

City of Waxahachie, Texas



ANNUAL FINANCIAL REPORT

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
SEPTEMBER 30, 2009**

PR&H

PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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CITY OF WAXACHIE, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Prepared by:
Department of Finance

Charles Harris, CPA
Director of Finance

Gail Turner, CPA
Assistant Director of Finance

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2009

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor
and Members of City Council
City of Waxahachie, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waxahachie, Texas, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Waxahachie, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waxahachie, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison schedules on pages 3 through 11 and 56 through 60, identified as Required Supplementary Information in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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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 fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

June 8, 2011

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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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, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

At September 30, 2009, the City's total combined net assets were \$116,867,274. Of this amount, \$39,060,573 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors).

The City's total net assets decreased by \$189,051, and increased by \$14,591,575 due to the prior period adjustment to add the capital assets of the Ellis County Water Control and Improvement District No.1.

At the end of the fiscal year, the total fund balance of all governmental funds was \$18,411,137, down \$169,219 from the prior year. The majority of the decrease was due to a reduction in the fund balance of the 2007 Bond Construction program; an expected trend, as projects funded by the 2007 bond issuance were underway and completed throughout the period.

As of the close of the current fiscal year, unreserved fund balance for the General Fund was \$6,706,463, or about 34% 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

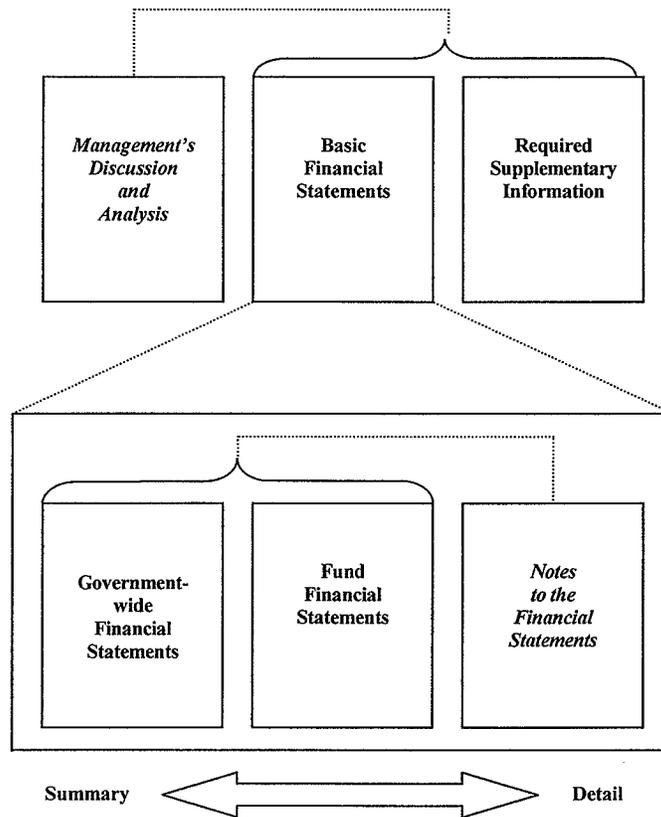


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of 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 Assets. Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Fund Balances	Statement of Net Assets, Statement of Revenues, Expenditures and Changes in Fund Net Assets.	Statement of Changes in Fiduciary Net Assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>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 assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- 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 11 – 13 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 of 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Waxahachie, assets exceeded liabilities by \$116,867,274.

The largest portion of the City's net assets (66%) reflects its investment in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (less than 1%) represents resources that are subject to external restrictions on how they may have to be used. The remaining balance of unrestricted net assets (33%) may be used to meet the government's ongoing obligations to citizens and creditors.

TABLE 1

CITY OF WAXAHACHIE'S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 26,839,764	\$ 26,703,778	\$ 17,772,593	\$ 19,662,768	\$ 44,612,357	\$ 46,366,546
Capital assets	88,120,115	65,595,478	90,588,150	91,778,264	178,708,265	157,373,742
Total assets	<u>114,959,879</u>	<u>92,299,256</u>	<u>108,360,743</u>	<u>111,441,032</u>	<u>223,320,622</u>	<u>203,740,288</u>
Long-term liabilities	52,290,844	45,423,750	50,070,825	51,677,609	102,361,669	97,101,359
Other liabilities	2,754,888	2,569,711	1,336,791	1,604,468	4,091,679	4,174,179
Total liabilities	<u>55,045,732</u>	<u>47,993,461</u>	<u>51,407,616</u>	<u>53,282,077</u>	<u>106,453,348</u>	<u>101,275,538</u>
Net assets:						
Invested in capital assets, net of related debt	38,017,615	31,778,039	39,291,671	50,540,603	77,309,286	82,318,642
Restricted	497,415	877,328	-	-	497,415	877,328
Unrestricted	<u>21,399,117</u>	<u>11,650,428</u>	<u>17,661,456</u>	<u>7,618,352</u>	<u>39,060,573</u>	<u>19,268,780</u>
Total net assets	<u>\$ 59,914,147</u>	<u>\$ 44,305,795</u>	<u>\$ 56,953,127</u>	<u>\$ 58,158,955</u>	<u>\$ 116,867,274</u>	<u>\$ 102,464,750</u>

The following table provides a summary of the City's operations for the year ended September 30, 2009. Total governmental activities increased by \$1,016,777. Overall, 2009 fiscal year expenses decreased by \$1,463,769, or about 3% over the prior fiscal year. The business-type activities expenses increased \$340,727 (2.5%), while the governmental activities expenses decreased by \$1,804,496 (6.1%). Notable changes between 2008 and 2009 fiscal year expenses are the in the increases in the general government (governmental activities) and water (business-type activities) categories and decreases in the public works category (governmental activity).

TABLE 2

CITY OF WAXAHACHIE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,604,293	\$ 3,390,292	\$ 13,392,727	\$ 12,435,670	\$ 15,997,020	\$ 15,825,962
Operating grants and contributions	213,282	394,623	-	-	213,282	394,623
Capital grants and contributions	468,290	4,198,969	202,299	2,126,570	670,589	6,325,539
General revenues:						
Property taxes	13,124,925	12,669,114	-	-	13,124,925	12,669,114
Sales taxes	7,673,955	7,928,616	-	-	7,673,955	7,928,616
Other	3,979,798	4,326,829	233,499	1,009,845	4,213,297	5,336,674
Total revenues	<u>28,064,543</u>	<u>32,908,443</u>	<u>13,828,525</u>	<u>15,572,085</u>	<u>41,893,068</u>	<u>48,480,528</u>
Expenses:						
General government	4,819,598	4,426,264	-	-	4,819,598	4,426,264
Public safety	12,059,970	12,438,929	-	-	12,059,970	12,438,929
Public works	6,068,534	7,972,780	-	-	6,068,534	7,972,780
Culture and recreation	2,617,727	2,600,441	-	-	2,617,727	2,600,441
Interest on long-term debt	2,277,204	2,209,115	-	-	2,277,204	2,209,115
Water	-	-	8,205,547	7,629,661	8,205,547	7,629,661
Wastewater	-	-	4,970,654	5,294,704	4,970,654	5,294,704
Refuse services	-	-	1,062,885	973,994	1,062,885	973,994
Total expenses	<u>27,843,033</u>	<u>29,647,529</u>	<u>14,239,086</u>	<u>13,898,359</u>	<u>42,082,119</u>	<u>43,545,888</u>
Increases in net assets						
before transfers	221,510	3,260,914	(410,561)	1,673,726	(189,051)	4,934,640
Transfers	<u>795,267</u>	<u>970,476</u>	<u>(795,267)</u>	<u>(970,476)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	1,016,777	4,231,390	(1,205,828)	703,250	(189,051)	4,934,640
Net assets, beginning	44,305,795	40,074,405	58,158,955	57,455,705	102,464,750	97,530,110
Prior Period Adjustment	<u>14,591,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,591,575</u>	<u>-</u>
Net assets, ending	<u>\$ 59,914,147</u>	<u>\$ 44,305,795</u>	<u>\$ 56,953,127</u>	<u>\$ 58,158,955</u>	<u>\$ 116,867,274</u>	<u>\$ 102,464,750</u>

Governmental Activities

Governmental activities increased the City's net assets by \$1,016,777.

Public works expenses decreased by about \$1,904,246. Indicative of the City's emphasis on expanded street improvement efforts in 2008, the Street Department's 2009 operating budget was reduced by about \$1 million from the prior year's appropriation.

Business-type Activities

Business-type activities decreased the City's net assets by \$1,205,828.

Water expenses increased by \$575,886. A large portion of this increase in expenses is associated with the loss on joint venture for the Sokoll Water Treatment Plant of \$1,136,096, an increase of approximately \$645,000 over the previous fiscal year. This loss is expected to decrease as Sokoll begins operations in 2010.

Wastewater expenses decreased by \$324,050. This decrease is due mainly to a decrease in various repair and maintenance expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The City's General Fund reported an ending unreserved, undesignated fund balance of \$6,706,463, an increase of \$1,685,928, compared with the previous fiscal year. Original budgetary projections had projected an increase in fund balance of \$483,310. Most departments spent less than originally budgeted, which offset the main revenue shortfalls related to electric and gas franchise payments (approximately \$330,000) and sales tax collections (approximately \$1,000,000).

The City's Debt Service Fund saw its fund balance rise from zero to \$457,636. The original budget (adopted prior to the conclusion of the 2008 fiscal year) had proposed to bring this balance down to \$162,032; however, more tax revenue was collected than originally expected.

Proprietary Funds

The City's Water and Wastewater Funds reported unrestricted ending net assets of \$8,139,370 and \$8,911,943, respectively. The net assets of the Water Fund decreased due to its portion of the debt service payments for the Robert W. Sokoll Water Treatment Plant Joint Venture with Rockett Special Utility District, which is under construction. The Wastewater Fund's net assets increased overall, primarily as a result of developer contributions of system infrastructure in new subdivisions and retail developments.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Total expenditures were increased by \$40,738 (6%) to budget for various additional expenditures.
- Total culture and recreation and public works expenditures were increased by \$27,159 (less than 1%) to budget for additional environmental health and parks and recreation expenditures.

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, 2009, amounts to \$178,708,265 (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 \$1,770,000 on construction of the new Senior Citizens Center.
- Approximately \$3,790,000 on construction of a city parking garage.
- Approximately \$7,240,000 was spent on street drainage and water and wastewater lines located throughout the City.
- Developers donated approximately \$670,000 worth of improvements such as roadways, sidewalks, and drainage improvements.

Debt Administration

During fiscal year 2009, the City issued \$10,220,000 in Combination Tax and Revenue Certificates of Obligation Bonds. Several major projects are to be funded with these bond proceeds, including the construction of the City's parking garage and other municipal improvements.

ECONOMIC OUTLOOK

In this coming fiscal year, the City's budget will continue to be impacted by the economic downturn. In light of the fact that neither the scale nor the duration of the recession can be precisely predicted, the general budgetary approach for the 2010 fiscal year was accompanied by an especially high degree of conservatism. In the fiscal year 2010 budget, General Fund revenues and transfers are budgeted to decrease by about 10% from the original 2009 budget. This 2010 budget revenue figure is about 2.5% less than actual 2009 fiscal year revenues and transfers in.

Ad valorem taxes and sales taxes each represent approximately one-third of general fund revenues. Although certified valuations, including estimated values on properties under protest, rose by about 3%, budgeted ad valorem tax revenues were trimmed about 4% below actual 2009 fiscal year collections. This approach is viewed to be a conservative response in the event that collection percentages begin to decline as a result of the economic downturn. Budgeted sales tax collections were also conservatively scaled back by about 3% compared to 2009 fiscal year actual collections.

