

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2013

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2013

MAYOR

Malcolm Duncan, Jr.

CITY COUNCIL

John Kinnaird, Mayor Pro Tem
Alice Rodriguez
Toni Herbert
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

Post Office Box 2570
Waco, Texas 76702-2570
254 / 750-5758
Fax: 254 / 750-5772
www.waco-texas.com

January 21, 2014

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, 2013, 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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. Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Waco's financial statements for the year ended September 30, 2013. 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 23rd largest city in Texas and the county seat of McLennan County, which has an area of more than 1,000 square miles. Historically, the City has been a trade and agricultural center for the Central Texas region. Efforts by the community's leadership over the past several years have led to diversification in the regional economy, a major factor contributing to significant improvement in growth and development.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Waco is the approximate geographic center of Texas' population and is often referred to as the "Heart of Texas." At the confluence of the Bosque River and the 890-mile Brazos River, Waco lies between the three largest cities in the state: 90 miles south of Dallas, 200 miles northwest of

Houston and 180 miles northeast of San Antonio. It is less than 100 miles from the state capital of 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 the Baylor University’s Center for Business & Economic Research. Any fluctuations in Waco’s historically stable economy have originated in the manufacturing base. Waco’s top ten taxpayers include a candy manufacturer, a soft drink bottler, an aircraft components manufacturer, and an eye care products manufacturer. Additionally, there are 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 15,600. Baylor offers undergraduate degrees in 144 fields, 74 master’s degree programs and 34 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 8,500 students. MCC offers a comprehensive range of educational programs including associate’s degree programs, workforce development training and continuing education courses. Additionally, several bachelor’s degree programs are available on the MCC campus through partnerships with four-year state universities. With enrollment of over 3,900, 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 6.2% from 110,781 in 2008 to 117,597 by September 2013. Total employment at the beginning of fiscal year 2013 - 2014 was 109,551 while the unemployment rate was 5.8%.

Long-term Financial Planning

Unassigned fund balance in the general fund (18.97 percent of fiscal year 2014 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, 2013, for the water, wastewater and solid waste funds were 65.67%, 68.84% and 71.81%, 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, are all complete. The police headquarters project was completed in the second quarter of 2013. Improvements to the East Library have been initiated with the savings from the Central and West Libraries projects.

The City has made significant progress on several capital improvements that increase the City's drinking water supply. Beginning in 1998, the City initiated a project to raise the level of Lake Waco by seven feet. This project was completed in 2005 and increased the City's water supply by twenty thousand acre feet of water each year.

Water and wastewater plant improvements to double the treatment capacity have been completed and several projects have now been initiated to expand these capacity improvements to the wastewater collection system and water distribution system. The City's water quality and quantity improvements along with the pipeline 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. An update of the City's comprehensive plan is underway and will be supported by new water, wastewater, storm water and solid waste master plans. A transit study and an economic development strategic plan have also been initiated.

Riverfront development has been greatly enhanced with the start of the construction on the \$250 million stadium/community events complex at Baylor University 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, 2012. This was the 31st 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 CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2012, and the Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2012. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report would not have been possible without the skill, effort and dedication of the City staff. We wish to thank all City departments for their assistance in providing the data necessary to prepare 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 unfailing support for maintaining the highest standards of professionalism in the management of the City's finances 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
Citizens

Mayor & City Council

Policy

Mayor Malcolm P. Duncan, Jr.
Mayor Pro Tem John Kinnaird
Wilbert Austin, Alice Rodriguez,
Toni Herbert, Kyle Deaver

City Attorney

Jennifer Richie

City Manager

Larry D. Groth, P.E.
City Manager
General Administration
Budget/ Internal Audit,
Finance

City Secretary

Patricia W. Ervin

**Municipal
Court Judge**

Chris Taylor

**Dale Fisseler, P.E.
Deputy City Manager**

Municipal Information

Planning

Building Inspection/
Code Enforcement

Public Works
Engineering/GIS
Traffic
Streets

Utilities
Water
Wastewater
WMARSS

**Wiley Stem, III
Assistant City Manager**

General Services
Fleet
Purchasing
Facilities
Risk Management

Human Resources

Information Technology

Parks & Recreation/Golf Course

Police

Fire

Solid Waste

Texas Ranger Museum

**George Johnson, Jr.
Assistant City Manager**

Waco Regional Airport

Cameron Park Zoo

Economic Development

Waco Transit

Library

Convention & Visitors Services

Health

Housing

As of October 1, 2013



Government Finance Officers Association

**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, 2012

Executive Director/CEO



Financial Section





JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 500 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 21 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waco, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2014, on our consideration of the City of Waco, Texas' internal control over financial reporting and on 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* in considering the City of Waco, Texas' internal control over financial reporting and compliance.

January 21, 2014



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, 2013. 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, 2013 by \$506,003,844 (net position). Of this amount, \$91,698,508 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$12,441,597.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$77,787,317. The fund balance components are nonspendable - \$1,229,265, restricted - \$30,810,420, committed - \$10,346,015, assigned - \$15,797,369 and unassigned - \$19,604,248. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2013, unassigned fund balance for the General Fund was \$19,604,248 or 18.97% of the 2014 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 25 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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 25 – 27 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 28 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 40 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 Position can be found on page 45 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 47 through 90 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 95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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 \$506,003,844 as of September 30, 2013.

The largest portion of the City’s net position (\$396,714,387) reflects its net investment 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 Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 105,727,993	110,826,952	109,494,456	97,157,716	215,222,449	207,984,668
Capital assets	<u>258,717,034</u>	<u>251,552,599</u>	<u>415,759,055</u>	<u>421,095,974</u>	<u>674,476,089</u>	<u>672,648,573</u>
Total assets	<u><u>364,445,027</u></u>	<u><u>362,379,551</u></u>	<u><u>525,253,511</u></u>	<u><u>518,253,690</u></u>	<u><u>889,698,538</u></u>	<u><u>880,633,241</u></u>
Long-term liabilities	105,026,191	107,061,038	223,423,583	225,314,139	328,449,774	332,375,177
Other liabilities	<u>30,697,678</u>	<u>30,301,018</u>	<u>24,547,242</u>	<u>24,394,799</u>	<u>55,244,920</u>	<u>54,695,817</u>
Total liabilities	<u><u>135,723,869</u></u>	<u><u>137,362,056</u></u>	<u><u>247,970,825</u></u>	<u><u>249,708,938</u></u>	<u><u>383,694,694</u></u>	<u><u>387,070,994</u></u>
Net position:						
Net investment in capital assets	180,993,606	178,295,347	215,720,781	219,663,969	396,714,387	397,959,316
Restricted	17,584,373	22,291,256	6,576	6,834	17,590,949	22,298,090
Unrestricted	<u>30,143,179</u>	<u>24,430,892</u>	<u>61,555,329</u>	<u>48,873,949</u>	<u>91,698,508</u>	<u>73,304,841</u>
Total net position	<u><u>\$ 228,721,158</u></u>	<u><u>225,017,495</u></u>	<u><u>277,282,686</u></u>	<u><u>268,544,752</u></u>	<u><u>506,003,844</u></u>	<u><u>493,562,247</u></u>

A portion of the City's net position (\$17,590,949) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$91,698,508) of unrestricted net position 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, 2013, the City has positive balances in all three categories of net position, 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 position increased \$12,441,597 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, 2013. Governmental activities increased the City's net position by \$3,703,663 and represented 29.8% of the total. Business-type activities increased the City's net position by \$8,737,934 and represented 70.2% of the total increase.

City of Waco Changes in Net Position

	Year Ended September 30,					
	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 6,259,382	88,204,469	94,463,851	5,624,765	85,531,254	91,156,019
Operating grants and contributions	11,616,774	3,430,713	15,047,487	11,640,290	3,415,770	15,056,060
Capital grants and contributions	7,256,153	4,754,594	12,010,747	6,883,729	3,786,143	10,669,872
General revenues:						
Ad valorem taxes	57,100,563	-	57,100,563	54,377,202	-	54,377,202
Sales taxes	31,075,760	-	31,075,760	29,186,254	-	29,186,254
Franchise taxes	13,286,438	-	13,286,438	13,682,123	-	13,682,123
Hotel/motel taxes	-	2,095,987	2,095,987	-	1,897,865	1,897,865
Other taxes	704,355	-	704,355	650,815	-	650,815
Investment earnings	308,603	159,463	468,066	360,561	196,566	557,127
Miscellaneous	2,298,062	-	2,298,062	882,450	-	882,450
Gain on sale of land	290,376	-	290,376	1,730,200	-	1,730,200
Total revenues	130,196,466	98,645,226	228,841,692	125,018,389	94,827,598	219,845,987
Expenses:						
General government	20,039,649	-	20,039,649	14,177,640	-	14,177,640
Public works	13,699,976	-	13,699,976	11,844,356	-	11,844,356
Public safety	62,592,351	-	62,592,351	57,664,131	-	57,664,131
Culture and recreation	16,544,389	-	16,544,389	15,694,840	-	15,694,840
Public health	7,388,363	-	7,388,363	7,184,384	-	7,184,384
Housing and community development	2,435,924	-	2,435,924	3,664,525	-	3,664,525
Interest on long-term debt	3,873,202	-	3,873,202	4,098,714	-	4,098,714
Water	-	32,916,500	32,916,500	-	33,311,059	33,311,059
Wastewater	-	18,388,139	18,388,139	-	17,634,339	17,634,339
Solid waste	-	16,025,259	16,025,259	-	15,854,254	15,854,254
Airport	-	3,083,925	3,083,925	-	2,937,967	2,937,967
Convention services	-	3,941,005	3,941,005	-	3,372,280	3,372,280
Ranger Hall of Fame	-	1,343,575	1,343,575	-	1,209,145	1,209,145
Cameron Park Zoo	-	4,318,267	4,318,267	-	4,396,640	4,396,640
Transit services	-	8,026,608	8,026,608	-	7,970,314	7,970,314
Cottonwood Creek Golf Course	-	1,782,963	1,782,963	-	1,864,426	1,864,426
Total expenses	126,573,854	89,826,241	216,400,095	114,328,590	88,550,424	202,879,014
Increase in net position before transfers	3,622,612	8,818,985	12,441,597	10,689,799	6,277,174	16,966,973
Transfers	81,051	(81,051)	-	(2,555,596)	2,555,596	-
Increase in net position	3,703,663	8,737,934	12,441,597	8,134,203	8,832,770	16,966,973
Net position, beginning of year	225,017,495	268,544,752	493,562,247	216,883,292	259,711,982	476,595,274
Net position, end of year	\$ 228,721,158	277,282,686	506,003,844	225,017,495	268,544,752	493,562,247

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

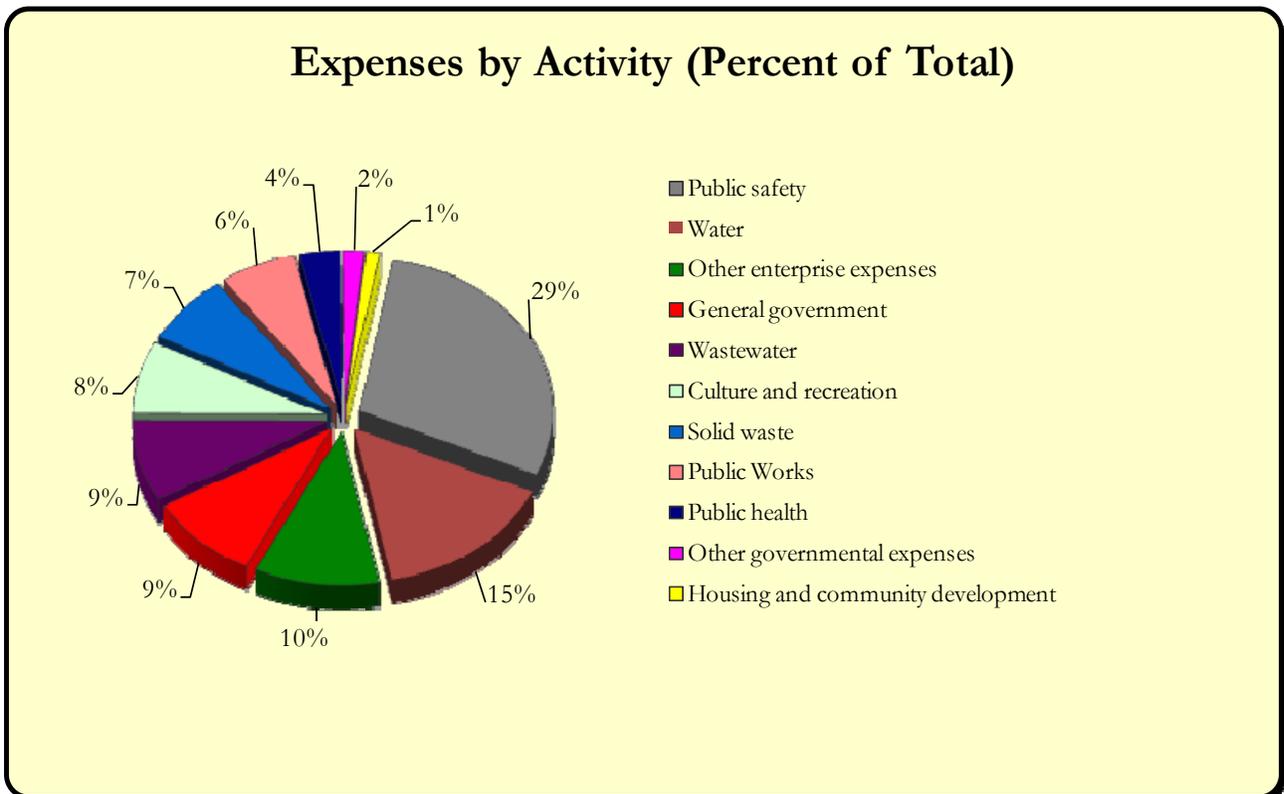
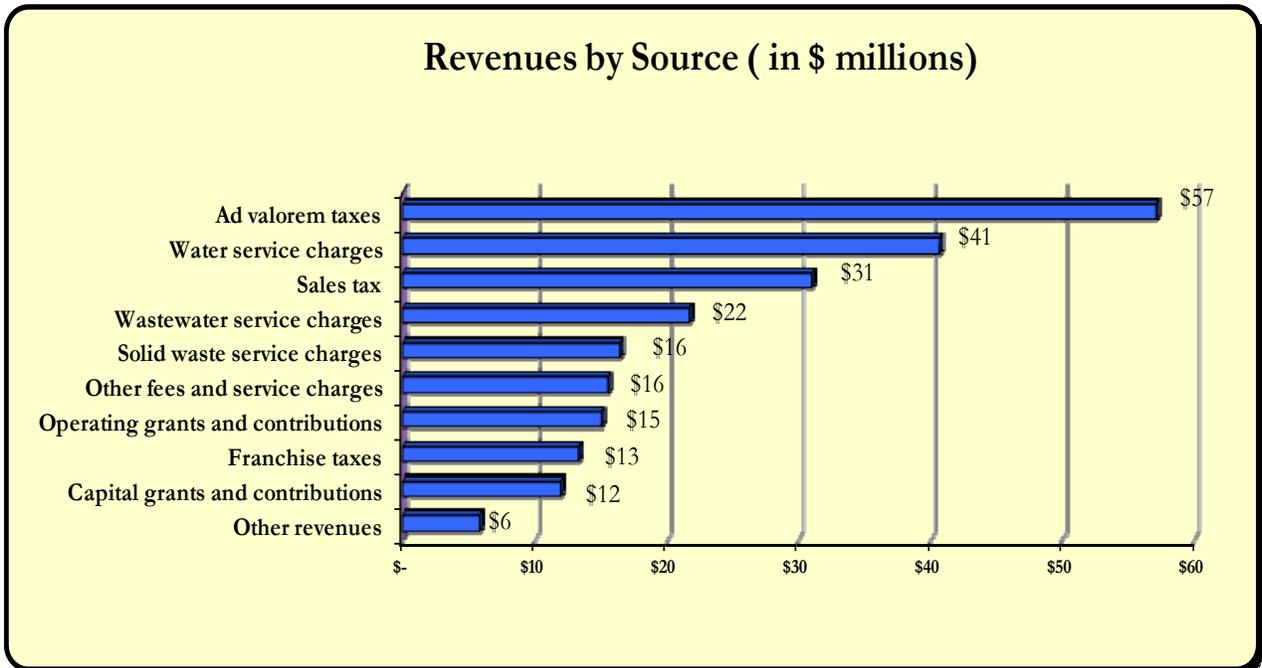
- Overall, governmental revenues increased \$5,178,077 (4.14%). Ad valorem taxes increased \$2,723,361 (5.01%), primarily as the result of (1) increased valuations, which included \$82 million assessed valuation for new construction and (2) increased delinquent tax collections including penalties and interest. Sales taxes reflected an increase of \$1,889,506 (6.47%). Miscellaneous revenue increased by \$1,415,612 primarily due to revenues from the City's agreement with an electric generating facility operating in the county.
- Overall, governmental expenses increased \$12,245,264 (10.71%). The City Council approved a 3% percent salary increase as well as job class step increases for some civil service employees based on rank and service time. This salary increase resulted in approximately \$1.8 million. Another major component of the increase was grant funding of \$8 million that was provided from reinvestment zone number one to assist with infrastructure improvements for the new stadium/community events complex at Baylor University. 2013 was the first year of a planned ten-year commitment to provide grant funding of up to \$35,060,340 for the complex. This annual grant funding is limited to tax increment revenue collected each year for the reinvestment zone. Additional expenses of approximately \$1.2 million were also incurred to support the City's revitalization efforts for demolition and clean-up projects. The City recognized an additional \$1.3 million of depreciation expense as compared to the previous year.

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. Beginning in January 2009, 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 change has continued to reduce pension expense and resulted in savings of over \$651,000.

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

- Total revenues increased \$3,817,628 (4.03%) primarily due to charges for services which reported an increase of \$2.7 million (3.13%). The increase in the water fund of \$2.0 million (due to the drier summer as compared to prior year) accounted for most of this increase.
- Total expenses reported an increase of \$1,275,817 (1.44%). Increases in salaries and benefits accounted for \$1.4 million. Depreciation expense increased by \$1.0 million related to capital improvement projects and various other expenses increased almost \$800,000. These increases were offset with savings in other expenses, primarily over \$1.9 million of interest expense due to bond refunding issues.

Government-wide activities – Total government-wide activities for 2013 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 \$77,787,317. Approximately 1.6% (\$1,229,265) 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 39.6% (\$30,810,420) 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 13.3% (\$10,346,015) 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 20.3% (\$15,797,369) 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 \$19,604,248 (25.2%) is reported as unassigned. Only the general fund can report a positive amount of unassigned fund balance. Refer to page 54 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 18.97% of 2014 budgeted revenues. The fund balance of the general fund at the end of the current year reported an increase of \$7,782,788. Total revenues in the general fund increased \$7,010,668 as compared to the prior year and were \$5,694,313 more than budgeted. Key factors in general fund revenue are as follows:

- Growth in net taxable assessed property valuation of approximately \$187 million including \$82 million from new construction is reflected in the \$3.4 million increase in property tax revenue. Increased delinquent tax collections also are included in this total. This revenue source represented approximately 41% of total general fund revenues.
- Sales tax revenue reported almost a \$1.9 million increase as compared to prior year, with actual amounts exceeding the amount originally budgeted for the fiscal year by \$3.3 million. This revenue source represents over 30% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, were less than prior year, but actual amounts exceeded the amount originally budgeted for the fiscal year by \$677,462. Almost 13% of total general fund revenues came from gross receipts fees.

Proprietary funds - The City's proprietary fund statements beginning on page 40 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective major proprietary funds are Water - \$34,302,441, Wastewater - \$19,473,353, and Solid Waste - \$7,882,528. These funds experienced increases in total net position during 2013 as follows: Water - \$4,911,806, Wastewater - \$2,706,717, and Solid Waste - \$173,507.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$5,909,873. The primary differences can be briefly summarized as follows:

- \$458,123 increase for purchasing ROW for the FM 1637, Highway 84, and Loop 574 projects.
- \$8,490 increase for revision of the federal emergency management agency maps.
- \$498,018 increase for funds allocated to the Texas Ranger Headquarters Office project.
- \$257,262 increase for expenses related to the operation of the animal shelter facility by the City.
- \$738,000 increase for construction expenses related to Loop 574 project.
- \$79,750 increase for information technology consulting services.
- \$218,623 increase for information technology hardware and software upgrades.
- \$558,066 increase for purchase and installation of public safety radio improvements.
- \$724,967 increase for police department equipment.
- \$67,200 increase for additional costs related to interlocal agreement with local mental health mental retardation center to provide transportation and monitoring services for the police department.
- \$99,475 increase for capital outlay in traffic.
- \$271,296 increase for a portion of the lighting system replacement project for the historic Suspension Bridge.
- \$706,422 for replacement of the City's telephone system.
- \$137,939 increase for the City's municipal information cable channel equipment.

- \$424,932 increase to fund various large demolition projects.
- \$185,000 increase for purchase of 3.35 acres of land.
- \$104,925 increase for fire department equipment.
- \$20,000 increase for housing department projects
- \$43,659 increase for parks and recreation department equipment.
- \$307,726 increase for assistance with airport, golf course, and zoo operations.

Of this increase, \$1,554,574 was from fund balance assigned for capital improvements, \$836,123 from fund balance assigned for economic development, \$20,000 from fund balance assigned for housing and community development, \$43,659 from fund balance assigned for culture and recreation, \$216,256 from fund balance assigned for public safety, \$271,296 from unassigned fund balance, \$175,000 from increases in animal shelter fees, \$137,939 from increases in gross receipts taxes, \$242,964 from increases in sale of real estate, \$144,757 from increases in miscellaneous revenues, \$400,000 from increases in the transfer from the Abandoned Motor Vehicle fund, and \$1,867,305 from increases in sales tax.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 31 to 39 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2013.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$674,476,089 (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:

- Capitalized approximately \$7.7 million on various water, wastewater, and solid waste systems projects.
- Capitalized \$3.0 million on various park facility improvements expenditures and contributions.
- Capitalized \$5.0 million on Airport Improvement Program projects.
- Capitalized \$6.1 million for police facilities and equipment.
- Capitalized \$7.3 million in street and drainage expenditures and contributions.
- Capitalized \$1.1 million for fire equipment

City of Waco Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 44,816,272	43,243,517	6,311,458	6,311,458	51,127,730	49,554,975
Buildings	68,049,191	55,614,972	81,092,966	81,753,761	149,142,157	137,368,733
Improvements other than buildings	56,635,043	50,667,577	469,156,084	457,101,862	525,791,127	507,769,439
Machinery and equipment	44,404,968	41,068,918	44,813,771	45,060,741	89,218,739	86,129,659
Museum collections	-	-	2,133,424	2,116,424	2,133,424	2,116,424
Infrastructure	260,147,197	250,834,919	-	-	260,147,197	250,834,919
Construction work in progress	5,679,635	18,481,817	9,889,387	7,635,810	15,569,022	26,117,627
Water rights	-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation	<u>(221,015,272)</u>	<u>(208,359,121)</u>	<u>(230,120,914)</u>	<u>(211,366,961)</u>	<u>(451,136,186)</u>	<u>(419,726,082)</u>
Total capital assets	<u>\$ 258,717,034</u>	<u>251,552,599</u>	<u>415,759,055</u>	<u>421,095,974</u>	<u>674,476,089</u>	<u>672,648,573</u>

Additional information on the City's capital assets can be found in Note IV on pages 65 - 68 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 \$318,522,423. Of this amount, \$316,522,909 represents bonded debt backed by the full faith and credit of the government. The City's capitalized lease obligation of \$61,608 pertains to purchases of computer equipment. The \$1,967,906 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	
	2013	2012	2013	2012	2013	2012
General obligation certificates	\$ 91,770,603	95,470,683	224,752,306	207,205,507	316,522,909	302,676,190
State participation loan	-	-	-	15,000,000	-	15,000,000
Capital lease obligations	61,608	109,814	-	-	61,608	109,814
Note payable	-	-	1,967,906	2,034,421	1,967,906	2,034,421
	<u>\$ 91,832,211</u>	<u>95,580,497</u>	<u>226,720,212</u>	<u>224,239,928</u>	<u>318,552,423</u>	<u>319,820,425</u>

During the 2013 fiscal year, the City issued \$11,880,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including fire services, traffic control systems, equipment, parks, streets, street lighting and drainage, and sidewalks. The City also issued \$43,660,000 of general obligation refunding bonds, which were used to refund (1) general obligation bonds and (2) the \$15 million state participation loan and its related \$5.1 million of deferred interest. This advance/current refunding was undertaken to reduce total debt service payments over the next twenty years by \$11,982,025 and resulted in an economic gain of \$9,380,970.

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 71 to 75 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2014 is based on a modest increase in revenues of 4.4% over last year's adopted budget, due mainly to the increase from ad valorem taxes primarily from new construction and the City's debt reduction initiative, a significant increase in sales tax and court fines, and newly budgeted revenues from the City's agreement with an electric generating facility. An ad valorem tax rate decrease of one cent was approved for 2014.

Approximately 29% of general fund revenues come from sales taxes. The City ended 2013 with sales tax revenue considerably over the original adopted budget. Sales taxes for 2014 were budgeted with a 6% increase over the fiscal year 2013 adopted budget, but still less than actual receipts for 2013. The City's preference is to be conservative in this area of the budget because this revenue is so volatile and is affected by so many factors that the City has no control over.

The 2014 budget includes a 2% 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 increase of only 6.13 full-time equivalent positions over last year's budget even though a total of 12 employees were added for the animal shelter division when the City took over operations of the facility from the local humane society.

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, 2014, the City's full contribution rate is 13.61% (includes a 50% ad hoc annuity increase). The City's budget for fiscal year 2014 included approximately \$10 million for TMRS contributions and the City's funded ratio increased to 88.6%.

Fiscal year 2014 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 2014.

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 Position
September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets					
Cash and investments	\$ 83,790,260	61,642,652	145,432,912	6,384	30,172
Receivables (net of allowances for uncollectibles):					
Accounts	3,942,255	11,755,428	15,697,683	-	-
Special assessments	2,258	-	2,258	-	-
Taxes	7,669,937	-	7,669,937	-	-
Intergovernmental receivable	3,701,861	3,866,099	7,567,960	-	-
Accrued interest receivable	-	3,630	3,630	-	-
Internal balances	2,360,781	(2,360,781)	-	-	-
Inventories	736,029	1,095,748	1,831,777	-	-
Restricted cash and investments	-	31,458,254	31,458,254	-	-
Notes receivable	2,763,113	596,517	3,359,630	-	-
Real estate held for resale	46,221	-	46,221	-	-
Deferred charges	715,278	1,436,909	2,152,187	-	-
Capital assets not being depreciated:					
Land	44,816,272	6,311,458	51,127,730	-	-
Museum collections	-	2,133,424	2,133,424	-	-
Construction in progress	5,679,635	9,889,387	15,569,022	-	-
Capital assets, net of accumulated depreciation:					
Buildings	52,585,677	51,443,244	104,028,921	-	-
Machinery and equipment	14,113,596	15,938,444	30,052,040	-	-
Improvements other than buildings	33,548,683	305,469,926	339,018,609	-	-
Infrastructure	107,973,171	-	107,973,171	-	-
Water rights	-	24,573,172	24,573,172	-	-
Total assets	<u>364,445,027</u>	<u>525,253,511</u>	<u>889,698,538</u>	<u>6,384</u>	<u>30,172</u>
Liabilities					
Accounts payable	3,293,517	2,056,081	5,349,598	-	-
Accrued liabilities	6,263,519	2,663,265	8,926,784	-	-
Accrued interest payable	676,213	1,640,175	2,316,388	-	-
Unearned revenue	1,136,136	1,126,635	2,262,771	-	-
Escrow funds	273,734	165,706	439,440	-	-
Customer deposits	241,056	-	241,056	-	-
Liabilities payable from restricted assets	-	2,894,720	2,894,720	-	-
Noncurrent liabilities:					
Due within one year	18,813,503	14,000,660	32,814,163	-	-
Due in more than one year	105,026,191	223,423,583	328,449,774	-	-
Total liabilities	<u>135,723,869</u>	<u>247,970,825</u>	<u>383,694,694</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	180,993,606	215,720,781	396,714,387	-	-
Restricted for:					
Tax increment financing/public improvement district	11,644,497	-	11,644,497	-	-
Grant requirements	4,051,478	-	4,051,478	-	-
Forfeitures and abandoned motor vehicles	436,087	-	436,087	-	-
Court security and technology	974,420	-	974,420	-	-
Debt service	-	-	-	-	-
Parks and cemetery care - nonexpendable	477,891	-	477,891	-	-
Capital projects	-	6,576	6,576	-	-
Unrestricted	30,143,179	61,555,329	91,698,508	6,384	30,172
Total net position	<u>\$ 228,721,158</u>	<u>277,282,686</u>	<u>506,003,844</u>	<u>6,384</u>	<u>30,172</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (20,039,649)	277,810	1,635,813
Public works	(13,699,976)	1,537	-
Public safety	(62,592,351)	3,676,669	2,309,269
Culture and recreation	(16,544,389)	1,042,779	975,080
Public health	(7,388,363)	1,260,587	3,668,736
Housing and community development	(2,435,924)	-	3,027,876
Interest on long-term debt	(3,873,202)	-	-
Total governmental activities	(126,573,854)	6,259,382	11,616,774
Business-type activities:			
Water	(32,916,500)	40,713,824	2,033
Wastewater	(18,388,139)	21,718,912	-
Solid waste	(16,025,259)	16,489,195	-
Airport	(3,083,925)	1,079,297	87,600
Convention services	(3,941,005)	1,018,086	-
Ranger Hall of Fame	(1,343,575)	410,728	104,923
Cameron Park Zoo	(4,318,267)	1,618,495	-
Transit services	(8,026,608)	3,540,047	3,236,157
Cottonwood Creek Golf Course	(1,782,963)	1,615,885	-
Total business-type activities	(89,826,241)	88,204,469	3,430,713
Total primary government	\$ (216,400,095)	94,463,851	15,047,487
Component Units:			
Central Waco Development Corporation	\$ -	-	-
Waco Health Facilities Development Corporation	-	-	-
Total component units	\$ -	-	-
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 position	
		Net position, beginning of year	
		Net position, end of year	

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Position					
Capital Grants and Contributions	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Waco Development Corporation	Waco Health Facilities Development Corporation
-	(18,126,026)	-	(18,126,026)		
6,621,155	(7,077,284)	-	(7,077,284)		
-	(56,606,413)	-	(56,606,413)		
634,998	(13,891,532)	-	(13,891,532)		
-	(2,459,040)	-	(2,459,040)		
-	591,952	-	591,952		
-	(3,873,202)	-	(3,873,202)		
<u>7,256,153</u>	<u>(101,441,545)</u>	<u>-</u>	<u>(101,441,545)</u>		
134,230	-	7,933,587	7,933,587		
91,992	-	3,422,765	3,422,765		
-	-	463,936	463,936		
4,496,133	-	2,579,105	2,579,105		
-	-	(2,922,919)	(2,922,919)		
17,000	-	(810,924)	(810,924)		
15,239	-	(2,684,533)	(2,684,533)		
-	-	(1,250,404)	(1,250,404)		
-	-	(167,078)	(167,078)		
<u>4,754,594</u>	<u>-</u>	<u>6,563,535</u>	<u>6,563,535</u>		
<u>12,010,747</u>	<u>(101,441,545)</u>	<u>6,563,535</u>	<u>(94,878,010)</u>		
-	-			(65)	-
-	-			-	(70)
-	-			(65)	(70)
\$	51,184,254	-	51,184,254	-	-
	5,916,309	-	5,916,309	-	-
	31,075,760	-	31,075,760	-	-
	13,286,438	-	13,286,438	-	-
	-	2,095,987	2,095,987	-	-
	704,355	-	704,355	-	-
	308,603	159,463	468,066	13	62
	290,376	-	290,376	-	-
	2,298,062	-	2,298,062	-	-
	81,051	(81,051)	-	-	-
	<u>105,145,208</u>	<u>2,174,399</u>	<u>107,319,607</u>	<u>13</u>	<u>62</u>
	3,703,663	8,737,934	12,441,597	(52)	(8)
	<u>225,017,495</u>	<u>268,544,752</u>	<u>493,562,247</u>	<u>6,436</u>	<u>30,180</u>
\$	<u>228,721,158</u>	<u>277,282,686</u>	<u>506,003,844</u>	<u>6,384</u>	<u>30,172</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 40,942,152	31,927,812	72,869,964
Receivables, net of allowances:			
Accounts	3,720,412	220,946	3,941,358
Special assessments	-	2,258	2,258
Taxes	7,171,284	498,653	7,669,937
Notes receivable	1,000	2,762,113	2,763,113
Due from other funds	3,405,403	6,818,230	10,223,633
Advances to other funds	-	168,368	168,368
Intergovernmental receivable	1,391,071	2,310,790	3,701,861
Inventories	536,785	-	536,785
Real estate held for resale	6,160	40,061	46,221
	<u>\$ 57,174,267</u>	<u>44,749,231</u>	<u>101,923,498</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 2,081,080	875,051	2,956,131
Accrued liabilities	4,393,075	1,593,409	5,986,484
Deferred revenue	3,896,523	3,221,644	7,118,167
Due to other funds	886,859	6,674,288	7,561,147
Deposits	241,056	-	241,056
Escrow funds	244,698	28,498	273,196
	<u>11,743,291</u>	<u>12,392,890</u>	<u>24,136,181</u>
Fund Balances			
Fund balances:			
Nonspendable	542,945	686,320	1,229,265
Restricted	766,896	30,043,524	30,810,420
Committed	8,719,518	1,626,497	10,346,015
Assigned	15,797,369	-	15,797,369
Unassigned	19,604,248	-	19,604,248
	<u>45,430,976</u>	<u>32,356,341</u>	<u>77,787,317</u>
Total liabilities and fund balances	<u>\$ 57,174,267</u>	<u>44,749,231</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			257,886,349
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.			5,982,031
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 position.			6,833,242
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(119,767,781)
			<u>\$ 228,721,158</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 72,988,945	16,044,634	89,033,579
Business and occupation fees	13,286,438	-	13,286,438
Permits, licenses and fees	1,170,932	1,190,778	2,361,710
Fines	1,807,306	108,598	1,915,904
Charges for services	1,643,861	-	1,643,861
Investment earnings	107,101	178,611	285,712
Contributions	315,363	111,212	426,575
Intergovernmental	1,568,064	9,320,397	10,888,461
Program income	-	464,650	464,650
Other	9,888,023	572,648	10,460,671
Total revenues	<u>102,776,033</u>	<u>27,991,528</u>	<u>130,767,561</u>
Expenditures:			
Current:			
General government	16,189,167	11,206,005	27,395,172
Public works	3,214,854	-	3,214,854
Public safety	57,762,483	3,002,864	60,765,347
Culture and recreation	11,946,865	845,701	12,792,566
Housing and community development	177,536	3,091,611	3,269,147
Public health	-	7,271,899	7,271,899
Capital outlay	-	14,814,436	14,814,436
Debt service:			
Principal	-	5,912,954	5,912,954
Interest and fiscal charges	-	3,946,312	3,946,312
Bond issuance costs	-	35,891	35,891
Total expenditures	<u>89,290,905</u>	<u>50,127,673</u>	<u>139,418,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,485,128</u>	<u>(22,136,145)</u>	<u>(8,651,017)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	290,376	-	290,376
Refunding bonds issued	-	1,700,000	1,700,000
Prepayment to refunded bond escrow agent	-	(1,999,938)	(1,999,938)
Premium on refunding bonds	-	316,832	316,832
General obligation bonds issued	-	2,175,000	2,175,000
Premium on general obligation bonds	-	168,544	168,544
Capital lease	-	-	-
Transfers in	4,634,431	10,301,279	14,935,710
Transfers out	(10,627,147)	(2,518,711)	(13,145,858)
Total other financing sources (uses)	<u>(5,702,340)</u>	<u>10,143,006</u>	<u>4,440,666</u>
Net change in fund balances	7,782,788	(11,993,139)	(4,210,351)
Fund balances, beginning of year	<u>37,648,188</u>	<u>44,349,480</u>	<u>81,997,668</u>
Fund balances, end of year	<u>\$ 45,430,976</u>	<u>32,356,341</u>	<u>77,787,317</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, 2013

Amounts reported for governmental activities in the Statement of Activities (pages 26 - 27) are different because:

Net change in fund balances - total governmental funds (page 29)	\$ (4,210,351)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	170,481
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position.	6,657,963
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(599,818)
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 position. 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.	3,636,693
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.	(1,015,880)
Internal service funds are used by management to charge the costs of certain services to individual funds. The change in net position of internal service funds is reported with governmental activities.	<u>(935,425)</u>
Change in net position of governmental activities (pages 26 - 27)	\$ <u><u>3,703,663</u></u>

See accompanying notes to financial statements.

