

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2014

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2014

MAYOR

Malcolm Duncan, Jr.

CITY COUNCIL

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

CITY MANAGER

Dale Fisseler, P.E.

ASSISTANT CITY MANAGERS

Wiley Stem, III
George Johnson, Jr.
Jack Harper, II

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

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CITY OF WACO

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January 17, 2015

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

The Comprehensive Annual Financial Report (CAFR) of the City of Waco (the City) for the fiscal year ended September 30, 2014, including the independent auditor's report, is hereby submitted. This CAFR is published to provide the Mayor and City Council, City staff, our citizens, our bond holders and other interested parties with detailed information concerning the financial condition and activities of the City government.

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

The City Charter requires an annual audit by independent certified public accountants. The Waco City Council selected the accounting firm of Jaynes, Reitmeier, Boyd & Therrell, P.C. In addition to meeting the requirements set forth in the City Charter, the audit also was designed to meet the requirements of the federal Single Audit Act and related OMB Circular A-133. Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Waco's financial statements for the year ended September 30, 2014. The independent auditor's report is presented in the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the *Uniform Grant Management Standards* of the State of Texas. As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state award programs, as well as to determine that the City has complied with applicable laws and regulations. The independent auditor's reports related specifically to the single audit are included in separate single audit reports.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF WACO

Today, the Waco area is rich in Texana. Waco is the 23rd largest city in Texas and the county seat of McLennan County, which has an area of more than 1,000 square miles. Historically, the City has been a trade and agricultural center for the Central Texas region. Efforts by the community's leadership over the past several years have led to diversification in the regional economy, a major factor contributing to significant improvement in growth and development.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

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

Houston and 180 miles northeast of San Antonio. It is less than 100 miles from the state capital of Austin. The City sits on the rich southern agricultural Blackland Prairie on the east and cattle country of the rolling Grand Prairie on the west.

The central location in the state makes the City commercially attractive as a distribution center. Waco straddles the major north/south route of Interstate 35, “the Main Street of Texas,” which stretches from Laredo at the Mexican border to Duluth, Minnesota in the north. The “port-to-plains” route of State Highway 6 crosses Waco east to west, leading from the Gulf Coast to the West Texas High Plains.

Economic experts predict a bright future for Waco because of the diversification of the manufacturing industry, influx of high technology companies, stability in the financial sector, availability of diverse higher education opportunities and steady population growth. Waco will continue to attract new industry because the City provides a high quality labor force, attractive real estate opportunities, favorable tax treatment and abundant natural resources.

Waco’s main sources of income are primarily from educational and health services and manufacturing, according to the Baylor University’s Center for Business & Economic Research. Any fluctuations in Waco’s historically stable economy have originated in the manufacturing base. Waco’s top ten taxpayers include a candy manufacturer, a soft drink bottler, an aircraft components manufacturer, and an eye care products manufacturer. Additionally, there are a couple of retail shopping centers, an electric utility, a disposable diaper manufacturer and a couple of warehouses. Eight of the top ten employers are education, government, healthcare or manufacturing related.

The educational sector contributes significantly to the City’s economic stability. Waco is the home of Baylor University, a private university with a student enrollment of approximately 16,200. Baylor offers undergraduate degrees in 144 fields, 74 master’s degree programs and 34 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 9,000 students. MCC offers a comprehensive range of educational programs including associate’s degree programs, workforce development training and continuing education courses. Additionally, several bachelor’s degree programs are available on the MCC campus through partnerships with four-year state universities. With an enrollment of over 3,900, Texas State Technical College offers nearly 100 associates degrees and certificates in a variety of engineering-related and emerging technology fields, preparing a workforce to meet the demands of industry and business.

The Waco Metropolitan Statistical Area (MSA) covers 1,000 square miles. The City encompasses 99 square miles, including 12 square miles of water, within the Waco corporate limits. The average Waco MSA civilian labor force grew 3.7% from 110,781 in 2008 to 114,915 by September 2014. Total employment at the beginning of fiscal year 2014 - 2015 was 108,682 while the unemployment rate was 4.7%.

Long-term Financial Planning

Unassigned fund balance in the general fund (18.97 percent of fiscal year 2015 budgeted revenues) falls within the financial management policy guidelines set by the City Council. In response to the implementation of Governmental Accounting Standards Board Statement No. 54,

Fund Balance Reporting and Governmental Fund Type Definitions (GASB No. 54) in fiscal year 2011, the City Council established a new guideline designed to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The City's five-year Capital Improvement Program is a plan for both long-term and short-term capital needs. Debt payments are structured to provide that capital assets funded by debt have a longer life than the debt associated with those assets. Regarding general obligation debt, the City adopted a policy in fiscal year 2011 to strive each year to decrease the use of debt financing to meet the long-term goal of funding capital expenditures with non-debt sources.

Relevant Financial Policies

In addition to the general fund balance financial policy mentioned above, the City also strives to maintain a positive unrestricted net assets position in the City's water, wastewater and solid waste funds to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the minimum working capital shall be 30% of annual revenues. The working capital percentages at September 30, 2014, for the water, wastewater and solid waste funds were 61.8%, 69.7% and 78.2%, respectively. These working capital percentages were calculated after removing funds set aside for cash Capital Improvement Program funding.

Major initiatives

In 2007, voters approved a \$63 million bond election to provide for improvements to many City facilities. These projects, which include the Convention Center, police headquarters, libraries, fire stations, park improvements and renovations at the Texas Ranger Museum, among others, are all complete. Improvements to the East Library have been initiated with the savings from the Central and West Libraries projects.

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

Water and wastewater plant improvements to double the treatment capacity have been completed and several projects have now been initiated to expand these capacity improvements to the wastewater collection system and water distribution system. The City's water quality and quantity improvements along with the pipeline upgrades position Waco and Central Texas extremely well for economic development and residential growth for coming generations.

In an effort to revitalize the downtown area, community leaders and stakeholders have developed and completed the Greater Downtown Master Plan. As a result of this effort, the establishment of a downtown development corporation is complete. An update of the City's comprehensive plan is underway and will be supported by new water, wastewater, storm water and solid waste master plans. A transit study and an economic development strategic plan have also been developed. All of these plans are expected to be completed in 2015.

Riverfront development has been greatly enhanced with the completion of the \$260 million McLane Stadium at Baylor University located on the banks of the Brazos River. Efforts will continue on the development of available property in the downtown and river corridor.

Financial Information

Information on the City's general accounting policies and budgetary controls is provided in the Notes to the Financial Statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waco for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the 32nd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

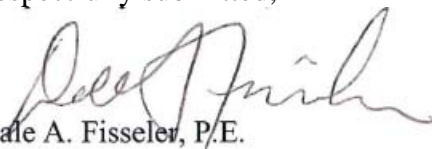
The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2013, and the Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2013. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

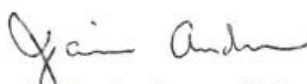
The preparation of this report would not have been possible without the skill, effort and dedication of the City staff. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report.

We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

In closing, without the leadership and unfailing support for maintaining the highest standards of professionalism in the management of the City's finances of the governing body of the City of Waco, preparation of this report would not have been possible.

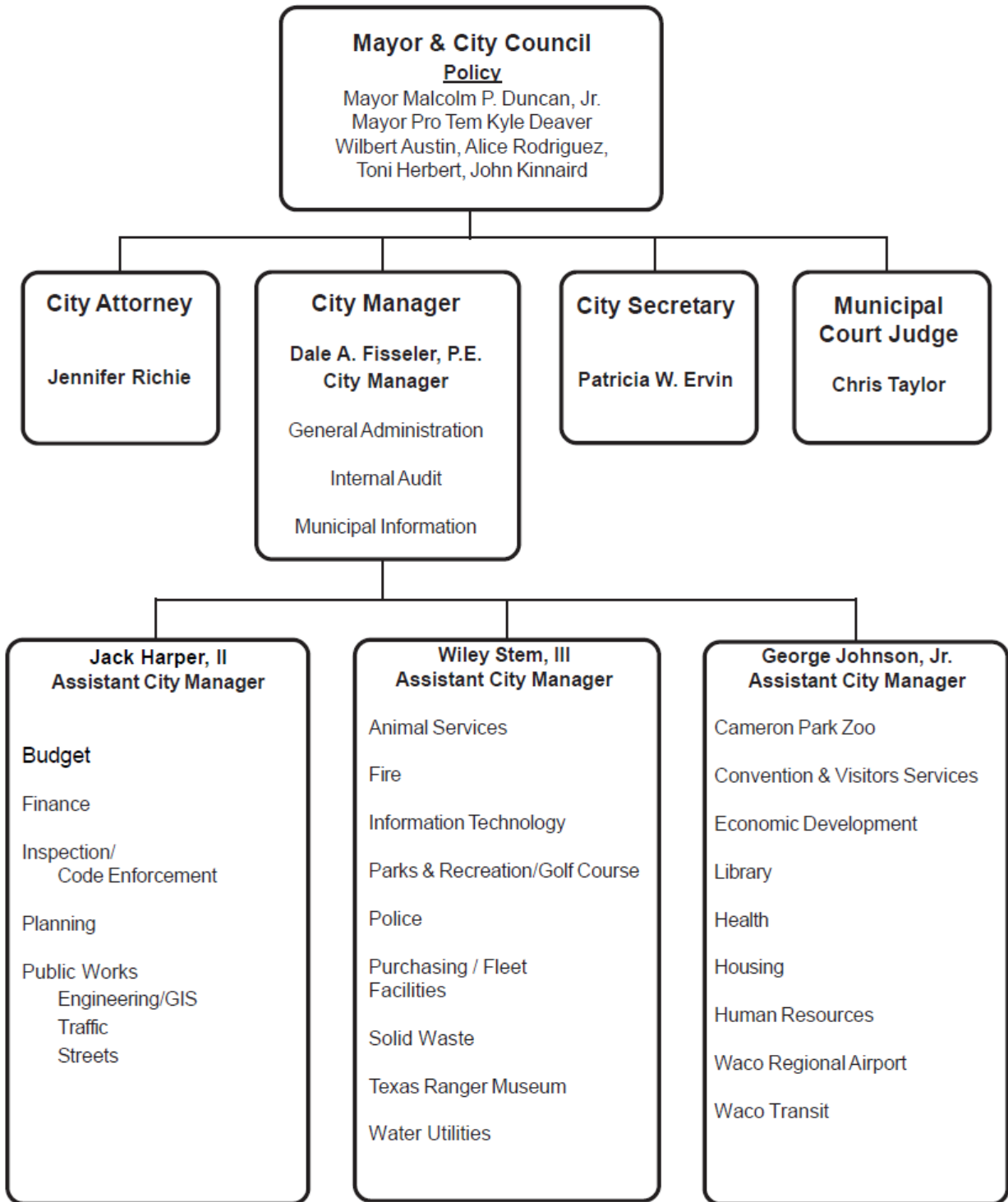
Respectfully submitted,


Dale A. Fisseler, P.E.
City Manager


Janice Andrews, CPA
Director of Finance



CITY OF WACO
Citizens



As of August 4, 2014



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Waco
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



Financial Section





JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note IV.S. to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective October 1, 2013. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2015, on our consideration of the City of Waco, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waco, Texas' internal control over financial reporting and compliance.

Jaynes, Reitmeier, Boyd + Therrell, P.C.

January 17, 2015



Management's Discussion and Analysis



Management's Discussion and Analysis

As management of the City of Waco (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages xi through xv of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities as of September 30, 2014 by \$512,231,032 (net position). Of this amount, \$99,856,522 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$6,946,371.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$84,055,247. The fund balance components are nonspendable - \$1,427,994, restricted - \$30,300,675, committed - \$12,507,957, assigned - \$18,775,225 and unassigned - \$21,043,396. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2014, unassigned fund balance for the General Fund was \$21,043,396 or 18.97% of the 2015 budgeted general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements, which begin on page 25 of this report, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety, culture and recreation, public health, and housing and community development. The business-type activities of the City include water, wastewater, solid waste, airport, convention services, Ranger Hall of Fame, Cameron Park Zoo, transit services, and Cottonwood Creek Golf Course.

The government-wide financial statements can be found on pages 25 – 27 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 28 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, which is considered a major fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report.

Proprietary funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, wastewater, solid waste, airport, convention services, Ranger Hall of Fame, Cameron Park Zoo, transit services, and Cottonwood Creek Golf Course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions.

The City uses its internal service funds to account for its risk management, health insurance, engineering, and fleet services. These internal service functions have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 40 of this report provide separate information for the water, wastewater, and solid waste enterprise funds since these are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resource of these funds is not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Statement of Fiduciary Net Position can be found on page 45 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 through 89 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that further support the information in the financial statements. The combining and individual fund statements and schedules are presented immediately following the notes to the financial statements beginning on page 95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government’s financial position. In the case of the City of Waco, assets and deferred outflows of resources exceeded liabilities by \$512,231,032 as of September 30, 2014.

The largest portion of the City’s net position (\$392,204,795) reflects its net investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, infrastructure and water rights), less any outstanding debt used to acquire those assets. The City uses these

capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Waco Net Position

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------------|----------------------------|--------------------|-----------------------------|--------------------|--------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 109,033,740 | 105,012,715 | 113,997,244 | 108,057,547 | 223,030,984 | 213,070,262 |
| Capital assets | <u>257,050,013</u> | <u>258,717,034</u> | <u>409,618,157</u> | <u>415,759,055</u> | <u>666,668,170</u> | <u>674,476,089</u> |
| Total assets | <u>366,083,753</u> | <u>363,729,749</u> | <u>523,615,401</u> | <u>523,816,602</u> | <u>889,699,154</u> | <u>887,546,351</u> |
| Total deferred outflows of resources | <u>463,791</u> | <u>576,577</u> | <u>2,487,815</u> | <u>2,838,837</u> | <u>2,951,606</u> | <u>3,415,414</u> |
| Long-term liabilities | 101,508,670 | 105,693,696 | 221,816,782 | 226,752,058 | 323,325,452 | 332,445,754 |
| Other liabilities | <u>31,571,433</u> | <u>29,858,143</u> | <u>25,522,843</u> | <u>23,373,207</u> | <u>57,094,276</u> | <u>53,231,350</u> |
| Total liabilities | <u>133,080,103</u> | <u>135,551,839</u> | <u>247,339,625</u> | <u>250,125,265</u> | <u>380,419,728</u> | <u>385,677,104</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 180,508,096 | 180,902,677 | 211,696,699 | 215,231,053 | 392,204,795 | 396,133,730 |
| Restricted | 18,895,396 | 19,391,804 | 1,274,319 | 1,180,611 | 20,169,715 | 20,572,415 |
| Unrestricted | <u>34,063,949</u> | <u>28,460,006</u> | <u>65,792,573</u> | <u>60,118,510</u> | <u>99,856,522</u> | <u>88,578,516</u> |
| Total net position | <u>\$ 233,467,441</u> | <u>228,754,487</u> | <u>278,763,591</u> | <u>276,530,174</u> | <u>512,231,032</u> | <u>505,284,661</u> |

A portion of the City's net position (\$20,169,715) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$99,856,522) of unrestricted net position may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fund designation and fiscal policies.

As of September 30, 2014, the City has positive balances in all three categories of net position, both for the City as a whole, as well as for its governmental and business-type activities separately. The same situation held true for the prior fiscal year.

The government's net position increased \$6,946,371 during the current fiscal year.

Analysis of the City's operations – The following table provides a summary of the City's operations for the year ended September 30, 2014. Governmental activities increased the City's net position by \$4,712,954 and represented 67.8% of the total. Business-type activities increased the City's net position by \$2,233,417 and represented 32.2% of the total increase.

City of Waco Changes in Net Position

| | Year Ended September 30, | | | | | |
|--|----------------------------|-----------------------------|--------------------|----------------------------|-----------------------------|--------------------|
| | 2014 | | | 2013 | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,274,277 | 86,092,057 | 94,366,334 | 6,298,141 | 88,204,469 | 94,502,610 |
| Operating grants and contributions | 10,924,393 | 3,869,760 | 14,794,153 | 11,500,355 | 3,419,959 | 14,920,314 |
| Capital grants and contributions | 3,272,066 | 1,682,452 | 4,954,518 | 7,256,153 | 4,836,705 | 12,092,858 |
| General revenues: | | | | | | |
| Ad valorem taxes | 57,159,819 | - | 57,159,819 | 57,100,563 | - | 57,100,563 |
| Sales taxes | 33,487,659 | - | 33,487,659 | 31,075,760 | - | 31,075,760 |
| Franchise taxes | 14,181,593 | - | 14,181,593 | 13,405,186 | - | 13,405,186 |
| Hotel/motel taxes | - | 2,403,171 | 2,403,171 | - | 2,095,987 | 2,095,987 |
| Other taxes | 785,905 | - | 785,905 | 676,254 | - | 676,254 |
| Investment earnings | 323,760 | 197,346 | 521,106 | 308,603 | 159,463 | 468,066 |
| Miscellaneous | 1,196,841 | - | 1,196,841 | 2,153,305 | - | 2,153,305 |
| Gain on sale of land | 105,278 | - | 105,278 | 290,376 | - | 290,376 |
| Total revenues | <u>129,711,591</u> | <u>94,244,786</u> | <u>223,956,377</u> | <u>130,064,696</u> | <u>98,716,583</u> | <u>228,781,279</u> |
| Expenses: | | | | | | |
| General government | 16,223,167 | - | 16,223,167 | 20,039,649 | - | 20,039,649 |
| Public works | 12,205,449 | - | 12,205,449 | 13,699,976 | - | 13,699,976 |
| Public safety | 66,630,254 | - | 66,630,254 | 62,592,351 | - | 62,592,351 |
| Culture and recreation | 16,922,912 | - | 16,922,912 | 16,544,389 | - | 16,544,389 |
| Public health | 7,314,101 | - | 7,314,101 | 7,388,363 | - | 7,388,363 |
| Housing and community development | 2,974,293 | - | 2,974,293 | 2,255,720 | - | 2,255,720 |
| Interest on long-term debt | 3,631,452 | - | 3,631,452 | 3,798,174 | - | 3,798,174 |
| Water | - | 32,998,874 | 32,998,874 | - | 33,038,145 | 33,038,145 |
| Wastewater | - | 19,263,583 | 19,263,583 | - | 18,432,230 | 18,432,230 |
| Solid waste | - | 15,794,559 | 15,794,559 | - | 16,033,246 | 16,033,246 |
| Airport | - | 3,284,396 | 3,284,396 | - | 3,083,925 | 3,083,925 |
| Convention services | - | 3,957,683 | 3,957,683 | - | 3,941,005 | 3,941,005 |
| Ranger Hall of Fame | - | 1,326,695 | 1,326,695 | - | 1,343,575 | 1,343,575 |
| Cameron Park Zoo | - | 4,494,173 | 4,494,173 | - | 4,318,267 | 4,318,267 |
| Transit services | - | 8,177,708 | 8,177,708 | - | 8,046,015 | 8,046,015 |
| Cottonwood Creek Golf Course | - | 1,810,707 | 1,810,707 | - | 1,782,963 | 1,782,963 |
| Total expenses | <u>125,901,628</u> | <u>91,108,378</u> | <u>217,010,006</u> | <u>126,318,622</u> | <u>90,019,371</u> | <u>216,337,993</u> |
| Increase in net position before transfers | 3,809,963 | 3,136,408 | 6,946,371 | 3,746,074 | 8,697,212 | 12,443,286 |
| Transfers | 902,991 | (902,991) | - | 81,051 | (81,051) | - |
| Increase in net position | 4,712,954 | 2,233,417 | 6,946,371 | 3,827,125 | 8,616,161 | 12,443,286 |
| Net position, beginning of year | 228,754,487 | 276,530,174 | 505,284,661 | 225,017,495 | 268,544,752 | 493,562,247 |
| Cumulative effect of change in accounting principles | - | - | - | (881,234) | (1,752,824) | (2,634,058) |
| Prior period adjustment | - | - | - | 791,101 | 1,122,085 | 1,913,186 |
| Net position, beginning of year as restated | <u>228,754,487</u> | <u>276,530,174</u> | <u>505,284,661</u> | <u>224,927,362</u> | <u>267,914,013</u> | <u>492,841,375</u> |
| Net position, end of year | <u>\$ 233,467,441</u> | <u>278,763,591</u> | <u>512,231,032</u> | <u>228,754,487</u> | <u>276,530,174</u> | <u>505,284,661</u> |

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

- Overall, governmental revenues decreased \$353,105 (.27%). Ad valorem taxes reflected a slight increase of \$59,256 (.10%), primarily as the result of 2.4% growth in property tax base which was offset by a reduction in the tax rate of one cent and decreased delinquent tax collections including penalties and interest. Sales taxes reflected an increase of \$2,411,899 (7.77%). Charges for services increased \$1,976,136 (31.38%) primarily due to increased court fine collections and a new contract to provide Air Rescue Firefighting (ARFF) at the Texas State Technical College (TSTC). These revenue increases were partially offset by the decrease in capital grants and contributions of \$3,984,087 (54.91%) primarily due to the timing of streets and drainage infrastructure being accepted from developers for City maintenance.
- Overall, governmental expenses decreased \$416,994 (.33%). A 2% percent salary increase as well as job class step increases for some civil service employees based on rank and service time was approved in the budget. This salary increase resulted in approximately \$1.4 million of additional expense. Six new positions (estimated cost of \$600,000) were added to the fire department for the new ARFF contract at TSTC airport. The City recognized an additional \$1.2 million of depreciation expense as compared to the previous year. Over \$800,000 of this increase was due to public safety functions, primarily for the renovated police headquarters, vehicles, and radios. These increases were offset by the reduction of \$5 million in tax increment grant funding. During 2014, reinvestment zone number one expended \$3 million (compared to \$8 million during 2013) to assist with infrastructure improvements for the new stadium/community events complex at Baylor University. Additionally, 2013 was the first year of an approved ten-year commitment to provide grant funding of up to \$35,060,340 for the complex. The eight remaining \$3,006,034 annual payments are payable from tax increment revenue collected each year in which the payments are due.

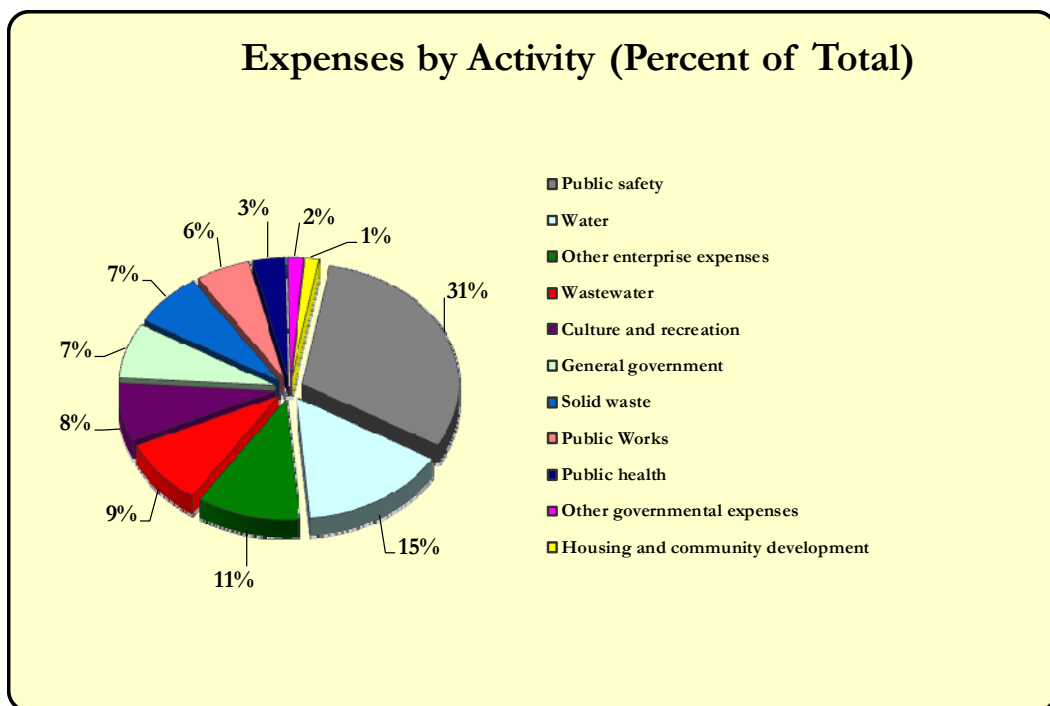
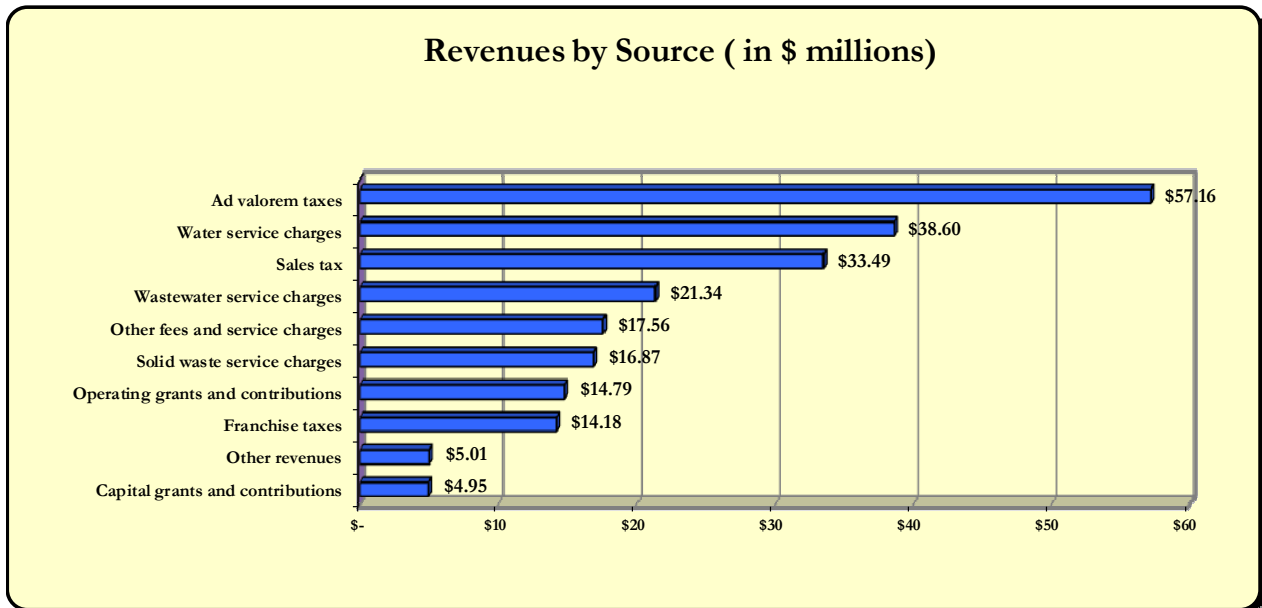
Texas Municipal Retirement System (TMRS) continues to make significant changes in actuarial assumptions and funding methodology used in calculating their member cities' contribution rates. The TMRS benefit provisions were reviewed during the fiscal year 2012 budget process. The City Council approved a plan change to turn off annually repeating annuity increases for retirees. This plan change became effective January 1, 2012 and reduced the City's full contribution rate to 14.04% (as compared to an anticipated 2012 phase-in rate of 20.07% and full rate of 22.24%). The City's contribution rates for calendar years 2013 and 2014 were 13.87% and 13.61%, respectively.

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

- Total revenues decreased \$4,471,797 (4.53%). Charges for services accounted for \$2.1 million of this decrease because of reduced water revenue due to more rainfall as compared to the prior year. Capital grants and contributions decreased \$3.2 million due to timing of construction projects at the Airport. Approximately \$2.9 million of Airport construction commitments remained at year-end, primarily for the perimeter road project.

- Total expenses increased by \$1.1 million (1.21%). Increases in salaries and benefits accounted for \$851,741. Master plans for both the water and wastewater systems are being completed with over \$1 million expended for work done in the current year. These increases were offset with decreases in other expenses. Depreciation expense decreased \$401,615 primarily due to reductions in Solid Waste for landfill improvements and equipment. Interest expense decreased \$447,285 due to bond refunding issues and increased cash funding being utilized for capital projects.

Government-wide activities – Total government-wide activities for 2014 are depicted in the graphs below:



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds - The focus of the City of Waco's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Waco's governmental funds reported combined ending fund balances of \$84,055,247. Approximately 1.7% (\$1,427,994) of this total amount constitutes nonspendable fund balance. Nonspendable fund balance represents net resources that cannot be spent because of their form or because they must remain intact. Included in this component are inventories, advances to other funds, and permanent funds. Approximately 36.1% (\$30,300,675) of the total fund balance is classified as restricted. Restricted fund balance reflects resources that are subject to externally enforceable legal restrictions. This classification includes debt service, capital projects, and special revenue funds such as tax increment zones. Approximately 14.9% (\$12,507,957) of the fund balance is reported as committed. Committed fund balances represent resources whose use has a self-imposed limitation imposed by the City Council and would require formal action to remove or modify the commitment. This classification includes resources that have been committed for economic development initiatives. Approximately 22.3% (\$18,775,225) of the fund balance is reported as assigned which reflects the City's intended use of resources. These intended uses are approved by the City Council. The remainder of the fund balance of \$21,043,396 (25%) is reported as unassigned. Only the general fund can report a positive amount of unassigned fund balance. Refer to page 55 of this report for a more detailed presentation of governmental fund balances.

The City's Financial Management Policy Statements provide for general fund unassigned fund balance to be maintained at 18% of current year revenues. Unassigned general fund balance at the end of the current fiscal year is 18.97% of 2015 budgeted revenues. The fund balance of the general fund at the end of the current year reported an increase of \$5,328,406. Total revenues in the general fund increased \$4,581,816 as compared to the prior year and were \$5,609,027 more than budgeted. Key factors in general fund revenue are as follows:

- The total property tax rate decreased by one cent, but the distribution of the tax rate allocated to the General Fund increased. This was due to the Council's initiatives to increase cash funding for capital projects. Increases in property tax revenues resulting from growth in net taxable assessed property valuation of approximately \$124 million, including \$70 million from new construction, was partially offset by decreased delinquent tax collections. Property taxes represented over 39% of total general fund revenues.
- Sales tax revenue reported over a \$2.4 million increase as compared to prior year, with actual amounts exceeding the amount originally budgeted for the fiscal year by \$4 million. Increased economic activity, lower unemployment rates, and stable fuel prices all contributed to this revenue growth. This revenue source represents over 31% of total general fund revenues.

- Gross receipts fees, which had been budgeted very conservatively, increased \$710,949 as compared to prior year, but actual amounts exceeded the amount originally budgeted for the fiscal year by almost \$1.4 million. Gross receipts from natural gas accounted for most of the \$700,000 increase as a result of increases in consumption and prices. Over 13% of total general fund revenues came from gross receipts fees.

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

Unrestricted net position of the respective major proprietary funds are Water - \$35,139,267, Wastewater - \$19,205,697, and Solid Waste - \$10,968,246. These funds experienced increases in total net position during 2014 as follows: Water - \$2,802,209, Wastewater - \$1,353,136, and Solid Waste - \$766,431.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$6,778,818. The primary differences can be briefly summarized as follows:

- \$651,459 increase for purchasing ROW for the FM 1637, Highway 84, and Loop 574 projects.
- \$9,500 increase for revision of the federal emergency management agency maps.
- \$314,329 increase for funds allocated to the Texas Ranger Hall of Fame grounds and facilities projects.
- \$449,166 increase for expenses related to streets maintenance.
- \$489,067 increase for an Air Rescue Firefighting (ARFF) contract.
- \$64,902 increase for information technology consulting services.
- \$240,536 increase for information technology hardware and software upgrades.
- \$123,000 increase for library land purchase.
- \$584,373 increase for police department equipment.
- \$425,320 increase for police department software upgrades.
- \$428,425 increase for elevator modernization at the Police Headquarters.
- \$271,296 increase for a portion of the lighting system replacement project for the historic Suspension Bridge.
- \$234,461 for replacement of the City's telephone system.

- \$185,582 increase for the City's municipal information cable channel equipment.
- \$100,996 increase for an Economic Development Strategic Plan
- \$940,932 increase for waste disposal related to Peach Street property clean-up
- \$476,810 increase to fund the Brazos Riverwalk project
- \$50,000 increase to fund various large demolition projects.
- \$76,458 increase for drainage projects.
- \$308,359 increase for golf course equipment.
- \$25,000 increase for housing department projects
- \$100,000 increase for Greater Waco Collective Impact Initiative (Prosper Waco) contract.
- \$48,347 increase for assistance with golf course operations.
- \$80,500 increase to fund medical exams and testing for sexual assault victims.
- \$100,000 increase for legal services in connection with the Brazos Riverfront Development project.

Of this increase, \$2,255,458 was from fund balance assigned for capital improvements, \$600,000 from fund balance assigned for economic development, \$470,084 from fund balance assigned for public works, \$25,000 from fund balance assigned for housing and community development, \$64,902 from fund balance assigned for other, \$300,000 from fund balance restricted for public safety, \$100,996 from increases in federal revenues, \$489,067 from increases in contribution revenues, \$268,941 from increases in gross receipts taxes, \$80,500 from increases in miscellaneous revenues, \$290,068 from increases in the transfer from the Abandoned Motor Vehicle fund, and \$1,833,482 from increases in sales tax.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 31 to 39 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2014.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$666,668,170 (net of accumulated depreciation). This investment in capital assets includes land, building, machinery and equipment, improvements other than buildings, infrastructure and construction work in progress. Major capital asset events occurring during the current fiscal year included the following:

- Capitalized approximately \$11.5 million on various water, wastewater, and solid waste systems projects.

- Capitalized \$3.0 million on various park facility improvements expenditures.
- Capitalized \$1.5 million on Airport Improvement Program projects.
- Capitalized \$1.9 million for police facilities and equipment.
- Capitalized \$5.9 million in street and drainage expenditures and contributions.
- Capitalized \$1.1 million for fire station.

City of Waco Capital Assets

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 45,659,048 | 44,816,272 | 6,522,237 | 6,311,458 | 52,181,285 | 51,127,730 |
| Buildings | 69,353,478 | 68,049,191 | 81,092,966 | 81,092,966 | 150,446,444 | 149,142,157 |
| Improvements other than buildings | 59,345,775 | 56,635,043 | 478,730,432 | 469,156,084 | 538,076,207 | 525,791,127 |
| Machinery and equipment | 49,865,359 | 44,404,968 | 45,854,225 | 44,813,771 | 95,719,584 | 89,218,739 |
| Museum collections | - | - | 2,160,924 | 2,133,424 | 2,160,924 | 2,133,424 |
| Infrastructure | 264,356,972 | 260,147,197 | - | - | 264,356,972 | 260,147,197 |
| Construction work in progress | 4,341,139 | 5,679,635 | 14,411,036 | 9,889,387 | 18,752,175 | 15,569,022 |
| Water rights | - | - | 32,482,879 | 32,482,879 | 32,482,879 | 32,482,879 |
| Less: accumulated depreciation | <u>(235,871,758)</u> | <u>(221,015,272)</u> | <u>(251,636,542)</u> | <u>(230,120,914)</u> | <u>(487,508,300)</u> | <u>(451,136,186)</u> |
| Total capital assets | <u>\$ 257,050,013</u> | <u>258,717,034</u> | <u>409,618,157</u> | <u>415,759,055</u> | <u>666,668,170</u> | <u>674,476,089</u> |

Additional information on the City's capital assets can be found in Note IV on pages 65 - 67 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Waco had total bonded debt, loans and notes payable, and capital lease obligations of \$313,467,439. Of this amount, \$311,556,559 represents bonded debt backed by the full faith and credit of the government. The City's capitalized lease obligation of \$12,443 pertains to purchases of computer equipment. The \$1,898,437 note payable is for purchase of pump station and water transmission lines.

City of Waco
Bonds, Notes and Capitalized Obligations Payable

| | Governmental Activities | | Business-type Activities | | Totals | |
|---------------------------------|----------------------------|-------------------|-----------------------------|--------------------|--------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General obligation certificates | \$ 88,539,551 | 82,438,108 | 223,017,008 | 228,080,781 | 311,556,559 | 310,518,889 |
| Capital lease obligations | 12,443 | 61,608 | - | - | 12,443 | 61,608 |
| Note payable | - | - | 1,898,437 | 1,967,906 | 1,898,437 | 1,967,906 |
| | <u>\$ 88,551,994</u> | <u>82,499,716</u> | <u>224,915,445</u> | <u>230,048,687</u> | <u>313,467,439</u> | <u>312,548,403</u> |

During the 2014 fiscal year, the City issued \$9,650,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including traffic control systems, streets, street lighting and drainage, sidewalks, vehicles, equipment, water, and wastewater improvements. The City's combination tax and revenue certificates of obligation bond ratings are listed below:

| | <u>Moody's Investors Service</u> | <u>Standard and Poor's</u> |
|--------------------------|--------------------------------------|--------------------------------|
| General obligation bonds | Aa2 | AA |

Additional information on the City of Waco's long-term debt can be found in Note IV on pages 70 to 75 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2015 is based on an increase in revenues of 7.3% over last year's adopted budget, due mainly to the increase from ad valorem taxes primarily from new construction and the City's debt reduction initiative, and significant increases in sales tax and court fines. No ad valorem tax rate adjustment is included for 2015.

Approximately 29% of general fund revenues come from sales taxes. The City ended 2014 with sales tax revenue considerably over the original adopted budget. Sales taxes for 2015 were budgeted with an 8% increase over the fiscal year 2014 adopted budget, but still less than actual receipts for 2014. The City's preference is to be conservative in this area of the budget because this revenue is so volatile and is affected by so many factors that the City has no control over.

The 2015 budget includes a 2% salary increase for all employees and increases for certain civil service employees who are eligible for step pay increases. Departments were asked to evaluate their staffing needs as positions became vacant during the year, review positions that had been vacant for a considerable amount of time, and assess operations for efficiencies in the workforce. This budget reflects a net increase of 13.5 full-time equivalent positions over last year's budget primarily for additional police dispatchers and fire personnel.

The TMRS benefit provisions of the City's plan were reviewed during the fiscal year 2012 budget process and as a result, the City Council approved a plan change to turn off annually repeating annuity increases and significantly reduced pension expense. Effective January 1, 2015, the City's full contribution rate is 13.15%. The City's budget for fiscal year 2015 included approximately \$10 million for TMRS contributions and the City's funded ratio decreased slightly to 85% due primarily to the change from the Projected Unit Credit actuarial funding method to Entry Age Normal that was adopted by TMRS.

Fiscal year 2015 does not include any rate changes in water and wastewater rates for any class of customers. Solid waste residential, commercial, roll-off and landfill rates will also remain the same for 2015. The landfill charge for non-citizens and self-hauling entities was increased.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Janice Andrews, Finance Director, at P. O. Box 2570, Waco, Texas 76702-2570, or call (254) 750-5758.



Basic Financial Statements



City of Waco, Texas
Statement of Net Position
September 30, 2014

| | Primary Government | | | Component Units | | |
|---|----------------------------|-----------------------------|--------------------|-------------------------------------|--|---|
| | Governmental Activities | Business-type Activities | Total | Baylor Waco Stadium Authority | Central Waco Development Corporation | Waco Health Facilities Development Corporation |
| Assets | | | | | | |
| Cash and investments | \$ 89,912,756 | 70,068,118 | 159,980,874 | 151,923 | 6,261 | 30,174 |
| Receivables (net of allowances for uncollectibles): | | | | | | |
| Accounts | 3,923,587 | 10,922,371 | 14,845,958 | 88,376 | 75 | - |
| Special assessments | 11,315 | - | 11,315 | - | - | - |
| Taxes | 8,257,619 | - | 8,257,619 | - | - | - |
| Intergovernmental receivable | 2,545,187 | 1,179,068 | 3,724,255 | - | - | - |
| Accrued interest receivable | - | 3,356 | 3,356 | - | - | - |
| Internal balances | 831,301 | (831,301) | - | - | - | - |
| Inventories | 1,008,432 | 1,179,405 | 2,187,837 | 12,089 | - | - |
| Restricted cash and investments | - | 30,924,752 | 30,924,752 | - | - | - |
| Notes receivable | 2,497,322 | 551,475 | 3,048,797 | - | - | - |
| Real estate held for resale | 46,221 | - | 46,221 | - | - | - |
| Deferred charges | - | - | - | - | - | - |
| Capital assets not being depreciated: | | | | | | |
| Land | 45,659,048 | 6,522,237 | 52,181,285 | - | - | - |
| Museum collections | - | 2,160,924 | 2,160,924 | - | - | - |
| Construction in progress | 4,341,139 | 14,411,036 | 18,752,175 | - | - | - |
| Capital assets, net of accumulated depreciation: | | | | | | |
| Buildings | 51,526,705 | 48,784,731 | 100,311,436 | - | - | - |
| Machinery and equipment | 16,760,823 | 13,791,195 | 30,552,018 | - | - | - |
| Improvements other than buildings | 33,397,066 | 300,301,682 | 333,698,748 | - | - | - |
| Infrastructure | 105,365,232 | - | 105,365,232 | - | - | - |
| Water rights | - | 23,646,352 | 23,646,352 | - | - | - |
| Total assets | 366,083,753 | 523,615,401 | 889,699,154 | 252,388 | 6,336 | 30,174 |
| Deferred Outflows of Resources | | | | | | |
| Deferred outflows of resources: | | | | | | |
| Deferred losses on refundings of debt | 463,791 | 2,487,815 | 2,951,606 | - | - | - |
| Total deferred outflows of resources | 463,791 | 2,487,815 | 2,951,606 | - | - | - |
| Liabilities | | | | | | |
| Accounts payable | 5,222,530 | 2,756,556 | 7,979,086 | 219,300 | - | - |
| Accrued liabilities | 5,413,170 | 2,476,913 | 7,890,083 | 33,088 | - | - |
| Accrued interest payable | 640,699 | 1,568,893 | 2,209,592 | - | - | - |
| Unearned revenue | 41,839 | 96,030 | 137,869 | - | - | - |
| Escrow funds | 249,649 | - | 249,649 | - | - | - |
| Customer deposits | 274,839 | - | 274,839 | - | - | - |
| Liabilities payable from restricted assets | - | 4,361,336 | 4,361,336 | - | - | - |
| Noncurrent liabilities: | | | | | | |
| Due within one year | 19,728,707 | 14,263,115 | 33,991,822 | - | - | - |
| Due in more than one year | 101,508,670 | 221,816,782 | 323,325,452 | - | - | - |
| Total liabilities | 133,080,103 | 247,339,625 | 380,419,728 | 252,388 | - | - |
| Net Position | | | | | | |
| Net investment in capital assets | 180,508,096 | 211,696,699 | 392,204,795 | - | - | - |
| Restricted for: | | | | | | |
| Tax increment financing/public improvement district | 11,667,535 | - | 11,667,535 | - | - | - |
| Housing and community development | 2,333,652 | - | 2,333,652 | - | - | - |
| Culture and recreation | 2,221,307 | - | 2,221,307 | - | - | - |
| Public safety | 1,490,130 | - | 1,490,130 | - | - | - |
| Municipal information | 703,924 | - | 703,924 | - | - | - |
| Parks and cemetery care - nonexpendable | 478,848 | - | 478,848 | - | - | - |
| Capital projects | - | 1,274,319 | 1,274,319 | - | - | - |
| Unrestricted | 34,063,949 | 65,792,573 | 99,856,522 | - | 6,336 | 30,174 |
| Total net position | \$ 233,467,441 | 278,763,591 | 512,231,032 | - | 6,336 | 30,174 |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2014

| Functions/Programs | Expenses | Program Revenues | |
|--|-------------------------|----------------------|------------------------------------|
| | | Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| Governmental activities: | | | |
| General government | \$ (16,223,167) | 192,402 | 1,902,154 |
| Public works | (12,205,449) | 2,257 | - |
| Public safety | (66,630,254) | 5,520,650 | 1,485,836 |
| Culture and recreation | (16,922,912) | 1,404,877 | 1,308,627 |
| Public health | (7,314,101) | 1,154,091 | 3,648,017 |
| Housing and community development | (2,974,293) | - | 2,579,759 |
| Interest on long-term debt | (3,631,452) | - | - |
| Total governmental activities | <u>(125,901,628)</u> | <u>8,274,277</u> | <u>10,924,393</u> |
| Business-type activities: | | | |
| Water | (32,998,874) | 38,600,073 | - |
| Wastewater | (19,263,583) | 21,343,556 | - |
| Solid waste | (15,794,559) | 16,866,587 | - |
| Airport | (3,284,396) | 1,142,240 | 87,600 |
| Convention services | (3,957,683) | 1,213,798 | - |
| Ranger Hall of Fame | (1,326,695) | 420,414 | 129,707 |
| Cameron Park Zoo | (4,494,173) | 1,582,279 | - |
| Transit services | (8,177,708) | 3,373,782 | 3,652,453 |
| Cottonwood Creek Golf Course | (1,810,707) | 1,549,328 | - |
| Total business-type activities | <u>(91,108,378)</u> | <u>86,092,057</u> | <u>3,869,760</u> |
| Total primary government | <u>\$ (217,010,006)</u> | <u>94,366,334</u> | <u>14,794,153</u> |
| Component Units: | | | |
| Baylor Waco Stadium Authority | \$ (523,163) | 56,756 | 466,407 |
| Central Waco Development Corporation | (65) | - | - |
| Waco Health Facilities Development Corporation | (75) | - | - |
| Total component units | <u>\$ (523,303)</u> | <u>56,756</u> | <u>466,407</u> |

General revenues:

Taxes:

Property

Property tax increment financing

Sales

Franchise

Hotel/motel

Other

Unrestricted investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

See accompanying notes to financial statements.

| Net Revenues (Expenses) and Changes in Net Position | | | | | | |
|---|----------------------------|-----------------------------|----------------------|-------------------------------------|--|---|
| Capital Grants and Contributions | Primary Government | | | Component Units | | |
| | Governmental Activities | Business-type Activities | Total | Baylor Waco Stadium Authority | Central Waco Development Corporation | Waco Health Facilities Development Corporation |
| - | (14,128,611) | - | (14,128,611) | | | |
| 2,713,975 | (9,489,217) | - | (9,489,217) | | | |
| - | (59,623,768) | - | (59,623,768) | | | |
| 558,091 | (13,651,317) | - | (13,651,317) | | | |
| - | (2,511,993) | - | (2,511,993) | | | |
| - | (394,534) | - | (394,534) | | | |
| - | (3,631,452) | - | (3,631,452) | | | |
| <u>3,272,066</u> | <u>(103,430,892)</u> | <u>-</u> | <u>(103,430,892)</u> | | | |
| 199,608 | - | 5,800,807 | 5,800,807 | | | |
| - | - | 2,079,973 | 2,079,973 | | | |
| - | - | 1,072,028 | 1,072,028 | | | |
| 1,455,344 | - | (599,212) | (599,212) | | | |
| - | - | (2,743,885) | (2,743,885) | | | |
| 27,500 | - | (749,074) | (749,074) | | | |
| - | - | (2,911,894) | (2,911,894) | | | |
| - | - | (1,151,473) | (1,151,473) | | | |
| - | - | (261,379) | (261,379) | | | |
| <u>1,682,452</u> | <u>-</u> | <u>535,891</u> | <u>535,891</u> | | | |
| <u>4,954,518</u> | <u>(103,430,892)</u> | <u>535,891</u> | <u>(102,895,001)</u> | | | |
| - | | | | - | - | - |
| - | | | | - | (65) | - |
| - | | | | - | - | (75) |
| <u>-</u> | | | | <u>-</u> | <u>(65)</u> | <u>(75)</u> |
| | | | | | | |
| \$ | 51,585,835 | - | 51,585,835 | - | - | - |
| | 5,573,984 | - | 5,573,984 | - | - | - |
| | 33,487,659 | - | 33,487,659 | - | - | - |
| | 14,181,593 | - | 14,181,593 | - | - | - |
| | - | 2,403,171 | 2,403,171 | - | - | - |
| | 785,905 | - | 785,905 | - | - | - |
| | 323,760 | 197,346 | 521,106 | - | 17 | 77 |
| | 105,278 | - | 105,278 | - | - | - |
| | 1,196,841 | - | 1,196,841 | - | - | - |
| | 902,991 | (902,991) | - | - | - | - |
| | <u>108,143,846</u> | <u>1,697,526</u> | <u>109,841,372</u> | <u>-</u> | <u>17</u> | <u>77</u> |
| | 4,712,954 | 2,233,417 | 6,946,371 | - | (48) | 2 |
| | <u>228,754,487</u> | <u>276,530,174</u> | <u>505,284,661</u> | <u>-</u> | <u>6,384</u> | <u>30,172</u> |
| \$ | <u>233,467,441</u> | <u>278,763,591</u> | <u>512,231,032</u> | <u>-</u> | <u>6,336</u> | <u>30,174</u> |

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2014

| | General | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------------|--------------------------------|
| Assets | | | |
| Assets: | | | |
| Cash and investments | \$ 48,314,509 | 31,148,891 | 79,463,400 |
| Receivables, net of allowances: | | | |
| Accounts | 3,830,936 | 83,603 | 3,914,539 |
| Special assessments | - | 11,315 | 11,315 |
| Taxes | 7,730,727 | 526,892 | 8,257,619 |
| Notes receivable | - | 2,497,322 | 2,497,322 |
| Due from other funds | 1,155,082 | 5,960,522 | 7,115,604 |
| Advances to other funds | - | 168,368 | 168,368 |
| Intergovernmental receivable | 1,042,335 | 1,502,852 | 2,545,187 |
| Inventories | 734,557 | - | 734,557 |
| Real estate held for resale | 6,160 | 40,061 | 46,221 |
| | <u>\$ 62,814,306</u> | <u>41,939,826</u> | <u>104,754,132</u> |
| Liabilities | | | |
| Liabilities: | | | |
| Accounts payable | \$ 3,049,944 | 1,807,570 | 4,857,514 |
| Accrued liabilities | 3,644,319 | 1,286,347 | 4,930,666 |
| Unearned revenue | 28,645 | 13,194 | 41,839 |
| Due to other funds | 674,191 | 6,030,453 | 6,704,644 |
| Deposits | 274,839 | - | 274,839 |
| Escrow funds | 221,555 | 27,556 | 249,111 |
| Total liabilities | <u>7,893,493</u> | <u>9,165,120</u> | <u>17,058,613</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows of resources: | | | |
| Unavailable revenue: | | | |
| Property taxes | 1,588,148 | 505,803 | 2,093,951 |
| Court fines | 612,785 | - | 612,785 |
| Other | 922,221 | 11,315 | 933,536 |
| Total deferred inflows of resources | <u>3,123,154</u> | <u>517,118</u> | <u>3,640,272</u> |
| Fund Balances | | | |
| Fund balances: | | | |
| Nonspendable | 740,717 | 687,277 | 1,427,994 |
| Restricted | 1,706,157 | 28,594,518 | 30,300,675 |
| Committed | 9,532,164 | 2,975,793 | 12,507,957 |
| Assigned | 18,775,225 | - | 18,775,225 |
| Unassigned | 21,043,396 | - | 21,043,396 |
| Total fund balances | <u>51,797,659</u> | <u>32,257,588</u> | <u>84,055,247</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 62,814,306</u> | <u>41,939,826</u> | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | 256,102,125 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds. | | | 3,640,272 |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. | | | 7,200,280 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | (117,530,483) |
| | | | <u>\$ 233,467,441</u> |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2014

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------|--------------------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 75,866,868 | 14,812,868 | 90,679,736 |
| Business and occupation fees | 14,181,593 | - | 14,181,593 |
| Permits, licenses and fees | 1,348,415 | 1,170,604 | 2,519,019 |
| Fines | 2,416,605 | 138,544 | 2,555,149 |
| Charges for services | 1,639,054 | - | 1,639,054 |
| Investment earnings | 145,363 | 151,007 | 296,370 |
| Contributions | 883,787 | 28 | 883,815 |
| Intergovernmental | 1,682,910 | 8,595,783 | 10,278,693 |
| Program income | - | 338,265 | 338,265 |
| Other | 9,256,237 | 772,376 | 10,028,613 |
| Total revenues | 107,420,832 | 25,979,475 | 133,400,307 |
| Expenditures: | | | |
| Current: | | | |
| General government | 17,230,269 | 7,707,355 | 24,937,624 |
| Public works | 2,583,490 | - | 2,583,490 |
| Public safety | 60,162,734 | 2,359,044 | 62,521,778 |
| Culture and recreation | 12,926,462 | 1,072,167 | 13,998,629 |
| Housing and community development | 192,147 | 2,967,944 | 3,160,091 |
| Public health | - | 7,267,366 | 7,267,366 |
| Capital outlay | - | 10,002,288 | 10,002,288 |
| Debt service: | | | |
| Principal | - | 5,340,143 | 5,340,143 |
| Interest and fiscal charges | - | 3,788,820 | 3,788,820 |
| Bond issuance costs | - | 26,107 | 26,107 |
| Total expenditures | 93,095,102 | 40,531,234 | 133,626,336 |
| Excess (deficiency) of revenues over (under) expenditures | 14,325,730 | (14,551,759) | (226,029) |
| Other financing sources (uses): | | | |
| Proceeds from sale of capital assets | 105,278 | - | 105,278 |
| General obligation bonds issued | - | 1,645,000 | 1,645,000 |
| Premium on general obligation bonds | - | 59,040 | 59,040 |
| Transfers in | 4,683,880 | 12,820,951 | 17,504,831 |
| Transfers out | (13,786,482) | (2,634,098) | (16,420,580) |
| Total other financing sources (uses) | (8,997,324) | 11,890,893 | 2,893,569 |
| Net change in fund balances | 5,328,406 | (2,660,866) | 2,667,540 |
| Fund balances, beginning of year, as restated | 46,469,253 | 34,918,454 | 81,387,707 |
| Fund balances, end of year | \$ 51,797,659 | 32,257,588 | 84,055,247 |

See accompanying notes to financial statements.