Despite the weak economy, the wastewater utility remains profitable. For 2010 it is anticipated that wastewater revenues will remain almost flat (with a budgeted increase of less than 1% compared to the 2009 budget). The 2010 Budget trimmed about 5% off of total budgeted 2009 wastewater expenditures; a reduction that should provide an additional buffer against the potential impact of curtailed customer demand.

The water utility was not profitable during 2009. For the 2010 fiscal year the City increased rates by approximately 8% and budgeted transfers in of about 4.8 million dollars – mostly from the wastewater fund and the Water District. This figure represents an increase in transfers over the prior year of almost 2 million dollars. It is anticipated that water rates will need to increase for the next 4 – 5 years. This should allow the City to scale back on transfers in over the course of this period. In the interim, it is anticipated that the equity available in the wastewater fund will be adequate to eliminate any gap between the water fund's operating revenues, less operating expenses.

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 (972) 937-7330, x130, Finance Department, City of Waxahachie, Texas 75168-0757. Email: charris@waxahachie.com.

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF WAXAHACHIE, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 18,623,887	\$ 5,973,298	\$ 24,597,185	\$ 6,924,656
Receivables (net of allowances for uncollectibles)	1,666,020	1,612,231	3,278,251	4,816
Intergovernmental	1,245,975	-	1,245,975	409,384
Inventories	-	83,989	83,989	-
Prepaid items	10,133	36,158	46,291	4,666
Restricted assets:				
Cash and investments	-	7,414,899	7,414,899	-
Deferred charges	593,203	321,195	914,398	433,893
Equity in joint venture	4,700,546	1,144,573	5,845,119	-
Intangible assets	-	1,186,250	1,186,250	-
Capital assets (net, where applicable, of accumulated depreciation):				
Land	7,899,982	571,413	8,471,395	575,679
Buildings	16,693,059	9,277,324	25,970,383	9,909,477
Improvements other than buildings	10,541,543	78,435,848	88,977,391	3,176,312
Machinery and equipment	1,118,459	393,021	1,511,480	34,519
Vehicles	1,081,183	433,712	1,514,895	7,101
Infrastructure	39,404,286	-	39,404,286	-
Construction in progress	11,381,603	1,476,832	12,858,435	3,740,639
Total assets	<u>114,959,879</u>	<u>108,360,743</u>	<u>223,320,622</u>	<u>25,221,142</u>
LIABILITIES				
Accounts payable	968,452	321,073	1,289,525	34,048
Other payables	415,498	-	415,498	1,114,115
Accrued liabilities	593,271	92,281	685,552	25,455
Due to other governments	239,750	-	239,750	-
Accrued interest payable	537,917	368,422	906,339	163,654
Customer deposits	-	554,735	554,735	41,520
Accounts payable from restricted assets	-	280	280	-
Noncurrent liabilities:				
Due within one year	2,903,203	1,487,246	4,390,448	563,413
Due in more than one year	<u>49,387,642</u>	<u>48,583,579</u>	<u>97,971,221</u>	<u>21,769,699</u>
Total liabilities	<u>55,045,732</u>	<u>51,407,616</u>	<u>106,453,348</u>	<u>23,711,904</u>
NET ASSETS				
Invested in capital assets, net of related debt	38,017,615	39,291,671	77,309,286	1,109,289
Restricted for:				
Debt service	497,415	-	497,415	1,393,525
Unrestricted	<u>21,399,117</u>	<u>17,661,456</u>	<u>39,060,573</u>	<u>(993,576)</u>
Total net assets	<u>\$ 59,914,147</u>	<u>\$ 56,953,127</u>	<u>\$ 116,867,274</u>	<u>\$ 1,509,238</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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,819,598	\$ 1,358,687	\$ 10,615	\$ -
Public safety	12,059,970	718,695	168,066	-
Public works	6,068,534	475,618	-	468,290
Culture and recreation	2,617,727	26,198	34,601	-
Judicial	-	25,095	-	-
Interest on long-term debt	2,277,204	-	-	-
Total governmental activities	<u>27,843,033</u>	<u>2,604,293</u>	<u>213,282</u>	<u>468,290</u>
Business-type activities:				
Water utility	8,205,547	6,675,355	-	116,528
Wastewater utility	4,970,654	5,525,285	-	85,771
Refuse service	1,062,885	1,192,087	-	-
Total business-type activities	<u>14,239,086</u>	<u>13,392,727</u>	<u>-</u>	<u>202,299</u>
Total primary government	<u>\$ 42,082,119</u>	<u>\$ 15,997,020</u>	<u>\$ 213,282</u>	<u>\$ 670,589</u>
Component unit				
Waxahachie Community Development Corporation	\$ 4,515,879	\$ 550,280	\$ -	\$ -
Total component unit	<u>\$ 4,515,879</u>	<u>\$ 550,280</u>	<u>\$ -</u>	<u>\$ -</u>
		General revenues:		
		Property taxes		
		Sales taxes		
		Franchise taxes		
		Other taxes		
		Miscellaneous		
		Unrestricted investment earnings		
		Gain (loss) on disposal of capital assets		
		Transfers		
		Total general revenues		
		Change in net assets		
		Net assets, beginning		
		Prior period adjustment		
		Net assets, ending		

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$(3,450,296)	\$ -	\$(3,450,296)	\$ -
(11,173,209)	-	(11,173,209)	-
(5,124,626)	-	(5,124,626)	-
(2,556,928)	-	(2,556,928)	-
25,095	-	25,095	-
(2,277,204)	-	(2,277,204)	-
(24,557,168)	-	(24,557,168)	-
-	(1,413,664)	(1,413,664)	-
-	640,402	640,402	-
-	129,202	129,202	-
-	(644,060)	(644,060)	-
(24,557,168)	(644,060)	(25,201,228)	-
-	-	-	(3,965,599)
-	-	-	(3,965,599)
13,124,925	-	13,124,925	-
7,673,955	-	7,673,955	2,557,986
2,792,728	-	2,792,728	-
384,510	-	384,510	-
624,132	64,524	688,656	6,967
213,189	168,975	382,164	118,214
(34,761)	-	(34,761)	-
795,267	(795,267)	-	-
25,573,945	(561,768)	25,012,177	2,683,167
1,016,777	(1,205,828)	(189,051)	(1,282,432)
44,305,795	58,158,955	102,464,750	2,791,670
14,591,575	-	14,591,575	-
\$ 59,914,147	\$ 56,953,127	\$ 116,867,274	\$ 1,509,238

CITY OF WAXAHACHIE, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	General	Debt Service	2007 Bond Construction	2009 Bond Construction	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 6,190,279	\$ 444,943	\$ 2,417,409	\$ 3,824,909	\$ 5,746,347	\$ 18,623,887
Receivables (net of allowances for uncollectibles):						
Taxes	198,332	142,349	-	-	8,829	349,510
Accounts	282	-	-	-	-	282
Fines	591,231	-	-	-	-	591,231
Other	119,293	79,879	-	-	73,201	272,373
Intergovernmental	1,245,975	-	-	-	-	1,245,975
Prepaid items	7,035	3,098	-	-	-	10,133
Total assets	<u>\$ 8,352,427</u>	<u>\$ 670,269</u>	<u>\$ 2,417,409</u>	<u>\$ 3,824,909</u>	<u>\$ 5,828,377</u>	<u>\$ 21,093,391</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	293,539	-	647,506	-	27,407	968,452
Other payables	263,340	-	-	152,158	-	415,498
Accrued liabilities	593,271	-	-	-	-	593,271
Accrued interest payable	-	22,778	-	-	3,918	26,696
Due to other governments	239,750	-	-	-	-	239,750
Deferred revenue	240,839	189,855	-	-	7,893	438,587
Total liabilities	<u>1,630,739</u>	<u>212,633</u>	<u>647,506</u>	<u>152,158</u>	<u>39,218</u>	<u>2,682,254</u>
Fund balances:						
Reserved for:						
Prepays	7,035	-	-	-	-	7,035
Encumbrances	8,190	-	-	-	-	8,190
Debt service	-	457,636	-	-	39,779	497,415
Perpetual care	-	-	-	-	681,173	681,173
Industrial development	-	-	-	-	227,176	227,176
Municipal court judicial efficiency	-	-	-	-	17,686	17,686
Municipal court technology	-	-	-	-	90,860	90,860
Municipal court security	-	-	-	-	23,647	23,647
Municipal court judicial	-	-	-	-	4,511	4,511
Unreserved, reported in:						
General fund	6,706,463	-	-	-	-	6,706,463
Special revenue funds	-	-	-	-	3,209,414	3,209,414
Capital projects funds	-	-	1,769,903	3,672,751	1,494,913	6,937,567
Total fund balances	<u>6,721,688</u>	<u>457,636</u>	<u>1,769,903</u>	<u>3,672,751</u>	<u>5,789,159</u>	<u>18,411,137</u>
Total liabilities and fund balances	<u>\$ 8,352,427</u>	<u>\$ 670,269</u>	<u>\$ 2,417,409</u>	<u>\$ 3,824,909</u>	<u>\$ 5,828,377</u>	<u>\$ 21,093,391</u>

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 ASSETS**

SEPTEMBER 30, 2009

Total fund balances - governmental funds balance sheet	\$ 18,411,137
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	88,120,115
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	267,259
Payables for bond principal which are not due in the current period are not reported in the funds.	(49,518,244)
Payables for capital leases which are not due in the current period are not reported in the funds.	(548,669)
Payables for bond interest which are not due in the current period are not reported in the funds.	(511,221)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(2,106,362)
Payables for contracts which are not due in the current period are not reported in the funds.	(117,569)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	673,082
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	91,449
Franchise taxes receivable unavailable to pay for current period expenditures are not accrued in the funds.	452,624
Equity in a joint venture is not reported in the funds.	<u>4,700,546</u>
Net assets of governmental activities - statement of net assets	\$ <u>59,914,147</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, 2009

	<u>General</u>	<u>Debt Service</u>	<u>2007 Bond Construction</u>	<u>2009 Bond Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 18,478,081	\$ 5,047,100	\$ -	\$ -	\$ 565,620	\$ 24,090,801
Charges for services	220,554	-	-	-	1,393,942	1,614,496
Licenses and permits	458,740	-	-	-	-	458,740
Fines and forfeitures	483,941	-	-	-	-	483,941
Intergovernmental	156,259	-	86,603	-	8,027	250,889
Miscellaneous	129,873	73,007	145,550	-	52,063	400,493
Interest	54,413	5,234	81,219	22,701	49,622	213,189
Total revenues	<u>19,981,861</u>	<u>5,125,341</u>	<u>313,372</u>	<u>22,701</u>	<u>2,069,274</u>	<u>27,512,549</u>
EXPENDITURES						
Current:						
General government	3,046,777	-	-	-	1,044,159	4,090,936
Public safety	11,767,976	-	-	-	1,506	11,769,482
Public works	2,671,580	-	262,623	-	-	2,934,203
Culture and recreation	2,400,638	-	-	-	-	2,400,638
Capital outlay	-	-	8,013,152	3,784,950	9,173	11,807,275
Debt service:						
Principal	-	2,784,205	-	-	990,398	3,774,603
Interest	-	1,888,581	-	-	37,672	1,926,253
Bond issuance cost	-	-	-	230,442	39,640	270,082
Total expenditures	<u>19,886,971</u>	<u>4,672,786</u>	<u>8,275,775</u>	<u>4,015,392</u>	<u>2,122,548</u>	<u>38,973,472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>94,890</u>	<u>452,555</u>	<u>(7,962,403)</u>	<u>(3,992,691)</u>	<u>(53,274)</u>	<u>(11,460,923)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	795,267	5,081	-	-	475,586	1,275,934
Transfers out	(111,402)	-	-	(5,081)	(364,184)	(480,667)
Proceeds from the issuance of debt	-	-	1,285,000	7,670,523	1,540,514	10,496,037
Sale of capital assets	-	-	-	-	400	400
Total other financing sources (uses)	<u>683,865</u>	<u>5,081</u>	<u>1,285,000</u>	<u>7,665,442</u>	<u>1,652,316</u>	<u>11,291,704</u>
NET CHANGE IN FUND BALANCES	778,755	457,636	(6,677,403)	3,672,751	1,599,042	(169,219)
FUND BALANCES, BEGINNING	<u>5,942,933</u>	<u>-</u>	<u>8,447,306</u>	<u>-</u>	<u>4,190,117</u>	<u>18,580,356</u>
FUND BALANCES, ENDING	<u>\$ 6,721,688</u>	<u>\$ 457,636</u>	<u>\$ 1,769,903</u>	<u>\$ 3,672,751</u>	<u>\$ 5,789,159</u>	<u>\$ 18,411,137</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, 2009

