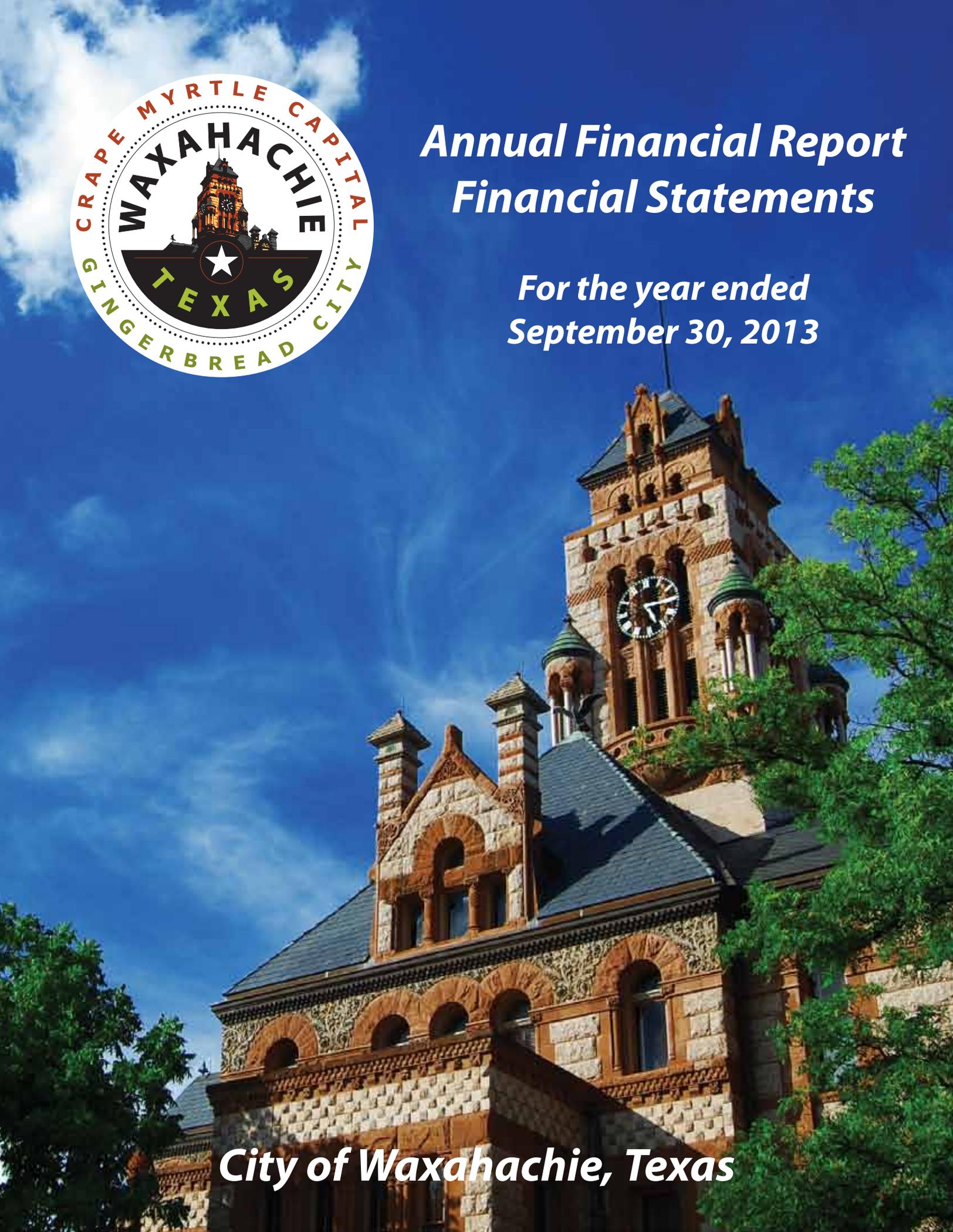




Annual Financial Report Financial Statements

*For the year ended
September 30, 2013*

A photograph of the Waxahachie Clock Tower, a large, ornate stone building with a prominent clock tower. The building is surrounded by green trees and a blue sky with light clouds. The clock tower has a large clock face and is topped with a spire. The building has multiple levels of arched windows and decorative stonework.

City of Waxahachie, Texas

CITY OF WAXAHACHIE, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Prepared by:
Department of Finance

Charles Harris, CPA
Director of Finance

Gail Turner, CPA
Assistant Director of Finance

CITY OF WAXAHACHIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2013

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Waxahachie, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Waxahachie, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waxahachie, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the Schedule of Funding Progress for Participation in the Texas Municipal Retirement System, and the Schedule of Funding Progress – Firemen's Relief and Retirement System on pages 4–11 and 52–57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waxahachie, Texas' basic financial statements. The combining and individual nonmajor fund financial statements 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2014, on our consideration of the City of Waxahachie, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Waxahachie, Texas's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Hillsboro, Texas
April 29, 2014

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Waxahachie, Texas' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2013. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

At September 30, 2013, the City's total combined net position were \$122,926,645. Of this amount, \$42,189,386 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$1,322,932 during the current fiscal year.

At the end of the fiscal year, the total fund balance of all governmental funds was \$19,795,503, up \$4,269,891 from the prior year. The majority of the increase was due to an increased fund balance in the 2013 Street and Drainage Bond Construction fund due to the issuance of bonds as well as an increase in the General Fund due to transfers.

As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$12,268,599, or about 48.0% 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.

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

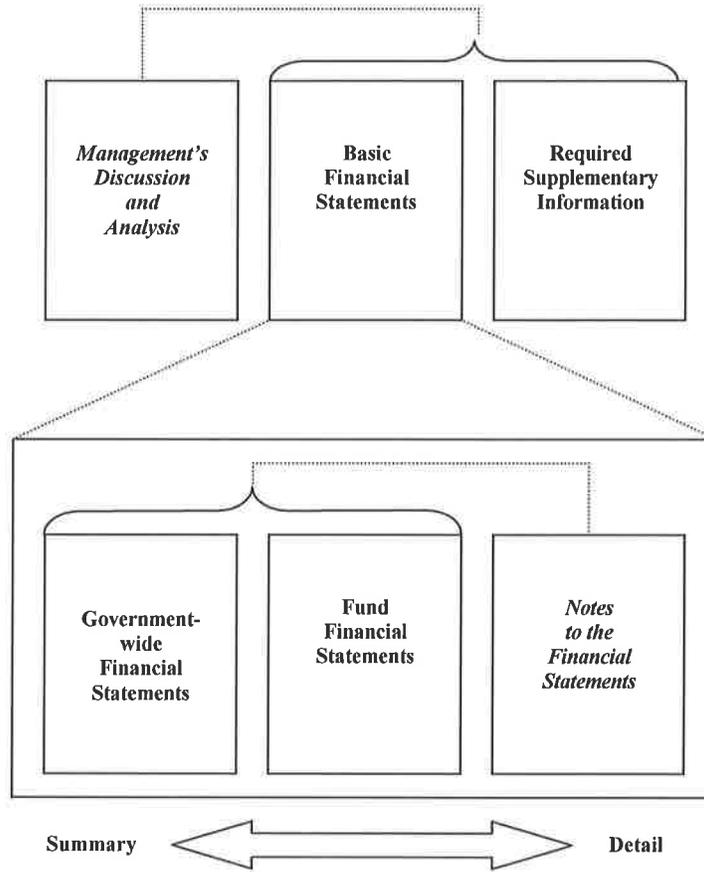


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2 Major features of the City's Government-wide and Fund Financial Statements				
Type of Statement	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 Position. Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Fund Balances	Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Net Position.	Statement of Changes in Fiduciary Net Position
<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>Types 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 become 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 include capital assets, although they can.
<i>Types of Inflow/outflow Information</i>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenue 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 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 position 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 position—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 position serve as an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's tax base.

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 12 – 14 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.

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 funds statements provide a detailed short-term view that helps the reader 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 financial 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.

Notes to the Financial Statements. The notes to the financial statements provide 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 position 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 \$122,926,645.

The largest portion of the City's net position (59.7%) 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 position (6.0%) represents resources that are subject to external restrictions on how they may have to be used. The remaining balance of unrestricted net position (34.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

TABLE 1

CITY OF WAXAHACHIE'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 33,352,644	\$ 28,250,914	\$ 47,581,952	\$ 49,012,477	\$ 80,934,596	\$ 77,263,391
Capital assets	83,885,280	84,758,355	107,540,209	108,434,185	191,425,489	193,192,540
Total assets	117,237,924	113,009,269	155,122,161	157,446,662	272,360,085	270,455,931
Long-term liabilities	51,536,765	49,108,798	92,345,774	95,097,502	143,882,539	144,206,300
Other liabilities	3,558,848	2,706,614	1,992,053	1,685,737	5,550,901	4,392,351
Total liabilities	55,095,613	51,815,412	94,337,827	96,783,239	149,433,440	148,598,651
Net Position:						
Net investment in capital assets	34,926,447	38,035,727	38,436,933	37,054,711	73,363,380	75,090,438
Restricted	7,373,879	4,517,569	-	-	7,373,879	4,517,569
Unrestricted	19,841,985	18,640,561	22,347,401	23,608,712	42,189,386	42,249,273
Total net position	\$ 62,142,311	\$ 61,193,857	\$ 60,784,334	\$ 60,663,423	\$ 122,926,645	\$ 121,857,280

The following table provides a summary of the City's operations for the year ended September 30, 2013. Total governmental activities increased by \$1,175,630. Overall, 2013 fiscal year expenses increased by \$1,031,448, or about 2.1% over the prior fiscal year. The business-type activities expenses decreased \$233,048 (1.3%), while the governmental activities expenses increased by \$1,264,496 (4.1%). Notable changes between 2012 and 2013 fiscal year expenses include an increase in water expenses offset by a decrease in wastewater and Sokoll WTP expenses (business-type activities) and increases in the public safety and culture and recreation categories (governmental activities).

TABLE 2

CITY OF WAXAHACHIE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,725,390	\$ 1,205,883	\$ 18,238,826	\$ 17,725,926	\$ 19,964,216	\$ 18,931,809
Operating grants and contributions	339,892	180,508	-	-	339,892	180,508
Capital grants and contributions	296,238	125,500	-	-	296,238	125,500
General revenues:						
Property taxes	14,909,881	14,700,289	-	-	14,909,881	14,700,289
Sales taxes	9,109,791	9,077,082	-	-	9,109,791	9,077,082
Other	4,550,681	3,861,878	2,228,469	3,280,585	6,779,150	7,142,463
Total revenues	30,931,873	29,151,140	20,467,295	21,006,511	51,399,168	50,157,651
Expenses:						
General government	6,026,862	5,733,810	-	-	6,026,862	5,733,810
Public safety	13,759,421	12,836,930	-	-	13,759,421	12,836,930
Public works	6,783,609	7,359,287	-	-	6,783,609	7,359,287
Culture and recreation	3,347,144	2,665,606	-	-	3,347,144	2,665,606
Judicial	14,811	34,466	-	-	14,811	34,466
Interest on long-term debt	2,099,192	2,136,444	-	-	2,099,192	2,136,444
Water	-	-	9,222,667	8,990,608	9,222,667	8,990,608
Wastewater	-	-	5,211,965	5,346,584	5,211,965	5,346,584
Refuse services	-	-	1,009,245	992,819	1,009,245	992,819
Sokoll WTP	-	-	2,601,320	2,948,234	2,601,320	2,948,234
Total expenses	32,031,039	30,766,543	18,045,197	18,278,245	50,076,236	49,044,788
Increase in net position before transfers	(1,099,166)	(1,615,403)	2,422,098	2,728,266	1,322,932	1,112,863
Transfers	2,274,796	1,439,733	(2,274,796)	(1,439,733)	-	-
Increase (decrease) in net position	1,175,630	(175,670)	147,302	1,288,533	1,322,932	1,112,863
Net position, beginning	61,193,857	61,369,527	60,663,423	59,374,890	121,857,280	120,744,417
Prior period adjustment	(227,176)	-	(26,391)	-	(253,567)	-
Net position, ending	\$ 62,142,311	\$ 61,193,857	\$ 60,784,334	\$ 60,663,423	\$ 122,926,645	\$ 121,857,280

Governmental Activities

Governmental activities increased the City's net assets by \$1,175,630.

