

City of Waxahachie, Texas



*Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2008*

CITY OF WAXAHACHIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Prepared by:
Department of Finance

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CITY OF WAXAHACHIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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Introductory Section

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May 18, 2009

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

The City of Waxahachie, Texas (the City), is required to publish each year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Waxahachie for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this report is complete and reliable in all material respects.

The City's financial statements have been audited by Rutledge Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, which was formed in 1849, is located 30 miles south of Dallas. At September 30, 2008, the City had a land area of 48.9 square miles and a population of 29,585. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statutes to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City has operated under the council-manager form of government since 1973. Policy-making and legislative authority are vested in the City Council, which consists of a mayor and four members. The City Council is

Letter of Transmittal
Continued

responsible, among other things, for passing ordinances, adopting the budget, appointing advisory board members and commissioners, and hiring the City Manager, City Secretary, City Attorney and Prosecutor, and the Municipal Court Judge. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a full range of services including police and fire protection, contracted ambulance services, airport, water, wastewater services, convenience station services, contracted refuse services, the construction and maintenance of streets and infrastructure, recreational activities and cultural events. The City is also financially accountable for a legally separate water district, Ellis County Water Control and Improvement District No. 1 (Water District), a legally separate community development corporation, Waxahachie Community Development Corporation (WCDC), and a legally separate tax increment financing reinvestment zone, Tax Increment Financing Reinvestment Zone No. 1, (TIFRZ1) all of which are reported separately within the City's financial statements. Additional information on these legally separate entities can be found in Note 1.A. in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The annual budget is prepared by fund and department. The City Manager may approve budget transfers within a department. Transfers between departments, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each governmental fund for which an annual budget has been adopted. For the general fund, this comparison is presented on pages 68 and 69 as part of the required supplementary information. For governmental funds, other than the general fund, with annual budgets, this comparison is presented in the combining statements and budget comparisons as supplementary information part of this report, which starts on page 73.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. The City has remained economically strong this fiscal year. While the national economy is showing signs of strain, we believe that our local economy will continue to remain stable. Unemployment rates are shown in the following table:

	9/30/2008		9/30/2007		9/30/2006		9/30/2005
U.S.A.	6.2	%	4.7	%	4.5	%	5.1
Texas	5.1		4.3		4.8		5.4
Ellis County	5.3		4.4		4.6		5.0
Waxahachie	5.1		4.3		4.5		6.3

There continues to be a discernable trend toward increased retail, industrial, commercial, and residential growth within the City. Several new housing additions are being developed. The City has many new retail businesses that have opened during the last fiscal year. Plans are in the works to bring even more retail business to the City within the next couple of years. While having a positive impact on the City, this growth (expecting the population to more than double by 2030) also presents significant challenges for the local government.

Long-term financial planning. The City government is exploring new financial resources. The City currently has bond proceeds to fund the following projects:

- Construction of the new Waxahachie Senior Citizens Center is essentially complete. It is a magnificent structure. We are very pleased to be able to provide our seniors with a place of their own. Several senior housing communities are also currently being developed in Waxahachie,

Letter of transmittal
Continued

- Construction has begun on a parking garage near the downtown area to help facilitate the parking problems around the Courthouse square and in the downtown area that have been created due to increased population, and to offset the parking needs of the future construction of the Ellis County Justice and Administration Building, and
- Expansion of the Waxahachie Community Development Corporation's Recreation Complex has begun. This will enable the citizens of Waxahachie to enjoy more family outdoor activities, and will also increase tourism by bringing in more softball tournament activities,
- Various other streets, water, and wastewater improvements.

Cash management policies and practices. Cash temporarily idle during the year was invested in demand deposits and an investment pool. The average yield on investments was 3.498% (excluding activity of the Firefighter's Relief and Retirement Fund). The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio.

Risk management. The City purchases insurance to manage and finance risk through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). TMLIRP serves over 300 cities in the State of Texas. Coverage includes real and personal property coverage; also, collision and comprehensive coverage on vehicles, blanket liability coverage, and worker's compensation coverage. Additional information on the City's risk management can be found in Note IV.A. of the notes to the financial statements.

Pension and other postemployment benefits. The City sponsors a single-employer defined benefit pension plan for its firefighters. Contribution amounts are not actuarially determined. However, they are certified biannually by an independent actuary, with the most recent certification being performed as of September 30, 2008, and concluded that the benefit obligations are currently being funded on an actuarially sound basis. As of September 30, 2008, the City had funded 58.2% (\$6,355,060) of the present value of the projected benefits (\$10,915,427) earned by employees. The unfunded actuarial accrued liability at September 30, 2008, for the plan is \$4,560,367 and, per the actuary, will take 13.8 years to amortize. The Firefighter's Relief and Retirement Pension Trust Fund's Net Assets decreased by \$699,085 during fiscal year 2008.

The City also provides pension benefits for its other employees, including those involved with the operation of the legally separate WCDC and our Joint Venture with the City of Midlothian, Mid-Way Airport. These benefits are provided through a state-wide plan managed by Texas Municipal Retirement System (TMRS). The City has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to TMRS.

Awards. 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 Waxahachie for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

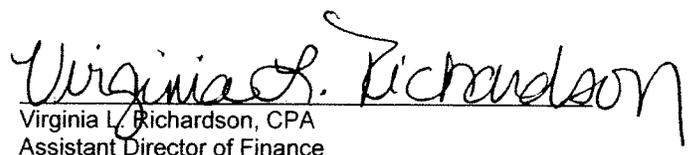
The preparation of the CAFR was made possible by the dedicated service of the entire staff of the Finance Department, with help from numerous other departments as well. We appreciate the efforts of everyone involved.

In closing, without the leadership and support of City Management and the City Council, preparation of this report would not have been possible. Thank you.

Respectfully submitted,



Charles Harris, CPA
Director of Finance



Virginia L. Richardson, CPA
Assistant Director of Finance



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waxahachie
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

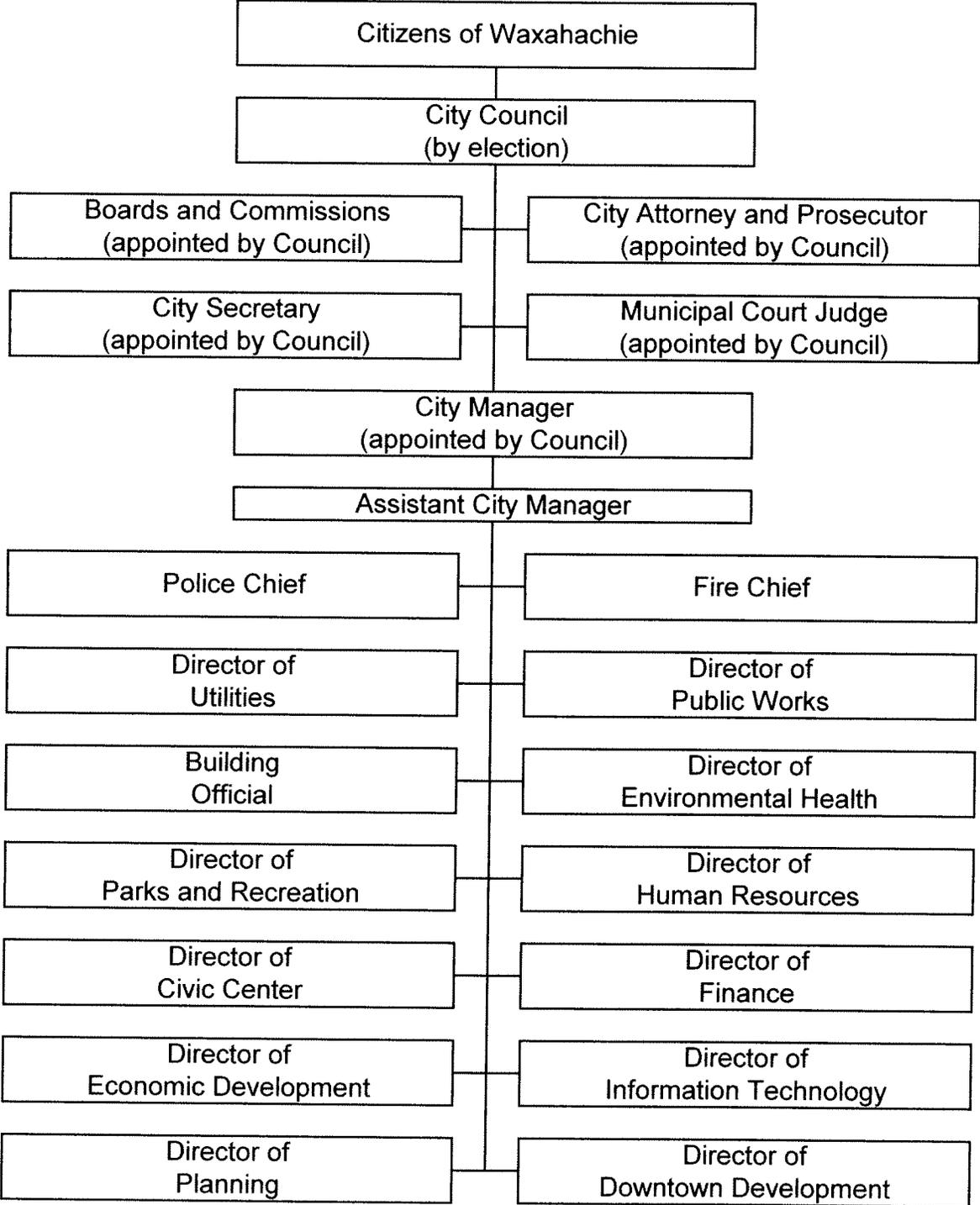
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Waxahachie Organizational Chart



City of Waxahachie
List of Principal Officials

Title	Name
<u>City Council:</u>	
Mayor	Ron Wilkinson
Mayor Pro-Tem	N.B. "Buck" Jordan
Council member	Chuck Beatty
Council member	Joe Jenkins
Council member	John Wray
<u>City Management:</u>	
City Manager	Paul Stevens
Assistant City Manager	Michael Scott
City Attorney	Steve Chapman
City Judge	Sylvia Lopez-Beaver
City Secretary	Lori Saunders
<u>Directors:</u>	
Police Chief	Chuck Edge
Fire Chief	David Hudgins
Building Official	Johnny Bray
Director of Civic Center	Lou Bryant
Director of Downtown Development	Anita Williamson
Director of Economic Development	Doug Barnes
Director of Environmental Health	Sonny Wilson
Director of Finance	Charles Harris
Director of Human Resources	Gayle Sims
Director of Information Technology	Gerry Heine
Director of Parks & Recreation	John Smith
Director of Planning	Clyde Melick
Director of Public Works	Jeff Chambers
Director of Utilities	David Bailey

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Financial Section

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

2401 Garden Park Court, Suite B
Arlington, Texas 76013

Independent Auditors' Report on Financial Statements

To the City Council
City of Waxahachie, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waxahachie, Texas as of and for the year ended September 30, 2008 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Waxahachie, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waxahachie, Texas as of September 30, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and budgetary comparison schedules on pages 13 - 20 and pages 68-71, identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

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

Rutledge Crain & Company, PC

May 18, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Waxahachie's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2008. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

At September 30, 2008, the City's total combined net assets were \$102,464,750. Of this amount, \$19,268,780 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.)

The City's total net assets increased by \$4,934,640, due primarily to the contribution of assets from developers.

At the end of the fiscal year, the total fund balance of all governmental funds was \$18,580,356, down \$5,178,606 from the prior year. The majority of the decrease (about 81% of the total decline) was due to a reduction in the fund balance of the 2007 Bond Construction program; an expected trend, as projects funded by the 2007 bond issuance were underway throughout the period.

As of the close of the current fiscal year, unreserved fund balance for the General Fund was \$5,020,535, or about 23% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements presenting different views of the City:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the City's Annual Financial Report

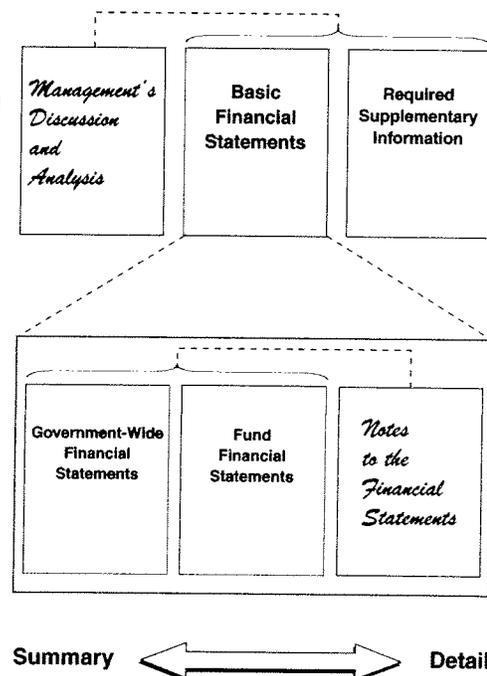


Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else's resources
<i>Required financial statements</i>	♦ Statement of net assets	♦ Balance sheet	♦ Statement of net assets	♦ Statement of fiduciary net assets
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows	♦ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities – are one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements include not only the City of Waxahachie (the primary government), but also three legally separate agencies; a water district known as the Ellis County Water Control and Improvement District No. 1, a tax increment financing reinvestment zone known as the Tax Increment Financing Reinvestment Zone No. 1, and additionally, a 4B Sales Tax Corporation known as the Waxahachie Community Development Corporation which is presented as a discretely presented component unit. The City of Waxahachie is financially accountable for these agencies.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following types of funds:

Governmental funds—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Proprietary funds—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

Fiduciary funds—The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Waxahachie. This information is required by the Governmental Accounting Standards Board.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Waxahachie, assets exceeded liabilities by \$102,464,750.

The largest portion of the City's net assets (80%) reflects its investment in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these 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 this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (1%) represents resources that are subject to external restrictions on how they may have to be used. The remaining balance of unrestricted net assets (19%) may be used to meet the government's ongoing obligations to citizens and creditors.

Table A-1
City of Waxahachie, Texas
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 26,703,778	\$ 30,512,581	\$ 19,662,768	\$ 23,399,404	\$ 46,366,546	\$ 53,911,985
Capital Assets (net of depreciation)	65,595,478	61,045,902	91,778,264	90,382,194	157,373,742	151,428,096
Total Assets	92,299,256	91,558,483	111,441,032	113,781,598	203,740,288	205,340,081
Long-term liabilities	45,423,750	50,258,238	51,677,609	53,224,897	97,101,359	103,483,135
Other liabilities	2,569,711	1,728,161	1,604,468	3,100,996	4,174,179	4,829,157
Total Liabilities	47,993,461	51,986,399	53,282,077	56,325,893	101,275,538	108,312,292
Net Assets:						
Investments in capital assets, net of related debt	31,778,039	26,093,547	50,540,603	53,061,343	82,318,642	79,154,890
Restricted for debt service	877,328	1,601,668	-	-	877,328	1,601,668
Unrestricted	11,650,428	11,243,215	7,618,352	4,394,362	19,268,780	15,637,577
Total Net Assets	\$ 44,305,795	\$ 38,938,430	\$ 58,158,955	\$ 57,455,705	\$ 102,464,750	\$ 96,394,135

The following table provides a summary of the City's operations for the year ended September 30, 2008. Total governmental activities increased by \$4,231,390. Overall, 2008 fiscal year expenses rose by \$5,269,574, or about 13.8% over the prior fiscal year. Just over one-half (56.6%) of the total increase is attributable to business-type activities, with the balance being associated with governmental activities. Notable increases between 2007 and 2008 fiscal year expenses may be noted in the water and wastewater categories (business-type activities) as well as the public works category (governmental activity).

Table A-2
City of Wacahachie
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 3,390,292	\$ 3,327,731	\$ 12,435,670	\$ 11,850,231	\$ 15,825,962	\$ 15,177,962
Oper grants & contributions	394,623	121,241	-	-	394,623	121,241
Capital grants & contributions	4,198,969	7,477,720	2,126,570	4,262,088	6,325,539	11,739,808
General revenues:						
Property taxes	12,669,114	11,338,172	-	-	12,669,114	11,338,172
Sales tax	7,928,616	7,309,186	-	-	7,928,616	7,309,186
Other	4,326,829	4,385,684	1,009,845	377,663	5,336,674	4,763,347
Total revenues	32,908,443	33,959,734	15,572,085	16,489,982	48,480,528	50,449,716
Program expenses:						
General government	4,426,264	4,532,403	-	-	4,426,264	4,532,403
Public safety	12,438,929	11,714,567	-	-	12,438,929	11,714,567
Public works	7,972,780	7,016,441	-	-	7,972,780	7,016,441
Culture and recreation	2,600,441	2,402,835	-	-	2,600,441	2,402,835
Interest on long-term debt	2,209,115	1,695,559	-	-	2,209,115	1,695,559
Water	-	-	7,629,661	5,662,027	7,629,661	5,662,027
Wastewater	-	-	5,294,704	4,374,810	5,294,704	4,374,810
Refuse Service	-	-	973,994	877,672	973,994	877,672
Total expenses	29,647,529	27,361,805	13,898,359	10,914,509	43,545,888	38,276,314
Increase (decrease) in net assets before transfers	3,260,914	6,597,929	1,673,726	5,575,473	4,934,640	12,173,402
Transfers	970,476	732,296	(970,476)	(732,296)	-	-
Increase (decrease) in net assets	4,231,390	7,330,225	703,250	4,843,177	4,934,640	12,173,402
Net Assets, October 1	40,074,405	32,744,180	57,455,705	52,612,528	97,530,110	85,356,708
Net Assets, September 30	\$ 44,305,795	\$ 40,074,405	\$ 58,158,955	\$ 57,455,705	\$ 102,464,750	\$ 97,530,110

Governmental Activities

Governmental activities increased the City's net assets by \$4,231,390.

Public works expenses increased by about \$957,000. Indicative of the City's emphasis on expanded street improvement efforts, the Street Department's 2008 operating budget was increased by about \$700,000 over the prior year's appropriation. These increase costs associated with the emphasis on maintenance, combined with some peripheral engineering costs, was reflective of this plan.

Business-type Activities

Business –type activities increased the City's net assets by \$703,250.

Water expenses increased by just under \$2,000,000. Approximately 61% of this increase is associated with increased interest costs attributable to bonds issued during the previous fiscal year. The balance is associated with higher operating costs.

Wastewater expenses increased by about \$920,000. Again, a large portion of this figure is comprised of increased interest expenses (37%) attributable to bonds issued during the previous fiscal year. The balance is associated with increased operating costs.

It should be noted that operational comparisons made to either utility are influenced by the fact that the 2007 fiscal year experienced a remarkably wet and mild summer, while the same period in 2008 was more typical of the area's average weather conditions.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The City's General Fund reported an ending unreserved, undesignated fund balance of \$5,020,535, a decrease of \$1,179,990, compared with the previous fiscal year. Original budgetary projections had projected a drawdown of fund balance of \$600,000. It was anticipated that this drawdown would allow for an increased level of funding of street maintenance efforts, which to a degree, had been deferred during recent years. Although most departments spent less than originally budgeted, revenue shortfalls related to electric franchise tax payments (approximately \$550,000) and municipal court collections (approximately \$440,000) contributed to a significantly larger draw down than originally anticipated.

The City's Debt Service Fund saw its fund balance fall from \$798,768 to zero. The original budget (adopted prior to the conclusion of the 2007 fiscal year) had proposed to bring this balance down below \$100,000 however; the ending 2007 fund balance was not as large as the 2008 budget had projected. Consequently, required debt service costs exhausted the fund balance entirely, requiring the general fund to contribute an additional (and unbudgeted) contribution to the debt service fund of just over \$230,000.

Proprietary Funds

The City's Water and Wastewater funds reported unrestricted ending net assets of \$1,889,644 and \$5,275,914, respectively. The net assets of the Water fund decreased slightly due to rising interest costs and it's portion of the debt service payments for the Robert W. Sokoll Water Treatment Plant Joint Venture with Rockett Special Utility District, which is under construction. The Wastewater fund's net assets increased overall, primarily as a result of developer contributions of system infrastructure in new subdivisions and retail developments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following General Fund departments had budget shortfalls:

Department:	Budget shortfall	Reason:
Downtown Development	\$3,510	Life insurance costs were under-budgeted.
Planning Department	7,980	Salary costs were under-budgeted, along with related benefit costs.
Fire Department	69,924	Overtime costs were higher than anticipated and various benefit costs were under-budgeted.
Police Department	115,368	Salary costs were under-budgeted, along with related benefit costs and life insurance.
Sims Library	89,316	Tax collections were higher than anticipated.
Senior Citizens Center	1,073	Life insurance and retirement benefits were under-budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Waxahachie's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$157,373,742 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, machinery and equipment, and roads. Additional information on the City's capital assets can be found in Note III.C in the basic financial statements. Major capital asset events during the current fiscal period included the following:

Approximately \$2,810,000 on construction of the new Senior Citizen Center
Approximately \$1,340,000 was spent on water lines located throughout the City.
Approximately \$1,912,000 was spent on wastewater lines in various locations.
Developers donated approximately \$4,189,000 worth of improvements such as roadways, sidewalks, and drainage improvements.

Debt Administration

During fiscal year 2008, the City, in a joint venture with Rockett Special Utility District, issued \$53,000,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2007A, for the construction of the Robert W. Sokoll Water Treatment Plant. More details on the City's joint venture with Rockett SUD are located in the notes to the financial statements, note IV. D on page 60. Note III. E, regarding the City's long-term debt, begins on page 52.

ECONOMIC OUTLOOK

The City maintained its bond rating of (A- with Standard & Poor's, and A2 with Moody's) throughout the fiscal year. Standard & Poor's upgraded the City to an A+ rating after the close of the fiscal year. Sensing that a temporary slowdown in growth and related economic activity was likely in the area, the City adopted a 2009 General Fund budget which, compared with the 2008 budget, forecasts revenues to be essentially "flat" and reduces budgeted expenditures by almost 3%.

REQUESTS FOR INFORMATION

For more information contact Charles Harris at (972) 937-7330 x130; Finance Department; City of Waxahachie; PO Box 757; Waxahachie, TX 75168-0757. E-mail: charris@waxahachie.com.

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Basic Financial Statements

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CITY OF WAXAHACHIE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash and cash equivalents</i>	\$ 257,603	\$ 79,817	\$ 337,420	\$ 153,501
<i>Investments</i>	18,585,985	5,541,494	24,127,479	10,810,909
<i>Receivables (net of allowances for uncollectibles):</i>	1,510,281	1,429,190	2,939,471	3,141
<i>Intergovernmental</i>	1,433,666	25,478	1,459,144	439,757
<i>Inventories</i>	--	97,424	97,424	--
<i>Prepaid items</i>	40,408	20,360	60,768	3,937
Restricted assets:				
<i>Cash and cash equivalents</i>	--	144,977	144,977	--
<i>Investments</i>	--	10,210,547	10,210,547	--
<i>Deferred charges</i>	315,142	1,521,471	1,836,613	459,415
<i>Equity in joint venture</i>	4,560,693	592,010	5,152,703	--
Capital assets (net, where applicable, of accumulated depreciation):				
<i>Land</i>	7,255,620	571,413	7,827,033	575,679
<i>Buildings</i>	5,269,182	9,196,451	14,465,633	10,228,834
<i>Improvements other than buildings</i>	3,992,684	76,442,269	80,434,953	3,276,519
<i>Machinery and equipment</i>	1,389,467	398,161	1,787,628	54,309
<i>Vehicles</i>	1,222,009	550,084	1,772,093	11,355
<i>Infrastructure</i>	41,632,757	--	41,632,757	--
<i>Construction in progress</i>	4,833,759	4,619,886	9,453,645	346,770
Total Assets	92,299,256	111,441,032	203,740,288	26,364,126
LIABILITIES				
<i>Accounts payable</i>	1,455,726	561,237	2,016,963	417,757
<i>Other payables</i>	183,491	--	183,491	47,804
<i>Accrued liabilities</i>	437,307	88,064	525,371	23,051
<i>Due to other governments</i>	183,460	--	183,460	--
<i>Accrued interest payable</i>	309,727	379,966	689,693	246,636
<i>Customer deposits</i>	--	531,378	531,378	--
<i>Accounts payable from restricted assets</i>	--	43,823	43,823	--
Noncurrent liabilities:				
<i>Due within one year</i>	4,336,551	1,692,255	6,028,806	542,408
<i>Due in more than one year</i>	41,087,199	49,985,354	91,072,553	22,294,800
Total Liabilities	47,993,461	53,282,077	101,275,538	23,572,456
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	31,778,039	50,540,603	82,318,642	1,263,115
Restricted For:				
Debt Service	877,328	--	877,328	1,340,489
Unrestricted	11,650,428	7,618,352	19,268,780	188,066
Total Net Assets	\$ 44,305,795	\$ 58,158,955	\$ 102,464,750	\$ 2,791,670

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
<i>General government</i>	\$ 4,426,264	\$ 1,391,598	\$ 9,585	\$ --
<i>Public safety</i>	12,438,929	992,720	367,703	--
<i>Public works</i>	7,972,780	973,065	670	4,198,969
<i>Culture and recreation</i>	2,600,441	32,909	16,665	--
<i>Interest on long-term debt</i>	2,209,115	--	--	--
Total Governmental Activities	<u>29,647,529</u>	<u>3,390,292</u>	<u>394,623</u>	<u>4,198,969</u>
Business-type Activities:				
Water Utility	7,629,661	6,473,978	--	1,054,088
Wastewater Utility	5,294,704	4,903,503	--	1,072,482
Refuse Service	973,994	1,058,189	--	--
Total Business-type Activities	<u>13,898,359</u>	<u>12,435,670</u>	<u>--</u>	<u>2,126,570</u>
Total Primary Government	<u>\$ 43,545,888</u>	<u>\$ 15,825,962</u>	<u>\$ 394,623</u>	<u>\$ 6,325,539</u>
COMPONENT UNITS:				
Waxahachie Community Development Corporation	\$ 4,001,697	\$ 591,637	\$ --	\$ --
Total Component Units	<u>\$ 4,001,697</u>	<u>\$ 591,637</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Miscellaneous
Unrestricted Investment Earnings
Gain (loss) on Disposal of Capital Assets
Transfers
 Total General Revenues
 Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,025,081)		\$ (3,025,081)	
(11,078,506)		(11,078,506)	
(2,800,076)		(2,800,076)	
(2,550,867)		(2,550,867)	
(2,209,115)		(2,209,115)	
<u>(21,663,645)</u>		<u>(21,663,645)</u>	
--	\$ (101,595)	(101,595)	
--	681,281	681,281	
--	84,195	84,195	
--	663,881	663,881	
<u>(21,663,645)</u>	<u>663,881</u>	<u>(20,999,764)</u>	
			\$ (3,410,060)
			<u>(3,410,060)</u>
12,669,114	--	12,669,114	--
7,928,616	--	7,928,616	2,655,749
2,977,763	--	2,977,763	--
464,739	--	464,739	--
193,710	101,709	295,419	14,481
696,429	908,136	1,604,565	406,682
(5,812)	--	(5,812)	--
970,476	(970,476)	--	--
<u>25,895,035</u>	<u>39,369</u>	<u>25,934,404</u>	<u>3,076,912</u>
4,231,390	703,250	4,934,640	(333,148)
40,074,405	57,455,705	97,530,110	3,124,818
<u>\$ 44,305,795</u>	<u>\$ 58,158,955</u>	<u>\$ 102,464,750</u>	<u>\$ 2,791,670</u>

CITY OF WAXAHACHIE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General Fund	Debt Service
ASSETS		
<i>Cash and cash equivalents</i>	\$ 77,259	\$ --
<i>Investments</i>	5,189,781	--
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	203,122	155,613
<i>Accounts</i>	5,292	--
<i>Fines</i>	371,266	--
<i>Other</i>	116,583	61,382
<i>Intergovernmental</i>	1,424,541	--
<i>Due from other funds</i>	22,471	--
<i>Prepaid items</i>	35,752	1,505
Total Assets	\$ 7,446,067	\$ 218,500
LIABILITIES AND FUND BALANCES		
Liabilities:		
<i>Accounts payable</i>	\$ 435,621	\$ 1,018
<i>Other payables</i>	182,321	1,000
<i>Accrued liabilities</i>	437,307	--
<i>Due to other funds</i>	--	22,471
<i>Due to other governments</i>	183,460	--
<i>Deferred revenue</i>	264,425	194,011
Total Liabilities	1,503,134	218,500
Fund Balances:		
Reserved for:		
<i>Prepays</i>	35,752	--
<i>Encumbrances</i>	40,738	--
<i>Seniors center</i>	100,000	--
<i>Municipal court judicial efficiency</i>	15,370	--
<i>Municipal court technology</i>	78,900	--
<i>Municipal court security</i>	14,297	--
<i>Municipal court judicial</i>	2,835	--
<i>Debt service</i>	--	--
<i>Perpetual care</i>	--	--
<i>Industrial development</i>	--	--
Unreserved, reported in:		
<i>General fund, designated for seniors center</i>	634,506	--
<i>General fund, undesignated</i>	5,020,535	--
<i>Special revenue funds, designated for fire department</i>	--	--
<i>Special revenue funds, undesignated</i>	--	--
<i>Capital projects funds</i>	--	--
Total fund balances	5,942,933	--
Total Liabilities and Fund Balances	\$ 7,446,067	\$ 218,500

The accompanying notes are an integral part of this statement.