Net change in fund balances - total governmental funds	\$(169,219)
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.	12,317,004
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,774,173)
Trade-in or disposal of capital assets decrease net assets in the statement of activities but not in the funds.	(35,161)
Donations of capital assets increase net assets in the statement of activities but not in the funds.	467,599
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(53,474)
Revenues in the statement of activities not providing current financial resources are not reported as revenues in the funds.	94,193
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	3,509,806
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the statement of activities.	259,213
Repayment of loan principal is an expenditure in the funds but is not an expense in the statement of activities.	5,584
Bond issuance costs and similar items are amortized in the statement of activities but not in the funds.	135,056
The accretion of interest on capital appreciation bonds is not reported in the funds.	(14,431)
(Increase) decrease in accrued interest from beginning of period to end of period.	(201,494)
Compensated absences are reported as the amount earned in the statement of activities but as the amount paid in the funds.	(106,126)
Revenues in the statement of activities for court fines not providing current financial resources are not reported in the funds.	(207)
Revenues in the statement of activities for franchise taxes not providing current financial resources are not reported in the funds.	(61,209)
Proceeds of bonds do not provide revenue in the statement of activities, but are reported as current resources in the funds.	(10,220,000)
Bond premiums and discounts are reported in the funds but not in the statement of activities.	(276,037)
Change in joint venture equity is not reported in the funds.	<u>139,853</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 1,016,777</u>

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

CITY OF WAXAHACHIE, TEXAS
STATEMENT OF NET ASSETS - ENTERPRISE FUNDS
SEPTEMBER 30, 2009

	Enterprise Fund		Nonmajor Enterprise	Total Enterprise
	Water Utility	Wastewater Utility	Refuse Services	Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 5,443,482	\$ 529,816	\$ 5,973,298
Receivables (net of allowances for uncollectibles)				
Accounts receivable	770,002	678,840	163,389	1,612,231
Other receivables	-	-	-	-
Inventories	83,989	-	-	83,989
Prepaid items	21,458	14,700	-	36,158
Restricted assets:				
Cash and investments	5,129,504	2,285,395	-	7,414,899
Total current assets	<u>6,004,953</u>	<u>8,422,417</u>	<u>693,205</u>	<u>15,120,575</u>
Noncurrent assets:				
Deferred charges and other assets	144,445	176,750	-	321,195
Equity in joint venture	1,144,573	-	-	1,144,573
Intangible assets	1,186,250	-	-	1,186,250
Capital assets:				
Land	275,474	212,290	83,649	571,413
Buildings	17,426,551	7,712,938	-	25,139,489
Improvements other than buildings	64,176,234	42,892,229	-	107,068,463
Machinery and equipment	465,609	486,708	142,396	1,094,713
Vehicles	509,986	803,308	19,336	1,332,630
Construction in progress	649,715	827,117	-	1,476,832
Accumulated depreciation	(31,088,260)	(14,928,210)	(78,920)	(46,095,390)
Total noncurrent assets	<u>54,890,577</u>	<u>38,183,130</u>	<u>166,461</u>	<u>93,240,168</u>
Total assets	<u>60,895,530</u>	<u>46,605,547</u>	<u>859,666</u>	<u>108,360,743</u>
LIABILITIES				
Current liabilities:				
Accounts payable	164,685	89,422	66,966	321,073
Accrued liabilities	43,561	45,246	3,474	92,281
Compensated absences payable - current	15,757	9,804	3,156	28,717
Accrued interest payable	186,508	181,914	-	368,422
General obligation bonds payable - current	34,234	66,219	-	100,453
Certificates of obligation bonds payable - current	723,265	634,811	-	1,358,076
Customer deposits	309,335	245,400	-	554,735
Accounts payable from restricted assets	280	-	-	280
Total current liabilities	<u>1,477,625</u>	<u>1,272,816</u>	<u>73,596</u>	<u>2,824,037</u>
Noncurrent liabilities:				
General obligation bonds payable	8,985,127	17,379,936	-	26,365,063
Certificates of obligation bonds payable	15,938,852	7,855,230	-	23,794,082
Premium (Discount) on bonds payable	(78,392)	(182,276)	-	(260,668)
Deferred loss on refunding bonds payable	(492,601)	(908,449)	-	(1,401,050)
Compensated absences payable	47,273	29,413	9,467	86,152
Total noncurrent liabilities	<u>24,400,259</u>	<u>24,173,854</u>	<u>9,467</u>	<u>48,583,579</u>
Total liabilities	<u>25,877,884</u>	<u>25,446,670</u>	<u>83,062</u>	<u>51,407,616</u>
NET ASSETS				
Invested in capital assets, net of related debt	26,878,276	12,246,934	166,461	39,291,671
Unrestricted	8,139,370	8,911,943	610,143	17,661,456
Total net assets	<u>\$ 35,017,646</u>	<u>\$ 21,158,877</u>	<u>\$ 776,604</u>	<u>\$ 56,953,127</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 ASSETS - ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Enterprise Fund		Nonmajor Enterprise	Total Enterprise Funds
	Water Utility	Wastewater Utility	Refuse Services	
OPERATING REVENUES				
Charges for services	\$ 6,675,355	\$ 5,525,285	\$ 1,192,087	\$ 13,392,727
Total operating revenues	<u>6,675,355</u>	<u>5,525,285</u>	<u>1,192,087</u>	<u>13,392,727</u>
OPERATING EXPENSES				
Cost of sales and services	3,925,908	2,620,037	1,048,644	7,594,589
Depreciation and amortization	<u>1,942,371</u>	<u>1,166,130</u>	<u>14,241</u>	<u>3,122,742</u>
Total operating expenses	<u>5,868,279</u>	<u>3,786,167</u>	<u>1,062,885</u>	<u>10,717,331</u>
OPERATING INCOME (LOSS)	<u>807,076</u>	<u>1,739,118</u>	<u>129,202</u>	<u>2,675,396</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	195	264	-	459
Interest revenue	81,729	82,519	4,727	168,975
Miscellaneous income	24,914	30,431	9,179	64,524
Gain (loss) on joint venture	(1,136,096)	-	-	(1,136,096)
Interest expense	<u>(1,201,172)</u>	<u>(1,184,487)</u>	<u>-</u>	<u>(2,385,659)</u>
Total nonoperating revenues (expenses)	<u>(2,230,430)</u>	<u>(1,071,273)</u>	<u>13,906</u>	<u>(3,287,797)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(1,423,354)</u>	<u>667,845</u>	<u>143,108</u>	<u>(612,401)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Capital contributions	116,333	85,507	-	201,840
Transfers out	<u>(460,500)</u>	<u>(334,767)</u>	<u>-</u>	<u>(795,267)</u>
Total transfers and capital contributions	<u>(344,167)</u>	<u>(249,260)</u>	<u>-</u>	<u>(593,427)</u>
CHANGE IN NET ASSETS	<u>(1,767,521)</u>	<u>418,585</u>	<u>143,108</u>	<u>(1,205,828)</u>
NET ASSETS, BEGINNING	<u>36,785,167</u>	<u>20,740,292</u>	<u>633,496</u>	<u>58,158,955</u>
NET ASSETS, ENDING	<u>\$ 35,017,646</u>	<u>\$ 21,158,877</u>	<u>\$ 776,604</u>	<u>\$ 56,953,127</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, 2009

	Enterprise Fund		Nonmajor Enterprise	Total Enterprise Funds
	Water Utility	Wastewater Utility	Refuse Services	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 6,689,157	\$ 5,431,331	\$ 1,177,883	\$ 13,298,371
Cash payments to employees for services	(1,542,116)	(1,452,715)	(114,784)	(3,109,615)
Cash payments to other suppliers for goods and services	(2,568,279)	(1,233,568)	(978,358)	(4,780,205)
Net cash provided (used) by operating activities	<u>2,578,762</u>	<u>2,745,048</u>	<u>84,741</u>	<u>5,408,551</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers and payments to other funds	(460,500)	(334,767)	-	(795,267)
Net cash provided (used) from nonoperating financing activities	<u>(460,500)</u>	<u>(334,767)</u>	<u>-</u>	<u>(795,267)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal repayments on bonds	(932,496)	(727,696)	-	(1,660,192)
Interest and fiscal charges on debt	(1,184,805)	(1,145,612)	-	(2,330,417)
Acquisition and construction of capital assets	(872,756)	(818,873)	-	(1,691,629)
Net cash provided (used) by capital and related financing activities	<u>(2,990,057)</u>	<u>(2,692,181)</u>	<u>-</u>	<u>(5,682,238)</u>
CASH FROM INVESTING ACTIVITIES				
Investment in joint venture	(1,688,659)	-	-	(1,688,659)
Interest on investments	81,729	82,519	4,727	168,975
Net cash provided (used) by investing activities	<u>(1,606,930)</u>	<u>82,519</u>	<u>4,727</u>	<u>(1,519,684)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,478,725)	(199,381)	89,468	(2,588,638)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>7,608,229</u>	<u>7,928,258</u>	<u>440,348</u>	<u>15,976,835</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,129,504</u>	<u>\$ 7,728,877</u>	<u>\$ 529,816</u>	<u>\$ 13,388,197</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Enterprise Fund		Nonmajor Enterprise	Total
	Water Utility	Wastewater Utility	Refuse Services	Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 807,076	\$ 1,739,118	\$ 129,202	\$ 2,675,396
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,942,371	1,166,130	14,241	3,122,742
Other revenues (expenses)	25,109	30,695	9,179	64,983
Change in assets and liabilities:				
Decrease (increase) in receivables	(40,720)	(137,380)	(30,074)	(208,174)
Decrease (increase) in intergovernmental	237	18,550	6,691	25,478
Decrease (increase) in prepaid expenses	(10,077)	(6,311)	590	(15,798)
Decrease (increase) in inventories	13,435	-	-	13,435
Increase (decrease) in accounts payable	(191,103)	(51,070)	(41,534)	(283,707)
Increase (decrease) in accrued liabilities	(1,233)	5,605	(155)	4,217
Increase (decrease) in customer deposits	29,176	(5,819)	-	23,357
Increase (decrease) in compensated absences	4,491	(14,470)	(3,399)	(13,378)
Total adjustments	<u>1,771,686</u>	<u>1,005,930</u>	<u>(44,461)</u>	<u>2,733,155</u>
Net cash and cash equivalents provided (used) by operating activities	<u>\$ 2,578,762</u>	<u>\$ 2,745,048</u>	<u>\$ 84,741</u>	<u>\$ 5,408,551</u>
NONCASH ACTIVITIES				
Increase in equity in joint venture	<u>\$(1,136,096)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,136,096)</u>
Capital contributions from developers	<u>\$ 116,333</u>	<u>\$ 85,507</u>	<u>\$ -</u>	<u>\$ 201,840</u>

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

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CITY OF WAXAHACHIE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Units

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

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Unit

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

Joint Ventures

The Midlothian/Waxahachie Airport Joint Venture was created by an agreement by the City of Waxahachie and City of Midlothian, Texas, dated August 9, 1989. Under the agreement, both cities equally share ownership, rights and obligations. The City recognizes its share of equity in the joint venture in the governmental capital assets. Summary financial information of the joint venture is included elsewhere in these notes to the basic financial statements. Separate financial statements 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 for tourism (75%) and to the Waxahachie Arts Council for cultural activities (25%).

