)	399,910
Commission on municipal court fines	50,000	50,000	58,238	8,238	59,966
Commission on concessions	136,664	136,664	113,992	(22,672)	144,206
Garage sale permits	27,839	27,839	28,970	1,131	30,950
Special assessments	-	-	385	385	2,550
Total other	<u>7,727,343</u>	<u>7,727,343</u>	<u>8,533,937</u>	<u>806,594</u>	<u>8,099,146</u>
Total revenues	<u>92,340,940</u>	<u>93,397,082</u>	<u>95,765,365</u>	<u>2,368,283</u>	<u>93,392,366</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,156,827	1,167,927	1,178,232	(10,305)	1,075,017
Employee benefits	380,753	381,653	367,843	13,810	384,304
Purchased professional/technical services	35,206	74,701	58,800	15,901	65,062
Purchased property services	31,530	29,530	26,654	2,876	867
Maintenance	1,200	1,200	132	1,068	68
Other purchased service	296,441	303,718	95,795	207,923	240,639
Supplies	107,486	97,486	106,513	(9,027)	89,012
Other expenses	280,000	1,629,707	1,012,740	616,967	234,669
Total administrative services	<u>2,289,443</u>	<u>3,685,922</u>	<u>2,846,709</u>	<u>839,213</u>	<u>2,089,638</u>
City Secretary:					
Salaries and wages	260,693	260,693	261,573	(880)	243,733
Employee benefits	97,701	97,701	93,283	4,418	96,310
Purchased professional/technical services	69,133	149,011	79,471	69,540	18,105
Purchased property services	225	225	-	225	503
Maintenance	3,653	3,403	2,858	545	2,815
Other purchased services	22,249	22,666	13,952	8,714	21,171
Supplies	19,613	19,666	18,080	1,586	23,241
Total city secretary	<u>473,267</u>	<u>553,365</u>	<u>469,217</u>	<u>84,148</u>	<u>405,878</u>
Finance services:					
Salaries and wages	878,436	878,436	840,803	37,633	846,543
Employee benefits	301,284	301,284	276,581	24,703	310,697
Purchased professional/technical services	73,424	73,424	65,171	8,253	69,332
Maintenance	500	500	-	500	77
Other purchased service	24,481	24,481	19,976	4,505	16,175
Supplies	34,214	34,214	23,888	10,326	23,638
Other expenses	18,365	18,365	3,881	14,484	8,859
Total finance services	<u>1,330,704</u>	<u>1,330,704</u>	<u>1,230,300</u>	<u>100,404</u>	<u>1,275,321</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, 2012
(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with Final Budget	2011
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (continued)					
General Government (continued)					
Legal services:					
Salaries and wages	\$ 832,169	817,169	786,289	30,880	815,343
Employee benefits	266,076	266,076	240,167	25,909	280,083
Purchased professional/technical services	35,292	50,292	10,999	39,293	47,313
Maintenance	290	290	-	290	-
Other purchased service	26,637	26,637	23,064	3,573	30,279
Supplies	31,848	31,848	32,046	(198)	28,920
Total legal services	<u>1,192,312</u>	<u>1,192,312</u>	<u>1,092,565</u>	<u>99,747</u>	<u>1,201,938</u>
Planning services:					
Salaries and wages	295,282	295,282	332,597	(37,315)	336,524
Employee benefits	110,331	110,331	108,276	2,055	122,240
Purchased professional/technical services	-	-	1,293	(1,293)	1,408
Purchased property services	64,810	64,810	64,733	77	57,703
Maintenance	425	425	364	61	668
Other purchased service	15,590	15,590	8,966	6,624	10,740
Supplies	18,545	18,545	18,406	139	16,783
Total planning services	<u>504,983</u>	<u>504,983</u>	<u>534,635</u>	<u>(29,652)</u>	<u>546,066</u>
Human resources:					
Salaries and wages	471,393	471,393	451,444	19,949	451,821
Employee benefits	164,129	164,129	152,025	12,104	169,450
Purchased professional/technical services	4,490	4,490	3,570	920	3,633
Maintenance	1,580	1,580	1,549	31	2,013
Other purchased service	39,076	36,676	27,809	8,867	31,116
Supplies	14,936	17,336	10,952	6,384	20,472
Total human resources	<u>695,604</u>	<u>695,604</u>	<u>647,349</u>	<u>48,255</u>	<u>678,505</u>
Municipal information:					
Salaries and wages	405,262	405,262	405,295	(33)	397,174
Employee benefits	150,692	150,692	144,419	6,273	158,791
Purchased professional/technical services	9,296	9,296	7,765	1,531	14,073
Maintenance	800	800	8,029	(7,229)	1,528
Other purchased service	21,097	21,097	20,345	752	21,803
Supplies	30,002	36,603	58,504	(21,901)	75,036
Other expenses	55,800	55,800	32,034	23,766	42,476
Capital expenditures	-	5,777	61,136	(55,359)	124,029
Total municipal information	<u>672,949</u>	<u>685,327</u>	<u>737,527</u>	<u>(52,200)</u>	<u>834,910</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, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Information technology services:					
Salaries and wages	\$ 801,322	801,322	778,210	23,112	787,849
Employee benefits	284,257	284,257	266,439	17,818	299,746
Purchased professional/technical services	45,000	55,000	75,449	(20,449)	45,543
Maintenance	566,964	500,843	476,617	24,226	452,520
Other purchased service	427,254	442,475	342,236	100,239	405,361
Supplies	59,839	132,827	144,482	(11,655)	131,353
Capital expenditures	72,409	80,959	101,502	(20,543)	223,358
Total information technology services	<u>2,257,045</u>	<u>2,297,683</u>	<u>2,184,935</u>	<u>112,748</u>	<u>2,345,730</u>
Purchasing services:					
Salaries and wages	289,291	289,291	288,996	295	279,000
Employee benefits	105,763	105,763	100,268	5,495	109,462
Purchased professional/technical services	-	-	82	(82)	-
Maintenance	250	250	-	250	-
Other purchased service	13,246	13,246	10,470	2,776	15,546
Supplies	10,993	10,993	8,268	2,725	8,906
Total purchasing services	<u>419,543</u>	<u>419,543</u>	<u>408,084</u>	<u>11,459</u>	<u>412,914</u>
Facilities:					
Salaries and wages	960,022	960,022	893,437	66,585	949,363
Employee benefits	454,142	454,142	419,708	34,434	471,267
Purchased professional/technical services	97,055	117,055	150,097	(33,042)	91,274
Purchased property services	11,155	11,155	12,162	(1,007)	8,643
Maintenance	1,238,457	818,457	827,589	(9,132)	874,274
Other purchased service	54,546	54,546	49,473	5,073	49,367
Supplies	228,406	228,406	208,924	19,482	223,739
Capital expenditures	-	51,386	47,354	4,032	-
Total facilities	<u>3,043,783</u>	<u>2,695,169</u>	<u>2,608,744</u>	<u>86,425</u>	<u>2,667,927</u>
Economic development:					
Purchased professional/technical services	-	-	2,100	(2,100)	-
Supplies	-	-	434	(434)	4,200
Total economic development	<u>-</u>	<u>-</u>	<u>2,534</u>	<u>(2,534)</u>	<u>4,200</u>
Economic development incentive:					
Purchased professional/technical services	-	2,070,476	2,070,476	-	954,524
Total facilities	<u>-</u>	<u>2,070,476</u>	<u>2,070,476</u>	<u>-</u>	<u>954,524</u>
Contributions:					
McLennan County	141,398	141,398	136,166	5,232	135,960
Greenwood Cemetery	1,500	1,500	1,500	-	1,500
Rosemound Cemetery	-	-	10,000	(10,000)	-
H. O. T. Council of Governments	11,344	11,344	9,842	1,502	11,344
The Advocacy Center	59,040	59,040	59,040	-	56,229

(Continued)

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

Year Ended September 30, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Contributions (continued):					
Greater Waco Chamber	\$ 136,500	136,500	136,500	-	136,500
Central Texas African American Chamber	68,000	68,000	68,000	-	68,000
Cen-Tex Hispanic Chamber	68,000	68,000	68,000	-	68,000
Downtown River Corridor	200,000	200,000	53,333	146,667	-
Economic Delopment Grants	334,893	334,893	168,336	166,557	142,573
NAFTA Impact Zone 2	225,000	225,000	220,049	4,951	204,932
Keep Waco Beautiful	-	-	-	-	9,000
McLennan County Appraisal District	600,000	600,000	550,436	49,564	561,498
YMCA Multi-Purpose Center	55,000	55,000	55,000	-	53,182
Senior Ministries	28,000	28,000	28,000	-	28,000
Total contributions	<u>1,928,675</u>	<u>1,928,675</u>	<u>1,564,202</u>	<u>364,473</u>	<u>1,476,718</u>
Miscellaneous:					
Employee benefits	110,000	110,000	92,892	17,108	96,505
Purchase professional/technical services	170,000	170,000	147,878	22,122	156,516
Maintenance	-	-	3,615	(3,615)	2,571
Other purchased service	-	-	-	-	374
Supplies	-	-	1,990	(1,990)	2,904
Capital expenditures	-	-	-	-	310,605
Other expenses	885,177	1,003,812	310,161	693,651	142,701
Total miscellaneous	<u>1,165,177</u>	<u>1,283,812</u>	<u>556,536</u>	<u>727,276</u>	<u>712,176</u>
Total General Government	<u>15,973,485</u>	<u>19,343,575</u>	<u>16,953,813</u>	<u>2,389,762</u>	<u>15,606,445</u>
Public Works					
Streets and drainage services:					
Salaries and wages	502,994	502,994	451,818	51,176	473,852
Employee benefits	281,979	281,979	255,157	26,822	284,723
Purchased professional/technical services	68,000	43,000	31,684	11,316	301,451
Purchased property services	14,151	14,151	26,349	(12,198)	7,517
Maintenance	539,827	564,827	534,376	30,451	497,553
Other purchased service	173,520	73,520	59,141	14,379	56,496
Supplies	327,684	327,684	268,492	59,192	238,687
Other expenses	(112,300)	247,700	231,763	15,937	(104,934)
Capital expenditures	500,000	-	4,393	(4,393)	36,178
Total streets and drainage services	<u>2,295,855</u>	<u>2,055,855</u>	<u>1,863,173</u>	<u>192,682</u>	<u>1,791,523</u>
Total Public Works	<u>2,295,855</u>	<u>2,055,855</u>	<u>1,863,173</u>	<u>192,682</u>	<u>1,791,523</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, 2012
(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety					
Municipal court:					
Salaries and wages	\$ 701,154	701,154	653,472	47,682	638,689
Employee benefits	254,623	254,623	232,490	22,133	247,399
Purchased professional/technical services	79,300	79,300	12,449	66,851	17,079
Maintenance	1,800	1,800	132	1,668	1,010
Other purchased service	20,397	20,397	20,191	206	23,927
Supplies	103,061	103,061	82,383	20,678	85,069
Other expenses	14,284	14,284	7,967	6,317	10,496
Total municipal court	<u>1,174,619</u>	<u>1,174,619</u>	<u>1,009,084</u>	<u>165,535</u>	<u>1,023,669</u>
Inspection services:					
Salaries and wages	824,694	824,194	836,047	(11,853)	845,158
Employee benefits	323,898	315,898	316,222	(324)	350,324
Purchased professional/technical services	94,400	103,935	147,284	(43,349)	61,603
Purchased property services	71,157	65,125	55,767	9,358	64,234
Maintenance	28,924	41,746	31,735	10,011	22,540
Other purchased service	68,521	59,356	58,794	562	53,997
Supplies	89,533	90,873	78,139	12,734	75,432
Other expenses	4,837	4,837	6,954	(2,117)	4,812
Total inspection services	<u>1,505,964</u>	<u>1,505,964</u>	<u>1,530,942</u>	<u>(24,978)</u>	<u>1,478,100</u>
Emergency management services:					
Salaries and wages	127,136	195,077	194,923	154	112,862
Employee benefits	42,390	70,424	67,118	3,306	40,015
Purchased professional/technical services	12,950	12,950	5,455	7,495	(521)
Purchased property services	-	-	-	-	702
Maintenance	35,741	53,287	19,241	34,046	6,633
Other purchased service	10,353	13,041	14,680	(1,639)	8,318
Supplies	14,024	21,379	13,371	8,008	24,070
Other expenses	101,391	101,391	95,558	5,833	89,213
Total emergency management services	<u>343,985</u>	<u>467,549</u>	<u>410,346</u>	<u>57,203</u>	<u>281,292</u>
Fire services:					
Salaries and wages	13,007,889	12,932,889	12,721,041	211,848	12,555,965
Employee benefits	4,546,051	4,393,153	4,265,803	127,350	4,724,484
Purchased professional/technical services	59,077	133,077	98,508	34,569	41,064
Purchased property services	50,890	50,890	45,391	5,499	55,790
Maintenance	233,662	233,109	204,071	29,038	210,513
Other purchased service	232,248	232,248	265,863	(33,615)	231,512
Supplies	655,253	656,806	544,117	112,689	599,429
Capital expenditures	-	-	31,502	(31,502)	7,326
Total fire services	<u>18,785,070</u>	<u>18,632,172</u>	<u>18,176,296</u>	<u>455,876</u>	<u>18,426,083</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, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Police services:					
Salaries and wages	\$ 19,562,835	19,462,835	19,545,220	(82,385)	19,328,288
Employee benefits	7,044,384	6,874,632	6,686,954	187,678	7,383,025
Purchased professional/technical services	217,193	274,519	270,500	4,019	257,790
Purchased property services	83,237	83,237	91,424	(8,187)	85,739
Maintenance	790,548	715,352	701,489	13,863	733,999
Other purchased service	937,992	797,372	797,932	(560)	804,971
Supplies	1,457,572	1,437,403	1,348,461	88,942	1,284,683
Capital expenditures	-	603,987	626,674	(22,687)	90,701
Other expenses	510	510	827	(317)	581
Total police services	<u>30,094,271</u>	<u>30,249,847</u>	<u>30,069,481</u>	<u>180,366</u>	<u>29,969,777</u>
Traffic services:					
Salaries and wages	901,761	833,820	720,005	113,815	913,645
Employee benefits	383,509	355,475	311,302	44,173	400,244
Purchased professional/technical services	-	-	-	-	5,037
Purchased property services	4,462	4,462	3,618	844	3,720
Maintenance	552,653	528,619	443,368	85,251	596,403
Other purchased service	37,202	34,596	35,270	(674)	37,182
Supplies	1,009,447	988,711	744,902	243,809	897,191
Capital expenditures	170,000	267,598	184,128	83,470	135,792
Total traffic services	<u>3,059,034</u>	<u>3,013,281</u>	<u>2,442,593</u>	<u>570,688</u>	<u>2,989,214</u>
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>55,263,190</u>	<u>55,343,679</u>	<u>53,938,989</u>	<u>1,404,690</u>	<u>54,468,382</u>
Culture and Recreation					
Library services:					
Salaries and wages	1,724,058	1,724,058	1,639,275	84,783	1,671,418
Employee benefits	617,817	617,817	565,368	52,449	634,987
Purchased professional/technical services	85,250	85,250	82,273	2,977	94,636
Purchased property services	15,163	15,163	16,052	(889)	13,639
Maintenance	81,202	81,202	73,839	7,363	62,687
Other purchased service	174,261	174,261	179,027	(4,766)	162,090
Supplies	536,070	536,070	495,643	40,427	524,505
Other expenses	145,011	145,011	144,740	271	144,673
Total library services	<u>3,378,832</u>	<u>3,378,832</u>	<u>3,196,217</u>	<u>182,615</u>	<u>3,308,635</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, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (continued)					
Culture and Recreation					
Parks:					
Salaries and wages	\$ 3,239,703	3,239,703	3,088,450	151,253	3,127,910
Employee benefits	1,448,154	1,448,154	1,351,837	96,317	1,462,230
Purchased professional/technical services	260,915	260,915	322,275	(61,360)	336,315
Purchased property services	780,951	780,951	646,061	134,890	713,185
Maintenance	538,082	537,582	498,572	39,010	388,915
Other purchased service	205,073	197,573	189,672	7,901	204,026
Supplies	764,017	772,352	663,161	109,191	674,547
Capital expenditures	-	2,530,000	2,772,727	(242,727)	284,281
Other expenses	35,247	35,247	24,442	10,805	(71,918)
Total parks	<u>7,272,142</u>	<u>9,802,477</u>	<u>9,557,197</u>	<u>245,280</u>	<u>7,119,491</u>
Recreation services:					
Salaries and wages	922,660	922,660	715,222	207,438	881,997
Employee benefits	265,784	265,784	228,023	37,761	270,144
Purchased professional/technical services	424,217	414,217	395,404	18,813	422,011
Maintenance	8,211	8,211	4,162	4,049	8,775
Other purchased service	104,102	114,102	105,476	8,626	93,557
Supplies	320,893	320,558	289,431	31,127	321,070
Other expenses	15,957	15,957	12,640	3,317	12,368
Total recreation services	<u>2,061,824</u>	<u>2,061,489</u>	<u>1,750,358</u>	<u>311,131</u>	<u>2,009,922</u>
Total Culture and Recreation	<u>12,712,798</u>	<u>15,242,798</u>	<u>14,503,772</u>	<u>739,026</u>	<u>12,438,048</u>
Housing and Community Development					
Housing services:					
Salaries and wages	70,946	70,946	61,930	9,016	59,446
Employee benefits	26,260	26,260	22,849	3,411	23,561
Purchased professional/technical services	-	-	10,102	(10,102)	-
Other purchased service	7,723	7,723	7,723	-	8,067
Supplies	2,800	2,800	2,325	475	2,597
Other expenses	-	42,000	28,104	13,896	34,988
Total housing services	<u>107,729</u>	<u>149,729</u>	<u>133,033</u>	<u>16,696</u>	<u>128,659</u>
Total Housing and Community Development	<u>107,729</u>	<u>149,729</u>	<u>133,033</u>	<u>16,696</u>	<u>128,659</u>
Total expenditures	<u>86,353,057</u>	<u>92,135,636</u>	<u>87,392,780</u>	<u>4,742,856</u>	<u>84,433,057</u>
Excess of revenues over expenditures	<u>5,987,883</u>	<u>1,261,446</u>	<u>8,372,585</u>	<u>7,111,139</u>	<u>8,959,309</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, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with Final Budget	2011
	Original	Final	Actual Amounts		Actual Amounts
Other financing sources (uses)					
Proceeds from sale of capital assets:					
Sale of real estate	\$ -	-	1,790,086	1,790,086	123,833
Total proceeds from sale of capital assets	-	-	1,790,086	1,790,086	123,833
Transfers in:					
Abandoned motor vehicles	50,000	50,000	50,000	-	50,000
Revenue in lieu of property taxes	4,111,057	4,111,057	4,111,057	-	3,901,595
Total transfers in	4,161,057	4,161,057	4,161,057	-	3,951,595
Transfers out:					
Cameron Park Zoo	(1,400,910)	(1,544,337)	(1,544,337)	-	(1,726,725)
Street improvement	(3,885,972)	(3,885,972)	(3,885,972)	-	(3,885,972)
Street CIP	-	(500,000)	(500,000)	-	-
Cottonwood Creek Golf Course	-	(1,186,724)	(1,186,724)	-	(143,202)
Airport services	(370,573)	(370,573)	(370,573)	-	(308,452)
Convention services	-	(116,337)	(116,337)	-	(362,139)
Health programs	(2,459,993)	(2,459,993)	(2,459,993)	-	(2,230,002)
Ranger Hall of Fame	(624,396)	(624,396)	(624,396)	-	(666,900)
Economic development incentive	(1,250,000)	-	-	-	-
Grant (housing demo - lot clearing)	(75,000)	(75,000)	(75,000)	-	(75,000)
2007 General obligation bonds	-	(425,108)	(425,108)	-	-
Grant (fire)	-	(152,897)	(145,767)	7,130	(93,720)
Grant (police)	(82,096)	(82,096)	(61,910)	20,186	(63,798)
Total transfers out	(10,148,940)	(11,423,433)	(11,396,117)	27,316	(9,555,910)
Total other financing sources (uses)	(5,987,883)	(7,262,376)	(5,444,974)	1,817,402	(5,480,482)
Net change in fund balances	-	(6,000,930)	2,927,611	8,928,541	3,478,827
Fund balances, beginning of year	34,720,577	34,720,577	34,720,577	-	31,241,750
Fund balances, end of year	\$ 34,720,577	28,719,647	37,648,188	8,928,541	34,720,577

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2012

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	Funds
Current assets:						
Cash and investments	\$ 27,506,623	15,980,100	9,990,138	1,486,819	54,963,680	12,138,661
Accounts receivable, net of allowances	5,587,266	2,692,879	2,154,644	404,636	10,839,425	2,585
Due from other funds	-	-	-	7,738	7,738	-
Intergovernmental receivable	-	-	-	3,020,615	3,020,615	-
Current portion of notes receivable	-	43,665	-	-	43,665	-
Restricted cash and investments	3,275,733	78,190	1,960	1,269	3,357,152	-
Accrued interest on notes receivable	-	3,896	-	-	3,896	-
Inventories	331,060	15,123	-	772,988	1,119,171	190,577
Total current assets	36,700,682	18,813,853	12,146,742	5,694,065	73,355,342	12,331,823
Noncurrent assets:						
Restricted cash and investments	13,052,162	11,293,813	280,311	72,692	24,698,978	-
Noncurrent portion of notes receivable	-	596,517	-	-	596,517	-
Advances to other funds	525,336	-	-	-	525,336	-
Deferred charges	878,686	449,271	77,117	-	1,405,074	-
Capital assets:						
Land	1,279,185	2,408,235	1,753,855	870,183	6,311,458	38,800
Buildings	9,526,184	11,527,603	1,370,137	59,329,837	81,753,761	535,145
Improvements other than buildings	265,533,474	115,739,272	23,936,392	51,892,724	457,101,862	118,289
Machinery and equipment	7,009,254	7,925,792	16,046,566	14,079,129	45,060,741	1,057,417
Museum collections	-	-	-	2,116,424	2,116,424	-
Construction work in progress	3,809,856	3,425,798	27,574	372,582	7,635,810	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	(94,030,942)	(40,892,673)	(28,390,334)	(48,053,012)	(211,366,961)	(1,254,958)
Total capital assets	225,609,890	100,134,027	14,744,190	80,607,867	421,095,974	494,693
Total noncurrent assets	240,066,074	112,473,628	15,101,618	80,680,559	448,321,879	494,693
Total assets	276,766,756	131,287,481	27,248,360	86,374,624	521,677,221	12,826,516
Liabilities						
Liabilities:						
Current liabilities						
Accounts payable	436,251	216,483	117,337	430,172	1,200,243	231,632
Accrued liabilities	749,459	433,924	257,429	967,160	2,407,972	304,856
Unearned revenue	-	-	-	1,060,496	1,060,496	-
Due to other funds	-	-	-	2,438,310	2,438,310	702,577
Compensated absences payable	619,765	409,690	343,161	433,814	1,806,430	264,182
Refundable contracts	522,558	50,000	-	-	572,558	-
Notes payable	66,515	-	-	-	66,515	-
Escrow funds	-	-	-	176,460	176,460	538
Bonds payable	7,218,324	3,848,721	905,000	-	11,972,045	-
Accrued interest payable	1,532,977	435,835	49,245	-	2,018,057	-
Estimated claims and judgments	-	-	-	-	-	3,063,074
Total current liabilities	11,145,849	5,394,653	1,672,172	5,506,412	23,719,086	4,566,859

(Continued)

City of Waco, Texas
Statement of Net Assets –
Proprietary Funds
(Continued)
September 30, 2012

	Business-type Activities - Enterprise Funds				Total	Governmental
	Water	Wastewater	Solid Waste	Other Funds		Activities - Internal Service Funds
Liabilities						
(Continued)						
Current liabilities payable from restricted assets:						
Accounts payable	\$ 728,012	78,190	1,960	1,269	809,431	-
Due to other funds	243,129	-	-	-	243,129	-
Customer deposits	2,304,592	-	-	-	2,304,592	-
	<u>3,275,733</u>	<u>78,190</u>	<u>1,960</u>	<u>1,269</u>	<u>3,357,152</u>	<u>-</u>
Total current liabilities	<u>14,421,582</u>	<u>5,472,843</u>	<u>1,674,132</u>	<u>5,507,681</u>	<u>27,076,238</u>	<u>4,566,859</u>
Noncurrent liabilities:						
Refundable contracts	1,103,263	142,542	-	-	1,245,805	-
Estimated landfill closure and post-closure care costs	-	-	4,052,246	-	4,052,246	-
Advances from other funds	-	-	-	742,092	742,092	-
Compensated absences payable	306,721	194,008	195,609	358,182	1,054,520	122,481
Net pension obligation	722,995	474,525	472,571	-	1,670,091	368,509
Bonds payable	131,436,918	57,692,161	6,104,383	-	195,233,462	-
Notes payable	16,967,906	-	-	-	16,967,906	-
Deferred interest payable	5,090,109	-	-	-	5,090,109	-
Total noncurrent liabilities	<u>155,627,912</u>	<u>58,503,236</u>	<u>10,824,809</u>	<u>1,100,274</u>	<u>226,056,231</u>	<u>490,990</u>
Total liabilities	<u>170,049,494</u>	<u>63,976,079</u>	<u>12,498,941</u>	<u>6,607,955</u>	<u>253,132,469</u>	<u>5,057,849</u>
Net Assets						
Net assets:						
Invested in capital assets, net of related debt	81,346,568	49,694,416	8,015,118	80,607,867	219,663,969	494,693
Restricted for capital projects	-	-	-	6,834	6,834	-
Unrestricted	25,370,694	17,616,986	6,734,301	(848,032)	48,873,949	7,273,974
Total net assets	<u>\$ 106,717,262</u>	<u>67,311,402</u>	<u>14,749,419</u>	<u>79,766,669</u>	<u>268,544,752</u>	<u>7,768,667</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, 2012

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Operating revenues:						
Charges for services	\$ 38,343,344	21,153,165	16,313,819	6,469,600	82,279,928	16,163,217
Net merchandise sales	-	-	-	756,448	756,448	-
Contributions	-	-	-	2,609	2,609	-
Other	408,848	389,605	217,915	1,186,596	2,202,964	16,749
Total operating revenues	<u>38,752,192</u>	<u>21,542,770</u>	<u>16,531,734</u>	<u>8,415,253</u>	<u>85,241,949</u>	<u>16,179,966</u>
Operating expenses:						
Salaries and wages	4,377,006	2,538,040	2,721,146	6,439,349	16,075,541	2,274,435
Employee benefits	1,872,253	1,046,291	1,383,846	2,142,894	6,445,284	897,552
Purchased professional/ technical services	899,763	703,283	1,375,694	1,666,414	4,645,154	1,633,886
Purchased property services	86,764	64,409	-	794,680	945,853	55,952
Maintenance	1,332,842	1,278,523	1,789,663	824,796	5,225,824	77,996
Other purchased services	914,082	259,951	120,142	952,573	2,246,748	827,667
Supplies	4,766,060	2,225,538	1,841,963	2,529,580	11,363,141	238,062
Other	3,745,300	2,904,910	2,350,393	1,105,426	10,106,029	11,346,117
Depreciation/amortization	8,734,301	3,990,260	3,987,971	5,130,264	21,842,796	99,626
Total operating expenses	<u>26,728,371</u>	<u>15,011,205</u>	<u>15,570,818</u>	<u>21,585,976</u>	<u>78,896,370</u>	<u>17,451,293</u>
Operating income (loss)	<u>12,023,821</u>	<u>6,531,565</u>	<u>960,916</u>	<u>(13,170,723)</u>	<u>6,345,579</u>	<u>(1,271,327)</u>
Nonoperating revenues (expenses):						
Investment earnings	99,600	64,610	28,534	3,822	196,566	33,855
Other income	7,470	-	-	281,835	289,305	-
Hotel/motel tax	-	-	-	1,897,865	1,897,865	-
Contributions	104,430	-	-	112,813	217,243	-
Intergovernmental revenue	-	-	3,760	3,042,762	3,046,522	-
Interest expense and fiscal charges	(6,582,688)	(2,623,134)	(283,436)	(12,791)	(9,502,049)	-
Total nonoperating revenues (expenses)	<u>(6,371,188)</u>	<u>(2,558,524)</u>	<u>(251,142)</u>	<u>5,326,306</u>	<u>(3,854,548)</u>	<u>33,855</u>
Income (loss) before contributions and transfers	5,652,633	3,973,041	709,774	(7,844,417)	2,491,031	(1,237,472)
Capital contributions	162,096	-	-	5,948,333	6,110,429	17,489
Transfers in	-	-	-	4,342,367	4,342,367	-
Transfers out	(3,061,151)	(759,950)	(289,956)	-	(4,111,057)	(733,003)
Changes in net assets	2,753,578	3,213,091	419,818	2,446,283	8,832,770	(1,952,986)
Total net assets, beginning 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>
Total net assets, end of year	<u>\$ 106,717,262</u>	<u>67,311,402</u>	<u>14,749,419</u>	<u>79,766,669</u>	<u>268,544,752</u>	<u>7,768,667</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2012