City of Waco, Texas
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2014

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

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds (page 29) | \$ 2,667,540 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | (4,392,893) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position. | 2,608,669 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 419,096 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 3,685,268 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (641,764) |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The change in net position of internal service funds is reported with governmental activities. | <u>367,038</u> |
| Change in net position of governmental activities (pages 26 - 27) | <u><u>\$ 4,712,954</u></u> |

See accompanying notes to financial statements.

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Revenues | | | | | |
| Taxes: | | | | | |
| Sales tax income | \$ 29,478,117 | 31,311,599 | 33,487,659 | 2,176,060 | 31,075,760 |
| Property taxes | 41,674,710 | 41,674,710 | 41,914,698 | 239,988 | 41,286,874 |
| Interest and penalty on taxes | 450,000 | 450,000 | 464,511 | 14,511 | 626,311 |
| Total taxes | <u>71,602,827</u> | <u>73,436,309</u> | <u>75,866,868</u> | <u>2,430,559</u> | <u>72,988,945</u> |
| Business and occupation fees: | | | | | |
| Occupation fees | 100,000 | 100,000 | 100,691 | 691 | 35,233 |
| Gross receipts fees | 12,684,942 | 12,953,883 | 14,080,902 | 1,127,019 | 13,369,953 |
| Total business and occupation fees | <u>12,784,942</u> | <u>13,053,883</u> | <u>14,181,593</u> | <u>1,127,710</u> | <u>13,405,186</u> |
| Permits, licenses and fees: | | | | | |
| Building permits | 400,000 | 400,000 | 556,743 | 156,743 | 558,029 |
| Plumbing permits | 120,000 | 120,000 | 211,581 | 91,581 | 191,203 |
| Electrical permits | 170,000 | 170,000 | 346,976 | 176,976 | 242,139 |
| Heating and air conditioning licenses | 65,000 | 65,000 | 110,956 | 45,956 | 78,540 |
| Fire inspection fees | 30,109 | 30,109 | 46,772 | 16,663 | 36,731 |
| House moving permits | - | - | 224 | 224 | 332 |
| Open air/street vending | 3,153 | 3,153 | 5,230 | 2,077 | 5,240 |
| Sign permits | 4,500 | 4,500 | 31,425 | 26,925 | 27,117 |
| Subdivision fees | 20,000 | 20,000 | 38,508 | 18,508 | 31,601 |
| Total permits, licenses and fees | <u>812,762</u> | <u>812,762</u> | <u>1,348,415</u> | <u>535,653</u> | <u>1,170,932</u> |
| Fines: | | | | | |
| Court fines | 1,593,034 | 1,593,034 | 2,241,136 | 648,102 | 1,762,756 |
| Auto impound fees | 80,000 | 80,000 | 175,469 | 95,469 | 44,550 |
| Total fines | <u>1,673,034</u> | <u>1,673,034</u> | <u>2,416,605</u> | <u>743,571</u> | <u>1,807,306</u> |
| Charges for services: | | | | | |
| Recreation | 772,776 | 772,776 | 782,614 | 9,838 | 711,814 |
| Weed mowing | 35,000 | 35,000 | 73,376 | 38,376 | 65,427 |
| Library fees | 99,185 | 99,185 | 118,351 | 19,166 | 107,406 |
| Animal pick up | 17,117 | 17,117 | 12,740 | (4,377) | 12,755 |
| Animal shelter fees | 190,800 | 190,800 | 179,854 | (10,946) | 154,272 |
| Grounds maintenance | 51,540 | 51,540 | 51,540 | - | 50,039 |
| Graphics | 75,000 | 75,000 | 68,420 | (6,580) | 95,029 |
| Police security services | 152,540 | 152,540 | 33,014 | (119,526) | 130,500 |
| Airport security services | 308,284 | 308,284 | 319,145 | 10,861 | 316,619 |
| Total charges for services | <u>1,702,242</u> | <u>1,702,242</u> | <u>1,639,054</u> | <u>(63,188)</u> | <u>1,643,861</u> |
| Investment earnings | <u>72,000</u> | <u>72,000</u> | <u>145,363</u> | <u>73,363</u> | <u>107,101</u> |
| Contributions | <u>153,671</u> | <u>642,738</u> | <u>883,787</u> | <u>241,049</u> | <u>392,918</u> |
| Intergovernmental | <u>1,504,640</u> | <u>1,605,636</u> | <u>1,682,910</u> | <u>77,274</u> | <u>1,568,064</u> |

(continued)

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with Final Budget | 2013 |
|---|-------------------|--------------------|--------------------|-------------------------------|--------------------|
| | Original | Final | Actual Amounts | | Actual Amounts |
| Revenues (continued) | | | | | |
| Other: | | | | | |
| Indirect expense reimbursements | \$ 6,899,797 | 6,899,797 | 6,848,631 | (51,166) | 6,760,825 |
| False alarm fines | 8,063 | 8,063 | 10,200 | 2,137 | 8,550 |
| Rents from real estate | 126,186 | 126,186 | 153,061 | 26,875 | 135,013 |
| Miscellaneous revenue | 1,112,093 | 1,192,593 | 1,490,247 | 297,654 | 2,214,711 |
| Sale of other scrap | 11,974 | 11,974 | 12,224 | 250 | 23,928 |
| Zoning applications | 10,000 | 10,000 | 15,490 | 5,490 | 13,375 |
| Commission from sale of mixed drinks | 360,765 | 360,765 | 475,907 | 115,142 | 381,202 |
| Commission on municipal court fines | 65,066 | 65,066 | 103,341 | 38,275 | 79,790 |
| Commission on concessions | 112,123 | 112,123 | 120,469 | 8,346 | 110,272 |
| Garage sale permits | 26,634 | 26,634 | 24,410 | (2,224) | 25,500 |
| Special assessments | - | - | 2,257 | 2,257 | 1,537 |
| Total other | <u>8,732,701</u> | <u>8,813,201</u> | <u>9,256,237</u> | <u>443,036</u> | <u>9,754,703</u> |
| Total revenues | <u>99,038,819</u> | <u>101,811,805</u> | <u>107,420,832</u> | <u>5,609,027</u> | <u>102,839,016</u> |
| Expenditures | | | | | |
| General Government | | | | | |
| Administrative services: | | | | | |
| Salaries and wages | 1,427,764 | 1,427,764 | 1,379,213 | 48,551 | 1,291,000 |
| Employee benefits | 423,272 | 423,272 | 403,762 | 19,510 | 384,915 |
| Purchased professional/technical services | 52,614 | 257,210 | 239,716 | 17,494 | 47,135 |
| Purchased property services | 31,562 | 31,562 | 34,100 | (2,538) | 34,528 |
| Maintenance | 2,000 | 2,000 | - | 2,000 | - |
| Other purchased service | 296,357 | 296,357 | 93,120 | 203,237 | 74,991 |
| Supplies | 93,577 | 93,577 | 88,500 | 5,077 | 83,177 |
| Other expenses | 305,800 | 599,529 | 123,039 | 476,490 | 280,971 |
| Total administrative services | <u>2,632,946</u> | <u>3,131,271</u> | <u>2,361,450</u> | <u>769,821</u> | <u>2,196,717</u> |
| City Secretary: | | | | | |
| Salaries and wages | 273,845 | 273,845 | 274,512 | (667) | 258,004 |
| Employee benefits | 99,084 | 99,084 | 97,069 | 2,015 | 92,069 |
| Purchased professional/technical services | 54,542 | 31,597 | 22,265 | 9,332 | 37,814 |
| Maintenance | 11,513 | 11,013 | 3,230 | 7,783 | 2,974 |
| Other purchased services | 17,155 | 23,000 | 25,010 | (2,010) | 17,895 |
| Supplies | 18,935 | 21,535 | 18,725 | 2,810 | 19,238 |
| Capital expenditures | - | 15,000 | 11,851 | 3,149 | - |
| Total city secretary | <u>475,074</u> | <u>475,074</u> | <u>452,662</u> | <u>22,412</u> | <u>427,994</u> |
| Finance services: | | | | | |
| Salaries and wages | 950,784 | 950,784 | 894,929 | 55,855 | 889,009 |
| Employee benefits | 305,754 | 305,754 | 287,924 | 17,830 | 284,506 |
| Purchased professional/technical services | 80,503 | 80,503 | 77,480 | 3,023 | 64,573 |
| Maintenance | 300 | 300 | - | 300 | - |
| Other purchased service | 26,389 | 26,389 | 19,881 | 6,508 | 18,878 |
| Supplies | 29,603 | 29,603 | 25,420 | 4,183 | 24,031 |
| Other expenses | 5,457 | 5,457 | 6,287 | (830) | 4,933 |
| Total finance services | <u>1,398,790</u> | <u>1,398,790</u> | <u>1,311,921</u> | <u>86,869</u> | <u>1,285,930</u> |

(Continued)

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|------------------|-------------------|------------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| General Government (continued) | | | | | |
| Legal services: | | | | | |
| Salaries and wages | \$ 915,515 | 866,294 | 801,240 | 65,054 | 851,108 |
| Employee benefits | 270,834 | 254,318 | 235,993 | 18,325 | 252,300 |
| Purchased professional/technical services | 28,685 | 5,136 | 1,907 | 3,229 | 6,438 |
| Maintenance | 290 | 290 | - | 290 | 224 |
| Other purchased service | 32,878 | 29,265 | 27,181 | 2,084 | 22,653 |
| Supplies | 33,046 | 35,910 | 30,525 | 5,385 | 25,573 |
| Total legal services | <u>1,281,248</u> | <u>1,191,213</u> | <u>1,096,846</u> | <u>94,367</u> | <u>1,158,296</u> |
| Planning services: | | | | | |
| Salaries and wages | 354,848 | 395,469 | 392,874 | 2,595 | 310,613 |
| Employee benefits | 125,469 | 142,123 | 133,710 | 8,413 | 107,576 |
| Purchased professional/technical services | - | 15,685 | 8,874 | 6,811 | 370 |
| Purchased property services | 65,976 | 65,976 | 66,037 | (61) | 66,561 |
| Maintenance | 1,110 | 1,610 | 1,254 | 356 | 1,597 |
| Other purchased service | 17,291 | 20,766 | 13,818 | 6,948 | 10,302 |
| Supplies | 20,788 | 33,888 | 32,539 | 1,349 | 22,973 |
| Total planning services | <u>585,482</u> | <u>675,517</u> | <u>649,106</u> | <u>26,411</u> | <u>519,992</u> |
| Human resources: | | | | | |
| Salaries and wages | 501,128 | 501,128 | 512,127 | (10,999) | 475,920 |
| Employee benefits | 165,686 | 165,686 | 168,473 | (2,787) | 156,996 |
| Purchased professional/technical services | 12,433 | 12,433 | 6,019 | 6,414 | 2,836 |
| Maintenance | 2,080 | 2,080 | 1,624 | 456 | 3,544 |
| Other purchased service | 45,892 | 45,480 | 21,870 | 23,610 | 30,993 |
| Supplies | 11,692 | 12,104 | 11,685 | 419 | 13,322 |
| Total human resources | <u>738,911</u> | <u>738,911</u> | <u>721,798</u> | <u>17,113</u> | <u>683,611</u> |
| Municipal information: | | | | | |
| Salaries and wages | 434,599 | 434,599 | 434,408 | 191 | 418,533 |
| Employee benefits | 154,618 | 154,618 | 152,882 | 1,736 | 146,710 |
| Purchased professional/technical services | 10,815 | 16,873 | 32,805 | (15,932) | 16,444 |
| Maintenance | 8,499 | 14,788 | 14,411 | 377 | 11,386 |
| Other purchased service | 21,756 | 21,756 | 21,476 | 280 | 33,588 |
| Supplies | 24,785 | 41,685 | 44,414 | (2,729) | 61,259 |
| Other expenses | 32,040 | 32,040 | 27,233 | 4,807 | 32,034 |
| Capital expenditures | - | 156,335 | 96,813 | 59,522 | 78,024 |
| Total municipal information | <u>687,112</u> | <u>872,694</u> | <u>824,442</u> | <u>48,252</u> | <u>797,978</u> |
| Information technology services: | | | | | |
| Salaries and wages | 951,461 | 951,461 | 926,450 | 25,011 | 850,178 |
| Employee benefits | 313,592 | 313,592 | 302,415 | 11,177 | 279,318 |
| Purchased professional/technical services | 83,802 | 148,704 | 214,546 | (65,842) | 158,457 |
| Maintenance | 507,670 | 507,670 | 441,296 | 66,374 | 366,231 |
| Other purchased service | 434,902 | 434,902 | 425,757 | 9,145 | 392,346 |
| Supplies | 74,940 | 264,914 | 468,523 | (203,609) | 248,852 |
| Capital expenditures | 49,938 | 100,500 | 190,302 | (89,802) | 121,416 |
| Total information technology services | <u>2,416,305</u> | <u>2,721,743</u> | <u>2,969,289</u> | <u>(247,546)</u> | <u>2,416,798</u> |

(Continued)

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|------------------|-------------------|------------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| General Government (continued) | | | | | |
| Purchasing services: | | | | | |
| Salaries and wages | \$ 298,735 | 298,735 | 304,322 | (5,587) | 328,843 |
| Employee benefits | 104,952 | 104,952 | 103,646 | 1,306 | 108,758 |
| Purchased professional/technical services | 300 | 300 | 175 | 125 | 152 |
| Maintenance | 250 | 250 | 453 | (203) | 57 |
| Other purchased service | 14,507 | 13,486 | 11,655 | 1,831 | 11,246 |
| Supplies | 9,889 | 10,910 | 10,081 | 829 | 8,247 |
| Total purchasing services | <u>428,633</u> | <u>428,633</u> | <u>430,332</u> | <u>(1,699)</u> | <u>457,303</u> |
| Facilities: | | | | | |
| Salaries and wages | 979,946 | 979,946 | 1,040,574 | (60,628) | 994,103 |
| Employee benefits | 457,814 | 457,814 | 481,422 | (23,608) | 448,847 |
| Purchased professional/technical services | 170,970 | 205,470 | 288,682 | (83,212) | 230,782 |
| Purchased property services | 11,145 | 11,145 | 5,603 | 5,542 | 10,476 |
| Maintenance | 1,506,188 | 891,322 | 1,051,333 | (160,011) | 976,412 |
| Other purchased service | 62,974 | 62,974 | 89,089 | (26,115) | 46,143 |
| Supplies | 219,977 | 244,977 | 309,169 | (64,192) | 262,427 |
| Capital expenditures | - | 428,425 | 258,588 | 169,837 | 4,880 |
| Total facilities | <u>3,409,014</u> | <u>3,282,073</u> | <u>3,524,460</u> | <u>(242,387)</u> | <u>2,974,070</u> |
| Economic development: | | | | | |
| Purchased professional/technical services | - | - | 16,700 | (16,700) | 3,850 |
| Total economic development | <u>-</u> | <u>-</u> | <u>16,700</u> | <u>(16,700)</u> | <u>3,850</u> |
| Economic development incentive: | | | | | |
| Purchased professional/technical services | - | 1,250,000 | 462,375 | 787,625 | 145,600 |
| Total economic development incentive | <u>-</u> | <u>1,250,000</u> | <u>462,375</u> | <u>787,625</u> | <u>145,600</u> |
| Contributions: | | | | | |
| McLennan County | 138,074 | 138,074 | 125,395 | 12,679 | 134,048 |
| Greenwood Cemetery | 1,500 | 1,500 | 1,500 | - | 1,500 |
| Rosemound Cemetery | 40,000 | 40,000 | 40,000 | - | 40,000 |
| H.O.T. Council of Governments | 11,344 | 11,344 | 9,842 | 1,502 | 9,842 |
| The Advocacy Center | 83,314 | 83,314 | 83,314 | - | 75,740 |
| Greater Waco Chamber | 136,500 | 136,500 | 130,054 | 6,446 | 136,500 |
| Central Texas African American Chamber | 68,000 | 68,000 | 68,000 | - | 68,000 |
| Cen-Tex Hispanic Chamber | 68,000 | 68,000 | 68,000 | - | 68,000 |
| Downtown River Corridor | 200,000 | 200,000 | 180,144 | 19,856 | 200,286 |
| Economic development grants | 465,500 | 465,500 | 264,103 | 201,397 | 328,299 |
| NAFTA Impact Zone 2 | 25,000 | 25,000 | (25,000) | 50,000 | 200,000 |
| McLennan County Appraisal District | 619,242 | 619,242 | 590,438 | 28,804 | 578,246 |
| YMCA Multi-Purpose Center | 55,000 | 55,000 | 52,558 | 2,442 | 55,006 |
| Senior Ministries | 28,000 | 28,000 | 28,000 | - | 28,000 |
| Greater Waco Impact Initiative | - | 100,000 | 59,800 | 40,200 | - |
| Arts-Historic Agencies | 150,000 | 150,000 | 142,000 | 8,000 | - |
| Total contributions | <u>2,089,474</u> | <u>2,189,474</u> | <u>1,818,148</u> | <u>371,326</u> | <u>1,923,467</u> |
| Miscellaneous: | | | | | |
| Employee benefits | 80,000 | 80,000 | 45,240 | 34,760 | 65,684 |
| Purchase professional/technical services | 170,000 | 170,000 | 149,467 | 20,533 | 309,355 |
| Maintenance | 3,000 | 3,000 | 4,984 | (1,984) | 5,917 |
| Other purchased service | - | - | - | - | (22) |
| Supplies | - | - | 6,586 | (6,586) | 4,766 |
| Capital expenditures | 100,000 | 234,461 | 240,112 | (5,651) | 682,265 |
| Other expenses | 693,643 | 693,643 | 144,351 | 549,292 | 129,596 |
| Total miscellaneous | <u>1,046,643</u> | <u>1,181,104</u> | <u>590,740</u> | <u>590,364</u> | <u>1,197,561</u> |

(Continued)

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with Final Budget | 2013 |
|---|------------------|------------------|-------------------|-------------------------------|-------------------|
| | Original | Final | Actual Amounts | | Actual Amounts |
| Expenditures (continued) | | | | | |
| General Government (continued) | | | | | |
| Total General Government | \$ 17,189,632 | 19,536,497 | 17,230,269 | 2,306,228 | 16,189,167 |
| Public Works | | | | | |
| Streets and drainage services: | | | | | |
| Salaries and wages | 465,104 | 465,104 | 364,247 | 100,857 | 354,987 |
| Employee benefits | 298,068 | 298,068 | 263,787 | 34,281 | 215,565 |
| Purchased professional/technical services | 7,500 | 22,200 | 24,091 | (1,891) | 7,910 |
| Purchased property services | 31,756 | 31,756 | 36,117 | (4,361) | 30,446 |
| Maintenance | 600,626 | 643,421 | 641,430 | 1,991 | 677,672 |
| Other purchased service | 115,516 | 115,516 | 81,971 | 33,545 | 63,896 |
| Supplies | 296,338 | 296,338 | 240,436 | 55,902 | 248,769 |
| Other expenses | (149,880) | 501,579 | 540,116 | (38,537) | 1,010,680 |
| Capital expenditures | 526,942 | 401,171 | 391,295 | 9,876 | 604,929 |
| Total streets and drainage services | <u>2,191,970</u> | <u>2,775,153</u> | <u>2,583,490</u> | <u>191,663</u> | <u>3,214,854</u> |
| Total Public Works | <u>2,191,970</u> | <u>2,775,153</u> | <u>2,583,490</u> | <u>191,663</u> | <u>3,214,854</u> |
| Public Safety | | | | | |
| Municipal court: | | | | | |
| Salaries and wages | 793,026 | 793,026 | 758,533 | 34,493 | 633,404 |
| Employee benefits | 268,428 | 268,428 | 258,481 | 9,947 | 226,713 |
| Purchased professional/technical services | 19,900 | 19,900 | 13,613 | 6,287 | 13,459 |
| Maintenance | 1,400 | 1,400 | 457 | 943 | 108 |
| Other purchased service | 29,664 | 29,664 | 23,103 | 6,561 | 18,310 |
| Supplies | 88,889 | 88,889 | 88,547 | 342 | 75,588 |
| Capital expenditures | - | - | 6,521 | (6,521) | - |
| Other expenses | 8,915 | 8,915 | 13,995 | (5,080) | 9,682 |
| Total municipal court | <u>1,210,222</u> | <u>1,210,222</u> | <u>1,163,250</u> | <u>46,972</u> | <u>977,264</u> |
| Inspection services: | | | | | |
| Salaries and wages | 899,171 | 899,171 | 879,345 | 19,826 | 873,722 |
| Employee benefits | 348,353 | 348,353 | 337,320 | 11,033 | 327,332 |
| Purchased professional/technical services | 190,000 | 190,000 | 166,887 | 23,113 | 165,379 |
| Purchased property services | 66,936 | 66,936 | 66,467 | 469 | 71,214 |
| Maintenance | 48,888 | 48,888 | 47,176 | 1,712 | 46,226 |
| Other purchased service | 63,455 | 63,455 | 63,798 | (343) | 54,890 |
| Supplies | 70,819 | 70,819 | 62,450 | 8,369 | 68,530 |
| Other expenses | 8,479 | 8,479 | 19,259 | (10,780) | 12,410 |
| Total inspection services | <u>1,696,101</u> | <u>1,696,101</u> | <u>1,642,702</u> | <u>53,399</u> | <u>1,619,703</u> |
| Emergency management services: | | | | | |
| Salaries and wages | 257,154 | 257,154 | 229,366 | 27,788 | 249,367 |
| Employee benefits | 93,495 | 93,495 | 86,012 | 7,483 | 87,858 |
| Purchased professional/technical services | 15,760 | 14,595 | 13,422 | 1,173 | 10,484 |
| Purchased property services | 600 | 1,826 | 2,284 | (458) | 1,822 |
| Maintenance | 52,953 | 51,266 | 48,952 | 2,314 | 103,826 |
| Other purchased service | 26,217 | 26,217 | 20,265 | 5,952 | 16,732 |
| Supplies | 20,569 | 22,195 | 21,466 | 729 | 27,207 |
| Capital expenditures | 926,234 | - | 20,899 | (20,899) | 600,302 |
| Other expenses | 121,162 | 121,162 | 102,905 | 18,257 | 114,798 |
| Total emergency management services | <u>1,514,144</u> | <u>587,910</u> | <u>545,571</u> | <u>42,339</u> | <u>1,212,396</u> |

(Continued)

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

Year Ended September 30, 2014
(With Comparative Actual Amounts for the Year Ended September 30, 2013)

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|-------------------|-------------------|-------------------|------------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| Public Safety (continued) | | | | | |
| Fire services: | | | | | |
| Salaries and wages | \$ 14,005,351 | 14,355,773 | 14,595,578 | (239,805) | 13,446,372 |
| Employee benefits | 4,703,730 | 4,822,909 | 4,805,557 | 17,352 | 4,385,055 |
| Purchased professional/technical services | 167,244 | 86,680 | 71,694 | 14,986 | 138,733 |
| Purchased property services | 57,022 | 57,022 | 50,262 | 6,760 | 58,314 |
| Maintenance | 227,376 | 323,391 | 288,756 | 34,635 | 247,822 |
| Other purchased service | 349,428 | 365,876 | 370,373 | (4,497) | 323,676 |
| Supplies | 648,347 | 635,914 | 628,547 | 7,367 | 646,299 |
| Capital expenditures | - | - | 34,022 | (34,022) | 83,860 |
| Total fire services | <u>20,158,498</u> | <u>20,647,565</u> | <u>20,844,789</u> | <u>(197,224)</u> | <u>19,330,131</u> |
| Police services: | | | | | |
| Salaries and wages | 20,674,166 | 20,674,166 | 20,984,693 | (310,527) | 20,492,897 |
| Employee benefits | 7,192,329 | 7,192,329 | 7,181,057 | 11,272 | 6,898,155 |
| Purchased professional/technical services | 339,741 | 428,275 | 381,940 | 46,335 | 378,649 |
| Purchased property services | 23,509 | 23,509 | 38,233 | (14,724) | 79,788 |
| Maintenance | 875,710 | 1,305,080 | 1,150,838 | 154,242 | 707,282 |
| Other purchased service | 961,656 | 954,648 | 978,868 | (24,220) | 847,233 |
| Supplies | 1,903,518 | 2,010,775 | 2,104,525 | (93,750) | 1,857,156 |
| Capital expenditures | - | 489,040 | 433,845 | 55,195 | 264,521 |
| Other expenses | 936 | 936 | 798 | 138 | 839 |
| Total police services | <u>31,971,565</u> | <u>33,078,758</u> | <u>33,254,797</u> | <u>(176,039)</u> | <u>31,526,520</u> |
| Traffic services: | | | | | |
| Salaries and wages | 764,300 | 751,264 | 573,791 | 177,473 | 711,916 |
| Employee benefits | 326,576 | 326,576 | 276,200 | 50,376 | 298,420 |
| Purchased professional/technical services | - | 12,875 | 16,316 | (3,441) | 9,926 |
| Purchased property services | 3,646 | 3,646 | 2,203 | 1,443 | 1,999 |
| Maintenance | 530,611 | 530,247 | 246,310 | 283,937 | 530,091 |
| Other purchased service | 34,956 | 34,956 | 33,040 | 1,916 | 32,930 |
| Supplies | 937,315 | 911,839 | 688,942 | 222,897 | 702,918 |
| Capital expenditures | 220,000 | 246,001 | 50,072 | 195,929 | 132,121 |
| Total traffic services | <u>2,817,404</u> | <u>2,817,404</u> | <u>1,886,874</u> | <u>930,530</u> | <u>2,420,321</u> |
| Animal services: | | | | | |
| Salaries and wages | 284,123 | 284,123 | 283,009 | 1,114 | 214,847 |
| Employee benefits | 150,452 | 150,452 | 150,820 | (368) | 109,781 |
| Purchased professional/technical services | 134,038 | 134,038 | 177,219 | (43,181) | 67,805 |
| Purchased property services | 6,600 | 6,600 | 7,169 | (569) | 6,427 |
| Maintenance | 19,200 | 19,200 | 10,118 | 9,082 | 50,124 |
| Other purchased services | 20,016 | 20,016 | 49,466 | (29,450) | 14,241 |
| Supplies | 133,543 | 133,543 | 123,760 | 9,783 | 123,106 |
| Capital expenditures | - | - | 21,970 | (21,970) | 39,288 |
| Other expenses | - | - | 933 | (933) | 282 |
| Total animal services | <u>747,972</u> | <u>747,972</u> | <u>824,464</u> | <u>(76,492)</u> | <u>625,901</u> |

(Continued)

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

Year Ended September 30, 2014
(With Comparative Actual Amounts for the Year Ended September 30, 2013)

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|------------|-------------------|---------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| Public Safety (continued) | | | | | |
| Contributions: | | | | | |
| Animal shelter | \$ 287 | 287 | 287 | - | 50,247 |
| Total contributions | 287 | 287 | 287 | - | 50,247 |
| Total Public Safety | 60,116,193 | 60,786,219 | 60,162,734 | 623,485 | 57,762,483 |
| Culture and Recreation | | | | | |
| Library services: | | | | | |
| Salaries and wages | 1,732,657 | 1,732,657 | 1,686,362 | 46,295 | 1,635,904 |
| Employee benefits | 604,059 | 604,059 | 577,429 | 26,630 | 558,844 |
| Purchased professional/technical services | 101,143 | 101,143 | 197,313 | (96,170) | 111,298 |
| Purchased property services | 18,267 | 18,267 | 19,801 | (1,534) | 18,063 |
| Maintenance | 102,525 | 102,525 | 84,813 | 17,712 | 78,926 |
| Other purchased service | 198,088 | 198,088 | 155,673 | 42,415 | 155,720 |
| Supplies | 567,267 | 567,267 | 523,045 | 44,222 | 518,872 |
| Capital expenditures | - | 123,000 | 136,334 | (13,334) | - |
| Other expenses | 153,645 | 153,645 | 154,000 | (355) | 149,357 |
| Total library services | 3,477,651 | 3,600,651 | 3,534,770 | 65,881 | 3,226,984 |
| Parks: | | | | | |
| Salaries and wages | 3,356,084 | 3,344,084 | 3,327,785 | 16,299 | 3,109,361 |
| Employee benefits | 1,491,852 | 1,477,952 | 1,452,441 | 25,511 | 1,357,060 |
| Purchased professional/technical services | 266,439 | 302,339 | 305,563 | (3,224) | 325,185 |
| Purchased property services | 712,318 | 622,818 | 562,727 | 60,091 | 611,572 |
| Maintenance | 538,359 | 538,359 | 518,466 | 19,893 | 496,871 |
| Other purchased service | 234,396 | 234,396 | 208,574 | 25,822 | 192,195 |
| Supplies | 762,693 | 696,098 | 700,093 | (3,995) | 665,474 |
| Capital expenditures | - | 272,891 | 359,432 | (86,541) | 116,650 |
| Other expenses | 27,010 | 27,010 | 31,439 | (4,429) | 23,630 |
| Total parks | 7,389,151 | 7,515,947 | 7,466,520 | 49,427 | 6,897,998 |
| Recreation services: | | | | | |
| Salaries and wages | 820,557 | 820,557 | 804,559 | 15,998 | 762,832 |
| Employee benefits | 253,646 | 253,646 | 244,932 | 8,714 | 233,832 |
| Purchased professional/technical services | 414,654 | 414,654 | 465,475 | (50,821) | 397,021 |
| Purchased property services | - | - | 400 | (400) | - |
| Maintenance | 10,107 | 10,107 | 12,680 | (2,573) | 10,693 |
| Other purchased service | 106,365 | 106,365 | 124,811 | (18,446) | 112,596 |
| Supplies | 272,675 | 272,675 | 255,282 | 17,393 | 293,406 |
| Capital expenditures | - | 144,500 | - | 144,500 | - |
| Other expenses | 16,242 | 16,242 | 17,033 | (791) | 11,503 |
| Total recreation services | 1,894,246 | 2,038,746 | 1,925,172 | 113,574 | 1,821,883 |
| Total Culture and Recreation | 12,761,048 | 13,155,344 | 12,926,462 | 228,882 | 11,946,865 |

(Continued)

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|--|---------------------|---------------------|---------------------|------------------|---------------------|
| | Original | Final | Actual | Final Budget | Actual |
| Expenditures (continued) | | | | | |
| Housing and Community Development | | | | | |
| Housing services: | | | | | |
| Salaries and wages | \$ 131,365 | 131,365 | 131,886 | (521) | 105,396 |
| Employee benefits | 42,060 | 42,060 | 43,104 | (1,044) | 34,159 |
| Purchased professional/technical services | - | - | 1,000 | (1,000) | 2,708 |
| Other purchased service | 13,410 | 13,410 | 13,561 | (151) | 7,688 |
| Supplies | 2,846 | 2,846 | 2,596 | 250 | 10,245 |
| Other expenses | - | 25,000 | - | 25,000 | 17,340 |
| Total housing services | <u>189,681</u> | <u>214,681</u> | <u>192,147</u> | <u>22,534</u> | <u>177,536</u> |
| Total Housing and Community Development | <u>189,681</u> | <u>214,681</u> | <u>192,147</u> | <u>22,534</u> | <u>177,536</u> |
| Total expenditures | <u>92,448,524</u> | <u>96,467,894</u> | <u>93,095,102</u> | <u>3,372,792</u> | <u>89,290,905</u> |
| Excess of revenues over expenditures | <u>6,590,295</u> | <u>5,343,911</u> | <u>14,325,730</u> | <u>8,981,819</u> | <u>13,548,111</u> |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from sale of capital assets: | | | | | |
| Sale of real estate | - | - | 105,278 | 105,278 | 290,376 |
| Total proceeds from sale of capital assets | <u>-</u> | <u>-</u> | <u>105,278</u> | <u>105,278</u> | <u>290,376</u> |
| Transfers in: | | | | | |
| Abandoned motor vehicles | 50,000 | 340,068 | 340,068 | - | 450,000 |
| Court security | - | - | 75,699 | 75,699 | - |
| Revenue in lieu of property taxes | 4,268,113 | 4,268,113 | 4,268,113 | - | 4,184,431 |
| Total transfers in | <u>4,318,113</u> | <u>4,608,181</u> | <u>4,683,880</u> | <u>75,699</u> | <u>4,634,431</u> |
| Transfers out: | | | | | |
| Cameron Park Zoo | (1,726,608) | (1,726,608) | (1,726,608) | - | (1,694,653) |
| Street Reconstruction | (3,885,972) | (3,957,472) | (3,957,472) | - | (3,885,972) |
| Street Cash CIP | - | (603,400) | (603,400) | - | - |
| Facilities-Cash CIP | - | (555,366) | (555,366) | - | - |
| Emergency Management Cash CIP | - | (926,234) | (926,234) | - | - |
| Equipment Replacement Cash CIP | - | (100,000) | (100,000) | - | - |
| Brownfields | - | (940,932) | (940,932) | - | - |
| TxDOT Brazos Riverwalk | - | (405,310) | (405,310) | - | - |
| Cottonwood Creek Golf Course | - | (356,706) | (356,706) | - | (105,870) |
| Transit services | (118,844) | (118,844) | - | 118,844 | - |
| Airport services | (491,536) | (491,536) | (491,536) | - | (562,679) |
| Health services | (2,673,939) | (2,673,939) | (2,673,939) | - | (2,535,350) |
| Ranger Hall of Fame | (609,012) | (609,012) | (609,012) | - | (776,047) |
| Economic Development Incentive | (1,250,000) | - | - | - | - |
| Housing demo-lot clearing | (75,000) | (125,000) | (125,000) | - | (365,041) |
| 2007 General obligation bonds | - | - | - | - | (420,405) |
| Grant (fire) | - | - | (226,015) | (226,015) | (186,549) |
| Grant (police) | (77,497) | (77,497) | (88,952) | (11,455) | (94,581) |
| Total transfers out | <u>(10,908,408)</u> | <u>(13,667,856)</u> | <u>(13,786,482)</u> | <u>(118,626)</u> | <u>(10,627,147)</u> |

(Continued)

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|-------------|-------------------|---------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Other financing sources (uses) | | | | | |
| Total other financing sources (uses) | \$ (6,590,295) | (9,059,675) | (8,997,324) | 62,351 | (5,702,340) |
| Net change in fund balances | - | (3,715,764) | 5,328,406 | 9,044,170 | 7,845,771 |
| Fund balances, beginning of year, as previously stated | 46,469,253 | 46,469,253 | 46,469,253 | - | 37,648,188 |
| Prior period adjustment | - | - | - | - | 975,294 |
| Fund balances, beginning of year, as restated | 46,469,253 | 46,469,253 | 46,469,253 | - | 38,623,482 |
| Fund balances, end of year | \$ 46,469,253 | 42,753,489 | 51,797,659 | 9,044,170 | 46,469,253 |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2014

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|---|---------------------|---------------------|---------------------|----------------------|--|
| | Water | Wastewater | Solid Waste | Other Funds | Total | Funds |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 33,116,582 | 19,017,672 | 14,888,312 | 3,045,552 | 70,068,118 | 10,449,356 |
| Accounts receivable, net of allowances | 5,660,984 | 2,650,728 | 2,115,265 | 495,394 | 10,922,371 | 9,048 |
| Due from other funds | - | - | - | 27,833 | 27,833 | 251,973 |
| Intergovernmental receivable | - | - | - | 1,179,068 | 1,179,068 | - |
| Current portion of notes receivable | - | 46,065 | - | - | 46,065 | - |
| Restricted cash and investments | 3,296,507 | 1,064,829 | - | - | 4,361,336 | - |
| Accrued interest on notes receivable | - | 3,356 | - | - | 3,356 | - |
| Inventories | 295,383 | 14,779 | - | 869,243 | 1,179,405 | 273,875 |
| Total current assets | <u>42,369,456</u> | <u>22,797,429</u> | <u>17,003,577</u> | <u>5,617,090</u> | <u>87,787,552</u> | <u>10,984,252</u> |
| Noncurrent assets: | | | | | | |
| Restricted cash and investments | 9,814,856 | 16,643,559 | - | 105,001 | 26,563,416 | - |
| Noncurrent portion of notes receivable | - | 505,410 | - | - | 505,410 | - |
| Advances to other funds | 525,336 | - | - | - | 525,336 | - |
| Capital assets: | | | | | | |
| Land | 1,279,185 | 2,576,524 | 1,753,855 | 912,673 | 6,522,237 | 38,800 |
| Buildings | 9,526,184 | 10,851,569 | 1,370,137 | 59,345,076 | 81,092,966 | 920,153 |
| Improvements other than buildings | 274,473,725 | 122,061,853 | 23,936,392 | 58,258,462 | 478,730,432 | 118,289 |
| Machinery and equipment | 7,312,521 | 9,093,012 | 15,238,660 | 14,210,032 | 45,854,225 | 1,263,463 |
| Museum collections | - | - | - | 2,160,924 | 2,160,924 | - |
| Construction work in progress | 8,799,440 | 4,517,634 | 27,574 | 1,066,388 | 14,411,036 | - |
| Intangible water rights | 32,482,879 | - | - | - | 32,482,879 | - |
| Less: accumulated depreciation and amortization | <u>(111,147,997)</u> | <u>(49,326,746)</u> | <u>(32,652,811)</u> | <u>(58,508,988)</u> | <u>(251,636,542)</u> | <u>(1,392,817)</u> |
| Total capital assets | <u>222,725,937</u> | <u>99,773,846</u> | <u>9,673,807</u> | <u>77,444,567</u> | <u>409,618,157</u> | <u>947,888</u> |
| Total noncurrent assets | <u>233,066,129</u> | <u>116,922,815</u> | <u>9,673,807</u> | <u>77,549,568</u> | <u>437,212,319</u> | <u>947,888</u> |
| Total assets | <u>275,435,585</u> | <u>139,720,244</u> | <u>26,677,384</u> | <u>83,166,658</u> | <u>524,999,871</u> | <u>11,932,140</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred outflows of resources: | | | | | | |
| Deferred losses on refundings of debt | 2,031,352 | 431,742 | 24,721 | - | 2,487,815 | - |
| Total deferred outflows of resources | <u>2,031,352</u> | <u>431,742</u> | <u>24,721</u> | <u>-</u> | <u>2,487,815</u> | <u>-</u> |
| Liabilities | | | | | | |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 949,091 | 1,088,514 | 199,796 | 519,155 | 2,756,556 | 365,016 |
| Accrued liabilities | 782,703 | 329,784 | 228,607 | 1,135,819 | 2,476,913 | 482,504 |
| Unearned revenue | - | - | - | 96,030 | 96,030 | - |
| Due to other funds | - | - | - | 690,766 | 690,766 | - |
| Compensated absences payable | 697,369 | 379,968 | 386,419 | 467,509 | 1,931,265 | 296,732 |

(Continued)

City of Waco, Texas
Statement of Net Position –
Proprietary Funds
(Continued)
September 30, 2014

| Liabilities (Continued) | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|---|-------------------|-------------------|-------------------|--------------------|--|
| | Water | Wastewater | Solid Waste | Other Funds | Total | Funds |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Refundable contracts | \$ 434,295 | 50,000 | - | - | 484,295 | - |
| Notes payable | 72,555 | - | - | - | 72,555 | - |
| Escrow funds | - | - | - | - | - | 538 |
| Bonds payable | 7,540,000 | 3,545,000 | 690,000 | - | 11,775,000 | - |
| Accrued interest payable | 1,024,237 | 512,880 | 31,776 | - | 1,568,893 | - |
| Estimated claims and judgments | - | - | - | - | - | 3,212,803 |
| | <u>11,500,250</u> | <u>5,906,146</u> | <u>1,536,598</u> | <u>2,909,279</u> | <u>21,852,273</u> | <u>4,357,593</u> |
| Current liabilities payable from restricted assets: | | | | | | |
| Accounts payable | 737,826 | 1,064,829 | - | - | 1,802,655 | - |
| Customer deposits | 2,558,681 | - | - | - | 2,558,681 | - |
| | <u>3,296,507</u> | <u>1,064,829</u> | <u>-</u> | <u>-</u> | <u>4,361,336</u> | <u>-</u> |
| Total current liabilities | <u>14,796,757</u> | <u>6,970,975</u> | <u>1,536,598</u> | <u>2,909,279</u> | <u>26,213,609</u> | <u>4,357,593</u> |
| Noncurrent liabilities: | | | | | | |
| Refundable contracts | 1,325,406 | 142,542 | - | - | 1,467,948 | - |
| Estimated landfill closure and post-closure care costs | - | - | 4,516,860 | - | 4,516,860 | - |
| Advances from other funds | - | - | - | 693,704 | 693,704 | - |
| Compensated absences payable | 270,645 | 239,383 | 192,033 | 365,426 | 1,067,487 | - |
| Net pension obligation | 734,973 | 481,784 | 479,840 | - | 1,696,597 | 374,267 |
| Bonds payable | 145,382,028 | 61,490,378 | 4,369,602 | - | 211,242,008 | - |
| Notes payable | 1,825,882 | - | - | - | 1,825,882 | - |
| Total noncurrent liabilities | <u>149,538,934</u> | <u>62,354,087</u> | <u>9,558,335</u> | <u>1,059,130</u> | <u>222,510,486</u> | <u>374,267</u> |
| Total liabilities | <u>164,335,691</u> | <u>69,325,062</u> | <u>11,094,933</u> | <u>3,968,409</u> | <u>248,724,095</u> | <u>4,731,860</u> |
| Net Position | | | | | | |
| Net position: | | | | | | |
| Net investment in capital assets | 77,991,979 | 51,621,227 | 4,638,926 | 77,444,567 | 211,696,699 | 947,888 |
| Restricted for capital projects | - | - | - | 1,274,319 | 1,274,319 | - |
| Unrestricted | <u>35,139,267</u> | <u>19,205,697</u> | <u>10,968,246</u> | <u>479,363</u> | <u>65,792,573</u> | <u>6,252,392</u> |
| Total net position | <u>\$ 113,131,246</u> | <u>70,826,924</u> | <u>15,607,172</u> | <u>79,198,249</u> | <u>278,763,591</u> | <u>7,200,280</u> |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended September 30, 2014

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|--|--------------------|-------------------|---------------------|--------------------|--|
| | Water | Wastewater | Solid Waste | Other Funds | Total | |
| Operating revenues: | | | | | | |
| Charges for services | \$ 38,094,499 | 20,932,833 | 16,601,316 | 6,551,889 | 82,180,537 | 19,447,445 |
| Net merchandise sales | - | - | - | 930,485 | 930,485 | - |
| Contributions | - | - | - | 135,140 | 135,140 | - |
| Other | 500,414 | 410,723 | 265,271 | 1,399,147 | 2,575,555 | 48,428 |
| Total operating revenues | <u>38,594,913</u> | <u>21,343,556</u> | <u>16,866,587</u> | <u>9,016,661</u> | <u>85,821,717</u> | <u>19,495,873</u> |
| Operating expenses: | | | | | | |
| Salaries and wages | 4,921,571 | 2,781,839 | 3,004,789 | 7,055,945 | 17,764,144 | 2,354,198 |
| Employee benefits | 2,055,459 | 1,091,922 | 1,467,586 | 2,375,502 | 6,990,469 | 873,808 |
| Purchased professional/ technical services | 1,299,056 | 1,682,076 | 1,465,881 | 1,702,971 | 6,149,984 | 1,684,985 |
| Purchased property services | 152,391 | 146,164 | - | 656,961 | 955,516 | 65,277 |
| Maintenance | 1,861,631 | 1,328,486 | 1,832,001 | 924,362 | 5,946,480 | 74,369 |
| Other purchased services | 784,053 | 299,554 | 149,428 | 1,190,054 | 2,423,089 | 935,252 |
| Supplies | 4,350,721 | 2,054,334 | 1,838,997 | 2,679,216 | 10,923,268 | 201,619 |
| Other | 3,730,948 | 3,028,465 | 2,485,218 | 1,056,458 | 10,301,089 | 12,846,596 |
| Depreciation/amortization | 8,996,493 | 4,594,225 | 3,420,725 | 5,409,893 | 22,421,336 | 119,603 |
| Total operating expenses | <u>28,152,323</u> | <u>17,007,065</u> | <u>15,664,625</u> | <u>23,051,362</u> | <u>83,875,375</u> | <u>19,155,707</u> |
| Operating income (loss) | <u>10,442,590</u> | <u>4,336,491</u> | <u>1,201,962</u> | <u>(14,034,701)</u> | <u>1,946,342</u> | <u>340,166</u> |
| Nonoperating revenues (expenses): | | | | | | |
| Investment earnings | 94,682 | 63,859 | 33,540 | 5,265 | 197,346 | 26,872 |
| Other income | 5,160 | - | - | 265,180 | 270,340 | - |
| Hotel/motel tax | - | - | - | 2,403,171 | 2,403,171 | - |
| Contributions | - | - | - | 129,707 | 129,707 | - |
| Intergovernmental revenue | - | - | - | 3,740,053 | 3,740,053 | - |
| Bond issuance costs | (34,042) | (101,070) | - | - | (135,112) | - |
| Interest expense and fiscal charges | (4,812,509) | (2,155,448) | (129,934) | - | (7,097,891) | - |
| Total nonoperating revenues (expenses) | <u>(4,746,709)</u> | <u>(2,192,659)</u> | <u>(96,394)</u> | <u>6,543,376</u> | <u>(492,386)</u> | <u>26,872</u> |
| Income (loss) before contributions and transfers | 5,695,881 | 2,143,832 | 1,105,568 | (7,491,325) | 1,453,956 | 367,038 |
| Capital contributions | 244,608 | - | - | 1,619,104 | 1,863,712 | - |
| Transfers in | - | - | - | 3,333,862 | 3,333,862 | - |
| Transfers out | (3,138,280) | (790,696) | (339,137) | (150,000) | (4,418,113) | - |
| Changes in net position | 2,802,209 | 1,353,136 | 766,431 | (2,688,359) | 2,233,417 | 367,038 |
| Total net position, beginning of year, as restated | <u>110,329,037</u> | <u>69,473,788</u> | <u>14,840,741</u> | <u>81,886,608</u> | <u>276,530,174</u> | <u>6,833,242</u> |
| Total net position, end of year | <u>\$ 113,131,246</u> | <u>70,826,924</u> | <u>15,607,172</u> | <u>79,198,249</u> | <u>278,763,591</u> | <u>7,200,280</u> |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2014

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|--|--|--------------------|--------------------|--------------------|---------------------|--|
| | Water | Wastewater | Solid Waste | Other Funds | Total | |
| | | | | | | |
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 39,177,594 | 21,593,356 | 16,897,964 | 9,004,232 | 86,673,146 | 19,487,722 |
| Cash paid to suppliers for goods and services | (12,061,870) | (7,937,962) | (7,586,389) | (8,400,068) | (35,986,289) | (15,716,694) |
| Cash paid to employees for services | (6,969,375) | (3,823,003) | (4,436,326) | (9,388,643) | (24,617,347) | (3,309,988) |
| Net cash provided by (used for) operating activities | <u>20,146,349</u> | <u>9,832,391</u> | <u>4,875,249</u> | <u>(8,784,479)</u> | <u>26,069,510</u> | <u>461,040</u> |
| Cash flows from noncapital financing activities: | | | | | | |
| Hotel/motel tax | - | - | - | 2,392,102 | 2,392,102 | - |
| Intergovernmental revenue | - | - | - | 5,396,252 | 5,396,252 | - |
| Contributions | - | - | - | 129,707 | 129,707 | - |
| Passenger facility charges | - | - | - | 265,180 | 265,180 | - |
| Payments to other funds | - | - | - | (1,640,868) | (1,640,868) | - |
| Transfers from other funds | - | - | - | 3,333,862 | 3,333,862 | - |
| Transfer to other funds | (3,138,280) | (790,696) | (339,137) | (150,000) | (4,418,113) | (722,046) |
| Net cash provided by (used for) noncapital financing activities | <u>(3,138,280)</u> | <u>(790,696)</u> | <u>(339,137)</u> | <u>9,726,235</u> | <u>5,458,122</u> | <u>(722,046)</u> |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition of capital assets | (7,745,064) | (4,343,555) | (17,211) | (2,031,407) | (14,137,237) | (236,805) |
| Proceeds from sale of debt | 2,149,474 | 6,142,834 | - | - | 8,292,308 | - |
| Insurance recoveries | - | - | - | 33,546 | 33,546 | - |
| Capital contributions | - | 112,054 | - | 2,505,302 | 2,617,356 | - |
| Principal paid on debt | (6,650,286) | (4,049,571) | (945,000) | - | (11,644,857) | - |
| Interest paid on debt | (6,154,249) | (2,544,087) | (211,158) | - | (8,909,494) | - |
| Payment of bond issuance costs | (34,042) | (101,070) | - | - | (135,112) | - |
| Net cash provided by (used for) capital and related financing activities | <u>(18,434,167)</u> | <u>(4,783,395)</u> | <u>(1,173,369)</u> | <u>507,441</u> | <u>(23,883,490)</u> | <u>(236,805)</u> |
| Cash flows from investing activities: | | | | | | |
| Rental revenue | 5,160 | - | - | - | 5,160 | - |
| Investment earnings | 94,682 | 64,133 | 33,540 | 5,265 | 197,620 | 26,872 |
| Note payments from other entities | - | 45,042 | - | - | 45,042 | - |
| Net cash provided by investing activities | <u>99,842</u> | <u>109,175</u> | <u>33,540</u> | <u>5,265</u> | <u>247,822</u> | <u>26,872</u> |
| Net increase (decrease) in cash and cash equivalents | (1,326,256) | 4,367,475 | 3,396,283 | 1,454,462 | 7,891,964 | (470,939) |
| Cash and cash equivalents, beginning of year | <u>47,554,201</u> | <u>32,358,585</u> | <u>11,492,029</u> | <u>1,696,091</u> | <u>93,100,906</u> | <u>10,920,295</u> |
| Cash and cash equivalents, end of year | <u>\$ 46,227,945</u> | <u>36,726,060</u> | <u>14,888,312</u> | <u>3,150,553</u> | <u>100,992,870</u> | <u>10,449,356</u> |

(Continued)

City of Waco, Texas
Statement of Cash Flows –
Proprietary Funds
(Continued)
Year Ended September 30, 2014

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|--|------------------|------------------|--------------------|-------------------|--|
| | Water | Wastewater | Solid Waste | Other Funds | Total | |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Operating income (loss) | \$ 10,442,590 | 4,336,491 | 1,201,962 | (14,034,701) | 1,946,342 | 340,166 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Provision for uncollectible accounts receivable | 25,729 | 8,288 | (9) | - | 34,008 | - |
| Depreciation/amortization | 8,996,493 | 4,594,225 | 3,420,725 | 5,409,893 | 22,421,336 | 119,603 |
| Changes in assets and liabilities: | | | | | | |
| Decrease (increase) in assets: | | | | | | |
| Accounts receivable | 556,952 | 241,512 | 31,386 | (19,732) | 810,118 | (8,151) |
| Inventories | (17,651) | (4,400) | - | (61,606) | (83,657) | (74,631) |
| Increase (decrease) in liabilities: | | | | | | |
| Accounts payable | 250,150 | 661,792 | (21,970) | (122,717) | 767,255 | 27,630 |
| Accrued liabilities | (139,343) | (37,049) | 2,864 | (12,824) | (186,352) | 205,469 |
| Unearned revenue | - | - | - | 7,303 | 7,303 | - |
| Estimated landfill closure and post-closure care costs | - | - | 226,686 | - | 226,686 | - |
| Compensated absences payable | (23,801) | 28,229 | 10,261 | 49,905 | 64,594 | (94,423) |
| Net pension obligation | 5,429 | 3,303 | 3,344 | - | 12,076 | 2,593 |
| Customer deposits | 49,801 | - | - | - | 49,801 | - |
| Estimated claims and judgments | - | - | - | - | - | (57,216) |
| Net cash provided by (used for) operating activities | <u>\$ 20,146,349</u> | <u>9,832,391</u> | <u>4,875,249</u> | <u>(8,784,479)</u> | <u>26,069,510</u> | <u>461,040</u> |
| Noncash investing, capital, and financing activities: | | | | | | |
| Contributions of capital assets | <u>\$ 244,608</u> | <u>-</u> | <u>-</u> | <u>114,389</u> | <u>358,997</u> | <u>-</u> |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Position -
Agency Funds
September 30, 2014

| | <u>Agency Funds</u> |
|---------------------------------------|-------------------------|
| Assets | |
| Cash and investments | \$ 2,753,501 |
| Accounts receivable | 538 |
| Note receivable | <u>229,547</u> |
| Total assets | <u>\$ 2,983,586</u> |
| Liabilities | |
| Due to other agencies and individuals | \$ <u>2,983,586</u> |
| Total liabilities | <u>\$ 2,983,586</u> |

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2014

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Waco, Texas (the City) is a municipal corporation governed by an elected mayor and a five-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. All fiduciary activities are reported only in the fund financial statements.