Charges for services increased by more than \$500,000 while other revenues increased more than \$675,000. This resulted in an increase in total revenue of approximately \$1,800,000. Total expenses increased by about \$1,250,000 due to the increases in general government (\$290,000), public safety (\$920,000) and culture and recreation (680,000).

Business-type Activities

Business-type activities increased the City's net position by \$147,302.

Total revenues decreased by \$539,216. The majority of this decrease is related to a decrease in miscellaneous revenue (\$1,052,116) offset by increased water and wastewater (\$512,900) charges for services.

Water expenses increased by \$232,059, wastewater expenses decreased by \$134,619; refuse services expenses increased by \$16,426 and investment in Sokoll WTP expenses decreased \$346,914.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The City's General Fund reported an ending unassigned fund balance of \$12,268,599, with a total increase in fund balance of \$1,116,724, compared with the previous fiscal year. Original budgetary projections had projected a decrease in fund balance of \$724,125, and the amended budget anticipated a decrease of \$986,954. Total expenditures were under budget by \$951,282. Also, revenue categories other than sales tax, miscellaneous and interest exceeded budget.

The City's Debt Service Fund saw its fund balance rise from \$1,617,763 to \$2,079,295. The original budget (adopted prior to the conclusion of the 2012 fiscal year) had proposed to bring this balance up to \$2,014,553. Although debt service expenditures were higher than originally expected this was offset by revenues exceeding total budgeted revenue.

Proprietary Funds

The City's Water and Wastewater Funds reported unrestricted ending net position of \$13,723,948 and \$6,127,835, respectively. The net position of the Water Fund decreased \$184,212 mainly due to increased operating expenses offset by increases in charges for services as well miscellaneous income. The Wastewater Fund's net position increased \$516,768, primarily as a result of increased charges for services and increased transfers from other funds offset by decreased miscellaneous revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund had the following significant budget amendments during the year:

- Total expenditures were increased by \$50,690 to budget for various additional expenditures.
- Total culture and recreation expenditures were increased by \$359,690 (14.79%) to budget for renovations to the Sims Library.

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, 2013, amounts to \$191,425,489 (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 3. C. in the basic financial statements. Major capital asset events during the current fiscal period included the following:

- Approximately \$2,800,000 in construction in progress for various street projects
- Approximately \$570,000 was spent on the purchase of new vehicles
- Approximately \$480,000 on buildings and improvements

Debt Administration

During fiscal year 2013, the City issued \$4.92 million in municipal improvement bonds. More information about these bonds can be found in Note 3. E. to the financial statements.

ECONOMIC OUTLOOK

Budgeted General Fund revenues and transfers for the 2014 fiscal year are expected to increase by about 2.5% (or about \$650,000) from the fiscal year 2013 final budget. Approximately 40% of this total stems from sales tax, which as a category, is anticipated to rise by about 3%. The remaining revenue increase is attributable to overall increases in a variety of other categories, collectively anticipated to grow at a slightly lower rate of about 2.25%.

Corresponding General Fund expenditures are anticipated to rise by factors of rate and amount similar to those of revenues. Expenditures for street maintenance are budgeted to increase by about 1.1 million dollars, as the City focuses on "catching up" on some deferred maintenance in this area, necessitated by the recent economic downturn. The General Items category is anticipated to decline by about \$700,000 for the 2014 fiscal year, due to the fact that approximately that much 2013 funding was attributable to certain "non-recurring" capital expenditures. Remaining General fund expenditures are budgeted to rise by only about 1%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Charles Harris at (469) 309-4161, Finance Department, City of Waxahachie, Texas 75168-0757. Email: charris@waxahachie.com.

**BASIC
FINANCIAL STATEMENTS**

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 20,505,120	\$ 11,553,676	\$ 32,058,796	\$ 3,299,519
Receivables (net of allowances for uncollectibles)	1,758,844	2,357,333	4,116,177	29,328
Intergovernmental	1,761,735	-	1,761,735	519,478
Inventories	-	71,649	71,649	-
Restricted assets:				
Cash and investments	-	7,928,591	7,928,591	-
Deferred charges	678,016	356,953	1,034,969	331,800
Due from other governments	-	24,127,500	24,127,500	-
Equity in joint venture	8,648,929	-	8,648,929	-
Intangible assets	-	1,186,250	1,186,250	-
Capital assets (net, where applicable, of accumulated depreciation):				
Land	8,317,762	1,008,123	9,325,885	650,670
Buildings	24,907,188	20,910,083	45,817,271	8,632,046
Improvements other than buildings	8,685,972	71,128,942	79,814,914	8,029,652
Machinery and equipment	1,218,687	6,682,227	7,900,914	94,580
Software	42,687	304,402	347,089	-
Vehicles	1,755,225	519,035	2,274,260	-
Infrastructure	34,648,842	3,900,117	38,548,959	-
Construction in progress	4,308,917	3,087,280	7,396,197	1,327,145
Total assets	<u>117,237,924</u>	<u>155,122,161</u>	<u>272,360,085</u>	<u>22,914,218</u>
LIABILITIES				
Accounts payable	1,966,844	613,570	2,580,414	220,745
Other payables	194,192	-	194,192	108,193
Accrued liabilities	740,965	135,619	876,584	35,860
Due to other governments	321,385	-	321,385	157
Customer deposits	3,500	723,821	727,321	59,772
Accrued interest payable	331,962	513,139	845,101	150,154
Accounts payable from restricted assets	-	5,905	5,905	-
Noncurrent liabilities:				
Due within one year	3,722,017	2,962,053	6,684,070	558,767
Due in more than one year	47,814,748	89,383,721	137,198,469	19,813,306
Total liabilities	<u>55,095,613</u>	<u>94,337,827</u>	<u>149,433,440</u>	<u>20,946,954</u>
NET POSITION				
Net investment in capital assets	34,926,447	38,436,933	73,363,380	(611,604)
Restricted for:				
Tourism	228,391	-	228,391	-
Capital projects	3,585,108	-	3,585,108	-
Debt service	2,079,392	-	2,079,392	1,444,890
Perpetual care	808,373	-	808,373	-
Public safety	239,385	-	239,385	-
Municipal court judicial efficiency	999	-	999	-
Municipal court technology	76,362	-	76,362	-
Municipal court security	9,153	-	9,153	-
Municipal court judicial	6,423	-	6,423	-
Culture and recreation	108,296	-	108,296	-
Downtown improvements	231,998	-	231,998	-
Unrestricted	<u>19,841,985</u>	<u>22,347,401</u>	<u>42,189,386</u>	<u>1,133,978</u>
Total net position	<u>\$ 62,142,311</u>	<u>\$ 60,784,334</u>	<u>\$ 122,926,645</u>	<u>\$ 1,967,264</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 6,026,862	\$ -	\$ 72,770	\$ 227,060
Public safety	13,759,421	1,017,680	221,412	-
Public works	6,783,609	654,998	-	69,178
Culture and recreation	3,347,144	45,250	45,710	-
Judicial	14,811	7,462	-	-
Interest on long-term debt	2,099,192	-	-	-
Total governmental activities	<u>32,031,039</u>	<u>1,725,390</u>	<u>339,892</u>	<u>296,238</u>
Business-type activities:				
Water utility	9,222,667	9,655,656	-	-
Wastewater utility	5,211,965	6,806,401	-	-
Refuse service	1,009,245	1,376,979	-	-
Investment in Sokoll WTP	2,601,320	399,790	-	-
Total business-type activities	<u>18,045,197</u>	<u>18,238,826</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 50,076,236</u>	<u>\$ 19,964,216</u>	<u>\$ 339,892</u>	<u>\$ 296,238</u>
Component unit				
Waxahachie Community Development Corporation	<u>\$ 3,432,403</u>	<u>\$ 619,895</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 3,432,403</u>	<u>\$ 619,895</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
 Capital contributions
 Transfers

Total general revenues

Change in net position

Net position, beginning

Prior period adjustment

Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Unit
\$(5,727,032)	\$ -	\$(5,727,032)	\$ -
(12,520,329)	-	(12,520,329)	-
(6,059,433)	-	(6,059,433)	-
(3,256,184)	-	(3,256,184)	-
(7,349)	-	(7,349)	-
(2,099,192)	-	(2,099,192)	-
<u>(29,669,519)</u>	<u>-</u>	<u>(29,669,519)</u>	<u>-</u>
-	432,989	432,989	-
-	1,594,436	1,594,436	-
-	367,734	367,734	-
<u>-</u>	<u>(2,201,530)</u>	<u>(2,201,530)</u>	<u>-</u>
<u>-</u>	<u>193,629</u>	<u>193,629</u>	<u>-</u>
<u>(29,669,519)</u>	<u>193,629</u>	<u>(29,475,890)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,812,508)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,812,508)</u>
14,909,881	-	14,909,881	-
9,109,791	-	9,109,791	3,036,597
3,133,784	-	3,133,784	-
474,795	-	474,795	-
916,264	512,723	1,428,987	204
25,838	31,449	57,287	5,955
-	-	-	-
-	1,684,297	1,684,297	-
<u>2,274,796</u>	<u>(2,274,796)</u>	<u>-</u>	<u>-</u>
<u>30,845,149</u>	<u>(46,327)</u>	<u>30,798,822</u>	<u>3,042,756</u>
1,175,630	147,302	1,322,932	230,248
<u>61,193,857</u>	<u>60,663,423</u>	<u>121,857,280</u>	<u>1,737,016</u>
<u>(227,176)</u>	<u>(26,391)</u>	<u>(253,567)</u>	<u>-</u>
<u>\$ 62,142,311</u>	<u>\$ 60,784,334</u>	<u>\$ 122,926,645</u>	<u>\$ 1,967,264</u>

CITY OF WAXAHACHIE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 12,909,399	\$ 2,078,042	\$ 5,517,679	\$ 20,505,120
Receivables (net of allowances for uncollectibles):				
Taxes	144,587	90,536	2,310	237,433
Accounts	15,328	-	-	15,328
Fines	547,565	-	-	547,565
Other	194,744	55,966	97,239	347,949
Intergovernmental	1,693,817	2,218	65,700	1,761,735
Total assets	15,505,440	2,226,762	5,682,928	23,415,130
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,716,858	8,529	241,457	1,966,844
Other payables	194,192	-	-	194,192
Accrued liabilities	734,252	-	6,713	740,965
Deposits payable	-	-	3,500	3,500
Due to other governments	321,385	-	-	321,385
Deferred revenue	251,590	138,938	2,213	392,741
Total liabilities	3,218,277	147,467	253,883	3,619,627
Fund balances:				
Restricted for:				
Tourism	-	-	228,391	228,391
Capital projects	-	-	3,585,108	3,585,108
Debt service	-	2,079,295	97	2,079,392
Perpetual care	-	-	808,373	808,373
Public safety	-	-	239,385	239,385
Municipal court judicial efficiency	-	-	999	999
Municipal court technology	-	-	76,362	76,362
Municipal court security	-	-	9,153	9,153
Municipal court judicial	-	-	6,423	6,423
Culture and recreation	-	-	108,296	108,296
Downtown improvements	-	-	231,998	231,998
Committed for:				
Culture and recreation	-	-	134,635	134,635
Assigned for:				
Community relations	18,564	-	-	18,564
Unassigned	12,268,599	-	(174)	12,268,425
Total fund balances	12,287,163	2,079,295	5,429,045	19,795,503
Total liabilities and fund balances	\$ 15,505,440	\$ 2,226,762	\$ 5,682,928	\$ 23,415,130

