

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2019

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2019

MAYOR

Kyle Deaver

CITY COUNCIL

Andrea Barefield, Mayor Pro Tem
Jim Holmes
John Kinnaird
Dillon Meek
Hector Sabido

CITY MANAGER

Wiley Stem III

ASSISTANT CITY MANAGERS

Paul Cain
Deidra Emerson
Bradley Ford

CHIEF FINANCIAL OFFICER

Janice Andrews, CPA



City of Waco, Texas

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January 14, 2020

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, 2019, 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, 2019. 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 two 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 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 paint and coatings manufacturer, and a poultry processor. Eight of the top ten employers are education, government, or healthcare related.

The educational sector contributes significantly to the City's economic stability. Waco is the home of Baylor University (Baylor), a private university with a student enrollment of approximately 18,000. Baylor offers more than 127 undergraduate degree programs, 78 master's degree programs and 46 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 4,100, 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 from 125,445 in 2018 to 126,702 by September 2019. Total employment at the beginning of fiscal year 2019 – 2020 was 122,563 while the unemployment rate was 3.1%.

Long-term Financial Planning

Unassigned fund balance in the general fund (20% of fiscal year 2020 budgeted expenditures) 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 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, 2019, for the water, wastewater and solid waste funds were 48.0%, 36.7% and 70.1%, 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

Projects continue to be evaluated that focus on the objectives of the water and wastewater master plans; regulatory compliance, water storage and transmission, capacity upgrades, asset renewal, rerouting of wastewater flows and redundancy. 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.

Currently, \$83.9 million in water and wastewater projects are in construction; another \$70.8 million in projects are in design; and \$78.2 million in water and wastewater projects have been completed. (These dollar amounts represent construction contract values only.) Additional 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 database driven pavement management selection process that addresses streets preservation and rehabilitation projects on a long term planning basis. In 2019, City Council elected to again strategically place

Streets as a high priority; resulting in an increase to the annual funding for the Better Streets Waco Program. This set-aside funding for Streets capital improvements shall enable Public Works to stabilize the growing 630 centerline miles of streets from further deteriorating towards a condition considered at-risk and declining. City Council has taken action to acknowledge that issue by working to grow the overall streets network to a target pavement condition index (PCI) of 70.

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 2020 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 and additional facilities to enhance diversion and recycling opportunities. The engineering and environmental studies, analyses and permitting process are proceeding for an alternate disposal facility to meet the future needs of the City and surrounding communities.

Growth and Development

As the City continues to grow, stabilizing the core and incentivizing development is critical to residential and economic development initiatives. The City has begun incentivizing core city development with Residential Tax Abatements and strategic usage of City-owned property. Development on Belmont Addition will add significant affordable housing stock to the core, and re-development of the Sanger School site and Floyd Casey Stadium site will also drive core city development in the years to come.

The City continues to support and incentivize tourism through the Convention Center and Visitors Bureau. Additionally, community commitment to the Cameron Park Zoo was renewed in November 2019 with the passage of a zoo bond at the countywide level that will fund a significant expansion of zoo facilities and new exhibits, including a new penguin exhibit.

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. The draft results of these studies are expected in spring 2020.

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 March 2020. The four-phase riverfront project includes at least \$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: expansion of the Magnolia Silos property, multiple full-service hotels, creative entertainment and eating venues, and numerous other 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 Library District. 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 (HUD) grant for \$1.5 million that will be used to combat childhood lead exposure, particularly in older homes containing lead based paint. In 2019, HUD awarded the City of Waco with an additional \$2.3 million for the removal of lead and other contaminants from their homes.

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, 2018. This was the 37th 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, 2018 and the Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2018. 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.

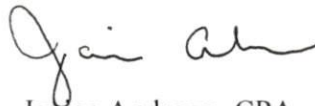
We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

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.

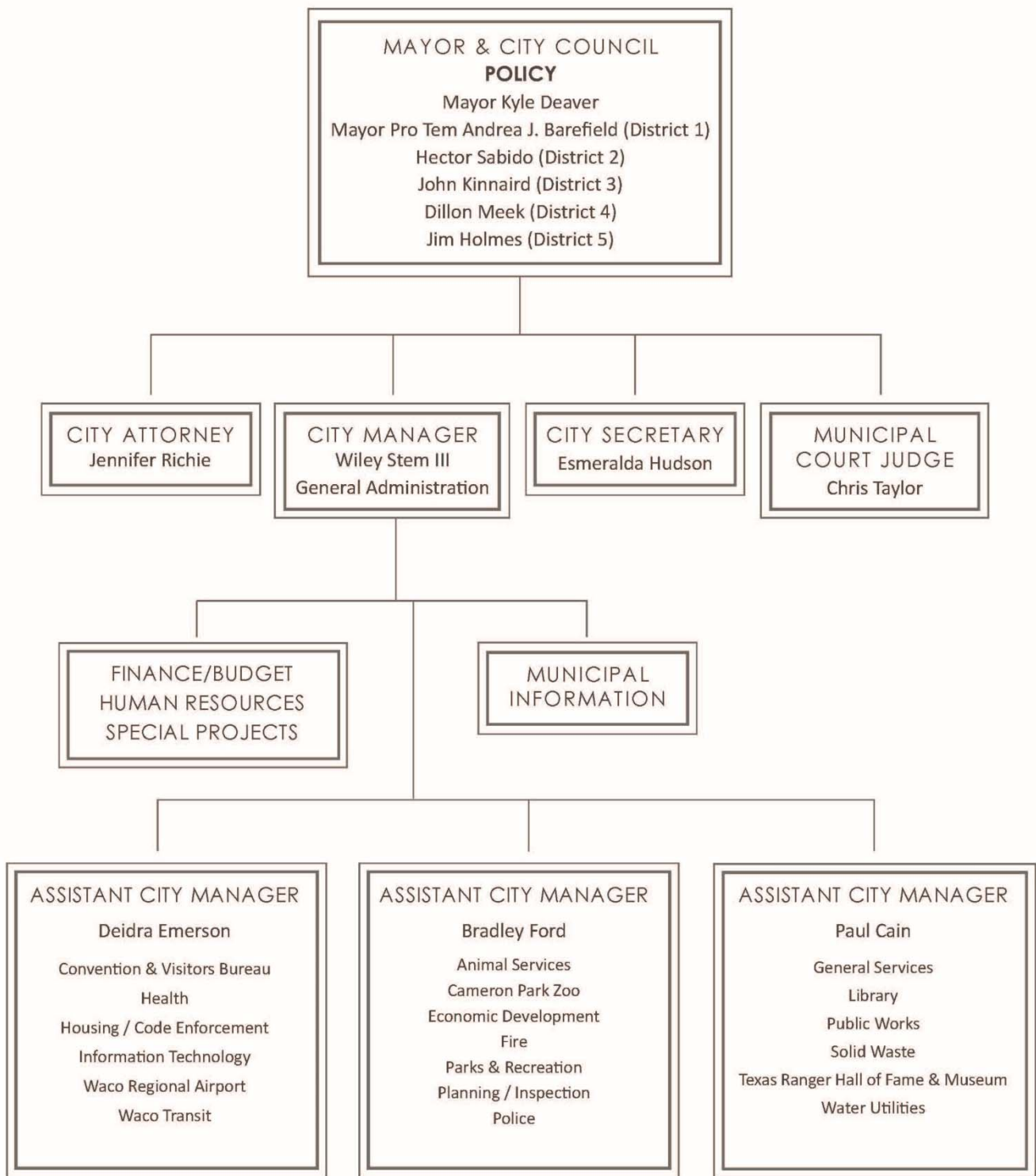
Respectfully submitted,



Wiley Stem, III
City Manager



Janice Andrews, CPA
Chief Finance Officer





Government Finance Officers Association

**Certificate of
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**City of Waco
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO



Financial Section





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

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of and for the year ended September 30, 2019, 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, 2019, 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.

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 93 through 95 (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 January 14, 2020, 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.

January 14, 2020



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, 2019. 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, 2019 by \$653,057,986 (net position). Of this amount, \$135,010,240 (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 \$46,372,059.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$181,237,655. The fund balance components are nonspendable - \$1,348,080, restricted - \$79,874,523, committed - \$28,668,350, assigned - \$40,807,368 and unassigned - \$30,539,334. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2019, unassigned fund balance for the General Fund was \$30,539,334 or 20% of the 2020 budgeted general fund expenditures.

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 23 – 25 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 26 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, which is considered a major fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual fund statements and schedules elsewhere in this report.

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses its internal service funds to account for its risk management, health insurance, engineering, and fleet services. These internal service

functions have been included within governmental activities in the government-wide financial statements.

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

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the 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 43 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 45 through 90 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 93 through 95 of this report. The combining and individual fund statements and schedules are presented immediately following the required supplementary information beginning on page 101 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 \$653,057,986 as of September 30, 2019.

The largest portion of the City’s net position (\$473,054,480) 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 | |
|--------------------------------------|----------------------------|--------------------|-----------------------------|--------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 218,223,373 | 180,114,401 | 249,921,870 | 244,040,197 | 468,145,243 | 424,154,598 |
| Capital assets | <u>305,585,840</u> | <u>287,597,770</u> | <u>488,334,495</u> | <u>447,642,474</u> | <u>793,920,335</u> | <u>735,240,244</u> |
| Total assets | <u>523,809,213</u> | <u>467,712,171</u> | <u>738,256,365</u> | <u>691,682,671</u> | <u>1,262,065,578</u> | <u>1,159,394,842</u> |
| Total deferred outflows of resources | <u>32,099,859</u> | <u>12,223,903</u> | <u>7,932,443</u> | <u>5,003,503</u> | <u>40,032,302</u> | <u>17,227,406</u> |
| Long-term liabilities | 189,004,221 | 141,848,375 | 371,144,955 | 339,969,309 | 560,149,176 | 481,817,684 |
| Other liabilities | <u>41,983,052</u> | <u>34,317,714</u> | <u>46,302,405</u> | <u>41,638,374</u> | <u>88,285,457</u> | <u>75,956,088</u> |
| Total liabilities | <u>230,987,273</u> | <u>176,166,089</u> | <u>417,447,360</u> | <u>381,607,683</u> | <u>648,434,633</u> | <u>557,773,772</u> |
| Total deferred inflows of resources | <u>524,834</u> | <u>10,459,793</u> | <u>80,427</u> | <u>1,702,756</u> | <u>605,261</u> | <u>12,162,549</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 227,983,027 | 216,259,979 | 245,071,453 | 231,095,661 | 473,054,480 | 447,355,640 |
| Restricted | 43,936,163 | 36,749,778 | 1,057,103 | 943,463 | 44,993,266 | 37,693,241 |
| Unrestricted | <u>52,477,775</u> | <u>40,300,435</u> | <u>82,532,465</u> | <u>81,336,611</u> | <u>135,010,240</u> | <u>121,637,046</u> |
| Total net position | <u>\$ 324,396,965</u> | <u>293,310,192</u> | <u>328,661,021</u> | <u>313,375,735</u> | <u>653,057,986</u> | <u>606,685,927</u> |

A portion of the City's net position (\$44,993,266) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$135,010,240) 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, 2019, 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 \$46,372,059 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, 2019. Governmental activities increased the City's net position by \$31,086,773 and represented 67% of the total. Business-type activities increased the City's net position by \$15,285,286 and represented 33% of the total increase.

City of Waco Changes in Net Position

| | Year Ended September 30, | | | | | |
|---|----------------------------|-----------------------------|--------------------|----------------------------|-----------------------------|--------------------|
| | 2019 | | | 2018 | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,288,182 | 115,996,463 | 124,284,645 | 8,523,598 | 109,118,693 | 117,642,291 |
| Operating grants and contributions | 11,527,188 | 4,028,788 | 15,555,976 | 10,748,885 | 3,738,719 | 14,487,604 |
| Capital grants and contributions | 8,561,177 | 3,182,243 | 11,743,420 | 11,861,689 | 1,048,602 | 12,910,291 |
| General revenues: | | | | | | |
| Ad valorem taxes | 88,727,973 | - | 88,727,973 | 80,867,011 | - | 80,867,011 |
| Sales taxes | 40,610,169 | - | 40,610,169 | 39,017,059 | - | 39,017,059 |
| Franchise taxes | 14,590,418 | - | 14,590,418 | 14,916,497 | - | 14,916,497 |
| Hotel/motel taxes | - | 4,617,066 | 4,617,066 | - | 4,270,253 | 4,270,253 |
| Other taxes | 1,273,129 | - | 1,273,129 | 1,148,309 | - | 1,148,309 |
| Investment earnings | 7,976,252 | 2,278,688 | 10,254,940 | 4,092,426 | 1,198,208 | 5,290,634 |
| Miscellaneous | 1,635,710 | - | 1,635,710 | 1,162,457 | - | 1,162,457 |
| Special item-gain on exchange transaction | - | - | - | - | - | - |
| Total revenues | <u>183,190,198</u> | <u>130,103,248</u> | <u>313,293,446</u> | <u>172,337,931</u> | <u>119,374,475</u> | <u>291,712,406</u> |
| Expenses: | | | | | | |
| General government | 21,290,272 | - | 21,290,272 | 23,161,022 | - | 23,161,022 |
| Public works | 14,063,962 | - | 14,063,962 | 13,738,063 | - | 13,738,063 |
| Public safety | 81,605,115 | - | 81,605,115 | 76,378,833 | - | 76,378,833 |
| Culture and recreation | 19,651,578 | - | 19,651,578 | 18,085,607 | - | 18,085,607 |
| Public health | 9,205,925 | - | 9,205,925 | 7,991,534 | - | 7,991,534 |
| Housing and community development | 2,904,350 | - | 2,904,350 | 2,220,964 | - | 2,220,964 |
| Interest on long-term debt | 3,149,200 | - | 3,149,200 | 2,942,299 | - | 2,942,299 |
| Water | - | 39,841,010 | 39,841,010 | - | 37,944,429 | 37,944,429 |
| Wastewater | - | 27,232,626 | 27,232,626 | - | 23,339,837 | 23,339,837 |
| Solid waste | - | 20,867,979 | 20,867,979 | - | 17,150,662 | 17,150,662 |
| Airport | - | 4,333,238 | 4,333,238 | - | 3,833,773 | 3,833,773 |
| Convention services | - | 5,684,576 | 5,684,576 | - | 4,855,004 | 4,855,004 |
| Ranger Hall of Fame | - | 1,404,669 | 1,404,669 | - | 1,390,759 | 1,390,759 |
| Cameron Park Zoo | - | 5,357,572 | 5,357,572 | - | 5,342,574 | 5,342,574 |
| Transit services | - | 8,234,983 | 8,234,983 | - | 7,902,796 | 7,902,796 |
| Cottonwood Creek Golf Course | - | 2,094,332 | 2,094,332 | - | 2,044,411 | 2,044,411 |
| Total expenses | <u>151,870,402</u> | <u>115,050,985</u> | <u>266,921,387</u> | <u>144,518,322</u> | <u>103,804,245</u> | <u>248,322,567</u> |
| Increase in net position before transfers | 31,319,796 | 15,052,263 | 46,372,059 | 27,819,609 | 15,570,230 | 43,389,839 |
| Transfers | (233,023) | 233,023 | - | 462,783 | (462,783) | - |
| Increase in net position | <u>31,086,773</u> | <u>15,285,286</u> | <u>46,372,059</u> | <u>28,282,392</u> | <u>15,107,447</u> | <u>43,389,839</u> |
| Net position, beginning of year | <u>293,310,192</u> | <u>313,375,735</u> | <u>606,685,927</u> | <u>265,027,800</u> | <u>298,268,288</u> | <u>563,296,088</u> |
| Net position, end of year | <u>\$ 324,396,965</u> | <u>328,661,021</u> | <u>653,057,986</u> | <u>293,310,192</u> | <u>313,375,735</u> | <u>606,685,927</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 \$10.9 million (6.3%). Ad valorem taxes reflected an increase of \$7.9 million (9.7%), primarily as a result of growth in the property tax base including an increase of \$188 million in new construction assessments. Sales taxes reflected an increase of approximately \$1.6 million (4.1%).
- Overall, governmental expenses increased \$7.4 million (5.1%). A 3.0% salary increase for all eligible employees and job class step increases for eligible civil service employees were approved in the budget. These budgeted salary increases of approximately \$2.9 million were offset with position vacancies and a decrease of approximately 8 full-time equivalents for departments such as facilities. The City Council approved additional City funding for health insurance with annual contributions for an eligible employee increasing from \$7,131 to \$7,697 which increased benefits for governmental activities by approximately \$0.6 million. As expected, significant fluctuations in pension expense may occur in response to changes in fair value of plan assets and the total pension liability. Pension expense increased \$5.7 million as compared to prior year due to market changes. These increases for salaries and benefits of \$9.2 million were partially offset by reductions in economic development incentives and economic development grants expenses. The expense recognized related to economic development incentives is dependent on the timing of project requests and completion dates.

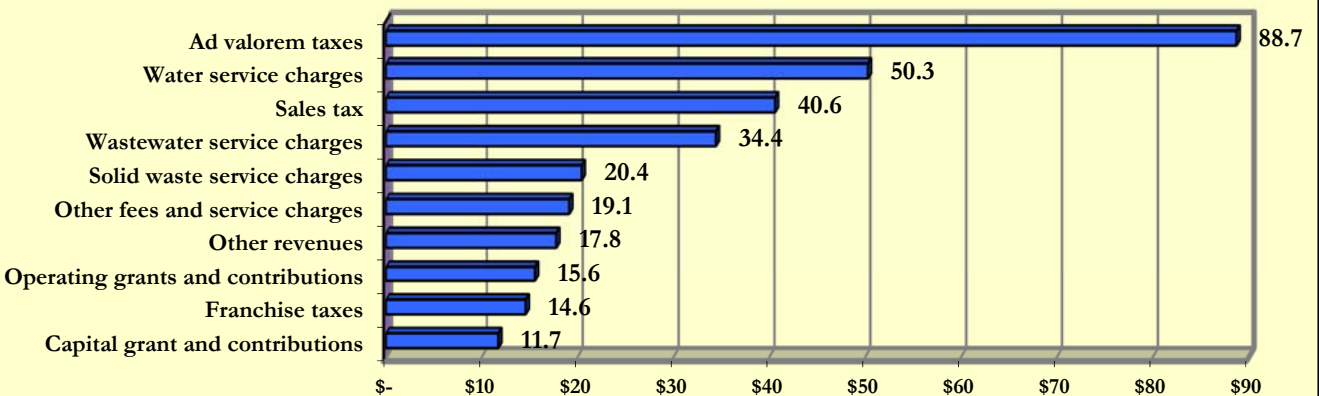
Business-type activities – Key elements of the increase in business-type net position include:

- Charges for services increased by over \$6.9 million (6.3%) as compared to prior year primarily due to rate increases and growth in service activity as follows; water (\$1.3 million), wastewater (\$4.4 million), and solid waste (\$0.7 million). Effective January 1, 2019, 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, continue to be a significant factor contributing to changes in rates. Although solid waste residential, commercial, and roll-off rates remained the same for fiscal year 2019, fee changes were included for landfill gate fees. The other nonmajor enterprise funds reported an increase of \$0.5 million for charges for services as compared to prior year. Capital grants and contributions increased approximately \$2.1 million primarily due to transit capital grants for vans; airport capital grants for runway protection zone land purchases; and purchase of an ARFF (Aircraft Rescue and Fire Fighting) vehicle.

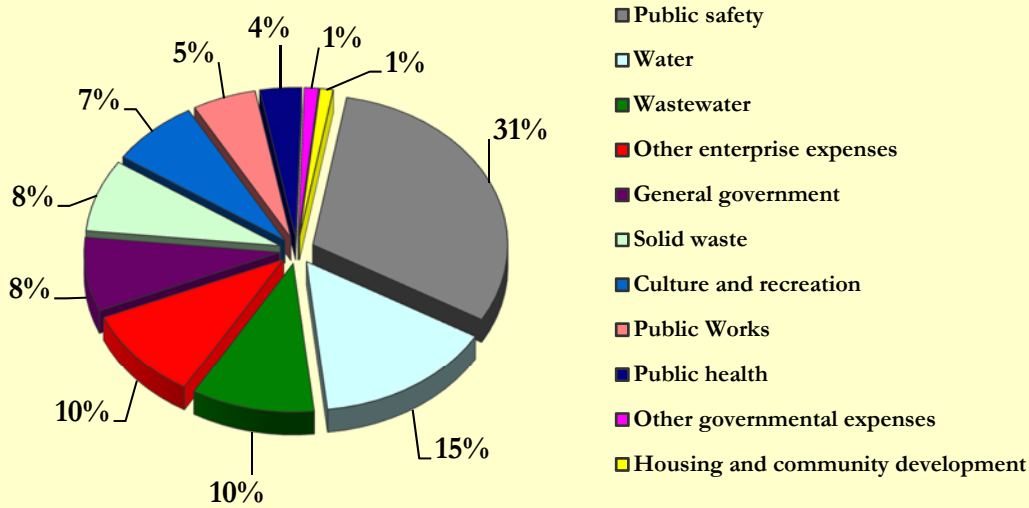
City of Waco
Changes in Net Position
(Continued)

- Total expenses increased \$11.3 million (10.8%) with the major funds of water, wastewater, and solid waste accounting for \$9.5 million of this increase. Salaries and benefits increased \$2 million. The budgeted 3.0% increase was approximately \$0.6 million for salaries. The increase for health insurance benefits approved by Council accounted for approximately \$0.2 million of additional costs. Pension expense increased \$0.9 million for the three major funds due to the reduction in fair values of plan assets and an increase in the total pension liability. Maintenance expenses increased \$2 million with wastewater accounting for \$1.4 million of the increase primarily due to emergency repairs for interceptor and sanitary sewer lines. Other purchased services increased \$2.6 million primarily due to \$1.4 million of expense for the purchase of mitigation credits for new landfill and another \$0.6 million for additional event incentives and promotions for the convention center. Expenses classified as other increased \$0.8 million primarily due to the increase of indirect costs. Depreciation increased \$1.4 million with landfill accounting for \$0.9 million of the increase primarily as a result of landfill liner depreciation. Interest expense also accounted for an increase of \$0.6 million primarily due to debt financing that has been issued to meet water and wastewater infrastructure needs.

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 \$181,237,655. Approximately 0.7% (\$1,348,080) 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 44.1% (\$79,874,523) 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 15.8% (\$28,668,350) 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 22.5% (\$40,807,368) 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 \$30,539,334 (16.9%) is reported as unassigned. Refer to pages 54 and 55 of this report for a more detailed presentation of governmental fund balances.

The City Council approved an amendment to the City's financial management policy statement to now provide for general fund unassigned fund balance to be maintained at 20% of current year expenditures. Unassigned general fund balance at the end of the current fiscal year is 20% of 2020 budgeted expenditures. The fund balance of the general fund at the end of the current year reported an increase of \$17,231,402. Total revenues in the general fund increased \$11,410,794 as compared to the prior year and were \$9,577,121 more than the final budget. Key factors in general fund revenue are as follows:

- Increases of approximately \$6.2 million in property tax revenues resulted primarily from growth in net taxable assessed property valuation of over 9%. Property taxes represented approximately 44% of total general fund revenues.
- Sales tax revenue reported an increase of approximately \$1.6 million as compared to prior year, with actual amounts exceeding the amount originally budgeted for the fiscal year by over \$4.0 million. Increased economic activity, lower unemployment rates, and lower fuel prices all contributed to this revenue growth. This revenue source represents 28% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, decreased \$0.3 million as compared to prior year. Approximately 10% of total general fund revenues came from gross receipts fees.

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

Unrestricted net position of the respective major proprietary funds are Water - \$38,924,628, Wastewater - \$28,655,882, and Solid Waste - \$7,779,028. These funds experienced increases (decreases) in total net position during 2019 as follows: Water - \$8,210,424, Wastewater - \$6,819,030, and Solid Waste - (\$413,635).

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$3,996,809. The primary differences can be briefly summarized as follows:

- \$1,222,901 increase for purchase orders that rolled from FY 2018
- \$415,000 increase for transfer to Fleet Services Fund
- \$342,904 increase for impact fee study
- \$281,913 increase for North 9th Street emergency repair
- \$275,000 increase for City's Municipal information cable channel equipment
- \$238,896 increase for 2018 Street Preservation project
- \$236,152 increase for Landon Branch Bridge project
- \$150,508 increase for various equipment purchases
- \$147,308 increase for Section 4B IH-35 TxDOT project
- \$146,608 increase for Elm Avenue project
- \$139,608 increase for various supplies
- \$116,000 increase for City Hall 2nd floor renovations
- \$80,000 increase for contracts with others
- \$70,985 increase for South 26th Street improvements
- \$59,970 increase for State Highway 6 improvements
- \$35,000 increase for Texas Anti-Gang Center lease
- \$8,056 for various maintenance expenditures

Of this increase, \$781,373 was from fund balance assigned for capital improvements, \$342,904 from fund balance assigned for economic development, \$757,418 from fund balance assigned for public works, \$311,125 from fund balance assigned for other, \$44,920 from fund balance assigned for culture and recreation, \$581,297 from fund balance assigned for public safety, \$495,000 from increases in sales tax, \$182,664 from increases in intergovernmental revenues, \$275,000 from increases in franchise fees, \$44,600 from fund balance assigned for housing and \$150,508 from increases in transfers from other funds.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 30 to 38 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2019.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$793,920,335 (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 \$51.2 million on various water and wastewater systems projects.
- Capitalized \$27.9 million in street and drainage infrastructure and contributions.
- Capitalized approximately \$10.1 million for solid waste equipment, land, and disposal facilities.
- Capitalized \$3.2 million on fire facility improvements and equipment.

City of Waco Capital Assets

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 61,183,206 | 58,702,421 | 15,202,447 | 8,464,223 | 76,385,653 | 67,166,644 |
| Buildings | 83,011,175 | 82,367,465 | 84,508,590 | 83,049,381 | 167,519,765 | 165,416,846 |
| Improvements other than buildings | 69,529,596 | 68,808,482 | 584,909,947 | 543,161,866 | 654,439,543 | 611,970,348 |
| Machinery and equipment | 65,342,853 | 61,883,779 | 62,207,295 | 57,386,997 | 127,550,148 | 119,270,776 |
| Museum collections | - | - | 2,264,424 | 2,224,424 | 2,264,424 | 2,224,424 |
| Infrastructure | 318,076,080 | 307,293,616 | - | - | 318,076,080 | 307,293,616 |
| Construction work in progress | 23,797,173 | 7,031,649 | 62,058,402 | 54,561,938 | 85,855,575 | 61,593,587 |
| Water rights | - | - | 32,482,879 | 32,482,879 | 32,482,879 | 32,482,879 |
| Less: accumulated depreciation | <u>(315,354,243)</u> | <u>(298,489,642)</u> | <u>(355,299,489)</u> | <u>(333,689,234)</u> | <u>(670,653,732)</u> | <u>(632,178,876)</u> |
| Total capital assets | \$ <u>305,585,840</u> | <u>287,597,770</u> | <u>488,334,495</u> | <u>447,642,474</u> | <u>793,920,335</u> | <u>735,240,244</u> |

Additional information on the City's capital assets can be found in Note IV on pages 64 – 66 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 \$486,051,748. Of this amount, \$484,226,926 represents bonded debt backed by the full faith and credit of the government. The \$1,824,822 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 | |
|---------------------------------|----------------------------|--------------------|-----------------------------|--------------------|--------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation certificates | \$ 113,735,153 | 101,447,378 | 370,491,773 | 343,297,379 | 484,226,926 | 444,744,757 |
| Notes payable | <u>322,844</u> | <u>484,266</u> | <u>1,501,978</u> | <u>1,588,306</u> | <u>1,824,822</u> | <u>2,072,572</u> |
| | <u>\$ 114,057,997</u> | <u>101,931,644</u> | <u>371,993,751</u> | <u>344,885,685</u> | <u>486,051,748</u> | <u>446,817,329</u> |

During the 2019 fiscal year, the City issued \$63,910,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including improvements to City administration and service buildings, zoo facilities, construction and improvements to fire stations, parks and recreation facilities, traffic control systems, streets, street lighting and drainage, sidewalks, vehicles, fire-fighting equipment, equipment, water, wastewater improvements, and solid waste disposal facilities. The City also issued \$22,785,000 of general obligation refunding bonds which were used to refund existing general obligation debt. This current refunding was undertaken to reduce total debt service payments by \$2,293,493 over the next twelve years, resulting in an economic gain of \$2,051,342. The City's combination tax and revenue certificates of obligation bond ratings are listed below:

| | <u>Moody's Investors Service</u> | <u>Standard and Poor's</u> |
|--------------------------|--------------------------------------|--------------------------------|
| General obligation bonds | Aa1 | AA+ |

Additional information on the City of Waco's long-term debt can be found in Note IV on pages 69 to 74 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2020 is based on an increase in revenues of 7.7% 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 2020. The fiscal year 2020 budget includes a \$4.4 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, 2019.

Approximately 26% of general fund revenues come from sales taxes. The City ended 2019 with sales tax revenue considerably over the original adopted budget. Sales taxes for 2020 were budgeted with a 6.7% increase over the fiscal year 2019 adopted budget, but still less than actual receipts for 2019. 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 2020 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 2020 (14.33%) increased slightly from the 2019 rate (14.02%). 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 2020 included approximately \$14.1 million for TMRS contributions.

Fiscal year 2020 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, roll-off rates, and landfill gate fees will also increase for fiscal year 2020.

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, 2019

| | Primary Government | | | Component Units | |
|---|----------------------------|-----------------------------|-----------------------|-------------------------------------|---|
| | Governmental Activities | Business-type Activities | Total | Baylor Waco Stadium Authority | Waco Health Facilities Development Corporation |
| Assets | | | | | |
| Cash and investments | \$ 198,360,099 | 99,658,795 | 298,018,894 | 45,340 | 31,588 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Accounts | 3,768,823 | 14,598,462 | 18,367,285 | 47,768 | - |
| Special assessments | 5,460 | - | 5,460 | - | - |
| Taxes | 9,914,418 | - | 9,914,418 | - | - |
| Intergovernmental receivable | 1,938,049 | 3,456,535 | 5,394,584 | - | - |
| Prepaid items | - | 274,315 | 274,315 | 28,035 | - |
| Internal balances | 2,654,415 | (2,654,415) | - | - | - |
| Inventories | 1,177,708 | 1,233,117 | 2,410,825 | - | - |
| Restricted cash and investments | - | 133,355,061 | 133,355,061 | - | - |
| Notes receivable | 338,144 | - | 338,144 | - | - |
| Real estate held for resale | 66,257 | - | 66,257 | - | - |
| Capital assets not being depreciated: | | | | | |
| Land | 61,183,206 | 15,202,447 | 76,385,653 | - | - |
| Museum collections | - | 2,264,424 | 2,264,424 | - | - |
| Construction in progress | 23,797,173 | 62,058,402 | 85,855,575 | - | - |
| Capital assets, net of accumulated depreciation: | | | | | |
| Buildings | 51,549,810 | 38,723,071 | 90,272,881 | - | - |
| Machinery and equipment | 18,340,723 | 18,702,407 | 37,043,130 | 2,333 | - |
| Improvements other than buildings | 29,369,587 | 332,365,514 | 361,735,101 | - | - |
| Infrastructure | 121,345,341 | - | 121,345,341 | - | - |
| Water rights | - | 19,018,230 | 19,018,230 | - | - |
| Total assets | 523,809,213 | 738,256,365 | 1,262,065,578 | 123,476 | 31,588 |
| Deferred outflows of resources | | | | | |
| Deferred outflows of resources: | | | | | |
| Deferred losses on refundings of debt | 1,571,341 | 2,984,673 | 4,556,014 | - | - |
| Deferred outflows on pension liability | 30,393,480 | 4,947,770 | 35,341,250 | - | - |
| Deferred outflows on OPEB liability | 135,038 | - | 135,038 | - | - |
| Total deferred outflows of resources | 32,099,859 | 7,932,443 | 40,032,302 | - | - |
| Liabilities | | | | | |
| Accounts payable | 8,689,732 | 8,359,794 | 17,049,526 | 38,004 | - |
| Accrued liabilities | 7,690,124 | 5,370,016 | 13,060,140 | 200 | - |
| Accrued interest payable | 976,572 | 2,835,197 | 3,811,769 | - | - |
| Unearned revenue | 20,869 | 284,372 | 305,241 | 19,550 | - |
| Escrow funds | 1,529,468 | - | 1,529,468 | - | - |
| Customer deposits | 646,445 | - | 646,445 | - | - |
| Advanced deposits from Baylor University | - | - | - | 65,722 | - |
| Liabilities payable from restricted assets | - | 6,136,239 | 6,136,239 | - | - |
| Noncurrent liabilities: | | | | | |
| Due within one year | 22,429,842 | 23,316,787 | 45,746,629 | - | - |
| Due in more than one year | 189,004,221 | 371,144,955 | 560,149,176 | - | - |
| Total liabilities | 230,987,273 | 417,447,360 | 648,434,633 | 123,476 | - |
| Deferred inflows of resources: | | | | | |
| Deferred gains on refundings of debt | - | 10,446 | 10,446 | - | - |
| Deferred inflows on pension liability | 429,910 | 69,981 | 499,891 | - | - |
| Deferred inflows on OPEB liability | 94,924 | - | 94,924 | - | - |
| Total deferred inflows of resources | 524,834 | 80,427 | 605,261 | - | - |
| Net position | | | | | |
| Net investment in capital assets | 227,983,027 | 245,071,453 | 473,054,480 | - | - |
| Restricted for: | | | | | |
| Tax increment financing/public improvement district | 38,989,174 | - | 38,989,174 | - | - |
| Housing and community development | 265,326 | - | 265,326 | - | - |
| Culture and recreation | 153,891 | - | 153,891 | - | - |
| Public safety | 1,568,647 | - | 1,568,647 | - | - |
| Public works | 1,142,535 | - | 1,142,535 | - | - |
| Municipal information | 1,318,309 | - | 1,318,309 | - | - |
| Debt service | 120,072 | - | 120,072 | - | - |
| Parks and cemetery care - nonexpendable | 378,209 | - | 378,209 | - | - |
| Capital projects | - | 1,057,103 | 1,057,103 | - | - |
| Unrestricted | 52,477,775 | 82,532,465 | 135,010,240 | - | 31,588 |
| Total net position | \$ 324,396,965 | \$ 328,661,021 | \$ 653,057,986 | \$ - | \$ 31,588 |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|--|-------------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government | \$ (21,290,272) | 435,415 | 1,901,422 | - |
| Public safety | (81,605,115) | 4,915,802 | 2,472,609 | 91,659 |
| Public works | (14,063,962) | 790 | - | 7,874,102 |
| Culture and recreation | (19,651,578) | 1,688,278 | 1,039,393 | 595,416 |
| Public health | (9,205,925) | 1,247,897 | 4,156,342 | - |
| Housing and community development | (2,904,350) | - | 1,957,422 | - |
| Interest on long-term debt | (3,149,200) | - | - | - |
| Total governmental activities | <u>(151,870,402)</u> | <u>8,288,182</u> | <u>11,527,188</u> | <u>8,561,177</u> |
| Business-type activities: | | | | |
| Water | (39,841,010) | 50,287,352 | 4,771 | 100,043 |
| Wastewater | (27,232,626) | 34,435,075 | - | - |
| Solid waste | (20,867,979) | 20,435,913 | - | - |
| Airport | (4,333,238) | 1,317,810 | 97,138 | 2,530,094 |
| Convention services | (5,684,576) | 1,795,841 | - | - |
| Ranger Hall of Fame | (1,404,669) | 752,273 | 21,175 | 40,000 |
| Cameron Park Zoo | (5,357,572) | 2,085,321 | - | - |
| Transit services | (8,234,983) | 3,123,994 | 3,905,704 | 512,106 |
| Cottonwood Creek Golf Course | (2,094,332) | 1,762,884 | - | - |
| Total business-type activities | <u>(115,050,985)</u> | <u>115,996,463</u> | <u>4,028,788</u> | <u>3,182,243</u> |
| Total primary government | <u>\$ (266,921,387)</u> | <u>124,284,645</u> | <u>15,555,976</u> | <u>11,743,420</u> |
| Component Units: | | | | |
| Baylor Waco Stadium Authority | \$ (2,640,690) | 619,973 | 2,020,717 | - |
| Waco Health Facilities Development Corporation | - | - | - | - |
| Total component units | <u>\$ (2,640,690)</u> | <u>619,973</u> | <u>2,020,717</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 | | | | |
| 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 | Waco Health Facilities Development Corporation |
| (18,953,435) | - | (18,953,435) | | |
| (74,125,045) | - | (74,125,045) | | |
| (6,189,070) | - | (6,189,070) | | |
| (16,328,491) | - | (16,328,491) | | |
| (3,801,686) | - | (3,801,686) | | |
| (946,928) | - | (946,928) | | |
| (3,149,200) | - | (3,149,200) | | |
| <u>(123,493,855)</u> | <u>-</u> | <u>(123,493,855)</u> | | |
| - | 10,551,156 | 10,551,156 | | |
| - | 7,202,449 | 7,202,449 | | |
| - | (432,066) | (432,066) | | |
| - | (388,196) | (388,196) | | |
| - | (3,888,735) | (3,888,735) | | |
| - | (591,221) | (591,221) | | |
| - | (3,272,251) | (3,272,251) | | |
| - | (693,179) | (693,179) | | |
| - | (331,448) | (331,448) | | |
| <u>-</u> | <u>8,156,509</u> | <u>8,156,509</u> | | |
| <u>(123,493,855)</u> | <u>8,156,509</u> | <u>(115,337,346)</u> | | |
| | | | - | - |
| | | | <u>-</u> | <u>-</u> |
| | | | <u>-</u> | <u>-</u> |
| \$ 74,555,736 | - | 74,555,736 | - | - |
| 14,172,237 | - | 14,172,237 | - | - |
| 40,610,169 | - | 40,610,169 | - | - |
| 14,590,418 | - | 14,590,418 | - | - |
| - | 4,617,066 | 4,617,066 | - | - |
| 1,273,129 | - | 1,273,129 | - | - |
| 7,976,252 | 2,278,688 | 10,254,940 | - | 755 |
| 1,635,710 | - | 1,635,710 | - | - |
| (233,023) | 233,023 | - | - | - |
| <u>154,580,628</u> | <u>7,128,777</u> | <u>161,709,405</u> | <u>-</u> | <u>755</u> |
| 31,086,773 | 15,285,286 | 46,372,059 | - | 755 |
| <u>293,310,192</u> | <u>313,375,735</u> | <u>606,685,927</u> | <u>-</u> | <u>30,833</u> |
| <u>\$ 324,396,965</u> | <u>328,661,021</u> | <u>653,057,986</u> | <u>-</u> | <u>31,588</u> |

City of Waco, Texas

Balance Sheet Governmental Funds September 30, 2019

| | General Fund | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-------------------------|--------------------------------|
| Assets | | | |
| Cash and investments | \$ 83,105,533 | \$ 99,768,349 | \$ 182,873,882 |
| Receivables, net of allowances: | | | |
| Accounts | 3,630,048 | 138,775 | 3,768,823 |
| Special assessments | - | 5,460 | 5,460 |
| Taxes | 9,538,625 | 375,793 | 9,914,418 |
| Notes | - | 338,144 | 338,144 |
| Advances to other funds | - | 168,368 | 168,368 |
| Intergovernmental receivable | 74,843 | 1,863,206 | 1,938,049 |
| Inventory | 963,711 | - | 963,711 |
| Real estate held for resale | 6,160 | 60,097 | 66,257 |
| Due from other funds | 2,623,568 | 1,044,045 | 3,667,613 |
| Total assets | \$ 99,942,488 | \$ 103,762,237 | \$ 203,704,725 |
| Liabilities | | | |
| Accounts payable | \$ 2,647,599 | \$ 5,786,965 | \$ 8,434,564 |
| Accrued liabilities | 5,640,687 | 1,451,551 | 7,092,238 |
| Unearned revenue | 20,869 | - | 20,869 |
| Due to other funds | 623,514 | 1,181,566 | 1,805,080 |
| Deposits | 646,445 | - | 646,445 |
| Escrow funds | 460,087 | 1,068,843 | 1,528,930 |
| Total liabilities | 10,039,201 | 9,488,925 | 19,528,126 |
| Deferred inflows of resources | | | |
| Unavailable revenue: | | | |
| Property taxes | 2,126,578 | 354,015 | 2,480,593 |
| Court fines | 452,891 | - | 452,891 |
| Special assessments | - | 5,460 | 5,460 |
| Total deferred inflows of resources | 2,579,469 | 359,475 | 2,938,944 |
| Total liabilities and deferred inflows of resources | 12,618,670 | 9,848,400 | 22,467,070 |
| Fund balances | | | |
| Nonspendable: | | | |
| Inventory | 963,711 | - | 963,711 |
| Parks and cemetery care | - | 378,209 | 378,209 |
| Real estate held for resale | 6,160 | - | 6,160 |
| Restricted for: | | | |
| Capital projects | - | 35,639,375 | 35,639,375 |
| Culture and recreation | - | 153,891 | 153,891 |
| Debt service | - | 742,629 | 742,629 |
| Housing and community development | - | 325,423 | 325,423 |
| Municipal information | 1,318,309 | - | 1,318,309 |
| Public works | - | 1,142,535 | 1,142,535 |
| Public safety | - | 1,568,647 | 1,568,647 |
| Tax increment zone activities | - | 37,977,473 | 37,977,473 |
| Waco Public Improvement District | - | 1,006,241 | 1,006,241 |
| Committed to: | | | |
| Capital projects | - | 12,465,309 | 12,465,309 |
| Economic development | 13,688,936 | - | 13,688,936 |
| Public health | - | 2,514,105 | 2,514,105 |
| Assigned to: | | | |
| Capital improvements | 25,476,197 | - | 25,476,197 |
| Culture and recreation | 340,878 | - | 340,878 |
| Economic development | 8,274,949 | - | 8,274,949 |
| Other | 1,045,887 | - | 1,045,887 |
| Public safety | 699,653 | - | 699,653 |
| Public works | 566,574 | - | 566,574 |
| Subsequent year's budget appropriation | 4,403,230 | - | 4,403,230 |
| Unassigned | 30,539,334 | - | 30,539,334 |
| Total fund balances | \$ 87,323,818 | \$ 93,913,837 | \$ 181,237,655 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 99,942,488 | \$ 103,762,237 | \$ 203,704,725 |

See accompanying notes to financial statements.

City of Waco, Texas
 Reconciliation of the Balance Sheet to the Statement of Net Position
 September 30, 2019

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

| | | |
|---|----|---------------------------|
| Total fund balances - governmental funds (page 26) | \$ | 181,237,655 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 304,758,062 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds. | | 2,938,944 |
| 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. | | 12,969,865 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | <u>(177,507,561)</u> |
| Net position of governmental activities (page 25) | \$ | <u><u>324,396,965</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, 2019

| | General Fund | Total Nonmajor Funds | Total Governmental Funds |
|--|-----------------------------|-----------------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 104,837,511 | \$ 24,569,181 | \$ 129,406,692 |
| Business and occupation fees | 14,590,418 | - | 14,590,418 |
| Permits, licenses and fees | 1,875,782 | 1,081,246 | 2,957,028 |
| Fines | 1,607,374 | 448,254 | 2,055,628 |
| Charges for services | 2,101,940 | - | 2,101,940 |
| Investment earnings | 2,470,954 | 5,169,628 | 7,640,582 |
| Contributions | 677,457 | 394,921 | 1,072,378 |
| Intergovernmental | 2,121,293 | 7,313,711 | 9,435,004 |
| Program income | - | 194,820 | 194,820 |
| Other | 13,626,575 | 877,438 | 14,504,013 |
| Total revenues | <u>143,909,304</u> | <u>40,049,199</u> | <u>183,958,503</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 22,159,881 | 8,563,343 | 30,723,224 |
| Public safety | 74,909,796 | 844,769 | 75,754,565 |
| Public works | 5,413,207 | 438,678 | 5,851,885 |
| Culture and recreation | 14,786,909 | 29,518 | 14,816,427 |
| Housing and community development | 315,545 | 2,934,790 | 3,250,335 |
| Public health | - | 8,944,992 | 8,944,992 |
| Debt service: | | | |
| Principal | - | 6,555,000 | 6,555,000 |
| Interest and fiscal charges | - | 4,016,921 | 4,016,921 |
| Bond issuance costs | - | 203,758 | 203,758 |
| Capital outlay | - | 25,302,918 | 25,302,918 |
| Total expenditures | <u>117,585,338</u> | <u>57,834,687</u> | <u>175,420,025</u> |
| Excess (deficiency) of revenues over expenditures | <u>26,323,966</u> | <u>(17,785,488)</u> | <u>8,538,478</u> |
| Other financing sources (uses): | | | |
| Refunding bonds issued | - | 9,365,000 | 9,365,000 |
| Payment to refunded bond escrow agent | - | (10,434,176) | (10,434,176) |
| Premium on refunding bonds | - | 1,065,159 | 1,065,159 |
| General obligation bonds issued | - | 18,560,000 | 18,560,000 |
| Premium on general obligation bonds | - | 1,583,439 | 1,583,439 |
| Transfers in | 5,111,669 | 13,759,451 | 18,871,120 |
| Transfers out | (14,204,233) | (4,412,342) | (18,616,575) |
| Total other financing sources (uses) | <u>(9,092,564)</u> | <u>29,486,531</u> | <u>20,393,967</u> |
| Net change in fund balances | 17,231,402 | 11,701,043 | 28,932,445 |
| Fund balances, beginning of year | 70,092,416 | 82,212,794 | 152,305,210 |
| Fund balances, end of year | <u><u>\$ 87,323,818</u></u> | <u><u>\$ 93,913,837</u></u> | <u><u>\$ 181,237,655</u></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, 2019

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) | \$ | 28,932,445 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | 10,083,707 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position. | | 7,847,693 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 499,091 |
| 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. | | (13,423,000) |
| 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. | | (4,973,836) |
| 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>2,120,673</u> |
| Change in net position of governmental activities (pages 24 - 25) | \$ | <u><u>31,086,773</u></u> |

See accompanying notes to financial statements.