2007 Bond Construction	Other Governmental Funds	Total Governmental Funds
\$ 130,978	\$ 49,366	\$ 257,603
9,224,577	4,171,626	18,585,984
--	18,127	376,862
--	--	5,292
--	--	371,266
--	65,064	243,029
6,125	3,000	1,433,666
--	--	22,471
--	3,151	40,408
<u>\$ 9,361,680</u>	<u>\$ 4,310,334</u>	<u>\$ 21,336,581</u>
\$ 914,374	\$ 104,712	\$ 1,455,725
--	170	183,491
--	--	437,307
--	--	22,471
--	--	183,460
--	15,335	473,771
<u>914,374</u>	<u>120,217</u>	<u>2,756,225</u>
--	3,151	38,903
--	--	40,738
--	--	100,000
--	--	15,370
--	--	78,900
--	--	14,297
--	--	2,835
--	667,982	667,982
--	668,434	668,434
--	227,176	227,176
--	--	634,506
--	--	5,020,535
--	8,025	8,025
--	2,615,349	2,615,349
8,447,306	--	8,447,306
<u>8,447,306</u>	<u>4,190,117</u>	<u>18,580,356</u>
<u>\$ 9,361,680</u>	<u>\$ 4,310,334</u>	<u>\$ 21,336,581</u>

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CITY OF WAXAHACHIE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2008

Total fund balances - governmental funds balance sheet	\$ 18,580,356
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	65,595,478
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	320,733
Payables for bond principal which are not due in the current period are not reported in the funds.	(42,416,784)
Payables for capital leases which are not due in the current period are not reported in the funds.	(807,882)
Payables for bond interest which are not due in the current period are not reported in the funds.	(309,727)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(2,000,236)
Payables for contracts which are not due in the current period are not reported in the funds.	(123,153)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(75,696)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	376,524
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	91,656
Franchise taxes receivable unavailable to pay for current period expenditures are not accrued in the funds.	513,833
Equity in a joint venture is not reported in the funds.	<u>4,560,693</u>
Net assets of governmental activities - statement of net assets	<u>\$ 44,305,795</u>

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	General Fund	Debt Service
Revenues:		
<i>Taxes</i>	\$ 18,029,255	\$ 4,849,969
<i>Charges for services</i>	190,008	--
<i>Licenses and permits</i>	820,733	--
<i>Fines and forfeitures</i>	569,415	--
<i>Intergovernmental</i>	341,851	--
<i>Miscellaneous</i>	391,642	69,602
<i>Interest</i>	229,923	19,074
Total revenues	<u>20,572,827</u>	<u>4,938,645</u>
Expenditures:		
Current:		
<i>General government</i>	3,229,849	--
<i>Public safety</i>	11,902,727	--
<i>Public works</i>	4,596,752	--
<i>Culture and recreation</i>	2,499,096	--
Capital outlay	--	--
Debt service:		
<i>Principal</i>	--	3,935,961
<i>Interest</i>	--	2,034,522
Total expenditures	<u>22,228,424</u>	<u>5,970,483</u>
Excess (deficiency) of revenues over (under) expenditures	(1,655,597)	(1,031,838)
Other financing sources (uses):		
<i>Transfers in</i>	735,476	233,070
<i>Transfers out</i>	(233,070)	--
<i>Sale of capital assets</i>	11,625	--
Total other financing sources (uses)	<u>514,031</u>	<u>233,070</u>
Net change in fund balances	(1,141,566)	(798,768)
Fund balances, October 1	7,084,499	798,768
Fund balances, September 30	\$ <u>5,942,933</u>	\$ <u>--</u>

The accompanying notes are an integral part of this statement.

2007 Bond Construction	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,191,611	\$ 24,070,835
--	1,357,130	1,547,138
--	--	820,733
--	--	569,415
19,009	57,713	418,573
--	43,155	504,399
312,223	135,209	696,429
<u>331,232</u>	<u>2,784,818</u>	<u>28,627,522</u>
171,867	765,636	4,167,352
--	15,715	11,918,442
581,572	--	5,178,324
--	--	2,499,096
3,797,041	--	3,797,041
--	1,180,199	5,116,160
--	77,292	2,111,814
<u>4,550,480</u>	<u>2,038,842</u>	<u>34,788,229</u>
(4,219,248)	745,976	(6,160,707)
--	998,445	1,966,991
--	(763,445)	(996,515)
--	--	11,625
<u>--</u>	<u>235,000</u>	<u>982,101</u>
(4,219,248)	980,976	(5,178,606)
12,666,554	3,209,141	23,758,962
<u>\$ 8,447,306</u>	<u>\$ 4,190,117</u>	<u>\$ 18,580,356</u>

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CITY OF WAXAHACHIE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds	\$ (5,178,606)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,625,210
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,959,459)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(17,437)
Donations of capital assets increase net assets in the SOA but not in the funds.	3,901,261
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(33,275)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(2,871)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,860,622
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	249,627
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	5,911
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(84,281)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(11,140)
(Increase) decrease in accrued interest from beginning of period to end of period	(28,022)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(158,135)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	(2,235)
Revenues in the SOA for franchise taxes not providing current financial resources are not reported in the funds.	2,670
Change in joint venture equity is not reported in the funds.	<u>61,550</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 4,231,390</u>

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

SEPTEMBER 30, 2008

EXHIBIT A-7

	Enterprise Fund	Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	Water Utility	Wastewater Utility	Refuse Service	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 3	\$ 72,531	\$ 7,283	\$ 79,817
Investments	209	5,108,220	433,065	5,541,494
Receivables (net of allowances for uncollectibles):				
Accounts receivable	739,169	541,460	133,315	1,413,944
Other receivables	796	14,450	--	15,246
Intergovernmental	237	18,550	6,691	25,478
Inventories	97,424	--	--	97,424
Prepaid items	11,381	8,389	590	20,360
Restricted Assets:				
Cash and cash equivalents	106,512	38,465	--	144,977
Investments	7,501,505	2,709,042	--	10,210,547
Total Current Assets	8,457,236	8,511,107	580,944	17,549,287
Noncurrent Assets:				
Deferred charges and other assets	1,337,319	184,152	--	1,521,471
Equity in joint venture	592,010	--	--	592,010
Capital assets:				
Land	275,474	212,290	83,649	571,413
Buildings	16,857,218	7,712,938	--	24,570,156
Improvements other than buildings	59,992,869	42,649,856	--	102,642,725
Machinery and equipment	465,609	420,123	142,396	1,028,128
Vehicles	509,986	803,308	19,336	1,332,630
Construction in progress	4,402,641	217,245	--	4,619,886
Accumulated depreciation	(29,152,513)	(13,769,482)	(64,679)	(42,986,674)
Total Capital Assets - net of accumulated depreciation	53,351,284	38,246,278	180,702	91,778,264
Total Noncurrent Assets	55,280,613	38,430,430	180,702	93,891,745
Total Assets	63,737,849	46,941,537	761,646	111,441,032
LIABILITIES				
Current Liabilities:				
Accounts payable	312,245	140,492	108,500	561,237
Accrued liabilities	44,794	39,641	3,629	88,064
Compensated absences payable - current	14,635	13,422	4,005	32,062
Accrued interest payable	193,167	186,799	--	379,966
General obligation bonds payable - current	32,917	63,672	--	96,589
Certificates of obligation bonds payable - current	899,568	664,036	--	1,563,604
Customer deposits	280,159	251,219	--	531,378
Accounts payable from restricted assets	43,823	--	--	43,823
Total Current Liabilities	1,821,308	1,359,281	116,134	3,296,723
Noncurrent Liabilities:				
General obligation bonds payable	8,425,342	16,311,669	--	24,737,011
Certificates of obligation bonds payable	16,662,128	8,490,030	--	25,152,158
Compensated absences payable	43,904	40,265	12,016	96,185
Total Noncurrent Liabilities	25,131,374	24,841,964	12,016	49,985,354
Total Liabilities	26,952,682	26,201,245	128,150	53,282,077
NET ASSETS				
Invested in capital assets, net of related debt	34,895,523	15,464,378	180,702	50,540,603
Unrestricted	1,889,644	5,275,914	452,794	7,618,352
Total net assets	\$ 36,785,167	\$ 20,740,292	\$ 633,496	\$ 58,158,955

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXASSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Fund	Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	Water Utility	Wastewater Utility	Refuse Service	
OPERATING REVENUES:				
<i>Charges for services</i>	\$ 6,473,978	\$ 4,903,501	\$ 1,058,189	\$ 12,435,668
Total Operating Revenues	<u>6,473,978</u>	<u>4,903,501</u>	<u>1,058,189</u>	<u>12,435,668</u>
OPERATING EXPENSES:				
<i>Cost of sales and services</i>	4,336,905	2,952,336	959,753	8,248,994
<i>Depreciation and amortization</i>	1,556,270	1,126,916	14,241	2,697,427
Total Operating Expenses	<u>5,893,175</u>	<u>4,079,252</u>	<u>973,994</u>	<u>10,946,421</u>
Operating Income (Loss)	<u>580,803</u>	<u>824,249</u>	<u>84,195</u>	<u>1,489,247</u>
NON-OPERATING REVENUES (EXPENSES):				
<i>Intergovernmental revenue</i>	37,437	50,358	--	87,795
<i>Interest revenue</i>	586,550	309,081	12,505	908,136
<i>Miscellaneous income</i>	11,564	80,455	9,689	101,708
<i>Gain (loss) on joint venture</i>	(489,749)	--	--	(489,749)
<i>Interest expense</i>	(1,246,737)	(1,215,452)	--	(2,462,189)
Total Non-operating Revenues (Expenses)	<u>(1,100,935)</u>	<u>(775,558)</u>	<u>22,194</u>	<u>(1,854,299)</u>
Net Income (Loss) before Transfers and Capital Contributions	<u>(520,132)</u>	<u>48,691</u>	<u>106,389</u>	<u>(365,052)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:				
<i>Capital contributions</i>	1,016,652	1,022,126	--	2,038,778
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	(583,396)	(387,080)	--	(970,476)
Change in net assets	<u>(86,876)</u>	<u>683,737</u>	<u>106,389</u>	<u>703,250</u>
Net assets, October 1	36,872,043	20,056,555	527,107	57,455,705
Net assets, September 30	<u>\$ 36,785,167</u>	<u>\$ 20,740,292</u>	<u>\$ 633,496</u>	<u>\$ 58,158,955</u>

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Fund Water Utility	Enterprise Fund Wastewater Utility	Nonmajor Enterprise Fund Refuse Service
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 6,621,353	\$ 5,093,631	\$ 1,064,878
<i>Cash Payments to Employees for Services</i>	(1,544,637)	(1,413,698)	(127,627)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(3,637,358)	(1,508,134)	(717,949)
Net Cash Provided (Used) by Operating Activities	1,439,358	2,171,799	219,302
Cash Flows from Non-capital Financing Activities:			
<i>Transfers And Receipts From Other Funds</i>	--	--	--
<i>Transfers And Payments To Other Funds</i>	(583,396)	(387,080)	--
Net Cash Provided (Used) by Non-capital Financing Activities	(583,396)	(387,080)	--
Cash Flows from Capital and Related Financing Activities:			
<i>Receipts from Intergovernmental Loan</i>	2,861,756	--	--
<i>Principal and Interest Paid</i>	(2,159,940)	(1,888,186)	--
<i>Acquisition of Water Rights</i>	(1,186,249)	--	--
<i>Acquisition or Construction of Capital Assets</i>	(928,271)	(1,821,365)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	(1,412,704)	(3,709,551)	--
Cash Flows from Investing Activities:			
<i>Investment in joint venture</i>	(1,081,759)	--	--
<i>Proceeds from Sale and Maturities of Securities</i>	1,083,503	1,194,081	26,092
<i>Interest and Dividends on Investments</i>	586,550	309,081	12,505
Net Cash Provided (Used) for Investing Activities	588,294	1,503,162	38,597
Net Increase (Decrease) in Cash and Cash Equivalents	31,552	(421,670)	257,899
Cash and Cash Equivalents at Beginning of Year	7,576,677	8,349,928	182,449
Cash and Cash Equivalents at End of Year	\$ 7,608,229	\$ 7,928,258	\$ 440,348
Reconciliation to Balance Sheet:			
<i>Unrestricted cash and cash equivalents</i>	\$ 3	\$ 72,531	\$ 7,283
<i>Restricted cash and cash equivalents</i>	106,512	38,465	--
<i>Unrestricted cash equivalents in investments</i>	209	5,108,220	433,065
<i>Restricted cash equivalents in investments</i>	7,501,505	2,709,042	--
Total Cash and Cash Equivalents	\$ 7,608,229	\$ 7,928,258	\$ 440,348
Reconciliation of Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities:			
Operating Income (Loss)	\$ 580,803	\$ 824,249	\$ 84,195
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation and amortization</i>	1,556,270	1,126,916	14,241
<i>Other revenues (expenses)</i>	49,001	130,813	9,689
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	65,324	65,349	3,691
<i>Decrease (Increase) in Intergovernmental</i>	13,134	2,992	(6,691)
<i>Decrease (Increase) in Inventories</i>	(8,013)	--	--
<i>Decrease (Increase) in Prepaid Expenses</i>	10,589	6,107	50,609
<i>Increase (Decrease) in Accounts Payable</i>	(887,521)	2,918	52,902
<i>Increase (Decrease) in Compensated Absences</i>	(784)	6,310	9,875
<i>Increase (Decrease) in Accrued Liabilities</i>	40,639	15,169	791
<i>Increase (Decrease) in Customer Deposits</i>	19,916	(9,024)	--
Total Adjustments	858,555	1,347,550	135,107
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 1,439,358	\$ 2,171,799	\$ 219,302
Non-cash Activities:			
<i>Decrease in equity in joint venture</i>	\$ (489,749)	\$ --	\$ --
<i>Capital Contributions from Developers</i>	\$ 1,016,652	\$ 1,022,126	\$ --

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

Totals

\$ 12,779,862
(3,085,962)
(5,863,441)
3,830,459

--
(970,476)
(970,476)

2,861,756
(4,048,126)
(1,186,249)
(2,749,636)
(5,122,255)

(1,081,759)
2,303,676
908,136
2,130,053

(132,219)
16,109,054
\$ 15,976,835

\$ 79,817
144,977
5,541,494
10,210,547
\$ 15,976,835

\$ 1,489,247

2,697,427
189,503

134,364
9,435
(8,013)
67,305
(831,701)

15,401
56,599
10,892
2,341,212
\$ 3,830,459

\$ (489,749)
\$ 2,038,778

CITY OF WAXAHACHIE, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2008

	Pension Trust Fund
	<u>Firefighters' Retirement</u>
ASSETS	
<i>Cash and cash equivalents</i>	\$ 454,280
<i>Interest receivable</i>	12,128
Investments, at fair value:	
<i>Mortgage backed securities</i>	122,265
<i>U.S. Government securities</i>	2,095,704
<i>Corporate equities</i>	3,670,683
Total Assets	<u>6,355,060</u>
NET ASSETS	
<i>Held in trust for pension benefits</i>	<u>\$ 6,355,060</u>

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Firefighters' Retirement Plan
Additions:	
Contributions:	
Employer Contributions	\$ 386,427
Plan Member Contributions	364,075
Investment Earnings:	
Investment Income	320,412
Net Decrease in Fair Value of Investments	(1,301,307)
Total Additions	<u>(230,393)</u>
Deductions:	
Benefits	357,557
Refunds of Contributions	26,483
Administrative Expenses	84,652
Total Deductions	<u>468,692</u>
Change in Net Assets	(699,085)
Net Assets-Beginning of the Year	7,054,145
Net Assets-End of the Year	<u>\$ 6,355,060</u>

The accompanying notes are an integral part of this statement.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Waxahachie, Texas (City) is a Home Rule City incorporated about 1849. The City operates under the Council-Manager form of government adopted on October 22, 1946 and provides the following services authorized by its charter: public safety (police and fire); highways and streets; sanitation; health and social services; parks and recreation; public improvements; planning and zoning; and general administrative services. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Blended Component Units

Ellis County Water Control and Improvement District No. 1 (the Water District) is governed by a five member board appointed by the City Council. Although it is legally separate from the City, the Water District is reported as if it were part of the primary government because its sole purpose is to finance, and construct a lake, the water treatment, and the wastewater processing systems for the City. Legal liability for the general obligation portion of the District's debt remains with the City. The Water District's General Fund is accounted for as a special revenue fund. Contractual payments are treated as transfers. Separate financial statements may be obtained from the City.

The Tax Increment Financing Reinvestment Zone No. 1 (TIFRZ) is governed by a five member board appointed by the City Council. Although it is legally separate from the City, the TIFRZ is reported as if it were part of the primary government because its sole purpose is to finance and construct improvements to the downtown area. Legal liability for the general obligation portion of the District's debt remains with the City. The TIFRZ's General Fund is accounted for as a special revenue fund. Separate financial statements are not prepared.

Discretely Presented Component Unit

Waxahachie Community Development Corporation (WCDC) is governed by a seven member board appointed by the City Council, and its operating budget is subject to approval of the City Council. WCDC is financed with a voter approved half-cent City sales tax, and its primary purpose is to finance, construct, and administer the activities of the Civic Center and Recreation Complex for the City. Since the services provided by WCDC are to the public and not to the City, WCDC is a discretely presented component unit. Legal liability for the general obligation portion of the District's debt remains with the City. The funds of WCDC are composed of governmental fund types. Separate financial statements may be obtained from the City.

Joint Ventures

The Midlothian/Waxahachie Airport Joint Venture was created by an agreement by the City of Waxahachie and City of Midlothian, Texas, dated August 9, 1989. Under the agreement, both cities equally share ownership, rights and obligations. The City recognizes its share of equity in the joint venture in the governmental capital assets. Summary financial information of the joint venture is included elsewhere in these notes to the basic financial statements. Separate financial statements may be obtained from the City.

Pursuant to an interlocal agreement authorized by state statutes, the City of Waxahachie, Texas joined the Rockett Special Utility District (SUD) to construct and operate the Robert W. Sokoll Water Treatment Plant for the mutual benefit of the City and the SUD. Under the agreement, both entities equally share ownership, rights and obligations. The City will recognize its share of equity in the joint venture in the enterprise capital assets. Summary financial information of the joint venture is included elsewhere in these notes to the basic financial statements. Separate financial statements may be obtained from the City.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

The City acts as an agent for the collection and remittance of specific taxes for the following organizations:

Nicholas P. Sims Library and Lyceum - in accordance with Sec. 5.19 (City Charter), the City levies and collects property taxes based on the operating budget of the Library.

Hotel/Motel Occupancy Tax - under terms of an agreement dated September 14, 1981, the City collects and remits all of the Hotel/Motel occupancy tax to the Waxahachie Chamber of Commerce for tourism (75%) and to the Waxahachie Arts Council for cultural activities (25%).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) 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 revenues, are reported separately from *business-type 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 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 revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

The City 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 *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2007 Bond Construction Fund* accounts for the proceeds of bonds that were issued in fiscal year 2007. The proceeds are intended to be used to fund the construction of the Waxahachie Senior Citizen's Center, two major street expansions, and various smaller projects.

The City reports the following major proprietary funds:

The *Water Utility Fund* accounts for the operations of the water treatment plant, water production system, and the water distribution system, as well as the water utility administration, billing, and metering departments.

The *Wastewater Utility Fund* accounts for the operations of the wastewater treatment plant, wastewater pumping stations, and collection systems, as well as the wastewater utility administration and billing departments.

Additionally, the City reports the following fund types:

Special revenue funds account for the collection and disbursement of earmarked monies.

Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of certain governmental funds.

Capital projects funds account for the acquisition or construction of governmental capital assets.

The *pension trust fund* accounts for the activities of the Firefighter's Retirement System, which accumulates resources for pension benefit payments to qualified firefighters.

The *Refuse Service Enterprise Fund* accounts for the operation of the garbage collection system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues 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, miscellaneous revenue, and interest income.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

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 Water Utility enterprise fund, the Wastewater Utility enterprise fund, and the Refuse Service Fund are charges to customers for sales and services. The utility funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) - (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the City, and placed through a primary government securities dealer.

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

2. 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 25 percent of outstanding property taxes at September 30, 2008.

Property taxes are levied on October 1 by the City and Water District based on the January 1 property values as assessed by the Ellis Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of enterprise fund certificates of obligation are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, cash with fiscal agent in the debt service fund is classified as a restricted asset.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	40 years
Public domain infrastructure	20 years
System infrastructure	40 years
Equipment	10 years
Vehicles	10 years

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Non civil service employees are paid for up to 480 hours of accumulated sick leave upon retirement from the City if the employee has a total of twenty years of service with the City. Firefighters and police officers, may accrue and be paid up to ninety days of sick pay. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for terminated employees.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund type funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

reported net of the applicable bond premium or discount. 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 and discounts, 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund equity

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds." The details of this \$376,524 difference are as follows:

Bonds issuance costs:	
City	\$303,982
Ellis County Water Control and Improvement District No. 1	9,295
Tax Increment Financing Reinvestment Zone No. 1	1,865
Loan Receivable recognized as income, but deferred in the funds	<u>61,382</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$376,524</u>

Another element of that reconciliation states that "Other long-term liabilities which are not due and payable are not reported in the funds." The details of this \$75,696 difference is estimated arbitrage payable.

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 revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Revenues in the Statement of Activities not providing current financial resources are not reported as revenues in the funds." The details of this \$2,670 difference is the recognition of change in deferred contract revenue.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2008, the City, the Firefighter's Relief and Retirement Fund (FRR), and WCDC had cash of \$1,090,178 (\$144,977 restricted) on deposit with a bank balance of \$1,200,509. These amounts were collateralized by securities held by a third party trustee in the name of the City.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

As of September 30, 2008, the City, the Firefighter's Relief and Retirement Fund (FRR), and WCDC had the following investments:

Investment type	Fair Value	Years to Maturity	Credit Rating
Primary Government			
City General Investments:			
Government sponsored investment pool (LOGIC)	\$34,338,026	0.08	AAAm
	34,338,026		
Firefighter's Relief and Retirement			
Mortgage backed securities	122,265		
U.S. Government securities	2,095,704		
Corporate equity securities	3,670,683	6.19	AAA
	5,888,652		
Total Primary Government	40,226,678		
Discretely Presented Component Unit			
Waxahachie Community Development Corporation			
Government sponsored investment pool (LOGIC)	10,810,909	0.08	AAAm
Total Discretely Presented Component Unit	10,810,909		
Total Reporting Entity	\$51,037,587		

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years. FRR has a longer term investment time line – "greater than five years (perpetual)" and uses investment allocation to manage this risk.

Credit Risk. State law limits investments as described previously in Note I D. FRR has authorized investments in domestic and international equities, fixed income instruments and cash and equivalents.

Concentration of Credit Risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the fair value of the City's total investments, except for governmental investment pools. FRR has additionally restricted its holdings of international equities issues to no more than ten percent of the total fair value of its international equities portfolio.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the City's depository in the City's name and held by the depository's agent. FRR maintains a minimum amount of cash necessary for current needs.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City or FRR will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Local Government Investment Cooperative (LOGIC) operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, to the extent such rule is applicable to its operations. Accordingly,

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

LOGIC uses the amortized cost method permitted by SEC Rule 2a-7 to report net assets and share prices since that amount approximates fair value. The investment activities of LOGIC are administered by third party advisors. There is no regulatory oversight by the State of Texas over LOGIC. Logic has a Standards and Poors credit rating of AAAM.