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet	\$ 19,795,503
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds.	83,885,280
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	216,229
Payables for bond principal which are not due in the current period are not reported in the funds.	(49,214,872)
Payables for bond interest which are not due in the current period are not reported in the funds.	(331,962)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(2,231,878)
Payables for contracts which are not due in the current period are not reported in the funds.	(90,015)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	733,982
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	120,546
Franchise taxes receivable unavailable to pay for current period expenditures are not accrued in the funds.	610,569
Equity in a joint venture is not reported in the funds.	<u>8,648,929</u>
Net position of governmental activities - statement of net position	\$ <u>62,142,311</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 21,746,370	\$ 5,111,945	\$ 691,480	\$ 27,549,795
Charges for services	719,798	-	142,469	862,267
Licenses and permits	499,115	-	-	499,115
Fines and forfeitures	454,274	-	-	454,274
Intergovernmental	631,276	-	229,610	860,886
Miscellaneous	340,705	87,352	139,033	567,090
Interest	17,026	4,463	4,349	25,838
Total revenues	<u>24,408,564</u>	<u>5,203,760</u>	<u>1,206,941</u>	<u>30,819,265</u>
EXPENDITURES				
Current:				
General government	4,062,356	-	911,051	4,973,407
Public safety	14,303,673	-	72,744	14,376,417
Public works	4,410,741	-	604,722	5,015,463
Judicial	-	-	14,811	14,811
Culture and recreation	2,790,663	-	311,287	3,101,950
Capital outlay	-	-	1,479,134	1,479,134
Debt service:				
Principal	-	2,798,350	71,507	2,869,857
Interest	-	1,943,878	65,717	2,009,595
Bond issuance cost	-	-	92,987	92,987
Total expenditures	<u>25,567,433</u>	<u>4,742,228</u>	<u>3,623,960</u>	<u>33,933,621</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,158,869)</u>	<u>461,532</u>	<u>(2,417,019)</u>	<u>(3,114,356)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,771,929	-	39,207	2,811,136
Transfers out	(496,336)	-	(40,004)	(536,340)
Bonds Issued	-	-	4,920,000	4,920,000
Premium on bonds issued	-	-	189,451	189,451
Payment to bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>2,275,593</u>	<u>-</u>	<u>5,108,654</u>	<u>7,384,247</u>
NET CHANGE IN FUND BALANCES	1,116,724	461,532	2,691,635	4,269,891
FUND BALANCES, BEGINNING	<u>11,170,439</u>	<u>1,617,763</u>	<u>2,964,586</u>	<u>15,752,788</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(227,176)</u>	<u>(227,176)</u>
FUND BALANCES, ENDING	<u>\$ 12,287,163</u>	<u>\$ 2,079,295</u>	<u>\$ 5,429,045</u>	<u>\$ 19,795,503</u>

The accompanying notes are an integral part of these financial statements.

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, 2013

Net change in fund balances - total governmental funds	\$ 4,269,891
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	4,646,873
The depreciation of capital assets used in governmental activities is not reported in the funds.	(5,456,927)
Trade-in or disposal of capital assets decrease net assets in the statement of activities but not in the funds.	(63,022)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	4,697
Revenues in the statement of activities not providing current financial resources are not reported as revenues in the funds.	(5,596)
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	2,862,302
Repayment of loan principal is an expenditure in the funds but is not an expense in the statement of activities.	7,555
Bond issuance costs and similar items are amortized in the statement of activities but not in the funds.	10,946
The accretion of interest on capital appreciation bonds is not reported in the funds.	-
(Increase) decrease in accrued interest from beginning of period to end of period.	(7,556)
Compensated absences are reported as the amount earned in the statement of activities but as the amount paid in the funds.	(160,611)
Revenues in the statement of activities for court fines not providing current financial resources are not reported in the funds.	(15,877)
Revenues in the statement of activities for franchise taxes not providing current financial resources are not reported in the funds.	73,759
Proceeds of bonds do not provide revenue in the statement of activities, but are reported as current resources in the funds.	(4,920,000)
Bond premiums and discounts are reported in the funds but not in the statement of activities.	(189,451)
Change in joint venture equity is not reported in the funds.	<u>118,647</u>
Change in net position of governmental activities - statement of activities	<u>\$ 1,175,630</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
SEPTEMBER 30, 2013

	Enterprise Fund			Nonmajor Enterprise	Total
	Water Utility	Wastewater Utility	Investment in Sokoll WTP	Refuse Services	Enterprise Funds
ASSETS					
Current assets:					
Cash and investments	\$ 4,380,601	\$ 4,524,168	\$ 969,288	\$ 1,679,619	\$ 11,553,676
Receivables (net of allowances for uncollectibles)					
Accounts receivable	1,394,484	799,125	-	157,622	2,351,231
Other receivables	-	5,920	-	182	6,102
Inventories	71,649	-	-	-	71,649
Restricted assets:					
Cash and investments	7,144,500	784,091	-	-	7,928,591
Total current assets	<u>12,991,234</u>	<u>6,113,304</u>	<u>969,288</u>	<u>1,837,423</u>	<u>21,911,249</u>
Noncurrent assets:					
Deferred charges and other assets	117,949	147,142	91,862	-	356,953
Due from Rockett SUD	-	-	24,127,500	-	24,127,500
Intangible assets	1,186,250	-	-	-	1,186,250
Capital assets:					
Land	312,920	244,707	366,847	83,649	1,008,123
Buildings	19,724,058	7,712,938	12,621,744	-	40,058,740
Improvements other than buildings	64,399,225	44,900,459	280,954	-	109,580,638
Infrastructure	-	-	4,274,101	-	4,274,101
Machinery and equipment	451,273	637,513	8,152,627	115,493	9,356,906
Software	521,428	-	67,211	-	588,639
Vehicles	512,442	1,090,074	14,093	-	1,616,609
Construction in progress	725,710	2,361,569	-	-	3,087,279
Accumulated depreciation	(39,122,696)	(19,559,087)	(3,266,978)	(82,065)	(62,030,826)
Total noncurrent assets	<u>48,828,559</u>	<u>37,535,315</u>	<u>46,729,961</u>	<u>117,077</u>	<u>133,210,912</u>
Total assets	<u>61,819,793</u>	<u>43,648,619</u>	<u>47,699,249</u>	<u>1,954,500</u>	<u>155,122,161</u>
LIABILITIES					
Current liabilities:					
Accounts payable	232,279	279,824	36,994	64,473	613,570
Accrued liabilities	62,780	66,045	2,038	4,756	135,619
Compensated absences payable - current	20,783	13,591	99	3,682	38,155
Accrued interest payable	164,794	160,633	187,712	-	513,139
General obligation bonds payable - current	229,105	443,158	-	-	672,263
Certificates of obligation bonds payable - current	589,021	597,614	1,065,000	-	2,251,635
Customer deposits	383,534	340,287	-	-	723,821
Accounts payable from restricted assets	5,905	-	-	-	5,905
Total current liabilities	<u>1,688,201</u>	<u>1,901,152</u>	<u>1,291,842</u>	<u>72,911</u>	<u>4,954,106</u>
Noncurrent liabilities:					
General obligation bonds payable	8,463,715	16,371,375	-	-	24,835,090
Certificates of obligation bonds payable	13,227,919	5,318,291	47,190,000	-	65,736,210
Premium (Discount) on bonds payable	(65,104)	(152,588)	92,530	-	(125,162)
Deferred loss on refunding bonds payable	(413,785)	(763,097)	-	-	(1,176,882)
Compensated absences payable	62,350	40,774	296	11,045	114,465
Total noncurrent liabilities	<u>21,275,095</u>	<u>20,814,755</u>	<u>47,282,826</u>	<u>11,045</u>	<u>89,383,721</u>
Total liabilities	<u>22,963,296</u>	<u>22,715,907</u>	<u>48,574,668</u>	<u>83,956</u>	<u>94,337,827</u>
NET POSITION					
Net investment in capital assets	25,132,549	14,804,877	(1,617,570)	117,077	38,436,933
Unrestricted	<u>13,723,948</u>	<u>6,127,835</u>	<u>742,151</u>	<u>1,753,467</u>	<u>22,347,401</u>
Total net position	<u>\$ 38,856,497</u>	<u>\$ 20,932,712</u>	<u>\$ (875,419)</u>	<u>\$ 1,870,544</u>	<u>\$ 60,784,334</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Enterprise Fund			Nonmajor Enterprise	Total
	Water Utility	Wastewater Utility	Investment in Sokoll WTP	Refuse Services	Enterprise Funds
OPERATING REVENUES					
Charges for services	\$ 9,655,656	\$ 6,806,401	\$ 399,790	\$ 1,376,979	\$ 18,238,826
Total operating revenues	<u>9,655,656</u>	<u>6,806,401</u>	<u>399,790</u>	<u>1,376,979</u>	<u>18,238,826</u>
OPERATING EXPENSES					
Cost of sales and services	6,135,380	2,924,574	495,385	997,696	10,553,035
Depreciation and amortization	<u>2,019,918</u>	<u>1,217,339</u>	<u>940,932</u>	<u>11,549</u>	<u>4,189,738</u>
Total operating expenses	<u>8,155,298</u>	<u>4,141,913</u>	<u>1,436,317</u>	<u>1,009,245</u>	<u>14,742,773</u>
OPERATING INCOME (LOSS)	<u>1,500,358</u>	<u>2,664,488</u>	<u>(1,036,527)</u>	<u>367,734</u>	<u>3,496,053</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	17,215	10,482	1,739	2,013	31,449
Miscellaneous income	462,539	38,191	-	11,993	512,723
Interest expense	<u>(1,067,369)</u>	<u>(1,070,052)</u>	<u>(1,165,003)</u>	<u>-</u>	<u>(3,302,424)</u>
Total nonoperating revenues (expenses)	<u>(587,615)</u>	<u>(1,021,379)</u>	<u>(1,163,264)</u>	<u>14,006</u>	<u>(2,758,252)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>912,743</u>	<u>1,643,109</u>	<u>(2,199,791)</u>	<u>381,740</u>	<u>737,801</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS					
Capital contributions	-	-	1,684,297	-	1,684,297
Transfers in	497,133	-	-	-	497,133
Transfers out	<u>(1,594,088)</u>	<u>(1,126,341)</u>	<u>-</u>	<u>(51,500)</u>	<u>(2,771,929)</u>
Total transfers and capital contributions	<u>(1,096,955)</u>	<u>(1,126,341)</u>	<u>1,684,297</u>	<u>(51,500)</u>	<u>(590,499)</u>
CHANGE IN NET POSITION	<u>(184,212)</u>	<u>516,768</u>	<u>(515,494)</u>	<u>330,240</u>	<u>147,302</u>
NET POSITION, BEGINNING	<u>39,040,709</u>	<u>20,415,944</u>	<u>(333,534)</u>	<u>1,540,304</u>	<u>60,663,423</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(26,391)</u>	<u>-</u>	<u>(26,391)</u>
NET POSITION, ENDING	<u>\$ 38,856,497</u>	<u>\$ 20,932,712</u>	<u>\$(875,419)</u>	<u>\$ 1,870,544</u>	<u>\$ 60,784,334</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Fund			Nonmajor Enterprise	Total Enterprise Funds
	Water Utility	Wastewater Utility	Investment in Sokoll WTP	Refuse Services	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 9,933,254	\$ 6,754,490	\$ 466,533	\$ 1,383,106	\$ 18,537,383
Cash payments to employees for services	(1,415,843)	(1,479,421)	(46,405)	(102,886)	(3,044,555)
Cash payments to other suppliers for goods and services	(4,629,410)	(1,290,860)	(459,212)	(891,385)	(7,270,867)
Net cash provided (used) by operating activities	<u>3,888,001</u>	<u>3,984,209</u>	<u>(39,084)</u>	<u>388,835</u>	<u>8,221,961</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers and receipts from other funds	497,133	-	-	-	497,133
Transfers and payments to other funds	(1,594,088)	(1,126,341)	-	(51,500)	(2,771,929)
Net cash provided (used) from nonoperating financing activities	<u>(1,096,955)</u>	<u>(1,126,341)</u>	<u>-</u>	<u>(51,500)</u>	<u>(2,274,796)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal repayments on bonds	(780,427)	(997,271)	(512,250)	-	(2,289,948)
Interest and fiscal charges on debt	(1,042,976)	(1,025,449)	(1,172,047)	-	(3,240,472)
Capital Contributions	-	-	1,684,297	-	1,684,297
Acquisition and construction of capital assets	(654,966)	(2,627,101)	(10,021)	-	(3,292,088)
Net cash provided (used) by capital and related financing activities	<u>(2,478,369)</u>	<u>(4,649,821)</u>	<u>(10,020)</u>	<u>-</u>	<u>(7,138,210)</u>
CASH FROM INVESTING ACTIVITIES					
Interest on investments	<u>17,215</u>	<u>10,482</u>	<u>1,738</u>	<u>2,014</u>	<u>31,449</u>
Net cash provided (used) by investing activities	<u>17,215</u>	<u>10,482</u>	<u>1,738</u>	<u>2,014</u>	<u>31,449</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>329,892</u>	<u>(1,781,471)</u>	<u>(47,366)</u>	<u>339,349</u>	<u>(1,159,596)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>11,195,209</u>	<u>7,089,730</u>	<u>1,043,045</u>	<u>1,340,270</u>	<u>20,668,254</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(26,391)</u>	<u>-</u>	<u>(26,391)</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 11,525,101</u>	<u>\$ 5,308,259</u>	<u>\$ 969,288</u>	<u>\$ 1,679,619</u>	<u>\$ 19,482,267</u>