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
& Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2019
(With Comparative Actual Amounts for Year Ended September 30, 2018)

| | <u>Budgeted Amounts</u> | | <u>2019</u> | <u>Variance with</u> | <u>2018</u> |
|---------------------------------------|-------------------------|--------------------|---------------------------------|----------------------|---------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> <u>Amounts</u> | <u>Final Budget</u> | <u>Actual</u> <u>Amounts</u> |
| Revenue | | | | | |
| Taxes: | | | | | |
| Sales tax income | \$ 36,552,310 | 37,047,310 | 40,610,169 | 3,562,859 | 39,017,059 |
| Property taxes | 63,259,430 | 63,259,430 | 63,737,123 | 477,693 | 57,497,970 |
| Interest and penalty on taxes | 435,000 | 435,000 | 490,219 | 55,219 | 498,411 |
| Totals | <u>100,246,740</u> | <u>100,741,740</u> | <u>104,837,511</u> | <u>4,095,771</u> | <u>97,013,440</u> |
| Business and occupation fees: | | | | | |
| Occupation taxes | 35,000 | 35,000 | 69,898 | 34,898 | 94,979 |
| Gross receipts taxes | 13,350,589 | 13,625,589 | 14,520,520 | 894,931 | 14,821,518 |
| Totals | <u>13,385,589</u> | <u>13,660,589</u> | <u>14,590,418</u> | <u>929,829</u> | <u>14,916,497</u> |
| Permits, licenses and fees: | | | | | |
| Building permits | 795,409 | 795,409 | 958,069 | 162,660 | 670,896 |
| Plumbing permits | 225,000 | 225,000 | 283,236 | 58,236 | 241,886 |
| Electrical permits | 321,680 | 321,680 | 392,890 | 71,210 | 351,513 |
| Heating and air conditioning licenses | 120,000 | 120,000 | 115,063 | (4,937) | 112,093 |
| Fire inspection fees | 34,500 | 34,500 | 43,251 | 8,751 | 38,851 |
| Cab permits | - | - | 550 | 550 | 650 |
| House moving permits | - | - | 55 | 55 | 165 |
| Open air/street vending | 5,550 | 5,550 | 6,875 | 1,325 | 6,720 |
| Sign permits | 32,668 | 32,668 | 40,475 | 7,807 | 30,299 |
| Subdivision fees | 35,805 | 35,805 | 35,318 | (487) | 42,123 |
| Totals | <u>1,570,612</u> | <u>1,570,612</u> | <u>1,875,782</u> | <u>305,170</u> | <u>1,495,196</u> |
| Fines: | | | | | |
| Court fines | 980,000 | 980,000 | 1,526,176 | 546,176 | 1,413,186 |
| Auto impound fees | 120,000 | 120,000 | 81,198 | (38,802) | 131,166 |
| Totals | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,607,374</u> | <u>507,374</u> | <u>1,544,352</u> |
| Charges for services: | | | | | |
| Recreation | 771,838 | 771,838 | 938,954 | 167,116 | 986,123 |
| Weed mowing | 50,000 | 50,000 | 46,541 | (3,459) | 74,009 |
| Library fees | 117,100 | 117,100 | 127,849 | 10,749 | 126,420 |
| Animal pick up | 10,325 | 10,325 | 20,525 | 10,200 | 13,710 |
| Animal shelter fees | 338,819 | 338,819 | 424,564 | 85,745 | 371,725 |
| Grounds maintenance | 58,453 | 58,453 | 58,453 | - | 56,750 |
| Graphics | 60,000 | 60,000 | 88,867 | 28,867 | 76,034 |
| Police Security | 22,770 | 22,770 | 50,598 | 27,828 | 63,119 |
| Airport Security Services | 340,000 | 340,000 | 345,589 | 5,589 | 336,889 |
| Totals | <u>1,769,305</u> | <u>1,769,305</u> | <u>2,101,940</u> | <u>332,635</u> | <u>2,104,779</u> |
| Interest on investments | <u>800,000</u> | <u>800,000</u> | <u>2,470,954</u> | <u>1,670,954</u> | <u>1,249,631</u> |
| Contributions | <u>610,501</u> | <u>610,501</u> | <u>677,457</u> | <u>66,956</u> | <u>680,287</u> |
| Intergovernmental | <u>1,706,401</u> | <u>1,889,065</u> | <u>2,121,293</u> | <u>232,228</u> | <u>1,977,140</u> |

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
& Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2019
(With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|--------------------|--------------------|--------------------|------------------|--------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Revenues (continued) | | | | | |
| Other: | | | | | |
| Indirect expense reimbursements | 9,541,988 | 9,541,988 | 9,444,613 | (97,375) | 8,062,618 |
| False alarm fines | 11,026 | 11,026 | 14,750 | 3,724 | 15,250 |
| BSC civil penalties | - | - | - | - | 7,770 |
| Rents from real estate | 280,979 | 280,979 | 427,659 | 146,680 | 436,711 |
| Miscellaneous revenue | 1,407,912 | 1,407,912 | 2,109,497 | 701,585 | 1,562,780 |
| Sale of real estate | 100,000 | 100,000 | 519,130 | 419,130 | 425,519 |
| Sale of other scrap | 10,000 | 10,000 | 8,686 | (1,314) | 9,592 |
| Zoning applications | 20,000 | 20,000 | 53,775 | 33,775 | 39,675 |
| Commission from sale of mixed drinks | 560,000 | 560,000 | 707,292 | 147,292 | 614,759 |
| Commission on municipal court fines | 35,000 | 35,000 | 53,957 | 18,957 | 55,078 |
| Commission on concessions | 205,716 | 205,716 | 269,796 | 64,080 | 267,971 |
| Garage sale permits | 17,750 | 17,750 | 16,630 | (1,120) | 18,150 |
| Special assessments | - | - | 790 | 790 | 1,315 |
| Totals | <u>12,190,371</u> | <u>12,190,371</u> | <u>13,626,575</u> | <u>1,436,204</u> | <u>11,517,188</u> |
| Total revenue | <u>133,379,519</u> | <u>134,332,183</u> | <u>143,909,304</u> | <u>9,577,121</u> | <u>132,498,510</u> |
| Expenditures | | | | | |
| General Government | | | | | |
| Administrative Services: | | | | | |
| Salaries and wages | 1,015,317 | 1,015,317 | 912,981 | 102,336 | 1,178,588 |
| Employee benefits | 289,228 | 289,228 | 249,664 | 39,564 | 384,556 |
| Purchased professional/technical services | 142,758 | 292,883 | 154,257 | 138,626 | 266,245 |
| Purchased property services | 39,000 | 39,000 | 23,112 | 15,888 | 29,660 |
| Other purchased services | 720,750 | 720,750 | 696,197 | 24,553 | 628,515 |
| Supplies | 115,290 | 115,290 | 105,985 | 9,305 | 158,396 |
| Other expenses | 280,000 | 377,716 | 27,055 | 350,661 | 77,533 |
| Total Administrative Services | <u>2,602,343</u> | <u>2,850,184</u> | <u>2,169,251</u> | <u>680,933</u> | <u>2,723,493</u> |
| City Secretary: | | | | | |
| Salaries and wages | 361,186 | 361,186 | 329,939 | 31,247 | 326,918 |
| Employee benefits | 137,127 | 137,127 | 128,289 | 8,838 | 124,200 |
| Purchased professional/technical services | 118,650 | 100,255 | 47,777 | 52,478 | 103,365 |
| Purchased property services | - | - | 230 | (230) | - |
| Maintenance | 30,682 | 34,635 | 33,813 | 822 | 22,686 |
| Other purchased services | 25,443 | 28,043 | 27,783 | 260 | 38,244 |
| Supplies | 17,618 | 39,206 | 30,408 | 8,798 | 26,285 |
| Capital expenditures | - | - | - | - | 6,495 |
| Total City Secretary | <u>690,706</u> | <u>700,452</u> | <u>598,239</u> | <u>102,213</u> | <u>648,193</u> |
| Finance Services: | | | | | |
| Salaries and wages | 1,598,440 | 1,598,440 | 1,515,370 | 83,070 | 1,202,091 |
| Employee benefits | 515,729 | 515,729 | 506,450 | 9,279 | 404,026 |
| Purchased professional/technical services | 128,186 | 128,186 | 140,338 | (12,152) | 113,004 |
| Purchased property services | 1,000 | 1,000 | 500 | 500 | - |
| Maintenance | 4,496 | 4,496 | 159 | 4,337 | - |
| Other purchased services | 55,844 | 55,844 | 43,005 | 12,839 | 23,082 |
| Supplies | 29,350 | 29,350 | 39,361 | (10,011) | 38,421 |
| Capital expenditures | - | - | 9,304 | (9,304) | - |
| Other expenses | 78,410 | 78,410 | 59,779 | 18,631 | 49,763 |
| Total Finance Services | <u>2,411,455</u> | <u>2,411,455</u> | <u>2,314,266</u> | <u>97,189</u> | <u>1,830,387</u> |

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
& Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2019
(With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 Actual Amounts | Variance with Final Budget | 2018 Actual Amounts |
|---|------------------|------------------|---------------------------|-------------------------------|---------------------------|
| | Original | Final | | | |
| Expenditures (continued) | | | | | |
| General Government (continued) | | | | | |
| Legal Services: | | | | | |
| Salaries and wages | 938,021 | 938,021 | 895,484 | 42,537 | 931,847 |
| Employee benefits | 292,163 | 292,163 | 273,800 | 18,363 | 288,230 |
| Purchased professional/technical services | 5,850 | 5,850 | 67 | 5,783 | 109 |
| Maintenance | 300 | 300 | - | 300 | - |
| Other purchased services | 34,154 | 34,154 | 30,251 | 3,903 | 27,943 |
| Supplies | 33,230 | 33,230 | 36,991 | (3,761) | 37,976 |
| Total Legal Services | <u>1,303,718</u> | <u>1,303,718</u> | <u>1,236,593</u> | <u>67,125</u> | <u>1,286,105</u> |
| Planning Services: | | | | | |
| Salaries and wages | 517,204 | 514,704 | 530,550 | (15,846) | 513,956 |
| Employee benefits | 183,043 | 183,043 | 175,826 | 7,217 | 166,674 |
| Purchased professional/technical services | 49,800 | 266,930 | 48,205 | 218,725 | 31,320 |
| Purchased property services | 65,784 | 65,784 | 67,284 | (1,500) | 66,200 |
| Maintenance | 4,550 | 4,550 | 455 | 4,095 | 2,498 |
| Other purchased services | 35,297 | 39,497 | 23,359 | 16,138 | 15,566 |
| Supplies | 30,948 | 30,948 | 45,141 | (14,193) | 36,882 |
| Total Planning Services | <u>886,626</u> | <u>1,105,456</u> | <u>890,820</u> | <u>214,636</u> | <u>833,096</u> |
| Human Resources: | | | | | |
| Salaries and wages | 807,977 | 861,335 | 795,761 | 65,574 | 733,480 |
| Employee benefits | 285,709 | 288,799 | 271,457 | 17,342 | 258,949 |
| Purchased professional/technical services | 117,105 | 64,434 | 54,059 | 10,375 | 90,162 |
| Purchased property services | 1,500 | 1,500 | - | 1,500 | - |
| Maintenance | 2,365 | 4,293 | 4,266 | 27 | 2,184 |
| Other purchased services | 127,975 | 120,929 | 112,854 | 8,075 | 68,409 |
| Supplies | 15,650 | 19,199 | 18,310 | 889 | 22,519 |
| Total Human Resources | <u>1,358,281</u> | <u>1,360,489</u> | <u>1,256,707</u> | <u>103,782</u> | <u>1,175,703</u> |
| Municipal Information: | | | | | |
| Salaries and wages | 536,903 | 536,903 | 550,096 | (13,193) | 508,695 |
| Employee benefits | 193,474 | 193,474 | 194,751 | (1,277) | 179,917 |
| Purchased professional/technical services | 25,802 | 75,802 | 36,188 | 39,614 | 32,187 |
| Maintenance | 17,258 | 52,258 | 21,361 | 30,897 | 20,778 |
| Other purchased services | 22,804 | 22,804 | 19,276 | 3,528 | 19,975 |
| Supplies | 19,126 | 90,000 | 42,038 | 47,962 | 16,643 |
| Other expenses | 25,000 | 25,000 | 22,876 | 2,124 | 23,590 |
| Capital expenditures | - | 120,001 | 172,470 | (52,469) | 66,556 |
| Total Public Information Services | <u>840,367</u> | <u>1,116,242</u> | <u>1,059,056</u> | <u>57,186</u> | <u>868,341</u> |
| Information Technology Services: | | | | | |
| Salaries and wages | 1,842,041 | 1,842,041 | 1,721,159 | 120,882 | 1,566,942 |
| Employee benefits | 647,605 | 647,605 | 610,148 | 37,457 | 542,263 |
| Purchased professional/technical services | 245,833 | 308,317 | 174,039 | 134,278 | 105,806 |
| Maintenance | 1,389,441 | 1,390,133 | 1,336,366 | 53,767 | 979,406 |
| Other purchased services | 434,721 | 454,095 | 395,251 | 58,844 | 399,277 |
| Supplies | 117,992 | 130,369 | 102,672 | 27,697 | 103,323 |
| Capital expenditures | 440,720 | 440,720 | 246,627 | 194,093 | 221,210 |
| Other expenses | (128,434) | (128,434) | (128,434) | - | (124,692) |
| Total Information Technology Services | <u>4,989,919</u> | <u>5,084,846</u> | <u>4,457,828</u> | <u>627,018</u> | <u>3,793,535</u> |

(Continued)

City of Waco, Texas
 General Fund
 Statement of Revenue, Expenditures,
 & Changes in Fund Balance -
 Budget and Actual
 Year Ended September 30, 2019
 (With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|------------------|-----------|-------------------|---------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| General Government (continued) | | | | | |
| Purchasing Services: | | | | | |
| Salaries and wages | 498,390 | 498,390 | 507,251 | (8,861) | 443,567 |
| Employee benefits | 177,641 | 177,641 | 176,559 | 1,082 | 158,048 |
| Purchased professional/technical services | 400 | 400 | - | 400 | 835 |
| Maintenance | 375 | 375 | 284 | 91 | 49 |
| Other purchased services | 26,599 | 26,670 | 21,369 | 5,301 | 17,739 |
| Supplies | 13,568 | 13,717 | 10,058 | 3,659 | 11,297 |
| Total Purchasing Services | 716,973 | 717,193 | 715,521 | 1,672 | 631,535 |
| Facilities: | | | | | |
| Salaries and wages | 954,962 | 954,962 | 856,929 | 98,033 | 930,096 |
| Employee benefits | 453,112 | 453,112 | 424,243 | 28,869 | 454,235 |
| Purchased professional/technical services | 957,751 | 985,981 | 902,806 | 83,175 | 744,798 |
| Purchased property services | 6,420 | 6,420 | 10,309 | (3,889) | 7,577 |
| Maintenance | 1,377,309 | 1,405,861 | 1,117,597 | 288,264 | 1,323,996 |
| Other purchased services | 76,696 | 76,696 | 64,194 | 12,502 | 57,028 |
| Supplies | 260,187 | 260,662 | 228,414 | 32,248 | 247,283 |
| Capital expenditures | 9,500 | 9,500 | 13,290 | (3,790) | - |
| Total Facilities | 4,095,937 | 4,153,194 | 3,617,782 | 535,412 | 3,765,013 |
| Economic Development | | | | | |
| Salaries and wages | 183,879 | 183,879 | 296,531 | (112,652) | 121,170 |
| Employee benefits | 59,628 | 59,628 | 89,176 | (29,548) | 44,421 |
| Purchased professional/technical services | 5,000 | 5,000 | 7,790 | (2,790) | 6,283 |
| Purchased property services | 2,500 | 2,500 | - | 2,500 | - |
| Other purchased services | 16,586 | 16,586 | 18,399 | (1,813) | 4,006 |
| Supplies | 7,750 | 7,750 | 6,760 | 990 | 8,518 |
| Total Economic Development | 275,343 | 275,343 | 418,656 | (143,313) | 184,398 |
| Economic Development Incentive | | | | | |
| Purchased professional/technical services | - | 2,250,000 | 175,000 | 2,075,000 | 1,875,000 |
| Total Economic Development Incentive | - | 2,250,000 | 175,000 | 2,075,000 | 1,875,000 |
| Contributions: | | | | | |
| McLennan County | 166,250 | 166,250 | 158,746 | 7,504 | 155,364 |
| Rosemound Cemetery | 166,500 | - | - | - | 125,000 |
| HOTRMHMR | 39,322 | 119,322 | 39,322 | 80,000 | 39,322 |
| H. O. T. Council of Governments | 12,000 | 12,000 | 11,652 | 348 | 11,652 |
| The Advocacy Center | 84,419 | 84,419 | 84,419 | - | 119,446 |
| Greater Waco Chamber | 165,000 | 165,000 | 165,000 | - | 165,000 |
| Central Texas African American Chamber | 68,000 | 93,000 | 93,000 | - | 68,000 |
| Waco Foundation | - | - | - | - | 30,000 |
| Cen-Tex Hispanic Chamber | 118,000 | 118,000 | 118,000 | - | 118,000 |
| City Center Waco | 246,401 | 246,401 | 239,000 | 7,401 | 268,604 |
| Central Texas Senior Ministry | 28,000 | 28,000 | 28,000 | - | 28,000 |
| Economic Development Grants | 635,000 | 635,000 | (26,228) | 661,228 | 609,000 |
| McLennan County Appraisal District | 852,100 | 798,100 | 729,845 | 68,255 | 729,872 |
| Greater Waco Collective Impact Initiative | 100,000 | 100,000 | 75,000 | 25,000 | 160,240 |
| Greater Waco Sports Commission | - | - | - | - | 75,000 |

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
& Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2019
(With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|-------------------|-------------------|-------------------|------------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| General Government (continued) | | | | | |
| Contributions: (continued) | | | | | |
| Historic Waco Foundation/Arts-Historic Agencies | 29,250 | 29,250 | 29,250 | - | 29,250 |
| Creative Waco | 515,000 | 438,240 | 406,915 | 31,325 | 362,085 |
| HOT Goodwill Industries, Inc. | 71,412 | 71,412 | 65,461 | 5,951 | 71,412 |
| The Cove | 52,291 | 52,291 | 52,291 | - | 52,291 |
| Caritas of Waco | 52,305 | 52,305 | 45,163 | 7,142 | 48,863 |
| CampusTown | - | 29,000 | 21,750 | 7,250 | - |
| | <u>3,401,250</u> | <u>3,237,990</u> | <u>2,336,586</u> | <u>901,404</u> | <u>3,266,401</u> |
| Miscellaneous: | | | | | |
| Salaries and wages | (500,000) | (500,000) | - | (500,000) | - |
| Employee benefits | 80,000 | 80,000 | 37,258 | 42,742 | 38,367 |
| Purchased professional/technical services | 683,500 | 690,084 | 443,468 | 246,616 | 276,878 |
| Purchased property services | - | - | 259 | (259) | 7,250 |
| Maintenance | 8,765 | 8,765 | 4,507 | 4,258 | 7,940 |
| Other purchased services | 1,412 | 1,412 | 287 | 1,125 | 370 |
| Supplies | 3,933 | 3,933 | 5,297 | (1,364) | 4,026 |
| Capital expenditures | - | - | 75,185 | (75,185) | 1,000 |
| Other expenses | 652,046 | 652,046 | 347,315 | 304,731 | 271,495 |
| Total Miscellaneous | <u>929,656</u> | <u>936,240</u> | <u>913,576</u> | <u>22,664</u> | <u>607,326</u> |
| Total General Government | <u>24,502,574</u> | <u>27,502,802</u> | <u>22,159,881</u> | <u>5,342,921</u> | <u>23,488,526</u> |
| Public Works | | | | | |
| Streets and Drainage Services: | | | | | |
| Salaries and wages | 678,969 | 648,969 | 299,822 | 349,147 | 718,273 |
| Employee benefits | 519,746 | 519,746 | 393,146 | 126,600 | 537,167 |
| Purchased professional/technical services | 2,850,709 | 3,247,278 | 2,871,095 | 376,183 | 1,987,203 |
| Purchased property services | 23,544 | 23,544 | 19,236 | 4,308 | 24,181 |
| Maintenance | 1,501,825 | 1,501,825 | 1,131,977 | 369,848 | 1,251,137 |
| Other purchased services | 146,269 | 146,269 | 106,247 | 40,022 | 102,083 |
| Supplies | 382,994 | 382,994 | 250,299 | 132,695 | 238,487 |
| Other expenses | 161,422 | 221,392 | 221,392 | - | 161,422 |
| Capital expenditures | 36,810 | 150,810 | 119,993 | 30,817 | 99,543 |
| Total Streets and Drainage Services | <u>6,302,288</u> | <u>6,842,827</u> | <u>5,413,207</u> | <u>1,429,620</u> | <u>5,119,496</u> |
| Total Public Works | <u>6,302,288</u> | <u>6,842,827</u> | <u>5,413,207</u> | <u>1,429,620</u> | <u>5,119,496</u> |
| Public Safety | | | | | |
| Municipal Court: | | | | | |
| Salaries and wages | 844,085 | 844,085 | 790,970 | 53,115 | 757,256 |
| Employee benefits | 312,151 | 312,151 | 296,163 | 15,988 | 279,442 |
| Purchased professional/technical services | 57,617 | 57,617 | 46,187 | 11,430 | 108,144 |
| Maintenance | 13,890 | 13,890 | 12,682 | 1,208 | 5,669 |
| Other purchased services | 28,170 | 28,170 | 19,601 | 8,569 | 21,332 |
| Supplies | 93,997 | 93,997 | 73,238 | 20,759 | 71,766 |
| Capital expenditures | - | - | - | - | 12,064 |
| Other expenses | 13,928 | 13,928 | 10,064 | 3,864 | 10,636 |
| Total Municipal Court | <u>1,363,838</u> | <u>1,363,838</u> | <u>1,248,905</u> | <u>114,933</u> | <u>1,266,309</u> |

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
& Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2019
(With Comparative Actual Amounts for Year Ended September 30, 2018)

| | <u>Budgeted Amounts</u> | | <u>2019</u> | <u>Variance with</u> | <u>2018</u> |
|---|-------------------------|-------------------|---------------------------------|----------------------|---------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> <u>Amounts</u> | <u>Final Budget</u> | <u>Actual</u> <u>Amounts</u> |
| Expenditures (continued) | | | | | |
| Public Safety (continued) | | | | | |
| Inspection Services: | | | | | |
| Salaries and wages | 1,277,366 | 1,277,366 | 1,274,768 | 2,598 | 1,125,946 |
| Employee benefits | 483,999 | 483,999 | 482,019 | 1,980 | 427,033 |
| Purchased professional/technical services | 196,740 | 196,740 | 124,096 | 72,644 | 118,271 |
| Purchased property services | 72,144 | 72,144 | 69,381 | 2,763 | 66,492 |
| Maintenance | 51,240 | 51,240 | 57,293 | (6,053) | 52,449 |
| Other purchased services | 65,755 | 75,885 | 63,939 | 11,946 | 50,146 |
| Supplies | 63,705 | 94,820 | 76,129 | 18,691 | 62,076 |
| Capital expenditures | 41,245 | - | 48,620 | (48,620) | - |
| Other expenses | 34,754 | 34,754 | 38,469 | (3,715) | 31,608 |
| Totals Inspection Services | <u>2,286,948</u> | <u>2,286,948</u> | <u>2,234,714</u> | <u>52,234</u> | <u>1,934,021</u> |
| Emergency Management Services: | | | | | |
| Salaries and wages | 360,987 | 360,987 | 315,941 | 45,046 | 282,869 |
| Employee benefits | 118,315 | 118,315 | 118,088 | 227 | 106,784 |
| Purchased professional/technical services | 28,504 | 28,504 | 15,058 | 13,446 | 15,770 |
| Purchased property services | 3,000 | 1,700 | 550 | 1,150 | 1,550 |
| Maintenance | 482,972 | 484,536 | 325,849 | 158,687 | 388,724 |
| Other purchased services | 64,399 | 59,023 | 39,264 | 19,759 | 16,920 |
| Supplies | 42,625 | 47,737 | 42,887 | 4,850 | 43,591 |
| Capital expenditures | 285,000 | 285,000 | 284,149 | 851 | 365,114 |
| Other expenses | 152,395 | 152,395 | 114,600 | 37,795 | 77,003 |
| Total Emergency Management Services | <u>1,538,197</u> | <u>1,538,197</u> | <u>1,256,386</u> | <u>281,811</u> | <u>1,298,325</u> |
| Fire Services: | | | | | |
| Salaries and wages | 17,671,260 | 17,671,260 | 17,562,937 | 108,323 | 16,804,330 |
| Employee benefits | 6,535,407 | 6,535,407 | 6,332,222 | 203,185 | 6,001,983 |
| Purchased professional/technical services | 130,820 | 95,498 | 94,841 | 657 | 66,141 |
| Purchased property services | 70,020 | 70,020 | 63,440 | 6,580 | 64,229 |
| Maintenance | 724,074 | 718,571 | 588,781 | 129,790 | 519,705 |
| Other purchased services | 453,126 | 395,885 | 391,258 | 4,627 | 345,268 |
| Supplies | 749,467 | 983,587 | 776,056 | 207,531 | 610,988 |
| Capital expenditures | 135,910 | 297,143 | 329,517 | (32,374) | 116,509 |
| Total Fire Services | <u>26,470,084</u> | <u>26,767,371</u> | <u>26,139,052</u> | <u>628,319</u> | <u>24,529,153</u> |
| Police Services: | | | | | |
| Salaries and wages | 25,744,305 | 25,744,305 | 25,213,403 | 530,902 | 25,108,665 |
| Employee benefits | 9,330,793 | 9,330,793 | 9,075,327 | 255,466 | 8,769,021 |
| Purchased professional/technical services | 909,288 | 945,700 | 615,254 | 330,446 | 634,572 |
| Purchased property services | 116,166 | 151,166 | 141,481 | 9,685 | 42,409 |
| Maintenance | 1,239,436 | 1,278,279 | 1,008,614 | 269,665 | 1,430,423 |
| Other purchased services | 1,196,893 | 1,222,465 | 1,111,848 | 110,617 | 1,089,313 |
| Supplies | 2,009,103 | 2,127,705 | 1,804,254 | 323,451 | 2,178,080 |
| Capital expenditures | 77,305 | 429,202 | 359,594 | 69,608 | 151,961 |
| Other expenses | 900 | 900 | 1,285 | (385) | 895 |
| Total Police Services | <u>40,624,189</u> | <u>41,230,515</u> | <u>39,331,060</u> | <u>1,899,455</u> | <u>39,405,339</u> |
| Traffic Services | | | | | |
| Salaries and wages | 954,411 | 954,411 | 766,133 | 188,278 | 798,321 |
| Employee benefits | 421,036 | 421,036 | 368,181 | 52,855 | 355,699 |

(Continued)

City of Waco, Texas
General Fund
Statement of Revenue, Expenditures,
& Changes in Fund Balance -
Budget and Actual
Year Ended September 30, 2019
(With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with Final Budget | 2018 |
|---|-------------------|-------------------|-------------------|-------------------------------|-------------------|
| | Original | Final | Actual Amounts | | Actual Amounts |
| Expenditures (continued) | | | | | |
| Public Safety (continued) | | | | | |
| Traffic Services (continued) | | | | | |
| Purchased professional/technical services | 230,685 | 230,685 | 124,568 | 106,117 | 57,050 |
| Purchased property services | 2,664 | 2,664 | 2,231 | 433 | 2,326 |
| Maintenance | 920,045 | 921,774 | 675,426 | 246,348 | 597,243 |
| Other purchased services | 50,174 | 50,174 | 33,010 | 17,164 | 30,625 |
| Supplies | 772,499 | 772,499 | 661,161 | 111,338 | 672,835 |
| Capital expenditures | 529,500 | 529,500 | 252,722 | 276,778 | 390,391 |
| Totals Traffic Services | <u>3,881,014</u> | <u>3,882,743</u> | <u>2,883,432</u> | <u>999,311</u> | <u>2,904,490</u> |
| Animal Services | | | | | |
| Salaries and wages | 802,091 | 729,393 | 711,239 | 18,154 | 695,183 |
| Employee benefits | 338,687 | 338,687 | 318,194 | 20,493 | 286,125 |
| Purchased professional/technical services | 288,985 | 317,485 | 282,052 | 35,433 | 212,556 |
| Purchased property services | 21,900 | 21,900 | 20,224 | 1,676 | 16,978 |
| Maintenance | 64,107 | 64,107 | 52,095 | 12,012 | 46,641 |
| Other purchased services | 73,444 | 73,444 | 78,147 | (4,703) | 65,358 |
| Supplies | 451,013 | 452,513 | 345,166 | 107,347 | 311,389 |
| Capital expenditures | - | 51,828 | 9,130 | 42,698 | 34,345 |
| Other expenses | 1,000 | 1,000 | - | 1,000 | - |
| Totals Animal Services | <u>2,041,227</u> | <u>2,050,357</u> | <u>1,816,247</u> | <u>234,110</u> | <u>1,668,575</u> |
| Contributions: | | | | | |
| Animal Shelter | - | - | - | - | 287 |
| Total Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>287</u> |
| Total Public Safety | <u>78,205,497</u> | <u>79,119,969</u> | <u>74,909,796</u> | <u>4,210,173</u> | <u>73,006,499</u> |
| Culture & Recreation | | | | | |
| Library Services: | | | | | |
| Salaries and wages | 2,048,379 | 1,949,614 | 1,891,544 | 58,070 | 1,819,906 |
| Employee benefits | 759,380 | 759,380 | 726,927 | 32,453 | 684,401 |
| Purchased professional/technical services | 254,820 | 251,975 | 174,979 | 76,996 | 209,793 |
| Purchased property services | 27,816 | 27,816 | 19,971 | 7,845 | 17,601 |
| Maintenance | 172,637 | 172,637 | 147,605 | 25,032 | 128,610 |
| Other purchased services | 151,039 | 149,039 | 142,633 | 6,406 | 140,563 |
| Supplies | 722,534 | 789,172 | 745,461 | 43,711 | 779,241 |
| Capital expenditures | 18,500 | 64,845 | 21,625 | 43,220 | 15,996 |
| Other expenses | 174,700 | 174,700 | 174,931 | (231) | 169,457 |
| Total Library Services | <u>4,329,805</u> | <u>4,339,178</u> | <u>4,045,676</u> | <u>293,502</u> | <u>3,965,568</u> |
| Parks: | | | | | |
| Salaries and wages | 3,637,003 | 3,367,135 | 2,889,805 | 477,330 | 2,906,232 |
| Employee benefits | 1,705,995 | 1,704,495 | 1,516,330 | 188,165 | 1,504,470 |
| Purchased professional/technical services | 792,795 | 1,013,002 | 957,427 | 55,575 | 652,924 |
| Purchased property services | 963,276 | 963,276 | 801,427 | 161,849 | 800,647 |
| Maintenance | 635,202 | 666,454 | 897,976 | (231,522) | 724,708 |
| Other purchased services | 230,529 | 230,710 | 208,878 | 21,832 | 262,940 |
| Supplies | 783,363 | 787,476 | 715,711 | 71,765 | 715,356 |
| Capital expenditures | 104,000 | 321,661 | 188,170 | 133,491 | 152,847 |
| Other expenses | 116,036 | 116,036 | 114,469 | 1,567 | 114,957 |
| Total Parks | <u>8,968,199</u> | <u>9,170,245</u> | <u>8,290,193</u> | <u>880,052</u> | <u>7,835,081</u> |

(Continued)

City of Waco, Texas
 General Fund
 Statement of Revenue, Expenditures,
 & Changes in Fund Balance -
 Budget and Actual
 Year Ended September 30, 2019
 (With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|--------------------|--------------------|--------------------|-------------------|--------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Expenditures (continued) | | | | | |
| Culture & Recreation (continued) | | | | | |
| Recreation Services: | | | | | |
| Salaries and wages | 1,124,657 | 1,124,657 | 994,527 | 130,130 | 815,799 |
| Employee benefits | 381,237 | 381,237 | 351,582 | 29,655 | 269,277 |
| Purchased professional/technical services | 558,397 | 558,397 | 503,421 | 54,976 | 456,607 |
| Maintenance | 23,929 | 23,929 | 22,738 | 1,191 | 12,689 |
| Other purchased services | 251,904 | 251,904 | 254,146 | (2,242) | 165,695 |
| Supplies | 280,153 | 280,153 | 299,044 | (18,891) | 251,049 |
| Capital expenditures | - | - | 18,445 | (18,445) | 30,090 |
| Other expenses | 16,700 | 16,700 | 7,137 | 9,563 | 7,736 |
| Total Recreation Services | <u>2,636,977</u> | <u>2,636,977</u> | <u>2,451,040</u> | <u>185,937</u> | <u>2,008,942</u> |
| Total Culture & Recreation | <u>15,934,981</u> | <u>16,146,400</u> | <u>14,786,909</u> | <u>1,359,491</u> | <u>13,809,591</u> |
| Housing & Community Development | | | | | |
| Housing Services: | | | | | |
| Salaries and wages | 329,119 | 329,119 | 175,849 | 153,270 | 162,300 |
| Employee benefits | 108,462 | 108,462 | 72,281 | 36,181 | 68,402 |
| Purchased professional/technical services | 4,960 | 49,560 | 48,643 | 917 | 5,153 |
| Purchased property services | 3,000 | 3,000 | 201 | 2,799 | - |
| Other purchased services | 17,220 | 17,220 | 14,333 | 2,887 | 9,215 |
| Supplies | 3,680 | 3,680 | 4,238 | (558) | 3,597 |
| Other expenses | 35,000 | 35,000 | - | 35,000 | - |
| Total Housing Services | <u>501,441</u> | <u>546,041</u> | <u>315,545</u> | <u>230,496</u> | <u>248,667</u> |
| Total Housing & Community Development | <u>501,441</u> | <u>546,041</u> | <u>315,545</u> | <u>230,496</u> | <u>248,667</u> |
| Total Expenditures | <u>125,446,781</u> | <u>130,158,039</u> | <u>117,585,338</u> | <u>12,572,701</u> | <u>115,672,779</u> |
| Excess of revenues over expenditures | <u>7,932,738</u> | <u>4,174,144</u> | <u>26,323,966</u> | <u>22,149,822</u> | <u>16,825,731</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in: | | | | | |
| Abandoned Motor Vehicles | 50,000 | 200,508 | 200,508 | - | 50,000 |
| Court Security | 101,838 | 101,838 | 83,781 | (18,057) | 91,966 |
| TxDOT Brazos Riverwalk | - | - | 26,419 | 26,419 | - |
| Revenue in lieu of property taxes | <u>4,800,961</u> | <u>4,800,961</u> | <u>4,800,961</u> | <u>-</u> | <u>4,620,447</u> |
| Total transfers in | <u>4,952,799</u> | <u>5,103,307</u> | <u>5,111,669</u> | <u>8,362</u> | <u>4,762,413</u> |
| Transfers out: | | | | | |
| Street Improvements: | | | | | |
| Street Cash CIP | (3,314,852) | (3,936,508) | (3,936,508) | - | (1,407,590) |
| Capital Improvements: | | | | | |
| Facilities Cash CIP | - | (116,000) | (116,000) | - | (500,000) |
| Parks Cash CIP | - | - | - | - | (339,000) |
| Stormwater CIP | - | (352,898) | (352,898) | - | - |
| Cameron Park Zoo | (2,758,019) | (2,758,019) | (2,758,019) | - | (2,579,674) |
| Rolling Stock | - | - | - | - | (1,730,000) |
| Equipment Replacement Cash CIP | (600,000) | (600,000) | (600,000) | - | (500,000) |
| Cottonwood Creek Golf Course | (428,304) | (428,304) | (428,304) | - | (697,387) |
| Transit | (1,901,728) | (1,901,728) | (482,408) | 1,419,320 | (178,448) |

(Continued)

City of Waco, Texas
 General Fund
 Statement of Revenue, Expenditures,
 & Changes in Fund Balance -
 Budget and Actual
 Year Ended September 30, 2019
 (With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 Actual Amounts | Variance with Final Budget | 2018 Actual Amounts |
|--|--------------------------|-------------------------|---------------------------|-------------------------------|---------------------------|
| | Original | Final | | | |
| Other Financing Sources (Uses): (continued) | | | | | |
| Transfers out: (continued) | | | | | |
| Airport Services | (453,898) | (453,898) | (453,898) | - | (338,071) |
| Health Services | (3,837,160) | (3,837,160) | (3,837,160) | - | (3,495,389) |
| Ranger Hall of Fame | (538,787) | (538,787) | (538,787) | - | (311,895) |
| Fleet Services | | (415,000) | (415,000) | - | - |
| Economic Development Incentive | (2,250,000) | - | - | - | - |
| Housing demo-lot clearing | (175,000) | (175,000) | (175,000) | - | (175,000) |
| Grant (police) | (216,000) | (216,000) | (110,251) | 105,749 | (65,946) |
| Total transfers out | <u>(16,473,748)</u> | <u>(15,729,302)</u> | <u>(14,204,233)</u> | <u>1,525,069</u> | <u>(12,318,400)</u> |
| Total other financing sources (uses) | <u>(11,520,949)</u> | <u>(10,625,995)</u> | <u>(9,092,564)</u> | <u>1,533,431</u> | <u>(7,555,987)</u> |
| Net change in fund balances | (3,588,211) | (6,451,851) | 17,231,402 | 23,683,253 | 9,269,744 |
| Fund balance, beginning of year | <u>70,092,416</u> | <u>70,092,416</u> | <u>70,092,416</u> | <u>-</u> | <u>60,822,672</u> |
| Fund balance, end of year | \$ <u>66,504,205</u> | <u>63,640,565</u> | <u>87,323,818</u> | <u>23,683,253</u> | <u>70,092,416</u> |

See accompanying notes to financial statements.