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The *2009 Bond Construction Fund* accounts for the proceeds of bonds that were issued in fiscal year 2009. The proceeds are intended to be used to fund the construction of a public parking garage, a runway expansion for the airport, various street construction and expansions, and various smaller projects.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

Special Revenue Funds account for the collection and disbursement of earmarked monies.

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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

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

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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "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 percent of outstanding property taxes at September 30, 2009.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

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.

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

Certain proceeds of Enterprise Fund certificates of obligation are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. Capital Assets

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

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

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Capital Assets (Continued)

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

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

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

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Non-civil service employees are paid for up to 480 hours of accumulated sick leave upon retirement from the City if the employee has a total 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.

7. Long-term Obligations

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Fund Equity

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that, “Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.” The details of this \$673,082 difference are as follows:

Bonds issuance costs:	
City	\$ 551,771
Tax Increment Financing Reinvestment Zone No. 1	41,432
Loan receivable recognized as income, but deferred in the funds	<u>79,879</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 673,082</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Revenues in the Statement of Activities not providing current financial resources are not reported as revenues in the funds.” The details of this \$94,193 difference are as follows:

Arbitrage liability decrease	\$ 75,696
Change in deferred contract revenue	<u>18,497</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 94,193</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2009, the City and WCDC had cash in the amount of \$4,220,475 on deposit with a bank balance of \$4,325,351. These amounts were collateralized by securities held by a third party trustee in the name of the City.

As of September 30, 2009, the City and WCDC had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Years to Maturity</u>	<u>Credit Rating</u>
Primary government			
City general investments:			
Government sponsored investment pool (LOGIC)	\$ 27,787,782	0.08	AAAm
	<u>27,787,782</u>		
Discretely presented component unit			
Waxahachie Community Development Corporation:			
Government sponsored investment pool (LOGIC)	6,924,656	0.08	AAAm
Total discretely presented component unit	<u>6,924,656</u>		
 Total reporting entity	 <u>\$ 34,712,438</u>		

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

Credit Risk. State law limits investments as described previously in Note 1 D.

Concentration of Credit Risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the fair value of the City's total investments, except for governmental investment pools.

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

(continued)

3. **DETAILED NOTES ON ALL FUNDS (Continued)**

A. Deposits and Investments (Continued)

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

Local Government Investment Cooperative (LOGIC) operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, to the extent such rule is applicable to its operations. Accordingly, LOGIC uses the amortized cost method permitted by SEC Rule 2a-7 to report net assets and share prices since that amount approximates fair value. The investment activities of LOGIC are administered by third party advisors. There is no regulatory oversight by the State of Texas over LOGIC. LOGIC has a Standard & Poor’s credit rating of AAAM.

B. 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	\$ 264,443	\$ 189,798	\$ 11,773	\$ -	\$ -	\$ -	\$ 466,014
Allowance	(66,111)	(47,449)	(2,944)	-	-	-	(116,504)
Net property taxes	<u>198,332</u>	<u>142,349</u>	<u>8,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,510</u>
Accounts receivable	9,018	-	-	1,029,321	955,021	317,893	2,311,253
Allowance	(8,736)	-	-	(259,319)	(276,181)	(154,504)	(698,740)
Net accounts receivable	<u>282</u>	<u>-</u>	<u>-</u>	<u>770,002</u>	<u>678,840</u>	<u>163,389</u>	<u>1,612,513</u>
Fines receivable	1,330,452	-	-	-	-	-	1,330,452
Allowance	(739,221)	-	-	-	-	-	(739,221)
Net fines receivable	<u>591,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,231</u>
Other receivables	119,293	79,879	73,201	-	-	-	272,373
Allowance	-	-	-	-	-	-	-
Net other receivables	<u>119,293</u>	<u>79,879</u>	<u>73,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,373</u>
Intergovernmental	\$ <u>1,245,975</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,245,975</u>

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	\$ 30,377
Uncollectibles related to wastewater services	25,502
Uncollectibles related to refuse service	<u>9,167</u>
	<u>\$ 65,046</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

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)	\$ 149,390	\$ -
Fines revenue (general fund)	91,449	-
Delinquent property taxes receivable (debt service fund)	109,976	-
Loan receivable not yet due (debt service fund)	79,879	-
Delinquent property taxes receivable (water district debt service)	<u>7,893</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 438,587</u>	<u>\$ -</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2009:

	<u>Balance 09/30/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers and Completed Construction</u>	<u>Adjustments</u>	<u>Balance 09/30/09</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 7,255,620	\$ 302,582	\$ -	\$ -	\$ 341,780	\$ 7,899,982
Construction in progress	<u>4,833,759</u>	<u>9,969,855</u>	<u>-</u>	<u>(3,422,011)</u>	<u>-</u>	<u>11,381,603</u>
Total capital assets not being depreciated	<u>12,089,379</u>	<u>10,272,437</u>	<u>-</u>	<u>(3,422,011)</u>	<u>341,780</u>	<u>19,281,585</u>
Capital assets, being depreciated:						
Buildings	6,581,489	1,919,099	-	2,964,157	17,900,167	29,364,912
Improvements other than buildings	4,574,820	-	-	-	14,347,321	18,922,141
Machinery and equipment	3,138,492	-	-	-	-	3,138,492
Vehicles	3,374,908	124,774	(318,756)	-	-	3,180,926
Infrastructure	<u>84,902,714</u>	<u>468,293</u>	<u>-</u>	<u>457,854</u>	<u>-</u>	<u>85,828,861</u>
Total capital assets being depreciated	<u>102,572,423</u>	<u>2,512,166</u>	<u>(318,756)</u>	<u>3,422,011</u>	<u>32,247,488</u>	<u>140,435,332</u>
Less accumulated depreciation for:						
Buildings	(1,312,307)	(654,184)	-	-	(10,705,362)	(12,671,853)
Improvements other than buildings	(582,136)	(463,925)	-	-	(7,334,537)	(8,380,598)
Machinery and equipment	(1,749,026)	(271,007)	-	-	-	(2,020,033)
Vehicles	(2,152,899)	(230,439)	283,595	-	-	(2,099,743)
Infrastructure	<u>(43,269,957)</u>	<u>(3,154,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,424,575)</u>
Total accumulated depreciation	<u>(49,066,325)</u>	<u>(4,774,173)</u>	<u>283,595</u>	<u>-</u>	<u>(18,039,899)</u>	<u>(71,596,802)</u>
Total capital assets being depreciated, net	<u>53,506,098</u>	<u>(2,262,007)</u>	<u>(35,161)</u>	<u>3,422,011</u>	<u>14,207,589</u>	<u>68,838,530</u>
Governmental activities capital assets, net \$	<u>65,595,477</u>	<u>\$ 8,010,430</u>	<u>\$(35,161)</u>	<u>\$ -</u>	<u>\$ 14,549,369</u>	<u>\$ 88,120,115</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance 09/30/08	Additions	Retirements	Transfers and Completed Construction	Balance 09/30/09
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 571,413	\$ -	\$ -	\$ -	\$ 571,413
Construction in progress	4,619,886	964,481	-	(4,107,535)	1,476,832
Total capital assets not being depreciated	<u>5,191,299</u>	<u>964,481</u>	<u>-</u>	<u>(4,107,535)</u>	<u>2,048,245</u>
Capital assets, being depreciated:					
Buildings	24,570,156	-	-	569,333	25,139,489
Improvements other than buildings	102,642,725	887,536	-	3,538,202	107,068,463
Machinery and equipment	1,028,128	66,585	-	-	1,094,713
Vehicles	1,332,630	-	-	-	1,332,630
Total capital assets being depreciated	<u>129,573,639</u>	<u>954,121</u>	<u>-</u>	<u>4,107,535</u>	<u>134,635,295</u>
Less accumulated depreciation for:					
Buildings	(15,373,705)	(488,460)	-	-	(15,862,165)
Improvements other than buildings	(26,200,456)	(2,432,159)	-	-	(28,632,615)
Machinery and equipment	(629,967)	(71,725)	-	-	(701,692)
Vehicles	(782,546)	(116,372)	-	-	(898,918)
Total accumulated depreciation	<u>(42,986,674)</u>	<u>(3,108,716)</u>	<u>-</u>	<u>-</u>	<u>(46,095,390)</u>
Total capital assets being depreciated, net	<u>86,586,965</u>	<u>(2,154,595)</u>	<u>-</u>	<u>4,107,535</u>	<u>88,539,905</u>
Business-type activities capital assets, net	<u>\$ 91,778,264</u>	<u>\$(1,190,114)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,588,150</u>

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

Governmental activities:	
General government	\$ 985,981
Public safety	304,704
Public works	3,267,561
Culture and recreation	<u>215,927</u>
Total depreciation expense - governmental activities	<u>\$ 4,774,173</u>
Business-type activities:	
Water	\$ 1,935,747
Wastewater	1,158,728
Refuse	<u>14,241</u>
Total depreciation expense - business-type activities	<u>\$ 3,108,716</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Discretely Presented Component Unit – Waxahachie Community Development Corporation

	Balance 09/30/08	Additions	Retirements	Transfers and Completed Construction	Balance 09/30/09
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 575,679	\$ -	\$ -	\$ -	\$ 575,679
Construction in progress	346,770	3,393,869	-	-	3,740,639
Total capital assets not being depreciated	922,449	3,393,869	-	-	4,316,318
Capital assets, being depreciated:					
Buildings	12,763,798	-	-	-	12,763,798
Improvements other than buildings	4,008,283	-	-	-	4,008,283
Machinery and equipment	197,896	-	-	-	197,896
Vehicles	34,461	-	-	-	34,461
Total capital assets being depreciated	17,004,438	-	-	-	17,004,438
Less accumulated depreciation for:					
Buildings	(2,534,964)	(319,357)	-	-	(2,854,321)
Improvements other than buildings	(731,764)	(100,207)	-	-	(831,971)
Machinery and equipment	(143,587)	(19,790)	-	-	(163,377)
Vehicles	(23,106)	(4,254)	-	-	(27,360)
Total accumulated depreciation	(3,433,421)	(443,608)	-	-	(3,877,029)
Total capital assets being depreciated, net	13,571,017	(443,608)	-	-	13,127,409
Governmental activities capital assets, net	\$ 14,493,466	\$ 2,950,261	\$ -	\$ -	\$ 17,443,727

D. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund receivables arise from covering overdrafts in pooled cash at year-end. The City did not have any interfund balances as of September, 30, 2009.

