

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2018

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2018

MAYOR

Kyle Deaver

CITY COUNCIL

Alice Rodriguez, Mayor Pro Tem
Andrea Barefield
Jim Holmes
John Kinnaird
Dillon Meek

CITY MANAGER

Wiley Stem III

ASSISTANT CITY MANAGERS

Deidra Emerson
Bradley Ford

CHIEF FINANCIAL OFFICER

Janice Andrews, CPA



City of Waco, Texas

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February 12, 2019

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, 2018, 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 bondholders 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 U. S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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, 2018. 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, Uniform Guidance, 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 compliments 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 25th 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 three legally separate entities, all 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 Highway 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 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, an eye care products manufacturer, one retail shopping center, an electric utility, a disposable diaper manufacturer, a glass container manufacturer, a retail distribution center, and a poultry processor. 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 17,000. Baylor offers more than 140 undergraduate degree programs, 74 master's degree programs and 34 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 8,800 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 4,300, Texas State Technical College offers associates degrees and certificates in 44 programs of study, preparing a workforce to meet the demands of industry and business.

The Waco Metropolitan Statistical Area (MSA) covers 1,834 square miles. The City encompasses 101 square miles, including 14 square miles of water, within the Waco corporate limits. The average Waco MSA labor force grew 4.2% from 120,430 in 2009 to 125,445 by September 2018. Total employment at the beginning of fiscal year 2018 – 2019 was 121,247 while the unemployment rate was 3.2%.

Long-term Financial Planning

Unassigned fund balance in the general fund (19 percent of fiscal year 2019 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.

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, 2018, for the water, wastewater and solid waste funds were 46.8%, 47.4% and 83.7%, respectively. These working capital percentages were calculated after removing funds set aside for cash Capital Improvement Program funding.

Major Initiatives

The City continues to experience significant growth. Several initiatives are underway to best manage and support the growth on the outer edges of the city and to incentivize revitalization in the city core where infrastructure and services already exist. Infrastructure master planning, subdivision ordinance changes, impact fees, tax abatements, and Tax Increment Financing (TIF) funds are some of the key tools used for managing this growth. City staff have also implemented several internal initiatives to maximize the full potential of current resources and staff.

Infrastructure

Several projects have been initiated to expand capacity improvements associated with the wastewater collection system and water distribution system. The City's water quality and quantity improvements along with pipeline upgrades position Waco and Central Texas extremely well for economic development and residential growth for coming generations.

The master plans for water and wastewater, completed in 2015, include projects of \$75.6 million and \$106.8 million, respectively, in the five-year capital improvements program. Currently, \$44.8 million in water master plan projects and \$39.3 million in wastewater master plan projects are in construction. Another \$11.5 million in master plan projects are in design. Both the water and wastewater master plans have identified new infrastructure required to support growth as well as existing infrastructure rehabilitation/replacement projects. Additionally, water and wastewater projects will continue to be identified and executed as part of the City's capital improvement program.

The City launched the Better Streets Waco campaign in 2018, a new database driven pavement management selection process that will address streets preservation and rehabilitation projects on a long term planning basis. The data driven tools utilize a “best dollar value” reporting system using real-time asset impact, work type, resources, and data building to formulate decisions. The primary software program allows staff to predict and plan projects out years in advance and to address the needs of any pavement section before it becomes an expensive reconstruction issue. The program takes into account what real time value preservation activities add to the entire street network.

The City is currently updating a storm water master plan, which will guide the City in developing a stronger storm water management program to address current and future flooding and erosion concerns. The plan includes floodplain map revisions, revised base flood elevations and prioritization of improvements to address selected chronic flood problem areas. The storm water master plan is expected to be completed in 2019 with a recommendation to implement a storm water fee in 2020.

The solid waste master plan is ongoing and includes a study for new or alternate disposal capacity.

Growth and Development

In 2018 the City initiated a review of subdivision and planning ordinances and began the process of studying the potential of an impact fee to help offset the cost of growth.

Riverfront development has been a continual focus of the City and its economic development partners for years. The City has completed environmental remediation, development contracts, and lease agreements. The developer is well into the design and bidding phase of the project with an anticipated construction start planned for September 2019. The public meetings process for the public areas such as the redesign of University Parks Drive and the Farmer’s Market area is ongoing. The four-phase riverfront project includes approximately \$100 million in private investment and includes 250 units of urban living, a 110 room full-service hotel, and more than 25,000 square feet of retail and restaurant space. The project will also include a unique public events space that will be home to the City’s already successful Farmer’s Market.

TIF funds continue to be leveraged to support public improvements on private investments in Reinvestment Zone Number One. Funds are used for improvements including but not limited to sidewalks, lighting, landscaping, street trees with irrigation, and utility infrastructure improvements. Notable and on-going projects that the TIF has invested in include: the Doris Miller Memorial, the Riverfront site and Brazos Promenade, Hippodrome Theater expansion, KB hotels, and numerous residential and retail developments. This continues to be a valuable economic development tool for attracting beneficial development and improvements in the reinvestment zone.

The City maintains valuable regional partnerships including with the Waco-McLennan County Health District and with McLennan County. These partnerships allow involved entities to best utilize their financial and staff resources to accomplish shared goals.

In 2018 the Housing department and Health District applied for and received a U.S. Housing and Urban Development grant for \$1.5 million that will be used to combat childhood lead exposure, particularly in older homes containing lead based paint.

The City's working partnership with McLennan County includes several noteworthy projects. The Venue event center upgrade is a collaborative project led by the County that will utilize a voter approved venue tax to provide \$40 million towards additional sports facilities. City and County staff continue to work cooperatively on shared road maintenance projects. The City and County participated in the development of a Regional Water Plan that addresses both current and future water quality and quantity needs for the entire county.

City management has implemented several internal initiatives to maximize the full potential of current resources and staff. Employee development and growth is a top priority. Programs include: a management leadership series that engages active leaders within the public and private community; a recently rebranded "Safety for Life" program; an ongoing and highly promoted Wellness program; and a new initiative targeting civility and respect. A supervisory civility training series is underway and management has contracted an executive coach to work with key personnel.

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 (CAFR) for the fiscal year ended September 30, 2017. This was the 36th 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 satisfies 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 requirements of the Certificate of Achievement for Excellence in Financial Reporting Program, 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, 2017 and the Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2017. 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.

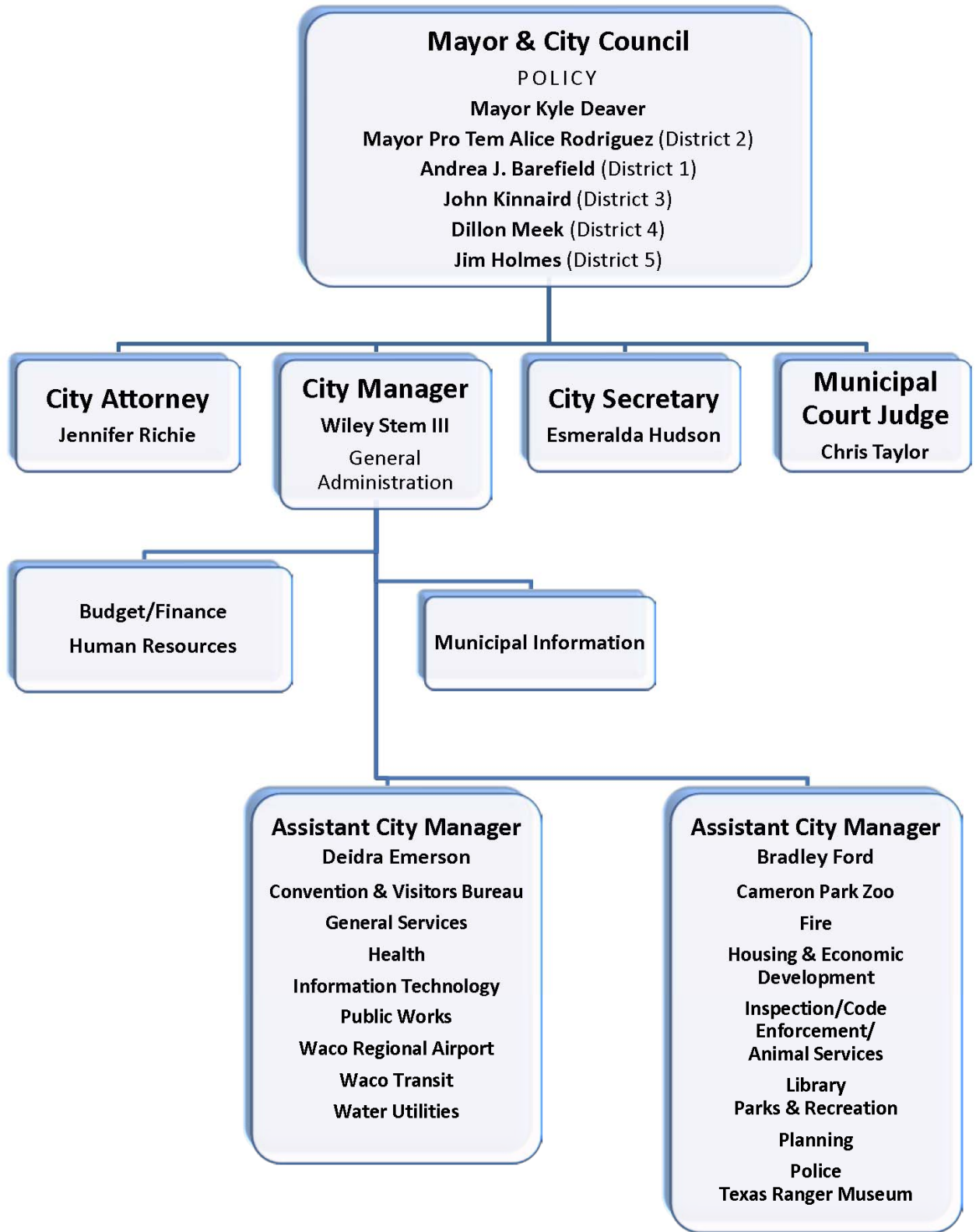
Respectfully submitted,



Willey Stem, III
City Manager



Janice Andrews, CPA
Chief Finance Officer





Government Finance Officers Association

**Certificate of
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Presented to

**City of Waco
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section





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, 2018, 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. The financial statements of the Baylor Waco Stadium Authority, a discretely presented component unit of the City, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 significant accounting policies used and the reasonableness of significant 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, 2018, 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.

Changes 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and Statement No. 89, *Accounting for Interest Incurred before the End of a Construction Period*, effective October 1, 2017. 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 20 and the other required supplementary information on pages 94 through 96 (collectively, the "required supplementary information") 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 February 12, 2019, 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.

February 12, 2019



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, 2018. 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 xvii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2018 by \$606,685,927 (net position). Of this amount, \$121,637,046 (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 position increased by \$43,389,839.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$152,305,210. The fund balance components are nonspendable - \$1,340,224, restricted - \$66,453,528, committed - \$27,591,995, assigned - \$29,954,562 and unassigned - \$26,964,901. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2018, unassigned fund balance for the General Fund was \$26,964,901 or 19% of the 2019 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 23 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 24 – 26 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 27 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 41 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 resources of these funds are 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 44 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 46 through 91 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City’s changes in its net pension liability, related pension contributions, and OPEB liability. Required supplementary information can be found on pages 94 through 96 of this report. The combining and individual fund statements and schedules are presented immediately following the required supplementary information beginning on page 102 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 and deferred inflows of resources by \$606,685,927 as of September 30, 2018.

The largest portion of the City’s net position (\$447,355,640) reflects its net investment in capital assets (e.g., land, building, equipment, improvements, museum collections, 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 180,114,401	143,619,584	244,040,197	219,014,659	424,154,598	362,634,243
Capital assets	<u>287,597,770</u>	<u>281,257,337</u>	<u>447,642,474</u>	<u>423,671,196</u>	<u>735,240,244</u>	<u>704,928,533</u>
Total assets	<u>467,712,171</u>	<u>424,876,921</u>	<u>691,682,671</u>	<u>642,685,855</u>	<u>1,159,394,842</u>	<u>1,067,562,776</u>
Total deferred outflows of resources	<u>12,223,903</u>	<u>28,728,896</u>	<u>5,003,503</u>	<u>8,135,312</u>	<u>17,227,406</u>	<u>36,864,208</u>
Long-term liabilities	141,848,375	153,349,089	339,969,309	317,396,647	481,817,684	470,745,736
Other liabilities	<u>34,317,714</u>	<u>32,938,777</u>	<u>41,638,374</u>	<u>34,964,920</u>	<u>75,956,088</u>	<u>67,903,697</u>
Total liabilities	<u>176,166,089</u>	<u>186,287,866</u>	<u>381,607,683</u>	<u>352,361,567</u>	<u>557,773,772</u>	<u>538,649,433</u>
Total deferred inflows of resources	<u>10,459,793</u>	<u>1,175,226</u>	<u>1,702,756</u>	<u>191,312</u>	<u>12,162,549</u>	<u>1,366,538</u>
Net position:						
Net investment in capital assets	216,259,979	206,699,045	231,095,661	224,211,909	447,355,640	430,910,954
Restricted	36,749,778	28,463,123	943,463	867,925	37,693,241	29,331,048
Unrestricted	<u>40,300,435</u>	<u>30,980,557</u>	<u>81,336,611</u>	<u>73,188,454</u>	<u>121,637,046</u>	<u>104,169,011</u>
Total net position	\$ <u>293,310,192</u>	<u>266,142,725</u>	<u>313,375,735</u>	<u>298,268,288</u>	<u>606,685,927</u>	<u>564,411,013</u>

A portion of the City's net position (\$37,693,241) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$121,637,046) 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, 2018, 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 \$43,389,839 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, 2018. Governmental activities increased the City's net position by \$28,282,392 and represented 65% of the total. Business-type activities increased the City's net position by \$15,107,447 and represented 35% of the total increase.

City of Waco Changes in Net Position

	Year Ended September 30,					
	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 8,523,598	109,118,693	117,642,291	8,317,906	101,185,264	109,503,170
Operating grants and contributions	10,748,885	3,738,719	14,487,604	9,365,279	4,031,927	13,397,206
Capital grants and contributions	11,861,689	1,048,602	12,910,291	9,608,784	3,654,269	13,263,053
General revenues:						
Ad valorem taxes	80,867,011	-	80,867,011	73,329,810	-	73,329,810
Sales taxes	39,017,059	-	39,017,059	38,135,659	-	38,135,659
Franchise taxes	14,916,497	-	14,916,497	14,238,292	-	14,238,292
Hotel/motel taxes	-	4,270,253	4,270,253	-	3,724,543	3,724,543
Other taxes	1,148,309	-	1,148,309	1,063,684	-	1,063,684
Investment earnings	4,092,426	1,198,208	5,290,634	1,644,507	462,647	2,107,154
Miscellaneous	1,162,457	-	1,162,457	1,702,214	-	1,702,214
Special item-gain on exchange transaction	-	-	-	3,420,000	-	3,420,000
Total revenues	<u>172,337,931</u>	<u>119,374,475</u>	<u>291,712,406</u>	<u>160,826,135</u>	<u>113,058,650</u>	<u>273,884,785</u>
Expenses:						
General government	23,161,022	-	23,161,022	21,961,388	-	21,961,388
Public works	13,738,063	-	13,738,063	13,531,718	-	13,531,718
Public safety	76,378,833	-	76,378,833	77,631,982	-	77,631,982
Culture and recreation	18,085,607	-	18,085,607	18,409,985	-	18,409,985
Public health	7,991,534	-	7,991,534	7,974,445	-	7,974,445
Housing and community development	2,220,964	-	2,220,964	2,499,865	-	2,499,865
Interest on long-term debt	2,942,299	-	2,942,299	2,724,381	-	2,724,381
Water	-	37,944,429	37,944,429	-	36,237,977	36,237,977
Wastewater	-	23,339,837	23,339,837	-	22,369,323	22,369,323
Solid waste	-	17,150,662	17,150,662	-	16,437,794	16,437,794
Airport	-	3,833,773	3,833,773	-	3,948,697	3,948,697
Convention services	-	4,855,004	4,855,004	-	4,524,677	4,524,677
Ranger Hall of Fame	-	1,390,759	1,390,759	-	1,333,563	1,333,563
Cameron Park Zoo	-	5,342,574	5,342,574	-	5,232,360	5,232,360
Transit services	-	7,902,796	7,902,796	-	8,360,490	8,360,490
Cottonwood Creek Golf Course	-	2,044,411	2,044,411	-	1,852,186	1,852,186
Total expenses	<u>144,518,322</u>	<u>103,804,245</u>	<u>248,322,567</u>	<u>144,733,764</u>	<u>100,297,067</u>	<u>245,030,831</u>
Increase in net position before transfers	27,819,609	15,570,230	43,389,839	16,092,371	12,761,583	28,853,954
Transfers	462,783	(462,783)	-	1,721,233	(1,721,233)	-
Increase in net position	<u>28,282,392</u>	<u>15,107,447</u>	<u>43,389,839</u>	<u>17,813,604</u>	<u>11,040,350</u>	<u>28,853,954</u>
Net position, beginning of year, as previously reported	266,142,725	298,268,288	564,411,013	248,329,121	287,227,938	535,557,059
Cumulative effect of change in accounting principle	(1,114,925)	-	(1,114,925)	-	-	-
Net position, beginning of year, as restated	<u>265,027,800</u>	<u>298,268,288</u>	<u>563,296,088</u>	<u>248,329,121</u>	<u>287,227,938</u>	<u>535,557,059</u>
Net position, end of year	<u>\$ 293,310,192</u>	<u>313,375,735</u>	<u>606,685,927</u>	<u>266,142,725</u>	<u>298,268,288</u>	<u>564,411,013</u>

City of Waco
Changes in Net Position
(Continued)

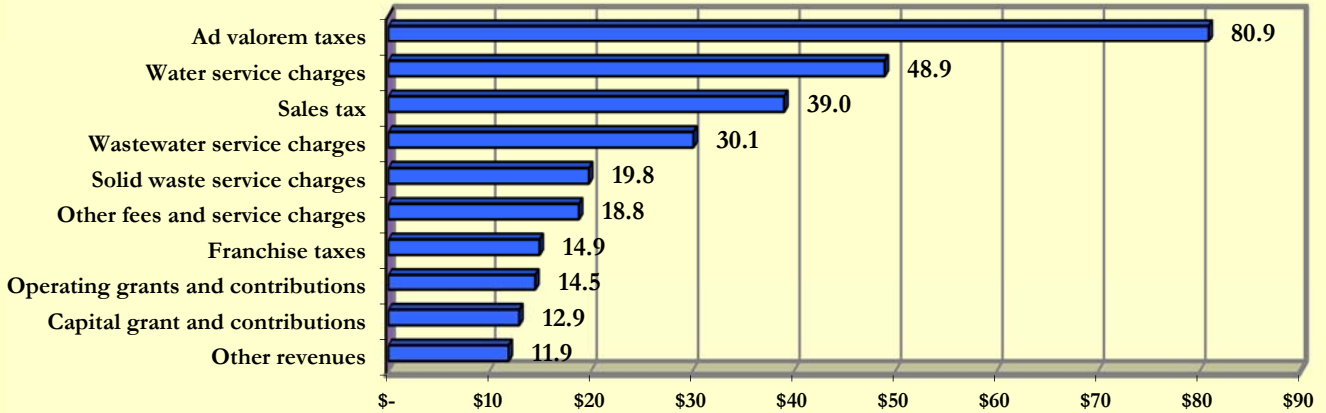
Governmental activities – Key elements of the change in governmental net position include:

- Overall, governmental revenues increased \$11.5 million (7.2%). Ad valorem taxes reflected an increase of \$7.5 million (10.3%), primarily as a result of growth in the property tax base including an increase of \$370 million in new construction assessments. Sales taxes reflected an increase of approximately \$0.9 million (2%).
- Overall, governmental expenses decreased \$0.2 million (0.2%). A 3.00% salary increase for all eligible employees and job class step increases for eligible civil service employees were approved in the budget. In addition, a net increase of approximately 18 full-time equivalents were included in the budget for departments such as police, animal shelter, and information technology. These increases were offset by a decrease in pension expense and compensated absences. As expected after the adoption of GASB 68, significant fluctuations in pension expense may occur in response to changes in fair value of plan assets and the total pension liability. Pension expense decreased \$5.8 million as compared to prior year due to these changes.

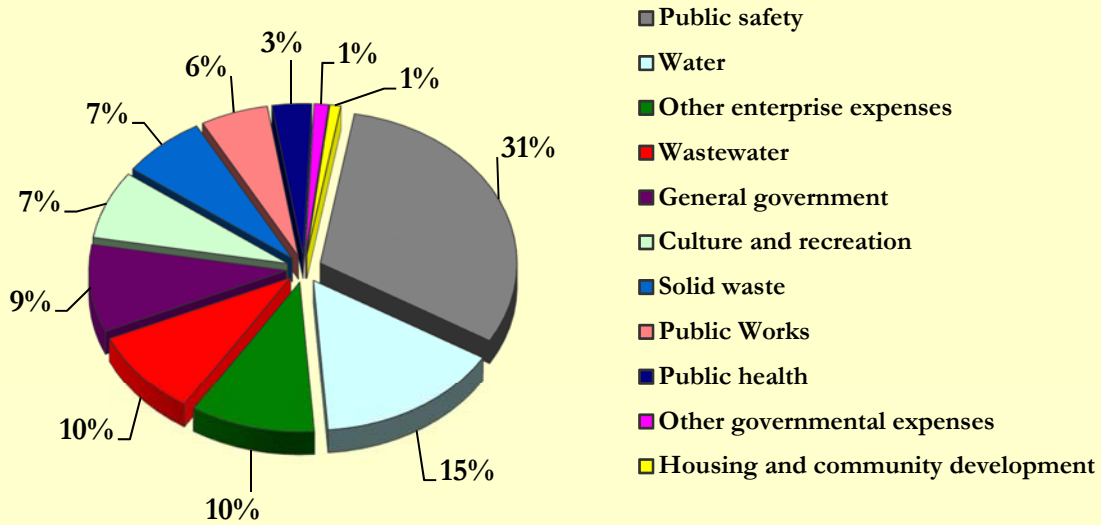
Business-type activities – Key elements of the increase in business-type net position include:

- Charges for services increased by over \$7.9 million (7.8%) as compared to prior year primarily due to rate increases and growth in service activity; water (\$5.4 million), wastewater (\$2.3 million), and solid waste (\$0.7 million). Effective January 1, 2018, water and wastewater base monthly service rates increased along with volumetric rate increases. Infrastructure needs, identified in master plans for water and wastewater completed in 2015, were a significant factor contributing to changes in rates. Although solid waste residential, commercial, and roll-off rates remained the same for fiscal year 2018, fee changes were included for landfill gate fees. The other nonmajor enterprise funds reported a decrease of \$0.5 million for charges for services as compared to prior year. Capital grants and contributions decreased approximately \$2.6 million primarily due to Transit capital grants for buses and bus facilities received in prior year.
- Total expenses increased \$3.5 million (3.5%) with the major funds of Water, Wastewater, and Solid Waste accounting for \$3.4 million of this increase. Expenses classified as other increased \$1.5 million; included in this classification are franchise fees (\$0.3 million), indirect costs (\$0.6 million), and bad debt (\$0.4 million). Interest expense accounted for \$0.9 million of this increase primarily due to debt financing that has been issued to meet water and wastewater infrastructure needs. Supplies expense increased \$0.7 million primarily due to fuel costs, chemical supplies, and non-expendable supplies such as solid waste carts. Depreciation expense increased approximately \$0.4 million with the water and wastewater funds increase of almost \$1 million offset by a decrease of \$0.6 for solid waste.

Revenues by Source (in \$ millions)



Expenses by Activity (Percent of Total)



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 \$152,305,210. Approximately 0.9% (\$1,340,224) 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 and permanent funds. Approximately 43.6% (\$66,453,528) 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 18.1% (\$27,591,995) 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, capital projects and public health. Approximately 19.7% (\$29,954,562) 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 \$26,964,901 (17.7%) is reported as unassigned. Refer to pages 55 and 56 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 19% of 2019 budgeted revenues. The fund balance of the general fund at the end of the current year reported an increase of \$9,269,744. Total revenues in the general fund increased \$7,432,128 as compared to the prior year and were \$7,198,828 more than the final budget. Key factors in general fund revenue are as follows:

- Increases of approximately \$4.3 million in property tax revenues resulted primarily from growth in net taxable assessed property valuation of over 7%. Property taxes represented approximately 43% of total general fund revenues.
- Sales tax revenue reported an increase of approximately \$0.8 million as compared to prior year, with actual amounts exceeding the amount originally budgeted for the fiscal year by over \$3.4 million. Increased economic activity, lower unemployment rates, and lower fuel prices all contributed to this revenue growth. This revenue source represents almost 30% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, increased \$0.6 million as compared to prior year. Approximately 11% of total general fund revenues came from gross receipts fees.

Proprietary funds - The City's proprietary fund statements beginning on page 41 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 - \$38,362,227, Wastewater - \$24,320,746, and Solid Waste - \$13,174,860. These funds experienced increases in total net position during 2018 as follows: Water - \$8,447,350, Wastewater - \$6,708,482, and Solid Waste - \$2,544,300.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$3,097,967. The primary differences can be briefly summarized as follows:

- \$959,453 increase for purchase orders that rolled from FY 2017
- \$476,928 increase for various equipment purchases
- \$401,851 increase for sidewalk improvement project
- \$171,000 increase for body worn camera project
- \$167,185 increase for property purchase
- \$153,385 increase for tennis center renovations
- \$135,000 increase for City's Municipal information cable channel equipment
- \$123,717 increase for workforce employer resource project
- \$114,311 increase for riverwalk project
- \$100,014 increase for contracts with others
- \$72,007 increase for various supplies
- \$70,000 for riverfront project
- \$52,291 for after school services for homeless WISD high school students
- \$50,325 for arts match program
- \$39,000 for public arts installation
- \$11,500 for inventory purchases

Of this increase, \$802,957 was from fund balance assigned for capital improvements, \$248,248 from fund balance assigned for economic development, \$109,472 from fund balance assigned for public works, \$384,773 from fund balance assigned for other, \$100,458 from fund balance assigned for culture and recreation, \$415,075 from fund balance assigned for public safety, \$546,942 from increases in sales tax, \$307,526 from increases in intergovernmental revenues, \$135,000 from increases in franchise fees, \$23,212 from increases in contribution revenues, \$12,804 from court fines, and \$11,500 from charges for services.

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 2018.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$735,240,244 (net of accumulated depreciation). This investment in capital assets includes land, building, machinery and equipment, improvements other than buildings, museum collections, water rights, infrastructure and construction work in progress. Major capital asset events occurring during the current fiscal year included the following:

- Capitalized approximately \$41.7 million on various water and wastewater systems projects.
- Capitalized \$17.9 million in street and drainage infrastructure and contributions.
- Capitalized approximately \$4.5 million for solid waste equipment and land.
- Capitalized \$2.1 million on various park facility improvements and equipment.

City of Waco Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 58,702,421	54,536,013	8,464,223	6,667,091	67,166,644	61,203,104
Buildings	82,367,465	78,652,372	83,049,381	83,049,381	165,416,846	161,701,753
Improvements other than buildings	68,808,482	62,711,102	543,161,866	506,220,277	611,970,348	568,931,379
Machinery and equipment	61,883,779	59,100,555	57,386,997	54,652,868	119,270,776	113,753,423
Museum collections	-	-	2,224,424	2,224,424	2,224,424	2,224,424
Infrastructure	307,293,616	296,302,234	-	-	307,293,616	296,302,234
Construction work in progress	7,031,649	11,651,485	54,561,938	51,073,533	61,593,587	62,725,018
Water rights	-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation	<u>(298,489,642)</u>	<u>(281,696,424)</u>	<u>(333,689,234)</u>	<u>(312,699,257)</u>	<u>(632,178,876)</u>	<u>(594,395,681)</u>
Total capital assets	\$ <u>287,597,770</u>	<u>281,257,337</u>	<u>447,642,474</u>	<u>423,671,196</u>	<u>735,240,244</u>	<u>704,928,533</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 and notes payable of \$446,817,329. Of this amount, \$444,744,757 represents bonded debt backed by the full faith and credit of the government. The \$2,072,572 notes payable are for highway improvement right of way contributions and for purchase of pump station and water transmission lines.

City of Waco Bonds and Notes Payable

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation certificates	\$ 101,447,378	88,289,702	343,297,379	314,046,707	444,744,757	402,336,409
Notes payable	484,266	645,688	1,588,306	1,670,963	2,072,572	2,316,651
	<u>\$ 101,931,644</u>	<u>88,935,390</u>	<u>344,885,685</u>	<u>315,717,670</u>	<u>446,817,329</u>	<u>404,653,060</u>

During the 2018 fiscal year, the City issued \$66,785,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including construction and improvements to fire stations, parks and recreation facilities, Waco suspension bridge, traffic control systems, streets, street lighting and drainage, sidewalks, vehicles, fire-fighting equipment, equipment, water, and wastewater improvements. The City's combination tax and revenue certificates of obligation bond ratings are listed below:

	Moody's <u>Investors Service</u>	Standard and Poor's
General obligation bonds	Aa1	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 2019 is based on an increase in revenues of 7.6% over last year's adopted budget, due mainly to the increase from ad valorem taxes and sales taxes. No ad valorem tax rate adjustment is included for 2019. The fiscal year 2019 budget includes a \$3.6 million utilization of surplus to provide cash funding for capital projects. This amount is assigned in fund balance in the general fund at September 30, 2018.

Approximately 26% of general fund revenues come from sales taxes. The City ended 2018 with sales tax revenue considerably over the original adopted budget. Sales taxes for 2019 were budgeted with a 2.8% increase over the fiscal year 2018 adopted budget, but still less than actual receipts for 2018. 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 over which the City has no control.

The 2019 budget includes a 3.00% salary increase for employees and increases for certain civil service employees who are eligible for step pay increases. The Texas Municipal Retirement System (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. The City's contribution rate for 2019 (14.02%) decreased slightly from the 2018 rate (14.25%). The City plans to contribute more than the full rate to assist in reducing the unfunded liability more quickly. The City's budget for fiscal year 2019 included approximately \$13.2 million for TMRS contributions.

Fiscal year 2019 includes rate increases to residential, commercial and industrial water and wastewater customers. The results of master plans for water and wastewater were a significant factor contributing to changes in water and wastewater service rates. Infrastructure needs and a timeline to complete the essential improvements were identified in the master plans. Base rates for water and wastewater monthly services will increase, along with volumetric rate increases. Solid waste residential, commercial, and roll-off rates will remain the same for fiscal year 2019. However, fee changes are included for the landfill.

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, Chief Financial Officer, 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, 2018

	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	\$ 160,951,547	95,022,945	255,974,492	46,700	-	30,833
Receivables (net of allowances for uncollectibles):						
Accounts	3,720,431	11,924,175	15,644,606	50,212	-	-
Special assessments	55	-	55	-	-	-
Taxes	8,878,622	-	8,878,622	-	-	-
Intergovernmental receivable	1,598,101	2,981,625	4,579,726	-	-	-
Accrued interest receivable	-	2,159	2,159	-	-	-
Internal balances	2,396,520	(2,396,520)	-	-	-	-
Inventories	1,177,814	1,253,932	2,431,746	8,186	-	-
Restricted cash and investments	-	134,897,130	134,897,130	-	-	-
Notes receivable	1,325,054	354,751	1,679,805	-	-	-
Real estate held for resale	66,257	-	66,257	-	-	-
Capital assets not being depreciated:						
Land	58,702,421	8,464,223	67,166,644	-	-	-
Museum collections	-	2,224,424	2,224,424	-	-	-
Construction in progress	7,031,649	54,561,938	61,593,587	-	-	-
Capital assets, net of accumulated depreciation:						
Buildings	53,989,600	39,986,376	93,975,976	4,667	-	-
Machinery and equipment	17,682,458	16,440,322	34,122,780	-	-	-
Improvements other than buildings	31,278,108	306,022,134	337,300,242	-	-	-
Infrastructure	118,913,534	-	118,913,534	-	-	-
Water rights	-	19,943,057	19,943,057	-	-	-
Total assets	467,712,171	691,682,671	1,159,394,842	109,765	-	30,833
Deferred outflows of resources						
Deferred outflows of resources:						
Deferred losses on refundings of debt	1,718,148	3,318,659	5,036,807	-	-	-
Deferred outflows on pension liability	10,349,775	1,684,844	12,034,619	-	-	-
Deferred outflows on OPEB liability	155,980	-	155,980	-	-	-
Total deferred outflows of resources	12,223,903	5,003,503	17,227,406	-	-	-
Liabilities						
Accounts payable	3,758,995	5,365,721	9,124,716	43,177	-	-
Accrued liabilities	5,147,162	3,093,540	8,240,702	51,380	-	-
Accrued interest payable	898,211	2,611,868	3,510,079	-	-	-
Unearned revenue	21,804	441,439	463,243	5,024	-	-
Escrow funds	2,406,911	-	2,406,911	-	-	-
Customer deposits	674,384	-	674,384	-	-	-
Advanced deposits from Baylor University	-	-	-	10,184	-	-
Liabilities payable from restricted assets	-	8,392,506	8,392,506	-	-	-
Noncurrent liabilities:						
Due within one year	21,410,247	21,733,300	43,143,547	-	-	-
Due in more than one year	141,848,375	339,969,309	481,817,684	-	-	-
Total liabilities	176,166,089	381,607,683	557,773,772	109,765	-	-
Deferred inflows of resources:						
Deferred inflows on pension liability	10,459,793	1,702,756	12,162,549	-	-	-
Total deferred inflows of resources	10,459,793	1,702,756	12,162,549	-	-	-
Net position						
Net investment in capital assets	216,259,979	231,095,661	447,355,640	-	-	-
Restricted for:						
Tax increment financing/public improvement district	32,000,015	-	32,000,015	-	-	-
Housing and community development	1,254,476	-	1,254,476	-	-	-
Culture and recreation	191,804	-	191,804	-	-	-
Public safety	1,556,260	-	1,556,260	-	-	-
Municipal information	1,271,408	-	1,271,408	-	-	-
Debt service	104,018	-	104,018	-	-	-
Parks and cemetery care - nonexpendable	371,797	-	371,797	-	-	-
Capital projects	-	943,463	943,463	-	-	-
Unrestricted	40,300,435	81,336,611	121,637,046	-	-	30,833
Total net position	\$ 293,310,192	\$ 313,375,735	\$ 606,685,927	\$ -	\$ -	\$ 30,833

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ (23,161,022)	383,837	1,870,006	-
Public works	(13,738,063)	1,315	-	11,680,280
Public safety	(76,378,833)	5,167,028	1,645,630	142,968
Culture and recreation	(18,085,607)	1,792,366	959,224	23,211
Public health	(7,991,534)	1,179,052	3,885,673	15,230
Housing and community development	(2,220,964)	-	2,388,352	-
Interest on long-term debt	(2,942,299)	-	-	-
Total governmental activities	<u>(144,518,322)</u>	<u>8,523,598</u>	<u>10,748,885</u>	<u>11,861,689</u>
Business-type activities:				
Water	(37,944,429)	48,925,791	-	199,920
Wastewater	(23,339,837)	30,079,874	-	654,178
Solid waste	(17,150,662)	19,776,330	-	-
Airport	(3,833,773)	967,939	136,989	164,504
Convention services	(4,855,004)	1,736,312	-	-
Ranger Hall of Fame	(1,390,759)	721,386	26,974	30,000
Cameron Park Zoo	(5,342,574)	2,074,281	-	-
Transit services	(7,902,796)	3,232,108	3,574,756	-
Cottonwood Creek Golf Course	(2,044,411)	1,604,672	-	-
Total business-type activities	<u>(103,804,245)</u>	<u>109,118,693</u>	<u>3,738,719</u>	<u>1,048,602</u>
Total primary government	<u>\$ (248,322,567)</u>	<u>117,642,291</u>	<u>14,487,604</u>	<u>12,910,291</u>
Component Units:				
Baylor Waco Stadium Authority	\$ (2,800,660)	591,234	2,209,426	-
Central Waco Development Corporation	-	-	-	-
Waco Health Facilities Development Corporation	-	-	-	-
Total component units	<u>\$ (2,800,660)</u>	<u>591,234</u>	<u>2,209,426</u>	<u>-</u>

General revenues:

Taxes:

Property

Property tax increment financing

Sales

Franchise

Hotel/motel

Other

Unrestricted investment earnings

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

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Baylor Waco Stadium Authority	Central Waco Development Corporation	Waco Health Facilities Development Corporation
(20,907,179)	-	(20,907,179)			
(2,056,468)	-	(2,056,468)			
(69,423,207)	-	(69,423,207)			
(15,310,806)	-	(15,310,806)			
(2,911,579)	-	(2,911,579)			
167,388	-	167,388			
(2,942,299)	-	(2,942,299)			
<u>(113,384,150)</u>	<u>-</u>	<u>(113,384,150)</u>			
-	11,181,282	11,181,282			
-	7,394,215	7,394,215			
-	2,625,668	2,625,668			
-	(2,564,341)	(2,564,341)			
-	(3,118,692)	(3,118,692)			
-	(612,399)	(612,399)			
-	(3,268,293)	(3,268,293)			
-	(1,095,932)	(1,095,932)			
-	(439,739)	(439,739)			
<u>-</u>	<u>10,101,769</u>	<u>10,101,769</u>			
<u>(113,384,150)</u>	<u>10,101,769</u>	<u>(103,282,381)</u>			
			-	-	-
			-	(6,349)	-
			<u>-</u>	<u>-</u>	<u>-</u>
			<u>-</u>	<u>(6,349)</u>	<u>-</u>
\$ 68,192,298	-	68,192,298	-	-	-
12,674,713	-	12,674,713	-	-	-
39,017,059	-	39,017,059	-	-	-
14,916,497	-	14,916,497	-	-	-
-	4,270,253	4,270,253	-	-	-
1,148,309	-	1,148,309	-	-	-
4,092,426	1,198,208	5,290,634	-	88	428
1,162,457	-	1,162,457	-	-	-
462,783	(462,783)	-	-	-	-
<u>141,666,542</u>	<u>5,005,678</u>	<u>146,672,220</u>	<u>-</u>	<u>88</u>	<u>428</u>
28,282,392	15,107,447	43,389,839	-	(6,261)	428
<u>265,027,800</u>	<u>298,268,288</u>	<u>563,296,088</u>	<u>-</u>	<u>6,261</u>	<u>30,405</u>
\$ <u>293,310,192</u>	<u>313,375,735</u>	<u>606,685,927</u>	<u>-</u>	<u>-</u>	<u>30,833</u>

City of Waco, Texas

Balance Sheet Governmental Funds September 30, 2018

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 64,433,371	\$ 83,142,407	\$ 147,575,778
Receivables, net of allowances:			
Accounts	3,630,986	88,973	3,719,959
Special assessments	-	55	55
Taxes	8,511,316	367,306	8,878,622
Notes	-	1,325,054	1,325,054
Advances to other funds	-	168,368	168,368
Intergovernmental receivable	78,330	1,519,771	1,598,101
Inventory	962,267	-	962,267
Real estate held for resale	6,160	60,097	66,257
Due from other funds	2,346,087	-	2,346,087
	\$ 79,968,517	\$ 86,672,031	\$ 166,640,548
Liabilities			
Accounts payable	\$ 2,256,858	\$ 1,299,367	\$ 3,556,225
Accrued liabilities	3,830,196	733,153	4,563,349
Unearned revenue	20,594	1,210	21,804
Due to other funds	555,415	117,935	673,350
Deposits	674,384	-	674,384
Escrow funds	451,375	1,954,998	2,406,373
Total liabilities	7,788,822	4,106,663	11,895,485
Deferred inflows of resources			
Unavailable revenue:			
Property taxes	1,636,192	352,519	1,988,711
Court fines	451,087	-	451,087
Special assessments	-	55	55
Total deferred inflow of resources	2,087,279	352,574	2,439,853
Total liabilities and deferred inflows of resources	9,876,101	4,459,237	14,335,338
Fund balances			
Nonspendable:			
Inventory	962,267	-	962,267
Parks and cemetery care	-	371,797	371,797
Real estate held for resale	6,160	-	6,160
Restricted for:			
Capital projects	-	29,469,813	29,469,813
Culture and recreation	-	191,804	191,804
Debt service	-	675,525	675,525
Housing and community development	-	1,314,573	1,314,573
Municipal information	1,271,408	-	1,271,408
Public safety	-	1,556,260	1,556,260
Tax increment zone activities	-	31,067,768	31,067,768
Waco Public Improvement District	-	906,377	906,377
Committed to:			
Capital projects	-	14,241,431	14,241,431
Economic development	10,933,118	-	10,933,118
Public health	-	2,417,446	2,417,446
Assigned to:			
Capital improvements	17,425,920	-	17,425,920
Culture and recreation	130,993	-	130,993
Economic development	7,354,149	-	7,354,149
Housing and community development	44,600	-	44,600
Other	416,224	-	416,224
Public safety	753,506	-	753,506
Public works	240,959	-	240,959
Subsequent year's budget appropriation	3,588,211	-	3,588,211
Unassigned	26,964,901	-	26,964,901
Total fund balances	\$ 70,092,416	\$ 82,212,794	\$ 152,305,210
Total liabilities, deferred inflows of resources, and fund balances	\$ 79,968,517	\$ 86,672,031	\$ 166,640,548

See accompanying notes to financial statements.