City of Waco, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

| | 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 | \$ 37,603,199 | \$ 37,557,166 | \$ 15,177,214 | \$ 9,321,216 | \$ 99,658,795 | \$ 15,486,217 |
| Accounts receivable, net of allowances | 7,320,151 | 4,431,078 | 2,078,371 | 768,862 | 14,598,462 | - |
| Prepaid items | 274,315 | - | - | - | 274,315 | - |
| Due from other funds | - | - | - | - | - | 623,514 |
| Intergovernmental receivable | 233,385 | 134,085 | - | 3,089,065 | 3,456,535 | - |
| Restricted cash and investments | 5,055,280 | 1,003,547 | 77,415 | - | 6,136,242 | - |
| Inventories | 216,923 | 14,327 | - | 1,001,867 | 1,233,117 | 213,997 |
| Total current assets | <u>50,703,253</u> | <u>43,140,203</u> | <u>17,333,000</u> | <u>14,181,010</u> | <u>125,357,466</u> | <u>16,323,728</u> |
| Noncurrent assets: | | | | | | |
| Restricted cash and investments | 47,705,165 | 79,245,961 | 159,842 | 107,851 | 127,218,819 | - |
| Advances to other funds | 525,336 | - | - | - | 525,336 | - |
| Capital assets: | | | | | | |
| Land | 3,180,914 | 2,691,723 | 7,127,215 | 2,202,595 | 15,202,447 | 38,800 |
| Buildings | 10,024,595 | 11,089,302 | 1,370,137 | 62,024,556 | 84,508,590 | 920,153 |
| Improvements other than buildings | 333,430,604 | 152,445,986 | 30,876,058 | 68,157,299 | 584,909,947 | 118,289 |
| Machinery and equipment | 10,133,930 | 12,166,624 | 21,389,004 | 18,517,737 | 62,207,295 | 1,588,748 |
| Museum collections | - | - | - | 2,264,424 | 2,264,424 | - |
| Construction work in progress | 21,813,439 | 37,489,356 | 2,142,315 | 613,292 | 62,058,402 | - |
| Intangible water rights | 32,482,879 | - | - | - | 32,482,879 | - |
| Less: accumulated depreciation and amortization | <u>(156,014,655)</u> | <u>(72,556,301)</u> | <u>(41,819,568)</u> | <u>(84,908,965)</u> | <u>(355,299,489)</u> | <u>(1,838,212)</u> |
| Total noncurrent assets | <u>303,282,207</u> | <u>222,572,651</u> | <u>21,245,003</u> | <u>68,978,789</u> | <u>616,078,650</u> | <u>827,778</u> |
| Total assets | <u>353,985,460</u> | <u>265,712,854</u> | <u>38,578,003</u> | <u>83,159,799</u> | <u>741,436,116</u> | <u>17,151,506</u> |
| Deferred outflows of resources | | | | | | |
| Deferred losses on refundings of debt | 2,226,663 | 758,010 | - | - | 2,984,673 | - |
| Deferred outflows on pension liability | 2,120,474 | 1,413,648 | 1,413,648 | - | 4,947,770 | - |
| Total deferred outflows of resources | <u>4,347,137</u> | <u>2,171,658</u> | <u>1,413,648</u> | <u>-</u> | <u>7,932,443</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 358,332,597</u> | <u>\$ 267,884,512</u> | <u>\$ 39,991,651</u> | <u>\$ 83,159,799</u> | <u>\$ 749,368,559</u> | <u>\$ 17,151,506</u> |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 598,870 | 6,946,707 | 399,996 | 414,221 | 8,359,794 | 255,168 |
| Accrued liabilities | 903,669 | 2,802,699 | 311,625 | 1,352,023 | 5,370,016 | 597,886 |
| Unearned revenue | - | - | - | 284,372 | 284,372 | - |
| Due to other funds | - | - | - | 2,486,047 | 2,486,047 | - |
| Compensated absences payable | 733,533 | 357,884 | 318,018 | 571,287 | 1,980,722 | 255,018 |
| Refundable contracts | 595,903 | - | - | - | 595,903 | - |
| Notes payable | 90,162 | - | - | - | 90,162 | - |
| Escrow funds | - | - | - | - | - | 538 |
| Bonds payable | 11,495,000 | 8,120,000 | 1,035,000 | - | 20,650,000 | - |
| Accrued interest payable | 1,469,950 | 1,292,892 | 72,355 | - | 2,835,197 | - |
| Current liabilities payable from restricted assets: | | | | | | |
| Accounts payable | 1,905,014 | 1,003,544 | 77,415 | - | 2,985,973 | - |
| Customer deposits | 3,150,266 | - | - | - | 3,150,266 | - |
| Estimated claims and judgments | - | - | - | - | - | 3,055,714 |
| Total current liabilities | <u>20,942,367</u> | <u>20,523,726</u> | <u>2,214,409</u> | <u>5,107,950</u> | <u>48,788,452</u> | <u>4,164,324</u> |
| Noncurrent liabilities: | | | | | | |
| Refundable contracts | 566,044 | 192,542 | - | - | 758,586 | - |
| Estimated landfill closure and post-closure care costs | - | - | 5,960,892 | - | 5,960,892 | - |
| Advances from other funds | - | - | - | 693,704 | 693,704 | - |
| Compensated absences payable | 430,941 | 6,114 | 339,193 | 257,177 | 1,033,425 | 17,317 |
| Bonds payable | 192,470,131 | 153,753,400 | 3,618,242 | - | 349,841,773 | - |
| Notes payable | 1,411,816 | - | - | - | 1,411,816 | - |
| Net pension liability | 5,202,199 | 3,468,132 | 3,468,132 | - | 12,138,463 | - |
| Total noncurrent liabilities | <u>200,081,131</u> | <u>157,420,188</u> | <u>13,386,459</u> | <u>950,881</u> | <u>371,838,659</u> | <u>17,317</u> |
| Total liabilities | <u>221,023,498</u> | <u>177,943,914</u> | <u>15,600,868</u> | <u>6,058,831</u> | <u>420,627,111</u> | <u>4,181,641</u> |
| Deferred inflows of resources | | | | | | |
| Deferred gains on refunding of debt | - | - | 10,446 | - | 10,446 | - |
| Deferred inflows on pension liability | 29,993 | 19,994 | 19,994 | - | 69,981 | - |
| Total deferred inflows of resources | <u>29,993</u> | <u>19,994</u> | <u>30,440</u> | <u>-</u> | <u>80,427</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | <u>221,053,491</u> | <u>177,963,908</u> | <u>15,631,308</u> | <u>6,058,831</u> | <u>420,707,538</u> | <u>4,181,641</u> |
| Net position | | | | | | |
| Net investment in capital assets | 98,354,478 | 61,264,722 | 16,581,315 | 68,870,938 | 245,071,453 | 827,778 |
| Restricted for: | | | | | | |
| Capital projects | - | - | - | 1,057,103 | 1,057,103 | - |
| Unrestricted | 38,924,628 | 28,655,882 | 7,779,028 | 7,172,927 | 82,532,465 | 12,142,087 |
| Total net position | <u>\$ 137,279,106</u> | <u>\$ 89,920,604</u> | <u>\$ 24,360,343</u> | <u>\$ 77,100,968</u> | <u>\$ 328,661,021</u> | <u>\$ 12,969,865</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, 2019

| | Business-type Activities | | | | Governmental Activities | |
|--|--------------------------|----------------------|----------------------|----------------------|-------------------------|------------------------|
| | Water Fund | Wastewater Fund | Solid Waste Fund | Total Nonmajor Funds | Total | Internal Service Funds |
| | | | | | Enterprise Funds | |
| Operating revenues: | | | | | | |
| Charges for services | \$ 49,692,270 | \$ 33,868,919 | \$ 20,213,771 | \$ 7,010,647 | \$ 110,785,607 | \$ 24,099,231 |
| Net merchandise sales | - | - | - | 1,158,280 | 1,158,280 | - |
| Contributions | - | - | - | 252,587 | 252,587 | - |
| Other | 593,032 | 566,156 | 222,142 | 1,988,577 | 3,369,907 | 13,957 |
| Total operating revenues | <u>50,285,302</u> | <u>34,435,075</u> | <u>20,435,913</u> | <u>10,410,091</u> | <u>115,566,381</u> | <u>24,113,188</u> |
| Operating expenses: | | | | | | |
| Salaries and wages | 5,030,485 | 3,051,733 | 3,407,141 | 8,087,574 | 19,576,933 | 2,891,544 |
| Employee benefits | 2,503,579 | 1,484,321 | 1,815,115 | 2,759,898 | 8,562,913 | 1,059,234 |
| Purchased professional/technical services | 2,233,511 | 2,057,079 | 2,889,010 | 1,992,808 | 9,172,408 | 2,113,634 |
| Purchased property services | 164,182 | 87,971 | 22,143 | 1,014,963 | 1,289,259 | 62,352 |
| Maintenance | 3,434,946 | 3,469,120 | 2,296,240 | 1,220,276 | 10,420,582 | 156,446 |
| Other purchased services | 1,393,478 | 556,220 | 1,596,277 | 2,404,765 | 5,950,740 | 1,314,793 |
| Supplies | 4,283,515 | 2,302,692 | 1,756,662 | 2,528,321 | 10,871,190 | 149,841 |
| Other | 4,728,606 | 4,192,833 | 3,774,085 | 1,361,706 | 14,057,230 | 14,887,872 |
| Depreciation/amortization | 10,373,077 | 5,536,080 | 3,006,878 | 5,739,059 | 24,655,094 | 135,667 |
| Total operating expenses | <u>34,145,379</u> | <u>22,738,049</u> | <u>20,563,551</u> | <u>27,109,370</u> | <u>104,556,349</u> | <u>22,771,383</u> |
| Operating income (loss) | <u>16,139,923</u> | <u>11,697,026</u> | <u>(127,638)</u> | <u>(16,699,279)</u> | <u>11,010,032</u> | <u>1,341,805</u> |
| Nonoperating revenues (expenses): | | | | | | |
| Investment earnings | 1,111,088 | 577,365 | 406,788 | 183,447 | 2,278,688 | 329,524 |
| Other income | 2,050 | - | - | 428,032 | 430,082 | - |
| Hotel/motel tax | - | - | - | 4,617,066 | 4,617,066 | - |
| Contributions | - | - | - | 21,175 | 21,175 | - |
| Intergovernmental revenues | 4,771 | - | - | 4,002,842 | 4,007,613 | - |
| Bond issuance costs | (215,706) | (198,071) | (20,415) | - | (434,192) | - |
| Interest expense and fiscal charges | (5,479,925) | (4,110,929) | (19,402) | - | (9,610,256) | - |
| Gain (loss) on disposal of capital assets | - | (185,577) | (264,611) | - | (450,188) | - |
| Total nonoperating revenues (expenses) | <u>(4,577,722)</u> | <u>(3,917,212)</u> | <u>102,360</u> | <u>9,252,562</u> | <u>859,988</u> | <u>329,524</u> |
| Income (loss) before contributions and transfers | 11,562,201 | 7,779,814 | (25,278) | (7,446,717) | 11,870,020 | 1,671,329 |
| Capital contributions | 100,043 | - | - | 3,984,768 | 4,084,811 | 34,344 |
| Transfers in | - | - | - | 4,811,416 | 4,811,416 | 415,000 |
| Transfers out | (3,451,820) | (960,784) | (388,357) | (680,000) | (5,480,961) | - |
| Changes in net position | 8,210,424 | 6,819,030 | (413,635) | 669,467 | 15,285,286 | 2,120,673 |
| Total net position, beginning of year | 129,068,682 | 83,101,574 | 24,773,978 | 76,431,501 | 313,375,735 | 10,849,192 |
| Total net position, end of year | <u>\$ 137,279,106</u> | <u>\$ 89,920,604</u> | <u>\$ 24,360,343</u> | <u>\$ 77,100,968</u> | <u>\$ 328,661,021</u> | <u>\$ 12,969,865</u> |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2019

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|---|---|-----------------------|----------------------|------------------------|------------------------|-------------------------|
| | Water Fund | Wastewater Fund | Solid Waste Fund | Enterprises Funds | Total Enterprise Funds | Internal Service Funds |
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 48,197,765 | \$ 33,515,792 | \$ 20,517,068 | \$ 10,352,255 | \$ 112,582,880 | \$ 24,113,660 |
| Cash paid to suppliers for goods and services | (16,376,158) | (7,548,645) | (11,765,997) | (10,205,087) | (45,895,887) | (18,528,228) |
| Cash paid to employees for services | (7,091,359) | (4,309,377) | (5,180,957) | (10,908,758) | (27,490,451) | (3,993,416) |
| Net cash provided by (used for) operating activities | <u>24,730,248</u> | <u>21,657,770</u> | <u>3,570,114</u> | <u>(10,761,590)</u> | <u>39,196,542</u> | <u>1,592,016</u> |
| Cash flows from noncapital financing activities: | | | | | | |
| Intergovernmental revenue | 4,771 | - | - | 3,139,770 | 3,144,541 | - |
| Intergovernmental expenses | (345,841) | - | - | - | (345,841) | - |
| Contributions | - | - | - | 21,175 | 21,175 | - |
| Hotel/motel tax | - | - | - | 4,602,035 | 4,602,035 | - |
| Passenger facility charges | - | - | - | 250,033 | 250,033 | - |
| Transfers from other funds | - | - | - | 4,811,416 | 4,811,416 | 415,000 |
| Transfers to other funds | (3,451,820) | (960,784) | (388,357) | (422,105) | (5,223,066) | (68,099) |
| Net cash provided by (used for) noncapital financing activities | <u>(3,792,890)</u> | <u>(960,784)</u> | <u>(388,357)</u> | <u>12,402,324</u> | <u>7,260,293</u> | <u>346,901</u> |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition of capital assets | (25,540,527) | (27,434,848) | (10,097,945) | (3,146,063) | (66,219,383) | (157,993) |
| Proceeds from sale of debt | 21,128,688 | 24,981,909 | 2,648,930 | - | 48,759,527 | - |
| Capital contributions | - | - | - | 2,924,909 | 2,924,909 | - |
| Payments of refundable contracts | (440,883) | - | - | - | (440,883) | - |
| Principal paid on debt | (10,680,000) | (7,220,000) | (535,000) | - | (18,435,000) | - |
| Interest paid on debt | (6,960,649) | (5,551,005) | (95,166) | - | (12,606,820) | - |
| Proceeds from insurance recoveries | - | - | - | 16,948 | 16,948 | - |
| Net cash provided by (used for) capital and related financing activities | <u>(22,493,371)</u> | <u>(15,223,944)</u> | <u>(8,079,181)</u> | <u>(204,206)</u> | <u>(46,000,702)</u> | <u>(157,993)</u> |
| Cash flows from investing activities: | | | | | | |
| Rental revenue | 2,050 | - | - | - | 2,050 | - |
| Investment earnings | 1,111,088 | 579,524 | 406,788 | 183,447 | 2,280,847 | 329,524 |
| Note payments from other entities | - | 354,751 | - | - | 354,751 | - |
| Net cash provided by (used for) investing activities | <u>1,113,138</u> | <u>934,275</u> | <u>406,788</u> | <u>183,447</u> | <u>2,637,648</u> | <u>329,524</u> |
| Net increase (decrease) in cash and cash equivalents | (442,875) | 6,407,317 | (4,490,636) | 1,619,975 | 3,093,781 | 2,110,448 |
| Cash and cash equivalents, beginning of year | 90,806,519 | 111,399,357 | 19,905,107 | 7,809,092 | 229,920,075 | 13,375,769 |
| Cash and cash equivalents, end of year | <u>\$ 90,363,644</u> | <u>\$ 117,806,674</u> | <u>\$ 15,414,471</u> | <u>\$ 9,429,067</u> | <u>\$ 233,013,856</u> | <u>\$ 15,486,217</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Operating income (loss) | \$ 16,139,923 | \$ 11,697,026 | \$ (127,638) | \$ (16,699,279) | \$ 11,010,032 | \$ 1,341,805 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Provision for uncollectible accounts receivable | 121,201 | 81,725 | 128,498 | - | 331,424 | - |
| Depreciation/amortization | 10,373,077 | 5,536,080 | 3,006,878 | 5,739,059 | 24,655,094 | 135,667 |
| Changes in assets and liabilities: | | | | | | |
| Decrease (increase) in assets: | | | | | | |
| Accounts receivable | (1,934,423) | (1,001,008) | (47,343) | (7,906) | (2,990,680) | 472 |
| Prepaid items | (274,315) | - | - | - | (274,315) | - |
| Inventories | 19,214 | (96) | - | 1,697 | 20,815 | 1,550 |
| Increase (decrease) in liabilities: | | | | | | |
| Accounts payable | 52,134 | 3,039,924 | (48,199) | 20,976 | 3,064,835 | 52,398 |
| Accrued liabilities | (119,452) | 2,101,708 | 2,965 | 291,255 | 2,276,476 | 14,073 |
| Unearned revenue | - | - | - | 3,984 | 3,984 | - |
| Estimated landfill closure and post-closure care costs | - | - | 345,568 | - | 345,568 | - |
| Compensated absences payable | (52,555) | (93,744) | 13,230 | (111,376) | (244,445) | (42,638) |
| Net pension liability | 444,233 | 296,155 | 296,155 | - | 1,036,543 | - |
| Customer deposits | (38,789) | - | - | - | (38,789) | - |
| Estimated claims and judgements | - | - | - | - | - | 88,689 |
| Net cash provided by (used for) operating activities | <u>\$ 24,730,248</u> | <u>\$ 21,657,770</u> | <u>\$ 3,570,114</u> | <u>\$ (10,761,590)</u> | <u>\$ 39,196,542</u> | <u>\$ 1,592,016</u> |
| Noncash investing, capital, and financing activities: | | | | | | |
| Contributions of capital assets | \$ - | \$ - | \$ - | \$ 942,568 | \$ 942,568 | \$ 34,344 |
| Assets acquired through refundable contracts | \$ 100,043 | \$ - | \$ - | \$ - | \$ 100,043 | \$ - |
| Proceeds of refunding bonds used for bond issuance costs and payment to refunded bond escrow agent | \$ 11,279,487 | \$ 3,384,750 | \$ 246,341 | \$ - | \$ 14,910,578 | \$ - |

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Position
September 30, 2019

| | <u>Agency Funds</u> |
|------------------------------|----------------------------|
| Assets | |
| Cash and investments | \$ 3,205,470 |
| Intergovernmental receivable | <u>399,830</u> |
| Total assets | <u><u>\$ 3,605,300</u></u> |
| Liabilities | |
| Accrued liabilities | <u>3,605,300</u> |
| Total liabilities | <u><u>\$ 3,605,300</u></u> |

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2019

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 *Waco Health Facilities Development Corporation* (the WHFDC) was created in 1983 under the Health Facilities Development Act as a public, nonprofit corporation for the purpose of issuing obligations in order to finance all or part of the cost of one or more health facilities to assist with the 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 WHFDC does not issue separate financial statements, the entity's governmental activity is reported in its respective single fund and all information is presented within the government-wide financial statements.

City of Waco, Texas

Notes to Financial Statements (Continued)

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

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

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

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

The basis of accounting indicates the timing of transactions or events for recognition in the 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 (continued)

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.

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.

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 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 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.

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

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.
- 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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables

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 120 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 6.02% of outstanding property taxes at September 30, 2019.

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 and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses 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 statements 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.

In addition to liabilities, the statements 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

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)

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 amortized 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.

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 20% of budgeted expenditures. General fund unassigned fund balance at September 30, 2019 was 20% of fiscal year 2020 budgeted 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)

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 | \$ 963,711 | - | 963,711 |
| Real estate held for resale | 6,160 | - | 6,160 |
| Parks and cemetery care | - | 378,209 | 378,209 |
| Restricted for: | | | |
| Municipal information | 1,318,309 | - | 1,318,309 |
| Debt service | - | 742,629 | 742,629 |
| Capital projects | - | 35,639,375 | 35,639,375 |
| Tax increment zone activities | - | 37,977,473 | 37,977,473 |
| Housing and community development | - | 325,423 | 325,423 |
| Public works | - | 1,142,535 | 1,142,535 |
| Public safety | - | 1,568,647 | 1,568,647 |
| Culture and recreation | - | 153,891 | 153,891 |
| Waco Public Improvement District | - | 1,006,241 | 1,006,241 |
| Committed to: | | | |
| Economic development | 13,688,936 | - | 13,688,936 |
| Capital projects | - | 12,465,309 | 12,465,309 |
| Public health | - | 2,514,105 | 2,514,105 |
| Assigned to: | | | |
| Capital improvements | 25,476,197 | - | 25,476,197 |
| Economic development | 8,274,949 | - | 8,274,949 |
| Housing and community development | - | - | - |
| Public safety | 699,653 | - | 699,653 |
| Public works | 566,574 | - | 566,574 |
| Culture and recreation | 340,878 | - | 340,878 |
| Subsequent year's budget appropriation | 4,403,230 | - | 4,403,230 |
| Other | 1,045,887 | - | 1,045,887 |
| Unassigned | 30,539,334 | - | 30,539,334 |
| | \$ 87,323,818 | 93,913,837 | 181,237,655 |

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)

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.

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 \$177,507,561 difference are as follows:

| | |
|---|-----------------------|
| Serial bonds and certificates of obligation | \$ 106,805,000 |
| Less: deferred charge on refunding (to be amortized as interest expense) | (1,571,341) |
| Plus: issuance premium (to be amortized as interest expense) | 6,930,153 |
| Accrued interest payable | 976,572 |
| Compensated absences | 17,045,875 |
| Net pension liability and pension related deferred outflows/inflows of \$29,963,570 (to be amortized as pension expense) | 44,601,291 |
| Refundable contracts | 80,007 |
| Contracts payable | 830,000 |
| Net other post-employment benefit (OPEB) obligation and related deferred outflows/inflows of \$40,114 (to be amortized as OPEB expense) | 1,487,160 |
| Notes payable | <u>322,844</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ 177,507,561</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***

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 \$10,083,707 difference are as follows:

| | |
|---|----------------------|
| Capital outlay | \$ 28,126,894 |
| Depreciation expense | <u>(18,043,187)</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>\$ 10,083,707</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 \$7,847,693 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>\$ 7,847,693</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>\$ 7,847,693</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, “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 \$499,091 difference are as follows:

| | | |
|--|----|----------------|
| Court fines | \$ | 1,804 |
| Property taxes | | 491,882 |
| Special assessments | | <u>5,405</u> |
| | | |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | \$ | <u>499,091</u> |

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Also, governmental funds report the effect of 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 \$13,423,000 difference are as follows:

| | | |
|---|----|---------------------|
| Debt issued or incurred: | | |
| Issuance of general obligation debt and refunding debt | \$ | (27,925,000) |
| Plus: premium on issuance | | (2,648,598) |
| Principal repayments: | | |
| General obligation debt | | 6,555,000 |
| Payment to escrow agent for refunding | | 10,434,176 |
| 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>(13,423,000)</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, “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 \$4,973,836 difference are as follows:

| | |
|--|-----------------------|
| OPEB liability | \$ (17,179) |
| Compensated absences | 339,205 |
| Net pension liability | (6,367,341) |
| Accrued interest | (78,363) |
| Amortization of deferred charge on refunding | (366,993) |
| Amortization of bond premiums | <u>1,516,835</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>\$ (4,973,836)</u> |

III. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information

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, 2019 are \$2,652,992 for the general fund and \$17,944,999 for other nonmajor funds.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2019, the City has U.S. Federal agency securities of \$192,611,367, which are valued using quoted market prices (Level 1).

As of September 30, 2019, the City had the following investments:

| | <u>Total Investments</u> | <u>Percent of Portfolio</u> | <u>Weighted Average Maturity (in Years)</u> |
|--|------------------------------|-------------------------------------|---|
| Investments reported at amortized cost: | | | |
| Texas Local Government Investment Pool (Tex Pool) | \$ 48,383,459 | 10.97 | 0.10 |
| Texas Local Government Investment Pool (TexPool Prime) | 79,177,313 | 17.96 | 0.09 |
| Texas Short-Term Asset Reserve (TexSTAR) | <u>98,832,741</u> | <u>22.41</u> | 0.05 |
| Total local government investment pools | 226,393,513 | 51.35 | |
| Money market mutual funds | 17,834,782 | 4.04 | 0.07 |
| Collateralized bank savings accounts | 4,103,177 | 0.93 | - |
| Investments reported at fair value: | | | |
| U.S. Federal agency securities | <u>192,611,367</u> | <u>43.68</u> | 1.42 |
| Total investments | <u>\$ 440,942,839</u> | <u>100.00</u> | 0.66 |

City of Waco, Texas

Notes to Financial Statements (Continued)

IV. **Detail Notes on All Funds** (continued)

A. **Deposits and Investments** (continued)

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 0.77 years as of September 30, 2019.

Credit Risk

For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations. Texas Government Code Chapter 2256, Public Funds Investment Act, restricts the types of investments in which the City may invest.

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

The City’s investments in TexPool and TexSTAR are rated AAAM by Standard & Poor’s; and U.S. Federal agency securities are rated Aaa by 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, 2019 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 | \$ 39,019,165 | 8.85% |
| Federal Home Loan Bank | 109,608,534 | 24.86% |
| Federal Home Loan Mortgage Corporation | 22,980,141 | 5.21% |

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

Reconciliation of Cash and Investments

| | |
|--|------------------------------|
| Carrying amount of deposits and cash on hand | \$ (366,618) |
| Carrying amount of investments | <u>440,942,839</u> |
| Total | <u><u>\$ 440,576,221</u></u> |
| | |
| Cash and investments - governmental activities | \$ 198,360,099 |
| Cash and investments - business-type activities | 99,658,795 |
| Restricted cash and investments - business-type activities | 133,355,061 |
| Component units, excluding Baylor Waco Stadium Authority | 31,588 |
| Agency funds | 3,205,470 |
| Other participants' undivided interest in WMARSS cash and investments | <u>5,965,208</u> |
| Total | <u><u>\$ 440,576,221</u></u> |

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

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 Asset Management and Hilltop Securities 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.

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 (continued)

There are no maximum transaction amounts and withdrawals from TexSTAR 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:

| | <u>General</u> | <u>Water</u> | <u>Wastewater</u> | <u>Solid Waste</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|------------------------------------|----------------------|------------------|-------------------|------------------------|---|-------------------|
| Receivables: | | | | | | |
| Taxes | \$ 9,709,676 | - | - | - | 375,793 | 10,085,469 |
| Accounts | 15,421,480 | 9,653,438 | 5,692,414 | 3,366,506 | 2,065,262 | 36,199,100 |
| Special assessments | - | - | - | - | 5,460 | 5,460 |
| Intergovernmental | 74,843 | 233,385 | 134,085 | - | 4,952,271 | 5,394,584 |
| Notes | - | - | - | - | 3,886,809 | 3,886,809 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Gross receivables | 25,205,999 | 9,886,823 | 5,826,499 | 3,366,506 | 11,285,595 | 55,571,422 |
| Less: allowance for uncollectibles | <u>11,962,483</u> | <u>2,333,287</u> | <u>1,261,336</u> | <u>1,288,135</u> | <u>4,706,290</u> | <u>21,551,531</u> |
| Net total receivables | <u>\$ 13,243,516</u> | <u>7,553,536</u> | <u>4,565,163</u> | <u>2,078,371</u> | <u>6,579,305</u> | <u>34,019,891</u> |

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 | \$ 121,201 |
| Uncollectibles related to wastewater charges | 81,725 |
| Uncollectibles related to solid waste charges | <u>128,498</u> |
| Total uncollectibles of the current fiscal year | <u>\$ 331,424</u> |

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

| | Primary Government | | | Balance September 30, 2019 |
|--|-------------------------------|--------------------|--------------------|----------------------------------|
| | Balance October 1, 2018 | Increases | Decreases | |
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 58,702,421 | 2,480,785 | - | 61,183,206 |
| Construction in progress | 7,031,649 | 21,391,250 | (4,625,726) | 23,797,173 |
| Total capital assets not being depreciated | <u>65,734,070</u> | <u>23,872,035</u> | <u>(4,625,726)</u> | <u>84,980,379</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 82,367,465 | 643,710 | - | 83,011,175 |
| Machinery and equipment | 61,883,779 | 4,781,750 | (1,322,676) | 65,342,853 |
| Improvements other than buildings | 68,808,482 | 721,114 | - | 69,529,596 |
| Infrastructure | 307,293,616 | 10,782,464 | - | 318,076,080 |
| Total capital assets being depreciated | <u>520,353,342</u> | <u>16,929,038</u> | <u>(1,322,676)</u> | <u>535,959,704</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 28,377,865 | 3,083,500 | - | 31,461,365 |
| Machinery and equipment | 44,201,321 | 4,115,061 | (1,314,252) | 47,002,130 |
| Improvements other than buildings | 37,530,374 | 2,629,635 | - | 40,160,009 |
| Infrastructure | 188,380,082 | 8,350,657 | - | 196,730,739 |
| Total accumulated depreciation | <u>298,489,642</u> | <u>18,178,853</u> | <u>(1,314,252)</u> | <u>315,354,243</u> |
| Total capital assets being depreciated, net | <u>221,863,700</u> | <u>(1,249,815)</u> | <u>(8,424)</u> | <u>220,605,461</u> |
| Total capital assets, net | <u>\$ 287,597,770</u> | <u>22,622,220</u> | <u>(4,634,150)</u> | <u>305,585,840</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, 2019 |
|---|-------------------------------|-------------------|---------------------|----------------------------------|
| | Balance October 1, 2018 | Increases | Decreases | |
| <u>Business-type activities:</u> | | | | |
| Capital assets, not being depreciated/amortized: | | | | |
| Land | \$ 8,464,223 | 6,738,224 | - | 15,202,447 |
| Construction in progress | 54,561,938 | 42,490,310 | (34,993,846) | 62,058,402 |
| Museum collections | 2,224,424 | 40,000 | - | 2,264,424 |
| Total capital assets not being depreciated/amortized | <u>65,250,585</u> | <u>49,268,534</u> | <u>(34,993,846)</u> | <u>79,525,273</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 83,049,381 | 1,459,209 | - | 84,508,590 |
| Machinery and equipment | 57,386,997 | 6,552,217 | (1,731,919) | 62,207,295 |
| Improvements other than buildings | 543,161,866 | 43,325,614 | (1,577,533) | 584,909,947 |
| Water rights - impound fee | 32,482,879 | - | - | 32,482,879 |
| Total capital assets being depreciated/amortized | <u>716,081,123</u> | <u>51,337,040</u> | <u>(3,309,452)</u> | <u>764,108,711</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 43,063,005 | 2,722,514 | - | 45,785,519 |
| Machinery and equipment | 40,946,675 | 4,025,519 | (1,467,306) | 43,504,888 |
| Improvements other than buildings | 237,139,732 | 16,982,234 | (1,577,533) | 252,544,433 |
| Water rights - impound fee | 12,539,822 | 924,827 | - | 13,464,649 |
| Total accumulated depreciation/amortization | <u>333,689,234</u> | <u>24,655,094</u> | <u>(3,044,839)</u> | <u>355,299,489</u> |
| Total capital assets being depreciated/amortized, net | <u>382,391,889</u> | <u>26,681,946</u> | <u>(264,613)</u> | <u>408,809,222</u> |
| Total capital assets, net | <u>\$ 447,642,474</u> | <u>75,950,480</u> | <u>(35,258,459)</u> | <u>488,334,495</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 | \$ 1,048,676 |
| Public works | 8,898,127 |
| Public safety | 3,794,296 |
| Culture and recreation | 4,382,679 |
| Public health | <u>55,075</u> |
| Total depreciation expense - governmental activities | <u>\$ 18,178,853</u> |

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

| | |
|---|----------------------|
| Business-type activities | |
| Water | \$ 10,373,077 |
| Wastewater | 5,536,080 |
| Solid waste | 3,006,878 |
| Airport | 2,739,686 |
| Convention services | 907,029 |
| Ranger Hall of Fame | 162,103 |
| Cameron Park Zoo | 1,028,267 |
| Transit services | 739,824 |
| Cottonwood Creek Golf Course | <u>162,150</u> |
| Total depreciation/amortization expense - business-type activities | <u>\$ 24,655,094</u> |

Construction commitments

The City has active construction projects as of September 30, 2019. At year-end the City's commitments with contractors are as follows:

| Project | Spent to Date | Remaining Commitments |
|---------------------|----------------------|--------------------------|
| Street projects | \$ 20,166,783 | 15,597,067 |
| Water projects | 21,813,439 | 9,183,990 |
| Wastewater projects | 37,489,356 | 16,967,206 |
| Solid waste | 2,142,315 | 307,523 |
| Other projects | <u>4,243,682</u> | <u>1,004,015</u> |
| Total | <u>\$ 85,855,575</u> | <u>43,059,801</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, 2019 is as follows:

Due to/from other funds

| Receivable Fund | Payable Fund | Amount |
|-----------------------|------------------------|--------------|
| General | Nonmajor governmental | \$ 137,521 |
| General | Nonmajor business-type | 2,486,047 |
| Internal service | General | 623,514 |
| Nonmajor governmental | Nonmajor governmental | 1,044,045 |
| | | \$ 4,291,127 |

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

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

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 | Internal Service | |
| Transfers out: | | | | | |
| General | \$ - | 9,127,817 | 4,661,416 | 415,000 | 14,204,233 |
| Water | 3,451,820 | - | - | - | 3,451,820 |
| Wastewater | 960,784 | - | - | - | 960,784 |
| Solid waste | 388,357 | - | - | - | 388,357 |
| Nonmajor governmental | 310,708 | 4,101,634 | - | - | 4,412,342 |
| Nonmajor enterprise | - | 530,000 | 150,000 | - | 680,000 |
| Total transfers | <u>\$ 5,111,669</u> | <u>13,759,451</u> | <u>4,811,416</u> | <u>415,000</u> | <u>24,097,536</u> |

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, 2019, 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 | \$ 3,451,820 |
| Wastewater | 960,784 |
| Solid waste | 388,357 |

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$818,452 for the year ended September 30, 2019. 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)

| <u>Year Ending September 30,</u> | | \$ |
|--------------------------------------|--|---------------------|
| 2020 | | 749,711 |
| 2021 | | 372,149 |
| 2022 | | 129,515 |
| 2023 | | 68,184 |
| 2024 | | 68,184 |
| 2025-2028 | | <u>238,644</u> |
| Total | | <u>\$ 1,626,387</u> |

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% | \$ 59,000,000 |
| Governmental activities - refunding | 2.00% - 5.00% | 47,805,000 |
| Business-type activities | 2.00% - 5.00% | 219,935,000 |
| Business-type activities - refunding | 2.00% - 5.00% | <u>134,410,000</u> |
| | | <u>\$ 461,150,000</u> |

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:

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|-------------------|--------------------------|--------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 7,590,000 | 4,550,788 | 20,650,000 | 13,742,133 |
| 2021 | 8,255,000 | 3,966,313 | 21,320,000 | 12,265,375 |
| 2022 | 8,085,000 | 3,605,638 | 20,775,000 | 11,373,481 |
| 2023 | 8,205,000 | 3,225,169 | 20,750,000 | 10,442,540 |
| 2024 | 8,405,000 | 2,828,863 | 21,015,000 | 9,493,435 |
| 2025-2029 | 35,220,000 | 8,481,541 | 95,225,000 | 35,027,423 |
| 2030-2034 | 18,830,000 | 3,530,081 | 99,085,000 | 17,131,880 |
| 2035-2039 | 12,215,000 | 874,683 | 55,525,000 | 3,141,805 |
| Total | \$ <u>106,805,000</u> | <u>31,063,076</u> | <u>354,345,000</u> | <u>112,618,072</u> |

Current refunding of debt

On April 11, 2019, the City issued \$22,785,000 General Obligation Refunding Bonds Series 2019 to refund \$25,110,000 of existing general obligation debt on the call date of May 14, 2019. The true interest cost of the refunding bonds is 2.19% with a final maturity of February 1, 2031. The reacquisition price exceeded the net carrying amount of the refunded debt by \$452,925. This amount is being amortized over the life of the refunding bonds. The refunding transaction was undertaken to reduce total debt service payments by \$2,293,493 over the next twelve years, resulting in an economic gain of \$2,051,342.

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 |
| 2020 | \$ 90,162 | 63,600 |
| 2021 | 94,166 | 59,596 |
| 2022 | 98,348 | 55,414 |
| 2023 | 96,535 | 51,046 |
| 2024 | 31,325 | 48,257 |
| 2025-2029 | 178,771 | 219,139 |
| 2030-2034 | 222,155 | 175,755 |
| 2035-2039 | 276,067 | 121,843 |
| 2040-2044 | 343,063 | 54,847 |
| 2045-2049 | 71,386 | 1,564 |
| Total | \$ 1,501,978 | 851,061 |

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 \$671,896 paid through 2019. Two annual payments of \$161,422 will be required for fiscal years 2020 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, 2019.

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)

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 \$1,434,496 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, 2019 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 | \$ 95,670 | 27,925 | 16,790 | 106,805 | 7,590 |
| Plus: premium on bonds | <u>5,777</u> | <u>2,670</u> | <u>1,517</u> | <u>6,930</u> | <u>-</u> |
| Total bonds payable | <u>101,447</u> | <u>30,595</u> | <u>18,307</u> | <u>113,735</u> | <u>7,590</u> |
| Contracts payable | 830 | - | - | 830 | - |
| Refundable contracts | 80 | - | - | 80 | - |
| Estimated claims and judgments | 2,967 | 14,830 | 14,741 | 3,056 | 3,056 |
| Note payable | 485 | - | 162 | 323 | 161 |
| Compensated absences | 17,700 | 11,345 | 11,727 | 17,318 | 11,623 |
| Net pension liability | 38,124 | 38,566 | 2,125 | 74,565 | - |
| OPEB obligation liability | <u>1,626</u> | <u>-</u> | <u>99</u> | <u>1,527</u> | <u>-</u> |
| Total other long-term liabilities | <u>61,812</u> | <u>64,741</u> | <u>28,854</u> | <u>97,699</u> | <u>14,840</u> |
| Governmental activity long-term liabilities | <u>\$ 163,259</u> | <u>95,336</u> | <u>47,161</u> | <u>211,434</u> | <u>22,430</u> |
| | | | | | |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
| <u>Business-type activities:</u> | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 328,885 | 58,770 | 33,310 | 354,345 | 20,650 |
| Plus: premium on bonds | <u>14,412</u> | <u>5,387</u> | <u>3,652</u> | <u>16,147</u> | <u>-</u> |
| Total bonds payable | <u>343,297</u> | <u>64,157</u> | <u>36,962</u> | <u>370,492</u> | <u>20,650</u> |
| Refundable contracts | 1,391 | 559 | 596 | 1,354 | 596 |
| Estimated landfill closure | 5,615 | 346 | - | 5,961 | - |
| Contracts payable | 346 | - | 346 | - | - |
| Note payable | 1,588 | - | 86 | 1,502 | 90 |
| Compensated absences | 3,259 | 1,717 | 1,962 | 3,014 | 1,981 |
| Net pension liability | <u>6,206</u> | <u>6,278</u> | <u>346</u> | <u>12,138</u> | <u>-</u> |
| Total other long-term liabilities | <u>18,405</u> | <u>8,900</u> | <u>3,336</u> | <u>23,969</u> | <u>2,667</u> |
| Business-type activity long-term liabilities | <u>\$ 361,702</u> | <u>73,057</u> | <u>40,298</u> | <u>394,461</u> | <u>23,317</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, \$272,335 and \$3,055,714 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 | \$ 3,150,266 |
| Bond construction account | 130,096,944 |
| Capital grants and contributions | <u>107,851</u> |
| Total restricted assets | <u>\$ 133,355,061</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 \$10,000,000 at September 30, 2019.

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, \$436,729,128 aggregate for real and personal property, \$11,104,229 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 2019, 2018, or 2017. 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):

| | 2019 | 2018 |
|---|----------|----------|
| Unpaid claims, beginning of fiscal year | \$ 2,967 | 2,322 |
| Incurred claims (including IBNRs) | 14,830 | 15,964 |
| Claim payments | (14,741) | (15,319) |
| Unpaid claims, end of fiscal year | \$ 3,056 | 2,967 |

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 \$1,508,181 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 \$26,042,238 had been funded through 2019. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one as follows:

| Year | Amount |
|------|--------------|
| 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, 2018, the following employees were covered by the benefit terms:

| | |
|---|---------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 607 |
| Active plan members | <u>1,406</u> |
| | <u><u>2,013</u></u> |

Total OPEB Liability

The actuarial valuation was performed as of December 31, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018.

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 rolled forward to December 31, 2018 |
| Methods and Assumptions: | |
| Actuarial Cost Method | Individual Entry Age Normal |
| Discount Rate | 3.71% as of December 31, 2018 |
| 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 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)

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$72,058. At September 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ - | 472 |
| Changes in assumptions or other inputs | 93,554 | 94,452 |
| Contributions subsequent to the measurement date | <u>41,484</u> | <u>-</u> |
| Total | <u>\$ 135,038</u> | <u>94,924</u> |

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$41,484 will be recognized as a reduction of the OPEB liability for the year ended September 30, 2020.

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

| Measurement Year Ended December 31, | | |
|---|----|----------------|
| <u>2019</u> | \$ | 3,999 |
| 2020 | | 3,999 |
| 2021 | | 3,999 |
| 2022 | | 3,999 |
| 2023 | | (13,512) |
| Thereafter | | <u>(3,854)</u> |
| | \$ | <u>(1,370)</u> |

L. Defined Benefit Pension Plan

Plan Description

The City participates as one of 887 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.tmr.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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries current receiving benefits | 1,051 |
| Inactive employees entitled to but not yet receiving benefits | 612 |
| Active employees | <u>1,422</u> |
| | <u><u>3,085</u></u> |

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

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

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

Contributions (continued)

TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially 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 14.25% and 14.02% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$12,836,559 and were in excess of the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2018 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 set-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.

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)

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 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 2019 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% | 4.30% |
| International Equity | 17.5% | 6.10% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.39% |
| Real Return | 10.0% | 3.78% |
| Real Estate | 10.0% | 4.44% |
| Absolute Return | 10.0% | 3.56% |
| Private Equity | <u>5.0%</u> | 7.75% |
| Total | <u>100.0%</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 | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balance at December 31, 2017 | \$ 488,663,824 | 444,333,673 | 44,330,151 |
| Changes for the year: | | | |
| Service cost | 12,098,625 | - | 12,098,625 |
| Interest | 32,475,392 | - | 32,475,392 |
| Difference between expected and actual experience | 2,542,969 | - | 2,542,969 |
| Contributions - employer | - | 12,489,042 | (12,489,042) |
| Contributions - employee | - | 5,828,911 | (5,828,911) |
| Net investment income | - | (13,303,463) | 13,303,463 |
| Benefit payments, including refunds of employee contributions | (27,192,449) | (27,192,449) | - |
| Administrative expense | - | (257,236) | 257,236 |
| Other changes | - | (13,441) | 13,441 |
| Net changes | <u>19,924,537</u> | <u>(22,448,636)</u> | <u>42,373,173</u> |
| Balance at December 31, 2018 | <u>\$ 508,588,361</u> | <u>421,885,037</u> | <u>86,703,324</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:

| | 1% Decrease in Discount Rate (5.75%) | Current Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|--|--|--|
| City's net pension liability (asset) \$ | 149,415,021 | 86,703,324 | 34,255,544 |

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, 2019, the City recognized pension expense of \$20,240,443.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 2,040,788 | 499,891 |
| Changes in actuarial assumptions | 911,942 | - |
| Net difference between projected and actual earnings on pension plan investments | 23,001,765 | - |
| Contributions subsequent to the measurement date | 9,386,755 | - |
| Total | \$ 35,341,250 | 499,891 |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,386,755 will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. 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:

| Measurement Year Ended December 31: | |
|---|----------------------|
| 2019 | \$ 9,497,017 |
| 2020 | 3,557,542 |
| 2021 | 3,585,642 |
| 2022 | <u>8,814,403</u> |
| | <u>\$ 25,454,604</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’s dependents remaining under this plan.

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 \$78,257 at September 30, 2019.

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:

| | |
|------|-----------|
| 2019 | \$ 18,444 |
| 2018 | 23,394 |
| 2017 | 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 is \$5,960,892 as of September 30, 2019, which is based on 84.9% usage (filled) of the landfill. It is estimated that an additional \$1,059,823 will be recognized as closure and post-closure care expenses between the date of the statement of net position 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 (\$7,020,715) 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, 2019. 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, 2019, such special assessment debt outstanding totaled \$583,000.

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, 2019 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. During 2019, the remaining principal balance of \$354,751 was repaid.

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 | \$ 23,119,983 |
| Capital assets | 61,119,930 |
| Current liabilities | (9,731,225) |
| Noncurrent liabilities | <u>(57,939)</u> |
| Net position | <u>\$ 74,450,749</u> |
| Operating revenue | \$ 785,729 |
| Operating expenses | (8,465,790) |
| Non-operating revenue | <u>18,350</u> |
| Change in net position | <u>\$ (7,661,711)</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 | \$ 69,862,560 |
| Commercial - Personal Property | 13,405,789 |
| Residential | 2,369,585 |
| | <u>\$ 85,637,934</u> |

S. Subsequent Event

Effective October 1, 2019, the City executed a termination agreement with the six participating cities in WMARSS. The agreement terminates the operation and management agreements, discontinues all WMARSS operations, accepts the

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

IV. Detail Notes on All Funds (continued)

S. Subsequent Event (continued)

conveyance of WMARSS assets to the City, and allows the conveyance of certain WMARSS easements to the City and the City of Lorena. Simultaneously the City executed wholesale wastewater contracts with each of the cities of Bellmead, Hewitt, Lacy Lakeview, Lorena, Robinson and Woodway for each of the cities to become a customer of the City's solely-owned wastewater system. The City did not pay cash consideration or assume bonded indebtedness of the participating cities in return for the transfer of ownership interests. Under the existing arrangement WMARSS member cities have shared in percentages of the operations and maintenance and capital project expenditures. Under the new arrangement, costs will be recovered through rates set for operations and maintenance, capital improvements, and capacity expansion. A calculation will be performed to determine whether there are amounts of certain surplus working capital reserves available to be returned to the other cities and to the City's Wastewater Fund.

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. 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.

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. 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 Five Measurement Dates

| | December 31, | | | | |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | |
| Service cost | \$ 12,098,625 | 11,780,852 | 11,202,475 | 10,455,324 | 9,662,721 |
| Interest (on the Total Pension Liability) | 32,475,392 | 31,314,896 | 30,078,486 | 29,600,291 | 28,296,862 |
| Difference between expected and actual experience | 2,542,969 | (378,999) | 280,568 | (2,438,332) | 1,770,413 |
| Change in assumptions | - | - | - | 7,544,258 | - |
| Benefit payments, including refunds of employee contributions | (27,192,449) | (24,173,783) | (22,893,267) | (22,685,162) | (20,326,595) |
| Net change in Total Pension Liability | 19,924,537 | 18,542,966 | 18,668,262 | 22,476,379 | 19,403,401 |
| Total Pension Liability - beginning | 488,663,824 | 470,120,858 | 451,452,596 | 428,976,217 | 409,572,816 |
| Total Pension Liability - ending (a) | \$ <u>508,588,361</u> | <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 | \$ 12,489,042 | 11,357,317 | 9,999,248 | 9,928,219 | 10,444,097 |
| Contributions - employee | 5,828,911 | 5,705,023 | 5,401,710 | 5,284,986 | 5,371,982 |
| Net investment income | (13,303,463) | 54,977,759 | 25,606,114 | 569,868 | 21,154,751 |
| Benefit payments, including refunds of employee contributions | (27,192,449) | (24,173,783) | (22,893,267) | (22,685,162) | (20,326,595) |
| Administrative expense | (257,236) | (284,984) | (289,241) | (347,125) | (220,877) |
| Other | (13,441) | (14,442) | (15,583) | (17,145) | (18,160) |
| Net change in Plan Fiduciary Net Position | (22,448,636) | 47,566,890 | 17,808,981 | (7,266,359) | 16,405,198 |
| Plan Fiduciary Net Position - Beginning | 444,333,673 | 396,766,783 | 378,957,802 | 386,224,161 | 369,818,963 |
| Plan Fiduciary Net Position - ending (b) | \$ <u>421,885,037</u> | <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) | \$ 86,703,324 | 44,330,151 | 73,354,075 | 72,494,794 | 42,752,056 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 82.95% | 90.93% | 84.40% | 83.94% | 90.03% |
| Covered payroll | \$ 83,209,253 | 81,079,501 | 77,045,909 | 75,489,706 | 76,730,734 |
| Net Pension Liability as a percentage of covered payroll | 104.20% | 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 | 2019 |
| Actuarially determined contribution | \$ 9,999,116 | 9,918,113 | 10,942,485 | 11,797,668 | 12,034,470 |
| 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> | <u>12,836,559</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>(451,962)</u> | <u>(802,089)</u> |
| Covered payroll | <u>\$ 75,315,307</u> | <u>76,215,914</u> | <u>79,821,678</u> | <u>82,982,040</u> | <u>85,461,415</u> |
| Contributions as a percentage of covered payroll | <u>13.28%</u> | <u>13.01%</u> | <u>13.71%</u> | <u>14.77%</u> | <u>15.02%</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 | 27 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. |

Other Information

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 Two Measurement Dates

| | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Total OPEB liability | | |
| Service cost | \$ 14,881 | 11,106 |
| Interest | 53,178 | 55,396 |
| Difference between expected and actual experience | (563) | - |
| Changes in assumptions or other inputs | (112,575) | 137,980 |
| Benefit payments | <u>(53,608)</u> | <u>(53,860)</u> |
| Net change in Total OPEB Liability | (98,687) | 150,622 |
| Total OPEB Liability - beginning | <u>1,625,961</u> | <u>1,475,339</u> |
| Total OPEB Liability - ending | <u>\$ 1,527,274</u> | <u>1,625,961</u> |
| Covered-employee payroll | <u>\$ 83,209,248</u> | <u>76,362,199</u> |
| Total OPEB liability as a percentage of covered-employee payroll | 1.84% | 2.13% |

Notes to Schedule of Changes in Total OPEB Liability and Related Ratios

| | |
|---------------------------------|---|
| Valuation Date: | December 31, 2017 rolled forward to December 31, 2018 |
| Methods and Assumptions: | |
| Actuarial Cost Method | Individual Entry Age Normal |
| Discount Rate | 3.71% as of December 31, 2018 |
| 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 | Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period: |
| | 2018 3.71% |
| | 2017 3.31% |
| | 2016 3.81% |

There are no assets accumulated in a trust to pay related benefits.