B. Receivables

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

	General	Debt Service	2007 Bond	Nonmajor and Other	Water Utility	Waste Water Utility	Nonmajor Refuse Service	Total
Property taxes	\$270,830	\$207,484	\$ --	\$24,171	\$ --	\$ --	\$ --	\$502,485
Allowance	(67,708)	(51,871)	--	(6,044)	--	--	--	(125,623)
Net property taxes	\$203,122	\$155,613	\$ --	\$18,127	\$ --	\$ --	\$ --	\$378,862
Accounts receivable	\$16,991	\$ --	\$ --	\$ --	\$969,225	\$792,246	\$315,792	\$2,094,254
Allowance	(11,699)	--	--	--	(230,056)	(250,786)	(182,477)	(675,018)
Net Accounts Receivable	\$5,292	\$ --	\$ --	\$ --	\$739,169	\$541,460	\$133,315	\$1,419,236
Fines receivable	\$861,520	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$861,520
Allowance	(490,254)	--	--	--	--	--	--	(490,254)
Net Fines Receivable	\$371,266	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$371,266
Other receivables	\$116,583	\$61,382	\$ --	\$65,064	\$796	\$14,450	\$ --	\$258,275
Allowance	--	--	--	--	--	--	--	--
Net Other Receivables	\$116,583	\$61,382	\$ --	\$65,064	\$796	\$14,450	\$ --	\$258,275
Intergovernmental	\$1,424,541	\$ --	\$6,125	\$3,000	\$237	\$18,550	\$6,691	\$1,459,144

Revenues of the Utility 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	\$12,723
Uncollectibles related to wastewater services	21,825
Uncollectibles related to refuse service	<u>12,152</u>
Total	<u>\$46,700</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$172,769	\$ --
Fines revenue	91,656	--
Delinquent property taxes receivable (debt service fund)	132,629	--
Loan receivable not yet due (debt service fund)	61,382	--
Delinquent property taxes receivable (water district debt service)	<u>15,335</u>	--
Total deferred/unearned revenue for governmental funds	<u>\$473,771</u>	<u>\$ --</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2008:

Primary Government

	Balance 9/30/07	Additions	Retirements	Transfers & Completed Construction	Balance 9/30/08
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$6,249,071	\$1,006,549	\$ --	\$ --	\$7,255,620
Construction in progress	812,303	4,032,623	--	(11,167)	4,833,759
Total capital assets not being depreciated	<u>7,061,374</u>	<u>5,039,172</u>	<u>--</u>	<u>(11,167)</u>	<u>12,089,379</u>
Capital assets, being depreciated:					
Buildings	6,581,489	--	--	--	6,581,489
Improvements other than buildings	4,574,820	--	--	--	4,574,820
Machinery and equipment	3,077,217	75,626	(14,350)	--	3,138,493
Vehicles	3,119,212	270,830	(15,134)	--	3,374,908
Infrastructure	81,755,703	3,135,844	--	11,167	84,902,714
Total capital assets being depreciated	<u>99,108,441</u>	<u>3,482,300</u>	<u>(29,484)</u>	<u>11,167</u>	<u>102,572,424</u>
Less accumulated depreciation for:					
Buildings	(1,148,020)	(164,287)	--	--	(1,312,307)
Improvements other than buildings	(461,378)	(120,758)	--	--	(582,136)
Machinery and equipment	(1,474,445)	(276,494)	1,913	--	(1,749,026)
Vehicles	(1,905,263)	(262,770)	15,134	--	(2,152,899)
Infrastructure	(40,134,807)	(3,135,150)	--	--	(43,269,957)
Total accumulated depreciation	<u>(45,123,913)</u>	<u>(3,959,459)</u>	<u>17,047</u>	<u>--</u>	<u>(49,066,325)</u>
Total capital assets being depreciated, net	<u>53,984,528</u>	<u>(477,159)</u>	<u>(12,437)</u>	<u>11,167</u>	<u>53,506,099</u>
Governmental activities capital assets, net	<u>\$61,045,902</u>	<u>\$4,562,013</u>	<u>(\$12,437)</u>	<u>\$ --</u>	<u>\$65,595,478</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

	Balance 9/30/07	Additions	Retirements	Completed Construction	Balance 9/30/08
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$571,413	\$ --	\$ --	\$ --	\$571,413
Construction in progress	25,983,724	1,903,598	--	(23,267,436)	4,619,886
Total capital assets not being depreciated	26,555,137	1,903,598	--	(23,267,436)	5,191,299
Capital assets, being depreciated:					
Buildings	24,570,156	--	--	--	24,570,156
Improvements other than buildings	77,390,791	1,984,498	--	23,267,436	102,642,725
Machinery and equipment	969,736	58,392	--	--	1,028,128
Vehicles	1,199,768	132,862	--	--	1,332,630
Total capital assets being depreciated	104,130,451	2,175,752	--	23,267,436	129,573,639
Less accumulated depreciation for:					
Buildings	(15,006,552)	(367,153)	--	--	(15,373,705)
Improvements other than buildings	(24,063,839)	(2,136,617)	--	--	(26,200,456)
Machinery and equipment	(559,043)	(70,924)	--	--	(629,967)
Vehicles	(673,960)	(108,586)	--	--	(782,546)
Total accumulated depreciation	(40,303,394)	(2,683,280)	--	--	(42,986,674)
Capital assets being depreciated, net	63,827,057	(507,528)	--	23,267,436	86,586,965
Business type activities capital assets, net	\$90,382,194	\$1,396,070	\$ --	\$ --	\$91,778,264

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$210,733
Public safety	340,514
Public works	3,271,180
Culture and recreation	<u>137,032</u>
Total depreciation expense - governmental activities	<u>\$3,959,459</u>

Business-type activities:

Water	\$1,549,600
Wastewater	1,119,433
Refuse	<u>14,242</u>
Total depreciation expense - business - type activities	<u>\$2,683,275</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Construction commitments

The City has active construction projects as of September 30, 2008. The projects include street construction, water system improvements, and wastewater improvements.

Project	Spent to Date	Remaining Commitment
Airport improvements	\$170,000	\$273,290
Buildings	2,429,515	1,859,880
Street, sidewalk, and drainage improvements	2,496,461	3,646,543
Water fund construction in progress	3,687,526	286,052
Wastewater fund construction in progress	<u>5,425</u>	<u>4,258</u>
	<u><u>\$8,788,927</u></u>	<u><u>\$6,070,023</u></u>

The buildings, airport runway expansion, streets, sidewalk, and drainage improvements are being financed by general revenues and bond proceeds. The commitment for wastewater system improvements and water system improvements are being financed by certificates of obligation secured by water and wastewater revenues.

Discretely Presented Component Unit - Waxahachie Community Development Corporation

	Balance 9/30/07	Additions	Retirements	Transfers & Completed Construction	Balance 9/30/08
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$575,679	\$ --	\$ --	\$ --	\$575,679
Construction in progress	--	346,770	--	--	346,770
Total capital assets not being depreciated	<u>575,679</u>	<u>346,770</u>	<u>--</u>	<u>--</u>	<u>922,449</u>
Capital assets, being depreciated:					
Buildings	12,763,798	--	--	--	12,763,798
Improvements other than buildings	4,008,283	--	--	--	4,008,283
Machinery and equipment	197,896	--	--	--	197,896
Vehicles	34,461	--	--	--	34,461
Total capital assets being depreciated	<u>17,004,438</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>17,004,438</u>
Less accumulated depreciation for:					
Buildings	(2,215,607)	(319,357)	--	--	(2,534,964)
Improvements other than buildings	(631,557)	(100,207)	--	--	(731,764)
Machinery and equipment	(123,797)	(19,790)	--	--	(143,587)
Vehicles	(18,852)	(4,254)	--	--	(23,106)
Total accumulated depreciation	<u>(2,989,813)</u>	<u>(443,608)</u>	<u>--</u>	<u>--</u>	<u>(3,433,421)</u>
Total capital assets being depreciated, net	<u>14,014,625</u>	<u>(443,608)</u>	<u>--</u>	<u>--</u>	<u>13,571,017</u>
Governmental activities capital assets, net	<u><u>\$14,590,304</u></u>	<u><u>(\$96,838)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$14,493,466</u></u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Construction commitments

WCDC has active construction projects as of September 30, 2008. The projects include parks and other improvements.

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Parks and other improvements	<u>\$322,852</u>	<u>\$203,274</u>

The parks and other improvements are being financed by bond proceeds.

D. Interfund receivables, payables, and transfers

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds		
General Fund	\$22,471	\$ --
Debt Service Fund	--	22,471
	<u>\$22,471</u>	<u>\$22,471</u>

Interfund receivables arise from covering overdrafts in pooled cash at year end.

Interfund transfers

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$735,476	\$233,070
Debt Service	233,070	--
Nonmajor governmental funds		
Police Fund	--	48,445
Police Seizure	1,960	--
Police Forfeiture	46,485	--
LEOSE	--	15,000
Water District General Fund	250,000	700,000
Water District Debt Service	<u>700,000</u>	<u>--</u>
Total Nonmajor governmental funds	<u>998,445</u>	<u>763,445</u>
Total Governmental Funds	<u>1,966,991</u>	<u>996,515</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Fund	Transfer In	Transfer Out
Major Business Type		
Water Utility Fund	\$ --	\$583,396
Wastewater Utility Fund	--	387,080
Total Business Type	--	970,476
	\$1,966,991	\$1,966,991

The City transferred amounts between funds for the following reasons: (1) to reimburse the General Fund for nonspecific administrative costs, (2) to partially eliminate the deficit fund balance in the Debt Service Fund, (3) to split seizure/forfeiture funds, and (4) to fund necessary debt service requirements.

E. Long-term debt

The City of Waxahachie issues general obligation bonds, certificates of obligation bonds, and notes to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the City.

General Debt Currently Outstanding:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/08
Governmental Activities					
General Obligation Bonds:					
Refunding and improvements	\$18,805,000	2005	2020	5.2500%	\$16,020,000
Refunding	7,639,025	2007	2020	5.2500%	7,611,347
Total General Obligation Bonds					23,631,347
Certificate of Obligation Bonds:					
Wastewater improvements	3,935,000	1996	2017	4.1480%	2,195,000
Municipal improvements	6,000,000	1999	2020	5.7500%	260,000
Water improvements	5,475,000	2000	2020	5.9003%	270,000
Municipal improvements	4,900,000	2002	2022	5.1250%	866,250
Municipal improvements	5,490,000	2004	2034	5.5000%	977,167
Refunding and improvements	14,250,002	2007	2032	5.2500%	13,926,323
Total Certificates of Obligation					18,494,740
Governmental Activities - City					42,126,087
Tax Increment Financing					246,039
Less:					42,372,126
Unamortized loss on refunding					(1,373,509)
Unamortized premium/discount					(460,476)
Total Governmental Type Activities					40,538,141

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/08
Business Type Activities					
General Obligation Bonds:					
Water refunding and improv.	\$9,085,196	2007	2020	5.2500%	9,052,278
Sewer refunding and improv.	17,573,505	2007	2020	5.2500%	<u>17,509,834</u>
Total General Obligation Bonds					<u>26,562,112</u>
Certificate of Obligation Bonds:					
Water and sewer improvements	5,500,000	2000	2010	5.9003%	270,000
Refunding and improvements	9,100,000	2002	2013	5.1250%	1,608,750
Water improvements	6,600,000	2004	2034	5.5000%	1,174,737
Water improvements	15,513,999	2007	2032	5.2500%	15,161,609
Sewer improvements	5,235,999	2007	2032	5.2500%	5,117,068
Sewer improvements	19,010,000	2004	2034	5.5000%	<u>3,383,599</u>
Total Certificates of Obligation					<u>26,715,763</u>
Total Business Activities					53,277,875
Unamortized loss on refundings					(1,457,092)
Unamortized discount					<u>(271,412)</u>
Total Business Type Activities					<u>51,549,371</u>
Total General Debt					<u><u>\$92,087,512</u></u>

Annual debt service requirements to maturity for debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$2,519,408	\$1,848,344	\$1,660,193	\$2,205,605	\$8,233,550
2010	2,050,805	1,748,170	1,458,529	2,145,507	7,403,011
2011	2,134,237	1,676,618	1,529,828	2,097,683	7,438,366
2012	2,227,330	1,596,565	1,611,426	2,046,311	7,481,632
2013	2,231,704	1,511,229	1,777,698	1,991,726	7,512,357
2014-2018	12,261,695	6,036,155	10,126,916	9,003,818	37,428,584
2019-2023	7,784,749	3,383,430	11,549,288	7,138,243	29,855,710
2024-2028	5,109,093	2,119,754	10,481,303	5,345,254	23,055,404
2029-2033	5,386,366	819,826	11,614,531	3,035,816	20,856,539
2034	420,700	18,930	1,468,163	66,071	1,973,864
Total	<u>\$42,126,087</u>	<u>\$20,759,021</u>	<u>\$53,277,875</u>	<u>\$35,076,034</u>	<u>\$151,239,017</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Year	TIFRZ		Total
	Principal	Interest	
2009	\$5,398	\$10,375	\$15,773
2010	5,667	10,162	15,829
2011	5,935	9,938	15,873
2012	6,243	9,703	15,946
2013	10,597	9,455	20,052
2014-2018	56,388	40,494	96,882
2019-2023	55,962	28,726	84,688
2024-2028	39,605	18,856	58,461
2029-2033	49,104	9,322	58,426
2034	11,140	501	11,641
Total	\$246,039	\$147,532	\$393,571

REVENUE BONDS. The Water District issues bonds where the City pledges income derived from the acquired or constructed assets and property taxes, to pay the debt service.

WCDC issues sales tax revenue bonds payable from a one-half cent sales tax.

Revenue & Tax bonds outstanding:

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/08
Revenue and Tax Bonds					
Water District					
Refunding	\$4,200,000	1993	2009	4.5000%	\$540,000
Water & Wastewater System Improvements (cabs)	314,927	2002	2009	4.2200%	430,569
Total ECWCID #1					<u>\$970,569</u>

Revenue bond service requirements to maturity:

Year	Water District		Total
	Principal	Interest	
2009	\$970,569	\$81,922	\$1,052,491
Total	\$970,569	\$81,922	\$1,052,491

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

CONTRACT PAYABLE. The City entered into a contract with the state to repay a portion of a grant received to develop infrastructure.

\$154,186 contract payable to state, due in 240 monthly installments of \$1,018, including interest imputed at 5.0%. Contract payable amortization is:

Year Ending <u>September 30,</u>	
2009	\$12,211
2010	12,211
2011	12,211
2012	12,211
2013	12,211
2014-2018	61,053
2019-2022	<u>48,842</u>
Total	170,950
Less interest	<u>(47,797)</u>
	<u><u>\$123,153</u></u>

Capitalized Lease Obligations

Governmental - The City entered into a lease to acquire certain radio equipment.

Capitalized lease obligations outstanding at year end are as follows:

Purpose	Original Amount	Year Issued	Final Maturity	Interest Rate	Balance 9/30/08
Radio equipment	\$1,341,114	2007	2011	3.84%	<u><u>\$807,883</u></u>

Capital lease obligation debt service requirements to maturity are as follows:

Year	Governmental
2009	\$290,236
2010	290,236
2011	<u>290,236</u>
Total payments	\$870,708
Less imputed interest	<u>(62,825)</u>
Total Capital Lease Obligations	<u><u>\$807,883</u></u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2008, was as follows:

Governmental Activities	Balance 9/30/07	Additions	Retirements	Balance 9/30/08	Due Within One Year
General Debt	\$45,806,511	\$ --	(\$3,680,424)	\$42,126,087	\$2,519,408
Water District Revenue Bonds*	2,124,797	20,772	(1,175,000)	970,569	970,569
Waxahachie TIFRZ	251,238	--	(5,199)	246,039	5,398
Less loss on refunding	(1,531,941)	--	147,784	(1,384,157)	--
Less unamortized prem/disc	503,650	--	(45,405)	458,245	--
Net bonds payable	47,154,255	20,772	(4,758,244)	42,416,783	3,495,375
Capital leases	1,057,510	--	(249,627)	807,883	259,213
Contract payable	128,676	--	(5,524)	123,152	6,214
Arbitrage payable	75,696	--	--	75,696	75,696
Compensated Absences	1,842,102	618,660	(460,526)	2,000,236	500,059
Total Long-term Debt	<u>\$50,258,239</u>	<u>\$639,432</u>	<u>(\$5,473,921)</u>	<u>\$45,423,750</u>	<u>\$4,336,557</u>

* Water District additions include the annual accretion of capital appreciation bonds. WCDC bonds also had an annual accretion. Compensated absences are generally liquidated by the general fund.

Business Type Activities	Balance 9/30/07	Additions	Retirements	Balance 9/30/08	Due Within One Year
Tax and Revenue Bonds	\$54,922,255	--	(\$1,644,380)	\$53,277,875	\$1,660,193
Less loss on refunding	(\$1,513,452)	--	\$56,360	(\$1,457,092)	--
Less unamortized discount	(282,117)	--	10,697	(271,420)	--
Net bonds payable	53,126,686	--	(1,577,323)	51,549,363	1,660,193
Compensated Absences	98,211	54,587	(24,552)	128,246	32,062
Total Long-term Debt	<u>\$53,224,897</u>	<u>\$54,587</u>	<u>(\$1,601,875)</u>	<u>\$51,677,609</u>	<u>\$1,692,255</u>

Refundings

In 2002, the Water District issued \$4,694,927 of unlimited tax and revenue refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$4,695,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments by \$258,343 and resulted in an economic gain of \$205,513. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$660,000.

In 2005, the City issued \$18,805,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$18,020,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

refunding was undertaken to reduce total debt service payments over the next sixteen years by \$1,129,190 and resulted in an economic gain of \$862,969. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$18,020,000.

In 2007, the City issued \$34,500,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$32,350,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 27 years by \$1,994,214 and resulted in an economic gain of \$1,187,224. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$32,350,000.

CONDUIT DEBT

Waxahachie Industrial Development Authority (WIDA) was created by the City Council for the specific purpose of promoting commercial enterprise within the boundaries of the City. The law governing WIDA authorized it to issue industrial development bonds after approval by the City Council. At September 30, 2008 approximately \$3,850,000 in bonds issued by WIDA with a maturity date of June 1, 2013 are outstanding.

Discretely Presented Component Unit - Waxahachie Community Development Corporation

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/08
Revenue Bonds Outstanding					
WCDC Sales Tax & Refunding	\$23,555,000	2007	2024	7.2500%	\$23,430,000
					<u>\$23,430,000</u>

Revenue bond service requirements to maturity:

Year	WCDC		
	Principal	Interest	Total
2009	\$535,000	\$1,025,148	\$1,560,148
2010	555,000	1,003,747	1,558,747
2011	485,000	981,548	1,466,548
2012	505,000	962,147	1,467,147
2013	525,000	941,948	1,466,948
2014-2018	2,955,000	4,377,337	7,332,337
2019-2023	3,605,000	3,728,875	7,333,875
2024-2028	4,455,000	2,882,540	7,337,540
2029-2033	5,100,000	1,811,550	6,911,550
2034-2037	4,710,000	585,000	5,295,000
Total	<u>\$23,430,000</u>	<u>\$18,299,840</u>	<u>\$41,729,840</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Discretely Presented Component Unit	Balance 9/30/07	Additions	Retirements	Balance 9/30/08	Due Within One Year
Sales Tax Revenue Bonds	\$24,025,000	\$ --	(\$595,000)	\$23,430,000	\$535,000
Deferred loss on refunding	(377,729)	--	12,694	(365,035)	--
Less unamortized discount	(271,947)	--	14,557	(257,390)	--
Compensated Absences	19,863	14,736	(4,966)	29,633	7,408
Total Long-term Debt	\$23,395,187	\$14,736	(\$572,715)	\$22,837,208	\$542,408

* WDCD bonds also had an annual accretion.

Refundings

In 2007, the WDCD issued \$23,555,000 of sales tax revenue improvement and refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$12,829,475 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,346,387 and resulted in an economic gain of \$429,881. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$12,829,475.

IV. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. The City has not had any significant reductions in insurance coverage, nor have insurance settlements for the last three fiscal years exceeded insurance coverage. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements.

B. Related party transaction

As discussed in Note IV. D., the City has committed, under a joint venture agreement, to funding 50 percent of the cost to operate an airport with the City of Midlothian, Texas. The following is summary financial information of the joint venture at September 30, 2008:

Balance Sheet

Assets	\$9,170,011
Liabilities	<u>(48,626)</u>
Net Assets	<u>\$9,121,385</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Fund Equity	
Components of Restricted Net Assets	
Federal Government	\$6,034,464
City of Midlothian, Texas	2,954,312
City of Waxahachie, Texas	<u>2,954,312</u>
Total Restricted Net Assets	11,943,088
Deficit	<u>(2,821,703)</u>
Net Equity in Joint Venture	<u><u>\$9,121,385</u></u>
Results of Operations	
Revenues	\$656,784
Expenses	<u>(533,688)</u>
Income (Loss)	123,096
Capital Contributions	<u>--</u>
Net Income (Loss)	<u><u>\$123,096</u></u>

The City has also committed, under a joint venture agreement, to funding 50% of the cost to build and operate a water treatment plant. The following is summary financial information of the joint venture at September 30, 2008:

Balance Sheet	
Assets	\$60,301,612
Liabilities	<u>(59,117,592)</u>
Net Assets	<u><u>\$1,184,020</u></u>
Fund Equity	
Components of Restricted Net Assets	
Rockett Water District	\$1,081,759
City of Waxahachie, Texas	<u>1,081,759</u>
Total Restricted Net Assets	2,163,518
Deficit	<u>(979,498)</u>
Net Equity in Joint Venture	<u><u>\$1,184,020</u></u>
Results of Operations	
Revenues	\$978,565
Expenses	<u>(1,958,063)</u>
Income (Loss)	<u><u>(\$979,498)</u></u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

C. Contingent liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management, after consultation with the City's attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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

The City entered into a joint venture to build a water treatment plant, and issued \$53,000,000 in debt to finance the construction. Although it is expected that the Joint Venture will service the debt from sales of treated water, the City is contingently liable for the debt. See footnote IV D below for details of this debt.

D. Joint ventures

Midlothian/Waxahachie Airport

Pursuant to an interlocal agreement authorized by state statutes, the City of Waxahachie, Texas joined the City of Midlothian, Texas to construct and operate an airport for the mutual benefit of the two cities. The agreement established an Airport Board of seven members. Each city appoints three members to terms of three years. The seventh member is appointed for a two year term. The cities alternate appointing the seventh member.

The Board is responsible for the supervision and operation of the airport assets, grounds, and improvements. Each year the Board shall prepare a budget for consideration by the cities. The Airport Budget is funded by equal contributions from each city, user fees, and a tax on fuel. The Cities of Midlothian and Waxahachie each have a 50 percent share of assets, liabilities and fund equity. Most of the construction of the airport was funded by grants from the Federal Aviation Administration. In the government-wide statement of changes in net assets, contributions and refunds of equity are reflected in the asset. Changes in equity due to operations are reported as program costs or revenues. The City's share of income from operations was \$61,550.

Complete financial statements for the Airport Board can be obtained from the Waxahachie Finance Director at 401 S. Rogers, Waxahachie, Texas.

Robert W. Sokoll Water Treatment Plant

Pursuant to an interlocal agreement authorized by state statutes, the City of Waxahachie, Texas joined the Rockett Special Utility District (SUD) to construct and operate the Robert W. Sokoll Water Treatment Plant for the mutual benefit of the City and the SUD. The agreement established a Board of a minimum of six members. Each entity appoints three members to various terms.

The Board is responsible for the supervision and operation of the water treatment plant when built. The annual operations and maintenance budget will be prepared by the City for each fiscal year. Operating expenses will be funded by the City and the SUD based upon usage. The City and the SUD each have a 50 percent share of assets, liabilities and fund equity. At September 30, 2008, construction has begun on the plant. Operations are expected to begin in 2009.

During the current fiscal year the City issued \$53,000,000 in Combination Tax and Revenue Certificates of obligation, Series 2007A. The bonds are payable annually through August 1, 2008, at an interest rate of 4% to 5%. The proceeds of the bonds were deposited into the Joint Venture and is being used to fund construction of the water treatment plant. Although the Joint Venture looks to revenue from sales of treated water to the Joint Venturers, the City issued the bonds and is contingently liable for payment of this issue. Results of activities to date have resulted in a loss of \$979,498. Complete financial statements for the Robert W. Sokoll Water Treatment Plant can be obtained from the Waxahachie Finance Director at 401 S. Rogers, Waxahachie, Texas.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

E. Employee retirement systems and pension plans

The City participates in the Texas Municipal Retirement System and the Firefighters' Relief and Retirement Fund.

1. Texas Municipal Retirement System

Plan Description - The City provides pension benefits for all of its full-time employees (except firefighters) through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report which can be obtained by writing to P.O. Box 149153, Austin, Texas, 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Deposit rate: 7%

Matching Ratio (City to Employee): 2-1

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years.

Contributions - Under the state law governing TMRS, the actuary annually determines the City contribution rate. The rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution 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 is the basis for the rate and the calendar year when the rate goes into effect, i.e. December 31, 2006 valuation is effective for rates beginning January 2008.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/07	12/31/06	12/31/05
Actuarial Value of Assets	\$15,570,196	\$15,262,553	\$13,803,163
Actuarial Accrued Liabilities	27,281,294	22,168,023	20,044,234
Percentage Funded	57.1%	68.9%	68.9%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	11,711,098	6,905,470	7,620,088
Annual Covered Payroll	9,407,558	8,423,141	7,620,088
UAAL as a Percentage of Covered Payroll	124.5%	82.00%	81.9%
Net Pension Obligation (NPO) at the Beginning of Period	--	--	--
Annual Pension Cost:			
Annual Required Contribution (ARC)	1,337,255	1,003,022	976,937
Interest on NPO	--	--	--
Adjustment to the ARC	--	--	--
	1,337,255	1,003,022	976,937
Contributions Made (100%)	1,337,255	1,003,022	976,937
Increase in NPO	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization	30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost of Living Adjustments	2.1%

2. FIREFIGHTER'S RELIEF AND RETIREMENT FUND PLAN DESCRIPTION

Plan Description - The Board of Trustees of the Waxahachie Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Waxahachie Firefighter's Relief and Retirement Fund is considered a part of the City of Waxahachie financial reporting entity and is included in the City's financial reports as a pension trust fund. Separate financial statements are not prepared. Firefighters in the Waxahachie Fire Department are covered by the Waxahachie Firefighter's Relief and Retirement Fund. The plan obtains an actuarial evaluation in even numbered years only, therefore, the table below summarizes the membership of the fund at September 30, 2008:

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	23
Current employees, fully vested	18
Current employees, nonvested	<u>28</u>
Total active membership	<u>46</u>
Total fund membership	<u>69</u>

The Waxahachie Firefighter's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Employees hired prior to July 1, 2005 may retire at age 50 with 20 years of service. Employees hired on or after July 1, 2005, may retire at age 55 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. The Plan effective July 1, 2005 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit equals 2.6% of highest 60-Month Average Salary multiplied by the lesser of his years of service earned before July 1, 2005, or 24 years, plus an additional monthly benefit equal to 2% of highest 60 month average salary multiplied by the lesser of his years of service earned on or after July 1, 2005 or 24 years minus the years of service before July 1, 2005, plus \$73.00 per month for each year of service in excess of 24 years with a minimum benefit of \$90.00 per month for each year of service.