City of Waco, Texas
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds (page 26)	\$	152,305,210
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		286,826,662
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.		2,439,853
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.		10,849,192
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(159,110,725)</u>
Net position of governmental activities (page 23)	\$	<u><u>293,310,192</u></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, 2018

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 97,013,440	\$ 23,343,825	\$ 120,357,265
Business and occupation fees	14,916,497	-	14,916,497
Permits, licenses and fees	1,495,196	987,487	2,482,683
Fines	1,544,352	338,839	1,883,191
Charges for services	2,104,779	-	2,104,779
Investment earnings	1,249,631	2,671,615	3,921,246
Contributions	680,287	181,263	861,550
Intergovernmental	1,977,140	7,613,154	9,590,294
Program income	-	246,593	246,593
Other	11,517,188	639,006	12,156,194
Total revenues	<u>132,498,510</u>	<u>36,021,782</u>	<u>168,520,292</u>
Expenditures:			
Current:			
General government	23,488,526	6,620,001	30,108,527
Public works	5,119,496	-	5,119,496
Public safety	73,006,499	667,008	73,673,507
Culture and recreation	13,809,591	406,698	14,216,289
Housing and community development	248,667	2,659,582	2,908,249
Public health	-	7,906,760	7,906,760
Debt service:			
Principal	-	6,660,000	6,660,000
Interest and fiscal charges	-	3,440,471	3,440,471
Bond issuance costs	-	140,293	140,293
Capital outlay	-	11,595,064	11,595,064
Total expenditures	<u>115,672,779</u>	<u>40,095,877</u>	<u>155,768,656</u>
Excess (deficiency) of revenues over expenditures	<u>16,825,731</u>	<u>(4,074,095)</u>	<u>12,751,636</u>
Other financing sources (uses):			
General obligation bonds issued	-	19,840,000	19,840,000
Premium on general obligation bonds	-	1,180,056	1,180,056
Transfers in	4,762,413	8,789,596	13,552,009
Transfers out	(12,318,400)	(218,637)	(12,537,037)
Total other financing sources (uses)	<u>(7,555,987)</u>	<u>29,591,015</u>	<u>22,035,028</u>
Net change in fund balances	9,269,744	25,516,920	34,786,664
Fund balances, beginning of year	60,822,672	56,695,874	117,518,546
Fund balances, end of year	<u>\$ 70,092,416</u>	<u>\$ 82,212,794</u>	<u>\$ 152,305,210</u>

See accompanying notes to financial statements.

City of Waco, Texas
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended September 30, 2018

Amounts reported for governmental activities in the statement of activities (pages 24 - 25) are different because:

Net change in fund balances - total governmental funds (page 28)	\$	34,786,664
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 depreciation exceeded capital outlay in the current period.		(5,245,223)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position.		11,680,280
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		32,609
The issuance of long-term debt (e.g., bonds, notes payable) 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.		(14,198,634)
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.		960,689
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>266,007</u>
Change in net position of governmental activities (pages 24 - 25)	\$	<u><u>28,282,392</u></u>

See accompanying notes to financial statements.

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenue					
Taxes:					
Sales tax income	\$ 35,552,310	36,099,252	39,017,059	2,917,807	38,135,659
Property taxes	56,687,119	56,687,119	57,497,970	810,851	53,256,332
Interest and penalty on taxes	435,000	435,000	498,411	63,411	463,462
Totals	92,674,429	93,221,371	97,013,440	3,792,069	91,855,453
Business and occupation fees:					
Occupation taxes	100,000	100,000	94,979	(5,021)	50,694
Gross receipts taxes	13,046,758	13,181,758	14,821,518	1,639,760	14,187,598
Totals	13,146,758	13,281,758	14,916,497	1,634,739	14,238,292
Permits, licenses and fees:					
Building permits	632,029	632,029	670,896	38,867	653,197
Plumbing permits	225,000	225,000	241,886	16,886	268,530
Electrical permits	321,680	321,680	351,513	29,833	389,693
Heating and air conditioning licenses	120,000	120,000	112,093	(7,907)	137,153
Fire inspection fees	40,418	40,418	38,851	(1,567)	47,768
Cab permits	-	-	650	650	650
House moving permits	-	-	165	165	167
Open air/street vending	5,600	5,600	6,720	1,120	7,705
Sign permits	32,668	32,668	30,299	(2,369)	30,210
Subdivision fees	35,805	35,805	42,123	6,318	39,431
Totals	1,413,200	1,413,200	1,495,196	81,996	1,574,504
Fines:					
Court fines	1,740,949	1,753,753	1,413,186	(340,567)	1,656,378
Auto impound fees	139,000	139,000	131,166	(7,834)	130,224
Totals	1,879,949	1,892,753	1,544,352	(348,401)	1,786,602
Charges for services:					
Recreation	683,907	683,907	986,123	302,216	861,127
Weed mowing	80,000	80,000	74,009	(5,991)	50,402
Library fees	109,969	109,969	126,420	16,451	133,995
Animal pick up	10,325	10,325	13,710	3,385	12,570
Animal shelter fees	333,519	333,519	371,725	38,206	391,208
Grounds maintenance	56,750	56,750	56,750	-	55,097
Graphics	62,182	62,182	76,034	13,852	64,667
Police security	22,770	22,770	63,119	40,349	35,303
Airport security services	295,000	295,000	336,889	41,889	334,795
Totals	1,654,422	1,654,422	2,104,779	450,357	1,939,164
Interest on investments	150,000	150,000	1,249,631	1,099,631	521,037

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues (continued)					
Contributions	617,001	640,213	680,287	40,074	683,968
Intergovernmental	1,880,359	2,187,885	1,977,140	(210,745)	1,921,435
Other:					
Indirect expense reimbursements	8,265,788	8,265,788	8,062,618	(203,170)	7,069,233
False alarm fines	11,026	11,026	15,250	4,224	15,800
BSC civil penalties	-	-	7,770	7,770	500
Rents from real estate	182,989	182,989	436,711	253,722	267,724
Miscellaneous revenue	1,437,764	1,437,764	1,562,780	125,016	2,145,094
Sale of real estate	100,000	100,000	425,519	325,519	101,893
Sale of other scrap	10,000	10,000	9,592	(408)	13,140
Zoning applications	15,000	15,000	39,675	24,675	35,175
Commission from sale of mixed drinks	560,000	560,000	614,759	54,759	581,837
Commission on municipal court fines	72,000	72,000	55,078	(16,922)	64,859
Commission on concessions	173,288	184,788	267,971	83,183	229,379
Garage sale permits	18,725	18,725	18,150	(575)	20,320
Special assessments	-	-	1,315	1,315	973
Totals	10,846,580	10,858,080	11,517,188	659,108	10,545,927
Total revenue	124,262,698	125,299,682	132,498,510	7,198,828	125,066,382
Expenditures					
General Government					
Administrative Services:					
Salaries and wages	1,414,638	1,352,893	1,178,588	174,305	1,365,497
Employee benefits	458,413	436,878	384,556	52,322	414,168
Purchased professional/technical services	96,103	166,103	266,245	(100,142)	316,488
Purchased property services	34,098	34,098	29,660	4,438	35,733
Maintenance	1,000	1,000	-	1,000	324
Other purchased services	421,168	504,448	628,515	(124,067)	599,354
Supplies	117,383	166,178	158,396	7,782	92,068
Other expenses	280,000	409,465	77,533	331,932	112,983
Total Administrative Services	2,822,803	3,071,063	2,723,493	347,570	2,936,615
City Secretary:					
Salaries and wages	344,429	325,782	326,918	(1,136)	307,289
Employee benefits	130,415	130,415	124,200	6,215	116,398
Purchased professional/technical services	79,500	101,988	103,365	(1,377)	51,769
Maintenance	22,671	23,754	22,686	1,068	23,003
Other purchased services	24,228	41,088	38,244	2,844	24,403
Supplies	16,768	35,292	26,285	9,007	23,544
Capital expenditures	-	6,495	6,495	-	-
Total City Secretary	618,011	664,814	648,193	16,621	546,406
Finance Services:					
Salaries and wages	1,273,132	1,273,132	1,202,091	71,041	1,239,682
Employee benefits	412,939	412,939	404,026	8,913	399,377
Purchased professional/technical services	124,485	124,485	113,004	11,481	100,022

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Finance Services: (continued)					
Maintenance	1,000	1,000	-	1,000	680
Other purchased services	28,660	28,660	23,082	5,578	24,936
Supplies	27,640	27,640	38,421	(10,781)	34,494
Other expenses	64,013	64,013	49,763	14,250	11,493
Total Finance Services	<u>1,931,869</u>	<u>1,931,869</u>	<u>1,830,387</u>	<u>101,482</u>	<u>1,810,684</u>
Legal Services:					
Salaries and wages	1,014,363	1,014,363	931,847	82,516	865,378
Employee benefits	316,135	316,135	288,230	27,905	258,251
Purchased professional/technical services	5,850	2,238	109	2,129	3,274
Maintenance	300	300	-	300	-
Other purchased services	29,036	28,954	27,943	1,011	18,966
Supplies	32,099	35,793	37,976	(2,183)	38,349
Total Legal Services	<u>1,397,783</u>	<u>1,397,783</u>	<u>1,286,105</u>	<u>111,678</u>	<u>1,184,218</u>
Planning Services:					
Salaries and wages	489,155	489,155	513,956	(24,801)	492,339
Employee benefits	174,925	174,925	166,674	8,251	157,083
Purchased professional/technical services	49,800	52,707	31,320	21,387	27,761
Purchased property services	68,408	68,408	66,200	2,208	65,800
Maintenance	1,430	1,430	2,498	(1,068)	3,354
Other purchased services	21,589	21,589	15,566	6,023	19,967
Supplies	32,197	32,197	36,882	(4,685)	35,948
Total Planning Services	<u>837,504</u>	<u>840,411</u>	<u>833,096</u>	<u>7,315</u>	<u>802,252</u>
Human Resources:					
Salaries and wages	839,103	839,103	733,480	105,623	596,872
Employee benefits	288,884	288,884	258,949	29,935	201,238
Purchased professional/technical services	133,596	125,016	90,162	34,854	28,304
Purchased property services	-	-	-	-	550
Maintenance	2,363	2,363	2,184	179	1,549
Other purchased services	86,404	83,902	68,409	15,493	81,995
Supplies	15,610	26,692	22,519	4,173	20,517
Total Human Resources	<u>1,365,960</u>	<u>1,365,960</u>	<u>1,175,703</u>	<u>190,257</u>	<u>931,025</u>
Municipal Information:					
Salaries and wages	514,644	514,644	508,695	5,949	505,037
Employee benefits	183,947	183,947	179,917	4,030	173,981
Purchased professional/technical services	19,723	39,723	32,187	7,536	29,973
Maintenance	38,291	58,291	20,778	37,513	38,909
Other purchased services	22,353	22,353	19,975	2,378	23,618
Supplies	19,176	54,176	16,643	37,533	38,314
Other expenses	48,060	48,060	23,590	24,470	19,046
Capital expenditures	-	60,000	66,556	(6,556)	185,748
Total Public Information Services	<u>846,194</u>	<u>981,194</u>	<u>868,341</u>	<u>112,853</u>	<u>1,014,626</u>

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Information Technology Services:					
Salaries and wages	1,701,542	1,701,542	1,566,942	134,600	1,355,893
Employee benefits	587,488	587,488	542,263	45,225	467,395
Purchased professional/technical services	209,338	227,838	105,806	122,032	131,386
Maintenance	1,028,686	1,030,515	979,406	51,109	1,048,857
Other purchased services	495,031	501,531	399,277	102,254	349,014
Supplies	122,020	122,020	103,323	18,697	112,377
Capital expenditures	275,300	275,300	221,210	54,090	34,316
Other expenses	(124,692)	(124,692)	(124,692)	-	(121,060)
Total Information Technology Services	<u>4,294,713</u>	<u>4,321,542</u>	<u>3,793,535</u>	<u>528,007</u>	<u>3,378,178</u>
Purchasing Services:					
Salaries and wages	474,791	474,791	443,567	31,224	412,627
Employee benefits	168,205	168,305	158,048	10,257	139,399
Purchased professional/technical services	400	400	835	(435)	-
Maintenance	370	370	49	321	-
Other purchased services	21,625	18,515	17,739	776	16,227
Supplies	8,563	11,573	11,297	276	9,353
Total Purchasing Services	<u>673,954</u>	<u>673,954</u>	<u>631,535</u>	<u>42,419</u>	<u>577,606</u>
Facilities:					
Salaries and wages	1,043,910	1,000,065	930,096	69,969	941,841
Employee benefits	490,620	490,620	454,235	36,385	456,226
Purchased professional/technical services	374,460	487,023	744,798	(257,775)	548,397
Purchased property services	10,161	10,161	7,577	2,584	7,931
Maintenance	1,370,147	1,423,288	1,323,996	99,292	1,128,745
Other purchased services	56,646	56,646	57,028	(382)	45,198
Supplies	288,857	288,857	247,283	41,574	257,270
Capital expenditures	-	-	-	-	87,741
Total Facilities	<u>3,634,801</u>	<u>3,756,660</u>	<u>3,765,013</u>	<u>(8,353)</u>	<u>3,473,349</u>
Economic Development					
Salaries and wages	175,685	175,685	121,170	54,515	85,445
Employee benefits	57,458	57,458	44,421	13,037	35,377
Purchased professional/technical services	5,500	5,500	6,283	(783)	90,911
Purchased property services	-	-	-	-	4,913
Other purchased services	15,257	15,257	4,006	11,251	6,764
Supplies	9,700	9,700	8,518	1,182	168,566
Other expenses	-	-	-	-	-
Total Economic Development	<u>263,600</u>	<u>263,600</u>	<u>184,398</u>	<u>79,202</u>	<u>391,976</u>
Economic Development Incentive					
Purchased professional/technical services	-	2,000,000	1,875,000	125,000	1,462,500
Total Economic Development Incentive	<u>-</u>	<u>2,000,000</u>	<u>1,875,000</u>	<u>125,000</u>	<u>1,462,500</u>
Contributions:					
McLennan County	157,830	156,472	155,364	1,108	147,504
Rosemound Cemetery	125,000	125,000	125,000	-	125,000

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Contributions: (continued)					
HOTRMHMR	40,000	40,000	39,322	678	39,322
H. O. T. Council of Governments	10,000	10,000	11,652	(1,652)	11,652
The Advocacy Center	91,645	131,419	119,446	11,973	91,645
Greater Waco Chamber	165,000	165,000	165,000	-	165,000
Central Texas African American Chamber	68,000	68,000	68,000	-	73,667
Waco Foundation	-	30,000	30,000	-	-
Cen-Tex Hispanic Chamber	118,000	118,000	118,000	-	118,000
City Center Waco	245,043	268,604	268,604	-	300,250
Central Texas Senior Ministry	28,000	28,000	28,000	-	28,000
Economic Development Grants	635,000	635,000	609,000	26,000	569,592
McLennan County Appraisal District	800,000	800,000	729,872	70,128	672,839
CHDO projects	-	-	-	-	54,146
Greater Waco Collective Impact Initiative	130,000	160,240	160,240	-	130,250
Contracts with others	33,500	11,297	-	11,297	-
Greater Waco Sports Commission	75,000	75,000	75,000	-	75,000
Historic Waco Foundation	29,250	29,250	29,250	-	29,250
Creative Waco	385,000	435,325	362,085	73,240	334,675
Community Loan Program	-	-	-	-	200,000
HOT Goodwill Industries, Inc.	-	71,412	71,412	-	11,902
The Cove	-	52,291	52,291	-	2,254
Mission Waco	-	-	-	-	20,000
Caritas of Waco	-	52,305	48,863	3,442	8,526
Total Contributions	3,136,268	3,462,615	3,266,401	196,214	3,208,474
Miscellaneous:					
Employee benefits	80,000	80,000	38,367	41,633	32,099
Purchased professional/technical services	236,750	243,334	276,878	(33,544)	233,455
Purchased property services	-	-	7,250	(7,250)	-
Maintenance	8,765	8,765	7,940	825	20,319
Other purchased services	555	555	370	185	547
Supplies	3,610	3,610	4,026	(416)	6,916
Capital expenditures	-	79,185	1,000	78,185	145,403
Other expenses	436,500	436,500	271,495	165,005	340,040
Total Miscellaneous	766,180	851,949	607,326	244,623	778,779
Total General Government	22,589,640	25,583,414	23,488,526	2,094,888	22,496,688
Public Works					
Streets and Drainage Services:					
Salaries and wages	1,089,967	1,069,967	718,273	351,694	336,282
Employee benefits	655,317	655,317	537,167	118,150	255,510
Purchased professional/technical services	2,755,366	2,705,680	1,987,203	718,477	169,374
Purchased property services	31,276	31,276	24,181	7,095	37,810
Maintenance	1,460,334	1,460,334	1,251,137	209,197	443,200
Other purchased services	145,422	145,422	102,083	43,339	71,365
Supplies	357,778	357,778	238,487	119,291	155,100
Other expenses	161,422	161,422	161,422	-	80,400

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Works (continued)					
Capital expenditures	22,465	201,365	99,543	101,822	94,898
Total Streets and Drainage Services	6,679,347	6,788,561	5,119,496	1,669,065	1,643,939
Total Public Works	6,679,347	6,788,561	5,119,496	1,669,065	1,643,939
Public Safety					
Municipal Court:					
Salaries and wages	826,900	826,900	757,256	69,644	805,730
Employee benefits	300,454	300,454	279,442	21,012	281,472
Purchased professional/technical services	116,580	117,695	108,144	9,551	120,175
Maintenance	1,000	5,600	5,669	(69)	147
Other purchased services	37,865	32,560	21,332	11,228	23,712
Supplies	82,938	83,268	71,766	11,502	75,231
Capital expenditures	-	12,064	12,064	-	-
Other expenses	13,928	13,928	10,636	3,292	11,916
Total Municipal Court	1,379,665	1,392,469	1,266,309	126,160	1,318,383
Inspection Services:					
Salaries and wages	1,227,214	1,213,289	1,125,946	87,343	953,270
Employee benefits	462,279	462,279	427,033	35,246	364,732
Purchased professional/technical services	198,639	213,264	118,271	94,993	171,640
Purchased property services	73,142	72,142	66,492	5,650	64,206
Maintenance	44,947	44,947	52,449	(7,502)	46,034
Other purchased services	58,534	58,534	50,146	8,388	56,264
Supplies	88,292	88,592	62,076	26,516	44,282
Other expenses	26,430	26,430	31,608	(5,178)	32,937
Total Inspection Services	2,179,477	2,179,477	1,934,021	245,456	1,733,365
Emergency Management Services:					
Salaries and wages	303,996	290,841	282,869	7,972	282,799
Employee benefits	113,242	112,952	106,784	6,168	100,336
Purchased professional/technical services	26,924	25,374	15,770	9,604	11,508
Purchased property services	2,720	1,550	1,550	-	1,020
Maintenance	427,652	429,374	388,724	40,650	250,760
Other purchased services	37,960	30,209	16,920	13,289	26,022
Supplies	28,312	43,306	43,591	(285)	12,326
Capital expenditures	285,000	368,182	365,114	3,068	591,935
Other expenses	83,965	83,965	77,003	6,962	139,504
Total Emergency Management Services	1,309,771	1,385,753	1,298,325	87,428	1,416,210
Fire Services:					
Salaries and wages	16,004,707	16,004,707	16,804,330	(799,623)	16,285,247
Employee benefits	5,769,021	5,769,021	6,001,983	(232,962)	5,632,664
Purchased professional/technical services	70,411	71,724	66,141	5,583	62,562
Purchased property services	62,952	62,952	64,229	(1,277)	55,469
Maintenance	717,402	763,047	519,705	243,342	560,912

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Fire Services: (continued)					
Other purchased services	369,949	370,082	345,268	24,814	358,225
Supplies	674,428	688,927	610,988	77,939	650,132
Capital expenditures	-	273,574	116,509	157,065	478,476
Total Fire Services	<u>23,668,870</u>	<u>24,004,034</u>	<u>24,529,153</u>	<u>(525,119)</u>	<u>24,083,687</u>
Police Services:					
Salaries and wages	23,921,501	23,921,501	25,108,665	(1,187,164)	23,325,195
Employee benefits	8,465,640	8,465,640	8,769,021	(303,381)	7,919,547
Purchased professional/technical services	896,093	901,143	634,572	266,571	649,062
Purchased property services	63,792	63,792	42,409	21,383	42,827
Maintenance	1,443,699	1,485,974	1,430,423	55,551	1,064,759
Other purchased services	1,125,143	1,152,743	1,089,313	63,430	996,431
Supplies	2,222,546	2,506,399	2,178,080	328,319	1,521,439
Capital expenditures	-	312,818	151,961	160,857	308,227
Other expenses	909	909	895	14	792
Total Police Services	<u>38,139,323</u>	<u>38,810,919</u>	<u>39,405,339</u>	<u>(594,420)</u>	<u>35,828,279</u>
Traffic Services					
Salaries and wages	885,333	879,333	798,321	81,012	720,417
Employee benefits	379,778	379,778	355,699	24,079	327,845
Purchased professional/technical services	230,685	231,309	57,050	174,259	192,360
Purchased property services	2,711	2,711	2,326	385	1,807
Maintenance	890,047	914,455	597,243	317,212	788,932
Other purchased services	44,876	44,876	30,625	14,251	32,090
Supplies	729,235	729,235	672,835	56,400	617,559
Capital expenditures	500,000	534,950	390,391	144,559	483,149
Totals Traffic Services	<u>3,662,665</u>	<u>3,716,647</u>	<u>2,904,490</u>	<u>812,157</u>	<u>3,164,159</u>
Animal Services					
Salaries and wages	711,215	697,415	695,183	2,232	699,188
Employee benefits	298,170	294,170	286,125	8,045	288,012
Purchased professional/technical services	307,865	305,885	212,556	93,329	207,272
Purchased property services	17,700	17,700	16,978	722	17,667
Maintenance	59,603	73,353	46,641	26,712	32,720
Other purchased services	66,079	66,079	65,358	721	55,981
Supplies	329,629	328,264	311,389	16,875	330,116
Capital expenditures	33,515	42,645	34,345	8,300	19,857
Other expenses	1,000	1,000	-	1,000	-
Totals Animal Services	<u>1,824,776</u>	<u>1,826,511</u>	<u>1,668,575</u>	<u>157,936</u>	<u>1,650,813</u>
Contributions:					
Animal Shelter	287	287	287	-	-
Total Contributions	<u>287</u>	<u>287</u>	<u>287</u>	<u>-</u>	<u>-</u>
Total Public Safety	<u>72,164,834</u>	<u>73,316,097</u>	<u>73,006,499</u>	<u>309,598</u>	<u>69,194,896</u>

(Continued)

City of Waco, Texas
 General Fund
 Statement of Revenue, Expenditures,
 and Changes in Fund Balance -
 Budget and Actual
 Year Ended September 30, 2018
 (With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Culture and Recreation					
Library Services:					
Salaries and wages	1,959,363	1,896,188	1,819,906	76,282	1,778,454
Employee benefits	684,191	684,191	684,401	(210)	651,276
Purchased professional/technical services	298,935	325,159	209,793	115,366	165,737
Purchased property services	22,199	22,199	17,601	4,598	25,554
Maintenance	149,186	168,364	128,610	39,754	168,222
Other purchased services	146,542	146,542	140,563	5,979	151,829
Supplies	690,722	780,564	779,241	1,323	606,898
Capital expenditures	31,375	31,375	15,996	15,379	6,492
Other expenses	169,458	169,458	169,457	1	164,666
Total Library Services	4,151,971	4,224,040	3,965,568	258,472	3,719,128
Parks:					
Salaries and wages	3,854,353	3,721,933	2,906,232	815,701	2,967,379
Employee benefits	1,765,595	1,765,595	1,504,470	261,125	1,462,760
Purchased professional/technical services	667,306	837,306	652,924	184,382	702,515
Purchased property services	804,659	804,659	800,647	4,012	787,078
Maintenance	604,107	619,338	724,708	(105,370)	614,101
Other purchased services	271,912	271,912	262,940	8,972	248,376
Supplies	786,845	793,008	715,356	77,652	570,217
Capital expenditures	35,000	144,041	152,847	(8,806)	131,435
Other expenses	114,973	126,473	114,957	11,516	104,693
Total Parks	8,904,750	9,084,265	7,835,081	1,249,184	7,588,554
Recreation Services:					
Salaries and wages	927,853	927,853	815,799	112,054	778,214
Employee benefits	289,596	289,596	269,277	20,319	252,726
Purchased professional/technical services	523,258	529,138	456,607	72,531	453,362
Purchased property services	-	-	-	-	4,295
Maintenance	19,550	19,550	12,689	6,861	12,120
Other purchased services	193,691	193,691	165,695	27,996	164,774
Supplies	238,977	238,977	251,049	(12,072)	230,131
Capital expenditures	-	30,090	30,090	-	51,700
Other expenses	14,915	15,915	7,736	8,179	9,565
Total Recreation Services	2,207,840	2,244,810	2,008,942	235,868	1,956,887
Total Culture & Recreation	15,264,561	15,553,115	13,809,591	1,743,524	13,264,569
Housing and Community Development					
Housing Services:					
Salaries and wages	317,343	317,343	162,300	155,043	198,490
Employee benefits	104,712	104,712	68,402	36,310	73,899
Purchased professional/technical services	34,000	34,000	5,153	28,847	15,942
Other purchased services	16,885	16,885	9,215	7,670	7,555
Supplies	7,362	7,362	3,597	3,765	3,274
Other expenses	35,000	35,000	-	35,000	8,858
Total Housing Services	515,302	515,302	248,667	266,635	308,018
Total Housing and Community Development	515,302	515,302	248,667	266,635	308,018
Total Expenditures	117,213,684	121,756,489	115,672,779	6,083,710	106,908,110

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Excess of revenues over expenditures	7,049,014	3,543,193	16,825,731	13,282,538	18,158,272
Other Financing Sources (Uses):					
Transfers in:					
Abandoned Motor Vehicles	50,000	50,000	50,000	-	181,649
Court Security	86,300	86,300	91,966	5,666	93,258
Library	-	-	-	-	13,055
Revenue in lieu of property taxes	4,620,447	4,620,447	4,620,447	-	4,473,449
Total transfers in	4,756,747	4,756,747	4,762,413	5,666	4,761,411
Transfers out:					
Street Improvements:					
Street Reconstruction	-	-	-	-	(3,885,972)
Street Cash CIP	(1,005,739)	(1,407,590)	(1,407,590)	-	(2,238,154)
Capital Improvements:					
Facilities Cash CIP	(500,000)	(500,000)	(500,000)	-	(756,425)
Parks Cash CIP	(300,000)	(339,000)	(339,000)	-	(350,000)
Stormwater CIP	-	-	-	-	(346,900)
Cameron Park Zoo	(2,579,674)	(2,579,674)	(2,579,674)	-	(1,937,223)
Rolling Stock	(1,730,000)	(1,730,000)	(1,730,000)	-	(1,526,367)
Equipment Replacement Cash CIP	(500,000)	(500,000)	(500,000)	-	(400,000)
TxDOT Brazos Riverwalk	-	(114,311)	-	114,311	(1,941,343)
Cottonwood Creek Golf Course	(297,387)	(297,387)	(697,387)	(400,000)	(285,639)
Transit	(824,949)	(824,949)	(178,448)	646,501	(88,333)
Airport Services	(338,071)	(338,071)	(338,071)	-	(354,363)
Health Services	(3,495,389)	(3,495,389)	(3,495,389)	-	(3,235,270)
Ranger Hall of Fame	(711,895)	(711,895)	(311,895)	400,000	(609,619)
Economic Development Incentive	(2,000,000)	-	-	-	-
Housing demo-lot clearing	(175,000)	(175,000)	(175,000)	-	(175,000)
Grant (police)	(216,000)	(216,000)	(65,946)	150,054	(38,333)
Total transfers out	(14,674,104)	(13,229,266)	(12,318,400)	910,866	(18,168,941)
Total other financing sources (uses)	(9,917,357)	(8,472,519)	(7,555,987)	916,532	(13,407,530)
Net change in fund balances	(2,868,343)	(4,929,326)	9,269,744	14,199,070	4,750,742
Fund balance, beginning of year	60,822,672	60,822,672	60,822,672	-	56,071,930
Fund balance, end of year	\$ 57,954,329	55,893,346	70,092,416	14,199,070	60,822,672

See accompanying notes to financial statements.



City of Waco, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities					Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 39,035,459	\$ 28,366,750	\$ 19,905,107	\$ 7,715,629	\$ 95,022,945	\$ 13,375,769
Accounts receivable, net of allowances	5,506,929	3,511,795	2,159,526	745,925	11,924,175	472
Due from other funds	-	-	-	-	-	555,415
Intergovernmental receivable	233,385	134,085	-	2,614,155	2,981,625	-
Current portion of notes receivable	-	53,760	-	-	53,760	-
Restricted cash and investments	7,635,433	757,073	-	-	8,392,506	-
Inventory	236,137	14,231	-	1,003,564	1,253,932	215,547
Accrued interest on notes receivable	-	2,159	-	-	2,159	-
Total current assets	<u>52,647,343</u>	<u>32,839,853</u>	<u>22,064,633</u>	<u>12,079,273</u>	<u>119,631,102</u>	<u>14,147,203</u>
Noncurrent assets:						
Restricted cash and investments	44,135,627	82,275,534	-	93,463	126,504,624	-
Noncurrent portion of notes receivable	-	300,991	-	-	300,991	-
Advances to other funds	525,336	-	-	-	525,336	-
Capital assets:						
Land	1,279,185	2,691,723	3,580,642	912,673	8,464,223	38,800
Buildings	10,024,595	11,089,302	1,370,137	60,565,347	83,049,381	920,153
Improvements other than buildings	301,443,449	145,301,202	28,307,594	68,109,621	543,161,866	118,289
Machinery and equipment	9,651,216	10,993,591	19,933,231	16,808,959	57,386,997	1,416,380
Museum collections	-	-	-	2,224,424	2,224,424	-
Construction work in progress	33,900,826	18,900,455	936,667	823,990	54,561,938	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	<u>(146,774,669)</u>	<u>(67,609,245)</u>	<u>(39,869,566)</u>	<u>(79,435,754)</u>	<u>(333,689,234)</u>	<u>(1,722,514)</u>
Total noncurrent assets	<u>286,668,444</u>	<u>203,943,553</u>	<u>14,258,705</u>	<u>70,102,723</u>	<u>574,973,425</u>	<u>771,108</u>
Total assets	<u>\$ 339,315,787</u>	<u>\$ 236,783,406</u>	<u>\$ 36,323,338</u>	<u>\$ 82,181,996</u>	<u>\$ 699,608,030</u>	<u>\$ 14,918,311</u>
Deferred outflows of resources						
Deferred losses on refundings of debt	2,350,158	955,589	12,912	-	3,318,659	-
Deferred outflows on pension liability	722,076	481,384	481,384	-	1,684,844	-
Total deferred outflows of resources	<u>3,072,234</u>	<u>1,436,973</u>	<u>494,296</u>	<u>-</u>	<u>5,003,503</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 342,388,021</u>	<u>\$ 238,220,379</u>	<u>\$ 36,817,634</u>	<u>\$ 82,181,996</u>	<u>\$ 699,608,030</u>	<u>\$ 14,918,311</u>
Liabilities						
Current liabilities:						
Accounts payable	546,736	3,906,783	525,610	386,592	5,365,721	202,770
Accrued liabilities	1,023,121	700,991	308,660	1,060,768	3,093,540	583,813
Unearned revenue	-	-	-	441,439	441,439	-
Due to other funds	-	-	-	2,228,152	2,228,152	-
Compensated absences payable	737,000	372,518	331,514	520,550	1,961,582	271,733
Refundable contracts	904,549	-	-	-	904,549	-
Notes payable	86,328	-	-	-	86,328	-
Contracts payable	345,841	-	-	-	345,841	-
Escrow funds	-	-	-	-	-	538
Bonds payable	10,680,000	7,220,000	535,000	-	18,435,000	-
Accrued interest payable	1,374,807	1,219,186	17,875	-	2,611,868	-
Current liabilities payable from restricted assets:						
Accounts payable	4,446,378	757,073	-	-	5,203,451	-
Customer deposits	3,189,055	-	-	-	3,189,055	-
Estimated claims and judgments	-	-	-	-	-	2,967,025
Total current liabilities	<u>23,333,815</u>	<u>14,176,551</u>	<u>1,718,659</u>	<u>4,637,501</u>	<u>43,866,526</u>	<u>4,025,879</u>
Noncurrent liabilities:						
Refundable contracts	293,857	192,542	-	-	486,399	-
Estimated landfill closure and post-closure care costs	-	-	5,615,324	-	5,615,324	-
Advances from other funds	-	-	-	693,704	693,704	-
Compensated absences payable	480,029	85,224	312,467	419,290	1,297,010	43,240
Bonds payable	184,320,099	138,404,781	2,137,499	-	324,862,379	-
Notes payable	1,501,978	-	-	-	1,501,978	-
Net pension liability	2,659,809	1,773,205	1,773,205	-	6,206,219	-
Total noncurrent liabilities	<u>189,255,772</u>	<u>140,455,752</u>	<u>9,838,495</u>	<u>1,112,994</u>	<u>340,663,013</u>	<u>43,240</u>
Total liabilities	<u>212,589,587</u>	<u>154,632,303</u>	<u>11,557,154</u>	<u>5,750,495</u>	<u>384,529,539</u>	<u>4,069,119</u>
Deferred inflows of resources						
Deferred inflows on pension liability	729,752	486,502	486,502	-	1,702,756	-
Total deferred inflows of resources	<u>729,752</u>	<u>486,502</u>	<u>486,502</u>	<u>-</u>	<u>1,702,756</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>213,319,339</u>	<u>155,118,805</u>	<u>12,043,656</u>	<u>5,750,495</u>	<u>386,232,295</u>	<u>4,069,119</u>
Net position						
Net investment in capital assets	90,706,455	58,780,828	11,599,118	70,009,260	231,095,661	771,108
Restricted for:						
Capital projects	-	-	-	943,463	943,463	-
Unrestricted	38,362,227	24,320,746	13,174,860	5,478,778	81,336,611	10,078,084
Total net position	<u>\$ 129,068,682</u>	<u>\$ 83,101,574</u>	<u>\$ 24,773,978</u>	<u>\$ 76,431,501</u>	<u>\$ 313,375,735</u>	<u>\$ 10,849,192</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, 2018