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, 2019 and 2018

| | General Fund | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 83,105,533 | \$ 64,433,371 |
| Accounts receivable, net of allowances | 3,630,048 | 3,630,986 |
| Due from other funds | 2,623,568 | 2,346,087 |
| Taxes | 9,538,625 | 8,511,316 |
| Intergovernmental receivable | 74,843 | 78,330 |
| Inventory | 963,711 | 962,267 |
| Real estate held for resale | 6,160 | 6,160 |
| Total assets | <u>\$ 99,942,488</u> | <u>\$ 79,968,517</u> |
| Liabilities | | |
| Accounts payable | \$ 2,647,599 | \$ 2,256,858 |
| Accrued liabilities | 5,640,687 | 3,830,196 |
| Unearned revenue | 20,869 | 20,594 |
| Due to other funds | 623,514 | 555,415 |
| Deposits | 646,445 | 674,384 |
| Escrow funds | 460,087 | 451,375 |
| Total liabilities | <u>10,039,201</u> | <u>7,788,822</u> |
| Deferred inflows of resources | | |
| Unavailable revenue-property taxes | 2,126,578 | 1,636,192 |
| Unavailable revenue court fines | 452,891 | 451,087 |
| Total deferred inflow of resources | <u>2,579,469</u> | <u>2,087,279</u> |
| Total liabilities and deferred inflows of resources | <u>12,618,670</u> | <u>9,876,101</u> |
| Fund balance (deficit) | | |
| Nonspendable | | |
| Inventory | 963,711 | 962,267 |
| Real estate held for resale | 6,160 | 6,160 |
| Restricted for: | | |
| Municipal information | 1,318,309 | 1,271,408 |
| Committed to: | | |
| Economic development | 13,688,936 | 10,933,118 |
| Assigned to: | | |
| Capital improvements | 25,476,197 | 17,425,920 |
| Culture and recreation | 340,878 | 130,993 |
| Economic development | 8,274,949 | 7,354,149 |
| Housing and community development | - | 44,600 |
| Other | 1,045,887 | 416,224 |
| Public safety | 699,653 | 753,506 |
| Public works | 566,574 | 240,959 |
| Subsequent year's budget appropriation | 4,403,230 | 3,588,211 |
| Unassigned | 30,539,334 | 26,964,901 |
| Total fund balance (deficit) | <u>\$ 87,323,818</u> | <u>\$ 70,092,416</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 99,942,488</u> | <u>\$ 79,968,517</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, 2019 and 2018

| | General Fund | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Taxes | \$ 104,837,511 | \$ 97,013,440 |
| Business and occupation fees | 14,590,418 | 14,916,497 |
| Permits, licenses and fees | 1,875,782 | 1,495,196 |
| Fines | 1,607,374 | 1,544,352 |
| Charges for services | 2,101,940 | 2,104,779 |
| Investment earnings | 2,470,954 | 1,249,631 |
| Contributions | 677,457 | 680,287 |
| Intergovernmental | 2,121,293 | 1,977,140 |
| Other | 13,626,575 | 11,517,188 |
| Total revenues | 143,909,304 | 132,498,510 |
| Expenditures: | | |
| Current: | | |
| General government | 22,159,881 | 23,488,526 |
| Public works | 5,413,207 | 5,119,496 |
| Public safety | 74,909,796 | 73,006,499 |
| Culture and recreation | 14,786,909 | 13,809,591 |
| Housing and community development | 315,545 | 248,667 |
| Total expenditures | 117,585,338 | 115,672,779 |
| Excess (deficiency) of revenues over expenditures | 26,323,966 | 16,825,731 |
| Other financing sources (uses): | | |
| Transfers in | 5,111,669 | 4,762,413 |
| Transfers out | (14,204,233) | (12,318,400) |
| Total other financing sources (uses) | (9,092,564) | (7,555,987) |
| Net change in fund balances | 17,231,402 | 9,269,744 |
| Fund balance, beginning of year | 70,092,416 | 60,822,672 |
| Fund balance, end of year | \$ 87,323,818 | \$ 70,092,416 |

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, 2019
(With Comparative Totals for September 30, 2018)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Permanent Funds | Total Nonmajor Governmental Funds | |
|--|--------------------------|-----------------------|---------------------------|--------------------|--------------------------------------|----------------------|
| | | | | | 2019 | 2018 |
| Assets | | | | | | |
| Cash and investments | \$ 43,706,212 | \$ 720,851 | \$ 54,963,077 | \$ 378,209 | \$ 99,768,349 | \$ 83,142,407 |
| Accounts receivable, net of allowance | 138,775 | - | - | - | 138,775 | 88,973 |
| Due from other funds | 596,000 | - | 448,045 | - | 1,044,045 | - |
| Special assessments | 5,460 | - | - | - | 5,460 | 55 |
| Taxes receivable, net of allowance | - | 375,793 | - | - | 375,793 | 367,306 |
| Notes receivable | 338,144 | - | - | - | 338,144 | 1,325,054 |
| Advances to other funds | - | - | 168,368 | - | 168,368 | 168,368 |
| Intergovernmental receivable | 1,863,206 | - | - | - | 1,863,206 | 1,519,771 |
| Real estate held for resale | 60,097 | - | - | - | 60,097 | 60,097 |
| Total assets | <u>\$ 46,707,894</u> | <u>\$ 1,096,644</u> | <u>\$ 55,579,490</u> | <u>\$ 378,209</u> | <u>\$ 103,762,237</u> | <u>\$ 86,672,031</u> |
| Liabilities | | | | | | |
| Accounts payable | \$ 810,167 | \$ - | \$ 4,976,798 | \$ - | \$ 5,786,965 | \$ 1,299,367 |
| Accrued liabilities | 433,572 | - | 1,017,979 | - | 1,451,551 | 733,153 |
| Unearned revenue | - | - | - | - | - | 1,210 |
| Due to other funds | 733,521 | - | 448,045 | - | 1,181,566 | 117,935 |
| Escrow funds | 36,859 | - | 1,031,984 | - | 1,068,843 | 1,954,998 |
| Total liabilities | <u>2,014,119</u> | <u>-</u> | <u>7,474,806</u> | <u>-</u> | <u>9,488,925</u> | <u>4,106,663</u> |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue-property taxes | - | 354,015 | - | - | 354,015 | 352,519 |
| Unavailable revenue- special assessments | 5,460 | - | - | - | 5,460 | 55 |
| Total deferred inflows of resources | <u>5,460</u> | <u>354,015</u> | <u>-</u> | <u>-</u> | <u>359,475</u> | <u>352,574</u> |
| Total liabilities and deferred inflows of resources | <u>2,019,579</u> | <u>354,015</u> | <u>7,474,806</u> | <u>-</u> | <u>9,848,400</u> | <u>4,459,237</u> |
| Fund balances (deficits) | | | | | | |
| Nonspendable: | | | | | | |
| Parks and cemetery care | - | - | - | 378,209 | 378,209 | 371,797 |
| Restricted for: | | | | | | |
| Capital projects | - | - | 35,639,375 | - | 35,639,375 | 29,469,813 |
| Culture and recreation | 153,891 | - | - | - | 153,891 | 191,804 |
| Debt service | - | 742,629 | - | - | 742,629 | 675,525 |
| Housing and Community Development | 325,423 | - | - | - | 325,423 | 1,314,573 |
| Public works | 1,142,535 | - | - | - | 1,142,535 | - |
| Public safety | 1,568,647 | - | - | - | 1,568,647 | 1,556,260 |
| Tax increment zone activities | 37,977,473 | - | - | - | 37,977,473 | 31,067,768 |
| Waco Public Improvement District | 1,006,241 | - | - | - | 1,006,241 | 906,377 |
| Committed to: | | | | | | |
| Capital projects | - | - | 12,465,309 | - | 12,465,309 | 14,241,431 |
| Public health | 2,514,105 | - | - | - | 2,514,105 | 2,417,446 |
| Total fund balances (deficits) | <u>\$ 44,688,315</u> | <u>\$ 742,629</u> | <u>\$ 48,104,684</u> | <u>\$ 378,209</u> | <u>\$ 93,913,837</u> | <u>\$ 82,212,794</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 46,707,894</u> | <u>\$ 1,096,644</u> | <u>\$ 55,579,490</u> | <u>\$ 378,209</u> | <u>\$ 103,762,237</u> | <u>\$ 86,672,031</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, 2019 (With Comparative Totals for Year Ended September 30, 2018)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals | |
|---|----------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| | Funds | Funds | Funds | Funds | 2019 | 2018 |
| Revenues: | | | | | | |
| Taxes | \$ 14,758,484 | \$ 9,810,697 | \$ - | \$ - | \$ 24,569,181 | \$ 23,343,825 |
| Permits, licenses and fees | 1,081,246 | - | - | - | 1,081,246 | 987,487 |
| Fines | 448,254 | - | - | - | 448,254 | 338,839 |
| Investment earnings | 971,855 | 36,443 | 4,154,918 | 6,412 | 5,169,628 | 2,671,615 |
| Contributions | - | - | 394,921 | - | 394,921 | 181,263 |
| Intergovernmental | 7,313,711 | - | - | - | 7,313,711 | 7,613,154 |
| Program income | 194,820 | - | - | - | 194,820 | 246,593 |
| Other | 877,438 | - | - | - | 877,438 | 639,006 |
| Total revenues | 25,645,808 | 9,847,140 | 4,549,839 | 6,412 | 40,049,199 | 36,021,782 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 8,563,343 | - | - | - | 8,563,343 | 6,620,001 |
| Public safety | 844,769 | - | - | - | 844,769 | 667,008 |
| Public works | 438,678 | - | - | - | 438,678 | - |
| Culture and recreation | 29,518 | - | - | - | 29,518 | 406,698 |
| Housing and community development | 2,934,790 | - | - | - | 2,934,790 | 2,659,582 |
| Public health | 8,944,992 | - | - | - | 8,944,992 | 7,906,760 |
| Debt service: | | | | | | |
| Principal | - | 6,555,000 | - | - | 6,555,000 | 6,660,000 |
| Interest and fiscal charges | - | 4,016,921 | - | - | 4,016,921 | 3,440,471 |
| Bond issuance costs | - | 203,758 | - | - | 203,758 | 140,293 |
| Capital outlay | - | - | 25,302,918 | - | 25,302,918 | 11,595,064 |
| Total expenditures | 21,756,090 | 10,775,679 | 25,302,918 | - | 57,834,687 | 40,095,877 |
| Excess (deficiency) of revenues over (under) expenditures | 3,889,718 | (928,539) | (20,753,079) | 6,412 | (17,785,488) | (4,074,095) |
| Other financing sources (uses): | | | | | | |
| Refunding bonds issued | - | 9,365,000 | - | - | 9,365,000 | - |
| Payment to refunded bond escrow agent | - | (10,434,176) | - | - | (10,434,176) | - |
| Premium on refunding bonds | - | 1,065,159 | - | - | 1,065,159 | - |
| General obligation bonds issued | - | 129,618 | 18,430,382 | - | 18,560,000 | 19,840,000 |
| Premium on general obligation bonds | - | 11,058 | 1,572,381 | - | 1,583,439 | 1,180,056 |
| Transfers in | 5,385,061 | 858,984 | 7,515,406 | - | 13,759,451 | 8,789,596 |
| Transfers out | (2,040,692) | - | (2,371,650) | - | (4,412,342) | (218,637) |
| Total other financing sources (uses) | 3,344,369 | 995,643 | 25,146,519 | - | 29,486,531 | 29,591,015 |
| Net change in fund balances | 7,234,087 | 67,104 | 4,393,440 | 6,412 | 11,701,043 | 25,516,920 |
| Fund balances, beginning of year | 37,454,228 | 675,525 | 43,711,244 | 371,797 | 82,212,794 | 56,695,874 |
| Fund balances, end of year | \$ 44,688,315 | \$ 742,629 | \$ 48,104,684 | \$ 378,209 | \$ 93,913,837 | \$ 82,212,794 |

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 Funds - 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, 2019
 (With Comparative Totals for September 30, 2018)

| | Tax Increment Fund No. 1 | Tax Increment Fund No. 2 | Tax Increment Fund No. 3 | Health Programs Fund | Grant Funds | Waco Public Improvement District No. 1 Fund |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|---------------------|--|
| Assets | | | | | | |
| Cash and investments | \$ 36,171,808 | \$ 2,585,390 | \$ 71,342 | \$ 1,791,393 | \$ 602,072 | \$ 1,052,969 |
| Accounts receivable, net of allowances | 7,736 | - | - | 52,502 | 67,123 | 11,414 |
| Due from other funds | - | - | - | - | 596,000 | - |
| Special assessments receivable | - | - | - | - | - | 5,460 |
| Taxes receivable | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | 338,144 | - |
| Intergovernmental receivable | - | - | - | 1,010,712 | 852,494 | - |
| Real estate held for resale | - | - | - | - | 60,097 | - |
| Total assets | <u>\$ 36,179,544</u> | <u>\$ 2,585,390</u> | <u>\$ 71,342</u> | <u>\$ 2,854,607</u> | <u>\$ 2,515,930</u> | <u>\$ 1,069,843</u> |
| Liabilities | | | | | | |
| Accounts payable and contracts payable | \$ 101,440 | \$ - | \$ - | \$ 87,928 | \$ 553,882 | \$ 58,142 |
| Accrued liabilities | 161,363 | - | - | 215,715 | 56,494 | - |
| Unearned revenue | - | - | - | - | - | - |
| Due to other funds | 596,000 | - | - | - | 137,521 | - |
| Escrow funds | - | - | - | 36,859 | - | - |
| Total liabilities | <u>858,803</u> | <u>-</u> | <u>-</u> | <u>340,502</u> | <u>747,897</u> | <u>58,142</u> |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue-property taxes | - | - | - | - | - | - |
| Unavailable revenue-special assessments | - | - | - | - | - | 5,460 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,460</u> |
| Total liabilities and deferred inflows of resources | <u>858,803</u> | <u>-</u> | <u>-</u> | <u>340,502</u> | <u>747,897</u> | <u>63,602</u> |
| Fund balances (deficits) | | | | | | |
| Restricted for: | | | | | | |
| Culture and recreation | - | - | - | - | 115,520 | - |
| Housing and community development | - | - | - | - | 325,423 | - |
| Public works | - | - | - | - | 1,142,535 | - |
| Public safety | - | - | - | - | 184,555 | - |
| Tax increment zone activities | 35,320,741 | 2,585,390 | 71,342 | - | - | - |
| Waco Public Improvement District | - | - | - | - | - | 1,006,241 |
| Committed to: | | | | | | |
| Public health | - | - | - | 2,514,105 | - | - |
| Total fund balances (deficits) | <u>\$ 35,320,741</u> | <u>\$ 2,585,390</u> | <u>\$ 71,342</u> | <u>\$ 2,514,105</u> | <u>\$ 1,768,033</u> | <u>\$ 1,006,241</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 36,179,544</u> | <u>\$ 2,585,390</u> | <u>\$ 71,342</u> | <u>\$ 2,854,607</u> | <u>\$ 2,515,930</u> | <u>\$ 1,069,843</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 | 2019 | 2018 |
|------------------------------------|-------------------------------|------------------------|-----------------------------|------------------------------|--|----------------------|----------------------|
| \$ 763,734 | \$ 332,406 | \$ 197,623 | \$ 99,104 | \$ 9,868 | \$ 28,503 | \$ 43,706,212 | \$ 35,720,273 |
| - | - | - | - | - | - | 138,775 | 83,460 |
| - | - | - | - | - | - | 596,000 | - |
| - | - | - | - | - | - | 5,460 | 55 |
| - | - | - | - | - | - | - | 25,815 |
| - | - | - | - | - | - | 338,144 | 1,325,054 |
| - | - | - | - | - | - | 1,863,206 | 1,519,771 |
| - | - | - | - | - | - | 60,097 | 60,097 |
| <u>\$ 763,734</u> | <u>\$ 332,406</u> | <u>\$ 197,623</u> | <u>\$ 99,104</u> | <u>\$ 9,868</u> | <u>\$ 28,503</u> | <u>\$ 46,707,894</u> | <u>\$ 38,734,525</u> |
| \$ 1,892 | \$ 6,883 | \$ - | \$ - | \$ - | \$ - | \$ 810,167 | \$ 785,610 |
| - | - | - | - | - | - | 433,572 | 322,538 |
| - | - | - | - | - | - | - | 1,210 |
| - | - | - | - | - | - | 733,521 | 117,935 |
| - | - | - | - | - | - | 36,859 | 27,134 |
| <u>1,892</u> | <u>6,883</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,014,119</u> | <u>1,254,427</u> |
| - | - | - | - | - | - | \$ - | \$ 25,815 |
| - | - | - | - | - | - | 5,460 | 55 |
| - | - | - | - | - | - | 5,460 | 25,870 |
| <u>1,892</u> | <u>6,883</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,019,579</u> | <u>1,280,297</u> |
| - | - | - | - | 9,868 | 28,503 | \$ 153,891 | \$ 191,804 |
| - | - | - | - | - | - | 325,423 | 1,314,573 |
| - | - | - | - | - | - | 1,142,535 | - |
| 761,842 | 325,523 | 197,623 | 99,104 | - | - | 1,568,647 | 1,556,260 |
| - | - | - | - | - | - | 37,977,473 | 31,067,768 |
| - | - | - | - | - | - | 1,006,241 | 906,377 |
| - | - | - | - | - | - | 2,514,105 | 2,417,446 |
| <u>\$ 761,842</u> | <u>\$ 325,523</u> | <u>\$ 197,623</u> | <u>\$ 99,104</u> | <u>\$ 9,868</u> | <u>\$ 28,503</u> | <u>\$ 44,688,315</u> | <u>\$ 37,454,228</u> |
| <u>\$ 763,734</u> | <u>\$ 332,406</u> | <u>\$ 197,623</u> | <u>\$ 99,104</u> | <u>\$ 9,868</u> | <u>\$ 28,503</u> | <u>\$ 46,707,894</u> | <u>\$ 38,734,525</u> |

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

| | Tax Increment Fund No. 1 | Tax Increment Fund No. 2 | Tax Increment Fund No. 3 | Health Programs Fund | Grant Funds | Waco Public Improvement District No. 1 Fund |
|--|-----------------------------|-----------------------------|-----------------------------|-------------------------|---------------------|--|
| Revenues: | | | | | | |
| Property taxes | \$ 13,996,581 | \$ 200,934 | \$ 537 | \$ - | \$ - | \$ 560,432 |
| Permits, licenses and fees | - | - | - | 1,081,246 | - | - |
| Fines | - | - | - | - | - | - |
| Investment earnings | 822,963 | 59,783 | 1,701 | 50,252 | - | 26,032 |
| Intergovernmental | 791,387 | 11,436 | 31 | 3,486,394 | 3,024,463 | - |
| Program income | - | - | - | 160,262 | 34,558 | - |
| Contributions | - | - | - | - | - | - |
| Other | - | - | - | 676,337 | 69,074 | 93,768 |
| Total revenues | <u>15,610,931</u> | <u>272,153</u> | <u>2,269</u> | <u>5,454,491</u> | <u>3,128,095</u> | <u>680,232</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 7,495,664 | - | - | - | 487,311 | 580,368 |
| Public safety | - | - | - | - | 715,846 | - |
| Public works | - | - | - | - | 438,678 | - |
| Culture and recreation | - | - | - | - | 29,518 | - |
| Housing and community development | - | - | - | - | 2,934,790 | - |
| Public health | - | - | - | 8,944,992 | - | - |
| Total expenditures | <u>7,495,664</u> | <u>-</u> | <u>-</u> | <u>8,944,992</u> | <u>4,606,143</u> | <u>580,368</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>8,115,267</u> | <u>272,153</u> | <u>2,269</u> | <u>(3,490,501)</u> | <u>(1,478,048)</u> | <u>99,864</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | 3,837,160 | 1,547,901 | - |
| Transfers out | (1,479,984) | - | - | (250,000) | (26,419) | - |
| Total other financing sources (uses) | <u>(1,479,984)</u> | <u>-</u> | <u>-</u> | <u>3,587,160</u> | <u>1,521,482</u> | <u>-</u> |
| Net change in fund balances | 6,635,283 | 272,153 | 2,269 | 96,659 | 43,434 | 99,864 |
| Fund balances, beginning of year | 28,685,458 | 2,313,237 | 69,073 | 2,417,446 | 1,724,599 | 906,377 |
| Fund balances, end of year | <u>\$ 35,320,741</u> | <u>\$ 2,585,390</u> | <u>\$ 71,342</u> | <u>\$ 2,514,105</u> | <u>\$ 1,768,033</u> | <u>\$ 1,006,241</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 | 2019 | 2018 |
|------------------------------------|-------------------------------|------------------------|-----------------------------|---------------------------|--|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,758,484 | \$ 13,196,828 |
| - | - | - | - | - | - | 1,081,246 | 987,487 |
| 367,919 | - | 34,432 | 45,903 | - | - | 448,254 | 338,839 |
| - | 7,577 | - | - | 475 | 3,072 | 971,855 | 437,506 |
| - | - | - | - | - | - | 7,313,711 | 7,613,154 |
| - | - | - | - | - | - | 194,820 | 246,593 |
| - | - | - | - | - | - | - | 15,084 |
| - | 38,259 | - | - | - | - | 877,438 | 639,006 |
| <u>367,919</u> | <u>45,836</u> | <u>34,432</u> | <u>45,903</u> | <u>475</u> | <u>3,072</u> | <u>25,645,808</u> | <u>23,474,497</u> |
| - | - | - | - | - | - | 8,563,343 | 6,620,001 |
| 31,910 | 22,170 | 60,008 | 14,835 | - | - | 844,769 | 667,008 |
| - | - | - | - | - | - | 438,678 | - |
| - | - | - | - | - | - | 29,518 | 406,698 |
| - | - | - | - | - | - | 2,934,790 | 2,659,582 |
| - | - | - | - | - | - | 8,944,992 | 7,906,760 |
| <u>31,910</u> | <u>22,170</u> | <u>60,008</u> | <u>14,835</u> | <u>-</u> | <u>-</u> | <u>21,756,090</u> | <u>18,260,049</u> |
| <u>336,009</u> | <u>23,666</u> | <u>(25,576)</u> | <u>31,068</u> | <u>475</u> | <u>3,072</u> | <u>3,889,718</u> | <u>5,214,448</u> |
| - | - | - | - | - | - | 5,385,061 | 3,736,335 |
| <u>(200,508)</u> | <u>-</u> | <u>(83,781)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,040,692)</u> | <u>(218,637)</u> |
| <u>(200,508)</u> | <u>-</u> | <u>(83,781)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,344,369</u> | <u>3,517,698</u> |
| 135,501 | 23,666 | (109,357) | 31,068 | 475 | 3,072 | 7,234,087 | 8,732,146 |
| 626,341 | 301,857 | 306,980 | 68,036 | 9,393 | 25,431 | 37,454,228 | 28,722,082 |
| \$ 761,842 | \$ 325,523 | \$ 197,623 | \$ 99,104 | \$ 9,868 | \$ 28,503 | \$ 44,688,315 | \$ 37,454,228 |



Tax Increment Fund No. 1

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2019 and 2018

| | Tax Increment Fund No. 1 | |
|--|--------------------------|----------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 36,171,808 | \$ 28,895,527 |
| Accounts receivable, net of allowances | 7,736 | 4,612 |
| Taxes | - | 25,815 |
| Total assets | \$ 36,179,544 | \$ 28,925,954 |
| Liabilities | | |
| Accounts payable | \$ 101,440 | \$ 131,296 |
| Accrued liabilities | 161,363 | 83,385 |
| Due to other funds | 596,000 | - |
| Total liabilities | 858,803 | 214,681 |
| Deferred inflows of resources | | |
| Unavailable revenue-property taxes | - | 25,815 |
| Total deferred inflows of resources | - | 25,815 |
| Total liabilities and deferred inflows of resources | 858,803 | 240,496 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Tax increment zone activities | 35,320,741 | 28,685,458 |
| Total fund balance (deficit) | \$ 35,320,741 | \$ 28,685,458 |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 36,179,544 | \$ 28,925,954 |

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, 2019 and 2018

| | Tax Increment Fund No. 1 | |
|---|--------------------------|----------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Property taxes | \$ 13,996,581 | \$ 12,478,147 |
| Investment earnings | 822,963 | 362,154 |
| Intergovernmental | 791,387 | 673,534 |
| Total revenues | 15,610,931 | 13,513,835 |
| Expenditures: | | |
| Current: | | |
| General government | 7,495,664 | 5,326,428 |
| Total expenditures | 7,495,664 | 5,326,428 |
| Excess (deficiency) of revenues over expenditures | 8,115,267 | 8,187,407 |
| Other financing sources (uses): | | |
| Transfers out | (1,479,984) | (76,671) |
| Total other financing sources (uses) | (1,479,984) | (76,671) |
| Net change in fund balance | 6,635,283 | 8,110,736 |
| Fund balance, beginning of year | 28,685,458 | 20,574,722 |
| Fund balance, end of year | \$ 35,320,741 | \$ 28,685,458 |

See accompanying independent auditor's report.



Tax Increment Fund No. 2

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2019 and 2018

| | Tax Increment Fund No. 2 | |
|-------------------------------|--------------------------|--------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 2,585,390 | \$ 2,313,237 |
| Total assets | \$ 2,585,390 | \$ 2,313,237 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Tax increment zone activities | \$ 2,585,390 | \$ 2,313,237 |
| Total fund balance (deficit) | \$ 2,585,390 | \$ 2,313,237 |

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, 2019 and 2018

| | Tax Increment Fund No. 2 | |
|---|--------------------------|--------------|
| | 2019 | 2018 |
| Revenues: | | |
| Property taxes | \$ 200,934 | \$ 182,706 |
| Investment earnings | 59,783 | 30,953 |
| Intergovernmental | 11,436 | 9,889 |
| Total revenues | 272,153 | 223,548 |
| Expenditures: | | |
| Current: | | |
| General government | - | - |
| Total expenditures | - | - |
| Excess (deficiency) of revenues over expenditures | 272,153 | 223,548 |
| Net change in fund balance | 272,153 | 223,548 |
| Fund balance, beginning of year | 2,313,237 | 2,089,689 |
| Fund balance, end of year | \$ 2,585,390 | \$ 2,313,237 |

See accompanying independent auditor's report.



Tax Increment Fund No. 3

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2019 and 2018

| | Tax Increment Fund No. 3 | |
|-------------------------------|--------------------------|------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 71,342 | \$ 69,073 |
| Total assets | \$ 71,342 | \$ 69,073 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Tax increment zone activities | \$ 71,342 | \$ 69,073 |
| Total fund balance (deficit) | \$ 71,342 | \$ 69,073 |

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, 2019 and 2018

| | Tax Increment Fund No. 3 | |
|---|--------------------------|------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Property taxes | \$ 537 | \$ 470 |
| Investment earnings | 1,701 | 956 |
| Intergovernmental | 31 | 26 |
| Total revenues | 2,269 | 1,452 |
| Expenditures: | | |
| Current: | | |
| General government | - | - |
| Total expenditures | - | - |
| Excess (deficiency) of revenues over expenditures | 2,269 | 1,452 |
| Net change in fund balance | 2,269 | 1,452 |
| Fund balance, beginning of year | 69,073 | 67,621 |
| Fund balance, end of year | \$ 71,342 | \$ 69,073 |

See accompanying independent auditor's report.



Health Programs Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2019 and 2018

| | Health Programs Fund | |
|--|----------------------|---------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 1,791,393 | \$ 1,779,642 |
| Accounts receivable, net of allowances | 52,502 | 9,437 |
| Intergovernmental receivable | 1,010,712 | 899,498 |
| Total assets | \$ 2,854,607 | \$ 2,688,577 |
| Liabilities | | |
| Accounts payable | \$ 87,928 | \$ 57,408 |
| Accrued liabilities | 215,715 | 186,589 |
| Escrow funds | 36,859 | 27,134 |
| Total liabilities | 340,502 | 271,131 |
| Fund balance (deficit) | | |
| Committed to: | | |
| Public health | 2,514,105 | 2,417,446 |
| Total fund balance (deficit) | \$ 2,514,105 | \$ 2,417,446 |
| Total liabilities and fund balance | \$ 2,854,607 | \$ 2,688,577 |

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, 2019 and 2018

| | Health Programs Fund | |
|---|----------------------|---------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Permits, licenses and fees | \$ 1,081,246 | \$ 987,487 |
| Investment earnings | 50,252 | 22,669 |
| Intergovernmental | 3,486,394 | 3,424,491 |
| Program income | 160,262 | 188,294 |
| Other | 676,337 | 464,454 |
| Total revenues | 5,454,491 | 5,087,395 |
| Expenditures: | | |
| Current: | | |
| Public health | 8,944,992 | 7,906,760 |
| Total expenditures | 8,944,992 | 7,906,760 |
| Excess (deficiency) of revenues over expenditures | (3,490,501) | (2,819,365) |
| Other financing sources (uses): | | |
| Transfers in | 3,837,160 | 3,495,389 |
| Transfers out | (250,000) | - |
| Total other financing sources (uses) | 3,587,160 | 3,495,389 |
| Net change in fund balance | 96,659 | 676,024 |
| Fund balance, beginning of year | 2,417,446 | 1,741,422 |
| Fund balance, end of year | \$ 2,514,105 | \$ 2,417,446 |

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
 Year Ended September 30, 2019
 (With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|------------------|------------------|------------------|-----------------|------------------|
| | Original | Final | Actual | Final Budget | Actual |
| Revenues: | | | | | |
| Health Administrative Services: | | | | | |
| Death and birth certificates | \$ 253,088 | 253,088 | 322,047 | 68,959 | 265,516 |
| Interest on investments | - | - | 50,252 | 50,252 | 22,669 |
| Intergovernmental | 100,000 | 100,000 | 203,713 | 103,713 | 196,797 |
| Revenue-other | 445,297 | 445,297 | 442,925 | (2,372) | 372,608 |
| Total | <u>798,385</u> | <u>798,385</u> | <u>1,018,937</u> | <u>220,552</u> | <u>857,590</u> |
| Environmental Health Services: | | | | | |
| Health and welfare fees | 446,550 | 446,550 | 556,492 | 109,942 | 521,386 |
| Intergovernmental | 87,671 | 87,671 | 12,284 | (75,387) | 9,437 |
| Revenue-other | 500 | 500 | 77 | (423) | 279 |
| Total | <u>534,721</u> | <u>534,721</u> | <u>568,853</u> | <u>34,132</u> | <u>531,102</u> |
| Health Nursing Services: | | | | | |
| Health and welfare fees | 125,346 | 125,346 | 166,948 | 41,602 | 173,683 |
| Revenue-other | 83,776 | 83,776 | 112,085 | 28,309 | 91,444 |
| Total | <u>209,122</u> | <u>209,122</u> | <u>279,033</u> | <u>69,911</u> | <u>265,127</u> |
| Sexually Transmitted Disease: | | | | | |
| Health and welfare fees | 30,484 | 30,484 | 35,759 | 5,275 | 26,902 |
| Total | <u>30,484</u> | <u>30,484</u> | <u>35,759</u> | <u>5,275</u> | <u>26,902</u> |
| HIV/AIDS Services: | | | | | |
| Revenue-other | - | - | 18 | 18 | 54 |
| Total | <u>-</u> | <u>-</u> | <u>18</u> | <u>18</u> | <u>54</u> |
| Public Health Services: | | | | | |
| Program income | - | 160,262 | 160,262 | - | 188,294 |
| Intergovernmental | - | 3,270,397 | 3,270,397 | - | 3,218,257 |
| Revenue-other | - | 121,232 | 121,232 | - | 69 |
| Total | <u>-</u> | <u>3,551,891</u> | <u>3,551,891</u> | <u>-</u> | <u>3,406,620</u> |
| Total revenue | <u>1,572,712</u> | <u>5,124,603</u> | <u>5,454,491</u> | <u>329,888</u> | <u>5,087,395</u> |
| Expenditures: | | | | | |
| Health Administrative Services: | | | | | |
| Salaries and wages | 493,096 | 483,096 | 523,246 | (40,150) | 457,230 |
| Employee benefits | 188,632 | 188,632 | 190,564 | (1,932) | 170,642 |
| Purchased professional/technical services | 51,919 | 138,453 | 111,136 | 27,317 | 67,301 |
| Purchased property services | 2,676 | 2,676 | 2,671 | 5 | 2,671 |
| Maintenance | 16,287 | 56,812 | 42,122 | 14,690 | 188 |
| Other purchased services | 29,071 | 29,071 | 31,931 | (2,860) | 25,591 |
| Supplies | 31,370 | 34,870 | 43,767 | (8,897) | 32,317 |
| Contracts with others | 1,129,942 | 1,129,942 | 1,129,942 | - | 1,102,275 |
| Other | 945,268 | 945,268 | 945,268 | - | 619,606 |
| Total health administrative services | <u>2,888,261</u> | <u>3,008,820</u> | <u>3,020,647</u> | <u>(11,827)</u> | <u>2,477,821</u> |

(Continued)

City of Waco, Texas

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Health Programs Fund
 Year Ended September 30, 2019
 (With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|------------------|------------------|------------------|------------------|------------------|
| | Original | Final | Actual | Final Budget | Actual |
| Environmental Health Services: | | | | | |
| Salaries and wages | \$ 328,266 | 328,266 | 465,746 | (137,480) | 358,378 |
| Employee benefits | 126,429 | 126,429 | 134,082 | (7,653) | 113,200 |
| Purchased professional/technical services | 20,600 | 20,600 | 22,924 | (2,324) | 27,326 |
| Maintenance | 14,194 | 14,194 | 7,947 | 6,247 | 7,757 |
| Other purchased services | 29,077 | 29,077 | 18,257 | 10,820 | 19,126 |
| Supplies | 73,436 | 73,436 | 69,444 | 3,992 | 68,700 |
| Capital expenditures | - | - | - | - | 19,269 |
| Total environmental health services: | <u>592,002</u> | <u>592,002</u> | <u>718,400</u> | <u>(126,398)</u> | <u>613,756</u> |
| Health Nursing Services: | | | | | |
| Salaries and wages | 717,077 | 713,795 | 611,279 | 102,516 | 469,331 |
| Employee benefits | 268,929 | 268,929 | 206,512 | 62,417 | 165,477 |
| Purchased professional/technical services | 14,650 | 25,398 | 5,413 | 19,985 | 36,328 |
| Maintenance | 6,600 | 6,600 | 1,072 | 5,528 | 4,433 |
| Other purchased services | 54,690 | 54,690 | 52,952 | 1,738 | 54,604 |
| Supplies | 262,325 | 282,224 | 202,884 | 79,340 | 177,342 |
| Total public health nursing services | <u>1,324,271</u> | <u>1,351,636</u> | <u>1,080,112</u> | <u>271,524</u> | <u>907,515</u> |
| Sexually Transmitted Disease: | | | | | |
| Salaries and wages | 244,892 | 244,892 | 236,271 | 8,621 | 196,836 |
| Employee benefits | 95,347 | 95,347 | 90,065 | 5,282 | 71,001 |
| Purchased professional/technical services | 11,640 | 11,640 | 12,504 | (864) | 10,070 |
| Maintenance | 1,170 | 1,170 | 659 | 511 | 470 |
| Other purchased services | 20,089 | 20,089 | 16,904 | 3,185 | 11,692 |
| Supplies | 22,020 | 22,020 | 21,197 | 823 | 16,968 |
| Total sexually transmitted disease | <u>395,158</u> | <u>395,158</u> | <u>377,600</u> | <u>17,558</u> | <u>307,037</u> |
| HIV/AIDS Services: | | | | | |
| Salaries and wages | 137,221 | 137,221 | 136,119 | 1,102 | 132,153 |
| Employee benefits | 49,084 | 49,084 | 48,568 | 516 | 45,999 |
| Purchased professional/technical services | 500 | 500 | - | 500 | 358 |
| Other purchased services | 16,863 | 16,863 | 8,135 | 8,728 | 11,969 |
| Supplies | 6,512 | 6,512 | 3,520 | 2,992 | 3,532 |
| Total HIV/AIDS services | <u>210,180</u> | <u>210,180</u> | <u>196,342</u> | <u>13,838</u> | <u>194,011</u> |
| Public Health Services: | | | | | |
| Salaries and wages | - | 1,721,937 | 1,721,937 | - | 1,703,221 |
| Employee benefits | - | 746,799 | 746,799 | - | 690,642 |
| Purchased professional/technical services | - | 239,764 | 239,764 | - | 185,542 |
| Purchased property services | - | 91,785 | 91,785 | - | 90,486 |
| Maintenance | - | 40,755 | 40,755 | - | 2,146 |
| Other purchased services | - | 311,910 | 311,910 | - | 329,166 |
| Supplies | - | 194,932 | 194,932 | - | 190,661 |
| Other | - | 204,009 | 204,009 | - | 214,756 |
| Total public health services | <u>-</u> | <u>3,551,891</u> | <u>3,551,891</u> | <u>-</u> | <u>3,406,620</u> |

(Continued)

City of Waco, Texas

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Health Programs Fund
 Year Ended September 30, 2019
 (With Comparative Actual Amounts for Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 Actual Amounts | Variance with Final Budget | 2018 Actual Amounts |
|---|---------------------|------------------|---------------------------|-------------------------------|---------------------------|
| | Original | Final | | | |
| Total expenditures | \$ 5,409,872 | 9,109,687 | 8,944,992 | 164,695 | 7,906,760 |
| Excess (deficiency) of revenue over expenditures | (3,837,160) | (3,985,084) | (3,490,501) | 494,583 | (2,819,365) |
| Other financing sources (uses): | | | | | |
| Transfers in | 3,837,160 | 3,837,160 | 3,837,160 | - | 3,495,389 |
| Transfers out | (250,000) | (250,000) | (250,000) | - | - |
| Total other financing sources (uses) | 3,587,160 | 3,587,160 | 3,587,160 | - | 3,495,389 |
| Net change in fund balance | (250,000) | (397,924) | 96,659 | 494,583 | 676,024 |
| Fund balance, beginning of year | 2,417,446 | 2,417,446 | 2,417,446 | - | 1,741,422 |
| Fund balance, end of year | <u>\$ 2,167,446</u> | <u>2,019,522</u> | <u>2,514,105</u> | <u>494,583</u> | <u>2,417,446</u> |

See accompanying independent auditor's report.