(continued)

CITY OF WAXAHACHIE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Fund			Nonmajor Enterprise	Total Enterprise Funds
	Water Utility	Wastewater Utility	Investment in Sokoll WTP	Refuse Services	
RECONCILIATION OF OPERATING INCOME TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,500,358	\$ 2,664,488	\$(1,036,527)	\$ 367,734	\$ 3,496,053
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	2,019,918	1,217,339	940,932	11,549	4,189,738
Other revenues (expenses)	462,539	38,191	-	11,993	512,723
Change in assets and liabilities:					
Decrease (increase) in receivables	(193,831)	(135,421)	66,743	(5,866)	(268,375)
Decrease (increase) in inventories	(17,537)	-	-	-	(17,537)
Increase (decrease) in accounts payable	101,190	155,524	(10,177)	2,816	249,354
Increase (decrease) in accrued liabilities	8,017	9,163	(24)	756	17,912
Increase (decrease) in customer deposits	8,890	45,319	-	-	54,209
Increase (decrease) in compensated absences	(1,543)	(10,394)	(32)	(147)	(12,116)
Total adjustments	<u>2,387,643</u>	<u>1,319,721</u>	<u>997,443</u>	<u>21,101</u>	<u>4,725,908</u>
Net cash and cash equivalents provided (used) by operating activities	<u>\$ 3,888,001</u>	<u>\$ 3,984,209</u>	<u>\$(39,084)</u>	<u>\$ 388,835</u>	<u>\$ 8,221,961</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAXAHACHIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waxahachie, Texas (the “City”) is a Home Rule City incorporated about 1850. 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 accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities have been blended or discretely presented within the financial statements: Ellis County Water Control and Improvement District No. 1 (the Water District), Tax Increment Financing Reinvestment Zone No. 1 (TIFRZ) and Waxahachie Community Development Corporation (WCDC).

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. Contractual payments are treated as transfers. The Water District’s General Fund is accounted for as a Special Revenue Fund and does not issue separate financial statements.

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 and does not issue separate financial statements.

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.

A separately issued financial report is available for the Waxahachie Community Development Corporation. This report may be obtained by contacting the following office.

City of Waxahachie
P.O. Box 757
Waxahachie, Texas 75168

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 are not prepared.

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 are not prepared.

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 to fund the Convention and Visitors Bureau for tourism (75%) and to the Waxahachie Arts Council for cultural activities (25%). Effective July 1, 2011, the Convention and Visitors Bureau and its funding became a City department reported in the Hotel/Motel Tax Fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) 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 the 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.

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 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.

The ***Investment in Sokoll Water Treatment Plant Fund*** accounts for the operations for the City's 1/2 investment in the Sokoll Water Treatment Plant.

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

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.

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 Position or Equity

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.

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 “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Uncollectible trade accounts are estimated on 0.5% of billed revenue during the fiscal year. The property tax receivable allowance is equal to 25% of outstanding property taxes at September 30, 2013.

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.

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.

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.

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 \$5,000 (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	5 - 10 years
Vehicles	5 - 10 years

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 20 years of service with the City. Firefighters and police officers may accrue and be paid up to 90 days of sick pay. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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 position. 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 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.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City council.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide and fund level financial statements report restricted fund balances for amounts not available for appropriation or legally restricted for specific uses. When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation 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 \$733,982 difference are as follows:

Bonds issuance costs:	
City	\$ 644,799
Tax Increment Financing Reinvestment Zone No. 1	33,217
Loan receivable recognized as income, but deferred in the funds	<u>55,966</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 733,982</u>

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 position 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 \$5,596 difference are as follows:

Arbitrage liability decrease	\$ -
Change in deferred contract revenue	<u>(5,596)</u>
Net adjustment to increase <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net</i> <i>position of governmental activities</i>	<u>\$(5,596)</u>

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S.

Treasury, certain U. S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the **Public Funds Investment Act**, the City has adopted a deposit and investment policy. That policy does address the following risks:

- a. ***Custodial Credit Risk:*** Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2013, the City and WCDC had cash in the amount of \$1,277,286 on deposit with a bank balance of \$1,699,326. These amounts were not fully collateralized by securities held by a third party trustee in the name of the City.
- b. ***Credit Risk:*** It is the City's policy to limit investments to investment types with an investment quality rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City's investments were rated AAAM by Standard and Poor's Investors Services.
- c. ***Interest Rate Risk:*** In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days or less, dependent on market conditions.
- d. ***Concentration of Credit Risk:*** The government's investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio.

As of September 30, 2013, the City and WCDC had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Primary government	
City general investments:	
Government sponsored investment pool (LOGIC)	\$ 38,613,725
	<u>38,613,725</u>
Discretely presented component unit	
Waxahachie Community Development Corporation:	
Government sponsored investment pool (LOGIC)	<u>3,299,519</u>
Total discretely presented component unit	<u>3,299,519</u>
 Total reporting entity	 <u>\$ 41,913,244</u>

Receivables

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

	General	Debt Service	Nonmajor and Other	Water Utility	Wastewater Utility	Nonmajor Refuse Service	Total
Property taxes	\$ 192,783	\$ 120,714	\$ 3,080	\$ -	\$ -	\$ -	\$ 316,577
Allowance	(48,196)	(30,178)	(770)	-	-	-	(79,144)
Net property taxes	<u>144,587</u>	<u>90,536</u>	<u>2,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,433</u>
Accounts receivable	15,328	-	-	5,307,511	1,181,067	333,300	6,837,206
Allowance	-	-	-	(3,913,027)	(381,942)	(175,678)	(4,470,647)
Net accounts receivable	<u>15,328</u>	<u>-</u>	<u>-</u>	<u>1,394,484</u>	<u>799,125</u>	<u>157,622</u>	<u>2,366,559</u>
Fines receivable	1,188,396	-	-	-	-	-	1,188,396
Allowance	(640,831)	-	-	-	-	-	(640,831)
Net fines receivable	<u>547,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,565</u>
Other receivables	194,744	55,966	97,239	-	5,920	182	354,051
Allowance	-	-	-	-	-	-	-
Net other receivables	<u>194,744</u>	<u>55,966</u>	<u>97,239</u>	<u>-</u>	<u>5,920</u>	<u>182</u>	<u>354,051</u>
Intergovernmental	\$ 1,693,817	\$ 2,218	\$ 65,700	\$ -	\$ -	\$ -	\$ 1,761,735

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	\$ 14,400
Uncollectibles related to wastewater services	8,990
Uncollectibles related to refuse service	<u>6,400</u>
	 <u>\$ 29,790</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 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)	\$ 131,044	\$ -
Fines revenue (general fund)	120,546	-
Delinquent property taxes receivable (debt service fund)	82,972	-
Loan receivable not yet due (debt service fund)	55,966	-
Delinquent property taxes receivable (water district debt service)	<u>2,213</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 392,741</u>	<u>\$ -</u>

Capital Assets

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

	Balance 09/30/12	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/13
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 8,290,402	\$ 27,360	\$ -	\$ -	\$ 8,317,762
Construction in progress	<u>613,843</u>	<u>3,820,120</u>	<u>-</u>	<u>(125,046)</u>	<u>4,308,917</u>
Total capital assets not being depreciated	<u>8,904,245</u>	<u>3,847,480</u>	<u>-</u>	<u>(125,046)</u>	<u>12,626,679</u>
Capital assets, being depreciated:					
Buildings	41,218,183	43,630	-	-	41,261,813
Improvements other than buildings	18,922,141	-	-	-	18,922,141
Machinery and equipment	3,820,739	300,757	(102,568)	-	4,018,928
Software	55,050	-	-	-	55,050
Vehicles	4,118,013	455,007	(343,244)	-	4,229,776
Infrastructure	<u>94,630,022</u>	<u>-</u>	<u>-</u>	<u>125,046</u>	<u>94,755,068</u>
Total capital assets being depreciated	<u>162,764,148</u>	<u>799,394</u>	<u>(445,812)</u>	<u>125,046</u>	<u>163,242,776</u>
Less accumulated depreciation for:					
Buildings	(15,347,113)	(1,007,512)	-	-	(16,354,625)
Improvements other than buildings	(9,772,371)	(463,798)	-	-	(10,236,169)
Machinery and equipment	(2,673,170)	(229,639)	102,568	-	(2,800,241)
Software	(6,858)	(5,505)	-	-	(12,363)
Vehicles	(2,439,003)	(315,770)	280,222	-	(2,474,551)
Infrastructure	<u>(56,671,523)</u>	<u>(3,434,703)</u>	<u>-</u>	<u>-</u>	<u>(60,106,226)</u>
Total accumulated depreciation	<u>(86,910,038)</u>	<u>(5,456,927)</u>	<u>382,790</u>	<u>-</u>	<u>(91,984,175)</u>
Total capital assets being depreciated, net	<u>75,854,110</u>	<u>(4,657,533)</u>	<u>(63,022)</u>	<u>125,046</u>	<u>71,258,601</u>
Governmental activities capital assets, net \$	<u>84,758,355</u>	<u>\$(810,053)</u>	<u>\$(63,022)</u>	<u>\$ -</u>	<u>\$ 83,885,280</u>

	Balance 09/30/12	Additions	Retirements	Transfers and Completed Construction	Adjustments	Balance 09/30/13
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 981,384	\$ 26,739	\$ -	\$ -	\$ -	\$ 1,008,123
Construction in progress	371,335	2,727,252	(11,307)	-	-	3,087,280
Total capital assets not being depreciated	1,352,719	2,753,991	(11,307)	-	-	4,095,403
Capital assets, being depreciated:						
Buildings	40,058,740	-	-	-	-	40,058,740
Improvements other than buildings	109,145,266	435,372	-	-	-	109,580,638
Infrastructure	4,274,101	-	-	-	-	4,274,101
Machinery and equipment	9,398,145	-	(41,239)	-	-	9,356,906
Software	588,639	-	-	-	-	588,639
Vehicles	1,555,743	114,034	(53,168)	-	-	1,616,609
Total capital assets being depreciated	165,020,634	549,406	(94,407)	-	-	165,475,633
Less accumulated depreciation for:						
Buildings	(18,281,348)	(867,309)	-	-	-	(19,148,657)
Improvements other than buildings	(35,970,338)	(2,481,358)	-	-	-	(38,451,696)
Infrastructure	(267,132)	(106,852)	-	-	-	(373,984)
Machinery and equipment	(2,150,575)	(565,343)	41,239	-	-	(2,674,679)
Software	(203,027)	(81,210)	-	-	-	(284,237)
Vehicles	(1,066,748)	(83,994)	53,168	-	-	(1,097,574)
Total accumulated depreciation	(57,939,168)	(4,186,066)	94,407	-	-	(62,030,827)
Total capital assets being depreciated, net	107,081,466	(3,636,660)	-	-	-	103,444,806
Business-type activities capital assets, net	\$ 108,434,185	\$ (882,669)	\$ (11,307)	\$ -	\$ -	\$ 107,540,209