	Business-type Activities				Total	Governmental
	Water Fund	Wastewater Fund	Solid Waste Fund	Total Nonmajor Funds	Enterprise	Internal Service
					Funds	Funds
Operating revenues:						
Charges for services	\$ 48,148,888	\$ 29,575,906	\$ 19,637,287	\$ 7,015,681	\$ 104,377,762	\$ 22,900,161
Net merchandise sales	-	-	-	1,138,064	1,138,064	-
Contributions	-	-	-	196,484	196,484	-
Other	774,933	503,968	139,043	1,908,032	3,325,976	22,762
Total operating revenues	<u>48,923,821</u>	<u>30,079,874</u>	<u>19,776,330</u>	<u>10,258,261</u>	<u>109,038,286</u>	<u>22,922,923</u>
Operating expenses:						
Salaries and wages	4,884,183	2,995,094	3,251,067	7,575,443	18,705,787	2,479,882
Employee benefits	2,053,307	1,202,422	1,576,661	2,578,110	7,410,500	934,667
Purchased professional/technical services	1,705,718	1,565,471	2,777,605	2,342,017	8,390,811	2,111,453
Purchased property services	158,970	75,797	20,348	975,914	1,231,029	61,852
Maintenance	3,070,771	2,026,558	2,154,239	1,163,891	8,415,459	133,556
Other purchased services	1,070,093	441,228	173,239	1,653,110	3,337,670	1,251,379
Supplies	4,422,041	2,044,201	1,615,068	2,333,558	10,414,868	129,399
Other	5,012,984	3,713,283	3,387,583	1,167,217	13,281,067	15,597,142
Depreciation/amortization	10,068,019	5,440,395	2,126,437	5,580,057	23,214,908	124,954
Total operating expenses	<u>32,446,086</u>	<u>19,504,449</u>	<u>17,082,247</u>	<u>25,369,317</u>	<u>94,402,099</u>	<u>22,824,284</u>
Operating income (loss)	<u>16,477,735</u>	<u>10,575,425</u>	<u>2,694,083</u>	<u>(15,111,056)</u>	<u>14,636,187</u>	<u>98,639</u>
Nonoperating revenues (expenses):						
Investment earnings	609,484	222,571	287,359	78,794	1,198,208	167,368
Other income	1,970	-	-	78,437	80,407	-
Hotel/motel tax	-	-	-	4,270,253	4,270,253	-
Contributions	-	-	-	26,974	26,974	-
Intergovernmental revenues	-	-	-	3,711,745	3,711,745	-
Bond issuance costs	(146,344)	(222,183)	-	-	(368,527)	-
Interest expense and fiscal charges	(5,351,999)	(3,590,866)	(68,415)	-	(9,011,280)	-
Gain (loss) on disposal of capital assets	-	(22,339)	-	-	(22,339)	-
Total nonoperating revenues (expenses)	<u>(4,886,889)</u>	<u>(3,612,817)</u>	<u>218,944</u>	<u>8,166,203</u>	<u>(114,559)</u>	<u>167,368</u>
Income (loss) before contributions and transfers	11,590,846	6,962,608	2,913,027	(6,944,853)	14,521,628	266,007
Capital contributions	199,920	654,178	-	746,693	1,600,791	-
Transfers in	-	-	-	4,255,475	4,255,475	-
Transfers out	(3,343,416)	(908,304)	(368,727)	(650,000)	(5,270,447)	-
Changes in net position	8,447,350	6,708,482	2,544,300	(2,592,685)	15,107,447	266,007
Total net position, beginning of year	120,621,332	76,393,092	22,229,678	79,024,186	298,268,288	10,583,185
Total net position, end of year	<u>\$ 129,068,682</u>	<u>\$ 83,101,574</u>	<u>\$ 24,773,978</u>	<u>\$ 76,431,501</u>	<u>\$ 313,375,735</u>	<u>\$ 10,849,192</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total Nonmajor Enterprises Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 49,735,432	\$ 29,784,710	\$ 19,732,056	\$ 10,283,600	\$ 109,535,798	\$ 22,922,499
Cash paid to suppliers for goods and services	(15,785,188)	(6,484,800)	(10,419,337)	(9,641,989)	(42,331,314)	(18,633,439)
Cash paid to employees for services	(6,795,685)	(4,341,328)	(4,798,534)	(10,129,223)	(26,064,770)	(3,401,593)
Net cash provided by (used for) operating activities	<u>27,154,559</u>	<u>18,958,582</u>	<u>4,514,185</u>	<u>(9,487,612)</u>	<u>41,139,714</u>	<u>887,467</u>
Cash flows from noncapital financing activities:						
Intergovernmental revenue	-	-	-	3,861,767	3,861,767	-
Intergovernmental expenses	(299,629)	-	-	-	(299,629)	-
Contributions	-	-	-	26,974	26,974	-
Hotel/motel tax	-	-	-	4,234,425	4,234,425	-
Passenger facility charges	-	-	-	77,995	77,995	-
Transfers from other funds	-	-	-	4,255,475	4,255,475	-
Transfers to other funds	(3,343,416)	(908,304)	(368,727)	(737,572)	(5,358,019)	(157,855)
Net cash provided by (used for) noncapital financing activities	<u>(3,643,045)</u>	<u>(908,304)</u>	<u>(368,727)</u>	<u>11,719,064</u>	<u>6,798,988</u>	<u>(157,855)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(21,174,584)	(17,695,226)	(4,503,347)	(427,934)	(43,801,091)	(30,330)
Proceeds from sale of debt	19,721,726	28,989,051	-	-	48,710,777	-
Capital contributions	-	654,178	-	313,606	967,784	-
Payments of refundable contracts	(904,549)	-	-	-	(904,549)	-
Principal paid on debt	(9,715,000)	(6,240,000)	(510,000)	-	(16,465,000)	-
Interest paid on debt	(6,595,007)	(4,544,559)	(117,054)	-	(11,256,620)	-
Payment of bond issuance costs	(119,994)	(24,189)	-	-	(144,183)	-
Proceeds from insurance recoveries	-	-	-	442	442	-
Net cash provided by (used for) capital and related financing activities	<u>(18,787,408)</u>	<u>1,139,255</u>	<u>(5,130,401)</u>	<u>(113,886)</u>	<u>(22,892,440)</u>	<u>(30,330)</u>
Cash flows from investing activities:						
Rental revenue	1,970	-	-	-	1,970	-
Investment earnings	609,484	222,889	287,359	78,794	1,198,526	167,368
Note payments from other entities	-	52,246	-	-	52,246	-
Net cash provided by (used for) investing activities	<u>611,454</u>	<u>275,135</u>	<u>287,359</u>	<u>78,794</u>	<u>1,252,742</u>	<u>167,368</u>
Net increase (decrease) in cash and cash equivalents	5,335,560	19,464,668	(697,584)	2,196,360	26,299,004	866,650
Cash and cash equivalents, beginning of year	85,470,959	91,934,689	20,602,691	5,612,732	203,621,071	12,509,119
Cash and cash equivalents, end of year	<u>\$ 90,806,519</u>	<u>\$ 111,399,357</u>	<u>\$ 19,905,107</u>	<u>\$ 7,809,092</u>	<u>\$ 229,920,075</u>	<u>\$ 13,375,769</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 16,477,735	\$ 10,575,425	\$ 2,694,083	\$ (15,111,056)	\$ 14,636,187	\$ 98,639
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	442,617	74,245	52,762	-	569,624	-
Depreciation/amortization	10,068,019	5,440,395	2,126,437	5,580,057	23,214,908	124,954
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	368,994	(369,409)	(97,036)	(39,165)	(136,616)	(424)
Inventories	36,305	(4,746)	-	(50,910)	(19,351)	8,764
Increase (decrease) in liabilities:						
Accounts payable	76,277	3,024,592	(183,442)	(14,924)	2,902,503	(36,294)
Accrued liabilities	(537,614)	372,237	(460,468)	(119,147)	(744,992)	33,734
Unearned revenue	-	-	-	225,555	225,555	-
Estimated landfill closure and post-closure care costs	-	-	320,426	-	320,426	-
Compensated absences payable	148,704	(183,220)	32,360	41,978	39,822	12,956
Net pension liability	43,595	29,063	29,063	-	101,721	-
Customer deposits	29,927	-	-	-	29,927	-
Estimated claims and judgements	-	-	-	-	-	645,138
Net cash provided by (used for) operating activities	<u>\$ 27,154,559</u>	<u>\$ 18,958,582</u>	<u>\$ 4,514,185</u>	<u>\$ (9,487,612)</u>	<u>\$ 41,139,714</u>	<u>\$ 887,467</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 582,189	\$ 582,189	\$ -
Assets acquired through refundable contracts	\$ 199,920	\$ -	\$ -	\$ -	\$ 199,920	\$ -

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Position
September 30, 2018

	<u>Agency funds</u>
Assets	
Cash and investments	\$ 2,574,288
Accounts receivable	236
Intergovernmental receivable	78,741
Total assets	<u><u>\$ 2,653,265</u></u>
Liabilities	
Accrued liabilities	2,653,265
Total liabilities	<u><u>\$ 2,653,265</u></u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2018

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. During the year-ended September 30, 2018, the governing board of the CWDC elected to dissolve the entity.

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

City of Waco, Texas

Notes to Financial Statements (Continued)

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

A. **Reporting Entity** (continued)

or part of the cost of one or more health facilities to assist with the 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.

Although the CWDC and WHFDC do not issue separate financial statements, each entity's governmental activity is reported in its respective single fund and all information is presented within the government-wide 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 the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program 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.

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

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 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, Waco Public Improvement District No. 2, and Rural Transit Services.

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

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

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

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)

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 appropriate state laws and regulations. Each of these LGIPs seeks to maintain a constant \$1.00 net asset value per share.

The City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The City determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

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)

Deposits and Investments (continued)

- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

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 not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.37% of outstanding property taxes at September 30, 2018.

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.

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

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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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)

Other Post-Employment Benefits (“OPEB”)

The fiduciary net position of the City’s defined benefit life insurance plan (OPEB Plan) has been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the OPEB Plan’s net position. Benefit payments are recognized when due and payable in accordance with benefit terms. There are no investments as this is a pay-as-you-go plan.

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 statement 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 City has three items that qualify for reporting in this category: (1) the deferred charge on refunding reported in the government-wide statement of net position; a deferred charge 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; (2) pension and OPEB contributions made by the City subsequent to the measurement date; this amount will be recognized as a reduction of the net pension and OPEB liabilities, respectively in the following year; and (3) changes in assumptions for the net pension and OPEB liabilities, respectively; this amount will be amortized into expense.

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 applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide financial statements: (1) difference between expected and actual experience, this amount will be amortized into expense; and

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)

(2) difference between projected and actual earnings on plan investments, this amount will be amortized into pension expense. The government also has one type of item, which arises 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 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 expensed when incurred.

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 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, 2018 was 19% of fiscal year 2019 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	\$ 962,267	-	962,267
Parks and cemetery care	-	371,797	371,797
Real estate held for resale	6,160	-	6,160
Restricted for:			
Capital projects	-	29,469,813	29,469,813
Culture and recreation	-	191,804	191,804
Debt service	-	675,525	675,525
Housing and community development	-	1,314,573	1,314,573
Municipal information	1,271,408	-	1,271,408
Public safety	-	1,556,260	1,556,260
Tax increment zone activities	-	31,067,768	31,067,768
Waco Public Improvement District	-	906,377	906,377

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
Committed to:			
Capital projects	-	14,241,431	14,241,431
Economic development	10,933,118	-	10,933,118
Public health	-	2,417,446	2,417,446
Assigned to:			
Capital improvements	17,425,920	-	17,425,920
Culture and recreation	130,993	-	130,993
Economic development	7,354,149	-	7,354,149
Housing and community development	44,600	-	44,600
Other	416,224	-	416,224
Public safety	753,506	-	753,506
Public works	240,959	-	240,959
Subsequent year's budget appropriation	3,588,211	-	3,588,211
Unassigned	26,964,901	-	26,964,901
	\$ 70,092,416	82,212,794	152,305,210

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 \$159,110,725 difference are as follows:

Serial bonds and certificates of obligation	\$ 95,670,000
Less: deferred charge on refunding (to be amortized as interest expense)	(1,718,148)
Plus: issuance premium (to be amortized as interest expense)	5,777,378
Accrued interest payable	898,211
Compensated absences	17,385,080
Net pension liability and pension related deferred outflows/ inflows of \$110,018 (to be amortized as pension expense)	38,233,950
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit (OPEB) obligation and related deferred outflow of \$155,980 (to be amorized as OPEB expense)	1,469,981
Notes payable	<u>484,266</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 159,110,725</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 funds* 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 \$5,245,223 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)

Capital outlay	\$ 12,318,381
Depreciation expense	<u>(17,563,604)</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>\$ (5,245,223)</u>

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 \$11,680,280 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>11,680,280</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>\$ 11,680,280</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 \$32,609 difference are as follows:

Court fines	\$ (27,746)
Property taxes	62,310
Special assessments	<u>(1,955)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 32,609</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 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, 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 \$14,198,634 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt	\$ (19,840,000)
Plus: premium on issuance	(1,180,056)
Principal repayments:	
General obligation debt	6,660,000
Note payable	<u>161,422</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (14,198,634)</u></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 \$960,689 difference are as follows:

OPEB liability	\$ (35,099)
Compensated absences	982,181
Net pension liability	(624,858)
Accrued interest	(203,808)
Amortization of deferred charge on refunding	(360,107)
Amortization of bond premiums	<u>1,202,380</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>\$ 960,689</u></u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

Outstanding encumbrances for governmental funds as of September 30, 2018 are \$1,586,282 for the general fund and \$12,696,023 for other nonmajor funds.

B. Deficit Fund Position

Deficit net position in individual nonmajor funds at September 30, 2018 consist of the following:

	Net Investment in Capital Assets	Unrestricted	Total Net Position
Nonmajor Enterprise Fund:			
Cottonwood Creek Golf Course	\$ 909,342	(933,088)	(23,746)

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 \$259,385 for the fiscal year as compared with \$77,530 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, 2018, the City has U.S. Treasury securities and U.S. Federal agency securities of \$92,624,133 and \$182,924,659, respectively, which are valued using quoted market prices (Level 1).

As of September 30, 2018, the City had the following investments:

	Total Investments	Percent of Portfolio	Weighted Average Maturity (in Years)
Investments reported at amortized cost:			
Texas Local Government Investment Pool (Tex Pool)	\$ 23,300,230	5.73	0.08
Texas Short-Term Asset Reserve (TexSTAR)	89,650,119	22.05	0.12
Total local government investment pools	112,950,349	27.78	
Money market mutual funds	13,997,042	3.44	0.10
Collateralized bank savings accounts	4,086,800	1.01	-
Investments reported at fair value:			
U.S. Treasury securities	92,624,133	22.78	0.34
U.S. Federal agency securities	182,924,659	44.99	0.75
Total investments	\$ 406,582,983	100.00	0.45

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 pooled operating portfolio shall at no time exceed one year with the calculation to include all portfolio securities, bank and savings account deposits and local government pools and money fund holdings. The weighted average maturity for the City's pooled operating portfolio pursuant to this calculation was 0.53 years as of September 30, 2018.

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

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Credit Risk (continued)

Chapter 2256, Public Funds Investment Act, restricts the types of investments in which the City may invest.

The City's investment policy addresses credit quality by further restricting authorized investments to the following:

- U.S. Treasury obligations
- Other obligations of the U.S. Government guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States
- U.S. Federal agency securities
- Repurchase agreements and flexible repurchase agreements, collateralized by U.S. Treasury obligations or U.S. federal agency securities, or by pass-through mortgage-backed securities issued by the U.S. federal agencies
- Money market mutual funds rated not less than AAAM by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch
- Local Government Investment Pools rated not less than AAAM by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch

The City's investments in TexPool and Tex STAR are rated AAAM by Standard & Poor's; and U.S. Federal agency securities are rated 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, 2018 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	\$ 32,042,527	7.88%
Federal Home Loan Bank	95,273,497	23.43%
Federal Home Loan Mortgage Corporation	28,817,657	7.09%

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be fully secured in accordance with the Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian.

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

Reconciliation of Cash and Investments

Carrying amount of deposits and cash on hand	\$ (1,581,174)
Carrying amount of investments	<u>406,582,983</u>
Total	<u>\$ 405,001,809</u>
Cash and investments - governmental activities	\$ 160,951,547
Cash and investments - business-type activities	95,022,945
Restricted cash and investments - business-type activities	134,897,130
Component units, excluding Baylor Waco Stadium Authority	30,833
Agency funds	2,574,288
Other participants' undivided interest in WMARSS cash and investments	<u>11,525,066</u>
Total	<u>\$ 405,001,809</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. There are no maximum transaction amounts and withdrawals from TexPool may be made daily. 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. There are no maximum transaction amounts and withdrawals from TexPool may be made daily. 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:

	General	Water	Wastewater	Solid Waste	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 8,682,367	-	-	-	367,306	9,049,673
Accounts	15,212,822	7,719,014	4,732,919	3,323,750	1,805,953	32,794,458
Special assessments	-	-	-	-	55	55
Intergovernmental	78,330	233,385	134,085	-	4,133,926	4,579,726
Notes	-	-	354,751	-	5,992,514	6,347,265
Gross receivables	23,973,519	7,952,399	5,221,755	3,323,750	12,299,754	52,771,177
Less: allowance for uncollectibles	11,752,887	2,212,085	1,221,124	1,164,224	5,638,043	21,988,363
Net total receivables	\$ 12,220,632	5,740,314	4,000,631	2,159,526	6,661,711	30,782,814

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

B. Receivables (continued)

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	\$ 442,617
Uncollectibles related to wastewater charges	74,245
Uncollectibles related to solid waste charges	<u>52,762</u>
Total uncollectibles of the current fiscal year	<u><u>\$ 569,624</u></u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Primary Government			Balance September 30, 2018
	Balance October 1, 2017	Increases	Decreases	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 54,536,013	4,166,408	-	58,702,421
Construction in progress	<u>11,651,485</u>	<u>8,201,199</u>	<u>(12,821,035)</u>	<u>7,031,649</u>
Total capital assets not being depreciated	<u>66,187,498</u>	<u>12,367,607</u>	<u>(12,821,035)</u>	<u>65,734,070</u>
Capital assets, being depreciated:				
Buildings	78,652,372	3,715,093	-	82,367,465
Machinery and equipment	59,100,555	3,741,438	(958,214)	61,883,779
Improvements other than buildings	62,711,102	6,097,380	-	68,808,482
Infrastructure	<u>296,302,234</u>	<u>10,991,382</u>	<u>-</u>	<u>307,293,616</u>
Total capital assets being depreciated	<u>496,766,263</u>	<u>24,545,293</u>	<u>(958,214)</u>	<u>520,353,342</u>
Less accumulated depreciation:				
Buildings	25,510,499	2,867,366	-	28,377,865
Machinery and equipment	40,718,786	4,377,876	(895,341)	44,201,321
Improvements other than buildings	34,923,708	2,606,666	-	37,530,374
Infrastructure	<u>180,543,431</u>	<u>7,836,651</u>	<u>-</u>	<u>188,380,082</u>
Total accumulated depreciation	<u>281,696,424</u>	<u>17,688,559</u>	<u>(895,341)</u>	<u>298,489,642</u>
Total capital assets being depreciated, net	<u>215,069,839</u>	<u>6,856,734</u>	<u>(62,873)</u>	<u>221,863,700</u>
Total capital assets, net	<u>\$ 281,257,337</u>	<u>19,224,341</u>	<u>(12,883,908)</u>	<u>287,597,770</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

C. Capital Assets (continued)

	Primary Government			Balance September 30, 2018
	Balance October 1, 2017	Increases	Decreases	
<u>Business-type activities:</u>				
Capital assets, not being depreciated/amortized:				
Land	\$ 6,667,091	1,797,132	-	8,464,223
Construction in progress	51,073,533	38,387,254	(34,898,849)	54,561,938
Museum collections	2,224,424	-	-	2,224,424
Total capital assets not being depreciated/amortized	<u>59,965,048</u>	<u>40,184,386</u>	<u>(34,898,849)</u>	<u>65,250,585</u>
Capital assets, being depreciated/amortized:				
Buildings	83,049,381	-	-	83,049,381
Machinery and equipment	54,652,868	3,606,150	(872,021)	57,386,997
Improvements other than buildings	506,220,277	38,371,206	(1,429,617)	543,161,866
Water rights - impound fee	32,482,879	-	-	32,482,879
Total capital assets being depreciated/amortized	<u>676,405,405</u>	<u>41,977,356</u>	<u>(2,301,638)</u>	<u>716,081,123</u>
Less accumulated depreciation:				
Buildings	40,332,652	2,730,353	-	43,063,005
Machinery and equipment	37,895,348	3,846,641	(795,314)	40,946,675
Improvements other than buildings	222,856,262	15,713,087	(1,429,617)	237,139,732
Water rights - impound fee	11,614,995	924,827	-	12,539,822
Total accumulated depreciation/amortization	<u>312,699,257</u>	<u>23,214,908</u>	<u>(2,224,931)</u>	<u>333,689,234</u>
Total capital assets being depreciated/amortized, net	<u>363,706,148</u>	<u>18,762,448</u>	<u>(76,707)</u>	<u>382,391,889</u>
Total capital assets, net	<u>\$ 423,671,196</u>	<u>58,946,834</u>	<u>(34,975,556)</u>	<u>447,642,474</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

C. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 998,969
Public works	8,368,058
Public safety	3,936,117
Culture and recreation	4,331,469
Public health	<u>53,946</u>
Total depreciation expense - governmental activities	<u>\$ 17,688,559</u>

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

Business-type activities	
Water	\$ 10,068,019
Wastewater	5,440,395
Solid waste	2,126,437
Airport	2,422,446
Convention services	879,628
Ranger Hall of Fame	154,505
Cameron Park Zoo	1,044,240
Transit services	917,926
Cottonwood Creek Golf Course	<u>161,312</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 23,214,908</u>

Construction commitments

The City has active construction projects as of September 30, 2018. At year-end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitments
Street projects	\$ 5,804,214	6,829,436
Water projects	33,900,826	21,894,790
Wastewater projects	18,900,455	35,755,788
Solid waste	936,667	3,488,419
Other projects	<u>2,051,425</u>	<u>3,497,940</u>
Total	<u>\$ 61,593,587</u>	<u>71,466,373</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 117,935
General	Nonmajor business-type	2,228,152
Internal service	General	<u>397,560</u>
		<u>\$ 2,743,647</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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Interfund transfers

	Transfers in			Total
	General	Nonmajor Governmental	Nonmajor Enterprise	
Transfers out:				
General	\$ -	8,212,925	4,105,475	12,318,400
Water	3,343,416	-	-	3,343,416
Wastewater	908,304	-	-	908,304
Solid waste	368,727	-	-	368,727
Nonmajor governmental	141,966	76,671	-	218,637
Nonmajor enterprise	-	500,000	150,000	650,000
Total transfers	\$ 4,762,413	8,789,596	4,255,475	17,807,484

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, 2018, 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	\$ 3,343,416
Wastewater	908,304
Solid waste	368,727

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$681,494 for the year ended September 30, 2018. The future minimum lease payments for these leases are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

E. Leases (continued)

Operating leases (continued)

Year Ending September 30,		
2019	\$	596,005
2020		367,029
2021		247,429
2022		4,796
Total	\$	1,215,259

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:

Purpose	Interest Rates	Amount
Governmental activities	2.00% - 5.00%	\$ 54,275,000
Governmental activities - refunding	2.00% - 5.00%	41,395,000
Business-type activities	2.00% - 5.00%	192,640,000
Business-type activities - refunding	2.00% - 5.00%	136,245,000
		\$ 424,555,000

City of Waco, Texas

Notes to Financial Statements
(Continued)

F. Long-term Debt (continued)

General obligation bonds (continued)

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

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,555,000	4,082,715	18,435,000	12,629,296
2020	7,335,000	3,548,510	19,550,000	11,286,837
2021	7,740,000	3,231,532	19,580,000	10,482,883
2022	7,525,000	2,913,596	18,805,000	9,713,437
2023	7,585,000	2,573,394	18,580,000	8,902,465
2024-2028	35,635,000	7,499,310	87,820,000	32,717,488
2029-2033	15,385,000	2,461,556	88,625,000	16,422,980
2034-2038	7,910,000	584,537	57,490,000	3,522,374
Total	<u>\$ 95,670,000</u>	<u>26,895,150</u>	<u>328,885,000</u>	<u>105,677,760</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, 2018, \$95,000 of bonds considered defeased are still outstanding.

Notes 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

F. Long-term Debt (continued)

Year Ending September 30,	Note Payable	
	Principal	Interest
2019	\$ 86,328	67,434
2020	90,162	63,600
2021	94,166	59,596
2022	98,348	55,414
2023	96,535	51,046
2024-2028	171,169	226,741
2029-2033	212,708	185,202
2034-2038	264,328	133,582
2039-2043	328,475	69,435
2044-2048	146,087	6,445
Total	\$ 1,588,306	918,495

The City has entered into an agreement with the State of Texas acting through the Texas Department of Transportation to contribute right of way funds for highway improvements on certain sections of FM 1637 and U.S. Highway 84. The total of the payments is \$994,740, with \$510,474 paid through 2018. Three annual payments of \$161,422 will be required for fiscal years 2019 to 2021.

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, 2018.

City of Waco, Texas
Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

F. Long-term Debt (continued)

Other long-term debt information (continued)

The City has entered into a contract with the City of Hewitt for the repayment of over-billing that occurred under an existing wholesale water contract. The contract is payable in monthly installments of \$38,427 through July 2019.

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 \$1,470,955 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, 2018 was as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail 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>					
Bonds payable:					
General obligation bonds	\$ 82,490	19,840	6,660	95,670	6,555
Plus: premium on bonds	<u>5,800</u>	<u>1,180</u>	<u>1,203</u>	<u>5,777</u>	<u>-</u>
Total bonds payable	<u>88,290</u>	<u>21,020</u>	<u>7,863</u>	<u>101,447</u>	<u>6,555</u>
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	2,322	15,964	15,319	2,967	2,967
Note payable	646	-	161	485	161
Compensated absences	18,679	10,780	11,759	17,700	11,727
Net pension liability	63,085	37,319	62,280	38,124	-
OPEB obligation liability	<u>1,475</u> *	<u>151</u>	<u>-</u>	<u>1,626</u>	<u>-</u>
Total other long-term liabilities	<u>87,117</u>	<u>64,214</u>	<u>89,519</u>	<u>61,812</u>	<u>14,855</u>
Governmental activity long-term liabilities	<u>\$ 175,407</u>	<u>85,234</u>	<u>97,382</u>	<u>163,259</u>	<u>21,410</u>

* As noted in Note IV.S. to the financial statements, the City adopted the provision of GASB 75 effective October 1, 2017, which resulted in a restatement of the beginning liability of \$1,475,339 at October 1, 2017.

Business-type activities:

Bonds payable:					
General obligation bonds	\$ 298,405	46,945	16,465	328,885	18,435
Plus: premium on bonds	<u>15,642</u>	<u>1,990</u>	<u>3,220</u>	<u>14,412</u>	<u>-</u>
Total bonds payable	<u>314,047</u>	<u>48,935</u>	<u>19,685</u>	<u>343,297</u>	<u>18,435</u>
Refundable contracts	1,616	680	905	1,391	904
Estimated landfill closure	5,295	320	-	5,615	-
Contracts payable	845	-	499	346	346
Note payable	1,671	-	83	1,588	86
Compensated absences	3,219	2,249	2,209	3,259	1,962
Net pension liability	<u>10,270</u>	<u>6,075</u>	<u>10,139</u>	<u>6,206</u>	<u>-</u>
Total other long-term liabilities	<u>22,916</u>	<u>9,324</u>	<u>13,835</u>	<u>18,405</u>	<u>3,298</u>
Business-type activity long-term liabilities	<u>\$ 336,963</u>	<u>58,259</u>	<u>33,520</u>	<u>361,702</u>	<u>21,733</u>

City of Waco, Texas
Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

F. Long-term Debt (continued)

Changes in long-term liabilities (continued)

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, \$314,973 and \$2,967,025 of internal service funds' compensated absences and estimated claims and judgments, respectively, are included in the above governmental amounts. Also, for the governmental activities, compensated absences, net pension liability, 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		\$ 3,189,055
Bond construction account		131,614,612
Capital grants and contributions		<u>93,463</u>
Total restricted assets		<u><u>\$ 134,897,130</u></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 and participates in a joint self-insured program. 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 catastrophic losses. The reserves for catastrophic losses were approximately \$8,400,000 at September 30, 2018.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

H. Risk Management (continued)

doctrines, damage awards (including frequency and amount of payouts), and economic and social trends. Accordingly, claims are reevaluated periodically to consider the effects of such factors.

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

The insurance fund provides coverage for up to a maximum of \$500,000 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 participants in a joint self-insured program for each general liability or property damage claim. The City purchases coverage for claims in excess of \$50,000. The commercial liability coverage 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 coverage limits for the City's property are: \$10,000,000 aggregate for automobile catastrophe, \$432,037,567 aggregate for real and personal property, \$10,797,984 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. The City purchases unlimited stop-loss protection for individual claims exceeding \$250,000, 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 and stop loss coverages that have been procured in 2018, 2017, or 2016. Changes in the amounts of estimated unpaid liability, workers' compensation and health insurance claims during the past two years are as follows (shown in thousands of dollars):

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of fiscal year	\$ 2,322	2,379
Incurred claims (including IBNRs)	15,964	14,911
Claim payments	<u>(15,319)</u>	<u>(14,968)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,967</u>	<u>2,322</u>

City of Waco, Texas
Notes to Financial Statements
(Continued)

IV. Detail 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 no 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

The City Council has approved \$2,067,626 to be refunded to subdivision developers for certain costs for the construction of water improvements once applicable contract requirements are met. During 2015, the City Council determined that the City shall not enter into any new water refund contracts for any subdivisions or developments for which construction plans had not been submitted to the City by May 12, 2015.

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 \$23,036,204 had been funded through 2018. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one as follows:

Year	Amount
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. Detail Notes on All Funds (continued)

K. Postemployment Benefits Other Than Pensions (OPEB)

Benefits provided. 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 (TMRS) with a minimum of twenty years of service are eligible for postretirement life insurance benefits. There are no plan assets, as this is a pay-as-you go plan.

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	603
Active plan members	<u>1,423</u>
	<u><u>2,026</u></u>

Total OPEB Liability

The City's total OPEB liability of \$1,625,961 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	December 31, 2017
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age
Discount Rate	3.31% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

City of Waco, Texas

**Notes to Financial Statements
(Continued)**

IV. Detail Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Participation Rates	100% of eligible retirees will choose to receive the employer paid life benefit; 50% of those with coverage are assumed to elect optional coverage of \$5,000.
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Other Information

Notes	The discount rate changed from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.
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The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/16	\$ <u>1,475,339</u>
Changes for the year:	
Service cost	11,106
Interest	55,396
Changes in assumptions or other inputs	137,980
Benefit payments	<u>(53,860)</u>
Net changes	<u>150,622</u>
Balance at 12/31/17	<u><u>1,625,961</u></u>

Sensitivity for the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current discount rate:

	1% Decrease (2.31%)	Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB liability \$	<u>1,964,037</u>	<u>1,625,961</u>	<u>1,366,541</u>

City of Waco, Texas
Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$35,099. At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following source:

	<u>Deferred Outflows of Resources</u>
Changes of assumptions or other inputs	\$ 115,767
Contributions subsequent to the measurement date	<u>40,213</u>
Total	<u><u>\$ 155,980</u></u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$40,213 will be recognized as a reduction of the OPEB liability for the year ended September 30, 2019.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,		
2018	\$	22,213
2019		22,213
2020		22,213
2021		22,213
2022		22,213
Thereafter		<u>4,702</u>
	\$	<u><u>115,767</u></u>

L. Defined Benefit Pension Plan

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act,

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

Plan Description (continued)

Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms: At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	1,003
Inactive employees entitled to but not yet receiving benefits	547
Active employees	1,438

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

Contributions (continued)

determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Waco were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of Waco were 13.96% and 14.25% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$12,249,630 and were in excess of the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a three-year forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

Net Pension Liability (continued)

December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	<u>5.0%</u>	7.50%
Total	<u><u>100.0%</u></u>	

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 470,120,858	396,766,783	73,354,075
Changes for the year:			
Service cost	11,780,852	-	11,780,852
Interest	31,314,896	-	31,314,896
Difference between expected and actual experience	(378,999)	-	(378,999)
Contributions - employer	-	11,357,317	(11,357,317)
Contributions - employee	-	5,705,023	(5,705,023)
Net investment income	-	54,977,759	(54,977,759)
Benefit payments, including refunds of employee contributions	(24,173,783)	(24,173,783)	-
Administrative expense	-	(284,984)	284,984
Other changes	-	(14,442)	14,442
Net changes	<u>18,542,966</u>	<u>47,566,890</u>	<u>(29,023,924)</u>
Balance at December 31, 2017	\$ <u>488,663,824</u>	<u>444,333,673</u>	<u>44,330,151</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
City's net pension liability (asset) \$	<u>104,714,359</u>	<u>44,330,151</u>	<u>(6,193,044)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

*Pension Expense and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions*

For the year ended September 30, 2018, the City recognized pension expense of \$12,976,211.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 425,361	1,122,714
Changes in actuarial assumptions	2,570,021	-
Difference between projected and actual earnings on pension plan investments	-	11,039,835
Contributions subsequent to the measurement date	<u>9,039,237</u>	<u>-</u>
Total	<u>\$ 12,034,619</u>	<u>12,162,549</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,039,237 will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts

City of Waco, Texas
Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

*Pension Expense and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions* (continued)

reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2018	\$ 1,961,046
2019	240,879
2020	(5,698,596)
2021	<u>(5,670,496)</u>
	<u>\$ (9,167,167)</u>

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 two 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 \$82,376 at September 30, 2018.

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:

2018	\$ 23,394
2017	25,044
2016	25,044

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

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 \$5,615,324 as of September 30, 2018, which is based on 81.8% usage (filled) of the landfill. It is estimated that an additional \$1,247,547 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 (\$6,862,871) 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, 2018. However, the actual cost of closure and postclosure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

O. Waco Public Improvement District #2

Waco Public Improvement District No. 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, 2018, such special assessment debt outstanding totaled \$728,000.

P. 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 or WMARSS) 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, 2018 was 75.272% as a result of certain capacity expansion improvements completed during 2012.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

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

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, 2018, \$354,751 of principal remained outstanding on these loans.

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	\$ 15,537,848
Capital assets	39,722,385
Current liabilities	(4,524,738)
Noncurrent liabilities	<u>(194,755)</u>
Net position	<u>\$ 50,540,740</u>
Operating revenue	\$ 610,543
Operating expenses	(8,350,009)
Non-operating revenue	<u>11,944</u>
Change in net position	<u>\$ (7,727,522)</u>

Q. 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

R. Tax Abatements

The City of Waco negotiates property tax abatements on an individual basis. All abatements are governed by Section 312 of the Texas Tax Code and the City of Waco Guidelines and Policy Statement which are revised and adopted every two years in accordance with state law. These guidelines permit the City to abate property taxes for a variety of economic development purposes such as business relocation, retention, and expansion and include abatements for real and personal property improvements.

City guidelines generally limit abatements to periods of five to seven years. Abatements may be granted for 5% to 90% of taxable values through a direct reduction of the applicant's property tax bill based upon the location of the property, square footage of the property, and/or the type of economic development commitments made to the City. Each abatement is supported by an agreement that enumerates the criteria under which compliance will be assessed annually and the manner in which tax revenue may be recaptured if the stated criteria are not met. Examples of compliance requirements and related commitments by recipients include addition of total minimum number of full-time jobs and minimum number of jobs for residents of the City as well as property improvement values.

The City has not made any commitments as part of the agreements other than to reduce taxes, and they are not subject to any tax abatement agreements entered into by other governmental entities or by component units. Gross dollar amounts by which the City's tax revenues were reduced during the fiscal year as a result of tax abatement agreements were as follows:

<u>Abatement Program</u>	<u>Abatements Granted</u>
Commercial - Real Property	\$ 62,606,776
Commercial - Personal Property	7,631,740
Residential	1,881,361
	<u>\$ 72,119,877</u>

S. Changes in Accounting Principles

Effective October 1, 2017, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB No. 75 provides new requirements for accounting for other post-employment benefit plans ("OPEB"), primarily focusing on the recognition of an OPEB liability in the statement of net

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

S. Change in Accounting Principles (continued)

position. GASB No. 75 provides requirements on accounting and reporting for contributions made to OPEB plans after the measurement date, primarily focusing on the recognition of deferred outflows of resources in the statement of net position. The City reported a cumulative effect of changes in accounting principles to recognize its OPEB liability and related deferred outflows, which reduced unrestricted net position at October 1, 2017, by \$1,434,882 for governmental activities. It was not practical to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to OPEB at October 1, 2017; consequently, beginning balances for deferred inflows of resources and deferred outflows of resources (except for OPEB contributions made subsequent to the measurement date of the beginning OPEB liability) were not reported.

In connection with the adoption of GASB No. 75, the City eliminated the net OPEB obligation that had been reported in the government-wide financial statements due to the phase-in contribution rates. This increased unrestricted net position at October 1, 2017 by \$319,957 for governmental activities.

Additionally, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Incurred before the End of a Construction period*, effective October 1, 2017. This statement eliminates the requirement to capitalize interest cost as part of the cost of construction for financial statements prepared using the economic resources measurement focus, and requires interest to be recognized as an expense as incurred on a prospective basis. The adoption of this standard had no impact on beginning net position as of October 1, 2017.