Discretely presented component units - The following discretely presented component units are included in the reporting entity of the City:

The *Baylor Waco Stadium Authority* (the Authority) was created in 2014 as a nonprofit local government corporation for the purpose of managing and operating Baylor University's McLane Stadium (the Stadium) for all events that are not designated Baylor University events. The Authority is governed by five directors who are appointed by the City Council and may be removed by the City Council at any time, with or without cause. In March 2014, the Authority entered into a 30-year tri-party operating agreement with Baylor University (BU) and the City. In the event the operating agreement terminates, operating funds in excess of obligations payable will be used in the following priority: repayment of funds advanced to the Authority by BU that are subject to reimbursement; repairs and maintenance of the Stadium; and distribution to BU and the City in proportion to each entity's contribution to the construction of the Stadium. Separately issued financial reports for the Authority may be obtained from the Authority at 1001 South M.L.K. Jr. Blvd., Waco, Texas.

The *Central Waco Development Corporation* (the CWDC) was created in 1979 by the City for the purpose of promoting and developing commercial, industrial and manufacturing enterprises. The CWDC is governed by five members who are appointed by the City Council and may only be removed with cause. Additionally, the CWDC is prohibited from issuing bonded debt without the approval of the City Council. The CWDC does not issue separate financial statements.

The *Waco Health Facilities Development Corporation* (the WHFDC) was created in 1983 under the Health Facilities Development Act as a public, nonprofit corporation for the purpose of issuing obligations in order to finance all or part of the cost of one or more health facilities to assist with the

City of Waco, Texas

Notes to Financial Statements (Continued)

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

A. **Reporting Entity** (continued)

maintenance of public health. The WHFDC is governed by five members who are appointed by the City Council and may only be removed with cause. Additionally, the WHFDC is prohibited from issuing bonded debt without the approval of the City Council. The WHFDC does not issue separate financial statements.

B. **Government-wide and Fund Financial Statements**

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

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic*

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

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 City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water services.

The *wastewater fund* accounts for the activities of the City's sewer services.

The *solid waste fund* accounts for the activities of the City's sanitation services.

Additionally, the City reports the following fund types:

Internal service funds account for insurance/risk management services, health insurance, fleet services, and engineering services provided to other departments or agencies of the government on a cost reimbursement basis.

Agency funds account for receipts and disbursements for the Urban Renewal Agency, the Heart of Texas Housing Finance Corporation, and Waco Public Improvement District No. 2.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's

City of Waco, Texas

Notes to Financial Statements (Continued)

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

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

principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

Deposits and Investments

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

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

Investments for the City, as well as for its component units, are reported at fair value. The City invests in local government investment pools (LGIPs) that were created to function as money market mutual funds within the meaning of Rule 2a-7 of the Investment Company Act of 1940. Each of these LGIPs seeks to maintain a constant \$1.00 net asset value per share.

Receivables and Payables

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Receivables and Payables (continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.05 percent of outstanding property taxes at September 30, 2014.

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

Inventories

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

Restricted Assets

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

Capital Assets

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

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. The total interest expense incurred during the current fiscal year was \$7,510,942 for business-type activities. Of this amount, \$413,051 were included as part of the cost of capital assets under construction in connection with water and wastewater fund construction projects.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred losses on refundings of debt reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources (continued)

applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, court fines, special assessments, etc. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental activities and proprietary funds, a liability is reported for a portion of accumulating sick leave when it is probable that the government will make termination payments. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance

In the fund financial statements, governmental funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are also approved by the City Council through a resolution.

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

The City Council has adopted Financial Management Policy Statements that include the policy to strive to maintain the general fund unassigned fund balance at 18% of budgeted revenues. General fund unassigned fund balance at September 30, 2014 was 18.97% of fiscal year 2015 budgeted revenues.

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

| | General Fund | Other Funds | Total |
|-----------------------------------|-----------------|----------------|------------|
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventory | \$ 734,557 | - | 734,557 |
| Real estate held for resale | 6,160 | 40,061 | 46,221 |
| Advances to other funds | - | 168,368 | 168,368 |
| Parks and cemetery care | - | 478,848 | 478,848 |
| Restricted for: | | | |
| Municipal information | 703,924 | - | 703,924 |
| Debt service | - | 185,902 | 185,902 |
| Capital projects | - | 11,828,967 | 11,828,967 |
| Tax increment zone activities | - | 10,891,785 | 10,891,785 |
| Waco Public Improvement District | - | 645,008 | 645,008 |
| Housing and community development | - | 2,333,652 | 2,333,652 |
| Public safety | 83,856 | 1,406,274 | 1,490,130 |
| Culture and recreation | 918,377 | 1,302,930 | 2,221,307 |

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

| | General Fund | Other Funds | Total |
|-----------------------------------|-----------------|----------------|------------|
| Fund balances: (continued) | | | |
| Committed to: | | | |
| Economic development | 9,532,164 | - | 9,532,164 |
| Capital projects | - | 2,413,913 | 2,413,913 |
| Public health | - | 561,880 | 561,880 |
| Assigned to: | | | |
| Capital improvements | 15,050,171 | - | 15,050,171 |
| Economic development | 3,048,263 | - | 3,048,263 |
| Housing and community development | 25,000 | - | 25,000 |
| Public safety | 140,595 | - | 140,595 |
| Public works | 4,677 | - | 4,677 |
| Culture and recreation | 16,230 | - | 16,230 |
| Other | 490,289 | - | 490,289 |
| Unassigned | 21,043,396 | - | 21,043,396 |
| | \$ 51,797,659 | 32,257,588 | 84,055,247 |

Net Position

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

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$117,530,483 difference are as follows:

| | |
|--|-----------------------|
| Capital lease | \$ 12,443 |
| Serial bonds and certificates of obligation | 87,120,000 |
| Less: deferred charge on refunding (to be amortized as interest expense) | (463,791) |
| Plus: issuance premium | 1,419,551 |
| Accrued interest payable | 640,699 |
| Compensated absences | 17,945,885 |
| Net pension obligation | 9,693,119 |
| Refundable contracts | 80,007 |
| Contracts payable | 830,000 |
| Net other post-employment benefit obligation | <u>252,570</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ 117,530,483</u> |

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(4,392,893) difference are as follows:

| | |
|--|-----------------------|
| Capital outlay | \$ 11,713,167 |
| Depreciation expense | <u>(16,106,060)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (4,392,893)</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net position.” The details of this \$2,608,669 difference are as follows:

| | |
|---|----------------------------|
| Donations and transfers of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | \$ <u>2,608,669</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ <u><u>2,608,669</u></u> |

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$419,096 difference are as follows:

| | |
|--|--------------------------|
| Court fines | \$ 141,357 |
| Property taxes | 268,682 |
| Special assessments | <u>9,057</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ <u><u>419,096</u></u> |

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$3,685,268 difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

| | |
|---|---------------------|
| Debt issued or incurred: | |
| Issuance of general obligation and refunding debt | \$ (1,645,000) |
| Plus: premium on issuance | (59,040) |
| Principal repayments: | |
| General obligation debt | 5,340,143 |
| Capital lease | <u>49,165</u> |
| Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 3,685,268</u> |

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(641,764) difference are as follows:

| | |
|--|---------------------|
| Net other post-employment benefit obligation | \$ (20,254) |
| Compensated absences | (738,942) |
| Net pension obligation | (67,750) |
| Accrued interest | 35,514 |
| Amortization of deferred charge on refunding | (112,786) |
| Amortization of bond premiums | <u>262,454</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (641,764)</u> |

III. Stewardship, Compliance and Accountability

A. Budgetary Information

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

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

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

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

Outstanding encumbrances for governmental funds as of September 30, 2014 are \$942,199 for the general fund and \$10,562,242 for other nonmajor funds.

B. Deficit Fund Position

Deficit net position in individual nonmajor funds at September 30, 2014 consist of the following:

| | Net | | Total |
|------------------------------|-----------------------|---------------------|---------------------|
| | <u>Investment in</u> | <u>Unrestricted</u> | <u>Net Position</u> |
| | <u>Capital Assets</u> | | |
| Nonmajor Enterprise Fund: | | | |
| Cottonwood Creek Golf Course | \$ 1,146,091 | (1,242,240) | (96,149) |

The Cottonwood Creek Golf Course Fund is used to account for the City's golf course facility. Operations continue to be reviewed with emphasis on improving pro shop and concession operations. The change in net position was \$95,327 for the fiscal year as compared with \$(61,208) in the prior year.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2014, the City had the following investments:

| Investment | Fair Value | Percent of Portfolio | Weighted Average Maturity (in years) |
|--|---------------|----------------------------|---|
| Texas Local Government Investment Pool (TexPool) | \$ 3,594,463 | 9.35% | - |
| Texas Short-Term Asset Reserve (TexSTAR) | 877,635 | 2.28% | - |
| Total local government investment pools | 4,472,098 | 11.63% | - |
| U. S. Treasury securities | 3,011,900 | 7.83% | 2.20 |
| U. S. Federal agency securities | 30,960,800 | 80.54% | 1.68 |
| Total investments | \$ 38,444,798 | 100.00% | 1.53 |

Interest Rate Risk

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

Credit Risk

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Credit Risk (continued)

- U. S. Federal agency securities
- Repurchase agreements and flexible repurchase agreements, collateralized by U. S. Treasury obligations or U. S. federal agency securities, or by pass-through mortgage-backed securities issued by the U. S. federal agencies.
- Money market mutual funds rated not less than AAAM by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch
- Local Government investment pools rated not less than AAAM by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch

The City's investments in TexPool and TexSTAR are rated AAAM by Standard & Poor's; and U. S. Federal agency securities are rated AAA by Fitch, Aaa by Moody's, and AA+ by Standard and Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk. More than 5% of the City's investments at September 30, 2014 were in securities of the following issuers:

| <u>U. S. Agency Issuer</u> | <u>Fair Value</u> | <u>Percent of Portfolio</u> |
|--|-------------------|-----------------------------|
| Federal Farm Credit Bank | \$ 1,997,600 | 5.20% |
| Federal Home Loan Bank | 7,994,600 | 20.80% |
| Federal Home Loan Mortgage Corporation | 14,963,700 | 38.92% |
| Federal National Mortgage Association | 6,004,900 | 15.62% |

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk (continued)

party. City policy requires all deposits to be fully secured in accordance with the Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian.

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

Reconciliation of Cash and Investments

| | |
|---|-----------------------|
| Carrying amount of deposits and cash on hand | \$ 156,366,885 |
| Carrying amount of investments | <u>38,444,798</u> |
| Total | <u>\$ 194,811,683</u> |
| Cash and investments - governmental activities | \$ 89,912,756 |
| Cash and investments - business-type activities | 70,068,118 |
| Restricted cash and investments - business-type activities | 30,924,752 |
| Component units, excluding Baylor Waco Stadium Authority | 36,435 |
| Agency funds | 2,753,501 |
| Other participants' undivided interest in WMARSS cash and investments | <u>1,116,121</u> |
| Total | <u>\$ 194,811,683</u> |

The City issues certificates of obligation to fund capital projects for governmental and business-type activities. Interest earnings on the unspent proceeds of all certificates of obligation are accounted for in the capital projects fund.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Local Government Investment Pools

TexPool. The Comptroller of Public Accounts (the Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the Trust Company) which is authorized to operate TexPool. Federated Investors, Inc. provides asset management services to TexPool. Additionally, the Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. TexPool uses amortized cost rather than fair value to report net assets to compute share prices.

TexSTAR. TexSTAR is a Texas public funds investment pool that is co-administered by J.P. Morgan Fleming Asset Management and First Southwest Asset Management, Inc. TexSTAR is managed by a five-member governing board comprised of three representatives of eligible governmental entities and one member designated by each of the co-administrators. The pool uses amortized cost rather than the fair value to report net assets to compute share prices.

B. Receivables

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

| | <u>General</u> | <u>Water</u> | <u>Wastewater</u> | <u>Solid Waste</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|------------------------------------|----------------------|------------------|-------------------|------------------------|-------------------------------------|-------------------|
| Receivables: | | | | | | |
| Taxes | \$ 7,901,778 | - | - | - | 526,892 | 8,428,670 |
| Accounts | 17,343,075 | 7,331,051 | 3,734,339 | 3,476,807 | 1,499,626 | 33,384,898 |
| Special assessments | - | - | - | - | 11,315 | 11,315 |
| Intergovernmental | 1,042,335 | - | - | - | 2,681,920 | 3,724,255 |
| Notes | - | - | 551,475 | - | 7,240,198 | 7,791,673 |
| Gross receivables | <u>26,287,188</u> | <u>7,331,051</u> | <u>4,285,814</u> | <u>3,476,807</u> | <u>11,959,951</u> | <u>53,340,811</u> |
| Less: allowance for uncollectibles | <u>13,683,190</u> | <u>1,670,067</u> | <u>1,083,611</u> | <u>1,361,542</u> | <u>5,654,457</u> | <u>23,452,867</u> |
| Net total receivables | <u>\$ 12,603,998</u> | <u>5,660,984</u> | <u>3,202,203</u> | <u>2,115,265</u> | <u>6,305,494</u> | <u>29,887,944</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

B. Receivables (continued)

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

Revenues of the water, wastewater, and solid waste funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

| | | |
|---|----|----------------------|
| Uncollectibles related to water sales | \$ | 25,729 |
| Uncollectibles related to wastewater charges | | 8,288 |
| Uncollectibles related to solid waste charges | | <u>(9)</u> |
| Total uncollectibles of the current fiscal year | \$ | <u><u>34,008</u></u> |

C. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

| | Primary Government | | | Balance September 30, 2014 |
|--|-------------------------------|--------------------|--------------------|----------------------------------|
| | Balance October 1, 2013 | Increases | Decreases | |
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 44,816,272 | 842,776 | - | 45,659,048 |
| Construction in progress | <u>5,679,635</u> | <u>3,273,231</u> | <u>(4,611,727)</u> | <u>4,341,139</u> |
| Total capital assets not being depreciated | <u>50,495,907</u> | <u>4,116,007</u> | <u>(4,611,727)</u> | <u>50,000,187</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 68,049,191 | 1,361,581 | (57,294) | 69,353,478 |
| Machinery and equipment | 44,404,968 | 6,687,337 | (1,226,946) | 49,865,359 |
| Improvements other than buildings | 56,635,043 | 2,823,888 | (113,156) | 59,345,775 |
| Infrastructure | <u>260,147,197</u> | <u>4,209,775</u> | <u>-</u> | <u>264,356,972</u> |
| Total capital assets being depreciated | <u>429,236,399</u> | <u>15,082,581</u> | <u>(1,397,396)</u> | <u>442,921,584</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 15,463,514 | 2,420,553 | (57,294) | 17,826,773 |
| Machinery and equipment | 30,291,372 | 4,011,891 | (1,198,727) | 33,104,536 |
| Improvements other than buildings | 23,086,360 | 2,975,505 | (113,156) | 25,948,709 |
| Infrastructure | <u>152,174,026</u> | <u>6,817,714</u> | <u>-</u> | <u>158,991,740</u> |
| Total accumulated depreciation | <u>221,015,272</u> | <u>16,225,663</u> | <u>(1,369,177)</u> | <u>235,871,758</u> |
| Total capital assets, being depreciated, net | <u>208,221,127</u> | <u>(1,143,082)</u> | <u>(28,219)</u> | <u>207,049,826</u> |
| Total capital assets, net | <u>\$ 258,717,034</u> | <u>2,972,925</u> | <u>(4,639,946)</u> | <u>257,050,013</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

| | Primary Government | | | Balance September 30, 2014 |
|--|-------------------------------|---------------------|--------------------|----------------------------------|
| | Balance October 1, 2013 | Increases | Decreases | |
| <u>Business-type activities:</u> | | | | |
| Capital assets, not being depreciated/ amortized: | | | | |
| Land | \$ 6,311,458 | 210,779 | - | 6,522,237 |
| Construction work in progress | 9,889,387 | 12,047,583 | (7,525,934) | 14,411,036 |
| Museum collections | 2,133,424 | 27,500 | - | 2,160,924 |
| Total assets not being depreciated/amortized | <u>18,334,269</u> | <u>12,285,862</u> | <u>(7,525,934)</u> | <u>23,094,197</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 81,092,966 | - | - | 81,092,966 |
| Machinery and equipment | 44,813,771 | 1,907,352 | (866,898) | 45,854,225 |
| Improvements other than buildings | 469,156,084 | 9,625,951 | (51,603) | 478,730,432 |
| Water rights - impound fee | 32,482,879 | - | - | 32,482,879 |
| Total capital assets, being depreciated/amortized | <u>627,545,700</u> | <u>11,533,303</u> | <u>(918,501)</u> | <u>638,160,502</u> |
| Less accumulated depreciation/amortization: | | | | |
| Buildings | 29,649,722 | 2,658,513 | - | 32,308,235 |
| Machinery and equipment | 28,875,327 | 4,041,808 | (854,105) | 32,063,030 |
| Improvements other than buildings | 163,686,158 | 14,794,195 | (51,603) | 178,428,750 |
| Water rights - impound fee | 7,909,707 | 926,820 | - | 8,836,527 |
| Total accumulated depreciation/ amortization | <u>230,120,914</u> | <u>22,421,336</u> | <u>(905,708)</u> | <u>251,636,542</u> |
| Total capital assets being depreciated/amortized, net | <u>397,424,786</u> | <u>(10,888,033)</u> | <u>(12,793)</u> | <u>386,523,960</u> |
| Total capital assets, net | <u>\$ 415,759,055</u> | <u>1,397,829</u> | <u>(7,538,727)</u> | <u>409,618,157</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|----------------------|
| Governmental activities: | |
| General government | \$ 751,549 |
| Public works | 7,234,499 |
| Public safety | 3,779,275 |
| Culture and recreation | 4,391,407 |
| Public health | 67,233 |
| Housing and community development | <u>1,700</u> |
| Total depreciation expense - governmental activities | <u>\$ 16,225,663</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

Business-type activities:

| | |
|---|-----------------------------|
| Water | \$ 8,996,493 |
| Wastewater | 4,594,225 |
| Solid waste | 3,420,725 |
| Airport | 2,016,312 |
| Convention services | 824,217 |
| Ranger Hall of Fame | 126,301 |
| Cameron Park Zoo | 1,117,988 |
| Transit services | 1,150,524 |
| Cottonwood Creek Golf Course | <u>174,551</u> |
| Total depreciation/amortization expense - business-type activities | <u><u>\$ 22,421,336</u></u> |

Construction commitments

The City has active construction projects as of September 30, 2014. At year-end, the City's commitments with contractors are as follows:

| Project | Spent to Date | Remaining Commitments |
|----------------------|-----------------------------|--------------------------|
| Street projects | \$ 2,503,412 | 2,927,912 |
| Water projects | 8,799,440 | 2,416,958 |
| Wastewater projects | 4,517,634 | 3,824,374 |
| Solid waste projects | 27,574 | 2,249,583 |
| Airport projects | 598,798 | 2,949,526 |
| Parks projects | 1,514,748 | 1,310,807 |
| Other projects | <u>790,569</u> | <u>130,532</u> |
| Total | <u><u>\$ 18,752,175</u></u> | <u><u>15,809,692</u></u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2014 is as follows:

Due to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------|---------------------|
| Nonmajor business-type | Nonmajor governmental | \$ 27,833 |
| General | Nonmajor governmental | 464,316 |
| General | Nonmajor business-type | 690,766 |
| Nonmajor governmental | Nonmajor governmental | 5,538,304 |
| General | Internal service | 251,973 |
| Nonmajor governmental | General | <u>422,218</u> |
| | | <u>\$ 7,395,410</u> |

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

Advances to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------|-------------------|
| Water | Nonmajor business-type | \$ 525,336 |
| Nonmajor governmental | Nonmajor business-type | <u>168,368</u> |
| | | <u>\$ 693,704</u> |

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

Interfund transfers

| | <u>Transfer in</u> | | | <u>Total</u> |
|-----------------------|---------------------|----------------------------------|--------------------------------|-------------------|
| | <u>General</u> | <u>Nonmajor Governmental</u> | <u>Nonmajor Enterprise</u> | |
| Transfers out: | | | | |
| General | \$ - | 10,602,620 | 3,183,862 | 13,786,482 |
| Water | 3,138,280 | - | - | 3,138,280 |
| Wastewater | 790,696 | - | - | 790,696 |
| Solid waste | 339,137 | - | - | 339,137 |
| Nonmajor governmental | 415,767 | 2,218,331 | - | 2,634,098 |
| Nonmajor enterprise | <u>-</u> | <u>-</u> | 150,000 | <u>150,000</u> |
| Total transfers | <u>\$ 4,683,880</u> | <u>12,820,951</u> | <u>3,333,862</u> | <u>20,838,693</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Interfund transfers (continued)

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

In the year ended September 30, 2014, the City made payments from various funds to the general fund in lieu of taxes. The City reported these payments as transfers. Transfers were made from the following funds in the following amounts.

| | |
|-------------|--------------|
| Water | \$ 3,138,280 |
| Wastewater | 790,696 |
| Solid waste | 339,137 |

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$641,835 for the year ended September 30, 2014. The future minimum lease payments for these leases are as follows:

| <u>Year Ending</u> <u>September 30,</u> | |
|--|-------------------|
| 2015 | \$ 428,545 |
| 2016 | 135,099 |
| 2017 | <u>1,677</u> |
| Total | <u>\$ 565,321</u> |

Capital Leases

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Leases (continued)

Capital Leases (continued)

The assets acquired through capital leases are as follows:

| | Cost | Accumulated Depreciation | Net Book Value |
|--------------------------|------------|-----------------------------|-------------------|
| Governmental activities: | | | |
| Computer equipment | \$ 145,351 | 121,126 | 24,225 |
| Total | \$ 145,351 | 121,126 | 24,225 |

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, are as follows:

| Year Ending September 30, | Governmental Activities |
|---|----------------------------|
| 2015 | \$ 12,485 |
| Total minimum lease payments | 12,485 |
| Less: amount representing interest | 42 |
| Present value of minimum lease payments | \$ 12,443 |

F. Long-term Debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

General obligation bonds (continued)

| Purpose | Interest Rates | Amount |
|--------------------------------------|----------------|-----------------------|
| Governmental activities | 2.00% - 6.00% | \$ 74,440,000 |
| Governmental activities - refunding | 2.00% - 5.00% | 12,680,000 |
| Business-type activities | 2.00% - 6.00% | 112,090,000 |
| Business-type activities - refunding | 2.00% - 5.00% | <u>102,560,000</u> |
| | | <u>\$ 301,770,000</u> |

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

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|-------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 5,585,000 | 3,623,222 | 11,775,000 | 8,640,777 |
| 2016 | 5,760,000 | 3,388,585 | 11,980,000 | 8,101,662 |
| 2017 | 6,000,000 | 3,164,466 | 12,540,000 | 7,627,612 |
| 2018 | 6,235,000 | 2,926,143 | 12,350,000 | 7,144,237 |
| 2019 | 5,995,000 | 2,684,226 | 12,935,000 | 6,653,292 |
| 2020 - 2024 | 31,905,000 | 9,381,193 | 62,005,000 | 25,222,871 |
| 2025 - 2029 | 22,480,000 | 2,425,253 | 43,505,000 | 14,228,479 |
| 2030 - 2034 | 3,160,000 | 176,691 | 36,640,000 | 5,863,947 |
| 2035 - 2039 | - | - | 10,920,000 | 608,484 |
| Total | <u>\$ 87,120,000</u> | <u>27,769,779</u> | <u>214,650,000</u> | <u>84,091,361</u> |

Prior year defeasance of bonds

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2014, \$180,000 of bonds considered defeased are still outstanding.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Note payable

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

| Year Ending September 30, | Note Payable | |
|------------------------------|--------------|-----------|
| | Principal | Interest |
| 2015 | \$ 72,555 | 81,208 |
| 2016 | 75,777 | 77,986 |
| 2017 | 79,142 | 74,620 |
| 2018 | 82,657 | 71,105 |
| 2019 | 86,328 | 67,434 |
| 2020 - 2024 | 410,536 | 277,913 |
| 2025 - 2029 | 178,771 | 219,139 |
| 2030 - 2034 | 222,155 | 175,755 |
| 2035 - 2039 | 276,067 | 121,843 |
| 2040 - 2044 | 343,063 | 54,847 |
| 2045 - 2049 | 71,386 | 1,564 |
| Total | \$ 1,898,437 | 1,223,414 |

Other long-term debt information

Proceeds from general obligation bonds are subject to arbitrage rebate regulations. Estimated rebatable arbitrage has been recorded as a reduction to interest on investments.

During 1985, the City entered into a development agreement which provided that the City repay \$830,000 for public improvements at an interest rate not to exceed 8%. Repayment of principal and accrual of interest will not begin until revenue is received from the area designated in the development agreement. Annual requirements will be based on the revenue generated from future developments, which cannot be reasonably estimated at September 30, 2014.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Other long-term debt information (continued)

There is no specific maximum debt limit established by law for the City; therefore, the limit is governed by the City’s ability to levy and collect taxes. The City’s maximum legal rate is \$1.85 per \$100 valuation; the current tax rate is \$0.776232 per \$100 valuation.

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

Refundable contracts

The City maintains a policy of refunding to subdivision developers certain costs for the construction of water and wastewater improvements and streets and drainage facilities, applicable to single family housing developments. The policy was created to encourage the construction of single family residences within the corporate limits of the City. Amounts under contract which have not yet been refunded of \$2,032,250 have been recorded as a liability in the accompanying statement of net position.

Changes in long-term liabilities

Long-term liability activity (shown in thousands of dollars) for the year ended September 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| <u>Governmental activities</u> | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 90,815 | 1,645 | 5,340 | 87,120 | 5,585 |
| Plus: premium on bonds | <u>1,623</u> | <u>59</u> | <u>262</u> | <u>1,420</u> | <u>-</u> |
| Total bonds payable | <u>92,438</u> | <u>1,704</u> | <u>5,602</u> | <u>88,540</u> | <u>5,585</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Changes in long-term liabilities (continued)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| <u>Governmental activities</u> (continued) | | | | | |
| Capital leases | 62 | - | 50 | 12 | 12 |
| Contracts payable | 830 | - | - | 830 | - |
| Refundable contracts | 80 | - | - | 80 | - |
| Estimated claims and judgments | 3,270 | 13,673 | 13,730 | 3,213 | 3,213 |
| Compensated absences | 17,598 | 10,799 | 10,154 | 18,243 | 10,919 |
| Net pension obligation | 9,997 | 703 | 633 | 10,067 | - |
| Net OPEB obligation | 232 | 84 | 63 | 253 | - |
| | <u>32,069</u> | <u>25,259</u> | <u>24,630</u> | <u>32,698</u> | <u>14,144</u> |
| Governmental activity long-term liabilities | <u>\$ 124,507</u> | <u>26,963</u> | <u>30,232</u> | <u>121,238</u> | <u>19,729</u> |
| <u>Business-type activities:</u> | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 218,290 | 8,005 | 11,645 | 214,650 | 11,775 |
| Plus: premium on bonds | 9,791 | 287 | 1,711 | 8,367 | - |
| | <u>228,081</u> | <u>8,292</u> | <u>13,356</u> | <u>223,017</u> | <u>11,775</u> |
| Refundable contracts | 1,795 | 749 | 592 | 1,952 | 484 |
| Estimated landfill closure | 4,290 | 227 | - | 4,517 | - |
| Note payable | 1,968 | - | 70 | 1,898 | 73 |
| Compensated absences | 2,934 | 2,000 | 1,935 | 2,999 | 1,931 |
| Net pension obligation | 1,685 | 114 | 102 | 1,697 | - |
| | <u>12,672</u> | <u>3,090</u> | <u>2,699</u> | <u>13,063</u> | <u>2,488</u> |
| Business-type activity long-term liabilities | <u>\$ 240,753</u> | <u>11,382</u> | <u>16,055</u> | <u>236,080</u> | <u>14,263</u> |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$296,732, \$374,267, and \$3,212,803 of internal service funds compensated absences, net pension obligations and estimated

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

Changes in long-term liabilities (continued)

claims and judgments, respectively, are included in the above governmental amounts. Also, for the governmental activities, compensated absences, net pension obligation, other post-employment benefits, and capital leases are generally liquidated by the general fund. Refundable contracts are liquidated by the street and drainage refundable contracts debt service fund.

G. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

| | |
|----------------------------------|----------------------|
| Customer deposits | \$ 2,558,681 |
| Bond construction account | 28,261,070 |
| Capital grants and contributions | <u>105,001</u> |
| Total restricted assets | <u>\$ 30,924,752</u> |

H. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City has established the insurance fund and health insurance fund (internal services funds) to account for and finance its risk management activities. All funds participate in these programs and make payments to these funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish reserves for catastrophe losses. The reserves for catastrophic losses were approximately \$6,200,000 at September 30, 2014.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Risk Management (continued)

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

The insurance fund provides coverage for up to a maximum of \$450,000 for each non-civil service workers' compensation claim and \$600,000 for each civil service workers' compensation claim. The City purchases commercial insurance for workers' compensation claims in excess of coverage provided by the fund. For general liability claims prior to fiscal year 2002, the insurance fund provided coverage for up to \$250,000 for each individual and \$500,000 aggregate for general liability claims and up to \$100,000 for each property damage claim. Beginning with fiscal year 2002, the insurance fund provides commercial insurance for each general liability or property damage claim. The City purchases commercial insurance for claims in excess of \$50,000. The commercial liability insurance limits are \$1,000,000 per occurrence for general liability with a \$2,000,000 annual aggregate, except for law enforcement liability for which the limits are \$5,000,000 per occurrence and \$10,000,000 annual aggregate. The commercial insurance limits for the City's property coverages are: \$10,000,000 aggregate for automobile catastrophe, \$407,840,533 aggregate for real and personal property, \$12,393,506 aggregate for mobile equipment and \$5,000,000 per accident for boiler and machinery.

Effective January 1, 2006, the City began to self-insure for health insurance claims. Starting in fiscal year 2014, the City has unlimited stop-loss protection for individual claims exceeding \$200,000, as well as unlimited aggregate protection for claims exceeding 125% of expected annual claims.

There have been no claim settlements in excess of the insurance coverages that have been procured in 2014, 2013, or 2012. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

| | <u>2014</u> | <u>2013</u> |
|---|-----------------|-----------------|
| Unpaid claims, beginning of fiscal year | \$ 3,270 | 3,063 |
| Incurred claims (including IBNRs) | 13,673 | 12,902 |
| Claim payments | <u>(13,730)</u> | <u>(12,695)</u> |
| Unpaid claims, end of fiscal year | <u>\$ 3,213</u> | <u>3,270</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Contingent Liabilities

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

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

J. Commitments

Water storage rights in Lake Waco were acquired by contract with Brazos River Authority in 1965. Total consideration for the water storage rights over the fifty-year term is \$9,416,500 with payments of \$188,330 due annually through December 15, 2014. Such payments are reported as operating deductions of the water fund in the year the payments are made.

Additionally, the City Council has approved \$2,550,237 to be refunded to subdivision developers for certain costs for the construction of water improvements once applicable contract requirements are met.

In August 2012, the City Council approved an amendment to the project/financing plan for reinvestment zone number one to provide partial funding via a grant of up to \$35,060,340 to assist with infrastructure improvements for the new McLane Stadium at Baylor University. A total of \$11,012,068 had been funded through 2014. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2015 | \$ 3,006,034 |
| 2016 | 3,006,034 |
| 2017 | 3,006,034 |
| 2018 | 3,006,034 |
| 2019 | 3,006,034 |
| 2020 | 3,006,034 |
| 2021 | 3,006,034 |
| 2022 | 3,006,034 |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits

Plan Description - The City administers a single-employer defined benefit life insurance plan. The plan provides \$2,500 of life insurance to each qualified retiree. An optional \$5,000 in life insurance is available at the retiree's expense. According to the City's personnel policy, retirees who have retired under the Texas Municipal Retirement System with a minimum of twenty years of service are eligible for postretirement life insurance benefits.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB annual required contribution (ARC) for the City's retiree life insurance plan. Using the plan benefits, the present life insurance premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of life insurance benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

| | |
|---------------------------|---|
| Type of benefit | Life insurance only |
| Inflation rate | 3.0% per annum |
| Investment rate of return | 4.50%, net of expenses |
| Actuarial cost method | Projected Unit Credit Cost Method |
| Amortization method | Level as a percentage of employee payroll |
| Amortization period | 30-year open amortization |
| Payroll growth | 3.0% per annum |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Actuarial methods and assumptions (continued)

retiree life insurance plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year is as follows:

Reconciliation of Net Other Post-employment Benefit Obligation

| | 2014 | 2013 | 2012 |
|--|------------|----------|----------|
| Annual Required Contribution (ARC) | \$ 83,086 | 90,198 | 87,571 |
| Interest on OPEB obligation | 10,454 | 9,156 | 7,834 |
| Adjustment to the ARC (amortization) | (9,686) | (8,483) | (7,258) |
| Annual OPEB cost | 83,854 | 90,871 | 88,147 |
| Contributions made | (63,600) | (62,028) | (58,769) |
| Increase in net OPEB obligation | 20,254 | 28,843 | 29,378 |
| Net OPEB obligation, beginning of year | 232,316 | 203,473 | 174,095 |
| Net OPEB obligation, end of year | \$ 252,570 | 232,316 | 203,473 |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2014 and the preceding two fiscal years were as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Actuarial methods and assumptions (continued)

| Fiscal Year Ending | Annual OPEB Cost | Employer Amount Contributed | Percentage Contributed | Net OPEB Obligation |
|-----------------------|---------------------|-----------------------------------|---------------------------|------------------------|
| September 30, 2014 | \$ 83,854 | 63,600 | 75.8% | \$ 252,570 |
| September 30, 2013 | 90,871 | 62,028 | 68.3% | 232,316 |
| September 30, 2012 | 88,147 | 58,769 | 66.7% | 203,473 |

Funding status and funding progress

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time. The actuarial valuation is performed on a bi-annual basis.

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|--|
| 12/31/2013 | \$ - | 1,576,980 | 1,576,980 | 0% | \$ 71,807,295 | 2.2% |
| 12/31/2011 | - | 1,646,618 | 1,646,618 | 0% | 67,309,969 | 2.4% |
| 12/31/2009 | - | 1,119,718 | 1,119,718 | 0% | 66,925,539 | 1.7% |
| 12/31/2007 | - | 973,424 | 973,424 | 0% | 64,258,478 | 1.5% |

Under the reporting parameters, the City's retiree life insurance plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,576,890 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 2.2%

L. Pension Plans – Primary Government

Deferred compensation plan

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System

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

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

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

| | |
|-----------------------------------|---------------------------|
| Employee deposit rate | 7% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 years |
| Updated service credit | 100% repeating, transfers |
| Annuity increase (to retirees) | 50% of CPI (ad hoc) |

Members can retire at certain ages, based on the years of service with the City. The service retirement eligibilities for the City (expressed as years of service/age) are:

5 years/age 60
20 years/any age

Contributions - Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using Entry Age Normal (EAN) cost method. (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used.) This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System (continued)

contribution rate for an employee is the contribution rate which if applied to a member's compensation throughout their period of anticipated covered service with the municipality would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

Reconciliation of Net Pension Obligation

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-----------------------------|--------------------------|--------------------------|
| Annual Required Contribution (ARC) | \$ 10,071,993 | 9,887,587 | 11,186,956 |
| Interest on net pension obligation | 817,709 | 810,818 | 748,435 |
| Adjustment to the ARC | <u>(735,290)</u> | <u>(712,369)</u> | <u>(643,355)</u> |
| Annual pension cost | 10,154,412 | 9,986,036 | 11,292,036 |
| Contributions made | <u>(10,071,993)</u> | <u>(9,887,587)</u> | <u>(10,400,853)</u> |
| Increase in net pension obligation | 82,419 | 98,449 | 891,183 |
| Net pension obligation, beginning of year | <u>11,681,564</u> | <u>11,583,115</u> | <u>10,691,932</u> |
| Net pension obligation, end of year | \$ <u><u>11,763,983</u></u> | <u><u>11,681,564</u></u> | <u><u>11,583,115</u></u> |

Three-Year Trend Information

| <u>Fiscal Year</u> | <u>Annual Pension</u> | <u>Percentage of</u> | <u>Net Pension</u> | <u>Annual Required</u> |
|--------------------|-----------------------|------------------------|--------------------|--------------------------|
| <u>Ending</u> | <u>Cost (APC)</u> | <u>APC Contributed</u> | <u>Obligation</u> | <u>Contribution Rate</u> |
| 2014 | \$ 10,154,412 | 99% | \$ 11,763,983 | 13.61% |
| 2013 | 9,986,037 | 99% | 11,681,564 | 13.87% |
| 2012 | 11,292,035 | 92% | 11,583,115 | 14.04% |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System (continued)

The required contribution rate for fiscal year 2014 was determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013 also follows:

| Valuation Date | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|---|---------------------------|---------------------------|---------------------------|
| Actuarial Cost Method | Projected Unit Credit | Projected Unit Credit | Entry Age Normal |
| Amortization Method | Level Percent of Payroll | Level Percent of Payroll | Level Percent of Payroll |
| GASB 25 Equivalent Single Amortization Period | 24.3 years; closed period | 24.1 years; closed period | 18.5 years; closed period |
| Amortization Period for new Gains/Losses | 30 years | 30 years | 30 years |
| Asset Valuation Method | 10-year smoothed market | 10-year smoothed market | 10-year smoothed market |
| Actuarial Assumptions: | | | |
| Investment Rate of Return* | 7.0% | 7.0% | 7.0% |
| Projected Salary Increases* | Varies by age and service | Varies by age and service | Varies by age and service |
| *Includes inflation at | 3.0% | 3.0% | 3.0% |
| Cost-of-living adjustments | 1.5% | 0.0% | 0.0% |

Funded Status and Funding Progress – In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Pension Plans – Primary Government (continued)

Defined benefit plan – Texas Municipal Retirement System (continued)

The funded status as of December 31, 2013 and the preceding two years is presented as follows:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|-----------------|---------------------------|--------------------|--|
| 12-31-2011 | \$ 307,003,573 | 354,732,222 | 86.5% | \$ 47,728,649 | 67,309,969 | 70.9% |
| 12-31-2012 | 326,364,520 | 368,784,262 | 88.5% | 42,419,742 | 68,731,468 | 61.7% |
| 12-31-2013 | 348,003,990 | 409,572,816 | 85.0% | 61,568,826 | 71,807,295 | 85.7% |

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

M. Fire and Police One-half Pay Pension

The City funded on a pay-as-you-go basis and administered a one-half single-employer defined benefit pension plan for employees who were not eligible to participate when TMRS was adopted. Any policeman, fireman or fire alarm operator employed by the City prior to September 12, 1950, and their named dependents are entitled to benefits under this plan. Employees were able to retire after 25 years of service. The City Council passed an ordinance for pension pay equal to one-half of the salary for each employee at the time of retirement.

There are five retired firemen and policemen under this plan with no eligible active employees.

An actuarial valuation has not been performed on this plan due to its small relative size. The estimated unfunded liability based on the present value of future benefits with a 7.5 percent interest rate assumption is \$138,370 at September 30, 2014.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detailed Notes on All Funds (continued)

M. Fire and Police One-half Pay Pension (continued)

These benefits are budgeted and recorded in the general fund as expenditures in the year paid. Total costs of these paid benefits for the three years ended September 30, are as follows:

| | |
|------|-----------|
| 2014 | \$ 41,964 |
| 2013 | 46,382 |
| 2012 | 48,564 |

N. Solid Waste Landfill Closure and Post-closure Care Cost

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of usage of the landfill to date. The estimated liability for landfill closure and post-closure care costs included in accrued liabilities is \$4,516,860 as of September 30, 2014, which is based on 69.5% usage (filled) of the landfill. It is estimated that an additional \$1,981,282 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2023). The estimated total current cost of the landfill closure and post-closure care (\$6,498,142) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2014. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

O. Conduit Debt Obligations

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

O. Conduit Debt Obligations (continued)

in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements of Central Waco Development Corporation, Waco Health Facilities Development Corporation, or the City.

As of September 30, 2014, there are three series of industrial revenue bonds outstanding. The aggregate principal amount payable for the one series issued after July 1, 1995 was \$4,100,000. The aggregate principal amount payable for the two series issued prior to July 1, 1995 could not be readily determined; however, their original issue amounts totaled \$4,850,000.

P. Waco Public Improvement District #2

Waco Public Improvement District #2 transactions are recorded in an agency fund as the City acts as an agent for the property owner in collecting assessments and forwarding the collections to the bondholders. However, the City is not obligated in any manner for repayment of these special assessments. As of September 30, 2014, such special assessment debt outstanding totaled \$1,242,000.

Q. Undivided Interest in Waco Metropolitan Area Regional Sewer System

During 2004, the City entered into an agreement with four other participating cities to acquire the facilities and operations of the Waco Metropolitan Area Regional Sewer System (the System) from Brazos River Authority (the Authority). Prior to the acquisition, the cities were "tenants in common" of the System owned by the Authority, and funded the System through payments to the Authority based on the amount of wastewater treated.

The City's initial purchase included an 84.47% undivided interest in the System; however, the City subsequently sold portions of its undivided interest to other cities leaving it with a 79.234% undivided interest in the System. The City's undivided interest in the System as of September 30, 2014 was 75.272% as a result of certain capacity expansion improvements completed during 2012.

The City assisted four of the participating cities in financing their initial investments. During 2004, the City's wastewater fund advanced \$1,849,058 to the four participating cities at an interest rate of 3.65% to be repaid in annual installments through February 2024. As of September 30, 2014, \$551,475 of principal remained outstanding on these loans.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

Q. *Undivided Interest in Waco Metropolitan Area Regional Sewer System* (continued)

Under the interlocal agreement for the System, a board was created consisting of the city managers from each of the seven participating cities. The operation and administration of the System is subject to joint control by the cities through the board; however, a separate legal entity was not created. The agreement allows the cities to pool resources and share the costs, risks, and rewards of providing services. Further, each city retains an ongoing financial interest and ongoing financial responsibility in the operations of the System. The City has reported its share of assets, liabilities, equity, revenues and expenses that are associated with this joint activity in its wastewater fund as follows:

| | |
|------------------------|-----------------------|
| Current assets | \$ 8,332,776 |
| Capital assets | 32,532,236 |
| Current liabilities | (1,341,882) |
| Noncurrent liabilities | <u>(154,553)</u> |
| Net position | \$ <u>39,368,577</u> |
| Operating revenue | \$ 542,235 |
| Operating expenses | (4,908,168) |
| Non-operating revenue | <u>12,019</u> |
| Change in net position | \$ <u>(4,353,914)</u> |

R. Related Organization

Waco Education Finance Corporation is a related organization to which the City appoints board members but for which the City has no significant financial accountability.

S. Change in Accounting Principles

Effective October 1, 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. With the adoption of GASB Statement No. 65, the City reclassified certain unavailable revenues, such as property taxes, court fines, special assessments, etc., to deferred inflows of resources in the governmental funds.

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

S. Change in Accounting Principles (continued)

Additionally, the City reclassified the deferred loss on refunding bonds from bonds payable to deferred outflows of resources in the statements of net position. Finally, the City reported a cumulative effect of a change in accounting to expense bond issuance costs as incurred, which reduced the net position of the City at October 1, 2013 by \$806,206 for governmental activities, \$1,926,547 for business-type activities, \$1,300,031 for the water fund, \$544,331 for the wastewater fund, and \$82,185 for the solid waste fund.

T. Prior Period Adjustments

During the current year, the City determined that amounts previously reported as unavailable revenue and unearned revenue should be recognized as revenue. Accordingly, restricted fund balance/net position at October 1, 2013 was increased by \$1,028,277 for the general fund, \$2,562,113 for nonmajor governmental funds, \$1,174,035 for nonmajor enterprise funds, \$839,535 for governmental activities, and \$1,174,035 for business-type activities.

U. Authoritative Pronouncements Not Yet Effective

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

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

GASB Statement No. 69, Government Combinations and Disposals of Government Operations (issued January 2013) – the objective of this statement is to provide specific accounting and financial reporting guidance for combinations in the governmental environment. Additionally, this statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detailed Notes on All Funds (continued)

U. Authoritative Pronouncements Not Yet Effective (continued)

Governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees (issued April 2013) – the objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. The requirements of this Statement are effective for reporting periods beginning after June 15, 2013.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (issued November 2013) – the objective of this statement is to address the issue related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2014.



**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | 2014 | 2013 |
|--|---------------|------------|
| Assets | | |
| Cash and investments | \$ 48,314,509 | 40,942,152 |
| Accounts receivable, net of allowance | 3,830,936 | 3,655,750 |
| Taxes receivable, net of allowance | 7,730,727 | 7,171,284 |
| Notes receivable | - | 1,000 |
| Due from other funds | 1,155,082 | 3,405,403 |
| Intergovernmental receivable | 1,042,335 | 1,391,071 |
| Inventory | 734,557 | 536,785 |
| Real estate held for resale | 6,160 | 6,160 |
| | \$ 62,814,306 | 57,109,605 |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ 3,049,944 | 2,081,080 |
| Accrued liabilities | 3,644,319 | 4,393,075 |
| Unearned revenue | 28,645 | 29,429 |
| Due to other funds | 674,191 | 886,859 |
| Deposits | 274,839 | 241,056 |
| Escrow funds | 221,555 | 244,698 |
| Total liabilities | 7,893,493 | 7,876,197 |
| Deferred Inflow of Resources | | |
| Deferred inflow of resources: | | |
| Unavailable revenue: | | |
| Property taxes | 1,588,148 | 1,370,506 |
| Court fines | 612,785 | 471,428 |
| Other | 922,221 | 922,221 |
| Total deferred inflow of resources | 3,123,154 | 2,764,155 |
| Fund Balances | | |
| Nonspendable: | | |
| Inventory | 734,557 | 536,785 |
| Real estate held for resale | 6,160 | 6,160 |
| Restricted: | | |
| Municipal information | 703,924 | 636,993 |
| Culture and recreation | 918,377 | 689,343 |
| Public safety | 83,856 | 377,841 |
| Economic development | - | 100,996 |
| Committed: | | |
| Economic development | 9,532,164 | 8,719,518 |
| Assigned: | | |
| Capital improvements | 15,050,171 | 9,073,859 |
| Economic development | 3,048,263 | 6,078,636 |
| Housing and community development | 25,000 | 25,000 |
| Public safety | 140,595 | 10,173 |
| Culture and recreation | 16,230 | 15,305 |
| Public works | 4,677 | 470,084 |
| Other | 490,289 | 124,312 |
| Unassigned | 21,043,396 | 19,604,248 |
| Total fund balances | 51,797,659 | 46,469,253 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 62,814,306 | 57,109,605 |

See accompanying independent auditor's report.

City of Waco, Texas
General Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|--------------------------------------|---------------|--------------|
| Revenues: | | |
| Taxes | \$ 75,866,868 | 72,988,945 |
| Business and occupation fees | 14,181,593 | 13,405,186 |
| Permits, licenses and fees | 1,348,415 | 1,170,932 |
| Fines | 2,416,605 | 1,807,306 |
| Charges for services | 1,639,054 | 1,643,861 |
| Investment earnings | 145,363 | 107,101 |
| Contributions | 883,787 | 392,918 |
| Intergovernmental | 1,682,910 | 1,568,064 |
| Other | 9,256,237 | 9,754,703 |
| Total revenues | 107,420,832 | 102,839,016 |
| Expenditures: | | |
| General government | 17,230,269 | 16,189,167 |
| Public works | 2,583,490 | 3,214,854 |
| Public safety | 60,162,734 | 57,762,483 |
| Culture and recreation | 12,926,462 | 11,946,865 |
| Housing and community development | 192,147 | 177,536 |
| Total expenditures | 93,095,102 | 89,290,905 |
| Excess of revenues over expenditures | 14,325,730 | 13,548,111 |
| Other financing sources (uses): | | |
| Proceeds from sale of capital assets | 105,278 | 290,376 |
| Transfers in | 4,683,880 | 4,634,431 |
| Transfers out | (13,786,482) | (10,627,147) |
| Total other financing sources (uses) | (8,997,324) | (5,702,340) |
| Net change in fund balances | 5,328,406 | 7,845,771 |
| Fund balances, beginning of year, | | |
| as previously stated | 46,469,253 | 37,648,188 |
| Prior period adjustment | - | 975,294 |
| Fund balances, beginning of year, | | |
| as restated | 46,469,253 | 38,623,482 |
| Fund balances, end of year | \$ 51,797,659 | 46,469,253 |

See accompanying independent auditor's report.