	Business-type Activities -					Governmental
	Enterprise Funds					Activities -
	Water	Wastewater	Solid Waste	Other Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 39,434,566	21,436,772	16,227,013	8,455,247	85,553,598	16,177,605
Cash paid to suppliers for goods and services	(11,949,079)	(7,268,732)	(7,289,097)	(7,520,588)	(34,027,496)	(14,921,479)
Cash paid to employees for services	(6,109,959)	(3,518,373)	(4,053,373)	(8,553,642)	(22,235,347)	(3,130,060)
Net cash provided by (used for) operating activities	<u>21,375,528</u>	<u>10,649,667</u>	<u>4,884,543</u>	<u>(7,618,983)</u>	<u>29,290,755</u>	<u>(1,873,934)</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	1,894,473	1,894,473	-
Intergovernmental revenue	-	-	3,760	3,177,186	3,180,946	-
Intergovernmental expense	-	-	-	(150,000)	(150,000)	-
Contributions	104,430	-	-	112,813	217,243	-
Passenger facility charges	-	-	-	232,527	232,527	-
Payments to other funds	-	-	-	(14,491)	(14,491)	-
Transfer from other funds	-	-	-	3,755,628	3,755,628	-
Transfer to other funds	(3,314,274)	(759,950)	(289,956)	-	(4,364,180)	(42,566)
Repayment of advances from other funds	-	-	-	(53,090)	(53,090)	-
Net cash provided by (used for) noncapital financing activities	<u>(3,209,844)</u>	<u>(759,950)</u>	<u>(286,196)</u>	<u>8,955,046</u>	<u>4,699,056</u>	<u>(42,566)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(4,096,398)	(5,193,470)	(3,995,507)	(4,528,975)	(17,814,350)	(67,092)
Proceeds from sale of debt	110,902	24,135	701	-	135,738	-
Capital contributions	-	489,286	-	3,234,445	3,723,731	-
Principal paid on debt	(7,558,752)	(4,055,906)	(875,000)	(130,000)	(12,619,658)	-
Interest paid on debt	(7,323,830)	(2,754,225)	(320,061)	(9,222)	(10,407,338)	-
Net cash provided by (used for) capital and related financing activities	<u>(18,868,078)</u>	<u>(11,490,180)</u>	<u>(5,189,867)</u>	<u>(1,433,752)</u>	<u>(36,981,877)</u>	<u>(67,092)</u>
Cash flows from investing activities:						
Rental revenue	7,470	-	-	-	7,470	-
Investment earnings	99,600	64,867	28,534	3,822	196,823	33,855
Other	-	-	-	49,308	49,308	-
Note payments from other entities	-	42,272	-	-	42,272	-
Net cash provided by investing activities	<u>107,070</u>	<u>107,139</u>	<u>28,534</u>	<u>53,130</u>	<u>295,873</u>	<u>33,855</u>
Net increase (decrease) in cash and cash equivalents	(595,324)	(1,493,324)	(562,986)	(44,559)	(2,696,193)	(1,949,737)
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u>\$ 43,834,518</u>	<u>27,352,103</u>	<u>10,272,409</u>	<u>1,560,780</u>	<u>83,019,810</u>	<u>12,138,661</u>

(Continued)

City of Waco, Texas
Statement of Cash Flows –
Proprietary Funds
(Continued)
Year Ended September 30, 2012

	Business-type Activities - Enterprise Funds				Total	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)	\$ 12,023,821	6,531,565	960,916	(13,170,723)	6,345,579	(1,271,327)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	60,411	27,844	19,771	-	108,026	-
Depreciation/amortization	8,734,301	3,990,260	3,987,971	5,130,264	21,842,796	99,626
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	621,963	(133,842)	(324,492)	30,206	193,835	(2,361)
Inventories	856	(4,752)	-	(85,233)	(89,129)	(53,962)
Deferred charges	(259,702)	(60,724)	-	-	(320,426)	-
Increase (decrease) in liabilities:						
Accounts payable	(102,603)	18,842	14,028	(95,556)	(165,289)	52,673
Accrued liabilities	10,002	213,849	(73,882)	173,191	323,160	(201,721)
Unearned revenue	-	-	-	299,633	299,633	-
Estimated landfill closure and post-closure care costs	-	-	253,041	-	253,041	-
Compensated absences payable	80,785	30,489	11,393	28,261	150,928	15,317
Net pension obligation	57,043	36,136	35,797	-	128,976	31,788
Customer deposits	148,651	-	-	-	148,651	-
Estimated claims and judgments	-	-	-	-	-	(543,967)
Escrow funds	-	-	-	70,974	70,974	-
Net cash provided by (used for) operating activities	<u>\$ 21,375,528</u>	<u>10,649,667</u>	<u>4,884,543</u>	<u>(7,618,983)</u>	<u>29,290,755</u>	<u>(1,873,934)</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	<u>\$ 162,096</u>	<u>-</u>	<u>-</u>	<u>2,824,275</u>	<u>2,986,371</u>	<u>17,489</u>
Payment to refunded bond escrow agent	<u>\$ 44,846,740</u>	<u>7,583,121</u>	<u>488,624</u>	<u>-</u>	<u>52,918,485</u>	<u>-</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Assets -
Agency Funds
September 30, 2012

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 1,456,143
Note receivable	<u>222,547</u>
Total assets	<u><u>\$ 1,678,690</u></u>
Liabilities	
Due to other agencies and individuals	\$ <u>1,678,690</u>
Total liabilities	<u><u>\$ 1,678,690</u></u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2012

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.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

Investments for the City, as well as for its component units, are reported at fair value. The City invests in local government investment pools (LGIPs) that were 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.

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)

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 6.43 percent of outstanding property taxes at September 30, 2012.

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.

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.

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)

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 \$9,797,172 for business-type activities. Of this amount, \$295,123 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

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. For governmental activities and proprietary funds, a liability is reported for a portion of accumulating sick leave

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 (continued)

when it is probable that the government will make termination payments. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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 a 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 the order of expenditures to be made from the most restrictive first when more than one classification is available. The order of spending available resources is as follows: restricted, committed, assigned, and unassigned.

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

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)

budgeted revenues. General fund unassigned fund balance at September 30, 2012 was 22.21% of fiscal year 2013 budgeted revenues.

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

	General Fund	Other Funds	Total
Fund balances:			
Nonspendable:			
Inventory	\$ 504,736	-	504,736
Real estate held for resale	6,160	40,061	46,221
Advances to other funds	48,388	168,368	216,756
Parks and cemetery care	-	475,431	475,431
Restricted for:			
Park improvements	365,900	-	365,900
Municipal information equipment	1,350	-	1,350
Debt service	-	230,130	230,130
Capital projects	-	23,348,990	23,348,990
Tax increment zone activities	-	14,565,233	14,565,233
Housing and community development	-	193,495	193,495
Public safety	-	2,314,311	2,314,311
Culture and recreation	-	1,194,942	1,194,942
Waco Public Improvement District	-	520,765	520,765
Committed to:			
Economic development	7,597,032		7,597,032
Capital projects	-	1,140,169	1,140,169
Public health	-	157,585	157,585
Assigned to:			
Capital improvements	3,838,635	-	3,838,635
Economic development	2,810,428	-	2,810,428
Housing and community development	45,000	-	45,000
Public safety	262,804	-	262,804
Public works	14,942	-	14,942
Culture and recreation	47,622	-	47,622
Other	120,684	-	120,684
Unassigned	21,984,507	-	21,984,507
	\$ 37,648,188	44,349,480	81,997,668

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. 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.

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 \$122,388,595 difference are as follows:

Capital lease	\$ 109,814
Serial bonds and certificates of obligation	94,763,097
Less: deferred charge on refunding (to be amortized as interest expense)	(763,665)
Less: deferred charge for issuance costs (to be amortized over life of debt)	(787,497)
Plus: issuance premium	1,471,251
Accrued interest payable	709,932
Compensated absences	16,227,668
Net pension obligation	9,544,515
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	<u>203,473</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 122,388,595</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 \$9,438,358 difference are as follows:

Capital outlay	\$ 23,025,544
Depreciation expense	<u>(13,587,186)</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>9,438,358</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 \$6,296,270 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>6,296,270</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>6,296,270</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 \$255,341 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	\$	(602,991)
Court fines		(144,416)
Property taxes		120,298
Intergovernmental		<u>882,450</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>255,341</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 \$3,574,186 difference are as follows:

Capital lease	\$	(145,351)
Debt issued or incurred:		
Issuance of general obligation and refunding debt		(9,945,000)
Plus: premium on issuance		(803,289)
Less: deferred charge on issuance costs		98,061
Principal repayments:		
General obligation debt		7,090,342
Capital lease		35,537
Payment to escrow agent for refunding		<u>7,243,886</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>3,574,186</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 \$(435,739) 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	\$ (29,378)
Compensated absences	229,054
Net pension obligation	(730,419)
Accrued interest	120,073
Amortization of deferred charge on refunding	(137,655)
Amortization of issuance costs	(106,255)
Amortization of bond premiums	<u>218,841</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>\$ (435,739)</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, 2012 are \$796,233 for the general fund and \$9,651,702 for other nonmajor funds.

B. Deficit Fund Equity

Deficit net assets in individual nonmajor funds at September 30, 2012 consist of the following:

		Invested in Capital Assets, Net of <u>Related Debt</u>	Unrestricted <u>Net Assets</u>	Total <u>Net Assets</u>
Nonmajor Enterprise Fund:				
Cottonwood Creek Golf Course	\$	1,142,853	(1,273,121)	(130,268)

The Cottonwood Creek Golf Course Fund is used to account for the City's golf course facility. Operations continue to be reviewed with emphasis on improving pro shop and concession operations. Total net assets have improved as compared to the prior year deficit net asset balance of \$(678,940).

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2012, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>	<u>Weighted Average Maturity (in years)</u>
Texas Local Government Investment Pool (TexPool)	\$ 3,039,352	7.47%	-
Texas Short-Term Asset Reserve (TexSTAR)	876,447	2.15%	-
Total local government investment pools	3,915,799	9.62%	-
U. S. Federal agency securities	36,776,180	90.38%	1.92
Total investments	\$ <u>40,691,979</u>	<u>100.00%</u>	1.73

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk

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

Credit Risk

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

- U. S. Treasury obligations
- Other obligations of the U. S. Government guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States.
- 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.
- 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.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

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, 2012 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	\$ 5,003,300	12.30%
Federal Home Loan Mortgage Corporation	13,182,882	32.40%
Federal National Mortgage Association	17,017,800	41.82%

Custodial Credit Risk

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

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

Reconciliation of Cash and Investments

Carrying amount of deposits and cash on hand	\$ 133,639,037
Carrying amount of investments	<u>40,691,979</u>
Total	<u>\$ 174,331,016</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Reconciliation of Cash and Investments (continued)

Cash and investments - governmental activities	\$ 89,063,714
Cash and investments - business-type activities	54,963,680
Restricted cash and investments - business-type activities	28,056,130
Component units	36,616
Agency funds	1,456,143
Other participants' undivided interest in WMARSS cash and investments	<u>754,733</u>
Total	<u>\$ 174,331,016</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. Federated Investors, Inc. provides asset management services to TexPool. Additionally, the Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool.

The advisory board members review the investment policy and management fee structure. TexPool uses amortized cost rather than 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 Fleming Asset Management 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 7,146,120	-	-	-	775,026	7,921,146
Accounts	14,122,784	7,218,737	3,757,816	3,526,053	632,687	29,258,077
Special assessments	-	-	-	-	30,359	30,359
Intergovernmental	883,592	-	-	-	5,039,587	5,923,179
Notes	2,000	-	640,182	-	7,119,365	7,761,547
Gross receivables	<u>22,154,496</u>	<u>7,218,737</u>	<u>4,397,998</u>	<u>3,526,053</u>	<u>13,597,024</u>	<u>50,894,308</u>
Less: allowance for uncollectibles	<u>10,586,228</u>	<u>1,631,471</u>	<u>1,064,937</u>	<u>1,371,409</u>	<u>4,396,291</u>	<u>19,050,336</u>
Net total receivables	<u>\$ 11,568,268</u>	<u>5,587,266</u>	<u>3,333,061</u>	<u>2,154,644</u>	<u>9,200,733</u>	<u>31,843,972</u>

In the general fund, \$882,450 of the intergovernmental receivable reported is not expected to be collected until fiscal year 2014.

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	\$ 60,411
Uncollectibles related to wastewater charges	27,844
Uncollectibles related to solid waste charges	<u>19,771</u>
Total uncollectibles of the current fiscal year	<u>\$ 108,026</u>

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund:			
Delinquent property taxes receivable	\$ 1,601,845	-	1,601,845
Notes receivable	2,000	-	2,000
Intergovernmental receivable	882,450	-	882,450
Other	589,465	1,057,434	1,646,899
General obligation debt fund:			
Delinquent property taxes receivable	513,715	-	513,715
Grant fund:			
Notes receivable	2,748,561	-	2,748,561
Grant drawdowns	-	4,911	4,911
Tax increment fund No. 1:			
Delinquent property taxes receivable	243,813	-	243,813
Waco Public Improvement District No. 1 fund:			
Special assessments	-	30,359	30,359
	<u>\$ 6,581,849</u>	<u>1,092,704</u>	<u>7,674,553</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>Primary Government</u>			
	<u>Balance October 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 42,724,047	519,470	-	43,243,517
Construction in progress	14,352,989	10,997,427	(6,868,599)	18,481,817
Total capital assets not being depreciated	<u>57,077,036</u>	<u>11,516,897</u>	<u>(6,868,599)</u>	<u>61,725,334</u>
Capital assets, being depreciated:				
Buildings	48,686,606	7,108,720	(180,354)	55,614,972
Machinery and equipment	38,619,890	7,301,636	(4,852,608)	41,068,918
Improvements other than buildings	43,818,853	10,613,535	(3,764,811)	50,667,577
Infrastructure	246,847,024	3,987,895	-	250,834,919
Total capital assets being depreciated	<u>377,972,373</u>	<u>29,011,786</u>	<u>(8,797,773)</u>	<u>398,186,386</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, 2012
	Balance October 1, 2011	Increases	Decreases	
<u>Governmental activities: (continued)</u>				
Less accumulated depreciation:				
Buildings	\$ 11,667,619	1,856,956	(178,570)	13,346,005
Machinery and equipment	26,699,020	2,939,961	(1,269,759)	28,369,222
Improvements other than buildings	21,662,460	2,502,245	(3,095,754)	21,068,951
Infrastructure	139,187,293	6,387,650	-	145,574,943
Total accumulated depreciation	<u>199,216,392</u>	<u>13,686,812</u>	<u>(4,544,083)</u>	<u>208,359,121</u>
 Total capital assets, being depreciated, net	 <u>178,755,981</u>	 <u>15,324,974</u>	 <u>(4,253,690)</u>	 <u>189,827,265</u>
 Total capital assets, net	 <u>\$ 235,833,017</u>	 <u>26,841,871</u>	 <u>(11,122,289)</u>	 <u>251,552,599</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 6,334,748	214	(23,504)	6,311,458
Construction work in progress	40,864,392	5,454,506	(38,683,088)	7,635,810
Museum collections	2,111,424	5,000	-	2,116,424
Total assets not being depreciated/amortized	<u>49,310,564</u>	<u>5,459,720</u>	<u>(38,706,592)</u>	<u>16,063,692</u>
 Capital assets, being depreciated/amortized:				
Buildings	62,063,534	19,690,227	-	81,753,761
Machinery and equipment	43,121,021	3,316,465	(1,376,745)	45,060,741
Improvements other than buildings	426,378,338	30,867,984	(144,460)	457,101,862
Water rights - impound fee	32,482,879	-	-	32,482,879
Total capital assets, being depreciated/amortized	<u>564,045,772</u>	<u>53,874,676</u>	<u>(1,521,205)</u>	<u>616,399,243</u>
 Less accumulated depreciation/amortization:				
Buildings	24,900,861	2,378,320	-	27,279,181
Machinery and equipment	25,005,475	4,272,406	(1,153,359)	28,124,522
Improvements other than buildings	134,819,639	14,265,250	(104,518)	148,980,371
Water rights - impound fee	6,056,067	926,820	-	6,982,887
Total accumulated deprecation/ amortization	<u>190,782,042</u>	<u>21,842,796</u>	<u>(1,257,877)</u>	<u>211,366,961</u>
 Total capital assets being depreciated/amortized, net	 <u>373,263,730</u>	 <u>32,031,880</u>	 <u>(263,328)</u>	 <u>405,032,282</u>
 Total capital assets, net	 <u>\$ 422,574,294</u>	 <u>37,491,600</u>	 <u>(38,969,920)</u>	 <u>421,095,974</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

Governmental activities:		
General government	\$	631,920
Public works		6,791,545
Public safety		2,595,382
Culture and recreation		3,597,730
Public health		66,835
Housing and community development		<u>3,400</u>
Total depreciation expense - governmental activities	\$	<u><u>13,686,812</u></u>
Business-type activities:		
Water	\$	8,734,301
Wastewater		3,990,260
Solid waste		3,987,971
Airport		1,719,104
Convention services		501,738
Ranger Hall of Fame		75,609
Cameron Park Zoo		1,237,836
Transit services		1,426,312
Cottonwood Creek Golf Course		<u>169,665</u>
Total depreciation/amortization expense - business-type activities	\$	<u><u>21,842,796</u></u>

Construction commitments

The City has active construction projects as of September 30, 2012. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Street projects	\$ 4,882,827	637,718
Water projects	3,809,856	2,044,424
Wastewater projects	3,425,798	2,379,003
Police projects	8,094,306	3,293,698
Parks projects	5,012,988	1,741,885
Other projects	<u>891,852</u>	<u>718,097</u>
Total	\$ <u><u>26,117,627</u></u>	<u><u>10,814,825</u></u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2012 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor business-type	Nonmajor governmental	\$ 7,738
General	Nonmajor governmental	1,001,378
General	Nonmajor business-type	2,438,310
Nonmajor governmental	Nonmajor governmental	6,177,468
Nonmajor governmental	Water	243,129
Nonmajor governmental	Internal service	702,577
Nonmajor governmental	General	974,471
		<u>\$ 11,545,071</u>

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

Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor business-type	\$ 48,388
Water	Nonmajor business-type	525,336
Nonmajor governmental	Nonmajor business-type	168,368
		<u>\$ 742,092</u>

A balance of \$48,388 due to the general fund from the airport fund, a nonmajor business-type fund, resulted from a loan for capital improvements. All remaining balances resulted from loans to Cottonwood Creek Golf Course fund made for operating and capital improvements since the City took over management responsibilities. Amounts are not expected to be paid within the next fiscal year.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Interfund transfers

	Transfer in			Total
	General	Nonmajor Governmental	Nonmajor Enterprise	
Transfers out:				
General	\$ -	7,553,750	3,842,367	11,396,117
Water	3,061,151	-	-	3,061,151
Wastewater	759,950	-	-	759,950
Solid waste	289,956	-	-	289,956
Nonmajor governmental	50,000	2,567,797	500,000	3,117,797
Internal service	-	733,003	-	733,003
Total transfers	<u>\$ 4,161,057</u>	<u>10,854,550</u>	<u>4,342,367</u>	<u>19,357,974</u>

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

In the year ended September 30, 2012, 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	\$ 3,061,151
Wastewater	759,950
Solid waste	289,956

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$656,526 for the year ended September 30, 2012. The future minimum lease payments for these leases are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases (continued)

Year Ending September 30,		
2013		\$ 542,906
2014		357,285
2015		149,998
Total		\$ 1,050,189

Capital Leases

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

The assets acquired through capital leases are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Governmental activities:			
Computer equipment	\$ <u>145,351</u>	<u>24,225</u>	<u>121,126</u>
Total	\$ <u><u>145,351</u></u>	<u><u>24,225</u></u>	<u><u>121,126</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, are as follows:

Year Ending September 30,	Governmental Activities
2013	\$ 49,938
2014	49,938
2015	12,485
Total minimum lease payments	112,361
Less: amount representing interest	2,547
Present value of minimum lease payments	\$ 109,814

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. The original amount of general obligation bonds issued in prior years was \$318,590,000.

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

Purpose	Interest Rates	Amount
Governmental activities	2.00% - 6.00%	\$ 80,255,000
Governmental activities - refunding	2.00% - 5.00%	14,508,097
Business-type activities	2.00% - 6.00%	133,475,000
Business-type activities - refunding	2.00% - 5.00%	71,111,903
		\$ 299,350,000

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 5,912,954	3,943,953	11,972,045	8,390,393
2014	5,285,143	3,701,231	11,304,858	7,968,560
2015	5,470,000	3,498,365	10,785,000	7,532,749
2016	5,625,000	3,285,477	10,895,000	7,087,206
2017	5,860,000	3,062,603	11,445,000	6,623,131
2018 - 2022	30,695,000	11,613,552	58,025,000	25,748,114
2023 - 2027	31,535,000	4,623,908	41,910,000	14,590,144
2028 - 2032	4,380,000	338,278	31,925,000	7,224,804
2033 - 2037	-	-	16,325,000	1,712,070
Total	\$ 94,763,097	34,067,367	204,586,903	86,877,171

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Advance Refunding

The government issued \$54,555,000 of general obligation refunding bonds to provide resources to purchase U. S. state and local government services securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$58,130,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$3,266,376. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty years by \$8,822,571 and resulted in an economic gain of \$7,167,472.

Prior year defeasance of bonds

In the current year and in prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City’s financial statements. On September 30, 2012, \$46,325,000 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
2013	\$ -	877,605
2014	-	877,605
2015	-	1,604,763
2016	-	1,604,763
2017	-	1,604,764

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

State participation loan (continued)

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018 - 2022	\$ 655,000	7,296,659
2023 - 2027	3,875,000	3,773,646
2028 - 2032	5,150,000	2,503,382
2033 - 2036	<u>5,320,000</u>	<u>804,090</u>
	<u>\$ 15,000,000</u>	<u>20,947,277</u>

Note payable

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

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 66,515	87,247
2014	69,469	84,293
2015	72,555	81,208
2016	75,777	77,986
2017	79,142	74,620
2018 - 2022	451,661	317,149
2023 - 2027	230,432	235,477
2028- 2032	203,663	194,247
2033 - 2037	253,088	144,822
2038 - 2042	314,507	83,403
2043 - 2045	<u>217,611</u>	<u>14,502</u>
Total	<u>\$ 2,034,420</u>	<u>1,394,954</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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, 2012.

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

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

Refundable contracts

The City maintains a policy of refunding to subdivision developers certain costs for the construction of water and wastewater improvements and streets and drainage facilities, applicable to single family housing developments. The policy was created to encourage the construction of single family residences within the corporate limits of the City. Amounts under contract which have not yet been refunded of \$1,898,379 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, 2012 was as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Changes in long-term liabilities (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 98,924	9,945	14,106	94,763	5,913
Plus: premium on bonds	908	803	240	1,471	-
Less: deferred amount on refundings	(590)	(311)	(138)	(763)	-
Total bonds payable	<u>99,242</u>	<u>10,437</u>	<u>14,208</u>	<u>95,471</u>	<u>5,913</u>
Capital leases	-	145	35	110	48
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	3,607	12,285	12,829	3,063	3,063
Compensated absences	16,828	8,325	8,539	16,614	10,199
Net pension obligation	9,151	1,313	551	9,913	-
Net OPEB obligation	174	88	59	203	-
Total long-term liabilities	<u>30,670</u>	<u>22,156</u>	<u>22,013</u>	<u>30,813</u>	<u>13,310</u>
Governmental activity long-term liabilities	<u>\$ 129,912</u>	<u>32,593</u>	<u>36,221</u>	<u>126,284</u>	<u>19,223</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 220,230	48,090	63,733	204,587	11,972
Plus: premium on bonds	1,709	4,801	870	5,640	-
Less: deferred amount on refundings	(1,218)	(2,101)	(299)	(3,020)	-
Total bonds payable	<u>220,721</u>	<u>50,790</u>	<u>64,304</u>	<u>207,207</u>	<u>11,972</u>
State participation loan	15,000	-	-	15,000	-
Note payable	2,098	-	64	2,034	67
Compensated absences	2,710	1,958	1,807	2,861	1,806
Net pension obligation	1,541	221	92	1,670	-
Refundable contracts	1,809	546	537	1,818	573
Deferred interest payable	5,090	-	-	5,090	-
Estimated landfill closure and post-closure care costs	3,799	253	-	4,052	-
Total long-term liabilities	<u>32,047</u>	<u>2,978</u>	<u>2,500</u>	<u>32,525</u>	<u>2,446</u>
Business-type activity long-term liabilities	<u>\$ 252,768</u>	<u>53,768</u>	<u>66,804</u>	<u>239,732</u>	<u>14,418</u>

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Changes in long-term liabilities (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$386,663, \$368,509, and \$3,063,074 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, other post-employment benefits, 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	\$ 2,304,592
Bond construction account	25,677,577
Capital grants and contributions	<u>73,961</u>
Total restricted assets	<u>\$ 28,056,130</u>

H. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City has established the insurance fund and health insurance fund (internal services funds) to account for and finance its risk management activities. All funds participate in these programs and make payments to these funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish reserves for catastrophe losses. The reserves for catastrophic losses were approximately \$7,000,000 at September 30, 2012.

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

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 non-civil service workers' compensation claim and \$500,000 for each civil service 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, \$367,688,616 aggregate for real and personal property, \$12,427,050 aggregate for mobile equipment and \$5,000,000 per accident for boiler and machinery.

Effective January 1, 2006, the City began to self-insure for health insurance claims. Beginning October 1, 2011, 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 \$1,850,000 and for the first \$2,000,000 of annual aggregate claims in excess of 125% of expected claims.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

There have been no claim settlements in excess of the insurance coverages that have been procured in 2012, 2011, or 2010. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of fiscal year	\$ 3,607	4,737
Incurred claims (including IBNRs)	12,285	11,483
Claim payments	<u>(12,829)</u>	<u>(12,613)</u>
Unpaid claims, end of fiscal year	<u>\$ 3,063</u>	<u>3,607</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.

Additionally, the City Council has approved \$2,434,147 to be refunded to subdivision developers for certain costs for the construction of water and wastewater improvements once applicable contract requirements are met.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Commitments (continued)

In August 2012, the City Council approved an amendment to the project/financing plan for reinvestment zone number one to provide partial funding via a grant of up to \$35,060,340 to assist with infrastructure improvements for the new Baylor Community Events/Stadium Complex. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one over a ten-year period as follows:

2013	\$ 8,006,034
2014	3,006,034
2015	3,006,034
2016	3,006,034
2017	3,006,034
2018	3,006,034
2019	3,006,034
2020	3,006,034
2021	3,006,034
2022	3,006,034

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. An optional \$5,000 in life insurance is available at the retiree's expense. According to the City's personnel policy, retirees who have retired under the Texas Municipal Retirement System 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 recognition of the cost of 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

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

Type of benefit	Life insurance only
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 as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.0% per annum

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 accrual that is projected to recognize the 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:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Reconciliation of Net Other Post-employment Benefit Obligation

	2012	2011	2010
Annual Required Contribution (ARC)	\$ 87,571	92,976	92,976
Interest on OPEB obligation	7,834	5,754	3,545
Adjustment to the ARC (amortization)	<u>(7,258)</u>	<u>(7,679)</u>	<u>(4,731)</u>
Annual OPEB cost	88,147	91,051	91,790
Contributions made	<u>(58,769)</u>	<u>(44,832)</u>	<u>(42,701)</u>
Increase in net OPEB obligation	29,378	46,219	49,089
Net OPEB obligation, beginning of year	<u>174,095</u>	<u>127,876</u>	<u>78,787</u>
 Net OPEB obligation, end of year	 <u>\$ 203,473</u>	 <u>174,095</u>	 <u>127,876</u>

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, 2012 and the preceding two fiscal years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2012	\$ 88,147	58,769	66.7%	\$ 203,473
September 30, 2011	91,051	44,832	49.2%	\$ 174,095
September 30, 2010	91,790	42,701	46.5%	127,876

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.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ -	1,646,618	1,646,618	0%	67,309,969	2.4%
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%

Under the reporting parameters, the City's retiree life insurance plan is 0% funded with an estimated actuarial accrual liability exceeding actuarial assets by \$1,646,618

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 2.4%

L. Pension Plans – Primary Government

Deferred compensation plan

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

Defined benefit plan – Texas Municipal Retirement System

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained 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
Updated service credit	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI (ad hoc)

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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.

Beginning with December 31, 2007 valuation, TMRS utilizes the Projected Unit Credit actuarial cost method which facilitates advance funding for future updated service credits and annuity increases. This method generally results in higher required contributions and lower funded ratios. To assist in this transition to higher rates, TMRS approved an optional eight-year phase-in period beginning in 2009, which allows the City the opportunity to increase their contributions gradually (approximately 12.5% each year) to their required contribution rate. The City Council approved a plan change to turn off annually repeating annuity increases for retirees effective January 1, 2012. This plan change reduced the City's contribution rate and eliminated the phase-in rate.