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

Governmental activities:	
General government	\$ 1,114,777
Public safety	470,048
Public works	3,584,370
Culture and recreation	287,732
	<u>287,732</u>
Total depreciation expense - governmental activities	<u>\$ 5,456,927</u>
Business-type activities:	
Water	\$ 2,019,918
Wastewater	1,217,339
Sokoll	937,260
Refuse	11,549
	<u>11,549</u>
Total depreciation expense - business-type activities	<u>\$ 4,186,066</u>

Discretely Presented Component Unit – Waxahachie Community Development Corporation

	Balance 09/30/12	Additions	Retirements	Transfers and Completed Construction	Balance 09/30/13
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 650,670	\$ -	\$ -	\$ -	\$ 650,670
Construction in progress	-	1,327,145	-	-	1,327,145
Total capital assets not being depreciated	650,670	1,327,145	-	-	1,977,815
Capital assets, being depreciated:					
Buildings	12,763,798	-	-	-	12,763,798
Improvements other than buildings	9,612,729	-	-	-	9,612,729
Machinery and equipment	209,880	86,215	-	-	296,095
Vehicles	34,461	-	-	-	34,461
Total capital assets being depreciated	22,620,868	86,215	-	-	22,707,083
Less accumulated depreciation for:					
Buildings	(3,812,395)	(319,357)	-	-	(4,131,752)
Improvements other than buildings	(1,342,759)	(240,318)	-	-	(1,583,077)
Machinery and equipment	(194,926)	(6,589)	-	-	(201,515)
Vehicles	(34,461)	-	-	-	(34,461)
Total accumulated depreciation	(5,384,541)	(566,264)	-	-	(5,950,805)
Total capital assets being depreciated, net	17,236,327	(480,049)	-	-	16,756,278
Governmental activities capital assets, net \$	17,886,997	\$ 847,096	\$ -	\$ -	\$ 18,734,093

Interfund Receivables, Payables and Transfers

The City had no interfund receivable or payable balances as of September, 30, 2013.

Interfund Transfers

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

	Transfers To:			Total Transfers From
	General Fund	Nonmajor Governmental Funds	Water Utility	
General Fund	\$ -	\$ -	\$ 496,336	496,336
Nonmajor Governmental Funds	-	39,207	797	40,004
Water Utility	1,594,088	-	-	1,594,088
Wastewater Utility	1,126,341	-	-	1,126,341
Nonmajor Enterprise Funds	51,500	-	-	51,500
Total	\$ 2,771,929	\$ 39,207	\$ 497,133	\$ 3,308,269

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, and (3) to reimburse the water utility for infrastructure costs associated incentivizing certain economic development efforts.

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 current outstanding is as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 09/30/13</u>
Governmental activities					
General obligation bonds:					
Refunding and improvements	\$ 18,805,000	2005	2020	2.50-5.25%	\$ 9,920,000
Refunding	7,639,025	2007	2034	3.60-4.50%	7,309,108
Refunding	1,600,000	2012	2017	1.7000%	1,080,000
Total general obligation bonds					<u>18,309,108</u>
Certificate of obligation bonds:					
Municipal improvements	5,490,000	2004	2016	4.00-5.50%	409,779
Refunding and improvements	14,250,002	2007	2032	4.15-5.25%	12,238,716
Municipal improvements	8,720,000	2009	2029	2.50-5.00%	7,644,932
Municipal improvements	4,600,000	2011	2031	2.00-3.75%	4,250,000
Municipal improvements	4,920,000	2013	2033	2.00-4.55%	<u>4,920,000</u>
Total certificates of obligation					<u>29,463,427</u>
Governmental activities - City					47,772,535
Tax increment financing					1,527,266
Less:					
Unamortized loss on refunding					(863,555)
Unamortized premium/discount					<u>778,625</u>
Total governmental type activities					<u>\$ 49,214,871</u>
<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 09/30/13</u>
Business-type activities					
General obligation bonds:					
Water refunding and improvements	\$ 9,085,196	2007	2034	3.60-4.50%	\$ 8,692,821
Sewer refunding and improvements	17,573,505	2007	2034	3.60-4.50%	16,814,533
Total general obligation bonds					<u>25,507,354</u>
Certificate of obligation bonds:					
Water improvements	6,600,000	2004	2016	4.00-5.50%	492,632
Water improvements - Sokoll	53,000,000	2007	2038	4.00-5.00%	48,255,000
Water improvements	15,514,000	2007	2032	4.15-5.25%	13,324,308
Sewer improvements	5,236,000	2007	2032	4.15-5.25%	4,496,976
Sewer improvements	19,010,000	2004	2016	4.00-5.50%	<u>1,418,929</u>
Total certificates of obligation					<u>67,987,845</u>
Total business-type activities					93,495,199
Less:					
Unamortized loss on refunding					(1,176,883)
Unamortized premium					92,529
Unamortized discount					<u>(217,689)</u>
Total business-type activities					<u>92,193,156</u>
Total general debt					<u>\$ 137,158,758</u>

Annual debt service requirements to maturity for debt:

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 3,082,686	\$ 2,004,802	\$ 1,858,894	\$ 1,995,947	\$ 8,942,329
2015	3,177,491	1,909,488	1,947,138	1,920,144	8,954,261
2016	3,308,597	1,781,539	2,038,346	1,839,711	8,968,193
2017	3,446,094	1,643,010	2,094,957	1,749,050	8,933,111
2018	3,036,591	1,496,594	2,187,583	1,658,408	8,379,176
2019-2023	12,283,604	5,674,245	11,549,289	6,860,966	36,368,104
2024-2028	10,496,951	3,508,514	10,481,302	4,534,791	29,021,558
2029-2033	8,519,821	1,135,963	11,614,530	1,909,890	23,180,204
2034-2038	420,700	18,931	1,468,160	66,068	1,973,859
Total	\$ 47,772,535	\$ 19,173,086	\$ 45,240,199	\$ 22,534,975	\$ 134,720,795

Long-term Debt

Year	TIFRZ		Total
	Principal	Interest	
2014	\$ 73,420	\$ 63,347	\$ 136,767
2015	75,371	61,347	136,718
2016	78,057	58,945	137,002
2017	78,949	56,458	135,407
2018	80,826	53,983	134,809
2019-2023	447,107	221,750	668,857
2024-2028	521,747	119,798	641,545
2029-2033	160,649	14,901	175,550
2034-2038	11,140	501	11,641
Total	\$ 1,527,266	\$ 651,030	\$ 2,178,296

Contract Payable

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

A contract of \$244,215 is payable to the state, due in 240 monthly installments of \$1,018, including interest imputed at 5.0%. Contract payable amortization is:

<u>Year Ending September 30,</u>	
2014	\$ 12,211
2015	12,211
2016	12,211
2017	12,211
2018	12,211
2019-2023	<u>50,877</u>
Total	111,932
Less interest	<u>(21,917)</u>
	<u>\$ 90,015</u>

Capitalized Lease Obligations

The city had no capitalized lease obligations at September 30, 2013.

Changes in Long-term Debt

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<u>Balance 09/30/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 09/30/13</u>	<u>Due Within One Year</u>
Governmental activities:					
General debt	\$ 45,643,329	\$ 4,920,000	\$ 2,790,794	\$ 47,772,535	\$ 3,082,686
Waxahachie TIFRZ	1,598,774	-	71,508	1,527,266	73,420
Less loss on refunding	(962,576)	-	(99,021)	(863,555)	-
Less unamortized premium/discount	<u>660,435</u>	<u>189,451</u>	<u>71,261</u>	<u>778,625</u>	<u>-</u>
Net bonds payable	<u>46,939,962</u>	<u>5,109,451</u>	<u>2,834,542</u>	<u>49,214,871</u>	<u>3,156,106</u>
Capital leases	-	-	-	-	-
Contract payable	97,569	-	7,555	90,014	7,941
Compensated absences	<u>2,071,267</u>	<u>949,509</u>	<u>788,898</u>	<u>2,231,878</u>	<u>557,970</u>
Total long-term debt	<u>\$ 49,108,798</u>	<u>\$ 6,058,960</u>	<u>\$ 3,630,995</u>	<u>\$ 51,536,763</u>	<u>\$ 3,722,017</u>

	<u>Balance 09/30/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance 09/30/13</u>	<u>Due Within One Year</u>
Business-type activities:						
Tax and revenue bonds	\$ 96,297,896	\$ -	\$ 2,802,698	\$ -	\$ 93,495,198	\$ 2,923,894
Less loss on refunding	(1,232,924)	-	(56,042)	-	(1,176,882)	-
Less unamortized premium	96,231	-	3,701	-	92,530	-
Less unamortized discount	<u>(228,436)</u>	<u>-</u>	<u>(10,745)</u>	<u>-</u>	<u>(217,691)</u>	<u>-</u>
Net bonds payable	94,932,767	-	2,739,612	-	92,193,155	2,923,894
Compensated absences	<u>164,736</u>	<u>107,080</u>	<u>118,827</u>	<u>-</u>	<u>152,989</u>	<u>38,248</u>
Total long-term debt	<u>\$ 95,097,503</u>	<u>\$ 107,080</u>	<u>\$ 2,858,439</u>	<u>\$ -</u>	<u>\$ 92,346,144</u>	<u>\$ 2,962,142</u>

Refundings

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 refunding was undertaken to reduce total debt service payments over the next 16 years by \$1,129,190 and resulted in an economic gain of \$862,969.

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, 2013, the amount outstanding on this refunded issue was approximately \$23,785,000.

In 2011, the government issued \$1,600,000 in public improvement bonds with an interest rate of 1.70%. The proceeds were used to advance refund \$1,555,000 of out-standing 1996 certificate of obligations bonds which had interest rates ranging from 4.25% to 4.45%. The net proceeds of \$1,581,764 (including a \$13,764 contribution from the city and after payment of \$32,000 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 1996 certificate of obligations bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$26,764. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 1996 certificate of obligations bonds to reduce its total debt service payments over 6 years by \$104,102 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$98,571.

Discretely Presented Component Unit

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

Waxahachie Community Development Corporation:					
<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 09/30/13</u>
Revenue bonds outstanding					
WCDC sales tax and refunding	\$ 23,555,000	2007	2037	4.00-5.00%	\$ <u>20,825,000</u>

Revenue bond debt service requirements to maturity:

Year	WCDC		Total
	Principal	Interest	
2014	\$ 550,000	\$ 920,948	\$ 1,470,948
2015	565,000	898,948	1,463,948
2016	590,000	876,348	1,466,348
2017	610,000	852,748	1,462,748
2018	640,000	828,348	1,468,348
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
2034-2038	4,710,000	585,000	5,295,000
Total	\$ 20,825,000	\$ 13,385,305	\$ 34,210,305

	Balance 09/30/12	Additions	Retirements	Balance 09/30/13	Due Within One Year
Discretely presented component unit					
Sales tax revenue bonds	\$ 21,350,000	\$ -	\$ 525,000	\$ 20,825,000	\$ 550,000
Deferred loss on refunding	(314,687)	-	(12,587)	(302,100)	-
Less unamortized discount	(200,194)	-	(14,299)	(185,895)	-
Compensated absences	34,877	30,922	30,733	35,066	8,767
Total long-term debt	\$ 20,869,996	\$ 30,922	\$ 528,847	\$ 20,372,071	\$ 558,767

Refundings

In 2007, the WCDC 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, 2013, there was no amount outstanding on this refunded issue.

4. OTHER INFORMATION

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 natures. 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.