Nonmajor Governmental Funds

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

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

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.



City of Waco, Texas
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals | |
|--|----------------------|-----------------|---------------------|----------------|-------------------|-------------------|
| | | | | | 2014 | 2013 |
| Assets | | | | | | |
| Cash and investments | \$ 14,746,816 | 164,813 | 15,758,414 | 478,848 | 31,148,891 | 31,927,812 |
| Accounts receivable, net of allowances | 80,578 | - | 3,025 | - | 83,603 | 220,946 |
| Special assessments receivable | 11,315 | - | - | - | 11,315 | 2,258 |
| Taxes receivable | 119,427 | 407,465 | - | - | 526,892 | 498,653 |
| Notes receivable | 2,497,322 | - | - | - | 2,497,322 | 2,762,113 |
| Due from other funds | 1,073,758 | - | 4,886,764 | - | 5,960,522 | 6,818,230 |
| Advances to other funds | - | - | 168,368 | - | 168,368 | 168,368 |
| Intergovernmental receivable | 1,498,052 | - | 4,800 | - | 1,502,852 | 2,310,790 |
| Real estate held for resale | 40,061 | - | - | - | 40,061 | 40,061 |
| Total assets | \$ 20,067,329 | 572,278 | 20,821,371 | 478,848 | 41,939,826 | 44,749,231 |
| Liabilities | | | | | | |
| Accounts payable | \$ 1,331,011 | - | 476,559 | - | 1,807,570 | 1,075,051 |
| Accrued liabilities | 918,920 | - | 367,427 | - | 1,286,347 | 1,593,409 |
| Unearned revenue | 13,194 | - | - | - | 13,194 | 2,510 |
| Due to other funds | 464,316 | - | 5,566,137 | - | 6,030,453 | 6,674,288 |
| Escrow funds | 27,556 | - | - | - | 27,556 | 28,498 |
| Total liabilities | 2,754,997 | - | 6,410,123 | - | 9,165,120 | 9,373,756 |
| Deferred Inflows of Resources | | | | | | |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue-property taxes | 119,427 | 386,376 | - | - | 505,803 | 454,763 |
| Unavailable revenue-special assessments | 11,315 | - | - | - | 11,315 | 2,258 |
| Total deferred inflows of resources | 130,742 | 386,376 | - | - | 517,118 | 457,021 |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Parks and cemetery care | - | - | - | 478,848 | 478,848 | 477,891 |
| Real estate held for resale | 40,061 | - | - | - | 40,061 | 40,061 |
| Advances to other funds | - | - | 168,368 | - | 168,368 | 168,368 |
| Restricted for: | | | | | | |
| Debt service | - | 185,902 | - | - | 185,902 | 238,053 |
| Capital projects | - | - | 11,828,967 | - | 11,828,967 | 15,531,634 |
| Tax increment zone activities | 10,891,785 | - | - | - | 10,891,785 | 10,960,465 |
| Housing and community development | 2,333,652 | - | - | - | 2,333,652 | 2,676,979 |
| Public safety | 1,406,274 | - | - | - | 1,406,274 | 1,831,495 |
| Culture and recreation | 1,302,930 | - | - | - | 1,302,930 | 755,434 |
| Waco Public Improvement District | 645,008 | - | - | - | 645,008 | 611,577 |
| Committed to: | | | | | | |
| Capital projects | - | - | 2,413,913 | - | 2,413,913 | 1,275,085 |
| Public health | 561,880 | - | - | - | 561,880 | 351,412 |
| Total fund balances | 17,181,590 | 185,902 | 14,411,248 | 478,848 | 32,257,588 | 34,918,454 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 20,067,329 | 572,278 | 20,821,371 | 478,848 | 41,939,826 | 44,749,231 |

See accompanying independent auditors' report.

City of Waco, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals | |
|--|----------------------|------------------|---------------------|----------------|---------------------|---------------------|
| | | | | | 2014 | 2013 |
| Revenues: | | | | | | |
| Taxes | \$ 5,827,952 | 8,984,916 | - | - | 14,812,868 | 16,044,634 |
| Permits, licenses and fees | 1,170,604 | - | - | - | 1,170,604 | 1,190,778 |
| Fines | 138,544 | - | - | - | 138,544 | 108,598 |
| Investment earnings | 34,172 | 3,152 | 112,738 | 945 | 151,007 | 178,611 |
| Contributions | 28 | - | - | - | 28 | 111,212 |
| Intergovernmental | 8,490,477 | - | 105,306 | - | 8,595,783 | 9,320,397 |
| Program income | 338,265 | - | - | - | 338,265 | 297,998 |
| Other | 772,364 | - | - | 12 | 772,376 | 572,648 |
| Total revenues | <u>16,772,406</u> | <u>8,988,068</u> | <u>218,044</u> | <u>957</u> | <u>25,979,475</u> | <u>27,824,876</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 7,707,355 | - | - | - | 7,707,355 | 11,206,005 |
| Public works | - | - | - | - | - | - |
| Public safety | 2,359,044 | - | - | - | 2,359,044 | 3,002,864 |
| Culture and recreation | 1,072,167 | - | - | - | 1,072,167 | 845,701 |
| Housing and community development | 2,967,944 | - | - | - | 2,967,944 | 2,911,407 |
| Public health | 7,267,366 | - | - | - | 7,267,366 | 7,271,899 |
| Capital outlay | - | - | 10,002,288 | - | 10,002,288 | 14,814,436 |
| Debt service: | | | | | | |
| Principal | - | 5,340,143 | - | - | 5,340,143 | 5,912,954 |
| Interest and fiscal charges | - | 3,788,820 | - | - | 3,788,820 | 3,946,312 |
| Bond issuance costs | - | 26,107 | - | - | 26,107 | 35,891 |
| Total expenditures | <u>21,373,876</u> | <u>9,155,070</u> | <u>10,002,288</u> | <u>-</u> | <u>40,531,234</u> | <u>49,947,469</u> |
| Excess deficiency of revenues over (under) expenditures | <u>(4,601,470)</u> | <u>(167,002)</u> | <u>(9,784,244)</u> | <u>957</u> | <u>(14,551,759)</u> | <u>(22,122,593)</u> |
| Other financing sources (uses): | | | | | | |
| Refunding bonds issued | - | - | - | - | - | 1,700,000 |
| Payment to refunded bond escrow agent | - | - | - | - | - | (1,999,938) |
| Premium on refunding bonds | - | - | - | - | - | 316,832 |
| General obligation bonds issued | - | 25,203 | 1,619,797 | - | 1,645,000 | 2,175,000 |
| Premium on general obligation bonds | - | 904 | 58,136 | - | 59,040 | 168,544 |
| Transfers in | 5,060,148 | 88,744 | 7,672,059 | - | 12,820,951 | 10,301,279 |
| Transfers out | (504,511) | - | (2,129,587) | - | (2,634,098) | (2,518,711) |
| Total other financing sources (uses) | <u>4,555,637</u> | <u>114,851</u> | <u>7,220,405</u> | <u>-</u> | <u>11,890,893</u> | <u>10,143,006</u> |
| Net change in fund balances | <u>(45,833)</u> | <u>(52,151)</u> | <u>(2,563,839)</u> | <u>957</u> | <u>(2,660,866)</u> | <u>(11,979,587)</u> |
| Fund balances, beginning of year, as previously stated | 17,227,423 | 238,053 | 16,975,087 | 477,891 | 34,918,454 | 44,349,480 |
| Prior period adjustment | - | - | - | - | - | 2,548,561 |
| Fund balances, beginning of year, as restated | <u>17,227,423</u> | <u>238,053</u> | <u>16,975,087</u> | <u>477,891</u> | <u>34,918,454</u> | <u>46,898,041</u> |
| Fund balances, end of year | <u>\$ 17,181,590</u> | <u>185,902</u> | <u>14,411,248</u> | <u>478,848</u> | <u>32,257,588</u> | <u>34,918,454</u> |

See accompanying independent auditor's report.

Nonmajor Special Revenue Funds

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

Tax Increment Funds - These funds are used to account for the governmental activities of three tax increment districts - Reinvestment Zone Number One, Reinvestment Zone Number Two, and Reinvestment Zone Number Three.

Health Programs Fund - This fund is used to account for the activities of the City's health programs operated within McLennan County. Financing is provided from patients' fees, assessments from other governments, and other miscellaneous revenues and federal and state awards. Also included in this fund are contributions to Heart of Texas Community Health Center, Inc.

Grant Fund - This fund is used to account for the activities of all grants not accounted for elsewhere.

Waco Public Improvement District No. 1 Fund - This fund was created by the government as a means of authorizing the City to undertake improvements and services to a designated geographic area in the central business district/central city.

Abandoned Motor Vehicle Fund - This fund is used to account for the activities of the City for handling abandoned motor vehicles picked up by the Police Department and sold at public auction. Article 1436-3, Section 5 of the Penal Code and Ordinance Number 2858, Section 28-42 control the handling of abandoned motor vehicles. Financing is provided from the sale of abandoned motor vehicles at public auction.

Police Forfeiture Fund - This fund is used to account for the receipt and expenditure of revenues derived from crime seizures that are for police purposes.

Court Security Fund - This fund is used to account for the receipt and expenditure of revenues from court fines restricted for court security.

Court Technology Fund - This fund is used to account for the receipt and expenditure of revenues from court fines restricted for court technology.

Hamilton Memorial Fund - This fund is used to account for earnings from principal used for improvements to Cameron Park.

Miss Nellie's Park Maintenance Fund - This fund is used to account for earnings from principal used to maintain Miss Nellie's Pretty Place.

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | <u>Tax Increment Fund No. 1</u> | <u>Tax Increment Fund No. 2</u> | <u>Tax Increment Fund No. 3</u> | <u>Health Programs Fund</u> | <u>Grant Fund</u> | <u>Waco Public Improvement District No. 1 Fund</u> |
|---|---|---|---|-------------------------------------|-----------------------|--|
| Assets | | | | | | |
| Cash and investments | \$ 9,843,713 | 1,723,220 | 65,196 | 573,572 | 501,612 | 668,254 |
| Accounts receivable, net of allowances | 17,274 | - | - | 22,015 | 41,289 | - |
| Special assessments receivable | - | - | - | - | - | 11,315 |
| Taxes receivable | 119,427 | - | - | - | - | - |
| Notes receivable | - | - | - | - | 2,497,322 | - |
| Intergovernmental receivable | 50,358 | - | - | 730,594 | 717,100 | - |
| Due from other funds | - | - | - | - | 1,073,758 | - |
| Real estate held for resale | - | - | - | - | 40,061 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 10,030,772</u> | <u>1,723,220</u> | <u>65,196</u> | <u>1,326,181</u> | <u>4,871,142</u> | <u>679,569</u> |
| Liabilities | | | | | | |
| Liabilities: | | | | | | |
| Accounts and contracts payable | \$ 807,976 | - | - | 117,386 | 378,459 | 23,246 |
| Accrued liabilities | - | - | - | 619,359 | 299,561 | - |
| Unearned revenues | - | - | - | - | 13,194 | - |
| Due to other funds | - | - | - | - | 464,316 | - |
| Escrow funds | - | - | - | 27,556 | - | - |
| Total liabilities | <u>807,976</u> | <u>-</u> | <u>-</u> | <u>764,301</u> | <u>1,155,530</u> | <u>23,246</u> |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue-property taxes | 119,427 | - | - | - | - | - |
| Unavailable revenue-special assessments | - | - | - | - | - | 11,315 |
| Total deferred inflows of resources | <u>119,427</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,315</u> |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Real estate held for resale | - | - | - | - | 40,061 | - |
| Restricted for: | | | | | | |
| Tax increment zone activities | 9,103,369 | 1,723,220 | 65,196 | - | - | - |
| Housing and community development | - | - | - | - | 2,333,652 | - |
| Public safety | - | - | - | - | 77,229 | - |
| Culture and recreation | - | - | - | - | 1,264,670 | - |
| Waco Public Improvement District | - | - | - | - | - | 645,008 |
| Committed to: | | | | | | |
| Public health | - | - | - | 561,880 | - | - |
| Total fund balances | <u>9,103,369</u> | <u>1,723,220</u> | <u>65,196</u> | <u>561,880</u> | <u>3,715,612</u> | <u>645,008</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 10,030,772</u> | <u>1,723,220</u> | <u>65,196</u> | <u>1,326,181</u> | <u>4,871,142</u> | <u>679,569</u> |

See accompanying independent auditor's report.

| Abandoned Motor Vehicle Fund | Police Forfeitures Fund | Court Security Fund | Court Technology Fund | Hamilton Memorial Fund | Miss Nellie's Park Maintenance Fund | Totals | |
|---------------------------------------|-------------------------------|---------------------------|-----------------------------|------------------------------|--|-------------------|-------------------|
| | | | | | | 2014 | 2013 |
| 166,372 | 179,304 | 508,025 | 479,288 | 8,882 | 29,378 | 14,746,816 | 13,161,783 |
| - | - | - | - | - | - | 80,578 | 218,221 |
| - | - | - | - | - | - | 11,315 | 2,258 |
| - | - | - | - | - | - | 119,427 | 72,455 |
| - | - | - | - | - | - | 2,497,322 | 2,762,113 |
| - | - | - | - | - | - | 1,498,052 | 2,260,316 |
| - | - | - | - | - | - | 1,073,758 | 926,530 |
| - | - | - | - | - | - | 40,061 | 40,061 |
| <u>166,372</u> | <u>179,304</u> | <u>508,025</u> | <u>479,288</u> | <u>8,882</u> | <u>29,378</u> | <u>20,067,329</u> | <u>19,443,737</u> |
| 1,112 | 2,280 | - | 552 | - | - | 1,331,011 | 713,678 |
| - | - | - | - | - | - | 918,920 | 323,146 |
| - | - | - | - | - | - | 13,194 | 2,510 |
| - | - | - | - | - | - | 464,316 | 1,073,769 |
| - | - | - | - | - | - | 27,556 | 28,498 |
| <u>1,112</u> | <u>2,280</u> | <u>-</u> | <u>552</u> | <u>-</u> | <u>-</u> | <u>2,754,997</u> | <u>2,141,601</u> |
| - | - | - | - | - | - | 119,427 | 72,455 |
| - | - | - | - | - | - | 11,315 | 2,258 |
| - | - | - | - | - | - | 130,742 | 74,713 |
| - | - | - | - | - | - | 40,061 | 40,061 |
| - | - | - | - | - | - | 10,891,785 | 10,960,465 |
| - | - | - | - | - | - | 2,333,652 | 2,676,979 |
| 165,260 | 177,024 | 508,025 | 478,736 | - | - | 1,406,274 | 1,831,495 |
| - | - | - | - | 8,882 | 29,378 | 1,302,930 | 755,434 |
| - | - | - | - | - | - | 645,008 | 611,577 |
| - | - | - | - | - | - | 561,880 | 351,412 |
| <u>165,260</u> | <u>177,024</u> | <u>508,025</u> | <u>478,736</u> | <u>8,882</u> | <u>29,378</u> | <u>17,181,590</u> | <u>17,227,423</u> |
| <u>166,372</u> | <u>179,304</u> | <u>508,025</u> | <u>479,288</u> | <u>8,882</u> | <u>29,378</u> | <u>20,067,329</u> | <u>19,443,737</u> |

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | Tax Increment Fund No. 1 | Tax Increment Fund No. 2 | Tax Increment Fund No. 3 | Health Programs Fund | Grant Fund | Waco Public Improvement District No. 1 Fund |
|--|--------------------------------|--------------------------------|--------------------------------|----------------------------|--------------------|--|
| Revenues: | | | | | | |
| Taxes | \$ 5,438,036 | 88,546 | 430 | - | - | 300,940 |
| Permits, licenses and fees | - | - | - | 939,633 | - | - |
| Fines | - | - | - | - | - | - |
| Investment earnings | 25,559 | 4,321 | 167 | 1,788 | - | 1,746 |
| Intergovernmental | 1,518,308 | 6,577 | 32 | 3,254,021 | 3,711,539 | - |
| Program income | - | - | - | 248,220 | 90,045 | - |
| Contributions | - | - | - | - | - | 28 |
| Other | 100,000 | - | - | 360,233 | 115,059 | 52,899 |
| Total revenues | <u>7,081,903</u> | <u>99,444</u> | <u>629</u> | <u>4,803,895</u> | <u>3,916,643</u> | <u>355,613</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 7,161,912 | - | - | - | 223,261 | 322,182 |
| Public safety | - | - | - | - | 2,179,461 | - |
| Culture and recreation | - | - | - | - | 1,065,542 | - |
| Housing and community development | - | - | - | - | 2,967,944 | - |
| Public health | - | - | - | 7,267,366 | - | - |
| Total expenditures | <u>7,161,912</u> | <u>-</u> | <u>-</u> | <u>7,267,366</u> | <u>6,436,208</u> | <u>322,182</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(80,009)</u> | <u>99,444</u> | <u>629</u> | <u>(2,463,471)</u> | <u>(2,519,565)</u> | <u>33,431</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | 2,673,939 | 2,386,209 | - |
| Transfers out | (88,744) | - | - | - | - | - |
| Total other financing sources (uses) | <u>(88,744)</u> | <u>-</u> | <u>-</u> | <u>2,673,939</u> | <u>2,386,209</u> | <u>-</u> |
| Net change in fund balances | <u>(168,753)</u> | <u>99,444</u> | <u>629</u> | <u>210,468</u> | <u>(133,356)</u> | <u>33,431</u> |
| Fund balances, beginning of year, as previously stated | 9,272,122 | 1,623,776 | 64,567 | 351,412 | 3,848,968 | 611,577 |
| Prior period adjustment | - | - | - | - | - | - |
| Fund balances, beginning of year, as restated | <u>9,272,122</u> | <u>1,623,776</u> | <u>64,567</u> | <u>351,412</u> | <u>3,848,968</u> | <u>611,577</u> |
| Fund balances, end of year | <u>\$ 9,103,369</u> | <u>1,723,220</u> | <u>65,196</u> | <u>561,880</u> | <u>3,715,612</u> | <u>645,008</u> |

See accompanying independent auditor's report.

| Abandoned Motor Vehicle Fund | Police Forfeitures Fund | Court Security Fund | Court Technology Fund | Hamilton Memorial Fund | Miss Nellie's Park Maintenance Fund | Totals | |
|---------------------------------------|-------------------------------|---------------------------|-----------------------------|------------------------------|--|--------------------|--------------------|
| | | | | | | 2014 | 2013 |
| - | - | - | - | - | - | 5,827,952 | 6,410,820 |
| 230,971 | - | - | - | - | - | 1,170,604 | 1,190,778 |
| - | - | 59,374 | 79,170 | - | - | 138,544 | 108,598 |
| - | 200 | - | - | 49 | 342 | 34,172 | 29,817 |
| - | - | - | - | - | - | 8,490,477 | 9,230,944 |
| - | - | - | - | - | - | 338,265 | 297,998 |
| - | - | - | - | - | - | 28 | - |
| - | 144,173 | - | - | - | - | 772,364 | 570,935 |
| <u>230,971</u> | <u>144,373</u> | <u>59,374</u> | <u>79,170</u> | <u>49</u> | <u>342</u> | <u>16,772,406</u> | <u>17,839,890</u> |
| - | - | - | - | - | - | 7,707,355 | 11,206,005 |
| 26,528 | 102,551 | 6,500 | 44,004 | - | - | 2,359,044 | 3,002,864 |
| - | - | - | - | - | 6,625 | 1,072,167 | 845,701 |
| - | - | - | - | - | - | 2,967,944 | 2,911,407 |
| - | - | - | - | - | - | 7,267,366 | 7,271,899 |
| <u>26,528</u> | <u>102,551</u> | <u>6,500</u> | <u>44,004</u> | <u>-</u> | <u>6,625</u> | <u>21,373,876</u> | <u>25,237,876</u> |
| <u>204,443</u> | <u>41,822</u> | <u>52,874</u> | <u>35,166</u> | <u>49</u> | <u>(6,283)</u> | <u>(4,601,470)</u> | <u>(7,397,986)</u> |
| - | - | - | - | - | - | 5,060,148 | 3,926,191 |
| (340,068) | - | (75,699) | - | - | - | (504,511) | (835,735) |
| <u>(340,068)</u> | <u>-</u> | <u>(75,699)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,555,637</u> | <u>3,090,456</u> |
| <u>(135,625)</u> | <u>41,822</u> | <u>(22,825)</u> | <u>35,166</u> | <u>49</u> | <u>(6,283)</u> | <u>(45,833)</u> | <u>(4,307,530)</u> |
| 300,885 | 135,202 | 530,850 | 443,570 | 8,833 | 35,661 | 17,227,423 | 18,986,392 |
| - | - | - | - | - | - | - | 2,548,561 |
| <u>300,885</u> | <u>135,202</u> | <u>530,850</u> | <u>443,570</u> | <u>8,833</u> | <u>35,661</u> | <u>17,227,423</u> | <u>21,534,953</u> |
| <u>165,260</u> | <u>177,024</u> | <u>508,025</u> | <u>478,736</u> | <u>8,882</u> | <u>29,378</u> | <u>17,181,590</u> | <u>17,227,423</u> |



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|--------------------------|----------------------|
| Assets | | |
| Cash and investments | \$ 9,843,713 | 9,131,063 |
| Accounts receivable, net of allowance | 17,274 | 6,449 |
| Intergovernmental receivable | 50,358 | 369,045 |
| Taxes receivable | <u>119,427</u> | <u>72,455</u> |
| Total assets | <u>\$ 10,030,772</u> | <u>9,579,012</u> |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ <u>807,976</u> | <u>234,435</u> |
| Total liabilities | <u>807,976</u> | <u>234,435</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue-property taxes | <u>119,427</u> | <u>72,455</u> |
| Total deferred inflows of resources | <u>119,427</u> | <u>72,455</u> |
| Fund Balances | | |
| Fund balances: | | |
| Restricted for: | | |
| Tax increment zone activities | <u>9,103,369</u> | <u>9,272,122</u> |
| Total fund balances | <u>9,103,369</u> | <u>9,272,122</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 10,030,772</u> | <u>9,579,012</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|---|--------------|-------------|
| Revenues: | | |
| Property taxes | \$ 5,394,925 | 5,767,960 |
| Interest and penalty on taxes | 43,111 | 238,382 |
| Investment earnings | 25,559 | 23,402 |
| Other | 100,000 | - |
| Intergovernmental | 1,518,308 | 1,142,853 |
| Total revenues | 7,081,903 | 7,172,597 |
| Expenditures: | | |
| General government: | | |
| Purchased professional/technical services | 5,235,112 | 9,264,754 |
| Capital expenditures | 1,426,800 | 876,809 |
| Other expenditures | 500,000 | 500,000 |
| Total expenditures | 7,161,912 | 10,641,563 |
| Excess of (deficiency) of revenues over (under) expenditures | (80,009) | (3,468,966) |
| Other financing uses: | | |
| Transfers out | (88,744) | (226,735) |
| Total other financing uses | (88,744) | (226,735) |
| Net change in fund balances | (168,753) | (3,695,701) |
| Fund balances, beginning of year | 9,272,122 | 12,967,823 |
| Fund balances, end of year | \$ 9,103,369 | 9,272,122 |

See accompanying independent auditor's report.



Tax Increment Fund No. 2

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|---------------------|------------------|
| Assets | | |
| Cash and investments | \$ 1,723,220 | 1,623,727 |
| Accounts receivable, net of allowance | <u>-</u> | <u>49</u> |
| Total assets | <u>\$ 1,723,220</u> | <u>1,623,776</u> |
| Fund Balances | | |
| Fund balances: | | |
| Restricted for: | | |
| Tax increment zone activities | \$ <u>1,723,220</u> | <u>1,623,776</u> |
| Total fund balances | <u>\$ 1,723,220</u> | <u>1,623,776</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|----------------------------|-------------------------|
| Revenues: | | |
| Property taxes | \$ 88,546 | 81,009 |
| Investment earnings | 4,321 | 3,262 |
| Intergovernmental | <u>6,577</u> | <u>6,142</u> |
| Total revenues | <u>99,444</u> | <u>90,413</u> |
| | | |
| Net change in fund balances | 99,444 | 90,413 |
| | | |
| Fund balances, beginning of year | <u>1,623,776</u> | <u>1,533,363</u> |
| | | |
| Fund balances, end of year | <u><u>\$ 1,723,220</u></u> | <u><u>1,623,776</u></u> |

See accompanying independent auditor's report.



Tax Increment Fund No. 3

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|------------------|---------------|
| Assets | | |
| Cash and investments | \$ 65,196 | 64,518 |
| Accounts receivable, net of allowance | <u>-</u> | <u>49</u> |
| Total assets | <u>\$ 65,196</u> | <u>64,567</u> |
| Fund Balances | | |
| Fund balances: | | |
| Restricted for: | | |
| Tax increment zone activities | \$ <u>65,196</u> | <u>64,567</u> |
| Total fund balances | <u>\$ 65,196</u> | <u>64,567</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balances
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|-------------------------|----------------------|
| Revenues: | | |
| Property taxes | \$ 430 | 316 |
| Investment earnings | 167 | 131 |
| Intergovernmental | <u>32</u> | <u>73</u> |
| Total revenues | <u>629</u> | <u>520</u> |
| Expenditures: | | |
| General government | <u>-</u> | <u>-</u> |
| Net change in fund balances | 629 | 520 |
| Fund balances, beginning of year | <u>64,567</u> | <u>64,047</u> |
| Fund balances, end of year | <u><u>\$ 65,196</u></u> | <u><u>64,567</u></u> |

See accompanying independent auditor's report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | 2014 | 2013 |
|---------------------------------------|--------------|---------|
| Assets | | |
| Cash and investments | \$ 573,572 | - |
| Accounts receivable, net of allowance | 22,015 | 88,035 |
| Intergovernmental receivable | 730,594 | 687,604 |
| Total assets | \$ 1,326,181 | 775,639 |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ 117,386 | 72,929 |
| Accrued liabilities | 619,359 | 101,135 |
| Escrow funds | 27,556 | 28,498 |
| Due to other funds | - | 221,665 |
| Total liabilities | 764,301 | 424,227 |
| Fund Balance | | |
| Fund balances: | | |
| Committed to: | | |
| Public health | 561,880 | 351,412 |
| Total fund balance | 561,880 | 351,412 |
| Total liabilities and fund balance | \$ 1,326,181 | 775,639 |

See accompanying independent auditor's report.

City of Waco, Texas
Health Programs Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|------------------|
| Revenues: | | |
| Permits, licenses and fees | \$ 939,633 | 957,763 |
| Intergovernmental | 3,254,021 | 3,318,625 |
| Program income | 248,220 | 239,293 |
| Investment earnings | 1,788 | 1,054 |
| Other | 360,233 | 413,641 |
| Total revenues | <u>4,803,895</u> | <u>4,930,376</u> |
| Expenditures: | | |
| Public health: | | |
| Health and administrative services | 2,050,229 | 1,983,552 |
| Environmental health services | 397,538 | 379,306 |
| Public health nursing services | 836,139 | 895,874 |
| Sexually transmitted disease | 319,177 | 328,338 |
| HIV/AIDS services | 175,727 | 173,774 |
| Public health services | 3,488,556 | 3,511,055 |
| Total expenditures | <u>7,267,366</u> | <u>7,271,899</u> |
| Deficiency of revenues under expenditures | (2,463,471) | (2,341,523) |
| Other financing sources: | | |
| Transfers in | <u>2,673,939</u> | <u>2,535,350</u> |
| Net change in fund balances | 210,468 | 193,827 |
| Fund balance, beginning of year | <u>351,412</u> | <u>157,585</u> |
| Fund balance, end of year | <u>\$ 561,880</u> | <u>351,412</u> |

See accompanying independent auditor's report

City of Waco, Texas
Health Programs Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Year Ended September 30, 2014
(With Comparative Actual Amounts for Year Ended September 30, 2013)

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|-----------|-------------------|---------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Revenues: | | | | | |
| Health Administrative Services: | | | | | |
| Death and birth certificates | \$ 253,830 | 253,830 | 258,396 | 4,566 | 256,543 |
| Interest on investments | - | - | 1,788 | 1,788 | 1,054 |
| Intergovernmental | - | - | - | - | 131 |
| Revenue - other | 361,557 | 361,557 | 358,311 | (3,246) | 382,224 |
| Total | 615,387 | 615,387 | 618,495 | 3,108 | 639,952 |
| Environmental Health Services: | | | | | |
| Health and welfare fees | 436,115 | 436,115 | 445,842 | 9,727 | 410,817 |
| Intergovernmental | 97,127 | 97,127 | 14,048 | (83,079) | 47,500 |
| Revenue - other | 1,304 | 1,304 | 811 | (493) | 695 |
| Total | 534,546 | 534,546 | 460,701 | (73,845) | 459,012 |
| Public Health Nursing Services: | | | | | |
| Health and welfare fees | 200,034 | 200,034 | 210,569 | 10,535 | 261,197 |
| Intergovernmental | - | - | - | - | - |
| Revenue - other | - | - | - | - | 29,846 |
| Total | 200,034 | 200,034 | 210,569 | 10,535 | 291,043 |
| Sexually Transmitted Diseases: | | | | | |
| Health and welfare fees | 30,299 | 30,299 | 24,826 | (5,473) | 29,206 |
| Total | 30,299 | 30,299 | 24,826 | (5,473) | 29,206 |
| HIV/AIDS Services: | | | | | |
| Revenue - other | - | - | 748 | 748 | 108 |
| Total | - | - | 748 | 748 | 108 |
| Public Health Services: | | | | | |
| Program income | - | 248,220 | 248,220 | - | 239,293 |
| Intergovernmental | - | 3,239,973 | 3,239,973 | - | 3,270,994 |
| Revenue - other | - | 363 | 363 | - | 768 |
| Total | - | 3,488,556 | 3,488,556 | - | 3,511,055 |
| Total revenues | 1,380,266 | 4,868,822 | 4,803,895 | (64,927) | 4,930,376 |
| Expenditures: | | | | | |
| Health Administrative Services: | | | | | |
| Salaries and wages | 448,830 | 445,055 | 425,744 | 19,311 | 440,116 |
| Employee benefits | 159,363 | 159,363 | 148,018 | 11,345 | 152,228 |
| Purchased professional/technical services | 36,056 | 29,775 | 26,702 | 3,073 | 34,528 |
| Purchased property services | 4,773 | 4,773 | 2,588 | 2,185 | 4,536 |
| Maintenance | - | 450 | 497 | (47) | - |
| Other purchased services | 23,234 | 25,157 | 24,193 | 964 | 19,821 |
| Supplies | 35,284 | 42,967 | 38,585 | 4,382 | 32,083 |
| Contracts with others | 990,100 | 990,100 | 990,100 | - | 990,100 |
| Other | 393,802 | 393,802 | 393,802 | - | 310,140 |
| Total health administrative services | 2,091,442 | 2,091,442 | 2,050,229 | 41,213 | 1,983,552 |

City of Waco, Texas
Health Programs Fund

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

Year Ended September 30, 2014

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

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|------------------|-------------------|----------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued): | | | | | |
| Environmental Health Services: | | | | | |
| Salaries and wages | \$ 292,140 | 292,140 | 258,411 | 33,729 | 236,113 |
| Employee benefits | 108,741 | 108,741 | 87,731 | 21,010 | 86,322 |
| Purchased professional/technical services | 5,215 | 5,215 | - | 5,215 | 2,964 |
| Maintenance | 12,396 | 12,396 | 9,038 | 3,358 | 15,072 |
| Other purchased services | 12,850 | 12,850 | 14,144 | (1,294) | 9,468 |
| Supplies | 34,271 | 34,271 | 28,214 | 6,057 | 29,367 |
| Total environmental health services | <u>465,613</u> | <u>465,613</u> | <u>397,538</u> | <u>68,075</u> | <u>379,306</u> |
| Health Nursing Services: | | | | | |
| Salaries and wages | 508,816 | 482,690 | 441,402 | 41,288 | 461,061 |
| Employee benefits | 175,138 | 168,327 | 154,574 | 13,753 | 155,982 |
| Purchased professional/technical services | 3,350 | 3,350 | 5,390 | (2,040) | 37,541 |
| Maintenance | 3,445 | 3,445 | 2,482 | 963 | 2,125 |
| Other purchased services | 25,183 | 26,383 | 25,724 | 659 | 21,486 |
| Supplies | 240,872 | 272,609 | 206,567 | 66,042 | 217,679 |
| Total public health nursing services | <u>956,804</u> | <u>956,804</u> | <u>836,139</u> | <u>120,665</u> | <u>895,874</u> |
| Sexually Transmitted Disease: | | | | | |
| Salaries and wages | 225,007 | 225,007 | 195,650 | 29,357 | 208,700 |
| Employee benefits | 82,149 | 82,149 | 70,697 | 11,452 | 74,091 |
| Purchased professional/technical services | 11,687 | 11,687 | 11,800 | (113) | 11,495 |
| Maintenance | 200 | 200 | 165 | 35 | - |
| Other purchased services | 14,163 | 14,163 | 13,967 | 196 | 10,008 |
| Supplies | 27,374 | 27,374 | 26,898 | 476 | 24,044 |
| Total sexually transmitted disease | <u>360,580</u> | <u>360,580</u> | <u>319,177</u> | <u>41,403</u> | <u>328,338</u> |
| HIV/AIDS Services: | | | | | |
| Salaries and wages | 120,111 | 120,111 | 119,901 | 210 | 117,803 |
| Employee benefits | 41,295 | 41,295 | 40,774 | 521 | 39,810 |
| Purchased professional/technical services | 2,500 | 2,500 | 1,760 | 740 | 2,720 |
| Other purchased services | 10,277 | 10,277 | 8,681 | 1,596 | 7,508 |
| Supplies | 5,583 | 5,583 | 4,611 | 972 | 5,933 |
| Total HIV/AIDS services | <u>179,766</u> | <u>179,766</u> | <u>175,727</u> | <u>4,039</u> | <u>173,774</u> |
| Public Health Services: | | | | | |
| Salaries and wages | - | 1,741,308 | 1,741,308 | - | 1,747,943 |
| Employee benefits | - | 657,108 | 657,108 | - | 661,799 |
| Purchased professional/technical services | - | 182,140 | 182,140 | - | 226,861 |
| Purchased property services | - | 122,992 | 122,992 | - | 112,749 |
| Maintenance | - | 6,452 | 6,452 | - | 15,879 |
| Other purchased services | - | 194,243 | 194,243 | - | 182,729 |
| Supplies | - | 374,724 | 374,724 | - | 388,907 |
| Other | - | 174,697 | 174,697 | - | 174,188 |
| Capital expenditures | - | 34,892 | 34,892 | - | - |
| Total public health services | <u>-</u> | <u>3,488,556</u> | <u>3,488,556</u> | <u>-</u> | <u>3,511,055</u> |

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
(Continued)
Year Ended September 30, 2014
(With Comparative Actual Amounts for Year Ended September 30, 2013)

| | Budgeted Amounts | | 2014 | Variance with | 2013 |
|---|------------------|-------------|-------------------|---------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Total expenditures | \$ 4,054,205 | 7,542,761 | 7,267,366 | 275,395 | 7,271,899 |
| Deficiency of revenues over expenditures | (2,673,939) | (2,673,939) | (2,463,471) | 210,468 | (2,341,523) |
| Other financing sources: | | | | | |
| Transfers in | 2,673,939 | 2,673,939 | 2,673,939 | - | 2,535,350 |
| Total other financing sources | 2,673,939 | 2,673,939 | 2,673,939 | - | 2,535,350 |
| Net change in fund balance | - | - | 210,468 | 210,468 | 193,827 |
| Fund balance (deficit), beginning of year | 351,412 | 351,412 | 351,412 | - | 157,585 |
| Fund balance, end of year | \$ 351,412 | 351,412 | 561,880 | 210,468 | 351,412 |

See accompanying independent auditor's report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | HUD Community Development Block Grant | HUD Home Program | HUD Continuum of Care HMIS | HUD Enterprise Community |
|---|--|------------------------|-------------------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | | |
| Assets: | | | | |
| Cash and investments | \$ 108,651 | - | - | - |
| Accounts receivable, net of allowances | 28,554 | 8,915 | 3,140 | - |
| Notes receivable | 823,198 | 1,666,304 | - | - |
| Intergovernmental receivable | 154,212 | 226,619 | 877 | - |
| Real estate held for resale | 40,061 | - | - | - |
| Due from other funds | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | \$ <u>1,154,676</u> | <u>1,901,838</u> | <u>4,017</u> | <u>-</u> |
| Liabilities | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 79,596 | 245,511 | 126 | - |
| Accrued liabilities | 175,491 | 2,213 | - | - |
| Unearned revenues | - | - | - | - |
| Due to other funds | - | 187,810 | 3,891 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>255,087</u> | <u>435,534</u> | <u>4,017</u> | <u>-</u> |
| Fund Balances | | | | |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Real estate held for resale | 40,061 | - | - | - |
| Restricted for: | | | | |
| Housing and community development | 859,528 | 1,466,304 | - | - |
| Public safety | - | - | - | - |
| Culture and recreation | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>899,589</u> | <u>1,466,304</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | \$ <u>1,154,676</u> | <u>1,901,838</u> | <u>4,017</u> | <u>-</u> |

| <u>HUD EDI</u> | <u>HUD Shelter Plus and Continuum of Care</u> | <u>TxDOT MPO FHWA</u> | <u>Brownfields</u> | <u>13 CJD Family Violence</u> | <u>ICD Phase II</u> | <u>SAFER 2008</u> |
|--------------------|---|-------------------------------|--------------------|---------------------------------------|-------------------------|-----------------------|
| - | - | - | 75,808 | - | 247 | 5,141 |
| - | - | 680 | - | - | - | - |
| 7,820 | - | - | - | - | - | - |
| - | 13,197 | 77,667 | - | 10,417 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>7,820</u> | <u>13,197</u> | <u>78,347</u> | <u>75,808</u> | <u>10,417</u> | <u>247</u> | <u>5,141</u> |
| - | - | 299 | 1,583 | - | - | - |
| - | 13,197 | 4,431 | - | 5,637 | - | 5,141 |
| - | - | - | - | - | 247 | - |
| - | - | 73,617 | - | 4,780 | - | - |
| - | 13,197 | 78,347 | 1,583 | 10,417 | 247 | 5,141 |
| - | - | - | - | - | - | - |
| 7,820 | - | - | - | - | - | - |
| - | - | - | 74,225 | - | - | - |
| - | - | - | - | - | - | - |
| <u>7,820</u> | <u>-</u> | <u>-</u> | <u>74,225</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>7,820</u> | <u>13,197</u> | <u>78,347</u> | <u>75,808</u> | <u>10,417</u> | <u>247</u> | <u>5,141</u> |

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | <u>2013</u> <u>SHSP</u> | <u>STEP</u> <u>Comprehensive</u> | <u>14 CJD</u> <u>Family</u> <u>Violence</u> | <u>Victim</u> <u>Services</u> <u>2013</u> |
|---|----------------------------|-------------------------------------|---|---|
| Assets | | | | |
| Assets: | | | | |
| Cash and investments | \$ - | - | - | - |
| Accounts receivable, net of allowances | - | - | - | - |
| Notes receivable | - | - | - | - |
| Intergovernmental receivable | 8,669 | 2,318 | - | 5,155 |
| Real estate held for resale | - | - | - | - |
| Due from other funds | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 8,669</u> | <u>2,318</u> | <u>-</u> | <u>5,155</u> |
| Liabilities | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 4,787 | - | - | - |
| Accrued liabilities | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Due to other funds | 3,882 | 2,318 | - | 5,155 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>8,669</u> | <u>2,318</u> | <u>-</u> | <u>5,155</u> |
| Fund Balances | | | | |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Real estate held for resale | - | - | - | - |
| Restricted for: | | | | |
| Housing and community development | - | - | - | - |
| Public safety | - | - | - | - |
| Culture and recreation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities and fund balances | <u>\$ 8,669</u> | <u>2,318</u> | <u>-</u> | <u>5,155</u> |

| <u>Victim Services 2015</u> | <u>Police LEOSE</u> | <u>Fire LEOSE</u> | <u>Library Memorial Fund</u> | <u>Shapley Ross Library</u> | <u>Vision 2020 Comprehensive Plan</u> | <u>2011 JAG COMP</u> |
|---------------------------------|-------------------------|-----------------------|--------------------------------------|-------------------------------------|---|------------------------------|
| - | 1,205 | 1,799 | 110,657 | 98,780 | 1,210 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 3,590 | - | - | - | - | - | 3,822 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>3,590</u> | <u>1,205</u> | <u>1,799</u> | <u>110,657</u> | <u>98,780</u> | <u>1,210</u> | <u>3,822</u> |

| | | | | | | |
|--------------|----------|----------|---------------|----------|--------------|--------------|
| - | - | - | 11,605 | - | - | - |
| 1,155 | - | - | - | - | - | - |
| - | - | - | - | - | 1,210 | - |
| 2,435 | - | - | - | - | - | 3,822 |
| <u>3,590</u> | <u>-</u> | <u>-</u> | <u>11,605</u> | <u>-</u> | <u>1,210</u> | <u>3,822</u> |

| | | | | | | |
|--------------|--------------|--------------|----------------|---------------|--------------|--------------|
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,205 | 1,799 | - | - | - | - |
| - | - | - | 99,052 | 98,780 | - | - |
| <u>-</u> | <u>1,205</u> | <u>1,799</u> | <u>99,052</u> | <u>98,780</u> | <u>-</u> | <u>-</u> |
| <u>3,590</u> | <u>1,205</u> | <u>1,799</u> | <u>110,657</u> | <u>98,780</u> | <u>1,210</u> | <u>3,822</u> |

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | <u>2012</u> JAG | <u>2013</u> JAG | <u>Police Officer Memorial</u> |
|---|--------------------|--------------------|--|
| Assets | | | |
| Assets: | | | |
| Cash and investments | \$ - | - | 16 |
| Accounts receivable, net of allowances | - | - | - |
| Notes receivable | - | - | - |
| Intergovernmental receivable | 4,998 | 3,991 | - |
| Real estate held for resale | - | - | - |
| Due from other funds | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | \$ <u>4,998</u> | <u>3,991</u> | <u>16</u> |
| Liabilities | | | |
| Liabilities: | | | |
| Accounts payable | \$ 4,998 | 1,008 | - |
| Accrued liabilities | - | - | - |
| Unearned revenues | - | - | 16 |
| Due to other funds | - | 2,983 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>4,998</u> | <u>3,991</u> | <u>16</u> |
| Fund Balances | | | |
| Fund balances: | | | |
| Nonspendable: | | | |
| Real estate held for resale | - | - | - |
| Restricted for: | | | |
| Housing and community development | - | - | - |
| Public safety | - | - | - |
| Culture and recreation | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | \$ <u>4,998</u> | <u>3,991</u> | <u>16</u> |

See accompanying independent auditor's report.

| 2012 SHSP | Grande Clear Source Cable Ordinance | TX DOT River Baylor | TPW Boating Access | NLC Champs | Totals | |
|--------------|--|---------------------------|--------------------------|---------------|-----------|-----------|
| | | | | | 2014 | 2013 |
| - | 85,374 | - | - | 12,724 | 501,612 | 257,946 |
| - | - | - | - | - | 41,289 | 123,331 |
| - | - | - | - | - | 2,497,322 | 2,762,113 |
| - | - | - | 201,568 | - | 717,100 | 1,203,667 |
| - | - | - | - | - | 40,061 | 40,061 |
| - | - | 405,310 | 668,448 | - | 1,073,758 | 926,530 |
| - | 85,374 | 405,310 | 870,016 | 12,724 | 4,871,142 | 5,313,648 |
| - | - | - | 27,946 | 1,000 | 378,459 | 388,055 |
| - | - | - | 92,296 | - | 299,561 | 222,011 |
| - | - | - | - | 11,721 | 13,194 | 2,510 |
| - | - | - | 173,623 | - | 464,316 | 852,104 |
| - | - | - | 293,865 | 12,721 | 1,155,530 | 1,464,680 |
| - | - | - | - | - | 40,061 | 40,061 |
| - | - | - | - | - | 2,333,652 | 2,676,979 |
| - | - | - | - | - | 77,229 | 420,988 |
| - | 85,374 | 405,310 | 576,151 | 3 | 1,264,670 | 710,940 |
| - | 85,374 | 405,310 | 576,151 | 3 | 3,715,612 | 3,848,968 |
| - | 85,374 | 405,310 | 870,016 | 12,724 | 4,871,142 | 5,313,648 |

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

| | HUD Community Development Block Grant | HUD Home Program | HUD Continuum of Care HMIS | HUD Enterprise Community |
|---|--|------------------------|-------------------------------------|--------------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 1,336,952 | 921,147 | 62,757 | - |
| Program income | 22,804 | 67,158 | - | - |
| Other | 25,912 | - | - | - |
| Total revenues | 1,385,668 | 988,305 | 62,757 | - |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public works | - | - | - | - |
| Public safety | 139,329 | - | - | - |
| Culture and recreation | - | - | - | - |
| Housing and community development | 1,455,166 | 1,163,181 | 62,757 | 84,707 |
| Total expenditures | 1,594,495 | 1,163,181 | 62,757 | 84,707 |
| Excess (deficiency) of revenues over (under) expenditures | (208,827) | (174,876) | - | (84,707) |
| Other financing sources: | | | | |
| Transfers in | 125,000 | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources | 125,000 | - | - | - |
| Net change in fund balances | (83,827) | (174,876) | - | (84,707) |
| Fund balances, beginning of year, as previously stated | 983,416 | 1,641,180 | - | 84,707 |
| Prior period adjustment | - | - | - | - |
| Fund balances, beginning of year, as restated | 983,416 | 1,641,180 | - | 84,707 |
| Fund balances, end of year | \$ 899,589 | 1,466,304 | - | - |

| HUD EDI | HUD Shelter Plus and Continuum of Care | TxDOT MPO FHWA | Brownfields | 13 CJD Family Violence | ICD Phase II | SAFER 2008 |
|------------|---|----------------------|-------------|------------------------------|-----------------|---------------|
| - | 168,857 | 223,261 | - | 10,417 | - | 1,627 |
| 83 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 83 | 168,857 | 223,261 | - | 10,417 | - | 1,627 |
| - | - | 223,261 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 1,286,895 | 16,026 | - | 227,642 |
| - | - | - | - | - | - | - |
| - | 168,857 | - | - | - | - | - |
| - | 168,857 | 223,261 | 1,286,895 | 16,026 | - | 227,642 |
| 83 | - | - | (1,286,895) | (5,609) | - | (226,015) |
| - | - | - | 940,932 | 5,609 | - | 226,015 |
| - | - | - | - | - | - | - |
| - | - | - | 940,932 | 5,609 | - | 226,015 |
| 83 | - | - | (345,963) | - | - | - |
| 7,737 | - | - | 420,188 | - | - | - |
| - | - | - | - | - | - | - |
| 7,737 | - | - | 420,188 | - | - | - |
| 7,820 | - | - | 74,225 | - | - | - |

(Continued)

City of Waco, Texas
Grant Fund

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

Year Ended September 30, 2014

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

| | 2013 SHSP | STEP Comprehensive | 14 CJD Family Violence | Victim Services 2013 |
|---|---------------|-----------------------|------------------------------|----------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 41,967 | 93,244 | 109,953 | 31,669 |
| Program income | - | - | - | - |
| Other | - | - | - | - |
| | <u>41,967</u> | <u>93,244</u> | <u>109,953</u> | <u>31,669</u> |
| Total revenues | <u>41,967</u> | <u>93,244</u> | <u>109,953</u> | <u>31,669</u> |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public works | - | - | - | - |
| Public safety | 41,967 | 117,382 | 169,158 | 31,669 |
| Culture and recreation | - | - | - | - |
| Housing and community development | - | - | - | - |
| | <u>41,967</u> | <u>117,382</u> | <u>169,158</u> | <u>31,669</u> |
| Total expenditures | <u>41,967</u> | <u>117,382</u> | <u>169,158</u> | <u>31,669</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(24,138)</u> | <u>(59,205)</u> | <u>-</u> |
| Other financing sources: | | | | |
| Transfers in | - | 24,138 | 59,205 | - |
| Transfers out | - | - | - | - |
| | <u>-</u> | <u>24,138</u> | <u>59,205</u> | <u>-</u> |
| Total other financing sources | <u>-</u> | <u>24,138</u> | <u>59,205</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning of year, as previously stated | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Fund balances, beginning of year, as restated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| Victim Services 2015 | Police LEOSE | Fire LEOSE | Library Memorial Fund | Shapley Ross Library | Vision 2020 Comprehensive Plan | 2011 JAG COMP |
|----------------------------|-----------------|---------------|-----------------------------|----------------------------|--------------------------------------|---------------------|
| 3,590 | 16,348 | 1,294 | - | - | - | 94,611 |
| - | - | - | - | - | - | - |
| - | - | - | 54,566 | 253 | 1,049 | - |
| <u>3,590</u> | <u>16,348</u> | <u>1,294</u> | <u>54,566</u> | <u>253</u> | <u>1,049</u> | <u>94,611</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 3,590 | 15,143 | 295 | - | - | - | 94,611 |
| - | - | - | 23,707 | - | 3,438 | - |
| - | - | - | - | - | - | - |
| <u>3,590</u> | <u>15,143</u> | <u>295</u> | <u>23,707</u> | <u>-</u> | <u>3,438</u> | <u>94,611</u> |
| - | 1,205 | 999 | 30,859 | 253 | (2,389) | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,205 | 999 | 30,859 | 253 | (2,389) | - |
| - | - | 800 | 68,193 | 98,527 | 2,389 | - |
| - | - | - | - | - | - | - |
| - | - | 800 | 68,193 | 98,527 | 2,389 | - |
| - | 1,205 | 1,799 | 99,052 | 98,780 | - | - |

(Continued)

Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

| | 2012 JAG | 2013 JAG | Police Officer Memorial |
|---|--------------|---------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 6,977 | 15,868 | - |
| Program income | - | - | - |
| Other | - | - | - |
| Total revenues | <u>6,977</u> | <u>15,868</u> | <u>-</u> |
| Expenditures: | | | |
| General government | - | - | - |
| Public works | - | - | - |
| Public safety | 6,977 | 15,868 | - |
| Culture and recreation | - | - | - |
| Housing and community development | - | - | - |
| Total expenditures | <u>6,977</u> | <u>15,868</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources: | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning of year, as previously stated | - | - | - |
| Prior period adjustment | - | - | - |
| Fund balances, beginning of year, as restated | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>-</u> | <u>-</u> |

See accompanying independent auditor's report

| 2012 SHSP | Grande Clear Source Cable Ordinance | TX DOT River Baylor | TPW Boating Access | NLC Champs | Totals | |
|--------------|--|---------------------------|--------------------------|---------------|-------------|-------------|
| | | | | | 2014 | 2013 |
| 12,909 | - | - | 558,091 | - | 3,711,539 | 4,763,251 |
| - | - | - | - | - | 90,045 | 58,705 |
| - | - | - | - | 33,279 | 115,059 | 37,284 |
| 12,909 | - | - | 558,091 | 33,279 | 3,916,643 | 4,859,240 |
| - | - | - | - | - | 223,261 | 330,752 |
| - | - | - | - | - | - | - |
| 12,909 | - | - | - | - | 2,179,461 | 2,745,143 |
| - | - | - | 1,038,397 | - | 1,065,542 | 845,701 |
| - | - | - | - | 33,276 | 2,967,944 | 2,911,407 |
| 12,909 | - | - | 1,038,397 | 33,276 | 6,436,208 | 6,833,003 |
| - | - | - | (480,306) | 3 | (2,519,565) | (1,973,763) |
| - | - | 405,310 | 600,000 | - | 2,386,209 | 1,390,841 |
| - | - | - | - | - | - | (159,000) |
| - | - | 405,310 | 600,000 | - | 2,386,209 | 1,231,841 |
| - | - | 405,310 | 119,694 | 3 | (133,356) | (741,922) |
| - | 85,374 | - | 456,457 | - | 3,848,968 | 2,042,329 |
| - | - | - | - | - | - | 2,548,561 |
| - | 85,374 | - | 456,457 | - | 3,848,968 | 4,590,890 |
| - | 85,374 | 405,310 | 576,151 | 3 | 3,715,612 | 3,848,968 |



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|----------------|
| Assets | | |
| Cash and investments | \$ 668,254 | 617,483 |
| Special assessments receivable | 11,315 | 2,258 |
| Accounts receivable, net of allowance | <u>-</u> | <u>308</u> |
| Total assets | <u>\$ 679,569</u> | <u>620,049</u> |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ <u>23,246</u> | <u>6,214</u> |
| Total liabilities | <u>23,246</u> | <u>6,214</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue - special assessments | <u>11,315</u> | <u>2,258</u> |
| Total deferred inflows of resources | <u>11,315</u> | <u>2,258</u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Waco Public Improvement District | <u>645,008</u> | <u>611,577</u> |
| Total fund balance | <u>645,008</u> | <u>611,577</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 679,569</u> | <u>620,049</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|-----------------------|
| Revenues: | | |
| Special assessments taxes | \$ 300,940 | 323,153 |
| Contributions | 28 | - |
| Investment earnings | 1,746 | 1,349 |
| Other | <u>52,899</u> | <u>-</u> |
| Total revenues | <u>355,613</u> | <u>324,502</u> |
| Expenditures: | | |
| General government: | | |
| Salaries and wages | 20,926 | 20,449 |
| Employee benefits | 1,683 | 1,624 |
| Purchased professional/technical services | 267,098 | 202,461 |
| Other purchased services | 16,018 | 4,553 |
| Supplies | 15,557 | 2,583 |
| Other | <u>900</u> | <u>2,020</u> |
| Total expenditures | <u>322,182</u> | <u>233,690</u> |
| Net change in fund balance | 33,431 | 90,812 |
| Fund balance, beginning of year | <u>611,577</u> | <u>520,765</u> |
| Fund balance, end of year | <u><u>\$ 645,008</u></u> | <u><u>611,577</u></u> |

See accompanying independent auditor's report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------------------|-----------------------|
| Assets | | |
| Cash and investments | \$ <u>166,372</u> | <u>301,998</u> |
| Total assets | \$ <u><u>166,372</u></u> | <u><u>301,998</u></u> |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ <u>1,112</u> | <u>1,113</u> |
| Total liabilities | <u>1,112</u> | <u>1,113</u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Public safety | <u>165,260</u> | <u>300,885</u> |
| Total fund balance | <u>165,260</u> | <u>300,885</u> |
| Total liabilities and fund balance | \$ <u><u>166,372</u></u> | <u><u>301,998</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|-----------------------|
| Revenues: | | |
| Auto impound fees | \$ <u>230,971</u> | <u>233,015</u> |
| Total revenues | <u>230,971</u> | <u>233,015</u> |
| Expenditures: | | |
| Public safety: | | |
| Purchased professional/technical services | - | 2,047 |
| Maintenance | - | 850 |
| Other purchased services | 6,589 | 5,959 |
| Supplies | 8,379 | 8,296 |
| Capital expenditures | <u>11,560</u> | - |
| Total expenditures | <u>26,528</u> | <u>17,152</u> |
| Excess of revenues over expenditures | <u>204,443</u> | <u>215,863</u> |
| Other financing uses: | | |
| Transfers out | <u>(340,068)</u> | <u>(450,000)</u> |
| Other financing uses | <u>(340,068)</u> | <u>(450,000)</u> |
| Net change in fund balance | (135,625) | (234,137) |
| Fund balance, beginning of year | <u>300,885</u> | <u>535,022</u> |
| Fund balance, end of year | <u>\$ <u>165,260</u></u> | <u><u>300,885</u></u> |

See accompanying independent auditor's report.