Grant Funds

City of Waco, Texas
Sub-Combining Balance Sheet
Grant Funds
September 30, 2019
(With Comparative Totals for September 30, 2018)

| | HUD Home Program | HUD Community Development Block Grant | HUD Lead Hazard | Fire LEOSE |
|--|---------------------|--|--------------------|-----------------|
| Assets | | | | |
| Cash and investments | \$ - | \$ 69,249 | \$ - | \$ 1,697 |
| Accounts receivable, net of allowances | - | 63,602 | - | - |
| Due from other funds | - | - | - | - |
| Notes receivable | 208,461 | 129,683 | - | - |
| Intergovernmental receivable | 187,415 | 210,904 | 7,743 | - |
| Real estate held for resale | - | 60,097 | - | - |
| Total assets | <u>\$ 395,876</u> | <u>\$ 533,535</u> | <u>\$ 7,743</u> | <u>\$ 1,697</u> |
| Liabilities | | | | |
| Accounts payable | \$ 315,130 | \$ 81,322 | \$ 5,343 | \$ - |
| Accrued liabilities | 2,243 | 23,151 | - | - |
| Unearned revenue | - | - | - | - |
| Due to other funds | 15,215 | - | 2,400 | - |
| Total liabilities | <u>332,588</u> | <u>104,473</u> | <u>7,743</u> | <u>-</u> |
| Fund balances (deficits) | | | | |
| Restricted for: | | | | |
| Culture and recreation | - | - | - | - |
| Housing and community development | 63,288 | 253,382 | - | - |
| Public works | - | - | - | - |
| Public safety | - | 175,680 | - | 1,697 |
| Total fund balances (deficits) | <u>\$ 63,288</u> | <u>\$ 429,062</u> | <u>\$ -</u> | <u>\$ 1,697</u> |
| Total liabilities and fund balances | <u>\$ 395,876</u> | <u>\$ 533,535</u> | <u>\$ 7,743</u> | <u>\$ 1,697</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>Texas St Library and Archive</u> |
|---------------------|----------------------|--|------------------------|------------------------------|-------------------------------------|
| \$ - | \$ 8,753 | \$ 85,374 | \$ - | \$ - | \$ - |
| 2,996 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 18,311 | - |
| - | - | - | - | - | - |
| \$ 2,996 | \$ 8,753 | \$ 85,374 | \$ - | \$ 18,311 | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 2,767 | - |
| - | - | - | - | - | - |
| 558 | - | - | - | 15,544 | - |
| 558 | - | - | - | 18,311 | - |
| - | - | 85,374 | - | - | - |
| - | 8,753 | - | - | - | - |
| - | - | - | - | - | - |
| 2,438 | - | - | - | - | - |
| \$ 2,438 | \$ 8,753 | \$ 85,374 | \$ - | \$ - | \$ - |
| \$ 2,996 | \$ 8,753 | \$ 85,374 | \$ - | \$ 18,311 | \$ - |

(Continued)

City of Waco, Texas
Sub-Combining Balance Sheet
Grant Funds
September 30, 2019
(With Comparative Totals for September 30, 2018)

| | HUD HMIS Grant 17 | HUD HMIS Grant 16 | SHSP 2018 | STEP Comprehensive |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Assets | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable, net of allowances | - | - | - | - |
| Due from other funds | - | - | - | - |
| Notes receivable | - | - | - | - |
| Intergovernmental receivable | 10,260 | - | - | - |
| Real estate held for resale | - | - | - | - |
| Total assets | <u><u>\$ 10,260</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Liabilities | | | | |
| Accounts payable | \$ 664 | \$ - | \$ - | \$ - |
| Accrued liabilities | 2,456 | - | - | - |
| Unearned revenue | - | - | - | - |
| Due to other funds | 7,140 | - | - | - |
| Total liabilities | <u><u>10,260</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| Fund balances (deficits) | | | | |
| Restricted for: | | | | |
| Culture and recreation | \$ - | - | - | - |
| Housing and community development | - | - | - | - |
| Public works | - | - | - | - |
| Public safety | - | - | - | - |
| Total fund balances (deficits) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Total liabilities and fund balances | <u><u>\$ 10,260</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See accompanying independent auditor's

| <u>TXDOT MPO FHWA</u> | <u>CJD Family Violence 2018-2019</u> | <u>CJD Family Violence 2019-2020</u> | <u>Brownfields</u> | <u>Tx Anti-Gang Grant</u> |
|---------------------------|--|--|--------------------|-------------------------------|
| \$ - | \$ - | \$ 80 | \$ 4,740 | \$ - |
| 525 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 61,883 | 8,447 | 7,673 | - | 12,106 |
| - | - | - | - | - |
| \$ 62,408 | \$ 8,447 | \$ 7,753 | \$ 4,740 | \$ 12,106 |
| \$ 190 | \$ - | \$ - | \$ - | \$ - |
| 15,960 | 2,164 | 7,753 | - | - |
| - | - | - | - | - |
| 46,258 | 6,283 | - | - | 12,106 |
| 62,408 | 8,447 | 7,753 | - | 12,106 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 4,740 | - |
| \$ - | \$ - | \$ - | \$ 4,740 | \$ - |
| \$ 62,408 | \$ 8,447 | \$ 7,753 | \$ 4,740 | \$ 12,106 |

(Continued)

City of Waco, Texas
Sub-Combining Balance Sheet
Grant Funds
September 30, 2019
(With Comparative Totals for September 30, 2018)

| | Justice Assistance Grant 2016 | Justice Assistance Grant 2017 | Justice Assistance Grant 2018 | Library Memorial Fund |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| Assets | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ 31,732 |
| Accounts receivable, net of allowances | - | - | - | - |
| Due from other funds | - | - | - | - |
| Notes receivable | - | - | - | - |
| Intergovernmental receivable | - | - | 32,017 | - |
| Real estate held for resale | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,017</u> | <u>\$ 31,732</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 1,778 |
| Accrued liabilities | - | - | - | - |
| Unearned revenue | - | - | - | - |
| Due to other funds | - | - | 32,017 | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>32,017</u> | <u>1,778</u> |
| Fund balances (deficits) | | | | |
| Restricted for: | | | | |
| Culture and recreation | - | - | - | 29,954 |
| Housing and community development | - | - | - | - |
| Public works | - | - | - | - |
| Public safety | - | - | - | - |
| Total fund balances (deficits) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,954</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,017</u> | <u>\$ 31,732</u> |

See accompanying independent auditor's report.

| Shapley P Ross Memorial Fund | TXDOT TASA Gurley Lane | TXDOT TASA Elm | Vision 2020 Comprehensive Plan | Totals | |
|---------------------------------------|------------------------------|-------------------|--------------------------------------|---------------------|---------------------|
| | | | | 2019 | 2018 |
| \$ 192 | \$ 400,255 | \$ - | \$ - | \$ 602,072 | \$ 366,875 |
| - | - | - | - | 67,123 | 49,789 |
| - | - | 596,000 | - | 596,000 | - |
| - | - | - | - | 338,144 | 1,325,054 |
| - | 295,735 | - | - | 852,494 | 620,723 |
| - | - | - | - | 60,097 | 60,097 |
| \$ 192 | \$ 695,990 | \$ 596,000 | \$ - | \$ 2,515,930 | \$ 2,422,538 |
| \$ - | \$ 149,455 | \$ - | \$ - | \$ 553,882 | \$ 525,780 |
| - | - | - | - | 56,494 | 52,564 |
| - | - | - | - | - | 1,210 |
| - | - | - | - | 137,521 | 117,935 |
| - | 149,455 | - | - | 747,897 | 697,489 |
| 192 | - | - | - | 115,520 | 156,980 |
| - | - | - | - | 325,423 | 1,314,573 |
| - | 546,535 | 596,000 | - | 1,142,535 | - |
| - | - | - | - | 184,555 | 253,046 |
| \$ 192 | \$ 546,535 | \$ 596,000 | \$ - | \$ 1,768,033 | \$ 1,724,599 |
| \$ 192 | \$ 695,990 | \$ 596,000 | \$ - | \$ 2,515,930 | \$ 2,422,088 |

City of Waco, Texas
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Grant Funds
Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

| | HUD HUD Home Program | HUD Community Development Block Grant | HUD Lead Hazard | Fire LEOSE |
|---|----------------------------|--|-----------------------|-----------------|
| Revenues: | | | | |
| Intergovernmental | \$ 463,266 | \$ 1,321,432 | \$ 11,783 | \$ 1,024 |
| Program income | 13,369 | 21,189 | - | - |
| Other | - | 53,595 | - | - |
| Total revenues | <u>476,635</u> | <u>1,396,216</u> | <u>11,783</u> | <u>1,024</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | 295,419 | 11,783 | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Housing and community development | 965,408 | 1,842,998 | - | - |
| Total expenditures | <u>965,408</u> | <u>2,138,417</u> | <u>11,783</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(488,773)</u> | <u>(742,201)</u> | <u>-</u> | <u>1,024</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 | (488,773) | (567,201) | - | 1,024 |
| Fund balances, beginning of year | 552,061 | 996,263 | - | 673 |
| Fund balances, end of year | <u>\$ 63,288</u> | <u>\$ 429,062</u> | <u>\$ -</u> | <u>\$ 1,697</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>Texas St Library and Archive</u> |
|---------------------|----------------------|--|------------------------|------------------------------|-------------------------------------|
| \$ 15,082 | \$ - | \$ - | \$ - | \$ 54,726 | \$ 3,144 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>15,082</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,726</u> | <u>3,144</u> |
| - | - | - | - | - | - |
| 17,773 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 3,144 |
| - | - | - | - | 54,726 | - |
| <u>17,773</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,726</u> | <u>3,144</u> |
| (2,691) | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (26,419) | - | - |
| - | - | - | (26,419) | - | - |
| (2,691) | - | - | (26,419) | - | - |
| 5,129 | 8,753 | 85,374 | 26,419 | - | - |
| <u>\$ 2,438</u> | <u>\$ 8,753</u> | <u>\$ 85,374</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(Continued)

City of Waco, Texas
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Grant Funds
Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

| | HUD HMIS Grant 17 | HUD HMIS Grant 16 | SHSP 2018 | STEP Comprehensive |
|---|-------------------------|-------------------------|---------------|-----------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 61,890 | \$ 6,841 | \$ 17,808 | \$ 116,996 |
| Program income | - | - | - | - |
| Other | 2,927 | - | - | - |
| Total revenues | <u>64,817</u> | <u>6,841</u> | <u>17,808</u> | <u>116,996</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | 17,808 | 157,882 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Housing and community development | 64,817 | 6,841 | - | - |
| Total expenditures | <u>64,817</u> | <u>6,841</u> | <u>17,808</u> | <u>157,882</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>(40,886)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | 40,886 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,886</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>TXDOT MPO FHWA</u> | <u>CJD Family Violence 2018- 2019</u> | <u>CJD Family Violence 2019- 2020</u> | <u>Brownfields</u> | <u>Tx Anti-Gang Grant</u> |
|---------------------------|---|---|--------------------|---------------------------|
| \$ 486,092 | \$ 64,700 | \$ 7,673 | \$ - | \$ 12,106 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>486,092</u> | <u>64,700</u> | <u>7,673</u> | <u>-</u> | <u>12,106</u> |
| 486,092 | - | - | - | - |
| - | 130,776 | 10,962 | - | 12,106 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>486,092</u> | <u>130,776</u> | <u>10,962</u> | <u>-</u> | <u>12,106</u> |
| - | (66,076) | (3,289) | - | - |
| - | 66,076 | 3,289 | - | - |
| - | - | - | - | - |
| - | <u>66,076</u> | <u>3,289</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - |
| - | - | - | 4,740 | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,740</u> | <u>\$ -</u> |

(Continued)

City of Waco, Texas
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Grant Funds
Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

| | Justice Assistance Grant 2016 | Justice Assistance Grant 2017 | Justice Assistance Grant 2018 | Library Memorial Fund |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 284 | \$ 29,036 | \$ 32,017 | \$ - |
| Program income | - | - | - | - |
| Other | - | - | - | 11,337 |
| Total revenues | <u>284</u> | <u>29,036</u> | <u>32,017</u> | <u>11,337</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 284 | 29,036 | 32,017 | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | 26,374 |
| Housing and community development | - | - | - | - |
| Total expenditures | <u>284</u> | <u>29,036</u> | <u>32,017</u> | <u>26,374</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,037)</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 | - | - | - | (15,037) |
| Fund balances, beginning of year | - | - | - | 44,991 |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,954</u> |

See accompanying independent auditor's report.

| Shapley P Ross Memorial Fund | TXDOT TASA Gurley Lane | TXDOT TASA Elm | Vision 2020 Comprehensive Plan | Totals | |
|---------------------------------------|------------------------------|-------------------|--------------------------------------|---------------------|---------------------|
| | | | | 2019 | 2018 |
| \$ - | \$ 318,563 | \$ - | \$ - | \$ 3,024,463 | \$ 3,505,214 |
| - | - | - | - | 34,558 | 58,299 |
| 5 | - | - | 1,210 | 69,074 | 48,652 |
| <u>5</u> | <u>318,563</u> | <u>-</u> | <u>1,210</u> | <u>3,128,095</u> | <u>3,612,165</u> |
| - | - | - | 1,219 | 487,311 | 709,208 |
| - | - | - | - | 715,846 | 574,723 |
| - | 413,678 | 25,000 | - | 438,678 | - |
| - | - | - | - | 29,518 | 406,698 |
| - | - | - | - | 2,934,790 | 2,659,582 |
| <u>-</u> | <u>413,678</u> | <u>25,000</u> | <u>1,219</u> | <u>4,606,143</u> | <u>4,350,211</u> |
| <u>5</u> | <u>(95,115)</u> | <u>(25,000)</u> | <u>(9)</u> | <u>(1,478,048)</u> | <u>(738,046)</u> |
| - | 641,650 | 621,000 | - | 1,547,901 | 240,946 |
| - | - | - | - | (26,419) | - |
| <u>-</u> | <u>641,650</u> | <u>621,000</u> | <u>-</u> | <u>1,521,482</u> | <u>240,946</u> |
| 5 | 546,535 | 596,000 | (9) | 43,434 | (497,100) |
| 187 | - | - | 9 | 1,724,599 | 2,221,699 |
| <u>\$ 192</u> | <u>\$ 546,535</u> | <u>\$ 596,000</u> | <u>\$ -</u> | <u>\$ 1,768,033</u> | <u>\$ 1,724,599</u> |



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2019 and 2018

| | Waco Public Improvement District No. 1 Fund | |
|--|--|-------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 1,052,969 | \$ 956,626 |
| Accounts receivable, net of allowance | 11,414 | 12,349 |
| Special assessments | 5,460 | 55 |
| Total assets | \$ 1,069,843 | \$ 969,030 |
| Liabilities | | |
| Accounts payable | \$ 58,142 | \$ 62,598 |
| Total liabilities | 58,142 | 62,598 |
| Deferred inflows of resources | | |
| Unavailable revenue-special assessments | 5,460 | 55 |
| Total deferred inflows of resources | 5,460 | 55 |
| Total liabilities and deferred inflows of resources | 63,602 | 62,653 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Waco Public Improvement District | 1,006,241 | 906,377 |
| Total fund balance (deficit) | \$ 1,006,241 | \$ 906,377 |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 1,069,843 | \$ 969,030 |

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, 2019 and 2018

| | Waco Public Improvement District No. 1 Fund | |
|---|--|------------|
| | 2019 | 2018 |
| Revenues: | | |
| Property taxes | \$ 560,432 | \$ 535,505 |
| Investment earnings | 26,032 | 14,608 |
| Contributions | - | 15,084 |
| Other | 93,768 | 37,222 |
| Total revenues | 680,232 | 602,419 |
| Expenditures: | | |
| Current: | | |
| General government | 580,368 | 584,365 |
| Total expenditures | 580,368 | 584,365 |
| Excess (deficiency) of revenues over expenditures | 99,864 | 18,054 |
| Net change in fund balance | 99,864 | 18,054 |
| Fund balance, beginning of year | 906,377 | 888,323 |
| Fund balance, end of year | \$ 1,006,241 | \$ 906,377 |

See accompanying independent auditor's report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2019 and 2018

| | Abandoned Motor Vehicle Fund | |
|------------------------------------|------------------------------|-------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 763,734 | \$ 627,022 |
| Total assets | \$ 763,734 | \$ 627,022 |
| Liabilities | | |
| Accounts payable | \$ 1,892 | \$ 681 |
| Total liabilities | 1,892 | 681 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Public safety | 761,842 | 626,341 |
| Total fund balance (deficit) | \$ 761,842 | \$ 626,341 |
| Total liabilities and fund balance | \$ 763,734 | \$ 627,022 |

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, 2019 and 2018

| | Abandoned Motor Vehicle Fund | |
|---|------------------------------|------------|
| | 2019 | 2018 |
| Revenues: | | |
| Fines | \$ 367,919 | \$ 253,825 |
| Total revenues | 367,919 | 253,825 |
| Expenditures: | | |
| Current: | | |
| Public safety | 31,910 | 19,261 |
| Total expenditures | 31,910 | 19,261 |
| Excess (deficiency) of revenues over expenditures | 336,009 | 234,564 |
| Other financing sources (uses): | | |
| Transfers out | (200,508) | (50,000) |
| Total other financing sources (uses) | (200,508) | (50,000) |
| Net change in fund balance | 135,501 | 184,564 |
| Fund balance, beginning of year | 626,341 | 441,777 |
| Fund balance, end of year | \$ 761,842 | \$ 626,341 |

See accompanying independent auditor's report.



Police Forfeitures Fund

City of Waco, Texas
Comparative Balance Sheets
Nonmajor Special Revenue Funds
September 30, 2019 and 2018

| | Police Forfeitures Fund | |
|---------------------------------------|-------------------------|-------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 332,406 | \$ 302,431 |
| Accounts receivable, net of allowance | - | 7,273 |
| Total assets | \$ 332,406 | \$ 309,704 |
| Liabilities | | |
| Accounts payable | \$ 6,883 | \$ 7,847 |
| Total liabilities | 6,883 | 7,847 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Public safety | 325,523 | 301,857 |
| Total fund balance (deficit) | \$ 325,523 | \$ 301,857 |
| Total liabilities and fund balance | \$ 332,406 | \$ 309,704 |

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, 2019 and 2018

| | Police Forfeitures Fund | |
|---|-------------------------|-------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Investment earnings | \$ 7,577 | \$ 4,150 |
| Other | 38,259 | 88,678 |
| Total revenues | 45,836 | 92,828 |
| Expenditures: | | |
| Current: | | |
| Public safety | 22,170 | 56,074 |
| Total expenditures | 22,170 | 56,074 |
| Excess (deficiency) of revenues over expenditures | 23,666 | 36,754 |
| Net change in fund balance | 23,666 | 36,754 |
| Fund balance, beginning of year | 301,857 | 265,103 |
| Fund balance, end of year | \$ 325,523 | \$ 301,857 |

See accompanying independent auditor's report.



Court Security Fund

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2019 and 2018

| | Court Security Fund | |
|-------------------------------|---------------------|-------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 197,623 | \$ 306,980 |
| Total assets | \$ 197,623 | \$ 306,980 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Public safety | \$ 197,623 | \$ 306,980 |
| Total fund balance (deficit) | \$ 197,623 | \$ 306,980 |

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, 2019 and 2018

| | Court Security Fund | |
|---|---------------------|------------|
| | 2019 | 2018 |
| Revenues: | | |
| Fines | \$ 34,432 | \$ 36,443 |
| Total revenues | 34,432 | 36,443 |
| Expenditures: | | |
| Current: | | |
| Public safety | 60,008 | 7,890 |
| Total expenditures | 60,008 | 7,890 |
| Excess (deficiency) of revenues over expenditures | (25,576) | 28,553 |
| Other financing sources (uses): | | |
| Transfers out | (83,781) | (91,966) |
| Total other financing sources (uses) | (83,781) | (91,966) |
| Net change in fund balance | (109,357) | (63,413) |
| Fund balance, beginning of year | 306,980 | 370,393 |
| Fund balance, end of year | \$ 197,623 | \$ 306,980 |

See accompanying independent auditor's report.



Court Technology Fund

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2019 and 2018

| | Court Technology Fund | |
|-----------------------------------|-----------------------|-----------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 99,104 | \$ 68,036 |
| Total assets | \$ 99,104 | \$ 68,036 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Public safety | \$ 99,104 | \$ 68,036 |
| Total fund balance (deficit) | \$ 99,104 | \$ 68,036 |

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, 2019 and 2018

| | Court Technology Fund | |
|---|-----------------------|-----------|
| | 2019 | 2018 |
| Revenues: | | |
| Fines | \$ 45,903 | \$ 48,571 |
| Total revenues | 45,903 | 48,571 |
| Expenditures: | | |
| Current: | | |
| Public safety | 14,835 | 9,060 |
| Total expenditures | 14,835 | 9,060 |
| Excess (deficiency) of revenues over expenditures | 31,068 | 39,511 |
| Net change in fund balance | 31,068 | 39,511 |
| Fund balance, beginning of year | 68,036 | 28,525 |
| Fund balance, end of year | \$ 99,104 | \$ 68,036 |

See accompanying independent auditor's report.



Hamilton Memorial Fund

City of Waco, Texas
 Comparative Balance Sheets
 Nonmajor Special Revenue Funds
 September 30, 2019 and 2018

| | Hamilton Memorial Fund | |
|-------------------------------|------------------------|-----------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 9,868 | \$ 9,393 |
| Total assets | \$ 9,868 | \$ 9,393 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Culture and recreation | \$ 9,868 | \$ 9,393 |
| Total fund balance (deficit) | \$ 9,868 | \$ 9,393 |

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, 2019 and 2018

| | Hamilton Memorial Fund | |
|---|------------------------|----------|
| | 2019 | 2018 |
| Revenues: | | |
| Investment earnings | \$ 475 | \$ 270 |
| Total revenues | 475 | 270 |
| Expenditures: | | |
| Current: | | |
| Culture and recreation | - | - |
| Total expenditures | - | - |
| Excess (deficiency) of revenues over expenditures | 475 | 270 |
| Net change in fund balance | 475 | 270 |
| Fund balance, beginning of year | 9,393 | 9,123 |
| Fund balance, end of year | \$ 9,868 | \$ 9,393 |

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, 2019 and 2018

| | Miss Nellie's Park Maintenance Fund | |
|-------------------------------|-------------------------------------|------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 28,503 | \$ 25,431 |
| Total assets | \$ 28,503 | \$ 25,431 |
| Fund balance (deficit) | | |
| Restricted for: | | |
| Culture and recreation | \$ 28,503 | \$ 25,431 |
| Total fund balance (deficit) | \$ 28,503 | \$ 25,431 |

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, 2019 and 2018

| | Miss Nellie's Park Maintenance Fund | |
|---|-------------------------------------|------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Investment earnings | \$ 3,072 | \$ 1,746 |
| Total revenues | 3,072 | 1,746 |
| Expenditures: | | |
| Current: | | |
| Culture and recreation | - | - |
| Total expenditures | - | - |
| Excess (deficiency) of revenues over expenditures | 3,072 | 1,746 |
| Net change in fund balance | 3,072 | 1,746 |
| Fund balance, beginning of year | 25,431 | 23,685 |
| Fund balance, end of year | \$ 28,503 | \$ 25,431 |

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
 Comparative Balance Sheets
 Nonmajor Debt Service Funds
 September 30, 2019
 (with Comparative Totals for September 30, 2018)

| | Street and Drainage Refundable Contracts Fund | General Obligation Debt Fund | Totals | |
|--|---|------------------------------------|---------------------|---------------------|
| | | | 2019 | 2018 |
| Assets | | | | |
| Cash and investments | \$ 4,204 | \$ 716,647 | \$ 720,851 | \$ 660,738 |
| Taxes | - | 375,793 | 375,793 | 341,491 |
| Total assets | <u>\$ 4,204</u> | <u>\$ 1,092,440</u> | <u>\$ 1,096,644</u> | <u>\$ 1,002,229</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue-property taxes | \$ - | \$ 354,015 | \$ 354,015 | \$ 326,704 |
| Total deferred inflows of resources | <u>-</u> | <u>354,015</u> | <u>354,015</u> | <u>326,704</u> |
| Fund balances (deficits) | | | | |
| Restricted for: | | | | |
| Debt service | 4,204 | 738,425 | \$ 742,629 | 675,525 |
| Total fund balances (deficits) | <u>\$ 4,204</u> | <u>\$ 738,425</u> | <u>\$ 742,629</u> | <u>\$ 675,525</u> |
| Total deferred inflows of resources and fund balances | <u>\$ 4,204</u> | <u>\$ 1,092,440</u> | <u>\$ 1,096,644</u> | <u>\$ 1,002,229</u> |

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Years Ended September 30, 2019 and 2018

| | Street and Drainage Refundable Contracts Fund | General Obligation Debt Fund | Totals | |
|---|---|------------------------------------|-------------------|-------------------|
| | | | 2019 | 2018 |
| Revenues: | | | | |
| Taxes | \$ - | \$ 9,810,697 | \$ 9,810,697 | \$ 10,146,997 |
| Investment earnings | - | 36,443 | \$ 36,443 | 23,621 |
| Total revenues | - | 9,847,140 | 9,847,140 | 10,170,618 |
| Expenditures: | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal | - | 6,555,000 | 6,555,000 | 6,660,000 |
| Interest and fiscal charges | - | 4,016,921 | 4,016,921 | 3,440,471 |
| Bond issuance costs | - | 203,758 | 203,758 | 140,293 |
| Total expenditures | - | 10,775,679 | 10,775,679 | 10,240,764 |
| Excess (deficiency) of revenues over expenditures | - | (928,539) | (928,539) | (70,146) |
| Other financing sources (uses): | | | | |
| Refunding bonds issued | - | 9,365,000 | 9,365,000 | - |
| Payment to refunded bond escrow agent | - | (10,434,176) | (10,434,176) | - |
| Premium on refunding bonds | - | 1,065,159 | 1,065,159 | - |
| General obligation bonds issued | - | 129,618 | 129,618 | 132,417 |
| Premium on general obligation bonds | - | 11,058 | 11,058 | 7,876 |
| Transfers in | - | 858,984 | 858,984 | 76,671 |
| Total other financing sources (uses) | - | 995,643 | 995,643 | 216,964 |
| Net change in fund balances | - | 67,104 | 67,104 | 146,818 |
| Fund balances, beginning of year | 4,204 | 671,321 | 675,525 | 528,707 |
| Fund balances, end of year | <u>\$ 4,204</u> | <u>\$ 738,425</u> | <u>\$ 742,629</u> | <u>\$ 675,525</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, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

| | Budgeted Amounts | | 2019 | Variance with | 2018 |
|---|-------------------|--------------------|-------------------|----------------|-------------------|
| | Original | Final | Actual Amounts | Final Budget | Actual Amounts |
| Revenues: | | | | | |
| Property taxes | \$ 9,755,125 | 9,755,125 | 9,810,697 | 55,572 | 10,146,997 |
| Investment earnings | 9,460 | 9,460 | 36,443 | 26,983 | 23,621 |
| Total revenues | <u>9,764,585</u> | <u>9,764,585</u> | <u>9,847,140</u> | <u>82,555</u> | <u>10,170,618</u> |
| Expenditures: | | | | | |
| Debt service: | | | | | |
| Principal | 6,555,000 | 6,555,000 | 6,555,000 | - | 6,660,000 |
| Interest and fiscal charges | 4,086,815 | 4,086,815 | 4,016,921 | 69,894 | 3,440,471 |
| Bond issuance costs | - | 203,758 | 203,758 | - | 140,293 |
| Total expenditures | <u>10,641,815</u> | <u>10,845,573</u> | <u>10,775,679</u> | <u>69,894</u> | <u>10,240,764</u> |
| Excess (deficiency) of revenues under expenditures | <u>(877,230)</u> | <u>(1,080,988)</u> | <u>(928,539)</u> | <u>152,449</u> | <u>(70,146)</u> |
| Other financing sources (uses): | | | | | |
| Refunding bonds issued | - | 10,430,159 | 9,365,000 | (1,065,159) | - |
| Payment to refunded bond escrow agent | - | (10,434,176) | (10,434,176) | - | - |
| Premium on refunding bonds | - | - | 1,065,159 | 1,065,159 | - |
| General obligation bonds issued | - | 140,676 | 129,618 | (11,058) | 132,417 |
| Premium on general obligation bonds | - | - | 11,058 | 11,058 | 7,876 |
| Transfers in | 859,003 | 859,003 | 858,984 | (19) | 76,671 |
| Total other financing sources (uses) | <u>859,003</u> | <u>995,662</u> | <u>995,643</u> | <u>(19)</u> | <u>216,964</u> |
| Net change in fund balance | (18,227) | (85,326) | 67,104 | 152,430 | 146,818 |
| Fund balance, beginning of year | <u>671,321</u> | <u>671,321</u> | <u>671,321</u> | <u>-</u> | <u>524,503</u> |
| Fund balance, end of year | <u>\$ 653,094</u> | <u>585,995</u> | <u>738,425</u> | <u>152,430</u> | <u>671,321</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.

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

2019 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

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, 2019
(With Comparative Totals for September 30, 2018)

| | Capital Improvement Fund | Equipment Replacement Fund | Street Improvement Fund | 2019 Bond Issue Fund | 2018 Bond Issue Fund | 2017 Bond Issue Fund |
|--|--------------------------------|----------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Assets | | | | | | |
| Cash and investments | \$ 6,541,382 | \$ 2,100,000 | \$ 23,572,441 | \$ 6,877,791 | \$ 9,881,101 | \$ 3,599,417 |
| Accounts receivable, net of allowances | - | - | - | - | - | - |
| Due from other funds | 448,045 | - | - | - | - | - |
| Advances to other funds | 168,368 | - | - | - | - | - |
| Total assets | <u>\$ 7,157,795</u> | <u>\$ 2,100,000</u> | <u>\$ 23,572,441</u> | <u>\$ 6,877,791</u> | <u>\$ 9,881,101</u> | <u>\$ 3,599,417</u> |
| Liabilities | | | | | | |
| Accounts payable and contracts payable | \$ 144,337 | \$ - | \$ 4,196,638 | \$ 29,442 | \$ 440,416 | \$ 165,965 |
| Accrued liabilities | 1,272 | - | 845,803 | - | 122,831 | 48,073 |
| Due to other funds | - | - | - | - | - | - |
| Escrow funds | - | - | 1,031,984 | - | - | - |
| Total liabilities | <u>145,609</u> | <u>-</u> | <u>6,074,425</u> | <u>29,442</u> | <u>563,247</u> | <u>214,038</u> |
| Fund balances (deficits) | | | | | | |
| Restricted for: | | | | | | |
| Capital projects | 168,368 | - | 13,976,525 | 6,848,349 | 9,317,854 | 3,385,379 |
| Committed to: | | | | | | |
| Capital projects | 6,843,818 | 2,100,000 | 3,521,491 | - | - | - |
| Total fund balances (deficits) | <u>\$ 7,012,186</u> | <u>\$ 2,100,000</u> | <u>\$ 17,498,016</u> | <u>\$ 6,848,349</u> | <u>\$ 9,317,854</u> | <u>\$ 3,385,379</u> |
| Total liabilities and fund balances (deficits) | <u>\$ 7,157,795</u> | <u>\$ 2,100,000</u> | <u>\$ 23,572,441</u> | <u>\$ 6,877,791</u> | <u>\$ 9,881,101</u> | <u>\$ 3,599,417</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 | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|----------------------|
| | | | | | | 2019 | 2018 |
| \$2,384,139 | \$ 6,806 | \$ - | \$ - | \$ - | \$ - | \$ 54,963,077 | \$ 46,389,599 |
| - | - | - | - | - | - | - | 5,513 |
| - | - | - | - | - | - | 448,045 | - |
| - | - | - | - | - | - | 168,368 | 168,368 |
| \$2,384,139 | \$ 6,806 | \$ - | \$ - | \$ - | \$ - | \$ 55,579,490 | \$ 46,563,480 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,976,798 | \$ 513,757 |
| - | - | - | - | - | - | 1,017,979 | 410,615 |
| 448,045 | - | - | - | - | - | 448,045 | - |
| - | - | - | - | - | - | 1,031,984 | 1,927,864 |
| 448,045 | - | - | - | - | - | 7,474,806 | 2,852,236 |
| 1,936,094 | 6,806 | - | - | - | - | 35,639,375 | 29,469,813 |
| - | - | - | - | - | - | 12,465,309 | 14,241,431 |
| \$1,936,094 | \$ 6,806 | \$ - | \$ - | \$ - | \$ - | \$ 48,104,684 | \$ 43,711,244 |
| \$2,384,139 | \$ 6,806 | \$ - | \$ - | \$ - | \$ - | \$ 55,579,490 | \$ 46,563,480 |

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

| | Capital Improvement Fund | Equipment Replacement Fund | Street Improvement Fund | 2019 Bond Issue Fund | 2018 Bond Issue Fund | 2017 Bond Issue Fund |
|--|--------------------------------|----------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Revenues: | | | | | | |
| Investment earnings | \$ - | \$ - | \$ - | \$ 746,102 | \$ 1,680,409 | \$ 560,424 |
| Contributions | 91,659 | - | 303,262 | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Total revenues | <u>91,659</u> | <u>-</u> | <u>303,262</u> | <u>746,102</u> | <u>1,680,409</u> | <u>560,424</u> |
| Expenditures: | | | | | | |
| Capital outlay: | | | | | | |
| Capital outlay | 3,822,507 | - | 14,968,629 | 73,605 | 5,171,164 | 1,181,518 |
| Total expenditures | <u>3,822,507</u> | <u>-</u> | <u>14,968,629</u> | <u>73,605</u> | <u>5,171,164</u> | <u>1,181,518</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,730,848)</u> | <u>-</u> | <u>(14,665,367)</u> | <u>672,497</u> | <u>(3,490,755)</u> | <u>(621,094)</u> |
| Other financing sources (uses): | | | | | | |
| General obligation bonds issued | - | - | 12,254,530 | 6,175,852 | - | - |
| Premium on general obligation bonds | - | - | 1,572,381 | - | - | - |
| Transfers in | 2,978,898 | 600,000 | 3,936,508 | - | - | - |
| Transfers out | - | - | (641,650) | - | - | - |
| Total other financing sources (uses) | <u>2,978,898</u> | <u>600,000</u> | <u>17,121,769</u> | <u>6,175,852</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (751,950) | 600,000 | 2,456,402 | 6,848,349 | (3,490,755) | (621,094) |
| Fund balances, beginning of year | 7,764,136 | 1,500,000 | 15,041,614 | - | 12,808,609 | 4,006,473 |
| Fund balances, end of year | <u>\$ 7,012,186</u> | <u>\$ 2,100,000</u> | <u>\$ 17,498,016</u> | <u>\$ 6,848,349</u> | <u>\$ 9,317,854</u> | <u>\$ 3,385,379</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 | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|----------------------|
| | | | | | | 2019 | 2018 |
| \$ 1,132,587 | \$ 31,013 | \$ 4,028 | \$ 70 | \$ 34 | \$ 251 | \$ 4,154,918 | 2,206,806 |
| - | - | - | - | - | - | 394,921 | 166,179 |
| - | - | - | - | - | - | - | - |
| <u>1,132,587</u> | <u>31,013</u> | <u>4,028</u> | <u>70</u> | <u>34</u> | <u>251</u> | <u>4,549,839</u> | <u>2,372,985</u> |
| 85,495 | - | - | - | - | - | 25,302,918 | 11,595,064 |
| <u>85,495</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,302,918</u> | <u>11,595,064</u> |
| 1,047,092 | 31,013 | 4,028 | 70 | 34 | 251 | (20,753,079) | (9,222,079) |
| - | - | - | - | - | - | 18,430,382 | 19,707,583 |
| - | - | - | - | - | - | 1,572,381 | 1,172,180 |
| - | - | - | - | - | - | 7,515,406 | 4,976,590 |
| (1,356,783) | (213,000) | (78,264) | (16,238) | (7,853) | (57,862) | (2,371,650) | - |
| <u>(1,356,783)</u> | <u>(213,000)</u> | <u>(78,264)</u> | <u>(16,238)</u> | <u>(7,853)</u> | <u>(57,862)</u> | <u>25,146,519</u> | <u>25,856,353</u> |
| (309,691) | (181,987) | (74,236) | (16,168) | (7,819) | (57,611) | 4,393,440 | 16,634,274 |
| 2,245,785 | 188,793 | 74,236 | 16,168 | 7,819 | 57,611 | 43,711,244 | 27,076,970 |
| <u>\$ 1,936,094</u> | <u>\$ 6,806</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 48,104,684</u> | <u>\$ 43,711,244</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, 2019

(With Comparative Totals for September 30, 2018)

| | Rosemound Cemetery Perpetual Fund | Hamilton Memorial Fund | Miss Nellie's Park Endowment Fund | Totals | |
|---------------------------------|--|------------------------------|--|-------------------|-------------------|
| | | | | 2019 | 2018 |
| Assets | | | | | |
| Cash and investments | \$ 268,209 | \$ 10,000 | \$ 100,000 | \$ 378,209 | \$ 371,797 |
| Total assets | <u>\$ 268,209</u> | <u>\$ 10,000</u> | <u>\$ 100,000</u> | <u>\$ 378,209</u> | <u>\$ 371,797</u> |
| Fund balances (deficits) | | | | | |
| Nonspendable: | | | | | |
| Parks and cemetery care | \$ 268,209 | \$ 10,000 | \$ 100,000 | \$ 378,209 | \$ 371,797 |
| Total fund balances (deficits) | <u>\$ 268,209</u> | <u>\$ 10,000</u> | <u>\$ 100,000</u> | <u>\$ 378,209</u> | <u>\$ 371,797</u> |

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, 2019

(With Comparative Totals for Year Ended September 30, 2018)

| | Rosemound Cemetery Perpetual Fund | Hamilton Memorial Fund | Miss Nellie's Park Endowment Fund | Totals | |
|--|--|------------------------------|--|--------------------------|--------------------------|
| | | | | 2019 | 2018 |
| Revenues: | | | | | |
| Investment earnings | \$ 6,412 | \$ - | \$ - | \$ 6,412 | \$ 3,682 |
| Total revenues | <u>6,412</u> | <u>-</u> | <u>-</u> | <u>6,412</u> | <u>3,682</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,412</u> | <u>-</u> | <u>-</u> | <u>6,412</u> | <u>3,682</u> |
| Net change in fund balances | 6,412 | - | - | 6,412 | 3,682 |
| Fund balances, beginning of year | 261,797 | 10,000 | 100,000 | 371,797 | 368,115 |
| Fund balances, end of year | <u><u>\$ 268,209</u></u> | <u><u>\$ 10,000</u></u> | <u><u>\$ 100,000</u></u> | <u><u>\$ 378,209</u></u> | <u><u>\$ 371,797</u></u> |

See accompanying independent auditor's report.



Major Enterprise Funds

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

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

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

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



Water Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Water Fund | |
|---|----------------|----------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 37,603,199 | \$ 39,035,459 |
| Accounts receivable, net of allowance | 7,320,151 | 5,506,929 |
| Prepaid items | 274,315 | - |
| Intergovernmental receivable | 233,385 | 233,385 |
| Restricted cash and investments | 5,055,280 | 7,635,433 |
| Inventory | 216,923 | 236,137 |
| Total current assets | 50,703,253 | 52,647,343 |
| Noncurrent assets: | | |
| Restricted cash and investments | 47,705,165 | 44,135,627 |
| Advances to other funds | 525,336 | 525,336 |
| Capital assests: | | |
| Land | 3,180,914 | 1,279,185 |
| Buildings | 10,024,595 | 10,024,595 |
| Improvements other than buildings | 333,430,604 | 301,443,449 |
| Equipment | 10,133,930 | 9,651,216 |
| Construction work in progress | 21,813,439 | 33,900,826 |
| Intangible water rights | 32,482,879 | 32,482,879 |
| Less: accumulated depreciation and amortization | (156,014,655) | (146,774,669) |
| Total noncurrent assets | 303,282,207 | 286,668,444 |
| Total assets | 353,985,460 | 339,315,787 |
| Deferred outflows of resources | | |
| Deferred losses on refundings of debt | 2,226,663 | 2,350,158 |
| Deferred outflows on pension liability | 2,120,474 | 722,076 |
| Total deferred outflows of resources | 4,347,137 | 3,072,234 |
| Total assets and deferred outflows of resources | \$ 358,332,597 | \$ 342,388,021 |

See accompanying independent auditor's report.

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 598,870 | 546,736 |
| Accrued liabilities | 903,669 | 1,023,121 |
| Compensated absences payable | 733,533 | 737,000 |
| Refundable contracts | 595,903 | 904,549 |
| Notes payable | 90,162 | 86,328 |
| Contracts payable | - | 345,841 |
| Revenue bonds payable | 11,495,000 | 10,680,000 |
| Accrued interest payable | 1,469,950 | 1,374,807 |
| Current liabilities payable from restricted assets: | | |
| Accounts payable | 1,905,014 | 4,446,378 |
| Customer deposits | 3,150,266 | 3,189,055 |
| Total current liabilities | <u>20,942,367</u> | <u>23,333,815</u> |
| Noncurrent liabilities: | | |
| Refundable contracts | 566,044 | 293,857 |
| Compensated absences payable | 430,941 | 480,029 |
| Bonds payable | 192,470,131 | 184,320,099 |
| Notes payable | 1,411,816 | 1,501,978 |
| Net pension liability | 5,202,199 | 2,659,809 |
| Total noncurrent liabilities | <u>200,081,131</u> | <u>189,255,772</u> |
| Total liabilities | <u>221,023,498</u> | <u>212,589,587</u> |
| Deferred inflows of resources | | |
| Deferred inflows on pension liability | 29,993 | 729,752 |
| Total deferred inflows of resources | <u>29,993</u> | <u>729,752</u> |
| Total liabilities and deferred inflows of resources | <u>221,053,491</u> | <u>213,319,339</u> |
| Net position | | |
| Net investment in capital assets | 98,354,478 | 90,706,455 |
| Unrestricted | 38,924,628 | 38,362,227 |
| Total net position | <u>\$ 137,279,106</u> | <u>\$ 129,068,682</u> |

City of Waco, Texas
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Water Fund | |
|--|------------------------------|------------------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 49,692,270 | \$ 48,148,888 |
| Other | 593,032 | 774,933 |
| Total operating revenues | <u>50,285,302</u> | <u>48,923,821</u> |
| Operating expenses: | | |
| Salaries and wages | 5,030,485 | 4,884,183 |
| Employee benefits | 2,503,579 | 2,053,307 |
| Purchased professional/technical services | 2,233,511 | 1,705,718 |
| Purchased property services | 164,182 | 158,970 |
| Maintenance | 3,434,946 | 3,070,771 |
| Other purchased services | 1,393,478 | 1,070,093 |
| Supplies | 4,283,515 | 4,422,041 |
| Other | 4,728,606 | 5,012,984 |
| Depreciation/amortization | 10,373,077 | 10,068,019 |
| Total operating expenses | <u>34,145,379</u> | <u>32,446,086</u> |
| Operating income (loss) | <u>16,139,923</u> | <u>16,477,735</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 1,111,088 | 609,484 |
| Other income | 2,050 | 1,970 |
| Intergovernmental revenue | 4,771 | - |
| Bond issuance costs | (215,706) | (146,344) |
| Interest expense and fiscal charges | (5,479,925) | (5,351,999) |
| Total nonoperating revenues (expenses) | <u>(4,577,722)</u> | <u>(4,886,889)</u> |
| Income (loss) before contributions and transfers | 11,562,201 | 11,590,846 |
| Capital contributions | 100,043 | 199,920 |
| Transfers out | (3,451,820) | (3,343,416) |
| Change in net position | <u>8,210,424</u> | <u>8,447,350</u> |
| Total net position, beginning of year | 129,068,682 | 120,621,332 |
| Total net position, end of year | <u><u>\$ 137,279,106</u></u> | <u><u>\$ 129,068,682</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Water Fund | |
|---|---------------|---------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 48,197,765 | \$ 49,735,432 |
| Cash paid to suppliers for goods and services | (16,376,158) | (15,785,188) |
| Cash paid to employees for services | (7,091,359) | (6,795,685) |
| Net cash provided by (used for) operating activities | 24,730,248 | 27,154,559 |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | 4,771 | - |
| Intergovernmental expenses | (345,841) | (299,629) |
| Transfers to other funds | (3,451,820) | (3,343,416) |
| Net cash provided by (used for) noncapital financing activities | (3,792,890) | (3,643,045) |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (25,540,527) | (21,174,584) |
| Proceeds from sale of debt | 21,128,688 | 19,721,726 |
| Payments of refundable contracts | (440,883) | (904,549) |
| Principal paid on debt | (10,680,000) | (9,715,000) |
| Interest paid on debt | (6,960,649) | (6,595,007) |
| Payment of bond issuance costs | - | (119,994) |
| Net cash provided by (used for) capital and related financing activities | (22,493,371) | (18,787,408) |
| Cash flows from investing activities | | |
| Rental revenue | 2,050 | 1,970 |
| Investment earnings | 1,111,088 | 609,484 |
| Net cash provided by (used for) investing activities | 1,113,138 | 611,454 |
| Net increase (decrease) in cash and cash equivalents | (442,875) | 5,335,560 |
| Cash and cash equivalents, beginning of year | 90,806,519 | 85,470,959 |
| Cash and cash equivalents, end of year | \$ 90,363,644 | \$ 90,806,519 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 16,139,923 | \$ 16,477,735 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Provision for uncollectible accounts receivable | 121,201 | 442,617 |
| Depreciation/amortization | 10,373,077 | 10,068,019 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (1,934,423) | 368,994 |
| Prepaid items | (274,315) | - |
| Inventory | 19,214 | 36,305 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 52,134 | 76,277 |
| Accrued liabilities | (119,452) | (537,614) |
| Compensated absences payable | (52,555) | 148,704 |
| Net pension liability | 444,233 | 43,595 |
| Customer deposits | (38,789) | 29,927 |
| Net cash provided by (used for) operating activities | \$ 24,730,248 | \$ 27,154,559 |
| Schedule of Noncash capital and related financing activities: | | |
| Assets acquired through refundable contracts | \$ 100,043 | \$ 199,920 |
| Proceeds of refunding bonds used for bond issuance costs and payment to refunded bond escrow agent | \$ 11,279,487 | \$ - |

See accompanying independent auditor's report.



Wastewater Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Wastewater Fund | |
|---|-----------------|----------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 37,557,166 | \$ 28,366,750 |
| Accounts receivable, net of allowance | 4,431,078 | 3,511,795 |
| Intergovernmental receivable | 134,085 | 134,085 |
| Notes receivable | - | 53,760 |
| Restricted cash and investments | 1,003,547 | 757,073 |
| Accrued interest on notes receivable | - | 2,159 |
| Inventory | 14,327 | 14,231 |
| Total current assets | 43,140,203 | 32,839,853 |
| Noncurrent assets: | | |
| Restricted cash and investments | 79,245,961 | 82,275,534 |
| Noncurrent portion of notes receivable | - | 300,991 |
| Capital assets: | | |
| Land | 2,691,723 | 2,691,723 |
| Buildings | 11,089,302 | 11,089,302 |
| Improvements other than buildings | 152,445,986 | 145,301,202 |
| Equipment | 12,166,624 | 10,993,591 |
| Construction work in progress | 37,489,356 | 18,900,455 |
| Less: accumulated depreciation and amortization | (72,556,301) | (67,609,245) |
| Total noncurrent assets | 222,572,651 | 203,943,553 |
| Total assets | 265,712,854 | 236,783,406 |
| Deferred outflows of resources | | |
| Deferred losses on refundings of debt | 758,010 | 955,589 |
| Deferred outflows on pension liability | 1,413,648 | 481,384 |
| Total deferred outflows of resources | 2,171,658 | 1,436,973 |
| Total assets and deferred outflows of resources | \$ 267,884,512 | \$ 238,220,379 |

See accompanying independent auditor's report.

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 6,946,707 | 3,906,783 |
| Accrued liabilities | 2,802,699 | 700,991 |
| Compensated absences payable | 357,884 | 372,518 |
| Revenue bonds payable | 8,120,000 | 7,220,000 |
| Accrued interest payable | 1,292,892 | 1,219,186 |
| Current liabilities payable from restricted assets: | | |
| Accounts payable | 1,003,544 | 757,073 |
| Total current liabilities | <u>20,523,726</u> | <u>14,176,551</u> |
| Noncurrent liabilities: | | |
| Refundable contracts | 192,542 | 192,542 |
| Compensated absences payable | 6,114 | 85,224 |
| Bonds payable | 153,753,400 | 138,404,781 |
| Net pension liability | 3,468,132 | 1,773,205 |
| Total noncurrent liabilities | <u>157,420,188</u> | <u>140,455,752</u> |
| Total liabilities | <u>177,943,914</u> | <u>154,632,303</u> |
| Deferred inflows of resources | | |
| Deferred inflows on pension liability | 19,994 | 486,502 |
| Total deferred inflows of resources | <u>19,994</u> | <u>486,502</u> |
| Total liabilities and deferred inflows of resources | <u>177,963,908</u> | <u>155,118,805</u> |
| Net position | | |
| Net investment in capital assets | 61,264,722 | 58,780,828 |
| Unrestricted | 28,655,882 | 24,320,746 |
| Total net position | <u>\$ 89,920,604</u> | <u>\$ 83,101,574</u> |

City of Waco, Texas
 Comparative Statement of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2019 and 2018

| | Wastewater Fund | |
|--|-----------------------------|-----------------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 33,868,919 | \$ 29,575,906 |
| Other | 566,156 | 503,968 |
| Total operating revenues | <u>34,435,075</u> | <u>30,079,874</u> |
| Operating expenses: | | |
| Salaries and wages | 3,051,733 | 2,995,094 |
| Employee benefits | 1,484,321 | 1,202,422 |
| Purchased professional/technical services | 2,057,079 | 1,565,471 |
| Purchased property services | 87,971 | 75,797 |
| Maintenance | 3,469,120 | 2,026,558 |
| Other purchased services | 556,220 | 441,228 |
| Supplies | 2,302,692 | 2,044,201 |
| Other | 4,192,833 | 3,713,283 |
| Depreciation/amortization | 5,536,080 | 5,440,395 |
| Total operating expenses | <u>22,738,049</u> | <u>19,504,449</u> |
| Operating income (loss) | <u>11,697,026</u> | <u>10,575,425</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 577,365 | 222,571 |
| Bond issuance costs | (198,071) | (222,183) |
| Interest expense and fiscal charges | (4,110,929) | (3,590,866) |
| Gain (loss) on disposal of capital assets | (185,577) | (22,339) |
| Total nonoperating revenues (expenses) | <u>(3,917,212)</u> | <u>(3,612,817)</u> |
| Income (loss) before contributions and transfers | 7,779,814 | 6,962,608 |
| Capital contributions | - | 654,178 |
| Transfers out | (960,784) | (908,304) |
| Change in net position | <u>6,819,030</u> | <u>6,708,482</u> |
| Total net position, beginning of year | 83,101,574 | 76,393,092 |
| Total net position, end of year | <u><u>\$ 89,920,604</u></u> | <u><u>\$ 83,101,574</u></u> |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Wastewater Fund | |
|---|-----------------------|-----------------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 33,515,792 | \$ 29,784,710 |
| Cash paid to suppliers for goods and services | (7,548,645) | (6,484,800) |
| Cash paid to employees for services | (4,309,377) | (4,341,328) |
| Net cash provided by (used for) operating activities | 21,657,770 | 18,958,582 |
| Cash flows from noncapital financing activities: | | |
| Transfers to other funds | (960,784) | (908,304) |
| Net cash provided by (used for) noncapital financing activities | (960,784) | (908,304) |
| Cash flows from capital and related financing activities: | | |
| Aquisition and construction of capital assets | (27,434,848) | (17,695,226) |
| Proceeds from sale of debt | 24,981,909 | 28,989,051 |
| Capital contributions | - | 654,178 |
| Principal paid on debt | (7,220,000) | (6,240,000) |
| Interest paid on debt | (5,551,005) | (4,544,559) |
| Payment of bond issuance costs | - | (24,189) |
| Net cash provided by (used for) capital and related financing activities | (15,223,944) | 1,139,255 |
| Cash flows from investing activities | | |
| Investment earnings | 579,524 | 222,889 |
| Note payments from other entities | 354,751 | 52,246 |
| Net cash provided by (used for) investing activities | 934,275 | 275,135 |
| Net increase (decrease) in cash and cash equivalents | 6,407,317 | 19,464,668 |
| Cash and cash equivalents, beginning of year | 111,399,357 | 91,934,689 |
| Cash and cash equivalents, end of year | \$ 117,806,674 | \$ 111,399,357 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 11,697,026 | \$ 10,575,425 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Provision for uncollectible accounts receivable | 81,725 | 74,245 |
| Depreciation/amortization | 5,536,080 | 5,440,395 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (1,001,008) | (369,409) |
| Inventory | (96) | (4,746) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 3,039,924 | 3,024,592 |
| Accrued liabilities | 2,101,708 | 372,237 |
| Compensated absences payable | (93,744) | (183,220) |
| Net pension liability | 296,155 | 29,063 |
| Net cash provided by (used for) operating activities | \$ 21,657,770 | \$ 18,958,582 |
| Schedule of Noncash capital and related financing activities: | | |
| Proceeds of refunding bonds used for bond issuance costs and payment to refunded bond escrow agent | \$ 3,384,750 | \$ - |

See accompanying independent auditor's report.