Interfund Transfers

The composition of interfund transfers as of September 30, 2009, is as follows:

	Transfers From:		Transfers To:	
	General Fund	Debt Service	Nonmajor Governmental Funds	Total Transfers From
General Fund	\$ -	\$ -	\$ 111,402	\$ 111,402
2009 Bond Construction	-	5,081	-	5,081
Nonmajor Governmental Funds	-	-	364,184	364,184
Water Utility	460,500	-	-	460,500
Wastewater Utility	334,767	-	-	334,767
Total	\$ 795,267	\$ 5,081	\$ 475,586	\$ 1,275,934

(continued)

3. **DETAILED NOTES ON ALL FUNDS (Continued)**

D. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers (Continued)

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

E. Long-term Debt

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

General debt current outstanding is as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 09/30/09
Governmental activities					
General obligation bonds:					
Refunding and improvements	\$ 18,805,000	2005	2020	2.50-5.25%	\$ 14,870,000
Refunding	7,639,025	2007	2034	3.60-4.50%	<u>7,583,669</u>
Total general obligation bonds					<u>22,453,669</u>
Certificate of obligation bonds:					
Wastewater improvements	3,935,000	1996	2017	3.95-4.45%	1,990,000
Municipal improvements	6,000,000	1999	2009	6.50%	-
Water improvements	5,475,000	2000	2009	5.35-6.85%	-
Municipal improvements	4,900,000	2002	2012	4.00-5.125%	663,250
Municipal improvements	5,490,000	2004	2016	4.00-5.50%	874,722
Refunding and improvements	14,250,002	2007	2032	4.15-5.25%	13,625,037
Municipal improvements	8,720,000	2009	2029	2.50-5.00%	<u>8,720,000</u>
Total certificates of obligation					<u>25,873,009</u>
Governmental activities - City					48,326,678
Tax increment financing					1,740,642
Less:					
Unamortized loss on refunding					(1,242,307)
Unamortized premium/discount					<u>693,230</u>
Total governmental type activities					<u>\$ 49,518,243</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 09/30/09
Business-type activities					
General obligation bonds:					
Water refunding and improvements	\$ 9,085,196	2007	2034	3.60-4.50%	\$ 9,019,361
Sewer refunding and improvements	17,573,505	2007	2034	3.60-4.50%	17,446,155
Total general obligation bonds					<u>26,465,516</u>
Certificate of obligation bonds:					
Water and sewer improvements	5,500,000	2000	2009	5.35-6.85%	-
Refunding and improvements	9,100,000	2002	2012	4.00-5.125%	1,231,750
Water improvements	6,600,000	2004	2016	4.00-5.50%	1,051,579
Water improvements	15,514,000	2007	2032	4.15-5.25%	14,833,588
Sewer improvements	5,236,000	2007	2032	4.15-5.25%	5,006,364
Sewer improvements	19,010,000	2004	2016	4.00-5.50%	3,028,877
Total certificates of obligation					<u>25,152,158</u>
Total business-type activities					51,617,674
Less:					
Unamortized loss on refunding					(1,401,050)
Unamortized discount					(260,668)
Total business-type activities					<u>49,955,956</u>
Total general debt					<u>\$ 99,474,199</u>

Annual debt service requirements to maturity for debt:

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2010	\$ 2,089,199	\$ 2,411,389	\$ 1,458,529	\$ 2,259,663	\$ 8,218,780
2011	2,471,262	2,018,294	1,529,828	2,200,152	8,219,536
2012	2,572,888	1,929,814	1,611,426	2,136,056	8,250,184
2013	2,585,794	1,835,839	1,777,698	2,068,424	8,267,755
2014	2,687,686	1,743,886	1,858,894	1,995,947	8,286,413
2015-2019	14,238,463	6,877,031	10,549,132	8,737,130	40,401,756
2020-2024	8,757,950	4,072,209	11,183,812	6,373,700	30,387,671
2025-2029	8,280,715	2,343,372	10,952,326	4,070,531	25,646,944
2030-2034	4,642,721	557,135	10,696,029	1,357,667	17,253,552
Total	<u>\$ 48,326,678</u>	<u>\$ 23,788,969</u>	<u>\$ 51,617,674</u>	<u>\$ 31,199,270</u>	<u>\$ 154,932,591</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

Year	TIFRZ		Total
	Principal	Interest	
2010	\$ 12,272	\$ 124,247	\$ 136,519
2011	63,910	68,712	132,622
2012	65,686	67,028	132,714
2013	71,508	65,294	136,802
2014	73,420	63,347	136,767
2015-2019	397,405	281,831	679,236
2020-2024	458,238	203,744	661,982
2025-2029	546,959	94,995	641,954
2030-2034	51,244	7,114	58,358
Total	\$ <u>1,740,642</u>	\$ <u>976,312</u>	\$ <u>2,716,954</u>

Revenue Bonds

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

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

Revenue and tax bonds paid off in 2009 are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 09/30/09
Revenue and tax bonds					
Water district:					
Refunding	\$ 4,200,000	1993	2009	4.5000%	\$ -
Water and wastewater system improvements (cabs)	314,927	2002	2009	4.2200%	-
Total ECWCID #1					\$ <u>-</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

Contract Payable

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

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

<u>Year Ending September 30,</u>	
2010	\$ 12,211
2011	12,211
2012	12,211
2013	12,211
2014	12,211
2015-2019	61,054
2020-2022	<u>37,649</u>
Total	159,758
Less interest	(42,189)
	<u>\$ 117,569</u>

Capitalized Lease Obligations

Governmental – the City entered into a lease to acquire certain radio equipment.

Capitalized lease obligations outstanding at year-end are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 09/30/09</u>
Radio equipment	\$ 1,341,114	2007	2011	3.8400%	\$ <u>548,669</u>

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

<u>Year Ending September 30,</u>	
2010	\$ 290,236
2011	<u>290,236</u>
Total payments	580,472
Less imputed interest	(31,803)
Total capital lease obligations	<u>\$ 548,669</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

Changes in Long-term Debt

Long-term liability activity for the year ended September 30, 2009, was as follows:

	Balance 09/30/08	Additions	Retirements	Balance 09/30/09	Due Within One Year
Governmental activities:					
General debt	\$ 42,126,087	\$ 8,720,000	\$ 2,519,409	\$ 48,326,678	\$ 2,089,199
Water district revenue bonds*	970,569	14,431	985,000	-	-
Waxahachie TIFRZ	246,039	1,500,000	5,397	1,740,642	12,272
Less loss on refunding	(1,384,157)	-	(141,850)	(1,242,307)	-
Less unamortized premium/discount	458,245	276,037	41,052	693,230	-
Net bonds payable	<u>42,416,783</u>	<u>10,510,468</u>	<u>3,409,008</u>	<u>49,518,243</u>	<u>2,101,471</u>
Capital leases	807,883	-	259,214	548,669	269,166
Contract payable	123,152	-	5,583	117,569	5,975
Arbitrage payable	75,696	-	75,696	-	-
Compensated absences	<u>2,000,236</u>	<u>926,460</u>	<u>820,332</u>	<u>2,106,364</u>	<u>526,591</u>
Total long-term debt	<u>\$ 45,423,750</u>	<u>\$ 11,436,928</u>	<u>\$ 4,569,833</u>	<u>\$ 52,290,845</u>	<u>\$ 2,903,203</u>

* Water District additions include the annual accretion of capital appreciation bonds.

	Balance 09/30/08	Additions	Retirements	Balance 09/30/09	Due Within One Year
Business-type activities:					
Tax and revenue bonds	\$ 53,277,875	\$ -	\$ 1,660,201	\$ 51,617,674	\$ 1,458,529
Less loss on refunding	(1,457,092)	-	(56,042)	(1,401,050)	-
Less unamortized discount	(271,420)	-	(10,752)	(260,668)	-
Net bonds payable	51,549,363	-	1,593,407	49,955,956	1,458,529
Compensated absences	<u>128,247</u>	<u>95,829</u>	<u>109,207</u>	<u>114,869</u>	<u>28,717</u>
Total long-term debt	<u>\$ 51,677,610</u>	<u>\$ 95,829</u>	<u>\$ 1,702,614</u>	<u>\$ 50,070,825</u>	<u>\$ 1,487,246</u>

Refundings

In 2002, the Water District issued \$4,694,927 of unlimited tax and revenue refunding bonds to provide resources to purchase U. S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$4,695,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments by \$258,343 and resulted in an economic gain of \$205,513. At September 30, 2009, there was no amount outstanding on this refunded issue.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

Refundings (Continued)

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. At September 30, 2009, the amount outstanding on this refunded issue was approximately \$18,020,000.

In 2007, the City issued \$34,500,000 of general obligation refunding bonds to provide resources to purchase U. S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$32,350,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 27 years by \$1,994,214 and resulted in an economic gain of \$1,187,224. At September 30, 2009, the amount outstanding on this refunded issue was approximately \$32,350,000.

Discretely Presented Component Unit

Waxahachie Community Development Corporation:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 09/30/09
Revenue bonds outstanding					
WCDC sales tax and refunding	\$ 23,555,000	2007	2037	4.00-5.00%	\$ <u>22,895,000</u>

Revenue bond service requirements to maturity:

Year	WCDC		Total
	Principal	Interest	
2010	\$ 555,000	\$ 1,003,748	\$ 1,558,748
2011	485,000	981,548	1,466,548
2012	505,000	962,148	1,467,148
2013	525,000	941,948	1,466,948
2014	550,000	920,948	1,470,948
2015-2019	3,070,000	4,259,138	7,329,138
2020-2024	3,755,000	3,577,798	7,332,798
2025-2029	4,650,000	2,684,620	7,334,620
2030-2034	5,190,000	1,582,050	6,772,050
2035-2037	3,610,000	360,750	3,970,750
Total	\$ <u>22,895,000</u>	\$ <u>17,274,696</u>	\$ <u>40,169,696</u>

(continued)

3. **DETAILED NOTES ON ALL FUNDS (Continued)**

E. **Long-term Debt** (Continued)

Discretely Presented Component Unit

	Balance 09/30/08	Additions	Retirements	Balance 09/30/09	Due Within One Year
Discretely presented component unit					
Sales tax revenue bonds	\$ 23,430,000	\$ -	\$ 535,000	\$ 22,895,000	\$ 555,000
Deferred loss on refunding	(365,035)	-	(12,587)	(352,448)	-
Less unamortized discount	(257,390)	-	(14,300)	(243,090)	-
Compensated absences	<u>29,633</u>	<u>30,845</u>	<u>26,828</u>	<u>33,650</u>	<u>8,413</u>
Total long-term debt	<u>\$ 22,837,208</u>	<u>\$ 30,845</u>	<u>\$ 534,941</u>	<u>\$ 22,333,112</u>	<u>\$ 563,413</u>

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, 2009, the amount outstanding on this refunded issue was approximately \$12,829,475.

4. **OTHER INFORMATION**

A. **Risk Management**

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

(continued)

4. OTHER INFORMATION (Continued)

B. 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, 2009:

Balance sheet	
Assets	\$ 9,437,419
Liabilities	(36,327)
Net assets	\$ <u>9,401,092</u>
Fund equity	
Components of restricted net assets	
Federal government	\$ 6,034,464
City of Midlothian, Texas	3,206,401
City of Waxahachie, Texas	<u>3,206,401</u>
Total restricted net assets	12,447,266
Deficit	(3,046,174)
Net equity in joint venture	\$ <u>9,401,092</u>
Results of operations	
Revenues	\$ 260,696
Expenses	(541,877)
Income (loss)	(281,181)
Capital contributions	<u>504,178</u>
Net income (loss)	\$ <u>222,997</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, 2009:

Balance sheet	
Assets	\$ 57,268,399
Liabilities	(54,979,753)
Net assets	\$ <u>2,288,646</u>

(continued)

4. **OTHER INFORMATION (Continued)**

B. Related Party Transaction (Continued)

Fund equity	
Components of restricted net assets	
Rockett Water District	\$ 2,769,918
City of Waxahachie, Texas	<u>2,770,418</u>
Total restricted net assets	5,540,336
Deficit	(<u>3,251,690</u>)
Net equity in joint venture	\$ <u>2,288,646</u>
Results of operations	
Revenues	\$ 223,152
Expenses	(<u>2,495,344</u>)
Income (loss)	(2,272,192)
Capital contributions	<u>3,376,818</u>
Net income (loss)	\$ <u>1,104,626</u>

C. Contingent Liabilities

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

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

The City entered into a joint venture to build a water treatment plant, and issued \$53,000,000 in debt to finance the construction. Although it is expected that the Joint Venture will service the debt from sales of treated water, the City is contingently liable for the debt. See Note 4 D below for details of this debt.

(continued)

4. OTHER INFORMATION (Continued)

D. Joint Ventures

Midlothian/Waxahachie Airport

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

The Board is responsible for the supervision and operation of the airport assets, grounds, and improvements. Each year, the Board shall prepare a budget for consideration by the Cities. The Airport Budget is funded by equal contributions from each City, user fees, and a tax on fuel. The Cities of Midlothian and Waxahachie each have a 50% share of assets, liabilities and fund equity. Most of the construction of the airport was funded by grants from the Federal Aviation Administration. In the government-wide statement of changes in net assets, contributions and refunds of equity are reflected in the asset. Changes in equity due to operations are reported as program costs or revenues. The City's share of income from operations was \$139,853.