There is no provision for automatic post retirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc post retirement benefit increases. The benefit provision of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Contributions Required and Contributions Made – The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the aggregate entry age normal cost method the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

The costs of administering the plan are financed from the trust. The benefits and refunds of the pension plan are recognized when due and payable in accordance with the terms of the plan.

The funding policy of the Waxahachie Firefighter's Relief and Retirement Fund requires contributions equal to 12% of pay by the firefighters and contributions by the City equal to the greater of 9.0% of payroll or the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. The plan receives an actuarial valuation every two years. Therefore, the September 30, 2008 actuarial valuation is used in these footnotes. The September 30, 2008 actuarial valuation assumes that the City's contributions will average 17.06% of payroll in the future.

For the fiscal year ending September 30, 2008 the City of Waxahachie's annual pension cost of \$386,427 for the Waxahachie Firefighter's Relief and Retirement Fund was equal to the City's required and actual contributions during the year. While the required contributions were not actuarially determined, the actuary determined that the benefit obligations are currently being funded on an actuarially sound basis. These required contributions were reflected in the September 30, 2008 actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

The method of valuation for determining plan costs is a variation of the aggregate entry age normal actuarial cost method. The actuarial value of assets has been reestablished as the fair market value of the Fund. The actuarial assumptions included an investment return assumption of 8% per year (net of administrative expenses), projected salary increases averaging 5.0% per year, and no post retirement cost-of-living adjustments. An inflation assumption of 0.0% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the assumed total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method, assuming that the payroll will increase 5.0% per year, and was 13.8 years as of the September 30, 2008 actuarial valuation.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	9/30/08	9/30/07	9/30/06
Actuarial Value of Assets	\$6,355,060	*	\$6,102,969
Actuarial Accrued Liabilities	10,915,427	*	9,436,977
Percentage Funded	58.2%	*	64.7%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	4,560,367	*	3,334,008
Annual Covered Payroll	2,959,238	*	2,245,404
UAAL as a Percentage of Covered Payroll	154.2%	*	148.5%
Net Pension Obligation (NPO) at the Beginning of Period	--	*	--
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$386,427	\$320,473	280,124
Interest on NPO	--	--	--
Adjustment to the ARC	--	--	--
	386,427	320,473	280,124
Contributions Made (100%)	386,427	320,473	280,124
Increase in NPO	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --

* An actuarial valuation is not available.

The City accounts for the pension trust fund on the accrual basis of accounting, including the determination of contributions, benefits paid, and refunds paid in the financial statements.

A schedule of actuarial funding progress for the last six years is presented as supplementary information in Required Supplementary Information Exhibit B-2 on page 67.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

F. Condensed Financial Information for Discretely Presented Component Unit

Following is selected condensed financial statement information for the modified accrual basis financial statements of the Waxahachie Community Development Corporation:

Balance Sheet	General	Debt Service	Reserve	Capital Proj.	Combined
Assets					
Current assets	<u>\$446,835</u>	<u>\$ --</u>	<u>\$1,377,935</u>	<u>\$9,894,099</u>	<u>\$11,718,869</u>
Liabilities					
Current liabilities	\$441,915	\$37,446	\$ --	\$316,875	\$796,236
Fund Balance	<u>4,920</u>	<u>(37,446)</u>	<u>1,377,935</u>	<u>9,577,224</u>	<u>10,922,633</u>
Total Liabilities and Fund Balance	<u>\$446,835</u>	<u>\$ --</u>	<u>\$1,377,935</u>	<u>\$9,894,099</u>	<u>\$11,718,869</u>
Revenues and Expenditures					
Revenues	<u>\$3,261,867</u>	<u>\$388</u>	<u>\$44,624</u>	<u>\$361,669</u>	<u>\$3,668,548</u>
Current Expenditures	1,966,365	--	--	724,066	2,690,431
Debt service	--	1,829,739	--	--	1,829,739
Total expenditures	<u>1,966,365</u>	<u>1,829,739</u>	<u>--</u>	<u>724,066</u>	<u>4,520,170</u>
Revenues over (under) expenditures	1,295,502	(1,829,351)	44,624	(362,397)	(851,622)
Other financing sources (uses)	<u>(1,533,302)</u>	<u>1,762,955</u>	<u>--</u>	<u>(229,653)</u>	<u>--</u>
Net change in fund balances	<u>(237,800)</u>	<u>(66,396)</u>	<u>44,624</u>	<u>(592,050)</u>	<u>(851,622)</u>
Fund balances October 1	<u>242,720</u>	<u>28,950</u>	<u>1,333,311</u>	<u>10,169,274</u>	<u>11,774,255</u>
Fund balances September 30	<u>\$4,920</u>	<u>(\$37,446)</u>	<u>\$1,377,935</u>	<u>\$9,577,224</u>	<u>\$10,922,633</u>

Following are reconciliations between the government-wide financial statements and the fund basis financial statements for Waxahachie Community Development Corporation:

Reconciliation of Balance Sheet	WCDC
Total fund balance	\$10,922,633
Capital assets not reported in the funds	14,493,465
Deferred charges	459,415
Accrued interest payable	(246,635)
Payable for loan principal not due currently	(22,807,575)
Payables for compensated absences	<u>(29,633)</u>
Net Assets - statement of net assets	<u>\$2,791,670</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Reconciliation of Statement of Revenues,

Expenditures and Fund Balances	WCDC
Net change in fund balances	(\$851,622)
Repayment of loan principal	595,000
Bond issuance cost	(30,404)
Capital outlay	346,770
Depreciation	(443,608)
Change in accrued interest expense	60,485
Change in compensated absences	<u>(9,770)</u>
Change in net assets	<u><u>(\$333,149)</u></u>

E. Change in Budgetary Methods

Previously the City budgeted using the modified accrual basis of accounting. During the current year the City modified its budgetary methods by adopting the use of encumbrances, utilizing a ninety day lapse period.

F. Restatement

An error was made in calculating the investment in the joint venture with the airport. Investments in the joint venture were treated as an expense and not as an increase in the investment in the joint venture. The following corrections are made to the year ending September 30, 2007:

Government Wide Financial Statements	As Reported 9/30/07	Increase (Decrease)	As Restated 9/30/07
Investment in joint venture	\$3,996,824	\$502,321	\$4,499,145
Total net assets	39,572,084	502,321	40,074,405
General government expenses	11,714,567	(502,321)	11,212,246
Change in net assets	7,330,225	502,321	7,832,546

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF WAXAHACHIE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
<i>Ad valorem taxes</i>	\$ 6,753,000	\$ 6,753,000	\$ 7,077,217	\$ 324,217
<i>Franchise taxes</i>	3,575,000	3,575,000	2,975,093	(599,907)
<i>Sales taxes</i>	7,900,000	7,900,000	7,928,616	28,616
<i>Other taxes</i>	50,000	50,000	48,329	(1,671)
Total Taxes	<u>18,278,000</u>	<u>18,278,000</u>	<u>18,029,255</u>	<u>(248,745)</u>
<i>Charges for services</i>	389,700	389,700	190,008	(199,692)
<i>Licenses and permits</i>	700,000	700,000	820,733	120,733
<i>Fines and forfeitures</i>	1,010,000	1,010,000	569,415	(440,585)
<i>Intergovernmental</i>	269,000	458,000	341,851	(116,149)
<i>Miscellaneous</i>	353,878	547,333	391,642	(155,691)
<i>Interest</i>	440,000	440,000	229,923	(210,077)
Total revenues	<u>21,440,578</u>	<u>21,823,033</u>	<u>20,572,827</u>	<u>(1,250,206)</u>
Expenditures:				
Current:				
General Government				
<i>General Administration</i>	833,203	833,203	821,247	11,956
<i>Downtown Development</i>	158,393	158,393	161,903	(3,510)
<i>Planning</i>	122,405	122,405	130,385	(7,980)
<i>Finance Department</i>	781,636	781,636	685,513	96,123
<i>City Attorney</i>	113,464	113,464	108,064	5,400
<i>General Items</i>	548,925	548,925	488,974	59,951
<i>Human Resources</i>	293,698	293,698	277,606	16,092
<i>Information Technology</i>	381,792	381,792	378,860	2,932
<i>Economic Development</i>	140,809	140,809	140,404	405
<i>Mid-Way Airport</i>	52,000	52,000	44,256	7,744
Total General Government	<u>3,426,325</u>	<u>3,426,325</u>	<u>3,237,212</u>	<u>189,113</u>
Public Safety				
<i>Municipal Court</i>	395,277	395,277	269,356	125,921
<i>Building Inspection</i>	724,427	724,427	701,174	23,253
<i>Fire Department</i>	4,730,077	4,730,078	4,800,002	(69,924)
<i>Police Department</i>	6,011,131	6,023,043	6,138,411	(115,368)
Total Public Safety	<u>11,860,912</u>	<u>11,872,825</u>	<u>11,908,943</u>	<u>(36,118)</u>
Public Works				
<i>Engineering Department</i>	521,108	521,108	407,373	113,735
<i>Street Department</i>	3,034,253	3,404,708	3,097,442	307,266
<i>Environmental Health</i>	743,328	743,328	683,538	59,790
<i>Central Garage</i>	273,015	273,016	224,493	48,523
<i>Animal Control</i>	244,301	244,302	209,353	34,949
Total Public Works	<u>4,816,005</u>	<u>5,186,462</u>	<u>4,622,199</u>	<u>564,263</u>

CITY OF WAXAHACHIE, TEXAS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
<i>Parks and Recreation</i>	\$ 1,233,706	\$ 1,233,706	\$ 1,020,765	\$ 212,941
<i>Chautauqua Auditorium</i>	38,000	38,000	10,540	27,460
<i>Rodeo</i>	79,000	79,000	71,834	7,166
<i>Penn Park Pool</i>	76,603	76,603	57,254	19,349
<i>Optimist Pool</i>	15,000	15,000	15,000	--
<i>Sims Library</i>	1,131,000	1,131,000	1,220,316	(89,316)
<i>Senior Citizens Center</i>	104,027	104,027	105,100	(1,073)
Total Culture and Recreation	<u>2,677,336</u>	<u>2,677,336</u>	<u>2,500,809</u>	<u>176,527</u>
 Total expenditures	 <u>22,780,578</u>	 <u>23,162,948</u>	 <u>22,269,162</u>	 <u>893,786</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,340,000)</u>	 <u>(1,339,915)</u>	 <u>(1,696,335)</u>	 <u>(356,420)</u>
Other financing sources (uses):				
<i>Transfers in</i>	730,000	730,000	735,476	5,476
<i>Transfers out</i>	--	(233,070)	(233,070)	--
<i>Sale of capital assets</i>	10,000	10,000	11,625	1,625
Total other financing sources (uses)	<u>740,000</u>	<u>506,930</u>	<u>514,031</u>	<u>7,101</u>
 Net change in fund balances	 <u>(600,000)</u>	 <u>(832,985)</u>	 <u>(1,182,304)</u>	 <u>(349,319)</u>
 Fund balances, October 1	 <u>7,084,499</u>	 <u>7,084,499</u>	 <u>7,084,499</u>	 <u>--</u>
Fund balances, September 30	<u>\$ 6,484,499</u>	<u>\$ 6,251,514</u>	<u>\$ 5,902,195</u>	<u>\$ (349,319)</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2008

A. Budgetary information

On or before the first day of June of each year, department and division leaders of the City submit requests for appropriations to the Waxahachie City Manager so that a budget may be prepared. The budget is prepared by fund, department and activity, and includes information on the past year, current year budget and requested appropriations for the next fiscal year. The City Council approves the budget at the department level. Before August 31, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level, unless approved by city council. During the year, the City Manager authorized several budget transfers within departments. Individual amendments were not material in relation to the original appropriations.

The official budget was prepared using generally accepted accounting principals as modified by the use of encumbrances. The City encumbers amounts committed at year end and carries the budget over for a lapse period of ninety days into the following year. Annual appropriated budgets are adopted for the following funds:

General Fund

Special Revenue Funds

Hotel Motel Tax Fund

Water District General Fund - a special revenue fund in this report

Debt Service Funds

Debt Service

Water District Debt Service

All annual appropriations lapse at fiscal year end, except for encumbered amounts.

B. Excess of expenditures over appropriations

The following funds had expenditures in excess of appropriations:

GENERAL FUND

Downtown Development	\$3,510
Planning	7,980
Fire Department	69,924
Police Department	115,368
Sims Library	89,316
Senior Citizens Center	1,073

Special Revenue Funds

Hotel Motel Tax	87,840
-----------------	--------

CITY OF WAXAHACHIE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2008

Debt Service Funds

Debt Service Fund \$10,665

- C. Following is a reconciliation between expenditures on the budgetary basis and generally accepted accounting principles:

General Fund:	
Expenditures per Exhibit A-5	\$22,228,424
Reversal of year encumbrances	--
Current year encumbrances	<u>40,738</u>
Expenditures - budgetary basis	<u><u>\$22,269,162</u></u>

CITY OF WAXAHACHIE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS

Six Years Ended September 30, 2008

(Unaudited)

Actuarial Valuation Date	9/30/08	9/30/07	9/30/06	9/30/05	9/30/04	9/30/03
Actuarial Value of Assets	\$ 6,355,060	*	\$ 6,102,969	*	\$ 4,753,804	*
Actuarial Accrued Liabilities	10,915,427	*	9,436,977	*	8,598,507	*
Percentage Funded	58.2%	*	64.7%	*	55.3%	*
Unfunded (Over-funded) Actuarial Accrued	4,560,367	*	3,334,008	*	3,844,703	*
Annual Covered Payroll	2,959,238	*	2,245,404	*	1,882,544	*
UAAL as a Percentage of Covered Payroll	154.2%	*	148.5%	*	204.2%	*
Net Pension Obligation (NPO) at the Beginning of Period	--	*	--	*	--	*
Annual Pension Cost:						
Annual Required Contribution (ARC)	\$386,427	\$320,473	\$280,124	\$248,272	\$219,793	\$206,914
Interest on NPO	--	--	--	--	--	--
Adjustment to the ARC	--	--	--	--	--	--
	386,427	320,473	280,124	248,272	219,793	206,914
Contributions Made (100%)	386,427	320,473	280,124	248,272	219,793	206,914
Increase in NPO	--	--	--	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

* An actuarial valuation is not available.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Police Forfeiture Fund - This fund is used to account for money seized by the police personnel. The City has obtained legal ownership to the cash or property. These funds are restricted to law enforcement purposes, except for salaries.

Hotel/Motel Tax Fund - This fund is used to account for the seven percent occupancy tax collected by Hotels and Motels located in the City. These funds are legally restricted for tourism and cultural activities.

Abandoned Vehicle Sales - This fund is used to account for money generated by the sale of abandoned vehicles that have been impounded by the Police Department. Any funds remaining after towing and storage fees are paid may be used for law enforcement purposes, but cannot be used for salaries.

Fire Department Donations Fund - This fund is used to account for donations to the Fire Department and for fees collected from other fire departments for use of our training facility. These funds are intended to be used for maintenance and improvements to the training facility and to run the Toys-for-Tots program.

Veterans Memorial Donations - This fund is used to account for donations to the "Veterans Memorial Donations" program. These funds are intended to be used to build a memorial to veterans.

Waxahachie Farmer's Market Fund - This fund is used to account for proceeds of space rentals at the Downtown Farmer's Market. The proceeds are intended to be used to bring in new customers and vendors to the City.

East Side Renewal Fund - This fund is used to account for the money collected in the effort to improve the housing in an economically depressed area of Waxahachie. New homes are built and a percentage of the sales goes to this fund. Proceeds are used to assist other new home buyers with home purchase costs.

LEOSE - This fund is used to account for amounts collected to fund law enforcement continuing education classes.

Waxahachie Police Explorers – This fund is used to account for donations to the police explorer program, a subsidiary of the Boys Scouts of America.

Citizens on Patrol - This fund is used to account for donations to the citizens on patrol anti-crime watch program.

National Night Out Fund - This fund is used to account for donations to the "National Night Out" program.

Tax Increment Fund - This fund is the General Fund of a component unit of the City. It is used to account for funds related to project costs for the Tax Increment Financing Reinvestment Zone No. 1 established by the City to improve the downtown area.

Fire Department Toys for Kids - This fund is used to account for donations to the fire departments annual drive to provide toys for kids.

Police Seizure Fund - This fund is used to account for seizures by the police department.

Police Forfeiture Fund - This fund is used to account for forfeiture funds provided to the police department.

Cemetery Perpetual Care - This fund is used to account for principal trust amounts received and related interest income. Interest earnings are used for expenditures of cemetery maintenance.

Industrial Development - This fund is used to account for the proceeds of a grant that was received from the State of Texas in 1987 for any industrial development, recruitment, or business expansion.

Water District General Fund – This fund is the general fund of a component unit of the City. It is used by the Water District to account for resources which are not required to be accounted for in another fund.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Police Department Federal Forfeiture - This fund is used to account for certain forfeiture funds provided to the police department.

Texas Tobacco Compliance Grant - This fund is used to account for the receipt and expenditures for a grant from the state aimed at enforcing laws concerning tobacco consumption by minors.

Park Dedication Impact Fee Fund - This fund is used to account for impact fees dedicated to park improvements.

Miscellaneous Special Revenue - This fund is used to account for various sources of small amounts of funds dedicated to special projects.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of general, certificate, & contractual obligation bond principal and interest from governmental resources. They are also used for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Tax Increment Debt Service Fund - This fund is used to account for the accumulation of resources and payment of principal and interest for the Tax Increment Financing Reinvestment Zone Number 1's certificate of obligation bonds.

Water District Debt Service - This fund is used to account for the accumulation of resources and payment of principal and interest for the Water District's general obligation bonds.

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash and cash equivalents</i>	\$ 42,363	\$ 7,003	\$ 49,366
<i>Investments</i>	3,513,439	658,187	4,171,626
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	--	18,127	18,127
<i>Other</i>	65,064	--	65,064
<i>Intergovernmental</i>	3,000	--	3,000
<i>Prepaid items</i>	1,416	1,735	3,151
Total Assets	\$ 3,625,282	\$ 685,052	\$ 4,310,334
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 104,712	\$ --	\$ 104,712
<i>Other payables</i>	170	--	170
<i>Deferred revenue</i>	--	15,335	15,335
Total Liabilities	104,882	15,335	120,217
Fund Balances:			
Reserved for:			
<i>Prepays</i>	1,416	1,735	3,151
<i>Debt service</i>	--	667,982	667,982
<i>Perpetual care</i>	668,434	--	668,434
<i>Industrial development</i>	227,176	--	227,176
Unreserved, reported in:			
<i>Special revenue funds, designated for fire department</i>	8,025	--	8,025
<i>Special revenue funds, undesignated</i>	2,615,349	--	2,615,349
Total fund balances	3,520,400	669,717	4,190,117
Total Liabilities and Fund Balances	\$ 3,625,282	\$ 685,052	\$ 4,310,334

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
<i>Taxes</i>	\$ 569,121	\$ 622,490	\$ 1,191,611
<i>Charges for services</i>	1,357,130	--	1,357,130
<i>Intergovernmental</i>	57,713	--	57,713
<i>Miscellaneous</i>	35,019	8,136	43,155
<i>Interest</i>	110,019	25,190	135,209
Total revenues	<u>2,129,002</u>	<u>655,816</u>	<u>2,784,818</u>
Expenditures:			
Current:			
<i>General government</i>	759,856	5,780	765,636
<i>Public safety</i>	15,715	--	15,715
Debt service:			
<i>Principal</i>	--	1,180,199	1,180,199
<i>Interest</i>	--	77,292	77,292
Total expenditures	<u>775,571</u>	<u>1,263,271</u>	<u>2,038,842</u>
Excess (deficiency) of revenues over (under) expenditures	1,353,431	(607,455)	745,976
Other financing sources (uses):			
<i>Transfers in</i>	298,445	700,000	998,445
<i>Transfers out</i>	(763,445)	--	(763,445)
Total other financing sources (uses)	<u>(465,000)</u>	<u>700,000</u>	<u>235,000</u>
Net change in fund balances	888,431	92,545	980,976
Fund balances, October 1	2,631,969	577,172	3,209,141
Fund balances, September 30	<u>\$ 3,520,400</u>	<u>\$ 669,717</u>	<u>\$ 4,190,117</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2008

	Hotel Motel Tax	Abandoned Vehicle Sales	Fire Department Donations	Veterans Memorial Donations
ASSETS				
<i>Cash and cash equivalents</i>	\$ 629	\$ 32	\$ 225	\$ 220
<i>Investments</i>	44,270	2,252	15,841	15,471
Receivables (net of allowances for uncollectibles):				
<i>Other</i>	64,671	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Prepaid items</i>	--	--	--	--
Total Assets	<u>\$ 109,570</u>	<u>\$ 2,284</u>	<u>\$ 16,066</u>	<u>\$ 15,691</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ 99,789	\$ --	\$ --	\$ 195
<i>Other payables</i>	--	--	--	--
Total Liabilities	<u>99,789</u>	<u>--</u>	<u>--</u>	<u>195</u>
Fund Balances:				
Reserved for:				
<i>Prepays</i>	--	--	--	--
<i>Perpetual care</i>	--	--	--	--
<i>Industrial development</i>	--	--	--	--
Unreserved, reported in:				
<i>Special revenue funds, designated for fire department</i>	--	--	--	--
<i>Special revenue funds, undesignated</i>	9,781	2,284	16,066	15,496
Total fund balances	<u>9,781</u>	<u>2,284</u>	<u>16,066</u>	<u>15,496</u>
Total Liabilities and Fund Balances	<u>\$ 109,570</u>	<u>\$ 2,284</u>	<u>\$ 16,066</u>	<u>\$ 15,691</u>

Waxahachie Farmer's Market	East Side Renewal	LEOSE	Waxahachie Police Explorers	Citizens on Patrol
\$ 26	\$ 40	\$ 86	\$ 94	\$ 9
1,860	2,833	6,067	6,623	616
--	--	--	--	--
--	--	--	--	--
\$ 1,886	\$ 2,873	\$ 6,153	\$ 6,717	\$ 625
\$ --	\$ --	\$ 780	\$ --	\$ --
--	--	--	--	--
--	--	780	--	--
--	--	--	--	--
--	--	--	--	--
1,886	2,873	5,373	6,717	625
1,886	2,873	5,373	6,717	625
\$ 1,886	\$ 2,873	\$ 6,153	\$ 6,717	\$ 625

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2008

	National Night Out	Tax Increment	Fire Department Toys for Kids	Police Seizure
ASSETS				
<i>Cash and cash equivalents</i>	\$ 70	\$ 4,794	\$ 100	\$ 73
<i>Investments</i>	4,955	337,599	7,015	5,127
Receivables (net of allowances for uncollectibles):				
<i>Other</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Prepaid items</i>	--	--	--	--
Total Assets	\$ 5,025	\$ 342,393	\$ 7,115	\$ 5,200
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Other payables</i>	--	--	--	--
Total Liabilities	--	--	--	--
Fund Balances:				
Reserved for:				
<i>Prepays</i>	--	--	--	--
<i>Perpetual care</i>	--	--	--	--
<i>Industrial development</i>	--	--	--	--
Unreserved, reported in:				
<i>Special revenue funds, designated for fire department</i>	--	--	--	--
<i>Special revenue funds, undesignated</i>	5,025	342,393	7,115	5,200
Total fund balances	5,025	342,393	7,115	5,200
Total Liabilities and Fund Balances	\$ 5,025	\$ 342,393	\$ 7,115	\$ 5,200

Police Forfeiture	Cemetery Perpetual Care	Industrial Development	Water District General	Police Department Federal Forfeiture
\$ 673	\$ 9,415	\$ 3,180	\$ 21,519	\$ 657
47,367	662,967	223,996	2,045,626	46,277
--	--	--	393	--
--	--	--	--	--
--	--	--	1,416	--
<u>\$ 48,040</u>	<u>\$ 672,382</u>	<u>\$ 227,176</u>	<u>\$ 2,068,954</u>	<u>\$ 46,934</u>
\$ --	\$ 3,948	\$ --	\$ --	\$ --
--	--	--	170	--
--	3,948	--	170	--
--	--	--	1,416	--
--	668,434	--	--	--
--	--	227,176	--	--
--	--	--	--	--
48,040	--	--	2,067,368	46,934
<u>48,040</u>	<u>668,434</u>	<u>227,176</u>	<u>2,068,784</u>	<u>46,934</u>
<u>\$ 48,040</u>	<u>\$ 672,382</u>	<u>\$ 227,176</u>	<u>\$ 2,068,954</u>	<u>\$ 46,934</u>

CITY OF WAXAHACHIE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2008

	Texas Tobacco Compliance Grant	Park Dedication Impact Fee	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS				
<i>Cash and cash equivalents</i>	\$ 40	\$ 369	\$ 112	\$ 42,363
<i>Investments</i>	2,787	25,977	7,913	3,513,439
Receivables (net of allowances for uncollectibles):				
<i>Other</i>	--	--	--	65,064
<i>Intergovernmental</i>	3,000	--	--	3,000
<i>Prepaid items</i>	--	--	--	1,416
Total Assets	<u>\$ 5,827</u>	<u>\$ 26,346</u>	<u>\$ 8,025</u>	<u>\$ 3,625,282</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ 104,712
<i>Other payables</i>	--	--	--	170
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>104,882</u>
Fund Balances:				
Reserved for:				
<i>Prepays</i>	--	--	--	1,416
<i>Perpetual care</i>	--	--	--	668,434
<i>Industrial development</i>	--	--	--	227,176
Unreserved, reported in:				
<i>Special revenue funds, designated for fire department</i>	--	--	8,025	8,025
<i>Special revenue funds, undesignated</i>	5,827	26,346	--	2,615,349
Total fund balances	<u>5,827</u>	<u>26,346</u>	<u>8,025</u>	<u>3,520,400</u>
Total Liabilities and Fund Balances	<u>\$ 5,827</u>	<u>\$ 26,346</u>	<u>\$ 8,025</u>	<u>\$ 3,625,282</u>