Solid Waste Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Solid Waste Fund | |
|---|------------------|---------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 15,177,214 | \$ 19,905,107 |
| Accounts receivable, net of allowance | 2,078,371 | 2,159,526 |
| Restricted cash and investments | 77,415 | - |
| Total current assets | 17,333,000 | 22,064,633 |
| Noncurrent assets: | | |
| Restricted cash and investments | 159,842 | - |
| Capital assets | | |
| Land | 7,127,215 | 3,580,642 |
| Buildings | 1,370,137 | 1,370,137 |
| Improvements other than buildings | 30,876,058 | 28,307,594 |
| Equipment | 21,389,004 | 19,933,231 |
| Construction work in progress | 2,142,315 | 936,667 |
| Less: accumulated depreciation and amortization | (41,819,568) | (39,869,566) |
| Total noncurrent assets | 21,245,003 | 14,258,705 |
| Total assets | 38,578,003 | 36,323,338 |
| Deferred outflows of resources | | |
| Deferred losses on refundings of debt | - | 12,912 |
| Deferred outflows on pension liability | 1,413,648 | 481,384 |
| Total deferred outflows of resources | 1,413,648 | 494,296 |
| Total assets and deferred outflows of resources | \$ 39,991,651 | \$ 36,817,634 |

See accompanying independent auditor's report.

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 399,996 | 525,610 |
| Accrued liabilities | 311,625 | 308,660 |
| Compensated absences payable | 318,018 | 331,514 |
| Revenue bonds payable | 1,035,000 | 535,000 |
| Accrued interest payable | 72,355 | 17,875 |
| Total current liabilities | <u>2,136,994</u> | <u>1,718,659</u> |
| Current liabilities payable from restricted assets: | | |
| Accounts payable | 77,415 | - |
| | <u>77,415</u> | <u>-</u> |
| Noncurrent liabilities: | | |
| Estimated landfill closure and post-closure care costs | 5,960,892 | 5,615,324 |
| Compensated absences payable | 339,193 | 312,467 |
| Bonds payable | 3,618,242 | 2,137,499 |
| Net pension liability | 3,468,132 | 1,773,205 |
| Total noncurrent liabilities | <u>13,386,459</u> | <u>9,838,495</u> |
| Total liabilities | <u>15,600,868</u> | <u>11,557,154</u> |
| Deferred inflows of resources | | |
| Deferred gains on refundings of debt | 10,446 | - |
| Deferred inflows on pension liability | 19,994 | 486,502 |
| Total deferred inflows of resources | <u>30,440</u> | <u>486,502</u> |
| Total liabilities and deferred inflows of resources | <u>15,631,308</u> | <u>12,043,656</u> |
| Net position | | |
| Net investment in capital assets | 16,581,315 | 11,599,118 |
| Unrestricted | 7,779,028 | 13,174,860 |
| Total net position | <u>\$ 24,360,343</u> | <u>\$ 24,773,978</u> |

City of Waco, Texas
 Comparative Statement of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2019 and 2018

| | Solid Waste Fund | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 20,213,771 | \$ 19,637,287 |
| Other | 222,142 | 139,043 |
| Total operating revenues | 20,435,913 | 19,776,330 |
| Operating expenses: | | |
| Salaries and wages | 3,407,141 | 3,251,067 |
| Employee benefits | 1,815,115 | 1,576,661 |
| Purchased professional/technical services | 2,889,010 | 2,777,605 |
| Purchased property services | 22,143 | 20,348 |
| Maintenance | 2,296,240 | 2,154,239 |
| Other purchased services | 1,596,277 | 173,239 |
| Supplies | 1,756,662 | 1,615,068 |
| Other | 3,774,085 | 3,387,583 |
| Depreciation/amortization | 3,006,878 | 2,126,437 |
| Total operating expenses | 20,563,551 | 17,082,247 |
| Operating income (loss) | (127,638) | 2,694,083 |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 406,788 | 287,359 |
| Loss on disposal of capital assets | (264,611) | - |
| Bond issuance costs | (20,415) | - |
| Interest expense and fiscal charges | (19,402) | (68,415) |
| Total nonoperating revenues (expenses) | 102,360 | 218,944 |
| Income (loss) before contributions and transfers | (25,278) | 2,913,027 |
| Transfers out | (388,357) | (368,727) |
| Change in net position | (413,635) | 2,544,300 |
| Total net position, beginning of year | 24,773,978 | 22,229,678 |
| Total net position, end of year | \$ 24,360,343 | \$ 24,773,978 |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Solid Waste Fund | |
|---|------------------|---------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 20,517,068 | \$ 19,732,056 |
| Cash paid to suppliers for goods and services | (11,765,997) | (10,419,337) |
| Cash paid to employees for services | (5,180,957) | (4,798,534) |
| Net cash provided by (used for) operating activities | 3,570,114 | 4,514,185 |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | - | - |
| Transfers to other funds | (388,357) | (368,727) |
| Net cash provided by (used for) noncapital financing activities | (388,357) | (368,727) |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (10,097,945) | (4,503,347) |
| Principal paid on debt | (535,000) | (510,000) |
| Interest paid on debt | (95,166) | (117,054) |
| Proceeds from sale of debt | 2,648,930 | - |
| Net cash provided by (used for) capital and related financing activities | (8,079,181) | (5,130,401) |
| Cash flows from investing activities | | |
| Investment earnings | 406,788 | 287,359 |
| Net cash provided by (used for) investing activities | 406,788 | 287,359 |
| Net increase (decrease) in cash and cash equivalents | (4,490,636) | (697,584) |
| Cash and cash equivalents, beginning of year | 19,905,107 | 20,602,691 |
| Cash and cash equivalents, end of year | \$ 15,414,471 | \$ 19,905,107 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (127,638) | \$ 2,694,083 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Provision for uncollectible accounts receivable | 128,498 | 52,762 |
| Depreciation/amortization | 3,006,878 | 2,126,437 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (47,343) | (97,036) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (48,199) | (183,442) |
| Accrued liabilities | 2,965 | (460,468) |
| Estimated landfill closure and post-closure care costs | 345,568 | 320,426 |
| Compensated absences payable | 13,230 | 32,360 |
| Net pension liability | 296,155 | 29,063 |
| Net cash provided by (used for) operating activities | \$ 3,570,114 | \$ 4,514,185 |
| Schedule of Noncash capital and related financing activities: | | |
| Proceeds of refunding bonds used for bond issuance costs and payment to refunded bond escrow agent | \$ 246,341 | \$ - |

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, 2019
(With Comparative Totals for September 30, 2018)

| | <u>Airport Fund</u> | <u>Convention Services Fund</u> | <u>Ranger Hall of Fame Fund</u> |
|--|-----------------------------|-------------------------------------|-------------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 1,660,331 | \$ 4,259,898 | \$ 1,298,760 |
| Accounts receivable, net of allowances | 57,179 | 493,342 | - |
| Intergovernmental receivable | 218,105 | - | - |
| Inventories | 2,589 | 55,262 | 94,745 |
| Total current assets | <u>1,938,204</u> | <u>4,808,502</u> | <u>1,393,505</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | - | 107,851 |
| Capital assets: | | | |
| Land | 1,779,311 | - | - |
| Buildings | 15,189,938 | 26,090,453 | 3,720,747 |
| Improvements other than buildings | 45,870,138 | 555,845 | 418,768 |
| Equipment | 2,351,072 | 1,502,010 | 452,159 |
| Museum collections | - | - | 2,264,424 |
| Construction work in progress | 587,366 | - | - |
| Less: accumulated depreciation | (34,088,198) | (12,073,209) | (1,819,669) |
| Total noncurrent assets | <u>31,689,627</u> | <u>16,075,099</u> | <u>5,144,280</u> |
| Total assets | <u>\$ 33,627,831</u> | <u>\$ 20,883,601</u> | <u>\$ 6,537,785</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 92,742 | 142,510 | 8,041 |
| Accrued liabilities | 39,431 | 105,586 | 44,901 |
| Unearned revenue | - | 189,208 | - |
| Due to other funds | - | - | - |
| Compensated absences payable | 49,943 | 143,499 | 96,892 |
| Total current liabilities | <u>182,116</u> | <u>580,803</u> | <u>149,834</u> |
| Noncurrent liabilities: | | | |
| Advances from other funds | - | - | - |
| Compensated absences payable | 12,681 | - | 42,311 |
| Total noncurrent liabilities | <u>12,681</u> | <u>-</u> | <u>42,311</u> |
| Total liabilities | <u>194,797</u> | <u>580,803</u> | <u>192,145</u> |
| Net position | | | |
| Net investment in capital assets | 31,689,627 | 16,075,099 | 5,036,429 |
| Restricted for: | | | |
| Capital projects | 277,673 | - | 228,166 |
| Unrestricted | 1,465,734 | 4,227,699 | 1,081,045 |
| Total net position | <u>\$ 33,433,034</u> | <u>\$ 20,302,798</u> | <u>\$ 6,345,640</u> |

See accompanying independent auditor's report.

| Cameron Park Zoo Fund | Transit Services Fund | Cottonwood Creek Golf Course Fund | Totals | |
|-----------------------------|-----------------------------|---|-----------------------------|-----------------------------|
| | | | 2019 | 2018 |
| \$ 1,550,200 | \$ - | \$ 552,027 | \$ 9,321,216 | \$ 7,715,629 |
| - | 218,341 | - | 768,862 | 745,925 |
| - | 2,870,960 | - | 3,089,065 | 2,614,155 |
| 6,882 | 571,697 | 270,692 | 1,001,867 | 1,003,564 |
| <u>1,557,082</u> | <u>3,660,998</u> | <u>822,719</u> | <u>14,181,010</u> | <u>12,079,273</u> |
| - | - | - | 107,851 | 93,463 |
| - | 423,284 | - | 2,202,595 | 912,673 |
| 9,390,421 | 6,919,608 | 713,389 | 62,024,556 | 60,565,347 |
| 19,050,351 | 244,951 | 2,017,246 | 68,157,299 | 68,109,621 |
| 511,664 | 12,419,339 | 1,281,493 | 18,517,737 | 16,808,959 |
| - | - | - | 2,264,424 | 2,224,424 |
| 25,926 | - | - | 613,292 | 823,990 |
| <u>(20,103,370)</u> | <u>(13,643,259)</u> | <u>(3,181,260)</u> | <u>(84,908,965)</u> | <u>(79,435,754)</u> |
| <u>8,874,992</u> | <u>6,363,923</u> | <u>830,868</u> | <u>68,978,789</u> | <u>70,102,723</u> |
| <u>\$ 10,432,074</u> | <u>\$ 10,024,921</u> | <u>\$ 1,653,587</u> | <u>\$ 83,159,799</u> | <u>\$ 82,181,996</u> |
| 38,833 | 69,697 | 62,398 | 414,221 | 386,592 |
| 310,686 | 196,653 | 654,766 | 1,352,023 | 1,060,768 |
| 53,914 | 41,250 | - | 284,372 | 441,439 |
| - | 2,486,047 | - | 2,486,047 | 2,228,152 |
| 197,808 | - | 83,145 | 571,287 | 520,550 |
| <u>601,241</u> | <u>2,793,647</u> | <u>800,309</u> | <u>5,107,950</u> | <u>4,637,501</u> |
| - | - | 693,704 | 693,704 | 693,704 |
| 123,741 | - | 78,444 | 257,177 | 419,290 |
| 123,741 | - | 772,148 | 950,881 | 1,112,994 |
| <u>724,982</u> | <u>2,793,647</u> | <u>1,572,457</u> | <u>6,058,831</u> | <u>5,750,495</u> |
| 8,874,992 | 6,363,923 | 830,868 | 68,870,938 | 70,009,260 |
| - | 551,264 | - | 1,057,103 | 943,463 |
| 832,100 | 316,087 | (749,738) | 7,172,927 | 5,478,778 |
| <u>\$ 9,707,092</u> | <u>\$ 7,231,274</u> | <u>\$ 81,130</u> | <u>\$ 77,100,968</u> | <u>\$ 76,431,501</u> |

City of Waco, Texas
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

| | Airport Fund | Convention Services Fund | Ranger Hall of Fame Fund |
|---|-----------------------------|-----------------------------|-----------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 622,197 | \$ 1,077,997 | \$ 547,886 |
| Net merchandise sales | 5,219 | 480,479 | 197,069 |
| Contributions | - | 206,466 | - |
| Other | 279,310 | 30,899 | 7,318 |
| Total operating revenues | <u>906,726</u> | <u>1,795,841</u> | <u>752,273</u> |
| Operating expenses: | | | |
| Salaries and wages | 460,560 | 1,261,020 | 645,207 |
| Employee benefits | 197,814 | 494,637 | 244,090 |
| Purchased professional/technical services | 247,696 | 644,415 | 40,583 |
| Purchased property services | 20,077 | 41,297 | 8,986 |
| Maintenance | 112,432 | 232,109 | 8,859 |
| Other purchased services | 79,973 | 1,560,389 | 49,258 |
| Supplies | 121,845 | 426,777 | 78,820 |
| Other | 353,155 | 116,903 | 166,763 |
| Depreciation expense | 2,739,686 | 907,029 | 162,103 |
| Total operating expenses | <u>4,333,238</u> | <u>5,684,576</u> | <u>1,404,669</u> |
| Operating income (loss) | <u>(3,426,512)</u> | <u>(3,888,735)</u> | <u>(652,396)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | 39,937 | 84,558 | 29,893 |
| Other income | 411,084 | - | - |
| Hotel/motel tax | - | 4,617,066 | - |
| Contributions | - | - | 21,175 |
| Intergovernmental revenue | 97,138 | - | - |
| Total nonoperating revenues (expenses) | <u>548,159</u> | <u>4,701,624</u> | <u>51,068</u> |
| Income (loss) before contributions and transfers | (2,878,353) | 812,889 | (601,328) |
| Capital contributions | 2,530,094 | 486,861 | 40,000 |
| Transfers in | 453,898 | - | 688,787 |
| Transfers out | - | (680,000) | - |
| Net change in net position | <u>105,639</u> | <u>619,750</u> | <u>127,459</u> |
| Total net position, beginning of year | 33,327,395 | 19,683,048 | 6,218,181 |
| Total net position, end of the year | <u><u>\$ 33,433,034</u></u> | <u><u>\$ 20,302,798</u></u> | <u><u>\$ 6,345,640</u></u> |

See accompanying independent auditor's report.

| Cameron Park Zoo Fund | Transit Services Fund | Cottonwood Creek Golf Course Fund | Totals | |
|--------------------------|--------------------------|---|----------------------|----------------------|
| | | | 2019 | 2018 |
| \$ 1,816,095 | \$ 1,455,631 | \$ 1,490,841 | \$ 7,010,647 | \$ 7,015,681 |
| 218,926 | - | 256,587 | 1,158,280 | 1,138,064 |
| 46,121 | - | - | 252,587 | 196,484 |
| 4,179 | 1,651,415 | 15,456 | 1,988,577 | 1,908,032 |
| <u>2,085,321</u> | <u>3,107,046</u> | <u>1,762,884</u> | <u>10,410,091</u> | <u>10,258,261</u> |
| 1,641,658 | 3,573,439 | 505,690 | 8,087,574 | 7,575,443 |
| 748,656 | 866,189 | 208,512 | 2,759,898 | 2,578,110 |
| 112,676 | 480,203 | 467,235 | 1,992,808 | 2,342,017 |
| 643,878 | 25,384 | 275,341 | 1,014,963 | 975,914 |
| 70,770 | 687,256 | 108,850 | 1,220,276 | 1,163,891 |
| 128,960 | 458,195 | 127,990 | 2,404,765 | 1,653,110 |
| 802,433 | 882,624 | 215,822 | 2,528,321 | 2,333,558 |
| 180,274 | 521,869 | 22,742 | 1,361,706 | 1,167,217 |
| 1,028,267 | 739,824 | 162,150 | 5,739,059 | 5,580,057 |
| <u>5,357,572</u> | <u>8,234,983</u> | <u>2,094,332</u> | <u>27,109,370</u> | <u>25,369,317</u> |
| <u>(3,272,251)</u> | <u>(5,127,937)</u> | <u>(331,448)</u> | <u>(16,699,279)</u> | <u>(15,111,056)</u> |
| 21,039 | - | 8,020 | 183,447 | 78,794 |
| - | 16,948 | - | 428,032 | 78,437 |
| - | - | - | 4,617,066 | 4,270,253 |
| - | - | - | 21,175 | 26,974 |
| - | 3,905,704 | - | 4,002,842 | 3,711,745 |
| <u>21,039</u> | <u>3,922,652</u> | <u>8,020</u> | <u>9,252,562</u> | <u>8,166,203</u> |
| (3,251,212) | (1,205,285) | (323,428) | (7,446,717) | (6,944,853) |
| 415,707 | 512,106 | - | 3,984,768 | 746,693 |
| 2,758,019 | 482,408 | 428,304 | 4,811,416 | 4,255,475 |
| - | - | - | (680,000) | (650,000) |
| <u>(77,486)</u> | <u>(210,771)</u> | <u>104,876</u> | <u>669,467</u> | <u>(2,592,685)</u> |
| 9,784,578 | 7,442,045 | (23,746) | 76,431,501 | 79,024,186 |
| <u>\$ 9,707,092</u> | <u>\$ 7,231,274</u> | <u>\$ 81,130</u> | <u>\$ 77,100,968</u> | <u>\$ 76,431,501</u> |

City of Waco, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

| | <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 | \$ 905,428 | \$ 1,680,694 | \$ 752,524 |
| Cash paid to suppliers for goods and services | (895,524) | (3,035,842) | (357,773) |
| Cash paid to employees for services | (647,223) | (1,777,598) | (903,170) |
| Net cash provided by (used for) operating activities | <u>(637,319)</u> | <u>(3,132,746)</u> | <u>(508,419)</u> |
| Cash flows from noncapital financing activities: | | | |
| Intergovernmental revenue | 95,993 | - | - |
| Contributions | - | - | 21,175 |
| Hotel/motel tax | - | 4,602,035 | - |
| Passenger facility charges | 250,033 | - | - |
| Transfers from other funds | 453,898 | - | 688,787 |
| Transfers to other funds | - | (680,000) | - |
| Net cash provided by (used for) noncapital financing activities | <u>799,924</u> | <u>3,922,035</u> | <u>709,962</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition of capital assets | (2,607,798) | (454,589) | - |
| Capital contributions | 2,412,803 | - | - |
| Proceeds from insurance recoveries | - | - | - |
| Net cash provided by (used for) capital and related financing activities | <u>(194,995)</u> | <u>(454,589)</u> | <u>-</u> |
| Cash flows from investing activities: | | | |
| Investment earnings | 39,937 | 84,558 | 29,893 |
| Net cash provided by (used for) investing activities | <u>39,937</u> | <u>84,558</u> | <u>29,893</u> |
| Net increase (decrease) in cash and cash equivalents | 7,547 | 419,258 | 231,436 |
| Cash and cash equivalents, beginning of year | 1,652,784 | 3,840,640 | 1,175,175 |
| Cash and cash equivalents, end of year | <u>\$ 1,660,331</u> | <u>\$ 4,259,898</u> | <u>\$ 1,406,611</u> |
| Reconciliation of operating income (loss) to net cash used for operating activities: | | | |
| Operating income (loss) | \$ (3,426,512) | \$ (3,888,735) | \$ (652,396) |
| Adjustment to reconcile operating income (loss) to net cash used for operating activities: | | | |
| Depreciation | 2,739,686 | 907,029 | 162,103 |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in assets: | | | |
| Accounts receivable | (1,298) | (51,467) | 251 |
| Inventory | (587) | (2,415) | (7,269) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | 41,188 | (11,975) | 2,213 |
| Accrued liabilities | 3,438 | 15,705 | 3,904 |
| Unearned revenue | - | (63,680) | - |
| Compensated absences payable | 6,766 | (37,208) | (17,225) |
| Net cash provided by (used for) operating activities | <u>\$ (637,319)</u> | <u>\$ (3,132,746)</u> | <u>\$ (508,419)</u> |
| Noncash investing, capital and financing activities: | | | |
| Contributions of capital assets | <u>\$ -</u> | <u>\$ 486,861</u> | <u>\$ 40,000</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 | |
|--------------------------|--------------------------|---|------------------------|-----------------------|
| | | | 2019 | 2018 |
| \$ 2,090,055 | \$ 3,160,670 | \$ 1,762,884 | \$ 10,352,255 | \$ 10,283,600 |
| (1,700,990) | (3,031,126) | (1,183,832) | (10,205,087) | (9,803,040) |
| (2,406,853) | (4,442,678) | (731,236) | (10,908,758) | (10,129,223) |
| <u>(2,017,788)</u> | <u>(4,313,134)</u> | <u>(152,184)</u> | <u>(10,761,590)</u> | <u>(9,648,663)</u> |
| - | 3,043,777 | - | 3,139,770 | 3,861,767 |
| - | - | - | 21,175 | 26,974 |
| - | - | - | 4,602,035 | 4,234,425 |
| - | - | - | 250,033 | 239,046 |
| 2,758,019 | 482,408 | 428,304 | 4,811,416 | 4,255,475 |
| - | 257,895 | - | (422,105) | (737,572) |
| <u>2,758,019</u> | <u>3,784,080</u> | <u>428,304</u> | <u>12,402,324</u> | <u>11,880,115</u> |
| - | - | (83,676) | (3,146,063) | (427,934) |
| - | 512,106 | - | 2,924,909 | 313,606 |
| - | 16,948 | - | 16,948 | 442 |
| <u>-</u> | <u>529,054</u> | <u>(83,676)</u> | <u>(204,206)</u> | <u>(113,886)</u> |
| 21,039 | - | 8,020 | 183,447 | 78,794 |
| <u>21,039</u> | <u>-</u> | <u>8,020</u> | <u>183,447</u> | <u>78,794</u> |
| 761,270 | - | 200,464 | 1,619,975 | 2,196,360 |
| 788,930 | - | 351,563 | 7,809,092 | 5,612,732 |
| <u>\$ 1,550,200</u> | <u>\$ -</u> | <u>\$ 552,027</u> | <u>\$ 9,429,067</u> | <u>\$ 7,809,092</u> |
| \$ (3,272,251) | \$ (5,127,937) | \$ (331,448) | \$ (16,699,279) | (15,111,056) |
| 1,028,267 | 739,824 | 162,150 | 5,739,059 | 5,580,057 |
| 4,734 | 39,874 | - | (7,906) | (39,165) |
| 935 | 52,780 | (41,747) | 1,697 | (50,910) |
| (8,031) | (19,362) | 16,943 | 20,976 | (14,924) |
| 215,362 | (12,063) | 64,909 | 291,255 | (119,147) |
| 53,914 | 13,750 | - | 3,984 | 64,504 |
| (40,718) | - | (22,991) | (111,376) | 41,978 |
| <u>\$ (2,017,788)</u> | <u>\$ (4,313,134)</u> | <u>\$ (152,184)</u> | <u>\$ (10,761,590)</u> | <u>\$ (9,648,663)</u> |
| <u>\$ 415,707</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 942,568</u> | <u>\$ 582,189</u> |



Airport Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Airport Fund | |
|---|---------------|---------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 1,660,331 | \$ 1,652,784 |
| Accounts receivable, net of allowance | 57,179 | 55,881 |
| Intergovernmental receivable | 218,105 | 93,016 |
| Inventory | 2,589 | 2,002 |
| Total current assets | 1,938,204 | 1,803,683 |
| Noncurrent assets: | | |
| Capital assests: | | |
| Land | 1,779,311 | 489,389 |
| Buildings | 15,189,938 | 15,179,943 |
| Improvements other than buildings | 45,870,138 | 45,822,460 |
| Equipment | 2,351,072 | 1,488,191 |
| Construction work in progress | 587,366 | 251,419 |
| Less: accumulated depreciation and amortization | (34,088,198) | (31,409,887) |
| Total noncurrent assets | 31,689,627 | 31,821,515 |
| Total assets | 33,627,831 | 33,625,198 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 92,742 | 44,901 |
| Accrued liabilities | 39,431 | 35,993 |
| Unearned revenue | - | 161,051 |
| Compensated absences payable | 49,943 | 55,858 |
| Total current liabilities | 182,116 | 297,803 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 12,681 | - |
| Total noncurrent liabilities | 12,681 | - |
| Total liabilities | 194,797 | 297,803 |
| Net position | | |
| Net investment in capital assets | 31,689,627 | 31,821,515 |
| Restricted for: | | |
| Capital projects | 277,673 | 190,130 |
| Unrestricted | 1,465,734 | 1,315,750 |
| Total net position | \$ 33,433,034 | \$ 33,327,395 |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Airport Fund | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 622,197 | \$ 622,203 |
| Net merchandise sales | 5,219 | 12,147 |
| Other income | 279,310 | 255,594 |
| Total operating revenues | 906,726 | 889,944 |
| Operating expenses: | | |
| Salaries and wages | 460,560 | 447,036 |
| Employee benefits | 197,814 | 186,960 |
| Purchased professional/technical services | 247,696 | 72,768 |
| Purchased property services | 20,077 | 17,530 |
| Maintenance | 112,432 | 150,487 |
| Other purchased services | 79,973 | 84,463 |
| Supplies | 121,845 | 123,994 |
| Other | 353,155 | 328,089 |
| Depreciation/amortization | 2,739,686 | 2,422,446 |
| Total operating expenses | 4,333,238 | 3,833,773 |
| Operating income (loss) | (3,426,512) | (2,943,829) |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 39,937 | 18,918 |
| Other income | 411,084 | 77,995 |
| Intergovernmental revenue | 97,138 | 136,989 |
| Total nonoperating revenues (expenses) | 548,159 | 233,902 |
| Income (loss) before contributions and transfers | (2,878,353) | (2,709,927) |
| Capital contributions | 2,530,094 | 164,504 |
| Transfers in | 453,898 | 338,071 |
| Change in net position | 105,639 | (2,207,352) |
| Total net position, beginning of year | 33,327,395 | 35,534,747 |
| Total net position, end of year | \$ 33,433,034 | \$ 33,327,395 |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Airport Fund | |
|---|----------------|----------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 905,428 | \$ 895,207 |
| Cash paid to suppliers for goods and services | (895,524) | (769,128) |
| Cash paid to employees for services | (647,223) | (643,471) |
| Net cash provided by (used for) operating activities | (637,319) | (517,392) |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | 95,993 | 143,734 |
| Passenger facility charges | 250,033 | 239,046 |
| Transfers from other funds | 453,898 | 338,071 |
| Net cash provided by (used for) noncapital financing activities | 799,924 | 720,851 |
| Cash flows from capital and related financing activities: | | |
| Aquisition of capital assets | (2,607,798) | (78,083) |
| Capital contributions | 2,412,803 | 313,606 |
| Net cash provided by (used for) capital and related financing activities | (194,995) | 235,523 |
| Cash flows from investing activities | | |
| Investment earnings | 39,937 | 18,918 |
| Net cash provided by investing activities | 39,937 | 18,918 |
| Net increase (decrease) in cash and cash equivalents | 7,547 | 457,900 |
| Cash and cash equivalents, beginning of year | 1,652,784 | 1,194,884 |
| Cash and cash equivalents, end of year | \$ 1,660,331 | \$ 1,652,784 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (3,426,512) | \$ (2,943,829) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation/amortization | 2,739,686 | 2,422,446 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (1,298) | 5,262 |
| Inventory | (587) | 1,369 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 41,188 | 1,604 |
| Accrued liabilities | 3,438 | 5,268 |
| Compensated absences payable | 6,766 | (9,512) |
| Net cash provided by (used for) operating activities | \$ (637,319) | \$ (517,392) |

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 Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Convention Services Fund | |
|---|--------------------------|---------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 4,259,898 | \$ 3,840,640 |
| Accounts receivable, net of allowance | 493,342 | 426,844 |
| Inventory | 55,262 | 52,847 |
| Total current assets | 4,808,502 | 4,320,331 |
| Noncurrent assets: | | |
| Capital assests: | | |
| Buildings | 26,090,453 | 25,077,121 |
| Improvements other than buildings | 555,845 | 555,845 |
| Equipment | 1,502,010 | 1,065,041 |
| Construction work in progress | - | 526,471 |
| Less: accumulated depreciation and amortization | (12,073,209) | (11,183,800) |
| Total noncurrent assets | 16,075,099 | 16,040,678 |
| Total assets | 20,883,601 | 20,361,009 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 142,510 | 154,485 |
| Accrued liabilities | 105,586 | 89,881 |
| Unearned revenue | 189,208 | 252,888 |
| Compensated absences payable | 143,499 | 175,694 |
| Total current liabilities | 580,803 | 672,948 |
| Noncurrent liabilities: | | |
| Compensated absences payable | - | 5,013 |
| Total noncurrent liabilities | - | 5,013 |
| Total liabilities | 580,803 | 677,961 |
| Net position | | |
| Net investment in capital assets | 16,075,099 | 16,040,678 |
| Unrestricted | 4,227,699 | 3,642,370 |
| Total net position | \$ 20,302,798 | \$ 19,683,048 |

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statement of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2019 and 2018

| | Convention Services Fund | |
|--|--------------------------|----------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 1,077,997 | \$ 1,032,661 |
| Net merchandise sales | 480,479 | 481,326 |
| Contributions | 206,466 | 196,403 |
| Other | 30,899 | 25,922 |
| Total operating revenues | 1,795,841 | 1,736,312 |
| Operating expenses: | | |
| Salaries and wages | 1,261,020 | 1,167,933 |
| Employee benefits | 494,637 | 469,215 |
| Purchased professional/technical services | 644,415 | 795,858 |
| Purchased property services | 41,297 | 37,955 |
| Maintenance | 232,109 | 176,021 |
| Other purchased services | 1,560,389 | 944,679 |
| Supplies | 426,777 | 371,289 |
| Other | 116,903 | 12,426 |
| Depreciation/amortization | 907,029 | 879,628 |
| Total operating expenses | 5,684,576 | 4,855,004 |
| Operating income (loss) | (3,888,735) | (3,118,692) |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 84,558 | 35,100 |
| Hotel/motel tax | 4,617,066 | 4,270,253 |
| Total nonoperating revenues (expenses) | 4,701,624 | 4,305,353 |
| Income (loss) before contributions and transfers | 812,889 | 1,186,661 |
| Capital contributions | 486,861 | 529,327 |
| Transfers out | (680,000) | (650,000) |
| Change in net position | 619,750 | 1,065,988 |
| Total net position, beginning of year | 19,683,048 | 18,617,060 |
| Total net position, end of year | \$ 20,302,798 | \$ 19,683,048 |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Convention Services Fund | |
|---|--------------------------|----------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,680,694 | \$ 1,776,587 |
| Cash paid to suppliers for goods and services | (3,035,842) | (2,324,326) |
| Cash paid to employees for services | (1,777,598) | (1,654,783) |
| Net cash provided by (used for) operating activities | (3,132,746) | (2,202,522) |
| Cash flows from noncapital financing activities: | | |
| Hotel/motel tax | 4,602,035 | 4,234,425 |
| Transfers to other funds | (680,000) | (650,000) |
| Net cash provided by (used for) noncapital financing activities | 3,922,035 | 3,584,425 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (454,589) | (126,150) |
| Net cash provided by (used for) capital and related financing activities | (454,589) | (126,150) |
| Cash flows from investing activities | | |
| Investment earnings | 84,558 | 35,100 |
| Net cash provided by investing activities | 84,558 | 35,100 |
| Net increase (decrease) in cash and cash equivalents | 419,258 | 1,290,853 |
| Cash and cash equivalents, beginning of year | 3,840,640 | 2,549,787 |
| Cash and cash equivalents, end of year | \$ 4,259,898 | \$ 3,840,640 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (3,888,735) | \$ (3,118,692) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation/amortization | 907,029 | 879,628 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | (51,467) | (24,229) |
| Inventory | (2,415) | (16,154) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (11,975) | 32,300 |
| Accrued liabilities | 15,705 | (8,259) |
| Unearned revenue | (63,680) | 64,504 |
| Compensated absences payable | (37,208) | (11,621) |
| Net cash provided by (used for) operating activities | \$ (3,132,746) | \$ (2,202,523) |
| Noncash capital and related financing activities: | | |
| Contributions of capital assets | \$ 486,861 | \$ 529,327 |

See accompanying independent auditor's report.

Ranger Hall of Fame Fund

City of Waco, Texas
 Comparative Statement of Net Position
 Enterprise Funds
 September 30, 2019 and 2018

| | Ranger Hall of Fame Fund | |
|---|----------------------------|----------------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 1,298,760 | \$ 1,081,712 |
| Accounts receivable, net of allowance | - | 251 |
| Inventory | 94,745 | 87,476 |
| Total current assets | <u>1,393,505</u> | <u>1,169,439</u> |
| Noncurrent assets: | | |
| Restricted cash and investments | 107,851 | 93,463 |
| Capital assets: | | |
| Buildings | 3,720,747 | 3,720,747 |
| Improvements other than buildings | 418,768 | 418,768 |
| Equipment | 452,159 | 452,159 |
| Museum collections | 2,264,424 | 2,224,424 |
| Less: accumulated depreciation and amortization | (1,819,669) | (1,657,566) |
| Total noncurrent assets | <u>5,144,280</u> | <u>5,251,995</u> |
| Total assets | <u>6,537,785</u> | <u>6,421,434</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 8,041 | 5,828 |
| Accrued liabilities | 44,901 | 40,997 |
| Compensated absences payable | 96,892 | 82,086 |
| Total current liabilities | <u>149,834</u> | <u>128,911</u> |
| Noncurrent liabilities: | | |
| Compensated absences payable | 42,311 | 74,342 |
| Total noncurrent liabilities | <u>42,311</u> | <u>74,342</u> |
| Total liabilities | <u>192,145</u> | <u>203,253</u> |
| Net position | | |
| Net investment in capital assets | 5,036,429 | 5,158,532 |
| Restricted for: | | |
| Capital projects | 228,166 | 219,016 |
| Unrestricted | 1,081,045 | 840,633 |
| Total net position | <u>\$ 6,345,640</u> | <u>\$ 6,218,181</u> |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Ranger Hall of Fame Fund | |
|--|--------------------------|---------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 547,886 | \$ 544,839 |
| Net merchandise sales | 197,069 | 169,031 |
| Other income | 7,318 | 7,516 |
| Total operating revenues | <u>752,273</u> | <u>721,386</u> |
| Operating expenses: | | |
| Salaries and wages | 645,207 | 613,945 |
| Employee benefits | 244,090 | 228,064 |
| Purchased professional/technical services | 40,583 | 46,702 |
| Purchased property services | 8,986 | 9,042 |
| Maintenance | 8,859 | 18,480 |
| Other purchased services | 49,258 | 46,076 |
| Supplies | 78,820 | 96,666 |
| Other | 166,763 | 177,279 |
| Depreciation/amortization | 162,103 | 154,505 |
| Total operating expenses | <u>1,404,669</u> | <u>1,390,759</u> |
| Operating income (loss) | <u>(652,396)</u> | <u>(669,373)</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 29,893 | 16,940 |
| Contributions | 21,175 | 26,974 |
| Total nonoperating revenues (expenses) | <u>51,068</u> | <u>43,914</u> |
| Income (loss) before contributions and transfers | <u>(601,328)</u> | <u>(625,459)</u> |
| Capital contributions | 40,000 | 30,000 |
| Transfers in | 688,787 | 461,895 |
| Change in net position | <u>127,459</u> | <u>(133,564)</u> |
| Total net position, beginning of year | 6,218,181 | 6,351,745 |
| Total net position, end of year | <u>\$ 6,345,640</u> | <u>\$ 6,218,181</u> |

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statement of Cash Flows
 Enterprise Funds
 Years Ended September 30, 2019 and 2018

| | Ranger Hall of Fame Fund | |
|---|--------------------------|--------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 752,524 | \$ 721,386 |
| Cash paid to suppliers for goods and services | (357,773) | (392,320) |
| Cash paid to employees for services | (903,170) | (842,367) |
| Net cash provided by (used for) operating activities | (508,419) | (513,301) |
| Cash flows from noncapital financing activities: | | |
| Contributions | 21,175 | 26,974 |
| Transfers from other funds | 688,787 | 461,895 |
| Net cash provided by (used for) noncapital financing activities | 709,962 | 488,869 |
| Cash flows from capital and related financing activities: | | |
| Aquisition of capital assets | - | (19,186) |
| Net cash provided by (used for) capital and related financing activities | - | (19,186) |
| Cash flows from investing activities | | |
| Investment earnings | 29,893 | 16,940 |
| Net cash provided by investing activities | 29,893 | 16,940 |
| Net increase (decrease) in cash and cash equivalents | 231,436 | (26,678) |
| Cash and cash equivalents, beginning of year | 1,175,175 | 1,201,853 |
| Cash and cash equivalents, end of year | \$ 1,406,611 | \$ 1,175,175 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (652,396) | \$ (669,373) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation/amortization | 162,103 | 154,505 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 251 | - |
| Inventory | (7,269) | (1,598) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 2,213 | 3,716 |
| Accrued liabilities | 3,904 | 363 |
| Compensated absences payable | (17,225) | (914) |
| Net cash provided by (used for) operating activities | \$ (508,419) | \$ (513,301) |
| Noncash capital and related financing activities: | | |
| Contributions of capital assets | \$ 40,000 | \$ 30,000 |

See accompanying independent auditor's report.

Cameron Park Zoo Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Cameron Park Zoo Fund | |
|---|-----------------------|---------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 1,550,200 | \$ 788,930 |
| Accounts receivable, net of allowance | - | 4,734 |
| Inventory | 6,882 | 7,817 |
| Total current assets | 1,557,082 | 801,481 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Buildings | 9,390,421 | 8,954,539 |
| Improvements other than buildings | 19,050,351 | 19,050,351 |
| Equipment | 511,664 | 518,710 |
| Construction work in progress | 25,926 | 46,100 |
| Less: accumulated depreciation and amortization | (20,103,370) | (19,082,148) |
| Total noncurrent assets | 8,874,992 | 9,487,552 |
| Total assets | 10,432,074 | 10,289,033 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 38,833 | 46,864 |
| Accrued liabilities | 310,686 | 95,324 |
| Unearned revenue | 53,914 | - |
| Compensated absences payable | 197,808 | 161,482 |
| Total current liabilities | 601,241 | 303,670 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 123,741 | 200,785 |
| Total noncurrent liabilities | 123,741 | 200,785 |
| Total liabilities | 724,982 | 504,455 |
| Net position | | |
| Net investment in capital assets | 8,874,992 | 9,487,552 |
| Unrestricted | 832,100 | 297,026 |
| Total net position | \$ 9,707,092 | \$ 9,784,578 |

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statement of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2019 and 2018

| | Cameron Park Zoo Fund | |
|--|-----------------------|---------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 1,816,095 | \$ 1,872,042 |
| Net merchandise sales | 218,926 | 201,446 |
| Contributions | 46,121 | 81 |
| Other income | 4,179 | 712 |
| Total operating revenues | 2,085,321 | 2,074,281 |
| Operating expenses: | | |
| Salaries and wages | 1,641,658 | 1,520,564 |
| Employee benefits | 748,656 | 707,151 |
| Purchased professional/technical services | 112,676 | 59,687 |
| Purchased property services | 643,878 | 585,006 |
| Maintenance | 70,770 | 172,519 |
| Other purchased services | 128,960 | 120,512 |
| Supplies | 802,433 | 741,661 |
| Other | 180,274 | 391,234 |
| Depreciation/amortization | 1,028,267 | 1,044,240 |
| Total operating expenses | 5,357,572 | 5,342,574 |
| Operating income (loss) | (3,272,251) | (3,268,293) |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 21,039 | 6,099 |
| Total nonoperating revenues (expenses) | 21,039 | 6,099 |
| Income (loss) before contributions and transfers | (3,251,212) | (3,262,194) |
| Capital contributions | 415,707 | 22,862 |
| Transfers in | 2,758,019 | 2,579,674 |
| Change in net position | (77,486) | (659,658) |
| Total net position, beginning of year | 9,784,578 | 10,444,236 |
| Total net position, end of year | \$ 9,707,092 | \$ 9,784,578 |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Cameron Park Zoo Fund | |
|---|-----------------------|----------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 2,090,055 | \$ 2,073,880 |
| Cash paid to suppliers for goods and services | (1,700,990) | (2,109,185) |
| Cash paid to employees for services | (2,406,853) | (2,182,942) |
| Net cash provided by (used for) operating activities | (2,017,788) | (2,218,247) |
| Cash flows from noncapital financing activities: | | |
| Transfers from other funds | 2,758,019 | 2,579,674 |
| Net cash provided by (used for) noncapital financing activities | 2,758,019 | 2,579,674 |
| Cash flows from capital and related financing activities: | | |
| Aquisition of capital assets | - | (95,668) |
| Net cash provided by (used for) capital and related financing activities | - | (95,668) |
| Cash flows from investing activities | | |
| Investment earnings | 21,039 | 6,099 |
| Net cash provided by investing activities | 21,039 | 6,099 |
| Net increase (decrease) in cash and cash equivalents | 761,270 | 367,526 |
| Cash and cash equivalents, beginning of year | 788,930 | 517,072 |
| Cash and cash equivalents, end of year | \$ 1,550,200 | \$ 884,598 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (3,272,251) | \$ (3,268,293) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation/amortization | 1,028,267 | 1,044,240 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 4,734 | (400) |
| Inventory | 935 | 7,761 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (8,031) | (44,150) |
| Accrued liabilities | 215,362 | (5,982) |
| Unearned revenue | 53,914 | - |
| Compensated absences payable | (40,718) | 48,577 |
| Net cash provided by (used for) operating activities | \$ (2,017,788) | \$ (2,218,247) |
| Noncash capital and related financing activities: | | |
| Contributions of capital assets | \$ 415,707 | \$ 22,862 |

See accompanying independent auditor's report.

Transit Services Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Transit Services Fund | |
|---|-----------------------|--------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Accounts receivable, net of allowance | \$ 218,341 | \$ 258,215 |
| Intergovernmental receivable | 2,870,960 | 2,521,139 |
| Inventory | 571,697 | 624,477 |
| Total current assets | 3,660,998 | 3,403,831 |
| 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 | 12,419,339 | 11,992,155 |
| Less: accumulated depreciation and amortization | (13,643,259) | (12,988,357) |
| Total noncurrent assets | 6,363,923 | 6,591,641 |
| Total assets | 10,024,921 | 9,995,472 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 69,697 | 89,059 |
| Accrued liabilities | 196,653 | 208,716 |
| Unearned revenue | 41,250 | 27,500 |
| Due to other funds | 2,486,047 | 2,228,152 |
| Total current liabilities | 2,793,647 | 2,553,427 |
| Total liabilities | 2,793,647 | 2,553,427 |
| Net position | | |
| Net investment in capital assets | 6,363,923 | 6,591,641 |
| Restricted for: | | |
| Capital projects | 551,264 | 534,317 |
| Unrestricted | 316,087 | 316,087 |
| Total net position | \$ 7,231,274 | \$ 7,442,045 |

See accompanying independent auditor's report.