Related Party Transaction

As discussed in Note 4 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 a summary of financial information of the joint venture at September 30, 2013:

Balance sheet	
Assets	\$ 17,337,334
Liabilities	(39,476)
Net position	<u>\$ 17,297,858</u>
Fund equity	
Components of restricted net position	
Federal government	\$ 14,792,485
City of Midlothian, Texas	3,553,536
City of Waxahachie, Texas	<u>3,548,336</u>
Total restricted net position	<u>21,894,357</u>
Deficit	(4,596,499)
Net equity in joint venture	<u>\$ 17,297,858</u>
Results of operations	
Revenues	\$ 359,388
Expenses	(821,353)
Income (loss)	(461,965)
Capital contributions	<u>699,259</u>
Net income (loss)	<u>\$ 237,294</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 a summary of financial information of the joint venture at September 30, 2013.

Balance sheet	
Assets	\$ 47,090,747
Liabilities	<u>(48,968,069)</u>
Net Position	<u>\$ (1,877,322)</u>
Fund equity	
Net investment in capital assets	\$(3,235,139)
Unrestricted	<u>1,357,817</u>
Net equity in joint venture	<u>\$(1,877,322)</u>

Results of operations	
Revenues	\$ 1,550,687
Expenses	(6,129,036)
Net Income (loss)	(4,578,349)
Capital contributions	<u>3,368,594</u>
Change in net position	<u>\$(1,209,755)</u>

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 Note 4 D below for details of this debt.

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% 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 position, 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 gain from operations was \$118,647.

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 Plan

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% share of assets, liabilities and fund equity.

In 2008, the City issued \$53,000,000 in Combination Tax and Revenue Certificates of Obligation, Series 2007A. The bonds are payable annually through August 1, 2038, at an interest rate of 4% to 5%. The proceeds of the bonds were deposited into the Joint Venture and were 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. Complete financial statements for the Robert W. Sokoll Water Treatment Plan can be obtained from the Waxahachie Finance Director at 401 S. Rogers, Waxahachie, Texas.

Employee Retirement Systems and Pension Plans

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

Texas Municipal Retirement System

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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

	Plan year 2012	Plan year 2013
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

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

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Asset)</u>
9/30/2011	1,893,335	1,893,335	100%	-
9/30/2012	1,858,841	1,858,841	100%	-
9/30/2013	1,918,120	1,918,120	100%	-

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	26.9 years; closed period	25.9 years; closed period	24.9 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%
	2.1%	2.1%	2.1%

Funding Status and Funding Progress –

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	\$ 37,109,480	\$ 46,269,491	80.2%	\$ 9,160,011	\$ 10,800,093	84.8%

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Firefighters' Relief and Retirement Fund

Plan Description

The Board of Trustees of the Waxahachie Firefighters' Relief and Retirement Fund (FRRF) is the administrator of a single-employer defined benefit pension plan. The Waxahachie FRRF is not considered a part of the City's reporting entity because the City does not have a fiduciary responsibility of the FRRF assets, is not able to impose its will on the FRRF, nor is the FRRF fiscally dependent on the City, since the Board of Trustees has the ability to complete certain essential fiscal events such as determining the employee contribution rates, without approval by the City, and the Board is not appointed by the City Council. Separate financial statements are not prepared. Current and former firefighters in the Waxahachie Fire Department, are covered by the Waxahachie FRRF.

The plan obtains an actuarial evaluation in even numbered years only; therefore, the table below summarizes the membership of the fund at September 30, 2012:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	27
Current employees, fully vested	21
Current employees, nonvested	27
Total active membership	<u>48</u>
Total fund membership	<u>75</u>

The Waxahachie Firefighters' 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 lesser of 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 lesser of years of service earned on or after July 1, 2005, or 24 years minus the years of service before July 1, 2006, 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 provisions of this plan are authorized by the Texas Local Firefighters' 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 Firefighters' Relief and Retirement Fund requires contributions equal to 12% of pay by the firefighters and contributions by the City equal to the greater of 16.86% 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, 2013, actuarial valuation is used in these footnotes. The September 30, 2012, actuarial valuation assumes that the City's contributions will average 16.86% of payroll in the future.

For the fiscal year ending September 30, 2013, the City of Waxahachie's annual pension cost of \$583,331 for the Waxahachie Firefighters' 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, 2012, actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

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 7% per year (net of administrative expenses), projected salary increases averaging 4.0% 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 4.0% per year, and was 19.8 years as of the September 30, 2012, actuarial valuation.

	9/30/2013	9/30/2012	9/30/2011
Actuarial Valuation Date	*	*	*
Actuarial Value of Assets	*	\$ 10,462,784	*
Actuarial Accrued Liabilities	*	16,226,624	*
Percentage Funded	*	64.5%	*
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	*	5,763,840	*
Annual Covered Payroll	*	3,188,426	*
UAAL as a Percentage of Covered Payroll	*	180.8%	*
Net Pension Obligation, beginning of period	\$ -	\$ -	\$ -
Annual Pension Cost (APC):			
Annual Required Contribution (ARC)	583,331	564,266	621,402
Interest on Net Pension Obligation	-	-	-
Adjustment to the ARC	-	-	-
Total APC	583,331	564,266	621,402
Contributions Made (100%)	583,331	564,266	621,402
Increase (decrease) in Net Pension Obligation	-	-	-
Net Pension Obligation, end of period	\$ -	\$ -	\$ -

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 eight years is presented in the Required Supplementary Information on page 56.

Other Postemployment Benefits

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Schedule of Contribution Rates			
(RETIREE-only portion of the rate)			
Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2011	0.04%	0.04%	100%
2012	0.04%	0.04%	100%
2013	0.04%	0.04%	100%

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 Projects	Combined
Assets					
Current assets	\$ 1,486,437	\$ 1,036	\$ 1,444,934	\$ 915,918	\$ 3,848,325
Liabilities					
Current liabilities	\$ 167,239	\$ 1,080	\$ -	\$ 256,408	\$ 424,727
Fund balance	1,319,198	(44)	1,444,934	659,510	3,423,598
Total liabilities and fund balance	\$ 1,486,437	\$ 1,036	\$ 1,444,934	\$ 915,918	\$ 3,848,325
Revenues and Expenditures					
Revenues	\$ 3,657,867	\$ 2,113	\$ -	\$ 2,671	\$ 3,662,651
Current expenditures	1,959,069	-	-	1,327,145	3,286,214
Debt service	-	1,469,108	-	-	1,469,108
Total expenditures	1,959,069	1,469,108	-	1,327,145	4,755,322
Revenues over (under) expenditures	1,698,798	(1,466,995)	-	(1,324,474)	(1,092,671)
Other financing sources (uses)	(1,466,950)	1,466,950	-	-	-
Net change in fund balances	231,848	(45)	-	(1,324,474)	(1,092,671)
Fund balances, October 1	1,087,350	1	1,444,934	1,983,984	4,516,269
Fund balances, September 30	\$ 1,319,198	\$ (44)	\$ 1,444,934	\$ 659,510	\$ 3,423,598

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

<u>Reconciliation of Balance Sheet</u>	<u>WCDC</u>
Total fund balance	\$ 3,423,598
Capital assets not reported in the funds	18,734,093
Deferred charges	331,800
Accrued interest payable	(150,154)
Payable for loan principal not due currently	(20,337,007)
Payables for compensated absences	<u>(35,066)</u>
Net position - statement of net position	<u>\$ 1,967,264</u>

<u>Reconciliation of Statement of Revenues, Expenditures and Fund Balances</u>	<u>WCDC</u>
Net change in fund balances	\$(1,092,671)
Repayment of loan principal	498,113
Bond issuance cost	(25,524)
Capital outlay	1,413,360
Depreciation	(566,264)
Change in accrued interest expense	3,423
Change in compensated absences	<u>(189)</u>
Change in net assets	<u>\$ 230,248</u>

Prior Period Adjustment

During the current fiscal year, the following prior period adjustments were made:

- In the Industrial Development nonmajor governmental fund, an adjustment of \$227,176 was made to correct the reporting of the prior year ending fund balance.
- An adjustment of \$26,391 was made in the Investment in Sokoll WTP fund to correct the portion of net position that should be reported as the City's portion.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WAXAHACHIE, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 9,508,500	\$ 9,471,400	\$ 9,513,075	\$ 41,675
Franchise	2,798,000	2,952,000	3,060,025	108,025
Sales	9,800,000	9,130,000	9,109,791	(20,209)
Other	73,000	57,000	63,479	6,479
Charges for services	213,350	206,600	719,798	513,198
Licenses and permits	601,050	497,400	499,115	1,715
Fines and forfeitures	360,000	450,500	454,274	3,774
Intergovernmental	62,000	101,900	631,276	529,376
Miscellaneous	226,500	345,210	340,705	(4,505)
Interest	20,000	20,000	17,026	(2,974)
Total revenues	<u>23,662,400</u>	<u>23,232,010</u>	<u>24,408,564</u>	<u>1,176,554</u>
EXPENDITURES				
Current:				
General government				
General administration	781,180	772,766	771,558	1,208
Downtown development	170,130	168,360	173,222	(4,862)
Planning	144,510	151,770	152,357	(587)
Finance department	900,180	857,565	844,116	13,449
City attorney	133,750	132,200	131,947	253
General items	681,280	655,830	656,024	(194)
Human resources	316,920	370,833	349,766	21,067
Information technology	385,130	384,550	382,507	2,043
Economic development	664,280	677,190	453,924	223,266
Mid-Way airport	70,500	68,000	146,935	(78,935)
Total general government	<u>4,247,860</u>	<u>4,239,064</u>	<u>4,062,356</u>	<u>176,708</u>
Public safety				
Municipal court	234,400	223,640	211,234	12,406
Marshal	86,390	85,282	84,350	932
Building inspection	473,460	462,793	460,850	1,943
Fire department	6,141,750	6,543,503	6,578,937	(35,434)
Police department	7,369,590	6,764,694	6,968,302	(203,608)
Total public safety	<u>14,305,590</u>	<u>14,079,912</u>	<u>14,303,673</u>	<u>(223,761)</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public works				
Engineering department	\$ 382,080	\$ 367,000	\$ 368,875	\$(1,875)
Street department	3,891,060	3,864,997	2,883,183	981,814
Environmental health	624,620	609,493	583,566	25,927
Central garage	283,800	272,852	275,977	(3,125)
Animal control	301,740	294,432	299,140	(4,708)
Total public works	<u>5,483,300</u>	<u>5,408,774</u>	<u>4,410,741</u>	<u>998,033</u>
 Culture and recreation				
Parks and recreation	997,190	981,481	965,656	15,825
Chautauqua Auditorium	47,000	46,787	46,007	780
Rodeo	18,550	15,797	13,648	2,149
Penn Park Pool	49,760	53,284	48,124	5,160
Optimist Pool	20,000	21,600	19,184	2,416
Sims Library	1,018,500	1,384,900	1,412,945	(28,045)
Senior Citizens Center	280,275	287,116	285,099	2,017
Total culture and recreation	<u>2,431,275</u>	<u>2,790,965</u>	<u>2,790,663</u>	<u>302</u>
 Total expenditures	<u>26,468,025</u>	<u>26,518,715</u>	<u>25,567,433</u>	<u>951,282</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,805,625)</u>	<u>(3,286,705)</u>	<u>(1,158,869)</u>	<u>2,127,836</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	2,781,500	2,761,500	2,771,929	10,429
Transfers out	<u>(700,000)</u>	<u>(461,749)</u>	<u>(496,336)</u>	<u>(34,587)</u>
Total other financing sources (uses)	<u>2,081,500</u>	<u>2,299,751</u>	<u>2,275,593</u>	<u>(24,158)</u>
 NET CHANGE IN FUND BALANCES	<u>(724,125)</u>	<u>(986,954)</u>	1,116,724	2,103,678
 FUND BALANCES, BEGINNING	<u>11,170,439</u>	<u>11,170,439</u>	<u>11,170,439</u>	<u>-</u>
 FUND BALANCES, ENDING	<u>\$ 10,446,314</u>	<u>\$ 10,183,485</u>	<u>\$ 12,287,163</u>	<u>\$ 2,103,678</u>

CITY OF WAXAHACHIE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	\$ 30,402,604	\$ 41,532,760	73.2%	\$ 11,130,156	\$ 10,157,943	109.6%
12/31/2011	33,495,383	43,772,283	76.5%	10,276,900	10,306,283	99.7%
12/31/2012	37,109,480	46,269,491	80.2%	9,160,011	10,800,093	84.8%

CITY OF WAXAHACHIE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS AND ACTUARIAL LIABILITIES**

**EIGHT YEARS ENDED SEPTEMBER 30, 2013
(Unaudited)**

Actuarial valuation date	09/30/13	09/30/12	09/30/11	09/30/10	09/30/09	09/30/08	09/30/07	09/30/06
Actuarial value of assets	*	10,462,784	*	\$ 8,159,658	*	\$ 6,355,060	*	\$ 6,102,969
Actuarial accrued liabilities	*	16,226,624	*	13,319,237	*	10,915,427	*	9,436,977
Percentage funded	*	64.5%	*	61.3%	*	58.2%	*	64.7%
Unfunded (overfunded) actuarial accrued	*	5,763,840	*	5,159,579	*	4,560,367	*	3,334,008
Annual covered payroll	*	3,188,426	*	2,961,077	*	2,959,238	*	2,245,404
UAAL as a percentage of covered payroll	*	180.8%	*	174.2%	*	154.1%	*	148.5%
Net pension obligation (NPO) at the beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual pension cost (APC):								
Annual required contribution (ARC)	583,331	564,266	621,402	533,132	488,917	386,427	320,473	280,124
Interest on NPO	-	-	-	-	-	-	-	-
Adjustment to the ARC	-	-	-	-	-	-	-	-
Total APC	583,331	564,266	621,402	533,132	488,917	386,427	320,473	280,124
Contributions made (100%)	583,331	564,266	621,402	533,132	488,917	386,427	320,473	280,124
Increase (decrease) in NPO	-	-	-	-	-	-	-	-
NPO at the end of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* An actuarial valuation is not available.