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

Year Ended September 30, 2013

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

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 27,732,766	29,600,071	31,075,760	1,475,689	29,186,254
Property taxes	40,789,048	40,789,048	41,286,874	497,826	38,039,811
Interest and penalty on taxes	450,000	450,000	626,311	176,311	486,577
Total taxes	<u>68,971,814</u>	<u>70,839,119</u>	<u>72,988,945</u>	<u>2,149,826</u>	<u>67,712,642</u>
Business and occupation fees:					
Occupation fees	30,000	30,000	35,233	5,233	103,078
Gross receipts fees	12,573,743	12,711,682	13,251,205	539,523	13,579,045
Total business and occupation fees	<u>12,603,743</u>	<u>12,741,682</u>	<u>13,286,438</u>	<u>544,756</u>	<u>13,682,123</u>
Permits, licenses and fees:					
Building permits	333,207	333,207	558,029	224,822	453,494
Plumbing permits	117,526	117,526	191,203	73,677	144,622
Electrical permits	156,778	156,778	242,139	85,361	199,131
Electrical licenses	-	-	-	-	-
Heating and air conditioning licenses	53,523	53,523	78,540	25,017	70,375
Fire inspection fees	29,178	29,178	36,731	7,553	32,246
House moving permits	-	-	332	332	385
Open air/street vending	3,675	3,675	5,240	1,565	5,765
Sign permits	15,000	15,000	27,117	12,117	4,245
Subdivision fees	19,500	19,500	31,601	12,101	20,507
Total permits, licenses and fees	<u>728,387</u>	<u>728,387</u>	<u>1,170,932</u>	<u>442,545</u>	<u>930,770</u>
Fines:					
Court fines	1,342,652	1,342,652	1,762,756	420,104	1,451,347
Auto impound fees	80,000	80,000	44,550	(35,450)	114,374
Total fines	<u>1,422,652</u>	<u>1,422,652</u>	<u>1,807,306</u>	<u>384,654</u>	<u>1,565,721</u>
Charges for services:					
Recreation	777,076	777,076	711,814	(65,262)	766,050
Weed mowing	32,000	32,000	65,427	33,427	55,495
Library fees	97,061	97,061	107,406	10,345	100,264
Animal pick up	19,032	19,032	12,755	(6,277)	18,224
Animal shelter fees	-	175,000	154,272	(20,728)	-
Grounds maintenance	50,039	50,039	50,039	-	48,582
Graphics	60,000	60,000	95,029	35,029	74,703
Police security services	150,000	150,000	130,500	(19,500)	154,474
Airport security services	281,163	281,163	316,619	35,456	284,191
Total charges for services	<u>1,466,371</u>	<u>1,641,371</u>	<u>1,643,861</u>	<u>2,490</u>	<u>1,501,983</u>
Investment earnings	<u>55,000</u>	<u>55,000</u>	<u>107,101</u>	<u>52,101</u>	<u>121,240</u>
Contributions	<u>171,171</u>	<u>171,171</u>	<u>315,363</u>	<u>144,192</u>	<u>219,577</u>
Intergovernmental	<u>1,477,526</u>	<u>1,477,526</u>	<u>1,568,064</u>	<u>90,538</u>	<u>1,497,372</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, 2013

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

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues (continued)					
Other:					
Indirect expense reimbursements	\$ 6,789,363	6,789,363	6,760,825	(28,538)	6,399,365
False alarm fines	9,200	9,200	8,550	(650)	8,200
Rents from real estate	116,321	116,321	135,013	18,692	125,866
Miscellaneous revenue	387,849	532,606	2,348,031	1,815,425	1,416,565
Sale of other scrap	20,000	20,000	23,928	3,928	17,721
Zoning applications	7,500	7,500	13,375	5,875	10,655
Commission from sale of mixed drinks	353,678	353,678	381,202	27,524	353,980
Commission on municipal court fines	40,400	40,400	79,790	39,390	58,238
Commission on concessions	107,309	107,309	110,272	2,963	113,992
Garage sale permits	28,435	28,435	25,500	(2,935)	28,970
Special assessments	-	-	1,537	1,537	385
Total other	<u>7,860,055</u>	<u>8,004,812</u>	<u>9,888,023</u>	<u>1,883,211</u>	<u>8,533,937</u>
Total revenues	<u>94,756,719</u>	<u>97,081,720</u>	<u>102,776,033</u>	<u>5,694,313</u>	<u>95,765,365</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,340,962	1,379,733	1,291,000	88,733	1,178,232
Employee benefits	410,125	408,354	384,915	23,439	367,843
Purchased professional/technical services	127,970	92,860	47,135	45,725	58,800
Purchased property services	31,848	31,848	34,528	(2,680)	26,654
Maintenance	1,200	2,000	-	2,000	132
Other purchased service	301,081	298,785	74,991	223,794	95,795
Supplies	87,620	92,116	83,177	8,939	106,513
Other expenses	287,200	788,818	280,971	507,847	1,012,740
Total administrative services	<u>2,588,006</u>	<u>3,094,514</u>	<u>2,196,717</u>	<u>897,797</u>	<u>2,846,709</u>
City Secretary:					
Salaries and wages	269,633	269,633	258,004	11,629	261,573
Employee benefits	97,011	97,011	92,069	4,942	93,283
Purchased professional/technical services	49,338	45,738	37,814	7,924	79,471
Maintenance	3,844	3,844	2,974	870	2,858
Other purchased services	21,275	22,275	17,895	4,380	13,952
Supplies	17,238	19,838	19,238	600	18,080
Total city secretary	<u>458,339</u>	<u>458,339</u>	<u>427,994</u>	<u>30,345</u>	<u>469,217</u>
Finance services:					
Salaries and wages	939,434	939,434	889,009	50,425	840,803
Employee benefits	301,559	301,559	284,506	17,053	276,581
Purchased professional/technical services	74,212	74,212	64,573	9,639	65,171
Maintenance	500	500	-	500	-
Other purchased service	23,370	23,370	18,878	4,492	19,976
Supplies	24,615	24,615	24,031	584	23,888
Other expenses	7,661	7,661	4,933	2,728	3,881
Total finance services	<u>1,371,351</u>	<u>1,371,351</u>	<u>1,285,930</u>	<u>85,421</u>	<u>1,230,300</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, 2013

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

	Budgeted Amounts		2013	Variance with Final Budget	2012
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (continued)					
General Government (continued)					
Legal services:					
Salaries and wages	\$ 858,157	858,157	851,108	7,049	786,289
Employee benefits	257,304	257,304	252,300	5,004	240,167
Purchased professional/technical services	34,130	34,130	6,438	27,692	10,999
Maintenance	290	290	224	66	-
Other purchased service	30,015	30,015	22,653	7,362	23,064
Supplies	34,088	34,088	25,573	8,515	32,046
Total legal services	<u>1,213,984</u>	<u>1,213,984</u>	<u>1,158,296</u>	<u>55,688</u>	<u>1,092,565</u>
Planning services:					
Salaries and wages	320,258	337,666	310,613	27,053	332,597
Employee benefits	109,891	117,364	107,576	9,788	108,276
Purchased professional/technical services	-	370	370	-	1,293
Purchased property services	65,888	65,888	66,561	(673)	64,733
Maintenance	306	306	1,597	(1,291)	364
Other purchased service	15,703	15,333	10,302	5,031	8,966
Supplies	19,194	19,194	22,973	(3,779)	18,406
Total planning services	<u>531,240</u>	<u>556,121</u>	<u>519,992</u>	<u>36,129</u>	<u>534,635</u>
Human resources:					
Salaries and wages	485,939	485,939	475,920	10,019	451,444
Employee benefits	161,389	161,389	156,996	4,393	152,025
Purchased professional/technical services	12,663	7,974	2,836	5,138	3,570
Maintenance	2,090	3,590	3,544	46	1,549
Other purchased service	39,060	36,035	30,993	5,042	27,809
Supplies	12,854	19,068	13,322	5,746	10,952
Total human resources	<u>713,995</u>	<u>713,995</u>	<u>683,611</u>	<u>30,384</u>	<u>647,349</u>
Municipal information:					
Salaries and wages	419,182	419,182	418,533	649	405,295
Employee benefits	149,309	149,309	146,710	2,599	144,419
Purchased professional/technical services	8,000	16,134	16,444	(310)	7,765
Maintenance	7,618	17,061	11,386	5,675	8,029
Other purchased service	20,540	20,540	33,588	(13,048)	20,345
Supplies	25,935	68,273	61,259	7,014	58,504
Other expenses	32,040	32,040	32,034	6	32,034
Capital expenditures	-	78,024	78,024	-	61,136
Total municipal information	<u>662,624</u>	<u>800,563</u>	<u>797,978</u>	<u>2,585</u>	<u>737,527</u>
Information technology services:					
Salaries and wages	842,825	842,825	850,178	(7,353)	778,210
Employee benefits	283,271	283,271	279,318	3,953	266,439
Purchased professional/technical services	78,508	158,258	158,457	(199)	75,449
Maintenance	529,797	529,797	366,231	163,566	476,617
Other purchased service	413,716	413,716	392,346	21,370	342,236
Supplies	46,363	205,135	248,852	(43,717)	144,482
Capital expenditures	49,938	109,789	121,416	(11,627)	101,502
Total information technology services	<u>2,244,418</u>	<u>2,542,791</u>	<u>2,416,798</u>	<u>125,993</u>	<u>2,184,935</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, 2013

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

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Purchasing services:					
Salaries and wages	\$ 316,469	316,469	328,843	(12,374)	288,996
Employee benefits	108,200	108,200	108,758	(558)	100,268
Purchased professional/technical services	-	-	152	(152)	82
Maintenance	250	250	57	193	-
Other purchased service	12,111	12,111	11,246	865	10,470
Supplies	9,058	9,058	8,247	811	8,268
Total purchasing services	<u>446,088</u>	<u>446,088</u>	<u>457,303</u>	<u>(11,215)</u>	<u>408,084</u>
Facilities:					
Salaries and wages	974,193	974,193	994,103	(19,910)	893,437
Employee benefits	451,118	451,118	448,847	2,271	419,708
Purchased professional/technical services	91,580	109,080	230,782	(121,702)	150,097
Purchased property services	8,964	8,964	10,476	(1,512)	12,162
Maintenance	1,274,601	862,438	976,412	(113,974)	827,589
Other purchased service	56,301	56,301	46,143	10,158	49,473
Supplies	217,700	217,700	262,427	(44,727)	208,924
Capital expenditures	-	-	4,880	(4,880)	47,354
Total facilities	<u>3,074,457</u>	<u>2,679,794</u>	<u>2,974,070</u>	<u>(294,276)</u>	<u>2,608,744</u>
Economic development:					
Purchased professional/technical services	-	-	3,850	(3,850)	2,100
Supplies	-	-	-	-	434
Total economic development	<u>-</u>	<u>-</u>	<u>3,850</u>	<u>(3,850)</u>	<u>2,534</u>
Economic development incentive:					
Purchased professional/technical services	-	1,250,000	145,600	1,104,400	2,070,476
Total economic development incentive	<u>-</u>	<u>1,250,000</u>	<u>145,600</u>	<u>1,104,400</u>	<u>2,070,476</u>
Contributions:					
McLennan County	142,974	142,974	134,048	8,926	136,166
Greenwood Cemetery	1,500	1,500	1,500	-	1,500
Rosemound Cemetery	40,000	40,000	40,000	-	10,000
H.O.T. Council of Governments	11,344	11,344	9,842	1,502	9,842
The Advocacy Center	75,740	75,740	75,740	-	59,040
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	200,286	(286)	53,333
Economic development grants	305,500	305,500	328,299	(22,799)	168,336
McLennan County Appraisal District	578,191	578,191	578,246	(55)	550,436
YMCA Multi-Purpose Center	55,000	55,000	55,006	(6)	55,000
Senior Ministries	28,000	28,000	28,000	-	28,000
Total contributions	<u>1,910,749</u>	<u>1,910,749</u>	<u>1,923,467</u>	<u>(12,718)</u>	<u>1,564,202</u>
Miscellaneous:					
Employee benefits	100,000	100,000	65,684	34,316	92,892
Purchase professional/technical services	170,000	304,891	309,355	(4,464)	147,878
Maintenance	-	-	5,917	(5,917)	3,615
Other purchased service	-	-	(22)	22	-
Supplies	-	-	4,766	(4,766)	1,990
Capital expenditures	-	891,422	682,265	209,157	-
Other expenses	813,655	813,655	129,596	684,059	310,161
Total miscellaneous	<u>1,083,655</u>	<u>2,109,968</u>	<u>1,197,561</u>	<u>912,407</u>	<u>556,536</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, 2013

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

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Total General Government	\$ 16,298,906	19,148,257	16,189,167	2,959,090	16,953,813
Public Works					
Streets and drainage services:					
Salaries and wages	482,097	386,397	354,987	31,410	451,818
Employee benefits	287,230	255,230	215,565	39,665	255,157
Purchased professional/technical services	7,500	17,000	7,910	9,090	31,684
Purchased property services	24,122	29,822	30,446	(624)	26,349
Maintenance	568,931	681,431	677,672	3,759	534,376
Other purchased service	86,953	86,953	63,896	23,057	59,141
Supplies	303,217	303,217	248,769	54,448	268,492
Other expenses	(114,331)	1,081,792	1,010,680	71,112	231,763
Capital expenditures	1,000,000	1,000,000	604,929	395,071	4,393
Total streets and drainage services	2,645,719	3,841,842	3,214,854	626,988	1,863,173
Total Public Works	2,645,719	3,841,842	3,214,854	626,988	1,863,173
Public Safety					
Municipal court:					
Salaries and wages	730,838	730,838	633,404	97,434	653,472
Employee benefits	252,743	252,743	226,713	26,030	232,490
Purchased professional/technical services	19,900	19,900	13,459	6,441	12,449
Maintenance	1,300	1,300	108	1,192	132
Other purchased service	22,020	22,020	18,310	3,710	20,191
Supplies	85,644	85,644	75,588	10,056	82,383
Other expenses	8,017	8,017	9,682	(1,665)	7,967
Total municipal court	1,120,462	1,120,462	977,264	143,198	1,009,084
Inspection services:					
Salaries and wages	953,540	936,132	873,722	62,410	836,047
Employee benefits	357,245	349,772	327,332	22,440	316,222
Purchased professional/technical services	190,000	190,000	165,379	24,621	147,284
Purchased property services	67,128	67,128	71,214	(4,086)	55,767
Maintenance	59,796	59,796	46,226	13,570	31,735
Other purchased service	62,590	64,023	54,890	9,133	58,794
Supplies	80,238	78,805	68,530	10,275	78,139
Other expenses	4,455	4,455	12,410	(7,955)	6,954
Total inspection services	1,774,992	1,750,111	1,619,703	130,408	1,530,942
Emergency management services:					
Salaries and wages	250,505	250,505	249,367	1,138	194,923
Employee benefits	90,262	90,262	87,858	2,404	67,118
Purchased professional/technical services	17,660	17,660	10,484	7,176	5,455
Purchased property services	600	600	1,822	(1,222)	-
Maintenance	204,827	204,827	103,826	101,001	19,241
Other purchased service	24,421	24,421	16,732	7,689	14,680
Supplies	27,849	27,849	27,207	642	13,371
Capital expenditures	-	558,066	600,302	(42,236)	-
Other expenses	115,154	115,154	114,798	356	95,558
Total emergency management services	731,278	1,289,344	1,212,396	76,948	410,346

(Continued)

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

Year Ended September 30, 2013
(With Comparative Actual Amounts for the Year Ended September 30, 2012)

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Fire services:					
Salaries and wages	\$ 13,632,313	13,584,663	13,446,372	138,291	12,721,041
Employee benefits	4,517,477	4,507,477	4,385,055	122,422	4,265,803
Purchased professional/technical services	145,304	161,604	138,733	22,871	98,508
Purchased property services	55,657	55,657	58,314	(2,657)	45,391
Maintenance	223,658	261,158	247,822	13,336	204,071
Other purchased service	251,986	263,686	323,676	(59,990)	265,863
Supplies	640,778	672,335	646,299	26,036	544,117
Capital expenditures	-	65,518	83,860	(18,342)	31,502
Total fire services	<u>19,467,173</u>	<u>19,572,098</u>	<u>19,330,131</u>	<u>241,967</u>	<u>18,176,296</u>
Police services:					
Salaries and wages	20,154,940	20,097,198	20,492,897	(395,699)	19,545,220
Employee benefits	6,927,730	6,927,730	6,898,155	29,575	6,686,954
Purchased professional/technical services	281,148	379,037	378,649	388	270,500
Purchased property services	98,757	80,757	79,788	969	91,424
Maintenance	783,423	770,529	707,282	63,247	701,489
Other purchased service	789,935	824,757	847,233	(22,476)	797,932
Supplies	1,516,856	1,803,393	1,857,156	(53,763)	1,348,461
Capital expenditures	-	435,813	264,521	171,292	626,674
Other expenses	740	740	839	(99)	827
Total police services	<u>30,553,529</u>	<u>31,319,954</u>	<u>31,526,520</u>	<u>(206,566)</u>	<u>30,069,481</u>
Traffic services:					
Salaries and wages	762,302	762,302	711,916	50,386	720,005
Employee benefits	319,302	319,522	298,420	21,102	311,302
Purchased professional/technical services	-	14,875	9,926	4,949	-
Purchased property services	3,708	3,708	1,999	1,709	3,618
Maintenance	535,145	523,781	530,091	(6,310)	443,368
Other purchased service	29,553	29,333	32,930	(3,597)	35,270
Supplies	895,507	889,781	702,918	186,863	744,902
Capital expenditures	170,000	271,690	132,121	139,569	184,128
Total traffic services	<u>2,715,517</u>	<u>2,814,992</u>	<u>2,420,321</u>	<u>394,671</u>	<u>2,442,593</u>
Animal services:					
Salaries and wages	-	218,037	214,847	3,190	-
Employee benefits	-	109,291	109,781	(490)	-
Purchased professional/technical services	-	26,270	67,805	(41,535)	-
Purchased property services	-	4,850	6,427	(1,577)	-
Maintenance	-	32,000	50,124	(18,124)	-
Other purchased services	-	3,497	14,241	(10,744)	-
Supplies	-	113,317	123,106	(9,789)	-
Capital expenditures	-	-	39,288	(39,288)	-
Other expenses	-	-	282	(282)	-
Total animal services	<u>-</u>	<u>507,262</u>	<u>625,901</u>	<u>(118,639)</u>	<u>-</u>

(Continued)

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

Year Ended September 30, 2013
(With Comparative Actual Amounts for the Year Ended September 30, 2012)

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Contributions:					
Animal shelter	\$ 300,247	50,247	50,247	-	300,247
Total contributions	<u>300,247</u>	<u>50,247</u>	<u>50,247</u>	<u>-</u>	<u>300,247</u>
Total Public Safety	<u>56,663,198</u>	<u>58,424,470</u>	<u>57,762,483</u>	<u>661,987</u>	<u>53,938,989</u>
Culture and Recreation					
Library services:					
Salaries and wages	1,711,533	1,711,533	1,635,904	75,629	1,639,275
Employee benefits	593,290	593,290	558,844	34,446	565,368
Purchased professional/technical services	98,041	95,711	111,298	(15,587)	82,273
Purchased property services	15,050	15,050	18,063	(3,013)	16,052
Maintenance	84,701	84,701	78,926	5,775	73,839
Other purchased service	182,156	182,156	155,720	26,436	179,027
Supplies	543,378	545,708	518,872	26,836	495,643
Other expenses	149,161	149,161	149,357	(196)	144,740
Total library services	<u>3,377,310</u>	<u>3,377,310</u>	<u>3,226,984</u>	<u>150,326</u>	<u>3,196,217</u>
Parks:					
Salaries and wages	3,283,485	3,179,749	3,109,361	70,388	3,088,450
Employee benefits	1,429,476	1,429,476	1,357,060	72,416	1,351,837
Purchased professional/technical services	259,550	348,098	325,185	22,913	322,275
Purchased property services	718,651	673,651	611,572	62,079	646,061
Maintenance	507,552	517,552	496,871	20,681	498,572
Other purchased service	197,266	198,316	192,195	6,121	189,672
Supplies	712,433	710,682	665,474	45,208	663,161
Capital expenditures	-	323,163	116,650	206,513	2,772,727
Other expenses	24,473	24,473	23,630	843	24,442
Total parks	<u>7,132,886</u>	<u>7,405,160</u>	<u>6,897,998</u>	<u>507,162</u>	<u>9,557,197</u>
Recreation services:					
Salaries and wages	792,116	792,116	762,832	29,284	715,222
Employee benefits	245,456	245,456	233,832	11,624	228,023
Purchased professional/technical services	410,175	410,175	397,021	13,154	395,404
Maintenance	15,441	15,441	10,693	4,748	4,162
Other purchased service	100,419	100,419	112,596	(12,177)	105,476
Supplies	243,696	282,577	293,406	(10,829)	289,431
Other expenses	13,257	17,057	11,503	5,554	12,640
Total recreation services	<u>1,820,560</u>	<u>1,863,241</u>	<u>1,821,883</u>	<u>41,358</u>	<u>1,750,358</u>
Total Culture and Recreation	<u>12,330,756</u>	<u>12,645,711</u>	<u>11,946,865</u>	<u>698,846</u>	<u>14,503,772</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, 2013

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

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Housing and Community Development					
Housing services:					
Salaries and wages	\$ 70,806	70,806	105,396	(34,590)	61,930
Employee benefits	25,111	25,111	34,159	(9,048)	22,849
Purchased professional/technical services	-	-	2,708	(2,708)	10,102
Other purchased service	11,233	11,233	7,688	3,545	7,723
Supplies	2,800	2,800	10,245	(7,445)	2,325
Other expenses	-	20,000	17,340	2,660	28,104
Total housing services	<u>109,950</u>	<u>129,950</u>	<u>177,536</u>	<u>(47,586)</u>	<u>133,033</u>
Total Housing and Community Development	<u>109,950</u>	<u>129,950</u>	<u>177,536</u>	<u>(47,586)</u>	<u>133,033</u>
Total expenditures	<u>88,048,529</u>	<u>94,190,230</u>	<u>89,290,905</u>	<u>4,899,325</u>	<u>87,392,780</u>
Excess of revenues over expenditures	<u>6,708,190</u>	<u>2,891,490</u>	<u>13,485,128</u>	<u>10,593,638</u>	<u>8,372,585</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets:					
Sale of real estate	-	242,964	290,376	(47,412)	1,790,086
Total proceeds from sale of capital assets	<u>-</u>	<u>242,964</u>	<u>290,376</u>	<u>(47,412)</u>	<u>1,790,086</u>
Transfers in:					
Abandoned motor vehicles	50,000	450,000	450,000	-	50,000
Revenue in lieu of property taxes	<u>4,184,431</u>	<u>4,184,431</u>	<u>4,184,431</u>	<u>-</u>	<u>4,111,057</u>
Total transfers in	<u>4,234,431</u>	<u>4,634,431</u>	<u>4,634,431</u>	<u>-</u>	<u>4,161,057</u>
Transfers out:					
Cameron Park Zoo	(1,553,765)	(1,694,653)	(1,694,653)	-	(1,544,337)
Street Reconstruction Fund	(3,885,972)	(3,885,972)	(3,885,972)	-	(3,885,972)
Street CIP	-	-	-	-	(500,000)
Cottonwood Creek Golf Course	-	(105,870)	(105,870)	-	(1,186,724)
Transit services	(301,253)	(301,253)	-	301,253	-
Airport services	(501,711)	(562,679)	(562,679)	-	(370,573)
Convention services	-	-	-	-	(116,337)
Health services	(2,535,350)	(2,535,350)	(2,535,350)	-	(2,459,993)
Ranger Hall of Fame	(776,047)	(776,047)	(776,047)	-	(624,396)
Economic Development Incentive Fund	(1,250,000)	-	-	-	-
Housing demo-lot clearing	(75,000)	(365,041)	(365,041)	-	(75,000)
2007 General obligation bonds	-	(420,405)	(420,405)	-	(425,108)
Grant (fire)	-	-	(186,549)	(186,549)	(145,767)
Grant (police)	(63,523)	(63,523)	(94,581)	(31,058)	(61,910)
Total transfers out	<u>(10,942,621)</u>	<u>(10,710,793)</u>	<u>(10,627,147)</u>	<u>83,646</u>	<u>(11,396,117)</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, 2013

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

	<u>Budgeted Amounts</u>		2013 Actual Amounts	Variance with Final Budget	2012 Actual Amounts
	<u>Original</u>	<u>Final</u>			
Other financing sources (uses)					
Total other financing sources (uses)	\$ <u>(6,708,190)</u>	<u>(5,833,398)</u>	<u>(5,702,340)</u>	<u>36,234</u>	<u>(5,444,974)</u>
Net change in fund balances	-	(2,941,908)	7,782,788	10,724,696	2,927,611
Fund balances, beginning of year	<u>37,648,188</u>	<u>37,648,188</u>	<u>37,648,188</u>	<u>-</u>	<u>34,720,577</u>
Fund balances, end of year	<u>\$ 37,648,188</u>	<u>34,706,280</u>	<u>45,430,976</u>	<u>10,724,696</u>	<u>37,648,188</u>

City of Waco, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2013

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	Funds
Current assets:						
Cash and investments	\$ 30,763,675	17,777,275	11,492,029	1,609,673	61,642,652	10,920,295
Accounts receivable, net of allowances	6,243,665	2,900,528	2,146,642	464,593	11,755,428	897
Due from other funds	-	-	-	139,221	139,221	-
Intergovernmental receivable	-	112,054	-	3,754,045	3,866,099	-
Current portion of notes receivable	-	45,042	-	-	45,042	-
Restricted cash and investments	2,721,903	172,817	-	-	2,894,720	-
Accrued interest on notes receivable	-	3,630	-	-	3,630	-
Inventories	277,732	10,379	-	807,637	1,095,748	199,244
Total current assets	40,006,975	21,021,725	13,638,671	6,775,169	81,442,540	11,120,436
Noncurrent assets:						
Restricted cash and investments	14,068,623	14,408,493	-	86,418	28,563,534	-
Noncurrent portion of notes receivable	-	551,475	-	-	551,475	-
Advances to other funds	525,336	-	-	-	525,336	-
Deferred charges	935,164	436,975	64,770	-	1,436,909	-
Capital assets:						
Land	1,279,185	2,408,235	1,753,855	870,183	6,311,458	38,800
Buildings	9,526,184	10,851,569	1,370,137	59,345,076	81,092,966	902,185
Improvements other than buildings	271,893,369	119,120,390	23,936,392	54,205,933	469,156,084	118,289
Machinery and equipment	7,131,275	8,004,572	15,398,712	14,279,212	44,813,771	1,062,565
Museum collections	-	-	-	2,133,424	2,133,424	-
Construction work in progress	3,019,888	3,482,935	62,197	3,324,367	9,889,387	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	(102,503,838)	(44,823,899)	(29,443,972)	(53,349,205)	(230,120,914)	(1,291,153)
Total capital assets	222,828,942	99,043,802	13,077,321	80,808,990	415,759,055	830,686
Total noncurrent assets	238,358,065	114,440,745	13,142,091	80,895,408	446,836,309	830,686
Total assets	278,365,040	135,462,470	26,780,762	87,670,577	528,278,849	11,951,122
Liabilities						
Liabilities:						
Current liabilities						
Accounts payable	698,941	426,722	221,766	708,652	2,056,081	337,386
Accrued liabilities	922,046	366,833	225,743	1,148,643	2,663,265	277,035
Unearned revenue	-	-	-	1,126,635	1,126,635	-
Due to other funds	-	-	-	2,331,634	2,331,634	470,073
Compensated absences payable	662,436	402,055	351,493	518,605	1,934,589	258,204
Refundable contracts	301,745	50,000	-	-	351,745	-
Notes payable	69,469	-	-	-	69,469	-
Escrow funds	-	-	-	165,706	165,706	538
Bonds payable	6,650,286	4,049,571	945,000	-	11,644,857	-
Accrued interest payable	1,100,785	500,847	38,543	-	1,640,175	-
Estimated claims and judgments	-	-	-	-	-	3,270,019
Total current liabilities	10,405,708	5,796,028	1,782,545	5,999,875	23,984,156	4,613,255

(Continued)

City of Waco, Texas
Statement of Net Position –
Proprietary Funds
(Continued)
September 30, 2013