Reconciliation of Net Pension Obligation

	2012	2011	2010
Annual Required Contribution (ARC)	\$ 11,186,956	16,443,862	16,643,571
Interest on net pension obligation	748,435	532,155	215,223
Adjustment to the ARC	(643,355)	(440,298)	(175,223)
Annual pension cost	11,292,036	16,535,719	16,683,571
Contributions made	(10,400,853)	(12,939,192)	(12,457,801)
Increase in net pension obligation	891,183	3,596,527	4,225,770
Net pension obligation, beginning of year	10,691,932	7,095,405	2,869,635
Net pension obligation, end of year	\$ 11,583,115	10,691,932	7,095,405

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Annual Required Contribution Rate</u>
2012	\$ 11,292,035	92%	\$ 11,583,115	14.04%
2011	16,535,719	78%	10,691,932	24.47%
2010	16,683,571	75%	7,095,405	24.05%

The required contribution rate for fiscal year 2012 was determined as part of the December 31, 2009 and 2010 actuarial valuations. The actuarial assumptions at December 31, 2009 and 2010 follow, along with additional information as of the latest actuarial valuation, December 31, 2011:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	28.1 years; closed period	26.5 years; closed period	24.3 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return*	7.5%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

The funded status as of December 31, 2011 and the preceding two years is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12-31-2009	163,485,757	298,082,660	54.8%	134,596,903	66,925,539	201.1%
12-31-2010	286,038,376	342,006,589	83.6%	55,968,213	67,622,089	82.8%
12-31-2011	307,003,573	354,381,011	86.6%	47,377,438	67,309,969	70.4%

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.

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 \$180,985 at September 30, 2012.

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)

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:

2012	\$ 48,564
2011	52,164
2010	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 \$4,052,246 as of September 30, 2012, which is based on 64.4% usage (filled) of the landfill. It is estimated that an additional \$2,236,661 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 (\$6,288,907) 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, 2012. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

O. Conduit Debt Obligations

From time to time, Central Waco Development Corporation and Waco Health Facilities Development Corporation have issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial and health facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage debt. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issue. Neither Central Waco Development Corporation, Waco Health Facilities Development Corporation, the City, nor any political subdivision thereof is obligated

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

O. Conduit Debt Obligations (continued)

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, 2012, there are nine series of industrial revenue bonds outstanding. The aggregate principal amount payable for the seven series issued after July 1, 1995 was \$283,285,000. The aggregate principal amount payable for the two series issued prior to July 1, 1995 could not be readily determined; however, their original issue amounts totaled \$4,850,000.

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, 2012, such special assessment debt outstanding totaled \$1,464,000.

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. The City's undivided interest in the System as of September 30, 2012 was 75.272% as a result of certain capacity expansion improvements completed during 2012.

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, 2012, \$640,182 of principal remained outstanding on these loans.

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)

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	\$ 5,708,217
Capital assets	34,207,190
Current liabilities	(682,185)
Noncurrent liabilities	<u>(186,079)</u>
Net assets	\$ <u>39,047,143</u>
Operating revenue	\$ 357,366
Operating expenses	(5,761,918)
Non-operating revenue	<u>31,776</u>
Change in net assets	\$ <u>(5,372,776)</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.

S. Subsequent Events

In January 2013, the City Council passed an ordinance authorizing the issuance of up to \$52 million of general obligation refunding bonds to refund \$27 million par value of the City's combination tax and revenue certificates of obligation and \$20 million of principal and deferred interest related to a 2002 Texas Water Development Board state participation loan.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

S. Subsequent Events (continued)

Additionally, in January 2013, the City Council passed an ordinance authorizing the issuance of up to \$13 million of combination tax and revenue certificates of obligation to fund capital expenditures for general government, water system and wastewater system purposes.

T. Authoritative Pronouncements 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.

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

T. Authoritative Pronouncements Not Yet Effective (continued)

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.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (issued March 2012) – The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* (issued June 2012) – the objective of this statement is to improve financial reporting by state and local governmental pension plans by establishing standards of reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* – (issued June 2012) – the objective of this statement is to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014.



**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	2012	2011
Assets		
Cash and investments	\$ 31,799,675	27,254,715
Accounts receivable, net of allowance	3,707,607	4,381,016
Taxes receivable, net of allowance	6,975,069	6,644,943
Notes receivable	2,000	3,000
Due from other funds	3,439,688	4,026,440
Intergovernmental receivable	883,592	6,003
Advances to other funds	48,388	683,391
Inventory	504,736	529,830
Real estate held for resale	6,160	6,160
	\$ 47,366,915	43,535,498
Liabilities		
Liabilities:		
Accounts payable	\$ 1,201,031	1,149,787
Accrued liabilities	2,951,461	4,058,962
Deferred revenue	4,133,194	3,146,975
Due to other funds	974,471	-
Deposits	237,270	270,467
Escrow funds	221,300	188,730
Total liabilities	9,718,727	8,814,921
Fund Balances		
Nonspendable:		
Advances to other funds	48,388	683,391
Inventory	504,736	529,830
Real estate held for resale	6,160	6,160
Restricted for:		
Municipal information equipment	1,350	-
Park improvements	365,900	-
Committed to:		
Economic development	7,597,032	8,394,212
Culture and recreation	-	2,500,000
Assigned to:		
Capital improvements	3,838,635	2,061,231
Economic development	2,810,428	1,137,659
Housing and community development	45,000	1,040,666
Public works	14,942	-
Public safety	262,804	297,238
Culture and recreation	47,622	151,913
Other	120,684	67,868
Unassigned	21,984,507	17,850,409
Total fund balances	37,648,188	34,720,577
Total liabilities and fund balances	\$ 47,366,915	43,535,498

City of Waco, Texas
General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2012 and 2011

	2012	2011
Revenues:		
Taxes	\$ 67,712,642	65,587,020
Business and occupation fees	13,682,123	13,587,115
Permits, licenses and fees	930,770	789,302
Fines	1,565,721	1,729,398
Charges for services	1,501,983	1,779,213
Investment earnings	121,240	119,659
Contributions	219,577	310,827
Intergovernmental	1,497,372	1,390,686
Other	8,533,937	8,099,146
Total revenues	95,765,365	93,392,366
Expenditures:		
General government	16,953,813	15,550,216
Public works	1,863,173	1,791,523
Public safety	53,938,989	54,524,611
Culture and recreation	14,503,772	12,438,048
Housing and community development	133,033	128,659
Total expenditures	87,392,780	84,433,057
Excess of revenues over expenditures	8,372,585	8,959,309
Other financing sources (uses):		
Proceeds from sale of capital assets	1,790,086	123,833
Transfers in	4,161,057	3,951,595
Transfers out	(11,396,117)	(9,555,910)
Total other financing sources (uses)	(5,444,974)	(5,480,482)
Net change in fund balances	2,927,611	3,478,827
Fund balances, beginning of year	34,720,577	31,241,750
Fund balances, end of year	\$ 37,648,188	34,720,577

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, 2012
(With Comparative Totals for September 30, 2011)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2012	2011
Assets						
Cash and investments	\$ 17,276,184	212,632	27,161,131	475,431	45,125,378	57,361,141
Accounts receivable, net of allowances	197,554	-	2,425	-	199,979	225,925
Special assessments receivable	30,359	-	-	-	30,359	30,947
Taxes receivable	243,813	531,213	-	-	775,026	719,734
Notes receivable	2,748,561	-	-	-	2,748,561	3,350,552
Due from other funds	1,522,173	-	6,575,472	-	8,097,645	6,906,990
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	2,016,733	-	2,239	-	2,018,972	2,362,768
Real estate held for resale	40,061	-	-	-	40,061	40,061
Total assets	\$ 24,075,438	743,845	33,909,635	475,431	59,204,349	71,166,486
Liabilities						
Accounts payable	\$ 444,810	-	1,385,257	-	1,830,067	872,964
Accrued liabilities	450,432	-	1,801,645	-	2,252,077	1,696,156
Deferred revenue	3,027,644	513,715	-	-	3,541,359	4,080,149
Due to other funds	1,121,378	-	6,065,206	-	7,186,584	8,121,301
Escrow funds	44,782	-	-	-	44,782	77,598
Total liabilities	5,089,046	513,715	9,252,108	-	14,854,869	14,848,168
Fund Balances						
Nonspendable:						
Parks and cemetery care	-	-	-	475,431	475,431	474,415
Real estate held for resale	40,061	-	-	-	40,061	40,061
Advances to other funds	-	-	168,368	-	168,368	168,368
Restricted for:						
Debt service	-	230,130	-	-	230,130	373,263
Capital projects	-	-	23,348,990	-	23,348,990	38,873,017
Tax increment zone activities	14,565,233	-	-	-	14,565,233	12,411,165
Housing and community development						
	193,495	-	-	-	193,495	175,114
Public safety	2,314,311	-	-	-	2,314,311	1,439,842
Culture and recreation	1,194,942	-	-	-	1,194,942	1,186,432
Waco Public Improvement District						
	520,765	-	-	-	520,765	413,153
Committed to:						
Capital projects	-	-	1,140,169	-	1,140,169	860,764
Public health	157,585	-	-	-	157,585	-
Unassigned	-	-	-	-	-	(97,276)
Total fund balances	18,986,392	230,130	24,657,527	475,431	44,349,480	56,318,318
Total liabilities and fund balances	\$ 24,075,438	743,845	33,909,635	475,431	59,204,349	71,166,486

See accompanying independent auditors' report.

City of Waco, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2012	2011
Revenues:						
Taxes	\$ 5,301,027	10,726,324	-	-	16,027,351	15,548,508
Permits, licenses and fees	1,138,595	-	-	-	1,138,595	892,851
Fines	81,640	-	-	-	81,640	86,020
Investment earnings	43,636	3,464	156,517	1,016	204,633	320,570
Contributions	-	-	50,000	-	50,000	40,000
Intergovernmental	8,054,656	-	73,169	-	8,127,825	9,610,675
Program income	608,810	-	-	-	608,810	521,371
Other	632,681	-	-	-	632,681	609,962
Total revenues	15,861,045	10,729,788	279,686	1,016	26,871,535	27,629,957
Expenditures:						
Current:						
General government	2,927,357	-	-	-	2,927,357	2,517,349
Public works	187,983	-	-	-	187,983	962,126
Public safety	1,204,294	-	-	-	1,204,294	1,838,415
Culture and recreation	270,009	-	-	-	270,009	494,219
Housing and community development	3,336,270	-	-	-	3,336,270	3,192,714
Public health	6,993,107	-	-	-	6,993,107	7,155,606
Capital outlay	-	-	23,954,367	-	23,954,367	20,198,033
Debt service:						
Principal	-	7,090,342	-	-	7,090,342	6,967,663
Interest and fiscal charges	-	4,194,170	-	-	4,194,170	4,192,140
Bond issuance costs	-	68,981	-	-	68,981	500
Total expenditures	14,919,020	11,353,493	23,954,367	-	50,226,880	47,518,765
Deficiency of revenues under expenditures	942,025	(623,705)	(23,674,681)	1,016	(23,355,345)	(19,888,808)
Other financing sources (uses):						
Refunding bonds issued	-	6,465,000	-	-	6,465,000	-
Payment to refunded bond escrow agent	-	(7,243,886)	-	-	(7,243,886)	-
Premium on refunding bonds	-	792,695	-	-	792,695	-
General obligation bonds issued	-	16,915	3,463,085	-	3,480,000	7,285,000
Premium on general obligation bonds	-	51	10,543	-	10,594	54,583
Capital leases	-	-	145,351	-	145,351	-
Transfers in	3,595,673	449,797	6,809,080	-	10,854,550	8,830,083
Transfers out	(1,119,797)	-	(1,998,000)	-	(3,117,797)	(2,491,591)
Total other financing sources (uses)	2,475,876	480,572	8,430,059	-	11,386,507	13,678,075
Net change in fund balances	3,417,901	(143,133)	(15,244,622)	1,016	(11,968,838)	(6,210,733)
Fund balances, beginning of year	15,568,491	373,263	39,902,149	474,415	56,318,318	62,529,051
Fund balances, end of year	\$ 18,986,392	230,130	24,657,527	475,431	44,349,480	56,318,318

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, 2012
(With Comparative Totals for September 30, 2011)

	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	\$ 13,099,417	1,533,578	64,047	-	345,121	528,570
Accounts receivable, net of allowances	-	-	-	32,609	164,945	-
Special assessments receivable	-	-	-	-	-	30,359
Taxes receivable	243,813	-	-	-	-	-
Notes receivable	-	-	-	-	2,748,561	-
Intergovernmental receivable	17,437	-	-	942,898	1,056,398	-
Due from other funds	-	-	-	-	1,522,173	-
Real estate held for resale	-	-	-	-	40,061	-
Total assets	\$ 13,360,667	1,533,578	64,047	975,507	5,877,259	558,929
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ 149,031	215	-	136,363	146,425	7,805
Accrued liabilities	-	-	-	93,040	357,392	-
Deferred revenue	243,813	-	-	-	2,753,472	30,359
Due to other funds	-	-	-	543,737	577,641	-
Escrow funds	-	-	-	44,782	-	-
Total liabilities	392,844	215	-	817,922	3,834,930	38,164
Fund Balances						
Nonspendable:						
Real estate held for resale	-	-	-	-	40,061	-
Restricted for:						
Tax increment zone activities	12,967,823	1,533,363	64,047	-	-	-
Housing and community development	-	-	-	-	193,495	-
Public safety	-	-	-	-	658,011	-
Culture and recreation	-	-	-	-	1,150,762	-
Waco Public Improvement District	-	-	-	-	-	520,765
Committed to:						
Public health	-	-	-	157,585	-	-
Unassigned deficit	-	-	-	-	-	-
Total fund balances	12,967,823	1,533,363	64,047	157,585	2,042,329	520,765
Total liabilities and fund balances	\$ 13,360,667	1,533,578	64,047	975,507	5,877,259	558,929

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	
						2012	2011
536,068	208,718	492,642	423,843	8,795	35,385	17,276,184	14,877,304
-	-	-	-	-	-	197,554	223,800
-	-	-	-	-	-	30,359	30,947
-	-	-	-	-	-	243,813	187,303
-	-	-	-	-	-	2,748,561	3,350,552
-	-	-	-	-	-	2,016,733	759,564
-	-	-	-	-	-	1,522,173	2,077,827
-	-	-	-	-	-	40,061	40,061
<u>536,068</u>	<u>208,718</u>	<u>492,642</u>	<u>423,843</u>	<u>8,795</u>	<u>35,385</u>	<u>24,075,438</u>	<u>21,547,358</u>
1,046	2,280	1,120	525	-	-	444,810	662,257
-	-	-	-	-	-	450,432	154,461
-	-	-	-	-	-	3,027,644	3,573,713
-	-	-	-	-	-	1,121,378	1,510,838
-	-	-	-	-	-	44,782	77,598
<u>1,046</u>	<u>2,280</u>	<u>1,120</u>	<u>525</u>	<u>-</u>	<u>-</u>	<u>5,089,046</u>	<u>5,978,867</u>
-	-	-	-	-	-	40,061	40,061
-	-	-	-	-	-	14,565,233	12,411,165
-	-	-	-	-	-	193,495	175,114
535,022	206,438	491,522	423,318	-	-	2,314,311	1,439,842
-	-	-	-	8,795	35,385	1,194,942	1,186,432
-	-	-	-	-	-	520,765	413,153
-	-	-	-	-	-	157,585	-
-	-	-	-	-	-	-	(97,276)
<u>535,022</u>	<u>206,438</u>	<u>491,522</u>	<u>423,318</u>	<u>8,795</u>	<u>35,385</u>	<u>18,986,392</u>	<u>15,568,491</u>
<u>536,068</u>	<u>208,718</u>	<u>492,642</u>	<u>423,843</u>	<u>8,795</u>	<u>35,385</u>	<u>24,075,438</u>	<u>21,547,358</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	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	\$ 4,923,482	80,396	314	-	-	296,835
Permits, licenses and fees	-	-	-	869,696	-	-
Fines	-	-	-	-	-	-
Investment earnings	36,662	4,212	178	150	-	1,569
Intergovernmental	538,527	5,907	23	3,192,553	4,317,646	-
Program income	-	-	-	327,061	281,749	-
Other	-	-	-	398,515	81,977	-
Total revenues	<u>5,498,671</u>	<u>90,515</u>	<u>515</u>	<u>4,787,975</u>	<u>4,681,372</u>	<u>298,404</u>
Expenditures:						
Current:						
General government	2,485,620	216	-	-	250,729	190,792
Public works	-	-	-	-	187,983	-
Public safety	-	-	-	-	982,710	-
Culture and recreation	-	-	-	-	268,360	-
Housing and community development	-	-	-	-	3,336,270	-
Public health	-	-	-	6,993,107	-	-
Total expenditures	<u>2,485,620</u>	<u>216</u>	<u>-</u>	<u>6,993,107</u>	<u>5,026,052</u>	<u>190,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,013,051</u>	<u>90,299</u>	<u>515</u>	<u>(2,205,132)</u>	<u>(344,680)</u>	<u>107,612</u>
Other financing sources (uses):						
Transfers in	-	-	-	2,459,993	1,135,680	-
Transfers out	(949,797)	-	-	-	(120,000)	-
Total other financing sources (uses)	<u>(949,797)</u>	<u>-</u>	<u>-</u>	<u>2,459,993</u>	<u>1,015,680</u>	<u>-</u>
Net change in fund balances	2,063,254	90,299	515	254,861	671,000	107,612
Fund balances (deficit), beginning 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>
Fund balances, end of year	<u>\$ 12,967,823</u>	<u>1,533,363</u>	<u>64,047</u>	<u>157,585</u>	<u>2,042,329</u>	<u>520,765</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	
						2012	2011
-	-	-	-	-	-	5,301,027	4,939,553
268,899	-	-	-	-	-	1,138,595	854,166
-	-	34,999	46,641	-	-	81,640	86,020
-	434	-	-	53	378	43,636	36,178
-	-	-	-	-	-	8,054,656	9,151,666
-	-	-	-	-	-	608,810	560,056
-	152,189	-	-	-	-	632,681	609,962
<u>268,899</u>	<u>152,623</u>	<u>34,999</u>	<u>46,641</u>	<u>53</u>	<u>378</u>	<u>15,861,045</u>	<u>16,237,601</u>
-	-	-	-	-	-	2,927,357	2,517,349
-	-	-	-	-	-	187,983	962,126
1,859	161,398	7,939	50,388	-	-	1,204,294	1,838,415
-	-	-	-	-	1,649	270,009	494,219
-	-	-	-	-	-	3,336,270	3,192,714
-	-	-	-	-	-	6,993,107	7,155,606
<u>1,859</u>	<u>161,398</u>	<u>7,939</u>	<u>50,388</u>	<u>-</u>	<u>1,649</u>	<u>14,919,020</u>	<u>16,160,429</u>
<u>267,040</u>	<u>(8,775)</u>	<u>27,060</u>	<u>(3,747)</u>	<u>53</u>	<u>(1,271)</u>	<u>942,025</u>	<u>77,172</u>
-	-	-	-	-	-	3,595,673	3,272,845
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,119,797)</u>	<u>(509,217)</u>
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,475,876</u>	<u>2,763,628</u>
217,040	(8,775)	27,060	(3,747)	53	(1,271)	3,417,901	2,840,800
<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>535,022</u>	<u>206,438</u>	<u>491,522</u>	<u>423,318</u>	<u>8,795</u>	<u>35,385</u>	<u>18,986,392</u>	<u>15,568,491</u>



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ 13,099,417	11,054,542
Accounts receivable, net of allowance	-	21,539
Intergovernmental receivable	17,437	
Taxes receivable	<u>243,813</u>	<u>187,303</u>
 Total assets	 \$ <u><u>13,360,667</u></u>	 <u><u>11,263,384</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 149,031	171,512
Deferred revenue	<u>243,813</u>	<u>187,303</u>
 Total liabilities	 <u>392,844</u>	 <u>358,815</u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	<u>12,967,823</u>	<u>10,904,569</u>
 Total fund balances	 <u>12,967,823</u>	 <u>10,904,569</u>
 Total liabilities and fund balances	 \$ <u><u>13,360,667</u></u>	 <u><u>11,263,384</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Property taxes	\$ 4,851,562	4,562,760
Interest and penalty on taxes	71,920	19,193
Investment earnings	36,662	29,561
Intergovernmental	538,527	317,640
Total revenues	<u>5,498,671</u>	<u>4,929,154</u>
Expenditures:		
General government:		
Purchased professional/technical services	2,256,470	1,925,900
Capital outlay	229,150	77,390
Total expenditures	<u>2,485,620</u>	<u>2,003,290</u>
Excess of revenues over expenditures	<u>3,013,051</u>	<u>2,925,864</u>
Other financing uses:		
Transfers out	<u>(949,797)</u>	<u>(459,217)</u>
Total other financing uses	<u>(949,797)</u>	<u>(459,217)</u>
Net change in fund balances	2,063,254	2,466,647
Fund balances, beginning of year	<u>10,904,569</u>	<u>8,437,922</u>
Fund balances, end of year	<u>\$ 12,967,823</u>	<u>10,904,569</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>1,533,578</u>	<u>1,443,064</u>
Total assets	\$ <u><u>1,533,578</u></u>	<u><u>1,443,064</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>215</u>	<u>-</u>
Total liabilities	<u>215</u>	<u>-</u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	<u>1,533,363</u>	<u>1,443,064</u>
Total fund balances	<u>1,533,363</u>	<u>1,443,064</u>
Total liabilities and fund balances	\$ <u><u>1,533,578</u></u>	<u><u>1,443,064</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Property taxes	\$ 80,396	77,963
Investment earnings	4,212	4,141
Intergovernmental	5,907	5,607
Total revenues	<u>90,515</u>	<u>87,711</u>
Expenditures:		
General government:		
Purchased professional/technical services	<u>216</u>	<u>-</u>
Total expenditures	<u>216</u>	<u>-</u>
Net change in fund balances	90,299	87,711
Fund balances, beginning of year	<u>1,443,064</u>	<u>1,355,353</u>
Fund balances, end of year	<u><u>\$ 1,533,363</u></u>	<u><u>1,443,064</u></u>

See accompanying independent auditors' report.



Tax Increment Fund No. 3

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>64,047</u>	<u>63,532</u>
Total assets	\$ <u><u>64,047</u></u>	<u><u>63,532</u></u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	\$ <u>64,047</u>	<u>63,532</u>
Total fund balances	\$ <u><u>64,047</u></u>	<u><u>63,532</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Property taxes	\$ 314	315
Investment earnings	178	169
Intergovernmental	<u>23</u>	<u>23</u>
Total revenues	<u>515</u>	<u>507</u>
Expenditures:		
General government	<u>-</u>	<u>-</u>
Net change in fund balances	515	507
Fund balances, beginning of year	<u>63,532</u>	<u>63,025</u>
Fund balances, end of year	<u><u>\$ 64,047</u></u>	<u><u>63,532</u></u>

See accompanying independent auditors' report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Accounts receivable, net of allowance	\$ 32,609	45,888
Intergovernmental receivable	<u>942,898</u>	<u>581,012</u>
 Total assets	 <u><u>\$ 975,507</u></u>	 <u><u>626,900</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 136,363	73,432
Accrued liabilities	93,040	84,638
Escrow funds	44,782	77,598
Due to other funds	<u>543,737</u>	<u>488,508</u>
 Total liabilities	 <u>817,922</u>	 <u>724,176</u>
Fund Balance (Deficit)		
Fund balance (deficit):		
Committed to:		
Public health	157,585	-
Unassigned deficit	<u>-</u>	<u>(97,276)</u>
 Total fund balance (deficit)	 <u>157,585</u>	 <u>(97,276)</u>
 Total liabilities and fund balance (deficit)	 <u><u>\$ 975,507</u></u>	 <u><u>626,900</u></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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Permits, licenses and fees	\$ 869,696	744,074
Intergovernmental	3,192,553	3,079,532
Program income	327,061	384,327
Investment earnings	150	-
Other	398,515	388,018
Total revenues	<u>4,787,975</u>	<u>4,595,951</u>
Expenditures:		
Public health:		
Health and administrative services	1,839,322	1,977,164
Environmental health services	426,290	407,399
Dental health services	8,650	9,532
Public health nursing services	780,355	846,136
Sexually transmitted disease	344,696	363,992
HIV/AIDS services	171,584	162,557
Public health services	3,422,210	3,388,826
Total expenditures	<u>6,993,107</u>	<u>7,155,606</u>
Deficiency of revenues under expenditures	(2,205,132)	(2,559,655)
Other financing sources:		
Transfers in	<u>2,459,993</u>	<u>2,230,002</u>
Net change in fund balances	254,861	(329,653)
Fund balance (deficit), beginning of year	<u>(97,276)</u>	<u>232,377</u>
Fund balance (deficit), end of year	<u>\$ 157,585</u>	<u>(97,276)</u>

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, 2012
(With Comparative Actual Amounts for Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 283,962	283,962	255,096	(28,866)	279,169
Investment earnings	-	-	150	150	-
Other	381,275	381,275	388,793	7,518	380,060
Total	665,237	665,237	644,039	(21,198)	659,229
Environmental Health Services:					
Health and welfare fees	410,682	410,682	423,406	12,724	376,990
Intergovernmental	84,877	84,877	85,809	932	87,937
Revenue - other	1,739	1,739	1,720	(19)	916
Total	497,298	497,298	510,935	13,637	465,843
Public Health Nursing Services:					
Health and welfare fees	94,789	94,789	163,307	68,518	63,165
Intergovernmental	-	-	17,000	17,000	5,300
Revenue - other	-	-	-	-	2,445
Total	94,789	94,789	180,307	85,518	70,910
Sexually Transmitted Diseases:					
Health and welfare fees	21,261	21,261	27,887	6,626	23,834
Total	21,261	21,261	27,887	6,626	23,834
HIV/AIDS Services:					
Revenue - other	-	-	5,036	5,036	-
Total	-	-	5,036	5,036	-
Public Health Services:					
Program income	-	327,061	327,061	-	384,327
Intergovernmental	-	3,084,714	3,089,744	5,030	2,991,595
Revenue - other	-	5,405	2,966	(2,439)	213
Total	-	3,417,180	3,419,771	2,591	3,376,135
Total revenues	1,278,585	4,695,765	4,787,975	92,210	4,595,951
Expenditures:					
Health Administrative Services:					
Salaries and wages	446,092	412,737	370,786	41,951	420,757
Employee benefits	161,253	149,384	130,946	18,438	166,470
Purchased professional/technical services	40,101	43,456	38,391	5,065	37,248
Purchased property services	4,981	4,981	4,617	364	4,549
Maintenance	-	150	150	-	-
Other purchased services	22,571	21,629	18,152	3,477	26,281
Supplies	34,953	34,714	32,563	2,151	35,093
Contracts with others	961,262	961,262	961,262	-	961,262
Other	282,455	282,455	282,455	-	325,504
Total health administrative services	1,953,668	1,910,768	1,839,322	71,446	1,977,164

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
(Continued)
Year Ended September 30, 2012
(With Comparative Actual Amounts for Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 283,684	283,684	269,470	14,214	249,249
Employee benefits	108,110	108,110	98,027	10,083	101,728
Purchased professional/technical services	2,900	2,900	5,249	(2,349)	3,513
Maintenance	10,821	11,121	10,095	1,026	9,648
Other purchased services	9,537	9,087	9,316	(229)	10,595
Supplies	35,374	35,524	34,133	1,391	28,710
Other	-	-	-	-	3,956
Total environmental health services	450,426	450,426	426,290	24,136	407,399
Dental Health Services:					
Purchased professional/technical services	1,200	1,200	1,359	(159)	899
Other purchased services	2,330	2,330	2,127	203	2,322
Supplies	6,853	6,853	5,164	1,689	6,311
Total dental health services	10,383	10,383	8,650	1,733	9,532
Health Nursing Services:					
Salaries and wages	451,883	419,520	390,801	28,719	471,876
Employee benefits	163,304	151,847	137,332	14,515	182,844
Purchased professional/technical services	1,300	1,800	1,836	(36)	5,374
Purchased property services	-	-	-	-	750
Maintenance	3,378	3,378	1,283	2,095	6,644
Other purchased services	24,966	24,966	25,004	(38)	29,481
Supplies	146,444	232,664	224,099	8,565	149,167
Total public health nursing services	791,275	834,175	780,355	53,820	846,136
Sexually Transmitted Disease:					
Salaries and wages	228,927	228,927	221,180	7,747	222,441
Employee benefits	84,244	84,244	78,608	5,636	92,475
Purchased professional/technical services	10,008	13,393	13,352	41	9,188
Maintenance	255	255	-	255	65
Other purchased services	13,957	9,957	8,692	1,265	12,728
Supplies	24,922	25,537	22,864	2,673	27,095
Total sexually transmitted disease	362,313	362,313	344,696	17,617	363,992
HIV/AIDS Services:					
Salaries and wages	\$ 113,764	113,764	113,244	520	107,356
Employee benefits	40,804	40,804	38,985	1,819	41,707
Purchased professional/technical services	600	600	1,403	(803)	566
Other purchased services	10,303	10,303	8,971	1,332	7,744
Supplies	5,042	5,042	8,981	(3,939)	5,184
Total HIV/AIDS services	170,513	170,513	171,584	(1,071)	162,557