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. At September 30, 2009, construction has begun on the plant. Operations began in 2010.

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, 2034, at an interest rate of 4% to 5%. The proceeds of the bonds were deposited into the Joint Venture and are being used to fund construction of the water treatment plant. Although the Joint Venture looks to revenue from sales of treated water to the Joint Venturers, the City issued the bonds and is contingently liable for payment of this issue. Results of activities to date have resulted in a loss of \$3,251,690. 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.

(continued)

4. OTHER INFORMATION (Continued)

E. 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 by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on 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 2008	Plan year 2009
Employee deposit rate	7.00%	7.00%
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

(continued)

4. OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Texas Municipal Retirement System (Continued)

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined 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. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 1,698,085
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	1,698,085
5. Contributions Made	<u>(1,698,085)</u>
6. Increase (decrease) in Net Pension Obligation	-
7. Net Pension Obligation/(Asset), beginning of year	-
8. Net Pension Obligation/(Asset), end of year	<u>\$ -</u>

Three-year Trend Information for TMRS:

<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>
9/30/2007	\$ 1,003,022	\$ 1,003,022	100%	\$ -
9/30/2008	1,337,255	1,337,255	100%	-
9/30/2009	1,698,085	1,698,085	100%	-

(continued)

4. OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Texas Municipal Retirement System (Continued)

Contributions (Continued)

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/06	12/31/07	12/31/08
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	25 years; open period	30 years; closed period	29 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.5%
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	3.0% NA	3.0% 2.1%	3.0% 2.1%

The funded status as of December 31, 2008, the most recent actuarial valuation dates, is 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
12/31/2008	\$17,281,743	\$ 30,138,411	57.3%	\$ 12,856,668	\$ 10,796,692	119.1%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents 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.

(continued)

4. OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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, 2008:

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

The Waxahachie 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, 2005, plus \$73.00 per month for each year of service in excess of 24 years with a minimum benefit of \$90.00 per month for each year of service.

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

(continued)

4. OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Firefighters' Relief and Retirement Fund (Continued)

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 9.0% of payroll or the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. The plan receives an actuarial valuation every two years. Therefore, the September 30, 2008, actuarial valuation is used in these footnotes. The September 30, 2008, actuarial valuation assumes that the City's contributions will average 17.06% of payroll in the future.

For the fiscal year ending September 30, 2009, the City of Waxahachie's annual pension cost of \$488,917 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, 2008, actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

(continued)

4. OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Firefighters' Relief and Retirement Fund (Continued)

Contributions Required and Contributions Made (Continued)

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

Actuarial Valuation Date ¹	12/31/09	12/31/08	12/31/07
Actuarial Value of Assets	*	\$ 6,355,060	*
Actuarial Accrued Liabilities	*	10,915,427	*
Percentage Funded	*	58.2%	*
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	*	4,560,367	*
Annual Covered Payroll	*	2,959,238	*
UAAL as a Percentage of Covered Payroll	*	154.1%	*
Net Pension Obligation, beginning of period	\$ -	\$ -	\$ -
Annual Pension Cost (APC):			
Annual Required Contribution (ARC)	488,917	386,427	320,473
Interest on Net Pension Obligation	-	-	-
Adjustment to the ARC	-	-	-
Total APC	488,917	386,427	320,473
Contributions Made (100%)	488,917	386,427	320,473
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 seven years is presented in the Required Supplementary Information on page 58.

(continued)

4. **OTHER INFORMATION** (Continued)

F. 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.

Contributions

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.

Plan/ Calendar Year	Schedule of Contribution Rates (RETIREE-only portion of the rate)		
	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2007	0.05%	0.05%	100%
2008	0.05%	0.05%	100%
2009	0.04%	0.04%	100%

(continued)

4. OTHER INFORMATION (Continued)

G. 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:

<u>Balance Sheet</u>	<u>General</u>	<u>Debt Service</u>	<u>Reserve</u>	<u>Capital Projects</u>	<u>Combined</u>
Assets					
Current assets	\$ <u>418,866</u>	\$ <u>11</u>	\$ <u>1,393,514</u>	\$ <u>5,531,131</u>	\$ <u>7,343,522</u>
Liabilities					
Current liabilities	\$ 101,023	\$ -	\$ -	\$ 1,114,115	\$ 1,215,138
Fund balance	<u>317,843</u>	<u>11</u>	<u>1,393,514</u>	<u>4,417,016</u>	<u>6,128,384</u>
Total liabilities and fund balance	\$ <u>418,866</u>	\$ <u>11</u>	\$ <u>1,393,514</u>	\$ <u>5,531,131</u>	\$ <u>7,343,522</u>
<u>Revenues and Expenditures</u>	<u>General</u>	<u>Debt Service</u>	<u>Reserve</u>	<u>Capital Projects</u>	<u>Combined</u>
Revenues	\$ <u>3,116,901</u>	\$ -	\$ <u>15,579</u>	\$ <u>100,967</u>	\$ <u>3,233,447</u>
Current expenditures	1,665,295	-	-	4,802,254	6,467,549
Debt service	-	<u>1,560,147</u>	-	-	<u>1,560,147</u>
Total expenditures	<u>1,665,295</u>	<u>1,560,147</u>	<u>-</u>	<u>4,802,254</u>	<u>8,027,696</u>
Revenues over (under) expenditures	1,451,606	(1,560,147)	15,579	(4,701,287)	(4,794,249)
Other financing sources (uses)	(<u>1,138,683</u>)	<u>1,597,604</u>	<u>-</u>	(<u>458,921</u>)	<u>-</u>
Net change in fund balances	312,923	37,457	15,579	(5,160,208)	(4,794,249)
Fund balances, October 1	<u>4,920</u>	(<u>37,446</u>)	<u>1,377,935</u>	<u>9,577,224</u>	<u>10,922,633</u>
Fund balances, September 30	\$ <u>317,843</u>	\$ <u>11</u>	\$ <u>1,393,514</u>	\$ <u>4,417,016</u>	\$ <u>6,128,384</u>

(continued)

4. **OTHER INFORMATION** (Continued)

G. Condensed Financial Information for Discretely Presented Component Unit (Continued)

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	\$ 6,128,384
Capital assets not reported in the funds	17,443,727
Deferred charges	433,893
Accrued interest payable	(163,654)
Payable for loan principal not due currently	(22,299,462)
Payables for compensated absences	<u>(33,650)</u>
 Net assets - statement of net assets	 <u>\$ 1,509,238</u>

<u>Reconciliation of Statement of Revenues, Expenditures and Fund Balances</u>	<u>WCDC</u>
Net change in fund balances	\$(4,794,249)
Repayment of loan principal	508,113
Bond issuance cost	(25,522)
Capital outlay	3,393,869
Depreciation	(443,608)
Change in accrued interest expense	82,982
Change in compensated absences	<u>(4,017)</u>
 Change in net assets	 <u>\$(1,282,432)</u>

H. Prior Period Adjustment

There were two prior period adjustments made to the City's governmental activities in the government-wide financial statements. The first adjustment was to properly reflect deferred bond issuance costs that had been over-amortized in the prior years in the amount of \$42,206. The second adjustment was to add the total net capital assets of the Ellis County Water and Control District No.1, in the amount of \$14,549,369, which had not previously been included in the City's government-wide statements.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WAXAHACHIE, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Ad valorem	\$ 7,579,100	\$ 7,579,100	\$ 7,897,799	\$ 318,699
Franchise	3,283,700	3,283,700	2,853,937	(429,763)
Sales	8,711,400	8,711,400	7,673,955	(1,037,445)
Other	54,100	54,100	52,390	(1,710)
Charges for services	276,800	276,800	220,554	(56,246)
Licenses and permits	773,800	773,800	458,740	(315,060)
Fines and forfeitures	564,900	564,900	483,941	(80,959)
Intergovernmental	128,450	128,450	156,259	27,809
Miscellaneous	158,040	158,040	129,873	(28,167)
Interest	<u>230,000</u>	<u>230,000</u>	<u>54,413</u>	<u>(175,587)</u>
Total revenues	<u>21,760,290</u>	<u>21,760,290</u>	<u>19,981,861</u>	<u>(1,778,429)</u>
EXPENDITURES				
Current:				
General government				
General administration	798,360	800,952	748,273	52,679
Downtown development	196,020	196,020	154,216	41,804
Planning	134,800	134,800	123,497	11,303
Finance department	754,020	754,035	745,958	8,077
City attorney	116,000	116,000	110,899	5,101
General items	508,860	513,616	392,403	121,213
Human resources	290,630	290,630	293,584	(2,954)
Information technology	336,660	336,660	297,518	39,142
Economic development	142,940	142,940	138,965	3,975
Mid-Way Airport	<u>17,000</u>	<u>17,000</u>	<u>41,464</u>	<u>(24,464)</u>
Total general government	<u>3,295,290</u>	<u>3,302,653</u>	<u>3,046,777</u>	<u>255,876</u>
Public safety				
Municipal court	280,860	280,860	279,545	1,315
Building inspection	704,830	704,830	577,116	127,714
Fire department	4,980,140	4,980,140	4,926,067	54,073
Police department	<u>6,515,190</u>	<u>6,521,406</u>	<u>5,985,248</u>	<u>536,158</u>
Total public safety	<u>12,481,020</u>	<u>12,487,236</u>	<u>11,767,976</u>	<u>719,260</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Public works				
Engineering department	\$ 446,820	\$ 446,820	\$ 413,857	\$ 32,963
Street department	2,167,940	2,167,940	1,288,844	879,096
Environmental health	688,560	714,006	543,276	170,730
Central garage	265,300	265,300	203,889	61,411
Animal control	263,190	263,190	221,714	41,476
Total public works	<u>3,831,810</u>	<u>3,857,256</u>	<u>2,671,580</u>	<u>1,185,676</u>
Culture and recreation				
Parks and recreation	1,186,950	1,188,663	797,463	391,200
Chautauqua Auditorium	19,900	19,900	10,080	9,820
Rodeo	49,300	49,300	14,283	35,017
Penn Park Pool	67,500	67,500	44,289	23,211
Optimist Pool	15,000	15,000	5,000	10,000
Sims Library	1,274,000	1,274,000	1,322,914	(48,914)
Senior Citizens Center	274,520	274,520	206,609	67,911
Total culture and recreation	<u>2,887,170</u>	<u>2,888,883</u>	<u>2,400,638</u>	<u>488,245</u>
Total expenditures	<u>22,495,290</u>	<u>22,536,028</u>	<u>19,886,971</u>	<u>2,649,057</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(735,000)</u>	<u>(775,738)</u>	<u>94,890</u>	<u>870,628</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	775,000	775,000	795,267	20,267
Transfers out	(40,000)	(40,000)	(111,402)	(71,402)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>735,000</u>	<u>735,000</u>	<u>683,865</u>	<u>(51,135)</u>
NET CHANGE IN FUND BALANCES	-	(40,738)	778,755	819,493
FUND BALANCES, BEGINNING	<u>5,942,933</u>	<u>5,942,933</u>	<u>5,942,933</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 5,942,933</u>	<u>\$ 5,902,195</u>	<u>\$ 6,721,688</u>	<u>\$ 819,493</u>

CITY OF WAXAHACHIE, TEXAS

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2009
(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
12/31/2006	15,262,553	22,168,023	68.8%	6,905,470	8,423,141	82.0%
12/31/2007	15,570,196	27,281,294	57.1%	11,711,098	9,407,558	124.5%
12/31/2008	17,281,743	30,138,411	57.3%	12,856,668	10,796,692	119.1%

CITY OF WAXAHACHIE, TEXAS

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

SEVEN YEARS ENDED SEPTEMBER 30, 2009

(Unaudited)

Actuarial valuation date	<u>09/30/09</u>	<u>09/30/08</u>	<u>09/30/07</u>	<u>09/30/06</u>	<u>09/30/05</u>	<u>09/30/04</u>	<u>09/30/03</u>
Actuarial value of assets	*	\$ 6,355,060	*	\$ 6,102,969	*	\$ 4,753,804	*
Actuarial accrued liabilities	*	10,915,427	*	9,436,977	*	8,598,507	*
Percentage funded	*	58.2%	*	64.7%	*	55.3%	*
Unfunded (overfunded) actuarial accrued	*	4,560,367	*	3,334,008	*	3,844,703	*
Annual covered payroll	*	2,959,238	*	2,245,404	*	1,882,554	*
UAAL as a percentage of covered payroll	*	154.1%	*	148.5%	*	204.2%	*
Net pension obligation (NPO) at the beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual pension cost (APC):							
Annual required contribution (ARC)	488,917	386,427	320,473	280,124	248,272	219,793	206,914
Interest on NPO	-	-	-	-	-	-	-
Adjustment to the ARC	-	-	-	-	-	-	-
Total APC	<u>488,917</u>	<u>386,427</u>	<u>320,473</u>	<u>280,124</u>	<u>248,272</u>	<u>219,793</u>	<u>206,914</u>
Contributions made (100%)	488,917	386,427	320,473	280,124	248,272	219,793	206,914
Increase (decrease) in NPO	<u>-</u>						
NPO at the end of period	<u>\$ -</u>						

* An actuarial valuation is not available.