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Liabilities						
(Continued)						
Current liabilities payable from restricted assets:						
Accounts payable	\$ 213,023	172,817	-	-	385,840	-
Due to other funds	-	-	-	-	-	-
Customer deposits	2,508,880	-	-	-	2,508,880	-
	<u>2,721,903</u>	<u>172,817</u>	<u>-</u>	<u>-</u>	<u>2,894,720</u>	<u>-</u>
Total current liabilities	<u>13,127,611</u>	<u>5,968,845</u>	<u>1,782,545</u>	<u>5,999,875</u>	<u>26,878,876</u>	<u>4,613,255</u>
Noncurrent liabilities:						
Refundable contracts	1,300,891	142,542	-	-	1,443,433	-
Estimated landfill closure and post-closure care costs	-	-	4,290,174	-	4,290,174	-
Advances from other funds	-	-	-	693,704	693,704	-
Compensated absences payable	329,379	189,067	216,698	264,425	999,569	132,951
Net pension obligation	729,544	478,481	476,496	-	1,684,521	371,674
Bonds payable	149,350,110	58,665,416	5,091,923	-	213,107,449	-
Notes payable	1,898,437	-	-	-	1,898,437	-
Deferred interest payable	-	-	-	-	-	-
Total noncurrent liabilities	<u>153,608,361</u>	<u>59,475,506</u>	<u>10,075,291</u>	<u>958,129</u>	<u>224,117,287</u>	<u>504,625</u>
Total liabilities	<u>166,735,972</u>	<u>65,444,351</u>	<u>11,857,836</u>	<u>6,958,004</u>	<u>250,996,163</u>	<u>5,117,880</u>
Net Position						
Net position:						
Net investment in capital assets	77,326,627	50,544,766	7,040,398	80,808,990	215,720,781	830,686
Restricted for capital projects	-	-	-	6,576	6,576	-
Unrestricted	34,302,441	19,473,353	7,882,528	(102,993)	61,555,329	6,002,556
Total net position	<u>\$ 111,629,068</u>	<u>70,018,119</u>	<u>14,922,926</u>	<u>80,712,573</u>	<u>277,282,686</u>	<u>6,833,242</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Operating revenues:						
Charges for services	\$ 40,150,643	21,364,852	16,068,416	6,607,826	84,191,737	17,682,680
Net merchandise sales	-	-	-	834,146	834,146	-
Contributions	-	-	-	120,053	120,053	-
Other	559,001	354,060	420,779	1,446,860	2,780,700	22,573
Total operating revenues	<u>40,709,644</u>	<u>21,718,912</u>	<u>16,489,195</u>	<u>9,008,885</u>	<u>87,926,636</u>	<u>17,705,253</u>
Operating expenses:						
Salaries and wages	4,797,093	2,696,831	2,844,841	6,877,612	17,216,377	2,303,504
Employee benefits	1,948,539	1,045,895	1,401,326	2,290,735	6,686,495	876,629
Purchased professional/ technical services	946,520	832,845	1,472,130	1,493,076	4,744,571	1,936,269
Purchased property services	204,360	96,083	-	550,866	851,309	58,848
Maintenance	1,779,760	1,266,790	1,683,604	785,568	5,515,722	122,182
Other purchased services	768,065	250,805	134,337	1,095,907	2,249,114	845,090
Supplies	4,685,035	2,053,091	1,932,166	2,616,023	11,286,315	182,365
Other	3,839,782	2,952,475	2,463,361	1,157,823	10,413,441	11,684,565
Depreciation/amortization	8,882,607	4,553,863	3,901,930	5,484,551	22,822,951	102,469
Total operating expenses	<u>27,851,761</u>	<u>15,748,678</u>	<u>15,833,695</u>	<u>22,352,161</u>	<u>81,786,295</u>	<u>18,111,921</u>
Operating income (loss)	<u>12,857,883</u>	<u>5,970,234</u>	<u>655,500</u>	<u>(13,343,276)</u>	<u>6,140,341</u>	<u>(406,668)</u>
Nonoperating revenues (expenses):						
Investment earnings	78,581	55,685	21,907	3,290	159,463	22,486
Other income	4,180	-	-	273,653	277,833	-
Hotel/motel tax	-	-	-	2,095,987	2,095,987	-
Contributions	-	-	-	104,923	104,923	-
Intergovernmental revenue	2,033	-	-	3,181,757	3,183,790	-
Loss on retirement of capital assets	-	(352,770)	-	-	(352,770)	-
Interest expense and fiscal charges	(5,064,739)	(2,286,691)	(191,564)	(2,182)	(7,545,176)	-
Total nonoperating revenues (expenses)	<u>(4,979,945)</u>	<u>(2,583,776)</u>	<u>(169,657)</u>	<u>5,657,428</u>	<u>(2,075,950)</u>	<u>22,486</u>
Income (loss) before contributions and transfers	7,877,938	3,386,458	485,843	(7,685,848)	4,064,391	(384,182)
Capital contributions	134,230	91,992	-	5,492,503	5,718,725	193,427
Transfers in	-	-	-	3,139,249	3,139,249	-
Transfers out	(3,100,362)	(771,733)	(312,336)	-	(4,184,431)	(744,670)
Changes in net position	4,911,806	2,706,717	173,507	945,904	8,737,934	(935,425)
Total net position, beginning 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>
Total net position, end of year	<u>\$ 111,629,068</u>	<u>70,018,119</u>	<u>14,922,926</u>	<u>80,712,573</u>	<u>277,282,686</u>	<u>6,833,242</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Cash flows from operating activities:						
Cash received from customers	\$ 40,053,245	21,511,263	16,497,197	9,000,784	87,062,489	17,706,941
Cash paid to suppliers for goods and services	(11,567,651)	(7,327,485)	(7,394,758)	(7,355,460)	(33,645,354)	(14,568,679)
Cash paid to employees for services	(6,636,732)	(3,728,058)	(4,192,990)	(9,119,624)	(23,677,404)	(3,156,905)
Net cash provided by (used for) operating activities	<u>21,848,862</u>	<u>10,455,720</u>	<u>4,909,449</u>	<u>(7,474,300)</u>	<u>29,739,731</u>	<u>(18,643)</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	2,056,865	2,056,865	-
Intergovernmental revenue	2,033	-	-	3,369,354	3,371,387	-
Intergovernmental expense	-	-	-	(142,000)	(142,000)	-
Contributions	-	-	-	104,923	104,923	-
Passenger facility charges	-	-	-	273,653	273,653	-
Payments to other funds	-	-	-	(106,676)	(106,676)	-
Transfer from other funds	-	-	-	3,139,249	3,139,249	-
Transfer to other funds	(3,343,491)	(771,733)	(312,336)	-	(4,427,560)	(977,174)
Repayment of advances from other funds	-	-	-	(48,388)	(48,388)	-
Net cash provided by (used for) noncapital financing activities	<u>(3,341,458)</u>	<u>(771,733)</u>	<u>(312,336)</u>	<u>8,646,980</u>	<u>4,221,453</u>	<u>(977,174)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(6,095,407)	(3,655,835)	(2,237,021)	(4,712,736)	(16,700,999)	(245,035)
Proceeds from sale of debt	5,164,700	5,209,076	435	-	10,374,211	-
Capital contributions	-	-	-	3,674,259	3,674,259	-
Principal paid on debt	(7,218,324)	(3,848,721)	(905,000)	-	(11,972,045)	-
Interest paid on debt	(6,721,451)	(2,481,641)	(257,814)	(2,182)	(9,463,088)	-
Net cash provided by (used for) capital and related financing activities	<u>(14,870,482)</u>	<u>(4,777,121)</u>	<u>(3,399,400)</u>	<u>(1,040,659)</u>	<u>(24,087,662)</u>	<u>(245,035)</u>
Cash flows from investing activities:						
Rental revenue	4,180	-	-	-	4,180	-
Investment earnings	78,581	55,951	21,907	3,290	159,729	22,486
Note payments from other entities	-	43,665	-	-	43,665	-
Net cash provided by investing activities	<u>82,761</u>	<u>99,616</u>	<u>21,907</u>	<u>3,290</u>	<u>207,574</u>	<u>22,486</u>
Net increase (decrease) in cash and cash equivalents	3,719,683	5,006,482	1,219,620	135,311	10,081,096	(1,218,366)
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u>\$ 47,554,201</u>	<u>32,358,585</u>	<u>11,492,029</u>	<u>1,696,091</u>	<u>93,100,906</u>	<u>10,920,295</u>

(Continued)

City of Waco, Texas
Statement of Cash Flows –
Proprietary Funds
(Continued)
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 12,857,883	5,970,234	655,500	(13,343,276)	6,140,341	(406,668)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	12,867	10,386	6,212	-	29,465	-
Depreciation/amortization	8,882,607	4,553,863	3,901,930	5,484,551	22,822,951	102,469
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	(669,266)	(218,035)	1,790	(20,835)	(906,346)	1,688
Inventories	53,328	4,744	-	(34,649)	23,423	(8,667)
Deferred charges	-	-	-	-	-	-
Increase (decrease) in liabilities:						
Accounts payable	262,690	210,239	104,429	294,118	871,476	105,754
Accrued liabilities	172,587	(67,091)	(31,686)	181,483	255,293	(27,821)
Unearned revenue	-	-	-	(15,972)	(15,972)	-
Estimated landfill closure and post-closure care costs	-	-	237,928	-	237,928	-
Compensated absences payable	65,329	(12,576)	29,421	(8,966)	73,208	4,492
Net pension obligation	6,549	3,956	3,925	-	14,430	3,165
Customer deposits	204,288	-	-	-	204,288	-
Estimated claims and judgments	-	-	-	-	-	206,945
Escrow funds	-	-	-	(10,754)	(10,754)	-
Net cash provided by (used for) operating activities	<u>\$ 21,848,862</u>	<u>10,455,720</u>	<u>4,909,449</u>	<u>(7,474,300)</u>	<u>29,739,731</u>	<u>(18,643)</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	<u>\$ 134,230</u>	<u>-</u>	<u>-</u>	<u>989,845</u>	<u>1,124,075</u>	<u>193,427</u>
Payment to refunded bond escrow agent	<u>\$ 35,768,416</u>	<u>8,681,405</u>	<u>2,935,565</u>	<u>-</u>	<u>47,385,386</u>	<u>-</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Position -
Agency Funds
September 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 2,803,939
Note receivable	<u>189,547</u>
Total assets	<u><u>\$ 2,993,486</u></u>
Liabilities	
Due to other agencies and individuals	<u>\$ 2,993,486</u>
Total liabilities	<u><u>\$ 2,993,486</u></u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2013

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 position 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60

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)

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* for reporting its assets and liabilities.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

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)

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.

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 Position/Fund Balance

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, certificates of deposit and deposits in the City's internal cash and investment pool.

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position/Fund Balance (continued)

Deposits and Investments (continued)

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.

Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.36 percent of outstanding property taxes at September 30, 2013.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 31. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Inventories

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position/Fund Balance (continued)

Restricted Assets

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$8,107,895 for business-type activities. Of this amount, \$562,719 were included as part of the cost of capital assets under construction in connection with water and wastewater fund construction projects.

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

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

D. **Assets, Liabilities and Net Position/Fund Balance** (continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental activities and proprietary funds, a liability is reported for a portion of accumulating sick leave 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 position. 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 Balance

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.

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position/Fund Balance (continued)

Fund Balance (continued)

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 budgeted revenues. General fund unassigned fund balance at September 30, 2013 was 18.97% of fiscal year 2014 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	\$ 536,785	-	536,785
Real estate held for resale	6,160	40,061	46,221
Advances to other funds	-	168,368	168,368
Parks and cemetery care	-	477,891	477,891
Restricted for:			
Park improvements	365,900	-	365,900
Debt service	-	238,053	238,053
Capital projects	-	15,531,634	15,531,634
Tax increment zone activities	-	10,960,465	10,960,465
Housing and community development	-	114,866	114,866
Public safety	300,000	1,831,495	2,131,495
Culture and recreation	-	755,434	755,434
Economic development	100,996	-	100,996
Waco Public Improvement District	-	611,577	611,577
Committed to:			
Economic development	8,719,518	-	8,719,518
Capital projects	-	1,275,085	1,275,085
Public health	-	351,412	351,412

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position/Fund Balance (continued)

Fund Balance (continued)

	General Fund	Other Funds	Total
Assigned to:			
Capital improvements	9,073,859	-	9,073,859
Economic development	6,078,636	-	6,078,636
Housing and community development	25,000	-	25,000
Public safety	10,173	-	10,173
Public works	470,084	-	470,084
Culture and recreation	15,305	-	15,305
Other	124,312	-	124,312
Unassigned	19,604,248	-	19,604,248
	\$ 45,430,976	32,356,341	77,787,317

Net Position

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

Net position is reported as restricted when there are limitations imposed on its 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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (continued)

explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$119,767,781 difference are as follows:

Capital lease	\$ 61,608
Serial bonds and certificates of obligation	90,815,143
Less: deferred charge on refunding (to be amortized as interest expense)	(667,506)
Less: deferred charge for issuance costs (to be amortized over life of debt)	(715,278)
Plus: issuance premium	1,622,966
Accrued interest payable	676,213
Compensated absences	17,206,943
Net pension obligation	9,625,369
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	<u>232,316</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 119,767,781</u>

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 position 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 \$170,481 difference are as follows:

Capital outlay	\$ 15,053,909
Depreciation expense	<u>(14,883,428)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 170,481</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net position.” The details of this \$6,657,963 difference are as follows:

Donations and transfers of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ <u>6,657,963</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>6,657,963</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 \$(599,818) difference are as follows:

Loan programs	\$ 12,552
Court fines	(118,037)
Property taxes	(534,104)
Intergovernmental	<u>39,771</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>(599,818)</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 position. Also, governmental funds report the effect of issuance costs,

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)

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 \$3,636,693 difference are as follows:

Debt issued or incurred:	\$
Issuance of general obligation and refunding debt	(3,875,000)
Plus: premium on issuance	(485,376)
Less: deferred charge on issuance costs	35,971
Principal repayments:	
General obligation debt	5,912,954
Capital lease	48,206
Payment to escrow agent for refunding	<u>1,999,938</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,636,693</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 \$(1,015,880) difference are as follows:

Net other post-employment benefit obligation	\$ (28,843)
Compensated absences	(979,275)
Net pension obligation	(80,854)
Accrued interest	33,719
Amortization of deferred charge on refunding	(137,272)
Amortization of issuance costs	(95,346)
Amortization of bond premiums	<u>271,991</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,015,880)</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

Outstanding encumbrances for governmental funds as of September 30, 2013 are \$1,491,332 for the general fund and \$11,135,657 for other nonmajor funds.

B. Deficit Fund Position

Deficit net position in individual nonmajor funds at September 30, 2013 consist of the following:

		Net		Total
		<u>Investment in</u>	<u>Unrestricted</u>	<u>Net Position</u>
		<u>Capital Assets</u>		
Nonmajor Enterprise Fund:				
Cottonwood Creek Golf Course	\$	1,047,283	(1,238,759)	(191,476)
Nonmajor Internal Service Fund:				
Engineering Fund		97,399	(107,197)	(9,798)

City of Waco, Texas

Notes to Financial Statements (Continued)

III. Stewardship, Compliance and Accountability

B. Deficit Fund Position (continued)

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. The change in net position was \$(61,208) for the fiscal year.

The Engineering Fund is used to account for engineering services to other City departments. The charges for these services continue to be monitored and reviewed. Necessary adjustments have been made to ensure that adequate revenue is generated to cover expenses and to eliminate this deficit.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2013, 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)	\$ 2,272,978	5.67%	-
Texas Short-Term Asset Reserve (TexSTAR)	<u>877,329</u>	<u>2.19%</u>	-
Total local government investment pools	3,150,307	7.86%	-
U. S. Federal agency securities	<u>36,965,600</u>	<u>92.14%</u>	1.92
Total investments	<u>\$ 40,115,907</u>	<u>100.00%</u>	1.76

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.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

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.

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, 2013 were in securities of the following issuers:

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 (continued)

U. S. Agency Issuer	Fair Value	Percent of Portfolio
Federal Farm Credit Bank	\$ 3,993,300	9.95%
Federal Home Loan Bank	3,997,800	9.97%
Federal Home Loan Mortgage Corporation	16,997,000	42.37%
Federal National Mortgage Association	11,977,500	29.86%

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	\$ 140,657,854
Carrying amount of investments	<u>40,115,907</u>
Total	<u><u>\$ 180,773,761</u></u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Reconciliation of Cash and Investments (continued)

Cash and investments - governmental activities	\$ 83,790,260
Cash and investments - business-type activities	61,642,652
Restricted cash and investments - business-type activities	31,458,254
Component units	36,556
Agency funds	2,803,939
Other participants' undivided interest in WMARSS cash and investments	<u>1,042,100</u>
Total	<u>\$ 180,773,761</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.

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:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

B. Receivables (continued)

	General	Water	Wastewater	Solid Waste	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 7,342,335	-	-	-	498,653	7,840,988
Accounts	16,059,392	7,888,003	3,975,851	3,507,134	711,923	32,142,303
Special assessments	-	-	-	-	2,258	2,258
Intergovernmental	1,391,071	-	112,054	-	6,064,835	7,567,960
Notes	1,000	-	596,517	-	7,349,935	7,947,452
Gross receivables	<u>24,793,798</u>	<u>7,888,003</u>	<u>4,684,422</u>	<u>3,507,134</u>	<u>14,627,604</u>	<u>55,500,961</u>
Less: allowance for uncollectibles	<u>12,510,031</u>	<u>1,644,338</u>	<u>1,075,323</u>	<u>1,360,492</u>	<u>4,613,309</u>	<u>21,203,493</u>
Net total receivables	<u>\$ 12,283,767</u>	<u>6,243,665</u>	<u>3,609,099</u>	<u>2,146,642</u>	<u>10,014,295</u>	<u>34,297,468</u>

In the general fund, \$922,221 of the intergovernmental receivable reported is not expected to be collected until fiscal year 2015.

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	\$ 12,867
Uncollectibles related to wastewater charges	10,386
Uncollectibles related to solid waste charges	<u>6,212</u>
Total uncollectibles of the current fiscal year	<u>\$ 29,465</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. Detail Notes on All Funds (continued)

B. Receivables (continued)

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund:			
Delinquent property taxes receivable	\$ 1,370,506	-	1,370,506
Notes receivable	1,000	-	1,000
Intergovernmental receivable	922,221	-	922,221
Other	471,428	1,131,368	1,602,796
General obligation debt fund:			
Delinquent property taxes receivable	382,308	-	382,308
Grant fund:			
Notes receivable	2,762,113	-	2,762,113
Grant drawdowns	-	2,510	2,510
Tax increment fund No. 1:			
Delinquent property taxes receivable	72,455	-	72,455
Waco Public Improvement District No. 1 fund:			
Special assessments	-	2,258	2,258
	\$ 5,982,031	1,136,136	7,118,167

C. Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Primary Government				
	Balance October 1, 2012	Increases	Decreases		Balance September 30, 2013
	<u>Governmental activities:</u>				
Capital assets, not being depreciated:					
Land	\$ 43,243,517	1,572,755	-	44,816,272	
Construction in progress	18,481,817	11,576,569	(24,378,751)	5,679,635	
Total capital assets not being depreciated	61,725,334	13,149,324	(24,378,751)	50,495,907	
Capital assets, being depreciated:					
Buildings	55,614,972	12,542,808	(108,589)	68,049,191	
Machinery and equipment	41,068,918	5,435,463	(2,099,413)	44,404,968	
Improvements other than buildings	50,667,577	6,757,050	(789,584)	56,635,043	
Infrastructure	250,834,919	9,312,278	-	260,147,197	
Total capital assets being depreciated	398,186,386	34,047,599	(2,997,586)	429,236,399	

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, 2013
	Balance October 1, 2012	Increases	Decreases	
	<u>Governmental activities: (continued)</u>			
Less accumulated depreciation:				
Buildings	\$ 13,346,005	2,225,108	(107,599)	15,463,514
Machinery and equipment	28,369,222	3,354,713	(1,432,563)	30,291,372
Improvements other than buildings	21,068,951	2,806,993	(789,584)	23,086,360
Infrastructure	145,574,943	6,599,083	-	152,174,026
Total accumulated depreciation	<u>208,359,121</u>	<u>14,985,897</u>	<u>(2,329,746)</u>	<u>221,015,272</u>
 Total capital assets, being depreciated, net	 <u>189,827,265</u>	 <u>19,061,702</u>	 <u>(667,840)</u>	 <u>208,221,127</u>
 Total capital assets, net	 <u>\$ 251,552,599</u>	 <u>32,211,026</u>	 <u>(25,046,591)</u>	 <u>258,717,034</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 6,311,458	-	-	6,311,458
Construction work in progress	7,635,810	14,296,895	(12,043,318)	9,889,387
Museum collections	2,116,424	17,000	-	2,133,424
Total assets not being depreciated/amortized	<u>16,063,692</u>	<u>14,313,895</u>	<u>(12,043,318)</u>	<u>18,334,269</u>
 Capital assets, being depreciated/amortized:				
Buildings	81,753,761	85,214	(746,009)	81,092,966
Machinery and equipment	45,060,741	3,340,795	(3,587,765)	44,813,771
Improvements other than buildings	457,101,862	12,246,774	(192,552)	469,156,084
Water rights - impound fee	32,482,879	-	-	32,482,879
Total capital assets, being depreciated/amortized	<u>616,399,243</u>	<u>15,672,783</u>	<u>(4,526,326)</u>	<u>627,545,700</u>
 Less accumulated depreciation/amortization:				
Buildings	27,279,181	2,688,730	(318,189)	29,649,722
Machinery and equipment	28,124,522	4,403,190	(3,652,385)	28,875,327
Improvements other than buildings	148,980,371	14,804,211	(98,424)	163,686,158
Water rights - impound fee	6,982,887	926,820	-	7,909,707
Total accumulated deprecation/ amortization	<u>211,366,961</u>	<u>22,822,951</u>	<u>(4,068,998)</u>	<u>230,120,914</u>
 Total capital assets being depreciated/amortized, net	 <u>405,032,282</u>	 <u>(7,150,168)</u>	 <u>(457,328)</u>	 <u>397,424,786</u>
 Total capital assets, net	 <u>\$ 421,095,974</u>	 <u>7,163,727</u>	 <u>(12,500,646)</u>	 <u>415,759,055</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Governmental activities:

General government	\$ 716,335
Public works	7,029,040
Public safety	2,963,891
Culture and recreation	4,218,195
Public health	55,035
Housing and community development	<u>3,401</u>
 Total depreciation expense - governmental activities	 \$ <u><u>14,985,897</u></u>

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

Business-type activities:

Water	\$ 8,882,607
Wastewater	4,553,863
Solid waste	3,901,930
Airport	1,875,050
Convention services	826,076
Ranger Hall of Fame	122,585
Cameron Park Zoo	1,178,324
Transit services	1,299,025
Cottonwood Creek Golf Course	<u>183,491</u>
 Total depreciation/amortization expense - business-type activities	 \$ <u><u>22,822,951</u></u>

Construction commitments

The City has active construction projects as of September 30, 2013. At year-end, the City's commitments with contractors are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Construction commitments (continued)

Project	Spent to Date	Remaining Commitments
Street projects	\$ 1,516,668	2,298,188
Water projects	3,019,888	3,614,686
Wastewater projects	3,482,935	2,529,202
Airport projects	2,931,010	1,515,514
Parks projects	1,317,842	1,386,445
Fire projects	1,218,024	1,090,436
Other projects	2,082,655	262,480
Total	\$ 15,569,022	12,696,951

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2013 is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
Nonmajor business-type	Nonmajor governmental	\$ 139,221
General	Nonmajor governmental	1,073,769
General	Nonmajor business-type	2,331,634
Nonmajor governmental	Nonmajor governmental	5,461,298
Nonmajor governmental	Internal service	470,073
Nonmajor governmental	General	886,859
		\$ 10,362,854

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Advances to/from other funds

Receivable Fund	Payable Fund	Amount
Water	Nonmajor business-type	\$ 525,336
Nonmajor governmental	Nonmajor business-type	168,368
		\$ 693,704

All advances resulted from loans to Cottonwood Creek Golf Course fund made for operating and capital improvements since the City took over management responsibilities. Amounts are not expected to be paid within the next fiscal year.

Interfund transfers

	Transfer in			Total
	General	Nonmajor Governmental	Nonmajor Enterprise	
Transfers out:				
General	\$ -	7,487,898	3,139,249	10,627,147
Water	3,100,362	-	-	3,100,362
Wastewater	771,733	-	-	771,733
Solid waste	312,336	-	-	312,336
Nonmajor governmental	450,000	2,068,711	-	2,518,711
Internal service	-	744,670	-	744,670
	\$ 4,634,431	10,301,279	3,139,249	18,074,959
Total transfers	\$ 4,634,431	10,301,279	3,139,249	18,074,959

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, 2013, 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	\$ 3,100,362
Wastewater	771,733
Solid waste	312,336

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$736,567 for the year ended September 30, 2013. The future minimum lease payments for these leases are as follows:

Year Ending September 30,		
2014	\$	482,734
2015		293,446
Total	\$	776,180

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	\$ 145,351	72,676	72,675
Total	\$ 145,351	72,676	72,675

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, are as follows:

Year Ending September 30,	Governmental Activities
2014	\$ 49,938
2015	12,485
Total minimum lease payments	62,423
Less: amount representing interest	815
Present value of minimum lease payments	\$ 61,608

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 \$268,890,000.

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00% - 6.00%	\$ 76,635,000
Governmental activities - refunding	2.00% - 5.00%	14,180,143
Business-type activities	2.00% - 6.00%	109,815,000
Business-type activities - refunding	2.00% - 5.00%	<u>108,474,857</u>
		<u>\$ 309,105,000</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,340,143	3,786,173	11,644,857	8,854,331
2015	5,540,000	3,551,353	11,570,000	8,290,404
2016	5,695,000	3,340,264	11,660,000	7,865,912
2017	5,930,000	3,117,491	12,215,000	7,398,313
2018	6,165,000	2,880,569	12,015,000	6,921,537
2019 - 2023	31,125,000	10,557,597	61,145,000	26,856,271
2024 - 2028	27,205,000	3,434,005	45,070,000	15,365,244
2029 - 2033	3,815,000	245,948	37,145,000	7,054,628
2034 - 2037	-	-	15,825,000	1,202,032
Total	<u>\$ 90,815,143</u>	<u>30,913,400</u>	<u>218,289,857</u>	<u>89,808,672</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Advance and Current Refunding

The government issued \$43,660,000 of general obligation refunding bonds to (1) 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 \$27,900,000 of general obligation bonds, and (2) provide resources to currently refund the \$15,000,000 state participation loan and \$5,090,109 of deferred interest. As a result, the refunded bonds and state participation loan are considered to be defeased and the liabilities have been removed from the governmental and business-type activities columns of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$758,680. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance and current refunding was undertaken to reduce total debt service payments over the next twenty years by \$11,982,025 and resulted in an economic gain of \$9,380,970.

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, 2013, \$28,105,000 of bonds considered defeased are still outstanding.

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.

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2014	\$ 69,469	84,293
2015	72,555	81,208
2016	75,777	77,986
2017	79,142	74,620
2018	82,657	71,105

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Note payable (continued)

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2019 - 2023	\$ 465,539	297,090
2024 - 2028	171,169	226,741
2029 - 2033	212,708	185,202
2034 - 2038	264,328	133,582
2039 - 2043	328,475	69,435
2044 - 2045	146,087	6,445
Total	\$ 1,967,906	1,307,707

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, 2013.

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.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

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 \$1,875,185 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, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 94,763	3,875	7,823	90,815	5,340
Plus: premium on bonds	1,471	486	334	1,623	-
Less: deferred amount on refundings	(763)	(42)	(137)	(668)	-
Total bonds payable	<u>95,471</u>	<u>4,319</u>	<u>8,020</u>	<u>91,770</u>	<u>5,340</u>
Capital leases	110	-	48	62	49
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	3,063	12,902	12,695	3,270	3,270
Compensated absences	16,614	11,183	10,199	17,598	10,154
Net pension obligation	9,913	694	610	9,997	-
Net OPEB obligation	203	91	62	232	-
Total long-term liabilities	<u>30,813</u>	<u>24,870</u>	<u>23,614</u>	<u>32,069</u>	<u>13,473</u>
Governmental activity long-term liabilities	<u>\$ 126,284</u>	<u>29,189</u>	<u>31,634</u>	<u>123,839</u>	<u>18,813</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)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 204,587	51,665	37,962	218,290	11,645
Plus: premium on bonds	5,640	5,711	1,560	9,791	-
Less: deferred amount on refundings	(3,020)	(718)	(410)	(3,328)	-
Total bonds payable	<u>207,207</u>	<u>56,658</u>	<u>39,112</u>	<u>224,753</u>	<u>11,645</u>
Refundable contracts	1,818	279	302	1,795	352
Estimated landfill closure	4,052	238	-	4,290	-
State participation loan	15,000	-	15,000	-	-
Note payable	2,034	-	66	1,968	69
Compensated absences	2,861	1,879	1,806	2,934	1,935
Net pension obligation	1,670	117	102	1,685	-
Deferred interest payable	5,090	-	5,090	-	-
Total long-term liabilities	<u>32,525</u>	<u>2,513</u>	<u>22,366</u>	<u>12,672</u>	<u>2,356</u>
Business-type activity long-term liabilities	<u>\$ 239,732</u>	<u>59,171</u>	<u>61,478</u>	<u>237,425</u>	<u>14,001</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$391,155, \$371,674, and \$3,270,019 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:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Restricted Assets (continued)

Customer deposits	\$ 2,508,880
Bond construction account	28,862,956
Capital grants and contributions	<u>86,418</u>
Total restricted assets	<u>\$ 31,458,254</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 \$6,000,000 at September 30, 2013.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, federal and state mandated programs, changes in legal doctrines, damage awards (including frequency and amount of payouts), and economic and social trends. Accordingly, claims are reevaluated periodically to consider the effects of such factors.

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

The insurance fund provides coverage for up to a maximum of \$450,000 for each non-civil service workers' compensation claim and \$600,000 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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

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, \$383,959,031 aggregate for real and personal property, \$12,198,395 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. Starting in fiscal year 2013, the City has \$1,800,000 stop-loss protection for individual claims exceeding \$200,000, as well as aggregate protection of \$2,000,000 for claims exceeding 125% of expected annual claims.

There have been no claim settlements in excess of the insurance coverages that have been procured in 2013, 2012, or 2011. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of fiscal year	\$ 3,063	3,607
Incurred claims (including IBNRs)	12,902	12,285
Claim payments	<u>(12,695)</u>	<u>(12,829)</u>
Unpaid claims, end of fiscal year	<u>\$ 3,270</u>	<u>3,063</u>

I. Contingent Liabilities

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Contingent Liabilities (continued)

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

J. Commitments

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

Additionally, the City Council has approved \$2,592,504 to be refunded to subdivision developers for certain costs for the construction of water improvements once applicable contract requirements are met.

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 stadium/community events complex at Baylor University. The first payment of \$8,006,034 was funded in 2013. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one as follows:

<u>Year</u>	<u>Amount</u>
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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

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.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Actuarial methods and assumptions (continued)

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:

Reconciliation of Net Other Post-employment Benefit Obligation

	2013	2012	2011
Annual Required Contribution (ARC)	\$ 90,198	87,571	92,976
Interest on OPEB obligation	9,156	7,834	5,754
Adjustment to the ARC (amortization)	(8,483)	(7,258)	(7,679)
Annual OPEB cost	90,871	88,147	91,051
Contributions made	(62,028)	(58,769)	(44,832)
Increase in net OPEB obligation	28,843	29,378	46,219
Net OPEB obligation, beginning of year	203,473	174,095	127,876
Net OPEB obligation, end of year	\$ 232,316	203,473	174,095

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, 2013 and the preceding two fiscal years were as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Actuarial methods and assumptions (continued)

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2013	\$ 90,871	62,028	68.3%	\$ 232,316
September 30, 2012	88,147	58,769	66.7%	203,473
September 30, 2011	91,051	44,832	49.2%	174,095

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 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

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)	50% 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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System (continued)

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 the 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

	2013	2012	2011
Annual Required Contribution (ARC)	\$ 9,887,587	11,186,956	16,443,862
Interest on net pension obligation	810,818	748,435	532,155
Adjustment to the ARC	(712,369)	(643,355)	(440,298)
Annual pension cost	9,986,036	11,292,036	16,535,719
Contributions made	(9,887,587)	(10,400,853)	(12,939,192)
Increase in net pension obligation	98,449	891,183	3,596,527
Net pension obligation, beginning of year	11,583,115	10,691,932	7,095,405
Net pension obligation, end of year	\$ 11,681,564	11,583,115	10,691,932

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System (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>
2013	\$ 9,986,037	99%	\$ 11,681,564	13.87%
2012	11,292,035	92%	11,583,115	14.04%
2011	16,535,719	78%	10,691,932	24.47%

The required contribution rate for fiscal year 2013 was determined as part of the December 31, 2010 and 2011 actuarial valuations. The actuarial assumptions at December 31, 2010 and 2011 follow, along with additional information as of the latest actuarial valuation, December 31, 2012:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
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	26.5 years; closed period	24.3 years; closed period	24.1 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*	7.0%	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%	1.5%	0.0%

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System (continued)

The funded status as of December 31, 2012 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
12-31-2010	\$ 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	86.5%	47,728,649	67,309,969	70.9%
12-31-2012	326,364,520	368,305,448	88.6%	41,940,928	68,731,468	61.0%

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 five 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 \$153,176 at September 30, 2013.

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:

2013	\$ 46,382
2012	48,564
2011	52,164

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 \$4,290,174 as of September 30, 2013, which is based on 67% usage (filled) of the landfill. It is estimated that an additional \$2,111,933 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 (\$6,402,107) 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, 2013. 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, 2013, there are five series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series issued after July 1, 1995 was \$228,700,000. 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, 2013, such special assessment debt outstanding totaled \$1,356,000.

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, 2013 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, 2013, \$596,517 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		\$ 7,816,844
Capital assets		32,964,454
Current liabilities		(691,193)
Noncurrent liabilities		<u>(142,502)</u>
Net position		<u>\$ 39,947,603</u>
Operating revenue		\$ 768,788
Operating expenses		(4,076,273)
Non-operating revenue		<u>14,415</u>
Change in net position		<u>\$ (3,293,070)</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. Authoritative Pronouncements Not Yet Effective

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

S. Authoritative Pronouncements Not Yet Effective (continued)

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.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations (issued January 2013)* – the objective of this statement is to provide specific accounting and financial reporting guidance for combinations in the governmental environment. Additionally, this statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees (issued April 2013)* – the objective of this statement is to enhance comparability of financial statements among governments by requiring

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

S. Authoritative Pronouncements Not Yet Effective (continued)

consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement will also enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013.

**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	2013	2012
Assets		
Cash and investments	\$ 40,942,152	31,799,675
Accounts receivable, net of allowance	3,720,412	3,707,607
Taxes receivable, net of allowance	7,171,284	6,975,069
Notes receivable	1,000	2,000
Due from other funds	3,405,403	3,439,688
Intergovernmental receivable	1,391,071	883,592
Advances to other funds	-	48,388
Inventory	536,785	504,736
Real estate held for resale	6,160	6,160
Total assets	\$ 57,174,267	47,366,915
Liabilities		
Liabilities:		
Accounts payable	\$ 2,081,080	1,201,031
Accrued liabilities	4,393,075	2,951,461
Deferred revenue	3,896,523	4,133,194
Due to other funds	886,859	974,471
Deposits	241,056	237,270
Escrow funds	244,698	221,300
Total liabilities	11,743,291	9,718,727
Fund Balances		
Nonspendable:		
Advances to other funds	-	48,388
Inventory	536,785	504,736
Real estate held for resale	6,160	6,160
Restricted for:		
Municipal information equipment	-	1,350
Park improvements	365,900	365,900
Public safety	300,000	-
Economic development	100,996	-
Committed to:		
Economic development	8,719,518	7,597,032
Assigned to:		
Capital improvements	9,073,859	3,838,635
Economic development	6,078,636	2,810,428
Housing and community development	25,000	45,000
Public works	470,084	14,942
Public safety	10,173	262,804
Culture and recreation	15,305	47,622
Other	124,312	120,684
Unassigned	19,604,248	21,984,507
Total fund balances	45,430,976	37,648,188
Total liabilities and fund balances	\$ 57,174,267	47,366,915

See accompanying independent auditor's report.