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------------------|-----------------------|
| Assets | | |
| Cash and investments | \$ <u>179,304</u> | <u>137,482</u> |
| Total assets | \$ <u><u>179,304</u></u> | <u><u>137,482</u></u> |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ <u>2,280</u> | <u>2,280</u> |
| Total liabilities | <u>2,280</u> | <u>2,280</u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Public safety | <u>177,024</u> | <u>135,202</u> |
| Total fund balance | <u>177,024</u> | <u>135,202</u> |
| Total liabilities and fund balance | \$ <u><u>179,304</u></u> | <u><u>137,482</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Police Forfeitures Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|-----------------------|
| Revenues: | | |
| Investment earnings | \$ 200 | 305 |
| Other | <u>144,173</u> | <u>120,010</u> |
| Total revenues | <u>144,373</u> | <u>120,315</u> |
| Expenditures: | | |
| Public safety: | | |
| Purchased professional/technical services | 19,069 | 6,393 |
| Maintenance | 22,499 | 7,975 |
| Other purchased services | 22,775 | 14,678 |
| Supplies | 26,557 | 22,421 |
| Capital expenditures | <u>11,651</u> | <u>140,084</u> |
| Total expenditures | <u>102,551</u> | <u>191,551</u> |
| Net change in fund balance | 41,822 | (71,236) |
| Fund balance, beginning of year | <u>135,202</u> | <u>206,438</u> |
| Fund balance, end of year | <u><u>\$ 177,024</u></u> | <u><u>135,202</u></u> |

See accompanying independent auditor's report.



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------------------|-----------------------|
| Assets | | |
| Cash and investments | \$ <u>508,025</u> | <u>534,078</u> |
| Total assets | \$ <u><u>508,025</u></u> | <u><u>534,078</u></u> |
| Liabilities | | |
| Accounts payable | \$ <u>-</u> | <u>3,228</u> |
| Total liabilities | <u>-</u> | <u>3,228</u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Public safety | <u>508,025</u> | <u>530,850</u> |
| Total fund balance | <u>508,025</u> | <u>530,850</u> |
| Total liabilities and fund balance | \$ <u><u>508,025</u></u> | <u><u>534,078</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Court Security Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|-----------------------|
| Revenues: | | |
| Fines | \$ <u>59,374</u> | <u>46,552</u> |
| Total revenues | <u>59,374</u> | <u>46,552</u> |
| Expenditures: | | |
| Public safety: | | |
| Purchased professional/technical services | <u>6,500</u> | <u>7,224</u> |
| Total expenditures | <u>6,500</u> | <u>7,224</u> |
| Excess of revenues over expenditures | <u>52,874</u> | <u>39,328</u> |
| Other financing uses: | | |
| Transfers out | <u>(75,699)</u> | <u>-</u> |
| Other financing uses | <u>(75,699)</u> | <u>-</u> |
| Net change in fund balance | (22,825) | 39,328 |
| Fund balance, beginning of year | <u>530,850</u> | <u>491,522</u> |
| Fund balance, end of year | <u>\$ <u>508,025</u></u> | <u><u>530,850</u></u> |

See accompanying independent auditor's report.



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------------------|-----------------------|
| Assets | | |
| Cash and investments | \$ <u>479,288</u> | <u>448,994</u> |
| Total assets | \$ <u><u>479,288</u></u> | <u><u>448,994</u></u> |
| Liabilities | | |
| Accounts payable | \$ <u>552</u> | <u>5,424</u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Public safety | <u>478,736</u> | <u>443,570</u> |
| Total fund balance | <u>478,736</u> | <u>443,570</u> |
| Total liabilities and fund balance | \$ <u><u>479,288</u></u> | <u><u>448,994</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Court Technology Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|-----------------------|
| Revenues: | | |
| Fines | \$ 79,170 | <u>62,046</u> |
| Total revenues | <u>79,170</u> | <u>62,046</u> |
| Expenditures: | | |
| Public safety: | | |
| Purchased professional/technical services | 28,368 | 30,061 |
| Maintenance | 885 | 165 |
| Other purchased services | 670 | 2,482 |
| Supplies | <u>14,081</u> | <u>9,086</u> |
| Total expenditures | <u>44,004</u> | <u>41,794</u> |
| Net change in fund balance | 35,166 | 20,252 |
| Fund balance, beginning of year | <u>443,570</u> | <u>423,318</u> |
| Fund balance, end of year | <u><u>\$ 478,736</u></u> | <u><u>443,570</u></u> |

See accompanying independent auditor's report.



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------|------------------------|---------------------|
| Assets | | |
| Cash and investments | \$ <u>8,882</u> | <u>8,833</u> |
| Total assets | \$ <u><u>8,882</u></u> | <u><u>8,833</u></u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Culture and recreation | \$ <u>8,882</u> | <u>8,833</u> |
| Total fund balance | \$ <u><u>8,882</u></u> | <u><u>8,833</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Hamilton Memorial Fund
Comparative Statements of Revenue, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|-----------------|--------------|
| Revenues: | | |
| Investment earnings | \$ <u>49</u> | <u>38</u> |
| Total revenues | <u>49</u> | <u>38</u> |
| Expenditures: | | |
| Culture and recreation | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> |
| Net change in fund balance | 49 | 38 |
| Fund balance, beginning of year | <u>8,833</u> | <u>8,795</u> |
| Fund balance, end of year | <u>\$ 8,882</u> | <u>8,833</u> |

See accompanying independent auditor's report.



Miss Nellie's Park Maintenance Fund

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
 Comparative Balance Sheets
 September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------|-------------------------|----------------------|
| Assets | | |
| Cash and investments | \$ <u>29,378</u> | <u>35,661</u> |
| Total assets | \$ <u><u>29,378</u></u> | <u><u>35,661</u></u> |
| Fund Balance | | |
| Fund balance: | | |
| Restricted for: | | |
| Culture and recreation | \$ <u>29,378</u> | <u>35,661</u> |
| Total fund balance | \$ <u><u>29,378</u></u> | <u><u>35,661</u></u> |

See accompanying independent auditor's report

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|-------------------------|----------------------|
| Revenues: | | |
| Investment earnings | \$ <u>342</u> | <u>276</u> |
| Total revenues | <u>342</u> | <u>276</u> |
| Expenditures: | | |
| Culture and recreation: | | |
| Maintenance | 6,000 | - |
| Supplies | <u>625</u> | <u>-</u> |
| Total expenditures | <u>6,625</u> | <u>-</u> |
| Net change in fund balance | (6,283) | 276 |
| Fund balance, beginning of year | <u>35,661</u> | <u>35,385</u> |
| Fund balance, end of year | <u><u>\$ 29,378</u></u> | <u><u>35,661</u></u> |

See accompanying independent auditor's report



Nonmajor Debt Service Funds

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

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

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

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | Street and Drainage Refundable Contracts Fund | General Obligation Debt Fund | <u>Totals</u> | |
|--|---|---------------------------------------|----------------|----------------|
| | | | <u>2014</u> | <u>2013</u> |
| Assets | | | | |
| Cash and investments | \$ 4,175 | 160,638 | 164,813 | 194,163 |
| Taxes receivable | <u>-</u> | <u>407,465</u> | <u>407,465</u> | <u>426,198</u> |
| Total assets | <u>\$ 4,175</u> | <u>568,103</u> | <u>572,278</u> | <u>620,361</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflows of resources: | | | | |
| Unavailable revenue - property taxes | \$ - | 386,376 | 386,376 | 382,308 |
| Total deferred inflows of resources | <u>-</u> | <u>386,376</u> | <u>386,376</u> | <u>382,308</u> |
| Fund Balances | | | | |
| Fund balances: | | | | |
| Restricted for debt service | <u>4,175</u> | <u>181,727</u> | <u>185,902</u> | <u>238,053</u> |
| Total fund balances | <u>4,175</u> | <u>181,727</u> | <u>185,902</u> | <u>238,053</u> |
| Total deferred inflows of resources and fund balances | <u>\$ 4,175</u> | <u>568,103</u> | <u>572,278</u> | <u>620,361</u> |

See accompanying independent auditor's report

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

| | Street and Drainage Refundable Contracts Fund | General Obligation Debt Fund | Totals | |
|--|---|---------------------------------------|------------------|------------------|
| | | | 2014 | 2013 |
| Revenues: | | | | |
| Property taxes | \$ - | 8,984,916 | 8,984,916 | 9,633,814 |
| Investment earnings | 11 | 3,141 | 3,152 | 2,850 |
| Total revenues | <u>11</u> | <u>8,988,057</u> | <u>8,988,068</u> | <u>9,636,664</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | - | 5,340,143 | 5,340,143 | 5,912,954 |
| Interest and fiscal charges | - | 3,788,820 | 3,788,820 | 3,946,312 |
| Bond issuance costs | - | 26,107 | 26,107 | 35,891 |
| Total expenditures | <u>-</u> | <u>9,155,070</u> | <u>9,155,070</u> | <u>9,895,157</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>11</u> | <u>(167,013)</u> | <u>(167,002)</u> | <u>(258,493)</u> |
| Other financing sources (uses): | | | | |
| Refunding bonds issued | - | - | - | 1,700,000 |
| Payment to refunded bond escrow agent | - | - | - | (1,999,938) |
| Premium on refunding bonds | - | - | - | 316,832 |
| General obligation bonds issued | - | 25,203 | 25,203 | 21,148 |
| Premium on general obligation bonds | - | 904 | 904 | 1,639 |
| Transfers in | - | 88,744 | 88,744 | 226,735 |
| Total other financing sources (uses) | <u>-</u> | <u>114,851</u> | <u>114,851</u> | <u>266,416</u> |
| Net change in fund balances | 11 | (52,162) | (52,151) | 7,923 |
| Fund balances, beginning of year | <u>4,164</u> | <u>233,889</u> | <u>238,053</u> | <u>230,130</u> |
| Fund balances, end of year | <u>\$ 4,175</u> | <u>181,727</u> | <u>185,902</u> | <u>238,053</u> |

See accompanying independent auditor's report

City of Waco, Texas
General Obligation Debt Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

| | Budgeted Amounts | | 2014 | Variance with Final Budget | 2013 |
|--|-------------------|------------------|-------------------|-------------------------------|-------------------|
| | Original | Final | Actual Amounts | | Actual Amounts |
| Revenues: | | | | | |
| Property taxes | \$ 8,947,859 | 8,947,859 | 8,984,916 | 37,057 | 9,633,814 |
| Investment earnings | 1,370 | 1,370 | 3,141 | 1,771 | 2,842 |
| Total revenues | <u>8,949,229</u> | <u>8,949,229</u> | <u>8,988,057</u> | <u>38,828</u> | <u>9,636,656</u> |
| Expenditures: | | | | | |
| Debt service: | | | | | |
| Principal | 5,340,143 | 5,340,143 | 5,340,143 | - | 5,912,954 |
| Interest and fiscal charges | 3,789,377 | 3,789,377 | 3,788,820 | 557 | 3,946,312 |
| Bond issuance costs | - | 26,107 | 26,107 | - | 35,891 |
| Total expenditures | <u>9,129,520</u> | <u>9,155,627</u> | <u>9,155,070</u> | <u>557</u> | <u>9,895,157</u> |
| Deficiency of revenues under expenditures | <u>(180,291)</u> | <u>(206,398)</u> | <u>(167,013)</u> | <u>39,385</u> | <u>(258,501)</u> |
| Other financing sources (uses): | | | | | |
| Refunding bonds issued | - | - | - | - | 1,700,000 |
| Payment to refunded bond escrow agent | - | - | - | - | (1,999,938) |
| Premium on refunding bonds | - | - | - | - | 316,832 |
| General obligation bonds issued | - | 25,203 | 25,203 | - | 21,148 |
| Premium on general obligation bonds | - | 904 | 904 | - | 1,639 |
| Transfers in | 88,746 | 88,746 | 88,744 | (2) | 226,735 |
| Total other financing sources (uses) | <u>88,746</u> | <u>114,853</u> | <u>114,851</u> | <u>(2)</u> | <u>266,416</u> |
| Net change in fund balances | (91,545) | (91,545) | (52,162) | 39,383 | 7,915 |
| Fund balances, beginning of year | <u>233,889</u> | <u>233,889</u> | <u>233,889</u> | - | <u>225,974</u> |
| Fund balances, end of year | <u>\$ 142,344</u> | <u>142,344</u> | <u>181,727</u> | <u>39,383</u> | <u>233,889</u> |

See accompanying independent auditor's report.

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Improvement Fund - This fund is used to account for the acquisition of buildings, rolling stock and computer equipment.

Equipment Replacement Fund - This fund is used to account for funding for future equipment replacement.

Mammoth Fund - This fund is used to account for the development of the Waco Mammoth site.

Street Improvement Fund - This fund is used to account for the maintenance and reconstruction of City streets.

2005 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2006 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2007 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2007 General Obligation Bond Issue Fund - This fund is used to account for projects funded by the \$63 million 2007 general obligation bond issue.

2008 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2010 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2011 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2012 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2013 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2014 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Balance Sheet
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | Capital Improvement Fund | Equipment Replacement Fund | Mammoth Fund | Street Improvement Fund | 2014 Bond Issue Fund | 2013 Bond Issue Fund | 2012 Bond Issue Fund |
|--|--------------------------------|----------------------------------|-----------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Assets | | | | | | | |
| Cash and investments | \$ 328,625 | 100,000 | 23,205 | 7,482,370 | 9,405 | 401,523 | 493,101 |
| Accounts receivable | - | - | - | 3,025 | - | - | - |
| Due from other funds | 4,869,856 | - | - | 4,393 | - | - | - |
| Advances to other funds | 168,368 | - | - | - | - | - | - |
| Intergovernmental receivable | - | - | - | 4,800 | - | - | - |
| Total assets | \$ 5,366,849 | 100,000 | 23,205 | 7,494,588 | 9,405 | 401,523 | 493,101 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 5,700 | - | - | 386,313 | - | - | 26,136 |
| Accrued liabilities | 37,199 | - | - | 103,934 | - | - | 57,391 |
| Due to other funds | - | - | - | - | - | 295,193 | 92,420 |
| Total liabilities | 42,899 | - | - | 490,247 | - | 295,193 | 175,947 |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Advances to other funds | 168,368 | - | - | - | - | - | - |
| Restricted for: | | | | | | | |
| Capital projects | 4,869,856 | - | 23,205 | 4,976,154 | 9,405 | 106,330 | 317,154 |
| Committed for: | | | | | | | |
| Capital projects | 285,726 | 100,000 | - | 2,028,187 | - | - | - |
| Total fund balances | 5,323,950 | 100,000 | 23,205 | 7,004,341 | 9,405 | 106,330 | 317,154 |
| Total liabilities and fund balances | \$ 5,366,849 | 100,000 | 23,205 | 7,494,588 | 9,405 | 401,523 | 493,101 |

See accompanying independent auditor's report.

| 2011 Bond Issue Fund | 2010 Bond Issue Fund | 2008 Bond Issue Fund | 2007 Bond Issue Fund | 2007 General Obligation Bond Issue Fund | 2006 Bond Issue Fund | 2005 Bond Issue Fund | Totals | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|-------------------|-------------------|
| | | | | | | | 2014 | 2013 |
| 134,084 | 435,283 | 449,665 | 3,973,567 | 1,261,970 | 665,616 | - | 15,758,414 | 18,093,975 |
| - | - | - | - | - | - | - | 3,025 | 2,725 |
| - | - | - | - | 12,515 | - | - | 4,886,764 | 5,891,700 |
| - | - | - | - | - | - | - | 168,368 | 168,368 |
| - | - | - | - | - | - | - | 4,800 | 50,474 |
| <u>134,084</u> | <u>435,283</u> | <u>449,665</u> | <u>3,973,567</u> | <u>1,274,485</u> | <u>665,616</u> | <u>-</u> | <u>20,821,371</u> | <u>24,207,242</u> |
| - | - | - | 23,323 | 35,087 | - | - | 476,559 | 361,373 |
| - | - | - | 69,402 | 99,501 | - | - | 367,427 | 1,270,263 |
| 82,000 | 226,668 | 430,000 | 3,778,075 | - | 661,781 | - | 5,566,137 | 5,600,519 |
| <u>82,000</u> | <u>226,668</u> | <u>430,000</u> | <u>3,870,800</u> | <u>134,588</u> | <u>661,781</u> | <u>-</u> | <u>6,410,123</u> | <u>7,232,155</u> |
| - | - | - | - | - | - | - | 168,368 | 168,368 |
| 52,084 | 208,615 | 19,665 | 102,767 | 1,139,897 | 3,835 | - | 11,828,967 | 15,531,634 |
| - | - | - | - | - | - | - | 2,413,913 | 1,275,085 |
| <u>52,084</u> | <u>208,615</u> | <u>19,665</u> | <u>102,767</u> | <u>1,139,897</u> | <u>3,835</u> | <u>-</u> | <u>14,411,248</u> | <u>16,975,087</u> |
| <u>134,084</u> | <u>435,283</u> | <u>449,665</u> | <u>3,973,567</u> | <u>1,274,485</u> | <u>665,616</u> | <u>-</u> | <u>20,821,371</u> | <u>24,207,242</u> |

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | Capital Improvement Fund | Equipment Replacement Fund | Mammoth Fund | Street Improvement Fund | 2014 Bond Issue Fund | 2013 Bond Issue Fund |
|---|--------------------------------|----------------------------------|-----------------|-------------------------------|-------------------------------|-------------------------------|
| Revenues: | | | | | | |
| Investment earnings | \$ - | - | 63 | 3,207 | 9,405 | 29,239 |
| Contributions | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 105,306 | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>63</u> | <u>108,513</u> | <u>9,405</u> | <u>29,239</u> |
| Expenditures: | | | | | | |
| Capital outlay | <u>2,762,802</u> | <u>-</u> | <u>-</u> | <u>5,913,181</u> | <u>-</u> | <u>13,358</u> |
| Total expenditures | <u>2,762,802</u> | <u>-</u> | <u>-</u> | <u>5,913,181</u> | <u>-</u> | <u>13,358</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,762,802)</u> | <u>-</u> | <u>63</u> | <u>(5,804,668)</u> | <u>9,405</u> | <u>15,881</u> |
| Other financing sources (uses): | | | | | | |
| General obligation bonds issued | - | - | - | 1,619,797 | - | - |
| Premium on general obligation bonds | - | - | - | 58,136 | - | - |
| Capital leases | - | - | - | - | - | - |
| Transfers in | 2,966,600 | 100,000 | - | 4,560,872 | - | - |
| Transfers out | (44,587) | - | - | - | - | (295,193) |
| Total other financing sources (uses) | <u>2,922,013</u> | <u>100,000</u> | <u>-</u> | <u>6,238,805</u> | <u>-</u> | <u>(295,193)</u> |
| Net change in fund balances | 159,211 | 100,000 | 63 | 434,137 | 9,405 | (279,312) |
| Fund balances, beginning of year | <u>5,164,739</u> | <u>-</u> | <u>23,142</u> | <u>6,570,204</u> | <u>-</u> | <u>385,642</u> |
| Fund balances, end of year | <u>\$ 5,323,950</u> | <u>100,000</u> | <u>23,205</u> | <u>7,004,341</u> | <u>9,405</u> | <u>106,330</u> |

See accompanying independent auditor's report.

| 2012 Bond Issue Fund | 2011 Bond Issue Fund | 2010 Bond Issue Fund | 2008 Bond Issue Fund | 2007 Bond Issue Fund | 2007 General Obligation Bond Issue Fund | 2006 Bond Issue Fund | 2005 Bond Issue Fund | Totals | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|--------------------|--------------------|
| | | | | | | | | 2014 | 2013 |
| 4,307 | 9,110 | 23,436 | 3,384 | 23,538 | 3,800 | 2,998 | 251 | 112,738 | 145,197 |
| - | - | - | - | - | - | - | - | - | 111,212 |
| - | - | - | - | - | - | - | - | 105,306 | 89,453 |
| <u>4,307</u> | <u>9,110</u> | <u>23,436</u> | <u>3,384</u> | <u>23,538</u> | <u>3,800</u> | <u>2,998</u> | <u>251</u> | <u>218,044</u> | <u>345,862</u> |
| 1,138,989 | - | 400 | - | 49,371 | 124,187 | - | - | 10,002,288 | 14,814,436 |
| <u>1,138,989</u> | <u>-</u> | <u>400</u> | <u>-</u> | <u>49,371</u> | <u>124,187</u> | <u>-</u> | <u>-</u> | <u>10,002,288</u> | <u>14,814,436</u> |
| (1,134,682) | 9,110 | 23,036 | 3,384 | (25,833) | (120,387) | 2,998 | 251 | (9,784,244) | (14,468,574) |
| - | - | - | - | - | - | - | - | 1,619,797 | 2,153,852 |
| - | - | - | - | - | - | - | - | 58,136 | 166,905 |
| - | - | - | - | - | - | - | - | - | - |
| 44,587 | - | - | - | - | - | - | - | 7,672,059 | 6,148,353 |
| <u>(64,587)</u> | <u>(82,000)</u> | <u>(158,220)</u> | <u>(430,000)</u> | <u>(764,749)</u> | <u>-</u> | <u>(290,000)</u> | <u>(251)</u> | <u>(2,129,587)</u> | <u>(1,682,976)</u> |
| <u>(20,000)</u> | <u>(82,000)</u> | <u>(158,220)</u> | <u>(430,000)</u> | <u>(764,749)</u> | <u>-</u> | <u>(290,000)</u> | <u>(251)</u> | <u>7,220,405</u> | <u>6,786,134</u> |
| (1,154,682) | (72,890) | (135,184) | (426,616) | (790,582) | (120,387) | (287,002) | - | (2,563,839) | (7,682,440) |
| 1,471,836 | 124,974 | 343,799 | 446,281 | 893,349 | 1,260,284 | 290,837 | - | 16,975,087 | 24,657,527 |
| <u>317,154</u> | <u>52,084</u> | <u>208,615</u> | <u>19,665</u> | <u>102,767</u> | <u>1,139,897</u> | <u>3,835</u> | <u>-</u> | <u>14,411,248</u> | <u>16,975,087</u> |



Nonmajor Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Rosemound Cemetery Perpetual Fund - This fund is used to account for funds previously provided by the sale of cemetery lots.

Hamilton Memorial Fund - This fund is used to account for funds provided by a private donor. Income from this fund is to be used for improvements to Cameron Park.

Miss Nellie's Park Endowment Fund - This fund is used to account for funds provided by a private donor. Income from this fund is to be used to maintain Miss Nellie's Pretty Place.

City of Waco, Texas
Nonmajor Permanent Funds
Combining Balance Sheet
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | Rosemound Cemetery Perpetual Fund | Hamilton Memorial Fund | Miss Nellie's Park Endowment Fund | Totals | |
|-------------------------|--|------------------------------|--|---------|---------|
| | | | | 2014 | 2013 |
| Assets | | | | | |
| Cash and investments | \$ 368,848 | 10,000 | 100,000 | 478,848 | 477,891 |
| Total assets | \$ 368,848 | 10,000 | 100,000 | 478,848 | 477,891 |
| Fund Balances | | | | | |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Parks and cemetery care | \$ 368,848 | 10,000 | 100,000 | 478,848 | 477,891 |
| Total fund balances | \$ 368,848 | 10,000 | 100,000 | 478,848 | 477,891 |

See accompanying independent auditor's report.

City of Waco, Texas
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

| | Rosemound Cemetery Perpetual Fund | Hamilton Memorial Fund | Miss Nellie's Park Endowment Fund | <u>Totals</u> | |
|-------------------------------------|--|------------------------------|--|----------------|----------------|
| | | | | 2014 | 2013 |
| Revenues: | | | | | |
| Investment earnings | \$ 945 | - | - | 945 | 747 |
| Other | 12 | | | 12 | 1,713 |
| Total revenues | <u>957</u> | <u>-</u> | <u>-</u> | <u>957</u> | <u>2,460</u> |
| Expenditures: | | | | | |
| General government | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 957 | - | - | 957 | 2,460 |
| Fund balances, beginning of year | <u>367,891</u> | <u>10,000</u> | <u>100,000</u> | <u>477,891</u> | <u>475,431</u> |
| Fund balances, end of year | <u>\$ 368,848</u> | <u>10,000</u> | <u>100,000</u> | <u>478,848</u> | <u>477,891</u> |

See accompanying independent auditor's report.



Major Enterprise Funds

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenue earned, costs incurred and/or net income is necessary for management accountability.

Water Fund - This fund is used to account for the activities necessary for the provision of water services.

Wastewater Fund - This fund is used to account for the activities necessary for the provision of sewer services.

Solid Waste Fund - This fund is used to account for the activities necessary for the provision of sanitation services.



Water Fund

City of Waco, Texas
Water Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| Assets | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Current assets: | | |
| Cash and investments | \$ 33,116,582 | 30,763,675 |
| Accounts receivable, net of allowance | 5,660,984 | 6,243,665 |
| Restricted cash and investments | 3,296,507 | 2,721,903 |
| Inventory | <u>295,383</u> | <u>277,732</u> |
| Total current assets | <u>42,369,456</u> | <u>40,006,975</u> |
| Noncurrent assets: | | |
| Restricted cash and investments | 9,814,856 | 14,068,623 |
| Advances to other funds | 525,336 | 525,336 |
| Capital assets: | | |
| Land | 1,279,185 | 1,279,185 |
| Buildings | 9,526,184 | 9,526,184 |
| Improvements other than buildings | 274,473,725 | 271,893,369 |
| Equipment | 7,312,521 | 7,131,275 |
| Construction work in progress | 8,799,440 | 3,019,888 |
| Intangible water rights | 32,482,879 | 32,482,879 |
| Less: accumulated depreciation and amortization | <u>(111,147,997)</u> | <u>(102,503,838)</u> |
| Total capital assets | <u>222,725,937</u> | <u>222,828,942</u> |
| Total noncurrent assets | <u>233,066,129</u> | <u>237,422,901</u> |
| Total assets | <u>275,435,585</u> | <u>277,429,876</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows of resources: | | |
| Deferred losses on refundings of debt | <u>2,031,352</u> | <u>2,270,910</u> |
| Total deferred outflows of resources | <u>2,031,352</u> | <u>2,270,910</u> |

See accompanying independent auditor's report.

| Liabilities | <u>2014</u> | <u>2013</u> |
|---|---------------------------|------------------------|
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 949,091 | 698,941 |
| Accrued liabilities | 782,703 | 922,046 |
| Compensated absences payable | 697,369 | 662,436 |
| Refundable contracts | 434,295 | 301,745 |
| Notes payable | 72,555 | 69,469 |
| Bonds payable | 7,540,000 | 6,650,286 |
| Accrued interest payable | 1,024,237 | 1,100,785 |
| | <u>11,500,250</u> | <u>10,405,708</u> |
| Current liabilities payable from restricted assets: | | |
| Accounts payable | 737,826 | 213,023 |
| Customer deposits | 2,558,681 | 2,508,880 |
| | <u>3,296,507</u> | <u>2,721,903</u> |
| Total current liabilities | <u>14,796,757</u> | <u>13,127,611</u> |
| Noncurrent liabilities: | | |
| Refundable contracts | 1,325,406 | 1,300,891 |
| Compensated absences payable | 270,645 | 329,379 |
| Net pension obligation | 734,973 | 729,544 |
| Bonds payable | 145,382,028 | 151,985,887 |
| Notes payable | 1,825,882 | 1,898,437 |
| Total noncurrent liabilities | <u>149,538,934</u> | <u>156,244,138</u> |
| Total liabilities | <u>164,335,691</u> | <u>169,371,749</u> |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 77,991,979 | 76,961,760 |
| Unrestricted | <u>35,139,267</u> | <u>33,367,277</u> |
| Total net position | <u>\$ 113,131,246</u> | <u>110,329,037</u> |

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------|--------------------|
| Operating revenues: | | |
| Charges for services | \$ 38,094,499 | 40,150,643 |
| Other | 500,414 | 559,001 |
| Total operating revenues | <u>38,594,913</u> | <u>40,709,644</u> |
| Operating expenses: | | |
| Salaries and wages | 4,921,571 | 4,797,093 |
| Employee benefits | 2,055,459 | 1,948,539 |
| Purchased professional/technical services | 1,299,056 | 946,520 |
| Purchased property services | 152,391 | 204,360 |
| Maintenance | 1,861,631 | 1,779,760 |
| Other purchased services | 784,053 | 768,065 |
| Supplies | 4,350,721 | 4,685,035 |
| Other | 3,730,948 | 3,839,782 |
| Depreciation/amortization | 8,996,493 | 8,882,607 |
| Total operating expenses | <u>28,152,323</u> | <u>27,851,761</u> |
| Operating income | <u>10,442,590</u> | <u>12,857,883</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 94,682 | 78,581 |
| Rental income | 5,160 | 4,180 |
| Intergovernmental revenue | - | 2,033 |
| Bond issuance costs | (34,042) | (248,463) |
| Interest expense and fiscal charges | (4,812,509) | (4,937,921) |
| Total nonoperating revenues (expenses) | <u>(4,746,709)</u> | <u>(5,101,590)</u> |
| Income before contributions and transfers | 5,695,881 | 7,756,293 |
| Capital contributions | 244,608 | 134,230 |
| Transfers out | <u>(3,138,280)</u> | <u>(3,100,362)</u> |
| Change in net position | <u>2,802,209</u> | <u>4,790,161</u> |
| Total net position, | | |
| beginning of year | 110,329,037 | 106,717,262 |
| Cumulative effect of change in accounting principles | <u>-</u> | <u>(1,178,386)</u> |
| Total net position, | | |
| beginning of year, as restated | <u>110,329,037</u> | <u>105,538,876</u> |
| Total net position, | | |
| end of year | <u>\$ 113,131,246</u> | <u>110,329,037</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 39,177,594 | 40,053,245 |
| Cash paid to suppliers for goods and services | (12,061,870) | (11,567,651) |
| Cash paid to employees for services | <u>(6,969,375)</u> | <u>(6,636,732)</u> |
| Net cash provided by operating activities | <u>20,146,349</u> | <u>21,848,862</u> |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | - | 2,033 |
| Transfer to other funds | <u>(3,138,280)</u> | <u>(3,343,491)</u> |
| Net cash used for noncapital financing activities | <u>(3,138,280)</u> | <u>(3,341,458)</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (7,745,064) | (6,095,407) |
| Proceeds from sale of debt | 2,149,474 | 5,164,700 |
| Principal paid on debt | (6,650,286) | (7,218,324) |
| Interest paid on debt | (6,154,249) | (6,472,988) |
| Payment of bond issuance costs | <u>(34,042)</u> | <u>(248,463)</u> |
| Net cash used for capital and related financing activities | <u>(18,434,167)</u> | <u>(14,870,482)</u> |
| Cash flows from investing activities: | | |
| Rental revenue | 5,160 | 4,180 |
| Investment earnings | <u>94,682</u> | <u>78,581</u> |
| Net cash provided by investing activities | <u>99,842</u> | <u>82,761</u> |
| Net increase (decrease) in cash and cash equivalents | (1,326,256) | 3,719,683 |
| Cash and cash equivalents, beginning of year | <u>47,554,201</u> | <u>43,834,518</u> |
| Cash and cash equivalents, end of year | <u>\$ 46,227,945</u> | <u>47,554,201</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 10,442,590 | 12,857,883 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Provision for uncollectible accounts receivable | 25,729 | 12,867 |
| Depreciation/amortization | 8,996,493 | 8,882,607 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 556,952 | (669,266) |
| Inventory | (17,651) | 53,328 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 250,150 | 262,290 |
| Accrued liabilities | (139,343) | 172,587 |
| Compensated absences payable | (23,801) | 65,329 |
| Net pension obligation | 5,429 | 6,549 |
| Customer deposits | <u>49,801</u> | <u>204,288</u> |
| Net cash provided by operating activities | <u>\$ 20,146,349</u> | <u>21,848,462</u> |
| Schedule of noncash capital and related financing activities: | | |
| Contributions of capital assets | <u>\$ 244,608</u> | <u>134,230</u> |
| Payment to refunded bond escrow agent | <u>\$ -</u> | <u>35,768,416</u> |

See accompanying independent auditor's report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| Assets | 2014 | 2013 |
|--|---------------|--------------|
| Current assets: | | |
| Cash and investments | \$ 19,017,672 | 17,777,275 |
| Accounts receivable, net of allowance | 2,650,728 | 2,900,528 |
| Intergovernmental receivable | - | 112,054 |
| Current portion of notes receivable | 46,065 | 45,042 |
| Restricted cash and investments | 1,064,829 | 172,817 |
| Accrued interest on notes receivable | 3,356 | 3,630 |
| Inventory | 14,779 | 10,379 |
| Total current assets | 22,797,429 | 21,021,725 |
| Noncurrent assets: | | |
| Restricted cash and investments | 16,643,559 | 14,408,493 |
| Noncurrent portion of notes receivable | 505,410 | 551,475 |
| Capital assets: | | |
| Land | 2,576,524 | 2,408,235 |
| Buildings | 10,851,569 | 10,851,569 |
| Improvements other than buildings | 122,061,853 | 119,120,390 |
| Equipment | 9,093,012 | 8,004,572 |
| Construction work in progress | 4,517,634 | 3,482,935 |
| Less: accumulated depreciation | (49,326,746) | (44,823,899) |
| Total capital assets | 99,773,846 | 99,043,802 |
| Total noncurrent assets | 116,922,815 | 114,003,770 |
| Total assets | 139,720,244 | 135,025,495 |
| Deferred Outflows of Resources | | |
| Deferred outflows of resources: | | |
| Deferred losses on refundings of debt | 431,742 | 539,075 |
| Total deferred outflows of resources | 431,742 | 539,075 |

See accompanying independent auditor's report.

| Liabilities | <u>2014</u> | <u>2013</u> |
|---|----------------------|-------------------|
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,088,514 | 426,722 |
| Accrued liabilities | 329,784 | 366,833 |
| Compensated absences payable | 379,968 | 402,055 |
| Revenue bonds payable | 3,545,000 | 4,049,571 |
| Refundable contracts | 50,000 | 50,000 |
| Accrued interest payable | 512,880 | 500,847 |
| | <u>5,906,146</u> | <u>5,796,028</u> |
| Current liabilities payable from restricted assets: | | |
| Accounts payable | 1,064,829 | 172,817 |
| | <u>1,064,829</u> | <u>172,817</u> |
| Total current liabilities | <u>6,970,975</u> | <u>5,968,845</u> |
| Noncurrent liabilities: | | |
| Refundable contracts | 142,542 | 142,542 |
| Compensated absences payable | 239,383 | 189,067 |
| Net pension obligation | 481,784 | 478,481 |
| Revenue bonds payable | 61,490,378 | 59,311,847 |
| Total noncurrent liabilities | <u>62,354,087</u> | <u>60,121,937</u> |
| Total liabilities | <u>69,325,062</u> | <u>66,090,782</u> |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 51,621,227 | 50,437,410 |
| Unrestricted | <u>19,205,697</u> | <u>19,036,378</u> |
| Total net position | <u>\$ 70,826,924</u> | <u>69,473,788</u> |

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|--------------------|
| Operating revenues: | | |
| Charges for services | \$ 20,932,833 | 21,364,852 |
| Other | 410,723 | 354,060 |
| Total operating revenues | <u>21,343,556</u> | <u>21,718,912</u> |
| Operating expenses: | | |
| Salaries and wages | 2,781,839 | 2,696,831 |
| Employee benefits | 1,091,922 | 1,045,895 |
| Purchased professional/technical services | 1,682,076 | 832,845 |
| Purchased property services | 146,164 | 96,083 |
| Maintenance | 1,328,486 | 1,266,790 |
| Other purchased services | 299,554 | 250,805 |
| Supplies | 2,054,334 | 2,053,091 |
| Other | 3,028,465 | 2,952,475 |
| Depreciation | 4,594,225 | 4,553,863 |
| Total operating expenses | <u>17,007,065</u> | <u>15,748,678</u> |
| Operating income | <u>4,336,491</u> | <u>5,970,234</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 63,859 | 55,685 |
| Loss on retirement of capital assets | - | (352,770) |
| Bond issuance costs | (101,070) | (113,571) |
| Interest expense and fiscal charges | (2,155,448) | (2,217,211) |
| Total nonoperating revenues (expenses) | <u>(2,192,659)</u> | <u>(2,627,867)</u> |
| Income before contributions and transfers | 2,143,832 | 3,342,367 |
| Capital contributions | - | 91,992 |
| Transfers out | <u>(790,696)</u> | <u>(771,733)</u> |
| Change in net position | <u>1,353,136</u> | <u>2,662,626</u> |
| Total net position, beginning of year, as previously stated | 69,473,788 | 67,311,402 |
| Cumulative effect of change in accounting principles | <u>-</u> | <u>(500,240)</u> |
| Total net position, beginning of year, as restated | <u>69,473,788</u> | <u>66,811,162</u> |
| Total net position, end of year | <u>\$ 70,826,924</u> | <u>69,473,788</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 21,593,356 | 21,511,263 |
| Cash paid to suppliers for goods and services | (7,937,962) | (7,327,485) |
| Cash paid to employees for services | (3,823,003) | (3,728,058) |
| Net cash provided by operating activities | <u>9,832,391</u> | <u>10,455,720</u> |
| Cash flows from noncapital financing activities: | | |
| Transfer to other funds | (790,696) | (771,733) |
| Net cash used for noncapital financing activities | <u>(790,696)</u> | <u>(771,733)</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (4,343,555) | (3,655,835) |
| Proceeds from sale of debt | 6,142,834 | 5,209,076 |
| Capital contributions | 112,054 | - |
| Principal paid on debt | (4,049,571) | (3,848,721) |
| Interest paid on debt | (2,544,087) | (2,368,070) |
| Payment of bond issuance costs | (101,070) | (113,571) |
| Net cash used for capital and related financing activities | <u>(4,783,395)</u> | <u>(4,777,121)</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 64,133 | 55,951 |
| Note payments from other entities | 45,042 | 43,665 |
| Net cash provided by investing activities | <u>109,175</u> | <u>99,616</u> |
| Net increase in cash and cash equivalents | 4,367,475 | 5,006,482 |
| Cash and cash equivalents, beginning of year | <u>32,358,585</u> | <u>27,352,103</u> |
| Cash and cash equivalents, end of year | <u>\$ 36,726,060</u> | <u>32,358,585</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 4,336,491 | 5,970,234 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Provision for uncollectible accounts receivable | 8,288 | 10,386 |
| Depreciation/amortization | 4,594,225 | 4,553,863 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 241,512 | (218,035) |
| Inventory | (4,400) | 4,744 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 661,792 | 210,239 |
| Accrued liabilities | (37,049) | (67,091) |
| Compensated absences payable | 28,229 | (12,576) |
| Net pension obligation | 3,303 | 3,956 |
| Net cash provided by operating activities | <u>\$ 9,832,391</u> | <u>10,455,720</u> |
| Schedule of noncash capital and related financing activities: | | |
| Payment to refunded bond escrow agent | <u>\$ -</u> | <u>8,681,405</u> |



Solid Waste Fund

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 14,888,312 | 11,492,029 |
| Accounts receivable, net of allowance | 2,115,265 | 2,146,642 |
| Total current assets | <u>17,003,577</u> | <u>13,638,671</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 1,753,855 | 1,753,855 |
| Buildings | 1,370,137 | 1,370,137 |
| Improvements other than buildings | 23,936,392 | 23,936,392 |
| Equipment | 15,238,660 | 15,398,712 |
| Construction in progress | 27,574 | 62,197 |
| Less: accumulated depreciation and amortization | <u>(32,652,811)</u> | <u>(29,443,972)</u> |
| Total capital assets | <u>9,673,807</u> | <u>13,077,321</u> |
| Total noncurrent assets | <u>9,673,807</u> | <u>13,077,321</u> |
| Total assets | <u>26,677,384</u> | <u>26,715,992</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows of resources: | | |
| Deferred losses on refundings of debt | <u>24,721</u> | <u>28,852</u> |
| Total deferred outflows of resources | <u>24,721</u> | <u>28,852</u> |

See accompanying independent auditor's report.

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|-------------------|
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 199,796 | 221,766 |
| Accrued liabilities | 228,607 | 225,743 |
| Revenue bonds payable | 690,000 | 945,000 |
| Accrued interest payable | 31,776 | 38,543 |
| Total current liabilities | <u>1,536,598</u> | <u>1,782,545</u> |
| Noncurrent liabilities: | | |
| Estimated landfill closure and post-closure care costs | 4,516,860 | 4,290,174 |
| Compensated absences payable | 192,033 | 216,698 |
| Net pension obligation | 479,840 | 476,496 |
| Bonds payable | <u>4,369,602</u> | <u>5,138,190</u> |
| Total noncurrent liabilities | <u>9,558,335</u> | <u>10,121,558</u> |
| Total liabilities | <u>11,094,933</u> | <u>11,904,103</u> |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 4,638,926 | 7,022,893 |
| Unrestricted | <u>10,968,246</u> | <u>7,817,848</u> |
| Total net position | <u>\$ 15,607,172</u> | <u>14,840,741</u> |

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|-------------------|
| Operating revenues: | | |
| Charges for services | \$ 16,601,316 | 16,068,416 |
| Other | 265,271 | 420,779 |
| Total operating revenues | <u>16,866,587</u> | <u>16,489,195</u> |
| Operating expenses: | | |
| Salaries and wages | 3,004,789 | 2,844,841 |
| Employee benefits | 1,467,586 | 1,401,326 |
| Purchased professional/technical services | 1,465,881 | 1,472,130 |
| Maintenance | 1,832,001 | 1,683,604 |
| Other purchased services | 149,428 | 134,337 |
| Supplies | 1,838,997 | 1,932,166 |
| Other | 2,485,218 | 2,463,361 |
| Depreciation | 3,420,725 | 3,901,930 |
| Total operating expenses | <u>15,664,625</u> | <u>15,833,695</u> |
| Operating income | <u>1,201,962</u> | <u>655,500</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 33,540 | 21,907 |
| Bond issuance cost | - | (24,380) |
| Interest expense and fiscal charges | (129,934) | (175,171) |
| Total nonoperating revenues (expenses) | <u>(96,394)</u> | <u>(177,644)</u> |
| Income before contributions and transfers | 1,105,568 | 477,856 |
| Transfers out | <u>(339,137)</u> | <u>(312,336)</u> |
| Change in net position | <u>766,431</u> | <u>165,520</u> |
| Total net position, beginning of year | 14,840,741 | 14,749,419 |
| Cumulative effect of change in accounting principles | - | (74,198) |
| Total net position, beginning of year, as restated | <u>14,840,741</u> | <u>14,675,221</u> |
| Total net position, end of year | <u>\$ 15,607,172</u> | <u>14,840,741</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 16,897,964 | 16,497,197 |
| Cash paid to suppliers for goods and services | (7,586,389) | (7,394,758) |
| Cash paid to employees for services | (4,436,326) | (4,192,990) |
| Net cash provided by operating activities | <u>4,875,249</u> | <u>4,909,449</u> |
| Cash flows from noncapital financing activities: | | |
| Transfers to other funds | (339,137) | (312,336) |
| Net cash used for noncapital financing activities | <u>(339,137)</u> | <u>(312,336)</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (17,211) | (2,237,021) |
| Proceeds from sale of debt | - | 435 |
| Principal paid on debt | (945,000) | (905,000) |
| Interest paid on debt | (211,158) | (233,434) |
| Payment on bond issuance costs | - | (24,380) |
| Net cash used for capital and related financing activities | <u>(1,173,369)</u> | <u>(3,399,400)</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 33,540 | 21,907 |
| Net cash provided by investing activities | <u>33,540</u> | <u>21,907</u> |
| Net increase in cash and cash equivalents | 3,396,283 | 1,219,620 |
| Cash and cash equivalents, beginning of year | <u>11,492,029</u> | <u>10,272,409</u> |
| Cash and cash equivalents, end of year | <u>\$ 14,888,312</u> | <u>11,492,029</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 1,201,962 | 655,500 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Provision for uncollectible accounts receivable | (9) | 6,212 |
| Depreciation/amortization | 3,420,725 | 3,901,930 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 31,386 | 1,790 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (21,970) | 104,429 |
| Accrued liabilities | 2,864 | (31,686) |
| Estimated landfill closure and post-closure care costs | 226,686 | 237,928 |
| Compensated absences payable | 10,261 | 29,421 |
| Net pension obligation | 3,344 | 3,925 |
| Net cash provided by operating activities | <u>\$ 4,875,249</u> | <u>4,909,449</u> |
| Schedule of noncash capital and related financing activities: | | |
| Payment to refunded bond escrow agent | <u>\$ -</u> | <u>2,935,565</u> |

See accompanying independent auditor's report.



Nonmajor Enterprise Funds

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenue earned, costs incurred and/or net income is necessary for management accountability.

Airport Fund - This fund is used to account for the provision of passenger and freight air services to the residents of the City and surrounding areas.

Convention Services Fund - This fund is used to account for the provision of convention facilities.

Ranger Hall of Fame Fund - This fund is used to account for the provision of this facility to the public.

Cameron Park Zoo Fund - This fund is used to account for the provision of this facility to the public.

Transit Services Fund - This fund is used to account for the provision of public transit services to the residents of the City.

Cottonwood Creek Golf Course Fund - This fund is used to account for the provision of this facility to the public.