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CITY OF WAXAHACHIE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2009

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
 - Water District General Fund
- Debt Service Funds
 - Debt Service

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

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations:

General Fund	
Human resources	\$ 2,954
Mid-Way airport	24,464
Sims library	48,914
Special Revenue Funds	
Water District General Fund	89,236

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**COMBINING STATEMENTS
AND BUDGETARY COMPARISONS**

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.

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

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

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

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

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

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

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

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

National Night Out Fund – This fund is used to account for donations to the “National Night Out” program.

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

Fire Department Toys for Kids – This fund is used to account for donations to the fire department's annual drive to provide toys for kids.

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

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

Cemetery Perpetual Care – This fund is used to account for principal trust amounts received and related interest income. Interest earnings are used 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.

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>2009 Bond Construction Tax Increment</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,208,673	\$ 42,761	\$ 1,494,913	\$ 5,746,347
Receivables (net of allowances for uncollectibles):				
Taxes	-	8,829	-	8,829
Other	<u>73,201</u>	<u>-</u>	<u>-</u>	<u>73,201</u>
 Total assets	 <u>\$ 4,281,874</u>	 <u>\$ 51,590</u>	 <u>\$ 1,494,913</u>	 <u>\$ 5,828,377</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,407	\$ -	\$ -	\$ 27,407
Accrued interest payable	-	3,918	-	3,918
Deferred revenue	<u>-</u>	<u>7,893</u>	<u>-</u>	<u>7,893</u>
Total liabilities	<u>27,407</u>	<u>11,811</u>	<u>-</u>	<u>39,218</u>
Fund balances:				
Reserved for:				
Debt service	-	39,779	-	39,779
Perpetual care	681,173	-	-	681,173
Industrial development	227,176	-	-	227,176
Municipal court judicial efficiency	17,686	-	-	17,686
Municipal court technology	90,860	-	-	90,860
Municipal court security	23,647	-	-	23,647
Municipal court judicial	4,511	-	-	4,511
Unreserved, reported in:				
Special revenue funds	3,209,414	-	-	3,209,414
Capital projects funds	<u>-</u>	<u>-</u>	<u>1,494,913</u>	<u>1,494,913</u>
Total fund balances	<u>4,254,467</u>	<u>39,779</u>	<u>1,494,913</u>	<u>5,789,159</u>
 Total liabilities and fund balances	 <u>\$ 4,281,874</u>	 <u>\$ 51,590</u>	 <u>\$ 1,494,913</u>	 <u>\$ 5,828,377</u>

CITY OF WAXAHACHIE, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>2009 Bond Construction Tax Increment</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 537,110	\$ 28,510	\$ -	\$ 565,620
Charges for services	1,393,942	-	-	1,393,942
Intergovernmental	8,027	-	-	8,027
Miscellaneous	52,063	-	-	52,063
Interest	38,591	6,945	4,086	49,622
Total revenues	<u>2,029,733</u>	<u>35,455</u>	<u>4,086</u>	<u>2,069,274</u>
EXPENDITURES				
Current:				
General government	1,042,652	1,507	-	1,044,159
Public safety	1,506	-	-	1,506
Debt service:				
Principal	-	990,398	-	990,398
Interest	-	37,672	-	37,672
Bond Issuance Cost	-	-	39,640	39,640
Capital Outlay	-	-	9,173	9,173
Total expenditures	<u>1,044,158</u>	<u>1,029,577</u>	<u>48,813</u>	<u>2,122,548</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>985,575</u>	<u>(994,122)</u>	<u>(44,727)</u>	<u>(53,274)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	400	-	-	400
Transfers in	111,402	364,184	-	475,586
Transfers out	(363,310)	-	(874)	(364,184)
Proceeds from debt	-	-	1,540,514	1,540,514
Total other financing sources (uses)	<u>(251,508)</u>	<u>364,184</u>	<u>1,539,640</u>	<u>1,652,316</u>
NET CHANGE IN FUND BALANCES	734,067	(629,938)	1,494,913	1,599,042
FUND BALANCES, BEGINNING	<u>3,520,400</u>	<u>669,717</u>	<u>-</u>	<u>4,190,117</u>
FUND BALANCES, ENDING	<u>\$ 4,254,467</u>	<u>\$ 39,779</u>	<u>\$ 1,494,913</u>	<u>\$ 5,789,159</u>

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2009

	<u>Hotel/Motel Tax</u>	<u>Abandoned Vehicle Sales</u>	<u>Fire Department Donations</u>	<u>Veteran's Memorial Donations</u>
ASSETS				
Cash and investments	\$ 15,743	\$ 2,310	\$ 17,293	\$ 14,716
Receivables (net of allowances for uncollectibles):				
Other	<u>73,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 88,944</u>	<u>\$ 2,310</u>	<u>\$ 17,293</u>	<u>\$ 14,716</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>15,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>15,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Perpetual care	-	-	-	-
Industrial development	-	-	-	-
Municipal court judicial efficiency	-	-	-	-
Municipal court technology	-	-	-	-
Municipal court security	-	-	-	-
Municipal court judicial	-	-	-	-
Unreserved, reported in:				
Special revenue funds	<u>73,361</u>	<u>2,310</u>	<u>17,293</u>	<u>14,716</u>
Total fund balances	<u>73,361</u>	<u>2,310</u>	<u>17,293</u>	<u>14,716</u>
Total liabilities and fund balances	<u>\$ 88,944</u>	<u>\$ 2,310</u>	<u>\$ 17,293</u>	<u>\$ 14,716</u>

<u>Waxahachie Farmer's Market</u>	<u>East Side Renewal</u>	<u>LEOSE</u>	<u>Waxahachie Police Explorers</u>	<u>Citizens on Patrol</u>	<u>National Night Out</u>
\$ 2,124	\$ 2,905	\$ 7,866	\$ 8,898	\$ 631	\$ 1,619
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,124</u>	<u>\$ 2,905</u>	<u>\$ 7,866</u>	<u>\$ 8,898</u>	<u>\$ 631</u>	<u>\$ 1,619</u>
<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>
<u>68</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,056</u>	<u>2,905</u>	<u>7,866</u>	<u>8,748</u>	<u>631</u>	<u>1,619</u>
<u>2,056</u>	<u>2,905</u>	<u>7,866</u>	<u>8,748</u>	<u>631</u>	<u>1,619</u>
<u>\$ 2,124</u>	<u>\$ 2,905</u>	<u>\$ 7,866</u>	<u>\$ 8,898</u>	<u>\$ 631</u>	<u>\$ 1,619</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

SEPTEMBER 30, 2009

	<u>Tax Increment</u>	<u>Fire Department Toys for Kids</u>	<u>Police Seizure</u>	<u>Police Forfeiture</u>
ASSETS				
Cash and investments	\$ 277,806	\$ 8,675	\$ 5,266	\$ 48,984
Receivables (net of allowances for uncollectibles):				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>277,806</u>	\$ <u>8,675</u>	\$ <u>5,266</u>	\$ <u>48,984</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ <u>6,168</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>6,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Perpetual care	-	-	-	-
Industrial development	-	-	-	-
Municipal court judicial efficiency	-	-	-	-
Municipal court technology	-	-	-	-
Municipal court security	-	-	-	-
Municipal court judicial	-	-	-	-
Unreserved, reported in:				
Special revenue funds	<u>271,638</u>	<u>8,675</u>	<u>5,266</u>	<u>48,984</u>
Total fund balances	<u>271,638</u>	<u>8,675</u>	<u>5,266</u>	<u>48,984</u>
Total liabilities and fund balances	\$ <u>277,806</u>	\$ <u>8,675</u>	\$ <u>5,266</u>	\$ <u>48,984</u>

<u>Cemetery Perpetual Care</u>	<u>Industrial Development</u>	<u>Water District General</u>	<u>Police Department Federal Forfeiture</u>	<u>Texas Tobacco Compliance Grant</u>	<u>Park Dedication Impact Fee</u>
685,121	\$ 227,176	\$ 2,592,673	\$ 54,813	\$ 4,045	\$ 54,919
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 685,121</u>	<u>\$ 227,176</u>	<u>\$ 2,592,673</u>	<u>\$ 54,813</u>	<u>\$ 4,045</u>	<u>\$ 54,919</u>
<u>\$ 3,948</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>
<u>3,948</u>	<u>-</u>	<u>165</u>	<u>-</u>	<u>125</u>	<u>-</u>
681,173	-	-	-	-	-
-	227,176	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,592,508</u>	<u>54,813</u>	<u>3,920</u>	<u>54,919</u>
<u>681,173</u>	<u>227,176</u>	<u>2,592,508</u>	<u>54,813</u>	<u>3,920</u>	<u>54,919</u>
<u>\$ 685,121</u>	<u>\$ 227,176</u>	<u>\$ 2,592,673</u>	<u>\$ 54,813</u>	<u>\$ 4,045</u>	<u>\$ 54,919</u>

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CITY OF WAXAHACHIE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
SEPTEMBER 30, 2009

	<u>Municipal Court</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS			
Cash and investments	136,704	\$ 38,386	\$ 4,208,673
Receivables (net of allowances for uncollectibles):			
Other	<u>-</u>	<u>-</u>	<u>73,201</u>
Total assets	<u>\$ 136,704</u>	<u>\$ 38,386</u>	<u>\$ 4,281,874</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ <u>-</u>	\$ <u>1,200</u>	\$ <u>27,407</u>
Total liabilities	<u>-</u>	<u>1,200</u>	<u>27,407</u>
Fund balances:			
Reserved for:			
Perpetual care	-	-	681,173
Industrial development	-	-	227,176
Municipal court judicial efficiency	17,686	-	17,686
Municipal court technology	90,860	-	90,860
Municipal court security	23,647	-	23,647
Municipal court judicial	4,511	-	4,511
Unreserved, reported in:			
Special revenue funds	<u>-</u>	<u>37,186</u>	<u>3,209,414</u>
Total fund balances	<u>136,704</u>	<u>37,186</u>	<u>4,254,467</u>
Total liabilities and fund balances	<u>\$ 136,704</u>	<u>\$ 38,386</u>	<u>\$ 4,281,874</u>