City of Waco, Texas
Health Programs Fund

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

Year Ended September 30, 2012

(With Comparative Actual Amounts for Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Public Health Services:					
Salaries and wages	-	1,698,870	1,698,870	-	1,660,616
Employee benefits	-	642,477	642,477	-	703,548
Purchased professional/technical services	-	195,688	195,888	(200)	394,241
Purchased property services	-	128,609	128,609	-	100,229
Maintenance	-	17,944	17,944	-	94
Other purchased services	-	186,757	191,587	(4,830)	116,942
Supplies	-	411,702	411,702	-	221,544
Other	-	135,133	135,133	-	184,802
Capital expenditures	-	-	-	-	6,810
Total public health services	-	3,417,180	3,422,210	(5,030)	3,388,826
Total expenditures	3,738,578	7,155,758	6,993,107	162,651	7,155,606
Deficiency of revenues under expenditures	(2,459,993)	(2,459,993)	(2,205,132)	254,861	(2,559,655)
Other financing sources:					
Transfers in	2,459,993	2,459,993	2,459,993	-	2,230,002
Total other financing sources	2,459,993	2,459,993	2,459,993	-	2,230,002
Net change in fund balance	-	-	254,861	254,861	(329,653)
Fund balance (deficit), beginning of year	(97,276)	(97,276)	(97,276)	-	232,377
Fund balance (deficit), end of year	\$ (97,276)	(97,276)	157,585	254,861	(97,276)

See accompanying independent auditors' report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2012
(With Comparative Totals for September 30, 2011)

	HUD Community Development Block Grant	HUD Home Program	HUD Supportive Housing Program	HUD Enterprise Community	HUD EDI
Assets					
Assets:					
Cash and investments	\$ -	-	-	-	-
Accounts receivable, net of allowances	75,499	4,739	-	84,707	-
Notes receivable	1,004,833	1,736,062	-	-	7,666
Intergovernmental receivable	546,615	100,066	12,819	-	-
Real estate held for resale	40,061	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 1,667,008	1,840,867	12,819	84,707	7,666
Liabilities					
Liabilities:					
Accounts payable	\$ 94,605	42,901	38	-	-
Accrued liabilities	123,173	-	1,194	-	-
Deferred revenue	1,004,833	1,736,062	-	-	7,666
Due to other funds	303,415	54,037	11,587	-	-
Total liabilities	1,526,026	1,833,000	12,819	-	7,666
Fund Balances					
Fund balances:					
Nonspendable:					
Real estate held for resale	40,061	-	-	-	-
Restricted for:					
Housing and community development	100,921	7,867	-	84,707	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total fund balances	140,982	7,867	-	84,707	-
Total liabilities and fund balances	\$ 1,667,008	1,840,867	12,819	84,707	7,666

HUD Shelter Plus Care	HPRP ARRA	DOE- EECBG ARRA	CDBG-R ARRA	2009 JAG ARRA	TxDOT MPO FHWA	Brownfields	COPS Tech
-	-	-	-	-	-	6,100	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,176	-	-	-	10,543	19,440	-	159,668
-	-	-	-	-	-	-	-
-	-	-	-	-	-	702,577	-
<u>34,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,543</u>	<u>19,440</u>	<u>708,677</u>	<u>159,668</u>
-	-	-	-	543	389	6,100	-
17,000	-	-	-	-	2,833	45,661	159,668
-	-	-	-	-	-	-	-
17,176	-	-	-	10,000	16,218	-	-
<u>34,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,543</u>	<u>19,440</u>	<u>51,761</u>	<u>159,668</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	656,916	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	656,916	-
<u>34,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,543</u>	<u>19,440</u>	<u>708,677</u>	<u>159,668</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
Year Ended September 30, 2012
(With Comparative Totals for September 30, 2011)

	13 CJD Family Violence	ICD PHASE II	Click It or Ticket	SAFER 2008	2011 SHSP
Assets					
Assets:					
Cash and investments	\$ -	247	-	-	-
Accounts receivable, net of allowances	-	-	-	-	-
Notes receivable	-	-	-	-	-
Intergovernmental receivable	10,506	-	7,000	12,770	20,917
Real estate held for resale	-	-	-	-	-
Due from other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,506</u>	<u>247</u>	<u>7,000</u>	<u>12,770</u>	<u>20,917</u>
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Accrued liabilities	3,223	-	-	4,640	-
Deferred revenue	-	247	-	-	-
Due to other funds	7,283	-	7,000	8,130	20,917
	<u>7,283</u>	<u>-</u>	<u>7,000</u>	<u>8,130</u>	<u>20,917</u>
Total liabilities	<u>10,506</u>	<u>247</u>	<u>7,000</u>	<u>12,770</u>	<u>20,917</u>
Fund Balances					
Fund balances:					
Nonspendable:					
Real estate held for resale	-	-	-	-	-
Restricted for:					
Housing and community development	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 10,506</u>	<u>247</u>	<u>7,000</u>	<u>12,770</u>	<u>20,917</u>

2010 SHSP	12 CJD Family Violence	Police LEOSE	Fire LEOSE	Library Memorial Fund	Shapley Ross Library	Vision 2020 Comprehensive Plan	2010 JAG
-	-	-	1,095	146,938	98,326	7,025	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,516	20,993	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>12,516</u>	<u>20,993</u>	<u>-</u>	<u>1,095</u>	<u>146,938</u>	<u>98,326</u>	<u>7,025</u>	<u>-</u>
-	-	-	-	1,849	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,648	-
12,516	20,993	-	-	-	-	-	-
<u>12,516</u>	<u>20,993</u>	<u>-</u>	<u>-</u>	<u>1,849</u>	<u>-</u>	<u>4,648</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,095	-	-	-	-
-	-	-	-	145,089	98,326	2,377	-
-	-	-	1,095	145,089	98,326	2,377	-
<u>12,516</u>	<u>20,993</u>	<u>-</u>	<u>1,095</u>	<u>146,938</u>	<u>98,326</u>	<u>7,025</u>	<u>-</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2012
(With Comparative Totals for September 30, 2011)

	2006 JAG COMP	2009 JAG	Police Officer Memorial	2009 SHSP
Assets				
Assets:				
Cash and investments	\$ -	-	16	-
Accounts receivable, net of allowances	-	-	-	-
Notes receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
Real estate held for resale	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
Total assets	\$ -	-	16	-
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	16	-
Due to other funds	-	-	-	-
	-	-	-	-
Total liabilities	-	-	16	-
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	\$ -	-	16	-

See accompanying independent auditors' report.

Grande Clear Source Cable Ordinance	TPW	Totals	
		2012	2011
85,374	-	345,121	406,215
-	-	164,945	156,373
-	-	2,748,561	3,350,552
-	88,369	1,056,398	1,496,815
-	-	40,061	40,061
-	819,596	1,522,173	759,564
<u>85,374</u>	<u>907,965</u>	<u>5,877,259</u>	<u>6,209,580</u>
-	-	146,425	390,635
-	-	357,392	69,823
-	-	2,753,472	3,355,463
-	88,369	577,641	1,022,330
-	88,369	3,834,930	4,838,251
-	-	40,061	40,061
-	-	193,495	175,114
-	-	658,011	15,120
<u>85,374</u>	<u>819,596</u>	<u>1,150,762</u>	<u>1,141,034</u>
<u>85,374</u>	<u>819,596</u>	<u>2,042,329</u>	<u>1,371,329</u>
<u>85,374</u>	<u>907,965</u>	<u>5,877,259</u>	<u>6,209,580</u>

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	HUD Community Development Block Grant	HUD Home Program	HUD Supportive Housing Program	HUD Enterprise Community	HUD EDI
Revenues:					
Intergovernmental	\$ 1,950,291	927,187	58,469	-	-
Program income	58,017	223,732	-	-	-
Other	23,038	-	-	-	-
Total revenues	2,031,346	1,150,919	58,469	-	-
Expenditures:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	97,947	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and community development	1,869,603	1,148,842	58,469	-	2,492
Total expenditures	1,967,550	1,148,842	58,469	-	2,492
Excess (deficiency) of revenues over (under) expenditures	63,796	2,077	-	-	(2,492)
Other financing sources:					
Transfers in	75,000	-	-	-	-
Transfers out	(120,000)	-	-	-	-
Total other financing sources	(45,000)	-	-	-	-
Net change in fund balances	18,796	2,077	-	-	(2,492)
Fund balances, beginning of year	122,186	5,790	-	84,707	2,492
Fund balances, end of year	\$ 140,982	7,867	-	84,707	-

HUD Shelter Plus Care	HPRP ARRA	DOE- EECBG ARRA	CDBG-R ARRA	2009 JAG ARRA	TxDOT MPO FHWA	Brownfields	COPS Tech
114,590	129,087	187,983	13,187	10,953	250,729	60,733	159,668
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
114,590	129,087	187,983	13,187	10,953	250,729	60,733	159,668
-	-	-	-	-	250,729	-	-
-	-	187,983	-	-	-	-	-
-	-	-	-	10,953	-	148,960	159,668
-	-	-	-	-	-	-	-
114,590	129,087	-	13,187	-	-	-	-
114,590	129,087	187,983	13,187	10,953	250,729	148,960	159,668
-	-	-	-	-	-	(88,227)	-
-	-	-	-	-	-	733,003	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	733,003	-
-	-	-	-	-	-	644,776	-
-	-	-	-	-	-	12,140	-
-	-	-	-	-	-	656,916	-

City of Waco, Texas
Grant Fund

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

Year Ended September 30, 2012

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

	13 CJD Family Violence	ICD PHASE II	Click It or Ticket	SAFER 2008	2011 SHSP
Revenues:					
Intergovernmental	\$ 10,506	-	7,000	63,695	38,351
Program income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>10,506</u>	<u>-</u>	<u>7,000</u>	<u>63,695</u>	<u>38,351</u>
Expenditures:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	16,163	-	7,000	209,462	38,351
Culture and recreation	-	-	-	-	-
Housing and community development	-	-	-	-	-
Total expenditures	<u>16,163</u>	<u>-</u>	<u>7,000</u>	<u>209,462</u>	<u>38,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,657)</u>	<u>-</u>	<u>-</u>	<u>(145,767)</u>	<u>-</u>
Other financing sources:					
Transfers in	5,657	-	-	145,767	-
Transfers out	-	-	-	-	-
Total other financing sources	<u>5,657</u>	<u>-</u>	<u>-</u>	<u>145,767</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2010 SHSP	12 CJD Family Violence	Police LEOSE	Fire LEOSE	Library Memorial Fund	Shapley Ross Library	Vision 2020 Comprehensive Plan	2010 JAG
35,691	104,470	-	-	-	-	-	35,634
-	-	-	-	-	-	-	-
-	-	-	-	58,646	274	19	-
35,691	104,470	-	-	58,646	274	19	35,634
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,691	160,723	400	1,479	-	-	-	35,634
-	-	-	-	121,383	-	-	-
-	-	-	-	-	-	-	-
35,691	160,723	400	1,479	121,383	-	-	35,634
-	(56,253)	(400)	(1,479)	(62,737)	274	19	-
-	56,253	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	56,253	-	-	-	-	-	-
-	-	(400)	(1,479)	(62,737)	274	19	-
-	-	400	2,574	207,826	98,052	2,358	-
-	-	-	1,095	145,089	98,326	2,377	-

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	2006 JAG COMP	2009 JAG	Police Officer Memorial	2009 SHSP
Revenues:				
Intergovernmental	\$ 7	4,489	-	55,777
Program income	-	-	-	-
Other	-	-	-	-
Total revenues	7	4,489	-	55,777
Expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Public safety	7	4,489	-	55,783
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
Total expenditures	7	4,489	-	55,783
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(6)
Other financing sources:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	-	-	-	(6)
Fund balances, beginning of year	-	-	-	6
Fund balances, end of year	-	-	-	-

Grande Clear Source Cable Ordinance	TPW	Totals	
		2012	2011
-	99,149	4,317,646	5,748,864
-	-	281,749	175,729
-	-	81,977	94,900
-	99,149	4,681,372	6,019,493
-	-	250,729	299,476
-	-	187,983	962,126
-	-	982,710	1,425,721
-	146,977	268,360	489,618
-	-	3,336,270	3,192,714
-	146,977	5,026,052	6,369,655
-	(47,828)	(344,680)	(350,162)
-	120,000	1,135,680	1,042,843
-	-	(120,000)	-
-	120,000	1,015,680	1,042,843
-	72,172	671,000	692,681
85,374	747,424	1,371,329	678,648
85,374	819,596	2,042,329	1,371,329



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ 528,570	434,692
Special assessments receivable	<u>30,359</u>	<u>30,947</u>
Total assets	<u>\$ 558,929</u>	<u>465,639</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 7,805	21,539
Deferred revenue	<u>30,359</u>	<u>30,947</u>
Total liabilities	<u>38,164</u>	<u>52,486</u>
Fund Balance		
Fund balance:		
Restricted for:		
Waco Public Improvement District	<u>520,765</u>	<u>413,153</u>
Total fund balance	<u>520,765</u>	<u>413,153</u>
Total liabilities and fund balance	<u>\$ 558,929</u>	<u>465,639</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Special assessments taxes	\$ 296,835	279,322
Investment earnings	<u>1,569</u>	<u>1,321</u>
Total revenues	<u>298,404</u>	<u>280,643</u>
Expenditures:		
General government:		
Salaries and wages	22,063	20,867
Employee benefits	1,753	1,658
Purchased professional/technical services	162,641	176,726
Other purchased services	1,908	2,871
Supplies	1,014	10,714
Other	<u>1,413</u>	<u>1,747</u>
Total expenditures	<u>190,792</u>	<u>214,583</u>
Net change in fund balance	107,612	66,060
Fund balance, beginning of year	<u>413,153</u>	<u>347,093</u>
Fund balance, end of year	<u>\$ 520,765</u>	<u>413,153</u>

See accompanying independent auditors' report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>536,068</u>	<u>319,277</u>
Total assets	\$ <u><u>536,068</u></u>	<u><u>319,277</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>1,046</u>	<u>1,295</u>
Total liabilities	<u>1,046</u>	<u>1,295</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>535,022</u>	<u>317,982</u>
Total fund balance	<u>535,022</u>	<u>317,982</u>
Total liabilities and fund balance	\$ <u><u>536,068</u></u>	<u><u>319,277</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Auto impound fees	\$ 268,899	110,092
Total revenues	<u>268,899</u>	<u>110,092</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	-	1,507
Maintenance	-	2,950
Other purchased services	498	4,664
Supplies	<u>1,361</u>	-
Total expenditures	<u>1,859</u>	<u>9,121</u>
Excess of revenues over expenditures	<u>267,040</u>	<u>100,971</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	217,040	50,971
Fund balance, beginning of year	<u>317,982</u>	<u>267,011</u>
Fund balance, end of year	<u>\$ 535,022</u>	<u>317,982</u>

See accompanying independent auditors' report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>208,718</u>	<u>217,493</u>
Total assets	\$ <u><u>208,718</u></u>	<u><u>217,493</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>206,438</u>	<u>215,213</u>
Total fund balance	<u>206,438</u>	<u>215,213</u>
Total liabilities and fund balance	\$ <u><u>208,718</u></u>	<u><u>217,493</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Investment earnings	\$ 434	537
Other	<u>152,189</u>	<u>127,044</u>
Total revenues	<u>152,623</u>	<u>127,581</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	795	-
Maintenance	9,120	1,634
Other purchased services	53,399	42,001
Supplies	66,740	78,762
Capital outlay	23,438	124,270
Other	<u>7,906</u>	<u>7,298</u>
Total expenditures	<u>161,398</u>	<u>253,965</u>
Net change in fund balance	(8,775)	(126,384)
Fund balance, beginning of year	<u>215,213</u>	<u>341,597</u>
Fund balance, end of year	<u><u>\$ 206,438</u></u>	<u><u>215,213</u></u>

See accompanying independent auditors' report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>492,642</u>	<u>465,308</u>
Total assets	\$ <u><u>492,642</u></u>	<u><u>465,308</u></u>
Liabilities		
Accounts payable	\$ <u>1,120</u>	<u>846</u>
Total liabilities	<u>1,120</u>	<u>846</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>491,522</u>	<u>464,462</u>
Total fund balance	<u>491,522</u>	<u>464,462</u>
Total liabilities and fund balance	\$ <u><u>492,642</u></u>	<u><u>465,308</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Fines	\$ <u>34,999</u>	<u>36,874</u>
Total revenues	<u>34,999</u>	<u>36,874</u>
Expenditures:		
Public safety	<u>7,939</u>	<u>6,574</u>
Net change in fund balance	27,060	30,300
Fund balance, beginning of year	<u>464,462</u>	<u>434,162</u>
Fund balance, end of year	<u><u>\$ 491,522</u></u>	<u><u>464,462</u></u>

See accompanying independent auditors' report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>423,843</u>	<u>427,783</u>
Total assets	\$ <u><u>423,843</u></u>	<u><u>427,783</u></u>
Liabilities		
Accounts payable	\$ <u>525</u>	<u>718</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>423,318</u>	<u>427,065</u>
Total fund balance	<u>423,318</u>	<u>427,065</u>
Total liabilities and fund balance	\$ <u><u>423,843</u></u>	<u><u>427,783</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Fines	\$ 46,641	<u>49,146</u>
Total revenues	<u>46,641</u>	<u>49,146</u>
Expenditures:		
Public safety	<u>50,388</u>	<u>143,034</u>
Total expenditures	<u>50,388</u>	<u>143,034</u>
Net change in fund balance	(3,747)	(93,888)
Fund balance, beginning of year	<u>427,065</u>	<u>520,953</u>
Fund balance, end of year	<u><u>\$ 423,318</u></u>	<u><u>427,065</u></u>

See accompanying independent auditors' report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>8,795</u>	<u>8,742</u>
Total assets	\$ <u><u>8,795</u></u>	<u><u>8,742</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>8,795</u>	<u>8,742</u>
Total fund balance	\$ <u><u>8,795</u></u>	<u><u>8,742</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Investment earnings	\$ <u>53</u>	<u>54</u>
Total revenues	<u>53</u>	<u>54</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	53	54
Fund balance, beginning of year	<u>8,742</u>	<u>8,688</u>
Fund balance, end of year	<u>\$ 8,795</u>	<u>8,742</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ <u>35,385</u>	<u>36,656</u>
Total assets	\$ <u><u>35,385</u></u>	<u><u>36,656</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>35,385</u>	<u>36,656</u>
Total fund balance	\$ <u><u>35,385</u></u>	<u><u>36,656</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Investment earnings	\$ <u>378</u>	<u>395</u>
Total revenues	<u>378</u>	<u>395</u>
Expenditures:		
Culture and recreation	<u>1,649</u>	<u>4,601</u>
Total expenditures	<u>1,649</u>	<u>4,601</u>
Net change in fund balance	(1,271)	(4,206)
Fund balance, beginning of year	<u>36,656</u>	<u>40,862</u>
Fund balance, end of year	<u><u>\$ 35,385</u></u>	<u><u>36,656</u></u>

See accompanying independent auditors' report.



Nonmajor Debt Service Funds

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

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

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

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2012
(With Comparative Totals for September 30, 2011)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2012	2011
Assets				
Cash and investments	\$ 4,156	208,476	212,632	347,268
Taxes receivable	<u>-</u>	<u>531,213</u>	<u>531,213</u>	<u>532,431</u>
Total assets	<u>\$ 4,156</u>	<u>739,689</u>	<u>743,845</u>	<u>879,699</u>
Liabilities				
Liabilities:				
Deferred revenue	\$ <u>-</u>	<u>513,715</u>	<u>513,715</u>	<u>506,436</u>
Total liabilities	<u>-</u>	<u>513,715</u>	<u>513,715</u>	<u>506,436</u>
Fund Balances				
Fund balances:				
Restricted for debt service	<u>4,156</u>	<u>225,974</u>	<u>230,130</u>	<u>373,263</u>
Total fund balances	<u>4,156</u>	<u>225,974</u>	<u>230,130</u>	<u>373,263</u>
Total liabilities and and fund balances	<u>\$ 4,156</u>	<u>739,689</u>	<u>743,845</u>	<u>879,699</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, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2012	2011
Revenues:				
Property taxes	\$ -	10,726,324	10,726,324	10,608,955
Investment earnings	12	3,452	3,464	4,893
Total revenues	<u>12</u>	<u>10,729,776</u>	<u>10,729,788</u>	<u>10,613,848</u>
Expenditures:				
Debt service:				
Principal	-	7,090,342	7,090,342	6,967,663
Interest and fiscal charges	-	4,194,170	4,194,170	4,192,140
Bond issuance costs	-	68,981	68,981	500
Total expenditures	<u>-</u>	<u>11,353,493</u>	<u>11,353,493</u>	<u>11,160,303</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12</u>	<u>(623,717)</u>	<u>(623,705)</u>	<u>(546,455)</u>
Other financing sources (uses):				
Refunding bonds issued	-	6,465,000	6,465,000	-
Payment to refunded bond escrow agent	-	(7,243,886)	(7,243,886)	-
Premium on refunding bonds	-	792,695	792,695	-
General obligation bonds issued	-	16,915	16,915	496
Premium on general obligation bonds	-	51	51	4
Transfers in	-	449,797	449,797	459,217
Total other financing sources (uses)	<u>-</u>	<u>480,572</u>	<u>480,572</u>	<u>459,717</u>
Net change in fund balances	12	(143,145)	(143,133)	(86,738)
Fund balances, beginning of year	<u>4,144</u>	<u>369,119</u>	<u>373,263</u>	<u>460,001</u>
Fund balances, end of year	<u>\$ 4,156</u>	<u>225,974</u>	<u>230,130</u>	<u>373,263</u>

See accompanying independent auditors' report.

City of Waco, Texas
General Obligation Debt Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	Budgeted Amounts		2012	Variance with	2011
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Property taxes	\$ 10,763,288	10,763,288	10,726,324	(36,964)	10,608,955
Investment earnings	2,300	2,300	3,452	1,152	4,881
Total revenues	<u>10,765,588</u>	<u>10,765,588</u>	<u>10,729,776</u>	<u>(35,812)</u>	<u>10,613,836</u>
Expenditures:					
Debt service:					
Principal	7,090,342	7,090,342	7,090,342	-	6,967,663
Interest and fiscal charges	4,234,337	4,195,614	4,194,170	1,444	4,192,140
Bond issuance costs	-	68,981	68,981	-	500
Total expenditures	<u>11,324,679</u>	<u>11,354,937</u>	<u>11,353,493</u>	<u>1,444</u>	<u>11,160,303</u>
Deficiency of revenues under expenditures	<u>(559,091)</u>	<u>(589,349)</u>	<u>(623,717)</u>	<u>(34,368)</u>	<u>(546,467)</u>
Other financing sources (uses):					
Refunding bonds issued	-	7,257,695	6,465,000	(792,695)	-
Payment to refunded bond escrow agent	-	(7,243,886)	(7,243,886)	-	-
Premium on refunding bonds	-	-	792,695	792,695	-
General obligation bonds issued	-	16,449	16,915	466	496
Premium on general obligation bonds	-	-	51	51	4
Transfers in	<u>449,793</u>	<u>449,793</u>	<u>449,797</u>	<u>4</u>	<u>459,217</u>
Total other financing sources (uses)	<u>449,793</u>	<u>480,051</u>	<u>480,572</u>	<u>521</u>	<u>459,717</u>
Net change in fund balances	(109,298)	(109,298)	(143,145)	(33,847)	(86,750)
Fund balances, beginning of year	<u>369,119</u>	<u>369,119</u>	<u>369,119</u>	<u>-</u>	<u>455,869</u>
Fund balances, end of year	<u>\$ 259,821</u>	<u>259,821</u>	<u>225,974</u>	<u>(33,847)</u>	<u>369,119</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.

2012 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, 2012
(With Comparative Totals for September 30, 2011)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2012 Bond Issue Fund	2011 Bond Issue Fund	2010 Bond Issue Fund
Assets						
Cash and investments	\$ 33,318	25,592	6,334,041	2,903,965	742,130	1,135,933
Accounts receivable, net of allowances	-	-	2,425	-	-	-
Due from other funds	5,601,001	-	504,393	-	-	44,970
Advances to other funds	168,368	-	-	-	-	-
Intergovernmental receivable	-	-	2,239	-	-	-
Total assets	\$ 5,802,687	25,592	6,843,098	2,903,965	742,130	1,180,903
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 56,931	-	37,704	6,916	3,440	46,786
Accrued liabilities	107,199	-	210,295	190,000	-	24,194
Due to other funds	-	-	-	180,000	318,000	699,596
Total liabilities	164,130	-	247,999	376,916	321,440	770,576
Fund balances:						
Nonspendable:						
Advances to other funds	168,368	-	-	-	-	-
Restricted for:						
Capital projects	5,470,189	25,592	5,454,930	2,527,049	420,690	410,327
Committed for:						
Capital projects	-	-	1,140,169	-	-	-
Total fund balances	5,638,557	25,592	6,595,099	2,527,049	420,690	410,327
Total liabilities and fund balances	\$ 5,802,687	25,592	6,843,098	2,903,965	742,130	1,180,903

See accompanying independent auditors' report.

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	
							2012	2011
468,759	4,237,310	8,239,525	1,626,511	1,274,910	15,069	124,068	27,161,131	41,662,154
-	-	-	-	-	-	-	2,425	2,125
-	-	425,108	-	-	-	-	6,575,472	6,147,426
-	-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	2,239	284,941
<u>468,759</u>	<u>4,237,310</u>	<u>8,664,633</u>	<u>1,626,511</u>	<u>1,274,910</u>	<u>15,069</u>	<u>124,068</u>	<u>33,909,635</u>	<u>48,265,014</u>
-	-	1,205,878	-	-	-	27,602	1,385,257	210,707
-	69,402	1,196,885	-	-	-	3,670	1,801,645	1,541,695
<u>7,738</u>	<u>1,907,143</u>	<u>100,000</u>	<u>1,592,832</u>	<u>1,259,897</u>	<u>-</u>	<u>-</u>	<u>6,065,206</u>	<u>6,610,463</u>
<u>7,738</u>	<u>1,976,545</u>	<u>2,502,763</u>	<u>1,592,832</u>	<u>1,259,897</u>	<u>-</u>	<u>31,272</u>	<u>9,252,108</u>	<u>8,362,865</u>
-	-	-	-	-	-	-	168,368	168,368
461,021	2,260,765	6,161,870	33,679	15,013	15,069	92,796	23,348,990	38,873,017
-	-	-	-	-	-	-	1,140,169	860,764
<u>461,021</u>	<u>2,260,765</u>	<u>6,161,870</u>	<u>33,679</u>	<u>15,013</u>	<u>15,069</u>	<u>92,796</u>	<u>24,657,527</u>	<u>39,902,149</u>
<u>468,759</u>	<u>4,237,310</u>	<u>8,664,633</u>	<u>1,626,511</u>	<u>1,274,910</u>	<u>15,069</u>	<u>124,068</u>	<u>33,909,635</u>	<u>48,265,014</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2012 Bond Issue Fund	2011 Bond Issue Fund	2010 Bond Issue Fund
Revenues:						
Investment earnings	\$ -	175	2,284	6,145	11,673	33,541
Contributions	-	50,000	-	-	-	-
Intergovernmental	68,561	-	4,608	-	-	-
Total revenues	<u>68,561</u>	<u>50,175</u>	<u>6,892</u>	<u>6,145</u>	<u>11,673</u>	<u>33,541</u>
Expenditures:						
Capital outlay	1,886,922	156,840	7,401,879	244,096	292,432	78,046
Total expenditures	<u>1,886,922</u>	<u>156,840</u>	<u>7,401,879</u>	<u>244,096</u>	<u>292,432</u>	<u>78,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,818,361)</u>	<u>(106,665)</u>	<u>(7,394,987)</u>	<u>(237,951)</u>	<u>(280,759)</u>	<u>(44,505)</u>
Other financing sources (uses):						
General obligation bonds issued	-	-	518,085	2,945,000	-	-
Premium on general obligation bonds	-	-	10,543	-	-	-
Capital leases	145,351	-	-	-	-	-
Transfers in	1,498,000	-	4,385,972	-	-	-
Transfers out	(500,000)	-	-	(180,000)	(318,000)	-
Total other financing sources (uses)	<u>1,143,351</u>	<u>-</u>	<u>4,914,600</u>	<u>2,765,000</u>	<u>(318,000)</u>	<u>-</u>
Net change in fund balances	(675,010)	(106,665)	(2,480,387)	2,527,049	(598,759)	(44,505)
Fund balances, beginning of year	<u>6,313,567</u>	<u>132,257</u>	<u>9,075,486</u>	<u>-</u>	<u>1,019,449</u>	<u>454,832</u>
Fund balances, end of year	<u>\$ 5,638,557</u>	<u>25,592</u>	<u>6,595,099</u>	<u>2,527,049</u>	<u>420,690</u>	<u>410,327</u>

See accompanying independent auditors' report.