T. 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. 83, *Certain Asset Retirement Obligations* (issued November 2016) – the objective of this statement is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

T. Authoritative Pronouncements Not Yet Effective (continued)

GASB Statement No. 84, *Fiduciary Activities* (issued January 2017) – the objective of this statement is to enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases* (issued June 2017) – the objective of this statement is to increase the usefulness of governments’ financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The statement will also require notes to financial statements related to the timing, significance, and purpose of a government’s leasing arrangements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (issued April 2018) – the objective of this statement clarifies which liabilities governments should include in their note disclosures related to debt. This statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* (issued August 2018) – the objective of this statement is to clarify accounting and financial reporting requirements for a state or local government’s majority equity interest in an organization that remains legally separate after acquisition. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Required Supplemental Information



City of Waco, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Measurement Dates

	December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 11,780,852	11,202,475	10,455,324	9,662,721
Interest (on the Total Pension Liability)	31,314,896	30,078,486	29,600,291	28,296,862
Difference between expected and actual experience	(378,999)	280,568	(2,438,332)	1,770,413
Change of assumptions	-	-	7,544,258	-
Benefit payments, including refunds of employee contributions	<u>(24,173,783)</u>	<u>(22,893,267)</u>	<u>(22,685,162)</u>	<u>(20,326,595)</u>
Net change in Total Pension Liability	18,542,966	18,668,262	22,476,379	19,403,401
Total Pension Liability - beginning	<u>470,120,858</u>	<u>451,452,596</u>	<u>428,976,217</u>	<u>409,572,816</u>
Total Pension Liability - ending (a)	<u>\$ 488,663,824</u>	<u>470,120,858</u>	<u>451,452,596</u>	<u>428,976,217</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 11,357,317	9,999,248	9,928,219	10,444,097
Contributions - employee	5,705,023	5,401,710	5,284,986	5,371,982
Net investment income	54,977,759	25,606,114	569,868	21,154,751
Benefit payments, including refunds of employee contributions	(24,173,783)	(22,893,267)	(22,685,162)	(20,326,595)
Administrative expense	(284,984)	(289,241)	(347,125)	(220,877)
Other	<u>(14,442)</u>	<u>(15,583)</u>	<u>(17,145)</u>	<u>(18,160)</u>
Net change in Plan Fiduciary Net Position	47,566,890	17,808,981	(7,266,359)	16,405,198
Plan Fiduciary Net Position - Beginning	<u>396,766,783</u>	<u>378,957,802</u>	<u>386,224,161</u>	<u>369,818,963</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 444,333,673</u>	<u>396,766,783</u>	<u>378,957,802</u>	<u>386,224,161</u>
Net Pension Liability - ending (a) - (b)	\$ 44,330,151	73,354,075	72,494,794	42,752,056
Plan Fiduciary Net Position as a percentage of Total Pension Liability	90.93%	84.40%	83.94%	90.03%
Covered payroll	\$ 81,079,501	77,045,909	75,489,706	76,730,734
Net Pension Liability as a percentage of covered payroll	54.67%	95.21%	96.03%	55.72%

Note: Effective October 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68. This schedule is intended to show information for ten years. Information for years prior to 2014 is not available; however, additional years will be included as they become available.

See accompanying independent auditor's report.

City of Waco, Texas
Schedule of Pension Contributions
Fiscal Years Ended

	September 30,			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 9,999,116	9,918,113	10,942,485	11,797,668
Contributions in relation to the actuarially determined contribution	<u>9,999,116</u>	<u>9,918,113</u>	<u>10,942,485</u>	<u>12,249,630</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(451,962)</u>
Covered payroll	<u>\$ 75,315,307</u>	<u>76,215,914</u>	<u>79,821,678</u>	<u>82,982,040</u>
Contributions as a percentage of covered payroll	<u>13.28%</u>	<u>13.01%</u>	<u>13.71%</u>	<u>14.77%</u>

Notes to Schedule of Pension Contributions

Valuation Date:

Note Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

There were no benefit changes during the year.

Note: The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27*, effective October 1, 2014. Information for years prior to 2015 is not available.

See accompanying independent auditor's report.

City of Waco, Texas
Schedule of Changes in Total
OPEB Liability and Related Ratios
Last Measurement Date

	December 31, 2017
Total OPEB liability	
Service cost	\$ 11,106
Interest	55,396
Changes of assumptions or other inputs	137,980
Benefit payments	(53,860)
Net change in Total OPEB Liability	150,622
Total OPEB Liability - beginning	1,475,339
Total OPEB Liability - ending	\$ 1,625,961
Covered-employee payroll	\$ 76,362,199
Total OPEB liability as a percentage of covered-employee payroll	2.13%

Valuation Date: December 31, 2017

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age
Discount Rate	3.31% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Participation Rates	100% of eligible retirees will choose to receive the employer paid life benefit; 50% of those with coverage are assumed to elect optional coverage of \$5,000.

Other Information

Notes

The discount rate changed from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective October 1, 2017. Information for years prior to 2017 is not available.



**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
Comparative Balance Sheets
Governmental Funds
September 30, 2018 and 2017

	General Fund	
	2018	2017
Assets		
Cash and investments	\$ 64,433,371	\$ 55,205,804
Accounts receivable, net of allowances	3,630,986	3,896,814
Taxes	8,511,316	8,527,438
Intergovernmental receivable	78,330	75,129
Inventory	962,267	855,118
Real estate held for resale	6,160	6,160
Due from other funds	2,346,087	3,212,501
Total assets	<u>\$ 79,968,517</u>	<u>\$ 71,778,964</u>
Liabilities		
Accounts payable	\$ 2,256,858	\$ 2,077,867
Accrued liabilities	3,830,196	5,197,283
Unearned revenue	20,594	20,594
Due to other funds	555,415	397,560
Deposits	674,384	766,256
Escrow funds	451,375	408,378
Total liabilities	<u>7,788,822</u>	<u>8,867,938</u>
Deferred inflows of resources		
Unavailable revenue-property taxes	1,636,192	1,609,521
Unavailable revenue court fines	451,087	478,833
Total deferred inflow of resources	<u>2,087,279</u>	<u>2,088,354</u>
Total liabilities and deferred inflows of resources	<u>9,876,101</u>	<u>10,956,292</u>
Fund balance (deficit)		
Nonspendable		
Inventory	962,267	855,118
Real estate held for resale	6,160	6,160
Restricted for:		
Municipal information	1,271,408	1,006,021
Committed to:		
Economic development	10,933,118	10,645,045
Assigned to:		
Capital improvements	17,425,920	14,880,555
Culture and recreation	130,993	129,850
Economic development	7,354,149	4,491,067
Housing and community development	44,600	-
Other	416,224	264,776
Public safety	753,506	507,585
Public works	240,959	109,472
Subsequent year's budget appropriation	3,588,211	2,868,343
Unassigned	26,964,901	25,058,680
Total fund balance (deficit)	<u>\$ 70,092,416</u>	<u>\$ 60,822,672</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 79,968,517</u>	<u>\$ 71,778,964</u>

See accompanying independent auditor's report.

City of Waco, Texas

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds

Years Ended September 30, 2018 and 2017

	General Fund	
	2018	2017
Revenues:		
Taxes	\$ 97,013,440	\$ 91,855,453
Business and occupation fees	14,916,497	14,238,292
Permits, licenses and fees	1,495,196	1,574,504
Fines	1,544,352	1,786,602
Charges for services	2,104,779	1,939,164
Investment earnings	1,249,631	521,037
Contributions	680,287	683,968
Intergovernmental	1,977,140	1,921,435
Other	11,517,188	10,545,927
Total revenues	132,498,510	125,066,382
Expenditures:		
Current:		
General government	23,488,526	22,496,688
Public works	5,119,496	1,643,939
Public safety	73,006,499	69,194,896
Culture and recreation	13,809,591	13,264,569
Housing and community development	248,667	308,018
Total expenditures	115,672,779	106,908,110
Excess (deficiency) of revenues over expenditures	16,825,731	18,158,272
Other financing sources (uses):		
Transfers in	4,762,413	4,761,411
Transfers out	(12,318,400)	(18,168,941)
Total other financing sources (uses)	(7,555,987)	(13,407,530)
Net change in fund balances	9,269,744	4,750,742
Fund balance, beginning of year	60,822,672	56,071,930
Fund balance, end of year	\$ 70,092,416	\$ 60,822,672

See accompanying independent auditor's report.

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures 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
Combining Governmental Balance Sheet
Nonmajor Governmental Funds
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds	
					2018	2017
Assets						
Cash and investments	\$ 35,720,273	\$ 660,738	\$ 46,389,599	\$ 371,797	\$83,142,407	\$54,614,262
Accounts receivable, net of allowance	83,460	-	5,513	-	88,973	322,039
Special assessments	55	-	-	-	55	2,010
Taxes receivable, net of allowance	25,815	341,491	-	-	367,306	329,068
Notes receivable	1,325,054	-	-	-	1,325,054	1,530,329
Advances to other funds	-	-	168,368	-	168,368	168,368
Intergovernmental receivable	1,519,771	-	-	-	1,519,771	2,820,594
Inventory	-	-	-	-	-	85,685
Real estate held for resale	60,097	-	-	-	60,097	44,867
Total assets	<u>\$ 38,734,525</u>	<u>\$ 1,002,229</u>	<u>\$ 46,563,480</u>	<u>\$ 371,797</u>	<u>\$86,672,031</u>	<u>\$59,917,222</u>
Liabilities						
Accounts payable	\$ 785,610	\$ -	\$ 513,757	\$ -	\$ 1,299,367	\$ 1,488,582
Accrued liabilities	322,538	-	410,615	-	733,153	575,286
Unearned revenue	1,210	-	-	-	1,210	1,210
Due to other funds	117,935	-	-	-	117,935	810,080
Escrow funds	27,134	-	1,927,864	-	1,954,998	27,300
Total liabilities	<u>1,254,427</u>	<u>-</u>	<u>2,852,236</u>	<u>-</u>	<u>4,106,663</u>	<u>2,902,458</u>
Deferred inflows of resources						
Unavailable revenue-property taxes	25,815	326,704	-	-	352,519	316,880
Unavailable revenue- special assessments	55	-	-	-	55	2,010
Total deferred inflows of resources	<u>25,870</u>	<u>326,704</u>	<u>-</u>	<u>-</u>	<u>352,574</u>	<u>318,890</u>
Total liabilities and deferred inflows of resources	<u>1,280,297</u>	<u>326,704</u>	<u>2,852,236</u>	<u>-</u>	<u>4,459,237</u>	<u>3,221,348</u>
Fund balances (deficits)						
Nonspendable:						
Inventory	-	-	-	-	-	85,685
Parks and cemetery care	-	-	-	371,797	371,797	368,115
Restricted for:						
Capital projects	-	-	29,469,813	-	29,469,813	12,754,861
Culture and recreation	191,804	-	-	-	191,804	581,442
Debt service	-	675,525	-	-	675,525	528,707
Housing and Community Development	1,314,573	-	-	-	1,314,573	1,570,574
Public safety	1,556,260	-	-	-	1,556,260	1,208,289
Tax increment zone activities	31,067,768	-	-	-	31,067,768	22,732,032
Waco Public Improvement District	906,377	-	-	-	906,377	888,323
Committed to:						
Capital projects	-	-	14,241,431	-	14,241,431	14,236,424
Public health	2,417,446	-	-	-	2,417,446	1,741,422
Total fund balances (deficits)	<u>\$ 37,454,228</u>	<u>\$ 675,525</u>	<u>\$ 43,711,244</u>	<u>\$ 371,797</u>	<u>\$82,212,794</u>	<u>\$56,695,874</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 38,734,525</u>	<u>\$ 1,002,229</u>	<u>\$ 46,563,480</u>	<u>\$ 371,797</u>	<u>\$86,672,031</u>	<u>\$59,917,222</u>

See accompanying independent auditor's report.

City of Waco, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018
(With Comparative Totals for Year Ended September 30, 2017)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
	Funds	Funds	Funds	Funds	2018	2017
Revenues:						
Taxes	\$ 13,196,828	\$ 10,146,997	\$ -	\$ -	\$ 23,343,825	\$ 20,062,665
Permits, licenses and fees	987,487	-	-	-	987,487	1,044,119
Fines	338,839	-	-	-	338,839	267,653
Investment earnings	437,506	23,621	2,206,806	3,682	2,671,615	1,053,362
Contributions	15,084	-	166,179	-	181,263	560,806
Intergovernmental	7,613,154	-	-	-	7,613,154	9,422,867
Program income	246,593	-	-	-	246,593	222,053
Other	639,006	-	-	-	639,006	534,342
Total revenues	<u>23,474,497</u>	<u>10,170,618</u>	<u>2,372,985</u>	<u>3,682</u>	<u>36,021,782</u>	<u>33,167,867</u>
Expenditures:						
Current:						
General government	6,620,001	-	-	-	6,620,001	5,924,703
Public safety	667,008	-	-	-	667,008	856,455
Culture and recreation	406,698	-	-	-	406,698	4,423,741
Housing and community development	2,659,582	-	-	-	2,659,582	2,268,657
Public health	7,906,760	-	-	-	7,906,760	7,588,586
Debt service:						
Principal	-	6,660,000	-	-	6,660,000	6,685,000
Interest and fiscal charges	-	3,440,471	-	-	3,440,471	3,240,961
Bond issuance costs	-	140,293	-	-	140,293	84,655
Capital outlay	-	-	11,595,064	-	11,595,064	13,884,468
Total expenditures	<u>18,260,049</u>	<u>10,240,764</u>	<u>11,595,064</u>	<u>-</u>	<u>40,095,877</u>	<u>44,957,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,214,448</u>	<u>(70,146)</u>	<u>(9,222,079)</u>	<u>3,682</u>	<u>(4,074,095)</u>	<u>(11,789,359)</u>
Other financing sources (uses):						
General obligation bonds issued	-	132,417	19,707,583	-	19,840,000	11,465,000
Premium on general obligation bonds	-	7,876	1,172,180	-	1,180,056	451,335
Transfers in	3,736,335	76,671	4,976,590	-	8,789,596	17,590,231
Transfers out	(218,637)	-	-	-	(218,637)	(2,215,645)
Total other financing sources (uses)	<u>3,517,698</u>	<u>216,964</u>	<u>25,856,353</u>	<u>-</u>	<u>29,591,015</u>	<u>27,290,921</u>
Net change in fund balances	8,732,146	146,818	16,634,274	3,682	25,516,920	15,501,562
Fund balances, beginning of year	28,722,082	528,707	27,076,970	368,115	56,695,874	41,194,312
Fund balances, end of year	<u>\$ 37,454,228</u>	<u>\$ 675,525</u>	<u>\$ 43,711,244</u>	<u>\$ 371,797</u>	<u>\$ 82,212,794</u>	<u>\$ 56,695,874</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.

Grant Fund - These funds are 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 1436-2, 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 Forfeitures 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' Pretty Place.

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund	Grant Fund	Waco Public Improvement District No. 1 Fund
Assets						
Cash and investments	\$ 28,895,527	\$ 2,313,237	\$ 69,073	\$ 1,779,642	\$ 366,875	\$ 956,626
Accounts receivable, net of allowances	4,612	-	-	9,437	49,789	12,349
Special assessments receivable	-	-	-	-	-	55
Taxes receivable	25,815	-	-	-	-	-
Notes receivable	-	-	-	-	1,325,054	-
Intergovernmental receivable	-	-	-	899,498	620,273	-
Real estate held for resale	-	-	-	-	60,097	-
Total assets	<u>\$ 28,925,954</u>	<u>\$ 2,313,237</u>	<u>\$ 69,073</u>	<u>\$ 2,688,577</u>	<u>\$ 2,422,088</u>	<u>\$ 969,030</u>
Liabilities						
Accounts payable and contracts payable	\$ 131,296	\$ -	\$ -	\$ 57,408	\$ 525,780	\$ 62,598
Accrued liabilities	83,385	-	-	186,589	52,564	-
Unearned revenue	-	-	-	-	1,210	-
Due to other funds	-	-	-	-	117,935	-
Escrow funds	-	-	-	27,134	-	-
Total liabilities	<u>214,681</u>	<u>-</u>	<u>-</u>	<u>271,131</u>	<u>697,489</u>	<u>62,598</u>
Deferred inflows of resources						
Unavailable revenue-property taxes	25,815	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-	55
Total deferred inflow of resources	<u>25,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>
Total liabilities and deferred inflows of resources	<u>240,496</u>	<u>-</u>	<u>-</u>	<u>271,131</u>	<u>697,489</u>	<u>62,653</u>
Fund balances (deficits)						
Restricted for:						
Culture and recreation	-	-	-	-	156,980	-
Housing and community development	-	-	-	-	1,314,573	-
Public safety	-	-	-	-	253,046	-
Tax increment zone activities	28,685,458	2,313,237	69,073	-	-	-
Waco Public Improvement District	-	-	-	-	-	906,377
Committed to:						
Public health	-	-	-	2,417,446	-	-
Total fund balances (deficits)	<u>\$ 28,685,458</u>	<u>\$ 2,313,237</u>	<u>\$ 69,073</u>	<u>\$ 2,417,446</u>	<u>\$ 1,724,599</u>	<u>\$ 906,377</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 28,925,954</u>	<u>\$ 2,313,237</u>	<u>\$ 69,073</u>	<u>\$ 2,688,577</u>	<u>\$ 2,422,088</u>	<u>\$ 969,030</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	2018	2017
\$ 627,022	\$ 302,431	\$ 306,980	\$ 68,036	\$ 9,393	\$ 25,431	\$ 35,720,273	\$ 26,419,984
-	7,273	-	-	-	-	\$ 83,460	\$ 232,190
-	-	-	-	-	-	\$ 55	\$ 2,010
-	-	-	-	-	-	\$ 25,815	\$ 3,566
-	-	-	-	-	-	\$ 1,325,054	\$ 1,530,329
-	-	-	-	-	-	\$ 1,519,771	\$ 2,752,528
-	-	-	-	-	-	\$ 60,097	\$ 44,867
\$ 627,022	\$ 309,704	\$ 306,980	\$ 68,036	\$ 9,393	\$ 25,431	\$ 38,734,525	30,985,474
\$ 681	\$ 7,847	\$ -	\$ -	\$ -	\$ -	\$ 785,610	\$ 1,096,583
-	-	-	-	-	-	\$ 322,538	\$ 322,643
-	-	-	-	-	-	\$ 1,210	\$ 1,210
-	-	-	-	-	-	\$ 117,935	\$ 810,080
-	-	-	-	-	-	\$ 27,134	\$ 27,300
681	7,847	-	-	-	-	1,254,427	2,257,816
-	-	-	-	-	-	\$ 25,815	\$ 3,566
-	-	-	-	-	-	\$ 55	\$ 2,010
-	-	-	-	-	-	25,870	5,576
681	7,847	-	-	-	-	1,280,297	2,263,392
-	-	-	-	9,393	25,431	\$ 191,804	\$ 581,442
-	-	-	-	-	-	\$ 1,314,573	\$ 1,570,574
626,341	301,857	306,980	68,036	-	-	\$ 1,556,260	\$ 1,208,289
-	-	-	-	-	-	\$ 31,067,768	\$ 22,732,032
-	-	-	-	-	-	\$ 906,377	\$ 888,323
-	-	-	-	-	-	\$ 2,417,446	\$ 1,741,422
\$ 626,341	\$ 301,857	\$ 306,980	\$ 68,036	\$ 9,393	\$ 25,431	\$ 37,454,228	\$ 28,722,082
\$ 627,022	\$ 309,704	\$ 306,980	\$ 68,036	\$ 9,393	\$ 25,431	\$ 38,734,525	\$ 30,985,474

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	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:						
Property taxes	\$ 12,478,147	\$ 182,706	\$ 470	\$ -		\$ 535,505
Permits, licenses and fees	-	-	-	987,487	-	-
Fines	-	-	-	-	-	-
Investment earnings	362,154	30,953	956	22,669	-	14,608
Intergovernmental	673,534	9,889	26	3,424,491	3,505,214	-
Program income	-	-	-	188,294	58,299	-
Contributions	-	-	-	-	-	15,084
Other	-	-	-	464,454	48,652	37,222
Total revenues	<u>13,513,835</u>	<u>223,548</u>	<u>1,452</u>	<u>5,087,395</u>	<u>3,612,165</u>	<u>602,419</u>
Expenditures:						
Current:						
General government	5,326,428	-	-	-	709,208	584,365
Public safety	-	-	-	-	574,723	-
Culture and recreation	-	-	-	-	406,698	-
Housing and community development	-	-	-	-	2,659,582	-
Public health	-	-	-	7,906,760	-	-
Total expenditures	<u>5,326,428</u>	<u>-</u>	<u>-</u>	<u>7,906,760</u>	<u>4,350,211</u>	<u>584,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,187,407</u>	<u>223,548</u>	<u>1,452</u>	<u>(2,819,365)</u>	<u>(738,046)</u>	<u>18,054</u>
Other financing sources (uses):						
Transfers in	-	-	-	3,495,389	240,946	-
Transfers out	(76,671)	-	-	-	-	-
Total other financing sources (uses)	<u>(76,671)</u>	<u>-</u>	<u>-</u>	<u>3,495,389</u>	<u>240,946</u>	<u>-</u>
Net change in fund balances	8,110,736	223,548	1,452	676,024	(497,100)	18,054
Fund balances, beginning of year	20,574,722	2,089,689	67,621	1,741,422	2,221,699	888,323
Fund balances, end of year	<u>\$ 28,685,458</u>	<u>\$ 2,313,237</u>	<u>\$ 69,073</u>	<u>\$ 2,417,446</u>	<u>\$ 1,724,599</u>	<u>\$ 906,377</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	2018	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,196,828	\$ 10,779,442
-	-	-	-	-	-	\$ 987,487	\$ 1,044,119
253,825	-	36,443	48,571	-	-	\$ 338,839	\$ 267,653
-	4,150	-	-	270	1,746	\$ 437,506	\$ 146,005
-	-	-	-	-	-	\$ 7,613,154	\$ 9,395,700
-	-	-	-	-	-	\$ 246,593	\$ 222,053
-	-	-	-	-	-	\$ 15,084	\$ -
-	88,678	-	-	-	-	\$ 639,006	\$ 534,342
<u>253,825</u>	<u>92,828</u>	<u>36,443</u>	<u>48,571</u>	<u>270</u>	<u>1,746</u>	<u>23,474,497</u>	<u>22,389,314</u>
-	-	-	-	-	-	\$ 6,620,001	\$ 5,924,703
19,261	56,074	7,890	9,060	-	-	\$ 667,008	\$ 856,455
-	-	-	-	-	-	\$ 406,698	\$ 4,423,741
-	-	-	-	-	-	\$ 2,659,582	\$ 2,268,657
-	-	-	-	-	-	\$ 7,906,760	\$ 7,588,586
<u>19,261</u>	<u>56,074</u>	<u>7,890</u>	<u>9,060</u>	<u>-</u>	<u>-</u>	<u>18,260,049</u>	<u>21,062,142</u>
<u>234,564</u>	<u>36,754</u>	<u>28,553</u>	<u>39,511</u>	<u>270</u>	<u>1,746</u>	<u>5,214,448</u>	<u>1,327,172</u>
-	-	-	-	-	-	\$ 3,736,335	\$ 5,508,730
(50,000)	-	(91,966)	-	-	-	\$ (218,637)	\$ (350,789)
<u>(50,000)</u>	<u>-</u>	<u>(91,966)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,517,698</u>	<u>5,157,941</u>
184,564	36,754	(63,413)	39,511	270	1,746	8,732,146	6,485,113
441,777	265,103	370,393	28,525	9,123	23,685	\$ 28,722,082	\$ 22,236,969
<u>\$ 626,341</u>	<u>\$ 301,857</u>	<u>\$ 306,980</u>	<u>\$ 68,036</u>	<u>\$ 9,393</u>	<u>\$ 25,431</u>	<u>\$ 37,454,228</u>	<u>\$ 28,722,082</u>



Tax Increment Fund No. 1

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2018 and 2017

	Tax Increment Fund No. 1	
	2018	2017
Assets		
Cash and investments	\$ 28,895,527	\$ 20,587,631
Accounts receivable, net of allowances	4,612	20,610
Taxes	25,815	3,566
Total assets	28,925,954	20,611,807
Total assets	\$ 28,925,954	\$ 20,611,807
Liabilities		
Accounts payable	\$ 131,296	\$ 327
Accrued liabilities	83,385	33,192
Total liabilities	214,681	33,519
Deferred inflows of resources		
Unavailable revenue-property taxes	\$ 25,815	\$ 3,566
Total deferred inflow of resources	25,815	3,566
Total liabilities and deferred inflows of resources	240,496	37,085
Fund balance (deficit)		
Restricted for:		
Tax increment zone activities	28,685,458	20,574,722
Total fund balance (deficit)	\$ 28,685,458	\$ 20,574,722
Total liabilities, deferred inflows of resources, and fund balance	\$ 28,925,954	\$ 20,611,807

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Tax Increment Fund No. 1	
	2018	2017
Revenues:		
Property taxes	\$ 12,478,147	\$ 10,157,937
Investment earnings	362,154	118,385
Intergovernmental	673,534	579,071
Total revenues	13,513,835	10,855,393
Expenditures:		
Current:		
General government	5,326,428	5,030,620
Total expenditures	5,326,428	5,030,620
Excess (deficiency) of revenues over expenditures	8,187,407	5,824,773
Other financing sources (uses):		
Transfers out	(76,671)	(74,170)
Total other financing sources (uses)	(76,671)	(74,170)
Net change in fund balance	8,110,736	5,750,603
Fund balance, beginning of year	20,574,722	14,824,119
Fund balance, end of year	\$ 28,685,458	\$ 20,574,722

See accompanying independent auditor's report.



Tax Increment Fund No. 2

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2018 and 2017

	Tax Increment Fund No. 2	
	2018	2017
Assets		
Cash and investments	\$ 2,313,237	\$ 2,090,068
Total assets	\$ 2,313,237	\$ 2,090,068
Liabilities		
Accounts payable	\$ -	\$ 379
Total liabilities	-	379
Fund balance (deficit)		
Restricted for:		
Tax increment zone activities	2,313,237	2,089,689
Total fund balance (deficit)	\$ 2,313,237	\$ 2,089,689
 Total liabilities and fund balance	 \$ 2,313,237	 \$ 2,090,068

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Tax Increment Fund No. 2	
	2018	2017
Revenues:		
Property taxes	\$ 182,706	\$ 138,075
Investment earnings	30,953	12,314
Intergovernmental	9,889	7,950
Total revenues	223,548	158,339
Expenditures:		
Current:		
General government	-	-
Total expenditures	-	-
Excess (deficiency) of revenues over expenditures	223,548	158,339
Net change in fund balance	223,548	158,339
Fund balance, beginning of year	2,089,689	1,931,350
Fund balance, end of year	\$ 2,313,237	\$ 2,089,689

See accompanying independent auditor's report.



Tax Increment Fund No. 3

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2018 and 2017

	Tax Increment Fund No. 3	
	2018	2017
Assets		
Cash and investments	\$ 69,073	\$ 67,621
Total assets	\$ 69,073	\$ 67,621
Fund balance (deficit)		
Restricted for:		
Tax increment zone activities	69,073	67,621
Total fund balance	\$ 69,073	\$ 67,621

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and
 Nonmajor Special Revenue Funds
 Changes in Fund Balance
 Years Ended September 30, 2018 and 2017

	Tax Increment Fund No. 3	
	2018	2017
Revenues:		
Property taxes	\$ 470	\$ 471
Investment earnings	956	406
Intergovernmental	26	27
Total revenues	1,452	904
Expenditures:		
Current:		
General government	-	-
Total expenditures	-	-
Excess (deficiency) of revenues over expenditures	1,452	904
Net change in fund balance	1,452	904
Fund balance, beginning of year	67,621	66,717
Fund balance, end of year	\$ 69,073	\$ 67,621

See accompanying independent auditor's report.



Health Programs Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2018 and 2017

	Health Programs Fund	
	2018	2017
Assets		
Cash and investments	\$ 1,779,642	\$ 1,074,576
Accounts receivable, net of allowances	9,437	3,832
Intergovernmental receivable	899,498	905,809
Total assets	\$ 2,688,577	\$ 1,984,217
Liabilities		
Accounts payable	\$ 57,408	\$ 56,304
Accrued liabilities	186,589	159,191
Escrow funds	27,134	27,300
Total liabilities	271,131	242,795
Fund balance (deficit)		
Committed to:		
Public health	2,417,446	1,741,422
Total fund balance (deficit)	\$ 2,417,446	\$ 1,741,422
Total liabilities and fund balance	\$ 2,688,577	\$ 1,984,217

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
Years Ended September 30, 2018 and 2017

	Health Programs Fund	
	2018	2017
Revenues:		
Permits, licenses and fees	\$ 987,487	\$ 1,044,119
Investment earnings	22,669	6,762
Intergovernmental	3,424,491	3,387,906
Program income	188,294	198,591
Other	464,454	406,436
Total revenues	5,087,395	5,043,814
Expenditures:		
Current:		
Public health	7,906,760	7,588,586
Total expenditures	7,906,760	7,588,586
Excess (deficiency) of revenues over expenditures	(2,819,365)	(2,544,772)
Other financing sources (uses):		
Transfers in	3,495,389	3,235,270
Total other financing sources (uses)	3,495,389	3,235,270
Net change in fund balance	676,024	690,498
Fund balance, beginning of year	1,741,422	1,050,924
Fund balance, end of year	\$ 2,417,446	\$ 1,741,422

See accompanying independent auditor's report.

City of Waco, Texas

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Health Programs Fund
For the Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget	2017 Actual Amounts
	Original	Final			
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 253,088	253,088	265,516	12,428	260,903
Interest on investments	-	-	22,669	22,669	6,762
Intergovernmental	-	80,000	196,797	116,797	186,232
Revenue-other	441,964	361,964	372,608	10,644	353,413
Total	<u>695,052</u>	<u>695,052</u>	<u>857,590</u>	<u>162,538</u>	<u>807,310</u>
Environmental Health Services:					
Health and welfare fees	433,020	433,020	521,386	88,366	505,899
Intergovernmental	99,078	99,078	9,437	(89,641)	2,663
Revenue-other	900	900	279	(621)	814
Total	<u>532,998</u>	<u>532,998</u>	<u>531,102</u>	<u>(1,896)</u>	<u>509,376</u>
Health Nursing Services:					
Health and welfare fees	215,658	215,658	173,683	(41,975)	239,134
Revenue-other	-	-	91,444	91,444	51,775
Total	<u>215,658</u>	<u>215,658</u>	<u>265,127</u>	<u>49,469</u>	<u>290,909</u>
Sexually Transmitted Disease:					
Health and welfare fees	30,484	30,484	26,902	(3,582)	38,183
Total	<u>30,484</u>	<u>30,484</u>	<u>26,902</u>	<u>(3,582)</u>	<u>38,183</u>
HIV/AIDS Services:					
Revenue-other	-	-	54	54	90
Total	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>	<u>90</u>
Public Health Services:					
Program income	-	188,294	188,294	-	198,591
Intergovernmental	-	3,218,257	3,218,257	-	3,199,011
Revenue-other	-	69	69	-	344
Total	<u>-</u>	<u>3,406,620</u>	<u>3,406,620</u>	<u>-</u>	<u>3,397,946</u>
Total revenue	<u>1,474,192</u>	<u>4,880,812</u>	<u>5,087,395</u>	<u>206,583</u>	<u>5,043,814</u>
Expenditures:					
Health Administrative Services:					
Salaries and wages	472,989	471,372	457,230	14,142	397,695
Employee benefits	169,276	169,276	170,642	(1,366)	141,986
Purchased professional/technical services	57,225	54,214	67,301	(13,087)	66,995
Purchased property services	2,700	2,700	2,671	29	3,059
Maintenance	28,500	63,188	188	63,000	-
Other purchased services	30,887	31,387	25,591	5,796	24,659
Supplies	30,724	34,689	32,317	2,372	36,951
Contracts with others	1,102,275	1,102,275	1,102,275	-	1,070,793
Other	617,606	617,606	619,606	(2,000)	386,812
Total health administrative services	<u>2,512,182</u>	<u>2,546,707</u>	<u>2,477,821</u>	<u>68,886</u>	<u>2,128,950</u>

(Continued)

City of Waco, Texas

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Health Programs Fund
For the Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget	2017 Actual Amounts
	Original	Final			
Environmental Health Services:					
Salaries and wages	\$ 314,103	308,039	358,378	(50,339)	372,251
Employee benefits	119,961	119,961	113,200	6,761	107,074
Purchased professional/technical services	22,375	28,439	27,326	1,113	20,000
Maintenance	16,720	16,720	7,757	8,963	19,726
Other purchased services	22,794	22,794	19,126	3,668	12,686
Supplies	99,344	99,344	68,700	30,644	57,816
Capital expenditures	20,000	20,000	19,269	731	
Total environmental health services:	<u>615,297</u>	<u>615,297</u>	<u>613,756</u>	<u>1,541</u>	<u>589,553</u>
Health Nursing Services:					
Salaries and wages	613,373	600,740	469,331	131,409	491,064
Employee benefits	210,469	208,914	165,477	43,437	176,161
Purchased professional/technical services	141,700	149,475	36,328	113,147	30,182
Maintenance	3,298	3,298	4,433	(1,135)	2,196
Other purchased services	44,832	47,456	54,604	(7,148)	49,070
Supplies	257,450	261,266	177,342	83,924	227,784
Total public health nursing services	<u>1,271,122</u>	<u>1,271,149</u>	<u>907,515</u>	<u>363,634</u>	<u>976,457</u>
Sexually Transmitted Disease:					
Salaries and wages	233,526	233,526	196,836	36,690	204,659
Employee benefits	88,663	88,663	71,001	17,662	73,174
Purchased professional/technical services	14,000	14,000	10,070	3,930	10,603
Maintenance	200	200	470	(270)	835
Other purchased services	15,473	15,473	11,692	3,781	11,277
Supplies	21,761	21,761	16,968	4,793	22,420
Total sexually transmitted disease	<u>373,623</u>	<u>373,623</u>	<u>307,037</u>	<u>66,586</u>	<u>322,968</u>
HIV/AIDS Services:					
Salaries and wages	132,701	132,701	132,153	548	120,212
Employee benefits	46,772	46,772	45,999	773	41,093
Purchased professional/technical services	500	500	358	142	925
Other purchased services	12,999	12,999	11,969	1,030	6,366
Supplies	4,385	4,385	3,532	853	4,116
Total HIV/AIDS services	<u>197,357</u>	<u>197,357</u>	<u>194,011</u>	<u>3,346</u>	<u>172,712</u>
Public Health Services:					
Salaries and wages	-	1,703,221	1,703,221	-	1,720,957
Employee benefits	-	690,642	690,642	-	691,670
Purchased professional/technical services	-	185,542	185,542	-	233,909
Purchased property services	-	90,486	90,486	-	94,342
Maintenance	-	2,146	2,146	-	5,888
Other purchased services	-	329,166	329,166	-	258,700
Supplies	-	190,661	190,661	-	215,601
Other	-	214,756	214,756	-	176,879
Total public health services	<u>-</u>	<u>3,406,620</u>	<u>3,406,620</u>	<u>-</u>	<u>3,397,946</u>

(Continued)

City of Waco, Texas

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Health Programs Fund
For the Year Ended September 30, 2018
(With Comparative Actual Amounts for Year Ended September 30, 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget	2017 Actual Amounts
	Original	Final			
Total expenditures	\$ 4,969,581	8,410,753	7,906,760	503,993	7,588,586
Excess (deficiency) of revenue over expenditures	(3,495,389)	(3,529,941)	(2,819,365)	710,576	(2,544,772)
Other financing sources (uses):					
Transfers in	3,495,389	3,495,389	3,495,389	-	3,235,270
Total other financing sources (uses)	3,495,389	3,495,389	3,495,389	-	3,235,270
Net change in fund balance	-	(34,552)	676,024	710,576	690,498
Fund balance, beginning of year	1,741,422	1,741,422	1,741,422	-	1,050,924
Fund balance, end of year	<u>\$ 1,741,422</u>	<u>1,706,870</u>	<u>2,417,446</u>	<u>710,576</u>	<u>1,741,422</u>

See accompanying independent auditor's report.

Grant Fund

City of Waco, Texas
Sub-Combining Balance Sheet
Grant Fund
September 30, 2018
(With Comparative Totals for September 30, 2017)

	HUD Home Program	HUD Community Development Block Grant	Fire LEOSE	Justice Assistance Grant 2015
Assets				
Cash and investments	\$ 4,384	179,660	673	-
Accounts receivable, net of allowances	-	44,151	-	-
Notes receivable	675,543	649,511	-	-
Intergovernmental receivable	116,062	346,061	-	5,660
Real estate held for resale	-	60,097	-	-
Total assets	<u>\$ 795,989</u>	<u>1,279,480</u>	<u>673</u>	<u>5,660</u>
Liabilities				
Accounts payable	\$ 242,594	258,469	-	2,201
Accrued liabilities	1,334	24,748	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	3,459
Total liabilities	<u>243,928</u>	<u>283,217</u>	<u>-</u>	<u>5,660</u>
Fund balances (deficits)				
Restricted for:				
Culture and recreation	-	-	-	-
Housing and Community Development	552,061	753,759	-	-
Public safety	-	242,504	673	-
Total fund balances (deficits)	<u>\$ 552,061</u>	<u>996,263</u>	<u>673</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 795,989</u>	<u>\$ 1,279,480</u>	<u>\$ 673</u>	<u>\$ 5,660</u>

See accompanying independent auditor's report.