CITY OF WAXAHACHIE, TEXAS

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

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2009

	<u>Hotel/Motel Tax</u>	<u>Abandoned Vehicle Sales</u>	<u>Fire Department Donations</u>	<u>Veteran's Memorial Donations</u>
REVENUES				
Taxes	\$ 332,120	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	2,550	10,615
Interest	621	26	183	159
Total revenues	<u>332,741</u>	<u>26</u>	<u>2,733</u>	<u>10,774</u>
EXPENDITURES				
Current:				
General government	269,161	-	-	11,554
Public safety	-	-	1,506	-
Total expenditures	<u>269,161</u>	<u>-</u>	<u>1,506</u>	<u>11,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,580</u>	<u>26</u>	<u>1,227</u>	<u>(780)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	63,580	26	1,227	(780)
FUND BALANCES, BEGINNING	<u>9,781</u>	<u>2,284</u>	<u>16,066</u>	<u>15,496</u>
FUND BALANCES, ENDING	<u>\$ 73,361</u>	<u>\$ 2,310</u>	<u>\$ 17,293</u>	<u>\$ 14,716</u>

<u>Waxahachie Farmer's Market</u>	<u>East Side Renewal</u>	<u>LEOSE</u>	<u>Waxahachie Police Explorers</u>	<u>Citizens on Patrol</u>	<u>National Night Out</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,000	-	-	-	-	-
-	-	5,027	-	-	-
365	-	-	3,818	-	2,299
<u>23</u>	<u>32</u>	<u>66</u>	<u>92</u>	<u>6</u>	<u>25</u>
<u>3,388</u>	<u>32</u>	<u>5,093</u>	<u>3,910</u>	<u>6</u>	<u>2,324</u>
3,218	-	2,600	1,879	-	5,730
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,218</u>	<u>-</u>	<u>2,600</u>	<u>1,879</u>	<u>-</u>	<u>5,730</u>
<u>170</u>	<u>32</u>	<u>2,493</u>	<u>2,031</u>	<u>6</u>	<u>(3,406)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
170	32	2,493	2,031	6	(3,406)
<u>1,886</u>	<u>2,873</u>	<u>5,373</u>	<u>6,717</u>	<u>625</u>	<u>5,025</u>
<u>\$ 2,056</u>	<u>\$ 2,905</u>	<u>\$ 7,866</u>	<u>\$ 8,748</u>	<u>\$ 631</u>	<u>\$ 1,619</u>

(continued)

CITY OF WAXAHACHIE, TEXAS

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

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

SEPTEMBER 30, 2009

	<u>Tax Increment</u>	<u>Fire Department Toys for Kids</u>	<u>Police Seizure</u>	<u>Police Forfeiture</u>
REVENUES				
Taxes	\$ 204,990	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	1,992	7	-
Interest	<u>3,438</u>	<u>84</u>	<u>59</u>	<u>544</u>
Total revenues	<u>208,428</u>	<u>2,076</u>	<u>66</u>	<u>544</u>
EXPENDITURES				
Current:				
General government	279,183	516	-	-
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>279,183</u>	<u>516</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(70,755)</u>	<u>1,560</u>	<u>66</u>	<u>544</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	-	-	-	400
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>
NET CHANGE IN FUND BALANCES				
	<u>(70,755)</u>	<u>1,560</u>	<u>66</u>	<u>944</u>
FUND BALANCES, BEGINNING				
	<u>342,393</u>	<u>7,115</u>	<u>5,200</u>	<u>48,040</u>
FUND BALANCES, ENDING				
	<u>\$ 271,638</u>	<u>\$ 8,675</u>	<u>\$ 5,266</u>	<u>\$ 48,984</u>

<u>Cemetery Perpetual Care</u>	<u>Industrial Development</u>	<u>Water District General</u>	<u>Police Department Federal Forfeiture</u>	<u>Texas Tobacco Compliance Grant</u>	<u>Park Dedication Impact Fee</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58,125	-	1,272,084	7,330	-	28,101
-	-	-	-	3,000	-
-	-	-	-	-	20
<u>7,651</u>	<u>-</u>	<u>24,423</u>	<u>549</u>	<u>-</u>	<u>452</u>
<u>65,776</u>	<u>-</u>	<u>1,296,507</u>	<u>7,879</u>	<u>3,000</u>	<u>28,573</u>
53,037	-	409,473	-	4,907	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>53,037</u>	<u>-</u>	<u>409,473</u>	<u>-</u>	<u>4,907</u>	<u>-</u>
<u>12,739</u>	<u>-</u>	<u>887,034</u>	<u>7,879</u>	<u>(1,907)</u>	<u>28,573</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(363,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(363,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,739	-	523,724	7,879	(1,907)	28,573
<u>668,434</u>	<u>227,176</u>	<u>2,068,784</u>	<u>46,934</u>	<u>5,827</u>	<u>26,346</u>
<u>\$ 681,173</u>	<u>\$ 227,176</u>	<u>\$ 2,592,508</u>	<u>\$ 54,813</u>	<u>\$ 3,920</u>	<u>\$ 54,919</u>

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CITY OF WAXAHACHIE, TEXAS

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

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

SEPTEMBER 30, 2009

	<u>Municipal Court</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 537,110
Charges for services	25,302	-	1,393,942
Intergovernmental	-	-	8,027
Miscellaneous	-	30,397	52,063
Interest	-	158	38,591
Total revenues	<u>25,302</u>	<u>30,555</u>	<u>2,029,733</u>
EXPENDITURES			
Current:			
General government	-	1,394	1,042,652
Public safety	-	-	1,506
Total expenditures	<u>-</u>	<u>1,394</u>	<u>1,044,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,302</u>	<u>29,161</u>	<u>985,575</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital asset	-	-	400
Transfers in	111,402	-	111,402
Transfers out	-	-	(363,310)
Total other financing sources (uses)	<u>111,402</u>	<u>-</u>	<u>(251,508)</u>
NET CHANGE IN FUND BALANCES	136,704	29,161	734,067
FUND BALANCES, BEGINNING	<u>-</u>	<u>8,025</u>	<u>3,520,400</u>
FUND BALANCES, ENDING	<u>\$ 136,704</u>	<u>\$ 37,186</u>	<u>\$ 4,254,467</u>

CITY OF WAXAHACHIE, TEXAS

HOTEL/MOTEL TAX

**SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 428,600	\$ 428,600	\$ 332,120	\$(96,480)
Interest	<u>1,400</u>	<u>1,400</u>	<u>621</u>	<u>(779)</u>
Total revenues	<u>430,000</u>	<u>430,000</u>	<u>332,741</u>	<u>(97,259)</u>
EXPENDITURES				
Current:				
General government				
Economic development	<u>430,000</u>	<u>430,000</u>	<u>269,161</u>	<u>160,839</u>
Total expenditures	<u>430,000</u>	<u>430,000</u>	<u>269,161</u>	<u>160,839</u>
NET CHANGE IN FUND BALANCES	-	-	63,580	63,580
FUND BALANCES, BEGINNING	<u>9,781</u>	<u>9,781</u>	<u>9,781</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 9,781</u>	<u>\$ 9,781</u>	<u>\$ 73,361</u>	<u>\$ 63,580</u>

CITY OF WAXAHACHIE, TEXAS

WATER DISTRICT GENERAL FUND

**SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,105,000	\$ 1,105,000	\$ 1,272,084	\$ 167,084
Interest	20,000	20,000	24,423	4,423
Total revenues	1,125,000	1,125,000	1,296,507	171,507
EXPENDITURES				
Current:				
General government				
General items	320,237	320,237	409,473	(89,236)
Total expenditures	320,237	320,237	409,473	(89,236)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	804,763	804,763	887,034	82,271
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(700,000)	(700,000)	(363,310)	336,690
Total other financing sources (uses)	(700,000)	(700,000)	(363,310)	336,690
NET CHANGE IN FUND BALANCES	104,763	104,763	523,724	418,961
FUND BALANCES, BEGINNING	2,068,784	2,068,784	2,068,784	-
FUND BALANCES, ENDING	\$ 2,173,547	\$ 2,173,547	\$ 2,592,508	\$ 418,961

CITY OF WAXAHACHIE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

SEPTEMBER 30, 2009

	<u>Tax Increment</u>	<u>Water District</u>	<u>Total Nonmajor Debt Service Funds</u>
ASSETS			
Cash and investments	\$ 27,056	\$ 15,705	\$ 42,761
Receivables (net of allowances for uncollectibles):			
Taxes	<u>-</u>	<u>8,829</u>	<u>8,829</u>
 Total assets	 <u>\$ 27,056</u>	 <u>\$ 24,534</u>	 <u>\$ 51,590</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued interest payable	\$ 3,918	\$ -	\$ 3,918
Deferred revenue	<u>-</u>	<u>7,893</u>	<u>7,893</u>
Total liabilities	<u>3,918</u>	<u>7,893</u>	<u>11,811</u>
 Fund balances:			
Reserved for:			
Debt service	<u>23,138</u>	<u>16,641</u>	<u>39,779</u>
Total fund balances	<u>23,138</u>	<u>16,641</u>	<u>39,779</u>
 Total liabilities and fund balances	 <u>\$ 27,056</u>	 <u>\$ 24,534</u>	 <u>\$ 51,590</u>

CITY OF WAXAHACHIE, TEXAS

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

NONMAJOR DEBT SERVICE FUNDS

SEPTEMBER 30, 2009

	<u>Tax Increment</u>	<u>Water District</u>	<u>Total Nonmajor Debt Service Funds</u>
REVENUES			
Taxes	\$ 15,773	\$ 12,737	\$ 28,510
Interest	<u>308</u>	<u>6,637</u>	<u>6,945</u>
Total revenues	<u>16,081</u>	<u>19,374</u>	<u>35,455</u>
EXPENDITURES			
Current:			
General government	-	1,507	1,507
Debt service:			
Principal	5,398	985,000	990,398
Interest	<u>10,446</u>	<u>27,226</u>	<u>37,672</u>
Total expenditures	<u>15,844</u>	<u>1,013,733</u>	<u>1,029,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>237</u>	<u>(994,359)</u>	<u>(994,122)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>874</u>	<u>363,310</u>	<u>364,184</u>
Total other financing sources (uses)	<u>874</u>	<u>363,310</u>	<u>364,184</u>
NET CHANGE IN FUND BALANCES	<u>1,111</u>	<u>(631,049)</u>	<u>(629,938)</u>
FUND BALANCES, BEGINNING	<u>22,027</u>	<u>647,690</u>	<u>669,717</u>
FUND BALANCES, ENDING	<u>\$ 23,138</u>	<u>\$ 16,641</u>	<u>\$ 39,779</u>

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CITY OF WAXAHACHIE, TEXAS

DEBT SERVICE

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 4,740,100	\$ 4,740,100	\$ 5,047,100	\$ 307,000
Miscellaneous	66,000	66,000	73,007	7,007
Interest	25,000	25,000	5,234	(19,766)
Total revenues	<u>4,831,100</u>	<u>4,831,100</u>	<u>5,125,341</u>	<u>294,241</u>
EXPENDITURES				
Debt service:				
Principal	2,790,832	2,790,832	2,784,205	6,627
Interest	1,884,365	1,884,365	1,888,581	(4,216)
Bond Issuance Cost	-	-	-	-
Total expenditures	<u>4,675,197</u>	<u>4,675,197</u>	<u>4,672,786</u>	<u>2,411</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>155,903</u>	<u>155,903</u>	<u>452,555</u>	<u>296,652</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,081	5,081
Proceeds from Debt	6,129	6,129	-	(6,129)
Total other financing sources (uses)	<u>6,129</u>	<u>6,129</u>	<u>5,081</u>	<u>(1,048)</u>
NET CHANGE IN FUND BALANCES	162,032	162,032	457,636	295,604
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 162,032</u>	<u>\$ 162,032</u>	<u>\$ 457,636</u>	<u>\$ 295,604</u>

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