2008 Bond Issue Fund	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	
							2012	2011
12,374	42,158	38,235	3,350	6,162	273	147	156,517	278,446
-	-	-	-	-	-	-	50,000	40,000
-	-	-	-	-	-	-	73,169	459,009
<u>12,374</u>	<u>42,158</u>	<u>38,235</u>	<u>3,350</u>	<u>6,162</u>	<u>273</u>	<u>147</u>	<u>279,686</u>	<u>777,455</u>
18,428	37,407	13,801,612	-	-	-	36,705	23,954,367	20,198,033
<u>18,428</u>	<u>37,407</u>	<u>13,801,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,705</u>	<u>23,954,367</u>	<u>20,198,033</u>
(6,054)	4,751	(13,763,377)	3,350	6,162	273	(36,558)	(23,674,681)	(19,420,578)
-	-	-	-	-	-	-	3,463,085	7,284,504
-	-	-	-	-	-	-	10,543	54,579
-	-	-	-	-	-	-	145,351	-
-	-	925,108	-	-	-	-	6,809,080	5,098,021
-	(997,721)	-	-	(2,279)	-	-	(1,998,000)	(1,982,374)
-	(997,721)	925,108	-	(2,279)	-	-	8,430,059	10,454,730
(6,054)	(992,970)	(12,838,269)	3,350	3,883	273	(36,558)	(15,244,622)	(8,965,848)
467,075	3,253,735	19,000,139	30,329	11,130	14,796	129,354	39,902,149	48,867,997
<u>461,021</u>	<u>2,260,765</u>	<u>6,161,870</u>	<u>33,679</u>	<u>15,013</u>	<u>15,069</u>	<u>92,796</u>	<u>24,657,527</u>	<u>39,902,149</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 previously provided by the sale of cemetery lots.

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, 2012
(With Comparative Totals for September 30, 2011)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2012	2011
Assets					
Cash and investments	\$ 365,431	10,000	100,000	475,431	474,415
Total assets	\$ 365,431	10,000	100,000	475,431	474,415
Fund Balances					
Fund balances:					
Nonspendable:					
Parks and cemetery care	\$ 365,431	10,000	100,000	475,431	474,415
Total fund balances	\$ 365,431	10,000	100,000	475,431	474,415

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, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2012	2011
Revenues:					
Investment earnings	\$ 1,016	-	-	1,016	1,053
Total revenues	<u>1,016</u>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>1,053</u>
Expenditures:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,016	-	-	1,016	1,053
Fund balances, beginning of year	<u>364,415</u>	<u>10,000</u>	<u>100,000</u>	<u>474,415</u>	<u>473,362</u>
Fund balances, end of year	<u>\$ 365,431</u>	<u>10,000</u>	<u>100,000</u>	<u>475,431</u>	<u>474,415</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, 2012 and 2011

Assets	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and investments	\$ 27,506,623	25,715,058
Accounts receivable, net of allowance	5,587,266	6,269,640
Restricted cash and investments	3,275,733	2,685,617
Inventory	<u>331,060</u>	<u>331,916</u>
Total current assets	<u>36,700,682</u>	<u>35,002,231</u>
Noncurrent assets:		
Restricted cash and investments	13,052,162	16,029,167
Advances to other funds	525,336	525,336
Deferred charges	878,686	1,052,042
Capital assets:		
Land	1,279,185	1,279,185
Buildings	9,526,184	9,526,184
Improvements other than buildings	265,533,474	260,977,797
Equipment	7,009,254	6,888,854
Construction work in progress	3,809,856	3,663,205
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	<u>(94,030,942)</u>	<u>(85,592,252)</u>
Total capital assets	<u>225,609,890</u>	<u>229,225,852</u>
Total noncurrent assets	<u>240,066,074</u>	<u>246,832,397</u>
Total assets	<u>276,766,756</u>	<u>281,834,628</u>

Liabilities	<u>2012</u>	<u>2011</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 436,251	538,854
Accrued liabilities	749,459	739,457
Compensated absences payable	619,765	647,558
Refundable contracts	522,558	260,989
Notes payable	66,515	63,687
Bonds payable	7,218,324	6,943,752
Accrued interest payable	1,532,977	1,647,796
	<u>11,145,849</u>	<u>10,842,093</u>
Current liabilities payable from restricted assets:		
Accounts payable	728,012	33,424
Due to other funds	243,129	496,252
Customer deposits	2,304,592	2,155,941
	<u>3,275,733</u>	<u>2,685,617</u>
 Total current liabilities	 <u>14,421,582</u>	 <u>13,527,710</u>
Noncurrent liabilities:		
Refundable contracts	1,103,263	1,355,363
Compensated absences payable	306,721	198,143
Net pension obligation	722,995	665,952
Bonds payable	131,436,918	139,999,246
Notes payable	16,967,906	17,034,421
Deferred interest payable	5,090,109	5,090,109
Total noncurrent liabilities	<u>155,627,912</u>	<u>164,343,234</u>
 Total liabilities	 <u>170,049,494</u>	 <u>177,870,944</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	81,346,568	79,597,561
Unrestricted	<u>25,370,694</u>	<u>24,366,123</u>
 Total net assets	 <u>\$ 106,717,262</u>	 <u>103,963,684</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 38,343,344	42,597,855
Other	408,848	491,809
Total operating revenues	<u>38,752,192</u>	<u>43,089,664</u>
Operating expenses:		
Salaries and wages	4,377,006	4,402,349
Employee benefits	1,872,253	2,174,665
Purchased professional/technical services	899,763	1,260,610
Purchased property services	86,764	141,231
Maintenance	1,332,842	1,688,656
Other purchased services	914,082	857,272
Supplies	4,766,060	5,038,487
Other	3,745,300	3,753,980
Depreciation/amortization	8,734,301	7,699,439
Total operating expenses	<u>26,728,371</u>	<u>27,016,689</u>
Operating income	<u>12,023,821</u>	<u>16,072,975</u>
Nonoperating revenues (expenses):		
Investment earnings	99,600	91,178
Rental income	7,470	5,280
Contributions	104,430	116,918
Intergovernmental revenue	-	331
Interest expense and fiscal charges	(6,582,688)	(7,169,940)
Total nonoperating revenues (expenses)	<u>(6,371,188)</u>	<u>(6,956,233)</u>
Income before contributions and transfers	5,652,633	9,116,742
Capital contributions	162,096	36,402
Transfers out	<u>(3,061,151)</u>	<u>(2,882,776)</u>
Change in net assets	2,753,578	6,270,368
Total net assets, beginning of year	<u>103,963,684</u>	<u>97,693,316</u>
Total net assets, end of year	<u>\$ 106,717,262</u>	<u>103,963,684</u>

See accompanying independent auditors' report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 39,434,566	42,077,625
Cash paid to suppliers for goods and services	(11,949,079)	(13,151,279)
Cash paid to employees for services	(6,109,959)	(6,281,167)
Net cash provided by operating activities	21,375,528	22,645,179
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	331
Contributions	104,430	116,918
Transfer to other funds	(3,314,274)	(3,565,618)
Net cash used for noncapital financing activities	(3,209,844)	(3,448,369)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,096,398)	(8,519,670)
Proceeds from sale of debt	110,902	-
Principal paid on debt	(7,558,752)	(6,586,252)
Interest paid on debt	(7,323,830)	(7,465,301)
Net cash used for capital and related financing activities	(18,868,078)	(22,571,223)
Cash flows from investing activities:		
Rental revenue	7,470	5,280
Investment earnings	99,600	91,178
Net cash provided by investing activities	107,070	96,458
Net decrease in cash and cash equivalents	(595,324)	(3,277,955)
Cash and cash equivalents, beginning of year	44,429,842	47,707,797
Cash and cash equivalents, end of year	\$ 43,834,518	44,429,842
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,023,821	16,072,975
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	60,411	(3,200)
Depreciation/amortization	8,734,301	7,699,439
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	621,963	(1,008,839)
Inventory	856	(126,761)
Deferred charges	(259,702)	-
Increase (decrease) in liabilities:		
Accounts payable	(102,603)	(216,369)
Accrued liabilities	10,002	(183,886)
Compensated absences payable	80,785	38,682
Net pension obligation	57,043	232,086
Customer deposits	148,651	141,052
Net cash provided by operating activities	\$ 21,375,528	22,645,179
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 162,096	36,402
Payment to refunded bond escrow agent	\$ 44,846,740	-

See accompanying independent auditors' report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund

Comparative Statements of Net Assets
September 30, 2012 and 2011

Assets	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and investments	\$ 15,980,100	13,815,910
Accounts receivable, net of allowance	2,692,879	2,586,881
Intergovernmental receivable	-	489,286
Current portion of notes receivable	43,665	42,272
Restricted cash and investments	78,190	1,402,213
Accrued interest on notes receivable	3,896	4,153
Inventory	15,123	10,371
Total current assets	<u>18,813,853</u>	<u>18,351,086</u>
Noncurrent assets:		
Restricted cash and investments	11,293,813	13,627,304
Noncurrent portion of notes receivable	596,517	640,182
Deferred charges	449,271	515,425
Capital assets:		
Land	2,408,235	2,431,739
Buildings	11,527,603	11,481,380
Improvements other than buildings	115,739,272	98,881,378
Equipment	7,925,792	7,131,598
Construction work in progress	3,425,798	17,364,327
Less: accumulated depreciation and amortization	<u>(40,892,673)</u>	<u>(37,111,230)</u>
Total capital assets	<u>100,134,027</u>	<u>100,179,192</u>
Total noncurrent assets	<u>112,473,628</u>	<u>114,962,103</u>
Total assets	<u>131,287,481</u>	<u>133,313,189</u>

See accompanying independent auditors' report.

	<u>2012</u>	<u>2011</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 216,483	197,641
Accrued liabilities	433,924	220,075
Compensated absences payable	409,690	369,541
Bonds payable	3,848,721	4,055,906
Refundable contracts	50,000	61,034
Accrued interest payable	435,835	472,714
	<u>5,394,653</u>	<u>5,376,911</u>
Current liabilities payable from restricted assets:		
Accounts payable	78,190	1,402,213
	<u>78,190</u>	<u>1,402,213</u>
Total current liabilities	<u>5,472,843</u>	<u>6,779,124</u>
Noncurrent liabilities:		
Refundable contracts	142,542	131,508
Compensated absences payable	194,008	203,668
Net pension obligation	474,525	438,389
Bonds payable	57,692,161	61,662,189
Total noncurrent liabilities	<u>58,503,236</u>	<u>62,435,754</u>
Total liabilities	<u>63,976,079</u>	<u>69,214,878</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	49,694,416	47,895,859
Unrestricted	17,616,986	16,202,452
Total net assets	<u>\$ 67,311,402</u>	<u>64,098,311</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2012 and 2011

	2012	2011
Operating revenues:		
Charges for services	\$ 21,153,165	21,319,763
Other	389,605	299,255
Total operating revenues	21,542,770	21,619,018
Operating expenses:		
Salaries and wages	2,538,040	2,503,272
Employee benefits	1,046,291	1,206,304
Purchased professional/technical services	703,283	535,851
Purchased property services	64,409	82,876
Maintenance	1,278,523	1,444,706
Other purchased services	259,951	228,403
Supplies	2,225,538	2,127,617
Other	2,904,910	2,961,134
Depreciation/amortization	3,990,260	3,589,818
Total operating expenses	15,011,205	14,679,981
Operating income	6,531,565	6,939,037
Nonoperating revenues (expenses):		
Investment earnings	64,610	60,764
Interest expense and fiscal charges	(2,623,134)	(2,842,350)
Total nonoperating revenues (expenses)	(2,558,524)	(2,781,586)
Income before contributions and transfers	3,973,041	4,157,451
Capital contributions	-	92,381
Transfers out	(759,950)	(740,145)
Change in net assets	3,213,091	3,509,687
Total net assets, beginning of year	64,098,311	60,588,624
Total net assets, end of year	\$ 67,311,402	64,098,311

See accompanying independent auditors' report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 21,436,772	21,318,876
Cash paid to suppliers for goods and services	(7,268,732)	(7,750,551)
Cash paid to employees for services	(3,518,373)	(3,474,978)
Net cash provided by operating activities	10,649,667	10,093,347
Cash flows from noncapital financing activities:		
Transfer to other funds	(759,950)	(740,145)
Net cash used for noncapital financing activities	(759,950)	(740,145)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,193,470)	(12,234,004)
Proceeds from sale of debt	24,135	-
Capital contributions	489,286	318,188
Principal paid on debt	(4,055,906)	(4,411,085)
Interest paid on debt	(2,754,225)	(2,966,034)
Net cash used for capital and related financing activities	(11,490,180)	(19,292,935)
Cash flows from investing activities:		
Investment earnings	64,867	61,009
Note payments from other entities	42,272	40,212
Net cash provided by investing activities	107,139	101,221
Net decrease in cash and cash equivalents	(1,493,324)	(9,838,512)
Cash and cash equivalents, beginning of year	28,845,427	38,683,939
Cash and cash equivalents, end of year	\$ 27,352,103	28,845,427
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,531,565	6,939,037
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	27,844	28,376
Depreciation/amortization	3,990,260	3,589,818
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(133,842)	(328,518)
Inventory	(4,752)	5,915
Deferred charges	(60,724)	-
Increase (decrease) in liabilities:		
Accounts payable	18,842	(15,559)
Accrued liabilities	213,849	(327,965)
Compensated absences payable	30,489	59,179
Net pension obligation	36,136	143,064
Net cash provided by operating activities	\$ 10,649,667	10,093,347
Noncash investing, capital, and financing activities:		
Payment to refunded bond escrow agent	\$ 7,583,121	-

See accompanying independent auditors' report.



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund

Comparative Statements of Net Assets
September 30, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and investments	\$ 9,990,138	9,723,454
Accounts receivable, net of allowance	2,154,644	1,849,923
Restricted cash and investments	1,960	160,619
Total current assets	12,146,742	11,733,996
Noncurrent assets:		
Restricted cash and investments	280,311	951,322
Deferred charges	77,117	94,649
Capital assets:		
Land	1,753,855	1,753,641
Buildings	1,370,137	1,370,137
Improvements other than buildings	23,936,392	19,437,340
Equipment	16,046,566	15,522,387
Construction in progress	27,574	1,642,138
Less: accumulated depreciation and amortization	(28,390,334)	(24,830,330)
Total capital assets	14,744,190	14,895,313
Total noncurrent assets	15,101,618	15,941,284
Total assets	27,248,360	27,675,280

See accompanying independent auditors' report.

	<u>2012</u>	<u>2011</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 117,337	103,309
Accrued liabilities	257,429	331,311
Compensated absences payable	343,161	387,938
Bonds payable	905,000	875,000
Accrued interest payable	49,245	56,528
	<u>1,672,172</u>	<u>1,754,086</u>
Current liabilities payable from restricted assets:		
Accounts payable	1,960	160,619
	<u>1,960</u>	<u>160,619</u>
Total current liabilities	<u>1,674,132</u>	<u>1,914,705</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	4,052,246	3,799,205
Compensated absences payable	195,609	139,439
Net pension obligation	472,571	436,774
Bonds payable	6,104,383	7,055,556
Total noncurrent liabilities	<u>10,824,809</u>	<u>11,430,974</u>
Total liabilities	<u>12,498,941</u>	<u>13,345,679</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	8,015,118	7,916,079
Unrestricted	<u>6,734,301</u>	<u>6,413,522</u>
Total net assets	<u>\$ 14,749,419</u>	<u>14,329,601</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 16,313,819	15,547,130
Other	217,915	401,156
Total operating revenues	<u>16,531,734</u>	<u>15,948,286</u>
 Operating expenses:		
Salaries and wages	2,721,146	2,706,516
Employee benefits	1,383,846	1,515,723
Purchased professional/technical services	1,375,694	1,383,186
Maintenance	1,789,663	1,623,203
Other purchased services	120,142	134,313
Supplies	1,841,963	2,063,201
Other	2,350,393	2,629,800
Depreciation/amortization	3,987,971	3,826,759
Total operating expenses	<u>15,570,818</u>	<u>15,882,701</u>
 Operating income	<u>960,916</u>	<u>65,585</u>
 Nonoperating revenues (expenses):		
Investment earnings	28,534	27,111
Intergovernmental revenue	3,760	-
Interest expense and fiscal charges	(283,436)	(318,477)
Total nonoperating revenues (expenses)	<u>(251,142)</u>	<u>(291,366)</u>
 Income (loss) before contributions and transfers	709,774	(225,781)
 Transfers out	<u>(289,956)</u>	<u>(278,674)</u>
 Change in net assets	419,818	(504,455)
 Total net assets, beginning of year	<u>14,329,601</u>	<u>14,834,056</u>
 Total net assets, end of year	<u>\$ 14,749,419</u>	<u>14,329,601</u>

See accompanying independent auditors' report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,227,013	16,003,354
Cash paid to suppliers for goods and services	(7,289,097)	(7,717,737)
Cash paid to employees for services	(4,053,373)	(4,046,084)
Net cash provided by operating activities	<u>4,884,543</u>	<u>4,239,533</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	3,760	-
Transfer to other funds	(289,956)	(278,674)
Net cash used for noncapital financing activities	<u>(286,196)</u>	<u>(278,674)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,995,507)	(4,471,876)
Proceeds from sale of debt	701	-
Principal paid on capital debt	(875,000)	(835,000)
Interest paid on capital debt	(320,061)	(354,803)
Net cash used for capital and related financing activities	<u>(5,189,867)</u>	<u>(5,661,679)</u>
Cash flows from investing activities:		
Investment earnings	28,534	27,111
Net cash provided by investing activities	<u>28,534</u>	<u>27,111</u>
Net decrease in cash and cash equivalents	(562,986)	(1,673,709)
Cash and cash equivalents, beginning of year	<u>10,835,395</u>	<u>12,509,104</u>
Cash and cash equivalents, end of year	<u>\$ 10,272,409</u>	<u>10,835,395</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 960,916	65,585
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	19,771	23,014
Depreciation/amortization	3,987,971	3,826,759
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(324,492)	32,054
Increase (decrease) in liabilities:		
Accounts payable	14,028	(92,341)
Accrued liabilities	(73,882)	42,950
Estimated landfill closure and post-closure care costs	253,041	179,529
Compensated absences payable	11,393	18,692
Net pension obligation	35,797	143,291
Net cash provided by operating activities	<u>\$ 4,884,543</u>	<u>4,239,533</u>
Noncash investing, capital and financing activities:		
Payment to refunded bond escrow agent	<u>\$ 488,624</u>	<u>-</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, 2012
(With Comparative Totals for September 30, 2011)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Assets			
Current assets:			
Cash and investments	\$ 1,057,247	37,184	320,771
Restricted cash and investments	-	-	1,269
Accounts receivable, net of allowances	74,111	205,157	600
Due from other funds	7,738	-	-
Intergovernmental receivable	194,684	-	-
Inventories	11,003	37,718	79,600
Total current assets	1,344,783	280,059	402,240
Noncurrent assets:			
Restricted cash and investments	-	-	72,692
Capital assets:			
Land	446,899	-	-
Buildings	14,340,067	24,824,000	3,720,747
Improvements other than buildings	29,975,940	555,845	48,391
Equipment	1,349,509	538,544	308,709
Museum collections	-	-	2,116,424
Construction in progress	306,516	-	-
Less: accumulated depreciation	(18,557,241)	(6,120,968)	(926,905)
Total capital assets	27,861,690	19,797,421	5,267,366
Total noncurrent assets	27,861,690	19,797,421	5,340,058
Total assets	29,206,473	20,077,480	5,742,298
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	131,344	107,985	13,431
Accrued liabilities	71,224	70,635	23,473
Unearned revenue	542,378	75,993	-
Due to other funds	-	-	-
Compensated absences payable	49,697	126,586	54,355
Escrow funds	-	-	176,460
Bonds payable	-	-	-
Accrued interest payable	-	-	-
Total current liabilities	794,643	381,199	267,719
Current liabilities payable from restricted assets:			
Accounts payable	-	-	1,269
Accrued liabilities	-	-	-
Total current liabilities	794,643	381,199	268,988
Noncurrent liabilities:			
Advances from other funds	48,388	-	-
Compensated absences payable	-	73,646	51,719
Total noncurrent liabilities	48,388	73,646	51,719
Total liabilities	843,031	454,845	320,707
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	27,861,690	19,797,421	5,267,366
Restricted for Texas Ranger Research Center improvements	-	-	6,834
Unrestricted	501,752	(174,786)	147,391
Total net assets	\$ 28,363,442	19,622,635	5,421,591

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2012	2011
26,694	-	44,923	1,486,819	1,117,158
-	-	-	1,269	47,326
-	124,768	-	404,636	431,450
-	-	-	7,738	149,064
-	2,825,931	-	3,020,615	2,897,712
<u>14,030</u>	<u>393,306</u>	<u>237,331</u>	<u>772,988</u>	<u>687,755</u>
<u>40,724</u>	<u>3,344,005</u>	<u>282,254</u>	<u>5,694,065</u>	<u>5,330,465</u>
-	-	-	72,692	440,855
-	423,284	-	870,183	870,183
8,812,026	6,919,608	713,389	59,329,837	39,685,833
19,050,351	244,951	2,017,246	51,892,724	47,081,823
347,538	10,812,677	722,152	14,079,129	13,578,182
-	-	-	2,116,424	2,111,424
-	46,888	19,178	372,582	18,194,722
<u>(12,609,611)</u>	<u>(7,509,175)</u>	<u>(2,329,112)</u>	<u>(48,053,012)</u>	<u>(43,248,230)</u>
<u>15,600,304</u>	<u>10,938,233</u>	<u>1,142,853</u>	<u>80,607,867</u>	<u>78,273,937</u>
<u>15,600,304</u>	<u>10,938,233</u>	<u>1,142,853</u>	<u>80,680,559</u>	<u>78,714,792</u>
<u>15,641,028</u>	<u>14,282,238</u>	<u>1,425,107</u>	<u>86,374,624</u>	<u>84,045,257</u>
37,201	53,976	86,235	430,172	415,748
82,535	119,153	600,140	967,160	746,948
-	442,125	-	1,060,496	684,475
-	2,438,310	-	2,438,310	2,452,801
132,989	-	70,187	433,814	402,280
-	-	-	176,460	105,486
-	-	-	-	130,000
-	-	-	-	1,257
<u>252,725</u>	<u>3,053,564</u>	<u>756,562</u>	<u>5,506,412</u>	<u>4,938,995</u>
-	-	-	1,269	305
-	-	-	-	47,021
<u>252,725</u>	<u>3,053,564</u>	<u>756,562</u>	<u>5,507,681</u>	<u>4,986,321</u>
-	-	693,704	742,092	1,377,095
<u>127,708</u>	<u>-</u>	<u>105,109</u>	<u>358,182</u>	<u>361,455</u>
<u>127,708</u>	<u>-</u>	<u>798,813</u>	<u>1,100,274</u>	<u>1,738,550</u>
<u>380,433</u>	<u>3,053,564</u>	<u>1,555,375</u>	<u>6,607,955</u>	<u>6,724,871</u>
15,600,304	10,938,233	1,142,853	80,607,867	78,143,937
-	-	-	6,834	388,651
<u>(339,709)</u>	<u>290,441</u>	<u>(1,273,121)</u>	<u>(848,032)</u>	<u>(1,212,202)</u>
<u>15,260,595</u>	<u>11,228,674</u>	<u>(130,268)</u>	<u>79,766,669</u>	<u>77,320,386</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Operating revenues:			
Charges for services	\$ 556,303	583,879	294,469
Net merchandise sales	56,473	187,179	133,354
Contributions	-	665	-
Other	219,854	50	20,626
Total operating revenues	<u>832,630</u>	<u>771,773</u>	<u>448,449</u>
Operating expenses:			
Salaries and wages	405,811	1,030,020	539,247
Employee benefits	166,390	435,397	198,687
Purchased professional/technical services	54,415	233,476	24,614
Purchased property services	17,513	25,997	8,678
Maintenance	58,260	92,996	9,762
Other purchased services	60,169	468,717	46,133
Supplies	152,702	405,915	99,637
Other	295,638	28,024	204,773
Depreciation	1,719,104	501,738	75,609
Total operating expenses	<u>2,930,002</u>	<u>3,222,280</u>	<u>1,207,140</u>
Operating loss	<u>(2,097,372)</u>	<u>(2,450,507)</u>	<u>(758,691)</u>
Nonoperating revenues (expenses):			
Investment earnings	2,637	25	1,154
Other income	232,527	-	-
Hotel/motel tax	-	1,897,865	-
Contributions	-	-	112,813
Intergovernmental revenue (expense)	99,162	(150,000)	(2,005)
Interest expense and fiscal charges	(7,965)	-	-
Total nonoperating revenues (expenses)	<u>326,361</u>	<u>1,747,890</u>	<u>111,962</u>
Loss before contributions and transfers	(1,771,011)	(702,617)	(646,729)
Capital contributions	3,083,193	2,243,718	11,748
Transfers in	370,573	116,337	1,124,396
Change in net assets	1,682,755	1,657,438	489,415
Total net assets, beginning of year	<u>26,680,687</u>	<u>17,965,197</u>	<u>4,932,176</u>
Total net assets, end of year	<u>\$ 28,363,442</u>	<u>19,622,635</u>	<u>5,421,591</u>

See accompanying independent auditors' report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2012	2011
1,374,747	2,649,335	1,010,867	6,469,600	6,482,899
224,389	-	155,053	756,448	747,075
1,944	-	-	2,609	6,127
1,474	933,446	11,146	1,186,596	999,173
<u>1,602,554</u>	<u>3,582,781</u>	<u>1,177,066</u>	<u>8,415,253</u>	<u>8,235,274</u>
1,208,680	2,784,327	471,264	6,439,349	6,352,752
545,224	613,088	184,108	2,142,894	2,305,745
32,766	980,753	340,390	1,666,414	1,674,372
472,398	25,100	244,994	794,680	559,936
54,058	532,327	77,393	824,796	832,647
68,704	179,586	129,264	952,573	946,291
601,448	1,031,974	237,904	2,529,580	2,516,855
175,526	396,847	4,618	1,105,426	966,565
1,237,836	1,426,312	169,665	5,130,264	4,178,845
<u>4,396,640</u>	<u>7,970,314</u>	<u>1,859,600</u>	<u>21,585,976</u>	<u>20,334,008</u>
(2,794,086)	(4,387,533)	(682,534)	(13,170,723)	(12,098,734)
-	6	-	3,822	4,201
-	-	49,308	281,835	376,269
-	-	-	1,897,865	1,754,730
-	-	-	112,813	63,692
-	3,095,605	-	3,042,762	3,216,791
-	-	(4,826)	(12,791)	(18,324)
<u>-</u>	<u>3,095,611</u>	<u>44,482</u>	<u>5,326,306</u>	<u>5,397,359</u>
(2,794,086)	(1,291,922)	(638,052)	(7,844,417)	(6,701,375)
572,268	37,406	-	5,948,333	10,428,777
<u>1,544,337</u>	<u>-</u>	<u>1,186,724</u>	<u>4,342,367</u>	<u>3,207,418</u>
(677,481)	(1,254,516)	548,672	2,446,283	6,934,820
<u>15,938,076</u>	<u>12,483,190</u>	<u>(678,940)</u>	<u>77,320,386</u>	<u>70,385,566</u>
<u>15,260,595</u>	<u>11,228,674</u>	<u>(130,268)</u>	<u>79,766,669</u>	<u>77,320,386</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	Airport Fund	Convention Services Fund
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Cash received from customers	\$ 808,682	835,965
Cash paid to suppliers for goods and services	(627,316)	(1,273,690)
Cash paid to employees for services	(562,010)	(1,458,391)
Net cash used for operating activities	<u>(380,644)</u>	<u>(1,896,116)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	167,179	-
Intergovernmental expense	-	(150,000)
Contributions	-	-
Hotel/motel tax	-	1,894,473
Passenger facility charges	232,527	-
Payments from other funds	-	-
Payments to other funds	-	-
Transfer from other funds	370,573	116,337
Advances from other funds	-	-
Repayments of advances from other funds	(53,090)	-
Net cash provided by noncapital financing activities	<u>717,189</u>	<u>1,860,810</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,127,074)	(6,879)
Capital contributions	3,193,580	-
Principal paid on capital debt	(130,000)	-
Interest paid on capital debt	(9,222)	-
Net cash provided by (used for) capital and related financing activities	<u>(72,716)</u>	<u>(6,879)</u>
Cash flows from investing activities:		
Investment earnings	2,637	25
Other	-	-
Net cash provided by investing activities	<u>2,637</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	266,466	(42,160)
Cash and cash equivalents, beginning of year	<u>790,781</u>	<u>79,344</u>
Cash and cash equivalents, end of year	<u>\$ 1,057,247</u>	<u>37,184</u>

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2012	2011
448,449	1,601,003	3,584,052	1,177,096	8,455,247	8,184,091
(383,908)	(1,378,791)	(3,046,606)	(810,277)	(7,520,588)	(8,075,627)
(752,565)	(1,715,028)	(3,398,578)	(667,070)	(8,553,642)	(8,691,778)
<u>(688,024)</u>	<u>(1,492,816)</u>	<u>(2,861,132)</u>	<u>(300,251)</u>	<u>(7,618,983)</u>	<u>(8,583,314)</u>
-	-	3,010,007	-	3,177,186	2,865,115
-	-	-	-	(150,000)	(117,000)
112,813	-	-	-	112,813	63,692
-	-	-	-	1,894,473	1,754,730
-	-	-	-	232,527	261,249
-	-	-	-	-	132,756
-	-	(14,491)	-	(14,491)	-
1,124,396	1,544,337	-	599,985	3,755,628	3,207,418
-	-	-	-	-	107,890
-	-	-	-	(53,090)	(50,800)
<u>1,237,209</u>	<u>1,544,337</u>	<u>2,995,516</u>	<u>599,985</u>	<u>8,955,046</u>	<u>8,225,050</u>
(886,810)	(26,772)	(171,796)	(309,644)	(4,528,975)	(5,594,435)
3,459	-	37,406	-	3,234,445	6,700,878
-	-	-	-	(130,000)	(120,000)
-	-	-	-	(9,222)	(18,732)
<u>(883,351)</u>	<u>(26,772)</u>	<u>(134,390)</u>	<u>(309,644)</u>	<u>(1,433,752)</u>	<u>967,711</u>
1,154	-	6	-	3,822	4,201
-	-	-	49,308	49,308	115,020
<u>1,154</u>	<u>-</u>	<u>6</u>	<u>49,308</u>	<u>53,130</u>	<u>119,221</u>
(333,012)	24,749	-	39,398	(44,559)	728,668
<u>727,744</u>	<u>1,945</u>	<u>-</u>	<u>5,525</u>	<u>1,605,339</u>	<u>876,671</u>
<u>394,732</u>	<u>26,694</u>	<u>-</u>	<u>44,923</u>	<u>1,560,780</u>	<u>1,605,339</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	Airport Fund	Convention Services Fund
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,097,372)	(2,450,507)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,719,104	501,738
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(23,948)	52,461
Inventories	1,469	(290)
Increase (decrease) in liabilities:		
Accounts payable	(15,031)	(23,524)
Accrued liabilities	25,113	7,048
Unearned revenue	-	11,731
Due to other funds	-	-
Compensated absences payable	10,021	5,227
Escrow funds	-	-
	-	-
Net cash used for operating activities	\$ (380,644)	(1,896,116)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	2,243,718

See accompanying independent auditors' report.