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CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Police Forfeiture	Hotel Motel Tax	Abandoned Vehicle Sales	Fire Department Donations
Revenues:				
<i>Taxes</i>	\$ --	\$ 416,410	\$ --	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Miscellaneous</i>	--	--	1,423	2,083
<i>Interest</i>	--	1,211	62	496
Total revenues	<u>--</u>	<u>417,621</u>	<u>1,485</u>	<u>2,579</u>
Expenditures:				
Current:				
<i>General government</i>	--	407,840	--	--
<i>Public safety</i>	--	--	--	272
Total expenditures	<u>--</u>	<u>407,840</u>	<u>--</u>	<u>272</u>
Excess (deficiency) of revenues over (under) expenditures	--	9,781	1,485	2,307
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	(48,445)	--	--	--
Total other financing sources (uses)	<u>(48,445)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	<u>(48,445)</u>	<u>9,781</u>	<u>1,485</u>	<u>2,307</u>
Fund balances, October 1	48,445	--	799	13,759
Fund balances, September 30	<u>\$ --</u>	<u>\$ 9,781</u>	<u>\$ 2,284</u>	<u>\$ 16,066</u>

Veterans Memorial Donations	Waxahachie Farmer's Market	East Side Renewal	LEOSE	Waxahachie Police Explorers
\$ --	\$ --	\$ --	\$ --	\$ --
--	760	--	--	--
--	--	--	4,429	--
9,585	1,136	--	669	4,300
359	81	93	--	180
<u>9,944</u>	<u>1,977</u>	<u>93</u>	<u>5,098</u>	<u>4,480</u>
10,742	1,365	--	--	--
--	--	--	7,588	1,021
<u>10,742</u>	<u>1,365</u>	<u>--</u>	<u>7,588</u>	<u>1,021</u>
(798)	612	93	(2,490)	3,459
--	--	--	--	--
--	--	--	(15,000)	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>(15,000)</u>	<u>--</u>
(798)	612	93	(17,490)	3,459
16,294	1,274	2,780	22,863	3,258
<u>\$ 15,496</u>	<u>\$ 1,886</u>	<u>\$ 2,873</u>	<u>\$ 5,373</u>	<u>\$ 6,717</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Citizens on Patrol	National Night Out	Tax Increment	Fire Department Toys for Kids
Revenues:				
<i>Taxes</i>	\$ --	\$ --	\$ 152,711	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	9,197
<i>Miscellaneous</i>	67	3,002	--	--
<i>Interest</i>	20	99	6,189	226
Total revenues	<u>87</u>	<u>3,101</u>	<u>158,900</u>	<u>9,423</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	600	--
<i>Public safety</i>	--	1,197	--	5,370
Total expenditures	<u>--</u>	<u>1,197</u>	<u>600</u>	<u>5,370</u>
Excess (deficiency) of revenues over (under) expenditures	87	1,904	158,300	4,053
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	87	1,904	158,300	4,053
Fund balances, October 1	538	3,121	184,093	3,062
Fund balances, September 30	<u>\$ 625</u>	<u>\$ 5,025</u>	<u>\$ 342,393</u>	<u>\$ 7,115</u>

Police Seizure	Police Forfeiture	Cemetary Perpetual Care	Industrial Development	Water District General
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	62,925	--	1,267,124
--	--	--	--	--
3,098	--	1,656	--	--
142	1,555	28,871	9,177	60,195
<u>3,240</u>	<u>1,555</u>	<u>93,452</u>	<u>9,177</u>	<u>1,327,319</u>
--	--	58,672	--	280,637
--	--	--	--	--
--	--	<u>58,672</u>	--	<u>280,637</u>
3,240	1,555	34,780	9,177	1,046,682
1,960	46,485	--	--	250,000
--	--	--	--	(700,000)
<u>1,960</u>	<u>46,485</u>	<u>--</u>	<u>--</u>	<u>(450,000)</u>
5,200	48,040	34,780	9,177	596,682
--	--	633,654	217,999	1,472,102
<u>\$ 5,200</u>	<u>\$ 48,040</u>	<u>\$ 668,434</u>	<u>\$ 227,176</u>	<u>\$ 2,068,784</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Police Department Federal Forfeiture	Texas Tobacco Compliance Grant
Revenues:		
<i>Taxes</i>	\$ --	\$ --
<i>Charges for services</i>	--	--
<i>Intergovernmental</i>	41,087	3,000
<i>Miscellaneous</i>	--	--
<i>Interest</i>	919	94
Total revenues	<u>42,006</u>	<u>3,094</u>
Expenditures:		
Current:		
<i>General government</i>	--	--
<i>Public safety</i>	--	267
Total expenditures	<u>--</u>	<u>267</u>
Excess (deficiency) of revenues over (under) expenditures	42,006	2,827
Other financing sources (uses):		
<i>Transfers in</i>	--	--
<i>Transfers out</i>	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Net change in fund balances	42,006	2,827
Fund balances, October 1	4,928	3,000
Fund balances, September 30	<u>\$ 46,934</u>	<u>\$ 5,827</u>

Park Dedication Impact Fee	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 569,121
26,321	--	1,357,130
--	--	57,713
--	8,000	35,019
25	25	110,019
<u>26,346</u>	<u>8,025</u>	<u>2,129,002</u>
--	--	759,856
--	--	15,715
--	--	<u>775,571</u>
26,346	8,025	1,353,431
--	--	298,445
--	--	(763,445)
--	--	<u>(465,000)</u>
26,346	8,025	888,431
--	--	2,631,969
<u>\$ 26,346</u>	<u>\$ 8,025</u>	<u>\$ 3,520,400</u>

CITY OF WAXAHACHIE, TEXAS
HOTEL MOTEL TAX
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Other taxes</i>	\$ 320,000	\$ 320,000	\$ 416,410	\$ 96,410
<i>Interest</i>	--	--	1,211	1,211
Total revenues	<u>320,000</u>	<u>320,000</u>	<u>417,621</u>	<u>97,621</u>
Expenditures:				
Current:				
General Government				
<i>Economic Development</i>	320,000	320,000	407,840	(87,840)
Total General Government	<u>320,000</u>	<u>320,000</u>	<u>407,840</u>	<u>(87,840)</u>
Total expenditures	<u>320,000</u>	<u>320,000</u>	<u>407,840</u>	<u>(87,840)</u>
Net change in fund balances	--	--	9,781	9,781
Fund balances, October 1	--	--	--	--
Fund balances, September 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,781</u>	<u>\$ 9,781</u>

CITY OF WAXAHACHIE, TEXAS
 WATER DISTRICT GENERAL FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Charges for services</i>	\$ 855,000	\$ 855,000	\$ 1,267,124	\$ 412,124
<i>Interest</i>	20,000	20,000	60,195	40,195
Total revenues	<u>875,000</u>	<u>875,000</u>	<u>1,327,319</u>	<u>452,319</u>
Expenditures:				
Current:				
General Government				
<i>General Items</i>	320,237	320,237	280,637	39,600
Total General Government	<u>320,237</u>	<u>320,237</u>	<u>280,637</u>	<u>39,600</u>
Total expenditures	<u>320,237</u>	<u>320,237</u>	<u>280,637</u>	<u>39,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>554,763</u>	<u>554,763</u>	<u>1,046,682</u>	<u>491,919</u>
Other financing sources (uses):				
<i>Transfers in</i>	250,000	250,000	250,000	--
<i>Transfers out</i>	(700,000)	(700,000)	(700,000)	--
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>--</u>
Net change in fund balances	104,763	104,763	596,682	491,919
Fund balances, October 1	1,472,102	1,472,102	1,472,102	--
Fund balances, September 30	<u>\$ 1,576,865</u>	<u>\$ 1,576,865</u>	<u>\$ 2,068,784</u>	<u>\$ 491,919</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

	Balance 9/30/07	Additions	Retirements	Completed Construction	Balance 9/30/08
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$571,413	\$ --	\$ --	\$ --	\$571,413
Construction in progress	25,983,724	1,903,598	--	(23,267,436)	4,619,886
Total capital assets not being depreciated	26,555,137	1,903,598	--	(23,267,436)	5,191,299
Capital assets, being depreciated:					
Buildings	24,570,156	--	--	--	24,570,156
Improvements other than buildings	77,390,791	1,984,498	--	23,267,436	102,642,725
Machinery and equipment	969,736	58,392	--	--	1,028,128
Vehicles	1,199,768	132,862	--	--	1,332,630
Total capital assets being depreciated	104,130,451	2,175,752	--	23,267,436	129,573,639
Less accumulated depreciation for:					
Buildings	(15,006,552)	(367,153)	--	--	(15,373,705)
Improvements other than buildings	(24,063,839)	(2,136,617)	--	--	(26,200,456)
Machinery and equipment	(559,043)	(70,924)	--	--	(629,967)
Vehicles	(673,960)	(108,586)	--	--	(782,546)
Total accumulated depreciation	(40,303,394)	(2,683,280)	--	--	(42,986,674)
Capital assets being depreciated, net	63,827,057	(507,528)	--	23,267,436	86,586,965
Business type activities capital assets, net	\$90,382,194	\$1,396,070	\$ --	\$ --	\$91,778,264

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$210,733
Public safety	340,514
Public works	3,271,180
Culture and recreation	<u>137,032</u>
Total depreciation expense - governmental activities	<u>\$3,959,459</u>

Business-type activities:

Water	\$1,549,600
Wastewater	1,119,433
Refuse	<u>14,242</u>
Total depreciation expense - business - type activities	<u>\$2,683,275</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Construction commitments

The City has active construction projects as of September 30, 2008. The projects include street construction, water system improvements, and wastewater improvements.

Project	Spent to Date	Remaining Commitment
Airport improvements	\$170,000	\$273,290
Buildings	2,429,515	1,859,880
Street, sidewalk, and drainage improvements	2,496,461	3,646,543
Water fund construction in progress	3,687,526	286,052
Wastewater fund construction in progress	5,425	4,258
	<u>\$8,788,927</u>	<u>\$6,070,023</u>

The buildings, airport runway expansion, streets, sidewalk, and drainage improvements are being financed by general revenues and bond proceeds. The commitment for wastewater system improvements and water system improvements are being financed by certificates of obligation secured by water and wastewater revenues.

Discretely Presented Component Unit - Waxahachie Community Development Corporation

	Balance 9/30/07	Additions	Retirements	Transfers & Completed Construction	Balance 9/30/08
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$575,679	\$ --	\$ --	\$ --	\$575,679
Construction in progress	--	346,770	--	--	346,770
Total capital assets not being depreciated	575,679	346,770	--	--	922,449
Capital assets, being depreciated:					
Buildings	12,763,798	--	--	--	12,763,798
Improvements other than buildings	4,008,283	--	--	--	4,008,283
Machinery and equipment	197,896	--	--	--	197,896
Vehicles	34,461	--	--	--	34,461
Total capital assets being depreciated	17,004,438	--	--	--	17,004,438
Less accumulated depreciation for:					
Buildings	(2,215,607)	(319,357)	--	--	(2,534,964)
Improvements other than buildings	(631,557)	(100,207)	--	--	(731,764)
Machinery and equipment	(123,797)	(19,790)	--	--	(143,587)
Vehicles	(18,852)	(4,254)	--	--	(23,106)
Total accumulated depreciation	(2,989,813)	(443,608)	--	--	(3,433,421)
Total capital assets being depreciated, net	14,014,625	(443,608)	--	--	13,571,017
Governmental activities capital assets, net	<u>\$14,590,304</u>	<u>(\$96,838)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$14,493,466</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Construction commitments

WCDC has active construction projects as of September 30, 2008. The projects include parks and other improvements.

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Parks and other improvements	<u>\$322,852</u>	<u>\$203,274</u>

The parks and other improvements are being financed by bond proceeds.

D. Interfund receivables, payables, and transfers

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds		
General Fund	\$22,471	\$ --
Debt Service Fund	--	22,471
	<u>\$22,471</u>	<u>\$22,471</u>

Interfund receivables arise from covering overdrafts in pooled cash at year end.

Interfund transfers

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$735,476	\$233,070
Debt Service	233,070	--
Nonmajor governmental funds		
Police Fund	--	48,445
Police Seizure	1,960	--
Police Forfeiture	46,485	--
LEOSE	--	15,000
Water District General Fund	250,000	700,000
Water District Debt Service	<u>700,000</u>	<u>--</u>
Total Nonmajor governmental funds	<u>998,445</u>	<u>763,445</u>
Total Governmental Funds	<u>1,966,991</u>	<u>996,515</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Fund	Transfer In	Transfer Out
Major Business Type		
Water Utility Fund	\$ --	\$583,396
Wastewater Utility Fund	--	387,080
Total Business Type	--	970,476
	\$1,966,991	\$1,966,991

The City transferred amounts between funds for the following reasons: (1) to reimburse the General Fund for nonspecific administrative costs, (2) to partially eliminate the deficit fund balance in the Debt Service Fund, (3) to split seizure/forfeiture funds, and (4) to fund necessary debt service requirements.

E. Long-term debt

The City of Waxahachie issues general obligation bonds, certificates of obligation bonds, and notes to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the City.

General Debt Currently Outstanding:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/08
Governmental Activities					
General Obligation Bonds:					
Refunding and improvements	\$18,805,000	2005	2020	5.2500%	\$16,020,000
Refunding	7,639,025	2007	2020	5.2500%	7,611,347
Total General Obligation Bonds					23,631,347
Certificate of Obligation Bonds:					
Wastewater improvements	3,935,000	1996	2017	4.1480%	2,195,000
Municipal improvements	6,000,000	1999	2020	5.7500%	260,000
Water improvements	5,475,000	2000	2020	5.9003%	270,000
Municipal improvements	4,900,000	2002	2022	5.1250%	866,250
Municipal improvements	5,490,000	2004	2034	5.5000%	977,167
Refunding and improvements	14,250,002	2007	2032	5.2500%	13,926,323
Total Certificates of Obligation					18,494,740
Governmental Activities - City					42,126,087
Tax Increment Financing					246,039
Less:					42,372,126
Unamortized loss on refunding					(1,373,509)
Unamortized premium/discount					(460,476)
Total Governmental Type Activities					40,538,141

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/08
Business Type Activities					
General Obligation Bonds:					
Water refunding and improv.	\$9,085,196	2007	2020	5.2500%	9,052,278
Sewer refunding and improv.	17,573,505	2007	2020	5.2500%	<u>17,509,834</u>
Total General Obligation Bonds					<u>26,562,112</u>
Certificate of Obligation Bonds:					
Water and sewer improvements	5,500,000	2000	2010	5.9003%	270,000
Refunding and improvements	9,100,000	2002	2013	5.1250%	1,608,750
Water improvements	6,600,000	2004	2034	5.5000%	1,174,737
Water improvements	15,513,999	2007	2032	5.2500%	15,161,609
Sewer improvements	5,235,999	2007	2032	5.2500%	5,117,068
Sewer improvements	19,010,000	2004	2034	5.5000%	<u>3,383,599</u>
Total Certificates of Obligation					<u>26,715,763</u>
Total Business Activities					53,277,875
Unamortized loss on refundings					(1,457,092)
Unamortized discount					<u>(271,412)</u>
Total Business Type Activities					<u>51,549,371</u>
Total General Debt					<u><u>\$92,087,512</u></u>

Annual debt service requirements to maturity for debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$2,519,408	\$1,848,344	\$1,660,193	\$2,205,605	\$8,233,550
2010	2,050,805	1,748,170	1,458,529	2,145,507	7,403,011
2011	2,134,237	1,676,618	1,529,828	2,097,683	7,438,366
2012	2,227,330	1,596,565	1,611,426	2,046,311	7,481,632
2013	2,231,704	1,511,229	1,777,698	1,991,726	7,512,357
2014-2018	12,261,695	6,036,155	10,126,916	9,003,818	37,428,584
2019-2023	7,784,749	3,383,430	11,549,288	7,138,243	29,855,710
2024-2028	5,109,093	2,119,754	10,481,303	5,345,254	23,055,404
2029-2033	5,386,366	819,826	11,614,531	3,035,816	20,856,539
2034	420,700	18,930	1,468,163	66,071	1,973,864
Total	<u>\$42,126,087</u>	<u>\$20,759,021</u>	<u>\$53,277,875</u>	<u>\$35,076,034</u>	<u>\$151,239,017</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Year	TIFRZ		Total
	Principal	Interest	
2009	\$5,398	\$10,375	\$15,773
2010	5,667	10,162	15,829
2011	5,935	9,938	15,873
2012	6,243	9,703	15,946
2013	10,597	9,455	20,052
2014-2018	56,388	40,494	96,882
2019-2023	55,962	28,726	84,688
2024-2028	39,605	18,856	58,461
2029-2033	49,104	9,322	58,426
2034	11,140	501	11,641
Total	\$246,039	\$147,532	\$393,571

REVENUE BONDS. The Water District issues bonds where the City pledges income derived from the acquired or constructed assets and property taxes, to pay the debt service.

WCDC issues sales tax revenue bonds payable from a one-half cent sales tax.

Revenue & Tax bonds outstanding:

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/08
Revenue and Tax Bonds					
Water District					
Refunding	\$4,200,000	1993	2009	4.5000%	\$540,000
Water & Wastewater System Improvements (cabs)	314,927	2002	2009	4.2200%	430,569
Total ECWCID #1					<u>\$970,569</u>

Revenue bond service requirements to maturity:

Year	Water District		Total
	Principal	Interest	
2009	\$970,569	\$81,922	\$1,052,491
Total	\$970,569	\$81,922	\$1,052,491

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

CONTRACT PAYABLE. The City entered into a contract with the state to repay a portion of a grant received to develop infrastructure.

\$154,186 contract payable to state, due in 240 monthly installments of \$1,018, including interest imputed at 5.0%. Contract payable amortization is:

Year Ending <u>September 30,</u>	
2009	\$12,211
2010	12,211
2011	12,211
2012	12,211
2013	12,211
2014-2018	61,053
2019-2022	<u>48,842</u>
Total	170,950
Less interest	<u>(47,797)</u>
	<u><u>\$123,153</u></u>

Capitalized Lease Obligations

Governmental - The City entered into a lease to acquire certain radio equipment.

Capitalized lease obligations outstanding at year end are as follows:

Purpose	Original Amount	Year Issued	Final Maturity	Interest Rate	Balance 9/30/08
Radio equipment	\$1,341,114	2007	2011	3.84%	<u><u>\$807,883</u></u>

Capital lease obligation debt service requirements to maturity are as follows:

Year	Governmental
2009	\$290,236
2010	290,236
2011	<u>290,236</u>
Total payments	\$870,708
Less imputed interest	<u>(62,825)</u>
Total Capital Lease Obligations	<u><u>\$807,883</u></u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2008, was as follows:

Governmental Activities	Balance 9/30/07	Additions	Retirements	Balance 9/30/08	Due Within One Year
General Debt	\$45,806,511	\$ --	(\$3,680,424)	\$42,126,087	\$2,519,408
Water District Revenue Bonds*	2,124,797	20,772	(1,175,000)	970,569	970,569
Waxahachie TIFRZ	251,238	--	(5,199)	246,039	5,398
Less loss on refunding	(1,531,941)	--	147,784	(1,384,157)	--
Less unamortized prem/disc	503,650	--	(45,405)	458,245	--
Net bonds payable	47,154,255	20,772	(4,758,244)	42,416,783	3,495,375
Capital leases	1,057,510	--	(249,627)	807,883	259,213
Contract payable	128,676	--	(5,524)	123,152	6,214
Arbitrage payable	75,696	--	--	75,696	75,696
Compensated Absences	1,842,102	618,660	(460,526)	2,000,236	500,059
Total Long-term Debt	<u>\$50,258,239</u>	<u>\$639,432</u>	<u>(\$5,473,921)</u>	<u>\$45,423,750</u>	<u>\$4,336,557</u>

* Water District additions include the annual accretion of capital appreciation bonds. WCDC bonds also had an annual accretion. Compensated absences are generally liquidated by the general fund.

Business Type Activities	Balance 9/30/07	Additions	Retirements	Balance 9/30/08	Due Within One Year
Tax and Revenue Bonds	\$54,922,255	--	(\$1,644,380)	\$53,277,875	\$1,660,193
Less loss on refunding	(\$1,513,452)	--	\$56,360	(\$1,457,092)	--
Less unamortized discount	(282,117)	--	10,697	(271,420)	--
Net bonds payable	53,126,686	--	(1,577,323)	51,549,363	1,660,193
Compensated Absences	98,211	54,587	(24,552)	128,246	32,062
Total Long-term Debt	<u>\$53,224,897</u>	<u>\$54,587</u>	<u>(\$1,601,875)</u>	<u>\$51,677,609</u>	<u>\$1,692,255</u>

Refundings

In 2002, the Water District issued \$4,694,927 of unlimited tax and revenue refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$4,695,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments by \$258,343 and resulted in an economic gain of \$205,513. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$660,000.

In 2005, the City issued \$18,805,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$18,020,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

refunding was undertaken to reduce total debt service payments over the next sixteen years by \$1,129,190 and resulted in an economic gain of \$862,969. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$18,020,000.

In 2007, the City issued \$34,500,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$32,350,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 27 years by \$1,994,214 and resulted in an economic gain of \$1,187,224. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$32,350,000.

CONDUIT DEBT

Waxahachie Industrial Development Authority (WIDA) was created by the City Council for the specific purpose of promoting commercial enterprise within the boundaries of the City. The law governing WIDA authorized it to issue industrial development bonds after approval by the City Council. At September 30, 2008 approximately \$3,850,000 in bonds issued by WIDA with a maturity date of June 1, 2013 are outstanding.

Discretely Presented Component Unit - Waxahachie Community Development Corporation

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/08
Revenue Bonds Outstanding					
WCDC Sales Tax & Refunding	\$23,555,000	2007	2024	7.2500%	\$23,430,000
					<u>\$23,430,000</u>

Revenue bond service requirements to maturity:

Year	WCDC		
	Principal	Interest	Total
2009	\$535,000	\$1,025,148	\$1,560,148
2010	555,000	1,003,747	1,558,747
2011	485,000	981,548	1,466,548
2012	505,000	962,147	1,467,147
2013	525,000	941,948	1,466,948
2014-2018	2,955,000	4,377,337	7,332,337
2019-2023	3,605,000	3,728,875	7,333,875
2024-2028	4,455,000	2,882,540	7,337,540
2029-2033	5,100,000	1,811,550	6,911,550
2034-2037	4,710,000	585,000	5,295,000
Total	<u>\$23,430,000</u>	<u>\$18,299,840</u>	<u>\$41,729,840</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Discretely Presented Component Unit	Balance 9/30/07	Additions	Retirements	Balance 9/30/08	Due Within One Year
Sales Tax Revenue Bonds	\$24,025,000	\$ --	(\$595,000)	\$23,430,000	\$535,000
Deferred loss on refunding	(377,729)	--	12,694	(365,035)	--
Less unamortized discount	(271,947)	--	14,557	(257,390)	--
Compensated Absences	19,863	14,736	(4,966)	29,633	7,408
Total Long-term Debt	\$23,395,187	\$14,736	(\$572,715)	\$22,837,208	\$542,408

* WDCD bonds also had an annual accretion.

Refundings

In 2007, the WDCD issued \$23,555,000 of sales tax revenue improvement and refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$12,829,475 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,346,387 and resulted in an economic gain of \$429,881. At September 30, 2008 the amount outstanding on this refunded issue was approximately \$12,829,475.

IV. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. The City has not had any significant reductions in insurance coverage, nor have insurance settlements for the last three fiscal years exceeded insurance coverage. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements.

B. Related party transaction

As discussed in Note IV. D., the City has committed, under a joint venture agreement, to funding 50 percent of the cost to operate an airport with the City of Midlothian, Texas. The following is summary financial information of the joint venture at September 30, 2008:

Balance Sheet

Assets	\$9,170,011
Liabilities	<u>(48,626)</u>
Net Assets	<u>\$9,121,385</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Fund Equity	
Components of Restricted Net Assets	
Federal Government	\$6,034,464
City of Midlothian, Texas	2,954,312
City of Waxahachie, Texas	<u>2,954,312</u>
Total Restricted Net Assets	11,943,088
Deficit	<u>(2,821,703)</u>
Net Equity in Joint Venture	<u><u>\$9,121,385</u></u>
Results of Operations	
Revenues	\$656,784
Expenses	<u>(533,688)</u>
Income (Loss)	123,096
Capital Contributions	<u>--</u>
Net Income (Loss)	<u><u>\$123,096</u></u>

The City has also committed, under a joint venture agreement, to funding 50% of the cost to build and operate a water treatment plant. The following is summary financial information of the joint venture at September 30, 2008:

Balance Sheet	
Assets	\$60,301,612
Liabilities	<u>(59,117,592)</u>
Net Assets	<u><u>\$1,184,020</u></u>
Fund Equity	
Components of Restricted Net Assets	
Rockett Water District	\$1,081,759
City of Waxahachie, Texas	<u>1,081,759</u>
Total Restricted Net Assets	2,163,518
Deficit	<u>(979,498)</u>
Net Equity in Joint Venture	<u><u>\$1,184,020</u></u>
Results of Operations	
Revenues	\$978,565
Expenses	<u>(1,958,063)</u>
Income (Loss)	<u><u>(\$979,498)</u></u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

C. Contingent liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management, after consultation with the City's attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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

The City entered into a joint venture to build a water treatment plant, and issued \$53,000,000 in debt to finance the construction. Although it is expected that the Joint Venture will service the debt from sales of treated water, the City is contingently liable for the debt. See footnote IV D below for details of this debt.

D. Joint ventures

Midlothian/Waxahachie Airport

Pursuant to an interlocal agreement authorized by state statutes, the City of Waxahachie, Texas joined the City of Midlothian, Texas to construct and operate an airport for the mutual benefit of the two cities. The agreement established an Airport Board of seven members. Each city appoints three members to terms of three years. The seventh member is appointed for a two year term. The cities alternate appointing the seventh member.