Police LEOSE	HUD EDI Grant	Grande Clear Source Cable Ordinance	TXDOT Riverwalk	HUD Continuum of Care	Victim Services 2017
5,129	8,753	85,374	26,419	-	1,983
5,638	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,995	-
-	-	-	-	-	-
10,767	8,753	85,374	26,419	13,995	1,983
5,638	-	-	-	293	-
-	-	-	-	2,442	1,983
-	-	-	-	-	-
-	-	-	-	11,260	-
5,638	-	-	-	13,995	1,983
-	-	85,374	26,419	-	-
-	8,753	-	-	-	-
5,129	-	-	-	-	-
5,129	8,753	85,374	26,419	-	-
\$ 10,767	\$ 8,753	\$ 85,374	\$ 26,419	\$ 13,995	\$ 1,983

(Continued)

City of Waco, Texas
Sub-Combining Balance Sheet
Grant Fund
September 30, 2018
(With Comparative Totals for September 30, 2017)

	HUD HMIS Grant 15	HUD HMIS GRANT 16	SHSP 2017	SHSP 2016
Assets				
Cash and investments	\$ -	-	-	-
Accounts receivable, net of allowances	-	-	-	-
Notes receivable	-	-	-	-
Intergovernmental receivable	-	1,665	-	-
Real estate held for resale	-	-	-	-
Total assets	<u>-</u>	<u>1,665</u>	<u>-</u>	<u>-</u>
Liabilities				
Accounts payable	\$ -	-	-	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	1,665	-	-
Total liabilities	<u>-</u>	<u>1,665</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)				
Restricted for:				
Culture and recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Public safety	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,665</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

<u>STEP Comprehensive</u>	<u>TXDOT MPO FHWA</u>	<u>CJD Family Violence 2017-2018</u>	<u>CJD Family Violence 2018-2019</u>	<u>Brownfields</u>
-	-	3,363	-	4,740
-	-	-	-	-
-	-	-	-	-
18,517	78,222	6,356	-	-
-	-	-	-	-
<u>18,517</u>	<u>78,222</u>	<u>9,719</u>	<u>-</u>	<u>4,740</u>
-	5,623	-	-	-
-	12,338	9,719	-	-
-	-	-	-	-
18,517	60,261	-	-	-
<u>18,517</u>	<u>78,222</u>	<u>9,719</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,740
-	-	-	-	<u>4,740</u>
<u>\$ 18,517</u>	<u>\$ 78,222</u>	<u>\$ 9,719</u>	<u>\$ -</u>	<u>\$ 4,740</u>

(Continued)

City of Waco, Texas
Sub-Combining Balance Sheet
Grant Fund
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Rifle Resistant Body Armor	National Incident Based Reporting System	Justice Assistance Grant 2016	Justice Assistance Grant 2014
Assets				
Cash and investments	\$ -	-	-	-
Accounts receivable, net of allowances	-	-	-	-
Notes receivable	-	-	-	-
Intergovernmental receivable	-	-	5,963	27,772
Real estate held for resale	-	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>5,963</u>	<u>27,772</u>
Liabilities				
Accounts payable	\$ -	-	-	10,962
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	5,963	16,810
Total liabilities	<u>-</u>	<u>-</u>	<u>5,963</u>	<u>27,772</u>
Fund balances (deficits)				
Restricted for:				
Culture and recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Public safety	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,963</u>	<u>\$ 27,772</u>

See accompanying independent auditor's report.

Library Memorial Fund	Shapley P Ross Memorial Fund	Vision 2020 Comprehensive Plan	Totals	
			2018	2017
44,991	187	1,219	366,875	522,258
-	-	-	49,789	102,910
-	-	-	1,325,054	1,530,329
-	-	-	620,273	1,951,557
-	-	-	60,097	44,867
44,991	187	1,219	2,422,088	4,151,921
-	-	-	525,780	988,672
-	-	-	52,564	130,260
-	-	1,210	1,210	1,210
-	-	-	117,935	810,080
-	-	1,210	697,489	1,930,222
44,991	187	9	156,980	548,634
-	-	-	1,314,573	1,570,574
-	-	-	253,046	102,491
44,991	187	9	1,724,599	2,221,699
\$ 44,991	\$ 187	\$ 1,219	\$ 2,422,088	\$ 4,151,921

City of Waco, Texas
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Grant Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	HUD Home Program	HUD Community Development Block Grant	Fire LEOSE	Justice Assistance Grant 2015
Revenues:				
Intergovernmental	\$ 371,350	1,843,570	1,027	14,728
Program income	15,351	42,948	-	-
Other	-	33,608	-	-
Total revenues	<u>386,701</u>	<u>1,920,126</u>	<u>1,027</u>	<u>14,728</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	39,205	1,190	14,728
Culture and recreation	-	-	-	-
Housing and community development	636,865	1,907,585	-	-
Total expenditures	<u>636,865</u>	<u>1,946,790</u>	<u>1,190</u>	<u>14,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,164)</u>	<u>(26,664)</u>	<u>(163)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	175,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(250,164)	148,336	(163)	-
Fund balances, beginning of year	802,225	847,927	836	-
Fund balances, end of year	<u>\$ 552,061</u>	<u>\$ 996,263</u>	<u>\$ 673</u>	<u>\$ -</u>

See accompanying independent auditor's report.

<u>Police LEOSE</u>	<u>HUD EDI Grant</u>	<u>Grande Clear Source Cable Ordinance</u>	<u>TXDOT Riverwalk</u>	<u>HUD Continuum of Care</u>	<u>Victim Services 2017</u>
15,004	-	-	-	58,123	38,118
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,123</u>	<u>38,118</u>
-	-	-	-	-	-
18,347	-	-	-	-	38,118
-	-	-	274,697	-	-
-	-	-	-	58,123	-
<u>18,347</u>	<u>-</u>	<u>-</u>	<u>274,697</u>	<u>58,123</u>	<u>38,118</u>
<u>(3,343)</u>	<u>-</u>	<u>-</u>	<u>(274,697)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,343)	-	-	(274,697)	-	-
8,472	8,753	85,374	301,116	-	-
<u>\$ 5,129</u>	<u>\$ 8,753</u>	<u>\$ 85,374</u>	<u>\$ 26,419</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

City of Waco, Texas
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Grant Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	HUD HMIS Grant 15	HUD HMIS Grant 16	SHSP 2017	SHSP 2016
Revenues:				
Intergovernmental	\$ 1,197	55,812	90,749	15,625
Program income	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,197</u>	<u>55,812</u>	<u>90,749</u>	<u>15,625</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	90,749	15,265
Culture and recreation	-	-	-	-
Housing and community development	1,197	55,812	-	-
Total expenditures	<u>1,197</u>	<u>55,812</u>	<u>90,749</u>	<u>15,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

<u>STEP Comprehensive</u>	<u>TXDOT MPO FHWA</u>	<u>CJD Family Violence 2017-2018</u>	<u>CJD Family Violence 2018-2019</u>	<u>Brownfields</u>
89,416	709,208	6,356	60,940	-
-	-	-	-	-
-	-	-	-	-
<u>89,416</u>	<u>709,208</u>	<u>6,356</u>	<u>60,940</u>	<u>-</u>
-	709,208	-	-	-
125,247	-	12,848	84,563	112
-	-	-	-	-
-	-	-	-	-
<u>125,247</u>	<u>709,208</u>	<u>12,848</u>	<u>84,563</u>	<u>112</u>
<u>(35,831)</u>	<u>-</u>	<u>(6,492)</u>	<u>(23,623)</u>	<u>(112)</u>
35,831	-	6,492	23,623	-
-	-	-	-	-
<u>35,831</u>	<u>-</u>	<u>6,492</u>	<u>23,623</u>	<u>-</u>
-	-	-	-	(112)
-	-	-	-	4,852
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,740</u>

(Continued)

City of Waco, Texas
 Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Grant Funds
 For the Year Ended September 30, 2018
 (With Comparative Totals for the Year Ended September 30, 2017)

	Rifle Resistant Body Armor	National Incident Based Reporting System	Justice Assistance Grant 2016	Justice Assistance Grant 2014
Revenues:				
Intergovernmental	\$ 78,568	18,788	8,863	27,772
Program income	-	-	-	-
Other	-	-	-	-
Total revenues	<u>78,568</u>	<u>18,788</u>	<u>8,863</u>	<u>27,772</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	78,568	18,788	8,863	27,772
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
Total expenditures	<u>78,568</u>	<u>18,788</u>	<u>8,863</u>	<u>27,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Library Memorial Fund	Shapley P Ross Memorial Fund	Vision 2020 Comprehensive Plan	Totals	
			2018	2017
-	-	-	3,505,214	5,420,746
-	-	-	58,299	23,462
14,729	315	-	48,652	26,783
<u>14,729</u>	<u>315</u>	<u>-</u>	<u>3,612,165</u>	<u>5,470,991</u>
-	-	-	709,208	486,425
-	-	-	574,723	732,757
73,387	58,614	-	406,698	4,421,372
-	-	-	2,659,582	2,268,657
<u>73,387</u>	<u>58,614</u>	<u>-</u>	<u>4,350,211</u>	<u>7,909,211</u>
(58,658)	(58,299)	-	(738,046)	(2,438,220)
-	-	-	406,698	2,273,460
-	-	-	406,698	(1,712)
-	-	-	813,396	2,271,748
(58,658)	(58,299)	-	(497,100)	(166,472)
103,649	58,486	9	2,221,699	2,388,171
<u>\$ 44,991</u>	<u>\$ 187</u>	<u>\$ 9</u>	<u>\$ 1,724,599</u>	<u>\$ 2,221,699</u>



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2018 and 2017

	Waco Public Improvement District No. 1 Fund	
	2018	2017
Assets		
Cash and investments	\$ 956,626	\$ 934,313
Special assessments	55	2,010
Accounts receivable, net of allowance	12,349	-
Total assets	\$ 969,030	\$ 936,323
Liabilities		
Accounts payable	\$ 62,598	\$ 45,990
Total liabilities	62,598	45,990
Deferred inflows of resources		
Unavailable revenue special assessments	55	2,010
Total deferred inflow of resources	55	2,010
Total liabilities and deferred inflows of resources	62,653	48,000
Fund balance (deficit)		
Restricted for:		
Waco Public Improvement District	906,377	888,323
Total fund balance (deficit)	\$ 906,377	\$ 888,323
Total liabilities, deferred inflows of resources, and fund balance	\$ 969,030	\$ 936,323

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Waco Public Improvement District No. 1 Fund	
	2018	2017
Revenues:		
Property taxes	\$ 535,505	\$ 482,959
Investment earnings	14,608	5,719
Contributions	15,084	-
Other	37,222	52,011
Total revenues	602,419	540,689
Expenditures:		
Current:		
General government	584,365	407,658
Total expenditures	584,365	407,658
Excess (deficiency) of revenues over expenditures	18,054	133,031
Net change in fund balance	18,054	133,031
Fund balance, beginning of year	888,323	755,292
Fund balance, end of year	\$ 906,377	\$ 888,323

See accompanying independent auditor's report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2018 and 2017

	Abandoned Motor Vehicle Fund	
	2018	2017
Assets		
Cash and investments	\$ 627,022	\$ 442,308
Total assets	\$ 627,022	\$ 442,308
Liabilities		
Accounts payable	\$ 681	\$ 531
Total liabilities	681	531
Fund balance (deficit)		
Restricted for:		
Public safety	626,341	441,777
Total fund balance (deficit)	\$ 626,341	\$ 441,777
Total liabilities and fund balance	\$ 627,022	\$ 442,308

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Abandoned Motor Vehicle Fund	
	2018	2017
Revenues:		
Fines	\$ 253,825	\$ 176,255
Total revenues	253,825	176,255
Expenditures:		
Current:		
Public safety	19,261	10,068
Total expenditures	19,261	10,068
Excess (deficiency) of revenues over expenditures	234,564	166,187
Other financing sources (uses):		
Transfers out	(50,000)	(181,649)
Total other financing sources (uses)	(50,000)	(181,649)
Net change in fund balance	184,564	(15,462)
Fund balance, beginning of year	441,777	457,239
Fund balance, end of year	\$ 626,341	\$ 441,777

See accompanying independent auditor's report.



Police Forfeitures Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2018 and 2017

	Police Forfeitures Fund	
	2018	2017
Assets		
Cash and investments	\$ 302,431	\$ 267,383
Accounts receivable, net of allowance	\$ 7,273	\$ -
Total assets	\$ 309,704	\$ 267,383
Liabilities		
Accounts payable	\$ 7,847	\$ 2,280
Total liabilities	7,847	2,280
Fund balance (deficit)		
Nonspendable		
Restricted for:		
Public safety	301,857	265,103
Total fund balance (deficit)	\$ 301,857	\$ 265,103
Total liabilities and fund balance	\$ 309,704	\$ 267,383

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Police Forfeitures Fund	
	2018	2017
Revenues:		
Investment earnings	\$ 4,150	\$ 1,546
Other	88,678	49,112
Total revenues	92,828	50,658
Expenditures:		
Current:		
Public safety	56,074	50,084
Total expenditures	56,074	50,084
Excess (deficiency) of revenues over expenditures	36,754	574
Net change in fund balance	36,754	574
Fund balance, beginning of year	265,103	264,529
Fund balance, end of year	\$ 301,857	\$ 265,103

See accompanying independent auditor's report.



Court Security Fund

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2018 and 2017

	Court Security Fund	
	2018	2017
Assets		
Cash and investments	\$ 306,980	\$ 370,393
Total assets	\$ 306,980	\$ 370,393
Fund balance (deficit)		
Restricted for:		
Public safety	\$ 306,980	\$ 370,393
Total fund balance (deficit)	\$ 306,980	\$ 370,393

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Court Security Fund	
	2018	2017
Revenues:		
Fines	\$ 36,443	\$ 39,175
Total revenues	36,443	39,175
Expenditures:		
Current:		
Public safety	7,890	3,778
Total expenditures	7,890	3,778
Excess (deficiency) of revenues over expenditures	28,553	35,397
Other financing sources (uses):		
Transfers out	(91,966)	(93,258)
Total other financing sources (uses)	(91,966)	(93,258)
Net change in fund balance	(63,413)	(57,861)
Fund balance, beginning of year	370,393	428,254
Fund balance, end of year	\$ 306,980	\$ 370,393

See accompanying independent auditor's report.



Court Technology Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2018 and 2017

	Court Technology Fund	
	2018	2017
Assets		
Cash and investments	\$ 68,036	\$ 30,625
Total assets	\$ 68,036	\$ 30,625
Liabilities		
Accounts payable	\$ -	\$ 2,100
Total liabilities	-	2,100
Fund balance (deficit)		
Restricted for:		
Public safety	68,036	28,525
Total fund balance (deficit)	68,036	28,525
Total liabilities and fund balance	\$ 68,036	\$ 30,625

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Court Technology Fund	
	2018	2017
Revenues:		
Fines	\$ 48,571	\$ 52,223
Total revenues	48,571	52,223
Expenditures:		
Current:		
Public safety	9,060	59,768
Total expenditures	9,060	59,768
Excess (deficiency) of revenues over expenditures	39,511	(7,545)
Net change in fund balance	39,511	(7,545)
Fund balance, beginning of year	28,525	36,070
Fund balance, end of year	\$ 68,036	\$ 28,525

See accompanying independent auditor's report.



Hamilton Memorial Fund

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2018 and 2017

	Hamilton Memorial Fund	
	2018	2017
Assets		
Cash and investments	\$ 9,393	\$ 9,123
Total assets	\$ 9,393	\$ 9,123
Fund balance (deficit)		
Restricted for:		
Culture and recreation	\$ 9,393	\$ 9,123
Total fund balance (deficit)	\$ 9,393	\$ 9,123

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 Years Ended September 30, 2018 and 2017

	Hamilton Memorial Fund	
	2018	2017
Revenues:		
Investment earnings	\$ 270	\$ 114
Total revenues	270	114
Expenditures:		
Current:		
Culture and recreation	-	-
Total expenditures	-	-
Excess (deficiency) of revenues over expenditures	270	114
Net change in fund balance	270	114
Fund balance, beginning of year	9,123	9,009
Fund balance, end of year	\$ 9,393	\$ 9,123

See accompanying independent auditor's report.



Miss Nellie's Park Maintenance Fund

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2018 and 2017

	Miss Nellie's Park Maintenance Fund	
	2018	2017
Assets		
Cash and investments	\$ 25,431	\$ 23,685
Total assets	\$ 25,431	\$ 23,685
Fund balance (deficit)		
Restricted for:		
Culture and recreation	\$ 25,431	\$ 23,685
Total fund balance (deficit)	\$ 25,431	\$ 23,685

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Years Ended September 30, 2018 and 2017

	<u>Miss Nellie's Park Maintenance Fund</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Investment earnings	\$ 1,746	\$ 759
Total revenues	<u>1,746</u>	<u>759</u>
Expenditures:		
Current:		
Culture and recreation	-	2,369
Total expenditures	<u>-</u>	<u>2,369</u>
Excess (deficiency) of revenues over expenditures	<u>1,746</u>	<u>(1,610)</u>
Net change in fund balance	1,746	(1,610)
Fund balance, beginning of year	23,685	25,295
Fund balance, end of year	<u><u>\$ 25,431</u></u>	<u><u>\$ 23,685</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
Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2018
(with Comparative Totals for September 30, 2017)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2018	2017
Assets				
Cash and investments	\$ 4,204	\$ 656,534	\$ 660,738	\$ 516,519
Taxes	-	341,491	341,491	325,502
Total assets	<u>4,204</u>	<u>998,025</u>	<u>\$ 1,002,229</u>	<u>842,021</u>
Deferred inflows of resources				
Unavailable revenue-property taxes	-	326,704	\$ 326,704	313,314
Total deferred inflows of resources	<u>-</u>	<u>326,704</u>	<u>326,704</u>	<u>313,314</u>
Fund balances (deficits)				
Restricted for:				
Debt service	4,204	671,321	\$ 675,525	528,707
Total fund balances (deficits)	<u>\$ 4,204</u>	<u>\$ 671,321</u>	<u>\$ 675,525</u>	<u>\$ 528,707</u>
Total deferred inflows of resources and fund balances	<u>\$ 4,204</u>	<u>\$ 998,025</u>	<u>\$ 1,002,229</u>	<u>\$ 842,021</u>

See accompanying independent auditor's report.

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended September 30, 2018
(with Comparative Totals for September 30, 2017)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2018	2017
Revenues:				
Taxes	\$ -	\$ 10,146,997	\$ 10,146,997	\$ 9,283,223
Investment earnings	-	23,621	\$ 23,621	38,003
Total revenues	<u>-</u>	<u>10,170,618</u>	<u>10,170,618</u>	<u>9,321,226</u>
Expenditures:				
Debt service:				
Principal	-	6,660,000	6,660,000	6,685,000
Interest and fiscal charges	-	3,440,471	3,440,471	3,240,961
Bond issuance costs	-	140,293	140,293	84,655
Total expenditures	<u>-</u>	<u>10,240,764</u>	<u>10,240,764</u>	<u>10,010,616</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(70,146)</u>	<u>(70,146)</u>	<u>(689,390)</u>
Other financing sources (uses):				
General obligation bonds issued	-	132,417	132,417	79,955
Premium on general obligation bonds	-	7,876	7,876	3,148
Transfers in	-	76,671	76,671	536,849
Total other financing sources (uses)	<u>-</u>	<u>216,964</u>	<u>216,964</u>	<u>619,952</u>
Net change in fund balances	-	146,818	146,818	(69,438)
Fund balances, beginning of year	4,204	524,503	528,707	598,145
Fund balances, end of year	<u>\$ 4,204</u>	<u>\$ 671,321</u>	<u>\$ 675,525</u>	<u>\$ 528,707</u>

See accompanying independent auditor's report.

City of Waco, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Obligation Debt Fund
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	Budgeted Amounts		2018	Variance with	2017
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Property taxes	\$ 9,997,369	9,997,369	10,146,997	149,628	9,283,223
Investment earnings	5,120	5,120	23,621	18,501	38,003
Total revenues	<u>10,002,489</u>	<u>10,002,489</u>	<u>10,170,618</u>	<u>168,129</u>	<u>9,321,226</u>
Expenditures:					
Debt service:					
Principal	6,660,000	6,660,000	6,660,000	-	6,685,000
Interest and fiscal charges	3,466,705	3,466,705	3,440,471	26,234	3,240,961
Bond issuance costs	-	140,293	140,293	-	84,655
Total expenditures	<u>10,126,705</u>	<u>10,266,998</u>	<u>10,240,764</u>	<u>26,234</u>	<u>10,010,616</u>
Deficiency of revenues under expenditures	<u>(124,216)</u>	<u>(264,509)</u>	<u>(70,146)</u>	<u>194,363</u>	<u>(689,390)</u>
Other financing sources (uses):					
General obligation bonds issued	-	140,293	132,417	(7,876)	79,955
Premium on general obligation bonds	-	-	7,876	7,876	3,148
Transfers in	76,665	76,665	76,671	6	536,849
Total other financing sources	<u>76,665</u>	<u>216,958</u>	<u>216,964</u>	<u>6</u>	<u>619,952</u>
Net change in fund balance	(47,551)	(47,551)	146,818	194,369	(69,438)
Fund balance, beginning of year	<u>524,503</u>	<u>524,503</u>	<u>524,503</u>	<u>-</u>	<u>593,941</u>
Fund balance, end of year	<u>\$ 476,952</u>	<u>476,952</u>	<u>671,321</u>	<u>194,369</u>	<u>524,503</u>

See accompanying independent auditors' 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/renovation of buildings, rolling stock, computer equipment, and other City purposes.

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.

2018 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2017 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2016 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

2015 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.

2013 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.

2007 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
Combining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Capital Improvement Fund	Equipment Replacement Fund	Mammoth Fund	Street Improvement Fund	2018 Bond Issue Fund	2017 Bond Issue Fund
Assets						
Cash and investments	\$ 7,704,129	\$ 1,500,000	\$ -	\$ 17,272,616	\$ 13,001,991	\$ 4,157,664
Accounts receivable, net of allowances	5,513	-	-	-	-	-
Advances to other funds	168,368	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 7,878,010</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 17,272,616</u>	<u>\$ 13,001,991</u>	<u>\$ 4,157,664</u>
Liabilities						
Accounts payable and contracts payable	\$ 90,458	\$ -	\$ -	\$ 74,750	\$ 193,382	\$ 148,420
Accrued liabilities	23,416	-	-	228,388	-	2,771
Escrow funds	-	-	-	1,927,864	-	-
Total liabilities	<u>113,874</u>	<u>-</u>	<u>-</u>	<u>2,231,002</u>	<u>193,382</u>	<u>151,191</u>
Fund balances (deficits)						
Nonspendable:						
Inventory	-	-	-	-	-	-
Restricted for:						
Capital projects	168,368	-	-	9,895,951	12,808,609	4,006,473
Committed to:						
Capital projects	7,595,768	1,500,000	-	5,145,663	-	-
Total fund balances (deficits)	<u>\$ 7,764,136</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 15,041,614</u>	<u>\$ 12,808,609</u>	<u>\$ 4,006,473</u>
Total liabilities and fund balances (deficits)	<u>\$ 7,878,010</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 17,272,616</u>	<u>\$ 13,001,991</u>	<u>\$ 4,157,664</u>

See accompanying independent auditor's report.

2016 Bond Issue Fund	2015 Bond Issue Fund	2014 Bond Issue Fund	2013 Bond Issue Fund	2010 Bond Issue Fund	2007 Bond Issue Fund	Totals	
						2018	2017
\$ 2,408,572	\$ 188,793	\$ 74,236	\$ 16,168	\$ 7,819	\$ 57,611	\$ 46,389,599	\$ 27,309,644
-	-	-	-	-	-	5,513	89,849
-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	68,066
-	-	-	-	-	-	-	85,685
\$ 2,408,572	\$ 188,793	\$ 74,236	\$ 16,168	\$ 7,819	\$ 57,611	\$ 46,563,480	\$ 27,721,612
\$ 6,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513,757	\$ 391,999
156,040	-	-	-	-	-	410,615	252,643
-	-	-	-	-	-	1,927,864	-
162,787	-	-	-	-	-	2,852,236	644,642
-	-	-	-	-	-	-	85,685
2,245,785	188,793	74,236	16,168	7,819	57,611	29,469,813	12,754,861
-	-	-	-	-	-	14,241,431	14,236,424
\$ 2,245,785	\$ 188,793	\$ 74,236	\$ 16,168	\$ 7,819	\$ 57,611	\$ 43,711,244	\$ 27,076,970
\$ 2,408,572	\$ 188,793	\$ 74,236	\$ 16,168	\$ 7,819	\$ 57,611	\$ 46,563,480	\$ 27,721,612

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	Capital Improvement Fund	Equipment Replacement Fund	Mammoth Fund	Street Improvement Fund	2018 Bond Issue Fund	2017 Bond Issue Fund
Revenues:						
Investment earnings	\$ -	\$ -	\$ 5	\$ -	\$ 614,873	\$ 464,428
Contributions	166,179	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total revenues	<u>166,179</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>614,873</u>	<u>464,428</u>
Expenditures:						
Capital outlay:						
Capital outlay	3,890,869	-	23,332	6,065,721	1,115,366	306,875
Total expenditures	<u>3,890,869</u>	<u>-</u>	<u>23,332</u>	<u>6,065,721</u>	<u>1,115,366</u>	<u>306,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,724,690)</u>	<u>-</u>	<u>(23,327)</u>	<u>(6,065,721)</u>	<u>(500,493)</u>	<u>157,553</u>
Other financing sources (uses):						
General obligation bonds issued	-	-	-	6,398,481	13,309,102	-
Premium on general obligation bonds	-	-	-	1,172,180	-	-
Transfers in	3,069,000	500,000	-	1,407,590	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,069,000</u>	<u>500,000</u>	<u>-</u>	<u>8,978,251</u>	<u>13,309,102</u>	<u>-</u>
Net change in fund balances	(655,690)	500,000	(23,327)	2,912,530	12,808,609	157,553
Fund balances, beginning of year	8,419,826	1,000,000	23,327	12,129,084	-	3,848,920
Fund balances, end of year	<u>\$ 7,764,136</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 15,041,614</u>	<u>\$ 12,808,609</u>	<u>\$ 4,006,473</u>

See accompanying independent auditor's report.

2016 Bond Issue Fund	2015 Bond Issue Fund	2014 Bond Issue Fund	2013 Bond Issue Fund	2010 Bond Issue Fund	2007 Bond Issue Fund	Totals	
						2018	2017
\$1,057,279	\$ 53,981	\$ 9,516	\$ 4,683	\$ 1,163	\$ 878	\$ 2,206,806	867,799
-	-	-	-	-	-	166,179	560,806
-	-	-	-	-	-	-	27,167
<u>1,057,279</u>	<u>53,981</u>	<u>9,516</u>	<u>4,683</u>	<u>1,163</u>	<u>878</u>	<u>2,372,985</u>	<u>1,455,772</u>
187,099	5,802	-	-	-	-	11,595,064	13,884,468
<u>187,099</u>	<u>5,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,595,064</u>	<u>13,884,468</u>
870,180	48,179	9,516	4,683	1,163	878	(9,222,079)	(12,428,696)
-	-	-	-	-	-	19,707,583	11,385,045
-	-	-	-	-	-	1,172,180	448,187
-	-	-	-	-	-	4,976,590	11,544,652
-	-	-	-	-	-	-	(1,864,856)
-	-	-	-	-	-	25,856,353	21,513,028
870,180	48,179	9,516	4,683	1,163	878	16,634,274	9,084,332
1,375,605	140,614	64,720	11,485	6,656	56,733	27,076,970	17,992,638
<u>\$2,245,785</u>	<u>\$ 188,793</u>	<u>\$ 74,236</u>	<u>\$ 16,168</u>	<u>\$ 7,819</u>	<u>\$ 57,611</u>	<u>\$ 43,711,244</u>	<u>\$ 27,076,970</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

Combining Balance Sheet

Nonmajor Permanent Funds

September 30, 2018

(With Comparative Totals for September 30, 2017)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2018	2017
Assets					
Cash and investments	\$ 261,797	\$ 10,000	\$ 100,000	\$ 371,797	\$ 368,115
Total assets	\$ 261,797	\$ 10,000	\$ 100,000	\$ 371,797	\$ 368,115
Fund balances (deficits)					
Nonspendable:					
Parks and cemetery care	\$ 261,797	\$ 10,000	\$ 100,000	\$ 371,797	\$ 368,115
Total fund balances (deficits)	\$ 261,797	\$ 10,000	\$ 100,000	\$ 371,797	\$ 368,115

See accompanying independent auditor's report.

City of Waco, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended September 30, 2018

(With Comparative Totals for Year Ended September 30, 2017)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2018	2017
Revenues:					
Investment earnings	\$ 3,682	\$ -	\$ -	\$ 3,682	\$ 1,555
Total revenues	3,682	-	-	3,682	1,555
Expenditures:					
Current:					
General government	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,682	-	-	3,682	1,555
Net change in fund balances	3,682	-	-	3,682	1,555
Fund balances, beginning of year	258,115	10,000	100,000	368,115	366,560
Fund balances, end of year	\$ 261,797	\$ 10,000	\$ 100,000	\$ 371,797	\$ 368,115

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
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Water Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 39,035,459	\$ 34,389,227
Accounts receivable, net of allowance	5,506,929	6,318,540
Intergovernmental receivable	233,385	233,385
Restricted cash and investments	7,635,433	4,822,161
Inventory	236,137	272,442
Total current assets	<u>52,647,343</u>	<u>46,035,755</u>
Noncurrent assets:		
Restricted cash and investments	44,135,627	46,259,571
Advances to other funds	525,336	525,336
Capital assets:		
Land	1,279,185	1,279,185
Buildings	10,024,595	10,024,595
Improvements other than buildings	301,443,449	287,064,213
Equipment	9,651,216	9,529,540
Construction work in progress	33,900,826	24,795,189
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	(146,774,669)	(137,655,042)
Total noncurrent assets	<u>286,668,444</u>	<u>274,305,466</u>
Total assets	<u>339,315,787</u>	<u>320,341,221</u>
Deferred outflows of resources		
Deferred losses on refundings of debt	2,350,158	2,643,627
Deferred outflows on pension liability	722,076	1,859,346
Total deferred outflows of resources	<u>3,072,234</u>	<u>4,502,973</u>
Total assets and deferred outflows of resources	<u><u>\$ 342,388,021</u></u>	<u><u>\$ 324,844,194</u></u>

See accompanying independent auditor's report.

	<u>2018</u>	<u>2017</u>
Liabilities		
Current liabilities:		
Accounts payable	546,736	470,459
Accrued liabilities	1,023,121	1,560,735
Compensated absences payable	737,000	634,776
Refundable contracts	904,549	347,523
Notes payable	86,328	82,657
Contracts payable	345,841	461,122
Revenue bonds payable	10,680,000	9,715,000
Accrued interest payable	1,374,807	1,220,647
Current liabilities payable from restricted assets:		
Accounts payable	4,446,378	1,663,033
Customer deposits	3,189,055	3,159,128
Total current liabilities	<u>23,333,815</u>	<u>19,315,080</u>
Noncurrent liabilities:		
Refundable contracts	293,857	1,075,763
Compensated absences payable	480,029	433,549
Contracts payable	-	384,268
Bonds payable	184,320,099	176,942,660
Notes payable	1,501,978	1,588,306
Net pension liability	2,659,809	4,401,244
Total noncurrent liabilities	<u>189,255,772</u>	<u>184,825,790</u>
Total liabilities	<u>212,589,587</u>	<u>204,140,870</u>
Deferred inflows of resources		
Deferred inflows on pension liability	729,752	81,992
Total deferred inflows of resources	<u>729,752</u>	<u>81,992</u>
Total liabilities and deferred inflows of resources	<u>213,319,339</u>	<u>204,222,862</u>
Net position		
Net investment in capital assets	90,706,455	86,671,848
Unrestricted	38,362,227	33,949,484
Total net position	<u>\$ 129,068,682</u>	<u>\$ 120,621,332</u>

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Water Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 48,148,888	\$ 43,104,256
Other	774,933	367,802
Total operating revenues	48,923,821	43,472,058
Operating expenses:		
Salaries and wages	4,884,183	4,819,154
Employee benefits	2,053,307	2,356,196
Purchased professional/technical services	1,705,718	1,767,851
Purchased property services	158,970	333,008
Maintenance	3,070,771	3,222,574
Other purchased services	1,070,093	856,065
Supplies	4,422,041	4,157,296
Other	5,012,984	4,156,917
Depreciation/amortization	10,068,019	9,509,849
Total operating expenses	32,446,086	31,178,910
Operating income (loss)	16,477,735	12,293,148
Nonoperating revenues (expenses):		
Investment earnings	609,484	182,967
Contributions	-	20,250
Intergovernmental revenue	-	164,532
Other income	1,970	2,360
Bond issuance costs	(146,344)	(174,800)
Interest expense and fiscal charges	(5,351,999)	(4,884,267)
Total nonoperating revenues (expenses)	(4,886,889)	(4,688,958)
Income (loss) before contributions and transfers	11,590,846	7,604,190
Capital contributions	199,920	65,203
Transfers out	(3,343,416)	(3,246,003)
Change in net position	8,447,350	4,423,390
Total net position, beginning of year	120,621,332	116,197,942
Total net position, end of year	\$ 129,068,682	\$ 120,621,332

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Water Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 49,735,432	\$ 42,834,037
Cash paid to suppliers for goods and services	(15,785,188)	(13,253,308)
Cash paid to employees for services	(6,795,685)	(7,081,098)
Net cash provided by (used for) operating activities	27,154,559	22,499,631
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	167,961
Intergovernmental expenses	(299,629)	(461,122)
Transfers from other funds	-	20,250
Transfers to other funds	(3,343,416)	(3,246,003)
Net cash provided by (used for) noncapital financing activities	(3,643,045)	(3,518,914)
Cash flows from capital and related financing activities:		
Aquisition and construction of capital assets	(21,174,584)	(12,676,862)
Proceeds from sale of debt	19,721,726	24,330,661
Capital contributions	-	518,665
Payments of refundable contracts	(904,549)	(347,523)
Principal paid on debt	(9,715,000)	(8,745,000)
Interest paid on debt	(6,595,007)	(6,780,915)
Payment of bond issuance costs	(119,994)	(148,450)
Net cash provided by (used for) capital and related financing activities	(18,787,408)	(3,849,424)
Cash flows from investing activities		
Rental revenue	1,970	2,360
Investment earnings	609,484	182,967
Net cash provided by (used for) investing activities	611,454	185,327
Net increase (decrease) in cash and cash equivalents	5,335,560	15,316,620
Cash and cash equivalents, beginning of year	85,470,959	70,154,339
Cash and cash equivalents, end of year	\$ 90,806,519	\$ 85,470,959
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 16,477,735	\$ 12,293,148
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Provision for uncollectible accounts receivable	442,617	97,348
Depreciation/amortization	10,068,019	9,509,849
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	368,994	(735,369)
Inventory	36,305	28,045
Increase (decrease) in liabilities:		
Accounts payable	76,277	(147,735)
Accrued liabilities	(537,614)	752,870
Compensated absences payable	148,704	109,374
Net pension liability	43,595	447,353
Customer deposits	29,927	144,748
Net cash provided by (used for) operating activities	\$ 27,154,559	\$ 22,499,631
Schedule of noncash capital and related financing activities:		
Assets acquired through refundable contracts	\$ 199,920	\$ 65,230

See accompanying independent auditor's report.



Wastewater Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Wastewater Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 28,366,750	\$ 22,804,703
Accounts receivable, net of allowance	3,511,795	3,216,631
Intergovernmental receivable	134,085	134,085
Notes receivable	53,760	52,245
Restricted cash and investments	757,073	1,312,188
Accrued interest on notes receivable	2,159	2,477
Inventory	14,231	9,485
Total current assets	32,839,853	27,531,814
Noncurrent assets:		
Restricted cash and investments	82,275,534	67,817,798
Noncurrent portion of notes receivable	300,991	354,751
Capital assests:		
Land	2,691,723	2,691,723
Buildings	11,089,302	11,089,302
Improvements other than buildings	145,301,202	131,662,680
Equipment	10,993,591	10,986,405
Construction work in progress	18,900,455	16,303,689
Less: accumulated depreciation and amortization	(67,609,245)	(63,044,148)
Total noncurrent assets	203,943,553	177,862,200
Total assets	236,783,406	205,394,014
Deferred outflows of resources		
Deferred losses on refundings of debt	955,589	1,135,902
Deferred outflows on pension liability	481,384	1,239,562
Total deferred outflows of resources	1,436,973	2,375,464
Total assets and deferred outflows of resources	\$ 238,220,379	\$ 207,769,478

See accompanying independent auditor's report.