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2012	2011
(758,691)	(2,794,086)	(4,387,533)	(682,534)	(13,170,723)	(12,098,734)
75,609	1,237,836	1,426,312	169,665	5,130,264	4,178,845
-	392	1,271	30	30,206	(78,994)
(10,010)	646	(66,878)	(10,170)	(85,233)	(84,064)
(4,414)	(8,023)	(90,691)	46,127	(95,556)	38,271
(47,737)	34,891	(33,458)	187,334	173,191	(5,133)
-	(1,943)	289,845	-	299,633	53,375
-	-	-	-	-	(657,896)
(13,755)	37,471	-	(10,703)	28,261	45,057
70,974	-	-	-	70,974	25,959
<u>(688,024)</u>	<u>(1,492,816)</u>	<u>(2,861,132)</u>	<u>(300,251)</u>	<u>(7,618,983)</u>	<u>(8,583,314)</u>
<u>8,289</u>	<u>572,268</u>	<u>-</u>	<u>-</u>	<u>2,824,275</u>	<u>6,526,783</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and investments	\$ 1,057,247	790,781
Accounts receivable, net of allowance	74,111	50,163
Due from other funds	7,738	149,064
Intergovernmental receivable	194,684	155,374
Inventory	11,003	12,472
Total current assets	1,344,783	1,157,854
Noncurrent assets:		
Capital assets:		
Land	446,899	446,899
Buildings	14,340,067	14,340,067
Improvements other than buildings	29,975,940	26,417,692
Equipment	1,349,509	1,337,559
Construction in progress	306,516	638,696
Less: accumulated depreciation	(18,557,241)	(16,838,137)
Total capital assets	27,861,690	26,342,776
Total noncurrent assets	27,861,690	26,342,776
Total assets	29,206,473	27,500,630
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	131,344	35,431
Accrued liabilities	71,224	46,111
Unearned revenue	542,378	465,990
Compensated absences payable	49,697	39,676
Bonds payable	-	130,000
Accrued interest payable	-	1,257
Total current liabilities	794,643	718,465
Noncurrent liabilities:		
Advances from other funds	48,388	101,478
Total noncurrent liabilities	48,388	101,478
Total liabilities	843,031	819,943
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	27,861,690	26,212,776
Unrestricted	501,752	467,911
Total net assets	\$ 28,363,442	26,680,687

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 556,303	540,727
Net merchandise sales	56,473	59,913
Other	219,854	192,661
Total operating revenues	<u>832,630</u>	<u>793,301</u>
Operating expenses:		
Salaries and wages	405,811	395,614
Employee benefits	166,390	181,600
Purchased professional/technical services	54,415	10,438
Purchased property services	17,513	22,332
Maintenance	58,260	55,813
Other purchased services	60,169	62,823
Supplies	152,702	193,517
Other	295,638	278,666
Depreciation	1,719,104	1,285,438
Total operating expenses	<u>2,930,002</u>	<u>2,486,241</u>
Operating loss	<u>(2,097,372)</u>	<u>(1,692,940)</u>
Nonoperating revenues (expenses):		
Investment earnings	2,637	2,016
Intergovernmental revenue	99,162	123,301
Interest expense and fiscal charges	(7,965)	(17,582)
Other income	232,527	261,249
Total nonoperating revenues (expenses)	<u>326,361</u>	<u>368,984</u>
Loss before contributions and transfers	(1,771,011)	(1,323,956)
Capital contributions	3,083,193	3,769,972
Transfers in	<u>370,573</u>	<u>308,452</u>
Change in net assets	1,682,755	2,754,468
Total net assets, beginning of year	<u>26,680,687</u>	<u>23,926,219</u>
Total net assets, end of year	<u>\$ 28,363,442</u>	<u>26,680,687</u>

See accompanying independent auditors' report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 808,682	792,967
Cash paid to suppliers for goods and services	(627,316)	(864,789)
Cash paid to employees for services	(562,010)	(573,450)
Net cash used for operating activities	<u>(380,644)</u>	<u>(645,272)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	167,179	72,084
Passenger facility charges	232,527	261,249
Transfer from other funds	370,573	308,452
Repayments of advances from other funds	(53,090)	(50,800)
Net cash provided by noncapital financing activities	<u>717,189</u>	<u>590,985</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,127,074)	(5,216,672)
Capital contributions	3,193,580	6,198,456
Principal paid on capital debt	(130,000)	(120,000)
Interest paid on capital debt	(9,222)	(18,732)
Net cash provided by (used for) capital and related financing activities	<u>(72,716)</u>	<u>843,052</u>
Cash flows from investing activities:		
Investment earnings	2,637	2,016
Net cash provided by investing activities	<u>2,637</u>	<u>2,016</u>
Net increase in cash and cash equivalents	266,466	790,781
Cash and cash equivalents, beginning of year	<u>790,781</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 1,057,247</u>	<u>790,781</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,097,372)	(1,692,940)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,719,104	1,285,438
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(23,948)	(334)
Inventory	1,469	(8,594)
Increase (decrease) in liabilities:		
Accounts payable	(15,031)	3,226
Accrued liabilities	25,113	24,312
Due to other funds	-	(259,300)
Compensated absences payable	10,021	2,920
Net cash used for operating activities	<u>\$ (380,644)</u>	<u>(645,272)</u>

See accompanying independent auditors' report.

Convention Services Fund

City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and investments	\$ 37,184	79,344
Accounts receivable, net of allowance	205,157	254,226
Inventory	37,718	37,428
Total current assets	<u>280,059</u>	<u>370,998</u>
Noncurrent assets:		
Capital assets:		
Buildings	24,824,000	6,276,931
Improvements other than buildings	555,845	67,388
Equipment	538,544	531,665
Construction in progress	-	16,791,808
Less: accumulated depreciation	<u>(6,120,968)</u>	<u>(5,619,230)</u>
Total capital assets	<u>19,797,421</u>	<u>18,048,562</u>
Total noncurrent assets	<u>19,797,421</u>	<u>18,048,562</u>
Total assets	<u>20,077,480</u>	<u>18,419,560</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	107,985	131,509
Accrued liabilities	70,635	63,587
Unearned revenue	75,993	64,262
Compensated absences payable	126,586	137,437
Total current liabilities	<u>381,199</u>	<u>396,795</u>
Noncurrent liabilities:		
Compensated absences payable	<u>73,646</u>	<u>57,568</u>
Total noncurrent liabilities	<u>73,646</u>	<u>57,568</u>
Total liabilities	<u>454,845</u>	<u>454,363</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	19,797,421	18,048,562
Unrestricted	<u>(174,786)</u>	<u>(83,365)</u>
Total net assets	<u>\$ 19,622,635</u>	<u>17,965,197</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 583,879	414,234
Net merchandise sales	187,179	109,706
Contributions	665	-
Other	50	43
Total operating revenues	<u>771,773</u>	<u>523,983</u>
Operating expenses:		
Salaries and wages	1,030,020	986,084
Employee benefits	435,397	445,887
Purchased professional/technical services	233,476	148,953
Purchased property services	25,997	21,858
Maintenance	92,996	85,384
Other purchased services	468,717	438,178
Supplies	405,915	412,463
Other	28,024	11,427
Depreciation	501,738	194,289
Total operating expenses	<u>3,222,280</u>	<u>2,744,523</u>
Operating loss	<u>(2,450,507)</u>	<u>(2,220,540)</u>
Nonoperating revenues (expenses):		
Hotel/motel tax	1,897,865	1,754,730
Investment earnings	25	116
Intergovernmental expenses	(150,000)	(117,000)
Total nonoperating revenues (expenses)	<u>1,747,890</u>	<u>1,637,846</u>
Loss before contributions and transfers	(702,617)	(582,694)
Capital contributions	2,243,718	5,537,334
Transfers in	<u>116,337</u>	<u>362,139</u>
Change in net assets	1,657,438	5,316,779
Total net assets, beginning of year	<u>17,965,197</u>	<u>12,648,418</u>
Total net assets, end of year	<u>\$ 19,622,635</u>	<u>17,965,197</u>

See accompanying independent auditors' report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 835,965	487,570
Cash paid to suppliers for goods and services	(1,273,690)	(1,096,330)
Cash paid to employees for services	(1,458,391)	(1,425,474)
Net cash used for operating activities	(1,896,116)	(2,034,234)
Cash flows from noncapital financing activities:		
Hotel/motel tax	1,894,473	1,754,730
Intergovernmental expenses	(150,000)	(117,000)
Transfer from other funds	116,337	362,139
Net cash provided by noncapital financing activities	1,860,810	1,999,869
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(6,879)	(11,785)
Net cash used for capital and related financing activities	(6,879)	(11,785)
Cash flows from investing activities:		
Investment earnings	25	116
Net cash provided by investing activities	25	116
Net decrease in cash and cash equivalents	(42,160)	(46,034)
Cash and cash equivalents, beginning of year	79,344	125,378
Cash and cash equivalents, end of year	\$ 37,184	79,344
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,450,507)	(2,220,540)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	501,738	194,289
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	52,461	(70,199)
Inventory	(290)	(9,679)
Increase (decrease) in liabilities:		
Accounts payable	(23,524)	26,622
Accrued liabilities	7,048	9,933
Unearned revenue	11,731	33,786
Compensated absences payable	5,227	1,554
Net cash used for operating activities	\$ (1,896,116)	(2,034,234)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 2,243,718	5,537,334

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, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and investments	\$ 320,771	239,563
Restricted cash and investments	1,269	47,326
Accounts receivable, net of allowance	600	600
Intergovernmental receivable	-	2,005
Inventory	79,600	69,590
Total current assets	402,240	359,084
Noncurrent assets:		
Restricted cash and investments	72,692	440,855
Capital assets:		
Buildings	3,720,747	2,623,812
Improvements other than buildings	48,391	48,391
Equipment	308,709	308,709
Museum collections	2,116,424	2,111,424
Construction in progress	-	206,836
Less: accumulated depreciation	(926,905)	(851,296)
Total capital assets	5,267,366	4,447,876
Total noncurrent assets	5,340,058	4,888,731
Total assets	5,742,298	5,247,815
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	13,431	18,809
Accrued liabilities	23,473	24,189
Compensated absences payable	54,355	51,603
Escrow funds	176,460	105,486
	267,719	200,087
Current liabilities payable from restricted assets:		
Accounts payable	1,269	305
Accrued liabilities	-	47,021
	1,269	47,326
Total current liabilities	268,988	247,413
Noncurrent liabilities:		
Compensated absences payable	51,719	68,226
Total noncurrent liabilities	51,719	68,226
Total liabilities	320,707	315,639
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	5,267,366	4,447,876
Restricted for Texas Ranger Research Center improvements	6,834	388,651
Unrestricted	147,391	95,649
Total net assets	\$ 5,421,591	4,932,176

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 294,469	290,100
Net merchandise sales	133,354	152,545
Other	20,626	22,679
Total operating revenues	<u>448,449</u>	<u>465,324</u>
Operating expenses:		
Salaries and wages	539,247	547,145
Employee benefits	198,687	218,336
Purchased professional/technical services	24,614	35,177
Purchased property services	8,678	7,683
Maintenance	9,762	12,958
Other purchased services	46,133	37,131
Supplies	99,637	104,809
Other	204,773	170,505
Depreciation	75,609	59,260
Total operating expenses	<u>1,207,140</u>	<u>1,193,004</u>
Operating loss	<u>(758,691)</u>	<u>(727,680)</u>
Nonoperating revenues:		
Investment earnings	1,154	2,063
Contributions	112,813	63,692
Intergovernmental expense	(2,005)	-
Total nonoperating revenues	<u>111,962</u>	<u>65,755</u>
Loss before contributions and transfers	(646,729)	(661,925)
Capital contributions	11,748	938,346
Transfers in	<u>1,124,396</u>	<u>666,900</u>
Change in net assets	489,415	943,321
Total net assets, beginning of year	<u>4,932,176</u>	<u>3,988,855</u>
Total net assets, end of year	<u>\$ 5,421,591</u>	<u>4,932,176</u>

See accompanying independent auditors' report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 448,449	465,324
Cash paid to suppliers for goods and services	(383,908)	(315,793)
Cash paid to employees for services	(752,565)	(750,777)
Net cash used for operating activities	<u>(688,024)</u>	<u>(601,246)</u>
Cash flows from noncapital financing activities:		
Contributions	112,813	63,692
Transfer from other funds	1,124,396	666,900
Net cash provided by noncapital financing activities	<u>1,237,209</u>	<u>730,592</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(886,810)	(169,842)
Capital contributions	3,459	14,884
Net cash used for capital and related financing activities	<u>(883,351)</u>	<u>(154,958)</u>
Cash flows from investing activities:		
Investment earnings	1,154	2,063
Net cash provided by investing activities	<u>1,154</u>	<u>2,063</u>
Net decrease in cash and cash equivalents	(333,012)	(23,549)
Cash and cash equivalents, beginning of year	<u>727,744</u>	<u>751,293</u>
Cash and cash equivalents, end of year	<u>\$ 394,732</u>	<u>727,744</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (758,691)	(727,680)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	75,609	59,260
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Inventory	(10,010)	(4,249)
Increase (decrease) in liabilities:		
Accounts payable	(4,414)	(15,093)
Accrued liabilities	(47,737)	49,329
Compensated absences payable	(13,755)	11,228
Escrow funds	70,974	25,959
Net cash used for operating activities	<u>\$ (688,024)</u>	<u>(601,246)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 8,289</u>	<u>886,468</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and investments	\$ 26,694	1,945
Accounts receivable, net of allowance	-	392
Inventory	<u>14,030</u>	<u>14,676</u>
Total current assets	<u>40,724</u>	<u>17,013</u>
Noncurrent assets:		
Capital assets:		
Buildings	8,812,026	8,812,026
Improvements other than buildings	19,050,351	18,499,530
Equipment	347,538	318,318
Construction in progress	-	-
Less: accumulated depreciation	<u>(12,609,611)</u>	<u>(11,390,774)</u>
Total capital assets	<u>15,600,304</u>	<u>16,239,100</u>
Total noncurrent assets	<u>15,600,304</u>	<u>16,239,100</u>
Total assets	<u>15,641,028</u>	<u>16,256,113</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	37,201	45,224
Accrued liabilities	82,535	47,644
Unearned revenue	-	1,943
Compensated absences payable	<u>132,989</u>	<u>104,236</u>
Total current liabilities	<u>252,725</u>	<u>199,047</u>
Noncurrent liabilities:		
Compensated absences payable	<u>127,708</u>	<u>118,990</u>
Total noncurrent liabilities	<u>127,708</u>	<u>118,990</u>
Total liabilities	<u>380,433</u>	<u>318,037</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	15,600,304	16,239,100
Unrestricted	<u>(339,709)</u>	<u>(301,024)</u>
Total net assets	<u>\$ 15,260,595</u>	<u>15,938,076</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,374,747	1,359,643
Net merchandise sales	224,389	205,575
Contributions	1,944	6,127
Other	1,474	3,878
Total operating revenues	<u>1,602,554</u>	<u>1,575,223</u>
Operating expenses:		
Salaries and wages	1,208,680	1,198,563
Employee benefits	545,224	605,475
Purchased professional/technical services	32,766	44,723
Purchased property services	472,398	355,092
Maintenance	54,058	67,141
Other purchased services	68,704	66,528
Supplies	601,448	613,404
Other	175,526	157,595
Depreciation	1,237,836	1,206,511
Total operating expenses	<u>4,396,640</u>	<u>4,315,032</u>
Operating loss	(2,794,086)	(2,739,809)
Capital contributions	572,268	102,981
Transfers in	<u>1,544,337</u>	<u>1,726,725</u>
Change in net assets	(677,481)	(910,103)
Total net assets, beginning of year	<u>15,938,076</u>	<u>16,848,179</u>
Total net assets, end of year	<u>\$ 15,260,595</u>	<u>15,938,076</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 1,601,003	1,570,298
Cash paid to suppliers for goods and services	(1,378,791)	(1,521,248)
Cash paid to employees for services	(1,715,028)	(1,773,830)
Net cash used for operating activities	(1,492,816)	(1,724,780)
Cash flows from noncapital financing activities:		
Transfer from other funds	1,544,337	1,726,725
Net cash provided by noncapital financing activities	1,544,337	1,726,725
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(26,772)	-
Net cash used for noncapital financing activities	(26,772)	-
Net increase in cash and cash equivalents	24,749	1,945
Cash and cash equivalents, beginning of year	1,945	-
Cash and cash equivalents, end of year	\$ 26,694	1,945
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,794,086)	(2,739,809)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,237,836	1,206,511
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	392	1,050
Inventory	646	(9,898)
Increase (decrease) in liabilities:		
Accounts payable	(8,023)	(34,508)
Accrued liabilities	34,891	(806)
Unearned revenue	(1,943)	(5,975)
Due to other funds	-	(165,475)
Compensated absences payable	37,471	24,130
Net cash used for operating activities	\$ (1,492,816)	(1,724,780)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 572,268	102,981

See accompanying independent auditors' report.

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Accounts receivable, net of allowance	\$ 124,768	126,039
Intergovernmental receivable	2,825,931	2,740,333
Inventory	393,306	326,428
Total current assets	<u>3,344,005</u>	<u>3,192,800</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	10,812,677	10,362,241
Construction in progress	46,888	538,204
Less: accumulated depreciation	<u>(7,509,175)</u>	<u>(6,295,539)</u>
Total capital assets	<u>10,938,233</u>	<u>12,192,749</u>
Total noncurrent assets	<u>10,938,233</u>	<u>12,192,749</u>
Total assets	<u>14,282,238</u>	<u>15,385,549</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	53,976	144,667
Accrued liabilities	119,153	152,611
Unearned revenue	442,125	152,280
Due to other funds	2,438,310	2,452,801
Total current liabilities	<u>3,053,564</u>	<u>2,902,359</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	10,938,233	12,192,749
Unrestricted	<u>290,441</u>	<u>290,441</u>
Total net assets	<u>\$ 11,228,674</u>	<u>12,483,190</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 2,649,335	2,638,877
Other	933,446	775,412
Total operating revenues	<u>3,582,781</u>	<u>3,414,289</u>
Operating expenses:		
Salaries and wages	2,784,327	2,735,399
Employee benefits	613,088	640,551
Purchased professional/technical services	980,753	1,166,617
Purchased property services	25,100	31,574
Maintenance	532,327	535,663
Other purchased services	179,586	210,652
Supplies	1,031,974	979,274
Other	396,847	325,053
Depreciation	1,426,312	1,279,377
Total operating expenses	<u>7,970,314</u>	<u>7,904,160</u>
Operating loss	<u>(4,387,533)</u>	<u>(4,489,871)</u>
Nonoperating revenues:		
Investment earnings	6	6
Intergovernmental revenue	3,095,605	3,210,490
Total nonoperating revenues	<u>3,095,611</u>	<u>3,210,496</u>
Loss before capital contributions	(1,291,922)	(1,279,375)
Capital contributions	<u>37,406</u>	<u>80,144</u>
Change in net assets	(1,254,516)	(1,199,231)
Total net assets, beginning of year	<u>12,483,190</u>	<u>13,682,421</u>
Total net assets, end of year	<u>\$ 11,228,674</u>	<u>12,483,190</u>

See accompanying independent auditors' report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 3,584,052	3,402,039
Cash paid to suppliers for goods and services	(3,046,606)	(3,263,371)
Cash paid to employees for services	(3,398,578)	(3,471,855)
Net cash used for operating activities	(2,861,132)	(3,333,187)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	3,010,007	2,793,031
Payments to other funds	(14,491)	-
Payments from other funds	-	132,756
Net cash provided by noncapital financing activities	2,995,516	2,925,787
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(171,796)	(80,144)
Capital contributions	37,406	487,538
Net cash provided by (used for) capital and related financing activities	(134,390)	407,394
Cash flows from investing activities:		
Investment earnings	6	6
Net cash provided by investing activities	6	6
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	-
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (4,387,533)	(4,489,871)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,426,312	1,279,377
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	1,271	(12,250)
Inventory	(66,878)	(114,447)
Increase (decrease) in liabilities:		
Accounts payable	(90,691)	71,114
Accrued liabilities	(33,458)	(92,674)
Unearned revenue	289,845	25,564
Net cash used for operating activities	\$ (2,861,132)	(3,333,187)

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash	\$ 44,923	5,525
Accounts receivable, net of allowance	-	30
Inventory	<u>237,331</u>	<u>227,161</u>
Total current assets	<u>282,254</u>	<u>232,716</u>
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	2,017,246	1,803,871
Equipment	722,152	719,690
Construction in progress	19,178	19,178
Less: accumulated depreciation	<u>(2,329,112)</u>	<u>(2,253,254)</u>
Total capital assets	<u>1,142,853</u>	<u>1,002,874</u>
Total noncurrent assets	<u>1,142,853</u>	<u>1,002,874</u>
Total assets	<u>1,425,107</u>	<u>1,235,590</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	86,235	40,108
Accrued liabilities	600,140	412,806
Compensated absences payable	<u>70,187</u>	<u>69,328</u>
Total current liabilities	<u>756,562</u>	<u>522,242</u>
Noncurrent liabilities:		
Advances from other funds	693,704	1,275,617
Compensated absences payable	<u>105,109</u>	<u>116,671</u>
Total noncurrent liabilities	<u>798,813</u>	<u>1,392,288</u>
Total liabilities	<u>1,555,375</u>	<u>1,914,530</u>
Net Assets		
Net assets:		
Invested in capital assets, net of related debt	1,142,853	1,002,874
Unrestricted	<u>(1,273,121)</u>	<u>(1,681,814)</u>
Total net assets	<u>\$ (130,268)</u>	<u>(678,940)</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,010,867	1,239,318
Net merchandise sales	155,053	219,336
Other	<u>11,146</u>	<u>4,500</u>
Total operating revenues	<u>1,177,066</u>	<u>1,463,154</u>
 Operating expenses:		
Salaries and wages	471,264	489,947
Employee benefits	184,108	213,896
Purchased professional/technical services	340,390	268,464
Purchased property services	244,994	121,397
Maintenance	77,393	75,688
Other purchased services	129,264	130,979
Supplies	237,904	213,388
Other	4,618	23,319
Depreciation	<u>169,665</u>	<u>153,970</u>
Total operating expenses	<u>1,859,600</u>	<u>1,691,048</u>
 Operating loss	<u>(682,534)</u>	<u>(227,894)</u>
 Nonoperating revenues (expenses):		
Other	49,308	115,020
Interest expense	<u>(4,826)</u>	<u>(742)</u>
Total nonoperating revenues (expenses)	<u>44,482</u>	<u>114,278</u>
 Loss before transfers	(638,052)	(113,616)
 Transfers in	<u>1,186,724</u>	<u>143,202</u>
 Change in net assets	548,672	29,586
 Total net assets, beginning of year	<u>(678,940)</u>	<u>(708,526)</u>
 Total net assets, end of year	<u>\$ (130,268)</u>	<u>(678,940)</u>

See accompanying independent auditors' report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 1,177,096	1,465,893
Cash paid to suppliers for goods and services	(810,277)	(1,014,096)
Cash paid to employees for services	(667,070)	(696,392)
Net cash used for operating activities	(300,251)	(244,595)
Cash flows from noncapital financing activities:		
Transfer from other funds	599,985	143,202
Advances from other funds	-	107,890
Net cash provided by noncapital financing activities	599,985	251,092
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(309,644)	(115,992)
Net cash used for capital and related financing activities	(309,644)	(115,992)
Cash flows from investing activities:		
Raw water sales	49,308	115,020
Net cash provided by investing activities	49,308	115,020
Net increase in cash and cash equivalents	39,398	5,525
Cash and cash equivalents, beginning of year	5,525	-
Cash and cash equivalents, end of year	\$ 44,923	5,525
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (682,534)	(227,894)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	169,665	153,970
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	30	2,739
Inventory	(10,170)	62,803
Increase (decrease) in liabilities:		
Accounts payable	46,127	(13,090)
Accrued liabilities	187,334	4,773
Due to other funds	-	(233,121)
Compensated absences payable	(10,703)	5,225
Net cash used for operating activities	\$ (300,251)	(244,595)

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, 2012
(With Comparative Totals for September 30, 2011)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2012	2011
Assets						
Current assets:						
Cash and investments	\$ 6,398,488	4,909,840	386,556	443,777	12,138,661	14,088,398
Accounts receivable, net of allowances	1,994	-	591	-	2,585	224
Inventories	-	-	-	190,577	190,577	136,615
Total current assets	<u>6,400,482</u>	<u>4,909,840</u>	<u>387,147</u>	<u>634,354</u>	<u>12,331,823</u>	<u>14,225,237</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	-	224,673	811,149	1,057,417	1,053,459
Less: accumulated depreciation	(16,940)	-	(161,329)	(1,076,689)	(1,254,958)	(1,235,955)
Total capital assets	<u>4,655</u>	<u>-</u>	<u>87,744</u>	<u>402,294</u>	<u>494,693</u>	<u>509,738</u>
Total noncurrent assets	<u>4,655</u>	<u>-</u>	<u>87,744</u>	<u>402,294</u>	<u>494,693</u>	<u>509,738</u>
Total assets	<u>6,405,137</u>	<u>4,909,840</u>	<u>474,891</u>	<u>1,036,648</u>	<u>12,826,516</u>	<u>14,734,975</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	109,630	1,348	3,970	116,684	231,632	178,959
Accrued liabilities	48,822	203,753	26,373	25,908	304,856	506,577
Due to other funds	702,577	-	-	-	702,577	12,140
Compensated absences payable	48,463	-	135,725	79,994	264,182	274,089
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	2,019,074	1,044,000	-	-	3,063,074	3,607,041
Total current liabilities	<u>2,928,566</u>	<u>1,249,101</u>	<u>166,606</u>	<u>222,586</u>	<u>4,566,859</u>	<u>4,579,344</u>
Noncurrent liabilities:						
Compensated absences payable	41,277	-	81,204	-	122,481	97,257
Net pension obligation	56,583	2,609	178,113	131,204	368,509	336,721
Total noncurrent liabilities	<u>97,860</u>	<u>2,609</u>	<u>259,317</u>	<u>131,204</u>	<u>490,990</u>	<u>433,978</u>
Total liabilities	<u>3,026,426</u>	<u>1,251,710</u>	<u>425,923</u>	<u>353,790</u>	<u>5,057,849</u>	<u>5,013,322</u>
Net Assets						
Invested in capital assets, net of related debt	4,655	-	87,744	402,294	494,693	509,738
Unrestricted	3,374,056	3,658,130	(38,776)	280,564	7,273,974	9,211,915
Total net assets	<u>\$ 3,378,711</u>	<u>3,658,130</u>	<u>48,968</u>	<u>682,858</u>	<u>7,768,667</u>	<u>9,721,653</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, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2012	2011
Operating revenues:						
Charges for services	\$ 2,668,019	10,123,725	1,783,084	1,588,389	16,163,217	16,197,117
Other	-	-	5,150	11,599	16,749	13,303
Total operating revenues	2,668,019	10,123,725	1,788,234	1,599,988	16,179,966	16,210,420
Operating expenses:						
Salaries and wages	373,662	51,380	1,069,916	779,477	2,274,435	2,196,794
Employee benefits	131,575	20,177	403,991	341,809	897,552	1,044,027
Purchased professional/ technical services	156,387	1,432,686	849	43,964	1,633,886	1,355,271
Purchased property services	-	-	52,785	3,167	55,952	55,314
Maintenance	292	-	38,259	39,445	77,996	83,061
Other purchased services	749,871	215	54,484	23,097	827,667	860,407
Supplies	71,311	1,690	38,565	126,496	238,062	194,584
Other	1,027,156	9,943,086	191,534	184,341	11,346,117	10,982,756
Depreciation	3,088	-	30,856	65,682	99,626	86,951
Total operating expenses	2,513,342	11,449,234	1,881,239	1,607,478	17,451,293	16,859,165
Operating income (loss)	154,677	(1,325,509)	(93,005)	(7,490)	(1,271,327)	(648,745)
Nonoperating revenues:						
Investment earnings	17,900	14,137	1,036	782	33,855	40,654
Intergovernmental revenue	-	-	-	-	-	9,171
	17,900	14,137	1,036	782	33,855	49,825
Income (loss) before contributions and transfers	172,577	(1,311,372)	(91,969)	(6,708)	(1,237,472)	(598,920)
Capital contributions	-	-	17,489	-	17,489	-
Transfers out	(733,003)	-	-	-	(733,003)	(40,000)
Change in net assets	(560,426)	(1,311,372)	(74,480)	(6,708)	(1,952,986)	(638,920)
Total net assets, beginning of year	3,939,137	4,969,502	123,448	689,566	9,721,653	10,360,573
Total net assets, end of year	\$ 3,378,711	3,658,130	48,968	682,858	7,768,667	9,721,653