City of Waco, Texas
General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2013 and 2012

	2013	2012
Revenues:		
Taxes	\$ 72,988,945	67,712,642
Business and occupation fees	13,286,438	13,682,123
Permits, licenses and fees	1,170,932	930,770
Fines	1,807,306	1,565,721
Charges for services	1,643,861	1,501,983
Investment earnings	107,101	121,240
Contributions	315,363	219,577
Intergovernmental	1,568,064	1,497,372
Other	9,888,023	8,533,937
Total revenues	102,776,033	95,765,365
Expenditures:		
General government	16,189,167	16,953,813
Public works	3,214,854	1,863,173
Public safety	57,762,483	53,938,989
Culture and recreation	11,946,865	14,503,772
Housing and community development	177,536	133,033
Total expenditures	89,290,905	87,392,780
Excess of revenues over expenditures	13,485,128	8,372,585
Other financing sources (uses):		
Proceeds from sale of capital assets	290,376	1,790,086
Transfers in	4,634,431	4,161,057
Transfers out	(10,627,147)	(11,396,117)
Total other financing sources (uses)	(5,702,340)	(5,444,974)
Net change in fund balances	7,782,788	2,927,611
Fund balances, beginning of year	37,648,188	34,720,577
Fund balances, end of year	\$ 45,430,976	37,648,188

See accompanying independent auditor's 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, 2013
(With Comparative Totals for September 30, 2012)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2013	2012
Assets						
Cash and investments	\$ 13,161,783	194,163	18,093,975	477,891	31,927,812	45,125,378
Accounts receivable, net of allowances	218,221	-	2,725	-	220,946	199,979
Special assessments receivable	2,258	-	-	-	2,258	30,359
Taxes receivable	72,455	426,198	-	-	498,653	775,026
Notes receivable	2,762,113	-	-	-	2,762,113	2,748,561
Due from other funds	926,530	-	5,891,700	-	6,818,230	8,097,645
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	2,260,316	-	50,474	-	2,310,790	2,018,972
Real estate held for resale	40,061	-	-	-	40,061	40,061
Total assets	\$ 19,443,737	620,361	24,207,242	477,891	44,749,231	59,204,349
Liabilities						
Accounts payable	\$ 513,678	-	361,373	-	875,051	1,830,067
Accrued liabilities	323,146	-	1,270,263	-	1,593,409	2,252,077
Deferred revenue	2,839,336	382,308	-	-	3,221,644	3,541,359
Due to other funds	1,073,769	-	5,600,519	-	6,674,288	7,186,584
Escrow funds	28,498	-	-	-	28,498	44,782
Total liabilities	4,778,427	382,308	7,232,155	-	12,392,890	14,854,869
Fund Balances						
Nonspendable:						
Parks and cemetery care	-	-	-	477,891	477,891	475,431
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	-	238,053	-	-	238,053	230,130
Capital projects	-	-	15,531,634	-	15,531,634	23,348,990
Tax increment zone activities	10,960,465	-	-	-	10,960,465	14,565,233
Housing and community development	114,866	-	-	-	114,866	193,495
Public safety	1,831,495	-	-	-	1,831,495	2,314,311
Culture and recreation	755,434	-	-	-	755,434	1,194,942
Waco Public Improvement District	611,577	-	-	-	611,577	520,765
Committed to:						
Capital projects	-	-	1,275,085	-	1,275,085	1,140,169
Public health	351,412	-	-	-	351,412	157,585
Total fund balances	14,665,310	238,053	16,975,087	477,891	32,356,341	44,349,480
Total liabilities and fund balances	\$ 19,443,737	620,361	24,207,242	477,891	44,749,231	59,204,349

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, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2013	2012
Revenues:						
Taxes	\$ 6,410,820	9,633,814	-	-	16,044,634	16,027,351
Permits, licenses and fees	1,190,778	-	-	-	1,190,778	1,138,595
Fines	108,598	-	-	-	108,598	81,640
Investment earnings	29,817	2,850	145,197	747	178,611	204,633
Contributions	-	-	111,212	-	111,212	50,000
Intergovernmental	9,230,944	-	89,453	-	9,320,397	8,127,825
Program income	464,650	-	-	-	464,650	608,810
Other	570,935	-	-	1,713	572,648	632,681
Total revenues	<u>18,006,542</u>	<u>9,636,664</u>	<u>345,862</u>	<u>2,460</u>	<u>27,991,528</u>	<u>26,871,535</u>
Expenditures:						
Current:						
General government	11,206,005	-	-	-	11,206,005	2,927,357
Public works	-	-	-	-	-	187,983
Public safety	3,002,864	-	-	-	3,002,864	1,204,294
Culture and recreation	845,701	-	-	-	845,701	270,009
Housing and community development	3,091,611	-	-	-	3,091,611	3,336,270
Public health	7,271,899	-	-	-	7,271,899	6,993,107
Capital outlay	-	-	14,814,436	-	14,814,436	23,954,367
Debt service:						
Principal	-	5,912,954	-	-	5,912,954	7,090,342
Interest and fiscal charges	-	3,946,312	-	-	3,946,312	4,194,170
Bond issuance costs	-	35,891	-	-	35,891	68,981
Total expenditures	<u>25,418,080</u>	<u>9,895,157</u>	<u>14,814,436</u>	<u>-</u>	<u>50,127,673</u>	<u>50,226,880</u>
Excess deficiency of revenues over (under) expenditures	<u>(7,411,538)</u>	<u>(258,493)</u>	<u>(14,468,574)</u>	<u>2,460</u>	<u>(22,136,145)</u>	<u>(23,355,345)</u>
Other financing sources (uses):						
Refunding bonds issued	-	1,700,000	-	-	1,700,000	6,465,000
Payment to refunded bond escrow agent	-	(1,999,938)	-	-	(1,999,938)	(7,243,886)
Premium on refunding bonds	-	316,832	-	-	316,832	792,695
General obligation bonds issued	-	21,148	2,153,852	-	2,175,000	3,480,000
Premium on general obligation bonds	-	1,639	166,905	-	168,544	10,594
Capital leases	-	-	-	-	-	145,351
Transfers in	3,926,191	226,735	6,148,353	-	10,301,279	10,854,550
Transfers out	(835,735)	-	(1,682,976)	-	(2,518,711)	(3,117,797)
Total other financing sources (uses)	<u>3,090,456</u>	<u>266,416</u>	<u>6,786,134</u>	<u>-</u>	<u>10,143,006</u>	<u>11,386,507</u>
Net change in fund balances	(4,321,082)	7,923	(7,682,440)	2,460	(11,993,139)	(11,968,838)
Fund balances, beginning of year	<u>18,986,392</u>	<u>230,130</u>	<u>24,657,527</u>	<u>475,431</u>	<u>44,349,480</u>	<u>56,318,318</u>
Fund balances, end of year	<u>\$ 14,665,310</u>	<u>238,053</u>	<u>16,975,087</u>	<u>477,891</u>	<u>32,356,341</u>	<u>44,349,480</u>

See accompanying independent auditor's 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, 2013
(With Comparative Totals for September 30, 2012)

	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	\$ 9,131,063	1,623,727	64,518	-	257,946	617,483
Accounts receivable, net of allowances	6,449	49	49	88,035	123,331	308
Special assessments receivable	-	-	-	-	-	2,258
Taxes receivable	72,455	-	-	-	-	-
Notes receivable	-	-	-	-	2,762,113	-
Intergovernmental receivable	369,045	-	-	687,604	1,203,667	-
Due from other funds	-	-	-	-	926,530	-
Real estate held for resale	-	-	-	-	40,061	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>9,579,012</u>	<u>1,623,776</u>	<u>64,567</u>	<u>775,639</u>	<u>5,313,648</u>	<u>620,049</u>
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ 234,435	-	-	72,929	188,055	6,214
Accrued liabilities	-	-	-	101,135	222,011	-
Deferred revenue	72,455	-	-	-	2,764,623	2,258
Due to other funds	-	-	-	221,665	852,104	-
Escrow funds	-	-	-	28,498	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>306,890</u>	<u>-</u>	<u>-</u>	<u>424,227</u>	<u>4,026,793</u>	<u>8,472</u>
Fund Balances						
Nonspendable:						
Real estate held for resale	-	-	-	-	40,061	-
Restricted for:						
Tax increment zone activities	9,272,122	1,623,776	64,567	-	-	-
Housing and community development	-	-	-	-	114,866	-
Public safety	-	-	-	-	420,988	-
Culture and recreation	-	-	-	-	710,940	-
Waco Public Improvement District	-	-	-	-	-	611,577
Committed to:						
Public health	-	-	-	351,412	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>9,272,122</u>	<u>1,623,776</u>	<u>64,567</u>	<u>351,412</u>	<u>1,286,855</u>	<u>611,577</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>9,579,012</u>	<u>1,623,776</u>	<u>64,567</u>	<u>775,639</u>	<u>5,313,648</u>	<u>620,049</u>

See accompanying independent auditor's report.

Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
						2013	2012
301,998	137,482	534,078	448,994	8,833	35,661	13,161,783	17,276,184
-	-	-	-	-	-	218,221	197,554
-	-	-	-	-	-	2,258	30,359
-	-	-	-	-	-	72,455	243,813
-	-	-	-	-	-	2,762,113	2,748,561
-	-	-	-	-	-	2,260,316	2,016,733
-	-	-	-	-	-	926,530	1,522,173
-	-	-	-	-	-	40,061	40,061
<u>301,998</u>	<u>137,482</u>	<u>534,078</u>	<u>448,994</u>	<u>8,833</u>	<u>35,661</u>	<u>19,443,737</u>	<u>24,075,438</u>
1,113	2,280	3,228	5,424	-	-	513,678	444,810
-	-	-	-	-	-	323,146	450,432
-	-	-	-	-	-	2,839,336	3,027,644
-	-	-	-	-	-	1,073,769	1,121,378
-	-	-	-	-	-	28,498	44,782
<u>1,113</u>	<u>2,280</u>	<u>3,228</u>	<u>5,424</u>	<u>-</u>	<u>-</u>	<u>4,778,427</u>	<u>5,089,046</u>
-	-	-	-	-	-	40,061	40,061
-	-	-	-	-	-	10,960,465	14,565,233
-	-	-	-	-	-	114,866	193,495
300,885	135,202	530,850	443,570	-	-	1,831,495	2,314,311
-	-	-	-	8,833	35,661	755,434	1,194,942
-	-	-	-	-	-	611,577	520,765
-	-	-	-	-	-	351,412	157,585
<u>300,885</u>	<u>135,202</u>	<u>530,850</u>	<u>443,570</u>	<u>8,833</u>	<u>35,661</u>	<u>14,665,310</u>	<u>18,986,392</u>
<u>301,998</u>	<u>137,482</u>	<u>534,078</u>	<u>448,994</u>	<u>8,833</u>	<u>35,661</u>	<u>19,443,737</u>	<u>24,075,438</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	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	\$ 6,006,342	81,009	316	-	-	323,153
Permits, licenses and fees	-	-	-	957,763	-	-
Fines	-	-	-	-	-	-
Investment earnings	23,402	3,262	131	1,054	-	1,349
Intergovernmental	1,142,853	6,142	73	3,318,625	4,763,251	-
Program income	-	-	-	239,293	225,357	-
Other	-	-	-	413,641	37,284	-
Total revenues	<u>7,172,597</u>	<u>90,413</u>	<u>520</u>	<u>4,930,376</u>	<u>5,025,892</u>	<u>324,502</u>
Expenditures:						
Current:						
General government	10,641,563	-	-	-	330,752	233,690
Public works	-	-	-	-	-	-
Public safety	-	-	-	-	2,745,143	-
Culture and recreation	-	-	-	-	845,701	-
Housing and community development	-	-	-	-	3,091,611	-
Public health	-	-	-	7,271,899	-	-
Total expenditures	<u>10,641,563</u>	<u>-</u>	<u>-</u>	<u>7,271,899</u>	<u>7,013,207</u>	<u>233,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,468,966)</u>	<u>90,413</u>	<u>520</u>	<u>(2,341,523)</u>	<u>(1,987,315)</u>	<u>90,812</u>
Other financing sources (uses):						
Transfers in	-	-	-	2,535,350	1,390,841	-
Transfers out	<u>(226,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(226,735)</u>	<u>-</u>	<u>-</u>	<u>2,535,350</u>	<u>1,231,841</u>	<u>-</u>
Net change in fund balances	(3,695,701)	90,413	520	193,827	(755,474)	90,812
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 9,272,122</u>	<u>1,623,776</u>	<u>64,567</u>	<u>351,412</u>	<u>1,286,855</u>	<u>611,577</u>

See accompanying independent auditor's report.

Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
						2013	2012
-	-	-	-	-	-	6,410,820	5,301,027
233,015	-	-	-	-	-	1,190,778	1,138,595
-	-	46,552	62,046	-	-	108,598	81,640
-	305	-	-	38	276	29,817	43,636
-	-	-	-	-	-	9,230,944	8,054,656
-	-	-	-	-	-	464,650	608,810
-	120,010	-	-	-	-	570,935	632,681
<u>233,015</u>	<u>120,315</u>	<u>46,552</u>	<u>62,046</u>	<u>38</u>	<u>276</u>	<u>18,006,542</u>	<u>15,861,045</u>
-	-	-	-	-	-	11,206,005	2,927,357
-	-	-	-	-	-	-	187,983
17,152	191,551	7,224	41,794	-	-	3,002,864	1,204,294
-	-	-	-	-	-	845,701	270,009
-	-	-	-	-	-	3,091,611	3,336,270
-	-	-	-	-	-	7,271,899	6,993,107
<u>17,152</u>	<u>191,551</u>	<u>7,224</u>	<u>41,794</u>	<u>-</u>	<u>-</u>	<u>25,418,080</u>	<u>14,919,020</u>
<u>215,863</u>	<u>(71,236)</u>	<u>39,328</u>	<u>20,252</u>	<u>38</u>	<u>276</u>	<u>(7,411,538)</u>	<u>942,025</u>
-	-	-	-	-	-	3,926,191	3,595,673
(450,000)	-	-	-	-	-	(835,735)	(1,119,797)
<u>(450,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,090,456</u>	<u>2,475,876</u>
(234,137)	(71,236)	39,328	20,252	38	276	(4,321,082)	3,417,901
<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>300,885</u>	<u>135,202</u>	<u>530,850</u>	<u>443,570</u>	<u>8,833</u>	<u>35,661</u>	<u>14,665,310</u>	<u>18,986,392</u>



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ 9,131,063	13,099,417
Accounts receivable, net of allowance	6,449	-
Intergovernmental receivable	369,045	17,437
Taxes receivable	<u>72,455</u>	<u>243,813</u>
 Total assets	 <u>\$ 9,579,012</u>	 <u>13,360,667</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 234,435	149,031
Deferred revenue	<u>72,455</u>	<u>243,813</u>
 Total liabilities	 <u>306,890</u>	 <u>392,844</u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	<u>9,272,122</u>	<u>12,967,823</u>
 Total fund balances	 <u>9,272,122</u>	 <u>12,967,823</u>
 Total liabilities and fund balances	 <u>\$ 9,579,012</u>	 <u>13,360,667</u>

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Property taxes	\$ 5,767,960	4,851,562
Interest and penalty on taxes	238,382	71,920
Investment earnings	23,402	36,662
Intergovernmental	1,142,853	538,527
Total revenues	<u>7,172,597</u>	<u>5,498,671</u>
Expenditures:		
General government:		
Purchased professional/technical services	9,764,754	2,256,470
Capital outlay	876,809	229,150
Total expenditures	<u>10,641,563</u>	<u>2,485,620</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>(3,468,966)</u>	<u>3,013,051</u>
Other financing uses:		
Transfers out	<u>(226,735)</u>	<u>(949,797)</u>
Total other financing uses	<u>(226,735)</u>	<u>(949,797)</u>
Net change in fund balances	(3,695,701)	2,063,254
Fund balances, beginning of year	<u>12,967,823</u>	<u>10,904,569</u>
Fund balances, end of year	<u><u>\$ 9,272,122</u></u>	<u><u>12,967,823</u></u>

See accompanying independent auditor's report.



Tax Increment Fund No. 2

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ 1,623,727	1,533,578
Accounts receivable, net of allowance	<u>49</u>	<u>-</u>
Total assets	<u>\$ 1,623,776</u>	<u>1,533,578</u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>-</u>	<u>215</u>
Total liabilities	<u>-</u>	<u>215</u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	<u>1,623,776</u>	<u>1,533,363</u>
Total fund balances	<u>1,623,776</u>	<u>1,533,363</u>
Total liabilities and fund balances	<u>\$ 1,623,776</u>	<u>1,533,578</u>

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Property taxes	\$ 81,009	80,396
Investment earnings	3,262	4,212
Intergovernmental	6,142	5,907
Total revenues	<u>90,413</u>	<u>90,515</u>
Expenditures:		
General government:		
Purchased professional/technical services	<u>-</u>	<u>216</u>
Total expenditures	<u>-</u>	<u>216</u>
Net change in fund balances	90,413	90,299
Fund balances, beginning of year	<u>1,533,363</u>	<u>1,443,064</u>
Fund balances, end of year	<u>\$ 1,623,776</u>	<u>1,533,363</u>

See accompanying independent auditor's report.



Tax Increment Fund No. 3

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ 64,518	64,047
Accounts receivable, net of allowance	<u>49</u>	<u>-</u>
Total assets	<u>\$ 64,567</u>	<u>64,047</u>
Fund Balances		
Fund balances:		
Restricted for:		
Tax increment zone activities	\$ <u>64,567</u>	<u>64,047</u>
Total fund balances	<u>\$ 64,567</u>	<u>64,047</u>

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Property taxes	\$ 316	314
Investment earnings	131	178
Intergovernmental	<u>73</u>	<u>23</u>
Total revenues	<u>520</u>	<u>515</u>
Expenditures:		
General government	<u>-</u>	<u>-</u>
Net change in fund balances	520	515
Fund balances, beginning of year	<u>64,047</u>	<u>63,532</u>
Fund balances, end of year	<u>\$ 64,567</u>	<u>64,047</u>

See accompanying independent auditor's report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Accounts receivable, net of allowance	\$ 88,035	32,609
Intergovernmental receivable	<u>687,604</u>	<u>942,898</u>
 Total assets	 <u>\$ 775,639</u>	 <u>975,507</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 72,929	136,363
Accrued liabilities	101,135	93,040
Escrow funds	28,498	44,782
Due to other funds	<u>221,665</u>	<u>543,737</u>
 Total liabilities	 <u>424,227</u>	 <u>817,922</u>
Fund Balance		
Fund balances:		
Committed to:		
Public health	<u>351,412</u>	<u>157,585</u>
 Total fund balance	 <u>351,412</u>	 <u>157,585</u>
 Total liabilities and fund balance	 <u>\$ 775,639</u>	 <u>975,507</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Permits, licenses and fees	\$ 957,763	869,696
Intergovernmental	3,318,625	3,192,553
Program income	239,293	327,061
Investment earnings	1,054	150
Other	413,641	398,515
Total revenues	<u>4,930,376</u>	<u>4,787,975</u>
Expenditures:		
Public health:		
Health and administrative services	1,983,552	1,839,322
Environmental health services	379,306	426,290
Dental health services	-	8,650
Public health nursing services	895,874	780,355
Sexually transmitted disease	328,338	344,696
HIV/AIDS services	173,774	171,584
Public health services	<u>3,511,055</u>	<u>3,422,210</u>
Total expenditures	<u>7,271,899</u>	<u>6,993,107</u>
Deficiency of revenues under expenditures	(2,341,523)	(2,205,132)
Other financing sources:		
Transfers in	<u>2,535,350</u>	<u>2,459,993</u>
Net change in fund balances	193,827	254,861
Fund balance (deficit), beginning of year	<u>157,585</u>	<u>(97,276)</u>
Fund balance, end of year	<u>\$ 351,412</u>	<u>157,585</u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Programs Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Year Ended September 30, 2013
(With Comparative Actual Amounts for Year Ended September 30, 2012)

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 254,226	254,226	256,543	2,317	255,096
Interest on investments	-	-	1,054	1,054	150
Intergovernmental	-	-	131	131	-
Revenue - other	384,046	384,046	382,224	(1,822)	388,793
Total	638,272	638,272	639,952	1,680	644,039
Environmental Health Services:					
Health and welfare fees	376,804	377,473	410,817	33,344	423,406
Intergovernmental	106,669	106,000	47,500	(58,500)	85,809
Revenue - other	869	869	695	(174)	1,720
Total	484,342	484,342	459,012	(25,330)	510,935
Public Health Nursing Services:					
Health and welfare fees	84,757	84,757	261,197	176,440	163,307
Intergovernmental	20,000	20,000	-	(20,000)	17,000
Revenue - other	-	29,846	29,846	-	-
Total	104,757	134,603	291,043	156,440	180,307
Sexually Transmitted Diseases:					
Health and welfare fees	28,350	28,350	29,206	856	27,887
Total	28,350	28,350	29,206	856	27,887
HIV/AIDS Services:					
Revenue - other	-	-	108	108	5,036
Total	-	-	108	108	5,036
Public Health Services:					
Program income	-	239,293	239,293	-	327,061
Intergovernmental	-	3,270,994	3,270,994	-	3,089,744
Revenue - other	-	768	768	-	2,966
Total	-	3,511,055	3,511,055	-	3,419,771
Total revenues	1,255,721	4,796,622	4,930,376	133,754	4,787,975
Expenditures:					
Health Administrative Services:					
Salaries and wages	440,569	440,569	440,116	453	370,786
Employee benefits	155,038	155,038	152,228	2,810	130,946
Purchased professional/technical services	35,458	35,458	34,528	930	38,391
Purchased property services	4,749	4,749	4,536	213	4,617
Maintenance	-	-	-	-	150
Other purchased services	20,973	20,973	19,821	1,152	18,152
Supplies	30,955	31,955	32,083	(128)	32,563
Contracts with others	990,100	990,100	990,100	-	961,262
Other	310,140	310,140	310,140	-	282,455
Total health administrative services	1,987,982	1,988,982	1,983,552	5,430	1,839,322

City of Waco, Texas
Health Programs Fund

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

Year Ended September 30, 2013

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

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 293,360	292,360	236,113	56,247	269,470
Employee benefits	107,361	107,361	86,322	21,039	98,027
Purchased professional/technical services	4,966	4,966	2,964	2,002	5,249
Maintenance	11,449	11,449	15,072	(3,623)	10,095
Other purchased services	9,281	9,281	9,468	(187)	9,316
Supplies	31,273	31,273	29,367	1,906	34,133
Total environmental health services	457,690	456,690	379,306	77,384	426,290
Dental Health Services:					
Purchased professional/technical services	-	-	-	-	1,359
Other purchased services	-	-	-	-	2,127
Supplies	-	-	-	-	5,164
Total dental health services	-	-	-	-	8,650
Health Nursing Services:					
Salaries and wages	478,173	474,873	461,061	13,812	390,801
Employee benefits	167,165	167,165	155,982	11,183	137,332
Purchased professional/technical services	1,200	34,096	37,541	(3,445)	1,836
Maintenance	3,291	3,291	2,125	1,166	1,283
Other purchased services	21,395	21,395	21,486	(91)	25,004
Supplies	147,980	148,230	217,679	(69,449)	224,099
Total public health nursing services	819,204	849,050	895,874	(46,824)	780,355
Sexually Transmitted Disease:					
Salaries and wages	220,916	220,916	208,700	12,216	221,180
Employee benefits	80,028	80,028	74,091	5,937	78,608
Purchased professional/technical services	11,687	11,687	11,495	192	13,352
Maintenance	200	-	-	-	-
Other purchased services	12,928	12,228	10,008	2,220	8,692
Supplies	27,429	26,129	24,044	2,085	22,864
Total sexually transmitted disease	353,188	350,988	328,338	22,650	344,696
HIV/AIDS Services:					
Salaries and wages	117,683	117,683	117,803	(120)	113,244
Employee benefits	40,269	40,269	39,810	459	38,985
Purchased professional/technical services	700	2,900	2,720	180	1,403
Other purchased services	8,868	7,668	7,508	160	8,971
Supplies	5,487	6,687	5,933	754	8,981
Total HIV/AIDS services	173,007	175,207	173,774	1,433	171,584

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
(Continued)
Year Ended September 30, 2013
(With Comparative Actual Amounts for Year Ended September 30, 2012)

	Budgeted Amounts		2013	Variance with Final Budget	2012
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (continued):					
Public Health Services:					
Salaries and wages	\$ -	1,747,943	1,747,943	-	1,698,870
Employee benefits	-	661,799	661,799	-	642,477
Purchased professional/technical services	-	226,861	226,861	-	195,888
Purchased property services	-	112,749	112,749	-	128,609
Maintenance	-	15,879	15,879	-	17,944
Other purchased services	-	182,729	182,729	-	191,587
Supplies	-	388,907	388,907	-	411,702
Other	-	174,188	174,188	-	135,133
Total public health services	-	3,511,055	3,511,055	-	3,422,210
Total expenditures	3,791,071	7,331,972	7,271,899	60,073	6,993,107
Deficiency of revenues over expenditures	(2,535,350)	(2,535,350)	(2,341,523)	193,827	(2,205,132)
Other financing sources:					
Transfers in	2,535,350	2,535,350	2,535,350	-	2,459,993
Total other financing sources	2,535,350	2,535,350	2,535,350	-	2,459,993
Net change in fund balance	-	-	193,827	193,827	254,861
Fund balance (deficit), beginning of year	157,585	157,585	157,585	-	(97,276)
Fund balance, end of year	\$ 157,585	157,585	351,412	193,827	157,585

See accompanying independent auditor's report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2013
(With Comparative Totals for September 30, 2012)

	HUD Community Development Block Grant	HUD Home Program	HUD Supportive Housing Program	HUD Enterprise Community
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Assets:				
Cash and investments	\$ -	-	-	-
Accounts receivable, net of allowances	31,275	6,489	-	84,707
Notes receivable	913,196	1,841,180	-	-
Intergovernmental receivable	466,375	231,928	5,342	-
Real estate held for resale	40,061	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>1,450,907</u>	<u>2,079,597</u>	<u>5,342</u>	<u>84,707</u>
Liabilities				
Liabilities:				
Accounts payable	\$ 37,218	44,308	563	-
Accrued liabilities	172,740	2,418	2,294	-
Deferred revenue	913,196	1,841,180	-	-
Due to other funds	257,533	191,691	2,485	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,380,687</u>	<u>2,079,597</u>	<u>5,342</u>	<u>-</u>
Fund Balances				
Fund balances:				
Nonspendable:				
Real estate held for resale	40,061	-	-	-
Restricted for:				
Housing and community development	30,159	-	-	84,707
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>70,220</u>	<u>-</u>	<u>-</u>	<u>84,707</u>
Total liabilities and fund balances	\$ <u>1,450,907</u>	<u>2,079,597</u>	<u>5,342</u>	<u>84,707</u>

<u>HUD EDI</u>	<u>HUD Shelter Plus Care</u>	<u>2009 JAG ARRA</u>	<u>TxDOT MPO FHWA</u>	<u>Brownfields</u>	<u>COPS Tech</u>	<u>13 CJD Family Violence</u>
-	-	-	-	-	-	-
-	100	-	760	-	-	-
7,737	-	-	-	-	-	-
-	41,892	-	69,987	-	-	3,863
-	-	-	-	-	-	-
-	-	-	-	470,073	-	-
<u>7,737</u>	<u>41,992</u>	<u>-</u>	<u>70,747</u>	<u>470,073</u>	<u>-</u>	<u>3,863</u>
-	41,892	-	31,376	24,541	-	-
-	-	-	4,072	25,344	-	-
7,737	-	-	-	-	-	-
-	100	-	35,299	-	-	3,863
<u>7,737</u>	<u>41,992</u>	<u>-</u>	<u>70,747</u>	<u>49,885</u>	<u>-</u>	<u>3,863</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	420,188	-	-
-	-	-	-	-	-	-
-	-	-	-	420,188	-	-
<u>7,737</u>	<u>41,992</u>	<u>-</u>	<u>70,747</u>	<u>470,073</u>	<u>-</u>	<u>3,863</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2013
(With Comparative Totals for September 30, 2012)

	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	-	-	8,137	4,625
Real estate held for resale	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
Total assets	\$ 247	-	8,137	4,625
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued liabilities	-	-	4,548	-
Deferred revenue	247	-	-	-
Due to other funds	-	-	3,589	4,625
	-	-	3,589	4,625
Total liabilities	247	-	8,137	4,625
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	\$ 247	-	8,137	4,625

<u>STEP Comprehensive</u>	<u>12 CJD Family Violence</u>	<u>Fire LEOSE</u>	<u>Library Memorial Fund</u>	<u>Shapley Ross Library</u>	<u>Vision 2020 Comprehensive Plan</u>	<u>2010 JAG</u>
-	-	800	68,346	98,527	4,636	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,593	11,365	-	-	-	-	30,665
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>35,593</u>	<u>11,365</u>	<u>800</u>	<u>68,346</u>	<u>98,527</u>	<u>4,636</u>	<u>30,665</u>

-	-	-	153	-	-	-
6,566	4,029	-	-	-	-	-
-	-	-	-	-	2,247	-
<u>29,027</u>	<u>7,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,665</u>
<u>35,593</u>	<u>11,365</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>2,247</u>	<u>30,665</u>

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	800	-	-	-	-
-	-	-	68,193	98,527	2,389	-
-	-	800	68,193	98,527	2,389	-
<u>35,593</u>	<u>11,365</u>	<u>800</u>	<u>68,346</u>	<u>98,527</u>	<u>4,636</u>	<u>30,665</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2013
(With Comparative Totals for September 30, 2012)

	<u>2011</u> <u>JAG</u> <u>COMP</u>	<u>2012</u> <u>JAG</u>	<u>Police</u> <u>Officer</u> <u>Memorial</u>
Assets			
Assets:			
Cash and investments	\$ -	-	16
Accounts receivable, net of allowances	-	-	-
Notes receivable	-	-	-
Intergovernmental receivable	8,531	1,071	-
Real estate held for resale	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>8,531</u>	<u>1,071</u>	<u>16</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 495	96	-
Accrued liabilities	-	-	-
Deferred revenue	-	-	16
Due to other funds	8,036	975	-
	<u>8,036</u>	<u>975</u>	<u>-</u>
Total liabilities	<u>8,531</u>	<u>1,071</u>	<u>16</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>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>8,531</u>	<u>1,071</u>	<u>16</u>

2012 SHSP	Grande Clear Source Cable Ordinance	TPW Boating Access	Totals	
			2013	2012
-	85,374	-	257,946	345,121
-	-	-	123,331	164,945
-	-	-	2,762,113	2,748,561
32,279	-	252,014	1,203,667	1,056,398
-	-	-	40,061	40,061
-	-	456,457	926,530	1,522,173
<u>32,279</u>	<u>85,374</u>	<u>708,471</u>	<u>5,313,648</u>	<u>5,877,259</u>
7,413	-	-	188,055	146,425
-	-	-	222,011	357,392
-	-	-	2,764,623	2,753,472
24,866	-	252,014	852,104	577,641
<u>32,279</u>	<u>-</u>	<u>252,014</u>	<u>4,026,793</u>	<u>3,834,930</u>
-	-	-	40,061	40,061
-	-	-	114,866	193,495
-	-	-	420,988	658,011
-	85,374	456,457	710,940	1,150,762
-	85,374	456,457	1,286,855	2,042,329
<u>32,279</u>	<u>85,374</u>	<u>708,471</u>	<u>5,313,648</u>	<u>5,877,259</u>

City of Waco, Texas

Grant Fund

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

Year Ended September 30, 2013

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

	HUD Community Development Block Grant	HUD Home Program	HUD Supportive Housing Program	HUD Enterprise Community
Revenues:				
Intergovernmental	\$ 1,610,532	1,168,434	66,459	-
Program income	40,899	184,458	-	-
Other	28,930	-	-	-
Total revenues	1,680,361	1,352,892	66,459	-
Expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Public safety	418,590	-	-	-
Culture and recreation	-	-	-	-
Housing and community development	1,538,574	1,360,759	66,459	-
Total expenditures	1,957,164	1,360,759	66,459	-
Excess (deficiency) of revenues over (under) expenditures	(276,803)	(7,867)	-	-
Other financing sources:				
Transfers in	365,041	-	-	-
Transfers out	(159,000)	-	-	-
Total other financing sources	206,041	-	-	-
Net change in fund balances	(70,762)	(7,867)	-	-
Fund balances, beginning of year	140,982	7,867	-	84,707
Fund balances, end of year	\$ 70,220	-	-	84,707

HUD EDI	HUD Shelter Plus Care	2009 JAG ARRA	TxDOT MPO FHWA	Brownfields	COPS Tech	13 CJD Family Violence
-	125,819	193,009	330,752	-	490,331	87,363
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	125,819	193,009	330,752	-	490,331	87,363
-	-	-	330,752	-	-	-
-	-	-	-	-	-	-
-	-	193,009	-	981,398	490,331	162,338
-	-	-	-	-	-	-
-	125,819	-	-	-	-	-
-	125,819	193,009	330,752	981,398	490,331	162,338
-	-	-	-	(981,398)	-	(74,975)
-	-	-	-	744,670	-	74,975
-	-	-	-	-	-	-
-	-	-	-	744,670	-	74,975
-	-	-	-	(236,728)	-	-
-	-	-	-	656,916	-	-
-	-	-	-	420,188	-	-

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	ICD PHASE II	Click It or Ticket	SAFER 2008	2011 SHSP
Revenues:				
Intergovernmental	\$ -	3,735	40,915	18,957
Program income	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>3,735</u>	<u>40,915</u>	<u>18,957</u>
Expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Public safety	-	3,735	227,464	18,957
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
Total expenditures	<u>-</u>	<u>3,735</u>	<u>227,464</u>	<u>18,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(186,549)</u>	<u>-</u>
Other financing sources:				
Transfers in	-	-	186,549	-
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>186,549</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Step Comprehensive	12 CJD Family Violence	Fire LEOSE	Library Memorial Fund	Shapley Ross Library	Vision 2020 Comprehensive Plan	2010 JAG
82,449	11,365	-	-	-	-	34,660
-	-	-	-	-	-	-
-	-	-	5,740	201	2,413	-
82,449	11,365	-	5,740	201	2,413	34,660
-	-	-	-	-	-	-
-	-	-	-	-	-	-
95,935	17,485	295	-	-	-	34,660
-	-	-	82,636	-	2,401	-
-	-	-	-	-	-	-
95,935	17,485	295	82,636	-	2,401	34,660
(13,486)	(6,120)	(295)	(76,896)	201	12	-
13,486	6,120	-	-	-	-	-
-	-	-	-	-	-	-
13,486	6,120	-	-	-	-	-
-	-	(295)	(76,896)	201	12	-
-	-	1,095	145,089	98,326	2,377	-
-	-	800	68,193	98,527	2,389	-

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	2011 JAG COMP	2012 JAG	Police Officer Memorial	2012 SHSP
Revenues:				
Intergovernmental	\$ 8,531	8,920	-	83,495
Program income	-	-	-	-
Other	-	-	-	-
Total revenues	8,531	8,920	-	83,495
Expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Public safety	8,531	8,920	-	83,495
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
Total expenditures	8,531	8,920	-	83,495
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	-	-	-

See accompanying independent auditor's report.