The Board is responsible for the supervision and operation of the airport assets, grounds, and improvements. Each year the Board shall prepare a budget for consideration by the cities. The Airport Budget is funded by equal contributions from each city, user fees, and a tax on fuel. The Cities of Midlothian and Waxahachie each have a 50 percent share of assets, liabilities and fund equity. Most of the construction of the airport was funded by grants from the Federal Aviation Administration. In the government-wide statement of changes in net assets, contributions and refunds of equity are reflected in the asset. Changes in equity due to operations are reported as program costs or revenues. The City's share of income from operations was \$61,550.

Complete financial statements for the Airport Board can be obtained from the Waxahachie Finance Director at 401 S. Rogers, Waxahachie, Texas.

Robert W. Sokoll Water Treatment Plant

Pursuant to an interlocal agreement authorized by state statutes, the City of Waxahachie, Texas joined the Rockett Special Utility District (SUD) to construct and operate the Robert W. Sokoll Water Treatment Plant for the mutual benefit of the City and the SUD. The agreement established a Board of a minimum of six members. Each entity appoints three members to various terms.

The Board is responsible for the supervision and operation of the water treatment plant when built. The annual operations and maintenance budget will be prepared by the City for each fiscal year. Operating expenses will be funded by the City and the SUD based upon usage. The City and the SUD each have a 50 percent share of assets, liabilities and fund equity. At September 30, 2008, construction has begun on the plant. Operations are expected to begin in 2009.

During the current fiscal year the City issued \$53,000,000 in Combination Tax and Revenue Certificates of obligation, Series 2007A. The bonds are payable annually through August 1, 2008, at an interest rate of 4% to 5%. The proceeds of the bonds were deposited into the Joint Venture and is being used to fund construction of the water treatment plant. Although the Joint Venture looks to revenue from sales of treated water to the Joint Venturers, the City issued the bonds and is contingently liable for payment of this issue. Results of activities to date have resulted in a loss of \$979,498. Complete financial statements for the Robert W. Sokoll Water Treatment Plant can be obtained from the Waxahachie Finance Director at 401 S. Rogers, Waxahachie, Texas.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

E. Employee retirement systems and pension plans

The City participates in the Texas Municipal Retirement System and the Firefighters' Relief and Retirement Fund.

1. Texas Municipal Retirement System

Plan Description - The City provides pension benefits for all of its full-time employees (except firefighters) through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report which can be obtained by writing to P.O. Box 149153, Austin, Texas, 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Deposit rate: 7%

Matching Ratio (City to Employee): 2-1

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years.

Contributions - Under the state law governing TMRS, the actuary annually determines the City contribution rate. The rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution 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 is the basis for the rate and the calendar year when the rate goes into effect, i.e. December 31, 2006 valuation is effective for rates beginning January 2008.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/07	12/31/06	12/31/05
Actuarial Value of Assets	\$15,570,196	\$15,262,553	\$13,803,163
Actuarial Accrued Liabilities	27,281,294	22,168,023	20,044,234
Percentage Funded	57.1%	68.9%	68.9%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	11,711,098	6,905,470	7,620,088
Annual Covered Payroll	9,407,558	8,423,141	7,620,088
UAAL as a Percentage of Covered Payroll	124.5%	82.00%	81.9%
Net Pension Obligation (NPO) at the Beginning of Period	--	--	--
Annual Pension Cost:			
Annual Required Contribution (ARC)	1,337,255	1,003,022	976,937
Interest on NPO	--	--	--
Adjustment to the ARC	--	--	--
	1,337,255	1,003,022	976,937
Contributions Made (100%)	1,337,255	1,003,022	976,937
Increase in NPO	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization	30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost of Living Adjustments	2.1%

2. FIREFIGHTER'S RELIEF AND RETIREMENT FUND PLAN DESCRIPTION

Plan Description - The Board of Trustees of the Waxahachie Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Waxahachie Firefighter's Relief and Retirement Fund is considered a part of the City of Waxahachie financial reporting entity and is included in the City's financial reports as a pension trust fund. Separate financial statements are not prepared. Firefighters in the Waxahachie Fire Department are covered by the Waxahachie Firefighter's Relief and Retirement Fund. The plan obtains an actuarial evaluation in even numbered years only, therefore, the table below summarizes the membership of the fund at September 30, 2008:

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	23
Current employees, fully vested	18
Current employees, nonvested	<u>28</u>
Total active membership	<u>46</u>
Total fund membership	<u>69</u>

The Waxahachie Firefighter's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Employees hired prior to July 1, 2005 may retire at age 50 with 20 years of service. Employees hired on or after July 1, 2005, may retire at age 55 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. The Plan effective July 1, 2005 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit equals 2.6% of highest 60-Month Average Salary multiplied by the lesser of his years of service earned before July 1, 2005, or 24 years, plus an additional monthly benefit equal to 2% of highest 60 month average salary multiplied by the lesser of his years of service earned on or after July 1, 2005 or 24 years minus the years of service before July 1, 2005, plus \$73.00 per month for each year of service in excess of 24 years with a minimum benefit of \$90.00 per month for each year of service.

There is no provision for automatic post retirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc post retirement benefit increases. The benefit provision of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Contributions Required and Contributions Made – The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the aggregate entry age normal cost method the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

The costs of administering the plan are financed from the trust. The benefits and refunds of the pension plan are recognized when due and payable in accordance with the terms of the plan.

The funding policy of the Waxahachie Firefighter's Relief and Retirement Fund requires contributions equal to 12% of pay by the firefighters and contributions by the City equal to the greater of 9.0% of payroll or the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. The plan receives an actuarial valuation every two years. Therefore, the September 30, 2008 actuarial valuation is used in these footnotes. The September 30, 2008 actuarial valuation assumes that the City's contributions will average 17.06% of payroll in the future.

For the fiscal year ending September 30, 2008 the City of Waxahachie's annual pension cost of \$386,427 for the Waxahachie Firefighter's Relief and Retirement Fund was equal to the City's required and actual contributions during the year. While the required contributions were not actuarially determined, the actuary determined that the benefit obligations are currently being funded on an actuarially sound basis. These required contributions were reflected in the September 30, 2008 actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

The method of valuation for determining plan costs is a variation of the aggregate entry age normal actuarial cost method. The actuarial value of assets has been reestablished as the fair market value of the Fund. The actuarial assumptions included an investment return assumption of 8% per year (net of administrative expenses), projected salary increases averaging 5.0% per year, and no post retirement cost-of-living adjustments. An inflation assumption of 0.0% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the assumed total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method, assuming that the payroll will increase 5.0% per year, and was 13.8 years as of the September 30, 2008 actuarial valuation.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	9/30/08	9/30/07	9/30/06
Actuarial Value of Assets	\$6,355,060	*	\$6,102,969
Actuarial Accrued Liabilities	10,915,427	*	9,436,977
Percentage Funded	58.2%	*	64.7%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	4,560,367	*	3,334,008
Annual Covered Payroll	2,959,238	*	2,245,404
UAAL as a Percentage of Covered Payroll	154.2%	*	148.5%
Net Pension Obligation (NPO) at the Beginning of Period	--	*	--
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$386,427	\$320,473	280,124
Interest on NPO	--	--	--
Adjustment to the ARC	--	--	--
	386,427	320,473	280,124
Contributions Made (100%)	386,427	320,473	280,124
Increase in NPO	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --

* An actuarial valuation is not available.

The City accounts for the pension trust fund on the accrual basis of accounting, including the determination of contributions, benefits paid, and refunds paid in the financial statements.

A schedule of actuarial funding progress for the last six years is presented as supplementary information in Required Supplementary Information Exhibit B-2 on page 67.

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

F. Condensed Financial Information for Discretely Presented Component Unit

Following is selected condensed financial statement information for the modified accrual basis financial statements of the Waxahachie Community Development Corporation:

Balance Sheet	General	Debt Service	Reserve	Capital Proj.	Combined
Assets					
Current assets	<u>\$446,835</u>	<u>\$ --</u>	<u>\$1,377,935</u>	<u>\$9,894,099</u>	<u>\$11,718,869</u>
Liabilities					
Current liabilities	\$441,915	\$37,446	\$ --	\$316,875	\$796,236
Fund Balance	<u>4,920</u>	<u>(37,446)</u>	<u>1,377,935</u>	<u>9,577,224</u>	<u>10,922,633</u>
Total Liabilities and Fund Balance	<u>\$446,835</u>	<u>\$ --</u>	<u>\$1,377,935</u>	<u>\$9,894,099</u>	<u>\$11,718,869</u>
Revenues and Expenditures					
Revenues	<u>\$3,261,867</u>	<u>\$388</u>	<u>\$44,624</u>	<u>\$361,669</u>	<u>\$3,668,548</u>
Current Expenditures	1,966,365	--	--	724,066	2,690,431
Debt service	--	1,829,739	--	--	1,829,739
Total expenditures	<u>1,966,365</u>	<u>1,829,739</u>	<u>--</u>	<u>724,066</u>	<u>4,520,170</u>
Revenues over (under) expenditures	1,295,502	(1,829,351)	44,624	(362,397)	(851,622)
Other financing sources (uses)	<u>(1,533,302)</u>	<u>1,762,955</u>	<u>--</u>	<u>(229,653)</u>	<u>--</u>
Net change in fund balances	<u>(237,800)</u>	<u>(66,396)</u>	<u>44,624</u>	<u>(592,050)</u>	<u>(851,622)</u>
Fund balances October 1	<u>242,720</u>	<u>28,950</u>	<u>1,333,311</u>	<u>10,169,274</u>	<u>11,774,255</u>
Fund balances September 30	<u>\$4,920</u>	<u>(\$37,446)</u>	<u>\$1,377,935</u>	<u>\$9,577,224</u>	<u>\$10,922,633</u>

Following are reconciliations between the government-wide financial statements and the fund basis financial statements for Waxahachie Community Development Corporation:

Reconciliation of Balance Sheet	WCDC
Total fund balance	\$10,922,633
Capital assets not reported in the funds	14,493,465
Deferred charges	459,415
Accrued interest payable	(246,635)
Payable for loan principal not due currently	(22,807,575)
Payables for compensated absences	<u>(29,633)</u>
Net Assets - statement of net assets	<u>\$2,791,670</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2008

Reconciliation of Statement of Revenues,

Expenditures and Fund Balances	WCDC
Net change in fund balances	(\$851,622)
Repayment of loan principal	595,000
Bond issuance cost	(30,404)
Capital outlay	346,770
Depreciation	(443,608)
Change in accrued interest expense	60,485
Change in compensated absences	(9,770)
Change in net assets	<u><u>(\$333,149)</u></u>

E. Change in Budgetary Methods

Previously the City budgeted using the modified accrual basis of accounting. During the current year the City modified its budgetary methods by adopting the use of encumbrances, utilizing a ninety day lapse period.

F. Restatement

An error was made in calculating the investment in the joint venture with the airport. Investments in the joint venture were treated as an expense and not as an increase in the investment in the joint venture. The following corrections are made to the year ending September 30, 2007:

Government Wide Financial Statements	As Reported 9/30/07	Increase (Decrease)	As Restated 9/30/07
Investment in joint venture	\$3,996,824	\$502,321	\$4,499,145
Total net assets	39,572,084	502,321	40,074,405
General government expenses	11,714,567	(502,321)	11,212,246
Change in net assets	7,330,225	502,321	7,832,546

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF WAXAHACHIE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
<i>Ad valorem taxes</i>	\$ 6,753,000	\$ 6,753,000	\$ 7,077,217	\$ 324,217
<i>Franchise taxes</i>	3,575,000	3,575,000	2,975,093	(599,907)
<i>Sales taxes</i>	7,900,000	7,900,000	7,928,616	28,616
<i>Other taxes</i>	50,000	50,000	48,329	(1,671)
Total Taxes	<u>18,278,000</u>	<u>18,278,000</u>	<u>18,029,255</u>	<u>(248,745)</u>
<i>Charges for services</i>	389,700	389,700	190,008	(199,692)
<i>Licenses and permits</i>	700,000	700,000	820,733	120,733
<i>Fines and forfeitures</i>	1,010,000	1,010,000	569,415	(440,585)
<i>Intergovernmental</i>	269,000	458,000	341,851	(116,149)
<i>Miscellaneous</i>	353,878	547,333	391,642	(155,691)
<i>Interest</i>	440,000	440,000	229,923	(210,077)
Total revenues	<u>21,440,578</u>	<u>21,823,033</u>	<u>20,572,827</u>	<u>(1,250,206)</u>
Expenditures:				
Current:				
General Government				
<i>General Administration</i>	833,203	833,203	821,247	11,956
<i>Downtown Development</i>	158,393	158,393	161,903	(3,510)
<i>Planning</i>	122,405	122,405	130,385	(7,980)
<i>Finance Department</i>	781,636	781,636	685,513	96,123
<i>City Attorney</i>	113,464	113,464	108,064	5,400
<i>General Items</i>	548,925	548,925	488,974	59,951
<i>Human Resources</i>	293,698	293,698	277,606	16,092
<i>Information Technology</i>	381,792	381,792	378,860	2,932
<i>Economic Development</i>	140,809	140,809	140,404	405
<i>Mid-Way Airport</i>	52,000	52,000	44,256	7,744
Total General Government	<u>3,426,325</u>	<u>3,426,325</u>	<u>3,237,212</u>	<u>189,113</u>
Public Safety				
<i>Municipal Court</i>	395,277	395,277	269,356	125,921
<i>Building Inspection</i>	724,427	724,427	701,174	23,253
<i>Fire Department</i>	4,730,077	4,730,078	4,800,002	(69,924)
<i>Police Department</i>	6,011,131	6,023,043	6,138,411	(115,368)
Total Public Safety	<u>11,860,912</u>	<u>11,872,825</u>	<u>11,908,943</u>	<u>(36,118)</u>
Public Works				
<i>Engineering Department</i>	521,108	521,108	407,373	113,735
<i>Street Department</i>	3,034,253	3,404,708	3,097,442	307,266
<i>Environmental Health</i>	743,328	743,328	683,538	59,790
<i>Central Garage</i>	273,015	273,016	224,493	48,523
<i>Animal Control</i>	244,301	244,302	209,353	34,949
Total Public Works	<u>4,816,005</u>	<u>5,186,462</u>	<u>4,622,199</u>	<u>564,263</u>

CITY OF WAXAHACHIE, TEXAS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
 Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
<i>Parks and Recreation</i>	\$ 1,233,706	\$ 1,233,706	\$ 1,020,765	\$ 212,941
<i>Chautauqua Auditorium</i>	38,000	38,000	10,540	27,460
<i>Rodeo</i>	79,000	79,000	71,834	7,166
<i>Penn Park Pool</i>	76,603	76,603	57,254	19,349
<i>Optimist Pool</i>	15,000	15,000	15,000	--
<i>Sims Library</i>	1,131,000	1,131,000	1,220,316	(89,316)
<i>Senior Citizens Center</i>	104,027	104,027	105,100	(1,073)
Total Culture and Recreation	<u>2,677,336</u>	<u>2,677,336</u>	<u>2,500,809</u>	<u>176,527</u>
 Total expenditures	 <u>22,780,578</u>	 <u>23,162,948</u>	 <u>22,269,162</u>	 <u>893,786</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,340,000)</u>	 <u>(1,339,915)</u>	 <u>(1,696,335)</u>	 <u>(356,420)</u>
Other financing sources (uses):				
<i>Transfers in</i>	730,000	730,000	735,476	5,476
<i>Transfers out</i>	--	(233,070)	(233,070)	--
<i>Sale of capital assets</i>	10,000	10,000	11,625	1,625
Total other financing sources (uses)	<u>740,000</u>	<u>506,930</u>	<u>514,031</u>	<u>7,101</u>
 Net change in fund balances	 <u>(600,000)</u>	 <u>(832,985)</u>	 <u>(1,182,304)</u>	 <u>(349,319)</u>
 Fund balances, October 1	 <u>7,084,499</u>	 <u>7,084,499</u>	 <u>7,084,499</u>	 <u>--</u>
Fund balances, September 30	<u>\$ 6,484,499</u>	<u>\$ 6,251,514</u>	<u>\$ 5,902,195</u>	<u>\$ (349,319)</u>

CITY OF WAXAHACHIE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2008

A. Budgetary information

On or before the first day of June of each year, department and division leaders of the City submit requests for appropriations to the Waxahachie City Manager so that a budget may be prepared. The budget is prepared by fund, department and activity, and includes information on the past year, current year budget and requested appropriations for the next fiscal year. The City Council approves the budget at the department level. Before August 31, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level, unless approved by city council. During the year, the City Manager authorized several budget transfers within departments. Individual amendments were not material in relation to the original appropriations.

The official budget was prepared using generally accepted accounting principals as modified by the use of encumbrances. The City encumbers amounts committed at year end and carries the budget over for a lapse period of ninety days into the following year. Annual appropriated budgets are adopted for the following funds:

General Fund

Special Revenue Funds

Hotel Motel Tax Fund

Water District General Fund - a special revenue fund in this report

Debt Service Funds

Debt Service

Water District Debt Service

All annual appropriations lapse at fiscal year end, except for encumbered amounts.

B. Excess of expenditures over appropriations

The following funds had expenditures in excess of appropriations:

GENERAL FUND

Downtown Development	\$3,510
Planning	7,980
Fire Department	69,924
Police Department	115,368
Sims Library	89,316
Senior Citizens Center	1,073

Special Revenue Funds

Hotel Motel Tax	87,840
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CITY OF WAXAHACHIE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2008

Debt Service Funds

Debt Service Fund \$10,665

- C. Following is a reconciliation between expenditures on the budgetary basis and generally accepted accounting principles:

General Fund:	
Expenditures per Exhibit A-5	\$22,228,424
Reversal of year encumbrances	--
Current year encumbrances	<u>40,738</u>
Expenditures - budgetary basis	<u><u>\$22,269,162</u></u>

CITY OF WAXAHACHIE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS

Six Years Ended September 30, 2008

(Unaudited)

Actuarial Valuation Date	9/30/08	9/30/07	9/30/06	9/30/05	9/30/04	9/30/03
Actuarial Value of Assets	\$ 6,355,060	*	\$ 6,102,969	*	\$ 4,753,804	*
Actuarial Accrued Liabilities	10,915,427	*	9,436,977	*	8,598,507	*
Percentage Funded	58.2%	*	64.7%	*	55.3%	*
Unfunded (Over-funded) Actuarial Accrued	4,560,367	*	3,334,008	*	3,844,703	*
Annual Covered Payroll	2,959,238	*	2,245,404	*	1,882,544	*
UAAL as a Percentage of Covered Payroll	154.2%	*	148.5%	*	204.2%	*
Net Pension Obligation (NPO) at the Beginning of Period	--	*	--	*	--	*
Annual Pension Cost:						
Annual Required Contribution (ARC)	\$386,427	\$320,473	\$280,124	\$248,272	\$219,793	\$206,914
Interest on NPO	--	--	--	--	--	--
Adjustment to the ARC	--	--	--	--	--	--
	386,427	320,473	280,124	248,272	219,793	206,914
Contributions Made (100%)	386,427	320,473	280,124	248,272	219,793	206,914
Increase in NPO	--	--	--	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

* An actuarial valuation is not available.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Police Forfeiture Fund - This fund is used to account for money seized by the police personnel. The City has obtained legal ownership to the cash or property. These funds are restricted to law enforcement purposes, except for salaries.

Hotel/Motel Tax Fund - This fund is used to account for the seven percent occupancy tax collected by Hotels and Motels located in the City. These funds are legally restricted for tourism and cultural activities.

Abandoned Vehicle Sales - This fund is used to account for money generated by the sale of abandoned vehicles that have been impounded by the Police Department. Any funds remaining after towing and storage fees are paid may be used for law enforcement purposes, but cannot be used for salaries.

Fire Department Donations Fund - This fund is used to account for donations to the Fire Department and for fees collected from other fire departments for use of our training facility. These funds are intended to be used for maintenance and improvements to the training facility and to run the Toys-for-Tots program.

Veterans Memorial Donations - This fund is used to account for donations to the "Veterans Memorial Donations" program. These funds are intended to be used to build a memorial to veterans.

Waxahachie Farmer's Market Fund - This fund is used to account for proceeds of space rentals at the Downtown Farmer's Market. The proceeds are intended to be used to bring in new customers and vendors to the City.

East Side Renewal Fund - This fund is used to account for the money collected in the effort to improve the housing in an economically depressed area of Waxahachie. New homes are built and a percentage of the sales goes to this fund. Proceeds are used to assist other new home buyers with home purchase costs.

LEOSE - This fund is used to account for amounts collected to fund law enforcement continuing education classes.

Waxahachie Police Explorers – This fund is used to account for donations to the police explorer program, a subsidiary of the Boys Scouts of America.

Citizens on Patrol - This fund is used to account for donations to the citizens on patrol anti-crime watch program.

National Night Out Fund - This fund is used to account for donations to the "National Night Out" program.

Tax Increment Fund - This fund is the General Fund of a component unit of the City. It is used to account for funds related to project costs for the Tax Increment Financing Reinvestment Zone No. 1 established by the City to improve the downtown area.

Fire Department Toys for Kids - This fund is used to account for donations to the fire departments annual drive to provide toys for kids.

Police Seizure Fund - This fund is used to account for seizures by the police department.

Police Forfeiture Fund - This fund is used to account for forfeiture funds provided to the police department.

Cemetery Perpetual Care - This fund is used to account for principal trust amounts received and related interest income. Interest earnings are used for expenditures of cemetery maintenance.

Industrial Development - This fund is used to account for the proceeds of a grant that was received from the State of Texas in 1987 for any industrial development, recruitment, or business expansion.

Water District General Fund – This fund is the general fund of a component unit of the City. It is used by the Water District to account for resources which are not required to be accounted for in another fund.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Police Department Federal Forfeiture - This fund is used to account for certain forfeiture funds provided to the police department.

Texas Tobacco Compliance Grant - This fund is used to account for the receipt and expenditures for a grant from the state aimed at enforcing laws concerning tobacco consumption by minors.

Park Dedication Impact Fee Fund - This fund is used to account for impact fees dedicated to park improvements.

Miscellaneous Special Revenue - This fund is used to account for various sources of small amounts of funds dedicated to special projects.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of general, certificate, & contractual obligation bond principal and interest from governmental resources. They are also used for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Tax Increment Debt Service Fund - This fund is used to account for the accumulation of resources and payment of principal and interest for the Tax Increment Financing Reinvestment Zone Number 1's certificate of obligation bonds.

Water District Debt Service - This fund is used to account for the accumulation of resources and payment of principal and interest for the Water District's general obligation bonds.

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash and cash equivalents</i>	\$ 42,363	\$ 7,003	\$ 49,366
<i>Investments</i>	3,513,439	658,187	4,171,626
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	--	18,127	18,127
<i>Other</i>	65,064	--	65,064
<i>Intergovernmental</i>	3,000	--	3,000
<i>Prepaid items</i>	1,416	1,735	3,151
Total Assets	\$ 3,625,282	\$ 685,052	\$ 4,310,334
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 104,712	\$ --	\$ 104,712
<i>Other payables</i>	170	--	170
<i>Deferred revenue</i>	--	15,335	15,335
Total Liabilities	104,882	15,335	120,217
Fund Balances:			
Reserved for:			
<i>Prepays</i>	1,416	1,735	3,151
<i>Debt service</i>	--	667,982	667,982
<i>Perpetual care</i>	668,434	--	668,434
<i>Industrial development</i>	227,176	--	227,176
Unreserved, reported in:			
<i>Special revenue funds, designated for fire department</i>	8,025	--	8,025
<i>Special revenue funds, undesignated</i>	2,615,349	--	2,615,349
Total fund balances	3,520,400	669,717	4,190,117
Total Liabilities and Fund Balances	\$ 3,625,282	\$ 685,052	\$ 4,310,334

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
<i>Taxes</i>	\$ 569,121	\$ 622,490	\$ 1,191,611
<i>Charges for services</i>	1,357,130	--	1,357,130
<i>Intergovernmental</i>	57,713	--	57,713
<i>Miscellaneous</i>	35,019	8,136	43,155
<i>Interest</i>	110,019	25,190	135,209
Total revenues	<u>2,129,002</u>	<u>655,816</u>	<u>2,784,818</u>
Expenditures:			
Current:			
<i>General government</i>	759,856	5,780	765,636
<i>Public safety</i>	15,715	--	15,715
Debt service:			
<i>Principal</i>	--	1,180,199	1,180,199
<i>Interest</i>	--	77,292	77,292
Total expenditures	<u>775,571</u>	<u>1,263,271</u>	<u>2,038,842</u>
Excess (deficiency) of revenues over (under) expenditures	1,353,431	(607,455)	745,976
Other financing sources (uses):			
<i>Transfers in</i>	298,445	700,000	998,445
<i>Transfers out</i>	(763,445)	--	(763,445)
Total other financing sources (uses)	<u>(465,000)</u>	<u>700,000</u>	<u>235,000</u>
Net change in fund balances	888,431	92,545	980,976
Fund balances, October 1	2,631,969	577,172	3,209,141
Fund balances, September 30	<u>\$ 3,520,400</u>	<u>\$ 669,717</u>	<u>\$ 4,190,117</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2008

	Hotel Motel Tax	Abandoned Vehicle Sales	Fire Department Donations	Veterans Memorial Donations
ASSETS				
<i>Cash and cash equivalents</i>	\$ 629	\$ 32	\$ 225	\$ 220
<i>Investments</i>	44,270	2,252	15,841	15,471
Receivables (net of allowances for uncollectibles):				
<i>Other</i>	64,671	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Prepaid items</i>	--	--	--	--
Total Assets	\$ 109,570	\$ 2,284	\$ 16,066	\$ 15,691
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ 99,789	\$ --	\$ --	\$ 195
<i>Other payables</i>	--	--	--	--
Total Liabilities	99,789	--	--	195
Fund Balances:				
Reserved for:				
<i>Prepays</i>	--	--	--	--
<i>Perpetual care</i>	--	--	--	--
<i>Industrial development</i>	--	--	--	--
Unreserved, reported in:				
<i>Special revenue funds, designated for fire department</i>	--	--	--	--
<i>Special revenue funds, undesignated</i>	9,781	2,284	16,066	15,496
Total fund balances	9,781	2,284	16,066	15,496
Total Liabilities and Fund Balances	\$ 109,570	\$ 2,284	\$ 16,066	\$ 15,691

Waxahachie Farmer's Market	East Side Renewal	LEOSE	Waxahachie Police Explorers	Citizens on Patrol
\$ 26	\$ 40	\$ 86	\$ 94	\$ 9
1,860	2,833	6,067	6,623	616
--	--	--	--	--
--	--	--	--	--
\$ 1,886	\$ 2,873	\$ 6,153	\$ 6,717	\$ 625
\$ --	\$ --	\$ 780	\$ --	\$ --
--	--	--	--	--
--	--	780	--	--
--	--	--	--	--
--	--	--	--	--
1,886	2,873	5,373	6,717	625
1,886	2,873	5,373	6,717	625
\$ 1,886	\$ 2,873	\$ 6,153	\$ 6,717	\$ 625