See accompanying independent auditors' report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2012
(With Comparative Totals for Year Ended September 30, 2011)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2012	2011
Cash flows from operating activities:						
Cash received from customers	\$ 2,666,249	10,123,725	1,787,643	1,599,988	16,177,605	16,211,274
Cash paid to suppliers for goods and services	(2,511,032)	(11,560,304)	(377,385)	(472,758)	(14,921,479)	(14,668,240)
Cash paid to employees for services	(490,251)	(71,510)	(1,448,485)	(1,119,814)	(3,130,060)	(3,058,479)
Net cash provided by (used for) operating activities	<u>(335,034)</u>	<u>(1,508,089)</u>	<u>(38,227)</u>	<u>7,416</u>	<u>(1,873,934)</u>	<u>(1,515,445)</u>
Cash flows from noncapital financing activities:						
Intergovernmental revenue	-	-	-	-	-	9,171
Transfer to other funds	(42,566)	-	-	-	(42,566)	(27,860)
Net cash used for noncapital financing activities	<u>(42,566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,566)</u>	<u>(18,689)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	(19,477)	(47,615)	(67,092)	(114,515)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(19,477)</u>	<u>(47,615)</u>	<u>(67,092)</u>	<u>(114,515)</u>
Cash flows from investing activities:						
Investment earnings	17,900	14,137	1,036	782	33,855	40,654
Net cash provided by investing activities	<u>17,900</u>	<u>14,137</u>	<u>1,036</u>	<u>782</u>	<u>33,855</u>	<u>40,654</u>
Net decrease in cash and cash equivalents	(359,700)	(1,493,952)	(56,668)	(39,417)	(1,949,737)	(1,607,995)
Cash and cash equivalents, beginning of year	6,758,188	6,403,792	443,224	483,194	14,088,398	15,696,393
Cash and cash equivalents, end of year	<u>\$ 6,398,488</u>	<u>4,909,840</u>	<u>386,556</u>	<u>443,777</u>	<u>12,138,661</u>	<u>14,088,398</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 154,677	(1,325,509)	(93,005)	(7,490)	(1,271,327)	(648,745)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,088	-	30,856	65,682	99,626	86,951
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(1,770)	-	(591)	-	(2,361)	854
Inventories	-	-	-	(53,962)	(53,962)	7,897
Increase (decrease) in liabilities:						
Accounts payable	54,200	1,348	(950)	(1,925)	52,673	22,321
Accrued liabilities	(153,346)	(49,537)	(1,962)	3,124	(201,721)	(20,495)
Compensated absences payable	10,268	-	13,333	(8,284)	15,317	51,630
Net pension obligation	4,816	2,609	14,092	10,271	31,788	(1,130,242)
Estimated claims and judgments	(406,967)	(137,000)	-	-	(543,967)	114,384
Net cash provided by (used for) operating activities	<u>\$ (335,034)</u>	<u>(1,508,089)</u>	<u>(38,227)</u>	<u>7,416</u>	<u>(1,873,934)</u>	<u>(1,515,445)</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ -	-	17,489	-	17,489	-

See accompanying independent auditors' report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and investments	\$ 6,398,488	6,758,188
Accounts receivable	1,994	224
Total current assets	<u>6,400,482</u>	<u>6,758,412</u>
Noncurrent assets:		
Capital assets:		
Equipment	21,595	21,595
Less: accumulated depreciation	<u>(16,940)</u>	<u>(13,852)</u>
Total capital assets	<u>4,655</u>	<u>7,743</u>
Total assets	<u>6,405,137</u>	<u>6,766,155</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	109,630	55,430
Accrued liabilities	48,822	202,168
Due to other funds	702,577	12,140
Compensated absences payable	48,463	43,537
Estimated claims and judgments	<u>2,019,074</u>	<u>2,426,041</u>
Total current liabilities	<u>2,928,566</u>	<u>2,739,316</u>
Noncurrent liabilities:		
Compensated absences payable	41,277	35,935
Net pension obligation	<u>56,583</u>	<u>51,767</u>
Total noncurrent liabilities	<u>97,860</u>	<u>87,702</u>
Total liabilities	<u>3,026,426</u>	<u>2,827,018</u>
Net Assets		
Invested in capital assets, net of related debt	4,655	7,743
Unrestricted	<u>3,374,056</u>	<u>3,931,394</u>
Total net assets	<u>\$ 3,378,711</u>	<u>3,939,137</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 2,668,019	2,651,153
Total operating revenues	<u>2,668,019</u>	<u>2,651,153</u>
Operating expenses:		
Salaries and wages	373,662	341,835
Employee benefits	131,575	151,357
Purchased professional/technical services	156,387	271,370
Purchased property services	-	-
Maintenance	292	1,674
Other purchased services	749,871	773,653
Supplies	71,311	57,279
Other	1,027,156	996,973
Depreciation	3,088	2,570
Total operating expenses	<u>2,513,342</u>	<u>2,596,711</u>
Operating income	<u>154,677</u>	<u>54,442</u>
Nonoperating revenues:		
Investment earnings	17,900	20,084
Total nonoperating revenues	<u>17,900</u>	<u>20,084</u>
Income before transfers	172,577	74,526
Transfers out	<u>(733,003)</u>	<u>(40,000)</u>
Change in net assets	(560,426)	34,526
Total net assets, beginning of year	<u>3,939,137</u>	<u>3,904,611</u>
Total net assets, end of year	<u>\$ 3,378,711</u>	<u>3,939,137</u>

See accompanying independent auditors' report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,666,249	2,650,929
Cash paid to suppliers for goods and services	(2,511,032)	(3,265,542)
Cash paid to employees for services	(490,251)	(416,981)
Net cash used for operating activities	<u>(335,034)</u>	<u>(1,031,594)</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	(42,566)	(27,860)
Net cash used for noncapital financing activities	<u>(42,566)</u>	<u>(27,860)</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>-</u>	<u>(5,185)</u>
Cash flows from investing activities:		
Investment earnings	17,900	20,084
Net cash provided by investing activities	<u>17,900</u>	<u>20,084</u>
Net decrease in cash and cash equivalents	(359,700)	(1,044,555)
Cash and cash equivalents, beginning of year	<u>6,758,188</u>	<u>7,802,743</u>
Cash and cash equivalents, end of year	<u>\$ 6,398,488</u>	<u>6,758,188</u>
Reconciliation of operating income to net cash used for operating activities:		
Operating income	\$ 154,677	54,442
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	3,088	2,570
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,770)	(224)
Increase (decrease) in liabilities:		
Accounts payable	54,200	(30,430)
Accrued liabilities	(153,346)	(55,771)
Compensated absences payable	10,268	52,948
Net pension obligation	4,816	18,113
Estimated claims and judgments	(406,967)	(1,073,242)
Net cash used for operating activities	<u>\$ (335,034)</u>	<u>(1,031,594)</u>

See accompanying independent auditors' report.

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	2012	2011
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 4,909,840	6,403,792
Total current assets	4,909,840	6,403,792
Total assets	4,909,840	6,403,792
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	1,348	-
Accrued liabilities	203,753	253,290
Estimated claims	1,044,000	1,181,000
Total current liabilities	1,249,101	1,434,290
Noncurrent liabilities:		
Net pension obligation	2,609	-
Total noncurrent liabilities	2,609	-
Total liabilities	1,251,710	1,434,290
Net Assets		
Unrestricted	3,658,130	4,969,502
Total net assets	\$ 3,658,130	4,969,502

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 10,123,725	9,919,848
Total operating revenues	<u>10,123,725</u>	<u>9,919,848</u>
Operating expenses:		
Salaries and wages	51,380	36,017
Employee benefits	20,177	13,629
Purchased professional/technical services	1,432,686	1,065,393
Other purchased services	215	20
Supplies	1,690	-
Other	9,943,086	9,593,022
Total operating expenses	<u>11,449,234</u>	<u>10,708,081</u>
Operating loss	<u>(1,325,509)</u>	<u>(788,233)</u>
Nonoperating revenues:		
Investment earnings	14,137	19,231
Intergovernmental revenue	-	9,171
Total nonoperating revenues	<u>14,137</u>	<u>28,402</u>
Change in net assets	(1,311,372)	(759,831)
Total net assets, beginning of year	<u>4,969,502</u>	<u>5,729,333</u>
Total net assets, end of year	<u>\$ 3,658,130</u>	<u>4,969,502</u>

See accompanying independent auditors' report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 10,123,725	9,919,848
Cash paid to suppliers for goods and services	(11,560,304)	(10,694,233)
Cash paid to employees for services	(71,510)	(48,362)
Net cash used for operating activities	(1,508,089)	(822,747)
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	14,137	19,231
Net cash provided by investing activities	14,137	19,231
Net decrease in cash and cash equivalents	(1,493,952)	(794,345)
Cash and cash equivalents, beginning of year	6,403,792	7,198,137
Cash and cash equivalents, end of year	\$ 4,909,840	6,403,792
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,325,509)	(788,233)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Changes in liabilities:		
Increase (decrease) in liabilities:		
Accounts payable	1,348	(3,715)
Accrued liabilities	(49,537)	26,201
Net pension obligation	2,609	-
Estimated claims	(137,000)	(57,000)
Net cash used for operating activities	\$ (1,508,089)	(822,747)

See accompanying independent auditors' report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and investments	\$ 386,556	443,224
Accounts receivable, net of allowance	591	-
Total current assets	<u>387,147</u>	<u>443,224</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	224,673	303,674
Less: accumulated depreciation	<u>(161,329)</u>	<u>(246,440)</u>
Total capital assets	<u>87,744</u>	<u>81,634</u>
Total assets	<u>474,891</u>	<u>524,858</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	3,970	4,920
Accrued liabilities	26,373	28,335
Compensated absences payable	135,725	142,274
Escrow funds	<u>538</u>	<u>538</u>
Total current liabilities	<u>166,606</u>	<u>176,067</u>
Noncurrent liabilities:		
Compensated absences payable	81,204	61,322
Net pension obligation	<u>178,113</u>	<u>164,021</u>
Total noncurrent liabilities	<u>259,317</u>	<u>225,343</u>
Total liabilities	<u>425,923</u>	<u>401,410</u>
Net Assets		
Invested in capital assets, net of related debt	87,744	81,634
Unrestricted	<u>(38,776)</u>	<u>41,814</u>
Total net assets	<u>\$ 48,968</u>	<u>123,448</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,783,084	2,006,096
Other	5,150	6,016
Total operating revenues	<u>1,788,234</u>	<u>2,012,112</u>
Operating expenses:		
Salaries and wages	1,069,916	1,059,982
Employee benefits	403,991	487,225
Purchased professional/technical services	849	70
Purchased property services	52,785	52,262
Maintenance	38,259	36,851
Other purchased services	54,484	62,272
Supplies	38,565	50,085
Other	191,534	187,338
Depreciation	30,856	19,544
Total operating expenses	<u>1,881,239</u>	<u>1,955,629</u>
Operating income (loss)	<u>(93,005)</u>	<u>56,483</u>
Nonoperating revenues:		
Investment earnings	1,036	451
Total nonoperating revenues	<u>1,036</u>	<u>451</u>
Income (loss) before capital contributions	(91,969)	56,934
Capital contributions	<u>17,489</u>	<u>-</u>
Change in net assets	(74,480)	56,934
Total net assets, beginning of year	<u>123,448</u>	<u>66,514</u>
Total net assets, end of year	<u>\$ 48,968</u>	<u>123,448</u>

See accompanying independent auditors' report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,787,643	2,013,101
Cash paid to suppliers for goods and services	(377,385)	(387,973)
Cash paid to employees for services	<u>(1,448,485)</u>	<u>(1,490,896)</u>
Net cash provided by (used for) operating activities	<u>(38,227)</u>	<u>134,232</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(19,477)</u>	<u>(42,191)</u>
Net cash used for capital and related financing activities	<u>(19,477)</u>	<u>(42,191)</u>
Cash flows from investing activities:		
Investment earnings	<u>1,036</u>	<u>451</u>
Net cash provided by investing activities	<u>1,036</u>	<u>451</u>
Net increase (decrease) in cash and cash equivalents	(56,668)	92,492
Cash and cash equivalents, beginning of year	<u>443,224</u>	<u>350,732</u>
Cash and cash equivalents, end of year	<u>\$ 386,556</u>	<u>443,224</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (93,005)	56,483
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	30,856	19,544
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(591)	989
Increase (decrease) in liabilities:		
Accounts payable	(950)	1,274
Accrued liabilities	(1,962)	4,223
Compensated absences payable	13,333	(4,389)
Net pension obligation	<u>14,092</u>	<u>56,108</u>
Net cash provided by (used for) operating activities	<u>\$ (38,227)</u>	<u>134,232</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 17,489</u>	<u>-</u>

See accompanying independent auditors' report.

Fleet Services Fund

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Net Assets
September 30, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and investments	\$ 443,777	483,194
Inventory	190,577	136,615
Total current assets	634,354	619,809
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	535,145	535,145
Improvements other than buildings	118,289	118,289
Equipment	811,149	728,190
Less: accumulated depreciation	(1,076,689)	(975,663)
Total capital assets	402,294	420,361
Total assets	1,036,648	1,040,170
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	116,684	118,609
Accrued liabilities	25,908	22,784
Compensated absences payable	79,994	88,278
Total current liabilities	222,586	229,671
Noncurrent liabilities:		
Net pension obligation	131,204	120,933
Total noncurrent liabilities	131,204	120,933
Total liabilities	353,790	350,604
Net Assets		
Invested in capital assets, net of related debt	402,294	420,361
Unrestricted	280,564	269,205
Total net assets	\$ 682,858	689,566

See accompanying independent auditors' report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Revenues, Expenses
and Changes in Fund Net Assets
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,588,389	1,620,020
Other	<u>11,599</u>	<u>7,287</u>
Total operating revenues	<u>1,599,988</u>	<u>1,627,307</u>
 Operating expenses:		
Salaries and wages	779,477	758,960
Employee benefits	341,809	391,816
Purchased professional/technical services	43,964	18,438
Purchased property services	3,167	3,052
Maintenance	39,445	44,536
Other purchased services	23,097	24,462
Supplies	126,496	87,220
Other	184,341	205,423
Depreciation	<u>65,682</u>	<u>64,837</u>
Total operating expenses	<u>1,607,478</u>	<u>1,598,744</u>
 Operating income (loss)	 <u>(7,490)</u>	 <u>28,563</u>
 Nonoperating revenues:		
Investment earnings	<u>782</u>	<u>888</u>
Total nonoperating revenues	<u>782</u>	<u>888</u>
 Change in net assets	 (6,708)	 29,451
 Total net assets, beginning of year	 <u>689,566</u>	 <u>660,115</u>
 Total net assets, end of year	 \$ <u><u>682,858</u></u>	 <u><u>689,566</u></u>

See accompanying independent auditors' report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 1,599,988	1,627,396
Cash paid to suppliers for goods and services	(472,758)	(320,492)
Cash paid to employees for services	(1,119,814)	(1,102,240)
Net cash provided by operating activities	7,416	204,664
Cash flows from capital and related financing activities		
Acquisition of capital assets	(47,615)	(67,139)
Net cash used for capital and related financing activities	(47,615)	(67,139)
Cash flows from investing activities		
Investment earnings	782	888
Net cash provided by investing activities	782	888
Net increase (decrease) in cash and cash equivalents	(39,417)	138,413
Cash and cash equivalents, beginning of year	483,194	344,781
Cash and cash equivalents, end of year	\$ 443,777	483,194
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (7,490)	28,563
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	65,682	64,837
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	89
Inventory	(53,962)	7,897
Increase (decrease) in liabilities:		
Accounts payable	(1,925)	55,192
Accrued liabilities	3,124	4,852
Compensated absences payable	(8,284)	3,071
Net pension obligation	10,271	40,163
Net cash provided by operating activities	\$ 7,416	204,664

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, 2012

	<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	\$ 57,706	161	-	57,867
Liabilities:				
Due to other agencies and individuals	\$ 57,706	161	-	57,867
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 1,443,230	581,252	639,908	1,384,574
Accounts receivable	-	379	379	-
Note receivable	366,236	116,311	260,000	222,547
Total assets	\$ 1,809,466	697,942	900,287	1,607,121
Liabilities:				
Due to other agencies and individuals	\$ 1,809,466	697,942	900,287	1,607,121
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ 12,410	367,980	366,688	13,702
Liabilities:				
Due to other agencies and individuals	\$ 12,410	367,980	366,688	13,702
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,513,346	949,393	1,006,596	1,456,143
Accounts receivable	-	379	379	-
Note receivable	366,236	116,311	260,000	222,547
Total assets	\$ 1,879,582	1,066,083	1,266,975	1,678,690
Liabilities:				
Due to other agencies and individuals	\$ 1,879,582	1,066,083	1,266,975	1,678,690

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 132,421,022	\$ 138,640,843	\$ 141,836,379	\$ 160,613,844
Restricted	7,621,319	9,735,082	10,181,262	11,081,477
Unrestricted	<u>13,408,411</u>	<u>18,780,575</u>	<u>17,915,654</u>	<u>22,716,286</u>
Total governmental activities net assets	<u>\$ 153,450,752</u>	<u>\$ 167,156,500</u>	<u>\$ 169,933,295</u>	<u>\$ 194,411,607</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 116,108,629	\$ 127,262,818	\$ 137,978,308	\$ 144,070,096
Restricted	1,007,402	195,554	96,221	51,468
Unrestricted	<u>19,710,866</u>	<u>21,916,336</u>	<u>23,949,734</u>	<u>32,932,124</u>
Total business-type activities net assets	<u>\$ 136,826,897</u>	<u>\$ 149,374,708</u>	<u>\$ 162,024,263</u>	<u>\$ 177,053,688</u>
Primary government				
Invested in capital assets, net of related debt	\$ 248,529,651	\$ 265,903,661	\$ 279,814,687	\$ 304,683,940
Restricted	8,628,721	9,930,636	10,277,483	11,132,945
Unrestricted	<u>33,119,277</u>	<u>40,696,911</u>	<u>41,865,388</u>	<u>55,648,410</u>
Total primary government net assets	<u>\$ 290,277,649</u>	<u>\$ 316,531,208</u>	<u>\$ 331,957,558</u>	<u>\$ 371,465,295</u>

Source: Comprehensive Annual Financial Reports

Table I

Fiscal Year									
2007	2008	2009	2010	2011	2012				
\$ 165,814,854	\$ 180,681,310	\$ 187,739,263	\$ 179,653,424	\$ 174,645,915	\$ 178,295,347				
12,662,092	15,103,909	15,597,905	16,281,560	19,687,245	22,291,256				
<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>24,430,892</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>	<u>\$ 225,017,495</u>				
\$ 155,044,650	\$ 166,834,594	\$ 177,087,342	\$ 206,111,214	\$ 213,553,436	\$ 219,663,969				
339,184	1,679,769	541,912	546,027	388,651	6,834				
<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>48,873,949</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>	<u>\$ 268,544,752</u>				
\$ 320,859,504	\$ 347,515,904	\$ 364,826,605	\$ 385,764,638	\$ 388,199,351	\$ 397,959,316				
13,001,276	16,783,678	16,139,817	16,827,587	20,075,896	22,298,090				
<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>73,304,841</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>	<u>\$ 493,562,247</u>				

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

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 8,764,575	\$ 7,236,708	\$ 7,754,960	\$ 8,785,895
Public works	9,758,047	11,565,320	12,517,278	11,627,179
Public safety	40,178,556	41,357,558	45,174,223	48,361,556
Culture and recreation	10,460,464	11,111,082	11,534,373	12,652,376
Public health	5,648,528	5,644,418	5,910,874	6,403,273
Housing and community development	2,895,419	3,494,182	4,154,058	1,798,456
Interest on long-term debt	2,439,534	2,256,128	2,232,216	2,177,508
Total governmental activities expenses	<u>80,145,123</u>	<u>82,665,396</u>	<u>89,277,982</u>	<u>91,806,243</u>
Business-type activities:				
Water	19,868,244	20,185,091	23,616,684	25,474,612
Wastewater	14,115,287	12,382,096	11,735,138	12,442,358
Solid waste	11,249,990	12,613,733	13,318,015	12,703,814
Airport	2,091,263	1,906,726	1,942,336	2,045,628
Convention services	2,544,573	2,670,791	2,646,720	2,640,037
Ranger Hall of Fame	896,659	917,143	1,019,997	1,068,297
Cameron Park Zoo	2,005,052	2,008,625	2,349,341	2,977,741
Transit services	2,868,956	3,058,308	3,356,058	4,176,869
Cottonwood Creek Golf Course	1,379,369	1,456,901	1,429,212	1,510,761
Total business-type activities expenses	<u>57,019,393</u>	<u>57,199,414</u>	<u>61,413,501</u>	<u>65,040,117</u>
Total primary government expenses	<u>137,164,516</u>	<u>139,864,810</u>	<u>150,691,483</u>	<u>156,846,360</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	392,249	346,101	333,849	317,824
Public works	6,917	4,863	8,765	4,613
Public safety	3,048,618	4,257,260	3,080,489	3,739,677
Culture and recreation	502,810	640,433	778,548	916,453
Public health	1,146,368	1,073,523	1,210,776	1,303,186
Operating grants and contributions	7,251,239	9,722,464	8,973,292	8,330,987
Capital grants and contributions	6,032,069	8,694,840	5,351,228	18,612,315
Total governmental activities program revenues	<u>18,380,270</u>	<u>24,739,484</u>	<u>19,736,947</u>	<u>33,225,055</u>

Table II

Fiscal Year									
2007	2008	2009	2010	2011	2012				
\$ 9,494,996	\$ 12,108,481	\$ 12,551,827	\$ 14,073,197	\$ 12,378,019	\$ 14,177,640				
13,483,166	11,695,922	12,790,151	12,142,355	13,227,404	11,844,356				
50,802,719	53,186,019	57,560,461	60,429,663	61,291,317	57,664,131				
12,885,108	13,853,365	14,919,136	15,484,146	15,636,875	15,694,840				
6,845,611	6,456,840	6,901,123	7,364,755	7,417,771	7,184,384				
2,784,529	2,890,693	2,808,221	3,503,811	3,339,613	3,664,525				
2,625,964	4,863,843	4,547,034	4,342,023	4,313,467	4,098,714				
<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>	<u>114,328,590</u>				
26,666,701	28,972,544	30,491,638	30,875,837	34,186,629	33,311,059				
14,404,044	15,675,737	17,437,188	18,134,874	17,522,331	17,634,339				
12,119,111	13,181,427	13,267,207	14,160,048	16,201,178	15,854,254				
2,139,042	2,230,237	2,402,041	2,360,727	2,503,823	2,937,967				
2,837,948	2,779,599	3,218,934	2,830,956	2,861,523	3,372,280				
1,120,949	1,363,820	1,141,497	1,280,085	1,193,004	1,209,145				
3,386,403	3,545,604	3,968,217	4,357,007	4,315,032	4,396,640				
5,309,125	5,980,396	6,325,930	7,259,552	7,904,160	7,970,314				
1,553,125	1,812,962	1,919,438	1,674,252	1,691,790	1,864,426				
<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>88,550,424</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>	<u>202,879,014</u>				
271,852	267,127	239,046	285,471	342,830	243,137				
4,884	13,152	-	1,366	2,550	385				
3,456,532	4,764,442	3,672,327	3,600,084	3,478,363	3,050,804				
811,698	995,455	1,132,472	1,314,693	1,415,791	1,078,390				
1,350,709	1,024,400	986,945	872,388	1,184,937	1,252,049				
9,388,780	9,497,125	9,079,411	10,337,726	9,720,348	11,640,290				
5,795,816	7,276,849	5,626,382	6,110,736	6,061,358	6,883,729				
<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>	<u>24,148,784</u>				

(Continued)

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

	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Water	\$ 22,262,698	\$ 22,260,484	\$ 26,602,138	\$ 33,230,464
Wastewater	14,784,865	14,585,854	14,864,933	16,766,635
Solid waste	12,692,136	13,307,072	14,386,619	15,781,304
Airport	744,940	963,999	912,426	1,006,662
Convention services	572,876	592,134	730,059	706,938
Ranger Hall of Fame	491,068	486,342	457,800	557,580
Cameron Park Zoo	449,748	495,606	617,481	884,139
Transit services	754,353	837,841	845,184	1,080,322
Cottonwood Creek Golf Course	1,040,474	1,167,133	1,296,313	1,348,046
Operating grants and contributions	2,213,782	2,243,708	2,580,250	2,700,564
Capital grants and contributions	3,073,681	9,081,547	4,839,238	2,094,356
Total business-type activities program revenues	<u>59,080,621</u>	<u>66,021,720</u>	<u>68,132,441</u>	<u>76,157,010</u>
Total primary government program revenues	<u>77,460,891</u>	<u>90,761,204</u>	<u>87,869,388</u>	<u>109,382,065</u>
Net (Expense)/Revenue				
Governmental activities	(61,764,853)	(57,925,912)	(69,541,035)	(58,581,188)
Business-type activities	2,061,228	8,822,306	6,718,940	11,116,893
Total primary government net expense	<u>(59,703,625)</u>	<u>(49,103,606)</u>	<u>(62,822,095)</u>	<u>(47,464,295)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	27,226,167	30,195,612	33,026,403	34,187,973
Tax increment financing tax	1,583,844	1,880,978	2,106,593	2,260,075
Sales taxes	23,102,781	24,175,546	24,749,413	26,694,323
Franchise taxes	11,303,428	12,311,332	12,128,817	13,484,568
Other taxes	427,511	390,659	436,561	426,180
Unrestricted investment earnings	2,298,694	1,469,946	3,123,231	6,141,959
Miscellaneous	249,890	184,124	152,196	714,862
Gain on disposal of capital assets	717,427	-	-	-
Transfers	(212,036)	(1,356,576)	(3,405,384)	(850,440)
Total governmental activities	<u>66,697,706</u>	<u>69,251,621</u>	<u>72,317,830</u>	<u>83,059,500</u>
Business-type activities:				
Hotel/motel taxes	\$ 1,504,375	\$ 1,506,984	\$ 1,544,162	\$ 1,650,054
Unrestricted investment earnings	704,308	342,137	658,869	1,412,038
Gain on disposal of capital assets	-	519,808	-	-
Transfers	212,036	1,356,576	3,405,384	850,440
Total business-type activities	<u>2,420,719</u>	<u>3,725,505</u>	<u>5,608,415</u>	<u>3,912,532</u>
Total primary government	<u>69,118,425</u>	<u>72,977,126</u>	<u>77,926,245</u>	<u>86,972,032</u>
Change in Net Assets				
Governmental activities	4,932,853	11,325,709	2,776,795	24,478,312
Business-type activities	4,481,947	12,547,811	12,327,355	15,029,425
Total primary government	<u>\$ 9,414,800</u>	<u>\$ 23,873,520</u>	<u>\$ 15,104,150</u>	<u>\$ 39,507,737</u>

Table II
(Continued)