	<u>2018</u>	<u>2017</u>
Liabilities		
Current liabilities:		
Accounts payable	3,906,783	882,191
Accrued liabilities	700,991	328,753
Compensated absences payable	372,518	569,514
Revenue bonds payable	7,220,000	6,240,000
Accrued interest payable	1,219,186	874,253
Current liabilities payable from restricted assets:		
Accounts payable	757,073	1,312,188
Total current liabilities	<u>14,176,551</u>	<u>10,206,899</u>
Noncurrent liabilities:		
Refundable contracts	192,542	192,542
Compensated absences payable	85,224	71,448
Bonds payable	138,404,781	117,916,675
Net pension liability	1,773,205	2,934,162
Total noncurrent liabilities	<u>140,455,752</u>	<u>121,114,827</u>
Total liabilities	<u>154,632,303</u>	<u>131,321,726</u>
Deferred inflows of resources		
Deferred inflows on pension liability	486,502	54,660
Total deferred inflows of resources	<u>486,502</u>	<u>54,660</u>
Total liabilities and deferred inflows of resources	<u>155,118,805</u>	<u>131,376,386</u>
Net position		
Net investment in capital assets	58,780,828	54,294,134
Unrestricted	24,320,746	22,098,958
Total net position	<u>\$ 83,101,574</u>	<u>\$ 76,393,092</u>

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Wastewater Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 29,575,906	\$ 27,361,802
Other	503,968	464,639
Total operating revenues	30,079,874	27,826,441
Operating expenses:		
Salaries and wages	2,995,094	3,003,314
Employee benefits	1,202,422	1,437,598
Purchased professional/technical services	1,565,471	2,088,838
Purchased property services	75,797	65,698
Maintenance	2,026,558	1,776,980
Other purchased services	441,228	357,182
Supplies	2,044,201	1,958,708
Other	3,713,283	3,316,057
Depreciation/amortization	5,440,395	5,008,464
Total operating expenses	19,504,449	19,012,839
Operating income (loss)	10,575,425	8,813,602
Nonoperating revenues (expenses):		
Investment earnings	222,571	129,804
Intergovernmental revenue	-	14,878
Bond issuance costs	(222,183)	(100,973)
Interest expense and fiscal charges	(3,590,866)	(3,114,763)
Gain (loss) on disposal of capital assets	(22,339)	(140,748)
Total nonoperating revenues (expenses)	(3,612,817)	(3,211,802)
Income (loss) before contributions and transfers	6,962,608	5,601,800
Capital contributions	654,178	488,790
Transfers out	(908,304)	(872,128)
Change in net position	6,708,482	5,218,462
Total net position, beginning of year, as restated	76,393,092	71,174,630
Total net position, end of year	\$ 83,101,574	\$ 76,393,092

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Wastewater Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 29,784,710	\$ 27,460,602
Cash paid to suppliers for goods and services	(6,484,800)	(9,090,271)
Cash paid to employees for services	(4,341,328)	(4,225,427)
Net cash provided by (used for) operating activities	18,958,582	14,144,904
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	14,878
Transfers to other funds	(908,304)	(872,128)
Net cash provided by (used for) noncapital financing activities	(908,304)	(857,250)
Cash flows from capital and related financing activities:		
Aquisition and construction of capital assets	(17,695,226)	(8,387,622)
Proceeds from sale of debt	28,989,051	11,624,467
Capital contributions	654,178	786,775
Principal paid on debt	(6,240,000)	(4,970,000)
Interest paid on debt	(4,544,559)	(5,046,715)
Payment of bond issuance costs	(24,189)	(17,795)
Net cash provided by (used for) capital and related financing activities	1,139,255	(6,010,890)
Cash flows from investing activities		
Investment earnings	222,889	130,112
Note payments from other entities	52,246	50,686
Net cash provided by (used for) investing activities	275,135	180,798
Net increase (decrease) in cash and cash equivalents	19,464,668	7,457,562
Cash and cash equivalents, beginning of year	91,934,689	84,477,127
Cash and cash equivalents, end of year	\$ 111,399,357	\$ 91,934,689
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 10,575,425	\$ 8,813,602
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Provision for uncollectible accounts receivable	74,245	55,865
Depreciation/amortization	5,440,395	5,008,464
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(369,409)	(421,704)
Inventory	(4,746)	(340)
Increase (decrease) in liabilities:		
Accounts payable	3,024,592	484,838
Accrued liabilities	372,237	(21,307)
Compensated absences payable	(183,220)	(72,749)
Net pension liability	29,063	298,235
Net cash provided by (used for) operating activities	\$ 18,958,582	\$ 14,144,904

See accompanying independent auditor's report.



Solid Waste Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Solid Waste Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 19,905,107	\$ 20,602,691
Accounts receivable, net of allowance	2,159,526	2,099,144
Intergovernmental receivable	-	16,108
Total current assets	22,064,633	22,717,943
Noncurrent assets:		
Capital assests:		
Land	3,580,642	1,783,510
Buildings	1,370,137	1,370,137
Improvements other than buildings	28,307,594	26,167,880
Equipment	19,933,231	17,809,204
Construction work in progress	936,667	2,900,306
Less: accumulated depreciation and amortization	(39,869,566)	(38,149,242)
Total noncurrent assets	14,258,705	11,881,795
Total assets	36,323,338	34,599,738
Deferred outflows of resources		
Deferred losses on refundings of debt	12,912	17,313
Deferred outflows on pension liability	481,384	1,239,562
Total deferred outflows of resources	494,296	1,256,875
Total assets and deferred outflows of resources	\$ 36,817,634	\$ 35,856,613

See accompanying independent auditor's report.

	<u>2018</u>	<u>2017</u>
Liabilities		
Current liabilities:		
Accounts payable	525,610	709,052
Accrued liabilities	308,660	769,128
Compensated absences payable	331,514	406,956
Revenue bonds payable	535,000	510,000
Accrued interest payable	17,875	21,042
Total current liabilities	<u>1,718,659</u>	<u>2,416,178</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	5,615,324	5,294,898
Compensated absences payable	312,467	204,665
Bonds payable	2,137,499	2,722,372
Net pension liability	1,773,205	2,934,162
Total noncurrent liabilities	<u>9,838,495</u>	<u>11,156,097</u>
Total liabilities	<u>11,557,154</u>	<u>13,572,275</u>
Deferred inflows of resources		
Deferred inflows on pension liability	486,502	54,660
Total deferred inflows of resources	<u>486,502</u>	<u>54,660</u>
Total liabilities and deferred inflows of resources	<u>12,043,656</u>	<u>13,626,935</u>
Net position		
Net investment in capital assets	11,599,118	8,666,736
Unrestricted	13,174,860	13,562,942
Total net position	<u>\$ 24,773,978</u>	<u>\$ 22,229,678</u>

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Solid Waste Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 19,637,287	\$ 18,841,460
Other	139,043	211,404
Total operating revenues	19,776,330	19,052,864
Operating expenses:		
Salaries and wages	3,251,067	3,184,855
Employee benefits	1,576,661	1,768,314
Purchased professional/technical services	2,777,605	2,050,598
Purchased property services	20,348	17,064
Maintenance	2,154,239	2,075,152
Other purchased services	173,239	167,365
Supplies	1,615,068	1,263,362
Other	3,387,583	3,085,806
Depreciation/amortization	2,126,437	2,744,662
Total operating expenses	17,082,247	16,357,178
Operating income (loss)	2,694,083	2,695,686
Nonoperating revenues (expenses):		
Investment earnings	287,359	120,348
Intergovernmental revenue	-	16,108
Interest expense and fiscal charges	(68,415)	(80,616)
Total nonoperating revenues (expenses)	218,944	55,840
Income (loss) before contributions and transfers	2,913,027	2,751,526
Transfers out	(368,727)	(355,318)
Change in net position	2,544,300	2,396,208
Total net position, beginning of year	22,229,678	19,833,470
Total net position, end of year	\$ 24,773,978	\$ 22,229,678

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Solid Waste Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 19,732,056	\$ 18,879,559
Cash paid to suppliers for goods and services	(10,419,337)	(8,327,245)
Cash paid to employees for services	(4,798,534)	(4,934,793)
Net cash provided by (used for) operating activities	4,514,185	5,617,521
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	16,108
Transfers to other funds	(368,727)	(355,318)
Net cash provided by (used for) noncapital financing activities	(368,727)	(339,210)
Cash flows from capital and related financing activities:		
Aquisition of capital assets	(4,503,347)	(3,403,200)
Principal paid on debt	(510,000)	(490,000)
Interest paid on debt	(117,054)	(135,677)
Net cash provided by (used for) capital and related financing activities	(5,130,401)	(4,028,877)
Cash flows from investing activities		
Investment earnings	287,359	120,348
Net cash provided by (used for) investing activities	287,359	120,348
Net increase (decrease) in cash and cash equivalents	(697,584)	1,369,782
Cash and cash equivalents, beginning of year	20,602,691	19,232,909
Cash and cash equivalents, end of year	\$ 19,905,107	\$ 20,602,691
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 2,694,083	\$ 2,695,686
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Provision for uncollectible accounts receivable	52,762	36,988
Depreciation/amortization	2,126,437	2,744,662
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(97,036)	(210,293)
Increase (decrease) in liabilities:		
Accounts payable	(183,442)	(576,900)
Accrued liabilities	(460,468)	358,948
Estimated landfill closure and post-closure care costs	320,426	273,475
Compensated absences payable	32,360	(3,280)
Net pension liability	29,063	298,235
Net cash provided by (used for) operating activities	\$ 4,514,185	\$ 5,617,521

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
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2018
(With Comparative Totals for September 30, 2017)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Assets			
Current assets:			
Cash and investments	\$ 1,652,784	\$ 3,840,640	\$ 1,081,712
Accounts receivable, net of allowances	55,881	426,844	251
Intergovernmental receivable	93,016	-	-
Inventories	2,002	52,847	87,476
Total current assets	<u>1,803,683</u>	<u>4,320,331</u>	<u>1,169,439</u>
Noncurrent assets:			
Restricted cash and investments	-	-	93,463
Capital assets:			
Land	489,389	-	-
Buildings	15,179,943	25,077,121	3,720,747
Improvements other than buildings	45,822,460	555,845	418,768
Equipment	1,488,191	1,065,041	452,159
Museum collections	-	-	2,224,424
Construction work in progress	251,419	526,471	-
Less: accumulated depreciation	<u>(31,409,887)</u>	<u>(11,183,800)</u>	<u>(1,657,566)</u>
Total noncurrent assets	<u>31,821,515</u>	<u>16,040,678</u>	<u>5,251,995</u>
Total assets	<u>\$ 33,625,198</u>	<u>\$ 20,361,009</u>	<u>\$ 6,421,434</u>
Liabilities			
Current liabilities:			
Accounts payable	44,901	154,485	5,828
Accrued liabilities	35,993	89,881	40,997
Unearned revenue	161,051	252,888	-
Due to other funds	-	-	-
Compensated absences payable	55,858	175,694	82,086
Total current liabilities	<u>297,803</u>	<u>672,948</u>	<u>128,911</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences payable	-	5,013	74,342
Total noncurrent liabilities	<u>-</u>	<u>5,013</u>	<u>74,342</u>
Total liabilities	<u>297,803</u>	<u>677,961</u>	<u>203,253</u>
Net position			
Net investment in capital assets	31,821,515	16,040,678	5,158,532
Restricted for:			
Capital projects	190,130	-	219,016
Unrestricted	1,315,750	3,642,370	840,633
Total net position	<u>\$ 33,327,395</u>	<u>\$ 19,683,048</u>	<u>\$ 6,218,181</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2018	2017
\$ 788,930	\$ -	\$ 351,563	\$ 7,715,629	\$ 5,531,098
4,734	258,215	-	745,925	670,932
-	2,521,139	-	2,614,155	3,544,801
7,817	624,477	228,945	1,003,564	952,654
<u>801,481</u>	<u>3,403,831</u>	<u>580,508</u>	<u>12,079,273</u>	<u>10,699,485</u>
-	-	-	93,463	81,634
-	423,284	-	912,673	912,673
8,954,539	6,919,608	713,389	60,565,347	60,565,347
19,050,351	244,951	2,017,246	68,109,621	61,325,504
518,710	11,992,155	1,292,703	16,808,959	16,327,719
-	-	-	2,224,424	2,224,424
46,100	-	-	823,990	7,074,349
(19,082,148)	(12,988,357)	(3,113,996)	(79,435,754)	(73,850,825)
<u>9,487,552</u>	<u>6,591,641</u>	<u>909,342</u>	<u>70,102,723</u>	<u>74,660,825</u>
<u>\$ 10,289,033</u>	<u>\$ 9,995,472</u>	<u>\$ 1,489,850</u>	<u>\$ 82,181,996</u>	<u>\$ 85,360,310</u>
46,864	89,059	45,455	386,592	379,536
95,324	208,716	589,857	1,060,768	1,833,414
-	27,500	-	441,439	215,884
-	2,228,152	-	2,228,152	2,315,724
161,482	-	45,430	520,550	597,929
<u>303,670</u>	<u>2,553,427</u>	<u>680,742</u>	<u>4,637,501</u>	<u>5,342,487</u>
-	-	693,704	693,704	693,704
200,785	-	139,150	419,290	299,933
200,785	-	832,854	1,112,994	993,637
<u>504,455</u>	<u>2,553,427</u>	<u>1,513,596</u>	<u>5,750,495</u>	<u>6,336,124</u>
9,487,552	6,591,641	909,342	70,009,260	74,579,191
-	534,317	-	943,463	867,925
297,026	316,087	(933,088)	5,478,778	3,577,070
<u>\$ 9,784,578</u>	<u>\$ 7,442,045</u>	<u>\$ (23,746)</u>	<u>\$ 76,431,501</u>	<u>\$ 79,024,186</u>

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Operating revenues:			
Charges for services	\$ 622,203	\$ 1,032,661	\$ 544,839
Net merchandise sales	12,147	481,326	169,031
Contributions	-	196,403	-
Other	255,594	25,922	7,516
Total operating revenues	<u>889,944</u>	<u>1,736,312</u>	<u>721,386</u>
Operating expenses:			
Salaries and wages	447,036	1,167,933	613,945
Employee benefits	186,960	469,215	228,064
Purchased professional/technical services	72,768	795,858	46,702
Purchased property services	17,530	37,955	9,042
Maintenance	150,487	176,021	18,480
Other purchased services	84,463	944,679	46,076
Supplies	123,994	371,289	96,666
Other	328,089	12,426	177,279
Depreciation expense	2,422,446	879,628	154,505
Total operating expenses	<u>3,833,773</u>	<u>4,855,004</u>	<u>1,390,759</u>
Operating income (loss)	<u>(2,943,829)</u>	<u>(3,118,692)</u>	<u>(669,373)</u>
Nonoperating revenues (expenses):			
Investment earnings	18,918	35,100	16,940
Other income	77,995	-	-
Hotel/motel tax	-	4,270,253	-
Contributions	-	-	26,974
Intergovernmental revenue	136,989	-	-
Total nonoperating revenues	<u>233,902</u>	<u>4,305,353</u>	<u>43,914</u>
(expenses)	<u>233,902</u>	<u>4,305,353</u>	<u>43,914</u>
Income (loss) before contributions and transfers	(2,709,927)	1,186,661	(625,459)
Capital contributions	164,504	529,327	30,000
Transfers in	338,071	-	461,895
Transfers out	-	(650,000)	-
Net change in net position	<u>(2,207,352)</u>	<u>1,065,988</u>	<u>(133,564)</u>
Total net position, beginning of year	35,534,747	18,617,060	6,351,745
Total net position, end of the year	<u>\$ 33,327,395</u>	<u>\$ 19,683,048</u>	<u>\$ 6,218,181</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2018	2017
\$ 1,872,042	\$ 1,618,879	\$ 1,325,057	\$ 7,015,681	\$ 7,281,989
201,446	-	274,114	1,138,064	1,154,129
81	-	-	196,484	180,016
712	1,612,787	5,501	1,908,032	1,978,112
<u>2,074,281</u>	<u>3,231,666</u>	<u>1,604,672</u>	<u>10,258,261</u>	<u>10,594,246</u>
1,520,564	3,386,322	439,643	7,575,443	7,773,658
707,151	815,585	171,135	2,578,110	2,595,185
59,687	854,711	512,291	2,342,017	2,568,657
585,006	24,615	301,766	975,914	852,031
172,519	565,416	80,968	1,163,891	1,085,250
120,512	315,449	141,931	1,653,110	1,370,592
741,661	802,327	197,621	2,333,558	2,184,817
391,234	220,445	37,744	1,167,217	1,260,691
1,044,240	917,926	161,312	5,580,057	5,561,092
<u>5,342,574</u>	<u>7,902,796</u>	<u>2,044,411</u>	<u>25,369,317</u>	<u>25,251,973</u>
<u>(3,268,293)</u>	<u>(4,671,130)</u>	<u>(439,739)</u>	<u>(15,111,056)</u>	<u>(14,657,727)</u>
6,099	-	1,737	78,794	29,528
-	442	-	78,437	315,429
-	-	-	4,270,253	3,724,543
-	-	-	26,974	37,397
-	3,574,756	-	3,711,745	3,700,628
<u>6,099</u>	<u>3,575,198</u>	<u>1,737</u>	<u>8,166,203</u>	<u>7,807,525</u>
(3,262,194)	(1,095,932)	(438,002)	(6,944,853)	(6,850,202)
22,862	-	-	746,693	3,227,315
2,579,674	178,448	697,387	4,255,475	3,425,177
-	-	-	(650,000)	(800,000)
<u>(659,658)</u>	<u>(917,484)</u>	<u>259,385</u>	<u>(2,592,685)</u>	<u>(997,710)</u>
10,444,236	8,359,529	(283,131)	79,024,186	80,021,896
<u>\$ 9,784,578</u>	<u>\$ 7,442,045</u>	<u>\$ (23,746)</u>	<u>\$ 76,431,501</u>	<u>\$ 79,024,186</u>

City of Waco, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Cash flows from operating activities:			
Cash received from customers	\$ 895,207	\$ 1,776,587	\$ 721,386
Cash paid to suppliers for goods and services	(608,077)	(2,324,326)	(392,320)
Cash paid to employees for services	(643,471)	(1,654,783)	(842,367)
Net cash provided by (used for) operating activities	<u>(356,341)</u>	<u>(2,202,522)</u>	<u>(513,301)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenue	143,734	-	-
Contributions	-	-	26,974
Hotel/motel tax	-	4,234,425	-
Passenger facility charges	77,995	-	-
Transfers from other funds	338,071	-	461,895
Transfers to other funds	-	(650,000)	-
Net cash provided by (used for) noncapital financing activities	<u>559,800</u>	<u>3,584,425</u>	<u>488,869</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets	(78,083)	(126,150)	(19,186)
Capital contributions	313,606	-	-
Other income	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>235,523</u>	<u>(126,150)</u>	<u>(19,186)</u>
Cash flows from investing activities:			
Investment earnings	18,918	35,100	16,940
Net cash provided by (used for) investing activities	<u>18,918</u>	<u>35,100</u>	<u>16,940</u>
Net increase (decrease) in cash and cash equivalents	457,900	1,290,853	(26,678)
Cash and cash equivalents, beginning of year	1,194,884	2,549,787	1,201,853
Cash and cash equivalents, end of year	<u>\$ 1,652,784</u>	<u>\$ 3,840,640</u>	<u>\$ 1,175,175</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ (2,943,829)	\$ (3,118,692)	\$ (669,373)
Adjustment to reconcile operating income (loss) to net cash used for operating activities:			
Depreciation	2,422,446	879,628	154,505
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	5,262	(24,229)	-
Inventory	1,369	(16,154)	(1,598)
Increase (decrease) in liabilities:			
Accounts payable	1,604	32,300	3,716
Accrued liabilities	5,268	(8,258)	363
Unearned revenue	161,051	64,504	-
Due to other funds	-	-	-
Compensated absences payable	(9,512)	(11,621)	(914)
Net cash provided by (used for) operating activities	<u>\$ (356,341)</u>	<u>\$ (2,202,522)</u>	<u>\$ (513,301)</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	<u>\$ -</u>	<u>\$ 529,327</u>	<u>\$ 30,000</u>

Additionally, variances in capital contributions per the statement of revenues, expenses and changes in net position - proprietary funds as compared to capital contributions from capital and related financing activities and noncash investing, capital and financing activities result from changes in the following item: intergovernmental accounts receivables, accounts payable and accrued liabilities related to capital items.

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2018	2017
\$ 2,073,880	\$ 3,211,868	\$ 1,604,672	\$ 10,283,600	\$ 10,538,394
(2,109,185)	(2,805,957)	(1,402,124)	(9,641,989)	(9,397,505)
(2,182,942)	(4,215,262)	(590,398)	(10,129,223)	(10,240,915)
<u>(2,218,247)</u>	<u>(3,809,351)</u>	<u>(387,850)</u>	<u>(9,487,612)</u>	<u>(9,100,026)</u>
-	3,718,033	-	3,861,767	3,828,141
-	-	-	26,974	37,397
-	-	-	4,234,425	3,728,707
-	-	-	77,995	237,295
2,579,674	178,448	697,387	4,255,475	3,425,177
-	(87,572)	-	(737,572)	(2,950,467)
<u>2,579,674</u>	<u>3,808,909</u>	<u>697,387</u>	<u>11,719,064</u>	<u>8,306,250</u>
(95,668)	-	(108,847)	(427,934)	(934,867)
-	-	-	313,606	3,860,738
-	442	-	442	78,134
<u>(95,668)</u>	<u>442</u>	<u>(108,847)</u>	<u>(113,886)</u>	<u>3,004,005</u>
6,099	-	1,737	78,794	29,528
<u>6,099</u>	<u>-</u>	<u>1,737</u>	<u>78,794</u>	<u>29,528</u>
271,858	-	202,427	2,196,360	2,239,757
517,072	-	149,136	5,612,732	3,372,975
<u>\$ 788,930</u>	<u>\$ -</u>	<u>\$ 351,563</u>	<u>\$ 7,809,092</u>	<u>\$ 5,612,732</u>
\$ (3,268,293)	\$ (4,671,130)	\$ (439,739)	\$ (15,111,056)	(14,657,727)
1,044,240	917,926	161,312	5,580,057	5,561,092
(400)	(19,798)	-	(39,165)	(109,424)
7,761	(21,473)	(20,815)	(50,910)	(64,178)
(44,150)	(6,489)	(1,905)	(14,924)	33,399
(5,982)	(8,387)	(102,151)	(119,147)	52,787
-	-	-	225,555	53,569
-	-	-	-	(49,216)
48,577	-	15,448	41,978	79,672
<u>\$ (2,218,247)</u>	<u>\$ (3,809,351)</u>	<u>\$ (387,850)</u>	<u>\$ (9,487,612)</u>	<u>\$ (9,100,026)</u>
<u>\$ 22,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,189</u>	<u>\$ 127,039</u>



Airport Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Airport Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 1,652,784	\$ 1,194,884
Accounts receivable, net of allowance	55,881	61,143
Intergovernmental receivable	93,016	880,384
Inventory	2,002	3,371
Total current assets	<u>1,803,683</u>	<u>2,139,782</u>
Noncurrent assets:		
Capital assests:		
Land	489,389	489,389
Buildings	15,179,943	15,179,943
Improvements other than buildings	45,822,460	39,038,343
Equipment	1,488,191	1,509,992
Construction work in progress	251,419	6,957,453
Less: accumulated depreciation and amortization	(31,409,887)	(29,009,242)
Total noncurrent assets	<u>31,821,515</u>	<u>34,165,878</u>
Total assets	<u>33,625,198</u>	<u>36,305,660</u>
Liabilities		
Current liabilities:		
Accounts payable	44,901	21,319
Accrued liabilities	35,993	684,224
Unearned revenue	161,051	-
Compensated absences payable	55,858	58,395
Total current liabilities	<u>297,803</u>	<u>763,938</u>
Noncurrent liabilities:		
Compensated absences payable	-	6,975
Total noncurrent liabilities	<u>-</u>	<u>6,975</u>
Total liabilities	<u>297,803</u>	<u>770,913</u>
Net position		
Net investment in capital assets	31,821,515	34,165,878
Restricted for:		
Capital projects	190,130	112,988
Unrestricted	1,315,750	1,255,881
Total net position	<u>\$ 33,327,395</u>	<u>\$ 35,534,747</u>

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Airport Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 622,203	\$ 620,166
Net merchandise sales	12,147	18,290
Other income	255,594	258,703
Total operating revenues	889,944	897,159
Operating expenses:		
Salaries and wages	447,036	443,520
Employee benefits	186,960	181,932
Purchased professional/technical services	72,768	437,383
Purchased property services	17,530	18,515
Maintenance	150,487	125,986
Other purchased services	84,463	70,648
Supplies	123,994	121,435
Other	328,089	346,282
Depreciation/amortization	2,422,446	2,202,996
Total operating expenses	3,833,773	3,948,697
Operating income (loss)	(2,943,829)	(3,051,538)
Nonoperating revenues (expenses):		
Investment earnings	18,918	6,371
Other income	77,995	237,295
Intergovernmental revenue	136,989	102,960
Total nonoperating revenues (expenses)	233,902	346,626
Income (loss) before contributions and transfers	(2,709,927)	(2,704,912)
Capital contributions	164,504	963,914
Transfers in	338,071	354,363
Change in net position	(2,207,352)	(1,386,635)
Total net position, beginning of year	35,534,747	36,921,382
Total net position, end of year	\$ 33,327,395	\$ 35,534,747

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Airport Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 895,207	\$ 886,881
Cash paid to suppliers for goods and services	(608,077)	(1,147,912)
Cash paid to employees for services	(643,471)	(619,881)
Net cash provided by (used for) operating activities	(356,341)	(880,912)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	143,734	105,255
Passenger facility charges	77,995	237,295
Transfers from other funds	338,071	354,363
Net cash provided by (used for) noncapital financing activities	559,800	696,913
Cash flows from capital and related financing activities:		
Aquisition of capital assets	(78,083)	(530,579)
Capital contributions	313,606	1,724,376
Net cash provided by (used for) capital and related financing activities	235,523	1,193,797
Cash flows from investing activities		
Investment earnings	18,918	6,371
Net cash provided by investing activities	18,918	6,371
Net increase (decrease) in cash and cash equivalents	457,900	1,016,169
Cash and cash equivalents, beginning of year	1,194,884	178,715
Cash and cash equivalents, end of year	\$ 1,652,784	\$ 1,194,884
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (2,943,829)	\$ (3,051,538)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	2,422,446	2,202,996
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	5,262	(10,278)
Inventory	1,369	1,504
Increase (decrease) in liabilities:		
Accounts payable	1,604	(22,372)
Accrued liabilities	5,268	(6,598)
Unearned revenue	161,051	-
Compensated absences payable	(9,512)	5,374
Net cash provided by (used for) operating activities	\$ (356,341)	\$ (880,912)

Noncash investing, capital, and financing activities:

Additionally, variances in capital contributions per the statement of revenues, expenses and changes in net position - proprietary funds as compared to capital contributions from capital and related financing activities and noncash investing, capital and financing activities result from changes in the following items: intergovernmental accounts receivable, accounts payable and accrued liabilities related to capital items.

See accompanying independent auditor's report.

Convention Services Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Convention Services Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 3,840,640	\$ 2,549,787
Accounts receivable, net of allowance	426,844	366,787
Inventory	52,847	36,693
Total current assets	4,320,331	2,953,267
Noncurrent assets:		
Capital assets:		
Buildings	25,077,121	25,077,121
Improvements other than buildings	555,845	555,845
Equipment	1,065,041	916,529
Construction work in progress	526,471	19,506
Less: accumulated depreciation and amortization	(11,183,800)	(10,304,172)
Total noncurrent assets	16,040,678	16,264,829
Total assets	20,361,009	19,218,096
Liabilities		
Current liabilities:		
Accounts payable	154,485	122,185
Accrued liabilities	89,881	98,139
Unearned revenue	252,888	188,384
Compensated absences payable	175,694	168,290
Total current liabilities	672,948	576,998
Noncurrent liabilities:		
Compensated absences payable	5,013	24,038
Total noncurrent liabilities	5,013	24,038
Total liabilities	677,961	601,036
Net position		
Net investment in capital assets	16,040,678	16,264,829
Restricted for:		
Unrestricted	3,642,370	2,352,231
Total net position	\$ 19,683,048	\$ 18,617,060

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Convention Services Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 1,032,661	\$ 886,849
Net merchandise sales	481,326	484,457
Contributions	196,403	179,728
Other	25,922	17,368
Total operating revenues	1,736,312	1,568,402
Operating expenses:		
Salaries and wages	1,167,933	1,196,977
Employee benefits	469,215	471,210
Purchased professional/technical services	795,858	677,171
Purchased property services	37,955	31,545
Maintenance	176,021	108,006
Other purchased services	944,679	722,616
Supplies	371,289	385,590
Other	12,426	58,925
Depreciation/amortization	879,628	872,637
Total operating expenses	4,855,004	4,524,677
Operating income (loss)	(3,118,692)	(2,956,275)
Nonoperating revenues (expenses):		
Investment earnings	35,100	13,406
Hotel/motel tax	4,270,253	3,724,543
Total nonoperating revenues (expenses)	4,305,353	3,737,949
Income (loss) before contributions and transfers	1,186,661	781,674
Capital contributions	529,327	126,651
Transfers out	(650,000)	(800,000)
Change in net position	1,065,988	108,325
Total net position, beginning of year	18,617,060	18,508,735
Total net position, end of year	\$ 19,683,048	\$ 18,617,060

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Convention Services Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 1,776,587	\$ 1,589,305
Cash paid to suppliers for goods and services	(2,324,326)	(1,957,343)
Cash paid to employees for services	(1,654,783)	(1,640,283)
Net cash provided by (used for) operating activities	(2,202,522)	(2,008,321)
Cash flows from noncapital financing activities:		
Hotel/motel tax	4,234,425	3,728,707
Transfers to other funds	(650,000)	(800,000)
Net cash provided by (used for) noncapital financing activities	3,584,425	2,928,707
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(126,150)	(15,996)
Net cash provided by (used for) capital and related financing activities	(126,150)	(15,996)
Cash flows from investing activities		
Investment earnings	35,100	13,406
Net cash provided by investing activities	35,100	13,406
Net increase (decrease) in cash and cash equivalents	1,290,853	917,796
Cash and cash equivalents, beginning of year	2,549,787	1,631,991
Cash and cash equivalents, end of year	\$ 3,840,640	\$ 2,549,787
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (3,118,692)	\$ (2,956,275)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	879,628	872,637
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(24,229)	(5,167)
Inventory	(16,154)	18,045
Increase (decrease) in liabilities:		
Accounts payable	32,300	8,910
Accrued liabilities	(8,258)	11,085
Unearned revenue	64,504	26,069
Compensated absences payable	(11,621)	16,375
Net cash provided by (used for) operating activities	\$ (2,202,522)	\$ (2,008,321)
Noncash capital and related financing activities:		
Contributions of capital assets	\$ 529,327	\$ 126,651

See accompanying independent auditor's report.

Ranger Hall of Fame Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Ranger Hall of Fame Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 1,081,712	\$ 1,120,219
Accounts receivable, net of allowance	251	251
Inventory	87,476	85,878
Total current assets	<u>1,169,439</u>	<u>1,206,348</u>
Noncurrent assets:		
Restricted cash and investments	93,463	81,634
Capital assets:		
Buildings	3,720,747	3,720,747
Improvements other than buildings	418,768	418,768
Equipment	452,159	328,821
Museum collections	2,224,424	2,224,424
Construction work in progress	-	74,152
Less: accumulated depreciation and amortization	(1,657,566)	(1,503,061)
Total noncurrent assets	<u>5,251,995</u>	<u>5,345,485</u>
Total assets	<u>6,421,434</u>	<u>6,551,833</u>
Liabilities		
Current liabilities:		
Accounts payable	5,828	2,112
Accrued liabilities	40,997	40,634
Compensated absences payable	82,086	75,403
Total current liabilities	<u>128,911</u>	<u>118,149</u>
Noncurrent liabilities:		
Compensated absences payable	74,342	81,939
Total noncurrent liabilities	<u>74,342</u>	<u>81,939</u>
Total liabilities	<u>203,253</u>	<u>200,088</u>
Net position		
Net investment in capital assets	5,158,532	5,263,851
Restricted for:		
Capital projects	219,016	221,063
Unrestricted	840,633	866,831
Total net position	<u>\$ 6,218,181</u>	<u>\$ 6,351,745</u>

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2018 and 2017

	Ranger Hall of Fame Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 544,839	\$ 472,362
Net merchandise sales	169,031	173,018
Other income	7,516	9,360
Total operating revenues	721,386	654,740
Operating expenses:		
Salaries and wages	613,945	613,206
Employee benefits	228,064	224,425
Purchased professional/technical services	46,702	25,596
Purchased property services	9,042	7,276
Maintenance	18,480	13,385
Other purchased services	46,076	46,139
Supplies	96,666	75,845
Other	177,279	185,304
Depreciation/amortization	154,505	142,387
Total operating expenses	1,390,759	1,333,563
Operating income (loss)	(669,373)	(678,823)
Nonoperating revenues (expenses):		
Investment earnings	16,940	6,540
Contributions	26,974	37,397
Total nonoperating revenues (expenses)	43,914	43,937
Income (loss) before contributions and transfers	(625,459)	(634,886)
Capital contributions	30,000	-
Transfers in	461,895	759,619
Change in net position	(133,564)	124,733
Total net position, beginning of year	6,351,745	6,227,012
Total net position, end of year	\$ 6,218,181	\$ 6,351,745

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Ranger Hall of Fame Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 721,386	\$ 655,089
Cash paid to suppliers for goods and services	(392,320)	(377,062)
Cash paid to employees for services	(842,367)	(828,788)
Net cash provided by (used for) operating activities	(513,301)	(550,761)
Cash flows from noncapital financing activities:		
Contributions	26,974	37,397
Transfers from other funds	461,895	759,619
Net cash provided by (used for) noncapital financing activities	488,869	797,016
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(19,186)	(232,201)
Net cash provided by (used for) capital and related financing activities	(19,186)	(232,201)
Cash flows from investing activities		
Investment earnings	16,940	6,540
Net cash provided by investing activities	16,940	6,540
Net increase (decrease) in cash and cash equivalents	(26,678)	20,594
Cash and cash equivalents, beginning of year	1,201,853	1,181,259
Cash and cash equivalents, end of year	\$ 1,175,175	\$ 1,201,853
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (669,373)	\$ (678,823)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	154,505	142,387
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	349
Inventory	(1,598)	(10,963)
Increase (decrease) in liabilities:		
Accounts payable	3,716	(7,832)
Accrued liabilities	363	(3,285)
Compensated absences payable	(914)	7,406
Net cash provided by (used for) operating activities	\$ (513,301)	\$ (550,761)
Noncash capital and related financing activities:		
Contributions of capital assets	\$ 30,000	\$ -

See accompanying independent auditor's report.

Cameron Park Zoo Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Cameron Park Zoo Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 788,930	\$ 517,072
Accounts receivable, net of allowance	4,734	4,334
Inventory	7,817	15,578
Total current assets	801,481	536,984
Noncurrent assets:		
Capital assets:		
Buildings	8,954,539	8,954,539
Improvements other than buildings	19,050,351	19,050,351
Equipment	518,710	411,859
Construction work in progress	46,100	23,238
Less: accumulated depreciation and amortization	(19,082,148)	(18,026,726)
Total noncurrent assets	9,487,552	10,413,261
Total assets	10,289,033	10,950,245
Liabilities		
Current liabilities:		
Accounts payable	46,864	91,013
Accrued liabilities	95,324	101,306
Compensated absences payable	161,482	160,410
Total current liabilities	303,670	352,729
Noncurrent liabilities:		
Compensated absences payable	200,785	153,280
Total noncurrent liabilities	200,785	153,280
Total liabilities	504,455	506,009
Net position		
Net investment in capital assets	9,487,552	10,413,261
Unrestricted	297,026	30,975
Total net position	\$ 9,784,578	\$ 10,444,236

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2018 and 2017

	Cameron Park Zoo Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 1,872,042	\$ 1,949,140
Net merchandise sales	201,446	237,787
Contributions	81	288
Other income	712	36,562
Total operating revenues	2,074,281	2,223,777
Operating expenses:		
Salaries and wages	1,520,564	1,583,443
Employee benefits	707,151	685,472
Purchased professional/technical services	59,687	60,463
Purchased property services	585,006	527,760
Maintenance	172,519	90,953
Other purchased services	120,512	124,558
Supplies	741,661	744,061
Other	391,234	311,893
Depreciation/amortization	1,044,240	1,103,757
Total operating expenses	5,342,574	5,232,360
Operating income (loss)	(3,268,293)	(3,008,583)
Nonoperating revenues (expenses):		
Investment earnings	6,099	2,995
Total nonoperating revenues (expenses)	6,099	2,995
Income (loss) before contributions and transfers	(3,262,194)	(3,005,588)
Capital contributions	22,862	388
Transfers in	2,579,674	1,937,223
Change in net position	(659,658)	(1,067,977)
Total net position, beginning of year	10,444,236	11,512,213
Total net position, end of year	\$ 9,784,578	\$ 10,444,236

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Cameron Park Zoo Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 2,073,880	\$ 2,226,460
Cash paid to suppliers for goods and services	(2,109,185)	(1,806,328)
Cash paid to employees for services	(2,182,942)	(2,213,705)
Net cash provided by (used for) operating activities	(2,218,247)	(1,793,573)
Cash flows from noncapital financing activities:		
Transfers from other funds	2,579,674	1,937,223
Net cash provided by (used for) noncapital financing activities	2,579,674	1,937,223
Cash flows from capital and related financing activities:		
Aquisition of capital assets	(95,668)	(10,583)
Net cash provided by (used for) capital and related financing activities	(95,668)	(10,583)
Cash flows from investing activities		
Investment earnings	6,099	2,995
Net cash provided by investing activities	6,099	2,995
Net increase (decrease) in cash and cash equivalents	271,858	136,062
Cash and cash equivalents, beginning of year	517,072	381,010
Cash and cash equivalents, end of year	\$ 788,930	\$ 517,072
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (3,268,293)	\$ (3,008,583)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	1,044,240	1,103,757
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(400)	2,682
Inventory	7,761	(4,566)
Increase (decrease) in liabilities:		
Accounts payable	(44,150)	55,849
Accrued liabilities	(5,982)	6,330
Compensated absences payable	48,577	50,958
Net cash provided by (used for) operating activities	\$ (2,218,247)	\$ (1,793,573)
Noncash capital and related financing activities:		
Contributions of capital assets	\$ 22,862	\$ 388

See accompanying independent auditor's report.