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | <u>Airport Fund</u> | <u>Convention Services Fund</u> | <u>Ranger Hall of Fame Fund</u> |
|--|----------------------|---|-------------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 1,953,403 | 339,858 | 499,124 |
| Accounts receivable, net of allowances | 86,431 | 293,441 | 600 |
| Due from other funds | 27,833 | - | - |
| Intergovernmental receivable | 51,922 | - | - |
| Inventories | 9,425 | 44,377 | 73,870 |
| Total current assets | <u>2,129,014</u> | <u>677,676</u> | <u>573,594</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | - | 105,001 |
| Capital assets: | | | |
| Land | 489,389 | - | - |
| Buildings | 14,340,067 | 24,824,000 | 3,720,747 |
| Improvements other than buildings | 36,147,046 | 555,845 | 243,023 |
| Equipment | 1,509,992 | 538,544 | 233,857 |
| Museum collections | - | - | 2,160,924 |
| Construction in progress | 598,798 | 139,875 | 24,000 |
| Less: accumulated depreciation | <u>(22,367,245)</u> | <u>(7,771,261)</u> | <u>(1,089,650)</u> |
| Total capital assets | <u>30,718,047</u> | <u>18,287,003</u> | <u>5,292,901</u> |
| Total noncurrent assets | <u>30,718,047</u> | <u>18,287,003</u> | <u>5,397,902</u> |
| Total assets | <u>32,847,061</u> | <u>18,964,679</u> | <u>5,971,496</u> |
| Liabilities | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 55,697 | 126,110 | 42,701 |
| Accrued liabilities | 27,279 | 86,733 | 30,663 |
| Unearned revenue | - | 96,030 | - |
| Due to other funds | - | - | - |
| Compensated absences payable | 61,648 | 147,777 | 58,274 |
| Total current liabilities | <u>144,624</u> | <u>456,650</u> | <u>131,638</u> |
| Noncurrent liabilities: | | | |
| Advances from other funds | - | - | - |
| Compensated absences payable | - | 62,842 | 74,685 |
| Total noncurrent liabilities | <u>-</u> | <u>62,842</u> | <u>74,685</u> |
| Total liabilities | <u>144,624</u> | <u>519,492</u> | <u>206,323</u> |
| Net Position | | | |
| Net position: | | | |
| Net investment in capital assets | 30,718,047 | 18,287,003 | 5,292,901 |
| Restricted | 590,991 | - | 236,363 |
| Unrestricted | <u>1,393,399</u> | <u>158,184</u> | <u>235,909</u> |
| Total net position | <u>\$ 32,702,437</u> | <u>18,445,187</u> | <u>5,765,173</u> |

See accompanying independent auditor's report.

| Cameron Park Zoo Fund | Transit Services Fund | Cottonwood Creek Golf Course Fund | Totals | |
|-----------------------------|-----------------------------|---|-------------------|-------------------|
| | | | 2014 | 2013 |
| 39,804 | - | 213,363 | 3,045,552 | 1,609,673 |
| 1,136 | 113,786 | - | 495,394 | 464,593 |
| - | - | - | 27,833 | 139,221 |
| - | 1,127,146 | - | 1,179,068 | 3,754,045 |
| 10,419 | 460,763 | 270,389 | 869,243 | 807,637 |
| <u>51,359</u> | <u>1,701,695</u> | <u>483,752</u> | <u>5,617,090</u> | <u>6,775,169</u> |
| - | - | - | 105,001 | 86,418 |
| - | 423,284 | - | 912,673 | 870,183 |
| 8,827,265 | 6,919,608 | 713,389 | 59,345,076 | 59,345,076 |
| 19,050,351 | 244,951 | 2,017,246 | 58,258,462 | 54,205,933 |
| 411,147 | 10,691,431 | 825,061 | 14,210,032 | 14,279,212 |
| - | - | - | 2,160,924 | 2,133,424 |
| - | 94,537 | 209,178 | 1,066,388 | 3,324,367 |
| (14,846,178) | (9,815,871) | (2,618,783) | (58,508,988) | (53,349,205) |
| <u>13,442,585</u> | <u>8,557,940</u> | <u>1,146,091</u> | <u>77,444,567</u> | <u>80,808,990</u> |
| 13,442,585 | 8,557,940 | 1,146,091 | 77,549,568 | 80,895,408 |
| <u>13,493,944</u> | <u>10,259,635</u> | <u>1,629,843</u> | <u>83,166,658</u> | <u>87,670,577</u> |
| 95,284 | 139,746 | 59,617 | 519,155 | 708,652 |
| 63,895 | 133,002 | 794,247 | 1,135,819 | 1,148,643 |
| - | - | - | 96,030 | 118,306 |
| - | 690,766 | - | 690,766 | 2,331,634 |
| 140,657 | - | 59,153 | 467,509 | 518,605 |
| <u>299,836</u> | <u>963,514</u> | <u>913,017</u> | <u>2,909,279</u> | <u>4,825,840</u> |
| - | - | 693,704 | 693,704 | 693,704 |
| 108,628 | - | 119,271 | 365,426 | 264,425 |
| 108,628 | - | 812,975 | 1,059,130 | 958,129 |
| <u>408,464</u> | <u>963,514</u> | <u>1,725,992</u> | <u>3,968,409</u> | <u>5,783,969</u> |
| 13,442,585 | 8,557,940 | 1,146,091 | 77,444,567 | 80,808,990 |
| - | 446,965 | - | 1,274,319 | 1,180,611 |
| (357,105) | 291,216 | (1,242,240) | 479,363 | (102,993) |
| <u>13,085,480</u> | <u>9,296,121</u> | <u>(96,149)</u> | <u>79,198,249</u> | <u>81,886,608</u> |

City of Waco, Texas
Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | <u>Airport Fund</u> | <u>Convention Services Fund</u> | <u>Ranger Hall of Fame Fund</u> |
|---|----------------------|---|-------------------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 559,061 | 748,025 | 294,198 |
| Net merchandise sales | 35,901 | 298,957 | 112,008 |
| Contributions | - | 133,940 | - |
| Other | 282,098 | 32,876 | 14,208 |
| Total operating revenues | <u>877,060</u> | <u>1,213,798</u> | <u>420,414</u> |
| Operating expenses: | | | |
| Salaries and wages | 426,671 | 1,195,307 | 591,422 |
| Employee benefits | 177,742 | 484,081 | 208,879 |
| Purchased professional/technical services | 27,274 | 202,750 | 13,345 |
| Purchased property services | 16,233 | 25,114 | 6,740 |
| Maintenance | 74,731 | 78,899 | 7,251 |
| Other purchased services | 70,921 | 652,640 | 49,121 |
| Supplies | 145,473 | 474,625 | 114,593 |
| Other | 329,039 | 20,050 | 209,043 |
| Depreciation | 2,016,312 | 824,217 | 126,301 |
| Total operating expenses | <u>3,284,396</u> | <u>3,957,683</u> | <u>1,326,695</u> |
| Operating loss | <u>(2,407,336)</u> | <u>(2,743,885)</u> | <u>(906,281)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | 3,755 | 300 | 1,191 |
| Other income | 265,180 | - | - |
| Hotel/motel tax | - | 2,403,171 | - |
| Contributions | - | - | 129,707 |
| Intergovernmental revenue (expense) | 87,600 | - | - |
| Interest expense and fiscal charges | - | - | - |
| Total nonoperating revenues (expenses) | <u>356,535</u> | <u>2,403,471</u> | <u>130,898</u> |
| Loss before contributions and transfers | <u>(2,050,801)</u> | <u>(340,414)</u> | <u>(775,383)</u> |
| Capital contributions | 1,528,877 | 13,356 | 27,500 |
| Transfers in | 491,536 | - | 759,012 |
| Transfers out | - | (150,000) | - |
| Change in net position | <u>(30,388)</u> | <u>(477,058)</u> | <u>11,129</u> |
| Total net position, beginning of year | 32,732,825 | 18,922,245 | 5,754,044 |
| Prior period adjustment | - | - | - |
| Total net position, beginning of year, as restated | <u>32,732,825</u> | <u>18,922,245</u> | <u>5,754,044</u> |
| Total net position, end of year | <u>\$ 32,702,437</u> | <u>18,445,187</u> | <u>5,765,173</u> |

See accompanying independent auditor's report.

| Cameron Park Zoo Fund | Transit Services Fund | Cottonwood Creek Golf Course Fund | Totals | |
|-----------------------------|-----------------------------|---|---------------------|---------------------|
| | | | 2014 | 2013 |
| 1,353,916 | 2,422,412 | 1,174,277 | 6,551,889 | 6,607,826 |
| 226,500 | - | 257,119 | 930,485 | 834,146 |
| 1,200 | - | - | 135,140 | 120,053 |
| 663 | 951,370 | 117,932 | 1,399,147 | 1,446,860 |
| <u>1,582,279</u> | <u>3,373,782</u> | <u>1,549,328</u> | <u>9,016,661</u> | <u>9,008,885</u> |
| 1,359,225 | 3,054,463 | 428,857 | 7,055,945 | 6,877,612 |
| 609,721 | 728,598 | 166,481 | 2,375,502 | 2,290,735 |
| 13,327 | 1,032,574 | 413,701 | 1,702,971 | 1,493,076 |
| 440,060 | 23,988 | 144,826 | 656,961 | 550,866 |
| 54,476 | 612,853 | 96,152 | 924,362 | 871,249 |
| 84,755 | 190,514 | 142,103 | 1,190,054 | 1,095,907 |
| 648,396 | 1,074,247 | 221,882 | 2,679,216 | 2,616,023 |
| 166,225 | 309,947 | 22,154 | 1,056,458 | 1,157,823 |
| 1,117,988 | 1,150,524 | 174,551 | 5,409,893 | 5,418,277 |
| <u>4,494,173</u> | <u>8,177,708</u> | <u>1,810,707</u> | <u>23,051,362</u> | <u>22,371,568</u> |
| <u>(2,911,894)</u> | <u>(4,803,926)</u> | <u>(261,379)</u> | <u>(14,034,701)</u> | <u>(13,362,683)</u> |
| 14 | 5 | - | 5,265 | 3,290 |
| - | - | - | 265,180 | 273,653 |
| - | - | - | 2,403,171 | 2,095,987 |
| - | - | - | 129,707 | 94,169 |
| - | 3,652,453 | - | 3,740,053 | 3,181,757 |
| - | - | - | - | (2,182) |
| <u>14</u> | <u>3,652,458</u> | <u>-</u> | <u>6,543,376</u> | <u>5,646,674</u> |
| (2,911,880) | (1,151,468) | (261,379) | (7,491,325) | (7,716,009) |
| - | 49,371 | - | 1,619,104 | 5,574,614 |
| 1,726,608 | - | 356,706 | 3,333,862 | 3,139,249 |
| - | - | - | (150,000) | - |
| <u>(1,185,272)</u> | <u>(1,102,097)</u> | <u>95,327</u> | <u>(2,688,359)</u> | <u>997,854</u> |
| 14,270,752 | 10,398,218 | (191,476) | 81,886,608 | 79,766,669 |
| - | - | - | - | 1,122,085 |
| <u>14,270,752</u> | <u>10,398,218</u> | <u>(191,476)</u> | <u>81,886,608</u> | <u>80,888,754</u> |
| <u>13,085,480</u> | <u>9,296,121</u> | <u>(96,149)</u> | <u>79,198,249</u> | <u>81,886,608</u> |

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | <u>Airport Fund</u> | <u>Convention Services Fund</u> |
|---|-------------------------|---|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 865,488 | 1,233,356 |
| Cash paid to suppliers for goods and services | (944,558) | (1,554,647) |
| Cash paid to employees for services | (592,328) | (1,666,321) |
| Net cash used for operating activities | <u>(671,398)</u> | <u>(1,987,612)</u> |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenues | 89,565 | - |
| Intergovernmental expenses | - | - |
| Contributions | - | - |
| Hotel/motel tax | - | 2,392,102 |
| Passenger facility charges | 265,180 | - |
| Payments to other funds | - | - |
| Transfer from other funds | 491,536 | - |
| Transfer to other funds | - | (150,000) |
| Repayments of advances from other funds | - | - |
| Net cash provided by noncapital financing activities | <u>846,281</u> | <u>2,242,102</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (1,616,692) | - |
| Insurance recoveries | - | - |
| Capital contributions | 2,455,931 | - |
| Interest paid on capital debt | - | - |
| Net cash used for capital and related financing activities | <u>839,239</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Investment earnings | <u>3,755</u> | <u>300</u> |
| Net cash provided by investing activities | <u>3,755</u> | <u>300</u> |
| Net increase (decrease) in cash and cash equivalents | 1,017,877 | 254,790 |
| Cash and cash equivalents, beginning of year | <u>935,526</u> | <u>85,068</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,953,403</u> | <u>339,858</u> |

| Ranger Hall of Fame Fund | Cameron Park Zoo Fund | Transit Services Fund | Cottonwood Creek Golf Course Fund | Totals | |
|-----------------------------|-----------------------------|-----------------------------|---|--------------------|--------------------|
| | | | | 2014 | 2013 |
| 420,382 | 1,582,785 | 3,352,893 | 1,549,328 | 9,004,232 | 9,000,784 |
| (367,418) | (1,444,828) | (3,245,668) | (842,949) | (8,400,068) | (7,344,706) |
| (779,633) | (1,950,756) | (3,808,317) | (591,288) | (9,388,643) | (9,119,624) |
| <u>(726,669)</u> | <u>(1,812,799)</u> | <u>(3,701,092)</u> | <u>115,091</u> | <u>(8,784,479)</u> | <u>(7,463,546)</u> |
| - | - | 5,306,687 | - | 5,396,252 | 3,369,354 |
| - | - | - | - | - | (142,000) |
| 129,707 | - | - | - | 129,707 | 94,169 |
| - | - | - | - | 2,392,102 | 2,056,865 |
| - | - | - | - | 265,180 | 273,653 |
| - | - | (1,640,868) | - | (1,640,868) | (106,676) |
| 759,012 | 1,726,608 | - | 356,706 | 3,333,862 | 3,139,249 |
| - | - | - | - | (150,000) | - |
| - | - | - | - | - | (48,388) |
| <u>888,719</u> | <u>1,726,608</u> | <u>3,665,819</u> | <u>356,706</u> | <u>9,726,235</u> | <u>8,636,226</u> |
| (29,149) | (64,558) | (47,649) | (273,359) | (2,031,407) | (4,712,736) |
| - | - | 33,546 | - | 33,546 | - |
| - | - | 49,371 | - | 2,505,302 | 3,674,259 |
| - | - | - | - | - | (2,182) |
| <u>(29,149)</u> | <u>(64,558)</u> | <u>35,268</u> | <u>(273,359)</u> | <u>507,441</u> | <u>(1,040,659)</u> |
| 1,191 | 14 | 5 | - | 5,265 | 3,290 |
| <u>1,191</u> | <u>14</u> | <u>5</u> | <u>-</u> | <u>5,265</u> | <u>3,290</u> |
| 134,092 | (150,735) | - | 198,438 | 1,454,462 | 135,311 |
| 470,033 | 190,539 | - | 14,925 | 1,696,091 | 1,560,780 |
| <u>604,125</u> | <u>39,804</u> | <u>-</u> | <u>213,363</u> | <u>3,150,553</u> | <u>1,696,091</u> |

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | <u>Airport Fund</u> | <u>Convention Services Fund</u> |
|--|---------------------|---|
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (2,407,336) | (2,743,885) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 2,016,312 | 824,217 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (11,572) | 12,255 |
| Inventories | (337) | (3,574) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (48,745) | (90,241) |
| Accrued liabilities | (228,423) | 5,739 |
| Unearned revenue | - | 7,303 |
| Compensated absences payable | 8,703 | 574 |
| Net cash used for operating activities | <u>\$ (671,398)</u> | <u>(1,987,612)</u> |
| Schedule of noncash capital and related financing activities: | | |
| Contributions of capital assets | <u>\$ 73,533</u> | <u>13,356</u> |

See accompanying independent auditor's report.

| <u>Ranger Hall of Fame Fund</u> | <u>Cameron Park Zoo Fund</u> | <u>Transit Services Fund</u> | <u>Cottonwood Creek Golf Course Fund</u> | <u>Totals</u> | |
|-------------------------------------|--------------------------------------|--------------------------------------|--|--------------------|--------------------|
| | | | | <u>2014</u> | <u>2013</u> |
| (906,281) | (2,911,894) | (4,803,926) | (261,379) | (14,034,701) | (13,343,276) |
| 126,301 | 1,117,988 | 1,150,524 | 174,551 | 5,409,893 | 5,484,551 |
| (32) | 506 | (20,889) | - | (19,732) | (20,835) |
| 13,654 | 4,865 | (64,903) | (11,311) | (61,606) | (34,649) |
| 19,321 | (40,831) | 45,627 | (7,848) | (122,717) | 294,118 |
| 3,358 | (3,571) | (7,525) | 217,598 | (12,824) | 181,483 |
| - | - | - | - | 7,303 | (15,972) |
| <u>17,010</u> | <u>20,138</u> | <u>-</u> | <u>3,480</u> | <u>49,905</u> | <u>(8,966)</u> |
| <u>(726,669)</u> | <u>(1,812,799)</u> | <u>(3,701,092)</u> | <u>115,091</u> | <u>(8,784,479)</u> | <u>(7,463,546)</u> |
| <u>27,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>114,389</u> | <u>989,845</u> |



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|---------------------------------------|---------------|--------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 1,953,403 | 935,526 |
| Accounts receivable, net of allowance | 86,431 | 74,859 |
| Due from other funds | 27,833 | 139,221 |
| Intergovernmental receivable | 51,922 | 972,665 |
| Inventory | 9,425 | 9,088 |
| Total current assets | 2,129,014 | 2,131,359 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 489,389 | 446,899 |
| Buildings | 14,340,067 | 14,340,067 |
| Improvements other than buildings | 36,147,046 | 32,289,149 |
| Equipment | 1,509,992 | 1,536,080 |
| Construction in progress | 598,798 | 2,931,010 |
| Less: accumulated depreciation | (22,367,245) | (20,432,291) |
| Total capital assets | 30,718,047 | 31,110,914 |
| Total noncurrent assets | 30,718,047 | 31,110,914 |
| Total assets | 32,847,061 | 33,242,273 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 55,697 | 171,222 |
| Accrued liabilities | 27,279 | 255,702 |
| Unearned revenue | - | 29,579 |
| Compensated absences payable | 61,648 | 52,945 |
| Total current liabilities | 144,624 | 509,448 |
| Total liabilities | 144,624 | 509,448 |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 30,718,047 | 31,110,914 |
| Restricted | 590,991 | 594,910 |
| Unrestricted | 1,393,399 | 1,027,001 |
| Total net position | \$ 32,702,437 | 32,732,825 |

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|--------------------|
| Operating revenues: | | |
| Charges for services | \$ 559,061 | 544,791 |
| Net merchandise sales | 35,901 | 40,215 |
| Other | <u>282,098</u> | <u>220,638</u> |
| Total operating revenues | <u>877,060</u> | <u>805,644</u> |
| Operating expenses: | | |
| Salaries and wages | 426,671 | 420,847 |
| Employee benefits | 177,742 | 170,894 |
| Purchased professional/technical services | 27,274 | 17,956 |
| Purchased property services | 16,233 | 19,000 |
| Maintenance | 74,731 | 52,406 |
| Other purchased services | 70,921 | 59,312 |
| Supplies | 145,473 | 145,332 |
| Other | 329,039 | 320,945 |
| Depreciation | <u>2,016,312</u> | <u>1,875,051</u> |
| Total operating expenses | <u>3,284,396</u> | <u>3,081,743</u> |
| Operating loss | <u>(2,407,336)</u> | <u>(2,276,099)</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 3,755 | 2,374 |
| Intergovernmental revenue | 87,600 | 87,600 |
| Interest expense and fiscal charges | - | (2,182) |
| Other income | <u>265,180</u> | <u>273,653</u> |
| Total nonoperating revenues | <u>356,535</u> | <u>361,445</u> |
| Loss before contributions and transfers | (2,050,801) | (1,914,654) |
| Capital contributions | 1,528,877 | 5,208,559 |
| Transfers in | <u>491,536</u> | <u>562,679</u> |
| Change in net position | <u>(30,388)</u> | <u>3,856,584</u> |
| Total net position, beginning of year, as previously stated | 32,732,825 | 28,363,442 |
| Prior period adjustment | <u>-</u> | <u>512,799</u> |
| Total net position, beginning of year, as restated | <u>32,732,825</u> | <u>28,876,241</u> |
| Total net position, end of year | <u>\$ 32,702,437</u> | <u>32,732,825</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 865,488 | 804,896 |
| Cash paid to suppliers for goods and services | (944,558) | (374,533) |
| Cash paid to employees for services | (592,328) | (585,734) |
| Net cash used for operating activities | <u>(671,398)</u> | <u>(155,371)</u> |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | 89,565 | 88,646 |
| Passenger facility charges | 265,180 | 273,653 |
| Transfer from other funds | 491,536 | 562,679 |
| Repayments of advances from other funds | - | (48,388) |
| Net cash provided by noncapital financing activities | <u>846,281</u> | <u>876,590</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (1,616,692) | (4,510,866) |
| Capital contributions | 2,455,931 | 3,667,734 |
| Interest paid on capital debt | - | (2,182) |
| Net cash provided by (used for) capital and related financing activities | <u>839,239</u> | <u>(845,314)</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 3,755 | 2,374 |
| Net cash provided by investing activities | <u>3,755</u> | <u>2,374</u> |
| Net increase (decrease) in cash and cash equivalents | 1,017,877 | (121,721) |
| Cash and cash equivalents, beginning of year | <u>935,526</u> | <u>1,057,247</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,953,403</u> | <u>935,526</u> |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (2,407,336) | (2,276,099) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 2,016,312 | 1,875,050 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (11,572) | (748) |
| Inventory | (337) | 1,915 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (48,745) | 56,785 |
| Accrued liabilities | (228,423) | 184,478 |
| Compensated absences payable | 8,703 | 3,248 |
| Net cash used for operating activities | <u>\$ (671,398)</u> | <u>(155,371)</u> |
| Noncash investing, capital, and financing activities: | | |
| Contributions of capital assets | <u>\$ 73,533</u> | <u>630,315</u> |

See accompanying independent auditor's report.

Convention Services Fund

City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|---------------------------------------|---------------|-------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 339,858 | 85,068 |
| Accounts receivable, net of allowance | 293,441 | 294,627 |
| Inventory | 44,377 | 40,803 |
| Total current assets | 677,676 | 420,498 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Buildings | 24,824,000 | 24,824,000 |
| Improvements other than buildings | 555,845 | 555,845 |
| Equipment | 538,544 | 538,544 |
| Construction in progress | 139,875 | 126,519 |
| Less: accumulated depreciation | (7,771,261) | (6,947,044) |
| Total capital assets | 18,287,003 | 19,097,864 |
| Total noncurrent assets | 18,287,003 | 19,097,864 |
| Total assets | 18,964,679 | 19,518,362 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 126,110 | 216,351 |
| Accrued liabilities | 86,733 | 80,994 |
| Unearned revenue | 96,030 | 88,727 |
| Compensated absences payable | 147,777 | 134,133 |
| Total current liabilities | 456,650 | 520,205 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 62,842 | 75,912 |
| Total noncurrent liabilities | 62,842 | 75,912 |
| Total liabilities | 519,492 | 596,117 |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 18,287,003 | 19,097,864 |
| Unrestricted | 158,184 | (175,619) |
| Total net position | \$ 18,445,187 | 18,922,245 |

See accompanying independent auditor's report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|--------------------|
| Operating revenues: | | |
| Charges for services | \$ 748,025 | 661,109 |
| Net merchandise sales | 298,957 | 214,232 |
| Contributions | 133,940 | 118,453 |
| Other | 32,876 | 24,292 |
| Total operating revenues | <u>1,213,798</u> | <u>1,018,086</u> |
| Operating expenses: | | |
| Salaries and wages | 1,195,307 | 1,122,406 |
| Employee benefits | 484,081 | 461,748 |
| Purchased professional/technical services | 202,750 | 177,543 |
| Purchased property services | 25,114 | 30,897 |
| Maintenance | 78,899 | 86,117 |
| Other purchased services | 652,640 | 627,497 |
| Supplies | 474,625 | 437,405 |
| Other | 20,050 | 29,316 |
| Depreciation | 824,217 | 826,076 |
| Total operating expenses | <u>3,957,683</u> | <u>3,799,005</u> |
| Operating loss | <u>(2,743,885)</u> | <u>(2,780,919)</u> |
| Nonoperating revenues (expenses): | | |
| Hotel/motel tax | 2,403,171 | 2,095,987 |
| Investment earnings | 300 | 23 |
| Intergovernmental expenses | - | (142,000) |
| Total nonoperating revenues (expenses) | <u>2,403,471</u> | <u>1,954,010</u> |
| Loss before contributions and transfers | (340,414) | (826,909) |
| Capital contributions | 13,356 | 126,519 |
| Transfers out | <u>(150,000)</u> | <u>-</u> |
| Change in net position | (477,058) | (700,390) |
| Total net position, beginning of year | <u>18,922,245</u> | <u>19,622,635</u> |
| Total net position, end of year | <u>\$ 18,445,187</u> | <u>18,922,245</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,233,356 | 980,472 |
| Cash paid to suppliers for goods and services | (1,554,647) | (1,281,370) |
| Cash paid to employees for services | (1,666,321) | (1,566,106) |
| Net cash used for operating activities | <u>(1,987,612)</u> | <u>(1,867,004)</u> |
| Cash flows from noncapital financing activities: | | |
| Hotel/motel tax | 2,392,102 | 2,056,865 |
| Intergovernmental expenses | - | (142,000) |
| Transfer to other funds | (150,000) | - |
| Net cash provided by noncapital financing activities | <u>2,242,102</u> | <u>1,914,865</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 300 | 23 |
| Net cash provided by investing activities | <u>300</u> | <u>23</u> |
| Net increase in cash and cash equivalents | 254,790 | 47,884 |
| Cash and cash equivalents, beginning of year | <u>85,068</u> | <u>37,184</u> |
| Cash and cash equivalents, end of year | <u>\$ 339,858</u> | <u>85,068</u> |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (2,743,885) | (2,780,919) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 824,217 | 826,076 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 12,255 | (50,348) |
| Inventory | (3,574) | (3,085) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (90,241) | 108,366 |
| Accrued liabilities | 5,739 | 10,359 |
| Unearned revenue | 7,303 | 12,734 |
| Compensated absences payable | 574 | 9,813 |
| Net cash used for operating activities | <u>\$ (1,987,612)</u> | <u>(1,867,004)</u> |
| Schedule of noncash capital and related financing activities: | | |
| Contributions of capital assets | <u>\$ 13,356</u> | <u>126,519</u> |

See accompanying independent auditor's report.

Ranger Hall of Fame Fund

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|---------------------------------------|--------------|-------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 499,124 | 383,615 |
| Accounts receivable, net of allowance | 600 | 568 |
| Inventory | 73,870 | 87,524 |
| Total current assets | 573,594 | 471,707 |
| Noncurrent assets: | | |
| Restricted cash and investments | 105,001 | 86,418 |
| Capital assets: | | |
| Buildings | 3,720,747 | 3,720,747 |
| Improvements other than buildings | 243,023 | 48,391 |
| Equipment | 233,857 | 308,709 |
| Museum collections | 2,160,924 | 2,133,424 |
| Construction in progress | 24,000 | 200,772 |
| Less: accumulated depreciation | (1,089,650) | (1,049,490) |
| Total capital assets | 5,292,901 | 5,362,553 |
| Total noncurrent assets | 5,397,902 | 5,448,971 |
| Total assets | 5,971,496 | 5,920,678 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 42,701 | 23,380 |
| Accrued liabilities | 30,663 | 27,305 |
| Compensated absences payable | 58,274 | 61,803 |
| Total current liabilities | 131,638 | 112,488 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 74,685 | 54,146 |
| Total noncurrent liabilities | 74,685 | 54,146 |
| Total liabilities | 206,323 | 166,634 |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 5,292,901 | 5,362,553 |
| Restricted | 236,363 | 172,282 |
| Unrestricted | 235,909 | 219,209 |
| Total net position | \$ 5,765,173 | 5,754,044 |

See accompanying independent auditor's report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|------------------|
| Operating revenues: | | |
| Charges for services | \$ 294,198 | 272,985 |
| Net merchandise sales | 112,008 | 121,688 |
| Other | 14,208 | 16,055 |
| Total operating revenues | <u>420,414</u> | <u>410,728</u> |
| Operating expenses: | | |
| Salaries and wages | 591,422 | 570,982 |
| Employee benefits | 208,879 | 205,067 |
| Purchased professional/technical services | 13,345 | 21,817 |
| Purchased property services | 6,740 | 9,272 |
| Maintenance | 7,251 | 8,362 |
| Other purchased services | 49,121 | 42,567 |
| Supplies | 114,593 | 113,980 |
| Other | 209,043 | 248,943 |
| Depreciation | 126,301 | 122,585 |
| Total operating expenses | <u>1,326,695</u> | <u>1,343,575</u> |
| Operating loss | <u>(906,281)</u> | <u>(932,847)</u> |
| Nonoperating revenues: | | |
| Investment earnings | 1,191 | 852 |
| Contributions | 129,707 | 94,169 |
| Total nonoperating revenues | <u>130,898</u> | <u>95,021</u> |
| Loss before contributions and transfers | (775,383) | (837,826) |
| Capital contributions | 27,500 | 217,772 |
| Transfers in | <u>759,012</u> | <u>776,047</u> |
| Change in net position | <u>11,129</u> | <u>155,993</u> |
| Total net position, beginning of year, as previously stated | 5,754,044 | 5,421,591 |
| Prior period adjustment | <u>-</u> | <u>176,460</u> |
| Total net position, beginning of year, as restated | <u>5,754,044</u> | <u>5,598,051</u> |
| Total net position, end of year | <u>\$ 5,765,173</u> | <u>5,754,044</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 420,382 | 410,760 |
| Cash paid to suppliers for goods and services | (367,418) | (444,086) |
| Cash paid to employees for services | (779,633) | (762,441) |
| Net cash used for operating activities | <u>(726,669)</u> | <u>(795,767)</u> |
| Cash flows from noncapital financing activities: | | |
| Contributions | 129,707 | 94,169 |
| Transfer from other funds | 759,012 | 776,047 |
| Net cash provided by noncapital financing activities | <u>888,719</u> | <u>870,216</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (29,149) | - |
| Net cash used for capital and related financing activities | <u>(29,149)</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 1,191 | 852 |
| Net cash provided by investing activities | <u>1,191</u> | <u>852</u> |
| Net increase in cash and cash equivalents | 134,092 | 75,301 |
| Cash and cash equivalents, beginning of year | <u>470,033</u> | <u>394,732</u> |
| Cash and cash equivalents, end of year | <u>\$ 604,125</u> | <u>470,033</u> |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (906,281) | (932,847) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 126,301 | 122,585 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (32) | 32 |
| Inventory | 13,654 | (7,924) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 19,321 | 8,680 |
| Accrued liabilities | 3,358 | 3,832 |
| Compensated absences payable | 17,010 | 9,875 |
| Net cash used for operating activities | <u>\$ (726,669)</u> | <u>(795,767)</u> |
| Schedule of noncash capital and related financing activities: | | |
| Contributions of capital assets | <u>\$ 27,500</u> | <u>217,772</u> |

See accompanying independent auditor's report.

Cameron Park Zoo Fund

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|---------------------------------------|---------------|--------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 39,804 | 190,539 |
| Accounts receivable, net of allowance | 1,136 | 1,642 |
| Inventory | 10,419 | 15,284 |
| Total current assets | 51,359 | 207,465 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Buildings | 8,827,265 | 8,827,265 |
| Improvements other than buildings | 19,050,351 | 19,050,351 |
| Equipment | 411,147 | 371,269 |
| Less: accumulated depreciation | (14,846,178) | (13,752,870) |
| Total capital assets | 13,442,585 | 14,496,015 |
| Total noncurrent assets | 13,442,585 | 14,496,015 |
| Total assets | 13,493,944 | 14,703,480 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 95,284 | 136,115 |
| Accrued liabilities | 63,895 | 67,466 |
| Compensated absences payable | 140,657 | 201,083 |
| Total current liabilities | 299,836 | 404,664 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 108,628 | 28,064 |
| Total noncurrent liabilities | 108,628 | 28,064 |
| Total liabilities | 408,464 | 432,728 |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 13,442,585 | 14,496,015 |
| Unrestricted | (357,105) | (225,263) |
| Total net position | \$ 13,085,480 | 14,270,752 |

See accompanying independent auditor's report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|---|---------------|-------------|
| Operating revenues: | | |
| Charges for services | \$ 1,353,916 | 1,391,868 |
| Net merchandise sales | 226,500 | 209,833 |
| Contributions | 1,200 | 1,600 |
| Other | 663 | 15,194 |
| Total operating revenues | 1,582,279 | 1,618,495 |
| Operating expenses: | | |
| Salaries and wages | 1,359,225 | 1,330,453 |
| Employee benefits | 609,721 | 600,564 |
| Purchased professional/technical services | 13,327 | 23,238 |
| Purchased property services | 440,060 | 354,131 |
| Maintenance | 54,476 | 50,686 |
| Other purchased services | 84,755 | 64,189 |
| Supplies | 648,396 | 605,796 |
| Other | 166,225 | 110,886 |
| Depreciation | 1,117,988 | 1,178,324 |
| Total operating expenses | 4,494,173 | 4,318,267 |
| Operating loss | (2,911,894) | (2,699,772) |
| Nonoperating revenues: | | |
| Investment earnings | 14 | 37 |
| Loss before contributions and transfers | (2,911,880) | (2,699,735) |
| Capital contributions | - | 15,239 |
| Transfers in | 1,726,608 | 1,694,653 |
| Change in net position | (1,185,272) | (989,843) |
| Total net position, beginning of year | 14,270,752 | 15,260,595 |
| Total net position, end of year | \$ 13,085,480 | 14,270,752 |

See accompanying independent auditor's report.

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|--|----------------|-------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,582,785 | 1,616,853 |
| Cash paid to suppliers for goods and services | (1,444,828) | (1,143,322) |
| Cash paid to employees for services | (1,950,756) | (1,945,580) |
| Net cash used for operating activities | (1,812,799) | (1,472,049) |
| Cash flows from noncapital financing activities: | | |
| Transfer from other funds | 1,726,608 | 1,694,653 |
| Net cash provided by noncapital financing activities | 1,726,608 | 1,694,653 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (64,558) | (58,796) |
| Net cash used for noncapital financing activities | (64,558) | (58,796) |
| Cash flows from investing activities: | | |
| Investment earnings | 14 | 37 |
| Net cash provided by investing activities | 14 | 37 |
| Net increase (decrease) in cash and cash equivalents | (150,735) | 163,845 |
| Cash and cash equivalents, beginning of year | 190,539 | 26,694 |
| Cash and cash equivalents, end of year | \$ 39,804 | 190,539 |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (2,911,894) | (2,699,772) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 1,117,988 | 1,178,324 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 506 | (1,642) |
| Inventory | 4,865 | (1,254) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (40,831) | 98,914 |
| Accrued liabilities | (3,571) | (15,069) |
| Compensated absences payable | 20,138 | (31,550) |
| Net cash used for operating activities | \$ (1,812,799) | (1,472,049) |
| Schedule of noncash capital and related financing activities: | | |
| Contributions of capital assets | \$ - | 15,239 |

See accompanying independent auditor's report.

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|-----------------------------------|--------------|-------------|
| Assets | | |
| Current assets: | | |
| Accounts receivable | \$ 113,786 | 92,897 |
| Intergovernmental receivable | 1,127,146 | 2,781,380 |
| Inventory | 460,763 | 395,860 |
| Total current assets | 1,701,695 | 3,270,137 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 423,284 | 423,284 |
| Buildings | 6,919,608 | 6,919,608 |
| Improvements other than buildings | 244,951 | 244,951 |
| Equipment | 10,691,431 | 10,782,908 |
| Construction work in progress | 94,537 | 46,888 |
| Less: accumulated depreciation | (9,815,871) | (8,723,278) |
| Total capital assets | 8,557,940 | 9,694,361 |
| Total noncurrent assets | 8,557,940 | 9,694,361 |
| Total assets | 10,259,635 | 12,964,498 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 139,746 | 94,119 |
| Accrued liabilities | 133,002 | 140,527 |
| Due to other funds | 690,766 | 2,331,634 |
| Total current liabilities | 963,514 | 2,566,280 |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 8,557,940 | 9,694,361 |
| Restricted | 446,965 | 413,419 |
| Unrestricted | 291,216 | 290,438 |
| Total net position | \$ 9,296,121 | 10,398,218 |

See accompanying independent auditor's report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|--------------------|
| Operating revenues: | | |
| Charges for services | \$ 2,422,412 | 2,518,961 |
| Other | 951,370 | 1,021,086 |
| Total operating revenues | <u>3,373,782</u> | <u>3,540,047</u> |
| Operating expenses: | | |
| Salaries and wages | 3,054,463 | 2,960,015 |
| Employee benefits | 728,598 | 666,966 |
| Purchased professional/technical services | 1,032,574 | 857,533 |
| Purchased property services | 23,988 | 21,878 |
| Maintenance | 612,853 | 605,709 |
| Other purchased services | 190,514 | 167,262 |
| Supplies | 1,074,247 | 1,104,070 |
| Other | 309,947 | 429,831 |
| Depreciation | 1,150,524 | 1,232,751 |
| Total operating expenses | <u>8,177,708</u> | <u>8,046,015</u> |
| Operating loss | <u>(4,803,926)</u> | <u>(4,505,968)</u> |
| Nonoperating revenues: | | |
| Investment earnings | 5 | 4 |
| Intergovernmental revenue | 3,652,453 | 3,236,157 |
| Total nonoperating revenues | <u>3,652,458</u> | <u>3,236,161</u> |
| Loss before capital contributions | (1,151,468) | (1,269,807) |
| Capital contributions | <u>49,371</u> | <u>6,525</u> |
| Change in net position | <u>(1,102,097)</u> | <u>(1,263,282)</u> |
| Total net position, beginning of year, as previously stated | 10,398,218 | 11,228,674 |
| Prior period adjustment | - | 432,826 |
| Total net position, beginning of year, as restated | <u>10,398,218</u> | <u>11,661,500</u> |
| Total net position, end of year | <u>\$ 9,296,121</u> | <u>10,398,218</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Transit Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|--|----------------|-------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 3,352,893 | 3,571,918 |
| Cash paid to suppliers for goods and services | (3,245,668) | (3,093,130) |
| Cash paid to employees for services | (3,808,317) | (3,604,196) |
| Net cash used for operating activities | (3,701,092) | (3,125,408) |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | 5,306,687 | 3,280,708 |
| Payments to other funds | (1,640,868) | (106,676) |
| Net cash provided by noncapital financing activities | 3,665,819 | 3,174,032 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (47,649) | (55,153) |
| Insurance recoveries | 33,546 | - |
| Capital contributions | 49,371 | 6,525 |
| Net cash used for capital and related financing activities | 35,268 | (48,628) |
| Cash flows from investing activities: | | |
| Investment earnings | 5 | 4 |
| Net cash provided by investing activities | 5 | 4 |
| Net decrease in cash and cash equivalents | - | - |
| Cash and cash equivalents, beginning of year | - | - |
| Cash and cash equivalents, end of year | \$ - | - |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (4,803,926) | (4,486,561) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 1,150,524 | 1,299,025 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (20,889) | 31,871 |
| Inventory | (64,903) | (2,554) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 45,627 | 40,143 |
| Accrued liabilities | (7,525) | 21,374 |
| Unearned revenue | - | (28,706) |
| Net cash used for operating activities | \$ (3,701,092) | (3,125,408) |

See accompanying independent auditor's report

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------|--------------------|--------------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 213,363 | 14,925 |
| Inventory | <u>270,389</u> | <u>259,078</u> |
| Total current assets | <u>483,752</u> | <u>274,003</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Buildings | 713,389 | 713,389 |
| Improvements other than buildings | 2,017,246 | 2,017,246 |
| Equipment | 825,061 | 741,702 |
| Construction in progress | 209,178 | 19,178 |
| Less: accumulated depreciation | <u>(2,618,783)</u> | <u>(2,444,232)</u> |
| Total capital assets | <u>1,146,091</u> | <u>1,047,283</u> |
| Total noncurrent assets | <u>1,146,091</u> | <u>1,047,283</u> |
| Total assets | <u>1,629,843</u> | <u>1,321,286</u> |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 59,617 | 67,465 |
| Accrued liabilities | 794,247 | 576,649 |
| Compensated absences payable | <u>59,153</u> | <u>68,641</u> |
| Total current liabilities | <u>913,017</u> | <u>712,755</u> |
| Noncurrent liabilities: | | |
| Advances from other funds | 693,704 | 693,704 |
| Compensated absences payable | <u>119,271</u> | <u>106,303</u> |
| Total noncurrent liabilities | <u>812,975</u> | <u>800,007</u> |
| Total liabilities | <u>1,725,992</u> | <u>1,512,762</u> |
| Net Position | | |
| Net position: | | |
| Net investment in capital assets | 1,146,091 | 1,047,283 |
| Unrestricted | <u>(1,242,240)</u> | <u>(1,238,759)</u> |
| Total net position | <u>\$ (96,149)</u> | <u>(191,476)</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|------------------|
| Operating revenues: | | |
| Charges for services | \$ 1,174,277 | 1,218,112 |
| Net merchandise sales | 257,119 | 248,178 |
| Other | 117,932 | 149,595 |
| Total operating revenues | <u>1,549,328</u> | <u>1,615,885</u> |
| Operating expenses: | | |
| Salaries and wages | 428,857 | 472,908 |
| Employee benefits | 166,481 | 185,496 |
| Purchased professional/technical services | 413,701 | 394,989 |
| Purchased property services | 144,826 | 115,688 |
| Maintenance | 96,152 | 67,969 |
| Other purchased services | 142,103 | 135,080 |
| Supplies | 221,882 | 209,440 |
| Other | 22,154 | 17,902 |
| Depreciation | 174,551 | 183,491 |
| Total operating expenses | <u>1,810,707</u> | <u>1,782,963</u> |
| Operating loss | <u>(261,379)</u> | <u>(167,078)</u> |
| Loss before transfers | (261,379) | (167,078) |
| Transfers in | <u>356,706</u> | <u>105,870</u> |
| Change in net position | 95,327 | (61,208) |
| Total net position, beginning of year | <u>(191,476)</u> | <u>(130,268)</u> |
| Total net position, end of year | <u>\$ (96,149)</u> | <u>(191,476)</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|--|--------------|-------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,549,328 | 1,615,885 |
| Cash paid to suppliers for goods and services | (842,949) | (1,008,265) |
| Cash paid to employees for services | (591,288) | (655,567) |
| Net cash provided by (used for) operating activities | 115,091 | (47,947) |
| Cash flows from noncapital financing activities: | | |
| Transfer from other funds | 356,706 | 105,870 |
| Net cash provided by noncapital financing activities | 356,706 | 105,870 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (273,359) | (87,921) |
| Net cash used for capital and related financing activities | (273,359) | (87,921) |
| Net increase (decrease) in cash and cash equivalents | 198,438 | (29,998) |
| Cash and cash equivalents, beginning of year | 14,925 | 44,923 |
| Cash and cash equivalents, end of year | \$ 213,363 | 14,925 |
| Reconciliation of operating loss to net cash provided by (used for) operating activities: | | |
| Operating loss | \$ (261,379) | (167,078) |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: | | |
| Depreciation | 174,551 | 183,491 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Inventory | (11,311) | (21,747) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (7,848) | (18,770) |
| Accrued liabilities | 217,598 | (23,491) |
| Compensated absences payable | 3,480 | (352) |
| Net cash provided by (used for) operating activities | \$ 115,091 | (47,947) |

See accompanying independent auditor's report.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis.

Insurance Fund - This fund is used to account for insurance and risk management activities of the City, other than health insurance.

Health Insurance Fund - This fund is used to account for health insurance activities of the City.

Engineering Fund - This account is used to account for engineering services to other City departments.

Fleet Services Fund - This fund is used to account for the repair and maintenance of motor vehicles for other City departments.

City of Waco, Texas
Internal Service Funds
Combining Statement of Net Position
September 30, 2014
(With Comparative Totals for September 30, 2013)

| | Insurance Fund | Health Insurance Fund | Engineering Fund | Fleet Services Fund | Totals | |
|--|---------------------|-----------------------------|---------------------|---------------------------|-------------------|-------------------|
| | | | | | 2014 | 2013 |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 5,431,297 | 4,377,830 | 396,784 | 243,445 | 10,449,356 | 10,920,295 |
| Accounts receivable, net of allowances | 1,244 | - | 877 | 6,927 | 9,048 | 897 |
| Due from other funds | - | 251,973 | - | - | 251,973 | - |
| Inventories | - | - | - | 273,875 | 273,875 | 199,244 |
| Total current assets | <u>5,432,541</u> | <u>4,629,803</u> | <u>397,661</u> | <u>524,247</u> | <u>10,984,252</u> | <u>11,120,436</u> |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Land | - | - | 24,400 | 14,400 | 38,800 | 38,800 |
| Buildings | - | - | - | 920,153 | 920,153 | 902,185 |
| Improvements other than buildings | - | - | - | 118,289 | 118,289 | 118,289 |
| Equipment | 26,659 | - | 225,690 | 1,011,114 | 1,263,463 | 1,062,565 |
| Less: accumulated depreciation | (7,656) | - | (147,494) | (1,237,667) | (1,392,817) | (1,291,153) |
| Total capital assets | <u>19,003</u> | <u>-</u> | <u>102,596</u> | <u>826,289</u> | <u>947,888</u> | <u>830,686</u> |
| Total noncurrent assets | <u>19,003</u> | <u>-</u> | <u>102,596</u> | <u>826,289</u> | <u>947,888</u> | <u>830,686</u> |
| Total assets | <u>5,451,544</u> | <u>4,629,803</u> | <u>500,257</u> | <u>1,350,536</u> | <u>11,932,140</u> | <u>11,951,122</u> |
| Liabilities | | | | | | |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 59,181 | 5,533 | 21,457 | 278,845 | 365,016 | 337,386 |
| Accrued liabilities | 76,869 | 338,541 | 34,130 | 32,964 | 482,504 | 277,035 |
| Due to other funds | - | - | - | - | - | 470,073 |
| Compensated absences payable | 40,095 | - | 173,348 | 83,289 | 296,732 | 258,204 |
| Escrow funds | - | - | 538 | - | 538 | 538 |
| Estimated claims and judgments | 2,150,803 | 1,062,000 | - | - | 3,212,803 | 3,270,019 |
| Total current liabilities | <u>2,326,948</u> | <u>1,406,074</u> | <u>229,473</u> | <u>395,098</u> | <u>4,357,593</u> | <u>4,613,255</u> |
| Noncurrent liabilities: | | | | | | |
| Compensated absences payable | - | - | - | - | - | 132,951 |
| Net pension obligation | 57,510 | 2,746 | 180,828 | 133,183 | 374,267 | 371,674 |
| Total noncurrent liabilities | <u>57,510</u> | <u>2,746</u> | <u>180,828</u> | <u>133,183</u> | <u>374,267</u> | <u>504,625</u> |
| Total liabilities | <u>2,384,458</u> | <u>1,408,820</u> | <u>410,301</u> | <u>528,281</u> | <u>4,731,860</u> | <u>5,117,880</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 19,003 | - | 102,596 | 826,289 | 947,888 | 830,686 |
| Unrestricted | 3,048,083 | 3,220,983 | (12,640) | (4,034) | 6,252,392 | 6,002,556 |
| Total net position | <u>\$ 3,067,086</u> | <u>3,220,983</u> | <u>89,956</u> | <u>822,255</u> | <u>7,200,280</u> | <u>6,833,242</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses and
Changes in Net Position
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | Insurance Fund | Health Insurance Fund | Engineering Fund | Fleet Services Fund | Totals | |
|---|---------------------|-----------------------------|---------------------|---------------------------|-------------------|-------------------|
| | | | | | 2014 | 2013 |
| Operating revenues: | | | | | | |
| Charges for services | \$ 3,663,439 | 12,153,776 | 1,969,865 | 1,660,365 | 19,447,445 | 17,682,680 |
| Other | - | - | 10,989 | 37,439 | 48,428 | 22,573 |
| Total operating revenues | <u>3,663,439</u> | <u>12,153,776</u> | <u>1,980,854</u> | <u>1,697,804</u> | <u>19,495,873</u> | <u>17,705,253</u> |
| Operating expenses: | | | | | | |
| Salaries and wages | 400,006 | 58,330 | 1,098,849 | 797,013 | 2,354,198 | 2,303,504 |
| Employee benefits | 126,741 | 19,200 | 387,987 | 339,880 | 873,808 | 876,629 |
| Purchased professional/ technical services | 190,160 | 1,457,466 | 25,637 | 11,722 | 1,684,985 | 1,936,269 |
| Purchased property services | - | 5,319 | 52,611 | 7,347 | 65,277 | 58,848 |
| Maintenance | 204 | - | 43,878 | 30,287 | 74,369 | 122,182 |
| Other purchased services | 848,395 | 1,970 | 52,408 | 32,479 | 935,252 | 845,090 |
| Supplies | 53,220 | 9,555 | 37,099 | 101,745 | 201,619 | 182,365 |
| Other | 1,272,702 | 11,176,757 | 158,725 | 238,412 | 12,846,596 | 11,684,565 |
| Depreciation | 3,721 | - | 24,618 | 91,264 | 119,603 | 102,469 |
| Total operating expenses | <u>2,895,149</u> | <u>12,728,597</u> | <u>1,881,812</u> | <u>1,650,149</u> | <u>19,155,707</u> | <u>18,111,921</u> |
| Operating income (loss) | <u>768,290</u> | <u>(574,821)</u> | <u>99,042</u> | <u>47,655</u> | <u>340,166</u> | <u>(406,668)</u> |
| Nonoperating revenues: | | | | | | |
| Investment earnings | 13,881 | 12,171 | 712 | 108 | 26,872 | 22,486 |
| Total nonoperating revenues | <u>13,881</u> | <u>12,171</u> | <u>712</u> | <u>108</u> | <u>26,872</u> | <u>22,486</u> |
| Income (loss) before contributions and transfers | 782,171 | (562,650) | 99,754 | 47,763 | 367,038 | (384,182) |
| Capital contributions | - | - | - | - | - | 193,427 |
| Transfers out | - | - | - | - | - | (744,670) |
| Change in net position | 782,171 | (562,650) | 99,754 | 47,763 | 367,038 | (935,425) |
| Total net position, beginning of year | <u>2,284,915</u> | <u>3,783,633</u> | <u>(9,798)</u> | <u>774,492</u> | <u>6,833,242</u> | <u>7,768,667</u> |
| Total net position, end of year | <u>\$ 3,067,086</u> | <u>3,220,983</u> | <u>89,956</u> | <u>822,255</u> | <u>7,200,280</u> | <u>6,833,242</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2014
(With Comparative Totals for Year Ended September 30, 2013)

| | Insurance Fund | Health Insurance Fund | Engineering Fund | Fleet Services Fund | Totals | |
|---|-------------------|-----------------------------|---------------------|---------------------------|--------------|--------------|
| | | | | | 2014 | 2013 |
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 3,663,092 | 12,153,776 | 1,979,977 | 1,690,877 | 19,487,722 | 17,706,941 |
| Cash paid to suppliers for goods and services | (2,503,764) | (12,448,669) | (353,268) | (410,993) | (15,716,694) | (14,568,679) |
| Cash paid to employees for services | (571,725) | (77,160) | (1,543,578) | (1,117,525) | (3,309,988) | (3,156,905) |
| Net cash provided by (used for) operating activities | 587,603 | (372,053) | 83,131 | 162,359 | 461,040 | (18,643) |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfer to other funds | (470,073) | (251,973) | - | - | (722,046) | (977,174) |
| Net cash used for noncapital financing activities | (470,073) | (251,973) | - | - | (722,046) | (977,174) |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition of capital assets | - | - | (29,815) | (206,990) | (236,805) | (245,035) |
| Net cash used for capital and related financing activities | - | - | (29,815) | (206,990) | (236,805) | (245,035) |
| Cash flows from investing activities: | | | | | | |
| Investment earnings | 13,881 | 12,171 | 712 | 108 | 26,872 | 22,486 |
| Net cash provided by investing activities | 13,881 | 12,171 | 712 | 108 | 26,872 | 22,486 |
| Net increase (decrease) in cash and cash equivalents | 131,411 | (611,855) | 54,028 | (44,523) | (470,939) | (1,218,366) |
| Cash and cash equivalents, beginning of year | 5,299,886 | 4,989,685 | 342,756 | 287,968 | 10,920,295 | 12,138,661 |
| Cash and cash equivalents, end of year | \$ 5,431,297 | 4,377,830 | 396,784 | 243,445 | 10,449,356 | 10,920,295 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Operating income (loss) | \$ 768,290 | (574,821) | 99,042 | 47,655 | 340,166 | (406,668) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | | |
| Depreciation | 3,721 | - | 24,618 | 91,264 | 119,603 | 102,469 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in assets: | | | | | | |
| Accounts receivable | (347) | - | (877) | (6,927) | (8,151) | 1,688 |
| Inventories | - | - | - | (74,631) | (74,631) | (8,667) |
| Increase (decrease) in liabilities: | | | | | | |
| Accounts payable | (79,693) | 4,603 | 17,090 | 85,630 | 27,630 | 105,754 |
| Accrued liabilities | 10,390 | 189,100 | (688) | 6,667 | 205,469 | (27,821) |
| Compensated absences payable | (48,955) | - | (57,281) | 11,813 | (94,423) | 4,492 |
| Net pension obligation | 413 | 65 | 1,227 | 888 | 2,593 | 3,165 |
| Estimated claims and judgments | (66,216) | 9,000 | - | - | (57,216) | 206,945 |
| Net cash provided by (used for) operating activities | \$ 587,603 | (372,053) | 83,131 | 162,359 | 461,040 | (18,643) |
| Schedule of noncash capital and related financing activities: | | | | | | |
| Contributions of capital assets | \$ - | - | - | - | - | 193,427 |

See accompanying independent auditor's report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|----------------------------------|--------------|-----------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 5,431,297 | 5,299,886 |
| Accounts receivable | 1,244 | 897 |
| Total current assets | 5,432,541 | 5,300,783 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Equipment | 26,659 | 26,659 |
| Less: accumulated depreciation | (7,656) | (3,935) |
| Total capital assets | 19,003 | 22,724 |
| Total assets | 5,451,544 | 5,323,507 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 59,181 | 138,874 |
| Accrued liabilities | 76,869 | 66,479 |
| Due to other funds | - | 470,073 |
| Compensated absences payable | 40,095 | 53,751 |
| Estimated claims and judgments | 2,150,803 | 2,217,019 |
| Total current liabilities | 2,326,948 | 2,946,196 |
| Noncurrent liabilities: | | |
| Compensated absences payable | - | 35,299 |
| Net pension obligation | 57,510 | 57,097 |
| Total noncurrent liabilities | 57,510 | 92,396 |
| Total liabilities | 2,384,458 | 3,038,592 |
| Net Position | | |
| Net investment in capital assets | 19,003 | 22,724 |
| Unrestricted | 3,048,083 | 2,262,191 |
| Total net position | \$ 3,067,086 | 2,284,915 |

See accompanying independent auditor's report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|------------------|
| Operating revenues: | | |
| Charges for services | \$ 3,663,439 | 2,751,331 |
| Total operating revenues | <u>3,663,439</u> | <u>2,751,331</u> |
| Operating expenses: | | |
| Salaries and wages | 400,006 | 385,386 |
| Employee benefits | 126,741 | 127,791 |
| Purchased professional/technical services | 190,160 | 160,766 |
| Maintenance | 204 | 274 |
| Other purchased services | 848,395 | 767,949 |
| Supplies | 53,220 | 49,948 |
| Other | 1,272,702 | 1,616,707 |
| Depreciation | 3,721 | 3,405 |
| Total operating expenses | <u>2,895,149</u> | <u>3,112,226</u> |
| Operating income (loss) | <u>768,290</u> | <u>(360,895)</u> |
| Nonoperating revenues: | | |
| Investment earnings | 13,881 | 11,769 |
| Total nonoperating revenues | <u>13,881</u> | <u>11,769</u> |
| Income (loss) before transfers | 782,171 | (349,126) |
| Transfers out | <u>-</u> | <u>(744,670)</u> |
| Change in net position | 782,171 | (1,093,796) |
| Total net position, beginning of year | <u>2,284,915</u> | <u>3,378,711</u> |
| Total net position, end of year | <u>\$ 3,067,086</u> | <u>2,284,915</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 3,663,092 | 2,752,428 |
| Cash paid to suppliers for goods and services | (2,503,764) | (2,352,998) |
| Cash paid to employees for services | (571,725) | (511,153) |
| Net cash provided by (used for) operating activities | <u>587,603</u> | <u>(111,723)</u> |
| Cash flows from noncapital financing activities: | | |
| Transfer to other funds | (470,073) | (977,174) |
| Net cash used for noncapital financing activities | <u>(470,073)</u> | <u>(977,174)</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | - | (21,474) |
| Net cash used for capital and related financing activities | <u>-</u> | <u>(21,474)</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 13,881 | 11,769 |
| Net cash provided by investing activities | <u>13,881</u> | <u>11,769</u> |
| Net increase (decrease) in cash and cash equivalents | 131,411 | (1,098,602) |
| Cash and cash equivalents, beginning of year | <u>5,299,886</u> | <u>6,398,488</u> |
| Cash and cash equivalents, end of year | <u>\$ 5,431,297</u> | <u>5,299,886</u> |
| Reconciliation of operating income (loss) | | |
| to net cash used for operating activities: | | |
| Operating income (loss) | \$ 768,290 | (360,895) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 3,721 | 3,405 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivable | (347) | 1,097 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (79,693) | 29,244 |
| Accrued liabilities | 10,390 | 17,657 |
| Compensated absences payable | (48,955) | (690) |
| Net pension obligation | 413 | 514 |
| Estimated claims and judgments | (66,216) | 197,945 |
| Net cash provided by (used for) operating activities | <u>\$ 587,603</u> | <u>(111,723)</u> |

See accompanying independent auditor's report.