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	30,258,196	\$	35,261,343	\$	36,167,550	\$	34,472,657	\$	43,094,944	\$	38,759,662
	18,441,480		20,235,392		20,041,341		19,543,166		21,619,018		21,542,770
	15,768,035		16,577,658		16,259,578		16,135,566		15,948,286		16,531,734
	1,107,084		1,097,882		1,086,601		1,058,480		1,054,550		1,065,157
	805,276		804,295		573,967		391,758		523,983		771,773
	440,742		438,610		425,434		403,946		465,324		448,449
	977,546		1,294,486		1,354,164		1,599,467		1,575,223		1,602,554
	1,971,924		2,462,089		2,805,887		3,221,167		3,414,289		3,582,781
	1,428,783		1,339,450		1,333,230		1,404,891		1,578,174		1,226,374
	3,175,897		3,226,837		2,798,677		3,085,574		3,514,732		3,415,770
	4,927,582		8,716,987		4,879,547		12,332,766		4,014,798		3,786,143
	<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>92,733,167</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>		<u>116,881,951</u>
	(77,841,822)		(81,216,613)		(91,341,370)		(94,817,486)		(95,398,289)		(90,179,806)
	9,766,097		15,912,703		7,553,886		10,716,100		8,423,851		4,182,743
	<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>		<u>(85,997,063)</u>
	36,583,688		43,222,439		46,366,310		47,489,598		48,387,467		49,373,010
	2,657,747		3,060,732		3,741,836		4,491,616		4,660,231		5,004,192
	27,328,996		28,077,887		27,714,013		27,318,396		28,003,416		29,186,254
	12,985,974		13,997,454		13,663,140		13,338,717		13,587,114		13,682,123
	501,702		587,971		622,254		655,031		679,232		650,815
	8,964,710		10,319,788		6,294,110		842,824		481,791		360,561
	981,818		415,851		406,229		639,263		678,741		882,450
	-		-		-		-		-		1,730,200
	<u>(1,290,822)</u>		<u>443,337</u>		<u>826,426</u>		<u>(10,791,177)</u>		<u>(5,848,585)</u>		<u>(2,555,596)</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>		<u>98,314,009</u>
\$	1,620,022	\$	1,688,943	\$	1,703,650	\$	1,662,308	\$	1,754,730	\$	1,897,865
	1,972,261		1,528,629		997,329		253,637		183,254		196,566
	-		-		260,073		-		-		-
	<u>1,290,822</u>		<u>(443,337)</u>		<u>(826,426)</u>		<u>10,791,177</u>		<u>5,848,585</u>		<u>2,555,596</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>4,650,027</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>		<u>102,964,036</u>
	10,871,991		18,908,846		8,292,948		(10,833,218)		(4,768,882)		8,134,203
	<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>8,832,770</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>	\$	<u>16,966,973</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved:				
Encumbrances	\$ 160,026	\$ 1,731,962	\$ 757,815	\$ 1,279,527
Real estate held for sale	53,998	59,194	13,530	13,385
Notes receivable	65,187	44,934	23,239	-
Advances to other funds	270,093	270,093	320,408	448,695
Court security/technology	-	-	-	-
Nonspendable:				
Advances to other funds	-	-	-	-
Inventory	-	-	-	-
Real estate held for sale	-	-	-	-
Restricted for:				
Municipal information equipment	-	-	-	-
Park improvements	-	-	-	-
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>18,827,345</u>	<u>20,253,636</u>	<u>19,757,074</u>	<u>22,676,613</u>
Total general fund	<u>\$ 19,376,649</u>	<u>\$ 22,359,819</u>	<u>\$ 20,872,066</u>	<u>\$ 24,418,220</u>

Table III

Fiscal Year									
2007	2008	2009	2010	2011	2012				
\$ 2,097,704	\$ 1,050,106	\$ 802,620	\$ -	\$ -	\$ -				
13,385	12,465	12,465	-	-	-				
-	-	-	-	-	-				
738,726	735,178	684,848	-	-	-				
-	-	-	-	-	-				
-	-	-	625,559	683,391	48,388				
-	-	-	548,182	529,830	504,736				
-	-	-	6,160	6,160	6,160				
-	-	-	11,956	-	1,350				
-	-	-	-	-	365,900				
-	-	-	8,072,729	8,394,212	7,597,032				
-	-	-	-	2,500,000	-				
-	-	-	1,439,202	2,061,231	3,838,635				
-	-	-	1,549,117	1,137,659	2,810,428				
-	-	-	77,241	1,040,666	45,000				
-	-	-	31,773	-	14,942				
-	-	-	119,502	297,238	262,804				
-	-	-	476,209	151,913	47,622				
-	-	-	69,031	67,868	120,684				
<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>21,984,507</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>	\$ <u>37,648,188</u>				

(Continued)

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 2,684,565	\$ 5,198,967	\$ 3,043,461	\$ 7,982,460
Real estate held for sale	55,736	55,736	55,382	45,854
Advances to other funds	168,368	168,368	168,368	168,368
Debt service	676,916	719,304	637,719	603,424
Purpose of trust	456,315	473,889	474,042	474,054
Unreserved, reported in:				
Special revenue funds	7,173,582	9,058,631	10,036,529	10,774,251
Capital projects funds	11,638,448	8,568,905	9,267,574	8,833,830
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	<u>\$ 22,853,930</u>	<u>\$ 24,243,800</u>	<u>\$ 23,683,075</u>	<u>\$ 28,882,241</u>

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									
2007	2008	2009	2010	2011	2012				
\$ 7,363,374	\$ 12,140,585	\$ 14,951,750	\$ -	\$ -	\$ -				
40,709	40,709	40,709	-	-	-				
168,368	168,368	168,368	-	-	-				
708,377	781,972	677,027	-	-	-				
469,481	465,585	472,768	-	-	-				
14,609,945	15,176,240	18,236,909	-	-	-				
73,358,427	73,414,437	64,550,113	-	-	-				
-	-	-	473,362	474,415	475,431				
-	-	-	40,709	40,061	40,061				
-	-	-	168,368	168,368	168,368				
-	-	-	460,001	373,263	230,130				
-	-	-	47,889,104	38,873,017	23,348,990				
-	-	-	9,856,300	12,411,165	14,565,233				
-	-	-	161,094	175,114	193,495				
-	-	-	1,565,589	1,439,842	2,314,311				
-	-	-	524,529	1,186,432	1,194,942				
-	-	-	347,093	413,153	520,765				
-	-	-	-	-	-				
-	-	-	810,525	860,764	1,140,169				
-	-	-	232,377	-	157,585				
-	-	-	-	(97,276)	-				
<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>	<u>\$ 44,349,480</u>				

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

	2003	2004	2005	2006
Revenues:				
Taxes:				
Sales	\$ 23,102,781	\$ 24,175,546	\$ 24,749,413	\$ 26,694,323
Property	28,610,391	31,900,579	34,801,939	36,020,999
Interest and penalty	303,035	324,858	369,530	395,788
Business and occupation fees	11,089,520	12,525,241	12,128,817	13,484,567
Permits, licenses and fees	2,209,932	2,184,700	1,994,804	2,405,632
Fines	1,433,363	2,236,891	1,950,357	1,923,506
Charges for services	937,380	988,332	1,152,478	1,217,784
Investment earnings	2,244,423	1,424,318	3,014,075	5,862,173
Contributions	2,534,189	621,621	504,467	315,636
Intergovernmental	6,852,197	9,680,990	9,601,175	8,088,056
Program income	498,240	786,459	396,608	203,156
Other	5,356,529	5,735,909	5,659,249	6,961,060
Total revenues	<u>85,171,980</u>	<u>92,585,444</u>	<u>96,322,912</u>	<u>103,572,680</u>
Expenditures:				
General government	13,761,156	14,313,811	15,170,622	16,093,920
Public works	1,704,769	1,477,419	1,636,867	2,172,354
Public safety	38,412,844	39,639,049	44,030,608	45,855,051
Culture and recreation	9,079,706	9,231,463	9,927,788	10,765,662
Housing and community development	3,800,497	4,895,199	4,586,655	2,722,490
Public health	5,689,682	5,625,163	5,799,035	6,169,752
Capital outlay	10,720,421	9,007,699	11,939,278	9,007,008
Debt service:				
Principal	4,584,803	4,702,900	4,713,219	4,840,973
Interest and fiscal charges	2,393,650	2,167,877	2,176,840	2,127,921
Bond issuance costs	-	27,067	27,347	50,768
Total expenditures	<u>90,147,528</u>	<u>91,087,647</u>	<u>100,008,259</u>	<u>99,805,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,975,548)</u>	<u>1,497,797</u>	<u>(3,685,347)</u>	<u>3,766,781</u>
Other financing sources (uses):				
General obligation bonds issued	3,328,344	3,085,000	3,515,000	4,705,000
Refunding bonds issued	-	-	-	-
Capital leases	15,460,342	-	219,811	-
Premiums on general obligation bonds	-	180,912	28,905	46,452
Premiums on refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	(15,271,245)	-	-	-
Transfers in	11,926,090	10,354,037	11,447,928	12,326,533
Transfer out	(11,365,526)	(10,744,706)	(13,574,775)	(12,099,446)
Proceeds from sale of capital assets	311,171	-	-	-
Total other financing sources (uses)	<u>4,389,176</u>	<u>2,875,243</u>	<u>1,636,869</u>	<u>4,978,539</u>
Net change in fund balances	<u>\$ (586,372)</u>	<u>\$ 4,373,040</u>	<u>\$ (2,048,478)</u>	<u>\$ 8,745,320</u>
Debt service as a percentage of noncapital expenditures	8.48%	8.03%	7.54%	7.51%

Source: Comprehensive Annual Financial Reports

Table IV

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	27,328,996	\$	28,077,887	\$	27,714,013	\$	27,318,396	\$	28,003,416	\$	29,186,254
	39,012,926		45,855,023		49,627,810		51,354,302		52,587,053		53,995,242
	454,735		476,176		468,021		539,666		545,059		558,497
	12,985,974		13,997,454		13,663,140		13,338,717		13,587,115		13,682,123
	2,610,593		2,365,457		2,023,919		1,901,686		1,682,153		2,069,365
	1,748,882		2,326,020		2,188,574		2,054,487		1,815,418		1,647,361
	1,105,518		1,372,169		1,545,120		1,751,702		1,779,213		1,501,983
	8,581,097		10,019,870		6,066,254		773,739		440,229		325,873
	1,221,670		1,313,646		2,147,972		627,197		350,827		269,577
	8,829,853		9,627,740		9,795,311		12,812,272		11,001,361		9,625,197
	574,447		540,969		244,575		1,991,904		521,371		608,810
	7,370,079		7,731,057		7,781,494		8,387,706		8,832,941		9,166,618
	<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>		<u>122,636,900</u>
	15,460,289		20,398,112		20,828,176		19,695,545		18,067,565		19,881,170
	2,027,118		3,294,892		1,969,524		2,235,645		2,753,649		2,051,156
	49,271,195		51,914,828		54,260,356		58,519,975		56,363,026		55,143,283
	11,358,378		12,240,672		13,173,083		13,149,983		12,932,267		14,773,781
	3,910,039		3,808,125		3,600,810		4,143,724		3,321,373		3,469,303
	6,826,015		6,494,336		6,799,722		7,240,481		7,155,606		6,993,107
	13,283,208		14,726,146		17,592,890		40,944,884		20,198,033		23,954,367
	5,101,924		6,963,545		7,144,536		7,270,310		6,967,663		7,090,342
	2,139,412		4,725,942		4,604,103		4,211,528		4,192,140		4,194,170
	595,706		27,237		58,014		70,242		500		68,981
	<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>137,619,660</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>		<u>(14,982,760)</u>
	66,380,000		3,775,000		-		4,925,000		7,285,000		3,480,000
	5,220,000		-		5,802,122		2,900,000		-		6,465,000
	-		189,395		-		-		-		145,351
	756,120		27,104		115,070		29,024		54,583		10,594
	-		-		-		202,379		-		792,695
	(5,207,616)		-		(5,950,970)		(3,093,588)		-		(7,243,886)
	16,522,025		20,307,345		16,106,280		13,394,260		12,781,678		15,015,607
	(16,485,684)		(18,921,570)		(13,768,171)		(12,593,232)		(12,047,501)		(14,513,914)
	-		-		-		-		-		1,790,086
	<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>5,941,533</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>	\$	<u>(9,041,227)</u>
	7.17%		10.65%		10.24%		8.87%		9.28%		9.85%

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

Category	Fiscal Year			
	2012	2011	2010	2009
Real - residential single family	\$ 2,964,790,976	\$ 2,899,061,978	\$ 2,831,728,139	\$ 2,786,526,338
Real - residential multi-family	530,246,728	527,542,939	506,927,890	481,461,020
Real - platted lots & residential inventory	159,734,533	158,194,756	166,731,693	159,010,177
Real - acreage, land only	73,351,221	72,134,192	61,537,818	52,701,391
Real - improved farm & ranch	19,298,600	19,050,487	18,251,255	16,724,697
Real - commercial & industrial	1,820,432,553	1,769,330,218	1,712,740,259	1,590,177,832
Real and tangible personal - utilities	138,700,708	142,912,428	147,985,807	138,718,155
Tangible personal - business	1,566,759,638	1,473,384,230	1,458,577,289	1,393,542,226
Tangible personal - other	<u>2,442,607</u>	<u>2,054,003</u>	<u>2,329,066</u>	<u>2,488,121</u>
Total market value	7,275,757,564	7,063,665,231	6,906,809,216	6,621,349,957
Less total exemptions	<u>829,201,392</u>	<u>783,127,564</u>	<u>732,167,475</u>	<u>611,165,570</u>
Taxable assessed value	<u>\$ 6,446,556,172</u>	<u>\$ 6,280,537,667</u>	<u>\$ 6,174,641,741</u>	<u>\$ 6,010,184,387</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>\$ 7,275,757,564</u>	<u>\$ 7,063,665,231</u>	<u>\$ 6,906,809,216</u>	<u>\$ 6,621,349,957</u>
Taxable assessed value as a percentage of actual taxable value	88.6%	88.9%	89.4%	90.8%

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

Table V

Fiscal Year						
	2008	2007	2006	2005	2004	2003
\$	2,525,731,582	\$ 2,371,733,450	\$ 2,186,456,501	\$ 2,086,818,247	\$ 1,889,395,909	\$ 1,799,627,193
	450,937,111	414,909,141	369,875,756	361,093,107	330,120,479	299,344,575
	140,742,891	121,598,228	125,387,077	103,260,164	80,033,992	64,409,816
	47,734,843	46,911,329	44,640,849	42,225,809	41,223,409	44,353,615
	16,424,746	15,467,787	14,578,466	10,706,413	9,170,659	8,522,439
	1,465,906,212	1,352,880,299	1,281,485,269	1,238,569,331	1,111,605,884	953,641,887
	157,931,476	159,458,452	172,733,873	178,806,710	171,640,661	105,573,695
	1,318,022,800	1,339,092,276	1,250,564,002	1,273,477,380	1,159,528,451	1,261,835,349
	<u>2,423,748</u>	<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>
	6,125,855,409	5,824,404,604	5,448,126,465	5,297,407,909	4,795,285,393	4,540,012,091
	<u>519,979,729</u>	<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>5,605,875,680</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>0.786232</u>	<u>0.699700</u>	<u>0.699700</u>	<u>0.699700</u>	<u>0.699700</u>	<u>0.692503</u>
\$	<u>6,125,855,409</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>
	91.5%	91.1%	90.8%	90.2%	90.0%	88.7%

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

Fiscal Year	City Direct Rates			Waco Independent School District	China Spring Independent School District	LaVega Independent School District	McLennan Community College
	Operating/General	Debt Service	Total Direct				
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
2012	0.613251	0.172981	0.786232	1.360998	1.411400	1.365000	0.152823

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	
\$ 0.428600	\$ 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	
0.442710	1.281105	1.320000	1.537596	1.290000	1.315000	1.190000	

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

Fiscal year 2012

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 106,641,690	1.65 %
Coca Cola Company	75,307,626	1.17 %
L-3 Communications Corp.	71,802,723	1.11 %
Allergan, Inc.	55,961,317	0.87 %
Inland Western Waco Central, L.P.	50,860,329	0.79 %
Oncor Electric Delivery Co.	49,745,701	0.77 %
CBL/Richland Mall, L.P.	40,477,164	0.63 %
Caterpillar Logistics Services, Inc.	37,265,349	0.58 %
Pilgrim's Pride Corp.	30,386,281	0.47 %
Sherwin Williams Co. Inc.	<u>28,654,984</u>	<u>0.44 %</u>
Total	\$ <u><u>547,103,164</u></u>	<u><u>8.49 %</u></u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2003		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 79,011,550	1.96 %
Coca Cola Company	59,606,297	1.48 %
Owens-Illinois Glass Container	57,219,060	1.42 %
L3 Communications	55,923,649	1.39 %
ONCOR Electric Delivery Co.	42,551,570	1.06 %
Southwestern Bell Telephone Co.	41,832,260	1.04 %
Huck Manufacturing Co., Inc.	33,922,980	0.84 %
Paragon Trade Brands Inc.	31,054,960	0.77 %
Richland Mall, L.P.	25,721,131	0.64 %
Allergan, Inc.	23,118,610	0.57 %
Total	\$ 449,962,067	11.18 %

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>
2006	\$	34,093,010	522,047	34,615,057	(192,819)
2007		36,481,122	640,192	37,121,314	(229,616)
2008		43,188,911	886,276	44,075,187	(122,373)
2009		46,270,500	1,268,052	47,538,552	(451,174)
2010		47,639,260	1,261,899	48,901,159	(634,969)
2011		48,078,029	1,247,577	49,325,606	(87,983)
2012		49,428,253	1,516,082	50,944,335	(438,075)

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
34,422,238	33,876,118	98.41	455,312	34,331,430	99.74
36,891,698	36,345,526	98.52	428,454	36,773,980	99.68
43,952,814	43,320,216	98.56	470,783	43,790,999	99.63
47,087,378	46,373,974	98.48	505,851	46,879,825	99.56
48,266,190	47,367,935	98.14	570,070	47,938,005	99.32
49,237,623	48,312,012	98.12	422,272	48,734,284	98.98
50,506,260	49,634,551	98.27	-	49,634,551	98.27

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

Fiscal Year	Governmental Activities			Business-
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (2)	General Obligation Bonds
2003	\$ 48,831,024	\$ 1,749,045	\$ 2,892,323	\$ 92,133,673
2004	47,839,945	1,277,204	2,641,809	136,740,177
2005	47,082,218	1,194,166	2,381,013	177,192,698
2006	46,399,578	877,926	3,105,010	197,058,619
2007	108,842,854	547,669	2,773,546	249,410,055
2008	106,052,032	469,757	2,405,819	248,087,985
2009	99,232,249	128,270	2,022,392	235,015,348
2010	97,278,450	65,154	1,631,012	232,934,268
2011	98,019,198	-	1,224,455	220,721,649
2012	94,657,316	109,814	813,366	207,205,507

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) Presented net of original issuance discounts and premiums.
- (2) General obligation bonds payable from tax increment financing sources.
- (3) 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>Notes Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value of Property (3)</u>	<u>Population of City</u>	<u>Per Capita</u>	
\$ 15,000,000	\$ 160,606,065	\$ 4.03%	\$ 116,942	\$ 1,373	
15,000,000	203,499,135	4.70%	118,034	1,724	
17,431,215	245,281,310	5.11%	119,136	2,059	
17,378,150	264,819,283	5.33%	120,249	2,202	
17,326,901	378,901,025	7.14%	121,372	3,122	
17,273,375	374,288,968	6.68%	122,506	3,055	
17,217,472	353,615,731	5.88%	123,650	2,860	
17,159,087	349,067,971	5.65%	124,805	2,797	
17,098,108	337,063,410	5.37%	125,971	2,676	
17,034,421	319,820,424	4.96%	127,148	2,515	

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

Fiscal Year	General Bonded Debt Outstanding (1)	Less: Amounts Available in Debt Service Fund (?)	Total	Percentage of Actual Taxable Value of Property (2)	Population of City (3)	Per Capita
2003	\$ 143,857,020	1,306,326	142,550,694	3.54%	116,942	1,219
2004	187,221,931	795,812	186,426,119	4.32%	118,034	1,579
2005	226,655,929	597,513	226,058,416	4.73%	119,136	1,897
2006	246,563,207	532,768	246,030,439	4.97%	120,249	2,046
2007	361,026,455	58,321	360,968,134	6.80%	121,372	2,974
2008	356,545,836	355,119	356,190,717	6.35%	122,506	2,908
2009	336,269,989	403,845	335,866,144	5.59%	123,650	2,716
2010	331,843,730	183,371	331,660,359	5.37%	124,805	2,657
2011	319,965,302	49,695	319,915,607	5.09%	125,971	2,540
2012	302,676,189	33,913	302,642,276	4.69%	127,148	2,380

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

(1) General bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums, paid from property tax levy and revenues of the Water Fund, Wastewater Fund, Solid Waste Fund, Airport Fund, and Tax Increment Fund No. 1.

(2) See Table V for property value data.

City of Waco, Texas
Direct and Overlapping Governmental Activities Debt
(Unaudited)
September 30, 2012

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Debt Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 195,990,000	95.63%	\$ 187,425,237
Bosqueville Independent School District	10,465,883	76.75%	8,032,565
McLennan Community College	78,870,000	56.46%	44,530,002
McLennan County	23,875,000	56.46%	13,479,825
Midway Independent School District	92,259,964	53.10%	48,990,041
LaVega Independent School District	46,209,890	37.48%	17,319,467
China Spring Independent School District	32,726,000	35.62%	11,657,001
Connally Independent School District	19,732,274	19.16%	3,780,704
Lorena Independent School District	10,658,353	2.15%	229,155
McGregor Independent School District	6,086,584	0.03%	1,826
Subtotal, overlapping debt	<u>\$ 516,873,948</u>		<u>\$ 335,445,823</u>
City direct debt:			
City of Waco direct debt	\$ 94,657,316	100.00%	\$ 94,657,316
Tax increment financing	<u>813,366</u>	100.00%	<u>813,366</u>
Subtotal, direct debt	<u>\$ 95,470,682</u>		<u>\$ 95,470,682</u>
Total direct and overlapping debt	<u>\$ 612,344,630</u>		<u>\$ 430,916,505</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>
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
2012	(4)	60,733,168	32,836,116	27,897,052

(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)				Coverage
Principal	Interest	Total		
\$ 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 %
11,614,658	10,078,055	21,692,713		1.29 %



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
2003	218,744	5,468,729	25,001	N/A	6.1%
2004	221,353	5,643,256	25,494	N/A	5.4%
2005	222,794	6,104,812	27,401	29.0	5.0%
2006	224,452	6,449,509	28,734	26.8	4.8%
2007	226,741	6,873,794	30,316	28.0	4.3%
2008	229,037	7,197,668	31,426	27.6	4.6%
2009	231,679	7,311,007	31,557	25.3	6.7%
2010	235,959	7,798,892	33,052	28.2	7.2%
2011	238,564	8,097,533	33,943	28.4	7.4%
2012	N/A	N/A	N/A	N/A	6.0%

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 and 2011 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2012 rate is as of September.

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

2012		
Employer	Employees	Percentage of Total City Employment
Baylor University	2,583	2.22 %
Wal-Mart Stores	2,561	2.20 %
Providence Healthcare Network	2,538	2.18 %
Waco Independent School District	2,276	1.95 %
L-3 Communications	2,079	1.78 %
Hillcrest Health System	1,800	1.54 %
City of Waco	1,506	1.29 %
H.E.B. Stores	1,500	1.29 %
Midway Independent School District	1,067	0.92 %
Sanderson Farms, Inc.	1,041	0.89 %
Total	18,951	16.25 %

N/A Not available

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

Table XIV

2003		
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
L3 Communications	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
Dealers Electric Supply	<u>over 700</u>	N/A
Total	<u><u>N/A</u></u>	

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

Function:	2003	2004	2005	2006
General Government	145.53	126.53	127.58	128.58
Public Works	59.00	57.44	57.44	59.00
Public Safety	548.16	551.03	564.08	580.40
Culture and Recreation	186.39	182.16	186.95	183.12
Housing and Community Development	25.95	33.56	22.36	23.04
Public Health	83.70	83.22	84.42	86.54
Water	117.50	116.00	116.25	114.00
Wastewater/WMARSS	41.25	65.25	65.25	67.50
Solid Waste	94.00	97.00	96.50	97.00
Airport	13.75	13.76	13.76	11.90
Convention Services	37.96	37.07	33.95	35.45
Ranger Hall of Fame	12.38	12.38	12.70	12.88
Cameron Park Zoo	32.99	34.99	39.99	45.85
Cottonwood Creek Golf Course	22.32	22.34	22.34	22.34
Insurance/Risk Management	6.00	6.00	6.00	6.75
Engineering	27.38	27.38	27.38	27.38
Fleet Services	23.00	24.00	24.00	24.00
Total	<u>1,477.26</u>	<u>1,490.11</u>	<u>1,500.95</u>	<u>1,525.73</u>

General Government:

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

Public Works

Streets and Street Reconstruction

Public Safety

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

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Neighborhoods, Community Development

Source: City of Waco Budget Office

Table XV

Fiscal Year					
2007	2008	2009	2010	2011	2012
129.68	132.36	132.46	132.23	128.73	129.26
59.00	59.00	60.00	60.00	58.00	56.00
603.48	602.13	601.98	608.01	605.93	603.43
187.38	186.65	184.11	197.73	196.31	189.18
18.60	18.75	18.90	19.50	22.45	20.18
90.60	82.93	83.93	83.60	86.75	86.55
114.00	117.00	120.25	124.25	122.75	122.25
68.50	68.75	68.75	68.75	69.25	68.75
99.00	98.00	101.50	101.50	103.00	101.00
12.52	16.40	16.40	15.02	13.77	13.77
36.13	36.13	34.88	35.88	34.38	33.63
13.50	14.50	15.50	15.50	15.50	15.50
45.85	51.29	52.28	51.41	51.16	51.16
15.96	15.96	15.96	15.96	15.96	15.96
7.00	7.00	7.00	7.00	8.00	8.00
26.38	26.00	26.00	25.00	24.00	24.00
24.00	25.00	25.00	25.00	25.00	25.00
<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>	<u>1,563.62</u>

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

Function:	2003	2004	2005
Public Safety			
Police			
Number of Sworn Employees - Budgeted	219	220	232
Number of Traffic Citations	8,346	11,762	9,650
Number of Class "C" Citations	1,776	2,004	2,041
Calls Dispatched	121,284	124,374	126,805
Fire			
Number of Sworn Employees - Budgeted	180	180	180
Number of Fire Responses	10,357	8,802	9,364
Public Works			
Street Resurfacing (miles)	8.69	31.36	13.62
Culture and Recreation			
Parks and Recreation			
Number of Teams in Athletic Leagues	N/A	466	464
Number of Participants in Track/Field Events	N/A	197	283
Number of Participants in After School	2,281	2,293	2,295
Library			
Volumes in Collection	292,050	290,873	301,329
E-books Available to Public	N/A	N/A	N/A
Water			
Number of Water Connections	41,891	42,532	42,957
Average Daily Water Consumption (gallons)	27,588,000	24,656,151	23,330,910
Maximum Storage Capacity (gallons)	35,490,000	36,990,000	36,990,000
Solid Waste (Residential)			
Refuse Collected (tons)	25,225	27,286	26,270
Bulky/Brush Pickups (tons)	5,227	6,631	6,339
Recyclables Collected (tons)	1,164	1,239	1,473
Golf Course			
Number of Paid Rounds Played	43,820	51,432	49,245

N/A Not available

Source: City of Waco Departments

Table XVI

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
238	245	245	245	245	245	245
9,712	13,289	23,212	17,804	16,556	9,676	9,632
2,195	2,558	3,404	3,790	2,805	2,413	2,793
122,450	121,633	116,442	111,717	107,825	106,233	109,216
186	192	192	192	195	195	195
9,452	10,140	10,089	9,537	9,383	9,257	9,657
40.30	33.61	7.25	9.82	7.98	9.60	11.50
479	424	440	383	365	353	359
309	350	247	258	262	292	210
2,348	2,292	2,671	3,560	3,478	3,586	3,758
300,252	305,652	319,754	331,791	338,316	309,439	313,596
28,290	30,319	30,899	31,245	30,962	28,321	36,609
44,928	41,623	41,752	42,391	42,722	43,078	43,297
26,590,842	22,681,919	28,009,000	28,671,000	26,221,000	32,351,000	28,107,000
42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000
23,799	25,812	45,572	45,138	47,658	47,512	51,257
5,703	6,496	5,162	5,614	6,452	6,956	7,940
1,599	1,685	2,415	2,898	2,859	2,580	2,619
50,025	46,949	45,581	44,306	36,838	42,824	34,760

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

Function:	2003	2004	2005
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	56	59	65
Fire stations	13	12	12
Highways and streets			
Streets - paved (miles)	542	547	559
Streetlights - City-owned	2,193	2,280	2,339
Streetlights - Leased	5,973	6,030	6,157
Traffic control signals	190	196	195
Traffic beacons and flashers	92	92	95
Culture and recreation			
Parks acreage	1,202.07	1,202.07	1,202.07
Parks	41	42	43
Swimming pools	2	2	2
Tennis courts	44	44	44
Community centers	3	3	3
Water			
Water mains (miles)	737	820	847
Fire hydrants	3,233	3,269	3,331
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	740	748	766
Storm sewers (miles)	301	331	325
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						
2006	2007	2008	2009	2010	2011	2012
1	1	1	1	1	1	1
3	3	3	4	4	4	4
65	65	71	71	71	71	71
14	14	14	14	14	14	14
569	587	588	593	595	600	599
2,350	2,198	2,194	2,197	2,282	2,295	2,295
6,236	6,743	6,849	6,910	6,059	6,084	6,127
196	195	198	198	198	194	195
98	101	101	100	102	102	105
1,234.99	1,234.99	1,234.99	1,234.99	1,234.99	1,234.99	1,234.99
44	44	44	44	46	46	46
2	2	2	2	1	1	0
44	44	36	36	36	36	36
3	3	3	3	5	5	5
847	775	927	954	864	885	1,021
3,486	4,650	4,739	4,935	5,032	5,165	5,229
66,000	66,000	66,000	66,000	75,000	75,000	75,000
766	728	818	831	737	747	843
348	357	353	350	343	345	347
37,800	37,800	37,800	37,800	37,800	37,800	46,500