City of Waco, Texas
 Comparative Statement of Revenues, Expenditures, and Changes in Net Position
 Enterprise Funds
 Years Ended September 30, 2019 and 2018

| | Transit Services Fund | |
|--|-----------------------|---------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 1,455,631 | \$ 1,618,879 |
| Other | 1,651,415 | 1,612,787 |
| Total operating revenues | 3,107,046 | 3,231,666 |
| Operating expenses: | | |
| Salaries and wages | 3,573,439 | 3,386,322 |
| Employee benefits | 866,189 | 815,585 |
| Purchased professional/technical services | 480,203 | 854,711 |
| Purchased property services | 25,384 | 24,615 |
| Maintenance | 687,256 | 565,416 |
| Other purchased services | 458,195 | 315,449 |
| Supplies | 882,624 | 802,327 |
| Other | 521,869 | 220,445 |
| Depreciation/amortization | 739,824 | 917,926 |
| Total operating expenses | 8,234,983 | 7,902,796 |
| Operating income (loss) | (5,127,937) | (4,671,130) |
| Nonoperating revenues (expenses): | | |
| Other income | 16,948 | 442 |
| Intergovernmental revenue | 3,905,704 | 3,574,756 |
| Total nonoperating revenues (expenses) | 3,922,652 | 3,575,198 |
| Income (loss) before contributions and transfers | (1,205,285) | (1,095,932) |
| Capital contributions | 512,106 | - |
| Transfers in | 482,408 | 178,448 |
| Change in net position | (210,771) | (917,484) |
| Total net position, beginning of year | 7,442,045 | 8,359,529 |
| Total net position, end of year | \$ 7,231,274 | \$ 7,442,045 |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Transit Services Fund | |
|---|-----------------------|----------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 3,160,670 | \$ 3,211,868 |
| Cash paid to suppliers for goods and services | (3,031,126) | (2,805,957) |
| Cash paid to employees for services | (4,442,678) | (4,215,262) |
| Net cash provided by (used for) operating activities | (4,313,134) | (3,809,351) |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue | 3,043,777 | 3,718,033 |
| Transfers from other funds | 482,408 | 178,448 |
| Transfers to other funds | 257,895 | (87,572) |
| Net cash provided by (used for) noncapital financing activities | 3,784,080 | 3,808,909 |
| Cash flows from capital and related financing activities: | | |
| Capital contributions | 512,106 | - |
| Proceeds from insurance recoveries | 16,948 | 442 |
| Net cash provided by (used for) capital and related financing activities | 529,054 | 442 |
| Net increase (decrease) in cash and cash equivalents | - | - |
| Cash and cash equivalents, beginning of year | - | - |
| Cash and cash equivalents, end of year | \$ - | \$ - |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (5,127,937) | \$ (4,671,130) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation/amortization | 739,824 | 917,926 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable | 39,874 | (19,798) |
| Inventory | 52,780 | (21,473) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (19,362) | (6,489) |
| Accrued liabilities | (12,063) | (8,387) |
| Unearned revenue | 13,750 | - |
| Net cash provided by (used for) operating activities | \$ (4,313,134) | \$ (3,809,351) |

See accompanying independent auditor's report.

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Comparative Statement of Net Position
Enterprise Funds
September 30, 2019 and 2018

| | Cottonwood Creek Golf Course Fund | |
|---|-----------------------------------|-------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 552,027 | \$ 351,563 |
| Inventory | 270,692 | 228,945 |
| Total current assets | 822,719 | 580,508 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Buildings | 713,389 | 713,389 |
| Improvements other than buildings | 2,017,246 | 2,017,246 |
| Equipment | 1,281,493 | 1,292,703 |
| Less: accumulated depreciation and amortization | (3,181,260) | (3,113,996) |
| Total noncurrent assets | 830,868 | 909,342 |
| Total assets | 1,653,587 | 1,489,850 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 62,398 | 45,455 |
| Accrued liabilities | 654,766 | 589,857 |
| Compensated absences payable | 83,145 | 45,430 |
| Total current liabilities | 800,309 | 680,742 |
| Noncurrent liabilities: | | |
| Advances to other funds | 693,704 | 693,704 |
| Compensated absences payable | 78,444 | 139,150 |
| Total noncurrent liabilities | 772,148 | 832,854 |
| Total liabilities | 1,572,457 | 1,513,596 |
| Net position | | |
| Net investment in capital assets | 830,868 | 909,342 |
| Unrestricted | (749,738) | (933,088) |
| Total net position | \$ 81,130 | \$ (23,746) |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Cottonwood Creek Golf Course Fund | |
|--|-----------------------------------|--------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 1,490,841 | \$ 1,325,057 |
| Net merchandise sales | 256,587 | 274,114 |
| Other | 15,456 | 5,501 |
| Total operating revenues | 1,762,884 | 1,604,672 |
| Operating expenses: | | |
| Salaries and wages | 505,690 | 439,643 |
| Employee benefits | 208,512 | 171,135 |
| Purchased professional/technical services | 467,235 | 512,291 |
| Purchased property services | 275,341 | 301,766 |
| Maintenance | 108,850 | 80,968 |
| Other purchased services | 127,990 | 141,931 |
| Supplies | 215,822 | 197,621 |
| Other | 22,742 | 37,744 |
| Depreciation/amortization | 162,150 | 161,312 |
| Total operating expenses | 2,094,332 | 2,044,411 |
| Operating income (loss) | (331,448) | (439,739) |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 8,020 | 1,737 |
| Total nonoperating revenues (expenses) | 8,020 | 1,737 |
| Income (loss) before contributions and transfers | (323,428) | (438,002) |
| Transfers in | 428,304 | 697,387 |
| Change in net position | 104,876 | 259,385 |
| Total net position, beginning of year | (23,746) | (283,131) |
| Total net position, end of year | \$ 81,130 | \$ (23,746) |

See accompanying independent auditor's report.

City of Waco, Texas
Comparative Statement of Cash Flows
Enterprise Funds
Years Ended September 30, 2019 and 2018

| | Cottonwood Creek Golf Course Fund | |
|---|-----------------------------------|--------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,762,884 | \$ 1,604,672 |
| Cash paid to suppliers for goods and services | (1,183,832) | (1,402,124) |
| Cash paid to employees for services | (731,236) | (590,398) |
| Net cash provided by (used for) operating activities | (152,184) | (387,850) |
| Cash flows from noncapital financing activities: | | |
| Transfers from other funds | 428,304 | 697,387 |
| Net cash provided by (used for) noncapital financing activities | 428,304 | 697,387 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (83,676) | (108,847) |
| Net cash provided by (used for) capital and related financing activities | (83,676) | (108,847) |
| Cash flows from investing activities | | |
| Investment earnings | 8,020 | 1,737 |
| Net cash provided by investing activities | 8,020 | 1,737 |
| Net increase (decrease) in cash and cash equivalents | 200,464 | 202,427 |
| Cash and cash equivalents, beginning of year | 351,563 | 149,136 |
| Cash and cash equivalents, end of year | \$ 552,027 | \$ 351,563 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (331,448) | \$ (439,739) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation/amortization | 162,150 | 161,312 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Inventory | (41,747) | (20,815) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 16,943 | (1,905) |
| Accrued liabilities | 64,909 | (102,151) |
| Compensated absences payable | (22,991) | 15,448 |
| Net cash provided by (used for) operating activities | \$ (152,184) | \$ (387,850) |

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, 2019
(With Comparative Totals for September 30, 2018)

| | Insurance Fund | Health | Engineering Fund | Fleet Services Fund | Totals | |
|--|----------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| | | Insurance Fund | | | 2019 | 2018 |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 8,960,997 | \$ 4,134,037 | \$ 2,248,431 | \$ 142,752 | \$ 15,486,217 | \$ 13,375,769 |
| Accounts receivable, net of allowances | - | - | - | - | - | 472 |
| Due from other funds | - | 623,514 | - | - | 623,514 | 555,415 |
| Inventories | - | - | - | 213,997 | 213,997 | 215,547 |
| Total current assets | <u>8,960,997</u> | <u>4,757,551</u> | <u>2,248,431</u> | <u>356,749</u> | <u>16,323,728</u> | <u>14,147,203</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 | - | 510,671 | 1,051,418 | 1,588,748 | 1,416,380 |
| Less: accumulated depreciation | (22,633) | - | (268,661) | (1,546,918) | (1,838,212) | (1,722,514) |
| Total capital assets | <u>4,026</u> | <u>-</u> | <u>266,410</u> | <u>557,342</u> | <u>827,778</u> | <u>771,108</u> |
| Total noncurrent assets | <u>4,026</u> | <u>-</u> | <u>266,410</u> | <u>557,342</u> | <u>827,778</u> | <u>771,108</u> |
| Total assets | <u>8,965,023</u> | <u>4,757,551</u> | <u>2,514,841</u> | <u>914,091</u> | <u>17,151,506</u> | <u>14,918,311</u> |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 187,105 | 3,869 | 41,607 | 22,587 | 255,168 | 202,770 |
| Accrued liabilities | 160,404 | 254,169 | 127,571 | 55,742 | 597,886 | 583,813 |
| Compensated absences payable | 22,395 | - | 175,519 | 57,104 | 255,018 | 271,733 |
| Escrow funds | - | - | 538 | - | 538 | 538 |
| Claims and judgments payable | 2,072,714 | 983,000 | - | - | 3,055,714 | 2,967,025 |
| Total current liabilities | <u>2,442,618</u> | <u>1,241,038</u> | <u>345,235</u> | <u>135,433</u> | <u>4,164,324</u> | <u>4,025,879</u> |
| Noncurrent liabilities: | | | | | | |
| Compensated absences payable | 17,317 | - | - | - | 17,317 | 43,240 |
| Total noncurrent liabilities | <u>17,317</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,317</u> | <u>43,240</u> |
| Total liabilities | <u>2,459,935</u> | <u>1,241,038</u> | <u>345,235</u> | <u>135,433</u> | <u>4,181,641</u> | <u>4,069,119</u> |
| Net position | | | | | | |
| Net investment in capital assets | 4,026 | - | 266,410 | 557,342 | 827,778 | 771,108 |
| Unrestricted | 6,501,062 | 3,516,513 | 1,903,196 | 221,316 | 12,142,087 | 10,078,084 |
| Total net position | <u>\$ 6,505,088</u> | <u>\$ 3,516,513</u> | <u>\$ 2,169,606</u> | <u>\$ 778,658</u> | <u>\$ 12,969,865</u> | <u>\$ 10,849,192</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, 2019
(With Comparative Totals for Year Ended September 30, 2018)

| | Insurance Fund | Health Insurance Fund | Engineering Fund | Fleet Services Fund | Totals | |
|--|---------------------|-----------------------------|---------------------|---------------------------|----------------------|----------------------|
| | | | | | 2019 | 2018 |
| Operating revenues: | | | | | | |
| Charges for services | \$ 4,126,923 | \$ 14,657,213 | \$ 3,869,153 | \$ 1,445,942 | \$ 24,099,231 | \$ 22,900,161 |
| Other | - | - | 7,447 | 6,510 | 13,957 | 22,762 |
| Total operating revenues | <u>4,126,923</u> | <u>14,657,213</u> | <u>3,876,600</u> | <u>1,452,452</u> | <u>24,113,188</u> | <u>22,922,923</u> |
| Operating expenses: | | | | | | |
| Salaries and wages | 178,445 | 66,290 | 1,717,997 | 928,812 | 2,891,544 | 2,479,882 |
| Employee benefits | 63,718 | 22,297 | 581,169 | 392,050 | 1,059,234 | 934,667 |
| Purchased professional/technical services | 1,008,514 | 965,821 | 131,700 | 7,599 | 2,113,634 | 2,111,453 |
| Purchased property services | - | 3,292 | 52,611 | 6,449 | 62,352 | 61,852 |
| Maintenance | 409 | - | 102,894 | 53,143 | 156,446 | 133,556 |
| Other purchased services | 1,206,658 | 2,828 | 73,060 | 32,247 | 1,314,793 | 1,251,379 |
| Supplies | 3,012 | 29,937 | 60,530 | 56,362 | 149,841 | 129,399 |
| Other | 1,260,629 | 12,737,996 | 594,465 | 294,782 | 14,887,872 | 15,597,142 |
| Depreciation expense | 2,685 | - | 56,877 | 76,105 | 135,667 | 124,954 |
| Total operating expenses | <u>3,724,070</u> | <u>13,828,461</u> | <u>3,371,303</u> | <u>1,847,549</u> | <u>22,771,383</u> | <u>22,824,284</u> |
| Operating income (loss) | <u>402,853</u> | <u>828,752</u> | <u>505,297</u> | <u>(395,097)</u> | <u>1,341,805</u> | <u>98,639</u> |
| Nonoperating revenues (expenses): | | | | | | |
| Investment earnings | 203,550 | 82,366 | 43,236 | 372 | 329,524 | 167,368 |
| Total nonoperating revenues (expenses) | <u>203,550</u> | <u>82,366</u> | <u>43,236</u> | <u>372</u> | <u>329,524</u> | <u>167,368</u> |
| Income (loss) before contributions and transfers | 606,403 | 911,118 | 548,533 | (394,725) | 1,671,329 | 266,007 |
| Capital contributions | - | - | - | 34,344 | 34,344 | - |
| Transfers in | - | - | - | 415,000 | 415,000 | - |
| Net change in net position | 606,403 | 911,118 | 548,533 | 54,619 | 2,120,673 | 266,007 |
| Total net position, beginning of year | 5,898,685 | 2,605,395 | 1,621,073 | 724,039 | 10,849,192 | 10,583,185 |
| Total net position, end of year | <u>\$ 6,505,088</u> | <u>\$ 3,516,513</u> | <u>\$ 2,169,606</u> | <u>\$ 778,658</u> | <u>\$ 12,969,865</u> | <u>\$ 10,849,192</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, 2019
(With Comparative Totals for Year Ended September 30, 2018)

| | Insurance Fund | Health Insurance Fund | Engineering Fund | Fleet Services Fund | Totals | |
|---|---------------------|-----------------------|---------------------|---------------------|----------------------|----------------------|
| | | | | | 2019 | 2018 |
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 4,127,395 | \$ 14,657,213 | \$ 3,876,600 | \$ 1,452,452 | \$ 24,113,660 | \$ 22,922,499 |
| Cash paid to suppliers for goods and services | (3,247,721) | (13,783,596) | (928,459) | (568,452) | (18,528,228) | (18,633,439) |
| Cash paid to employees for services | (233,523) | (88,587) | (2,326,484) | (1,344,822) | (3,993,416) | (3,401,593) |
| Net cash provided by (used for) operating activities | 646,151 | 785,030 | 621,657 | (460,822) | 1,592,016 | 887,467 |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers from other funds | - | - | - | 415,000 | 415,000 | - |
| Transfers to other funds | - | (68,099) | - | - | (68,099) | (157,855) |
| Net cash provided by (used for) noncapital financing activities | - | (68,099) | - | 415,000 | 346,901 | (157,855) |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition of capital assets | - | - | (85,329) | (72,664) | (157,993) | (30,330) |
| Net cash provided by (used for) capital and related financing activities | - | - | (85,329) | (72,664) | (157,993) | (30,330) |
| Cash flows from investing activities: | | | | | | |
| Investment earnings | 203,550 | 82,366 | 43,236 | 372 | 329,524 | 167,368 |
| Net cash provided by (used for) investing activities | 203,550 | 82,366 | 43,236 | 372 | 329,524 | 167,368 |
| Net increase (decrease) in cash and cash equivalents | 849,701 | 799,297 | 579,564 | (118,114) | 2,110,448 | 866,650 |
| Cash and cash equivalents, beginning of year | 8,111,296 | 3,334,740 | 1,668,867 | 260,866 | 13,375,769 | 12,509,119 |
| Cash and cash equivalents, end of year | <u>\$ 8,960,997</u> | <u>\$ 4,134,037</u> | <u>\$ 2,248,431</u> | <u>\$ 142,752</u> | <u>\$ 15,486,217</u> | <u>\$ 13,375,769</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Operating income (loss) | \$ 402,853 | \$ 828,752 | \$ 505,297 | \$ (395,097) | \$ 1,341,805 | \$ 98,639 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Depreciation | 2,685 | - | 56,877 | 76,105 | 135,667 | 124,954 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in assets: | | | | | | |
| Accounts receivable | 472 | - | - | - | 472 | (424) |
| Inventories | - | - | - | 1,550 | 1,550 | 8,764 |
| Increase (decrease) in liabilities: | | | | | | |
| Accounts payable | 128,354 | 1,512 | 35,000 | (112,468) | 52,398 | (36,294) |
| Accrued liabilities | 14,458 | (45,234) | 51,801 | (6,952) | 14,073 | 33,734 |
| Compensated absences payable | 8,640 | - | (27,318) | (23,960) | (42,638) | 12,956 |
| Estimated claims and judgements | 88,689 | - | - | - | 88,689 | 645,138 |
| Net cash provided by (used for) operating activities | <u>\$ 646,151</u> | <u>\$ 785,030</u> | <u>\$ 621,657</u> | <u>\$ (460,822)</u> | <u>\$ 1,592,016</u> | <u>\$ 887,467</u> |
| Noncash investing, capital and financing activities: | | | | | | |
| Contributions of capital assets | \$ - | \$ - | \$ - | \$ 34,344 | \$ 34,344 | \$ - |

See accompanying independent auditor's report.

Insurance Fund

City of Waco, Texas
Internal Service Funds
Comparative Statement of Net Position
September 30, 2019 and 2018

| | Insurance Fund | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 8,960,997 | \$ 8,111,296 |
| Accounts receivable, net of allowance | - | 472 |
| Total current assets | 8,960,997 | 8,111,768 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Equipment | 26,659 | 26,659 |
| Less: accumulated depreciation and amortization | (22,633) | (19,948) |
| | 4,026 | 6,711 |
| Total noncurrent assets | 4,026 | 6,711 |
| Total assets | 8,965,023 | 8,118,479 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 187,105 | 58,751 |
| Accrued liabilities | 160,404 | 145,946 |
| Compensated absences payable | 22,395 | 23,497 |
| Claims and judgments payable | 2,072,714 | 1,984,025 |
| Total current liabilities | 2,442,618 | 2,212,219 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 17,317 | 7,575 |
| Total noncurrent liabilities | 17,317 | 7,575 |
| Total liabilities | 2,459,935 | 2,219,794 |
| Net position | | |
| Net investment in capital assets | 4,026 | 6,711 |
| Unrestricted | 6,501,062 | 5,891,974 |
| Total net position | \$ 6,505,088 | \$ 5,898,685 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2019 and 2018

| | Insurance Fund | |
|---|----------------|---------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 4,126,923 | \$ 4,108,535 |
| Total operating revenues | 4,126,923 | 4,108,535 |
| Operating expenses: | | |
| Salaries and wages | 178,445 | 204,273 |
| Employee benefits | 63,718 | 74,362 |
| Purchased professional/technical services | 1,008,514 | 762,929 |
| Maintenance | 409 | 211 |
| Other purchased services | 1,206,658 | 1,169,899 |
| Supplies | 3,012 | 7,310 |
| Other | 1,260,629 | 2,128,969 |
| Depreciation/amortization | 2,685 | 2,684 |
| Total operating expenses | 3,724,070 | 4,350,637 |
| Operating income (loss) | 402,853 | (242,102) |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 203,550 | 105,328 |
| Total nonoperating revenues (expenses) | 203,550 | 105,328 |
| Change in net position | 606,403 | (136,774) |
| Total net position, beginning of year | 5,898,685 | 6,035,459 |
| Total net position, end of year | \$ 6,505,088 | \$ 5,898,685 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Cash Flows
For the Years Ended September 30, 2019 and 2018

| | Insurance Fund | |
|---|----------------|--------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 4,127,395 | \$ 4,108,111 |
| Cash paid to suppliers for goods and services | (3,247,721) | (3,416,966) |
| Cash paid to employees for services | (233,523) | (272,621) |
| Net cash provided by (used for) operating activities | 646,151 | 418,524 |
| Cash flows from investing activities: | | |
| Investment earnings | 203,550 | 105,328 |
| Net cash provided by (used for) investing activities | 203,550 | 105,328 |
| Net increase (decrease) in cash and cash equivalents | 849,701 | 523,852 |
| Cash and cash equivalents, beginning of year | 8,111,296 | 7,587,444 |
| Cash and cash equivalents, end of year | \$ 8,960,997 | \$ 8,111,296 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ 402,853 | \$ (242,102) |
| Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 2,685 | 2,684 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivable | 472 | (424) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 128,354 | (28,969) |
| Accrued liabilities | 14,458 | 35,183 |
| Compensated absences payable | 8,640 | 6,014 |
| Estimated claims and judgements | 88,689 | 646,138 |
| Net cash provided by (used for) operating activities | \$ 646,151 | \$ 418,524 |

See accompanying independent auditor's report.

Health Insurance Fund

City of Waco, Texas
Internal Service Funds
Comparative Statement of Net Position
September 30, 2019 and 2018

| | Health Insurance Fund | |
|------------------------------|-----------------------|---------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 4,134,037 | \$ 3,334,740 |
| Due from other funds | 623,514 | 555,415 |
| Total current assets | 4,757,551 | 3,890,155 |
| Total assets | 4,757,551 | 3,890,155 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 3,869 | 2,357 |
| Accrued liabilities | 254,169 | 299,403 |
| Claims and judgments payable | 983,000 | 983,000 |
| Total current liabilities | 1,241,038 | 1,284,760 |
| Total liabilities | 1,241,038 | 1,284,760 |
| Net position | | |
| Unrestricted | 3,516,513 | 2,605,395 |
| Total net position | \$ 3,516,513 | \$ 2,605,395 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2019 and 2018

| | Health Insurance Fund | |
|---|-----------------------|---------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 14,657,213 | \$ 14,062,493 |
| Total operating revenues | 14,657,213 | 14,062,493 |
| Operating expenses: | | |
| Salaries and wages | 66,290 | 64,068 |
| Employee benefits | 22,297 | 21,127 |
| Purchased professional/technical services | 965,821 | 1,201,460 |
| Purchased property services | 3,292 | 3,703 |
| Other purchased services | 2,828 | 1,370 |
| Supplies | 29,937 | 15,993 |
| Other | 12,737,996 | 12,732,889 |
| Total operating expenses | 13,828,461 | 14,040,610 |
| Operating income (loss) | 828,752 | 21,883 |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 82,366 | 43,487 |
| Total nonoperating revenues (expenses) | 82,366 | 43,487 |
| Change in net position | 911,118 | 65,370 |
| Total net position, beginning of year | 2,605,395 | 2,540,025 |
| Total net position, end of year | \$ 3,516,513 | \$ 2,605,395 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Cash Flows
For the Years Ended September 30, 2019 and 2018

| | Health Insurance Fund | |
|---|-----------------------|---------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 14,657,213 | \$ 14,062,493 |
| Cash paid to suppliers for goods and services | (13,783,596) | (13,959,122) |
| Cash paid to employees for services | (88,587) | (85,195) |
| Net cash provided by (used for) operating activities | 785,030 | 18,176 |
| Cash flows from noncapital financing activities: | | |
| Transfers to other funds | (68,099) | (157,855) |
| Net cash provided by (used for) noncapital financing | (68,099) | (157,855) |
| Cash flows from investing activities: | | |
| Investment earnings | 82,366 | 43,487 |
| Net cash provided by (used for) investing activities | 82,366 | 43,487 |
| Net increase (decrease) in cash and cash equivalents | 799,297 | (96,192) |
| Cash and cash equivalents, beginning of year | 3,334,740 | 3,430,932 |
| Cash and cash equivalents, end of year | \$ 4,134,037 | \$ 3,334,740 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ 828,752 | \$ 21,883 |
| Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 1,512 | (407) |
| Accrued liabilities | (45,234) | (2,300) |
| Estimated claims and judgements | - | (1,000) |
| Net cash provided by (used for) operating activities | \$ 785,030 | \$ 18,176 |

See accompanying independent auditor's report.

Engineering Fund

City of Waco, Texas
Internal Service Funds
Comparative Statement of Net Position
September 30, 2019 and 2018

| | Engineering Fund | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 2,248,431 | \$ 1,668,867 |
| Total current assets | 2,248,431 | 1,668,867 |
| Noncurrent assets: | | |
| Capital assests: | | |
| Land | 24,400 | 24,400 |
| Equipment | 510,671 | 425,342 |
| Less: accumulated depreciation and amortization | (268,661) | (211,784) |
| | 266,410 | 237,958 |
| Total noncurrent assets | 266,410 | 237,958 |
| Total assets | 2,514,841 | 1,906,825 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 41,607 | 6,607 |
| Accrued liabilities | 127,571 | 75,770 |
| Compensated absences payable | 175,519 | 159,597 |
| Escrow funds | 538 | 538 |
| Total current liabilities | 345,235 | 242,512 |
| Noncurrent liabilities: | | |
| Compensated absences payable | - | 43,240 |
| Total noncurrent liabilities | - | 43,240 |
| Total liabilities | 345,235 | 285,752 |
| Net position | | |
| Net investment in capital assets | 266,410 | 237,958 |
| Unrestricted | 1,903,196 | 1,383,115 |
| Total net position | \$ 2,169,606 | \$ 1,621,073 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2019 and 2018

| | Engineering Fund | |
|---|------------------|--------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 3,869,153 | \$ 3,118,770 |
| Other | 7,447 | 15,951 |
| Total operating revenues | 3,876,600 | 3,134,721 |
| Operating expenses: | | |
| Salaries and wages | 1,717,997 | 1,295,912 |
| Employee benefits | 581,169 | 457,584 |
| Purchased professional/technical services | 131,700 | 125,911 |
| Purchased property services | 52,611 | 52,611 |
| Maintenance | 102,894 | 83,068 |
| Other purchased services | 73,060 | 43,187 |
| Supplies | 60,530 | 41,265 |
| Other | 594,465 | 449,442 |
| Depreciation/amortization | 56,877 | 48,705 |
| Total operating expenses | 3,371,303 | 2,597,685 |
| Operating income (loss) | 505,297 | 537,036 |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 43,236 | 16,892 |
| Total nonoperating revenues (expenses) | 43,236 | 16,892 |
| Change in net position | 548,533 | 553,928 |
| Total net position, beginning of year | 1,621,073 | 1,067,145 |
| Total net position, end of year | \$ 2,169,606 | \$ 1,621,073 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Cash Flows
For the Years Ended September 30, 2019 and 2018

| | Engineering Fund | |
|---|------------------|--------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 3,876,600 | \$ 3,134,721 |
| Cash paid to suppliers for goods and services | (928,459) | (811,918) |
| Cash paid to employees for services | (2,326,484) | (1,765,875) |
| Net cash provided by (used for) operating activities | 621,657 | 556,928 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (85,329) | (30,330) |
| Net cash provided by (used for) capital and related financing | (85,329) | (30,330) |
| Cash flows from investing activities: | | |
| Investment earnings | 43,236 | 16,892 |
| Net cash provided by (used for) investing activities | 43,236 | 16,892 |
| Net increase (decrease) in cash and cash equivalents | 579,564 | 543,490 |
| Cash and cash equivalents, beginning of year | 1,668,867 | 1,125,377 |
| Cash and cash equivalents, end of year | \$ 2,248,431 | \$ 1,668,867 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ 505,297 | \$ 537,036 |
| Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 56,877 | 48,705 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 35,000 | (5,982) |
| Accrued liabilities | 51,801 | (10,452) |
| Compensated absences payable | (27,318) | (12,379) |
| Net cash provided by (used for) operating activities | \$ 621,657 | \$ 556,928 |

See accompanying independent auditor's report.

Fleet Services Fund

City of Waco, Texas
Internal Service Funds
Comparative Statement of Net Position
September 30, 2019 and 2018

| | Fleet Services Fund | |
|---|---------------------|-------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 142,752 | \$ 260,866 |
| Inventory | 213,997 | 215,547 |
| Total current assets | 356,749 | 476,413 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 14,400 | 14,400 |
| Buildings | 920,153 | 920,153 |
| Improvements other than buildings | 118,289 | 118,289 |
| Equipment | 1,051,418 | 964,379 |
| Less: accumulated depreciation and amortization | (1,546,918) | (1,490,782) |
| | 557,342 | 526,439 |
| Total noncurrent assets | 557,342 | 526,439 |
| Total assets | 914,091 | 1,002,852 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 22,587 | 135,055 |
| Accrued liabilities | 55,742 | 62,694 |
| Compensated absences payable | 57,104 | 81,064 |
| Total current liabilities | 135,433 | 278,813 |
| Net position | | |
| Net investment in capital assets | 557,342 | 526,439 |
| Unrestricted | 221,316 | 197,600 |
| Total net position | \$ 778,658 | \$ 724,039 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Revenues, Expenditures, and Changes in Net Position
For the Years Ended September 30, 2019 and 2018

| | Fleet Services Fund | |
|--|---------------------|-------------------|
| | 2019 | 2018 |
| Operating revenues: | | |
| Charges for services | \$ 1,445,942 | \$ 1,610,363 |
| Other | 6,510 | 6,811 |
| Total operating revenues | 1,452,452 | 1,617,174 |
| Operating expenses: | | |
| Salaries and wages | 928,812 | 915,629 |
| Employee benefits | 392,050 | 381,594 |
| Purchased professional/technical services | 7,599 | 21,153 |
| Purchased property services | 6,449 | 5,538 |
| Maintenance | 53,143 | 50,277 |
| Other purchased services | 32,247 | 36,923 |
| Supplies | 56,362 | 64,831 |
| Other | 294,782 | 285,842 |
| Depreciation/amortization | 76,105 | 73,565 |
| Total operating expenses | 1,847,549 | 1,835,352 |
| Operating income (loss) | (395,097) | (218,178) |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 372 | 1,661 |
| Total nonoperating revenues (expenses) | 372 | 1,661 |
| Income (loss) before contributions and transfers | (394,725) | (216,517) |
| Capital contributions | 34,344 | - |
| Transfers in | 415,000 | - |
| Net change in net position | 54,619 | (216,517) |
| Total net position, beginning of year | 724,039 | 940,556 |
| Total net position, end of year | \$ 778,658 | \$ 724,039 |

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Comparative Statement of Cash Flows
For the Years Ended September 30, 2019 and 2018

| | Fleet Service Fund | |
|---|--------------------|--------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,452,452 | \$ 1,617,174 |
| Cash paid to suppliers for goods and services | (568,452) | (445,433) |
| Cash paid to employees for services | (1,344,822) | (1,277,902) |
| Net cash provided by (used for) operating activities | (460,822) | (106,161) |
| Cash flows from noncapital financing activities: | | |
| Transfers from other funds | 415,000 | - |
| Net cash provided by (used for) capital and related financing | 415,000 | - |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (72,664) | - |
| Net cash provided by (used for) capital and related financing | (72,664) | - |
| Cash flows from investing activities: | | |
| Investment earnings | 372 | 1,661 |
| Net cash provided by (used for) investing activities | 372 | 1,661 |
| Net increase (decrease) in cash and cash equivalents | (118,114) | (104,500) |
| Cash and cash equivalents, beginning of year | 260,866 | 365,366 |
| Cash and cash equivalents, end of year | \$ 142,752 | \$ 260,866 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (395,097) | \$ (218,178) |
| Adjustment to reconcile operating income (loss) to net cash used provided by (used for) operating activities: | | |
| Depreciation | 76,105 | 73,565 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Inventory | 1,550 | 8,764 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (112,468) | (936) |
| Accrued liabilities | (6,952) | 11,303 |
| Compensated absences payable | (23,960) | 19,321 |
| Net cash provided by (used for) operating activities | \$ (460,822) | \$ (106,161) |
| Noncash investing, capital and financing activities: | | |
| Contributions of capital assets | \$ 34,344 | \$ - |

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 Changes in Fiduciary Net Position
Agency Funds
Year Ended September 30, 2019

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|---|---------------------------------|-----------|------------|---------------------------|
| <u>Urban Renewal Agency Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 59,646 | 1,461 | - | 61,107 |
| Liabilities: | | | | |
| Accrued liabilities | \$ 59,646 | 1,461 | - | 61,107 |
| <u>Heart of Texas Housing Finance Corporation Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,112,468 | 892,671 | 423,154 | 2,581,985 |
| Liabilities: | | | | |
| Accrued liabilities | \$ 2,112,468 | 892,671 | 423,154 | 2,581,985 |
| <u>Waco Public Improvement District No. 2 Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 23,936 | 186,490 | 183,265 | 27,161 |
| Liabilities: | | | | |
| Accrued liabilities | \$ 23,936 | 186,490 | 183,265 | 27,161 |
| <u>Rural Transit Services Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 378,238 | 1,622,576 | 1,465,597 | 535,217 |
| Accounts receivable | 236 | 105 | 341 | - |
| Intergovernmental receivable | 78,741 | 1,408,669 | 1,087,580 | 399,830 |
| Total assets | \$ 457,215 | 3,031,350 | 2,553,518 | 935,047 |
| Liabilities: | | | | |
| Accrued liabilities | 457,215 | 3,031,350 | 2,553,518 | 935,047 |
| Total liabilities | \$ 457,215 | 3,031,350 | 2,553,518 | 935,047 |
| <u>All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | 2,574,288 | 2,703,198 | 2,072,016 | 3,205,470 |
| Accounts receivable | 236 | 105 | 341 | - |
| Intergovernmental receivable | 78,741 | 1,408,669 | 1,087,580 | 399,830 |
| Total assets | \$ 2,653,265 | 4,111,972 | 3,159,937 | 3,605,300 |
| Liabilities: | | | | |
| Accrued liabilities | \$ 2,653,265 | 4,111,972 | 3,159,937 | 3,605,300 |

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)

| | 2010 | 2011 | 2012 | 2013 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 179,653,424 | \$ 174,645,915 | \$ 178,295,347 | \$ 180,902,677 |
| Restricted | 16,281,560 | 19,687,245 | 22,291,256 | 19,391,804 |
| Unrestricted | <u>25,717,190</u> | <u>22,550,132</u> | <u>24,430,892</u> | <u>28,460,006</u> |
| Total governmental activities net position | <u>\$ 221,652,174</u> | <u>\$ 216,883,292</u> | <u>\$ 225,017,495</u> | <u>\$ 228,754,487</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 206,111,214 | \$ 213,553,436 | \$ 219,663,969 | \$ 215,231,053 |
| Restricted | 546,027 | 388,651 | 6,834 | 1,180,611 |
| Unrestricted | <u>36,844,321</u> | <u>45,769,895</u> | <u>48,873,949</u> | <u>60,118,510</u> |
| Total business-type activities net position | <u>\$ 243,501,562</u> | <u>\$ 259,711,982</u> | <u>\$ 268,544,752</u> | <u>\$ 276,530,174</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 385,764,638 | \$ 388,199,351 | \$ 397,959,316 | \$ 396,133,730 |
| Restricted | 16,827,587 | 20,075,896 | 22,298,090 | 20,572,415 |
| Unrestricted | <u>62,561,511</u> | <u>68,320,027</u> | <u>73,304,841</u> | <u>88,578,516</u> |
| Total primary government net position | <u>\$ 465,153,736</u> | <u>\$ 476,595,274</u> | <u>\$ 493,562,247</u> | <u>\$ 505,284,661</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, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective October 1, 2017, and the changes are reported prospectively.

Table I

| Fiscal Year | | | | | | | | | | | |
|-------------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|
| 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
| \$ | 180,508,096 | \$ | 183,090,881 | \$ | 195,340,533 | \$ | 206,699,045 | \$ | 216,259,979 | \$ | 227,983,027 |
| | 18,895,396 | | 20,655,062 | | 23,224,157 | | 28,463,123 | | 36,749,778 | | 43,936,163 |
| | <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>52,477,775</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> | \$ | <u>324,396,965</u> |
| \$ | 211,696,699 | | 214,329,030 | | 218,895,017 | | 224,211,909 | | 231,095,661 | | 245,071,453 |
| | 1,274,319 | | 1,370,154 | | 700,480 | | 867,925 | | 943,463 | | 1,057,103 |
| | <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>82,532,465</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> | \$ | <u>328,661,021</u> |
| \$ | 392,204,795 | \$ | 397,419,911 | \$ | 414,235,550 | \$ | 430,910,954 | \$ | 447,355,640 | \$ | 473,054,480 |
| | 20,169,715 | | 22,025,216 | | 23,924,637 | | 29,331,048 | | 37,693,241 | | 44,993,266 |
| | <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>135,010,240</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> | \$ | <u>653,057,986</u> |

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

| | 2010 | 2011 | 2012 | 2013 |
|--|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 14,073,197 | \$ 12,378,019 | \$ 14,177,640 | \$ 20,039,649 |
| Public works | 12,142,355 | 13,227,404 | 11,844,356 | 13,699,976 |
| Public safety | 60,429,663 | 61,291,317 | 57,664,131 | 62,592,351 |
| Culture and recreation | 15,484,146 | 15,636,875 | 15,694,840 | 16,544,389 |
| Public health | 7,364,755 | 7,417,771 | 7,184,384 | 7,388,363 |
| Housing and community development | 3,503,811 | 3,339,613 | 3,664,525 | 2,255,720 |
| Interest on long-term debt | 4,342,023 | 4,313,467 | 4,098,714 | 3,798,174 |
| Total governmental activities expenses | <u>117,339,950</u> | <u>117,604,466</u> | <u>114,328,590</u> | <u>126,318,622</u> |
| Business-type activities: | | | | |
| Water | 30,875,837 | 34,186,629 | 33,311,059 | 33,038,145 |
| Wastewater | 18,134,874 | 17,522,331 | 17,634,339 | 18,432,230 |
| Solid waste | 14,160,048 | 16,201,178 | 15,854,254 | 16,033,246 |
| Airport | 2,360,727 | 2,503,823 | 2,937,967 | 3,083,925 |
| Convention services | 2,830,956 | 2,861,523 | 3,372,280 | 3,941,005 |
| Ranger Hall of Fame | 1,280,085 | 1,193,004 | 1,209,145 | 1,343,575 |
| Cameron Park Zoo | 4,357,007 | 4,315,032 | 4,396,640 | 4,318,267 |
| Transit services | 7,259,552 | 7,904,160 | 7,970,314 | 8,046,015 |
| Cottonwood Creek Golf Course | 1,674,252 | 1,691,790 | 1,864,426 | 1,782,963 |
| Total business-type activities expenses | <u>82,933,338</u> | <u>88,379,470</u> | <u>88,550,424</u> | <u>90,019,371</u> |
| Total primary government expenses | <u>200,273,288</u> | <u>205,983,936</u> | <u>202,879,014</u> | <u>216,337,993</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 285,471 | 342,830 | 243,137 | 277,810 |
| Public works | 1,366 | 2,550 | 385 | 1,537 |
| Public safety | 3,600,084 | 3,478,363 | 3,050,804 | 3,703,991 |
| Culture and recreation | 1,314,693 | 1,415,791 | 1,078,390 | 1,054,216 |
| Public health | 872,388 | 1,184,937 | 1,252,049 | 1,260,587 |
| Operating grants and contributions | 10,337,726 | 9,720,348 | 11,640,290 | 11,500,355 |
| Capital grants and contributions | 6,110,736 | 6,061,358 | 6,883,729 | 7,256,153 |
| Total governmental activities program revenues | <u>22,522,464</u> | <u>22,206,177</u> | <u>24,148,784</u> | <u>25,054,649</u> |

Table II

| | | Fiscal Year | | | | | | | | | |
|----|--------------------|-------------|--------------------|------|--------------------|------|--------------------|----|--------------------|----|--------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | | | |
| \$ | 16,223,167 | \$ | 15,012,962 | \$ | 17,591,625 | \$ | 21,961,388 | \$ | 23,161,022 | \$ | 21,290,272 |
| | 12,205,449 | | 12,767,308 | | 12,385,381 | | 13,531,718 | | 13,738,063 | | 14,063,962 |
| | 66,630,254 | | 64,796,679 | | 71,900,506 | | 77,631,982 | | 76,378,833 | | 81,605,115 |
| | 16,922,912 | | 16,510,993 | | 17,575,724 | | 18,409,985 | | 18,085,607 | | 19,651,578 |
| | 7,314,101 | | 7,269,988 | | 7,853,838 | | 7,974,445 | | 7,991,534 | | 9,205,925 |
| | 2,974,293 | | 2,704,824 | | 2,421,277 | | 2,499,865 | | 2,220,964 | | 2,904,350 |
| | 3,631,452 | | 3,155,598 | | 2,784,644 | | 2,724,381 | | 2,942,299 | | 3,149,200 |
| | <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> | | <u>151,870,402</u> |
| | 32,998,874 | | 32,457,155 | | 34,485,785 | | 36,237,977 | | 37,944,429 | | 39,841,010 |
| | 19,263,583 | | 18,964,527 | | 22,024,527 | | 22,369,323 | | 23,339,837 | | 27,232,626 |
| | 15,794,559 | | 15,223,615 | | 15,458,545 | | 16,437,794 | | 17,150,662 | | 20,867,979 |
| | 3,284,396 | | 3,496,581 | | 3,821,305 | | 3,948,697 | | 3,833,773 | | 4,333,238 |
| | 3,957,683 | | 4,074,149 | | 4,301,096 | | 4,524,677 | | 4,855,004 | | 5,684,576 |
| | 1,326,695 | | 1,333,639 | | 1,444,823 | | 1,333,563 | | 1,390,759 | | 1,404,669 |
| | 4,494,173 | | 4,595,845 | | 4,777,181 | | 5,232,360 | | 5,342,574 | | 5,357,572 |
| | 8,177,708 | | 8,188,525 | | 8,640,336 | | 8,360,490 | | 7,902,796 | | 8,234,983 |
| | 1,810,707 | | 1,707,982 | | 1,821,529 | | 1,852,186 | | 2,044,411 | | 2,094,332 |
| | <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>115,050,985</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> | | <u>266,921,387</u> |
| | 192,402 | | 243,883 | | 271,051 | | 282,226 | | 383,837 | | 435,415 |
| | 2,257 | | 3,188 | | 2,057 | | 972 | | 1,315 | | 790 |
| | 5,520,650 | | 5,373,858 | | 5,995,911 | | 5,211,330 | | 5,167,028 | | 4,915,802 |
| | 1,404,877 | | 1,279,331 | | 1,294,784 | | 1,574,384 | | 1,792,366 | | 1,688,278 |
| | 1,154,091 | | 1,158,100 | | 1,181,667 | | 1,248,994 | | 1,179,052 | | 1,247,897 |
| | 10,924,393 | | 9,564,905 | | 9,550,112 | | 9,365,279 | | 10,748,885 | | 11,527,188 |
| | <u>3,272,066</u> | | <u>6,952,118</u> | | <u>7,269,459</u> | | <u>9,608,784</u> | | <u>11,861,689</u> | | <u>8,561,177</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> | | <u>28,376,547</u> |

(Continued)

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

| | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | \$ 34,472,657 | \$ 43,094,944 | \$ 38,759,662 | \$ 40,713,824 |
| Wastewater | 19,543,166 | 21,619,018 | 21,542,770 | 21,718,912 |
| Solid waste | 16,135,566 | 15,948,286 | 16,531,734 | 16,489,195 |
| Airport | 1,058,480 | 1,054,550 | 1,065,157 | 1,079,297 |
| Convention services | 391,758 | 523,983 | 771,773 | 1,018,086 |
| Ranger Hall of Fame | 403,946 | 465,324 | 448,449 | 410,728 |
| Cameron Park Zoo | 1,599,467 | 1,575,223 | 1,602,554 | 1,618,495 |
| Transit services | 3,221,167 | 3,414,289 | 3,582,781 | 3,540,047 |
| Cottonwood Creek Golf Course | 1,404,891 | 1,578,174 | 1,226,374 | 1,615,885 |
| Operating grants and contributions | 3,085,574 | 3,514,732 | 3,415,770 | 3,419,959 |
| Capital grants and contributions | 12,332,766 | 4,014,798 | 3,786,143 | 4,836,705 |
| Total business-type activities program revenues | <u>93,649,438</u> | <u>96,803,321</u> | <u>92,733,167</u> | <u>96,461,133</u> |
| | | | | |
| Total primary government program revenues | <u>116,171,902</u> | <u>119,009,498</u> | <u>116,881,951</u> | <u>121,515,782</u> |
| | | | | |
| Net (Expense)/Revenue | | | | |
| Governmental activities | (94,817,486) | (95,398,289) | (90,179,806) | (101,263,973) |
| Business-type activities | <u>10,716,100</u> | <u>8,423,851</u> | <u>4,182,743</u> | <u>6,441,762</u> |
| Total primary government net expense | <u>(84,101,386)</u> | <u>(86,974,438)</u> | <u>(85,997,063)</u> | <u>(94,822,211)</u> |
| | | | | |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | 47,489,598 | 48,387,467 | 49,373,010 | 51,184,254 |
| Tax increment financing tax | 4,491,616 | 4,660,231 | 5,004,192 | 5,916,309 |
| Sales taxes | 27,318,396 | 28,003,416 | 29,186,254 | 31,075,760 |
| Franchise taxes | 13,338,717 | 13,587,114 | 13,682,123 | 13,405,186 |
| Other taxes | 655,031 | 679,232 | 650,815 | 676,254 |
| Unrestricted investment earnings | 842,824 | 481,791 | 360,561 | 308,603 |
| Miscellaneous | 639,263 | 678,741 | 882,450 | 2,153,305 |
| Gain on disposal of capital assets | - | - | 1,730,200 | 290,376 |
| Transfers | (10,791,177) | (5,848,585) | (2,555,596) | 81,051 |
| Total governmental activities | <u>83,984,268</u> | <u>90,629,407</u> | <u>98,314,009</u> | <u>105,091,098</u> |
| | | | | |
| Business-type activities: | | | | |
| Hotel/motel taxes | 1,662,308 | 1,754,730 | 1,897,865 | 2,095,987 |
| Unrestricted investment earnings | 253,637 | 183,254 | 196,566 | 159,463 |
| Gain on disposal of capital assets | - | - | - | - |
| Transfers | 10,791,177 | 5,848,585 | 2,555,596 | (81,051) |
| Total business-type activities | <u>12,707,122</u> | <u>7,786,569</u> | <u>4,650,027</u> | <u>2,174,399</u> |
| | | | | |
| Total primary government | <u>96,691,390</u> | <u>98,415,976</u> | <u>102,964,036</u> | <u>107,265,497</u> |
| | | | | |
| Change in Net Position | | | | |
| Governmental activities | (10,833,218) | (4,768,882) | 8,134,203 | 3,827,125 |
| Business-type activities | <u>23,423,222</u> | <u>16,210,420</u> | <u>8,832,770</u> | <u>8,616,161</u> |
| | | | | |
| Total primary government | <u>\$ 12,590,004</u> | <u>\$ 11,441,538</u> | <u>\$ 16,966,973</u> | <u>\$ 12,443,286</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, 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.