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------|---------------------|------------------|
| Assets | | |
| Assets: | | |
| Current assets: | | |
| Cash and investments | \$ 4,377,830 | 4,989,685 |
| Due from other funds | 251,973 | - |
| Total current assets | <u>4,629,803</u> | <u>4,989,685</u> |
| Total assets | <u>4,629,803</u> | <u>4,989,685</u> |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 5,533 | 930 |
| Accrued liabilities | 338,541 | 149,441 |
| Estimated claims | 1,062,000 | 1,053,000 |
| Total current liabilities | <u>1,406,074</u> | <u>1,203,371</u> |
| Noncurrent liabilities: | | |
| Net pension obligation | 2,746 | 2,681 |
| Total noncurrent liabilities | <u>2,746</u> | <u>2,681</u> |
| Total liabilities | <u>1,408,820</u> | <u>1,206,052</u> |
| Net Position | | |
| Unrestricted | <u>3,220,983</u> | <u>3,783,633</u> |
| Total net position | <u>\$ 3,220,983</u> | <u>3,783,633</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|-------------------|
| Operating revenues: | | |
| Charges for services | \$ 12,153,776 | 11,558,242 |
| Total operating revenues | <u>12,153,776</u> | <u>11,558,242</u> |
| Operating expenses: | | |
| Salaries and wages | 58,330 | 52,300 |
| Employee benefits | 19,200 | 17,983 |
| Purchased professional/technical services | 1,457,466 | 1,751,558 |
| Purchased property services | 5,319 | 2,030 |
| Other purchased services | 1,970 | 741 |
| Supplies | 9,555 | 1,486 |
| Other | 11,176,757 | 9,616,648 |
| Total operating expenses | <u>12,728,597</u> | <u>11,442,746</u> |
| Operating income (loss) | <u>(574,821)</u> | <u>115,496</u> |
| Nonoperating revenues: | | |
| Investment earnings | <u>12,171</u> | <u>10,007</u> |
| Total nonoperating revenues | <u>12,171</u> | <u>10,007</u> |
| Change in net position | (562,650) | 125,503 |
| Total net position, beginning of year | <u>3,783,633</u> | <u>3,658,130</u> |
| Total net position, end of year | <u>\$ 3,220,983</u> | <u>3,783,633</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|---|---------------|--------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 12,153,776 | 11,558,242 |
| Cash paid to suppliers for goods and services | (12,448,669) | (11,418,526) |
| Cash paid to employees for services | (77,160) | (69,878) |
| Net cash provided by (used for) operating activities | (372,053) | 69,838 |
| Cash flows from noncapital financing activities: | | |
| Payments to other funds | (251,973) | - |
| Net cash used for noncapital financing activities | (251,973) | - |
| Cash flows from investing activities: | | |
| Investment earnings | 12,171 | 10,007 |
| Net cash provided by investing activities | 12,171 | 10,007 |
| Net increase (decrease) in cash and cash equivalents | (611,855) | 79,845 |
| Cash and cash equivalents, beginning of year | 4,989,685 | 4,909,840 |
| Cash and cash equivalents, end of year | \$ 4,377,830 | 4,989,685 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (574,821) | 115,496 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Changes in liabilities: | | |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 4,603 | (418) |
| Accrued liabilities | 189,100 | (54,312) |
| Estimated claims | 9,000 | 9,000 |
| Net pension obligation | 65 | 72 |
| Net cash provided by (used for) operating activities | \$ (372,053) | 69,838 |

See accompanying independent auditor's report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 396,784 | 342,756 |
| Accounts receivable, net of allowance | 877 | - |
| Total current assets | <u>397,661</u> | <u>342,756</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 24,400 | 24,400 |
| Equipment | 225,690 | 216,590 |
| Less: accumulated depreciation | (147,494) | (143,591) |
| Total capital assets | <u>102,596</u> | <u>97,399</u> |
| Total assets | <u>500,257</u> | <u>440,155</u> |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 21,457 | 4,367 |
| Accrued liabilities | 34,130 | 34,818 |
| Compensated absences payable | 173,348 | 132,977 |
| Escrow funds | 538 | 538 |
| Total current liabilities | <u>229,473</u> | <u>172,700</u> |
| Noncurrent liabilities: | | |
| Compensated absences payable | - | 97,652 |
| Net pension obligation | 180,828 | 179,601 |
| Total noncurrent liabilities | <u>180,828</u> | <u>277,253</u> |
| Total liabilities | <u>410,301</u> | <u>449,953</u> |
| Net Position | | |
| Net investment in capital assets | 102,596 | 97,399 |
| Unrestricted | <u>(12,640)</u> | <u>(107,197)</u> |
| Total net position | <u>\$ 89,956</u> | <u>(9,798)</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Operating revenues: | | |
| Charges for services | \$ 1,969,865 | 1,847,885 |
| Other | 10,989 | 6,426 |
| Total operating revenues | <u>1,980,854</u> | <u>1,854,311</u> |
| Operating expenses: | | |
| Salaries and wages | 1,098,849 | 1,074,810 |
| Employee benefits | 387,987 | 393,725 |
| Purchased professional/technical services | 25,637 | 67 |
| Purchased property services | 52,611 | 52,785 |
| Maintenance | 43,878 | 43,741 |
| Other purchased services | 52,408 | 50,807 |
| Supplies | 37,099 | 36,113 |
| Other | 158,725 | 235,950 |
| Depreciation | 24,618 | 25,512 |
| Total operating expenses | <u>1,881,812</u> | <u>1,913,510</u> |
| Operating loss | <u>99,042</u> | <u>(59,199)</u> |
| Nonoperating revenues: | | |
| Investment earnings | 712 | 433 |
| Total nonoperating revenues | <u>712</u> | <u>433</u> |
| Income (loss) before capital contributions | 99,754 | (58,766) |
| Capital contributions | <u>-</u> | <u>-</u> |
| Change in net position | 99,754 | (58,766) |
| Total net position, beginning of year | <u>(9,798)</u> | <u>48,968</u> |
| Total net position, end of year | <u>\$ 89,956</u> | <u>(9,798)</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,979,977 | 1,854,902 |
| Cash paid to suppliers for goods and services | (353,268) | (419,630) |
| Cash paid to employees for services | <u>(1,543,578)</u> | <u>(1,444,338)</u> |
| Net cash provided by (used for) operating activities | <u>83,131</u> | <u>(9,066)</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | <u>(29,815)</u> | <u>(35,167)</u> |
| Net cash used for capital and related financing activities | <u>(29,815)</u> | <u>(35,167)</u> |
| Cash flows from investing activities: | | |
| Investment earnings | <u>712</u> | <u>433</u> |
| Net cash provided by investing activities | <u>712</u> | <u>433</u> |
| Net increase (decrease) in cash and cash equivalents | 54,028 | (43,800) |
| Cash and cash equivalents, beginning of year | <u>342,756</u> | <u>386,556</u> |
| Cash and cash equivalents, end of year | <u>\$ 396,784</u> | <u>342,756</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ 99,042 | (59,199) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 24,618 | 25,512 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (877) | 591 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 17,090 | 397 |
| Accrued liabilities | (688) | 8,445 |
| Compensated absences payable | (57,281) | 13,700 |
| Net pension obligation | <u>1,227</u> | <u>1,488</u> |
| Net cash provided by (used for) operating activities | <u>\$ 83,131</u> | <u>(9,066)</u> |

See accompanying independent auditor's report.

Fleet Services Fund

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

| | 2014 | 2013 |
|---------------------------------------|-------------|-------------|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 243,445 | 287,968 |
| Accounts receivable, net of allowance | 6,927 | - |
| Inventory | 273,875 | 199,244 |
| Total current assets | 524,247 | 487,212 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 14,400 | 14,400 |
| Buildings | 920,153 | 902,185 |
| Improvements other than buildings | 118,289 | 118,289 |
| Equipment | 1,011,114 | 819,316 |
| Less: accumulated depreciation | (1,237,667) | (1,143,627) |
| Total capital assets | 826,289 | 710,563 |
| Total assets | 1,350,536 | 1,197,775 |
| Liabilities | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 278,845 | 193,215 |
| Accrued liabilities | 32,964 | 26,297 |
| Compensated absences payable | 83,289 | 71,476 |
| Total current liabilities | 395,098 | 290,988 |
| Noncurrent liabilities: | | |
| Net pension obligation | 133,183 | 132,295 |
| Total noncurrent liabilities | 133,183 | 132,295 |
| Total liabilities | 528,281 | 423,283 |
| Net Position | | |
| Net investment in capital assets | 826,289 | 710,563 |
| Unrestricted | (4,034) | 63,929 |
| Total net position | \$ 822,255 | 774,492 |

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|------------------|
| Operating revenues: | | |
| Charges for services | \$ 1,660,365 | 1,525,222 |
| Other | 37,439 | 16,147 |
| Total operating revenues | <u>1,697,804</u> | <u>1,541,369</u> |
| Operating expenses: | | |
| Salaries and wages | 797,013 | 791,008 |
| Employee benefits | 339,880 | 337,130 |
| Purchased professional/technical services | 11,722 | 23,878 |
| Purchased property services | 7,347 | 4,033 |
| Maintenance | 30,287 | 78,167 |
| Other purchased services | 32,479 | 25,593 |
| Supplies | 101,745 | 94,818 |
| Other | 238,412 | 215,260 |
| Depreciation | 91,264 | 73,552 |
| Total operating expenses | <u>1,650,149</u> | <u>1,643,439</u> |
| Operating loss | <u>47,655</u> | <u>(102,070)</u> |
| Nonoperating revenues: | | |
| Investment earnings | 108 | 277 |
| Total nonoperating revenues | <u>108</u> | <u>277</u> |
| Loss before capital contributions | 47,763 | (101,793) |
| Capital contributions | <u>-</u> | <u>193,427</u> |
| Change in net position | 47,763 | 91,634 |
| Total net position, beginning of year | <u>774,492</u> | <u>682,858</u> |
| Total net position, end of year | <u>\$ 822,255</u> | <u>774,492</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,690,877 | 1,541,369 |
| Cash paid to suppliers for goods and services | (410,993) | (377,525) |
| Cash paid to employees for services | (1,117,525) | (1,131,536) |
| Net cash provided by operating activities | <u>162,359</u> | <u>32,308</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (206,990) | (188,394) |
| Net cash used for capital and related financing activities | <u>(206,990)</u> | <u>(188,394)</u> |
| Cash flows from investing activities: | | |
| Investment earnings | 108 | 277 |
| Net cash provided by investing activities | <u>108</u> | <u>277</u> |
| Net decrease in cash and cash equivalents | (44,523) | (155,809) |
| Cash and cash equivalents, beginning of year | <u>287,968</u> | <u>443,777</u> |
| Cash and cash equivalents, end of year | <u>\$ 243,445</u> | <u>287,968</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 47,655 | (102,070) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 91,264 | 73,552 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (6,927) | - |
| Inventory | (74,631) | (8,667) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 85,630 | 76,531 |
| Accrued liabilities | 6,667 | 389 |
| Compensated absences payable | 11,813 | (8,518) |
| Net pension obligation | 888 | 1,091 |
| Net cash provided by operating activities | <u>\$ 162,359</u> | <u>32,308</u> |
| Schedule of noncash capital and financing activities: | | |
| Contributions of capital assets | <u>\$ -</u> | <u>193,427</u> |

See accompanying independent auditor's report.

Agency Funds

Urban Renewal Agency Fund - This fund is used to account for receipts and disbursements related to land sales for the Urban Renewal Agency.

Heart of Texas Housing Finance Corporation Fund - This fund is used to account for receipts and disbursements for the Heart of Texas Housing Finance Corporation established as a mechanism to issue tax-exempt debt.

Waco Public Improvement District No. 2 Fund - This fund is used to account for receipts and disbursements of funds on behalf of property owners related to drainage infrastructure improvements in the District.

City of Waco, Texas
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2014

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|---|--|------------------|-------------------|------------------------------------|
| <u>Urban Renewal Agency Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>57,985</u> | <u>149</u> | <u>-</u> | <u>58,134</u> |
| Liabilities: | | | | |
| Due to other agencies and individuals | \$ <u>57,985</u> | <u>149</u> | <u>-</u> | <u>58,134</u> |
| <u>Heart of Texas Housing Finance Corporation Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,730,631 | 5,813 | 58,055 | 2,678,389 |
| Accounts receivable | - | 538 | - | 538 |
| Note receivable | <u>189,547</u> | <u>40,000</u> | <u>-</u> | <u>229,547</u> |
| Total assets | \$ <u>2,920,178</u> | <u>46,351</u> | <u>58,055</u> | <u>2,908,474</u> |
| Liabilities: | | | | |
| Due to other agencies and individuals | \$ <u>2,920,178</u> | <u>46,351</u> | <u>58,055</u> | <u>2,908,474</u> |
| <u>Waco Public Improvement District No. 2 Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>15,323</u> | <u>367,980</u> | <u>366,325</u> | <u>16,978</u> |
| Liabilities: | | | | |
| Due to other agencies and individuals | \$ <u>15,323</u> | <u>367,980</u> | <u>366,325</u> | <u>16,978</u> |
| <u>All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,803,939 | 373,942 | 424,380 | 2,753,501 |
| Accounts receivable | - | 538 | - | 538 |
| Note receivable | <u>189,547</u> | <u>40,000</u> | <u>-</u> | <u>229,547</u> |
| Total assets | \$ <u>2,993,486</u> | <u>414,480</u> | <u>424,380</u> | <u>2,983,586</u> |
| Liabilities: | | | | |
| Due to other agencies and individuals | \$ <u>2,993,486</u> | <u>414,480</u> | <u>424,380</u> | <u>2,983,586</u> |

See accompanying independent auditor's report.

Statistical Section

The *Statistical Section* presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

Financial Trends (Tables I through IV) - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables V through VIII) - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (Tables IX through XII) - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Tables XIII through XIV) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables XV through XVII) - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 141,836,379 | \$ 160,613,844 | \$ 165,814,854 | \$ 180,681,310 |
| Restricted | 10,181,262 | 11,081,477 | 12,662,092 | 15,103,909 |
| Unrestricted | <u>17,915,654</u> | <u>22,716,286</u> | <u>26,806,652</u> | <u>28,407,225</u> |
| Total governmental activities net position | <u>\$ 169,933,295</u> | <u>\$ 194,411,607</u> | <u>\$ 205,283,598</u> | <u>\$ 224,192,444</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 137,978,308 | \$ 144,070,096 | \$ 155,044,650 | \$ 166,834,594 |
| Restricted | 96,221 | 51,468 | 339,184 | 1,679,769 |
| Unrestricted | <u>23,949,734</u> | <u>32,932,124</u> | <u>36,319,056</u> | <u>41,875,465</u> |
| Total business-type activities net position | <u>\$ 162,024,263</u> | <u>\$ 177,053,688</u> | <u>\$ 191,702,890</u> | <u>\$ 210,389,828</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 279,814,687 | \$ 304,683,940 | \$ 320,859,504 | \$ 347,515,904 |
| Restricted | 10,277,483 | 11,132,945 | 13,001,276 | 16,783,678 |
| Unrestricted | <u>41,865,388</u> | <u>55,648,410</u> | <u>63,125,708</u> | <u>70,282,690</u> |
| Total primary government net position | <u>\$ 331,957,558</u> | <u>\$ 371,465,295</u> | <u>\$ 396,986,488</u> | <u>\$ 434,582,272</u> |

Source: Comprehensive Annual Financial Reports

Note: The City implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" in fiscal year 2014. Fiscal year 2013 amounts restated to conform to the new statement requirements.

Table I

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 187,739,263 | \$ 179,653,424 | \$ 174,645,915 | \$ 178,295,347 | \$ 180,902,677 | \$ 180,508,096 |
| 15,597,905 | 16,281,560 | 19,687,245 | 22,291,256 | 19,391,804 | 18,895,396 |
| 29,148,224 | 25,717,190 | 22,550,132 | 24,430,892 | 28,460,006 | 34,063,949 |
| <u>\$ 232,485,392</u> | <u>\$ 221,652,174</u> | <u>\$ 216,883,292</u> | <u>\$ 225,017,495</u> | <u>\$ 228,754,487</u> | <u>\$ 233,467,441</u> |
| \$ 177,087,342 | \$ 206,111,214 | \$ 213,553,436 | \$ 219,663,969 | \$ 215,231,053 | 211,696,699 |
| 541,912 | 546,027 | 388,651 | 6,834 | 1,180,611 | 1,274,319 |
| 42,808,482 | 36,844,321 | 45,769,895 | 48,873,949 | 60,118,510 | 65,792,573 |
| <u>\$ 220,437,736</u> | <u>\$ 243,501,562</u> | <u>\$ 259,711,982</u> | <u>\$ 268,544,752</u> | <u>\$ 276,530,174</u> | <u>\$ 278,763,591</u> |
| \$ 364,826,605 | \$ 385,764,638 | \$ 388,199,351 | \$ 397,959,316 | \$ 396,133,730 | \$ 392,204,795 |
| 16,139,817 | 16,827,587 | 20,075,896 | 22,298,090 | 20,572,415 | 20,169,715 |
| 71,956,706 | 62,561,511 | 68,320,027 | 73,304,841 | 88,578,516 | 99,856,522 |
| <u>\$ 452,923,128</u> | <u>\$ 465,153,736</u> | <u>\$ 476,595,274</u> | <u>\$ 493,562,247</u> | <u>\$ 505,284,661</u> | <u>\$ 512,231,032</u> |

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

| | 2005 | 2006 | 2007 | 2008 |
|--|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 7,754,960 | \$ 8,785,895 | \$ 9,494,996 | \$ 12,108,481 |
| Public works | 12,517,278 | 11,627,179 | 13,483,166 | 11,695,922 |
| Public safety | 45,174,223 | 48,361,556 | 50,802,719 | 53,186,019 |
| Culture and recreation | 11,534,373 | 12,652,376 | 12,885,108 | 13,853,365 |
| Public health | 5,910,874 | 6,403,273 | 6,845,611 | 6,456,840 |
| Housing and community development | 4,154,058 | 1,798,456 | 2,784,529 | 2,890,693 |
| Interest on long-term debt | 2,232,216 | 2,177,508 | 2,625,964 | 4,863,843 |
| Total governmental activities expenses | <u>89,277,982</u> | <u>91,806,243</u> | <u>98,922,093</u> | <u>105,055,163</u> |
| Business-type activities: | | | | |
| Water | 23,616,684 | 25,474,612 | 26,666,701 | 28,972,544 |
| Wastewater | 11,735,138 | 12,442,358 | 14,404,044 | 15,675,737 |
| Solid waste | 13,318,015 | 12,703,814 | 12,119,111 | 13,181,427 |
| Airport | 1,942,336 | 2,045,628 | 2,139,042 | 2,230,237 |
| Convention services | 2,646,720 | 2,640,037 | 2,837,948 | 2,779,599 |
| Ranger Hall of Fame | 1,019,997 | 1,068,297 | 1,120,949 | 1,363,820 |
| Cameron Park Zoo | 2,349,341 | 2,977,741 | 3,386,403 | 3,545,604 |
| Transit services | 3,356,058 | 4,176,869 | 5,309,125 | 5,980,396 |
| Cottonwood Creek Golf Course | 1,429,212 | 1,510,761 | 1,553,125 | 1,812,962 |
| Total business-type activities expenses | <u>61,413,501</u> | <u>65,040,117</u> | <u>69,536,448</u> | <u>75,542,326</u> |
| Total primary government expenses | <u>150,691,483</u> | <u>156,846,360</u> | <u>168,458,541</u> | <u>180,597,489</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 333,849 | 317,824 | 271,852 | 267,127 |
| Public works | 8,765 | 4,613 | 4,884 | 13,152 |
| Public safety | 3,080,489 | 3,739,677 | 3,456,532 | 4,764,442 |
| Culture and recreation | 778,548 | 916,453 | 811,698 | 995,455 |
| Public health | 1,210,776 | 1,303,186 | 1,350,709 | 1,024,400 |
| Operating grants and contributions | 8,973,292 | 8,330,987 | 9,388,780 | 9,497,125 |
| Capital grants and contributions | 5,351,228 | 18,612,315 | 5,795,816 | 7,276,849 |
| Total governmental activities program revenues | <u>19,736,947</u> | <u>33,225,055</u> | <u>21,080,271</u> | <u>23,838,550</u> |

Table II

| Fiscal Year | | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|--|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | | |
| \$ 12,551,827 | \$ 14,073,197 | \$ 12,378,019 | \$ 14,177,640 | \$ 20,039,649 | \$ 16,223,167 | | |
| 12,790,151 | 12,142,355 | 13,227,404 | 11,844,356 | 13,699,976 | 12,205,449 | | |
| 57,560,461 | 60,429,663 | 61,291,317 | 57,664,131 | 62,592,351 | 66,630,254 | | |
| 14,919,136 | 15,484,146 | 15,636,875 | 15,694,840 | 16,544,389 | 16,922,912 | | |
| 6,901,123 | 7,364,755 | 7,417,771 | 7,184,384 | 7,388,363 | 7,314,101 | | |
| 2,808,221 | 3,503,811 | 3,339,613 | 3,664,525 | 2,255,720 | 2,974,293 | | |
| 4,547,034 | 4,342,023 | 4,313,467 | 4,098,714 | 3,798,174 | 3,631,452 | | |
| <u>112,077,953</u> | <u>117,339,950</u> | <u>117,604,466</u> | <u>114,328,590</u> | <u>126,318,622</u> | <u>125,901,628</u> | | |
| 30,491,638 | 30,875,837 | 34,186,629 | 33,311,059 | 33,038,145 | 32,998,874 | | |
| 17,437,188 | 18,134,874 | 17,522,331 | 17,634,339 | 18,432,230 | 19,263,583 | | |
| 13,267,207 | 14,160,048 | 16,201,178 | 15,854,254 | 16,033,246 | 15,794,559 | | |
| 2,402,041 | 2,360,727 | 2,503,823 | 2,937,967 | 3,083,925 | 3,284,396 | | |
| 3,218,934 | 2,830,956 | 2,861,523 | 3,372,280 | 3,941,005 | 3,957,683 | | |
| 1,141,497 | 1,280,085 | 1,193,004 | 1,209,145 | 1,343,575 | 1,326,695 | | |
| 3,968,217 | 4,357,007 | 4,315,032 | 4,396,640 | 4,318,267 | 4,494,173 | | |
| 6,325,930 | 7,259,552 | 7,904,160 | 7,970,314 | 8,046,015 | 8,177,708 | | |
| 1,919,438 | 1,674,252 | 1,691,790 | 1,864,426 | 1,782,963 | 1,810,707 | | |
| <u>80,172,090</u> | <u>82,933,338</u> | <u>88,379,470</u> | <u>88,550,424</u> | <u>90,019,371</u> | <u>91,108,378</u> | | |
| <u>192,250,043</u> | <u>200,273,288</u> | <u>205,983,936</u> | <u>202,879,014</u> | <u>216,337,993</u> | <u>217,010,006</u> | | |
| 239,046 | 285,471 | 342,830 | 243,137 | 277,810 | 192,402 | | |
| - | 1,366 | 2,550 | 385 | 1,537 | 2,257 | | |
| 3,672,327 | 3,600,084 | 3,478,363 | 3,050,804 | 3,703,991 | 5,520,650 | | |
| 1,132,472 | 1,314,693 | 1,415,791 | 1,078,390 | 1,054,216 | 1,404,877 | | |
| 986,945 | 872,388 | 1,184,937 | 1,252,049 | 1,260,587 | 1,154,091 | | |
| 9,079,411 | 10,337,726 | 9,720,348 | 11,640,290 | 11,500,355 | 10,924,393 | | |
| 5,626,382 | 6,110,736 | 6,061,358 | 6,883,729 | 7,256,153 | 3,272,066 | | |
| <u>20,736,583</u> | <u>22,522,464</u> | <u>22,206,177</u> | <u>24,148,784</u> | <u>25,054,649</u> | <u>22,470,736</u> | | |

(Continued)

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

| | 2005 | 2006 | 2007 | 2008 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | \$ 26,602,138 | \$ 33,230,464 | \$ 30,258,196 | \$ 35,261,343 |
| Wastewater | 14,864,933 | 16,766,635 | 18,441,480 | 20,235,392 |
| Solid waste | 14,386,619 | 15,781,304 | 15,768,035 | 16,577,658 |
| Airport | 912,426 | 1,006,662 | 1,107,084 | 1,097,882 |
| Convention services | 730,059 | 706,938 | 805,276 | 804,295 |
| Ranger Hall of Fame | 457,800 | 557,580 | 440,742 | 438,610 |
| Cameron Park Zoo | 617,481 | 884,139 | 977,546 | 1,294,486 |
| Transit services | 845,184 | 1,080,322 | 1,971,924 | 2,462,089 |
| Cottonwood Creek Golf Course | 1,296,313 | 1,348,046 | 1,428,783 | 1,339,450 |
| Operating grants and contributions | 2,580,250 | 2,700,564 | 3,175,897 | 3,226,837 |
| Capital grants and contributions | 4,839,238 | 2,094,356 | 4,927,582 | 8,716,987 |
| Total business-type activities program revenues | <u>68,132,441</u> | <u>76,157,010</u> | <u>79,302,545</u> | <u>91,455,029</u> |
| Total primary government program revenues | <u>87,869,388</u> | <u>109,382,065</u> | <u>100,382,816</u> | <u>115,293,579</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | (69,541,035) | (58,581,188) | (77,841,822) | (81,216,613) |
| Business-type activities | <u>6,718,940</u> | <u>11,116,893</u> | <u>9,766,097</u> | <u>15,912,703</u> |
| Total primary government net expense | <u>(62,822,095)</u> | <u>(47,464,295)</u> | <u>(68,075,725)</u> | <u>(65,303,910)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | 33,026,403 | 34,187,973 | 36,583,688 | 43,222,439 |
| Tax increment financing tax | 2,106,593 | 2,260,075 | 2,657,747 | 3,060,732 |
| Sales taxes | 24,749,413 | 26,694,323 | 27,328,996 | 28,077,887 |
| Franchise taxes | 12,128,817 | 13,484,568 | 12,985,974 | 13,997,454 |
| Other taxes | 436,561 | 426,180 | 501,702 | 587,971 |
| Unrestricted investment earnings | 3,123,231 | 6,141,959 | 8,964,710 | 10,319,788 |
| Miscellaneous | 152,196 | 714,862 | 981,818 | 415,851 |
| Gain on disposal of capital assets | - | - | - | - |
| Transfers | (3,405,384) | (850,440) | (1,290,822) | 443,337 |
| Total governmental activities | <u>72,317,830</u> | <u>83,059,500</u> | <u>88,713,813</u> | <u>100,125,459</u> |
| Business-type activities: | | | | |
| Hotel/motel taxes | 1,544,162 | 1,650,054 | 1,620,022 | 1,688,943 |
| Unrestricted investment earnings | 658,869 | 1,412,038 | 1,972,261 | 1,528,629 |
| Gain on disposal of capital assets | - | - | - | - |
| Transfers | 3,405,384 | 850,440 | 1,290,822 | (443,337) |
| Total business-type activities | <u>5,608,415</u> | <u>3,912,532</u> | <u>4,883,105</u> | <u>2,774,235</u> |
| Total primary government | <u>77,926,245</u> | <u>86,972,032</u> | <u>93,596,918</u> | <u>102,899,694</u> |
| Change in Net Position | | | | |
| Governmental activities | 2,776,795 | 24,478,312 | 10,871,991 | 18,908,846 |
| Business-type activities | <u>12,327,355</u> | <u>15,029,425</u> | <u>14,649,202</u> | <u>18,686,938</u> |
| Total primary government | <u>\$ 15,104,150</u> | <u>\$ 39,507,737</u> | <u>\$ 25,521,193</u> | <u>\$ 37,595,784</u> |

Source: Comprehensive Annual Financial Reports

Note: The City implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" in fiscal year 2014. Fiscal year 2013 amounts restated to conform to the new statement requirements.

Table II
(Continued)

| Fiscal Year | | | | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|--|--|--|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | | | | |
| \$ 36,167,550 | \$ 34,472,657 | \$ 43,094,944 | \$ 38,759,662 | \$ 40,713,824 | \$ 38,600,073 | | | | |
| 20,041,341 | 19,543,166 | 21,619,018 | 21,542,770 | 21,718,912 | 21,343,556 | | | | |
| 16,259,578 | 16,135,566 | 15,948,286 | 16,531,734 | 16,489,195 | 16,866,587 | | | | |
| 1,086,601 | 1,058,480 | 1,054,550 | 1,065,157 | 1,079,297 | 1,142,240 | | | | |
| 573,967 | 391,758 | 523,983 | 771,773 | 1,018,086 | 1,213,798 | | | | |
| 425,434 | 403,946 | 465,324 | 448,449 | 410,728 | 420,414 | | | | |
| 1,354,164 | 1,599,467 | 1,575,223 | 1,602,554 | 1,618,495 | 1,582,279 | | | | |
| 2,805,887 | 3,221,167 | 3,414,289 | 3,582,781 | 3,540,047 | 3,373,782 | | | | |
| 1,333,230 | 1,404,891 | 1,578,174 | 1,226,374 | 1,615,885 | 1,549,328 | | | | |
| 2,798,677 | 3,085,574 | 3,514,732 | 3,415,770 | 3,419,959 | 3,869,760 | | | | |
| 4,879,547 | 12,332,766 | 4,014,798 | 3,786,143 | 4,836,705 | 1,682,452 | | | | |
| <u>87,725,976</u> | <u>93,649,438</u> | <u>96,803,321</u> | <u>92,733,167</u> | <u>96,461,133</u> | <u>91,644,269</u> | | | | |
| <u>108,462,559</u> | <u>116,171,902</u> | <u>119,009,498</u> | <u>116,881,951</u> | <u>121,515,782</u> | <u>114,115,005</u> | | | | |
| (91,341,370) | (94,817,486) | (95,398,289) | (90,179,806) | (101,263,973) | (103,430,892) | | | | |
| 7,553,886 | 10,716,100 | 8,423,851 | 4,182,743 | 6,441,762 | 535,891 | | | | |
| <u>(83,787,484)</u> | <u>(84,101,386)</u> | <u>(86,974,438)</u> | <u>(85,997,063)</u> | <u>(94,822,211)</u> | <u>(102,895,001)</u> | | | | |
| 46,366,310 | 47,489,598 | 48,387,467 | 49,373,010 | 51,184,254 | 51,585,835 | | | | |
| 3,741,836 | 4,491,616 | 4,660,231 | 5,004,192 | 5,916,309 | 5,573,984 | | | | |
| 27,714,013 | 27,318,396 | 28,003,416 | 29,186,254 | 31,075,760 | 33,487,659 | | | | |
| 13,663,140 | 13,338,717 | 13,587,114 | 13,682,123 | 13,405,186 | 14,181,593 | | | | |
| 622,254 | 655,031 | 679,232 | 650,815 | 676,254 | 785,905 | | | | |
| 6,294,110 | 842,824 | 481,791 | 360,561 | 308,603 | 323,760 | | | | |
| 406,229 | 639,263 | 678,741 | 882,450 | 2,153,305 | 1,196,841 | | | | |
| - | - | - | 1,730,200 | 290,376 | 105,278 | | | | |
| 826,426 | (10,791,177) | (5,848,585) | (2,555,596) | 81,051 | 902,991 | | | | |
| <u>99,634,318</u> | <u>83,984,268</u> | <u>90,629,407</u> | <u>98,314,009</u> | <u>105,091,098</u> | <u>108,143,846</u> | | | | |
| 1,703,650 | 1,662,308 | 1,754,730 | 1,897,865 | 2,095,987 | 2,403,171 | | | | |
| 997,329 | 253,637 | 183,254 | 196,566 | 159,463 | 197,346 | | | | |
| 260,073 | - | - | - | - | - | | | | |
| (826,426) | 10,791,177 | 5,848,585 | 2,555,596 | (81,051) | (902,991) | | | | |
| <u>2,134,626</u> | <u>12,707,122</u> | <u>7,786,569</u> | <u>4,650,027</u> | <u>2,174,399</u> | <u>1,697,526</u> | | | | |
| <u>101,768,944</u> | <u>96,691,390</u> | <u>98,415,976</u> | <u>102,964,036</u> | <u>107,265,497</u> | <u>109,841,372</u> | | | | |
| 8,292,948 | (10,833,218) | (4,768,882) | 8,134,203 | 3,827,125 | 4,712,954 | | | | |
| 9,688,512 | 23,423,222 | 16,210,420 | 8,832,770 | 8,616,161 | 2,233,417 | | | | |
| <u>\$ 17,981,460</u> | <u>\$ 12,590,004</u> | <u>\$ 11,441,538</u> | <u>\$ 16,966,973</u> | <u>\$ 12,443,286</u> | <u>\$ 6,946,371</u> | | | | |

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

| | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Fund | | | | |
| Reserved: | | | | |
| Encumbrances | \$ 757,815 | \$ 1,279,527 | \$ 2,097,704 | \$ 1,050,106 |
| Real estate held for sale | 13,530 | 13,385 | 13,385 | 12,465 |
| Notes receivable | 23,239 | - | - | - |
| Advances to other funds | 320,408 | 448,695 | 738,726 | 735,178 |
| Court security/technology | - | - | - | - |
| Nonspendable: | | | | |
| Advances to other funds | - | - | - | - |
| Inventory | - | - | - | - |
| Real estate held for sale | - | - | - | - |
| Restricted for: | | | | |
| Municipal information equipment | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Public safety | - | - | - | - |
| Economic development | - | - | - | - |
| Committed to: | | | | |
| Economic development | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Assigned to: | | | | |
| Capital improvements | - | - | - | - |
| Economic development | - | - | - | - |
| Housing and community development | - | - | - | - |
| Public works | - | - | - | - |
| Public safety | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Other | - | - | - | - |
| Unreserved/Unassigned | <u>19,757,074</u> | <u>22,676,613</u> | <u>22,768,296</u> | <u>22,838,054</u> |
| Total general fund | <u>\$ 20,872,066</u> | <u>\$ 24,418,220</u> | <u>\$ 25,618,111</u> | <u>\$ 24,635,803</u> |

Table III

| Fiscal Year | | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | | 2014 | |
|-------------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|-------|
| \$ | 802,620 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| | 12,465 | | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - | | - |
| | 684,848 | | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - | | - |
| | - | | 625,559 | | 683,391 | | 48,388 | | - | | - | | - |
| | - | | 548,182 | | 529,830 | | 504,736 | | 536,785 | | 734,557 | | - |
| | - | | 6,160 | | 6,160 | | 6,160 | | 6,160 | | 6,160 | | 6,160 |
| | - | | 11,956 | | - | | 1,350 | | 636,993 | | 703,924 | | - |
| | - | | - | | - | | 365,900 | | 689,343 | | 918,377 | | - |
| | - | | - | | - | | - | | 377,841 | | 83,856 | | - |
| | - | | - | | - | | - | | 100,996 | | - | | - |
| | - | | 8,072,729 | | 8,394,212 | | 7,597,032 | | 8,719,518 | | 9,532,164 | | - |
| | - | | - | | 2,500,000 | | - | | - | | - | | - |
| | - | | 1,439,202 | | 2,061,231 | | 3,838,635 | | 9,073,859 | | 15,050,171 | | - |
| | - | | 1,549,117 | | 1,137,659 | | 2,810,428 | | 6,078,636 | | 3,048,263 | | - |
| | - | | 77,241 | | 1,040,666 | | 45,000 | | 25,000 | | 25,000 | | - |
| | - | | 31,773 | | - | | 14,942 | | 470,084 | | 4,677 | | - |
| | - | | 119,502 | | 297,238 | | 262,804 | | 10,173 | | 140,595 | | - |
| | - | | 476,209 | | 151,913 | | 47,622 | | 15,305 | | 16,230 | | - |
| | - | | 69,031 | | 67,868 | | 120,684 | | 124,312 | | 490,289 | | - |
| | 22,039,924 | | 18,215,089 | | 17,850,409 | | 21,984,507 | | 19,604,248 | | 21,043,396 | | - |
| \$ | <u>23,539,857</u> | \$ | <u>31,241,750</u> | \$ | <u>34,720,577</u> | \$ | <u>37,648,188</u> | \$ | <u>46,469,253</u> | \$ | <u>51,797,659</u> | | - |

(Continued)

City of Waco, Texas
Fund Balances of Governmental Funds
(Unaudited)
(Continued)

| | 2005 | 2006 | 2007 | 2008 |
|------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| All Other Governmental Funds: | | | | |
| Reserved: | | | | |
| Encumbrances | \$ 3,043,461 | \$ 7,982,460 | \$ 7,363,374 | \$ 12,140,585 |
| Real estate held for sale | 55,382 | 45,854 | 40,709 | 40,709 |
| Advances to other funds | 168,368 | 168,368 | 168,368 | 168,368 |
| Debt service | 637,719 | 603,424 | 708,377 | 781,972 |
| Purpose of trust | 474,042 | 474,054 | 469,481 | 465,585 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 10,036,529 | 10,774,251 | 14,609,945 | 15,176,240 |
| Capital projects funds | 9,267,574 | 8,833,830 | 73,358,427 | 73,414,437 |
| Nonspendable: | | | | |
| Parks and cemetery care | - | - | - | - |
| Real estate held for sale | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted for: | | | | |
| Debt service | - | - | - | - |
| Capital projects | - | - | - | - |
| Tax increment zone activities | - | - | - | - |
| Housing and community development | - | - | - | - |
| Public safety | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Waco Public Improvement District | - | - | - | - |
| Committed to: | | | | |
| Capital projects | - | - | - | - |
| Public health | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 23,683,075</u> | <u>\$ 28,882,241</u> | <u>\$ 96,718,681</u> | <u>\$ 102,187,896</u> |

Source: Comprehensive Annual Financial Reports

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal Year 2010 amounts restated to conform to the new statements requirements. The City implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" in fiscal year 2014. Fiscal year 2013 amounts restated to conform to the new statement requirements.

Table III
(Continued)

| Fiscal Year | | | | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2009 | 2010 | 2011 | 2012 |
| \$ 14,951,750 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,951,750 | \$ - | \$ - | \$ - |
| 40,709 | - | - | - | - | - | 40,709 | - | - | - |
| 168,368 | - | - | - | - | - | 168,368 | - | - | - |
| 677,027 | - | - | - | - | - | 677,027 | - | - | - |
| 472,768 | - | - | - | - | - | 472,768 | - | - | - |
| 18,236,909 | - | - | - | - | - | 18,236,909 | - | - | - |
| 64,550,113 | - | - | - | - | - | 64,550,113 | - | - | - |
| - | 473,362 | 474,415 | 475,431 | 477,891 | 478,848 | - | 473,362 | 474,415 | 475,431 |
| - | 40,709 | 40,061 | 40,061 | 40,061 | 40,061 | - | 40,709 | 40,061 | 40,061 |
| - | 168,368 | 168,368 | 168,368 | 168,368 | 168,368 | - | 168,368 | 168,368 | 168,368 |
| - | 460,001 | 373,263 | 230,130 | 238,053 | 185,902 | - | 460,001 | 373,263 | 230,130 |
| - | 47,889,104 | 38,873,017 | 23,348,990 | 15,531,634 | 11,828,967 | - | 47,889,104 | 38,873,017 | 23,348,990 |
| - | 9,856,300 | 12,411,165 | 14,565,233 | 10,960,465 | 10,891,785 | - | 9,856,300 | 12,411,165 | 14,565,233 |
| - | 161,094 | 175,114 | 193,495 | 2,676,979 | 2,333,652 | - | 161,094 | 175,114 | 193,495 |
| - | 1,565,589 | 1,439,842 | 2,314,311 | 1,831,495 | 1,406,274 | - | 1,565,589 | 1,439,842 | 2,314,311 |
| - | 524,529 | 1,186,432 | 1,194,942 | 755,434 | 1,302,930 | - | 524,529 | 1,186,432 | 1,194,942 |
| - | 347,093 | 413,153 | 520,765 | 611,577 | 645,008 | - | 347,093 | 413,153 | 520,765 |
| - | 810,525 | 860,764 | 1,140,169 | 1,275,085 | 2,413,913 | - | 810,525 | 860,764 | 1,140,169 |
| - | 232,377 | - | 157,585 | 351,412 | 561,880 | - | 232,377 | - | 157,585 |
| - | - | (97,276) | - | - | - | - | - | (97,276) | - |
| <u>\$ 99,097,644</u> | <u>\$ 62,529,051</u> | <u>\$ 56,318,318</u> | <u>\$ 44,349,480</u> | <u>\$ 34,918,454</u> | <u>\$ 32,257,588</u> | <u>\$ 99,097,644</u> | <u>\$ 62,529,051</u> | <u>\$ 56,318,318</u> | <u>\$ 44,349,480</u> |

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

| | 2005 | 2006 | 2007 | 2008 |
|---|-----------------------|---------------------|----------------------|---------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Sales | \$ 24,749,413 | \$ 26,694,323 | \$ 27,328,996 | \$ 28,077,887 |
| Property | 34,801,939 | 36,020,999 | 39,012,926 | 45,855,023 |
| Interest and penalty | 369,530 | 395,788 | 454,735 | 476,176 |
| Business and occupation fees | 12,128,817 | 13,484,567 | 12,985,974 | 13,997,454 |
| Permits, licenses and fees | 1,994,804 | 2,405,632 | 2,610,593 | 2,365,457 |
| Fines | 1,950,357 | 1,923,506 | 1,748,882 | 2,326,020 |
| Charges for services | 1,152,478 | 1,217,784 | 1,105,518 | 1,372,169 |
| Investment earnings | 3,014,075 | 5,862,173 | 8,581,097 | 10,019,870 |
| Contributions | 504,467 | 315,636 | 1,221,670 | 1,313,646 |
| Intergovernmental | 9,601,175 | 8,088,056 | 8,829,853 | 9,627,740 |
| Program income | 396,608 | 203,156 | 574,447 | 540,969 |
| Other | 5,659,249 | 6,961,060 | 7,370,079 | 7,731,057 |
| Total revenues | <u>96,322,912</u> | <u>103,572,680</u> | <u>111,824,770</u> | <u>123,703,468</u> |
| Expenditures: | | | | |
| General government | 15,170,622 | 16,093,920 | 15,460,289 | 20,398,112 |
| Public works | 1,636,867 | 2,172,354 | 2,027,118 | 3,294,892 |
| Public safety | 44,030,608 | 45,855,051 | 49,271,195 | 51,914,828 |
| Culture and recreation | 9,927,788 | 10,765,662 | 11,358,378 | 12,240,672 |
| Housing and community development | 4,586,655 | 2,722,490 | 3,910,039 | 3,808,125 |
| Public health | 5,799,035 | 6,169,752 | 6,826,015 | 6,494,336 |
| Capital outlay | 11,939,278 | 9,007,008 | 13,283,208 | 14,726,146 |
| Debt service: | | | | |
| Principal | 4,713,219 | 4,840,973 | 5,101,924 | 6,963,545 |
| Interest and fiscal charges | 2,176,840 | 2,127,921 | 2,139,412 | 4,725,942 |
| Bond issuance costs | 27,347 | 50,768 | 595,706 | 27,237 |
| Total expenditures | <u>100,008,259</u> | <u>99,805,899</u> | <u>109,973,284</u> | <u>124,593,835</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,685,347)</u> | <u>3,766,781</u> | <u>1,851,486</u> | <u>(890,367)</u> |
| Other financing sources (uses): | | | | |
| General obligation bonds issued | 3,515,000 | 4,705,000 | 66,380,000 | 3,775,000 |
| Refunding bonds issued | - | - | 5,220,000 | - |
| Capital leases | 219,811 | - | - | 189,395 |
| Premiums on general obligation bonds | 28,905 | 46,452 | 756,120 | 27,104 |
| Premiums on refunding bonds | - | - | - | - |
| Payments to refunded bond escrow agent | - | - | (5,207,616) | - |
| Transfers in | 11,447,928 | 12,326,533 | 16,522,025 | 20,307,345 |
| Transfer out | (13,574,775) | (12,099,446) | (16,485,684) | (18,921,570) |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>1,636,869</u> | <u>4,978,539</u> | <u>67,184,845</u> | <u>5,377,274</u> |
| Net change in fund balances | <u>\$ (2,048,478)</u> | <u>\$ 8,745,320</u> | <u>\$ 69,036,331</u> | <u>\$ 4,486,907</u> |
| Debt service as a percentage of noncapital expenditures | 7.54% | 7.51% | 7.17% | 10.65% |

Source: Comprehensive Annual Financial Reports

Note: The City implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" in fiscal year 2014. Fiscal year 2013 amounts restated to conform to the new statement requirements.