Grande Clear Source Cable Ordinance	TPW Boating Access	Totals	
		2013	2012
-	397,525	4,763,251	4,317,646
-	-	225,357	281,749
-	-	37,284	81,977
-	397,525	5,025,892	4,681,372
-	-	330,752	250,729
-	-	-	187,983
-	-	2,745,143	982,710
-	760,664	845,701	268,360
-	-	3,091,611	3,336,270
-	760,664	7,013,207	5,026,052
-	(363,139)	(1,987,315)	(344,680)
-	-	1,390,841	1,135,680
-	-	(159,000)	(120,000)
-	-	1,231,841	1,015,680
-	(363,139)	(755,474)	671,000
85,374	819,596	2,042,329	1,371,329
85,374	456,457	1,286,855	2,042,329



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ 617,483	528,570
Special assessments receivable	2,258	30,359
Accounts receivable, net of allowance	<u>308</u>	<u>-</u>
Total assets	<u>\$ 620,049</u>	<u>558,929</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 6,214	7,805
Deferred revenue	<u>2,258</u>	<u>30,359</u>
Total liabilities	<u>8,472</u>	<u>38,164</u>
Fund Balance		
Fund balance:		
Restricted for:		
Waco Public Improvement District	<u>611,577</u>	<u>520,765</u>
Total fund balance	<u>611,577</u>	<u>520,765</u>
Total liabilities and fund balance	<u>\$ 620,049</u>	<u>558,929</u>

See accompanying independent auditor's 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Special assessments taxes	\$ 323,153	296,835
Investment earnings	<u>1,349</u>	<u>1,569</u>
Total revenues	<u>324,502</u>	<u>298,404</u>
Expenditures:		
General government:		
Salaries and wages	20,449	22,063
Employee benefits	1,624	1,753
Purchased professional/technical services	202,461	162,641
Other purchased services	4,553	1,908
Supplies	2,583	1,014
Other	<u>2,020</u>	<u>1,413</u>
Total expenditures	<u>233,690</u>	<u>190,792</u>
Net change in fund balance	90,812	107,612
Fund balance, beginning of year	<u>520,765</u>	<u>413,153</u>
Fund balance, end of year	<u><u>\$ 611,577</u></u>	<u><u>520,765</u></u>

See accompanying independent auditor's report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ <u>301,998</u>	<u>536,068</u>
Total assets	<u>\$ 301,998</u>	<u>536,068</u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>1,113</u>	<u>1,046</u>
Total liabilities	<u>1,113</u>	<u>1,046</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>300,885</u>	<u>535,022</u>
Total fund balance	<u>300,885</u>	<u>535,022</u>
Total liabilities and fund balance	<u>\$ 301,998</u>	<u>536,068</u>

See accompanying independent auditor's report.

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Auto impound fees	\$ 233,015	268,899
Total revenues	<u>233,015</u>	<u>268,899</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	2,047	-
Maintenance	850	-
Other purchased services	5,959	498
Supplies	<u>8,296</u>	<u>1,361</u>
Total expenditures	<u>17,152</u>	<u>1,859</u>
Excess of revenues over expenditures	<u>215,863</u>	<u>267,040</u>
Other financing uses:		
Transfers out	<u>(450,000)</u>	<u>(50,000)</u>
Other financing uses	<u>(450,000)</u>	<u>(50,000)</u>
Net change in fund balance	(234,137)	217,040
Fund balance, beginning of year	<u>535,022</u>	<u>317,982</u>
Fund balance, end of year	<u>\$ 300,885</u>	<u>535,022</u>

See accompanying independent auditor's report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ <u>137,482</u>	<u>208,718</u>
Total assets	\$ <u><u>137,482</u></u>	<u><u>208,718</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>135,202</u>	<u>206,438</u>
Total fund balance	<u>135,202</u>	<u>206,438</u>
Total liabilities and fund balance	\$ <u><u>137,482</u></u>	<u><u>208,718</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Investment earnings	\$ 305	434
Other	<u>120,010</u>	<u>152,189</u>
Total revenues	<u>120,315</u>	<u>152,623</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	6,393	795
Maintenance	7,975	9,120
Other purchased services	14,678	53,399
Supplies	22,421	66,740
Capital outlay	140,084	23,438
Other	<u>-</u>	<u>7,906</u>
Total expenditures	<u>191,551</u>	<u>161,398</u>
Net change in fund balance	(71,236)	(8,775)
Fund balance, beginning of year	<u>206,438</u>	<u>215,213</u>
Fund balance, end of year	<u><u>\$ 135,202</u></u>	<u><u>206,438</u></u>

See accompanying independent auditor's report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ <u>534,078</u>	<u>492,642</u>
Total assets	<u>\$ 534,078</u>	<u>492,642</u>
Liabilities		
Accounts payable	\$ <u>3,228</u>	<u>1,120</u>
Total liabilities	<u>3,228</u>	<u>1,120</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>530,850</u>	<u>491,522</u>
Total fund balance	<u>530,850</u>	<u>491,522</u>
Total liabilities and fund balance	<u>\$ 534,078</u>	<u>492,642</u>

See accompanying independent auditor's report.

City of Waco, Texas
Court Security Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Fines	\$ <u>46,552</u>	<u>34,999</u>
Total revenues	<u>46,552</u>	<u>34,999</u>
Expenditures:		
Public safety	<u>7,224</u>	<u>7,939</u>
Net change in fund balance	39,328	27,060
Fund balance, beginning of year	<u>491,522</u>	<u>464,462</u>
Fund balance, end of year	<u><u>\$ 530,850</u></u>	<u><u>491,522</u></u>

See accompanying independent auditor's report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ <u>448,994</u>	<u>423,843</u>
Total assets	\$ <u><u>448,994</u></u>	<u><u>423,843</u></u>
Liabilities		
Accounts payable	\$ <u>5,424</u>	<u>525</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>443,570</u>	<u>423,318</u>
Total fund balance	<u>443,570</u>	<u>423,318</u>
Total liabilities and fund balance	\$ <u><u>448,994</u></u>	<u><u>423,843</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Court Technology Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Fines	\$ <u>62,046</u>	<u>46,641</u>
Total revenues	<u>62,046</u>	<u>46,641</u>
Expenditures:		
Public safety	<u>41,794</u>	<u>50,388</u>
Total expenditures	<u>41,794</u>	<u>50,388</u>
Net change in fund balance	20,252	(3,747)
Fund balance, beginning of year	<u>423,318</u>	<u>427,065</u>
Fund balance, end of year	<u><u>\$ 443,570</u></u>	<u><u>423,318</u></u>

See accompanying independent auditor's report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ <u>8,833</u>	<u>8,795</u>
Total assets	\$ <u><u>8,833</u></u>	<u><u>8,795</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>8,833</u>	<u>8,795</u>
Total fund balance	\$ <u><u>8,833</u></u>	<u><u>8,795</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Hamilton Memorial Fund
Comparative Statements of Revenue, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Investment earnings	\$ <u>38</u>	<u>53</u>
Total revenues	<u>38</u>	<u>53</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	38	53
Fund balance, beginning of year	<u>8,795</u>	<u>8,742</u>
Fund balance, end of year	<u><u>\$ 8,833</u></u>	<u><u>8,795</u></u>

See accompanying independent auditor's report.



Miss Nellie's Park Maintenance Fund

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
 Comparative Balance Sheets
 September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ <u>35,661</u>	<u>35,385</u>
Total assets	\$ <u><u>35,661</u></u>	<u><u>35,385</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>35,661</u>	<u>35,385</u>
Total fund balance	\$ <u><u>35,661</u></u>	<u><u>35,385</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Investment earnings	\$ <u>276</u>	<u>378</u>
Total revenues	<u>276</u>	<u>378</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>1,649</u>
Total expenditures	<u>-</u>	<u>1,649</u>
Net change in fund balance	276	(1,271)
Fund balance, beginning of year	<u>35,385</u>	<u>36,656</u>
Fund balance, end of year	<u><u>\$ 35,661</u></u>	<u><u>35,385</u></u>

See accompanying independent auditor's 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, 2013
(With Comparative Totals for September 30, 2012)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			<u>2013</u>	<u>2012</u>
Assets				
Cash and investments	\$ 4,164	189,999	194,163	212,632
Taxes receivable	<u>-</u>	<u>426,198</u>	<u>426,198</u>	<u>531,213</u>
Total assets	<u>\$ 4,164</u>	<u>616,197</u>	<u>620,361</u>	<u>743,845</u>
Liabilities				
Liabilities:				
Deferred revenue	\$ <u>-</u>	<u>382,308</u>	<u>382,308</u>	<u>513,715</u>
Total liabilities	<u>-</u>	<u>382,308</u>	<u>382,308</u>	<u>513,715</u>
Fund Balances				
Fund balances:				
Restricted for debt service	<u>4,164</u>	<u>233,889</u>	<u>238,053</u>	<u>230,130</u>
Total fund balances	<u>4,164</u>	<u>233,889</u>	<u>238,053</u>	<u>230,130</u>
Total liabilities and and fund balances	<u>\$ 4,164</u>	<u>616,197</u>	<u>620,361</u>	<u>743,845</u>

See accompanying independent auditor's report.

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2013	2012
Revenues:				
Property taxes	\$ -	9,633,814	9,633,814	10,726,324
Investment earnings	8	2,842	2,850	3,464
Total revenues	<u>8</u>	<u>9,636,656</u>	<u>9,636,664</u>	<u>10,729,788</u>
Expenditures:				
Debt service:				
Principal	-	5,912,954	5,912,954	7,090,342
Interest and fiscal charges	-	3,946,312	3,946,312	4,194,170
Bond issuance costs	-	35,891	35,891	68,981
Total expenditures	<u>-</u>	<u>9,895,157</u>	<u>9,895,157</u>	<u>11,353,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8</u>	<u>(258,501)</u>	<u>(258,493)</u>	<u>(623,705)</u>
Other financing sources (uses):				
Refunding bonds issued	-	1,700,000	1,700,000	6,465,000
Payment to refunded bond escrow agent	-	(1,999,938)	(1,999,938)	(7,243,886)
Premium on refunding bonds	-	316,832	316,832	792,695
General obligation bonds issued	-	21,148	21,148	16,915
Premium on general obligation bonds	-	1,639	1,639	51
Transfers in	-	226,735	226,735	449,797
Total other financing sources (uses)	<u>-</u>	<u>266,416</u>	<u>266,416</u>	<u>480,572</u>
Net change in fund balances	8	7,915	7,923	(143,133)
Fund balances, beginning of year	<u>4,156</u>	<u>225,974</u>	<u>230,130</u>	<u>373,263</u>
Fund balances, end of year	<u>\$ 4,164</u>	<u>233,889</u>	<u>238,053</u>	<u>230,130</u>

See accompanying independent auditor's 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, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	Budgeted Amounts		2013	Variance with	2012
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Property taxes	\$ 9,533,439	9,533,439	9,633,814	100,375	10,726,324
Investment earnings	3,010	3,010	2,842	(168)	3,452
Total revenues	<u>9,536,449</u>	<u>9,536,449</u>	<u>9,636,656</u>	<u>100,207</u>	<u>10,729,776</u>
Expenditures:					
Debt service:					
Principal	5,912,954	5,912,954	5,912,954	-	7,090,342
Interest and fiscal charges	3,946,266	3,946,563	3,946,312	251	4,194,170
Bond issuance costs	-	35,891	35,891	-	68,981
Total expenditures	<u>9,859,220</u>	<u>9,895,408</u>	<u>9,895,157</u>	<u>251</u>	<u>11,353,493</u>
Deficiency of revenues under expenditures	<u>(322,771)</u>	<u>(358,959)</u>	<u>(258,501)</u>	<u>100,458</u>	<u>(623,717)</u>
Other financing sources (uses):					
Refunding bonds issued	-	2,016,832	1,700,000	(316,832)	6,465,000
Payment to refunded bond escrow agent	-	(1,999,938)	(1,999,938)	-	(7,243,886)
Premium on refunding bonds	-	-	316,832	316,832	792,695
General obligation bonds issued	-	19,294	21,148	1,854	16,915
Premium on general obligation bonds	-	-	1,639	1,639	51
Transfers in	226,731	226,731	226,735	4	449,797
Total other financing sources (uses)	<u>226,731</u>	<u>262,919</u>	<u>266,416</u>	<u>3,497</u>	<u>480,572</u>
Net change in fund balances	(96,040)	(96,040)	7,915	103,955	(143,145)
Fund balances, beginning of year	<u>225,974</u>	<u>225,974</u>	<u>225,974</u>	<u>-</u>	<u>369,119</u>
Fund balances, end of year	<u>\$ 129,934</u>	<u>129,934</u>	<u>233,889</u>	<u>103,955</u>	<u>225,974</u>

See accompanying independent auditor's 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.

2013 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, 2013
(With Comparative Totals for September 30, 2012)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2013 Bond Issue Fund	2012 Bond Issue Fund	2011 Bond Issue Fund	2010 Bond Issue Fund
Assets							
Cash and investments	\$ 37,199	23,142	6,820,936	726,340	1,658,290	124,974	757,088
Accounts receivable	-	-	2,725	-	-	-	-
Due from other funds	5,004,841	-	4,393	-	-	-	44,970
Advances to other funds	168,368	-	-	-	-	-	-
Intergovernmental receivable	-	-	50,474	-	-	-	-
Total assets	\$ 5,210,408	23,142	6,878,528	726,340	1,658,290	124,974	802,058
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 8,470	-	270,460	-	2,646	-	1,802
Accrued liabilities	37,199	-	37,864	340,698	-	-	-
Due to other funds	-	-	-	-	183,808	-	456,457
Total liabilities	45,669	-	308,324	340,698	186,454	-	458,259
Fund balances:							
Nonspendable:							
Advances to other funds	168,368	-	-	-	-	-	-
Restricted for:							
Capital projects	4,996,371	23,142	5,295,119	385,642	1,471,836	124,974	343,799
Committed for:							
Capital projects	-	-	1,275,085	-	-	-	-
Total fund balances	5,164,739	23,142	6,570,204	385,642	1,471,836	124,974	343,799
Total liabilities and fund balances	\$ 5,210,408	23,142	6,878,528	726,340	1,658,290	124,974	802,058

See accompanying independent auditor's 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	
							2013	2012
446,281	4,184,051	1,285,883	1,630,940	398,851	-	-	18,093,975	27,161,131
-	-	-	-	-	-	-	2,725	2,425
-	-	837,496	-	-	-	-	5,891,700	6,575,472
-	-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	50,474	2,239
<u>446,281</u>	<u>4,184,051</u>	<u>2,123,379</u>	<u>1,630,940</u>	<u>398,851</u>	<u>-</u>	<u>-</u>	<u>24,207,242</u>	<u>33,909,635</u>
-	-	77,995	-	-	-	-	361,373	1,385,257
-	69,402	785,100	-	-	-	-	1,270,263	1,801,645
-	3,221,300	-	1,340,103	398,851	-	-	5,600,519	6,065,206
-	<u>3,290,702</u>	<u>863,095</u>	<u>1,340,103</u>	<u>398,851</u>	<u>-</u>	<u>-</u>	<u>7,232,155</u>	<u>9,252,108</u>
-	-	-	-	-	-	-	168,368	168,368
446,281	893,349	1,260,284	290,837	-	-	-	15,531,634	23,348,990
-	-	-	-	-	-	-	1,275,085	1,140,169
<u>446,281</u>	<u>893,349</u>	<u>1,260,284</u>	<u>290,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,975,087</u>	<u>24,657,527</u>
<u>446,281</u>	<u>4,184,051</u>	<u>2,123,379</u>	<u>1,630,940</u>	<u>398,851</u>	<u>-</u>	<u>-</u>	<u>24,207,242</u>	<u>33,909,635</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	Capital Improvement Fund	Mammoth Fund	Street Improvement Fund	2013 Bond Issue Fund	2012 Bond Issue Fund	2011 Bond Issue Fund
Revenues:						
Investment earnings	\$ -	70	1,714	20,133	8,290	13,940
Contributions	-	-	111,212	-	-	-
Intergovernmental	-	-	89,453	-	-	-
Total revenues	<u>-</u>	<u>70</u>	<u>202,379</u>	<u>20,133</u>	<u>8,290</u>	<u>13,940</u>
Expenditures:						
Capital outlay	<u>1,651,336</u>	<u>2,520</u>	<u>4,353,503</u>	<u>1,714,991</u>	<u>1,063,503</u>	<u>309,656</u>
Total expenditures	<u>1,651,336</u>	<u>2,520</u>	<u>4,353,503</u>	<u>1,714,991</u>	<u>1,063,503</u>	<u>309,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,651,336)</u>	<u>(2,450)</u>	<u>(4,151,124)</u>	<u>(1,694,858)</u>	<u>(1,055,213)</u>	<u>(295,716)</u>
Other financing sources (uses):						
General obligation bonds issued	-	-	73,352	2,080,500	-	-
Premium on general obligation bonds	-	-	166,905	-	-	-
Capital leases	-	-	-	-	-	-
Transfers in	1,430,247	-	3,885,972	-	-	-
Transfers out	<u>(252,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,177,518</u>	<u>-</u>	<u>4,126,229</u>	<u>2,080,500</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(473,818)	(2,450)	(24,895)	385,642	(1,055,213)	(295,716)
Fund balances, beginning of year	<u>5,638,557</u>	<u>25,592</u>	<u>6,595,099</u>	<u>-</u>	<u>2,527,049</u>	<u>420,690</u>
Fund balances, end of year	<u>\$ 5,164,739</u>	<u>23,142</u>	<u>6,570,204</u>	<u>385,642</u>	<u>1,471,836</u>	<u>124,974</u>

See accompanying independent auditor's report.

2010 Bond Issue Fund	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	
								2013	2012
32,634	11,088	36,497	13,584	4,429	2,647	130	41	145,197	156,517
-	-	-	-	-	-	-	-	111,212	50,000
-	-	-	-	-	-	-	-	89,453	73,169
<u>32,634</u>	<u>11,088</u>	<u>36,497</u>	<u>13,584</u>	<u>4,429</u>	<u>2,647</u>	<u>130</u>	<u>41</u>	<u>345,862</u>	<u>279,686</u>
<u>258,162</u>	<u>25,828</u>	<u>6,525</u>	<u>5,335,575</u>	-	-	-	92,837	14,814,436	23,954,367
<u>258,162</u>	<u>25,828</u>	<u>6,525</u>	<u>5,335,575</u>	-	-	-	92,837	14,814,436	23,954,367
<u>(225,528)</u>	<u>(14,740)</u>	<u>29,972</u>	<u>(5,321,991)</u>	<u>4,429</u>	<u>2,647</u>	<u>130</u>	<u>(92,796)</u>	<u>(14,468,574)</u>	<u>(23,674,681)</u>
-	-	-	-	-	-	-	-	2,153,852	3,463,085
-	-	-	-	-	-	-	-	166,905	10,543
-	-	-	-	-	-	-	-	-	145,351
159,000	-	-	420,405	252,729	-	-	-	6,148,353	6,809,080
-	-	(1,397,388)	-	-	(17,660)	(15,199)	-	(1,682,976)	(1,998,000)
<u>159,000</u>	<u>-</u>	<u>(1,397,388)</u>	<u>420,405</u>	<u>252,729</u>	<u>(17,660)</u>	<u>(15,199)</u>	<u>-</u>	<u>6,786,134</u>	<u>8,430,059</u>
<u>(66,528)</u>	<u>(14,740)</u>	<u>(1,367,416)</u>	<u>(4,901,586)</u>	<u>257,158</u>	<u>(15,013)</u>	<u>(15,069)</u>	<u>(92,796)</u>	<u>(7,682,440)</u>	<u>(15,244,622)</u>
<u>410,327</u>	<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>343,799</u>	<u>446,281</u>	<u>893,349</u>	<u>1,260,284</u>	<u>290,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,975,087</u>	<u>24,657,527</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, 2013
(With Comparative Totals for September 30, 2012)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2013	2012
Assets					
Cash and investments	\$ <u>367,891</u>	<u>10,000</u>	<u>100,000</u>	<u>477,891</u>	<u>475,431</u>
Total assets	\$ <u><u>367,891</u></u>	<u><u>10,000</u></u>	<u><u>100,000</u></u>	<u><u>477,891</u></u>	<u><u>475,431</u></u>
Fund Balances					
Fund balances:					
Nonspendable:					
Parks and cemetery care	\$ <u>367,891</u>	<u>10,000</u>	<u>100,000</u>	<u>477,891</u>	<u>475,431</u>
Total fund balances	\$ <u><u>367,891</u></u>	<u><u>10,000</u></u>	<u><u>100,000</u></u>	<u><u>477,891</u></u>	<u><u>475,431</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2013	2012
Revenues:					
Investment earnings	\$ 747	-	-	747	1,016
Other	1,713	-	-	1,713	-
Total revenues	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>2,460</u>	<u>1,016</u>
Expenditures:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,460	-	-	2,460	1,016
Fund balances, beginning of year	<u>365,431</u>	<u>10,000</u>	<u>100,000</u>	<u>475,431</u>	<u>474,415</u>
Fund balances, end of year	<u>\$ 367,891</u>	<u>10,000</u>	<u>100,000</u>	<u>477,891</u>	<u>475,431</u>

See accompanying independent auditor's 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 Position
September 30, 2013 and 2012

Assets	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and investments	\$ 30,763,675	27,506,623
Accounts receivable, net of allowance	6,243,665	5,587,266
Restricted cash and investments	2,721,903	3,275,733
Inventory	<u>277,732</u>	<u>331,060</u>
Total current assets	<u>40,006,975</u>	<u>36,700,682</u>
Noncurrent assets:		
Restricted cash and investments	14,068,623	13,052,162
Advances to other funds	525,336	525,336
Deferred charges	935,164	878,686
Capital assets:		
Land	1,279,185	1,279,185
Buildings	9,526,184	9,526,184
Improvements other than buildings	271,893,369	265,533,474
Equipment	7,131,275	7,009,254
Construction work in progress	3,019,888	3,809,856
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	<u>(102,503,838)</u>	<u>(94,030,942)</u>
Total capital assets	<u>222,828,942</u>	<u>225,609,890</u>
Total noncurrent assets	<u>238,358,065</u>	<u>240,066,074</u>
Total assets	<u>278,365,040</u>	<u>276,766,756</u>

See accompanying independent auditor's report.

Liabilities	<u>2013</u>	<u>2012</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 698,941	436,251
Accrued liabilities	922,046	749,459
Compensated absences payable	662,436	619,765
Refundable contracts	301,745	522,558
Notes payable	69,469	66,515
Bonds payable	6,650,286	7,218,324
Accrued interest payable	1,100,785	1,532,977
	<u>10,405,708</u>	<u>11,145,849</u>
Current liabilities payable from restricted assets:		
Accounts payable	213,023	728,012
Due to other funds	-	243,129
Customer deposits	2,508,880	2,304,592
	<u>2,721,903</u>	<u>3,275,733</u>
Total current liabilities	<u>13,127,611</u>	<u>14,421,582</u>
Noncurrent liabilities:		
Refundable contracts	1,300,891	1,103,263
Compensated absences payable	329,379	306,721
Net pension obligation	729,544	722,995
Bonds payable	149,350,110	131,436,918
Notes payable	1,898,437	16,967,906
Deferred interest payable	-	5,090,109
Total noncurrent liabilities	<u>153,608,361</u>	<u>155,627,912</u>
Total liabilities	<u>166,735,972</u>	<u>170,049,494</u>
Net Position		
Net position:		
Net investment in capital assets	77,326,627	81,346,568
Unrestricted	34,302,441	25,370,694
	<u>111,629,068</u>	<u>106,717,262</u>
Total net position	<u>\$ 111,629,068</u>	<u>106,717,262</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 40,150,643	38,343,344
Other	559,001	408,848
Total operating revenues	<u>40,709,644</u>	<u>38,752,192</u>
Operating expenses:		
Salaries and wages	4,797,093	4,377,006
Employee benefits	1,948,539	1,872,253
Purchased professional/technical services	946,520	1,159,465
Purchased property services	204,360	86,764
Maintenance	1,779,760	1,332,842
Other purchased services	768,065	914,082
Supplies	4,685,035	4,766,060
Other	3,839,782	3,745,300
Depreciation/amortization	8,882,607	8,734,301
Total operating expenses	<u>27,851,761</u>	<u>26,988,073</u>
Operating income	<u>12,857,883</u>	<u>11,764,119</u>
Nonoperating revenues (expenses):		
Investment earnings	78,581	99,600
Rental income	4,180	7,470
Contributions	-	104,430
Intergovernmental revenue	2,033	-
Interest expense and fiscal charges	(5,064,739)	(6,322,986)
Total nonoperating revenues (expenses)	<u>(4,979,945)</u>	<u>(6,111,486)</u>
Income before contributions and transfers	7,877,938	5,652,633
Capital contributions	134,230	162,096
Transfers out	<u>(3,100,362)</u>	<u>(3,061,151)</u>
Change in net position	4,911,806	2,753,578
Total net position, beginning of year	<u>106,717,262</u>	<u>103,963,684</u>
Total net position, end of year	<u>\$ 111,629,068</u>	<u>106,717,262</u>

See accompanying independent auditor's report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 40,053,245	39,434,566
Cash paid to suppliers for goods and services	(11,567,651)	(11,949,079)
Cash paid to employees for services	(6,636,732)	(6,109,959)
Net cash provided by operating activities	21,848,862	21,375,528
Cash flows from noncapital financing activities:		
Intergovernmental revenue	2,033	-
Contributions	-	104,430
Transfer to other funds	(3,343,491)	(3,314,274)
Net cash used for noncapital financing activities	(3,341,458)	(3,209,844)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(6,095,407)	(4,096,398)
Proceeds from sale of debt	5,164,700	110,902
Principal paid on debt	(7,218,324)	(7,558,752)
Interest paid on debt	(6,721,451)	(7,323,830)
Net cash used for capital and related financing activities	(14,870,482)	(18,868,078)
Cash flows from investing activities:		
Rental revenue	4,180	7,470
Investment earnings	78,581	99,600
Net cash provided by investing activities	82,761	107,070
Net increase (decrease) in cash and cash equivalents	3,719,683	(595,324)
Cash and cash equivalents, beginning of year	43,834,518	44,429,842
Cash and cash equivalents, end of year	\$ 47,554,201	43,834,518
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,857,883	11,764,119
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	12,867	60,411
Depreciation/amortization	8,882,607	8,734,301
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(669,266)	621,963
Inventory	53,328	856
Increase (decrease) in liabilities:		
Accounts payable	262,690	(102,603)
Accrued liabilities	172,587	10,002
Compensated absences payable	65,329	80,785
Net pension obligation	6,549	57,043
Customer deposits	204,288	148,651
Net cash provided by operating activities	\$ 21,848,862	21,375,528
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	\$ 134,230	162,096
Payment to refunded bond escrow agent	\$ 35,768,416	44,846,740

See accompanying independent auditor's report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund

Comparative Statements of Net Position
September 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and investments	\$ 17,777,275	15,980,100
Accounts receivable, net of allowance	2,900,528	2,692,879
Intergovernmental receivable	112,054	-
Current portion of notes receivable	45,042	43,665
Restricted cash and investments	172,817	78,190
Accrued interest on notes receivable	3,630	3,896
Inventory	10,379	15,123
Total current assets	21,021,725	18,813,853
Noncurrent assets:		
Restricted cash and investments	14,408,493	11,293,813
Noncurrent portion of notes receivable	551,475	596,517
Deferred charges	436,975	449,271
Capital assets:		
Land	2,408,235	2,408,235
Buildings	10,851,569	11,527,603
Improvements other than buildings	119,120,390	115,739,272
Equipment	8,004,572	7,925,792
Construction work in progress	3,482,935	3,425,798
Less: accumulated depreciation	(44,823,899)	(40,892,673)
Total capital assets	99,043,802	100,134,027
Total noncurrent assets	114,440,745	112,473,628
Total assets	135,462,470	131,287,481

See accompanying independent auditor's report.

Liabilities	<u>2013</u>	<u>2012</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 426,722	216,483
Accrued liabilities	366,833	433,924
Compensated absences payable	402,055	409,690
Revenue bonds payable	4,049,571	3,848,721
Refundable contracts	50,000	50,000
Accrued interest payable	500,847	435,835
	<u>5,796,028</u>	<u>5,394,653</u>
Current liabilities payable from restricted assets:		
Accounts payable	172,817	78,190
	<u>172,817</u>	<u>78,190</u>
Total current liabilities	<u>5,968,845</u>	<u>5,472,843</u>
Noncurrent liabilities:		
Refundable contracts	142,542	142,542
Compensated absences payable	189,067	194,008
Net pension obligation	478,481	474,525
Revenue bonds payable	58,665,416	57,692,161
Total noncurrent liabilities	<u>59,475,506</u>	<u>58,503,236</u>
Total liabilities	<u>65,444,351</u>	<u>63,976,079</u>
Net Position		
Net position:		
Net investment in capital assets	50,544,766	49,694,416
Unrestricted	19,473,353	17,616,986
	<u>70,018,119</u>	<u>67,311,402</u>
Total net position	<u>\$ 70,018,119</u>	<u>67,311,402</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 21,364,852	21,153,165
Other	354,060	389,605
Total operating revenues	<u>21,718,912</u>	<u>21,542,770</u>
Operating expenses:		
Salaries and wages	2,696,831	2,538,040
Employee benefits	1,045,895	1,046,291
Purchased professional/technical services	832,845	703,283
Purchased property services	96,083	64,409
Maintenance	1,266,790	1,278,523
Other purchased services	250,805	259,951
Supplies	2,053,091	2,225,538
Other	2,952,475	2,904,910
Depreciation	4,553,863	3,990,260
Total operating expenses	<u>15,748,678</u>	<u>15,011,205</u>
Operating income	<u>5,970,234</u>	<u>6,531,565</u>
Nonoperating revenues (expenses):		
Investment earnings	55,685	64,610
Loss on retirement of capital assets	(352,770)	-
Interest expense and fiscal charges	(2,286,691)	(2,623,134)
Total nonoperating revenues (expenses)	<u>(2,583,776)</u>	<u>(2,558,524)</u>
Income before contributions and transfers	3,386,458	3,973,041
Capital contributions	91,992	-
Transfers out	(771,733)	(759,950)
Change in net position	2,706,717	3,213,091
Total net position, beginning of year	<u>67,311,402</u>	<u>64,098,311</u>
Total net position, end of year	<u>\$ 70,018,119</u>	<u>67,311,402</u>

See accompanying independent auditor's report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 21,511,263	21,436,772
Cash paid to suppliers for goods and services	(7,327,485)	(7,268,732)
Cash paid to employees for services	(3,728,058)	(3,518,373)
Net cash provided by operating activities	<u>10,455,720</u>	<u>10,649,667</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	(771,733)	(759,950)
Net cash used for noncapital financing activities	<u>(771,733)</u>	<u>(759,950)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,655,835)	(5,193,470)
Proceeds from sale of debt	5,209,076	24,135
Capital contributions	-	489,286
Principal paid on debt	(3,848,721)	(4,055,906)
Interest paid on debt	(2,481,641)	(2,754,225)
Net cash used for capital and related financing activities	<u>(4,777,121)</u>	<u>(11,490,180)</u>
Cash flows from investing activities:		
Investment earnings	55,951	64,867
Note payments from other entities	43,665	42,272
Net cash provided by investing activities	<u>99,616</u>	<u>107,139</u>
Net increase (decrease) in cash and cash equivalents	5,006,482	(1,493,324)
Cash and cash equivalents, beginning of year	<u>27,352,103</u>	<u>28,845,427</u>
Cash and cash equivalents, end of year	<u>\$ 32,358,585</u>	<u>27,352,103</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,970,234	6,531,565
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	10,386	27,844
Depreciation/amortization	4,553,863	3,990,260
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(218,035)	(133,842)
Inventory	4,744	(4,752)
Deferred charges	-	(60,724)
Increase (decrease) in liabilities:		
Accounts payable	210,239	18,842
Accrued liabilities	(67,091)	213,849
Compensated absences payable	(12,576)	30,489
Net pension obligation	3,956	36,136
Net cash provided by operating activities	<u>\$ 10,455,720</u>	<u>10,649,667</u>
Schedule of noncash capital and related financing activities:		
Payment to refunded bond escrow agent	<u>\$ 8,681,405</u>	<u>7,583,121</u>

See accompanying independent auditor's report.