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2008

	National Night Out	Tax Increment	Fire Department Toys for Kids	Police Seizure
ASSETS				
<i>Cash and cash equivalents</i>	\$ 70	\$ 4,794	\$ 100	\$ 73
<i>Investments</i>	4,955	337,599	7,015	5,127
Receivables (net of allowances for uncollectibles):				
<i>Other</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Prepaid items</i>	--	--	--	--
Total Assets	\$ 5,025	\$ 342,393	\$ 7,115	\$ 5,200
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Other payables</i>	--	--	--	--
Total Liabilities	--	--	--	--
Fund Balances:				
Reserved for:				
<i>Prepays</i>	--	--	--	--
<i>Perpetual care</i>	--	--	--	--
<i>Industrial development</i>	--	--	--	--
Unreserved, reported in:				
<i>Special revenue funds, designated for fire department</i>	--	--	--	--
<i>Special revenue funds, undesignated</i>	5,025	342,393	7,115	5,200
Total fund balances	5,025	342,393	7,115	5,200
Total Liabilities and Fund Balances	\$ 5,025	\$ 342,393	\$ 7,115	\$ 5,200

Police Forfeiture	Cemetery Perpetual Care	Industrial Development	Water District General	Police Department Federal Forfeiture
\$ 673	\$ 9,415	\$ 3,180	\$ 21,519	\$ 657
47,367	662,967	223,996	2,045,626	46,277
--	--	--	393	--
--	--	--	--	--
--	--	--	1,416	--
<u>\$ 48,040</u>	<u>\$ 672,382</u>	<u>\$ 227,176</u>	<u>\$ 2,068,954</u>	<u>\$ 46,934</u>
\$ --	\$ 3,948	\$ --	\$ --	\$ --
--	--	--	170	--
--	3,948	--	170	--
--	--	--	1,416	--
--	668,434	--	--	--
--	--	227,176	--	--
--	--	--	--	--
48,040	--	--	2,067,368	46,934
<u>48,040</u>	<u>668,434</u>	<u>227,176</u>	<u>2,068,784</u>	<u>46,934</u>
<u>\$ 48,040</u>	<u>\$ 672,382</u>	<u>\$ 227,176</u>	<u>\$ 2,068,954</u>	<u>\$ 46,934</u>

CITY OF WAXAHACHIE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2008

	Texas Tobacco Compliance Grant	Park Dedication Impact Fee	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS				
<i>Cash and cash equivalents</i>	\$ 40	\$ 369	\$ 112	\$ 42,363
<i>Investments</i>	2,787	25,977	7,913	3,513,439
Receivables (net of allowances for uncollectibles):				
<i>Other</i>	--	--	--	65,064
<i>Intergovernmental</i>	3,000	--	--	3,000
<i>Prepaid items</i>	--	--	--	1,416
Total Assets	\$ 5,827	\$ 26,346	\$ 8,025	\$ 3,625,282
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ 104,712
<i>Other payables</i>	--	--	--	170
Total Liabilities	--	--	--	104,882
Fund Balances:				
Reserved for:				
<i>Prepays</i>	--	--	--	1,416
<i>Perpetual care</i>	--	--	--	668,434
<i>Industrial development</i>	--	--	--	227,176
Unreserved, reported in:				
<i>Special revenue funds, designated for fire department</i>	--	--	8,025	8,025
<i>Special revenue funds, undesignated</i>	5,827	26,346	--	2,615,349
Total fund balances	5,827	26,346	8,025	3,520,400
Total Liabilities and Fund Balances	\$ 5,827	\$ 26,346	\$ 8,025	\$ 3,625,282

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CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Police Forfeiture	Hotel Motel Tax	Abandoned Vehicle Sales	Fire Department Donations
Revenues:				
<i>Taxes</i>	\$ --	\$ 416,410	\$ --	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Miscellaneous</i>	--	--	1,423	2,083
<i>Interest</i>	--	1,211	62	496
Total revenues	<u>--</u>	<u>417,621</u>	<u>1,485</u>	<u>2,579</u>
Expenditures:				
Current:				
<i>General government</i>	--	407,840	--	--
<i>Public safety</i>	--	--	--	272
Total expenditures	<u>--</u>	<u>407,840</u>	<u>--</u>	<u>272</u>
 Excess (deficiency) of revenues over (under) expenditures	 --	 9,781	 1,485	 2,307
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	(48,445)	--	--	--
Total other financing sources (uses)	<u>(48,445)</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Net change in fund balances	 (48,445)	 9,781	 1,485	 2,307
 Fund balances, October 1	 48,445	 --	 799	 13,759
Fund balances, September 30	<u>\$ --</u>	<u>\$ 9,781</u>	<u>\$ 2,284</u>	<u>\$ 16,066</u>

Veterans Memorial Donations	Waxahachie Farmer's Market	East Side Renewal	LEOSE	Waxahachie Police Explorers
\$ --	\$ --	\$ --	\$ --	\$ --
--	760	--	--	--
--	--	--	4,429	--
9,585	1,136	--	669	4,300
359	81	93	--	180
<u>9,944</u>	<u>1,977</u>	<u>93</u>	<u>5,098</u>	<u>4,480</u>
10,742	1,365	--	--	--
--	--	--	7,588	1,021
<u>10,742</u>	<u>1,365</u>	<u>--</u>	<u>7,588</u>	<u>1,021</u>
(798)	612	93	(2,490)	3,459
--	--	--	--	--
--	--	--	(15,000)	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>(15,000)</u>	<u>--</u>
(798)	612	93	(17,490)	3,459
16,294	1,274	2,780	22,863	3,258
<u>\$ 15,496</u>	<u>\$ 1,886</u>	<u>\$ 2,873</u>	<u>\$ 5,373</u>	<u>\$ 6,717</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Citizens on Patrol	National Night Out	Tax Increment	Fire Department Toys for Kids
Revenues:				
<i>Taxes</i>	\$ --	\$ --	\$ 152,711	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	9,197
<i>Miscellaneous</i>	67	3,002	--	--
<i>Interest</i>	20	99	6,189	226
Total revenues	<u>87</u>	<u>3,101</u>	<u>158,900</u>	<u>9,423</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	600	--
<i>Public safety</i>	--	1,197	--	5,370
Total expenditures	<u>--</u>	<u>1,197</u>	<u>600</u>	<u>5,370</u>
Excess (deficiency) of revenues over (under) expenditures	87	1,904	158,300	4,053
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	87	1,904	158,300	4,053
Fund balances, October 1	538	3,121	184,093	3,062
Fund balances, September 30	<u>\$ 625</u>	<u>\$ 5,025</u>	<u>\$ 342,393</u>	<u>\$ 7,115</u>

Police Seizure	Police Forfeiture	Cemetery Perpetual Care	Industrial Development	Water District General
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	62,925	--	1,267,124
--	--	--	--	--
3,098	--	1,656	--	--
142	1,555	28,871	9,177	60,195
<u>3,240</u>	<u>1,555</u>	<u>93,452</u>	<u>9,177</u>	<u>1,327,319</u>
--	--	58,672	--	280,637
--	--	--	--	--
--	--	<u>58,672</u>	--	<u>280,637</u>
3,240	1,555	34,780	9,177	1,046,682
1,960	46,485	--	--	250,000
--	--	--	--	(700,000)
<u>1,960</u>	<u>46,485</u>	<u>--</u>	<u>--</u>	<u>(450,000)</u>
5,200	48,040	34,780	9,177	596,682
--	--	633,654	217,999	1,472,102
<u>\$ 5,200</u>	<u>\$ 48,040</u>	<u>\$ 668,434</u>	<u>\$ 227,176</u>	<u>\$ 2,068,784</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Police Department Federal Forfeiture	Texas Tobacco Compliance Grant
Revenues:		
<i>Taxes</i>	\$ --	\$ --
<i>Charges for services</i>	--	--
<i>Intergovernmental</i>	41,087	3,000
<i>Miscellaneous</i>	--	--
<i>Interest</i>	919	94
Total revenues	<u>42,006</u>	<u>3,094</u>
Expenditures:		
Current:		
<i>General government</i>	--	--
<i>Public safety</i>	--	267
Total expenditures	<u>--</u>	<u>267</u>
Excess (deficiency) of revenues over (under) expenditures	42,006	2,827
Other financing sources (uses):		
<i>Transfers in</i>	--	--
<i>Transfers out</i>	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Net change in fund balances	42,006	2,827
Fund balances, October 1	4,928	3,000
Fund balances, September 30	<u>\$ 46,934</u>	<u>\$ 5,827</u>

Park Dedication Impact Fee	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 569,121
26,321	--	1,357,130
--	--	57,713
--	8,000	35,019
25	25	110,019
<u>26,346</u>	<u>8,025</u>	<u>2,129,002</u>
--	--	759,856
--	--	15,715
--	--	<u>775,571</u>
26,346	8,025	1,353,431
--	--	298,445
--	--	(763,445)
--	--	<u>(465,000)</u>
26,346	8,025	888,431
--	--	2,631,969
<u>\$ 26,346</u>	<u>\$ 8,025</u>	<u>\$ 3,520,400</u>

CITY OF WAXAHACHIE, TEXAS
HOTEL MOTEL TAX
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Other taxes</i>	\$ 320,000	\$ 320,000	\$ 416,410	\$ 96,410
<i>Interest</i>	--	--	1,211	1,211
Total revenues	<u>320,000</u>	<u>320,000</u>	<u>417,621</u>	<u>97,621</u>
Expenditures:				
Current:				
General Government				
<i>Economic Development</i>	320,000	320,000	407,840	(87,840)
Total General Government	<u>320,000</u>	<u>320,000</u>	<u>407,840</u>	<u>(87,840)</u>
Total expenditures	<u>320,000</u>	<u>320,000</u>	<u>407,840</u>	<u>(87,840)</u>
Net change in fund balances	--	--	9,781	9,781
Fund balances, October 1	--	--	--	--
Fund balances, September 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,781</u>	<u>\$ 9,781</u>

CITY OF WAXAHACHIE, TEXAS
 WATER DISTRICT GENERAL FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Charges for services</i>	\$ 855,000	\$ 855,000	\$ 1,267,124	\$ 412,124
<i>Interest</i>	20,000	20,000	60,195	40,195
Total revenues	<u>875,000</u>	<u>875,000</u>	<u>1,327,319</u>	<u>452,319</u>
Expenditures:				
Current:				
General Government				
<i>General Items</i>	320,237	320,237	280,637	39,600
Total General Government	<u>320,237</u>	<u>320,237</u>	<u>280,637</u>	<u>39,600</u>
Total expenditures	<u>320,237</u>	<u>320,237</u>	<u>280,637</u>	<u>39,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>554,763</u>	<u>554,763</u>	<u>1,046,682</u>	<u>491,919</u>
Other financing sources (uses):				
<i>Transfers in</i>	250,000	250,000	250,000	--
<i>Transfers out</i>	(700,000)	(700,000)	(700,000)	--
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>--</u>
Net change in fund balances	104,763	104,763	596,682	491,919
Fund balances, October 1	1,472,102	1,472,102	1,472,102	--
Fund balances, September 30	<u>\$ 1,576,865</u>	<u>\$ 1,576,865</u>	<u>\$ 2,068,784</u>	<u>\$ 491,919</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

SEPTEMBER 30, 2008

	TIFRZ1 Debt Service	Water District Debt Service	Total Nonmajor Debt Service Funds (See Exhibit C-1)
ASSETS			
<i>Cash and cash equivalents</i>	\$ 308	\$ 6,695	\$ 7,003
<i>Investments</i>	21,715	636,472	658,187
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	--	18,127	18,127
<i>Prepaid items</i>	4	1,731	1,735
Total Assets	\$ 22,027	\$ 663,025	\$ 685,052
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Deferred revenue</i>	\$ --	\$ 15,335	\$ 15,335
Total Liabilities	--	15,335	15,335
Fund Balances:			
Reserved for:			
<i>Prepays</i>	4	1,731	1,735
<i>Debt service</i>	22,023	645,959	667,982
Total fund balances	22,027	647,690	669,717
Total Liabilities and Fund Balances	\$ 22,027	\$ 663,025	\$ 685,052

CITY OF WAXAHACHIE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	TIFRZ1 Debt Service	Water District Debt Service	Total Nonmajor Debt Service Funds (See Exhibit C-2)
Revenues:			
<i>Taxes</i>	\$ 15,773	\$ 606,717	\$ 622,490
<i>Miscellaneous</i>	--	8,136	8,136
<i>Interest</i>	327	24,863	25,190
Total revenues	<u>16,100</u>	<u>639,716</u>	<u>655,816</u>
Expenditures:			
Current:			
<i>General government</i>	--	5,780	5,780
Debt service:			
<i>Principal</i>	5,199	1,175,000	1,180,199
<i>Interest</i>	10,585	66,707	77,292
Total expenditures	<u>15,784</u>	<u>1,247,487</u>	<u>1,263,271</u>
Excess (deficiency) of revenues over (under) expenditures	316	(607,771)	(607,455)
Other financing sources (uses):			
<i>Transfers in</i>	--	700,000	700,000
Total other financing sources (uses)	<u>--</u>	<u>700,000</u>	<u>700,000</u>
Net change in fund balances	316	92,229	92,545
Fund balances, October 1	21,711	555,461	577,172
Fund balances, September 30	<u>\$ 22,027</u>	<u>\$ 647,690</u>	<u>\$ 669,717</u>

CITY OF WAXAHACHIE, TEXAS
DEBT SERVICE
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Ad valorem taxes</i>	\$ 4,725,000	\$ 4,725,000	\$ 4,849,969	\$ 124,969
<i>Miscellaneous</i>	--	66,000	69,602	3,602
<i>Interest</i>	58,850	58,850	19,074	(39,776)
Total revenues	4,783,850	4,849,850	4,938,645	88,795
Expenditures:				
Debt service:				
<i>Principal</i>	--	3,935,969	3,935,961	8
<i>Interest</i>	--	2,023,859	2,034,522	(10,663)
Total Debt Service	--	5,959,828	5,970,483	(10,655)
Total expenditures	--	5,959,828	5,970,483	(10,655)
Excess (deficiency) of revenues over (under) expenditures	4,783,850	(1,109,978)	(1,031,838)	78,140
Other financing sources (uses):				
<i>Transfers in</i>	--	233,070	233,070	--
Total other financing sources (uses)	--	233,070	233,070	--
Net change in fund balances	4,783,850	(876,908)	(798,768)	78,140
Fund balances, October 1	798,768	798,768	798,768	--
Fund balances, September 30	\$ 5,582,618	\$ (78,140)	\$ --	\$ 78,140

CITY OF WAXAHACHIE, TEXAS
 WATER DISTRICT DEBT SERVICE
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-10

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Ad valorem taxes</i>	\$ 607,000	\$ 607,000	\$ 606,717	\$ (283)
<i>Miscellaneous</i>	--	--	8,136	8,136
<i>Interest</i>	19,080	19,080	24,863	5,783
Total revenues	<u>626,080</u>	<u>626,080</u>	<u>639,716</u>	<u>13,636</u>
Expenditures:				
Current:				
General Government				
<i>General Items</i>	5,000	5,000	5,780	(780)
Total General Government	<u>5,000</u>	<u>5,000</u>	<u>5,780</u>	<u>(780)</u>
Debt service:				
<i>Principal</i>	1,175,000	1,175,000	1,175,000	--
<i>Interest</i>	68,950	68,950	66,707	2,243
Total Debt Service	<u>1,243,950</u>	<u>1,243,950</u>	<u>1,241,707</u>	<u>2,243</u>
Total expenditures	<u>1,248,950</u>	<u>1,248,950</u>	<u>1,247,487</u>	<u>1,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(622,870)</u>	<u>(622,870)</u>	<u>(607,771)</u>	<u>15,099</u>
Other financing sources (uses):				
<i>Transfers in</i>	700,000	700,000	700,000	--
Total other financing sources (uses)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>--</u>
Net change in fund balances	77,130	77,130	92,229	15,099
Fund balances, October 1	555,461	555,461	555,461	--
Fund balances, September 30	<u>\$ 632,591</u>	<u>\$ 632,591</u>	<u>\$ 647,690</u>	<u>\$ 15,099</u>

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STATISTICAL SECTION

This part of the City of Waxahachie, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	98
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	107
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	113
<i>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.</i>	
Demographic and Economic Information	118
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	120
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF WAXAHACHIE, TEXAS

NET ASSETS BY COMPONENT

LAST SIX FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 21,239,642	\$ 20,107,276	\$ 16,727,066	\$ 21,338,543	\$ 26,093,547
Restricted	4,031,871	8,407,618	5,034,988	2,117,649	1,601,668
Unrestricted	(3,471,021)	(900,096)	6,156,964	8,785,667	11,876,869
Total Governmental Activities Net Assets	\$ 21,800,492	\$ 27,614,798	\$ 27,919,018	\$ 32,241,859	\$ 39,572,084
Business-type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 36,419,284	\$ 40,554,831	\$ 34,455,473	46,279,420	\$ 53,061,343
Restricted	--	--	--	--	--
Unrestricted	4,760,465	3,778,513	15,442,860	6,333,109	4,394,362
Total Business-type Activities Net Assets	\$ 41,179,749	\$ 44,333,344	\$ 49,898,333	\$ 52,612,529	\$ 57,455,705
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 57,658,926	\$ 60,662,107	\$ 51,182,539	67,617,963	\$ 79,154,890
Restricted	4,031,871	8,407,618	5,034,988	2,117,649	1,601,668
Unrestricted	1,289,444	2,878,417	21,599,824	15,118,776	16,271,231
Total Primary Government Net Assets	\$ 62,980,241	\$ 71,948,142	\$ 77,817,351	\$ 84,854,388	\$ 97,027,789

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

TABLE D-1

2008

\$ 31,778,039
877,328
11,650,428
\$ 44,305,795

\$ 50,540,603
—
7,618,352
\$ 58,158,955

\$ 82,318,642
877,328
19,268,780
\$ 102,464,750

CITY OF WAXAHACHIE, TEXAS

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
 LAST SIX FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General government	\$ 2,816,972	\$ 3,144,773	\$ 3,209,359	\$ 3,563,228	\$ 4,532,403
Public safety	8,254,330	8,677,024	9,447,268	9,906,696	11,714,567
Public works	6,749,526	5,332,750	6,766,136	7,964,044	7,016,441
Sanitation	3,377,215	--	--	--	--
Culture and recreation	1,637,348	1,725,939	1,984,722	2,132,770	2,402,835
Interest on Long-Term Debt	2,045,317	1,931,468	1,861,013	2,014,678	1,695,559
Total Governmental Activities Expenses	24,880,708	20,811,954	23,268,498	25,581,416	27,361,805
Business-type Activities					
Water utility	3,794,163	4,552,462	5,594,462	6,315,667	5,662,027
Wastewater utility	2,866,419	3,275,244	4,089,130	4,376,052	4,374,810
Refuse service	--	3,762,799	3,931,891	793,218	877,672
Total Business-type Activities Expenses	6,660,582	11,590,505	13,615,483	11,484,937	10,914,509
Total Primary Government Expenses	\$ 31,541,290	\$ 32,402,459	\$ 36,883,981	\$ 37,066,353	\$ 38,276,314
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 928,743	\$ 866,153	\$ 1,008,487	\$ 1,200,627	\$ 1,070,599
Public safety	1,094,687	1,843,983	1,997,114	984,154	925,606
Public works	326,684	462,358	250,239	1,063,978	1,324,350
Sanitation	3,417,968	--	--	--	7,176
Culture and recreation	330	1,520	2,190	5,223	--
Operating Grants and Contributions	259,273	331,008	648,829	179,682	121,241
Capital Grants and Contributions	69,360	3,801,313	3,152,638	3,752,253	7,477,720
Total Governmental Activities					
Program Revenues	\$ 6,097,045	\$ 7,306,335	\$ 7,059,497	\$ 7,185,917	\$ 10,926,692
Business-type Activities:					
Charges for Services:					
Water utility	\$ 4,712,407	\$ 5,062,506	\$ 5,735,596	\$ 6,330,756	\$ 6,004,315
Wastewater utility	3,995,195	4,299,598	4,467,621	4,755,696	4,874,164
Refuse service	--	3,944,499	3,894,909	919,024	971,752
Operating Grants and Contributions	--	--	--	--	--
Capital Grants and Contributions	616,584	2,949,023	1,513,148	2,338,695	4,262,088
Total Business-type Activities					
Program Revenues	9,324,186	16,255,626	15,611,274	14,344,171	16,112,319
Total Primary Government					
Program Revenues	\$ 15,421,231	\$ 23,561,961	\$ 22,670,771	\$ 21,530,088	\$ 27,039,011
Net (Expense)/Revenue					
Governmental Activities	\$ (18,783,663)	\$ (13,505,619)	\$ (16,209,001)	\$ (18,395,499)	\$ (16,435,113)
Business-type Activities	2,663,604	4,665,121	1,995,791	2,859,234	5,197,810
Total Primary Government Net Expense	\$ (16,120,059)	\$ (8,840,498)	\$ (14,213,210)	\$ (15,536,265)	\$ (11,237,303)

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

TABLE D-2

<u>2008</u>	
\$	4,426,264
	12,438,929
	7,972,780
	—
	2,600,441
	2,209,115
	<u>29,647,529</u>
	7,629,661
	5,294,704
	973,994
	<u>13,898,359</u>
\$	<u>43,545,888</u>
\$	1,391,598
	992,720
	973,065
	32,909
	—
	394,623
	<u>4,198,969</u>
\$	<u>7,983,884</u>
\$	6,473,978
	4,903,503
	1,058,189
	—
	<u>2,126,570</u>
	<u>14,562,240</u>
\$	<u>22,546,124</u>
\$	(21,663,645)
	663,881
\$	<u>(20,999,764)</u>

CITY OF WAXAHACHIE, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
 LAST SIX FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental Activities	\$ (18,783,663)	\$ (13,505,619)	\$ (16,209,002)	\$ (18,395,499)	\$ (16,435,113)
Business-type Activities	2,663,604	4,665,121	1,995,791	2,859,234	5,197,810
Total Primary Government Net Expense	<u>(16,120,059)</u>	<u>(8,840,498)</u>	<u>(14,213,211)</u>	<u>(15,536,265)</u>	<u>(11,237,303)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Ad Valorem Taxes	7,644,184	8,759,358	10,275,019	10,790,041	11,338,172
Sales Taxes	5,189,856	5,579,272	5,980,811	6,798,366	7,309,186
Franchise Taxes	3,137,539	2,591,428	2,661,662	3,034,822	3,002,502
Other Taxes	205,386	276,292	288,126	345,952	435,396
Unrestricted Grants and Contributions	--	--	--	--	--
Miscellaneous	86,820	188,959	(8,309)	214,927	130,274
Investment Earnings	242,460	215,086	383,045	615,193	817,512
Gain (loss) on disposal of capital assets	14,481	--	12,774	5,245	--
Transfers	1,826,267	1,709,530	(3,079,906)	913,794	732,296
Total Governmental Activities	<u>18,346,993</u>	<u>19,319,925</u>	<u>16,513,222</u>	<u>22,718,340</u>	<u>23,765,338</u>
Business-type Activities:					
Other income (expense)	43,317	189,194	(31,751)	125,684	113,465
Investment Earnings	319,636	165,544	521,042	643,072	264,198
Transfers	(1,826,267)	(1,709,530)	3,079,906	(913,794)	(732,296)
Total Business-type Activities	<u>(1,463,314)</u>	<u>(1,354,792)</u>	<u>3,569,197</u>	<u>(145,038)</u>	<u>(354,633)</u>
Total Primary Government	<u>\$ 16,883,679</u>	<u>\$ 17,965,133</u>	<u>\$ 20,082,419</u>	<u>\$ 22,573,302</u>	<u>\$ 23,410,705</u>
Change in Net Assets					
Governmental Activities	\$ (436,670)	\$ 5,814,306	\$ 304,220	\$ 4,322,841	\$ 7,330,225
Business-type Activities	1,200,290	3,310,329	5,564,988	2,714,196	4,843,177
Total Primary Government	<u>\$ 763,620</u>	<u>\$ 9,124,635</u>	<u>\$ 5,869,208</u>	<u>\$ 7,037,037</u>	<u>\$ 12,173,402</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

TABLE D-3

<u>2008</u>	
\$	(21,663,645)
	663,881
	<u>(20,999,764)</u>

12,669,114
7,928,616
2,977,763
464,739
--
193,710
696,429
(5,812)
970,476
<u>25,895,035</u>

101,709
908,136
(970,476)
<u>39,369</u>
\$ <u>25,934,404</u>

\$	4,231,390
	703,250
\$	<u>4,934,640</u>

CITY OF WAXAHACHIE, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 261,897	\$ 205,000	\$ 55,718	\$ 24,345	\$ 50,509	\$ 64,412	\$ 273,642	\$ 331,484	\$ 249,468	\$ 287,892
Unreserved	3,016,770	3,645,568	4,605,587	3,770,649	3,854,601	4,853,357	5,754,268	7,207,688	6,835,031	5,655,041
Total General Fund	\$ 3,278,667	\$ 3,850,568	\$ 4,661,305	\$ 3,794,994	\$ 3,905,110	\$ 4,917,769	\$ 6,027,910	\$ 7,539,172	\$ 7,084,499	\$ 5,942,933
All Other Governmental Funds										
Reserved	\$ 2,928,603	\$ 3,330,245	\$ 3,210,561	\$ 3,059,137	\$ 2,001,248	\$ 3,535,812	\$ 3,431,554	\$ 2,011,083	\$ 2,009,594	\$ 1,566,743
Unreserved, Reported In:										
Special Revenue Funds	1,147,569	1,151,275	474,778	266,785	614,053	627,939	915,361	1,604,967	1,998,316	2,623,374
Capital Projects Funds	11,989,279	4,353,751	2,168,128	5,350,194	2,300,210	6,365,923	3,163,400	461,449	12,666,554	8,447,306
Total All Other Governmental Funds	\$ 16,065,451	\$ 8,835,271	\$ 5,853,467	\$ 8,676,116	\$ 4,915,511	\$ 10,529,674	\$ 7,510,315	\$ 4,077,499	\$ 16,674,464	\$ 12,637,423