CITY OF WAXAHACHIE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2013

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 principles 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 90 days into the following year. Annual appropriated budgets are adopted for the following funds:

- General Fund
- Special Revenue Funds
 - Hotel/Motel Fund
- Debt Service Funds
 - Debt Service

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

(continued)

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations:

General Fund	
Downtown development	\$ 4,862
Planning	587
General items	194
Mid-Way airport	78,935
Fire department	35,434
Police department	203,608
Engineering department	1,875
Central garage	3,125
Animal control	4,708
Sims library	28,045
 Hotel/Motel Fund	
Economic development	7,829
 Debt Service Fund	
Interest	14,813

**COMBINING STATEMENTS
AND BUDGETARY COMPARISON**

NONMAJOR GOVERNMENTAL FUNDS

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

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 14 cultural activities.

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.

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 Boy Scouts of America.

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.

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 to 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.

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.

Municipal Court – This fund accounts for monies collected under State Statutes designated for specific Municipal Court related programs.

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

Debt Service Funds are used to account for the accumulation of resources and payment of general, certificate, and 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 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 Reinvestment Zone Number 1's certificate of obligation bonds.

Water District Debt Service Fund – 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.

Capital Project Funds are used to account for the acquisition or construction of governmental capital assets.

2007 Bond Construction – This fund is used to account for the construction of the Waxahachie Senior Citizen's Center, two major street expansions and various smaller projects funded by this bond issue.

2009 Bond Construction – This fund is used to account for the construction of the Downtown Parking Garage, the City's portion of the Midway Airport runway expansion and various smaller projects funded by this bond issue.

2009 Bond Construction Tax Increment – This fund is used to account for the renovation of the MKT Railroad Passenger Station funded by this bond issue.

2011 Bond Firehouse Construction – This fund is used to account for the construction of a new firehouse.

2013 Street and Drainage Bond Construction – This fund is used to account for the cost of the major rehabilitation of Gingerbread Village Street and Kirven Street in addition to less extensive roadway repairs elsewhere in the City.

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,773,831	\$ -	\$ 3,743,848	\$ 5,517,679
Receivables (net of allowances for uncollectibles):				
Taxes	-	2,310	-	2,310
Other	80,774	-	16,465	97,239
Intergovernmental	<u>65,700</u>	<u>-</u>	<u>-</u>	<u>65,700</u>
Total assets	<u>1,920,305</u>	<u>2,310</u>	<u>3,760,313</u>	<u>5,682,928</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	66,078	174	175,205	241,457
Accrued liabilities	6,713	-	-	6,713
Deposits Payable	3,500	-	-	3,500
Deferred revenue	<u>-</u>	<u>2,213</u>	<u>-</u>	<u>2,213</u>
Total liabilities	<u>76,291</u>	<u>2,387</u>	<u>175,205</u>	<u>253,883</u>
Fund balances:				
Restricted for:				
Tourism	228,391	-	-	228,391
Capital projects	-	-	3,585,108	3,585,108
Debt service	-	97	-	97
Perpetual care	808,373	-	-	808,373
Public safety	239,385	-	-	239,385
Industrial development	-	-	-	-
Municipal court judicial efficiency	999	-	-	999
Municipal court technology	76,362	-	-	76,362
Municipal court security	9,153	-	-	9,153
Municipal court judicial	6,423	-	-	6,423
Culture and recreation	108,296	-	-	108,296
Downtown improvements	231,998	-	-	231,998
Committed for:				
Culture and recreation	134,635	-	-	134,635
Unassigned	<u>-</u>	<u>(174)</u>	<u>-</u>	<u>(174)</u>
Total fund balances	<u>1,844,014</u>	<u>(77)</u>	<u>3,585,108</u>	<u>5,429,045</u>
Total liabilities and fund balances	<u>\$ 1,920,305</u>	<u>\$ 2,310</u>	<u>\$ 3,760,313</u>	<u>\$ 5,682,928</u>

CITY OF WAXAHACHIE, TEXAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 592,977	\$ 98,503	\$ -	\$ 691,480
Charges for services	142,469	-	-	142,469
Intergovernmental	229,610	-	-	229,610
Miscellaneous	139,033	-	-	139,033
Interest	2,997	7	1,345	4,349
Total revenues	<u>1,107,086</u>	<u>98,510</u>	<u>1,345</u>	<u>1,206,941</u>
EXPENDITURES				
Current:				
General government	911,051	-	-	911,051
Public safety	72,744	-	-	72,744
Public works	346	-	604,376	604,722
Judicial	14,811	-	-	14,811
Culture and recreation	311,287	-	-	311,287
Debt service:				
Principal	-	71,507	-	71,507
Interest	-	65,717	-	65,717
Bond issuance costs	-	-	92,987	92,987
Capital Outlay	18,769	-	1,460,365	1,479,134
Total expenditures	<u>1,329,008</u>	<u>137,224</u>	<u>2,157,728</u>	<u>3,623,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(221,922)</u>	<u>(38,714)</u>	<u>(2,156,383)</u>	<u>(2,417,019)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	39,207	-	39,207
Transfers out	(39,429)	(575)	-	(40,004)
Bonds issued	-	-	4,920,000	4,920,000
Premium on bonds issued	-	-	189,451	189,451
Total other financing sources (uses)	<u>(39,429)</u>	<u>38,632</u>	<u>5,109,451</u>	<u>5,108,654</u>
NET CHANGE IN FUND BALANCES	<u>(261,351)</u>	<u>(82)</u>	<u>2,953,068</u>	<u>2,691,635</u>
FUND BALANCES, BEGINNING	2,332,541	5	632,040	2,964,586
PRIOR PERIOD ADJUSTMENT	<u>(227,176)</u>	<u>-</u>	<u>-</u>	<u>(227,176)</u>
FUND BALANCES, ENDING	<u>\$ 1,844,014</u>	<u>\$ (77)</u>	<u>\$ 3,585,108</u>	<u>\$ 5,429,045</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2013

	<u>Hotel/Motel Tax</u>	<u>Fire Department Donations</u>	<u>Veteran's Memorial Donations</u>	<u>LEOSE</u>
ASSETS				
Cash and investments	\$ 188,712	\$ 18,255	\$ 28,371	\$ 1,315
Receivables (net of allowances for uncollectibles):				
Other	80,588	-	-	-
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 269,300</u>	<u>\$ 18,255</u>	<u>\$ 28,371</u>	<u>\$ 1,315</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 34,949	\$ -	\$ -	\$ 94
Accrued liabilities	6,713	-	-	-
Deposits payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>41,662</u>	<u>-</u>	<u>-</u>	<u>94</u>
Fund balances:				
Restricted for:				
Tourism	170,729	-	-	-
Perpetual care	-	-	-	-
Public safety	-	18,255	-	1,221
Municipal court judicial efficiency	-	-	-	-
Municipal court technology	-	-	-	-
Municipal court security	-	-	-	-
Municipal court judicial	-	-	-	-
Culture and recreation	56,910	-	28,371	-
Downtown improvements	-	-	-	-
Committed for:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>227,638</u>	<u>18,255</u>	<u>28,371</u>	<u>1,221</u>
Total liabilities and fund balances	<u>\$ 269,300</u>	<u>\$ 18,255</u>	<u>\$ 28,371</u>	<u>\$ 1,315</u>

<u>Waxahachie Police Explorers</u>	<u>Tax Increment</u>	<u>Police Seizure</u>	<u>Police Forfeiture</u>	<u>Cemetery Perpetual Care</u>	<u>Industrial Development</u>	<u>Water District General</u>
\$ 8,699	\$ 235,961	\$ 9,812	\$ 23,080	808,373	\$ -	\$ -
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,699</u>	<u>\$ 235,961</u>	<u>\$ 9,812</u>	<u>\$ 23,080</u>	<u>\$ 808,373</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 479	\$ 463	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>479</u>	<u>3,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	808,373	-	-
8,220	-	9,812	23,080	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	231,998	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,220</u>	<u>231,998</u>	<u>9,812</u>	<u>23,080</u>	<u>808,373</u>	<u>-</u>	<u>-</u>
<u>\$ 8,699</u>	<u>\$ 235,961</u>	<u>\$ 9,812</u>	<u>\$ 23,080</u>	<u>\$ 808,373</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

SEPTEMBER 30, 2013

	<u>Police Department Federal Forfeiture</u>	<u>Texas Tobacco Compliance Grant</u>	<u>Park Dedication Impact Fee</u>
ASSETS			
Cash and investments	\$ 162,880	\$ 2,073	\$ 134,635
Receivables (net of allowances for uncollectibles):			
Other	-	-	-
Intergovernmental	-	-	-
 Total assets	 <u>\$ 162,880</u>	 <u>\$ 2,073</u>	 <u>\$ 134,635</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 27,441	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits payable	-	-	-
Total liabilities	<u>27,441</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Tourism	-	-	-
Perpetual care	-	-	-
Public safety	135,439	2,073	-
Municipal court judicial efficiency	-	-	-
Municipal court technology	-	-	-
Municipal court security	-	-	-
Municipal court judicial	-	-	-
Culture and recreation	-	-	-
Downtown improvements	-	-	-
Committed for:			
Culture and recreation	-	-	134,635
Total fund balances	<u>135,439</u>	<u>2,073</u>	<u>134,635</u>
 Total liabilities and fund balances	 <u>\$ 162,880</u>	 <u>\$ 2,073</u>	 <u>\$ 134,635</u>

<u>Municipal Court</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 93,067	\$ 58,598	\$ 1,773,831
-	186	80,774
<u>-</u>	<u>65,700</u>	<u>65,700</u>
<u>\$ 93,067</u>	<u>\$ 124,484</u>	<u>\$ 1,920,305</u>
\$ 130	\$ 2,522	66,078
-	-	6,713
<u>-</u>	<u>-</u>	<u>3,500</u>
<u>130</u>	<u>2,522</u>	<u>76,291</u>
-	57,662	228,391
-	-	808,373
-	41,285	239,385
999	-	999
76,362	-	76,362
9,153	-	9,153
6,423	-	6,423
-	23,015	108,296
-	-	231,998
<u>-</u>	<u>-</u>	<u>134,635</u>
<u>92,937</u>	<u>121,962</u>	<u>1,844,014</u>
<u>\$ 93,067</u>	<u>\$ 124,484</u>	<u>\$ 1,920,305</u>