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 11,492,029	9,990,138
Accounts receivable, net of allowance	2,146,642	2,154,644
Restricted cash and investments	-	1,960
Total current assets	13,638,671	12,146,742
Noncurrent assets:		
Restricted cash and investments	-	280,311
Deferred charges	64,770	77,117
Capital assets:		
Land	1,753,855	1,753,855
Buildings	1,370,137	1,370,137
Improvements other than buildings	23,936,392	23,936,392
Equipment	15,398,712	16,046,566
Construction in progress	62,197	27,574
Less: accumulated depreciation and amortization	(29,443,972)	(28,390,334)
Total capital assets	13,077,321	14,744,190
Total noncurrent assets	13,142,091	15,101,618
Total assets	26,780,762	27,248,360

See accompanying independent auditor's report.

	<u>2013</u>	<u>2012</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 221,766	117,337
Accrued liabilities	225,743	257,429
Compensated absences payable	351,493	343,161
Revenue bonds payable	945,000	905,000
Accrued interest payable	38,543	49,245
	<u>1,782,545</u>	<u>1,672,172</u>
Current liabilities payable from restricted assets:		
Accounts payable	-	1,960
	<u>-</u>	<u>1,960</u>
Total current liabilities	<u>1,782,545</u>	<u>1,674,132</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	4,290,174	4,052,246
Compensated absences payable	216,698	195,609
Net pension obligation	476,496	472,571
Bonds payable	5,091,923	6,104,383
Total noncurrent liabilities	<u>10,075,291</u>	<u>10,824,809</u>
Total liabilities	<u>11,857,836</u>	<u>12,498,941</u>
Net Position		
Net position:		
Net investment in capital assets	7,040,398	8,015,118
Unrestricted	7,882,528	6,734,301
Total net position	<u>\$ 14,922,926</u>	<u>14,749,419</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 16,068,416	16,313,819
Other	420,779	217,915
Total operating revenues	<u>16,489,195</u>	<u>16,531,734</u>
Operating expenses:		
Salaries and wages	2,844,841	2,721,146
Employee benefits	1,401,326	1,383,846
Purchased professional/technical services	1,472,130	1,375,694
Maintenance	1,683,604	1,789,663
Other purchased services	134,337	120,142
Supplies	1,932,166	1,841,963
Other	2,463,361	2,350,393
Depreciation/amortization	3,901,930	3,987,971
Total operating expenses	<u>15,833,695</u>	<u>15,570,818</u>
Operating income	<u>655,500</u>	<u>960,916</u>
Nonoperating revenues (expenses):		
Investment earnings	21,907	28,534
Intergovernmental revenue	-	3,760
Interest expense and fiscal charges	(191,564)	(283,436)
Total nonoperating revenues (expenses)	<u>(169,657)</u>	<u>(251,142)</u>
Income before contributions and transfers	485,843	709,774
Transfers out	<u>(312,336)</u>	<u>(289,956)</u>
Change in net position	173,507	419,818
Total net position, beginning of year	<u>14,749,419</u>	<u>14,329,601</u>
Total net position, end of year	<u>\$ 14,922,926</u>	<u>14,749,419</u>

See accompanying independent auditor's report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 16,497,197	16,227,013
Cash paid to suppliers for goods and services	(7,394,758)	(7,289,097)
Cash paid to employees for services	(4,192,990)	(4,053,373)
Net cash provided by operating activities	4,909,449	4,884,543
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	3,760
Transfer to other funds	(312,336)	(289,956)
Net cash used for noncapital financing activities	(312,336)	(286,196)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,237,021)	(3,995,507)
Proceeds from sale of debt	435	701
Principal paid on debt	(905,000)	(875,000)
Interest paid on debt	(257,814)	(320,061)
Net cash used for capital and related financing activities	(3,399,400)	(5,189,867)
Cash flows from investing activities:		
Investment earnings	21,907	28,534
Net cash provided by investing activities	21,907	28,534
Net increase (decrease) in cash and cash equivalents	1,219,620	(562,986)
Cash and cash equivalents, beginning of year	10,272,409	10,835,395
Cash and cash equivalents, end of year	\$ 11,492,029	10,272,409
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 655,500	960,916
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	6,212	19,771
Depreciation/amortization	3,901,930	3,987,971
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	1,790	(324,492)
Increase (decrease) in liabilities:		
Accounts payable	104,429	14,028
Accrued liabilities	(31,686)	(73,882)
Estimated landfill closure and post-closure care costs	237,928	253,041
Compensated absences payable	29,421	11,393
Net pension obligation	3,925	35,797
Net cash provided by operating activities	\$ 4,909,449	4,884,543
Schedule of noncash capital and related financing activities:		
Payment to refunded bond escrow agent	\$ 2,935,565	488,624

See accompanying independent auditor's 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 Position
September 30, 2013
(With Comparative Totals for September 30, 2012)

Assets	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Current assets:			
Cash and investments	\$ 935,526	85,068	383,615
Restricted cash and investments	-	-	-
Accounts receivable, net of allowances	74,859	294,627	568
Due from other funds	139,221	-	-
Intergovernmental receivable	972,665	-	-
Inventories	9,088	40,803	87,524
Total current assets	<u>2,131,359</u>	<u>420,498</u>	<u>471,707</u>
Noncurrent assets:			
Restricted cash and investments	-	-	86,418
Capital assets:			
Land	446,899	-	-
Buildings	14,340,067	24,824,000	3,720,747
Improvements other than buildings	32,289,149	555,845	48,391
Equipment	1,536,080	538,544	308,709
Museum collections	-	-	2,133,424
Construction in progress	2,931,010	126,519	200,772
Less: accumulated depreciation	<u>(20,432,291)</u>	<u>(6,947,044)</u>	<u>(1,049,490)</u>
Total capital assets	<u>31,110,914</u>	<u>19,097,864</u>	<u>5,362,553</u>
Total noncurrent assets	<u>31,110,914</u>	<u>19,097,864</u>	<u>5,448,971</u>
Total assets	<u>33,242,273</u>	<u>19,518,362</u>	<u>5,920,678</u>
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	171,222	216,351	23,380
Accrued liabilities	255,702	80,994	27,305
Unearned revenue	624,489	88,727	-
Due to other funds	-	-	-
Compensated absences payable	52,945	134,133	61,803
Escrow funds	-	-	165,706
	<u>1,104,358</u>	<u>520,205</u>	<u>278,194</u>
Current liabilities payable from restricted assets:			
Accounts payable	-	-	-
Total current liabilities	<u>1,104,358</u>	<u>520,205</u>	<u>278,194</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences payable	-	75,912	54,146
Total noncurrent liabilities	<u>-</u>	<u>75,912</u>	<u>54,146</u>
Total liabilities	<u>1,104,358</u>	<u>596,117</u>	<u>332,340</u>
Net Position			
Net position:			
Net investment in capital assets	31,110,914	19,097,864	5,362,553
Restricted for Texas Ranger Research Center improvements	-	-	6,576
Unrestricted	<u>1,027,001</u>	<u>(175,619)</u>	<u>219,209</u>
Total net position	<u>\$ 32,137,915</u>	<u>18,922,245</u>	<u>5,588,338</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2013	2012
190,539	-	14,925	1,609,673	1,486,819
-	-	-	-	1,269
1,642	92,897	-	464,593	404,636
-	-	-	139,221	7,738
-	2,781,380	-	3,754,045	3,020,615
15,284	395,860	259,078	807,637	772,988
<u>207,465</u>	<u>3,270,137</u>	<u>274,003</u>	<u>6,775,169</u>	<u>5,694,065</u>
-	-	-	86,418	72,692
-	423,284	-	870,183	870,183
8,827,265	6,919,608	713,389	59,345,076	59,329,837
19,050,351	244,951	2,017,246	54,205,933	51,892,724
371,269	10,782,908	741,702	14,279,212	14,079,129
-	-	-	2,133,424	2,116,424
-	46,888	19,178	3,324,367	372,582
(13,752,870)	(8,723,278)	(2,444,232)	(53,349,205)	(48,053,012)
<u>14,496,015</u>	<u>9,694,361</u>	<u>1,047,283</u>	<u>80,808,990</u>	<u>80,607,867</u>
14,496,015	9,694,361	1,047,283	80,895,408	80,680,559
<u>14,703,480</u>	<u>12,964,498</u>	<u>1,321,286</u>	<u>87,670,577</u>	<u>86,374,624</u>
136,115	94,119	67,465	708,652	430,172
67,466	140,527	576,649	1,148,643	967,160
-	413,419	-	1,126,635	1,060,496
-	2,331,634	-	2,331,634	2,438,310
201,083	-	68,641	518,605	433,814
-	-	-	165,706	176,460
<u>404,664</u>	<u>2,979,699</u>	<u>712,755</u>	<u>5,999,875</u>	<u>5,506,412</u>
-	-	-	-	1,269
<u>404,664</u>	<u>2,979,699</u>	<u>712,755</u>	<u>5,999,875</u>	<u>5,507,681</u>
-	-	693,704	693,704	742,092
28,064	-	106,303	264,425	358,182
<u>28,064</u>	<u>-</u>	<u>800,007</u>	<u>958,129</u>	<u>1,100,274</u>
<u>432,728</u>	<u>2,979,699</u>	<u>1,512,762</u>	<u>6,958,004</u>	<u>6,607,955</u>
14,496,015	9,694,361	1,047,283	80,808,990	80,607,867
-	-	-	6,576	6,834
(225,263)	290,438	(1,238,759)	(102,993)	(848,032)
<u>14,270,752</u>	<u>9,984,799</u>	<u>(191,476)</u>	<u>80,712,573</u>	<u>79,766,669</u>

City of Waco, Texas
Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

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

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Operating revenues:			
Charges for services	\$ 544,791	661,109	272,985
Net merchandise sales	40,215	214,232	121,688
Contributions	-	118,453	-
Other	220,638	24,292	16,055
Total operating revenues	805,644	1,018,086	410,728
Operating expenses:			
Salaries and wages	420,848	1,122,406	570,982
Employee benefits	170,894	461,748	205,067
Purchased professional/technical services	17,956	177,543	21,817
Purchased property services	19,000	30,897	9,272
Maintenance	52,406	86,117	8,362
Other purchased services	59,312	627,497	42,567
Supplies	145,332	437,405	113,980
Other	320,945	29,316	248,943
Depreciation	1,875,050	826,076	122,585
Total operating expenses	3,081,743	3,799,005	1,343,575
Operating loss	(2,276,099)	(2,780,919)	(932,847)
Nonoperating revenues (expenses):			
Investment earnings	2,374	23	852
Other income	273,653	-	-
Hotel/motel tax	-	2,095,987	-
Contributions	-	-	104,923
Intergovernmental revenue (expense)	87,600	(142,000)	-
Interest expense and fiscal charges	(2,182)	-	-
Total nonoperating revenues (expenses)	361,445	1,954,010	105,775
Loss before contributions and transfers	(1,914,654)	(826,909)	(827,072)
Capital contributions	5,126,448	126,519	217,772
Transfers in	562,679	-	776,047
Change in net position	3,774,473	(700,390)	166,747
Total net position, beginning of year	28,363,442	19,622,635	5,421,591
Total net position, end of year	\$ 32,137,915	18,922,245	5,588,338

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2013	2012
1,391,868	2,518,961	1,218,112	6,607,826	6,469,600
209,833	-	248,178	834,146	756,448
1,600	-	-	120,053	2,609
15,194	1,021,086	149,595	1,446,860	1,235,904
<u>1,618,495</u>	<u>3,540,047</u>	<u>1,615,885</u>	<u>9,008,885</u>	<u>8,464,561</u>
1,330,453	2,960,015	472,908	6,877,612	6,439,349
600,564	666,966	185,496	2,290,735	2,142,894
23,238	857,533	394,989	1,493,076	1,666,414
354,131	21,878	115,688	550,866	794,680
50,686	520,028	67,969	785,568	824,796
64,189	167,262	135,080	1,095,907	952,573
605,796	1,104,070	209,440	2,616,023	2,529,580
110,886	429,831	17,902	1,157,823	1,105,426
1,178,324	1,299,025	183,491	5,484,551	5,130,264
<u>4,318,267</u>	<u>8,026,608</u>	<u>1,782,963</u>	<u>22,352,161</u>	<u>21,585,976</u>
<u>(2,699,772)</u>	<u>(4,486,561)</u>	<u>(167,078)</u>	<u>(13,343,276)</u>	<u>(13,121,415)</u>
37	4	-	3,290	3,822
-	-	-	273,653	232,527
-	-	-	2,095,987	1,897,865
-	-	-	104,923	112,813
-	3,236,157	-	3,181,757	3,042,762
-	-	-	(2,182)	(12,791)
<u>37</u>	<u>3,236,161</u>	<u>-</u>	<u>5,657,428</u>	<u>5,276,998</u>
(2,699,735)	(1,250,400)	(167,078)	(7,685,848)	(7,844,417)
15,239	6,525	-	5,492,503	5,948,333
<u>1,694,653</u>	<u>-</u>	<u>105,870</u>	<u>3,139,249</u>	<u>4,342,367</u>
(989,843)	(1,243,875)	(61,208)	945,904	2,446,283
<u>15,260,595</u>	<u>11,228,674</u>	<u>(130,268)</u>	<u>79,766,669</u>	<u>77,320,386</u>
<u>14,270,752</u>	<u>9,984,799</u>	<u>(191,476)</u>	<u>80,712,573</u>	<u>79,766,669</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	Airport Fund	Convention Services Fund
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Cash received from customers	\$ 804,896	980,472
Cash paid to suppliers for goods and services	(374,533)	(1,281,370)
Cash paid to employees for services	(585,734)	(1,566,106)
Net cash used for operating activities	<u>(155,371)</u>	<u>(1,867,004)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenues	88,646	-
Intergovernmental expenses	-	(142,000)
Contributions	-	-
Hotel/motel tax	-	2,056,865
Passenger facility charges	273,653	-
Payments to other funds	-	-
Transfer from other funds	562,679	-
Repayments of advances from other funds	(48,388)	-
Net cash provided by noncapital financing activities	<u>876,590</u>	<u>1,914,865</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,510,866)	-
Capital contributions	3,667,734	-
Principal paid on capital debt	-	-
Interest paid on capital debt	(2,182)	-
Net cash used for capital and related financing activities	<u>(845,314)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	2,374	23
Net cash provided by investing activities	<u>2,374</u>	<u>23</u>
Net increase (decrease) in cash and cash equivalents	(121,721)	47,884
Cash and cash equivalents, beginning of year	<u>1,057,247</u>	<u>37,184</u>
Cash and cash equivalents, end of year	<u>\$ 935,526</u>	<u>85,068</u>

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2013	2012
410,760	1,616,853	3,571,918	1,615,885	9,000,784	8,504,555
(454,840)	(1,143,322)	(3,093,130)	(1,008,265)	(7,355,460)	(7,520,588)
(762,441)	(1,945,580)	(3,604,196)	(655,567)	(9,119,624)	(8,553,642)
<u>(806,521)</u>	<u>(1,472,049)</u>	<u>(3,125,408)</u>	<u>(47,947)</u>	<u>(7,474,300)</u>	<u>(7,569,675)</u>
-	-	3,280,708	-	3,369,354	3,177,186
-	-	-	-	(142,000)	(150,000)
104,923	-	-	-	104,923	112,813
-	-	-	-	2,056,865	1,894,473
-	-	-	-	273,653	232,527
-	-	(106,676)	-	(106,676)	(14,491)
776,047	1,694,653	-	105,870	3,139,249	3,755,628
-	-	-	-	(48,388)	(53,090)
<u>880,970</u>	<u>1,694,653</u>	<u>3,174,032</u>	<u>105,870</u>	<u>8,646,980</u>	<u>8,955,046</u>
-	(58,796)	(55,153)	(87,921)	(4,712,736)	(4,528,975)
-	-	6,525	-	3,674,259	3,234,445
-	-	-	-	-	(130,000)
-	-	-	-	(2,182)	(9,222)
<u>-</u>	<u>(58,796)</u>	<u>(48,628)</u>	<u>(87,921)</u>	<u>(1,040,659)</u>	<u>(1,433,752)</u>
852	37	4	-	3,290	3,822
<u>852</u>	<u>37</u>	<u>4</u>	<u>-</u>	<u>3,290</u>	<u>3,822</u>
75,301	163,845	-	(29,998)	135,311	(44,559)
394,732	26,694	-	44,923	1,560,780	1,605,339
<u>470,033</u>	<u>190,539</u>	<u>-</u>	<u>14,925</u>	<u>1,696,091</u>	<u>1,560,780</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,276,099)	(2,780,919)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,875,050	826,076
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(748)	(50,348)
Inventories	1,915	(3,085)
Increase (decrease) in liabilities:		
Accounts payable	56,785	108,366
Accrued liabilities	184,478	10,359
Unearned revenue	-	12,734
Compensated absences payable	3,248	9,813
Escrow funds	-	-
	<u> </u>	<u> </u>
Net cash used for operating activities	<u>\$ (155,371)</u>	<u>(1,867,004)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 630,315</u>	<u>126,519</u>

See accompanying independent auditor's report.

Ranger Hall of Fame Fund	Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
				2013	2012
(932,847)	(2,699,772)	(4,486,561)	(167,078)	(13,343,276)	(13,121,415)
122,585	1,178,324	1,299,025	183,491	5,484,551	5,130,264
32	(1,642)	31,871	-	(20,835)	30,206
(7,924)	(1,254)	(2,554)	(21,747)	(34,649)	(85,233)
8,680	98,914	40,143	(18,770)	294,118	(95,556)
3,832	(15,069)	21,374	(23,491)	181,483	173,191
-	-	(28,706)	-	(15,972)	299,633
9,875	(31,550)	-	(352)	(8,966)	28,261
<u>(10,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,754)</u>	<u>70,974</u>
<u>(806,521)</u>	<u>(1,472,049)</u>	<u>(3,125,408)</u>	<u>(47,947)</u>	<u>(7,474,300)</u>	<u>(7,569,675)</u>
<u>217,772</u>	<u>15,239</u>	<u>-</u>	<u>-</u>	<u>989,845</u>	<u>2,824,275</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 935,526	1,057,247
Accounts receivable, net of allowance	74,859	74,111
Due from other funds	139,221	7,738
Intergovernmental receivable	972,665	194,684
Inventory	9,088	11,003
Total current assets	2,131,359	1,344,783
Noncurrent assets:		
Capital assets:		
Land	446,899	446,899
Buildings	14,340,067	14,340,067
Improvements other than buildings	32,289,149	29,975,940
Equipment	1,536,080	1,349,509
Construction in progress	2,931,010	306,516
Less: accumulated depreciation	(20,432,291)	(18,557,241)
Total capital assets	31,110,914	27,861,690
Total noncurrent assets	31,110,914	27,861,690
Total assets	33,242,273	29,206,473
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	171,222	131,344
Accrued liabilities	255,702	71,224
Unearned revenue	624,489	542,378
Compensated absences payable	52,945	49,697
Total current liabilities	1,104,358	794,643
Noncurrent liabilities:		
Advances from other funds	-	48,388
Total noncurrent liabilities	-	48,388
Total liabilities	1,104,358	843,031
Net Position		
Net position:		
Net investment in capital assets	31,110,914	27,861,690
Unrestricted	1,027,001	501,752
Total net position	\$ 32,137,915	28,363,442

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 544,791	556,303
Net merchandise sales	40,215	56,473
Other	<u>220,638</u>	<u>219,854</u>
Total operating revenues	<u>805,644</u>	<u>832,630</u>
Operating expenses:		
Salaries and wages	420,848	405,811
Employee benefits	170,894	166,390
Purchased professional/technical services	17,956	54,415
Purchased property services	19,000	17,513
Maintenance	52,406	58,260
Other purchased services	59,312	60,169
Supplies	145,332	152,702
Other	320,945	295,638
Depreciation	<u>1,875,050</u>	<u>1,719,104</u>
Total operating expenses	<u>3,081,743</u>	<u>2,930,002</u>
Operating loss	<u>(2,276,099)</u>	<u>(2,097,372)</u>
Nonoperating revenues (expenses):		
Investment earnings	2,374	2,637
Intergovernmental revenue	87,600	99,162
Interest expense and fiscal charges	(2,182)	(7,965)
Other income	<u>273,653</u>	<u>232,527</u>
Total nonoperating revenues (expenses)	<u>361,445</u>	<u>326,361</u>
Loss before contributions and transfers	(1,914,654)	(1,771,011)
Capital contributions	5,126,448	3,083,193
Transfers in	<u>562,679</u>	<u>370,573</u>
Change in net position	3,774,473	1,682,755
Total net position, beginning of year	<u>28,363,442</u>	<u>26,680,687</u>
Total net position, end of year	<u>\$ 32,137,915</u>	<u>28,363,442</u>

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 804,896	808,682
Cash paid to suppliers for goods and services	(374,533)	(627,316)
Cash paid to employees for services	(585,734)	(562,010)
Net cash used for operating activities	<u>(155,371)</u>	<u>(380,644)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	88,646	167,179
Passenger facility charges	273,653	232,527
Transfer from other funds	562,679	370,573
Repayments of advances from other funds	(48,388)	(53,090)
Net cash provided by noncapital financing activities	<u>876,590</u>	<u>717,189</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,510,866)	(3,127,074)
Capital contributions	3,667,734	3,193,580
Principal paid on capital debt	-	(130,000)
Interest paid on capital debt	(2,182)	(9,222)
Net cash used for capital and related financing activities	<u>(845,314)</u>	<u>(72,716)</u>
Cash flows from investing activities:		
Investment earnings	2,374	2,637
Net cash provided by investing activities	<u>2,374</u>	<u>2,637</u>
Net increase (decrease) in cash and cash equivalents	(121,721)	266,466
Cash and cash equivalents, beginning of year	<u>1,057,247</u>	<u>790,781</u>
Cash and cash equivalents, end of year	<u>\$ 935,526</u>	<u>1,057,247</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,276,099)	(2,097,372)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,875,050	1,719,104
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(748)	(23,948)
Inventory	1,915	1,469
Increase (decrease) in liabilities:		
Accounts payable	56,785	(15,031)
Accrued liabilities	184,478	25,113
Compensated absences payable	3,248	10,021
Net cash used for operating activities	<u>\$ (155,371)</u>	<u>(380,644)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	<u>\$ 630,315</u>	<u>-</u>

Convention Services Fund

City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and investments	\$ 85,068	37,184
Accounts receivable, net of allowance	294,627	205,157
Inventory	40,803	37,718
Total current assets	<u>420,498</u>	<u>280,059</u>
Noncurrent assets:		
Capital assets:		
Buildings	24,824,000	24,824,000
Improvements other than buildings	555,845	555,845
Equipment	538,544	538,544
Construction in progress	126,519	-
Less: accumulated depreciation	<u>(6,947,044)</u>	<u>(6,120,968)</u>
Total capital assets	<u>19,097,864</u>	<u>19,797,421</u>
Total noncurrent assets	<u>19,097,864</u>	<u>19,797,421</u>
Total assets	<u>19,518,362</u>	<u>20,077,480</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	216,351	107,985
Accrued liabilities	80,994	70,635
Unearned revenue	88,727	75,993
Compensated absences payable	134,133	126,586
Total current liabilities	<u>520,205</u>	<u>381,199</u>
Noncurrent liabilities:		
Compensated absences payable	75,912	73,646
Total noncurrent liabilities	<u>75,912</u>	<u>73,646</u>
Total liabilities	<u>596,117</u>	<u>454,845</u>
Net Position		
Net position:		
Net investment in capital assets	19,097,864	19,797,421
Unrestricted	<u>(175,619)</u>	<u>(174,786)</u>
Total net position	<u>\$ 18,922,245</u>	<u>19,622,635</u>

See accompanying independent auditor's report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 661,109	583,879
Net merchandise sales	214,232	187,179
Contributions	118,453	665
Other	24,292	50
Total operating revenues	<u>1,018,086</u>	<u>771,773</u>
Operating expenses:		
Salaries and wages	1,122,406	1,030,020
Employee benefits	461,748	435,397
Purchased professional/technical services	177,543	233,476
Purchased property services	30,897	25,997
Maintenance	86,117	92,996
Other purchased services	627,497	468,717
Supplies	437,405	405,915
Other	29,316	28,024
Depreciation	826,076	501,738
Total operating expenses	<u>3,799,005</u>	<u>3,222,280</u>
Operating loss	<u>(2,780,919)</u>	<u>(2,450,507)</u>
Nonoperating revenues (expenses):		
Hotel/motel tax	2,095,987	1,897,865
Investment earnings	23	25
Intergovernmental expenses	(142,000)	(150,000)
Total nonoperating revenues (expenses)	<u>1,954,010</u>	<u>1,747,890</u>
Loss before contributions and transfers	(826,909)	(702,617)
Capital contributions	126,519	2,243,718
Transfers in	-	116,337
Change in net position	(700,390)	1,657,438
Total net position, beginning of year	<u>19,622,635</u>	<u>17,965,197</u>
Total net position, end of year	<u>\$ 18,922,245</u>	<u>19,622,635</u>

See accompanying independent auditor's report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 980,472	835,965
Cash paid to suppliers for goods and services	(1,281,370)	(1,273,690)
Cash paid to employees for services	<u>(1,566,106)</u>	<u>(1,458,391)</u>
Net cash used for operating activities	<u>(1,867,004)</u>	<u>(1,896,116)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	2,056,865	1,894,473
Intergovernmental expenses	(142,000)	(150,000)
Transfer from other funds	<u>-</u>	<u>116,337</u>
Net cash provided by noncapital financing activities	<u>1,914,865</u>	<u>1,860,810</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>-</u>	<u>(6,879)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(6,879)</u>
Cash flows from investing activities:		
Investment earnings	<u>23</u>	<u>25</u>
Net cash provided by investing activities	<u>23</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	47,884	(42,160)
Cash and cash equivalents, beginning of year	<u>37,184</u>	<u>79,344</u>
Cash and cash equivalents, end of year	<u>\$ 85,068</u>	<u>37,184</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,780,919)	(2,450,507)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	826,076	501,738
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(50,348)	52,461
Inventory	(3,085)	(290)
Increase (decrease) in liabilities:		
Accounts payable	108,366	(23,524)
Accrued liabilities	10,359	7,048
Unearned revenue	12,734	11,731
Compensated absences payable	<u>9,813</u>	<u>5,227</u>
Net cash used for operating activities	<u>\$ (1,867,004)</u>	<u>(1,896,116)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 126,519</u>	<u>2,243,718</u>

See accompanying independent auditor's report.

Ranger Hall of Fame Fund

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 383,615	320,771
Restricted cash and investments	-	1,269
Accounts receivable, net of allowance	568	600
Inventory	87,524	79,600
Total current assets	471,707	402,240
Noncurrent assets:		
Restricted cash and investments	86,418	72,692
Capital assets:		
Buildings	3,720,747	3,720,747
Improvements other than buildings	48,391	48,391
Equipment	308,709	308,709
Museum collections	2,133,424	2,116,424
Construction in progress	200,772	-
Less: accumulated depreciation	(1,049,490)	(926,905)
Total capital assets	5,362,553	5,267,366
Total noncurrent assets	5,448,971	5,340,058
Total assets	5,920,678	5,742,298
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	23,380	13,431
Accrued liabilities	27,305	23,473
Compensated absences payable	61,803	54,355
Escrow funds	165,706	176,460
	278,194	267,719
Current liabilities payable from restricted assets:		
Accounts payable	-	1,269
	-	1,269
Total current liabilities	278,194	268,988
Noncurrent liabilities:		
Compensated absences payable	54,146	51,719
Total noncurrent liabilities	54,146	51,719
Total liabilities	332,340	320,707
Net Position		
Net position:		
Net investment in capital assets	5,362,553	5,267,366
Restricted for Texas Ranger Research Center improvements	6,576	6,834
Unrestricted	219,209	147,391
Total net position	\$ 5,588,338	5,421,591

See accompanying independent auditor's report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 272,985	294,469
Net merchandise sales	121,688	133,354
Other	16,055	20,626
Total operating revenues	<u>410,728</u>	<u>448,449</u>
Operating expenses:		
Salaries and wages	570,982	539,247
Employee benefits	205,067	198,687
Purchased professional/technical services	21,817	24,614
Purchased property services	9,272	8,678
Maintenance	8,362	9,762
Other purchased services	42,567	46,133
Supplies	113,980	99,637
Other	248,943	204,773
Depreciation	122,585	75,609
Total operating expenses	<u>1,343,575</u>	<u>1,207,140</u>
Operating loss	<u>(932,847)</u>	<u>(758,691)</u>
Nonoperating revenues:		
Investment earnings	852	1,154
Contributions	104,923	112,813
Intergovernmental expense	-	(2,005)
Total nonoperating revenues	<u>105,775</u>	<u>111,962</u>
Loss before contributions and transfers	(827,072)	(646,729)
Capital contributions	217,772	11,748
Transfers in	<u>776,047</u>	<u>1,124,396</u>
Change in net position	166,747	489,415
Total net position, beginning of year	<u>5,421,591</u>	<u>4,932,176</u>
Total net position, end of year	<u>\$ 5,588,338</u>	<u>5,421,591</u>

See accompanying independent auditor's report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 410,760	448,449
Cash paid to suppliers for goods and services	(454,840)	(383,908)
Cash paid to employees for services	(762,441)	(752,565)
Net cash used for operating activities	<u>(806,521)</u>	<u>(688,024)</u>
Cash flows from noncapital financing activities:		
Contributions	104,923	112,813
Transfer from other funds	776,047	1,124,396
Net cash provided by noncapital financing activities	<u>880,970</u>	<u>1,237,209</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(886,810)
Capital contributions	-	3,459
Net cash used for capital and related financing activities	<u>-</u>	<u>(883,351)</u>
Cash flows from investing activities:		
Investment earnings	852	1,154
Net cash provided by investing activities	<u>852</u>	<u>1,154</u>
Net increase (decrease) in cash and cash equivalents	75,301	(333,012)
Cash and cash equivalents, beginning of year	<u>394,732</u>	<u>727,744</u>
Cash and cash equivalents, end of year	<u>\$ 470,033</u>	<u>394,732</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (932,847)	(758,691)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	122,585	75,609
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	32	-
Inventory	(7,924)	(10,010)
Increase (decrease) in liabilities:		
Accounts payable	8,680	(4,414)
Accrued liabilities	3,832	(47,737)
Compensated absences payable	9,875	(13,755)
Escrow funds	(10,754)	70,974
Net cash used for operating activities	<u>\$ (806,521)</u>	<u>(688,024)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 217,772</u>	<u>8,289</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 190,539	26,694
Accounts receivable, net of allowance	1,642	-
Inventory	15,284	14,030
Total current assets	207,465	40,724
Noncurrent assets:		
Capital assets:		
Buildings	8,827,265	8,812,026
Improvements other than buildings	19,050,351	19,050,351
Equipment	371,269	347,538
Less: accumulated depreciation	(13,752,870)	(12,609,611)
Total capital assets	14,496,015	15,600,304
Total noncurrent assets	14,496,015	15,600,304
Total assets	14,703,480	15,641,028
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	136,115	37,201
Accrued liabilities	67,466	82,535
Compensated absences payable	201,083	132,989
Total current liabilities	404,664	252,725
Noncurrent liabilities:		
Compensated absences payable	28,064	127,708
Total noncurrent liabilities	28,064	127,708
Total liabilities	432,728	380,433
Net Position		
Net position:		
Net investment in capital assets	14,496,015	15,600,304
Unrestricted	(225,263)	(339,709)
Total net position	\$ 14,270,752	15,260,595

See accompanying independent auditor's report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	2013	2012
Operating revenues:		
Charges for services	\$ 1,391,868	1,374,747
Net merchandise sales	209,833	224,389
Contributions	1,600	1,944
Other	15,194	1,474
Total operating revenues	1,618,495	1,602,554
Operating expenses:		
Salaries and wages	1,330,453	1,208,680
Employee benefits	600,564	545,224
Purchased professional/technical services	23,238	32,766
Purchased property services	354,131	472,398
Maintenance	50,686	54,058
Other purchased services	64,189	68,704
Supplies	605,796	601,448
Other	110,886	175,526
Depreciation	1,178,324	1,237,836
Total operating expenses	4,318,267	4,396,640
Operating loss	(2,699,772)	(2,794,086)
Nonoperating revenues:		
Investment earnings	37	-
Loss before contributions and transfers	(2,699,735)	(2,794,086)
Capital contributions	15,239	572,268
Transfers in	1,694,653	1,544,337
Change in net position	(989,843)	(677,481)
Total net position, beginning of year	15,260,595	15,938,076
Total net position, end of year	\$ 14,270,752	15,260,595

See accompanying independent auditor's report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,616,853	1,601,003
Cash paid to suppliers for goods and services	(1,143,322)	(1,378,791)
Cash paid to employees for services	<u>(1,945,580)</u>	<u>(1,715,028)</u>
Net cash used for operating activities	<u>(1,472,049)</u>	<u>(1,492,816)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	<u>1,694,653</u>	<u>1,544,337</u>
Net cash provided by noncapital financing activities	<u>1,694,653</u>	<u>1,544,337</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(58,796)</u>	<u>(26,772)</u>
Net cash used for noncapital financing activities	<u>(58,796)</u>	<u>(26,772)</u>
Cash flows from investing activities:		
Investment earnings	<u>37</u>	<u>-</u>
Net cash provided by investing activities	<u>37</u>	<u>-</u>
Net increase in cash and cash equivalents	163,845	24,749
Cash and cash equivalents, beginning of year	<u>26,694</u>	<u>1,945</u>
Cash and cash equivalents, end of year	<u>\$ 190,539</u>	<u>26,694</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,699,772)	(2,794,086)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,178,324	1,237,836
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(1,642)	392
Inventory	(1,254)	646
Increase (decrease) in liabilities:		
Accounts payable	98,914	(8,023)
Accrued liabilities	(15,069)	34,891
Unearned revenue	-	(1,943)
Compensated absences payable	<u>(31,550)</u>	<u>37,471</u>
Net cash used for operating activities	<u>\$ (1,472,049)</u>	<u>(1,492,816)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 15,239</u>	<u>572,268</u>

See accompanying independent auditor's report.