Table IV

| | | Fiscal Year | | | | | | | | | |
|----|--------------------|-------------|---------------------|------|---------------------|------|---------------------|----|--------------------|----|--------------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | | | | |
| \$ | 27,714,013 | \$ | 27,318,396 | \$ | 28,003,416 | \$ | 29,186,254 | \$ | 31,075,760 | \$ | 33,487,659 |
| | 49,627,810 | | 51,354,302 | | 52,587,053 | | 53,995,242 | | 57,093,126 | | 56,684,455 |
| | 468,021 | | 539,666 | | 545,059 | | 558,497 | | 864,693 | | 507,622 |
| | 13,663,140 | | 13,338,717 | | 13,587,115 | | 13,682,123 | | 13,405,186 | | 14,181,593 |
| | 2,023,919 | | 1,901,686 | | 1,682,153 | | 2,069,365 | | 2,361,710 | | 2,519,019 |
| | 2,188,574 | | 2,054,487 | | 1,815,418 | | 1,647,361 | | 1,915,904 | | 2,555,149 |
| | 1,545,120 | | 1,751,702 | | 1,779,213 | | 1,501,983 | | 1,643,861 | | 1,639,054 |
| | 6,066,254 | | 773,739 | | 440,229 | | 325,873 | | 285,712 | | 296,370 |
| | 2,147,972 | | 627,197 | | 350,827 | | 269,577 | | 504,130 | | 883,815 |
| | 9,795,311 | | 12,812,272 | | 11,001,361 | | 9,625,197 | | 10,888,461 | | 10,278,693 |
| | 244,575 | | 1,991,904 | | 521,371 | | 608,810 | | 297,998 | | 338,265 |
| | 7,781,494 | | 8,387,706 | | 8,832,941 | | 9,166,618 | | 10,327,351 | | 10,028,613 |
| | <u>123,266,203</u> | | <u>122,851,774</u> | | <u>121,146,156</u> | | <u>122,636,900</u> | | <u>130,663,892</u> | | <u>133,400,307</u> |
| | 20,828,176 | | 19,695,545 | | 18,067,565 | | 19,881,170 | | 27,395,172 | | 24,937,624 |
| | 1,969,524 | | 2,235,645 | | 2,753,649 | | 2,051,156 | | 3,214,854 | | 2,583,490 |
| | 54,260,356 | | 58,519,975 | | 56,363,026 | | 55,143,283 | | 60,765,347 | | 62,521,778 |
| | 13,173,083 | | 13,149,983 | | 12,932,267 | | 14,773,781 | | 12,792,566 | | 13,998,629 |
| | 3,600,810 | | 4,143,724 | | 3,321,373 | | 3,469,303 | | 3,088,943 | | 3,160,091 |
| | 6,799,722 | | 7,240,481 | | 7,155,606 | | 6,993,107 | | 7,271,899 | | 7,267,366 |
| | 17,592,890 | | 40,944,884 | | 20,198,033 | | 23,954,367 | | 14,814,436 | | 10,002,288 |
| | 7,144,536 | | 7,270,310 | | 6,967,663 | | 7,090,342 | | 5,912,954 | | 5,340,143 |
| | 4,604,103 | | 4,211,528 | | 4,192,140 | | 4,194,170 | | 3,946,312 | | 3,788,820 |
| | 58,014 | | 70,242 | | 500 | | 68,981 | | 35,891 | | 26,107 |
| | <u>130,031,214</u> | | <u>157,482,317</u> | | <u>131,951,822</u> | | <u>137,619,660</u> | | <u>139,238,374</u> | | <u>133,626,336</u> |
| | <u>(6,765,011)</u> | | <u>(34,630,543)</u> | | <u>(10,805,666)</u> | | <u>(14,982,760)</u> | | <u>(8,574,482)</u> | | <u>(226,029)</u> |
| | - | | 4,925,000 | | 7,285,000 | | 3,480,000 | | 2,175,000 | | 1,645,000 |
| | 5,802,122 | | 2,900,000 | | - | | 6,465,000 | | 1,700,000 | | - |
| | - | | - | | - | | 145,351 | | - | | - |
| | 115,070 | | 29,024 | | 54,583 | | 10,594 | | 168,544 | | 59,040 |
| | - | | 202,379 | | - | | 792,695 | | 316,832 | | - |
| | (5,950,970) | | (3,093,588) | | - | | (7,243,886) | | (1,999,938) | | - |
| | 16,106,280 | | 13,394,260 | | 12,781,678 | | 15,015,607 | | 14,935,710 | | 17,504,831 |
| | (13,768,171) | | (12,593,232) | | (12,047,501) | | (14,513,914) | | (13,145,858) | | (16,420,580) |
| | - | | - | | - | | 1,790,086 | | 290,376 | | 105,278 |
| | <u>2,304,331</u> | | <u>5,763,843</u> | | <u>8,073,760</u> | | <u>5,941,533</u> | | <u>4,440,666</u> | | <u>2,893,569</u> |
| \$ | <u>(4,460,680)</u> | \$ | <u>(28,866,700)</u> | \$ | <u>(2,731,906)</u> | \$ | <u>(9,041,227)</u> | \$ | <u>(4,133,816)</u> | \$ | <u>2,667,540</u> |
| | 10.24% | | 8.87% | | 9.28% | | 9.85% | | 7.94% | | 7.49% |

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

| Category | Fiscal Year | | | |
|--|-------------------------|----------------------|-------------------------|-------------------------|
| | 2014 | 2013 | 2012 | 2011 |
| Real - residential single family | \$ 3,193,078,012 | 3,145,755,030 | \$ 2,964,790,976 | \$ 2,899,061,978 |
| Real - residential multi-family | 552,903,404 | 540,947,926 | 530,246,728 | 527,542,939 |
| Real - platted lots & residential inventory | 185,737,380 | 161,765,042 | 159,734,533 | 158,194,756 |
| Real - acreage, land only | 66,466,703 | 73,968,631 | 73,351,221 | 72,134,192 |
| Real - improved farm & ranch | 28,871,288 | 18,486,406 | 19,298,600 | 19,050,487 |
| Real - commercial & industrial | 1,885,152,286 | 1,839,811,136 | 1,820,432,553 | 1,769,330,218 |
| Real and tangible personal - utilities | 147,349,253 | 140,452,424 | 138,700,708 | 142,912,428 |
| Tangible personal - business | 1,674,043,041 | 1,667,295,558 | 1,566,759,638 | 1,473,384,230 |
| Tangible personal - other | <u>2,328,520</u> | <u>2,236,139</u> | <u>2,442,607</u> | <u>2,054,003</u> |
| Total market value | 7,735,929,887 | 7,590,718,292 | 7,275,757,564 | 7,063,665,231 |
| Less total exemptions | <u>927,340,793</u> | <u>938,850,655</u> | <u>829,201,392</u> | <u>783,127,564</u> |
| Taxable assessed value | <u>\$ 6,808,589,094</u> | <u>6,651,867,637</u> | <u>\$ 6,446,556,172</u> | <u>\$ 6,280,537,667</u> |
| Total direct tax rate per \$100 of taxable assessed value | <u>\$ 0.776232</u> | <u>0.786232</u> | <u>\$ 0.786232</u> | <u>\$ 0.786232</u> |
| Estimated actual taxable value | <u>\$ 7,735,929,887</u> | <u>7,590,718,292</u> | <u>\$ 7,275,757,564</u> | <u>\$ 7,063,665,231</u> |
| Taxable assessed value as a percentage of actual taxable value | 88.0% | 87.6% | 88.6% | 88.9% |

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

Table V

| Fiscal Year | | | | | | |
|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ | 2,831,728,139 | \$ 2,786,526,338 | \$ 2,525,731,582 | \$ 2,371,733,450 | \$ 2,186,456,501 | \$ 2,086,818,247 |
| | 506,927,890 | 481,461,020 | 450,937,111 | 414,909,141 | 369,875,756 | 361,093,107 |
| | 166,731,693 | 159,010,177 | 140,742,891 | 121,598,228 | 125,387,077 | 103,260,164 |
| | 61,537,818 | 52,701,391 | 47,734,843 | 46,911,329 | 44,640,849 | 42,225,809 |
| | 18,251,255 | 16,724,697 | 16,424,746 | 15,467,787 | 14,578,466 | 10,706,413 |
| | 1,712,740,259 | 1,590,177,832 | 1,465,906,212 | 1,352,880,299 | 1,281,485,269 | 1,238,569,331 |
| | 147,985,807 | 138,718,155 | 157,931,476 | 159,458,452 | 172,733,873 | 178,806,710 |
| | 1,458,577,289 | 1,393,542,226 | 1,318,022,800 | 1,339,092,276 | 1,250,564,002 | 1,273,477,380 |
| | <u>2,329,066</u> | <u>2,488,121</u> | <u>2,423,748</u> | <u>2,353,642</u> | <u>2,404,672</u> | <u>2,450,748</u> |
| | 6,906,809,216 | 6,621,349,957 | 6,125,855,409 | 5,824,404,604 | 5,448,126,465 | 5,297,407,909 |
| | <u>732,167,475</u> | <u>611,165,570</u> | <u>519,979,729</u> | <u>519,150,265</u> | <u>500,998,434</u> | <u>519,431,733</u> |
| \$ | <u>6,174,641,741</u> | <u>6,010,184,387</u> | <u>5,605,875,680</u> | <u>5,305,254,339</u> | <u>4,947,128,031</u> | <u>4,777,976,176</u> |
| \$ | <u>0.786232</u> | <u>0.786232</u> | <u>0.786232</u> | <u>0.699700</u> | <u>0.699700</u> | <u>0.699700</u> |
| \$ | <u>6,906,809,216</u> | <u>6,621,349,957</u> | <u>6,125,855,409</u> | <u>5,824,404,604</u> | <u>5,448,126,465</u> | <u>5,297,407,909</u> |
| | 89.4% | 90.8% | 91.5% | 91.1% | 90.8% | 90.2% |

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

| Fiscal Year | City Direct Rates | | | Waco | China Spring | LaVega | McLennan |
|-------------|-----------------------|-----------------|-----------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| | Operating/ General | Debt Service | Total Direct | Independent School District | Independent School District | Independent School District | Community College |
| 2005 | 0.563385 | 0.136315 | 0.699700 | 1.538329 | 1.537990 | 1.720000 | 0.126046 |
| 2006 | 0.566294 | 0.133406 | 0.699700 | 1.564000 | 1.590000 | 1.692500 | 0.121076 |
| 2007 | 0.570007 | 0.129693 | 0.699700 | 1.443810 | 1.459534 | 1.536607 | 0.120362 |
| 2008 | 0.580229 | 0.206003 | 0.786232 | 1.162050 | 1.450000 | 1.205920 | 0.153002 |
| 2009 | 0.592848 | 0.193384 | 0.786232 | 1.359149 | 1.429637 | 1.182827 | 0.151134 |
| 2010 | 0.603720 | 0.182512 | 0.786232 | 1.366350 | 1.437240 | 1.238915 | 0.156332 |
| 2011 | 0.611239 | 0.174993 | 0.786232 | 1.364750 | 1.407000 | 1.365000 | 0.156306 |
| 2012 | 0.613251 | 0.172981 | 0.786232 | 1.360998 | 1.411400 | 1.365000 | 0.152823 |
| 2013 | 0.637434 | 0.148798 | 0.786232 | 1.355180 | 1.374402 | 1.420000 | 0.151530 |
| 2014 | 0.639191 | 0.137041 | 0.776232 | 1.354800 | 1.540000 | 1.420000 | 0.151530 |

Note: A typical property tax bill would consist of City, school district, community college, and county taxes.

Source: McLennan County Appraisal District

Table VI

| Overlapping Rates | | | | | | |
|--------------------|---|---|--|---|---|---|
| McLennan County | Connally Independent School District | Midway Independent School District | Bosqueville Independent School District | Lorena Independent School District | Robinson Independent School District | McGregor Independent School District |
| 0.444900 | 1.646961 | 1.622000 | 1.492075 | 1.754570 | 1.651000 | 1.650000 |
| 0.459900 | 1.652470 | 1.622000 | 1.530088 | 1.700000 | 1.627499 | 1.650000 |
| 0.440000 | 1.511801 | 1.506500 | 1.419765 | 1.581534 | 1.510902 | 1.521100 |
| 0.452900 | 1.280000 | 1.290000 | 1.274290 | 1.248406 | 1.175132 | 1.190000 |
| 0.450500 | 1.230000 | 1.320000 | 1.561346 | 1.247370 | 1.180000 | 1.210000 |
| 0.443100 | 1.270000 | 1.320000 | 1.555070 | 1.247450 | 1.316000 | 1.190000 |
| 0.442710 | 1.288824 | 1.320000 | 1.545259 | 1.270000 | 1.315000 | 1.190000 |
| 0.442710 | 1.281105 | 1.320000 | 1.537596 | 1.290000 | 1.315000 | 1.190000 |
| 0.460573 | 1.269091 | 1.320000 | 1.478460 | 1.310000 | 1.315000 | 1.185000 |
| 0.535293 | 1.265653 | 1.320000 | 1.487914 | 1.620000 | 1.315000 | 1.355000 |

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

Fiscal year 2014

| <u>Taxpayers</u> | <u>Taxable Assessed Value</u> | <u>Percentage of Total Taxable Assessed Valuation</u> |
|--|---------------------------------------|---|
| Mars Snackfood US L.L.C. | \$ 103,795,262 | 1.52 % |
| Coca Cola Company | 96,860,763 | 1.42 % |
| L-3 Communications Integrated Systems L.P. | 71,799,400 | 1.05 % |
| Allergan, Inc. | 58,204,368 | 0.85 % |
| Oncor Electric Delivery Co. | 54,429,317 | 0.80 % |
| Inland Western Waco Central, L.P. | 50,721,180 | 0.74 % |
| CBL/Richland Mall, L.P. | 41,630,350 | 0.61 % |
| Caterpillar Logistics Services, Inc. | 40,554,157 | 0.00 % |
| Associated Hygienic Products, L.L.C. | 39,385,892 | 0.60 % |
| Sherwin Williams Co. Inc. | <u>33,845,918</u> | <u>0.50 %</u> |
| Total | \$ <u><u>591,226,607</u></u> | <u><u>8.68 %</u></u> |

Source: McLennan County Appraisal District

Table VII

| Fiscal Year 2005 | | |
|---------------------------------|------------------------------|---|
| Taxpayers | Taxable Assessed Value | Percentage of Total Taxable Assessed Valuation |
| MasterFoods USA (M & M Mars) | \$ 75,149,868 | 1.52 % |
| Coca Cola Company | 49,526,616 | 1.00 % |
| TXU Electric Delivery Co. | 48,701,790 | 0.98 % |
| AIG Baker Waco, L.L.C. | 43,792,699 | 0.89 % |
| CBL/Richland Mall, L.P. | 35,842,184 | 0.72 % |
| Southwestern Bell Telephone Co. | 35,399,280 | 0.72 % |
| Pilgrim's Pride Corp. | 31,280,364 | 0.63 % |
| L3 Communications | 30,405,613 | 0.61 % |
| Allergan, Inc. | 30,390,634 | 0.61 % |
| Owens-Brockway Glass | 29,892,115 | 0.60 % |
| Total | \$ 410,381,163 | 8.28 % |

City of Waco, Texas
Property Tax Levies and Collections
(Unaudited)
Last Eight Fiscal Years

| <u>Fiscal Year</u> | <u>Tax Levy for City Operations and Debt</u> | <u>City Tax Levy for Tax Increment Financing</u> | <u>Total Tax Levy for Fiscal Year</u> | <u>Adjustments to Levy in Subsequent Years</u> |
|--------------------|--|--|---|--|
| 2007 | 36,481,122 | 640,192 | 37,121,314 | (231,944) |
| 2008 | 43,188,911 | 886,276 | 44,075,187 | (125,838) |
| 2009 | 46,270,500 | 1,268,052 | 47,538,552 | (452,970) |
| 2010 | 47,639,260 | 1,261,899 | 48,901,159 | (640,299) |
| 2011 | 48,078,029 | 1,247,577 | 49,325,606 | (113,485) |
| 2012 | 49,428,253 | 1,516,082 | 50,944,335 | (484,715) |
| 2013 | 50,896,824 | 1,541,926 | 52,438,750 | (200,329) |
| 2014 | 51,208,846 | 1,582,983 | 52,791,829 | (2,346) |

Note: Information not available before fiscal year 2007.

Source: McLennan County Tax Office

Table VIII

| Adjusted Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Delinquent Tax Collections | Total Collections | |
|---|---|-----------------------------------|----------------------------------|-------------------|-----------------------------------|
| | Amount | Percentage of Adjusted Levy | | Amount | Percentage of Adjusted Levy |
| 36,889,370 | 36,345,526 | 98.53 | 439,347 | 36,784,873 | 99.72 |
| 43,949,349 | 43,320,216 | 98.57 | 497,007 | 43,817,223 | 99.70 |
| 47,085,582 | 46,373,974 | 98.49 | 554,462 | 46,928,436 | 99.67 |
| 48,260,860 | 47,367,935 | 98.15 | 685,415 | 48,053,350 | 99.57 |
| 49,212,121 | 48,312,012 | 98.17 | 700,102 | 49,012,114 | 99.59 |
| 50,459,620 | 49,634,551 | 98.36 | 573,831 | 50,208,382 | 99.50 |
| 52,238,421 | 51,511,537 | 98.61 | 345,915 | 51,857,452 | 99.27 |
| 52,789,483 | 52,019,615 | 98.54 | - | 52,019,615 | 98.54 |

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

| Fiscal Year | Governmental Activities | | | Business- |
|----------------|------------------------------------|-------------------|------------------------------------|--------------------------------|
| | General Obligation Bonds (1) | Capital Leases | General Obligation Bonds (2) | General Obligation Bonds |
| 2005 | 47,082,218 | 1,194,166 | 2,381,013 | 177,192,698 |
| 2006 | 46,399,578 | 877,926 | 3,105,010 | 197,058,619 |
| 2007 | 108,842,854 | 547,669 | 2,773,546 | 249,410,055 |
| 2008 | 106,052,032 | 469,757 | 2,405,819 | 248,087,985 |
| 2009 | 99,232,249 | 128,270 | 2,022,392 | 235,015,348 |
| 2010 | 97,278,450 | 65,154 | 1,631,012 | 232,934,268 |
| 2011 | 98,019,198 | - | 1,224,455 | 220,721,649 |
| 2012 | 94,657,316 | 109,814 | 813,366 | 207,205,507 |
| 2013 | 91,155,603 | 61,608 | 615,000 | 228,080,781 |
| 2014 | 87,989,551 | 12,443 | 550,000 | 223,017,008 |

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

Note 2: Personal income information is not available at the City level. In lieu of this ratio, the percentage of total debt to actual taxable value of property is provided.

- (1) Presented net of original issuance discounts and premiums.
- (2) General obligation bonds payable from tax increment financing sources.
- (3) See Table V for property value data.

Source: Estimated population provided by the City of Waco Planning Office.

Table IX

| <u>Type Activities</u> | <u>Total Primary Government</u> | <u>Percentage of Actual Taxable Value of Property (3)</u> | <u>Population of City</u> | <u>Per Capita</u> |
|------------------------|---|---|-------------------------------|-------------------|
| Notes Payable | | | | |
| 17,431,215 | 245,281,310 | 5.11% | 119,136 | 2,059 |
| 17,378,150 | 264,819,283 | 5.33% | 120,249 | 2,202 |
| 17,326,901 | 378,901,025 | 7.14% | 121,372 | 3,122 |
| 17,273,375 | 374,288,968 | 6.68% | 122,506 | 3,055 |
| 17,217,472 | 353,615,731 | 5.88% | 123,650 | 2,860 |
| 17,159,087 | 349,067,971 | 5.65% | 124,805 | 2,797 |
| 17,098,108 | 337,063,410 | 5.37% | 125,971 | 2,676 |
| 17,034,421 | 319,820,424 | 4.96% | 127,018 | 2,518 |
| 1,967,906 | 321,880,898 | 4.84% | 128,125 | 2,512 |
| 1,898,437 | 313,467,439 | 4.60% | 129,241 | 2,425 |

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

| Fiscal Year | General Bonded Debt Outstanding (1) | Less: Amounts Available in Debt Service Fund | Total | Percentage of Actual Taxable Value of Property (2) | Population of City (3) | Per Capita |
|----------------|--|---|-------------|---|---------------------------|---------------|
| 2005 | 226,655,929 | 597,513 | 226,058,416 | 4.73% | 119,136 | 1,897 |
| 2006 | 246,563,207 | 532,768 | 246,030,439 | 4.97% | 120,249 | 2,046 |
| 2007 | 361,026,455 | 58,321 | 360,968,134 | 6.80% | 121,372 | 2,974 |
| 2008 | 356,545,836 | 355,119 | 356,190,717 | 6.35% | 122,506 | 2,908 |
| 2009 | 336,269,989 | 403,845 | 335,866,144 | 5.59% | 123,650 | 2,716 |
| 2010 | 331,843,730 | 183,371 | 331,660,359 | 5.37% | 124,805 | 2,657 |
| 2011 | 319,965,302 | 49,695 | 319,915,607 | 5.09% | 125,971 | 2,540 |
| 2012 | 302,676,189 | 33,913 | 302,642,276 | 4.69% | 127,018 | 2,383 |
| 2013 | 319,851,384 | - | 319,851,384 | 4.76% | 128,125 | 2,496 |
| 2014 | 311,556,559 | - | 311,556,559 | 4.58% | 129,241 | 2,411 |

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

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

(2) See Table V for property value data.

(3) See Table IX for population data.

City of Waco, Texas
Direct and Overlapping Governmental Activities Debt
(Unaudited)
September 30, 2014

| Taxing Authority | Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Debt Overlapping Debt |
|--|-----------------------|---|---|
| Debt repaid with property taxes: | | | |
| Waco Independent School District | \$ 182,800,000 | 93.15% | \$ 170,278,200 |
| Bosqueville Independent School District | 9,757,946 | 72.98% | 7,121,349 |
| McLennan Community College | 73,605,000 | 58.70% | 43,206,135 |
| McLennan County | 18,250,000 | 58.70% | 10,712,750 |
| Midway Independent School District | 113,324,179 | 50.62% | 57,364,699 |
| LaVega Independent School District | 44,197,162 | 34.40% | 15,203,824 |
| China Spring Independent School District | 45,505,000 | 39.11% | 17,797,006 |
| Connally Independent School District | 19,190,000 | 18.92% | 3,630,748 |
| Lorena Independent School District | 32,339,474 | 2.18% | 705,001 |
| McGregor Independent School District | 23,893,775 | 0.11% | 26,283 |
| Subtotal, overlapping debt | <u>\$ 562,862,536</u> | | <u>\$ 326,045,995</u> |
| City direct debt: | | | |
| City of Waco direct debt | \$ 87,989,551 | 100.00% | \$ 87,989,551 |
| Tax increment financing | 550,000 | 100.00% | 550,000 |
| Capital lease | 12,443 | 100.00% | 12,443 |
| Subtotal, direct debt | <u>\$ 88,551,994</u> | | <u>\$ 88,551,994</u> |
| Total direct and overlapping debt | <u>\$ 651,414,530</u> | | <u>\$ 414,597,989</u> |

(1) The percentage of overlapping debt applicable is estimated using taxable assessed values that were obtained from the McLennan County Appraisal District. Applicable percentages were estimated by determining the portion of the taxing authorities' taxable assessed values that are within the City's boundaries and dividing it by the taxing authorities' total taxable assessed values.

Sources: McLennan County Appraisal District and the Municipal Advisory Council of Texas as of September 30, 2014.

City of Waco, Texas
Pledged-Revenue Coverage
(Unaudited)
Last Ten Fiscal Years

| Fiscal Year | | Gross Revenue (1) | Less: Operating Expenses (2) | Water and Net Revenue Available for Debt Service |
|-------------|-----|----------------------|------------------------------------|---|
| 2005 | (4) | 42,124,066 | 25,542,969 | 16,581,097 |
| 2006 | (4) | 51,317,327 | 26,451,840 | 24,865,487 |
| 2007 | (4) | 50,713,887 | 28,314,942 | 22,398,945 |
| 2008 | (4) | 56,859,579 | 29,823,743 | 27,035,836 |
| 2009 | (4) | 57,350,687 | 33,138,169 | 24,212,518 |
| 2010 | (4) | 54,797,775 | 34,602,793 | 20,194,982 |
| 2011 | (4) | 65,111,936 | 34,030,334 | 31,081,602 |
| 2012 | (4) | 60,733,168 | 32,836,116 | 27,897,052 |
| 2013 | (4) | 62,795,257 | 34,036,064 | 28,759,193 |
| 2014 | (4) | 60,346,778 | 35,497,646 | 24,849,132 |

(1) Total revenue including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of general obligation bonds reported in the water and wastewater funds.

(4) Although City has no outstanding revenue bonds, a limited pledge (not to exceed \$1,000) of surplus revenues of the City's water and wastewater system is used for security for certificates of obligation.

Source: Comprehensive Annual Financial Reports

Table XII

Wastewater Funds

| Debt Service Requirements (3) | | | Coverage |
|-------------------------------|------------|------------|----------|
| Principal | Interest | Total | |
| 7,562,502 | 6,358,383 | 13,920,885 | 1.19 % |
| 8,677,542 | 8,270,663 | 16,948,205 | 1.47 % |
| 8,679,361 | 9,399,337 | 18,078,698 | 1.24 % |
| 9,779,139 | 11,912,439 | 21,691,578 | 1.25 % |
| 11,180,464 | 10,895,340 | 22,075,804 | 1.10 % |
| 11,444,691 | 10,469,188 | 21,913,879 | 0.92 % |
| 10,997,337 | 10,431,335 | 21,428,672 | 1.45 % |
| 11,614,658 | 10,078,055 | 21,692,713 | 1.29 % |
| 11,067,045 | 9,203,092 | 20,270,137 | 1.42 % |
| 10,699,857 | 8,698,336 | 19,398,193 | 1.28 % |



City of Waco, Texas
Demographic and Economic Statistics
(Unaudited)
Last Ten Fiscal Years

| Fiscal Year | Waco Metropolitan Statistical Area (MSA) Population | Waco MSA Personal Income (thousands of dollars) | Waco MSA Per Capita Personal Income | Median Age | Unemployment Rate |
|----------------|---|---|---|---------------|----------------------|
| 2005 | 240,784 | 6,604,554 | 27,429 | 29.0 | 5.0% |
| 2006 | 242,397 | 6,990,038 | 28,837 | 26.8 | 4.8% |
| 2007 | 244,453 | 7,386,981 | 30,218 | 28.0 | 4.3% |
| 2008 | 246,735 | 7,776,891 | 31,519 | 27.6 | 4.6% |
| 2009 | 249,441 | 7,919,379 | 31,749 | 25.3 | 6.7% |
| 2010 | 253,855 | 8,343,574 | 32,867 | 28.2 | 7.2% |
| 2011 | 255,757 | 8,649,339 | 33,819 | 28.4 | 7.4% |
| 2012 | 257,148 | 9,142,094 | 35,552 | 29.3 | 6.5% |
| 2013 | 258,974 | 9,302,993 | 35,922 | 27.7 | 6.1% |
| 2014 | N/A | N/A | N/A | N/A | 4.7% |

N/A Not available

Sources: Estimated population and personal income information provided by the Bureau of Economic Analysis' Interactive Data application. Personal income information not available at the City level. Median age provided by the 2010 U.S. Census and the 2005 through 2009 and 2011 through 2013 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2014 rate is as of October.

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

| 2014 | | |
|------------------------------------|-----------|---|
| Employer | Employees | Percentage of Total City Employment |
| Baylor University | 2,675 | 2.35 % |
| Waco Independent School District | 2,500 | 2.19 % |
| Providence Healthcare Network | 2,397 | 2.10 % |
| L-3 Communications | 2,300 | 2.02 % |
| Hillcrest Health System | 1,800 | 1.58 % |
| Wal-Mart Stores | 1,656 | 1.45 % |
| City of Waco | 1,506 | 1.32 % |
| H.E.B. Stores | 1,500 | 1.32 % |
| Midway Independent School District | 1,067 | 0.94 % |
| Sanderson Farms, Inc. | 1,041 | 0.91 % |
| | | |
| Total | 18,442 | 16.18 % |

N/A Not available

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

Table XIV

| 2005 | | |
|----------------------------------|-------------------|--|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage of Total City Employment</u> |
| Baylor University | over 1,000 | N/A |
| City of Waco | over 1,000 | N/A |
| HEB Food Stores | over 1,000 | N/A |
| Hillcrest Baptist Medical Center | over 1,000 | N/A |
| Providence Health Systems | over 1,000 | N/A |
| L3 Communications | over 1,000 | N/A |
| Waco Independent School District | over 1,000 | N/A |
| Wal-Mart Stores, Inc. | over 1,000 | N/A |
| Cargill Foods, Inc. | over 1,000 | N/A |
| Dealers Electric Supply | over 700 | N/A |
| | <hr/> | <hr/> |
| Total | <u><u>N/A</u></u> | |

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

| Function: | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| General Government | 127.58 | 128.58 | 129.68 | 132.36 |
| Public Works | 57.44 | 59.00 | 59.00 | 59.00 |
| Public Safety | 564.08 | 580.40 | 603.48 | 602.13 |
| Culture and Recreation | 186.95 | 183.12 | 187.38 | 186.65 |
| Housing and Community Development | 22.36 | 23.04 | 18.60 | 18.75 |
| Public Health | 84.42 | 86.54 | 90.60 | 82.93 |
| Water | 116.25 | 114.00 | 114.00 | 117.00 |
| Wastewater/WMARSS | 65.25 | 67.50 | 68.50 | 68.75 |
| Solid Waste | 96.50 | 97.00 | 99.00 | 98.00 |
| Airport | 13.76 | 11.90 | 12.52 | 16.40 |
| Convention Services | 33.95 | 35.45 | 36.13 | 36.13 |
| Ranger Hall of Fame | 12.70 | 12.88 | 13.50 | 14.50 |
| Cameron Park Zoo | 39.99 | 45.85 | 45.85 | 51.29 |
| Cottonwood Creek Golf Course | 22.34 | 22.34 | 15.96 | 15.96 |
| Insurance/Risk Management | 6.00 | 6.75 | 7.00 | 7.00 |
| Engineering | 27.38 | 27.38 | 26.38 | 26.00 |
| Fleet Services | 24.00 | 24.00 | 24.00 | 25.00 |
| Total | 1,500.95 | 1,525.73 | 1,551.58 | 1,557.85 |

General Government:

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

Public Works

Streets and Street Reconstruction

Public Safety

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

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Neighborhoods, Community Development

Source: City of Waco Budget Office

Table XV

| Fiscal Year | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 132.46 | 132.23 | 128.73 | 129.26 | 142.78 | 144.80 |
| 60.00 | 60.00 | 58.00 | 56.00 | 59.00 | 59.00 |
| 601.98 | 608.01 | 605.93 | 603.43 | 604.75 | 610.25 |
| 184.11 | 197.73 | 196.31 | 189.18 | 185.45 | 185.45 |
| 18.90 | 19.50 | 22.45 | 20.18 | 19.48 | 19.48 |
| 83.93 | 83.60 | 86.75 | 86.55 | 82.55 | 83.00 |
| 120.25 | 124.25 | 122.75 | 122.25 | 126.25 | 125.25 |
| 68.75 | 68.75 | 69.25 | 68.75 | 71.75 | 72.75 |
| 101.50 | 101.50 | 103.00 | 101.00 | 99.00 | 96.00 |
| 16.40 | 15.02 | 13.77 | 13.77 | 13.77 | 13.77 |
| 34.88 | 35.88 | 34.38 | 33.63 | 33.20 | 35.71 |
| 15.50 | 15.50 | 15.50 | 15.50 | 15.50 | 15.50 |
| 52.28 | 51.41 | 51.16 | 51.16 | 51.11 | 51.10 |
| 15.96 | 15.96 | 15.96 | 15.96 | 15.96 | 13.00 |
| 7.00 | 7.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| 26.00 | 25.00 | 24.00 | 24.00 | 24.00 | 24.00 |
| 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 27.00 |
| <u>1,564.90</u> | <u>1,586.34</u> | <u>1,580.94</u> | <u>1,563.62</u> | <u>1,577.55</u> | <u>1,584.06</u> |

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

| Function: | 2005 | 2006 | 2007 |
|--|------------|------------|------------|
| Public Safety | | | |
| Police | | | |
| Number of Sworn Employees - Budgeted | 232 | 238 | 245 |
| Number of Traffic Citations | 9,650 | 9,712 | 13,289 |
| Number of Class "C" Citations | 2,041 | 2,195 | 2,558 |
| Calls Dispatched | 126,805 | 122,450 | 121,633 |
| Fire | | | |
| Number of Sworn Employees - Budgeted | 180 | 186 | 192 |
| Number of Fire Responses | 9,364 | 9,452 | 10,140 |
| Public Works | | | |
| Street Resurfacing (miles) | 13.62 | 40.30 | 33.61 |
| Culture and Recreation | | | |
| Parks and Recreation | | | |
| Number of Teams in Athletic Leagues | 464 | 479 | 424 |
| Number of Participants in Track/Field Events | 283 | 309 | 350 |
| Number of Participants in After School | 2,295 | 2,348 | 2,292 |
| Library | | | |
| Volumes in Collection | 301,329 | 300,252 | 305,652 |
| E-books Available to Public | N/A | 28,290 | 30,319 |
| Water | | | |
| Number of Water Connections | 42,957 | 44,928 | 41,623 |
| Average Daily Water Consumption (gallons) | 23,330,910 | 26,590,842 | 22,681,919 |
| Maximum Storage Capacity (gallons) | 36,990,000 | 42,143,000 | 42,143,000 |
| Solid Waste (Residential) | | | |
| Refuse Collected (tons) | 26,270 | 23,799 | 25,812 |
| Bulky/Brush Pickups (tons) | 6,339 | 5,703 | 6,496 |
| Recyclables Collected (tons) | 1,473 | 1,599 | 1,685 |
| Golf Course | | | |
| Number of Paid Rounds Played | 49,245 | 50,025 | 46,949 |

N/A Not available

Source: City of Waco Departments

Table XVI

| Fiscal Year | | | | | | | |
|-------------|------------|------------|------------|------------|------------|------------|--|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| 245 | 245 | 245 | 245 | 245 | 246 | 247 | |
| 23,212 | 17,804 | 16,556 | 9,676 | 9,632 | 14,439 | 21,995 | |
| 3,404 | 3,790 | 2,805 | 2,413 | 2,793 | 3,203 | 3,042 | |
| 116,442 | 111,717 | 107,825 | 106,233 | 109,216 | 113,593 | 109,718 | |
| 192 | 192 | 195 | 195 | 195 | 195 | 201 | |
| 10,089 | 9,537 | 9,383 | 9,257 | 9,657 | 9,565 | 8,893 | |
| 7.25 | 9.82 | 7.98 | 9.60 | 11.50 | 25.20 | 18.33 | |
| 440 | 383 | 365 | 353 | 359 | 330 | 320 | |
| 247 | 258 | 262 | 292 | 210 | 305 | 340 | |
| 2,671 | 3,560 | 3,478 | 3,586 | 3,758 | 4,060 | 4,391 | |
| 319,754 | 331,791 | 338,316 | 309,439 | 313,596 | 318,633 | 331,674 | |
| 30,899 | 31,245 | 30,962 | 28,321 | 36,609 | 36,664 | 38,994 | |
| 41,752 | 42,391 | 42,722 | 43,078 | 43,297 | 44,336 | 44,912 | |
| 28,009,000 | 28,671,000 | 26,221,000 | 32,351,000 | 28,107,000 | 28,920,000 | 24,035,699 | |
| 42,143,000 | 42,143,000 | 42,143,000 | 42,143,000 | 42,143,000 | 42,143,000 | 42,143,000 | |
| 45,572 | 45,138 | 47,658 | 47,512 | 51,257 | 52,890 | 54,477 | |
| 5,162 | 5,614 | 6,452 | 6,956 | 7,940 | 5,847 | 7,381 | |
| 2,415 | 2,898 | 2,859 | 2,580 | 2,619 | 3,011 | 3,302 | |
| 45,581 | 44,306 | 36,838 | 42,824 | 34,760 | 39,894 | 38,232 | |

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

| Function: | 2005 | 2006 | 2007 |
|---|----------|----------|----------|
| Public safety | | | |
| Police: | | | |
| Stations | 1 | 1 | 1 |
| Staffed substations | 3 | 3 | 3 |
| Patrol units - equipped for arrest use | 65 | 65 | 65 |
| Fire stations | 12 | 14 | 14 |
| Highways and streets | | | |
| Streets - paved (miles) | 559 | 569 | 587 |
| Streetlights - City-owned | 2,339 | 2,350 | 2,198 |
| Streetlights - Leased | 6,157 | 6,236 | 6,743 |
| Traffic control signals | 195 | 196 | 195 |
| Traffic beacons and flashers | 95 | 98 | 101 |
| Culture and recreation | | | |
| Parks acreage | 1,202.07 | 1,234.99 | 1,234.99 |
| Parks | 43 | 44 | 44 |
| Swimming pools | 2 | 2 | 2 |
| Tennis courts | 44 | 44 | 44 |
| Community centers | 3 | 3 | 3 |
| Water | | | |
| Water mains (miles) | 847 | 847 | 775 |
| Fire hydrants | 3,331 | 3,486 | 4,650 |
| Maximum daily capacity (thousands of gallons) | 66,000 | 66,000 | 66,000 |
| Wastewater | | | |
| Sanitary sewers (miles) | 766 | 766 | 728 |
| Storm sewers (miles) | 325 | 348 | 357 |
| Maximum daily capacity (thousands of gallons) | 37,800 | 37,800 | 37,800 |

N/A Not available

Source: City of Waco Departments

Table XVII

| Fiscal Year | | | | | | |
|-------------|----------|----------|----------|----------|----------|----------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 4 | 4 | 4 | 4 | 3 | 3 |
| 71 | 71 | 71 | 71 | 71 | 71 | 71 |
| 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| 588 | 593 | 595 | 600 | 599 | 603 | 604 |
| 2,194 | 2,197 | 2,282 | 2,295 | 2,295 | 2,310 | 2,310 |
| 6,849 | 6,910 | 6,059 | 6,084 | 6,127 | 6,228 | 6,228 |
| 198 | 198 | 198 | 194 | 195 | 198 | 198 |
| 101 | 100 | 102 | 102 | 105 | 108 | 110 |
| 1,234.99 | 1,234.99 | 1,234.99 | 1,234.99 | 1,234.99 | 1,271.00 | 1626.7** |
| 44 | 44 | 46 | 46 | 46 | 46 | 56 |
| 2 | 2 | 1 | 1 | 0 | 0 | 1 |
| 36 | 36 | 36 | 36 | 36 | 34 | 29 |
| 3 | 3 | 5 | 5 | 5 | 5 | 5 |
| 927 | 954 | 864 | 885 | 1,021 | 1,035 | 1,043 |
| 4,739 | 4,935 | 5,032 | 5,165 | 5,229 | 5,362 | 5,398 |
| 66,000 | 66,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| 818 | 831 | 737 | 747 | 843 | 846 | 850 |
| 353 | 350 | 343 | 345 | 347 | 351 | 355 |
| 37,800 | 37,800 | 37,800 | 37,800 | 46,500 | 46,500 | 46,500 |



City of Waco, Texas
Compliance and Internal Control Reports
Under *Governmental Auditing Standards*,
Office of Management and Budget (OMB) Circular A-133
and *Uniform Grant Management Standards*
Schedules of Expenditures of Federal
and State Awards
September 30, 2014

City of Waco, Texas

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City in a separate letter dated January 17, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jaynes. Reitmeier, Boyd + Therrell, P.C.

January 17, 2015



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INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133 AND UNIFORM GRANT MANAGEMENT STANDARDS

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Waco, Texas' (the City) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Uniform Grant Management Standards* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2014. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Uniform Grant Management Standards* of the State of Texas. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of OMB Circular A-133 and *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal and State Awards Required
by OMB Circular A-133 and Uniform Grant Management Standards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated January 17, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and *Uniform Grant Management Standards*, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Jaynes, Reitmeier, Boyd + Therrell, P.C.

January 17, 2015

City of Waco, Texas

Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

(1) Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- o Material weakness(es) identified? ___ yes x no
- o Significant deficiency(ies) identified? ___ yes x none reported
- Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:

- o Material weakness(es) identified? ___ yes x no
- o Significant deficiency(ies) identified? ___ yes x none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes x no

State Awards

Internal control over major programs:

- o Material weakness(es) identified? ___ yes x no
- o Significant deficiency(ies) identified? ___ yes x none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Management Standards? ___ yes x no

Identification of major federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 10.557 | Women, Infants and Children |
| 20.106 | Airport Improvement Program |
| 20.507 | Federal Transit Cluster |

Identification of major state programs:

| <u>Grant Number</u> | <u>Name of State Program or Cluster</u> |
|---------------------|--|
| | Public Transportation Cluster |
| URB 1403 (09) | Public Transportation Grant FY 2014 |
| ED 1403 (09) 08 | Public Transportation Grant FY 2014 Preventative Maintenance |

Dollar threshold used to distinguish between type A and type B federal programs: \$ 500,949

Dollar threshold used to distinguish between type A and type B state programs: \$ 300,000

Auditee qualified as federal low-risk auditee? ___ x yes ___ no

Auditee qualified as state low-risk auditee? ___ x yes ___ no

City of Waco, Texas

Schedule of Findings and Questioned Costs
(Continued)

(2) Financial Statement Findings

None noted.

(3) Federal Award Findings and Questioned Costs

None noted.

(4) State Award Findings and Questioned Costs

None noted.

City of Waco, Texas

Summary Schedule of Prior Audit Findings

September 30, 2014

None

City of Waco, Texas

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

| <u>Grantor/Pass-Through Grantor/Program or Cluster/Title</u> | <u>CFDA Number</u> | <u>Grantor / Pass Through Grantor Identifying Number</u> | <u>Federal Expenditures</u> |
|---|------------------------|--|---------------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through the Texas Department of State Health Services: | | | |
| Supplemental Food Program for Women, Infants and Children | 10.557 | 2014-045088 | \$ 1,081,079 |
| Peer for Women, Infants and Children | 10.557 | 2014-045088 | 154,424 |
| Extra Funding | 10.557 | 2014-045088 | 40,849 |
| Registered Dietician | 10.557 | 2014-045088 | 93,069 |
| Clinical Lactation Practicum | 10.557 | 2014-045088 | 29,306 |
| Obesity Prevention Project | 10.557 | 2014-045088 | 23,224 |
| Total Passed through the Texas Department of Health | | | <u>1,421,951</u> |
| Total U.S. Department of Agriculture | | | <u>1,421,951</u> |
| <u>U.S. Department of Commerce</u> | | | |
| Passed through Heart of Texas Economic Development District | | | |
| Investments for Public Works and Economic Development Facilities | 11.300 | | 117,600 |
| Total Passed through the Heart of Texas Economic Development District | | | <u>117,600</u> |
| Total U.S. Department of Commerce | | | <u>117,600</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Direct Programs: | | | |
| CDBG - Entitlement Grants Cluster: | | | |
| Community Development Block Grant | 14.218 | B-11, 12, 13-MC-48-0029 | 1,412,389 |
| Shelter Plus Care: | | | |
| Chronic Homeless | 14.238 | TX0261C6T040900 | 13,138 |
| Other Homeless | 14.238 | TX0260C6T040900 | 57,986 |
| | | | <u>71,124</u> |
| Shelter Plus Care: | | | |
| Chronic Homeless/Other Homeless | 14.267 | TX0312L6T041202 | 89,928 |
| Chronic Homeless/Other Homeless | 14.267 | TX0312L6T041303 | 7,805 |
| Continuum of Care | 14.267 | | 62,653 |
| Continuum of Care | 14.267 | | 105 |
| | | | <u>160,491</u> |
| HOME Investment Partnership Program | 14.239 | M-11, 12, 13-MC-48-0202 | 1,130,236 |
| HOME Investment Partnership Program | 14.239 | loan program - non-cash assistance | 5,221,942 |
| | | | <u>6,352,178</u> |
| Total Direct Programs | | | <u>7,996,182</u> |
| Passed through the Brazos Valley Council of Governments: | | | |
| Housing Opportunities for Persons with AIDS (HOPWA) | 14.241 | 5599-553-01 | 59,877 |
| Housing Opportunities for Persons with AIDS (HOPWA) | 14.241 | 5597-553-01 | 36,255 |
| Total passed through the Brazos Valley Council of Governments | | | <u>96,132</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>8,092,314</u> |

City of Waco, Texas

**Schedule of Expenditures of Federal Awards
(Continued)**

| <u>Grantor/Pass-Through Grantor/Program or Cluster/Title</u> | <u>CFDA Number</u> | <u>Grantor / Pass Through Grantor Identifying Number</u> | <u>Federal Expenditures</u> |
|---|------------------------|--|---------------------------------|
| <u>U.S. Department of Justice</u> | | | |
| Direct Programs: | | | |
| JAG Program Cluster: | | | |
| JAG 2012 Byrne Justice Assistance | 16.579 | 2012-DJ-BX-0662 | \$ 6,977 |
| JAG 2011 Byrne Justice Assistance | 16.579 | 2011-DJ-BX-2640 | 94,611 |
| JAG 2013 Byrne Justice Assistance | 16.579 | 2013-DJ-BX-0387 | 15,868 |
| Total Direct Programs | | | <u>117,456</u> |
| Passed through the State Governor's Office - Criminal Justice Division: | | | |
| Waco Family Violence Unit Detectives & Coordinator/16 | 16.588 | WF-14-V30-13424-16 | 109,953 |
| Waco Family Violence Unit Detectives & Coordinator/17 | 16.588 | WF-15-V30-13424-17 | 10,417 |
| Total passed through the State Governor's Office - Criminal Justice Division | | | <u>120,370</u> |
| Total U.S. Department of Justice | | | <u>237,826</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Direct Programs: | | | |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0220-035-2014 | 124,324 |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0220-033-2012 | 1,187,313 |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0220-034-2013 | 51,125 |
| | | | <u>1,362,762</u> |
| Federal Transit Cluster: | | | |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-90-Y043 2013 | 369,123 |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-90-Y117 2014 | 2,284,866 |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-90-X890 2009 | 78,139 |
| | | | <u>2,732,128</u> |
| Total Direct Programs | | | <u>4,094,890</u> |
| Passed through the Texas Department of Transportation: | | | |
| Highway Planning and Construction Cluster: | | | |
| Metropolitan Planning Grant - FHWA-PL 112 | 20.205 | 50-14XF0007 | 142,979 |
| Metropolitan Planning Grant - FTA Section 5303 | 20.205 | 50-14XF0007 | 80,282 |
| Ritchie Road Widening - Advance Funding Agreement | 20.205 | CSJ0909-22-150 | 103,182 |
| Brazos Park East Trail Extension | 20.205 | CSJ0909-22-160 | 1,109,032 |
| Total Highway Planning and Construction Cluster | | | <u>1,435,475</u> |
| State and Community Highway Safety Grant Program | 20.600 | 584EGF6134 | 93,244 |
| Total passed through the Texas Department of Transportation | | | <u>1,528,719</u> |
| Total U.S. Department of Transportation | | | <u>5,623,609</u> |

City of Waco, Texas

**Schedule of Expenditures of Federal Awards
(Continued)**

| Grantor/Pass-Through Grantor/Program or Cluster/Title | CFDA Number | Grantor / Pass Through Grantor Identifying Number | Federal Expenditures |
|---|----------------|--|-------------------------|
| <u>U.S. Department of Health and Human Services</u> | | | |
| Passed through the Texas Department of State Health Services: | | | |
| Community Preparedness Section/Public Health | | | |
| Emergency Response (PHER) | 93.069 | 2014-001101-00 | \$ 156,243 |
| CPS-Bioterrorism Preparedness | 93.069 | 2015-00-1101 | 8,472 |
| CPS-Bioterrorism Preparedness Discretionary | 93.069 | 2014-045414 | 24,134 |
| | | | <u>188,849</u> |
| Passed through the Texas Department of State Health Services: (continued) | | | |
| Tuberculosis Prevention and Control | 93.116 | 2014-001406-00 | 33,672 |
| Tuberculosis Prevention and Control | 93.116 | 2015-001406 | 2,199 |
| | | | <u>35,871</u> |
| Immunizations Branch - Locals | 93.268 | 2014-00108-00 | 115,071 |
| Immunizations Branch - Locals | 93.268 | 2015-001088-00 | 9,825 |
| | | | <u>124,896</u> |
| Community Transformation Grant | 93.531 | 2014-001389-00 | 231,875 |
| HIV/Prevention | 93.940 | 2015-001324-00 | 13,754 |
| HIV/Prevention | 93.940 | 2014-001324-00 | 156,888 |
| | | | <u>170,642</u> |
| Total Passed through the Texas Department of State Health Services | | | <u>752,133</u> |
| Passed through the Brazos Valley Council of Governments: | | | |
| Ryan White Part B Service Delivery (RWSD) | 93.917 | 5602-553-01 | 24,397 |
| Ryan White Service Delivery (RWSD) | 93.917 | 5600-553-01 | 305,981 |
| Total Passed through the Brazos Valley Council of Governments | | | <u>330,378</u> |
| Total U.S. Department of Health and Human Services | | | <u>1,082,511</u> |
| <u>U. S. Department of Homeland Security</u> | | | |
| Direct Programs: | | | |
| 2008 Staffing for Adequate Fire and Emergency Response | 97.044 | EMW-2008-FF-00474 | 1,628 |
| Total Direct Programs | | | <u>1,628</u> |
| Passed through the State Department of Public Safety: | | | |
| Emergency Management Performance Grant | 97.042 | 11 TX-EMPG-1296 | 66,000 |
| Passed through the Texas Engineering Extension Service: | | | |
| 2012 State Homeland Security Program | 97.073 | 2012-SS-00018-S01 | 12,909 |
| 2013 State Homeland Security Program | 97.073 | 2013-SS-00045 | 41,967 |
| Total passed through the Texas Engineering Extension Service | | | <u>54,876</u> |
| Total U.S. Department of Homeland Security | | | <u>122,504</u> |
| Total Expenditures of Federal Awards | | | \$ <u>16,698,315</u> |

See accompanying notes to schedules of expenditures of federal and state awards.

City of Waco, Texas
Schedule of Expenditures of State Awards
Year Ended September 30, 2014

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Grant Identifying Number</u> | <u>State Expenditures</u> |
|--|-------------------------------------|-------------------------------|
| <u>Texas Department of State Health Services</u> | | |
| HSR 7- Tuberculosis | 2014-001406-00 | \$ 40,140 |
| HSR 7- Tuberculosis | 2015-001449 | 3,160 |
| RLSS - Local Public Health System | 2014-001085-00 | 204,555 |
| RLSS - Local Public Health System | 2015-001085 | 10,384 |
| Flu Surveillance | 2014-002509 | 10,000 |
| Immunization Branch - Locals | 2014-00108-00 | 183,040 |
| Immunization Branch - Locals | 2015-001088-00 | 12,255 |
| Diabetes - Community Diabetes Services | 2015-001241-00 | 5,312 |
| Diabetes - Community Diabetes Services | 2014-001241-00 | 75,224 |
| | | <u>544,070</u> |
| Passed through the Brazos Valley Council of Governments: | | |
| HIV/State Services | 5598-553-01 | 88,872 |
| HIV/State Services | 5602-553-01 | 6,436 |
| Total Passed through the Brazos Valley Council of Governments | | <u>95,308</u> |
| Total Texas Department of State Health Services | | <u>639,378</u> |
| <u>State of Texas Comptroller's Office</u> | | |
| Police LEOSE Grant | | 15,143 |
| Fire LEOSE Grant | | 295 |
| Total State of Texas Comptroller's Office | | <u>15,438</u> |
| <u>State of Texas Office of Attorney General</u> | | |
| Other Victim Assistance Grant (OVAG) 2014 | 1443522 | 31,669 |
| Other Victim Assistance Grant (OVAG) 2015 | 1552140 | 3,590 |
| Total State of Texas Office of Attorney General | | <u>35,259</u> |
| <u>Texas Department of Transportation</u> | | |
| Public Transportation Grant Program FY 2014 | URB 1403 (09) | 419,847 |
| Public Transportation Grant Program FY 2014 Preventative Maintenance | ED 1403 (09)08 | 125,000 |
| Total Texas Department of Transportation | | <u>544,847</u> |
| <u>Texas Parks and Wildlife Department</u> | | |
| Local Parks Grant Program - Sul Ross Park Renovation Project | 50-000441 | 558,091 |
| Total Texas Parks and Wildlife Department | | <u>558,091</u> |
| Total Expenditures of State Awards | | <u>\$ 1,793,013</u> |

See accompanying notes to schedules of expenditures of federal and state awards.

City of Waco, Texas

Notes to Schedules of Expenditures of Federal and State Awards

Year Ended September 30, 2014

(1) Basis of Presentation

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the City of Waco, Texas (the City) under programs of the federal and state governments for the year ended September 30, 2014. The information in these schedules is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *Uniform Grant Management Standards*. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net assets or cash flows of the City.

(2) Summary of Significant Accounting Policies

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Grantor and pass-through grantor identifying numbers are presented where available.

(3) Subrecipients

Of the federal expenditures presented in the accompanying schedule of federal awards, the City provided federal awards to subrecipients as follows:

| <u>Program Name</u> | <u>CFDA Number</u> | <u>Amount Provided</u> |
|-------------------------------------|--------------------|------------------------|
| Community Development Block Grant | 14.218 | \$ 243,614 |
| HOME Investment Partnership Program | 14.239 | 532,504 |
| Shelter Plus Care | 14.238 | 71,124 |
| Continuum of Care | 14.267 | 97,753 |
| JAG Byrne Justice Assistance | 16.738 | 60,270 |

City of Waco, Texas

Notes to Schedules of Expenditures of Federal and State Awards
(Continued)

(4) Federal Loan Programs

The federal loan programs listed as non-cash assistance on the accompanying schedule of federal awards are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans made during the current year and the balance of loans outstanding at October 1, 2013, are included in the federal expenditures presented in the accompanying schedule of federal awards.