CITY OF WAXAHACHIE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2013

	<u>Hotel/Motel Tax</u>	<u>Fire Department Donations</u>	<u>Veteran's Memorial Donations</u>	<u>LEOSE</u>
REVENUES				
Taxes	\$ 411,316	\$ -	\$ -	\$ -
Charges for services	-	1,275	-	-
Intergovernmental	-	-	-	-
Miscellaneous	4,526	2,151	13,640	-
Interest	241	22	33	-
Total revenues	<u>416,083</u>	<u>3,448</u>	<u>13,673</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	102,829	-	9,218	-
Public safety	-	124	-	943
Public works	-	-	-	-
Judicial	-	-	-	-
Culture and recreation	290,807	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>393,636</u>	<u>124</u>	<u>9,218</u>	<u>943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,447</u>	<u>3,324</u>	<u>4,455</u>	<u>(943)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	22,447	3,324	4,455	(943)
FUND BALANCES, BEGINNING	205,191	14,931	23,916	2,164
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 227,638</u>	<u>\$ 18,255</u>	<u>\$ 28,371</u>	<u>\$ 1,221</u>

<u>Waxahachie Police Explorers</u>	<u>Tax Increment</u>	<u>Police Seizure</u>	<u>Police Forfeiture</u>	<u>Cemetery Perpetual Care</u>	<u>Industrial Development</u>	<u>Water District General</u>
\$ -	\$ 181,661	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	8,580	58,600	-	-
-	-	-	-	-	-	-
11,424	9,089	-	-	-	-	-
11	821	-	28	1,190	-	222
<u>11,435</u>	<u>191,571</u>	<u>-</u>	<u>8,608</u>	<u>59,790</u>	<u>-</u>	<u>222</u>
-	474,031	-	-	55,005	-	-
8,864	-	5,289	911	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	18,769	-	-
<u>8,864</u>	<u>474,031</u>	<u>5,289</u>	<u>911</u>	<u>73,774</u>	<u>-</u>	<u>-</u>
<u>2,571</u>	<u>(282,460)</u>	<u>(5,289)</u>	<u>7,697</u>	<u>(13,984)</u>	<u>-</u>	<u>222</u>
<u>-</u>	<u>(39,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222)</u>
<u>-</u>	<u>(39,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222)</u>
2,571	(321,667)	(5,289)	7,697	(13,984)	-	-
5,649	553,665	15,101	15,383	822,357	227,176	-
-	-	-	-	-	(227,176)	-
<u>\$ 8,220</u>	<u>\$ 231,998</u>	<u>\$ 9,812</u>	<u>\$ 23,080</u>	<u>\$ 808,373</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

SEPTEMBER 30, 2013

	<u>Police Department Federal Forfeiture</u>	<u>Texas Tobacco Compliance Grant</u>	<u>Park Dedication Impact Fee</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	3,525	-	47,150
Intergovernmental	-	2,550	-
Miscellaneous	-	-	-
Interest	<u>239</u>	<u>-</u>	<u>130</u>
Total revenues	<u>3,764</u>	<u>2,550</u>	<u>47,280</u>
EXPENDITURES			
Current:			
General government	-	3,166	-
Public safety	37,306	-	-
Public works	-	-	-
Judicial	-	-	-
Culture and recreation	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>37,306</u>	<u>3,166</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,542)</u>	<u>(616)</u>	<u>47,280</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(33,542)</u>	<u>(616)</u>	<u>47,280</u>
FUND BALANCES, BEGINNING	168,981	2,689	87,355
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 135,439</u>	<u>\$ 2,073</u>	<u>\$ 134,635</u>

Municipal Court	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 592,977
23,339	-	142,469
-	227,060	229,610
-	98,203	139,033
-	60	2,997
<u>23,339</u>	<u>325,323</u>	<u>1,107,086</u>
-	266,802	911,051
-	19,307	72,744
-	346	346
14,811	-	14,811
-	20,480	311,287
-	-	18,769
<u>14,811</u>	<u>306,935</u>	<u>1,329,008</u>
<u>8,528</u>	<u>18,388</u>	<u>(221,922)</u>
<u>-</u>	<u>-</u>	<u>(39,429)</u>
<u>-</u>	<u>-</u>	<u>(39,429)</u>
8,528	18,388	(261,351)
84,409	103,574	2,332,541
-	-	(227,176)
<u>\$ 92,937</u>	<u>\$ 121,962</u>	<u>\$ 1,844,014</u>

CITY OF WAXAHACHIE, TEXAS

HOTEL/MOTEL TAX

**SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other taxes	\$ 380,000	\$ 380,000	\$ 411,316	\$ 31,316
Miscellaneous	6,000	6,000	4,526	(1,474)
Interest	<u>300</u>	<u>300</u>	<u>241</u>	<u>(59)</u>
Total revenues	<u>386,300</u>	<u>386,300</u>	<u>416,083</u>	<u>29,783</u>
EXPENDITURES				
Current:				
General government				
Economic development	95,000	95,000	102,829	(7,829)
Culture and recreation	<u>291,000</u>	<u>291,130</u>	<u>290,807</u>	<u>323</u>
Total expenditures	<u>386,000</u>	<u>386,130</u>	<u>393,636</u>	<u>(7,506)</u>
NET CHANGE IN FUND BALANCES	300	170	22,447	22,277
FUND BALANCES, BEGINNING	<u>205,191</u>	<u>205,191</u>	<u>205,191</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 205,491</u>	<u>\$ 205,361</u>	<u>\$ 227,638</u>	<u>\$ 22,277</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

SEPTEMBER 30, 2013

	<u>Tax Increment</u>	<u>Water District</u>	<u>Total Nonmajor Debt Service Funds</u>
ASSETS			
Receivables (net of allowances for uncollectibles):			
Taxes	\$ <u>-</u>	\$ <u>2,310</u>	\$ <u>2,310</u>
Total assets	\$ <u>-</u>	\$ <u>2,310</u>	\$ <u>2,310</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 174	\$ -	\$ 174
Deferred revenue	\$ <u>-</u>	\$ <u>2,213</u>	\$ <u>2,213</u>
Total liabilities	<u>174</u>	<u>2,213</u>	<u>2,387</u>
Fund balances:			
Restricted for:			
Debt service	-	97	97
Unassigned	<u>(174)</u>	<u>-</u>	<u>(174)</u>
Total fund balances	<u>(174)</u>	<u>97</u>	<u>(77)</u>
Total liabilities and fund balances	\$ <u>-</u>	\$ <u>2,310</u>	\$ <u>2,310</u>

CITY OF WAXAHACHIE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR DEBT SERVICE FUNDS

SEPTEMBER 30, 2013

	<u>Tax Increment</u>	<u>Water District</u>	<u>Total Nonmajor Debt Service Funds</u>
REVENUES			
Taxes	\$ 97,843	\$ 660	\$ 98,503
Interest	<u>-</u>	<u>7</u>	<u>7</u>
Total revenues	<u>97,843</u>	<u>667</u>	<u>98,510</u>
EXPENDITURES			
Debt service:			
Principal	71,507	-	71,507
Interest	<u>65,717</u>	<u>-</u>	<u>65,717</u>
Total expenditures	<u>137,224</u>	<u>-</u>	<u>137,224</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,381)</u>	<u>667</u>	<u>(38,714)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	39,207	-	39,207
Transfers out	<u>-</u>	<u>(575)</u>	<u>(575)</u>
Total other financing sources (uses)	<u>39,207</u>	<u>(575)</u>	<u>38,632</u>
NET CHANGE IN FUND BALANCES	<u>(174)</u>	<u>92</u>	<u>(82)</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>5</u>	<u>5</u>
FUND BALANCES, ENDING	<u><u>\$ (174)</u></u>	<u><u>\$ 97</u></u>	<u><u>\$ (77)</u></u>

CITY OF WAXAHACHIE, TEXAS

DEBT SERVICE

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 5,058,000	\$ 5,058,000	\$ 5,111,945	\$ 53,945
Miscellaneous	71,500	71,500	87,352	15,852
Interest	6,000	6,000	4,463	(1,537)
Total revenues	5,135,500	5,135,500	5,203,760	68,260
EXPENDITURES				
Debt service:				
Principal	2,802,985	2,802,985	2,798,350	4,635
Interest	1,935,725	1,929,315	1,943,878	(14,563)
Total expenditures	4,738,710	4,732,300	4,742,228	(9,928)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	396,790	403,200	461,532	58,332
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	396,790	403,200	461,532	58,332
FUND BALANCES, BEGINNING	1,617,763	1,617,763	1,617,763	-
FUND BALANCES, ENDING	\$ 2,014,553	\$ 2,020,963	\$ 2,079,295	\$ 58,332

CITY OF WAXAHACHIE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2013

	<u>2007 Bond Construction</u>	<u>2009 Bond Construction</u>	<u>2009 Bond Construction Tax Increment</u>
ASSETS			
Cash and investments	\$ 39,402	\$ 32,440	\$ 115,267
Receivables (net of allowances for uncollectibles):			
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>39,402</u>	<u>32,440</u>	<u>115,267</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>24,675</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>24,675</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Capital projects	<u>14,727</u>	<u>32,440</u>	<u>115,267</u>
Total fund balances	<u>14,727</u>	<u>32,440</u>	<u>115,267</u>
Total liabilities and fund balances	<u>\$ 39,402</u>	<u>\$ 32,440</u>	<u>\$ 115,267</u>

<u>2011 Bond Firehouse Construction</u>	<u>2013 Street and Drainage Bond Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 83,891	\$ 3,472,848	\$ 3,743,848
<u>-</u>	<u>16,465</u>	<u>16,465</u>
<u>83,891</u>	<u>3,489,313</u>	<u>3,760,313</u>
<u>-</u>	<u>150,530</u>	<u>175,205</u>
<u>-</u>	<u>150,530</u>	<u>175,205</u>
<u>83,891</u>	<u>3,338,783</u>	<u>3,585,108</u>
<u>83,891</u>	<u>3,338,783</u>	<u>3,585,108</u>
<u>\$ 83,891</u>	<u>\$ 3,489,313</u>	<u>\$ 3,760,313</u>

CITY OF WAXAHACHIE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2013

	<u>2007 Bond Construction</u>	<u>2009 Bond Construction</u>	<u>2009 Bond Construction Tax Increment</u>
REVENUES			
Interest	\$ 382	\$ 47	\$ 169
Total revenues	<u>382</u>	<u>47</u>	<u>169</u>
EXPENDITURES			
Current:			
Public works	268,780	-	-
Debt service:			
Bond issuance costs	-	-	-
Capital Outlay	<u>96,654</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>365,434</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(365,052)</u>	<u>47</u>	<u>169</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	-
Premium on bonds issued	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(365,052)</u>	<u>47</u>	<u>169</u>
FUND BALANCES, BEGINNING	<u>379,779</u>	<u>32,393</u>	<u>115,098</u>
FUND BALANCES, ENDING	<u>\$ 14,727</u>	<u>\$ 32,440</u>	<u>\$ 115,267</u>

<u>2011 Bond Firehouse Construction</u>	<u>2013 Street and Drainage Bond Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>176</u>	<u>571</u>	\$ <u>1,345</u>
<u>176</u>	<u>571</u>	<u>1,345</u>
-	335,596	604,376
-	92,987	92,987
<u>43,630</u>	<u>1,320,081</u>	<u>1,460,365</u>
<u>43,630</u>	<u>1,748,664</u>	<u>2,157,728</u>
(<u>43,454</u>)	(<u>1,748,093</u>)	(<u>2,156,383</u>)
-	4,920,000	4,920,000
<u>-</u>	<u>189,451</u>	<u>189,451</u>
<u>-</u>	<u>5,109,451</u>	<u>5,109,451</u>
(<u>43,454</u>)	3,361,358	2,953,068
<u>127,345</u>	(<u>22,575</u>)	<u>632,040</u>
<u>\$ 83,891</u>	<u>\$ 3,338,783</u>	<u>\$ 3,585,108</u>