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Accounts receivable	\$ 92,897	124,768
Intergovernmental receivable	2,781,380	2,825,931
Inventory	395,860	393,306
Total current assets	3,270,137	3,344,005
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	10,782,908	10,812,677
Construction work in progress	46,888	46,888
Less: accumulated depreciation	(8,723,278)	(7,509,175)
Total capital assets	9,694,361	10,938,233
Total noncurrent assets	9,694,361	10,938,233
Total assets	12,964,498	14,282,238
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	94,119	53,976
Accrued liabilities	140,527	119,153
Unearned revenue	413,419	442,125
Due to other funds	2,331,634	2,438,310
Total current liabilities	2,979,699	3,053,564
Net Position		
Net position:		
Net investment in capital assets	9,694,361	10,938,233
Unrestricted	290,438	290,441
Total net position	\$ 9,984,799	11,228,674

See accompanying independent auditor's report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 2,518,961	2,649,335
Other	1,021,086	933,446
Total operating revenues	<u>3,540,047</u>	<u>3,582,781</u>
Operating expenses:		
Salaries and wages	2,960,015	2,784,327
Employee benefits	666,966	613,088
Purchased professional/technical services	857,533	980,753
Purchased property services	21,878	25,100
Maintenance	520,028	532,327
Other purchased services	167,262	179,586
Supplies	1,104,070	1,031,974
Other	429,831	396,847
Depreciation	1,299,025	1,426,312
Total operating expenses	<u>8,026,608</u>	<u>7,970,314</u>
Operating loss	<u>(4,486,561)</u>	<u>(4,387,533)</u>
Nonoperating revenues:		
Investment earnings	4	6
Intergovernmental revenue	3,236,157	3,095,605
Total nonoperating revenues	<u>3,236,161</u>	<u>3,095,611</u>
Loss before capital contributions	(1,250,400)	(1,291,922)
Capital contributions	<u>6,525</u>	<u>37,406</u>
Change in net position	(1,243,875)	(1,254,516)
Total net position, beginning of year	<u>11,228,674</u>	<u>12,483,190</u>
Total net position, end of year	<u>\$ 9,984,799</u>	<u>11,228,674</u>

See accompanying independent auditor's report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,571,918	3,584,052
Cash paid to suppliers for goods and services	(3,093,130)	(3,046,606)
Cash paid to employees for services	(3,604,196)	(3,398,578)
Net cash used for operating activities	<u>(3,125,408)</u>	<u>(2,861,132)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	3,280,708	3,010,007
Payments to other funds	(106,676)	(14,491)
Net cash provided by noncapital financing activities	<u>3,174,032</u>	<u>2,995,516</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(55,153)	(171,796)
Capital contributions	6,525	37,406
Net cash used for capital and related financing activities	<u>(48,628)</u>	<u>(134,390)</u>
Cash flows from investing activities:		
Investment earnings	4	6
Net cash provided by investing activities	<u>4</u>	<u>6</u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (4,486,561)	(4,387,533)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,299,025	1,426,312
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	31,871	1,271
Inventory	(2,554)	(66,878)
Increase (decrease) in liabilities:		
Accounts payable	40,143	(90,691)
Accrued liabilities	21,374	(33,458)
Unearned revenue	(28,706)	289,845
Net cash used for operating activities	<u>\$ (3,125,408)</u>	<u>(2,861,132)</u>

See accompanying independent auditor's report.

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash	\$ 14,925	44,923
Inventory	259,078	237,331
Total current assets	<u>274,003</u>	<u>282,254</u>
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	2,017,246	2,017,246
Equipment	741,702	722,152
Construction in progress	19,178	19,178
Less: accumulated depreciation	<u>(2,444,232)</u>	<u>(2,329,112)</u>
Total capital assets	<u>1,047,283</u>	<u>1,142,853</u>
Total noncurrent assets	<u>1,047,283</u>	<u>1,142,853</u>
Total assets	<u>1,321,286</u>	<u>1,425,107</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	67,465	86,235
Accrued liabilities	576,649	600,140
Compensated absences payable	68,641	70,187
Total current liabilities	<u>712,755</u>	<u>756,562</u>
Noncurrent liabilities:		
Advances from other funds	693,704	693,704
Compensated absences payable	106,303	105,109
Total noncurrent liabilities	<u>800,007</u>	<u>798,813</u>
Total liabilities	<u>1,512,762</u>	<u>1,555,375</u>
Net Position		
Net position:		
Net investment in capital assets	1,047,283	1,142,853
Unrestricted	<u>(1,238,759)</u>	<u>(1,273,121)</u>
Total net position	<u>\$ (191,476)</u>	<u>(130,268)</u>

See accompanying independent auditor's report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 1,218,112	1,010,867
Net merchandise sales	248,178	155,053
Other	<u>149,595</u>	<u>60,454</u>
Total operating revenues	<u>1,615,885</u>	<u>1,226,374</u>
Operating expenses:		
Salaries and wages	472,908	471,264
Employee benefits	185,496	184,108
Purchased professional/technical services	394,989	340,390
Purchased property services	115,688	244,994
Maintenance	67,969	77,393
Other purchased services	135,080	129,264
Supplies	209,440	237,904
Other	17,902	4,618
Depreciation	<u>183,491</u>	<u>169,665</u>
Total operating expenses	<u>1,782,963</u>	<u>1,859,600</u>
Operating loss	<u>(167,078)</u>	<u>(633,226)</u>
Nonoperating revenues (expenses):		
Interest expense	<u>-</u>	<u>(4,826)</u>
Total nonoperating revenues	<u>-</u>	<u>(4,826)</u>
Loss before transfers	(167,078)	(638,052)
Transfers in	<u>105,870</u>	<u>1,186,724</u>
Change in net position	(61,208)	548,672
Total net position, beginning of year	<u>(130,268)</u>	<u>(678,940)</u>
Total net position, end of year	<u>\$ (191,476)</u>	<u>(130,268)</u>

See accompanying independent auditor's report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,615,885	1,226,404
Cash paid to suppliers for goods and services	(1,008,265)	(810,277)
Cash paid to employees for services	(655,567)	(667,070)
Net cash used for operating activities	<u>(47,947)</u>	<u>(250,943)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	105,870	599,985
Net cash provided by noncapital financing activities	<u>105,870</u>	<u>599,985</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(87,921)	(309,644)
Net cash used for capital and related financing activities	<u>(87,921)</u>	<u>(309,644)</u>
Net increase (decrease) in cash and cash equivalents	(29,998)	39,398
Cash and cash equivalents, beginning of year	<u>44,923</u>	<u>5,525</u>
Cash and cash equivalents, end of year	<u>\$ 14,925</u>	<u>44,923</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (167,078)	(633,226)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	183,491	169,665
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	30
Inventory	(21,747)	(10,170)
Increase (decrease) in liabilities:		
Accounts payable	(18,770)	46,127
Accrued liabilities	(23,491)	187,334
Compensated absences payable	(352)	(10,703)
Net cash used for operating activities	<u>\$ (47,947)</u>	<u>(250,943)</u>

See accompanying independent auditor's 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 Position
September 30, 2013
(With Comparative Totals for September 30, 2012)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2013	2012
Assets						
Current assets:						
Cash and investments	\$ 5,299,886	4,989,685	342,756	287,968	10,920,295	12,138,661
Accounts receivable, net of allowances	897	-	-	-	897	2,585
Inventories	-	-	-	199,244	199,244	190,577
Total current assets	<u>5,300,783</u>	<u>4,989,685</u>	<u>342,756</u>	<u>487,212</u>	<u>11,120,436</u>	<u>12,331,823</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	24,400	14,400	38,800	38,800
Buildings	-	-	-	902,185	902,185	535,145
Improvements other than buildings	-	-	-	118,289	118,289	118,289
Equipment	26,659	-	216,590	819,316	1,062,565	1,057,417
Less: accumulated depreciation	(3,935)	-	(143,591)	(1,143,627)	(1,291,153)	(1,254,958)
Total capital assets	<u>22,724</u>	<u>-</u>	<u>97,399</u>	<u>710,563</u>	<u>830,686</u>	<u>494,693</u>
Total noncurrent assets	<u>22,724</u>	<u>-</u>	<u>97,399</u>	<u>710,563</u>	<u>830,686</u>	<u>494,693</u>
Total assets	<u>5,323,507</u>	<u>4,989,685</u>	<u>440,155</u>	<u>1,197,775</u>	<u>11,951,122</u>	<u>12,826,516</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	138,874	930	4,367	193,215	337,386	231,632
Accrued liabilities	66,479	149,441	34,818	26,297	277,035	304,856
Due to other funds	470,073	-	-	-	470,073	702,577
Compensated absences payable	53,751	-	132,977	71,476	258,204	264,182
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	2,217,019	1,053,000	-	-	3,270,019	3,063,074
Total current liabilities	<u>2,946,196</u>	<u>1,203,371</u>	<u>172,700</u>	<u>290,988</u>	<u>4,613,255</u>	<u>4,566,859</u>
Noncurrent liabilities:						
Compensated absences payable	35,299	-	97,652	-	132,951	122,481
Net pension obligation	57,097	2,681	179,601	132,295	371,674	368,509
Total noncurrent liabilities	<u>92,396</u>	<u>2,681</u>	<u>277,253</u>	<u>132,295</u>	<u>504,625</u>	<u>490,990</u>
Total liabilities	<u>3,038,592</u>	<u>1,206,052</u>	<u>449,953</u>	<u>423,283</u>	<u>5,117,880</u>	<u>5,057,849</u>
Net Position						
Net investment in capital assets	22,724	-	97,399	710,563	830,686	494,693
Unrestricted	<u>2,262,191</u>	<u>3,783,633</u>	<u>(107,197)</u>	<u>63,929</u>	<u>6,002,556</u>	<u>7,273,974</u>
Total net position	<u>\$ 2,284,915</u>	<u>3,783,633</u>	<u>(9,798)</u>	<u>774,492</u>	<u>6,833,242</u>	<u>7,768,667</u>

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses and
Changes in Net Position
Year Ended September 30, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2013	2012
Operating revenues:						
Charges for services	\$ 2,751,331	11,558,242	1,847,885	1,525,222	17,682,680	16,163,217
Other	-	-	6,426	16,147	22,573	16,749
Total operating revenues	<u>2,751,331</u>	<u>11,558,242</u>	<u>1,854,311</u>	<u>1,541,369</u>	<u>17,705,253</u>	<u>16,179,966</u>
Operating expenses:						
Salaries and wages	385,386	52,300	1,074,810	791,008	2,303,504	2,274,435
Employee benefits	127,791	17,983	393,725	337,130	876,629	897,552
Purchased professional/ technical services	160,766	1,751,558	67	23,878	1,936,269	1,633,886
Purchased property services	-	2,030	52,785	4,033	58,848	55,952
Maintenance	274	-	43,741	78,167	122,182	77,996
Other purchased services	767,949	741	50,807	25,593	845,090	827,667
Supplies	49,948	1,486	36,113	94,818	182,365	238,062
Other	1,616,707	9,616,648	235,950	215,260	11,684,565	11,346,117
Depreciation	3,405	-	25,512	73,552	102,469	99,626
Total operating expenses	<u>3,112,226</u>	<u>11,442,746</u>	<u>1,913,510</u>	<u>1,643,439</u>	<u>18,111,921</u>	<u>17,451,293</u>
Operating income (loss)	<u>(360,895)</u>	<u>115,496</u>	<u>(59,199)</u>	<u>(102,070)</u>	<u>(406,668)</u>	<u>(1,271,327)</u>
Nonoperating revenues:						
Investment earnings	11,769	10,007	433	277	22,486	33,855
Total nonoperating revenues	<u>11,769</u>	<u>10,007</u>	<u>433</u>	<u>277</u>	<u>22,486</u>	<u>33,855</u>
Income (loss) before contributions and transfers	(349,126)	125,503	(58,766)	(101,793)	(384,182)	(1,237,472)
Capital contributions	-	-	-	193,427	193,427	17,489
Transfers out	<u>(744,670)</u>	-	-	-	<u>(744,670)</u>	<u>(733,003)</u>
Change in net position	(1,093,796)	125,503	(58,766)	91,634	(935,425)	(1,952,986)
Total net position, beginning of year	<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>
Total net position, end of year	<u>\$ 2,284,915</u>	<u>3,783,633</u>	<u>(9,798)</u>	<u>774,492</u>	<u>6,833,242</u>	<u>7,768,667</u>

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2013
(With Comparative Totals for Year Ended September 30, 2012)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2013	2012
Cash flows from operating activities:						
Cash received from customers	\$ 2,752,428	11,558,242	1,854,902	1,541,369	17,706,941	16,177,605
Cash paid to suppliers for goods and services	(2,352,998)	(11,418,526)	(419,630)	(377,525)	(14,568,679)	(14,921,479)
Cash paid to employees for services	(511,153)	(69,878)	(1,444,338)	(1,131,536)	(3,156,905)	(3,130,060)
Net cash provided by (used for) operating activities	(111,723)	69,838	(9,066)	32,308	(18,643)	(1,873,934)
Cash flows from noncapital financing activities:						
Transfer to other funds	(977,174)	-	-	-	(977,174)	(42,566)
Net cash used for noncapital financing activities	(977,174)	-	-	-	(977,174)	(42,566)
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(21,474)	-	(35,167)	(188,394)	(245,035)	(67,092)
Net cash used for capital and related financing activities	(21,474)	-	(35,167)	(188,394)	(245,035)	(67,092)
Cash flows from investing activities:						
Investment earnings	11,769	10,007	433	277	22,486	33,855
Net cash provided by investing activities	11,769	10,007	433	277	22,486	33,855
Net increase (decrease) in cash and cash equivalents	(1,098,602)	79,845	(43,800)	(155,809)	(1,218,366)	(1,949,737)
Cash and cash equivalents, beginning of year	6,398,488	4,909,840	386,556	443,777	12,138,661	14,088,398
Cash and cash equivalents, end of year	\$ 5,299,886	4,989,685	342,756	287,968	10,920,295	12,138,661
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (360,895)	115,496	(59,199)	(102,070)	(406,668)	(1,271,327)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	3,405	-	25,512	73,552	102,469	99,626
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	1,097	-	591	-	1,688	(2,361)
Inventories	-	-	-	(8,667)	(8,667)	(53,962)
Increase (decrease) in liabilities:						
Accounts payable	29,244	(418)	397	76,531	105,754	52,673
Accrued liabilities	17,657	(54,312)	8,445	389	(27,821)	(201,721)
Compensated absences payable	(690)	-	13,700	(8,518)	4,492	15,317
Net pension obligation	514	72	1,488	1,091	3,165	31,788
Estimated claims and judgments	197,945	9,000	-	-	206,945	(543,967)
Net cash provided by (used for) operating activities	\$ (111,723)	69,838	(9,066)	32,308	(18,643)	(1,873,934)
Schedule of noncash capital and related financing activities:						
Contributions of capital assets	\$ -	-	-	193,427	193,427	17,489

See accompanying independent auditor's report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and investments	\$ 5,299,886	6,398,488
Accounts receivable	897	1,994
Total current assets	<u>5,300,783</u>	<u>6,400,482</u>
Noncurrent assets:		
Capital assets:		
Equipment	26,659	21,595
Less: accumulated depreciation	<u>(3,935)</u>	<u>(16,940)</u>
Total capital assets	<u>22,724</u>	<u>4,655</u>
Total assets	<u>5,323,507</u>	<u>6,405,137</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	138,874	109,630
Accrued liabilities	66,479	48,822
Due to other funds	470,073	702,577
Compensated absences payable	53,751	48,463
Estimated claims and judgments	<u>2,217,019</u>	<u>2,019,074</u>
Total current liabilities	<u>2,946,196</u>	<u>2,928,566</u>
Noncurrent liabilities:		
Compensated absences payable	35,299	41,277
Net pension obligation	<u>57,097</u>	<u>56,583</u>
Total noncurrent liabilities	<u>92,396</u>	<u>97,860</u>
Total liabilities	<u>3,038,592</u>	<u>3,026,426</u>
Net Position		
Net investment in capital assets	22,724	4,655
Unrestricted	<u>2,262,191</u>	<u>3,374,056</u>
Total net position	<u>\$ 2,284,915</u>	<u>3,378,711</u>

See accompanying independent auditor's report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ <u>2,751,331</u>	<u>2,668,019</u>
Total operating revenues	<u>2,751,331</u>	<u>2,668,019</u>
Operating expenses:		
Salaries and wages	385,386	373,662
Employee benefits	127,791	131,575
Purchased professional/technical services	160,766	156,387
Maintenance	274	292
Other purchased services	767,949	749,871
Supplies	49,948	71,311
Other	1,616,707	1,027,156
Depreciation	3,405	3,088
Total operating expenses	<u>3,112,226</u>	<u>2,513,342</u>
Operating income (loss)	<u>(360,895)</u>	<u>154,677</u>
Nonoperating revenues:		
Investment earnings	<u>11,769</u>	<u>17,900</u>
Total nonoperating revenues	<u>11,769</u>	<u>17,900</u>
Income (loss) before transfers	(349,126)	172,577
Transfers out	<u>(744,670)</u>	<u>(733,003)</u>
Change in net position	(1,093,796)	(560,426)
Total net position, beginning of year	<u>3,378,711</u>	<u>3,939,137</u>
Total net position, end of year	<u>\$ <u>2,284,915</u></u>	<u><u>3,378,711</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,752,428	2,666,249
Cash paid to suppliers for goods and services	(2,352,998)	(2,511,032)
Cash paid to employees for services	(511,153)	(490,251)
Net cash used for operating activities	<u>(111,723)</u>	<u>(335,034)</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	(977,174)	(42,566)
Net cash used for noncapital financing activities	<u>(977,174)</u>	<u>(42,566)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(21,474)	-
Net cash used for capital and related financing activities	<u>(21,474)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	11,769	17,900
Net cash provided by investing activities	<u>11,769</u>	<u>17,900</u>
Net decrease in cash and cash equivalents	(1,098,602)	(359,700)
Cash and cash equivalents, beginning of year	<u>6,398,488</u>	<u>6,758,188</u>
Cash and cash equivalents, end of year	<u>\$ 5,299,886</u>	<u>6,398,488</u>
Reconciliation of operating income (loss)		
to net cash used for operating activities:		
Operating income (loss)	\$ (360,895)	154,677
Adjustments to reconcile operating income (loss)		
to net cash used for operating activities:		
Depreciation	3,405	3,088
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	1,097	(1,770)
Increase (decrease) in liabilities:		
Accounts payable	29,244	54,200
Accrued liabilities	17,657	(153,346)
Compensated absences payable	(690)	10,268
Net pension obligation	514	4,816
Estimated claims and judgments	197,945	(406,967)
Net cash used for operating activities	<u>\$ (111,723)</u>	<u>(335,034)</u>

See accompanying independent auditor's report.

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 4,989,685	4,909,840
Total current assets	4,989,685	4,909,840
Total assets	4,989,685	4,909,840
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	930	1,348
Accrued liabilities	149,441	203,753
Estimated claims	1,053,000	1,044,000
Total current liabilities	1,203,371	1,249,101
Noncurrent liabilities:		
Net pension obligation	2,681	2,609
Total noncurrent liabilities	2,681	2,609
Total liabilities	1,206,052	1,251,710
Net Position		
Unrestricted	3,783,633	3,658,130
Total net position	\$ 3,783,633	3,658,130

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 11,558,242	10,123,725
Total operating revenues	<u>11,558,242</u>	<u>10,123,725</u>
Operating expenses:		
Salaries and wages	52,300	51,380
Employee benefits	17,983	20,177
Purchased professional/technical services	1,751,558	1,432,686
Purchased property services	2,030	-
Other purchased services	741	215
Supplies	1,486	1,690
Other	9,616,648	9,943,086
Total operating expenses	<u>11,442,746</u>	<u>11,449,234</u>
Operating income (loss)	<u>115,496</u>	<u>(1,325,509)</u>
Nonoperating revenues:		
Investment earnings	10,007	14,137
Total nonoperating revenues	<u>10,007</u>	<u>14,137</u>
Change in net position	125,503	(1,311,372)
Total net position, beginning of year	<u>3,658,130</u>	<u>4,969,502</u>
Total net position, end of year	<u>\$ 3,783,633</u>	<u>3,658,130</u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 11,558,242	10,123,725
Cash paid to suppliers for goods and services	(11,418,526)	(11,560,304)
Cash paid to employees for services	(69,878)	(71,510)
Net cash provided by (used for) operating activities	69,838	(1,508,089)
Cash flows from investing activities:		
Investment earnings	10,007	14,137
Net cash provided by investing activities	10,007	14,137
Net increase (decrease) in cash and cash equivalents	79,845	(1,493,952)
Cash and cash equivalents, beginning of year	4,909,840	6,403,792
Cash and cash equivalents, end of year	\$ 4,989,685	4,909,840
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 115,496	(1,325,509)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Changes in liabilities:		
Increase (decrease) in liabilities:		
Accounts payable	(418)	1,348
Accrued liabilities	(54,312)	(49,537)
Estimated claims	9,000	(137,000)
Net pension obligation	72	2,609
Net cash provided by (used for) operating activities	\$ 69,838	(1,508,089)

See accompanying independent auditor's report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and investments	\$ 342,756	386,556
Accounts receivable, net of allowance	-	591
Total current assets	<u>342,756</u>	<u>387,147</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	216,590	224,673
Less: accumulated depreciation	<u>(143,591)</u>	<u>(161,329)</u>
Total capital assets	<u>97,399</u>	<u>87,744</u>
Total assets	<u>440,155</u>	<u>474,891</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	4,367	3,970
Accrued liabilities	34,818	26,373
Compensated absences payable	132,977	135,725
Escrow funds	<u>538</u>	<u>538</u>
Total current liabilities	<u>172,700</u>	<u>166,606</u>
Noncurrent liabilities:		
Compensated absences payable	97,652	81,204
Net pension obligation	<u>179,601</u>	<u>178,113</u>
Total noncurrent liabilities	<u>277,253</u>	<u>259,317</u>
Total liabilities	<u>449,953</u>	<u>425,923</u>
Net Position		
Net investment in capital assets	97,399	87,744
Unrestricted	<u>(107,197)</u>	<u>(38,776)</u>
Total net position	<u>\$ (9,798)</u>	<u>48,968</u>

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 1,847,885	1,783,084
Other	6,426	5,150
Total operating revenues	<u>1,854,311</u>	<u>1,788,234</u>
Operating expenses:		
Salaries and wages	1,074,810	1,069,916
Employee benefits	393,725	403,991
Purchased professional/technical services	67	849
Purchased property services	52,785	52,785
Maintenance	43,741	38,259
Other purchased services	50,807	54,484
Supplies	36,113	38,565
Other	235,950	191,534
Depreciation	25,512	30,856
Total operating expenses	<u>1,913,510</u>	<u>1,881,239</u>
Operating loss	<u>(59,199)</u>	<u>(93,005)</u>
Nonoperating revenues:		
Investment earnings	433	1,036
Total nonoperating revenues	<u>433</u>	<u>1,036</u>
Loss before capital contributions	(58,766)	(91,969)
Capital contributions	<u>-</u>	<u>17,489</u>
Change in net position	(58,766)	(74,480)
Total net position, beginning of year	<u>48,968</u>	<u>123,448</u>
Total net position, end of year	<u>\$ (9,798)</u>	<u>48,968</u>

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 1,854,902	1,787,643
Cash paid to suppliers for goods and services	(419,630)	(377,385)
Cash paid to employees for services	(1,444,338)	(1,448,485)
Net cash used for operating activities	(9,066)	(38,227)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(35,167)	(19,477)
Net cash used for capital and related financing activities	(35,167)	(19,477)
Cash flows from investing activities:		
Investment earnings	433	1,036
Net cash provided by investing activities	433	1,036
Net decrease in cash and cash equivalents	(43,800)	(56,668)
Cash and cash equivalents, beginning of year	386,556	443,224
Cash and cash equivalents, end of year	\$ 342,756	386,556
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (59,199)	(93,005)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	25,512	30,856
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	591	(591)
Increase (decrease) in liabilities:		
Accounts payable	397	(950)
Accrued liabilities	8,445	(1,962)
Compensated absences payable	13,700	13,333
Net pension obligation	1,488	14,092
Net cash used for operating activities	\$ (9,066)	(38,227)
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	\$ -	17,489

See accompanying independent auditor's report.

Fleet Services Fund

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 287,968	443,777
Inventory	199,244	190,577
Total current assets	487,212	634,354
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	902,185	535,145
Improvements other than buildings	118,289	118,289
Equipment	819,316	811,149
Less: accumulated depreciation	(1,143,627)	(1,076,689)
Total capital assets	710,563	402,294
Total assets	1,197,775	1,036,648
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	193,215	116,684
Accrued liabilities	26,297	25,908
Compensated absences payable	71,476	79,994
Total current liabilities	290,988	222,586
Noncurrent liabilities:		
Net pension obligation	132,295	131,204
Total noncurrent liabilities	132,295	131,204
Total liabilities	423,283	353,790
Net Position		
Net investment in capital assets	710,563	402,294
Unrestricted	63,929	280,564
Total net position	\$ 774,492	682,858

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 1,525,222	1,588,389
Other	<u>16,147</u>	<u>11,599</u>
Total operating revenues	<u>1,541,369</u>	<u>1,599,988</u>
Operating expenses:		
Salaries and wages	791,008	779,477
Employee benefits	337,130	341,809
Purchased professional/technical services	23,878	43,964
Purchased property services	4,033	3,167
Maintenance	78,167	39,445
Other purchased services	25,593	23,097
Supplies	94,818	126,496
Other	215,260	184,341
Depreciation	<u>73,552</u>	<u>65,682</u>
Total operating expenses	<u>1,643,439</u>	<u>1,607,478</u>
Operating loss	<u>(102,070)</u>	<u>(7,490)</u>
Nonoperating revenues:		
Investment earnings	<u>277</u>	<u>782</u>
Total nonoperating revenues	<u>277</u>	<u>782</u>
Loss before capital contributions	(101,793)	(6,708)
Capital contributions	<u>193,427</u>	<u>-</u>
Change in net position	91,634	(6,708)
Total net position, beginning of year	<u>682,858</u>	<u>689,566</u>
Total net position, end of year	<u>\$ 774,492</u>	<u>682,858</u>

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,541,369	1,599,988
Cash paid to suppliers for goods and services	(377,525)	(472,758)
Cash paid to employees for services	(1,131,536)	(1,119,814)
Net cash provided by operating activities	<u>32,308</u>	<u>7,416</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(188,394)</u>	<u>(47,615)</u>
Net cash used for capital and related financing activities	<u>(188,394)</u>	<u>(47,615)</u>
Cash flows from investing activities:		
Investment earnings	<u>277</u>	<u>782</u>
Net cash provided by investing activities	<u>277</u>	<u>782</u>
Net decrease in cash and cash equivalents	(155,809)	(39,417)
Cash and cash equivalents, beginning of year	<u>443,777</u>	<u>483,194</u>
Cash and cash equivalents, end of year	<u>\$ 287,968</u>	<u>443,777</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (102,070)	(7,490)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	73,552	65,682
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Inventory	(8,667)	(53,962)
Increase (decrease) in liabilities:		
Accounts payable	76,531	(1,925)
Accrued liabilities	389	3,124
Compensated absences payable	(8,518)	(8,284)
Net pension obligation	<u>1,091</u>	<u>10,271</u>
Net cash provided by operating activities	<u>\$ 32,308</u>	<u>7,416</u>
Schedule of noncash capital and financing activities:		
Contributions of capital assets	<u>\$ 193,427</u>	<u>-</u>

See accompanying independent auditor's 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, 2013

	<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	\$ 57,867	118	-	57,985
Liabilities:				
Due to other agencies and individuals	\$ 57,867	118	-	57,985
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 1,384,574	1,594,339	248,282	2,730,631
Accounts receivable	-	608	608	-
Note receivable	222,547	191,245	224,245	189,547
Total assets	\$ 1,607,121	1,786,192	473,135	2,920,178
Liabilities:				
Due to other agencies and individuals	\$ 1,607,121	1,786,192	473,135	2,920,178
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ 13,702	372,980	371,359	15,323
Liabilities:				
Due to other agencies and individuals	\$ 13,702	372,980	371,359	15,323
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,456,143	1,967,437	619,641	2,803,939
Accounts receivable	-	608	608	-
Note receivable	222,547	191,245	224,245	189,547
Total assets	\$ 1,678,690	2,159,290	844,494	2,993,486
Liabilities:				
Due to other agencies and individuals	\$ 1,678,690	2,159,290	844,494	2,993,486

See accompanying independent auditor's 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 Position by Component
(Unaudited)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 138,640,843	\$ 141,836,379	\$ 160,613,844	\$ 165,814,854
Restricted	9,735,082	10,181,262	11,081,477	12,662,092
Unrestricted	<u>18,780,575</u>	<u>17,915,654</u>	<u>22,716,286</u>	<u>26,806,652</u>
Total governmental activities net position	<u>\$ 167,156,500</u>	<u>\$ 169,933,295</u>	<u>\$ 194,411,607</u>	<u>\$ 205,283,598</u>
Business-type activities				
Net investment in capital assets	\$ 127,262,818	\$ 137,978,308	\$ 144,070,096	\$ 155,044,650
Restricted	195,554	96,221	51,468	339,184
Unrestricted	<u>21,916,336</u>	<u>23,949,734</u>	<u>32,932,124</u>	<u>36,319,056</u>
Total business-type activities net position	<u>\$ 149,374,708</u>	<u>\$ 162,024,263</u>	<u>\$ 177,053,688</u>	<u>\$ 191,702,890</u>
Primary government				
Net investment in capital assets	\$ 265,903,661	\$ 279,814,687	\$ 304,683,940	\$ 320,859,504
Restricted	9,930,636	10,277,483	11,132,945	13,001,276
Unrestricted	<u>40,696,911</u>	<u>41,865,388</u>	<u>55,648,410</u>	<u>63,125,708</u>
Total primary government net position	<u>\$ 316,531,208</u>	<u>\$ 331,957,558</u>	<u>\$ 371,465,295</u>	<u>\$ 396,986,488</u>

Source: Comprehensive Annual Financial Reports

Table I

Fiscal Year											
2008		2009		2010		2011		2012		2013	
\$	180,681,310	\$	187,739,263	\$	179,653,424	\$	174,645,915	\$	178,295,347	\$	180,993,606
	15,103,909		15,597,905		16,281,560		19,687,245		22,291,256		17,584,373
	28,407,225		29,148,224		25,717,190		22,550,132		24,430,892		30,143,179
\$	<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>	\$	<u>228,721,158</u>
\$	166,834,594	\$	177,087,342	\$	206,111,214	\$	213,553,436	\$	219,663,969	\$	215,720,781
	1,679,769		541,912		546,027		388,651		6,834		6,576
	41,875,465		42,808,482		36,844,321		45,769,895		48,873,949		61,555,329
\$	<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>	\$	<u>277,282,686</u>
\$	347,515,904	\$	364,826,605	\$	385,764,638	\$	388,199,351	\$	397,959,316	\$	396,714,387
	16,783,678		16,139,817		16,827,587		20,075,896		22,298,090		17,590,949
	70,282,690		71,956,706		62,561,511		68,320,027		73,304,841		91,698,508
\$	<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>	\$	<u>506,003,844</u>

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

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 7,236,708	\$ 7,754,960	\$ 8,785,895	\$ 9,494,996
Public works	11,565,320	12,517,278	11,627,179	13,483,166
Public safety	41,357,558	45,174,223	48,361,556	50,802,719
Culture and recreation	11,111,082	11,534,373	12,652,376	12,885,108
Public health	5,644,418	5,910,874	6,403,273	6,845,611
Housing and community development	3,494,182	4,154,058	1,798,456	2,784,529
Interest on long-term debt	2,256,128	2,232,216	2,177,508	2,625,964
Total governmental activities expenses	<u>82,665,396</u>	<u>89,277,982</u>	<u>91,806,243</u>	<u>98,922,093</u>
Business-type activities:				
Water	20,185,091	23,616,684	25,474,612	26,666,701
Wastewater	12,382,096	11,735,138	12,442,358	14,404,044
Solid waste	12,613,733	13,318,015	12,703,814	12,119,111
Airport	1,906,726	1,942,336	2,045,628	2,139,042
Convention services	2,670,791	2,646,720	2,640,037	2,837,948
Ranger Hall of Fame	917,143	1,019,997	1,068,297	1,120,949
Cameron Park Zoo	2,008,625	2,349,341	2,977,741	3,386,403
Transit services	3,058,308	3,356,058	4,176,869	5,309,125
Cottonwood Creek Golf Course	1,456,901	1,429,212	1,510,761	1,553,125
Total business-type activities expenses	<u>57,199,414</u>	<u>61,413,501</u>	<u>65,040,117</u>	<u>69,536,448</u>
Total primary government expenses	<u>139,864,810</u>	<u>150,691,483</u>	<u>156,846,360</u>	<u>168,458,541</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	346,101	333,849	317,824	271,852
Public works	4,863	8,765	4,613	4,884
Public safety	4,257,260	3,080,489	3,739,677	3,456,532
Culture and recreation	640,433	778,548	916,453	811,698
Public health	1,073,523	1,210,776	1,303,186	1,350,709
Operating grants and contributions	9,722,464	8,973,292	8,330,987	9,388,780
Capital grants and contributions	8,694,840	5,351,228	18,612,315	5,795,816
Total governmental activities program revenues	<u>24,739,484</u>	<u>19,736,947</u>	<u>33,225,055</u>	<u>21,080,271</u>