Transit Services Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Transit Services Fund	
	2018	2017
Assets		
Current assets:		
Accounts receivable, net of allowance	\$ 258,215	\$ 238,417
Intergovernmental receivable	2,521,139	2,664,417
Inventory	624,477	603,004
Total current assets	3,403,831	3,505,838
Noncurrent assets:		
Capital assests:		
Land	423,284	423,284
Buildings	6,919,608	6,919,608
Improvements other than buildings	244,951	244,951
Equipment	11,992,155	11,965,948
Less: accumulated depreciation and amortization	(12,988,357)	(12,044,225)
Total noncurrent assets	6,591,641	7,509,566
Total assets	9,995,472	11,015,404
Liabilities		
Current liabilities:		
Accounts payable	89,059	95,548
Accrued liabilities	208,716	217,103
Unearned revenue	27,500	27,500
Due to other funds	2,228,152	2,315,724
Total current liabilities	2,553,427	2,655,875
Total liabilities	2,553,427	2,655,875
Net position		
Net investment in capital assets	6,591,641	7,509,566
Restricted for:		
Capital projects	534,317	533,874
Unrestricted	316,087	316,089
Total net position	\$ 7,442,045	\$ 8,359,529

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Transit Services Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 1,618,879	\$ 2,143,162
Other	1,612,787	1,463,056
Total operating revenues	3,231,666	3,606,218
Operating expenses:		
Salaries and wages	3,386,322	3,543,717
Employee benefits	815,585	884,619
Purchased professional/technical services	854,711	872,059
Purchased property services	24,615	22,039
Maintenance	565,416	684,602
Other purchased services	315,449	279,485
Supplies	802,327	667,840
Other	220,445	339,183
Depreciation/amortization	917,926	1,066,946
Total operating expenses	7,902,796	8,360,490
Operating income (loss)	(4,671,130)	(4,754,272)
Nonoperating revenues (expenses):		
Investment earnings	-	89
Other income	442	78,134
Intergovernmental revenue	3,574,756	3,597,668
Total nonoperating revenues (expenses)	3,575,198	3,675,891
Income (loss) before contributions and transfers	(1,095,932)	(1,078,381)
Capital contributions	-	2,136,362
Transfers in	178,448	88,333
Change in net position	(917,484)	1,146,314
Total net position, beginning of year	8,359,529	7,213,215
Total net position, end of year	\$ 7,442,045	\$ 8,359,529

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Transit Services Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 3,211,868	\$ 3,536,473
Cash paid to suppliers for goods and services	(2,805,957)	(3,015,718)
Cash paid to employees for services	(4,215,262)	(4,396,092)
Net cash provided by (used for) operating activities	<u>(3,809,351)</u>	<u>(3,875,337)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	3,718,033	3,722,886
Transfers from other funds	178,448	88,333
Transfers to other funds	(87,572)	(2,150,467)
Net cash provided by (used for) noncapital financing activities	<u>3,808,909</u>	<u>1,660,752</u>
Cash flows from capital and related financing activities:		
Capital contributions	-	2,136,362
Proceeds from insurance recoveries	442	78,134
Net cash provided by (used for) capital and related financing activities	<u>442</u>	<u>2,214,496</u>
Cash flows from investing activities		
Investment earnings	-	89
Net cash provided by investing activities	<u>-</u>	<u>89</u>
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (4,671,130)	\$ (4,754,272)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	917,926	1,066,946
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(19,798)	(97,246)
Inventory	(21,473)	(87,718)
Increase (decrease) in liabilities:		
Accounts payable	(6,489)	(25,237)
Accrued liabilities	(8,387)	(5,310)
Unearned revenue	-	27,500
Net cash provided by (used for) operating activities	<u>\$ (3,809,351)</u>	<u>\$ (3,875,337)</u>

See accompanying independent auditor's report.

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Comparative Statements of Net Position
Enterprise Funds
September 30, 2018 and 2017

	Cottonwood Creek Golf Course Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 351,563	\$ 149,136
Inventory	228,945	208,130
Total current assets	580,508	357,266
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	2,017,246	2,017,246
Equipment	1,292,703	1,194,570
Less: accumulated depreciation and amortization	(3,113,996)	(2,963,399)
Total noncurrent assets	909,342	961,806
Total assets	1,489,850	1,319,072
Liabilities		
Current liabilities:		
Accounts payable	45,455	47,359
Accrued liabilities	589,857	692,008
Compensated absences payable	45,430	135,431
Total current liabilities	680,742	874,798
Noncurrent liabilities:		
Advances to other funds	693,704	693,704
Compensated absences payable	139,150	33,701
Total noncurrent liabilities	832,854	727,405
Total liabilities	1,513,596	1,602,203
Net position		
Net investment in capital assets	909,342	961,806
Unrestricted	(933,088)	(1,244,937)
Total net position	\$ (23,746)	\$ (283,131)

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2018 and 2017

	Cottonwood Creek Golf Course Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 1,325,057	\$ 1,210,310
Net merchandise sales	274,114	240,577
Other	5,501	193,063
Total operating revenues	1,604,672	1,643,950
Operating expenses:		
Salaries and wages	439,643	392,795
Employee benefits	171,135	147,527
Purchased professional/technical services	512,291	495,985
Purchased property services	301,766	244,896
Maintenance	80,968	62,318
Other purchased services	141,931	127,146
Supplies	197,621	190,046
Other	37,744	19,104
Depreciation/amortization	161,312	172,369
Total operating expenses	2,044,411	1,852,186
Operating income (loss)	(439,739)	(208,236)
Nonoperating revenues (expenses):		
Investment earnings	1,737	127
Total nonoperating revenues (expenses)	1,737	127
Income (loss) before contributions and transfers	(438,002)	(208,109)
Transfers in	697,387	285,639
Change in net position	259,385	77,530
Total net position, beginning of year	(283,131)	(360,661)
Total net position, end of year	\$ (23,746)	\$ (283,131)

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statements of Cash Flows
Enterprise Funds
Years Ended September 30, 2018 and 2017

	Cottonwood Creek Golf Course Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 1,604,672	\$ 1,644,186
Cash paid to suppliers for goods and services	(1,402,124)	(1,093,142)
Cash paid to employees for services	(590,398)	(542,166)
Net cash provided by (used for) operating activities	(387,850)	8,878
Cash flows from noncapital financing activities:		
Transfers from other funds	697,387	285,639
Net cash provided by (used for) noncapital financing activities	697,387	285,639
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(108,847)	(145,508)
Net cash provided by (used for) capital and related financing activities	(108,847)	(145,508)
Cash flows from investing activities		
Investment earnings	1,737	127
Net cash provided by investing activities	1,737	127
Net increase (decrease) in cash and cash equivalents	202,427	149,136
Cash and cash equivalents, beginning of year	149,136	-
Cash and cash equivalents, end of year	\$ 351,563	\$ 149,136
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (439,739)	\$ (208,236)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization	161,312	172,369
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	236
Inventory	(20,815)	19,520
Increase (decrease) in liabilities:		
Accounts payable	(1,905)	24,081
Accrued liabilities	(102,151)	50,565
Due to other funds	-	(49,216)
Compensated absences payable	15,448	(441)
Net cash provided by (used for) operating activities	\$ (387,850)	\$ 8,878

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 fund 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
Combining Statement of Net Position
Internal Service Funds
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Health		Engineering Fund	Fleet Services Fund	Totals	
	Insurance Fund	Insurance Fund			2018	2017
Assets						
Current assets:						
Cash and investments	\$ 8,111,296	\$ 3,334,740	\$ 1,668,867	\$ 260,866	\$ 13,375,769	\$ 12,509,119
Accounts receivable, net of allowances	472	-	-	-	472	48
Inventories	-	-	-	215,547	215,547	224,311
Due from other funds	-	555,415	-	-	555,415	397,560
Total current assets	<u>8,111,768</u>	<u>3,890,155</u>	<u>1,668,867</u>	<u>476,413</u>	<u>14,147,203</u>	<u>13,131,038</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	24,400	14,400	38,800	38,800
Buildings	-	-	-	920,153	920,153	920,153
Improvements other than buildings	-	-	-	118,289	118,289	118,289
Equipment	26,659	-	425,342	964,379	1,416,380	1,428,526
Less: accumulated depreciation	(19,948)	-	(211,784)	(1,490,782)	(1,722,514)	(1,640,036)
Total capital assets	<u>6,711</u>	<u>-</u>	<u>237,958</u>	<u>526,439</u>	<u>771,108</u>	<u>865,732</u>
Total noncurrent assets	<u>6,711</u>	<u>-</u>	<u>237,958</u>	<u>526,439</u>	<u>771,108</u>	<u>865,732</u>
Total assets	<u>8,118,479</u>	<u>3,890,155</u>	<u>1,906,825</u>	<u>1,002,852</u>	<u>14,918,311</u>	<u>13,996,770</u>
Liabilities						
Current liabilities:						
Accounts payable	58,751	2,357	6,607	135,055	202,770	229,079
Accrued liabilities	145,946	299,403	75,770	62,694	583,813	550,079
Compensated absences payable	31,072	-	159,597	81,064	271,733	256,408
Escrow funds	-	-	538	-	538	538
Claims and judgments payable	1,984,025	983,000	-	-	2,967,025	2,321,887
Total current liabilities	<u>2,219,794</u>	<u>1,284,760</u>	<u>242,512</u>	<u>278,813</u>	<u>4,025,879</u>	<u>3,357,991</u>
Noncurrent liabilities:						
Compensated absences payable	-	-	43,240	-	43,240	55,594
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>43,240</u>	<u>-</u>	<u>43,240</u>	<u>55,594</u>
Total liabilities	<u>2,219,794</u>	<u>1,284,760</u>	<u>285,752</u>	<u>278,813</u>	<u>4,069,119</u>	<u>3,413,585</u>
Net position						
Net investment in capital assets	6,711	-	237,958	526,439	771,108	865,732
Unrestricted	5,891,974	2,605,395	1,383,115	197,600	10,078,084	9,717,453
Total net position	<u>\$ 5,898,685</u>	<u>\$ 2,605,395</u>	<u>\$ 1,621,073</u>	<u>\$ 724,039</u>	<u>\$ 10,849,192</u>	<u>\$ 10,583,185</u>

See accompanying independent auditor's report.

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2018
(With Comparative Totals for Year Ended September 30, 2017)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2018	2017
Operating revenues:						
Charges for services	\$ 4,108,535	\$ 14,062,493	\$ 3,118,770	\$ 1,610,363	\$ 22,900,161	\$ 21,779,090
Other	-	-	15,951	6,811	22,762	106,216
Total operating revenues	<u>4,108,535</u>	<u>14,062,493</u>	<u>3,134,721</u>	<u>1,617,174</u>	<u>22,922,923</u>	<u>21,885,306</u>
Operating expenses:						
Salaries and wages	204,273	64,068	1,295,912	915,629	2,479,882	2,482,010
Employee benefits	74,362	21,127	457,584	381,594	934,667	970,894
Purchased professional/technical services	762,929	1,201,460	125,911	21,153	2,111,453	1,600,506
Purchased property services	-	3,703	52,611	5,538	61,852	60,696
Maintenance	211	-	83,068	50,277	133,556	130,421
Other purchased services	1,169,899	1,370	43,187	36,923	1,251,379	1,056,009
Supplies	7,310	15,993	41,265	64,831	129,399	219,919
Other	2,128,969	12,732,889	449,442	285,842	15,597,142	14,418,385
Depreciation expense	2,684	-	48,705	73,565	124,954	130,016
Total operating expenses	<u>4,350,637</u>	<u>14,040,610</u>	<u>2,597,685</u>	<u>1,835,352</u>	<u>22,824,284</u>	<u>21,068,856</u>
Operating income (loss)	<u>(242,102)</u>	<u>21,883</u>	<u>537,036</u>	<u>(218,178)</u>	<u>98,639</u>	<u>816,450</u>
Nonoperating revenues (expenses):						
Investment earnings	105,328	43,487	16,892	1,661	167,368	68,770
Total nonoperating revenues (expenses)	<u>105,328</u>	<u>43,487</u>	<u>16,892</u>	<u>1,661</u>	<u>167,368</u>	<u>68,770</u>
Income (loss) before contributions and transfers	(136,774)	65,370	553,928	(216,517)	266,007	885,220
Transfers out	-	-	-	-	-	(118,784)
Net change in net position	(136,774)	65,370	553,928	(216,517)	266,007	766,436
Total net position, beginning of year	6,035,459	2,540,025	1,067,145	940,556	10,583,185	9,816,749
Total net position, end of year	<u>\$ 5,898,685</u>	<u>\$ 2,605,395</u>	<u>\$ 1,621,073</u>	<u>\$ 724,039</u>	<u>\$ 10,849,192</u>	<u>\$ 10,583,185</u>

See accompanying independent auditor's report.

City of Waco, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2018
(With Comparative Totals for Year Ended September 30, 2017)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2018	2017
Cash flows from operating activities:						
Cash received from customers	\$ 4,108,111	\$ 14,062,493	\$ 3,134,721	\$ 1,617,174	\$ 22,922,499	\$ 21,887,882
Cash paid to suppliers for goods and services	(3,416,966)	(13,959,122)	(811,918)	(445,433)	(18,633,439)	(17,328,268)
Cash paid to employees for services	(272,621)	(85,195)	(1,765,875)	(1,277,902)	(3,401,593)	(3,366,292)
Net cash provided by (used for) operating activities	418,524	18,176	556,928	(106,161)	887,467	1,193,322
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	-	-	-	3,569
Transfers to other funds	-	(157,855)	-	-	(157,855)	(118,784)
Net cash provided by (used for) noncapital financing activities	-	(157,855)	-	-	(157,855)	(115,215)
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	(30,330)	-	(30,330)	(68,290)
Net cash provided by (used for) capital and related financing activities	-	-	(30,330)	-	(30,330)	(68,290)
Cash flows from investing activities:						
Investment earnings	105,328	43,487	16,892	1,661	167,368	68,770
Net cash provided by (used for) investing activities	105,328	43,487	16,892	1,661	167,368	68,770
Net increase (decrease) in cash and cash equivalents	523,852	(96,192)	543,490	(104,500)	866,650	1,078,587
Cash and cash equivalents, beginning of year	7,587,444	3,430,932	1,125,377	365,366	12,509,119	11,430,532
Cash and cash equivalents, end of year	<u>\$ 8,111,296</u>	<u>\$ 3,334,740</u>	<u>\$ 1,668,867</u>	<u>\$ 260,866</u>	<u>\$ 13,375,769</u>	<u>\$ 12,509,119</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (242,102)	\$ 21,883	\$ 537,036	\$ (218,178)	\$ 98,639	\$ 816,450
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	2,684	-	48,705	73,565	124,954	130,016
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(424)	-	-	-	(424)	2,576
Inventories	-	-	-	8,764	8,764	(17,251)
Increase (decrease) in liabilities:						
Accounts payable	(28,969)	(407)	(5,982)	(936)	(36,294)	131,520
Accrued liabilities	35,183	(2,300)	(10,452)	11,303	33,734	112,775
Compensated absences payable	6,014	-	(12,379)	19,321	12,956	74,129
Estimated claims and judgements	646,138	(1,000)	-	-	645,138	(56,893)
Net cash provided by (used for) operating activities	<u>\$ 418,524</u>	<u>\$ 18,176</u>	<u>\$ 556,928</u>	<u>\$ (106,161)</u>	<u>\$ 887,467</u>	<u>\$ 1,193,322</u>

See accompanying independent auditor's report.

Insurance Fund

City of Waco, Texas
Internal Service Funds
Comparative Statements of Net Position
September 30, 2018 and 2017

	Insurance Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 8,111,296	\$ 7,587,444
Accounts receivable, net of allowance	472	48
Total current assets	8,111,768	7,587,492
Noncurrent assets:		
Capital assets:		
Equipment	26,659	26,659
Less: accumulated depreciation and amortization	(19,948)	(17,264)
	6,711	9,395
Total noncurrent assets	6,711	9,395
Total assets	8,118,479	7,596,887
Liabilities		
Current liabilities:		
Accounts payable	58,751	87,720
Accrued liabilities	145,946	110,763
Compensated absences payable	31,072	25,058
Claims and judgments payable	1,984,025	1,337,887
Total current liabilities	2,219,794	1,561,428
Total liabilities	2,219,794	1,561,428
Net position		
Net investment in capital assets	6,711	9,395
Unrestricted	5,891,974	6,026,064
Total net position	\$ 5,898,685	\$ 6,035,459

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2018 and 2017

	Insurance Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 4,108,535	\$ 3,736,187
Total operating revenues	<u>4,108,535</u>	<u>3,736,187</u>
Operating expenses:		
Salaries and wages	204,273	269,413
Employee benefits	74,362	93,200
Purchased professional/technical services	762,929	275,270
Maintenance	211	2,639
Other purchased services	1,169,899	989,152
Supplies	7,310	51,269
Other	2,128,969	1,143,159
Depreciation/amortization	2,684	2,684
Total operating expenses	<u>4,350,637</u>	<u>2,826,786</u>
Operating income (loss)	<u>(242,102)</u>	<u>909,401</u>
Nonoperating revenues (expenses):		
Investment earnings	105,328	46,317
Total nonoperating revenues (expenses)	<u>105,328</u>	<u>46,317</u>
Income (loss) before contributions and transfers	(136,774)	955,718
Transfers out	<u>-</u>	<u>(118,784)</u>
Change in net position	(136,774)	836,934
Total net position, beginning of year	6,035,459	5,198,525
Total net position, end of year	<u>\$ 5,898,685</u>	<u>\$ 6,035,459</u>

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	Insurance Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 4,108,111	\$ 3,737,422
Cash paid to suppliers for goods and services	(3,416,966)	(2,402,602)
Cash paid to employees for services	(272,621)	(364,438)
Net cash provided by (used for) operating activities	418,524	970,382
Cash flows from noncapital financing activities:		
Transfers to other funds	-	(118,784)
Net cash provided by (used for) noncapital financing	-	(118,784)
Cash flows from investing activities:		
Investment earnings	105,328	46,317
Net cash provided by (used for) investing activities	105,328	46,317
Net increase (decrease) in cash and cash equivalents	523,852	897,915
Cash and cash equivalents, beginning of year	7,587,444	6,689,529
Cash and cash equivalents, end of year	\$ 8,111,296	\$ 7,587,444
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (242,102)	\$ 909,401
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	2,684	2,684
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(424)	1,235
Increase (decrease) in liabilities:		
Accounts payable	(28,969)	21,718
Accrued liabilities	35,183	56,678
Compensated absences payable	6,014	(441)
Estimated claims and judgements	646,138	(20,893)
Net cash provided by (used for) operating activities	\$ 418,524	\$ 970,382

See accompanying independent auditor's report.

Health Insurance Fund

City of Waco, Texas
Internal Service Funds
Comparative Statements of Net Position
September 30, 2018 and 2017

	Health Insurance Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 3,334,740	\$ 3,430,932
Due from other funds	555,415	397,560
Total current assets	3,890,155	3,828,492
Total assets	3,890,155	3,828,492
Liabilities		
Current liabilities:		
Accounts payable	2,357	2,764
Accrued liabilities	299,403	301,703
Claims and judgments payable	983,000	984,000
Total current liabilities	1,284,760	1,288,467
Total liabilities	1,284,760	1,288,467
Net position		
Unrestricted	2,605,395	2,540,025
Total net position	\$ 2,605,395	\$ 2,540,025

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2018 and 2017

	Health Insurance Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 14,062,493	\$ 13,600,086
Other	-	90,725
Total operating revenues	14,062,493	13,690,811
Operating expenses:		
Salaries and wages	64,068	60,644
Employee benefits	21,127	19,801
Purchased professional/technical services	1,201,460	1,200,919
Purchased property services	3,703	2,624
Other purchased services	1,370	2,892
Supplies	15,993	15,469
Other	12,732,889	12,645,360
Total operating expenses	14,040,610	13,947,709
Operating income (loss)	21,883	(256,898)
Nonoperating revenues (expenses):		
Investment earnings	43,487	16,504
Total nonoperating revenues (expenses)	43,487	16,504
Change in net position	65,370	(240,394)
Total net position, beginning of year	2,540,025	2,780,419
Total net position, end of year	\$ 2,605,395	\$ 2,540,025

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	Health Insurance Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 14,062,493	\$ 13,690,811
Cash paid to suppliers for goods and services	(13,959,122)	(13,886,574)
Cash paid to employees for services	(85,195)	(80,174)
Net cash provided by (used for) operating activities	18,176	(275,937)
Cash flows from noncapital financing activities:		
Transfers from other funds	-	3,569
Transfers to other funds	(157,855)	-
Net cash provided by (used for) noncapital financing	(157,855)	3,569
Cash flows from investing activities:		
Investment earnings	43,487	16,504
Net cash provided by (used for) investing activities	43,487	16,504
Net increase (decrease) in cash and cash equivalents	(96,192)	(255,864)
Cash and cash equivalents, beginning of year	3,430,932	3,686,796
Cash and cash equivalents, end of year	\$ 3,334,740	\$ 3,430,932
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 21,883	\$ (256,898)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase (decrease) in liabilities:		
Accounts payable	(407)	(977)
Accrued liabilities	(2,300)	17,938
Estimated claims and judgements	(1,000)	(36,000)
Net cash provided by (used for) operating activities	\$ 18,176	\$ (275,937)

See accompanying independent auditor's report.

Engineering Fund

City of Waco, Texas
Internal Service Funds
Comparative Statements of Net Position
September 30, 2018 and 2017

	Engineering Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 1,668,867	\$ 1,125,377
Total current assets	1,668,867	1,125,377
Noncurrent assets:		
Capital assests:		
Land	24,400	24,400
Equipment	425,342	422,900
Less: accumulated depreciation and amortization	(211,784)	(190,967)
	237,958	256,333
Total noncurrent assets	237,958	256,333
Total assets	1,906,825	1,381,710
Liabilities		
Current liabilities:		
Accounts payable	6,607	12,589
Accrued liabilities	75,770	86,222
Compensated absences payable	159,597	159,622
Escrow funds	538	538
Total current liabilities	242,512	258,971
Noncurrent liabilities:		
Compensated absences payable	43,240	55,594
Total noncurrent liabilities	43,240	55,594
Total liabilities	285,752	314,565
Net position		
Net investment in capital assets	237,958	256,333
Unrestricted	1,383,115	810,812
Total net position	\$ 1,621,073	\$ 1,067,145

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2018 and 2017

	Engineering Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 3,118,770	\$ 2,641,251
Other	15,951	4,594
Total operating revenues	3,134,721	2,645,845
Operating expenses:		
Salaries and wages	1,295,912	1,215,934
Employee benefits	457,584	445,817
Purchased professional/technical services	125,911	107,636
Purchased property services	52,611	52,611
Maintenance	83,068	68,907
Other purchased services	43,187	34,399
Supplies	41,265	60,634
Other	449,442	393,131
Depreciation/amortization	48,705	42,636
Total operating expenses	2,597,685	2,421,705
Operating income (loss)	537,036	224,140
Nonoperating revenues (expenses):		
Investment earnings	16,892	5,028
Total nonoperating revenues (expenses)	16,892	5,028
Change in net position	553,928	229,168
Total net position, beginning of year	1,067,145	837,977
Total net position, end of year	\$ 1,621,073	\$ 1,067,145

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	Engineering Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 3,134,721	\$ 2,646,575
Cash paid to suppliers for goods and services	(811,918)	(689,000)
Cash paid to employees for services	(1,765,875)	(1,574,504)
Net cash provided by (used for) operating activities	<u>556,928</u>	<u>383,071</u>
Cash flows from capital and related financing activities:		
Aquisition of capital assets	(30,330)	(53,050)
Net cash provided by (used for) capital and related financing	<u>(30,330)</u>	<u>(53,050)</u>
Cash flows from investing activities:		
Investment earnings	16,892	5,028
Net cash provided by (used for) investing activities	<u>16,892</u>	<u>5,028</u>
Net increase (decrease) in cash and cash equivalents	543,490	335,049
Cash and cash equivalents, beginning of year	1,125,377	790,328
Cash and cash equivalents, end of year	<u>\$ 1,668,867</u>	<u>\$ 1,125,377</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 537,036	\$ 224,140
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	48,705	42,636
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	-	731
Increase (decrease) in liabilities:		
Accounts payable	(5,982)	3,754
Accrued liabilities	(10,452)	35,762
Compensated absences payable	(12,379)	76,048
Net cash provided by (used for) operating activities	<u>\$ 556,928</u>	<u>\$ 383,071</u>

See accompanying independent auditor's report.

Fleet Services Fund

City of Waco, Texas
Internal Service Funds
Comparative Statements of Net Position
September 30, 2018 and 2017

	Fleet Services Fund	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 260,866	\$ 365,366
Inventory	215,547	224,311
Total current assets	476,413	589,677
Noncurrent assets:		
Capital assests:		
Land	14,400	14,400
Buildings	920,153	920,153
Improvements other than buildings	118,289	118,289
Equipment	964,379	978,967
Less: accumulated depreciation and amortization	(1,490,782)	(1,431,805)
	526,439	600,004
Total noncurrent assets	526,439	600,004
Total assets	1,002,852	1,189,681
Liabilities		
Current liabilities:		
Accounts payable	135,055	126,006
Accrued liabilities	62,694	51,391
Compensated absences payable	81,064	71,728
Total current liabilities	278,813	249,125
Total liabilities	278,813	249,125
Net position		
Net investment in capital assets	526,439	600,004
Unrestricted	197,600	340,552
Total net position	\$ 724,039	\$ 940,556

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2018 and 2017

	Fleet Services Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 1,610,363	\$ 1,801,566
Other	6,811	10,897
Total operating revenues	1,617,174	1,812,463
Operating expenses:		
Salaries and wages	915,629	936,019
Employee benefits	381,594	412,076
Purchased professional/technical services	21,153	16,681
Purchased property services	5,538	5,461
Maintenance	50,277	58,875
Other purchased services	36,923	29,566
Supplies	64,831	92,547
Other	285,842	236,735
Depreciation/amortization	73,565	84,696
Total operating expenses	1,835,352	1,872,656
Operating income (loss)	(218,178)	(60,193)
Nonoperating revenues (expenses):		
Investment earnings	1,661	921
Total nonoperating revenues (expenses)	1,661	921
Change in net position	(216,517)	(59,272)
Total net position, beginning of year	940,556	999,828
Total net position, end of year	\$ 724,039	\$ 940,556

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	Fleet Service Fund	
	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 1,617,174	\$ 1,813,074
Cash paid to suppliers for goods and services	(445,433)	(350,092)
Cash paid to employees for services	(1,277,902)	(1,347,176)
Net cash provided by (used for) operating activities	(106,161)	115,806
Cash flows from capital and related financing activities:		
Aquisition of capital assets	-	(15,240)
Net cash provided by (used for) capital and related financing	-	(15,240)
Cash flows from investing activities:		
Investment earnings	1,661	921
Net cash provided by (used for) investing activities	1,661	921
Net increase (decrease) in cash and cash equivalents	(104,500)	101,487
Cash and cash equivalents, beginning of year	365,366	263,879
Cash and cash equivalents, end of year	\$ 260,866	\$ 365,366
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (218,178)	\$ (60,193)
Adjustment to reconcile operating income (loss) to net cash used provided by (used for) operating activities:		
Depreciation	73,565	84,696
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	-	610
Inventory	8,764	(17,251)
Increase (decrease) in liabilities:		
Accounts payable	(936)	107,025
Accrued liabilities	11,303	2,397
Compensated absences payable	19,321	(1,478)
Net cash provided by (used for) operating activities	\$ (106,161)	\$ 115,806

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.

Rural Transit Services Fund - This fund is used to account for receipts and disbursements under the terms of an interlocal agreement with McLennan County Rural Transit District to provide public transportation within McLennan County.

City of Waco, Texas
Combining Statement of Fiduciary Net Position
Agency Funds
Year Ended September 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>Urban Renewal Agency Fund</u>				
Assets:				
Cash and investments	\$ 58,869	777	-	59,646
Liabilities:				
Accrued liabilities	\$ 58,869	777	-	59,646
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 1,781,410	841,628	510,570	2,112,468
Liabilities:				
Accrued liabilities	\$ 1,781,410	841,628	510,570	2,112,468
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ 20,711	186,490	183,265	23,936
Liabilities:				
Accrued liabilities	\$ 20,711	186,490	183,265	23,936
<u>Rural Transit Services Fund</u>				
Assets:				
Cash and investments	\$ -	1,723,786	1,345,548	378,238
Accounts receivable	41	3,023	2,828	236
Intergovernmental receivable	383,039	1,069,716	1,374,014	78,741
Total assets	\$ 383,080	2,796,525	2,722,390	457,215
Liabilities:				
Accrued liabilities	296,383	2,796,525	2,635,693	457,215
Due to others as fiscal agent	86,697	-	86,697	-
Total liabilities	\$ 383,080	2,796,525	2,722,390	457,215
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,860,990	2,752,681	2,039,383	2,574,288
Accounts receivable	41	3,023	2,828	236
Intergovernmental receivable	383,039	1,069,716	1,374,014	78,741
Total assets	\$ 2,244,070	3,825,420	3,416,225	2,653,265
Liabilities:				
Accrued liabilities	\$ 2,157,373	3,825,420	3,329,528	2,653,265
Due to others as fiscal agent	86,697	-	86,697	-
Total liabilities	\$ 2,244,070	3,825,420	3,416,225	2,653,265

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 not 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 187,739,263	\$ 179,653,424	\$ 174,645,915	\$ 178,295,347
Restricted	15,597,905	16,281,560	19,687,245	22,291,256
Unrestricted	<u>29,148,224</u>	<u>25,717,190</u>	<u>22,550,132</u>	<u>24,430,892</u>
Total governmental activities net position	<u>\$ 232,485,392</u>	<u>\$ 221,652,174</u>	<u>\$ 216,883,292</u>	<u>\$ 225,017,495</u>
Business-type activities				
Net investment in capital assets	\$ 177,087,342	\$ 206,111,214	\$ 213,553,436	\$ 219,663,969
Restricted	541,912	546,027	388,651	6,834
Unrestricted	<u>42,808,482</u>	<u>36,844,321</u>	<u>45,769,895</u>	<u>48,873,949</u>
Total business-type activities net position	<u>\$ 220,437,736</u>	<u>\$ 243,501,562</u>	<u>\$ 259,711,982</u>	<u>\$ 268,544,752</u>
Primary government				
Net investment in capital assets	\$ 364,826,605	\$ 385,764,638	\$ 388,199,351	\$ 397,959,316
Restricted	16,139,817	16,827,587	20,075,896	22,298,090
Unrestricted	<u>71,956,706</u>	<u>62,561,511</u>	<u>68,320,027</u>	<u>73,304,841</u>
Total primary government net position	<u>\$ 452,923,128</u>	<u>\$ 465,153,736</u>	<u>\$ 476,595,274</u>	<u>\$ 493,562,247</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 were restated to conform to the new statement requirements. Also, in fiscal year 2015, the City implemented the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27," and the changes are reported prospectively. Finally, in fiscal year 2018, the City implemented the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for OPEB", and the changes are reported prospectively.

Table I

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	180,902,677	\$	180,508,096	\$	183,090,881	\$	195,340,533	\$	206,699,045	\$	216,259,979
	19,391,804		18,895,396		20,655,062		23,224,157		28,463,123		36,749,778
	<u>28,460,006</u>		<u>34,063,949</u>		<u>30,545,855</u>		<u>29,764,431</u>		<u>30,980,557</u>		<u>40,300,435</u>
\$	<u>228,754,487</u>	\$	<u>233,467,441</u>	\$	<u>234,291,798</u>	\$	<u>248,329,121</u>	\$	<u>266,142,725</u>	\$	<u>293,310,192</u>
\$	215,231,053	\$	211,696,699	\$	214,329,030		218,895,017		224,211,909		231,095,661
	1,180,611		1,274,319		1,370,154		700,480		867,925		943,463
	<u>60,118,510</u>		<u>65,792,573</u>		<u>63,820,011</u>		<u>68,398,739</u>		<u>73,188,454</u>		<u>81,336,611</u>
\$	<u>276,530,174</u>	\$	<u>278,763,591</u>	\$	<u>279,519,195</u>	\$	<u>287,994,236</u>	\$	<u>298,268,288</u>	\$	<u>313,375,735</u>
\$	396,133,730	\$	392,204,795	\$	397,419,911	\$	414,235,550	\$	430,910,954	\$	447,355,640
	20,572,415		20,169,715		22,025,216		23,924,637		29,331,048		37,693,241
	<u>88,578,516</u>		<u>99,856,522</u>		<u>94,365,866</u>		<u>98,163,170</u>		<u>104,169,011</u>		<u>121,637,046</u>
\$	<u>505,284,661</u>	\$	<u>512,231,032</u>	\$	<u>513,810,993</u>	\$	<u>536,323,357</u>	\$	<u>564,411,013</u>	\$	<u>606,685,927</u>

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

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 12,551,827	\$ 14,073,197	\$ 12,378,019	\$ 14,177,640
Public works	12,790,151	12,142,355	13,227,404	11,844,356
Public safety	57,560,461	60,429,663	61,291,317	57,664,131
Culture and recreation	14,919,136	15,484,146	15,636,875	15,694,840
Public health	6,901,123	7,364,755	7,417,771	7,184,384
Housing and community development	2,808,221	3,503,811	3,339,613	3,664,525
Interest on long-term debt	4,547,034	4,342,023	4,313,467	4,098,714
Total governmental activities expenses	<u>112,077,953</u>	<u>117,339,950</u>	<u>117,604,466</u>	<u>114,328,590</u>
Business-type activities:				
Water	30,491,638	30,875,837	34,186,629	33,311,059
Wastewater	17,437,188	18,134,874	17,522,331	17,634,339
Solid waste	13,267,207	14,160,048	16,201,178	15,854,254
Airport	2,402,041	2,360,727	2,503,823	2,937,967
Convention services	3,218,934	2,830,956	2,861,523	3,372,280
Ranger Hall of Fame	1,141,497	1,280,085	1,193,004	1,209,145
Cameron Park Zoo	3,968,217	4,357,007	4,315,032	4,396,640
Transit services	6,325,930	7,259,552	7,904,160	7,970,314
Cottonwood Creek Golf Course	1,919,438	1,674,252	1,691,790	1,864,426
Total business-type activities expenses	<u>80,172,090</u>	<u>82,933,338</u>	<u>88,379,470</u>	<u>88,550,424</u>
Total primary government expenses	<u>192,250,043</u>	<u>200,273,288</u>	<u>205,983,936</u>	<u>202,879,014</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	239,046	285,471	342,830	243,137
Public works	-	1,366	2,550	385
Public safety	3,672,327	3,600,084	3,478,363	3,050,804
Culture and recreation	1,132,472	1,314,693	1,415,791	1,078,390
Public health	986,945	872,388	1,184,937	1,252,049
Operating grants and contributions	9,079,411	10,337,726	9,720,348	11,640,290
Capital grants and contributions	5,626,382	6,110,736	6,061,358	6,883,729
Total governmental activities program revenues	<u>20,736,583</u>	<u>22,522,464</u>	<u>22,206,177</u>	<u>24,148,784</u>

Table II

Fiscal Year									
2013	2014	2015	2016	2017	2018				
\$ 20,039,649	\$ 16,223,167	\$ 15,012,962	\$ 17,591,625	\$ 21,961,388	\$ 23,161,022				
13,699,976	12,205,449	12,767,308	12,385,381	13,531,718	13,738,063				
62,592,351	66,630,254	64,796,679	71,900,506	77,631,982	76,378,833				
16,544,389	16,922,912	16,510,993	17,575,724	18,409,985	18,085,607				
7,388,363	7,314,101	7,269,988	7,853,838	7,974,445	7,991,534				
2,255,720	2,974,293	2,704,824	2,421,277	2,499,865	2,220,964				
3,798,174	3,631,452	3,155,598	2,784,644	2,724,381	2,942,299				
<u>126,318,622</u>	<u>125,901,628</u>	<u>122,218,352</u>	<u>132,512,995</u>	<u>144,733,764</u>	<u>144,518,322</u>				
33,038,145	32,998,874	32,457,155	34,485,785	36,237,977	37,944,429				
18,432,230	19,263,583	18,964,527	22,024,527	22,369,323	23,339,837				
16,033,246	15,794,559	15,223,615	15,458,545	16,437,794	17,150,662				
3,083,925	3,284,396	3,496,581	3,821,305	3,948,697	3,833,773				
3,941,005	3,957,683	4,074,149	4,301,096	4,524,677	4,855,004				
1,343,575	1,326,695	1,333,639	1,444,823	1,333,563	1,390,759				
4,318,267	4,494,173	4,595,845	4,777,181	5,232,360	5,342,574				
8,046,015	8,177,708	8,188,525	8,640,336	8,360,490	7,902,796				
1,782,963	1,810,707	1,707,982	1,821,529	1,852,186	2,044,411				
<u>90,019,371</u>	<u>91,108,378</u>	<u>90,042,018</u>	<u>96,775,127</u>	<u>100,297,067</u>	<u>103,804,245</u>				
<u>216,337,993</u>	<u>217,010,006</u>	<u>212,260,370</u>	<u>229,288,122</u>	<u>245,030,831</u>	<u>248,322,567</u>				
277,810	192,402	243,883	271,051	282,226	383,837				
1,537	2,257	3,188	2,057	972	1,315				
3,703,991	5,520,650	5,373,858	5,995,911	5,211,330	5,167,028				
1,054,216	1,404,877	1,279,331	1,294,784	1,574,384	1,792,366				
1,260,587	1,154,091	1,158,100	1,181,667	1,248,994	1,179,052				
11,500,355	10,924,393	9,564,905	9,550,112	9,365,279	10,748,885				
7,256,153	3,272,066	6,952,118	7,269,459	9,608,784	11,861,689				
<u>25,054,649</u>	<u>22,470,736</u>	<u>24,575,383</u>	<u>25,565,041</u>	<u>27,291,969</u>	<u>31,134,172</u>				

(Continued)

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

	2009	2010	2011	2012
Business-type activities:				
Charges for services:				
Water	\$ 36,167,550	\$ 34,472,657	\$ 43,094,944	\$ 38,759,662
Wastewater	20,041,341	19,543,166	21,619,018	21,542,770
Solid waste	16,259,578	16,135,566	15,948,286	16,531,734
Airport	1,086,601	1,058,480	1,054,550	1,065,157
Convention services	573,967	391,758	523,983	771,773
Ranger Hall of Fame	425,434	403,946	465,324	448,449
Cameron Park Zoo	1,354,164	1,599,467	1,575,223	1,602,554
Transit services	2,805,887	3,221,167	3,414,289	3,582,781
Cottonwood Creek Golf Course	1,333,230	1,404,891	1,578,174	1,226,374
Operating grants and contributions	2,798,677	3,085,574	3,514,732	3,415,770
Capital grants and contributions	4,879,547	12,332,766	4,014,798	3,786,143
Total business-type activities program revenues	<u>87,725,976</u>	<u>93,649,438</u>	<u>96,803,321</u>	<u>92,733,167</u>
Total primary government program revenues	<u>108,462,559</u>	<u>116,171,902</u>	<u>119,009,498</u>	<u>116,881,951</u>
Net (Expense)/Revenue				
Governmental activities	(91,341,370)	(94,817,486)	(95,398,289)	(90,179,806)
Business-type activities	<u>7,553,886</u>	<u>10,716,100</u>	<u>8,423,851</u>	<u>4,182,743</u>
Total primary government net expense	<u>(83,787,484)</u>	<u>(84,101,386)</u>	<u>(86,974,438)</u>	<u>(85,997,063)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	46,366,310	47,489,598	48,387,467	49,373,010
Tax increment financing tax	3,741,836	4,491,616	4,660,231	5,004,192
Sales taxes	27,714,013	27,318,396	28,003,416	29,186,254
Franchise taxes	13,663,140	13,338,717	13,587,114	13,682,123
Other taxes	622,254	655,031	679,232	650,815
Unrestricted investment earnings	6,294,110	842,824	481,791	360,561
Miscellaneous	406,229	639,263	678,741	882,450
Gain on capital transaction	-	-	-	1,730,200
Transfers	826,426	(10,791,177)	(5,848,585)	(2,555,596)
Total governmental activities	<u>99,634,318</u>	<u>83,984,268</u>	<u>90,629,407</u>	<u>98,314,009</u>
Business-type activities:				
Hotel/motel taxes	1,703,650	1,662,308	1,754,730	1,897,865
Unrestricted investment earnings	997,329	253,637	183,254	196,566
Gain on disposal of capital assets	260,073	-	-	-
Transfers	(826,426)	10,791,177	5,848,585	2,555,596
Total business-type activities	<u>2,134,626</u>	<u>12,707,122</u>	<u>7,786,569</u>	<u>4,650,027</u>
Total primary government	<u>101,768,944</u>	<u>96,691,390</u>	<u>98,415,976</u>	<u>102,964,036</u>
Change in Net Position				
Governmental activities	8,292,948	(10,833,218)	(4,768,882)	8,134,203
Business-type activities	<u>9,688,512</u>	<u>23,423,222</u>	<u>16,210,420</u>	<u>8,832,770</u>
Total primary government	<u>\$ 17,981,460</u>	<u>\$ 12,590,004</u>	<u>\$ 11,441,538</u>	<u>\$ 16,966,973</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 were restated to conform to the new statement requirements. Also, in fiscal year 2015, the City implemented the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27," and the changes are reported prospectively. Finally, in fiscal year 2018, the City implemented the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for OPEB", and the changes are reported prospectively.