CITY OF WAXAHACHIE, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 13,060,777	\$ 14,109,043	\$ 16,022,879	\$ 17,064,689	\$ 15,719,032	\$ 17,184,418	\$ 19,149,508	\$ 20,902,736	\$ 22,188,678	\$ 24,070,835
Charges for services	1,757,226	2,178,603	3,364,021	4,705,921	4,707,618	1,413,763	1,357,557	1,593,356	1,642,317	1,547,138
Licenses and permits	330,468	403,937	432,374	382,024	390,237	467,538	626,504	682,971	751,503	820,733
Fines and forfeitures	268,673	474,798	621,105	673,590	513,783	717,253	762,026	653,186	517,891	569,415
Intergovernmental	77,550	366,059	123,323	1,170,028	292,402	579,210	743,635	264,522	125,916	418,573
Miscellaneous	800,968	260,839	245,170	279,451	167,586	275,987	116,305	345,006	318,770	504,399
Investment Earnings	516,443	1,301,438	1,161,815	364,365	242,461	215,086	383,043	615,193	817,511	696,429
Total Revenues	16,812,105	19,114,717	21,970,687	24,640,068	22,033,119	20,853,255	23,138,578	25,056,970	26,362,586	28,627,522
Expenditures										
General Government	5,027,632	2,104,242	2,545,762	2,367,987	2,612,352	2,844,697	3,000,364	3,322,094	5,329,494	4,149,880
Public safety	5,571,203	6,014,903	6,821,748	7,813,558	7,908,471	8,158,299	8,653,995	9,348,432	11,842,918	11,690,864
Public works	1,812,962	2,056,988	2,879,931	2,934,060	2,462,263	2,518,607	2,949,218	3,369,376	3,740,147	4,634,366
Sanitation	1,063,908	1,176,124	2,197,306	3,438,129	3,373,226	--	--	--	--	--
Culture and recreation	1,436,575	2,677,815	3,965,356	4,063,914	1,547,421	1,594,278	1,883,016	2,136,955	2,543,908	2,459,935
Capital Outlay	4,587,589	14,551,538	2,483,252	1,785,351	3,110,379	1,441,177	3,441,987	2,804,167	1,187,422	4,625,210
Debt Service										
Principal	2,795,648	3,191,000	3,810,000	4,022,500	4,288,323	4,240,500	4,523,907	4,139,462	4,263,339	5,116,160
Interest	2,448,420	2,271,459	3,110,837	2,555,301	2,077,801	1,842,369	1,942,494	1,835,246	1,653,560	2,111,814
Bond refunding cost	--	--	--	170,452	--	--	173,450	--	--	--
Total Expenditures	24,743,937	34,044,069	27,814,192	29,151,252	27,380,236	22,639,927	26,568,431	26,955,732	30,560,788	34,788,229
Excess of Revenues Over (Under) Expenditures	(7,931,832)	(14,929,352)	(5,843,505)	(4,511,184)	(5,347,117)	(1,786,672)	(3,429,853)	(1,898,762)	(4,198,202)	(6,160,707)
Other Financing Sources (Uses)										
Transfers in	5,309,034	5,159,300	5,743,214	4,434,015	3,784,947	3,519,440	2,548,183	1,617,772	3,699,904	1,966,991
Transfers out	(2,993,468)	(2,944,956)	(3,050,075)	(2,936,634)	(1,958,680)	(1,704,000)	(5,628,089)	(703,978)	(2,967,608)	(996,515)
Sale of capital assets	--	77,212	242,360	26,805	14,481	--	44,111	12,888	--	11,625
Debt issued	--	6,000,000	45,996	17,152,942	--	5,742,870	18,805,000	--	22,091,303	--
Capital leases	--	--	--	--	--	--	--	--	1,341,114	--
Premium on debt issued	--	--	--	--	--	--	856,871	--	26,363	--
Discount on debt issued	--	--	--	--	--	--	(121,856)	--	(92,443)	--
Payments to escrow agent	--	--	--	(12,279,631)	--	--	(15,077,875)	--	(7,758,139)	--
Total Other Financing Sources (Uses)	2,315,566	8,291,556	2,981,495	6,397,497	1,840,748	7,558,310	1,426,345	926,682	16,340,494	982,101
Net Change in Fund Balances	\$ (5,616,266)	\$ (6,637,796)	\$ (2,862,010)	\$ 1,886,313	\$ (3,506,369)	\$ 5,771,638	\$ (2,003,508)	\$ (972,080)	\$ 12,142,292	\$ (5,178,606)
Debt Service As A Percentage Of Noncapital Expenditures	26.0%	28.0%	27.3%	24.7%	26.2%	28.7%	28.7%	24.7%	20.1%	24.0%

CITY OF WAXAHACHIE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

Fiscal Year	Ad Valorem Tax	Sales & Use Tax	Occupancy Tax	Franchise Tax	Alcoholic Beverage Tax	Other	Total
1999	\$ 5,408,594	5,826,304	153,839	1,664,607	7,433	--	13,060,777
2000	5,775,835	6,439,301	148,871	1,740,716	4,320	--	14,109,043
2001	6,437,656	7,208,146	162,748	2,198,451	15,079	799	16,022,879
2002	7,174,210	7,540,903	152,685	2,178,018	18,099	774	17,064,689
2003	7,657,312	5,189,858	182,100	2,666,476	23,286	--	15,719,032
2004	8,730,323	5,579,274	246,307	2,598,530	29,984	--	17,184,418
2005	10,240,689	5,980,809	256,900	2,587,230	31,226	52,654	19,149,508
2006	10,687,179	6,798,366	308,346	2,991,148	37,606	80,091	20,902,736
2007	11,370,688	7,309,185	391,430	3,073,406	43,969	--	22,188,678
2008	12,702,386	7,928,616	416,410	2,975,094	48,329	--	24,070,835
Percent Change 1999-2008	134.9%	36.1%	170.7%	78.7%	550.2%	--	84.3%

TABLE D-7

CITY OF WAXAHACHIE, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Taxable Assessed Value as a Percentage of Actual Market Value
1999	\$ 696,277,032	\$ 109,409,430	\$ 74,230,110	\$ 172,100,620	\$ 707,815,952	0.6424	\$ 879,916,572	80.441%
2000	863,703,807	125,076,210	89,686,020	192,792,517	885,673,520	0.6125	1,078,466,037	82.123%
2001	964,531,880	145,248,410	103,537,920	212,694,762	1,000,623,448	0.6175	1,213,318,210	82.470%
2002	1,115,093,530	159,085,660	109,987,640	288,483,769	1,095,683,061	0.6175	1,384,166,830	79.158%
2003	1,248,182,295	173,126,450	152,350,450	399,945,738	1,173,713,457	0.6175	1,573,659,195	74.585%
2004	1,452,033,740	186,587,020	167,536,550	481,171,744	1,324,985,566	0.6175	1,806,157,310	73.359%
2005	1,668,085,452	201,659,344	187,218,480	516,662,438	1,540,300,838	0.6175	2,056,963,276	74.882%
2006	1,748,143,387	228,211,284	188,018,630	517,271,530	1,647,101,771	0.6150	2,164,373,301	76.101%
2007	1,598,834,866	282,078,696	185,094,876	339,192,852	1,726,815,586	0.6150	2,276,569,928	75.852%
2008	1,975,400,093	316,237,859	190,781,390	434,979,412	2,047,439,930	0.6150	2,482,418,342	82.478%

CITY OF WAXAHACHIE, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	City	Water District	Total Direct Rate	School District	Ellis County	Total Overlapping Rates	
1999	\$ 0.6324	\$ 0.0300	\$ 0.6624	\$ 1.5011	\$ 0.2998	\$ 1.8009	\$ 2.4633
2000	0.6125	0.0300	0.6425	1.4558	0.3313	1.7871	2.4296
2001	0.6175	0.0300	0.6475	1.5467	0.3515	1.8982	2.5457
2002	0.6175	0.0300	0.6475	1.6800	0.3515	2.0315	2.6790
2003	0.6175	0.0300	0.6475	1.7100	0.3514	2.0614	2.7089
2004	0.6175	0.0300	0.6475	1.6390	0.3513	1.9903	2.6378
2005	0.6175	0.0300	0.6475	1.7165	0.3499	2.0664	2.7139
2006	0.6150	0.0300	0.6450	1.7208	0.3499	2.0707	2.7157
2007	0.6150	0.0300	0.6450	1.5975	0.3495	1.9470	2.5920
2008	0.6150	0.0300	0.6450	1.3600	0.3936	1.7536	2.3986

CITY OF WAXAHACHIE, TEXAS

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Walgreen's Distribution Center	\$ 184,426,401	1	11.20%	\$ --	--	--
Dartco of Texas	67,774,311	2	4.11%	40,036,902	2	5.04%
Owens Corning Fiberglass	55,792,122	3	3.39%	52,589,593	1	6.62%
TXU Electric Delivery Co.	21,761,110	4	1.32%	12,686,380	9	1.60%
Lexington Waxahachie, LLP	21,400,390	5	1.30%	17,446,690	4	2.20%
Elk Roofing Products	21,258,500	6	1.29%	--	--	--
James Hardie Building Products	19,042,260	7	1.16%	--	--	--
Wal-Mart	19,007,580	8	1.15%	--	--	--
Cardinal IG	17,973,998	9	1.09%	--	--	--
Cardinal CG	16,108,417	10	0.98%	--	--	--
International Extrusion Corp.	--	--	--	20,497,033	3	2.58%
Corrugated Box Manufacturing	--	--	--	15,449,400	5	1.95%
AEP Industries, Inc.	--	--	--	13,500,780	6	1.70%
U.S. Aluminum	--	--	--	12,935,860	7	1.63%
Rock-Tenn Converting	--	--	--	12,691,110	8	1.60%
Tyler Refrigerator	--	--	--	12,328,130	10	1.55%
Total	\$ 444,545,089		26.99%	\$ 210,161,878		26.47%

(1) Source: Ellis Central Appraisal District

(2) Includes only the funds of the primary government.

CITY OF WAXAHACHIE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 5,099,494	\$ 4,979,315	97.64%	\$ 109,721	\$ 5,089,036	99.79%
2000	5,424,750	5,300,274	97.71%	105,023	5,405,297	99.64%
2001	6,178,850	5,988,344	96.92%	158,968	6,147,312	99.49%
2002	6,765,841	6,564,024	97.02%	167,057	6,731,081	99.49%
2003	7,188,995	6,988,724	97.21%	155,202	7,143,926	99.37%
2004	8,181,786	8,021,999	98.05%	98,839	8,120,838	99.26%
2005	9,511,380	9,282,593	97.59%	138,754	9,421,347	99.05%
2006	10,160,338	9,947,895	97.91%	197,423	10,145,318	99.85%
2007	10,605,270	10,407,788	98.14%	148,874	10,556,662	99.54%
2008	12,489,388	12,295,635	98.45%	--	12,295,635	98.45%

Note: Includes only the primary government.

CITY OF WAXAHACHIE, TEXAS
 TAXABLE SALES BY CATEGORY
 LAST TEN CALENDAR YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)
 (UNAUDITED)

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Agriculture, Forestry, Fishing	\$ 1,321	\$ 1,082	\$ 1,006	\$ 5,855	\$ 4,979	\$ 14	\$ 20	\$ 15	\$ --	\$ --
Construction	4,806	1,847	3,129	48,082	54,823	4,821	7,844	16,240	29,745	--
Manufacturing	28,584	36,722	26,041	49,743	54,230	47,086	45,010	46,397	41,894	--
Services	14,628	14,619	14,366	7,725	10,802	60,391	67,566	69,941	73,900	--
Wholesale Trade	34,829	39,121	42,217	3,134	3,388	9,415	20,635	24,459	28,271	--
Finance, Insurance, Real Estate	111	127	139	7,164	5,713	3,510	4,110	4,277	4,709	--
Other	--	--	--	195,883	182,892	3,337	3,911	2,083	3,061	--
Retail Trade	181,256	208,347	225,862	195,883	182,892	189,670	204,642	222,814	230,709	--
Transportation, Communication and Utilities	9,112	358	2,782	4	--	17	13	31	21	--
Total	\$ 274,647	\$ 302,223	\$ 315,542	\$ 317,599	\$ 316,840	\$ 318,261	\$ 353,751	\$ 386,257	\$ 412,310	\$ --
Direct Sales Tax Rate	1.50%	1.50%								

Note: Retail sales information is not available on a fiscal-year basis, and information for the last quarter of calendar year 2007 is not available on the State Comptroller's website.

CITY OF WAXAHACHIE, TEXAS
 DIRECT AND OVERLAPPING SALES TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Discrete Component Unit</u>	<u>Ellis County</u>
1999	1.50%	0.50%	--
2000	1.50%	0.50%	--
2001	1.50%	0.50%	--
2002	1.50%	0.50%	--
2003	1.50%	0.50%	--
2004	1.50%	0.50%	--
2005	1.50%	0.50%	--
2006	1.50%	0.50%	--
2007	1.50%	0.50%	--
2008	1.50%	0.50%	--

CITY OF WAXAHACHIE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Bonded Debt				Other Governmental Activities Debt			
	General Obligation Bonds	Certificates of Obligation Bonds	TIFRZ1 Certificates of Obligation Bonds	Total General Bonded Debt	Note Payable	Contracts Payable	Water Revenue Bonds	ECWCID #1
1999	\$ 15,269,000	\$ 7,821,000	\$ --	\$ 23,090,000	--	\$ --	\$ 14,493,591	
2000	14,100,000	18,880,000	--	32,980,000	--	--	12,903,654	
2001	12,720,000	18,425,000	--	31,145,000	45,997	--	11,255,543	
2002	11,210,000	22,837,500	--	34,047,500	37,612	154,186	9,509,368	
2003	9,635,000	22,199,000	--	31,834,000	--	149,580	7,604,256	
2004	7,945,000	26,973,500	250,000	35,168,500	--	144,738	5,834,647	
2005	22,035,000	14,955,202	246,891	37,237,093	--	139,347	4,276,308	
2006	20,055,000	13,869,767	242,864	34,167,631	--	134,299	3,225,078	
2007	25,994,025	19,812,486	251,238	46,057,749	--	128,676	2,124,797	
2008	23,631,347	18,494,740	246,039	42,372,126	--	123,153	970,569	

Fiscal Year	Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds				
1999	\$ 141,000	\$ --	\$ --	\$ 37,724,591	7.15%	1,822
2000	--	5,500,000	--	51,383,654	9.06%	2,424
2001	--	5,475,000	--	47,921,540	8.15%	2,218
2002	--	14,499,651	--	58,248,317	9.82%	2,643
2003	--	14,253,151	--	53,840,987	9.04%	2,398
2004	--	39,554,559	--	80,702,444	12.68%	3,420
2005	--	34,473,605	--	76,126,353	11.14%	3,003
2006	--	33,495,786	--	71,022,794	N/A	2,660
2007	26,658,701	28,066,422	--	103,036,345	N/A	3,553
2008	26,562,112	26,715,763	--	96,743,723	N/A	3,270

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

(2) See the Schedule of Demographics and Economic Statistics on page 115 for personal income and population data.

CITY OF WAXAHACHIE, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Less: Amounts Available in Debt Service Fund			
1999	\$ 15,269,000	7,821,000	1,671,906	21,418,094	3.03%	1,035
2000	14,100,000	18,880,000	1,943,053	31,036,947	3.50%	1,464
2001	12,720,000	18,425,000	1,631,723	29,513,277	2.95%	1,366
2002	11,210,000	22,837,500	1,322,199	32,725,301	2.99%	1,485
2003	9,635,000	22,199,000	799,483	31,034,517	2.64%	1,382
2004	7,945,000	26,973,500	784,329	34,134,171	2.58%	1,446
2005	22,035,000	14,955,202	1,075,984	35,914,218	2.33%	1,417
2006	20,055,000	13,869,767	1,656,200	32,268,567	1.96%	1,209
2007	25,994,025	19,812,486	1,075,940	44,730,571	2.59%	1,542
2008	23,631,347	18,494,740	667,982	41,458,105	2.02%	1,401

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 104 for property value data.
- (3) Population data can be found in the Schedule of Demographics and Economic Statistics on page 115.

CITY OF WAXAHACHIE, TEXAS

*DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Waxahachie Independent School District	\$ 99,297,290 (1)	81.340%	\$ 80,768,416
Ellis County	68,416,262 (2)	21.480%	<u>14,695,813</u>
Subtotal, Overlapping Debt			95,464,229
City Direct Debt			<u>42,372,126</u>
Total Direct and Overlapping Debt			<u>\$ 137,836,355</u>

(1) Source: Waxahachie Independent School District

(2) Source: Ellis County Auditor's Office

CITY OF WAXAHACHIE, TEXAS
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 70,781,595	\$ 88,567,352	\$ 100,062,345	\$ 109,568,306	\$ 117,371,346	\$ 132,498,557	\$ 154,030,084	\$ 164,710,177	\$ 172,681,559	\$ 204,743,993
Total Net Debt Applicable to Limit	13,597,094	12,156,947	11,088,277	9,887,801	8,835,517	7,160,671	20,959,016	32,268,567	44,730,571	41,704,144
Legal Debt Margin	57,184,501	76,410,405	88,974,068	99,680,505	108,535,829	125,337,886	133,071,068	132,441,610	127,950,988	163,039,849
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	19.21%	13.73%	11.08%	9.02%	7.53%	5.40%	13.61%	19.59%	25.90%	20.37%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 2,047,439,930
Debt Limit (10% of Assessed Value)	204,743,993
Debt Applicable to Limit:	
General Obligation Bonds	42,372,126
Less: Amount Set Aside for Repayment of General Obligation Debt	(667,982)
Total Net Debt applicable to Limit	41,704,144
Legal Debt Margin	\$ 163,039,849

(1) Under state law, the City's outstanding general obligation debt should not exceed ten percent of total assessed property value. The general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF WAXAHACHIE, TEXAS
PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Gross Revenues	Operating Expenses	Net Available Revenue		Principal	Debt Service Interest	Total	Coverage
			Less: Operating Expenses	Available Revenue				
1999	\$ 6,748,189	\$ 5,928,620	\$ 819,569	\$ 255,000	\$ 402,109	\$ 657,109	1.25	
2000	8,420,584	6,529,347	1,891,237	275,000	601,698	876,698	2.16	
2001	8,200,979	6,890,785	1,310,194	25,000	275,766	300,766	4.36	
2002	8,482,794	5,922,449	2,560,345	12,500	458,709	471,209	5.43	
2003	9,687,140	6,799,018	2,888,122	246,500	810,300	1,056,800	2.73	
2004	9,707,180	6,823,610	2,883,570	324,500	683,513	1,008,013	2.86	
2005	10,681,350	6,929,004	3,752,346	861,093	1,588,837	2,449,930	1.53	
2006	11,837,956	7,850,608	3,987,348	980,538	1,727,687	2,708,225	1.47	
2007	11,237,620	7,443,693	3,793,927	1,026,461	1,413,259	2,439,720	1.56	
2008	13,189,787	8,259,717	4,930,070	1,644,377	2,403,749	4,048,126	1.22	

(1) Gross revenues includes operating revenues and nonoperating revenues.

(2) Operating expense is defined as operating expenses minus depreciation plus transfers out.

(3) Includes payments on combination tax and revenue bonds.

(4) Debt principal for 1998, 2005, and 2007 do not include refundings.

(5) Includes the Water Utility and Wastewater Utility Funds only.

CITY OF WAXAHACHIE, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
 (UNAUDITED)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population (3)	20,700	21,200	21,609	22,039	22,450	23,600	25,350	26,700	29,000	29,585
County Population (1)	108,174	112,497	115,980	120,194	124,772	128,631	133,527	137,892	N/A	N/A
Personal Income (1)	\$ 2,758,620	\$ 3,009,360	\$ 3,157,801	\$ 3,234,453	\$ 3,289,994	\$ 3,490,635	\$ 3,687,090	\$ 4,042,718	\$ N/A	\$ N/A
Per Capita Personal Income (1)	\$ 25,502	\$ 26,751	\$ 27,227	\$ 26,910	\$ 26,378	\$ 27,153	\$ 27,613	\$ 29,318	\$ N/A	\$ N/A
Median Age (5), (6), (7)	N/A	31.7	31.7	31.7	31.7	31.7	32.9	33.0	32.7	N/A
Education Level in										
Years of Schooling (5), (6), (7)										
Less than high school graduate	N/A	23.3%	23.3%	23.3%	23.3%	23.3%	18.1%	19.3%	19.8%	N/A
High school graduate	N/A	29.4%	29.4%	29.4%	29.4%	29.4%	34.4%	34.8%	34.1%	N/A
Some college - no degree	N/A	24.3%	24.3%	24.3%	24.3%	24.3%	22.7%	22.3%	23.8%	N/A
Associate's degree	N/A	4.8%	4.8%	4.8%	4.8%	4.8%	7.5%	5.5%	5.5%	N/A
Bachelor's degree	N/A	12.9%	12.9%	12.9%	12.9%	12.9%	12.5%	12.8%	12.5%	N/A
Graduate or professional	N/A	5.5%	5.5%	5.5%	5.5%	5.5%	4.8%	5.3%	4.3%	N/A
School Enrollment (2)	5,562	5,541	5,557	5,680	5,812	5,859	5,968	6,215	6,249	6,322
Unemployment (4)	4.1%	4.0%	5.8%	7.7%	8.8%	6.7%	6.3%	4.5%	4.3%	5.1%

(1) Ellis County totals, local information not available. Source: Bureau of Economic Analysis. Years 2007 and 2008 not available yet.

(2) Source: Waxahachie ISD

(3) Source: North Central Texas Council of Governments and City of Waxahachie estimates.

(4) Source: Texas Workforce Commission.

(5) Source: U.S. Census Bureau, Waxahachie information years 2000 through 2004.

(6) Source: U.S. Census Bureau, Ellis County information years 2005 through 2006. 2007 not available yet.

(7) Information not available for 1998 and 1999.

CITY OF WAXAHACHIE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(UNAUDITED)

Employer	2008			1999		
	Employees	Rank	Percentage (2) of Total City Employment	Employees	Rank	Percentage of Total City Employment
Walreen's Distribution Center	700	1	3.50%	--	--	--
Wal-Mart Supercenter	500	2	2.50%	--	--	--
Dart Container Corp.	470	3	2.35%	--	--	--
Owens-Corning Fiberglass	450	4	2.25%	--	--	--
Baylor Medical-Ellis County	403	5	2.02%	--	--	--
U.S. Aluminum	300	6	1.50%	--	--	--
H.E. Butt Grocery Store	300	7	1.50%	--	--	--
International Extrusion	262	8	1.31%	--	--	--
Waxahachie ISD	257	9	1.29%	--	--	--
Southwestern Assembly of God University	250	10	1.25%	--	--	--
Total	3,892		19.47%	--		--

(1) This information is not available prior to 2006, as records have not been kept.

(2) Employment figures for 2008 are not available, so an estimate by City management was made.

(3) Source: North Central Texas Council of Governments.

CITY OF WAXAHACHIE, TEXAS*FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM*

LAST TEN FISCAL YEARS

(UNAUDITED)

Function/Program	Full-Time-Equivalent Employees as of Year End									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Management Services	8	8	10	11	10	12	11	13	15	11
Finance	4	4	5	5	5	5	5	5	5	6
Planning	--	--	--	--	--	--	1	1	1	1
Building	5	5	6	7	7	8	8	9	10	9
Other	12	20	20	26	27	26	26	26	29	35
Police										
Officers	39	41	46	46	46	46	46	48	50	53
Civilians	10	11	10	10	13	13	13	14	15	17
Fire										
Firefighters and Officers	33	36	36	38	39	39	40	42	45	44
Civilians	2	2	2	2	2	2	2	2	2	2
Refuse Collection	16	16	20	--	--	--	--	--	--	--
Other Public Works										
Engineering	5	5	5	6	6	6	6	5	6	5
Other	10	10	10	10	11	11	11	12	13	19
Parks and Recreation	8	10	12	13	14	15	15	15	16	22
Water	23	25	26	28	28	28	28	28	31	29
Wastewater	16	19	19	19	19	19	19	19	21	24
Total	191	212	227	221	227	230	231	239	259	277

(1) Source: Human Resources.

CITY OF WAXAHACHIE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building Permits Issued	927	955	936	1,110	992	1,104	1,465	1,309	1,272	1,336
Building inspections conducted	5,830	5,972	6,173	6,433	8,113	9,697	14,435	11,435	9,227	9,667
Code enforcement issues executed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,385	1,480	1,835
Police										
Physical Arrests	N/A	N/A	N/A	N/A	3,396	3,970	4,363	3,308	1,543	1,453
Parking Violations	28	86	16	53	73	56	49	50	125	327
Traffic Violations	5,079	10,330	9,018	4,178	5,367	8,177	6,075	4,092	4,497	9,339
Fire										
Emergency Responses	937	993	876	1,365	1,524	1,465	1,513	1,513	2,597	3,008
Inspections	421	437	300	422	473	510	499	546	556	496
Water										
New Connections	200	222	475	288	375	371	561	466	178	611
Water Main Breaks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	128	52	55
Average Daily Distribution (millions of gallons)	4,071	4,372	4,613	4,243	5,209	4,819	5,285	6,495	6,054	5,469
Peak Daily Consumption (thousands of gallons)	8,408	9,364	10,173	9,115	10,276	8,745	8,794	9,907	8,986	9,733
Wastewater										
Average Daily Sewage Treatment (millions of gallons)	43,350	3,944	4,561	4,150	3,917	4,798	3,811	3,388	5,073	3,745

(1) Information not available (N/A) for some years.

(2) Source: Various City departments.

CITY OF WAXAHACHIE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	21	21	21	21	21	24	27	16	30
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets and alleys (miles)	157	189	189	189	153	158	168	168	177	181
Parks and Recreation										
Acres	124	224	224	224	293	233	233	233	233	234
Number of parks	11	12	12	12	18	19	19	19	19	20
Water										
Water Mains (miles)	389	142	142	142	142	158	165	173	189	195
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,181	1,324	1,385
Storage Capacity (thousands of gallons)	9	11	11	11	11	11	11	11	11	13
Wastewater										
Sanitary Sewers (miles)	183	187	190	193	193	212	222	225	231	235
Treatment Capacity (thousands of gallons)	5	5	5	6	6	6	6	8	8	8
Treatment Capacity (peak flow)	14	14	14	14	14	14	14	32	32	32

(1) Information not available (N/A) for some years.

(2) Source: Various City departments.