Table II

Fiscal Year											
2008		2009		2010		2011		2012		2013	
\$	12,108,481	\$	12,551,827	\$	14,073,197	\$	12,378,019	\$	14,177,640	\$	20,039,649
	11,695,922		12,790,151		12,142,355		13,227,404		11,844,356		13,699,976
	53,186,019		57,560,461		60,429,663		61,291,317		57,664,131		62,592,351
	13,853,365		14,919,136		15,484,146		15,636,875		15,694,840		16,544,389
	6,456,840		6,901,123		7,364,755		7,417,771		7,184,384		7,388,363
	2,890,693		2,808,221		3,503,811		3,339,613		3,664,525		2,435,924
	4,863,843		4,547,034		4,342,023		4,313,467		4,098,714		3,873,202
	<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>		<u>126,573,854</u>
	28,972,544		30,491,638		30,875,837		34,186,629		33,311,059		32,916,500
	15,675,737		17,437,188		18,134,874		17,522,331		17,634,339		18,388,139
	13,181,427		13,267,207		14,160,048		16,201,178		15,854,254		16,025,259
	2,230,237		2,402,041		2,360,727		2,503,823		2,937,967		3,083,925
	2,779,599		3,218,934		2,830,956		2,861,523		3,372,280		3,941,005
	1,363,820		1,141,497		1,280,085		1,193,004		1,209,145		1,343,575
	3,545,604		3,968,217		4,357,007		4,315,032		4,396,640		4,318,267
	5,980,396		6,325,930		7,259,552		7,904,160		7,970,314		8,026,608
	1,812,962		1,919,438		1,674,252		1,691,790		1,864,426		1,782,963
	<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>89,826,241</u>
	180,597,489		192,250,043		200,273,288		205,983,936		202,879,014		216,400,095
	267,127		239,046		285,471		342,830		243,137		277,810
	13,152		-		1,366		2,550		385		1,537
	4,764,442		3,672,327		3,600,084		3,478,363		3,050,804		3,676,669
	995,455		1,132,472		1,314,693		1,415,791		1,078,390		1,042,779
	1,024,400		986,945		872,388		1,184,937		1,252,049		1,260,587
	9,497,125		9,079,411		10,337,726		9,720,348		11,640,290		11,616,774
	7,276,849		5,626,382		6,110,736		6,061,358		6,883,729		7,256,153
	<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>		<u>25,132,309</u>

(Continued)

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

	2004	2005	2006	2007
Business-type activities:				
Charges for services:				
Water	\$ 22,260,484	\$ 26,602,138	\$ 33,230,464	\$ 30,258,196
Wastewater	14,585,854	14,864,933	16,766,635	18,441,480
Solid waste	13,307,072	14,386,619	15,781,304	15,768,035
Airport	963,999	912,426	1,006,662	1,107,084
Convention services	592,134	730,059	706,938	805,276
Ranger Hall of Fame	486,342	457,800	557,580	440,742
Cameron Park Zoo	495,606	617,481	884,139	977,546
Transit services	837,841	845,184	1,080,322	1,971,924
Cottonwood Creek Golf Course	1,167,133	1,296,313	1,348,046	1,428,783
Operating grants and contributions	2,243,708	2,580,250	2,700,564	3,175,897
Capital grants and contributions	9,081,547	4,839,238	2,094,356	4,927,582
Total business-type activities program revenues	<u>66,021,720</u>	<u>68,132,441</u>	<u>76,157,010</u>	<u>79,302,545</u>
Total primary government program revenues	<u>90,761,204</u>	<u>87,869,388</u>	<u>109,382,065</u>	<u>100,382,816</u>
Net (Expense)/Revenue				
Governmental activities	(57,925,912)	(69,541,035)	(58,581,188)	(77,841,822)
Business-type activities	8,822,306	6,718,940	11,116,893	9,766,097
Total primary government net expense	<u>(49,103,606)</u>	<u>(62,822,095)</u>	<u>(47,464,295)</u>	<u>(68,075,725)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	30,195,612	33,026,403	34,187,973	36,583,688
Tax increment financing tax	1,880,978	2,106,593	2,260,075	2,657,747
Sales taxes	24,175,546	24,749,413	26,694,323	27,328,996
Franchise taxes	12,311,332	12,128,817	13,484,568	12,985,974
Other taxes	390,659	436,561	426,180	501,702
Unrestricted investment earnings	1,469,946	3,123,231	6,141,959	8,964,710
Miscellaneous	184,124	152,196	714,862	981,818
Gain on disposal of capital assets	-	-	-	-
Transfers	(1,356,576)	(3,405,384)	(850,440)	(1,290,822)
Total governmental activities	<u>69,251,621</u>	<u>72,317,830</u>	<u>83,059,500</u>	<u>88,713,813</u>
Business-type activities:				
Hotel/motel taxes	1,506,984	1,544,162	1,650,054	1,620,022
Unrestricted investment earnings	342,137	658,869	1,412,038	1,972,261
Gain on disposal of capital assets	519,808	-	-	-
Transfers	1,356,576	3,405,384	850,440	1,290,822
Total business-type activities	<u>3,725,505</u>	<u>5,608,415</u>	<u>3,912,532</u>	<u>4,883,105</u>
Total primary government	<u>72,977,126</u>	<u>77,926,245</u>	<u>86,972,032</u>	<u>93,596,918</u>
Change in Net Position				
Governmental activities	11,325,709	2,776,795	24,478,312	10,871,991
Business-type activities	12,547,811	12,327,355	15,029,425	14,649,202
Total primary government	<u>\$ 23,873,520</u>	<u>\$ 15,104,150</u>	<u>\$ 39,507,737</u>	<u>\$ 25,521,193</u>

Table II
(Continued)

Fiscal Year									
2008	2009	2010	2011	2012	2013				
\$ 35,261,343	\$ 36,167,550	\$ 34,472,657	\$ 43,094,944	\$ 38,759,662	\$ 40,713,824				
20,235,392	20,041,341	19,543,166	21,619,018	21,542,770	21,718,912				
16,577,658	16,259,578	16,135,566	15,948,286	16,531,734	16,489,195				
1,097,882	1,086,601	1,058,480	1,054,550	1,065,157	1,079,297				
804,295	573,967	391,758	523,983	771,773	1,018,086				
438,610	425,434	403,946	465,324	448,449	410,728				
1,294,486	1,354,164	1,599,467	1,575,223	1,602,554	1,618,495				
2,462,089	2,805,887	3,221,167	3,414,289	3,582,781	3,540,047				
1,339,450	1,333,230	1,404,891	1,578,174	1,226,374	1,615,885				
3,226,837	2,798,677	3,085,574	3,514,732	3,415,770	3,430,713				
8,716,987	4,879,547	12,332,766	4,014,798	3,786,143	4,754,594				
<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>96,389,776</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>	<u>121,522,085</u>				
(81,216,613)	(91,341,370)	(94,817,486)	(95,398,289)	(90,179,806)	(101,441,545)				
15,912,703	7,553,886	10,716,100	8,423,851	4,182,743	6,563,535				
<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>	<u>(94,878,010)</u>				
43,222,439	46,366,310	47,489,598	48,387,467	49,373,010	51,184,254				
3,060,732	3,741,836	4,491,616	4,660,231	5,004,192	5,916,309				
28,077,887	27,714,013	27,318,396	28,003,416	29,186,254	31,075,760				
13,997,454	13,663,140	13,338,717	13,587,114	13,682,123	13,286,438				
587,971	622,254	655,031	679,232	650,815	704,355				
10,319,788	6,294,110	842,824	481,791	360,561	308,603				
415,851	406,229	639,263	678,741	882,450	2,298,062				
-	-	-	-	1,730,200	290,376				
443,337	826,426	(10,791,177)	(5,848,585)	(2,555,596)	81,051				
<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>	<u>105,145,208</u>				
1,688,943	1,703,650	1,662,308	1,754,730	1,897,865	2,095,987				
1,528,629	997,329	253,637	183,254	196,566	159,463				
-	260,073	-	-	-	-				
(443,337)	(826,426)	10,791,177	5,848,585	2,555,596	(81,051)				
<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>2,174,399</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>	<u>107,319,607</u>				
18,908,846	8,292,948	(10,833,218)	(4,768,882)	8,134,203	3,703,663				
<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>8,737,934</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>	<u>\$ 12,441,597</u>				

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Reserved:				
Encumbrances	\$ 1,731,962	\$ 757,815	\$ 1,279,527	\$ 2,097,704
Real estate held for sale	59,194	13,530	13,385	13,385
Notes receivable	44,934	23,239	-	-
Advances to other funds	270,093	320,408	448,695	738,726
Court security/technology	-	-	-	-
Nonspendable:				
Advances to other funds	-	-	-	-
Inventory	-	-	-	-
Real estate held for sale	-	-	-	-
Restricted for:				
Municipal information equipment	-	-	-	-
Park improvements	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
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>20,253,636</u>	<u>19,757,074</u>	<u>22,676,613</u>	<u>22,768,296</u>
Total general fund	<u>\$ 22,359,819</u>	<u>\$ 20,872,066</u>	<u>\$ 24,418,220</u>	<u>\$ 25,618,111</u>

Table III

Fiscal Year									
2008	2009	2010	2011	2012	2013	2008	2009	2010	2011
\$ 1,050,106	\$ 802,620	\$ -	\$ -	\$ -	\$ -				
12,465	12,465	-	-	-	-				
-	-	-	-	-	-				
735,178	684,848	-	-	-	-				
-	-	-	-	-	-				
-	-	625,559	683,391	48,388	-				
-	-	548,182	529,830	504,736	536,785				
-	-	6,160	6,160	6,160	6,160				
-	-	11,956	-	1,350	-				
-	-	-	-	365,900	365,900				
-	-	-	-	-	300,000				
-	-	-	-	-	100,996				
-	-	8,072,729	8,394,212	7,597,032	8,719,518				
-	-	-	2,500,000	-	-				
-	-	1,439,202	2,061,231	3,838,635	9,073,859				
-	-	1,549,117	1,137,659	2,810,428	6,078,636				
-	-	77,241	1,040,666	45,000	25,000				
-	-	31,773	-	14,942	470,084				
-	-	119,502	297,238	262,804	10,173				
-	-	476,209	151,913	47,622	15,305				
-	-	69,031	67,868	120,684	124,312				
<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>19,604,248</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>	<u>\$ 45,430,976</u>				

(Continued)

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

	2004	2005	2006	2007
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 5,198,967	\$ 3,043,461	\$ 7,982,460	\$ 7,363,374
Real estate held for sale	55,736	55,382	45,854	40,709
Advances to other funds	168,368	168,368	168,368	168,368
Debt service	719,304	637,719	603,424	708,377
Purpose of trust	473,889	474,042	474,054	469,481
Unreserved, reported in:				
Special revenue funds	9,058,631	10,036,529	10,774,251	14,609,945
Capital projects funds	8,568,905	9,267,574	8,833,830	73,358,427
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	\$ 24,243,800	\$ 23,683,075	\$ 28,882,241	\$ 96,718,681

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							
2008	2009	2010	2011	2012	2013		
\$ 12,140,585	\$ 14,951,750	\$ -	\$ -	\$ -	\$ -		
40,709	40,709	-	-	-	-		
168,368	168,368	-	-	-	-		
781,972	677,027	-	-	-	-		
465,585	472,768	-	-	-	-		
15,176,240	18,236,909	-	-	-	-		
73,414,437	64,550,113	-	-	-	-		
-	-	473,362	474,415	475,431	477,891		
-	-	40,709	40,061	40,061	40,061		
-	-	168,368	168,368	168,368	168,368		
-	-	460,001	373,263	230,130	238,053		
-	-	47,889,104	38,873,017	23,348,990	15,531,634		
-	-	9,856,300	12,411,165	14,565,233	10,960,465		
-	-	161,094	175,114	193,495	114,866		
-	-	1,565,589	1,439,842	2,314,311	1,831,495		
-	-	524,529	1,186,432	1,194,942	755,434		
-	-	347,093	413,153	520,765	611,577		
-	-	-	-	-	-		
-	-	810,525	860,764	1,140,169	1,275,085		
-	-	232,377	-	157,585	351,412		
-	-	-	(97,276)	-	-		
<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>	<u>\$ 32,356,341</u>		

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

	2004	2005	2006	2007
Revenues:				
Taxes:				
Sales	\$ 24,175,546	\$ 24,749,413	\$ 26,694,323	\$ 27,328,996
Property	31,900,579	34,801,939	36,020,999	39,012,926
Interest and penalty	324,858	369,530	395,788	454,735
Business and occupation fees	12,525,241	12,128,817	13,484,567	12,985,974
Permits, licenses and fees	2,184,700	1,994,804	2,405,632	2,610,593
Fines	2,236,891	1,950,357	1,923,506	1,748,882
Charges for services	988,332	1,152,478	1,217,784	1,105,518
Investment earnings	1,424,318	3,014,075	5,862,173	8,581,097
Contributions	621,621	504,467	315,636	1,221,670
Intergovernmental	9,680,990	9,601,175	8,088,056	8,829,853
Program income	786,459	396,608	203,156	574,447
Other	5,735,909	5,659,249	6,961,060	7,370,079
Total revenues	<u>92,585,444</u>	<u>96,322,912</u>	<u>103,572,680</u>	<u>111,824,770</u>
Expenditures:				
General government	14,313,811	15,170,622	16,093,920	15,460,289
Public works	1,477,419	1,636,867	2,172,354	2,027,118
Public safety	39,639,049	44,030,608	45,855,051	49,271,195
Culture and recreation	9,231,463	9,927,788	10,765,662	11,358,378
Housing and community development	4,895,199	4,586,655	2,722,490	3,910,039
Public health	5,625,163	5,799,035	6,169,752	6,826,015
Capital outlay	9,007,699	11,939,278	9,007,008	13,283,208
Debt service:				
Principal	4,702,900	4,713,219	4,840,973	5,101,924
Interest and fiscal charges	2,167,877	2,176,840	2,127,921	2,139,412
Bond issuance costs	27,067	27,347	50,768	595,706
Total expenditures	<u>91,087,647</u>	<u>100,008,259</u>	<u>99,805,899</u>	<u>109,973,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,497,797</u>	<u>(3,685,347)</u>	<u>3,766,781</u>	<u>1,851,486</u>
Other financing sources (uses):				
General obligation bonds issued	3,085,000	3,515,000	4,705,000	66,380,000
Refunding bonds issued	-	-	-	5,220,000
Capital leases	-	219,811	-	-
Premiums on general obligation bonds	180,912	28,905	46,452	756,120
Premiums on refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(5,207,616)
Transfers in	10,354,037	11,447,928	12,326,533	16,522,025
Transfer out	(10,744,706)	(13,574,775)	(12,099,446)	(16,485,684)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>2,875,243</u>	<u>1,636,869</u>	<u>4,978,539</u>	<u>67,184,845</u>
Net change in fund balances	<u>\$ 4,373,040</u>	<u>\$ (2,048,478)</u>	<u>\$ 8,745,320</u>	<u>\$ 69,036,331</u>
Debt service as a percentage of noncapital expenditures	8.03%	7.54%	7.51%	7.17%

Source: Comprehensive Annual Financial Reports

Table IV

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	28,077,887	\$	27,714,013	\$	27,318,396	\$	28,003,416	\$	29,186,254	\$	31,075,760
	45,855,023		49,627,810		51,354,302		52,587,053		53,995,242		57,093,126
	476,176		468,021		539,666		545,059		558,497		864,693
	13,997,454		13,663,140		13,338,717		13,587,115		13,682,123		13,286,438
	2,365,457		2,023,919		1,901,686		1,682,153		2,069,365		2,361,710
	2,326,020		2,188,574		2,054,487		1,815,418		1,647,361		1,915,904
	1,372,169		1,545,120		1,751,702		1,779,213		1,501,983		1,643,861
	10,019,870		6,066,254		773,739		440,229		325,873		285,712
	1,313,646		2,147,972		627,197		350,827		269,577		426,575
	9,627,740		9,795,311		12,812,272		11,001,361		9,625,197		10,888,461
	540,969		244,575		1,991,904		521,371		608,810		464,650
	7,731,057		7,781,494		8,387,706		8,832,941		9,166,618		10,460,671
	<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>		<u>130,767,561</u>
	20,398,112		20,828,176		19,695,545		18,067,565		19,881,170		27,395,172
	3,294,892		1,969,524		2,235,645		2,753,649		2,051,156		3,214,854
	51,914,828		54,260,356		58,519,975		56,363,026		55,143,283		60,765,347
	12,240,672		13,173,083		13,149,983		12,932,267		14,773,781		12,792,566
	3,808,125		3,600,810		4,143,724		3,321,373		3,469,303		3,269,147
	6,494,336		6,799,722		7,240,481		7,155,606		6,993,107		7,271,899
	14,726,146		17,592,890		40,944,884		20,198,033		23,954,367		14,814,436
	6,963,545		7,144,536		7,270,310		6,967,663		7,090,342		5,912,954
	4,725,942		4,604,103		4,211,528		4,192,140		4,194,170		3,946,312
	27,237		58,014		70,242		500		68,981		35,891
	<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>139,418,578</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>		<u>(8,651,017)</u>
	3,775,000		-		4,925,000		7,285,000		3,480,000		2,175,000
	-		5,802,122		2,900,000		-		6,465,000		1,700,000
	189,395		-		-		-		145,351		-
	27,104		115,070		29,024		54,583		10,594		168,544
	-		-		202,379		-		792,695		316,832
	-		(5,950,970)		(3,093,588)		-		(7,243,886)		(1,999,938)
	20,307,345		16,106,280		13,394,260		12,781,678		15,015,607		14,935,710
	(18,921,570)		(13,768,171)		(12,593,232)		(12,047,501)		(14,513,914)		(13,145,858)
	-		-		-		-		1,790,086		290,376
	<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>4,440,666</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>	\$	<u>(4,210,351)</u>
	10.65%		10.24%		8.87%		9.28%		9.85%		7.93%

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

Category	Fiscal Year			
	2013	2012	2011	2010
Real - residential single family	\$ 3,145,755,030	\$ 2,964,790,976	\$ 2,899,061,978	\$ 2,831,728,139
Real - residential multi-family	540,947,926	530,246,728	527,542,939	506,927,890
Real - platted lots & residential inventory	161,765,042	159,734,533	158,194,756	166,731,693
Real - acreage, land only	73,968,631	73,351,221	72,134,192	61,537,818
Real - improved farm & ranch	18,486,406	19,298,600	19,050,487	18,251,255
Real - commercial & industrial	1,839,811,136	1,820,432,553	1,769,330,218	1,712,740,259
Real and tangible personal - utilities	140,452,424	138,700,708	142,912,428	147,985,807
Tangible personal - business	1,667,295,558	1,566,759,638	1,473,384,230	1,458,577,289
Tangible personal - other	<u>2,236,139</u>	<u>2,442,607</u>	<u>2,054,003</u>	<u>2,329,066</u>
Total market value	7,590,718,292	7,275,757,564	7,063,665,231	6,906,809,216
Less total exemptions	<u>938,850,655</u>	<u>829,201,392</u>	<u>783,127,564</u>	<u>732,167,475</u>
Taxable assessed value	<u>\$ 6,651,867,637</u>	<u>\$ 6,446,556,172</u>	<u>\$ 6,280,537,667</u>	<u>\$ 6,174,641,741</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>\$ 7,590,718,292</u>	<u>\$ 7,275,757,564</u>	<u>\$ 7,063,665,231</u>	<u>\$ 6,906,809,216</u>
Taxable assessed value as a percentage of actual taxable value	87.6%	88.6%	88.9%	89.4%

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

Table V

Fiscal Year						
	2009	2008	2007	2006	2005	2004
\$	2,786,526,338	\$ 2,525,731,582	\$ 2,371,733,450	\$ 2,186,456,501	\$ 2,086,818,247	\$ 1,889,395,909
	481,461,020	450,937,111	414,909,141	369,875,756	361,093,107	330,120,479
	159,010,177	140,742,891	121,598,228	125,387,077	103,260,164	80,033,992
	52,701,391	47,734,843	46,911,329	44,640,849	42,225,809	41,223,409
	16,724,697	16,424,746	15,467,787	14,578,466	10,706,413	9,170,659
	1,590,177,832	1,465,906,212	1,352,880,299	1,281,485,269	1,238,569,331	1,111,605,884
	138,718,155	157,931,476	159,458,452	172,733,873	178,806,710	171,640,661
	1,393,542,226	1,318,022,800	1,339,092,276	1,250,564,002	1,273,477,380	1,159,528,451
	<u>2,488,121</u>	<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>
	6,621,349,957	6,125,855,409	5,824,404,604	5,448,126,465	5,297,407,909	4,795,285,393
	<u>611,165,570</u>	<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><u>6,010,184,387</u></u>	<u><u>5,605,875,680</u></u>	<u><u>5,305,254,339</u></u>	<u><u>4,947,128,031</u></u>	<u><u>4,777,976,176</u></u>	<u><u>4,314,386,998</u></u>
\$	<u><u>0.786232</u></u>	<u><u>0.786232</u></u>	<u><u>0.699700</u></u>	<u><u>0.699700</u></u>	<u><u>0.699700</u></u>	<u><u>0.699700</u></u>
\$	<u><u>6,621,349,957</u></u>	<u><u>6,125,855,409</u></u>	<u><u>5,824,404,604</u></u>	<u><u>5,448,126,465</u></u>	<u><u>5,297,407,909</u></u>	<u><u>4,795,285,393</u></u>
	90.8%	91.5%	91.1%	90.8%	90.2%	90.0%

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

Fiscal Year	City Direct Rates			Waco	China Spring	LaVega	McLennan
	Operating/ General	Debt Service	Total Direct	Independent School District	Independent School District	Independent School District	Community College
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
2013	0.637434	0.148798	0.786232	1.355180	1.374402	1.420000	0.151530

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	
\$ 0.440700	\$ 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	
0.460573	1.269091	1.320000	1.478460	1.310000	1.315000	1.185000	

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

Fiscal year 2013		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Mars Snackfood/WM Wrigley	\$ 112,305,698	1.69 %
Coca Cola Company	99,831,992	1.50 %
L-3 Communications Corp.	69,209,402	1.04 %
Allergan, Inc.	54,547,891	0.82 %
Oncor Electric Delivery Co.	51,161,052	0.77 %
Inland Western Waco Central, L.P.	50,709,220	0.76 %
CBL/Richland Mall, L.P.	41,360,203	0.62 %
Sherwin Williams Co. Inc.	40,508,288	0.61 %
Caterpillar Logistics Services, Inc.	32,017,535	0.48 %
Cargill Meat Solutions	30,287,067	0.46 %
Total	\$ 581,938,348	8.75 %

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2004		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 78,978,450	1.65 %
Coca Cola Company	54,072,680	1.13 %
ONCOR Electric Delivery Co.	45,247,060	0.95 %
CBL/Richland Mall, L.P.	38,831,491	0.81 %
Owens-Brockway Glass	37,650,205	0.79 %
Pilgrim's Pride Corp.	34,279,820	0.72 %
Southwestern Bell Telephone Co.	33,662,420	0.70 %
Tyco Healthcare Retail Group, Inc.	32,682,640	0.68 %
Baylor University	31,362,085	0.66 %
L3 Communications	30,334,672	0.63 %
Total	\$ 417,101,523	8.72 %

City of Waco, Texas
Property Tax Levies and Collections
(Unaudited)
Last Eight 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	(194,213)
2007		36,481,122	640,192	37,121,314	(231,944)
2008		43,188,911	886,276	44,075,187	(125,838)
2009		46,270,500	1,268,052	47,538,552	(452,970)
2010		47,639,260	1,261,899	48,901,159	(640,299)
2011		48,078,029	1,247,577	49,325,606	(113,485)
2012		49,428,253	1,516,082	50,944,335	(484,715)
2013		50,896,824	1,541,926	52,438,750	(200,329)

Note: Information not available before fiscal year 2006.

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
34,420,844	33,876,118	98.42	463,279	34,339,397	99.76
36,889,370	36,345,526	98.53	439,245	36,784,771	99.72
43,949,349	43,320,216	98.57	489,742	43,809,958	99.68
47,085,582	46,373,974	98.49	542,005	46,915,979	99.64
48,260,860	47,367,935	98.15	659,815	48,027,750	99.52
49,212,121	48,312,012	98.17	656,417	48,968,429	99.50
50,459,620	49,634,551	98.36	500,024	50,134,575	99.36
52,238,421	51,511,537	98.61	-	51,511,537	98.61

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
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
2013	91,155,603	61,608	615,000	224,752,306

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	\$ 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%	127,018	2,518
	1,967,906	318,552,423	4.79%	128,125	2,486

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
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%	127,018	2,383
2013	316,522,909	-	316,522,909	4.76%	128,125	2,470

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 and Tax Increment Fund No. 1.

(2) See Table V for property value data.

(3) See Table IX for population data.

City of Waco, Texas
Direct and Overlapping Governmental Activities Debt
(Unaudited)
September 30, 2013

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Debt Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 189,160,000	92.32%	\$ 174,632,512
Bosqueville Independent School District	10,137,270	72.98%	7,398,180
McLennan Community College	76,330,000	56.87%	43,408,871
McLennan County	20,670,000	56.87%	11,755,029
Midway Independent School District	119,585,848	50.62%	60,534,356
LaVega Independent School District	45,213,489	34.40%	15,553,440
China Spring Independent School District	46,604,000	37.32%	17,392,613
Connally Independent School District	19,440,500	18.92%	3,678,143
Lorena Independent School District	32,319,998	1.97%	636,704
McGregor Independent School District	24,064,464	0.08%	19,252
Subtotal, overlapping debt	<u>\$ 583,525,569</u>		<u>\$ 335,009,100</u>
City direct debt:			
City of Waco direct debt	\$ 91,155,603	100.00%	\$ 91,155,603
Tax increment financing	615,000	100.00%	615,000
Subtotal, direct debt	<u>\$ 91,770,603</u>		<u>\$ 91,770,603</u>
Total direct and overlapping debt	<u>\$ 675,296,172</u>		<u>\$ 426,779,703</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.

Sources: McLennan County Appraisal District and the Municipal Advisory Council of Texas as of September 30, 2013.

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>
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
2013	(4)	62,795,257	34,036,064	28,759,193

(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		
\$ 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 %
11,067,045	9,203,092	20,270,137		1.42 %



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
2004	239,419	6,115,831	25,544	N/A	5.4%
2005	240,784	6,563,844	27,260	29.0	5.0%
2006	242,397	6,945,213	28,652	26.8	4.8%
2007	244,453	7,340,307	30,027	28.0	4.3%
2008	246,735	7,734,595	31,348	27.6	4.6%
2009	249,441	7,872,250	31,560	25.3	6.7%
2010	253,759	8,299,764	32,707	28.2	7.2%
2011	255,656	8,583,840	33,576	28.4	7.4%
2012	256,317	8,883,222	34,657	29.3	6.5%
2013	N/A	N/A	N/A	N/A	5.5%

N/A Not available

Sources: Estimated population and personal income information provided by the Bureau of Economic Analysis' Interactive Data application. 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 through 2012 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2013 rate is as of November.

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

2013		
Employer	Employees	Percentage of Total City Employment
Baylor University	2,675	2.28 %
Waco Independent School District	2,500	2.13 %
Providence Healthcare Network	2,397	2.04 %
L-3 Communications	2,300	1.96 %
Hillcrest Health System	1,800	1.53 %
Wal-Mart Stores	1,656	1.41 %
City of Waco	1,506	1.28 %
H.E.B. Stores	1,500	1.28 %
Midway Independent School District	1,067	0.91 %
Sanderson Farms, Inc.	1,041	0.89 %
	18,442	15.71 %
Total		

N/A Not available

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

Table XIV

2004		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
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:	2004	2005	2006	2007
General Government	126.53	127.58	128.58	129.68
Public Works	57.44	57.44	59.00	59.00
Public Safety	551.03	564.08	580.40	603.48
Culture and Recreation	182.16	186.95	183.12	187.38
Housing and Community Development	33.56	22.36	23.04	18.60
Public Health	83.22	84.42	86.54	90.60
Water	116.00	116.25	114.00	114.00
Wastewater/WMARSS	65.25	65.25	67.50	68.50
Solid Waste	97.00	96.50	97.00	99.00
Airport	13.76	13.76	11.90	12.52
Convention Services	37.07	33.95	35.45	36.13
Ranger Hall of Fame	12.38	12.70	12.88	13.50
Cameron Park Zoo	34.99	39.99	45.85	45.85
Cottonwood Creek Golf Course	22.34	22.34	22.34	15.96
Insurance/Risk Management	6.00	6.00	6.75	7.00
Engineering	27.38	27.38	27.38	26.38
Fleet Services	24.00	24.00	24.00	24.00
Total	<u>1,490.11</u>	<u>1,500.95</u>	<u>1,525.73</u>	<u>1,551.58</u>

General Government:

City Manager's Office, Budget/Audit, Animal Shelter, City Secretary, Finance, Purchasing, Information Technology, Legal, Planning, Human Resources, Municipal Information, Facilities

Public Works

Streets and Street Reconstruction

Public Safety

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

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Neighborhoods, Community Development

Source: City of Waco Budget Office

Table XV

Fiscal Year					
2008	2009	2010	2011	2012	2013
132.36	132.46	132.23	128.73	129.26	142.78
59.00	60.00	60.00	58.00	56.00	59.00
602.13	601.98	608.01	605.93	603.43	604.75
186.65	184.11	197.73	196.31	189.18	185.45
18.75	18.90	19.50	22.45	20.18	19.48
82.93	83.93	83.60	86.75	86.55	82.55
117.00	120.25	124.25	122.75	122.25	126.25
68.75	68.75	68.75	69.25	68.75	71.75
98.00	101.50	101.50	103.00	101.00	99.00
16.40	16.40	15.02	13.77	13.77	13.77
36.13	34.88	35.88	34.38	33.63	33.20
14.50	15.50	15.50	15.50	15.50	15.50
51.29	52.28	51.41	51.16	51.16	51.11
15.96	15.96	15.96	15.96	15.96	15.96
7.00	7.00	7.00	8.00	8.00	8.00
26.00	26.00	25.00	24.00	24.00	24.00
25.00	25.00	25.00	25.00	25.00	25.00
<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>	<u>1,577.55</u>

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

Function:	2004	2005	2006
Public Safety			
Police			
Number of Sworn Employees - Budgeted	220	232	238
Number of Traffic Citations	11,762	9,650	9,712
Number of Class "C" Citations	2,004	2,041	2,195
Calls Dispatched	124,374	126,805	122,450
Fire			
Number of Sworn Employees - Budgeted	180	180	186
Number of Fire Responses	8,802	9,364	9,452
Public Works			
Street Resurfacing (miles)	31.36	13.62	40.30
Culture and Recreation			
Parks and Recreation			
Number of Teams in Athletic Leagues	466	464	479
Number of Participants in Track/Field Events	197	283	309
Number of Participants in After School	2,293	2,295	2,348
Library			
Volumes in Collection	290,873	301,329	300,252
E-books Available to Public	N/A	N/A	28,290
Water			
Number of Water Connections	42,532	42,957	44,928
Average Daily Water Consumption (gallons)	24,656,151	23,330,910	26,590,842
Maximum Storage Capacity (gallons)	36,990,000	36,990,000	42,143,000
Solid Waste (Residential)			
Refuse Collected (tons)	27,286	26,270	23,799
Bulky/Brush Pickups (tons)	6,631	6,339	5,703
Recyclables Collected (tons)	1,239	1,473	1,599
Golf Course			
Number of Paid Rounds Played	51,432	49,245	50,025

N/A Not available

Source: City of Waco Departments

Table XVI

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
245	245	245	245	245	245	246
13,289	23,212	17,804	16,556	9,676	9,632	14,439
2,558	3,404	3,790	2,805	2,413	2,793	3,203
121,633	116,442	111,717	107,825	106,233	109,216	113,593
192	192	192	195	195	195	195
10,140	10,089	9,537	9,383	9,257	9,657	9,565
33.61	7.25	9.82	7.98	9.60	11.50	25.20
424	440	383	365	353	359	330
350	247	258	262	292	210	305
2,292	2,671	3,560	3,478	3,586	3,758	4,060
305,652	319,754	331,791	338,316	309,439	313,596	318,633
30,319	30,899	31,245	30,962	28,321	36,609	36,664
41,623	41,752	42,391	42,722	43,078	43,297	44,336
22,681,919	28,009,000	28,671,000	26,221,000	32,351,000	28,107,000	28,920,000
42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000
25,812	45,572	45,138	47,658	47,512	51,257	52,890
6,496	5,162	5,614	6,452	6,956	7,940	5,847
1,685	2,415	2,898	2,859	2,580	2,619	3,011
46,949	45,581	44,306	36,838	42,824	34,760	39,894

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

	2004	2005	2006
Function:			
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	59	65	65
Fire stations	12	12	14
Highways and streets			
Streets - paved (miles)	547	559	569
Streetlights - City-owned	2,280	2,339	2,350
Streetlights - Leased	6,030	6,157	6,236
Traffic control signals	196	195	196
Traffic beacons and flashers	92	95	98
Culture and recreation			
Parks acreage	1,202.07	1,202.07	1,234.99
Parks	42	43	44
Swimming pools	2	2	2
Tennis courts	44	44	44
Community centers	3	3	3
Water			
Water mains (miles)	820	847	847
Fire hydrants	3,269	3,331	3,486
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	748	766	766
Storm sewers (miles)	331	325	348
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						
2007	2008	2009	2010	2011	2012	2013
1	1	1	1	1	1	1
3	3	4	4	4	4	3
65	71	71	71	71	71	71
14	14	14	14	14	14	14
587	588	593	595	600	599	603
2,198	2,194	2,197	2,282	2,295	2,295	2,310
6,743	6,849	6,910	6,059	6,084	6,127	6,228
195	198	198	198	194	195	198
101	101	100	102	102	105	108
1,234.99	1,234.99	1,234.99	1,234.99	1,234.99	1,234.99	1,271.00
44	44	44	46	46	46	46
2	2	2	1	1	0	0
44	36	36	36	36	36	34
3	3	3	5	5	5	5
775	927	954	864	885	1,021	1,035
4,650	4,739	4,935	5,032	5,165	5,229	5,362
66,000	66,000	66,000	75,000	75,000	75,000	75,000
728	818	831	737	747	843	846
357	353	350	343	345	347	351
37,800	37,800	37,800	37,800	37,800	46,500	46,500