Table II
(Continued)

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	40,713,824	\$	38,600,073	\$	37,773,754	\$	39,693,677	\$	43,474,418	\$	48,925,791
	21,718,912		21,343,556		20,827,643		23,376,856		27,826,441		30,079,874
	16,489,195		16,866,587		17,704,519		18,860,966		19,052,864		19,776,330
	1,079,297		1,142,240		1,093,157		1,118,487		1,134,454		967,939
	1,018,086		1,213,798		1,317,100		1,402,912		1,568,402		1,736,312
	410,728		420,414		490,917		559,262		654,740		721,386
	1,618,495		1,582,279		1,615,849		1,963,610		2,223,777		2,074,281
	3,540,047		3,373,782		3,775,380		4,112,010		3,606,218		3,232,108
	1,615,885		1,549,328		1,511,944		1,618,596		1,643,950		1,604,672
	3,419,959		3,869,760		3,566,046		3,734,120		4,031,927		3,738,719
	4,836,705		1,682,452		3,459,180		6,998,128		3,654,269		1,048,602
	<u>96,461,133</u>		<u>91,644,269</u>		<u>93,135,489</u>		<u>103,438,624</u>		<u>108,871,460</u>		<u>113,906,014</u>
	<u>121,515,782</u>		<u>114,115,005</u>		<u>117,710,872</u>		<u>129,003,665</u>		<u>136,163,429</u>		<u>145,040,186</u>
	(101,263,973)		(103,430,892)		(97,642,969)		(106,947,954)		(117,441,795)		(113,384,150)
	<u>6,441,762</u>		<u>535,891</u>		<u>3,093,471</u>		<u>6,663,497</u>		<u>8,574,393</u>		<u>10,101,769</u>
	<u>(94,822,211)</u>		<u>(102,895,001)</u>		<u>(94,549,498)</u>		<u>(100,284,457)</u>		<u>(108,867,402)</u>		<u>(103,282,381)</u>
	51,184,254		51,585,835		55,028,271		58,427,545		63,095,312		68,192,298
	5,916,309		5,573,984		6,296,710		7,750,330		10,234,498		12,674,713
	31,075,760		33,487,659		35,813,531		37,371,461		38,135,659		39,017,059
	13,405,186		14,181,593		13,762,575		13,734,655		14,238,292		14,916,497
	676,254		785,905		871,076		910,456		1,063,684		1,148,309
	308,603		323,760		476,804		855,366		1,644,507		4,092,426
	2,153,305		1,196,841		1,214,952		1,450,460		1,702,214		1,162,457
	290,376		105,278		-		-		3,420,000		-
	81,051		902,991		2,537,789		485,004		1,721,233		462,783
	<u>105,091,098</u>		<u>108,143,846</u>		<u>116,001,708</u>		<u>120,985,277</u>		<u>135,255,399</u>		<u>141,666,542</u>
	2,095,987		2,403,171		2,707,056		3,204,122		3,724,543		4,270,253
	159,463		197,346		289,580		378,946		462,647		1,198,208
	-		-		-		-		-		-
	<u>(81,051)</u>		<u>(902,991)</u>		<u>(2,537,789)</u>		<u>(485,004)</u>		<u>(1,721,233)</u>		<u>(462,783)</u>
	<u>2,174,399</u>		<u>1,697,526</u>		<u>458,847</u>		<u>3,098,064</u>		<u>2,465,957</u>		<u>5,005,678</u>
	<u>107,265,497</u>		<u>109,841,372</u>		<u>116,460,555</u>		<u>124,083,341</u>		<u>137,721,356</u>		<u>146,672,220</u>
	3,827,125		4,712,954		18,358,739		14,037,323		17,813,604		28,282,392
	<u>8,616,161</u>		<u>2,233,417</u>		<u>3,552,318</u>		<u>9,761,561</u>		<u>11,040,350</u>		<u>15,107,447</u>
\$	<u>12,443,286</u>	\$	<u>6,946,371</u>	\$	<u>21,911,057</u>	\$	<u>23,798,884</u>	\$	<u>28,853,954</u>	\$	<u>43,389,839</u>

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

	2009	2010	2011	2012
General Fund				
Reserved:				
Encumbrances	\$ 802,620	\$ -	\$ -	\$ -
Real estate held for sale	12,465	-	-	-
Advances to other funds	684,848	-	-	-
Nonspendable:				
Advances to other funds	-	625,559	683,391	48,388
Inventory	-	548,182	529,830	504,736
Real estate held for resale	-	6,160	6,160	6,160
Restricted for:				
Municipal information equipment	-	11,956	-	1,350
Culture and recreation	-	-	-	365,900
Public safety	-	-	-	-
Economic development	-	-	-	-
Committed to:				
Economic development	-	8,072,729	8,394,212	7,597,032
Culture and recreation	-	-	2,500,000	-
Assigned to:				
Capital improvements	-	1,439,202	2,061,231	3,838,635
Economic development	-	1,549,117	1,137,659	2,810,428
Housing and community development	-	77,241	1,040,666	45,000
Public works	-	31,773	-	14,942
Public safety	-	119,502	297,238	262,804
Culture and recreation	-	476,209	151,913	47,622
Subsequent year's budget appropriation of fund balances	-	-	-	-
Other	-	69,031	67,868	120,684
Unreserved/Unassigned	<u>22,039,924</u>	<u>18,215,089</u>	<u>17,850,409</u>	<u>21,984,507</u>
Total General Fund	<u>\$ 23,539,857</u>	<u>\$ 31,241,750</u>	<u>\$ 34,720,577</u>	<u>\$ 37,648,188</u>

Table III

		Fiscal Year					
		2013	2014	2015	2016	2017	2018
\$	-	\$	-	\$	-	\$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	536,785		734,557		849,594		925,826
	6,160		6,160		6,160		6,160
	636,993		703,924		751,247		971,345
	689,343		918,377		755,927		1,006,021
	377,841		83,856		119,629		-
	100,996		-		-		-
	8,719,518		9,532,164		9,722,702		10,288,673
	-		-		-		-
	9,073,859		15,050,171		4,810,928		11,891,042
	6,078,636		3,048,263		5,740,957		4,753,144
	25,000		25,000		142,117		3,822
	470,084		4,677		352,180		300,048
	10,173		140,595		189,501		237,645
	15,305		16,230		150,601		141,888
	-		-		7,108,799		2,140,199
	124,312		490,289		220,123		268,004
	19,604,248		21,043,396		23,392,619		23,778,234
\$	<u>46,469,253</u>	\$	<u>51,797,659</u>	\$	<u>54,313,084</u>	\$	<u>56,071,930</u>
						\$	<u>60,822,672</u>
						\$	<u>70,092,416</u>

(Continued)

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

	2009	2010	2011	2012
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 14,951,750	\$ -	\$ -	\$ -
Real estate held for sale	40,709	-	-	-
Advances to other funds	168,368	-	-	-
Debt service	677,027	-	-	-
Purpose of trust	472,768	-	-	-
Unreserved, reported in:				
Special revenue funds	18,236,909	-	-	-
Capital projects funds	64,550,113	-	-	-
Nonspendable:				
Parks and cemetery care	-	473,362	474,415	475,431
Inventory	-	-	-	-
Restricted for:				
Debt service	-	460,001	373,263	230,130
Capital projects	-	47,889,104	38,873,017	23,348,990
Tax increment zone activities	-	9,856,300	12,411,165	14,565,233
Housing and community development	-	201,803	215,175	233,556
Public safety	-	1,565,589	1,439,842	2,314,311
Culture and recreation	-	524,529	1,186,432	1,194,942
Waco Public Improvement District	-	347,093	413,153	520,765
Committed to:				
Capital projects	-	978,893	1,029,132	1,308,537
Public health	-	232,377	-	157,585
Unassigned	-	-	(97,276)	-
Total all other governmental funds	\$ 99,097,644	\$ 62,529,051	\$ 56,318,318	\$ 44,349,480

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

		Fiscal Year					
		2013	2014	2015	2016	2017	2018
\$	-	\$	-	\$	-	\$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	477,891		478,848		466,997		366,560
	-		-		131,805		138,360
	238,053		185,902		491,257		598,145
	15,531,634		11,828,967		7,184,956		4,631,102
	10,960,465		10,891,785		13,579,596		16,822,186
	2,717,040		2,373,713		2,106,677		2,037,017
	1,831,495		1,406,274		1,442,749		1,224,262
	755,434		1,302,930		450,821		347,288
	611,577		645,008		716,835		755,292
	1,443,453		2,582,281		15,665,156		13,223,176
	351,412		561,880		820,811		1,050,924
	-		-		-		-
\$	<u>34,918,454</u>	\$	<u>32,257,588</u>	\$	<u>43,057,660</u>	\$	<u>41,194,312</u>
						\$	<u>56,695,874</u>
						\$	<u>82,212,794</u>

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

	2009	2010	2011	2012
Revenues:				
Taxes:				
Sales	\$ 27,714,013	\$ 27,318,396	\$ 28,003,416	\$ 29,186,254
Property	49,627,810	51,354,302	52,587,053	53,995,242
Interest and penalty	468,021	539,666	545,059	558,497
Business and occupation fees	13,663,140	13,338,717	13,587,115	13,682,123
Permits, licenses and fees	2,023,919	1,901,686	1,682,153	2,069,365
Fines	2,188,574	2,054,487	1,815,418	1,647,361
Charges for services	1,545,120	1,751,702	1,779,213	1,501,983
Investment earnings	6,066,254	773,739	440,229	325,873
Contributions	2,147,972	627,197	350,827	269,577
Intergovernmental	9,795,311	12,812,272	11,001,361	9,625,197
Program income	244,575	1,991,904	521,371	608,810
Other	7,781,494	8,387,706	8,832,941	9,166,618
Total revenues	<u>123,266,203</u>	<u>122,851,774</u>	<u>121,146,156</u>	<u>122,636,900</u>
Expenditures:				
General government	20,828,176	19,695,545	18,067,565	19,881,170
Public works	1,969,524	2,235,645	2,753,649	2,051,156
Public safety	54,260,356	58,519,975	56,363,026	55,143,283
Culture and recreation	13,173,083	13,149,983	12,932,267	14,773,781
Housing and community development	3,600,810	4,143,724	3,321,373	3,469,303
Public health	6,799,722	7,240,481	7,155,606	6,993,107
Capital outlay	17,592,890	40,944,884	20,198,033	23,954,367
Debt service:				
Principal	7,144,536	7,270,310	6,967,663	7,090,342
Interest and fiscal charges	4,604,103	4,211,528	4,192,140	4,194,170
Bond issuance costs	58,014	70,242	500	68,981
Total expenditures	<u>130,031,214</u>	<u>157,482,317</u>	<u>131,951,822</u>	<u>137,619,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,765,011)</u>	<u>(34,630,543)</u>	<u>(10,805,666)</u>	<u>(14,982,760)</u>
Other financing sources (uses):				
General obligation bonds issued	-	4,925,000	7,285,000	3,480,000
Refunding bonds issued	5,802,122	2,900,000	-	6,465,000
Capital leases	-	-	-	145,351
Premiums on general obligation bonds	115,070	29,024	54,583	10,594
Premiums on refunding bonds	-	202,379	-	792,695
Payments to refunded bond escrow agent	(5,950,970)	(3,093,588)	-	(7,243,886)
Transfers in	16,106,280	13,394,260	12,781,678	15,015,607
Transfer out	(13,768,171)	(12,593,232)	(12,047,501)	(14,513,914)
Proceeds from sale of capital assets	-	-	-	1,790,086
Total other financing sources	<u>2,304,331</u>	<u>5,763,843</u>	<u>8,073,760</u>	<u>5,941,533</u>
Net change in fund balances	<u>\$ (4,460,680)</u>	<u>\$ (28,866,700)</u>	<u>\$ (2,731,906)</u>	<u>\$ (9,041,227)</u>
Debt service as a percentage of noncapital expenditures	10.24%	8.87%	9.28%	9.85%

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									
		2013	2014	2015	2016	2017	2018				
\$	31,075,760	\$	33,487,659	\$	35,813,531	\$	37,371,461	\$	38,135,659	\$	39,017,059
	57,093,126		56,684,455		61,177,819		65,988,509		73,161,668		80,704,091
	864,693		507,622		598,772		620,805		620,791		636,115
	13,405,186		14,181,593		13,762,575		13,734,655		14,238,292		14,916,497
	2,361,710		2,519,019		2,454,494		2,739,022		2,618,623		2,482,683
	1,915,904		2,555,149		2,506,051		2,569,317		2,054,255		1,883,191
	1,643,861		1,639,054		1,749,690		1,834,544		1,939,164		2,104,779
	285,712		296,370		436,017		825,795		1,574,399		3,921,246
	504,130		883,815		3,490,258		1,419,645		1,244,774		861,550
	10,888,461		10,278,693		9,968,503		9,175,975		11,344,302		9,590,294
	297,998		338,265		289,272		298,107		222,053		246,593
	10,327,351		10,028,613		10,971,694		11,238,248		11,080,269		12,156,194
	<u>130,663,892</u>		<u>133,400,307</u>		<u>143,218,676</u>		<u>147,816,083</u>		<u>158,234,249</u>		<u>168,520,292</u>
	27,395,172		24,937,624		22,826,332		25,611,309		28,421,391		30,108,527
	3,214,854		2,583,490		1,405,812		1,879,964		1,643,939		5,119,496
	60,765,347		62,521,778		62,557,857		67,172,300		70,051,351		73,673,507
	12,792,566		13,998,629		13,543,825		13,427,467		17,688,310		14,216,289
	3,088,943		3,160,091		2,897,236		2,370,097		2,576,675		2,908,249
	7,271,899		7,267,366		7,247,059		7,533,938		7,588,586		7,906,760
	14,814,436		10,002,288		14,758,838		26,453,338		13,884,468		11,595,064
	5,912,954		5,340,143		5,585,000		5,895,000		6,685,000		6,660,000
	3,946,312		3,788,820		3,437,349		3,283,750		3,240,961		3,440,471
	35,891		26,107		250,679		99,402		84,655		140,293
	<u>139,238,374</u>		<u>133,626,336</u>		<u>134,509,987</u>		<u>153,726,565</u>		<u>151,865,336</u>		<u>155,768,656</u>
	<u>(8,574,482)</u>		<u>(226,029)</u>		<u>8,708,689</u>		<u>(5,910,482)</u>		<u>6,368,913</u>		<u>12,751,636</u>
	2,175,000		1,645,000		1,695,000		3,805,000		11,465,000		19,840,000
	1,700,000		-		34,125,000		1,945,000		-		-
	-		-		-		-		-		-
	168,544		59,040		57,044		334,219		451,335		1,180,056
	316,832		-		6,804,247		136,375		-		-
	(1,999,938)		-		(40,676,302)		(2,055,353)		-		-
	14,935,710		17,504,831		26,296,892		23,677,980		22,351,642		13,552,009
	(13,145,858)		(16,420,580)		(23,695,073)		(22,037,241)		(20,384,586)		(12,537,037)
	290,376		105,278		-		-		-		-
	<u>4,440,666</u>		<u>2,893,569</u>		<u>4,606,808</u>		<u>5,805,980</u>		<u>13,883,391</u>		<u>22,035,028</u>
\$	<u>(4,133,816)</u>	\$	<u>2,667,540</u>	\$	<u>13,315,497</u>	\$	<u>(104,502)</u>	\$	<u>20,252,304</u>	\$	<u>34,786,664</u>
	7.94%		7.49%		7.49%		7.24%		7.31%		7.04%

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

Category	2018	2017	2016	2015
Real - residential single family	\$ 4,103,208,707	\$ 3,666,787,394	\$ 3,442,331,305	\$ 3,330,608,637
Real - residential multi-family	1,036,321,000	854,447,458	710,274,847	600,033,734
Real - platted lots & residential inventory	225,165,345	216,913,884	179,995,100	192,366,941
Real - acreage, land only	75,960,194	77,014,810	69,022,094	74,636,662
Real - improved farm & ranch	41,117,522	34,974,967	29,242,020	32,499,555
Real - commercial & industrial	2,652,184,099	2,444,560,582	2,221,110,921	2,051,472,009
Real and tangible personal - utilities	202,093,432	192,815,272	202,959,032	177,491,413
Tangible personal - business	1,940,142,010	1,926,700,880	1,844,415,017	1,724,904,133
Tangible personal - other	2,334,390	2,325,700	2,406,350	2,424,330
Total market value	10,278,526,699	9,416,540,947	8,701,756,686	8,186,437,414
Less total exemptions	1,073,765,249	943,172,583	939,650,349	916,313,922
Taxable assessed value	\$ 9,204,761,450	\$ 8,473,368,364	\$ 7,762,106,337	\$ 7,270,123,492
Total direct tax rate per \$100 of taxable assessed value	\$ 0.776232	\$ 0.776232	\$ 0.776232	\$ 0.776232
Estimated actual taxable value	\$ 10,278,526,699	\$ 9,416,540,947	\$ 8,701,756,686	\$ 8,186,437,414
Taxable assessed value as a percentage of actual taxable value	89.6%	90.0%	89.2%	88.8%

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

Table V

Fiscal Year											
2014	2013	2012	2011	2010	2009						
\$ 3,193,078,012	\$ 3,145,755,030	\$ 2,964,790,976	\$ 2,899,061,978	\$ 2,831,728,139	\$ 2,786,526,338						
552,903,404	540,947,926	530,246,728	527,542,939	506,927,890	481,461,020						
185,737,380	161,765,042	159,734,533	158,194,756	166,731,693	159,010,177						
66,466,703	73,968,631	73,351,221	72,134,192	61,537,818	52,701,391						
28,871,288	18,486,406	19,298,600	19,050,487	18,251,255	16,724,697						
1,885,152,286	1,839,811,136	1,820,432,553	1,769,330,218	1,712,740,259	1,590,177,832						
147,349,253	140,452,424	138,700,708	142,912,428	147,985,807	138,718,155						
1,674,043,041	1,667,295,558	1,566,759,638	1,473,384,230	1,458,577,289	1,393,542,226						
<u>2,328,520</u>	<u>2,236,139</u>	<u>2,442,607</u>	<u>2,054,003</u>	<u>2,329,066</u>	<u>2,488,121</u>						
7,735,929,887	7,590,718,292	7,275,757,564	7,063,665,231	6,906,809,216	6,621,349,957						
<u>927,340,793</u>	<u>938,850,655</u>	<u>829,201,392</u>	<u>783,127,564</u>	<u>732,167,475</u>	<u>611,165,570</u>						
<u>\$ 6,808,589,094</u>	<u>\$ 6,651,867,637</u>	<u>\$ 6,446,556,172</u>	<u>\$ 6,280,537,667</u>	<u>\$ 6,174,641,741</u>	<u>\$ 6,010,184,387</u>						
<u>\$ 0.776232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>						
<u>\$ 7,735,929,887</u>	<u>\$ 7,590,718,292</u>	<u>\$ 7,275,757,564</u>	<u>\$ 7,063,665,231</u>	<u>\$ 6,906,809,216</u>	<u>\$ 6,621,349,957</u>						
88.0%	87.6%	88.6%	88.9%	89.4%	90.8%						

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
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
2015	0.646744	0.129488	0.776232	1.353240	1.538834	1.465000	0.149530
2016	0.653858	0.122374	0.776232	1.400000	1.516068	1.459000	0.149724
2017	0.662094	0.114138	0.776232	1.400000	1.421381	1.422100	0.148898
2018	0.660723	0.115509	0.776232	1.410000	1.387194	1.413532	1.503460

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
0.450500	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
0.535293	1.274394	1.320000	1.478175	1.640000	1.510000	1.355000
0.535293	1.281628	1.320000	1.507102	1.640000	1.510000	1.355000
0.525293	1.251212	1.320000	1.441544	1.579090	1.470000	1.333800
0.505293	1.374409	1.320000	1.429973	1.554090	1.406135	1.330000

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

Fiscal Year 2018

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Allergan, Inc.	\$ 95,522,559	1.04 %
Sanderson Farms Inc.	77,245,454	0.84 %
Mars Snackfood US L.L.C.	76,166,857	0.83 %
L-3 Communications Integrated Systems L.P.	70,337,970	0.76 %
Owens-Brockway Glass Container Inc.	63,507,962	0.69 %
Coca Cola Company	62,280,954	0.68 %
Domtar Personal Care	61,799,237	0.67 %
Inland Western Waco Central, L.P.	59,636,810	0.65 %
Oncor Electric Delivery Co.	57,538,027	0.63 %
Tractor Supply Co of TX LP	<u>46,089,079</u>	<u>0.50 %</u>
Total	\$ <u><u>670,124,909</u></u>	<u><u>7.29 %</u></u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2009		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 96,286,104	1.60 %
Coca Cola Company	66,654,450	1.11 %
L-3 Communications Corp.	56,816,721	0.95 %
Inland Western Waco Central, L.P.	55,961,213	0.93 %
Oncor Electric Delivery Co.	53,890,216	0.90 %
Allergan, Inc.	42,122,331	0.70 %
Pilgrim's Pride Corp.	41,021,154	0.68 %
CBL/Richland Mall, L.P.	39,167,456	0.65 %
Southwestern Bell Telephone Co.	29,233,563	0.49 %
Cargill Meat Solutions Corp.	27,942,365	0.46 %
Total	\$ 509,095,573	8.47 %

City of Waco, Texas
Property Tax Levies and Collections
(Unaudited)
Last Ten 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>
2009	46,270,500	1,268,052	47,538,552	(482,241)
2010	47,639,260	1,261,899	48,901,159	(678,863)
2011	48,078,029	1,247,577	49,325,606	(119,675)
2012	49,428,253	1,516,082	50,944,335	(501,673)
2013	50,896,824	1,541,926	52,438,750	(282,894)
2014	51,208,846	1,582,983	52,791,829	(13,670)
2015	54,676,069	1,792,277	56,468,346	(200,015)
2016	58,055,153	2,224,388	60,279,541	(325,919)
2017	62,891,323	3,094,279	65,985,602	(464,423)
2018	67,536,896	3,506,068	71,042,964	193,056

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
47,056,311	46,373,974	98.55	584,416	46,958,390	99.79
48,222,296	47,367,935	98.23	728,534	48,096,469	99.74
49,205,931	48,312,012	98.18	791,115	49,103,127	99.79
50,442,662	49,634,551	98.40	688,288	50,322,839	99.76
52,155,856	51,511,537	98.76	524,032	52,035,569	99.77
52,778,159	52,019,615	98.56	611,638	52,631,253	99.72
56,268,331	55,622,582	98.85	471,144	56,093,726	99.69
59,953,622	59,465,589	99.19	280,357	59,745,946	99.65
65,521,179	64,907,474	99.06	304,675	65,212,149	99.53
71,236,020	70,504,465	98.97	-	70,504,465	98.97

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

Fiscal Year	Governmental Activities						General Obligation Bonds
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (2)	Contracts Payable	Refundable Contracts	Note Payable	
2009	\$ 99,232,249	128,270	2,022,392	830,000	80,007	-	235,015,348
2010	97,278,450	65,154	1,631,012	830,000	80,007	-	232,934,268
2011	98,019,198	-	1,224,455	830,000	80,007	-	220,721,649
2012	94,657,316	109,814	813,366	830,000	80,007	-	207,205,507
2013	91,155,603	61,608	615,000	830,000	80,007	-	228,080,781
2014	87,989,551	12,443	550,000	830,000	80,007	-	223,017,008
2015	86,321,896	-	370,000	830,000	80,007	968,532	223,050,091
2016	83,778,284	-	345,000	830,000	80,007	807,110	295,326,024
2017	88,004,702	-	285,000	830,000	80,007	645,688	314,046,707
2018	92,942,378	-	8,505,000	830,000	80,007	484,266	343,297,379

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) Includes unamortized premium.

(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>Business-Type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value Population of Property (3)</u>	<u>Population of City</u>	<u>Per Capita</u>
<u>Notes Payable</u>	<u>Refundable Contracts</u>	<u>Contracts Payable</u>				
17,217,472	3,185,854	-	357,711,592	5.95%	123,650	2,893
17,159,087	2,466,492	-	352,444,470	5.71%	124,805	2,824
17,098,108	1,808,894	-	339,782,311	5.41%	125,971	2,697
17,034,421	1,818,363	-	322,548,794	5.00%	127,018	2,539
1,967,906	1,795,178	-	324,586,083	4.88%	128,125	2,533
1,898,437	1,952,243	-	316,329,689	4.65%	129,241	2,448
1,825,882	1,572,435	-	315,018,843	4.33%	130,533	2,413
1,750,105	1,513,751	1,306,512	385,736,793	4.97%	132,889	2,903
1,670,963	1,615,828	845,390	408,024,285	4.82%	135,557	3,010
1,588,306	1,390,948	345,841	449,464,125	4.88%	137,048	3,280

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
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
2015	309,741,987	259,739	309,482,248	4.26%	130,533	2,371
2016	379,449,308	310,501	379,138,807	4.88%	132,889	2,853
2017	402,336,409	147,618	402,188,791	4.75%	135,557	2,967
2018	444,744,757	104,018	444,640,739	4.83%	137,048	3,244

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, including unamortized premium, 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)
Last Ten Fiscal Years

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 155,130,000	95.64%	\$ 148,366,332
Bosqueville Independent School District	8,217,257	79.34%	6,519,572
McLennan Community College	58,460,000	57.06%	33,357,276
McLennan County	23,250,000	57.06%	13,266,450
Midway Independent School District	93,222,873	54.00%	50,340,351
LaVega Independent School District	38,912,727	40.29%	15,677,938
China Spring Independent School District	36,410,000	41.79%	15,215,739
Connally Independent School District	13,545,000	18.78%	2,543,751
Lorena Independent School District	<u>28,405,063</u>	2.12%	<u>602,187</u>
Subtotal, overlapping debt	<u>\$ 455,552,920</u>		<u>\$ 285,889,596</u>
City direct debt:			
City of Waco direct debt	\$ 92,942,378	100.00%	\$ 92,942,378
Tax increment financing	8,505,000	100.00%	8,505,000
Other	<u>1,394,273</u>	100.00%	<u>1,394,273</u>
Subtotal, direct debt	<u>\$ 102,841,651</u>		<u>\$ 102,841,651</u>
Total direct and overlapping debt	<u>\$ 558,394,571</u>		<u>\$ 388,731,247</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, 2018.

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

<u>Fiscal Year</u>		<u>Gross Revenue (1)</u>	<u>Less: Operating Expenses (2)</u>	<u>Water and Net Revenue Available for Debt Service</u>
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
2015	(4)	59,514,895	36,477,205	23,037,690
2016	(4)	64,908,762	37,994,953	26,913,809
2017	(4)	72,367,283	39,791,567	32,575,716
2018	(4)	80,691,818	40,693,841	39,997,977

(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

Wastewater Funds

Debt Service Requirements (3)			
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
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 %
11,085,000	8,363,187	19,448,187	1.18 %
11,555,000	8,142,857	19,697,857	1.37 %
13,715,000	11,827,630	25,542,630	1.28 %
15,955,000	11,139,566	27,094,566	1.48 %



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
2009	249,441	7,519,261	30,144	25.3	6.7%
2010	253,819	7,887,821	31,077	28.2	7.2%
2011	255,615	8,240,751	32,239	28.4	7.4%
2012	256,939	8,603,174	33,483	29.3	6.5%
2013	258,633	8,778,110	33,940	27.7	6.1%
2014	260,155	9,228,315	35,472	27.9	5.1%
2015	262,361	9,713,471	37,023	28.7	4.1%
2016	265,207	10,012,971	37,755	28.2	4.0%
2017	268,696	10,549,900	39,263	28.8	3.3%
2018	N/A	N/A	N/A	N/A	3.2%

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 2017 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2018 rate is as of October.

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

2018		
Employer	Employees	Percentage of Total City Employment
Baylor University	3,064	2.53 %
Providence Healthcare Network/DePaul Center	2,397	1.98 %
Waco Independent School District	2,373	1.96 %
H.E.B. Stores	2,000	1.65 %
Baylor Scott & White Medical Center-Hillcrest	1,700	1.40 %
City of Waco	1,578	1.30 %
Midway Independent School District	1,286	1.06 %
Sanderson Farms, Inc.	1,126	0.93 %
McLennan County	977	0.81 %
Wal-Mart Stores	947	0.77 %
Total	17,448	14.39 %

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

Table XIV

2009		
Employer	Employees	Percentage of Total City Employment
Waco Independent School District	2,525	2.22 %
Baylor University	2,497	2.20 %
Providence Health Center	2,495	2.20 %
L3 Platform Integration	1,750	1.54 %
City of Waco	1,515	1.33 %
Hillcrest Health System	1,513	1.33 %
Wal-Mart Stores	1,455	1.28 %
H.E.B. Stores	1,350	1.19 %
Sanderson Farms, Inc	1,234	1.09 %
Midway Independent School District	<u>1,011</u>	<u>0.89 %</u>
Total	<u><u>17,345</u></u>	<u><u>15.26 %</u></u>

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

Function:	2009	2010	2011	2012
General Government	132.46	132.23	128.73	129.26
Public Works	60.00	60.00	58.00	56.00
Public Safety	601.98	608.01	605.93	603.43
Culture and Recreation	184.11	197.73	196.31	189.18
Housing and Community Development	18.90	19.50	22.45	20.18
Public Health	83.93	83.60	86.75	86.55
Water	120.25	124.25	122.75	122.25
Wastewater/WMARSS	68.75	68.75	69.25	68.75
Solid Waste	101.50	101.50	103.00	101.00
Airport	16.40	15.02	13.77	13.77
Convention Services	34.88	35.88	34.38	33.63
Ranger Hall of Fame	15.50	15.50	15.50	15.50
Cameron Park Zoo	52.28	51.41	51.16	51.16
Cottonwood Creek Golf Course	15.96	15.96	15.96	15.96
Insurance/Risk Management	7.00	7.00	8.00	8.00
Engineering	26.00	25.00	24.00	24.00
Fleet Services	25.00	25.00	25.00	25.00
Total	<u>1,564.90</u>	<u>1,586.34</u>	<u>1,580.94</u>	<u>1,563.62</u>

General Government:

City Manager's Office, Budget/Audit, 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, Animal Shelter

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Community Development

Source: City of Waco Budget Office

Table XV

Fiscal Year					
2013	2014	2015	2016	2017	2018
142.78	144.80	147.80	160.48	163.43	166.15
59.00	59.00	57.00	53.00	46.00	42.05
604.75	610.25	622.95	620.12	618.23	628.32
185.45	185.45	185.41	188.22	189.90	190.2226
19.48	19.48	20.19	19.62	19.04	18.38
82.55	83.00	81.50	80.50	81.50	81.50
126.25	125.25	123.25	123.68	123.31	119.795
71.75	72.75	72.75	73.32	74.83	76.34
99.00	96.00	93.50	90.00	91.39	90.0767
13.77	13.77	13.52	13.52	13.40	12.40
33.20	35.71	35.70	34.95	34.96	34.95
15.50	15.50	15.50	15.50	15.14	15.125
51.11	51.10	51.36	51.36	50.82	48.95
15.96	13.00	13.00	13.00	13.00	13.00
8.00	8.00	6.00	6.00	5.00	5.00
24.00	24.00	24.00	23.00	25.90	30.1133
25.00	27.00	27.00	27.00	29.00	28.95
<u>1,577.55</u>	<u>1,584.06</u>	<u>1,590.43</u>	<u>1,593.27</u>	<u>1,594.85</u>	<u>1,601.32</u>

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

Function:	2009	2010	2011	2012
Public Safety				
Police				
Number of Sworn Employees - Budgeted	245	245	245	245
Number of Traffic Citations	17,804	16,556	9,676	9,632
Number of Class "C" Citations	3,790	2,805	2,413	2,793
Calls Dispatched	111,717	107,825	106,233	109,216
Fire				
Number of Sworn Employees - Budgeted	192	195	195	195
Number of Fire Responses	9,537	9,383	9,257	9,657
Public Works				
Street Resurfacing (miles)	9.82	7.98	9.60	11.50
Culture and Recreation				
Parks and Recreation				
Number of Teams in Athletic Leagues	383	365	353	359
Number of Participants in Track/Field Events	258	262	292	210
Number of Participants in After School	3,560	3,478	3,586	3,758
Library				
Volumes in Collection	331,791	338,316	309,439	313,596
E-books Available to Public	31,245	30,962	28,321	36,609
Water				
Number of Water Connections	42,391	42,722	43,078	43,297
Average Daily Water Consumption (gallons)	28,671,000	26,221,000	32,351,000	28,107,000
Maximum Storage Capacity (gallons)	42,150,000	42,150,000	42,150,000	42,150,000
Solid Waste (Residential)				
Refuse Collected (tons)	45,138	47,658	47,512	51,257
Bulky/Brush Pickups (tons)	5,614	6,452	6,956	7,940
Recyclables Collected (tons)	2,898	2,859	2,580	2,619
Golf Course				
Number of Paid Rounds Played	44,306	36,838	42,824	34,760

Source: City of Waco Departments

Table XVI

Fiscal Year					
2013	2014	2015	2016	2017	2018
246	247	247	247	247	253
14,439	21,995	13,626	10,903	10,682	11,918
3,203	3,042	2,432	2,642	2,005	1,845
113,593	109,718	114,494	109,785	102,693	97,239
195	201	204	204	204	204
9,565	8,893	9,424	9,208	13,336	15,369
25.20	18.33	9.96	23.32	37.70	11.70
330	322	283	254	352	367
305	340	311	324	288	315
4,060	4,391	4,941	4,532	4,779	3,267
318,633	331,674	345,903	326,883	336,667	324,082
36,664	38,994	38,936	39,837	11,541	5,591
44,336	44,912	45,042	45,914	46,543	46,691
28,920,000	24,035,699	27,645,000	26,502,074	26,374,910	26,933,400
42,150,000	42,150,000	42,150,000	42,150,000	42,150,000	42,150,000
52,890	54,477	59,596	58,732	60,494	79,756
5,847	7,381	14,397	13,599	13,931	12,870
3,011	3,302	3,422	3,104	3,164	3,420
39,894	38,232	38,571	37,881	39,878	43,079

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

Function:	2009	2010	2011	2012
Public safety				
Police:				
Stations	1	1	1	1
Staffed substations	4	4	4	4
Patrol units - equipped for arrest use	71	71	71	71
Fire stations	14	14	14	14
Highways and streets				
Streets - paved (miles)	593	595	600	599
Streetlights - City-owned	2,197	2,282	2,295	2,295
Streetlights - Leased	6,910	6,059	6,084	6,127
Traffic control signals	198	198	194	195
Traffic beacons and flashers	100	102	102	105
Culture and recreation				
Parks acreage	1,235	1,235	1,235	1,235
Parks	44	46	46	46
Swimming pools	2	1	1	-
Tennis courts	36	36	36	36
Community centers	3	5	5	5
Water				
Water mains (miles)	954	864	885	1,021
Fire hydrants	4,935	5,032	5,165	5,229
Maximum daily capacity (thousands of gallons)	66,000	75,000	75,000	75,000
Wastewater				
Sanitary sewers (miles)	831	737	747	843
Storm sewers (miles)	350	343	345	347
Maximum daily capacity (thousands of gallons)	37,800	37,800	37,800	46,500

Source: City of Waco Departments

Table XVII

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
3	3	2	2	2	2
71	71	71	71	71	74
14	14	14	14	13	13
603	604	605	609	612	620
2,310	2,310	2,316	2,320	2,412	2,412
6,228	6,228	6,248	6,039	6,039	6,039
198	198	198	182	182	197
108	110	116	100	106	100
1,271	1,271	1,266	1,266	1,655	1,655
46	56	56	56	56	56
-	1	1	1	3	3
34	29	29	29	29	28
5	5	5	5	6	6
1,035	1,043	1,042	1,051	1,076	1,087
5,362	5,398	5,457	5,522	5,663	5,744
75,000	75,000	75,000	75,000	75,000	75,000
846	850	852	866	874	884
351	355	358	362	367	371
46,500	46,500	46,500	46,500	46,500	46,500