Table II
(Continued)

| | | Fiscal Year | | | | | | | | | |
|----|----------------------|-------------|---------------------|------|----------------------|------|----------------------|----|----------------------|----|----------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | | | |
| \$ | 38,600,073 | \$ | 37,773,754 | \$ | 39,693,677 | \$ | 43,474,418 | \$ | 48,925,791 | \$ | 50,287,352 |
| | 21,343,556 | | 20,827,643 | | 23,376,856 | | 27,826,441 | | 30,079,874 | | 34,435,075 |
| | 16,866,587 | | 17,704,519 | | 18,860,966 | | 19,052,864 | | 19,776,330 | | 20,435,913 |
| | 1,142,240 | | 1,093,157 | | 1,118,487 | | 1,134,454 | | 967,939 | | 1,317,810 |
| | 1,213,798 | | 1,317,100 | | 1,402,912 | | 1,568,402 | | 1,736,312 | | 1,795,841 |
| | 420,414 | | 490,917 | | 559,262 | | 654,740 | | 721,386 | | 752,273 |
| | 1,582,279 | | 1,615,849 | | 1,963,610 | | 2,223,777 | | 2,074,281 | | 2,085,321 |
| | 3,373,782 | | 3,775,380 | | 4,112,010 | | 3,606,218 | | 3,232,108 | | 3,123,994 |
| | 1,549,328 | | 1,511,944 | | 1,618,596 | | 1,643,950 | | 1,604,672 | | 1,762,884 |
| | 3,869,760 | | 3,566,046 | | 3,734,120 | | 4,031,927 | | 3,738,719 | | 4,028,788 |
| | 1,682,452 | | 3,459,180 | | 6,998,128 | | 3,654,269 | | 1,048,602 | | 3,182,243 |
| | <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>123,207,494</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> | | <u>151,584,041</u> |
| | (103,430,892) | | (97,642,969) | | (106,947,954) | | (117,441,795) | | (113,384,150) | | (123,493,855) |
| | 535,891 | | 3,093,471 | | 6,663,497 | | 8,574,393 | | 10,101,769 | | 8,156,509 |
| | <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> | | <u>(115,337,346)</u> |
| | 51,585,835 | | 55,028,271 | | 58,427,545 | | 63,095,312 | | 68,192,298 | | 74,555,736 |
| | 5,573,984 | | 6,296,710 | | 7,750,330 | | 10,234,498 | | 12,674,713 | | 14,172,237 |
| | 33,487,659 | | 35,813,531 | | 37,371,461 | | 38,135,659 | | 39,017,059 | | 40,610,169 |
| | 14,181,593 | | 13,762,575 | | 13,734,655 | | 14,238,292 | | 14,916,497 | | 14,590,418 |
| | 785,905 | | 871,076 | | 910,456 | | 1,063,684 | | 1,148,309 | | 1,273,129 |
| | 323,760 | | 476,804 | | 855,366 | | 1,644,507 | | 4,092,426 | | 7,976,252 |
| | 1,196,841 | | 1,214,952 | | 1,450,460 | | 1,702,214 | | 1,162,457 | | 1,635,710 |
| | 105,278 | | - | | - | | 3,420,000 | | - | | - |
| | 902,991 | | 2,537,789 | | 485,004 | | 1,721,233 | | 462,783 | | (233,023) |
| | <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> | | <u>154,580,628</u> |
| | 2,403,171 | | 2,707,056 | | 3,204,122 | | 3,724,543 | | 4,270,253 | | 4,617,066 |
| | 197,346 | | 289,580 | | 378,946 | | 462,647 | | 1,198,208 | | 2,278,688 |
| | - | | - | | - | | - | | - | | - |
| | (902,991) | | (2,537,789) | | (485,004) | | (1,721,233) | | (462,783) | | 233,023 |
| | <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>7,128,777</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> | | <u>161,709,405</u> |
| | 4,712,954 | | 18,358,739 | | 14,037,323 | | 17,813,604 | | 28,282,392 | | 31,086,773 |
| | 2,233,417 | | 3,552,318 | | 9,761,561 | | 11,040,350 | | 15,107,447 | | 15,285,286 |
| \$ | <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> | \$ | <u>46,372,059</u> |

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

| | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable: | | | | |
| Advances to other funds | \$ 625,559 | \$ 683,391 | \$ 48,388 | \$ - |
| Inventory | 548,182 | 529,830 | 504,736 | 536,785 |
| Real estate held for resale | 6,160 | 6,160 | 6,160 | 6,160 |
| Restricted for: | | | | |
| Municipal information equipment | 11,956 | - | 1,350 | 636,993 |
| Culture and recreation | - | - | 365,900 | 689,343 |
| Public safety | - | - | - | 377,841 |
| Economic development | - | - | - | 100,996 |
| Committed to: | | | | |
| Economic development | 8,072,729 | 8,394,212 | 7,597,032 | 8,719,518 |
| Culture and recreation | - | 2,500,000 | - | - |
| Assigned to: | | | | |
| Capital improvements | 1,439,202 | 2,061,231 | 3,838,635 | 9,073,859 |
| Economic development | 1,549,117 | 1,137,659 | 2,810,428 | 6,078,636 |
| Housing and community development | 77,241 | 1,040,666 | 45,000 | 25,000 |
| Public works | 31,773 | - | 14,942 | 470,084 |
| Public safety | 119,502 | 297,238 | 262,804 | 10,173 |
| Culture and recreation | 476,209 | 151,913 | 47,622 | 15,305 |
| Subsequent year's budget appropriation of fund bala | - | - | - | - |
| Other | 69,031 | 67,868 | 120,684 | 124,312 |
| Unreserved/Unassigned | <u>18,215,089</u> | <u>17,850,409</u> | <u>21,984,507</u> | <u>19,604,248</u> |
| Total general fund | <u>\$ 31,241,750</u> | <u>\$ 34,720,577</u> | <u>\$ 37,648,188</u> | <u>\$ 46,469,253</u> |

Table III

| Fiscal Year | | | | | | | | | | | |
|-------------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|-------------------|
| 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| | 734,557 | | 849,594 | | 925,826 | | 855,118 | | 962,267 | | 963,711 |
| | 6,160 | | 6,160 | | 6,160 | | 6,160 | | 6,160 | | 6,160 |
| | 703,924 | | 751,247 | | 971,345 | | 1,006,021 | | 1,271,408 | | 1,318,309 |
| | 918,377 | | 755,927 | | 365,900 | | - | | - | | - |
| | 83,856 | | 119,629 | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | 9,532,164 | | 9,722,702 | | 10,288,673 | | 10,645,045 | | 10,933,118 | | 13,688,936 |
| | - | | - | | - | | - | | - | | - |
| | 15,050,171 | | 4,810,928 | | 11,891,042 | | 14,880,555 | | 17,425,920 | | 25,476,197 |
| | 3,048,263 | | 5,740,957 | | 4,753,144 | | 4,491,067 | | 7,354,149 | | 8,274,949 |
| | 25,000 | | 142,117 | | 3,822 | | - | | 44,600 | | - |
| | 4,677 | | 352,180 | | 300,048 | | 109,472 | | 240,959 | | 566,574 |
| | 140,595 | | 189,501 | | 237,645 | | 507,585 | | 753,506 | | 699,653 |
| | 16,230 | | 150,601 | | 141,888 | | 129,850 | | 130,993 | | 340,878 |
| | - | | 7,108,799 | | 2,140,199 | | 2,868,343 | | 3,588,211 | | 4,403,230 |
| | 490,289 | | 220,123 | | 268,004 | | 264,776 | | 416,224 | | 1,045,887 |
| | 21,043,396 | | 23,392,619 | | 23,778,234 | | 25,058,680 | | 26,964,901 | | 30,539,334 |
| \$ | <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> | \$ | <u>87,323,818</u> |

(Continued)

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

| | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| All Other Governmental Funds: | | | | |
| Nonspendable: | | | | |
| Parks and cemetery care | \$ 473,362 | \$ 474,415 | \$ 475,431 | \$ 477,891 |
| Real estate held for sale | 40,709 | 40,061 | 40,061 | 40,061 |
| Inventory | - | - | - | - |
| Restricted for: | | | | |
| Debt service | 460,001 | 373,263 | 230,130 | 238,053 |
| Capital projects | 47,889,104 | 38,873,017 | 23,348,990 | 15,531,634 |
| Tax increment zone activities | 9,856,300 | 12,411,165 | 14,565,233 | 10,960,465 |
| Housing and community development | 161,094 | 175,114 | 193,495 | 2,676,979 |
| Public works | - | - | - | - |
| Public safety | 1,565,589 | 1,439,842 | 2,314,311 | 1,831,495 |
| Culture and recreation | 524,529 | 1,186,432 | 1,194,942 | 755,434 |
| Waco Public Improvement District | 347,093 | 413,153 | 520,765 | 611,577 |
| Committed to: | | | | |
| Capital projects | 978,893 | 1,029,132 | 1,308,537 | 1,443,453 |
| Public health | 232,377 | - | 157,585 | 351,412 |
| Unassigned | - | (97,276) | - | - |
| Total all other governmental funds | <u>\$ 62,529,051</u> | <u>\$ 56,318,318</u> | <u>\$ 44,349,480</u> | <u>\$ 34,918,454</u> |

Source: Comprehensive Annual Financial Reports

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

Table III

| | | Fiscal Year | | | | | | | | | |
|----|-------------------|-------------|-------------------|------|-------------------|------|-------------------|----|-------------------|----|-------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | | | |
| \$ | 478,848 | \$ | 466,997 | \$ | 366,560 | \$ | 368,115 | \$ | 371,797 | \$ | 378,209 |
| | 40,061 | | 46,705 | | - | | - | | - | | - |
| | - | | 131,805 | | 138,360 | | 85,685 | | - | | - |
| | 185,902 | | 491,257 | | 598,145 | | 528,707 | | 675,525 | | 742,629 |
| | 11,828,967 | | 7,184,956 | | 4,631,102 | | 12,754,861 | | 29,469,813 | | 35,639,375 |
| | 10,891,785 | | 13,579,596 | | 16,822,186 | | 22,732,032 | | 31,067,768 | | 37,977,473 |
| | 2,333,652 | | 2,059,972 | | 2,037,017 | | 1,570,574 | | 1,314,573 | | 325,423 |
| | - | | - | | - | | - | | - | | 1,142,535 |
| | 1,406,274 | | 1,442,749 | | 1,224,262 | | 1,208,289 | | 1,556,260 | | 1,568,647 |
| | 1,302,930 | | 450,821 | | 347,288 | | 581,442 | | 191,804 | | 153,891 |
| | 645,008 | | 716,835 | | 755,292 | | 888,323 | | 906,377 | | 1,006,241 |
| | 2,582,281 | | 15,665,156 | | 13,223,176 | | 14,236,424 | | 14,241,431 | | 12,465,309 |
| | 561,880 | | 820,811 | | 1,050,924 | | 1,741,422 | | 2,417,446 | | 2,514,105 |
| | - | | - | | - | | - | | - | | - |
| \$ | <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> | \$ | <u>93,913,837</u> |

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

| | 2010 | 2011 | 2012 | 2013 |
|---|------------------------|-----------------------|-----------------------|-----------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Sales | \$ 27,318,396 | \$ 28,003,416 | \$ 29,186,254 | \$ 31,075,760 |
| Property | 51,354,302 | 52,587,053 | 53,995,242 | 57,093,126 |
| Interest and penalty | 539,666 | 545,059 | 558,497 | 864,693 |
| Business and occupation fees | 13,338,717 | 13,587,115 | 13,682,123 | 13,405,186 |
| Permits, licenses and fees | 1,901,686 | 1,682,153 | 2,069,365 | 2,361,710 |
| Fines | 2,054,487 | 1,815,418 | 1,647,361 | 1,915,904 |
| Charges for services | 1,751,702 | 1,779,213 | 1,501,983 | 1,643,861 |
| Investment earnings | 773,739 | 440,229 | 325,873 | 285,712 |
| Contributions | 627,197 | 350,827 | 269,577 | 504,130 |
| Intergovernmental | 12,812,272 | 11,001,361 | 9,625,197 | 10,888,461 |
| Program income | 1,991,904 | 521,371 | 608,810 | 297,998 |
| Other | 8,387,706 | 8,832,941 | 9,166,618 | 10,327,351 |
| Total revenues | <u>122,851,774</u> | <u>121,146,156</u> | <u>122,636,900</u> | <u>130,663,892</u> |
| Expenditures: | | | | |
| General government | 19,695,545 | 18,067,565 | 19,881,170 | 27,395,172 |
| Public works | 2,235,645 | 2,753,649 | 2,051,156 | 3,214,854 |
| Public safety | 58,519,975 | 56,363,026 | 55,143,283 | 60,765,347 |
| Culture and recreation | 13,149,983 | 12,932,267 | 14,773,781 | 12,792,566 |
| Housing and community development | 4,143,724 | 3,321,373 | 3,469,303 | 3,088,943 |
| Public health | 7,240,481 | 7,155,606 | 6,993,107 | 7,271,899 |
| Capital outlay | 40,944,884 | 20,198,033 | 23,954,367 | 14,814,436 |
| Debt service: | | | | |
| Principal | 7,270,310 | 6,967,663 | 7,090,342 | 5,912,954 |
| Interest and fiscal charges | 4,211,528 | 4,192,140 | 4,194,170 | 3,946,312 |
| Bond issuance costs | 70,242 | 500 | 68,981 | 35,891 |
| Total expenditures | <u>157,482,317</u> | <u>131,951,822</u> | <u>137,619,660</u> | <u>139,238,374</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(34,630,543)</u> | <u>(10,805,666)</u> | <u>(14,982,760)</u> | <u>(8,574,482)</u> |
| Other financing sources (uses): | | | | |
| General obligation bonds issued | 4,925,000 | 7,285,000 | 3,480,000 | 2,175,000 |
| Refunding bonds issued | 2,900,000 | - | 6,465,000 | 1,700,000 |
| Capital leases | - | - | 145,351 | - |
| Premiums on general obligation bonds | 29,024 | 54,583 | 10,594 | 168,544 |
| Premiums on refunding bonds | 202,379 | - | 792,695 | 316,832 |
| Payments to refunded bond escrow agent | (3,093,588) | - | (7,243,886) | (1,999,938) |
| Transfers in | 13,394,260 | 12,781,678 | 15,015,607 | 14,935,710 |
| Transfer out | (12,593,232) | (12,047,501) | (14,513,914) | (13,145,858) |
| Proceeds from sale of capital assets | - | - | 1,790,086 | 290,376 |
| Total other financing sources | <u>5,763,843</u> | <u>8,073,760</u> | <u>5,941,533</u> | <u>4,440,666</u> |
| Net change in fund balances | <u>\$ (28,866,700)</u> | <u>\$ (2,731,906)</u> | <u>\$ (9,041,227)</u> | <u>\$ (4,133,816)</u> |
| Debt service as a percentage of noncapital expenditures | 8.87% | 9.28% | 9.85% | 7.94% |

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 | | | | | | | | | |
|----|--------------------|-------------|--------------------|------|--------------------|------|--------------------|----|--------------------|----|--------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | | | |
| \$ | 33,487,659 | \$ | 35,813,531 | \$ | 37,371,461 | \$ | 38,135,659 | \$ | 39,017,059 | \$ | 40,610,169 |
| | 56,684,455 | | 61,177,819 | | 65,988,509 | | 73,161,668 | | 80,704,091 | | 88,183,060 |
| | 507,622 | | 598,772 | | 620,805 | | 620,791 | | 636,115 | | 613,463 |
| | 14,181,593 | | 13,762,575 | | 13,734,655 | | 14,238,292 | | 14,916,497 | | 14,590,418 |
| | 2,519,019 | | 2,454,494 | | 2,739,022 | | 2,618,623 | | 2,482,683 | | 2,957,028 |
| | 2,555,149 | | 2,506,051 | | 2,569,317 | | 2,054,255 | | 1,883,191 | | 2,055,628 |
| | 1,639,054 | | 1,749,690 | | 1,834,544 | | 1,939,164 | | 2,104,779 | | 2,101,940 |
| | 296,370 | | 436,017 | | 825,795 | | 1,574,399 | | 3,921,246 | | 7,640,582 |
| | 883,815 | | 3,490,258 | | 1,419,645 | | 1,244,774 | | 861,550 | | 1,072,378 |
| | 10,278,693 | | 9,968,503 | | 9,175,975 | | 11,344,302 | | 9,590,294 | | 9,435,004 |
| | 338,265 | | 289,272 | | 298,107 | | 222,053 | | 246,593 | | 194,820 |
| | 10,028,613 | | 10,971,694 | | 11,238,248 | | 11,080,269 | | 12,156,194 | | 14,504,013 |
| | <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> | | <u>183,958,503</u> |
| | 24,937,624 | | 22,826,332 | | 25,611,309 | | 28,421,391 | | 30,108,527 | | 30,723,224 |
| | 2,583,490 | | 1,405,812 | | 1,879,964 | | 1,643,939 | | 5,119,496 | | 5,851,885 |
| | 62,521,778 | | 62,557,857 | | 67,172,300 | | 70,051,351 | | 73,673,507 | | 75,754,565 |
| | 13,998,629 | | 13,543,825 | | 13,427,467 | | 17,688,310 | | 14,216,289 | | 14,816,427 |
| | 3,160,091 | | 2,897,236 | | 2,370,097 | | 2,576,675 | | 2,908,249 | | 3,250,335 |
| | 7,267,366 | | 7,247,059 | | 7,533,938 | | 7,588,586 | | 7,906,760 | | 8,944,992 |
| | 10,002,288 | | 14,758,838 | | 26,453,338 | | 13,884,468 | | 11,595,064 | | 25,302,918 |
| | 5,340,143 | | 5,585,000 | | 5,895,000 | | 6,685,000 | | 6,660,000 | | 6,555,000 |
| | 3,788,820 | | 3,437,349 | | 3,283,750 | | 3,240,961 | | 3,440,471 | | 4,016,921 |
| | 26,107 | | 250,679 | | 99,402 | | 84,655 | | 140,293 | | 203,758 |
| | <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>175,420,025</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> | | <u>8,538,478</u> |
| | 1,645,000 | | 1,695,000 | | 3,805,000 | | 11,465,000 | | 19,840,000 | | 18,560,000 |
| | - | | 34,125,000 | | 1,945,000 | | - | | - | | 9,365,000 |
| | - | | - | | - | | - | | - | | - |
| | 59,040 | | 57,044 | | 334,219 | | 451,335 | | 1,180,056 | | 1,583,439 |
| | - | | 6,804,247 | | 136,375 | | - | | - | | 1,065,159 |
| | - | | (40,676,302) | | (2,055,353) | | - | | - | | (10,434,176) |
| | 17,504,831 | | 26,296,892 | | 23,677,980 | | 22,351,642 | | 13,552,009 | | 18,871,120 |
| | (16,420,580) | | (23,695,073) | | (22,037,241) | | (20,384,586) | | (12,537,037) | | (18,616,575) |
| | 105,278 | | - | | - | | - | | - | | - |
| | <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>20,393,967</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> | | <u>28,932,445</u> |
| | 7.49% | | 7.49% | | 7.24% | | 7.31% | | 7.04% | | 7.16% |

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

| Category | 2019 | 2018 | 2017 | 2016 |
|--|-------------------|-------------------|------------------|------------------|
| Real - residential single family | \$ 4,689,727,622 | \$ 4,103,208,707 | \$ 3,666,787,394 | \$ 3,442,331,305 |
| Real - residential multi-family | 1,156,809,421 | 1,036,321,000 | 854,447,458 | 710,274,847 |
| Real - platted lots & residential inventory | 241,199,487 | 225,165,345 | 216,913,884 | 179,995,100 |
| Real - acreage, land only | 95,061,274 | 75,960,194 | 77,014,810 | 69,022,094 |
| Real - improved farm & ranch | 47,626,117 | 41,117,522 | 34,974,967 | 29,242,020 |
| Real - commercial & industrial | 2,831,537,753 | 2,652,184,099 | 2,444,560,582 | 2,221,110,921 |
| Real and tangible personal - utilities | 217,987,430 | 202,093,432 | 192,815,272 | 202,959,032 |
| Tangible personal - business | 2,037,021,720 | 1,940,142,010 | 1,926,700,880 | 1,844,415,017 |
| Tangible personal - other | 2,370,660 | 2,334,390 | 2,325,700 | 2,406,350 |
| Total market value | 11,319,341,484 | 10,278,526,699 | 9,416,540,947 | 8,701,756,686 |
| Less total exemptions | 1,253,765,578 | 1,073,765,249 | 943,172,583 | 939,650,349 |
| Taxable assessed value | \$ 10,065,575,906 | \$ 9,204,761,450 | \$ 8,473,368,364 | \$ 7,762,106,337 |
| Total direct tax rate per \$100 of taxable assessed value | \$ 0.776232 | \$ 0.776232 | \$ 0.776232 | \$ 0.776232 |
| Estimated actual taxable value | \$ 11,319,341,484 | \$ 10,278,526,699 | \$ 9,416,540,947 | \$ 8,701,756,686 |
| Taxable assessed value as a percentage of actual taxable value | 88.9% | 89.6% | 90.0% | 89.2% |

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

Table V

| Fiscal Year | | | | | | | | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------|------|------|------|------|------|
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ 3,330,608,637 | \$ 3,193,078,012 | \$ 3,145,755,030 | \$ 2,964,790,976 | \$ 2,899,061,978 | \$ 2,831,728,139 | | | | | | |
| 600,033,734 | 552,903,404 | 540,947,926 | 530,246,728 | 527,542,939 | 506,927,890 | | | | | | |
| 192,366,941 | 185,737,380 | 161,765,042 | 159,734,533 | 158,194,756 | 166,731,693 | | | | | | |
| 74,636,662 | 66,466,703 | 73,968,631 | 73,351,221 | 72,134,192 | 61,537,818 | | | | | | |
| 32,499,555 | 28,871,288 | 18,486,406 | 19,298,600 | 19,050,487 | 18,251,255 | | | | | | |
| 2,051,472,009 | 1,885,152,286 | 1,839,811,136 | 1,820,432,553 | 1,769,330,218 | 1,712,740,259 | | | | | | |
| 177,491,413 | 147,349,253 | 140,452,424 | 138,700,708 | 142,912,428 | 147,985,807 | | | | | | |
| 1,724,904,133 | 1,674,043,041 | 1,667,295,558 | 1,566,759,638 | 1,473,384,230 | 1,458,577,289 | | | | | | |
| <u>2,424,330</u> | <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> | | | | | | |
| 8,186,437,414 | 7,735,929,887 | 7,590,718,292 | 7,275,757,564 | 7,063,665,231 | 6,906,809,216 | | | | | | |
| <u>916,313,922</u> | <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>\$ 7,270,123,492</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>\$ 0.776232</u> | <u>\$ 0.776232</u> | <u>\$ 0.786232</u> | <u>\$ 0.786232</u> | <u>\$ 0.786232</u> | <u>\$ 0.786232</u> | | | | | | |
| <u>\$ 8,186,437,414</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> | | | | | | |
| 88.8% | 88.0% | 87.6% | 88.6% | 88.9% | 89.4% | | | | | | |

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 Community College |
|-------------|-------------------|--------------|--------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | Operating/General | Debt Service | Total Direct | Independent School District | Independent School District | Independent School District | |
| 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 | 0.150346 |
| 2019 | 0.673581 | 0.102651 | 0.776232 | 1.302450 | 1.358720 | 1.394040 | 0.147696 |

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 |
| 0.443100 | 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 |
| 0.485293 | 1.367955 | 1.320000 | 1.379229 | 1.534000 | 1.406135 | 1.330000 |

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

Fiscal year 2019

| Taxpayers | Taxable Assessed Value | Percentage of Total Taxable Assessed Valuation |
|--|------------------------------|---|
| Allergan, Inc. | \$ 105,614,651 | 1.05 % |
| Mars Snackfood US L.L.C. | 79,078,259 | 0.79 % |
| Coca Cola Company | 74,003,623 | 0.74 % |
| L-3 Communications Integrated Systems L.P. | 72,802,430 | 0.72 % |
| Sanderson Farms Inc. | 69,497,754 | 0.69 % |
| Oncor Electric Delivery Co LLC | 62,160,190 | 0.62 % |
| 3503 RP Waco Central LP | 60,803,546 | 0.60 % |
| Owens-Brockway Glass Container Inc | 58,072,048 | 0.58 % |
| Domtar Personal Care (1) | 54,753,094 | 0.54 % |
| Sherwin Williams Co. Inc. | <u>53,968,440</u> | <u>0.54 %</u> |
| Total | <u>\$ 690,754,035</u> | <u>6.87 %</u> |

Source: McLennan County Appraisal District

(1) On November 1, 2018 Domtar Personal Care announced permanent closure of its Waco, Texas facility. This closure may impact City ad valorem revenues in the future.

Table VII

| Fiscal Year 2010 | | |
|-----------------------------------|------------------------------|---|
| Taxpayers | Taxable Assessed Value | Percentage of Total Taxable Assessed Valuation |
| MasterFoods USA (M & M Mars) | \$ 99,685,656 | 1.61 % |
| Coca Cola Company | 71,366,216 | 1.15 % |
| L-3 Communications Corp. | 63,436,046 | 1.03 % |
| Inland Western Waco Central, L.P. | 57,641,480 | 0.93 % |
| Oncor Electric Delivery Co. | 50,976,436 | 0.82 % |
| Allergan, Inc. | 47,932,331 | 0.78 % |
| CBL/Richland Mall, L.P. | 40,075,097 | 0.65 % |
| Pilgrim's Pride Corp. | 35,512,349 | 0.57 % |
| Cargill Meat Solutions Corp. | 30,825,028 | 0.50 % |
| Sherwin Williams Co. Inc. | 30,719,023 | 0.50 % |
| Total | \$ 528,169,662 | 8.55 % |

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> |
|--------------------|--|--|---|--|
| 2010 | 47,639,260 | 1,261,899 | 48,901,159 | (680,328) |
| 2011 | 48,078,029 | 1,247,577 | 49,325,606 | (121,373) |
| 2012 | 49,428,253 | 1,516,082 | 50,944,335 | (503,514) |
| 2013 | 50,896,824 | 1,541,926 | 52,438,750 | (285,673) |
| 2014 | 51,208,846 | 1,582,983 | 52,791,829 | (14,319) |
| 2015 | 54,676,069 | 1,792,277 | 56,468,346 | (194,987) |
| 2016 | 58,055,153 | 2,224,388 | 60,279,541 | (329,870) |
| 2017 | 62,891,323 | 3,094,279 | 65,985,602 | (513,129) |
| 2018 | 67,536,896 | 3,506,068 | 71,042,964 | 102,966 |
| 2019 | 73,976,108 | 3,864,376 | 77,840,484 | 186,048 |

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 |
| 48,220,831 | 47,367,935 | 98.23 | 732,363 | 48,100,298 | 99.75 |
| 49,204,233 | 48,312,012 | 98.19 | 795,495 | 49,107,507 | 99.80 |
| 50,440,821 | 49,634,551 | 98.40 | 693,495 | 50,328,046 | 99.78 |
| 52,153,077 | 51,511,537 | 98.77 | 530,435 | 52,041,972 | 99.79 |
| 52,777,510 | 52,019,615 | 98.56 | 628,765 | 52,648,380 | 99.76 |
| 56,273,359 | 55,622,582 | 98.84 | 502,811 | 56,125,393 | 99.74 |
| 59,949,671 | 59,465,589 | 99.19 | 316,696 | 59,782,285 | 99.72 |
| 65,472,473 | 64,907,474 | 99.14 | 348,317 | 65,255,790 | 99.67 |
| 71,145,930 | 70,504,465 | 99.10 | 302,106 | 70,806,571 | 99.52 |
| 78,026,532 | 76,906,987 | 98.57 | - | 76,906,987 | 98.57 |

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 | |
| 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 |
| 2019 | 105,635,153 | - | 8,100,000 | 830,000 | 80,007 | 322,844 | 370,491,773 |

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> | | | | |
| 17,159,087 | 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 |
| 1,501,978 | 1,354,489 | - | 488,316,244 | 4.85% | 139,454 | 3,502 |

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 |
|----------------|--|---|-------------|---|---------------------------|---------------|
| 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 |
| 2019 | 484,226,926 | 120,072 | 484,106,854 | 4.81% | 139,454 | 3,471 |

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)
September 30, 2019

| Taxing Authority | Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Debt Overlapping Debt |
|--|-----------------------|---|---|
| Debt repaid with property taxes: | | | |
| Waco Independent School District | \$ 148,430,000 | 95.65% | \$ 141,973,295 |
| Bosqueville Independent School District | 7,880,000 | 79.22% | 6,242,536 |
| McLennan Community College | 55,350,000 | 56.85% | 31,466,475 |
| McLennan County | 41,890,000 | 56.85% | 23,814,465 |
| Midway Independent School District | 86,944,005 | 53.04% | 46,115,100 |
| LaVega Independent School District | 38,702,079 | 43.54% | 16,850,885 |
| China Spring Independent School District | 34,705,000 | 39.91% | 13,850,766 |
| Connally Independent School District | 13,800,000 | 18.16% | 2,506,080 |
| Lorena Independent School District | <u>27,754,470</u> | 2.03% | <u>563,416</u> |
| Subtotal, overlapping debt | <u>\$ 455,455,554</u> | | <u>\$ 283,383,018</u> |
| City direct debt: | | | |
| City of Waco direct debt | \$ 105,635,153 | 100.00% | \$ 105,635,153 |
| Tax increment financing | 8,100,000 | 100.00% | 8,100,000 |
| Other | <u>1,232,851</u> | 100.00% | <u>1,232,851</u> |
| Subtotal, direct debt | <u>\$ 114,968,004</u> | | <u>\$ 114,968,004</u> |
| Total direct and overlapping debt | <u>\$ 570,423,558</u> | | <u>\$ 398,351,022</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, 2019.

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> |
|--------------------|-----|------------------------------|---|---|
| 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 |
| 2019 | (4) | 86,515,694 | 45,386,875 | 41,128,819 |

(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> |
| 11,444,691 | 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 % |
| 17,900,000 | 12,511,654 | 30,411,654 | 1.35 % |



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 |
|----------------|---|---|---|---------------|----------------------|
| 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 | 271,942 | 11,103,700 | 40,831 | 28.6 | 3.2% |
| 2019 | N/A | N/A | N/A | N/A | 3.1% |

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. 2019 rate is as of October.

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

| Fiscal Year 2019 | | |
|---|-----------|---|
| Employer | Employees | Percentage of Total City Employment |
| Baylor University | 2,986 | 2.44 % |
| Providence Healthcare Network/DePaul Center | 2,397 | 1.96 % |
| Waco Independent School District | 2,373 | 1.94 % |
| Baylor Scott & White Medical Center-Hillcrest | 2,177 | 1.78 % |
| H-E-B | 2,000 | 1.63 % |
| Texas State Technical College Waco | 1,706 | 1.39 % |
| City of Waco | 1,578 | 1.29 % |
| Sanderson Farms, Inc. | 1,200 | 0.98 % |
| Midway Independent School District | 1,081 | 0.88 % |
| McLennan County | 964 | 0.79 % |
| | 18,462 | 15.06 % |
| Total | 18,462 | 15.06 % |

N/A Not available

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

Table XIV

| Fiscal Year 2010 | | |
|------------------------------------|-----------|---|
| Employer | Employees | Percentage of Total City Employment |
| Providence Health Center | 2,464 | 2.07 % |
| Baylor University | 2,200 | 1.85 % |
| Waco Independent School District | 2,191 | 1.84 % |
| Hillcrest Health System | 1,825 | 1.54 % |
| L-3 Platform Integration | 1,800 | 1.52 % |
| City of Waco | 1,658 | 1.40 % |
| Wal-Mart Stores | 1,500 | 1.26 % |
| H.E.B. Stores | 1,400 | 1.18 % |
| Sanderson Farms, Inc. | 1,099 | 0.93 % |
| Midway Independent School District | 1,046 | 0.88 % |
| | | |
| Total | 17,183 | 14.46 % |

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

| Function: | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|
| General Government | 132.23 | 128.73 | 129.26 | 142.78 |
| Public Works | 60.00 | 58.00 | 56.00 | 59.00 |
| Public Safety | 608.01 | 605.93 | 603.43 | 604.75 |
| Culture and Recreation | 197.73 | 196.31 | 189.18 | 185.45 |
| Housing and Community Development | 19.50 | 22.45 | 20.18 | 19.48 |
| Public Health | 83.60 | 86.75 | 86.55 | 82.55 |
| Water | 124.25 | 122.75 | 122.25 | 126.25 |
| Wastewater/WMARSS | 68.75 | 69.25 | 68.75 | 71.75 |
| Solid Waste | 101.50 | 103.00 | 101.00 | 99.00 |
| Airport | 15.02 | 13.77 | 13.77 | 13.77 |
| Convention Services | 35.88 | 34.38 | 33.63 | 33.20 |
| Ranger Hall of Fame | 15.50 | 15.50 | 15.50 | 15.50 |
| Cameron Park Zoo | 51.41 | 51.16 | 51.16 | 51.11 |
| Cottonwood Creek Golf Course | 15.96 | 15.96 | 15.96 | 15.96 |
| Insurance/Risk Management | 7.00 | 8.00 | 8.00 | 8.00 |
| Engineering | 25.00 | 24.00 | 24.00 | 24.00 |
| Fleet Services | 25.00 | 25.00 | 25.00 | 25.00 |
| Total | <u>1,586.34</u> | <u>1,580.94</u> | <u>1,563.62</u> | <u>1,577.55</u> |

General Government:

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

Public Works

Streets and Street Reconstruction

Public Safety

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

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Neighborhoods, Community Development

Source: City of Waco Budget Office

Table XV

| Fiscal Year | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 144.80 | 147.80 | 160.48 | 163.43 | 166.15 | 168.60 |
| 59.00 | 57.00 | 53.00 | 46.00 | 42.05 | 39.05 |
| 610.25 | 622.95 | 620.12 | 618.23 | 628.32 | 630.945 |
| 185.45 | 185.41 | 188.22 | 189.90 | 190.2226 | 189.8576 |
| 19.48 | 20.19 | 19.62 | 19.04 | 18.38 | 19.78 |
| 83.00 | 81.50 | 80.50 | 81.50 | 81.50 | 87.20 |
| 125.25 | 123.25 | 123.68 | 123.31 | 119.795 | 120.49 |
| 72.75 | 72.75 | 73.32 | 74.83 | 76.34 | 76.51 |
| 96.00 | 93.50 | 90.00 | 91.39 | 90.0767 | 90.7167 |
| 13.77 | 13.52 | 13.52 | 13.40 | 12.40 | 12.40 |
| 35.71 | 35.70 | 34.95 | 34.96 | 34.95 | 34.95 |
| 15.50 | 15.50 | 15.50 | 15.14 | 15.125 | 15.125 |
| 51.10 | 51.36 | 51.36 | 50.82 | 48.95 | 58.6462 |
| 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| 8.00 | 6.00 | 6.00 | 5.00 | 5.00 | 4.00 |
| 24.00 | 24.00 | 23.00 | 25.90 | 30.1133 | 32.1833 |
| 27.00 | 27.00 | 27.00 | 29.00 | 28.95 | 28.95 |
| <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> | <u>1,622.40</u> |

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

| Function: | 2010 | 2011 | 2012 | 2013 |
|--|------------|------------|------------|------------|
| Public Safety | | | | |
| Police | | | | |
| Number of Sworn Employees - Budgeted | 245 | 245 | 245 | 246 |
| Number of Traffic Citations | 16,556 | 9,676 | 9,632 | 14,439 |
| Number of Class "C" Citations | 2,805 | 2,413 | 2,793 | 3,203 |
| Calls Dispatched | 107,825 | 106,233 | 109,216 | 113,593 |
| Fire | | | | |
| Number of Sworn Employees - Budgeted | 195 | 195 | 195 | 195 |
| Number of Fire Responses | 9,383 | 9,257 | 9,657 | 9,565 |
| Public Works | | | | |
| Street Resurfacing (miles) | 7.98 | 9.60 | 11.50 | 25.20 |
| Culture and Recreation | | | | |
| Parks and Recreation | | | | |
| Number of Teams in Athletic Leagues | 365 | 353 | 359 | 330 |
| Number of Participants in Track/Field Events | 262 | 292 | 210 | 305 |
| Number of Participants in After School | 3,478 | 3,586 | 3,758 | 4,060 |
| Library | | | | |
| Volumes in Collection | 338,316 | 309,439 | 313,596 | 318,633 |
| E-books Available to Public | 30,962 | 28,321 | 36,609 | 36,664 |
| Water | | | | |
| Number of Water Connections | 42,722 | 43,078 | 43,297 | 44,336 |
| Average Daily Water Consumption (gallons) | 26,221,000 | 32,351,000 | 28,107,000 | 28,920,000 |
| Maximum Storage Capacity (gallons) | 42,150,000 | 42,150,000 | 42,150,000 | 42,150,000 |
| Solid Waste (Residential) | | | | |
| Refuse Collected (tons) | 47,658 | 47,512 | 51,257 | 52,890 |
| Bulky/Brush Pickups (tons) | 6,452 | 6,956 | 7,940 | 5,847 |
| Recyclables Collected (tons) | 2,859 | 2,580 | 2,619 | 3,011 |
| Golf Course | | | | |
| Number of Paid Rounds Played | 36,838 | 42,824 | 34,760 | 39,894 |

N/A Not available

Source: City of Waco Departments

Table XVI

| Fiscal Year | | | | | |
|-------------|------------|------------|------------|------------|------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 247 | 247 | 249 | 253 | 253 | 253 |
| 21,995 | 13,626 | 10,903 | 10,682 | 11,918 | 15,152 |
| 3,042 | 2,432 | 2,642 | 2,005 | 1,845 | 2,184 |
| 109,718 | 114,494 | 109,785 | 102,938 | 97,239 | 102,503 |
| 201 | 204 | 204 | 204 | 204 | 204 |
| 8,893 | 9,424 | 9,208 | 13,336 | 15,369 | 19,010 |
| 18.33 | 9.96 | 23.32 | 37.70 | 11.70 | 50.74 |
| 322 | 283 | 254 | 352 | 367 | 378 |
| 340 | 311 | 324 | 288 | 315 | 342 |
| 4,391 | 4,941 | 4,532 | 4,779 | 3,267 | 2,994 |
| 331,674 | 345,903 | 326,883 | 336,667 | 324,082 | 337,566 |
| 38,994 | 38,936 | 39,837 | 11,541 | 5,591 | 6,137 |
| 44,912 | 45,042 | 45,914 | 46,543 | 46,691 | 47,964 |
| 24,035,699 | 27,645,000 | 26,502,074 | 26,374,910 | 26,933,400 | 26,494,200 |
| 42,150,000 | 42,150,000 | 42,150,000 | 42,150,000 | 42,150,000 | 44,025,000 |
| 54,477 | 59,596 | 58,732 | 60,494 | 79,756 | 79,417 |
| 7,381 | 14,397 | 13,599 | 13,931 | 12,870 | 13,191 |
| 3,302 | 3,422 | 3,104 | 2,618 | 3,420 | 4,275 |
| 38,232 | 38,571 | 37,881 | 39,878 | 43,079 | 40,884 |

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

| Function: | 2010 | 2011 | 2012 | 2013 |
|---|--------|--------|--------|--------|
| Public safety | | | | |
| Police: | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Staffed substations | 4 | 4 | 4 | 3 |
| Patrol units - equipped for arrest use | 71 | 71 | 71 | 71 |
| Fire stations | 14 | 14 | 14 | 14 |
| Highways and streets | | | | |
| Streets - paved (miles) | 595 | 600 | 599 | 603 |
| Streetlights - City-owned | 2,282 | 2,295 | 2,295 | 2,310 |
| Streetlights - Leased | 6,059 | 6,084 | 6,127 | 6,228 |
| Traffic control signals | 198 | 194 | 195 | 198 |
| Traffic beacons and flashers | 102 | 102 | 105 | 108 |
| Culture and recreation | | | | |
| Parks acreage | 1,235 | 1,235 | 1,235 | 1,271 |
| Parks | 46 | 46 | 46 | 46 |
| Swimming pools | 1 | 1 | - | - |
| Tennis courts | 36 | 36 | 36 | 34 |
| Community centers | 5 | 5 | 5 | 5 |
| Water | | | | |
| Water mains (miles) | 864 | 885 | 1,021 | 1,035 |
| Fire hydrants | 5,032 | 5,165 | 5,229 | 5,362 |
| Maximum daily capacity (thousands of gallons) | 75,000 | 75,000 | 75,000 | 75,000 |
| Wastewater | | | | |
| Sanitary sewers (miles) | 737 | 747 | 843 | 846 |
| Storm sewers (miles) | 343 | 345 | 347 | 351 |
| Maximum daily capacity (thousands of gallons) | 37,800 | 37,800 | 46,500 | 46,500 |

N/A Not available

Source: City of Waco Departments

Table XVII

| Fiscal Year | | | | | |
|-------------|--------|--------|--------|--------|--------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 2 | 2 | 2 | 2 | 2 |
| 71 | 74 | 80 | 90 | 71 | 76 |
| 14 | 14 | 14 | 13 | 13 | 13 |
| 604 | 605 | 609 | 612 | 620 | 624 |
| 2,310 | 2,316 | 2,320 | 2,412 | 2,412 | 2,412 |
| 6,228 | 6,248 | 6,035 | 6,039 | 6,039 | 6,039 |
| 198 | 198 | 182 | 182 | 197 | 190 |
| 110 | 116 | 100 | 106 | 100 | 85 |
| 1,271 | 1,266 | 1,266 | 1,655 | 1,655 | 1,655 |
| 56 | 56 | 56 | 56 | 56 | 56 |
| 1 | 1 | 1 | 3 | 3 | 3 |
| 29 | 29 | 29 | 29 | 28 | 28 |
| 5 | 5 | 5 | 6 | 6 | 6 |
| 1,043 | 1,042 | 1,051 | 1,076 | 1,087 | 1,091 |
| 5,398 | 5,457 | 5,522 | 5,663 | 5,744 | 5,778 |
| 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| 850 | 852 | 866 | 874 | 884 | 887 |
| 355 | 358 | 362 | 367 | 371 | 372 |
| 46,500 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 |

